Workforce in motion:

Cross-border remote working — Understanding the compliance risks

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Cross-border remote working is no longer an exception; it is an increasingly common feature of modern workforce arrangements. Across the Middle East, employees are working from jurisdictions other than the one in which they are formally employed, often without employer awareness and without any formal policy or compliance framework in place. What may appear to be a routine employee accommodation can quickly translate into a complex and layered set of tax and legal obligations for the organization.

The rise of remote and hybrid work models, accelerated by recent global and regional events, has normalized the expectation among employees that they can work from anywhere. However, the legal and regulatory frameworks governing employment, immigration, and tax have not kept pace with that expectation. Employers who fail to identify and manage cross-border remote working arrangements face exposure across several distinct and often simultaneous, risk areas:

Immigration: Working remotely from a jurisdiction in which the employee does not hold the appropriate work authorization, even temporarily, can constitute unauthorized work under local immigration law. This carries legal risk for both the individual and the employer and, in some jurisdictions, can jeopardize the employer's broader immigration standing.

Corporate Tax: An employee working remotely from a foreign jurisdiction may trigger a taxable presence for the employer in that jurisdiction, including the risk of creating a permanent establishment. At the individual level, cross-border working days can generate unexpected personal tax filing obligations and liability in more than one country.

Payroll and Social Security: Cross-border remote working arrangements can disrupt the applicable social security regime, potentially resulting in dual contributions or gaps in coverage, particularly where bilateral agreements between the relevant jurisdictions do not exist or are not properly applied.

Employment Law: Employees working from a foreign jurisdiction may inadvertently acquire rights under local employment law, including protections around termination, minimum entitlements, and dispute resolution, that the employer had not anticipated and is not prepared to manage.

For HR, legal, and mobility teams, the immediate priority is to establish clear visibility over where employees are actually working not simply where they are formally contracted to work. This requires proactive data collection, clear internal policies, and a consistent approach to assessing cross-border requests before they are approved.

Critically, managing these risks requires close coordination across functions - immigration, tax, legal, and HR, since the consequences of an unmanaged arrangement rarely fall within a single workstream.

To discuss how these issues apply to your organization, please reach out to the Deloitte Middle East GES Response team.

In the next article in this series, we will explore how organizations can design and implement a structured cross-border workforce compliance framework — covering governance, policy design, and the role of technology — to manage these risks proactively and at scale.