



STRATEGIC GUIDE FOR SUCCESSFUL INTERNATIONAL EXPANSION

OPENING DOORS ON THE GLOBAL STAGE

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EXPLORE INTERNATIONAL MARKETS AND BUILD GLOBAL VALUE.

Congratulations on making the courageous decision to take your business international!

Whether you are an entrepreneur with years of experience or a start-up company, entering international markets offers a wide range of exciting opportunities and great potential for growth.

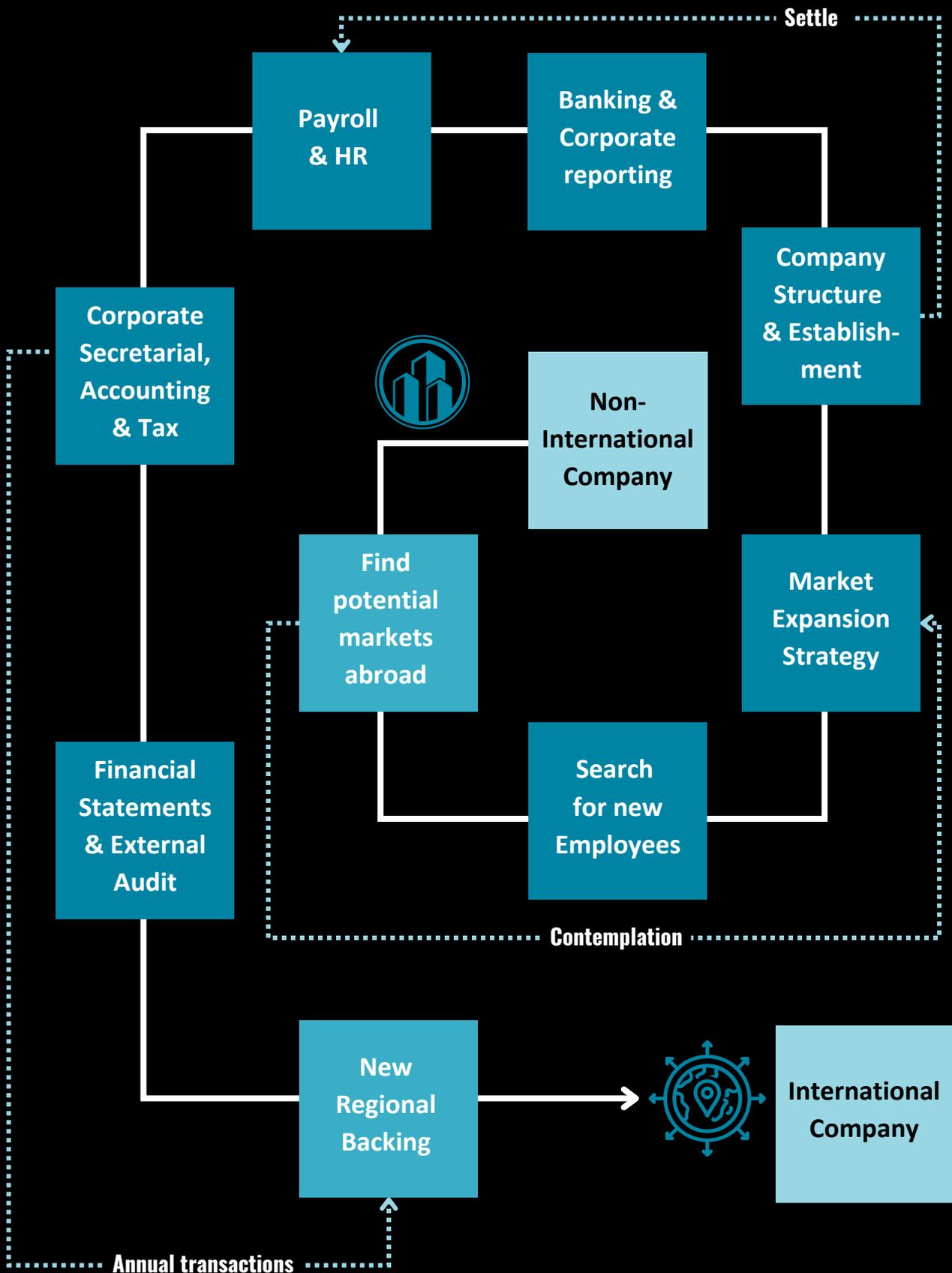


Global expansion poses several challenges and complications for companies, making them large entities. maneuvering through multiple markets, cultural variations, regulatory frameworks, and logistical hurdles can be stressful.

