

Ernst & Young Tax Co.

# Overseas assignment policies and tax practices survey

Summary version

## EY Mobility Survey No. 5

Support frameworks for medical expenses, childbirth and child-rearing while on overseas assignment and actions taken in response to price and exchange rate fluctuations

Ernst & Young Tax Co. and EY Immigration Corporation

November 2023



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# Overview of EY Mobility Survey No. 5

Purpose	This survey serves to analyze the circumstances surrounding the treatments and tax practices of overseas assignees.
Topics	Support frameworks regarding medical expenses, childbirth and child-rearing while on overseas assignment and actions taken in response to price and exchange rate fluctuations
Survey period	Tuesday 12 September 2023 to Friday 13 October 2023
Number of respondents	280 (valid responses*: 247) *The following standards were applied in cases where there were multiple respondents from the same company: <ol style="list-style-type: none"> <li>1. Responses from head offices were prioritized over those from overseas subsidiaries.</li> <li>2. Responses from human resource departments were prioritized over those from all other departments.</li> <li>3. Surveys from respondents with the most valid responses were prioritized when there were multiple respondents from the same department or group</li> </ol>

**Message**

EY Mobility Survey No. 5 focuses on support regarding medical expenses, childbirth and child-rearing of overseas assignees, and measures companies have taken in response to price and exchange rate fluctuations.

Along with the diversification of assignees and their family structures, support frameworks for overseas assignees, and the firm's required response are also constantly changing. Furthermore, commodity prices and wages have been continuing to increase globally over the past few years, directly impacting assignees.

In this summarized version of the survey, we outline the latest trends in medical insurance provided to assignees, the extent of medical and childbirth expenses covered by companies, and detailed actions taken by companies in response to fluctuations in commodity prices and exchange rates.

\*While the medical expenses not covered by insurance (costs of dental treatments, costs of non-dental medical treatments and costs of childbirth in assignment locations) are presented in this document, any information that may reveal company names or other identifying information has been concealed, with average, median, 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 the 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](mailto:ey_survey@jp.ey.com))

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

# Summary

- 1 Affiliation of respondents — 4-6  
- Service lines, positions, industries, corporate nationality, number of employees, number of overseas assignees
1. Medical expenses while on overseas assignment
- 2 Types of medical insurance used in each country (China, Thailand, India, the UK, the US) — 8  
- While overseas travel insurance is popular in all countries, health insurance types vary by country
- 3 Medical expenses not covered by insurance — 9  
- 65% of respondents indicated companies bear all or part of medical expenses not covered by insurance.
- 4 Extent of costs incurred by companies for dental treatments not eligible for insurance coverage
- 5 Extent of costs incurred by companies for non-dental medical treatments not eligible for insurance coverage
- 6 Childbirth expenses in assignment locations
- 7 Extent of costs incurred by companies for local childbirth expenses not eligible for insurance coverage
- 8 Ultimate bearer of insurance premiums and medical expenses covered by company — 10  
- The majority of respondents indicated that insurance premiums and medical expenses of assignees are borne primarily by Japanese headquarters.
- 9 Filing taxes locally with regard to company-borne insurance premiums and medical expenses — 11  
- Less than half of companies always include company-borne insurance premiums and medical expenses in tax filings.
- 10 Challenges/Points to consider regarding medical expenses while on assignment — 12  
- Increase in overseas travel insurance premiums, criteria for determining appropriate medical expenses and fertility treatment fee subsidies are the common challenges.
2. Childbirth/child-rearing support frameworks
- 11 When assignees wish to take childbirth/childcare leave while on assignment — 14  
- Nearly 50% of companies indicated that they had never had assignees wishing to take childbirth/childcare leave while on assignment.
- 12 Support other than school fee allowances available to accompanying children
- 13 Detailed prices of babysitter fee subsidies
- 14 Review of regulations/support frameworks regarding childbirth and child-rearing of assignees — 15  
- 58% of companies indicated that there is the need to review existing regulations/support frameworks
- 15 Challenges/points to consider regarding childbirth/child-rearing support for assignees
3. Measures to address price and exchange rate fluctuations
- 16 Measures to address price and exchange rate fluctuations in assignment locations — 17  
- About 50% of companies indicated that they have taken actions/made adjustments in response to price and exchange rate fluctuations.
- 17 Measures to address price and exchange rate fluctuations in assignment locations (details) — 18  
Introduction of Ernst & Young Tax Co. People Advisory services and track record of provided services

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

## Respondent attributes Service lines and positions

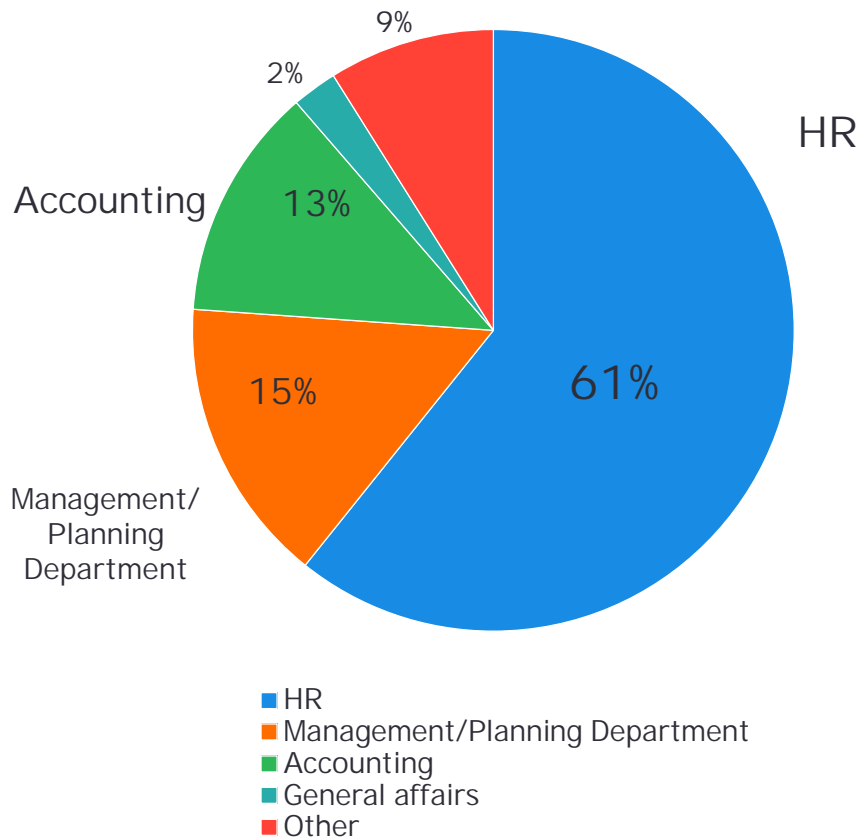


Comment

- As in the first four surveys, we received responses from many participants.

