

HARVARD
GLOBAL SUPPORT SERVICES



International Employment Reference Guide

Contents

Three Things to Know about Hiring Abroad	2
Harvard Payroll Limitations	2
How This Guide Can Help	2
Criteria for International Hires	3
Six Options for International Hires	4-8
Next Steps Once an Option Is Identified	9-13
Appendix A: International HR Terms	14-15
Appendix B: Quick Guide to International Hiring	16
Appendix C: Sample Hiring Intake Form	17-18
Appendix D: Sample Onboarding Letter to PEO Hire	19
Appendix E: Sample Monthly PEO Invoice	20

Three Things to Know about Hiring Abroad

- 1 Hiring staff abroad is a very common need—whether to assist with research projects, manage an office, or provide short-term work—and there are several hiring options to support such activities.
- 2 The global employment environment is complex, and each case is unique. Visa requirements, work authorization, employment laws, tax regulations, and employee benefits vary by country, and they can change with little notice, if any.
- 3 We need to be cognizant of each country’s regulations and practices to responsibly and fairly engage staff and balance the financial, legal, and reputational risks for the University and for those who work with us.



Did you know?

An individual and an employer are subject to foreign tax requirements if the work occurs for an extended length of time—typically six months in aggregate, defined as 183 days or more, within 12 months.

Harvard Payroll Limitations

Harvard University does not have the ability to employ staff in most countries abroad, and the University’s systems are not capable of processing multi-currency payrolls or complying with country-specific tax regulations.

Per the [Harvard Payroll Policy](#) on the Provost’s website, the University’s payroll is limited to employees based in Massachusetts (and in selected other states) for the majority of the year. While the policy allows an employee to work up to six months per year outside of the U.S. and remain on the University payroll, this doesn’t mean it’s compliant in all cases in all countries.

How This Guide Can Help

The University has vetted several overseas employment options for the Harvard community. This guide is designed to help you understand the overseas employment landscape, which factors to consider when hiring for an overseas project, and how to proceed with each employment option once you identify which option(s) could work for projects undertaken by your School or unit.

Additional Guidance

It’s important for departments and centers to work closely with their School- or unit-specific HR department, academic affairs, or sponsored programs office for their overseas hiring decisions.

Our office, Global Support Services (GSS), will work with you to consider the relevant country’s regulations, the needs of the program, and the employment costs to determine which option could be a good fit. We also liaise with other departments as needed, including the Office of General Council (OGC) and Office for Sponsored Programs (OSP).

Criteria for International Hires

An overseas hire meets **any** of the following criteria:

- A current employee on the Harvard payroll working overseas for more than six months or 183 days in aggregate in a 12-month span
- A current employee on the Harvard payroll working the majority of time overseas if employed for less than six months
- A U.S. citizen who will live and work in a foreign country (see “Expatriate” below)
- A non-U.S. citizen who will work in their home country (see “Local National” below)
- An non-U.S. citizen who will work in a country that is not their country of citizenship (see “Third-Country National” below)

If you checked one of the boxes, you’ll need to explore overseas hiring options. None of them can be paid on the Harvard payroll.



A Word of Caution

As labor laws become more stringent across the globe, some countries may necessitate a local employer for Harvard employees working in countries for less than six months.

If you have an overseas hire that doesn’t meet one of the employee types listed at left, contact your International Program Consultant in GSS for assistance.

Definitions and Examples

Current employee spending majority of time abroad: An individual hired in the U.S. on the Harvard payroll who, foreseen or not, travels to and spends more than half of their time working in a country other than the U.S.

Example: A Harvard faculty member takes multiple long-term trips to Malawi to work on a Harvard program and ends up spending 210 days in Malawi and 155 days in the U.S.

Expatriate (also, “expat”): An individual living in a country other than his or her country of citizenship. In Harvard terms, this strictly refers to U.S. citizens or permanent residents working for the University in a foreign country.

Example: A Harvard department seeks to hire a U.S. citizen living and working in the U.K. for a two-year project.

Local National (also, “host country national,” “local hire,” “local”): A citizen or permanent resident in the country in which the job is based. **Example:** A Harvard program seeks to hire a resident of Nigeria as a research assistant for a field study in the Nigerian capital of Abuja. As a resident of Nigeria, this person will mostly likely have a tax identification number registered with the government (similar to a U.S. social security number) and will already have authorization to work in Nigeria.

