

# Welcome to IGM notepad

## Bumper summer edition

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### Many thanks to this issue's contributors:

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Marion Couffon  
Michael Cadden  
Rob Gell  
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Hilly van Swol-Ulbrich

### Your IGM notepad

- Would you like to join the IGM?
- Do you have comments or questions about IGM notepad?
- Have your mailing details changed?
- Would you like to submit an article to IGM notepad?

Please e-mail [igm@uk.ey.com](mailto:igm@uk.ey.com)

Editor: Elizabeth Porter

[www.ey.com/uk/igm](http://www.ey.com/uk/igm)

### Welcome to the third edition of 'IGM notepad' – the quarterly newsletter of the Institute for Global Mobility (IGM).

It has been an exciting few months for the IGM. We have been busy lobbying the Government on issues such as the effect of the Iraq war and SARS on the UK tax liabilities of returning British expats. In addition, the recommendations made by our members at June's First Thursday Club concerning the new residence and domicile rules were recently passed to the Government. You can read more about this recent session inside and on our website.

I am delighted to inform you that IGM membership has increased to 175 people, so we are well on our way to our target of 500. Please do keep spreading the word!

The Crisis Square Mile Run took place on 12 June and the 'IGM team' successfully huffed and puffed their way around the three and a half mile course! It was a glorious evening – the sun glistened on the Thames and lit up all the famous landmarks, and through the sweat and pain I think everyone was reminded what an incredible capital city we work in. Many thanks to everyone who took part and more importantly to all of you who pledged money – we raised in excess of £5,000 for Crisis. I will be able to confirm the exact figure in the near future. And for those of you who beat me.... just wait 'til next year!

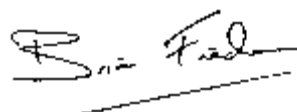
As you may be aware, we are considering topics for IGM training sessions. We are planning to include Residence and Domicile issues, social security, immigration issues, performance and reward, employment law and tax equalisation and protection. We will pass all information on to you once everything has been finalised.

Some very exciting news is that planning for our First Annual Conference and Party has begun! This glittering conference will take place on the 27 and 28 November 2003 – get the dates in your diaries! Speakers will be presenting on global mobility-related issues and vendors will be invited to exhibit their services. This promises to be a truly fantastic, not-to-be-missed event and I hope to see all of you there. You will be able to keep abreast of the planning via the IGM website.

I hope you will be able to join us at September's First Thursday Club on 4 September, when Marion Couffon from FOCUS (see article on page 7) will discuss 'Working in the UK – the expat's perspective'. It promises to be an informative and insightful session.

Please remember – the IGM is your institute. We welcome your comments and suggestions, and submissions to this newsletter are always very gratefully received! Thank you to everyone who contributed to this issue.

Regards



Brian Friedman  
President – Institute for Global Mobility

## Events Calendar – 2003

### The IGM 'First Thursday Club' – monthly

The 'First Thursday Club' is exclusive to members of the IGM and provides you with an unprecedented networking forum combined with no-cost access to leading experts who will present on current key issues in the Global Mobility arena. As the title suggests each meeting will be held on the first Thursday of each month. The meetings will commence at 18.30 and whilst venues have to be confirmed they will be held in London.

Our thanks go to BP Goldman Sachs, Shell and Smith and Nephew for kindly hosting recent and up-coming First Thursday Club meetings.

Our timetable up to October 2003 is as follows:

| Seminar title                                 | Speaker                       | Date           |
|---|-------------------------------|----------------|
| 'Working in the UK – the expat's perspective' | Marion Couffon, FOCUS         | 4 September 03 |
| 'Assessing Cultural Adaptability'             | John Crump, Kaisen Consulting | 2 October 03   |

If you would like to join the 'First Thursday Club', please e-mail [igm@uk.ey.com](mailto:igm@uk.ey.com) (Please quote: 'First Thursday Club')

### IGM around the world

The IGM is beginning to be launched successfully around the world. Australia, Canada and Sweden are in the process of agreeing timelines, and hope to launch shortly. Scotland held its Steering Committee dinner in May, and is holding its first 'First Thursday' style event on 26 September. We are hoping that it won't be long until the IGM becomes a truly 'Global Institute'!

