1. **Procedure Title:** CSU International Employment

2. **Procedure Purpose and Effect:** The purpose is to define the procedures for international hires.

3. **Application of Procedure:** A hire meeting any of the following criteria is considered an international hire:
   
   A. A CSU employee on the CSU payroll system working overseas for more than 6 months or 183 days in aggregate in a 12-month span
   
   B. A current employee of CSU on the CSU payroll system working all or most of the time overseas if employed less than 6 months
   
   C. A U.S. national who will live and work in a foreign country (“Expatriate”)
   
   D. A non-U.S. national who will work in their home country (“Local National”)
   
   E. A non-U.S. national who will work in a country that is not their country of citizenship (“Third Country National”)

4. **Exemptions:** None.

5. **Definitions:** The following are frequently used terms specific to international assignments:

   A. **Cost of Living Adjustments (COLA)** – is a set of allowances granted to expatriate employees to help offset the cost of deployment in an expensive location overseas. Often, a flat rate as a percentage of base salary is used, based on U.S. State Department rates.

   B. **Currency Fluctuation** – if local currency devalues more than five percent each year due to inflation or exchange rates – therefore seriously compromising the purchasing parity of the employee – department management may need to review the situation. Typically, this situation is mitigated by either an increase to salary, or by a one-time currency shortfall payment.

   C. **Expatriate (expat)** - is an individual temporarily or permanently living in a country and culture other than where she/he was brought up. For the purpose of this guide, this strictly refers to U.S. nationals, citizens, or permanent residents, working abroad on international assignments.

   D. **Foreign Corrupt Practices Act (FCPA)** – is a law enforced by the Securities and Exchange Commission/Department of Justice which dictates that no employee or individual working on behalf of CSU is permitted to provide anything of value to foreign officials in order to garner a preferred business environment for the University. Definitions of both “value” and “foreign official” are extremely broad and penalties for non-compliance are severe. Contact OGC for guidance.
E. **Local National (host country national, local hires, locals)** – are staff who are hired within their home country to work on an assignment in that location. These individuals will generally be granted fringe benefits customary with local practice, but not any additional allowances. Typically, salaries are based on local pay scales rather than CSU systems.

F. **Home-based** – relating to the country of origin for an employee (generally the U.S.) and most used in terms of benefit or compensation packages.

G. **Host-based** – relating to the country of assignment, and most referenced in benefit or compensation packages.

H. **Permanent Establishment (PE)** – refers to a fixed place of business, and can be triggered by a variety of actions, including hiring of staff, leasing office or other real estate space, creation of a bank account, sale of products or services, etc. Once classified as permanently established in a foreign location, CSU could in some cases become liable for income or value added taxes. In addition, there may be other operational fees or regulations triggered by PE.

I. **Professional Employment Organization (PEO)** - is a company through which CSU can engage employees abroad while limiting exposure to permanent establishment or other regulatory risks. The PEO becomes the Employer of Record, for tax and insurance purposes, and manages tasks such as payroll, benefits, risk/safety, and other issues. However, the actual work conducted generally includes formal or informal reporting lines to CSU to ensure monitoring and performance of tasks.

J. **Tax Residence** – defines the country in which an individual will be responsible to pay taxes in a given year. The definition varies greatly from country to country, but in most places, physical presence is the critical factor. In other countries, ownership of a home or availability of accommodation, family, financial interests, and immigration status come into play. Residence should not be confused with “Domicile”, which is in common law a different legal concept.

K. **Third-Country National (TCN)** – an employee working in an assigned country who is neither a national of the assignment country nor the U.S.

6. **Procedure Statement:**

Regardless of the duration of the assignment, the global employment environment is very complex, and each case is unique. Visa requirements, work authorizations, employment laws, tax regulations, and employee benefits vary by country, and they can change with little to no notice. Poor planning can result in immigration issues, tax penalties and other avoidable costs.

We must be cognizant of each country’s regulations and strive to responsibly and fairly engage staff to balance the financial, legal, and reputational risks for the University and for our staff members.

Although CSU does not directly employ foreign nationals abroad, this procedure instruction identifies potential options available to meet international hiring needs.

The Foreign Tax Office is the first point of contact for overall assistance with questions about operating internationally. It assists faculty and staff with developing solutions to doing business abroad and serves as the primary liaison with CSU’s outside consulting firm, specializing in global employment and expansion.

