

[Cookie Policy](#) | [Feedback](#)Like 4.8M[Follow @MailOnline](#)[DailyMail](#)

Friday, Jul 8th 2016 10PM 17°C

1AM 13°C

[5-Day Forecast](#)

MailOnline

[Home](#) | [News](#) | [U.S.](#) | [Sport](#) | [TV&Showbiz](#) | [Australia](#) | [Femail](#) | [Health](#) | [Science](#) | [Money](#) | [Video](#) | [Travel](#) | [Fashion Finder](#)[Wires Home](#)[Login](#)

Shell takes sacked UK workers overseas service tax breaks

By [REUTERS](#)

PUBLISHED: 17:30, 8 July 2016 | UPDATED: 17:30, 8 July 2016

By Tom Bergin

LONDON, July 7 (Reuters) - Royal Dutch Shell has changed its redundancy terms so it can claim tax refunds that some UK workers would otherwise have been able to claim on redundancy payments, internal documents seen by Reuters show.

The move comes as the Hague-based oil giant is slashing 5,000 jobs this year following the collapse in oil prices and its merger with smaller UK rival BG Group.

The UK government allows employees who have worked part of their career overseas to reclaim some, or in some cases all, of the tax due on severance payments.

On April 1 this year, however, Shell introduced "targeted tax equalization of severance payments", whereby "Shell will claim any tax reliefs or tax refunds on the severance payment that are available," according to a presentation to staff.

The tax refunds in question can be claimed in relation to ex-gratia lump sum severance payments, rather than legal minimum redundancy. This means that Shell can include the right to claim any tax refund linked to the employee's overseas service as a term of the ex-gratia severance package.

Shell said the change was consistent with its policy of smoothing out the impact of tax on employees moving overseas, aimed at ensuring staff face the effective tax rates of their home country no matter where they work.

The equalisation policy means Shell incurs higher costs when an employee goes on assignment to a higher tax jurisdiction and receives a saving when one moves to a lower tax jurisdiction.

The company declined to say whether the application of the equalisation policy to redundancy payments would save money. Spokesman Jonathan French said Shell's severance packages were "currently among the most generous in the sector".

"The policy is designed to promote equal treatment of employees with the same home country," he said.

One Shell employee facing redundancy told Reuters he believed the measure was driven by costs rather than fairness.

"If my tax went to the government I probably wouldn't complain," he said.

Ude Adigwe, an organiser with the GMB labour union in Scotland, said the measure was unacceptable.

"It would seem that companies are trying to defray or offset the impact on their finances by putting the burden on the ordinary worker," he said.

POLICY CHANGE

The cost to British workers of Shell's policy change could be significant.

In an example cited in one Shell presentation, an employee entitled to 100,000 pounds (\$129,410) severance, who faces a marginal tax rate of 45 percent and has spent half their career abroad, would receive 68,500 pounds after tax and equalisation.

If an employee enjoyed the full benefit of the foreign service tax relief, they would receive almost 16,000 pounds more. If they had spent 75 percent of their career abroad the payment would be tax free.

Shell declined to say how many people might be affected by the policy change which should mostly affect UK employees.

Shell said in December it planned to cut 2,800 jobs after its takeover of BG but did not say how many UK workers would lose jobs. Shell completed the deal in February and announced another 2,200 cuts in May, 475 of which would be from its oil and gas production division in the United Kingdom and Ireland.

☒ Site ☐ Web Like
[Daily Mail](#)Follow
[@MailOnline](#)Follow
[Daily Mail](#)+1
[Daily Mail](#)

DON'T MISS

It's the terrible twos!
Prince George throws a tantrum during family visit to the Royal International Air Tattoo - until mummy gives him a pair of headphones



Chloe Moretz puts her body confidence on display in bikini snap three months after criticizing Kim Kardashian for THAT selfie



Ayda Field hints Robbie Williams bedded Emma

Usually companies don't take account of the foreign service tax break when calculating employees' payoffs as part of large scale redundancies, said David Whincup, employment partner at law firm Squire Patton Boggs.

This means it is up to the departing worker to claim back a refund in respect of the Foreign Service Relief, but following its policy change Shell will claim the benefit instead.

Employment experts said Shell's approach was not common, although Alain Cohen, director at employment law firm Ashby Cohen, said he had heard of another oil company doing the same.

According to a report produced by law firm Mayer Brown in 2013, a company needs to reach agreement with the UK tax authority, Her Majesty's Revenue & Customs, before it can begin such a scheme.

The UK tax authority declined to comment on the Shell case, citing taxpayer confidentiality.

Copies of one presentation have been published on Shell protest site: <http://royaldutchshellplc.com/>

(\$1 = 0.7727 pounds) (Editing by David Clarke)

Share or comment on this article

Ads

Check PPI for Free

All You Need Is The Name Of Your Bank. Check Now For Free!

www.fasttrackreclaim.com

US Tax Preparation in UK

Free Tax Consultation With Attorney If You Are \$225K out of Compliance.

www.ustaxhelp.com/US-Expat-Tax

Annuity Calculator

Which Annuity Plan Will Get You The Highest Income? Find Out in 30 Secs

rates.annuityadvicecentre.co.uk

Sorry we are not currently accepting comments on this article.

Bunton and Mel C as well as Geri Halliwell... and reveals she once seduced him in a football shirt



'Take care of yourself': Made In Chelsea's Lucy Watson sparks concern among her Instagram fans as she looks worryingly thin in lingerie snap

12 reasons we've given up FOMO in favour of JOMO (Joy Of Missing Out)
Staying in is the new going out
SPONSORED

Showing her Wright bits! TOWIE's Kate flashes unmissable tan lines in outrageous high-rise swimsuit
Heads to filming in Majorca

'Time to get ready!': Russell Brand FINALLY confirms speculation he's set to welcome his first child with partner Laura Gallacher
Shared baby book selfie

Melanie C lives up to her Sporty Spice moniker in colourful leggings... as Mel B, Geri Horner and Emma Bunton announce they'll be reuniting as GEM

Steve Coogan, 50, finds love again with Daisy Lewis lookalike Laura Hajek, 26... two months after split from Downton Abbey star
He has a type!

Mariah Carey goes braless in plunging lace-up top with skin-tight jeans as she steps out on deck with fiancé James Packer

Pregnant Megan Fox and her cute cubs enjoy family day out with Brian Austin Green
The pregnant 30-year-old actress wore 'bohemian chic'

