



30 Monck Street
London SW1P 2AP
T: +44 (0)20 7340 0550
E: post@ciot.org.uk

Global mobility of individuals Response by the Chartered Institute of Taxation

1 Executive Summary

- 1.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 20,000 members, and extensive volunteer network, in providing our response.
- 1.2 Our stated objectives are for a tax system that includes greater simplicity and clarity, so people can understand how much tax they should be paying and why, and greater certainty, so businesses and individuals can plan with confidence, alongside responsive and competent tax administrations, with a minimum of bureaucracy. We welcome the OECD's focus on the area of global mobility of individuals and consideration of how increasing trends of this creates complexity and challenges for businesses, employees, and tax authorities. This can negatively impact growth and investment. We would encourage the focus of this work to be on creating a simplified, streamlined, and modernised international approach where possible, which will, in turn, promote tax certainty. As a general principle, alignment across jurisdictions reduces the compliance work for businesses, and the administrative burden for tax authorities. Each incidence of countries doing things differently leads to complexity. We hope that this work will lead to a global consensus around what the rules should be and, in due course, to international guidelines.
- 1.3 In this context, we also note the recent OECD work, including the 2025 revisions to the OECD Model Tax Treaty. This provides relevant background and illustrates how guidance can improve certainty for common mobility-related scenarios as the changes clarify existing international tax rules in response to global mobility fact patterns.
- 1.4 We also encourage simplicity in output from the OECD. The 2025 changes to the OECD Model Tax Treaty demonstrate that better administrability and proportionality are very helpful and that fundamental changes to treaty concepts may not be necessary. Currently, for example, some businesses have a Global Mobility Policy, but others do not. One output might be an OECD model Global Mobility Policy. Mechanisms such as safe harbours can be provide simplicity and certainty. For example, an agreed minimum number of days per

annum in any location by an individual does not create either a personal tax presence (for income tax or social security) nor a corporate permanent establishment (PE), irrespective of activities being carried out.

- 1.5 The consultation document focusses on personal income tax and corporate income tax. We would urge the OECD not to lose sight of other taxes that are relevant to this area and have also been impacted by increased global mobility. In particular, there are complexities in relation to VAT (and similar consumption taxes); for example, around establishing taxable presence as between an employer of record and local employer agency, and whether there is a local presence for the purpose of excise issues for local sales of alcohol where a business has remote workers in same territory.

2 About us

- 2.1 The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely to achieve this aim; we are a non-party-political organisation.
- 2.2 The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.
- 2.3 The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.
- 2.4 Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

3 Question 1 – data and trends

- 3.1 The CIOT has not conducted research into global mobility and cannot provide evidence of trends. However, the experience of our members – both those in practice and working in business – confirms an increase in cross border remote working and digital nomadism.
- 3.2 In the UK many employees expect to be able to work remotely, and some companies have fully remote working as a model. Most of this is intra-jurisdiction, but our members report an increase in overseas business trips, some of which are being extended. For example, employees go abroad on holiday and then ask to stay in that location and work for an extended period, or there may also be requests to work abroad for a period to support a close family member. There is also a trend for people with second homes to want to spend extended periods of time there, for example in the summer. This is most likely to be the case for more senior people in the business, which gives an increased risk of creating a corporate permanent establishment (PE). However, it can also be the case that staff at all levels have personal circumstances or choices that mean it would be preferred by them to be more nomadic workers. In all cases the current rules are complex and hard to understand, and in some cases individuals may not be aware of the differing requirements and obligations, risking non-compliance. For example, there is the risk of the employer needing to register for payroll locally. If the

individual was not already filing a local tax return in that location, they likely would in future once the employer has registered.

- 3.3 Employers must consider these requests in the round. Employers may try to accommodate some limited home working, even cross-border (with controls) and may work hard to resolve the practical and tax challenges for the right person at an executive level to work where they want.
- 3.4 There is often a tension between tax rules and other business considerations, which will vary from industry to industry but can include regulatory licenses and data protection rules. In addition, from an HR perspective the employer must consider employee wellbeing and the conflict between the needs of the business and the needs of the employee.
- 3.5 Sometimes other sets of rules can impose obligations the other way around, that is from the business to the individual. For example, regulatory licences in the insurance industry, may require a senior person to be in country for a certain period each year even though that is not the normal place of work or residence for the individual. Similarly, there are an increasing number of roles where there is a Global Head of X business line/function. This individual will be based in country A but will have responsibilities in many countries across the organisation. They will travel to see clients (building/maintaining relationships but not usually focusing on deals) and to provide leadership to the local teams in who are in business line X. This is an increasing trend reflecting a matrix organisation structure rather than a jurisdictional structure. It can be difficult to track travel, and it is also difficult to determine whether a PE is being created because it would/should require a detailed analysis of each day's meetings and activities, which is not practical. Also, senior individuals may be working on sensitive or confidential projects, details of which they do not wish to/are legally unable to disclose (perhaps due to being under a non-disclosure agreement) so that can also be difficult to monitor.
- 3.6 In conclusion there are growing trends of global mobility, and we welcome that area is being considered by the OECD. The possible scenarios and fact patterns are many and varied; consideration must be given to both short term cross border working as well as longer term arrangements, across the full range of possible functions by employees.

