SESSION 5.2

Tackling Trailing Liabilities – What’s Your Game Plan?

Lucy Tavella, Senior Manager, KPMG LLP (US)

Leann Balbona, Senior Manager, KPMG LLP (US)

Julie Molloy, Global Tax Manager/
International Assignment Services, Bank of America (US)
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Tackling Trailing Liabilities
What’s Your Game Plan?

With You Today

Julie Molloy, Global Tax Manager, Bank of America
• Charlotte, North Carolina, USA

Tina Burnham, Head of Global Assignments, Syngenta
• Basel, Switzerland

Lucy Tavella, Senior Manager, KPMG LLP
• New York, New York, USA

Leann Balbona, Senior Manager, KPMG LLP
• New York, New York, USA
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Business Issues
Commercial

The Current Environment

Focus by Media
Increased scrutiny by Tax Authorities
Wider use of Equity Awards
Globally Mobile Workforces
Complexity around awards
Lack of control over process
Corporate risk issues
  • Monetary
  • Brand

Long Term Awards
Mobile Employees
Regulatory Activity/ Tax Compliance
Business Issue – Perfect Storm

Corporations
Globally mobile employees
Incentive awards – cash and equity
Taxing authorities - audits

Key Challenges
Tax complexities
Data sources and accuracy
Communications
Project/process ownership
What's Your Game Plan?

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Corporate Issuers
Syngenta

• Background
  • Types of plans
  • Number of cross borders
  • Locations

Bank of America/Merrill Lynch

• Background
  • Types of plans
  • Number of cross borders
  • Locations
  • Existing system from Merrill
  • Broaden use
Socializing Issue

Who?
How?
Why?

Stakeholders and Influencers

Sponsorship
Team

IT
Finance & Accounting
HR & IRR
Comp & Benefits
Payroll
Corporate
IT
Business Case

Compliance can increase cost of equity awards
1. How do you mitigate costs?
2. Demonstrate business issue?
3. Show before and after view
4. Sponsor(s)
5. Layout plan to achieve compliance

Example – Current State

Where taxes are being paid today?

- US: 57%
- UK: 26%
- Canada: 17%
Example – Future State

Where should taxes be paid?

- Libya 1%
- Nigeria 16%
- Singapore 0%
- China 25%
- US 25%
- Qatar 0%
- UK 20%
- Canada 13%

Challenges

What worked well?
What could be improved?
Expatriate Policy

• New process
• Longer time in tax program or tax equalization
• Expanded pre-assignment discussion around incentive awards
• Expectations around processing awards

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Parting Thoughts
KPMG View of Trailing Liabilities

Shift towards compliance
Top of list for most corporations
Options considered
  • In source
  • Outsource
  • Leverage technology
  • Interface with key systems

Sample Timeline

- May 1: Secure Sponsorship, Identify Team, Finalize Scope
- June 1: Identify Data Sources
- July 1: Finalize Tax Positions & Assumptions
- August 1: Validate Data & Tax Positions
- Oct 1: Complete interfaces
- Nov 1: Begin Off Cycle Processing
- Dec - Feb: Year End & Annual Report
- March 1: Annual Vest
Game Plan

Corporate sponsors
Timing of annual vest
Officers and VIPs
Off-cycle vests/exercises
Data sources
IT integration/interfaces
Cross border policy
Gather team