



Work from anywhere

A Practical Guide

Right people. Right place.

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Introduction

At its core, Global Mobility is about helping businesses get the right people to the right place. It is a combination of talent, strategy and compliance. COVID-19 shook that concept by disrupting the way we work and what we consider “the right place”.

Context

Remote work is here to stay, and we have seen that there are often many benefits to employees in terms of increased flexibility and productivity, as well as to companies that can leverage this flexibility to attract and retain employees, and expand their talent pools.

The key point

When remote work crosses borders, employers are exposed to compliance obligations that increase cost and complexity for businesses while also jeopardizing the integrity of corporate structures¹.

In this practical guide, we focus on the tax, social security and legal obligations that employers need to manage. We examine Global Mobility’s response to international remote working during the pandemic and how it can play a strategic role in developing sustainable ways to embrace Work from anywhere.

What WFA is about



¹ Dan Foster, KPMG [Global tax management of a remote workforce](#)

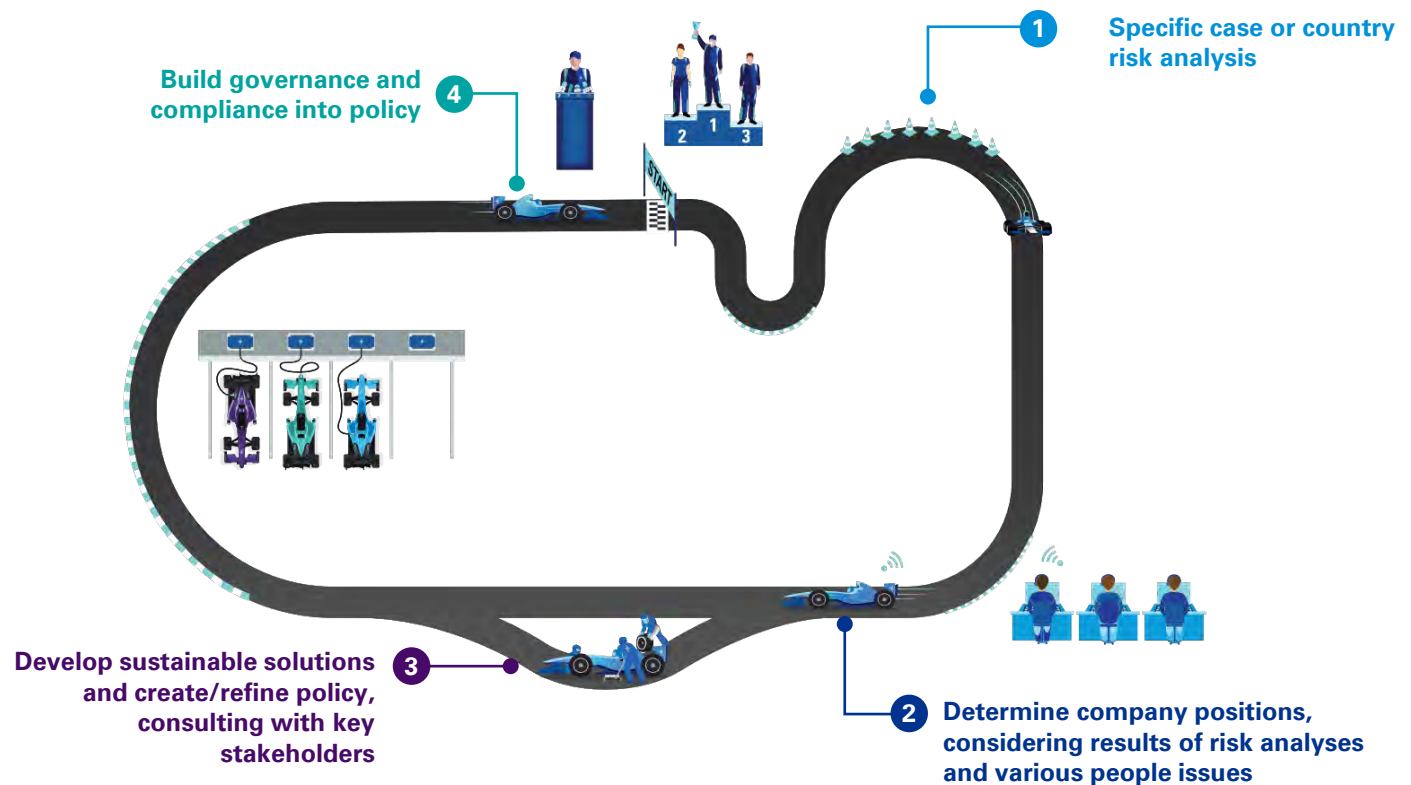
Where to start?

