

Appendix: basic assignment types and related characteristics (for cross-border employment)

Topic	1. Business trips	2. Short-term assignment	3. Long-term assignment	4. Localisation	5. Commuters
Basic features					
<i>Typical duration</i>	Max. few months	Max. one year (usually still residency in home country)	Between 1-5 years (usually residency in host country)	Permanent or more than 5 years	Undetermined
<i>Common approach</i>	Home based approach. Local contract with employer, no assignment.	Home based. Local contract with home country employer. An assignment agreement is concluded between employee, home and host country employer. It is common that employee remains contributing to home country social security and pension (if possible). Tax-equalisation is most commonly applied, this means that employee is not better or worse off as regards normal assignment income (excl. allowances).		Host based (local contract). For foreigners sometimes a local + contract is agreed to due to extra expenses for moving and adapting to living in the Netherlands.	Home or host based. Often host based, but sometimes certain home country benefits are considered (e.g. mortgage interest deduction).
<i>Typical conditions / benefits</i>	Travel and accommodation is reimbursed, sometimes (net) per diem allowances are paid by employer	Housing, home leave, relocation and relocation assistance, (assignment) allowances, tax advice and tax return assistance.		Similar as normal employee. If local + contract, typical benefits are relocation, temporary housing (few months), tax return assistance (e.g. for 2 years)).	Varies, depending home or host based approach. Tax return assistance is often offered due to dual tax liability (in home and host country).
Immigration	Depending nationality and nature of the employment activities (and duration if business trip) immigration procedures may be needed. This especially applies outside EU (but also inside EU for non-EU nationals). Depending the applicable immigration procedure, immigration legislation may delay an international employment. Therefore, careful planning is critical. Immigration is one of the first topics to consider.				
Tax					
<i>Tax liability</i>	Normally no tax implications in host country due to nature and duration (much less than 183 days) of business trip.	A tax liability is likely to arise in the host country unless 183 days rule applies. When salary costs are borne by host country employer, usually tax liability in host country. In the (former) home country there may also be a (personal) tax liability.	A tax liability in principle occurs in the host country as the 183 days rule will in principle not be applicable. In the (former) home country there may also be a (personal) tax liability.	Normally only taxable in work state. In the (former) home country there may also be a (personal) tax liability. If resident in another country than work state, tax liability on employment income in work state (including tax liability of foreign social security and pension contributions) in residence country is determined according to domestic law of residence state.	Tax liability in home and host country. Tax liability on employment income in work state (including tax liability of foreign social security and pension contributions) in residence country is determined according to domestic law of residence state.
<i>Wage tax implications</i>	In principle, no specific important points of attention.	Wage tax liability in host country. A (shadow or actual) payroll must be run in host country. It must be reviewed whether the formal employer must register in host country or that home country employer can take over the withholding obligation. The home country employer remains liable to wage tax withholding on pre-assignment related benefits, such as bonus, options and holiday allowance.		In principle, no specific points of attention.	Depending the travel pattern, employer may decide to limit wage tax withholding to the extent that employee is taxable in the host country.
Social security					

<i>Applicable social security</i>	Remains unchanged normally.	Social security of work state applies generally. However, an A1 statement (or Certificate of Coverage (CoC)) can be obtained for continuation of home country social security. When work is performed in various states, multi-state rules may result in a different social security scheme becoming applicable.	Social security of work state applies generally. This may be different if employee does not live in the work state and works from home more than 25% of time.	Social security in principle in host country unless the multi-state rules apply (e.g. the employee works for more than 25% in home country).
<i>Social security withholding</i>	Normal	In home country a (shadow or actual) payroll must be run for (withholding and) remittance of the social security premiums due. In host country no social security premiums are due. The host country must determine the tax implications of the employee and employer social security contributions.	In principle normal (unless other social security scheme is applicable).	
<i>Points of attention / action</i>	N/A	An A1 statement or CoC should be applied to continue home country social security. The granted statement must be kept with the payroll administration in home and host country and the employee should receive a copy. The employer may want to ensure a change of social security, e.g. due to working multi-state, which could result in an administrative burden (registration, payroll) and (much) higher employer costs.	In principle, no specific points of attention, but employer may want to ensure a change of social security, for instance due to working from home, which could result in an administrative burden (registration, payroll) and (much) higher employer costs.	
(Company) pension <i>Applicable pension</i>	Normal	Pension can often be continued in home country. To avoid (additional) mandatory pension participation in host country, it is recommendable to have assignee sign a waiver.	In principle normal (as regular employee in work state / host country).	
<i>Points of attention / action</i>	N/A	Determine feasibility of continuing pension. Ensure formalities such as information obligation pension insurer. Check potential mismatch between pension regulation and social security scheme. Review tax implications in host country (i.e. pension contributions to foreign scheme may be taxable) and possibilities for tax-facilitated treatment (e.g. corresponding approval).	In principle no specific points of attention than already addressed above.	
Medical / health <i>Typical insurance</i>	Travel & accident insurance or normal health insurance.	Employer generally concludes an international medical and health insurance for medical aid in host country or that provides for global medical coverage.	In principle medical coverage in work state (and, depending country, additional coverage in resident state if different than work state).	In principle medical coverage in host country (and, depending country, additional coverage in host country).
Checklist <i>(not exhaustive)</i>	<ul style="list-style-type: none"> * Review legal/ immigration position * Double-check potential tax implications in host country * Review medical coverage level 	<ul style="list-style-type: none"> * Review legal/ immigration position * Assignment agreement and policy * Review potential tax implications in home and host country, including exploring tax optimisation opportunities (e.g. expat rulings, 30% ruling) * Review wage tax / social security registration and payroll obligation * Proper payroll processing of pre-assignment, assignment and post-departure benefits * Review social security position / apply A1 or CoC * Review pension continuation and formalities/obligations * Provide personal tax assistance to employee (and joining family members) (tax briefing and tax return assistance in home and host country) * Relocation activities * Arrange appropriate medical and health coverage 	<ul style="list-style-type: none"> * Review legal/ immigration position * Determine local or local + contract * Check potential tax optimisation opportunities (e.g. expat rulings, 30% ruling) * Review / monitor social security position * Provide tax return assistance (in work state only) 	<ul style="list-style-type: none"> * Review legal/ immigration position * Determine host or home based approach * Check potential tax optimisation opportunities (e.g. expat rulings, 30% ruling) * Review / monitor social security position * Decide on level of wage tax withholding * Provide tax return assistance (in home and host country)