

BRIGHT MINDS... BETTER VIEWS:  
THE BEST SOLUTION FOR YOUR SUCCESS IN RELOCATION TECHNOLOGY,  
TAX POLICY AND COMPLIANCE, AND EXPENSE MANAGEMENT



# Relocation Tax Issues Newsletter

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[www.orionmobility.com](http://www.orionmobility.com)

Spring/Summer 2007

Volume 21 Number 1

## Going Global Has Never Been So Easy!



Earlier this year, Orion Mobility launched AssignmentCoordinator™ as the international component of relocations-Complete™ to meet the needs expressed by our **Client Advisory Board** members. To help launch the application to the rest

of the world, Orion Mobility was invited to participate in the Worldwide ERC's® Fifth Annual Global Workforce Summit: Focus on the Asia-Pacific, held in Shanghai in March, 2007. The conference focused on the challenges of managing and recruiting a mobile workforce. There were over 400 delegates representing over 30 countries in attendance at the meeting. Opening presentations were made by the Standing Deputy Mayor of Shanghai Feng Guoqin, and Mao Dali, Deputy Chief of the Shanghai Municipal Personnel Bureau.

John L. Heithaus, SCRP our new Chief Customer Officer, represented Orion Mobility at the Conference. He visited both Hong Kong and Shanghai and met with potential clients and received first-hand feedback on AssignmentCoordinator™ and relocations™ from industry professionals in both global relocation and international compensation administration.

Worldwide ERC® Executive Vice President Cris Collie stated, "Businesses must develop more aggressive and creative labor strategies to meet their workforce needs, particularly for China, where the workforce will actually diminish over the next decade" said Collie. "As the labor pool gets more challenging, and companies seek talent in all sectors, it is more imperative than ever that our community of experts pool its experience and solutions for building, managing, and supporting a global workforce."

"ERC's industry research helped us to gain the market knowledge necessary to better develop these powerful applications," said Heithaus. "It has taken several years for

the industry to reach the 'boiling point' where global relocation is now a main priority. As a result, it's become a huge challenge for corporations and relocation service companies to quickly learn how to operate in these markets to deploy resources to meet the ever-growing needs of expatriate families. "Of course, we can't forget the needs of the corporations that sponsor the relocation. Relocation expense detail (both domestic and international) as well as data trends must be up-to-date, easy to 'mine' and be accessible for management reporting on demand," adds David Oltman.

AssignmentCoordinator™ offers features to **manage the entire international assignment process to support delivering world-class relocation services to the Global Assignee.**

AssignmentCoordinator™ and relocations™ provide a complete cost tracking, payroll, tax gross-up, and reporting solution. With relocations™ your organization will be able to **track both domestic and international foreign data, report and project costs, maintain compliance** with client policies and important tax regulations, and deliver to your clients a comprehensive range of standard and customized reports during every stage of the assignment.

To arrange for a free online demonstration, contact John Heithaus (301) 770-6302 ([jlheithaus@orionmobility.com](mailto:jlheithaus@orionmobility.com)) or Mary Reilly (908) 735-8037 ([mreilly@orionmobility.com](mailto:mreilly@orionmobility.com)).



John L. Heithaus in Shanghai



relocationsComplete™  
AssignmentCoordinator™

We'd love to show you how going global has never been easier!



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# Letter from the President



It is Spring here in Connecticut and I hope that warmer weather is nearby for all of you as well! As the season for new growth gets underway, in parallel with the close out of the 2006 tax season (and a collective sigh of relief from all of us), I am happy to report a really exciting development at Orion Mobility.

To celebrate our 20th year of serving the relocation industry and corporate client community, Orion has developed a whole new look for our company and the venerable brand that we inherited from our heritage Hessel Group legacy.

We have updated the Orion Mobility logo with new colors and fonts and created with it a new company slogan... **"Bright Minds, Better Views"** to accentuate the great team we have here at Orion, and our unparalleled industry experience. In addition, we have packaged all of our relocation software under the relviewsComplete™ name, so ServiceCoordinator™, AssignmentCoordinator™, relviews™ and relviewsGOV™, our product for government related moves, are all part of one software suite. We hope you share our excitement with the new marketing program!

