

PEO or Legal Entity

Finding the Perfect Fit for
Your Business



I Options for Global Expansion

Global business growth is an exciting problem to have. We are living in an era of global collaboration and communication unlike ever before. Recent circumstances forced businesses to adapt to a remote workforce, opening up opportunities for seamless expansion.

But what is the right option when it comes to global growth? Really, there are only two options that will provide comprehensive solutions: using a Professional Employer Organization (PEO) or setting up your own legal entity. We will outline both of these options to empower you with the information to make the right decision for your business.



| How Does a Global PEO Work?

A global PEO provides services to that allow companies to hire employees in countries in which they do not have a legal entity established. The PEO provider manages all the legal requirements and payroll without affecting the day-to-day work of the employee.

Whenever a business decides to hire employees overseas, there are risks involved. Using a PEO provider helps to mitigate these risks, while still allowing your business to keep control of the business strategy. This is particularly advantageous when considering how often local laws and regulations change in various countries. PEOs eliminate the burden of managing compliance, legal, and tax requirements so you can focus on growing your business.

For those seeking to hire their own international employees, PEO services usually result in lower risks and costs than establishing a legal entity.



I What Goes into Setting Up a Legal Entity?

Global operations require businesses to establish a legal presence in the country of operation to ensure compliance with local employment laws and obligations. When going this route, the more countries you operate in, the more complicated the management process becomes. This is because regulations vary from country to country, and even within states or provinces. Your international success is contingent upon having a firm grasp of local employment law.

You'll also need to consider how you will structure and implement employee compensation and benefits. Make sure you structure this correctly so you don't have two countries competing for your tax revenue. Although this does require more work upfront, it may be a better solution in the long-run.



I Determining the Right Fit

Use the following checklists to determine which choice is right for your business.

PEO:

- ☒ I'm taking my first steps in a country and simply want to test the market.
- ☒ I want to operate for the long-term in low volume countries.
- ☒ I don't want to work with contractors in other countries.
- ☒ I just had a "surprise hire" that I need to bring on.

Legal Entity:

- ☒ I am experiencing rapid growth in my business.
- ☒ I already have a large employee headcount.
- ☒ I want to take advantage of tax strategy and benefits.
- ☒ I've outgrown the PEO model.

A Comparison: Creating a Legal Entity vs a PEO

Use the following checklists to discover the differences in creating each.

Legal Entity		PEO
Up to 12 months <input type="radio"/>	Setup & Operations	✓ A Few Days
Signatories on bank accounts and corporate documents must often sign in person <input type="radio"/>	Onsite Requirements	✓ Included
Rigorous KYC regulations <input type="radio"/>	Banking	✓ Included
Average companies spend one day per week simply tracking regulatory charges <input type="radio"/>	Compliance	✓ Included
Can lose candidates while waiting for subsidiary, contractor liabilities, or lower talent pool <input type="radio"/>	Talent	✓ Ready to hire as soon as you finalize candidate, access to larger talent pool, no contractor liabilities
Foreign legal entity often requires a local Director - there are legal liabilities <input type="radio"/>	Local Directors	✓ Included
Statutory and Customary <input type="radio"/>	Benefits	✓ Included
US offer letters are not valid employee contract, need country-specific contracts and legal expertise <input type="radio"/>	Employment Contracts	✓ Included



| Getting Advice from the Experts

Companies trying to navigate the complexities of hiring a global workforce, or expanding into a new location, run the risk of hitting unexpected and potentially expensive roadblocks. Whether you choose to establish a legal entity or use a PEO provider, Global PEO Services can help you mitigate risks associated with employment law, immigration, employee benefits, and more. We offer faster hiring from a broad talent pool, increased flexibility, and ensured compliance with local HR and tax laws.



About Global PEO Services

Global PEO Services (GPS) helps companies expand globally without setting up legal entities or dealing with related talent acquisition, HR, benefits, payroll, tax, and compliance issues. Hire employees fast, test new markets, and respond to growing business needs quickly while leaving the compliance and operational burden to us.

With our Professional Employer Organization (PEO) or Employer of Record (EOR) services, you get control without taking on legal entity liabilities, contractor risks, or sacrificing on talent and speed to market.



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