

Take on Board Podcast – Episode 200

# Transcript – Ursula Lepporoli on the diverse perspectives of expats on boards



Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Ursula Lepporoli about having expats on your board to diversify experiences. Before we start that discussion, I'd like to acknowledge the traditional custodians of the land on which we record this podcast today. For me, I'm recording on the unseeded lands of the Wurundjeri people of the Kulin Nation and I pay my respects to elder's past and present. I acknowledge their continuing connection to land, waters and culture. I support the Uluru statement from the heart and I encourage others in the Take on Board community to do the same. Now, let me introduce Ursula. Ursula is a partner at KPMG. She has 17 years of extensive experience as a strategic Global Mobility tax expert, providing a full suite of tax services to companies, expats and high net worth individuals. Ursula enjoys sharing her knowledge. She is a frequent guest on podcasts like Take on Board today. Speaking about leadership and tax. She joined Adam Grant earlier this year on work life and was recently invited to join the ATO tax practitioners stewardship group who knew such a thing even existed. Anyway, there you go. Ursula enjoys the arts. And when not taking photos herself as an amateur photographer, she serves on the board of the multicultural Arts Victoria. Welcome to the Take on Board podcast, Ursula.

Ursula Lepporoli 1:26

Thank you for having me, Helga

Helga Svendsen 1:28

It is awesome to have you here. And I'm looking forward to this conversation about expats and expats in the boardroom and maybe even expats as CEO. But before we go there, I'd love to dig a little bit deeper about you. Tell me what was the young Ursula like? And when did you get your first inkling that you might end up doing what you're doing today?

Ursula Lepporoli 1:48

Yeah, look, younger, Ursula was busy, much like adult Ursula, I like to get out there and get involved. So I remember in university, one of my favorite things that I did was organise people to register to

vote, because it was the first year that I could vote. So you don't have to vote in the US like you do in Australia. And so you have to register. And so I got all these people energised. And we went out and register people to vote, it was really exciting. So getting out there and getting involved in the community and getting amongst it is something that I really enjoy. I've had to temper my saying yes to everything coming to Melbourne, because there's just so much to get involved with. So I think when we first chatted, I spoke about my list of priorities. And if it's not on the list of priorities, then I must say no. So that's kind of where I'm at right now. I'm still really energized and passionate about many things. And sticking to the priorities list. Your question was, when did I kind of have an inkling that I might sit on a board. And I think that that as you're kind of involved in business, you get to a stage where you hear a lot about boards, and you kind of start getting a bit curious. So yeah, just develop this dream retirement where I would finish my, you know, nine to five job and then take on this board career, because lots of the women that I had observed in my career, that's what they went on to do. So I developed this dream. And so actually getting the opportunity to go through the board observership program and whatnot has let me start to realize that dream and what it actually means to be on a board. But that's kind of where it started seeing the women ahead of me go forth and sit on boards.

Helga Svendsen 3:26

Interesting. You did the board observer ship program, and we've spoken about that previously on this podcast. Did you do your placement, observer ship, whatever it's called with Multicultural Arts Victoria?

Ursula Lepporoli 3:38

I did. I did. I remember going through the process, and I'm a keen Greeny. So I was like, Oh, are there any boards that I can sit on that have to do with the environment? And they were like, no, they're full. But we have these arts boards. And I was like, Oh, I like art. You know, I played the cello for many, many years growing up and have a keen eye. Obviously, I like photography, so arts is acceptable. I ended up really loving the organization and what it stood for, and just the opportunity it gave me to be in that world, which is not a place that I normally dwell in working at KPMG.

Helga Svendsen 4:12

Okay, now I have to swing back to something you said earlier as well about saying no, just out of interest. What was the last thing you said no to?

Ursula Lepporoli 4:19

Well, there at KPMG. We have a board. And so partners sit on that board. And this was actually something I had to tell myself no to because as an ambitious individual, you see these opportunities

and you think, Well, I really, that looks cool. I could do that. And so there were two openings on our board. And I thought, oh, gosh, I could maybe be on the KPMG board. That could be cool. That's a lot of time commitment. It's a lot of energy that you have to give. And so after speaking to my performance partner and having a good thing about it, I've decided to say no to that to myself to even putting my name forward because now is not the time to be overextending myself to be on the KPMG board.

