



GLOBAL MOBILITY OF INDIVIDUALS

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ICAEW welcomes the opportunity to comment on the Global Mobility of Individuals consultation published by OECD on 26 November 2025, a copy of which is available from this [link](#).

ICAEW supports the OECD's review into how existing tax rules and interpretations apply to and influence current global mobility practices, as well as the aim of achieving more certainty for employers and employees working cross border.

For questions on this response please contact us at taxfac@icaew.com quoting REP 99/25

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INTRODUCTION

Global mobility has taken on various new forms in recent years with the scale of cross border and international working growing exponentially. Fixed term assignments are no longer the key feature of a globally mobile workforce, with many employers find themselves needing to offer cross border working to retain or incentivise key employees and others now hiring individuals who live in a country other than where the employer is based. Whereas previously relocating for a role was part of a long-term mobile career, both the ease of modern-day travel and progress in technological connection means there are now other options available. However, such arrangements may lead to uncertainty over withholding tax obligations, concerns over the creation of a permanent establishment and potential reporting obligations in multiple locations.

CONSULTATION QUESTIONS

While this consultation response focuses on the personal income tax section and questions, we have also included some comments on the corporate income tax section where there are relevant overlaps.

PERSONAL INCOME TAX

What fact patterns have you identified that give rise to personal income tax issues in the context of global mobility? For example:

a) *What specific fact patterns arising from global mobility are creating more than one tax residence for an individual, or resulting in double taxation?*

1. Dual tax residence is most likely to arise where there is an inconsistent approach to residence in two states, whether that be due to the differences of interpretation in the tests used to residence or due to fiscal year misalignment.
2. For example, an individual has a home in State A but is employed by an enterprise in State B. The individual works more than 50% of the year at the employer's premises in State B and the rest of the time from a home office in State A.
3. To determine residence, State A uses habitual/ permanent home and State B uses days-based tests. The individual could trigger residence in both states. The treaty tiebreaker would apply, but ambiguous facts such as having family in State A with a professional life in State B could mean this is inconclusive. This could result in double-residence disputes and sometimes double taxation requiring recourse to the Mutual Agreement Procedure (MAP).
4. Where one state uses the calendar year as the fiscal year and another has an alternative fiscal year, the periods of residence can overlap creating dual tax residence for part of each tax year. For example, a worker may be on a temporary assignment in State B over two calendar years, just under the 183-day limit in each year separately but exceeding 183 days over any 12-month rolling period.

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5. Divergence between domestic rules and treaty wording can create scope for competing interpretations and double taxation. This also significantly increases the administrative burden when tax returns require amendment in future years to account for foreign tax credit relief accurately.
6. Dual residence may also mean a dual withholding obligation, which, while already a considerable burden for the employer, could also mean significant cash flow issues for the employee, who will quite often look to the employer for adequate compensation or support. Even where there is no double withholding, the different tax and social security legislation may point to a payroll tax liability in one jurisdiction and a social security liability in another which still essentially means operating two different payrolls, perhaps just for one individual. Statutory deadlines are unlikely to be the same in each state so this needs to be taken into account when looking at the processes involved and the flow of information required.

b) What specific fact patterns arising from global mobility are creating risks of no tax residence, or result in low or non-taxation?

7. The work patterns of highly mobile individuals may sometimes result in not enough connection to any state to be resident anywhere.
8. For example, an individual spends 2–4 months in each of several countries without exceeding domestic thresholds in any, with no obvious centre of vital interests. As a result, there is no clear domestic residence, and the possibility of double non-taxation or a very fragmented tax liability and a social security liability in a country with which they have no real connection (perhaps contractual employer base only).
9. Furthermore, since the Covid-19 pandemic, several some countries (e.g. Italy) have offered digital nomad visas with territorial or exempt-income regimes. This again can mean an individual may escape being tax resident in any jurisdiction or at least avoid being treated as such.
10. For example, State C offers a visa under which foreign-source employment income is exempt or outside the charge to tax. Residence is broken in the individual's home State D due to days and ties tests, and it does not tax foreign employment income. This creates the potential for zero or low taxation of significant labour income if neither state asserts comprehensive residence-based taxation.
11. In other similar circumstances, the individual may be taxable on employment income exercised in various states on a day-by-day basis, leading to a very piecemeal liability, lots of administrative requirements and no treaty protection if there is any overlap in taxing rights, as well as facing other more practical issues such as difficulties getting paid due to banking restrictions.

c) What specific fact patterns arising from global mobility are creating challenges or uncertainty for businesses (e.g. tracking employee movements, multiple filing obligations, withholding obligations that apply in respect of one or only a few days of physical presence)?

