

Business Travel Analytics

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MITF 2024: Tax in a data-driven world

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Poll



Trends



Tax Transformation Trends 2023

Published: October 2023 | [Read more](#)

Tax and regulatory changes, such as the OECD Pillar Two and ESG measures, prompting companies to address long-standing data challenges.



Upward climb with uphill struggles: 2024 Deloitte corporate travel study

Published: July 2024 | [Read more](#)

While fewer workers travel for sales and project work, those who do are on the road frequently. One in five frequent travelers say they travel for sales or project work more than once a month.

About three in 10 travelers say they never book trips through corporate online booking tools or agents. Most travelers book at least some of their trips through unmanaged channels.



Navigating toward a new normal: 2023 Deloitte corporate travel study

Published: April 2023 | [Read more](#)

The growth of live events and the easing of restrictions are major drivers of the expected increase in travel. International trips and industry events are leading the way in travel recovery.



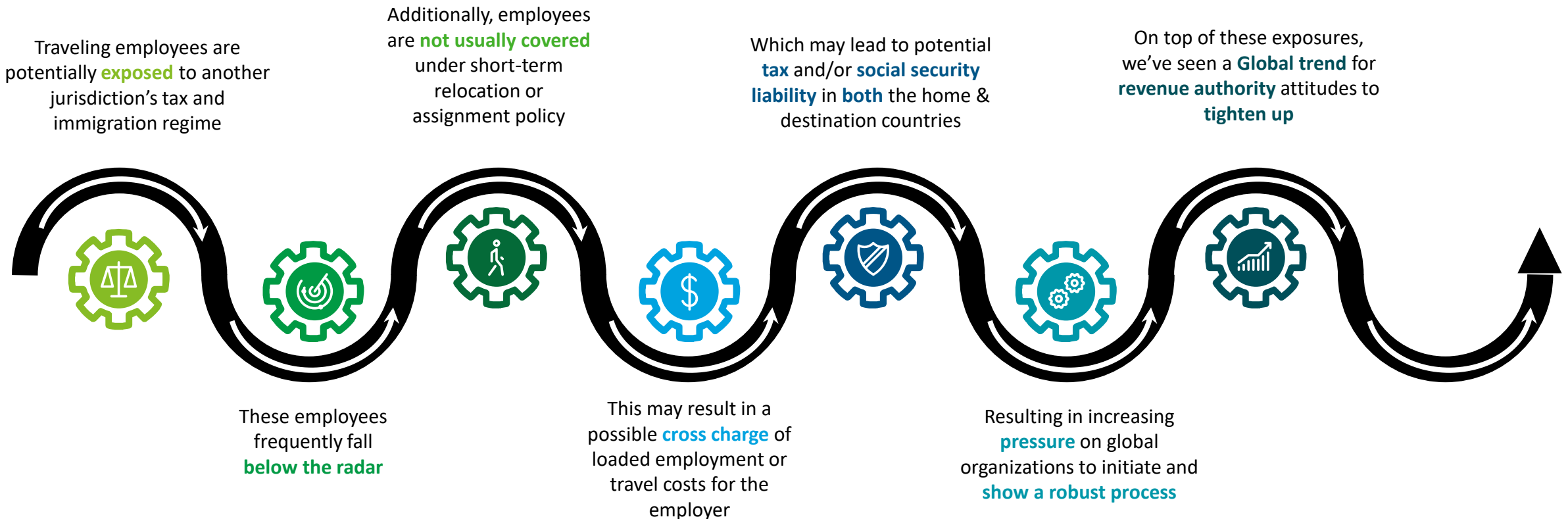
2024 Global Talent Mobility Survey

Published: June 2024 | [Read more](#)

The revival of business travel, coupled with heightened expectations for hybrid and remote work assignments, is driving many employers to proactively manage potential risks.

What are the issues?

Global business travelers have the potential to trigger a compliance or withholding obligation at an individual or corporate level



What are the risk associated with business travel?

Employer

Payroll, income and social tax

- Host and home payroll reporting and withholding requirements
- Employer social security obligations; not always in line with income tax withholding obligations
- Incremental employee income and social tax costs (if equalized)

Corporate tax

- Permanent Establishment and how the travelers' activities create a PE and tax filing requirements for the employer

Immigration

- Obtaining correct visas and work permits

Commercial

- Accuracy of the costs of business travel for project or product budgeting purposes

Labor law / EU PWD

- Presence of business travelers in another jurisdiction can expose the Company to labor laws of that jurisdiction

Employee

Tax filings

- Tax ID registrations
- Individual income tax return filing requirements, including treaty-based returns
- More complex tax filings

Income and social tax

- Incremental income and social tax costs
- Cash flows from duplicate withholdings

