

GLOBAL MOBILITY SERVICES

Global Assignment Policies and Practices

Survey 2015

kpmg.com/tax



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Introduction

On behalf of KPMG's Global Mobility Services (GMS) practice, I am pleased to present the 2015 report of the *Global Assignment Policies and Practices (GAPP) Survey*. This web-based survey, 17 years after its launch, continues to provide valuable trends and insight on how global organizations administer their international human resource (HR) programs.

Benefits of the survey

The survey allows you to benchmark your organization in relation to other survey participants on numerous aspects of an international assignment program. The survey covers areas such as assessment and performance, assignment compensation and allowances, preparation and planning, administration and outsourcing, as well as taxation policies. Participation in the survey is free and results are available immediately after you have completed it.

About the survey website

A feature of the survey website is the ability to view the data by any specific question of interest. Participants find this useful in evaluating their organizational policies against

a specific set of parameters, as well as against peer or competitor organizations. In this report, the data is sorted in a number of insightful ways. For example, survey results are featured by headquarters location, organization size, program size, and industry classification.

When you log on to the site, you will notice, in addition to the GAPP survey, other valuable surveys are available for easy viewing.

About the report

This report is a snapshot of the GAPP survey, which is the main survey housed on the site. The GAPP survey is dynamic – changing every time a new participant logs in and answers the questions. Results are published as of February 2015 for purposes of comparison. Real-time information is available on the website, www.kpmglink.com, thus statistical variances between today's results and the February 2015 report may occur. Even with additional organizations' results added, the trends are not likely to deviate from those highlighted in this report.

The survey is divided into three broad categories:

Organization Profile – This gathers information such as the headquarter country, number of employees, and industry classification of the participating company.

Program Profile – This gathers information about the size and nature of the participant's overall assignment program, including various policies and assignment types.

Policy – This gathers information about the provisions of the participant's expatriate policy.

A written analysis, which reveals some of the significant differences, is included in the beginning of each section of the report.

In summary

This report represents a broad overview of the international assignment policies and practices used in the marketplace today.

If you have any questions regarding this report or need additional information about KPMG's Global Mobility Services, please feel free to contact us at go-gms@kpmg.com.

Sincerely,



Achim Mossmann

Principal, Global Mobility Services

KPMG in the US

How to Access KPMG's GAPP Survey

Survey instructions:

- Go to www.kpmglink.com
- Click on *Need Help or Username*.
- You will be asked to select a KPMG account type. Choose *Administrator or Program Manager Account* and click *Continue*.
- On the next page, headed "Get Help on KPMG LINK," select *do not have a KPMG LINK account*.
- Fill out and submit a registration form. You will be asked why you need an account. Here, type "*GAPP Survey*."
- You will be sent login information – please allow 24 hours for us to respond during normal business hours.
- Log onto the site and take the survey.
- Click on *Benchmarking Center*.
- Click on *Take a Survey*.
- Under Long Term Surveys, click on *Global Assignment Policies and Practices Survey* and begin to take the survey.
- Once you have submitted your survey responses, the results will be displayed with your responses highlighted.

Note that you will need to complete the survey in order to view results.

How to view results:

You can log back in and review the results of the entire survey at any time.

- Log on to www.kpmglink.com.
- Sign in using your login ID and password.
- Click on *Benchmarking Center*.
- Click on *See Results*.
- Click on *Long Term Survey – Global Assignment Policies and Practices* and view results.

Data cut

If you would like a data cut from this survey, please send an e-mail to go-gms@kpmg.com. While the full survey results are free, a nominal fee is charged for the data cut.

KPMG's Global Mobility Services

KPMG's Global Mobility Services (GMS) practice is dedicated to helping global companies better manage their international workforce. When clients send their employees on international assignments, KPMG's GMS professionals provide proactive expatriate services along with international human resources and tax advice. When clients are considering acquisitions, mergers or downsizing, the practice offers professional advice and guidance on related issues affecting an expatriate workforce.

How KPMG can help

KPMG's GMS practice has the people, experience and international presence to serve member firm clients effectively. Established more than 30 years ago, the practice today comprises more than 2,200 dedicated GMS professionals from KPMG member firms worldwide. All told, the practice serves more than 2,500 clients and their expatriate populations.

KPMG's GMS practice provides broad compliance, advisory and administration services to support clients' worldwide businesses and assignees.

International assignment tax compliance services

KPMG's tax professionals complete tax returns for clients' international assignees, a service personalized for each expatriate. As part of the compliance process, the practice also offers payroll advisory services to help member firm clients obtain payroll information to be used in processing tax returns.

Mobility Consulting Services

KPMG's Mobility Consulting Services (MCS) practice has in-depth experience in assisting clients in managing their international human resources. For more than 14 years, MCS has provided services to companies to help them manage their assignment administrative processes and related costs more effectively. In addition, our clients rely on our knowledge and experience to help them benchmark, design and implement their international assignment policies. Our experience serving global employers truly distinguishes KPMG as a leader in progressive process improvements for international human resources. Our services encompass both strategic and administrative support.

One potentially effective way to contain the administrative costs associated with international transfers is for organizations to consider outsourcing those processes that are not part of their core business to external service providers. Our professionals can provide assistance with effective management of routine administration for international assignment programs that allow companies to

focus on the high-level strategic human resource aspects of their programs. The service can encompass nearly every component of international assignment administration, including pre-departure services, coordination of services in the host country, ongoing support and tracking, and assignee repatriation. We can also provide support in coordinating international vendors with advice on topics such as moving companies, destination services, cross-cultural consultants, and language lesson providers.

Global equity tax advisory

Global equity tax compliance for employees who have worked or lived in a location and received or earned equity and incentive awards can expose companies to the tax reporting and withholding associated with providing these types of awards long after the employees have physically left the location. Understanding the complex tax rules in this area, and defining a process to report, withhold and handle large volumes of transactions are just some of the services we offer in this area.

International social security advisory

KPMG's member firms can help companies plan for, and control the costs of, social security taxes by helping them understand the rules and how they impact the cost of international assignments.

Employment tax services

KPMG member firm professionals can help companies identify payroll and unemployment tax issues early and help resolve them before they escalate. This includes assistance in identifying, quantifying and recovering payroll tax overpayments, complying with employment tax requirements during mergers and acquisitions (M&A), and securing the abatement of penalties for payroll-related assessments.

Technology

The practice combines its knowledge of web-based technology with its practical experience in helping clients manage their assignment programs to provide companies with applications designed to streamline their global mobility and tax processes. The practice's technology offerings – featuring the web-based, integrated and user-friendly KPMG LINK suite – provide applications for tax compliance, compensation collection, financial modeling, and international assignment program management.

For more information about these services, please contact the team by email at go-gms@kpmg.com or visit our website at www.kpmg.com.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

Executive Summary

If your organization is pursuing growth in new markets, having the right people on the ground is essential. While attracting new talent in chosen markets is vital, leveraging your organization's internal pool of experienced talent can be one of the best ways to achieve growth.

Through a well-managed global mobility program, your organization can enhance its culture by giving talented employees the opportunity to live and work in a different country, broaden their experience, learn new skills and establish a personal global network. For business development purposes, internationally experienced employees bring deeper insights and demonstrate exceptional value to local clients and targets by supporting speed-to-market goals while minimizing business risk.

Organizations worldwide are taking advantage of global mobility programs. Indeed, based on the responses from over 600 organizations that took part in KPMG's Global Assignment Policies and Practices (GAPP) Survey, the use of international assignments is rising for organizations headquartered in Nordic countries, Latin America and the Asia Pacific region. And companies with established global mobility programs – such as those based in the US, Canada, UK and other European countries – continue to expand and adapt their programs to meet ever-changing needs.

KPMG's GAPP Survey provides a wealth of information for people responsible for or interested in global mobility.

The detailed data in these pages allow you to compare and contrast your organization's current practices with those of peers and other organizations. The data also promote new ways of thinking on best global mobility policies and practices, whether you are designing a new program or giving your current one a fresh look.

Delivering on goals and objectives

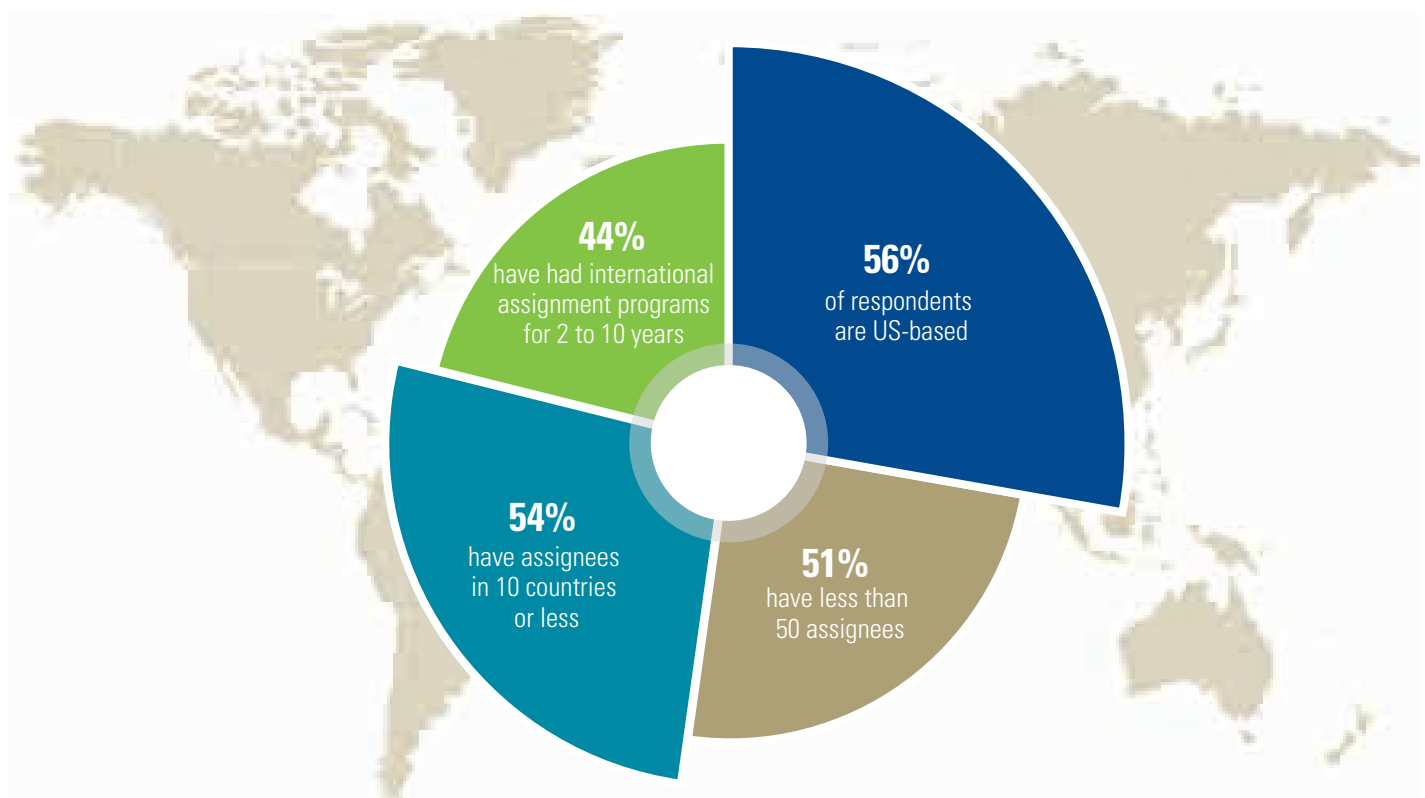
The main purpose of a global mobility program for 73 percent of survey participants is to support business objectives and adapt to changing business requirements. Flexibility and adaptability are shown through the variety of assignment types offered:

- 81 percent of participants offer short-term assignments (typically defined as less than 12 months)
- 96 percent offer long-term assignments (typically 1–5 years)
- 47 percent offer permanent transfer/indefinite length assignments.

Given the current economic environment and the goal of supporting the business, it is surprising that only 12 percent of survey participants say that controlling costs and assuring an acceptable return on investment (ROI) are important.

Nevertheless, the member firms of KPMG International continue to see improving alignment between business

Demographics



objectives, assignment policy types and assignee selection. Many organizations are becoming more flexible in their assignment policy approaches – setting policy frameworks with core and optional provisions and expanding the range of choices for either the business or the assignee (e.g. through menu-driven or points systems). Approaches like these show a clear trend toward supporting more customized programs that aim to better meet assignee needs while keeping costs in check.

Having agreed-upon metrics to measure ROI helps objectively demonstrate the value of mobility programs to the broader organization and secure continued program funding. However, a notable number of survey participants struggle to track ROI information on international assignments – 27 percent do not know how many assignees leave the organization within 12 months of returning home, and 31 percent do not know departing assignees' reasons for leaving.

KPMG has observed a trend toward addressing talent retention issues through more purposeful integration between talent management and global mobility. KPMG also sees HR professionals increasing their focus on demonstrating value to their businesses through predictive workforce analytics. With real-time access to talent skills data, HR teams can use analytics to identify future talent gaps. Indeed, this capability will be a key strategic differentiator that global mobility professionals can provide to their organizations. Investment in mobility specific technology solutions is needed to drive the fundamental changes to support these efforts.

Continuing economic uncertainty

Economic factors can affect elements of expatriate pay, and the top 3 of these factors are:

1. Home country inflation
2. Host country inflation
3. Exchange rate changes

As the economies of the BRICS (Brazil, Russia, India, China and South Africa) and other emerging economies continue to slow and as EU member countries continue to struggle with their finances, ongoing economic uncertainty is affecting the strength of countries' currencies. The resulting exchange rate fluctuations can greatly affect the pay of international assignees as they transfer money between their home and host countries. The value of assignment allowances also varies in step with exchange rate changes.

Higher prices in the home or host country location also lead to an immediate change in the Cost of Living Allowance (COLA)/Goods & Services Differential Allowance (G&S). The majority of program policies schedule COLA/G&S updates based upon third-party data provider schedules for changes in market basket pricing and foreign exchange rates. Reviews tend to be scheduled at least 2-4 times a year, but they may occur more frequently in host countries with more volatile currencies (see section 5: Outsourcing and section 8: Policy Assignment Compensation).

Customization and support

Encouragingly, survey participants are growing more inclusive year over year in how they define 'family' for purposes of policy benefits. Fifty-six percent include unmarried domestic partners/companions of the opposite sex, while 50 percent include unmarried domestic partners/companions of the same sex. These broader definitions are most evident in European and Asia Pacific-headquartered organizations, and within the financial services and high technology industries.

Many organizations that offer incentives for assignees to accept international opportunities extend these benefits to dual-career couples and their children. Twenty-one percent offer job search support in the host country for the spouse/partner and 20 percent reimburse their education expenses. Forty percent offer language training and 38 percent offer cross-cultural training to the assignee, spouse and their children.

Overall, 86 percent of survey participants say their use of international assignees will stay the same or increase, and results are even higher for European headquartered organizations and those in the energy industry (90 percent and 93 percent, respectively).

However, international assignment programs require significant attention from program managers, with 51 percent of survey participants saying programs take too much time and effort to administer. Most survey participants use external service providers to manage the volume and complexity. Tax and immigration services are the most outsourced processes (87 and 75 percent, respectively), while payroll and expense processing tend to remain in-house. The major reason for outsourcing is to gain access to the service provider's global resources and knowledge.

In supporting a positive assignee experience, organizations continue to invest in internal collaboration portals and mobile and self-service tools. Social media platforms also provide vehicles for gathering data about employee engagement and for keeping employees connected while on assignment.

Global mobility programs need to have built-in capacity to adapt to ever-changing business needs while continuing to support the organization's goals. Applying the fundamentals of global mobility concepts to the unique needs of a program thus requires constant effort.

If you have not yet taken part in KPMG's GAPP Survey, we encourage you to do so. Your responses will enhance our overall data set of leading global mobility policy trends and practices. We welcome your feedback on the survey itself, and we would be delighted to speak with you regarding your global mobility program, current challenges and goals for continuing improvement. Please contact us via e-mail at go-gms@kpmg.com or visit our website at www.kpmg.com.

Last but not least, we are excited to let you know that in mid-2015, KPMG will launch a new technology platform for our GAPP Survey. The new survey site will feature enhanced user functionality and reporting capabilities and refreshed questions reflecting current policy focus and practices that KPMG sees in the marketplace and new content requested by our clients. We will notify you once the new survey is released and look forward to your participation.

GAPP Survey Highlights 2015

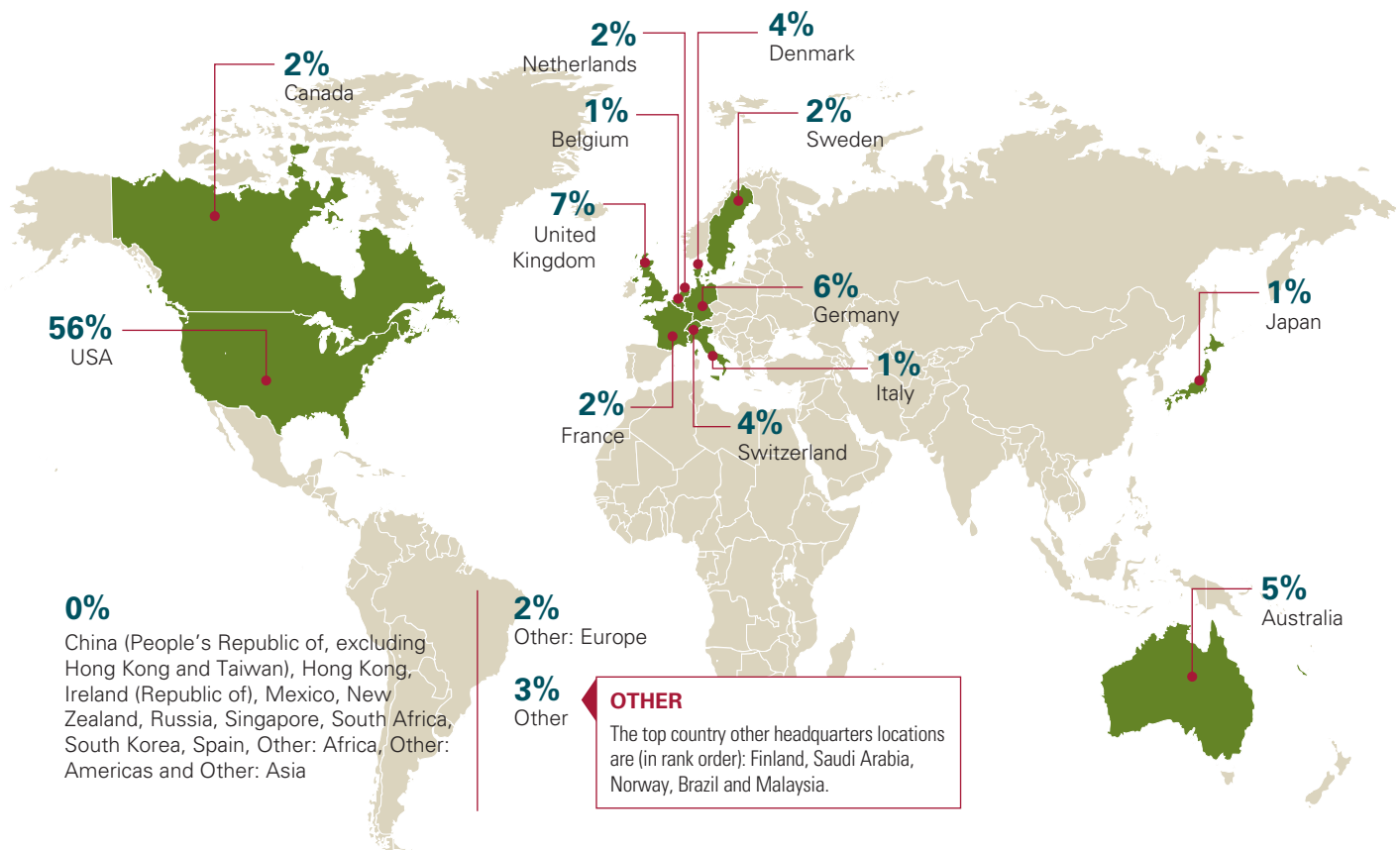
1

1. Organization: Profile

Organizations headquartered in the US represent the largest share of participants in the survey (56 percent). Organizations with fewer than 10,000 employees make up 49 percent of the survey population. Survey participants are fairly evenly represented in terms of revenues – 32 percent

have revenues of more than 7.5 billion US dollars (USD) (Q 1.3). There is a broad spectrum of industries in the survey, with the largest representation from: financial services (16 percent), high technology (15 percent), and manufacturing industries (14 percent).

1.1. In which country is your organization's headquarters located?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

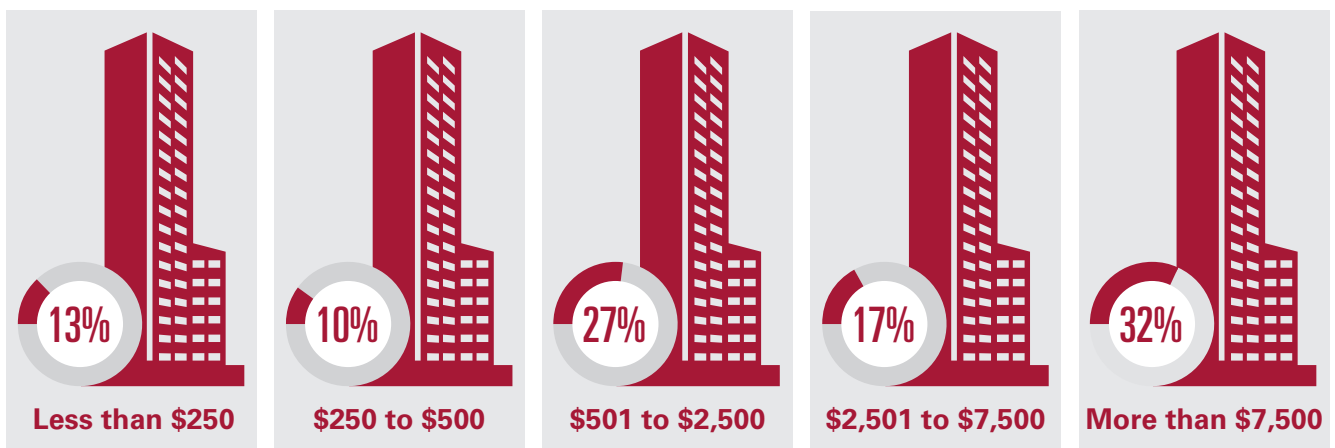
1.2. According to your best estimate, what is the total number of employees in your organization worldwide?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

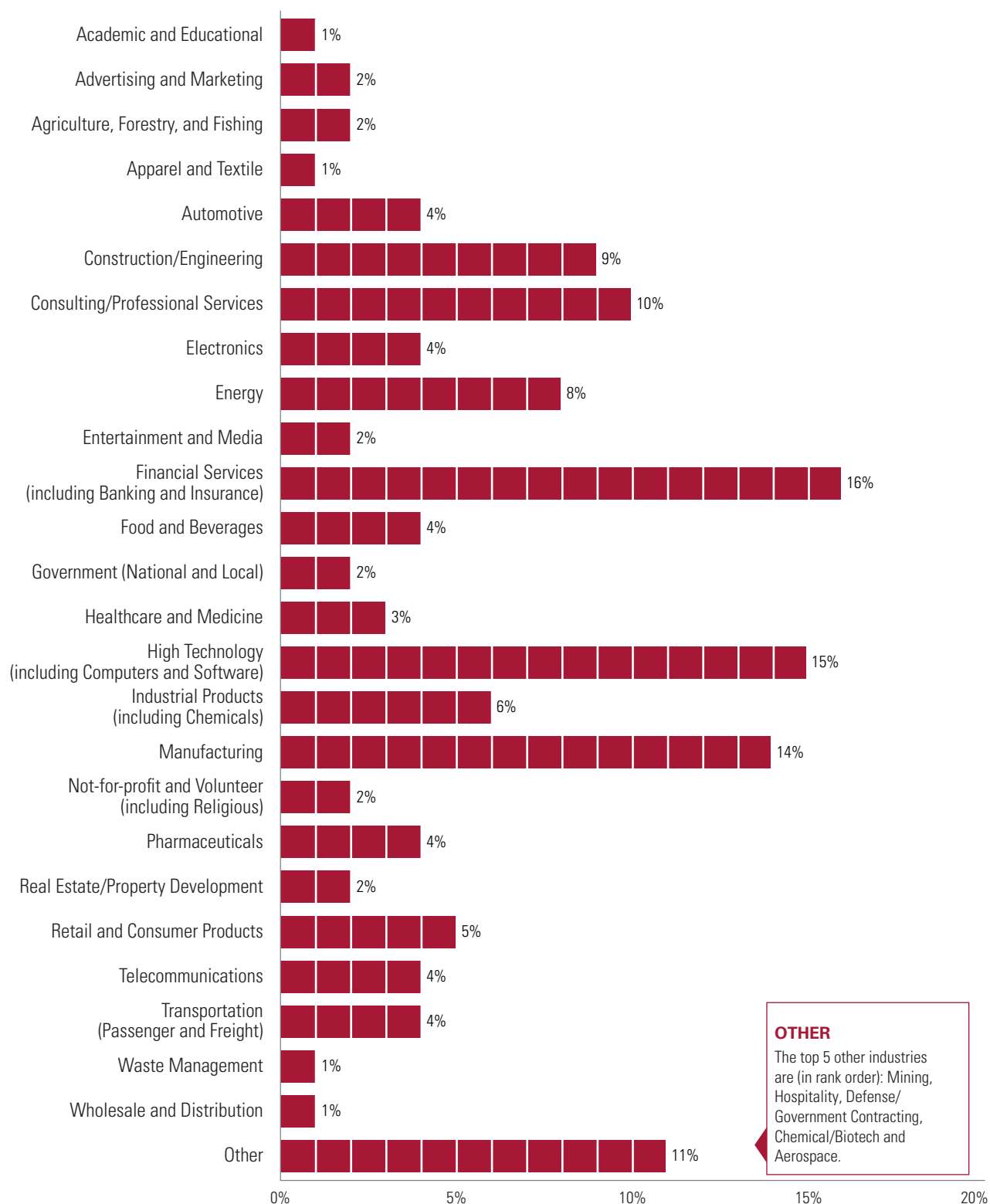
1.3. According to your best estimate, what were your organization's revenues for the most recent year (in USD millions)?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

1.4. How would you classify the industry in which your organization operates (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

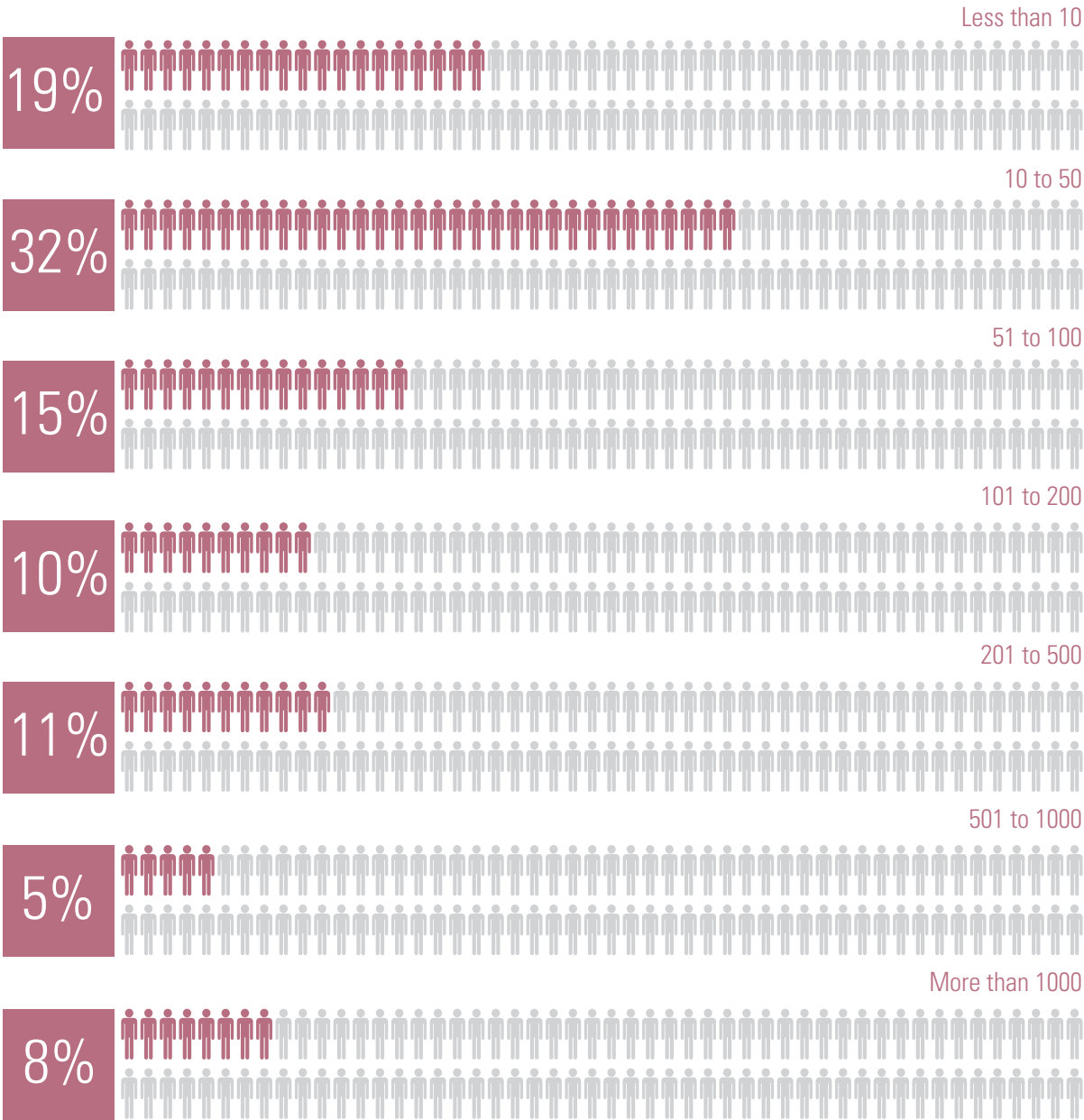
2. Program: Demographics

Fifty-one percent of survey participants have 50 assignees or less, while 49 percent have anywhere from 51 assignees to more than 1,000 (Q 2.1). The majority (54 percent) of participants have assignees in up to 10 countries. Thirteen percent have assignees in 26 to 50 countries, and 5 percent have assignees in more than 50 countries (Q 2.2).

In assessing their international assignment program, 73 percent of participants say their primary goal is to support the business objectives while adapting to the shifting demands of the business environment. To support

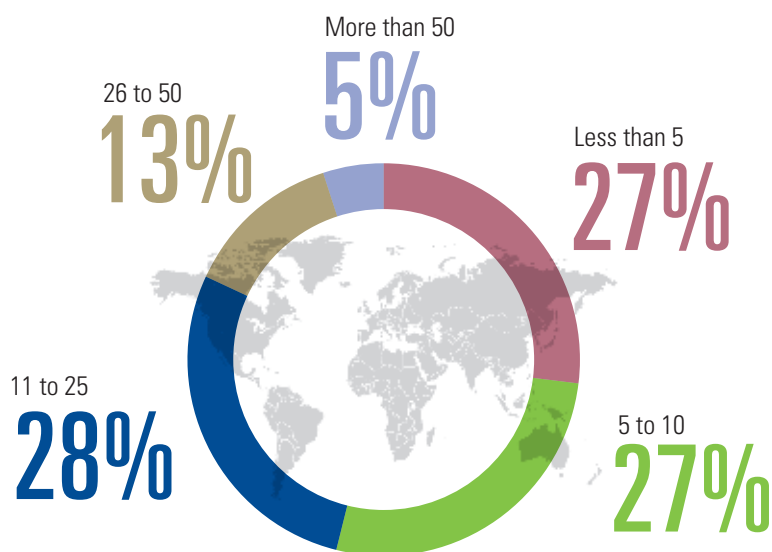
this goal, organizations continue to use a variety of different assignment types; long-term and short-term assignments are the most common (96 percent and 81 percent respectively). Permanent transfer/indefinite length assignments are also a common practice for 48 percent of survey participants. Forty-two percent of participants use international assignments for project/contract specific purposes while 36 percent use assignments for developmental/training purposes. Assignee requested assignments are not common – only 19 percent employ this approach.

2.1. How many assignees does your organization have?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

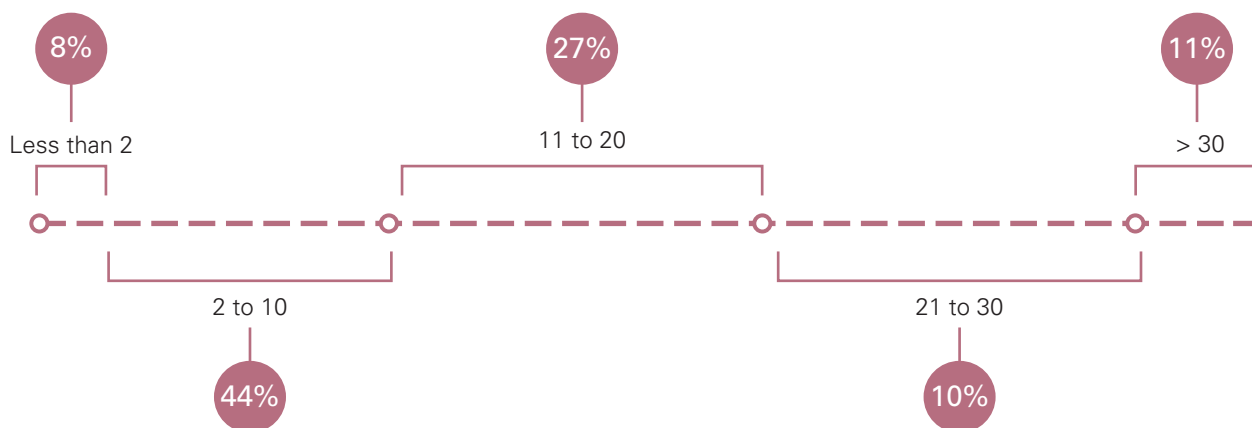
2.2. According to your best estimate, in how many countries does your organization have assignees?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

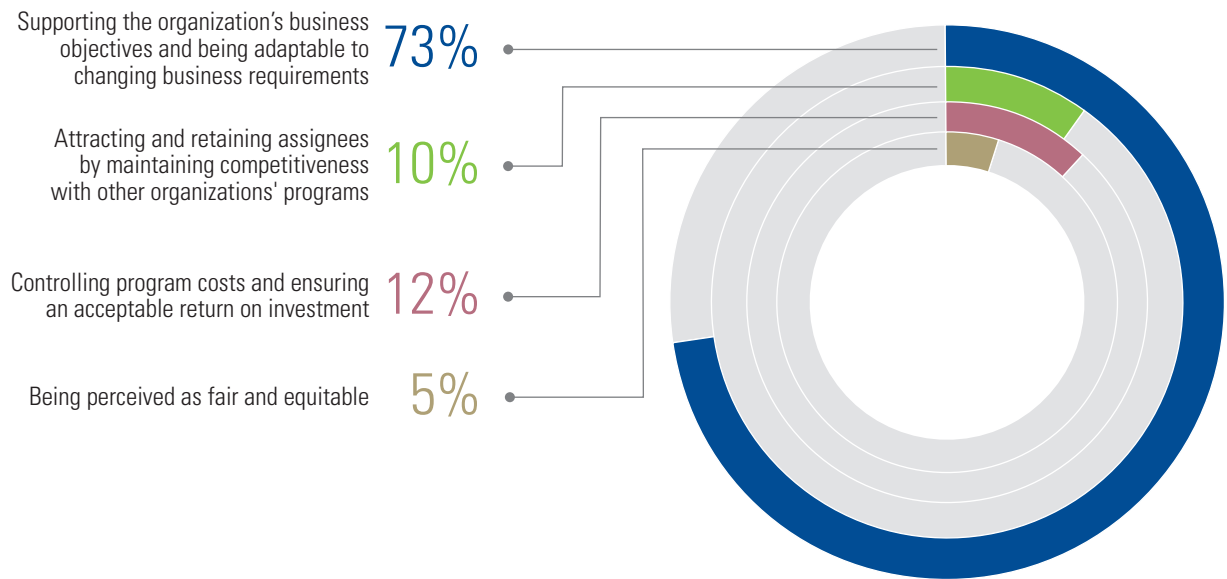
2.3. According to your best estimate, for how many years has your organization had an international assignment program?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

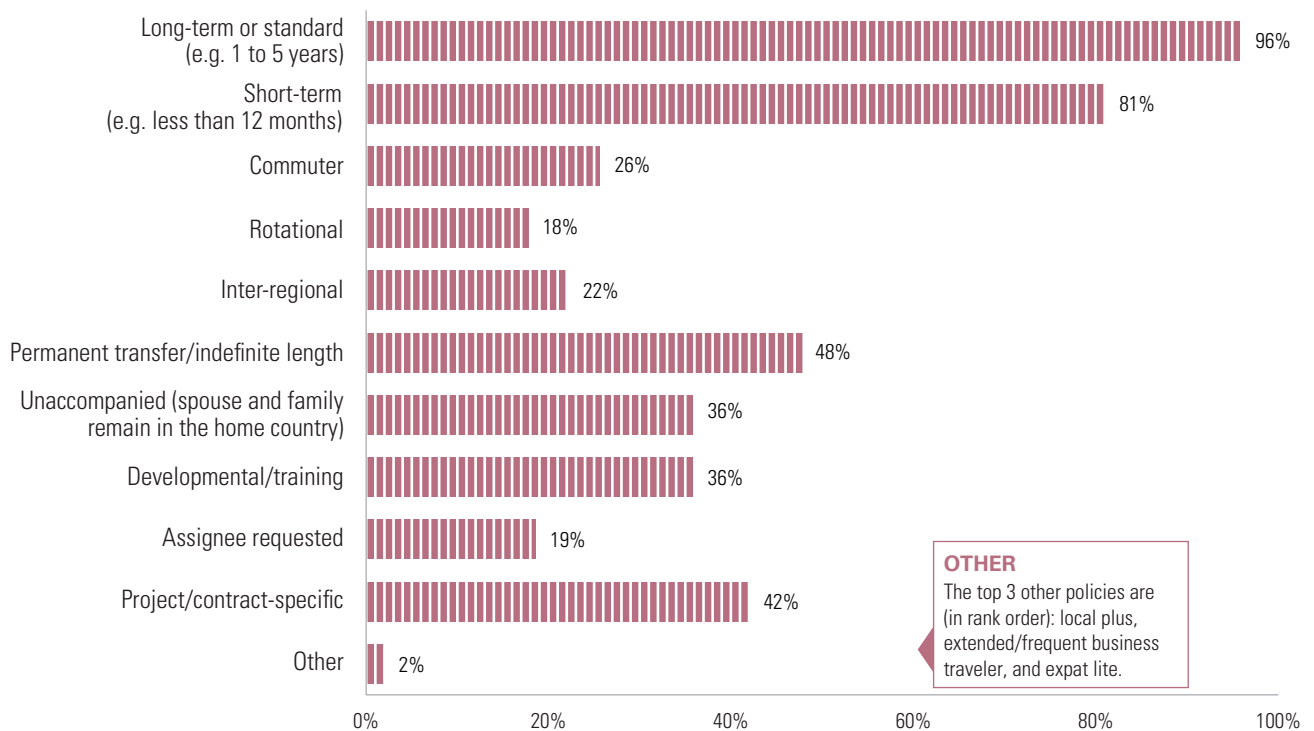
2.4. Which of the following best describes the most important goal for your international assignment program?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

2.5. Which of the assignment types or policies listed below are employed by your organization (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

3. Program: Families

Organizations continue to include a broader definition of family (for assignment-related benefits purposes) in their policies. Fifty-six percent include opposite-gender unmarried partners in their definition, and 50 percent include same-gender unmarried partners. The broader definition is most evident in European and Asia Pacific-headquartered companies and in the financial services and high tech industries (Q 3.1).