## Institute For Global Mobility Annual Conference & Party

Date: 27 and 28 November 2003

Venue: Le Meridien Russell Hotel, Central London

*We are delighted to announce that we will be holding our first IGM conference this November. This promises to be **the** event for anyone who is anyone in the field of Global Mobility.*

*There will be a number of seminars, masterclasses and presentations throughout both days that delegates will be able to sign up to according to preference, key vendors will be invited to exhibit their services and there will be a party on the Thursday night!*

*The conference will be opened by guest speaker Richard D. Lewis, leading expert in the fields of applied and anthropological linguistics, and will culminate in a not-to-be-missed live debate hosted by BBC correspondent Andrew Marr. Television comedian Tim Vine and Julie Meyer – described as "Britain's most powerful woman" by Management Today – will also be making guest appearances.*

*Delegates will pay a very reasonable fee, and there will be a reduction for IGM members.*

You can keep abreast of the conference details via the IGM website — [www.ey.com/uk/igm](http://www.ey.com/uk/igm)

# Evacuation Plans for Expatriates

Ed Kolber, United Medical Enterprises

**September 11, the Iraq conflict and SARS mean expatriate management has taken on a new dimension. Ed Kolber discusses ways to ensure successful assignments in these uncertain times.**

It is no longer enough to ensure our most valuable assets are settled and happy in their international posting, and receiving their expatriate benefits. Someone must be given the specific responsibility to seek, receive, assess and respond quickly to information, which may have a direct effect on the safety and well being of our expats and their families. Knowing where to find relevant information is key.

The IGM will obviously prove invaluable for HR Directors and Managers with responsibility for expatriates by offering a forum to share ideas, knowledge and experience. Another important source of information is the Government's Foreign and Commonwealth Office Web Site, from which you can request email notification of changes in travel advice for specific countries as and when it changes. The web address can be found on the IGM website.

## Stakeholders

Heightened awareness and increased security risks for travellers mean we must give more attention to the stakeholders involved in expat assignments. Recently in my own organisation we felt it necessary to assess risk and respond quickly with appropriate evacuation plans for each expat location, especially in the Middle East. This involved new

responsibilities for managers at the local level who are responsible for expatriate employees. Regular risk assessments are undertaken and decisions made regarding the need for business travel and longer-term assignments to countries considered high risk.

**Striking the right balance between interfering and not doing enough to support in travel and evacuation planning in the country of posting is difficult**

## Expat Employees

Striking the right balance between interfering and not doing enough to support in travel and evacuation planning in the country of posting is difficult.

Local intelligence and knowledge is key in travel and evacuation planning. It is a good idea to appoint someone locally to act as Evacuation Coordinator and who will communicate weekly with the "home office" and maintain a list of all employees and dependents in their location.

Access to additional resources can also be provided, for example, a substantial US Dollar cash float to be held locally, as banks and credit cards will be of no use in an emergency. A

subscription to International SOS – Medical, security & emergency assistance for travellers would be of help. Their web address is: [www.internationalsos.com](http://www.internationalsos.com)

## Families

Dependents are ultimately the responsibility of the expatriate employee, and this fact should be reinforced. Expats should be reminded regularly to consider the risks in keeping their families with them, especially during periods of heightened risk.

## Clients

An evacuation may have significant contractual and commercial implications for the business. Clients should be consulted and kept informed on such issues. Commercial decisions must be made as part of the risk assessment and the HR Director should ensure that employee safety and welfare is high on the Board agenda.

**Expats should be reminded regularly to consider the risks in keeping their families with them**

## Home-Based Employees

Employees based at home will be keeping a close eye on how the Company responds in such situations. The Company's ability to encourage employees to take future assignments will be influenced by how they respond in an emergency. It is therefore important to keep everyone informed regularly through bulletins, newsletters and notice boards. Even if all is well, tell employees this is the case.

## HR Expat Coordinators

Authority should be given to those communicating and coordinating with expats abroad allowing them to respond quickly to an emergency if needed. A "twenty four-seven" emergency contact number to coordinators should be established for expats to call, and a communication tree set up if necessary.