Immigration

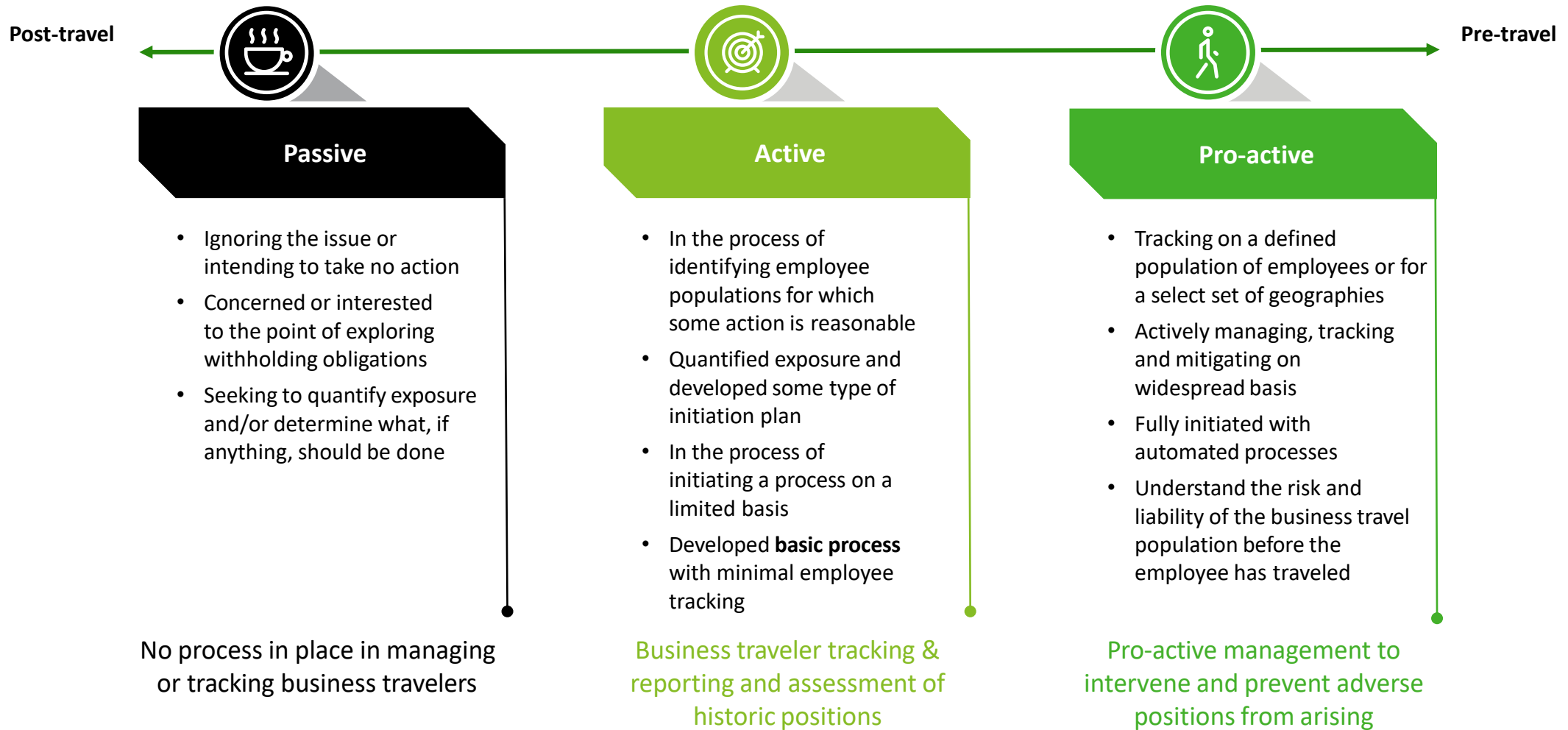
- Risks associated with entering a jurisdiction on the wrong visa

