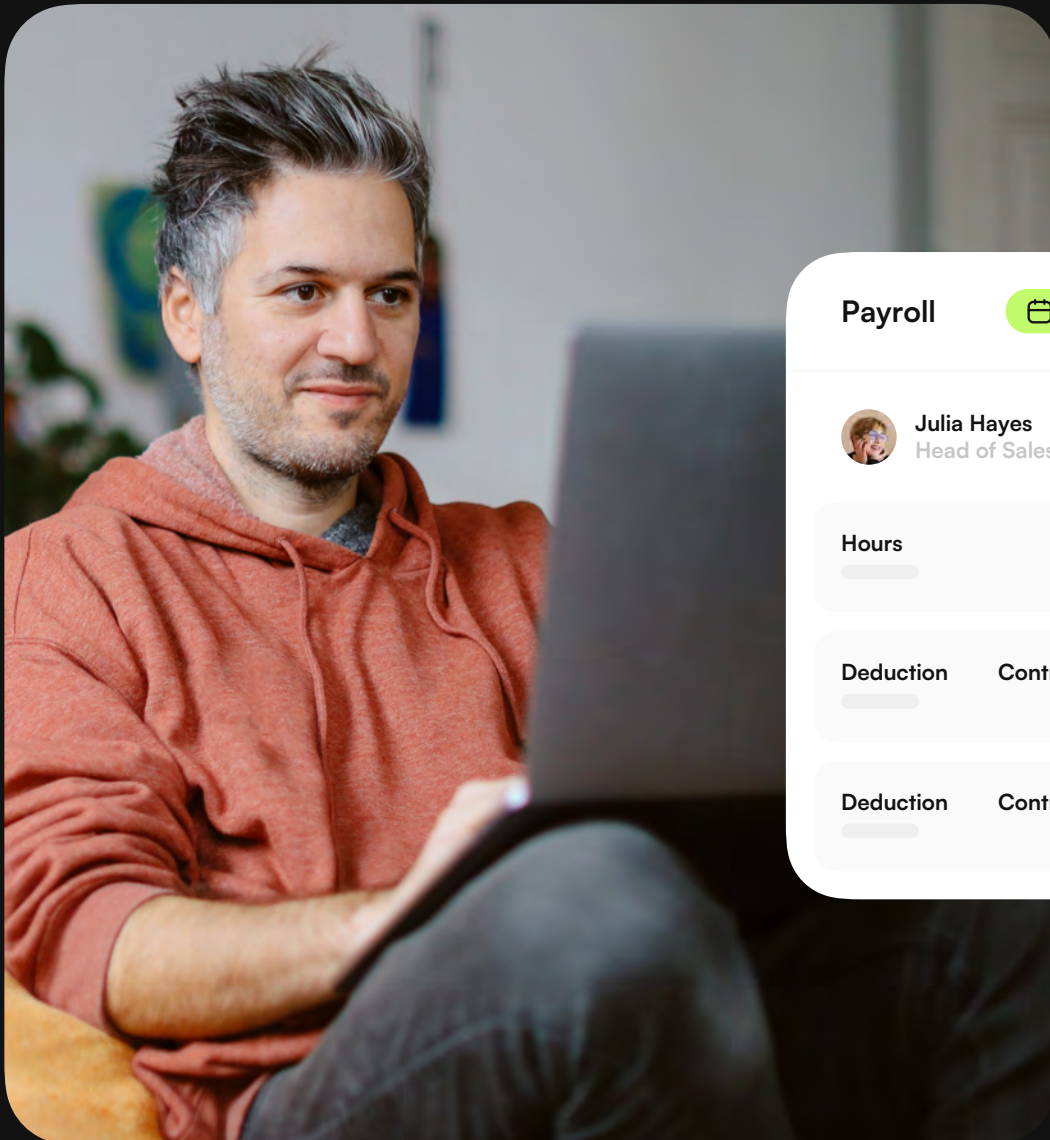



teamed.

