**Staffing Options for UW Programs Operating in Foreign Locations**

July 2013

(Click on each staffing option below for more information)

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| --- | --- | --- |
|  | **UW Program is NOT Registered\* at the Foreign Site** | **UW Program IS Registered\* at the Foreign Site** |
| [Sub-contract with a registered local entity in the host country.](#subcontract) | YES | YES |
| [Engage foreign national as an independent contractor.](#contractor) | YES | YES |
| [Contract with an in-country HR vendor (e.g., like “Account Temps” in US) to provide staff.](#HRvendor) | POTENTIAL OPTION1 | POTENTIAL OPTION1 |
| [Hire foreign national directly.](#directhire) | DISCUSS THIS OPTION WITH UW INTERNATIONAL HR SPECIALIST  | YES |
| [Employ foreign national as a UW employee.](#UWemployee) | NO | YES |

\*See the section, Establishing a Legal Presence Abroad, for more information.

1 This option may or may not be available depending on the laws of the particular country where the activity will take place.

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| **Staffing Option for UW Program That Has Appropriate Legal Presence in Host Country** | **Foreign National’s Employer** | **How Foreign National is Paid** | **How Host Country Income & Employment Taxes Are Paid** | **Advantages of This Option** | **Disadvantages of This Option** |
| --- | --- | --- | --- | --- | --- |
| 1. Sub-contract with a registered local entity in the host country. | Sub-contractor is the employer of foreign national staff. Examples of a registered local entity could include a university or non-governmental organization (e.g., NGO). | Sub-contractor is paid by wire from UW AP. | Sub-contractor pays income & employment taxes for any staff on the sub-contract. | From UW employment perspective, this is often the least risky method to accomplish program objectives in a host country, if sub-contracting is feasible.Doesn’t require UW program to be legally registered.Doesn’t require HR expertise on part of UW program in host country.Sub-contractor is responsible for income and employment taxes.If a sub-contract is possible, UW program gets benefit of local expertise and native language speakers. | Scope of work may not be appropriate for sub-contracting.If sub-contracting is feasible, it may not be possible to identify an entity that can do the work.Additional cost of sub-contract.UW program gives up an element of direct control in accomplishing its objectives. |
| 2. Engage foreign national as an independent contractor. | As an independent contractor, foreign national is self-employed. | Two options:1. UW AP pays through check or wire transfer.2. UW program pays through a field advance maintained at a bank in the host country.  | Responsibility for who pays the income and employment taxes depends on host country law. Research is needed to determine if the individual or the UW is responsible. | Widely used method for hiring expertise that is needed to achieve program objectives.Relatively easy way to accomplish specific program objectives, if the scope of work is appropriate.If UW AP makes payments, UW program doesn’t have responsibility of paying foreign national.UW program has total control of contracting process and timeline. | UW program can’t use this method in place of regular employment.Potential for violation of host country employment laws if independent contractor is functions as staff. (Most countries adhere to the same distinctions between “employee” and “independent contractor” as does the US).There may be an additional consultation fee with an in-country legal resource regarding the UW program’s responsibility for withholding and paying over income & employment taxes. |
| 3. Contract with an in-country HR vendor (e.g., “Account Temps” in US) to provide staff. | Host country HR vendor is employer of foreign national staff. | Host country HR vendor is paid by UW wire or check.HR vendor pays its employees. | HR vendor pays income and employment taxes of its employees. | This method facilitates rapid staffing of a new program.Doesn’t require HR expertise on part of UW program.HR vendor pays income and employment taxes.HR vendor has responsibility for being in compliance with employment laws. | Country laws may prohibit this staffing method.HR vendor is an additional administrative and contractual layer that must be managed.Additional cost of HR vendor’s services.May not be possible to identify a HR vendor to work with in host country or HR vendor may not be able to provide level of needed expertise.If program has goal of building capacity in host country, this method may not be appropriate. |
| 4. Hire foreign national directly in-country.**NOTE: Hiring directly without being registered as a legal entity in the country is a high-risk approach to staffing an overseas project.** | Foreign national is employee of the UW legally registered program. | Paid through field advance issued by UW.(Foreign nationals hired as UW employees are paid through UW payroll.) | UW registered program is responsible for withholding and paying over host country income and employment taxes.Alternatively, the UW program operating in-country can hire an external payroll vendor to manage the payroll for the UW registered program. | UW registered program has total control of the hiring process and timeline.Foreign national/UW employee helps bond the foreign-based program with the UW.Hiring local citizens may advance program goals such as building a sustainable administrative infrastructure in the host country. | If the UW program is not in compliance with host country employment and tax laws, it may be subject to fines and penalties.It can be complicated to correctly administer a human resources program and to remit the right amount of deductions in a foreign country. Cost of host country legal counsel must be factored into budget.  |
| 5. Employ foreign national as a UW employee. | University of Washington | UW Payroll pays employee by wire or check. | UW department must work with UW Payroll and UW Tax Office to withhold and pay over host country income and employment taxes. | Provides benefit of being a UW employee which may be desirable to host country foreign nationals.Foreign national/UW employee helps bind the foreign-based program with the UW.Hiring local citizens may advance program goals such as building a sustainable administrative infrastructure in the host country. | Host country consultation is required to understand the employment and tax laws.Generally, this is not a feasible option for a short-term program.Mandatory benefits package for UW employees may have limited applicability for citizens of a foreign country.Host country employment laws may dictate a level of benefits beyond what the UW program is able to pay.Employee may be subject to multiple sets of employment laws: those of the host country and the UW. |