



International Contractor Management Guide

Your guide on scaling a process to onboard, pay,
and manage international contractors.



Introduction

Working with contractors allows you to access some of the best talent the world has to offer. When you expand your horizons to include international contractors, the benefits are that much greater.

But how can you make the most of a contract workforce you may never see in person?

This guide has the answers. In the following chapters, we will cover everything you need to know about how to hire contractors in other countries; how to ensure you don't fall prey to classic misclassification mistakes; how to pay your international contractors legally and quickly; and how to scale your process so your business never has to pass up an opportunity for lack of expertise.

Whether you have worked with thousands of international contractors or you're looking to onboard your first, this guide has the answers.



Are you more of a visual learner?

Create a free account with Remote Contractor Management. Try out all the features on Remote's platform as you go! See for yourself how Remote makes it easy to manage and pay a team of global contractors.

[Create your free account](#)





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Key considerations of hiring international contractors

The benefits of hiring international contractors might seem obvious. You'll get more control over your budget, greater speed in onboarding, and access to a whole new world of talent!

You'll also face fewer legal hurdles compared to what you might deal with when hiring full-time employees — provided you do not misclassify employees as contractors, of course.

Perhaps the biggest benefit to hiring independent contractors is they come ready for work. You don't have to provide equipment, supplies, office space, or training. Your contractors bring the knowledge and expertise to you. If you can build a process to scale payroll and manage compliance, hiring international contractors should give you a hassle-free path to faster growth.

Benefits

- Exponentially increase your talent pool across the globe.
- Access highly skilled professionals who prefer to work in a consultant or freelance capacity.
- Source talent quickly with less commitment.
- Hire contractors more quickly and more easily than employees (and often save money in the process).
- Avoid many of the compliance challenges that come with international employees.
- Skip the training and equipment setup processes: your contractors are ready to work from the start.

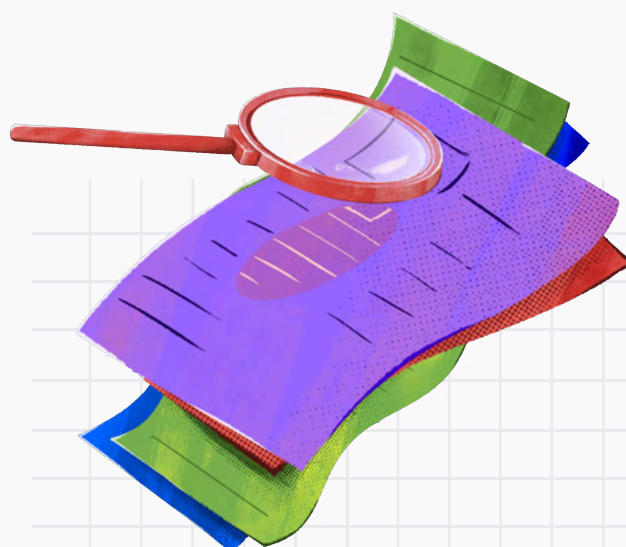
The challenges are often less clear to employers and hiring managers. With the opportunity of hiring abroad comes complexity and differences in local labor laws. This constant compliance requirement can overwhelm HR teams quickly without the right external support.

Challenges

- Laws regarding contractor classification vary among countries.
- Your intellectual property may not be protected as well as with employees.
- Managing risk becomes more challenging when you hire in multiple countries.
- Contractors can be expensive in the long term.
- Contractors who would prefer to be employees may not feel valued by the company.

Managing risk across multiple countries is difficult without local labor experts in each market. Chances are you don't have the luxury of international lawyers or global HR specialists to navigate the intricacies of creating compliant contracts and avoiding contractor misclassification outside of your home country.

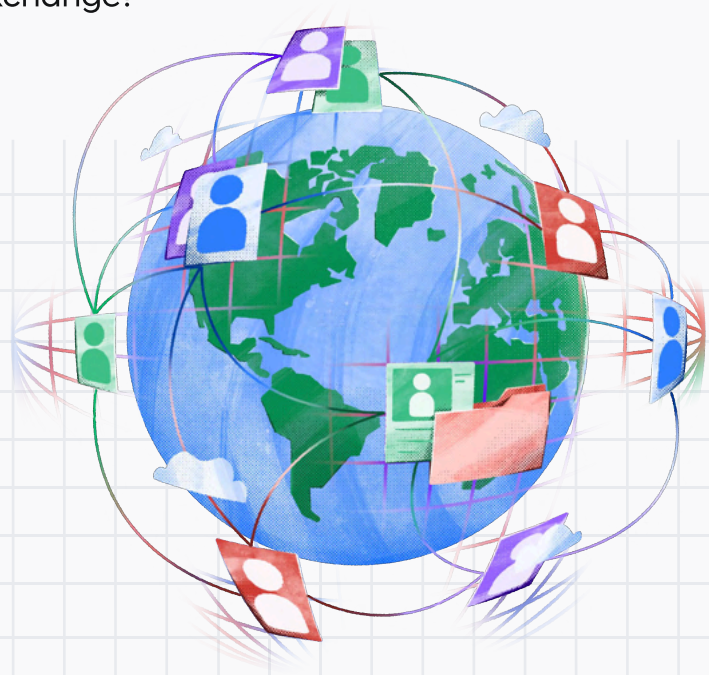
If you want to scale and grow your business, hiring independent contractors can keep you nimble, as long as you can navigate the complexities involved with local labor laws in each country. Read on to learn how you can simplify and scale international contractor management to take advantage of the benefits and minimize the risks.