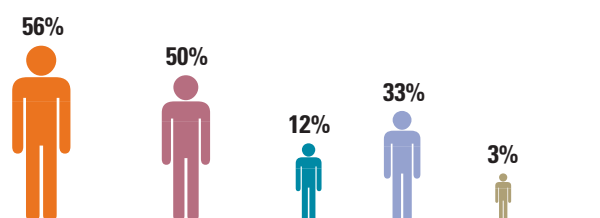
Regarding dual-career couples, 42 percent provide some form of an allowance or payment to the accompanying spouse/partner, 33 percent offer work visa assistance in the host country, and 21 percent offer job search assistance in the host country (Q 3.2). Fifty-eight percent say that dual-career couples are less likely to put themselves forward as candidates for an assignment, and 34 percent believe the dual-career issue increases the chances of assignment failure.

3

3.1. In addition to legally married spouses and dependent children, does your organization include any of the following in its definition of family for purposes of international assignment benefits (select all that apply)?

- Unmarried domestic partners/companions of opposite gender
 ■ Dependent parents/extended family of assignee
 ■ Other
 ■ Unmarried domestic partners/companions of same gender
 ■ None of the above

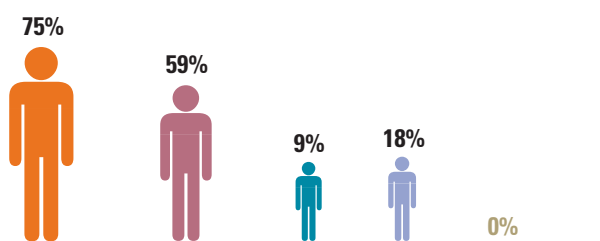
All participants



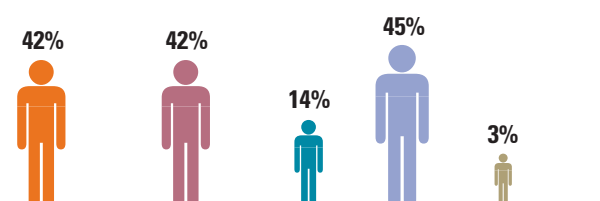
Europe



Asia Pacific



Americas



OTHER

The top 3 other responses are (in rank order):

- married/domestic partners of the same gender legally recognized by home country
- aligned with immigration requirements
- aligned with medical/benefits plans.

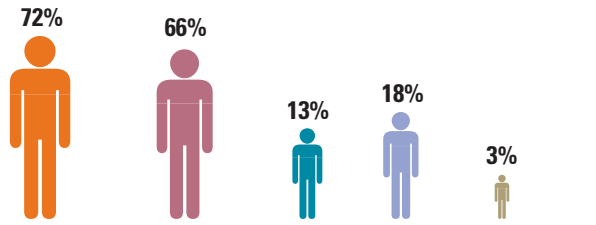
HEADQUARTERS

Source: KPMG International, GAPP Survey 2015.

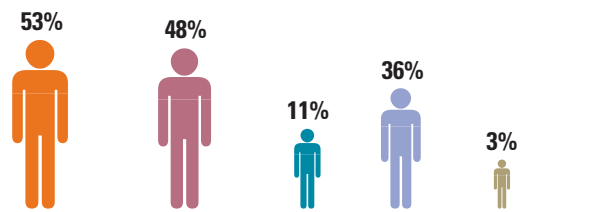
3.1. In addition to legally married spouses and dependent children, does your organization include any of the following in its definition of family for purposes of international assignment benefits (select all that apply)? (continued)

- Unmarried domestic partners/companions of opposite gender
 ■ Dependent parents/extended family of assignee
 ■ Other
■ Unmarried domestic partners/companions of same gender
 ■ None of the above

Financial



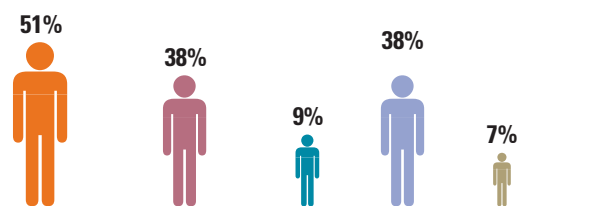
Non-financial



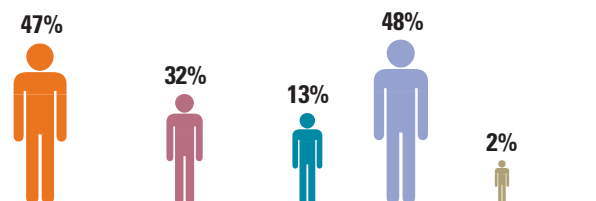
Hi-tech



Energy



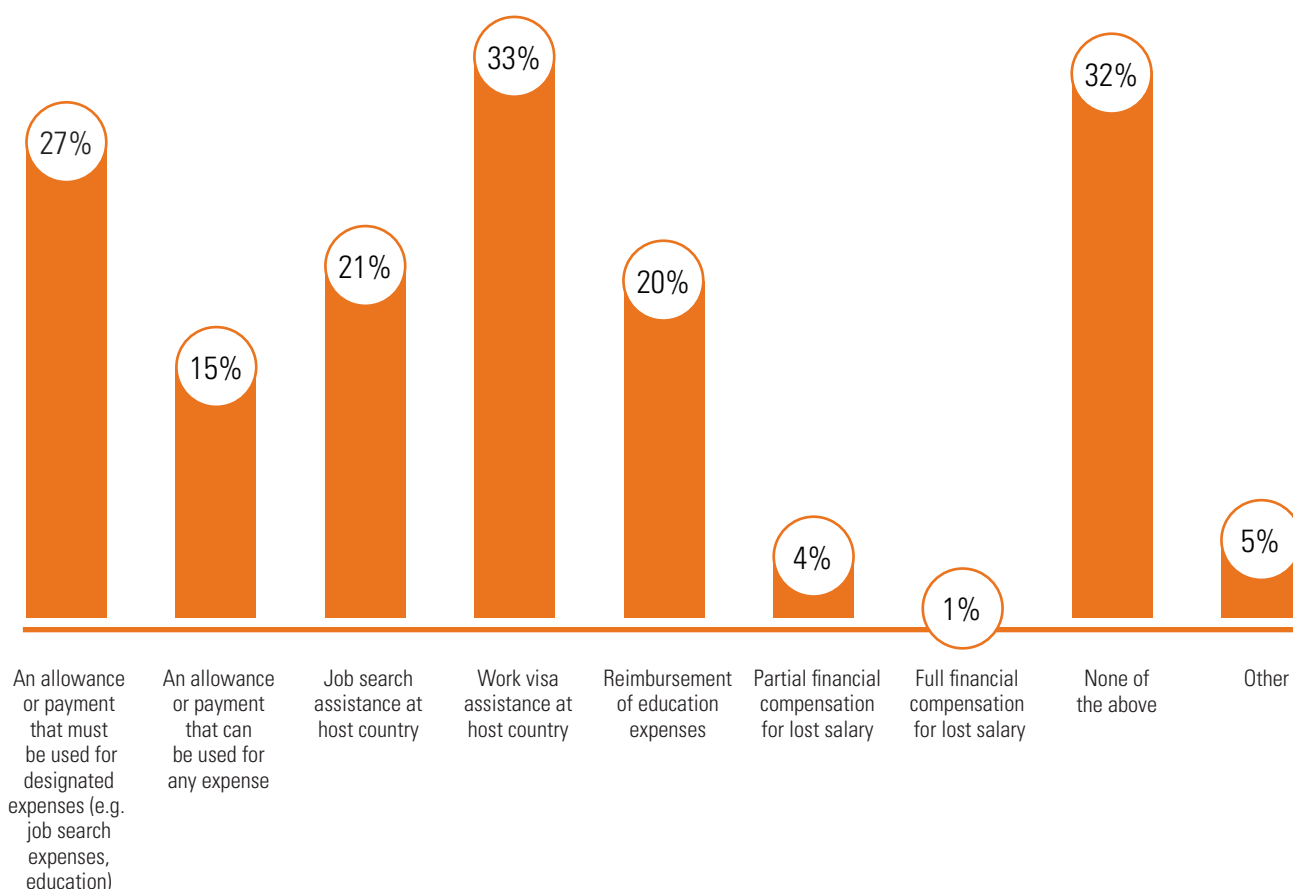
Manufacturing



INDUSTRIES

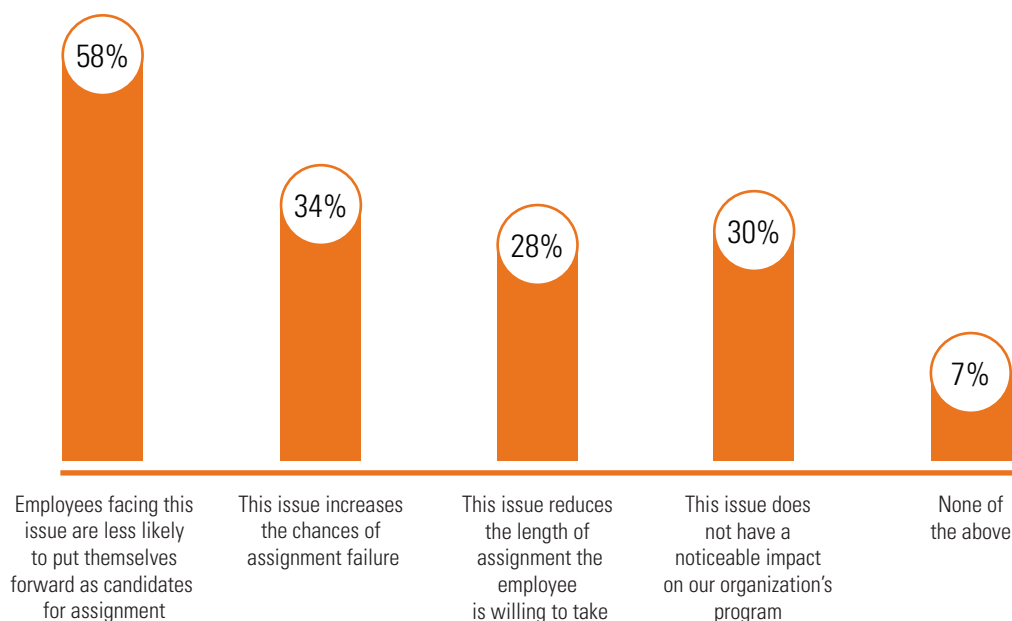
Source: KPMG International, GAPP Survey 2015.

3.2. Does your organization provide any of the following types of assistance to accompanying spouses/partners of assignees whose careers are interrupted by an assignment (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

3.3. With which of the following statements regarding the issue of dual-career couples do you agree (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

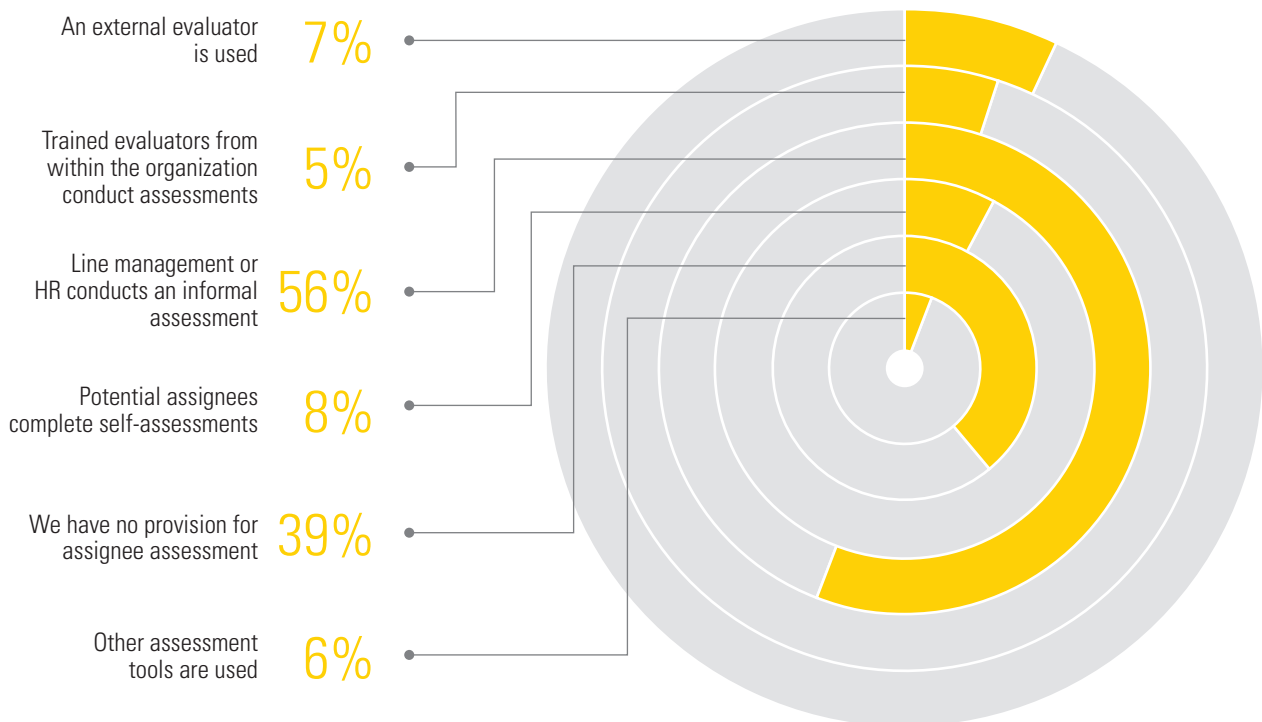
4. Program: Assessment and Performance

The most common approach in assessing an assignee's suitability for an international assignment involves having line management and/or HR conduct an informal review (56 percent). However, organizations use a variety of other approaches, such as self-assessments (8 percent), third-party evaluators (7 percent), and specially trained in-house resources (5 percent) (Q 4.1). The return on this investment of time and resources is seen in the responses regarding assignment failure, with 81 percent of survey participants saying that fewer than 5 percent of their assignees are recalled from the host country or dismissed from the organization because of an inability to perform effectively (Q 4.2).

In outlining the primary reasons assignees leave the organization after returning home, a number of survey participants point to external competitiveness as a factor (21 percent). Others indicate a lack of appropriate jobs available in the home country after repatriation (34 percent). A significant number of survey participants, however, struggle to track this information altogether – 28 percent do not know the percentage of assignees that leave the organization within 12 months of repatriation and an additional 32 percent do not know why they leave upon returning home (Q 4.3 and 4.4).

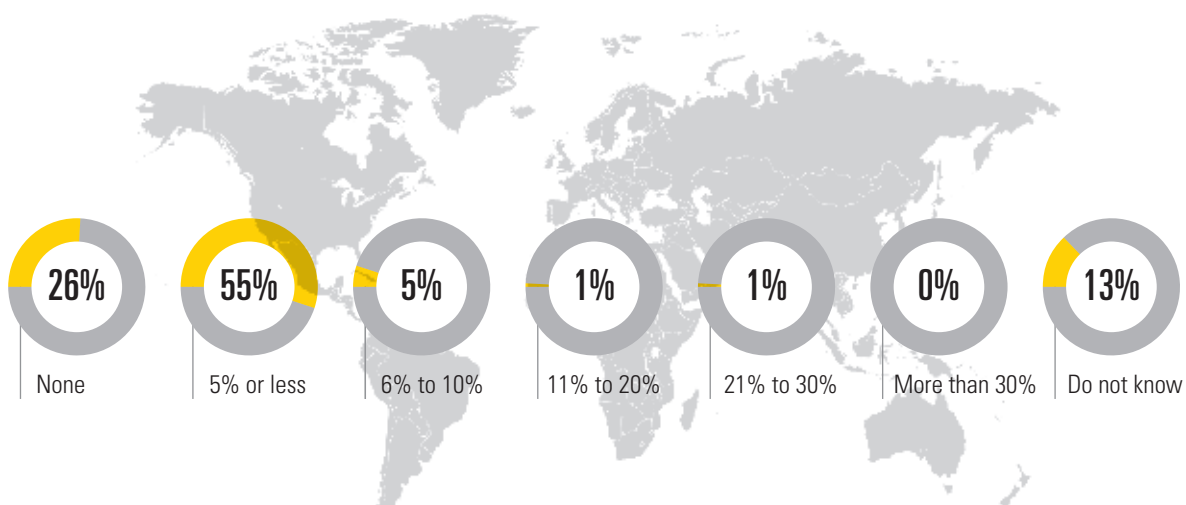
4.1. Which statement best describes your organization's approach to assessing a potential assignee's suitability for international assignment (select all that apply)?

4



Source: KPMG International, GAPP Survey 2015.

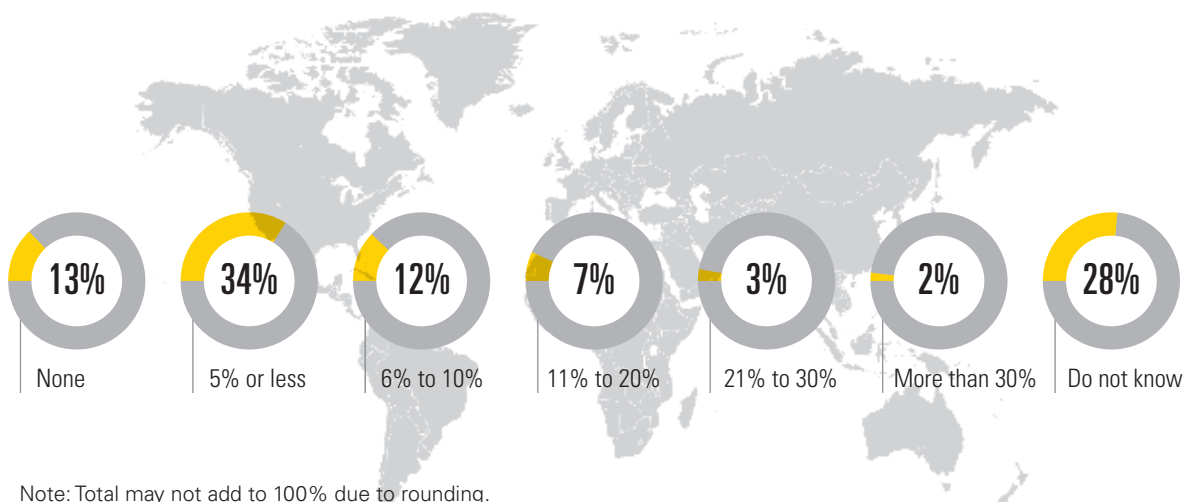
4.2. Approximately what percentage of assignees are recalled from the host country or dismissed from the organization because of inability to perform effectively during the international assignment?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

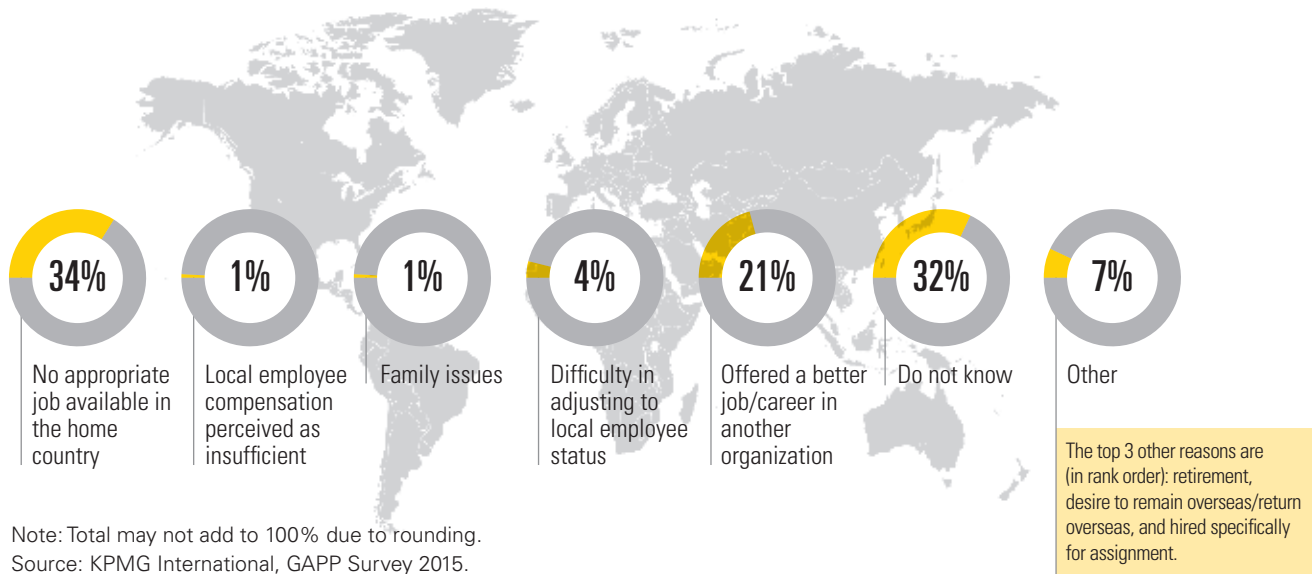
4

4.3. Approximately what percentage of assignees leave the organization within 12 months of returning from an international assignment?

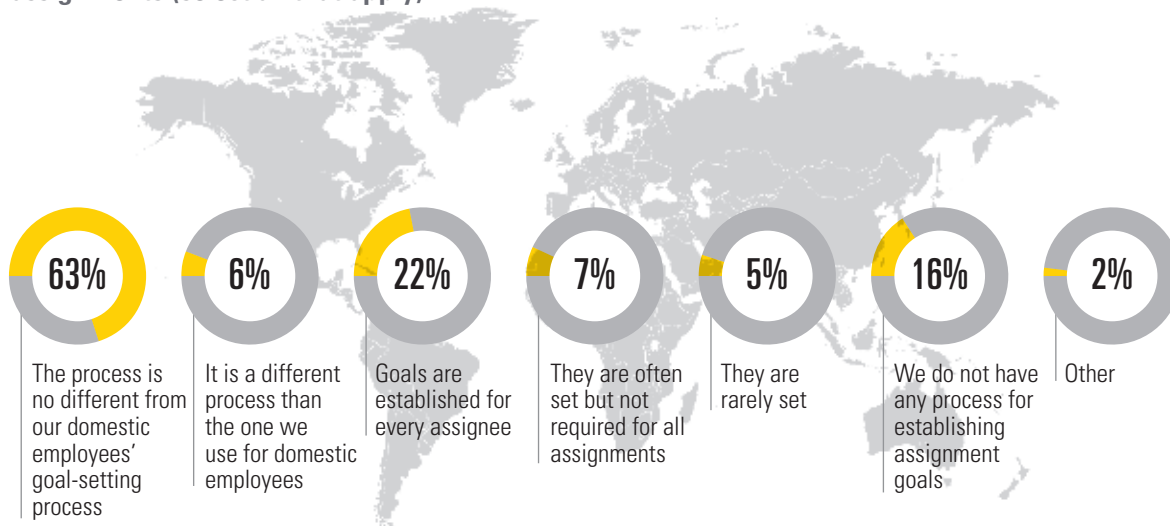


Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

4.4. What is the main reason assignees leave the organization after returning from an international assignment?



4.5. Which of the following best describes your organization's approach to establishing goals for international assignments (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

5. Program: Outsourcing

As international assignment programs grow and become increasingly complex and difficult to administer (Q 7.2), organizations may look to a variety of service providers for outsourcing certain processes and/or procedures. Tax and immigration services are the most outsourced processes (87 and 76 percent, respectively), while payroll and expense processing tend to remain in-house (Q 5.1). The major

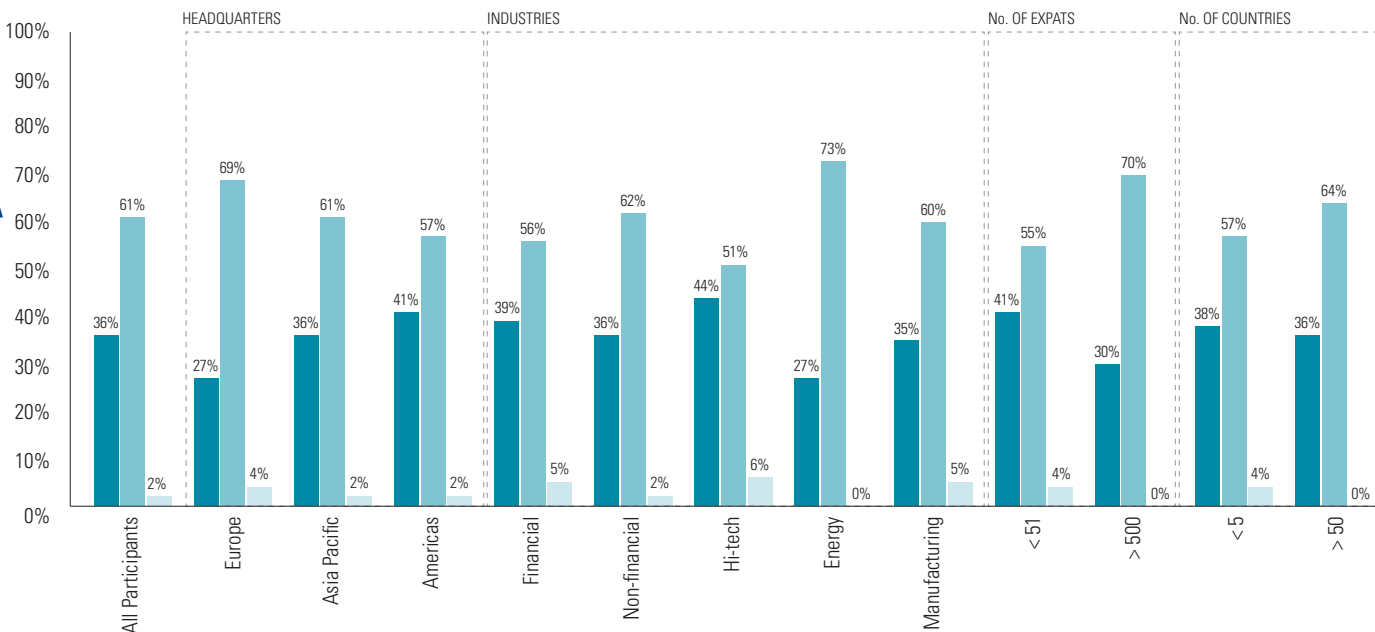
reason for outsourcing is the ability to gain access to the service provider's global resources and knowledge (Q 5.2).

Mercer/ORC is the leading provider of international assignment data. Sixty-three percent use Mercer/ORC for cost-of-living allowances (COLA) data and 55 percent rely on the service provider for housing data (Q 5.3 and 5.4).

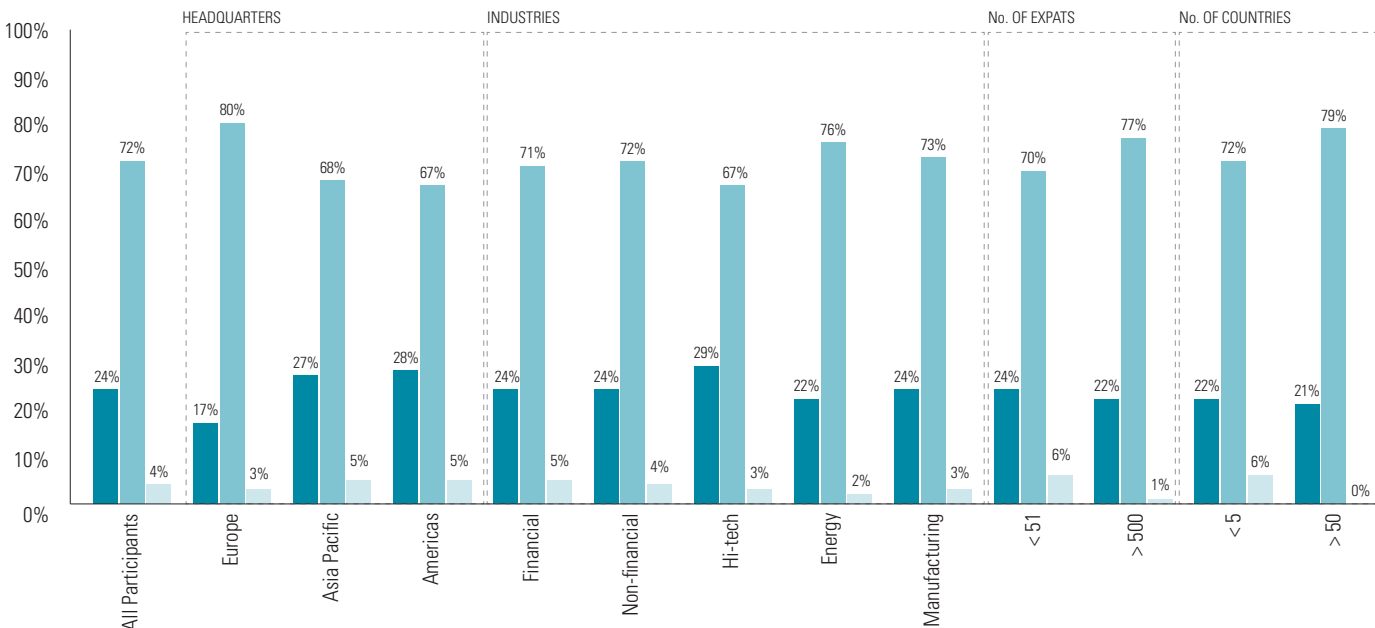
5.1. Does your organization outsource any aspects of the following functions?

■ Yes ■ No ■ Not applicable

Assignment compensation calculations



Assignment orientation sessions - HR



Note: Total may not add to 100% due to rounding.

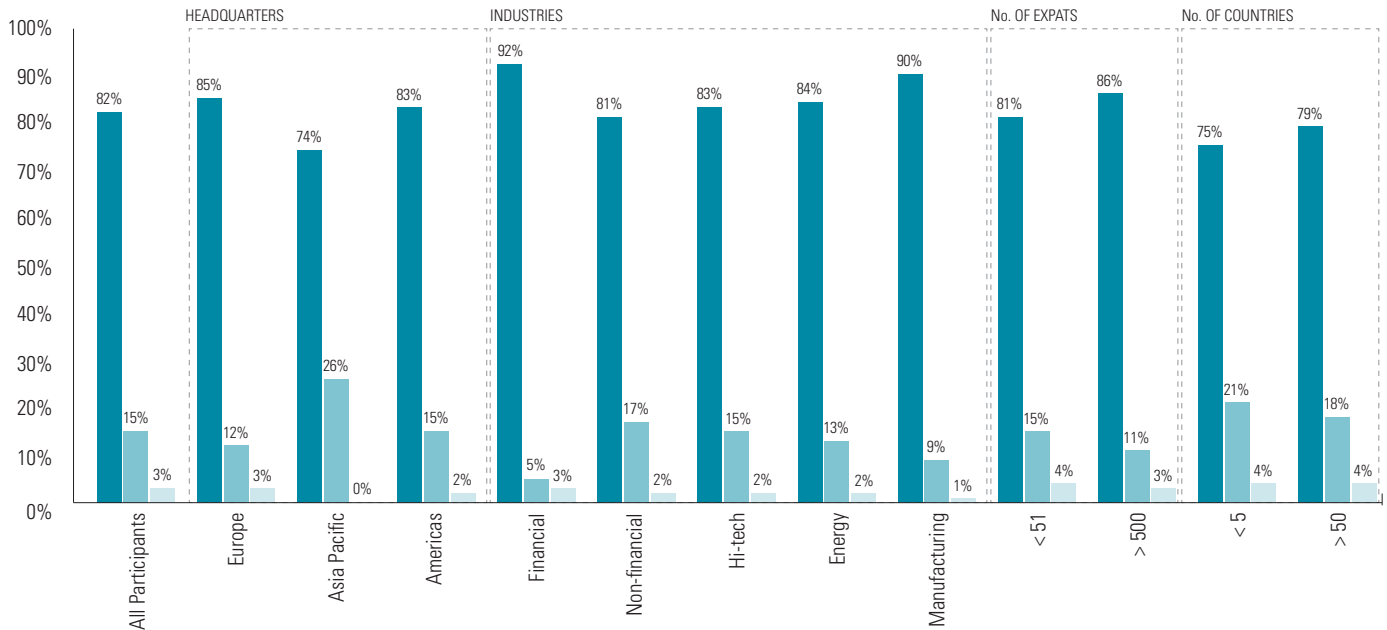
Source: KPMG International, GAPP Survey 2015.

