**Advantages of Legal Registration at a Foreign Site**

**July 2013**

For faculty (PIs) engaging in operations (i.e., research, training) at a foreign site on a multi-year basis, the following may be realized by registering as a legally recognized entity in-country.

Registration as a legal entity:

* Makes it possible to legally hire local citizens and doesn't put local citizens at risk for being improperly hired.
* Promotes the value of “doing the right thing” in resource-poor settings.
* Makes it possible to open a business bank account. This may reduce the need to carry large amounts of cash into the country because funds can be wired to a business bank account from the U.S.
* Allows vehicles to be registered in the name of the entity, not the individual.
* Makes it possible for the University of Washington to be the signatory on leased space.
* Facilitates VAT recovery, if there is a mechanism in place in-country to reclaim it.
* Provides an avenue for obtaining work permits.
* Reduces the possibility of significant work disruption and monetary penalties from the local government for failure to be a recognized legal entity.
* Allows UW to enter into vendor contracts for supplies and service of equipment that, in most instances, can lead to better rates and terms.
* Offers a legal framework that could allow for expanded opportunities.

Registration helps avoid a number of adverse consequences:

* By having a business bank account, a bank will not be reporting a PI's name to a governmental ministry as a holder of an account that receives funds from a foreign source, if such a reporting requirement exists.
* Some foreign-based vendors are not willing to take a personal check from a foreign account.
* By having the UW as signer on a lease, the PI may avoid having to pay a substantial security deposit (e.g., one or two years of rent). The PI may also avoid personal liability for any accident or injury that occurs on leased property.
* Being registered reduces liability to the UW by avoiding risks to the University’s reputation for not complying with local business regulations.