Our new look and 20th Anniversary Celebration will be formally launched at the Worldwide ERC's National Relocation Conference held on May 15-17 in Las Vegas. For those of you who plan to attend, please stop by and see us at our booth located in the Exhibit Hall.

In addition to the marketing news, we've already started off this year making a number of improvements to the software that you use on a daily basis and we're never satisfied that the process is ever complete. Please feel free to share your comments and thoughts with us. Our new Client Service Center on the updated Orion website ([www.orionmobility.com](http://www.orionmobility.com)) will provide you with a one-click link to communicate with us, and for you to "Ask The Experts" here at Orion for help in solving your relocation tax and expense management issues.

Thank you again for placing your trust in us to manage your relocation tax, software and expense management needs!

Sincerely,

David S. Oltman, CRP  
President & CEO  
Company Co-Founder

## Expats Home but Not Happy\*

Frustrated by a lack of career paths, 15 percent of employees returning from overseas assignments quit within 12 months of returning home.

**Restless Repats:** Many expatriate workers experience "career wobble" during the first year after returning to their home country, when the chances of losing them are greatest. On average, 15 percent of international assignees resign within 12 months of completing their overseas assignment, according to a report by PricewaterhouseCoopers and the Cranfield School of Management in England. What's worse, these people often are among an organization's highest performers. The fault apparently lies with human resources managers who "fail to devise a career path" to retain repatriated employees, according to the report. The study also finds that "each international assignment costs companies an average of \$311,000 per year."

\*Source: Workforce Management



# Relocation Tax, Legal & Payroll Issues For Corporate Human Resources, Payroll & Relocation Professionals

## Orion Mobility/Relocation Taxes - 20th Annual Conference



Two - Three Days\*

September 17th - 19th , 2007  
Chicago Marriott Oak Brook, IL




### Issues for 2007 Include:

-  Significant 2007 Relocation / Payroll & Tax Law Issues
-  General Sales Tax Deduction Effects on 2007 Gross-ups
  - Current Hot Issues - Managing Tax & Legal Risk in 2007
  - Relocation Payback Agreements - Tax, Legal & Payroll Administration
  - FICA \$97,500 Withholding Issues / Paybacks & The Cost of Forgiveness
  - Corporate Advisory Panel - Best Practices within a Corporate Program
  - What "Does Gross-up" and "Keep the Transferee Whole" Really Mean
-  IRS Audit Targets - "Red Flags" - Employment Taxes and Withholding Strategies
  - Relocation Compliance Issues Affecting the Corporate Payroll Department
  - Tax Coding Relocation Expenses / Compliance Reporting Issues
-  Temporary Assignments - How to Structure to Maximize Tax Benefits/Administration
-  2007 Trends Within the Fortune 1000 - Relocation Tax Policies
-  Relocation Tax File Interfaces into Accounting and Payroll Systems

### International Sessions Include:

- International Policy Developments
- Totalization Agreements
-  Foreign Data Collection - and what it can mean to your company
-  International Assignment Management
-  Foreign Currency Exchange Issues - Data Administration

### Government Relocation Breakout:

- Discuss RITA & WTA gross-up calculation methodologies
-  The latest GRAB update
-  TDRS Schedule - TSS-599
-  New GSA SIN 653-3 - Schedule 48 - relviewsGOV™

Orion Mobility / Relocation Taxes has been approved as a sponsoring organization to grant CEU, CPE and CRP credit:  
Up to 15 Potential CEU & CPE Credit Hours and 9 Potential CRP Credit Hours

**\* Free Day 3 - Wednesday, September 19<sup>th</sup>**  
**Software and Tax Consulting Day**  
**Open to all attendees who attended Days I and/or II**



# 20th Annual Relocation Seminar



## Chicago Marriott Oak Brook, IL • 1-630-573-8555

### Chicago Marriott Oak Brook, IL

Located near major corporations, attractions and extraordinary shopping, approximately 30 minutes from downtown Chicago.