Helga Svendsen 5:00

Good on you. It is. I am someone who shares that challenge in saying no sometimes. So it's always good for me to hear stories of others. So thank you for sharing, although Note to self, because you talked about environmental boards as well. I'm on the General Assembly and the nominations committee for Greenpeace, Australia Pacific, and number of other environmental organisations. So I might be coming back to you about that as well.

Ursula Lepporoli 5:24

Okay, well, I might have so there isn't rule with the priorities list. If I take one off, then I can put one on. You get an opportunity like that.

Helga Svendsen 5:35

Let's talk. Let's return to that after we've had this conversation. Thank you. Like I love getting some of that background and just a bit more about what the people are like before we dive into, you know, tax and expats and other opportunities. So let's go there now, though. Like, you've done a lot of work around expats, as staff members. And boards may not have thought about having expats on their board as a different way of diversifying thinking, or our boards may not have thought about in their CEO recruitment. Getting expats on one of the boards I'm on has a Canadian woman who's now the CEO of our organization. And there was all sorts of fun and games in terms of I mean, I wasn't around when she was appointed. But I know during the that period, there's been some, you know, visas and getting all of that done. So that is a long way of saying what should boards be thinking about in terms of either getting expats on the board, or getting expats in the C suite? What should they be thinking about?

Ursula Lepporoli 6:42

I'd love to share this information as well I talk about all the time. So what I might do is maybe start from the beginning. And we've already kind of spoken about it. Why would you want an expat on your board? And I think it brings in different perspectives. Some people might say, you know, the EU, Australia's somewhat like the UK or somewhat like the US, but actually picking some industry leaders in those spaces to come during your board might just bring that uplift, we spent a lot of time talking

about women on boards. But you know, what, if you got a woman who was an industry leader from another country, like how impactful could that be to your board? So the ideas once you actually like, let it sink in with it, you're like, yeah, why not? That sounds great. Now, you obviously can't have everybody on your board being a foreigner. But I think having you know, one or two adds a set, little bit of spice, a little flavor to what's going on. And you might be ahead of trends, or they might have already experienced things that they can give you insight on, we're kind of in this delayed cycle of inflation when compared to the US. So maybe they have insights on what it looks like on the other side. So I think it's just different perspectives, which is great. There's obviously a process of recruitment and figuring out who's your best person, which I'm not going to talk about. But what I'm going to skip to talking about is a little bit about the first step, which is immigration. And you mentioned this as well. So our group at KPMG called people services. We also look after immigration as well, because if you're going to have expats, you have tax, and you have immigration, so we go hand in hand, when we think about a board, you think about board meetings, there's also committee work as well. So perhaps the first work from anywhere warriors, I'll call them were board members, because you might not necessarily and definitely not for committee work, you're not going to fly someone in to Australia for a committee meeting. So those are most likely going to be happening online. And that's fine. You don't need to worry about a visa for that, obviously. But when you you know in person is better. Sometimes we've all realized that post COVID Sometimes being in the same room and having that energy is what you need. So I'm gonna start with a quick story. I was talking once to a board director who said during their meetings during COVID, because they had previously all in person during COVID, they actually made everybody show their hands during the meeting, so that they could all make sure that they weren't multitasking. Maybe not like you know, hands up like this, like you're you know, getting pulled over or whatever. But they had to be able their video camera, the camera had to be able to show their hands so that they could all make sure that they were all focused on

Helga Svendsen 9:13

Oh my God, if you distrust your board colleagues that much should they really be in the boardroom with you?

Ursula Lepporoli 9:19

Maybe they got some deeper problems than where your hands anyway. At some point, you're probably going to want to bring people together on your board. And if you've got foreign nationals on there, then having the right visa is important. Now I'm not an immigration agent, so I can't give advice. But there's a plethora of visas. In fact, our immigration review that's happening right now is trying to address that problem. But there are a lot of users to choose from. So choosing the right visa for your board members so that they can come in to Australia is extremely important. So for example, when we're deciding which visa to get someone we're looking at, are they doing business activities, or are they doing quote unquote work? And then based on that the visa will be different. So you will hear people often talking about the ETA visas, or the E visitor visas, not necessarily just for board work. But I think in a general view, those visas create the most risk for any company,

because anybody can go online and go get one of them. So you can say, I'm coming to Australia, I'm gonna do some business activities, off we go. Now, that differentiation between the business activities and the work is what's really important, because you might actually require a 400 visa, which is more towards that work angle. And for that one, you actually require a letter of invitation. So no one can just go apply for a 400 visa on their own. So if it's determined that that's what kind of visa that a board member needs to be able to come in and do the work that they're going to be doing, then you need to have help you need an immigration agent, most likely, in order to help you with that paperwork so they can get that 400 visa. The next question you might ask me is how long does that take? Now, how long is a piece of string?

