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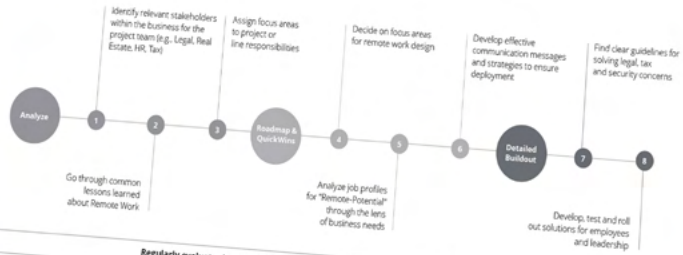
Remote Work
Chances and risks

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To find the right solutions, we see the following steps to start in a hybrid, agile, and, at best, virtual project, as the scope of activities and responsibilities evolve over time and according to business needs:



Regularly evaluate the cooperation and assignment of tasks between project and stakeholders

We would be happy to design your individual approach with you, deciding which smaller initiatives drive your overall goals and what you need to take the first small steps. The best way for us to discuss these requirements with you is in an initial (virtual) exchange.

Introduction and Service Overview

Even before the pandemic, relationships between employers and employees, like those between colleagues or even client relationships, had become more relaxed, more segmented, and more flexible. COVID-19 has only made this apparent. Employers and employees worldwide have learned the advantages and the disadvantages of the new forms of work.

Deloitte envisions great opportunities with these dynamics. However, the new world of work also harbors risks, as the legal framework in particular is often not congruent with the requirements of modern work.

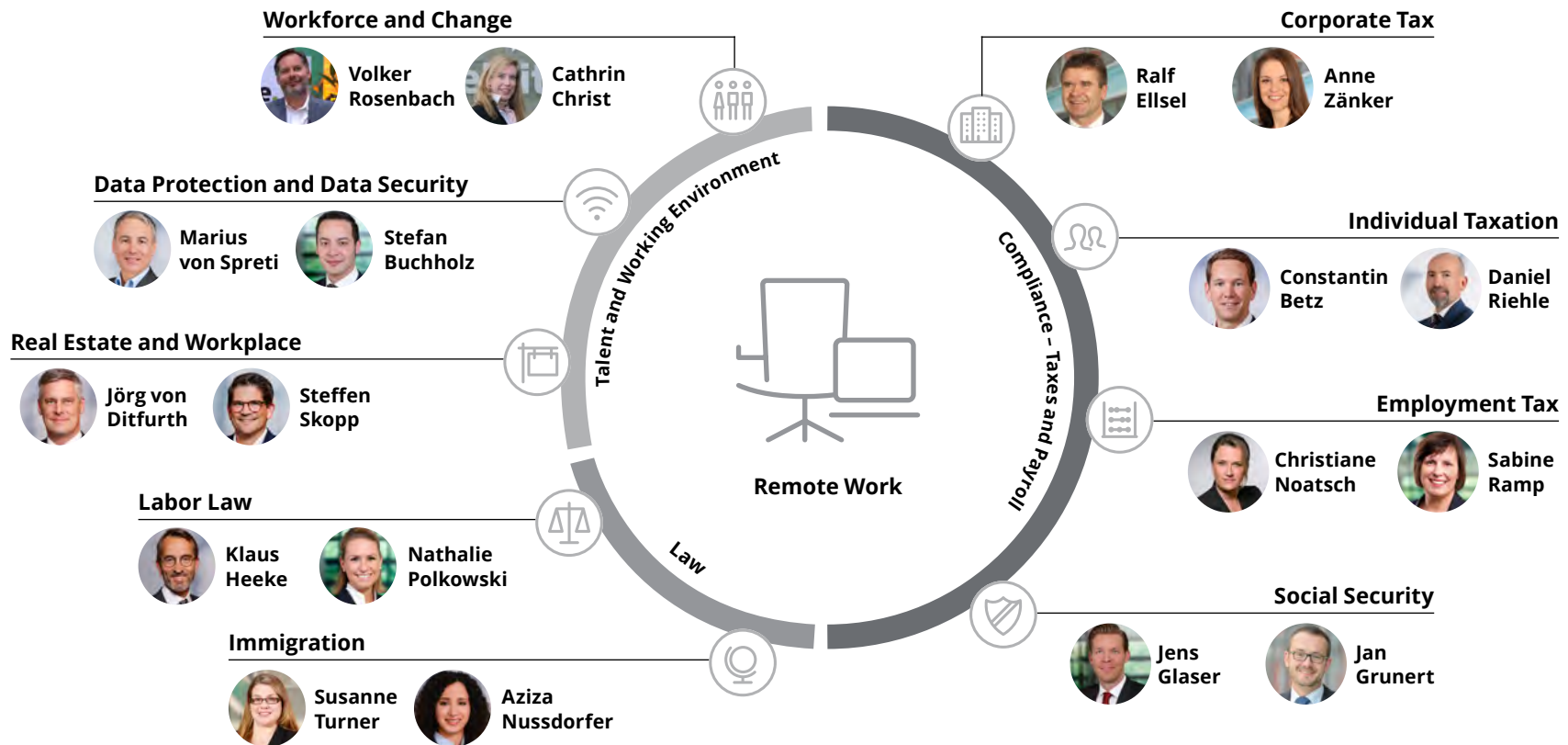
With our clients, we discuss a variety of solutions to answer the following questions:

