



22 December 2025

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Administration  
Organisation for Economic Co-operation  
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Paris, France

Via email: [taxpublicconsultation@oecd.org](mailto:taxpublicconsultation@oecd.org)

**RE: OECD Global Mobility Consultation**

Dear Ms. Corwin:

The OECD published a public consultation document entitled “Global Mobility of Individuals” on 26 November 2025 (the “Consultation Document”). The Consultation Document defines Global Mobility as a changed way of working, including through technology facilitating remote and cross-border employment. The Consultation Document addresses three types of tax relevant to Global Mobility: personal income tax, employment tax, and corporate income tax. Corporate income tax issues include the existence of a permanent establishment, the attribution of profits to such a permanent establishment, residence questions, as well as transfer pricing and other items.

The OECD requested interested parties to comment on the Consultation Document no later than 22 December 2025. On behalf of Tax Executives Institute, Inc. (“TEI”), I am pleased to respond to the OECD’s request.

**About TEI<sup>1</sup>**

TEI was founded in 1944 to serve the needs of business tax professionals. Today, the organization has 55 chapters in North and South America, EMEA, and Asia. As the preeminent association of in-house tax professionals, worldwide, TEI has a significant interest in promoting sound tax policy, as well as the fair and efficient administration of the tax laws, at all levels of government. Our more than 6,000 individual members represent over 2,800 of the leading companies in the world.

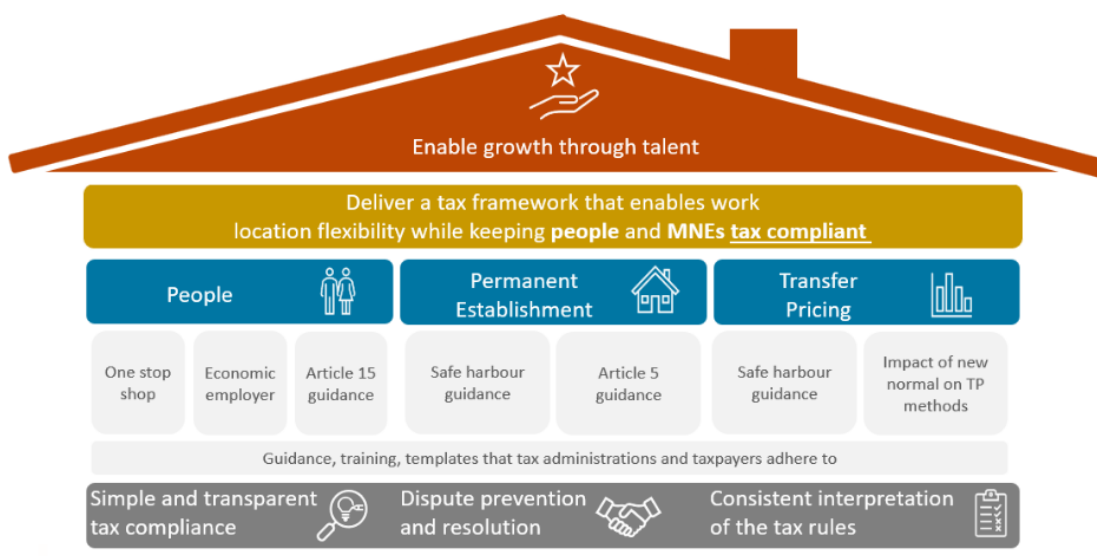
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<sup>1</sup> TEI is organized under the Not-For-Profit Corporation Law of the State of New York. TEI is exempt from United States Federal Income Tax under section 501(c)(6) of the United States Internal Revenue Code of 1986 (as amended).

## TEI Comments

TEI welcomes the OECD's work on Global Mobility and the recent changes to the OECD's Model Tax Convention on Income and on Capital ("MTC"). These efforts facilitate remote work, which is a crucial employee enticement in the ongoing "War for Talent." To continue this progress, TEI believes additional steps are necessary to secure a consistent interpretation of the updated commentaries, effectively enabling global mobility through increased transparency and administrative simplicity, and to provide tax certainty for tax administrators and taxpayers.

Enabling Global Mobility is a cross-functional initiative that leverages technical knowledge and practical experience of multiple tax (and non-tax) disciplines. TEI's strategy for Global Mobility highlights this coordinated approach.



We trust our comments will help the OECD to work towards the effective adoption of a consistent set of guidelines by the OECD/G20 Inclusive Framework on BEPS, which will be adopted and enforced by local law.

