How to safely pay foreign contractors

Description

Your Business Plan is Solid. Is Your International Payment Strategy? How to Safely Pay Foreign Contractors

Scaling a business so that it puts you in a position to finally live the life you deserve is something that many of us dream about. Itâ??s an exciting, liberating process that has the potential to set us free in so many ways, as well as to provide a brilliant standard of living for the people we love. The problem for many business owners is that, while they know their market, they donâ??t fully understand the mechanics in the background that make everything function.

International payments are becoming an increasingly central part of running a business, which is why weâ??re going to shine a light on how to carry them out safely and securely.

Building the right foundation

Everyone you hire to provide goods and services needs to be treated equally and fairly. The ad hoc nature of temporary suppliers and freelancers can often mean that different payment solutions and pathways are put into effect, but this is not a good thing for your business. You need a standardized process that includes:

- Contractor agreements that define the payment terms, currency, and timelines so that everyone is in the loop
- Steps to withhold tax when required by the country in which you are operating and the country in which the contractor is based
- Worker classifications so that it is clear how the person you are hiring is to be treated by the relevant authorities
- Clear information on what your functional currency is and what the exchange rate back into USD is when reporting overseas payments to the IRS
- Details on how the exchange rate will be determined when making multiple payments over time to someone in a different currency

By making sure these basic features and principles are at the heart of your international payment strategy, you can make sure that you start things off the right way.

Choosing the right transfer service

Many businesses use a local bank that offers them a dedicated business account to get started, and there is certainly nothing wrong with this approach. If your business is purely domestic, the chances are that the solution your bank gives you will be good enough to get things done. The problem is that when it comes to international transfers, local banks are often outdated, slow, and expensive.

Using an international transfer service that specializes in moving money across borders and dealing with exchange rates will be faster, more cost-effective, and 100% secure. By making direct payments from your account to the account of the recipient, complete with tracking, you can make sure that the people you hire are always kept in the loop.

Looking for an established transfer service with a prominent online footprint is the way to go here. They should also be happy to answer questions about how their service works, as well as to provide educational material, such as these SWIFT.codes resources that many businesses find helpful.

Optimizing online safety

With the right foundation and a specialist transfer service both in place, all that remains is to put your new strategy into action. The important caveat here is that you need to do so in a way that takes a proactive approach to your online safety at every stage. With this in mind, here are some essential things you need to look out for and be aware of when youâ??re scaling your business:

- Double-check personal details and payment details from new freelancers to check they match what you would expect â?? some criminals will attempt to impersonate people you know.
- Never respond to requests to send cash, either domestically or internationally, as there will be zero traceability, and you will not be able to track the payment.
- Flag up any new contractors who seem to be applying pressure on you to break the terms of the payment agreement, and act accordingly.
- Stick to the pre-defined payment schedule and make sure that you are consistent with your routine so that you can stop anything out of the ordinary.

By taking safety as seriously as you take marketing and order fulfillment, you can make sure that your thriving business is never knocked back due to scams and fraud. A proactive approach that ensures you are always monitoring activity and looking out for suspect behavior will allow you to make payments with peace of mind.

Ideal when you want to be able to focus on building relationships with freelancers, contractors, and suppliers who are ready to help you drive your business to the next level.

Category

1. Legal / Administrative

Tags

1. Digital Payments
2. Payment systems

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Author
huubster