

# NAVIGATING GLOBAL EQUITY COMPENSATION IN APAC AND EMEA



## STRATEGIES STRATEGIES FOR COMPLIANCE, OPTIMIZATION & EMPLOYEE ENGAGEMENT

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## RETHINKING GLOBAL TAX WITHHOLDING

### Beware of Hypo Tax Usage

Remember that using hypothetical tax rates for withholding is not sanctioned by the FASB.

### Plan for Trailing Liabilities

Develop strategies to handle trailing tax liabilities for employees who change work locations during the vesting period.

### Regular Compliance Audits

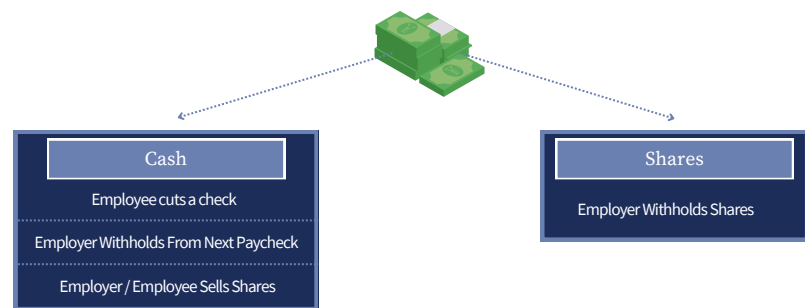
Conduct periodic reviews to ensure ongoing compliance with changing global tax regulations

### Educate Employees

Provide clear communication to employees about their tax obligations and the company's withholding practices.

### Stay Current on Local Tax Laws

Regularly review and update your knowledge of tax laws in all countries where you have employees receiving equity compensation.



## TYPES OF MOBILITY STATUS



### Mobile Employee

Employee who works in more than one location.



### Global Assignee

Employee who is on a long-term work assignment outside their normal place of work (usually between 1 and 3 years).



### Short-term Assignee

Employee who is on a short-term work assignment outside their normal place of work (usually < 1 year).



### Permanent Transfer

One-way transfer from one work location to another work location (may be employee initiated or company initiated).



### Cross Border Commuter

Employee who lives in one tax jurisdiction and commutes to a work location in a different tax jurisdiction.



### Local Hire

Employee who is hired directly to work in a tax jurisdiction located outside his/her normal country of residence.



### Business Traveler

Employee who routinely travels to a work location(s) other than his/her normal place of work.



### Hybrid & Remote Worker

Employee who works in another tax jurisdiction from assigned work office on a full or part time basis

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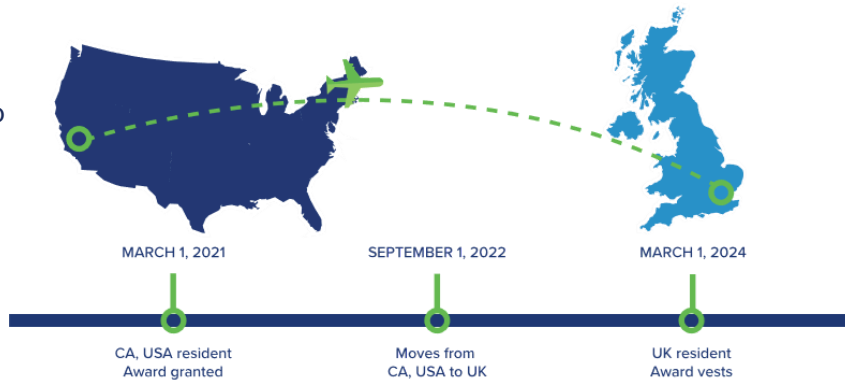


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### INTRODUCTION TO TRAILING LIABILITY

Also known as “cross-border taxation”, “multi-jurisdictional taxation”

A trailing liability is an obligation to pay tax on current income related to past employment services performed in countries the employee worked in prior to transferring to his/her current country.



Identify trailing liabilities by tracking employees who have worked in multiple jurisdictions during the vesting period of their equity awards, paying special attention to those who have changed work locations or expatriates returning to their home country

### KEY RISKS ASSOCIATED WITH MOBILITY

#### Operational Risk

Hidden high costs of inefficient procedures to manage financial & non-financial risks of equity awards held by GA's

#### Financial Risk

Interests & penalties for failure to withhold, late payment  
Overpayment of taxes

#### HR Risk

Failure to retain, motivate key employees  
Unhappy employees who become subject to complex international tax exposure

#### Business Reputation Risk

Tax evasion by high profile employees  
Irreparable damage to local country business

### Global Risks

Assess key risks by evaluating the volume and complexity of your mobile workforce, the diversity of jurisdictions involved, the types of equity awards granted, and the robustness of your current tracking and compliance processes.

#### UK:

Failure to withhold penalty (100%)

#### US Citizens & Green Card Holders:

ISO tax deferral preferential for US regular tax & IRC Sec. 83(b) optional election

#### Israel:

Qualified 102 plans held in trust, taxation in Host location at vest



#### China:

SAFE registration process

#### Singapore

Tax due on unvested equity awards at departure

#### Australia

ESS annual reporting