Source: https://boundlesshq.com/glossary/eor-compliance-responsibilities/

https://remote.com/blog/what-is-an-employer-of-record#what-are-the-responsibilities-of-an-eor

https://www.adp.com/resources/articles-and-insights/articles/p/peo-what-is-a-peo-professional-employer-organization.aspx

Keyword Research	Employer of Record(EOR) eor services Payroll management Outsourcing payroll Compliance Global hiring
Banner Title	

Title	# What is an Employer of Record: A Complete Guide to Simplified International Hiring
Body	Every business today shows comparatively high growth after stepping out of its boundaries. However, business owners remain so much involved in the core business operations that even after realizing the need for business expansion, they find it challenging to devote time and resources to researching and understanding the complexities of setting up a new legal entity in a new area or a different country altogether about which they have limited knowledge. This is where **Employer of Record (EOR) services** offer a solution, helping employers manage their **global hiring** needs while remaining focused on their core business. Still, ‘EOR’ sounds new to you?! Let us discover what an EOR is all about. Table of Contents

What is an EOR?

Fully known as “Employer of Record," EOR offers proficient and customized employment management services. It takes charge and legal responsibility for global hiring like hiring workers locally or internationally on behalf of the employer, handling its payroll management , taxes, benefits, banking, insurance, contracts, and compliance with local labour laws and regulations of a specified region.

Since the EOR is responsible for issuing employment contracts, paying salaries, remitting taxes, and providing statutory benefits like health insurance and pensions, regulatory authorities officially recognize the EOR as the employer of the workers. Even though the EOR works under the direction of another parent organization, it acts as the registered employer for legal, tax, and compliance purposes. It is, therefore, called the employer *of record.*

While this sounds so simple, EOR involves overlapping processes. It is not about just hiring employees and their payroll; it’s a much wider term, which you will learn about in this overview.

What are the core functions of an Employer of Record (EOR)?

1. Setting up a new location

   Where a company wishes to expand its business operations on foreign land, the employer of record (EOR) facilitates the parent company in establishing a functional presence there without setting up a new legal entity. EOR services hire local talent on the client's behalf to determine the new location's purpose. **EOR services** ensure that the company can expand without the complex process of **business incorporation** in the target country. EOR, if needed, can also facilitate the physical presence of the client company in the target country and be used for operational and branding purposes.

2. Visas and Work Permits

   Employer of record (EOR) takes care of all the immigration mandates and assists employees in getting work permits, visas, etc. if and when required.

3. Employment Compliance

   An Employer of Record (EOR) takes charge of employment requirements per the existing laws of a specific jurisdiction, minimizing the risks of fines, penalties, and lawsuits. For example, the Employer of record (EOR) ensures that the terms of the employment contracts, such as salary, working hours, benefits, termination, etc., comply with local laws. Additionally, the EOR manages **payroll management**, ensuring all statutory benefits like health insurance, pensions, and leave entitlements are in place.

4. Employment Contracts

It is the Employer of Record (EOR)'s responsibility to not only draft the employment contracts as per the parent employer's requirements, and adhere to all applicable local laws, but also get them executed, take care of renewals, if any, and terminate or close thereof.

5. Payroll Management

Employer of record (EOR) reduces administrative burdens by calculating employee payments and ensuring timely payment in local currencies. This includes calculating deductions, gross and net salaries, taxes, contributions to social security schemes like family allowances, retirement, and pensions, payment of overtime and bonuses, filing annual tax documents of employees, and calculating unused leaves and owed wages for final paychecks at the time of termination. In addition, **payroll outsourcing** through an EOR ensures accuracy and timeliness, keeping both employees and employers compliant.

6. Statutory Benefits

Employer of record (EOR) takes care of statutory benefits for the employees, such as healthcare, pensions, insurance, leave entitlements, etc.

7. Medical Check-Ups

Employer of record (EOR) ensures that the occupational medical checkups are done in accordance with local laws and regulations especially in areas like construction and manufacturing where health and safety of employees is a big concern.

8. Termination and Offboarding

EOR takes full responsibility for an employee until the end of the service contract or termination. It ensures that all termination protocols under the local laws are complied with, handles their final settlement clearance, and facilitates offboarding thereof.

