

The return of travel: Are you ready?

The Dbriefs Global Mobility, Talent & Rewards series

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Agenda

- Introduction
- The outlook for travel going forward
- Immigration and tax considerations for employers
- Implications for business travel
- Questions and answers

The outlook for travel going forward

Immigration challenges

Polling question 1

What are the major immigration challenges you are currently facing when relocating employees across borders?

- Our travel policy still prohibits travel
- Borders are still closed
- There is increased complexity that is too difficult to navigate
- Employees are still not comfortable to travel
- Others

Potential travel challenges during the 2021 holiday/CNY season

- **Demand for travel has been significantly underestimated** - After nearly two years of disrupted travel plans many people have already decided to travel, if this is possible. Equally, a significant population is still nervous of the potential consequences, particularly if they have young unvaccinated children, and will make late decisions based on the outlook in November, December and January. Availability of flights and central quarantine facilities is likely to be stretched in many locations.
- **Delta, future variants, waning immunity levels** - Any large outbreak over the holiday season - especially of a new variant - is likely to cause significant border issues particularly as Covid-19 rates have already started to climb again in many parts of the world.
- **Unvaccinated travellers** - Many countries have already announced two tier approaches with significant relaxations for vaccinated travellers. Unvaccinated travellers will continue to be subject to more stringent requirements and will be at a significantly higher risk of being caught by changing requirements. Unvaccinated travellers are also likely to face difficulty with flight availability and in arranging adequate travel insurance.
- **Vaccine availability** - Travellers to countries with low vaccination rates are likely to face additional risk and challenges, either whilst travelling, when trying to return to their home location or if the outlook in that country worsens during their travel.
- **Pre-departure/entry approvals** – Pre-departure or entry approval processes in sponsored countries (e.g., Singapore) or countries where there are extremely strict border control policies (e.g., Australia) are complex to navigate and are likely to cause delays and impact the experience for many travellers albeit relaxations are beginning to be introduced (e.g., Singapore) Vaccinated Travel Lanes (VTLs).

Continuing COVID-19 immigration challenges

- **Developing geopolitics** - Continued movement away from globalisation towards more protective government policies. Already seeing measures such as stricter labor market tests, more scrutiny on applications and employers, additional entry requirements and more autonomy for immigration officials etc.
- **Immigration authorities are still under strain** - Most countries are still experiencing delays in processing immigration or entry applications and these delays are expected to worsen when volumes increase.
- **Complexity as restrictions start to ease** - Continues to be a mismatch when borders open and when individuals feel ready or are able to travel, due to factors such as pre-travel clearance, quarantine, concerns regarding unvaccinated children, variances in vaccine passport requirements, additional visa requirements and availability of consulate processing, e.g., Taiwan and Japan consulates remain closed. The increasing use of local lockdowns, e.g., Australia, China, Japan and Vietnam is also inhibiting mobility.
- **Disrupted workforce** - Significant employee populations are still on temporary work arrangements away from intended employment locations. Balancing the business needs, duty of care, corporate compliance and the individual wishes of employees continues to require careful communication, planning and governance particularly where people are still afraid or unable to travel.
- **Complexity of business travel** - Increasing complexity, duty of care, cost and risks connected to business travel are increasingly highlighting that existing approaches to managing the risk of business travel are not scalable for most employers.

Expected high risk travel lanes

- **Travel to the Indian subcontinent** - Travellers from the Indian subcontinent are still typically subject to the most stringent travel restrictions and there are still significant existing stranded populations.
- **Travel to the US/Europe** - High levels of Covid-19 cases are likely to rise further as western countries continue to prioritise social needs with a focus on re-opening economies. APAC locations have typically managed the health risks more judiciously, so any travel to the west may cause issues if the health outlook deteriorates significantly during the holiday period.
- **Travel with transit requirements or to countries where the traveller has no work permission** - Any large scale border closures are likely to have a more significant impact on those travellers with transit requirements, particularly to long haul destinations. Travel restrictions will impact those without local work permission most significantly.
- **Travel to countries with high Covid-19 cases and low vaccination rates** - These locations are already typically subject to the most stringent travel/quarantine restrictions.
- **Travel back to Singapore** – Recent easing of travel restriction and expansion of VTLs is driving significant demand for travel. Any significant changes in the global health outlook that result in further border controls could have a significant impact on the ability of travellers to obtain approvals to return to Singapore.

