



Ernst & Young Tax Co. and EY Immigration Corporation

Overseas assignment policies and tax practices survey

(Summary version)

EY Mobility Survey No. 4

Education for accompanying children, employment of accompanying family members, and pre-assignment assistance

Ernst & Young Tax Co. and EY Immigration Corporation

November 2022

EY

Building a better
working world

EY Mobility Survey

Overview of EY Mobility Survey No. 4

Purpose	This survey serves to analyze the circumstances surrounding the treatments of overseas assignees.
Topics	Education for accompanying children, employment of accompanying family members, and pre-assignment monetary assistance
Survey period	Thursday 8 September 2022 to Friday 14 October 2022
Number of respondents	250 (valid responses*: 230) *The following standards were applied in cases where there were multiple respondents from the same company: 1. Responses from the head office over those from an overseas subsidiary were prioritized 2. Responses from human resource departments were prioritized over those from all other departments 3. Surveys from respondents with the most valid responses were prioritized when there were multiple respondents from the same department or group

Message

EY Mobility Survey No. 4 focuses on education for accompanying children, employment of accompanying family members, and pre-assignment monetary assistance provided by employers.

Many respondents identified these as topics they were highly interested in when responding to our first three EY Mobility Surveys, which we began conducting in 2021.

In this summarized version of the survey, we outline the latest trends in how companies determine which schools accompanying children will attend, subsidy amounts for educational expenses, approaches to employment for accompanying family members, pre-assignment monetary assistance amounts, and other related topics. (While the average and median values of educational expenses for accompanying children, pre-assignment assistance, and allowances paid after arrival in the location of assignment are presented in this document, any information that may reveal company names or other identifying information has been concealed, with maximum, minimum and other specific values for relevant questions to be shared only with the responding company in question.)

This report from Ernst & Young Tax Co. and EY Immigration Corporation analyzes the current situation, including projections regarding impacts on overseas activities and risk avoidance through a survey that examines the circumstances of overseas assignees. We hope the information contained in this report proves valuable to your company's needs.

Ernst & Young Tax Co. and EY Immigration Corporation

Inquiries: EY Mobility Survey administrative office (ey.survey@jp.ey.com)

*Please contact the EY Mobility Survey PMO if planning to use or cite the results of this survey.

In this summary version, only the results of the topics in red are presented.

Summary

1	Affiliation of respondents Service lines, positions, industries, corporate nationality, number of employees, number of overseas assignees	4-6	2.	Employment of accompanying family members	
1.	Education for accompanying children		17	Approval of accompanying family members working in assignment locations 60% of companies passively approve of accompanying family members working	16
2	Recommendation of child accompaniment for overseas assignees 80% of companies leave the decision to employees, with 12% recommending accompaniment	8	18	Scope of support for working in assignment locations	
3	Provision of preschool educational expenses 90% provide for all or part of expenses in some manner	9	19	Scope of support for accompanying family members filing income taxes in assignment locations	
4	Setting standard schools (kindergarten and daycare)		20	Changes in treatment for assignees when accompanying family members work in assignment locations	
5	References used when setting standard schools (kindergarten and daycare) Most companies refer to information on schools provided by external organizations	10	21	Reasons for not approving of accompanying family members working in assignment locations Over 90% of respondents cited the use of family visas to enter the country as the primary reason	17
6	Timing of initial provision for kindergarten and daycare expenses		22	Challenges related to accompanying family members working in assignment locations Approx. 45% of respondents report not having a clear understanding of the employment status of accompanying family members	18
7	Specific amounts of kindergarten expenses (language used in classes: Japanese/languages other than Japanese)		3.	Pre-assignment monetary assistance	
8	Educational expenses in regions without Japanese schools 84% provide for all or part of expenses in some manner	11	23	Provision of pre-assignment monetary assistance 96% of respondents provide pre-assignment monetary assistance	20
9	Setting standard schools in regions without Japanese schools Approx. 40% set standard schools and approx. 40% do not	12	24	Timing of provision of pre-assignment monetary assistance Over 70% provide prior to the assignee departing to the assignment location	21
10	References used when setting standard schools in regions without Japanese schools Most refer to information provided by responsible persons in assignment locations	13	25	Calculation methods for pre-assignment assistance	
11	Scope of payment of educational expenses		26	Specific amounts of pre-assignment assistance	
12	Specific amounts provided for tuition in regions without Japanese schools		27	Whether pre-assignment assistance is taxable in Japan	
13	Educational expenses when a child commutes to high school		28	Scope of pre-assignment allowance	
14	Specific amounts provided for high school expenses		29	Allowances provided after arrival in assignment location 23% indicate providing allowances in addition to pre-assignment monetary assistance	22
15	Ultimate bearer of educational expenses		30	Specific amounts of allowances provided after arrival in assignment location	
16	Filing taxes locally with regard to company-provided educational expenses 59% of respondents make sure to include educational expenses in tax filings in countries and regions that require it	14			

EY is able to provide services and support for all topics and challenges raised in this survey.

Respondent attributes Service lines and positions

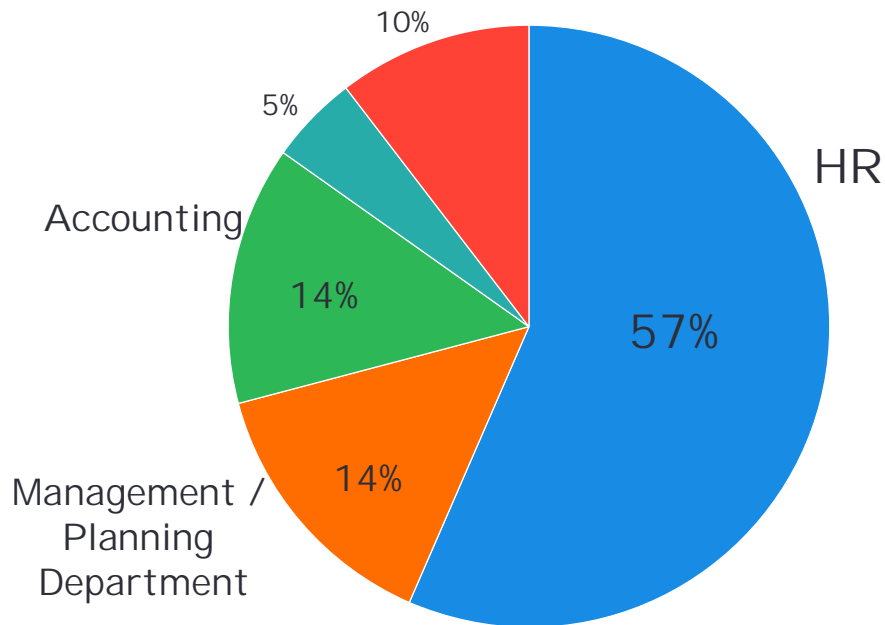


Comment

- As in the first three surveys, we received responses from many participants.
- A seminar was held to further explore and discussed the topics addressed in this survey.

Q1: Please select your department.

