



## **International Employment Guide**



## Table of Contents

Introduction .....	4
<b>Why is hiring abroad different from hiring on campus?</b> .....	5
How can this guide help?.....	5
What is an overseas hire?.....	5
Definitions and Examples .....	6
Four Options for International Hires .....	6
Option 1: Affiliate with an established organization in the host country .....	8
Option 2: Place the employee with CSU’s professional employment organization (PEO).....	9
Option 3: Remain on, or join, CSU payroll .....	10
Option 4: Engage an independent contractor (IC).....	11
NEXT STEPS .....	12
<b>Consult with CSU Foreign Tax</b> .....	12
<b>&gt;&gt; Next Steps: Affiliate with an established organization in-country</b> .....	12
Step 1: Department identifies the affiliate partner in host country .....	12
Step 2: Department contacts partner organization to conduct due diligence regarding their capacity to hire.....	12
Step 3: Draft agreement, including Scope of Work, with affiliate partner organization and forward to department chair for internal approval.....	13
Step 4: The department chair forwards the agreement/SOW to CSU’s Export Control Officer for export control review .....	13
Step 5: The departmental representative obtains any necessary additional information to assist with adding the worker to the local partner’s payroll.....	13
Step 6: Department submits Kualu Requisition (REQ).....	13
Step 7: Pay partner organization’s invoices for services rendered, as due.....	13
<b>&gt;&gt; Next Steps: Contracting with a Professional Employment Organization (PEO)</b> .....	14
Step 1: The department provides Foreign Tax with worker’s name, country of residence and salary. With this information, Foreign Tax requests a Mauve cost proposal. ....	14
Step 2: Department provides assignment details to CSU’s Export Control Officer for export control review .....	14
Step 3: Foreign Tax receives cost proposal from Mauve Group and forwards to department for department head signature .....	14
Step 4: Foreign Tax returns signed cost proposal to Mauve and requests that Mauve prepare the Statement of Work (SOW).....	14
Step 5: Kualu Requisition (REQ) is set up.....	14
Step 6: Foreign Tax and Department coordinate on-boarding with PEO and employee.....	14
Step 7: PEO completes remaining onboarding steps with employee (and in-country partner, if applicable).....	14
Step 8: On a monthly basis, Accounts Payable and the Department share the following responsibilities.....	15
<b>&gt;&gt; Next Steps: Remain on, or join, CSU payroll with frequent travel</b> .....	15

Step 1: Contact HR .....	15
Step 2: Consult Foreign Tax .....	15
Step 3: Consult with CSU’s Export Control Officer for export control recommendations .....	15
Step 4: Documentation.....	15
Step 5: Register Travel .....	15
<b>&gt;&gt; Next Steps: Engage an Independent Contractor .....</b>	<b>15</b>
Step 1: Complete Independent Contractor Questionnaire .....	15
Step 2: Accounts Payable + Foreign Tax Review.....	16
Step 3: Consult with CSU’s Export Control Officer for export control recommendations .....	16
Step 4: Draft contract with statement of work (SOW) .....	16
Step 5: Department prepares for payment .....	16
Step 6: Department pays invoices .....	16
Summary: International Staffing Options .....	15
Glossary: International HR Terms.....	17
Appendix A: Sample PEO Invoice.....	19
Appendix B: Sample on-boarding letter to PEO Hire.....	20

## Introduction

In the past, hiring abroad for various CSU projects and activities has been handled on campus via two channels: Hire the individual as a CSU employee through HR and pay via CSU payroll (if the person maintains a U.S. residence) or hire the individual as an independent contractor and pay via Accounts Payable. In some cases, these arrangements have not been in full compliance with local (host country) labor, tax, and immigration laws, leaving both the employee and the University exposed to an unacceptable level of risk. Additionally, those individuals without a U.S. residence were excluded from consideration for employment with the University.

As global activity increases and the desire for international hiring with it, it is recognized that a greater breadth of options through which hiring can be accomplished needs to be established and communicated to those involved in such activities. This guide is designed to provide an overview of the challenges of hiring abroad as well as to provide options available for consideration. Those involved with each project will want to consider not only logistical challenges but also the budget implications of each option. In this guide, we have tried to present a comprehensive overview of this topic, however If further assistance is needed, the Foreign Tax Office is available to answer questions as they arise.

