

Mobility compass

Strategic thinking in an evolving
global environment



Shifting paradigm

**Adapt your thinking and your mobility program
in an evolving environment**

Your mobility program is key to allocating talent harmoniously across various locations. A well-considered mobility program will allow your global talent to seamlessly operate across borders in locations to generate optimal growth for your organization. While the COVID-19 pandemic identified every conceivable challenge that comes with a global workforce, it also evidenced the unwavering dependency organizations have on global talent; the exponential growth that comes with the right talent mix; and the adverse impacts when these are not appropriately managed.

There is no doubt that the pandemic rattled, and continues to unsettle, the alignment of 'where your talent is located' and 'where your talent is needed'. As time goes on, the idea of a 'new normal' remains rhetoric, and a 'post normal' state of existence continues to dominate mobility programs where 'business as usual' trends and expectations continues to deviate from the norm.

The paradigm will continue to transform, mainly due to the need for each government to expand and retract their immigration policy to maintain an appropriate balance between public health concerns and economic growth agendas. We can certainly rely on changing migration trends with policymakers pulling various levers to meet their national interests.

The question remains: How do you rejuvenate your mobility program? What will your revised mobility program look like? What is the key to developing an effective mobility program to reflect the current global paradigm? How do you maximize the return on your investment in a globalized workforce?



The COVID-19 pandemic has forced organizations to re-focus and ensure their talent agenda and mobility strategy co-exist in otherwise disruptive and volatile terrain. The following framework will guide your journey from 'where you are' to 'where you need to be'.

1

Identify the issue: determine your global workforce needs, talent acquisition strategy and skill allocation

2

Scope the solution: assess your mobility program, including global strategy and mobility policy

3

Implement the solution: allocate talent in compliance with global tax, and immigration regulatory and legislative framework

4

Monitor the outcome: assess your compliance framework and control any ongoing issues by identifying new issues

The interconnectivity of these elements will result in a sustainable mobility program that will stimulate growth throughout your organization.

1 Identify the issue

Determine your global workforce needs, talent acquisition and skill allocation



Focus on robust, innovative workforce planning approach

The pandemic has shifted conventional workplace environments to a more flexible, innovative and technology driven workforce. The narrative has evolved the focus from the 'workplace' to the 'workforce', with the use of talent unhinged by location or the physical presence. To benefit from the change, a reassessment of your workforce planning strategy and talent optimization is required. The following framework is provided:



