



2019 global mobility equity survey

As employee global mobility increases to meet expanding business needs, the taxes on equity compensation become more complex. Is your organization tracking mobile employees for equity administrative purposes manually, or with an HR management system? Who is managing tax withholding, and at what rate? Do mobile employees have access to detailed income and tax statements? Our inaugural global mobility equity survey can help you benchmark your current approaches and help identify areas for potential process improvement and considerations for increased employee satisfaction.

Exploring the year-one survey numbers

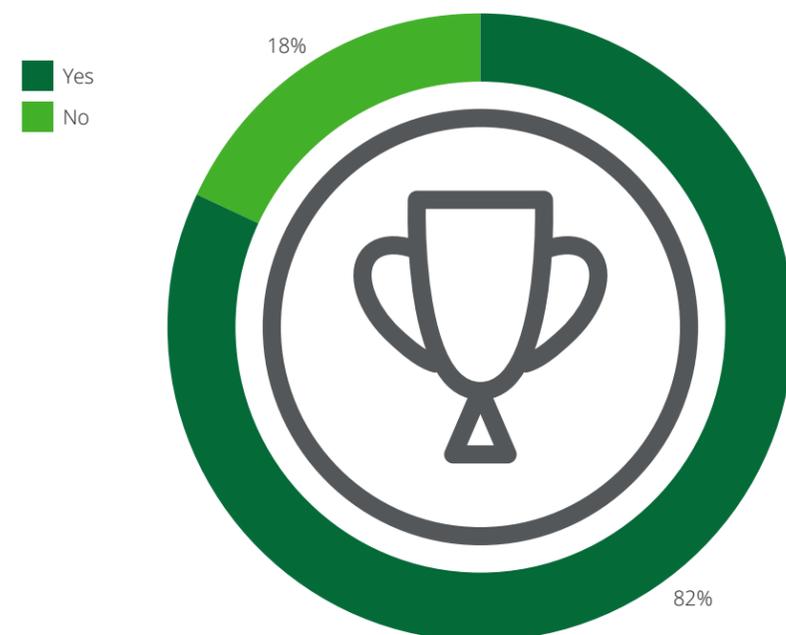
All figures have been rounded to the nearest whole percent, which leads some sets of responses to appear as if they total slightly more or less than 100%. Respondents could only choose a single response for each question unless otherwise noted.

General trends in global mobile equity

Offering of equity-based awards is the norm

More than 80 percent of respondents to our global mobility survey said their company offers equity-based compensation to its employees.

Q1. Does your company offer equity-based awards to its employees?

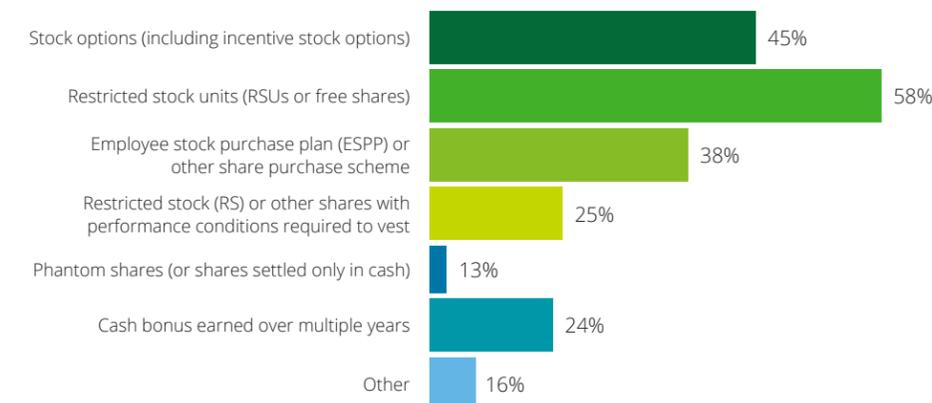


Which equity type is offered most?

Respondents reported a range of equity award vehicles offered to employees, with restricted stock units (RSUs) being favored by a majority.

Q2. What types of long-term incentives does your company offer to its employees?