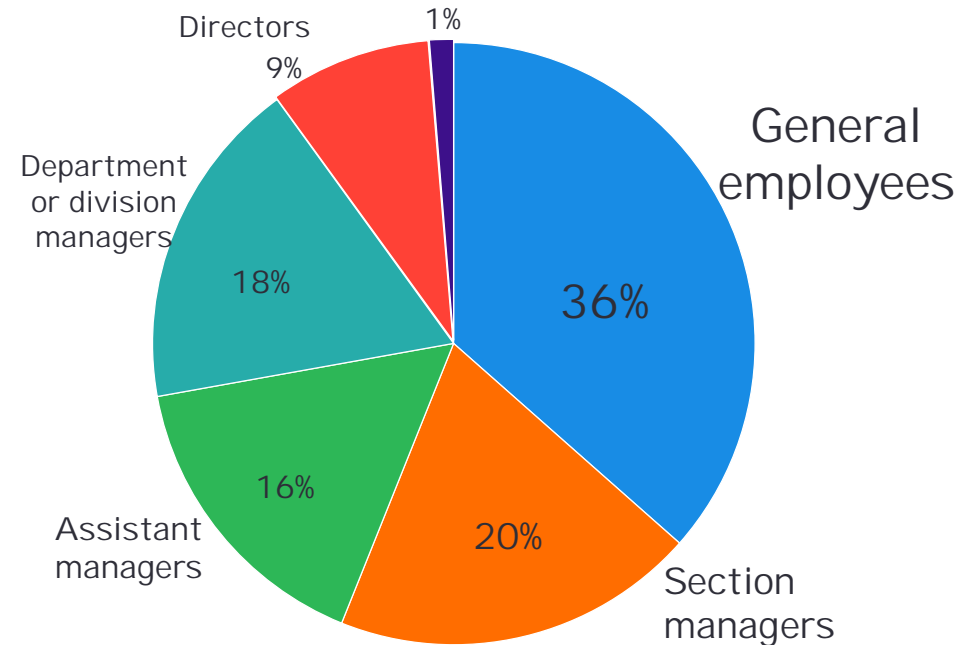
Single answer



- HR
- Management / Planning Department
- Accounting
- General affairs
- Other

Q2: Please select your title.

Single answer



- General employees
- Section managers
- Assistant managers
- Department or division managers
- Directors

1-2

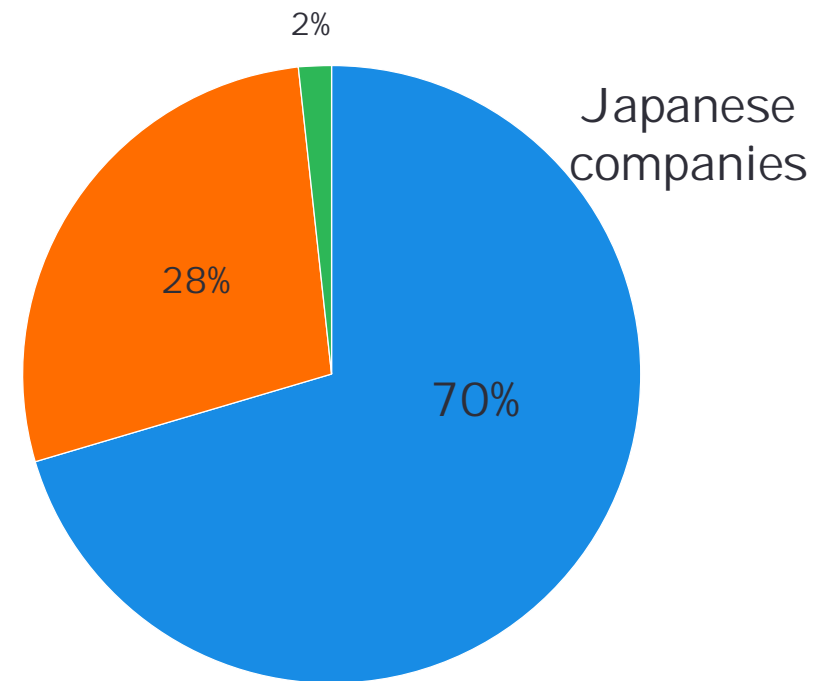
Respondent attributes Corporate nationality and industry

Q4: Please select your company's industry from the options below.

Single answer



Japanese, foreign-affiliated or local subsidiaries of Japanese companies



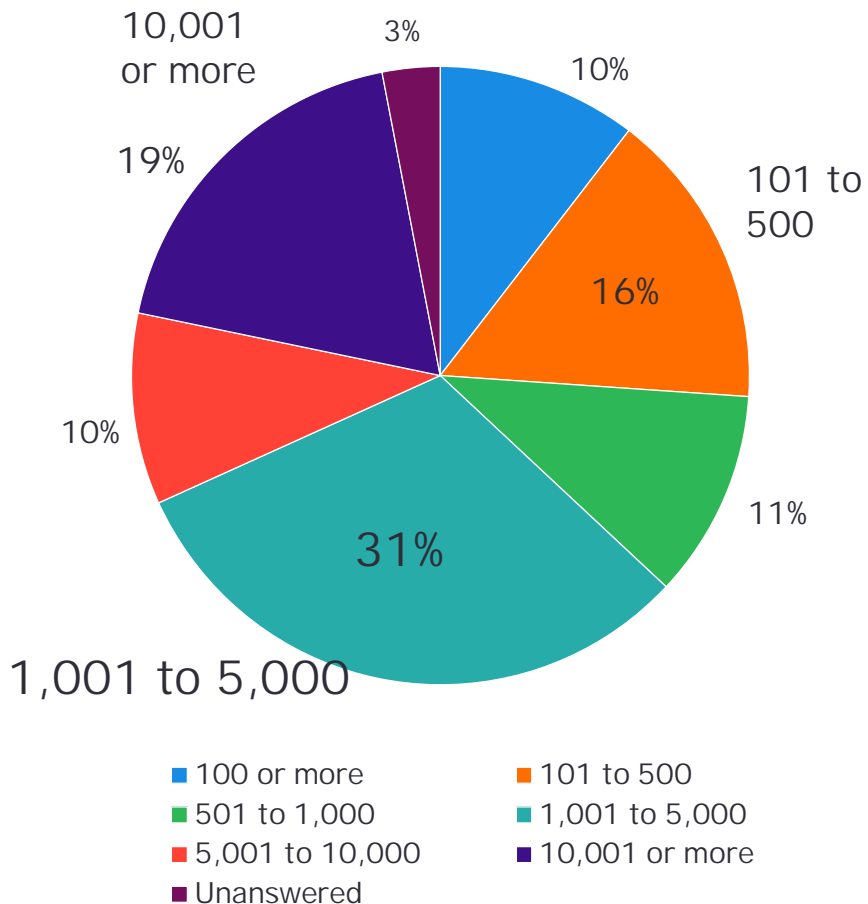
- Japanese companies
- Foreign-affiliated companies or local subsidiaries of Japanese companies