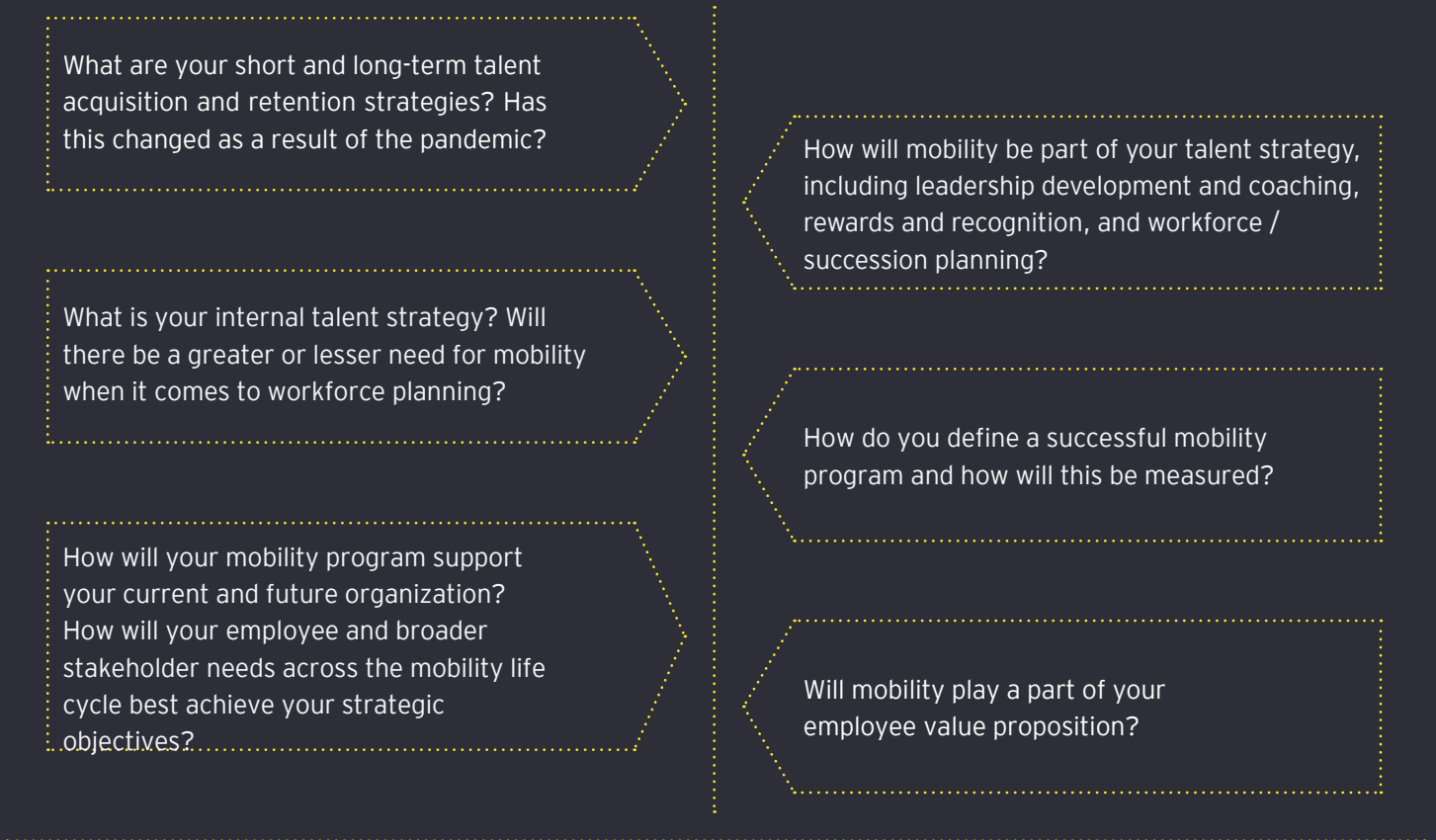
2 Scope the option

Assess your mobility program, including global strategy and mobility policy



A comprehensive and clear mobility strategy will enhance your mobility policies and processes, translating in a successful mobility program.

When developing a mobility strategy, or redefining this strategy, the following should be considered:



Stakeholder engagement is key to ensuring alignment between the organization strategy, talent strategy and broader mobility needs. Ensure your new or revised strategy is validated with your key stakeholders, including heads of business units, leadership and talent representatives. This should not be a once off process, and instead HR and mobility professionals should have continuous strategic engagement with these stakeholders.

When effectively implemented and communicated throughout an organization, a well-articulated mobility strategy can generate a desired pattern of decision making amongst stakeholders and guide them through this crisis.

A strategy requires holistic thinking, looking at current and anticipating future needs from pre-deployment to repatriation. It should address the current economic and political landscape globally, and should take into account:

- ▶ Leadership and broader organization stakeholder views
- ▶ Assignee satisfaction and feedback
- ▶ Vendor performance and cost
- ▶ Mobility team performance
- ▶ Mobility cost and return on investment

3 Implement the solution

Allocate talent in compliance with regulatory and legislative framework



The restrictions and impediments imposed by governments on business travelers and foreign workers entering their borders continue to evolve. Immigration requirements continue to develop - becoming more dynamic to align with global trends, yet simultaneously more robust to reflect the economic, political, social and public interest conditions of each region. Entry and stay requirements need to be considered on a case-by-case basis.

Upon assessing your workforce needs, talent acquisition strategy and skill allocation, the following considerations will assist in navigating the regulatory framework across the mobility spectrum, with a particular focus on the immigration and mobility tax requirements.



Implement the solution

Consideration guide

How long are those skills required at the location(s)?

The proposed assignment time frame will determine:

- ▶ The assignment type
- ▶ The assignment policy the business will apply
- ▶ The immigration pathways
- ▶ The mobility tax implications of the assignment

What are the visa pathways available for your business traveler and assignee?

Obtain specialist immigration advice on the visa / permits pathways available at the destination location, including the activity permitted by the visa / permit holder, the requirements and process of obtaining the visa / permits and the applicable time frame.

What restrictions including travel bans and quarantine periods, are imposed by the country / countries on your business traveler and assignees?

- ▶ National governments may impose travel ban, restrictions, quarantine periods at various times to address political, economic or health issues. The impact of any restrictions or requirements must be factored into the process and time frame. Any travel ban or restriction imposed by governments that the business traveler / assignee will transit through must also be considered.
- ▶ Exit requirements for current location and the impact (immediate and future) of non-compliance with exit requirements on individuals and the business.