Questions to ask yourself before hiring international contractors

If it makes sense for your business to hire international contractors, consider the practicalities of adding people from other countries to your team.

- How will you handle working hours across multiple time zones?
- Will you encounter language barriers, and how will you overcome them?
- What type of project reporting will you require from your contractors?
- What software and tools will you use?
- How will you structure your contracts?
- Is there a minimum or maximum duration for contract workers in the country?
- Will you need to arrange for work permits or visas for people working abroad?
- Will your company need a local presence or branch office to operate in the country?
- What currencies can you use for payment?
- How will you manage foreign exchange?





How to hire international contractors and stay compliant

Your company must abide by local labor laws when hiring international contractors. That means complying not only with the laws of your own country regarding contractors, but also the laws of the countries where your contractors work.

Change is constant in international business, with labor laws evolving regularly. It's not unusual to have worker protections in place that automatically change the employment status from contractor to employee after a certain amount of time has passed. What was initially legal can change over the duration of an engagement, and you may not receive any notification. That's why it's important to have a knowledgeable local partner everywhere you hire.

4 key considerations to help you manage risk

- If your company turns out to be the only place a worker is engaged, there could be a serious risk of misclassification.
- You can unintentionally expose your business to any number of potential penalties and fines, even if you make an innocent mistake.
- You may experience IP risks if the country where your contractor resides awards ownership to the person who developed it rather than the company that commissioned the work.
- You may be responsible for deducting income tax, national insurance, or healthcare contributions, depending on the country.

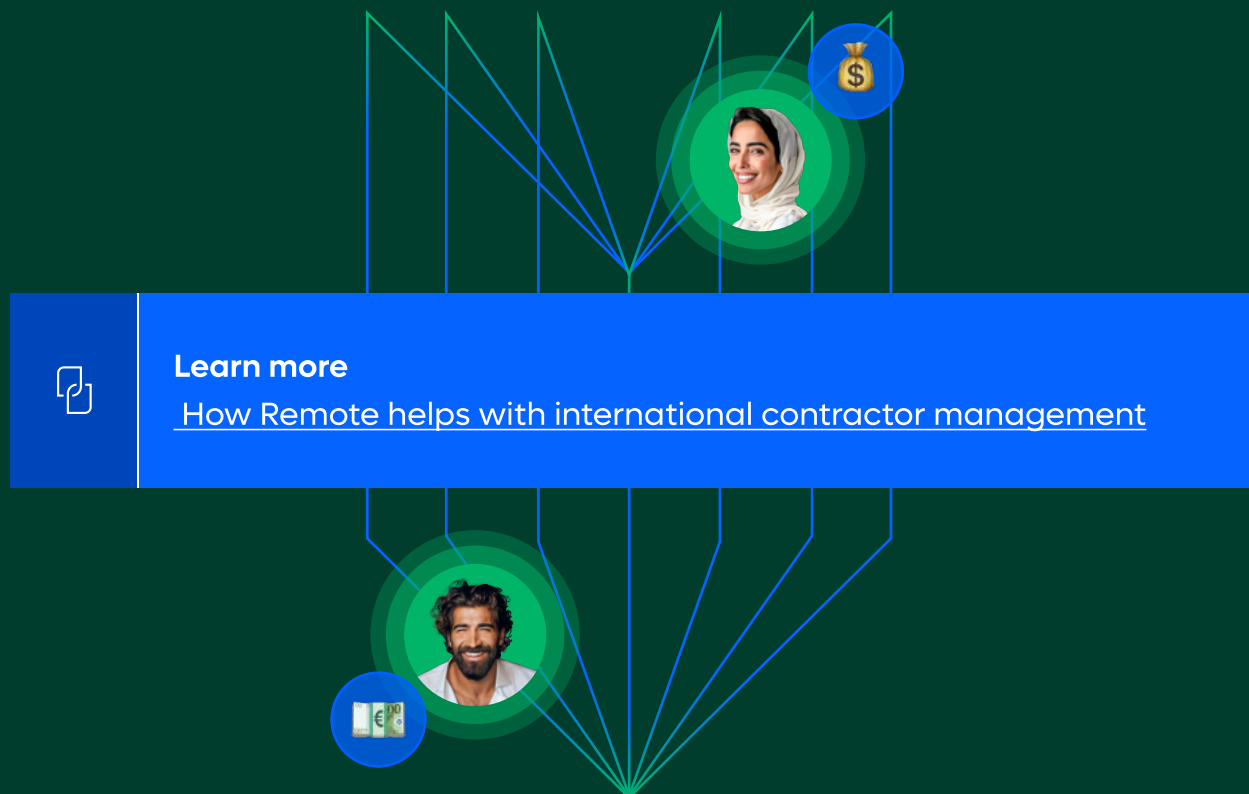


Unique laws for hiring UK contractors

For example, the United Kingdom requires companies who hire contractors to follow off-payroll working rules (IR35). You may also be required to pay a consumption tax on your contractor invoices, which you may or may not be able to recoup. Common consumption taxes include sales tax, goods and services tax (GST), and value added tax (VAT).

