

# Presentation PG Global Mobility 2018 Regional European GGI Conference

## Program

16.00	-	16.05	Introduction
16.05	-	16.15	Part 1: European social security allocation rules
16.15	-	16.25	Part 1: Demonstration interactive map LIMES
16.25	-	16.35	Part 2: Global Mobility issues
16.35	-	17.15	Part 2: Interactive: How can you/your firm assist?
17.15	-	17.30	Part 3: Bonus discussion: you & GGI



# PART 1: European social security

- Applicable EU legislation
- Personal scope
- Basic rules
- Exceptions
- Allocation rules
- LIMES interactive website on European social security



# PART 1: European social security

## Applicable EU legislation

- EC Regulation 883/2004 (previously EC Regulation 1408/71 and 3/58)
- EC Regulation 987/2009 (previously EC Regulation 574/72)



# PART 1: European social security

## Personal scope

- Employees
- Self-employed persons
- Family members, civil servants

provided

- EU-nationals, Iceland, Liechtenstein, Norway or Switzerland
- Stateless persons or refugees
- non-EU nationals legally residing in the EU



# PART 1: European social security

## Basic rule

- Legislation of the country where one actually works. It does not matter where one lives or where one's employer is based

## Exceptions

- Posted workers, article 12
- Working in more than one country, article 13
- General exception, article 16

## Planning!



# Allocation rules



# PART 1: European social security

**INTERACTIVE MAP**



# PART 2: Global Mobility Solutions

## Global Mobility Workforce will grow, why?

- New distribution markets
- Cheaper production locations
- Centralizing operations
- Import / export know-how
- Attract / retain international talent

*Prof. Gunnar Heinsohn:*

- *“Talent is rare”*
- *“Talent can not be created”*
- *“War for foreign talent”*
- *“100 million immigrants required in the EU up to 2050”*





# PART 2: Global Mobility Solutions

## Why PG Global Mobility Solutions within GGI?

- Many companies/clients are involved in international business and local GGI members will have to be able to assist them on a global basis.
- Crucial to the further development of Global Mobility Solutions within GGI is to understand that the assignment of the first employee is often the initiator of new business.
- GGI firms may not only loose clients but also miss the boat for new business opportunities if they can not service their clients on a global basis.



# PART 2: Global Mobility Solutions

## Risks associated with Global Mobility

- Liabilities/penalties re. immigration, tax, social security and payroll
- Reputational risk in case of non-compliance
- Critical for success of international expansion
- Complex and changing regulatory requirements
- Expensive
- Human factor
- Employer's duty of care



# PART 2: Global Mobility Solutions

## Case study

- Assignment employee to your country
  - Employed by non-resident/foreign employer
  - No presence in your country
  - Employee subject to tax in your country
  - Employee subject to social security in your country
- How can you/your firm assist?



# PART 2: Global Mobility Solutions

## How can you/your firm assist?

- Permit issues
- Set up corporate structure
- VAT issues
- Transfer pricing issues
- Expat policies
- Employment contract/Letter of Assignment
- Calculation Cost of Living, Hardship, Location allowance
- Insurance issues

➤ **Your experience?**



# PART 2: Global Mobility Solutions

## How can you/your firm assist?

- Exit/entrance meetings
  - Salary/tax calculations
  - Tax issues, including application expat regimes
  - Social security issues, including application A1/Certificate of Coverage
  - Payroll & payrolling
  - Payroll instructions
  - Review payroll
  - Preparation income tax retrun
- **Your experience?**



# PART 2: Global Mobility Solutions

## Permit issues: our experience

- Permit decides part of the route for international expansion
  - Business visa?
  - Intra Corporate Transferee based on EU legislation?
  - Highly skilled migrant?
  - Dutch American Friendship Treaty?
  - Requirements, e.g. local sponsor or entity?
  - Other possibilities?



# PART 2: Global Mobility Solutions

## Transfer pricing issues: our experience

*“No, we do not have any expat issues.”*

- Review TP report on inter company charges
- Split salary situations do exist
- Split salary risks/opportunities
- Permanent establishment/representative (contract!)



