



# Policy in Practice 2014

## Short Term Assignments

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# 1. Introduction



**Our last survey, on Managing the Global Mobility Function, showed that organizations are increasingly using short term assignments as a means to deploy their talent around the globe.**

For the assignee, short term assignments are not necessarily easier than long term assignments, as there is more of an expectation from the business that the assignee needs to hit the ground running. Therefore, the need for a transparent, robust and supportive Short Term Assignment (STA) Policy is needed more than ever.

We are delighted to present the results of our second Policy in Practice Survey; this time looking at Short Term Assignments. This is the first report that really delves deep into what organizations are covering under their STA Policy and looks at:

- Why organizations send assignees on STAs
- Pre-assignment assistance
- Whether partner and family assistance is included

- Tax assistance and whether organizations tax equalize or tax protect and if they do – how much is covered
- Ongoing support on assignment
- Repatriation assistance

Effectively managing STAs presents a real challenge for Global Mobility and the business unit managers. We hope that this survey will help with this and prove to be a useful tool in benchmarking your own STA policy.

## **Myrianthe Ewington**

Chapter & Member Services Manager – The Forum for Expatriate Management  
February 2014



# 2. Executive Summary

**More than 300 organizations completed the survey and just under half of the respondents were either Global Heads or Regional Heads of Global Mobility. The respondents came from a wide range of industry sectors and had varying short term assignee population sizes from less than 50 to over 1000.**

**The key findings of our survey are as follows:**

## **Pre-Assignment**

- 56.8% of respondents defined a short term assignment as between three and twelve months.
- There were four main reasons for sending assignees on short term assignments. They were:-
  - Project based assignments
  - To fill a skills gap
  - Training colleagues in a host location
  - For personal development
- Less than a quarter of respondents (21.5%) stated that their STA policy provides provision for partner and dependents. Almost a third stated that a short term assignment would only be accompanied as an exception and just under 42% of respondents stated that the STA policy does not include provision for partner and dependents.
- Over half of respondents (59%) stated that a pre-assignment visit is not included in the policy. Of the remaining 41%, three quarters said that they offer the assignee a pre-assignment visit, just over a fifth offer the assignee and partner (if applicable) a pre-assignment visit and a very small percentage would offer the assignee, partner and dependents (if applicable) a pre-assignment visit.
- Over half of respondents do not include a pre-assignment medical in the policy.
- 85.5% of short term assignees remain on home country payroll.
- Just under two thirds do not provide home search assistance.
- 39.9% do not provide any form of language training to the assignee. 38% offer language training to all assignees, if needed. 15.2% said they sometimes offer language training, and 6.9% stated they occasionally offer language training. However, the results show that in the vast majority of cases the language training is not extended to the partner or dependents.
- If language training is provided, just over 38% provide both options of either offsite training courses or online training courses. 8.4% just provide offsite training and 36.1% just provide online training courses. The remainder provide other solutions.
- 43.2% of respondents include cultural training in their STA policy. Of those that do, 38.9% provide it to the partner as well and 19.1% include the dependents. 56.8% of all respondents do not include cultural training in their STA policy.
- If cultural training is provided, 32.8% provide both options of either offsite training courses or online training courses. 26% only provide offsite training and 29.8% only provide online training courses. The remainder provide other solutions.
- Unsurprisingly, all our respondents stated that they provide immigration assistance to the assignee. 38.6% of respondents do assist with a spousal or partner visa if it was applicable in the host location.

## **Moving to the Assignment Location**

- Just under 42% of the survey respondents stated that their policy assists assignees with moving their personal belongings to the host location by means of reimbursement of excess baggage. 19.8% reimburse excess baggage or provide an air freight allowance. 11.6% only provide an air freight allowance in their policy. 5% provide the option of excess baggage reimbursement, air freight, sea / road freight or storage. 4.3% provide the option of excess baggage reimbursement or storage. The remaining 17.5% provide other combinations of excess baggage reimbursement, air freight, sea / road freight and storage.
- The allowances provided for excess baggage reimbursement, air freight, sea / road freight and storage vary considerably.

## Start of Assignment

- 28.4% of the survey respondents provide 1 month's temporary accommodation at the start of the assignment. 14.9% provide two weeks and 6.3% provide a week. 38.9% provide no temporary accommodation and the remaining 11.6% stated that their policy provides a different length of time.
- Just over half (50.5%) of the respondents include a relocation or disturbance allowance as part of their policy. Of those respondents, 40.5% stated that it is a fixed amount, 30.1% said that the allowance is calculated as a fixed percentage of base salary, 9.2% use family size to determine the amount of allowance paid and the remainder determine the relocation or disturbance allowance by an alternative method.
- In addition to the relocation or disturbance allowance, 37.6% of survey respondents stated that they provide a foreign service premium.
- 74.3% of respondents apply for Certificates of Coverage for short term assignees when they go on assignment.

## Tax Policy

- Under the STA policy, 61.7% of the survey respondents provide tax briefings in the home and host locations. 15.2% provide briefings in the home location and 8.9% provide briefings in the host location. They are provided online, by telephone, in person at the assignees office or home or in person at the tax advisors office. The remainder do not provide tax briefings for short term assignees.
- 69% include assistance with the tax returns in both the home and host locations. 11.2% of organizations only provide assistance in the host location and 8.9% only provide assistance in the home location. The remainder do not provide tax return assistance to their short term assignees.
- 70.6% of respondents stated that their STA policy provides tax equalization to the assignees. 13.5% offer tax protection and 15.8% of organizations provide other assistance. The report provides more detail about what is included in the tax equalization or tax protection policy and whether there are any caps on the policy.

## On Assignment

- 86.5% of respondents provide a per diem or living allowance to the assignee whilst on short term assignment. Of these respondents 63% calculate a per diem based on data from an external provider. 16% provide a fixed living allowance and 6.5% provide a living allowance based on a percentage of base salary. 14.5% determine the living allowance or per diem by an alternative method.
- Of those that provide a per diem to their short term assignees, 40.6% obtain the data from Mercer, 21.2% use data from AIRINC and 17.6% use data from ECA. 20.6% use an alternative means to determine the per diem.
- 81.8% of respondents stated that their STA policy does not provide any form of assistance with schooling. Of those that do offer assistance, many offer more than one policy on schooling. Some stipulate that the children must attend the local school if adequate but will cover the cost of an international school if the local school is inadequate. Others stated that the policy covers the child to attend an International School and some only cover the difference in the cost of schooling in the home and host location.
- The survey asked whether assignees have to contribute to the schooling costs. 53.2% of respondents stated that their STA policy does not require the assignee to contribute anything to the host country schooling costs whilst 12.7% stated that the assignee contributes the amount they would have paid had they stayed in their home country. 34.2% of respondents require the assignee to contribute a fixed amount to the host country schooling costs.
- The survey asked whether the STA policy provides a company car in the host location. 57.8% stated that the amount of assistance provided depends on the transport infrastructure in the host location. 24.8% of survey respondents provide no assistance with a company car in the host location. 8.6% provide a company car for all assignees. 5.6% provide a company car but only if the assignee is entitled to one in the home location. 2.6% provide an allowance and the assignee themselves make the necessary arrangements. Less than 1% provide an allowance but only to those that have received a company car in the home location.

- Only 37% of respondents reimburse the cost of a driving license application if it is required in the host location.
- All respondents stated that their policy assists with short term accommodation but by different means. The top two responses were; providing short term furnished accommodation (51.5%) or short term serviced accommodation (31%).
- The survey asked whether Home Leave is included in the STA policy. 17.5% stated that it is not included. Two thirds reimburse the costs of actual flights home. 8.3% provide a cash allowance which is determined by the cost of flights home but can be used to travel to an alternative location. 5.9% provide a cash allowance, determined by the cost of flights home, but that can only be used for flights to the home location. 2% provide a fixed cash allowance.
- In terms of the class of flight used to calculate the home leave allowance, 56.8% of respondents stated that economy flights are used for all home leave trips or used to calculate the home leave allowance. 24.4% stated that the class of flight is determined by the travel time. 10.4% use grade and travel time to determine the class of flight. Only 3.2% determine the class of flight by grade alone. 2% allow business flight for home leave or calculate the allowances based on these costs. 3.2% use other methods to calculate the allowance.
- For those with assignees in hardship locations, 39.6% provide a hardship allowance calculated as a percentage of base salary. 7.6% provide a fixed hardship allowance and 2% provide a hardship allowance based on grade and family size. Just over half of respondents do not provide a hardship allowance.
- Over two thirds do not provide a Rest & Relaxation (R&R) trip for those in hardship locations. 13.2% reimburse actual flights home, 10.2% reimburse actual flights to an alternative destination, 1.7% provide a fixed net allowance and less than 1% provide a fixed gross allowance. The remainder put in place alternative provisions in their policy.
- In terms of Property Management in the home location, 83.2% of the respondents provide no assistance in their policy. Just over 14% provide property management in the home location for all assignees. Less than 1% only provide it to executive assignees and 2% only provide it to assignees on older policies.
- 90.4% of respondents reimburse the cost of medical immunisations where needed.
- 83.8% of all survey respondents do include international medical cover in their STA policy. 9.2% only include it for assignees into certain locations and interestingly, 6.9% provide no international medical cover for their assignees.
- Over two thirds of assignees keep their home country home leave entitlement, 23.8% transfer onto the host country entitlement and the remainder receive the better of either home or host entitlement.

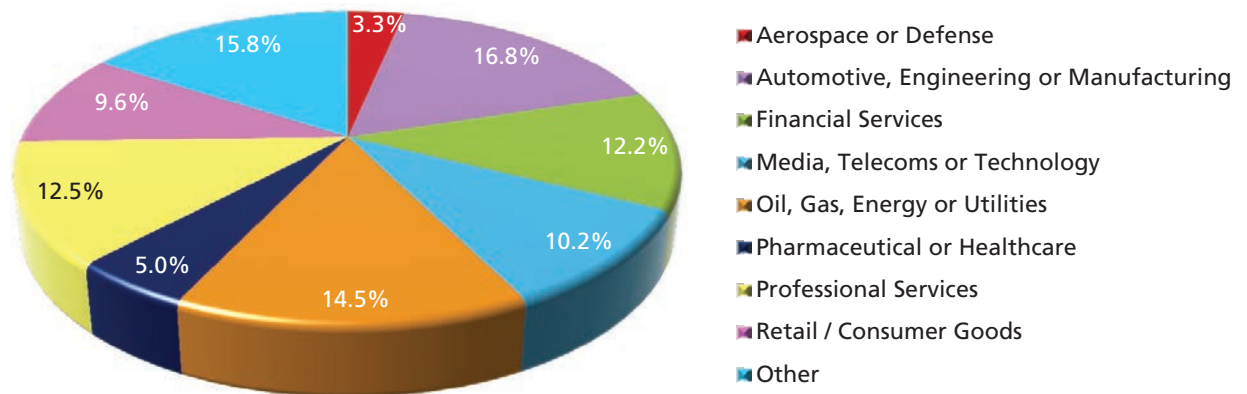
### Repatriation

- 60.7% of respondents stated that their policy provides assistance with shipment upon repatriation equal to the level they received at the start of assignment. 2.6% increase it by a fixed percentage and the remainder do not provide assistance upon repatriation.
- Only 16.5% provide a repatriation allowance. Of those that do just under half calculate it the same way as the relocation or disturbance allowance at the start of assignment.

# 3. Participant Demographics

This section sets out some detailed demographics of the survey population. It includes industry sector of the participating organizations, their headquarter location as well as the program size.

## Industry Sector

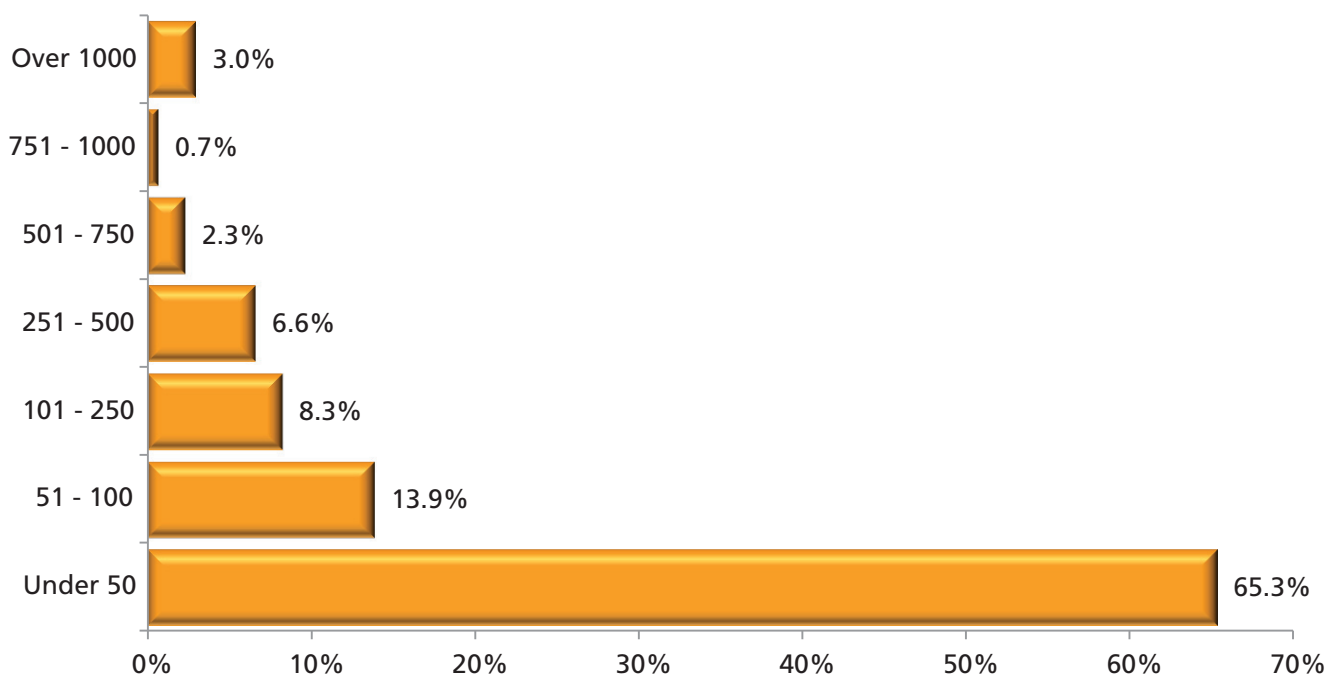


For the survey population as a whole, 16.8% of respondents are from the Automotive, Engineering or Manufacturing sector and 14.5% are from the Oil, Gas, Energy or Utilities sector. 12.5% of the respondents are from the Professional Services Sector, 12.2% are from the Financial Services sector and

10.2% are from the Media, Telecoms or Technology sector. These were closely followed with the Retail / Consumer Goods sector which make up 9.6% of the survey respondents, 5% from the Pharmaceutical or Healthcare sector and 3.3% are from the Aerospace or Defense sector.

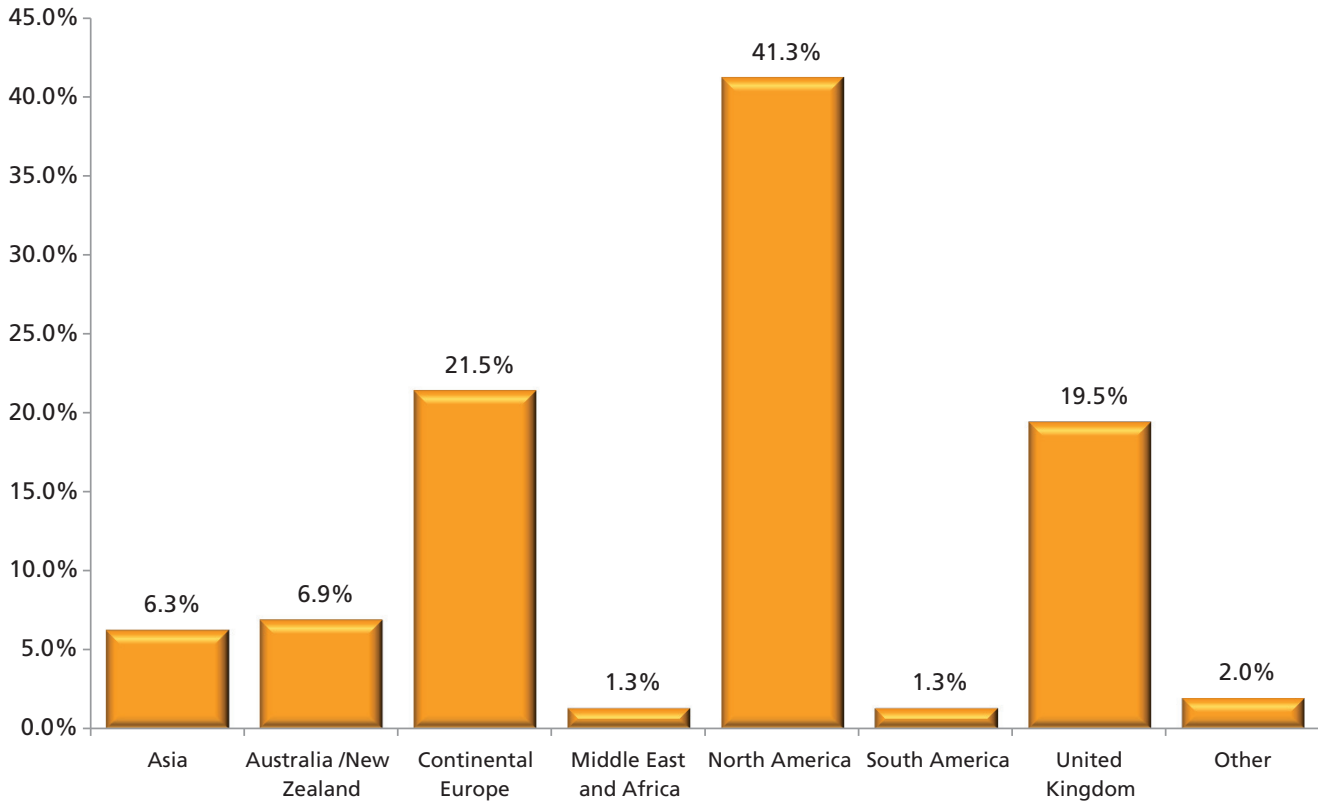
## Number of Assignees

Over 79.2% of respondents have under 100 short term assignees, 17.8% have between 100 -1000 short term assignees, and 3% have more than 1000 short term assignees.