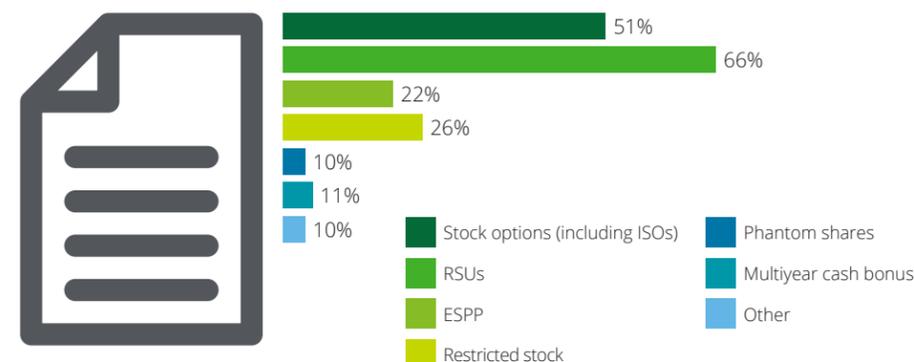
(Respondents were allowed to choose **multiple** responses)



RSU income is also the most widely sourced between tax jurisdictions. Employee stock purchase plans and cash bonuses earned over multiple years are less frequently sourced across borders.

Q3. What type of long-term incentives are allocated (sourced) between tax jurisdictions?

(Respondents were allowed to choose **multiple** responses)



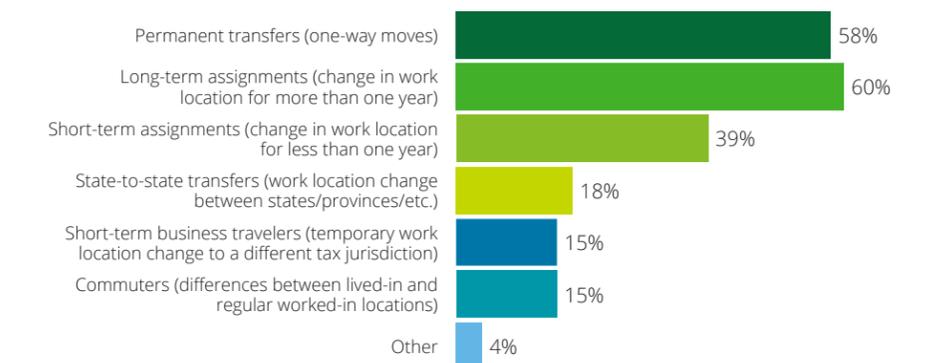
Tracking global employees

A potential gap

A majority of respondents to our global mobility survey said their company is focused on tracking long-term assignees and permanent transfers. But companies remain much less focused on tracking their business traveler and commuter populations, revealing a potential gap in the management of many employee mobile programs.

Q4. What type of mobile employees do you track for the purposes of sourcing equity between tax jurisdictions?

(Respondents were allowed to choose **multiple** responses)



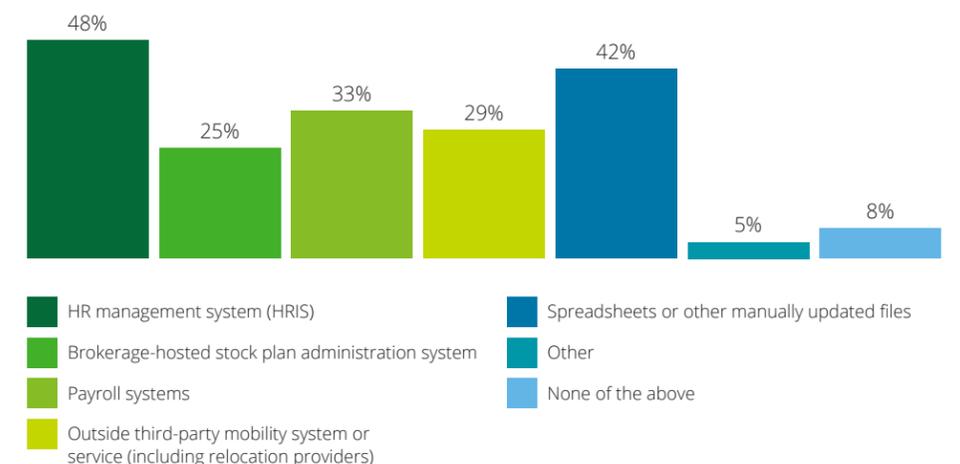
*25 percent responded that they did not know or chose not to answer.

Still using spreadsheets

And though more robust HR management systems are the most common global mobility tracking method, 42 percent of respondents still rely on spreadsheets or other manual approaches to manage this complex and significant task.

Q5. Which tools and processes does your company utilize to track your mobile employee population for the purposes of equity administration?

