

FAQ for the business before initiating a Short-Term International Assignment

What is a Short-Term international Assignment (STA)?

A STA is an extended business travel to one country for a consecutive period of 3-12 months. The assignee remains employed in the home country and on home country payroll. A supplementary assignment letter is issued stating the assignment specifics.

Can the assignee bring family on a STA?

A STA is unaccompanied – bringing family is not supported by the company. If the family is to accompany, the Long-Term International Assignment Policy may be applicable.

Although not supported by the Company, should the assignee decide to bring the family all costs are to be paid by the assignee. Example of costs may include insurance, travel and immigration authorizations for family members and additional tax costs for family and the assignee. The assignee is also responsible to make the necessary arrangements.

What if the assignee needs to travel to other countries for work during the assignment?

Typically, an assignee under the STA Directive works exclusively in the host country. Occasional international business travels can be done, if permitted based on the immigration authorizations. If extensive travel is planned, or a commuting situation, it is not an assignment under the STA Directive.

What are the extra costs for a STA assignment?

The assignee keeps the home salary and receives an additional payment (Per Diem) to cover daily living costs in the host country. An optional STA allowance can also be given between 0 to 15% of the gross home base salary. Additional assignments benefits are a home leave per every 3 months of assignment, accommodations, and transportation in the host country.

Should the assignee become tax liable in the host country, additional costs for taxes and tax services may also arise.

Who should take the cost for the assignment?

The costs should be borne by the legal entity (company) which benefits from the employee's work. Further information from Group Tax on allocation of assignment costs

can be found here: [Group Tax Information](#)

When does the assignee become tax liable in the host country?

Generally, a STA assignment exceeding 6 months will lead to tax liability in the host country. For assignments between 3-6 months, the tax liability depends on the host country legislation, duration of the assignment and what type of work that the assignee will perform in the host country. For more information, please see:

[Taxation during temporary work abroad](#)

What happens if the employee is tax liable in the host country during the assignment?

The assignment should be tax neutral to the assignee, meaning that the assignee will pay taxes on Company earned income as if still working in the home country. Home country level of taxes will be paid by the assignee on the gross home base salary and, if applicable, on the STA allowance. Additional taxes in home/host are to be paid by the Company. Lower taxes than in the home country is to the benefit of the Company.

Home payroll withholds actual or hypothetical home country taxes on base salary and STA allowance. Should there be additional taxes in home or host country, the Company will pay. The assignee will return to the Company any tax reduction granted in the home country.

Taxes on personal income is the assignees own responsibility.

What responsibility does the assignee have in the assignment process?

The assignee is responsible for holding correct immigration documents during the assignment and to book travel to the assignment location. The assignee is also responsible to work with the company's selected tax vendor if required, including attending tax briefings and provide financial information and information about travel/days spent in different countries.

Should the assignee become tax liable in the host country, they commit by accepting the assignment to repay to the Company any tax reduction that will be received on employment income compared to what they would have paid in the home country if not being on assignment.

What kind of insurance applies during the STA assignment?

The Volvo Group Business Travel insurance is valid for a business trip up to 365 days. In addition, there may be specific home country travel insurance applicable.

Further information about The Volvo Group Business Travel Insurance is available here: [Global travel insurance](#)

What responsibility does the home unit have in the STA process?

The home company remains the employer and maintains all employer obligations in the home country. In addition, the home company may have employer obligations also in the host country.

What responsibility does the host unit have?

The host unit is responsible for coordinating immigration procedures, securing accommodations, arranging transportation in the host location and preparing the work area.

What support does IMS offer?

IMS offers administrative and consultative support for short-term assignments. This support may include:

- Initial review of compliance requirements with support of the Company's tax vendor, such as tax liability, social security, Posted Worker requirements in the EU and employer reporting requirements in the host country.
- Initiate tax and compliance services with tax vendor, including briefings and tax return preparation for the assignee.
- Provide Mercer data on Per Diem amount for the host location.
- Prepare the assignment letter which is supplementary to the home employment contract.
- Identify the additional costs of an STA.
- Inform the receiving unit to arrange local relocation support, transportation and accommodations.