After-tax pay

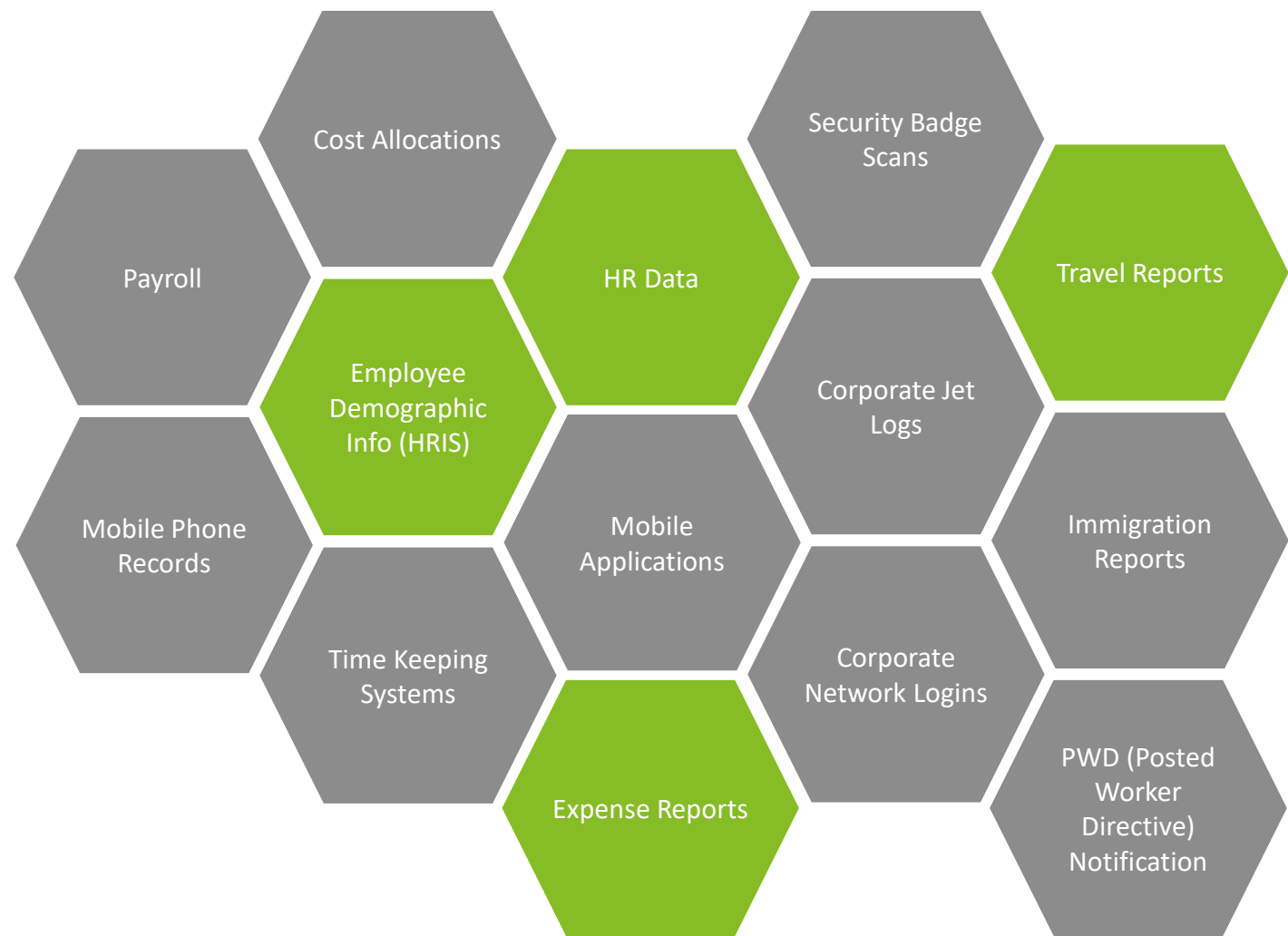
- Equalization
- Responsible for own taxes

What are other companies doing?

A range of approaches in the market

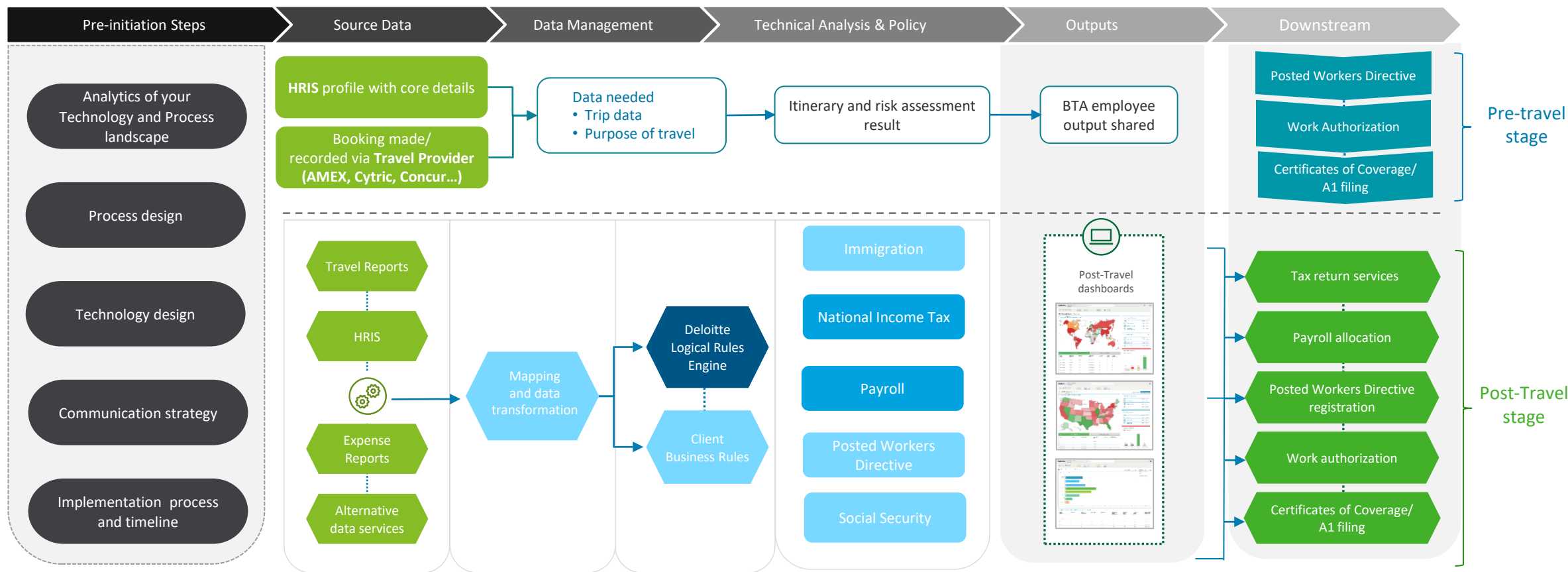


Data sources used to identify business travel



Our business travel technology and process approach

Deloitte’s highly consultative service, enabled by technology, supports an end-to-end process beginning with policy and program design, supporting automated risk assessments and initiating and performing downstream services.



