

Nicaragua is a Central American country that borders Honduras, Costa Rica, the Pacific Ocean, and the Caribbean Sea. It's a great place for companies looking to expand to Central America and create ties to Mexico, the Caribbean islands, and other Central American companies. That said, an expansion to Nicaragua isn't as easy as it may seem.

One of the challenges is setting up your Nicaragua payroll to comply with local tax regulations and similar laws. You'll have to choose a Nicaragua payroll option while trying to handle all other aspects of an expansion and your parent company's daily operations. Plus, you have to wait to establish payroll until you set up your subsidiary. That's why Globalization Partners is here with Nicaragua payroll outsourcing to help you work faster without any hassles.

Taxation Rules in Nicaragua

Nicaragua's taxation laws include contributions to social security for both employees and employers. Employers must contribute 21.5% to 22.5% of wages to social security, depending on amount of employees, while employees contribute 7%. Both are subject to an income cap. Employees' personal income tax utilizes a progressive scale that's up to 30% for those in the top income bracket.

Nicaragua Payroll Options for Companies

Nicaragua's four different payroll options are meant to help you find one that works for your business goals. You can choose:

- **Internal:** An internal payroll is a good option for large companies committed to Nicaragua. Make sure you have the infrastructure in place to run this type of payroll, however, including a full HR staff and a compliance expert.
- **Remote:** A remote payroll means adding your subsidiary's employees to your parent company's payroll. While doing so can help you streamline payroll for employees, make sure you're following the right regulations per country.
- **Local outsourcing company:** Outsourcing with a Nicaragua payroll processing company works for companies that don't have the time or expertise to run their own payroll.

However, your company will still have to worry about compliance.

- Global PEO: Globalization Partners offers Nicaragua payroll outsourcing that will handle both your payroll and all matters of compliance. You can relax knowing we'll handle everything from your payroll to hiring employees and more.

How to Set Up a Payroll in Nicaragua

You cannot set up your Nicaragua payroll until you have a registered entity in the country, but establishing a subsidiary can take a significant amount of time and set back your plans to begin operating in the country. Globalization Partners erases this requirement through Nicaragua payroll outsourcing and our suite of global expansion services. We use our Nicaragua PEO to handle everything from making sure you have the best employees to ensuring your company stays compliant.

Entitlement/Termination Terms

Entitlement and termination terms can help your employees understand the employment relationship and save you from any termination issues. We recommend adding these terms to an employment contract before you set up your Nicaragua payroll. You have to request authorization for termination through the Labor Inspection Department before terminating a specific employee. The employee is entitled to severance pay based on the amount of time they've worked for the company.

Payroll Processing Company in Nicaragua

If you're already planning an expansion to Nicaragua, Globalization Partners will make it easier on you through Nicaragua payroll outsourcing. Contact us today to learn more.