

International Operations: 101

Theresa Holl
Sales Manager – Midwest
Radius
612.210.1579
Theresa.holl@radiusww.com



Agenda

1. Quick Question...
2. Radius Background
3. Planning & Set Up
4. Permanent Establishment
5. Employee vs. Contractor
6. Entity Types
7. Talent Management
8. Global Accounting
9. Common Mistakes
10. Final Thoughts

Quick Question...

What is your greatest fear regarding global operations?

- A. Taxes/Accounting
- B. Hiring and managing people
- C. Compliance
- D. I don't know what I don't know



RADIUS

GLOBAL GROWTH EXPERTS

We Do International

HR

Accounting

Compliance





RADIUS

GLOBAL GROWTH EXPERTS

Software

Services

Consulting



Planning & Set Up



- Have specific goals/KPI's
- Expect everything to be different
- Do not standardize or lean on US habits
- Enlist an expert
- Set up will take time – plan ahead and be patient

Permanent Establishment Risk

Any revenue-generating activity can trigger PE, giving local authorities the right to assess taxes

Basic PE Risk Factors

1. Fixed Place of Business
2. Sales Commission
3. Revenue generation
4. Sales to clients in country



Employees vs. Contractors

A Contractor:

- Is free to work for other companies
- Has no company business cards
- Can be substituted
- Uses his or her own equipment
- Is not usually granted stock options

Anyone else is an employee and can trigger back taxes, retroactive vacation pay, penalties for non-compliance, damage to your reputation/brand in country.



Entity Types



- Representative Office
 - Cheap but limiting
 - No sales activities
- Branch
 - Extension of HQ
 - Parent is liable/at risk
- Subsidiary
 - Least risk for HQ
 - May require local directors
 - More Costly

Talent Management



1. Hiring
2. Labor Law
3. HR Operations
4. Expatriates



Hiring

What's wrong with your US offer letter?

Almost Everything...

- At-Will employment is a US concept
- 13 month salary is common globally
- No dollars per favor
- 25 days vacation is standard in many countries
- Stock options taxed upon receipt = major tax burden upfront

Labor Law

Contract

- Strict contracts mainly protect employees
- Subject to interpretation of local authorities
- PTO isn't a catchall
- More to know than just national laws
 - Local, Provincial, EU

This is the
Signed the day and
Signed in the presence of.
Witness:
Witness:
Mary
First Pa

HR Operations



- Everything being different = heavy workload
- Employee handbooks – not just translation
- Employee data protection
- Payroll
- HR Mobility
- Outsource to an expert

Expatriates

Departures

- Expat policy promotes fairness
- Work permits
- Visas
- Reporting
 - All compensation to both home and host
- Taxes
 - Length of stay
 - Equalization/Hypothetical Tax

Global Accounting

A stack of gold coins is the central focus of the image, positioned on the right side. The coins are stacked vertically, with the top coin clearly visible. The background is a soft, out-of-focus blur of more gold coins, creating a sense of depth and abundance. The lighting is warm, highlighting the metallic texture of the coins.

- Mind the GAAP
- Local language
- Consult with FX experts
- Leverage Technology
- Understand your PE risk
- Tax laws can be complex
 - GST, VAT, National, Provincial, Local, Industry

Common Mistakes

“I’ve got no risk overseas – I use contractors.”

“My German bookkeeping is done in Excel.”

“We don’t need to offer health insurance.”

“Expansion will be faster if we standardize.”

“It’s one expat in Brazil. How hard can it be?”

“I’ve taken the company this far, why get help now?”



Final Thoughts

- Know what your project is worth
- Expect everything to be different
- Don't dip your toes
- Respect culture



Thank You

Theresa Holl
Radius
Sales Manager – Midwest
Minneapolis, MN
theresa.holl@radiusww.com
612.210.1579