Innocent mistakes are not viewed favorably by local authorities, especially mistakes by foreign companies. It's crucial to keep up with changing labor regulations and taxation requirements for every country where you hire an independent contractor.

Remote can help your business hire international contractors legally, easily, and quickly.





How to create a contract for an international contractor

What to cover in international contractor agreements

Contracts for independent contractors should cover items including the services being rendered, the length of the agreement, intellectual property rights, and confidentiality. International contract management requires specialized knowledge for each country's laws and tax systems. You cannot approach every country the same way.

Make sure your agreement is legally valid in the country where the contractor resides. Every country will have different requirements, so be prepared to tailor your independent contractor agreements for each country where you hire.

Basic items to include in each contractor agreement include:

- The services being contracted
- Length of the agreement, with clear start and end dates
- Contractor obligations to the assignment
- Confidentiality or nondisclosure agreement
- Intellectual property protections
- Contractor obligations to your business for things like liability insurance and indemnity

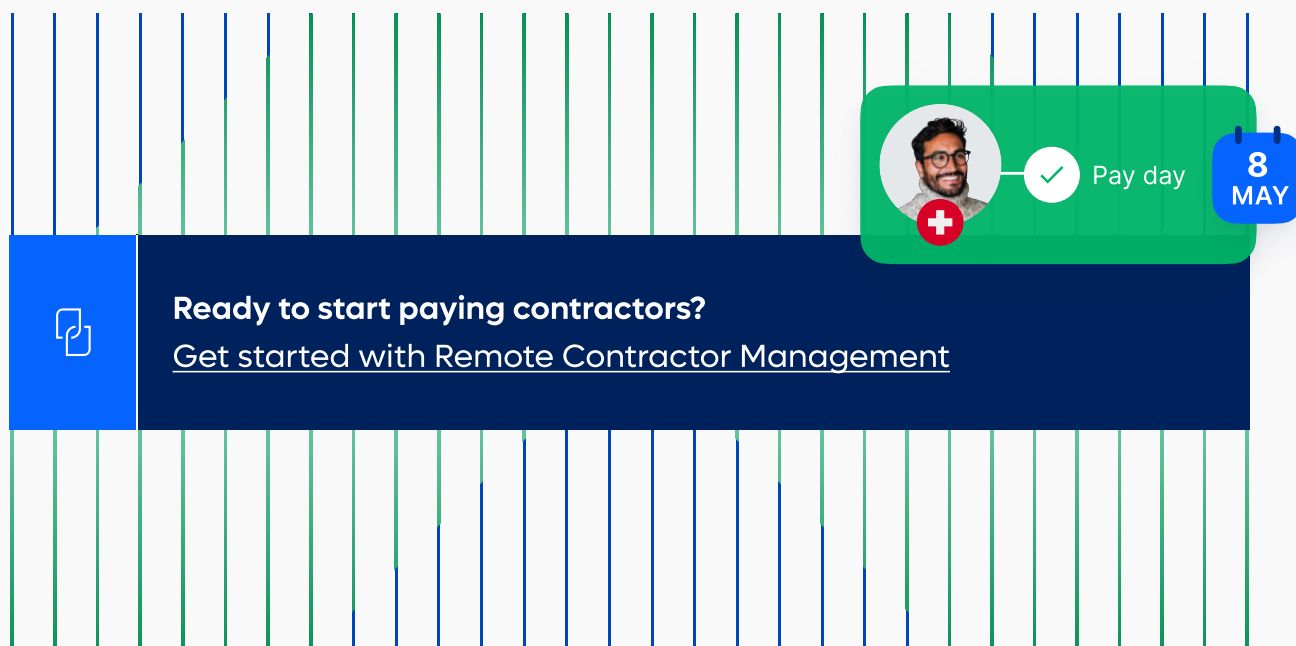
Preparing offers for international contractors

Unfortunately, there's no universal contract for a global workforce. Once you've decided how you want to approach compensation, you can work with local experts to help you prepare the correct paperwork to comply with local employment laws.

Remote's localized contracts are reviewed by legal experts and guaranteed to be fully compliant with local tax and labor laws. Remote offers the strongest protections in the industry for your intellectual property and invention rights.

Our Remote IP Guard includes an ironclad two-step transfer process that ensures you always receive the maximum rights to your company's IP under the laws of the countries where your contractors work. Our secure platform protects your business and sensitive data with industry-leading security, data protection, and compliance.

Remote's Contractor Management service allows you to scale this process and manage compliance contract setup across multiple countries with maximum speed. Here's the best part: you can onboard international contractors compliantly in minutes with customizable contracts. This lets you focus on growing your business instead of getting lost in the details of international labor laws and work contracts.



Ready to start paying contractors?
[Get started with Remote Contractor Management](#)



Minimizing misclassification risk

Not all countries define “contractor” in the same way. Some, like France and the Netherlands, require freelancers to be registered. Others examine each relationship to ensure that the contractor is truly free to work without excessive company oversight. In some countries, like Israel, a tribunal might reclassify a contractor as an employee. Tax forms for U.S. contractors can be tricky.

Penalties can be stiff if a worker you hired as a contractor is legally an employee

In Germany, for example, a company can face criminal liability if it fails to make social security contributions. Individual managers can also be held civilly liable. Criminal liability is also a possibility in the U.S., as are tax audits, labor audits and fines under state and federal law.

