

Remote work: Setting the right strategy

The Dbriefs Global Mobility, Talent & Rewards series

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Agenda

- Remote work
 - The evolving landscape
 - Tax and compliance considerations
 - Leveraging technology to manage risk
 - Beyond tax and technology
- Questions and answers

Remote work

The evolving landscape

Market trends

Workforce and employer sentiment are driving decisions around returning to work

Current state

50%

of employers have more than

35%

of their workforce working away from the usual work state or country⁵

38%

have employees working virtually from more than

20

different countries⁵

Employer sentiment

38%

of CEOs expect one third of their workforce to be remote in **January of 2022**⁴

75%

of CEOs expect to require less office space than before the pandemic⁴

Workforce Sentiment

3 in 5

workers who have been working remotely during the pandemic would prefer to continue doing so post-pandemic¹

60%

of workers say that they are confident they can efficiently do their job remotely²

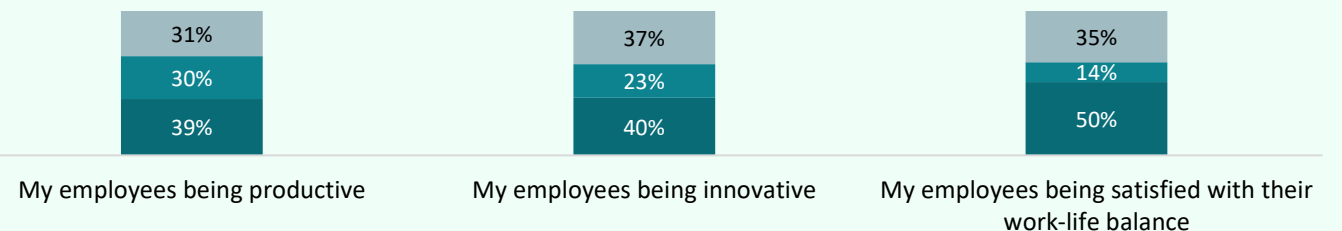
50%

of workers believe they are equally or more productive working from home than at the office³

Impacts

Effect of virtual workforce environment on the following⁶:

- Increased
- No effect
- Decreased



¹Megan Brennan, "U.S. Workers Discovering Affinity for Remote Work," *Gallup*, April 3, 2020

^{2,3}Roy Maurer, "Majority of Employees Embrace Remote Work," *SHRM*, April 22, 2020

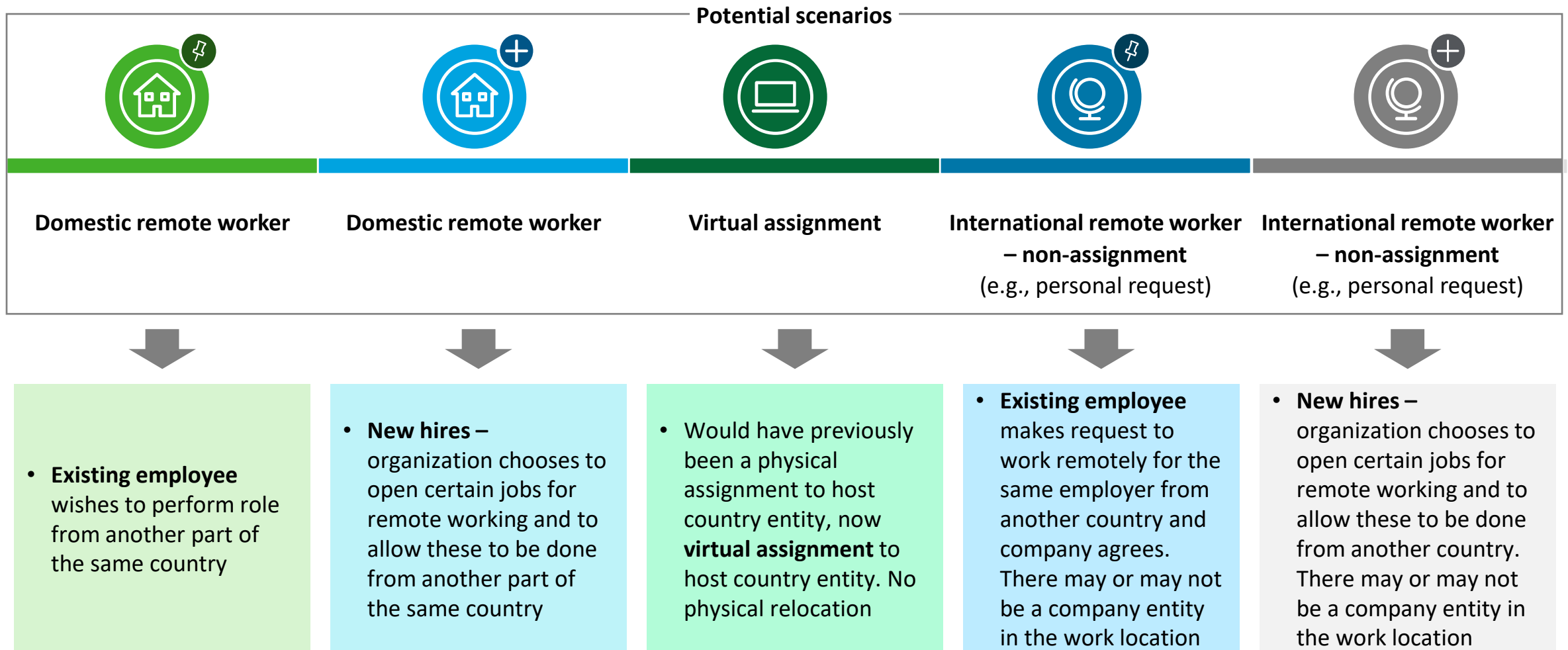
⁴Fortune / Deloitte CEO Survey, January 2021

