



Complex flexible work arrangements made simple

Driving employee experience
and streamlining new ways of
working



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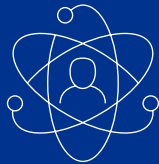
Employees demand work from anywhere

Remote work has become a norm, rather than a perk.



This is a talent-driven market.

Headlines about “the great resignation” and “the war for talent” haven’t diminished. All data points highlight the desire for increased flexibility by the employees.



The geographic radius for recruitment and employment is expanding.

The market is driving more companies to support hiring in new jurisdictions and work in locations where they haven’t historically done business. This increases the potential talent pool substantially but also leads to an intensified talent market.



Multiplying work locations creates immense challenges.

Business functions want to offer flexible work to remain competitive, and they’re pushing corporate functions—from legal, compliance and HR to finance and tax—to support it. But this means they’ll also have to manage increased risk, and the increased use of technology to support the size and scale of the cross-border population which is becoming a necessity.



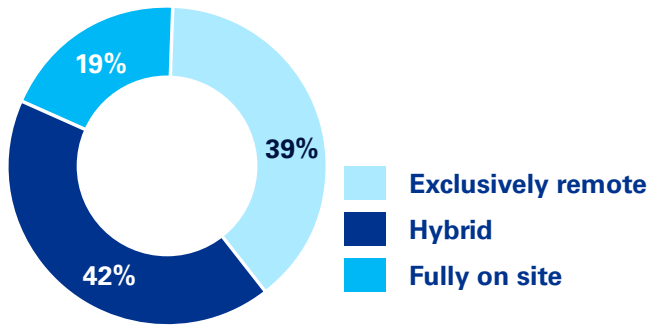
More companies than ever must manage cross-border employment arrangements.

The issue was once limited to a certain segment of the working population, and often only the largest of organizations. Now the issue affects many more employees at companies of all sizes. Preemptive planning, including guardrails and structure solutions for tax and regulatory risks, will help manage these risks.

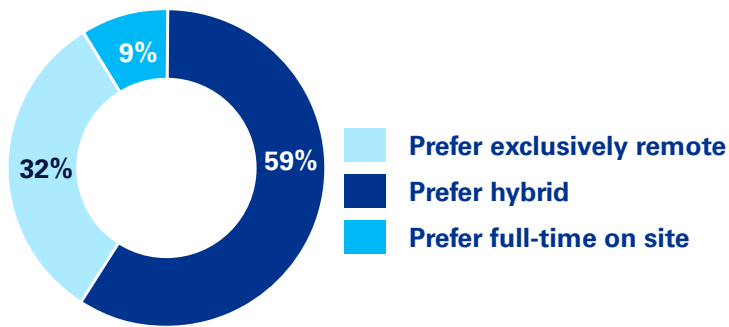


Employees like their flexibility, and they want to keep it.

Current location full-time employees with remote-capable jobs



Preferred location of full-time employees with remote-capable jobs



Source: Gallup, "The Future of Hybrid Work: 5 Key Questions Answered With Data" (March 15, 2022)



There has been a lot of uncertainty around what the new way of work will look like. But the one thing we see with resounding clarity is that flexibility is here to stay.

— Kshipra Thareja, Managing Director,
Global Mobility Services,
KPMG in the US

Three practical solutions to bring flexible work to life

Before companies can implement more flexible employment options, they need the guardrails, operational, and legal structures to manage workflow and risk.

#1

Establish policy guardrails to ring-fence risk.

Host a stakeholder workshop.

Determining what kind of flexibility is allowed companywide requires careful coordination between stakeholders who view employment matters and risk through their own unique lenses. In a facilitated meeting, they can review best practices and identify key drivers for each group, including definitions of success, special considerations, challenges, and responsibilities.

Determine key parameters.

Using a framework built on consensus, stakeholders can work out a rule set, including:

- The locations where employees can work remotely (domestic and/or international).
- Expected days working remotely and expected number of days in the office, if any.
- Activities permitted at each location.

For example, some companies have declared employees must live within “commuting distance.” This eases the planning process by limiting the number of states where a company is exposed to different tax-withholding schemes, regulations, and other state-specific matters.

Anticipate “workation” requests.

More remote and hybrid employees are requesting to work for an extended period of time in completely new locales where they and their families can enjoy a vacation, care for loved ones, or handle affairs away from their homes. For companies, these “workations” could bring regulatory and compliance considerations they didn’t have to manage previously.

