



How to Choose a Global Payroll Service Provider

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How to choose a global payroll service provider

Choosing a global payroll service provider is critical for any business looking to expand globally, allowing you to enjoy the benefits of having a payroll partner and minimize compliance risks. However, with so many options available, it can be challenging to find the provider that best fits your needs.

By following the steps below, you can choose a global payroll service provider that meets your specific needs and provides the services and support necessary for a successful global payroll process:



Identify your needs

Decide what type of global payroll services you require and/or prefer.

You have two options:

- Full-service global payroll, which includes all aspects of payroll administration (e.g., calculating and distributing pay, tax compliance, and reporting)
- Partial global payroll, which only covers some aspects of payroll administration (e.g., calculating pay and distributing it to employees, but perhaps not tax compliance or reporting)



Research providers

Compare different providers and their services, making sure to weigh the following factors:

- Company reputation
- Experience
- Compliance procedures
- Data security measures
- Customer service and support
- Pricing and payment model

Make sure that your prospective provider has the necessary international legal and HR expertise. You may also want to consider comparing multiple providers and see which one would be the best fit for you at this time.

Julie Menge,
HR Operations Lead



“It used to take hours to deal with monthly payments for our contractors from over a dozen countries. The manual process was prone to error because of different banking websites and payment processors. Now that hours-long operation takes about 10 min! Above that, many of our contractors now receive better exchange rates.”



Read client testimonials

It is essential to read testimonials and recommendations from other clients, both former and current, to get a sense of the provider's track record and customer satisfaction (Pilot, for example, has a 4.6 out of 5 rating on [G2](#)). This will give you a better idea of the provider's reliability and the quality of their services.



Evaluate the implementation process

Evaluate how easy it is to implement and integrate your prospective provider with your existing HR tools. Ask how long implementation takes, and what steps are required. This will help you determine how smoothly the transition to their services will go should you decide to partner with them.



Try before you buy

If possible, sign up for a trial so you can test what it would be like to use the platform because you'll want one that is intuitive and user-friendly. Schedule a demo and go through the platform with the company representative if no trial is available. Use this time to take down notes and ask questions. For example, what payroll dates and pay schedules are available? If the platform supports paying both international employees and contractors, how do contractor payments work? A session with a company representative will give you a better idea of what to expect and help you make an informed decision.



