EXPAT LIVING

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Welcome To **Expat Living**

Expats all over the world - and not just in the UK and Europe - will be puzzling over how the UK's decision to leave the EU will affect them. It might certainly make it more difficult for Britons to find work in Europe, and for EU nationals to work in the UK.

The details of how the UK will now interact with the EU will slowly emerge. Check in regularly to www.expatnetwork for the latest news on how Brexit will affect you as an expat.

In this edition of Expat Living we have brought together a range of features and news which address the expat experience, whether you are heading for Saudi Arabia to work, or Portugal to relax.

We also look at property prospects if you are considering a move to Italy and examine ways you can manage your expat money.

Together with news of the latest contract awards abroad, we hope this e-magazine brings you the essential information you need for your life overseas.

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MAKE SENSE OF SAUDI ARABIA

With low oil prices is the Kingdom still attractive to working expats? Will 'Saudi Vision 2030' lead to an expat exodus?

Saudis Consider **'Green Card'** System

Saudi Arabia is considering setting up a 'green card' system, similar to that used in the US, as part of plans to raise $100 billion of revenues annually by 2020.

The green card system and a plan to charge companies a fee for hiring more foreign workers above official quotas could raise $10 billion each a year, Deputy Crown Prince Mohammed bin Salman told Bloomberg, as reported in Arabian Business.

Other than VAT, Prince Mohammed said: "Yes, we have the sin tax, energy drinks and soda drinks tax. We are working on a specific programme similar to the green card.

"Some fees might be on luxury items and as we said earlier, restructuring subsidies. So it's a large package of programmes that aims to restructure some revenue-generating sectors."

The prince said that $10 billion would come from VAT, $30 billion from subsidy reforms and $40 billion from other unspecified measures.

The green card system in the US allows immigrants to live and work in the country permanently. They are valid for ten years, after which they can be renewed, and are seen as a path to gain citizenship.

Arabia is the birthplace and centre of Islam. Islam is the official religion of Saudi Arabia, the only one permitted to its citizens and the only one that may be celebrated in public. While foreigners are granted freedom of religion, no religious practices other than Islam are allowed, and proselytising is illegal.

Non-Muslims should familiarise themselves with Muslim philosophies and tenets, as these relate fundamentally to the daily life of the people. Religious police, called mutawwa'in, actively enforce these standards.

The majority of Saudis are Sunnis of the Wahhabi sect, a fundamentalist version of Islam founded by an 18th-century religious leader, Abdul Wahhab al-Shaikh. It regards God alone as divine, not the Prophet Mohammed or his descendants.

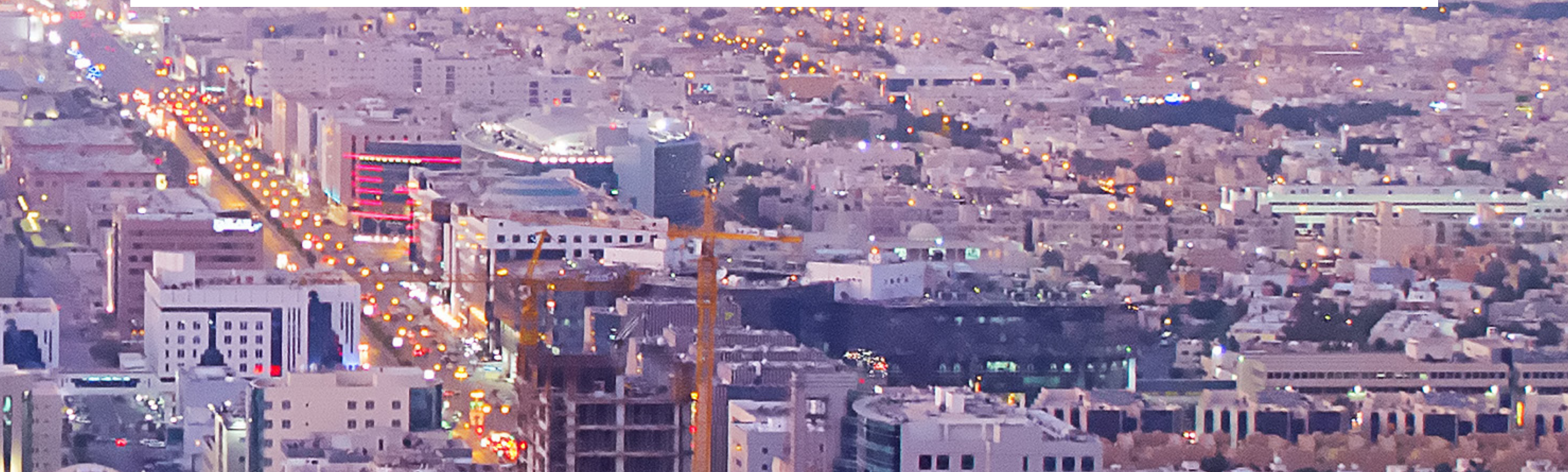
The strict Wahhabi interpretation of the faith plays a very powerful social role in upholding traditional ways. Although Sunni Muslims are dominant, there is a large Shiite population in the oil-producing Eastern Province.

Islam's two most sacred cities, Mecca and Medina, are located in Saudi Arabia. Millions of Muslims make the pilgrimage to Mecca every year. These sacred sites are reserved for Muslims, and non-Muslims are not permitted to enter them.

All businesses and commercial establishments are required to close during prayer calls. The religious police, *mutawwa'in*, patrol to make sure that everyone abides by the law. Non-Muslims usually are not allowed to enter mosques.

Sawm is the fast of *Ramadan*, the holy month. During the period of *Ramadan*, Muslims must fast every day between sunrise and sunset, but they feast enthusiastically at the close of the day.

Ramadan is the celebration of the month in which the Koran was revealed, and is concluded with the feast of *Id-al-Fitr*. This is a religious holiday period which should be avoided by business travellers, as most business activities slow or stop until after *Id-al-Fitr*. The date of this month is established by the cycle of the moon, moving forward ten days each year.



Five-Year Permits For Expats In Saudi Arabia

Saudi Arabia's passports department is starting to issue new resident permits with a five-year lifespan for expatriates.

According to reports in Arab News, the new resident permits were first issued on 15 October, the first day of the Islamic New Year.

Companies and expatriates have to renew the permits yearly online, with no need to visit the offices of the department. Delivery of renewed cards is done by courier, according to a report. The old cards would be replaced if they are renewed or if a transfer of sponsorship takes place.

The new cards can be renewed electronically through the Abshir or Muqeem services. They have magnetic strips to prevent forgery, have no expiry date on them, and have 'resident identity' replacing the word 'iqama.' The same fees apply annually

The Muqeem e-portal links a company electronically to the passports department for exit and reentry visas, final exit visas, and renewal of residential permits. Companies can also update information on their workers on the site.

Passports & Visas

A passport and visa are required for entry into Saudi Arabia. Passports must be valid for at least six months beyond the estimated stay in the country. Saudi Arabia will bar entry to Israeli nationals. The restriction is officially termed political rather than religious. Nevertheless, anyone whose passport indicates travel in Israel or whose religious affiliation is Jewish has been refused entry.

This restriction may become an issue for firms whose home-country governments ban employment discrimination on the basis of religion. Companies hiring individuals bound for work in Saudi Arabia should check with their home-country governments for information and guidance.

Requirements as to behaviour and appearance are strictly enforced. The following traits or behaviour are reasons for refusal of entry or deportation:

- For men, exposing legs by wearing shorts
- For women, short skirts, clothing judged too tight or too thin, and exposed hair, arms, or chest; makeup should be removed before arrival at the airport, and the head and body should be covered by a headscarf and anabaya
- Arrival in an obviously intoxicated state
- Public displays of affection between men and women, even spouses.

Any unaccompanied females or wives traveling to join their husbands must be met at the airport by the husband or by a sponsor and have confirmed onward reservations up to their final destination in Saudi Arabia.

In the case of a married couple, both spouses should carry a copy of their marriage license whenever in public, in case the mutawwa'in, or religious police, request proof of their relationship.

Passports, visas, and permits must remain valid throughout stays in Saudi Arabia. Do not surrender your passport to your Saudi employer except for the most specific and valid reasons. Your passport is the only evidence of legal right to be in the country. In emergencies, your embassy will issue a replacement passport, but those cannot be used to depart, since they will not bear a Saudi exit permit.

Carry identification, such as your passport, at all times when traveling in Saudi Arabia. You are likely to be asked to produce it and failure to do so could result in a fine or detention.

