Global Reward Services Quarterly Newsletter

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Topics included in this issue

Americas:

- **United States:** Public Law 119-21, commonly known as the "One Big Beautiful Bill Act" (OBBBA) signed into law
- **United States:** Solvency issues raised in Social Security Trustees Report
- **Colombia:** New immigration law and framework for foreign nationals
- **Venezuela:** TPS litigation and implications for US-based employers

Europe:

- **Austria:** Important tax measures part of coalition government’s program
- **Italy and Albania:** Social Security Agreement
- **Switzerland:** Federal Court ruling on pension buy-backs prior to leaving the country
- **United Kingdom:** Republic of India Double Contributions Convention concluded

Asia-Pacific (including Middle East):

- **Oman:** Introduction of personal income tax effective January 1, 2028

Americas

United States: Public Law 119-21, commonly known as the "One Big Beautiful Bill Act" (OBBBA) signed into law

Public Law 119-21, commonly known as the "One Big Beautiful Bill Act" (OBBBA) makes key Tax Cuts and Jobs Act (TCJA) provisions permanent, including the repeal of moving expense deductions and the continuation of lower tax rates. The changes highlighted in the bill may increase taxable income in future tax years when compared to prior law (i.e., had the TCJA been allowed to expire) for mobile employees and affect equity compensation.

KPMG observation

The enactment of Public Law 119-21, commonly known as the "One Big Beautiful Bill Act" (OBBBA) introduces permanent modifications to several provisions of the 2017 TCJA, many of which carry direct implications for global mobility and equity compensation programs. Among the most notable changes are the permanent repeal of the moving expense deduction and the exclusion for qualified moving expense reimbursements—both of which may increase the taxable income of mobile employees and assignees. The legislation also preserves TCJA's lower individual income tax rates and expanded standard deduction.

For more information, please refer to KPMG Flash Alert or contact the article authors Martha Klasing, and John Seery.

United States—Solvency issues raised in Social Security Trustees Report

The 2025 Trustees Report projects that Social Security funds will run out by 2034, increasing the likelihood of tax changes. This could expand Social Security tax exposure for high earners, especially those receiving equity compensation. Employers may need to reassess total rewards strategies in light of potential cost impacts.

KPMG observation

According to the 2025 Trustees Report, the Social Security Trust Funds are now projected to be depleted by 2034—one year earlier than previously anticipated. This accelerated timeline increases the probability of legislative action to address the funding shortfall, including potential increases to the Federal Insurance Contributions Act and Self-Employment Contributions Act tax rates, or the elimination of the wage base cap, which currently stands at USD $176,100.

For employers who offer equity-based compensation, such as restricted stock units (RSUs) or stock options, these changes could have significant implications. If the wage cap is lifted or adjusted upward, a greater portion of equity income—particularly from RSU vesting or option exercises—may become subject to Social Security taxation. This would disproportionately affect high earners whose total compensation often exceeds the current wage base.

Organizations should proactively monitor legislative developments and conduct scenario modeling to assess the potential impact on total rewards strategy and payroll tax obligations. Special attention should be given to forecasting the cost implications for executive and equity-heavy compensation structures.

For more state and employment tax updates, please review KPMG's latest Payroll Insights or contact the article authors Martha Klasing, Daida Hadzic, Robert Rothery, and Brent Jackson.

Colombia—Major labor reform enacted

Colombia's new immigration law offers clearer visa categories and longer durations, improving planning for foreign hires. This supports more stable participation in long-term equity plans. Employers should align mobility and compensation strategies with the updated framework.

KPMG observation

Colombia's newly enacted immigration law introduces a more structured and transparent framework for foreign nationals, featuring clearly defined visa categories and extended validity periods. For employers offering equity-based compensation to inbound assignees or foreign hires, these changes enhance predictability in assignment planning and tax residency determinations. The longer visa durations may reduce administrative turnover and support more consistent participation in long-term incentive plans such as RSUs and stock options. Employers should evaluate how the updated visa classifications align with their global mobility and total rewards strategies, particularly for employees with multiyear vesting schedules, to help ensure compliance and optimize program design.

For more information, please refer to our KPMG Flash Alert or contact the article authors Ricardo Ruiz, Camilo Rodriguez, and Maria Ortiz.

Venezuela—TPS litigation and implications for US-based employers

Changes to Temporary Protected Status (TPS) for Venezuelan nationals could affect work authorization and disrupt equity compensation. Employers should assess plan terms and coordinate across teams to manage compliance and tax exposure.

KPMG observation

Ongoing litigation concerning Temporary Protected Status (TPS) for Venezuelan nationals in the US may have significant implications for the employment eligibility of individuals participating in equity compensation programs. Should TPS protections be rescinded or altered, affected employees could lose work authorization, potentially disrupting equity vesting schedules or triggering accelerated taxation due to involuntary termination.