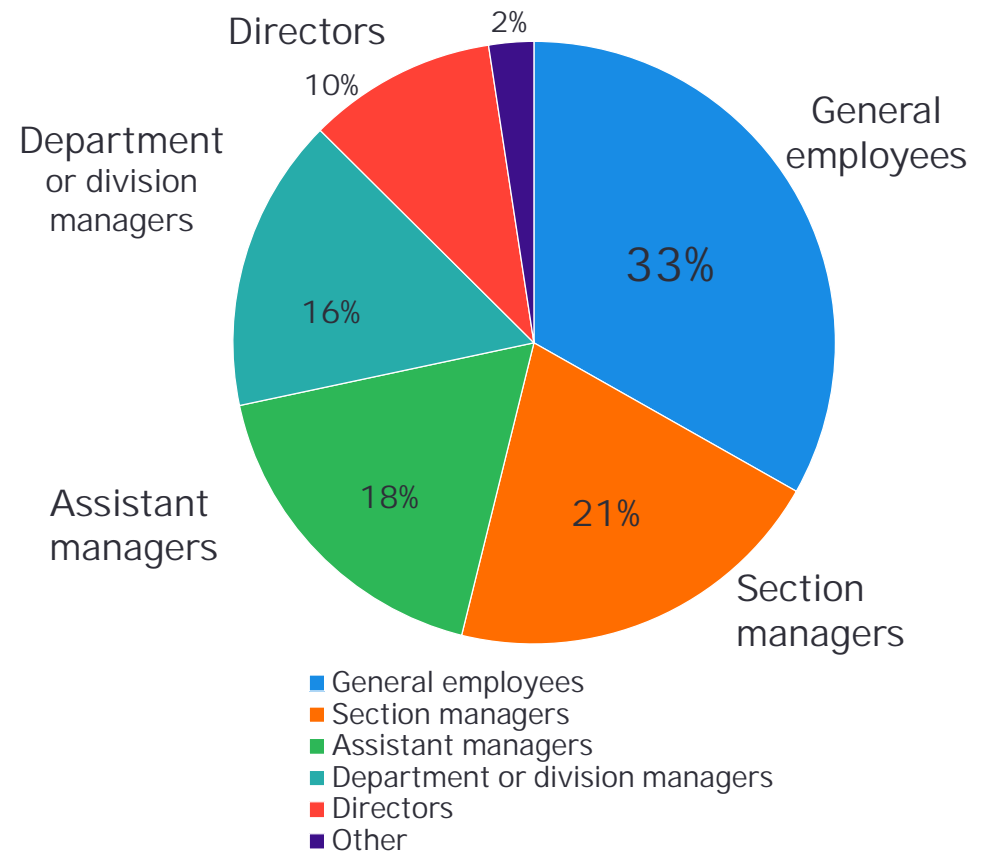
Q1: Please select your department.

Single answer



Q2: Please select your title.

