MIRC NEWSLETTER

February 2023

Dear MiRC Members,

Welcome to the First Edition of our 2023 Member Newsletter! We are excited to share relevant and valuable insights from our sponsors and members. Please let me know your thoughts and feel free to suggest future topics. LisaFontana@rocketmortgage.com, 313-920-0793.

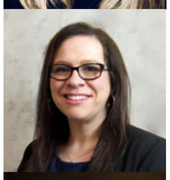
Your 2023 MiRC President,
Lisa Fontana, CRP, GMS-T

THIS EDITION INCLUDES:

- **MiRC 2023 Officers and Board of Directors**
- **Photos from our 2022 Q4 Holiday meeting which was held at St. John's Inn on December 5th**
- **A feature of Membership Co-Chair, Ebony Thompson**
- **A "Corporate Corner" summary of responses submitted by our corporate members regarding expected impacts of the current economy on relocation/global mobility**
- **A "Featured Article" on International and Domestic Cross Border Tax Residency Issues in the Aftermath of COVID**
- **Information on upcoming MiRC events**

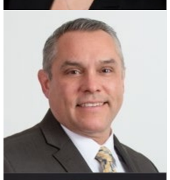
MIRC OFFICERS AND BOARD OF DIRECTORS

LISA FONTANA
RP, GMS-T,
President and Member, Board of Directors
Senior Account Executive, Business Development and Relocation Rocket Mortgage

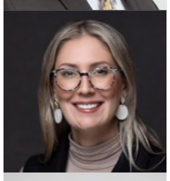


HEATHER JAMISON
CRP, GMS, Vice President & Charitable Causes Chair, Member, Board of Directors
Vice President, Customer Success, Global LT

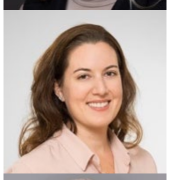
SHELLY BISHOP
CRP, Treasure and Member, Board of Directors
Vice President, Business Development, Global LT



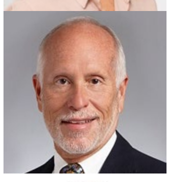
JOSEPH GURTH
CRP, CCHP, Secretary and Member, Board of Directors
Vice President, Fidelity Residential Solutions, Inc.



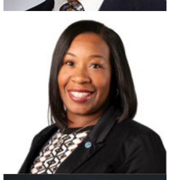
KAYLIE BRADLEY
MBA, GMS, Member, Board of Directors & Programs Co-Chair
Senior Lead, Global Mobility & Immigration, TransUnion



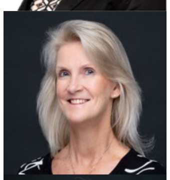
ANNA POTTER
Member, Board of Directors & Programs Co-Chair
Head of Americas Hub, HR Global Mobility Services, Continental AG



SCOTT F. COOPER
JD, Member, Board of Directors & Membership Co-Chair
Senior Counsel – Practice Leader, Fragomen, Del Rey, Bernsen & Loewy, LLP



EBONY THOMPSON
Member, Board of Directors & Membership Co-Chair
Global Mobility Partner, Robinhood



KARA MICHELE CYR
SHRM-CP, PHR, Member, Board of Directors & Sponsorships Co-Chair
Manager – International Human Resources – Global Mobility Strategy, Yazaki North America, Inc.