⁵Deloitte Executive Webcast; 1,307 individuals surveyed late last year

⁶Third party survey

Remote work – potential workers’ scenarios

While the landscape is ever-changing, we are seeing remote work come to life in several scenarios today. Each has different features, challenges and possible approaches.



Polling question 1

To what extent will you generally continue to support/promote remote work when the current pandemic is over?

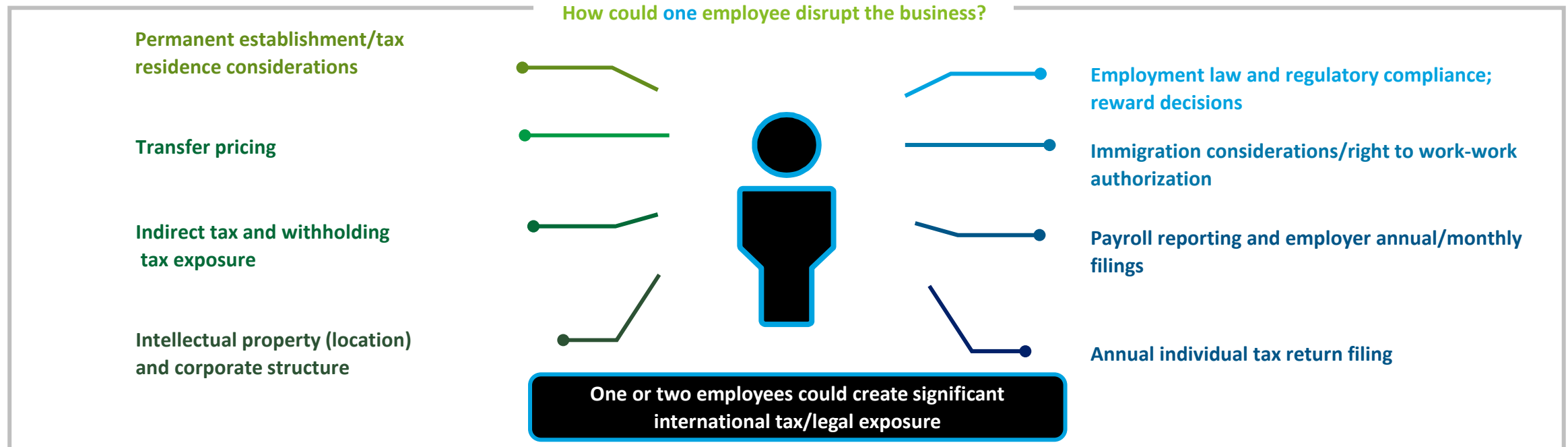
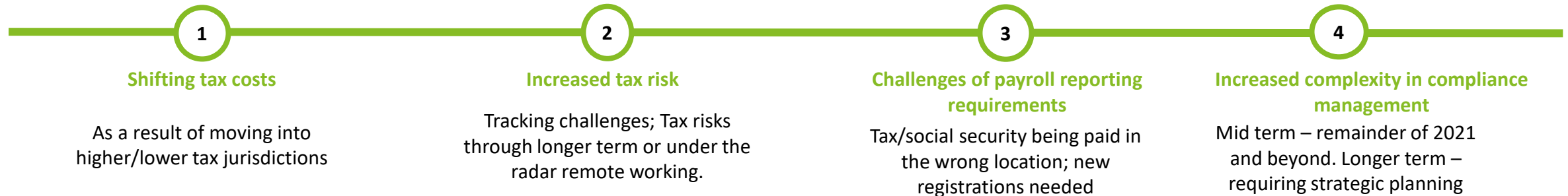
- We will require all employees to return to the office to resume work in their pre-pandemic work locations
- We will allow employees greater flexibility to work remotely, but primarily expect to revert to pre-pandemic work locations
- We will permit employees to work remotely on a permanent basis if they wish to do so but within their home country
- We will permit employees to work remotely from any country on a permanent basis if they wish to do
- We will permit employees to work remotely but plan to place limits on that (hybrid model)
- To be decided – we are still exploring