(Respondents were allowed to choose **multiple** responses)

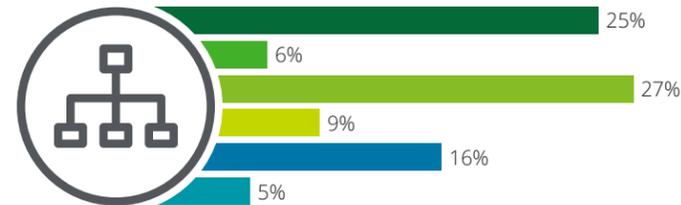


Withholding patterns

Where tax withholding happens

More than two-thirds of respondents report that managing tax withholding rates for cross-border equity compensation is, predictably, the job of the payroll team (27 percent), stock team (25 percent), or an external third-party system or vendor (16 percent). Interestingly, 20 percent say someone other than these expected teams is responsible.

Q6. Who at your company manages the tax rate to withhold?

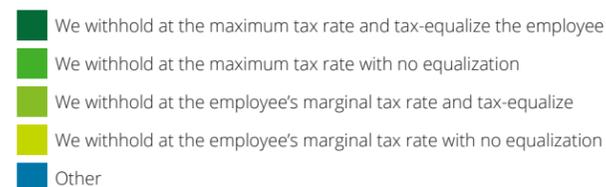
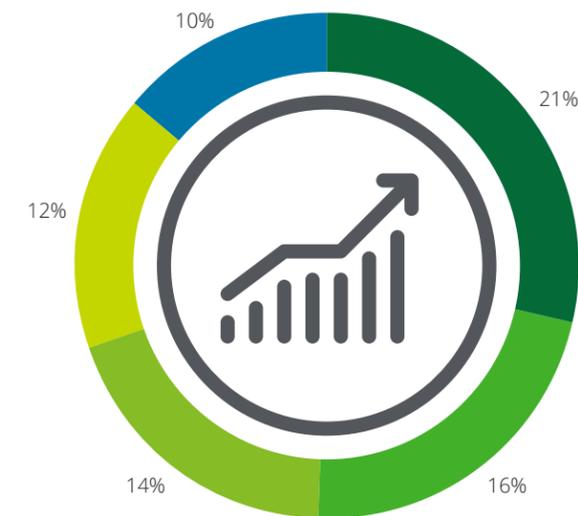


*12 percent responded that they did not know.

No holding back

When asked how their companies determine tax withholding rates—especially critical to guard against over- and underfunding in certain jurisdictions—21 percent of respondents said they withhold at the maximum tax rates and tax-equalize the employee.

Q7. How does your company determine the tax rate to withhold?



*28 percent responded that they did not know.

Instructions included

When it comes to creating payroll instructions for mobile employees, global mobility survey respondents said their companies favor internal processes or systems and third-party systems or services over the brokerage system.

Q8. How does your company report tax data for globally mobile employees to payroll?

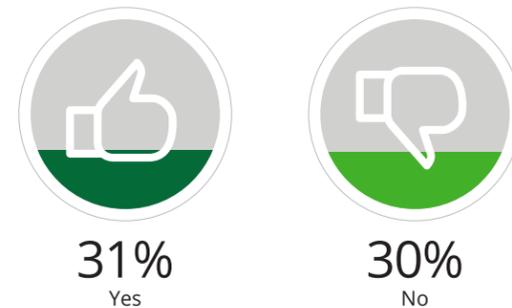


*21 percent responded that they did not know.

Ensuring a comprehensive global payroll process

When asked if their company confirms with local payroll in prior/legacy locations that money withheld for taxes was indeed provided to the local tax authorities, respondents were almost evenly split.

Q9. When taxes are withheld in multiple tax jurisdictions for globally mobile employees, do you follow up with the local payroll in prior/legacy locations to determine if funds collected for taxes were actually deposited with the local tax authorities?



*38 percent responded that they did not know or chose not to answer.

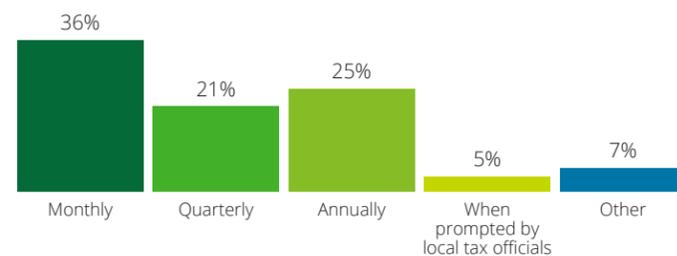
Payroll reporting, globally

Reconciling global payroll for equity

How often do companies reconcile the payroll reporting of equity transactions? The top three time frames: monthly (36 percent), annually (25 percent), and quarterly (21 percent).

Q10. How frequently do you reconcile the payroll reporting of equity transactions?

