

Global Upside | Matheson | Global PEO Services

Europe: The Latest  
in **HR, Finance,  
Employment Law**





# Welcome to the Webinar

A copy of the slide deck and recording of the webinar will be emailed to you.

Please send us your questions via the chat window at anytime during the webinar.

Panelists will answer all questions during the Q&A at the end.

Share your comments, feedback, questions at [marketing@globalupside.com](mailto:marketing@globalupside.com).



GLOBAL  
UPSIDE®

# Ragu Bhargava

## Chief Executive Officer

Ragu goes by the mantra “impossible is not in my vocabulary” and has helped Global Upside clients successfully navigate some of the trickiest business environments. In his previous avatars, Ragu was the CFO at ActivIdentity (NASDAQ:ACTI) and held leadership positions in several companies including Deloitte and NetIQ (NASDAQ: NTIQ), where he helped the company grow from \$20 million to \$300 million+ in revenue.

[ragu@globalupside.com](mailto:ragu@globalupside.com) | +1 408 219 8203



Matheson

**Geraldine Carr**

Senior Associate

Geraldine works with internationally focused US companies doing business in and from Ireland and provides support and assistance to clients on their Irish HR and employment law matters. In her position she advises clients on all aspects of the employment relationship.

[geraldine.carr@matheson.com](mailto:geraldine.carr@matheson.com) | +1 415 423 0540





# **Adam Sheffield**

## President

Adam is a strategically driven business leader who is focused on creating opportunities for organizations in new, emerging, and complex markets. Adam has held a variety of sales leadership roles for ADP, the country's largest outsourced payroll processor, including his role as Vice President of Sales, Global Enterprise Solutions, for ADP.

[adam@globalpeoservices.com](mailto:adam@globalpeoservices.com) | +1 801 860 6606

HR. Payroll. Finance.  
Accounting. Compliance

One Team. 100+ Countries  
Working for You 24/7

[www.globalupside.com](http://www.globalupside.com)

The logo for Global Upside is displayed within a dark blue rectangular box. The word "GLOBAL" is on the top line and "UPSIDE" is on the bottom line, both in a white, serif, all-caps font. A registered trademark symbol (®) is located to the upper right of the word "UPSIDE". The letter "O" in "GLOBAL" is replaced by a stylized yellow icon consisting of a circle with a diagonal line passing through it from the bottom-left to the top-right.

# Key Considerations For US Companies

Location

Footprint (Small or Large?)

Entity Setup / Activities

Finding the right talent

Hiring and Employment Law

Tax and Accounting Support

Managing a global operation – centralize?

Compliance

General Data Protection Regulations (GDPR)

Brexit



# Setup and **Strategy**

---



Where to?



Start up Activities  
Representative Office  
Branch vs Subsidiary



Accounting Setup  
Tax Considerations  
Payroll Funding



Permanent Establishment  
  
Intellectual Property  
  
Eastern Europe  
  
Regional Center (Ireland,  
Netherlands, Switzerland)



# Employment Law

---

“Be cautious about wage inflation and skills shortage in low cost countries. Remote workers often don’t report vacation days leading to massive accruals. When dealing with benefits, small headcount does not always equal easy setup.”



At Will Employment – DOES NOT EXIST



Works Council & Collective Bargaining Agreements (CBAs)



Working Time Regulations



Hiring & Exiting, Termination Protection, Breach Consequences



Statutory and Supplemental Benefits



Staffing

# Company Law Compliance

---

Registered Office

Resident Director

Substance Over Form (Tax Structure)

Data Protection Registration

Taxes: VAT, Income, Others

Statutory Audit

Annual Reports



# Accounting and Payroll



Key Filings and Deadlines  
Corporate and Payroll Taxes



Payroll Taxes, Computation,  
Payroll Reporting



Management Accounts  
Statutory Accounts



Year-end Local GAAP  
(IASB) Accounts



Corporate Taxes  
Payroll Taxes



AP/AR  
Policy, Process, Systems

# Value Added Tax



Understanding VAT



Implications for US  
Companies



VAT obligations for you  
and your Client



Netherlands: Your Logistics Hub



Storage/Operations of goods –  
PE Issues



VAT Compliance and Reporting

# Expect the Unexpected



Acquisitions

VAT compliance penalty

Do your homework

Management: Central vs. Regional vs. Local

EU commonalities and differences

General Data Protection Regulations (GDPR)

Headquarter support



**Ireland's Most Innovative Law Firm**  
Financial Times 2017

**European Financial Services Tax Deal of the Year**  
International Tax Review 2017

**UCITS Law Firm of the Year**  
The Hedge Fund Journal 2017

[www.matheson.com](http://www.matheson.com)

**Matheson**

# Hiring Options

Who will be based overseas and what will they be doing?



Independent contractors



Direct hires



Professional Employer Organisation (PEO) model



Agency workers



# Pitfalls

## Employer's Perspective

### Independent contractor - misclassification risks

- ✓ Misclassification risks – employment, tax, insurance and vicarious liability issues
- ✓ No protection of intellectual property rights under common law

### Direct hires – consider local employment laws and payroll requirements

- ✓ Significant protections for employees under European employment laws
- ✓ Prohibition of discrimination
- ✓ Greater holiday and leave entitlements
- ✓ Employment contract and policies protect the employer

# Common Employment Issues that Surprise US Employers in Europe

---



Immigration: Work permit required in Ireland for non-EEA nationals and possible visa requirements.



