

# Mobility Tax 201

Presented by AIRINC and GTN

July 2025

# Your Presenters



**Jeremy Piccoli**  
Tax Director, **AIRINC**  
[jpiccoli@air-inc.com](mailto:jpiccoli@air-inc.com)  
+1.413.575.1999



**Raj Azad, CPA**  
Managing Director, **GTN**  
[razad@gtn.com](mailto:razad@gtn.com)  
+1.763.746.4557



If you require **CPE credit**, please make sure that you **answer at least 3 of the polling questions** in this session (excluding the final poll that will ask if you require CPE credit!)



A link to the recording of the session will be provided



A PDF copy of the presentation will be emailed to participants



Please post questions to the **Zoom Q&A panel [not in the chat!]** and we will address them at the end of the session

# Agenda

1. An Introduction to Tax Equalization and Tax Protection
2. Managing International Assignment Tax Costs
3. Taxation of Short-Term Assignees, Business Travelers and Remote Workers
4. Application of Tax Treaties






# Polling Question #1

**Which tax support does your company primarily provide?**  
*(Select all that apply)*

- 65.7% - Home-Based Tax Equalization
- 59.3% - Tax Gross-up on Allowances
- 8.7% - Tax Protection
- 16.9% - Only tax return preparation
- 13.4% - I don't know



# An Introduction to Tax Equalization and Tax Protection

|  | 1 to 12 Months   |                                    | 1 to 5 Years            |                                | Indefinite                      |                    |
|--|--|------------------------------------|-------------------------|--------------------------------|---------------------------------|--------------------|
|  Policy                     | Short-Term Assignment  | Medium-Term Project                | Long-Term Balance Sheet | Long-Term Host-Based           | Permanent Transfer / Local Plus | Localization       |
|  Comp.                      | Home   |                                    |                         | Host                           |                                 |                    |
|  Tax & Benefits             | Home (Tax-Equalized)   |                                    |                         | Host (Benefits = Home or Host) | Host                            |                    |
|  Data Elements (allowances) | Per Diem   | COLA (Cost of Living Differential) |                         |                                |                                 | Transition Pay-out |
|  | Short-Term Housing   | Housing & Utilities Allowance      |                         |                                |                                 |                    |
|  | Hardship   |                                    |                         |                                |                                 |                    |
|  | Home Leave   |                                    |                         |                                |                                 |                    |
|  | Education  |                                    |                         |                                |                                 |                    |
|  Policy Elements          | Healthcare<br>Relocation / Shipment / Temp. Living<br>Immigration<br>Tax Support |                                    |                         |                                |                                 |                    |

# Primary Policy Types

# Tax Equalization Overview

Tax equalization is the **cornerstone** of home-based, balance sheet assignments. **Here's why:**

## Preserves

- Protects employee's net purchasing power

## Universal

- Can be used for any home and host combination

## Flexible

- Easily modified to meet corporate objectives and policy preferences

## Consistent

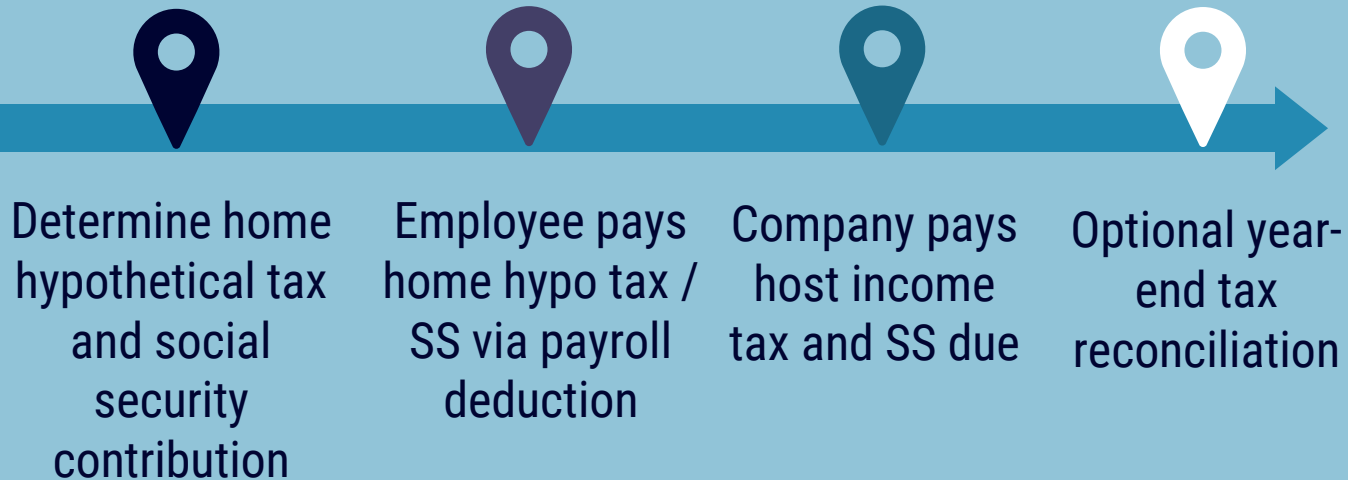
- Link to home benefits facilitates repatriation