Helga Svendsen 11:05

We know the Immigration Department in Australia has got a bit of a backlog so maybe longer than usual. Yeah,

Ursula Lepporoli 11:10

look, I think it did proving though, I read recently that the backlog was significantly reduced. And as I said before, the Immigration Review might streamline many measures so that the processing times go down a 400 visa is not as quick and as a different process than the E visitor but not as long as some of the other visas that we have better in the options that you could get. So yeah, just want to leave the listeners with if you look at a tax return, our tax returns are self assessed, you lodge your tax return, you make your assessment, you lodge it, you get your refund, you go about your business, you might get audited, they might catch you on that faulty deduction that you put on your tax return. But they're not auditing every single tax return. Immigration, I think carries an elevated risk of getting caught. So if you go through the airport, even if you go through one of those automated queues, where you know, you put everything in the machine, and that kind of sends you straight through, there's still a high level of risk that you're going to speak to an immigration officer who's going to ask you questions about the purpose of your visit. And if the answers that you give that officer do not match what your visa type is, you run a big risk of being called out being sent back. Like we've got stories of companies who sent individuals who have had to go back on a plane and go back home. Before I get off my immigration high horse, if you're going to venture into having a foreign nationals on your board, that's something to think about. Now the process with the CEO. So at MAV right now, we're actually hiring the CEO. So considering, you know, the whole wide world of applicants out there that might be interested in our role,

Helga Svendsen 12:50

And I'll just jump in med folks, Multicultural Arts Victoria, just

Ursula Lepporoli 12:54

Oh, sorry. I've jumped into jargon. No, I

Helga Svendsen 12:56

Oh, good when I first read it, because there's also the Municipal Association of Victoria. So when I saw somebody info prior, I'm like, man, what, and then went, Oh, no municipal, municipal, multicultural arts, Victoria. So just throwing that in. Okay, back to your story about engaging the CEO.

Ursula Lepporoli 13:13

So I think, you know, you might get interested parties from abroad, when you're looking for a CEO that actually might be part of your strategy, depending on what sector you're in, and the requirements and skill sets for that role. So I think hiring a CEO, obviously, that E visitor visa is not going to be an option. And the short term kind of 400 visa is not an option, either, you need to go a different path, that's towards going towards right now we have the 482 visa, which is an either a two or a four year visa, four year having a pathway to permanent residency, I think part of what they're going to be looking at in the Immigration Review is how we've looked at immigration and filling our talent shortages in the past, somehow it evolved into a spin a situation where it was temporary, and then go and then leave because we got too many people in Australia. And I think what the government is saying that perhaps that's not the right approach, perhaps we're not getting the right people, if we narrow it down to you can only stay for two years, or you can only stay for four years, and then you must leave, I hope they're going to be moving towards a more permanent path. Because we want more people who were amazing in Australia paying taxes, that's got to be good. If particularly if you find a CEO that works well for your company, or that you're sitting on and they happen to be a foreigner. So I think it's important, I think, to then think of the runway. So you mentioned how you that you weren't involved with the appointment of the Canadian in the CEO position. But clearly, you probably want your CEO in the country. And so you need to think about those processing times longer the visa is to stay it seems like the longer the processing times are. That's what I was gonna say on immigration is do you have any questions on that before I kind of slip into some other matters?

