Update on Hiring Abroad Toolkit

Kathryn Homa, Associate Director, Global Support Services
Artemis Koch, Executive Director, Global Support Services
MaryAnn Piccolo, Associate Comptroller, Tax & International Operations
Gary Truhlar, Executive Director, Human Resources
Over 300 active global research projects
700 faculty involved in international activities
2934 faculty global projects
In 2014, over 6000 foreign payments to foreign vendors = $50M
Contributors

• Victor Adams, Accountant, Comptroller’s Office
• Sean Burke, Assoc. General Counsel, Penn OGC
• Pat Burns, Director, SAS HR
• Susan Curran, Director of HR, Provost Centers
• Robert Dugan, Executive Director SOM Administration
• Ben Evans, Executive Director, Risk Management & Insurance
• Beth Knaul, Director, Tax & International Operations
• Anna Loh, Senior Director, Wharton HR

• Angela Martyak, Procurement Specialist, Penn Purchasing
• Mark Mills, Director, Penn Purchasing
• MaryAnn Piccolo, Associate Comptroller, Tax & International Operations
• Liz Salasko, Assoc. General Counsel, Penn OGC
• Erica Schulke, Senior Specialist, Penn Benefits
• Gary Truhlar, Executive Director, Human Resources
Risks

It takes only a single employee................

- Hiring a translator
- Engaging a local coordinator to run a semester study program
- Using researchers abroad to run foreign sites, labs, etc.

Employing even one person to provide services abroad can trigger significant legal and financial obligations!
From the Headlines

**Immigration Concerns**

**The Telegraph**

March 20, 2015

“Japanese academic forced to leave Britain due to visa rules”

**Hiring Concerns**

**Viet Nam News**

March 11, 2015

“Contractor fined for illegally hiring foreign labourers”

**Labor Concerns**

**New York News & Politics**

May 19, 2014

“NYU Abu Dhabi Workers Treated Terribly; NYU Shrugs”
Compliance Concerns

Employee & Employer

• Social tax withholdings and statutory benefit requirements in the location where services are provided

• Local labor laws, including mandatory benefits, pay, or leaves

• Employer registration requirements and creation of a “PE”

• In-country work authorization including visa or other entry or exit documentation
What are the Options

• Engaging Independent Contractors
• Hiring Locals Directly
• Partnering with a Local Organization
• Contracting with a Professional Employment Organization (PEO) or Global Employment Organization (GEO)
• Utilizing a U.S. employee on business travel
Independent Contractors (IC)

- Does the jurisdiction recognize the IC concept?
- Does the Worker Classification Checklist support IC classification?
- Does the local jurisdiction require foreign party compliance with any local regulation?
Hiring Local Employees Directly

Least Likely Option
Why?

• Is Penn a registered entity?
  – Current registrations in Botswana, China, Spain, Japan

• Does Penn have the right to hire an employee?
  – Sponsored research agreements may allow some flexibility or exemptions from compliance, but review and approval is required

• Can Penn Administer a local payroll or hire a third party to do so on our behalf, assuming the right to have a common law employee in country?
Partnering

- Does Penn have a partner in the country?
  - University
  - NGO
  - Other local organization

- Can the partner act as a withholding agent for the University?

- Is there an agreement between the University and partner regarding employment and costs?

- Is there a written agreement between the partner and employee, such as a secondment agreement? Is this necessary?

- Can the University utilize the partner’s existing employees through a contract or MOU?

- Can the partner “hire” a Penn identified resource if funded by Penn?
Can Penn work with a PEO to be the Employer of Record for individuals in country? If so, what is required?

What are the total estimated costs?
- Salary
- Employer/employee social taxes
- PEO service fee
- Other

What is the applicable duration for this type of arrangement?
Penn U.S. Personnel Working Abroad

• **Short-term: If less than 90 days**
  – Is business travel appropriate?
  – Can we obtain the appropriate visa based on location and activity (work, travel, business, other)

• **Longer-term: If greater than 90 days**
  – Will the University have a Permanent Establishment in the foreign country location if the employee is hired by the U.S. entity?
  – How will the local country withholding, statutory obligations, and individual’s tax liabilities be handled?
Toolkit Offers

- Decision Tree

- PEO Matrix

- International Contractor Agreement Template
Timeline

• Spring 2015: Hiring Abroad Tool-kit available on GSS website at https://global.upenn.edu/gss/resources

• Fall 2015:
  – Proposed MSA with one or more Global Employment Orgs. (PEO/GEO)
  – Added content for Penn U.S. Business Travel, including department HR/BA responsibility and “working location” designations
Contacts and Questions

Artemis Koch, Executive Director, Global Support Services
avkoch@upenn.edu
(215)898-4665

MaryAnn Piccolo, Associate Comptroller, Tax & International Operations
mpiccolo@upenn.edu
(215)898-8967

Gary Truhlar, Executive Director, Human Resources
truhlar@upenn.edu
(215)898-5896