- What is the best-case scenario? Which forms of remote work have the highest benefit to a business and involve the lowest risk?
- What can be instituted as a whole and where are individual solutions required (e.g. home office while working in the same country versus cross-border arrangements)?
- What impact do these developments have on our culture, office buildings and leaders?
- What tools can I give my managers to ensure that they can continue to give employees enough space to work productively?
- How can we create the right technology support? What security requirements need to be taken into account?
- Where do I start and what perspectives do I need to include in order to find future-oriented solutions that consider everything necessary?

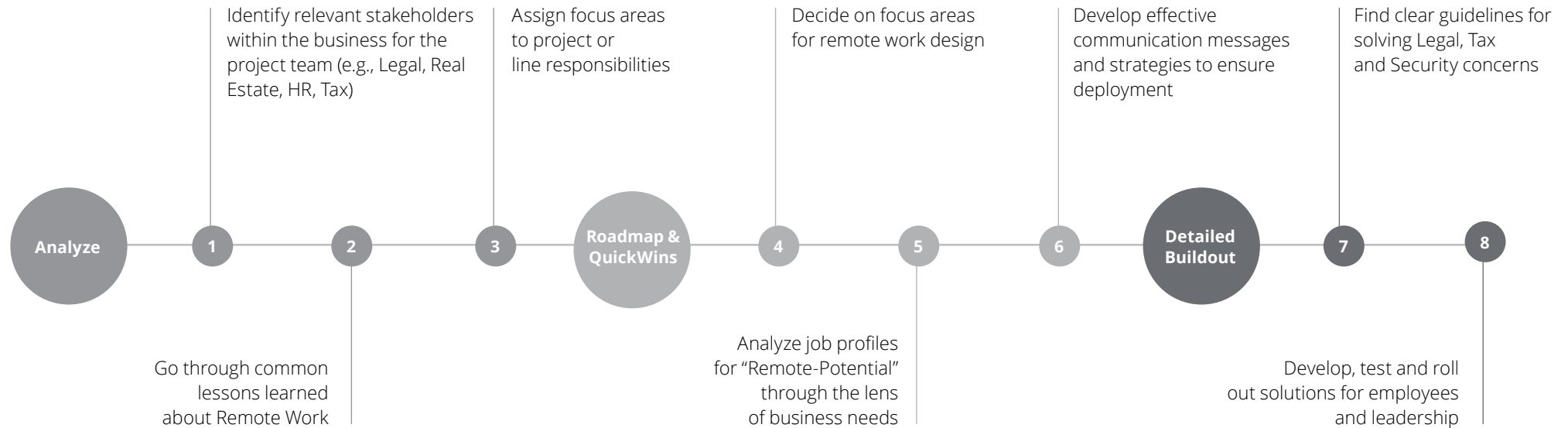
With the onset of the pandemic, so-called „COVID-19 Task Forces“ were formed in many organizations and we can learn a lot from them for the remote work of the future:

- They had a common goal and wrapped the mission in many small packages
- They naturally integrated all relevant resources
- They understood cooperation as fundamental
- They looked for solutions and not for responsibilities

For the future, we see comparable approaches to the design of remote work. We are convinced that individual solutions can be orchestrated as part of a broader strategy, but also deliver real value. We believe that a collaborative process is needed to proactively shape the big picture, taking all dimensions into account:

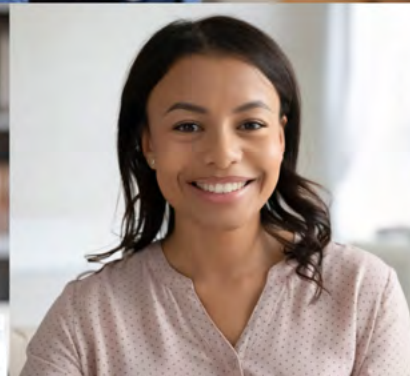


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Workforce and Change

COVID-19 seems to be our new current reality and many organizations are already evaluating which parts of the experience might become our new normal. Therefore, many organizations are considering, first, how to translate the behaviors they have learned into new ways of working in the future and, second, what questions they can answer for their employees now:

- Why will remote work still be needed in the future?
- How is remote work structured and which tasks are particularly suitable to it?
- How many rules does it require and when is common sense enough?
- What impact does this have on our corporate culture? What are the success factors?

Some organizations respond to these questions very prudently and are already working on evaluating the existing tools for the future. Other organizations prefer to continue working as they did in the times before COVID-19, as far as this is possible. Further, some of them have even introduced digital control mechanisms to be able to check whether employees are still meeting the requirements while in the home office.

There is no one-size-fits-all answer to this – Our recommendation: 1. Take your time to reflect and 2. Do not overengineer by defining every detail.

There has been a lot of discussion about the future of work for years, long before COVID-19. However, the last weeks and months have made some aspects more tangible much faster than in all the years before. It is not a matter of creating a supposedly “new normal” as quickly as possible. It is about consciously and holistically looking at which experiences of the last weeks and months form the basis for medium- to long-term goals and defining which goals can already be achieved in a target-oriented manner through short-term measures.

The focus here is on increased flexibility and cost efficiencies as well as increased productivity. It is important to use the momentum as an opportunity to realize these potential benefits in a focused manner. In this context, we can currently benefit from an increased willingness to change on the part of employees, managers and social partners.



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We see a variety of opportunities and strongly encourage to reflect on the lessons learned in the light of:

- Job profile analysis for potential remote tasks
- Employee need collection and understanding
- Review of arrangements for flexibilization of work
- Prudent managers who want to shape the day-to-day work of their employees without rigid regulations
- The right working models and appropriate infrastructure to make virtual working a success
- A reasonable change story and management to make the change sustainable

We have additionally witnessed our own health and well-being becoming a priority in recent weeks - and so the situation presents an opportunity to follow up on the well-being of employees. Organizations that see employee well-being and engagement as a success factor can position themselves as valuable employers even through a restructuring and remain correspondingly attractive afterwards.

The challenges of setting the right priorities for risk mitigation and productivity can, in our view, be effectively addressed by a proven methodology and structured process.





Data Protection and Data Security

Due to the COVID-19 pandemic, employee activities will increasingly be shifted to the home office for an undetermined period of time, supplemented by other forms of remote work. What used to be considered the exception and, in some cases, was not explicitly regulated is becoming the new standard. This creates a need for management of data privacy and data security risks that arise from the new mode of work.

Social engineering attacks that exploit the specific situation of remote working are on the rise. In addition, many companies have become aware that both organizational and technical measures to enable remote working need to be revised in order to ensure the necessary confidentiality of information and availability of IT services in everyday working life.

From a data protection perspective, there are particular challenges in the provision of collaboration tools in compliance with data protection law. For video conferencing and the exchange of information, IT services from U.S. providers are often used, which must be closely examined according to the so-called "Schrems II" ruling of the European Court of Justice.

Particular emphasis should be put on the following topics when designing data privacy and data security measures for remote work:

Technical	Organizational
Secure and privacy-compliant collaboration tools (e.g., video conferencing solutions)	Security Awareness
Secure remote access to corporate resources (VDI/VPN)	Secure and data protection-compliant design of the working environment
Securing remote workstation systems (Fully Managed/BYOD)	Handling and disposal of paper documents

When designing appropriate measures for remote work, it is always necessary to consider which specific requirements exist for confidentiality, integrity and availability. Both external requirements, such as laws and industry-specific regulations, and internal requirements, such as those from existing guidelines and company agreements, have to be taken into account.