Visas

All visitors to Saudi Arabia must have a visa, except for nationals of The Co-operation Council for the Arab States of the Gulf. This includes Bahrain, Kuwait, the Sultanate of Oman and the United Arab Emirates.

In order to obtain a visa, you must have a sponsor in the country. Your sponsor will be responsible for much of the required paperwork, but you will have to provide a great deal of documentation, often including marriage and birth certificates, and copies of your employment contract and academic or professional qualifications. Applicants for certain visas also require a comprehensive medical examination.

It takes about six weeks to obtain a visa number, which entitles you to collect your visa at the Saudi Embassy.

Business visit visas

This type of visa is generally valid for 30 days with the possibility of extending it to three months. Requirements for application include:

- Passport valid for at least six months beyond the end of expected stay
- Passport size colour photo
- Visa application form completed in black ink (or typed/printed)
- Proof of employment position (see Saudi Embassy for a list of the five accepted forms of proof)
- Visa fee, paid online at Enjazit website
- Self-addressed envelope with paid label from trackable delivery service.

The Saudi Embassy will provide complete instructions for making a business visit visa application. Family visit visas are required for a spouse and children. If you anticipate travel in and out of the country, you should request a multiple exit/re-entry permit at the time of application for the business visit visa.

Employment visas

The employer begins the process and will obtain a visa authorisation code. Applicants should be prepared to produce the following at their local Saudi Embassy:

- Passport valid for the length of employment
- Passport-size colour photo
- Application completed in black ink (or typed/printed)
- Original letter of employment from the sponsoring Saudi company, certified by both the Saudi Chamber of Commerce and the Ministry of Foreign Affairs
- Certified, notarized copy of university diploma, validated by the Saudi Arabian Cultural Mission
- Copy of employment contract, signed by employer and employee and including the visa code obtained by the company
- Three copies of medical report signed by physician attesting to disease-free state of applicant
- Police report detailing any criminal record (or lack thereof)
- Visa fee, paid online at Enjazit website
- Prepaid self-addressed envelope.

Family visit or residence visas

Although many working in the Kingdom of Saudi Arabia choose to not bring their spouses or children for security reasons, those who wish to invite members of their

Top Ten Tips For Expats In Saudi Arabia

1. There are about nine million legal migrants living in Saudi Arabia with western specialists making up the majority of the more skilled among them.
2. Saudi Arabia has a desert climate and is extremely hot and there is very little rainfall throughout the year.
3. All visitors to Saudi Arabia must have a visa. In order to obtain a visa, you must have a sponsor in the country.
4. Saudi Arabia, located on the Arabian Peninsula, has a population of approximately 26.5 million people, 20 per cent of whom are non-nationals. The country remains sparsely populated. Up until the 1960s, the indigenous population was largely nomadic or semi-nomadic, descending from a number of tribes.
5. Arabic is the official language of Saudi Arabia. English is widely spoken in the government and in the business community.
6. There has been a strong property market in Saudi Arabia in recent years. However, the lack of affordable housing is becoming an increasing issue, especially among locals, and might cause steep price rises in the near future.
7. Saudi Arabia has grown from a desert country of limited development to the largest exporter of petroleum and the country with the most oil reserves in the world – about 25 per cent.
8. The riyal, abbreviated SR for Saudi Riyals, has a fixed rate of exchange with the US dollar of SR3.75 to $1.00 and is readily convertible.
9. Until your business is complete, do not attempt to bring a gift. It may be misconstrued as a bribe, which is considered offensive, as well as illegal in Saudi Arabia.
10. Saudi Arabia is subject to the same general terrorist threat that exists around the world. However the Saudi authorities continue to take successful action against terrorist groups. When outside the compound westerners are reminded to be sensitive towards Saudi rules and traditions, disrespect, whether intentional or not, can cause unwanted confrontation.

family to visit or reside there must submit a request through their sponsor to the Ministry of Foreign Affairs in Saudi Arabia. If this request is approved, each family member must provide complete documentation as specified by the Saudi Embassy.

See the informational panel 'Five-Year Permits For Expats In Saudi Arabia'

Expatriate community

Expatriates in Saudi Arabia tend to be in close contact, and typically socialise within their community. They often rely on their own resources for entertainment and cultural activities. Newcomers usually become rapidly acquainted through business and social contacts. Schools and athletic activities also offer opportunities for people to meet others with similar interests. Larger hotels often function as social centres.

Expatriates in Saudi Arabia generally live in established compounds, which are designed to accommodate Western-style living with all the amenities found in those countries. This housing arrangement is not meant to isolate the visitor from the local community, but rather alleviate any discomfort that may come from a clash of cultures and lifestyles that can be very different. You will have the opportunity to make contacts and connections with the outside Saudi community through work as well as from others who live within the compound. These compounds can vary, but most offer services facilities that meet everyday needs, such as sports, leisure, and even restaurants.

If you choose to live off the compound grounds, you may find it to be an isolating experience, unless you have already established contacts in the country and can get around the community easily. Most expatriates will find ample opportunities for socialising within their compounds. Entertainment at home is common, and keep in mind that alcohol is illegal in the Kingdom.

Since there are very strict Islamic rules in Saudi Arabia for public behaviour, including dress codes, and the role of women in society and the family, the compound provides an environment where these issues do not have to be traditionally addressed. Within compounds, expatriate women can function and dress much as they would at home.

Saudi Vision 2030

The Saudi Arabian government have recently released their agenda for the future of the nation, entitled 'Saudi Vision 2030', which looks at refurbishing the whole structure of its economy and most notably reducing its reliance on revenue from oil.

The declining oil price has threatened the long-term economic sustainability of the government and has thus sparked a rethink of future strategy, according to a report by NES Global Talent.

A major part of this plan is for the state-owned oil company, Saudi Aramco, to float a maximum of 5 per cent on the stock market. It would make Saudi Aramco the most valuable listed company in the world, far exceeding the likes of Google or Apple. Estimates indicate it is likely to be worth over $1tn even on a conservative outlook, which would be worth more than Apple, ExxonMobil and Facebook put together. The offering would be the biggest the world has ever seen.

Saudi Aramco was formed in 1933 with the involvement of Standard Oil of California (itself formed when Standard Oil was split into 34 different companies). The Saudi group was part-nationalised in 1933 while its headquarters moved from New York to Saudi Arabia. Thirty years later it was fully taken into state hands.

It currently oversees many large oilfields, including the largest onshore field, Ghawar. A staggering one in eight barrels of crude oil across the world comes from underneath the sands of Saudi Arabia. The company also manages gasfields as well as refining, marketing and distribution operations, and employs around 60,000 people.

So what implications do Saudi Vision and the flotation of Saudi Aramco have for both Saudi Arabia and the rest of the world? Some possible outcomes are:

Reducing the reliance on oil. Although the Saudi government realise oil is still big business and is going nowhere soon (other cleaner energy sources are still in their infancy and even when matured will only account for a minority of global energy supply), they still realise they have an 'addiction to oil' – the words of Deputy Crown Prince Mohammed bin Salman, leading the reforms.

The sovereign investment fund. The sale of Saudi Aramco will mean Saudi Arabia's sovereign state fund will grow even bigger than it already is, and thus become an even more important player in global investments. This money will be reinvested in the country and abroad as well, and thus become an important income generator in itself. Plus, by offering a slice of the company to overseas investors it will encourage future foreign investment in other industries too.

Cultural and political changes. The Saudi Vision 2030 aims to increase private sector ownership from the current 40% to 65%. This will not only have an effect on the economics of the country and international trade relations, but will also clearly have a spill-over effect on the culture of the country (as major privatisation often does). The 5 per cent sale of Saudi Aramco may lead the way for other state-owned oil companies around the world to be sold if the IPO is seen as a success. This would have broad-reaching implications for the whole Middle East region.

International relations. The prospect of having foreign ownership over Saudi Aramco (and possibly other assets in the future) means that other countries could have a strategic economic interest in keeping the area politically stable. Increasing the private sector's contribution to GDP to 65 per cent also means a different strategy would be employed towards international trade.