12. ICAEW welcomes the updates to the commentary on Article 5 of the OECD Model Tax Convention and the certainty and clarity this will bring to employers of cross border remote workers and the circumstances when a fixed place of business permanent establishment (PE) will be created. The risk of creating a PE is still a major barrier to cross border working, especially for smaller businesses with little experience. While no PE can often mean there is no payroll withholding obligation, this is not consistent across all countries and in some cases there are still registration and reporting requirements even if there are also easements. Therefore, the withholding tax and social security requirements of globally mobile individuals will still need to be determined separately from the PE position in most cases.
13. In many cases the tax treaty will offer the protection required. However, there may be various employer obligations that still require reviewing and administering to reach that final position

– as well as filing requirements for the individual to ensure the treaty claim is effective. Some requirements can seem onerous and disproportionate.

14. In response to employee-initiated cross border working, many employers have implemented international working policies which often place an arbitrary and conservative limit to the number of days or incidences of working abroad in order to apply to many different jurisdictions and attempt to minimise risks to both employer and employee.
15. Employers must:
 - verify foreign right to work documents;
 - track days;
 - assess whether withholding obligations arise for sporadic days of work in each jurisdiction;
 - consider whether local tax and social security registration is required
 - consider whether local compliance such as personal registration is required;
 - consider if payroll filings are required;
 - consider interaction of local corporate tax requirements (e.g., some jurisdictions require an entity to be registered if payroll filings are required).
16. It is not always possible for generic policies to consider all tax implications, and several employers have taken a risk-based approach to such arrangements, categorising countries as low, medium or high risk based on available data. Many such policies require the employee to provide the data regarding their job function in order to assess PE risk and details of their personal travel over previous and future periods to ensure compliance with day counts. This heavy reliance on employee-provided data can also be onerous on employers who must manage the communication of such requests sensitively as well as the storage of such data. There are plenty of business traveller type products in the market, but this would be a considerable investment for a small or medium sized enterprise (SME) that has minimal business travellers and the occasional remote worker.
17. Day counting may also rely on local definitions that are inconsistently applied in treaty interpretation. For example, the 2025 Dutch case ([ECLI:NL:HR:2025:109](#)) tests the allocation of salary for travel days. Days of presence and workdays also need to be tracked separately and in accordance with domestic definitions, which may vary. It is also likely that some elements of a worker's remuneration may relate to a different earnings period (e.g., performance bonus) and will therefore require a further day count, a separate foreign tax credit and potential trailing payroll and filing obligations in the future.
18. In addition, globally mobile workers moving between multiple jurisdictions may also receive equity compensation. The vesting periods of such compensation can mean tax liabilities arise in various different jurisdictions. Allocating the gain and applying differing rules (tax point, rate, withholding, deemed gain on exit, etc) is complex.

d) Are there examples where the existing rules, bilateral or regional agreements and treaties (e.g. frontier worker agreements) are effective at facilitating cross-border working with minimal compliance burdens? Why?

19. In more recent years, there have been relaxations and easements of certain rules that have eventually led to more permanent agreements, such as the EU framework agreement on social security coordination. From 1 January 2026, France and Switzerland will formalise the existing agreement for up to 40% of annual working time to be spent teleworking without triggering international tax reallocation.
20. One of the main concerns employers express is the lack of certainty over their obligations and a desire to be compliant without incurring unnecessary additional administrative burdens. Specific and conclusive agreements are helpful to this end.