## Fit for Purpose

- Serves as the foundation for determining cost of living and housing support

# Tax Equalization Overview

## Tax Equalization Process:



How is Tax Protection different?

## Sample Assignment Cost Breakdown:

|  |                |
|--|----------------|
| Base Salary                            | 100,000        |
| Hypothetical Tax                       | (32,774)       |
| <b>Net Base Salary</b>                 | <b>67,226</b>  |
| Plus Allowances paid in cash           | 190,500        |
| Cash Compensation assignee receives    | 257,726        |
| Allowances provided as benefit in kind | 150,000        |
| <b>Total</b>                           | <b>407,726</b> |
| <i>Tax Costs</i>                       |                |
| Host Country Tax Costs                 | 136,424        |
| Host Country Social Security           | 6,156          |
| <b>Total Assignment Costs</b>          | <b>550,306</b> |



# Tax Equalization vs. Tax Protection

## How are they different?

Having accepted an assignment, both are mechanisms to ensure that, **from a tax perspective**, an employee is:

**TAX EQUALIZATION:**  
neither better  
nor worse off financially

**TAX PROTECTION:**  
not worse off financially

## Provisions

### Personal Income

- Spousal earned income
- Interest income, dividends, capital gains, rentals
- Home sale

### Equity Income

- How is it tracked and reported?
- Trailing tax liabilities from equity income

### TEQ Settlements

- Always prepared or done by request?
- Depends on home country / situation?

# Host / Localization Package Outlook

Not always cheaper than Home-Based Equalized!

| AFFINITY           | EXCELLENT  | ACCEPTABLE  | NOT ADVISABLE   |
|--------------------|--|---|---|
| <b>Combination</b> | Intra-regional moves b/w similarly developed locations   | Economic development similar  | Economic development dissimilar   |
| <b>Tax</b>         | <ul style="list-style-type: none"><li>• Similar or lower at host</li><li>• No home country obligation</li><li>• Home tax residency can be broken</li></ul> | Similar home country tax filing may be required but foreign tax credits permissible | High host tax rate home country tax obligation, home tax residency difficult to break |
| <b>Wages</b>       | Wage similarity  | Wage similarity   | Wage dissimilarity  |
| <b>Culture</b>     | Similar  | Similar   | Dissimilar  |
| <b>Benefits</b>    | Pension / SS portability   | Pension / SS portability OR similar benefits available                              | Payroll, benefits, currency, or other restrictions                                    |

Host / Localization

**Typically permanent**

(Direct hire; transition from expatriate package; volunteer)

Host pay, minimal transition

Host Plus

**Typically temporary**

Additional benefits provided on a temporary basis

# Managing International Assignment Tax Costs

# Managing Mobility Tax Costs – the Basics

## DO

- Start the process in advance
- Clarify your expenditure
- Communicate anticipated expenditure to the Business Unit
- Business Unit sign off on budget
- Work with finance to establish an accrual
- Manage and review that accrual

## DON'T

- Have the Business Unit start the process
- Make assumptions on other countries
- Assume local-to-local is cheapest
- Forget Social Security
- Forget the human aspect

# Taxation of: Short-Term Assignees Business Travelers Remote Workers

# Short-Term Assignees & Business Travelers: What is the Difference?

|                     |   |
|---------------------|---|
| Short-Term Assignee | Sent to work at a host location for a <b>defined period</b> , usually between 3 and 12 months.  |
|                     | <i>For example, an employee going from the U.S.A. to Germany for a project lasting 7 months would be considered an STA.</i>                           |
| Business Traveler   | An employee working from one or more locations for an <b>undefined period</b> over a longer timeframe.  |
|                     | <i>For example, an employee going from the U.S.A. to Germany for a project whereby they travel one week every month would be a business traveler.</i> |

## What else is different?

- Policy types?
- Internal owners and processes?
- Taxability from “Day 1” versus the “183-day rule” – why does this matter?
- Reporting?