1-3

Respondent attributes Number of employees and overseas assignees

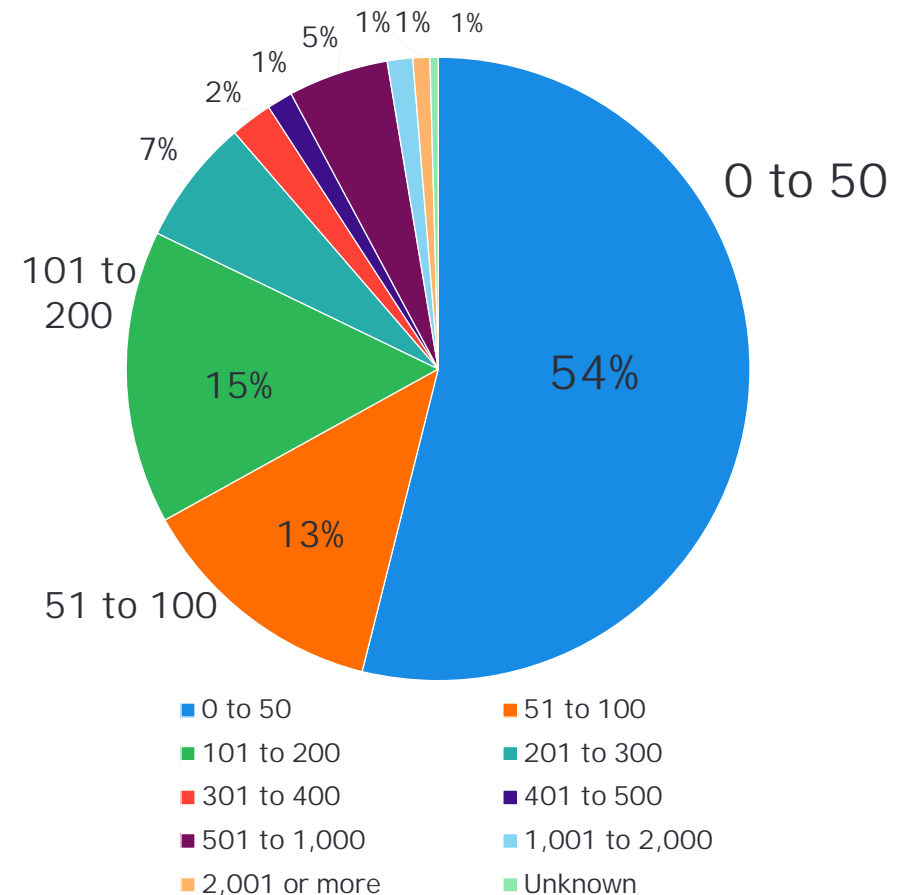
Q6: Please select the number of employees in your company from the options below.

Single answer



Q7: Please select the number of overseas assignees in your company from the options below.

Single answer





1. Education for accompanying children

2

Recommendation of child accompaniment for overseas assignees

80% of companies leave the decision to employees, with 12% recommending accompaniment

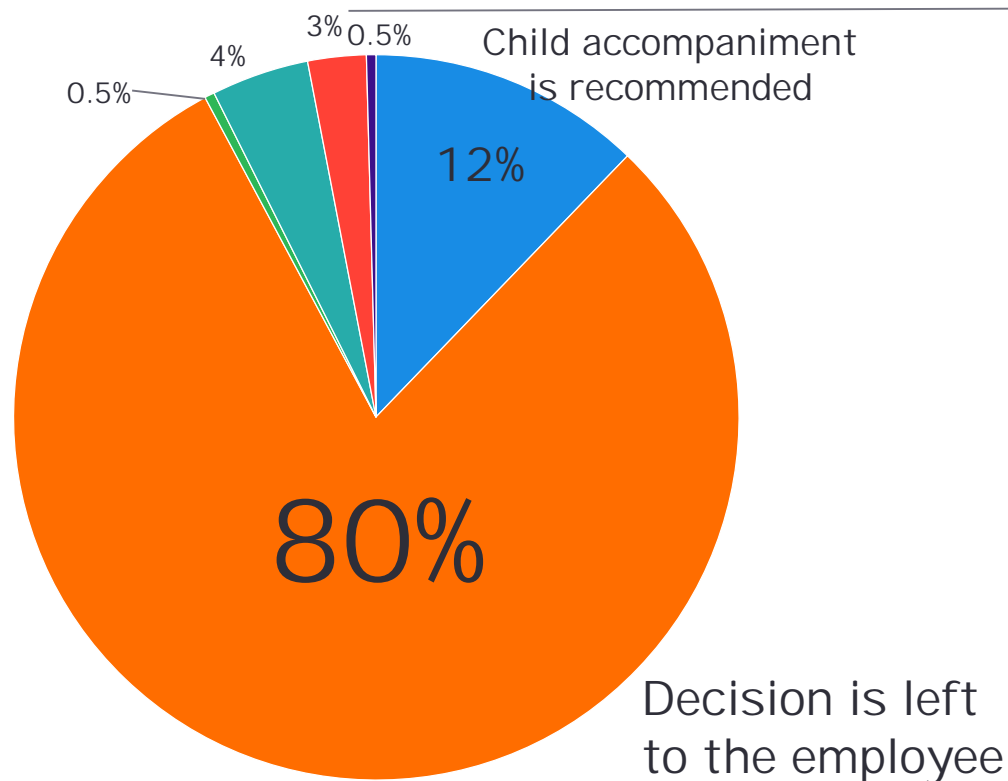


Comment

- Most companies approve of children accompanying overseas assignees, with less than 5% of companies placing restrictions on accompaniment to all or part of certain regions.
- In addition, some companies may restrict the accompaniment of children to areas considered significantly dangerous or where the children are expected to face significant education-related challenges.

Q10: Does your company recommend that children accompany overseas assignees?

Single answer



Examples of "other":

- While the employee's wishes are accepted in most cases, accompaniment is prohibited for certain regions deemed dangerous.
- Accompaniment is not approved for assignments of one year or less but is approved for assignments over one year.
- Open to discussions if there is interest.

Choices	Responses
Child accompaniment is recommended	28
Decision is left to the employee	184
Child accompaniment is restricted (all regions)	1
Child accompaniment is restricted (certain regions)	10
Other	6
Unknown	1
Total	230

3

Provision of preschool educational expenses 90% provide for all or part of expenses in some manner

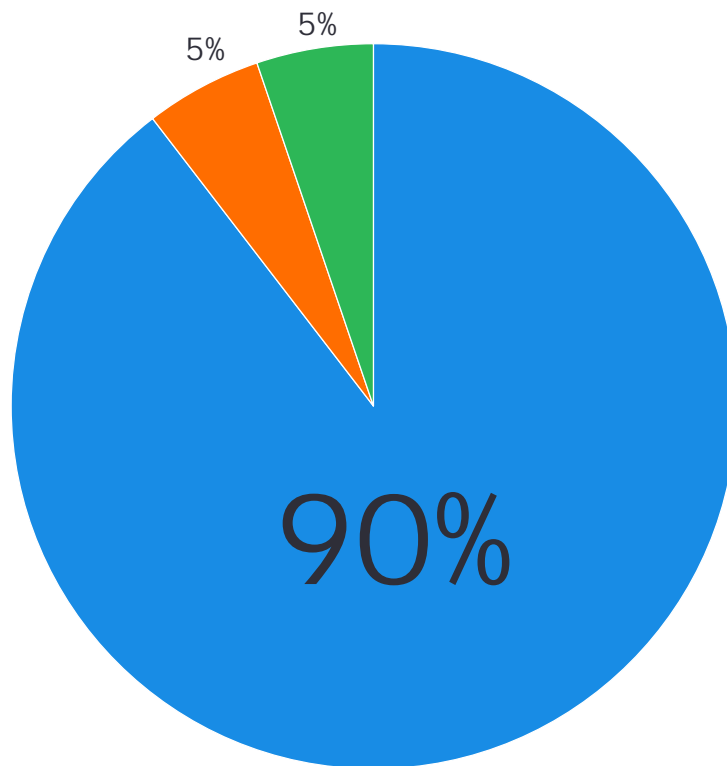


Comment

- A minority of companies (5%) do not provide for preschool educational expenses.
- Survey results show that preschool education is increasingly common, and many companies provide for educational expenses to pay for kindergarten and daycare.

Q11: Does your company provide for kindergarten (daycare) expenses for accompanying children?