## Headquarter Location for all Organizations

Respondents were asked where their headquarters are located. This is shown in the chart below.

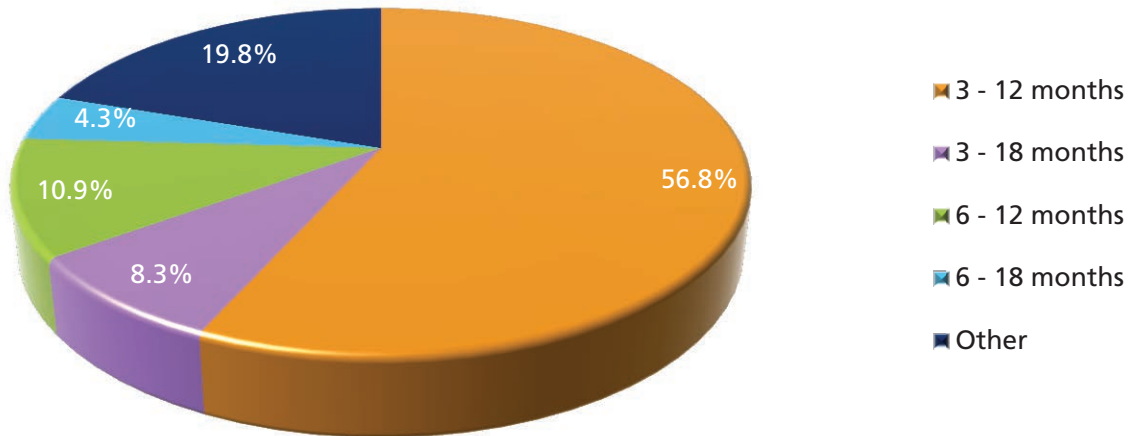


Just over 41% of the survey respondents are headquartered in North America, compared to 19.5% headquartered in the UK and 21.5% headquartered in Continental Europe.

# 4. Pre-Assignment

This section explores who the STA policy applies to and the provisions within the policy that assist the assignee prior to the start of their assignment. The survey investigated whether pre-assignment trips are provided, how much home search is provided, whether language training or cultural training is provided and whether the assignee has to have a pre-assignment medical.

## Short Term Assignment Duration

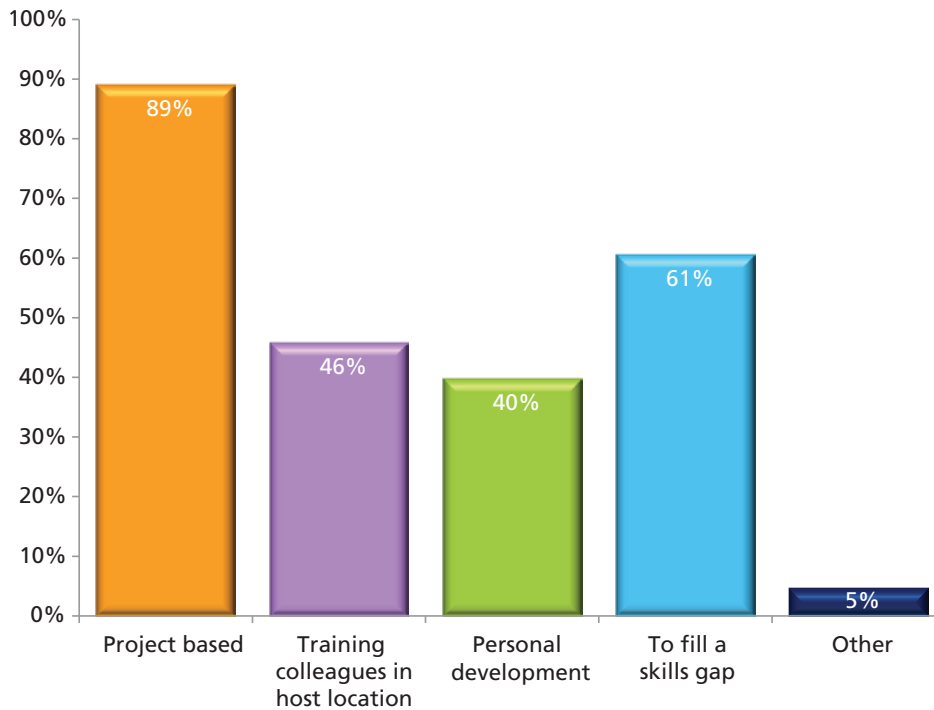


The highest percentage of respondents (56.8%) defined a short term assignment as between three and twelve months. 10.9% stated that their STA policy is for assignments between six and twelve months. 8.3% stated that it is between three and eighteen months and 4.3% stated that it is was between six and eighteen months. 19.8% provided an alternative definition including:-

- Between 1 and 12 months
- Between 1 and 9 months
- Between 1 and 6 months
- Between 2 and 6 months
- Between 3 and 6 months
- Between 3 and 9 months
- 60 days to 12 months
- Up to 9 months
- Up to 6 months



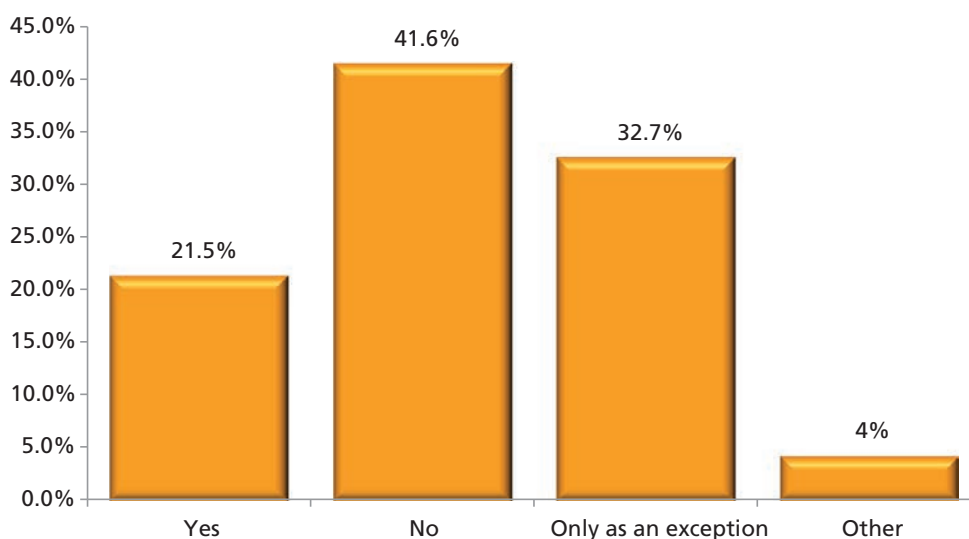
## The primary reasons for sending assignees on short term assignments



Respondents were asked to tick the reasons their organizations send assignees on short term assignments. 89% said they send their assignees on project based assignments. 61% said they use the STA policy to send assignees to fill a skills gap. 46%

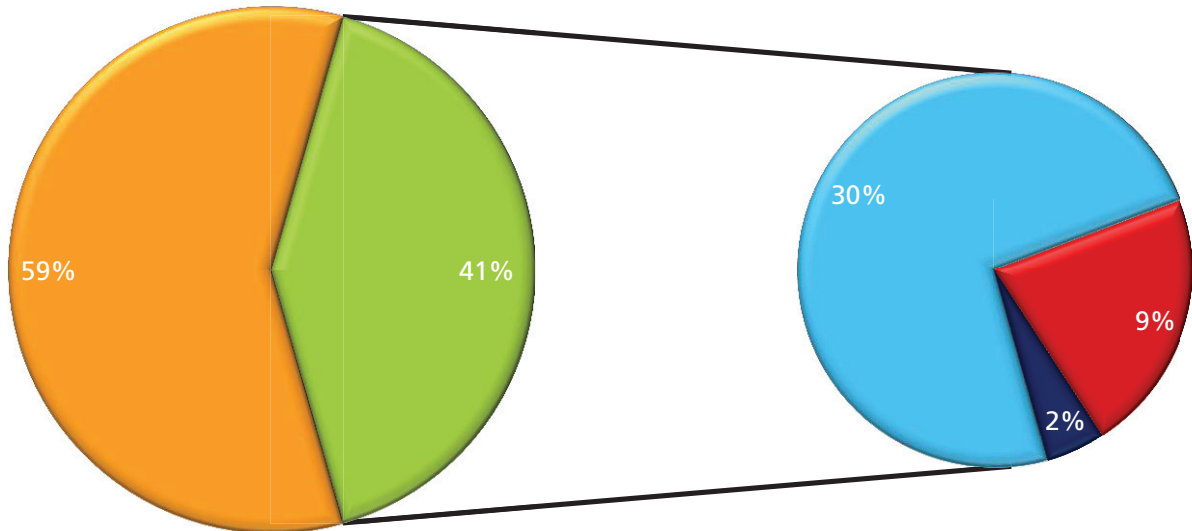
said that the policy is used to send assignees to train colleagues in the host location and 40% stated that they use the policy to send assignees on assignment for personal development.

## Inclusion of Partners and Dependents in the policy



The STA policy, for 41.6% of respondents, does not include partners and dependents. 21.5% said that the policy does provide support to partners and dependents and just under a third stated it is only as an exception. For the 4% that stated 'Other', most provide some limited support if the short term assignment is more than six months.

## Pre-Assignment Visits



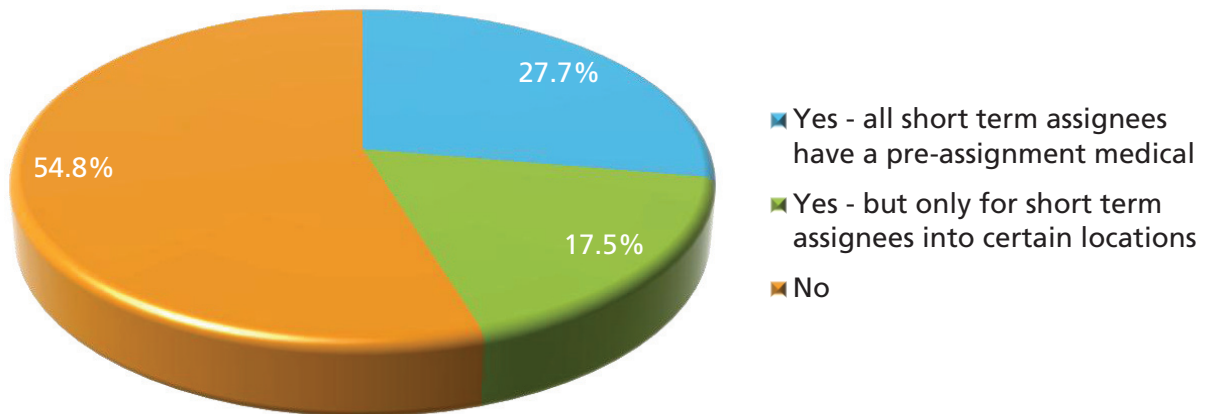
- Pre-assignment visit is not included in the policy
- For the assignee
- For the assignee and partner (if policy allows accompanied assignments)
- For the assignee, partner and children (if policy allows accompanied assignments)

Well over half (59%) of respondents stated that they do not provide the assignee with a pre-assignment visit. Of the 41% that do, nearly three quarters of those only offer a pre-assignment visit to the assignee, just over

a fifth do include the partner (if applicable) and the small remainder do include the dependents as well (if applicable).



## Pre-Assignment Medical

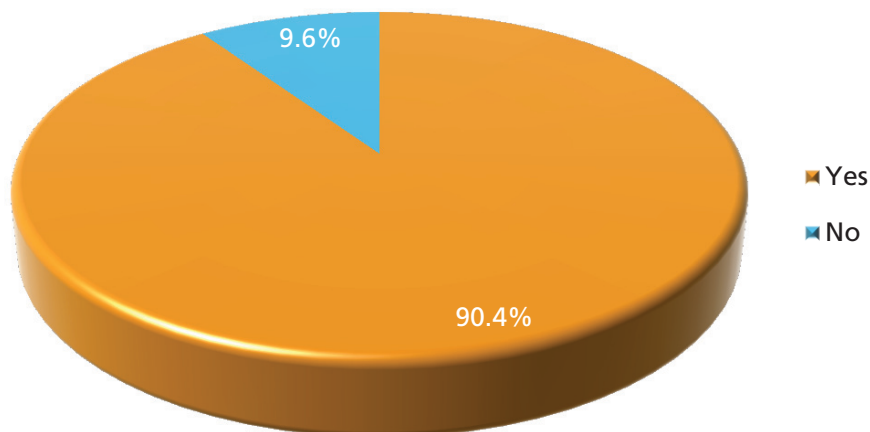


The survey results showed that 27.7% of respondents do ensure that all short term assignees have a pre-assignment medical prior to the start of assignment. 17.5% stated that it is only for

short term assignees into certain locations and the majority, 54.8%, said that their short term assignees were not required to have a pre-assignment medical.

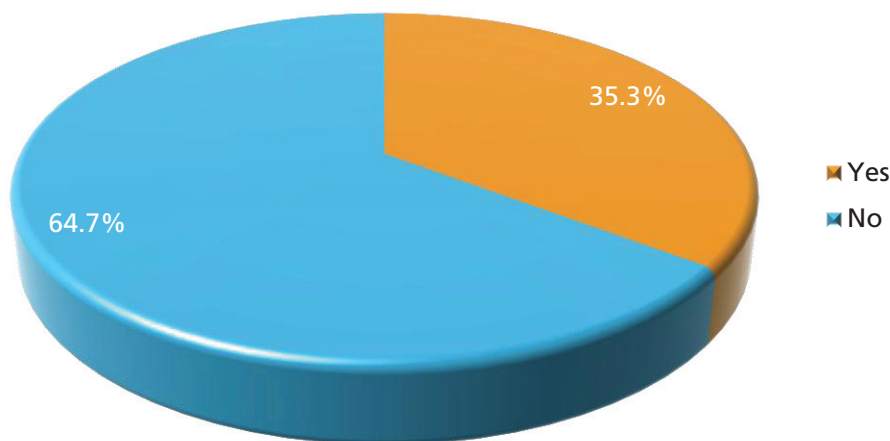
## Immunizations

The survey asked whether the STA policy would reimburse the cost of medical immunizations where needed. The chart below shows that the vast majority of respondents do reimburse this cost.



### Home Search

The survey asked whether home search is included in the STA Policy.



Nearly two thirds of all respondents do not provide any form of home search assistance for short term assignees. The remaining 35.3% do assist to various degrees depending on the duration of assignment, although most said one to two days.

### Language Training

When looking at whether the STA policy offers language training the results are as follows:

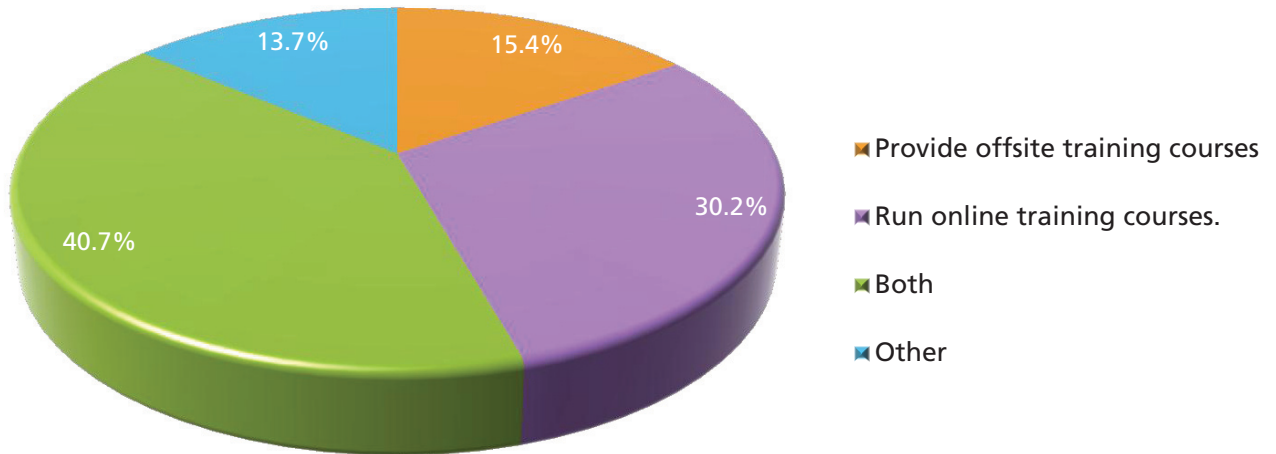
	The Assignee	The Assignee and Partner	The Assignee, Partner and Dependents
Yes	38.0%	12.5%	6.9%
No	39.9%	79.9%	90.1%
Sometimes	15.2%	5.6%	1.7%
Occasionally	6.9%	2.0%	1.3%

39.9% do not provide any form of language training to the assignee. 38% offer language training to all assignees, if needed. 15.2% said they sometimes offer language training and 6.9% stated that they occasionally offer language training.

However, the results show that in the vast majority of cases the language training is not extended to the partner or dependents.



The survey asked how language training is provided. The table below shows that whilst 15.4% of organizations provide offsite training courses and 30.2% provide online training courses, just under 41% offer both of these alternatives.