4 Question 2 – personal income tax

- 4.1 Our comments in response to question 1 indicate the variety of circumstances that can arise. In each one of these, the personal income tax position of the individual, and the obligations on the employer in respect of personal income, must be considered – for both income tax and social security.
- 4.2 Challenges arise from withholding and reporting obligations, and these can be triggered by relatively limited cross-border presence. Tracking workdays, managing multi-jurisdiction payroll obligations, and ensuring timely relief from double taxation can impose a disproportionate burden. As a result, administrative simplification for low-risk scenarios could materially improve the situations, while remaining consistent with treaty principles.
- 4.3 Regarding global mobility trends that can create more than one tax residence for an individual, although this must be identified and considered, dual residence does not necessarily mean double taxation. The most challenging situations arise where there is no treaty, or the rules mean that the individual is resident nowhere, and so there is not anything tangible to sort out taxing rights and priorities etc. The position can be additionally complicated because some countries (for example, the US) have State or Province tax rules. These may be different to the Federal rules and create an additional layer of filing/reporting. Practical questions such as

misaligned tax years can also mean, for example, that when someone returns from a secondment, it can take two or more years post secondment to recover all double tax relief due.

- 4.4 The fact patterns that create risks of no tax residence usually happen where the individual travels between assignments. In addition, achieving certainty, or reaching a resolution of a fact pattern varies between jurisdictions and how each tax authority approaches the questions.
- 4.5 As the trend for cross border remote working has increased, employers have become better at ensuring that they have visibility of where the employee is and what they are doing. Initially that was a challenge particularly regarding jurisdictions that require tracking and payment from day 1. But increasingly, employers have clear and sensible policies to ensure that they can monitor employee movements. As we mention above, working towards a model Global Mobility Policy could be a useful output of this work.
- 4.6 When considering the rules, bilateral or regional agreements and treaties that affect cross-border working, consideration of the rules around PEs must be considered alongside the individual's residence. How tax authorities approach the question of whether there is a PE is important, and this is discussed more in response to question 3 below (and has been addressed by the OECD in the 2025 changes to the Model Tax Treaty). In addition, resolving questions around immigration and social security must also be considered, and can often be more challenging than income tax. Reciprocal arrangements for social security exist between many countries for the first 52 weeks of a secondment, but not in all cases (the UK and Australia being a case in point). It would be very helpful if there were a generally agreed international arrangement whereby it was accepted that home country social security continued to apply for a year, without the need to apply for clearances. The current position of different rules for each country or jurisdiction (for example, there is one rule for the EU) is challenging for businesses to track and deliver.
- 4.7 We are not aware of any fact patterns of cross border working that have led to disputes being taken to MAP or domestic dispute resolution. In many cases, the employer will suffer double taxation on behalf of their employees rather than incur the open-ended professional fees likely to be needed for MAP. There can also be disputes because of tax authorities applying different treaty articles: for example, pension v employment income or directors v employees.

5 Corporate income tax

- 5.1 Concerns around corporate income tax and whether there is a PE generally arise in relation to more senior employees, or when someone moves to another country on a permanent basis, depending on what he/she is doing.
- 5.2 Profit allocation to a PE for transfer pricing purposes is enormously complex, and this is particularly relevant now with the overlay of the GloBE rules.. Global mobility of employees creates additional challenges, particularly when considering the Key Entrepreneurial Risk-Taking (KERT) functions. Consideration of the issues arising from global mobility could look more broadly at the closely related concept of 'management and control' or its equivalent. The idea of a Board being in a particular location for a meeting/decision is less common, or realistic, these days, if the normal place of work/residence of directors/key decision makers can be spread across the globe and decisions of the business are facilitated by remote working. The reality is that whilst a Board may make the decision, the activity relating to that decision may be conducted elsewhere or partly there and partly somewhere else.

- 5.3 The challenges around applying this concept of KERT functions for transfer pricing, and any tension that may exist with 'management and control' or its equivalent, is exacerbated by a lack of consistency as to what drives tax location, for example, the US focuses on place of incorporation, whereas the UK and many others do not. Increased international alignment around these questions would be welcomed by businesses.
- 5.4 Issues around corporate residence are more nebulous - it is uncommon to have a situation where a single individual spending time (even extended time) in a different jurisdiction would result in a risk that its place of effective management would change to that jurisdiction - although it is not impossible. It is more likely that in combination, multiple individuals' movements could create complexity, undermine an ability to evidence that the effective place of management is in any single jurisdiction, or even just "muddy the waters" - especially where the residence assessment is already a complicated analysis based on other existing factors.

6 Acknowledgement of submission

- 6.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation
22 December 2025