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5.1. Does your organization outsource any aspects of the following functions? (continued)

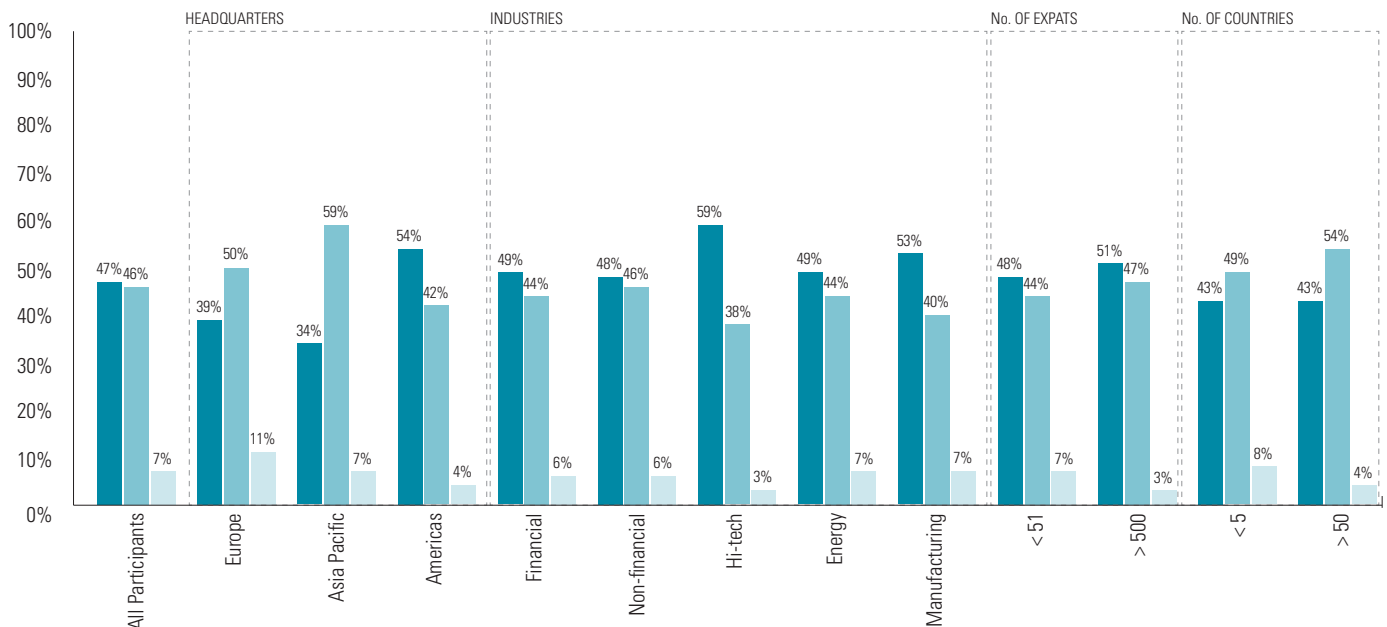
■ Yes ■ No ■ Not applicable

Assignment orientation sessions - Tax



5

Compensation reports (annual summaries of taxable remuneration)



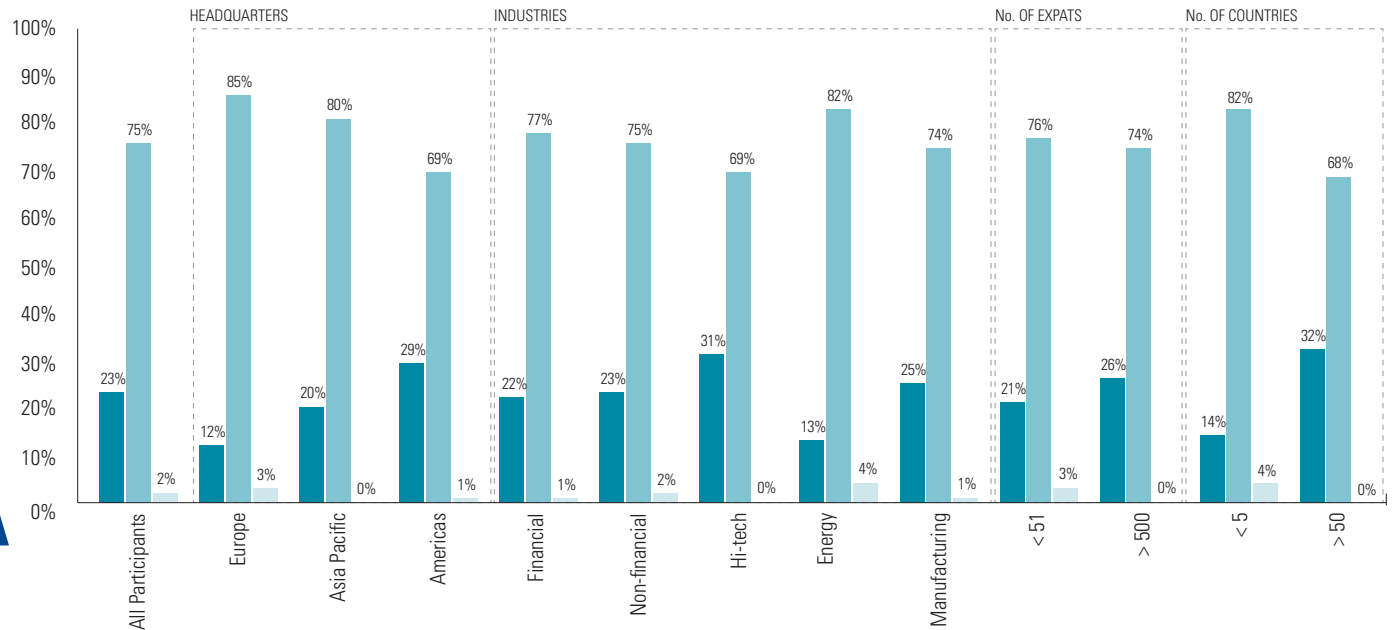
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

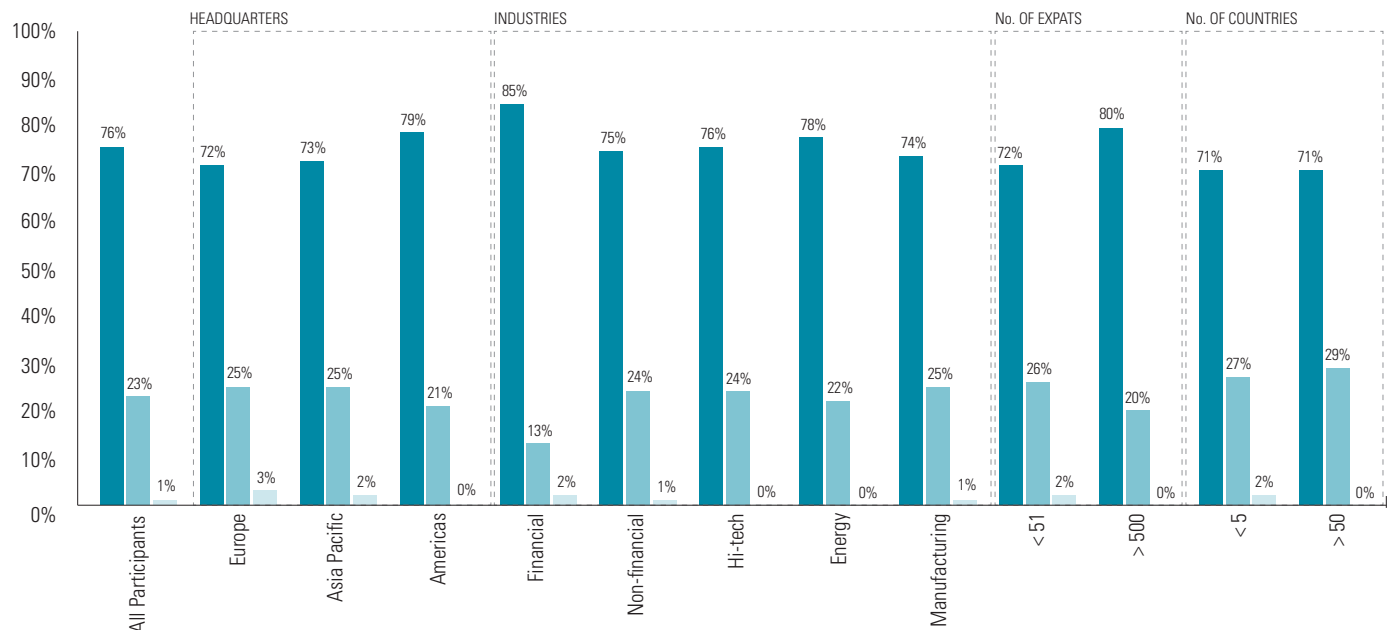
5.1. Does your organization outsource any aspects of the following functions? (continued)

Yes No Not applicable

Expense processing



Immigration/work permit assistance



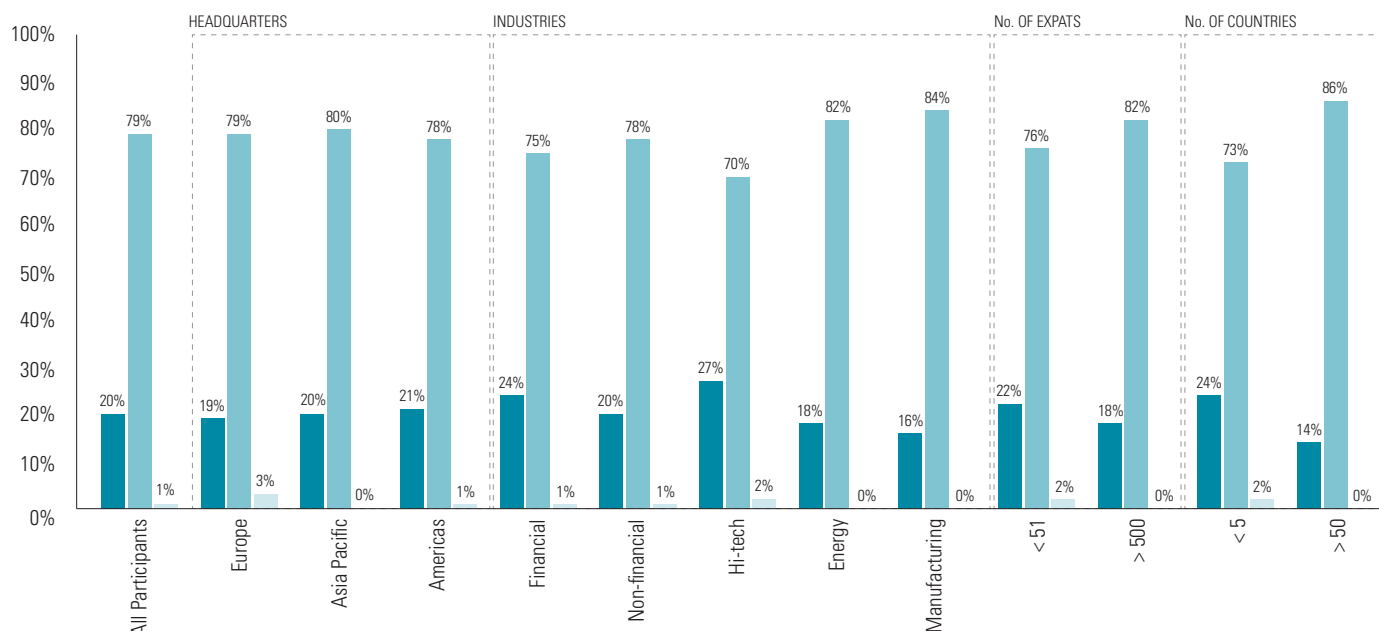
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

5.1. Does your organization outsource any aspects of the following functions? (continued)

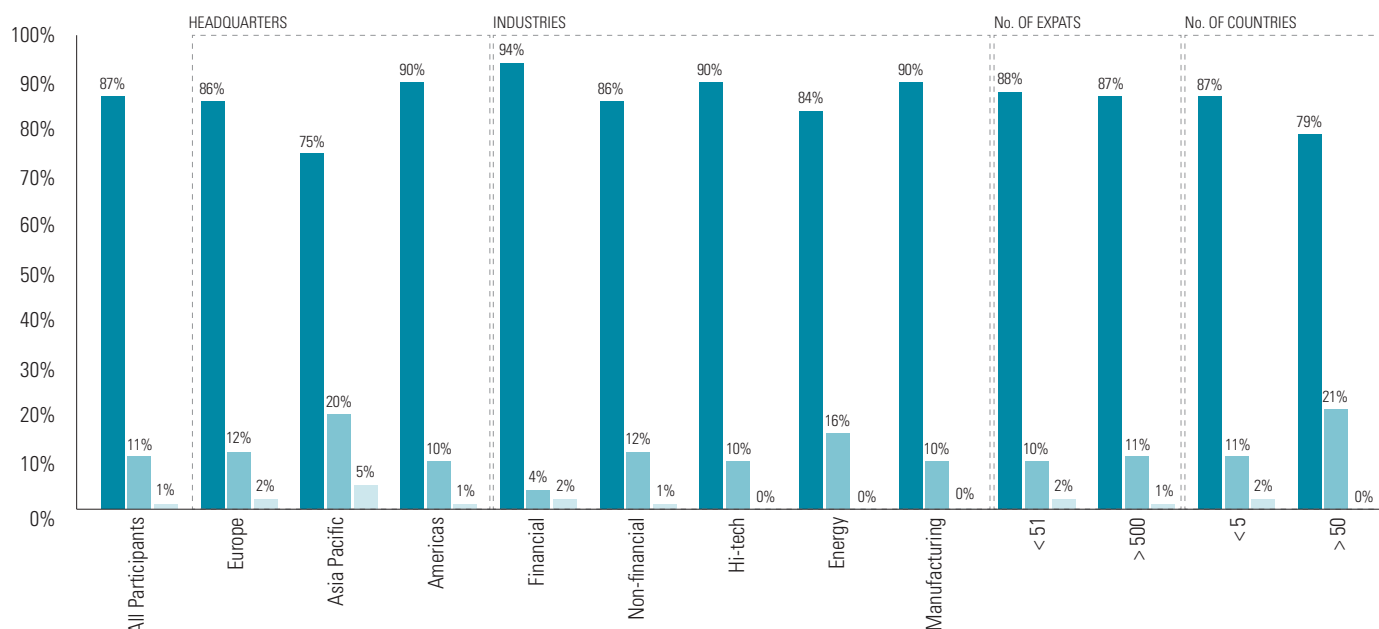
Yes No Not applicable

Assignee payroll



5

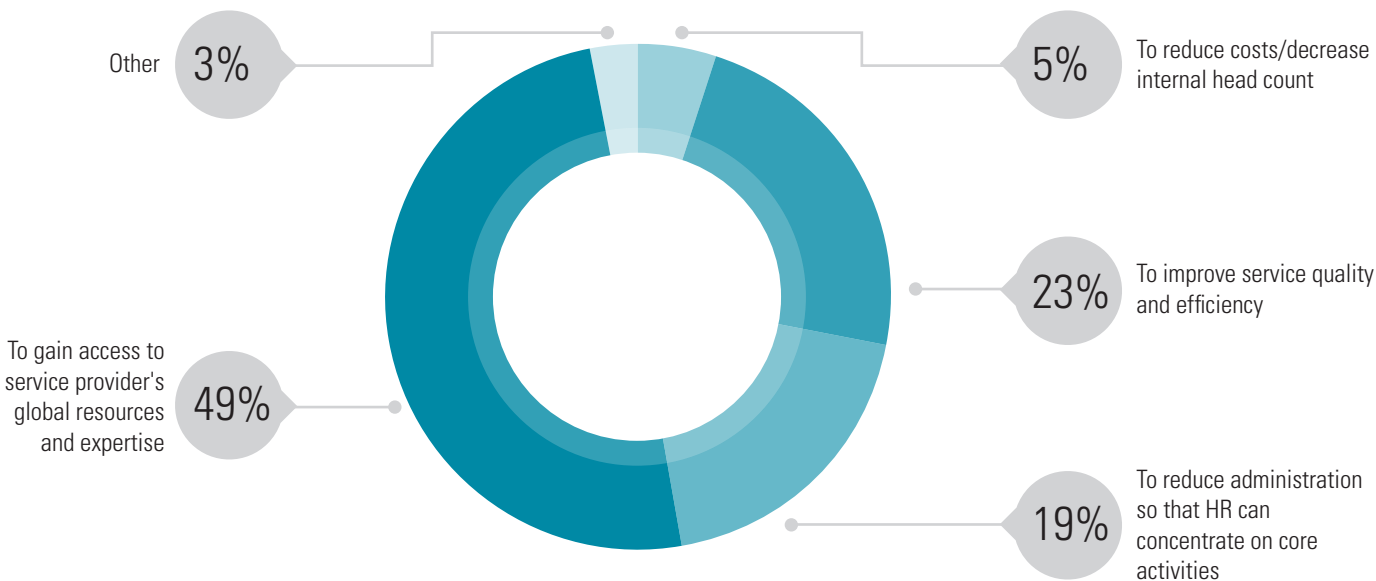
Tax compliance



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

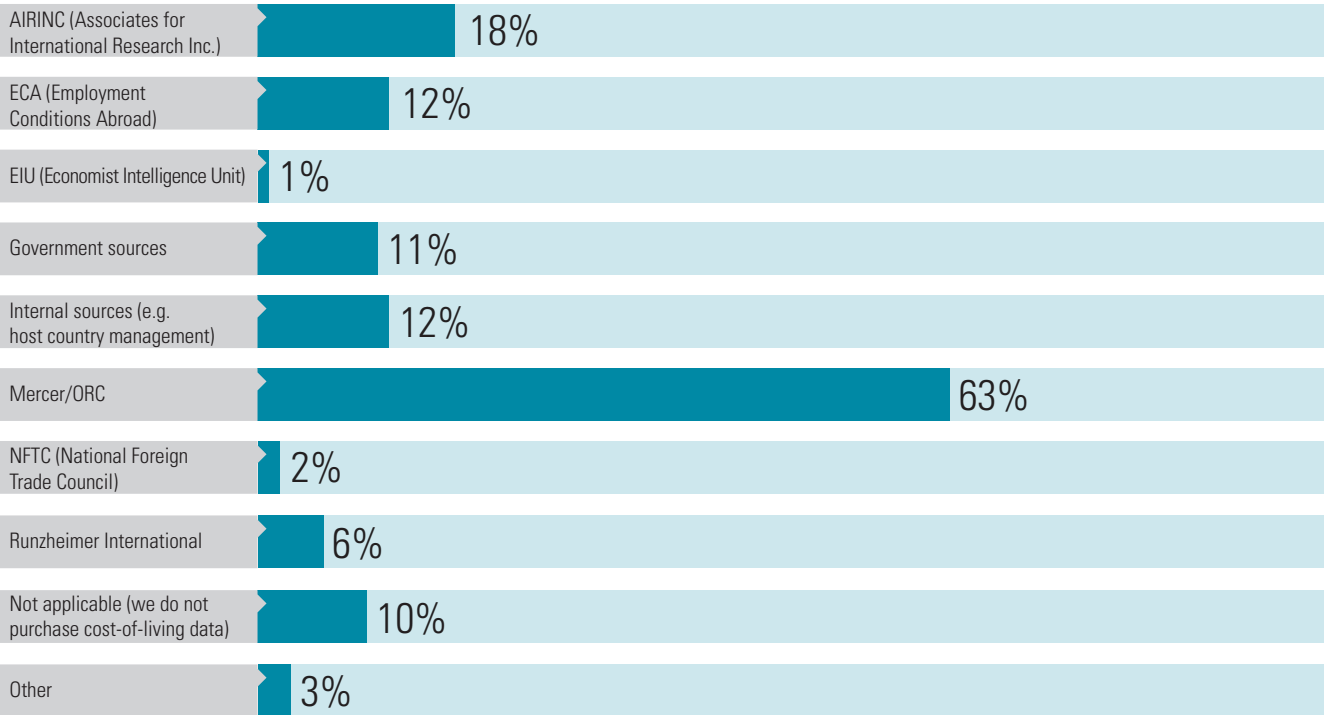
5.2. What is the single best/most important reason to outsource?



5

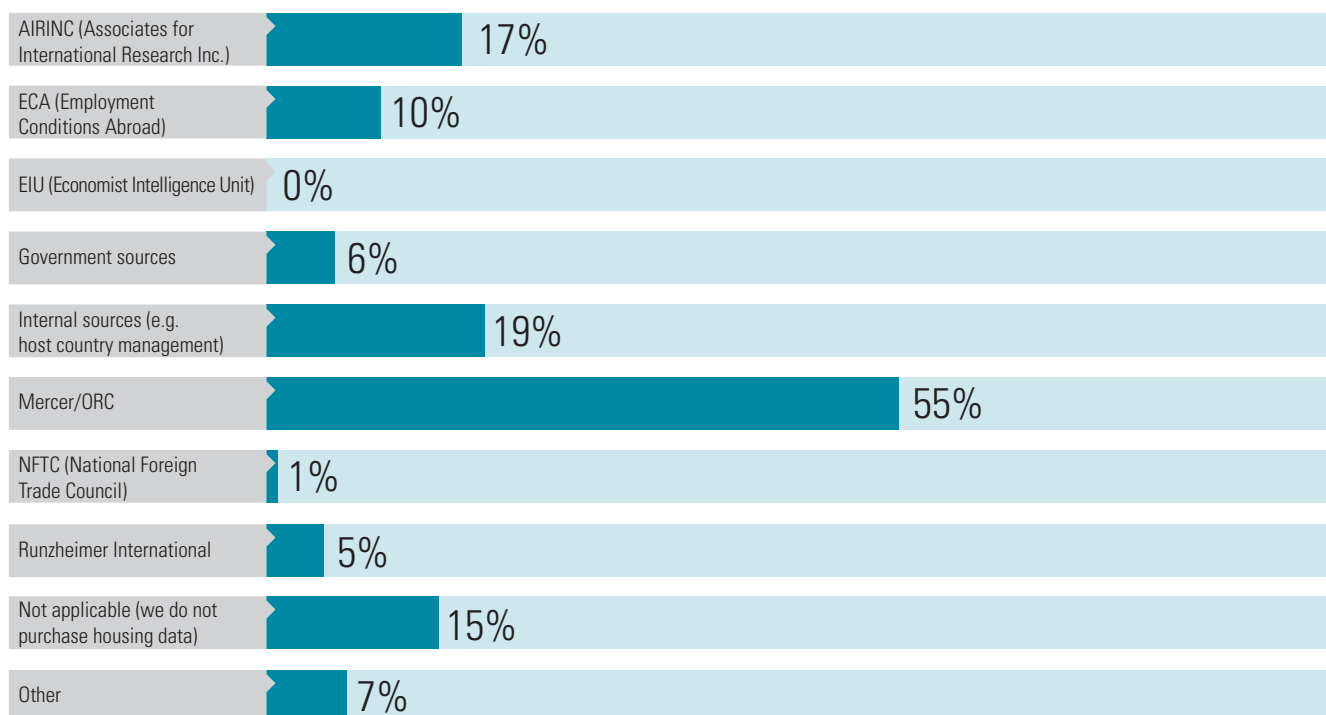
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

5.3. From which of the following sources does your organization receive international assignment cost-of-living data (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

5.4. From which of the following sources does your organization receive international assignment housing data (select all that apply)?



5

Source: KPMG International, GAPP Survey 2015.

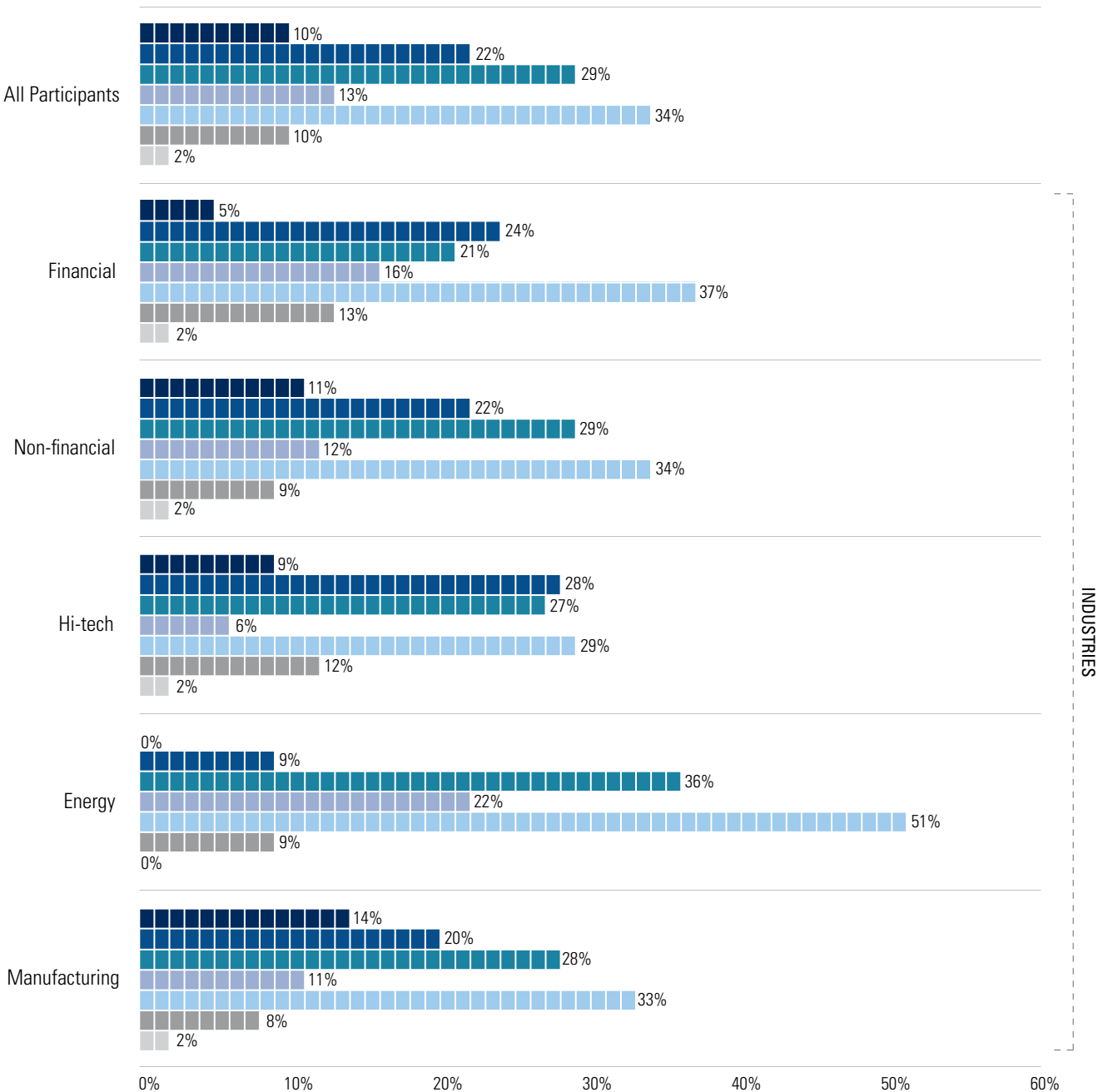
6. Program: Danger Planning/Preparation

As assignments continue to extend into different parts of the world, organizations are increasingly focused on the need to protect their international assignees from danger while on assignment. Seventy-eight percent of survey participants have some form of emergency plan in place and are actively planning for any precautions needed to ensure assignee safety. This is particularly evident in organizations with a larger presence and number of assignees in locations of concern.

Forty-eight percent of organizations with over 500 assignees use service providers for emergency planning, 38 percent follow a global emergency plan, and 23 percent have a specific plan-per-country of operation (Q 6.1). Over half of the energy industry survey participants contract with a service provider for emergency planning/assistance, and 36 percent have a global emergency plan.

6.1. Which of the following statements describe your organization's emergency planning for international assignees (select all that apply)?

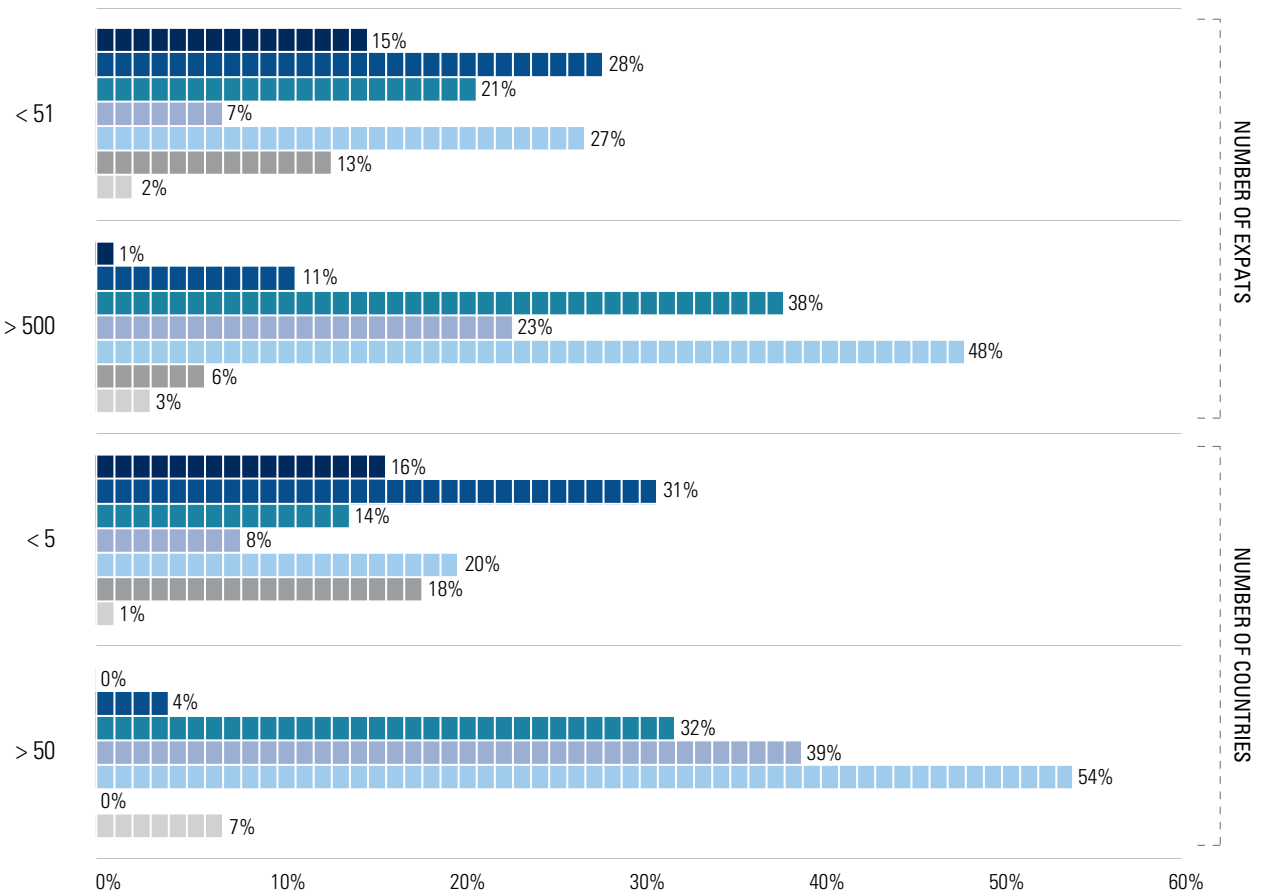
- We have determined that there is no current requirement for assignee-specific emergency planning
- We have not yet implemented an assignee-specific emergency plan
- We have a global (not location-specific) plan in place
- We have a specific plan in place for each country where we have assignees
- We have contracted with a service provider for emergency evacuations/assistance during crisis
- Don't know
- Other



Source: KPMG International, GAPP Survey 2015.

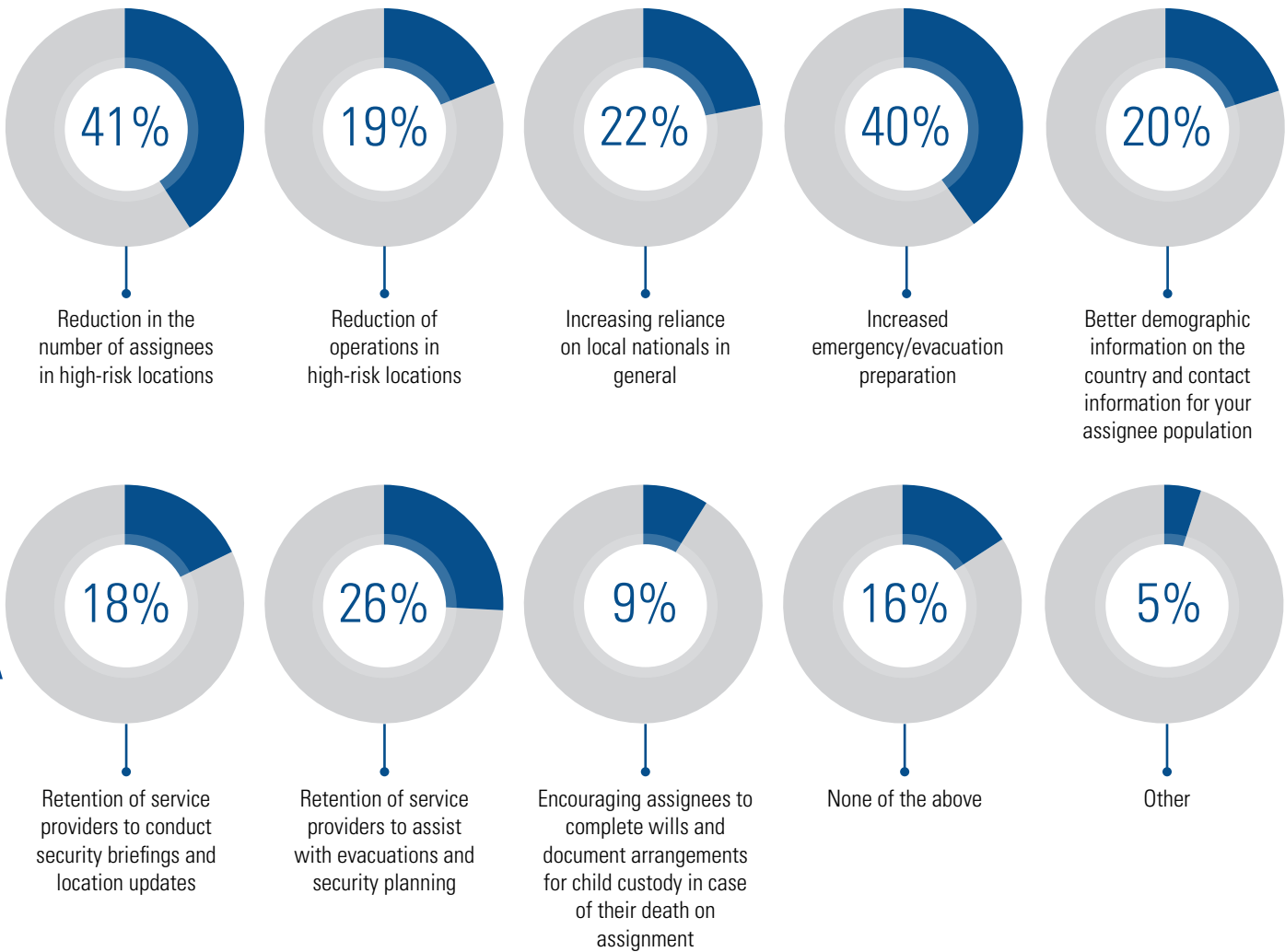
6.1. Which of the following statements describe your organization's emergency planning for international assignees (select all that apply)? *(continued)*

- We have determined that there is no current requirement for assignee-specific emergency planning
- We have not yet implemented an assignee-specific emergency plan
- We have a global (not location-specific) plan in place
- We have a specific plan in place for each country where we have assignees
- We have contracted with a service provider for emergency evacuations/assistance during crisis
- Don't know ■ Other



Source: KPMG International, GAPP Survey 2015.

6.2. Which of the following are likely responses of your organization to perceived increases in danger for assignees abroad (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

7. Program: In Your Opinion

International assignment programs continue to require a significant amount of attention from program managers, with half of survey participants saying programs take too much time and effort to administer (Q 7.1).

Sixty percent of organizations do not believe assignees are over-compensated, or that overall assignment programs are

more generous than they need to be (Q 7.2). The survey data suggests a strong outlook on the future organizational use of international assignees, with 84 percent of respondents indicating they will be using assignees the same amount or more than they are currently (Q 7.3).

7.1. Do you think that assignees are over-compensated (are assignment programs more generous than they need to be)?

All Participants



Yes

40%

No

60%

< 51



Yes

42%

No

58%

> 500



Yes

41%

No

59%

Europe



Yes

36%

No

64%

Asia Pacific



Yes

41%

No

59%

Americas



Yes

41%

No

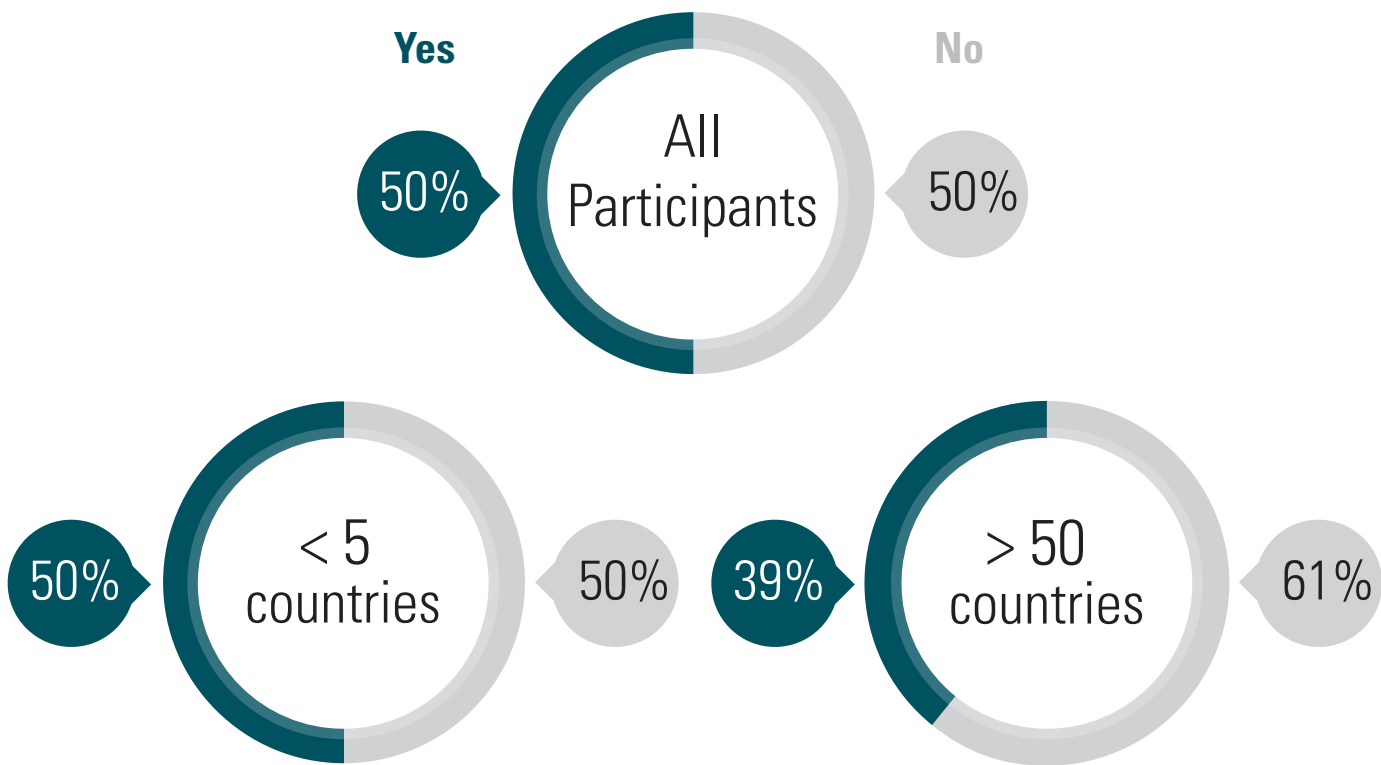
59%

NUMBER OF EXPATS

HEADQUARTERS

Source: KPMG International, GAPP Survey 2015.

7.2. Do assignees take too much time and effort to administer?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

7

7.3. How frequently will assignees be used 5 years from now?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

8. Policy: Assignment Compensation

The majority of survey respondents (61 percent) pay assignees according to compensation levels in their home country. This is particularly true for organizations headquartered in the US (66 percent) and those with assignees in over 50 countries (72 percent). European-headquartered organizations tend to offer a mix of compensation approaches: home country, host country or the higher-of-home-or-host methodologies as per their organizational policy (Q 8.1).

Many survey participants still provide a foreign service/mobility premium to their assignees (72 percent), which is primarily offered as a percentage of base salary. However, this premium is occasionally offered as a lump-sum payment and can vary based on job grade, family size and/or host location (Q 8.2).

In calculating cost-of-living allowances (COLA), survey participants tend to rely on the popular 'standard' and 'efficient purchaser' indices (46 percent and 30 percent, respectively). A few of the "Other" approaches in use are Mercer/ORC's Convenience and Mean to Mean indices. Survey participants are also ensuring that the COLA meets allowable tax limits in certain jurisdictions, has a built-in hardship element, and includes foreign exchange (FX) rate

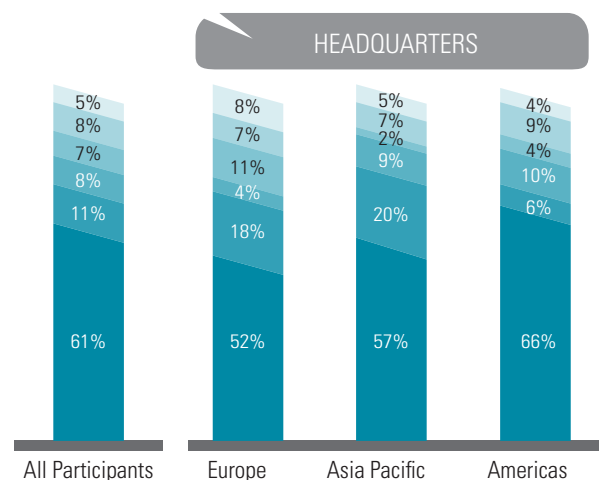
fluctuations using the organization's approved FX rates. The use of unlimited/uncapped COLA amounts appears to be slowly decreasing, as organizations look for opportunities to save costs while still providing the allowance to assignees. Negative COLA practices remain less common, with only 20 percent of organizations implementing this type of policy, versus 74 percent of organizations who do not collect a negative COLA at all (Q 8.3 to 8.5).

The majority of survey participants (64 percent) pay hardship and danger premiums, with respondents split between offering an unlimited premium and limiting it to a predetermined cap. Those in the energy and manufacturing sector tend to be more generous with uncapped hardship/danger allowances (42 percent and 40 percent, respectively), as their assignees tend to be based in locations of concern (Q 8.6).

