

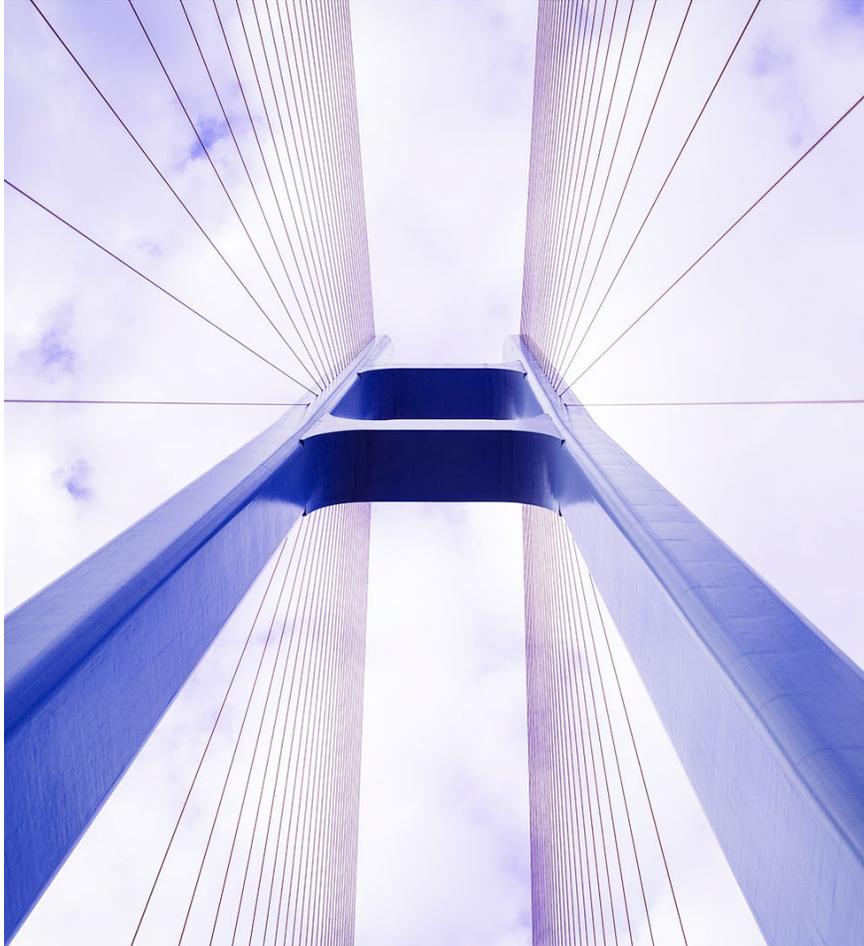


# Current Trends in Global Mobility

CPTS Fall Lecture Series

September 28, 2022





# Contents

## 01 Work From Anywhere

- KPMG Study and Benchmarking
- Best Practices

## 02 CRA Audit Trends

- Reg 102/105
- Foreign Tax Credits
- Equity Compensation related to Non-residents

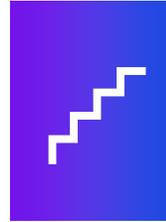
**01**

# **Work from Anywhere Trends**

# Executive summary

The KPMG study results are based on our “Current trends in remote working” survey conducted in September 2021. More than **530 companies** from **46 different jurisdictions** participated. The survey also covers 14 different industries.

In addition to that, insights were derived from our **benchmark data base** which entails details from different client projects.



## The rise of remote working policies

Almost 90% of the companies are considering a remote working policy or have already introduced one.



## The reasons why

Employee-related factors are the main drivers for companies to introduce remote work.



## The responsible functions

Among a variety of involved stakeholder groups, HR, Tax or Global Mobility tend to be the leading functions for international remote work arrangements.



## The types of remote working

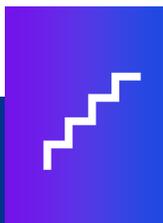
Across country borders, short-term remote work scenarios (< 90 days) are most common.



