



European Union posted worker compliance services

Essential insights for US employers and employees working temporarily in the EU



Who is a Posted Worker?

When a US employer sends an employee to work in an EU member state for a limited time, this is called the posting of workers in the EU context. To be classified as posting, the worker must deliver services to a service recipient in the host country. Posting can occur in the context of a contract of services, as an intra-group posting or through a temporary work agency.



EU Directives for Posted Workers

The EU has made rules to achieve more balanced internal market by regulating which country's conditions of employment for posted worker apply during a posting. The objective of the rules is to make sure that posted workers are provided the same protection as local workers in the same position. These rules are outlined in the European Directive for Posted Workers (PWD).

In addition to PWD, the EU has also set administrative requirements to companies that post workers and which include mandatory filing of notification about posting in the host country prior to commencement of work. This is often referred to as PWD-registration of posted workers. Appointing a contact person in the host country is part of the registration process for the posting company. Additionally, the posting company must provide several documents to be stored in the host country, including the Certificate of Coverage (CoC) for social security, the employment contract, payslips, and working time records. These rules are outlined in the European Directive on Enforcement of Directive for Posted Workers (ED).



Why does this matter to me?

More than half of the EU-27 member states have extended the duty to notify about posted workers to companies established outside the EU, incl. the US.

Failure to comply with the mandatory notification about posting prior to the commencement of work (PWD-registration) can lead to penalties, including fines, ceasing of working activities, reputational damage and more.

These rules are meant to balance out competition between foreign and local service providers and to ensure protection of posted workers compared to the local workers.



■ How do I become compliant?

Prior notification is mandatory:

- If you post employees to an EU member state that requires registration for postings from the US, you must submit the notification before the worker begins working in that country. Appoint a contact person in the host country who can liaise with local authorities if required and have access to necessary documentation, including the Certificate of Social Security Coverage (CoC).

Prior notification doesn't apply:

- When posting employees to an EU member state where prior notification isn't required, ensure that workers carry their passport and CoC and have access to their employment contract while working in the host country.

How can KPMG help?

The KPMG LLP US-based team is equipped with the resources and subject-matter knowledge who can guide you through the complexities of prior notifications for posted workers. Our services include:

- We provide consulting services to help you and your team follow the requirements for posting workers, taking the guesswork out of the process.
- Our advanced technology solutions make it easy and faster to follow the rules. This also helps companies understand their obligations better.
- Up-to-date market information on relevant developments in the field of EU posted workers.

Contact us today to ensure your business remains compliant and operates smoothly in the EU market.

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