# PART 2: Global Mobility Solutions

## Expatriate policies: our experience

- Design tailor-made expatriate policies
- Different expatriate policies
  - The average number of policies per company is 4.4 (source: Airinc)





# PART 2: Global Mobility Solutions

Expatriation policies, “one size does not fit all”. Mapping:



# PART 2: Global Mobility Solutions

## Expatriate Policies, basic approaches

- Home-based approach
- Host-based approach

## Variations

- Expat lite
- Local plus
- Local



# PART 2: Global Mobility Solutions

## Home-based approach, basic features

- Temporary assignment
- Maintain home country social security coverage
- Employer and employee pay the home based contributions
- Additional conditions in line with/based on home country coverage
- Coverage of family members included (in principle)
- Tax equalized or tax protected



# PART 2: Global Mobility Solutions

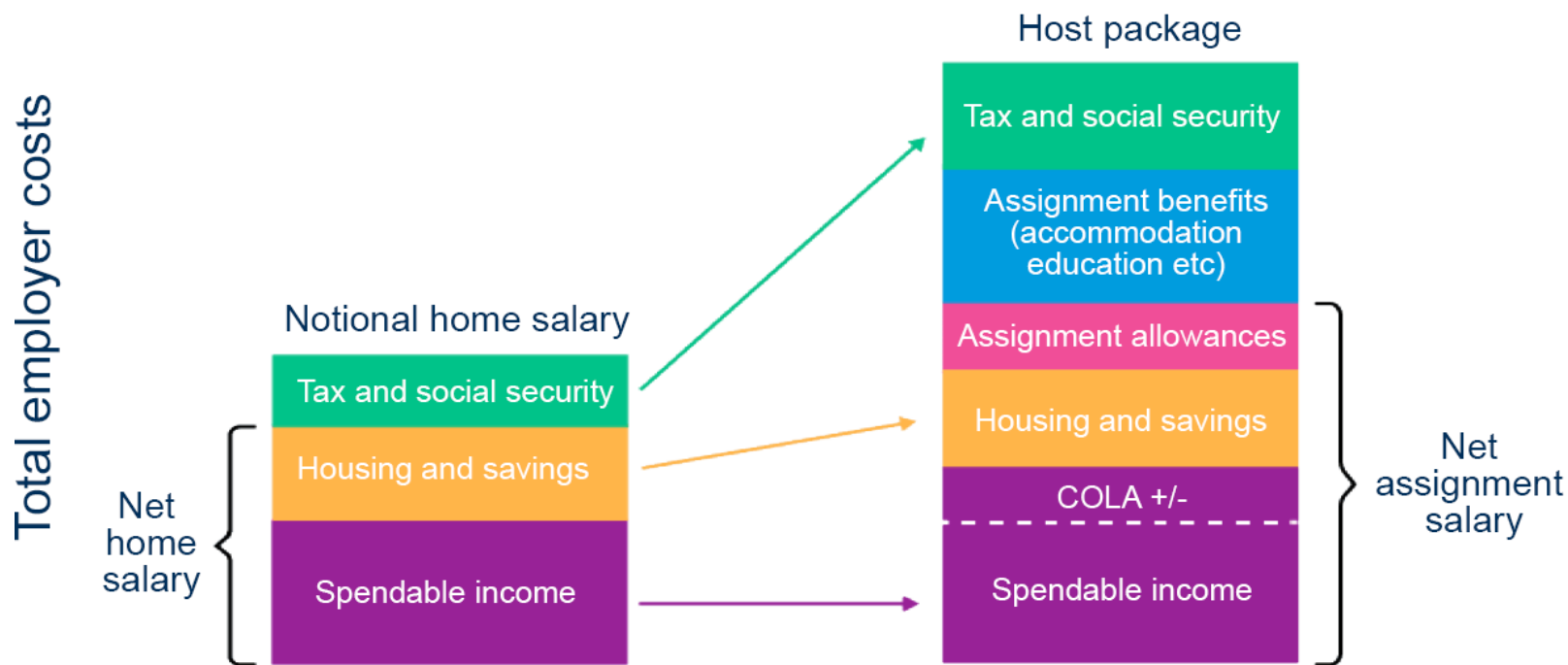
## Host based approach, basic features

- Long-term assignment or localisations
- Host country social security coverage
- Not tax equalized or tax protected



# Typical home-based balance sheet calculation

## Cost of Living Allowance calculation



# PART 2: Global Mobility Solutions

## Need for social security compliance (re. PART 1)

- Unlike income tax, social security is often exclusively paid via payroll withholding, making it practically impossible to subsequently amend payments in the event of errors
- Issues become apparent only after the problem has arisen (e.g. when claiming pension, sickness or accident benefits) and may relate human tragedies
- Employer remains responsible in view of its duty of care

As a result, compliant policies and real-time processes are of crucial importance for employers and employees.

# PART 3: Bonus discussion

- Your firm's vision/mission?
- Your firm's vision/mission regarding GGI?
- What do you/does our firm expect from GGI?
- How can GGI/GMS assist?
- *Is your firm involved in AI (Richard Tromans)? If so, how?*

# Questions

