

Back to Basics – Global Mobility Services

Employer Solutions

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Agenda

- Who are your globally mobile employees, how are they taxed?
- What is tax equalisation, what are the alternatives?
- How did the 2019 Budget impact your globally mobile employees?
- What are the top issues and common errors when dealing with expatriates in Singapore?

Globally mobile employees

Generally:

- 1 Individuals on secondments / assignments
 - Short-term: less than 1 year
 - Long-term: more than 1 year
- 2 Business travelers / commuters
 - Multiple travels to same or different locations
 - Usually no formal arrangement (ad-hoc/business needs basis)
- 3 Individuals with regional roles
 - Travels regionally to conduct business for the companies

Can also include:

- 1 Individuals on local permanent transfers (i.e. on local market terms)
 - On local payroll
 - No expatriate benefits

What are the considerations when planning for your globally mobile employees

Income

Cash payments

1. Salary
2. Bonus
3. Allowances / Per diems

Social insurance

Home country

1. Mandatory / non-mandatory
2. Totalisation agreements

Benefits

During assignment

1. Housing
2. Car
3. Education
4. Home leave
5. Relocation

TAX

Home/Host implications

1. Tax treatments
2. Tax reporting requirements (Employer / Employee)

Equity

During assignment

1. Restricted shares
2. Stock options awards
3. Tax treatments
4. How to report

Residency

Home/Host

1. Right to work
2. Domestic rules
3. Treaties
4. Exemptions



How are employees taxed?



HOW

Tax residency

- At least 183 days
- 2-year/3-year administrative concession

Types of income

- Administrative concessions available

Source of income:

- Before Singapore
- After Singapore

How are employees taxed?



- Usually as Non-Resident (NR)
- ≤ 60 days: exemption available*
- > 60 but < 183 days: tax treaties*
- Tax clearance requirements
- Immigration
- Permanent establishment issues **



Long term:

- Usually Resident (R)
- Not Ordinarily Resident (NOR) Scheme
- Tax clearance requirements

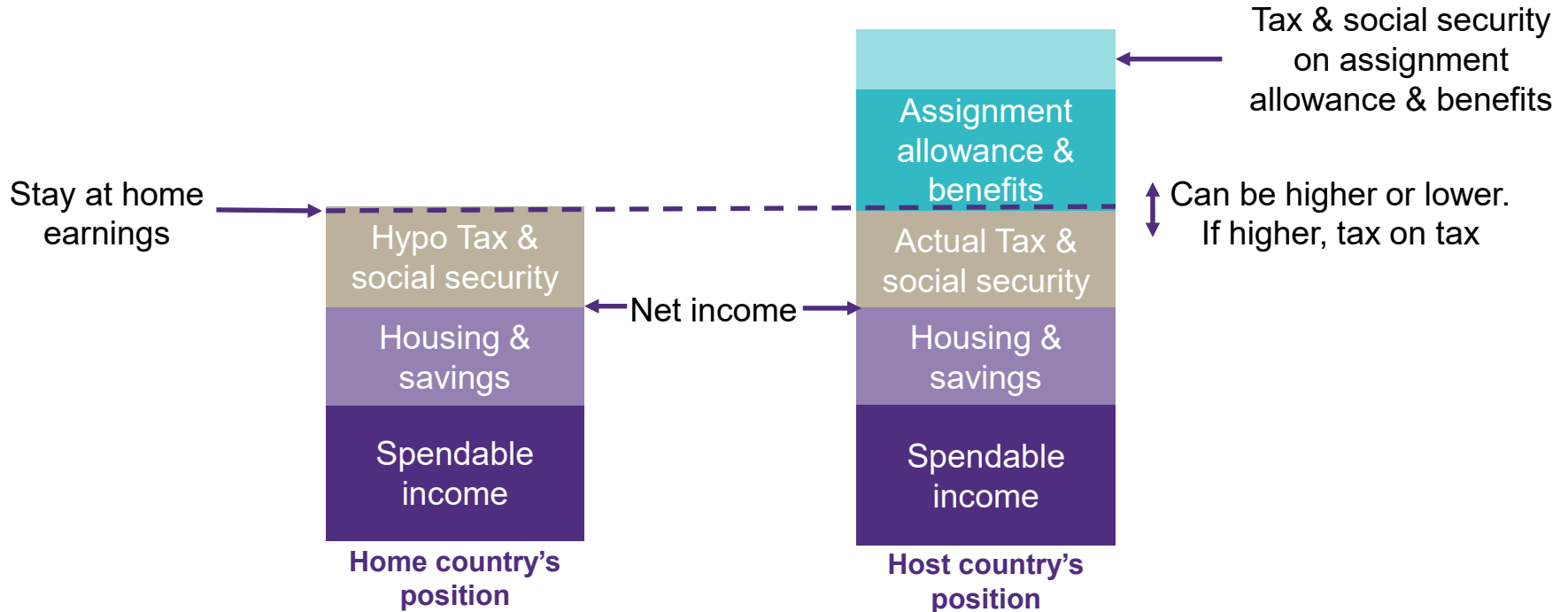
Short-term:

- can be R or NR
- Tax treaties claims
- Tax clearance requirements



- Usually R on the basis of full time employment
- NOR
- Tax clearance requirement

What is tax equalisation



Alternatives to tax equalisation

Tax protection

- Employee pays no more tax than back at home
- Employer pays the excess tax incurred in host location
- Employee can pay less tax than back at home

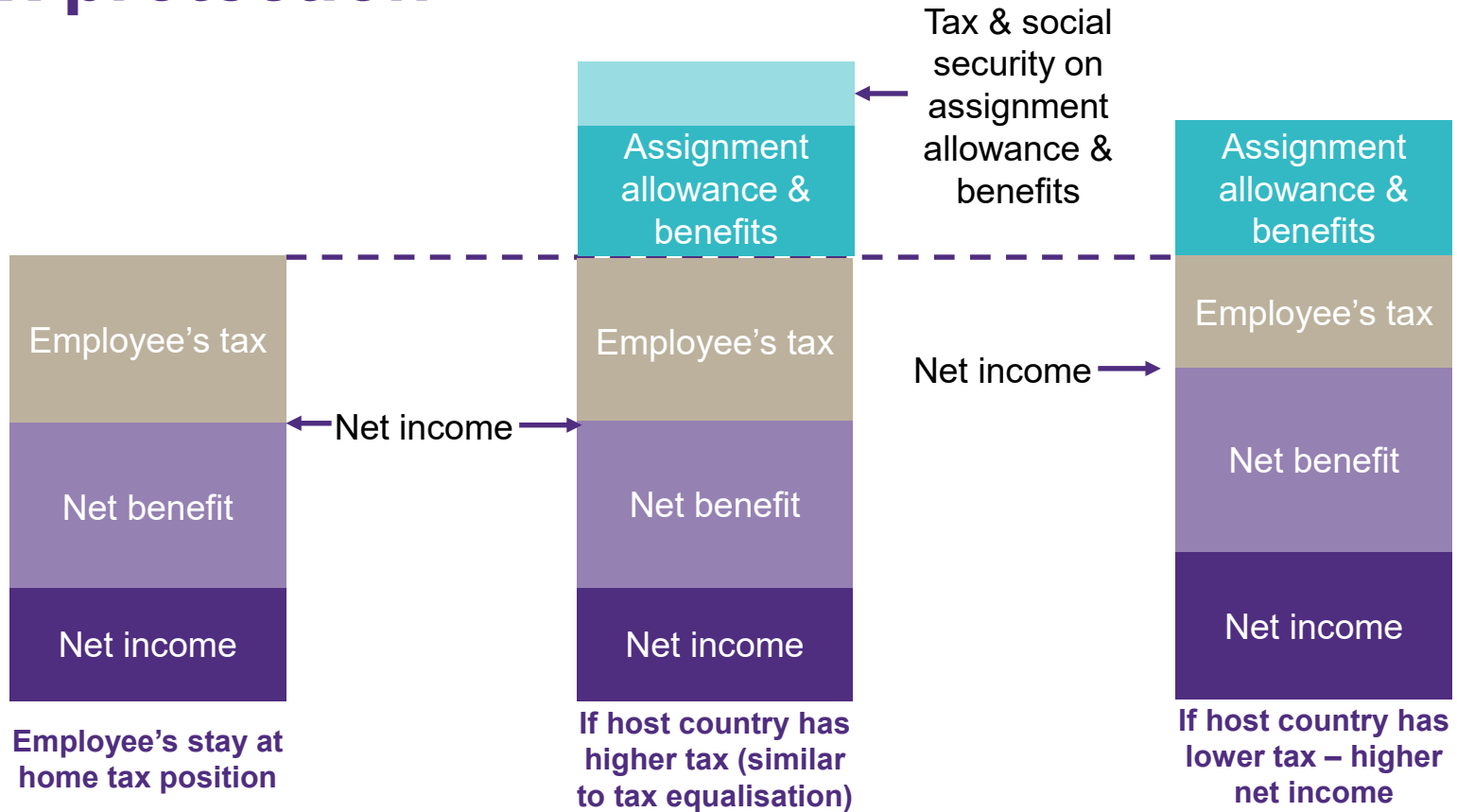
E'er bears tax on assignment benefits

- Employee pays tax on all income except assignment benefits