Tax challenges

Polling question 2

What is your corporate policy to deal with employees that may be stranded overseas due to personal travel undertaken over this holiday period?

- Remote work is not allowed
- There is no formal remote work policy at this stage
- We are currently experimenting or conducting a pilot
- They will be able to work remotely from a location where they have the right to work
- They will be able to work remotely from anywhere for a set period of time

Remote work: Are you ready?



Evolving Needs

Employees expect flexibility in where they physically work; employers need to meet this to retain top talent.



Home Office

As employers embrace home office, they increasingly don't know where their employees are from day to day.



Broad Range of Implications

Cross-border remote work can impact a diverse group of compliance obligations and stakeholders.



Simple Solutions Needed

Tools need to both understand and manage the population of remote workers and a service provider to help with all downstream services.

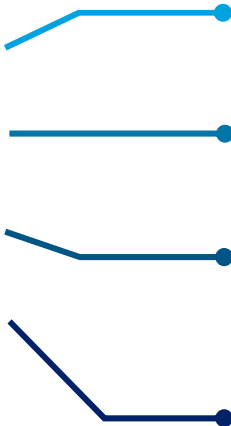
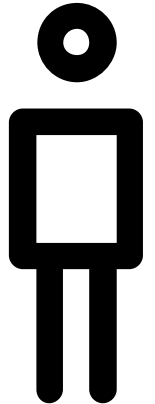
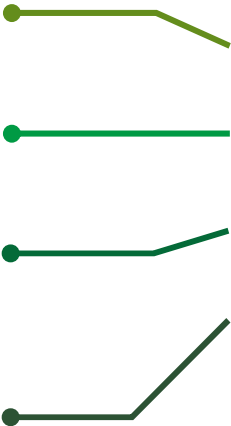
HOW COULD ONE EMPLOYEE DISRUPT THE BUSINESS?

PERMANENT ESTABLISHMENT/TAX RESIDENCE CONSIDERATIONS

TRANSFER PRICING

INDIRECT TAX AND WITHHOLDING TAX EXPOSURE

INTELLECTUAL PROPERTY (LOCATION) AND CORPORATE STRUCTURE



EMPLOYMENT LAW COMPLIANCE AND REGULATORY COMPLIANCE

IMMIGRATION CONSIDERATIONS/RIGHT TO WORK-WORK AUTHORISATION

PAYROLL REPORTING AND EMPLOYER ANNUAL/MONTHLY FILINGS

ANNUAL INDIVIDUAL TAX RETURN FILING

One or two employees could create significant international exposure

Remote work: The dangers of the “day count approach” for cross-border remote working arrangements

- Due to the complexity of compliance issues associated with cross-border remote work arrangements, some companies are applying a “day count approach” where cross-border remote work arrangements are approved up to an arbitrary day limit.
- It is incorrect to think this approach will save the company from breaching compliance requirements in the country where the remote working is being carried out.

Analysis Area	Comment
Immigration	Whether the immigration rules in the country of remote work will allow an individual the right to work there will depend on the nationality of the individual
Individual Income Tax	The income tax position will depend on whether there is an income tax treaty between the country where the individual usually lives and the country of remote work
Social Security	The social security position will depend on whether there is a social security treaty between the country where the individual usually lives and the country of remote work
Payroll	The payroll position will usually be dependent on the tax and social security position above – if tax or social security is due there is likely to be a payroll reporting/remittance requirement in many countries
Corporate Tax and Regulatory	Corporate tax and regulatory compliance are dependent on several factors usually including the role responsibilities, job title, etc.
Employment Law	Whether local employment law rights are obtained in the remote work location can be dependent on how long the individual spends working in the location, but some countries may have much lower day count tolerances than others

