



# Total Mobility news

*A compilation of Total  
Mobility Law's recent news*



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Global law for global business



## 8 mistakes companies make when hiring abroad

As many companies hire abroad, most will allocate sufficient resources to stay on the right side of the law in multiple countries. When considering a new or existing hire abroad, companies should avoid several common mistakes:

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We ring in the New Year with a welcome message from TML's lead attorney.

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#### Mistake #1: Not planning beforehand

Known risks are superior to unknown risks, because known risks help your business understand the true costs and benefits of a foreign hire. So make a plan, figure out the issues, and build your global workforce with your eyes wide open.

#### Mistake #2: Not fixing existing problems

Okay, so you already made Mistake #1 and now you've got unknown risks in a foreign country. Don't bury

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# Welcome to Mobility

From:

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## Even a journey of a million miles... ... begins with one small step.

Total Mobility Law launched its website this month, as we intensify our efforts towards our professional goal: providing top-notch international legal advice, excellent service, and maximizing profits for our clients.

We couldn't be happier with where we are at as a budding international law firm. We are super focused towards bringing a successful year of growth for our transnational clients.

Total Mobility Law is a an outward expression of my personal obsession: the legal framework surrounding the global economy. An international lawyer by training, I am a focused member of the huge and growing global mobility industry.

<sup>2</sup> After recognizing the needs of countless

businesses across the world, I established Total Mobility Law to expand my practice by advising more global companies on the issues they are facing abroad. I am dedicated to helping clients of all sizes reach their global potential.

With that in mind, I am reaching out to all global companies that want global growth, good help, and a trusted advisor. The demand is everywhere, and we are expanding.

You'll find some helpful information on various topics in this newsletter. We encourage you to do some research on your own—the more you know, the better client you become.

When you are ready to reach out, we are here to help your business achieve its global potential.



Business + Permanent Establishment =

# Fear

Fear not.

Do something about it!

## What is a permanent establishment?

A permanent establishment is often a fixed place of business, which includes any physical place or legally registered presence in a country. This definition does not include short-term construction sites; storing, displaying, delivering, stocking, processing, purchasing, or sampling most goods or merchandise; or most pre-selling activities.

However—and this is the tricky-ish issue—if a foreign company has an agent in a local country that can and does enter into contracts on behalf of the company for any reasons other than those listed above, then this agent's activity will likely create a permanent establishment.

In some situations, a permanent establishment abroad is a nightmare. The nightmare scenario is: Your company (a) has one employee abroad, who (b) acts as an in-country agent, who (c) is discovered by the local tax authority, who (d) deems that the employee creates a permanent establishment. In this situation, your company may need to: register, file for taxes, follow local accounting rules for business activities, make remittances to the local authority, and pay fines or penalties. Ouch.

In other situations, a permanent establishment offers tax advantages. The dream scenario is: (a) the employee is acting in a low-tax jurisdiction, where (b) your company expects ongoing profits and expansion, and (c) your company does not need immediate access to those profits. In this scenario, your company can likely defer taxes at home by offshoring these profits and reinvesting the foreign profits at a significant discount in the target country. This situation will actually help your company's bottom line, making the costs of compliance abroad worth the investment opportunity and tax benefits.

In any situation, your company should carefully analyze the specific situation and make an informed decision regarding your permanent establishment risks or benefits.

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your head in the sand: figure out the issues and do something about. Chances are that you should fix the problem right now.

### **Mistake #3: Assuming your foreign employee is an independent contractor**

You probably know the independent contractor issues in your home country. Do not assume that the rules are the same in other countries. When you think you have an independent contractor abroad, chances are that the rules--and risks--are different!

### **Mistake #4: Thinking you know the foreign employment/labor laws**

Don't assume that you can figure out foreign employment law by poking around on a website. In any country, labor law is a complex intersection of law, regulation, jurisprudence, culture, and practice. You need local help.

### **Mistake #5: Thinking your local tax advisors know the foreign tax issues**

Your local tax advisor is likely an expert on local taxes; cross-border employment requires attention to tax issues in multiple countries. You need knowledge and perspective from multiple experts if you want to maximize your tax advantages.

