

Handling an international payroll in addition to your company's home country can be challenging. You may want legal assistance and HR management to help you manage payroll legally and fairly. At Globalization Partners, we're a global PEO — also known as an Employer of Record — with entities across the world. Our Laos payroll outsourcing services ensure you cover taxation and entitlement without added liability.

Taxation Laws

You are responsible for reporting income and deducting tax from employee paychecks. In Laos, workers pay personal income tax according to their gross income. Individuals owe 0 percent up to 15,600,000 Lao Kip (LAK) annually. This taxation increases by 5 percent for every increment, with LAK 780,000,001 requiring the highest tax of 25 percent.

As an employer, you're also required to deduct contributions for the Social Security Fund. This fund covers retirement, disability coverage, injury compensation, sickness, and maternity benefits. You contribute 6 percent while workers contribute 5.5 percent.

Laos Payroll Options

When you expand internationally, you have a few options for managing payroll. Your process will depend on your company resources.

- **Remote:** You can choose to run your international payroll through your parent company, which can help if you're just starting a global expansion. However, this arrangement requires extensive organizing to keep country processes separate, and you'll be responsible for legal mistakes if they arise.
- **Payroll processing company:** Working with a payroll processing company allows you to trust experts who understand payroll laws. However, this option requires funding for a third-party provider, and if they make any mistakes, your company will be held liable.
- **Internal:** If you establish a subsidiary, you can create an internal payroll department. While this arrangement offers the most control, it also requires the most resources and is not ideal for companies just starting to expand.
- **Globalization Partners:** As a global PEO, we hire your employees through our subsidiary.

This setup makes us responsible for payroll management and puts all liability on us instead of you.

How to Set Up Laos Payroll

How you set up payroll depends on your management method. If you want to manage payroll internally, you have to establish an entity in-country. This process takes time, money, and government clearances. From there, you need to hire a team that can handle payroll.

Regardless of your management methods, you need your employees' tax identification numbers (TINs). TINs help you report income and deduct taxes from paychecks. You should also help individuals register for the Social Security Fund if they're not already registered. To make contributions, you must gain access to workers' social security identification numbers.

Entitlement and Termination

You can terminate workers for a range of reasons, including failure to perform the job or a breach of contract. Employees are entitled to severance pay when:

- They are in poor health, and a doctor certifies them as unfit for work.
- You failed to meet the employment contract, and problems continue.
- The workplace relocates, and the employee cannot follow the job.
- They were harassed in any form, and you did not address it.

In the case of general, unilateral termination, the worker receives 10 percent of their last wage multiplied by the number of months they worked for you. For unjustified termination, you must pay 15 percent multiplied by months worked.

Choose Globalization Partners for Payroll Outsourcing

We ensure employees receive their paychecks on time with all the required deductions. With our payroll outsourcing services, you can focus on other tasks while having the peace of mind of compliance. [Get in touch with our team today](#) to learn more about our international

expansion services.