**Even if all is well, tell employees this is the case**

## Senior Management

Those with the most accurate and relevant information are best suited to carry out risk assessments and implement evacuation plans; however, the ultimate responsibility for employee safety lies at the top, and the senior management team (Board of Directors) must take ownership. The HR Director at this level should ensure everything necessary is being done. Expatriates should be told that their safety is the Company's top priority. Nothing should be assumed. Resources should be provided. Communication must be frequent, and the Company must satisfy itself that employees do understand the potential risks involved whilst overseas, and that they remain vigilant and proactive in minimising risk to themselves. Of course, once plans are in place, we can only hope they will never be needed.



## The IGM notepad review

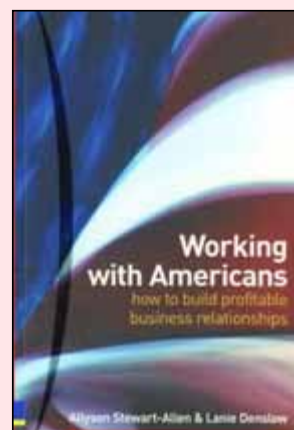
In each issue of IGM notepad we will look at books/websites that are of interest to the world of global mobility. We welcome your opinion too! If you would like to submit a review or comment on books or websites, please e-mail us at [igm@uk.ey.com](mailto:igm@uk.ey.com)

### Working with Americans – How to build profitable business relationships

by Allyson Stewart-Allen & Lanie Denslow

Paperback: 291 pages. Publisher Pearson Education Limited; ISBN 0 273 65626 0; (2002)

This is an informative book for international and local employees working with Americans. It provides an overview of how American culture manifests itself in the business environment, starting with a history of American culture (the 'why'), moving on to look at explanations of various business practices (the 'how'), and finishing with a concise guide to communicating with Americans (the 'how (not) to'). It provides a light and easy read, through well-rounded (ie, regional US differences acknowledged) and structured chapters with real-life situations, quotations, and cartoons throughout. The latter chapters are especially useful for 'first timers' in how to avoid basic social faux pas when working with Americans. It answers the question of how American cultural values (eg, individualism, self-assertion, achievement orientation, monochronic time-orientation) reveal themselves in business, such as in busyness, 'straight talk', innovation, litigation, hyper-planning and communication, and information sharing.



However, such a book begs the question, "Why not a book called working with non-Americans?" There are several books on working with various nationalities, and indeed, such a wide scope is not the purpose of this book. Nonetheless, the authors quite rightly state "it's just as important that Americans learn other protocols too." This book definitely considers what working with Americans can be like, and how to understand and even adapt to their ways. However, cultural understanding and communication is based on an awareness of one's own and others' values and perceptions, and 'my way' may not always prove the most effective, depending on the goals of each business interaction. When reading this book, it is therefore important to consider the situations described from both cultural mindsets involved. The foreword states that "Every American should think about giving this book to overseas colleagues." I would also recommend that every non-American gives this book to American colleagues. As one large American corporation would say, "Just do it!"

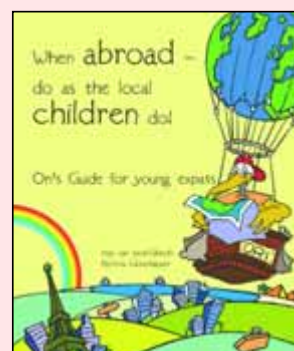
Allyson Stewart-Allen presented at July's First Thursday Club. Please see the IGM website for a review of this presentation. [www.ey.com/uk/igm](http://www.ey.com/uk/igm)

### When abroad do as the local children do – Ori's guide for young expats

by Hilly van Swol-Ulbrich and Bettina Kaltenhauser

Paperback: 106 pages. Publisher: XPat Media 2002; ISBN 90 5594 262 6 (2002)