Single answer



All or part of expenses are paid for in some manner

Choices		Responses
	All or part of expenses are paid for in some manner	206
	Expenses are not provided for	12
	Unknown	12
Total		230

5

References used when setting standard schools (kindergarten and daycare) Most companies refer to information on schools provided by external organizations



Comment

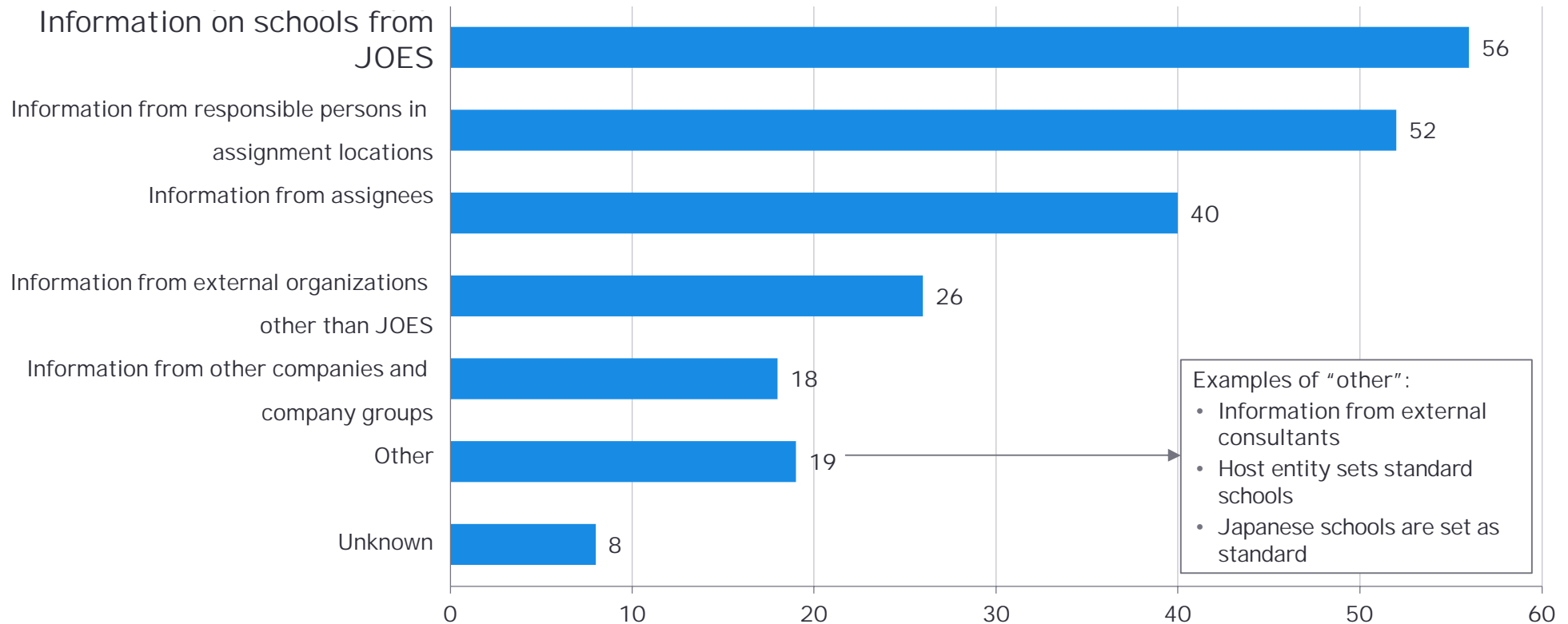
- Approx. half of respondents refer to information on schools provided by the non-profit organization Japan Overseas Educational Services (JOES).
- There are also many companies that refer to information provided by responsible persons in assignment locations or information provided by the assignee.
- Many respondents who answered "other" noted using Japanese schools as a standard.

Q11-2: Please indicate the factors your company considers when setting standard schools. Please select all that apply (multiple answers possible).

(Respondents to this question were those who in Q11-1 indicated that their company sets standard schools for all or some assignment locations.)

Multiple answers

[Number of respondents: 118]



8

Educational expenses in regions without Japanese schools 84% provide for all or part of expenses in some manner

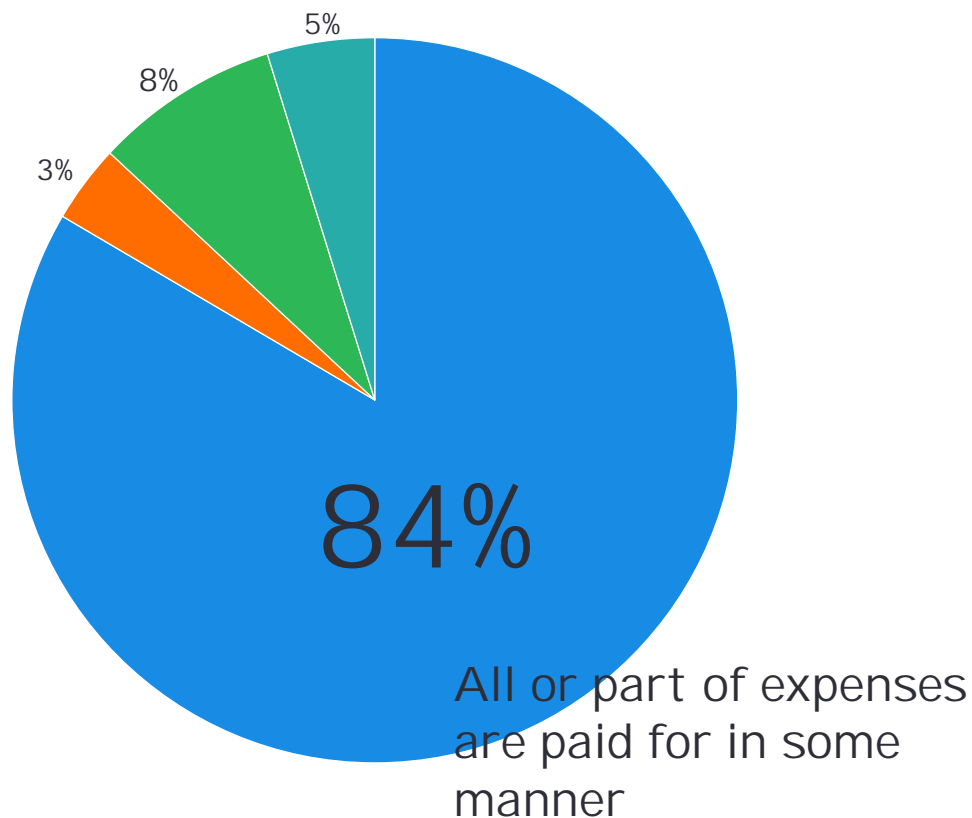






Comment

- A minority of companies (3%) do not provide for preschool educational expenses.
- As assignment locations with Japanese schools are limited, many companies pay for compulsory education even in regions without Japanese schools.

Q12: Does your company provide for educational expenses in cases where an accompanying child is commuting to an elementary or junior high school in a region without a Japanese school?

