

# Homeshoring – navigating the new normal

July 2020



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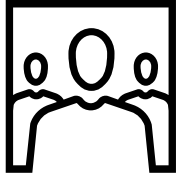
# Context and concept

- Mobility of the talent pool is crucial for the growth of an organisation.
- Current travel restrictions on physical movements are adversely impacting businesses.
- The safety and wellbeing of expatriates and their families are of utmost priority for organisations.
- Organisations are exploring whether their talent pool can work from their home country and add value to their business.
- Technology has been a major enabler for business continuity in the current crisis.
- Businesses now showing a stronger inclination to continue using this concept of hiring and operating.



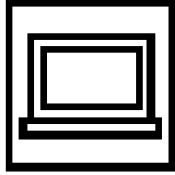
**Homeshoring** is an operational model in which employees work and perform all official tasks from their home or any external location.

# Global mobility of talent pool – evolution



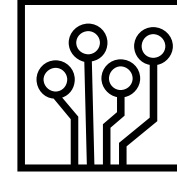
## Past trends

- Predominantly long-term assignments
- Independent (non-integrated) approach and aspirational
- Limited support to assignees
- Siloed approach to risk and risk mitigation



## Recent trends

- Predominantly medium- and short-term assignments with business travelers
- Partly integrated, aspirational
- Assignees assisted throughout the assignment life cycle
- Consistent and integrated approach to risk mitigation



## Future trends

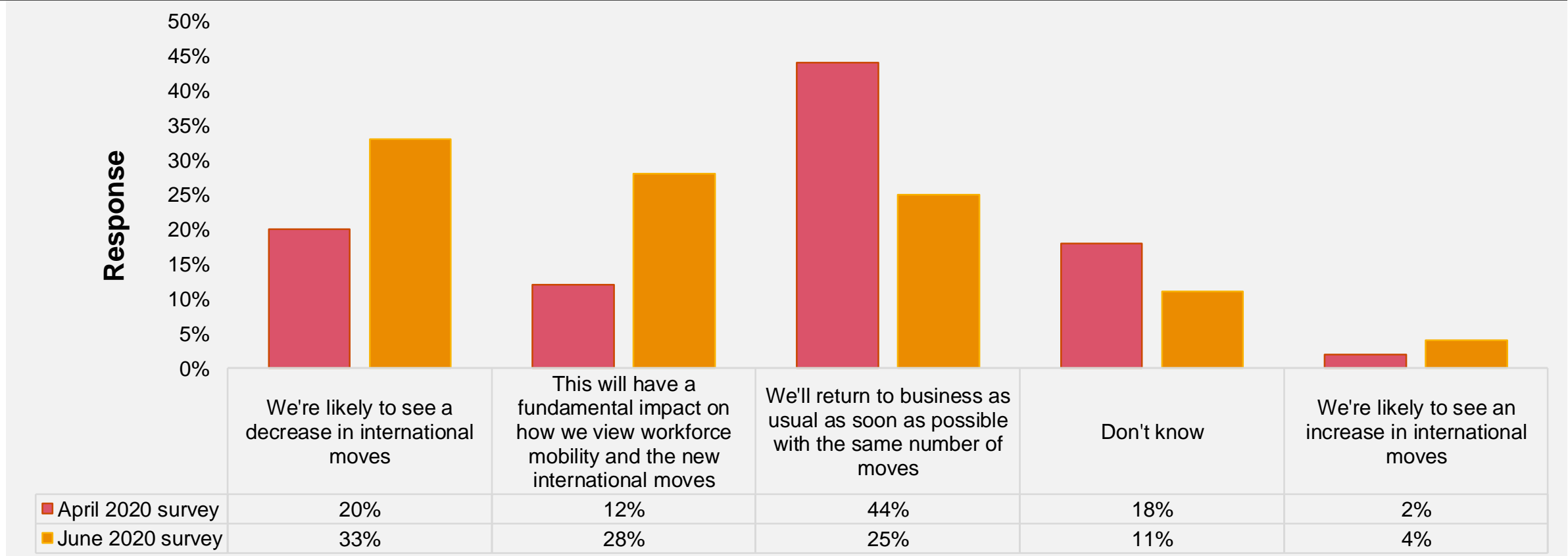
- Remote/virtual assignments to ensure optimum use of talent pool
- Highly automated, integrated and business oriented
- Assignees assisted throughout the assignment life cycle, and capitalising on new skills and expertise
- Rigorous and integrated approach to risk mitigation due to high accessibility of risk-related information



# PwC's Global Mobility Pulse Survey

## COVID 19: The impact for Global Mobility and the mobile workforce

Q: What impact do you think the outbreak will have on mobility of the workforce in your company in the future?



# PwC's Global Mobility Pulse Survey April 2020 (key quotes and insights)

## Top three priorities relevant to mobile workforce:

- keeping up to date with regulatory changes and government announcements
- working on company-wide communications and planning
- understanding who your mobile employees are, and where they are.



“We are treating our mobile employees the same as local employees as much as possible and is reasonable.”



“We are using this time to lay all the ground work for future relocations e.g. preparing cost estimates and relocation packages, starting the immigration process.”



“We are evaluating remote working and what we will need to change to enable more of this in the future. We are creating a framework to help us make sure all of the different aspects are considered.”

# PwC's Global Mobility Pulse Survey June 2020 (key quotes and insights)

## Top three priorities relevant to mobile workforce:

- managing day-to-day operations and business as usual
- workforce planning in the context of the changing immigration, tax and compliance environment
- understanding and managing the impact of remote working.



