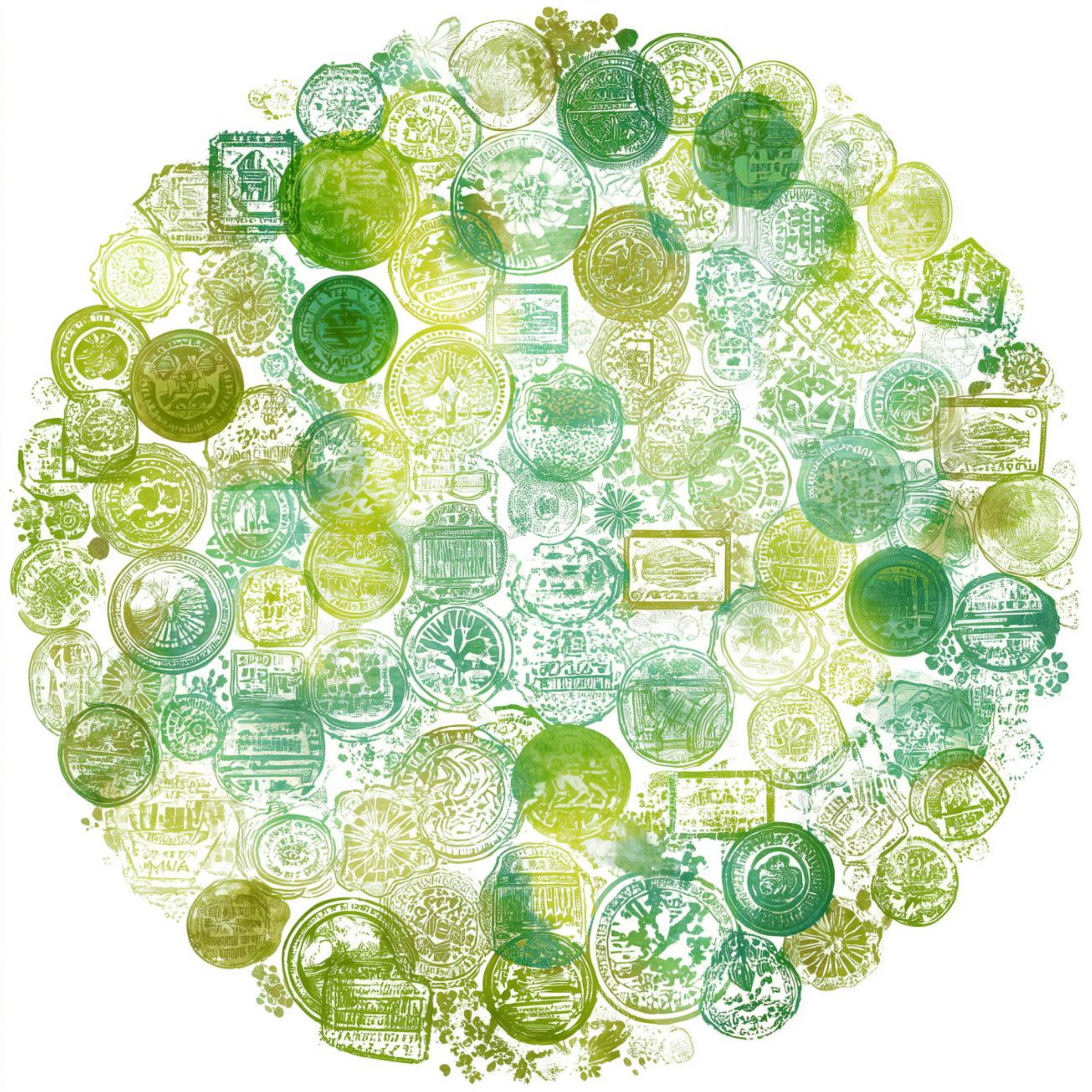

Cross-Border HR Compliance: The 2026–2027 Readiness Series

Payroll reporting

May 2026

PAYROLL REPORTING IN 2027

In 2026, cross-border work becomes a data-driven compliance topic. For Swiss-based employers, remote work, business travel, payroll reporting, social security documentation and individual tax status now need to be managed through one integrated control framework.

Introduction

Payroll is often where cross-border complexity becomes visible. HR may approve the working arrangement, tax may interpret the rules, travel teams may record movement, and Compensations and Benefits (C&B) may manage equity events. But at year-end, payroll is frequently the function that must produce a record, reconcile numbers and support reporting obligations.

For French-resident cross-border employees working for Swiss employers, the 2026–27 cycle raises the standard of payroll readiness. Employers should be able to connect employee identity, residence, compensation, telework days, relevant temporary assignment days and evidence of review. If those elements are not connected, payroll may be asked to report data that the organisation cannot properly support.

This article explains why payroll is becoming the practical compliance record, what data needs to be collected, where the main fragmentation risks arise, and how employers can build a defensible payroll reporting process before the first reporting cycle based on 2026 data.