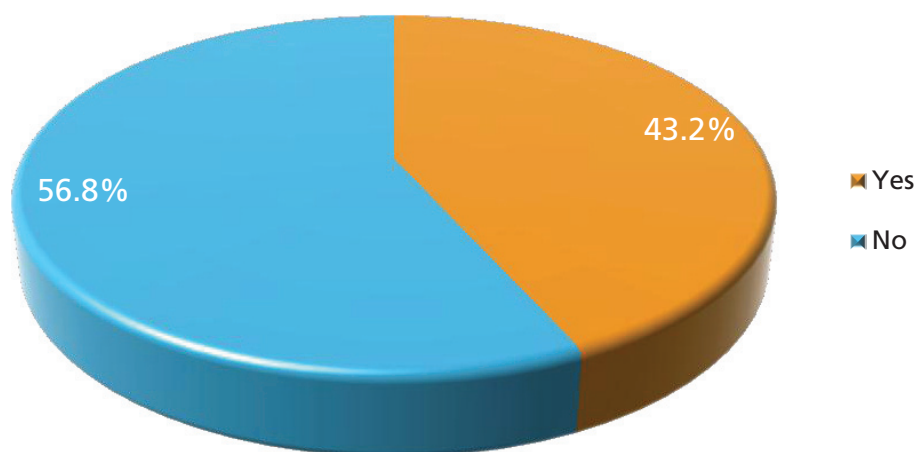


13.7% provide assistance by the following methods:

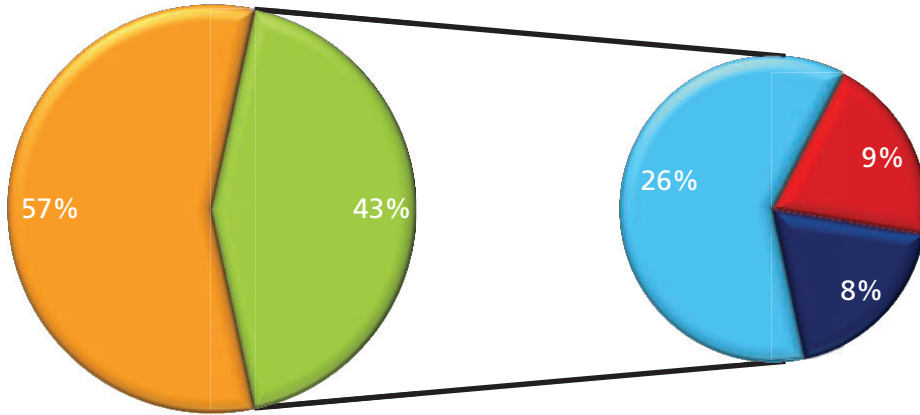
- In-house training
- Reimbursement of language training software
- Reimbursement up to a fixed cash allowance
- Either individual or group sessions given by a tutor who attends the office location

### Cultural Training

In recent years there has been a greater understanding around cultural awareness and many organizations do see this as an essential tool for the assignee. It helps them to settle into the new location quickly and to create the right business impression within the office and with clients. However, for short term assignments there seems to be less emphasis placed on the importance of this with only 43.2% of respondents stating their policy offers cultural training.

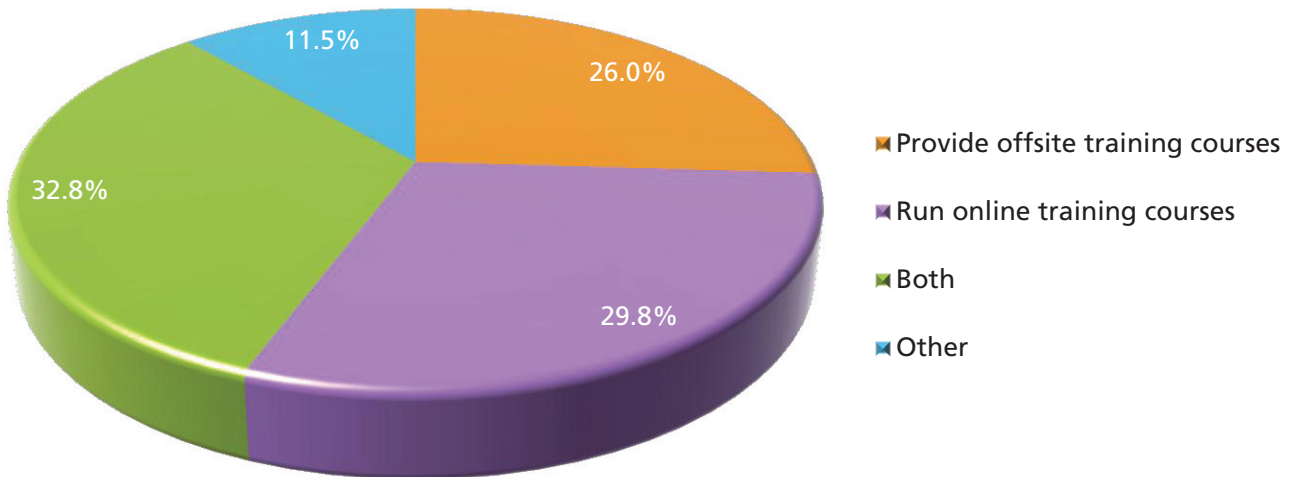


Of those that do offer cultural training, 26% offer it to just the assignee, 9% offer it to the assignee and partner and slightly less, 8% offer it to the assignee, partner and dependents.



- Cultural Training is not included in the policy
- For the assignee
- For the assignee and partner (if policy allows accompanied assignments)
- For the assignee, partner and dependents (if policy allows accompanied assignments)

The survey also asked how cultural training is provided. The chart below shows that 26%, of those that include cultural training in their policy, provide offsite training courses. 29.8% offer online training courses and 32.8% offer both of these options.

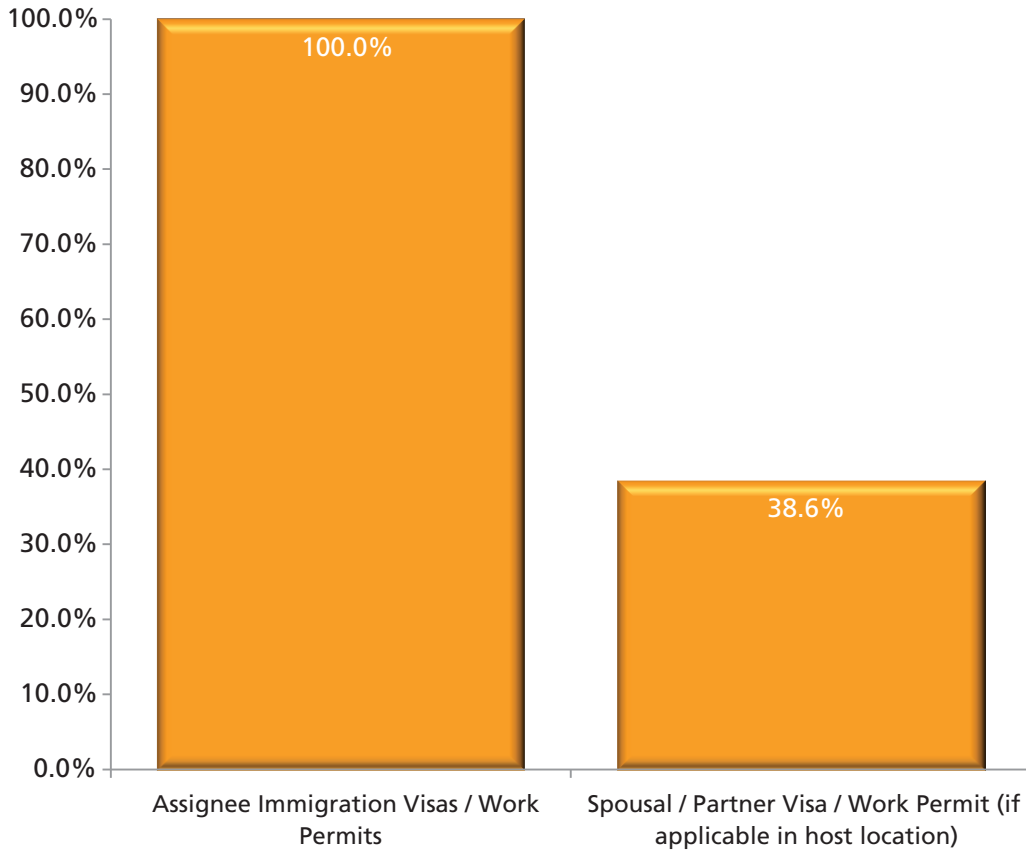


11.5% provide assistance by the following methods:

- In-house training
- Personalized individual training if assignment is business critical
- Method dependent on the host location and the length of assignment



## Immigration Assistance



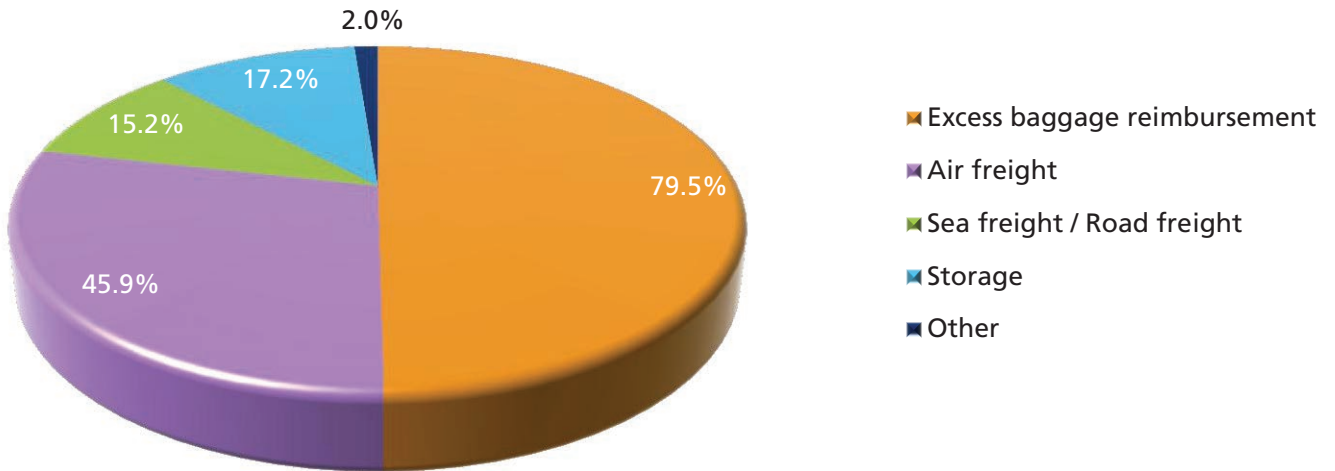
Perhaps unsurprisingly, all those surveyed stated that their STA policy provides assistance with the assignees' immigration visa or work permit. From the chart above we can see that 38.6% of respondents do assist with a spousal or partner's visa if it was applicable in the host location.



# 5. Moving to the Assignment Location

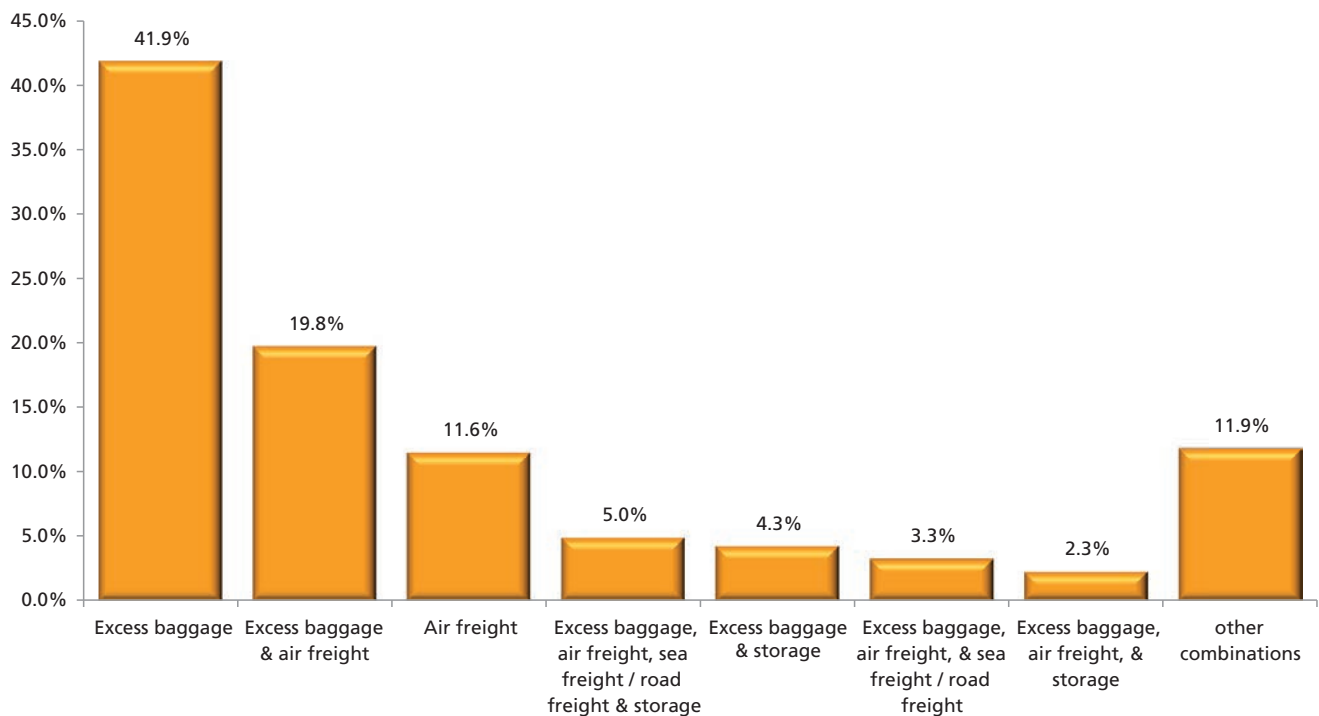
This section covers the move to the new location. It provides detail on the amount of excess baggage, air freight, sea freight, and or storage included in the policy.

## Shipment at the start of assignment



The survey respondents were asked whether they provide excess baggage, air freight, sea / road freight and storage. There was a wide range of responses. The chart above shows the number that include the different options in their policy. However, the responses

provided some varied patterns - some provide all four options, others provide one option and some provide a variety of alternatives. On further analysis a different picture emerges.



Just under 42% of the survey participants include only excess baggage reimbursement in their STA policy. 19.8% only include excess baggage reimbursement and air freight and 11.6% only allow air freight. Only 5% of respondents allow excess baggage reimbursement,

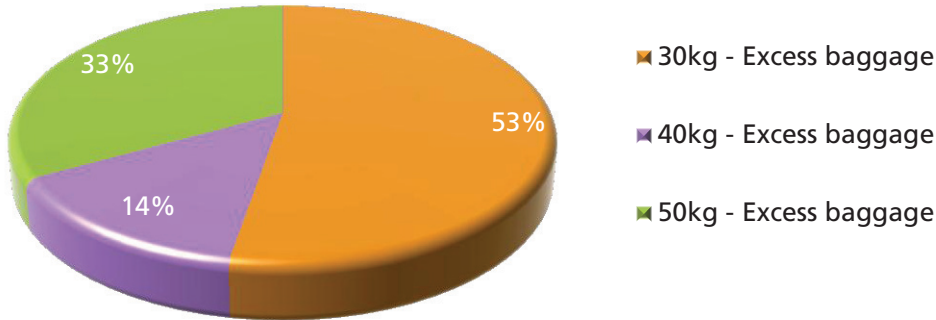
air freight, sea / road freight and storage whilst 4.3% allow excess baggage reimbursement and storage. The remainder provide different options.

## Detailed Analysis

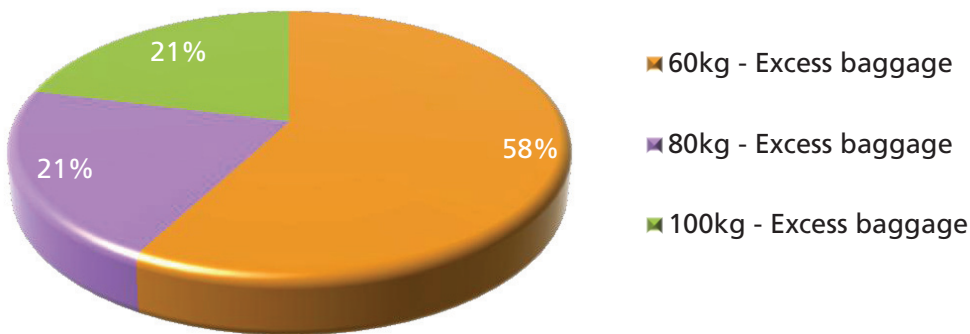
The amount allowed in the STA Policy for excess baggage reimbursement, air freight, sea / road freight and storage varies greatly.

For excess baggage reimbursement the allowances detailed in the survey results were:-

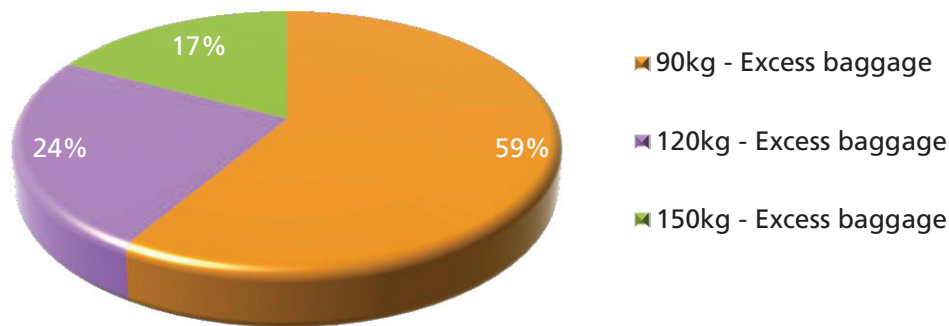
### An assignee



### An assignee and partner (if supported in the policy)



### An assignee, partner and dependents (if supported in the policy)

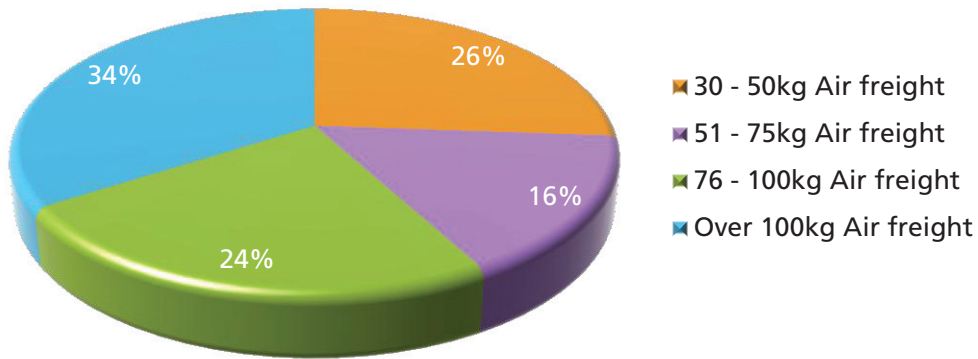


There were also some other definitions of the allowance which included:-

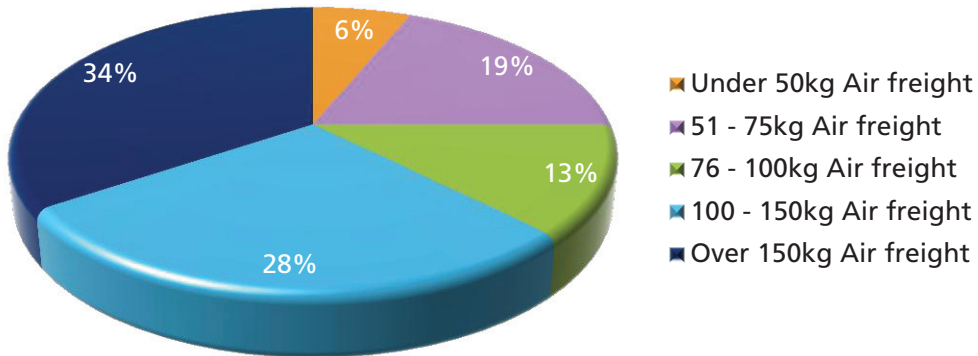
- Two or three extra bags dependent on airline limits
- Reasonable costs are reimbursed
- No cap on the amount of excess baggage reimbursed
- No set amount specified in the policy.
- Dependent on assignment duration
- Capped at a set amount and this ranges from \$500 for just the assignee to \$2,000 for the whole family

