

Speaker 1:

Welcome to PayTalk, the podcast for payroll professionals, with your host, Nina Talley. In the podcast, we explore the human side of payroll by speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Hey, everyone. Thanks for joining us for PayTalk, the podcast that brings you payrolls human side. I'm your host, Nina Talley, and today we're joined by Tim Kelsey, MCIPP, AIPA, owner and managing director of Kelsey's Payroll Services, and international payroll expert at large. Today, we're discussing the intricacies that come into play when an employee is working from home in a different country from where their employer is located. This is such a relevant topic and important topic for today's payroll teams to consider, as many of us are able to work remotely in a way that was previously inaccessible. And who wouldn't want to work from a new country or an exotic locale if you're able? But, with large-scale cultural changes of this type, it's more important than ever for payroll professionals to be aware of potential regulations and implications that come with working remotely in a global space. Before we get started, Tim, can you introduce yourself and tell our listeners a little bit about your experience in this space?

Tim Kelsey:

Hi, everyone. My name's Tim Kelsey, and I've been in payroll now for something like 35 years. I had a proper job for 20-odd years. I worked for the Medical Research Council, who are UK government body who are all over the globe. I ran a payroll there of about seven and a half thousand employees. I was able to take a step into the world of self-employment back in 2007, when I set up my own business. What I do now, Nina, is two things. I have a teaching, lecturing, writing business that aims to give the payroll profession as much information as possible about payroll rules around the globe. But, I also do direct consulting with clients, and that could be on any subject from a payroll health check on, say, your Canadian payroll, to helping a company implement a tax equalization policy. I'll be sharing some of the stories of my consultancy work with you today.

Nina Talley:

Excellent. I really can't think of anyone better to join us for this specific topic because you really have your hands in all types of payroll from all over the globe.

Tim Kelsey:

That's very kind of you. I do teach the rules for something like 39 different jurisdictions these days.

Nina Talley:

Wow. That's a little hard for me to wrap my head around, to be honest. I think that some of us here in the States have difficulties with the State nexus, but the idea of 39 different locales from the around the globe is mind-boggling, and I'm very excited to have you with us today.

Tim Kelsey:

Thank you.

Nina Talley:

I think that one of the most obvious questions our listeners have about working remotely from another country that differs from their employer is how it relates to potential immigration issues that might arise. Can you shed some light on immigration and the ability for employees to work abroad?

Tim Kelsey:

I think it's the first subject that any business should be considering once it knows that it may have the issue that someone wants to work from home, when home is in another country to where the business is based, is a very fundamental question, Do these people actually have the right to work in that particular country? And, will they need a formal work permit in order to perform work in said country? So, usually the first thing to find out is why are they aiming to work from a particular country in the first place? Often, that's the point at which we discover that the individual perhaps holds more than one nationality. My own dear wife, for example, is a dual national, she holds two passports, British and Cypriot. My granddaughter currently has the one passport, but she's actually technically entitled to four-

Nina Talley:

Wow.

Tim Kelsey:

... a British, a Cypriot, a Bahaman, and a [inaudible 00:04:31] passport as well.

Tim Kelsey:

So, maybe [inaudible 00:04:35] done, the individual actually has the necessary nationality or citizenship to be able to work in a particular country. But often, the driver for someone working from home is actually that they're following in the wake of someone else, so maybe their partner that's been sent on an overseas [inaudible 00:04:53], and the visa that may have been obtained for that family unit may well be one that allows the person to reside in the country but not to actually perform any paid work.

Tim Kelsey:

Now, paid work is often described as... It's actually formally having a job. Many jurisdictions will turn a blind eye to a remote job because you're not taking a job off any of the locals, but you can't assume that. It's certainly one of the first things that we would ask our HR colleagues to check out because we do not want to be in a position where we've inadvertently got an illegal worker in a particular country. It will do the reputation of our business no good at all.

Nina Talley:

So, is there a specific protocol that somebody should look into for finding out if they are able to work there or obtain a visa there?

