

GOING GLOBAL: 7 WORKFLOW STEPS FOR EXPANDING INTERNATIONALLY



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Expanding into international markets is often a logical next step for many businesses. The World Bank expects [worldwide economic growth](#) to rise by nearly 2.5 percent in 2020.

However, making your business run smoothly in a global environment and selling your products and services in untapped foreign markets is a significant undertaking.

Critical decisions must be made, and due diligence performed on all manner of topics, such as navigating risk and compliance issues, governance, mergers and acquisitions, taxation, banking, and language and cultural barriers.

Once a company has decided to establish a business presence in a foreign country, the process of gathering needed information is often handed-off to a paralegal. Yet, even the most experienced legal department faces uphill challenges when it comes to ensuring the business checks all the right boxes. If you’re not an expert in the local laws, it can be very easy to miss things, risking fines and penalties.

PLANNING IS MOST IMPORTANT

When expanding internationally the most important thing to do is to plan upfront and take the time to understand country requirements and where your business needs to take action. To help with this task, below are key elements of the “going global” workflow that your business should consider:

1. Setting up a Business Entity Overseas

One of the first decisions you’ll need to make when taking your business global, as it is when you form a business in the U.S., is what kind of business entity you should form. When setting up a new entity, understand the country requirements, what your business wants to do in that country, and getting the right advice about what type of entity to set up. The rest will cascade from there.

2. M&As: Auditing Your Targets

If you’re expanding overseas through M&A, you will want to perform the essential due diligence tasks early in the acquisition process. Check them out. Make sure they’re healthy. Go through audit processes to ensure that you understand everything there is about those entities, everything from the financials and possible legal liabilities to the quantity and quality of the assets. Don’t forget to perform a compliance health check to see whether there are any issues that could jeopardize an entity’s ability to do business.

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3. Setting Up a Foreign Bank Account

Setting up an overseas business bank account can be incredibly difficult. Unlike traditional accounts, this can't be done online. It requires visiting the country to fill out paperwork, following the right sequence of events (such as ensuring your business legal entity is registered for a certain period of time before opening the account), providing proof of address in that country, a business plan, and so on. And, until an account is opened, any income must be transferred to your U.S. bank, incurring costly fees.

4. Navigating Taxation and Financial Compliance

Non-compliance in international business taxation and finance can result in serious consequences. In some countries a compliance error can result in the local director getting arrested. It's therefore important to make sure everything is in line because the risks can be far greater than what U.S. companies are used to.

In addition to learning the tax codes and business regulations for that country, doing business overseas is also under the purview of the IRS, which imposes special [reporting requirements on international income](#). If you have a financial interest or signature authority over a foreign financial account, including a bank account, the U.S. Bank Secrecy Act may require you to account for those funds yearly to the Department of Treasury through the Financial Crimes Enforcement Network (FinCEN) 114, [Report of Foreign Bank and Financial Accounts](#) (FBAR) form.

5. Heeding Business Laws and Regulations

From business permits to employment law, going global brings with it many jurisdictional issues. Rules and regulations can vary across locations, even in a seemingly unified business community such as the European Union. In addition to taxation requirements, companies must have a handle on local statutes and trading requirements. Your business may even need to receive local accreditation, trading approval, or the assent of a regulatory body before establishing a business presence. Regulations such as GDPR, FATCA, and MiFID II must be also considered before beginning operations.

From an employment perspective, agreements must be drafted in accordance with local employment law, benefits withholdings, employer taxes, and so on. Not only do countries have their own unique laws, these laws are also constantly in flux. For example, at-will employment, a term used in U.S. labor law in which an employer can contractually

dismiss an employer without having to establish a reason and without warning, doesn't exist in most foreign countries and fines are incurred for such dismissals.

6. Embracing a New Culture and Language

Different languages, different ways of communicating, and a slower pace are typical hallmarks of doing business outside the U.S. Getting to know these nuances is almost impossible for a paralegal or anyone who has little familiarity of the cultural tone of their chosen overseas market. Wires can easily be crossed and relationships soured if your business hasn't done its research or doesn't have a plan for international business success.



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7. Pulling it Altogether

Expanding your business into international markets is no small task. The workflow is complex and ever-changing. Upfront planning is essential, and while there may be elements of the workflow that you can outsource—such as taking care of employment law and payroll—a better approach is to conduct a deeper needs analysis to understand which pieces apply to your business (from business set-up through recurring requirements) and which don't. Look for a [single point of contact](#) who can address all your needs, rather than hand you off to another third-party.

CONCLUSION

Managing multiple relationships with partners around the world is complex and time-consuming, but the pragmatic outsourcing of certain tasks can help alleviate the burden of doing business in an unfamiliar place. As your business grows, regularly assess what functions can be taken back in-house, and which to further outsource. Pick a provider who can keep their services flexible and can customize them to your needs as they evolve.

CT has helped businesses and law firms expertly manage compliance issues for 120 years. To learn more about how we can help you better manage your global compliance needs, contact a CT representative at (855) 444-5358 (toll-free U.S.).