Some countries may forcibly reclassify contractors under different circumstances. In Spain, for example, you may be responsible for providing benefits to contractors who work with you for a long period of time or who derive most of their income from their work with you. Given that labor laws change constantly, it’s important to have a knowledgeable local partner everywhere you hire.

Unfortunately, the definition is not always so straightforward and can vary among countries. International employment laws dictate the parameters for who is a contractor and who is an employee. Contractor misclassification across international borders may sometimes feel like trying to hit a series of moving targets.

In some cases, poor classification can even lead to questions about who actually owns the work produced. Imagine the headache if your contractor in another country claims to own IP they developed for you. Fighting an intellectual property battle in foreign courts can be a difficult and expensive proposition, even for large companies.

Our guide on the [penalties of misclassifying contractors](#) outlines more of the dangers of misclassification. However, if you are diligent with your compliance, you will never need to worry about facing fines or other punishments.

Remember, misclassification risk is constant. You need to ensure compliance for the entire lifetime of your contractor agreements, not just when you establish the initial contract.

Your contractor can easily slip into an employee classification simply by dedicating most of their time to your project or working with you over an extended period. The way you pay an international contractor can also impact employment status depending on country-specific laws.

After a certain period, say six months of continual work with the same business, your contractor may be considered an employee due to the labor laws of the country. It's essential to understand the local formula for classifying employees (i.e., how your payment structure, plus length of time, impacts the local classification of your foreign contracting staff).

The image shows a UI mockup with a background of vertical lines in green and blue. On the right, there is a green rounded rectangle containing the text "Your team (207)" and "View all >". Below this, there is a white rounded rectangle with a blue icon of three people and the text "43 Contractors". On the left, there is a blue square with a white icon of two overlapping documents. Below this square, there is a dark blue rounded rectangle containing the text "Learn more:" and "Managing contractors and avoiding misclassification webinar".



Landmark employee misclassification lawsuits

Several lawsuits should make companies think twice before misclassifying contractors.

01 **Dynamex Operations W. v. Superior Court**

This case in California places the burden on the business to prove the worker is not an employee. In addition, this case outlined the “ABC” test, which determines whether the worker is sufficiently independent from the business to be considered a contractor.

02 **Uber BV and others (Appellants) v. Aslam and others (Respondents)**

Uber lost this court case in the U.K., which determined that its drivers are in fact “workers” and not independent contractors. The U.K. has a three-tiered hierarchy of working relationships, in which employees, workers, and contractors all have certain rights.

03 **Van Dusen et al v. Swift Transportation**

This case, which lasted more than nine years, eventually saw Knight-Swift transportation pay out more than \$100 million in damages to around 20,000 workers who were found to be misclassified as owner-operators. Businesses must consider the financial harm that can arise from a decade-long court case and a nine-figure settlement before treating classification concerns lightly.



Contractor misclassification checklist

Contractors are hired to provide specific services, often for a fixed period of time or on a deadline. Contractors sign a contract with a client and work for an agreed rate. Depending on the laws of their country, they may need a business license to operate as a remote independent contractor.

Employees, on the other hand, work directly for the company, usually for regular hours. You can tell them how to do their job and provide them with benefits and equipment.

Not sure whether your contractor is really a contractor?

Consider these questions:


- Can your remote worker set their own work hours?
- Does your worker get to choose how they get their work done?
- Is the worker engaged with your company for a fixed period of time?
- Have you avoided hiring this worker for multiple fixed-term contracts in a row?
- Does the worker tell other people they are a contractor or freelancer?
- Are they only working on their own projects, rather than supervising other workers?
- Do they work for other organizations?
- Can they do their job without training?
- Are they training other workers?
- Are they submitting an invoice rather than receiving a salary?
- Has the contractor registered for statutory social insurances and obtained required professional insurance policies?

If you've answered yes to the above questions, you probably have a contractor-client relationship. Otherwise, you may have a misclassified employee on your hands, which can lead to problems.

While every situation is unique, you can follow a few best practices to avoid employee misclassification:





- Consult with local legal experts
- Take advantage of government resources and self-check services
- Review your contracts with all self-employed contractors
- Train your managers on misclassification and encourage them to err on the side of caution when assigning work to contractors
- Convert contractors to employees if you discover that you have misclassified them

Learn more:
[Employee and independent contractor misclassification: Expert guide](#)

CONTRACTOR	PROGRESS	STATUS
	<div style="width: 50%;"><div style="background-color: yellow; height: 10px;"></div></div> 3/6	Contract agreement sent

Roger Kruze
Onboarded in November 2021

Additional Benefits

- 
- 
- 
- 

What to do before hiring your first global contractor

Before you make your next contractor hire, think about these questions:

01

Define the scope of the project

How big is the project? How long will it take?

Are you planning for a string of projects or just one? Remember, some countries consider contractors retained on a continuous basis to be employees.

02

Figure out your budget first

Be clear about what you can afford before communicating with contractors. You may not be able to afford the top rates, but you may not need the absolute best talent for every project either.

03

Create a system for communication

Will you invite your contractors to a shared Slack channel? Create a Google Doc or Notion page to work asynchronously? Whatever your plan, set expectations from the beginning to avoid miscommunications.