To succeed in international expansion, careful planning is crucial. For many companies, entering the international market means starting from scratch, which involves setting up a new company, obtaining new tax registrations and, above all, hiring new employees.

Each nation presents unique challenges, ranging from cultural aspects to regulatory compliance, to opening bank accounts and payroll administration, to choosing the most cost-effective strategies for establishing a foothold in the local market.

WHAT TO EXPECT ON A TYPICAL GLOBAL EXPANSION?





KEY TO SUCCESSFUL INTERNATIONAL EXPANSION

Entering international markets involves a significant cost for companies, which also demands a lot of time, exhaustive analysis, great effort and close collaboration of both internal and external members.

However, while these elements may be difficult to measure, they are undeniably critical to the success of companies operating in multiple countries.

Poor resource estimation can cause costly delays and slow progress.

To expand your operations beyond national borders, it is essential to address key issues that can influence your strategy and success.

These questions serve as a basis for further exploration.

■ **Incorporation and Business Organization**

1. What are the main legal structures, and which one is right for my business?
2. What is the step-by-step process and what do I need to incorporate a company?
3. What are the documentation requirements for international currency transfers in different countries?
4. Where and how do I register to do business?
5. Are there any mandatory legal requirements in the country to operate a company, such as having local resident directors?
6. How are they appointed?

■ **Integrated Management: Regulation, Accounting and Compliance in the Corporate Environment**

1. What specific measures ensure compliance with all local legal and regulatory requirements by all group entities?
2. What are the main regulatory measures I need to consider when making investments?
3. What are the accounting and auditing obligations I must comply with when operating in different countries?



■ Employment

1. What are the best practices for developing an effective employee recruitment and retention strategy?
2. What are the main labor laws and what regulations governing wages and benefits?
3. What steps must be followed for the hiring and dismissal of employees?
4. How are individual tax liabilities determined?
5. Can we find the qualified talent we need in the local market?
6. How active is union representation in the market?
7. Which insurance policies are best suited to protect my business?

■ Tax liabilities

1. What corporate tax regimes exist in the destination country? What specific tax deductions, exemptions or benefits are offered to foreign companies under each tax regime in the destination country?
2. What are the methods for determining transfer prices and how do they apply to multinational companies?
3. What specific challenges do withholding taxes on cross-border transactions, dividends and royalties present for companies operating in a global environment?
4. How do local VAT/GST regulations apply to companies operating in a foreign market?



WHICH LEGAL MODEL IS MOST SUITABLE FOR YOU?

When taking its first steps, a company faces a fundamental decision: selecting the most appropriate corporate structure. In this scenario, a range of options is presented, each with its own advantages and disadvantages.

Among the diversity of corporate legal forms, the limited liability company is the most used, providing flexibility for international expansion.

Subsidiary

A subsidiary is a common option for those seeking to enter a new market, as it offers legal recognition with customers, banks, governments, and tax authorities. Generally, a subsidiary is a company wholly or majority controlled by a parent or holding company.

Establishing a foreign subsidiary can be a beneficial strategy for companies looking to expand into new markets. By creating a separate legal entity, companies can limit their liability, accelerate their market entry, and ensure they comply with all local regulations. This allows them to focus on what really matters: growing their business.

Branch

Subsidiaries, as independent legal extensions of their parent company, often establish branches in foreign countries to expand their presence and operations in new markets. Although both subsidiaries and branches share the ownership of the parent company, their operation and structure differ significantly.

Companies seeking a simpler and more direct presence in a new market may choose to establish a branch office. By functioning as an extension of the parent company, branches allow for greater operational integration and centralized control. However, it is important to keep in mind that the responsibility for the branch's activities rests squarely with the parent company.

When defining the legal structure of a company, it is essential to consider several factors, including the legal characteristics and tax implications of each alternative. This in-depth evaluation is essential to make a sound decision that is aligned with the company's objectives and regulatory requirements.



DO I NEED A LEGAL ENTITY TO OPERATE IN INTERNATIONAL MARKETS?

To conduct business and hire personnel in other countries, companies generally must establish a legal presence or formal entity. This is due to local regulations, employment laws and tax requirements that require a defined legal structure to operate in a foreign country.

However, there are alternative methods for a company to legally employ personnel abroad, each with its own particularities and specific applications.