The experts from the Risk Advisory, Cyber area can support in the design and implementation of measures for secure and data protection compliant remote working.



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Our services in this context are:

- Cyber and Privacy Assessment for Remote Work
- Support for the implementation of collaboration tools and remote access infrastructure
- Introduction of organizational regulations for safety in the home office





Real Estate and Workplace

Driven by increasing connectivity, new technologies, process automation and flexible working models, the way we work, where we work and when we work is undergoing major changes.

The COVID-19 pandemic is accelerating these changes, presenting both employees and companies with the enormous challenge of having to change familiar ways of working in a very short time.

Flexible working in different work environments or remote working at alternative work locations, conducting virtual workshops and holding business meetings via video conferencing – these elements of the digital working world are increasingly coming into focus in the current situation.

Companies therefore need to rethink the topic of real estate and the world of work against the backdrop of remote work:

- Do we still need offices in the future?
- Why will employees still come to the office in the future?
- How much office space do we need and at which location? What types of space do we need and how can we create a more attractive and suitable working environment for my employees despite a reduction of space?
- What impact does the change in work have on the requirements and needs of employees in terms of the place of work?
- How can the office of the future be optimally integrated into increasingly virtual collaboration?
- How can we leverage Smart Building and Digital Workplace opportunities?

At Deloitte, we have the great advantage that we advise our clients on these issues, while also being affected by the change ourselves. From our experience as an independent consultant, we see the following alternative approaches:



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Office/real estate portfolio of the future

- Analysis of the real estate portfolio and evaluation of the impact of remote work and new workplace concepts (e.g. location and space consolidation)
- Development of an adapted real estate portfolio strategy taking into account the office/workplace strategy of the future or taking into account the workplace strategy on the basis of observed typical user profiles
- Development of potential scenarios with corresponding business cases
- Strategy and implementation support for the reduction of real estate-related costs

Office and workplace strategy of the future

- Vision/goals for workplace of the future
- Deriving future user types and their qualitative workplace requirements
- Deriving qualitative guidelines for the workplace of the future
- Experiential area prototypes and testing, as well as readjustment of the guidelines
- Business case and quantitative area forecasts
- Implementation planning and support including orchestration of complex stakeholder structures

Smart Building und Digital Workplace

- Smart Building and Digital Workplace Strategy and Goals
- Development of use cases and requirements
- „Proof of Concept“ and the tendering/selection of suitable providers
- Implementation planning and support including orchestration of complex stakeholder structures





Labor Law

The Corona crisis has significantly increased the need for new forms of work. Both employers and employees are increasingly focusing on the opportunities and possibilities of digitized work. At the center of this is the term “Remote Work”, which covers a wide range of modern employment opportunities.

Currently, the most prominent kind of remote work is the employment in a home office (specifically, according to § 2 para. 7 ArbStättV: Telework). This gives employees the opportunity to perform their work from their home.

Apart from this, there are numerous opportunities for employers and employees to use digitization in a way that fits their needs. However, these opportunities present the parties of the employment contract with legal challenges. The special work situation requires precise regulations on remuneration, working hours, rest periods and data protection. Last but not least, the works council's rights of participation in the introduction of new forms of work require a solid legal basis for remote work.

Mobile work, on the other hand, offers employees the greatest possible flexibility in scheduling their work: a smartphone or laptop and internet access open up the possibility of being at any workplace, anywhere, at any time.

In order to integrate remote work into your business, our attorneys of Deloitte Legal are available to provide you with their cross-border expertise, particularly in the following areas:



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- Support with works agreements - from drafting the text of the agreement to concluding negotiations with the works council
- Adjustment and amendment of employment contracts
- Assistance in the fulfillment of occupational health and safety regulations, including accident prevention
- Provision of data protection regulations (especially for employee data protection)
- Legal assessment of typical labor law issues in remote work (e.g. working hours, performance, etc.)
- Out-of-court and in-court representation in disputes



Matthew D
Available

Home
New

Contacts

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Emily K.

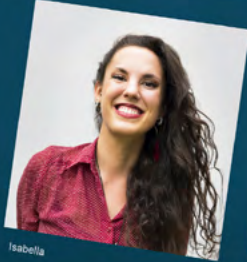
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Jayden CK.

