



COVID-19 - the potential challenges

The main areas for consideration, and how globally mobile employees may be affected, are explained below.

Income Tax

For many employees residing in countries other than their country of employment or assignment, the tax position is likely to change. For example, assignees returning home during the COVID-19 lockdown or cross border commuters unable to travel to their regular office, could possibly have a different tax residency than anticipated. This has potential knock-on implications in terms of the rates of income tax suffered, and the jurisdiction (country, state or canton etc.) in which the tax is payable.

Many national and regional authorities have responded with unilateral measures that have generally been helpful. For example France and Switzerland have agreed that the tax positions of cross-border workers will not be impacted during the COVID-19 restrictions. The OECD has also released guidance encouraging national tax administrations to work together, noting that the tax residence position should not be affected for individuals who are stranded as a result of the virus. The challenge, however, is to deal with all the various positions taken by the different countries within your geographical area and taking the necessary actions, for both employees and tax-equalised assignees.

Social Security

A similar country-by-country approach to social security is emerging. Within the EU we know that existing A1s remain valid; in situations involving a non-CH/EU country the picture is less clear, and this could mean that some individuals, and by extension businesses, are liable to pay contributions in different countries. Again, the major challenge here is to understand the global landscape and take the most advantageous positions available.

Permanent Establishment ('PEs')

When senior individuals work in locations other than their country of employment, there is a heightened risk of creating PEs given the amount of time they spend there and the nature of many of their roles (e.g. concluding contracts). Unlike tax and social security there is limited guidance available about how different countries might interpret the situation, and we would therefore recommend that the current working location of senior employees and assignees is investigated in order to determine whether any risks exist.

Immigration

The [Deloitte Travel Risk eMap](#) sets out the latest immigration restrictions, and subsequent relaxations, that apply around the world. Assignees should be affected less, since they should already have had correct

immigration documentation in place for their host country before COVID-19. A greater potential exposure may exist for employees relocated to, or stranded in, a country where they do not have the correct immigration documents.

Duty of Care

Another major consideration is the duty of care owed by employers to both assignees and regular employees affected by COVID-19. Alongside the immediate security and operational implications for stranded employees, businesses should consider the extent of their duty of care to employees—not just in assisting individuals who are known to have quantifiable risks, but also identifying others who may be affected.

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