Third-Country National (also, “TCN”): An individual working in a country that is neither his or her country of citizenship nor the country in which his or her employer operates (in Harvard terms, this is the U.S.). For these employees, the laws and treaties of three countries must be considered to determine the relevant labor laws and tax regulations—the person’s home country, the country in which the person is working, and the country in which the employer is based. **Example:** A Harvard School wants to hire a Venezuelan national to work in India for a one-year program.

Six Options for International Hires

The following options are based on University policy and guided by country laws. The selected potential option must be approved by the School- or unit-specific HR department or Faculty Affairs office, and often in conjunction with GSS.

- 1 Partner with an established organization in the host country.
- 2 Hire via Harvard Global Research and Support Services, Inc.
- 3 Leverage an existing Harvard entity.
- 4 Contract with a professional employer organization (PEO).
- 5 Remain on, or join, the Harvard payroll with frequent travel.
- 6 Engage as an independent contractor (IC).

Option 1: Partner with an established organization in the host country

A local partner can be an in-country university or non-governmental organization (NGO), among others. In this arrangement, the staff are employees of the local organization, and the administrative requirements associated with their employment are the responsibility of the local organization.

Considering this option early can make it easier to fold staff into services provided by existing subcontractors or local service providers, and correctly set expectations for the employees. Working with a local partner to employ local nationals—and in some cases U.S. expats or TCNs—can be significantly simpler than hiring staff directly and less expensive than other options.

This option works best when planned through a local partner involved in the project or for projects already familiar with a local partner. One challenge is that the local partner may not be able to sponsor visas for expats or TCNs, so only local nationals may be hired.

Example: A Harvard PI is working on a two-year project with a local university in Denmark and needs to hire four local nationals as research assistants. In this arrangement, the project staff in Denmark are employees of the Danish university, not of Harvard. The administrative requirements associated with their employment are the responsibility of the Danish university.

Budget considerations:

- Salary
- Employer-owed taxes
- Employer-sponsored benefits or allowances (e.g. health insurance, housing)
- Partner's monthly administrative fee (e.g. five to 10 percent of total compensation)
- Visa sponsorship fees, if necessary

Pros

- + Fast implementation relative to other options
- + Potential for office space
- + Partner responsible for tax and labor law compliance
- + Limited risk for Harvard
- + Partner administrative fee is typically less than other options

Cons

- Visa sponsorship may not be available
- No Harvard University affiliation
- Little or no control over benefits
- Potential for conflicts of interest

>> **Next steps:** Skip to page 9.

Option 2: Hire via Harvard Global Research and Support Services, Inc.

Harvard Global Research and Support Services, Inc., also known as Harvard Global or HG, is a Harvard-affiliated non-profit legal entity that provides international office administration and employment and payroll services. HG can provide long-term (minimum six months) employment services in the following scenarios:



1. Tier I: In a country where HG is **not** legally established, their ability to employ and pay staff depends on the funding sources for the project and the country's relationship with the U.S. For example, they may be able to hire U.S. expats and TCNs paid from federally funded projects if a bilateral agreement* allowing employment exists between the governments of the host country and the U.S. In these scenarios, HG cannot sponsor work permits, so the program must source a local partner for sponsorship.
2. Tier II: In a country where HG or an HG affiliate is legally established or has jurisdiction to operate via a memorandum of understanding (MOU), they can likely add staff to their payroll. Staff can include U.S. expats, TCNs, and local nationals. In certain scenarios, they may be able to provide visa sponsorships.

If a program will span several years and need office or lab space in addition to employment and payroll services, it may be suitable for HG to register and provide both services. See their website, harvardglobal.org, for a list of ongoing operations and operations in development.

Example 1: A Harvard School seeks to hire two U.S. expatriates in Vietnam for a two-year federally-funded research project. Although HG is not registered in Vietnam, they can employ the expats at the Tier I rate because of a bilateral agreement allowing employment between the U.S. and Vietnam.

Example 2: HG is registered as a legal entity in South Africa and operates an office of behalf of an FAS department. Another department at Harvard seeks to hire 10 local nationals as program assistants for a study abroad program in South Africa. HG can employ the assistants at the Tier II rate.

**An Economic and Technical Cooperation Bilateral Agreement between the U.S. and another country is a contract between two sovereign states allowing for the support of economic development in each country. Typically these agreements include the support of hiring expat workers and can provide relief on some local income tax regulations.*

Budget considerations:

- Salary
- Employer-owned taxes
- Employer-sponsored benefits or allowances (e.g. health insurance, housing)
- HG monthly service fee:
Tier I: \$200 per month, per employee;
Tier II: \$650 per month, per employee
- Visa sponsorship fees, if necessary

Pros

- + Harvard University affiliation
- + Harvard University identification number (HUID)
- + Comparable benefits package
- + Access to Harvard systems (online libraries, shared drives, etc.)
- + HG email address and business cards

Cons

- Availability limited
- Long lead times
- Visa sponsorship limited
- Administrative fee higher than some options
- Office space incurs additional administrative fee

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Option 3: Leverage an existing Harvard entity

In countries where there's an existing Harvard-affiliated office, that office may be able to employ project staff. In some cases, they also may be able to provide office space.