Employer of Record (EOR)

An Employer of Record (EOR) enables companies to hire employees in foreign countries through a third-party provider. The EOR handles employer administration tasks such as HR, payroll, and benefits, usually for a fixed fee or a percentage of the employee's salary. In case of a dispute with the employee, the EOR's client generally needs to use the EOR's services and advice, which incurs additional charges. The EOR model does not permit the acquisition of fixed assets within the country. It's crucial to carefully review the contract to ensure protection from employment law non-compliance, clarify IP ownership, and understand the fee structure.



Payroll Management for Non-Resident Workers

In certain countries with favorable tax treaties, employers can operate internationally without needing to establish a local legal entity. Registering for Non-Resident Payroll can provide a company with an in-country tax identification number, allowing them to legally hire employees in a new location. This option is available only in specific countries and may have different names depending on the jurisdiction. Non-Resident Employers often face fewer regulatory requirements and can be more cost-effective than setting up a legal entity. However, this approach is typically used for short-term market development and carries compliance risks related to tax avoidance.

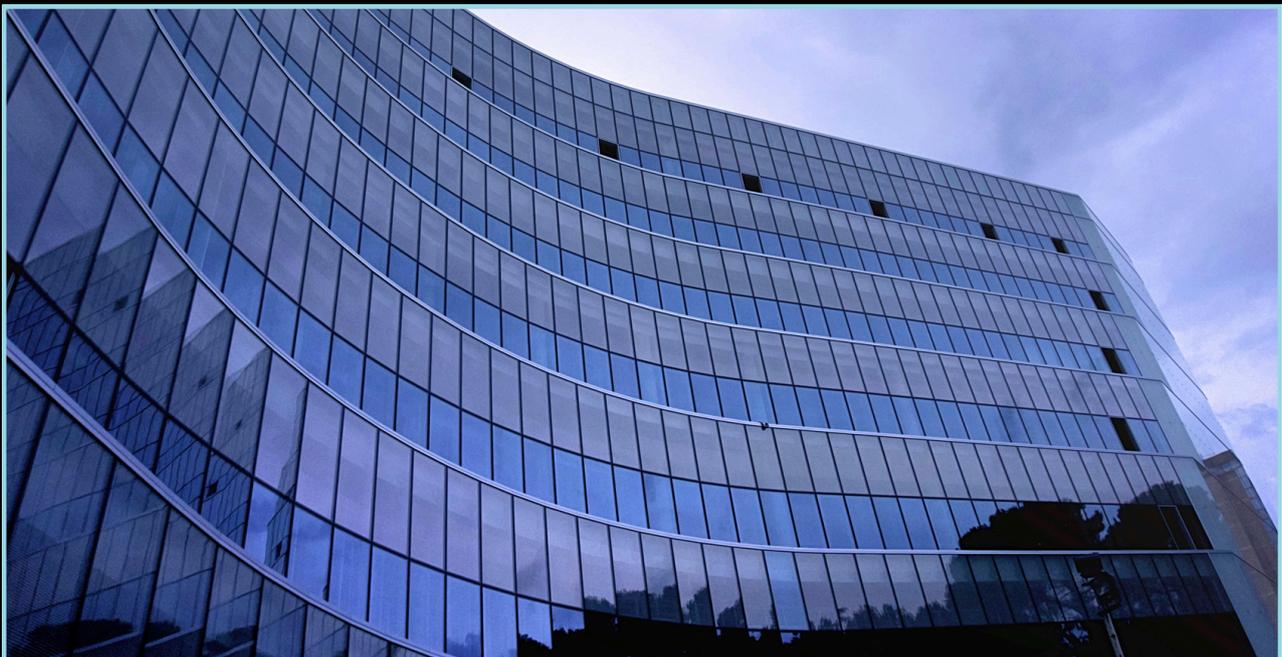


WHAT ARE THE RISKS OF PERMANENT ESTABLISHMENT?

The risk of Permanent Establishment (PE) is a significant tax challenge for businesses entering new markets without establishing a local entity. PE risk arises when a company's activities in a foreign country, such as employing local staff through non-resident payroll or an Employer of Record (EOR), trigger corporate tax obligations in that country.

Local governments are increasingly scrutinizing the activities performed by workers employed or engaged by foreign companies to determine if these activities create a local corporate tax presence. Authorities consider several factors:

- **Whether a physical office is established locally**
- **The existence of a place of management**
- **The remuneration basis of individuals (e.g., salary, bonus, commission, equity) and the seniority of job roles**



When it appears likely that PE rules will be triggered, establishing a local entity is often the best solution. This creates a formal presence, allowing for local corporate tax filings and payments, and crucially, it protects the parent company from potential complications arising from foreign tax regulations and future tax litigation risks.