SANDY MCKINNEY
CRP, GMS, Member, Board of Directors & Sponsorships Co-Chair
Vice President – Business Development, Weichert Workforce Mobility

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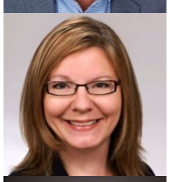
Member, Board of Directors & Director – Media/Website Chair
Senior Account Executive, Aires

CHRIS KRISCIUNAS
Member, Board of Directors & Venues Chair
Managing Partner, dluxSuites



TESSA BOONE
Member, Board of Directors & Corporate Advisor
Talent Mobility Manager for Global Policy, Vendor Management & Tax, Ford Motor Company

JENNIFER JORGENSEN
SHRM-SCP, Member, Board of Directors & Corporate Advisor
Chicago Board of Options Exchange

KIM MARTIN
CRS, GMS, Member, Board of Directors & Past President Advisor
Director of Client Services, Signature Relocation

MIRC'S HOLIDAY MEETING FEATURED AN ALL-CORPORATE PANEL, AND DINNER AT THE BEAUTIFUL INN AT ST. JOHN'S IN PLYMOUTH. FOR MORE PICTURES OF OUR EVENT, CLICK HERE FOR OUR WEBSITE PHOTO GALLERY.

A feature on Membership Co-Chair – Ebony Thompson

Ebony is the Global Mobility Partner with Robinhood, located in West Bloomfield, MI. She has over a decade of experience managing domestic relocation, expats, international and short-term assignments, repatriation, border crossers and immigration. Her position allows her to meet employees from all around the world She prefers getting to know the employees personally and to learn about their family and culture and finds it intriguing! Ebony has been contributing to the WERC Editorial Task Force since September 2022. She recently joined Benivo Changemakers network, influencing tech and making social impact with the Blessings in a BackPack.

Ebony is a spouse and mother of a 10-year-old and loves to spend time with her family and friends. Her family is very close, speak to each other daily and see each other almost every weekend. She enjoys traveling, gardening, reading and jazz. She loves visiting anywhere with a beach, clear water, and 80+ degree weather. A gardener, Hydrangeas and Hyacinths are her preferred flowers. Her favorite jazz artists include Boney James, Maysa and Norman Brown.

WE HOPE TO SEE YOU AT THESE UPCOMING MIRC EVENTS:

The MiRC is excited to announce an outstanding 2023 lineup of educational meetings at amazing venues. In order for our valued members and future members to be able to plan travel accordingly please find the list of scheduled events below.

MARCH 23RD
Q1 MiRC Meeting - Robert Bosch LLC - Farmington Hills, MI

JUNE 28TH
Q2 MiRC Meeting - Global LT - Troy, MI

SEPTEMBER 27TH
Q3 MiRC Meeting - Rocket Mortgage Followed by the Detroit Tigers Game! - Detroit, MI

DECEMBER 5TH
Q4 MiRC Meeting and Holiday Dinner – Venue TBD

If you are not already a member we encourage you to join **here**. Membership levels are below, and please remember that two of the sponsorships offer an included membership/s.

- **Corporates –** Complimentary
- **Service Providers –** $125
- **Aretha Franklin Sponsors –** 2 Complimentary Annual Memberships
- **Kid Rock Sponsors –** 1 Complimentary Annual Membership

Also please remember to check out all of our sponsorship opportunities **here**.

LINKS TO MIRC INFORMATION:
Apply for membership HERE
Renew membership HERE
Sponsor MiRC HERE
Questions/Suggestions HERE

VISIT US ON SOCIAL MEDIA:
LinkedIn
Facebook
Twitter

CORPORATE CORNER

MIRC SURVEY OF CORPORATE MEMBERS AS TO POTENTIAL IMPACTS OF THE CURRENT ECONOMY ON RELOCATION/MOBILITY PROGRAMS

MiRC sent a survey in mid-January 2023 to those in-house corporate members involved in the management of the corporate relocation/global mobility function. Following is a summary of the responses:

1) Are there current or prospective cost-cutting measures to be implemented in your global mobility program in the coming year?
Most respondents indicated such measures are under consideration. Comments included:

- *"Not to benefits. Cost cutting will come about as a result of more local hiring and/or not offering relocation benefits as part of offer"*
- *"Corporate travel (flight class, for example) Other considerations on a 3-year plan"*
- *"[Y]es, cost cutting, and budget reductions are happening. No headcount reduction at the current time"*