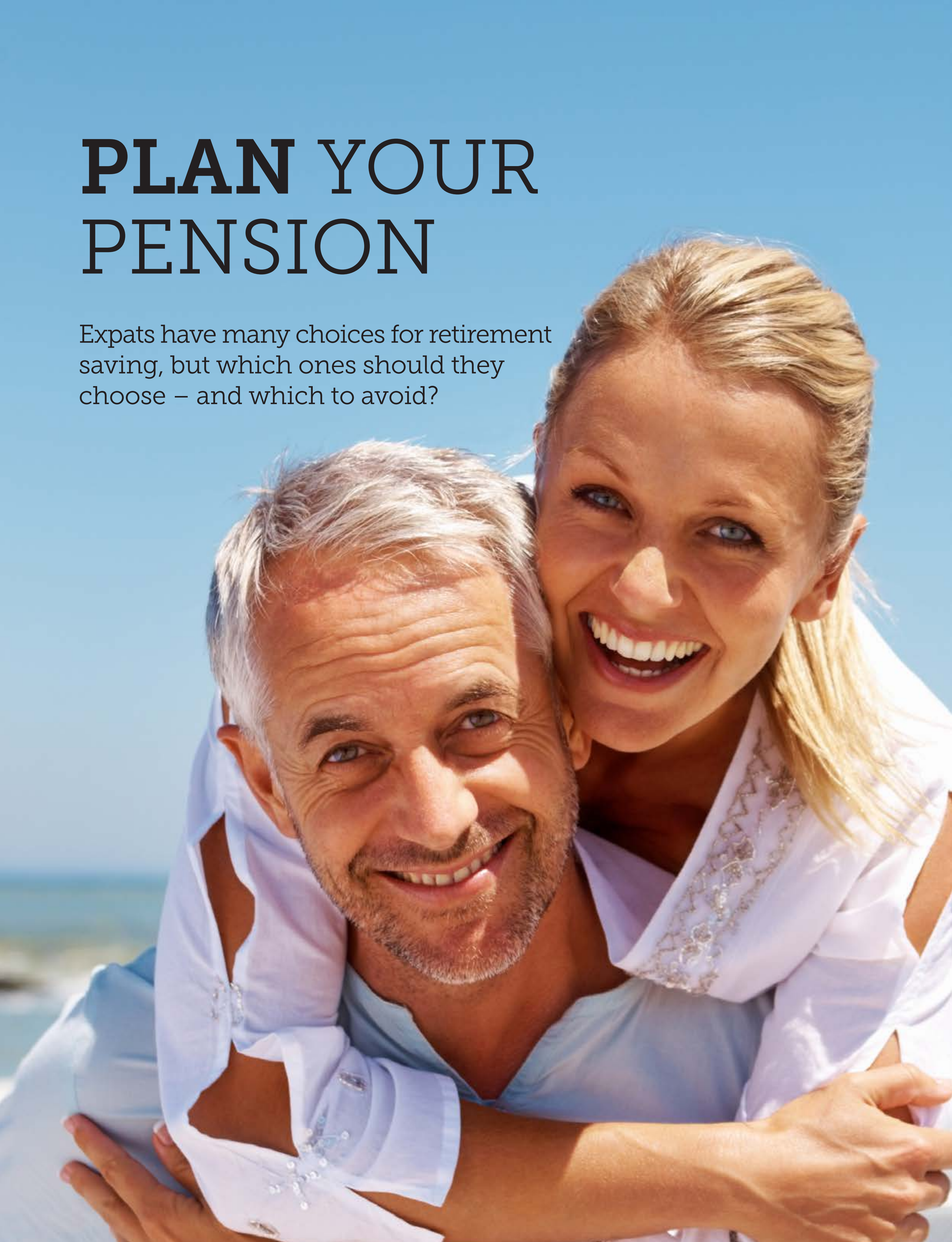
Transparency and scrutiny. The IPO process will set Saudi Aramco up for public scrutiny as selling to global investors involves rigorous accounting and legal standards, which is most likely to be a good thing. An IPO by its very nature will also mean Saudi Aramco will release a lot of previously undisclosed information about its operations and cash flows; something which has been previously closely guarded. If other nationalised oil companies follow the lead, they will also be under the same global public scrutiny.

Commenting on how the future strategy may affect professionals in the power and oil & gas sectors, Darren Grainger, Managing Director of NES Global Talent's Middle East division, said: "Saudi Arabia continues to provide opportunities for qualified industry professionals across the upstream and downstream sectors. The 2030 vision supports the growth of Saudisation and diversification within the hydrocarbons sector. The diversification move down the value chain to Basic Industries, Intermediates, and Plastics are a key contributor to the country's future GDP growth plans."

There is a more detailed guide to Living and Working in Saudi Arabia which you can access in the Destination Guides section (under Expat Resources) of **www.expatnetwork.com**

PLAN YOUR PENSION

Expats have many choices for retirement saving, but which ones should they choose – and which to avoid?



A major finding of the *Redefining Retirement study* by wealth manager Old Mutual Wealth is that those with an annual income of £60,000-plus are setting their sights on being international jet-setters in retirement. Emigration is favoured by 8%, 40% are looking to spend a considerable amount of time each year overseas, and 7% want to spend a few years overseas before returning to the UK.

Those with an annual income of less than £25,000 are more likely to emigrate permanently rather than travel back to the UK; 12% are looking to emigrate, 14% are looking to spend a considerable amount of time overseas, and just 5% are looking to spend a few years overseas before returning to the UK.

Better weather (30%) and better lifestyle (25%) were the top reasons given across all income brackets for moving overseas, either permanently or temporarily. Another key reason was to be near family and friends (17%). Financial reasons rated bottom of the list with just 4% stating this as a motive.

Rachael Griffin of Old Mutual Wealth said, "Living overseas, either permanently or temporarily, is clearly something a lot of people aspire to but there are financial implications of doing so. Having a clear savings plan and a goal in place will help them achieve their dreams and enable them to live the life they want to live in retirement. Financial advice can help put this plan in place and will also help to ensure any pension and investments are structured in the most tax efficient way possible when they move overseas, allowing them greater financial freedom in retirement."

Pensions Flexibility

With the new pension flexibility rules coming into effect in the UK, a pensions adviser is warning that British expats are among the most vulnerable to pension scammers

James McLeod, head of pensions at AES International, wants expats to be wary of approaches from unscrupulous salespeople. "The introduction of the new pension freedoms in the UK is a watershed moment for retirees," says McLeod. "Many pensioners will now be free to make decisions which could benefit them immensely, particularly in the UK where there is a high level of investor protection.

"However, those retirees who are based overseas, or who are planning to retire in the sun, need to be very careful about what they do with their precious retirement savings. Unfortunately there are many unscrupulous salesmen who specifically target expats as they are not very well protected in many countries by local laws.

"We urge anyone considering making any decisions to check to make sure the firm they are dealing with is regulated and would say that if you are unsure do not do anything. It takes a lifetime to build a pension, but only minutes to sign it away."

QROPS

Qualifying Recognised Overseas Pension Schemes (QROPS) were introduced in April 2006. The intention, says Jason Porter, director of expat advisers Blevins Franks, was to enable British expatriates to simplify their affairs by taking their pension savings with them by transferring to a new scheme in their new country of residence.

QROPS can offer various benefits and quickly became popular with expatriates. However, the situation has changed significantly since 2006. The taxman - HM Revenue & Customs (HMRC) - has got much stricter, issuing new regulations and guidance over the years.

The QROPS market today provides less choice and more complexity than many realise. And where HMRC deems that its rules have been broken, it can apply a 55% penalty charge of the amount you transfer.

Now of course we also have the new UK pension freedom. This opened up many new opportunities for UK schemes, and QROPS is just one option which should be considered along with all the others.

In the latest crackdown on QROPS, the registered overseas pension rules were changed in line with those brought in for UK pensions. HMRC sent a 'legal request letter' to all global providers of QROPS, dated 17 April but backdating the new rules to 6 April 2015.

The letter requests that the provider must satisfy itself that it meets the rules for Recognised Overseas Pension Schemes (ROPS), and seeks confirmation from the schemes that they are still compliant with the rules.

Specifically it asks three questions:

1. Does the scheme satisfy the ROPS conditions?
2. Does it meet the minimum age test (age 55)?
3. Does it wish to appear on the public lists of QROPS?

One of the rules for an overseas pension scheme to qualify as being recognised as a QROPS is that it follows UK pension rules. The minimum age for taking benefits from a pension is therefore 55, unless the member is in severe ill health.

HMRC wants confirmation that either the laws of the country where the scheme is established prohibit payment of benefits to member under 55, or scheme rules prevent this where UK tax relief has been paid.

The letter is perceived as an attack on Australian and New Zealand QROPS schemes, since although they meet local national rules, benefits can often be accessed before the age 55 for reasons other than ill health.