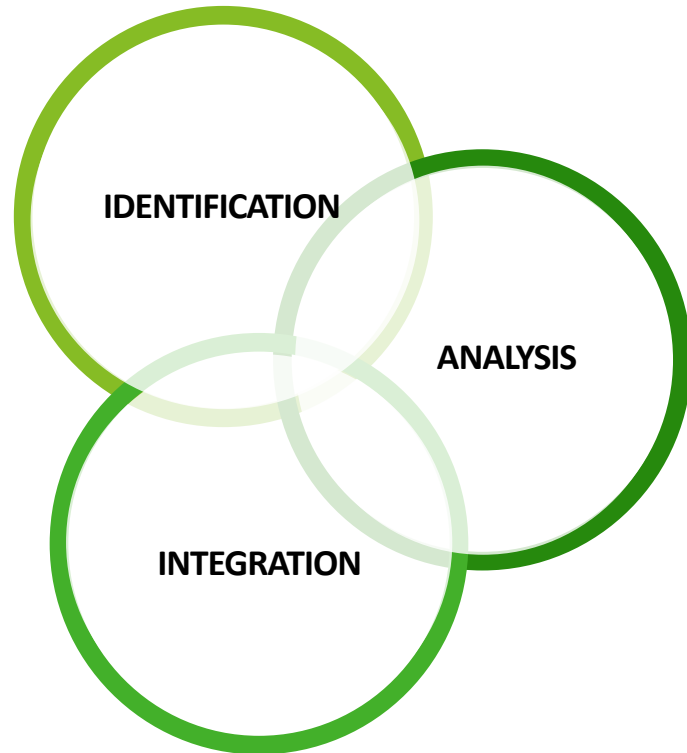
- ★ **Flexible integration architecture** including Concur, Travel solutions and Payroll systems
- ★ **Easily configured logic** according to your business rules
- ★ **Superior security** governance for your data & information
- ★ **Smooth data collection** and clear employee communications
- ★ **Visibility to business travel impact** through employee validation
- ★ **Increased transparency** for employee travel-related tax requirements
- ★ **Simplify individual compliance** and meet travel-related tax obligations
- ★ **Ease individual tax filings** related to domestic travel
- ★ **Manage payroll reporting** and withhold taxes
- ★ **Reduce exposure** for payroll tax compliance
- ★ **Reduce burden of audit** compliance response

*Dashboards display and reconcile pre-travel downstream activities

Business travel analytics

Designed to manage corporate travel risks and provide a managed service through regular data and analysis updates—leveraging our vast experience in tax, social security, legal, technology, and analytics.

Business Travel Analytics offers a fully integrated service across a number of areas, including:



IDENTIFICATION

- Who is travelling?
- Where are they travelling to and for how long?
- What are they doing in that particular location?

ANALYSIS

Modular approach:

- Income tax
- Social security
- Permanent establishment
- Immigration
- Posted Worker Directive
- Commuter
- Remote Work

INTEGRATION

- A joined up methodology
- Integration of your existing service providers
- A consolidated and reliable view of your business travel population

Business Travel Analytics enables businesses to assess the potential compliance risks and liabilities in relation to their travel and allows for the required safeguarding actions to be taken in due time, pre-travel and post-travel.

Business travel analytics

Dynamic and customizable reports that illustrate pre-travel considerations, identify employee travel patterns, flag the jurisdictions in which employees have triggered potential tax filing obligations, and those individuals approaching thresholds. All reports will be customized to align with your requirements to support processes, decision making, internal reporting, and other management requirements.



