



Commenda Global Compliance Webinar

# *Hire Locally, Globally.*

Navigating the International Hiring Landscape





# Our Presenters



**Logan Jackonis**

Head of Operations

## About Me

- Former management consultant with experience in global workforce planning and strategy consulting
- 9+ years of experience helping organizations expand overseas
- Currently leading Commenda's Global Operations, driving our incorporation, tax, compliance, and corporate services teams
- Also, have hired employees in 5 countries using a combination of EORs and entities!



# Welcome & Agenda

What are we covering during the course of this webinar?

- 01 Global Hiring Basics
- 02 Worker Classification & Why It Matters
- 03 Global Taxes and Costs to Company
- 04 Local Government Registrations
- 05 How to Hire Internationally
- 06 About Commenda
- 07 Q&A





# Poll

How familiar are you with international hiring?

**01 Beginner**

I'm looking to hire my first international employee

**02 Intermediate**

I've hired overseas before, but am looking for a framework to plan my global workforce

**03 Advanced**

I'm an international hiring professional





# *The basics*





# International Hiring Basics

## 01 Why hire internationally?

Businesses have never had more options to find and hire employees around the world and take advantage of a distributed talent network.

## 02 What do all countries have in common?

While global hiring regulations differ vastly within each country, the core components are the same everywhere:

1. Contracts
2. Probation Periods
3. Employer Taxes
4. Local Registrations
5. Time Off and Leave
6. Benefits
7. Termination





# Understanding probation periods

## 01 What is a probation period?

Probation periods are introductory phases in employment contracts, allowing both employer and employee to assess suitability for the role before full terms apply.

## 02 How long do they last?

Common probation lengths range from 3 to 6 months, though this can vary by country or company policy. Some countries allow extension; others cap the maximum period.

## 03 How do they impact termination?

Dismissals during probation are typically easier and require shorter notice periods, but must still comply with local labor laws.

## 04 A note on documentation

It's essential to document performance evaluations and communicate clearly during this phase to ensure legal compliance and fairness.