Approach 1: Draft a policy and apply a top-down methodology

Approach 2: Tackle requests on a case-by-case basis – use outcomes and learnings to inform policy development over time:

- Decreases time and upfront investment
- Leads to policies that are simple to use and better tailored to business model and specific country/role combinations
- Uses individual risk assessment to gauge tolerance for risk, cost and complexity
- Breaks down into manageable pieces what seems like a complex issue

Iterative process of policy writing: refueling experience on the way to good policy



Preparing risk assessments

The first step in identifying the risks and opportunities linked to international remote working is to prepare individual case risk assessments.

Preparing risk assessments for international remote working patterns is a complex and cross-functional task. Involving HR, Legal and Tax early in the process will help you ask the right questions and improve your analysis so that risks can be quantified and prioritized.

A key risk to avoid is to have each remote work request become an exception. Managing cases in isolation leads to inconsistency and fails to address the fact that for some risks, like corporate tax, reviewing the population, value chain and business model as a whole is necessary. Therefore, we recommend that risk assessments are prepared centrally rather than by each country or division separately.



Determine Potential Risks

Draw on your collective knowledge of the business and subject matter expertise



Prepare Risk Assessments

Apply identified risks to real life cases to prepare risk and cost assessments



Review Collectively

Review assessments collectively with key stakeholders to join the dots and avoid exceptions



Key considerations of international remote work

Here are some key risks to be aware of when assessing international remote working patterns:



Employee tax liability and residency

For short-term situations, the employee may be tax exempt, but there may still be a filing requirement. For long-term situations, the employee may have to change tax residence status, which could have an impact on net pay as well as pension and social security status.



Indirect taxes

There may be indirect tax obligations (e.g., GST, VAT, Retail Sales Tax) in the country or state/province where the employee is working. The obligations may include a requirement to register and collect indirect tax(es) in the local jurisdiction(s).



Employer obligations

Employees may create withholding tax on their salaries as well as social security obligations, causing the employer additional work for which it may not be set up. Even where a treaty or social security agreement alleviates the tax/social security liability, there may be a filing obligation to access that benefit.



Immigration

The employee may simply not have the right to work if they are a foreign national.



Employment law, employment and industry regulations

The employee may create exposure to labour law and other local regulations which their legal employer is not prepared for. This is particularly problematic for highly regulated industries, e.g. financial services.



Permanent Establishment

The employee may create a permanent establishment (PE), requiring registrations. The OECD guidance on home-office working states that this is a low risk while it is temporary and exceptional but could turn into an issue in the long term.



Compensation

It should be determined which jurisdiction/place of work regulates their pay, including incentive pay, benefits and social insurances. Reward policies and benchmarks may differ from location-to-location.



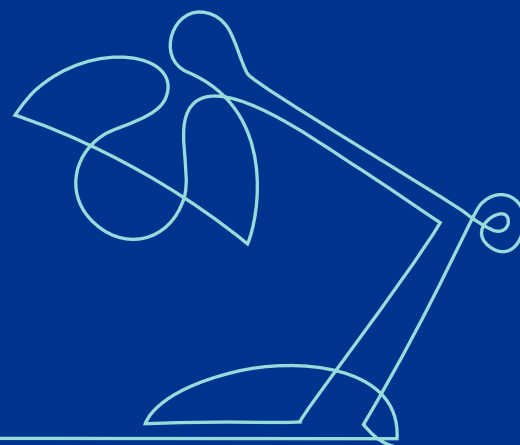
Substance

If the employee is in senior leadership or a board member, location of decision making may impact corporate residence (place of effective management) and substance of HQ location. This could have knock-on effects for the transfer pricing/value chain model.



Transfer Pricing

The employee's activities may lead to corporate profit attribution in the location they're based and/or risk the substance of the HQ where the location of where DEMPE (development, enhancement, maintenance, protection, and exploitation) functions are performed changes.