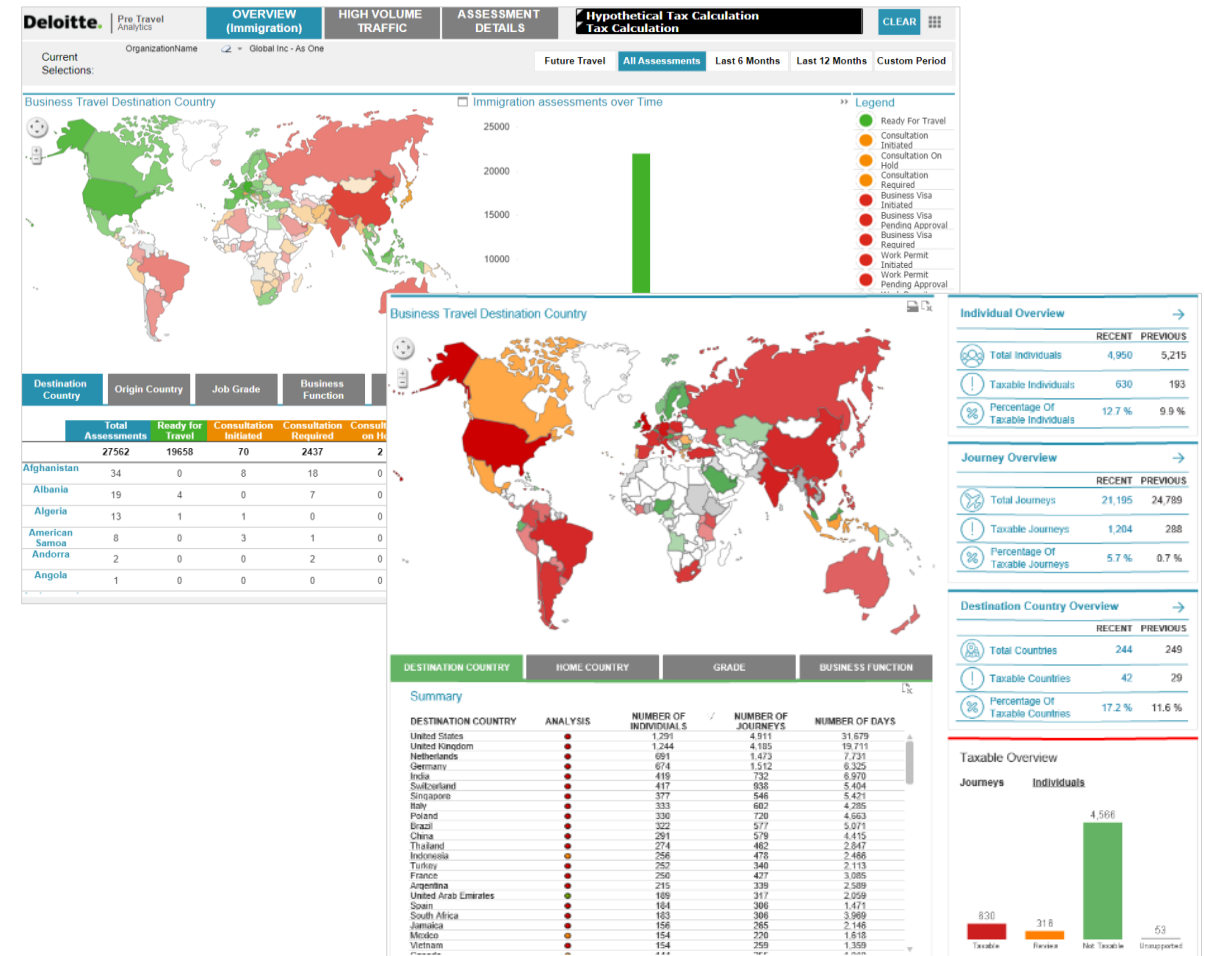
Features

- Intuitive controls
- Dynamic graphical displays across multiple dimensions
- Consolidated views based on user selections
- Ability to view reports from macro to individual level
- Generate client-specific reports or views based on certain criteria
- Exportable content with a single click
- Ad-hoc report generation
- Refreshed according to agreed data cycle (i.e. monthly)
- Bookmark functionality to quickly access frequently viewed data sets
- Push notifications based on established criteria



Available dashboards

- Pre-travel assessment and status
- National income taxes
- Permanent establishment risk factor analysis
- Social Security
- Posted worker directive
- Immigration
- Travel cost analysis
- VAT analysis and potential recovery
- Appendix IV
- Commuter
- COVID-19



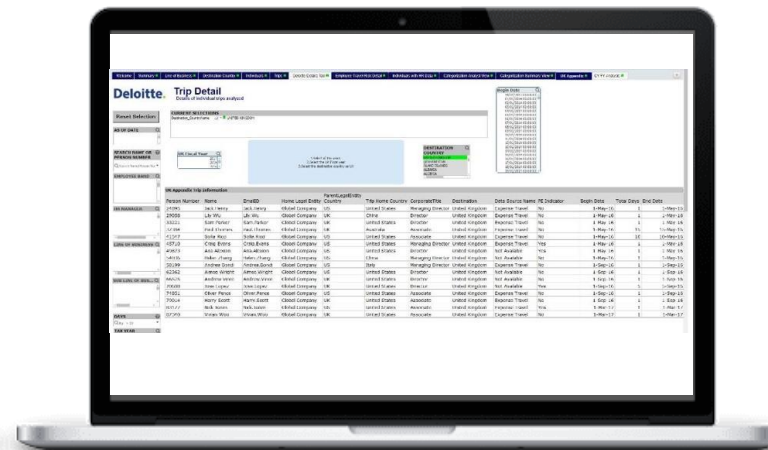
Analytic screenshots

NATIONAL TAXES



- Analyzes the taxability of individuals travelling between 80 tax jurisdictions.
- Helps tracking travelers based on the number of days spent in each jurisdiction.

UK APPENDIX IV FILING



- An organization can use this dashboard to review and download information needed for the UK STBV reporting.
- This can be configured for your specifics that we can discuss during initiation phase.

SOCIAL SECURITY



- Enables businesses to assess the potential social security risks and liabilities in relation to their travel.

Analytic screenshots

IMMIGRATION



- An organization can review historic immigration compliance across the enterprise, with the results visualized via an interactive dashboard.

PE RISK FACTOR ANALYSIS



- PE Risk Factor analysis processes large volumes of business travel related data and tests this against the OECD Model treaty rules to provide a first level assessment of potential PE risk factors.