Tim Kelsey:

Oh, if only it was that easy. The protocol is called Google. It's about jumping on and doing your research in each of these particular countries. There is, unfortunately, no quick route to discovering all of this stuff. Certainly if we're looking at a large trading block, such as the European Economic Area, then we may have some standard rules across all of the countries in the block. Now, I mentioned there the European Economic Area, but do remember that other trading blocks will treat fellow member states within that block, in terms of immigration and work permit positions, more favorably than people from

outside of the block. For example, in the Caribbean, the CARICOM block will allow anyone from any member state to go and work in any other member state for up to 90 days without any special work or immigration position. So, I'm afraid it's legwork, doing your research on each individual country.

Nina Talley:

Well, anything worth doing is generally worth researching yourself, so that's a very good point. Let's say that someone has been working abroad and they just absolutely fall in love with the locale and they decide to take up permanent residence instead of returning to their home country, are there any permanent establishment risks for themselves or for their employers?

Tim Kelsey:

There might be. This subject, again, is a very important one. It is one that all businesses need to consider very carefully indeed. This is not primarily a payroll issue, this is a much bigger issue for business that will impact on corporation tax and other wider corporate matters. What I always say to payrollers on this particular point is this the point at which we put our hand up and tell a grownup. The grownup will be someone in corporate tax, someone whose pay grade is a lot higher than ours. We are likely to be perhaps the first people who spot that the problem may be there on the ground that we can see, that we've got boots on the ground in a particular country. We're not going to necessarily know the solution to whether this person's presence or not will form a permanent establishment in a particular territory.

Tim Kelsey:

Now, let me give you just two minutes on what the concept of a permanent establishment is and why it's important. We would look at two [inaudible 00:08:26] places to decide what determines a PE, as it's known in a particular country, the double taxation agreements between that country and our country, and also particular countries' internal tax legislation. Generally speaking, a PE is going to be having physical premises. But it's also, in lots of tax treaties there will be a mention of arrangements which, for want of a better phrase, are about boots on the ground. There's a physical presence of an individual who can do certain things in country.

Tim Kelsey:

Some of the things to watch out for is someone who's based in a country who has the authority to sign and conclude contracts on behalf of the employer, and in fact does exercise that right. We could have that with someone who is working from home. We need to ensure that that's not happening if we don't want to form a permanent establishment of our businesses in that particular country. Some tax treaties, though, have simple boots on the ground for doing just relatively short pieces of work. So for example, the UK-India double taxation agreement says that if you have a management consultant at an Indian subsidiary company for 30 days or more, then that will form a PE of the UK business, or vice versa.

Tim Kelsey:

Now, what's the beef with having a PE? Well, you'll potentially expose a slice of your home company's profits to corporate taxes in that particular country. That could be a wholly fictitious portion, the country will simply go, "Hey, I'm saying 20% of your profits actually come from this PE that you have in our country." You'll have to meet filing obligations, registration obligations from a corporate tax perspective. But, you may also have to meet full employment law obligations in a way that you would not if you didn't have a PE in a particular country.

Nina Talley:

Mm-hmm (affirmative).

Tim Kelsey:

So, as an example of that, Azerbaijan, which is one of the richest places on Earth in terms of oil, if you have workers in Azerbaijan but with no PE, you don't have to worry about them [inaudible 00:10:33] the local social security system or complying with the intricacies of local labor law. The minute that you do have a PE, regardless of the nationality of those workers, then you do. So, having a PE can be expensive for the company and it can make your life very much more complicated.

Tim Kelsey:

Now, the body that gives us information and advice on all of [inaudible 00:11:00], we start with the OECD, the Organization of Economic Co-operation and Development. The OECD during COVID sent out a message to member states that said broadly, "If you have people working from home in your country and they are there because of COVID," those three dreaded words in the English language, "Then you are to treat them as though they are not there, and that they do not form a permanent establishment." Well, guys, COVID's over now, in terms of tax. So, if your company's been turning a blind eye to this because of what the OECD said back in 2020, now's the time to stop doing that.

