

UK certificates of coverage



Jeanette Hibbert, the [*Global Payroll Association*](#) director of education and research, explains how UK employers should process A1 certificates

We have just sent some employees from our UK office to work overseas on short-term contracts of one year for the first time and I have been asked to ensure certificates of coverage are in place. What do I need to do?

There is some basic information you will need before you can apply for certificates of coverage (also called A1 certificates) and this information (and the form you need to complete) will depend on whether they have gone to the European Economic Area (EEA), a country outside the EEA with a reciprocal agreement, or the rest of the world.

These certificates are used to protect an employee's home social security status whilst they are working in another country temporarily, for example, state pension benefits. The employee continues to pay national insurance contributions in the UK and does not have to pay in the host country, as long as you have obtained the certificate.

You should request the A1 before the employee goes on the assignment (although it is recognised that this is not always possible) and they can take around six weeks to arrive. Make sure that you read the [*guidance*](#) before you begin so that you feel comfortable about how to treat your employees for tax and national insurance.

Before you apply for an A1 for the first time, you will need to complete and send [*form CA3821 to HM Revenue and Customs \(HMRC\)*](#).

If the employees have gone to an [*EEA country*](#), you can file the forms electronically via the [*UK government gateway or by post*](#).

If the employees will be working in two or more countries (splitting time between the UK and another countries) you will need to complete [*form CA8421*](#). You may want to seek the help of a specialist provider at this point too.

If employees are working outside the EEA but are in a country that has a reciprocal agreement, you should complete [*form CA9107*](#), which requires slightly different information to the CA3822, so ensure you ask for the right information.

If employees are working in a country that is not in the EEA and does not have a reciprocal agreement (called the rest of the world in expatriate terms), you cannot obtain an A1 for these individuals.

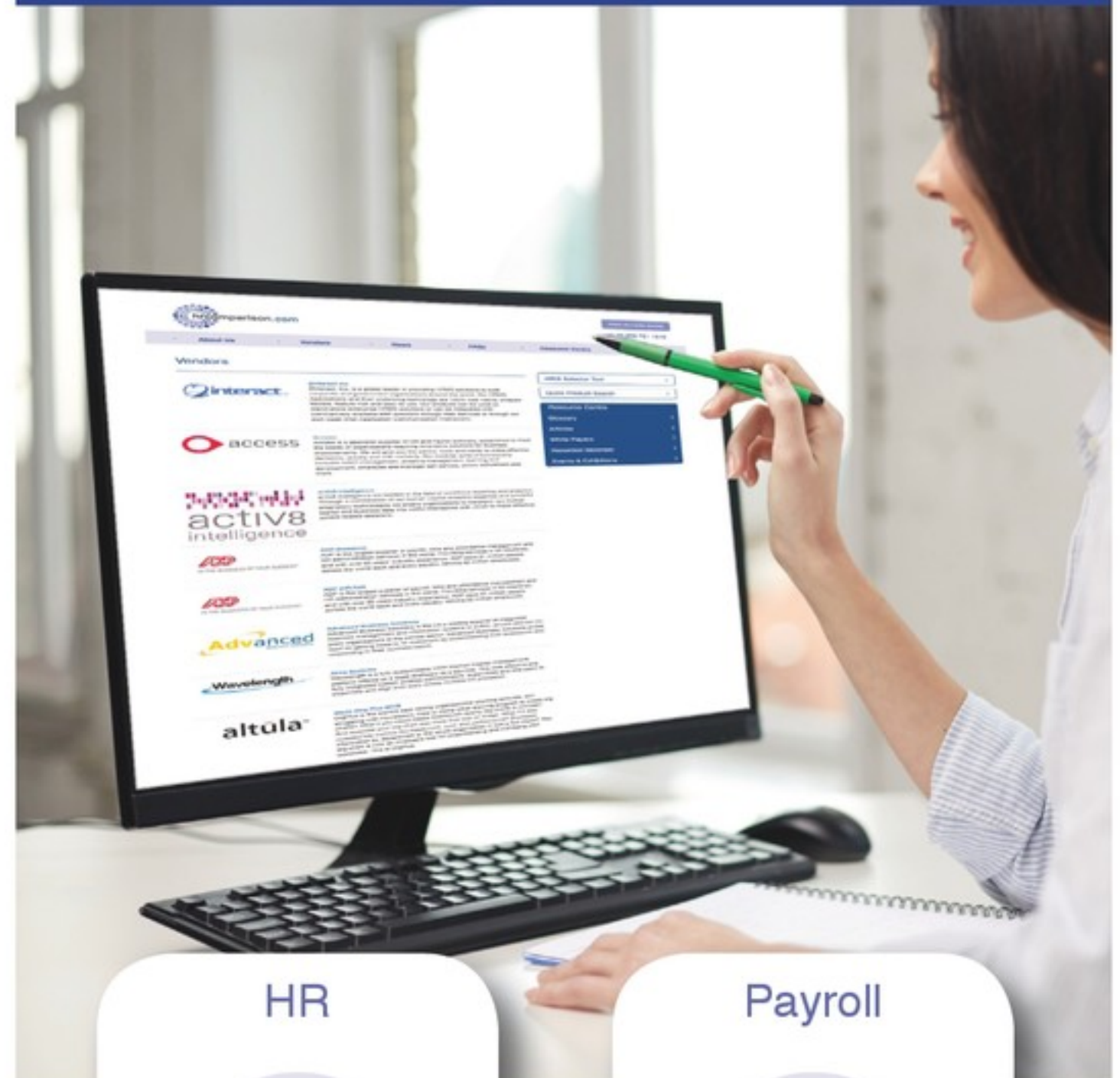
You can operate UK national insurance for them for the first 52 weeks of the assignment, after which time they need to pay contributions in their host country. They can continue with UK national insurance on a voluntary basis if they wish to. In fact, many employers pay this on the employee's behalf (it is treated then as a benefit in kind by the employer and subject to liabilities).

You will need to obtain certain information from the employees before completing the forms and other information from the home and host employers. If you are likely to begin sending employees abroad on a more regular basis you may want to consider building templates to be completed each time so you have all of the information to hand when completing the forms.

You may also want to consider applying for modified PAYE and NICs schemes, so that you are covered in terms of the 'on or before payday' rule for real time information (RTI), as obtaining pay details usually means you are reporting a 'best guess' and confirming exact amounts/adjusting in arrears.

Most organisations also pay for employees to get assistance when completing their self-assessment returns, as reporting across more than one country can be complex. This must also be treated as a taxable benefit. ■

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