

# THE IMPACT OF COVID-19 ON YOUR MOBILE EMPLOYEES AND PROGRAM

During this unprecedented time of uncertainty, when many of us are focused on our health and that of our families and friends, Global Mobility programs are also being significantly impacted by COVID-19. The following information has been developed by Cartus to share best practices and offer you and your company an understanding of what other organizations are doing to support mobile employees. We will continue to provide additional updates as information changes.

## Prioritizing Mobile Employees

By now, you probably have determined what your global assignees need and have been offering flexible solutions. As the U.S. mobility landscape evolves, the first step is to determine whether employees are homeowners or renters, permanent transfers or short-term assignees, and how far along they are in the process. The next step is to review all activity with Talent, HR, and Business teams to determine answers to such questions as:

- Will new authorizations proceed or be put on hold? (If they proceed, vendors may be unavailable to support the employee.)
- For employees in temporary accommodations in the destination, will the company extend housing benefits and pay the vendor directly or provide funds to the employee?

It is also important to develop a plan now for how to proceed as each country becomes clear of the virus:

- What will the process be for beginning all services once again?
- What will you use as the defining activity (e.g., air travel restrictions lifted, WHO announcement, etc.) to reactivate each transfer or assignment?
- How and who will advise each impacted employee?
- What will happen if an assignee refuses to return to the host country?



## Challenging Times, Recommended Approaches, and Policy Impacts

What actions are relocation-reliant organizations considering in the current environment? While confronted by many individual mobility challenges, organizations must determine what to do for all their employees on a global basis. Global mobility managers are making decisions by working in collaboration with Legal, Travel, Security, HR, Talent Acquisition, etc.

A key to success during this turbulent time is flexibility. Everyone's mobility program is in flux: in some locations, assignees are stranded, while others have returned to their home location and are anxious about returning to the host location with their family. At a time like this, it is imperative to listen and make quick decisions and, often, exceptions. In each organization, the safety and health of its employees is paramount.

Let's look at some of the major policy areas that have been impacted over the last several months and what we know today. Because of the fluidity of the situation, some of the recommended approaches noted below may change as specific locations and needs evolve in the coming days.

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## INTERNATIONAL POLICY

### ADDITIONAL COSTS

Because of limited resources and extended or temporarily delayed timelines, there may be additional costs incurred in almost every step of the mobility process. There may be a need for extended temporary living or allowances, delayed shipments of household goods or storage, and additional schooling or housing expenses.

#### What we recommend:

- Make key stakeholders aware of additional costs that may occur due to extended timelines and increasing direct costs (e.g., air or freight costs related to supply and demand), and determine what will be covered.
- Consider how payments will be made—e.g., directly to suppliers or to employees, by check or wire, as needed or in one lump sum payment, via approved exceptions through your relocation provider, etc.

### TEMPORARY ACCOMMODATION

As of this writing, although there is not a shortage of global temporary accommodation, we are seeing more restriction being placed on entry on a property-by-property basis. This probably will continue to change and likely will vary country to country if it does.

Extended temporary stays may be necessary. End of assignments, extensions, or localized moves may be subject to travel restrictions, quarantine, or government guidelines. Housekeeping support may be suspended during social distancing and isolation.

#### What we recommend:

- If not already completed, review temporary accommodations for each employee on a case-by-case basis. Cartus can support this review.

### IMMIGRATION

While immigration work orders are continuing to be processed, processing times may be delayed due to changing market conditions, government office closures, etc.

#### What we recommend:

- Ask Cartus or your immigration supplier to provide weekly updates for all moves that have upcoming deadlines and deliverables.

### TAX

Each employee's situation will differ and be potentially complex—for instance, working remotely might inadvertently create a Permanent Establishment and thus create an unforeseen tax burden on the organization. Also, various country-to-country scenarios may impact what taxes you owe.

#### What we recommend:

- Ask your tax provider to review and report on each employee's scenario and make current and long-term recommendations.

### SCHOOL SUPPORT

School closures are limiting the ability to attend school visitations. Many SAT test centers have closed globally. The International Baccalaureate Organization (IBO) has extended its Spring coursework deadlines.

#### What we recommend:

- Destination services providers can deliver information and resources on schools, and assist/answer questions virtually. Individual schools may offer virtual support.
- For SATs, ACT, and the International Baccalaureate Organization, the latest information can be found online.

### DESTINATION SERVICES PROVIDER (DSP) SUPPORT

Face-to-face delivery may not be feasible in many locations.

#### What we recommend:

- DSPs will communicate and provide information over the phone or online regarding key information on education, housing, and other resources related to the location.
- They will research best-fit rental properties, confirm availability, and, where possible, schedule unaccompanied viewings for the employee.

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## HARDSHIP ALLOWANCES/PER DIEMS

Some assignees are in locations where air travel has temporarily ceased and they cannot leave.

Data providers are recommending that per diems (above and beyond current amounts) be provided while travel is not permitted. In addition, companies are offering danger/hardship allowances, or increased hardship allowances, to supplement anticipated price increases due to supply shortages.