## The challenges

With tax and legal risks cited as the biggest challenges in international remote work, compliance must be considered when establishing policies and procedures.

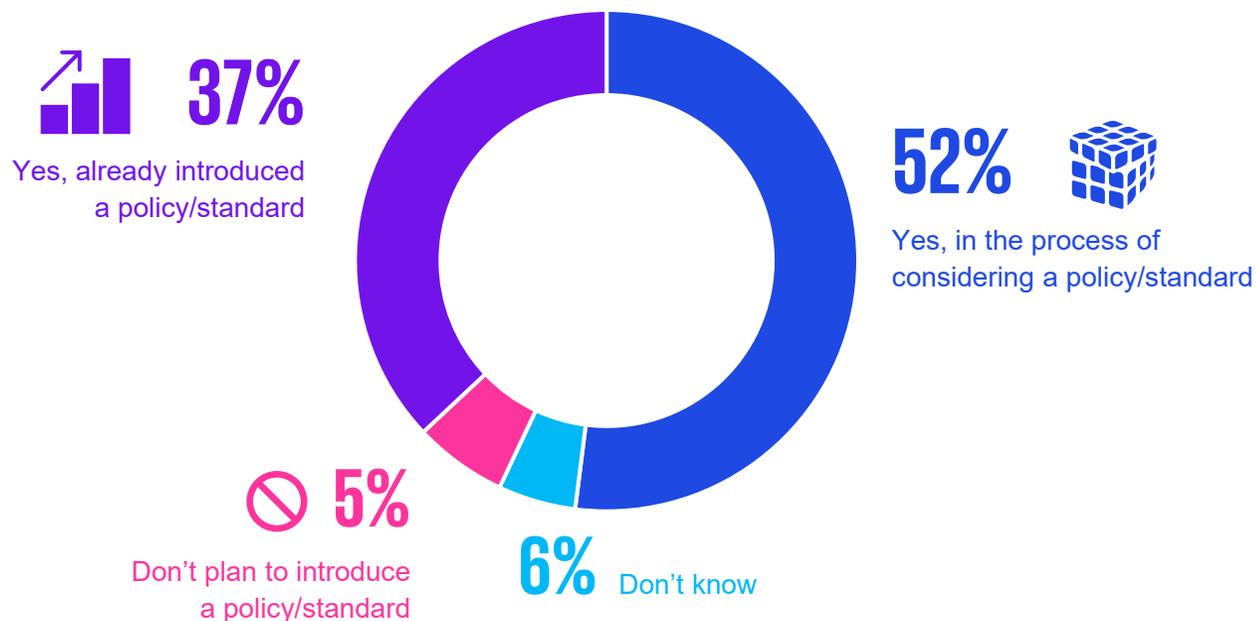
# The rise of remote working policies



## Remote work is here to stay

The vast majority of companies and organizations are pursuing a long-term strategy for remote working and introduce or consider introducing formalized policies/ standards.

Is your organization considering introducing remote working as a standardized policy?



Source: KPMG International Study (2022): "Current trends in remote working: Work from Anywhere"

# The reasons why – Key drivers for remote working



## Employees as key driver

For the majority of companies, key drivers towards remote working are employee-related, indicating that a focus on employer branding and the employee value proposition is becoming increasingly important for businesses to succeed in competitive talent markets.