Tim Kelsey:

Now, problem with this, and I'm as guilty of this as the next highly paid advisor, I will see this issue in a client and I will nod knowingly and I will say, "Oh, yes, you need to check out the risk of forming a PE here." The problem is getting any advisor to actually commit and say, "Absolutely, yes, you've got a PE," or more importantly, "Absolutely, no, you haven't got a PE." Because it's actually very difficult to do this. A lot of it's down to nuance and a particular tax authority's take on this. But, let's just give you a few hints and pointers that I would avoid.

Tim Kelsey:

If you've got someone working from home in another country, don't use their home address for service of documents to your company. Don't go over to that country and meet them in their home. Don't use their home for storing of items of kit that other people may need to use whilst they're in the country. And, don't pay any of their direct costs for them, things like telephone lines, internet connections. These are all pointers that tax authorities around the world routinely use to say, "Yeah, you do have a PE in our country." So, I'm afraid it's likely that you'll spot the issue, you'll raise it round the company, everyone will nod and say, "Yes, yes, it's a very important thing." Getting someone to actually say definitively yes or no is actually going to be quite difficult, Nina.

Nina Talley:

That's some excellent advice that I personally hadn't thought about, of you're essentially creating a paper trail that creates the permanent residence-

Tim Kelsey:

Yeah.

Nina Talley:

... or the permanent establishment. And so, that's perfect advice that I think that our listeners definitely need to hear.

Tim Kelsey:

It's one of the biggest issues. If your tax advisors say to you, "You're in real danger of forming a PE," our advice is to get that person out of country now, listen to them. You can look up this story on the internet, it's concerning Vodafone, who are a very large cellphone provider in Europe and beyond. I won't go into the details of the case, but in effect they did a transaction in India which they thought was offshore, and the Indian tax authority said had formed a PE in India. They ended up in court. They lost every single stage of the legal process until they got to the Supreme Court. It consumed three years of their time. At the end of the process, the penalty that the Indian tax authorities would have put on them was, I think, one billion US Dollars.

Nina Talley:

Wow.

Tim Kelsey:

It happened that Vodafone won at the last stage of the case. The CEO was asked on the steps of the court, "What would you do differently, knowing what you know now?" He made a sort of a fairly general noise, but in between the lines what he really said was, "Hell, I'd never do this again, ever." I think that's really good advice.

Nina Talley:

I agree. I think that your tax advisor... You should always listen to your tax advisor, but especially when it comes to employees working abroad and it's tax law that you really have no touchstone for whatsoever. Always listen to your tax advisor.

Tim Kelsey:

That's why you pay them.

Nina Talley:

That's why you pay them.

Nina Talley:

The Global Payroll Management Institute offers many ways for you to participate in Global Payroll Week. From celebrating at your company, participating in exclusive events each day, contests on social media, or simply weighing in on the Getting the World Paid survey. Visit the Global Payroll Management Institute website, [www.gpminstitute.com](http://www.gpminstitute.com), to get involved. Help the Global Payroll Management Institute elevate the visibility of the global payroll industry and the outstanding professionals who ensure the world gets paid one paycheck at time when you participate in Global Payroll Week the end of this month. Go to [www.gpminstitute.com](http://www.gpminstitute.com) to learn more. Again, that's [www.gpminstitute.com](http://www.gpminstitute.com). Happy Global Payroll Week.

Nina Talley:

What are some of the social insurance liabilities and reporting obligations that you encounter when a member of your team is working abroad?

Tim Kelsey:

Okay, so this is probably, from the employee's perspective, this is more important than income tax, which we'll come onto as the next subject. Because remember what social insurance is all about. It's about, "Me, me, me." And I pay contributions in exchange for coverage. That's why it's called insurance. That coverage is going to extend across a whole range of life risk events. At some stage in my life, it may not be today, but I certainly will need the majority of this coverage in my life. So, we're talking about retirement income and pensions, but we're also talking about access to healthcare services, childcare services, benefits that go with that, payments that cover us when we're off sick, maternity, et cetera, and also an employment insurance as well. So, social insurance, even if it's not important to you today, it will be important to you at some stage in your life.

Nina Talley:

Yes.

Tim Kelsey:

That's why the whole systems are there.

Nina Talley:

Exactly.

