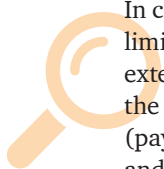


# *Risks of International Activities of Senior Executives*



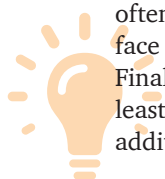
## ***Tax administrations are increasingly focusing on international taxation issues***

For global players, international mobility is both a matter of course and a competitive factor. In addition to dealing with traditional secondment schemes, tax administrations are increasingly directing their focus towards the taxation of senior executives. This development concerns both outbound and inbound employees, as in cases where executives or board members of foreign subsidiaries are registered with the German commercial register.



## ***Identifying risks and structuring employment contracts appropriately***

In companies that operate globally, executives regularly take on management roles that are not limited to a single company in their country of residence but whose area of responsibility may extend across several companies in different countries. In these cases, our clients are faced with the challenge of identifying the potential risks that may arise from these cross-border activities (payroll and individual taxes, social security, immigration, corporation tax, transfer pricing) and structuring executive employment contracts accordingly.



## ***Managing complex risks***

Senior executives engaging in global activities face scrutiny from two different perspectives. As part of the executive body of various companies, board members and managing directors are often directly and personally liable for unremitted withholding taxes. At the same time, they face personal tax risks in the case of non-compliance with individual tax declaration obligations. Finally, the remuneration of senior executives is frequently a focus of income tax audits, not least due to the comparatively high level of compensation and the associated potential for additional tax claims for foreign countries.



### **Creating value with the help of multi-disciplinary experts**

An individual consultation with a multidisciplinary team of experts is necessary to identify and minimise all potential risks. We offer you a holistic range of services from a single source, focusing squarely on developing the most practical administrative solution for the benefit of our clients and their executives. Our multidisciplinary approach reduces compliance risks and thereby delivers significant added value – not only to you but also to your senior executives.

### **Uncovering risks, developing and implementing solutions**

Starting with your current situation, we reveal potential risks, develop problem-solving approaches and support you in their implementation. In addition to examining tax issues, we also review interfaces and processes in the company. The IT-based method enables us to provide objective analyses of risk assessment, suggestions for improving the existing interface and process landscape, and targeted recommendations for action.



In the case that circumstances are brought to light that require concrete action, we will support you in disclosing them to the relevant tax authorities.

### **About us**

Our clients face diverse challenges, strive to put new ideas into practice and seek expert advice. They turn to us for comprehensive support and practical solutions that deliver maximum value. Whether for a global player, a family business or a public institution, we leverage all of our assets: experience, industry knowledge, high standards of quality, commitment to innovation and the resources of our expert network in 157 countries. Building a trusting and cooperative relationship with our clients is particularly important to us – the better we know and understand our clients' needs, the more effectively we can support them.

PwC. 9,800 dedicated people at 29 locations. €1.65 billion in turnover. The leading auditing and consulting firm in Germany.

### **Your contacts**

#### **Petra Peitz-Ziemann**

Director

Tel: +49 69 9585-6586

E-mail: [petra.peitz-ziemann@de.pwc.com](mailto:petra.peitz-ziemann@de.pwc.com)

#### **Erik Muscheites**

Manager

Tel: +49 69 9585-3628

E-mail: [erik.muscheites@de.pwc.com](mailto:erik.muscheites@de.pwc.com)

#### **Daniel Riehle**

Senior Manager

Tel: +49 711 25034-3175

E-mail: [daniel.riehle@de.pwc.com](mailto:daniel.riehle@de.pwc.com)

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft adheres to the PwC-Ethikgrundsätze/ PwC Code of Conduct (available in German at [www.pwc.de/de/ethikcode](http://www.pwc.de/de/ethikcode)) and to the Ten Principles of the UN Global Compact (available in German and English at [www.globalcompact.de](http://www.globalcompact.de)).

© February 2016 PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, which is a member firm of PricewaterhouseCoopers International Limited (PwCIL). Each member firm of PwCIL is a separate and independent legal entity.