# Remote Workers

A remote worker is an individual working from another location than their assigned office operated by their employer.

How is this different than a business traveler?

# Remote Worker Issues...

## Tax

- Personal
- Domestic
- Treaty

## Social Security

- Next session!

## Data & Tracking

- Methods & responsibility

## Records & Process

- Legal requirements & audit defense

## Payroll & Expenses

- Per Diems
- Reporting & withholding

## Immigration

- Visas
- Permits
- Other

## Policy Types

- Applicability

## Other

- Employment law
  - VAT
- Regulatory
- Safety



# Polling Question #2

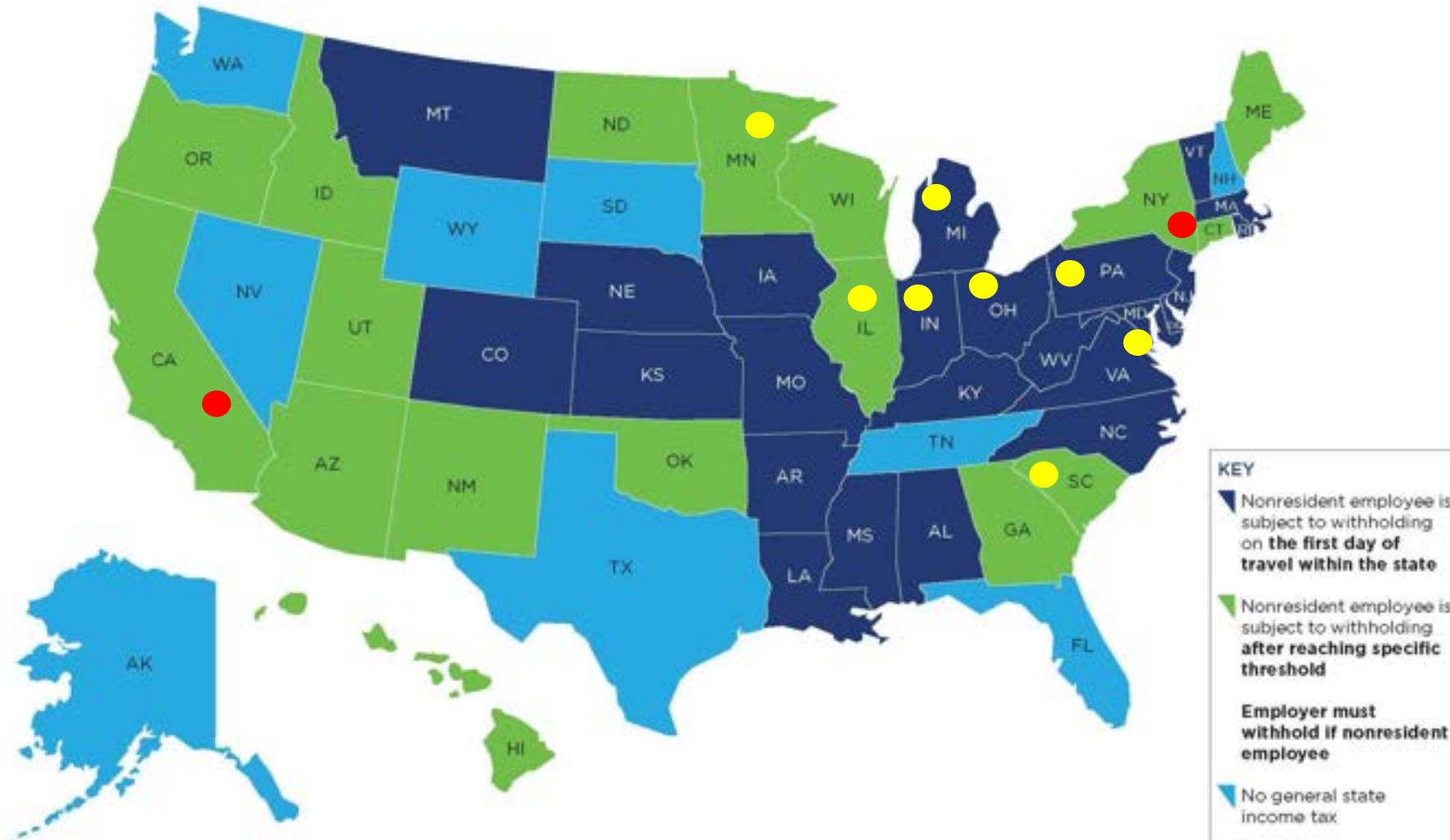
## Does your company manage remote worker risk globally?