The suitability of this option depends on the specific job duties, the way in which the office was originally formed (for example, some offices have a scope that is legally limited to particular types of work), and the ability of the department that runs the affiliated office to absorb additional employees on their payroll. Because employees become the responsibility of the local office, some offices are unable to accept employees not directly tied to the core purpose of the office. The entity may not be able to sponsor visas, so the program and employee would be responsible for obtaining visa sponsorship.

Example: A researcher is working in India for two years. Because Harvard has multiple affiliated offices in India, it may be possible to add the researcher to an existing India office payroll. There are many exceptions to this process, so it's critical that GSS and HR are involved.

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Budget considerations:

- Salary
- Employer-owned taxes
- Employer-sponsored benefits or allowances (e.g. health insurance, housing)
- Entity's monthly administrative fee (e.g. up to 25 percent of total compensation)
- Visa sponsorship fees, if necessary

Pros

- + Harvard University affiliation
- + Potential for office space
- + Potential for access to Harvard systems (online libraries, shared drives, etc.)
- + Low administrative fee (no mark-up)

Cons

- Availability limited
- Benefits vary by entity
- Office space not guaranteed
- Visa sponsorship limited

Option 4: Contract with a professional employer organization (PEO)

A PEO provides employment and payroll services, similar to a temporary staffing agency. This is an option when a small number of employees are needed in a specific location for a limited period of time.

In this model, the individuals would be employed by the PEO and assigned to the program. The PEO is responsible for all employment law, tax, and reporting requirements. However, because Harvard may share liability if the PEO fails to comply with the law, such relationships must be monitored closely. GSS manages the University's relationship with several global PEO firms and can guide you through this option.

Example: A Harvard PI seeks to engage four local nationals to assist with a one-year project in Sri Lanka. Because this is a longer term engagement and the employees are local to the country where the work occurs, a PEO can manage the payroll and local tax needs of the four local researchers.

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Budget considerations:

- Salary
- Employer-owned taxes
- Employer-sponsored benefits or allowances (e.g. health insurance, housing)
- PEO monthly service fee (e.g. 18-25 percent of compensation or a minimum of \$800-\$1,500 per employee)
- PEO one-time onboarding fee (e.g. \$300-\$1,000 per employee)
- Visa sponsorship fees, if necessary

Pros

- + Widely available
- + PEO responsible for tax and labor law compliance
- + Limited risk for Harvard
- + Potential to source office space

Cons

- High administrative costs
- No Harvard University affiliation
- Little or no control over benefits

Option 5: Remain on, or join, Harvard payroll with frequent travel

If full-time in-country staffing is not needed, then frequent travel by U.S.-based staff may be a good solution that avoids many of the complications of employing someone based in the foreign location. This is only an option if the employee is a resident of Massachusetts for more than six months per year.

Combining this option with another option can also be a good solution. For example, local nationals could be hired through a subcontract with a local partner (option 1) and then the U.S.-based Harvard staff could travel to train the local nationals and provide oversight. As long as employees spend more than six months of the year in the U.S., they will usually be considered based in the U.S. and can be paid via the Harvard payroll.

Example: A research project requires a faculty member to travel to Germany on several occasions totaling three months. Since the faculty member is spending the majority of her time in the U.S., it's reasonable for her to remain on the Harvard payroll. A traveler in Germany becomes a tax resident only after 182 days, which is within the scope of Harvard's payroll policy and is not in violation of Germany's payroll laws.

Budget considerations:

- Salary
- Employer-owned taxes
- Employer-sponsored benefits (e.g. health insurance)
- Travel expenses (e.g. flights, lodging, visa and passport fees, immunizations, per diems, etc.)

Pros

- + Avoids foreign employment complications
- + Full Harvard University affiliations, benefits, and access

Cons

- Can be difficult to accurately predict travel within the tax threshold
- Travel expenses can add up
- Visa and work authorization requirements can be costly and time consuming
- Use of office space abroad can trigger permanent establishment and tax liabilities

>> **Next steps:** Skip to page 13.

