

# Relocating at a time of crisis

Serious events can present global businesses with a myriad of HR issues



# The war in Ukraine highlights the critical HR issues employers face when confronted with an emergency situation.

War, unrest, political tensions, repression and corruption – amongst other serious and catastrophic events – can suddenly present global businesses and their employees with a myriad of issues, such as urgent relocations, sorting out visas and dealing with complex rules and regulations. So how can businesses move quickly to help their employees at a time of crisis, as well as plan for emergencies in the future?

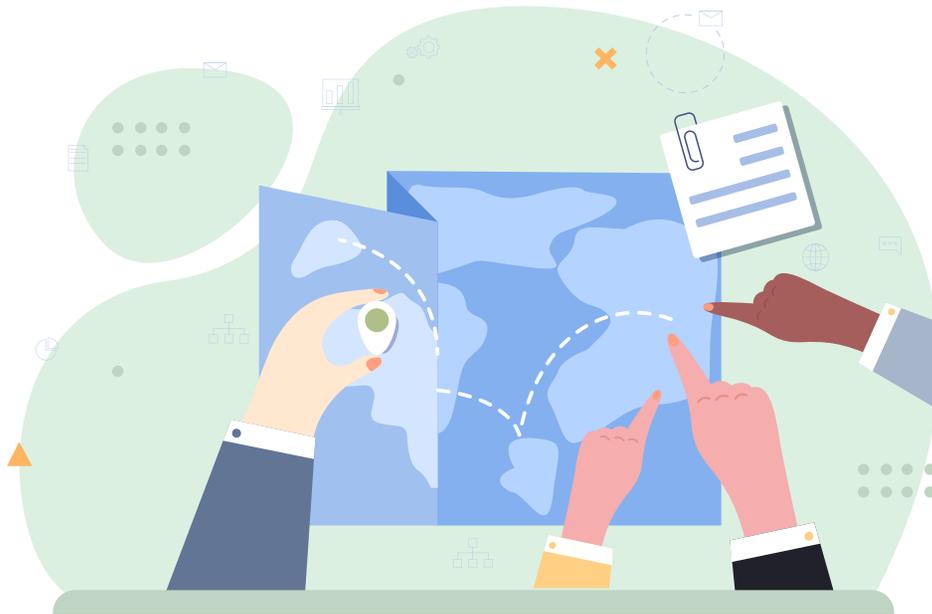
Katie Davies, Chief Solutions Architect at HSP Group, a global expansion specialist with HR consultancy expertise, provides some insight into the challenges presented by sudden change and highlights solutions for companies to consider.



**Since the February 2022 invasion of Ukraine by Russian forces**, we have witnessed tragic and heart-wrenching scenes, with death and destruction across towns and cities. The devastation, displacement and despair of huge numbers of people throughout the country has been seen across the world.

Many global companies found that their employees in these locations, often contractors, suddenly had their lives turned upside down. Where possible, most left the country immediately, migrating to a safer and more secure place, often along with their families.

In support of this movement, the countries of the European Union invoked the **Temporary Protection Directive** which circumvents the traditionally overburdened asylum procedure and offers a quick and simplified path to access protection across the EU. As a result, Ukrainian refugees have been given residence permits to stay inside the bloc for at least one year, a period that will be automatically extended for a further year. In addition, many other non-EU countries have also relaxed visa requirements to facilitate these cross-border moves of Ukrainians, and certain countries, such as Germany, have introduced relaxed visa requirements for skilled Russian nationals.



## Company support

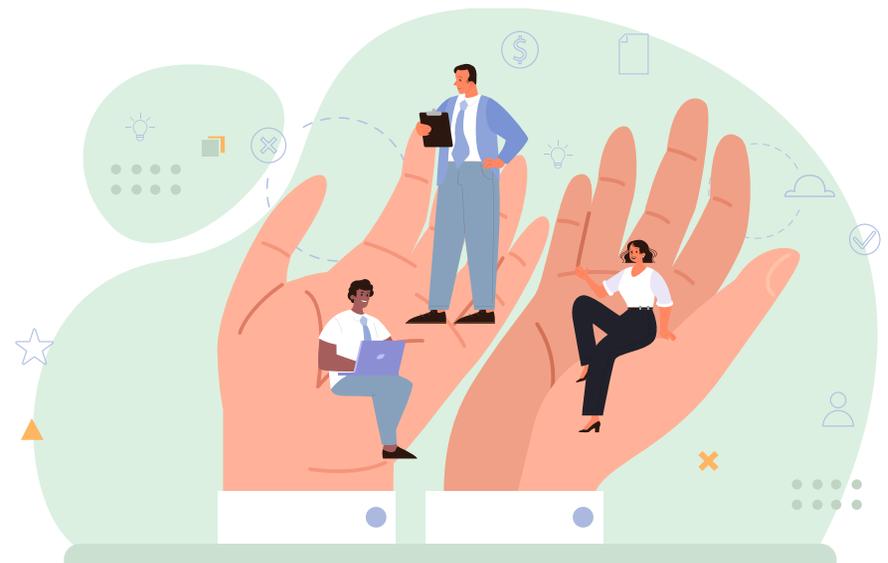
**For companies impacted, they had to quickly look at ways to support their employees in finding new 'homes' and safe places to work**, as well as ensuring their work could be undertaken in a productive and compliant manner.

For the majority of these employees, they will have performed their employment or contractor responsibilities as local entity employees, or through independent contractor arrangements. The challenge was, therefore, to find ways to get them up and running elsewhere as quickly as possible.

In April 2022, a live survey by AirInc, an international mobility specialist, showed that the majority of the companies they polled actively provided financial relocation support to their local hires and dependents, to help facilitate a move, as a result of the war.