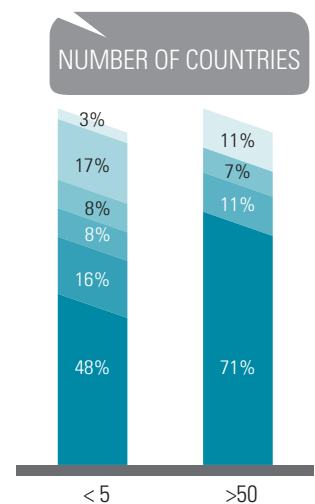
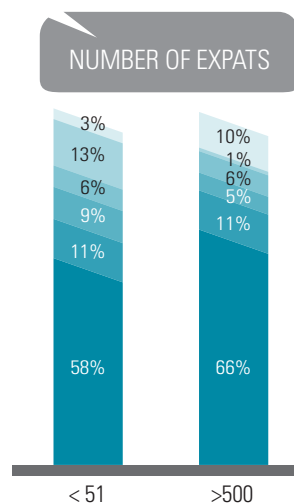
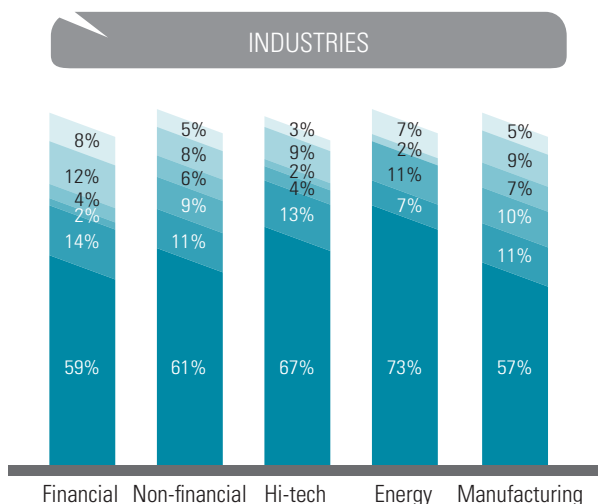
Relocation/disturbance allowances are generally paid at both the start and end of the assignment, although the calculation methodologies vary widely. The 'Other' responses in the survey indicate that some organizations in the energy and hi-tech industries also provide relocation/disturbance/miscellaneous expense allowances on a monthly basis throughout the entire assignment period (Q 8.7 and 8.8).

8.1. Which of the following statements best reflects the intention of your assignment policy's compensation approach?

- ☒ To pay assignees in accordance with compensation levels in their home countries
- ☒ To pay assignees in accordance with compensation levels of the countries to which they are assigned (host countries)
- ☒ To pay assignees in accordance with compensation levels in the organization's headquarters country
- ☒ To pay assignees the higher of the home or host country compensation
- ☒ No predominant philosophy (determined on a case-by-case basis)
- ☒ Other



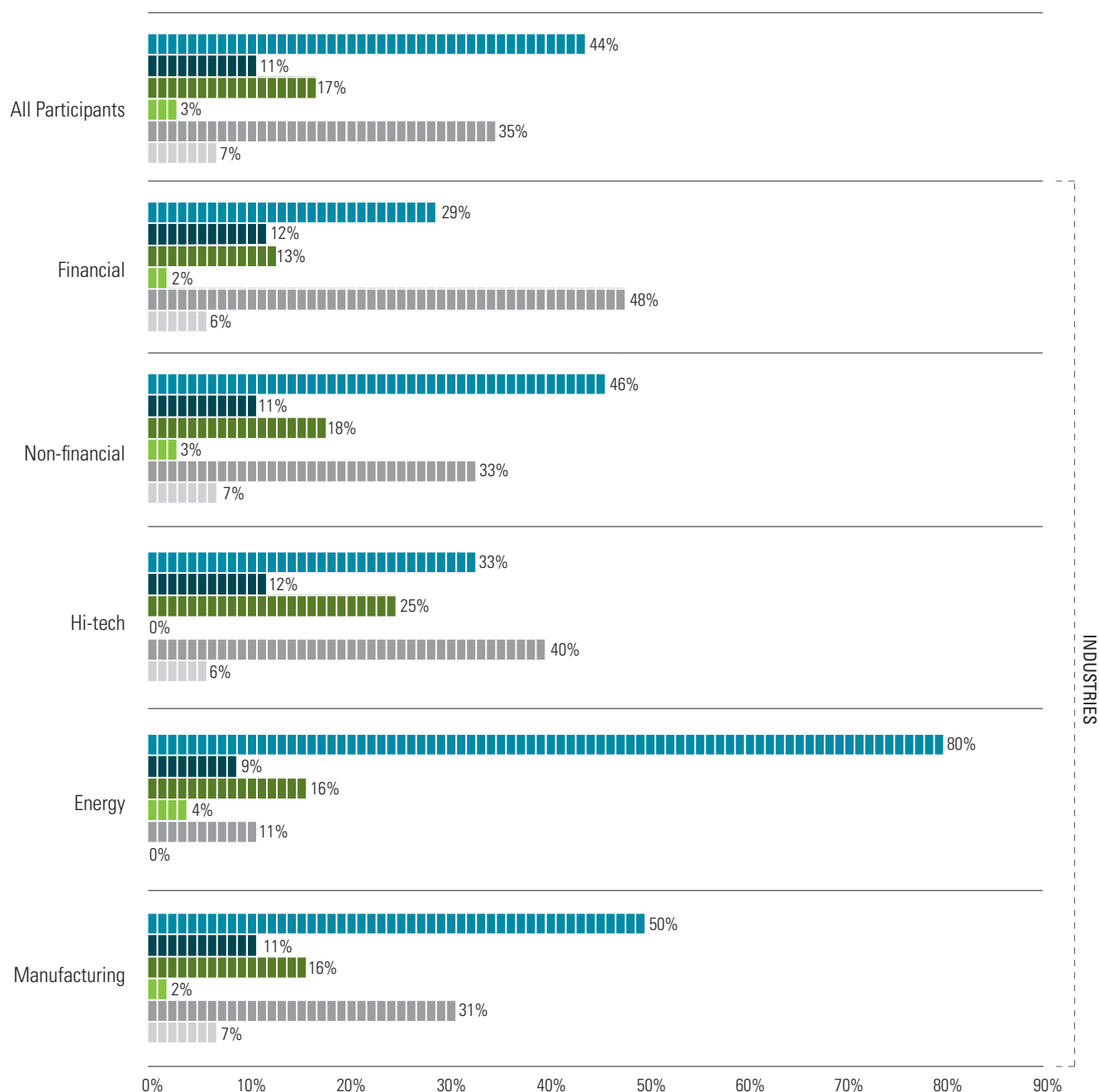
8



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

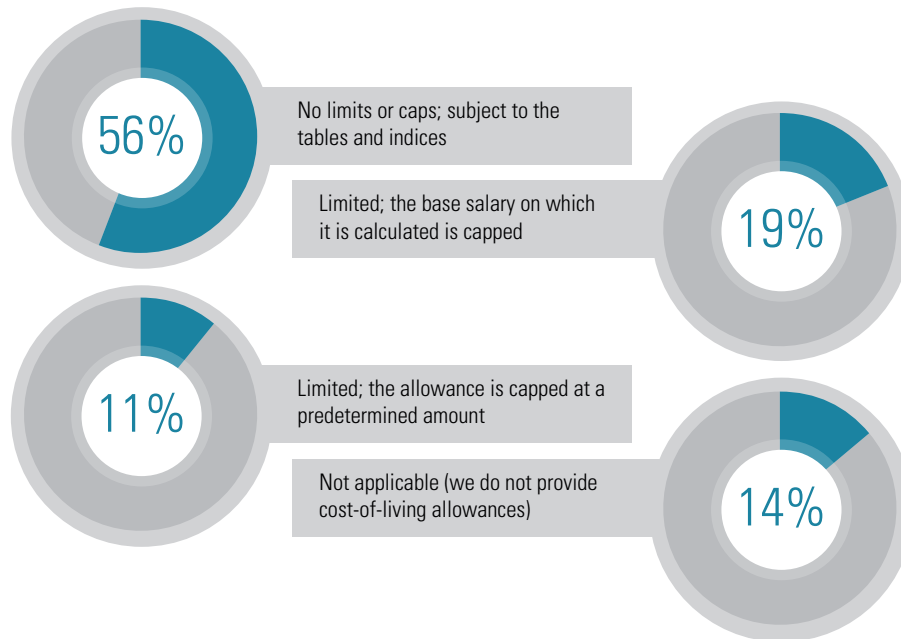
8.2. Which of the following statements best describe your organization's policy regarding foreign service/mobility premiums (select all that apply)?

- Assignee receives a percentage of base salary (e.g. 10%, 15% or one month's salary)
- Assignee receives an amount based upon job grade, family size or host location
- Assignee receives a lump sum at the beginning and/or end of the assignment
- The payment of the premium is partly or entirely dependent on the assignee's performance (e.g. completion of assignment goals)
- Not applicable (we do not provide a foreign service/mobility premium)
- Other



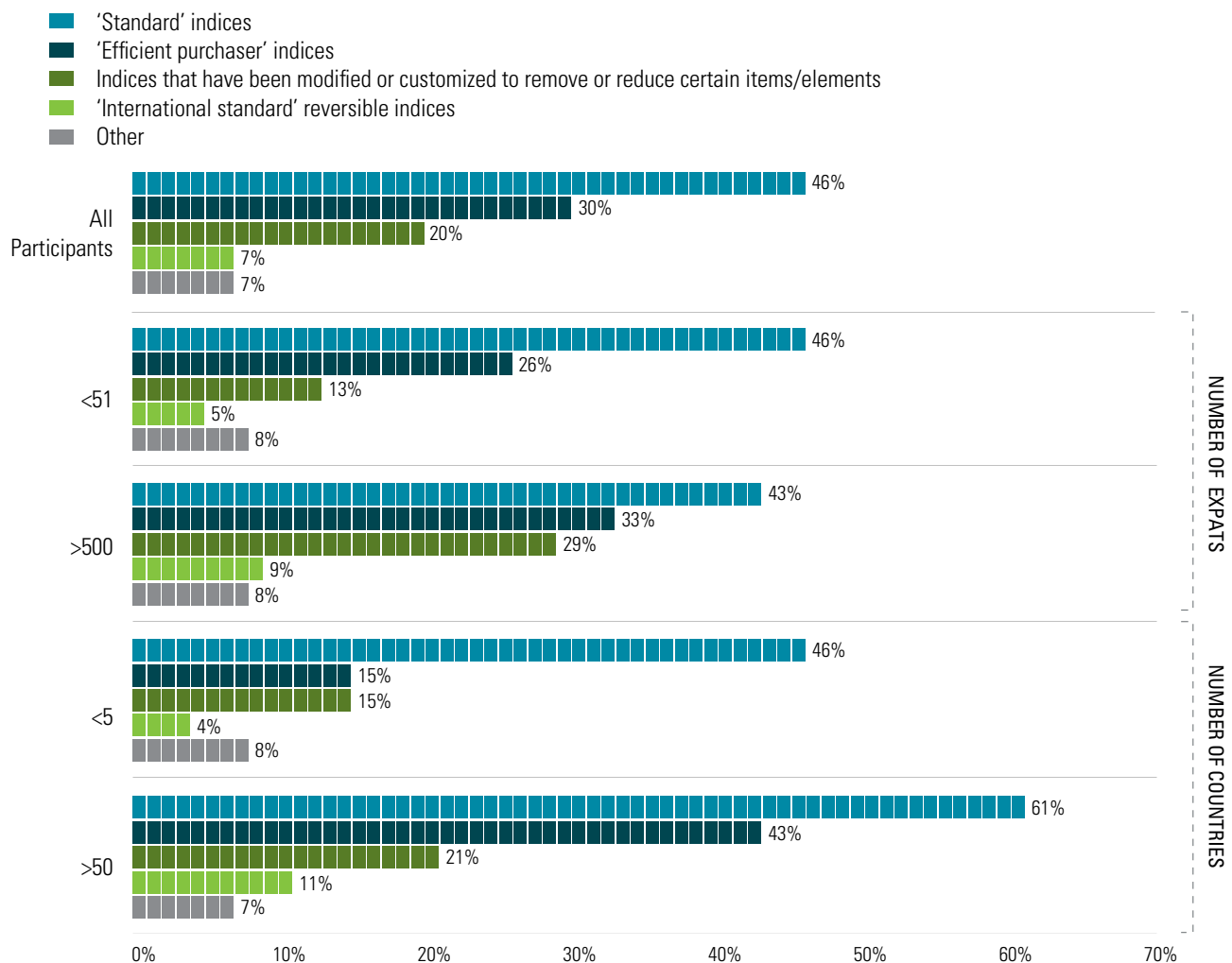
Source: KPMG International, GAPP Survey 2015.

8.3. Which of the following statements best reflects your organization's approach to the use of caps or limitations on the amount of cost-of-living allowances?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

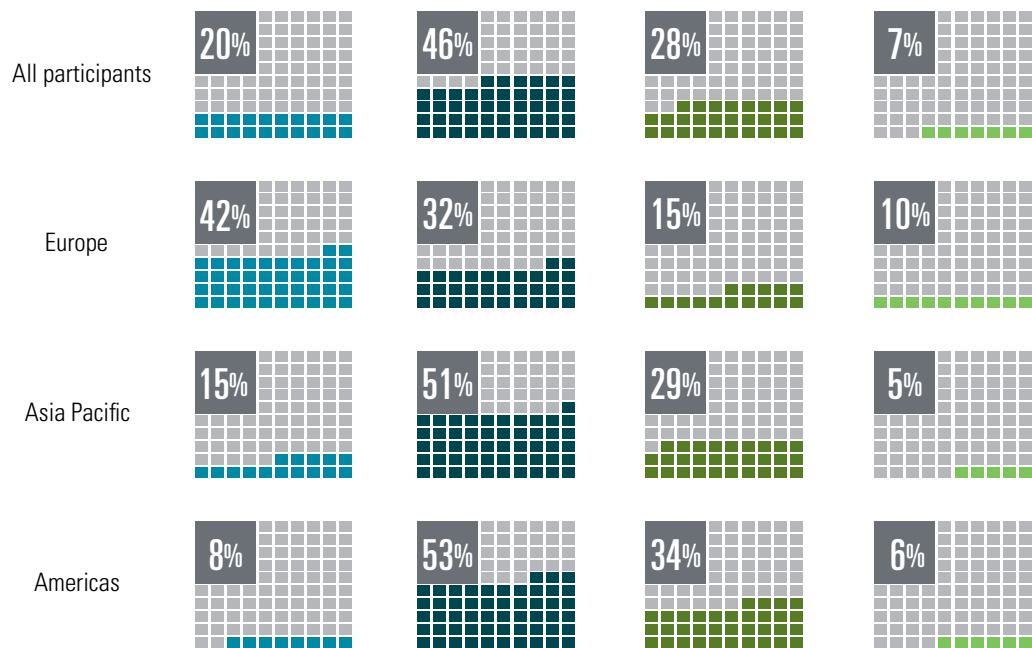
8.4. Which of the following types of cost-of-living indices does your standard policy use (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

8.5. If the cost-of-living in the host country is determined to be lower than that of the home country, which statement best describes your organization's approach?

- Negative cost-of-living allowance is implemented (including if it is deducted from a combined allowance such as housing and cost-of-living)
- Negative cost-of-living allowance is not implemented, and the assignee is informed of the benefit he or she is receiving
- Negative cost-of-living allowance is not implemented, but the assignee is not informed of the benefit
- Other



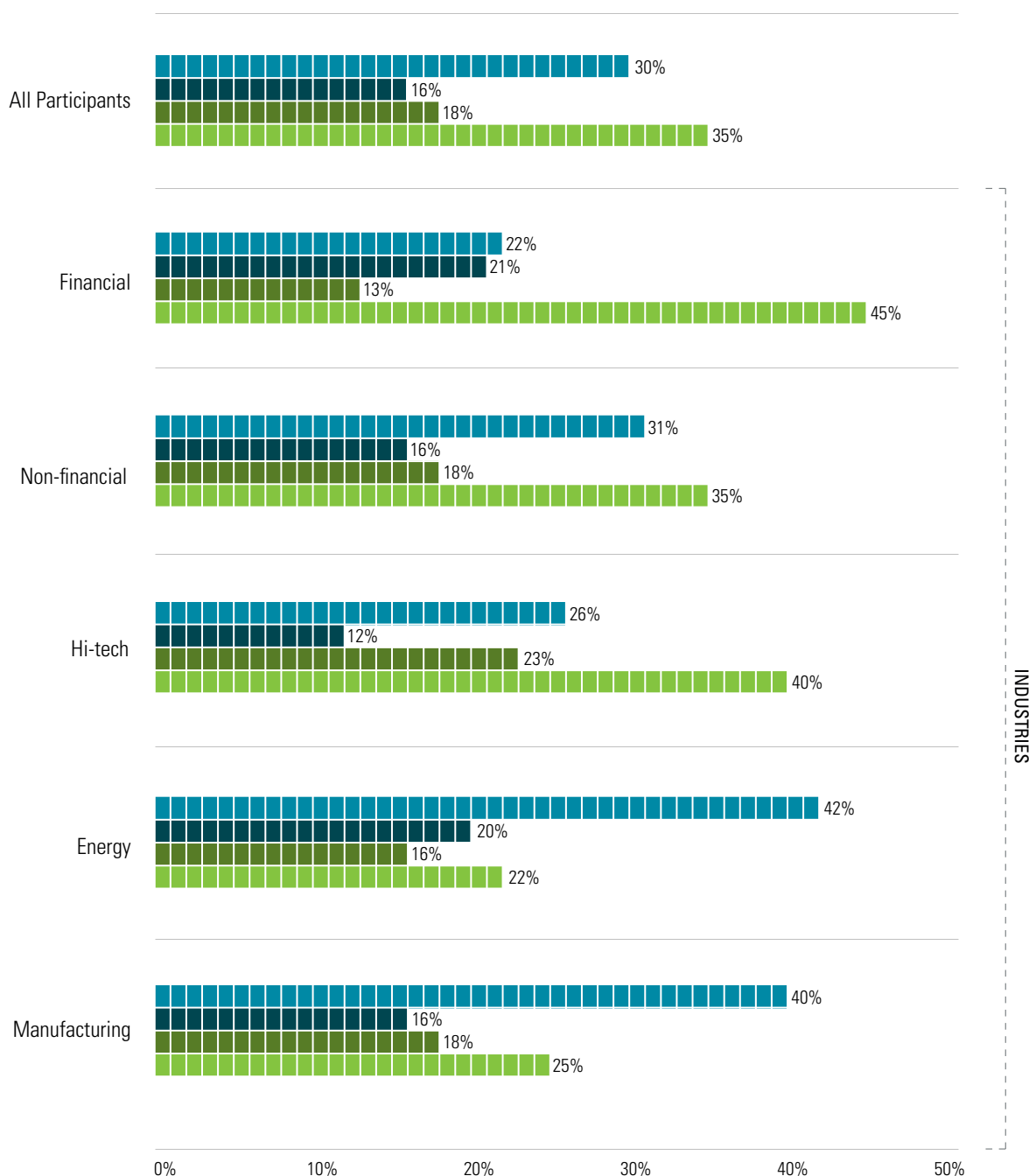
OTHER

The top other approach is to either decrease cost-of-living allowance by set percentage or cease allowance altogether.

Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

8.6. Which of the following statements best reflects your organization's approach to the provision of a hardship/danger allowance?

- It is unlimited (it is not capped)
- It is limited; the base salary on which it is calculated is capped
- It is limited; the allowance is capped at a predetermined amount
- Not applicable (we do not provide a hardship/danger allowance)

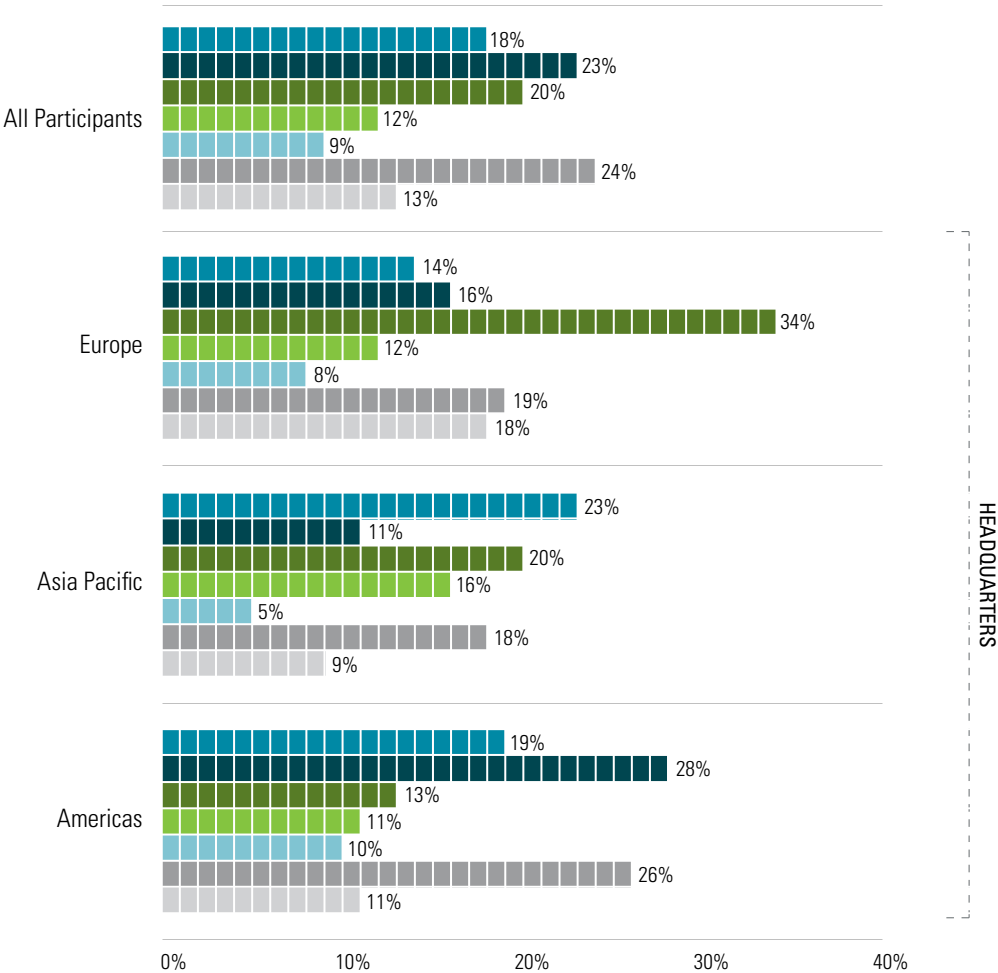


Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

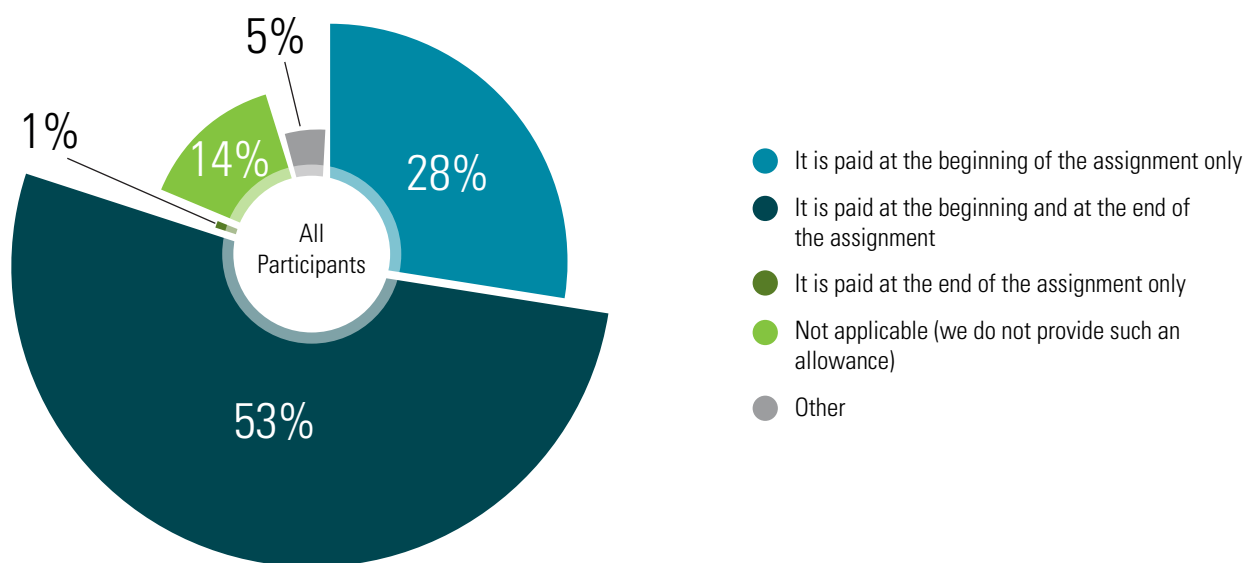
8.7. Which of the following statements best reflects your organization's approach to the calculation of a relocation/disturbance/miscellaneous expense allowance (select all that apply)?

- It is calculated using base salary without a cap or limitation
- It is calculated using base salary but the salary is capped
- It is an amount based on family size
- It is an amount based on home or host location
- It is an amount based on job level/grade
- An allowance is provided but the calculation method is none of the above
- Not applicable (we do not provide such an allowance)



Source: KPMG International, GAPP Survey 2015.

8.8. Which of the following statements best describes your organization's timing regarding the payment of a relocation/disturbance/miscellaneous expense allowance?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

9. Policy: Planning and Preparation

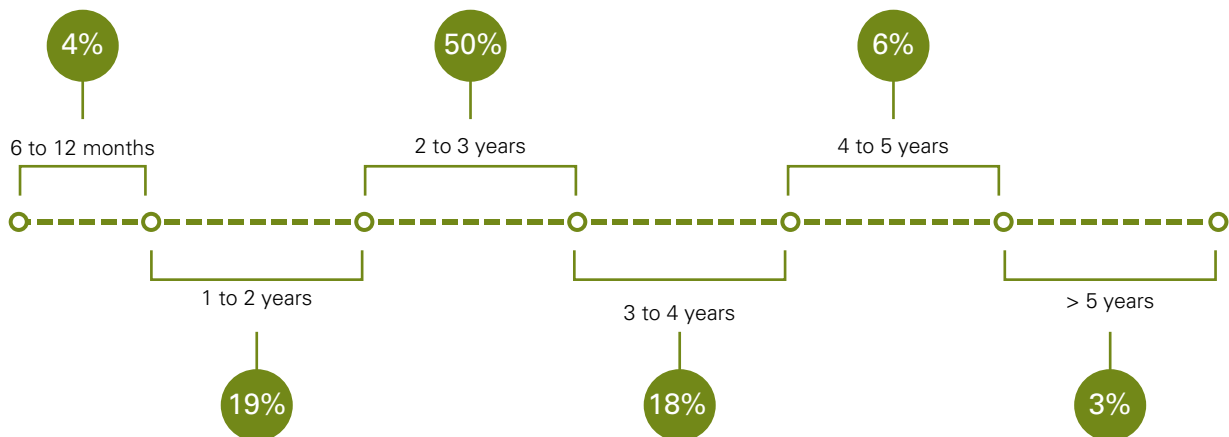
In evaluating their approach to localizing assignees, a large portion of survey participants manage the processes on a case-by-case basis and no formal policy is in place to address the topic (35 percent). When addressed, assignees are more likely to fully transition to the host country compensation and retirement system after a set period of time, rather than retaining home and/or assignment benefits in the new location (Q 9.2).

Cost estimates continue to serve as a valuable tool for program managers, with 64 percent requiring an estimate for some or all assignment approvals. Those in the financial and high technology industries are more likely to require estimates before sending assignees abroad (72 percent and 74 percent, respectively). Overall, estimates are primarily used for budgeting purposes (78 percent), and they often account for assignee-specific data (52 percent) and tax and social security costs (50 percent) (Q 9.3 to 9.6).

Language and cross-cultural training remain included under the majority of organizations' standard policies, particularly for those with a greater number of assignees (more than 500), and assignment locations (more than 50). The assignee's spouse and family are also more likely to be included in training, rather than limiting the lessons to the assignee only (Q 9.7 to 9.9).

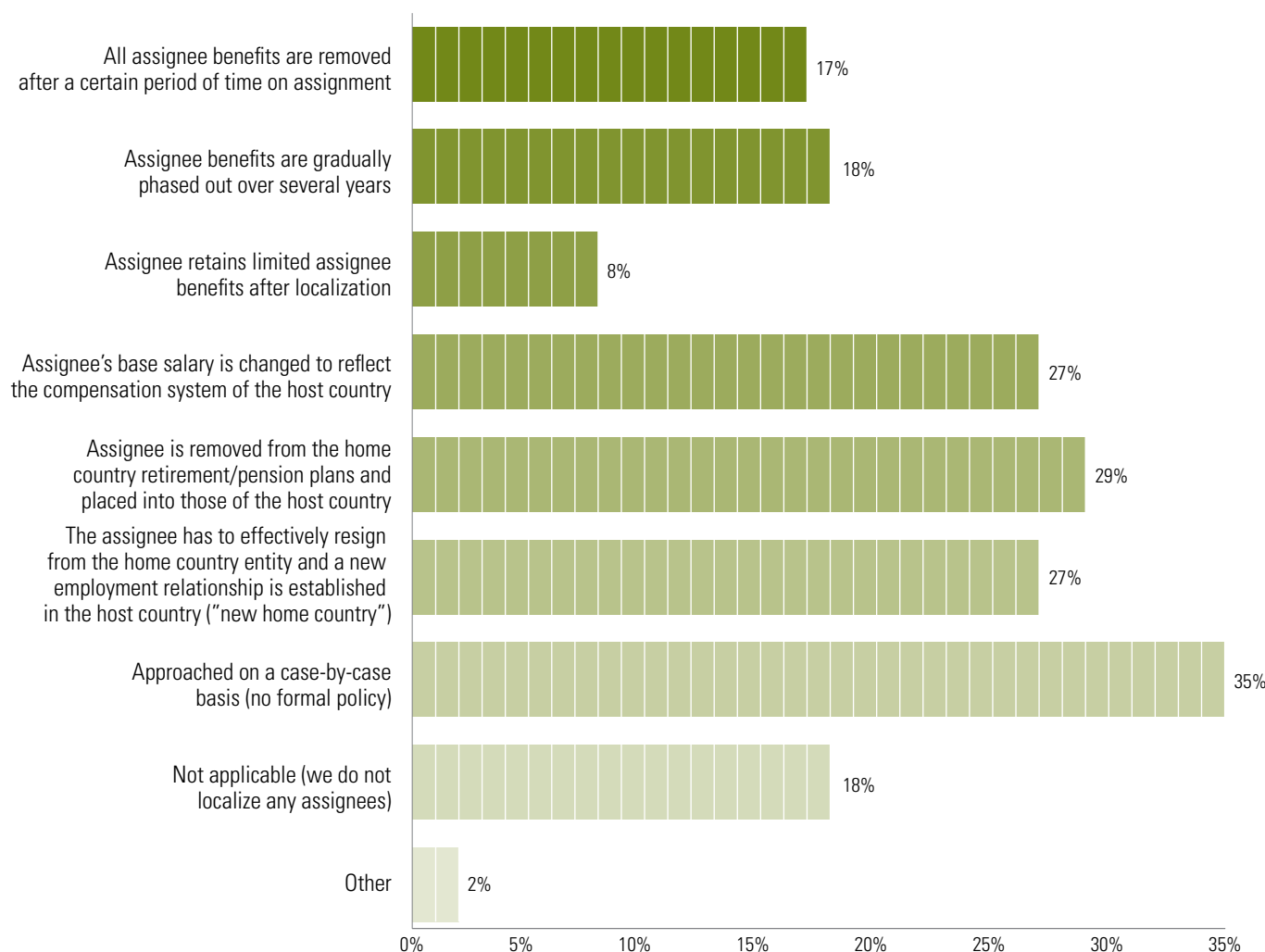
In proactively preparing for a potential assignment, 60 percent of organizations allow the assignee and spouse to visit the host location on a formal pre-assignment trip. However, the process for repatriating assignees and their families back home is not as well established. Forty-one percent have little or no repatriation services to ease the transition back home. Overall, management of the repatriation process is lacking, with 34 percent saying it is not well managed and 33 percent having a neutral point of view (Q 9.12 to 9.14).

9.1. Under your standard policy, how long is the average assignment?



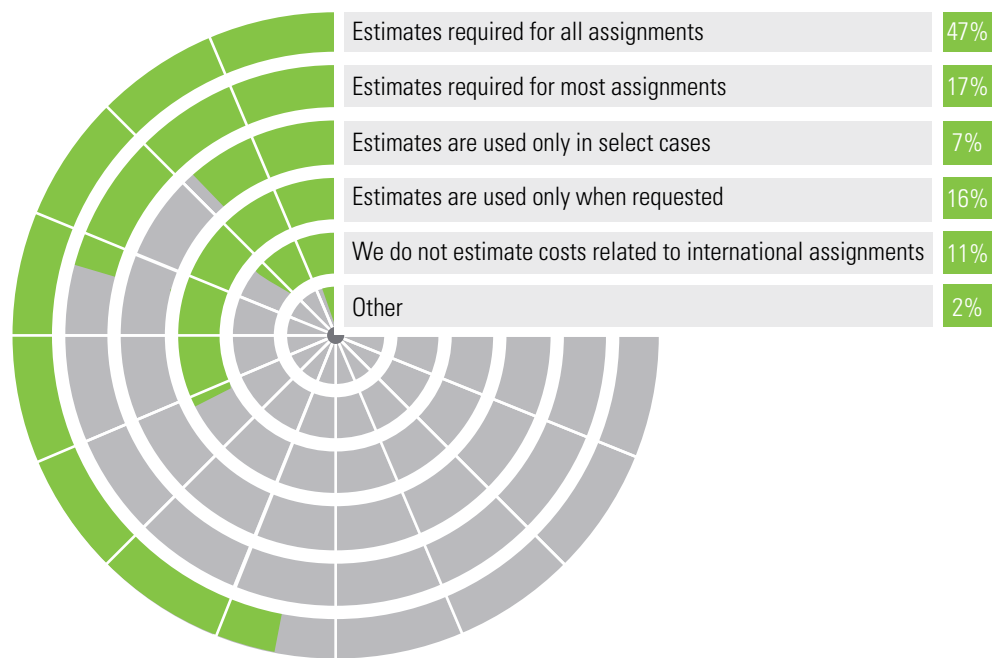
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

9.2. Which of the following statements best describe your organization's approach to localizing assignees (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

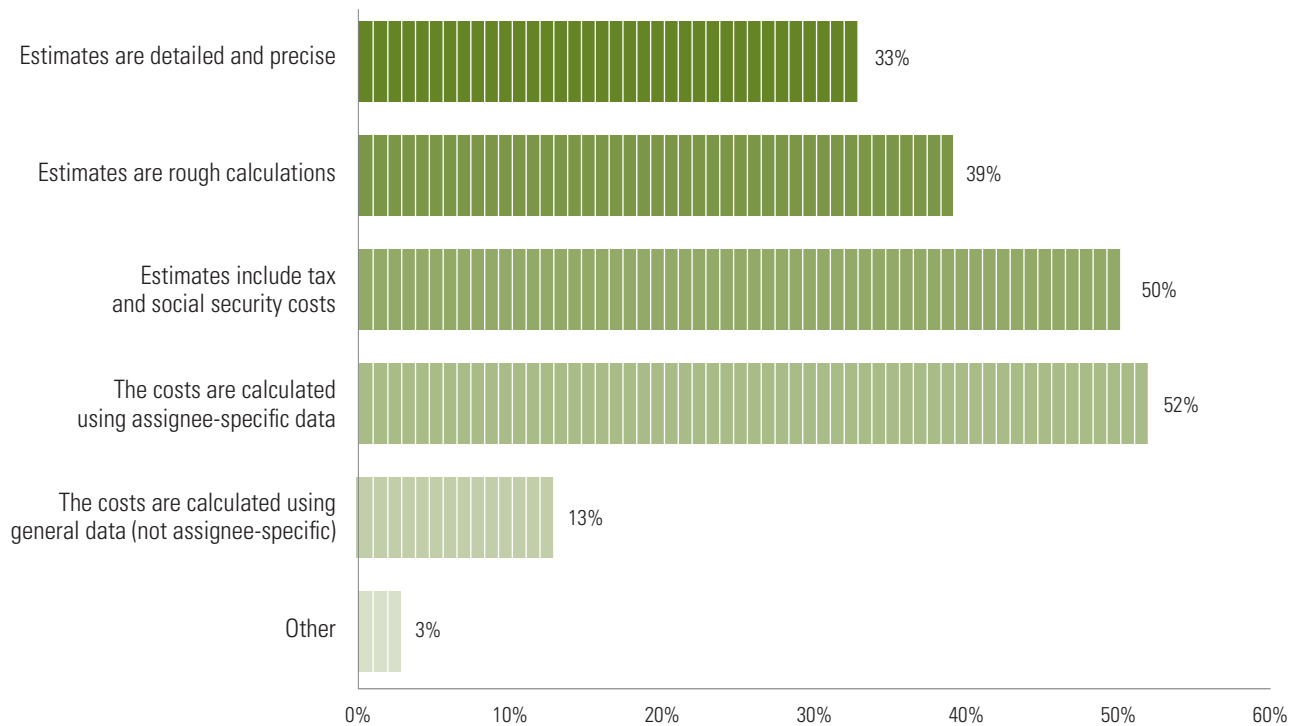
9.3. Which of the following statements best describes your organization’s approach to the frequency of preparation of cost estimates related to international assignments?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

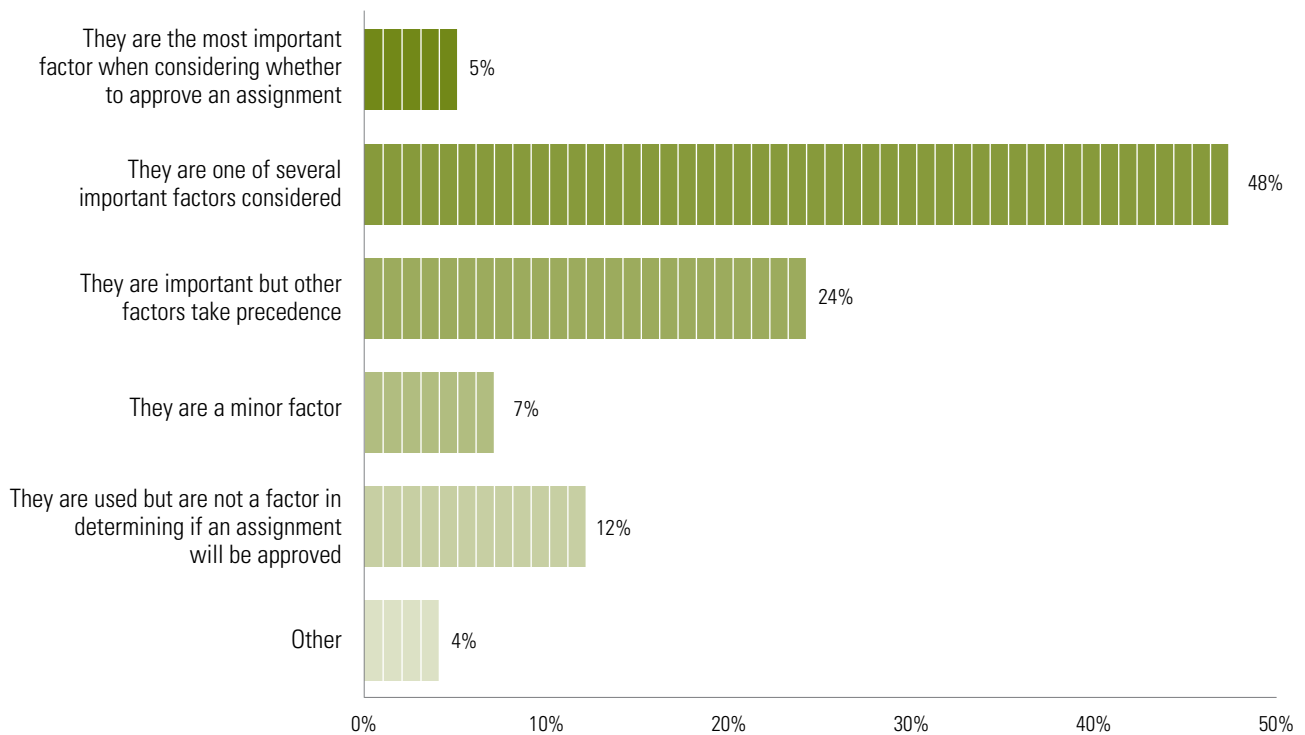
9.4. Which of the following statements describe your organization’s approach to the accuracy of cost estimates related to international assignments (select all that apply)?