Global hiring guide for the USA

The essential guide to hiring
overseas employees in the US



Payroll June 30 - July 30

 **Julia Hayes** Acme Limited
Head of Sales Employer


Hours	Rate	Earnings
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Deduction	Contribution	Total
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Deduction	Contribution	Total
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Did you know that in 2021, the United States experienced the most substantial surge in inbound foreign direct investment compared to any other global economy?



According to data from the IMF's Coordinated Direct Investment Survey, the United States saw an increase of \$506 billion, marking an impressive growth rate of 11.3 percent for the year.

But how ready are you to navigate the complexities of hiring in this dynamic market?

What's inside

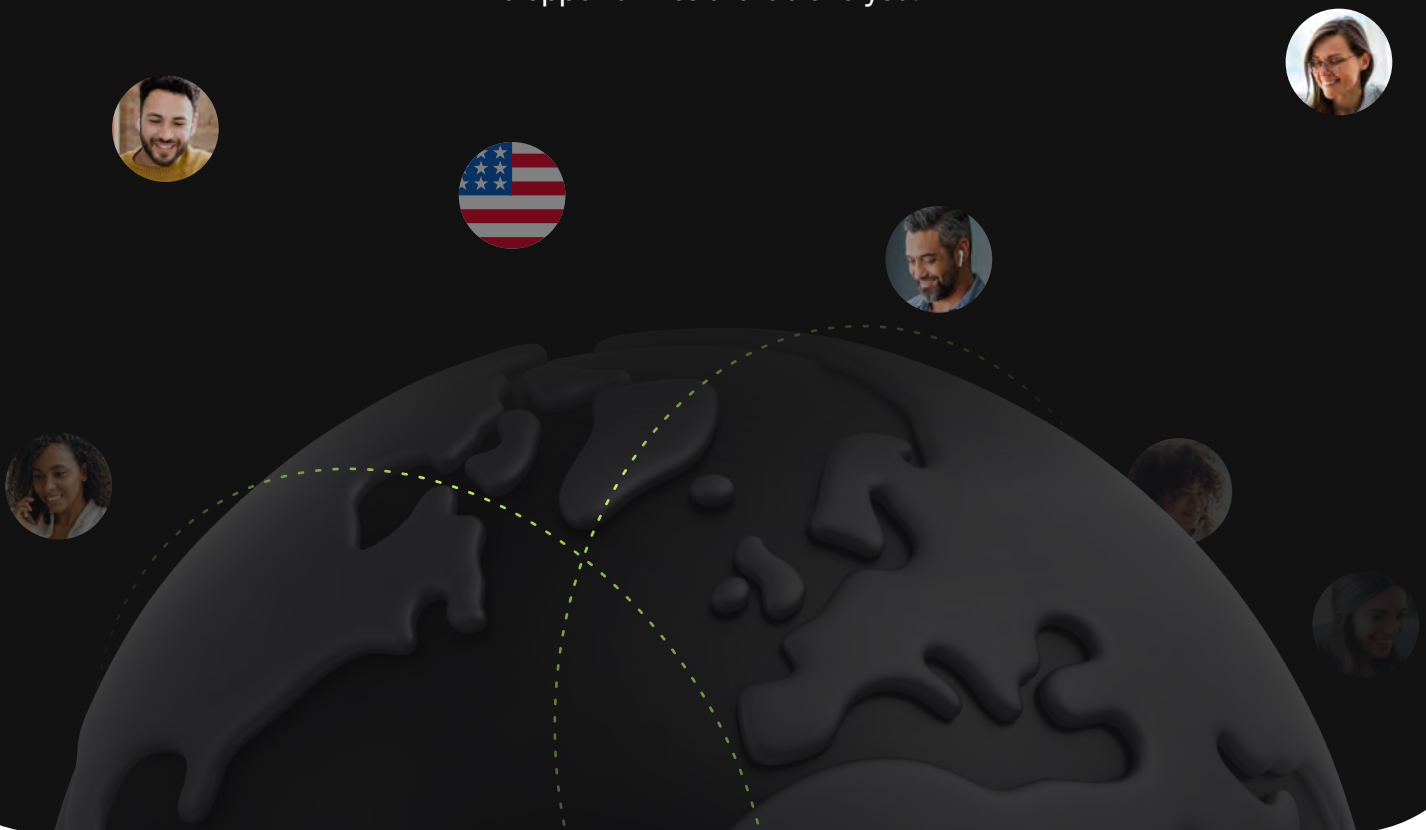
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Disclaimer: This guide provides general information and is not a substitute for legal advice. While we strive to provide you with up-to-date information, the insights contained in this checklist may not reflect the latest legal developments. We can't be held liable for actions taken based on the information provided.

