

One easy element to fall out of compliance with is payroll. You have to learn a new country's employment laws, hire employees, and decide which payroll option is best for your company — all while trying to run a new business location. Globalization Partners takes the hassle out of setting up payroll in the Philippines through our Employer of Record model. We can hire employees who work for your company and run your payroll so that you can focus on growing your company.

Philippines Taxation Rules for Payroll

Employers need to worry about both their own contributions and their employees'. The Philippines has a social security system that's a mandatory benefit to all employees. It includes Social Security System (SSS), Home Development Mutual Fund (HDMF), and Philippine Health Insurance Corporation (PhilHealth).

Employers and employees must contribute to all three of these funds. In 2016, the total contribution rate was 11.36% of an employee's monthly salary that didn't exceed P16,000. That rate gets divided among employers and employees, so employers pay 7.67%, while employees contribute 3.69%.

Different Philippines Payroll Options

There are four main Philippines payroll options to choose from, including:

- **Remote:** In a remote payroll situation, the parent company will add employees in the Philippines to the overall payroll with employees in another country. While this option can streamline payroll, the two sets of employees will be under different regulations.
- **Internal:** If you operate a larger company that's committed to the Philippines, instituting an internal payroll may make sense for your daily operations. However, this option requires a larger staff and budget.
- **Outsourcing:** You can choose to work with a Philippines payroll processing company that will run your payroll for you. Your company will still be held liable for all matters of compliance with this option.
- **Globalization Partners:** Globalization Partners offers the best Philippines payroll option.

We'll take care of your payroll and handle all matters of compliance on your behalf.

What Is Required to Set up Philippines Payroll?

Before you can set up payroll in the Philippines, you have to establish a subsidiary in the country. The process depends on the location and type of entity you choose for your subsidiary, but it could take weeks or months before you can hire employees and start your payroll. You also have to set up a bank account in the Philippines to start paying employees.

Necessary Entitlement and Termination Terms for Setting up Philippines Payroll

We recommend drafting a strong employment contract with entitlement and termination terms before setting up your Philippines payroll. Since Filipino termination law is extremely complicated, it's a good idea to have everything in writing that an employee signs. As an employer, you can dismiss workers for just cause, which includes several different scenarios and involves the two-notice rule. Dismissing employees due to authorized causes requires you to pay severance.

Work With Globalization Partners

Globalization Partners makes it easy to navigate the challenges of setting up payroll in the Philippines. We'll help you get started working right away and give you the peace of mind you require. Contact us today to learn more.