### Area Attractions:

**Oakbrook Center** is located directly across the street from the hotel featuring Nordstrom, Bloomingdale's Home Store, Neiman Marcus, Marshall Field's, Sears and 160 specialty stores.

**The Morton Arboretum** is a magnificent 1,700-acre botanic garden of trees from around the world with 14 miles of hiking trails, maze gardens and open-air tram.

**Brookfield Zoo** is one of the country's largest zoos, housing more than 2,800 animals representing 425 different species.

### Transportation

The hotel is accessible to Chicago O'Hare Airport and Chicago Midway Airport. Consider using My Chauffeur Limousine Service (847) 376-6100 or American Limousine (630) 920-8888. The estimated taxi fare from O'Hare is \$30 (one way) and \$45 (one way) from Midway.

### Reservations

Hotel accommodations should be made as soon as possible. A special room rate has been made available to seminar attendees of \$149 per night until September 7th, 2007. Hotel rates DO NOT include taxes and fees. Please identify yourself as an attendee of the Orion Mobility/Relocation Taxes Relocation Conference when making your reservation. Please note that space is limited and will be assigned on a first-come, first-served basis.

## REGISTRATION AND FEES

**\$745\* for three days.**

**\$695\* each for two participants from the same company.**

**\$645\* each for three or more participants from the same company.**

*\*Early Bird Discount Price of \$695, \$645 and \$595 if registration payment is received no later than July 20<sup>th</sup>, 2007.*

**\$395 for one day – all participant(s) (Monday or Tuesday or Wednesday)**

*\*Reduced fee for corporate purchasing employees who attend with their HR or Payroll person.*

**\$245 Handouts only – for people who cannot attend the seminar but still want the handouts. Handouts will be mailed no earlier than September 24<sup>th</sup>, 2007.**

### Limited Space:

Early registration is recommended. Special rates good until September 7th, 2007.

### Register By:

Telephone: (203) 762-0365 or  
Fax: (203) 834-9625 or  
Website: [www.orionmobility.com](http://www.orionmobility.com)

### Please make checks payable to:

Orion Mobility  
88 Danbury Road  
Wilton, CT 06897

**All payments must be received by September 13<sup>th</sup> – call after the 13<sup>th</sup> to check on availability.**  
(W-9 Form Available) (TIN# 14-1870823)

### Cancellation Policy:

Once you have faxed, phoned or registered on our website, you are considered registered for the seminar. If it is necessary to cancel you must receive a written "Receipt of Cancellation" from Orion mobility. Cancellations are entitled to full refunds less a \$50 processing fee if received, in writing, no later than September 6<sup>th</sup>. After September 6<sup>th</sup>, all reservations are considered final.

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| Name:   |           |        |
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| Company:  |           |        |
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| Email Address:  |           |        |
| Phone:  |           |        |
| <input type="checkbox"/> Both Days <input type="checkbox"/> Day 1 Only (Mon) <input type="checkbox"/> Day 2 Only (Tue) <input type="checkbox"/> Day 3 (Wed) |           |        |
| <input type="checkbox"/> Payment Enclosed <input type="checkbox"/> Bill Company <input type="checkbox"/> Bill Credit Card                                   |           |        |
| I authorize Relocation Taxes to charge my: <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Discover              |           |        |
| Card Number:  | Exp Date: | CVC #: |
| Signature:  |           |        |

# Alternate Minimum Tax (AMT)

## A Tax Your Transferees May Pay

Many years ago, there was much criticism about certain individuals with substantial income (such as an executive who has gross-up amounts included with his/her taxable wages), plus some profitable large corporations, that were paying little or no tax. This was due to the fact that they were making maximum use of many tax-sheltering devices that produced paper losses but positive cash flows. Congress, with very good intentions, set about rectifying this situation by mandating that there should be at least a minimum tax paid. If the actual taxes due on a return were below this new minimum tax, then the taxpayer must pay the higher of the two amounts.