9. Reporting and Record Maintenance

EOR keeps track of timelines for filing various statutory records and documents required under local laws and reports the same to the employees and the client company. It also regularly informs the client about employee management activities and compliance-related activities so that the client stays informed about the workforce while operating in different countries. It maintains the record of the entire employee management and compliance under its control.

What is the Role of an EOR?

- **Compliance Requirements:** Compliance challenges vary across countries due to diverse labor laws and tax systems. EOR services specialize in handling these challenges worldwide, offering solutions for business expansion.
- **Bridge between the client company and employees:** The EOR acts as an intermediary, managing the legal and administrative aspects of employment on behalf of the client.
- **Communication and Coordination:** It is a key liaison between the parent employer and local government authorities. EOR handles the intricacies of global hiring while ensuring the company stays compliant with local regulations.
- **Customization:** EOR services provide customized employment-related solutions as per the employer's specific needs.
- **Risk Mitigation:** The EOR reduces risks associated with non-compliance, avoiding penalties, fines, and potential employment-related disputes.
- Advisory: EOR services often provide valuable advice on local business practices, tax laws, and labor regulations, helping the parent company navigate new territories efficiently.

What does a comparative analysis of EOR globally involve?

While the role of an EOR is similar worldwide, its services and methods vary from place to place due to regional variations in labor laws, tax systems, and employment regulations. For instance, Australia's Fair Work Act focuses on maximum working hours, minimum wages, leave entitlements, etc. Conversely, in India, there are complex labor laws related to mandatory gratuity payments, contributions to the Provident Funds, and Employees' State Insurance.

Therefore, EOR's approach to handling tasks in both these countries will be entirely different due to variations in the legal framework and cultural expectations. Hence, **EOR services** are globally adaptable and can help with international expansion without the need for **business**

<table>
<tr><td></td><td>

incorporation services in every country.

Key Benefits of Hiring an Employer of Record (EOR)

Ø Acceleration of global expansion and global hiring plans

Ø No need to set up multiple legal entities to employ global workers

Ø No need to access local experts on tax laws and regulations

Ø Fast onboarding of the international workforce

Ø Less paperwork

Who should hire an Employer of Record (EOR)?

One who:

- Needs to employ international workers for its business
- Doesn't want to set up a new legal local entity in the expansion area
- Lack expertise in international tax and employment law in the expansion area
- Want to focus on the core business of the Company and doesn't want to devote much time to business expansion
- Whose existing employees generally relocate
- Needs peace of mind to protect IP globally

Conclusion

So, for those who are looking for employment solutions especially in the international market, EOR services are the perfect solution. It will not only ease the hiring process for you but will also save you time that would otherwise be spent in understanding the work environment of the target location for expansion and local labor laws. You will get free from the burden of setting up a legal entity in a new country, thereby making the expansion quick and cost-effective. **Outsourcing payroll** to an EOR further ensures you maintain focus on your core business while they handle the complexities of hiring and employment management for you.

</td></tr>
<tr><td>CTA</td><td>Title : Make international hiring in no time with our simplified solutions!</td></tr>
</table>

	Subtitle : Partner with Galaxy - the leading HR Excellence and Business Advisory Services in Asia Pacific with 30+ years of experience! Button : Contact Us Today!
Meta Description	Discover what an Employer of Record (EOR) is all about. Read our complete guide on its role, functions and benefits to know how hiring it accelerates your business expansion plans.
FAQ'S	1. How is Employer of record (EOR) different from the HR department of a Company? EOR acts as a legal employer for hirers of the Company in a specified country but the HR department manages employees directly, legal responsibility lies with the Company itself. EOR specializes in international hiring while the HR department focuses on internal processes such as recruitment, payroll, etc. and may lack expertise in foreign legal systems. 2. How is PEO different from EOR? A PEO is a professional employer organization generally outsourced for undertaking the Human Resource responsibility of a Company, a process referred to as co-employment. It does not establish a separate legal entity like an EOR. 3. Why should a Company use an Employer of record instead of setting up its entity in a foreign country? Setting up a legal entity can be time-consuming, costly, and risky for someone who has limited knowledge about the legal and business practices of a country in which business expansion is sought. So hiring EOR services can save you time and money while ensuring compliance with local laws and regulations.
Social media copy:	Thinking of expanding your team globally? Discover an EOR and how it can help you hire internationally hassle-free without setting up a separate legal entity. Read the full article here.