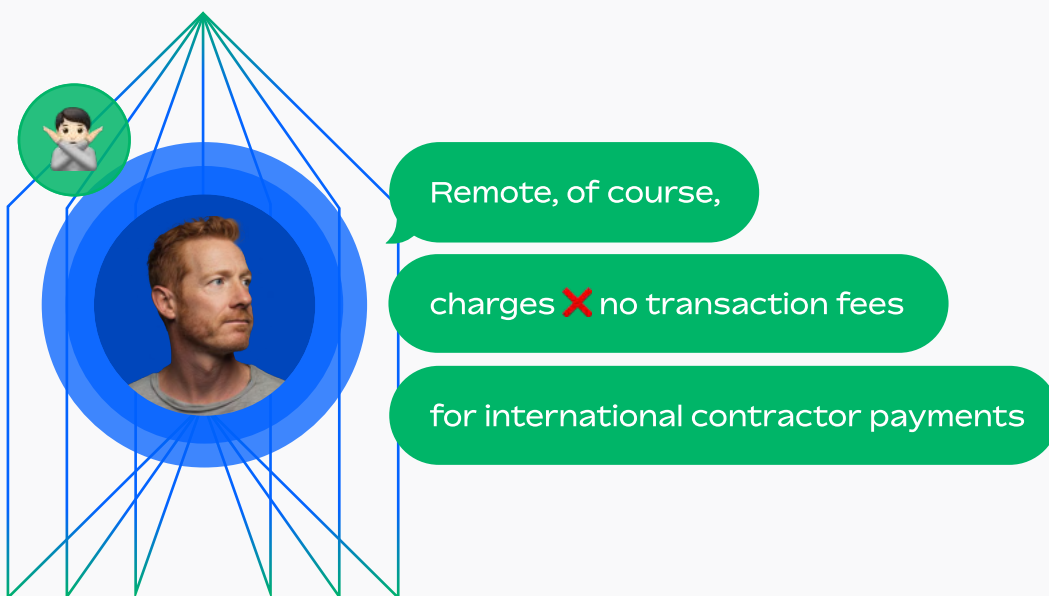


How to pay international contractors

To pay international contractors, you must consider a few extra requirements to ensure everyone is treated fairly — and to ensure you don't expose your business to unnecessary risk. You'll need a plan for handling things like payment methods and foreign exchange before you start onboarding new team members.

You can pay international contractors around the world using an [independent contractor payment service](#), like Remote. Depending on the country where the contractor lives, you may be required to pay in a certain currency.

Getting money across international borders can seem difficult at first. Depending on the country, you may need to pay the contractor in a certain currency, which can mean dealing with exchange fees. Many international contractor payment services charge their own extra fees on top of those —



The process to pay international contractors is simple

Before you make your next contractor hire, think about these questions:

- 01 Select an international contractor payment service.
- 02 Check the rules of contractor payments for the country where your contractor operates.
Do you need to send funds to a government-approved bank, for example?
- 03 Send the payment, observing the rules for doing so.
- 04 Confirm what currency your contractor wants to receive as payment.
- 05 Follow the specific payment process of your payments provider.
- 06 As you scale, remember to pay your contractors legally, accurately, and on time to establish trust and minimize risk.



Learn more:

[Employee and independent contractor misclassification:
Expert guide](#)



Methods for paying international contractors

Pros and cons of common international contractor payment options

Here is a quick breakdown of the advantages of different international contractor payment options:

Remote



PROS:

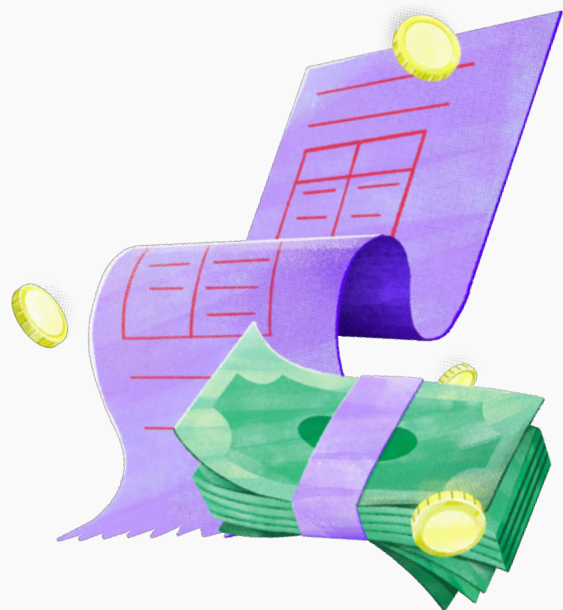
Designed to manage international contractors including payments, contracts, and IP protection. [Remote's Contractor Management platform](#) lets you:

- Onboard contractors quickly and safely with localized contracts
- Pay contractors on time in their local currency with zero exchange fees
- Manage all employment documents in one secure platform
- Protect your intellectual property and invention rights
- Around-the-clock support



CONS:

Because Remote was founded in 2019, Remote's contractor payment services are less well known than Wise or PayPal.



Wise



PROS:

Everything you need to grow your business and operate internationally but without the high fees and headache of opening bank accounts in multiple countries. Wise provides a transparent pricing structure, and you know exactly how much will be deposited in your contractor's account.



