

How umbrellas help contractors working abroad

Many contractors find that an [umbrella company](#) located in the country where you wish to work can save both time and money.

Not Called "Umbrellas"

But, first of all, you should know that when you go [contracting abroad](#), "umbrella companies" aren't usually called 'umbrellas.' In Australia, for example, they are called "Salary Packaging companies," and in the US they are called "Payroll" companies. Each country may have a different way of referring to them.

"But whatever you call them, umbrella companies can make the transition to a foreign market relatively quick and simple," says Amanda Collins, director of the London office of international contractor service provider [CXGlobal](#).

Local Offices Have Local Know-How

"If you wish to work in Australia, for example, our local offices in the country can help you arrange your visa, work out details of sponsorship, and determine the most favourable tax package for you," Collins explains.

Consider the Obstacles

You have to consider what the obstacles are to working in another country to understand how an umbrella can help you. First, you may need sponsorship for your visa. The umbrella can't do this itself in most countries - usually the end-client has to arrange it. But the umbrella can help to get you through the paperwork for the visa. Bear in mind that a visa application process can take a few months, and involve providing specific levels of proof about your activities. Having an expert help you with it can make a big difference.

“ Umbrella companies can make the transition to a foreign market relatively quick and simple ”

Amanda Collins - CXC Global

In Australia, for example, contractors who migrate are eligible for tax relief on the expenses involved in moving to the country and working there. "There are significant tax savings to be obtained, and the accountants in our local office will sit down with you and work out the best solution for you," Collins says.

Tax Relief

In the US, on the other hand, there are specific tax relief measures related to the 'per-diem' amounts allowed. These can vary from state to state (there are 50 states in the US so that means they can vary a lot), and the way of qualifying for them can also differ as each state has its own bureaucracy. "Again, here a locally based umbrella will be familiar with all the state requirements and can get your paperwork in order without delay," Collins adds.

You might consider starting your own limited company in the country you wish to work in. That might make sense if you plan on living there for a long time, since in almost every country this involves additional expense and paperwork. You will need a local accountant for taxes, and you will need to handle the administration for registering and maintaining the company. "As most contractors don't go abroad for long periods, usually for a year or two, it makes more sense for them to work with an umbrella than to undergo the expense and trouble of starting their own company," Collins says.

Of course, umbrellas do receive a fee for all their services, but it usually comes down to a small percentage of your earnings. "Contractors often find that the savings we provide on taxes make paying our fee well-worthwhile," Collins points out.

“ Contractors often find that the savings we can bring to bear on tax in a foreign country make it worthwhile to pay our fee ”

Amanda Collins - CXC Global

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