Source: KPMG International Study (2022): "Current trends in remote working: Work from Anywhere"

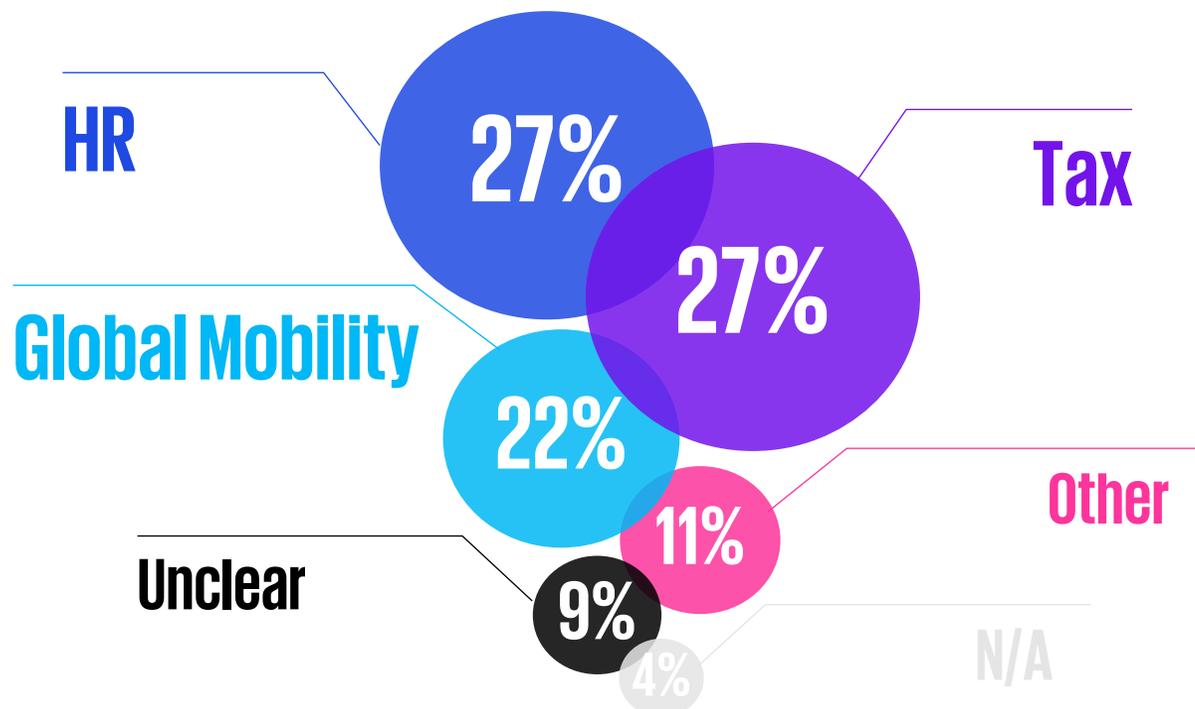
# The responsible functions



## HR & Tax as responsible functions

HR and Tax functions take the lead in managing international remote work arrangements, while collaboration between the functions is crucial to handle the complexity involved.

Who is responsible for cross-border remote working arrangements in your organization?



Source: KPMG International Study (2022): "Current trends in remote working: Work from Anywhere"

