

## ENTITY SETUP VS. GLOBALIZATION PARTNERS

Entity Setup	Globalization Partners
Timeline for setup is measured in months.	Timeline for setup is measured in a few days.
Drains significant senior in-house time understanding, overseeing, and managing attorneys, tax advisors, and accountants.	Scalable, simple process of a few hours total for onboarding, with a standard simple information gathering form.
Banks must perform onerous "know your customer" validation in order to open an account and often requires an in-person visit to the country to finalize the account.	No local bank account required.
Setup costs vary but attorney and tax advisory fees can easily start at \$25,000.	\$4k setup fee per person.
Capitalization requirements to comply with entity setup can be significant—often well into five figures.	None
Depending on the country, you may need a local resident director and to pay attendant fees.	None required
You'll pay ongoing fees for accounting, payroll, plus an annual statutory compliance and a local tax bill.	There is no corporate tax presence in-country—just a monthly fee for service billed by a U.S. company in USD.
It will be several months before the entity is available to hire the employee—top talent will often not wait that long.	You can hire immediately so as not to lose top talent.
If the employee does not work out, there is a corporate structure and tax footprint established which still require statutory filings.	If the employee does not work out, the notice period is just 30 days, and the client is then free and clear in that country.
Clients often use our model until the headcount and business grows to a reasonable amount, then they set up an entity and the employees transfer over seamlessly.	You'll have flexibility to "try out" a market and develop business before committing to an entity
Some attorneys suggest avoiding adding an entity registration just to hire 1 or 2 people in order to have a "clean slate" to implement a global corporate structure and tax strategy.	Globalization Partner's model allows clients to hire compliantly while reducing risk and also keeping the slate clean for the eventual global tax and corporate structure.
With an entity, the client carries responsibility for labor law and tax compliance. A misstep on a termination or other labor law issue may result in an action in the labor court and resulting damages of significant amounts. Time spent understanding and researching labor law for 1 or 2 people in a new country represents not only risk but a disproportionate amount of time.	Using a global PEO transfers the burden of labor law from your shoulders to ours. Should any unforeseen issue arise, it is our job to minimize the damage. In 5+ years, we have never been taken to labor court and despite some very challenging terminations, we have always been able to settle in favor of the client.
The amount of head office time spent on managing payroll, tax, accounting, labor law and compliance is usually disproportionate to the amount of return on a market with only 1 or 2 headcount.	It will take less than one hour to notify Globalization Partners of any variable comp, and review the monthly invoice.
With <5 employees, it is impossible to get a group benefit plan in place.	We already have a competitive group benefits plan in place wherever it makes sense to offer supplementary benefits, as well as all required statutory benefits.
Some markets require the employer to provide a corporate benefits 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. It also places the burden of compliance on the employer's shoulders, which can be onerous for an entity with only one or two employees.	Globalization Partners already has its mandatory corporate pension plan in place and is also responsible for meeting all compliance requirements.