TRAVEL EXPENSE



- An organization is able to carry out travel cost analysis. Costs can be analyzed across business units, staff grades, geographies, as well as travel carriers.
- This analysis can improve understanding of adherence to travel policies as well as provide insight for procurement teams on travel spend.

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Permanent establishment – Deep dive

Permanent establishment

What are the issues?

Corporate income tax can be triggered when a non-resident entity creates a taxable presence (permanent establishment or PE) in another jurisdiction.

Taxable presence is created by a non-resident company when it:

- A fixed place of business in the other state through which the trade of that company is carried on.
- An agent, other than one who is of independent status, who habitually exercises the right to conclude contracts on behalf of the non-resident company.
- A service PE is a taxable presence created when a foreign enterprise provides services in another country for a significant duration, leading to tax obligations in that host country based on bilateral tax treaties and domestic laws.

Certain countries (China and Canada) have incorporated services PE provisions in their treaties with the US

Implications of creating a PE?

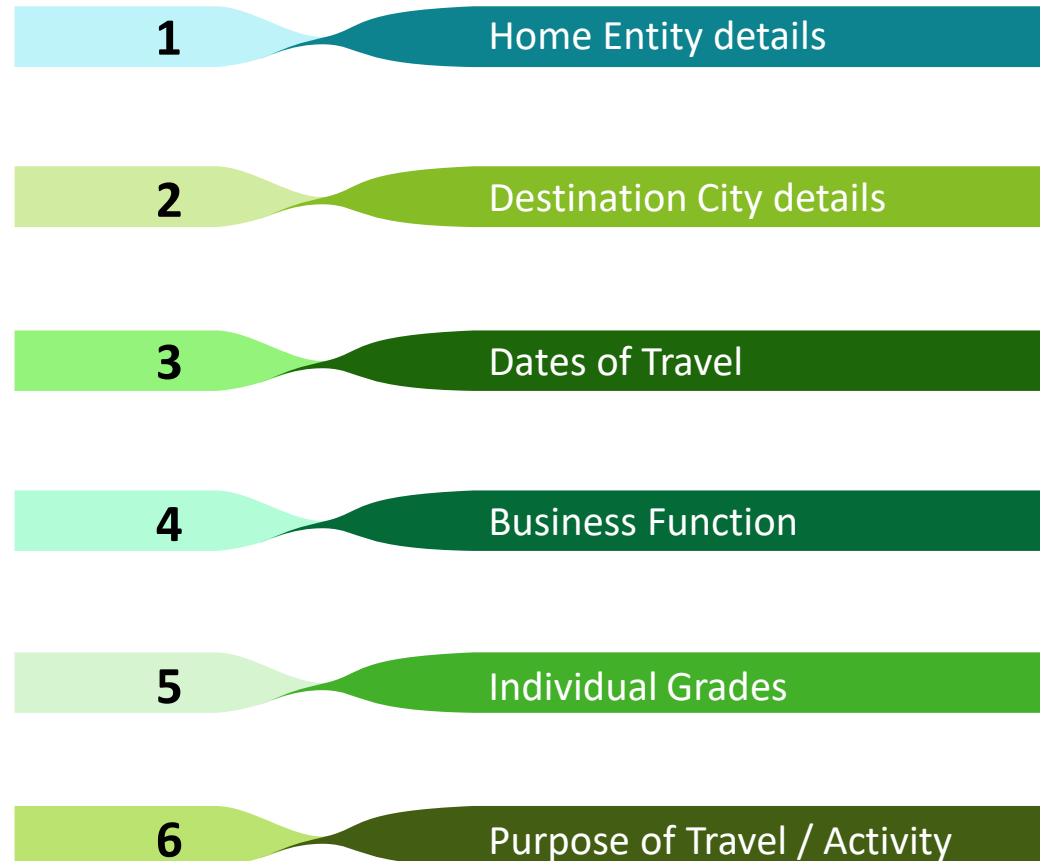
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- The non-resident company will be taxed on the profits which are generated through the activities in that tax jurisdiction
 - File a tax return
 - File statutory accounts
 - The employees of an entity with a PE may not be eligible for tax relief under the Dependent Personal Services article of the relevant income tax treaty
 - Potential exposure to tax audits focused on determining the revenues associated with the activities conducted in the jurisdiction with the PE

Permanent establishment

Our approach

Our PE tool focuses on the simplicity and technology to process large volumes of business travel related data and to test this against the OECD Model treaty rules.

What data can be used to identify PE risk?