# Remote work is relevant to all parts of the business



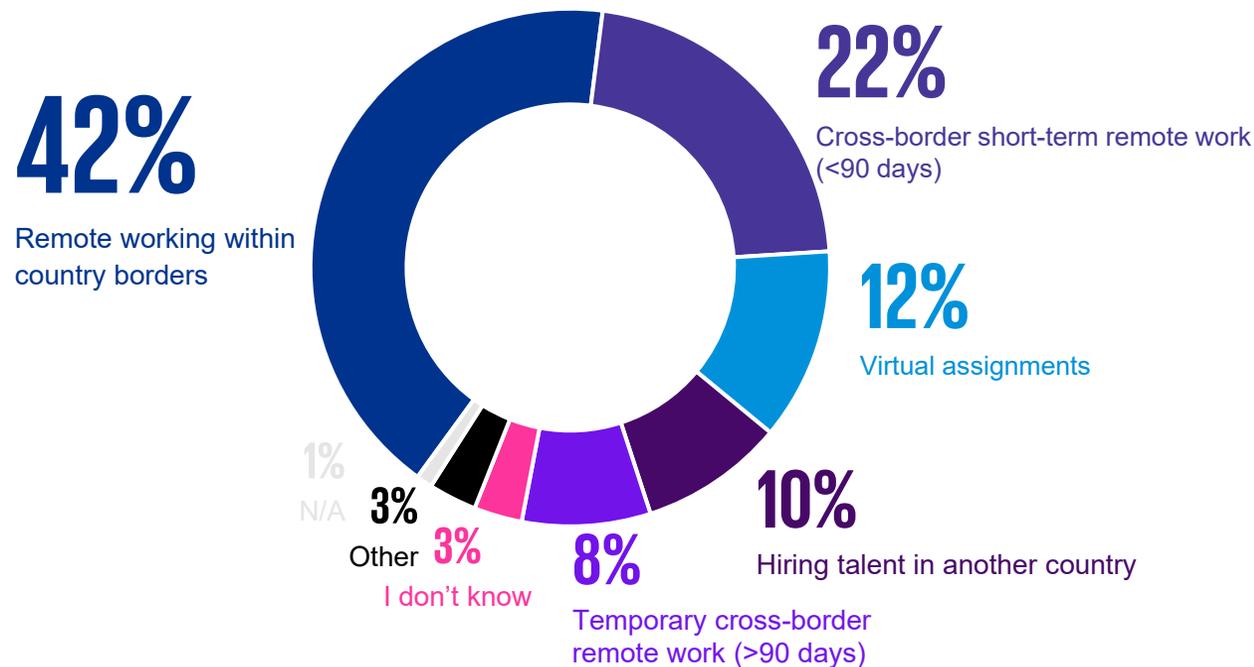
# The types of remote working



## Across borders, short-term constellations topping the list

Most companies started by introducing remote work concepts within country borders. When it comes to remote working across borders, short-term remote work scenarios for less than 90 days are most common.

Which patterns of remote working has your organization introduced or considers to?



Source: KPMG International Study (2022): "Current trends in remote working: Work from Anywhere"

# The challenges – Overview on common problems



## Tax and legal compliance

For the majority of participants tax and legal compliance represent the biggest challenges. The variety of tax and legal obligations already needed within country borders increases in complexity when additional international regulations must be fulfilled.

Therefore, implementing a framework with clear conditions and compliance measures is critical when introducing international remote work.

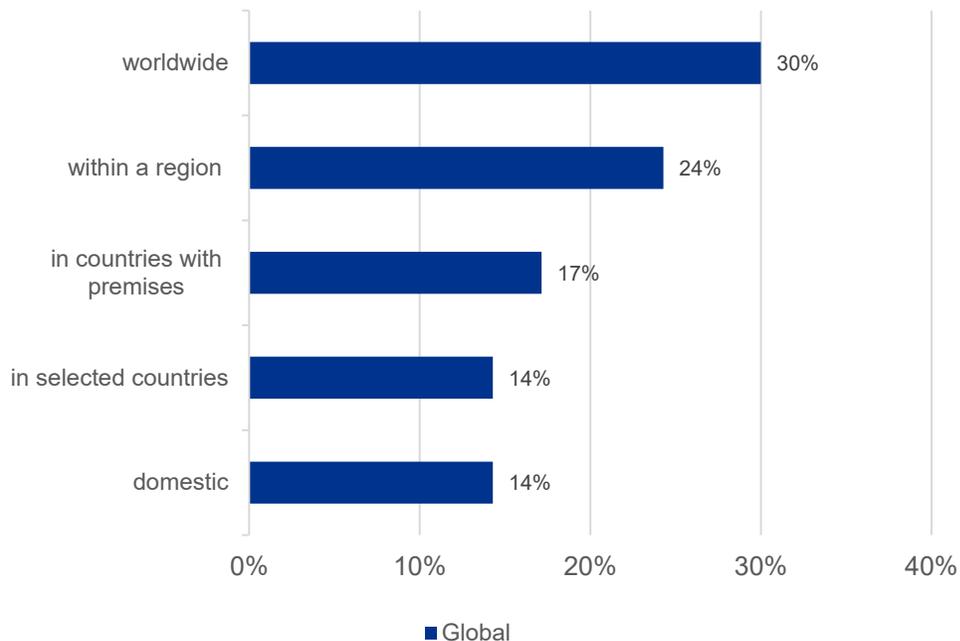
What are the main challenges for your organization in introducing remote working?