Understanding the hiring landscape in the US

Known as the land of opportunity, there's no doubt that the United States stands strong as a beacon of innovation, entrepreneurship, and cultural diversity. With a vast and dynamic market, as well as a powerful global reputation, the US is an attractive location for businesses wanting to make their mark in a competitive landscape.

However, despite its promising qualities, the US can also present challenges when it comes to overseas hiring. Whether your eyes are set on Silicon Valley's tech innovation or New York's financial hub, understanding the regional differences and level of diversity within each sector is crucial for a successful hiring strategy. So, before you dive into the world of global hiring in the US, let's explore the type of landscape you're entering into and help you optimise the opportunities available to you.



US currency: The US Dollar (USD)

The US Dollar (USD) is the primary currency used in the US. Renowned for its global acceptance and relative stability over the last 20 years, the USD plays a crucial role in international business transactions.

But the significance of the US Dollar extends beyond economics; as a currency, it also symbolises American influence and trustworthiness. Its iconic design, featuring renowned figures and historical landmarks, reflects a rich historical legacy that makes it a symbol of enduring power and success on the global stage.

But beyond its stability and positive reputation, what other benefits does the US Dollar offer?

- ✔ **Worldwide recognition:** The USD is widely recognised and used in global trade and finance.
- ✔ **Reserve currency:** Its status as the world's primary reserve currency enhances its credibility.
- ✔ **Attractive investment opportunities:** The stability and liquidity of USD-denominated assets (such as US government bonds) attract investors worldwide, contributing to the currency's lasting strength.
- ✔ **Influence on markets:** The USD's performance has a huge influence over global financial markets.

US payroll: How often do US employees get paid?

Understanding the pay cycle in America is important, especially as it varies across states and industries. For instance, weekly pay is common in the construction sector, while biweekly pay is prevalent in corporate settings. Tailoring your approach can lead to smoother operations. However, for overseas employers whose industry allows, it's good to know that a bi-weekly payment cycle can offer several benefits.

These benefits can include:

- ✔ **Consistency:** Bi-weekly paydays provide employees with regular and predictable compensation.
- ✔ **Compliance:** Timely payroll processing ensures compliance with federal and state tax regulations.
- ✔ **Financial planning:** Both employers and employees can manage their finances more effectively with regular pay cycles.
- ✔ **Efficient operations:** Bi-weekly payroll simplifies administrative tasks and promotes efficiency.

However, it's also important to note that the pay cycle in the US can vary depending on industry or state. For example, according to the U.S. Bureau of Labor Statistics (in a survey conducted in February 2023):

- ✔ The construction industry displays the most uniformity in its pay period, with 65.4% of establishments in the industry using a weekly pay period.
- ✔ There is no specific pay period used by a majority of private establishments, but the bi-weekly pay period is the most common.
- ✔ The use of a bi-weekly payment model tends to increase as businesses progress from smaller to larger operations.

US tax regulations: Navigating compliance

Prioritising tax compliance when hiring in the US is essential for avoiding legal issues and financial penalties. However, aside from timely and accurate tax filings being a legal obligation, it's worth noting that US employees hold tax-compliant international companies in high regard for the following reasons:



- ✔ **Promotion of ethical standing:** Adhering to tax regulations highlights your dedication to ethical business conduct, promoting a positive business reputation.
- ✔ **Enhanced financial transparency:** Precise tax reporting strengthens trust among investors and stakeholders by demonstrating a commitment to financial transparency.
- ✔ **Cultivation of employee confidence:** Compliant tax practices help ensure accurate management of employee contributions, including income tax and social security, enhancing confidence in your organisation.

How are US employers and employees taxed?

