

- A DASH of information -
Quick relocation updates to alert, advise & ponder.

MILEAGE ALLOWANCE CHANGES FOR 2012

A note on 2012 I.R.S. mileage rates: The Internal Revenue Service has released the standard mileage rates for 2012. **We will be utilizing 55.5 cents per mile for all clients unless otherwise notified.** Please note, for Final Move trips, only 23 cents per mile can be considered non-taxable.

BVO HOME SALE PROGRAM

We continue to work on ways to best administer the Buyer Value Option home sale program in the most compliant manner for your protection. In 2011, the vast majority of our clients implemented pre-inspections ~ completing inspections prior to a buyer's offer. This way, we are following Worldwide ERC recommendations to not utilize buyer reports for the transferee's repairs.

We recognize this is not a perfect solution; often a buyer's report has further repairs required to close the sale which increases our client's expenses.

We have questioned inspection vendors on this issue: for example, how can one report completed in September state an oil tank is satisfactory and another report a month later state it is leaking? The best way to explain is using your auto as an example. Your car is working just fine and got you to work; however, it won't start when you leave work. Short of environmental or damage factors, you never know when something is going to give out or start to show the signs of wear.

One option to help alleviate these situations is to order a higher level report up front; there are drawbacks, though. We would love to talk with each client personally to determine what works best for your company culture. Please give us a call when you are ready to discuss.

CHARITABLE GIVING UPDATE

You may recall that in lieu of client gifts during the 2010 holiday season, each of our employees submitted a charity close to their heart for the company to make monthly a donation in honor of our clients. The charities below have been added since the last DASH in May!

March of Dimes, Courage Center, Fisher House, Feed My Starving Children, Jimmy V Foundation, Post-Polio Health, Ronald McDonald House and Second Harvest Heartland.

LOW VACANCY + HIGH RENT = RISING FRUSTRATIONS FOR RELOCATING RENTERS

The US has experienced an overall decline in homeownership, and it is a trend that is growing in momentum. The Census Bureau reports a net increase of 1.4 million households moved into rental housing this year.

Some of the issues causing this trend:

- Transferees who would normally purchase are choosing to rent until market stabilizes in new area.
- Homeowners that have battled through foreclosure, short sales, or are upside down no longer have the down payment and/or credit rating to purchase.
- Tougher standards to qualify for a mortgage have blocked potential borrowers from purchasing.

So what does the rental picture look like?

- Rent prices increasing.
- Vacancy rates are at near record lows in many cities.
- Competition is especially tough in better quality/better managed buildings.
- Renters now spend 5% more of their household budgets on housing costs than do homeowners due to high rents.
- Renters are competing against others for leases and need good credit.
- Temporary Housing units are also affected; less units at higher prices.
- Tougher lease break policies.

In the meantime, some policy enhancements to consider:

- Cover the cost of a Rental Tour to give transferees the best chance at finding a rental in a timely fashion.
- Some areas are also charging Broker fees or Finder Fees to renters.
- Many landlords are not allowing lease break clauses so be prepared for Lease Break fees if moved again before lease term is up.
- Temporary Housing and Household Goods storage may be needed for renters who haven't found a place.
- Temporary Housing will cost more for everyone; limits may need review.
- Company may need to provide support to transferees who do not qualify for new rental home

Just let us know if you would like to dive deeper into any of these topics or any others!

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INTERNATIONALLY SPEAKING

FOCUS ON CHINA

In the People's Republic of China (PRC), there have been two relevant revisions in law recently regarding Individual Income Tax and Social Insurance laws that will have an impact on your assignee living and working there.

Beginning September 1, 2011 a new Individual Income Tax law has gone into effect. Employees in higher tax brackets will be taxed at a higher rate than previously. This may increase tax reimbursement costs to those employers who tax equalize their international assignees in China.

In regards to the Social Insurance law, it is now mandated that all foreign workers in China start paying into the Social Insurance structure. However, Social Insurance is subject to income caps so that the tax impact will be limited. That being said, employers should review the Social Insurance laws to see what the tax implications are for current assignees in China and for potential assignments in the future. Assignees will be entitled to a refund upon leaving the assignment, if they should return home before retirement age.

We advise you get in touch with your international tax company to learn more about how this will affect you and your assignees in China and what changes, if any, need to be made going forward. Please let us know if you need a referral to an international tax provider.

*Information provided by our international tax supplier, GTN (Global Tax Network).

LONDON OLYMPICS 2012... EXCITING NEWS IN THE RELO WORLD? THINK AGAIN!

Thinking of sending an employee on assignment to London in 2012? Then NOW is the time to start planning!

The onslaught of people into London will start by June 5, 2012; Summer Olympics will be July 27-August 12, with the Paralympics following shortly after from August 30-September 9. The Olympic Park closure will be on September 14, 2012.

It will be exceedingly difficult to move people in or out of the area during this time as London and the surrounding areas will get introduced to about 660,000 Olympic arrivals, in addition to approximately 77,000 Olympic and Paralympics family members.

What should you expect? Olympians will be given priority. Traffic and transportation options will be overloaded. There will be a delay in Visa applications, with no accommodation given to urgent requests. Household Goods deliveries will be an issue: in effect from 6 am - 10 pm, approximately 108 miles/174 kilometers of prime routes will be marked and designated for the Olympic Route Network. The stop lights will be turned off and trucks banned completely. There will be additional costs to pay crews to deliver household goods during off-hours and in [several] smaller trucks. There will be additional fees at ports, longer storage at port because goods won't be able to be delivered during this time, and increased security and congestion. It will require much thinking outside the box and due diligence in early planning.

Temporary housing will be most affected by this influx of attendees. Housing is already booked almost to capacity and it will be nearly impossible to find accommodations during the summer months. There will be a huge increase in price, loss of choice in location, and the option to extend may not be available - with no Plan B or backup hotel available either.

What can you do instead? We heartily encourage a few alternatives:

- Send before - or after - the Olympic season.
- If it is unavoidable to delay the assignment, work virtually from the home country until the Olympics are over.
- Can the job be done elsewhere? Send your international assignee to another city or country.
- Is it an absolutely essential relocation - a VIP or a make-it-or-break-it type deal? If not, reconsider relocating your assignee to London at all in 2012.

Just let us know if you would like to dive deeper into any of these topics or any others!