Global mobility
Flying into potential Risks and Tax storms

Has your workforce become more mobile through short term travellers and projects?

— Business travellers
— Secondees
— Expatriates
— Compensation?
— Tax compliance?
— Immigration?

As companies have become more global, many of their senior teams are short term travellers, secondees and long term expatriates.

Managing their global mobility compensation, tax compliance and immigration is becoming more costly, complex and time-consuming.

Potential benefits of a mobile workforce

— Sharing expertise horizontally and vertically through an organization’s businesses
— Addressing varying rates of population growth
— Investigation of a new geography
— Integration of new acquisitions
— Strategy implementation
— Career development for emerging leaders

Travellers must be tracked to ensure...

— Compliance with local regimes on payroll, tax and social security
— Compliance with sector issues such as financial services where sales and marketing may be restricted

Local regulatory regimes need to know...

— Immigration law compliance
— Penalties for non compliance
— Where are your employees? What activities are they performing?

Potential impact and implications for companies

Compliance risk

— Overlooking payroll, tax and social security obligations may lead to the creation of permanent establishments and result in immigration non compliance
— Overlooking such compliance issues could lead to financial and reputational risks and exposures, potentially putting projects and future business at risk
— Some international border agencies may refuse your employees entry

Tax considerations:

— Long term incentive programs
— Multi country payroll reporting
— Withholding tax obligations
— Employment tax relating to restructuring or M&A transactions

Payroll and social security considerations
Local regulatory environments: did you know…

Canada
...that employers have a payroll reporting and withholding obligation, even if the employee’s income is exempt from tax in light of the provisions of a treaty?

US
...that individuals on temporary assignment in the US may be able to deduct certain US ‘away from home’ expenses such as travel, meals and lodging?

Brazi
...that tax residents owning assets abroad must inform the Brazilian Central Bank of these holdings provided that local market value exceeds USD100,000. Penalties apply for not reporting

South Africa
...that individuals claiming relief from tax under a Double Tax Agreement are required to submit tax returns to claim relief?

India
...that India has introduced social security arrangements which can apply to expatriates and require both employees and employer contributions during an assignment?

Germany
...that tax withholding for non-resident employees follows special rules, which differ from those for resident employees?

Switzerland
...that on a monthly or quarterly basis, the employer is obliged to report the gross salary as well as the deducted withholding tax to the authorities?

Hong Kong/China
...that visitors who do not exceed 60 days of presence in Hong Kong in a year of assessment will be exempt from salaries tax?

Singapore
...employers are required to complete a return of remuneration form (From IPEA) setting out the various payments under the employment for the year?

Australia
...that non-cash employment benefits, including many assignment benefits, are taxed to the employer rather than the employee?

What actions could the Board consider?

Implementing a global mobility service (e.g. KPMG Link) could reduce costs, ensure local compliance, as well as streamline and simplify global mobility programs

Boardroom Questions

1. Do we have any outstanding tax and local hosting country compliance issues which may cause us problems in the future?
2. Do we have an integrated tax, technology, immigration and mobile administration services?
3. Do we have a global mobility service addressing short and long term business travel risks, payroll and host country compliance?
4. Which executive director is ultimately responsible e.g. Head of HR, Finance, Risk for our global mobility program?
5. Which countries where we have expansion plans, are tightening their immigration policies which may cause a delay in implementing our strategy?
6. Do we have a comprehensive understanding of where our employees are and what activities they are performing?
7. Do we have business continuity plans in place if we need to repatriate people quickly?