In addition to the federal income tax (rates for which remain unchanged for the 2023 tax year), US states also collect an income tax that varies by state and entity type. Despite variations across different areas of the US, there are some common threads employers should be aware of when it comes to tax compliance:

- ✔ Employers are responsible for withholding federal and state income taxes from their employees' paychecks.
- ✔ Employers are also responsible for withholding Social Security and Medicare taxes.
- ✔ Employers are obligated to pay unemployment taxes that fund the state unemployment insurance system.
- ✔ Employee income taxes are deducted from their pay based on their tax bracket and individual circumstances.

Our professional insight: To ensure full compliance with tax regulations in the US and optimise your tax liability, we recommend partnering with local tax experts to avoid any missteps.

US social security: Insights on state benefits

In the US, Social Security contributions support essential benefits and services across the country. As of August 2023, these contributions include:

EMPLOYERS

6.2%

of employees' wages up to a certain threshold, with an additional 1.45% for Medicare.

EMPLOYEES

6.2%

of wages up to the same threshold, plus 1.45% for Medicare.

SELF-EMPLOYED

12.4%

Social Security tax on up to \$160,200 of your net earnings

Note: These figures apply up to the taxable maximum of \$160,200 (in 2023)

Means testing in the US

It's also important to highlight that in the US, many government assistance and state/federal welfare programs are means tested. This means that before being provided with state support, a US employee's family income may be measured against the federal poverty line.

However, universal or 'unconditional benefits' that do not feature a means test include:

- ✓ Public schools
- ✓ Social security retirement
- ✓ Certain veteran's benefits

Note: The United States does not have universal health insurance coverage. However, Medicare enrollees who have limited income may get help paying for certain medical expenses.

US employment terms: Employer responsibilities

Similar to other countries operating in a modern business landscape, transparency across employment terms is a vital part of the hiring process in the US. In a country with high workplace class action settlement rates, it's important for employers to clarify their own responsibilities and protect themselves against legal action.

As part of an employee contract, clear instructions should be provided to US employees regarding:

- ✔ **Job description:** Outline the key responsibilities and performance expectations of the role to ensure employer and employee alignment.
- ✔ **Compensation:** Clearly define the salary structure, wages, bonuses, and any additional benefits or perks, ensuring a fair and competitive package.
- ✔ **Annual leave:** Detail the allocated paid leave days, which typically include vacation and personal days, along with provisions for public holidays, enhancing employee well-being.
- ✔ **Sick leave:** Outline your sick leave policy, including the process for reporting absences due to illness and any necessary medical documentation.
- ✔ **Working Hours:** Specify the projected working hours and any arrangements for flexible work, promoting a healthy work-life balance.
- ✔ **Termination Process:** Provide information about notice periods required for both employer and employee when considering termination, promoting clarity in case of a change in circumstance.

Right to time off: Annual leave, sick pay, and parental leave

When it comes to determining paid time off for employees, the US can be a little more complicated than other countries. This is because, in the US, federal and local state laws can vary. At federal level, legal workers

are entitled to up to 12 weeks of unpaid “job-protected” leave each year (under the federal Family and Medical Leave Act). These 12 weeks of leave can be granted for the following reasons:



- ✓ For the birth and care of the newborn child of an employee
- ✓ For placement with the employee of a child for adoption or foster care
- ✓ To care for an immediate family member (i.e., spouse, child, or parent) with a serious health condition
- ✓ To take medical leave when the employee is unable to work because of a serious health condition.

Note: Employees may also only be eligible for this leave if they have worked for their employer:

- ✓ At least 12 months
- ✓ At least 1,250 hours over the past 12 months
- ✓ At a location where the company employs 50 or more employees within 75 miles

Are Paid Time Off (PTO) days mandated in the US?

Under the Fair Labor Standards Act (FLSA) in the US, there is no federal law regulating paid vacation minimums. This means that PTO is a matter of agreement between an employer and an employee (or the employee's representative) or as part of local state law compliance. However, despite a lack of mandate, many US employers still offer paid vacation days for employees.