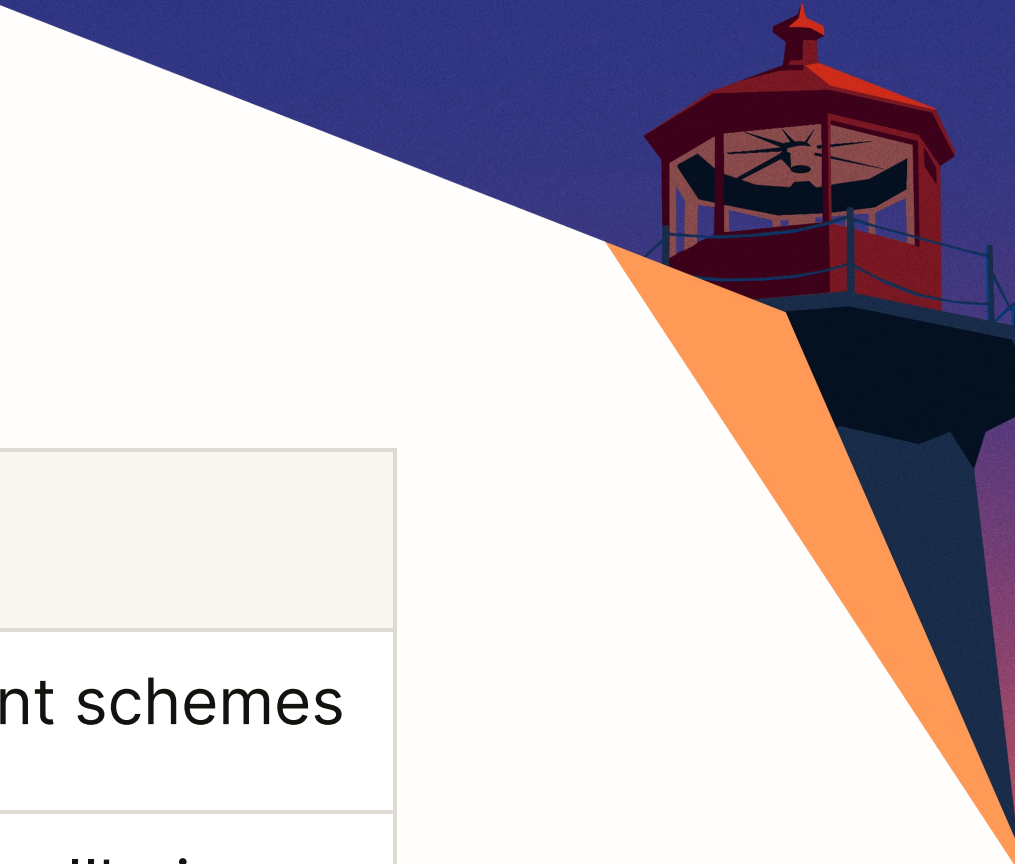


| Country   | Typical Duration | Extension allowed | Notes                                                     |
|-----------|------------------|-------------------|-----------------------------------------------------------|
| Estonia   | 90 days          | Up to 120 days    | Must be in contract; used to assess mutual fit            |
| Israel    | 3 months         | Up to 6 months    | Employees retain full legal protections during probation  |
| India     | 6 months         | Up to 9 months    | Not mandatory; often included in private sector contracts |
| Australia | 90 days          | Up to 180 days    | Common in employment agreements; ensures early assessment |



# Cost to Company fundamentals

| Type                       | Description                                          |
|----------------------------|------------------------------------------------------|
| Social Security & Pension  | Contributions to state or private retirement schemes |
| Healthcare Insurance       | Public or private coverage for employee wellbeing    |
| Unemployment Insurance     | Funds to support workers post-termination            |
| Workers' Comp / Risk Funds | Protection for workplace injury or illness           |
| Payroll Taxes              | Local, state, and federal employment taxes           |
| Mandatory Bonuses          | e.g., 13th-month salary in Brazil, Philippines       |
| Fringe Benefits & Perks    | Optional: meals, transport, life insurance, etc.     |





# Time off and leave entitlements

## 01 Paid Time Off

- A general leave category combining vacation and personal leave.
- Accrues monthly or annually and is used at the employee’s discretion, often with prior approval.

## 02 Sick Leave

- Authorized time off granted to employees when they are unable to work due to illness or injury
- May be paid or unpaid and can range from a few days to several months, depending on local labor laws and company policies.

## 03 Public Holidays

- National or regional holidays recognized by law or custom where employees are typically not required to work and are entitled to regular pay.
- The number of public holidays varies by country and region.

## 04 Maternity Leave

- Leave granted to a mother before and after childbirth.
- May be fully paid, partially paid, or unpaid, and is often protected to ensure job security

## 05 Paternity Leave

- Leave provided to the father shortly after the birth or adoption of a child.
- Intended to support early caregiving responsibilities and family bonding.
- Duration and compensation vary significantly by country.

|                                               |                                                  |
|-----------------------------------------------|--------------------------------------------------|
| <b>Most PTO?</b><br>Brazil (30 days)          | <b>Most parental leave?</b><br>Sweden (480 days) |
| <b>Most public holidays?</b><br>India (35-40) | <b>Most sick leave?</b><br>Estonia (182 days)    |

# Ending employment legally and fairly

## 01 Termination grounds

- Just cause required in most countries (e.g., Germany, Estonia, India).
- At-will allowed only in the USA.

## 02 Notice periods

- Based on tenure. Examples:
  - Germany: 4 weeks to 7 months.
  - Ireland: 1–8 weeks.
  - Philippines: 30 days standard.

## 03 Severance Pay

- Required in most countries for redundancy.
- Examples:
  - Israel: 8.33% of annual salary per year of service.
  - Australia: Up to 16 weeks based on tenure.
  - USA: No statutory requirement.