For air freight the allowances detailed in the survey results were:-

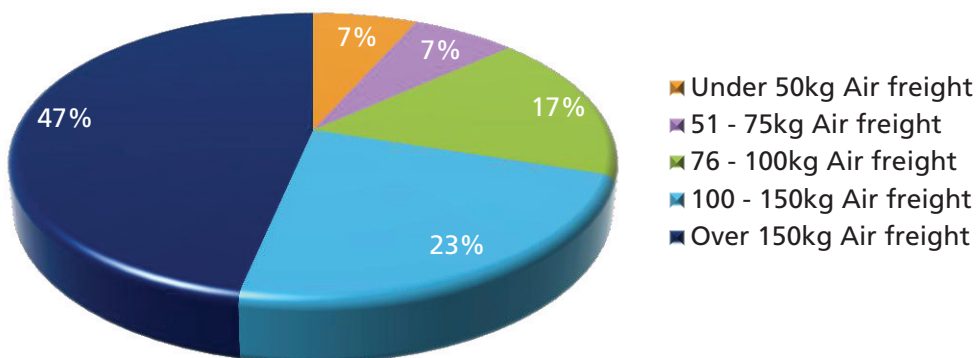
**An assignee**



**An assignee and partner (if supported in the policy)**



**An assignee, partner and dependents (if supported in the policy)**



There were also some other definitions of the allowance which included:-

- It is dependent on assignment duration
- 1 cubic metre for the assignee
- Limited to \$1,000 for unaccompanied and \$2,000 accompanied
- Between 40 and 50 cubic feet
- No set amount specified in the policy
- Reasonable costs are reimbursed
- Budget of \$2,500 for the assignee or \$5,000 with family



Although very few respondents allow sea / road freight, for those that do, the limits vary as follows:

- Between 5 and 40 cubic metres for the assignee
- Between 10 and 60 cubic metre for the assignee and partner
- Between 15 and 90 cubic metres for the assignee, partner and dependents
- 20ft container
- Dependent on the length of the assignment

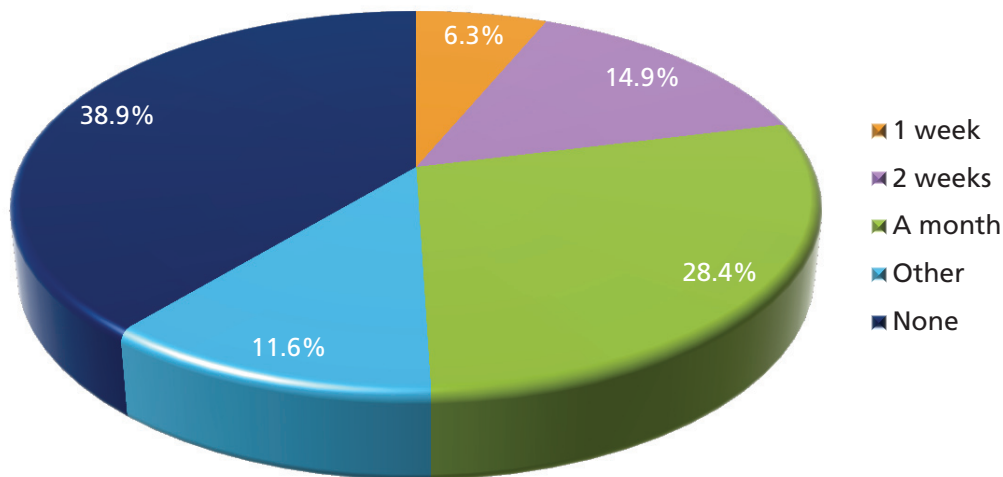
For storage the limits vary between the following:

- Some restrict it to 30 days whilst others go as high as stating that it is for the duration of the assignment
- It is dependent on the assignees situation in the home location
- Uncapped
- A reasonable amount

# 6. Start of Assignment

This section covers the start of the assignment. It provides detail on the amount of temporary housing provided to the assignee, any relocation or disturbance allowances that are paid to assist the assignee and their family (where applicable) to settle in and whether an assignment bonus or an assignment incentive payment is made.

## Temporary Housing

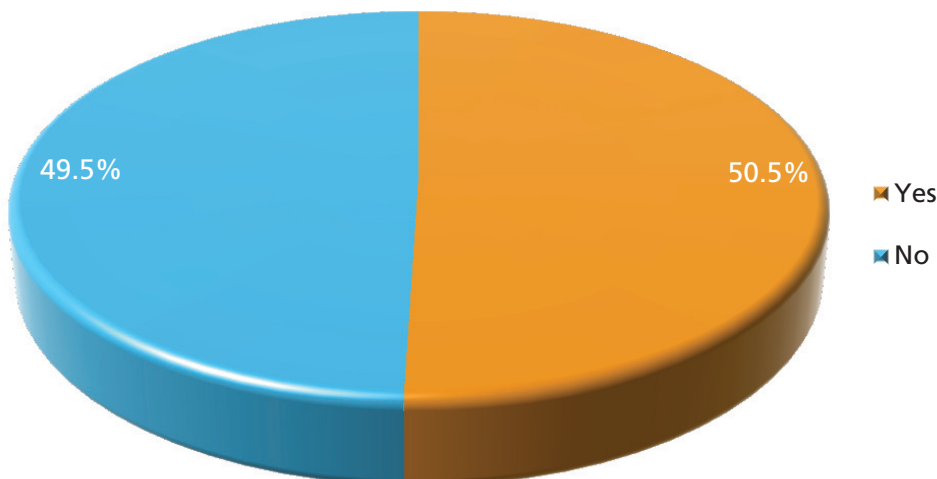


Over a quarter (28.4%) of the survey respondents provide one month's temporary accommodation at the start of assignment. 14.9% provide two weeks and 6.3% provide a week. 38.9% do not provide any form of temporary housing and the remaining 11.6% stated that their policy:-

- Only use temporary accommodation if the STA accommodation is not ready upon the assignees arrival
- The amount of temporary accommodation provided is dependent on the assignment duration
- Allows between 6 and 8 weeks

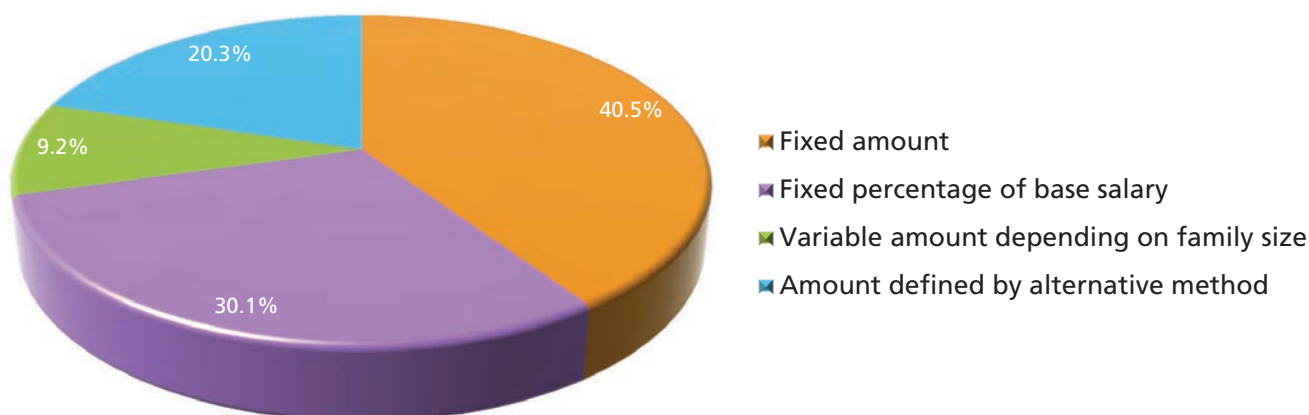
## Relocation Allowance or Disturbance Allowance

The survey asked whether the STA policy includes a relocation or disturbance allowance at the start of the assignment. Many organizations use this allowance to cover other costs that are not directly covered in the policy but that the assignee may still incur, such as postal redirection and other miscellaneous expenses.



The above chart shows that just over half of the respondents do include a relocation or disturbance allowance as part of their policy.





Of those that do provide a relocation or disturbance allowance, 40.5% said that the allowance is calculated as a fixed amount. This ranges between US\$200 to US\$5,000 but many stated that it depends on the type of assignment, the host location and whether the assignment is accompanied or not.

30.1% of respondents stated that the allowance is calculated as percentage of base salary. The percentages that respondents use vary and include:-

- 2 weeks base salary
- 25% of one month's base salary
- 1 month's base salary
- 5%, 10% or 15% of salary depending on family size. Some are capped whilst others are uncapped
- 5% to 10% depending on length of assignment
- Between 0 and 25% dependent on host location
- Dependent on grade

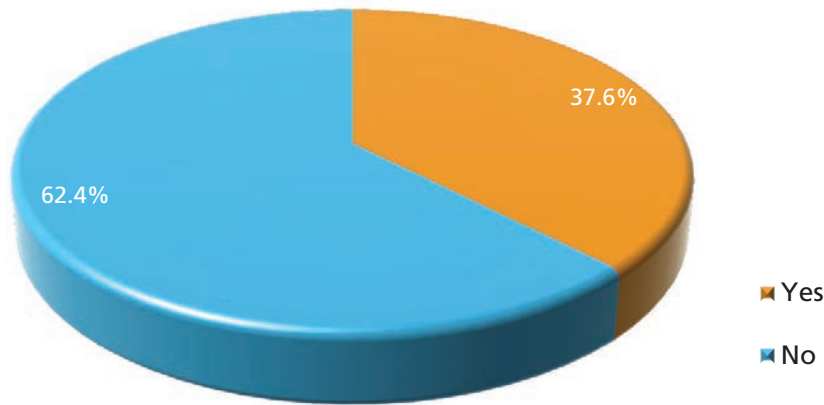
9.2% use family size to determine the amount of allowance paid. This ranges from US\$1,000 to \$5,000 depending on whether the assignee is on their own, accompanied by a partner or accompanied by a partner and dependents.

20.3% stated that they use an alternative method to calculate the relocation or disturbance allowance including:-

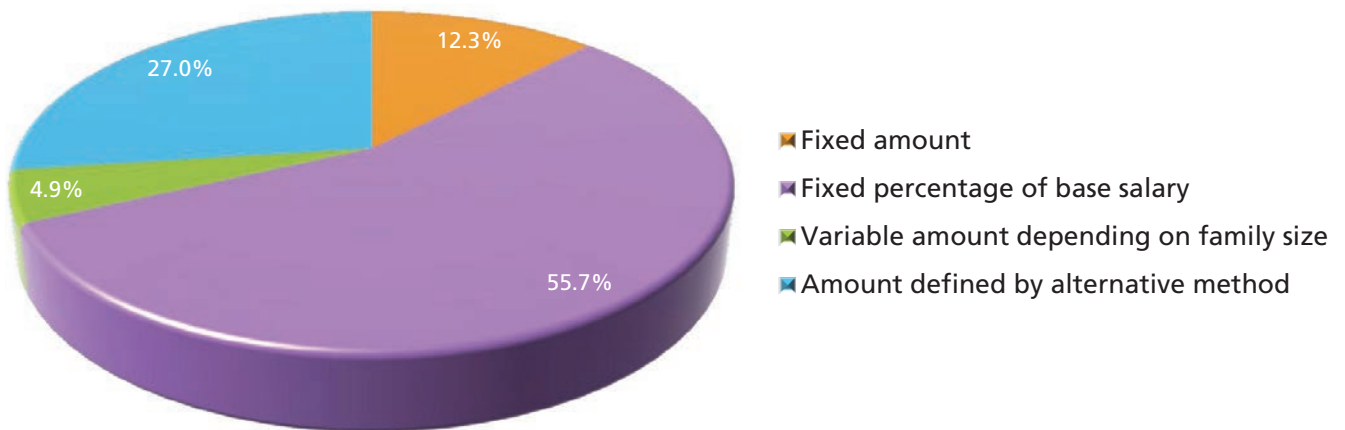
- Whether the assignee rents or owns their own home
- A percentage of home net salary
- Assignee grade
- Determined by family size and whether accommodation is furnished or unfurnished
- Determined by local business
- Limited to reimbursement of specific costs

### Foreign Service Premium

The survey also looked into whether organizations pay a foreign service premium in addition to the disturbance or relocation allowance.



Interestingly the majority, 62.8%, stated that they do not provide a foreign service premium payment in addition to the disturbance or relocation allowance.



Of those that do provide a foreign service premium, 12.3% said that the allowance is calculated as a fixed amount. This ranges between US\$15 to US\$150 per day but others stated that it depended on the cost of living and the host location.

55.7% of respondents stated that it is calculated as percentage of base salary. The percentages that respondents use vary and include:-

- 7.5% of base salary
- 10% of base salary
- 15% of base salary
- 20% of base salary
- 5% for intraregional assignments & 7.5% for interregional assignments

- 5% for intraregional assignments but 10% for interregional assignments
- Between 20% and 50%
- Dependent on the assignment location

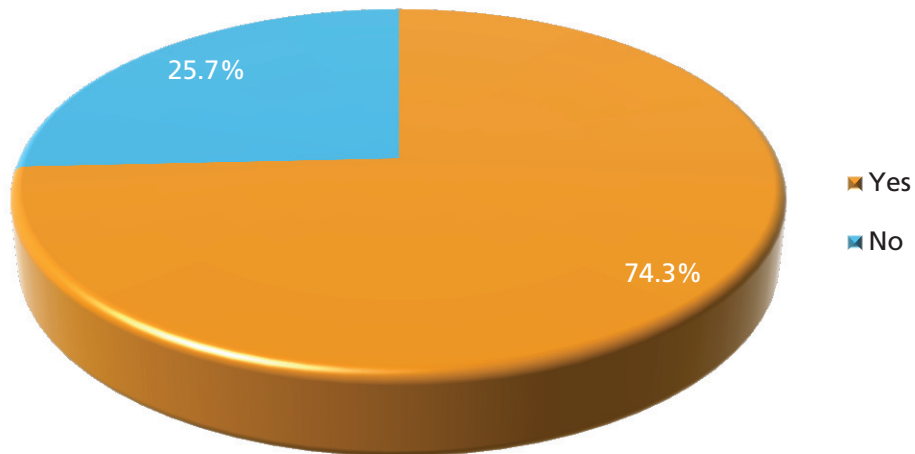
4.9 % use family size to determine the amount of allowance paid and 27% stated that they use an alternative method to calculate the foreign service premium including:-

- Assignee grade
- Hardship of assignment location
- Dependent on location, duration and desirability of assignment
- Determined by local business
- Determined by Global Mobility



## Certificates of Coverage

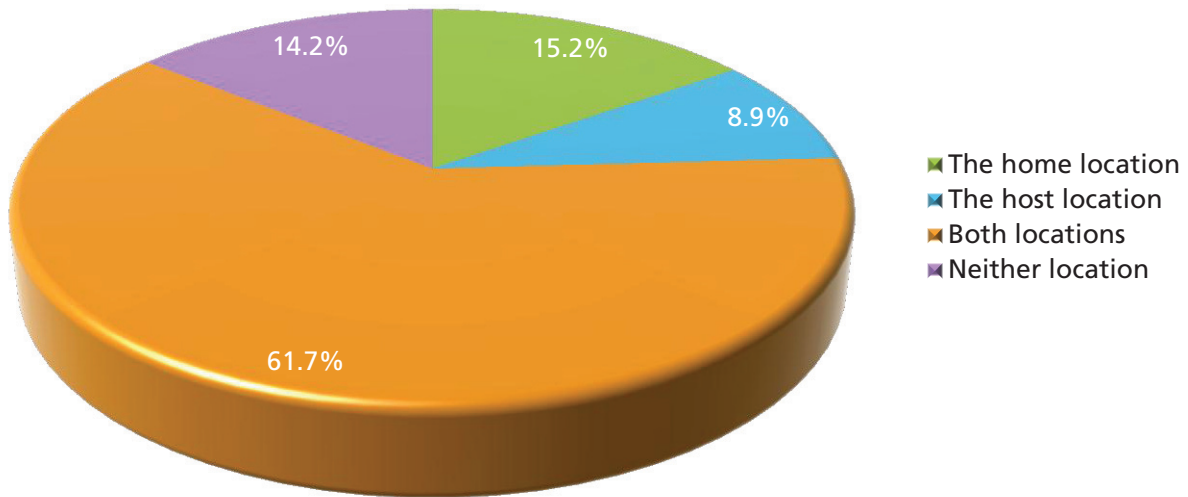
The survey asked whether Certificates of Coverage are applied for short term assignees when they go on assignment. Almost three quarters do apply for Certificates of Coverage.



# 7. Tax Policy

This section looks at the level of support organizations provide their assignees in terms of the level of tax assistance. It goes into detail on the number of organizations that include tax briefings in their STA policy, where the tax briefings are held and how much assistance the STA policy provides with tax returns. It also looks at whether organizations tax equalize or tax protect and if they do, what income do they include.