Single answer



Choices		Responses
	All or part of expenses are paid for in some manner	192
	Expenses are not provided for	8
	Employees are not assigned to regions without a Japanese school	19
	Unknown	11
Total		230

9

Setting standard schools* in regions without Japanese schools Approx. 40% set standard schools and approx. 40% do not

*Definition of "standard school": Schools in a given region that the company stipulates as suitable for a child to attend



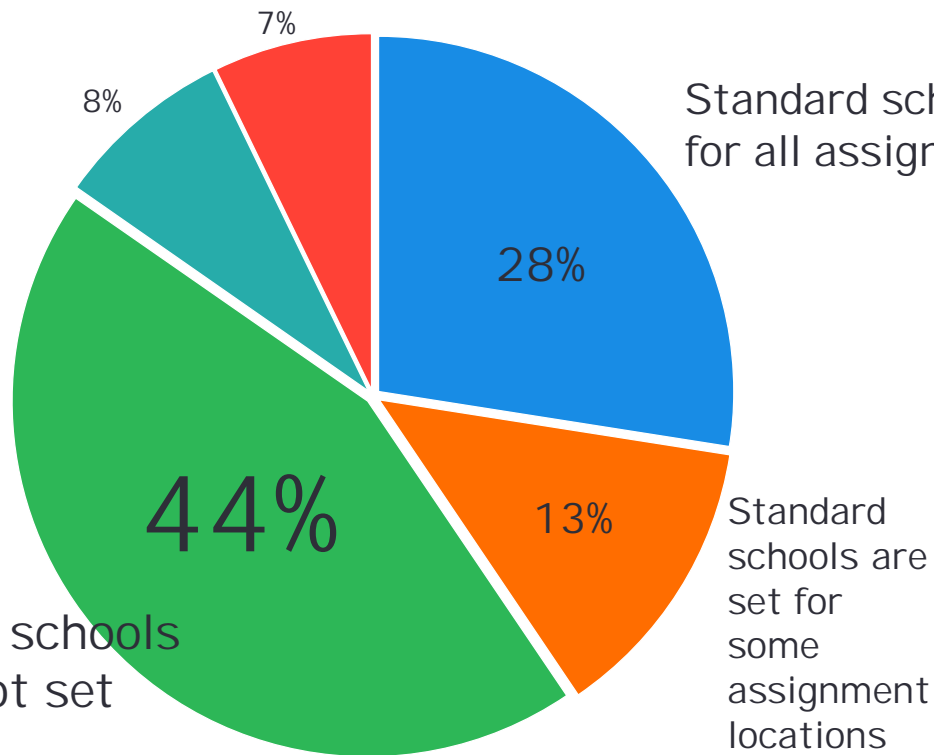
Comment

- Survey results were divided between 41% of respondents who indicated that their companies set standard schools for all or some assignment locations and 44% who do not set standard schools.
- When there are multiple options of suitable schools, including local or international schools, it may be possible to adjust the educational expenses borne by the company by setting a certain school as the standard.

Q12-1: Does your company set a standard school in cases where a child is attending an elementary or junior high school in a region without a Japanese school?

(Respondents to this question are those who in Q12 indicated an answer other than not providing for educational expenses.)

Single answer



Choices	Responses
Standard schools are set for all assignment locations	61
Standard schools are set for some assignment locations	29
Standard schools are not set	98
Employees are not assigned to regions without a Japanese school	18
Unknown	16
Total	222

10

References used when setting standard schools in regions without Japanese schools Most refer to information provided by responsible persons in assignment locations



Comment

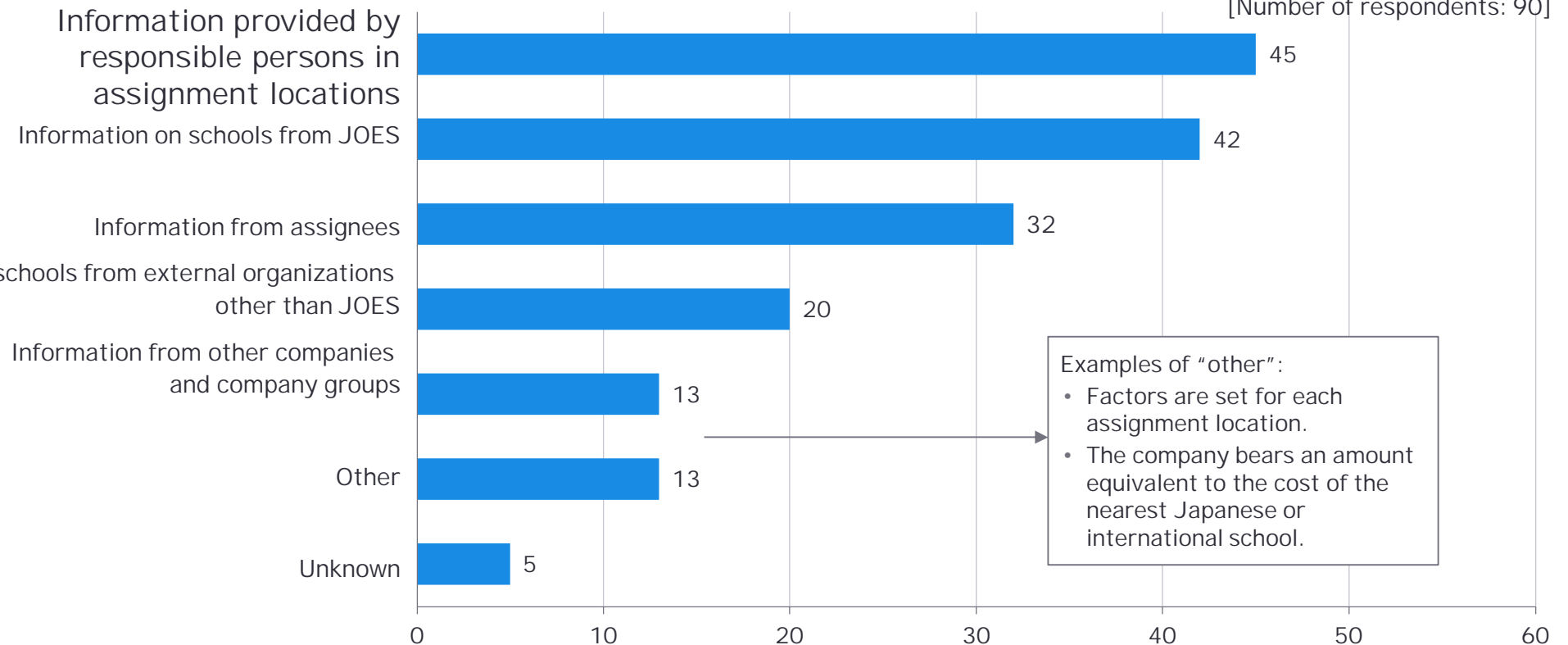
- In instances where a Japanese school did not exist in the assignment location, the high ratio of respondents indicating that they rely on information about local schools received from responsible persons in assignment locations or the assignee themselves is likely due to the ease and convenience of obtaining such information from reliable or knowledgeable sources.
- Referencing information provided by external organizations and other such measures are also required to prevent schools from being set as the standard in an arbitrary manner.

Q12-2: Please indicate the factors your company considers when setting standard schools. Please select all that apply (multiple answers possible).

(Respondents to this question were those who in Q12-1 indicated that their company sets standard schools for all or some assignment locations.)

Multiple answers

[Number of respondents: 90]



Examples of "other":

- Factors are set for each assignment location.
- The company bears an amount equivalent to the cost of the nearest Japanese or international school.

16

Filing taxes locally with regard to company-provided educational expenses 59% of respondents make sure to include educational expenses in tax filings in countries and regions that require it

