

Overview

Deloitte, through its global network, has a global service delivery model to advise and assist companies with the calculation and employer payroll withholding and reporting of global termination payments. Deloitte can advise and assist clients to:

- Analyze proposed termination payments and benefits calculations for accuracy based on tax rules
- Identify tax compliance requirements with practical advice on payroll processing
- Analyze global packages against local tax requirements
- Identify and prepare additional employer tax filing requirements (e.g., IR21 cessation returns in Singapore) (where requested)
- Prioritize employee communications with taxes in complex jurisdictions explained via informational presentation or company FAQs

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Severance calculation:

- Analyze company's starting severance calculations (as applicable) including analysis of methodology and formulas used to calculate the total amount due to be paid to terminated employees
- If requested, coordinate with company to gather additional data required to analyze the severance values as directed by the company and to amend the calculation, if required

Tax treatment:

- Advise the company on the employment taxation and reporting rules in impacted countries for termination payments and non-cash benefits
- Analysis of whether the payments are required to be treated as taxable compensation to the employees, whether they are subject to social security or similar taxes (referred to below as "social security"), and other reporting and withholding requirements as described below:
 - Which payments may be made tax free and required criteria
 - Which payments may be subject to income tax but not social security
 - Which payments may be subject to social security only but not income taxes
 - Which payments may be fully subject to both income tax and social security
 - How non-cash benefits provided as part of the termination package should be treated for withholding and reporting purposes
 - Any country-specific rules regarding withholding on termination payments and non-cash benefits including timing of tax withholding and reporting



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Payroll:

- Advise and assist the company with the calculations associated with the termination payments and taxable amounts of non-cash benefits to be included in payroll for terminated employees
- Hold discussions with the company's central and local payroll teams to obtain an understanding of each country's termination process and payment timings
- Respond to questions from the company's central and local payroll teams
- If provided within sufficient time prior to payroll processing, analyze the draft payroll transaction per employee to confirm whether the employment tax treatment is consistent with the calculations of the termination payments and the taxability treatment determined for each country.

Employee Communications:

- Prepare employer provided tax statements (required by tax authorities) for each employee reporting the tax treatment of their termination payments, general application of any reliefs, plus (if applicable) related taxes withheld in complex jurisdictions
- Analyze for employer options available to determine the tax treatment of the termination payments in applicable countries
- Advise and assist company in preparing its communication plan to employees regarding the tax implications of its termination actions (e.g., informational presentation and company FAQs)

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