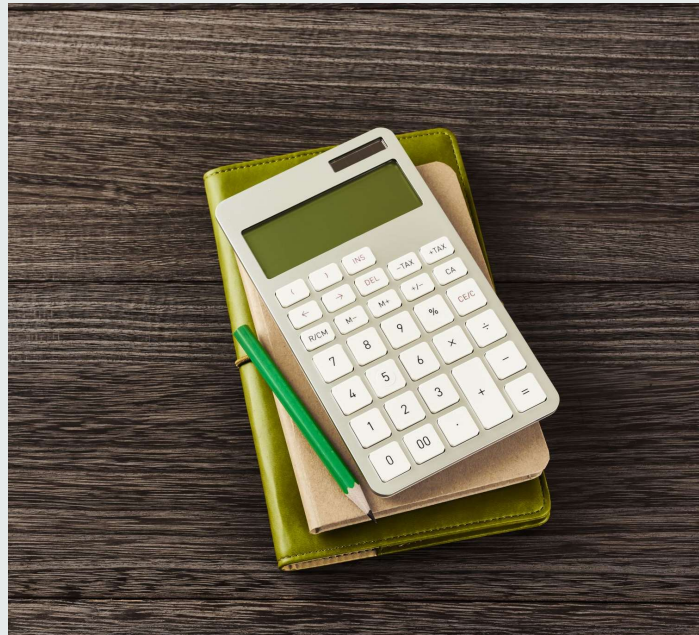




Bureaucracy: Visas, Taxes, and Health Insurance



There is a certain administrative and bureaucratic overhead to becoming a Digital Nomad in terms of visas, taxes, and health insurance.

These are similar hurdles faced by anyone who chooses the less conventional path, meaning making the decision to work for oneself rather than a parent-like corporation that will take care of these items on your behalf.

However, the good news is that while there's some learning curve at the beginning, with a little planning, work, and potentially some external financial or legal advisors, these topics can become only a minor chore going forward.



Importance of a Proper Visa

- Many digital nomads work under a tourist visa, rather than a work visa
 - Tourist visa gives limited access to stay in a country (usually 90 days)
 - (Technically) illegal to work under a tourist visa
- Can result in many inconveniences, including:
 - "Visa runs"
 - Fines, penalties, and/or hassles from government officials
 - No access to local banking, government services, or health care
 - Income tax complications



For those that are unfamiliar with international travel, a visa is permission from a foreign government for you to enter, stay and/or work within the country, that is required for all foreigners to have in the country. Common visa categories include:

- Travel visa – this gives you short-term permission (usually up to 90 days) to visit the country as a foreigner but importantly you cannot legally work
- Student visa – generally this is a longer-term visa linked to higher-education giving a foreigner permission to study within the country – you may or may not work under this type of visa
- Work visa – there are different categories of this visa but these give you permission to live and work in a foreign country

Most digital nomads, at least in the beginning, work under a tourist visa rather than a work visa. This has several limitations including the fact that you can legally only stay in a country for a certain period of time and legally you cannot work. Many developing countries, such as Bali and Thailand, have historically looked the other way on visa infractions for DNs from developing countries in order to encourage DNs

to stay and spend money.

However, this is technically illegal and can result in many inconveniences including:

- DNs having to make unnecessary trips back and forth across the border to ensure that their tourist visas are renewed every few months
- A difficult or corrupt customs agent that may make your life difficult or require a bribe
- Governments changing their enforcement guidelines arbitrarily and cracking down on rules that were previously ignored
- Not having a visa can also limit DN access to local banking, government services, or health care. In many countries you cannot open a local bank account with only a tourist visa.
- Income tax issues if you stay in the country for more than 180 days



How to Get a Visa

- For most Western world passport holders, visas are secondary consideration
- Home base should be a country with easy to obtain foreign visa
- Followed by shorter-term travel to nearby countries
- Native immigration lawyer with DN experience is key



Importantly, visa considerations, particularly for those DNs who have desirable “western” passports are generally manageable as many developing countries want to attract DNs

One important strategy employed by many DNs is to chose the home base, described in the module on location, in either your home country or in a country with an easy to obtain foreign visa

You can then take shorter-term trips to nearby countries under a tourist visa with fewer issues



Visa Home Base vs. Travel Countries

	Digital Nomad Visa-Friendly Home Base Countries	Secondary Travel Countries
USA / Canada	Costa Rica Mexico Panama	USA Canada
Latin America	Brazil Panama Many Caribbean Islands	Colombia Argentina Chile Peru Ecuador
Southeast Asia	Vietnam Bali	Thailand Cambodia
Western Europe	Iceland Germany Norway Portugal Spain Malta Greece	Other European countries
Eastern Europe	Georgia Croatia Czech Republic Estonia Romania Hungary	Other European countries

This slide outlines ideas for DN-visa-friendly home base countries for each location popular with the DN community in the US/Canada, Latin America, SE Asia, Western Europe, and Eastern Europe.

For example, for those DNs who want to explore the US/Canada, two countries that are notoriously difficult to obtain a work-visa without a corporate sponsorship, alternatives could include Costa Rica, Mexico, or Panama. All these countries have DN-friendly visas and are a short flight, or even drive, away from the southern U.S. border.

There are similar examples for the other locations so please pause the video and review depending on what locations interest you as a DN.



Income Tax Considerations

- Taxes don't go away as a DN
- Tax rules becoming more stringent
- Key planning matter
 - International financial transfers highly regulated
 - Avoid penalties, fines, or worse
- DN unlikely to pay more taxes than in home country
- Professional experience key for DNs



Most countries will require you to pay taxes if you stay for >6 months or 182 days in a year

World-wide tax reporting rules have become more stringent due to the aftermath of the Panama Papers

Important to plan for tax situation to avoid penalties, fines, or worse

Many foreign financial institutions will automatically report account balances and income to the home country

Not reporting income can also make it more difficult to then bring back funds to your home country

BUT with proper planning unlikely that DN will pay more taxes than in their home country

- Many countries that are DN friendly also have friendly tax regimes, for example Costa Rica and Panama in Latin America and various countries in Eastern Europe
Complex topic at the beginning when making the DN journey. The key here is that this should be discussed with a tax accountant that has experience with expats or DNs



Importance of Health Insurance

- Travel health insurance for emergencies
- Medical plan/insurance in “home base” jurisdiction
 - Medical care generally affordable for DNs in developing countries
- Pre-existing conditions usually not covered
 - Those that qualify will need to plan more carefully



Travel health insurance important in case of emergency medical expenses during a trip

Once a “home base” is set up DNs should understand costs and coverage available locally

In many locations, any supplementary care, can be paid with cash and is more affordable than additional international health insurance

Generally travel health insurance and most world-wide health insurance has no coverage (or very limited coverage) for pre-existing medical conditions

Those with special medical needs or pre-existing medical conditions need to plan more carefully