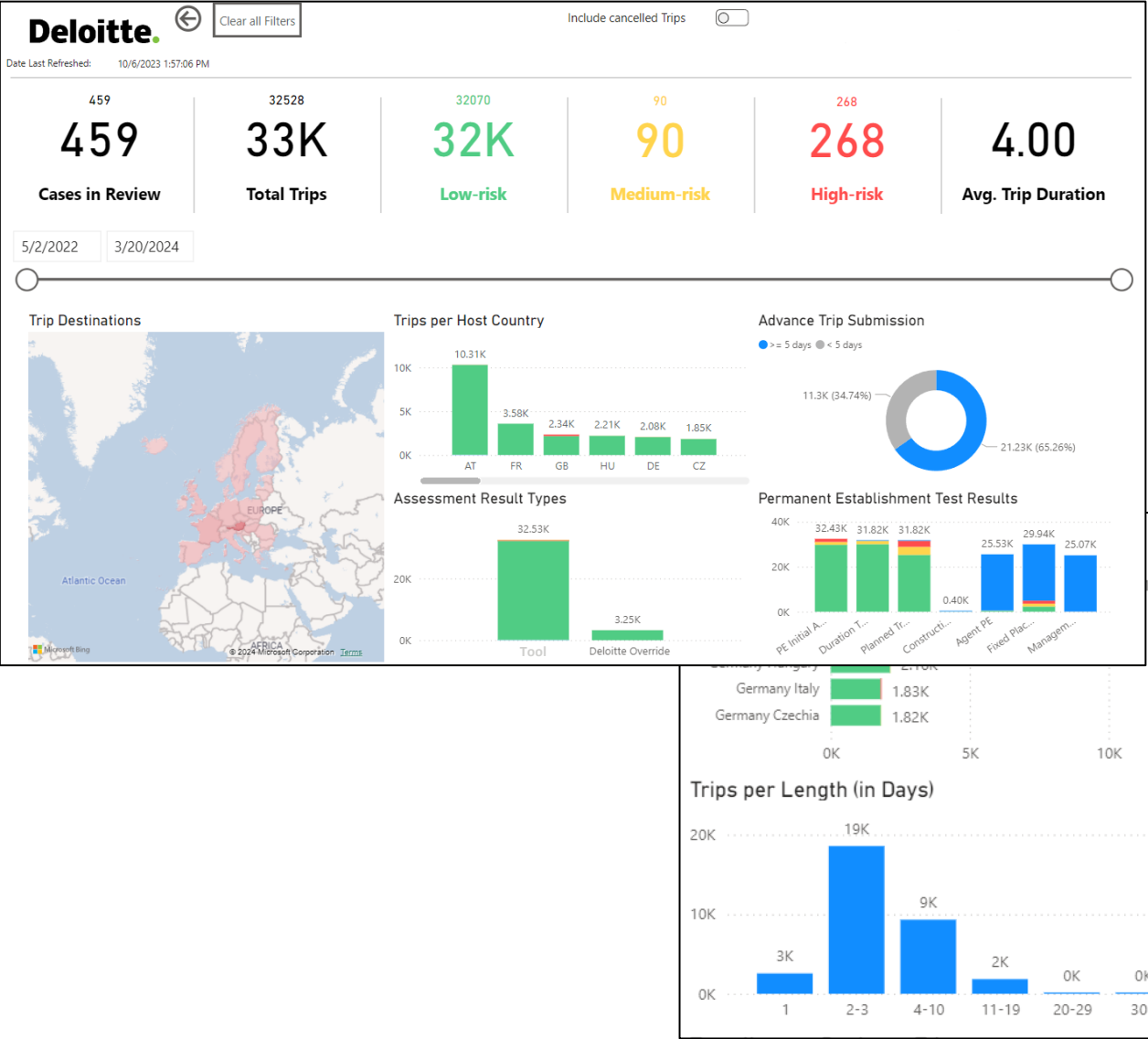
What does high risk mean in terms of the data and organization?

The purpose of our tool is to **highlight potential PE risks** which could lead to further investigation.

High risk could mean that a PE has been **created in another location** which would potentially necessitate a full assessment.

The main configuration is around the business function, grade data fields, and purpose of travel which would be **configured** to your **business structure**.

Permanent establishment



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Risk assessment data analysis

What is the aim of a risk assessment?

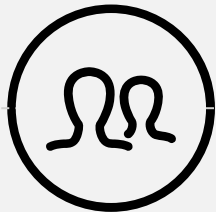
Understand actual data in order to prioritize

A risk assessment will allow you to focus on key areas of risk and those issues to be well defined within the business. This will help to design a formal business traveler process and define a policy that best suits the organization. The outcome will be a detailed report quantifying potential exposures and risks.



Business travel risk assessment

Key benefits



Gauge the levels of risk with your business traveler population and tackle the issue with business travelers at a global level.



Comply with expectations of local tax authorities to have a system in place and a better understanding of risk in other areas.



Explore your datasets in detail and design a suitable business travel policy.



Understand the scale of the problem before deciding on a (full) solution.

Identify key risks through a joined up approach, defined by what is contained in data sources rather than specific locations.



Mitigate the risk of future penalties and interest for non-compliance.

Consider other risks i.e. social security, and permanent establishment risk before commitment to them as part of a managed service.



Take targeted action with a strategic view to enable a suitable policy

These are integrated within the solution to allow ongoing management of business travel against both established technical rules and company policy.