Payroll as the compliance record

Payroll has always had a compliance function. It calculates compensation, applies withholding, prepares employee documents and supports employer reporting. What is changing is the link between payroll and work location. The annual payroll position may need to reflect not only how much an employee was paid, but also where the employee performed the work that generated the compensation.

This is a practical challenge because payroll systems are not always designed to capture work location at a daily level. They may know that an employee is resident in France, employed by a Swiss entity and paid through Swiss payroll. They may not know whether the employee worked from home, travelled to a client in France, attended training abroad or worked in the Swiss office on a particular day.

The compliance record therefore needs to be built around payroll, but not only within payroll. It requires inputs from the Human Resources Information System (HRIS), travel management, employee declarations, manager approvals and, in some cases, equity plan administration.

What data employers should be ready to reconcile

The relevant data model should be defined before year-end. Employers should identify who is in scope, which compensation items are relevant, how workdays are classified and how exceptions are reviewed. Without a defined model, the organisation may collect data that is too general, too inconsistent or too late to be useful.

At a minimum, employers should be able to reconcile the employee's identity, residence status, employer entity, gross compensation, telework rate, relevant temporary assignment days and supporting evidence. For employees with equity compensation, the workday record may also need to support sourcing analysis for vesting events.

Why fragmentation creates risk

Data fragmentation is the core payroll risk. A business may believe it has a simple hybrid work policy, while the actual data is split across systems that do not communicate with each other. HR sees the policy. Travel sees flights and hotels. Payroll sees salary. The employee sees personal flexibility. Tax sees thresholds. None of these perspectives is complete on its own.

Data point	Where it may sit	Why it matters
Employee and employer identification	HRIS and payroll master data	Defines the reporting population and employer responsibility
Residence and permit status	HR files and onboarding data	Identifies French-resident frontaliers and other cross-border employees
Gross compensation	Payroll system	Supports reporting and allocation analysis
Telework days	HRIS, time tracking or employee declarations	Supports the annual workday count
Business travel / temporary assignments	Travel tool, expenses and calendar records	Identifies relevant days outside Switzerland
Equity events	C&B or share plan administration	May require workday-based sourcing review

Fragmentation also creates timing risk. If payroll discovers in January that travel data for the previous year is incomplete, the organisation may have little time to validate the numbers. If employees are asked to reconstruct their workdays after the fact, the result may be inconsistent and difficult to defend.

The solution is not necessarily a new system. Many employers can improve significantly by defining a clear process: which data sources are authoritative, when data is extracted, who validates exceptions, and how the final numbers are signed off.

Example: the employee with remote work and client travel

Consider a French-resident employee employed by a Swiss entity. The employee works from home in France on Fridays and occasionally attends client meetings in Paris. HR records the remote work arrangement. Travel management records the Paris trips. Payroll processes the salary in Switzerland. C&B administers an annual bonus and a Restricted Stock Unit (RSU) vesting event.

At year-end, the question is not simply whether the employee was allowed to work remotely. The employer needs to know how many days were worked outside Switzerland, which days were home office days, which days were temporary assignments, whether any threshold was approached or exceeded, and whether the compensation or equity treatment needs further analysis.

Controls employers should implement

Employers should begin with a population review. The payroll team should agree with HR and tax which employees are in scope, including joiners, leavers, part-time employees, executives, equity holders and employees with complex travel patterns.

The next control is daily classification. Employers should avoid relying only on percentages or weekly patterns. A two-day-per-week policy is useful, but it does not replace a day-by-day record when business travel and temporary assignments are relevant.

The final control is reconciliation. The organisation should compare HRIS data, travel data, payroll data and employee declarations before finalising the annual position. The reconciliation should be retained and should show who reviewed the data, what assumptions were applied and how exceptions were resolved.

Common mistakes to avoid

One mistake is to treat payroll reporting as a payroll-only matter. Payroll may submit the record, but it depends on upstream data. Another mistake is to ignore employees who do not have a formal remote work agreement but who work flexibly in practice. De facto patterns may be as relevant as formal arrangements.

A third mistake is to overlook part-year employees. Joiners, leavers and part-time employees may require proportional or specific analysis, and their data can be harder to reconstruct if processes are not in place from onboarding.

A fourth mistake is to forget that payroll and salary certificate processes are not necessarily the same as the additional cross-border reporting process. Employers should distinguish the documents, deadlines and data fields that apply to each obligation.

Next week's publication: A1 certificates and cross-border telework — what HR teams need to understand before thresholds are crossed.

CONTACTS

Our Support

Deloitte's cross-border employment, payroll, tax and social security specialists can help employers design and implement an end-to-end compliance approach for French-resident frontaliers and other cross-border employee populations. This includes workforce mapping, threshold analysis, workday tracking, A1 certificate support, payroll reporting readiness, business travel controls, equity documentation and year-end reconciliation.

If you would like to discuss this topic, please reach out to our key contacts below.

David Wigersma
Partner
+41 58 279 9260
dwigersma@deloitte.ch

Kevin Brahimi
Director
+41 58 279 8881
kbrahimi@deloitte.ch