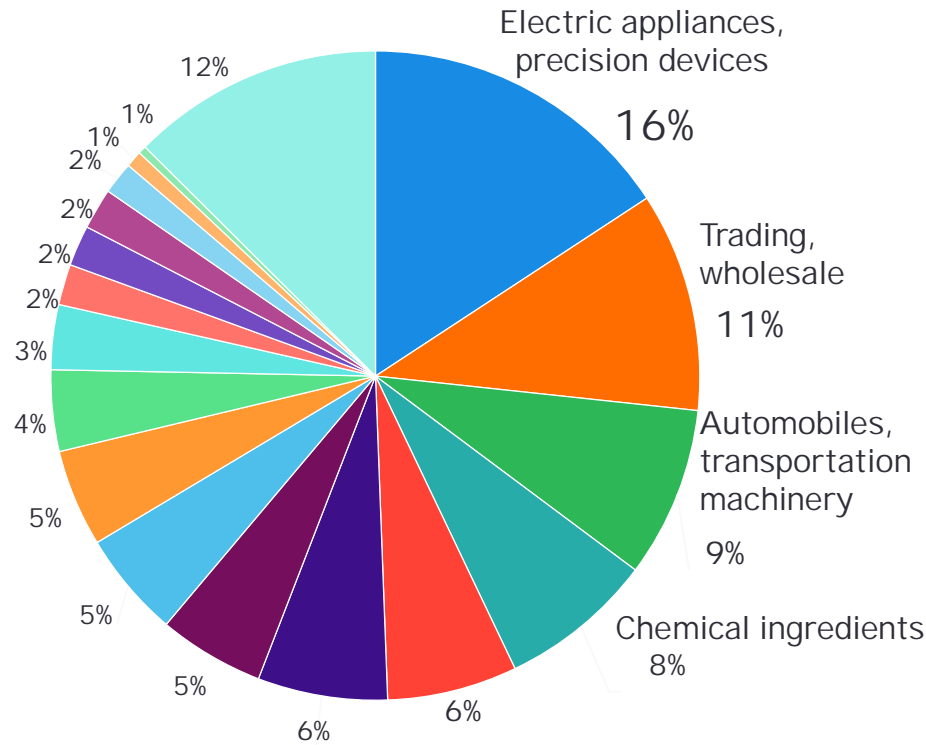
Single answer



1-2

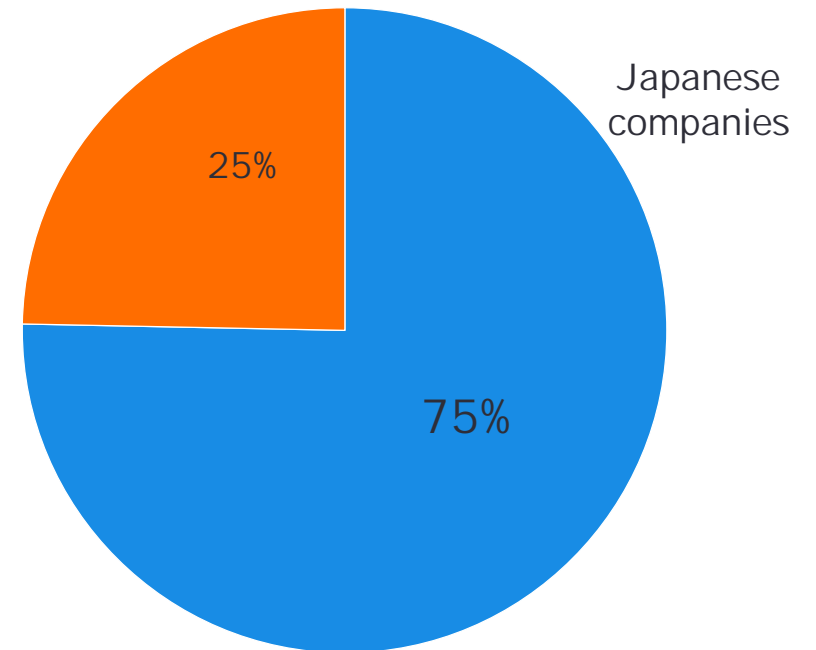
## Respondent attributes Corporate nationality and industry

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



- Electric appliances, precision devices
- Automobiles, transportation machinery
- Information and communication services
- Transportation, logistics
- Steel, non-ferrous
- Finance (excluding banking)
- Retail
- Banking
- Energy resources
- Trading, wholesale
- Chemical ingredients
- Machinery
- Food products
- Construction, materials
- Pharmaceuticals
- Real estate
- Electricity, gas
- Other

Japanese, foreign-affiliated or local subsidiaries of Japanese companies



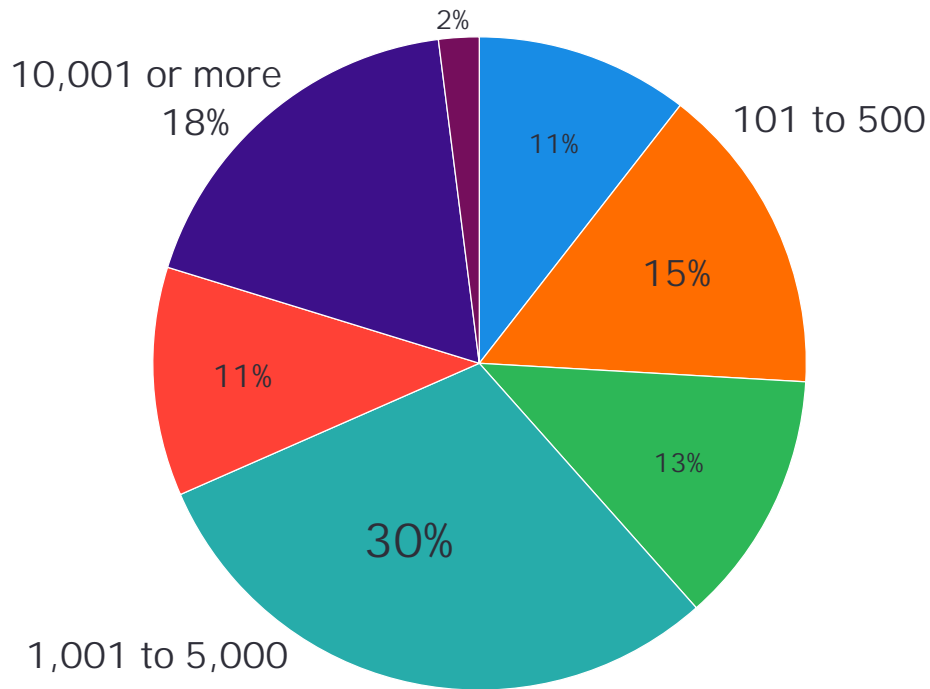
- Japanese companies
- Foreign-affiliated companies or local subsidiaries of Japanese companies

# 1-3

## Respondent attributes Number of employees and overseas assignees

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

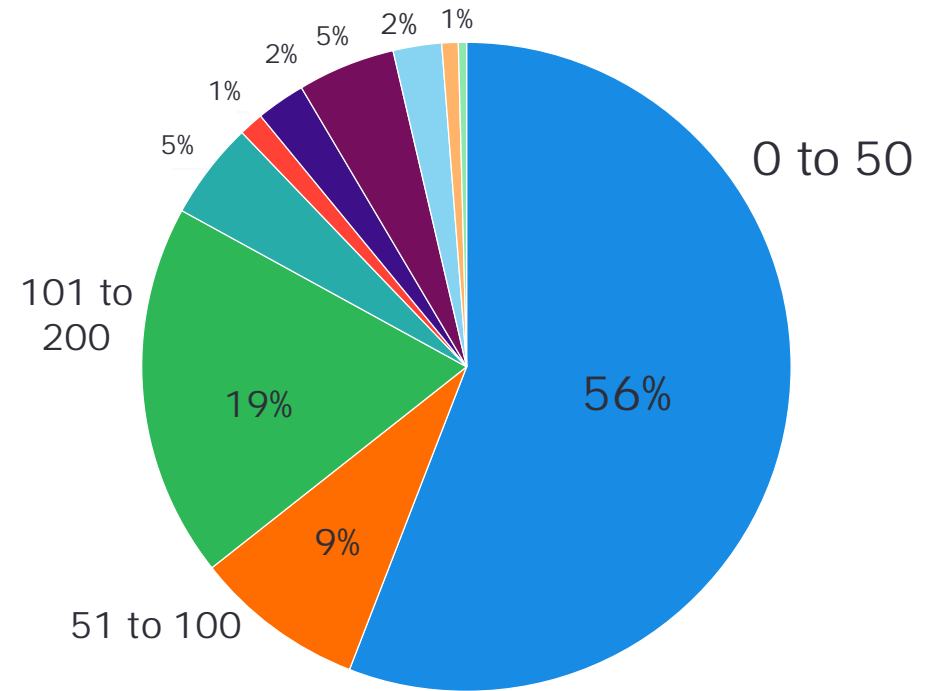
Single answer




- 100 or less
- 501 to 1,000
- 5,001 to 10,000
- Unknown
- 101 to 500
- 1,001 to 5,000
- 10,001 or more

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

Single answer



- 0 to 50
- 101 to 200
- 301 to 400
- 501 to 1,000
- 51 to 100
- 201 to 300
- 401 to 500
- 1,001 to 2,000
- Unknown
- 2,001 or more



