[Date]

[Name of Assignee]

[Address]

[City, State, Province, Country Code]

Dear [Name of Assignee]:

This letter (referred to as an LOU or “Letter of Understanding”) outlines the terms and conditions of your international assignment to [Country], which is the country you are “seconded” or put on assignment. This LOU, together with any other agreements or provisions that may be referenced herein, constitutes the entire understanding of your assignment to [Country].

If you have any questions regarding this LOU or any changes that may occur over the course of your assignment regarding your employment situation or company policies, please consult your applicable Human Resources Manager in either your home or host location. Please note that the terms and content of this LOU are confidential and may not be directly or indirectly disclosed to any other party outside of your direct supervisor, family, or tax and legal representation (as may be applicable).

[Company] will not guarantee the term of any international assignment as business situations change, and your assignment timeframe may be altered based on business needs. Your assignment and overall employment with [Company] will continue if mutually acceptable.

This LOU does not create a contract of employment between you and [Company] for any specified period. Your employment with [Company] shall continue to be subject to the terms and conditions of your Employment Agreement.

Effective Date of Assignment:   [Date]

Assignment Location:   [City, Country]

Expected Assignment Term:  Three (3) years beginning on [Date]

During your assignment to [Country], the features of your compensation and benefits package will be as follows:

1.    [Compensation](https://www.lawinsider.com/usage/compensation-clause-uses-in-assignment-letter): Your base salary is US$\_\_\_\_\_\_\_ per year. Your base pay and any bonuses, stock options, RSUs, etc. will be subject to hypothetical tax withholding (see “Tax Equalization” at Section 10 below) and shall be paid in US Dollars in accordance with regular [Company] payroll.

2.    [Management Incentive Plan](https://www.lawinsider.com/usage/management-incentive-plan-clause-uses-in-assignment-letter): You will continue to be eligible to participate in [Company] Incentive Plans. Any bonuses awarded under these programs will be paid to you in US Dollars.

3. Home Country Housing: You are eligible for [Company’s] home sale program if you elect to dispose of your home prior to your assignment. If you choose this option, you will be responsible for a portion of your rental costs in the host location. This amount will be determined based on your level within the company, salary, and family size.

4.    [Host Country Housing](https://www.lawinsider.com/usage/host-country-housing-clause-uses-in-assignment-letter): During your assignment, [Company] will pay the rental amount for your host country housing in an amount not to exceed US$\_\_\_\_\_\_ per month (which includes the cost of renting furniture and other customary household goods). Additionally, any applicable rental deposit and such amount shall be paid directly by [Company] to the landlord in [Country] if possible. In the event you sell your home country residence, you will be required to pay PERCENT/MAX AMOUNT of the rental costs in the host location.

[Company] will reimburse you for reasonable utilities associated with the rental of your unit, including heat, electricity, and water. [Company] will also pay for the services of a local, dedicated rental agent to assist in your housing search.

5.    [Relocation Allowance; Repatriation Allowance](https://www.lawinsider.com/usage/relocation-allowance-repatriation-allowance-clause-uses-in-assignment-letter): [Company] will pay for economy-class airfare and other reasonable travel expenses, such as meals and transportation services to and from the airport for you and your family members for travel to your host country. The same provision will be provided upon your return to your home country.

[Company] will pay for the air shipment and insurance of up to \_\_\_\_ “D” container(s) of your household goods from [Home] to [Host]. The same provision will be provided to you for your return to the United States at the end of your Assignment.

Additionally, [Company] will pay a relocation allowance of US $\_\_\_\_\_ to cover miscellaneous expenses associated with setting up a home in \_\_\_\_\_\_\_\_\_\_\_\_.  At the end of your assignment, [Company] will pay US $\_\_\_\_\_\_ to cover the costs associated with your return.

6.    [Family](https://www.lawinsider.com/usage/assignment-travel-clause-uses-in-assignment-letter) Leave Trips: [Company] will pay for the economy-class airfare for you and your family to travel back to your home country once per each 12-month period during your assignment.

7.    COLA (Cost of Living Allowance or Goods and Services Differential): During your assignment, you will receive a COLA to compensate you for the increased cost of goods and services in the host location compared to your home location. This will be reviewed annually or more frequently if inflation and/or exchange rates between the home and host location exceed 5%.

8.    [Dependent Education](https://www.lawinsider.com/usage/dependent-education-clause-uses-in-assignment-letter): [Company] will pay for the costs of your children to attend a private school in [Country] each academic year. Covered costs include tuition, fees, books, transportation, and uniforms.

9.    [Medical and Travel Accident](https://www.lawinsider.com/usage/medical-and-travel-accident-clause-uses-in-assignment-letter): While on assignment, (a) you and your family’s medical and dental coverage will continue under [Provider]; and (b), you and your family will be covered under the provisions of the [Company] Travel Accident Program, which maintains provisions for evacuation in the event of a medical emergency.

10.  [Tax Equalization](https://www.lawinsider.com/usage/tax-equalization-clause-uses-in-assignment-letter): While on assignment, you will adhere and abide by all of the laws of the United States and HOST, including the proper payment of income taxes.

It is the policy of [Company] to equalize your tax costs to what you would have paid had you not gone on assignment. [Company] will pay your host country taxes and any excess United States taxes based on the cash and allowances paid on your behalf (e.g., housing, utilities, travel, etc.) As a U.S. employee, you may qualify to exclude a portion or all of your overseas earned income from U.S. taxes and/or your U.S. tax may be reduced by a foreign tax credit. All of these factors will significantly affect your tax liability and thus your after-tax income.

The following are highlights of the policy:

**Actual Taxes**—In the event you incur any additional tax costs due to your assignment, [Company] may pay your actual home and host country taxes, subject to certain limitations. In the event [Company] pays the home and host country taxes, you would be required to contribute a hypothetical tax amount as described below.

**Hypothetical Taxes**—During your assignment, you will pay hypothetical taxes each pay period through payroll withholding. This amount is meant to mirror what you would have paid in actual taxes had you not gone on assignment.

The amount of hypothetical tax paid through your regular pay period compensation is called the ***estimated hypothetical tax.***Since the estimated hypothetical tax is only an estimate, after all tax returns have been filed, a ***final hypothetical tax*** calculation will be prepared to compute your final stay-at-home tax responsibility. Details of the tax equalization policy will be reviewed with you by our tax advisor.

11. [Tax Preparation](https://www.lawinsider.com/usage/tax-preparation-clause-uses-in-assignment-letter): As a condition of this assignment, you will be required to use the services of [Company’s] public accounting firm for the preparation of your home and host country income tax returns. The cost of these services will be paid by [Company]. Upon acceptance of this agreement, a representative will be contacting you to begin that process. Although [Company] provides tax assistance, it is ultimately your responsibility to ensure that your home and host country tax requirements are fulfilled.

12.  [Immigration](https://www.lawinsider.com/usage/immigration-clause-uses-in-assignment-letter): [Company] will assist you and your family in obtaining the necessary visas and work permits pertaining to your assignment.

13. [Emergency Evacuation](https://www.lawinsider.com/usage/emergency-evacuation-clause-uses-in-assignment-letter): Should there be a state of emergency declared in your host country, you will be reimbursed for any travel, moving, and/or temporary living expenses that may be incurred as a result of such an evacuation.

14.  [End of Assignment](https://www.lawinsider.com/usage/end-of-assignment-clause-uses-in-assignment-letter): As this assignment is temporary, we expect you to return to your home country at the completion of your assignment.

To formally acknowledge and accept your International Assignment pursuant to the terms and conditions contained in this Assignment Letter, please execute where indicated below.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date