9



Source: KPMG International, GAPP Survey 2015.

9.5. Which of the following statements best describes the importance of cost estimates in determining whether or not a pending assignment will be approved?



Note: Total may not add to 100% due to rounding.

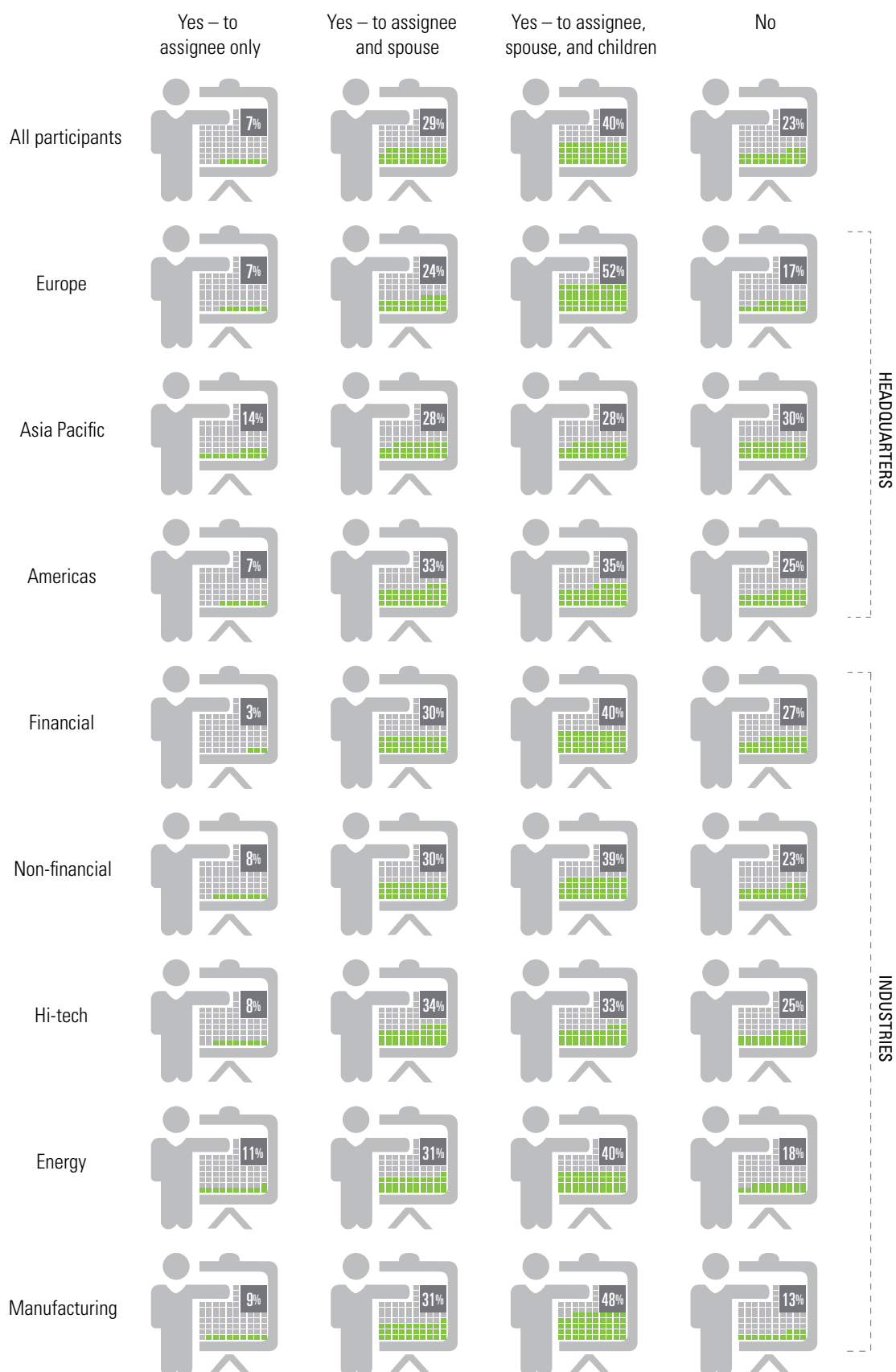
Source: KPMG International, GAPP Survey 2015.

9.6. Aside from assignment approval, which of the following statements describe your organization's use of cost estimates (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

9.7. Does your standard policy offer language training?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

9.8. Does your standard policy offer formalized cross-cultural training?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

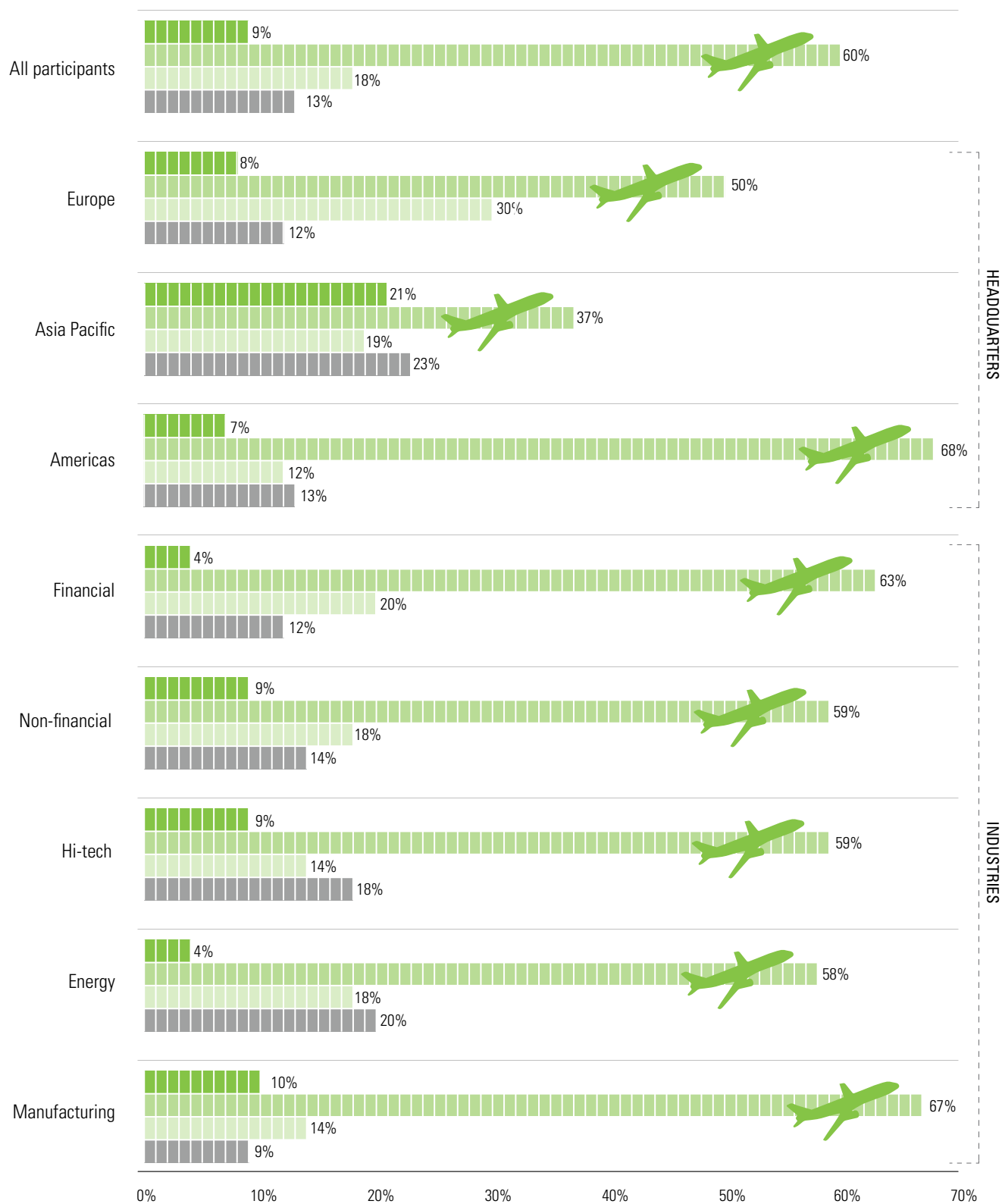
9.9. How frequently is cross-cultural training offered under your standard policy?



Note: Total may not add to 100% due to rounding 2015.
Source: KPMG International, GAPP Survey.

9.10. Does your organization allow pre-assignment visits to the host country?

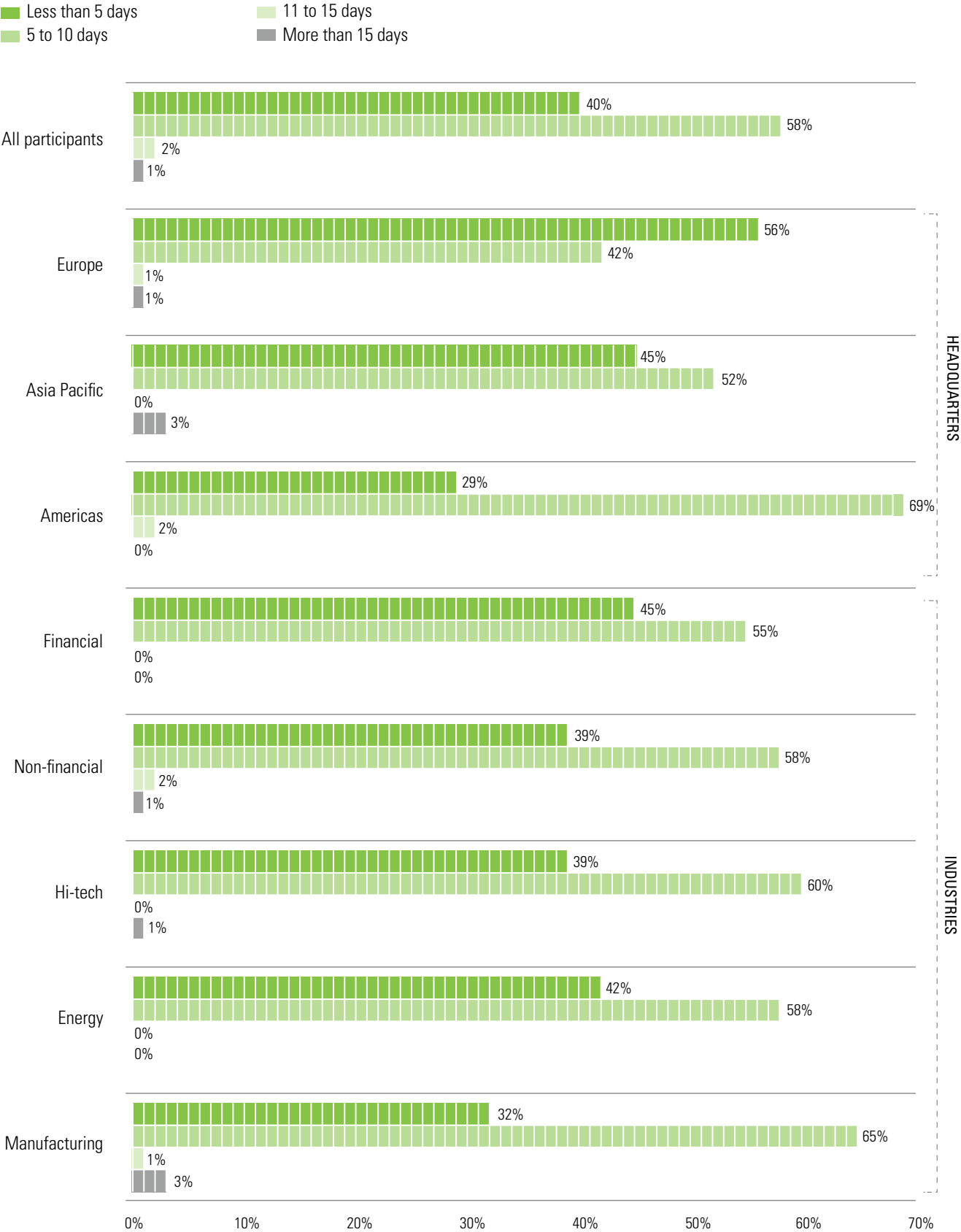
- Yes – for the assignee only
- Yes – for assignee spouse and children
- Yes – for assignee and spouse
- No



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

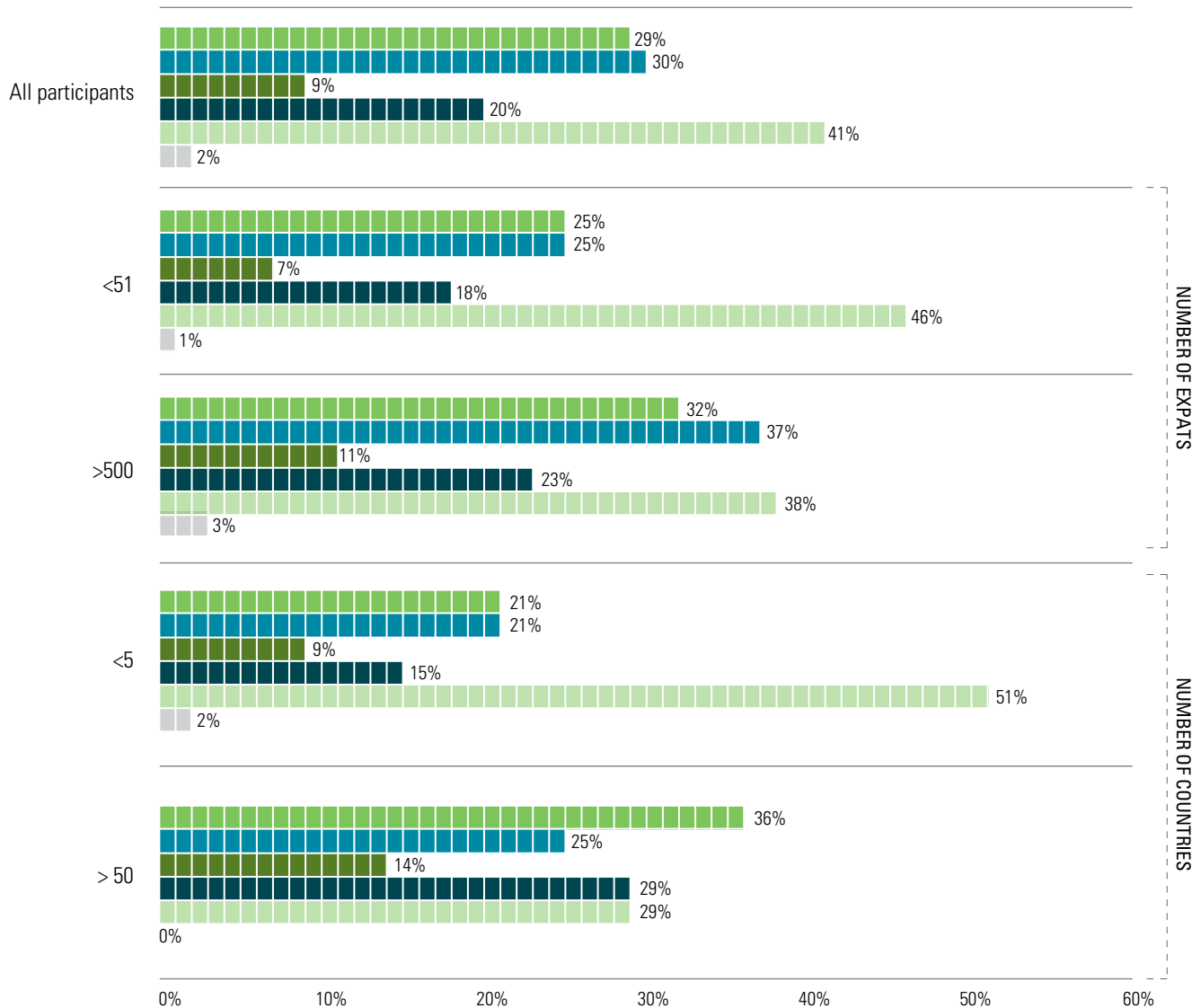
9.11. For how many days (on average) does your organization allow pre-assignment visits?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

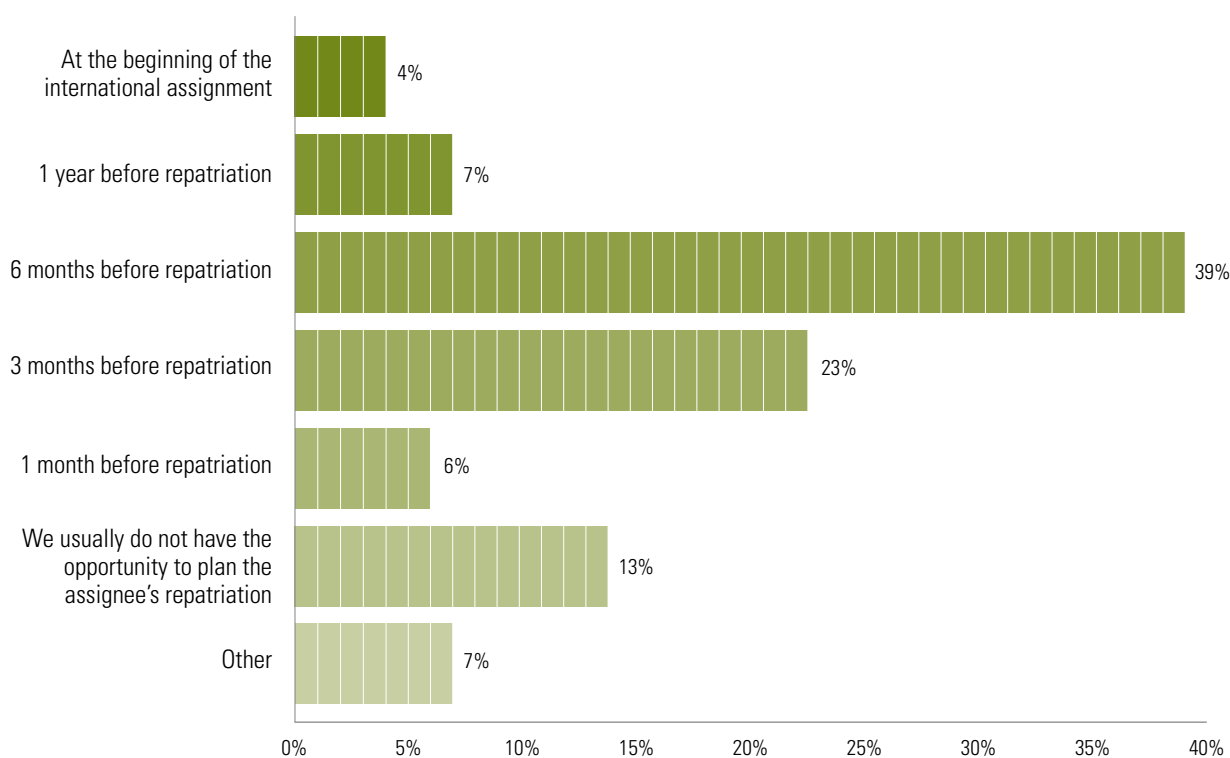
9.12. Which of the following services does your organization provide to its assignees (select all that apply)?

- Repatriation counseling at the end of assignment
- Internal career planning/job placement toward the end of the assignment
- Formalized mentoring program throughout assignment
- Pre-repatriation visit to the home country
- None of the above
- Other



Source: KPMG International, GAPP Survey 2015.

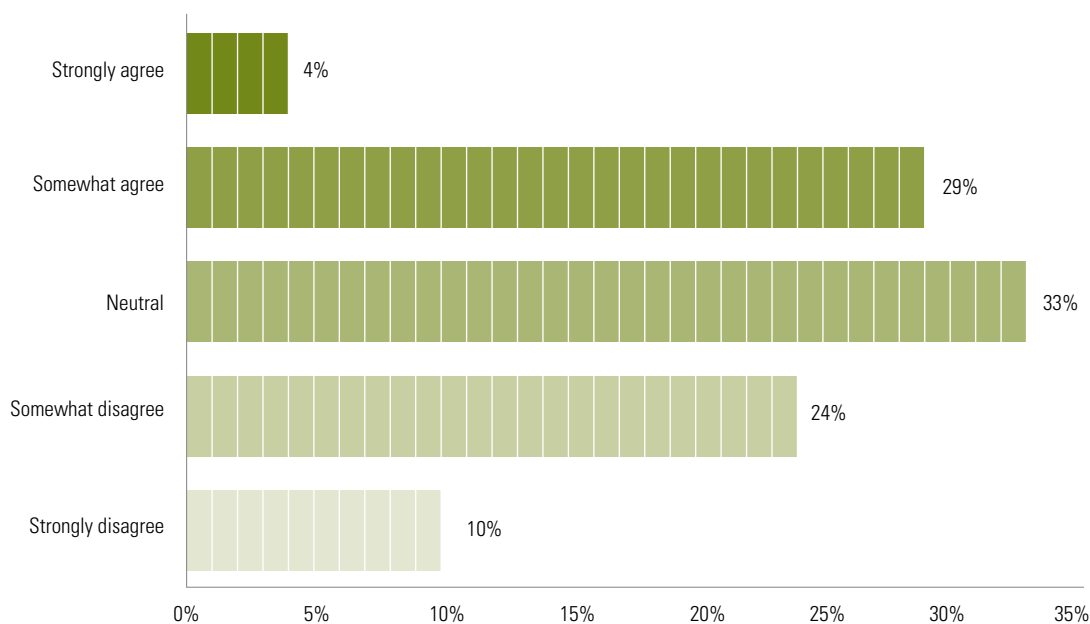
9.13. How far in advance do you begin planning the assignee's return to the home country?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

9.14. Do you agree that your organization manages the repatriation process well?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

10. Policy: Housing

Survey participants tend to offer assistance both in the home (pre-assignment) and host (post-arrival) countries. Temporary living assistance is available more broadly and for a longer duration when the assignee is in the host country than the home country (Q 10.1). Reimbursement of the assignee's actual expenses is the most common compensation approach for any costs incurred while on temporary living in either location (59 percent) (Q 10.2).

Housing norm practices are varied. European-headquartered companies, organizations in the energy industry, and companies with a relatively small international assignment program are less likely to deduct a housing norm. Of those that withhold a housing norm, most use standard external data to determine the appropriate amount and tend to waive the norm only when the assignee's home country residence cannot be sold or rented during the duration of the assignment (Q 10.3 to 10.7).

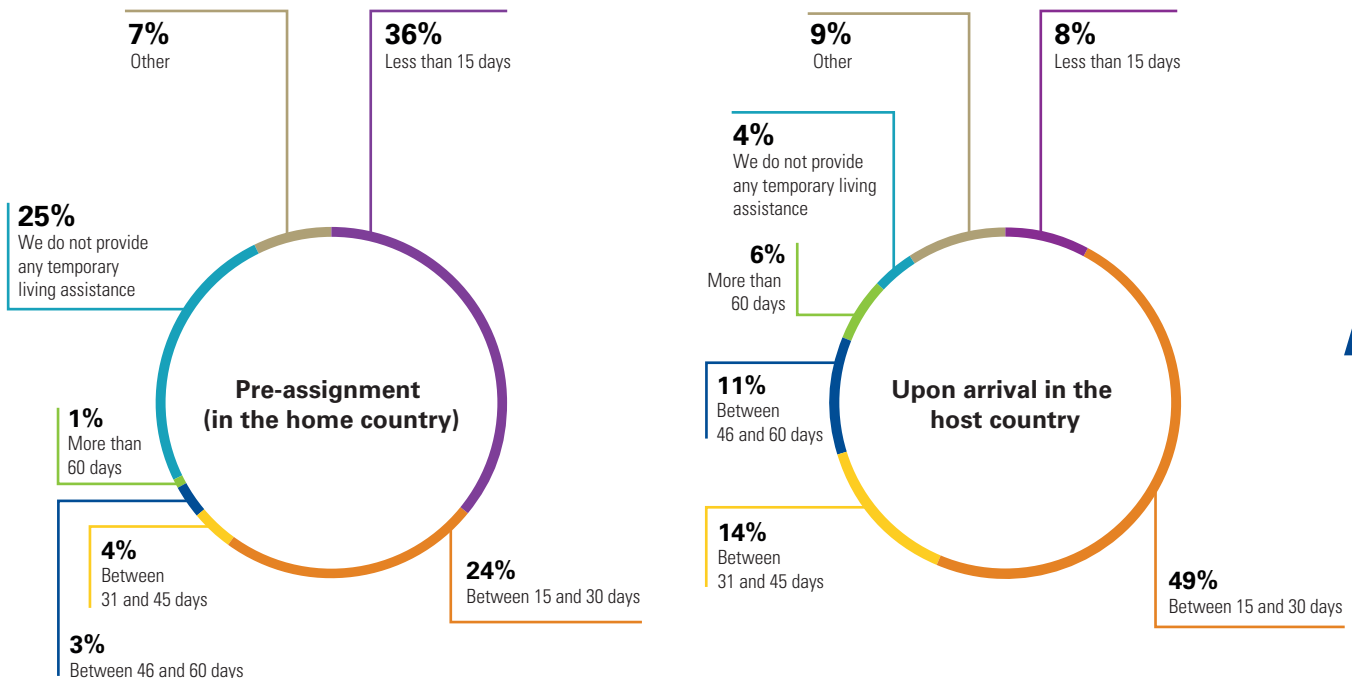
Host country housing types are varied and dependent on a few factors. For European-headquartered companies, housing type is primarily based on family size. Asia-Pacific and US-headquartered companies look at both the family size and the seniority/position of the assignee.

Housing location is generally based on assignee preference (41 percent), and housing is typically found during a pre-assignment house-hunting trip (70 percent) with assistance from a destination services provider and/or an organization-designated real estate agent.

Overall, the majority of survey participants discourage the purchase of housing in the host country (66 percent). If a purchase occurs, survey participants have mixed opinions on how to respond: 35 percent will discontinue housing assistance but an almost equal amount (33 percent) will continue the housing allowance at the same rate as if the assignee were still renting (Q 10.8 to 10.13).

If an assignee decides to sell their home country residence before going on assignment, 58 percent of survey participants will not offer reimbursement for sale expenses and 72 percent will not cover loss-on-sale reimbursement. The primary type of home country assistance that is offered, among all participants, is reimbursement for household goods storage while on assignment (83 percent) (Q 10.15 to 10.18).

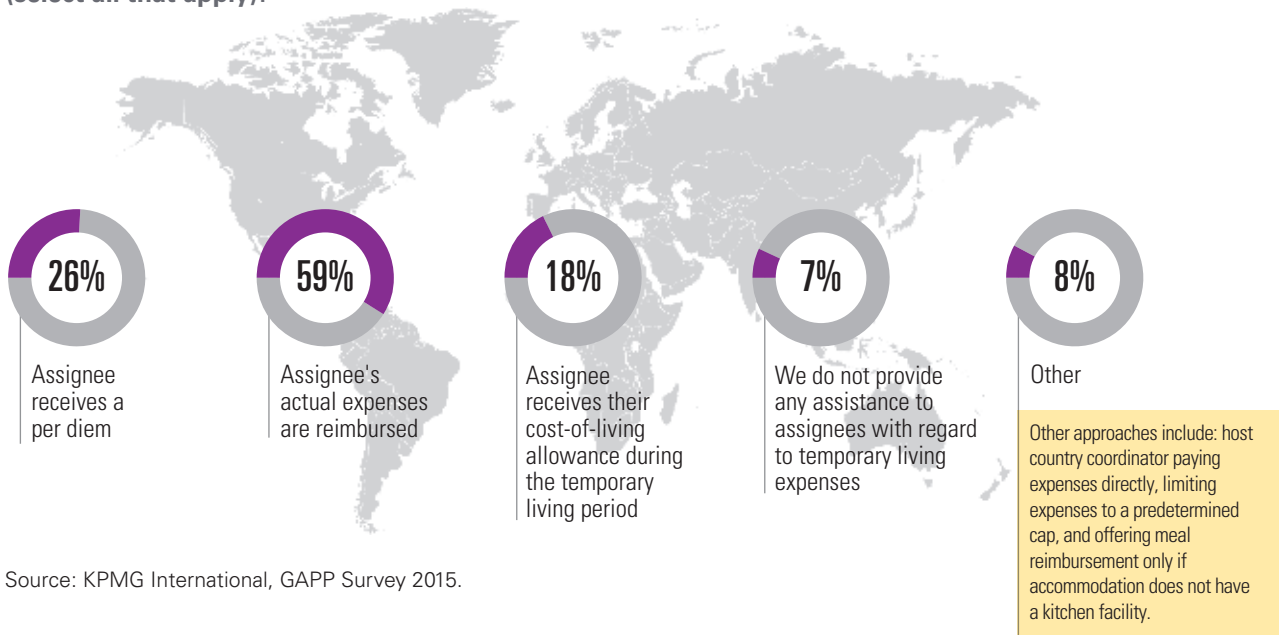
10.1. Which of the following best describes the length of time an assignee is entitled to temporary living assistance?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

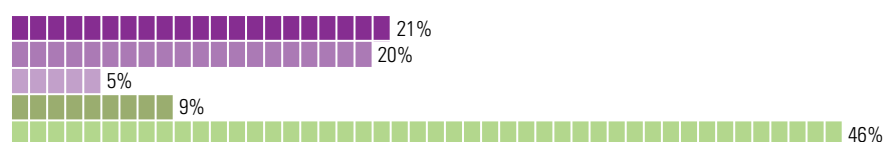
10.2. Which of the following best describe your organization's approach to temporary living expenses (select all that apply)?



10.3. For those assignees to whom you provide a host country housing benefit, do you deduct a notional housing expense (also known as a housing norm or housing offset), to reflect the assignee's share in housing expenses?

- Yes – in all cases
- Yes – in most cases with rare or specific exceptions
- Yes – in a minority of cases
- Issue treated on a case-by-case basis
- No – we never withhold a notional housing deduction from assignees

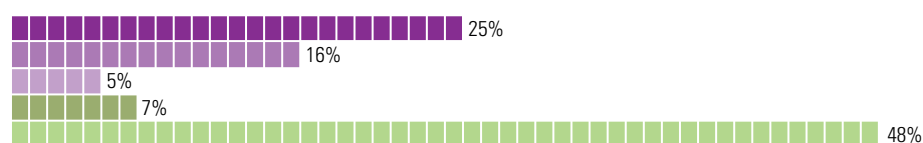
All participants



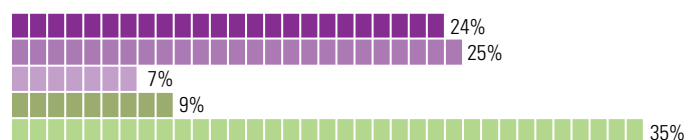
Europe



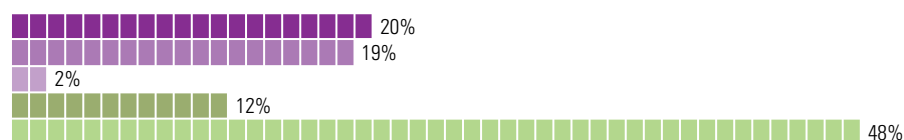
Asia Pacific



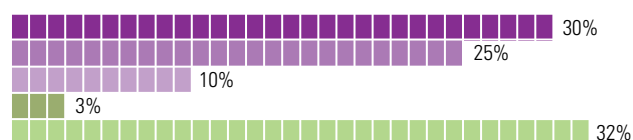
Americas



< 51



> 500



0% 10% 20% 30% 40% 50% 60% 70%

Note: Total may not add to 100% due to rounding.

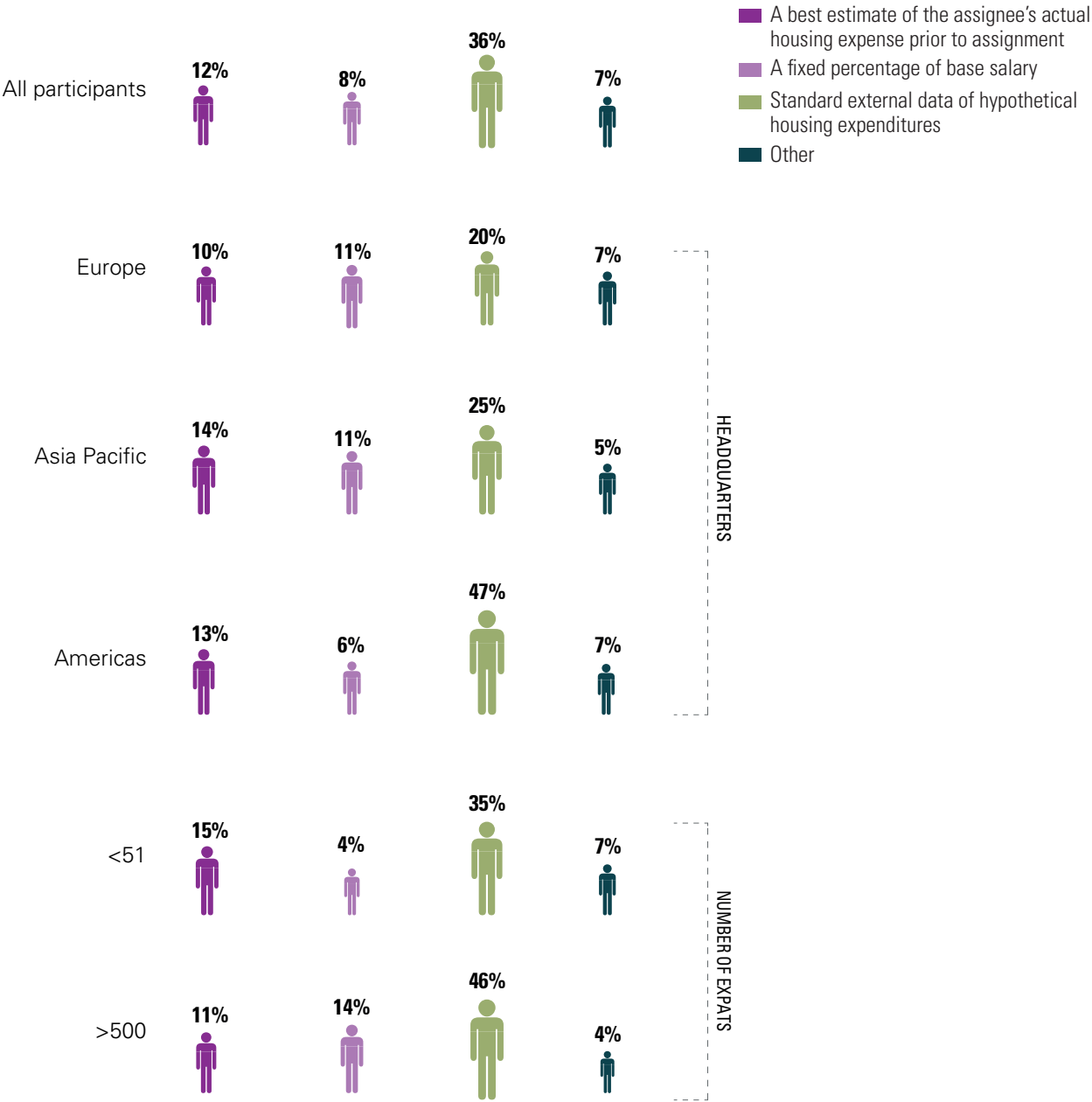
Source: KPMG International, GAPP Survey 2015.

HEADQUARTERS

10

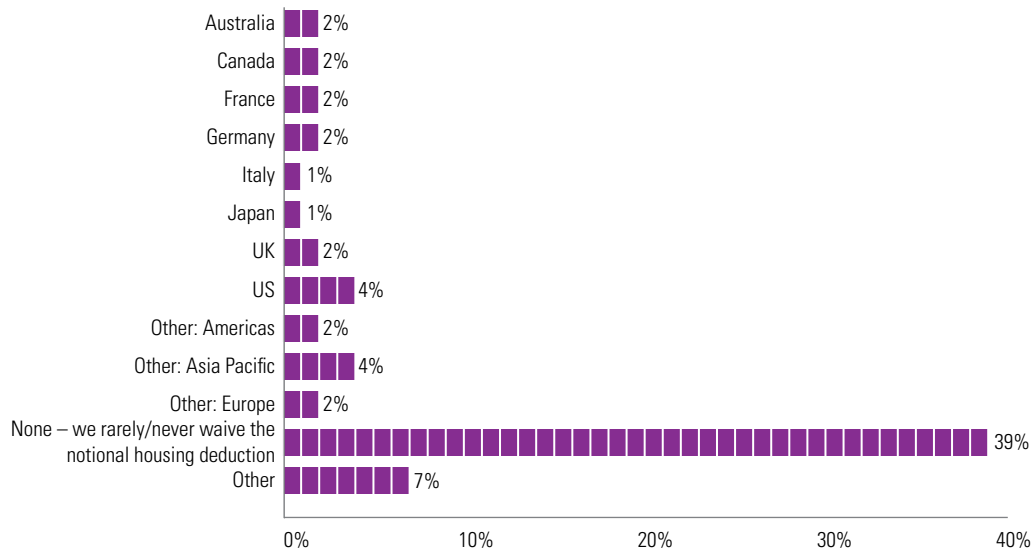
NUMBER OF EXPATS

10.4. How do you determine the appropriate amount for the notional housing expense/housing norm (select all that apply)?



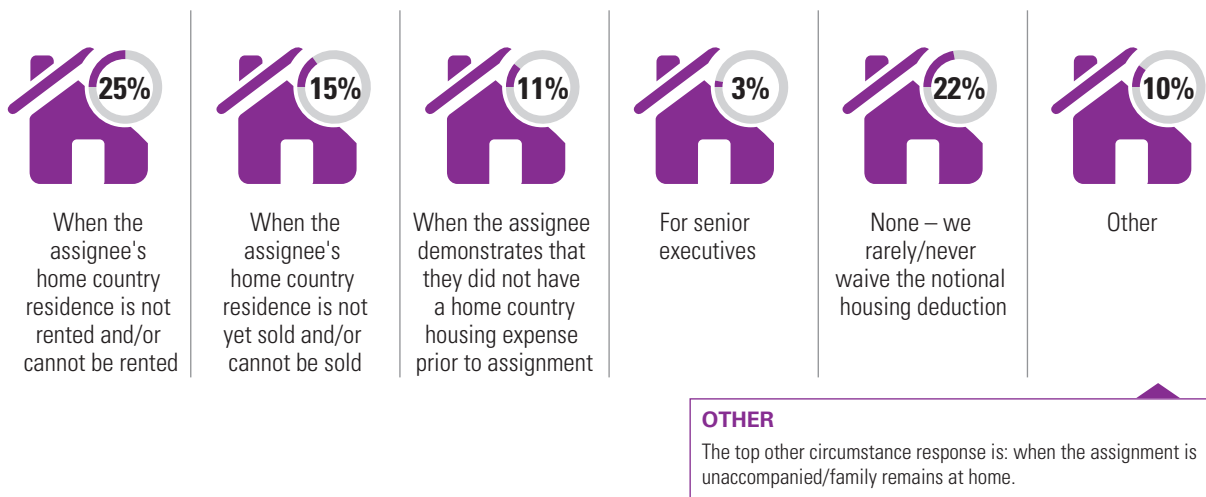
Source: KPMG International, GAPP Survey.