Not all companies doing business in a foreign country will require a local entity. Other strategies, such as **using an EOR or operating an overseas payroll**, can help manage risk while achieving business goals. The key is to understand the local PE rules, identify potential triggers, and choose an expansion method that allows for smooth growth and scaling.

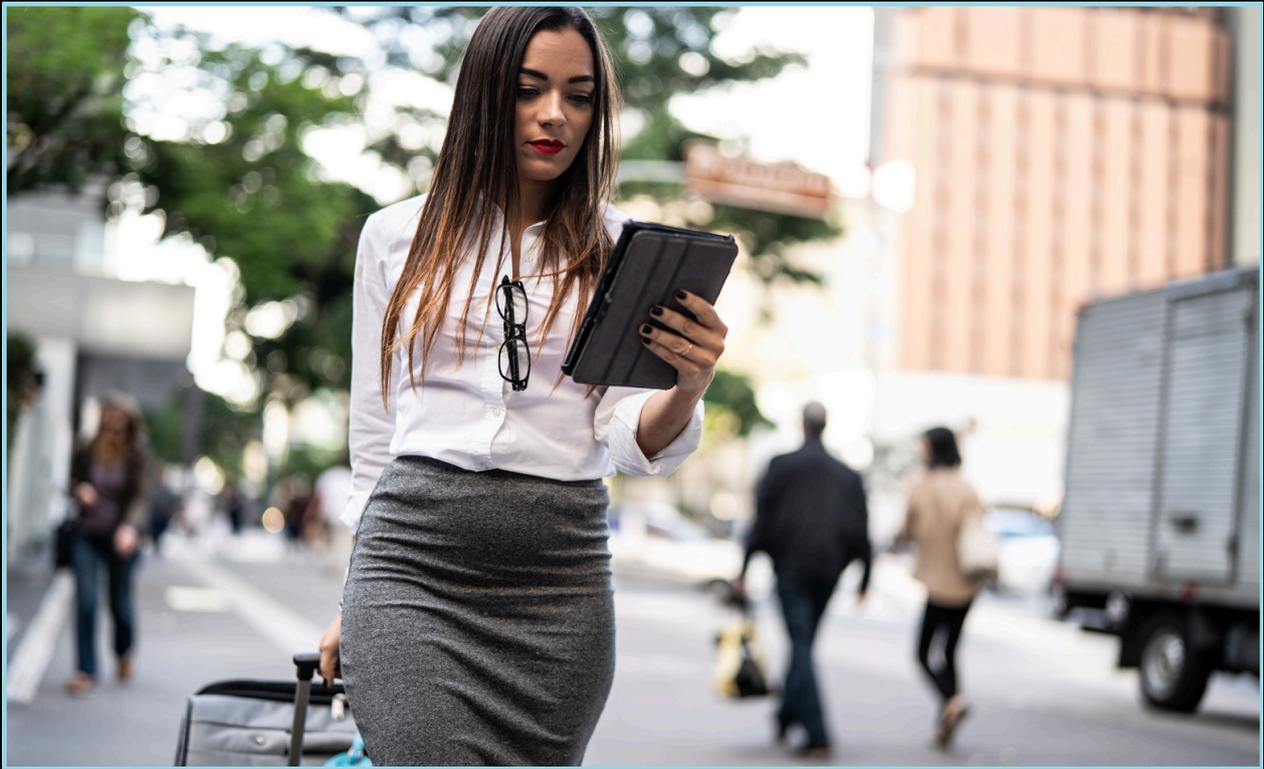


HOW CAN I BUILD A GLOBAL WORKFORCE?

Your employees are the core of your organization and essential to your success. Globally, there is a wealth of skilled, accomplished, and specialized individuals whose talents are not restricted to any single location.

Managing human resources (HR) on a global scale involves numerous challenges, such as **navigating different legal systems, understanding cultural differences, and ensuring consistent compliance** with various employment laws. Handling a workforce spread across multiple countries can strain internal HR departments, requiring substantial resources, expertise, and budget.

A key part of your expansion strategy is deciding how to hire international employees in new markets. The team you choose to drive growth in these new locations is crucial to your international success.



Sending Employees Overseas

Sending your current employees to foreign countries for assignments to gain first-hand experience from local employees, partners, and customers is a common approach for many companies. When considering this option, you need to think about:

- Potential immigration issues
- The need for an assignment policy
- Expatriate tax and insurance
- Payroll compliance
- Local employment laws and HR requirements, including incentive and pension plans

You also need to determine whether these assignments will be one-time projects or if regular expatriate visits to the new office will be necessary.