## Why is hiring abroad different from hiring on campus?

Regardless of the duration of the assignment, the global employment environment is very complex, and each case is unique. Visa requirements, work authorizations, employment laws, tax regulations, and employee benefits vary by country, and they can change with little to no notice. Poor planning can result in immigration issues, tax penalties and other avoidable costs.

We need to be cognizant of each country's regulations and strive to responsibly and fairly engage staff to balance the financial, legal, and reputational risks for the University and for our staff members.

Although CSU does not directly employ foreign nationals abroad, we have created options to meet the needs of your project and budget and the people you are seeking to hire. It is important to consider your staffing needs early because the options available to you may require substantial lead time.

### How can this guide help?



Business and Financial Services, in partnership with HR and Procurement, has vetted overseas employment options for the campus community. This guide is designed to help explain the global employment landscape, which factors to consider when hiring for an overseas assignment, and how to proceed with each employment option once you identify which option(s) could work for your project.

The Foreign Tax Office is the first point of contact for overall assistance with questions about operating internationally. We assist faculty and staff in developing solutions to problems and issues in doing business abroad by connecting you with business offices across campus. We also serve as the primary liaison with our outside consulting firm specializing in global employment and expansion.

### What is an overseas hire?

If your hiring needs meet any of the following criteria, they are considered an international hire:

- A U.S. national who will live and work in a foreign country (“Expatriate”)
- A non- U.S. national who will work in their home country (“LocalNational”)
- A non- U.S. national who will work in a country that is not their country of citizenship (“Third Country National”)

If any of these criteria apply to your hire, you will need to explore international hiring options.

## Definitions and Examples

	Definition	Example
<b>Current employee spending time abroad</b>	An individual hired in the U.S. on the CSU payroll system, foreseen or not, travels and spends substantial time working in a country other than the U.S. Some countries will aggregate the time spent by all CSU employees in those countries in a particular year in determining whether CSU will need to register and how CSU employees will be treated in those countries.	A CSU Researcher takes multiple long-term trips to Japan to work on a CSU program and ends up spending 155 days in Japan and 210 days in the U.S.
<b>Expatriate</b>	An individual living and working in a country other than his or her country of citizenship. For the purpose of this guide, this definition is limited to U.S. citizens or permanent residents working for CSU in a foreign country.	A CSU department seeks to hire a U.S. citizen living and working in Germany for a three- year project.
<b>Local national</b>	A citizen or permanent resident living and working in the country in which the job is based.	A CSU program seeks to hire a Rwandan national to work in Rwanda to conduct a field study. The Rwandan national will likely have a tax identification number registered with the local government (like the U.S. social security number) and will already have work authorization in Rwanda and will be subject to Rwandan tax.
<b>Third-country national (TCN)</b>	An individual working in a country that is neither his or her country of citizenship nor the country in which the employer operates.	A CSU department seeks to hire a Brazilian national to work for three years in Colombia.

## Four Options for International Hires

The following options are based on university policy and guided by country laws. The option must be approved by Foreign Tax.

1. Affiliate with an established organization in the host country
2. Contract with a professional employment organization (PEO)
3. Remain on, or join, CSU payroll
4. Engage an independent contractor

## Option 1: Affiliate with an established organization in the host country

A local affiliate can be an in-country university or non-profit organization, among others. In this arrangement, the staff member is an employee of the local organization, and the administrative requirements associated with their employment are the responsibility of the local organization.

Considering this option early can make it easier to fold staff into services provided by existing service providers, and to set consistent expectations.

Working with a local partner to employ local nationals, and in some cases U.S. expats or TCNs, can be significantly simpler than hiring staff directly and less expensive than other options. This option works best when planned through a local partner involved in the project or for faculty already familiar with a local partner. One challenge is that the local partner may not be able to sponsor visas for expats or TCNs, so only local nationals could be hired.

### PROS



- Fast implementation relative to other options
- Affiliate responsible for tax and labor law compliance
- Limited risk to CSU
- Affiliate Admin Fee is typically less than other options
- Ideal option for start-up in a new country

### CONS



- Visa sponsorship may not be available; in which case, only local nationals could be hired.
- No CSU affiliation
- Little to no control over benefits

### Budget Considerations

- Salary
- Employer-owed taxes
- Employer-sponsored benefits or allowances (i.e. health insurance, housing)
- If applicable: Partner's monthly administrative fee
- If applicable: Visa sponsorship fees

>>NEXT STEPS: skip to page 12

## Option 2: Place the employee with CSU's professional employment organization (PEO)

A PEO provides employment and payroll services, like a staffing agency. Using a PEO, the individual is technically employed by the PEO for the purpose of payroll and benefits administration but is fully integrated into the CSU team. The PEO is responsible for all employment law, tax, and reporting requirements. The PEO model is ideal for employing local nationals and TCNs when an arrangement with an affiliate organization has not been identified or is not possible.