Helga Svendsen 14:53

No, I think that's enough to get people's minds thinking about oh, okay, we need to do this. We need to do that. Slide on in To the next part,

Ursula Lepporoli 15:00

Excellent. Now, how are you going to remunerate these people? Before I move on to this the regular salary and wage time round, I thought I might touch on a couple of other matters, which the first

being employee share scheme income. So you might decide that you want to give your board directors, some options or some rights to shares or something that's a little bit not standard. You might be already offering that to some of your employees, you probably don't want to offer them the same plan. I think you just need to think about it. Depending on your plan rules, maybe you do. But you might have different hurdles for the awards to vest for your board members, because they've kind of got different objectives, your C suite staff, they got operational type tasks, your board is in charge of the strategy. So you might want to set the hurdles and incentivize them in different ways. So that might involve getting some advice or figuring out how you structure it differently. But I think it's an effective way to remunerate people, so I thought I would mention it. Yeah, yep. You've also got fringe benefits. If you end up with a foreign national who is flying into Australia, you probably going to pay for their flights. Now, you might be able to use an exemption from fringe benefits tax so that there is no one to pay. But you might offer them other things want to know you might offer them a holiday, you might offer them extra accommodation while they're here so that they can enjoy Australia, who knows what you're going to offer them, but it might not fall into the salary and wages category and might be fringe benefits tax. So good to understand that. And then also potentially package up the benefits are going to give them in a way that's most tax effective. So for example, fringe benefits tax at the tax rate. So if your executive directors is not actually going to be at that rate, then maybe paying them a cash and letting them pay the tax on that cash ends up with less tax overall. So just want to throw that out there as well. Now move on to the juicy tax. But if I kind of walk through an example, maybe using China as an example, the first thing you got to figure out if so, you're going to pay somebody, they're going to be a foreign national, you've got the practical elements of how you're going to pay them, they're sitting in another country, they probably don't want an Australian check, they probably don't have an Australian bank account. So how are you actually going to pay them? Once you figure that out? Then you got to figure out how is that individual going to get taxed? So then I think it's a conversation and the thought process of okay, this is not just an Australian, this is someone who's probably a tax resident in China. And then they're going to be performing some duties in Australia. Hell, yeah. You the other day, you said that you loved a conversation about tax. And I remember sending you my podcast that I did about the future of tax, which I think is this evolving topic that we've got around? Where should you get taxed. And in the past, it's been where you're a resident. And when you have other income, like these more people who are becoming into Australia, it just gets very complicated. And you almost need to get help to figure it out so that you do it right. And don't pay double tax. So I think as we move forward into this future of work, where work from anywhere, it's more prevalent, you might be sitting in Lisbon, because apparently Portugal is a spot to be and working for an Australian entity. So then how do you get taxed? As does Lisbon tax? Do you just Portugal tax? Or do you continue to get taxed in Australia? And and I don't have the answers to that. Because as the OECD, we're also figuring it out. And then I think there's this whole conversation about the morality of tax. So if you're sitting in Lisbon, enjoying the streets of Lisbon, and if you get ran over, or you're gonna go to the hospital in Lisbon, and expect to be, you know, looked after you pay some tax there. So I feel like there's this whole conversation we need to have as a society around, you know, we're all paying tax for a reason, because we want to live in a society that functions. So where should you pay it? Anyway, I digress. Back to my China example.

Helga Svendsen 19:06

It's such an interesting different Well, it's where you and I went down the rabbit hole last time, I think, but it is an interesting digression. And I think it is both also need to think about that. So just placeholder that for board directors think I'm a big fan of work from anywhere. I'm a big fan of work from home. I'm a big fan of flexibility. But don't just do it because it's a good thing to do. You really need to think through what that means in terms of not just tax but how are you going to communicate with people effectively what our health and safety laws apply? Anyway, just know folks there is a rabbit hole and it's not just Yeah, people can work anywhere. Like I say I'm a fan boards, you just need to think it through out of that rabbit hole back to this one.