10.5. For which of the following home countries do you NOT normally withhold a notional housing deduction/housing norm (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

10.6. Under what circumstances would you waive the notional housing deduction/housing norm for those assignees that would otherwise be subject to it (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

10.7. Which statements best describe your policy toward updating the notional housing deduction/housing norm during the assignment (select all that apply)?



The housing deduction remains "frozen" at the level it was at the beginning of the assignment



It is adjusted annually when data provider's tables are updated



It is based on a fixed percentage of salary



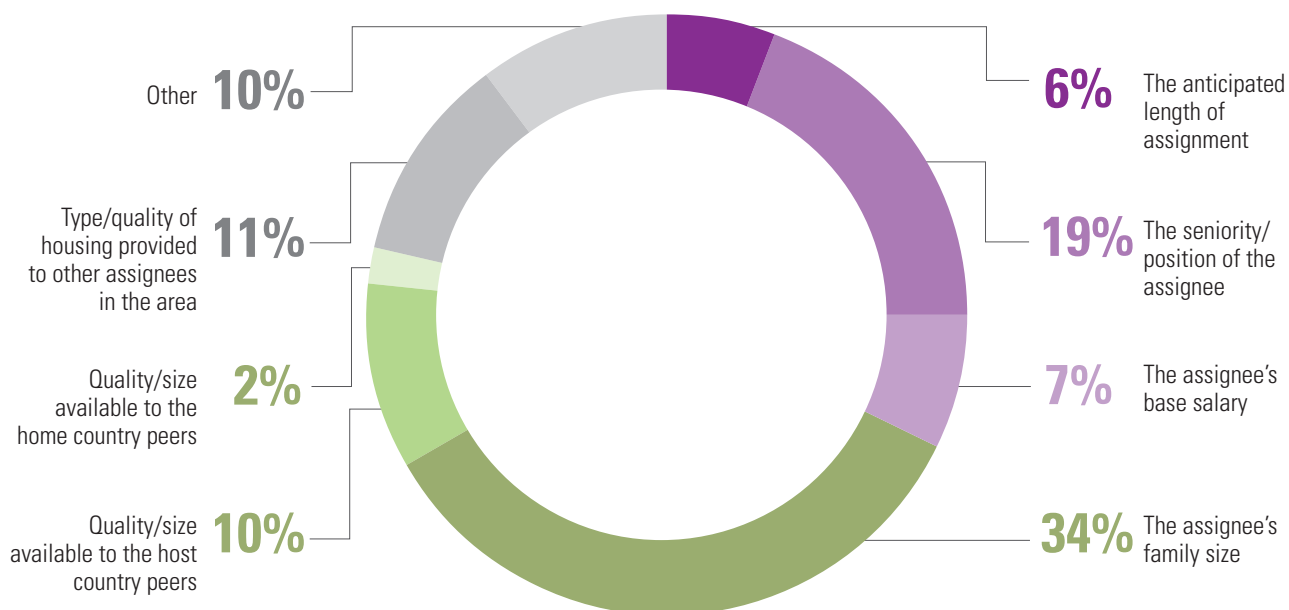
It is adjusted every time there is a salary increase or change in family size



Other

Source: KPMG International, GAPP Survey 2015.

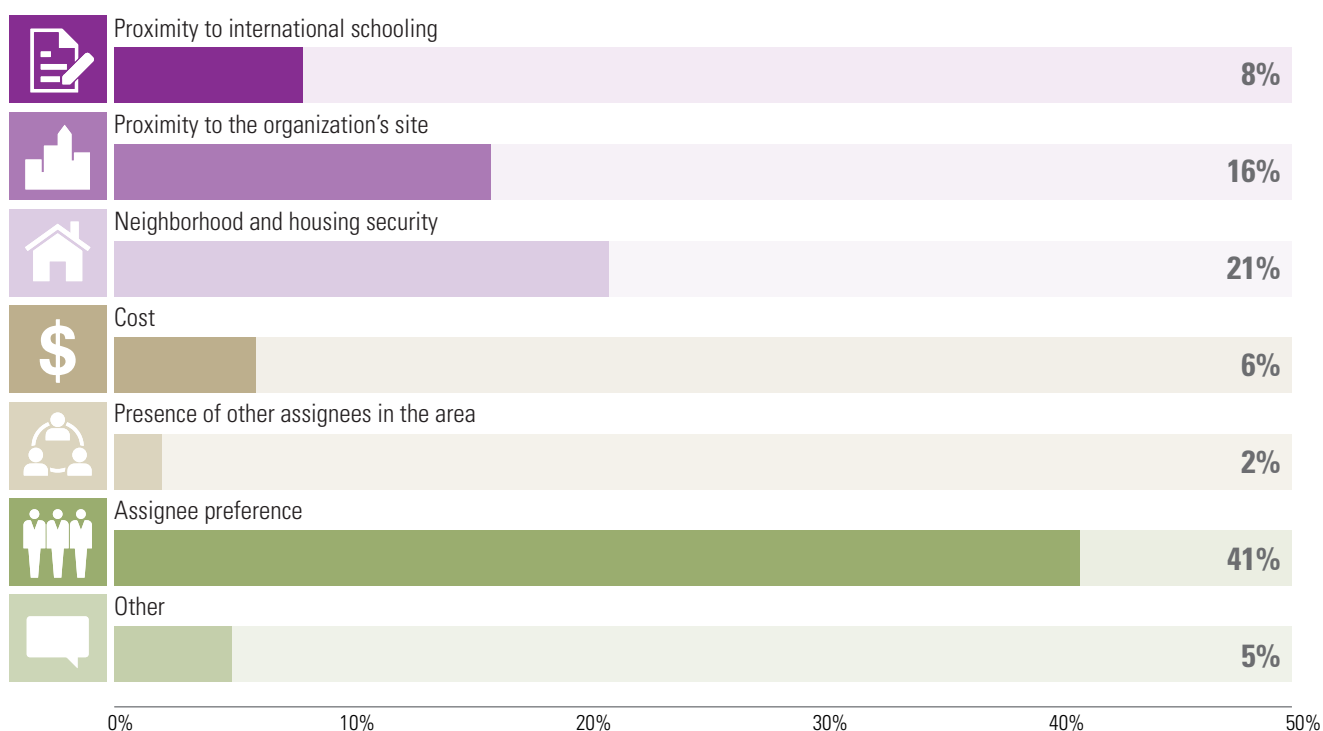
10.8. What is the single most important factor in determining the amount and type of host country housing assistance?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

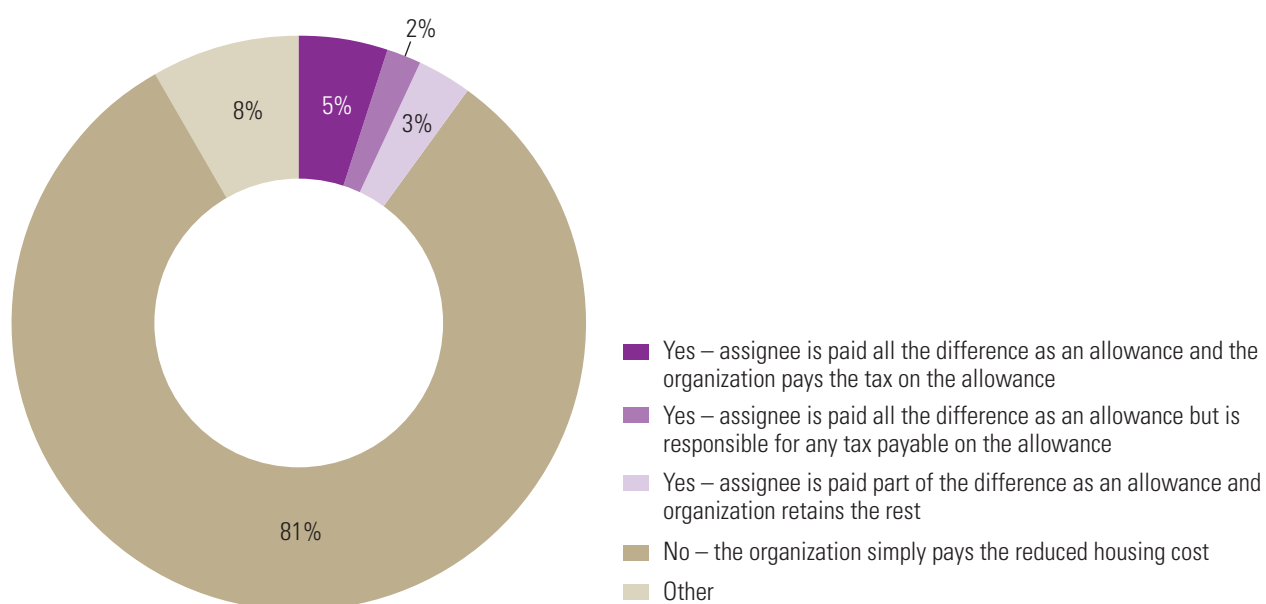
10.9. What is the single most important factor in determining the location of host country housing?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

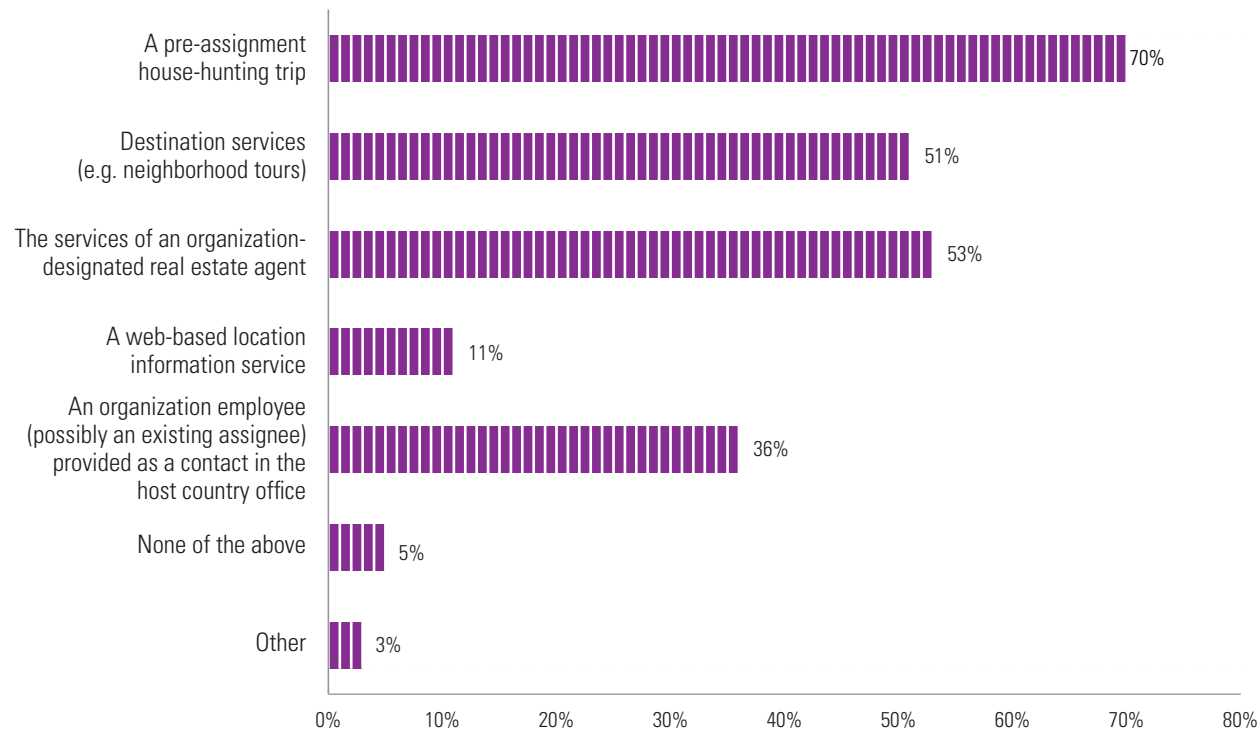
10.10. Does your organization provide an incentive to assignees to find housing that is less expensive than data provider's recommendations by offering an incentive or "savings share" scheme?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

10.11. Which of the following do you provide in order to help assignees find housing in the host country (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

10.12. Which of the following statements reflects your policy toward the purchase of housing by assignees in the host country?

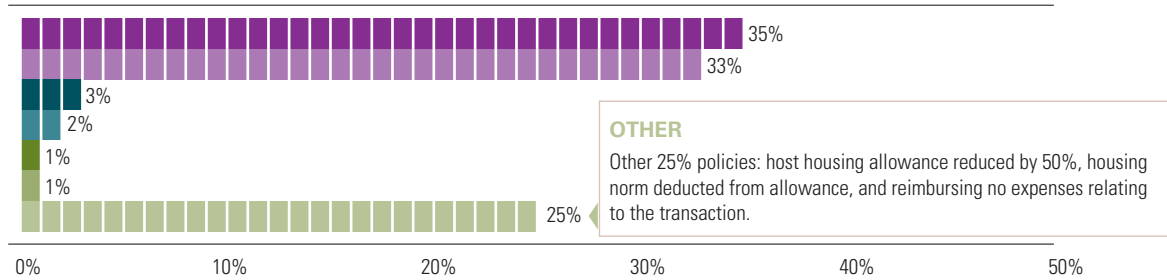


Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

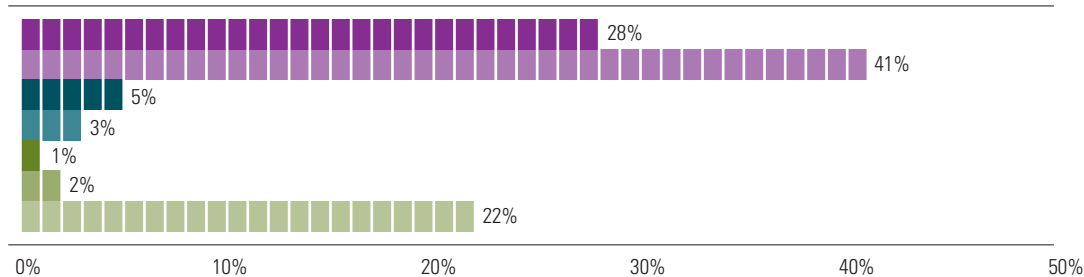
10.13. If the assignee purchases housing in the host country, what does your organization do (select all that apply)?

- Host housing assistance is discontinued
- Housing allowance continues at the same rate as if assignee were renting
- Purchase expenses are reimbursed
- When assignee is leaving the host location, sale expenses are reimbursed
- Tax costs of sale are reimbursed (e.g. capital gains, mortgage exchange rate gains)
- Loss on sale is partially or entirely reimbursed
- Other

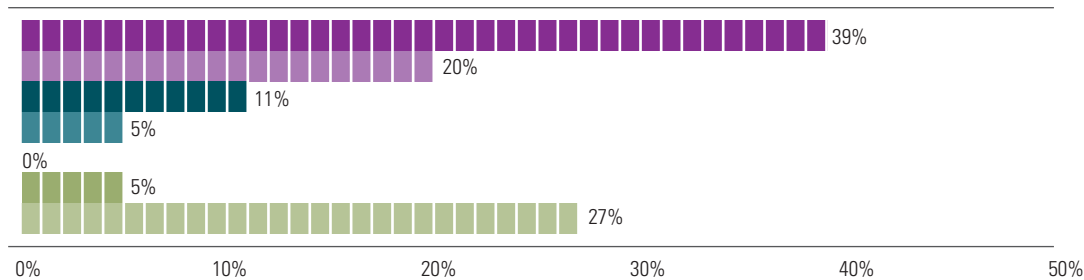
All participants



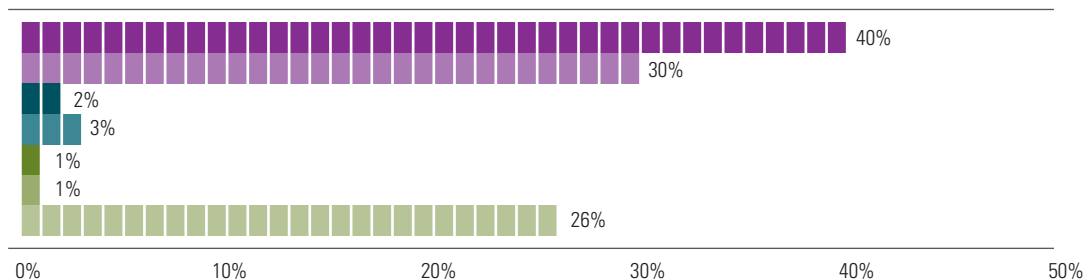
Europe



Asia Pacific



Americas

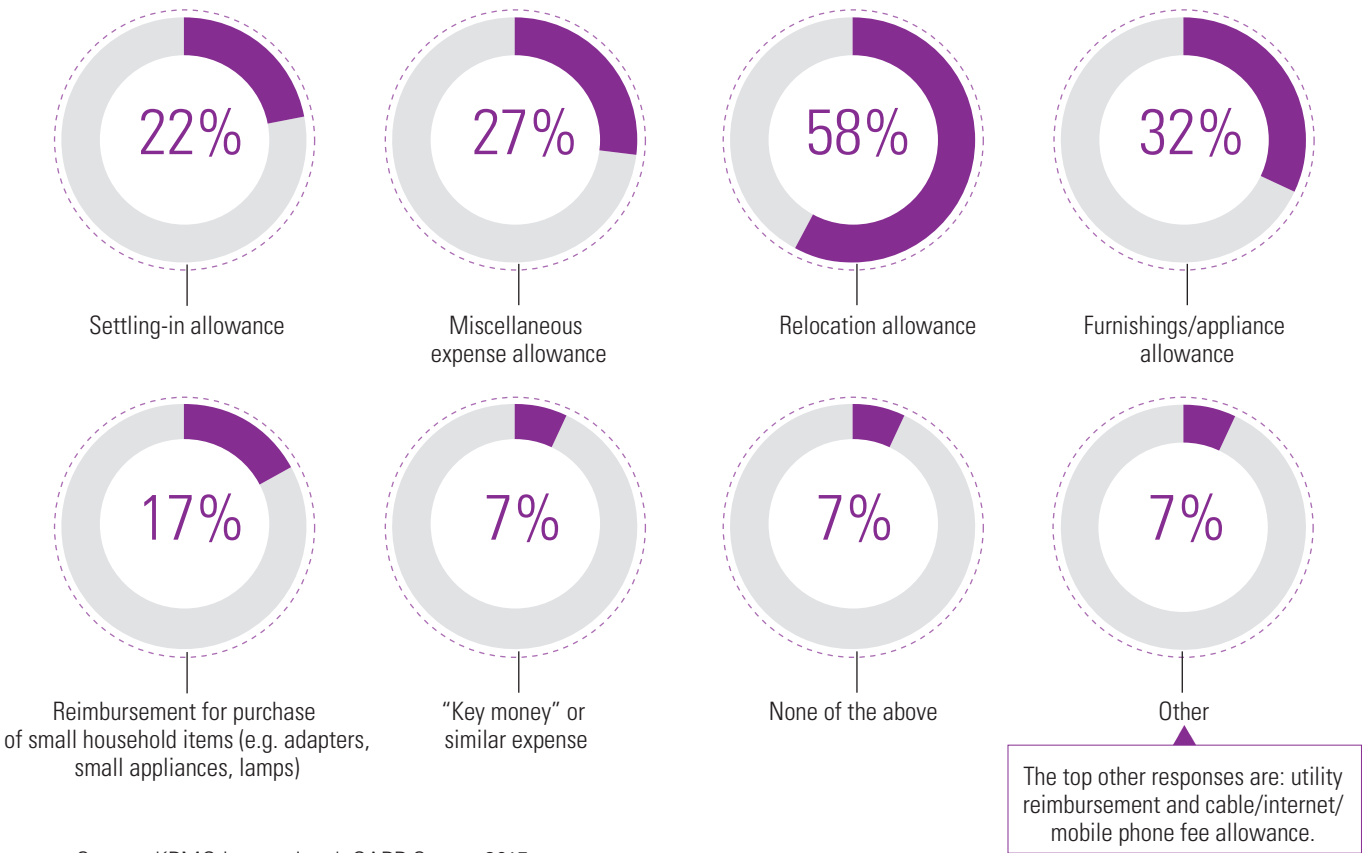


HEADQUARTERS

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Source: KPMG International, GAPP Survey 2015.

10.14. In addition to addressing rental costs, does your organization provide any of the following to assignees (select all that apply)?

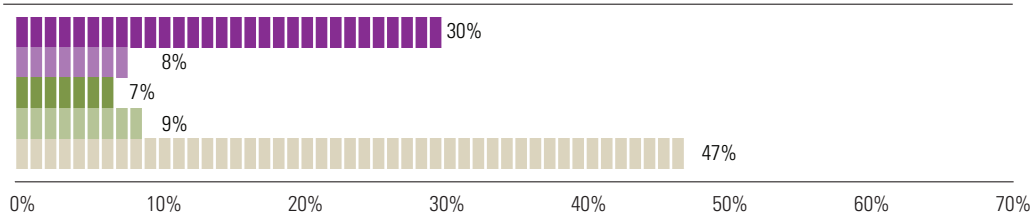


Source: KPMG International, GAPP Survey 2015.

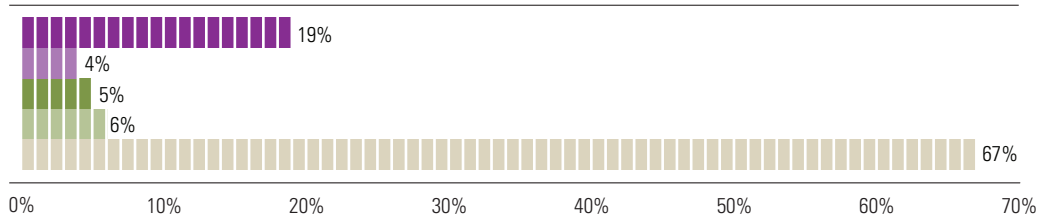
10.15. Which statement best describes your policy toward payment of fees for property management of the assignee's residence in the home country?

- Property management fees are paid for by the organization in all cases
- Property management fees are paid for by the organization only when a notional housing deduction is taken
- Property management fees are paid for by the organization only when the property is not rented
- Property management fees are paid for by the organization in other circumstances
- Property management fees are never paid for by the organization

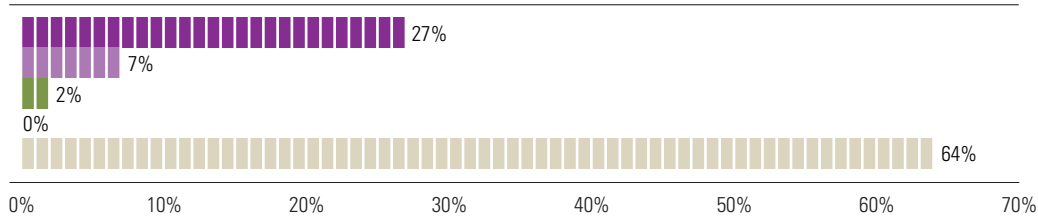
All participants



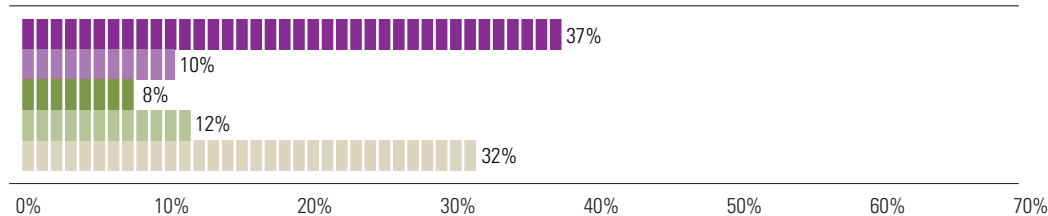
Europe



Asia Pacific



Americas



Note: Total may not add to 100% due to rounding.

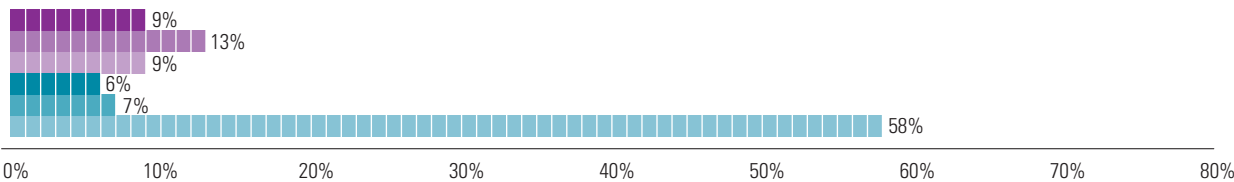
Source: KPMG International, GAPP Survey 2015.

HEADQUARTERS

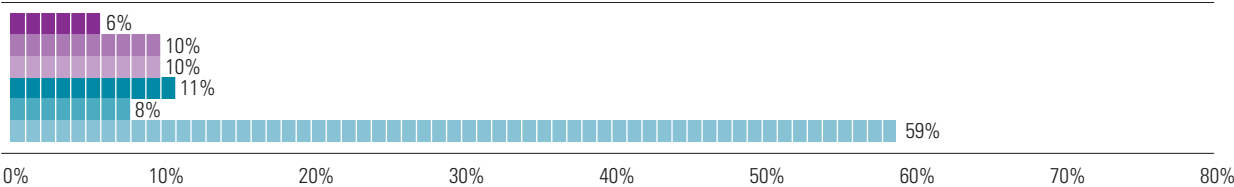
10.16. Which statements best describe your policy toward the payment of fees for sale of the assignee’s residence in the home country (select all that apply)?

- All sale expenses are reimbursed
- Specific sale expenses are reimbursed
- Certain sale expenses are reimbursed on a case-by-case basis
- Sale expenses are reimbursed up to a predetermined financial limit
- Sale expenses are reimbursed for certain assignees only
- No sale expenses are reimbursed

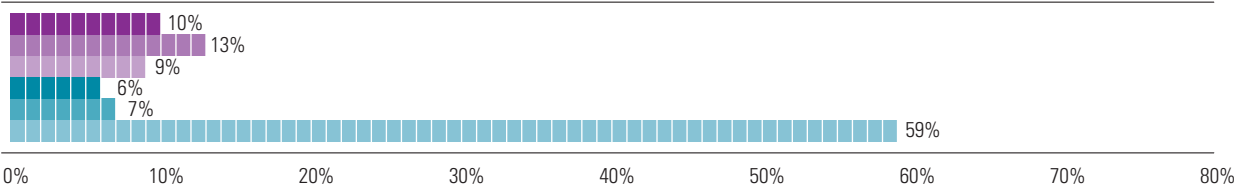
All participants



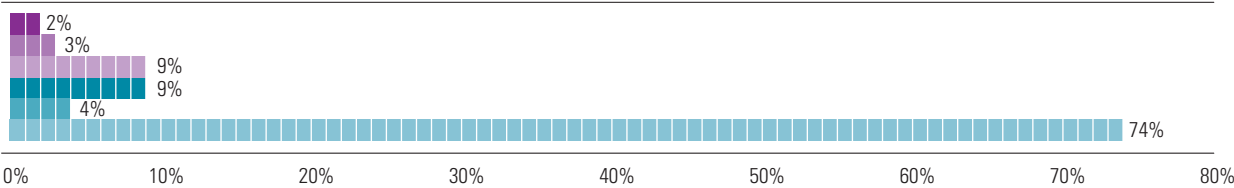
Financial



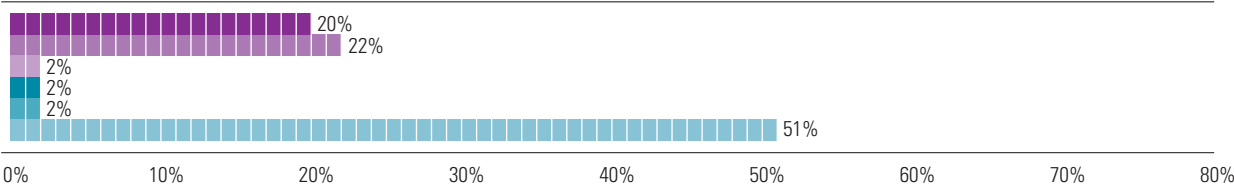
Non-financial



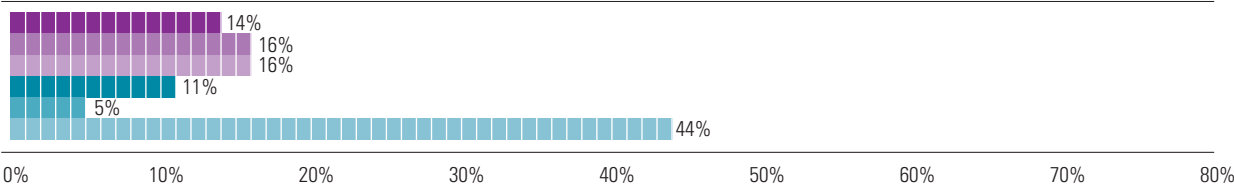
Hi-tech



Energy



Manufacturing

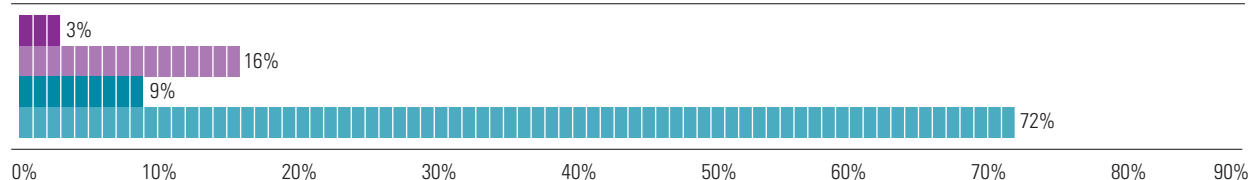


Source: KPMG International, GAPP Survey 2015.

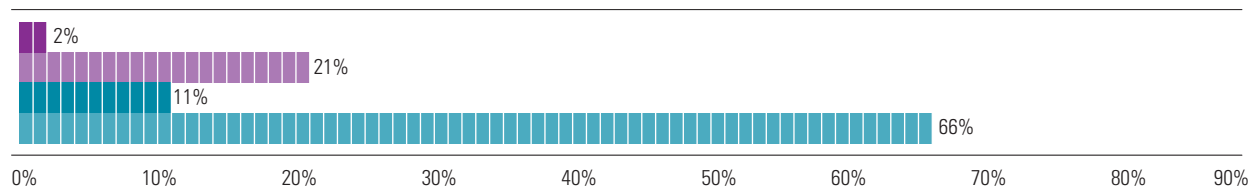
10.17. Which statement best describes your policy toward the reimbursement of losses related to the sale of the assignee's residence in the home country?

- Any loss on sale is reimbursed
- Loss on sale may be reimbursed on a case-by-case basis
- Loss on sale may be reimbursed up to a predetermined financial limit
- Loss on sale is never reimbursed (assignee's responsibility)

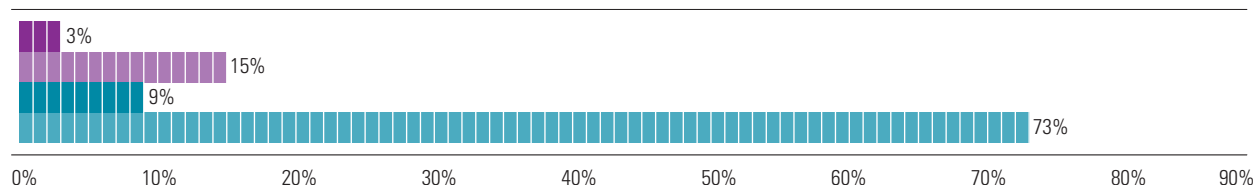
All participants



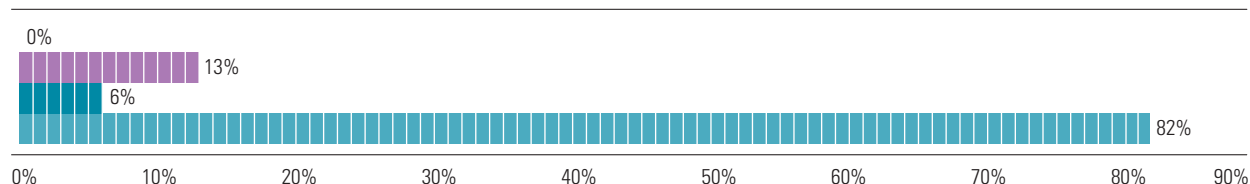
Financial



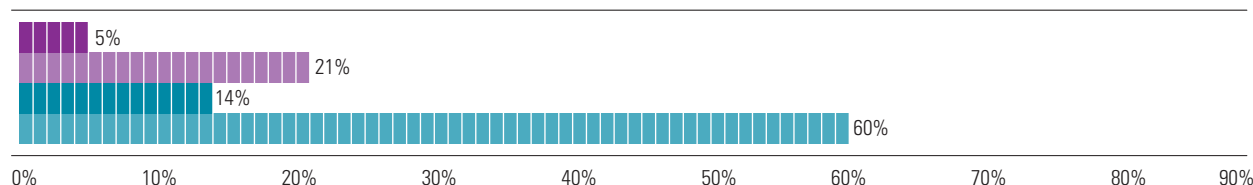
Non-financial



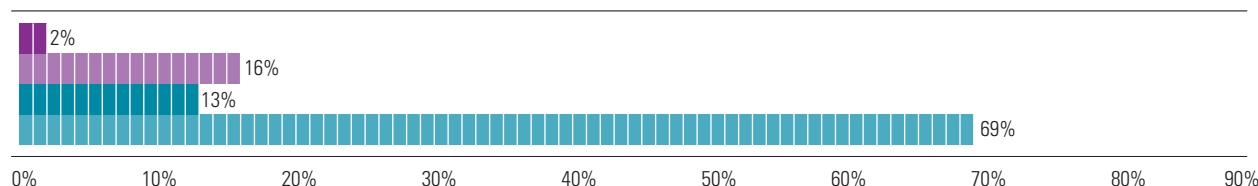
Hi-tech



Energy



Manufacturing



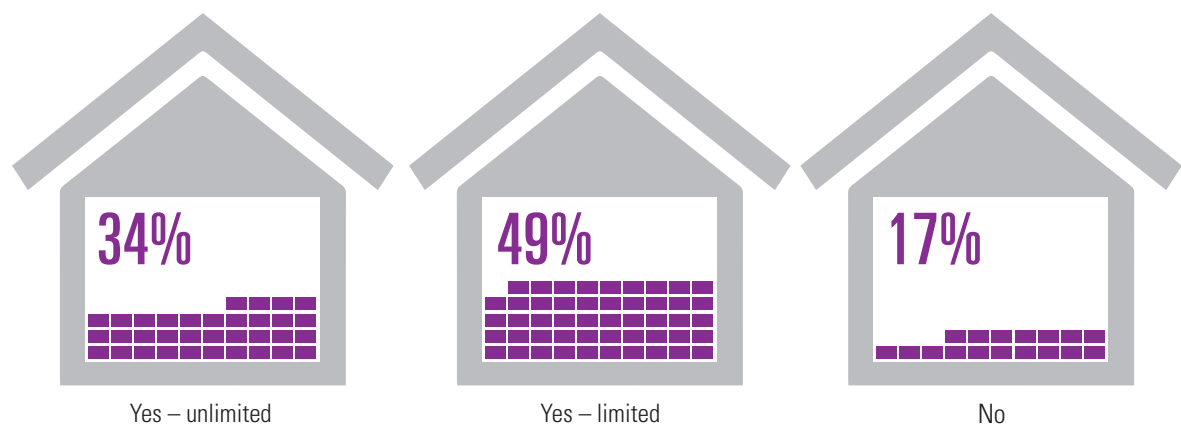
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

INDUSTRIES

10

10.18. Does your organization reimburse the cost of storage of household goods in the home country?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

11. Policy: Taxation

The majority of survey participants (71 percent) tax-equalize their assignees on their earnings. European-headquartered organizations are least likely to fully tax-equalize assignees – 14 percent hold assignees responsible for all their taxes and 11 percent require assignees to pay all taxes on base and incentive compensation while equalizing only the assignment-related allowances and reimbursements (Q 11.1). In the estimation of hypothetical taxes, survey participants predominantly include social insurance and state/provincial/cantonal income tax, while using actual deductions and/or credits in calculating the hypothetical tax (Q 11.2 and 11.3).

Survey participants are evenly split on how to treat income generated by obtaining, exercising or selling company shares for tax purposes (Q 11.4 and 11.5). However there is an indication that companies are leaning toward considering any income generated as 'employment income' for purposes of the international assignment policy.

In looking at the tax treatment of income from sources outside of the organization (i.e. personal income, spousal income), the majority of participants take a laissez-faire approach and require assignees to be responsible for the related taxes. Those that do equalize some or all of this income tend to be US-headquartered.

