



EXPAT PAY & TAX LIABILITIES

ALL of the vacancies posted on the Paramount website or posted by Paramount on third-party advertisements provide **NET** pay. These figures are the amounts that will be deposited into your bank account each pay period. In most cases, the airline is paying taxes in their home country for your pay. You never see this aspect of the payment process. Here is a general overview of how the process works:

Lease versus Direct Employment

When you apply through an agency often there are two scenarios as to what your relationship with the airline will be: 1. Lease or 2. Direct Employment

Lease – In a lease situation you contract with the agency to provide pilot services to their customer (i.e., the airline). This is a three-party relationship: you, the agency and the airline. You are not an employee of the agency nor of the airline. Rather, you are a contractor to the agency. The airline will maintain operational control while the agency will administer your contract. Think of the agency like an extension of the airline's Human Resources department. The agency will administer your contract, pay you each month (or other period as specified), help you manage any associated benefits and act on your behalf to address any issues with the airline.

Each month the agency will invoice the airline for your pay and other fees / costs. The airline will pay the agency and the agency will pay you. During the invoicing process, the airline is also paying any associated taxes relative to your pay to their home country's tax authority.

Direct Employee – This is a more traditional avenue. You will work with the agency throughout the application process. If you are hired after the interview process your relationship transitions from the agency to a direct-hire employee relationship with the airline. In the expat arena this is less common than the LEASE scenario described above.

As a direct employee you will be paid each month (or other period as specified) by the airline. They will also pay associated taxes relative to your pay to their home country's tax authority.

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Which is better – Lease or Direct Employment?

In most cases you don't have to worry about choosing – the scheme is already set up by the airline. When you consider a vacancy you confirm whether the position is a lease position or a direct-hire position. Either way, your taxation and tax responsibilities will most likely not differ in your home country.

Income Taxes

Regardless of whether you are under a lease or a direct-hire employee, in many cases, you can request a copy of your tax report from the airline at the end of the fiscal year. It is important to remember that in most countries, even if you earn income from a source outside of your country you may still be required to file a tax return and pay taxes. *IF* your country has a reciprocal tax-credit agreement with the host country you may be able to obtain a tax report from the airline and submit it to your home country for a tax credit. Paramount will certainly help you with making the request to the airline.

Pension / Retirement Funding

In nearly all cases, you will be responsible to fund your own retirement account. It is very rare for a retirement plan to be incorporated into an expat compensation package.

When considering working in another country please be sure to consult your local tax advisor to make sure you fully understand your rights and responsibilities.

As always, please do not hesitate to contact us anytime with any questions.

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