1. **Strategic Fit**
   GT has recently made the investment in tax and immigration reviews for projects in Costa Rica, India, Panama and the UAE. All of these programs have significant outside support and funding. Is this global opportunity part of a larger project that has been vetted with GT senior administration? Further details can be found at [http://global.gatech.edu/facultyresources/](http://global.gatech.edu/facultyresources/).

2. **International Compliance**
   Although Georgia Tech is considered a non-profit, tax-exempt entity in the United States, many foreign governments may not recognize this status.

   Individual countries have specific laws governing outside educational institutions doing business within their borders. Georgia Tech will work to be compliant with those laws. For instance, every country has its own set of rules for creating a Permanent Establishment (PE) in that country. For several reasons, GT does not want to create a PE in foreign countries. Some simple ways of avoiding creation of a permanent establishment are:
   - Do not rent or lease office space.
   - Do not open a bank account.
   - Do not sign any contracts in the foreign country.
   - When possible, make payments from inside the U.S.
   - Limit days spent in the foreign locale.

3. **Immigration & Labor Laws of the Host Country**
   Is the employee a citizen or permanent resident of the second country and/or eligible for employment per the Host Country’s immigration laws? Unlike the US, most countries around the globe are not employment at will environments and employment contracts are required. What are those requirements in the Host Country? How quickly is the employment contract required?

4. **Tax Compliance**
   This issue is a major hurdle for employing an individual to perform services for GT in a foreign country. The issue has to be examined from the perspective of the US tax system and the Host Country where the work is being done.

   **US:** If the candidate is a US citizen, permanent resident, or resident for tax purposes, then his/her worldwide income is taxable in the US. This is inclusive of income taxes and employment taxes (FICA). GT may be able to file a Certificate of Coverage with the Social Security Administration to avoid double taxation. GT will withhold appropriate US taxes. If the employee is a nonresident for the US for tax purposes, will all of the services be provided outside the US or will there be time spent within the US? If any of the service will be performed in the U.S., IRS tax withholding may be required.

   **Host Country:** This is a large and expensive question mark. The hiring department will be required to consult with PricewaterhouseCoopers (PwC) to determine the taxability of the US-based income for services provided in the Host Country. It is true in most countries that within 30 days the employer and employee are subject to full income, employment, and social taxes. GT recently learned that in Costa Rica the tax liability begins on the first day and the tax burden is 47% of gross, plus the employee must be paid a 13th month of salary each year. Like the US, many countries will need to determine if the employee is a resident or nonresident for tax purposes.
Issues to Consider—Global Program Development

5. Payroll services
GT’s payroll office does not have the expertise or resources necessary to correctly withhold and pay Host Country taxes. An additional cost with PwC will be a referral to a payroll services company in the Host Country and the department will have to pay for those services. This cost will be in addition to the costs for #2 above.

6. Benefits
GT’s current benefits package is geared to the 5,000 employees in the U.S. The Preferred Provider Organization (PPO) options for medical coverage do offer worldwide coverage. The Health Maintenance Organization (HMO) medical plans do not provide coverage outside the U.S. The long-term disability coverage at Georgia Tech does offer emergency medical evacuation coverage.

Most countries in the world have national health care systems paid for through mandatory employer fees. PwC will also have to be consulted on the mandatory and optional benefits available in the Host Country.

7. Export Control, Intellectual Property
The GT overseas employee must complete export control and intellectual property questionnaires and submit them to GT’s Legal Affairs and/or Georgia Tech Research Corporation. GT may also have to complete a visual compliance review. Further details can be found at www.export.gatech.edu and www.industry.gatech.edu.

8. Employment status in Host Country
Does GT know what the employee’s employment status is in the Host Country? Will the GT employee also be employed by others in the Host Country? If so, does that employer allow moon lighting on the employer’s own time? What are the Host Country’s laws and regulations regarding access to and research with the Internet?

Summary:
There are a multitude of questions that must be answered in establishing a site outside the U.S. The cost to the GT department of finding answers will be significant in the legal areas of immigration, taxation, and benefits and the administrative area of payroll. Before moving forward, the department will need to review the proposal with GT Global leadership and receive GT Global’s permission to approach PricewaterhouseCoopers. Anticipate an initial consulting cost of $2,000 - $5,000 with additional costs if the decision is made to move forward.

This document prepared by:

Douglas F. Podoll, Ph.D. GPHR
Director, Global HR
dougpodoll@gatech.edu or 404-894-2007