



# A Guide to Managing Business Travelers

CapRelo



“

We are not about just scheduling moves and coordinating transactions. We are in the future business. We are about moving people and companies to their future. We are about supporting the ability to live, work and thrive anywhere, across a lifetime.”

**Barry Morris, President & CEO**  
CapRelo

## About Us

CapRelo is a full-service global relocation management company that manages over 10,000 worldwide relocations and assignments annually for all sizes of companies – small to major multinationals alike. With 24 years of mobility expertise, we have established an extensive global footprint with presence in the Americas, EMEA and APAC. Your purpose drives our focus and allows us to be uniquely positioned to help you both acquire and retain the best talent. Our vision is lived by our staff, our daily interactions with clients and industry colleagues and our commitment to the communities we serve. We are proud to support the relocation needs for living, working, thriving anywhere across a lifetime.

**150+**

Global clients

**8k+**

Relocations/year

**96%**

Transferee satisfaction

# Virtual Assignments and Extended Business Travelers – The Perfect Combination?

Global business operations have historically required a significant amount of travel. Recent challenges have resulted in a seismic shift in the acceptance of virtual alternatives, but face-to-face meetings remain key to building relationships, teams and networking. An obvious solution is therefore to combine virtual assignments with extended business trips.

This combination appears to offer a simple, lower cost alternative to more traditional long- or short-term assignments and can facilitate both team building and knowledge transfer. Yet there are hidden risks and costs to be aware of prior to committing to this approach. Without well-researched and properly implemented policies and tracking processes in place, both the individual business travelers and their employers could be exposed to a range of individual and corporate risks and liabilities.

An Extended Business Traveler (EBT) is an employee who travels abroad for professional purposes for longer periods but usually less than 3 months. These are similar to frequent business travelers (FBT), professionals who often work in a different country than their home but return home regularly.

Developing best practices to mitigate associated risks can involve some simple first steps. *Please note that details will vary based on country combination and travel patterns:*

## Leverage technology to track employees' travel data and streamline processes



It is the employer's responsibility to ensure that all relevant business travel data is accurately monitored and reported. Speak with CapRelo to understand how we can support you with automatically tracking employee travel, as well as coordinating the evaluation of immigration, tax and payroll compliance

## Integrate the business travel management function into the global mobility program



In many organizations, the responsibility for this mobile population is undefined. With specialized knowledge and support from your CapRelo team, the global mobility team is well-placed to offer guidance and protect the company and employees from any tax and compliance risks

## Create a dedicated business travel management function



This ensures that the available resources are invested solely in the research, development and management of business traveler

## Create effective policies and processes



For each country, develop policies and processes that govern the various types of business travel and duration of visits. These should be based on up-to-date information about the various visa requirements, tax regulations, payroll issues and privacy policies

## Inform managers and employees



Clearly communicate policies, travel eligibility and requirement checklists to ensure that this information is available to both employees and managers to minimize complications and make the process as smooth as possible

Developing best practices is only the first step to managing business travelers effectively. Employers also need to stay up to date on a variety of immigration, tax and HR elements. Download our checklist to learn more about these issues and safeguard your company and employees from risk.



# Checklist to safeguard your employees and your company from risk

## 1

### Immigration Compliance

***Understand the precise conditions for each visa and each country and keep accurate records to avoid individual and employer penalties.***

Visa requirements and restrictions specifying how long business travelers may stay and what types of activities they may engage in when traveling on specific visa types vary per country. Extended stays or engaging in business activities that could be construed as gainful employment or providing services that directly benefit a client company can create compliance issues.

# 2

## Tax Compliance

Business travel can have significant consequences for tax compliance. The duration of an employee's visit, the types of professional activities in which he or she engages during that visit and factors pertaining to remuneration need to be assessed to determine whether there's a reporting requirement in the host country. If so, does this reporting requirement pertain to the employee, the employer or both?

Additionally, employers must be aware of the tax implications of and what creates a Permanent Establishment (PE) in a host country. Tests for determining whether a PE exists will vary by country, but generally the type of work performed and the length of time operating in the host country will be taken into account. It's important to research and understand the host country's Permanent Establishment laws to ensure compliance and minimize tax liability risk.