Option 6: Engage as an independent contractor (IC)

Enlisting the services of an IC can be more straightforward than hiring an employee, but every country has different rules about the distinction between contractors and employees. It's important to work through local HR processes regarding IC classifications.

In most countries, a worker is assumed to be an employee unless he or she qualifies as an IC by meeting certain criteria. The criteria vary, but the following qualities tend to be universally important to an IC determination:

- Duration of assignment
- Percentage of time spent on the Harvard project
- Control over how, when, and where the work is done
- A business of doing similar work for clients other than Harvard and also as a contractor
- Use of own offices or facilities and equipment
- Payment of own business expenses
- Compensation based solely on services rendered (e.g. no vacation pay or employer-sponsored benefits like health insurance)

Some countries may require ICs to register as businesses or collect a service tax or value-added tax (VAT) from their customers (i.e. Harvard). A few countries apply employer-like obligations (e.g. tax withholding) even to those institutions engaging ICs. Contact GSS for more information.

Example: A program is filming a documentary in Egypt and needs to hire a three-person film crew for two weeks. The crew can likely be considered as ICs since they are local nationals, have work authorization, operate an independent business, and are providing very short-term services and a deliverable.



A Word of Caution

In what's becoming a worldwide trend, expect to see more government crackdowns on IC classifications. If an IC is later found to be an employee—which could occur during a dispute with the worker over a termination, for example—Harvard could be liable for triple damages on retroactive payroll taxes, tax withholding, vacation, severance, and penalties. Those costs would typically be borne by the department.

Budget considerations:

- Salary
- Any other costs agreed to in the contract (e.g. travel expenses, visa sponsorship expenses, and allowances that may be grossed up in the salary)
- In rare cases, country-required costs for tax withholding or reporting requirements

Pros

- + Fast implementation relative to other options
- + IC responsible for tax compliance in most cases
- + IC responsible for office/work space
- + IC responsible for obtaining visa sponsorship, if needed

Cons

- No Harvard University affiliation
- Increasing IC restrictions worldwide
- Triple damages for misclassification
- Not a good long-term solution

>> **Next steps:** Skip to page 13.

Next Steps Once an Option Is Identified

This last section outlines the initial step-by-step process for each overseas employment option.

Next Steps Option 1: Partner with an established organization in the host country

Step 1: Program identifies the local partner in the host country.

- The project PI is often instrumental in identifying a local partner and making contact. In some circumstances, GSS can help contact local partners, but the PI initiating the conversation is more effective.
- Not all local partners have the capacity to adhere to Harvard policies, grant requirements, or local country standards. Basic requirements are described in the [subrecipient monitoring policy](#) on the OSP website under "Policies and Guidance."
- OSP should be involved in approving this step.

Note: These steps assume that the program or department has already identified the employee. If the employee is to be determined, it's still valuable to run through these steps to determine the viability of this option so that the position can be properly advertised. The local partner is the employer of record, and the position should be advertised as such.

Step 2: Program contacts the partner organization to conduct due diligence and their capacity to hire.

- Decide if the local partner can meet the necessary legal, financial, and operational requirements.
- Be wary of conceding control of the employee's work to the partner or creating a conflict of interest between the academic work and the employment service.
- Determine if hiring an employee on the partner's payroll is an option.
- If the individual to be hired is a U.S. expat or TCN, the PI or program should discuss the following with the partner:
 - Work authorization
 - Visa sponsorship
 - Expatriate requirements
- Determine the total cost of employment inclusive of the partner's administrative fee and other costs (e.g. fringe expenses, allowances, etc.)
- Consult OSP, GSS, and OGC if issues arise.

Step 3: The program obtains the information needed to add the employee to the local partner's payroll.

- Total compensation (salary, benefits, allowances)
- Length of employment
- Work authorization documents
- Any other employee documentation or requirements, per the partner

Step 4: The program signs a new contract or amends an existing agreement with the local partner.

- Consult with OSP for this step.

Step 5: The program provides all necessary hiring information and documents to the partner to commence hiring and onboarding.

Step 6: The program monitors the relationship closely.

- Once the employee is on the local payroll, all local tax reporting and remittance should be covered by the local partner.
- Keep apprised of changes to local employment laws.
- Review invoices carefully.

Next Steps Option 2: Hire via Harvard Global Research and Support Services, Inc.

Step 1: Visit HG's website, harvardglobal.org, to learn more about their employment service and the eligibility criteria and requirements.

Step 2: The program contacts their International Program Consultant in GSS and provides the information outlined below. GSS works closely with HG and can help determine if HG is a viable option.