Tim Kelsey:

Will you still be able to pay into the home country system when you're working in another country? But equally, will the rules in that country where you've now dropped into and where you're working, will they insist on you actually having to pay contributions in that country? Often, the answer is yes to that second point, and no to the first.

Tim Kelsey:

I want to start with the European Economic Area because that's the one, again, we've mentioned. There are other trading blocks around the world, and some of those trading blocks do have standard rules that cover social insurance when people are moving from country A to country B. But, the difference with the European Economic Area and most other trading blocks is the precedence of the trading blocks' law over national law. So, it's a standard set of rules across the whole block.

Tim Kelsey:

Now, the first principle of social insurance liability in the European Economic Area is pay once, pay where you work. By that, they mean where you physically perform the work. The variants to that would be posted workers, people sent on a limited assignment from country A to country B, for no more than 24 months, and they mustn't be replacing another person. The other variant, what we call multi-state workers, people who routinely work in A and B. So, let's go through what the likely scenarios are here. Well, if our person is working exclusively from home, it'll be pay once, pay where you work that applies. And, if I'm employed by a British company, but I'm now working in Germany, that means paying German contributions.

Tim Kelsey:

Can we treat our person who's working from home in the other country now as a posted worker, that first exception? Well, no we can't because we haven't actually posted them anywhere. They haven't been sent on a fixed-term secondment. This is part of the problem. You'll ask HR, "Well, how long is this going to go on for?" "We don't know. We don't know." They never know anything, HR. [inaudible 00:19:24] questions. Anyway, I'll get off [inaudible 00:19:28]. It is often obvious that there is no real end date to... This particular arrangement is open-ended. It may not be forever, but it certainly is not a posting. So, we haven't got the opportunity to keep the individual in their home country social insurance scheme under those arrangements.

Tim Kelsey:

Now, what's the other option? Well, it's that multi-state worker one. It's likely that if someone is working from home, and home is in another country, we may require them to come back and actually attend the office back in the country where the company is based on a periodic basis. So, where we have this set of circumstances, the rules say, "First of all, identify the country of residence for the employee for social security purposes." If these people have moved lock, stock, and barrel to the other country, then it's going to be that country. We have to look to see if they pass one of two tests in that country. Are they doing at least 25% of their work there, or are they earning at least 25% of their salary there? They only have to pass one of those two tests, not both of them. If that is the case, that means that that's the country where the individual and the employer must pay social insurance premiums. That means that you've got to run a payroll, potentially, outside of your home country. You got all of the obligations that an employer would have in that country.

Tim Kelsey:

Let's give you a typical scary scenario. I'm going to use the Republic of Ireland here and France as an example. So, the headline rate of social insurance in the Republic of Ireland is 11.05% of total salary, and it's on an uncapped basis. We've got this Irish person who's actually now going to work from home in France. So, Nina, how much do you think the employer contribution is likely to be in France?

Nina Talley:

Ooh, I'm going to say 30%.

Tim Kelsey:

If only it were that cheap, Nina. It'll actually hit something like 50.

Nina Talley:

Ooh.

Tim Kelsey:

This is the point at which often everyone A, treats payroll as though it's their fault-

Nina Talley:

Of course.

Tim Kelsey:

... because usually we're finding out about this after the person's been told, "Yes, of course you can go off to France and work from home." But, often we'll find that no thought at all was given as to how much this might cost the company, and there is no budget to fund that difference between 11.05% and 50-odd percent.

Nina Talley:

Yeah.

Tim Kelsey:

So, it's really important to get this stuff sorted out. To stick with the European Union and to perhaps finish this off, most European Union countries are insurance-driven countries, which means that you have to pay the contributions in order to get access to what are, in the main, pretty generous, publicly-funded health arrangements. So, if you don't think you're going to get sick today, it will happen at some stage, you will need to go to the doctor.

Nina Talley:

It will happen.

Tim Kelsey:

That's when you'll come up on the radar as... Well, often we don't find out about these arrangements until they're maybe six, nine months. You ask a few questions about the person who's been allowed to work from home. If you discover that they're single, relatively young, and fit, they shouldn't really have too many interactions with the health system.

Nina Talley:

In theory.