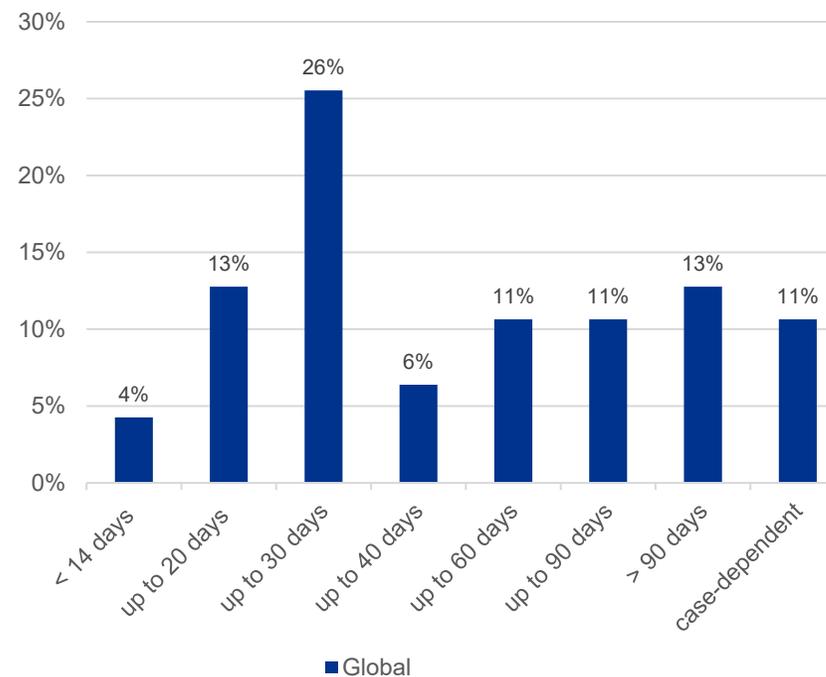
Source: KPMG International Study (2022): "Current trends in remote working: Work from Anywhere"

# The challenges – Policy limitations to decrease risk exposure

How much flexibility is provided in terms of the location?



