

# Global Mobility Compensation and Payroll Processes

## Data and compliance

The majority of multi-nationals face significant challenges in reporting international assignee compensation data. This is invariably embedded in multiple data sources, often in different locations, different technology systems and is sometimes held only by third party service providers, which can lead to significant compliance challenges.

International assignee data is needed for a variety of reasons, including payroll, timely and accurate tax return preparation, accounting (including cross-charging of home borne costs), correct allocation of corporate tax deductions and the reporting of senior executive compensation in statutory accounts.

Fiscal authorities expect multinationals to have appropriate controls in place, and ignorance is never an acceptable excuse.

## Operational payroll challenges for the global organisation

The first challenge encountered, simply because it occurs every month, is complete and accurate payroll compliance. In addition to the disparate nature of the data, the ownership of expatriate payroll operations within organisations can lead to poor controls. Clearly the Global Mobility team cannot be responsible for physically running the payroll but, on the other hand, the domestic payroll teams are bound to struggle with the complexities of processing the range of compensation items for assignees who may possess any of a range of tax and social security statuses.

The result is often something of an 'orphan' process, not really owned or controlled by any one party, which exposes the company to potentially significant risks across many of its operating locations.

## The solution – Deloitte's Global Compensation Management Models

We believe that Deloitte is uniquely placed to help support your journey to establishing effective controls. We were the first firm to recognise global payroll reporting for international assignees as a major compliance issue but also a great opportunity; which cannot be solved by simply outsourcing the payroll processing function.

We have developed an holistic service offering which helps clients establish a robust and cost effective controls framework. We truly understand the challenges of cross border payroll tax and social security compliance and have a track record of delivery.

## Additional reporting

The real value of our managing the payroll process is that Deloitte holds all compensation data for all assignees and this means that we can provide reports to meet a range of other corporate challenges as follows:

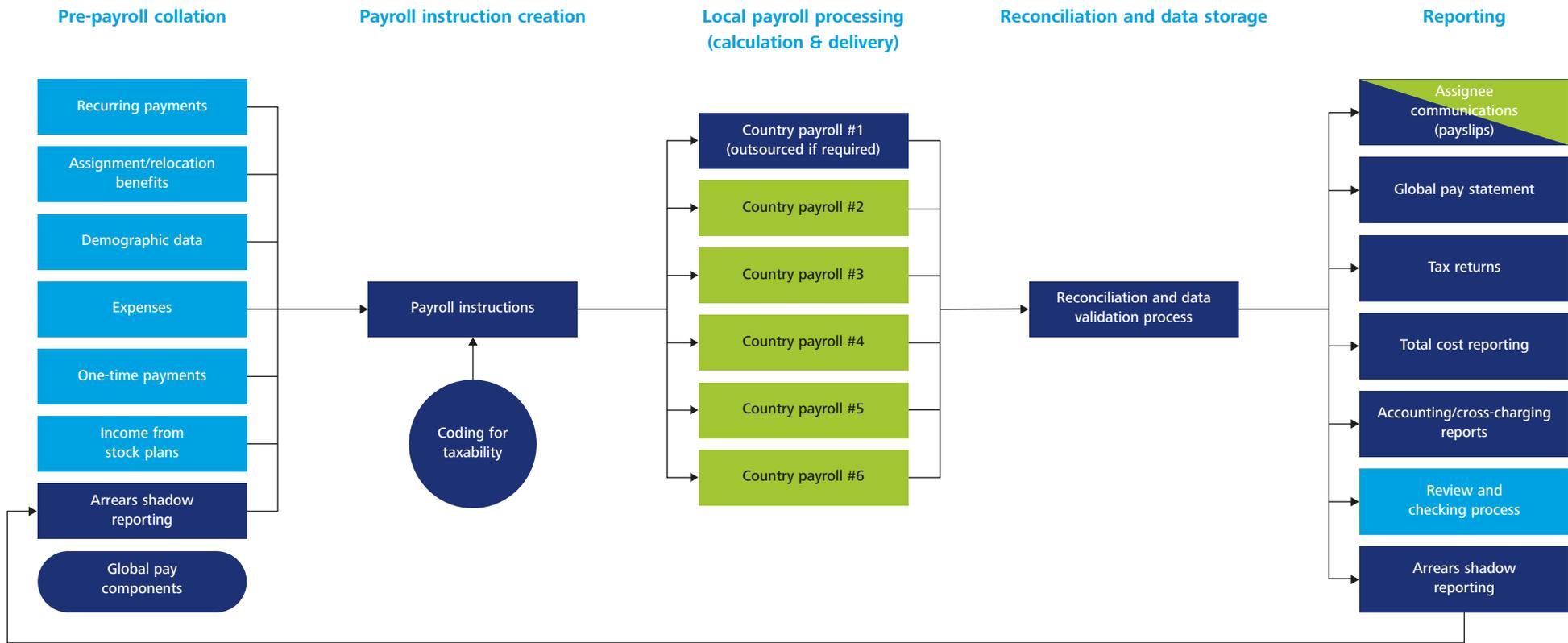
- Total Cost reports enable Global Mobility to accurately identify and manage assignee costs.
- Global Pay Statements to communicate home and host pay in a format which is clear to international assignees.
- Detailed and comprehensive compensation reporting to the global teams preparing assignees for income tax returns.
- Other costing reports to assist Finance with recharging home borne items to host locations as appropriate.

## Data analytics

Where Deloitte is supporting the ongoing operational process we use a number of data analytics processes to ensure a robust end-to-end Global Mobility compensation process:

- Compare reports – to review this month's payroll against last month's.
- Pre-payroll entitlements review – to ensure assignees are receiving compensation in line with policy limits.
- Post-payroll reconciliation of actual amounts paid against those instructed.
- Budget to actual review of cost projections against costs incurred to date for each assignee.





■ Global Mobility ■ Deloitte Global Compensation Management ■ Client payrolls

### The Process

- Global Mobility facilitates the provision of all compensation data to Deloitte via automated or efficient links and flows established at implementation (e.g. new assignee compensation statements, one-time payment notifications, relocation provider reports, etc)
- Deloitte feeds that data into our central database and produces a payroll instruction file for each country in a 'payroll-friendly' format including tax and social security guidance
- The client's in-house payrolls or third party vendors process the instructions provided by Deloitte and each provides a payroll output file back to Deloitte
- Deloitte then reviews and reconciles the payroll output file and uploads any additional data (e.g. tax gross-ups calculated in the host location) back into the central database
- Deloitte can then provide arrears reports the following month (e.g. host tax gross-ups calculated in Month 1 are reported back to the home country payroll in Month 2 for complete and accurate tax and social security calculation)

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