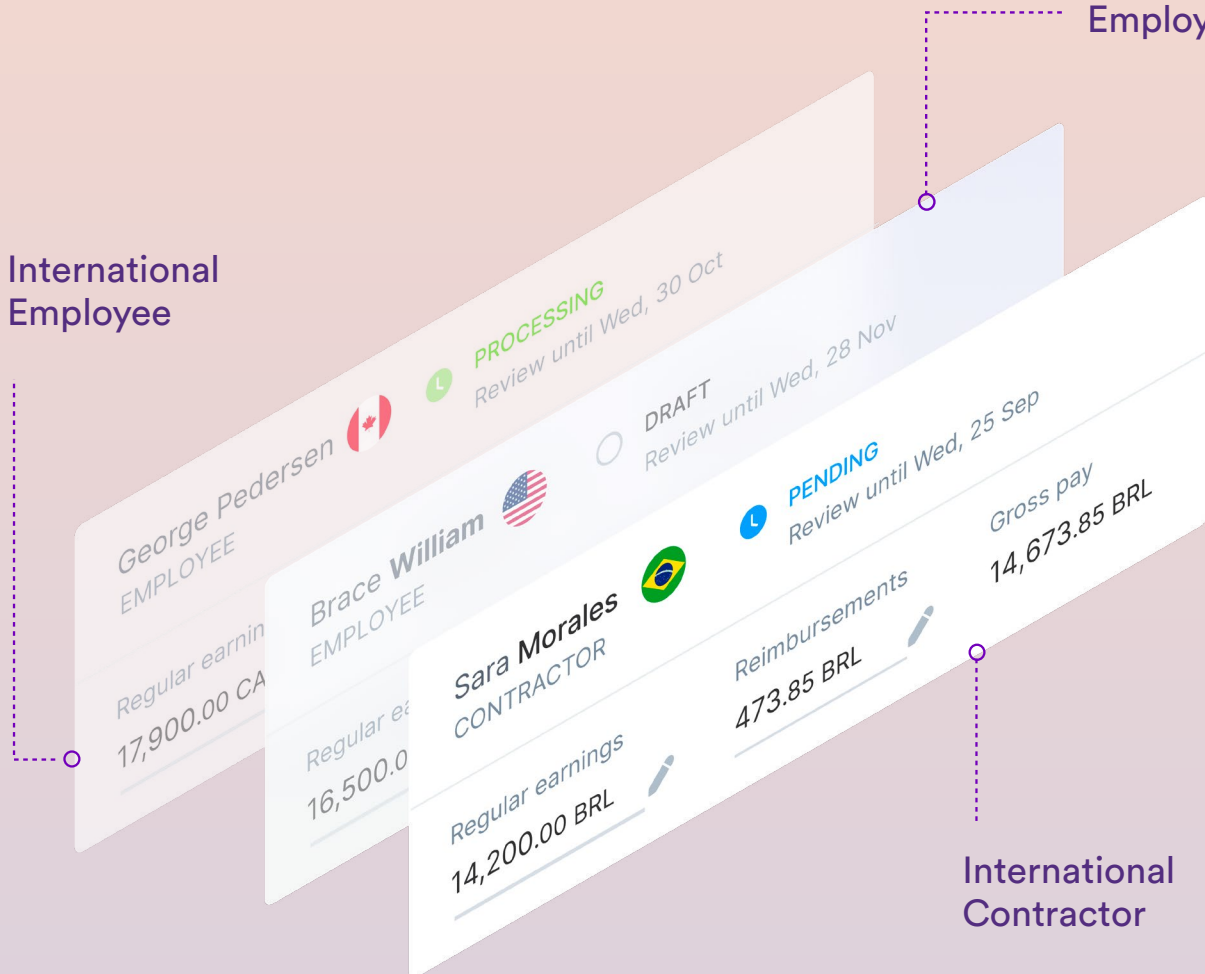
Compare value

When deciding on value, you need to weigh pricing against features. Do you think the services they offer are worth the price you have to pay? A few questions you could ask (more examples in the checklist):

- Does the payroll provider offer Employer of Record (EOR) services?
- Do they offer payroll services for both contractors and employees?
- Can they secure personal information – yours and your workers?
- Do they have expertise in the countries you plan to expand in or hire from?
- What exchange rates do they use?
- What fees do they have (startup, cancellation, etc.)?

International
Employee

W2
Employee





Pay your team members easier and faster - wherever they are in the world.

Pilot's powerful platform offers global payroll services in over 240 countries, including the US.

Get expert advice

How Pilot's powerful platform makes global payroll easy

Challenges	Solutions
Localization complications	 Pilot is familiar with the local laws and regulations governing labor, compensation, and taxation in 240+ countries – helping you comply with important employment regulations and avoid fines.
Data overwhelm	 Pilot can standardize and consolidate payroll and HR data from multiple countries, and for all of your employees and contractors — making data more manageable and easier to use, reducing the risk of errors, and ensuring accurate and timely payroll processing.

Privacy and
security risks

- ✔ **Pilot is compliant with the requirements of GDPR and CCPA.** We take security seriously and are SOC 2 Type II compliant, with multi-layered security processes that ensure the safety of your data and funds.

Payment
requirements

- ✔ **Pilot can handle multiple currencies & payment requirements** in many countries, which:
 - Simplifies the payment process
 - Reduces the risk of missing payroll deadlines
 - Ensures that payments are made in the correct currency

Decreased
productivity

- ✔ **Pilot improves morale and productivity by streamlining your payroll processes**, which allows your human resources teams to spend more time doing the irreplaceable work of supporting your employees.

Increased cost

- ✔ **Working with Pilot is more efficient and cost-effective** than opening a foreign subsidiary, which can cost thousands of dollars and take months to complete.

Payment issues

- ✔ A global payroll partner like Pilot will help ensure **you don't miss payroll deadlines** for your team – wherever they are.

Global Payroll Complete Checklist

How to choose a global payroll service provider

- ☐ Decide what services you really need (more in the next section):
 - ☐ **Full-service global payroll:** includes all aspects of payroll administration, such as calculating and distributing pay, tax compliance, reporting, and other global HR services.
 - ☐ **Partial global payroll:** includes some aspects of payroll administration, such as calculating pay and distributing it to employees, but not tax compliance or reporting
- ☐ Research and compare different providers and their services, looking at factors such as reputation, experience, compliance procedures, data security measures, customer service and support, and pricing and payment model.
- ☐ Make sure that your prospective provider has the necessary licenses and certifications.
- ☐ Read testimonials and recommendations from other businesses and industry experts.
- ☐ Read testimonials and recommendations from other clients – former and current.

☐ Ask about the provider's implementation process and evaluate how easy it is to implement and integrate them with your existing HR tools.