Most companies are leaving allowances in place for 30-60 days for employees who have moved back to their home locations during the time their host location is shut down. Verbiage can be added to policies to provide this support for the future.

## INTERNATIONAL HOUSEHOLD GOODS

Delays are being caused due to limited availability on steamship lines and air freight shipments. This may cause fluctuations in direct costs due to supply and demand. There are also global extensions to customs clearance due to a slowdown from short-staffed agencies. Furthermore, due to country shutdowns, deliveries may be postponed, which could cause the need for additional storage time. Where available, suppliers are completing virtual surveys at departure to keep the process moving.

## LANGUAGE TRAINING

Assignees and their family members may be restricted from meeting in-person with their language trainer or may prefer virtual lessons as a precaution, depending on local mandates.

Cartus' Language Solutions team continues to move in-person training online in response to COVID-19. So far, most assignees are choosing to continue language training virtually by connecting with trainers in various virtual platforms.

If assignments have been delayed, learners are starting lessons pre-departure online, welcoming the chance to get a head start on learning the language. Those who have returned home temporarily have asked to continue lessons until they can return to their host country.

For parents whose children are unable to leave their homes, online language training is also a welcome activity. In addition to practical work and daily-life content normally covered in lessons, some trainers are incorporating important health-related vocabulary and fun topics to help relieve stress. In many cases, assignees are finding they have more time than usual and are taking advantage of it. Previously scheduled online programs continue as usual.

## INTERCULTURAL SUPPORT

Assignees and children may be restricted from meeting in-person with their Intercultural Coach.

Cartus' Intercultural Solutions team is proactively reaching out to assignees to offer virtual delivery of cross-cultural coaching in place of previously scheduled face-to-face programs. The virtual Cross-Cultural Coaching solution offers assignment support with an Intercultural Coach, based in the host country, during the first three-to-six months of the transition period.

Cartus also offers virtual youth cross-cultural support. As with language training, if assignments have been delayed, assignees are finding they can take advantage of this interim time to commence virtual cross-cultural coaching support. Previously scheduled virtual cross-cultural coaching programs continue as usual.



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## U.S. DOMESTIC POLICY

### HOME SALE AND HOME MARKETING

Employees prefer that buyers, realtors, and inspectors do not come to their houses at this time of social distancing.

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#### What we recommend:

- If this is a Buyer Value Option (BVO), extend marketing time indefinitely. Possible implication: may require extending the effective date of transfer.
- If this is a Guaranteed Buyout (GBO), extend the offer for 60-90 days. Possible Implication: the GBO may require new appraisals, incurring additional costs and time. Furthermore, the new home value could decline from the original value provided. If the appraisals are not updated, the IRS can see this as a directed offer, impacting taxability of the offer. May require extending the effective date of transfer.

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Brokers and state realtor associations are implementing automatic extension clauses in contracts in case any party (buyer, seller, lender, title, attorney) cannot perform the closing date. Additionally, force majeure clauses are being added to contracts, allowing the parties to cancel at no penalty if due to COVID-19.

Closing service providers, such as title companies and attorneys, are implementing virtual closing practices and/or limiting attendance at closings. Real estate agents are participating at closings via phone or video call.

### HOUSEHOLD GOODS

Household goods deliveries have been deemed essential services, although we are seeing pockets such as New York City where local restrictions may apply—e.g., no access to buildings. The industry is also trying to limit physical on-site surveys.

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#### What we recommend:

- Virtual surveys can be done in most areas.
  - Van line leadership is checking in daily with drivers and crews regarding health status.
  - Drivers and crew are keeping a safe distance from homeowners and each other.
  - Van lines are proactively confirming employees' timing. Provide extended storage, as necessary.
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### REAL ESTATE BROKERS

Open houses are frequently being cancelled or postponed, as employees are concerned about brokers and the public visiting their homes for showings. Currently, sellers have not been delaying putting their homes on the market, nor have buyers been leaving the market. However, it is expected this may occur in the coming weeks given the uncertainties of the virus and economic conditions.

Real estate brokers are putting protocols in place to ensure clean environments for showings—for example:

- Using hand sanitizer and disposable gloves (though there may be shortages).
- Restricting buyers from touching items and advertising a “cleaning station” with hand sanitizers, tissues, gloves, shoe covers/shoe removal in listings.
- If open houses are held, limiting the number of prospects in the home at any one time, encouraging use of the clean station, limiting touching of items, and wiping down door handles before and after.

### APPRAISALS/INSPECTIONS

Appraisers and inspectors are practicing social distancing when visiting employee houses in states where they are still able to work.

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#### What we recommend:

- Although appraisers and inspectors are limiting contact with surfaces in each home and limiting time in each house where possible, you may consider extending the process. *Possible Implication: Extend effective transfer date.*
  - We are currently reviewing alternative appraisal options for areas where appraisers are not allowed to operate or transferees are not willing to allow appraisers in their home.
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### Additional Resources

Please visit the Cartus COVID-19 content hub at <http://www.cartus.com/coronavirus> for a variety of information and resources related to the current global mobility landscape, including webinars, white papers, survey data, and more.

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