What is the lead time available between identifying a suitable assignee and their intended commencement date at the destined location?

Organisations will need to account for additional preparation times and processing timeframes for permit / visa applications, particularly as the world recovers from the recent COVID-19 pandemic. The organisation should incorporate additional time to allow for the following, where they apply:

- ▶ Slower processing times for assignees to obtain government documents, including new passports, police clearance certificate, relationship certificates etc. due to the backlog of requests received by the government departments and vendors during any lock-down periods
- ▶ Additional time to arrange for consular appointments and health examinations, where required due to the backlog of requests received by consulates and health clinics during any lock-down periods
- ▶ Additional processing time for visa application due to influx of applications received by government departments upon ban and travel restriction removals
- ▶ Quarantine periods that may be imposed by various countries as they progressively lax travel bans and restrictions
- ▶ Limited international flights due to the progressive return of carriages returning to operations and the demand for increased flights.

What ancillary costs will be met by your organisation to support the travel and / or relocation of the business traveler or assignee?

The support your business travelers and assignees require has been altered due to the recent pandemic. Foreign travelers and assignees experienced more vulnerability during the pandemic and will require more specific support, particularly in relation to health care cover and accommodation. Additionally, assignees will require an understanding on contingency and emergency plans available where unexpected events occur and the impact this will have on their career progress.

Implement the solution

Consideration guide (cont.)

What are the personal circumstances to the business traveler or assignee ?

Including:

- ▶ Inclusion of family members
- ▶ Intention of activity for family members in destination location
- ▶ Bespoke support requested by the globally mobile employee to commit to the business travel / assignment
- ▶ Suitability of potential accommodation, taking account of personal safety, access to health facilities, access to food and water and sanitation
- ▶ Access to health care and health insurance in host location.

What are the tax and social security implications associated with a short or long-term assignment to the desired location?

The assumption that travel under 183 days will not result in income tax exposure is a myth. Navigating domestic and international tax, and bilateral social security agreements is difficult but when undertaken correctly can be rewarding. Pro-active management of tax and social security exposure can effectively reduce the overall cost of cross border moves.

What are the tax and social security exposure in the host location?

As an employer, there may be corporate tax exposure through the creation of a Permanent Establishment in the host location. The employees roles and responsibilities, reporting lines and cost arrangements should be clearly documented and agreed with the host entity in advance of any cross border moves.

Other employer reporting obligations may exist including payroll tax and social security reporting, submissions to apply for the application of Double Taxation Agreement exemptions and Certificates of Coverage.

How can your organisation's mobility policy support with the effective management of tax and social security obligations for employees and the business?

Some areas to consider include:

- ▶ Who will bear the tax costs associated with the assignment? For example, will tax equalization or tax protection be applied? Will allowances be delivered gross or net? By removing tax considerations from an individual's decision-making process the business can attract and retain the right people
- ▶ How will the costs associated with relocation, tax, payroll and other expenses be allocated and cross charged within the business? These cross-charge arrangements could have a bearing on both corporate and individual tax exposure in the host or destination location
- ▶ Secondment agreements should clearly articulate roles and responsibilities, reporting lines and cross charge arrangements associated with the assignment to help reduce any corporate tax exposure for the home entity in the host location.

What is the optimal balance between compliance and cost?

Full compliance with both home and host location tax and social security requirements can be a costly exercise. However, failure to comply with both employee and employer obligations can lead to hidden costs that had not been anticipated by the business:

- ▶ Interest and penalties associated with non-compliance: often these costs can exceed the original tax or social security requirements, particularly in the event of corporate tax exposure. In many jurisdictions (e.g. Australia) Directors can also be held personally liable for underpaid tax and social security for employees
- ▶ Reputation damage, particularly where the non-compliance relates to your executive population or high-profile projects
- ▶ Employee satisfaction and the ability to attract and retain staff as an employer of choice can be directly linked to fulfilling your duty of care obligations associated with both tax and immigration compliance.

4

Monitor the outcome

Assess your compliance framework and control any ongoing issues by identifying new issues



Developing ongoing monitoring and compliance framework to manage and control your mobility program

Good governance requires organisations to have strong record-keeping, systems and processes in place to maintain compliance with legislative and regulatory requirements and manage against significant business disruption. Your mobile workforce and internal stakeholders are increasingly expecting a seamless and technology enabled experience.