For more information, please refer to our KPMG Flash Alert or contact the article authors Laura Wong and Chelsea Hsieh.

Europe

Austria—Important tax measures part of coalition government’s program

The new Austrian coalition government has proposed several important tax measures. Key changes involve extending the top income tax rate, digitizing payroll processes, and introducing tax benefits for overtime and bonuses. These measures are expected to impact international assignments and tax equalizations for individuals subject to Austrian taxation.

KPMG observation

The proposed tax measures in Austria's government program may significantly affect individuals and businesses, especially those involved in international assignments. It is crucial for stakeholders to anticipate these changes, adjust their budgeting and payroll processes, and consult with tax professionals to mitigate potential tax-related costs. The focus on simplifying tax regulations and enhancing employee participation programs aligns with broader efforts to improve efficiency and resource allocation.

For more information, please refer to KPMG Flash Alert or contact the article authors Angelika Schlögl-Jettmar, Marlies Hohlrieder, and Christiane Bischoff.

Italy and Albania—Social Security Agreement

The Social Security Agreement between Italy and Albania prevents dual social security contributions and ensures equal treatment under the host country's laws, allowing for the totalization of periods and exportability of benefits. It includes specific provisions for posted workers, who can remain covered by their home country's social security system for up to 24 months.

KPMG observation

From a total rewards perspective, the agreement simplifies social security processes, reducing costs for both employers and employees involved in international assignments. It ensures that workers are treated equally under the host country's social security laws, aligning with equitable treatment principles in global rewards strategies.

Additionally, specific provisions for posted workers allow them to remain under their home country's social security system for up to 24 months, providing continuity in benefits and reducing administrative burdens for employers and employees. Knowing that their income will be subject to social taxes in one country only, rather than being double-taxed, and that their working time and accrued social security benefits will be "totalized," may aid potential international assignees in deciding whether to accept an assignment in the other country.

For more information, please refer to KPMG Flash Alert or contact the article authors Stefania Quaglia, Pierluigi Zucchelli, and Alba Paparisto.

Switzerland—Federal Court ruling on pension buy-backs prior to leaving the country

The Swiss Federal Court ruled that pension buy-backs made by individuals shortly before permanently leaving Switzerland are considered a form of tax avoidance and thus not eligible for tax deductions. This decision emphasizes the need for pension buy-backs to genuinely aim at building occupational pension plans rather than solely reducing taxes.

KPMG observation

The ruling highlights the complexities involved in pension buy-backs and their implications for international executives frequently moving between countries. From a global rewards perspective, it is crucial for individuals to ensure that their pension buy-backs align with legitimate pension planning objectives to avoid being classified as tax avoidance. Companies should advise employees to carefully assess their circumstances and intentions when considering pension buy-backs prior to leaving Switzerland.

For more information, please refer to our KPMG Flash Alert or contact the article authors Simon Koch and Efrem Costalunga.

United Kingdom—Republic of India Double Contributions Convention concluded

The United Kingdom and India have agreed on a Double Contributions Convention (DCC) that will exempt internationally mobile employees from dual social security contributions during assignments of up to three years. Once in force, the agreement will allow individuals to remain covered under their home country's system, reducing administrative and financial burdens for both employers and employees in cross-border roles.

KPMG observation

On May 6, 2025, the United Kingdom and India concluded a DCC as part of broader Free Trade Agreement negotiations. Once in force, the DCC will prevent dual social security contributions for employees on international assignments lasting up to three years. During this period, individuals will contribute only to their home country's social security system. While the full text of the agreement is pending, the DCC is anticipated to follow principles similar to the UK's existing social security agreements with countries such as Switzerland, Canada, and Japan. The agreement is expected to take effect by mid-2026, subject to ratification procedures in both countries.

For more information, please refer to our KPMG Flash Alert or contact the author Dario Di Capua.

Asia-Pacific (including Middle East)

Oman—Introduction of personal income tax effective January 1, 2028

Oman will implement a 5 percent personal income tax starting in 2028, affecting both salary and equity compensation.

KPMG observation

Oman will implement a PIT regime effective January 1, 2028, introducing a flat 5 percent tax on annual gross income exceeding OMR 42,000 (approximately USD 109,200). The scope of taxable income includes salary and non-cash compensation such as equity-based rewards, with gross income designed to cover receipts in both cash and kind. While executive regulations are still pending, the law outlines potential exemptions and deductions, including foreign-earned income (for a limited period), capital gains on residential property, and certain personal expenses

For more information, please refer to our KPMG Flash Alert or contact the article authors Pranav Shah, Hussein Al Lawati, and Keelin Kane.

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