1. Medical expenses  
while on overseas assignment

# 2-1

## Types of medical insurance used in each country (China, Thailand, India, the UK, the US) - While overseas travel insurance is popular in all countries, health insurance types vary by country

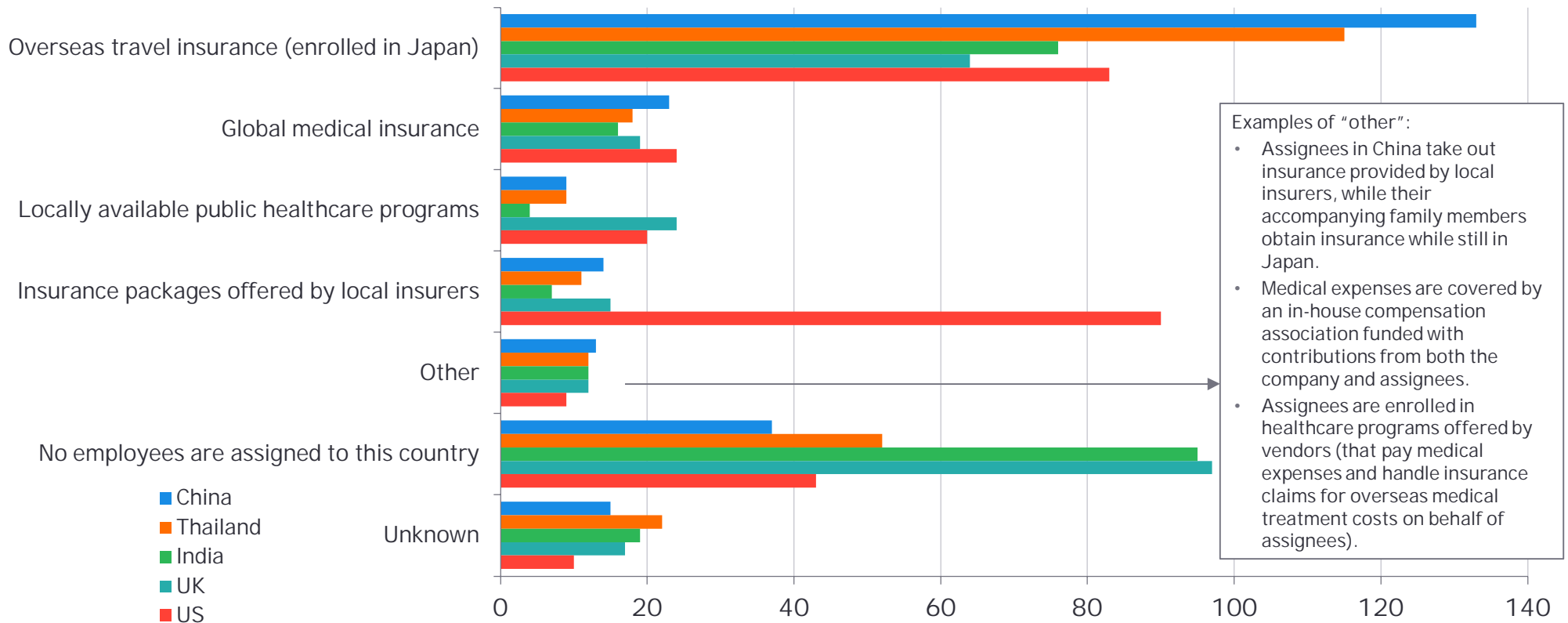


Comment

- Not a few companies provide assignees with different types of medical insurance coverages based on the medical circumstances and systems available in each country.
- Many companies select “insurance packages offered by local insurers” for assignees in the US and “locally available public healthcare programs” for those in the UK.

Q10. Please select the types of medical insurance provided to overseas assignees and their accompanying family members while on assignment?  
Please select all that apply for each country (you may select more than one).

Multiple answers





# 3

## Medical expenses not covered by insurance

- 65% of respondents indicated companies bear all or part of medical expenses not covered by insurance.

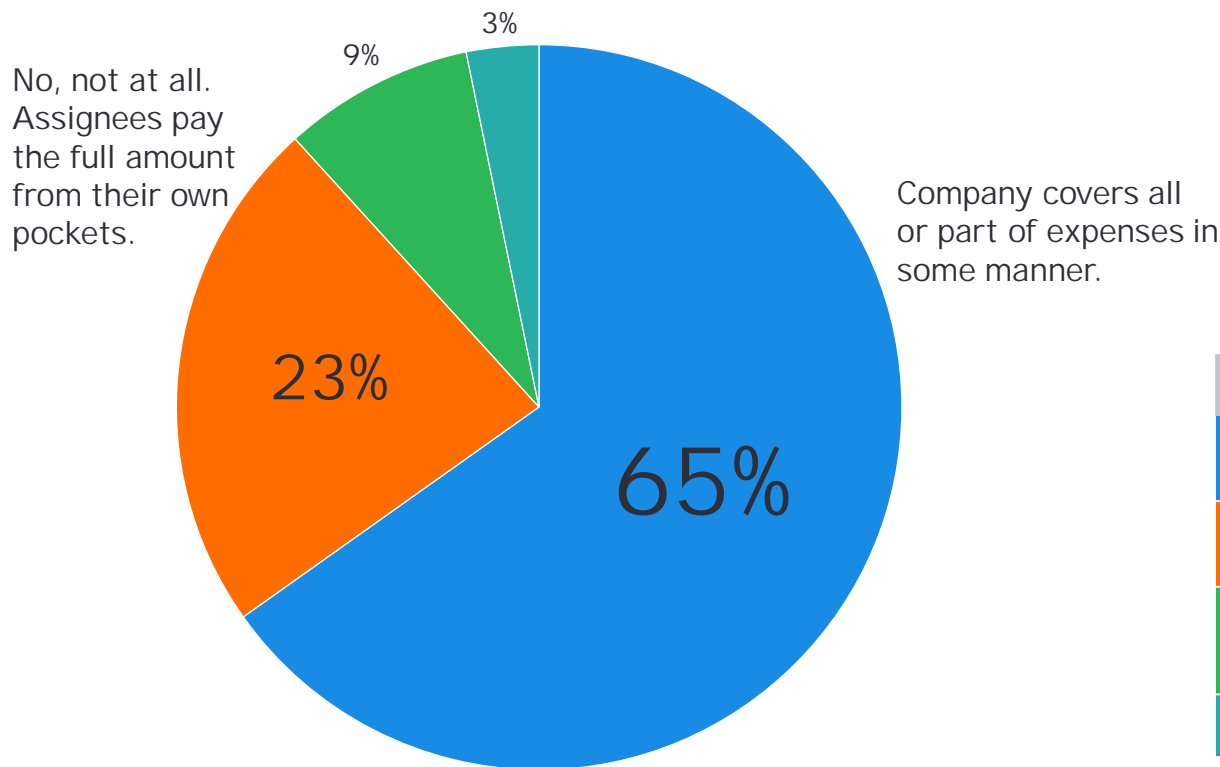


Comment

- The results revealed that Japanese companies are trying to ensure that the level of medical environment provided to their overseas assignees is equivalent to that of Japan, where employees can generally receive high-standard medical services for low out-of-pocket expenses.