# *Worker Classification*



# Worker classification: basics and why it matters

## What is worker classification?

How businesses decide if someone is an employee or a contractor, based on local labor laws

## Why does it matter?

- Determines legal rights, tax obligations, and benefits.
- Misclassification can result in financial penalties, back taxes, and reputational harm.
- Rules vary by country—global compliance requires country-specific knowledge.

## When does it matter?

- Important when making a decision around entity/EOR/contractor hiring decisions





# There are six primary tests for worker classification

| Test                   | Employee                                                | Contractor                                  |
|------------------------|---------------------------------------------------------|---------------------------------------------|
| Control                | Employer controls how, when, and where work is done     | Worker controls work execution              |
| Payment                | Regular wage or salary, often with benefits             | Paid per task/project; sets own rates       |
| Tools/Resources        | Provided by employer                                    | Uses own tools and resources                |
| Exclusivity            | Typically works for one employer                        | Can work for multiple clients               |
| Benefits & Protections | Entitled to statutory benefits (leave, insurance, etc.) | Not entitled to employment benefits         |
| Termination Rights     | Protected by notice periods, severance, labor laws      | Limited protection; ends per contract terms |

# Misclassifying a worker comes with risk

## 01 Fines & back taxes

Misclassifying workers can result in retroactive tax liabilities, including unpaid payroll taxes, social contributions, and VAT penalties.

## 02 Legal action

Workers who are misclassified may file claims for employment rights violations, leading to costly legal disputes and settlements.

## 03 Loss of IP in contractor agreements

In many countries, contractors retain rights to the intellectual property they create unless a clear assignment clause is in place.

## 04 Government audits

Misclassification often triggers government audits, which can expand into broader compliance reviews across taxes, benefits, and employment practices.





# *Global Employment Costs*



# Why are employees so expensive?

Hiring employees comes with mandatory and optional costs beyond gross salary, ensuring compliance with local labor laws and worker social protections.



01

## Statutory Contributions

Governments require employers to contribute to social security, pensions, unemployment, and healthcare schemes

02

## Labor Protections

Many countries mandate severance reserves, insurance, and minimum paid time off.

03

## Employee Benefits

Employers often provide healthcare, bonuses, and retirement plans to remain competitive.

04

## Taxes

Governments levy taxes on employee compensation, which employers must withhold or contribute.