Remote work

Compliance considerations

Overview: tax, social security, and legal implications of remote work

Tax and mobility teams (along with other stakeholders) will have a critical role to play in shaping remote work policy, but also significant remediation work in the short term.



Potential future state employment models

• Facts and circumstances will likely drive the decision as to which employment model to apply. Employers may have a triage system and utilize multiple approaches

Working outside of payroll country	Employed localized in remote country	Global Employment Company (GEC)
<ul style="list-style-type: none"> Employee remains employed by payroll country entity Employee continues to provide services to payroll country entity Employee maintains participation in payroll country employer's comp and benefit plans Employee continues to be paid from payroll country 	<ul style="list-style-type: none"> Employee ceases employment with payroll country entity Employee is employed by group company in remote location Employee participates in comp and benefit plans of remote country employer Entity in remote location enters into service agreement with payroll country entity 	<ul style="list-style-type: none"> Employee ceases employment with payroll country entity Employee is employed by GEC Employee participates in comp and benefit plans of GEC GEC enters into service agreement with payroll country entity GEC may require greater transfer pricing element

• Permanent establishment risk	●	●	●
• Payroll compliance in remote location	●	●	●
• Change from employee perspective	●	●	●

• Key: red – creates risk/workload; yellow - creates some risk/workload; green - creates lower risk/workload

Polling question 2

How has your organization been tracking approved international remote work/business trips requests?

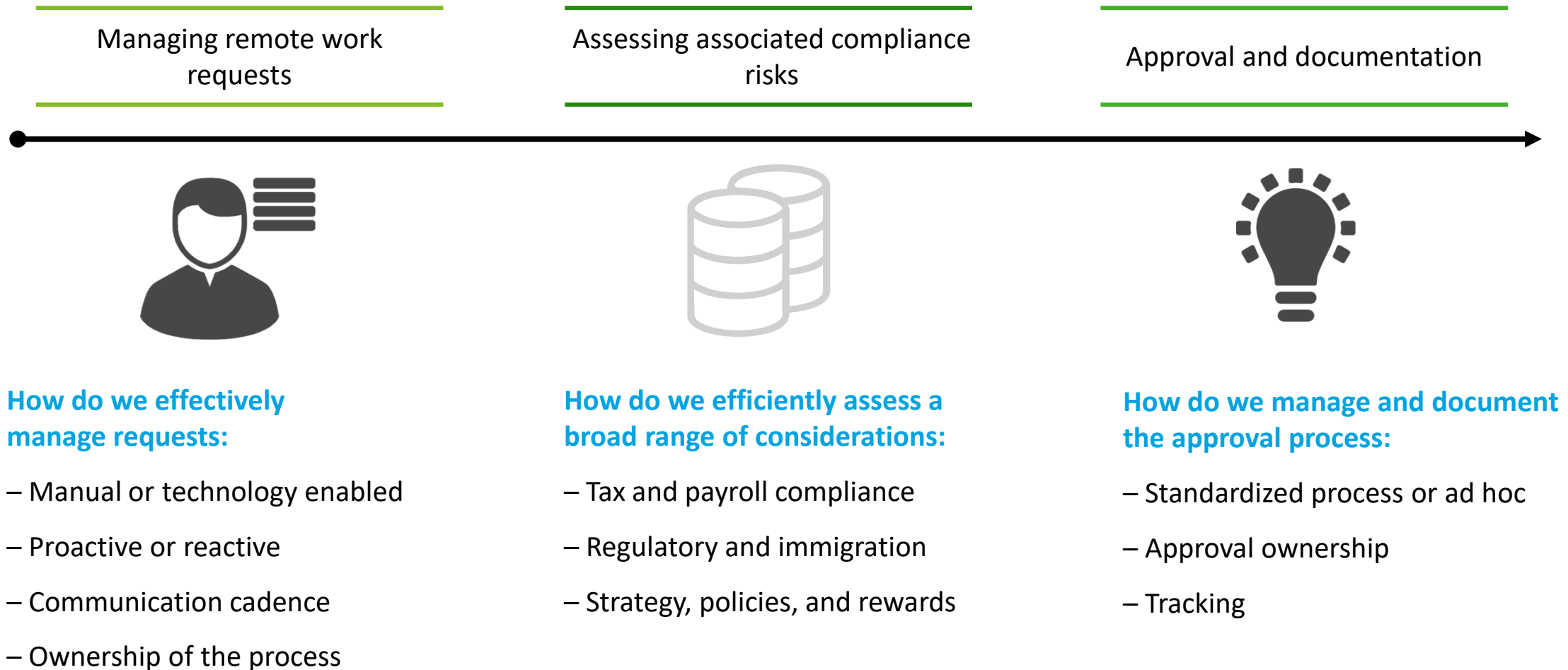
- Manually (e.g., via excel) once a request is approved
- Via an employee request tool
- Retrospectively via periodic surveys/emails
- Currently manually track it but is exploring the use of technology to aid the process
- Not tracking it
- Don't know/not applicable