Ava



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Immigration

The cross-border flexibility of the working world through remote work has become a reality. Global Mobility Teams are faced with the task of assessing the risks and effects of travel and outbound movements of the international workforce and taking the necessary steps.

In this context, decision-makers are often faced with the challenge of identifying the travel and departure movements of internationally seconded or employed staff. At the same time, they must ensure that companies do not run the risk of illegal employment or illegal residence of employees by enabling/expanding remote work and creating/adapting corresponding policies.

This raises the following questions:

- Are any required permits and work authorizations available in the country of residence?
- What is the impact of short-term or long-term absences on the employees' existing residency status?



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- Are there any obligations to register with the authorities due to short-term or long-term absences or the temporary relocation of the center of life?
- What effects do adjustments and amendments to employment contracts and secondment agreements have on the status under residence law or the work permit?
- Will contract adjustments or changes in working conditions trigger new application or notification procedures?
- Can any required applications or notifications result in a mandatory stopping of work until an official decision is made, and how is this gap bridged during the pause in work performance?

To integrate remote work into your business, our immigration experts are available to provide you with their cross-border expertise, particularly in the following areas:

- Support in the preparation and extension of remote work policies
- Checking the conditions in the remote (host) country
- Assessment of contract amendments and supplements under immigration law
- Carrying out any necessary official notifications and adjustment of residence status and work permits in the receiving country
- Assessment of long-term effects on the subsequent acquisition of longer-term residence permits or citizenship.





Corporate Taxation



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To address complex international tax issues related to remote work and new working conditions, we are happy to assist you with a team that is familiar with international cross-border tax challenges and maintains a close relationship with Deloitte's global tax advisory network. The new world of work, characterized by remote work, home office, matrix structures or the exchange of employees between affiliated companies, has a variety of tax connections.

Our business tax consulting services cover all tax aspects at the corporate level, such as corporate income tax, trade tax, withholding tax, value added tax, as well as regional or local taxes, whether incurred in Germany or abroad.

The aim of our consulting services is to design flexible work structures within the tax framework and to minimize tax compliance risks, which arise in particular from remote work. We handle your complex tax matters and achieve cost reduction through process optimization with our versatile service catalog:

Permanent Establishment (PE) topics

- Analysis and assessment of whether a business activity creates a PE
- Advice on different types of PE (fixed business establishment, agent, service and business management PE)
- Monitoring of PE risks in different countries
- Detailed PE analysis in Germany as well as abroad
- Preparation of recommendations for action to reduce PE risks
- Review of the broad tax implications as well as the legal and tax registration obligations in the case of a PE establishment

Tax return services

- Compliance and processing of various tax return obligations
- Support with tax and legal registration in the respective country
- Assist in the preparation and filing of tax returns and related documents
- Support in transfer pricing issues (such as profit split between parent company and PE with appropriate transfer pricing methods), PE profit calculation as well as preparation of PE balance sheet and P&L statement

Related tax consulting services

- Identify and review other potential tax liabilities and obligations that may arise from mobile working even in the absence of a PE
- Support with requirements from local tax authorities
- Accompaniment through company audits
- Tax support within the framework of tax due diligence

Process optimization

- Close cooperation and coordination with our global Deloitte network
- Monitoring of PE risks with appropriate assessment tools
- Design, implementation and optimization of internal processes
- Development of an internal control system
- Development of an internal policy for mobile working
- Workshops/training opportunities to increase awareness of PE and corporate tax issues





Individual Taxation

In addition to the classic trip to the office, many companies now offer their employees several options for carrying out their work. This could potentially create numerous tax issues. These can be particularly complex in international situations, for example, when an employee works for his domestic employer from abroad. So-called „workation“, in which work and (foreign) leave are combined, also frequently leads to challenges in practice.

Questions that typically arise in international arrangements from the employee's point of view are:

- What are the tax implications of working in a foreign home office?
- What are the possibilities for optimization, considering the agreements concluded between some countries?
- What tax risks may arise when work and leave merge as part of „workation“?
- What should be considered if, due to COVID-related travel restrictions, work cannot be performed at the regular workplace and the job must now be performed in another location?

Further questions that arise in both national and international remote work arrangements are:

- Are additional payments or reimbursements from the employer with regard to the home office or its equipment tax-free? Are there any options for optimization?
- To what extent can expenses for the home office be claimed against tax?
- What optimization possibilities exist with regard to the topic of company car taxation?