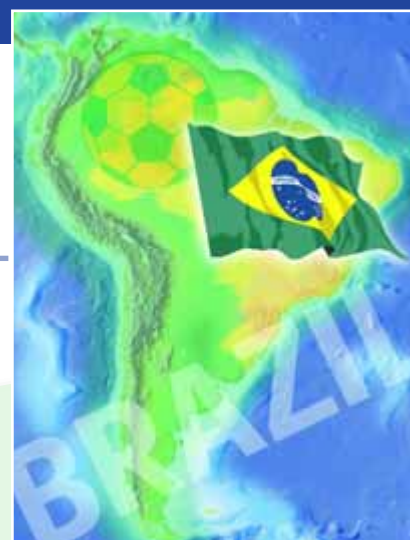
Most expatriate parents don't want to think too much about the impact their nomadic lifestyle is having on their children. It is easy to assume they are spared the adult distress of culture shock and the long, slow acculturation process. School guidance counsellors and child psychologists agree, however, that children uprooted in an international move go through an adjustment cycle that is every bit as painful as that of their parents. Concerned parents looking for a way to help their 'third culture kids' now have a valuable new tool. Long-term expatriates and intercultural experts Hilly van Swol-Ulbrich and Bettina Kaltenhauser set out to write "When abroad do as the local children do – Ori's guide for young expats" a delightful, practical, entertaining and reassuring guide for the young expat.



Ori, the migrating bird, is the book's 'international mobility specialist'. The colourful and friendly Ori leads us through the book, guiding us through the many different phases children will encounter, from preparing for the move to looking back on their overseas experience. The child is encouraged to keep a record of his/her feelings and experiences, using the book as a combination journal, workbook, scrapbook and photo album. The book puts the young expat in the centre of the moving process, and is loaded with suggestions and fun activities to help make sense of this strange, exciting and often bewildering new experience. There is even a separate chapter for parents/instructors offering tips and suggestions to aid their child in the adjustment process. By reading and completing the exercises together, parents, relatives, teachers and counsellors can gain insight into the feelings of their expatriate children. Links and e-mail addresses are given throughout the book, and Ori even has his own website and discussion forum ([www.ori-and-ricki.net](http://www.ori-and-ricki.net)) which complete the truly interactive format of this book. With Ori's help, the young expat will be able to truly create a safe, friendly and happy home away from home. *When abroad do as the local children do* is also available in German.

## Countries in Brief – on assignment in Brazil

Information contributed by Living Abroad LLC, [www.livingabroad.com](http://www.livingabroad.com)



***Sending an assignee on assignment, a business trip, vacation, or are you just curious? Well, then, the IGM country profiles should be of interest to you. This month we profile Brazil.***

Brazil, the fifth largest country in the world, and largest in South America, is bigger than the continental United States. With the exception of Chile and Ecuador, it shares common borders with all South American countries. Brazil has a population of approximately 160 million.

Brazil is a nation of extremes: open-air markets and chic boutiques; sprawling slums and sumptuous skyscrapers; horse carts and traffic full of luxury cars. Such differences and complex cultural issues have an enormous impact on new arrivals. If you accept the differences in Brazilian life, and see them as part of life in Brazil, you should have an enjoyable stay.

When packing for Brazil, bring along a sense of humour and a determination to know, understand and communicate with the people. The country offers many attractions, such as beautiful beaches, lively music, a variety of night spots and generally an enjoyable style of life.

Brazil's population is a blend of many ethnic backgrounds. The country was colonised by the Portuguese, who intermingled with African slaves and native Indians. Subsequently, a large number of immigrants arrived with German, Italian, Japanese and Polish roots. All of Brazil's ethnic groups have made significant contributions to Brazilian religion, food (a main course, 'Feijoada', comes from early cultures), music and dance ('Capoeira' is a dance from the slave era). The national language of Brazil is Portuguese, not Spanish, and English is its second language.

São Paulo is not only Brazil's largest city, it is the cosmopolitan core of the country. It is compared by many to New York, with immigrants from around the globe coming to find success, enjoy the wide variety of cultural offerings and partake of the vibrant nightlife. The Avenida Paulista is Brazil's main financial district, where banks and other businesses have their main offices.

### **Climate**

The climate of Brazil, especially in the northern regions, is tropical and quite humid. The rainy season, depending on the region, can last from December to May. The southeastern region, home to the large cities of São Paulo and Rio de Janeiro, can be cool during the South American winter (June through September).

