

PEOPLE MOBILITY

Lunch & Learn

17 March 2021

The People Mobility Alliance hosted the first **Lunch & Learn** in a new series of People Mobility events to discuss and share insights on #WorkAnywhere.



Daniel Zinner
HR Consultant & Podcaster
People Mobility Alliance



Mira Pathak
Senior Manager
EMEA - AIRINC



Sevim Weller
Partner
BDO



Thomas Szoeki
Director of US Operations
Noah Mobility

#WorkAnywhere

The pandemic has presented opportunities and challenges for employees and employers alike. Forced to work in alternate places, employees have realised that Working from Anywhere can be convenient, giving them more freedom in where and how they work.

Employers have seen opportunities to increase access to a wider talent pool and drive cultural change, but also implications in terms of structuring their mobility programmes compliantly, whilst taking employees' needs into consideration.

Main Findings

-  People see **massive opportunities for flexibility** on combining or merging work, living and leisure places
-  Corporations need to react with **consistent internal communication & policies** on what is possible and what not
-  **New global talent pools and hiring practices** are the main advantages for companies
-  **Regulatory compliance requirements** need to be considered holistically
-  Technology-based service provision and service provider **techintegration** is demanded by corporations
-  **Sustainability** in people mobility and how to reduce carbon footprint is on the agenda of many HR departments

Corporate Focus

Many companies are reviewing their policies to ensure they are flexible enough to work for all individual circumstances, taking diversity and inclusion into account. At the same time, it was noted that they need to focus on core requirements, such as immigration, to remain compliant. Simplification and flexibility were felt to be key; providing a balance between the structure needed to operate a successful approach with adaptations for country-specific requirements. It was agreed start-ups can afford to be more flexible and may start with a set of guidelines only.

Pay scales were also identified as another important factor: should the employee be on a home, host or global pay scale? Setting up a Global Employment Company could be beneficial for those companies with the necessary scale.

Service providers can help support the process. Having local Consultants on the ground in the respective country is always good while digitalisation helps make workflows easier to deal with. Technology can also be used for the “softer topics” to help give more ownership to employees, in terms of identifying their own needs for the move.

Lump sums have traditionally been used for relocation costs such as shipping and can be used in the same way to support remote work, particularly when at the company's request. They remove the complexity of administering different payments and provide flexibility to the employee. However, it was noted that setting the right amount is key, for example by using a lump sum calculator tool. Also, communication is key, in terms of explaining what the lump sum is, and is not, intended to cover.

Taxability of the lump sum depends on how it is delivered. Cash allowances are much more likely to be taxable to the employee. As an alternative, a managed cap can be used, allowing the employee to draw down benefits against a budget. This can reduce the tax burden, but increase the administration required.

There is a trend towards provider integration, both vertically and horizontally, to build services around the needs of the customer and make the customer experience as smooth as possible.

Individual Focus

There are now more opportunities available to work remotely for large, multinational companies. There is also a growing

trend for start-ups, digital nomads and freelancers to choose where they want to work and live, as they can provide services from anywhere. Private individuals are also considering a change in lifestyle: choosing to work in their garage or basement, and no longer in an office building.

Where people choose to work and live often depends on their individual profile and stage of life. Moves may be company or employee-initiated. Whether you move internationally or domestically, cost of living is key. Individuals should consider whether they can afford to live (as well as work) anywhere. Will the company pay for phone calls, internet and printing whilst working from home? Contrary to assignments, housing is not paid for by the company in most remote working arrangements.

Compliance Considerations

Companies now have to put processes in place regarding remote work to ensure compliance whilst considering requirements such as employment regulations, immigration, Permanent Establishment, personal income tax and social security.

An example was shared where an employee moves from Germany to a foreign country and works from a home office in that country. This presents the employer with potential Permanent Establishment, wage tax and social security withholding and filing obligations at host. The employee might have a tax returns filing obligation in the other country. From the German perspective, the employee's income may be exempt from payroll, but they could still be covered by the German social security system, so a detailed risk and compliance analysis would need to be undertaken.

The concept of Employer of Record provides a lot of flexibility in terms of aligning individual requirements and corporate constraints. An Employer of Record acts as the surrogate employer managing all the compliance requirements.

There is no single most important compliance consideration; all aspects need to be reviewed together. A provider can help navigate the potential pitfalls and level of flexibility that can be offered in each individual case, so that HR, the business and the employee are all aware.

For more info: Daniel Zinner: daniel@zinner.io
Mira Pathak: mpathak@air-inc.com
Sevim Weller: sevim.weller@bdo.de
Thomas Szoeko: thomas@noah-mobility.us

People Mobility Alliance

www.people-mobility.org

Event Sponsors

AIRINC
WORKFORCE GLOBALIZATION

BDO

NOAH MOBILITY