

## Remote Working and Incentives

### 2021 Share vestings and grants – are you prepared?

COVID-19 has caused major disruption to “business as usual”, as well as resulting in a significant displacement of personnel globally. Many companies have had part of their workforce displaced during 2020 – with many people choosing to spend the lock down periods in other countries, or being “stuck” there.



The impact is broad - including income tax, social security and payroll compliance, Permanent Establishment and Transfer Pricing risk, employment law, immigration and indirect tax, not to mention future strategy on attracting talent, mobility and reward. And all these require governance, controls, tracking, process and policy.

With many companies getting ready to grant 2021 awards or preparing for vestings, it is important to consider the impact that any displacement could have on your usual processes. Below are key questions all share plan managers should be ready to answer over the next couple of months:

- Who in your organisation is responsible for identifying all employees that have been displaced outside of their normal work location due to COVID-19 (not just expatriate assignees but also local employees)?
- Have all relevant employees been identified and notified to you? How long have they been displaced for? Have any employees been outside of their usual location for 183 days or more? What is the impact on the sourcing of incentives?
- Are any displaced employees based in new locations where you have not traditionally operated share plans?
- What incentive plans do these individuals participate in (e.g., all employee SIP, sales incentive, annual bonus, LTIP)? Is there a process in place for tracking this?

- Have any tax or social security liabilities been triggered in another country as a result of displacement? Are there reporting/ employer withholding obligations that will impact upcoming vests or can it be dealt with at the tax return stage?
- What is the impact on the timing of payments and cashflow e.g., if amounts need to be paid in one country and reclaimed in the other?
- Are any participants who would usually be delivered shares now located in a country where awards are usually cash settled?
- Are there any securities filings or foreign exchange control requirements that would impact the delivery of shares? e.g., do you now have PRC nationals living in mainland China?
- What support will the company offer to employees (e.g., assistance with tax returns), if any?
- Are there any impacts to your corporate tax deduction or recharge positions in any countries?

Identify the population

Impacts at vest/  
delivery of awards

Impact at grant

- Are there any securities filings or foreign exchange control requirements that would impact the granting of awards?
- If you operate a global all employee plan with local sub-plans – do you know who is eligible to participate and in which plans? Are your plan rules sufficiently broad to give you flexibility?

## How can we support

Our team of Incentive & Reward specialists is available to work through these complex questions with you (as well as broader issues such as the impact on cash bonuses) to devise next steps and strategies for managing the grant and vesting seasons in a compliant manner.

Deloitte has also developed a Remote Workers Identifier tool to support your business in quickly obtaining global oversight of your remote workers and therefore allowing you to manage compliance risks as well as documenting positions and exceptions in readiness for tax authority enquiries and internal audit. We can also support you with defining your remote working strategy with our Strategy Labs to come up with a long term process and governance models on remote working.

Our best in class GA Incentives tool can also support you with calculating any tax and social security liabilities that may arise for your employees as a result of their remote working.

Our communications experts Stitch (a Deloitte business), can also support you with navigating the complexities of communication in the new world of remote working. Having a great communications strategy that operates over multiple media forms is critical to the success of any incentive plan.



## Who to contact

If you would like to discuss your answers to the above questions further, or want to know more, please speak to your usual Deloitte contact or any of the contacts listed below:



**Anita Grant, Partner**



0118 322 2861 or



[email](#)



**Liz Pierson, Partner**



020 7303 4636 or



[email](#)



**Mitul Shah, Partner**



020 7007 2368 or



[email](#)



**Bill Cohen, Partner**



020 7007 2952 or



[email](#)



**Juliet Halfhead, Partner**



0121 695 5684 or



[email](#)



**Arran Simpson, Partner**



0161 455 8517 or



[email](#)



**Matthew Crocker, Partner**



020 7007 9845 or



[email](#)



**Jane Darlington, Stitch**



0117 984 1985 or



[email](#)



**Emma Dawson, Stitch**



0117 984 1972 or



[email](#)

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