Q11. Does your company cover medical expenses that are not eligible for insurance coverages?

Single answer



Choices	Responses
Company covers all or part of expenses in some manner	161
No, not at all. Assignees pay the full amount from their own pockets.	57
Company decides whether to cover expenses based on assignment locations and the type of insurance provided to assignees	21
Unknown	8
<b>Total</b>	<b>247</b>

# 8

Ultimate bearer of insurance premiums and medical expenses covered by company  
 - The majority of respondents indicated that insurance premiums and medical expenses of assignees are borne primarily by Japanese headquarters.

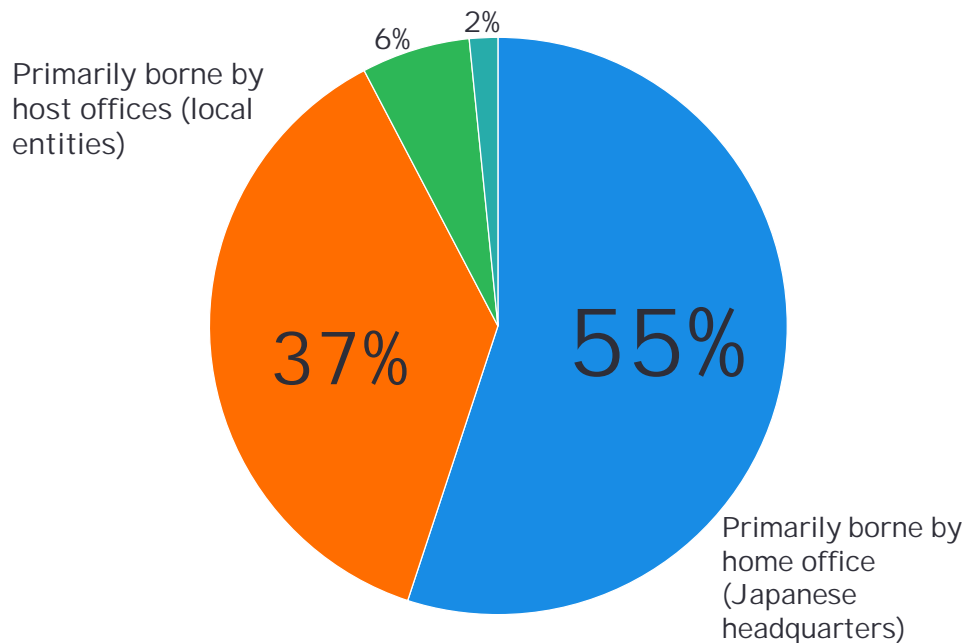


Comment

- Considering that host offices are generally responsible for the costs associated with assignees, there is a risk of donation tax if the Japanese headquarters decides to bear these expenses.

Q13. Please specify the ultimate bearer of insurance premiums covered by your company.

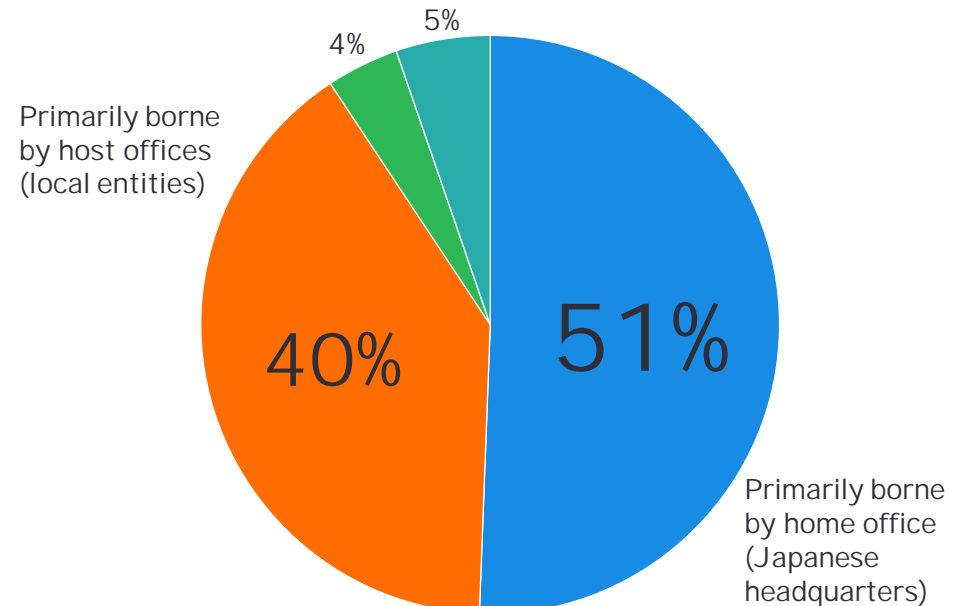
Single answer



- Primarily borne by home office (Japanese headquarters)
- Primarily borne by host offices (local entities)
- Ultimate bearer varies depending on each host office
- Unknown

Q13. Please specify the ultimate bearer medical expenses covered by your company.

