

Contracting abroad - the basics for UK contractors

UK contractors who seek work abroad should be conscious of visa and tax requirements. Preparing well for all the paperwork can save you time and trouble as can working with an international umbrella company.

Step-by-Step Approach

Suppose you are a skilled contractor, and you've decided to take advantage of the booming market in Australia, where skills shortages are driving rates way up.

Your first step might be to go to an Australian job board and to look for a lucrative contract. That would not necessarily be the best place to start though, because you'll need a visa that allows you to work in Australia, and the agencies may not work with you until you get one. You'll also need to think about your tax situation, since you could wind up paying tax in the UK and in Australia at the same time.

"So you can't just get on a plane and go," says James Finn, global sales director at the international contractor services provider [Consultants Exchange CXCGlobal](#). "But if you prepare it all properly, the challenges posed by working abroad can be managed."

In the EU

For UK contractors who seek work abroad, the EU is entirely open to you and does not require any visas or permits. You will need to look carefully at whether earning in euros or in the local currency changes your fee expectations. You should also consider your tax status carefully as the entire system of taxation is different on the Continent and varies wildly once you get into Eastern Europe.

Outside the EU

But outside the EU, a visa of one sort or another--it varies from country to country--will be required. "It is sometimes possible for a local company to sponsor a contractor for a visa, but that will limit the contractor's ability to work for other companies once the initial project is completed," Finn explains. "Many countries however offer special visas for skilled contractors like the Skilled Migrant visa in the UK." You should find out what opportunities are available in the country you wish to work in. "These visa applications can be complex and you may wish to seek advice before applying.

In some countries, a locally-established umbrella can sponsor a contractor for a visa, thereby eliminating the need to seek one. An umbrella can also help you to arrange insurance and to handle the difficulties related to a US credit rating.

What About Tax?

But it is in regard to tax that much consideration need be given, and here an umbrella can be of considerable aid. "It is not true, as many people think, that staying outside of the UK for 183 days automatically means that you cease to pay tax in this country," explains Andrew Axelsen, head of accounting with CXCGlobal in London. "You may be obliged to pay taxes on income received through other sources still within the UK, or you may even be taxed on your foreign income."

The effect that working abroad will have on your tax payments is not at all simple. Axelsen warns that you should seek advice, whether from an umbrella or from a UK tax advisor.

All of this means that good planning and lots of forethought should go in to your plan to work outside of the UK. With good planning, you could be moving into the opportunity of a lifetime.

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