



## PRESS RELEASE

FOR IMMEDIATE RELEASE

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### **IBFD launches *Global Mobility* on tax implications of international assignments**

*IBFD's newest online collection, Global Mobility, is a practical guide to assist in the management of tax obligations and liabilities related to international assignments and cross-border movements of managers and executives in emerging economies. With this publication, IBFD addresses a growing need for detailed information on this challenging subject.*

#### **The rise of short-term cross-border assignments**

An increasingly global and integrated economy means an increasingly mobile workforce. The number of globally mobile workers has increased several fold in recent years, and is likely to continue to do so.

Further, it is estimated that the number of people going on traditional assignments (for instance, fixed terms of more than one year in a single location) is declining. It appears that an increasing number of cross-border assignments now take the form of long-distance commutes and short-term missions.

#### **Multiple risks of tax exposure**

As a consequence of this increasing mobility, employees and their employers may be exposed to various tax risks. An employee may be subject to taxation in multiple countries (home, host and any third country to which he travels for work), and tax obligations also often continue long after an assignment is complete and the employee has left the host country. These liabilities are usually borne by the employer, and if they have employees in many jurisdictions, the obligations and related liabilities would increase exponentially.

Corporate employers are also exposed to tax risks arising from their employees' presence and activities in other countries, especially the risk of a permanent establishment, in which case the financial cost of global assignments will extend far beyond mere employee costs. Obviously, the risk of such an exposure would be especially high for corporations with employees moving around multiple jurisdictions for variable periods of time.

#### ***Global Mobility* takes a unique employer's perspective on international assignments**

For many corporations, the management of employee taxes and administrative obligations has reached a level of complexity that requires large teams of dedicated personnel. Of all expenses related to cross-border assignments, tax has been singled out as being the most significant.

With the rise of many short-term assignments and the complex situations this creates, companies are increasingly confronted with avoidable penalties for non-compliance in tax, payroll and immigration matters.

Unsurprisingly, companies are often advised in human resource literature and by human resource associations to consider outsourcing the management of international assignments to specialized consultants, because they provide access to their global resources and knowledge. Undoubtedly, information on fast-growing economies with rapidly evolving tax laws, especially in parts of Asia, would be difficult to obtain otherwise.



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*Global Mobility* aims to assist employers as well as international assignment service providers in obtaining an overview of the tax issues that arise from an international assignment, and in determining in advance the potential tax liability that will arise in selected jurisdictions under a variety of scenarios such as business trips, short-term and long-term secondments, etc.

It provides in particular:

- The detailed tax treatment of employment income that is required for tax provisioning or hypothetical tax calculations for tax-equalized remuneration
- Tax compliance requirements for both employees and employers
- Key information on the domestic tax and social security reporting requirements in the selected jurisdictions, for both the employer and employee, to prevent the incurring of administrative fines and penalties

With this information at hand, employers will be better equipped to manage their tax exposures in relation to employment tax liabilities, tax and social security compliance obligations and avoid the risk of creating a permanent establishment.

On a more practical level, it also enables employers to structure the employment benefits of globally mobile employees to take advantage of available preferential and concessional treatments of different types of remuneration, including benefits in kind and equity-sharing plans.

For more information, see [www.ibfd.org](http://www.ibfd.org) or contact Sorrel Hidding, Head of Marketing: +31-20-554 0142 / [s.hidding@ibfd.org](mailto:s.hidding@ibfd.org)

### About IBFD

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