Australian schemes tend to follow national law which allows members early access if they are suffering financial hardship, as well as ill health.

New Zealand law also allows access for financial hardship, and 'Kiwisave' schemes allow members early access after three years to buy a house. The government introduced these schemes in 2007 and they were promoted as a way to transfer UK pension wealth. The industry is seeking clarification from HMRC, but as things stand Kiwisaver schemes cannot accept transfers from UK pensions.

If the QROPS schemes in both countries (or any other country) do not comply with the rules, transfers into the scheme could suffer penalty charges of 55%.

In the lead-up to the UK pension freedom, the UK Financial Conduct Authority (FCA) confirmed that all transfers from defined benefit (final salary) schemes can only take place if the member has received advice from a pension transfer specialist regulated by the FCA. This includes transfers into a QROPS.

Overseas advisers who are not FCA regulated and transfer pensions into QROPS will need to pass cases onto UK authorised firms to provide the advice, though the UK adviser many never meet or speak to the client.

Overseas pension transfers are complicated at the best of times, with a myriad of rules, which frequently change. You need to be extra careful when moving into a QROPS and choosing which one would best suit you.

The only way to ensure that a QROPS is the best solution for you is to explore all your other pension options and weigh up the pros and cons of each. This includes looking at the tax implications in your country of residence.

Jumble Of Pensions

Many expats may find themselves faced with a 'jumble' of pensions gathered during a globally-mobile career. Many may also have UK-based pensions to which they contributed before leaving the UK, and which have now been frozen.

Making sense of a myriad of plans and schemes can be daunting, say experts at The Fry Group. To add to the confusion, expats may find themselves faced with additional decisions including whether to retire back 'home' to the UK, remain overseas or move to another country.

As we have seen, in 2006, in an attempt to simplify the situation for 'committed' expats (those intending to remain overseas), the UK government harmonised the way pension contributions are treated for tax. This allowed long-term British expats to relocate their UK pensions into a QROPS (qualifying recognised overseas pension scheme) without incurring a tax charge – basically enabling a UK pension to join an expat when they intended to remain away from the UK for the medium to long term.

QROPS provide greater flexibility for expats – giving better control over the management and content of investments. So, for example, an expat living in the eurozone and using a QROPS can run their pension assets in euros (and so avoid currency fluctuations) and benefit from tax freedom at source on the income.

However, QROPS may not suit all long-term expats. Some UK pensions include significant benefits, and transferring them into a QROPS may result in such benefits being lost.

Tax freedom on the pension income can also be achieved through simpler routes (e.g. relying on double taxation agreements). QROPS can also be expensive, although increased competition has helped reduce costs.

For more flexible pension planning, placing some capital within a QNUPS (qualifying

non-UK pension scheme) might be considered within your overall pension solution. There are some general rules that a QNUPS must adhere to:

- It must be an overseas pension scheme established in the EU or territory with a double taxation agreement with the UK, plus exchange of information, or at least 70% of the fund must provide the member an income for life.
- Pension benefits from age 55-plus unless in the case of ill health.
- Membership of the scheme is open to persons resident in the country or territory in which it is established.
- In terms of spin-off benefits, it offers:
- Inheritance tax protected from day one.
- 10 per cent foreign pension allowance for returning expats.
- Full transfer of fund on death with no tax charge.

These are complicated products and much depends on your own circumstances. A detailed review of your financial and residence position should be undertaken by a suitably qualified UK-regulated financial adviser before any decisions are made.

PROMISE OF PORTUGAL

All you need to know for a sojourn or permanent move to Portugal

The Portuguese are generally traditional and conservative, resisting rapid change. Careful assessment precedes all decisions. Family and clan form the basis of Portuguese life, and religious faith and moral values are important.

Nearly two-thirds of the population live in rural areas and small towns, and those who do live in urban areas retain strong ties to their native regions and traditions. Despite the emergence of a growing business class, which is sophisticated, technologically up-to-date, well dressed and competitive in the international marketplace, Portuguese pride still prescribes Old World behaviours, courtesies and rituals. This contrast between the rich, centuries-old tradition and the excitement of the modern world provides some conflicts for Portuguese families. They have become more mobile, and hold mores and customs in high regard.

The Portuguese are a composite of the many peoples who have inhabited the western edge of the Iberian Peninsula since prehistoric times – Celts, Phoenicians, Carthaginians, Romans, Germanic tribes, Arabs, and Africans. In general, the Portuguese are slightly shorter than the average European and have dark hair and dark eyes. Although there is very little immigration today, the population includes over half a million people from the former Portuguese colonies of Angola, Mozambique, Timor, Cape Verde, Goa, and Guinea. The only statistically significant minority group in Portugal consists of people of African descent; they comprise less than one percent of the population.

The Portuguese culture is rich and diverse. The Romans, the Moors, and the Spanish have all left indelible marks on the culture, both emotional and physical. During the periods of active exploration, trade, and colonisation, the Portuguese eagerly assimilated the unknown and exotic goods and arts of the new cultures. Unique to Portugal is the tradition known as saudade, which is a pervasive and treasured melancholia and acceptance of fate. This nostalgic air is reflected in many cultural manifestations, especially the famous and haunting music of the fado, a song of homesick sailors. The traditional fado expresses the sad, romantic mood of the nation.

Roman ruins can still be seen, and the Roman influence is reflected in bridges, temples, castros/camps, and mosaics. More basic Roman contributions are the language, and the introduction of the staple crops of wheat, barley, olives, and grapes. Moorish culture is evident in the country's architecture: whitewashed houses with small windows and inner courtyards to make life more pleasant in a hot climate. Decorative use of azulejos, brilliantly coloured tiles, is also part of the Moorish legacy; the tiles are widely seen in churches, palaces, monuments, train stations, and private homes.

Great colonial riches in the form of gold and jewels were applied to religious, civic, and private buildings and decorative arts in an exuberant Baroque display of stunning wealth. A unique style of architectural decoration resulted from the Portuguese maritime and colonisation experience. Known as the Manueline, the style incorporated common ship motifs, fantastic sea creatures, and emblems of conquest in highly ornamental carvings.

Property Taxes

There are many benefits to owning a property in Portugal but peace of mind about your finances is essential so you can enjoy them, says Jason Porter, director of expat financial advisers Blevins Franks. You should seek advice on your tax liabilities, both in Portugal and your home country if you are not resident here, as these can vary depending on where you are tax resident. You also need to take into account whether the property is your main home, a holiday home, or an investment.

Thinking of Settling in Portugal?

Make sure you understate the real estate market first, says Expat Living's property expert Christopher Nye.

Portuguese estate agents must be licensed and qualified, so ask to see their INCI certificate and AMI licence. With typical agent fees of more than 5%, private sales are common – look out for boards saying vende-se or para venda.

Among Portugal's largest online property portals are casa.sapo.pt and imovirtual.com, or a specialist such as meravista.com in the Algarve. Although the agent is paid out of the sales price, the buyer should budget for an average of 10% extra in fees and taxes.

Portuguese euro mortgages are available both to buy and to renovate a property. The maximum loan-to-value is 80% and rental income generally cannot be included in your calculations. You will need to pay an arrangement fee of 1.5–2% of the loan value, and pay for life assurance cover.

Your first step when looking seriously at buying should be to engage a lawyer – advogado – who is independent of the agent or developer. Being able to communicate with them, of course, is vital and there are English-speaking lawyers available in popular areas and cities.

When you find a property it is quite common to be asked for a modest (less than 3,000) deposit to take it off the market. It should be clearly stated to be refundable under certain conditions, such as a legal issue that cannot be resolved, or a survey – inspecao – that turns up something nasty. It should also be kept in a separate escrow-style account.

Avoid agreeing to under-declare the purchase price to avoid tax: it is quite a common practice but is illegal and could cost you extra in capital gains when you sell, unless you continue the deceit.

You will need to obtain a tax card and identity number (Cartão de Contribuinte) and NIF – a simple process of attending the local tax office with your passport and the small fee and filling in a few forms. Often the estate agent will be only too keen to help you with this.