## Tax Briefings

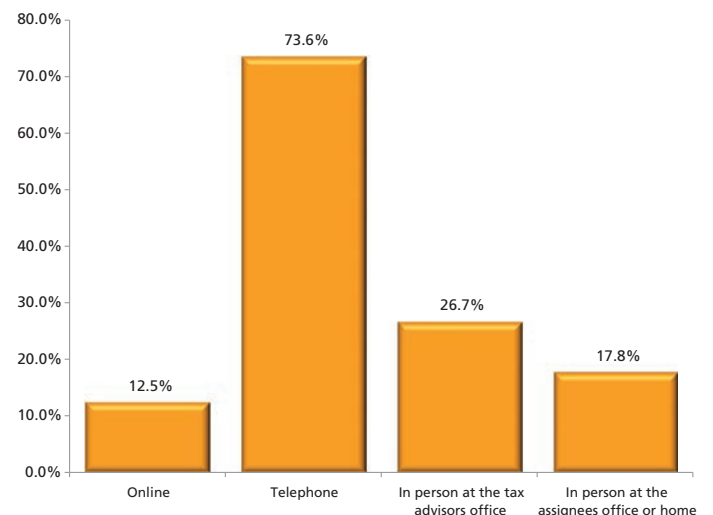


Just under 62% of the survey respondents provide tax briefings in the home and host locations. 15.2% provide briefings in the home location and 8.9% provide briefings in the host location. 14.2% of survey respondents do not offer their short term assignees tax briefings at the beginning of their assignment.

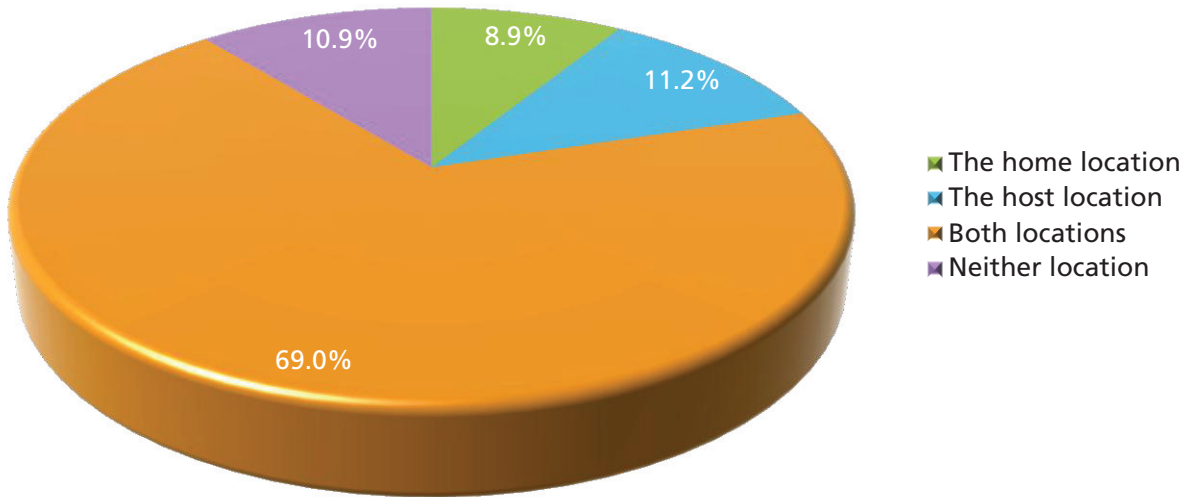
The survey respondents were asked whether they offer the briefings:

- Online
- By telephone
- In person at the assignees office or home
- In person at the tax advisors office

The chart below shows how the tax service providers offer tax briefings. By far the most common is to offer a tax briefing over the phone. 73.6% of organizations offer the assignee the ability to have their tax briefing in person at the tax provider's office. 26.7% offer the assignee the ability to have the tax briefing in the assignees home or place of work and 17.8% offer a tax briefing online.



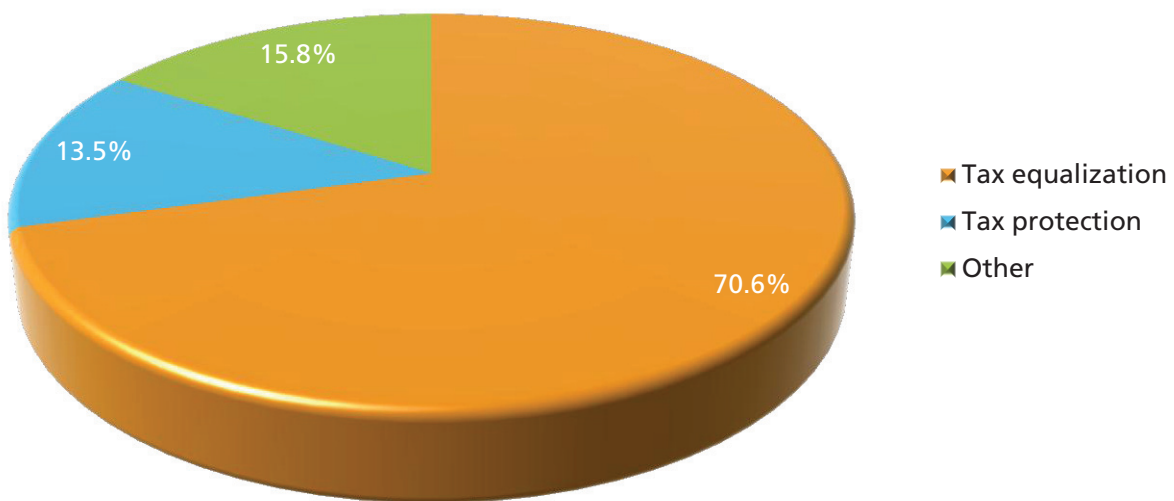
**Tax Return Assistance**



The STA policy, for the clear majority of organizations, includes assistance with the tax returns in both the home and host location. 11.2% of organizations only provide assistance in the host location and 8.9% only provide assistance in the home location. 10.9% do not provide tax return assistance in either the home or host location.

The number that do provide tax return assistance in both locations could be directly correlated to the fact that, as can be seen in the chart below, a similar majority of organizations tax equalize their assignees.

**Tax Policy**



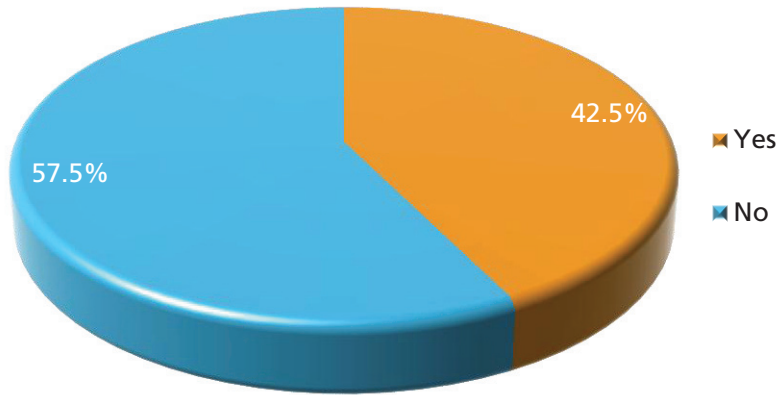
70.6% of the survey respondents stated that their STA policy tax equalizes their short term assignees. 13.5% offer tax protection and 15.8% of organizations stated that:-

- they do not tax protect or tax equalise their assignees
- decide on a case by case basis or
- a tax gross up is applied as needed

### Detailed Analysis

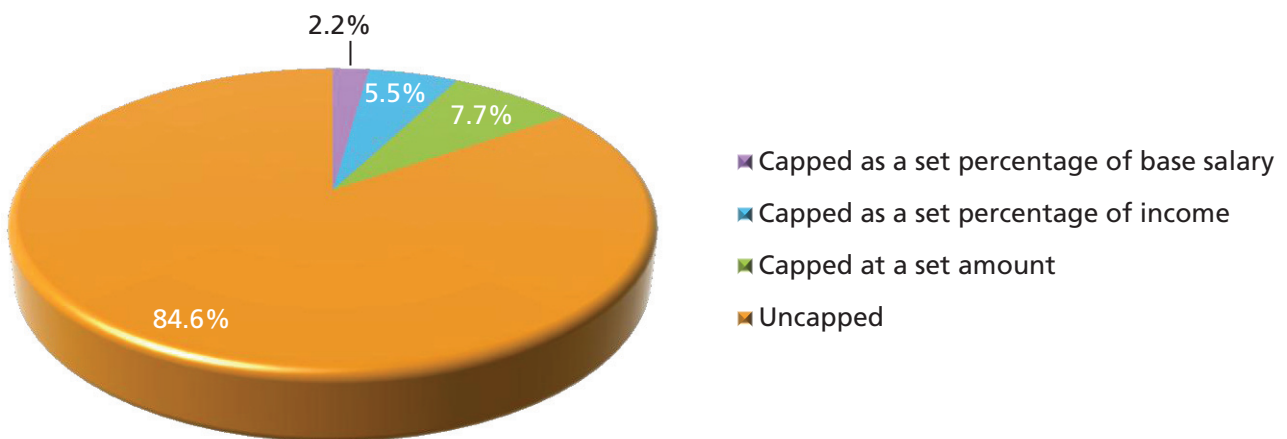
For those assignees that are tax equalized the survey respondents were asked what, apart from employment income, is included in the tax equalization policy.

#### Are share awards or stock options tax equalized?



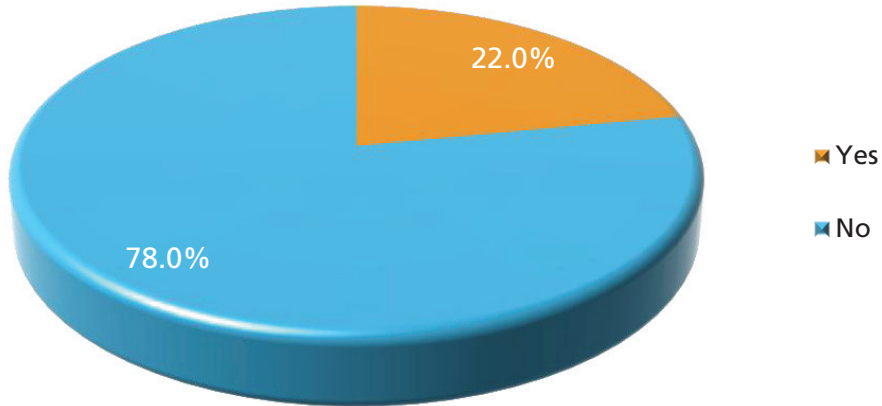
Only 42.5% tax equalize share awards or stock options for short term assignees. The remainder do not.

#### Is tax equalization on share awards or stock options capped?



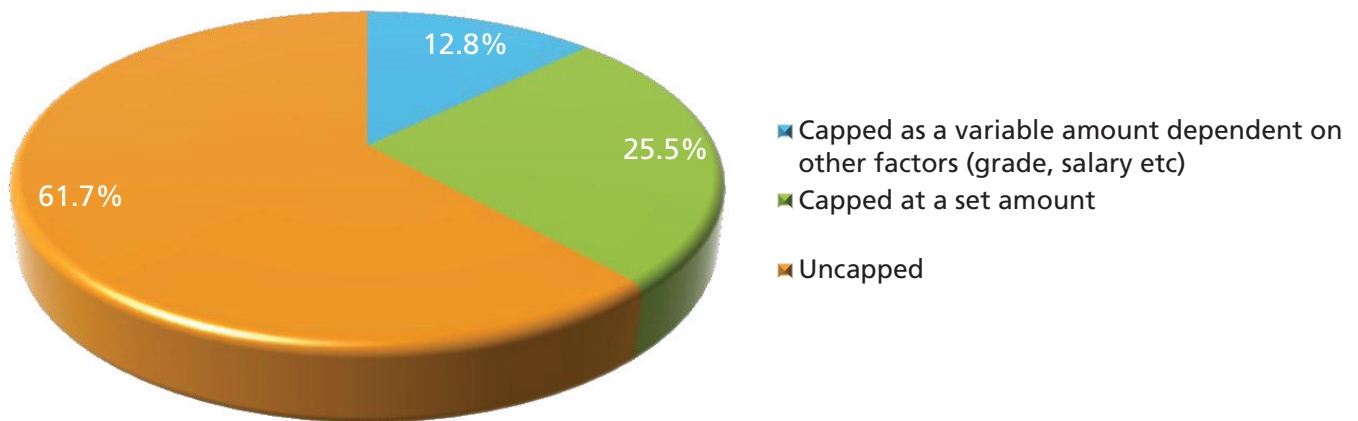
Of those who do tax equalize share awards or stock options, 84.6% leave the amount as uncapped. 7.7% of the respondents cap the amount tax equalized at a set amount and this ranges from \$75,000 to \$100,000. 2.2% cap the amount of tax equalization as a set percentage of base salary and 5.5% cap it as a set percentage of income and this ranges from 10% to 50%.

### Is personal income tax equalized?



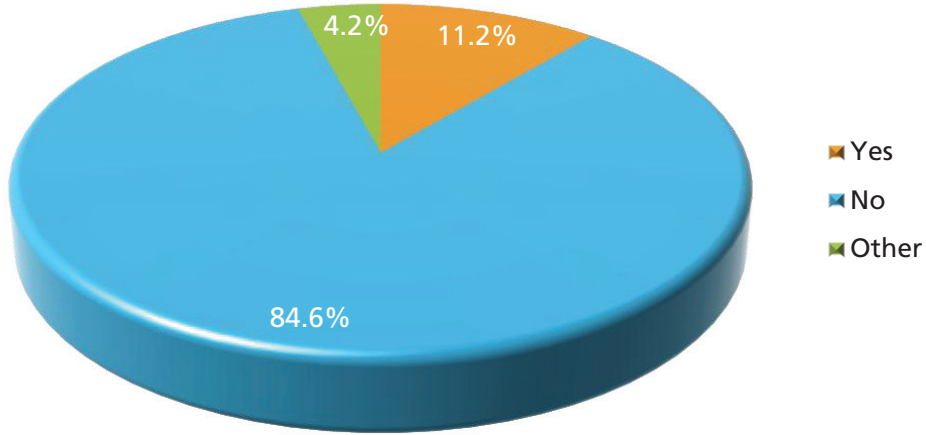
The vast majority of organizations do not tax equalize personal income.

### Is tax equalization on personal income capped?



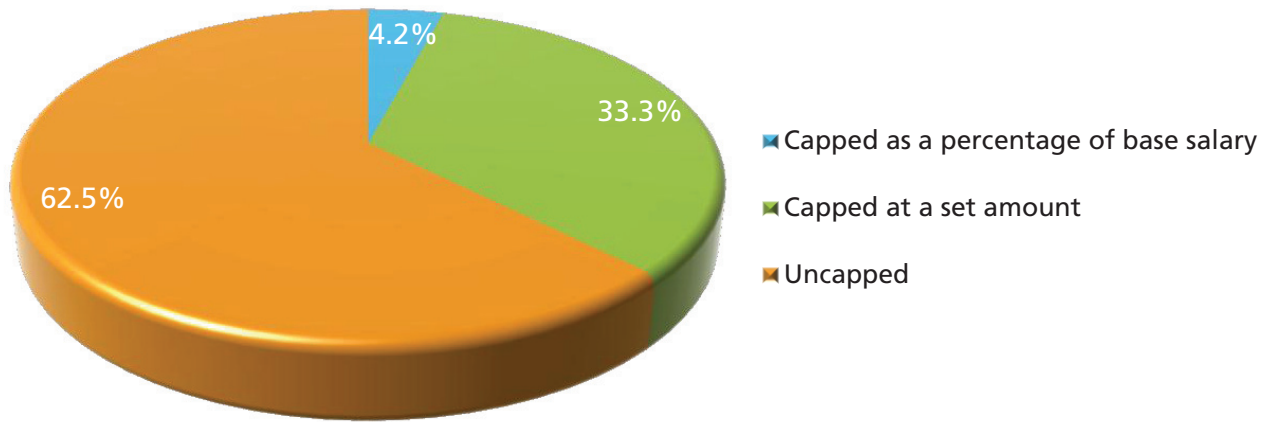
Interestingly, of the 22% that do tax equalize personal income, a quarter cap it at a set amount (ranging from \$10,000 to \$300,000 but with a median of \$37,500) and 12.8% cap the amount but it is dependent on other factors such as grade, salary etc. Perhaps surprisingly 61.7% of respondents do not cap it at all.

**Are capital gains tax equalized?**



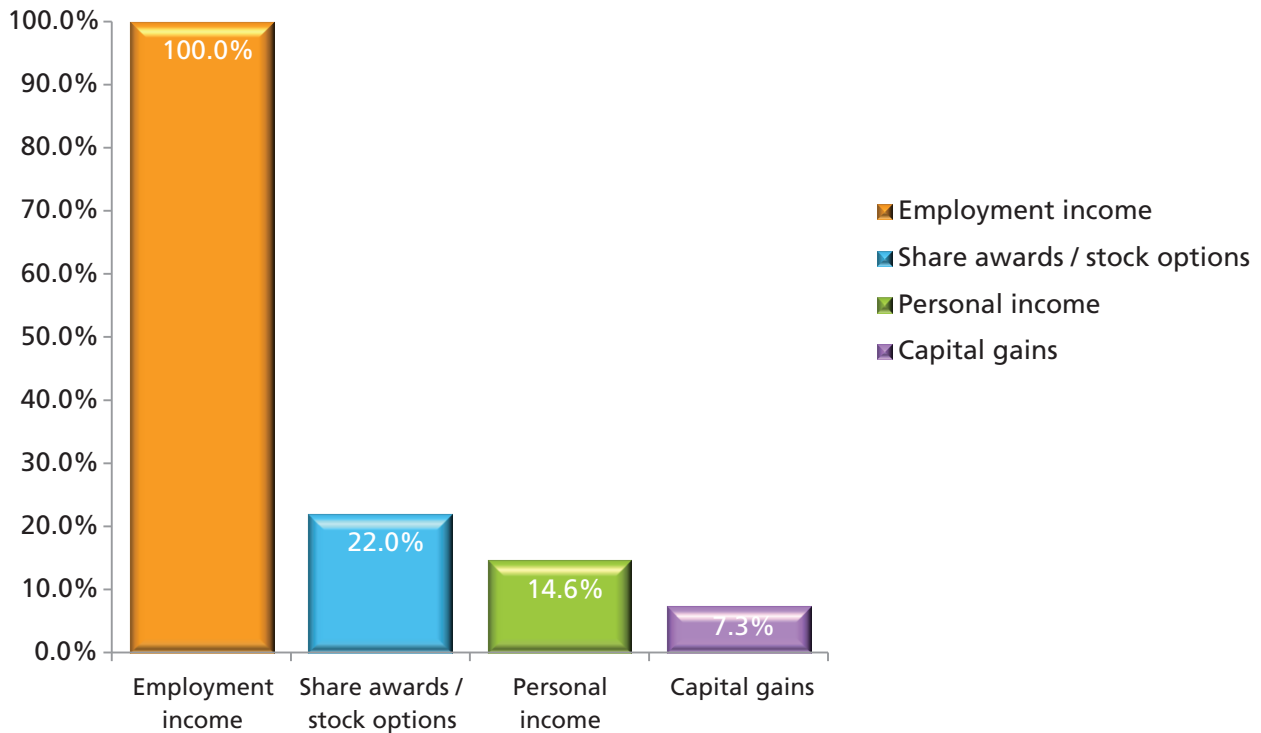
Of those that offer tax equalization in their STA policy, 84.6% do not tax equalize capital gains.