Tim Kelsey:

But, it will happen at some stage.

Nina Talley:

Exactly.

Tim Kelsey:

And usually where these things start to fall apart is when someone goes on maternity leave actually, Nina. That's usually when a young, successful, professional person perhaps has to tackle government systems, perhaps for the first time since they were a child themselves. It'll get you in the end. You might be invisible for a while, but you will come onto someone's radar at some point.

Nina Talley:

Certainly. I think that we all take our health for granted. It is something that will bite you in the butt. It will come back for you at some point in time. You can't be healthy forever.

Tim Kelsey:

Exactly. I use the European Economic Area there as the example. The reason why I did that was because of that overarching European law. They then have the ability to enforce the payment of contributions and all of the other payroll obligations that go with that across border. So, as soon as your person has been identified, if you don't do what you're supposed to do in that country, then they can pick up the telephone to the authorities in your country and say, "Go get our money for us." That will happen. So, it is [inaudible 00:24:25] across border. It shouldn't be avoided.

Tim Kelsey:

Perhaps we're looking at someone working from home in a jurisdiction where we're not covered by a trading block rule there, we don't have a permanent establishment in this particular country. I think we should think about this anyway from the point of view of pastoral care of the employee. I've been looking at a situation recently, a UK company's had someone working from home in Canada. They have no operations in Canada as such, just this person. Do they have an obligation to pay CPP and employment insurance contributions in Canada? No, they don't. But, they can pay on a voluntary basis. The Canadian Government website makes this very clear. My advice to employers is if this is a genuine long-term arrangement, you should think very carefully about doing that.

Tim Kelsey:

Particularly with an example where it's someone going from the UK to Canada. The combined employer CPP and the [inaudible 00:25:28] contributions in Canada are significantly less than the equivalent national insurance bill in the UK. So, it's costing you less money than it would for an employee in the home country. And look at the protection. You're providing to the individual, you're starting their retirement savings for them with the government scheme in Canada, and you're also giving them access to the benefits that come from paying employment insurance, which of course gives you access to certain health coverages, sick pay, et cetera. So, we'll worth coming at the problem from that aspect as well and thinking, "What's the best thing to do here? What's the right thing to do?"

Nina Talley:

Exactly.

Tim Kelsey:

"What would your grandmother expect you to do [crosstalk 00:26:04]?"

Nina Talley:

What would your grandmother expect of you? I love that example because I think that the sort of base assumption when you have a worker who's going to work abroad from home is that it will be more expensive for the company. That is not necessarily always the truth. That's a wonderful example of that.

Tim Kelsey:

Yeah. If we're looking at the Far East as well, often we're... This isn't a secondment, we're not offering a big package here. This person after all, they've got themselves up, they up sticks and went abroad. They've covered all the traditional expensive costs of removal expenses. You're not going to offer to pay the kids' school fees or pay a cost of living allowance. It's not a secondment. It was their choice to go. So, what we're looking at is the bottom line here of, "What's it going to cost us as an employer?" If it's going to cost us less... Yeah, it could cost us even less by not paying this, but is that the right thing to do? Is

that really the right thing to do? So I would always take the long view on this and say if you can pay voluntary contributions, do that. It's going to give you a bit more admin, but you'll be able to sleep at night. It won't be on your conscience.

Nina Talley:

Let's circle back to everyone's favorite topic of taxes. Can you discuss what the global income tax withholding and reporting obligations are in these situations?

Tim Kelsey:

Again, we've got to, I'm afraid, jump onto Google and find out what a particular country's view is. Now, the way that various countries do this is very different country to country, but in effect, most countries will say, "First of all, is the direct employer present with physical premises in our country?" If they are not, what tax legislation often does is it will look round to see if we are in a global group of companies, is there a subsidiary company within the global group that in effect gets earmarked as a host? And even though they didn't ask for that person to go into country because that company is there, would we then have a withholding obligation anyway?