- 48.3% - Yes, we are on top of it
- 21.8% - We have started to do something
- 8% - No
- 5.7% - We are thinking about it but haven't done anything
- 16.1% - I don't know



# Domestic Considerations

# U.S. State-to-State Withholding Requirements



But what about the “Mobile Workforce State Income Tax Simplification Act”?

- Aggressive audit activity
- Increased audit activity

# Global Considerations

# Global Business Traveler Hotspots

## **U.S.A. to U.K.:**

STBV reporting  
and rolling  
period for days

## **U.S.A. to Canada:**

T-4 reporting &  
withholding for 1  
workday

**Any Country to  
California (U.S.A.):**  
CA taxes, treaty does  
not apply

**India to U.S.A.:**  
Tax treaty,  
but no totalization  
agreement

**Philippines to U.S.A.:**  
90-day threshold,  
not 183 day

## **U.S.A. to Korea:**

USD 3,000 limit for  
treaty exempt  
income

**Brazil / Singapore  
to U.S.A.:**  
No tax treaty

**U.S.A. to Australia:**  
Economic employer  
argument



# Polling Question #3

## Who looks after your business travelers internally?

- 32.8% - Human Resources or Mobility
- 16.4% - Travel or Payroll
- 1.6% - Immigration
- 0.5% - Corporate Tax
- 48.6% - All or a combination of the above



# Application of Tax Treaties

# Introduction to Tax Treaties

- Many countries have agreements with other countries to mitigate **double taxation** (a.k.a. Double Tax Avoidance Agreement)
- U.S.A. has approximately **70 treaties with other countries** (approximately 30 totalization agreements)

## General reasons for treaty agreements

- Reduce double taxation / tax evasion
- Encourage cross-border trade / business

## Treaties cover

- Income
- Inheritance
- Value-added taxes

## Treaties do not cover

- Social taxes



# Employment Income and Treaties: Dependent Personal Services (DPS)

**Purpose:** Tax exemption for services performed in host location

- Article 15 of the treaty (generally)
- Article 14 – U.K./U.S. Tax Treaty

## General requirements to elect:

- The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any 12-month period commencing or ending in the taxable year concerned
- The remuneration is paid by, or on behalf of, an employer who is not a resident of the other State
- The remuneration is not borne by a permanent establishment which the employer has in the other State

## Issues / Considerations

- Economic Employer vs. Legal Employer (OECD Commentary)
- State taxes
- Social taxes

# Residence

**Purpose:** Determine the residency of an individual when they are resident of both countries.

- Article 4 of the treaty (generally), AKA “Tie-Breaker”, not all the same. Determined as follows:

Individual is deemed to be a resident in which they have a permanent home available; if the individual has a permanent home available in both States or in neither State, they shall be deemed to be a resident of the Contracting State with which their personal & economic relations are closer (center of vital interests)

If the Contracting State in which the individual has their center of vital interests cannot be determined, they shall be deemed to be a resident of the Contracting State in which he has a habitual abode

If the individual has a habitual abode in both States or in neither State, they shall be deemed to be a resident of the Contracting State of which they are a citizen

If the individual is a citizen of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement

- *Note that the tie-breaker is not a cumulative test.*
- *It is relatively subjective but relatively easily defended.*

# Polling Question #4

**Using an income tax treaty avoids all taxes in the host jurisdiction.**

- 4.9% - True
- **95.1% - False**



# Questions

# Polling Question #5

**Do you require Continuing Professional Education credit (CPE)  
as a CPA?**

- Yes
- No



## Requesting (S)CRP® Recertification Credit

Seminar ID: 28053

**Sponsoring Organization:** Global Tax Network US, LLC (GTN)/AIRINC  
**Seminar Title:** GTN/Airinc 2025 Mobility Tax 201 (Live Session)  
**Location:** Online  
**Date:** 07/10/2025  
**CRP® credit hours:** 1

- It is the responsibility of the (S)CRP® (NOT the sponsoring organization) to submit the credit hour(s) to their individual record. Please keep the original for your own files.
- The credit request may be matched with the attendee roster provided to Worldwide ERC® by the sponsoring organization after the seminar. Names not appearing on that attendee roster cannot use the credit towards their continuing education credit hours.

