

Global Employment Outsourcing (GEO™) 25 Most Frequently Asked Questions

At SafeGuard World International, we provide contingent labor solutions branded under the name, Global Employment Outsourcing, **GEO**. Managing contingent labor, independent contractors, etc. in your home country can be challenging enough, but when you add the complexities involved in managing contingent labor globally, it can be daunting.

We've compiled 25 of the most frequently asked questions we hear from our clients and we'd like to share our answers with you.

1. Is SafeGuard World an international PEO?

Professional Employment Organizations (PEOs) provide their services in most cases by co-employing the workers with their clients. Co-employment does not exist in an identical format outside of the US. SafeGuard World International's GEO service is designed exclusively for companies with the need to hire employees outside of the US. So while the service is modeled after PEOs in the US and does provide many of the same benefits of a PEO, SafeGuard World is not an international PEO.

2. How can we engage a worker in a country where my business has no presence or establishment?

SafeGuard World International can employ foreign workers in over 100 countries on our clients' behalf. This means that in countries where your company does not have a business entity, you can still legally employ local workers.

Our clients do not have to form a local entity. That is one of the core benefits of our **GEO** service delivery mode.

3. Will we need to set up bank accounts in the country we wish to engage a worker in?

No, foreign banking facilities and local funds are not required. SafeGuard World manages the foreign payments in the local currency, and then invoices its clients in GBP, Euros or USD. However, in most countries, the worker being paid will need to have an in-country bank account to receive funds in the local currency.

4. How do we know what benefits we have to provide for the worker?

The laws on benefit provisions are completely unique to each country. By becoming the employer of record, SafeGuard World becomes responsible for ensuring all statutory benefits are provided to the worker. In addition, we can offer clients insights into what is customary in each country and in many cases, will provide referrals to benefit experts who design supplemental packages, if desired. Our clients find that this is a great way to help workers feel unaffected by the alternative arrangement, which results in higher worker retention.

5. Can't I just engage the worker as an Independent Contractor (IC)?

Potentially yes. Each country will have their own legislation and guidelines on the classification of Independent Contractors (ICs). Engaging an IC may well seem like the best option initially as this will limit the tax responsibilities from an employer perspective.

However, there are significant risks associated with this. If the relationship becomes strained, then the worker could potentially claim they were an employee. If you haven't taken steps to confirm and guarantee that, then not only might you find yourself with a large severance claim but also having actions filed against you for wrongful dismissal and even corporate tax exposure in that country! So make sure that your Independent Contractors are confirmed as being exactly that.

6. How can I pay my foreign worker compliantly?

Quickly and easily with SafeGuard World. Through SafeGuard World's employer of record service, we are responsible for managing payroll compliance and ensuring both the worker, the social security office and the local tax authorities are paid correctly and on time. All you need to do is to agree what to pay the worker, have them sign the approved in-country worker contract, adhere to the agreed upon payroll schedule and leave the rest to SafeGuard World.

7. What type of employment contract should I be providing to the worker?

The type of employment contract you offer the worker will typically depend on the reason you wish to engage them. Depending upon what is legally acceptable in country, SafeGuard World offers clients the flexibility of multiple contract types, from short-term project-based to indefinite long term workers. SafeGuard World works with each individual client to understand their needs and guide them to the most appropriate solution.

8. How can I make my remote foreign worker feel like they are part of our organization without having to register the company in that country?

From the moment the worker receives the welcome letter from SafeGuard World introducing the employment relationship, they understand that they are being supported by both our client's organization and SafeGuard World. Our administrative service is here to support the worker, while your company still provides the strategic direction needed to make the employee feel they are a part of your business.

9. How do I compliantly deal with a foreign worker that is not performing as well as we had hoped?

The vast majority of countries place a high level of protection on the employee making the professional management of employee terminations a critical task. SafeGuard World will help to manage these HR requirements on your behalf. Each case is different and we work closely with clients to ensure that first and foremost, that the law is followed so both our client and SafeGuard World are protected.

10. How do we terminate a worker compliantly?

Terminating employment can be very difficult. Few countries outside the United States have "employment at will." In most cases, considerable justification will be required and there might not even be a compliant method for terminating at that point. SafeGuard World works collaboratively with our clients to achieve their desired outcomes in the most efficient manner possible. We will work to understand your situation and reasoning and then advise on the best course of action based upon what is legally permissible.

11. Does SafeGuard directly employ the workers in every country?

Where SafeGuard World has an established presence, we directly employ workers, while in other locations, we work through our local In Country Experts (ICEs). Our local partners are selected carefully and are required to complete a stringent due diligence process prior to us activating them. Our partners provide us with a wealth of local knowledge and expertise and also provide a level of reassurance for the worker that their employment is being managed by an expert in their local country. This also provides a good support resource for the worker that is located in the same country, on the same time zone, speaking the same language and living in the same culture.

12. Can you source international talent for us?

We can provide referrals to qualified recruiters who can help source talent. You would work directly with our partner after we make the introduction. Fees for this service are outside the scope of our normal service and are negotiable based on volume.

13. What accounting responsibilities will we need to take into account?

The primary responsibility our clients have is to ensure that all payrolls are pre-funded so the employee is paid on time. The service team creates a payroll schedule that is agreed to in advance of the first payment. The rest is managed by SafeGuard World, freeing up our clients accounting department to manage other responsibilities.

