

Global Expansion Entity

Background

Global Expansion Entities (GEE) are a popular alternative for those businesses with a strategy to develop their international markets quickly, efficiently and cost effectively.

Using the alternative Professional Employer Organisation (PEO) arrangement can be very costly and relies on a third party employer arrangement which is not necessarily ideal for your employees. Also, establishing your own entity in each new territory can be time consuming, with increased compliance reporting responsibilities.

It is essential to have the right structure to suit the rapid growth into new territories whilst maintaining compliance and managing your corporate risks.

Global Expansion Entities can be a suitable alternative to provide the operational flexibility necessary for businesses with rapid international growth plans.

What is a GEE?

A GEE is a separate legal entity which is the legal employer for international employees and provides services to the rest of the trading group.

The GEE can be utilised in several different scenarios and has the flexibility to be:

- The legal employer for internationally based employees;
- The temporary legal employer for globally mobile employees and assignees; *and*
- An administrative entity for managing international operations.

Where should the GEE be registered?

The GEE can be established in any suitable jurisdiction, although registration in a territory with the following features is always recommended:

- extensive tax treaties;
- a sound reputation for corporate governance and compliance; *and*
- efficient banking facilities.

Why have a GEE?

The GEE enables the business to operate international operations in an efficient way, whilst also managing the risks. Typical GEEs would provide:

- A ring fence for international operations to manage the risk of permanent establishment and negate the requirement for complex transfer pricing arrangements.
- A shared service centre for internationally based employees, providing payroll, employee expenses and international benefits where the business does not have a legal entity.
- A quick deployment of staff from within the organisation or recruitment of locals to a new location.
- Cost management and efficiencies.

How can F&L support your GEE?

At F&L we can provide flexible support for a GEE. This includes:

- Initial discussions regarding your global expansion strategy to assess whether GEE is the answer for you.
- Providing a report on the benefits, compliance and costs of a GEE, location and structure.
- Project managing the set-up of the GEE including:
 - Entity registration
 - Banking and ongoing outsourced financial reporting
 - HR and employment law requirements
 - Tax and payroll registrations
 - Revenue recognition
- Ongoing support for a fully managed GEE service:
 - Outsourced financial reporting and tax compliance
 - International payroll and benefits management
 - Regular risk reviews

Updated October 2018. The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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