



10 THINGS YOU NEED TO KNOW ABOUT PAYROLL ONLY REGISTRATION



WHAT WE DO

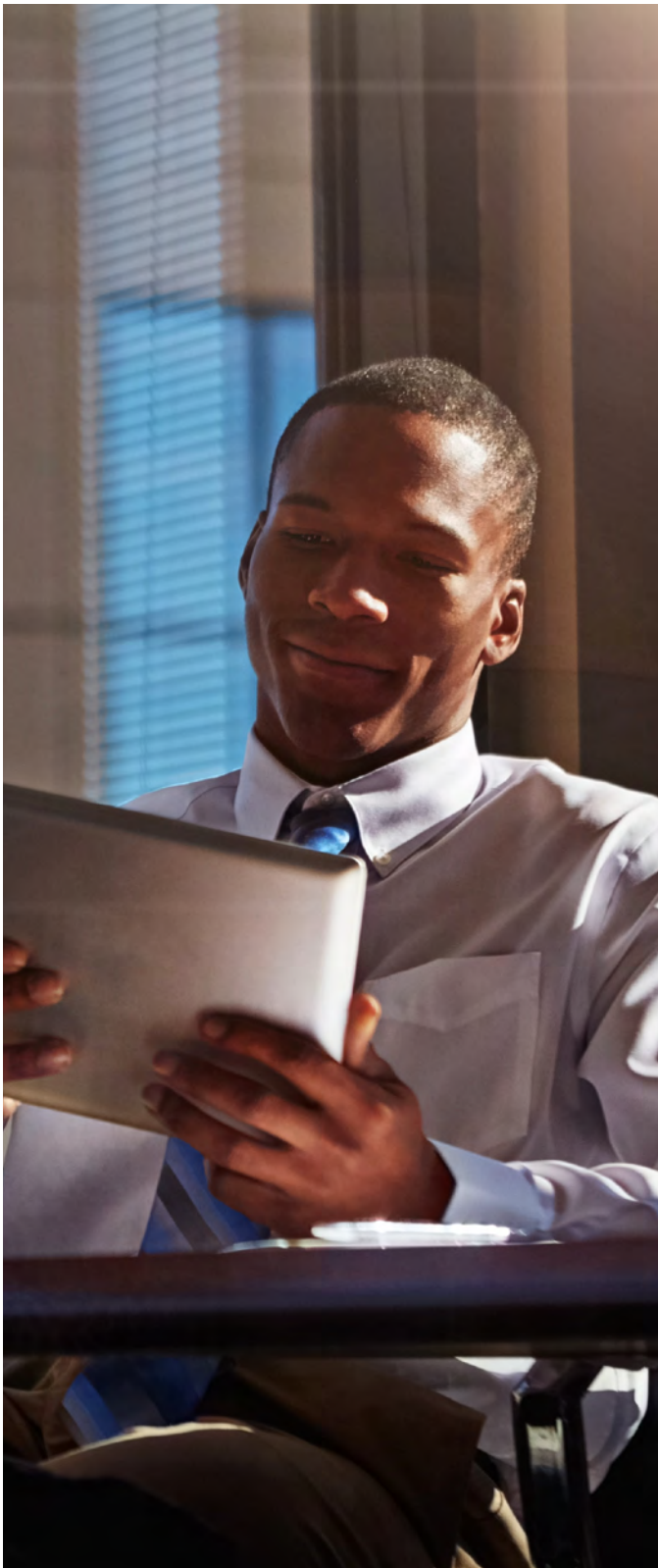
Globalization Partners enables companies to quickly and easily expand into 187 countries without the hassle of setting up local branch offices or subsidiaries. You identify the talent, and we employ your team member via our in-country payroll. This enables you to quickly and easily hire around the globe, and lifts the burden of figuring out HR, tax and legal matters from your shoulders to ours.

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Succeed Faster



Contact us today to see how we can help you expand your team around the world.



Are you considering hiring international employees? Growing a global business is as exciting as it is daunting. Companies must decipher local labor laws, learn the tax issues, or set up their own subsidiaries in other countries.

You've got the candidates lined up, but without adhering to the necessary local compliance laws—and without recognized entities already set up in each country—you can't even run payroll. You're nowhere near ready for your employees to begin work.