Single answer



- Primarily borne by home office (Japanese headquarters)
- Primarily borne by host offices (local entities)
- Ultimate bearer varies depending on each host office
- Unknown

# 9

## Filing taxes locally with regard to company-borne insurance premiums and medical expenses

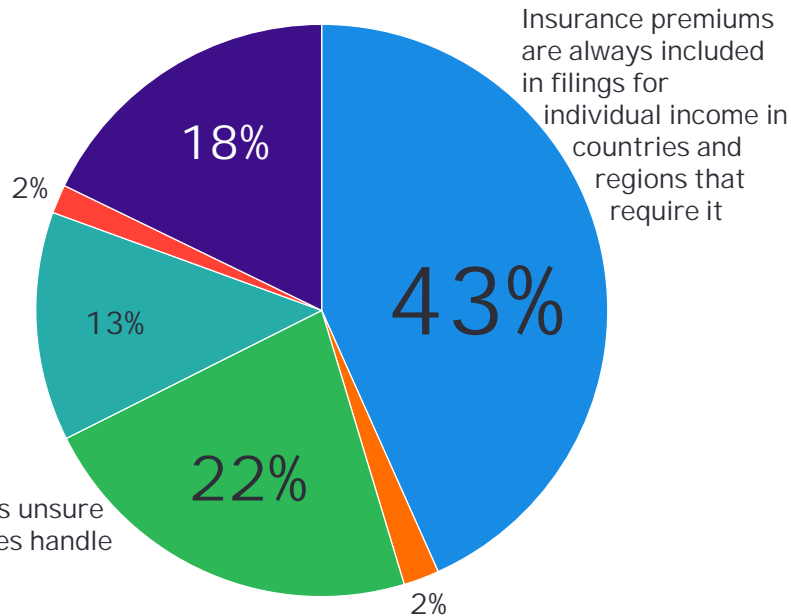
- Less than half of companies always include company-borne insurance premiums and medical expenses in tax filings.



- It is generally accepted that company-borne medical expenses should be included in individual income tax filings.
- Over 20% of respondents indicated that they do not have a clear understanding of whether company-borne insurance premiums and medical expenses are included in tax filings since tax filings are handled by host offices. However, failure to do so may be viewed as a problem by local tax authorities.

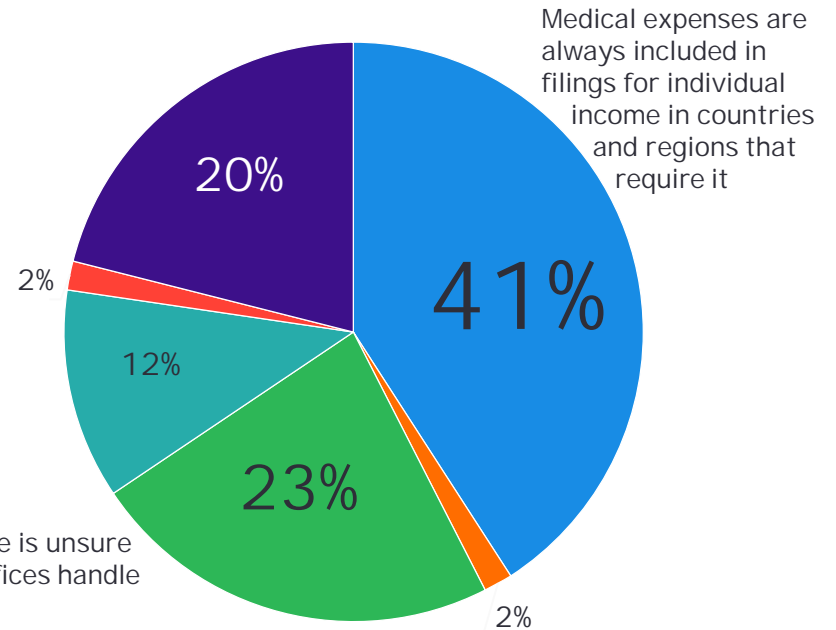
Q14. Are company-borne insurance premiums included in the assignee's individual income tax filings in the assignment location?

Single answer



Q14. Are company-borne medical expenses included in the assignee's individual income tax filings in the assignment location?

Single answer



- Insurance premiums are always included in filings for individual income in countries and regions that require it
- Insurance premiums are not included in the assignee's individual income tax filings in some instances, even in countries and regions where doing so is required
- Head office is unsure as host offices handle tax filings
- No, insurance premiums are not included in the assignee's individual income tax filings
- Other
- Unknown

- Medical expenses are always included in filings for individual income in countries and regions that require it
- Medical expenses are not included in the assignee's individual income tax filings in some instances, even in countries and regions where doing so is required
- Head office is unsure as host offices handle tax filings
- No, medical expenses are not included in the assignee's individual income tax filings
- Other
- Unknown

## Challenges/Points to consider regarding medical expenses while on assignment

- Increase in overseas travel insurance premiums, criteria for determining appropriate medical expenses and fertility treatment fee subsidies are the common challenges.



Comment

- Common challenges faced by companies include increases in overseas travel insurance premiums and effectively measuring/identifying differences and appropriateness in health insurance systems and healthcare standards in each country.
- Companies that bear medical expenses of assignees to the extent that is covered by the Japanese national public insurance system have difficulty determining whether the treatments provided to assignees are within the scope of coverage by Japan's public health insurance system.

Q15. Please describe the challenges and matters for consideration your company faces regarding medical expenses of overseas assignees.

### Example responses

- Except for high medical costs, medical expenses are basically paid by and later reimbursed to each assignee, requiring cumbersome administrative procedures. Some assignees also feel stressed about having to pay their medical expenses out of pocket.
- Due to a steep rise in overseas travel insurance premiums and its limited coverage, considerations are being made for shift to a medical support program where overseas treatment expenses are reimbursed from corporate health insurance.
- In countries where prices are higher than in Japan, out-of-pocket medical expenses can be a considerable financial burden, potentially leading to inequality between overseas assignees and employees working in Japan.
- A pain point is the price of overseas travel insurance premiums, which is becoming increasingly expensive each year. We considered the possibility of having assignees partially bear their medical expenses, however, the idea was abandoned considering the complexity of relevant administrative procedures and expected reactions of assignees. As a result, our company currently bears all the medical expenses.
- Costs of overseas medical treatments eligible for Japanese health insurance coverage are borne by company. However, the problem is that it remains unclear if a treatment will be covered until the actual treatment is complete and an insurance claim is filed with the health insurance society.
- Our insurer once rejected policy renewal due to the high frequency of hospital visits and the large amount of payments claimed. We have since encouraged our assignees and their accompanying family members to make reasonable use of medical services, and we have set limits on the number of times they can use the insurance. We would like to review our criteria based on the understanding of medical standards in assignment locations.
- It is difficult to decide to what extent our company should cover the costs of infertility treatments, which have recently become eligible for insurance coverage in Japan.
- We assigned a female employee (accompanied by her spouse) to work overseas for the first time this year, and we feel the need to establish clear rules regarding the support for assignees giving birth in assignment locations.