CSU has contracted with Mauve Group (DBA Coral Sunset), a leading provider of global business solutions, specializing in supporting organizations in over 90 countries worldwide. Foreign Tax manages the University's relationship with Mauve and will guide you through the process.

### PROS



- Fast implementation
- Widely available
- PEO responsible for tax and labor law compliance
- Limited risk for CSU
- Benefits useful to employee and meet in-country requirements

### CONS



- Higher administrative costs
- Limited CSU affiliation

### Budget Considerations

- Salary
- Employer-owed taxes
- Employer-sponsored benefits or allowances (i.e., health insurance, housing)
- One month's salary deposited in advance (may vary, depending on in-country requirements)
- PEO monthly admin fee (typically a 10% margin on top of salary with a minimum monthly fee, variable by country and assignment)
- Visa sponsorship fees, if necessary

>>NEXT STEPS: skip to page 14



### Option 3: Remain on, or join, CSU payroll

If full-time in-country staffing is not needed, then temporary work abroad by U.S.-based staff may be an acceptable solution that avoids many of the complications of employing someone based in the foreign location. **This is only an option if the employee is a U.S. national who maintains a U.S. residence and will be working from a [treaty country](#).**

Consult with the Foreign Tax Office regarding tax threshold for days presence allowed in-country. Excessive days of presence may trigger permanent establishment and may also subject the expat to host country personal tax obligations.

#### PROS



- Avoid foreign employment complications
- Full CSU affiliation and benefits

#### CONS



- Difficult to predict travel within tax threshold
- Travel expenses can add up
- Use of office space and other activities can trigger permanent establishment and tax liabilities

**Please be aware that consultation with an outside expert may be necessary and that the department will bear responsibility for the expense of third-party consultation, if needed.**

Because employees remaining on CSU payroll maintain full CSU affiliation and benefits, all CSU-sponsored employee travel must be registered in the Kualu-TEM system through Risk Management and Insurance.

#### Budget Considerations

- Salary
- University Fringe Rate
- Travel Expenses

>>**NEXT STEPS:** skip to page 15

## Option 4: Engage an independent contractor (IC)

Enlisting the services of an Independent Contractor can be more straightforward than hiring an employee, but every country has different rules about the distinction between contractors and employees. It is important to work through local HR processes regarding contractor classifications. In most countries, a worker is assumed to be an employee unless he or she qualifies as a contractor by meeting certain criteria. The criteria vary, but the following qualities may factor into the classification:

- Duration of assignment
- Percentage of time spent on the CSU project
- Control over how, when, and where the work is done
- A business of doing similar work for clients other than CSU and as a contractor
- Use of own offices or facilities and equipment
- Payment of own business expenses
- Compensation based solely on services rendered (e.g., no leave or employer-sponsored benefits like health insurance)

Some countries may require ICs to register as businesses or collect a service tax or value-added tax (VAT) from their customers (i.e., CSU). A few countries apply employer-like obligations (e.g., tax withholding) even to those institutions engaging contractors. Contact Foreign Tax for more information.



### Warning

In what is becoming a worldwide trend, expect to see more incidents of independent contractor misclassification. If an IC is later found to be an employee – which could occur over a dispute – CSU could have *significant* liability for retroactive payroll taxes, payroll withholdings, vacation, severance, plus any applicable fees and penalties. These costs will be charged to the department administering the project.

### PROS



- Fast implementation
- IC responsible for tax compliance in most cases
- Office/workspace
- IC responsible for obtaining visa

### CONS



- No CSU affiliation
- Increasing restrictions worldwide
- Triple damages for misclassification
- Can trigger permanent establishment
- Can trigger required employer withholdings and reporting requirements
- Not a long-term solution

### Budget Considerations

- Service fees
- Any costs agreed to in the contract (travel expenses, allowances, etc.)

>>NEXT STEPS: skip to page 16

## NEXT STEPS

---

### Consult with CSU Foreign Tax



Foreign Tax can help to advise which option may serve your project best and comply with local law, however, *please be aware that consultation with an outside specialist may be necessary. Prior to making any decisions, please e-mail*

bfs\_foreigntax@Mail.Colostate.edu or call 970-491-3538 to speak with us. Even if you believe you have already identified an option, Foreign Tax will prove to be an asset. Please involve us early and often!

