



A BDO Legal Guide to
**EMPLOYER OF
RECORD FROM
A EUROPEAN
PERSPECTIVE**

A BDO Legal Guide to Employer of Record from a European perspective

WHAT IS AN EMPLOYER OF RECORD?

In the complex landscape of employment relations and international collaborations, the concept of 'Employer of Record' (EOR) has gained significance in recent years in several European countries. In general, **EOR refers to an entity that assumes the responsibility for formal employment and related (administrative) obligations for personnel, while the day-to-day supervision and actual work duties remain with the client (the material employer).**

IN WHICH CASES IS AN EMPLOYER OF RECORD USEFUL?

The EOR approach allows companies to be flexible, to hire talented personnel internationally while being able to avoid local legal, administrative and tax obligations. An EOR-formula is particularly crucial in the context of international collaborations, where local laws and regulations vary significantly.

Furthermore, an EOR can be useful where an organisation has no physical presence in a specific country but wishes to leverage the skills and expertise of local professionals. Then, organisations can focus on their core activities without having to worry about local regulations and compliance applicable to hiring personnel.



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CONSIDERATIONS WHEN USING AN EMPLOYER OF RECORD IN EUROPE

While the concept of an EOR can provide interesting benefits, it is imperative to know that several aspects need to be taken into account. Among others, the following topics need to be considered:



LAWS AND REGULATIONS

Understanding the legal and tax implications of using an EOR in specific jurisdictions is crucial. **Laws and regulations vary significantly from (EU-)country to (EU-)country, and it is essential for legal professionals to ensure that the EOR (if and to the extent that the EOR-concept is legally permitted at all) complies with all local requirements.** For instance, the use of an EOR is generally prohibited by law in countries such as Belgium and Spain, while in a number of other countries, such as Germany, EOR's are permitted by law whereby a link is sought with the laws and regulations applicable to temporary employment agencies. Additionally, there may be restrictions on the duration of the EOR arrangement or on the number of employees that can work for a client through an EOR.



EMPLOYEE BENEFITS AND COMPENSATION

Understanding and aligning with the varied employee benefits and compensation structures in different jurisdictions is crucial. This includes compliance with local minimum wage laws, equal treatment legislation, social security contributions, and other statutory benefits that may vary significantly from (EU-) country to (EU-)country.



DISMISSAL

It is important to consider the various dismissal rules applicable to employees employed by the EOR. For example, employees employed by an EOR in Romania cannot be dismissed when the client is undergoing restructuring, while in France, termination of EOR-employees who have been without work for a particular period, is permitted.



TAX IMPLICATIONS

Navigating the complex landscape of international taxation is of great importance as well. Legal experts should investigate the tax implications for both the employer and employees, considering the potential for double taxation and ensuring compliance with tax laws in both the home country of the company that uses an EOR and the host country.



OTHER DIFFERENCES

Local customs, cultural nuances, and employment practices can significantly impact the success of international EOR-engagements. Legal professionals should be attuned to these factors, ensuring that the EOR adapts policies and practices to align with local expectations and requirements.

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CONTACT INFORMATION

The use of an EOR offers European organisations a strategic and efficient solution to attract and manage global talent. However, it is crucial to carefully consider the legal aspects and enlist experienced professionals to ensure a smooth and compliant implementation.



Who can you contact?



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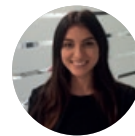
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