2) Do you expect the number of relocations will decrease, remain the same or increase?
There was a mix where some expected an increase while others foresaw a decrease. Comments included:

- *"International -remain the same. Domestic – small increase"*
- *"Short term, increase. We are currently going through a spinoff"*

3) Are specific areas, e.g., housing support, immigration assistance, relocation services, being targeted?
Another mix of responses. Areas of focus for some included renegotiation of immigration, move and relocation contracts. Comments included:

- *"No relo benefits areas targeted"*
- *"Overall cost of an Assignment"*
- *"No, understood to be a necessary cost of doing business"*
- *"[T]here is pressure on more assignments to be classified as 'Employee Initiated' or 'Mutually beneficial to Company and Employee' as opposed to being classified as 'Company Initiated'"*
- *"Some relocations will also be reclassified as short-term assignments, instead of long-term assignments"*

4) Are there specific cost-savings goals in areas of the program? Is there a specific percentage of savings as a target?
Respondents indicated that no goals or saving targets were yet established. Comments:

- *"Considering use of a Core/Flex policy with some reduced allowances. Increase in Business Travelers and Commuters"*

5) Would you expect such measures to prompt requests for proposals or would you expect to work with your current vendors to achieve savings? Or both?
A mix of one, the other or both including formal requests for proposals.
Comments:

- *"To remain competitive, any cost saving initiatives will not be as a result of reducing relo benefits. It will come as a result of hiring practices"*
- *"We will continue to work with our current vendors"*
- *"[A]ny where savings could be generated or increase efficiency"*

MiRC wishes to thank those who responded to the survey.

FEATURED ARTICLE: INTERNATIONAL AND DOMESTIC CROSS BORDER TAX RESIDENCY ISSUES IN THE AFTERMATH OF COVID

As many companies continue to allow employees to work exclusively from home or through hybrid arrangements, working from one's home or vacation home can create a host of tax issues, both domestic and international, in the aftermath of COVID. Companies and individuals alike should pay close attention to the individual and corporate tax issues that can result from such arrangements.

State Nexus and Residency Considerations

For an employer, having an employee working from home could create a tax nexus in a state the company is not currently registered and would likely create additional corporate tax exposure, withholding obligations, and other reporting/filings at the corporate level. For example, the company may be required to start withholding (or splitting) state income taxes between multiple states. This would require continual knowledge of an employee's whereabouts and additional administrative resources to ensure withholding and reporting compliance.

Similar issues can occur at the individual level with the potential for big surprises. Working outside of one's original state of residence can complicate an individual's residency status and more importantly, could impact the ability to claim credit for taxes paid to the nonresident state. A specific example would be New York's convenience of employer rules which requires an individual to continue to pay taxes to New York even though they may not have stepped foot in the state or performed services there. Now that the individual is working in their state of residence, instead of New York, this can lead to the inability to claim a credit for such taxes in their home state due to the lack of coordination rules.

For states that employ a "domicile" concept with regard to residency, an individual's move may not be recognized for purposes of breaking residency. Prior to the pandemic a common example would be retirees from snowbird states living in warm southern states, preferably with low or no state taxes (e.g., Florida) for much of the year to escape cold winter months. Since the pandemic however, many working individuals are now able to work from these locations and are trying to relocate to these states while maintaining many of the assets, connections, and other ties they held in their previous home state prior to the pandemic/move. However, states that employ this domicile concept are taking a closer look at the individual's specific facts and circumstances and may challenge the purported break of residency.

International Considerations

Similar to the state nexus issue, having employees working in a different country could create an even greater unwelcomed surprise when the employer learns they may now be considered to be doing business in a foreign country or have a Permanent Establishment (PE) abroad and are subject to corporate income tax, payroll tax registration and reporting, and potential social tax obligations depending on the country and/or presence abroad.