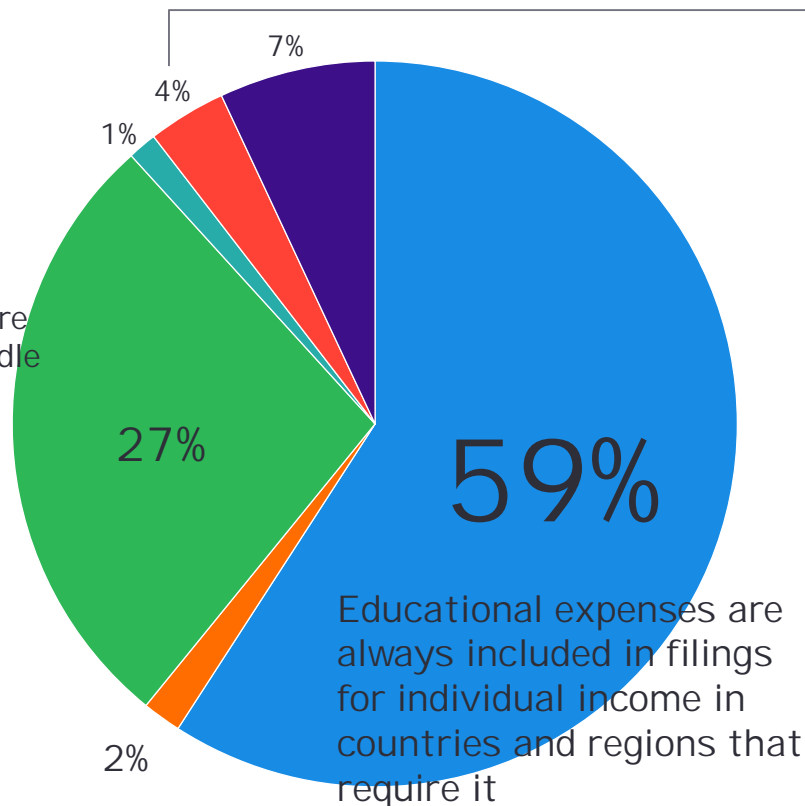


Comment

- A notable portion of respondents (27%) also indicated that their Japanese headquarters does not have a clear understanding of whether educational expenses are included in the assignee's individual income tax filings since tax filings are left to host offices.
- There is a risk of errors or omissions in tax filings when the host office is responsible for filings. Such risk may be avoided by having Japanese headquarters centrally manage and monitor the status of tax filings.

Q15: Are company-provided educational expenses for accompanying children included in the assignee's individual income tax filings in the assignment location?

Single answer



Examples of "other":

- Educational expenses are included in individual income tax filings according to the guidance of an accounting firm in the country of assignment.
- No policy is in place since no assignees fall under this category.

Choices	Responses
Educational expenses are always included in filings for individual income in countries and regions that require it	136
Educational expenses are not included in the assignee's individual income tax filings in some instances, even in countries where doing so is required	4
Head office is unsure as host offices handle tax filings	63
No, educational expenses are not included in the assignee's individual income tax filings	3
Other	8
Unknown	16
Total	230

Head office is unsure as host offices handle tax filings



2. Employment of accompanying family members

Approval of accompanying family members working in assignment locations

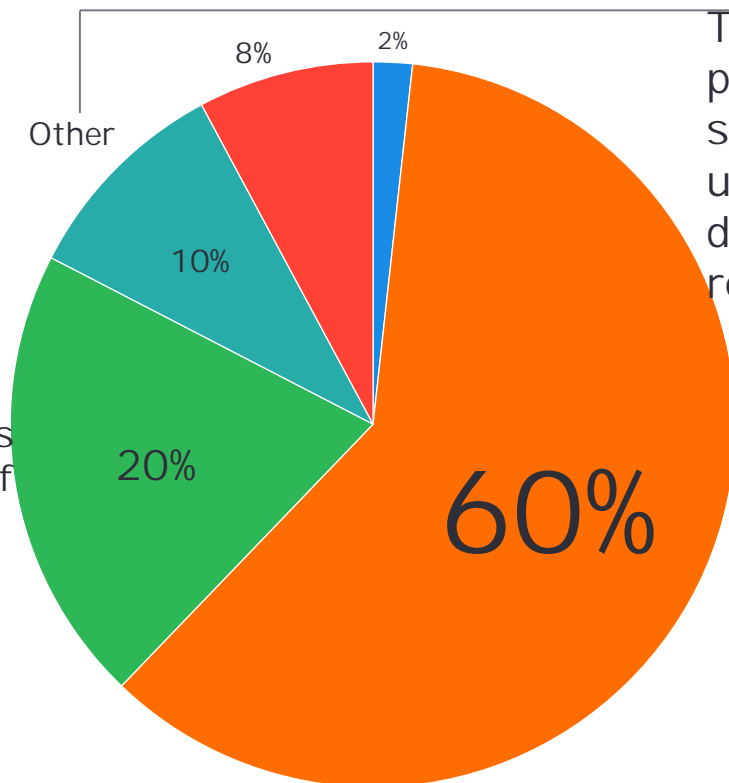
60% of companies passively approve of accompanying family members working



- A minority of companies (2%) readily approve of accompanying family members working in assignment locations.
- Many responses indicate that precedents are lacking and rules have not been established.
- Trends indicate that accompanying family members are increasingly interested in working in assignment locations, and if the company is to approve of such employment, the company must take a variety of factors into consideration, such as visa issues, local tax implications, and whether to continue the provision of allowances related to accompanying family members.

Q16: Does your company approve of accompanying family members working in assignment locations?

Single answer



The company passively approves of such employment upon request but does not provide related support

Examples of "other":

- The company does not approve of such employment in general, though the company may approve it if the family member can work while remaining a dependent.
- Company policy states nothing about such employment and therefore neither approves nor disapproves of it.
- The company readily approves of such employment if the accompanying family member is an employee of the same company group. Advisory regarding employment assistance is conducted even in cases where the family member is an employee of another company.

Choices	Responses
Company readily approves of such employment and provides support, such as for obtaining work visas	4
Company passively approves of such employment upon request but does not provide related support	139
Company does not approve of such employment	47
Other	22
Unknown	18
Total	230

Reasons for not approving of accompanying family members working in assignment locations

Over 90% of respondents cited the use of family visas to enter the country as the primary reason



Comment

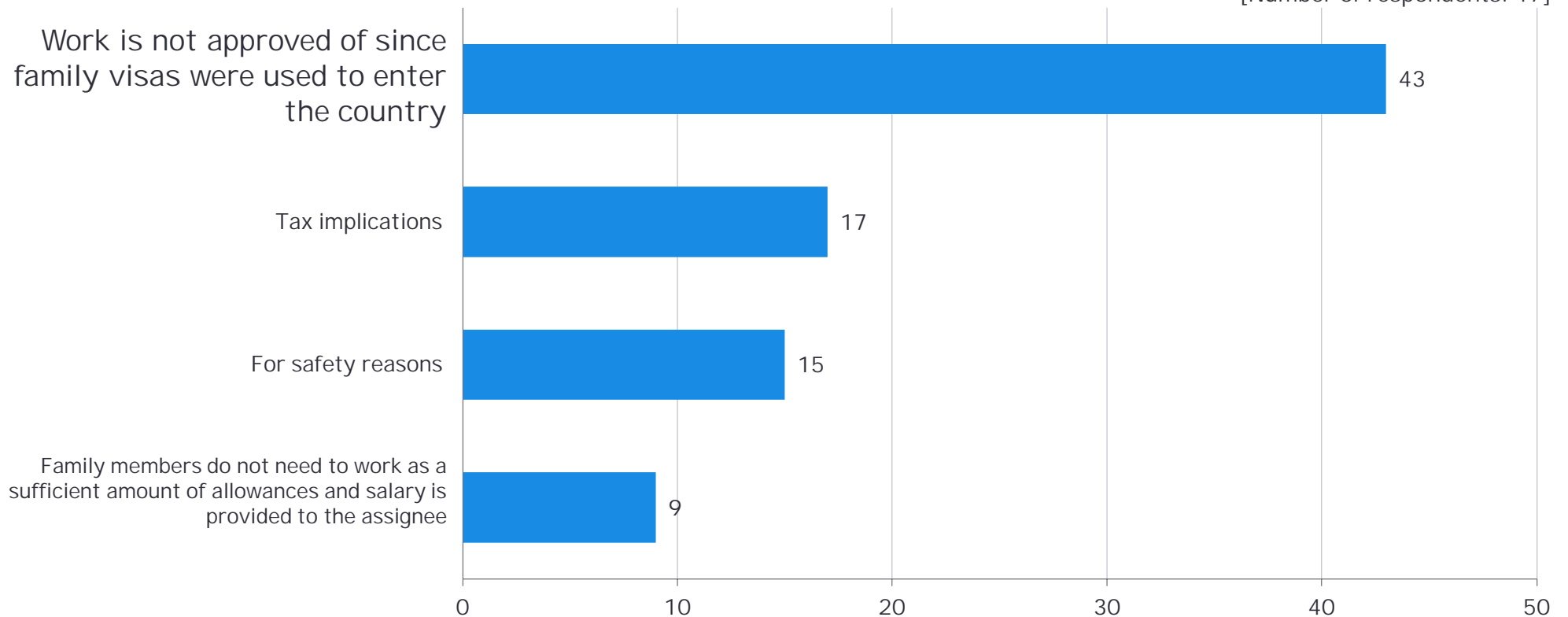
- As accompanying family members typically enter the country of assignment with family visas, in many instances companies do not have any plans or processes in place for family members changing visas.
- The number of instances in which accompanying family members request approval for working in assignment locations is expected to increase in the future due to the high cost of living in various countries, as well as the depreciating Japanese yen. Companies must consider and plan for these issues as soon as possible.

