

When you start to consider hiring employees in Paraguay, you also need to create a strong compensation and benefits plan. Your employees may choose one position over another because of the salary and benefits, so your company needs to stand out. But it's difficult to focus on just one area of your expansion when your attention is pulled in several different directions.

As a global PEO, Globalization Partners focuses on helping companies like yours expand around the globe. We offer Paraguay compensation and benefits outsourcing using our subsidiary, which can help you incorporate faster. We'll also take on the role as the Employer of Record to make sure you stay compliant throughout your expansion process.

Paraguay Compensation Laws

Paraguay's compensation laws include a minimum wage of 1,824,055 Paraguayan Guarani per month. However, domestic workers have a special minimum wage of 40% of the regular minimum wage and should get deductions for housing and food. The minimum wage last changed in 2014, and the government could decide to update the wage again in the coming years.

All employees should receive a complimentary annual compensation or 13th-month salary. As an employer, you're required by law to pay this sum in December and make it equal to one month's salary.

Guaranteed Benefits for Employees

When you start putting together your Paraguay benefits management plan, you must include statutory benefits required by law. Paraguay has 13 national holidays, and your employees must get those days off with pay. Typically, your employees will start earning vacation days after working for you for one year. For example, they'll get 12 days of paid annual leave if they've worked one to five years, 18 days for five to 10 years, and 30 days for 10 years or more of employment.

Paraguay offers sick leave, maternity leave, and paternity leave as other guaranteed benefits. Employees need to have a justified illness to take medical leave. You'll pay for 50% of the leave, while the government will pay the other half. Female employees having a child should receive 18 weeks of paid maternity leave paid by the IPS at 100% of their normal salary. Paternity leave is two weeks of paid time off after the birth of a child, which employers pay for.

How to Disperse Benefits in Paraguay

You should disperse additional benefits along with statutory benefits to your Paraguay employees to encourage them to stay in their positions with your company. For example, many companies in Paraguay view stock option plans as a way to attract top talent and encourage greater retention rates. Paraguay does not have any approved stock option plans that give employees and employers tax benefits. Therefore, you need to carefully plan for this supplemental benefit if you choose to provide it.

Restrictions for Compensation and Benefits

Companies expanding to Paraguay run into trouble trying to operate in the country without a subsidiary. You need an entity in the country to provide a Paraguay compensation and benefits management plan, but you could spend months trying to incorporate while also learning Paraguay's compensation laws, labor laws, and tax regulations.

Globalization Partners is a global PEO with subsidiaries around the world that we can use to assist you, ensuring a quick expansion without any unnecessary stress. For example, you can use our Paraguay PEO to hire employees and add them to our payroll and benefits plan. We'll take on all the risk as the Employer of Record as well, so you can focus on managing your day-to-day business.

Contact Globalization Partners Today

If you're ready to expand, contact Globalization Partners today for more information about

Paraguay benefits and compensation outsourcing.