Remote work

Leveraging technology to manage risk

Assessing remote work

Tracking and managing employee and employer risk and compliance






Assessing remote work

Leveraging technology to manage and automate requests, risk assessments, and outcomes

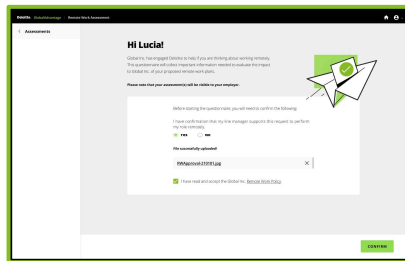
1 Employee request

Objective: collate essential inputs from employees to analyze remote work requests

Activities

-  Provide employees access to remote work tool
-  Distribute employee communications
-  Employees access tool and submit remote work request




Remote work request tool



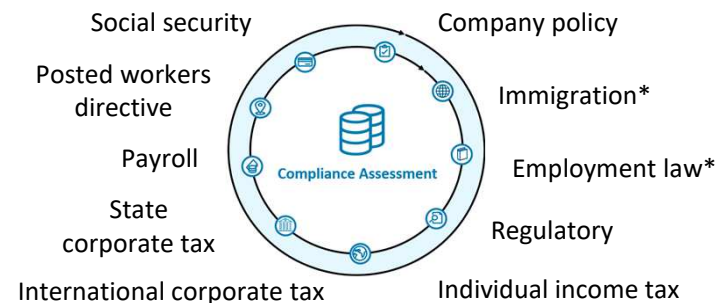
2 Compliance assessment

Objective: process employee inputs in compliance engines designed to help analyze global compliance risk

Activities

-  Compliance engines receive employee inputs
-  Engines evaluate risks aligned with company policy
-  Outcomes and results generated




Remote work compliance engines



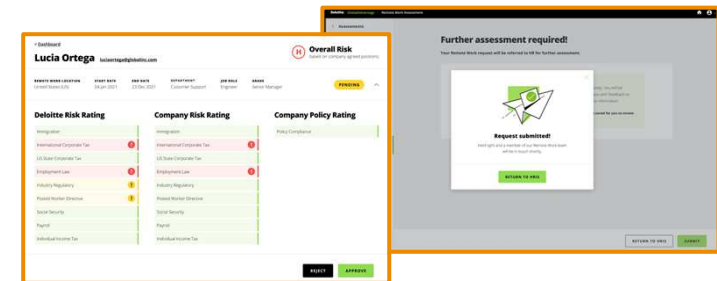
3 Outcomes and results

Objective: deliver outcomes and results to stakeholders for review and assistance in their final determinations

Activities

-  Deliver outcomes to program stakeholders
-  Review outcomes and finalize determination in the platform
-  Inform employee of final remote work determination