CONS:

Does not provide any contract management services, local contract advising, or IP protections.

PayPal



PROS:

Mature platform with widespread adoption. Transaction fees average about 4% of invoice amount.



CONS:

Does not provide any contract management services or IP protections. Recipients must have a PayPal account and must receive their money in that account.

Bank transfers



PROS:

Your bank will be motivated to give you personalized attention through an account manager.



CONS:

Poor exchange rates and high service fees. Your contractors are likely to experience hidden fees and receive less than you sent them. Does not provide contract management services or IP protections.

Paper checks



PROS:

There are very few upsides to using paper checks to pay contractors, although some traditional vendors may prefer checks for certain types of work.



CONS:

Dependent on international mail services. Highly susceptible to fraud. High fees. Long payment cycles.



Managing taxation compliance for international contractors

Different countries use different date ranges to determine their tax years. This has an impact on when you must report annual earnings for your contractors. For example:

- The USA tax year runs the same as the calendar year, January 1 to December 31.
- The UK tax year runs from April 6 to April 5.
- Review your contracts with all self-employed contractors
- The Australia tax year runs from July 1 to June 30.

Governments all over the world are becoming more sensitive to tax fraud brought about by people who pretend to reside abroad for tax purposes. Other countries are intentionally offering tax incentives that are attractive to digital nomads and remote workers. Keeping on top of ongoing tax reforms is essential to staying compliant in every location you have independent contractors working on your behalf.



Learn more:

[How Remote makes international contractor tax management easy](#)

Ensure you have all the required tax forms completed before work commences. Every country is different in their requirements. If your company is in the US, for example, you'll be expected to report income of non-US residents to the IRS, regardless of their tax obligation.

Did you know?

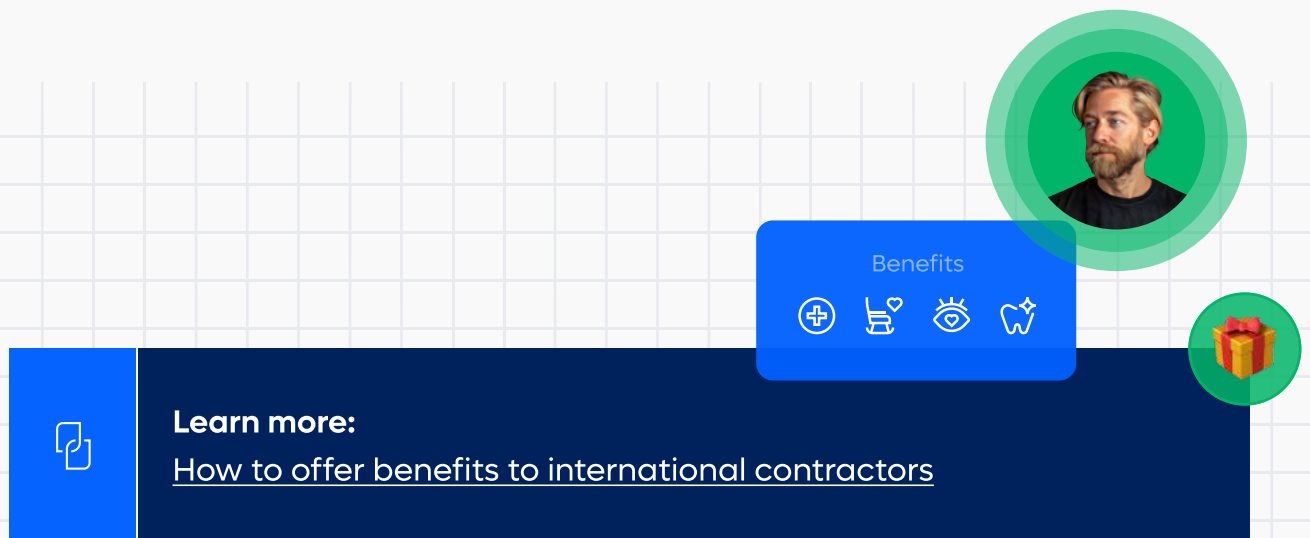
Remote offers localized contracts with guidance and advice to help companies retain maximum IP, adhere to local laws, and be aware of local misclassification rules.

Remote also offers in-built tax compliance for U.S.-based companies. The platform automates collection of the right tax forms (W-9, W-8BEN, W-8BEN-E) and generates the correct forms (1099-NEC, 1042-S) for U.S.-based companies. This ensures clients can quickly and efficiently file their tax reports with the U.S. federal government.

Contractors can use Remote to create their invoices for approval, streamlining their regular processes, before company users approve and pay.

Companies then submit one payment to cover multiple invoices, from which contractors are paid in their local currencies.

Remote also enables contractors to opt in to comprehensive and discounted health insurance for them and their family.



Learn more:
[How to offer benefits to international contractors](#)



How to judge when you need external support

Each country has unique employment laws full of nuance. If you're hiring international contractors who reside in another country, you must comply with both the laws in your own country and the laws of the other country. This extends to requirements for individual and company tax collection.