Individuals who may have commuted between neighboring countries such as Canada or Mexico may no longer meet the definition of being a commuter and therefore could now be creating tax liabilities in their home country instead of the country in which they used to work. This could create cash flow issues for the individuals whereby large refunds are being generated in the host country and conversely, large balances due in their home country due to lack of foreign tax credits.

Take for example a Canadian citizen/resident who commutes daily to the U.S. for work. Ordinarily the days spent in the U.S. are not considered days of presence for U.S. tax residency purposes, so the individual is only taxed in the U.S. on U.S. source income (typically only income from employment). Since Canada is their country of residence and work is being performed in the U.S., Canada allows a credit against the Canadian tax for the taxes that have been paid/assessed in the U.S., typically resulting in a small/moderate balance due to the Canadian tax authorities.

If the individual is no longer working the in the U.S. and does not inform his or her employer, U.S. taxes continue to be withheld, however, since they are now performing services in Canada, Canada would assert such income is Canadian-sourced and disallow the credit for taxes paid/withheld in the U.S. With zero tax withholding occurring in Canada, and no credit allowed for U.S. withholding taxes, the individual is now in a race to file their U.S. tax return to recover their U.S. tax withholding that will need to be used to fund the impending Canadian tax liability that will be due by April 30th. Since the pandemic the IRS has had continual challenges processing backlogged returns making a speedy U.S. tax filing and refund recovery a bit of a challenge.

To add insult to injury, if the individual is still commuting to the U.S., but not frequently enough, they can lose their commuter status and would then have to start counting their U.S. days of presence which could lead to becoming a U.S. resident for tax purposes and being subject to tax in the U.S. on their worldwide income.

Administration and Compliance

From a company level, internal administration is much more intensified from potential state nexus and Permanent Establishment issues in other countries to registration and withholding requirements in new jurisdictions where employees may now be working and subject to income and/or social taxes at both the individual and company level.

Regulations and Enforcement

During the pandemic many states and countries enacted rules or regulations placing temporary holds on long-standing tax laws and rules related to cross border working arrangements involving residency, permanent establishments, and tax withholding rules while the World was navigating the challenges of stay-at-home orders and lockdowns. Unfortunately, most (if not all) of these temporary rules have expired yet COVID's impact on working arrangements continues to evolve in ways that were never a consideration prior to the pandemic.

States and countries alike are continuing to look for increased revenue to fill enormous spending deficits and sluggish economies left from the pandemic. While most, if not all provisions that were put in place at the time have since expired, tax authorities are intensifying their review of residency claims, issuing assessments to tax income sourced to a particular state/jurisdiction, and initiate payroll and withholding audits to ensure that both companies and individuals are compliant with rules that existed prior to the pandemic.

Author Bios

MOORE Doeren Mayhew

Jeffrey M. McCann, CPA

Jeffrey M. McCann is a Director/Shareholder and Practice Leader of the firm's international practice, Moore Doeren Mayhew. For nearly 25 years, Jeff has focused his time in public accounting, including Big 4 firm experience, on cross-border taxation of individuals.

Jeff oversees the delivery of a full suite of tax and consulting services accommodating the annual expatriate life cycle for businesses with globally mobile employees. He is particularly focused on the implementation of centralized service delivery models for decentralized and entrepreneurial clients.

In addition, he provides tax and planning services for executives and high net-worth individuals, with or without cross-border reporting issues or other foreign disclosure requirements. Jeff also advises these individuals regarding U.S. expatriation planning and compliance issues. He has extensive experience working with the IRS voluntary disclosure program and streamlined filing procedures.

Steven Wedge, CPA

Professional Experience

Steven Wedge is a Director/Shareholder with Moore Doeren Mayhew's International Services Group. With over 15 years of experience, Steve is a seasoned international business advisor guiding the firm's multinational clients through a wide range of services. Throughout his career he has put a specialized focus on assisting expatriate and inpatriate individuals minimize overall global tax exposure.