*Note: The steps below are designed to orient you with the process, but they should not be considered a replacement for consulting with Foreign Tax.*

### >> Next Steps: Affiliate with an established organization in-country

*These steps assume that the department has already identified an employee. If the employee is still to be determined, it is still valuable to run through these steps to determine the viability of this option so that the position can be properly advertised. The local partner will be the Employer of Record, and the position should be advertised as such.*

#### Step 1: Department identifies the affiliate partner in host country

- The departmental PI is instrumental in identifying a local partner and making contact. Fellow grant subrecipients, or a local university or research foundation in the host country may be willing to employ the individual directly and invoice CSU for services. The Office of International Program's Senior Coordinator for International Partnerships may also be able to help. Reach out to OIP for more information.

#### Step 2: Department contacts partner organization to conduct due diligence regarding their capacity to hire

- Determine if placing the individual on the partner's payroll is an option
- If the individual to be hired is a U.S. citizen, expat, or third-country national, the PI or departmental representative should discuss the following with the partner:
  - Work authorization
  - Visa sponsorship
  - Expatriate requirements
- Determine the total costs and terms of the arrangement, inclusive of any applicable administrative fee that the partner may charge, and any other costs (i.e., fringe, expenses, allowances, benefits, employer-paid taxes, etc. passed on by affiliated organization).

**Step 3: Draft agreement, including Scope of Work, with affiliate partner organization and forward to department chair for internal approval.**

- Work with Office of General Counsel to develop the contract.

**Step 4: The department chair forwards the agreement/SOW to CSU's Export Control Officer for export control review**

- Copy the department's OSP Senior Research Administrator (SRA) if services will be billed to a 53 account.

**Step 5: The departmental representative obtains any necessary additional information to assist with adding the worker to the local partner's payroll**

- Total Compensation
- Dates of Employment
- Work Authorization Documents
- Any other employee documentation or requirements required by partner organization

**Step 6: Department submits Kualii Requisition (REQ)**

- Affiliate partner will need to be set up as vendor in Kualii, if they are not already an existing vendor, with Form W-8BEN-E and vendor self-certification form attached.
- REQ should be requested in amount sufficient to cover all anticipated expenditures for contract term (or \$10,001, whichever is greater). Put in as 'no quantity'.
- Attach contract/SOW to KFS document.
- The REQ will be assigned to a Purchasing Agent, who will sign the contract or obtain necessary signature(s) and create the Purchase Order (P.O.)
- A P.O. must be established through Procurement Services prior to work beginning.

**Step 7: Pay partner organization's invoices for services rendered, as due**

- Once the employee is on local payroll, all local payroll tax reporting and remittances should be managed by the affiliate organization
- Affiliate sends invoices, referencing the P.O., to the responsible A/P tech
- Accounts Payable creates a Payment Request (PREQ), attaching the invoice and sends for review and approval by the departmental P.O. arranger
- Department reviews and approves invoice for payment

## > Next Steps: Place the Employee with CSU's Professional Employment Organization (PEO)

*With this option, Foreign Tax facilitates communication between the PEO and CSU departments. Communication during on-boarding includes contract negotiations to ensure the university-required clauses are included in all employment contracts and information displayed in contract reflects the needs of the project.*

**Step 1: The department provides Foreign Tax with worker's name, country of residence and salary. With this information, Foreign Tax requests a Mauve cost proposal.**

**Step 2: Department provides assignment details to CSU's Export Control Officer for export control review**

- Copy the department's OSP Senior Research Administrator (SRA), if services will be billed to a 53 account.