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In connection with the above issues, Deloitte offers the following services:

- Identification of tax risks that have arisen for certain employee groups due to (e.g. COVID-related) remote work set-ups. Formation of risk classes and development of measures for risk minimization. We are also happy to support you in implementing the measures and communicating them to your employees.
- Preparation of information letters for employees on tax optimization options in connection with home office and implementation in the context of personal income tax returns. If desired, possibility to include individual assistance for employees by Deloitte (by telephone or email).
- Preparation of international income tax returns of the employee to ensure corresponding taxation and tax optimization of home office issues.
- Conducting employee interviews in advance of an employee's intended remote work activity. During the interview, areas for action, optimization opportunities and possible risks are identified. The findings from the discussions are used to create a decision template for the company.





Employment Tax

The increased flexibility of work is a trend that increasingly presents employers with challenges, which have an effect on the wage tax declaration and payroll.

In this context, issues related to documentation requirements, disclosure requirements in the annual wage tax statement, and applications to the tax authorities in connection with payroll are additional aspects that need to be considered. Employers are regularly confronted with increased time spent on additional claims during external payroll tax audits.

From the employer's perspective, the increasing prevalence of home office and remote work, in particular, represents a new development that may cause a need for tax advice.

Possible issues from a payroll tax perspective for the employer include:

- What are the wage tax consequences of an additional payment or reimbursement of costs granted by the employer for setting up and maintaining the home office?
- What are the wage tax implications of lending or transferring IT equipment for remote work to the employee?
- To what extent can the employer reimburse its employee for costs of utilities and/or office supplies for the home office?
- What are the wage tax implications of an allowance granted by the employer for the employee's internet or telecommunications costs?
- What are the consequences of the employer's obligation to work in a home office for the wage taxation of the company car?
- What are the payroll consequences for employees who reside abroad and occasionally work remotely there?



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Deloitte supports employers with the following payroll tax services:

- Ad hoc advice on payroll tax inquiries
- Support with the correct implementation of all circumstances in payroll, the wage tax registration and the statement in the income tax certificate
- Support and preparation of proactive agreements from the tax authorities for employment tax positions or approaches
- Applications to the tax authorities (e.g., application for employees with limited tax liability to be granted tax class 1, application for exemption of wages under a double tax treaty)
- Questions on documentation requirements in the payroll accounting and for the purposes of an external payroll tax audit
- Training for employees in HR/payroll functions
- Analysis of risks in the wage tax declaration by means of a due diligence audit
- Preparation of overviews for the wage tax assessment of recurring circumstances (so-called "taxability grid")
- Development and implementation of a payroll tax internal control system, also within the framework of a Tax Compliance Management System (Tax CMS)





Social Security

The digital world offers unlimited possibilities in terms of remote work - in the world of social security, however, there are narrow limits and numerous rules. The social security consequences of remote work should therefore not be underestimated.

If the employer does not properly fulfill its obligations, there is a risk that benefits from the social security system for the employee will be completely denied or restricted.

For example, employee coverage under accident insurance is only guaranteed under certain conditions. An accident at work in the context of remote work can lead to high costs for the employer. Cross-border activity poses an additional challenge. Regular home office activity in another country can lead to a change in applicable social security law. The employer must become familiar with the other country's social security regulations and implement the registration, reporting and contribution requirements correctly and on time. If social security contributions are made to the wrong social security system, not only are sanctions threatened by the responsible authorities.



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The affected employee's entitlement to benefits from the respective social security system may also be limited or denied.

To avoid this we offer the following services:

Area	
Policy	<ul style="list-style-type: none"> • Preparation of a social security remote work policy • Review of an existing policy • Resolution of international issues • Approaches to a change in the social security system
Compliance	<ul style="list-style-type: none"> • Application for Certificates of Coverage (A1) • Social security compliance in affected countries
Communication	<ul style="list-style-type: none"> • Support with communication within the company • Support with communication to employees
Consulting	<ul style="list-style-type: none"> • Decision on the applicable social security law (analysis of optimization possibilities) • Risk analysis: Employer obligations and risks in the case of home office activity
Cost estimate	<ul style="list-style-type: none"> • Determination of financial effects due to home office • Comparative calculations





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