

# Global Employment Organisations: Locate to Switzerland



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**Global Employment Organisations (GEO's)** are incorporated entities that can be used to employ some or all of an organisation's global workforce. GEO's can act as an in-house employment agency and provide the services of their employees to other units within the business in return for a management fee. This fee is then used to pay the salaries and benefits of the employees within the GEO.

The GEO concept can also easily be applied to shared service centres,

regional headquarters and regional employment Organisations and so throughout this paper please read GEO's to include these important scenarios.

Through research and practical experience with clients we have identified trends, drivers and challenges in the management of expatriates that, in our opinion, place GEO's as a 'should', as opposed to a 'could' in managing expatriates in the 21st century. We believe that GEO's ought to be included at the core of the tactical

and strategic approaches that expatriate managers may refer to when considering how best to manage their expatriate population.

Switzerland is in a strategic position for locating GEO's. This paper highlights the advantages to your organisation of choosing Switzerland.

Please feel free to call one of our Swiss Human Capital specialists below or your usual Ernst & Young contact for further information.

## Your GEO as an operational and strategic solution for assignee programme management

Where previously the administrative, cost and organisational implications may have deterred some Organisations from progressing with implementing a GEO, the pressure to manage their international assignment programme in alignment with the strategic direction of the business is now causing organisations to revisit the merits of a GEO. A GEO could contribute to an organisation's international assignee programme's ability to be globally

competitive by facilitating:

- Flexible and effective employment arrangements for a diverse and mobile assignee population
- Establishing a global leadership team or cadre to manage global business strategy
- Savings in corporate and income tax and social security and minimising duplication of payroll and HR administration functions
- Minimisation of corporate permanent establishment risks
- Enhancing global assignment control, management and consistency of delivery
- Ability to centrally track and quantify global compensation for management accounting and tax compliance
- Easy application to Shared Service Centres and Regional Employment Organisations.

## Why Switzerland

Switzerland provides a favourable corporate and personal taxation, and social security regime for GEO's with an excellent Tax Treaty and Social Security Totalisation network, in addition to the EU bi-lateral agreements, which became effective in 2002. With its flexible labour laws and multi-lingual society, let alone the benefits of Switzerland itself as a country it is a key location for a GEO.

### Flexible Labour Laws

- Very flexible Swiss private Labour Law, to which GEO staff would generally be subject
- Temporary workers related to "Manpower Company's" not governed by specific legislation
- Flexible labour laws providing ease with which to employ a multi-cultural international workforce

### Corporate Taxation

- Very favourable corporate structures for GEO's and mixed use Organisations
- Flexible Legal structure for GEO's
- Large network of OECD treaties
- Favourable tax regime
- Local cantonal investment incentives possible

### Personal Taxation

- In general no Swiss taxation of non-residents
- Planning opportunities for international workers
- Large network of OECD treaties
- Opportunities for International Social Security planning
- Large network of Totalisation treaties
- Bilateral tax/social security treaties with EU

### Other advantages

- Geographical position: centre of Europe and easy flight access to the Americas, Asia / Pacific & Africa
- Language: German, French, Italian and Rhaeto-Roman are the local languages spoken with English as the common business language
- Political & economic stability
- Mature and global financial centre
- Very high standard of living: popular with executives



## Conclusion

Global or Regional Employment Organisations and Shared Service Centres are an emerging trend to assist in the management of a complex, mobile, global workforce. The ability to leverage economies of scale and scope is one of the principal

assets in operating in the global arena. By simplifying and integrating operational processes, an organisation can realise a new source of competitive advantage through the efficient and effective deployment of its resources.

Switzerland is increasingly chosen as a location for these solutions and if you would like to know more about why, please do not hesitate to call one of our Swiss specialists or your usual Ernst & Young contact.

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