**Is tax equalization on capital gains capped?**



Of the small percentage that do equalize capital gains, a third cap it at a set amount (ranging from \$2,000 to \$25,000), 4.2% cap the amount as a percentage of base salary and 62.5% do not place a cap on the amount they tax equalize capital gains. Some of the respondents did state that the tax equalization cap is on both personal income and capital gains as capital gains is considered personal income within the policy.

For the policies that offer tax protection the survey respondents were asked what income is included.

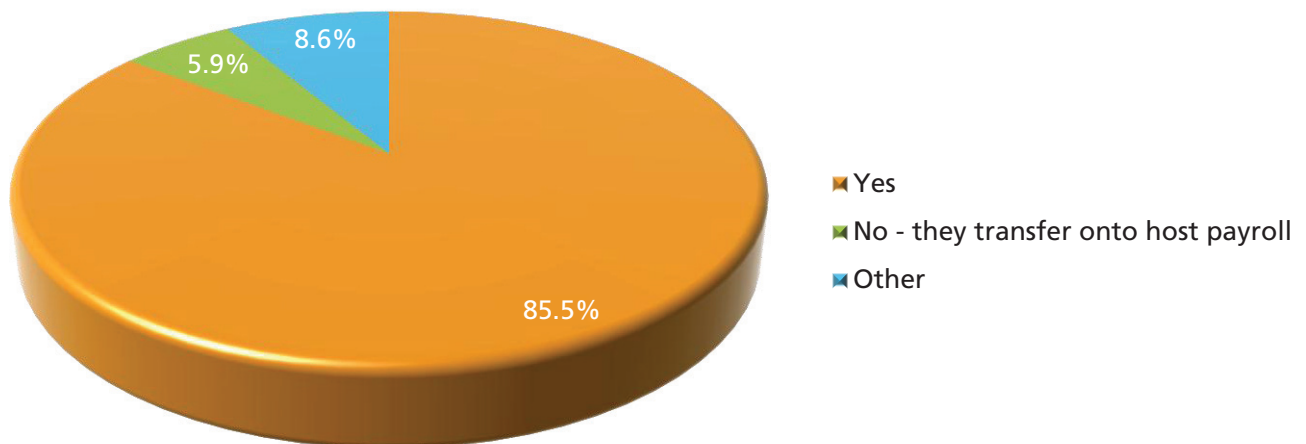


Of those that include tax protection in their STA policy, 22% tax protect share awards / stock options, 14.6% tax protect personal income, and only 7.3% tax protect capital gains.

# 8. On Assignment

This section looks at the level of support organizations provide their short term assignees whilst on assignment. It provides more detail on which payroll the assignee is placed on, assistance with schooling and the level of contribution made by the organization, per diem, company car, housing allowance, home leave entitlement, rest and relaxation trips, hardship allowance, property management in the home location, international medical cover, holiday entitlement, and exceptions.

## Payroll



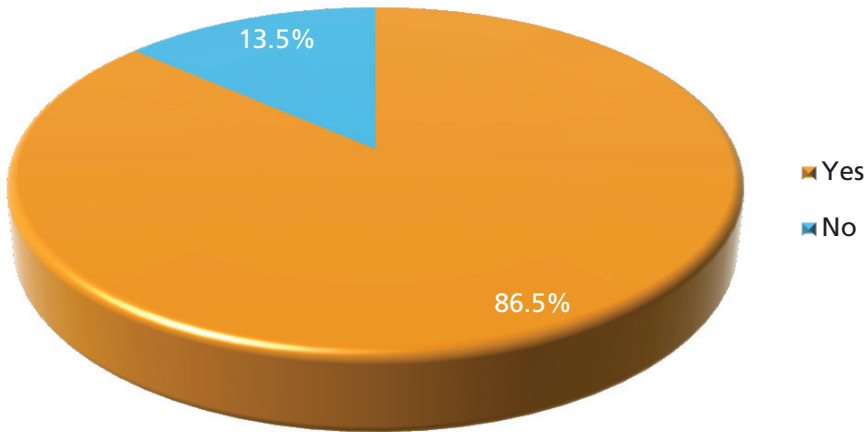
The survey participants were asked whether the short term assignees remain on the home country payroll. Perhaps unsurprisingly 85.5% of respondents stated that the assignees do remain on the home country payroll. 5.9% transfer them onto host country payroll and the ones that responded 'Other' included detail such as:-

- It depends on the project
- It depends on the tax requirements, visa requirements or other regulatory requirements
- It depends on the host location
- Split pay between home and host
- Transfers onto a global expat payroll

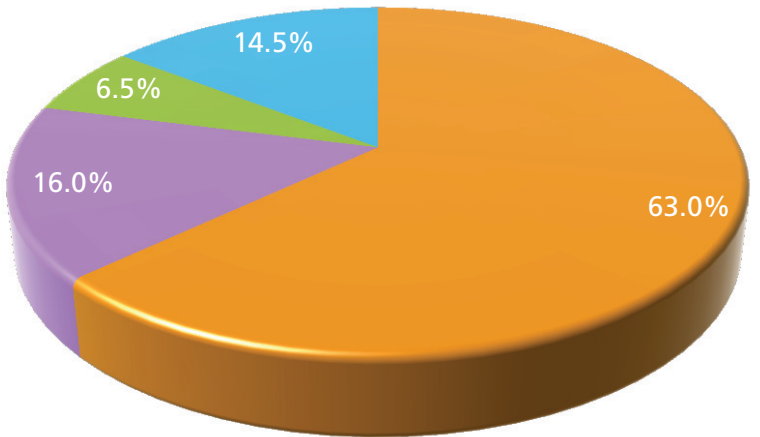


### Living Allowance or Per Diem

The survey asked whether the STA policy provides a living allowance or per diem.



The vast majority do provide a living allowance or per diem to their short term assignees. When asked how this was determined the chart below provides greater detail:-

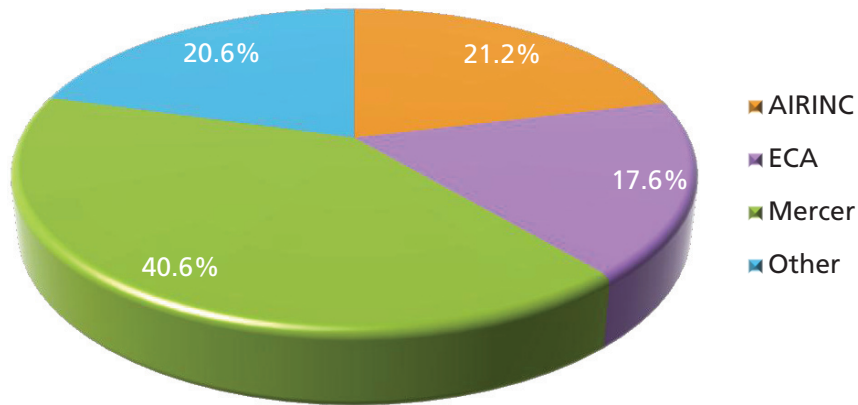


- Per Diem - Based on data from external provider
- Living allowance - Calculated as a fixed amount
- Living allowance - Calculated as a percentage of salary
- Other

Almost two thirds provide a per diem based on data from an external provider. 16% provide a living allowance calculated as a fixed amount and 6.5% provide a living allowance calculated as a percentage of salary. 14.5% provide an allowance calculated by other means including using cost of living data, US State department rates, or rates determined by other jurisdictions.

For those that provide a per diem they were asked which data provider they used.

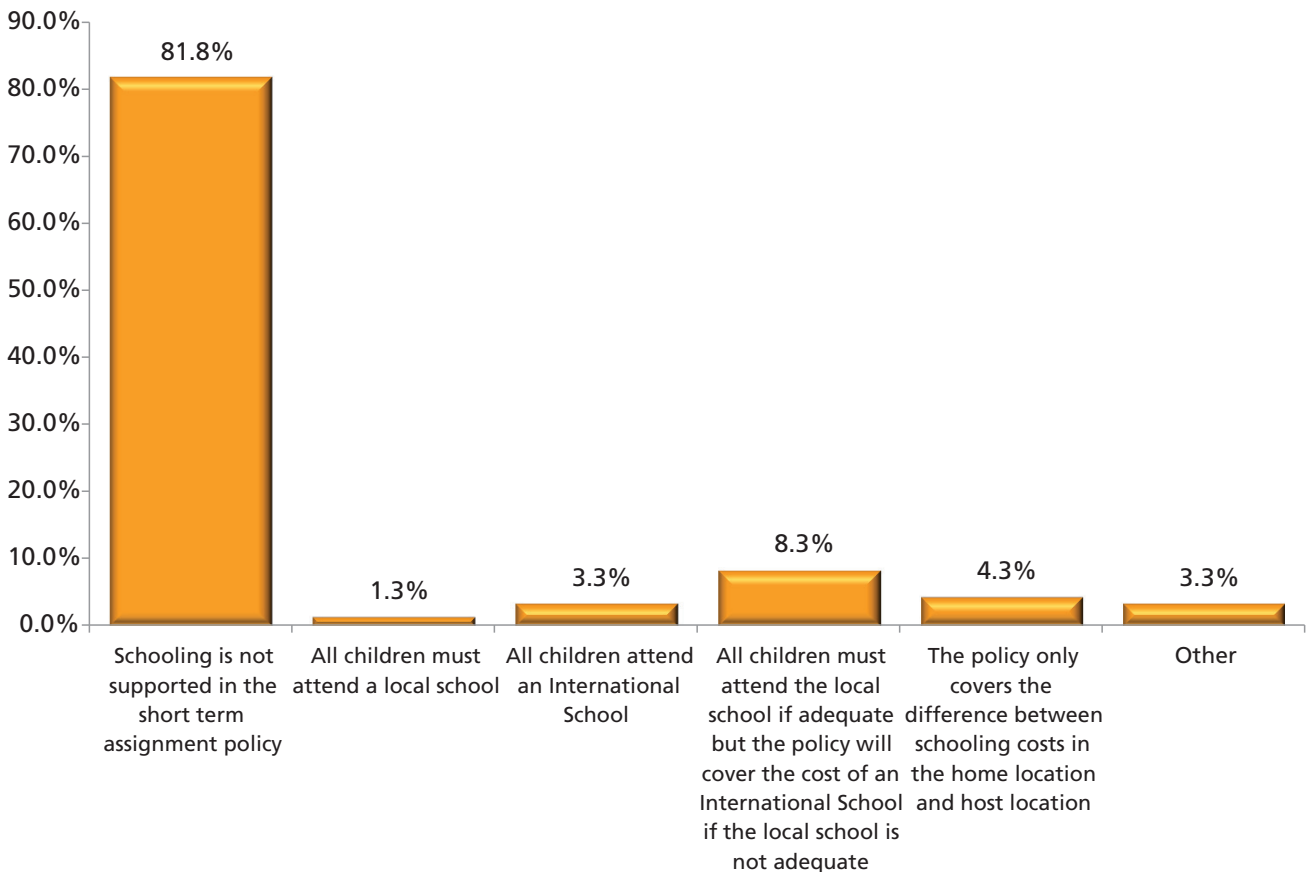
### Per Diem Data Provider



40.6% of those that provide a per diem use Mercer, 21.2% use AIRINC, 17.6% use ECA and the remainder use other sources to determine their per diem rates.

### Schooling

The level of assistance included in the STA policy with schooling varies with the clear majority providing no assistance and the remainder providing various options.

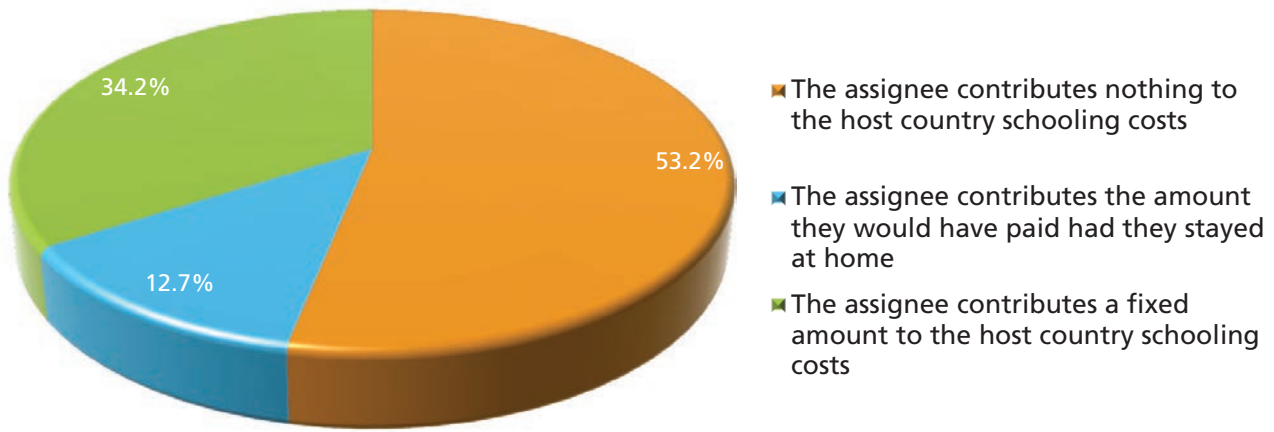


The chart above shows that the remaining organizations offer more than one solution to the issue of schooling. 8.3% of the respondents request that the children must attend the local school if adequate but will cover the cost of an international school if the local school is inadequate. 4.3% of the survey respondents only cover the

difference in the cost of schooling in the home and host location. 3.3% of the respondents stated that the policy covers the child to attend an international school and 1.3% stated that the child must attend the local school. 3.3% provide other policy provisions including:-

- Reviewed on a case by case basis as most STAs were unaccompanied,
- Depended on the level of seniority
- Depended on the host location.

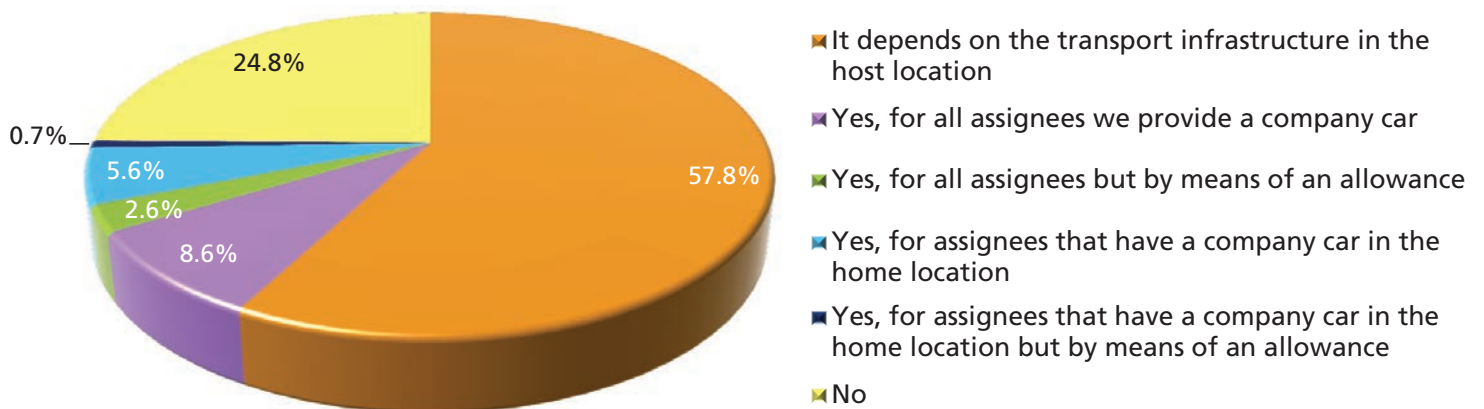
### Assignee Contribution to Schooling



53.2% of respondents stated that their STA policy does not require the assignee to contribute anything to the host country schooling costs whilst 12.7% stated that the assignee contributes the amount they would have paid had they stayed in their home country. Just over a third of respondents stated that the assignee must contribute a fixed amount to the host country schooling costs.

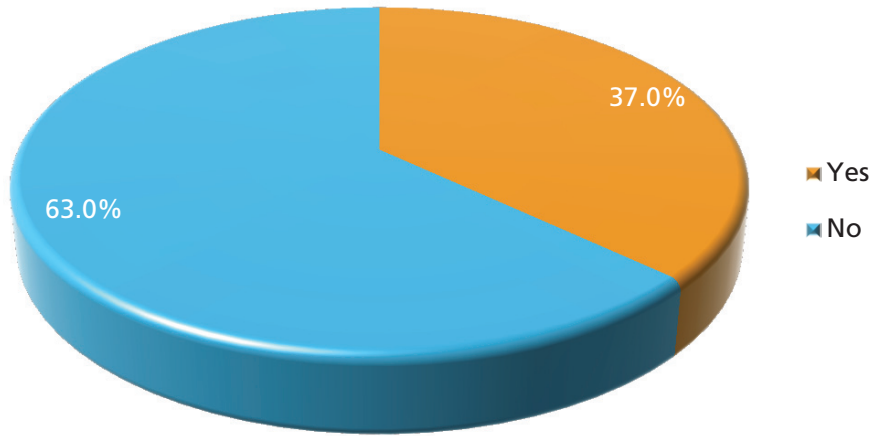
### Company Car

The chart below shows that almost a quarter provide no assistance with a company car in the host location. Just under 58% stated that the assistance given depends on the transport infrastructure in the host location. 8.6% provide a company car for all assignees. 5.6% provide a company car but only if the assignee is entitled to one in the home location. 2.6% provide an allowance and the assignee themselves make the necessary arrangements. 0.7% provide an allowance but only to those that receive a company car in the home location.