Entity or no entity, that is the question

Opening a compliant business entity in any country is challenging—and some are much harder than others. For companies specifically looking to expand their business to some European countries, registering a **payroll only registration (sometimes known as a Non-Resident Employer or NRE payroll)** may seem like a reasonable solution to get their business up and running. This option allows foreign employers with no entity in-country to make special “payroll only” registrations with in-country tax and social security bodies so they can issue a local payroll. Simple, right?

Don't Overlook the "ONLY" in Payroll Only Registration

While simplifying the payroll process may look like an easy place to start your business' global expansion, payroll only registration only offers some of the tools and technology needed to run payroll. Keep reading for the top 10 things you need to know before choosing payroll only registration.

1

This option is only available in most European countries. The majority of countries outside of Europe do not offer a payroll law compliance option for employers. If Europe is stage one in your expansion plans, you'll soon have to find another solution if you continue to hire around the world.

2

Your application for registration must be approved and many countries are cracking down on payroll only registrations. In fact, reliable sources show that around 40% of payroll only registrations are denied by the authorities. Nordic countries are especially cracking down on NRE registrations, and once your company is flagged and known by the authorities, they'll likely insist you spend the time and money to setup a more robust structure.

3

This is not a quick solution. It takes several weeks to prepare your application and to hear if it has been accepted or denied. If you need to move fast, you might find yourself behind schedule on your go-to-market plan. Also, some countries require an in-country bank account, which can take several months to set up.

4

It's risky business. With a payroll only registration, your company always carries the responsibility for labor law and tax compliance. A misstep on a termination, or other labor law issue, may result in an action in labor court and resulting damages of significant amounts. The governing labor law will be that of the country of payroll registration, not that of the entity.

5

There's no avoiding the administrative burden of running an international payroll. The amount of time headquarters spends on managing payroll, tax, accounting, labor law and compliance is usually disproportionate to the amount of return on a market, especially with only a one or two employee headcount in-country.

6

It can complicate corporate taxes in the future. Registration of a payroll will start to establish your corporate footprint, which can cause both a delay and another level of complexity if a more robust and extensive corporate structure is put in place in the future as part of global tax planning. Some tax attorneys prefer to avoid formal registrations to give them a “clean sheet” for corporate tax planning.

7

There are no benefits packages for your employees. An entity is needed in order to secure a group benefits plan. With the global war for talent intensifying, supplementary benefits are more important in some markets than others.

8

Some markets require the employer to provide a corporate pension plan. The UK, for instance, is rolling out legislation requiring mandatory corporate pensions for all employees. The plan must be compliant and can only be provided through a full local entity registration, not a payroll only registration. And of course, the burden of compliance is on the employer’s shoulders, which can be onerous for an entity with only one or two employees.

9

There’s no substitute for a good employee experience. This model doesn’t offer local HR support for employees. Who will answer their questions? At best this is frustrating, at worst employees don’t feel included in your company.

10

The smaller you are, the harder you’ll fall. NRE payroll might be a useful tool for larger, more established companies that can register off one of their local entities and have an in-house infrastructure to deal with legal, benefits, payroll support, etc. But if you’re in the early stages of growing internationally, registering directly off your existing company could create a higher risk than you may be expecting, or willing, to take. In the event of a legal judgment, some existing company assets could be at risk.



The Employer of Record Model

A company that provides Employer of Record (EOR) services essentially places your employees on their payroll. You maintain everyday control over the employee's responsibilities and performance, but the EOR takes care of payroll, benefits, taxes, and a variety of other human resources and compliance functions.

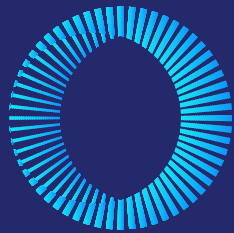
Meet Globalization Partners

Globalization Partners simplifies global business by enabling companies to hire great talent anywhere in the world, without the complexity of setting up foreign branch offices or subsidiaries. You find the talent, and we put YOUR candidate on OUR fully compliant, in-country payroll.

This enables you to expand into almost any country around the globe – quickly and easily. Overcome the legal, HR and tax complexities without having to figure out “how” to do business in a foreign country, while getting all the benefits of a global team.

Globalization Partners: Succeed Faster

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