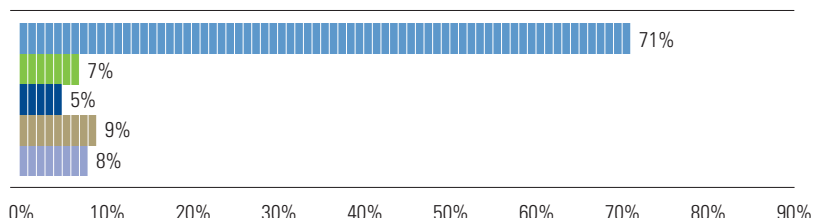
A portion of survey participants do not have a policy on the tax treatment of these income sources (14 percent for personal income and 24 percent for spousal income) and instead address the issues on a case-by-case basis (Q 11.6). Accordingly, 48 percent consider the treatment of rental income/loss on the assignee's principal home country as outside of scope (Q 11.7).

Organizations continue to offer standard tax preparation assistance and tax briefing services to assignees at all levels. Financial planning, investment planning, and death, estate and inheritance planning are provided very rarely and typically only to senior executives (Q 11.8).

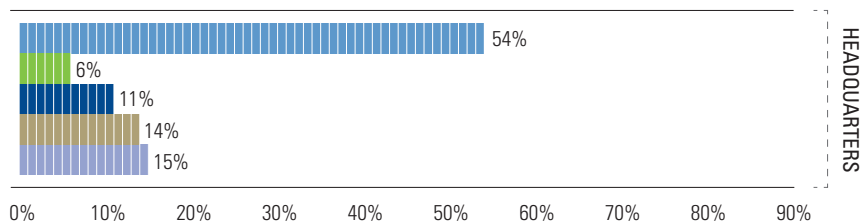
11.1. Which one of the following statements best describes your approach when addressing the assignment tax costs in relation to the assignee's earnings?

- Tax-equalize assignees (assignees pay no more or no less tax than they would have had they not taken the assignment)
- Tax-protect assignees (assignees pay no more tax than they would have had they not taken the assignment, but may pay less)
- Assignees pay all taxes on base and incentive compensation, while the organization pays tax on assignment-related allowances and reimbursements
- Laissez-faire (assignees are responsible for all their taxes)
- Other

All participants



Europe

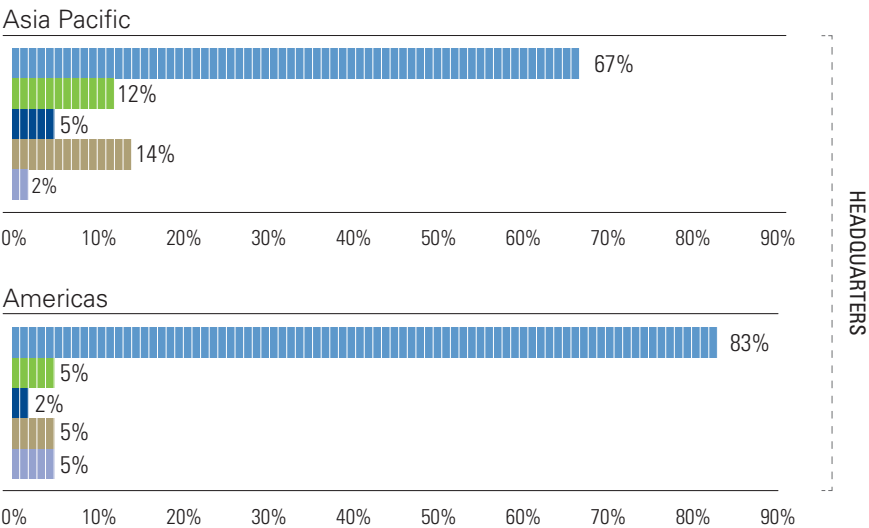


Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

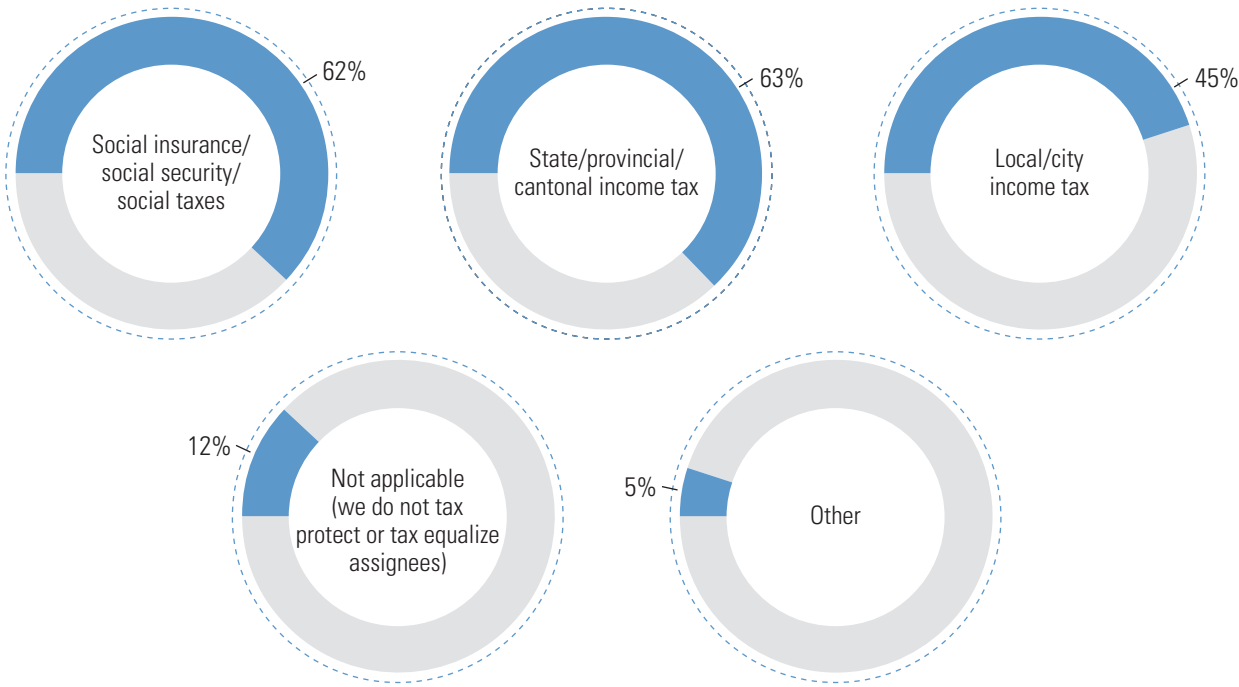
11.1. Which one of the following statements best describes your approach when addressing the assignment tax costs in relation to the assignee's earnings? (continued)

- Tax-equalize assignees (assignees pay no more or no less tax than they would have had they not taken the assignment)
- Tax-protect assignees (assignees pay no more tax than they would have had they not taken the assignment, but may pay less)
- Assignees pay all taxes on base and incentive compensation, while the organization pays tax on assignment-related allowances and reimbursements
- Laissez-faire (assignees are responsible for all their taxes)
- Other



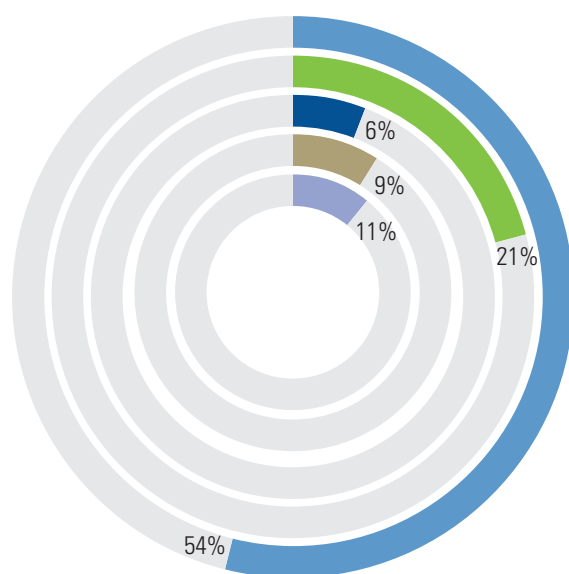
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

11.2. If you tax-equalize or tax-protect assignees, what do you include in the estimation of the hypothetical tax or tax norm in addition to federal/national tax (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

11.3. If you tax-equalize or tax-protect assignees, what do you include as deductions and credits in determining the hypothetical or tax norm?



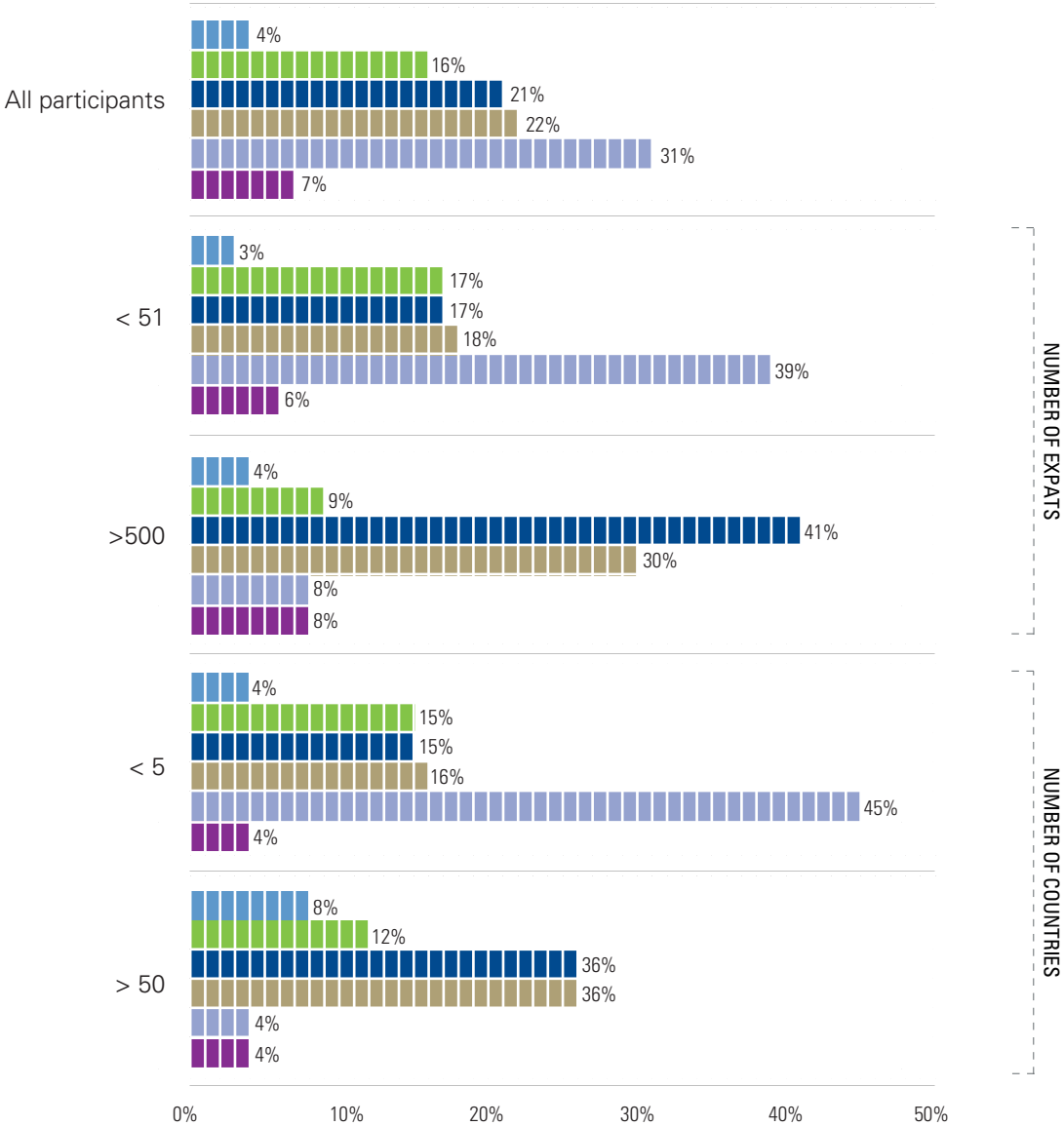
- The actual (income) deductions and/or (tax) credits on the current home country tax return (if there is an ongoing filing requirement) OR the deductions and credits that would have been on the home country tax return if the assignment had not taken place (if there is not an ongoing filing requirement)
- As above, but with selected deductions and credits replaced by a hypothetical amount
- A predetermined percentage of salary or compensation
- A 'standard' or 'universal' deduction
- Other

Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

11.4. Which one of the following statements best describes your approach when addressing the assignment tax costs in relation to the assignee's earnings?

- The assignee's participation is suspended during the international assignment
- Any tax due (home and/or host country) is payable by the assignee
- Any income generated is treated as 'personal income' and not 'employment income' for the purposes of the international assignment policy (including tax policy)
- No restrictions apply and any income generated is considered 'employment income' for purposes of the international assignment policy (including tax policy)
- Not applicable (we do not make use of equity compensation)
- Other

In restricting the exercise of rights-of-purchase or obtaining shares:



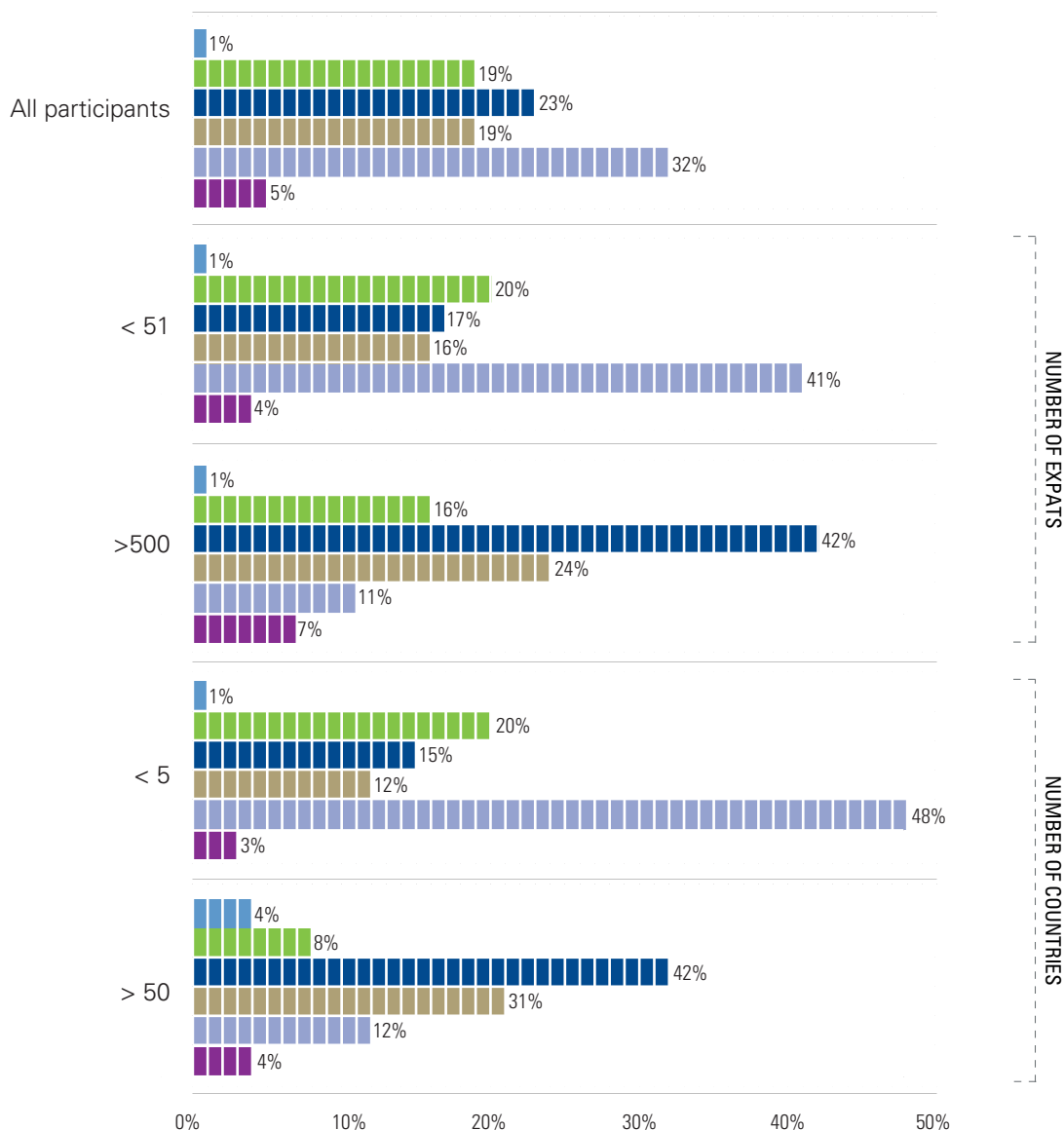
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

11.4. Which one of the following statements best describes your approach when addressing the assignment tax costs in relation to the assignee's earnings? (continued)

- The assignee's participation is suspended during the international assignment
- Any tax due (home and/or host country) is payable by the assignee
- Any income generated is treated as 'personal income' and not 'employment income' for the purposes of the international assignment policy (including tax policy)
- No restrictions apply and any income generated is considered 'employment income' for purposes of the international assignment policy (including tax policy)
- Not applicable (we do not make use of equity compensation)
- Other

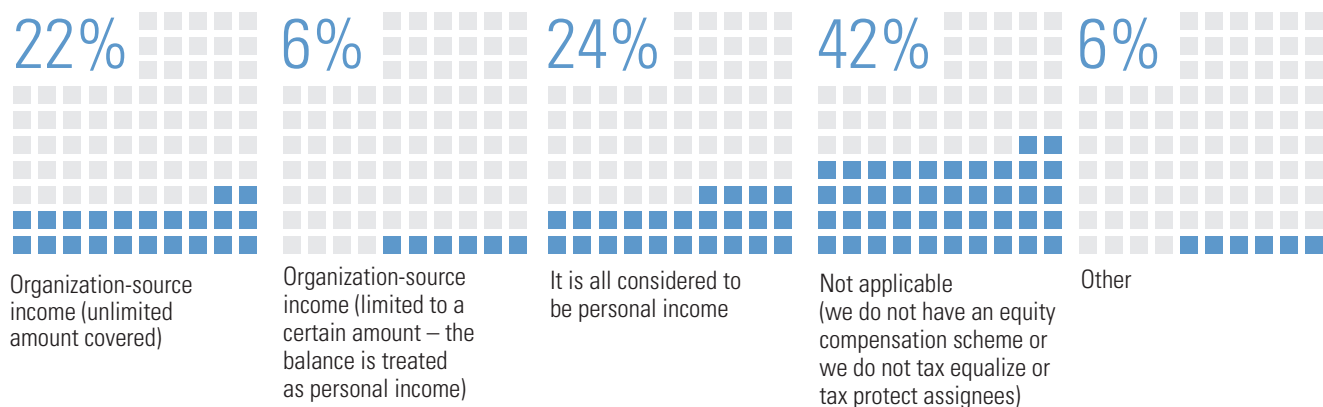
In restricting the sale of shares:



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

11.5. How do you treat equity compensation?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

11.6. Which one of the following statements best describes your organization's approach?

When addressing taxes payable on income from sources other than the organization such as investments (excluding spousal income):

- Tax-equalize assignees for all income
- Tax-equalize assignees up to a predetermined amount of income
- Tax-protect assignees for all the income
- Tax-protect assignees up to a predetermined amount of income
- Assignees pay all tax in the home country, while the organization pays all tax in the host country
- Laissez-faire (assignees are responsible for all their taxes)
- There is no policy on the issue (case-by-case basis)
- Other



INDUSTRIES

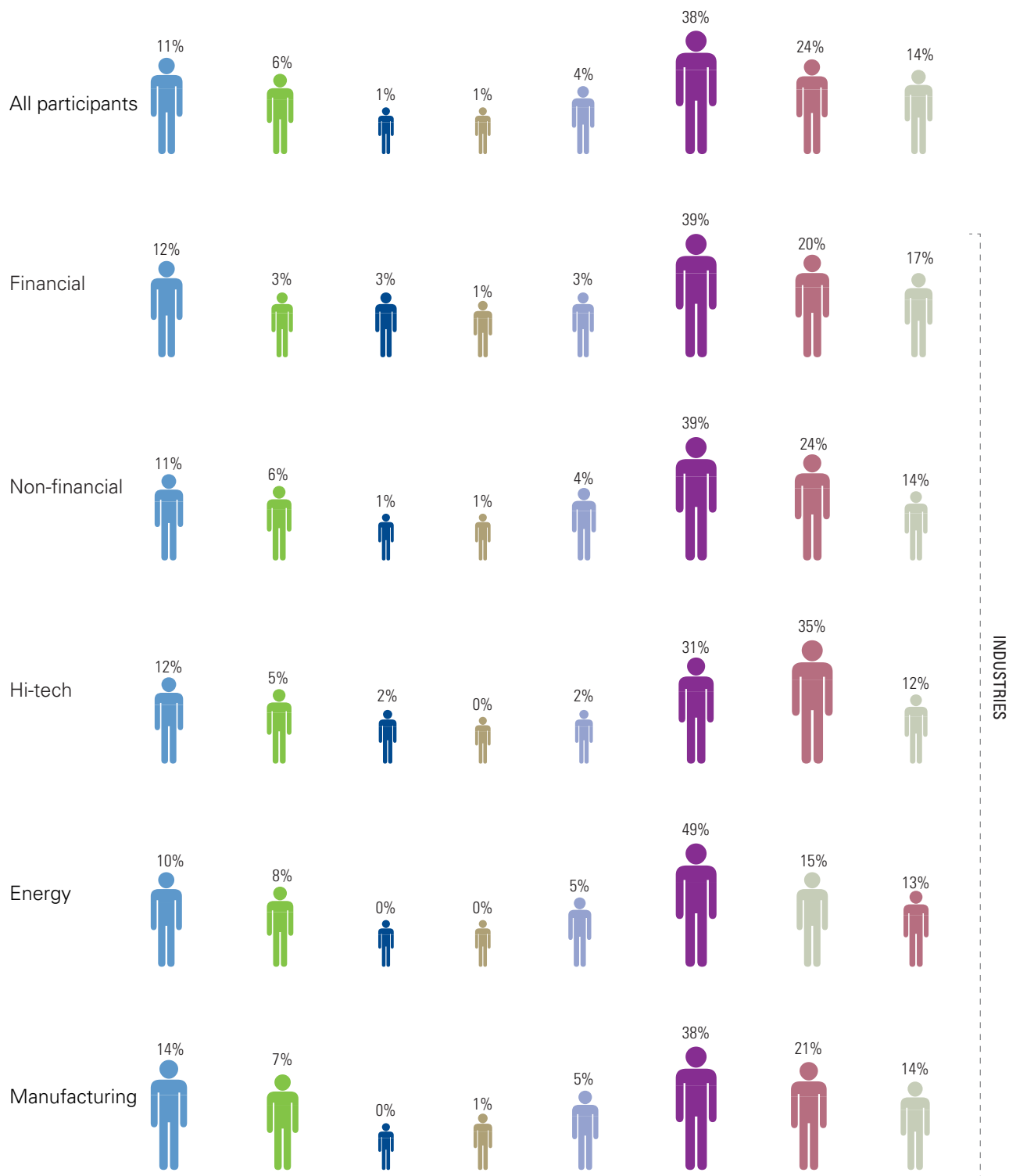
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

11.6. Which one of the following statements best describes your organization's approach? (continued)

When addressing taxes payable on spousal income:

- Tax-equalize assignees for all income
- Tax-equalize assignees up to a predetermined amount of income
- Tax-protect assignees for all the income
- Tax-protect assignees up to a predetermined amount of income
- Assignees pay all tax in the home country, while the organization pays all tax in the host country
- Laissez-faire (assignees are responsible for all their taxes)
- There is no policy on the issue (case-by-case basis)
- Other



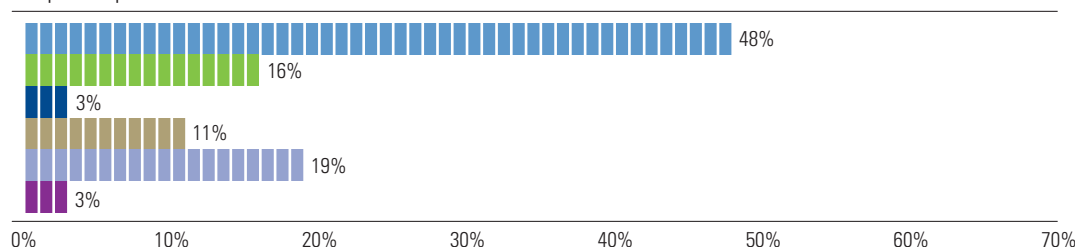
Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

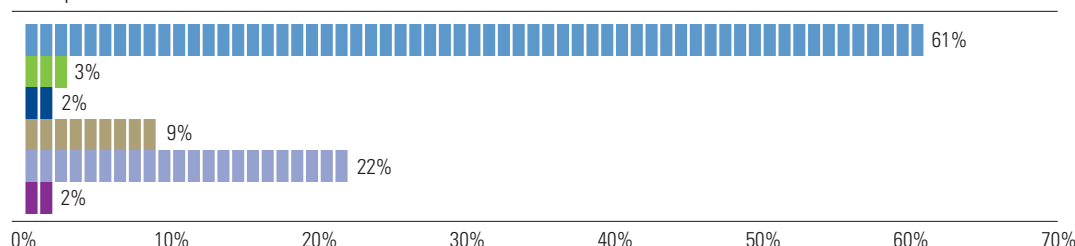
11.7. If the assignee rents their principal home country residence during the assignment, how do you treat the rental income/loss on the tax reimbursement calculation?

- Rental income/loss is personal and outside the scope of the tax reimbursement policy (the assignee is responsible for any home or host country taxes)
- Rental income/loss is considered "stay at home" and is included in the income when calculating the assignee's theoretical (final hypothetical) tax liability
- The organization pays any host and home country tax due on the rental income (the assignee receives the rental income without bearing the cost of any tax)
- The income is considered personal, and the tax paid by the organization depends on the total amount of personal income of the assignee (the organization protects/equalizes a defined amount of personal income only)
- Not applicable
- Other

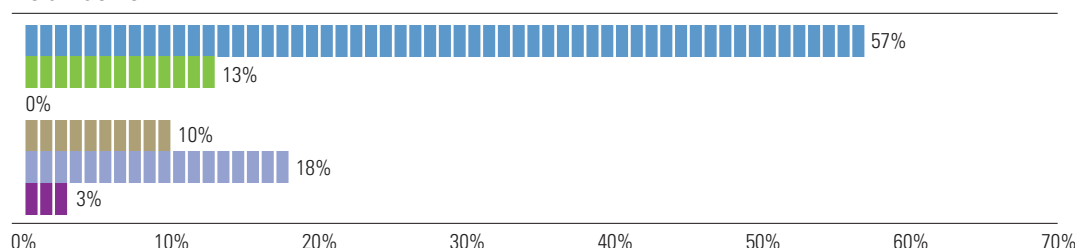
All participants



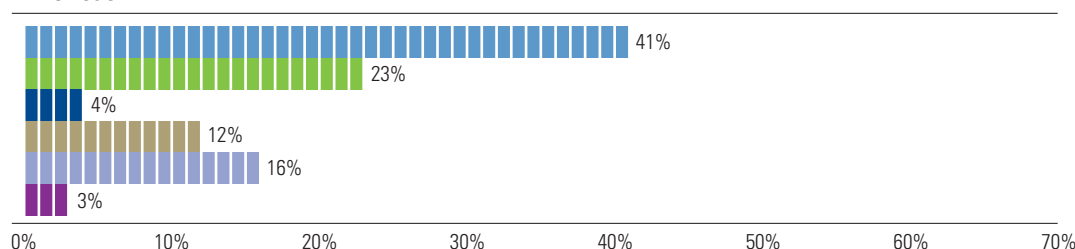
Europe



Asia Pacific



Americas

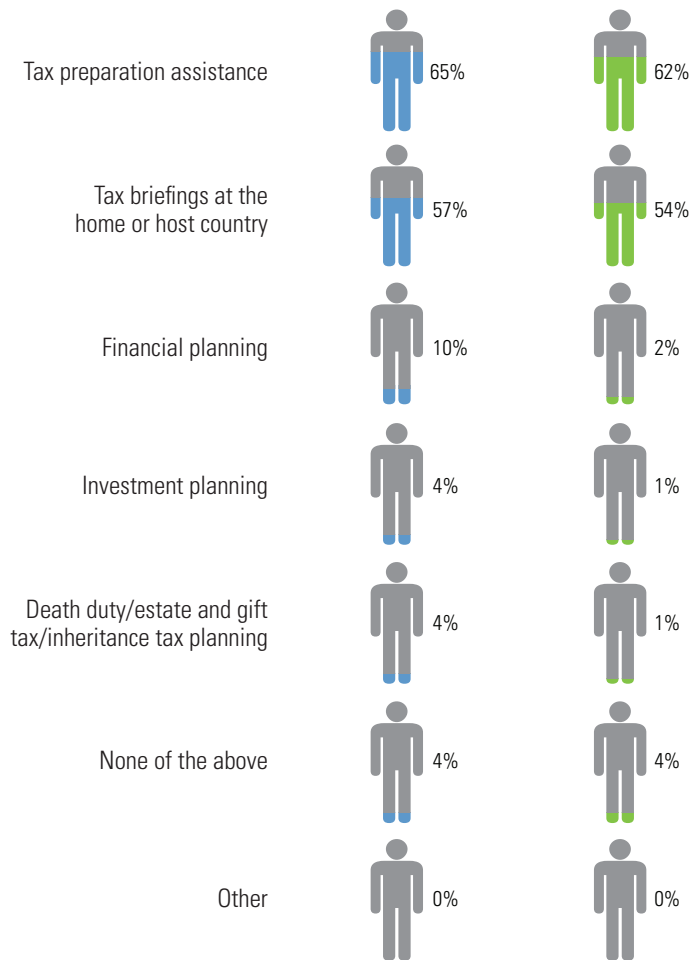


Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

11.8. Which of the following tax services does your organization provide to assignees (select all that apply)?

■ Senior executives ■ Other assignees



Source: KPMG International, GAPP Survey 2015.

12. Policy: Home Leave, Travel, Wills, Schooling, Cars

Organizations remain split between allowing assignees to go wherever they want when on home leave and requiring them to visit their home country. Financial services companies are more likely to require assignees to visit their home country (58 percent) and reimburse actual costs of home leave expenses (67 percent). Those in the energy industry are more likely to allow assignees to go to their location of choice (59 percent) and give a lump-sum payment for leave expenses (33 percent) (Q 12.1).

Fifty-eight percent of survey participants do not address the preparation of wills or estate planning with their assignees. Thirty-eight percent inform the assignee of the issue. In both cases, the assignee is expected to pay for any costs

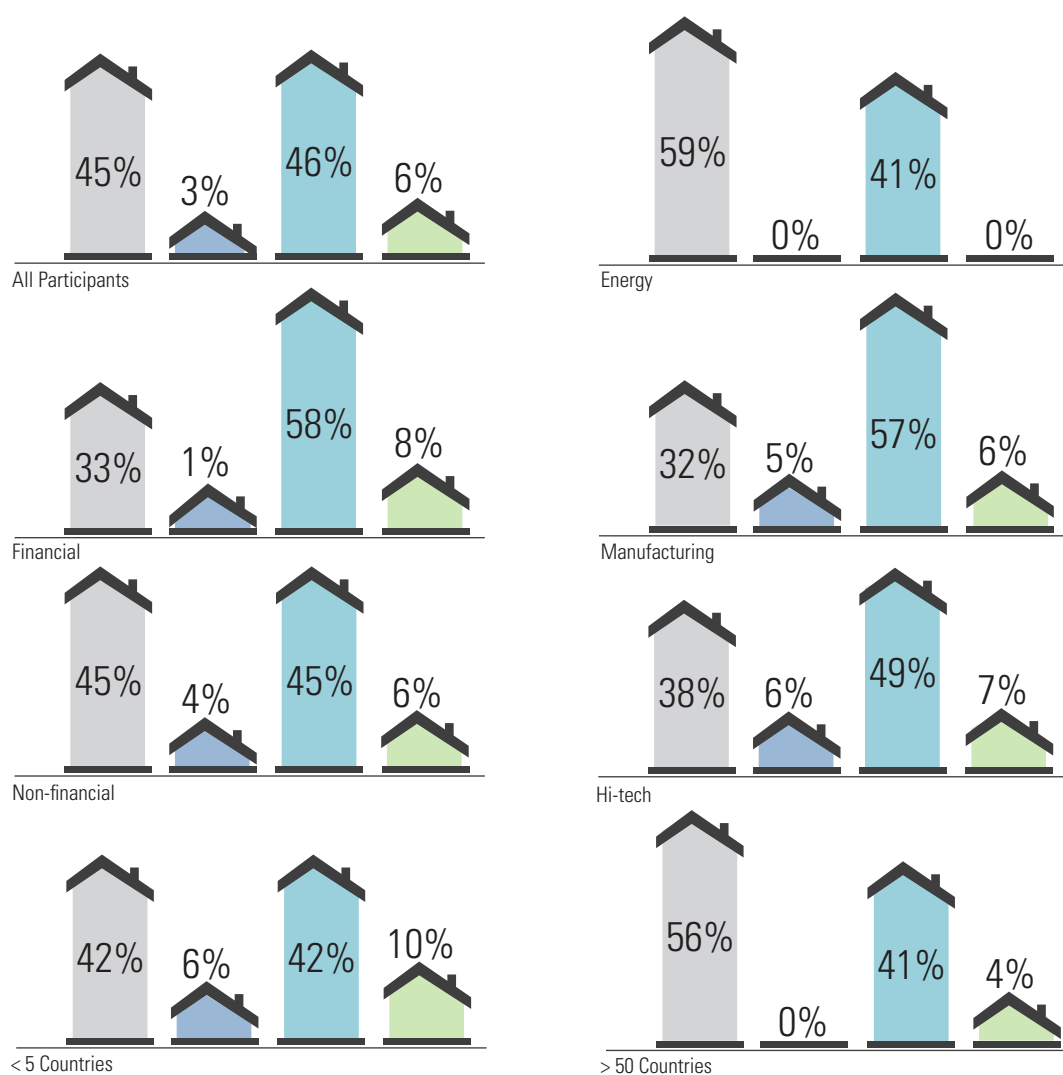
out-of-pocket and the majority offer other allowances to cover these types of costs (e.g. miscellaneous expense/relocation allowance) (Q 12.4).

Benefits for the children of assignees in primary and/or secondary school are almost universal—93 percent offer some form of benefit (Q 12.5). However, less than half offer benefits to children in preschool or tertiary education levels (Q 12.6).

The majority of survey participants do not provide any assistance relating to the disposition of personal cars in the home country (46 percent). Of those that do offer assistance, reimbursement for the loss on sale is predominant in 39 percent of cases (Q 12.9).

12.1. Which of the following best describes your organization's home leave policy?

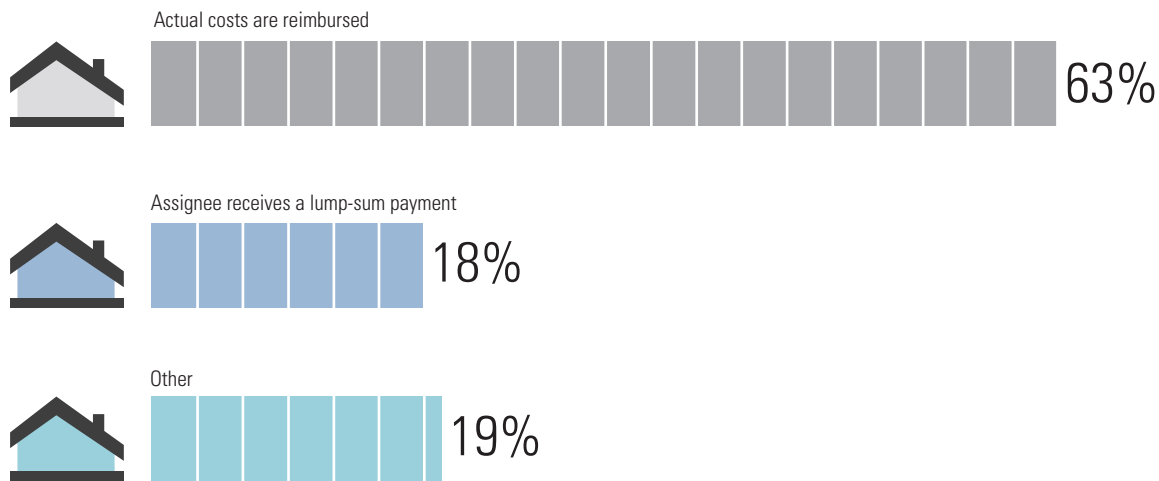
- Assignees are free to go wherever they would like on home leave
- Assignees are required to go to the headquarters country (if different than home country)
- Assignees are required to go to their home country
- We do not provide for home leave



Note: Total may not add to 100% due to rounding.

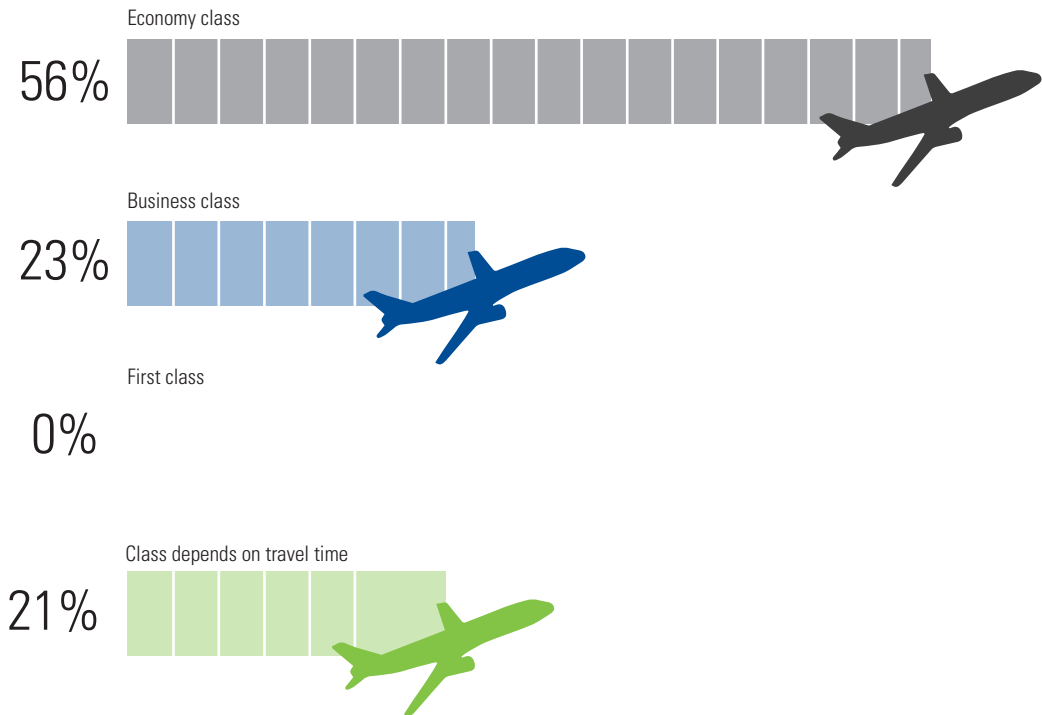
Source: KPMG International, GAPP Survey 2015.