Q16-4: Please indicate the reasons for not approving of accompanying family members working in assignment locations (multiple answers possible).

(Respondents to this question are those who in Q16 indicated that their company does not approve of Accompanying family members working in assignment locations.)

Multiple answers

[Number of respondents: 47]



Challenges related to accompanying family members working in assignment locations

Approx. 45% of respondents report not having a clear understanding of the employment status of accompanying family members



Comment

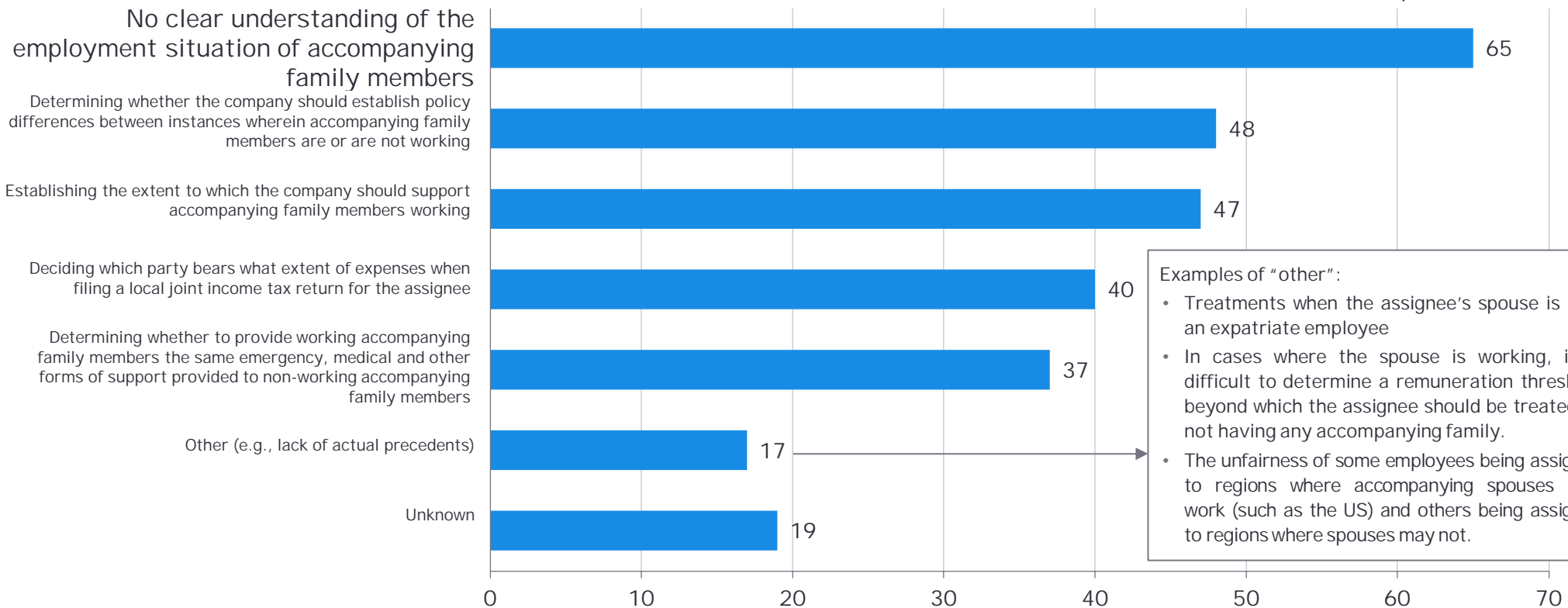
- The number of instances in which accompanying family members work in assignment locations is on the rise recently, and most companies are unsure of how to handle the relevant processes due to a lack of precedents and resources.
- Not having a clear understanding of the employment status of accompanying family members may also lead to unforeseen problems, such as undeclared income taxes and being unable to contact assignees or their family members in times of emergency.
- Such problems may be avoided by stipulating in advance the processes and treatments related to accompanying family members working in assignment locations within the company's regulations or the documentation for the assignment.

Q16-5: Please describe the challenges your company faces regarding accompanying family members working in assignment locations (multiple answer possible).

(Respondents to this question are those who in Q16 indicated that their company readily or passively approves of accompanying family members working in assignment locations.)

Multiple answers

[Number of respondents: 143]



Examples of "other":

- Treatments when the assignee's spouse is also an expatriate employee
- In cases where the spouse is working, it is difficult to determine a remuneration threshold beyond which the assignee should be treated as not having any accompanying family.
- The unfairness of some employees being assigned to regions where accompanying spouses may work (such as the US) and others being assigned to regions where spouses may not.



3. Pre-assignment monetary assistance

Provision of pre-assignment monetary assistance

96% of respondents provide pre-assignment monetary assistance

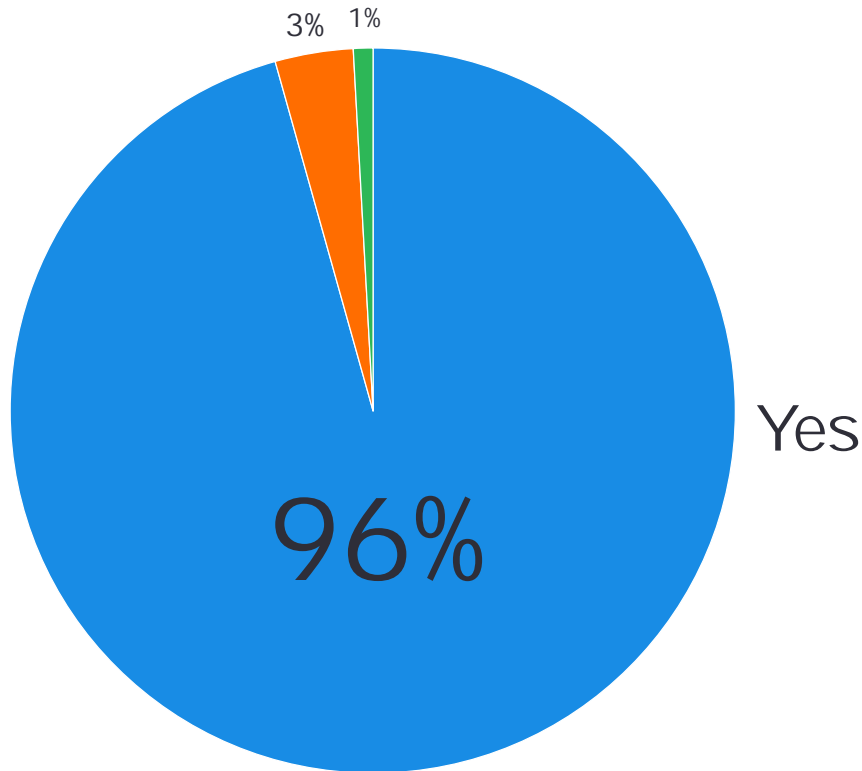


Comment

- A minority of companies (3%) provide no pre-assignment monetary assistance.

