

Reading Time: 2 minutes

Madagascar is an island in the Indian Ocean close to the southeast coast of Africa. As the fourth largest island in the world, the country has diverse wildlife and a large population of more than 20 million. If you're looking for a scenic spot for your expansion that's close to Africa, Madagascar provides the perfect setting.

One challenge of an expansion is setting up your payroll. Your company will need to choose between the various Madagascar payroll options, meet the country's complicated tax laws, and more. Globalization Partners can make your expansion easier through Madagascar payroll outsourcing. We'll act as the Employer of Record to add your employees to our locally compliant payroll. With us, you won't have to set up your Madagascar payroll, and you won't have to worry about compliance.

Taxation Rules for Payroll

Employers in Madagascar need to contribute 13% of wages to social security and 5% to healthcare. Many employers in the country choose to use a Pay As You Earn (PAYE) system where they calculate and process taxes on behalf of employees. You'll need to deduct 1% of an employee's wage for social security and another 1% for healthcare, then send employees their net wage.

Madagascar Payroll Options

All companies are different and need their own type of payroll. There are four different Madagascar payroll options to choose from, including:

- Remote: Parent companies that already have their own payroll can add the subsidiary's employees to that payroll. However, the different employees will have their own regulations and tax laws.
- Internal: If you have a large subsidiary committed to your expansion, you can set up an internal Madagascar payroll. Doing so will require a larger staff and expertise on Madagascar payroll laws.
- Madagascar payroll processing company: Another option is working with a Madagascar payroll processing company. This third party can outsource your payroll, but you'll still need to shoulder compliance.
- Madagascar payroll outsourcing: Finally, you can work with a global PEO such as Globalization Partners. Choosing Madagascar payroll outsourcing with us means we'll set up your payroll and take on compliance.

What Is Required to Set up Your Payroll?

Before you can set up your Madagascar payroll, you have to incorporate. Establishing a subsidiary in Madagascar can take anywhere from a few weeks to a few months, which can set back your desired timeline. Globalization Partners' suite of expansion services, including Madagascar payroll outsourcing, will help you start working in as little as a day. You won't have to go through the lengthy incorporation process, and you can feel confident knowing you're meeting the country's employment compliance laws and tax obligations.

Entitlement and Termination Terms to Know

Since terminating an employment relationship can be tricky in foreign countries, we recommend adding entitlement and termination terms to your employment contract before setting up your Madagascar payroll. Employees can get terminated for cause with a written notice period, and the notice period required varies by type of employment and length of service. Madagascar employees typically do not get severance pay.

Why Globalization Partners?

Globalization Partners is the team of experts you need on your side for your expansion. Contact us today to learn more about Madagascar payroll outsourcing.