**Step 3: Foreign Tax receives cost proposal from Mauve Group and forwards to department for department head signature**

**Step 4: Foreign Tax returns signed cost proposal to Mauve and requests that Mauve prepare the Statement of Work (SOW).**

**Step 5: Kualo Requisition (REQ) is set up**

Foreign Tax	Department
<ul style="list-style-type: none"> <li>• Reviews SOW, prepared by Mauve, and sends to Department for attachment to Kualo Requisition</li> </ul> <p>Note: CSU maintains master agreement with PEO provider; each SOW is an addendum to the master agreement.</p>	<ul style="list-style-type: none"> <li>• Submits Kualo REQ for anticipated expenditure amount or \$10,001, whichever is greater. Note: select <b>Coral Sunset</b> as the vendor (Mauve's U.S. entity)</li> <li>• REQ is assigned to a Purchasing Agent and turned into a P.O.</li> <li>• Purchasing Agent signs SOW and obtains any other necessary signatures</li> </ul>

**Step 6: Foreign Tax and Department coordinate on-boarding with PEO and employee**

Foreign Tax	Department
<ul style="list-style-type: none"> <li>• Sends any remaining employee documents to PEO to begin on-boarding process (minimum 15 days) <ul style="list-style-type: none"> <li>○ Signed SOW</li> <li>○ Job description</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Sends on-boarding letter to employee (signed by departmental representative)</li> </ul>

**Step 7: PEO completes remaining onboarding steps with employee (and in-country partner, if applicable)**

1. PEO contacts employee for introductions
2. PEO sends the employment contract to Foreign Tax for review

3. PEO then sends the contract to employee for final signature and shares with Foreign Tax
4. Foreign Tax sends signed copy of employment contract to Department

**Step 8: On a monthly basis, Accounts Payable and the Department share the following responsibilities**

Accounts Payable	Department
<ul style="list-style-type: none"> <li>• Receives invoice from PEO, referencing the P.O number</li> <li>• Creates a Payment Request (PREQ), attaching the invoice</li> <li>• Sends PREQ to departmental P.O. arranger for review and approval Pays invoice after department has approved</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews invoice</li> <li>• Authorizes payment promptly</li> </ul>

\*Note: PEO billing terms are Net 10. *It is **critical** that invoices be authorized for payment promptly when received!*

**>> Next Steps: Remain on, or join, CSU payroll with frequent travel**

**Step 1: Contact HR**

- Consult with your HR liaison on new hiring needs (can be omitted for existing hires)

**Step 2: Consult Foreign Tax**

- Consult with Foreign Tax regarding threshold for days of presence allowed in-country. The project’s needs must be balanced by the need to mitigate risks for the employee and the University.
- The option to remain on, or join, CSU payroll and work temporarily abroad, is only available to U.S. nationals who will work from a [treaty country](#) and will maintain a U.S. residence. This is because different rules apply to individuals without U.S. tax residency.

**Step 3: Consult with CSU’s Export Control Officer for export control recommendations**

- Copy the department’s OSP Senior Research Administrator (SRA), if services will be billed to a 53 account

**Step 4: Documentation**

- Employee obtains passport, visa and work permits as required

**Step 5: Register Travel**

- Register all CSU-sponsored employee travel in the Quali-TEM system through Risk Management and Insurance.

**>> Next Steps: Engage an Independent Contractor**

**Step 1: Complete Independent Contractor Questionnaire**

- Department fills out [Independent Contractor questionnaire](#) and submits completed questionnaire, with scope of work, to Office of Accounts Payable

#### **Step 2: Accounts Payable + Foreign Tax Review**

- Accounts Payable and Foreign Tax verify Independent Contractor classification can be used in host country and confirm there are no employer-related obligations in the host country for employing contractors that may result in reporting obligations.
- If classification cannot be used or there is an employer obligation, Foreign Tax will contact you with other options
- In some cases, a locally compliant contract is required, which may result in consulting fees. These fees will be charged to the department. Foreign Tax will inform you if this is the case.

#### **Step 3: Consult with CSU's Export Control Officer for export control recommendations**

- Copy the department's OSP Senior Research Administrator (SRA) if services will be billed to a 53 account.

#### **Step 4: Draft contract with statement of work (SOW)**

- Consult with Contracting Services for assistance, if needed, or see [Procurement Services' Quick Guide to Developing Statements of Work](#)

#### **Step 5: Department prepares for payment**

- Gather necessary information for vendor payments
- Set-up Kualu Requisition (REQ), attaching the SOW
- The assigned Purchasing Agent will create a P.O. from the REQ and sign the SOW, or obtain the necessary signature(s)

#### **Step 6: Department pays invoices**

- Request that IC reference P.O. number on invoices for services
- A/P receives the invoice, creates the Payment Request (PREQ), sends to department for review and approval
- Department ensures that work meets standards outlined in contract and approves invoice for payment