Form 6251 "Alternative Minimum Tax—Individuals" with 8 pages of instructions containing at least 30 potential adjustments allows you to arrive at a new taxable income titled "Alternative Minimum Taxable Income". From this you deduct an exemption amount and the remainder is considered Taxable Excess. There is a tentative minimum tax equal to 26% of this Taxable Excess that doesn't exceed \$175,000 (for married filing jointly), plus 28% of the Taxable Excess above \$175,000. If this tax exceeds your regular income tax, you will owe the difference, which is AMT.

After having your tax return hit with this alternate tax, you may be able to file a Form 8801: "Credit for Prior Year Minimum Tax—Individuals, Estates and Trusts" in future years. This allows some or all of your alternate tax to be returned to you as a tax credit in future years. The AMT credit occurs when the taxpayer paid an amount generated by deferred items in a prior year. An example of a deferred item that affects many corporate

individuals would be exercise of Incentive stock options.

Perhaps a simpler way of looking at it is to merely say you may have to pay the alternative minimum tax if your taxable income for regular tax purposes, combined with certain adjustments and tax preference items is more than the following maximum exemption amounts:

- \$62,550\* if your filing status is married filing a joint return (or a qualifying widow(er) with dependent child).
- \$42,500\* if your filing status is single or head of household.
- \$31,275\* if your filing status is married filing a separate return.

**\*Absent another legislative extension, the AMT amounts in 2007 will revert back to MFJ \$45,000; Single/HH \$33,750 and MFS \$22,500**

Although the potential effect of the AMT change is probably small for each taxpayer, it is important to note the estimated number of taxpayers who will become subject to the AMT. Estimates are that 20 million taxpayers will pay AMT in 2007. This number is expected to rise every year. It follows that AMT planning will be needed for the average executive who is moved by his or her employer.

Simply stated many transferees (taxpayers) with substantial income are not able to avoid paying the AMT tax. The law limits benefits that a person can receive from favorable treatment of certain items. Therefore, AMT has its own unique rules that revolve around the recognition and timing of certain income and expenses.

### New 2007 State Tax Brackets/Rates

The following states have changed their tax brackets/rates:

Arizona • Hawaii • Iowa • Maine • Minnesota • Nebraska • North Carolina • North Dakota  
Ohio • Oklahoma • Oregon • Rhode Island • South Carolina • Vermont • Wisconsin

For a complete list of 2007 tax changes, go to [www.orionmobility.com](http://www.orionmobility.com)



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## 20<sup>th</sup> Annual Conference

Relocation Tax, Legal and Payroll Issues for  
Human Resources, Payroll & Relocation Professionals

**Chicago, IL**

**September 17<sup>th</sup> - 19<sup>th</sup>, 2007**

**Bright Minds...  
Better Views**

## reloviewsGOV™, the governmental component of reloviewsComplete™

Did you know that each year, the U.S. Federal Government spends approximately \$800 million to relocate civilian employees? The majority of relocation expenses are taxable to relocated employees and about 20% of that total is most likely paid out in Relocation Income Tax (RIT) allowances. Federal Agencies can reduce their relocation costs AND the administrative burden associated with relocation programs with reloviewsGOV™.

The system, which is on the GSA Schedule 48, SIN 653-3, manages employee relocation costs, obligations, taxes and withholding allowances.

Features include:

- Relocation Expense Tracking by BOC & Sub-Classes
- Employee Online Voucher Processing
- Compliance-Based Tax Calculations
- WTA - Withholding Tax Allowance
- RITA - Relocation Income Tax Allowance Gross-ups
- GSA GRAB-Recommended RITA Calculation and Gross-ups
- **NEW!** Obligation / De-Obligation Preparation - SF1012
- **NEW!** GSA GRAB-Recommended Relocation Service Tracking
- Easy-to-Use Adhoc Report Writer
- Data Import & Export to Financial Systems
- International Currency Conversion
- Unlimited User-Definable Fields
- Secure Global Access
- Increased Productivity, Efficiency and Satisfaction
- Reduced Cost of Relocation Services Delivery
- Highly Trained Support Team

To learn more about this excellent program, contact John Heithaus at [jlheithaus@orionmobility.com](mailto:jlheithaus@orionmobility.com).