Determine company position

By preparing individual risk assessments, you will have the opportunity to address a broad range of issues that will serve as a guide to identifying permissible international remote working arrangements for your business.

3 steps to determine your company position:

– **Review risk assessments**

Review assessments based on actual requests, as well as a selection of working patterns and scenarios that you anticipate are likely to arise.

– **Inform your policy with data**

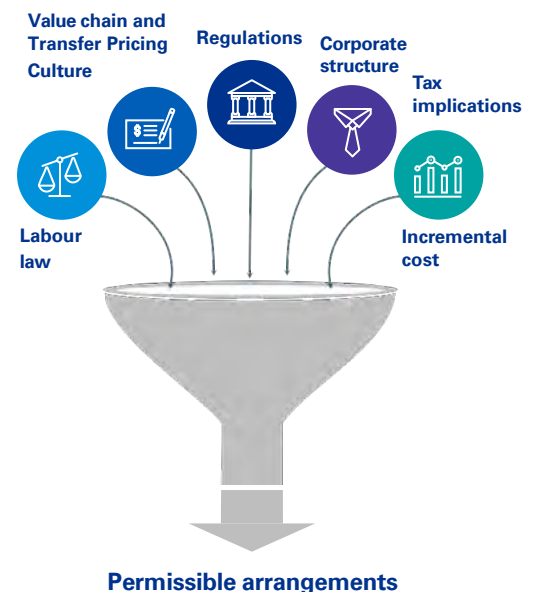
Plot permissible cases on a matrix based on their characteristics and suitability to help identify and visualize how a remote working policy can support your business objectives.

	Role	Seniority	Location
<p>More suitable</p> <p>Less suitable</p>	<ul style="list-style-type: none"> Administrative support Back office Account manager Customer service 	<ul style="list-style-type: none"> Junior resource Developing professional 	<ul style="list-style-type: none"> Limited employer reporting and registration requirements
	<ul style="list-style-type: none"> Regional role Client/Supplier meetings Business development 	<ul style="list-style-type: none"> Functional management Customer service lead 	<ul style="list-style-type: none"> Existing company entity able to manage employee and employer reporting
	<ul style="list-style-type: none"> Benefits HQ Value creation Sales/IP/Procurement Regulated 	<ul style="list-style-type: none"> C-suite Divisional, functional and Product heads 	<ul style="list-style-type: none"> No existing company entity Strict employer reporting obligations, with low thresholds

– **Develop a framework**

Use these cases to inform a framework that will provide a platform for standardization. Consult with key stakeholders throughout to address key questions.

Senior leaders, and employees in value creation and sales roles, are most at risk of creating profit attribution complications. Meanwhile, less senior staff providing business support in low risk locations may be less complex and costly to manage.



A policy framework developed based on a detailed understanding of your business, workforce and corporate footprint will help inform policy decisions regarding what type of international remote working patterns you are willing to accommodate and for how long.

There are numerous questions to address. Consider the following as a start:

- What roles must be performed in certain locations vs suitable for international remote working?
- What countries are preferred remote work locations?
- What authority and documentation is required to sign off?
- What costs/compliance obligations are the responsibility of the employee vs the company?

In building your policy, based on results of risk assessment, it's also important to consider People, Culture, and Technology:



People and Culture

Workforce Shaping

Employers will need strategic workforce planning and organization structure re-shaping strategies to reflect the future work, skills and roles.

Culture Transformation

Employers are redefining and refreshing their client-centric, agile culture journey, now that COVID-19 has accelerated the digitization agenda and flexible working trend.

Leadership Reskilling

Leaders will need new skills to effectively lead remote teams, motivate and engage their staff, and manage productivity/performance.

Employee Experience

Employees will need strategies for balancing their personal and work demands while working remotely - to maintain wellness and engagement, and to feel integrated into the team/culture.



Cyber & Technology

When employees work remotely, employers should consider how secure their systems and data are to both external threats and the speed at which technology is implemented. Cyber attacks have risen starkly over the recently and the WFA situation has made it more difficult to protect and respond to cyber attacks. All indications are that this trend is set to continue, so proactive steps need to be taken in order to combat the elevated threat levels.