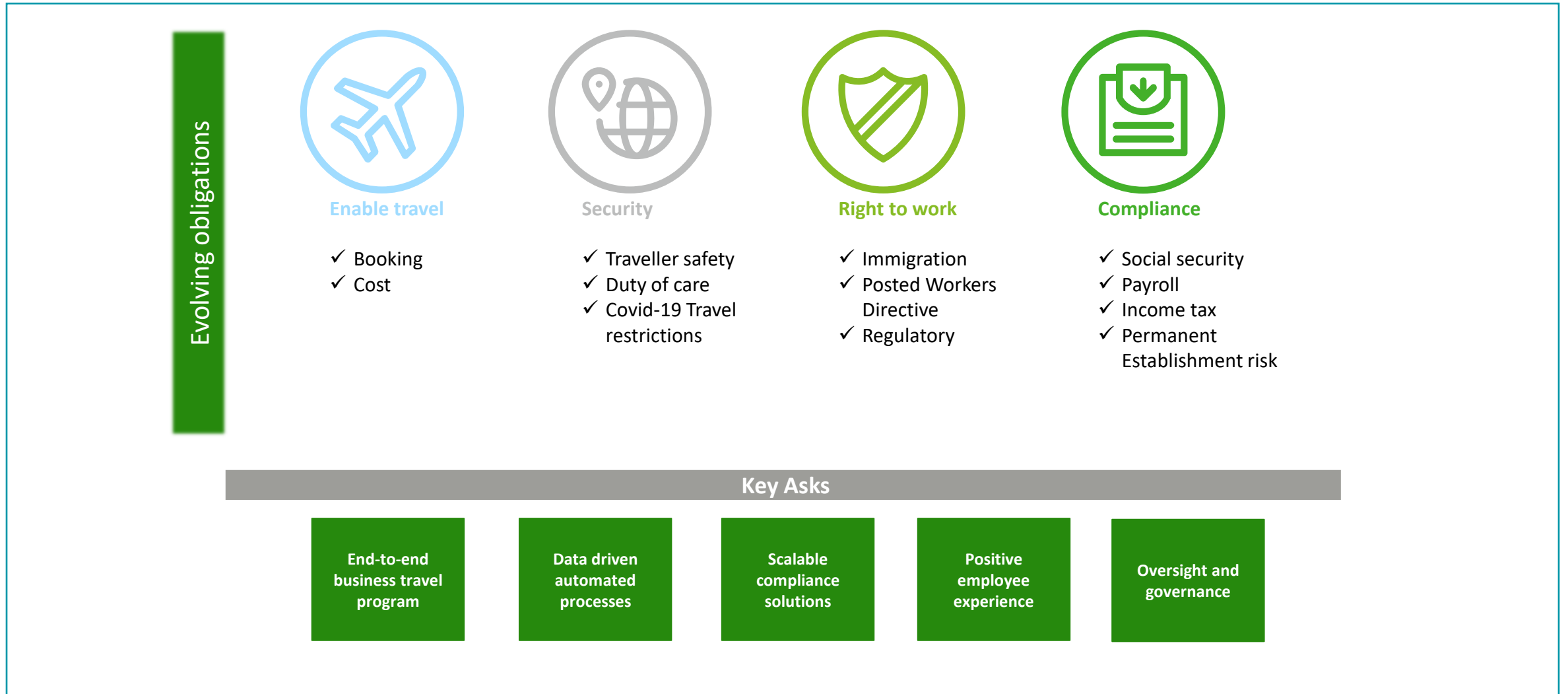
Implications for business travel

Polling question 3