### **The Culture**

Brazilian culture is a mixture of African, European and indigenous influences. São Paulo still reflects a great deal of Brazil's Portuguese heritage. Whilst a relaxed Latin pace typifies the Brazilian lifestyle, this is less prevalent in the busy metropolis of São Paulo.

The people of Brazil are known for being extremely friendly and passionate. To outsiders, their enlivened discussion about some topic or another may appear as anger, but it usually is not. This is merely the way Brazilians express themselves.

When making introductions, Brazilian men will usually shake hands. Women may offer their hands or a kiss on the cheek, depending on their level of intimacy. In most social situations, you will find that Brazilians position themselves very close to one another, particularly when conversing. Although you may be unaccustomed to this at first, do not step back from someone who is speaking to you, as they may be offended.

When attending a social function or a small party, it is common courtesy to greet everyone in the room. Likewise, it is customary to say goodbye to everyone before departing. It is also considered respectful to use formal titles when addressing another. Brazilians enjoy conversation about family life, their country and sports, especially soccer.

Brazilians are extremely fashion conscious and the most recent European styles can be found in urban areas. Regardless of wealth, they project an image of caring about their appearance, always being neatly and cleanly dressed. Although casual dress is preferred, it is important never to appear scruffy.

### **Religion**

The majority of Brazilians follow the Roman Catholic religion, but Brazil is open to new religious influences. Religious freedom is written into the constitution and the country has a wide diversity of religious followers. In fact, Indian animism represents the first form of spiritual practice in the country. Global religions, such as Judaism and Islam, have representative groups in Brazil and major cities all have appropriate places of worship.

## **People... who's moving where?**

- **Ed Kolber** is the new HR Director at **United Medical Enterprises** in Dubai
- **Roger Fairhead** has been appointed Director of Compensation and Benefits at **Rank Group plc**

This section is intended to feature your people news – if you have any suitable news please let us know at [igm@uk.ey.com](mailto:igm@uk.ey.com)

## IGM asks Revenue for SARS clarification

The following article appeared in the summer 2003 edition of 'Compensation Strategy' magazine.

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Employers' body, the Institute for Global Mobility (IGM), has called on the Inland Revenue to provide clarification on the tax status of employees assigned to the Far East who have returned to the UK because of the SARS epidemic.

The IGM pointed out that "individuals who were induced to undertake a foreign assignment because of the net compensation may find themselves owing large amounts of UK tax. Even if they are tax equalised their employers, faced with an unexpected UK tax bill for their employees, may find their project budgets blown."

Brian Friedman, president of the IGM and a partner at its sponsors Ernst & Young, said: "The SARS epidemic, coming on top of the Iraq crisis, is leading to a record number of early repatriations of international assignees. It is wholly insensitive that the Treasury should receive a tax windfall from the misfortunes of British people who are prepared to work abroad, but whose assignments are overtaken by events."

He said that the IGM is pressing for a change so that employees who had a genuine intention to work abroad long enough to become non-resident should be regarded as non-resident for the period of their assignment if it is curtailed for some reason outside the control of the employee or employer.

Fraser Goodall, a tax director at law firm Eversheds, warned that employers would need to look at each assignee's circumstances and determine whether UK payroll needed to start making salary deductions such as PAYE.

"Although there is some relief available under a long-standing concession, this relief does not assist those whose assignments are permanently curtailed or who mix months in the UK before resuming their overseas assignment," added Friedman.

*Thank you to the editor of Compensation Strategy for allowing the inclusion of this article in the IGM notepad.*

## Question Time

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*We have had to make some employees who were assigned abroad redundant. The host country tax authorities consider the termination payments are taxable in full locally. The local Inland Revenue office have told us that, after deducting the £30,000 and relief for foreign service, the balance is UK source and the employees should claim for credit for UK tax against their foreign liabilities. If neither side budges there will be double taxation. How can we avoid a crippling rate of tax?*

The problem arises because there is no territorial limit under UK law to the taxation of termination payments. The way in which relief beyond the first £30,000 is given suggests that the UK exempts foreign service and so the only amount left must be UK source and so the UK has the first right to tax. This is a fairly simplistic view of a complicated area. Revenue specialists 'do not necessarily disagree' with our contention that for double tax treaty purposes redundancy payments should be treated as 'other income' and not as employment income.