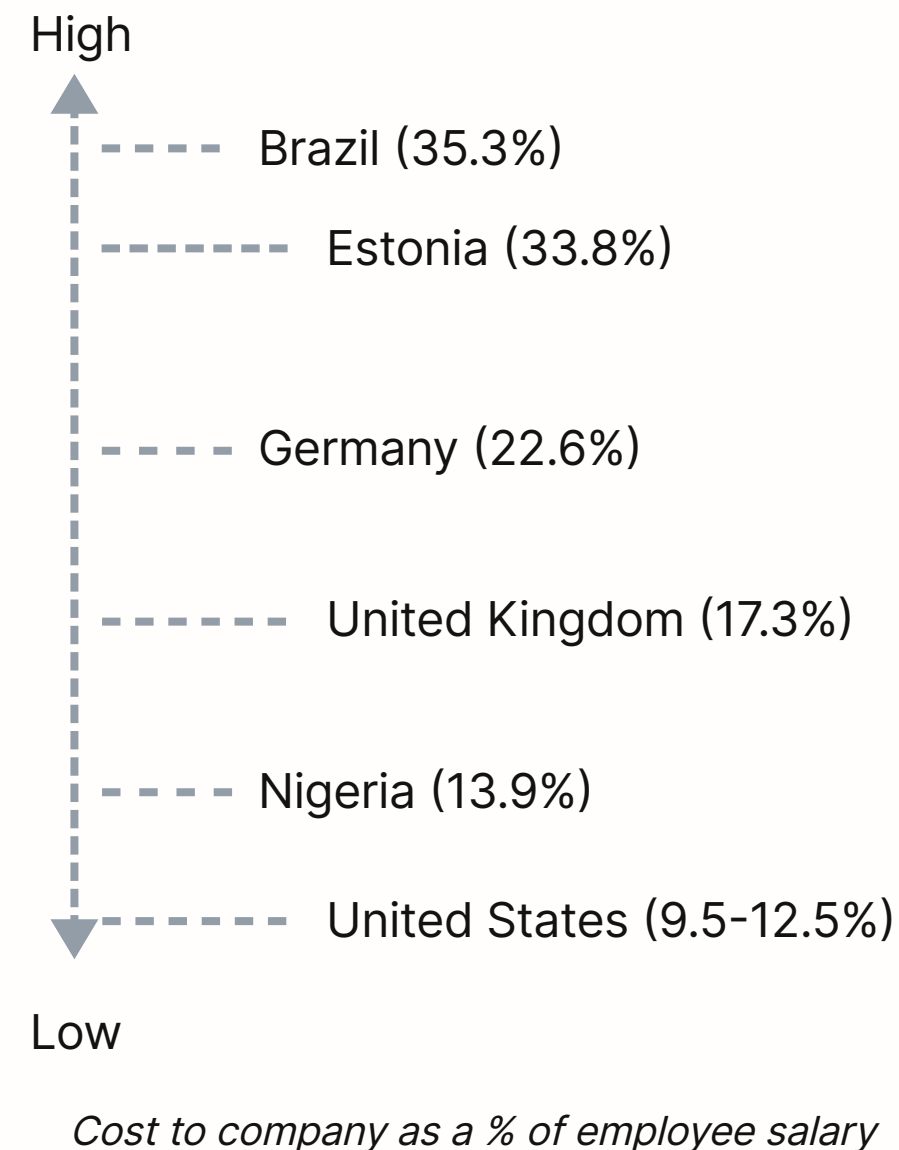
# Employer Obligations

All countries have some form of employer obligation above salary

## 01 Employer-paid taxes

- **Social Security**  
Funds retirement/disability (e.g., Estonia, Brazil).
- **Health Insurance**  
Public or mandatory private coverage (e.g., Philippines).
- **Unemployment Insurance**  
Provides safety net for layoffs (e.g., Israel, Canada).
- **Severance Funds**  
Mandatory in some regions (e.g., Brazil's FGTS).
- **Fringe Benefit Tax**  
Australia taxes non-cash benefits at 47%.

## 02 Total Cost to Company



# *Local Payroll Registrations*





# Any new employer has to register with several government agencies

| Type of Registration        | Enables tax withholding/reporting                          | Tax ID Registration                               |
|-----------------------------|------------------------------------------------------------|---------------------------------------------------|
| Tax ID                      | Enables tax withholding/reporting                          | Tax offices (e.g., IRS, BIR, HMRC, CRA)           |
| Social Security Enrollment  | Covers pensions, unemployment, and sick/maternity benefits | Social Security agencies (e.g., SSS, PRSI, NSITF) |
| Health Insurance Enrollment | Grants access to public or mandatory health coverage       | National health funds (e.g., EHIF, PhilHealth)    |
| Employer Registrations      | Registers business as an employer under labor law          | Labor ministries/departments                      |

# How and when to register

When getting ready to hire your first employee, it's important to know the local registrations required



01

## Start early

In most countries (e.g., USA, Germany, Singapore), government registrations must be completed before issuing the first paycheck.

02

## Know your channel

Online portals are common in places like India and Singapore, while others like the Philippines require mixed digital and manual processes.

03

## Document checklist

Employers often provide healthcare, bonuses, and retirement plans to remain competitive.



# What triggers employer obligations?

When getting ready to hire your first employee, it's important to know the local registrations required

01

## Headcount-based rules

Some countries have hiring thresholds that trigger registrations (like India's Provident Fund), though most countries will trigger at least some registrations with a single hire

02

## Nature of employment

Hiring contractors may not require registrations, but hiring full-time employees always does.

