

From clear as mud, to clear as water

A suggestion for standardized compliant global mobility assignment types

Lotte Roelofs

FINAL PAPER – MasterCourse Human Resources and Global Mobility 2019

Summary

When speaking amongst global mobility professionals, it is typical for confusion of tongues to occur when it comes to assignment types. The disagreement on assignment types can lead to the wrong expectation, causing disappointment, increased costs, and a lack of compliance. This is especially an issue within the EU where, with the perception of open borders, non-compliance is a viable risk. The objective of this paper is, firstly, to give an overview of which parameters can be used to determine global mobility assignment types. Secondly, to establish which set of parameters is optimal to establish compliant global mobility assignment types. The objectives will be met by answering the thesis statement: "Modelling assignment types based on a common set of parameters increases compliance within companies operating in the EU." The statement is answered by answering the main question ("Which set of global mobility assignment type parameters is optimal in increasing compliance?") and two sub-questions: Which areas of compliance are most at risk in a company when using unclear definitions? Which parameters can be used to determine assignment types, and what are their pros and cons? The (sub)-questions are answered by conducting a qualitative review of relevant law, legislation, and literature and forming this into a model. Compliance in the areas of immigration, tax, and social security is crucial for the assignment to be completed, the assignee to be remunerated correctly (tax equalization or protection) and have a social security fallback when things go wrong. Five parameters indicate whether we are dealing with international employment, e.g., employment law, fiscal residence, social security, immigration, and pension. The following nine parameters frequently change or are relevant in general during an assignment and are therefore also looked into, e.g., duration, function, tax facilities, health insurance, shadow payroll, nationality, primary residence, type, and the number of employers and family status. All parameters are tested for their relevance in the compliance areas of social security, tax, and immigration. Subsequently, the most relevant parameters for each of the compliance areas are listed separately. Then, the limitations of the research are listed. In conclusion, it becomes clear that a number of parameters are relevant for compliance in each of the fields of social security, immigration and tax. These core parameters have subsequently been put in a matrix that forms the basis of a flow chart. The flow chart gives definitions for the most commonly used global mobility types based on compliant parameters. Therefore, the answer to the research question is in the affirmative: modelling assignment types based on commonly used parameters increases compliance within companies operating in the EU, when choosing the assignment type to be used for a particular assignment on the basis of (i) change in employment law, (ii) duration, (iii) change in primary residence, (iv) change in employer form and (v) family status parameters. This will enhance visibility of the applicable issues in the areas of tax, social security and immigration and thus promote both compliance in these fields and a fair benefits package for the employee.