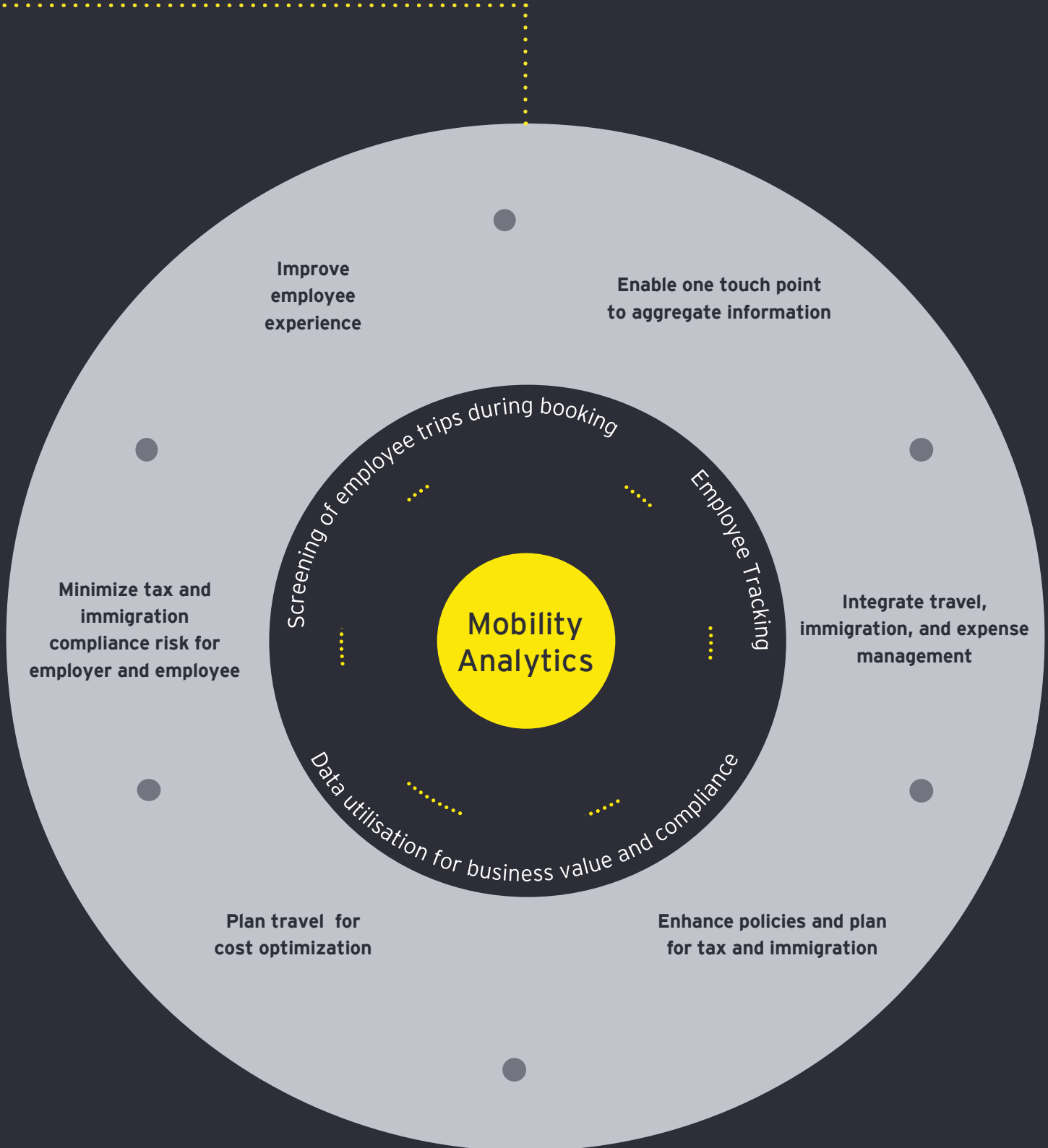
It is important to consider the following:



Develop an ongoing monitoring and compliance framework to manage and control your mobility program

Your organization will benefit from data analytics and reporting to compare the budgeted cost to actual costs associated with their mobility program and further understand spend. Data analytics will also provide your organization with an oversight of their adherence with immigration requirements to mitigate compliance risk.

The data analytics paradigm should be malleable to reflect your organisation's needs. Using data analytics by consolidating your organizations travel data with compensation and payroll information can assist in providing a holistic view of your business travel and mobility program. This will also enable engagement with 'disruptors' for innovation or enhanced travel processes.



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