### Why is Global Mobility Relevant? Data and Trends

Key sectors of global business are engaged in a War for Talent. A Korn Ferry study projected by 2030 more than 85 million jobs could go unfilled globally because of a lack of skilled people and estimates the annual unrealized revenue to be \$8.5 trillion.<sup>2</sup> The Korn Ferry study anticipates that

<sup>2</sup> The Korn Ferry study is available at [https://www.kornferry.com/content/dam/kornferry/docs/article-migration/FOWTalentCrunchFinal\\_Spring2018.pdf](https://www.kornferry.com/content/dam/kornferry/docs/article-migration/FOWTalentCrunchFinal_Spring2018.pdf).

shortages for highly skilled, mid-skilled, and low-skilled workers will be more acute in the financial and business services, technology, media, telecommunications, and manufacturing sectors.

Remote employment can be a solution for multinational enterprises (“MNEs”) otherwise unable to attract employees in their own jurisdictions. However, the current international tax system poses tremendous fiscal barriers to MNE employers recruiting employees from foreign jurisdictions and who do not (fully) relocate to the employer’s jurisdiction. Predominantly for this reason, MNE employers often refrain from recruiting remote employees. This negatively impacts the contribution to trade and business that such MNEs can make.

MNEs currently encounter economic hurdles when considering remote employment. The fiscal barriers include uncertainty about permanent establishment (“PE”) determinations, ad hoc economic employer determinations by tax administrators, transfer pricing challenges, payroll tax and social security tax obligations in jurisdictions other than that of the employer, and disproportionately high tax compliance costs. Together these obstacles cause missed opportunities not only for talented future employees residing in countries other than the employer jurisdiction, but also for additional tax revenue in the employee’s country.

There also are non-tax challenges (immigration and work visas, for example) but fiscal barriers often have the effect of preempting any attempt to resolve these other challenges. TEI believes the fiscal barriers can best be resolved through an internationally coordinated approach, minimizing international fragmentation and enhancing simplification and legal certainty.

TEI conducted a survey of its members to address the Consultation Document’s question “Is Global Mobility still relevant?” The survey results highlight that employee mobility still poses challenges for business, tax audit experience and guidance from tax administrations on this topic is limited, and prioritizing an end-to-end international tax framework would be welcomed. We are happy to share the output of the survey at the OECD’s public consultation meeting, to be held by the OECD on 20 January 2026.

#### Personal Income Tax Compliance: “One-stop-shop” for Wage Withholding and Social Security Payments

A key fiscal barrier is the complexity and administrative burden linked to wage withholding and social security payment obligations. TEI recommends the OECD and Inclusive Framework collaborate to enable a “one-stop-shop” approach for the withholding and payment of wages and social security contributions for remote employees.

A one-stop-shop approach for the withholding and payment of wages and social security would need to be based on three critical guidelines:

1. The employee is subject to wage tax and is liable for social security contributions only in the country of its tax residence.<sup>3</sup>
2. The employer, a foreign MNE without a presence in the country of the employee: (a) withholds the wages and makes social security contributions in its, i.e., the employer's, country of tax residence, and (b) files an annual information form reporting cross-border remote work in its country of residence (disclosing the countries of residence of employees residing and working abroad) – similar to the Pillar One Designated Payment Entity, which satisfies all Amount A tax obligations of the MNE Group in all market jurisdictions.
3. The relevant tax authorities exchange such information and reallocate wage withholding and social security payments contributed to the employer's residence country to the countries where the employee works and is resident.

The framework and operation of the one-stop-shop approach needs to be agreed multilaterally across jurisdictions. The one-stop-shop approach can also be the overarching framework to harmonize and simplify the practical implications linked to the interactions between Article 5 (PE) and Article 15 (Income from Employment) of the MTC.

TEI welcomes the 2025 update to the Official Commentary on Article 5 because it provides a much-welcome modernization and clarification for the home office determination. Yet, while Article 5 provides clarity and some level of certainty to employers about the PE threshold, the work performed so far includes no similar modernization or clarification for Article 15. TEI recommends the OECD taking further steps to also simplify and ease the burden for employees by updating Article 15.

The one-stop-shop framework is a simple alternative, offering a unified and consistent solution for employees and employers to meet tax and social security compliance, while ensuring the employees' local tax authorities are fully informed and receive an appropriate share of tax revenue.

Permanent Establishment: Further Preventing “Micro-PEs” and Attribution of “Micro-Profits” to Micro-PEs

TEI recommends Working Parties 1 and 6 provide explanations and examples clarifying the tax impact of remote work where such work is clearly de minimis.

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<sup>3</sup> The one-stop-shop approach would not apply to ad hoc business travel, social security contributions not due, and situation where the employee is not deemed to be a tax resident of the relevant jurisdiction.