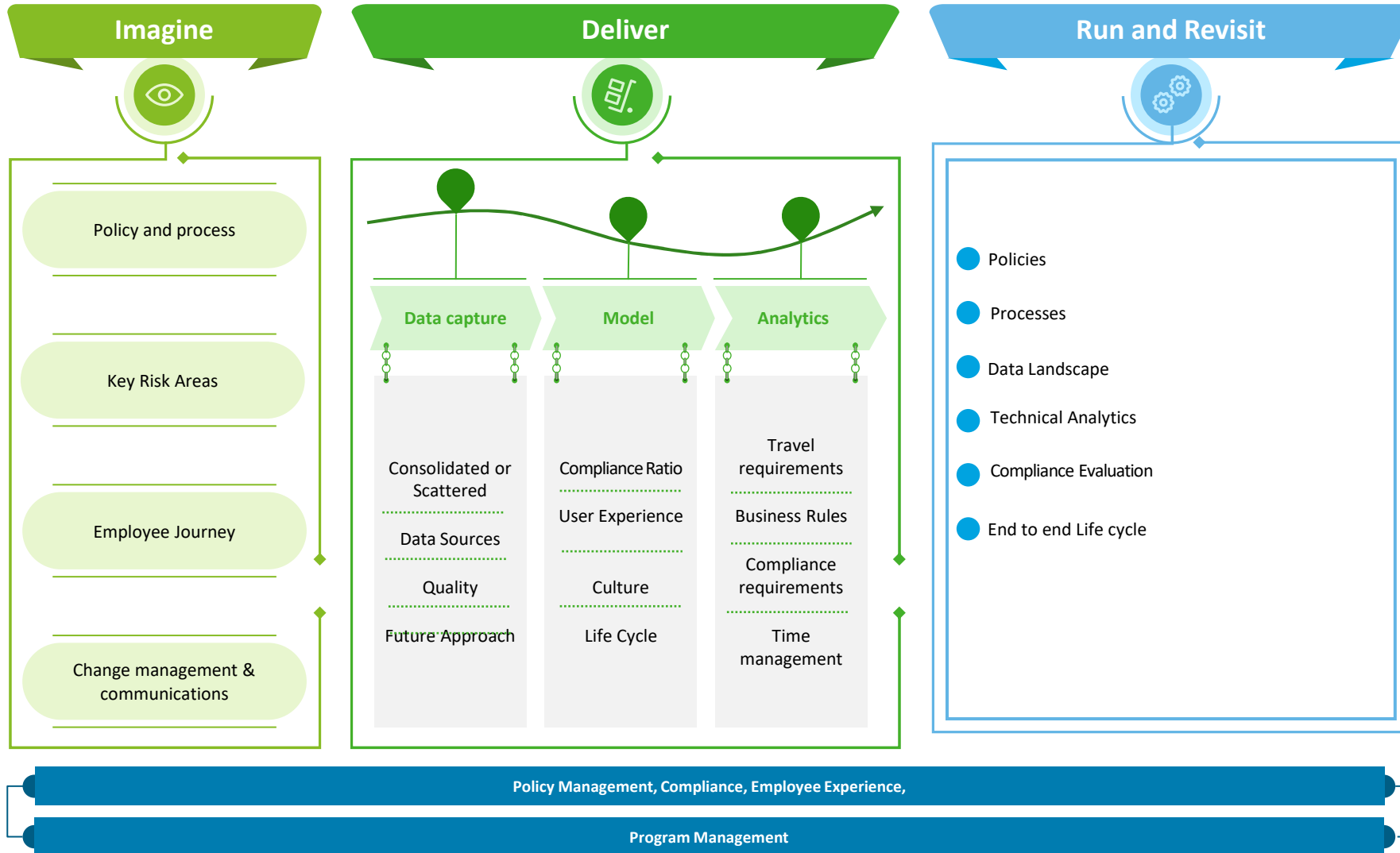
What is your key concern for undertaking business travel when this resumes in 2022?