CRP Department: +1 703 842 3400, Option 2  
[CRP@us.worldwideerc.org](mailto:CRP@us.worldwideerc.org)

## Requesting (S)GMS/(S)GMS-T® Recertification Credit

Seminar ID: 28053

**Sponsoring Organization:** Global Tax Network US, LLC (GTN)/AIRINC  
**Seminar Title:** GTN/Airinc 2025 Mobility Tax 201 (Live Session)  
**Location:** Online  
**Date:** 07/10/2025  
**GMS® credit hours:** 1

- It is the responsibility of the (S)CRP® (NOT the sponsoring organization) to submit the credit hour(s) to their individual record. Please keep the original for your own files.
- The credit request may be matched with the attendee roster provided to Worldwide ERC® by the sponsoring organization after the seminar. Names not appearing on that attendee roster cannot use the credit towards their continuing education credit hours.

GMS Department: +1 703 842 3400, Option 3  
[GMS@us.worldwideerc.org](mailto:GMS@us.worldwideerc.org)

### TO ADD CREDIT(s)

- 1) Go to the Worldwide ERC® website, [www.WorldwideERC.org](http://www.WorldwideERC.org), and log on to "Sign in/Join," then click the "My Profile" link and select "Account".
- 2) Click on "Education Credits" and then "Add New Education Credit".
- 3) From the drop-down menu select "CE Credits" and follow the directions.
- 4) Please note that you will need the Seminar Title Name and Seminar ID number when entering the credit. Your credits will appear in your record instantly but will be marked as pending until they are approved by the Worldwide ERC Staff.
- 5) If you have both the CRP® and GMS® designations the CE Credits will be applied to both when approved.

# LIVE SESSION

## Seminar ID 28053

## Requesting (S)CRP® and (S)GMS/(S)GMS-T® Recertification Credit

Seminar ID: 28056

**Sponsoring Organization:** Global Tax Network US, LLC (GTN)/AIRINC

**Seminar Title: Effective** ASYNC-GTN/Airinc 2025 Mobility Tax 201 (On-Demand)

**Dates:** 10 July 2025 - 31 December 2025

**CRP® credit hours:** 1

- It is the responsibility of the individual (NOT the sponsoring organization) to submit the credit hour(s) to their individual database record. Please keep the original form for your own files.
- The credit request may be matched with the attendee roster provided to Worldwide ERC® by the sponsoring organization on a quarterly basis. Names not appearing on that attendee roster cannot use the credit towards their continuing education credit hours.

### TO ADD CREDIT(s)

- 1) Go to the Worldwide ERC® website, [www.talenteverywhere.org](http://www.talenteverywhere.org), and log on to "Sign in," then click the "My Account" link and select "Account".
- 2) Click on "Education Credits" and then "Add New Education Credit".
- 3) From the drop-down menu select "CE Credits" and follow the directions.
- 4) Please note that you will need the Seminar Title Name and Seminar ID number when entering the credit. Your credits will appear in your record instantly but will be marked as pending until they are approved by the Worldwide ERC® Staff.
- 5) If you have both the CRP® and GMS® designations the CE Credits will be applied to both when approved.

CRP Department: +1 703 842 3400, Option 2

[CRPInfo@TalentEverywhere.org](mailto:CRPInfo@TalentEverywhere.org)

GMS Department: +1 703 842 3400, Option 3

[GMS@TalentEverywhere.org](mailto:GMS@TalentEverywhere.org)

# ON-DEMAND / ASYNCHRONOUS

## Seminar ID 28056



# Thank You


[www.air-inc.com](http://www.air-inc.com)

[www.gtn.com](http://www.gtn.com)

## Join us for our next session

**Mobility Tax 301**

August 7 at 10 AM Boston / 3 PM London

- 
- Taxation of Deferred Compensation and Pensions
  - Social Security and Totalization
  - Compensation Structuring for Global Mobility



Global Tax Network