Ursula Lepporoli 19:46

So the first place you should consult when deciding because you've got to be able to help this board director You can't be like, hey, come join my board, sorted yourself out. You might get them tax advice, or you might just kind of point them in the right direction. But anyway, you Look at the double tax agreement in the first instance. So does that provide some clarity on who gets the right to tax the income? It might or might not, or they might come from a country where we don't have that double tax agreement with. So that's kind of your first port of call. We talked about taxation on residency. So it's like the person is definitely going to get taxed in their home country, most likely, because that resident there, and we haven't moved away from that type of taxation. So then becomes, okay, what gets taxed in Australia? And then helping them figure out if it's getting tax in Australia and in their home country? What's the process for figuring that out? Because we're this wonderful country with a 30 year June end? That's not the same as other countries, China's definitely not 30 June. So they're going to end up with timing differences. They're going to potentially have withholding in Australia, they might have top up in Australia, they're gonna have tax in China. So how do they? And that's what I like to talk about with tax, it's not just you know, it's 47%. It's what are the practicalities of actually making this happen, and the timing issues are real. So you need to figure out how you're going to help them through that, or just advise them on the fact that it's going to happen, and they need to deal with it. If it's taxable, you need to consider about how much is actually going to get tax in Australia. So it's quite clear that if they're coming into Australia, and they're attending a board meeting in Australia, that is going to get taxed in Australia, but is it 100% of the board ran. Now, I don't know these different situations. So obviously can't give advice, this podcast, but it's something that you really must consider. Is it just those days? Is it all of it? Is it a portion of it? What about the committee meetings? How are you going to take in this role that's not like an employee who kind of clocks in and out on their laptop every day, this is something that they're doing and kind of their own time potentially. So taking that into consideration to determine what gets tax in Australia, and then having the governance to make sure that whatever option that you select, so if you say we're going to tax you on your days that you come into Australia, because that's the right position, how are we going to track that? What's going to happen when it gets time to actually do your tax return, or for us to do the actual reporting in Australia. So that's a bit on the split jurisdictions, and what happens if there's more foreign consideration. So for example, in the US, someone who's sitting as a non executive director is actually considered to be self employed. So they're not an employee, like they would be in Australia, and which means I have no withholding, and then responsible for all the tax that goes to the IRS. So they might actually need to do some pre payments of tax. There's some thinking around what needs to happen. I made myself



switching to being a partner last year at KPMG. You're not an employee anymore. You're a business owner. And so I had no withholding, if you don't have support to figure out how much you should be saving what you should be doing with it. You're in for a hot mess.

Helga Svendsen 22:48

When the tax bill comes? Yeah.

Ursula Lepporoli 22:50

So I think supporting your board director through that if there's someone sitting in the US, it's something that you need to consider. And I think a lot of our if I were just realistic, I think a lot of these people that people might be choosing from might be from the US. So knowing that ahead of time is important. Another matter that you've got in Australia, because board directors employees is they're subject to superannuation. If you have someone who's not necessarily employee in the US, is there a superannuation to consider if you get someone a country where they're also an employee in that home country? And then you might be thinking, Okay, what do they really want superannuation? Probably not, but you can't get out of it, unless you apply for a certificate of coverage, which if you're a tax nerd like me, you will know that it's their social security agreements between different countries that would say, okay, that person is paying another country, they're out in this country. So I think that's, you might even just say you're paying all of the retirement, if you had an entity in that other country, you could pay them all in the country where they're sitting. If you didn't, then you just got superannuation, but I think then it's about talking to them about what that actually means. So now you're a foreign resident, you've got superannuation, that goes in combination with whatever visa situation is going on. So when can you actually access your superannuation entitlement that you're now accruing? Because we have no choice. It's just going through that with them. So they understand what's going on as well. If we tap back to the CEO situation, so if you decide to hire a CEO, they're likely going to move here, they're going to become a resident. So all these workday conversations are less relevant, unless they're doing significant travel. So another bit of work that we do within my group is helping companies managing the expectations and the tax implications of having business travel. If your person I don't know spending a lot of time in New Zealand ends up becoming taxable in New Zealand, you need to manage that. So we help with the governance and the tracking and managing that tax liability, which can happen with a CEO who's required to travel frequently. We talked about superannuation, and then the kind of last things that I wanted to talk about were again, some of the practicalities you and I tell you We have tax file numbers, how to for years Not a problem, pretty easy to get, if you're coming into Australia popping in and out, actually remembering to go online and apply for your tax file number, and then having an address to get the post sent, because they're still all sent by post, you know, can be tricky. So I think it's giving that person some assistance around that to understand the processes. If they forget to do it, and never end up doing it while they're in their country, the process to get a tax file number while you're abroad is painful

Helga Svendsen 25:30

Do you have to get a different tax file number?

