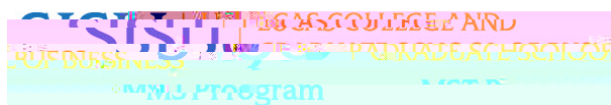


Global Mobility Best Practices

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Agenda

Topic

Brief overview of the session's objectives

Global trends impacting mobility today

Immigration strategy to achieve mobility goals

Global mobility framework & tax considerations

Global employment models

Case Study

Q&A



Panelists

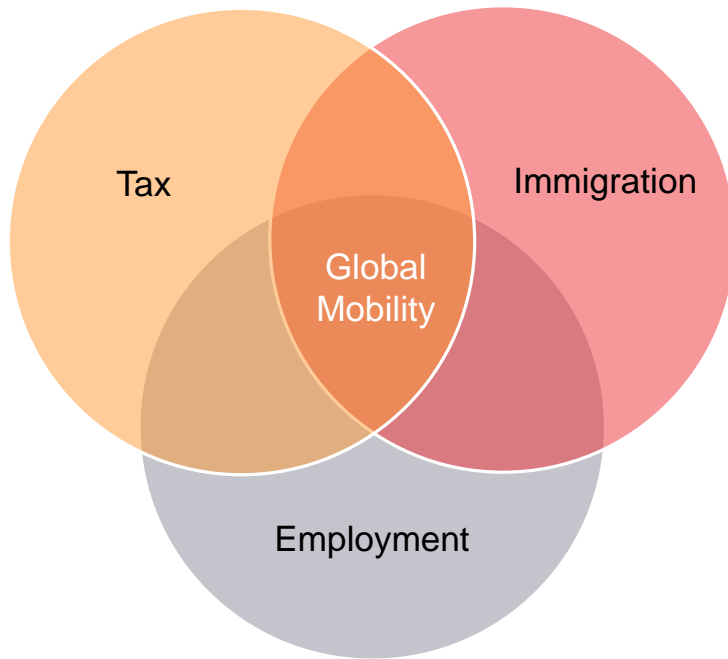
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Global mobility defined



The cross-border move of employees triggers tax, immigration, and employment considerations.

The intersection of tax, immigration, and employment – with potentially competing or conflicting requirements, depending on jurisdiction – requires a holistic approach.

Strategic planning across intersecting areas

TAX

- Advising on corporate tax/PE risk
- Advising on individual income tax, social security and payroll triggers

Factors to consider

Tax residence, employment status, jurisdictions involved, extent of presence in a particular jurisdiction, and nature of the activities

EMPLOYMENT

- Structuring short- and long-term assignments
- Drafting employment contracts and assignment agreements

Factors to consider

Contractual framework (including assignments, employment contracts), short-term and long-term priorities, rights to return to home8(ur)2.2(i[(te

Global trends impacting mobility today

Global mobility landscape

Increased work flexibility

- Hybrid or remote work opportunities
- Flexible hour options including compressed workweeks, job sharing
- Greater focus on employee well-being
- Talent access vs attrition
- Freelancing vs traditional employment

Accelerated digital transformation

- Job displacement & creation: Automation vs AI integration, data analysis
- Flexibility in work models and assignment types
- Employee experience

Geopolitical factors

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Economic downturns and its effects on mobility

Increased Uncertainty in Markets

Economic instability leads to fluctuating exchange rates and at times unpredictable market conditions.



Talent Retention Challenges

Economic downturns can result in layoffs and hiring freezes, causing organizations to struggle with retaining top talent.

Opportunities for Cost Optimization

Companies can leverage economic turmoil to reassess and optimize their mobility programs, focusing on cost-effective solutions such as remote work arrangements and localized talent sourcing.



Geopolitical Risk Management

Organizations must develop robust

Immigration
strategy to achieve
mobility goals



Immigration strategy:

Work assignments (short or long-term)

- Employees relocating to host country for a bona fide work assignment will require **visa sponsorship**, if they do not otherwise have the legal right to work (typically, a citizen or permanent resident of the host country)
- Each country has its own work permit categories with **distinct eligibility requirements**, application steps, processing times, and employer and employee **obligations**
- **Common work permit categories:**
 - Intracompany transfer or ICT (US, Canada, France)
 - Degreed or skilled worker (US H-1B “specialty occupation,” UK “skilled worker”)

Factors impacting visa strategy:

EMPLOYEE

- Country of nationality
- Academic credentials
- Work experience
- Job position, including duties, salary, payroll, work location
- Employment arrangement
- Family members

EMPLOYER

- Corporate presence in host country
- Nature of business
- Ownership
- Whether domestic or multinational (operating in multiple countries)



Immigration strategy:

Work permit considerations Wn homw 1w 1(st)-3 3(ad)-5(e)



Three-stage process (subject to requirements of jurisdiction)

1. **Work Permit:** Application filed with local labor or immigration authority, showing employee meets eligibility requirements
2. **Consular Process:** Visa application filed with the embassy/consular post by employee in home country
3. **Post-Entry Registration:** Post-arrival formalities and registrations completed with the local authorities, typically leading to the issuance of a Resident Permit and/or ID card



Global mobility framework & tax considerations



Global mobility framework





Importance of planning for globally mobile population

Exploring Opportunities and Benefits

- Dific



Taxation of US citizens

Navigating Tax Residency and Basis of Taxation

Basis of taxation

- US citizens are taxed on worldwide income.