- Employee name
- Employee citizenship
- City and country where work is to be done
- Employee immigration status and work authorization in country
- Need for office space
- Dates of employment
- Total compensation (salary, benefits, and allowances)
- Funding source
- Job title
- Job description

Also see Appendix C for additional information that can be helpful when assessing employment needs.

Step 3: GSS consults with HG.

- If HG isn't the right solution, GSS will advise on alternative options.
- If hiring via HG is viable, HG will work with the program to review the country-specific requirements and options, develop a proposal and service agreement, and advise on expected timelines and responsibilities.

Note: If a visa is required in a country where HG cannot provide sponsorship, the program and the employee are responsible for obtaining sponsorship from a local partner.

Next Steps Option 3: Leverage an existing Harvard entity

Step 1: Contact your International Program Consultant in GSS. GSS maintains relationships with Harvard's overseas entities and can help assess this option. Provide the following employment details:

- Employee name
- Employee citizenship
- City and country where work is to be done
- Employee immigration status and work authorization in country
- Need for office space
- Dates of employment
- Total compensation (salary, benefits, and allowances)
- Job title
- Job description

Also see Appendix C for additional information that can be helpful when assessing employment needs.

Step 2: GSS consults with its entity contacts to inquire about feasibility and costs.

- If an existing entity isn't an option, GSS will advise on alternative options.
- If an existing entity is an option, GSS will connect HR to the appropriate entity contact.

Step 3: HR coordinates with the selected entity contact.

- Determine salary, benefits, allowances, fringe rates, and any administrative fees incurred for adding the employee(s) to the entity's payroll.
- Obtain and provide requested employee information and documents to commence hiring and onboarding.

Note: If a visa is required and the entity cannot provide sponsorship, the program and the employee are responsible for obtaining sponsorship from a local partner.

Step 4: Program monitors the relationship.

- Transfer payment to the appropriate Harvard entity.

Next Steps Option 4: Contract with a professional employer organization (PEO)

With this option, GSS facilitates communication between the PEOs and Harvard departments. Communication during onboarding includes contract negotiations to ensure that University-required clauses are included in all employment contracts and reviewing all employee information and documents before submitting them to the PEO. After the employee is onboarded, GSS will review all invoices to ensure accuracy with the terms of the contract.

Step 1: The program contacts their International Program Consultant in GSS and provides the following:

- Employee name
- Employee citizenship
- City and country where work is to be done
- Employee immigration status and work authorization in country
- Need for office space
- Dates of employment
- Total compensation (salary, benefits, and allowances)
- Job title
- Job description

Also see Appendix C for additional information that can be helpful when assessing employment needs.

Step 2: GSS obtains employment and visa sponsorship quotes from the PEO vendors (minimum five to seven days) and shares them with the program.

Step 3: The program reviews all quotes and determines which PEO to pursue.

Step 4: GSS and the program collect additional information and coordinate with the PEO to complete all documentation.

GSS	Program
<ul style="list-style-type: none"> • Fills out PEO request form with known employee information, then sends the form to the program to complete • Reviews and signs addendum, then sends to the program to complete. <p><i>Note: GSS maintains a master services agreement, so new hires only require an addendum.</i></p>	<ul style="list-style-type: none"> • Requests additional documents needed for employment and visa sponsorship, then sends to GSS: <ul style="list-style-type: none"> • Contact information (email address, phone number, and mailing address) • Resume • Copy of passport • Proof of immigration status and work authorization, if applicable • Completes and signs PEO request form, then returns to GSS • Reviews and signs addendum, then returns to GSS

Step 5: GSS and the program coordinate with PEO and employee.

GSS	Program
<ul style="list-style-type: none"> • Sends employee documents to PEO to begin onboarding process (10 to 15 days): <ul style="list-style-type: none"> • Completed PEO request form • Signed addendum • Job description • Resume • Copy of passport • Any must-have clauses 	<ul style="list-style-type: none"> • Sends onboarding letter to the employee (see Appendix C for sample letter)

Continued on page 12...

Next Steps Option 4 continued...

Step 6: GSS, the program, and the PEO revise and approve the contract.

1. PEO contacts the employee for introductions and requests personal information.
2. PEO sends the contract to GSS for review.
3. GSS then sends the contract to the program for approval.
4. PEO then sends the contract to employee for final signature and shares with GSS.
5. GSS sends the final signed copy of the contract to the program.