There's more on buying property in Portugal under Property Buying Guides in the Property section at www.worldofexpats.com

Top Ten Tips For Expats In Portugal

1. Although not as popular as its eastern neighbour, Portugal is a very popular destination among British expats, with around 50,000 living there.
2. Portugal's weather varies slightly from North to South but is generally warm in the summer and mild in the winter. You can find snow in Portugal during the winter, particularly in the mountains.
3. EU citizens are able to live in Portugal without a visa. Those who are not from an EU or Schengen agreement nation and who plan to stay in Portugal for more than three months require a long-term/residence visa.
4. The Portuguese lifestyle and weather allows for plenty of time spent outdoors, relaxing, playing sport and enjoying the excellent cuisine.
5. Portuguese is the official language of Portugal and it is spoken by the vast majority of the population, however there are several regional dialects. English is widely spoken in Portugal, particularly in tourist and expat areas. However only 32% of the population speak and understand English, so you may not always be able to find an English speaker.
6. Before the crash in 2008 property in Portugal was one of the most expensive in Europe. Portugal's property market has now reached what is seen as a low point, asking prices are in line with bank valuations and properties are nearly a third cheaper than homes in the UK. However the future is starting to look good with prices expected to rally in the coming years.
7. Portugal's population is 10.7 million.
8. Portugal's currency is the Euro (€).
9. The Portuguese economy suffered greatly from the financial crises of 2008, It was forced to seek a European bailout which it came out of in May 2014. It has worked hard to lower its deficit while stimulating its economy. Exports and tourism are its main sources for recovery.
10. Portugal faces the same terrorist threat as all western countries. It also experiences the same low level crime seen in most tourist areas.

Rental property

If you own and rent out a Portugal property, the income is always taxable in Portugal, whether you are resident there or not.

- Portugal residents pay tax on rental income at a flat rate of 28%. You can add rental income to your other income for the year so it is taxed at the normal scale rates. However, this is unlikely to be beneficial if you pay tax at anything other than the lowest tax rate, currently 14.5%.
- Non-residents pay tax at 28%; the letting agent must deduct this from the gross rent.
- Maintenance expenses and municipal property tax (IMI) may be deducted from rental income if they are documented.
- UK residents also pay tax in the UK. Both the UK and Portugal use their own tax calculations, so the amount is likely to be different. You can offset the Portuguese tax actually paid against the UK liability to avoid double taxation, but if the UK tax is higher, further tax will be due in the UK.

Capital gains tax

You will have to pay capital gains tax when you sell your Portuguese property, unless you bought it before 1989. Portugal residents pay tax on only 50% of the gain and, if you have had the property for more than two years, you get inflation relief. Gains are added to your other annual income and taxed at the scale rates of up to 48%.

However, gains from selling your main home are exempt for residents if you reinvest all the proceeds (net of any mortgage on the property) in another main home in Portugal or the EU/EEA within 36 months after date of disposal or 24 months before. You will have to live in the new property within six months.

Non-residents pay tax on the whole gain at 28%. An EU resident can choose to be taxed as a Portugal resident but you have to declare your worldwide income in Portugal to calculate the marginal rate of tax that will apply.

UK residents also pay tax on the gain in the UK, but under the terms of the double tax treaty, any tax paid in Portugal can be credited against the tax due in the UK.

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There is a more detailed guide to Living and Working in Portugal which you can access in the Destination Guides section (under Expat Resources) of www.expatnetwork.com

Inheritance tax

If you die owning the property, or gift it during your lifetime, recipients will have to pay Portuguese stamp duty at 10% regardless of your residency situation - unless they are your spouse or child, in which case they are exempt. Stamp duty is payable even if the recipient does not live in Portugal.

If you are a UK domicile, as most British expatriates are, your Portugal property, along with other Portuguese assets, will form part of your estate for UK inheritance tax purposes.

Local and transfer taxes

There are a number of other taxes you need to consider when you buy a property. First of all, you have to pay a transfer tax, known as IMT. What you pay depends on the ultimate use of the property and whether it is your main or second home.

Then you have to pay stamp duty at 0.8% unless the sale is subject to VAT at the standard rate of 23% – this is charged on all new buildings. Stamp tax of 1% is also payable on all residential buildings worth 1m or more.

Finally, there is IMI, the annual municipal property tax payable by whoever is the owner at 31 December that year. This is based on the registered value of the property and fixed by each municipality. The rates range from 0.3% – 0.8%, depending on the type, location and age of the property, although there are some exemptions available. For properties owned by individuals or companies resident in blacklisted jurisdictions, IMI is 7.5%.

Golden Visas

The Golden Visa Programme launched by the Portuguese government in October 2012, but which only saw its first approved candidates in the second half of 2013, is a fast track method for foreign investors from non-EU countries to obtain an authorisation to reside in Portugal (Golden Visa), say experts at Algarve Senior Living

To meet the conditions of the Golden Visa programme, applicants need to make an investment in one of three categories: real estate acquisition, investment or business/job creation, and meet general conditions as stipulated within the law.

This Golden Visa will allow the investor to enter and/or live in Portugal and to travel freely within most of the 26 countries within the Schengen space.

The Golden Visa aimed to attract and accelerate investment into Portugal at a time when the country needed to recapture the confidence of both investors and the foreign market.

Although several Golden Visas exist within Europe, Portugal's programme has earned a very favourable reputation due to the combination of low minimum stay requirements, the ease of aggregating direct family members to the main application and the balance between cost and benefit. With the closure of residency visa programmes in countries such as Canada, the Portugal Golden Visa programme has become not only the preferred European residency programme, but is staking a claim as one of the preferred options globally.

Find more information at www.algarveseniorliving.com.

BELLA **ITALIA!**

All you need to know for home purchase in Italy.

Italy is one of the most densely populated countries in Europe, with a population of approximately 58 million, and growing at a rate of just under one per cent annually. Italy is a vibrant mix of 20 different regions, each with its own food, culture, dialect, climate and sense of identity. As a result, Italians prefer to identify themselves as Sicilians, Neapolitans, Venetians, or Florentines rather than Italians.

The population is almost entirely of Italian descent, although there are small groups of ethnic Germans, French, and Slovenes, as well as a few Greek- and Albanian-Italians.

The country, like many others in the world, has distinct characteristics that can be identified as Northern and Southern. Southern Italians tend to have a more leisurely attitude toward time and business; employment rates are lower than in the northern section; and incomes are not as high. Northern Italy, being more industrialised, is more conscious of time and schedules; incomes and employment rates are higher. There is some friction between the two peoples as one believes that it is taxed too highly while the other believes that it has too few economic opportunities.

The Italian social culture is distinctly family oriented, and the Italian's identity is lodged firmly in his or her provincial history. Centuries of change and turmoil have done little to shake loose the tradition of home and family. The Italians have a word for it - *campanilismo*, love for their very own geographic and spiritual place. Decisions are made by the individual, but only in relation to the needs of the family or organisational unit, such as the individual business.

As might be expected, the extended family and friendship group are major sources of security, with the Roman Catholic church still influencing the formation of ideologies in Italy, and having an impact on business as well as everyday life. Italian families place a great deal of importance on eating meals together, caring for grandparents, and communicating to children - even adult ones - that their parents are always there for support. Italians enjoy spending time with their families and participating in social activities. Sunday dinners, national holidays, and the celebration of familial religious occasions are very important. The elderly are revered and children are well loved.

The Roman Catholic Church is a part of daily life at all levels, and everywhere you look there is remarkable art and architecture. Art, music, and literature are largely oriented toward the Roman Catholic religion, and their origins can be found in the catacombs where the early Christians were buried. Festivals and carnivals, which generally mark a saint's day or other religious holiday, are widespread throughout the country.

