

# Global Expansion Checklist

Expanding a business internationally means having to keep in mind a myriad of different aspects. Use our checklist to make sure you don't forget anything important.



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## 1. Developing a global expansion strategy

Challenge	Action items
<b>Expansion strategy</b>  In the beginning of the venture, it is crucial to develop a strategy which clarifies aims and objectives and defines how operations will be run in the new market. That is to say whether you will use local freelancers, hire full-time employees via an Employer of Record (EOR) or set up a foreign legal entity.	<ul style="list-style-type: none"><li>✓ Assess already existing knowledge about the new target market.</li><li>✓ Define the business activities you will engage in.</li><li>✓ Evaluate your commitment to the new market: Will it be a long-term market engagement or will it rather be a short-term project?</li><li>✓ Check if you need to create a local legal entity.</li><li>✓ If a local entity is needed: Establish guidelines for which competencies remain with the headquarters and how much autonomy will be given to the local entity.</li><li>✓ Decide which expansion-related business functions will be managed in-house and which ones will be outsourced.</li><li>✓ Decide whether to work with local freelancers or full-time employees.</li><li>✓ Decide on the number of full-time employees you want to hire (if any).</li></ul>

## 2. Establishing a global expansion team

Challenge	Action items
<b>Expansion team</b>  International expansion requires a whole team of experienced executives and reliable local partners who can offer advice whenever needed. Building a strong team is the next crucial step to make global expansion a reality.	<ul style="list-style-type: none"><li>✓ Check if and how many members of your current team have experience with international business expansion and could potentially supervise the project.</li><li>✓ Decide whether to deploy some executives from the headquarters to prepare the launch of the new market or whether to use interim executives.</li><li>✓ Prepare for recruiting a permanent local leadership team.</li><li>✓ Start building your global network of legal, finance and employment experts.</li></ul>

### 3. Checking legal requirements to ensure global compliance

Challenge	Action items
<b>Local employment laws</b> If you decide to hire your own full-time employees in the new market, you will need to be familiar with the local rules and regulations that govern employment relationships.	<ul style="list-style-type: none"><li>✓ Check requirements for employment contracts, mandatory employee benefits, regulations on working hours, minimum wage and workplace safety as well as the required termination procedures.</li><li>✓ Check collective bargaining agreements that may apply to the industry your business operates in.</li><li>✓ Consider hiring local employees via an Employer of Record.</li></ul>
<b>Employee misclassification</b> Misclassifying contractors as employees can result in hefty fines for your business. If you intend to work with local freelancers and contractors, you should make sure you understand the rules that govern employee classification.	<ul style="list-style-type: none"><li>✓ Check which categories of workers are acknowledged in the jurisdiction you are expanding to.</li><li>✓ Compile a list of relevant criteria that need to be fulfilled in order to classify workers as independent contractors.</li><li>✓ Establish a plan to regularly assess your local contractors' situation and the contractual arrangements you have established with them.</li></ul>
<b>Insurances and licenses</b> Foreign jurisdictions may require companies to take out special business insurances or acquire a local operating licence.	<ul style="list-style-type: none"><li>✓ Check which insurances are mandatory for businesses in your industry.</li><li>✓ Confirm if there are special licenses businesses need to acquire before they are officially allowed to operate.</li><li>✓ Check the necessity of registering your company's trademarks in the new geography.</li><li>✓ Research the intellectual property rules applying in the new jurisdiction.</li></ul>
<b>Data privacy and protection</b> Operating in several jurisdictions means having to comply with different regulations on data protection and security. Special care needs to be taken with regard to transferring data between different entities.	<ul style="list-style-type: none"><li>✓ Assess which employee and customer-related data will be collected in each jurisdiction and if and how it will be transferred between entities and jurisdictions.</li><li>✓ Check local requirements for notifying employees and customers about how their data is stored.</li><li>✓ Check if your data protection levels are sufficient - both in terms of storage and transfer.</li><li>✓ Consider data security when choosing external service providers.</li></ul>