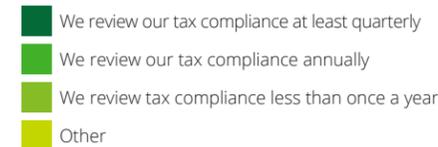
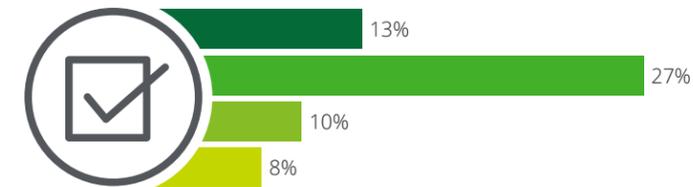
(Respondents were allowed to choose **multiple** responses)



Compliance reviews

Annual internal tax compliance reviews are the most common among respondents, with quarterly reviews the next most popular.

Q11. How frequently does your company conduct internal tax compliance reviews?



*42 percent responded that they did not know or chose not to answer.

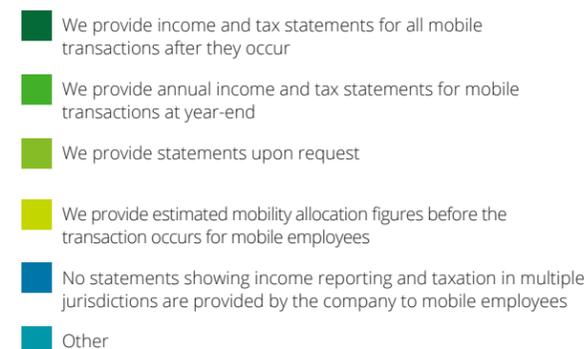
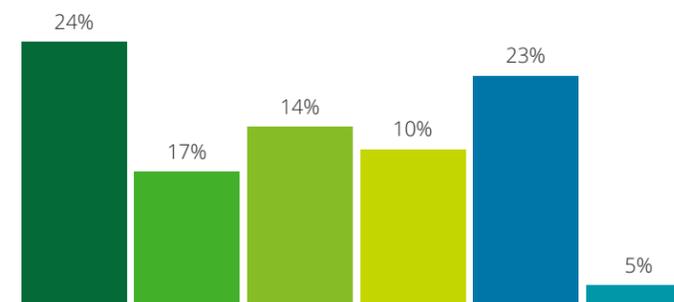
Educating mobile employees

Are employees in the know?

While 24 percent of respondents say mobile employees at their company receive detailed and comprehensive income and tax statements for all equity award transactions—a practice that may increase transparency and employee satisfaction—a nearly identical 23 percent say their company gives no statements or similar communication to assist and inform their mobile employees.

Q12. When globally mobile employees engage in stock plan transactions, do you provide them with a statement that breaks out the taxable income and withholding by jurisdiction?

(Respondents were allowed to choose **multiple** responses)



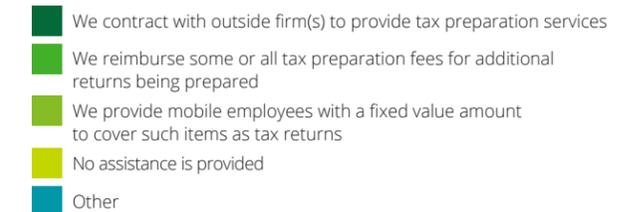
*26 percent responded that they did not know.

Services rendered

Whether or not they provide statements, most respondents' companies contract with service providers to offer mobile employees tax preparation services to help address their multijurisdictional tax reporting obligations and potential trailing liabilities.

Q13. For your company's mobile employee population, do you offer any assistance to mobile employees with their tax filings?

(Respondents were allowed to choose **multiple** responses)



*19 percent responded that they did not know or chose not to answer.

Making mobile more manageable

With workforces becoming increasingly mobile, tax departments need to have the knowledge and resources to comprehensively track, adequately tax withhold, and effectively inform their employees no matter where they are working or for how long. Potentially seen by many in the past as an effort that may not outweigh its administrative cost, it's time for companies to reassess the impact posed by the varied issues surrounding global mobility and start addressing the gaps in their approaches. While many companies are already using third-party vendors for tracking and managing some components of mobile equity, they may want to explore the potential benefits of increased collaboration in areas such as compliance, reporting, and employee communication and education.

To learn more about this global mobility survey's findings and the issues it addresses, please contact your Deloitte engagement team or email our Global Rewards team at globalrewards@deloitte.com.

About the survey

- Conducted during August and September 2019
- 241 respondents employed by companies globally across various industries
- Company size of respondents ranges from fewer than 1,000 to more than 50,000 in employee head count worldwide
- A plurality of respondents work at companies with international mobile employees numbering more than 1,000

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