



OFFER ZEN

Employer of Record (EOR)

OfferZen has partnered with **Playroll**, **Deel**, **Omnipresent** and **Remote.com** as a solution for our customers hiring global talent. These companies offer EOR services. **Playroll** describes an EOR as “a third-party company that acts as an employer for the sake of tax and legal purposes.”



EORs have entities all over the world, enabling them to assist companies in compliantly hiring an internationally-based employee. They are able to offer legal counsel to employers with regard to territory-specific employment regulations.

Considering the increase in remote working opportunities since COVID-19 and that there is more demand for developers than available in local markets, there has been a **significant increase in companies hiring globally**. Hence, in order to stay competitive in the developer hiring market, companies may need to look at how they can hire remotely-based international employees.

Since you may not have encountered or worked with an EOR before, here are some answered questions that you may be having:

1 Why would a company use an EOR to employ me?

- It enables companies to hire talent from anywhere in the world in a compliant manner, without having an entity/office in that location.
- EOR partners have entities all over the world, with legal advisory and an understanding of the employment regulations in each destination. Employing an international employee through an EOR partner is the most timeous approach.

2 Why do I sign an employment contract with the EOR partner, not my employer?

- The EOR partner acts as a third-party organisation hiring the employee through one of their entities worldwide. They then second the employee back to the client.
- This is a secondary contract, where the EOR partner agrees to provide certain services that the employer would otherwise provide.
- This is a legitimate type of contract and is nothing to be concerned about, and it makes no difference in terms of employee operations.

3 What are the benefits of being hired through an EOR partner for me?

- You may not need to wait long to begin a new role. For an employer to set up an entity in an international country or for the employee to undergo a relocation process can take anywhere from two months to over a year. Through an EOR partner, the employee can begin their new role immediately (if they have no notice period to serve in a current role).

4 Who will pay my taxes and social security contributions?

- The EOR partner takes care of all formal employee tasks in relation to employment regulation (differs by country), such as paying income taxes and social security contributions to the relevant statutory body.
- EOR partners also take care of paying your salary, arranging leave and other HR-related matters.

5 What happens if my employment contract is terminated or if I resign?

- If an employee wants to resign, they would contact their HR Manager as per usual practice, and the employer will let the EOR partner know that the employee is serving their notice.
- If an employee's contract is terminated, the EOR partner, employer and employee follow a process determined by the laws in the territory the employee is based.

6 How do I know this kind of service is legitimate?

- The EOR service is legitimate - it isn't a practice that was invented in light of COVID-19 and the increase in global hiring. Companies like Payroll have been operating for more than 25-30 years. Many people across the world are hired through this model.

7 What is the difference between an HR team and an EOR?

- **The HR representative or team is internally-focused within the company. They are responsible for;**
 - onboarding the employee on company processes, policies and procedures.
 - being the point of contact if employees have questions/concerns with regard to anything in their employment contract or about the role itself, or if the employee wants to resign.
- **The EOR partner is an externally-focused service provider for the employer. They are responsible for;**
 - providing employers with legal counsel on employment regulations in every country they operate/employ in.
 - paying the employee compliantly, including paying their taxes and social security contributions.
 - composing and providing territory-specific compliant employment agreements between the EOR partner, the employer and the employee.



If you have any other questions or concerns, don't hesitate to reach out to your Talent Advisor