These explanations and examples would be developed to:

1. *Prevent micro-PEs*: Safe harbors based on objective, measurable and auditable criteria.
  - a. Consider making public a white-list of activities that, further to the preparatory and auxiliary activities, would not rise to the level of a PE, as well as a black-list of activities that would always trigger a local PE.
  - b. Further to the white- or blacklist of activities, define indicative thresholds for a PE to be deemed to exist. These thresholds could be based on the number of remote employees employed in one country, the percentage of employees of one company that are remotely working in one country, or the total local costs or the percentage of the costs of the remote employees in one country over the total employee costs of the employer.
2. *Prevent unnecessary costs from attribution of micro-profits to micro-PEs*. A safe harbor approach would also prevent tax administrations and taxpayers from incurring disproportionate compliance costs – see the example below.

|                         | 5% Mark-Up | 10% Mark-Up | 15% Mark-Up |
|-------------------------|------------|-------------|-------------|
| Total Employee Costs    | 300,000    | 300,000     | 300,000     |
| Mark-Up                 | 5%         | 10%         | 15%         |
| Local Profit            | 15,000     | 30,000      | 45,000      |
| Local Tax (at 25% rate) | 3,750      | 7,500       | 11,250      |

*The MNE's compliance obligations include:* registering a PE, filing periodic VAT/GST returns, filing withholding tax returns, filing periodic corporate income tax returns and making advance/estimated tax payments, country-by-country reporting and Pillar 2 notifications, filing local transfer pricing forms while preparing and maintaining local transfer pricing benchmarks and documentation, filing periodic wage tax and social security returns, and filing annual corporate income tax, VAT/GST, and wage tax and social security returns. MNE's also maintain local accounting books, prepare local financial statements, and obtain audited financial statements.<sup>4</sup>

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<sup>4</sup> In some countries, it is mandatory for local PEs to have audited financials, regardless of the number of employees, assets in the balance sheet or annual turnover.

*Tax administration obligations include:* receiving, administering, processing, and auditing all returns and information filed by the taxpayer.

In this example, the costs for tax administrations and taxpayers would largely exceed the benefits and the tax revenues that might be collected via a local PE. Implementing objective, measurable and auditable thresholds provide tax administrations and taxpayers additional certainty that, where the threshold is not exceeded, no PE is triggered.

#### Profit Allocation to PEs: Rely on the Existing Framework

The OECD's Guidance on the Attribution of Profits to a PE already provides a generally established basis for allocating profits to PEs. TEI recommends the OECD further clarify and enable:

1. A single entity approach;
2. Cost plus safe harbors for Global Mobility PEs; and,
3. Exit tax compensation when employees relocate and when roles are moved to a different location.

#### Transfer Pricing: Clarifying and Realigning the Transfer Pricing Guidelines with Modern Business Operations

Global Mobility is broader than hiring employees in a country where the MNE does not have a local presence. In a broader sense, Global Mobility acknowledges that business teams are virtual, groups work and make decisions cross-functionally, and MNEs hire and retain talent across multiple countries. Considering these business realities, the question arises: are the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("OECD TP Guidelines") fit and aligned with modern business operations?

The OECD TP Guidelines are based on a business operating model where one company in the group, the principal, makes all decisions, other players in the group's supply chain are "spectators" and operate under the direction of the principal when performing their activities, and talent in the organization is centralized in the principal's location. Contrary to the historical model, business decisions are cross-functional and made by several departments, teams are virtual and may be in different countries, and top and middle management roles may also be based outside the principal location. This difference leads to unfit interpretations of the OECD TP Guidelines that create uncertainty and increase disputes between taxpayers and tax administrations.

TEI recommends the OECD begin a solution driven review of the existing OECD TP Guidelines to acknowledge modern business operations. In particular, we suggest the OECD focus on these critical topics:

1. Clarifying people roles – the so-called “value added roles,” “critical people,” “strategic decision makers,” or other similar names – are not the sole driver to determine the best TP method and allocating profit to a country.

This is especially relevant for intellectual property (“IP”) intense industries, where business is confronted with arbitrary interpretations of the role and responsibilities of individuals involved in the development, enhancement, maintenance, protection and exploitation (“DEMPE”) of IP, which leads to absurd allocation of profits to single individuals.

2. Ideally, providing a clear and objective safe harbor including thresholds, for example, about roles<sup>5</sup> deemed to attract additional profit and, in combination with other objective criteria such as the level of concentration of certain roles in a country, to clarify the best method and the level of profit to attribute. This could be achieved through additional examples added to the OECD TP Guidelines.
3. Clarify if, and when, the profit split method and the residual profit allocation of profits to entrepreneurs in a DEMPE analysis is the best method, preventing the widespread attempt to apply the profit split to single roles.

Should the OECD begin a solution-driven review of the existing OECD TP Guidelines, TEI would be pleased to participate and provide our input.

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TEI appreciates the opportunity to provide our comments on the Consultation Document. Please do not hesitate to contact Benjamin R. Shreck of TEI’s legal staff at [bshreck@tei.org](mailto:bshreck@tei.org) or +1 202 464 8353 with any questions about TEI’s comments.

Respectfully submitted,

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TAX EXECUTIVES INSTITUTE

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<sup>5</sup> The so-called “value added roles,” “critical people,” “strategic decision makers,” or other similar names, as noted above.