The survey highlighted that whilst most companies moved staff to locations where they already had exiting operations (60%), some businesses also supported generic relocations to neighboring or other EU countries, where the company did not necessarily have an existing operation (30%).

The financial backing that these companies offered varied, but typically included a variety of additional support such as the provision of temporary and/or longer term housing; reimbursement for loss of household goods or personal belongings left behind; cost of living wage adjustments; per diems; and, in a handful of cases, educational help for dependent children.

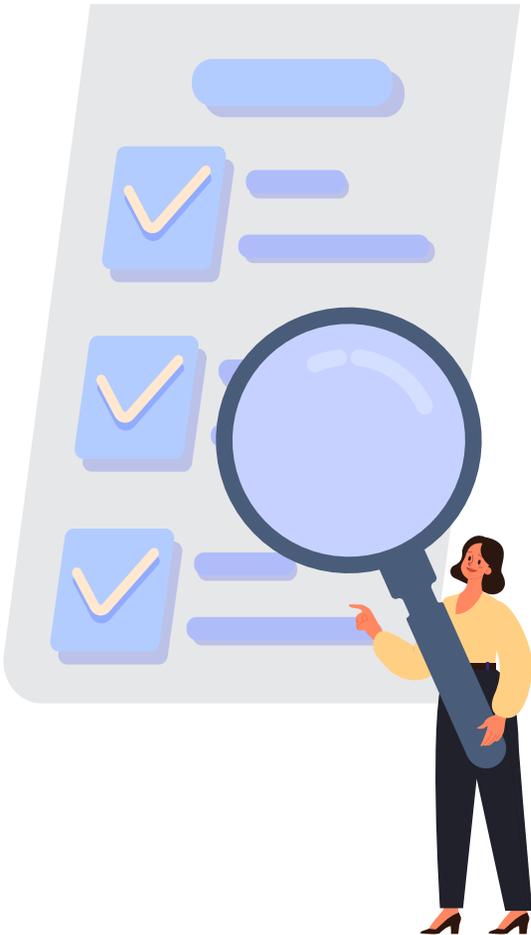


## Compliance and regulation

However, these types of relocations raise a number of additional considerations for companies, including a myriad of compliance requirements that such mass, rapid and unexpected migration creates.

Whilst emergency visa requirements provide temporary relief from the normal visa and work permit considerations, attention still needs to be given to other very practical matters, such as:

- payment of salary and fees to these impacted individuals
- new liabilities to personal income tax
- wage tax withholdings
- associated social insurance obligations



## Longer term planning

In some instances short term exemptions may be provided for up to six months, depending on the local country requirements but, for many, this period will start to expire at some point towards the end of the summer. Companies need to be prepared for what comes next.

The hope and expectation is that many of those displaced will be able to repatriate back to Ukraine, albeit that some may end up in different locations within Ukraine that have been less impacted by the on-going conflict. However, there will naturally be many instances where the emigree will prefer to settle and carve out a new life in a new country, at least in the medium if not longer term. This may or may not be the country in which they immediately evacuated to.

This in itself will present further challenges for employers in managing sensitively the personal choice of their impacted colleagues and families, while appropriately planning their own compliance obligations.



## Important HR considerations

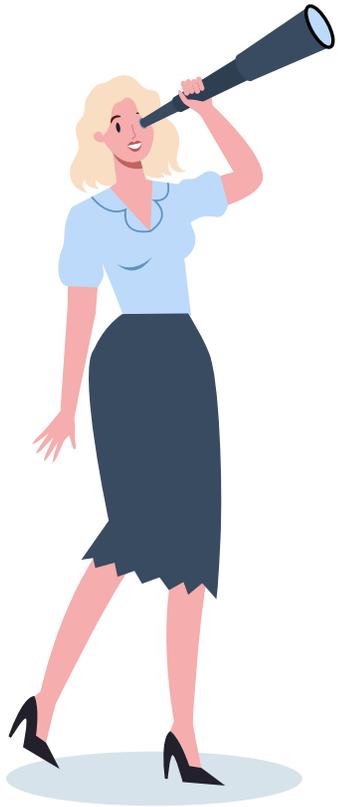
There are a number of key areas to think about when dealing with local employment law and payroll regulations.

Many individuals were being treated as contractors or consultants in Ukraine prior to the conflict, under the country's very favorable legislation for this approach. However, their employment status in other countries may often be more complex, and it is vital that any transition from contractor to employee status is well managed. For example, more often than not, net pay will be impacted. Further adjustments may be required for cost of living differences between Ukraine and the new country location, which will need to be well understood by the business while it manages through this period of change. Clearly budgets in 2022 and beyond will be impacted.



For companies willing to accommodate the individual in countries where they don't currently have a legal entity in place to do so, consideration will need to be given as to how to best employ or contract with those individuals locally, while mitigating (or embracing) local tax nexus considerations, alternatively known as 'permanent establishments'.

This exercise may quickly become complicated, depending on the number of individuals and/or countries under consideration.



## Preparation is key

The war in Ukraine has brought to the forefront the issues companies may face during a crisis, where businesses need to move fast and implement emergency HR plans.

As a result, organizations are realizing that they would benefit in having a policy in place that sets out their approach to these types of challenges, as well as a specialist partner that has the knowledge and expertise to help, and at speed.

If moves like these are to be successful for both the company and staff, employers should look for a partner that specializes in the intricacies of global mobility, global payments, entity setups, compliance activities, taxes and human resources, where they have operations, as well as further afield.

Whilst the war in Ukraine and Russia is an obvious focus for many employers at the moment, it is not the only place where the future is uncertain. Preparation for other emergencies, where fast action is needed to support employees, is critical to minimize business disruption.