With the legal, cost, complexity and sustainability of each solution mapped to potential roles and locations in your business, Global Mobility can support more strategic conversations about broader talent and workforce optimization as the dial shifts toward enabling Work from anywhere as a commercial opportunity.

Note: these are not analyzed for each assessment but are considerations to layer on in building the policy.

Managing compliance and governance

Once you have a methodology for preparing risk assessments, a policy to support consistent decisions and a range of sustainable solutions, it is necessary to bring that together with a compliance and governance process.

Many solutions put in place to sustain remote work arrangements will have necessary downstream compliance obligations. Putting in robust workflows, approvals and accountability for additional cost and complexity is an important step in managing remote working populations.

Consider how you will identify cases and what communications will accompany the launch of your remote working policy. Some companies have accompanied their policy launch with an amnesty to draw out awareness of all individuals' working remotely.

A Roadmap to Compliant Work from anywhere Process



What we're seeing in practice

There has been a lot of information in the press about companies deploying Work from anywhere policies but the dream often does not match the reality.

Here are some examples of what we're actually seeing in practice:



Several large banks have communicated that they have no plans to permit international remote working arrangements on an ongoing basis, largely due to regulatory concerns.



Several large technology and social media companies have announced permanent "work from anywhere" policies, stating that this model broadens and creates a more diverse talent pool, while also providing employees with flexibility. Many technology companies are already advanced in matching skills to projects globally and these models are now being deployed to include home-workers across borders.



A US asset manager responded to the health crisis by quickly building a policy and process to manage and assess flexible working requests including inter-state and cross-border. Parameters still evolving but intention to push forward on permanent basis.



In a recent survey of Canadian Universities, more than 75 percent indicated they had remote workers abroad, and more than 65 percent said they intended to implement a policy versus dealing with cases on an ad hoc basis.



A global investment firm, saw the potential of location work flexibility as a progressive and innovative approach for retaining and supporting their world-class talent while contributing to a more global workforce. They implemented a program that supports employees working from select jurisdictions different from their home office location for a period of time.



How KPMG can help you

Whether you are responding to your first international remote work request, creating guardrails and policy, looking to automate an assessment process or you want to enable Work from anywhere for commercial advantage, we have a solution for you.



Remote-work risk assessment

KPMG can help gather the information required and prepare remote-work risk assessments. Whether it is a one-off, the first request you've decided to formally review or a solution to help you cope with a large volume, we have a model to meet your current and future needs.



Downstream compliance

KPMG can help your employees comply with personal tax, social security, payroll reporting, and immigration registrations. We can also provide and help ensure alignment with corporate tax, transfer pricing and employment law compliance.



Strategic advice and policy development

KPMG can facilitate a cross-functional workshop using design thinking to explore a wide range of solutions and draw on the learnings from our deep technical and broad industry experience, in order to build a strategy that supports your longer-term vision for the company.



Governance and control

KPMG can test and instantly view the full financial consequences of any WFA scenario (Tax, social security, pension, immigration, PE, and payroll) with our on-demand technology – built for self-service.

KPMG Work from anywhere Insights

Our cross-service team of industry professionals can help you through the risk assessment process, development, and implementation of your Work from anywhere program. As you undertake the journey, KPMG can help you get started with the employer support service package that addresses your needs.

- Tax planning & compliance
- Employment & labour law
- Immigration implications
- People & culture impacts
- Cybersecurity & technology changes



Summary

Work from anywhere will be a topic that continues to dominate headlines well after the pandemic. Global Mobility has a unique opportunity to be at the center of a cross-functional team that presents a range of sustainable solutions to the business to meet their strategic needs.

Our proposed approach breaks a complex area into manageable steps focusing on immediate compliance obligations in the short term, while policy and long-term solutions are developed with the business.

How companies respond to Remote Working will depend on their strategy and their workforce. All will need to consider what arrangements they are willing to accommodate while some seek a competitive advantage through enabling Work from anywhere policies. Determining what strategy best suits your business is critical – following KPMG’s practical approach will help you get there.

For more information, see keys links below:

- [Work from anywhere slip sheet](#)
- [Mobility Matters: Remote Control: Changes and Issues Related to Employees Working Remotely](#)
- [Work anywhere: what does it mean for you?](#)
- [Tax made simple: KPMG Canada Podcast](#)



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