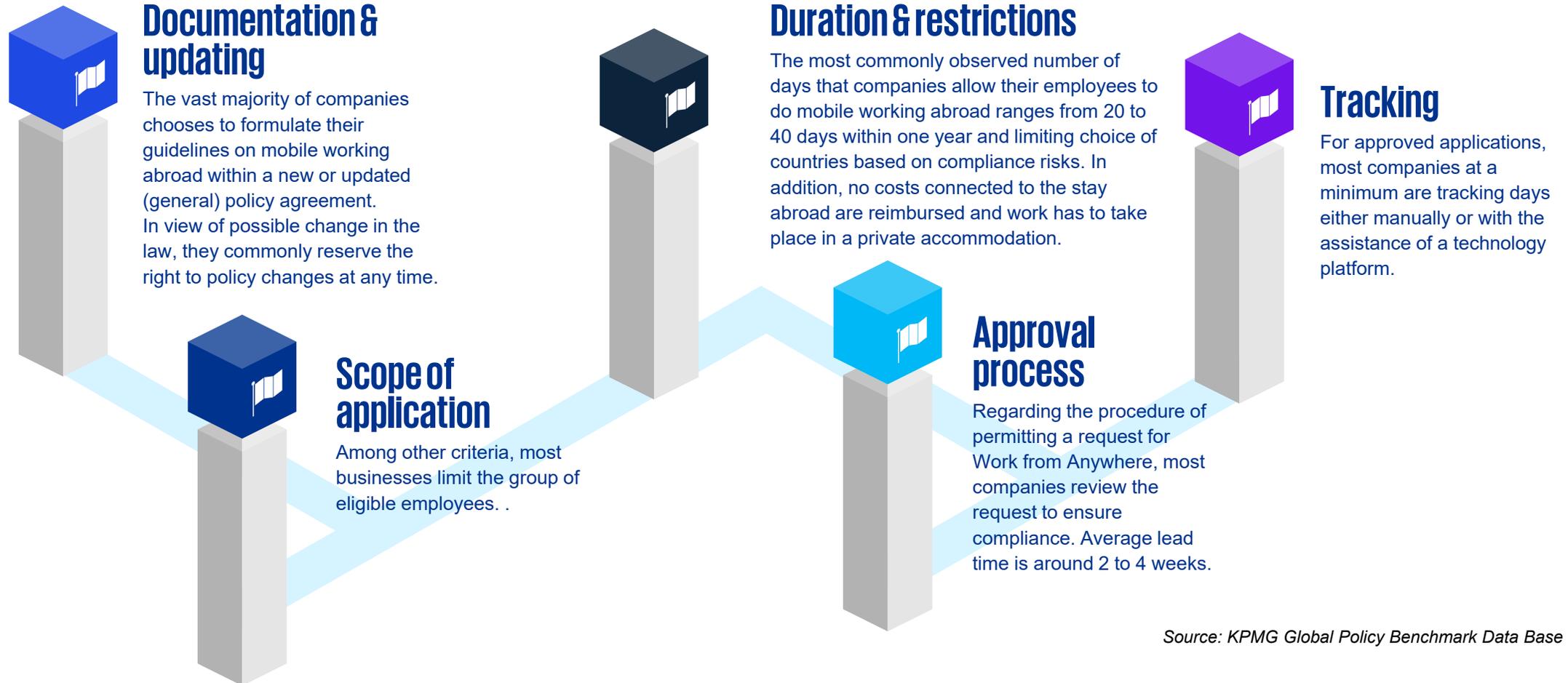
How much flexibility is provided in terms of the duration?



Source: KPMG Global Policy Benchmark Data Base

To reduce tax and legal risks of cross-border remote working, companies set limitations, e.g. with regard to country combinations and duration. Comparing approaches from KPMG client projects, research and conversations, the technology industry can be considered more “progressive” as the majority of companies allow remote working on a worldwide basis and some even up to 90 days.

# Work from Anywhere implementation



Source: KPMG Global Policy Benchmark Data Base

**02**

# **CRA Audit Trends**

# CRA Audit Activity

## ❖ Reg 102/105

- Continuing to see audit activity around both Reg 102 and Reg 105.
- For individuals reviews related to line 232 deductions for individuals. Reviews are requiring copies of contracts, detailed description related to services rendered, location and work space details, travel data as well as foreign tax returns and assessments. Also see activity related to non-resident certification and compliance. Requests relate to adequate documentation and tracking.
- For payments to foreign contractors or corporations, we are still see detailed activity on audit requests. Generally, requiring a significant review of books and records as well as contracts.
- Seeing 10% penalties assess in cases were under withholding was identified.

# CRA Audit Activity

## ❖ Line 232 deductions for Non-resident equity compensation

- Non-resident taxpayer with stock option income reported on a T4, filed Canadian return and deducted non-Canadian source portion on line 232.
- Legislative history on this subparagraph traces back to signing bonuses
- Recent case, *Nonis v. The Queen*, 2021 CarswellNat 1006, 2021 TCC 31, speaks to a similar situation – judge concludes that CRA’s application of 115(2)(c.1)(ii) to taxpayers without signing bonus issues is *“contrary to the general rule and scheme of the Act”*

## ❖ Foreign Tax Credits

- Significant increase for supporting document requirements related to foreign tax credits. In addition to foreign tax returns CRA is require proof of payment or refund. For documents in foreign languages they are also requiring a certified translated copy.



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