Step 7: On a monthly basis, GSS and the program share the following responsibilities:

GSS	Program
<ul style="list-style-type: none">• Receives invoice from the PEO• Reviews invoice for accuracy• Sends invoice to the program with journal authorization form for approval• Submits payment to the PEO• Journals funds from department on the last Wednesday of the month	<ul style="list-style-type: none">• Tracks employee paid time off and notifies GSS of any changes to include in the payroll cycle• Authorizes employee reimbursements and notifies GSS of any changes to include in the expense report payment cycle• Returns signed journal authorization form

Next Steps Option 5: Remain on, or join, Harvard payroll with frequent travel

Step 1: The program and local HR or Academic Affairs office should review the [Harvard University Payroll Policy](#) on the Provost's website to confirm eligibility.

Step 2: The program budgets for travel and expenses.

Step 3: The employee obtains a passport, visas, and work permits, if required.

- GSS maintains a service contract with a visa vendor who can advise applicants and, for a fee, provide routine and expedited visa and passport application services.
- Harvard employees should register all international travel related to their work in the [Harvard Travel Registry](#).

Next Steps Option 6: Engage as an independent contractor (IC)

Step 1: HR approves the IC classification.

- The program completes and submits the IC approval form to their local HR department.
- HR approves the form in writing, often in consultation with GSS and OGC.

Step 2: HR and the program work together to create and sign a contract with the IC.

- Use the IC vendor contract templates posted on [OGC's website](#) under the "Resources – Model Documents" section.
- A "scope of work" is often attached to the contract and should include payment milestones and product deliverables.

Note: If a visa is required, the IC is responsible for obtaining and paying for the visa.

Step 3: The program prepares for payment.

- Search the Oracle A/P system to determine if the IC is a new vendor to the University. If so, set up the IC as a new vendor in Oracle.

Step 4: Work begins and is reviewed and approved by the program.

Note: The IC is responsible for their own work or office space.

Step 5: The program approves and pays invoices.

- Once the invoice is received, ensure that the IC's work meets the standards outlined in the contract, and follow the approval process as outlined by your department
- Gather the payment details from the IC.
- Enter the payment details into HCOM.
- For more information on vendor payments, contact the School finance department.

Appendix A: International HR Terms



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International HR Terms

*Below are some of the most commonly used HR terms specific to international assignments. The full term is in **bold**, followed by other versions or abbreviations within (parentheses).*

See the [Harvard University International Human Resources Guidelines](#) for additional information about these terms (access limited to those in human resources roles).

Cost of Living Adjustments (COLA) – is a set of allowances granted to expatriate employees to help offset the cost of deployment in an expensive location overseas. In some cases a flat rate as a percentage of base salary is used, based on U.S. State Department rates, but this can be negotiated on gift-funded programming.

Currency Fluctuation – if local currency devalues more than five percent in a given year due to inflation or exchange rates – therefore seriously compromising the purchasing parity of the employee – program management should review the situation. This could be offset by either increases to annual salary, or by a one-time **Currency Shortfall Payment**. Consult Global Support Services for more information or assistance in properly resolving these issues.

Expatriate (expat) - is an individual temporarily or permanently living in a country and culture other than where she/he was brought up. In Harvard terms, this strictly refers to U.S. citizens or permanent residents working abroad on international programs.

Foreign Corrupt Practices Act (FCPA) – is a law enforced by the Securities and Exchange Commission/Department of Justice which dictates that no employee or individual working on behalf of Harvard is permitted to provide anything of value to foreign officials in order to garner a preferred business environment for the University. Definitions of both “value” and “foreign official” are extremely broad and penalties for non-compliance severe. Review the [Rules to Keep in Mind When Conducting University Business Overseas](#), available from Harvard’s Office of General Counsel.

Local National (host country national, local hires, locals) – are staff who are hired within their home country to work on an initiative in that location. These individuals will generally be granted fringe benefits customary with local practice, but not any additional allowances. Typically salaries are based on local salary tables rather than Harvard systems.

Home-based – relating to the country of origin for an employee (generally the U.S.) and most commonly used in terms of benefit or compensation packages.

Host-based – relating to the country of assignment, and most commonly referenced in benefit or compensation packages.

Appendix A: International HR Terms, continued

Permanent Establishment (PE) – refers to a fixed place of business, and can be triggered by a variety of actions, including hiring of staff, leasing office or other real estate space, creation of a bank account, sale of products or services, or others. Once classified as permanently established in a given location, Harvard could in some cases become liable for income or value added taxes including – in the worst-case scenario – a tax on global income (Harvard endowment). In less serious cases, there may be other operational fees or regulations triggered by PE.

