

Solving the virtual emigration non-compliance risks for global companies

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Partnering with an Employer of Record can help virtual emigrants and SA employers avoid non-compliance risks.



The world of work has evolved rapidly over the past few years, with technological advancements and globalisation reshaping traditional employment models. One trend that has gained significant traction is virtual emigration, which is the term used to describe a situation where employees work remotely for international companies without physically leaving their home country.

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Since Covid-19, virtual emigration has become increasingly prevalent in South Africa due to advancements in communication technology and a greater level of openness amongst global organisations to employ outside of their countries' borders. But while the prospect of gaining international experience while being paid for your work in a strong foreign currency is undoubtedly appealing, for the unwary virtual emigrant, such remote working arrangements can be fraught with potential pitfalls. This is particularly true if the foreign employer is not taking the necessary steps to ensure that their remote employment opportunities tick all the necessary compliance checkboxes.

That's according to Simonetta Giuricich, chief operating officer for Playroll, who emphasises that when South African citizens engage in virtual emigration, it is vital that they ensure the hiring process, and employment contract, is fully compliant with all local employment regulations.

“Confirming that your remote employment with an international company is undertaken in a way that is compliant with SA employment requirements is of utmost importance,” Giuricich explains, “and such compliance needs to cover a host of legal and regulatory aspects, including tax laws, work permits, employment rights, health insurance, and employee benefits, all of which can vary significantly across jurisdictions.”

Giuricich highlights the importance of SA-based employers ensuring their remote employees are correctly classified as permanent employees. “Although classifying employees as independent contractors may be a cheaper alternative, it can mean that those employees miss out on certain employee benefits that are due to them,” she explains, “and by misclassifying employees in this way, the employer also stands to violate country-specific employment laws, which could result in stiff penalties.”

A third key consideration that Giuricich points to is ensuring that your rights and benefits as a remote employee are fully protected. “It is essential for employers and employees to understand the rights and entitlements of remote employees under SA laws,” she says, “including, but not limited to, remuneration, working hours and contract terms and conditions, to leave entitlements and various other employment-related benefits.”

To navigate these challenges, Giuricich says that employees and employers engaging in virtual emigration would be well advised to consider partnering with an Employer of Record (EoR), like Playroll, to ensure that the employment arrangement is fully compliant. An EoR acts as the legal employer of the remote worker, handling payroll, taxes, benefits, and other employment-related matters, and ensuring compliance with local labour laws and regulations. “An EoR not only reduces the administrative burden and compliance-related tasks for the employer,” Giuricich says, “but for a South African remote employee, recommending such a partnership to your foreign employer is also a great way to achieve greater job security and enjoy total peace of mind.”

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