## Summary: International Staffing Options

Staffing Option	Recommended Solution	Why?	Who can help?
<b>Partnering with an established organization in the host country</b> (i.e., foreign university, registered NGO) to perform work and/or employ staff	<b>YES</b>	Host country partner is set up to comply with local laws and accepts administrative burden. If available, this is usually the most cost-effective, expedient, and risk-mitigating solution.	The Office of Vice President for Research (OVPR), OIP or OSP may be able to help identify existing subcontractors in the host country.
Place the employee with CSU's <b>Professional Employment Organization (PEO)</b>	<b>YES</b>	The PEO is responsible for compliance with local law. It is suitable for non-permanent arrangements (less than 5 years) or for few staff demands.	CSU Foreign Tax works with Mauve Group, a leading global PEO firm, and can coordinate the hiring process.
Employ U.S. based staff (short term)	<b>MAYBE</b>	This avoids many of the employment complications if full-time work is not needed abroad and it is a great combination for other identified staffing options. Staff are generally considered U.S. based if they spend more than half their time in the U.S.	CSU Foreign Tax can advise on the feasibility of this option. *Note: this is only an option for expats and is not feasible for host country nationals or TCNs. Be sure to include funds in your budget for travel and immigration expenses.
Engage an <b>Independent Contractor</b>	<b>MAYBE</b>	When assignment is short-term (especially less than 90 days) and independent in nature, this can be a good solution. It is not a good solution for open-ended employment or if the individual is effectively operating as a CSU employee. Host country treaty provisions may further restrict this option.	CSU Foreign Tax can determine whether IC status is appropriate per CSU financial rules. Foreign Tax can also research host country treaty provisions related to ICs.
<b>Employ U.S. citizen, expatriate or local national directly</b> and pay via CSU payroll	<b>NO</b>	CSU's systems are not set up to comply with local employment and tax laws.	CSU Foreign Tax can help find a more suitable option for the individual(s).



# Appendix

## Glossary: International HR Terms

*Below are some of frequently used terms specific to international assignments. The full term is in bold, followed by other versions or abbreviations within parentheses.*

**Cost of Living Adjustments (COLA)** – is a set of allowances granted to expatriate employees to help offset the cost of deployment in an expensive location overseas. Often, a flat rate as a percentage of base salary is used, based on U.S. State Department rates.

**Currency Fluctuation** – if local currency devalues more than five percent each year due to inflation or exchange rates – therefore seriously compromising the purchasing parity of the employee – department management may need to review the situation. Typically, this situation is mitigated by either an increase to salary, or by a one-time currency shortfall payment.

**Expatriate (expat)** - is an individual temporarily or permanently living in a country and culture other than where she/he was brought up. For the purpose of this guide, this strictly refers to U.S. citizens or permanent residents working abroad on international assignments.

**Foreign Corrupt Practices Act (FCPA)** – is a law enforced by the Securities and Exchange Commission/Department of Justice which dictates that no employee or individual working on behalf of CSU is permitted to provide anything of value to foreign officials in order to garner a preferred business environment for the University. Definitions of both “value” and “foreign official” are extremely broad and penalties for non-compliance are severe. Contact OGC for guidance.

**Local National (host country national, local hires, locals)** – are staff who are hired within their home country to work on an assignment in that location. These individuals will generally be granted fringe benefits customary with local practice, but not any additional allowances. Typically, salaries are based on local pay scales rather than CSU systems.

**Home-based** – relating to the country of origin for an employee (generally the U.S.) and most used in terms of benefit or compensation packages.

**Host-based** – relating to the country of assignment, and most referenced in benefit or compensation packages

**Permanent Establishment (PE)** – refers to a fixed place of business, and can be triggered by a variety of actions, including hiring of staff, leasing office or other real estate space, creation of a bank account, sale of products or services, etc. Once classified as permanently established in a foreign location, CSU could in some cases become liable for income or value added taxes. In addition, there may be other operational fees or regulations triggered by PE.

**Professional Employment Organization (PEO)** - is a company through which CSU can engage employees abroad while limiting exposure to permanent establishment or other regulatory risks. The PEO becomes the Employer of Record, for tax and insurance purposes, and manages tasks such as payroll, benefits, risk/safety, and other issues. However, the actual work conducted generally includes formal or informal reporting lines to CSU to ensure monitoring and performance of tasks.

**Tax Treaty** – a bilateral agreement made by two countries to resolve issues involving double taxation of certain items of active and passive income.

