

Guatemala is a Central American country bordering the Pacific Ocean and the Caribbean Sea. Its beauty, large population, and connection to other Central American countries make it a great place for companies to expand to. However, expanding to Guatemala can turn into a complicated process as you handle payroll, hiring, benefits, and more while continuing to run your parent company.

Globalization Partners is a global PEO that strives to help businesses expand across borders. We offer Guatemala payroll outsourcing services to help outsource payrolls and handle compliance. When you work with us, you can feel confident in the experts behind your Guatemala payroll.

What Taxation Rules Apply to Payroll in Guatemala?

Guatemala requires both employees and employers to contribute to certain tax funds. For example, both groups must contribute to social security at varying rates — employers give 12.67% of wages while employees give 4.83%.

Employers are also responsible for paying corporate income taxes. You can choose to pay taxes on either profits from income or revenues from income. Profits from income are subject to a flat 25% tax rate with deductions allowed, while revenues from income are subject to a rate based on gross receipts without any deductions.

Guatemala Payroll Options

Companies expanding to Guatemala don't have to set up their own payroll out of their subsidiary. There are four main Guatemala payroll options, including:

- Remote: Does your parent company already utilize its own payroll? If so, you can choose to add your subsidiary's employees to this payroll as well, but they'll have separate tax laws and regulations to follow.
- Internal: You can also choose to run your own internal payroll out of your subsidiary. Usually only large companies choose this option since it requires a bigger budget to hire additional staff.
- Guatemala payroll processing company: If you would rather outsource your payroll, you can through a Guatemala payroll processing company. This option will take care of running your payroll, but you'll still be held compliant.
- Guatemala payroll outsourcing: Guatemala payroll outsourcing through Globalization Partners is ideal for all companies. We can set up your Guatemala payroll and handle compliance.

Everything You Need to Set up Payroll

Before you can set up your Guatemala payroll, you need to establish a subsidiary in the country. However, the subsidiary setup process can take weeks or months, and that's before you can hire employees, add them to your payroll, and disperse compensation and benefits. Globalization Partners offers an alternative solution through our Employer of Record platform. We'll use our existing subsidiary to help you start working faster, and we'll take the compliance off your shoulders, handling it ourselves.

Entitlement and Termination Terms

The right entitlement and termination terms included in an employment contract can save your company from future problems. We recommend including these terms in an employment contract before setting up your payroll. For example, after terminating an employee, you must pay any salary still owed, the proportional amount of vacation, and more.

Work With Globalization Partners Today

Globalization Partners will use Guatemala payroll outsourcing to streamline your expansion. Contact us today to learn more.