21. Effective cross border agreements exist including:
- The EU's [framework agreement](#) under [Regulation 883/2004/EC, Art 16](#) for cross border teleworkers.
 - The double tax treaty amendments for cross border agreements in Central Europe (e.g., Luxembourg-France and France/Switzerland from 1 January 2026).
 - Parity in tax treatment and free movement of labour in the Gulf Cooperation Council (GCC) for GCC citizens (although lack of sophisticated personal income tax in the region makes measurable benefits limited).
 - Simplifications offered under bloc agreements such as CARICOM (Caribbean Community) (albeit benefits are limited due to varying degrees of sophistication).
22. The simplifications offered particularly by the EU initiatives reduce the compliance burden for employers and clarify the actual reporting obligations. The 34-day 'tolerance' in amended double taxation treaties in Central Europe is a simple mechanism which can be applied.
23. Local jurisdictions sometimes also provide unilateral payroll simplification based on treaty outcome (e.g., the UK's Short Term Business Visitor regime, Appendix 5 net of foreign tax credit relief and the ability to restrict the amount of remuneration that needs to go via the UK payroll and France's direct tax collection from frontier workers). Greater coordination to create and promote multilateral easements would be welcome.

e) *What specific fact patterns have led to disputes being taken to MAP or domestic dispute resolution in the context of global mobility? If the outcome was positive, what feedback would you have for future cases? What dispute prevention tools (eg, advance rulings) would you consider to be relevant to explore here?*

24. We do not have specific examples of disputes suitable to share here but would agree that the option to obtain an advance ruling would be helpful if it could be achieved on a commercially sensitive time basis and binding upon both States. Otherwise, a multilateral coordinated interpretation of the following would be welcome, wherever possible:
- employment 'exercised' in a state;
 - timing of income recognition for equity awards or bonuses earned across multiple countries;
 - day-count methodology and documentation expectations; and
 - model tax residence certificates for globally mobile individuals.
25. Time limits to avoid protracted MAP disputes are needed and greater transparency over MAP outcomes would be welcome. The UN has noted that MAP itself places a burden on immature and under resourced tax administrations and suggests a simplified binding arbitration process.

f) *What solutions to address global mobility of individuals have you encountered, whether in the tax area or drawing upon other disciplines? What recommendations do you have in this area, considering both policy design questions and aspects of compliance and administration? If so, please explain why and set out any further suggestions you might have.*

26. The key recommendation is to develop best practice principles that focus on a coordinated and multilateral standardised approach to:
- residence;
 - common globally mobile specific expenses (e.g., relocation, dual household, home leave, visa costs);
 - common globally mobile complications around equity remuneration and bonus apportionment;
 - social security and tax outcome alignment;

- double tax treaty relief and its application in simplification of payroll processes, minimising dual withholding wherever possible, or at least providing estimated relief during the tax year;
 - link digital nomad or inpatriate regimes to time limited substance-based rules.
27. Any such best practices should be:
- easy to implement;
 - transparent;
 - apolitical (i.e., they should address expat and business needs and not be swayed by political arguments over immigration, etc).

3. CORPORATE INCOME TAX

What fact patterns have you identified that give rise to corporate income tax issues in the context of global mobility? For example:

3a) What specific fact patterns arising from global mobility create a risk of permanent establishment or, affect corporate tax residence in ways that you think are not appropriate or desirable and why?

28. Place of Effective Management (POEM) as a test of corporate residence has historically created difficulties. While it was intended to curb the ability of large MNEs to manipulate corporate residence outcomes, it has significant implications for SME and even micro entities accessing global markets remotely.
29. Replacing POEM with substance-based tests for residence would:
- Create greater alignment with common incentives (eg, patent box, R&D, Qualified Refundable Tax Credits under Pillar 2, etc).
 - Reduce the potential for local GST registration requirements vs residence mismatches.
 - Offer the opportunity to create greater alignment with the new OECD MTC guidance on PEs being created from a home office if used for business for more than 50% of time and supported by facts and circumstances.
 - Potentially align the corporate tax treatment of intellectual property (IP) if IP generation and its use is linked to substantial presence.
30. Additional consideration should be given to:
- Setting time and substance limits for the creation of service PEs and the associated risk of treaty manipulation through embedded royalties.
 - Extractive industry activities and PE creation though the use of highly specialised globally mobile staff.