**Note:** Workers that get re-classified as employees and trigger retroactive registrations

03

## Local nuance

Many countries have smaller districts that require registrations (like the U.S. and Brazil), and others trigger registration even for short-term hires (like Singapore)

# *How to hire internationally*



# Companies typically choose from one of three hiring methods

| Hiring option            | Best for                                             | Commitment level | Cost   |
|--------------------------|------------------------------------------------------|------------------|--------|
| Local entity             | Long-term presence, maximal compliance, full control | High             | Medium |
| EOR (employer of record) | Fast, semi-compliant hiring with partial control     | Medium           | High   |
| International contractor | Short-term, flexible engagements                     | Low              | Low    |

# Hiring through a legal entity

A legal entity offers maximal compliance, but requires a dedicated company presence and long-term employment obligations



01

## Key Features

- Employer of record is *not* used — you are the employer
- Full legal presence with payroll, benefits, and tax compliance
- Local employment laws apply (e.g. notice, severance, benefits)
- Grants control over workforce and brand
- High upfront costs, but low ongoing maintenance costs

02

## Use when...

- You plan long-term market expansion
- You need full control over staff and IP
- You're hiring customer-facing or leadership roles
- You need to offer statutory benefits
- You want to build strong local employer branding

03

## Risks

- Complex and costly entity setup (without the right provider)
- Ongoing compliance with evolving local laws
- Administrative overhead (payroll, taxes, filings)
- Higher exposure to local employment disputes
- Can be overkill for short-term needs



# Hiring through an EOR

An EOR, or Employer of Record, is a third-party organization that legally employs workers on your behalf in another country.



01

## Key Features

- Manages payroll, taxes, and compliance
- Fast onboarding (1-4 business days depending on country)
- Enables hiring without setting up a legal entity
- Employer of record is the legal employer, not your company

02

## Use when...

- Testing new markets
- Hiring 1-5 employees
- Avoiding complex setup and local bureaucracy

03

## Risks

- Some markets like the UK and Australia are strict with EORs, preferring instead that employers set up local entities
- An EOR adds a layer between your business and your team, limiting control over company culture and payroll

# Hiring international contractors

A flexible engagement with lower overhead, but higher misclassification risk

01

## Key Features

- No local entity required
- Workers invoice for services, manage own taxes
- Fast onboarding with minimal admin
- Useful for project-based or freelance work
- No obligation to provide benefits or job security

02

## Use when...

- You need to move fast or test a market
- Work is project-based or short-term
- You want to minimize admin burden
- You need specialized skills temporarily
- You're unsure about long-term commitment

03

## Risks

- Risk of **worker misclassification** (fines, backpay, legal exposure)
- Limited control over work schedules or process
- IP ownership may be unclear without strong contracts
- Ineligible for sensitive roles (e.g. sales, management)
- May affect team cohesion or employer brand



# A legal entity can be a cost-effective option

| Hiring option            | Initial setup | Ongoing costs*            | Total year-one cost for 5 employees in the U.S.A |
|--------------------------|---------------|---------------------------|--------------------------------------------------|
| Local entity             | \$500-5,000   | \$6-10,000 per year       | \$7,000                                          |
| EOR (employer of record) | \$0           | \$7,200/employee per year | \$36,000                                         |

\*Not including the Cost to Company  
(employer taxes and benefits)

# About *Commenda*

Commenda is the all-in-one platform for global tax and compliance — helping businesses manage entities, navigate taxes, and stay compliant anywhere on Earth.

## Entity Management

Incorporate, manage, and stay compliant globally

## Tax & Accounting

Corporate tax filings and compliance

## Transfer Pricing

Streamlined documentation and expert advisory

## Marketplace Services

On demand legal, tax, and compliance experts

## Global Sales Tax

Automate VAT, GST, and indirect tax compliance



# *Q&A*





# *Thank you!*

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