Exemptions and credits available

- **Foreign earned income exclusion** [IRC §911] allows “qualified individuals” to elect to exclude from gross income foreign earned income and housing cost amount. Qualified individual is an individual whose tax home is in a foreign country and who is
 - A US citizen who established they are a “bona fide resident” of a foreign country or countries for an uninterrupted period that includes an entire taxable year (Bona Fide Residence Test), or
 - A US citizen or resident of the US who during any period of 12 consecutive months, is present in a foreign country or countries during 330 full days in such period (Physical Presence Test)
- **Foreign tax credit** [IRC § § 901-906, 27] for foreign income taxes paid or accrued limited to:
- [individual's US tax before applying credit] * [foreign source taxable income/total worldwide taxable income]
 - Calculated separately with different baskets: 1. General, 2. Passive, 3. Foreign branch and 4. 951A income.
 - Source of income determined under US sourcing principles §861-865



US tax residency for non-citizens

Navigating Tax Residency and Basis of Taxation

Tax Residence

- Individuals will be considered tax resident if
- Greencard holder (lawful permanent resident) [IRC §7701(b)(1)(A)(i)], or .
- Meets the substantial presence test (SPT) [defined IRC §7701(b)(3)]
 - Present in the US at least 31 days during current year, and
 - Total # of days individual was present in US during the current year + 1/3 days in the preceding year + 1/6 days in the 2nd preceding year equals or exceeds 183 days
- With noted elections and exemptions including
 - Residency election §7701(b)(4); §6013(g) and §6013(h)
 - Exemption for days in the US in calculating SPT for Government (A or G visa), Teachers/Trainees (J or Q visa) and Students (F, J, M or Q visa)
 - Medical exception
 - Closer Connection Exception

Basis of Taxation

- Resident aliens: taxed on worldwide income
- Nonresident aliens: Gross income includes only ECI and generally US source income-
 - Gross income: §872(a),(b); Deductions: §873
 - Sourcing of income: §861-865
 - ECI: §864(b),(c); ECI tax §871(b); Non-ECI tax: §871(a)
 - Taxpayer must be engaged in a trade or business within the US (ETBUS)
 - Determine income which is "effectively connected with a US trade or business"
- FDAP: US-sourced fixed or determinable annual or periodic income subject to gross basis taxation at 30%, withholding under §1441
- §871(i) exempts portfolio interest at US bank from tax for NRAs
- Capital gains of NRA present less than 183 days is generally exempt if assets are not connected with a US trade or business
- 7701(b)(10): special rules for temporary nonresident aliens



Tax treaties

Navigating Tax Residency and Basis of Taxation

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Companies sponsoring green cards

Navigating Tax Residency and Basis of Taxation

- When US citizens renounce citizenship and relinquishes US status, expatriation and exit tax rules applies.
- Green card holder who has had the status of a legal permanent resident and has been a permanent resident for any part of 8 of the past 15 years, are subject to expatriation laws
- Expatriation on or after June 17, 2008, expatriation taxation applies if:
- Average annual net income tax for the 5 years ending before date of expatriation or termination of residency (\$190,000 for 2023),
- Net worth is \$2 million or more, or
- Fail to certify on Form 8854 compliance with US federal tax obligations for the 5 years preceding expatriation

Global
employment
models



Temporary	<ul style="list-style-type: none"> • Virtual assignment • Cross-border hybrid work, hybrid assignments (e.g., commuter LTA/STA + virtual remote working from home country)
Permanent	<ul style="list-style-type: none"> • Fully virtual hire • Cross-border remote hire • Global nomads



Typical global employment models

Employers are much more likely to want employees to work two to three days remotely, whereas employees are more likely to want five days remote.





What is a PEO/EOR?





Typical global employment models

	Independent contractor	PEO/EOR	Existing foreign operating entity	GEO
Employee of organization	No, self-employed	No, EOR employs	Yes	Yes
Pay method	Accounts payable	EOR pays; company pays service fee	Company payroll	Company (GEO) payroll
Provision of company benefits	No	No	Yes	Yes
Employee affiliation	Limited	Limited	Moderate to high	Moderate to high
Management of reporting and withholding	Contractor manages	EOR manages, gaps may exist	Employing entity manages	GEO manages
Corporate risk	Contractor manages, potential grey area	EOR does not provide protection	Operating entity at risk	GEO can help mitigate
Location of legal employer	Not applicable	EOR location	Operating entity location	GEO location
Local immigration sponsorship	No	Yes (where EOR is in work location)	No	Possibly, based on GEO local presence
Setup time	<30 days	30–75 days	<30 days	100 days+

Case study



Questions?