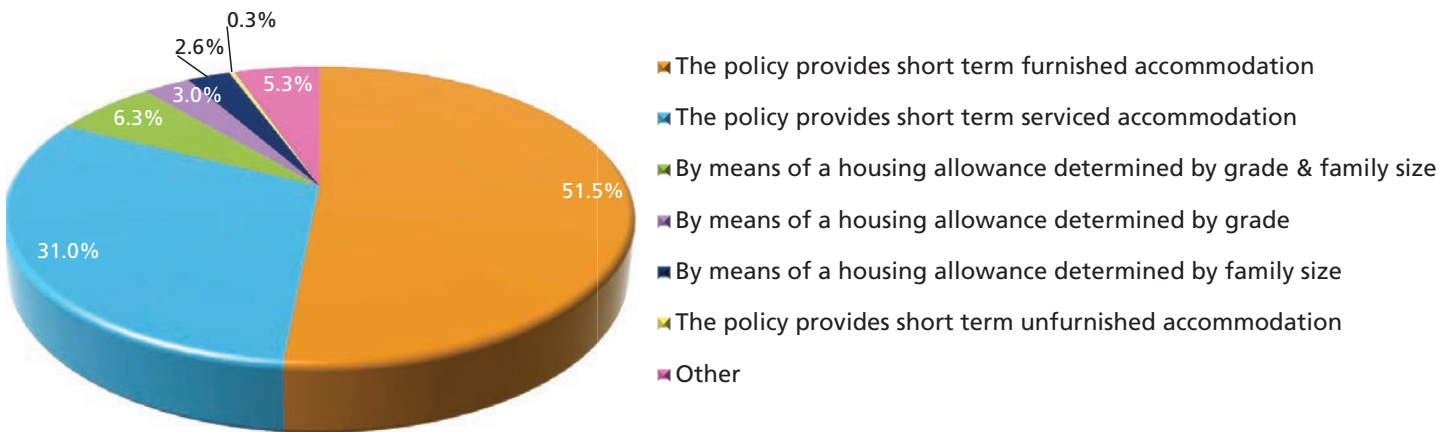
### Driving License

The survey asked whether the STA policy reimburse the cost of a driving license application where necessary.



The chart above shows this is only included in the policy for 37% of the respondents.

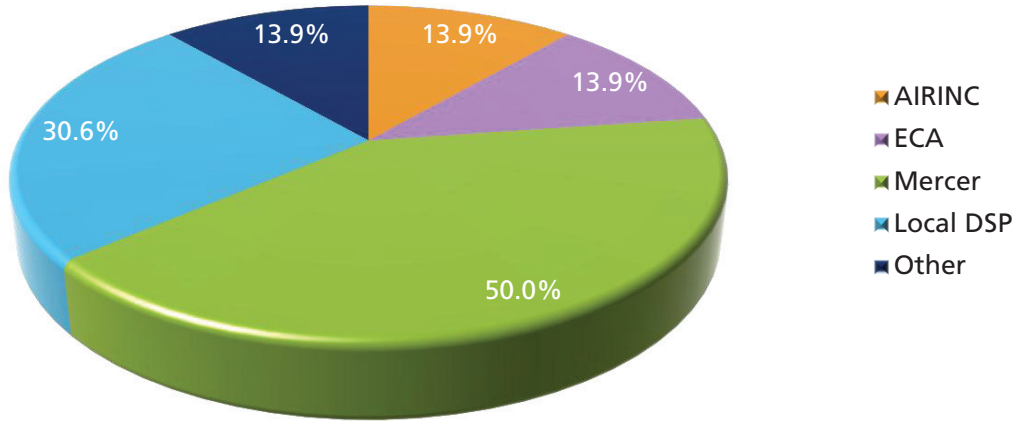
### Housing on assignment



Just over half of all the respondents provide their assignees with short term furnished accommodation. 31% provide short term serviced accommodation, 6.3% provide a housing allowance determined by grade and family size, 3% provide a housing allowance determined by grade

alone and 2.6% provide a housing allowance determined by family size alone. Less than 1% provide short term unfurnished accommodation. 5.3% detailed 'Other' alternatives which included a combination of all the options dependent on assignment duration or assignment location.

### Housing Allowance Data Provider

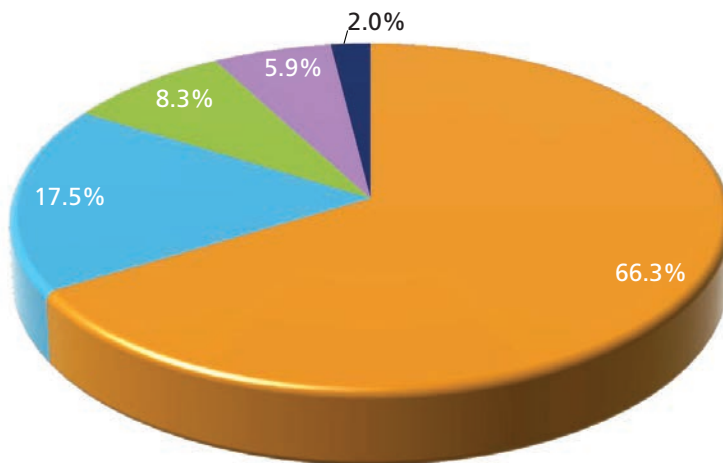


For the organizations that do provide a housing allowance the survey asked where they obtained the housing allowance data from. Half stated that they use data from Mercer, 30.6% stated that they use data from

their local destination service provider and 13.9% stated that they used data from ECA and the same percentage use AIRINC. The 'Other' housing allowance sources mainly come from the local office in the host location.

### Home Leave Entitlement

The survey asked respondents whether the STA policy provides a home leave entitlement and if so how it is calculated.

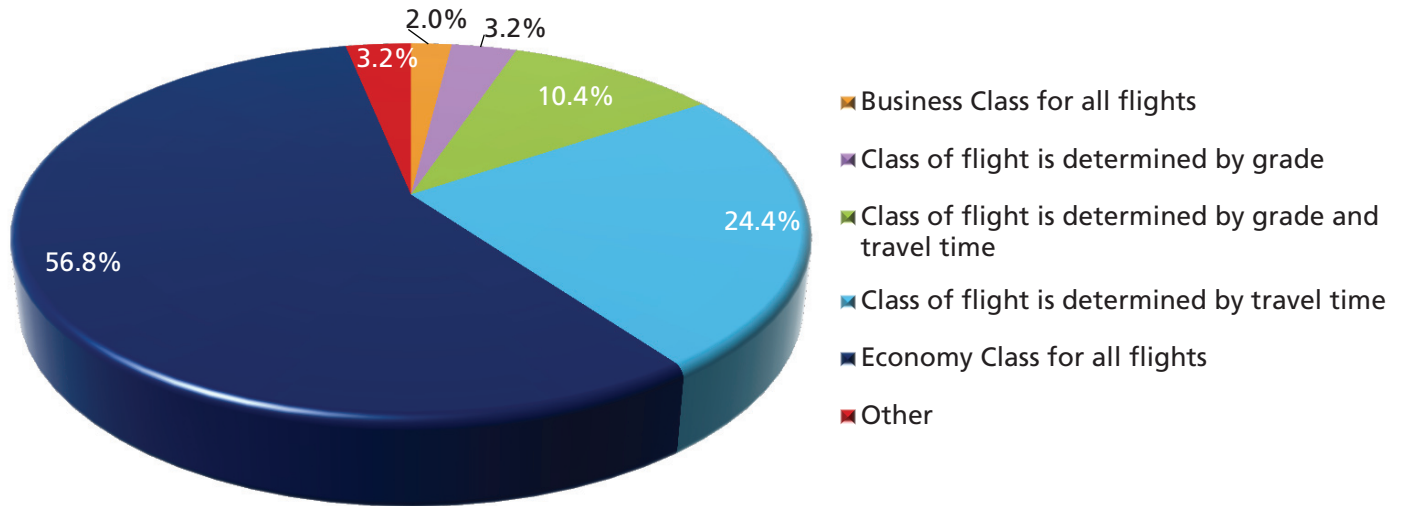


- Yes, in the form of reimbursement of actual flights home
- No
- Yes, in the form of a cash allowance determined by the cost of flights home but can be used to travel to an alternative location
- Yes, in the form of a cash allowance determined by the cost of flights home and that can only be used for flights to the home location
- Yes, in the form of a fixed cash allowance

Almost two thirds of those surveyed reimburse the cost of actual flights home. 17.5% do not provide any form of home leave in their policy. 8.3% provide a cash allowance which is determined by the cost of flights home but can be used to travel to an alternative location. 5.9% provide a cash allowance, determined

by the cost of flights home, but that can only be used for flights to the home location. The benefit of this option is that the assignee can choose to fly at off peak times and / or at a lower grade and be able to have the flexibility to have more trips home if they needed them. Only 2% provide a fixed cash allowance.

**What class of flight is allowed under home leave or is used to calculate the home leave allowance?**

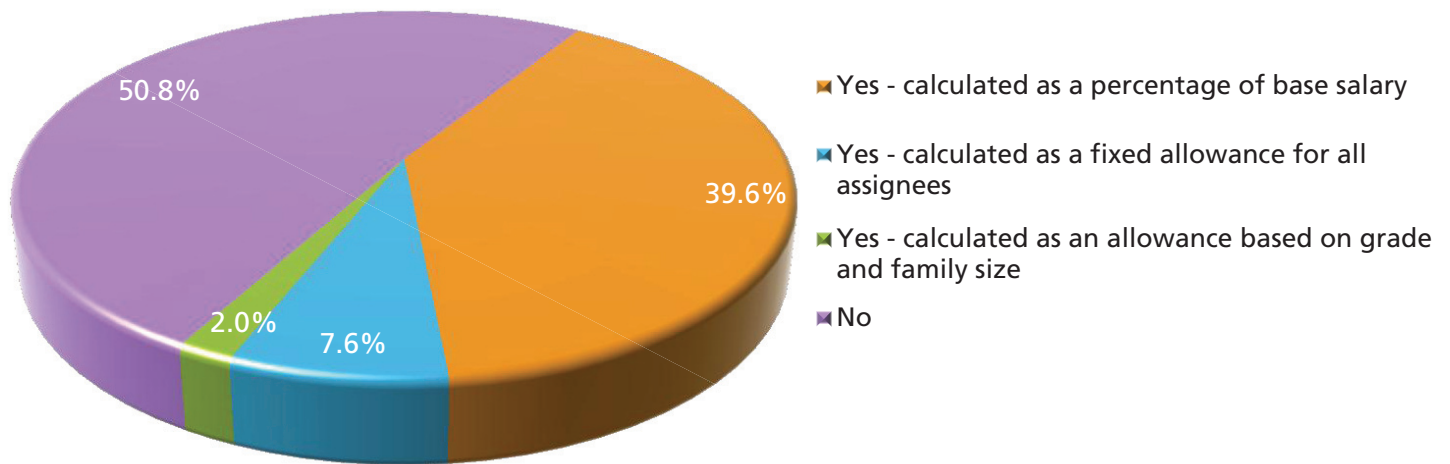


56.8% of respondents stated that economy flights are used for all home leave trips or used to calculate the home leave allowance. 24.4% stated that the class of flight is determined by the travel time. 10.4% use grade and travel time to determine the class of flight. 2% allow business flight for home leave or calculate

the allowances based on these costs. Only 3.2% determine the class of flight by grade alone. Some of the 'Other' determining factors included:-

- Average of business and economy class ticket
- Company travel guidelines

**Hardship Allowance**

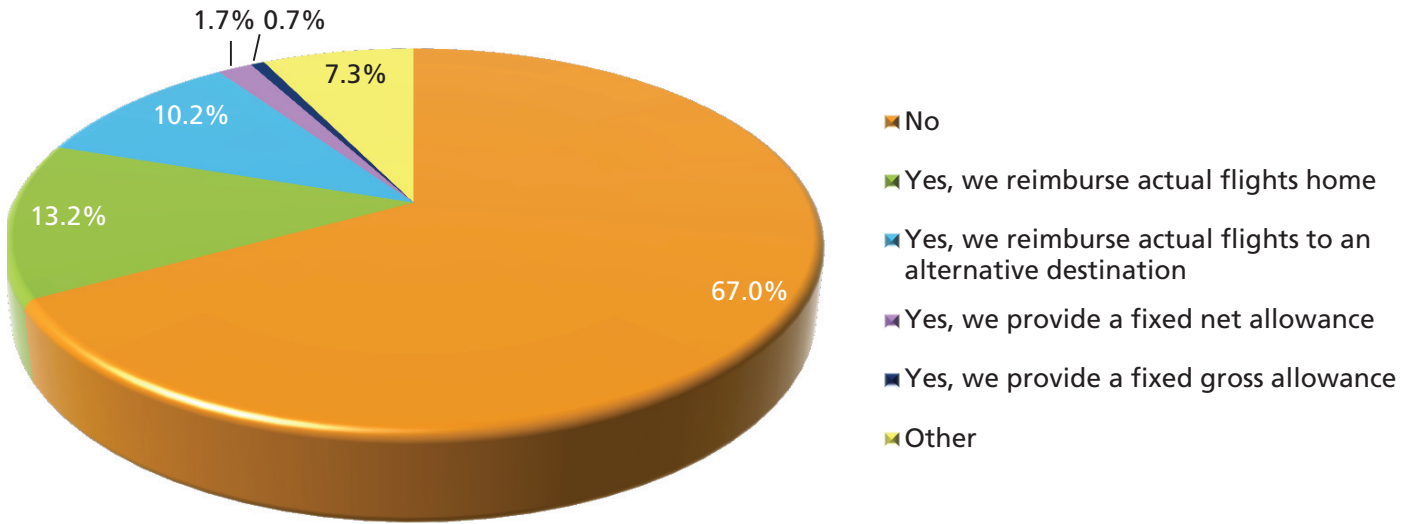


For those going to hardship locations the survey asked whether the STA policy provides a hardship allowance. 39.6% provide a hardship allowance calculated as a percentage of base salary. 7.6% provide a fixed hardship

allowance and 2% provide a hardship allowance based on grade and family size. Just over half do not provide a hardship allowance.

### Rest and Relaxation Trips

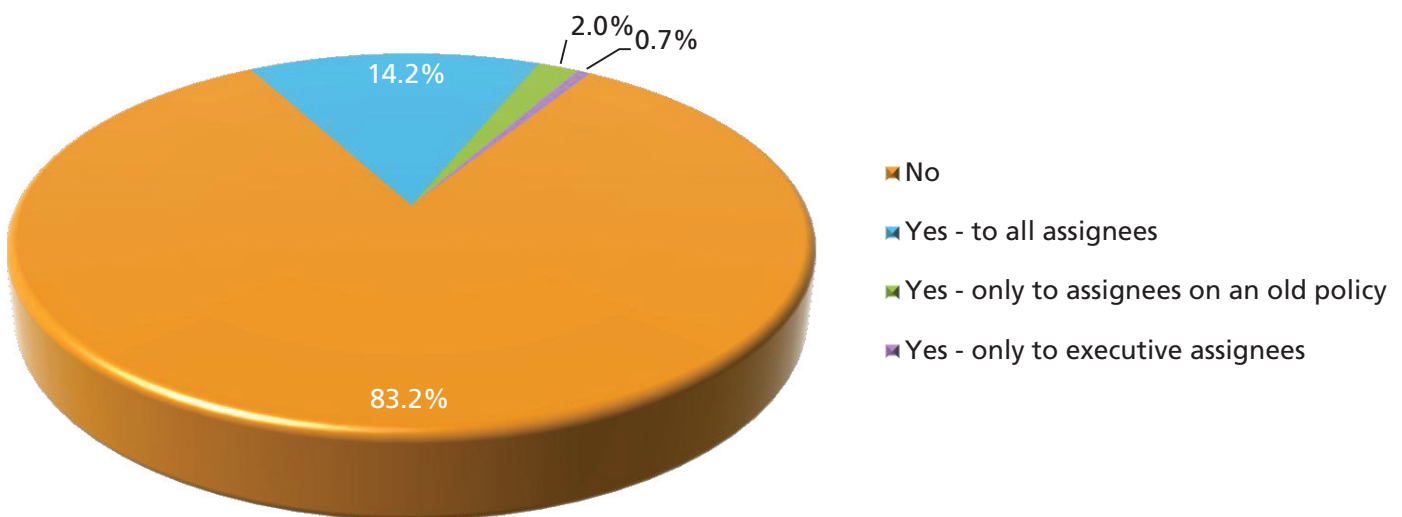
For those in hardship locations the survey asked whether organizations provide Rest and Relaxation (R&R) trips.



Over two thirds stated that they do not provide R&R trips. 13.2% reimburse actual flights home, 10.2% reimburse actual flights to an alternative destination, 1.7% provide a fixed net allowance and less than 1% provide a fixed gross allowance. Some of the 'Other' provisions for R&R stated that it is dependent on the host location.

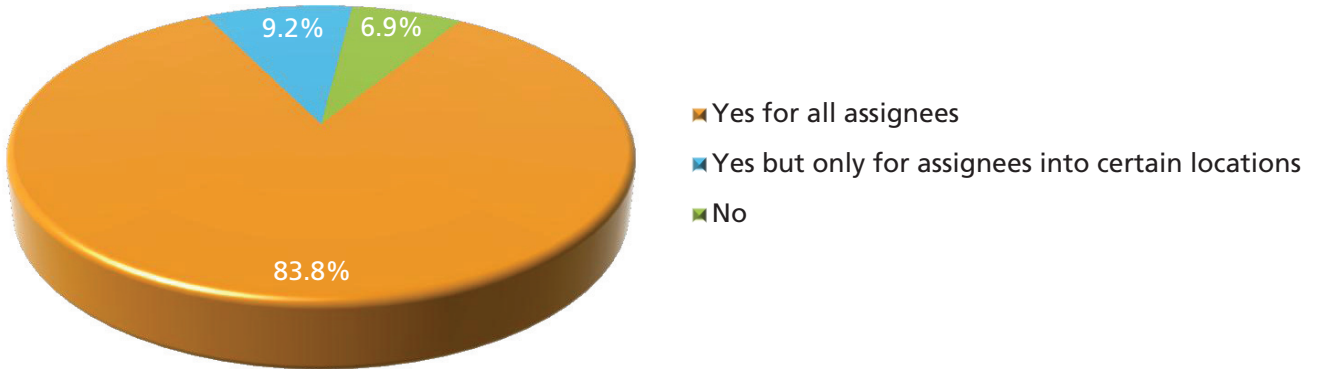
### Property Management in the home location

Property Management in the home location is only included in the STA Policy for less than a fifth of the respondents.



14.2% of respondents provide property management in the home location for all assignees. Less than 1% provide it only to executive assignees and 2% only provide it to assignees on older policies.