HOW DO I SET UP A CORPORATE BANK ACCOUNT IN A NEW MARKET?

Setting up a bank account in a new market can be bureaucratic, so it's crucial to include this step early in your planning. Opening a bank account is often one of the most challenging aspects of global expansion, regardless of your banking needs.

Banks must thoroughly understand and verify their clients, which can lead to delays as forms, identification, and other information are exchanged. Although you will likely be able to open an account, the process can take up to three months before it is operational.



It's important to consider early how you will manage payments to local employees, suppliers, customers, and tax authorities. Government regulations and banking KYC (Know Your Customer) rules are increasingly stringent. Some banks may require a local resident director, a registered office, and proof of a local address.

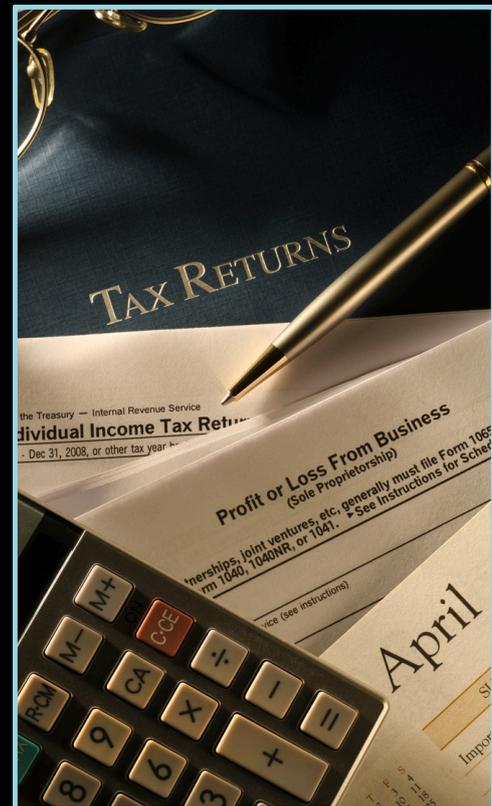
Additionally, banks may ask for detailed business plans and require face-to-face meetings with the named account holders.

Planning for these potential hurdles ensures you are prepared and proactive, rather than reactive.

TAX, INCENTIVES, AND REGULATORY FACTORS IN INTERNATIONAL EXPANSION

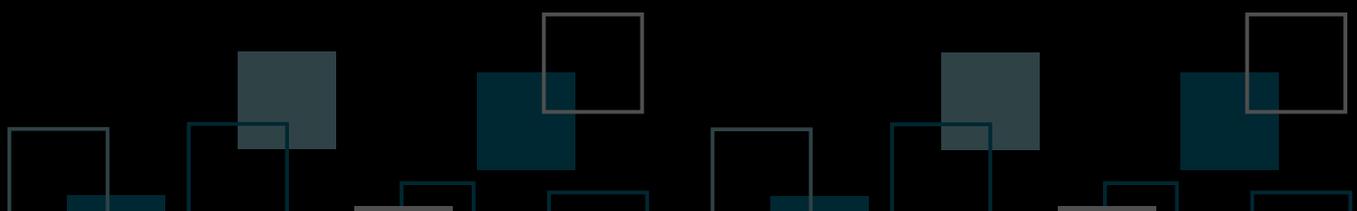
Expanding into a new market requires making crucial business decisions, from selecting the appropriate corporate structure to adhering to employment laws, tax regulations, and market-specific rules for VAT and customs. A well-planned strategy is vital for a successful market entry.

Many countries provide incentives for foreign investments, such as tax-efficient stock plans, R&D programs, reliefs, and government grants. By thoroughly navigating the entry process, you can take advantage of these benefits and set your business up for success in the new market.



DIY VS. OUTSOURCING: PROS AND CONS

Deciding whether to handle the complexities of international expansion internally or seek help from external providers is a crucial consideration.



In-House Expansion :

Opting to manage expansion internally involves navigating unfamiliar markets, including legal, regulatory, financial, and cultural landscapes. This requires significant time and resource investments in research, establishing local entities, complying with local laws, and managing operations across borders, time zones, and languages.

Pros:

- Access to expert knowledge and networks
- Faster and more efficient market entry
- Reduced risk of non-compliance and operational errors

Cons:

- Additional costs for external services
- Potential loss of direct control
- Dependence on third-party providers

Outsourcing

By outsourcing international expansion to specialist firms, you gain access to global expertise, local knowledge, banking networks, and streamlined processes to navigate these challenges more efficiently.