### **Mistake #6: Not registering a local corporate entity**

In many countries, it is not legal to do business without a local registered entity. In most countries, a strategic corporate structure will reduce taxes and liability. With limited planning and cost, your business can benefit by



## Limit costs

### **How can your business reduce the cost of legal advice for global issues?**

Businesses that are operating in multiple jurisdictions know the cost of compliance abroad.

As operating budgets remain tight for many companies, a few simple steps can help cut compliance costs in foreign jurisdictions. We suggest three things you can do.

#### **1 Internalize functions when appropriate.**

Some jobs are better done in house. A lawyer should do what a lawyer does best, while employees do the rest.

#### **2 Make sure you have the right services.**

For some tasks, non-legal service providers can provide better value.

#### **3 Communicate your needs.**

Don't hesitate to tell you lawyer your budget limits. Law is a business too.



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following local corporate rules.

### **Mistake #7: Dodging immigration laws**

Immigration can be a headache--especially for businesses that do not follow local procedure! In most places, visas and work permits are available at a fraction of the cost of the fines, penalties, and reputation damage of noncompliance.

### **Mistake #8: Doing it all on your own**

Saving costs by doing everything in house often adds the long-term cost of noncompliance and lost opportunities. While we encourage businesses to internalize the information and services that we provide, most businesses need help getting started. When hiring employees abroad, spend the dime and get some help.

### **Mistake #9: Not effectively managing outside legal counsel**

You pay a lot for outside legal counsel, so they should self-manage, right? Probably not.

After all, you know your situation better than an outside lawyer. You need to know the process the lawyer is following so that you can internalize functions that are better left to in-house employees. You should also know whether your lawyer is reinventing the wheel on your dime.

These issues become more pronounced when working across borders and professional cultures.

With all that in mind, you should have a plan that you implement each time that you need to manage outside counsel.

### **Mistake #10: Assuming that you cannot afford international legal advice**

Yes, legal advice is expensive. However, it is expensive for a reason, which is return on investment. Most managers groan about the high costs of legal advice. Managers should instead be glowing about what a great investment legal fees offer.

Good legal advice can open all kinds of opportunities for added profits in the global economy, including:

- ✓ Tax advantages available in a transfer pricing strategy
- ✓ Access to top talent in talent communities abroad
- ✓ Reduced liability in multiple countries
- ✓ Access to massive consumer markets in expanding economies
- ✓ Lower costs of materials, labor, transportation, and utilities
- ✓ Employee development in interesting new locations

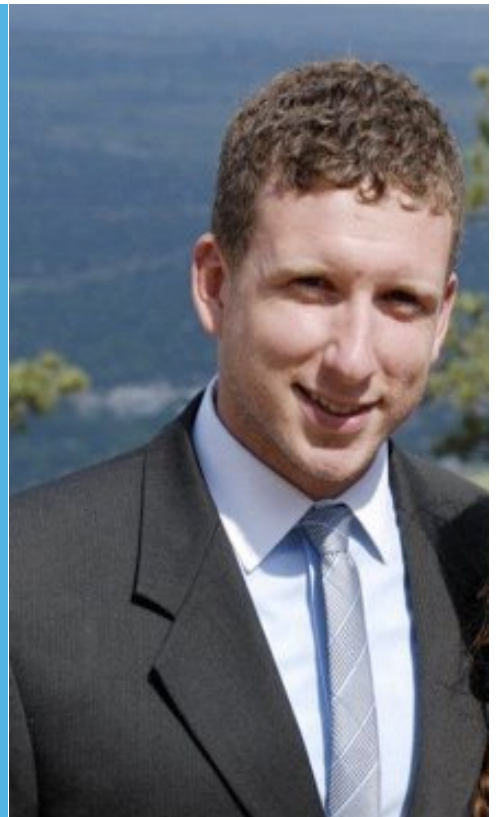
With all the benefits that good legal advice can unlock, you can't afford to not get good global advice.

# Get in touch

We love talking to businesses that are involved in the global economy. Because the practice of international law is an ever changing and rapidly evolving subject area, every transnational business offers the opportunity for problem solving, which is what we at Total Mobility Law love to do.

With that problem solving approach in mind, we offer two hours of complimentary consultations for all clients. This translates into several discussions where businesses get to know our collaborative approach, communication style, and deep knowledge of international legal issues.

So reach out and let us know when you are ready to get some advice on your international legal issues. We are grateful to receive your questions and get you answers—whether or not you retain our services.



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