The international tax regulation and compliance landscape is complex. Moreover, considering current political changes in the U.S. and Europe, tax regulation and compliance are likely to keep developing for the foreseeable future. Employers need to ensure they're up to date on taxation thresholds and international treaties to take action to comply with reporting requirements for their employees and the corporation.

# 3

## Compensation

Many managers assume that sending employees overseas has no impact on those workers' salaries. However, this can be a potential pitfall for both the company and its workforce. Depending on a business traveler's visa and the length of the stay in the host country, payroll could very well be affected. Employers might have to assume the payroll obligations of the host country, for example by meeting local taxation and social security obligations.

Navigating payroll for business travelers can become an incredibly complicated matter for HR departments to manage.



## 4

## Privacy

Most companies establish some form of tracking for business travelers. This is intended to provide legal, HR, payroll and accounting departments with the information necessary to meet immigration, tax reporting and payroll requirements. Tracking data about flights, hotel bookings, rental cars and business expenses charged to a corporate credit card is generally considered to be a normal business practice that doesn't affect a business traveler's privacy. However, other tracking methods, such as GPS tracking data and/or collecting data from employee-owned devices can be construed as an infringement on an employee's right to privacy. This is particularly important in areas like Europe, where individuals enjoy more privacy protection than in the U.S. However, even some U.S. companies find their need to track data conflicting with their corporate privacy policies.

## 5

## Safety

Safety for the business traveler has also become a major concern, as we see rising numbers of terror threats, natural disasters, diseases and other potential dangers. It's essential for employers to ensure their traveling employees' safety and well-being. The employer must know where every traveling employee is at all times and be able to reach them. This can be done by itinerary or by using GPS tracking technology.

## 6

## Base Erosion and Profit Sharing

Base Erosion and Profit Sharing (BEPS) is a tax planning strategy used by multinational companies where they report or shift profits or income to low-tax or no-tax locations to avoid paying taxes elsewhere. Tax rules and regulations are written to ensure that profits are taxed where economic activities generating the profits are performed. There is therefore a need for employers to not only track business travelers from a safety perspective, but also from a "purpose perspective." For example, if an employee traveled to a different country for training, when no profit was generated, there would be no tax liability; however, if an employee on a virtual assignee travels to perform work in that location, the company may be required to pay tax on the contract in the country of signing.

# 7

## The Potential Impact of These Risk Areas on a Company's Departments

The possible consequences of these risks should not be underestimated. Immigration issues can lead to delays at borders. In some cases, business travelers can even be turned away, for example if they have frequently entered and left the country within a short period of time. This in turn can have an adverse impact on the company's ability to complete projects and deliver services for clients. At the same time, if a company's employees are constantly encountering immigration problems, the company could find itself stonewalled from obtaining further business visitor visas and long-term work permits for relocating employees. As a result, operational objectives will be impacted, and companies may not be able to meet their talent development goals.

Most companies try to achieve the lowest possible tax rates. However, when they do this by not complying with tax regulations in the country of origin, the host country or both, it can have far-reaching effects. Both the employer and employee may be found at fault if they don't meet tax requirements. This can lead to audits, steep penalties and in some cases, even criminal charges.

Similarly, payroll needs to be overseen accurately. Companies that don't comply with a host country's payroll requirements are likely to face audits, fines and in some extreme cases, temporary injunctions against doing business in that country.

## Final Thoughts

The effectiveness of virtual assignments may be greatly enhanced through the combination of extended business trips, however management programs and compliance tracking measures should be put into place prior to any travel taking place. Policies and processes that support business goals whilst protecting the employees will enable a company to be agile and adapt to the changing tax and immigration landscape.





## Global Headquarters

108 Carpenter Drive  
Sterling, Virginia 20164  
United States of America  
+1.888.622.8278

## CapRelo Canada

2233 Argentia Road, Suite 302 & 302A  
Mississauga, Ontario  
+1.416.918.4134

## CapRelo EMEA Office

26-28 Hammersmith Grove, Suite 806  
London, W6 7BA  
United Kingdom  
+44 (0)17.2244.6224

## CapRelo APAC Office

41F World Financial Center No. 2 Dagubei Rd  
Heping District, Tianjin 300041, China  
+86.225.830.7816

**info@CapRelo.com | CapRelo.com**