

Managing payroll on a global scale requires a deft orchestration of legal compliance and reliable processing. You'll also need to meet legal regulations for how and when payroll is administered and ensure your employees receive their paychecks on time.

If that sounds like a lot to manage when your company is based abroad, choose Globalization Partners. We offer streamlined payroll management outsourcing services through our convenient digital platform. We take on the risk and responsibility every step of the way, so you can focus on growing your company.

Taxation Rules

You are required to deduct social security taxes directly from an employee's paycheck every quarter. You and your employee must both contribute 7 percent with a maximum taxable wage of \$3,000 per quarter. You are also responsible for reporting these contributions to the Social Security Administration. If you don't properly pay and report these taxes, you're liable to pay the full amount of the tax due as well as interest.

Palau Payroll Options

There are a few different options to consider when it comes to managing your global team's payroll. Each comes with its own set of liability risks and requires varying levels of in-house resources. The most popular payroll choices include:

- **Internal.** Handling your payroll in-house requires setting up a subsidiary in Palau and hiring an internal payroll department. This will allow you to maintain full control over your payroll processing, but it does come with liability concerns.
- **Local.** Even if you have a subsidiary in-country, you may want to outsource your services to a local payroll processing company. This can alleviate your internal workload but still leaves you liable for any legal issues.
- **Remote.** If you're not interested in going through the costly, time-consuming process of establishing a subsidiary, you can manage your payroll remotely. However, you'll need to consider the different legal regulations that vary by country.
- **Global PEO.** When you work with Globalization Partners, we'll hire your employees

through our local subsidiary. This means we'll run your payroll efficiently and reliably while taking on all the liability risks.

How to Set Up Your Palau Payroll

The first step in establishing your local payroll is determining which processing method works best for your company. If you opt to manage your global payroll through a local subsidiary, you'll need to follow every incorporation step first. This process can take several weeks and requires a lengthy set of licensing and approvals from various governing bodies. To set up a subsidiary, you'll also need to open a local corporate bank account and deposit a capital investment.

Even if you decide to operate your payroll remotely, you'll still need to keep track of your employees' information and follow local tax, compensation, and benefits regulations. This can be particularly challenging if you're operating your company in several different international locales.

Entitlement and Termination

Palau does not have set regulations for termination and severance entitlements. Instead, these are largely determined on a case-by-case basis by you and your employee. You should specify your specific termination and entitlement terms in each employment contract. If you decide to let an employee go before the end of their fixed-term, you must pay them for any accrued but unused leave as well as any pay earned since their last paycheck.

Choose Globalization Partners for Payroll Outsourcing in Palau

When it's time to grow your company overseas, you have plenty of payroll management options to consider. Working with Globalization Partners offers the most streamlined, simple, and seamless solution for managing your payroll. Leave the details up to us, so you can focus your attention on the big picture.

Do you want to learn more about our services? [Reach out to our team](#) today.