- Understanding Covid-19 travel/quarantine restrictions prior to travel
- Quarantine requirements on arrival in your destination or upon return home
- Concern about contracting Covid-19 whilst travelling
- Clarity of travel policy and medical insurance coverage
- Others

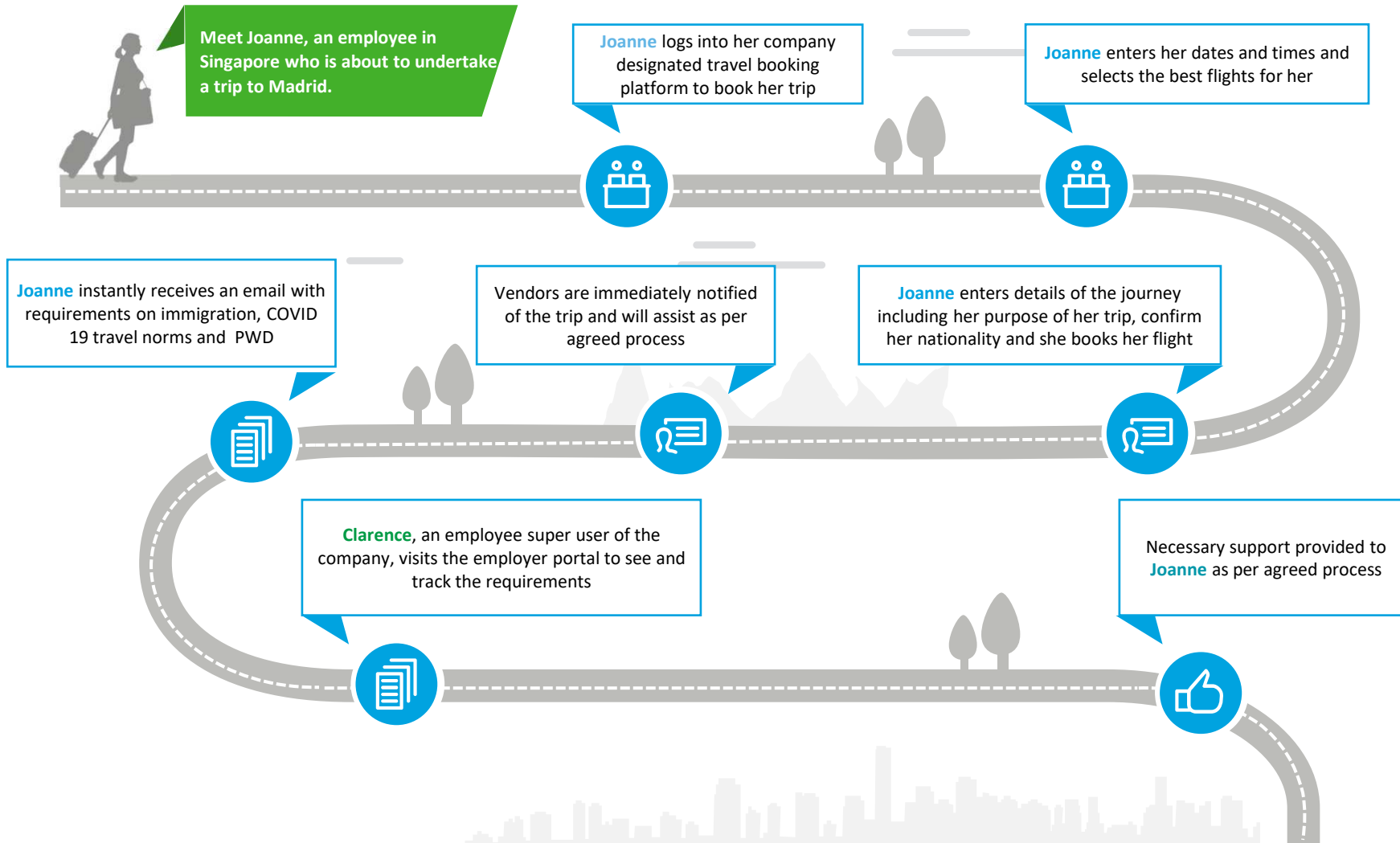
Business travel landscape



Business travel programme – key considerations



Employee user journey



Key Considerations

User experience

Integrated into booking process

Real time data collection

Real time assessment

Simplified data collection

Engagements levels

Ease in Tracking

Question and answers

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