12.2. Which of the following best describes your organization's policy regarding home leave expenses?



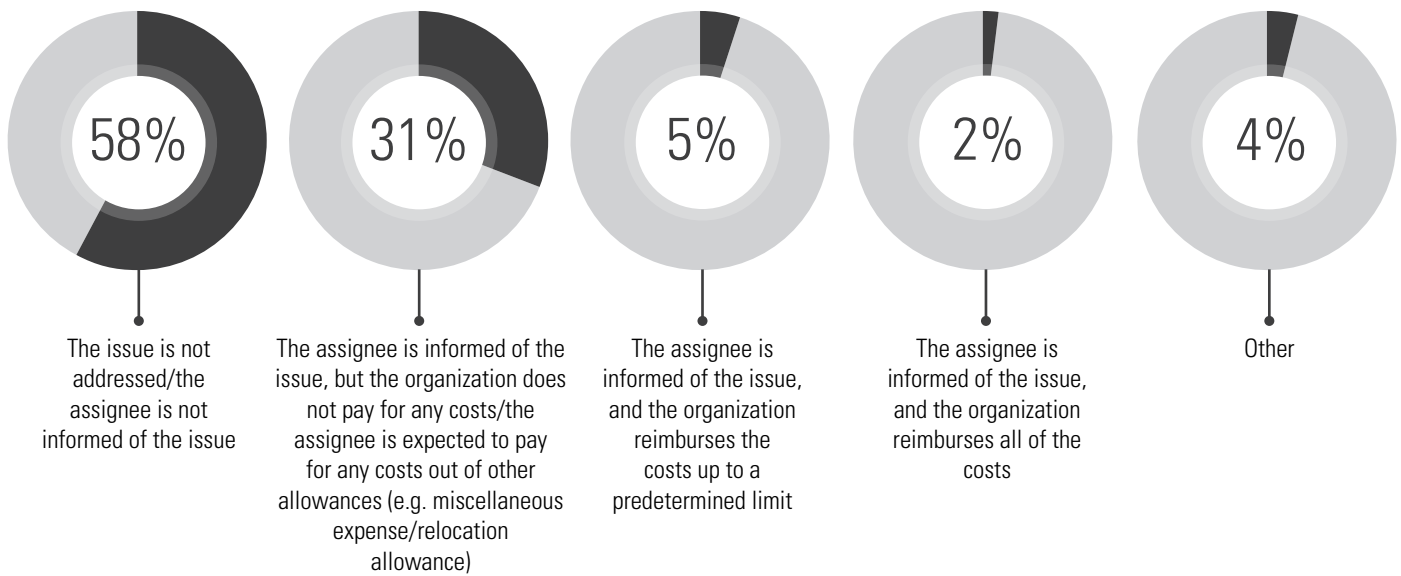
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

12.3. To which class of air travel are most of your organization's international assignees entitled?



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

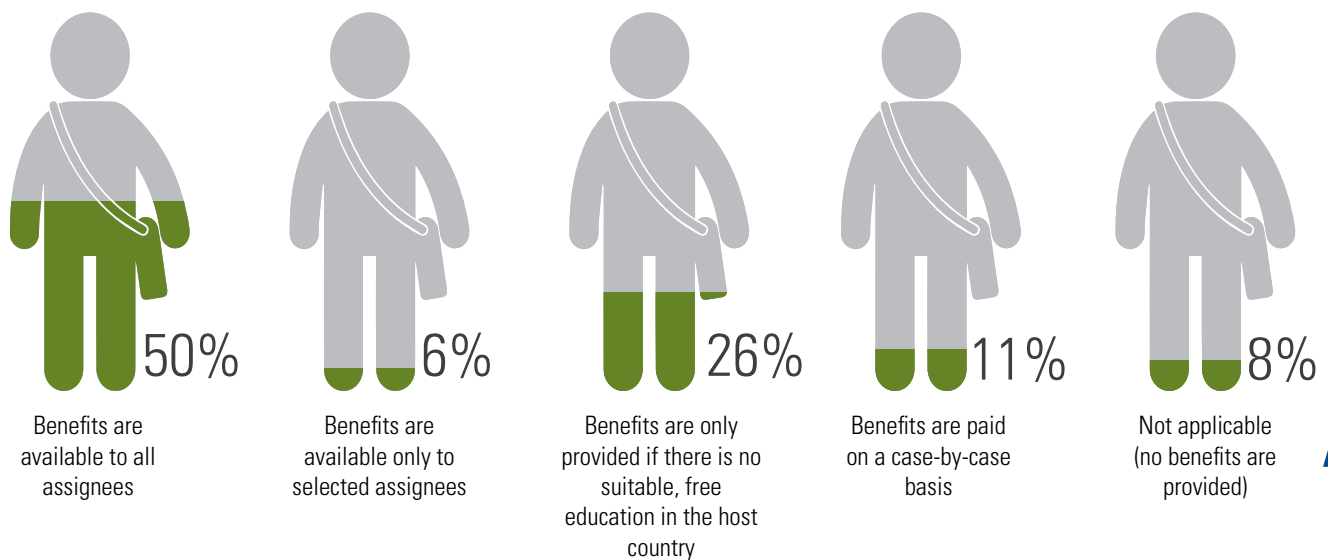
12.4. Which statement best describes your organization's approach to the preparation of wills (or review of existing wills) for assignees?



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

12.5. Which statement best describes your organization's approach to primary and secondary schooling benefits for assignees' children?

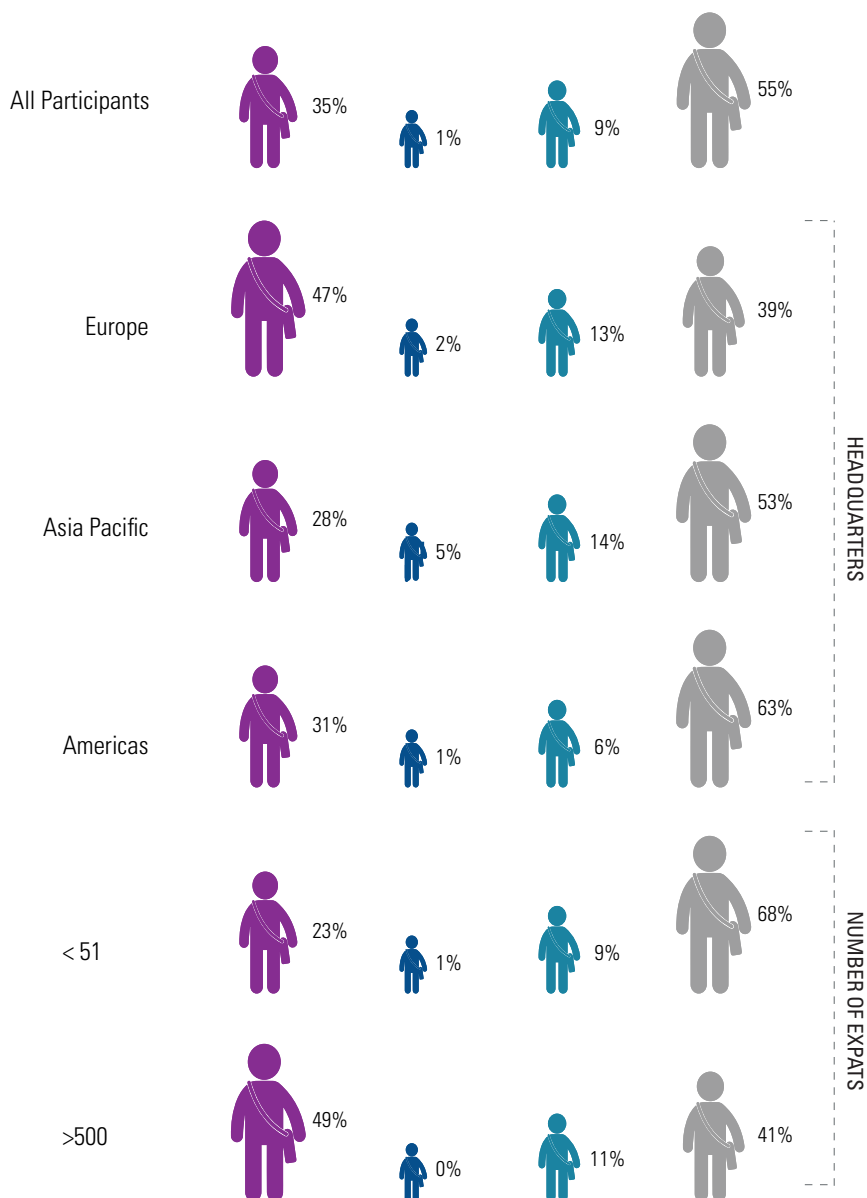


Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

12.6. Do you provide education benefits to children other than those of school age?

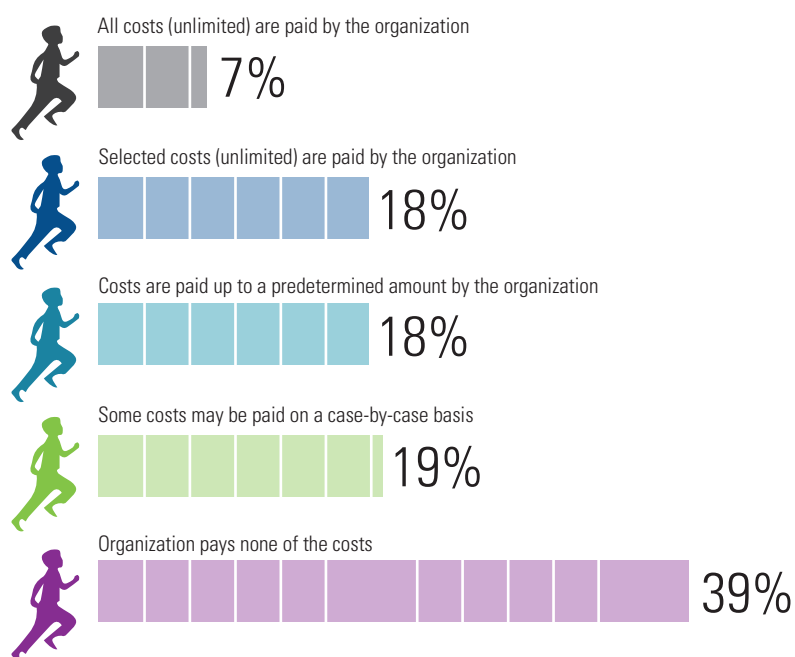
- Yes – preschool only
- Yes – tertiary (college/university) only
- Yes – preschool and tertiary
- No



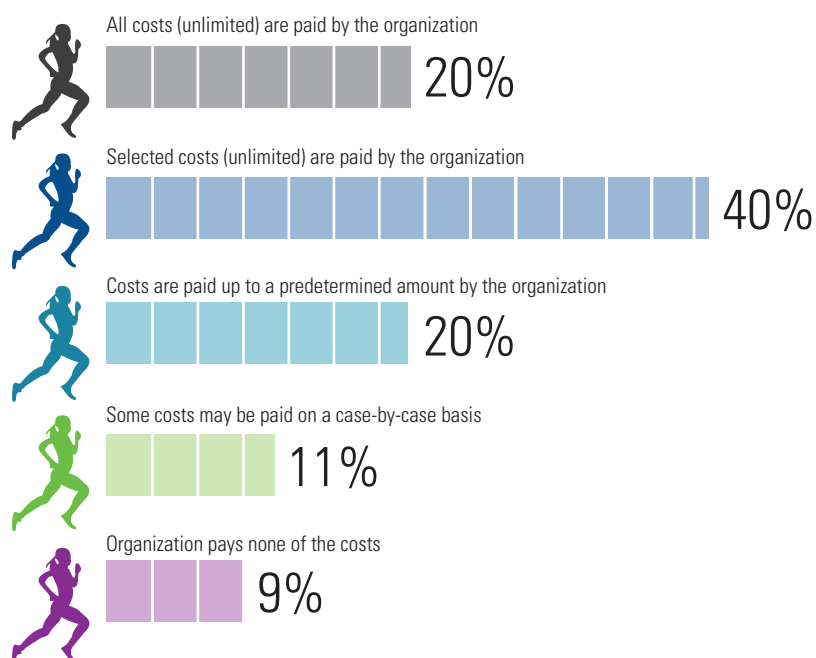
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

12.7. Which statement best describes your organization's approach?

To the preschool costs of assignees' children:



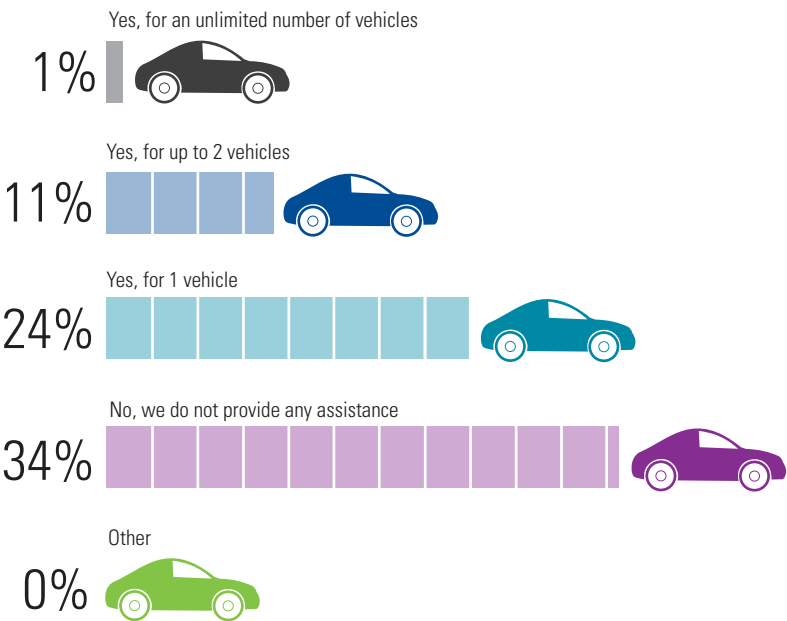
To the primary and secondary schooling costs of assignees' children:



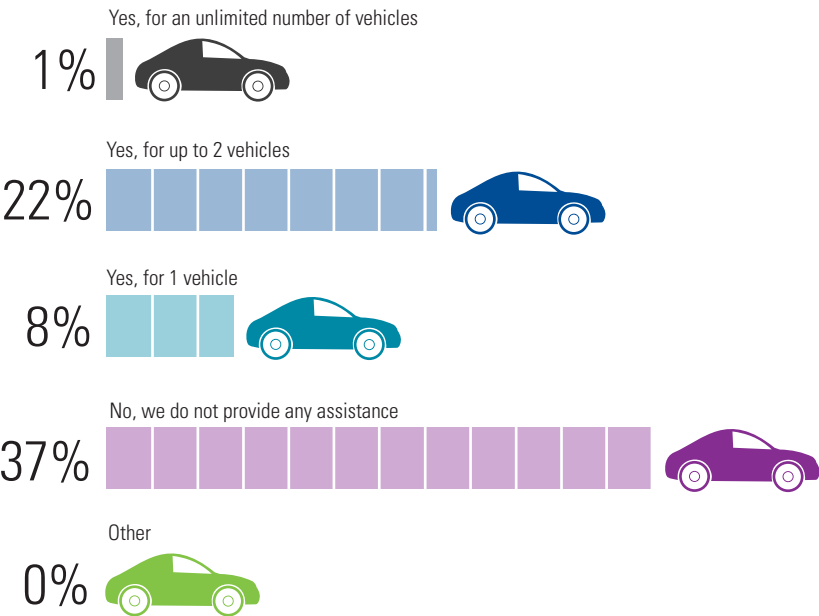
Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

12.8. Does your organization provide assistance to assignees relating to the disposition of their personal cars in the home country?

Single assignees

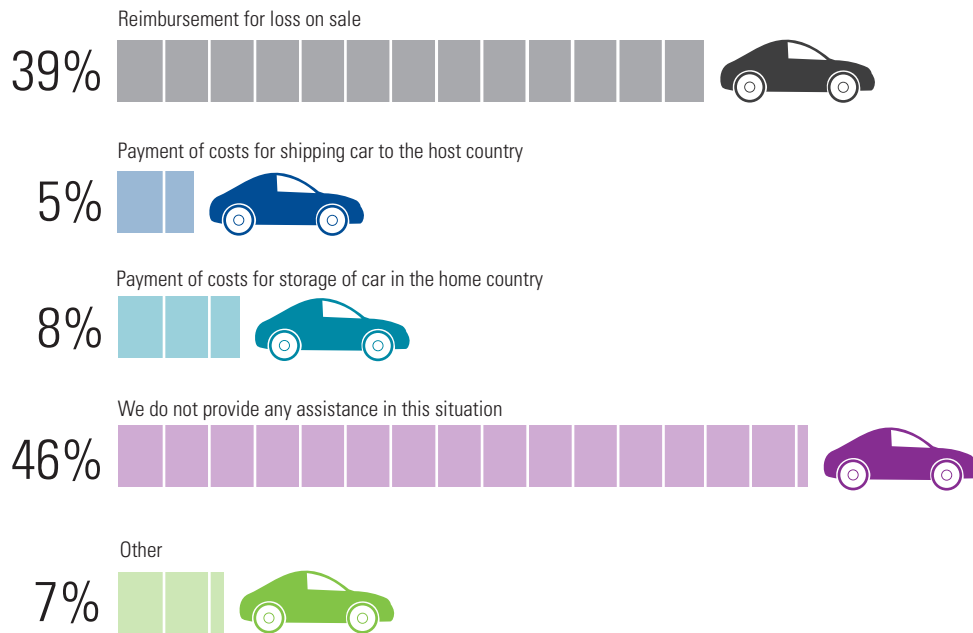


Assignees with spouses/partners



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

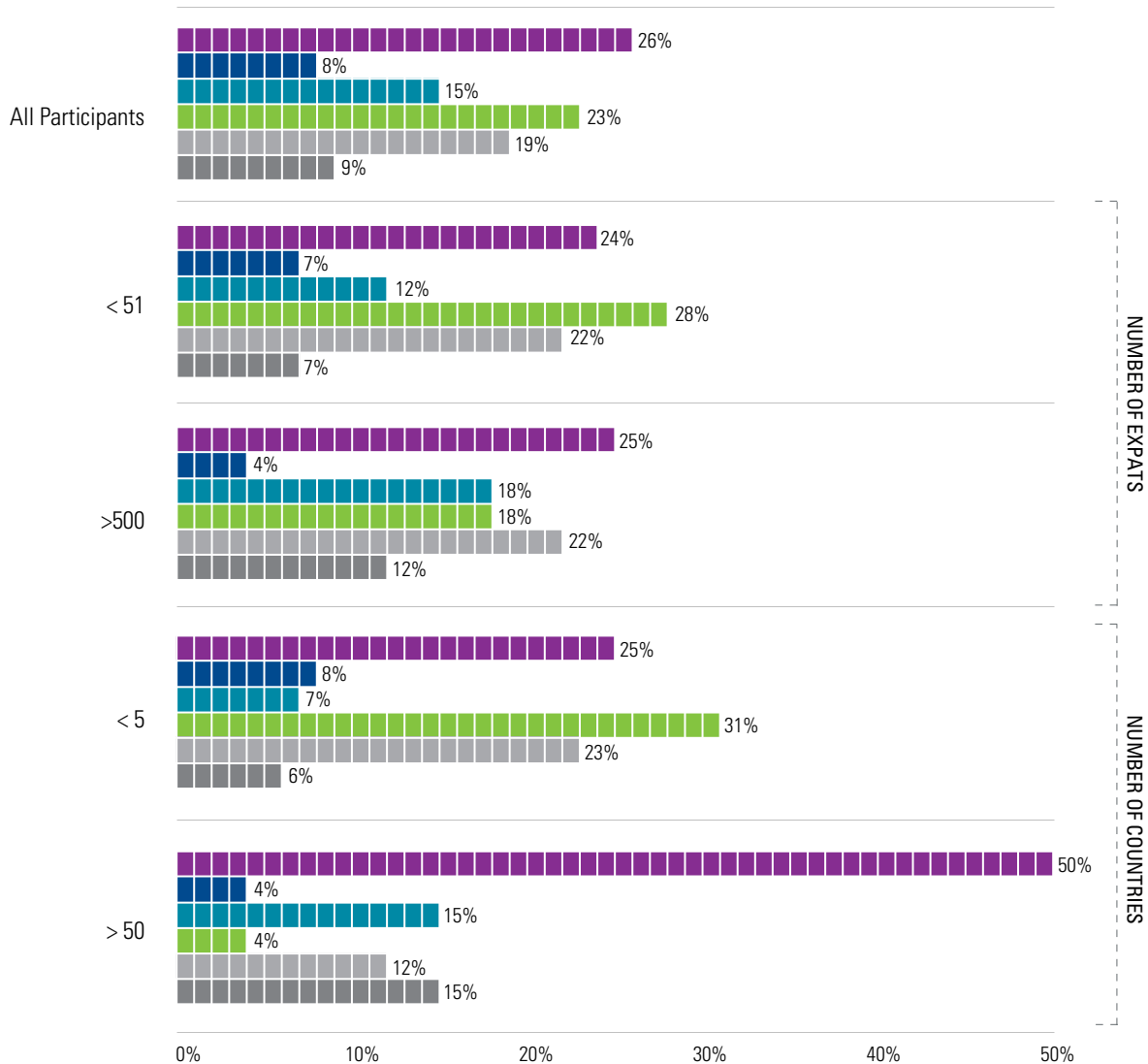
12.9. What type of assistance does your organization normally provide to assignees relating to the disposition of their personal cars in the home country (select all that apply)?



Source: KPMG International, GAPP Survey 2015.

12.10. Which of the following statements best describes your organization's policy toward assistance with host country car costs?

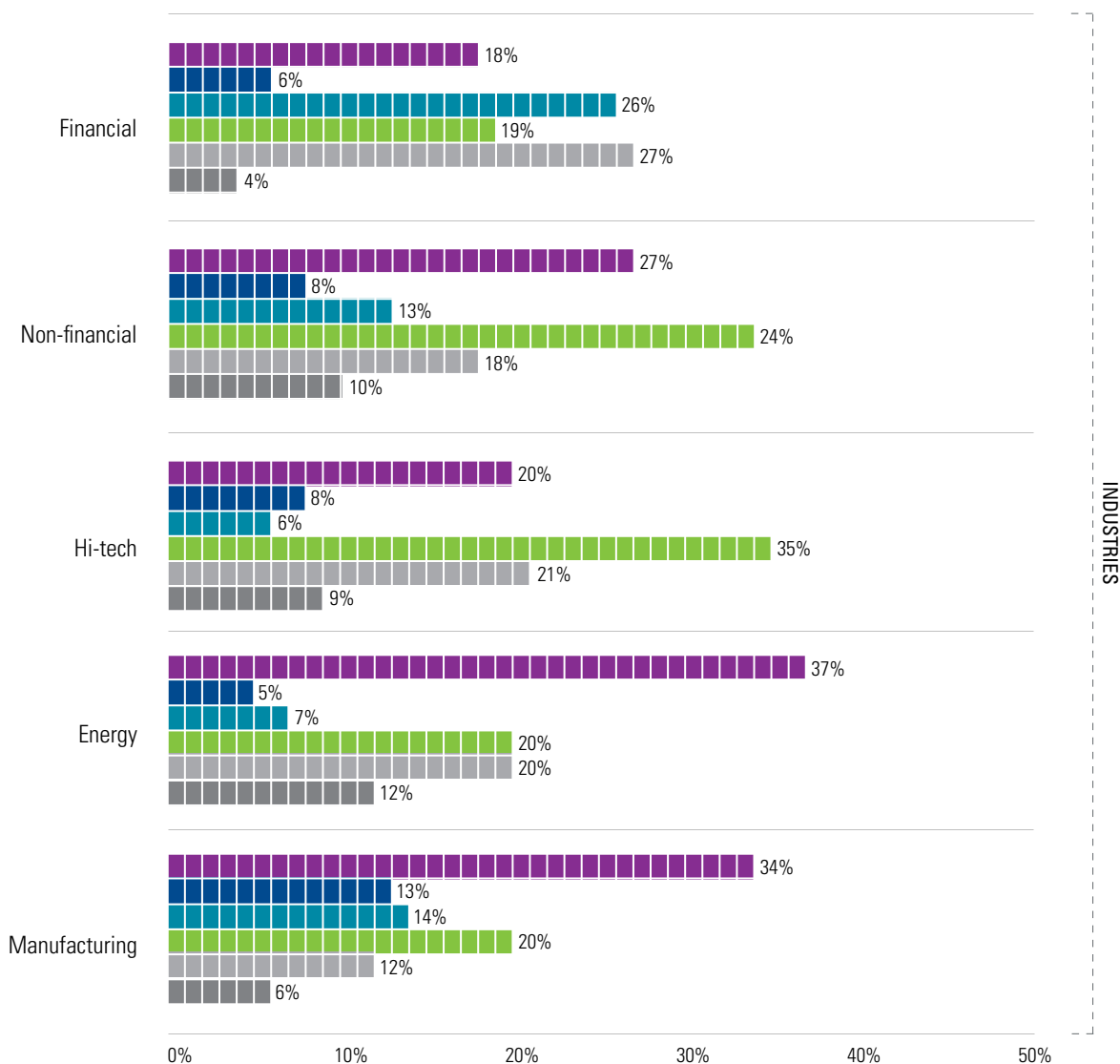
- All assignees are provided with assistance to purchase or lease a car
- Assignee only receives assistance if they were entitled to similar assistance in the home country
- Assignee only receives assistance if their host country counterparts are entitled to similar assistance
- Assistance is determined on a case-by-case basis
- We do not provide any assistance with the cost of purchasing or leasing cars in the host country
- Other



Note: Total may not add to 100% due to rounding.
Source: KPMG International, GAPP Survey 2015.

12.10. Which of the following statements best describes your organization's policy toward assistance with host country car costs? *(Continued)*

- All assignees are provided with assistance to purchase or lease a car
- Assignee only receives assistance if they were entitled to similar assistance in the home country
- Assignee only receives assistance if their host country counterparts are entitled to similar assistance
- Assistance is determined on a case-by-case basis
- We do not provide any assistance with the cost of purchasing or leasing cars in the host country
- Other



Note: Total may not add to 100% due to rounding.

Source: KPMG International, GAPP Survey 2015.

Glossary

Accompanying spouse/domestic partner: As determined by the assignee's home country organization's policies, a companion to the assignee who is included in the definition of family for purposes of international assignment benefits. Status may be married or unmarried and same gender or opposite gender.

Assignee: An employee of the organization who leaves their original country of employment to work in another country for a temporary period of time, normally longer than 3 months.

Assignee-requested assignment: Employment provided by the organization in another country at the request of the employee for a specific period of time that is solicited/initiated by the employee. This type of policy normally offers minimal benefits and is often used when the employee's spouse/partner is offered an assignment by their employer. Also known as an accommodation assignment.

Assignment-related benefits: A general term covering all elements of remuneration provided in connection with a temporary transfer across national borders.

Candidate assessment/selection: A prescreening process used to identify 'assignment-ready' employees often by functional area (e.g. finance, marketing, product support). Typically, this includes assessing an employee's potential for an international assignment relative to their career path and the needs of the organization. A family's adaptability may also be analyzed.

Commuter assignment: A temporary transfer across national borders that allows the employee to reside part-time in their home country on a regular basis, often weekends, while working in the host country, usually weekdays. Most often seen among neighboring countries, especially in Europe.

Company/employment/organization-source income: All compensation paid to the assignee by their employer.

Cost of living: The aggregate of goods and services prices for a specific 'market basket' of items that enables comparisons among locations.

Cost-of-living allowance (COLA): A differential payment to (or withholding from) assignees to address differences in purchasing power between home and host countries. It is usually derived by applying a cost-of-living index to an employee's home country spendable income.

Cost-of-living index: A ratio of costs of goods and services in the home country compared to the host country (generally provided by outside vendors) used in calculating the cost-of-living allowance. It incorporates differences among nationalities with regard to spending and purchasing patterns.

Cross-cultural training: Education in the customs, practices and/or languages of the host country for the assignee and/or accompanying family to familiarize them with the new environment in which they will live and work during the international assignment. Most often provided by a third-party vendor.

Dependent (child or parent): Those who rely on the assignee for the majority of their financial support and are usually considered family for the purpose of calculating the assignee's international assignment-related allowances. This may include unmarried children (natural or adopted) typically under the age of 19 who would normally reside with the employee in the home country or other dependent relatives as approved by the organization's international assignment policy.

Destination services: Assistance provided to the assignee and family upon arrival in the host country to help them settle into their new surroundings. Usually includes assistance in finding a residence, arranging schooling for dependent children, and guidance regarding shopping, transportation and driver's licenses. Most often provided by a third-party vendor.

Development/training assignment: A temporary transfer across national borders that is primarily aimed at providing the employee with the skills and experience judged necessary to progress within the organization. These types of assignments usually provide limited ongoing assignment-related benefits.

Dual career: A situation where both the prospective assignee and their spouse/ domestic partner are fully employed professionals, either by the same organization or by different organizations. When the spouse/domestic partner is employed by different organizations, this often forces the couple to choose between the assignment opportunity and the spouse/domestic partner's job.

Efficient purchaser index: A measurement of the ratio of the cost of living between the home and host locations that assumes that an assignee is a 'smart shopper' and is able to purchase goods and services more economically than the average (newly arrived) assignee. A variation of the standard index, it incorporates differences among nationalities with regard to spending and purchasing patterns.

Estate tax: A tax imposed on the right to transfer property by inheritance and assessed on the net value of a deceased person's estate before distribution to the heirs. Also called death tax.

Family size: A number that includes the assignee and any dependents who accompany the assignee to the host country. The home country family size may include qualified tax dependents who do not physically relocate to the host country.

Foreign service (mobility) premium: An incentive payment (usually expressed as a percentage of base salary) to encourage the acceptance of an assignment. Some organizations also pay upon the successful completion of an assignment.

Furnishings/appliance allowance: A payment to an assignee to purchase or rent certain household furniture, white goods or other appliances for their host country accommodation, if such items are either absent or of unacceptable quality in the host country.

Gift tax: A supplement to the estate tax, it is a graduated tax assessed against a person who gives money or an asset to another person without receiving fair compensation in return. Each country's income tax code governs the amount of each gift that can be considered tax-free.

Hardship/danger allowance: A payment (generally calculated as a percentage of base salary) to compensate the assignee for undesirable cultural, social, physical or other conditions. Hardship is usually determined by the measurement of certain criteria by both vendors and government agencies.

Home country: The location where the assignee worked prior to the international assignment and to where it is intended the assignee will repatriate at the end of the assignment(s). The home country may or may not be the assignee's country of citizenship or residence.

Home leave: A benefit provided to the assignee and family to enable them to travel to the home country in order for them to maintain ties with colleagues, friends and family at home. Some organizations do not require home leave to be taken to the home country.

Host country: Location across national borders to which the assignee is temporarily sent to work from the home country.

Household goods: Household items, including furniture and personal effects that are sent by sea, air and/or ground to and from the host location.

Housing benefit/allowance: Financial assistance related to the provision of accommodations in the host country for the assignee and accompanying family. Sometimes expressed as the total cost of foreign housing or as the foreign housing cost net of a home country housing norm.

Housing offset/norm/notional expense/contribution: An approximation of typical home country housing costs that would normally be borne by employees of the same base salary and family size in the home location. Many organizations will adjust the housing norm annually to reflect increases in home location housing and operating costs (e.g. property taxes, utilities).

Hypothetical/tax norm: Under the process of tax equalization, the assignee's share of their worldwide tax burden. This is normally determined by estimating the amount of taxes that the employee would have paid had they remained in the home country.

Indefinite assignment: A temporary transfer across national borders that does not have an anticipated end date but is still intended as a temporary (rather than permanent assignment/permanent transfer). This type of assignment typically offers minimal relocation and transition benefits.

International assignment: A temporary transfer across national borders, normally lasting more than 3 months.

International assignment policy: The organization's formal statement of international assignment-related compensation, benefits, perquisites, logistical and other assistance.

Interregional assignment: A temporary transfer across national borders where the home and host countries are both within a defined geographical area (e.g. Western Europe, Southeast Asia).

Key money: In some locations, payment made to a landlord as an inducement to assure a host housing rental contract.

Laissez-faire: The organization takes no stand and offers no assistance to the employee in income and social tax matters; the employee is on their own for the filing and payment of home and host taxes.

Language training: If the language spoken in the host country is not the employee's native language, language training classes may be offered for the assignee and/or accompanying family members.

Local employee: A person working for the organization in their home country without any assignment-related benefits.

Localization/localizing: The transitioning of an assignee to an employment status/package in the host country equivalent to that of host country nationals. The length of transition may vary among different organizations and industries.

Long-term (standard) assignment: A temporary transfer across national borders, normally lasting between 1 and 5 years, though often extended.

Lump sum: A one-time cash payment to an assignee of at least two or more international assignment-related allowances or expenses, combined to replace separate or itemized payments.

N/A (not applicable): Elect this choice when the question pertains to a policy, practice or issue that does not arise in connection with your program.

Norm: A standard, model or pattern regarded as typical.

Organization: Term relating to the business entity primarily responsible for the creation and administration of international assignment policies and practices, and a general term used to describe the assignee's employer, such as a company, foundation or firm.

Outsource: Retaining the services of an outside party or vendor to perform a function that was previously performed within the organization.

Per diem: A cash payment to an employee to cover certain temporary living expenses, usually meals, hotel and incidental expenses, expressed as a daily rate. When delivered at a government-determined rate to cover business travel expense, a per diem can often be tax-free.

Permanent assignment/permanent transfer: A one-way transfer across national borders. The individual is normally considered to be an employee of the host country entity, severing ties with the home country entity, and is often only provided relocation and limited transition benefits.

Personal income: All earnings realized by the assignee (and spouse/dependent family members) from sources other than the assignee's employer.

Preassignment: The period of time after a candidate for assignment has been identified but before their departure from the home country.

Preassignment visit/trip: A trip to the host country for the assignee (and possibly other accompanying family members) prior to the start of the assignment to make certain arrangements and view the possible new surroundings.

Project-/contract-specific assignment: A temporary transfer across national borders that is dependent on the completion of specific tasks or deliverables. The level of assignment benefits is often dependent upon the relative generosity of the financial terms of the contract or project budget.

Property management: Services of a vendor to maintain and/or rent the assignee's home country residence (usually restricted to their primary residence) during the assignment.

Relocation/disturbance/miscellaneous expense/settling-in allowance: A lump-sum cash payment to the assignee to cover the cost of incidental expenses not specifically covered by other aspects of the company's international assignment policy.

Repatriation: The return of the assignee to the home country at the completion of the assignment.

Rest & relaxation (R&R): Additional leave(s) usually provided when the host country is deemed a hardship location. This is often a separate leave from vacation and is used to allow the employee and eligible dependents a chance to visit a country that is similar to the home country culture for rest & relaxation.

Return on investment (ROI): Evaluation of the overall cost (investment) of an expatriate assignment relative to the impact to the 'bottom line' for the organization. Often measured against the metrics and goals set for the assignment.

Reversible/international standard index: A ratio of costs of goods and services on specific items ('market basket') in the home country compared to the host country that does not incorporate the assumption that different nationalities will spend differently (as opposed to other cost-of-living index calculations).

Rotational assignment: A temporary transfer across national borders that requires the assignee to work for a designated number of consecutive days in the host country, followed by a designated number of consecutive days leave (taken in the home country, host country, or another 'leave location').

Salary cap: An upper limit or ceiling, usually expressed in terms of annual base salary to be used in the determination of allowances, or a limitation on the maximum value of an allowance.

Sequential/subsequent assignment: Often called 'back-to-back' assignments. Rather than repatriating at the conclusion of the original assignment, the assignee is expatriated to another subsequent location without returning to the home location.

Short-term assignment: A temporary transfer across national borders that generally lasts more than 3 months and less than a year.

Spendable income: The portion of base salary that is normally devoted to the purchase of goods and services (e.g. food, clothing, entertainment, medical care). This amount is not a fixed percentage of base salary; rather, it varies according to nationality, income level and family size.

Spousal assistance: Assistance to recognize that spouses who accompany employees on international assignments may experience a disruption in their careers or self-improvement pursuits. May include job search, personal development or other assistance.

Spousal income: All earnings attributable to the assignee's spouse/domestic partner.

Tax: A fee charged ('levied') by a government on a product, income or activity. If tax is levied directly on personal or corporate income, then it is a direct tax. If tax is levied on the price of a good or service, then it is an indirect tax.

Tax briefings/consultations/orientations: A meeting or discussion between the assignee and a tax professional to discuss the income and social tax implications of the assignment for both the home country and the host country.

Tax equalization/equalize: A compensation methodology for calculating the assignee's share of their worldwide tax burden by attempting to ensure that the employee is financially 'no better or worse off' than they would have been had the assignment not taken place.

Tax gross-up: A mathematical calculation to determine the final obligation to the taxing authorities when the company pays a tax liability on behalf of the assignee.

Tax preparation: Services of a tax professional to prepare the assignee's home country and/or host country tax returns.

Tax protection/protect: A compensation methodology for calculating the assignee's share of their worldwide tax burden by attempting to ensure that the employee is financially 'no worse off' than they would have been had the assignment not taken place. It differs from tax equalization in that, in theory, the employee could receive a tax windfall in an assignment location with a tax rate lower than the assignee's home country.

Tax reimbursement calculation: The reconciliation of the assignee's tax contribution (via a hypothetical/tax norm) versus his or her obligation as defined by the tax reimbursement methodology.

Tax reimbursement methodology: The compensation philosophy used to calculate the assignee's share of their worldwide tax burden (e.g. laissez-faire, tax equalization, tax protection).

Temporary living: The period of time between the assignee leaving permanent accommodation in the home country and moving into permanent accommodation in the host country.

Unaccompanied assignment: A temporary transfer across national borders where the employee's immediate family remains in the home country. These types of assignments often provide for additional trips to and from the home and host countries for the separated family members. Host country assignment benefits are normally based on that of a single person.

White goods: Household merchandise, such as bed sheets and curtains, previously made from white fabrics but now often colored, and/or large household appliances, such as ovens and refrigerators, previously finished with white enamel but now often colored.

Work permit/visa: All countries require valid identification (passport) for lawful entry. In addition, most countries require a valid work permit/visa before an assignee may live and work in that host country. Often, a spouse cannot be gainfully employed under the work permit/visa of the assignee.

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