Investing In Italian Property

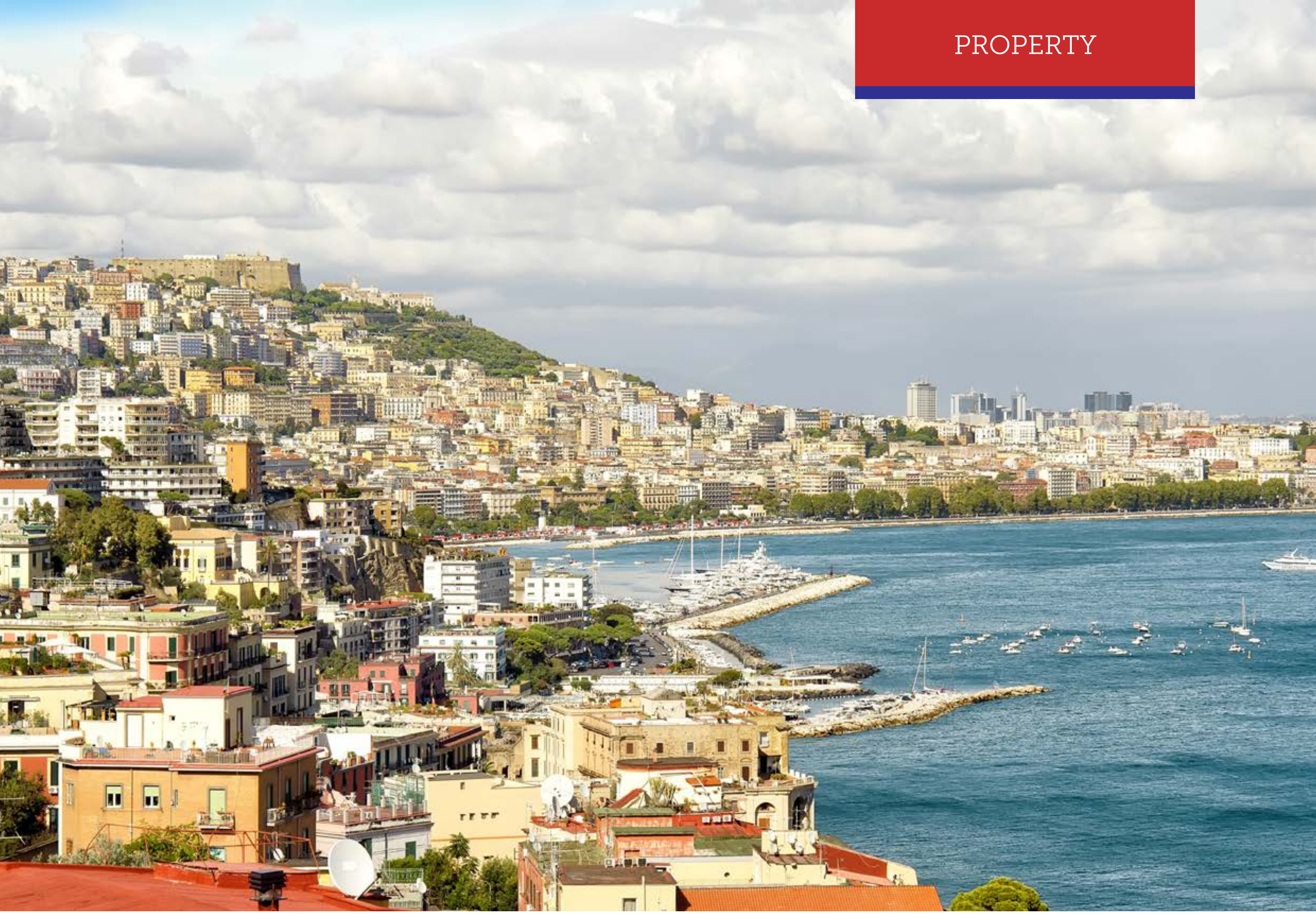
As the economy starts to recover and people have more disposable income, there has been a definite drive towards investing in the Italian property market once again, says Italian property portal Gate-Away .

The number of people from abroad looking for properties for sale in Italy is rising month after month. There are many factors that have contributed to this, including low mortgage interest rates, as well as the lower house prices compared to other European countries. This has made the possibility of owning even a 'luxury' dwelling a very real possibility for those who would not otherwise have been able to afford it. We live in fast-paced world where things need to happen immediately. With this in mind, the buying process in Italy is also a lot faster than in neighbouring countries, such as France and Spain.

But how much does it cost to get your dream abode in the 'bel paese'?

Three main property purchase taxes in Italy

- When you purchase your perfect retreat in the peninsula you must pay **stamp duty** (called *imposta di registro* in Italian), land **registry tax** (*imposta ipotecaria*) and **cadastral tax** (*imposta catastale*). All are calculated on the declared cadastral value of the dwelling. So stamp duty will be equal to 2% if you are purchasing your principal residence or 9% if a second home. The other two levies are 50 each.
- When you buy from a company applying ,
such as in the case of a builder selling a property within five years of completion, you will have to add another cost that is IVA (in Italian), which is applied on the purchase price. It is 4 per cent in the case of a main residence or 10 per cent for second houses.



Thinking of Settling in Italy?

Make sure you understate the real estate market first, says Expat Living's property expert Christopher Nye.

There is no restriction on buying property in Italy and it has some of the most breathtakingly beautiful older property in the world, at surprisingly cheap prices (especially if you're up for a bit of renovating).

But it also has an unmotivated and creaking bureaucracy so if a problem occurs, for example with old buildings without planning, it can take an age to sort out. It is important, therefore, to engage an independent solicitor from the start.

Italian estate agents' (agenzie immobiliari) hefty fees of 3-8% plus 22% VAT are shared between both buyer and seller, and so keen are agents to prevent private deals being done that they will normally accompany all viewings and may offer very limited information online.

It is a good idea to make sure from the start exactly what you will pay as a buyer as there can be charges for, for example, conducting extra viewings that in some countries might be a normal part of the service.

Buying privately holds extra risks but is certainly possible with the aid of a good lawyer, and opens up many more property options at lower prices. Prices are often ramped up for foreign buyers, but while it can be worth negotiating hard over prices, an offended vendor may refuse to sell.

The biggest online source is property-italy.immobiliare.it, which operates in eight languages. Gate-away.com is an Italian portal aimed at foreign buyers.

Estate agents are regulated and licensed, and there are several professional organisations to look out for, including AICI, FIMAA and FIAIP.

There's more on buying property in Italy under Property Buying Guides in the Property section at www.worldofexpats.com

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TO **BUY** OR TO **RENT**?

Your property choices explained – renting versus buying.

Should I rent or buy a property? The answer to this question is not straightforward. It comes down to personal circumstances and current market conditions and is always a hotly debated topic, as property portal zoopla emphasises. The case for and against both options can easily be made. Fundamentally it depends on an individual's personal circumstances.

If you are looking to buy or rent abroad then the choices become even greater, but let's first look at a comparison of the two in one market – the UK. Many of the issues relevant here also apply to a foreign purchase or rental.

Recent record low interest rates have played a significant role in keeping the cost of borrowing low and driving down monthly mortgage payments. But lending criteria have been strict and inflation has been consistently above the Bank of England's target. Speculation is now growing about when - and by how much - the base rate will be raised to counter inflationary pressures. So, those on tracker mortgage could see their monthly payments start to rise soon.

While buying wins out over renting today, the impact of a rise in interest rates cannot be ignored. If interest rates were to increase by 1% and rents to remain the same, renting would become more cost-effective in 80% of the locations recently studied by zoopla.

If you are thinking of buying in the current market you must keep in mind how rising interest rates would affect your monthly payments. Fixed rate deals remain the best way for borrowers to protect themselves against this uncertainty, but they don't suit everyone's financial situation.

So, because we don't know your personal circumstances it would be hard to say you should rent or buy. So instead, here are some reasons to consider when looking to rent or buy:

Buying

You're investing in your future

If you own your home and have a repayment mortgage, rather than interest-only mortgage, you are investing in your future and creating a valuable asset. Your monthly repayments aren't going to a landlord and creating 'dead money' for you. However, while the value of your property may go up as well as down, at the end of the term of the mortgage you will own the property outright.

Freedom

If you own your home you can do what you like to it (within the planning regulations). You can make it a home for your family or simply move in and carry on. You'll also be in direct control of any problems with the property and won't have to deal with agents or landlords.

Discipline and experience

The house-buying process can be a daunting one, but when you have done it once, the process is very similar for future purchases. If you're a first time buyer, owning your first home can be a great way to kick-start financial planning for your future and help you to create a household budget to manage the costs of running a home.

Community

An often-overlooked advantage of buying your property is that you're also becoming part of an existing community that makes up the local school, church and shops and can create lifelong friends and support.

Renting

Flexibility

Renting allows you to choose pretty much where you like to live. In most cases you can break a rental contract after six months, allowing you to move to a new location or try a new area perhaps as a test before you decide to commit and buy.

Free from financial responsibility

As a renter you are not going to fall foul of any housing market-related conditions. You will of course have to pay rent but you're not tied into monthly repayments on a bigger loan and therefore cannot fall into negative equity.

No maintenance costs

As a tenant it is the responsibility of your landlord to maintain the property, pay for decoration and its upkeep.

Rent Or Buy Resources

Using the World of Expats' Property Search function In the Property section of **www.worldofxpats.com**, you can research for properties in your chosen foreign location and compare property prices and specifications.