Q17: Does your company provide pre-assignment monetary assistance?

Single answer



Choices		Responses
Yes		220
No		8
Unknown		2
Total		230

Timing of provision of pre-assignment monetary assistance Over 70% provide prior to the assignee departing to the assignment location

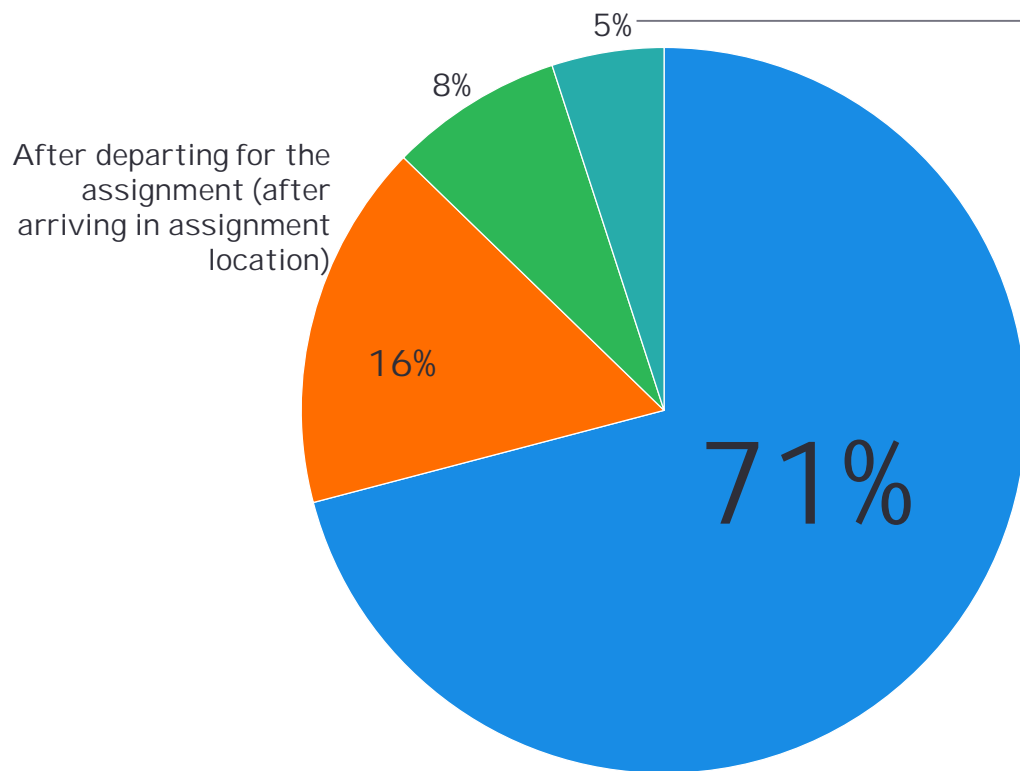


Comment

- As various expenses are incurred in preparing for an assignment, provision of pre-assignment monetary assistance is increasingly common.
- Sixteen percent of respondents also indicated instances in which pre-assignment monetary assistance is provided after the assignee arrives in the assignment location. Respondents also indicated that such assistance is provided to help pay for the assignee setting up their living situation in the assignment location.

Q17-1: Please indicate when your company provides pre-assignment monetary assistance.
(Respondents to this question are those who in Q17 indicated that their company provides pre-assignment assistance.)

Single answer



Before departing for the assignment (before departing from Japan)

Examples of "other":

- Timing of payments determined according to the wishes of the assignee.
- Although provisions are in place for assignment assistance, they are provided in the assignment location after the assignee has arrived there rather than before the assignee departs for the assignment. (This is done so that taxable income is not incurred in Japan and instead treated as income in the assignment location)
- Timing depends on the length of the assignment.

Choices		Responses
	Before departing for the assignment (before departing from Japan)	156
	After departing for the assignment (after arriving in assignment location)	36
	Provided both before and after arriving in assignment location	17
	Other	11
Total		220

29

Allowances provided after arrival in assignment location 23% indicate providing allowances in addition to pre-assignment monetary assistance

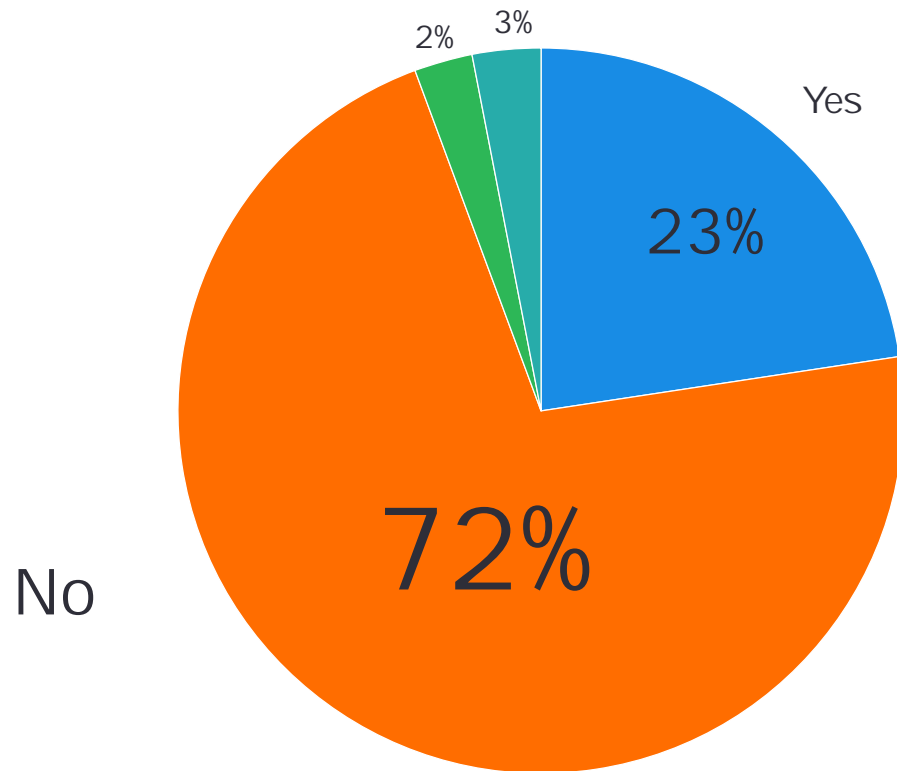


Comment

- A majority of respondents (72%) do not provide allowances in addition to pre-assignment monetary assistance.
- In many cases, the actual costs of such expenses as purchases of furniture after arriving in the assignment location are reimbursed rather than covered by an allowance, and leases are borne by the company.

Q18: In addition to pre-assignment monetary assistance, does your company provide the same type of allowances once assignees arrive in the assignment location? (The names of such allowances, such as "post-arrival allowance," are not the focus of this question)

Single answer



Choices		Responses
Yes		52
No		165
Decision is left to host office (host offices may or may not provide such allowances)		6
Unknown		7
Total		230

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EY Immigration Corporation is an EY member firm in Japan.

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We leverage the EY global network and integrate our expertise in consultancy and immigration compliance to provide a comprehensive suite of mobility services tailored to international assignments. For more information, please visit ey.com/en_jp/people/ey-immigration-corporation.

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