- Employer pays tax on assignment benefits (such as accommodation, relocation, home leave, education, etc)

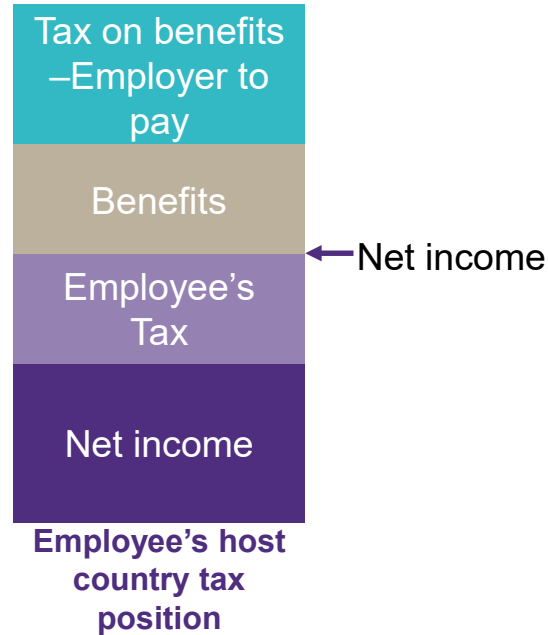
Do nothing

- Employee pays tax on all income and benefits provided

Tax protection



Employer bears tax on assignment benefits



2019 Budget impacts on your globally mobile employees – historic changes

- YA 2015 – change to accommodation benefit
- YA 2018 – change to home leave benefit
- **YA 2020 – withdrawal of NOR relief**
- YA 2020 – change to accommodation benefit
- YA 2020 – change to car benefit