Also at **www.worldofexpats.com** in the Book Temporary Accommodation function, you can search for and book a services apartment in your chosen location. World of Expats have worked with Visit Rentals to create a dedicated serviced apartments booking platform. This service connects you with a global network of 550,000 apartments, in 119 countries and the best available rates.

Price-To-Rent Ratios

House prices differ widely across countries, according to an OECD report, both with respect to recent changes and to valuation levels. The change in the real housing price index compared to a year earlier is used to tell whether prices are rising or falling. For valuation, if the price-to-rent ratio (a measure of the profitability of owning a house) and the price-to-income ratio (a measure of affordability) are above their long-term averages, house prices are said to be overvalued, and vice-versa.

Using these indicators, housing prices in the OECD area as a whole are broadly in line with long-term averages, and rising by about 2 per cent per year. In the euro area, prices are also broadly in line with long-term averages, but falling by about 2 per cent per year. These area averages hide wide disparities across countries, however. OECD countries can be roughly placed into five categories:

1. **Where houses appear broadly correctly valued.** This category includes the Unites States, where prices have been rising for the past two years following a substantial correction; Italy and Spain, where prices are still falling rapidly; Ireland, where prices have recently started rising again; Switzerland, where prices have been rising for an extended period; and Denmark, where prices are roughly flat.
2. **Where houses appear undervalued and prices are still falling or roughly flat**. This category includes some European countries hit hard by the crisis, such as Portugal and Greece, but also Japan and Korea.
3. **Where houses appear undervalued but prices are rising**. This category includes only Germany, where strong growth in household disposable income combined with favourable financing conditions have boosted prices.
4. **Where houses appear overvalued but prices are falling or roughly flat**. This category includes some European countries where the post-crisis housing market correction appears to be fading, notably the Netherlands and Finland, but also Belgium and Norway, where there was little or no price decline following the crisis. While price corrections in these countries are necessary, they are also concerning as they weaken households' financial health and potentially make banking sectors more fragile.
5. **Where houses appear overvalued but prices are rising**. This is the case in the United Kingdom, Canada, Australia, New Zealand and, to a lesser extent, Austria and Sweden. Economies in this category are most vulnerable to the risk of a price correction – especially if borrowing costs were to rise or income growth were to slow.

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EXPAT MIGRATION **LEADS MAINLY TO THE USA**

The United States is the most common destination for expats around the world, beating Germany, the UK, and the UAE.

Data from more than 2.1 million members of InterNations shows that in May 2016 the USA was the most frequent country of residence for people who live and work abroad. Apart from the United States, the most common destinations were Germany, the UAE, and the UK.

While the main reason for moving to the USA was being sent there by an employer, , an above-average number of expats who are currently residing in one of the other countries found a job on their own.

InterNations member data shows that those countries that send the most expats are spread far apart — with the USA, the UK, India, France and Germany leading the field. With about 149,000 people or 10 per cent of all expats on InterNations, Americans make up the largest share of those who leave their home country. The UK and India follow up close with 8 and 6 per cent respectively. Both France and Germany each contribute another 5 per cent of expats moving abroad.

With 124,600 expats from the InterNations network now calling the USA their home, the destination also dominates as the primary country of residence. While the USA thus hosts 8 per cent of the expat population, 7, 6 and another

6 per cent have found a new home in Germany, the UAE, and the UK, respectively. About eight out of ten expats living in one of these countries consider themselves generally satisfied with their life abroad.

While English-speaking as well as South American InterNations members clearly prefer the USA as their new destination, the European nations are evenly split between the American and the European continent. For example, Belgians and Dutch expatriates tend to migrate to the USA, whereas Italian expats mostly move to the UK. Expats from the two Eastern European nations Poland and Romania, as well as Spanish nationals, prefer Germany.

There is one exception, though: British members of InterNations are the most likely to move to the UAE. Interestingly, the survey shows that apart from moving in order to pursue a new job opportunity (29 pe rcent), moving for a better quality of life (29 per cent) and looking for a personal challenge (27 per cent) are the most common reasons for relocating among the British.

Dalia Gamali, a British national who has been living in Dubai for almost six years, said: “Having moved here from Singapore, Dubai turned out to be my personal dream destination: The proximity to the UK, the sunny weather, tax-free salaries and the safe environment all lured me in.” Anna Hazlett, a private wealth manager who is also located in Dubai said: “It is a highly diverse and dynamic region with great career opportunities.”

While Turkey has received a lot of public attention for becoming the main destination for refugees from Syria according to latest numbers from the United Nations, it is also a major consignor of expats: the international member base of InterNations included almost 30,000 Turkish nationals living abroad in May 2016, about 2 per cent of the global community.

The main motivation for Turkish citizens leaving their home country is to pursue an international career: 31 per cent of Turkish respondents from the survey moved, among other reasons, because they found a job abroad on their own. Another 29 per cent were sent abroad by their employer, which is considerably higher than the global average of 18 per cent. The most popular country of residence for Turkish expats is the USA, with about seven per cent of the Turkish InterNations members having moved to the States.

While 64 per cent of the worldwide expat population is satisfied with its work and career abroad, expats in the United States and Germany are even more content with 68 per cent and 69 per cent, respectively. The UK and the UAE, on the other hand, are below the global average with 63 per cent and 60 per cent of respondents being satisfied with their professional life.

These variations may be related to the business sectors residents work in: the top industry for expats in the USA is education, research, and translation, whereas Germany’s foreign workforce is mainly employed in IT and technology. In the UK, most expats work for financial or education services while every eighth expat in the UAE is employed in the construction sector, closely followed by retail and trade.

INTERNATIONAL HEALTH COVER DEVISED **FOR CONTRACTORS**

Policies from international insurance broker Bellwood Prestbury now offer contractors the option of taking out health cover for periods of three, six, nine or 12 months, rather than always having to take out annually-renewable policies.

The International Contractors Plan offers three levels of cover – Gold, Silver and Bronze, and is available in US dollars, sterling and euros. It includes emergency medical evacuation, a second-opinion specialist medical service, compassionate travel cover, crisis management assistance and a global emergency blood transfusion service.

The Gold plan includes hospital accommodation and treatment, outpatient specialist services, family doctor, prescription drugs, cancer care, dental treatment, maternity care, well-being, HIV/AIDS benefit, emergency medical evacuation costs and emergency treatment outside of your chosen area of cover.

The Silver plan includes hospital accommodation and treatment, outpatient specialist services, family doctor, prescription drugs, cancer care, HIV/AIDS benefit, emergency medical evacuation costs and emergency treatment outside of your chosen area of cover.

The Bronze plan includes hospital accommodation and treatment, HIV/AIDS benefit, emergency medical evacuation costs and emergency treatment outside of your chosen area of cover.

All International Contractors Plan policies are renewable and may be extended without re-underwriting, subject to there being no break in cover.

See the Health section of **www.expatnetwork.com** for further details.

NEW **WEALTH MANAGER** IN FRANCE

International financial services company Alexander Beard Group has joined with Lyon-based wealth manager KMH Gestion Privée in a new venture, Alexander Beard (France) SAS.

The new company is primarily focused on two areas of business. First, in assisting foreign companies wishing to establish a place of business in France, providing employee benefit services. Second, in providing wealth management and pension transfer services to British expatriates in France and French nationals working in the UK, as well as those who may have returned to France with UK pension benefits.

Paul Beard, Alexander Beard Group founder and executive chairman, said: "Alexander Beard's international employee benefit division is the fastest growing of our four component parts and the decision to have a French offering in this context was driven largely by questions and requests from our existing international corporate client base. More and more international companies, particular those from the USA, are expanding their footprint in Europe and following the opening of our office in the Netherlands in November 2014 and the recent appointment of a country manager in Germany this is the next logical step in us growing to meet the demands of our expanding international corporate client base.

"Additionally, our long-standing experience in providing wealth management services to British expatriates and since the acquisition of Le Pretre & Partners at the end of 2014, providing UK based wealth management services to French nationals working in the UK, all lead to this logical development in our business".

HEALTHCARE FOR EXPATS **IN RUSSIA**

Life in Russia is undoubtedly a unique experience for most expats. Russia is a distinctive country with a history strongly shaped by socialism – which, among many other things, has led to a healthcare system that provides a complete range of state-funded free medical services. But is this really as good as it sounds? Can expatriates trustfully rely on the Russian free public health care?

The healthcare system in Russia provides all citizens the right to free medical services. However, the quality of medical care in Russia is considerably lower than in most industrialised countries.