Ursula Lepporoli 25:33

No same tax file number, but you've got to do it at least the one time. And while you're here, while you're here, it's easy to go on to the website and do it because the systems now you're here, but you know, they're at a board meeting or they're in and out, they're not thinking about getting a tax file number as the main priority. So let's just say you know, you had your one meeting, you know, your first meeting, and you forgot to do it, and now you're back at home. Getting a tax file number while you're abroad is hard. I'm not going to sugarcoat it at all, it's difficult imagine going into the embassy to go get documents certified. So that's not probably someone who sits on a board wants to do. So what we've got then is helped to get that sorted because you have to do it, you've got lodging, your actual tax returns. So there's additional compliance when bring on a foreign national. And then I mentioned alluded to it before, but actually getting a refund. So the ATO doesn't like to issue checks, they're going to want to do that digitally. So someone needs to set up a bank account in Australia, they really almost have to extend that first trip to take care of compliance matters, so that they're set up for the future. You need to give them time to do that, maybe,

Helga Svendsen 26:40

Oh, my god, so much in there I hadn't thought of and it's interesting as you are going through that. People who are listening, like having those different views in the boardroom, and so on is important in so many ways. So even though there is a lot to think about, don't just pop it in the too hard basket,

Ursula Lepporoli 26:56

Get an advisor, come chat to me talk to anybody, because these things can be you know, surmounted, it's just about thinking about them upfront so that you don't end up with a surprise later. And the board members like, Hey, I got this income statement. What do I do with this?

Helga Svendsen 27:12

Fly back to Australia, just so you can do your tax file number. So you only need to be here for a couple of hours apply at the airport fly home again, knowing in advance Yeah, going in eyes wide open about what the requirements are, which quite frankly, should be a skill for all board members on all manner of things. So this can just be one other part for it. That's right.

Ursula Lepporoli 27:29

Sorry. Before I ended my tax tirade, there's also payroll tax. So in Australia got payroll tax on the individual, and that's probably going to include their foreign wages as well. So that's my last tax tip.

Helga Svendsen 27:43

Oh, good. And if the payroll anyway, no, I'm not gonna go down that rabbit hole again. But the whole work flexibly work from anywhere thing and payroll tax blows my mind as it no doubt does the tax office who years ago didn't have to think about this. And all of a sudden they're going, Oh, God, what is the answer anyway? Not going down that rabbit hole.

Ursula Lepporoli 28:03

Now well, hold on, let's just go down a little bit. Because Office of State Revenue is a government entity that does the most audits, they love them. So I think having people working in different places. It's payroll, tax heaven, and you need to make sure that it's linked up and you're doing the right thing for where people are sitting,

Helga Svendsen 28:23

And payroll tax. I think I'm right here. It's a state based tax. Yes. So if you've got somebody, I have no idea what happens Albury Wodonga, that must be a complete nightmare for those border towns. But, you know, again, during the pandemic, people were all over the place. And I'm guessing during the pandemic, it was just like, oh, well, that's temporary. But there might be people now who live in New South Wales and work in Victoria, or live in Queensland and work in Victoria,

Ursula Lepporoli 28:50

You need to know where your people are at. And as a board member, that you need to make sure that your CEO and the leadership team have a hold on that. And not just like, you know, where people are at, but like, really, you know, where people are at?

Helga Svendsen 29:01

Yeah, yeah, exactly. Oh, s la, so much in here. What are the key things you want people to take away from the conversation that we've had today?

Ursula Lepporoli 29:10

Look, I think, look a further afield. And then when you do that, be prepared to manage the tax and the risk and the immigration that comes along with that. But then I think it also gives you options to be creative about remuneration. So we talked about the employee share scheme awards and how you can do that. But then I also just wanted to and I can share you the link KPMG has lots of free board materials. So we just recently published what's on the board members mind and 2023 and things you should be considering. So I think take advantage of free material that's out there.

Helga Svendsen 29:43

Absolutely. And we'll put a link to that in the show notes so people have got it as well. Oh, thank you. We barely got back to multicultural Arts Victoria, but maybe we'll have to do that another conversation about your experience with the board observership program and multicultural arts but thank you so much for taking us through some of the things we need to think about for getting experts involved in boards or in C suite such important things for boards to think about so thank you for sharing your wisdom with the Take on Board community today

Ursula Lepporoli 30:12

Thank you for having me.

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