Pros:

- Direct control over the process
- Potentially lower long-term costs
- Deep internal understanding of the new market

Cons:

- High time and resource investment
- Risk of costly mistakes due to lack of local knowledge
- Increased operational complexity



Ultimately, the decision between in-house expansion and outsourcing depends on factors such as company resources, budget, risk appetite, and strategic priorities.

With over 10 years of experience, we have helped businesses navigate the complexities of international expansion across the Latin America. While business goals, circumstances, and industry types vary significantly from client to client, the critical questions any organization should consider before beginning the expansion process remain consistent.

HOW ONGRESSO CAN HELP WITH MARKET EXPANSION?

Ongresso is your trusted partner for navigating international market expansion, offering over 10 years of expertise and tailored solutions to meet your business needs.



WHY ONGRESSO?

Expert Guidance and Local Knowledge:

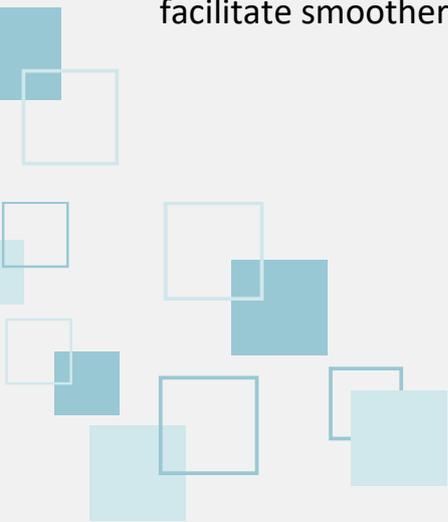
Our seasoned professionals provide valuable insights into local regulations, legal requirements, and cultural nuances, ensuring compliance and cultural awareness to accelerate your market entry.

Streamlined Processes:

We handle administrative burdens such as setting up legal entities, managing payroll, and ensuring tax compliance, allowing you to focus on core operations. Our efficient approach minimizes delays and ensures a smooth transition.

Extensive Networks:

Leverage our network of local contacts and partners, including banks, legal advisors, and government agencies, to establish a strong market presence and facilitate smoother interactions with stakeholders.



WHY ONGRESSO?

Customized Solutions:

Ongresso offers tailored solutions for strategic planning, market research, and operational support, aligning with your business goals and growth strategy.

Risk Mitigation:

We help mitigate risks by ensuring compliance with local laws and regulations, reducing the chances of costly mistakes and legal issues.

Proven Track Record:

With a history of successful market expansions, Ongresso is the ideal partner for businesses looking to grow globally.

Partnering with Ongresso provides the expertise, resources, and support needed to confidently and efficiently navigate new markets, unlocking global opportunities for your business.



WHAT WE OFFER?

Corporate Services - HR Solutions - Advisory Services

We assist with all your corporate, HR, and consulting needs, including company formation, accounting, legal and tax compliance, recruiting, payroll, and market entry intelligence, to help you grow your business.

Ongresso offers a broad range of services designed to optimize efficiency and ensure legal compliance:



Advisory Services

Ongresso's Advisory services are designed to help you navigate new market entry challenges and drive sustainable growth for your business. Access our network and know-how to ensure success in your target market.

- [Market Entry Intelligence](#)
- [Partner Selection](#)
- [ESG sustainability](#)
- [Tax Advisory](#)

Corporate Services

Ongresso's Corporate services assist with business incorporation, ensure legal and regulatory compliance through secretarial support, and manage finances and tax obligations to facilitate informed decision-making.

- [Company Formation](#)
- [Accounting - Tax - Treasury](#)
- [Annual Compliance](#)
- [Legal Representation](#)
- [Domiciliation](#)
- [Corporate Secretarial](#)

HR Solutions

Our HR solutions help your organization to streamline hiring, staffing, and payroll processes, and facilitate global employment through PEO and EOR services, optimizing your workforce management and simplifying your international operations.

- [PEO & EOR](#)
- [Recruiting](#)
- [Payroll](#)



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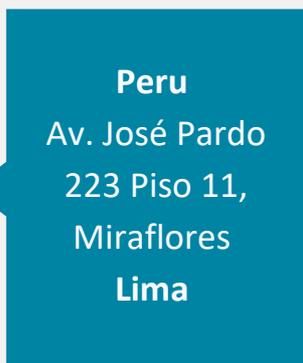
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