Data needed for an analysis

To conduct the business travel risk assessment, we have identified information sources to extract from your system.

| HRIS Data (ex. SuccessFactors, Workday) | Travel Data (ex. Cytric, AMEX, Concur) | Expense Reimbursement System Data (ex. Cytric, Concur) | Corporate data |
|--|---|--|--|
| <ul style="list-style-type: none">• Employee identification number• Primary work location – country and state (Two-character ISO Code)• Legal entity employing individual• Job title / grade• Compensation data or compensation scenarios for quantifying risk exposure* | <ul style="list-style-type: none">• Employee identification number• Trip origin location: Country and State (Two-character ISO Code)• Trip destination: Country and State (Two-character ISO Code)• Trip start date• Trip end date• Transaction code (refunds/exchanges) | <ul style="list-style-type: none">• Employee identification number• Location expense incurred - Country and State(Two-character ISO Code)• Date expense incurred• Hotel check-in date• Hotel check-out date• Expense type• Expense data source | <ul style="list-style-type: none">• Corporate legal entity structure• List of roles within the organization and high vs low ranking of risk |

**If you prefer, we can also assume €75,000 as base compensation for all employees in order to come up with tax exposure.*

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Sample risk assessment

Insights into the volume and patterns of the business travel

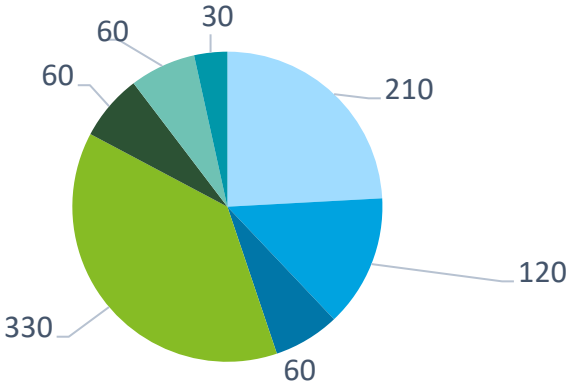
| Summary based upon 12 months of travel information | Observation | Number |
|---|----------------------------------|---------|
| Number of distinct | International business travelers | 4.110 |
| | International trips | 31.170 |
| | International travel days | 152.865 |
| Top international destinations (by number of travelers) | Canada | 1.410 |
| | United States | 1.140 |
| | Netherlands | 1.110 |
| | France | 990 |
| | United Kingdom | 900 |
| Top international routes (by number of travelers) | Germany to Canada | 1.410 |
| | United States to United Kingdom | 1.080 |
| | Germany to Netherlands | 750 |

Create visibility to the income tax liabilities of employees that travel

| | Destinations | Unallocated Compensation | Estimated Income Tax Exposure | % of Exposure |
|--|---------------|--------------------------|-------------------------------|---------------|
| | Argentina | €456.538 | €159.788 | 36% |
| | Colombia | €294.225 | €97.094 | 22% |
| | South Korea | €187.500 | €71.250 | 16% |
| | United States | €110.363 | €43.704 | 10% |
| | Chile | €76.938 | €30.775 | 7% |
| | Costa Rica | €204.975 | €30.746 | 7% |
| | Uruguay | €50.625 | €15.188 | 3% |
| | Total | €1.381.163 | €448.545 | 100% |

Number of travelers triggering personal income tax liabilities

5% of business travelers triggered a tax liability in at least one additional jurisdiction



Understand the impact of establishing a threshold for taking action

| Travel Duration | Impacted Employees | % of Impacted Employees | Projected Tax Exposure | % of Total Projected Tax Exposure |
|--|--------------------|-------------------------|------------------------|-----------------------------------|
| <i>All taxable travel</i> | 870 | 100% | €448.545 | 100% |
| Travelers > than 5 workdays in one location | 210 | 24% | €303.810 | 68% |
| Travelers > than 10 workdays in one location | 120 | 14% | €147.420 | 33% |
| Travelers > than 15 workdays in one location | 30 | 3% | €66.630 | 15% |
| Travelers > than 20 workdays in one location | 30 | 3% | €66.630 | 15% |

Policy design

A data driven approach to identify travelers to specific destinations or over certain trip lengths

| | Sample Coverage Level | Sample Locations |
|--|-----------------------|---|
| <div><div></div><div>Top 3 locations by numbers of taxable days</div></div> | 73% | <div><ul style="list-style-type: none">GermanyUnited StatesUnited Kingdom</div> |
| <div><div></div><div>Key strategic and growth locations e.g., Brazil, Hong Kong</div></div> | 79% | <div><ul style="list-style-type: none">BrazilHong Kong</div> |
| <div><div></div><div>Onerous income and social tax locations e.g., France</div></div> | 85% | <div><ul style="list-style-type: none">FranceSingapore</div> |
| <div><div></div><div>Countries with poor tax treaty networks or strict local tax authorities e.g., China, Latin America</div></div> | 96% | <div><ul style="list-style-type: none">ChinaCosta RicePeru</div> |
| <div><div>Sample Organization—risk profile</div><div>An ideal policy design seeks to mitigate the maximum amount of risk from a minimum number of countries.</div></div> | | |

Contact us!

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Nina is leading the technology and innovation initiatives within the German Global Employer Services practice. She is the EMEA Co-Lead for Emerging Workforce Product & Services. Her specialties are German income tax, wage tax and international tax law related to manage complex global workforces.



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Christian has profound experience with digital solution product development. His specialties include bridging the gap between business and IT departments with deep knowledge about data analytics, workforce mobility, and process automation.



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