Pre-hire checks: Limitations on extent of permissible background checks in certain jurisdictions (e.g. criminal background, credit history checks, drug testing)



No employment at will

- Express / implied contract
- Written contracts and HR policies are common
- Notice entitlements referable to length of service
- Unfair dismissal rights



# Common Employment Issues that Surprise US Employers in Europe

---



## Benefits and compensation

- No obligation to provide insured benefits in Ireland
- Pension provision - in Ireland, no requirement to set up or contribute to a pension plan
- Statutory sick pay – no provision in Ireland
- Share based remuneration - check local tax laws and localize where required



## Collective bargaining requirements

- In Ireland, no obligation to recognize unions
- Works councils are uncommon, unlike France or Germany
- Information and consultation obligations in certain circumstances, e.g. collective redundancies, transfer of an undertaking



## Enforceability of post termination restrictions

- Generally seen as void for being a restraint of trade
- Limited restrictions maybe enforceable where the employer can prove:
  - legitimate business interest to protect, and
  - restrictions go no further than necessary to protect these interests



# General Data Protection Regulations

“GDPR will introduce more powerful regulators with ability to levy bigger fines - up to €20 million or 4% of the company's global annual turnover.



Harmonize data privacy laws



Serious breach consequences



National implementation – each member state will pass law



Similar principals



Becomes law on May 25, 2018



Increased transparency obligations and accountability requirements

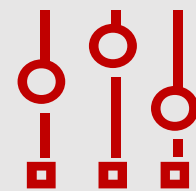
# Top Data Protection Issues

---

## Employer's Perspective



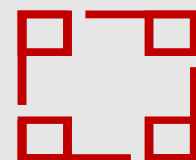
Data Subject Rights



International Transfers



Retention of Data



Monitoring employee behaviour

# GDPR: Practical Steps for Compliance



Consider if there is a practical way to vindicate the various data subject rights.



Review outsourcing and processing agreements.



Move away from reliance on consent.



Review training procedures and awareness - are employees trained to spot potential data breaches?



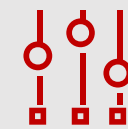
Update employee facing documents – privacy policies, employee monitoring policies, data retention policies, standard employment agreements.



Are you collecting more personal data than you need?

# Brexit

## Employer's Perspective



Immigration and Free Movement of Workers



Anticipated influx of foreign direct investment (“FDI”) into Ireland



Divergence of Employment Laws in the UK



Uncertainty for employers doing business across the UK



Reassignment of European Works Council agreements to another EU Member State

# Key Takeaways



## Consider

Why is the business expanding overseas?



## Location and Size

What kind of footprint do you hope to have?



## Start off Right

Put appropriate documentation to protect the employer.



## Plan Wisely

Develop realistic timelines.



PEO/EOR in 100+ Countries

Hire Fast. Stay Compliant. Win Globally

[www.globalpeoservices.com](http://www.globalpeoservices.com)



**GLOBAL  
PEO  
SERVICES**

# Employee or Contractor

## Employee

Needs legal structure (Subsidiary, Branch)  
Professional Employer Organization (PEO)

## Contractor

Permanent Establishment (PE)  
Employment Risks



# Considerations when hiring overseas

---



## Objectives

- Sales
- Research & Development
- Service Delivery
- Merger & Acquisition
- Other



## Headcount/Functions

- Small Footprint
- Large Footprint



## Speed To Hire

- Incorporation/Registration
- Bank Accounts
- Employment Contracts
- Benefits



## Risk Mitigation

- Permanent Establishment
- Employment Law
- Immigration

# Global PEO/Employer of Record

01

Employee onboarding

---

02

Legally compliant employment contracts

---

03

Benefits procurement and ongoing management

---

04

Time and attendance tracking, leave and expense management

---

05

Payroll and related filings

---

06

Visas/work permit/global mobility

---

07

Payroll funding

---

08

Compliance and reporting

---

# Why Global PEO?



Ensure continuity of payroll, benefits and HR support when acquiring or spinning off a business with employees overseas

Ideal for low volume countries or fast hiring as employees can start in days

Global time and benefits management software to manage all global employees via a single system

Full lifecycle support as we seamlessly transition to your own entity when needed



# Questions?

**Ragu Bhargava**

[ragu@globalupside.com](mailto:ragu@globalupside.com)

+1 408 219 8203

**Geraldine Carr**

[geraldine.carr@matheson.com](mailto:geraldine.carr@matheson.com)

+1 415 423 0540

**Adam Sheffield**

[adam@globalpeoservices.com](mailto:adam@globalpeoservices.com)

+1 801 860 6606



# Thank You



[www.matheson.com](http://www.matheson.com)



[www.globalupside.com](http://www.globalupside.com)



[www.globalpeoservices.com](http://www.globalpeoservices.com)