# Remote work in the 5th wave

**People Services**
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## With recent events in Hong Kong, some staff are asking to base themselves overseas for a period. Employers need to strike a balance between talent retention and risk management.

### Employee desire to work remotely from overseas

Increasing case numbers, closing schools for "summer", universal testing and even more stringent social distancing requirements. The Fifth wave is causing employers to find ways to accommodate requests for temporary remote work, or risk a permanent lose of talent.

A common misconception is that "there is no problem as long as they stay under 183 days in the other location". In most cases there will be a host of issues if an employee exceeds 183 days in another country without proper planning. However, issues can start much sooner, particularly when leaving Hong Kong to locations with which we do not have a double tax agreement, such as Australia, Singapore, and the United States.

### Balancing talent retention and compliance risk

Employers need to be able to respond quickly to these issues - events (and staff) might move quickly. Proper management and support present an opportunity to build engagement, loyalty and retention; getting it wrong, risks loss of talent in a market that is already tightening.

Some quick tips to help employers to find their way to accommodating remote work sensibly:

- **Keep dialogue open:** Know where your people are or where they want to go. The situation will be fluid, keep in contact with staff to adapt as plans change.
- **Check right to work:** Make sure they have the right to work in the location (if they are not a National, a work permit may be needed, as only limited activities may be permitted on a business visa).
- **Know your limits:** Have good triage guidelines for your HR teams to work with line managers to address or escalate riskier cases, and then to manage personal tax, employer reporting/withholding and other payroll tax exposures. Know where you will draw the line.
- **Provide boundaries:** Put guardrails in place to limit activities, durations of stay and accumulation of personnel in a location that could trigger corporate tax issues or influence the location of the company's management and control (such as directors' activities).

## Employer responses

To gauge employers' reactions we polled the audience of the KPMG People Services year-end webinar held on 2 March 2022. Responses were in line with what we have been hearing from, and experiencing with, clients.

Employers are adapting to accommodate overseas remote work on a case-by-case basis (46%) or under a formal policy (47%), and over two-thirds either experiencing an increase in demand for overseas remote work (60%) or expecting it (9%).

The requests are mainly short term, with roughly equal numbers indicating the main demand coming from extending holidays (34%) or enabling business trips (23%). But there is also a significant demand for extended periods of remote work with 34% of positive respondents[1] indicating demand for remote work mainly being for extended periods (3 months or more). Only 9% indicated main demand was for permanent relocations.

In response, the majority of employers are recognising the need and becoming more open to accommodating overseas remote work, with only 14% indicating that they foresee greater pressure for employees to return to their normal place of work.

Recent events in Hong Kong have clearly prompted employees to consider remote work to catch up with families, free up business travel or just to break the monotony. Employers are now faced with, and responding to, the challenge of working out how to enable remote work. What might have previously have been in the "too hard" basket is being brought out and dusted off both out of necessity and the desire to support and retain staff.

1 *Percentages exclude respondents that answered "Don't know"*

# Contact Us

Should you have any questions, please reach out your usual KPMG contacts / any of the below.

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