Tim Kelsey:

So, let's say Hank up sticks from the US and comes to the UK. Hank works for X, Y, Z inc. X, Y, Z inc. have no physical premises in the UK, there wouldn't be any tax withholding obligations there on X, Y, Z inc. But unfortunately, in the same group we've also got X, Y, Z Limited, who are a British subsidiary, they are in the UK. And if HMRC discover that Hank's in the UK [inaudible 00:28:46] the liability to operate [inaudible 00:28:48] on X, Y, Z Limited instead. X, Y, Z Limited don't have to pay Hank. What the tax authority is doing is they're pushing the obligation to find out about the pay onto the employer. So, the employer does all the donkey work, and the tax authority simply does the last bit with the numbers that you've discovered.

Tim Kelsey:

Now, some countries just simply have a rule that says, "We don't care that you're non-resident in our country, our law says you've got to operate the withholding system." So, Belgium would be an example of that. How do you enforce that? Well, in Belgium they take quite a direct approach. They simply say, "If your employer has not done this, they've not registered a tax withholding system with us, then we will look for the most senior person in country." And if we've got just one person in that country who's working from home, guess what? It's that person. That person will then become personally liable for the company's shortfall. So, that can be quite an uncomfortable position to be for the individual.

Nina Talley:

It certainly sounds like it.

Tim Kelsey:

So, the obligation to operate not just the withholding, but also the reporting as well, most countries these days require fairly sophisticated electronic squirt of data on a regular basis showing what the individual's earned. In the good old days, and by that I mean the beginning of my career back in the 1980s, often you could deal with all these issues by a simple paper declaration, which sometimes you were lucky enough could be done in English as well rather than the local language. These days, you often

don't have that option. It does have to be the squirt of electronic data in language of the country where the individual's based. So, we'll perhaps not have the absolute obligation like we got with the social insurance in the European Economic Area, but it's still likely that in some countries we will have to run payroll for tax as well as social insurance. Do we really want to do that, particularly if it's just one person working from home?

Nina Talley:

Are there any other tax liability or regulations that we should be aware of?

Tim Kelsey:

Yes, of course, because-

Nina Talley:

Of course.

Tim Kelsey:

... depending on where we are in the world, having a presence in a country might expose us to further taxes. For example, if we've got the wage tax obligation in Germany, we will have the church tax obligation as well. And, for anyone who's been flagged as a member of a particular church will have an additional deduction to take from [inaudible 00:31:37]. We may also have obligations to run other withholding arrangements, and by that I'm thinking particularly garnishments. Those regimes are often very complex. And in many countries, you were unlucky enough to get a garnishment order, you might find that you're having to action that either the same day the employee gets paid, or even a few days before, depending on the rules in country. So, it can add hugely to your complexity of running your payroll operation.

Nina Talley:

It definitely sounds like it. I think we're all aware that when you're allowing your team to work globally from home, you need to be aware of the taxes and the regulations that are coming into play. And I think that, as you said before, the onus is really on us to do the research. You have to do the research yourself, and you have to do it well and double-check your facts. I really appreciate you shedding light on the different ways that taxes can come into play with different countries.

Tim Kelsey:

Yeah. It is one of those due diligence things. The problem often with these arrangements is that we find out about someone working from home weeks or months after the arrangement has started.

Nina Talley:

Uh-huh (affirmative)

Tim Kelsey:

I'd say the number one reason that it's come to someone's attention in payroll from the [inaudible 00:33:05] that I receive from various bodies in the UK, is usually because someone put through an address change on the payroll, and a sharp-eyed payroll officer went, "That address isn't in this country." And usually, one of the alerts is because the postcode or zip code doesn't match the criteria in

the particular country. It's the easiest thing actually search on because, at the end of the day, I could give you my address here, "I'm based in Winslow. Not Winslow, Arizona, but Winslow, Buckinghamshire." But, I wouldn't be at all surprised if there is a Seven Mill Close in Winslow, Arizona where I'm sat at the moment. But it's where my postcode of MK183DE goes in, that just does not look like a US zip code.

Nina Talley:

Yeah. That rings alarm bells.

Tim Kelsey:

It's going to alert you that something's up, isn't it?

Nina Talley:

So, now is the time in our podcast for something we like to call payroll nightmares. These stories are just some of my favorite to share because I think we can all relate to when things sort of go out of control. Tim, I'm sure you have some very unique global nightmares for us. Can you tell us one and how you handled it?