Challenge	Action items
<p><b>Immigration and visa</b></p> <p>Under certain circumstances, you may want to relocate team members to a different entity - e.g. when sending executives abroad to supervise the launch of a new market. In this case, it is crucial to review visa requirements and immigration laws beforehand.</p>	<ul style="list-style-type: none"> <li>✓ Assess the worker's individual situation, including the intended length of stay, their position and the tasks they will carry out while staying abroad.</li> <li>✓ Check visa and work permit requirements.</li> <li>✓ Select the permit and visa option that is suitable for your employee.</li> <li>✓ Check if they need to be registered with local authorities for tax and social security purposes.</li> </ul>
<p><b>Legal entity types</b></p> <p>There are several legal entity types to choose from when expanding into new markets. The main types are: local branch, representative office and subsidiary. Each of them comes with different tax implications and limitations with regard to local operations.</p>	<ul style="list-style-type: none"> <li>✓ Research local entity types, their operational functionality and their financial requirements.</li> <li>✓ Decide which entity type suits your business needs and objectives.</li> <li>✓ Check the timeline for entity set-up and adjust your expansion roadmap accordingly.</li> </ul>

## 4. Meeting taxation and finance requirements

Challenge	Action items
<p><b>Corporate taxation</b></p> <p>Different local entity types come with different corporate tax implications. And even if you don't set up a foreign legal entity, conducting business abroad may expose your company to permanent establishment risk.</p>	<ul style="list-style-type: none"> <li>✓ Check the tax implications linked to the legal entity form you have chosen (if any).</li> <li>✓ Reach out to local experts to discuss how you can mitigate permanent establishment risk.</li> <li>✓ Establish a tax calendar for each country which includes important dates and deadlines for corporate tax filing and reporting.</li> </ul>
<p><b>Payroll taxes and social security</b></p> <p>In most countries, employers are responsible for withholding their employees' income tax and making social security contributions on their behalf. Miscalculations or missed deadlines for filing may result in fines.</p>	<ul style="list-style-type: none"> <li>✓ Consider outsourcing payroll processing to a local payroll service provider.</li> <li>✓ If you decide to run global payroll in-house: Get your payroll team to familiarize themselves with local tax rules and regulations and establish tax and compliance calendars for each jurisdiction.</li> <li>✓ Register your employees with the relevant social security bodies.</li> <li>✓ Build a network of local tax and accounting experts.</li> </ul>



Challenge	Action items
<p><b>Global payments</b></p> <p>Conducting business transactions and employing employees in different countries around the globe requires a financial infrastructure which allows you to efficiently issue local and global payments.</p>	<ul style="list-style-type: none"> <li>✓ Check the need to set up a local bank account.</li> <li>✓ Check if a local payroll provider is allowed to pay employees on your behalf.</li> <li>✓ Find a way to avoid costly cross-border payments.</li> </ul>

## 5. Ensuring organizational readiness

Challenge	Action items
<p><b>Benefits management</b></p> <p>Multinational organizations with a global team need to develop a global benefits strategy which determines how employee benefits are administered across the different geographies.</p>	<ul style="list-style-type: none"> <li>✓ Develop a global strategy for employee benefits administration.</li> <li>✓ Consult local experts or hire via an EOR provider to ensure the benefits package you offer in each jurisdiction is compliant and competitive.</li> <li>✓ Think about employee perks you can offer to your globally distributed team to create a common ground.</li> </ul>
<p><b>Payroll management</b></p> <p>Processing payroll in multiple countries requires businesses to develop a way to efficiently manage and consolidate their global payroll data to increase transparency and process efficiency.</p>	<ul style="list-style-type: none"> <li>✓ Consider outsourcing payroll processing to in-country partners.</li> <li>✓ Invest in a global payroll solution to consolidate data and payroll providers in one platform.</li> </ul>
<p><b>Global team management</b></p> <p>Managing a globally distributed team is not only a big challenge for your legal and finance teams but also for your HR department as recruitment, hiring and onboarding processes need to be adapted. Communication and collaboration processes also have to be redesigned.</p>	<ul style="list-style-type: none"> <li>✓ Prepare your HR team to conduct remote job interviews.</li> <li>✓ Increase cultural awareness by encouraging conversations and by offering special training.</li> <li>✓ Develop an onboarding process that is suited to remote employees based in different countries.</li> <li>✓ Compile an onboarding checklist for new hires and enable remote access to necessary onboarding documents.</li> <li>✓ Adapt your company policies and procedures to embrace having a global team.</li> <li>✓ Invest in asynchronous communication tools to enable collaboration across geographies and time zones.</li> </ul>



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