**Tax Residence** – defines the country in which an individual will be responsible to pay taxes in a given year. The definition varies greatly from country to country, but in most places, physical presence is the critical factor. In other countries, ownership of a home or availability of accommodation, family, financial interests, and immigration status come into play. Residence should not be confused with “Domicile”, which is in common law a different legal concept.

**Third-Country National (TCN)** – an employee working in an assigned country who is neither a national of the assignment country nor the U.S.

**Appendix A: Sample PEO Invoice**

**INVOICE**

Date: xx/xx/xxxx

Invoice #: XYZ

Employee	Job	Country	Payment Terms	Due Date
John CSU	Research Assistant	Malawi	Per contract	xx/xx/xxxx

Pay period	Description	Costs	Total
<b>November 30, 20xx</b>	Salary	\$48,000 annual salary	\$4,000.00
	Social Costs (employer-owed tax, health insurance)	30% of compensation	\$1,200.00
	PEO Admin Fee	12% Margin (Min \$650)	\$650.00
	Bank charges	\$25 per transaction	\$25.00
Subtotal			\$5,875.00
VAT in-country 7% (applied to admin fee)			\$42.00
<b>Total</b>			<b>\$5,917.00</b>

Remit payment to PEO

PEO Company, PEO Street Address, PEO City, PEO State, PEO Country, Phone [000-000-0000], Fax [000-000-0000], [email]

**Sample one-time PEO fees**

- **Visa sponsorship: \$300-\$4000 (if applicable)**
- **Deposit: 1-2 month's salary (reimbursable in full at the end of the contract) – debit to OBJ code 1570**
- **Severance (depends on local law)**

## Appendix B: Sample on-boarding letter to PEO Hire

Dear [Employee Name],

We are excited to consider you for the position of [Employee Job Title]!

CSU has enlisted the services of [PEO Name] to provide certain aspects of your employment and payroll administration. This company may work with a local employer to ensure that you are paid on time and that all local employer obligations are met.

During your assignment, your Employer of Record will be [PEO] or its in-country partner; however, your reporting supervisor will be [name of CSU supervisor].

In order to initiate your hire, you need to securely send the following documents and information to [email address] as soon as possible:

- Resume
- Copy of passport or proof of in-country work authorization
- Telephone number
- Physical and e-mail address

Once you have submitted the required documents, [PEO] will contact you directly to finalize your employment contract and provide any required local employment forms. Please be advised that until all forms and documents are submitted, [PEO] will be unable to process your salary payments.

If you have any questions about your employment with [PEO], please contact the Foreign Tax Office [bfs\\_foreigntax@Mail.Colostate.edu](mailto:bfs_foreigntax@Mail.Colostate.edu), or your direct supervisor.

We look forward to the opportunity to work with you!

Best regards,

[CSU

contact]

[Title]

[Department/School/Unit]

**CSU Employee Working Temporarily Abroad  
Acknowledgement and Agreement**

This is to acknowledge that I have read and understand Colorado State University's [International Employment Guide](#).

***Please return the signed form to [bfs\\_foreigntax@mail.Colostate.edu](mailto:bfs_foreigntax@mail.Colostate.edu).***

Further, I acknowledge and agree to the following:

\_\_\_\_\_ I am a U.S. citizen or permanent resident who will continue to maintain a home in the U.S. that I intend to return to.

\_\_\_\_\_ My absence from the U.S. will not exceed an aggregate of \_\_\_\_\_ days out of 12 months, while working in the country of \_\_\_\_\_, as mutually agreed with CSU's Foreign Tax Office. My anticipated arrival date in the country is \_\_\_\_\_. *Note: It is generally understood that the proper fiscal year is that of the country of the taxpayer (employee).*

\_\_\_\_\_ The university will not provide guidance nor claim responsibility for any tax, insurance, foreign bank reporting, or immigration issues that may result from my presence in the foreign location.

\_\_\_\_\_ CSU is unable to provide any personal legal or tax advice. It is strongly suggested that all individuals seek professional advice prior to commencing an out of country work assignment.

\_\_\_\_\_ I accept personal responsibility for securing the required immigration status / visa for work in the foreign location prior to departure.

\_\_\_\_\_ I accept personal responsibility for the expense and risk of transportation for myself, my family, my household goods, and personal effects to / from the overseas location of assignment.

\_\_\_\_\_  
Employee's CSU ID

\_\_\_\_\_  
Department Name / Number

\_\_\_\_\_  
Employee Name (printed)

\_\_\_\_\_  
Department Head Name (printed)

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Department Head Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date