Remote work assessment

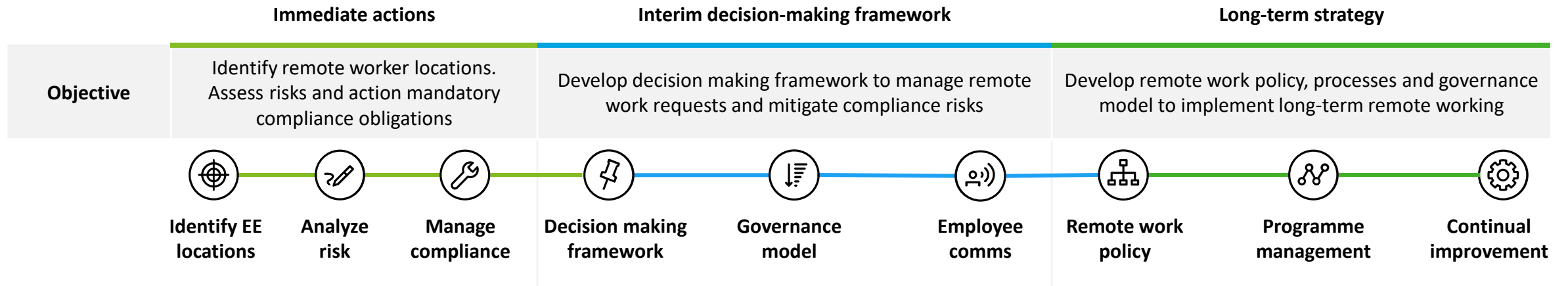


Remote work

Beyond tax and technology

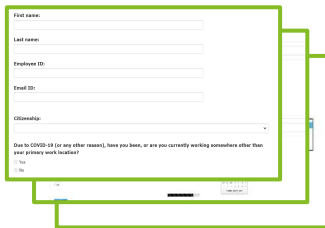
Remote work – setting the right strategy

Navigating short-term actions to longer-term strategy



Tools and technology

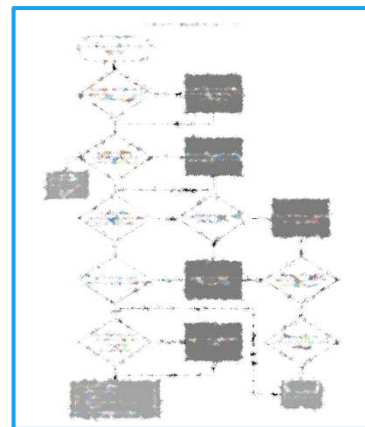
Remote work survey tool



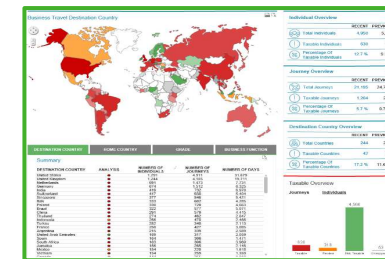
Covid-19 Compliance dashboard

Employee ID	Name	Location	Compliance Status	Last Update
1001	John Doe	New York	Compliant	2021-01-15
1002	Jane Smith	London	Compliant	2021-01-14
1003	Mike Johnson	Paris	Compliant	2021-01-13
1004	Sarah Lee	Beijing	Compliant	2021-01-12
1005	David Kim	Seoul	Compliant	2021-01-11
1006	Emily Brown	Mumbai	Compliant	2021-01-10
1007	James Wilson	Sydney	Compliant	2021-01-09
1008	Alice Taylor	Auckland	Compliant	2021-01-08
1009	Robert Garcia	Sao Paulo	Compliant	2021-01-07
1010	Michelle Martinez	Buenos Aires	Compliant	2021-01-06

Decision making framework



Framework, guardrails, policies, roles and responsibilities



Systems and tracking

Remote work

Remote work is a cross-functional effort. It requires resilient leaders across enabling functions to evolve the organization's approach.