## 2. Childbirth/child-rearing support frameworks

When assignees wish to take childbirth/childcare leave while on assignment  
 - Nearly 50% of companies indicated that they had never had assignees wishing to take childbirth/childcare leave while on assignment.

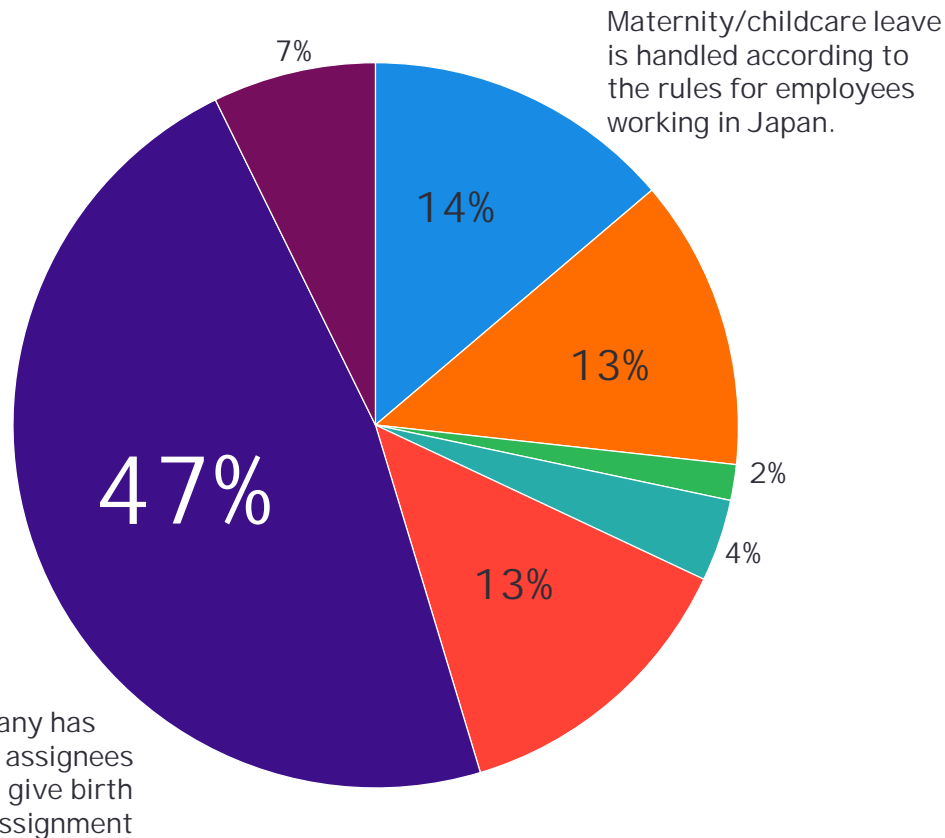


Comment

- 14% of companies indicated that childbirth/childcare leave is handled according to the rules for employees working in Japan.
- With assignees becoming more and more diverse, future measures will likely need more consideration.

Q16. Please describe how the company handles overseas assignees wishing to take childbirth/childcare leave in assignment locations.

Single answer



Choices	Responses
The company approves childbirth in assignment locations, with maternity/childcare leave handled according to the rules for employees working in Japan	34
The company approves childbirth in assignment locations, with maternity/childbirth leave handled according to the local rules of local offices/countries	32
The company does not approve childbirth in assignment locations, with assignees temporarily returning to Japan before giving birth	4
The company does not approve childbirth in assignment locations, with assignees transferred back to the home office before giving birth	9
Other	33
The company has never had assignees wishing to give birth while on assignment	117
Unknown	18
<b>Total</b>	<b>247</b>

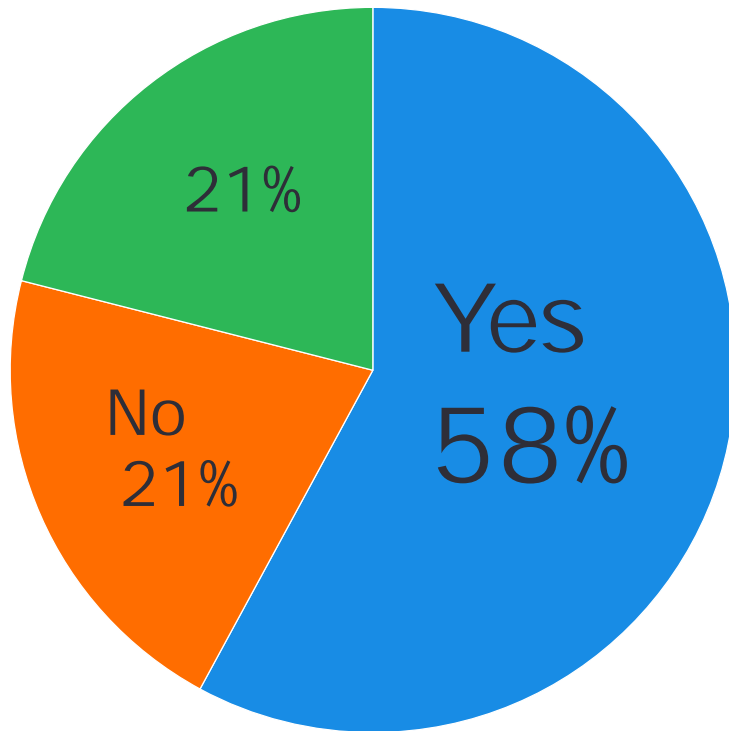
Review of regulations/support frameworks regarding childbirth and child-rearing of assignees  
 - 58% of companies indicated that there is a need to review existing regulations/support frameworks



Comment

- With an increase of female assignees and dual-income households becoming more standard, companies are required to introduce support frameworks and regulations that can accommodate current needs.

Q18. Do you feel the need to review existing regulations and support frameworks regarding childbirth and child-rearing of assignees?



Choices		Responses
Yes		143
No		52
Unknown		52
Total		247



### 3. Measures to address price and exchange rate fluctuations



Measures to address price and exchange rate fluctuations in assignment locations  
 - About 50% of companies indicated that they have taken actions/made adjustments in response to price and exchange rate fluctuations.