Post Differential Hardship (post-diff, hardship premium) – is a percentage of base salary granted to expat employees working in exceptionally difficult locations, and again is generally based on U.S. State Department rates. Post-diff does not take effect until the forty-third day at a new post in nearly all federally funded programs.

Professional Employer Organization (PEO) – is a company through which Harvard can engage employees abroad while limiting exposure to permanent establishment or other regulatory risks. The PEO becomes the employer of record for tax and insurance purposes, and manages tasks such as payroll, benefits, risk/safety, and other issues. However, the actual work conducted generally includes formal or informal reporting lines to Harvard to ensure monitoring and performance of tasks.

Tax Equalization – an expat allowance meant to make an assignment “tax-neutral” for the employee while working abroad. When tax equalized, an employee will continue to pay the same amount in total taxes (U.S. and foreign) as they would were they working in the U.S. Basically, the employee’s actual tax obligation in the U.S. and abroad is compared against their hypothetical tax obligation had they stayed in the U.S., and Harvard makes up the difference.

Tax Residence – defines the country in which an individual will be responsible to pay taxes in a given year. The definition varies greatly from country to country, but in most places, physical presence is the critical factor. In other countries, ownership of a home or availability of accommodation, family, financial interests, and immigration status come into play. Residence should not be confused with “Domicile”, which is in common law a different legal concept.

Third-Country National (TCN) – an employee working in an assigned country who is neither a national of the assignment country nor the U.S.

Regional TCN (regional transfer) – is a national of a country sharing not only a geographic region with but also similar culture and values to those of the assigned country. For example, a Kenyan citizen working on a program in Tanzania would be considered in most cases a regional TCN.

International TCN (traditional TCN) – is a national of a country not neighboring the assignment area geographically or culturally, and also not originating from the U.S. An example would be a Kenyan citizen working on a program in Australia.

Appendix B: Quick Guide to International Staffing Options



Quick Guide to International Staffing Options

Staffing option	Recommended solution?*	Why?	Who can help?
Partner with an established organization in the host country (e.g. foreign university, registered NGO) to perform work and/or employ staff.	YES	Host country partner is set up to comply with local laws and accepts administrative burden. If available, this is usually the most cost-effective, expedient, and risk-mitigating solution.	Other Harvard programs operating in the host country may know of potential partners. The Office of Sponsored Programs (OSP) can also identify existing subcontractors in the host country.
Hire via Harvard Global Research and Support Services, Inc. ("Harvard Global").	YES	Harvard Global is an affiliated but separate nonprofit legal entity that provides employment and payroll services in certain countries.	GSS can advise on the feasibility of working with Harvard Global and on the process for setting up employment in this way.
Employ U.S.-based staff with frequent travel to the foreign location.	YES	This avoids many foreign employment complications if full-time work is not needed abroad. Staff are generally considered U.S.-based if they spend more than half their time in the U.S.	GSS can advise on this option, including visa requirements. Be sure to include funds in your budget for travel and immigration expenses.
Leverage existing Harvard-affiliated office in the host country to employ staff.	MAYBE	An existing office is set up to comply with local laws. This may be a solution if the job duties align with those of the office and if the office can absorb the administrative burden of additional employee(s).	GSS can provide information about existing Harvard-affiliated offices overseas and facilitate collaboration among departments with similar activities.
Contract with an in-country professional employer organization (PEO) , like Randstad in the U.S., to provide staff.	MAYBE	The PEO is responsible for compliance with local laws. It's suitable for non-permanent employment arrangements (less than 3 years) in many countries.	GSS can advise on allowability based on host country regulations. GSS also works with two global PEO firms and can coordinate between the department and the firm.
Engage individual as an independent contractor ("IC").	MAYBE	When assignment is short term (especially less than 90 days) and independent in nature, this can be a straightforward solution. It's not a good solution for open-ended assignments or if the individual is effectively functioning as Harvard staff.	School HR Offices determine international IC status in consultation with GSS . GSS can also research host country regulations or provisions related to ICs.
Employ U.S. citizen(s) or foreign national(s) directly , and pay via the Harvard payroll.	NO	Harvard is not set up to comply with local employment and tax laws in countries where it does not have an established presence. Per the Harvard payroll policy , employees working primarily outside the U.S. cannot be paid via the Harvard payroll.	GSS can help find a more suitable option for employing the individual(s).

*Note: All solutions require significant lead time to implement. The arrangement should be established before work commences. Contact the appropriate office for assistance as soon as the need for staffing is identified.

There are project-specific and country-specific considerations for all international staffing needs. For additional assistance, consult with your School's Human Resource Office or with Global Support Services at globalsupport@harvard.edu or +1-617-495-1111.