“Although traditional mobility will always exist, we are focusing on getting set up to manage more virtual assignments.”



“All international one way transfers have been put on hold or are due to start in their current locations.”



“We are assisting in the efforts to review the potential compliance implications of remote working and stranded workers working outside of their payroll locations.”

# Points for organisations to consider

- Is there a requirement to revisit the assignment-related benefits and assignment contract/policy?
- Does this have any impact on tax residency, taxability of salary and personal income?
- Can relief under Double Taxation Avoidance Agreement (DTAA) be claimed?
- What are the additional costs or compliance obligations required from the employer?
- Does the employee need to apply for a new visa or surrender any existing visa?
- Would there be a requirement to contribute towards social security in both home and host country?
- Does this arrangement has any permanent establishment (PE) and place of effective management (POEM) exposure?
- Does such an arrangement would be a deputation or a service arrangement from a transfer pricing perspective?
- Would there be any value-added tax (VAT)/Goods and Services Tax (GST) complications?
- Would there be an impact on advance pricing agreement (APA) and PE attribution?
- What are the other regulatory and labour laws that need to be taken into consideration?



Employment contracting

Attribution of profits



Permanent establishment

Compensation and benefits



Cross-charge of costs

Control regulations



Indirect taxes

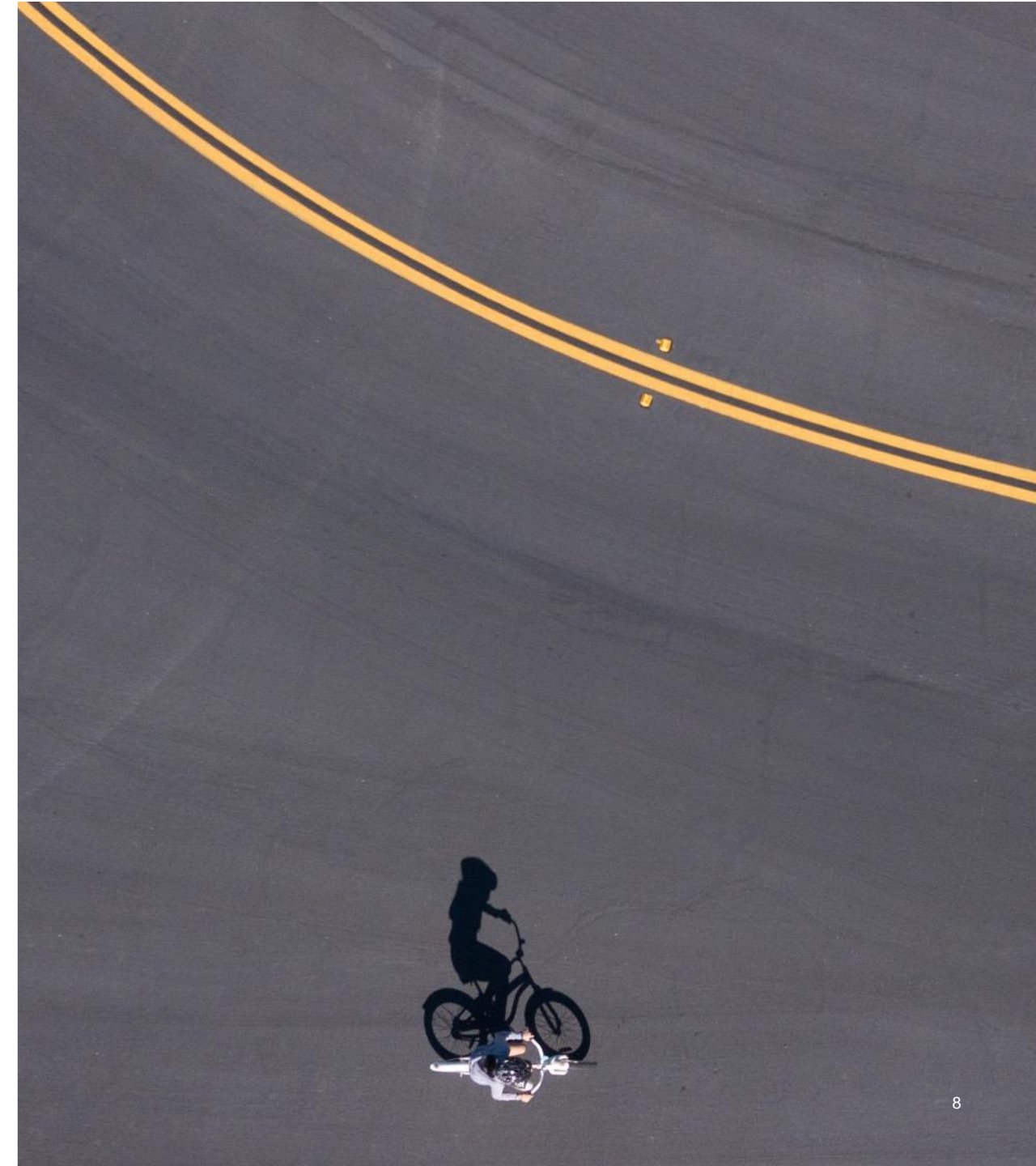
Employment taxes, immigration and social security obligations



# Way forward - propositions

## We could help with the following:

- connect with your tax and human resource teams
- hold discussions to understand business requirements and future secondments
- conduct a health check and provide an overall analysis on the areas of concern
- conduct a detailed analysis of a particular area to identify exposures and provide the way forward to mitigate risks
- analyse the overall assignment cost and identify areas of cost optimisation.





# Thank you

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