☐ If possible, schedule a demo or sign up for a trial. This will help you conduct further checks to determine if this is a provider you want to work with (e.g., Is your prospective provider offering a user-friendly experience?).

☐ Decide on value by weighing pricing against features.

☐ Consider submitting a request for proposals (RFP).

☐ Take your time during the sales process; ask a lot of questions, and don't sign until you're satisfied you have all the answers.

Important global payroll services and features:

☐ Does the payroll provider offer [Employer of Record \(EOR\) services](#)?

☐ Do they offer payroll services for both contractors and employees?

☐ Can they secure personal information – yours and your workers?

☐ Do they have expertise in the countries you plan to expand in or hire from?

☐ Do they have excellent customer service?

☐ Do they offer relevant resources, such as customized employment contracts?

☐ Can they manage payments for workers worldwide?

☐ Do they have customizable reporting features?

☐ Can they scale with your business?

☐ Do they have flexible global payment methods?

Frequently asked questions about global payroll services

Do you have more questions about international payroll? Take a look at the most common ones below:

Why is it important to be 100% in local compliance?

Compliance is important because you'll want to make sure that you're treating your workers legally. In addition, failing to comply with local laws and regulations can result in financial penalties and harm your reputation. These, in turn, make it harder for companies to build the necessary local partnerships or attract local talent.

Can companies use one provider to pay their international and local workers?

Yes, you can work with one provider to pay your international and local workers, which will streamline your processes. However, it's essential that you engage with a prospective partner before you sign on the dotted line. Check client testimonials and ask your questions. Make sure they are the right fit for you.

How do you pay workers in multiple countries?

There are many ways you can pay international workers, and it can be easy if you're working with the right tools. You could employ [international-friendly payment solutions](#). Alternatively, you could partner with an [employer of record \(EOR\)](#).

How much should you pay foreign employees?

Companies often employ one of two methods when creating a [global compensation strategy](#). You could either benchmark local salaries (see below) or look at the salary expectations for the role. Here at Pilot, we use a hybrid approach – one that marries the benefits of both.

In addition to looking at relevant market rates, you also need to check your prospective worker's classification. For example, if they're an employee, they are likely entitled to paid leave, bonuses, commissions, and the like based on local labor laws.

How can you benchmark local salaries?

Now that we live in a globalized world, and especially after the pandemic, many companies and workers are no longer bound to the office in a specific location. Companies are free to tap international talent. Work can be done from anywhere in the world. What does this mean for benchmarking?

In the past, companies would benchmark local salaries and make an offer based on factors such as the cost of living and salary expectations in a given location. However, greater mobility has blurred the lines. Let's say you're headquartered in Texas and hired someone based in New York. They're working remotely and don't need to come to the office. Everything is fine. However, they've now decided to move back to Brazil. What's your compensation strategy?

Do you adjust pay (i.e., lower their salary) because the [cost of living in Brazil](#) is lower than in New York? Or do you change how you benchmark salaries performed for remote jobs?

We at Pilot believe that while benchmarking local salaries is important, it's only one side of the coin. As co-founder [Staszek Kolarzowski](#) said, "If someone wants to move to a different country, you really don't want to decrease their salary... It's the same person. Just because they move, you want to pay them half as much? That's a very hard conversation."

For more information on how we do global compensation at Pilot, read our post on [location-based salaries](#).

Which employment laws apply to foreign workers in other countries?

Employment laws govern minimum wage, working hours, overtime, leave and vacation entitlements, health and safety, and discrimination and harassment. Which of these

specific laws apply to remote workers depend on their:

- Tax residency
- Legal residency and/or citizenship
- Current location (and the laws governing this location)
- Worker status
- Company (and where the company is registered)

Employees based in their home country are generally entitled to the benefits and protections enshrined in their local laws. Foreign workers holding the same status (i.e., both local and foreign workers are classified as employees) generally have the same rights. However, things get a bit murky when we start talking about digital nomads who are a legal resident of one country, a tax resident of another – all while working for a company based in a third country.

To determine which laws apply in different cases, you'll need advice from someone with legal expertise. Pilot's team of HR and legal experts can help advise you on tricky international employment questions.

Why not just use contractors?

Working with contractors when you're rapidly expanding is an option. However, some countries put a legal time limit on how long you can hire someone temporarily (e.g., [German labor laws](#)). So, while you can work with contractors temporarily, this won't always be viable if you're hoping to build a stable presence in a specific country eventually.

What taxes do you need to pay international employees?

[Remote work taxes](#) are complicated. To stay compliant, you'll need to work with experts on local taxes. [Schedule a personalized 1:1 Q&A session](#) and ask us all your questions on remote work taxes and global payroll.