Tim Kelsey:

Okay. So, this story is called the day I thwarted a coup in a west African state. I thought you might enjoy this one. Let's set the scene. The Medical Research Council have been in The Gambia in West Africa since 1943. The research unit there is the largest one they have overseas. Has well over 1000 employees on-site. 60-odd well-paid expats as well. My responsibility was to [inaudible 00:34:46] payrolls, but particularly the story here is about the expat payroll. We're talking about research scientists who are researching into malaria and also malnutrition as well. So, that's what they do. These people are the good guys. They're highly intelligent people, and they earn decent salaries, but they could assuredly earn probably three times as much in the private sector.

Tim Kelsey:

Now, those people, we had a very cozy and longstanding arrangement with The Gambia tax authority that we would do their taxes, the 60-odd expats, as a special annual exercise. It would start in the January, and I would fill out some forms, I would send information off to the tax authorities there. They would then produce handwritten computations. I would check the computation. The agreement was that that would then be paid in May every year by the 31st of May. If you work for a public sector body, you're not allowed to pay things in advance, and that's the thrust of this story. So, we had this longstanding arrangement.

Tim Kelsey:

Anyway, one day the telephone rang. I pick it up. It was Mr. Ceesay at the tax office in Banjul. This is extremely unusual. Now, I had met Mr. Ceesay in the flesh. I knew the man pretty well. Got on with him famously, I have to say. He would not usually ring me. Why? Because it would cost The Gambia tax authority money to make a telephone call, particularly an international call to London. So, he rings, "Good morning, Mr Kelsey. It's Mr. Ceesay." "Oh, Mr. Ceesay, how nice to hear you." I can hear in his voice there's a bit of a tremor. He says, "Mr Kelsey, I have to ask a very big favor of you." I said, "Okay, Mr. Ceesay. Please, go ahead." He said, "Could you please pay the tax for the expatriate staff at the MRC

unit today." This was in the middle of March, so we're looking at two months or so in advance of need. "This is very irregular, Mr. Ceesay." He then says, "Mr Kelsey, it is the army, they have not been paid."

Tim Kelsey:

At that point, I had a mental picture of four soldiers stood in front of this guy with AK-47s pointing at him and saying, "Get the money." So, I thought, "I'm really not supposed to pay this money two months early. What am I going to do? You know what? I don't fancy having a coup on my conscience." So I actually arranged to pay that money there and then. We did a special transfer. The money cleared their account the next day. And guess what? There wasn't a coup in The Gambia that year. There was a coup two years later, but that was not my fault. That was definitely not my fault.

Nina Talley:

That one wasn't your fault.

Tim Kelsey:

Yeah. So, there's my big payroll nightmare. I don't suppose many of us will have to thwart a coup. I suppose that story is really about having the sense really to bend the rules and not be completely, "The rule says this, this is what we must do." "Yeah, but." Just have that [inaudible 00:37:47].

Nina Talley:

I think that's another great example of, "What would your grandmother want you to do?"

Tim Kelsey:

Exactly.

Nina Talley:

She would want you to stop the coup in Gambia.

Tim Kelsey:

Exactly. Yeah. So, there's my story.

Nina Talley:

That is definitely a unique global nightmare. I think it's something that not many of our payrollers will experience, but I think it's a good thing to keep in mind that when you are working with expats in countries that are maybe a little bit more turbulent, that you never know what the world is going to throw at you. And, that it is best to be prepared and be flexible.

Tim Kelsey:

Indeed. This is definitely the time to be a boy scout. Be prepared.

Nina Talley:

Do you want to hear how our expert guest would have handled a payroll nightmare that you're familiar with? Send an email to [podcasts@americanpayroll.org](mailto:podcasts@americanpayroll.org), or leave us a comment on the APAs Facebook page to get involved in these types of conversations. We don't really like to leave things on a negative

note here with our payroll nightmares, so I have one more question for you, Tim. What is the best piece of payroll advice you have ever been given? Or, what is the piece of advice that you wish somebody had given to you?