The right to work in those “workation” locations is a primary guardrail to approving these requests. Companies would need to consider local tax and regulatory compliance regulations and specify the number of days employees can stay, or risk generating tax exposure. Employees may need a work permit for extended periods.

Guidelines for remote work include managing



Locations where employees are working



Duration they will be working at that location



Activities they will perform in that location



Philosophically, organizations want to approve flexible work but the operationalization part is what many companies are finding challenging in the current environment.

— Kshipra Thareja, Managing Director,
Global Mobility Services,
KPMG in the US

#2

Determine the right technology for increasingly complex workforce management.

Assess the existing technology stack to make a “build, buy, or get by” decision.

Before the first dollar is spent on new technologies or upgrading systems, look for:

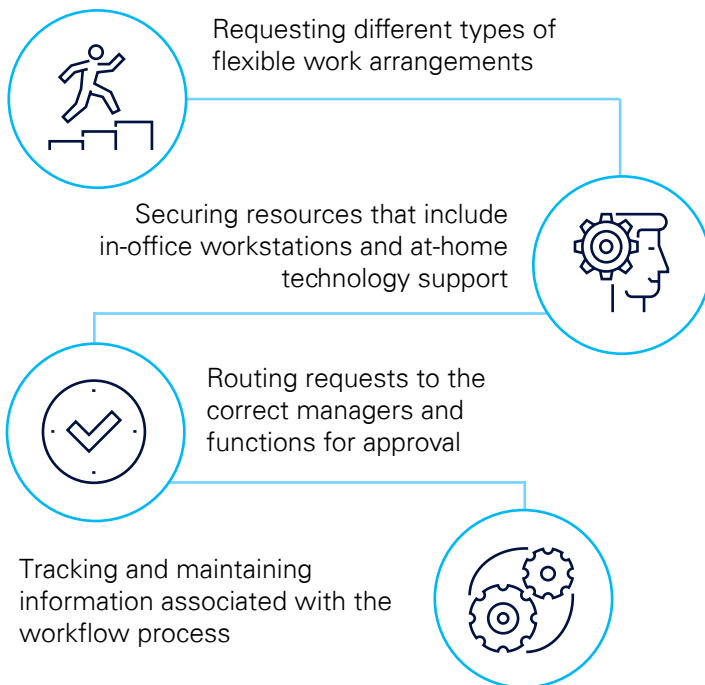
- Gaps in flexible work administration
- Opportunities for improved workflow
- Technology that is working well or can be repurposed

Develop a blueprint to ensure solutions support an end-to-end process.

A concrete plan based on the assessment:

- Connects the dots to help companies find the right solutions
- Determines customization necessary for each organization’s unique needs
- Allows companies to leverage technology they already have
- Remove barriers to a seamless experience for both employees and users

Technology can automate and streamline flexible work processes:



Organizations had been hesitant to make large-scale investments in technology to support flexibility, instead just getting by using spreadsheets or small modifications to their HR systems. But that started to shift in 2022 and now they’re looking to buy solutions or—more often—build on top of their infrastructure.

— David Mayes, Principal,
Global Mobility Services,
KPMG in the US

#3

Establish structures that support talent expansion and cultivation.

Facilitate remote work in jurisdictions where the company does not have a presence.

Many companies are preemptively setting up special purpose entities to act as the employers of individuals where no legal local employer exists. For example:

- A global workforce company (GWC) is a separate legal entity that can act as the employer and carry out all withholding obligations and provide benefits and other support to employees in a location.
- Professional employment organizations (PEOs) and employers of record (EORs) organizations also can act as the local legal employer and handle compliance obligations.

Conduct a feasibility study of different models.

Each of these models has pros and cons. A feasibility assessment of the various options helps companies weigh costs and benefits to determine which structure will work best for each organization.

Importantly, the ability to offer flexible work is not just a current issue but at a talent development consideration as well. The right structure will meet both immediate and future human capital needs by casting a wide net for valuable employees who live at a great distance or require flexibility beyond 9-to-5 work.

Models for remote work



Employment tax structures should tie back to a thoughtful strategy for both short- and long-term talent development.

— Dave Mayes, Principal,
Global Mobility Services,
KPMG in the US



Contact us

KPMG helps organizations attract, engage, and retain top talent as the global workforce becomes more mobile. We facilitate stakeholder workshops to determine flexible work priorities and risk tolerance; assess current technologies and identify opportunities to improve; develop technology blueprints to support new work structures and operationalization; and set up corporate structures that support remote work. Our Global Mobility Services professionals look forward to speaking with you.

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