Appendix C: Sample Hiring Intake Form

HARVARD

GLOBAL SUPPORT SERVICES



International Staffing Intake Form

1. Provide as much information as possible about your hiring activity.
2. Return the completed form to your International Program Consultant in GSS.

Do not include passport, Social Security, or state/country-issued ID numbers, or credit card or financial account numbers, or personal health information on this form.

Project Requester

Name:	<input type="text"/>	Title:	<input type="text"/>
School/Unit:	<input type="text"/>	Department:	<input type="text"/>
Email:	<input type="text"/>	Phone:	<input type="text"/>

Additional stakeholders:

Project Summary

Project Details

Does the project have any local partners, NGO, subcontractors, or any other partners?

Funding source(s):

Does this project involve human subjects?

- Yes
 No

Will staff be collecting personally identifiable data?

- Yes
 No

Will staff be importing/exporting:

Biological/chemical samples?

- Yes
 No

Scientific equipment/artifacts?

- Yes
 No

Technology or data?

- Yes
 No

Appendix C: Sample Hiring Intake Form, continued

Property

Will staff require:

Office/lab space?

- Yes
 No

Vehicles?

- Yes
 No

Computers/phones?

- Yes
 No

Project Review

Have you:

Talked with your local HR?

- Yes
 No

Talked with your local Finance?

- Yes
 No

Submitted for Provost's review?

- Yes
 No

Employee Information

Name (first and last)

Citizenship

City, country of work

Immigration status

Travel into/out of country more than once?

- Yes
 No

Work schedule

- Full time
 Part time

Expected start and end date

Possibility of extension?

- Yes
 No

Salary and benefits

Payment location and currency

Brief description of work

Previous Harvard affiliation

Current employment

Does the individual have a registered corporate entity?

- Yes
 No

A registered corporate entity may be his or her own business, e.g. sole proprietorship for the purpose of consulting.

If yes, does the corporate entity have a tax ID number?

- Yes
 No

Appendix D: Sample Onboarding Letter for PEO Hire

Note: This letter can be sent electronically or in hard copy.

Dear [Employee Name],

Congratulations on your position as [Employee Title].

Harvard has enlisted the services of [PEO] to provide certain aspects of your employment and payroll administration. This company will be working with a local employer to ensure that you are paid on time and that all local employer obligations are met.

During your assignment, your employer of record will be [PEO] or its in-country partner, however, your reporting supervisor will continue to be [name of supervisor].

In order to initiate your hire, you need to securely send the following documents and information to [email address] as soon as possible:

1. Resume
2. Copy of passport or proof of in-country employment authorization
3. Telephone number
4. Mailing address

Once you have submitted the required documents and information, [PEO] will contact you to finalize your employment contract and provide any required local employment forms. Please be advised that until all forms and documents are submitted, [PEO] will be unable to process your salary payments.

If you have any questions during your employment, please contact [Harvard Contact].

All the best in your new assignment, and once again, congratulations.

Best regards,
[Harvard Contact]
[Title]
[Department, School/Unit]

Appendix E: Sample Monthly PEO Invoice

PEO COMPANY
LOGO

Invoice

Date: 9/12/2016
INVOICE # 4378

TO Harvard University
Global Support Services
114 Mt. Auburn Street
Cambridge, MA 02138
+1-617-495-1111

Employee	Job	Country	Payment Terms	Due Date
Jane Harvard	Research Assistant	Sri Lanka	Per contract	September 30, 2016

Pay Period	Description	Unit Price	Monthly Total
September 01, 2016	Salary	\$48,000 per year	\$4,000
	Social Costs (health insurance, employer-owed tax)	50% of compensation	\$2,000
	PEO Administrative Fee	18% of salary + social cost or minimum \$1,200/month	\$1,200
	Bank Fee	\$25 per direct deposit	\$25

Subtotal	\$7,225
7% VAT (applied to administrative fee)	\$84
Total	\$7,309

Remit payment to PEO COMPANY

PEO COMPANY PEO STREET ADDRESS, PEO CITY COUNTRY Phone [000-000-0000] Fax [000-000-0000] [e-mail]

Sample One-Time PEO Costs:

- Visa sponsorship: \$300-\$3,000
- Set-up fee per employee: \$300-\$1,000
- Deposit: one month's salary (reimbursable in full at the end of the employment contract)
- Severance:
 - Less than six months employment: employee shall be paid half of one month's salary
 - After six months employment: employee shall be paid one month's salary for every year of employment