Tim Kelsey:

I think the best piece of advice I would give to a young person coming into the industry today is always volunteer. As Captain Kirk would say, "We need to seek out new experiences, new challenges for us in our working environment." I was given that nudge an early stage in my career. The Medical Research Council, unbeknown to the payroll team again, had taken part in a meeting with six other universities. Someone had volunteered the MRC to take on the administration of a new research unit, not that unusual. Except that the new research unit was actually in France.

Tim Kelsey:

So, the MRC had been tasked with this job and you'd need three offices of a [inaudible 00:39:41], which is a not-for-profit body in France, to make it legal. We'd got the top of the tree as [inaudible 00:39:50]. We have [inaudible 00:39:51], was my boss. But, the person who was actually going to be doing all the work was [inaudible 00:39:57]. My boss said, "You speak French. Why don't you volunteer for this role?" You might say that if your boss says all of those, [inaudible 00:40:07], take one step forward and he's looking at you, it's not much of a volunteer. But, I could have turned round and said, "No, I'm not going to do this." But I volunteered.

Tim Kelsey:

I was so grateful I did because I got to run a French payroll. Not only that, I got to run a whole French business. Only a small one with six employees, but it gave me some great opportunities in my career later on because I really can say that I've seen a French business from start, through the middle, right the way to the end. I find in global payroll particularly, a lot of payrollers try and back off from some of the challenges. A lot of the people I teach, "Don't really want to be here. My boss has made me go." Don't do that. Embrace it. This is exciting stuff. And remember, if you are doing global payroll, your longterm salary aspirations will rise by something like \$10,000 a year. These are highly sought after skills. Don't be a shrinking violet. Volunteer, put yourself forward, and look where life might take you. I never thought payroll would take me to places like Shanghai, and Mexico City, and Nairobi where I've just been on a job for an African charity. So, there's my advice. Always volunteer.

Nina Talley:

I think that's incredible advice. I think, again, a lot of times people believe that payroll is just payroll. And, a lot of payroll employees didn't get into payroll on purpose, it just sort of happened. But, if you embrace these small life changes and you embrace volunteering for a new position or getting something done, it can unlock unlimited doors for you, and then you end up in Shanghai. And who doesn't want to visit Shanghai? I'm very jealous of all the places you just listed.

Tim Kelsey:

Well, yes. Remember, the internet will not work properly in Shanghai.

Nina Talley:

Oh, true.

Tim Kelsey:

I went from Hong Kong to Shanghai on this particular job. Hong Kong was fine at the time. Shanghai, you're doing a Google search, Chinese social insurance rates, "No," the computer said. Tax rates in Shanghai, "No," the computer said. In desperation, I put into Google pictures of cats, and the Communist part went, "Hmm, yeah, he can see pictures of cats."

Nina Talley:

"We can give you pictures of cats, that's allowed. But tax regulations, not so much."

Tim Kelsey:

[crosstalk 00:42:34]. Yeah.

Nina Talley:

Well, Tim, thank you so much for sharing your advice and your expertise. It has been an absolute pleasure. And getting information out on this topic is more important than ever, and I'm just so happy that you joined us to share your unique insights with our listeners. Tim will also be back with us for an upcoming episode on global family leave practices, so keep an eye out for that episode in the coming months.

Tim Kelsey:

Well, it will be a pleasure to speak to you again, Nina. But just before I say goodbye to the listeners, I want to give a quick plug to the GPMI training sessions that we have coming up in the near future. So, if any of you guys listening have a burning need to find out about the payroll rules in Mexico, in Hong Kong, Poland, Denmark, Belgium, or France, check out the GPMI's website, go and see when those courses are, and I'd be delighted to have all of you as delegates on a future course. Until then, see you again.

Nina Talley:

I also want to take a moment to thank all of our loyal listeners out there. Without you, PayTalk would not be possible. Make sure you rate, review, and subscribe on your preferred podcast streaming service. That is the best way to support this podcast and ensure that we can continue to bring you the human stories that make payroll so personal. Until next time, folks, this has been your host, Nina Talley, with PayTalk.

Speaker 1:

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