

# COVID-19: Tax and other considerations for globally mobile individuals

## Overview

Amidst the COVID-19 crisis, globally mobile individual taxpayers, who may have business connections or income accruals in different jurisdictions, are required to critically examine the impact of this unprecedented health emergency on multi-jurisdiction tax, immigration and other related matters.

This evaluation also assumes significance considering individuals' extended stay in any jurisdiction due to travel

restrictions imposed. Though the Indian government has eased certain tax compliance and payment obligations for taxpayers, various other issues arising out of the current situation are yet to be addressed. Similarly, employers with globally mobile employees working on different time-bound (short- or long-term) assignments, also need to address these issues and support their employees in India and abroad.

## Here's how business leaders can HALT and review tax and other considerations applicable for globally mobile employees



### Immigration considerations

- Individuals and companies should monitor the government's announcements on visa and travel restrictions and take necessary steps. For some countries, permanent or long term residence visas and permits require a minimum number of days of residence. Hence, travel restrictions may mean that the relevant criteria cannot be met.
- Foreign nationals in India should carefully evaluate the validity of their visas and obligations, such as registration with the Foreigners Regional Registration Office (FRRO) in India.



### HR considerations

- Roll out appropriate communication for impact on travel, payroll, and compensation.
- Explore e-onboarding process for critical new hires.
- Roll out new optional tax rate regime for employees in India w.e.f 1 April 2020.
- Evaluate impact on projects planned in the current quarter of April-June 2020 and any cascading effect on next quarter, which are dependent on employee movements.
- Assess impact of business performance during this period on existing employee stock incentive plans.



### Payroll-related considerations

- Evaluate impact on payroll and social security contribution for employees in host locations who are unable to return to home locations.
- Identify and evaluate changes in compensation due to extension in leaves, sabbaticals or other reasons for employees' absence.



## Tax considerations

### Individual's perspective

- Unplanned extended stays in a jurisdiction can have an impact on the residential status of an individual taxpayer in India as well as in other countries.
- Individuals may need to reassess their tax liabilities in different jurisdictions arising out of any change in residential status.

### Employer's perspective

- Businesses may need to assess consequential impact on taxability in different jurisdictions due to any change in residential status of their employees and key managerial personnel.
- Businesses can assist employees in meeting the tax payments and compliances in host locations.
- Businesses may also need to evaluate their taxable presence potentially being constituted by way of a permanent establishment in the host country where their employees are present.

### Compliance obligations

Identify pending tax payments and compliances in view of extensions being announced by various governments in host locations in view of extended stay.

Key announcements by the Indian government as on 5 April 2020 are as follows:

- Due date to file the revised return/belated return for FY 2018-19 has been extended till 30 June 2020, from 31 March 2020.
- Due dates for issue of notice, intimation, notification, income-tax order, filing of appeal, furnishing of return, statements, applications, reports, etc. where the time limit for compliance by the tax authority or taxpayer were falling between 20 March-29 June 2020, have been extended till 30 June 2020.
- Due date for making specified investments to claim deduction under domestic tax laws (i.e. deposits in Public Provident Fund (PPF), National Savings Certificate (NSC), five-year term deposits with banks/ Post Office, etc.) has been extended till 30 June 2020 from 31 March 2020.

Business leaders have the responsibility to navigate through these uncertain times and emerge stronger than before. The only way now to get ahead is to plan and get started.

**Grant Thornton's Global Mobility Team** can assist companies in managing their employees' tax, social security, immigration and other requirements, both in India and abroad (through our network firms in various jurisdictions) to ensure that the impact on employees is minimised during this period of uncertainty.

## For further queries, please contact:

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[Click here to download the recently released Grant Thornton Halt-Plan-Refresh Guide on revisiting business priorities and plans](#)



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