Corporate tax

- Domestic and international corporate tax implications
- Permanent establishment risk
- Intercompany agreements and transfer pricing considerations
- Eligibility matrix : triage and exclusions

Employment tax

- Employment tax and social security assessments
- Income tax withholding and filing requirements
- Entity and payroll registration requirements
- Income and payroll tax reporting and cost projections

Data/technology

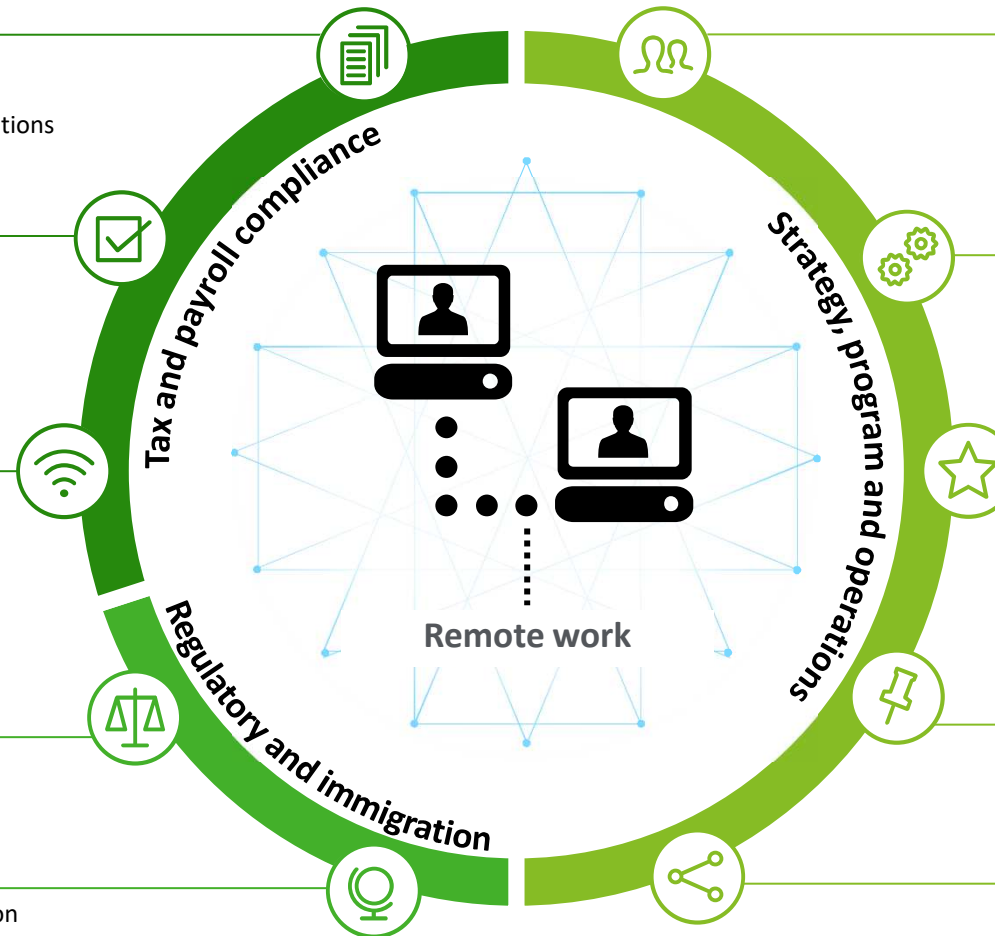
- Continuous data tracking and reporting
- Compliance analysis
- Flagging and quantification of risks
- Business travel tracking
- Approval process for remote working and tracking

Regulatory/workforce considerations

- Communicate relevant policies to remote workers
- Remote workforce expenses

Immigration¹

- Assessing right to work remotely from a particular location
- Visas and work authorization impacts



Workforce strategies

- Enterprise philosophy and strategy
- Workforce segmentation and job profile analysis
- High-performance team in a virtual environment

Program and operations

- Remote Policies and guidelines
- Roles and responsibilities, processes, and tools
- Mapping key remote working scenarios
- Employee and stakeholder communications

Rewards

- Compensation and benefits design and implementation
- Benchmarking
- Pension considerations
- Cross-border equity considerations

Employment model

- Intercompany agreements and transfer pricing considerations

IP and data security

- Network security risks
- Intellectual property safety

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Polling question 3

Does your organization have a remote work (including virtual assignment) policy?

- Yes, we do
- No policy – we have guidelines only
- No, we don't but exploring at the moment
- No, we generally don't condone this type of work arrangement
- Don't know/not applicable

Question and answers

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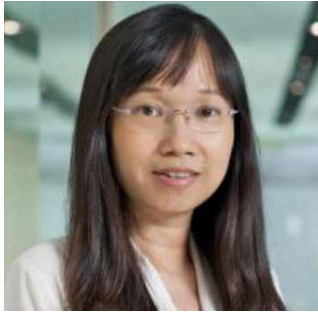


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Transfer Pricing series presents:

China Transfer Pricing updates: Simplified Unilateral Advanced Pricing Agreement application procedures

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