In spite of initiatives from the Russian government to improve the quality of medical care in the country, there are drastic variations to the standards of health services across Russia's economically diverse regions. Access to medical care has become extremely difficult for a large part of the population, especially in rural areas, and mortality rates in hospitals has been increasing over the last years.

Foreign nationals can receive the same free health care as Russian citizens, provided they are in the country with a residency permit. However, for expatriates to obtain residency in Russia, it is a legal requirement to have a health insurance policy – a reason why many expatriates opt for international health cover.

Some countries have a reciprocal healthcare agreement with Russia. Expats who are nationals of these countries are able to receive assistance for essential medical treatment in Russia. In other cases, private insurance needs to be arranged before travelling.

See the Health section of
www.expatnetwork.com for further details.

BEST BANK SAVINGS RATES **FOR EXPATS**

Many expats can benefit from using offshore bank savings accounts. They are useful for working in different currencies and for gathering interest without deduction of taxes.

The best current offering for sterling offshore savers is Standard Bank's 1.40%, if you have £10,000 and can give 196 days' notice of withdrawals. For dollars, Standard Bank pays 1% for $10,000 or more, with 196 days' notice. Nationwide International is best for euros, paying 0.65% for 25,000 or more, with instant access.

The only way to beat these rates is to lock your money away for longer. If you can leave at least £5,000 untouched for two years then 1.50% annual interest is on offer from NatWest International.

If you want a monthly income from your offshore savings, the best offer currently comes from Skipton International. If you can give 80 days' notice of withdrawals on a minimum deposit of £10,000, then an annual equivalent rate of 1.25% is paid monthly.

Read the best offshore savings rates tables in the News in Brief section at **www.expatnetwork.com**

EXPAT MONEY Q&A

I have (I think uniquely) been paid like an employee by my company as I travel between international assignments. They say they can no longer do this. Can I remain UK non-resident and would it be better to bill them directly as a contractor or set up a UK company to manage my finances?

Adam Thompson, tax manager at expat finance specialists The Fry Group, answered this question.

"It would appear that your circumstances are particularly complicated, and as such I cannot give you one simple answer at this stage.

"In order for me to provide the advice you require I will need to obtain additional information from you with regard to your residence pattern at present and what this would look like going forward, as well as further information on the work to be undertaken (duration of contracts etc).

"From a UK tax perspective, and in very simplistic terms, your residence position is determined under the statutory residence test. If you are non-resident under the test then you will only be subject to UK income tax on your UK sourced income. You would, however, have a tax liability in whichever country/countries you are deemed resident for tax purposes.

"If you are deemed to be resident in more than one country, then the double taxation treaty between those two countries (if one has been signed) will apply to determine your tax liability in each.

"If you establish a company through which you bill for your services then the location in which this company is registered will have a huge impact on your tax position and that of the company. If we assume that you are non-UK resident under the statutory residence test, then I would not advise you set up the company in the UK, as it will be subject to UK corporation tax on its profits and you will be subject to UK income tax on any income derived from it.

"It would make more sense to set up the company in a zero-tax jurisdiction such as Jersey. If you are UK resident under the test, then a corporate vehicle is probably the most tax efficient way of operating."

You can read more Expat Money queries answered in the Money section at **www.expatnetwork.com.**

CONTRACT NEWS

The latest intelligence on where and when contracts are being awarded worldwide.

TransCanada To Build $2.1bn Gas Pipeline In Mexico

TransCanada Corporation (TransCanada) announced that its joint venture with IEnova, Infraestructura Marina del Golfo (IMG), has been chosen to build, own and operate the US$2.1 billion Sur de Texas-Tuxpan natural gas pipeline in Mexico. The project will be supported by a 25-year natural gas transportation service contract for 2.6 billion cubic feet a day with the Comisión Federal de Electricidad (CFE), Mexico's state-owned power company.

The bid for the Sur de Texas-Tuxpan project was presented in partnership with IEnova, a subsidiary of Sempra Energy. TransCanada will develop, operate and own 60 per cent of this project, with IEnova owning 40 per cent.

Read more

WorleyParsons Awarded Canada Contract

WorleyParsonsCord has been awarded a contract to provide module assembly and field construction services for the Cutbank Ridge Partnership Program's 15-27 Saturn Phase 2 Sweet Gas Plant Project at an approximate contract value of CAD130 million. The plant is located approximately 25 km northwest of Dawson Creek, British Columbia, Canada.

WorleyParsonsCord will be working with communities and local businesses located in northeastern British Columbia during the field construction phase of the project.

Read more

Petrofac Signs FPSO Angola Contract

Petrofac has been awarded a three-year contract to provide a condition monitoring programme for Bumi Armada's Olombendo floating, production, storage and offloading (FPSO) unit bound for offshore Angola.

Currently under conversion in Singapore, FPSO Olombendo will be deployed to the Eni field 15/06 East Hub field development towards the end of 2016.

The scope of work will include the implementation of the condition monitoring programme, training, an ABS initial submission report, monthly vibration and lube oil analysis, risk based reporting and hardware and software support through Petrofac's proprietary CBMnet system.

Read more

Jacobs Engineering Awarded Sahara Petchem Facilities Contract

Jacobs Engineering Group Inc announced it received a three-year contract from Sahara Petrochemicals (Sahara) to provide general engineering services at Sahara's Jubail Industrial City facilities in Saudi Arabia.

Under the terms of the contract, Jacobs is expected to provide engineering, procurement, construction supervision, project management, pre-commissioning and commissioning support to a range of small- to medium-sized capital projects for Sahara's propane dehydrogenation, poly propylene, chlor alkyl, ethylene dichloride and peripheral utilities operating facilities.

Read more

Atkins Wins Major Hong Kong Airport Contract

Atkins, the design, engineering and project management consultancy, has won a major, strategic consultancy service contract at Hong Kong International Airport, one of the world's busiest airports.

The contract, which is for airfield facilities design of the planned three-runway system (3RS) at the airport will allow it to handle 102 million passengers, 8.9 million tonnes of cargo and 607,000 aircraft movements per year by 2030, according to the Hong Kong International Airport Master Plan 2030.

Read more

Amec Foster Wheeler Wins Mozambique Sasol Contract

Amec Foster Wheeler have announced the award of a detailed design and engineering contract by Sasol Petroleum Mozambique Limitada for Phase 1 Tranche 1 of the PSA development for surface facilities, located at Temane, 600km north of Maputo in Mozambique.

The scope of work and contract is for a new integrated oil, liquefied petroleum gas (LPG) and gas project, including flowlines for the fields, located adjacent to Sasol's and its partners' existing Temane Central Processing Facility.

Read more

KBR Wins Qatar Expressway Project Extension

KBR Inc. announced that it has been awarded an extension, valued in excess of $185M, to its program management consultant (PMC) contract for Qatar's Expressway Program. The extension will see KBR continuing to deliver full program management capability for the next three years.

The Expressway Program will provide critical road network links to key areas around the country, including industrial areas, airports, ports, residential, business and tourism districts.

Read more

Amec Foster Wheeler Wins BP Iraq Deal

Amec Foster Wheeler announced the award of a three-year framework agreement by BP Iraq NV (BP) to complete conceptual studies and pre-front end engineering design (FEED) work to support BP plans to sustain and grown production at the Rumaila oil field in Iraq.

Amec Foster Wheeler's scope of work is to carry out engineering studies for facilities and infrastructure that are crucial for the Rumaila field to sustain and increase production.

Read more

T&T And IGG Win CM Contract For Schipol Airport Expansion

Turner & Townsend, along with construction costs expert IGG, have won the contract to jointly provide cost management for a major expansion of the main international airport in the Netherlands.

The new terminal, scheduled for completion in 2023, will be constructed to the south of Schiphol Plaza, directly next to the air traffic control tower and will be connected to the existing terminal. It is anticipated to serve an extra 14 million passengers per year, bringing the total number that use the airport hub to more than 70 million.

Read more

International Health Cover Devised For Contractors

Policies from international insurance broker Bellwood Prestbury now offer contractors the option of taking out health cover for periods of three, six, nine or 12 months, rather than always having to take out annually-renewable policies.

The International Contractors Plan offers three levels of cover – Gold, Silver and Bronze, and is available in US dollars, sterling and euros. It includes emergency medical evacuation, a second-opinion specialist medical service, compassionate travel cover, crisis management assistance and a global emergency blood transfusion service.

International Contractors Plan policies are renewable and may be extended without re-underwriting, subject to there being no break in cover.

Read more

Further Information

See all the latest contractor intelligence on the Expat Network website.