Your HR department may be able to manage contractor compliance, provided they have the proper experience. Determine whether your internal team has the skills to accurately:

- Identify the difference between employees and contractors according to the local definition
- Know when it's legally required to convert your international contractor to an employee
- Protect your intellectual property and invention rights for the work done by the contractor
- Understand the tax code in the foreign country as it relates to withholding and reporting
- Develop relationships with tax consultants and industrial relation attorneys
- Advise contractors how to complete tax documents, like the W-8BEN form for the IRS in the United States
- Prepare agreements to meet updated legislation requirements
- Onboard foreign contractors in a timely and efficient manner
- Put systems in place to pay foreign contractors in their local currency

While it may sound complicated, do not let these guidelines discourage you from onboarding international talent. Contractors in multiple countries can be a powerful tool for your growth. The key is to guarantee your compliance by working with a trusted international independent contractor management service, like Remote.



Building a scalable process for managing international payments

Managing contractor payments can quickly become complicated as you scale in both number of contractors and number of countries where those contractors live. Add the extra layer of multiple international currencies into the mix and things can become overwhelming.

Developing a contractor onboarding system will ensure you haven't skipped any important steps in payment, which could lead to delayed payments and damage your relationships with contractors. Some areas to consider include:

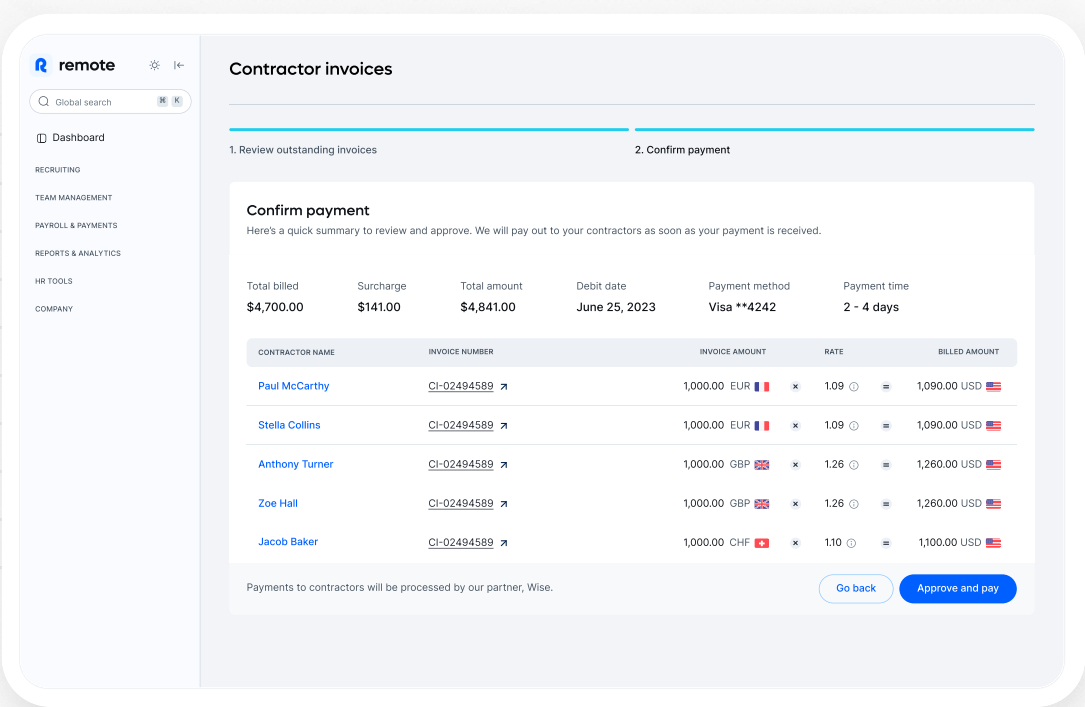
- What are the pay rates?
- How are expenses managed?
- Do you need to make an upfront deposit?
- What is the frequency for payment?
- What currency should the payment be?
- Are there milestones to trigger contractor payments?
- Do you have to file summaries for each independent contractor at the end of the financial year?
- Where do you report taxes for contractors?
- Is there a tax treaty between the country where you are headquartered and the countries where your contractors reside? This could impact the amount of withholding you have to do, if any.

Streamline admin with Remote’s automatic approvals and payments

At Remote, we’re making it easier for employers to onboard, manage, and pay contractors wherever they’re based in a legally compliant, simple way. You can set up automatic invoice approvals and payments for all of your international contractors in a few clicks.

Select the payment method to use from the card and direct debit methods you’ve already set up. This is the method that will be used to pay any applicable contractor invoices.

Next, you can set a maximum daily invoice amount per contractor. Any invoices under this threshold will be paid automatically. Invoices above this amount will need manual approval, which helps prevent fraud.



Lastly, you can select the contractors whose invoices should automatically be paid! You can select individual contractors or everyone you work with.

You’ll receive an email notification, and all invoices will appear in your dashboard. You can download invoices for your records and share payment receipts to make life easier for your finance team.

Automatic processing for faster payments

With automatic payments in Remote, your contractors will be paid faster without the traditional delay.





Remote’s automated contractor management software allows you to pay and manage independent contractors around the world quickly and easily. To get started, all you need to do is create an account to begin onboarding your contractors in minutes.

No more waiting for approvals, reviews, and manual payments.

Invoices are typically settled within 3-6 days after a successful payment, helping contractors to improve their cash flow situation — and helping you build stronger working relationships.

It’s easy to get started with fast, flexible contractor management with Remote.