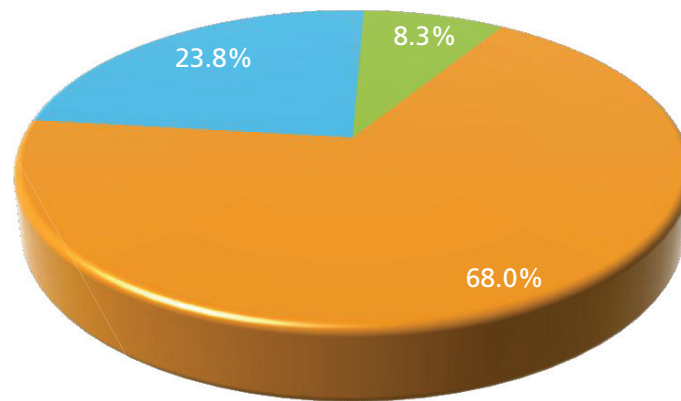
### International Medical Cover



83.8% of all survey respondents do include international medical cover in their STA policy. 9.2% only include it for assignees into certain locations and,

perhaps surprisingly, 6.9% provide no international medical cover for their short term assignees.

### Holiday Entitlement

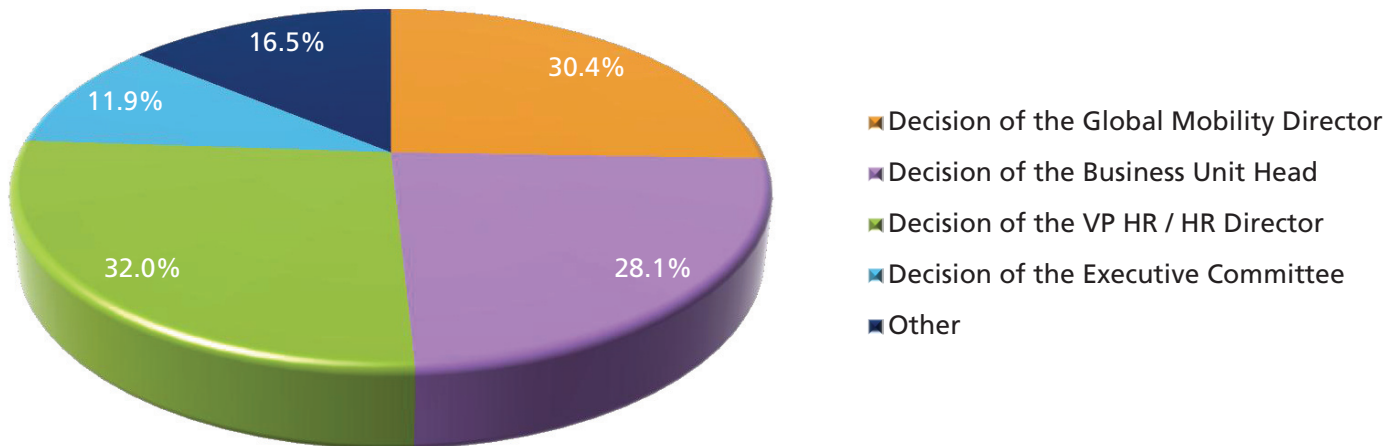


- They keep their home country entitlement
- They transfer onto the host country entitlement
- They receive the better of either home or host entitlement

Over two thirds of respondents stated that their short term assignees keep their home country entitlement, 23.8% transfer onto the host country entitlement and only 8.3% receive the better of either home or host entitlement.

## Exceptions

Whilst many organizations try to review their policy regularly and ensure consistency across all assignees there are inevitably situations that arise that the policy does not cover. These exceptions are brought to the Global Mobility teams and the survey asked who is involved in granting or refusing exceptions.

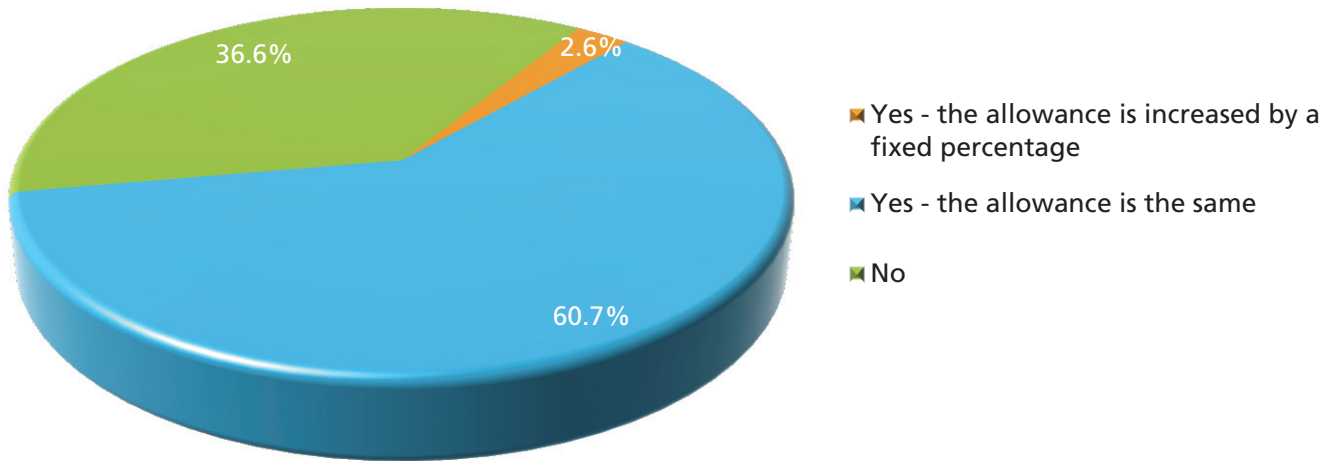


32% of the respondents stated that the VP HR / HR Director is involved in the exception approval process. 28.1% stated that the Business Unit Head is involved in the decision and 30.4% stated that the Global Mobility Director takes part in the approval process. Only 11.9% stated that the Executive Committee are involved. 16.5% said others are involved in the exception process. Some of the 'Others' include:-

- Corporate Reward
- Global Benefits Manager
- Governance Board
- Operations Manager

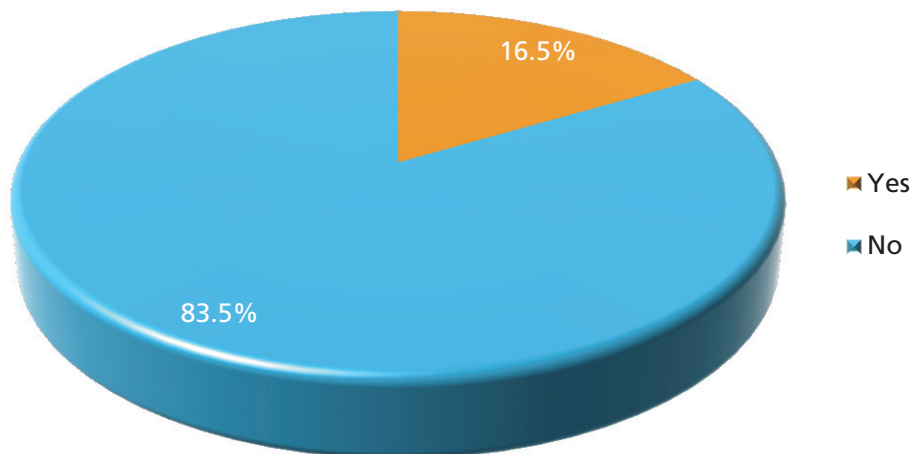
# 9. Repatriation

## Shipment



The survey asked whether assignees are entitled to a shipment upon repatriation. The chart above shows that 36.6% do not include a shipment upon repatriation in their policy. 60.7% said the amount is exactly the same as the amount the assignee shipped out at the start of assignment and only 2.6% said they increased the allowance by a fixed percentage (ranging between 5% and 10%).

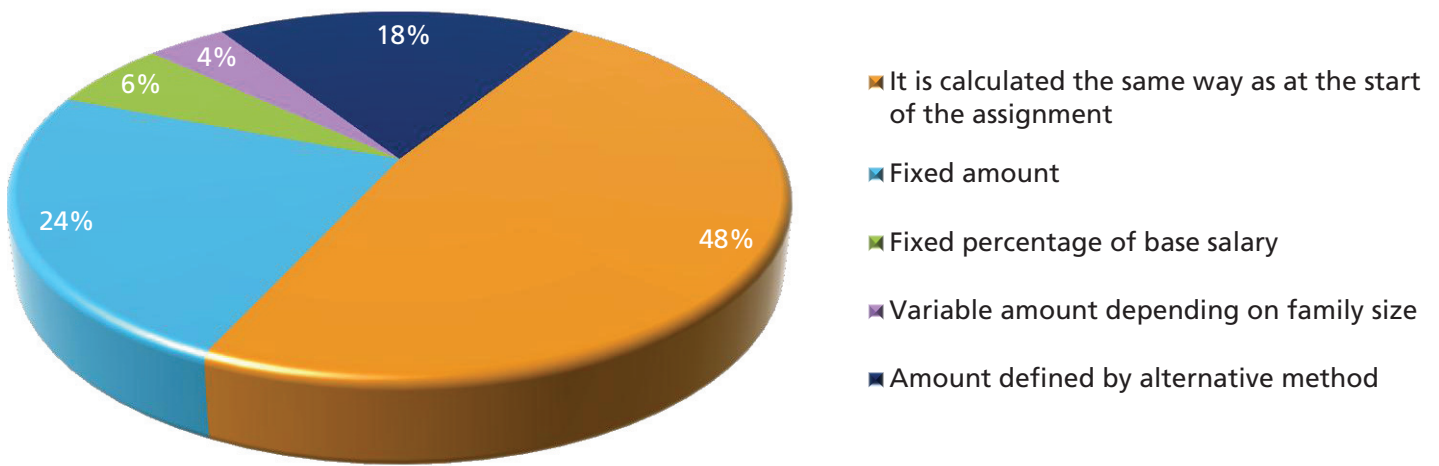
## Relocation or Disturbance Allowance on Repatriation



The vast majority of respondents do not provide a relocation or disturbance allowance for their assignees when they repatriate.



Of those that do it is determined as follows:



Just under half calculate it the same way they do at the start of assignment. Just under a quarter stated that it is a fixed amount. 6% stated that it is calculated as a fixed percentage of base salary and 4% stated that it is a variable amount depending on family size. Of the 18% that stipulated 'Other' these included:

- 50% of outbound allowance
- 1 week's net pay
- 1 month's base pay

# 10. Conclusion

**The report highlights the different variations to, what many call, a standard STA Policy and can be used as an effective measuring tool for organizations when comparing themselves to the market.**

The report brings together the key elements of a STA policy and delves deep into the actual allowances provided for both the assignee and the family, if they are included in the policy.

The findings can be used to help Global Mobility Professionals provide alternative solutions to areas of their current policy that are burdensome or are producing a number of exceptions.

The FEM is grateful to all those who participated in the survey. Each response has contributed in a huge way in making the study a success.

**The Forum for Expatriate Management**  
February 2014



# Appendix A

## List of survey participants

Adidas Group	British Broadcasting Corporation
ADP	Bupa
ADVICS North America, Inc.	Bureau Veritas Southern & eastern Africa
AECOM	CA Technologies
AFR Furniture Rental	CAE Inc.
Ageas	Cameron
AgustaWestland	Camoplast Solideal
AIG	Catalent Pharma Solutions
Air Canada	Caterpillar
Air Liquide	Centrica plc
Air Products and Chemicals, Inc.	CH2M HILL
Aker Solutions	Chicago Bridge & Iron Company
Albemarle Corp	Citibank, N. A.
Alcatel-Lucent	Coats plc
Alent	Coca-Cola Bottlers Philippines, Inc.
AMEC Global Resources Pte Limited	Cochlear Ltd
American Express	Commonwealth Bank of Australia
ANZ Bank	Compass Consulting B.V.
AREVA Inc.	Continental Tires RUS
Arup	Control Risks
ASML	Cooper Standard
Associated British Foods	Covance
Atkins	Cytec Industries Inc
ATOS	Daax Corporation
Aurecon	Daiichi Sankyo, Inc.
Ausenco	Danfoss A/S
Australian Defence Organisation	Daniel Swarovski Corporation AG
AXA Corporate Solutions	Dell
AZ Electronic Materials	Deloitte
Baker Hughes	DENSO
Barclays	DHL Global Forwarding Asia Pacific
Barnes Group Inc	Dixons Retail
Baxter	DSM Services USA
BDO	Dyson
BG Group	EBRD
Bibby Financial Services Limited	EC Harris LLP
Biogen Idec	Edwards Ltd
Birchtree Global, LLC	Emirates Telecommunications Corporation (Etisalat)
Black & Veatch	Endo Pharmaceuticals
BMC Software	Ensco, plc
BOC Limited	EON
Boehringer Ingelheim	ERM
Bombardier Transportation GmbH	EY
Boston Scientific	Financial Conduct Authority
BP	Fitch Ratings
Bridgestone Americas	Fluor Philippines
Bridgestone Europe	FM Global
Briggs & Stratton Corporation	Fonterra Cooperative Group
Brightstar Corporation	Foot Locker, Inc.
Bristol	Fujitsu

Furey	Mary Kay
General Electric	Mattel
General Motors Company	Mayer Brown International LLP
Gerdau	McDermott International, Inc.
Gesdocument	Merck KGaA
GHD	Merlin Entertainments
Globalfoundries	METRO AG
Goodwill India	Microsoft
Google	Mitsubishi UFJ Securities International plc
Grant Thornton	Monadelphous
Grupo Cobra	Mondelez International
H. Lundbeck A/S	Morningstar, Inc.
Hager group	Nahar Kona Enterprise
Hallmark Cards, Inc.	National Oilwell Varco
Heineken	NATS
Herbert Smith Freehills	Nestlé Malaysia
Hospiria Inc	Newmont Mining Corporation
HSBC Bank plc	Nielsen
IBM	NNIT A/S
Immigration Business Network ib2ib	Nokia
Incitec Pivot Limited	Nomura
ING Bank	Nordson Corporation
Ingersoll Rand	Northrop Grumman
Intelligrated	Norton Rose Fulbright
International Flavors and Fragrances	Nortons Group
International SOS	NXP Semiconductors
Invensys	OLR (UK) Limited
Invesco	ON Semiconductor
J. Crew	Origin Energy
Jacobs Nederland BV	P66
JDSU	Paragon Decision Resources
Jefferies International Limited	Peabody energy
Kan Tor Acco	Petro-Chem Development Co, Inc.
KDE Energy	PGA TOUR
Kellogg Brown & Root Pty Ltd	PGS
Kellogg Company	Philips
King & Wood Mallesons	Phoenix Solar AG
Kohler Co.	Printpack Inc.
KPMG International	Procter & Gamble
Laing O'Rourke AU	PwC
Leggett & Platt, Incorporated	QinetiQ
Lloyd's Register	QL Resources
Lockheed Martin Corporation	Quintiles East Asia Pte Ltd
LVMH Inc.	Rally Software
LyondellBasell	Ralph Lauren Corporation
Mace	Rational AG
Macquarie Group Limited	Raytheon Company
Maersk Drilling USA	RBS
Maersk Line	Repsol
Maersk Oil	Ricardo PLC



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 RSA Insurance  
 RWE Dea AG  
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 Samsung Electronics America, Inc.  
 SanDisk  
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 Schlumberger  
 Scotiabank  
 Sekerbank  
 Serco Asia Pacific  
 Serimax South East Asia Pte Ltd  
 Siemens  
 SimCorp  
 SKM  
 Software AG  
 Solar Turbines Europe SA  
 Solid Property Group  
 Solvay  
 SPX  
 State Street  
 Strategic Rewards Group  
 SunGard  
 Talisman Energy USA Inc.  
 Teixeira Duarte  
 Telefónica  
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 TJX  
 TME NV  
 TOLL  
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 Transfield Services  
 Transocean  
 TSO  
 TUI Travel PLC  
 Turner & Townsend  
 TÜV SÜD AG  
 Tyndall Investment Management  
 Umicore  
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 Wipro Technologies  
 WMS  
 Wood Group Mustang  
 Wood Group PSN  
 WorleyParsons Group, Inc  
 Yazaki North America, Inc



# Appendix B

## About Us



# The Forum for Expatriate Management

[totallyexpat.com](http://totallyexpat.com)

The Forum for Expatriate Management (FEM) is the worldwide community that brings all sides of the Global Mobility industry together. The FEM is both an online and physical community of Global Mobility professionals united in one aim: supporting international assignees wherever they are posted.

**On-Line** – Our members and the broader community use [totallyexpat.com](http://totallyexpat.com), LinkedIn, Facebook and Twitter to access news, post jobs, share knowledge and source expert suppliers.

**In Person** – FEM hold regular networking Chapter Meetings in over 30 locations globally, with even more chapters set to launch in 2014. In addition to these monthly meetings, industry members also have the opportunity to meet across 8 major international events (Global Mobility Summits and Totally Expat Shows) with the climax each year being our annual Expatriate Management and Mobility Awards (EMMAs) held in the Americas, EMEA & APAC.



# EQUUS software

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Equus creates technology to help companies optimize their workforce mobility processes.

Equus provides AssignmentPro™, a comprehensive web-based system that manages all aspects of expat mobility and is easily integrated with enterprise platforms such as SAP, PeopleSoft and Oracle.

Equus was established in 1999 and has offices in Denver, Dallas and London. Equus works with many Global 2000 firms and MNC's and its software is used to support over 200,000 relocations and assignments each year.





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Fragomen is widely recognized as the world's leading global corporate immigration services provider. The firm's exclusive focus on immigration counseling and services and strong global presence allow Fragomen to provide clients with high-quality, innovative, sustainable and cost-effective worldwide immigration services. Fragomen has represented a broad range of companies, organizations and emerging businesses, utilizing a sophisticated, centralized, and high-touch service delivery model.

Founded in 1951 in the United States, Fragomen has developed into a truly global presence, with more than 40 offices in 18 countries across every region of the world. Today, they have more than 2,200 immigration professionals and support staff dedicated to anticipating and proactively meeting client needs. The firm's growth has been bolstered by its eye toward technological and strategic solutions, hiring of creative problem-solvers, and focus on meeting clients on their terms.

Fragomen's innovative technologies and methodologies to optimize the value of its services are a cornerstone of its service excellence. By building teams of professionals to meet client needs, resources are focused on key issues such as government strategies and relations, global knowledge and professional practices. The firm also utilizes a proprietary case management and reporting tool to offer case processing efficiencies and management information reporting, and remains at the cutting edge of information sourcing and delivery techniques.





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