The New International Assignment Intake Form (found in CSU International Employment Guide, Appendix A) may be completed and routed to the Foreign Tax Office to provide initial details about the international project/assignment. The information provided in the intake form helps Foreign Tax to provide the best assistance.
The following options for international hires are based on university policy and are guided by country laws. Please be aware that consultation with an outside specialist may be necessary. The selected option must be approved by Foreign Tax.

**Four options exist for international hires:**

**A. Affiliate with an established organization in the host country**

1. Department identifies the affiliate partner in host country.
2. Department contacts partner organization to conduct due diligence regarding their capacity to hire.
3. Department drafts agreement with affiliate partner and forwards to department chair for approval, seeking assistance from Contracting Services as needed.
4. The department chair forwards the agreement to OVPR Secure and Global Research for export control review. Copy the department’s OSP Senior Research Administrator (SRA), if applicable, and ACNS Security Officer (if remote access to CSU’s network is required).
5. The departmental representative obtains any necessary additional information to assist with adding the worker to the local partner’s payroll.
7. Department pays partner organization’s invoices for services rendered, as due.

**B. Contract with a professional employment organization (PEO)**

1. Department completes the Mauve Group International Assignment form. Mauve Group (DBA Coral Sunset) is the PEO that CSU has contracted with to place employees abroad.
2. Forward completed form to department chair for review and internal approval.
3. The department chair forwards the International Assignment form to OVPR Secure and Global Research for export control review.
4. Copy the department’s OSP Senior Research Administrator (SRA), if applicable, and ACNS Security Officer (if remote access to CSU’s network is required).
5. Foreign Tax will then forward the International Assignment Form to Mauve Group for a payroll simulation cost proposal.
6. Foreign Tax and Department collect additional employee information and coordinate with PEO to complete all documentation.
7. Foreign Tax receives addendum from PEO, reviews and submits to department for approval and signature. Note: CSU maintains master agreement; new hires need only sign addendum.
8. Department requests Purchase Order, for deposit of first one to two month of worker’s services and pays deposit, coded in KFS to OBJ code 1570. Note: deposit amount is dependent upon host country requirements.
10. On a monthly basis, Foreign Tax and the Department share the following responsibilities:
   
a) Foreign Tax receives invoice from PEO, reviews for accuracy, forwards to department contact, and sends monthly reminders to department to notify of any payroll changes (i.e. unpaid time off, reimbursements).

b) Department reviews invoice, sets up PO and pays invoice by due date*, tracks employee PTO and notifies Foreign Tax of any changes to payroll, authorizes reimbursements, and notifies Foreign Tax of same.

*PEO billing terms are Net 15. It is critical that invoices be paid promptly when received.

C. Remain on, or join, CSU payroll

1. Contact HR – consult HR Liaison on new hiring needs (can be omitted for existing hires).

2. Consult Foreign Tax regarding tax threshold for days presence allowed in-country. Excessive days of presence in-country may trigger PE and may also subject the expat to host country personal tax obligations.

3. Consult with OVPR Secure and Global Research for export control recommendations. Copy the department’s OSP Senior Research Administrator (SRA), if applicable, and ACNS Security Officer (if remote access to CSU’s network is required).

4. Employee obtains passport, visa, and work permits as required.

5. Employee CSU-related international travel must be registered with Office of Risk Management.

   *The option to join, or remain on, CSU payroll is only available to U.S. nationals who will maintain a U.S. address. This is because different rules apply to individuals without U.S. tax residency.

D. Engage an independent contractor


2. Consult Foreign Tax for review.

3. Foreign Tax verifies that Independent Contractor classification can be used in host country and confirms that host country does not impose employer-related obligations on ICs that may result in reporting obligations.

4. In some cases, a locally compliant contract is required, which may result in consulting fees. These fees will be charged to the department. Foreign Tax will inform you if this is the case.

5. Consult with OVPR Secure and Global Research for export control recommendations. Copy the department’s OSP Senior Research Administrator (SRA), if applicable, and ACNS Security Officer (if remote access to CSU’s network is required).

6. Draft contract and obtain required signatures. Consult with Contracting Services for assistance, if needed.

7. Department prepares for payment.

8. Gather necessary information for vendor payments.
9. Set-up P-Req/PO.

10. Once invoice is received, department ensures that work meets standards outlined in contract.


7. **Reference and Cross-References**: CSU International Employment Guide, FPI 3-3 International Agreements/Export Control

8. **Forms and Tools**: Mauve Group International Assignment Form, Mauve Group Global Solutions Portfolio