The benefits of this policy include:

- ✓ **Improved employee well-being:** Paid time off contributes to employee work-life balance and overall job satisfaction.
- ✓ **Talent attraction and retention:** Competitive PTO policies can help attract and retain top talent in a competitive job market.
- ✓ **Enhanced productivity:** Rested employees tend to be more productive and engaged.

PTO entitlements according to state regulations

In various states, additional rights concerning time off from work due to family and medical matters might be granted by state laws. For instance, California has established laws that grant family and medical leave, complemented by state insurance programs offering support to employees facing family or health-related challenges.

Note: This time frame starts with the fifth day that the employee is absent from work due to illness or injury. After seven days of absence, employers are entitled to request a medical certificate.

What are the parental leave and sick leave requirements for US employees?

In the US, parental leave is generally not mandated. However, paid parental leave is provided by some employers on a voluntary basis. Additionally, as the well-being of employees becomes more critical to the progress and development of individual states, many states have started to introduce their own local regulations to provide paid parental leave to parents. But what about sick leave? With no federal requirement, sick leave policies in the US can also vary by state and company. As mentioned, while eligible employees can take up to 12 weeks of unpaid, job-protected leave for qualifying family or medical reasons — the US government does not mandate payment for time not worked. That said, as the work landscape in the US evolves, more states are implementing their own regulations for paid sick leave to promote workforce well-being. Some of the current states with mandatory paid sick leave laws include (information correct as of August 2023):

- ✓ Arizona
- ✓ California
- ✓ Colorado
- ✓ Connecticut
- ✓ Maryland
- ✓ Massachusetts
- ✓ Michigan
- ✓ New Mexico
- ✓ New York
- ✓ Oregon
- ✓ Rhode Island
- ✓ Vermont
- ✓ Washington State
- ✓ Washington D.C.

Emerging trends in human resource management

The US is currently witnessing a shift towards more comprehensive employee benefits, with companies offering additional perks to boost employee morale and promote a better work-life balance. This is why keeping up to date with these trends can give you a competitive edge in attracting top talent. But aside from paid parental leave and financial incentives, which policies and strategies are emerging as the ones to watch? We recommend researching and integrating the following trends:

- ✓ Diversity, Equity, and Inclusion (DEI)
- ✓ Flexible working models (e.g. work-from-home and hybrid models)
- ✓ Mental health and wellness support
- ✓ Change management
- ✓ Sustainability
- ✓ Environmental, Social, and Governance (ESG) compliance
- ✓ Future-proofing strategies
- ✓ Professional development

Empower your global workforce with Teamed

Manage the hiring and retention of global teams with ease. Offering you global employment software with a human touch and local expertise, Teamed is your new partner in global workforce management.

Teamed simplifies the process of hiring and

managing a global team, from helping you adhere to local regulations to facilitating seamless payroll processes. Whether you're an established company or a budding startup, Teamed's advanced (but user-friendly!) platform offers reliable advantages such as:

- ✔ **Global payroll expertise:** Seamlessly process payroll in 50+ currencies, ensuring accurate and compliant payments worldwide.
- ✔ **Local tax & compliance:** Rely on Teamed's legal experts to navigate the intricate web of global regulations, mitigating risks and ensuring full compliance.
- ✔ **24/7 support:** Get expert assistance whenever you need it, addressing the complexities of global hiring with a dedicated (and human!) support team.
- ✔ **Transparent pricing:** Access critical features without the hefty costs, with plans starting from £199 per month.
- ✔ **Effortless onboarding:** Onboard employees within hours, not weeks, with our same-day onboarding process.
- ✔ **Tailored employee experiences:** From benefits to onboarding, create a localised approach for your global employees — enhancing satisfaction and engagement.
- ✔ **Dedicated local experts:** Benefit from 1-1 employee onboarding, guided by local experts who understand the nuances of each region.

With Teamed as your partner, you can **start hiring** in the US **quickly and easily!**

Start using the Teamed platform in just **3 easy steps:**



Step 1

Kick-off call & platform access.



Step 2

1-1 employee onboarding call with one of our local experts.



Step 3

Contract sent to the employee to be signed and complete. Sorted!

Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.

[Speak to an expert](#)