



Mobility Programs: Navigating the Intersection of Tax and Policy

presented by

Penny Reyes Bonhagen

Sr. Manager, Global Mobility, Seagate Technology



Seagate's Global Mobility Program

- Relocation
- Buyer Value Option
- Tax Gross-ups
- Foreign Tax Credits/Tax Equalization



Metrics

- 300+ moves globally in FY13
- US Domestic moves
 - Homeowners: 58%
 - Renters: 42%

Policies

- Regional relocation policies that reflect local practices
- Local plus policies in specific markets
- Lump Sum for US domestic relocation
 - Limited to interns and specific job levels
 - Homeowners are NOT eligible



Program Characteristics

- Inventory

- Homes have fallen out of escrow and placed into inventory
- Company-owned property until eventually sold

- Policy Parameters

- List price limited to 105% of average of two (2) BMAs
- May exclude homes with features that may adversely impact the ability to sell the home
- Exclusion Clause required in listing agreement between employee and broker
- Employee may not sign any outside offer



Relocation (one-way transferees) Benefits

- US
 - Variable tax gross-up loosely based on marginal tax rates
 - Not intended to cover ALL taxes
- Europe → no tax gross-up
- Asia → no tax gross-up

Assignment Benefits (US-Based Employees)

- Annual calculation of US gross-ups based on marginal rates and available foreign tax credits
- Gross-ups also occur throughout the year when domestic tax and tax equalization payments are made



Hypothetical Tax Withholdings (US-Based Assignees)

- Initial hypothetical tax withholding calculated at beginning of assignment
- Individual hypothetical tax withholding updated annually or whenever there is a significant tax event

Foreign Tax Credits

- Long-term Assignees
 - FTC may carry-over for multiple years
 - Benefit of FTC must be greater than cost of administering TEQ and tax preparation
- Short-term Assignees → FTC carry-over for one year