



Mobility Programs: Navigating the Intersection of Tax & Policy

presented by

Joseph Leung, Senior Manager, Deloitte Tax LLP



Discussion Topics

- Relocation benefits
- Equity income reporting and withholding
- Permanent establishment
- Tax equalization – hypothetical tax withholding

Relocation Benefits

Income Taxation

- Methods of payments
 - Allowances / reimbursements / direct payments to vendors
- Countries of taxation
 - e.g. allowances & moving expenses
 - e.g. temporary living expenses

Relocation Benefits (cont'd)

Tax Gross-up Payments

- Rates
 - Flat (e.g. statutory or highest rate)
 - Variable (e.g. marginal rates)
 - Employee groups
- True-up reconciliation

Relocation Benefits (cont'd)

Expenses Eligible for Reimbursements

- Reimbursements for both taxable vs non-taxable benefits
 - Budgeting for tax gross up payments
- Reimbursements for non-taxable benefits only
 - Disparity of reimbursements across regions

Equity Income Reporting and Tax Withholding

Example - RSUs

- Employee transferred from US company to Canadian company as a local hire in Canada
- US-granted RSUs vest after becoming a Canadian employee
- US income reporting / withholding requirements?
- Canadian income reporting / withholding requirements?

Permanent Establishment

Examples

- Employee on a 3-year assignment from Sweden to the US
 - Corporate tax exposure
 - Mitigation measures
- A group of employees travel from the US to Canada, consecutively, to work on a project
 - Employee A spends 70 days
 - Employee B spends 60 days
 - Employee C spends 50 days

Tax Equalization – Hypo Tax Withholding

Determination

- Calculation based on projected income and deductions
- W-4s provided by employees
- Vendor tables

Reconciliation / Settlement Calculation



Thank You for Attending!

Presentation Available For Members
www.mybamm.org