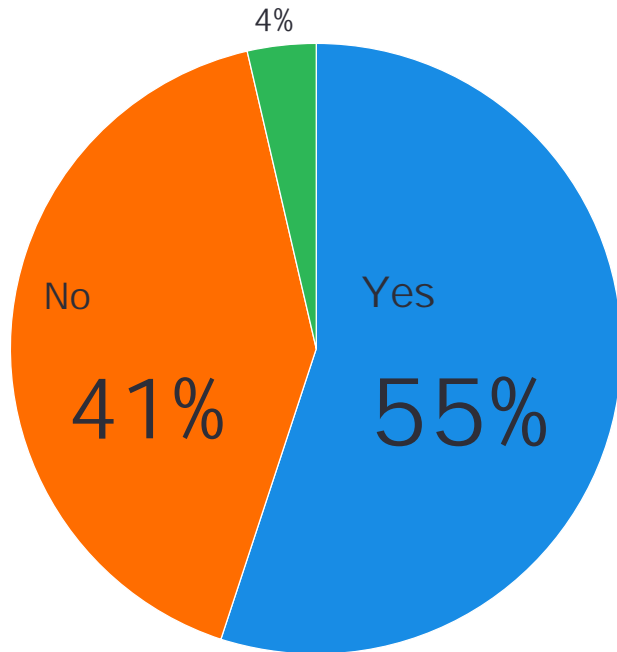


Comment

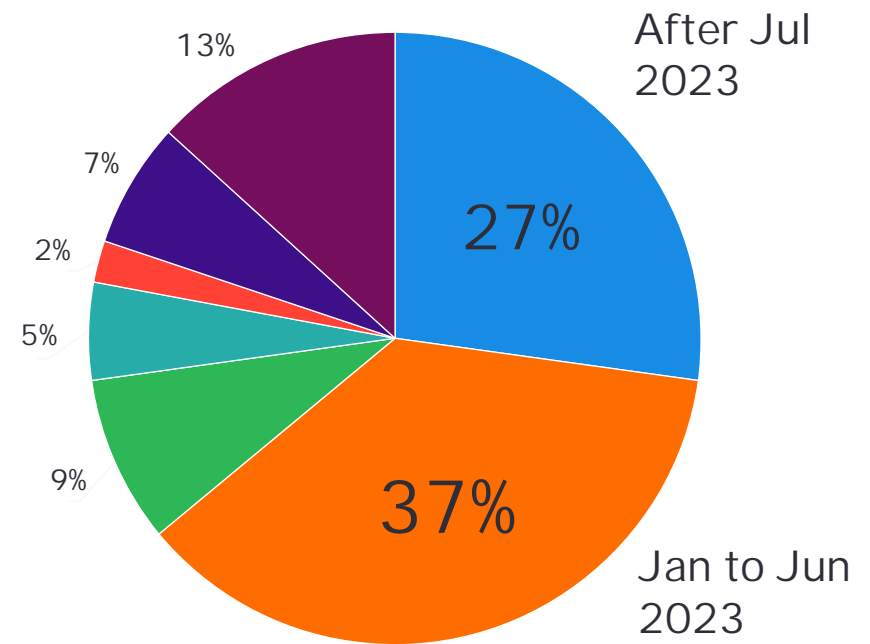
- Among the companies that have taken actions/made adjustments in response to price and exchange rate fluctuations, over 60% have conducted their latest actions/adjustments after 2023.
- Companies must respond swiftly to the ongoing depreciation of the Japanese yen and increases in overseas commodity prices, as these matters directly affect the lives of assignees.

Q21. Please indicate when the relevant actions were taken most recently. Single answer

Q20. Has your company introduced any special measures/adjustments regarding salaries, allowances and treatments of assignees in response to volatile fluctuations in prices/exchange rates in assignment locations? Single answer



■ Yes    ■ No    ■ Unknown



■ After Jul 2023    ■ Jan to Jun 2023    ■ Jul to Dec 2022  
 ■ Jan to Jun 2022    ■ Jan to Dec 2021    ■ Before 2019  
 ■ Unknown

# Introduction of Ernst & Young Tax Co. People Advisory services and track record of provided services

EY provides professional consulting services for human resources and organizations by leveraging its global network. Our comprehensive suite of service offerings include support for the formulation of global mobility policies and advice on matters related to tax, visa applications, social insurance and labor. Close to 100 professionals here in Japan provide advisory services related to both inbound and outbound overseas assignees and employees on overseas business trips.

## Service offerings related to overseas employees and global personnel management

Formulation of overseas salary structures/formulation and updating of overseas assignee rules/formulation of global mobility policies focusing both on inbound and outbound international transfers/preparation of agreements concerning overseas assignee cost management between home and host offices/formulation of tax equalization policies/creation of manuals concerning the handling of overseas assignees/on-site support services for overseas assignee-related human resources management/implementation of surveys targeting overseas assignees/gross-up calculations/support for tax procedures related to returnees/creation of tax treatment schemes related to temporary returnees/centralized management of income taxes of overseas assignees/design of surveys and schemes concerning overseas remote work, etc.

## Advisory contracts (comprehensive services regarding salaries, social insurance, tax practices and other matters related to overseas assignees and employees on overseas business trips)

Advisory contracts on an hourly rate/monthly fixed rate basis

## Trainings

Training seminars for assignees before and during overseas assignment/training seminars for overseas human resources and tax personnel \*Seminars can be conducted in person, online or combining both forms.

## Acceptance of personnel from overseas

Formulation and revision of assignment letters/creation of schemes for accepting personnel/preparation of tax returns, etc.

## Clients assisted with global mobility policies and salary structures for overseas assignees

Precision equipment (multiple)/information technology (multiple)/sound system equipment/semiconductors/advertising/cosmetic products (multiple)/pharmaceuticals (multiple)/reagents/games/information technology (multiple)/social networks/non-life insurance/banking/precious metal industry, among many others.

### Contact details

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People Advisory Services, Ernst & Young Tax Co.

## EY | Building a better working world

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EY's tax professionals in Japan provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. Our highly regarded tax professionals operate in four major cities in Japan. Our talented people, consistent methodologies and unwavering commitment to quality service help you to build the strong compliance and reporting foundations and sustainable tax strategies that help your business succeed. For more information, please visit [ey.com/en\\_jp/people/ey-tax](https://ey.com/en_jp/people/ey-tax).

### About EY Immigration Corporation

EY Immigration Corporation is an EY member firm in Japan. We provide our clients with support for global mobility strategy planning, execution and operation. 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](https://ey.com/en_jp/people/ey-immigration-corporation).

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