14. What are Social costs?

Social costs are how we refer to the statutory costs of employment in each country, or the employer's tax burden. In the US, social costs would include items such as FICA, which funds Medicare, Medicaid, and Social Security. Every country is unique when it comes to state provided benefits, which will have a direct impact on the overall social costs.

The social costs can contribute towards a wide range of funds in each country, such as State provided health care, pension schemes, social security, etc. When we provide the quotation for our services we also provide an insight into exactly what the employer's tax burden is contributing towards.

SafeGuard World monitors changes to social benefits and passes these costs on to our clients as part of our invoice.

15. How many workers do we need to use GEO services?

We do not currently have a requirement for a minimum number of employees. Some of our clients start with just one employee in one country. Other clients place groups of employees with SafeGuard World across the world. With our GEO solutions, clients do not have to establish, register and maintain business entities in countries where it does not make financial sense to do so.

16. Is there a fixed term to the GEO Service Agreements? Is there a minimum amount of time that we must commit to employing the worker?

We have no fixed term associated with our service agreements and regularly engage workers for short periods. Some clients require only a short-term solution while completing registration of their legal entity, or determining the viability of a market. In other cases, our clients have no desire to establish a local entity in the short- or long-term.

SafeGuard World does not have a minimum time limit. We are well equipped to serve our clients for as long as needed.

17. Will engaging a worker in this model protect our business from the risks of Permanent Establishment (PE) in that country?

Permanent Establishment is a fixed place of business which generally gives rise to income or value added tax liability in a particular jurisdiction. With SafeGuard World's GEO employer of record service, our clients have no need to establish any form of fixed business presence in the country they wish to engage a worker in. In most cases, this will protect clients from the risk of Permanent Establishment. However, each case is different and it is recommended that clients consult a qualified tax attorney.

18. Can you provide GEO services for expatriates?

SafeGuard World does not offer traditional expatriate assignment support services, but we can engage non-residents in other countries (outside the US) in some locations. This service can also include immigration services such as sponsoring visas or work permit applications for workers so they can legally be employed in another country.

19. How long does it take to on board a worker?

When engaging a worker in their home country, SafeGuard World can on board workers in as little as two weeks. A standard implementation timeline is three to five weeks, and clients work closely with their SafeGuard World client service representative to agree on a schedule. If the worker is not a local resident, immigration requirements can add time to the process and implementation timelines are estimated based on each unique scenario. SafeGuard World will always endeavor to provide reasonable estimates on timing and will manage to commitments made.

20. How can we protect the Intellectual Property (IP) that worker produces?

SafeGuard World helps our clients protect their Intellectual Property (IP) by introducing clauses as needed into the workers' employment contracts. We tailor these contracts to meet each client's individual needs and simply ensure that they are compliant with local employment legislation. Existing IP agreements can be added as addendums to employment contracts where it is acceptable to do so.

21. How are the workers day-to-day duties managed?

The day-to-day activities of the worker are driven and managed by the client, just as they would manage any other employee in their organization. SafeGuard World manages the administrative employment aspects of the relationship such as the statutory requirements and payroll.

22. How would I reimburse and manage expenses that the worker might incur?

SafeGuard World can help clients reimburse their international workers' cash expenses. The client simply informs us how much they wish to reimburse and it is included in the payroll run. Some countries have very complex and strict expense reimbursement laws where significant additional work is required. To help clients manage these situations compliantly, additional fees may apply for this service.

23. What is the maximum length an employment contract could be for?

This varies from country to country, so SafeGuard World consults with each client individually to understand their strategy for the worker and how long they envisage the role lasting. We can then establish the most appropriate relationship, whether it be a short-term contract which can then be renewed, or a full time indefinite contract. This flexibility adds value as clients can offer the workers similar or the same terms as other employees in their organization, despite the alternative employment relationship.

24. If a company currently has legal entities already set up and wants to transfer to the GEO model, can SafeGuard World International support this?

In today's economic climate, many companies are assessing the value and necessity of their international footprint and the many tax responsibilities that go along with international business entities. Where businesses do not technically require an entity, it may not make sense to have one, and as a result, we are seeing an increase in those who are looking to close down these offices in order to reduce costs, and limit their exposure and future risks.

Most companies have however developed talent at these locations that they might not wish to simply terminate or lose completely. In these circumstances SafeGuard World's GEO solution provides the perfect answer. Rather than terminating these workers, clients can transfer the ownership of the worker(s) they wish to keep to the SafeGuard World model, where they can continue their work with as little disruption as possible.

In many countries there are strict processes to follow in order to achieve this compliantly and to ensure that the worker is treated fairly. SafeGuard World can provide initial investigative consultancy with each client to ensure that all statutory requirements are adhered to and that the client is protected from the risks associated with it. Additional fees may apply for this consultation.

25. Where are the GEO service teams located?

Currently there are two core GEO service teams; one is located in Raleigh, North Carolina in the United States and one in Sandbach, Cheshire in the United Kingdom. We are also introducing established teams in Mexico City and India in the near future.

SafeGuard World assigns each client to a service team that will be most appropriate for those clients' needs. This generally means assigning them to a team in their own region so our clients can work in local time zones, languages and cultures. Through their assigned service team, clients can then efficiently consolidate the management of any international workers they might have, as opposed to dealing with multiple vendors in multiple locations.

We pride ourselves on our **Service Excellence** and our teams are passionate about what they do and enjoy going the extra mile for each individual client.

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