

IBFD Online Course: Employment and Related Income

Learning objectives

- Understand the importance of tax treaties in dealing with cross-border employment income (including employee stock options) and pensions
- Awareness and understanding of the areas of potential difficulty in connection with the interpretation of the undefined terms used in Article 15 of the OECD and UN Models
- Appreciate the differences between the treaty rules recommended by the OECD and UN Models with respect to the treatment of cross-border pensions
- Understand the impact of treaty rules on cross-border pensions and how they interact with domestic taxation rules on pensions
- Appreciate how benefits derived from employee stock options are dealt with under tax treaties

Pre-requisites

This course introduces the tax treaty rules applicable to employment and related income. Participants should be familiar with the basic principles of tax treaties in addition to the domestic law of at least one country, in particular as it relates to the taxation of cross-border income of individuals. Participants, particularly those with limited knowledge of tax treaties, are recommended to first complete the course *ITA101 Fundamentals of Tax Treaties* and *ITA102 Residence*.

Study time (approx.)

Audio lessons: 5 hours
 Self study: 5 hours
 Further reading (*optional*): 15 hours
 Extra: 30 min video interview with international tax expert

Advanced preparation

No advanced preparation is necessary. All required study material is provided in the online course.

Course program

Lessons	Topics Covered
Lesson 1: Introduction to employment and related income	<ul style="list-style-type: none"> • General idea of employment and related income • Types of taxes on employment income • Features of domestic taxation rules • Cross border employment and related income
Lesson 2: The role of tax treaties	<ul style="list-style-type: none"> • What is the role of tax treaties? • Which treaty articles may apply? • Relationship between the relevant treaty articles • What is the impact of the treaty articles on employment income?
Lesson 3: General treaty rules on employment income	<ul style="list-style-type: none"> • What is the role of tax treaties? • Which treaty articles may apply? • Relationship between the relevant treaty articles • What is the impact of the treaty articles on employment income?
Lesson 4a : Article 15 – Interpretation issues	<ul style="list-style-type: none"> • How to apply Art. 15? • Short-term assignments • International hiring out of labor • Employment in international transport – Art. 15(3) of the OECD and UN Models
Lesson 5: Pensions	<p>Part 1</p> <ul style="list-style-type: none"> • Different types of pensions and their taxation under domestic rules • Cross border pensions and the role of tax treaties • Art. 18 of the OECD and UN Models • Treaty treatment of different types of pensions <p>Part 2</p> <ul style="list-style-type: none"> • Domestic tax incentives and alternative treaty rules • Recapture of tax benefits on pensions and alternative treaty rules • Cross-border pension contributions and transfers of pension rights

Lesson 6a: <i>Revision quiz</i>	<ul style="list-style-type: none">• Reinforce key concepts
Lesson 6b: Taxation of employee stock options	<ul style="list-style-type: none">• What are employee stock options?• Domestic tax consequences of employee stock options• How to apply tax treaties to employee stock options?
<i>Further reading</i>	<ul style="list-style-type: none">• Articles further exploring employment and related income



Also included in this course: Frank Pötgens is a tax lawyer at De Brauw Blackstone Westbroek in Amsterdam with a focus on international and European tax law (including cross-border employee services). In addition, he is a professor of International and European Tax Law at VU University Amsterdam. He obtained a PhD from Erasmus University Rotterdam for his thesis on the tax aspects of cross-border employees and their remunerations (published in the IBFD Doctoral Series under the title *Income from International Private Employment*).

Here he provides insight into potential tax complications associated with cross-border employment income, including:

- the recent trends in cross-border employment activities and the associated taxation problems;
- treatment of income from severance payments and other types of employment that involves "inactivity";
- the concept of "employer" and the related changes to the OECD Commentary in 2010.

How to register:

To register for an IBFD online course, please visit www.ibfd.org or contact onlinecourses@ibfd.org