Contractors [View all >](#)

-  **Paul Grant**
Marketing Manager
-  **Beatriz Costa**
Product Designer
-  **Narobi Yan**
UX Writer
-  **Peter Rowling**
Marketing Manager

Onboard new contractors, ensure compliance with localized contracts, and pay contractors in more than 130+ countries around the world.

[Sign up today](#) ↗



Hire international contractors with Remote

Building a global team with the addition of international contractors fuels faster, more cost-effective growth. There's never been a better opportunity to find, hire, and pay the most talented and experienced professionals available without worrying about geography or international borders.

Remote can help you pay and manage independent contractors in countries all over the world.

The simple, intuitive Remote platform makes it easy for you to create locally compliant contracts, make payments in local currencies, and manage invoices all in one easy-to-use platform. Remote's contractor management service is designed to help growing businesses compliantly pay international contractors while laying the groundwork to scale in the future.

Don't let contractor management headaches derail your company's growth. Let our teams of experts all over the world help you stay on top of foreign tax codes and labor laws.

With Remote, your team always receives consistent, professional, and thorough contract and payment services.

Sign up now to get started in minutes



Research [Remote's Contractor Management](#) services in detail to learn more about how you can scale your global team.

The Remote contracting process, explained.



1. Onboard your contractors

Invite contractors to Remote to complete onboarding.

How much does it cost to use Remote's Contractor Management?

You can onboard, manage, and pay contractors compliantly for just \$29 per contractor, per month. Credit card payments are subject to a 3% service fee.

That's it. There's no other cost. No hidden upcharges, no sign-up fees.



2. Sign a contract

Use our localized, compliant contracts or bring your own.

What payment methods are available?

Businesses can pay contractor invoice by wire transfer, ACH, SEPA, and card. Contractors receive payments directly to their nominated bank account via Stripe Connect.



3. Invoice submitted

Your contractor submits their invoice through Remote.

How much does it cost contractors to receive payments?

Same-currency contractor payments are free for your contractors to receive. Different-currency payments are converted at a competitive mid-market rate plus an additional 1% fee charged by our payment provider. Remote does not add any service or handling fees.



4. Approve invoice, send payment

Remote creates one payment request for all your contractors.

I already use contractors - can I manage and pay them through Remote?

Yes, you can! You can also opt to use our contract templates and guides to update your own contracts and ensure maximum compliance with local labor laws.



5. Contractors get paid

Remote pays your contractors in their local currency.

How do I ensure compliance and avoid potential penalties?

While we can't offer specific legal advice, Remote supplies general contract templates and guides that help you and your contractor understand local labor laws.



Create a new invoice

Invoicing details

Withdrawal method
Account ending in ****4543 (🇩🇪 EUR)

Items to bill

Description	Amount
Product X Design	5,000

Invoicing preferences

Frequency
Semi-monthly

Submit

Paul Grant
Sales manager



Grow your business – not your HR workload

Remote Contractor Management has everything you need to work with local and international contractors.

CONTRACTOR	COUNTRY	INVOICE AMOUNT
Ben Koch	Belgium	€75,000
Ian López	Chile	\$15,000
Julia Costa	Portugal	€40,000
Ava Lee	Canada	\$90,000

[Sign up now](#)

For locally compliant contracts and automated contractor payments in 100+ currencies — just \$29 per contractor with no hidden fees.

A simpler solution for contractor payments

Remote takes the guesswork out of global contractor invoicing and payments.



Faster integrations

Remote's contractor and full-time employee platforms communicate seamlessly.



One-click payments

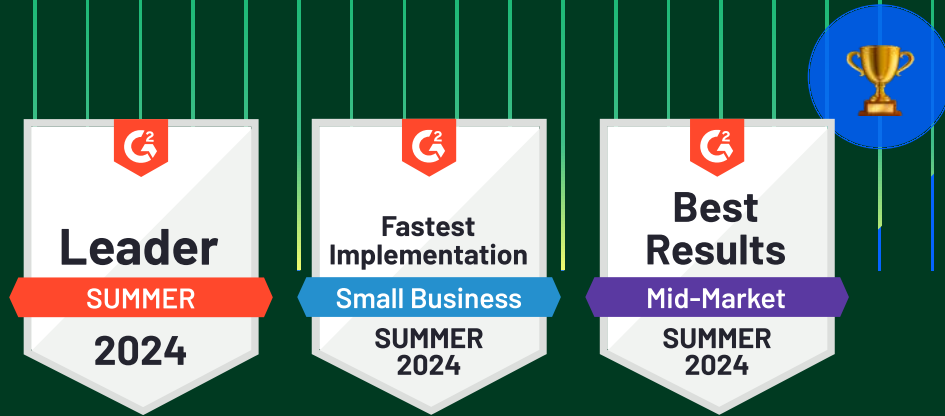
Approve or reject invoices in a single click. You can pay in batches or manage each invoice individually.



Fee-free local currency

Pay your contractors in their local currency with zero exchange fees.





Trust Remote to hire and pay your global team

Based on hundreds of reviews, Remote is ranked no. 1 in the G2 Multi-Country Payroll Summer Report 2024.

Whether you're looking to hire one or thousands international worker, Remote has the experience, infrastructure, and expertise you need.

[Get started](#)





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