In most treaties 'other income' can only be taxed in the country in which it arises unless the recipient is also tax resident in the other country (in this case the UK). The concept of 'foreign service' was not designed to identify termination pay which may have accrued abroad so should not be used to say that part of the payment 'arose' in the UK years ago.

If the assignee is no longer resident in the UK the Revenue lose the right to tax the redundancy pay. If the assignee has not broken residence the UK can still tax anything in excess of £30,000 plus foreign service relief but must give credit for the foreign tax.

The Revenue will not agree to a blanket settlement and insist that each employee obtains a statement from the foreign tax authority stating that under their domestic law the full amount is taxable. The individual must then submit a tax return detailing the redundancy payment but claiming exemption under the 'other income' article of the double tax treaty (usually article 21) if they are filing as non-resident or claiming credit for the foreign tax if they had not broken UK residence before redundancy struck.

The issues involved are complex (internal Revenue instructions are withheld because they are deemed to be too complicated). If professional assistance in completing UK tax returns for returning expatriates is not part of the redundancy deal employees may find it helpful to have a step by step guide as to how to make their own claim.



## June First Thursday Club review –

### *Discussion of the new residence and domicile rules*

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The First Thursday Club on 5 June was an opportunity for our members to discuss the new residence and domicile rules.

Phil Davis, Partner at Ernst & Young, chaired the evening and described what the new paper does and does not do, quoted some 'interesting facts' from the document (for instance 100,000 people 'benefit' from the remittance basis; one-fifth of all non-domiciled residents on the SA system are employed by only 40 employers), laid out the key principles set by the document (that any rules should be fair, clear and easy to operate, and should support the competitiveness of the UK economy) and set out some thoughts for discussion.

Two schools of thought emerged from the evening. The majority thought it was worth lobbying the government for changes to the new rules. But a significant minority believed it was safer to leave things as they are, rather than risking confusion and aggravating the problem areas by further government intervention.

Irrespective of these two schools of thought, the session was an ideal opportunity for the attendees to put forward their opinions of the new rules, and to make suggestions on how they believe the system can be improved. Recommendations were agreed around the areas of expatriate regimes, how residence should be determined, how a day of presence should be defined and whether relief should be tapered off for non-UK source investment income and gains after an initial set period.

Last month, members of the IGM met with a senior Inland Revenue official to discuss the issues raised. It was a successful meeting, allowing members to raise specific company-related issues as well as the views of the IGM. Please visit our website for summary notes of the meeting.

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For reviews on all our First Thursday Clubs so far, please visit the IGM website at [www.ey.com/uk/igm](http://www.ey.com/uk/igm)



**FOCUS**  
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**We look forward to welcoming Marion Couffon, Executive Director of FOCUS, to our First Thursday Club on 4th September, where she will be discussing 'Working in the UK – the expat's perspective'. The following information gives an introduction to Marion's company.**

Focus is a non-profit organisation that supports international assignees and their families living in the UK. Established in 1982, FOCUS provides information and networking opportunities for its members, enabling them to integrate rapidly into their new environment.

For 20 years, FOCUS has connected thousands of expatriates and foreign nationals with each other, helping them find a home away from home. Their community revolves around their networking events, programmes and volunteering opportunities.

FOCUS provides career support and development, job coaching sessions and advice, and networking resources for the partner looking for work. Through publications and programmes, FOCUS is an excellent starting place for accompanying partners looking to pursue their career in the UK.

Managed by expats and foreign nationals from around the world, FOCUS encourages members to help themselves. Services include a telephone and e-mail 'helpline', an information resource centre for enquiries on practical living in the UK, a website [www.focus-info.org](http://www.focus-info.org), a library dedicated to expatriate issues, a monthly newsletter and weekly programmes. They also edit three publications: 'Guide to Settling in the UK', 'Launching your career in the UK' and 'Repatriation Guide'.

# Crisis Square Mile Run

The photos!



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