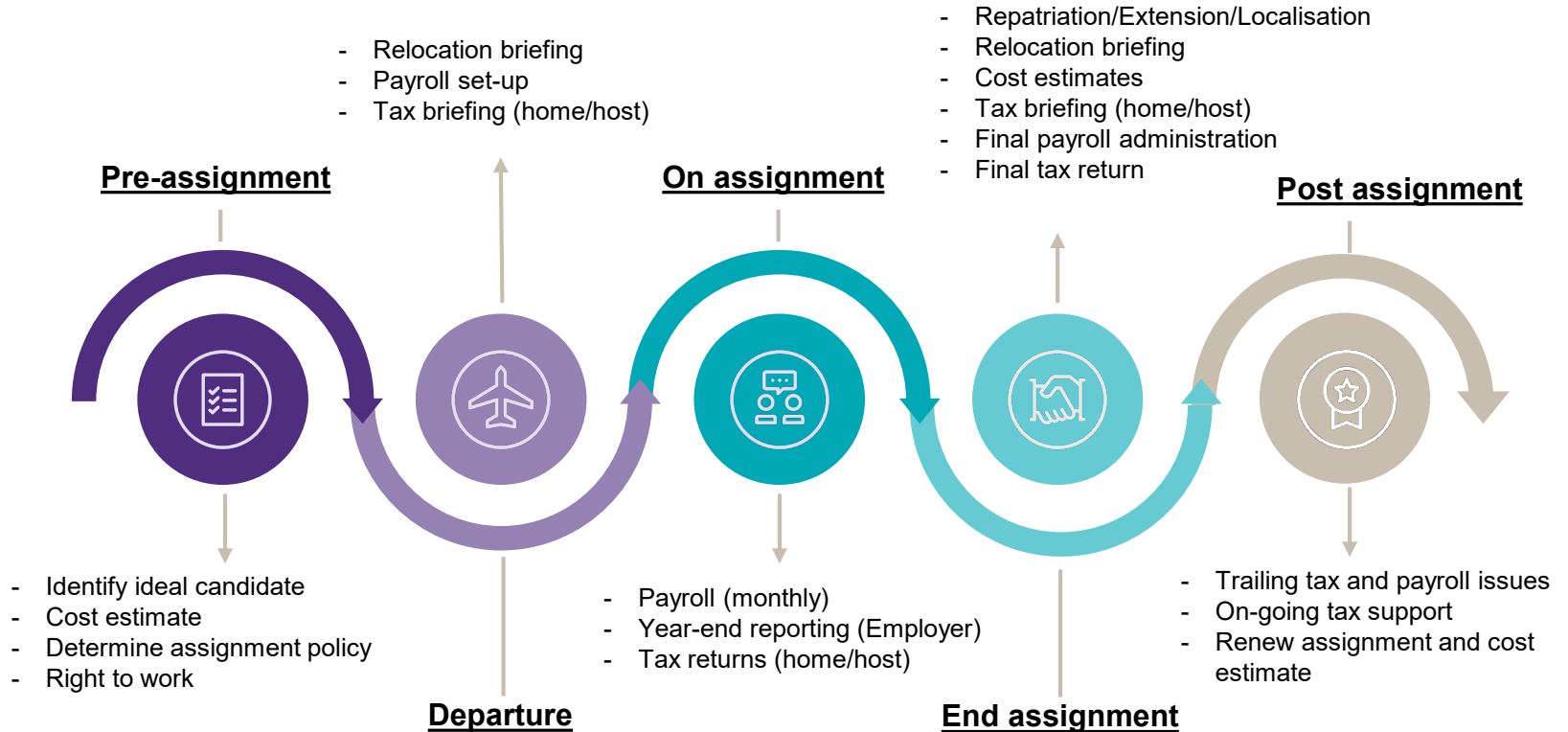
2019 Budget – changes to NOR

- NOR relief claim
 - Must register with YA2020 tax return
 - Last people to benefit are those arriving during calendar year 2019.
- Time apportionment
- Relief for non-mandatory overseas employer pension contributions

Top issues and common errors when dealing with expatriates

- i) Missing benefits from tax reporting
- ii) Equity – deemed exercise rule
- iii) Assuming treaty for non-treaty countries
- iv) Letter of Guarantee requests
- v) Short-term assignment < 183 days
- vi) Business travellers
- vii) Regional employees

A typical expatriate lifecycle



Thank you

Any questions?



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