

**Deloitte.**

Global Employment  
Companies – 2025/26  
Insight series

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**Global Employer Services Turn it up**



# Introduction to Global Employment Companies and Sustainability Assessments

Global Employment Companies (GECs) are not new, and have been utilised for decades, with their ‘popularity’ fluctuating over time. Originally GECs were often utilised as a means to effectively handle the employment of global nomads who moved regularly from country to country, or to benefit from the tax and social security regimes applicable to offshore employment (particularly in the Energy and Resources sector). In response to the competitive talent environment, organisations focusing on developing their talent deployment strategies, global shifts in remote work technology and attitudes (which have made remote working more accessible than ever), and regulatory changes, we have seen over the past three years a period of increased activity. Many organisations are now considering whether a GEC entity offers a potential solution to global workforce employment for populations of employees, either by implementing a new GEC model or expanding the use of an existing GEC.

This article is part of our 2025/26 series of insights surrounding the use of, and considerations that accompany having a GEC deployment model, covering topics such as GEC location analysis and GEC pension considerations. Our aim? To provide you with some key highlights and takeaway considerations for each topic and offer food for thought on how a GEC could support your global workforce deployment strategy.

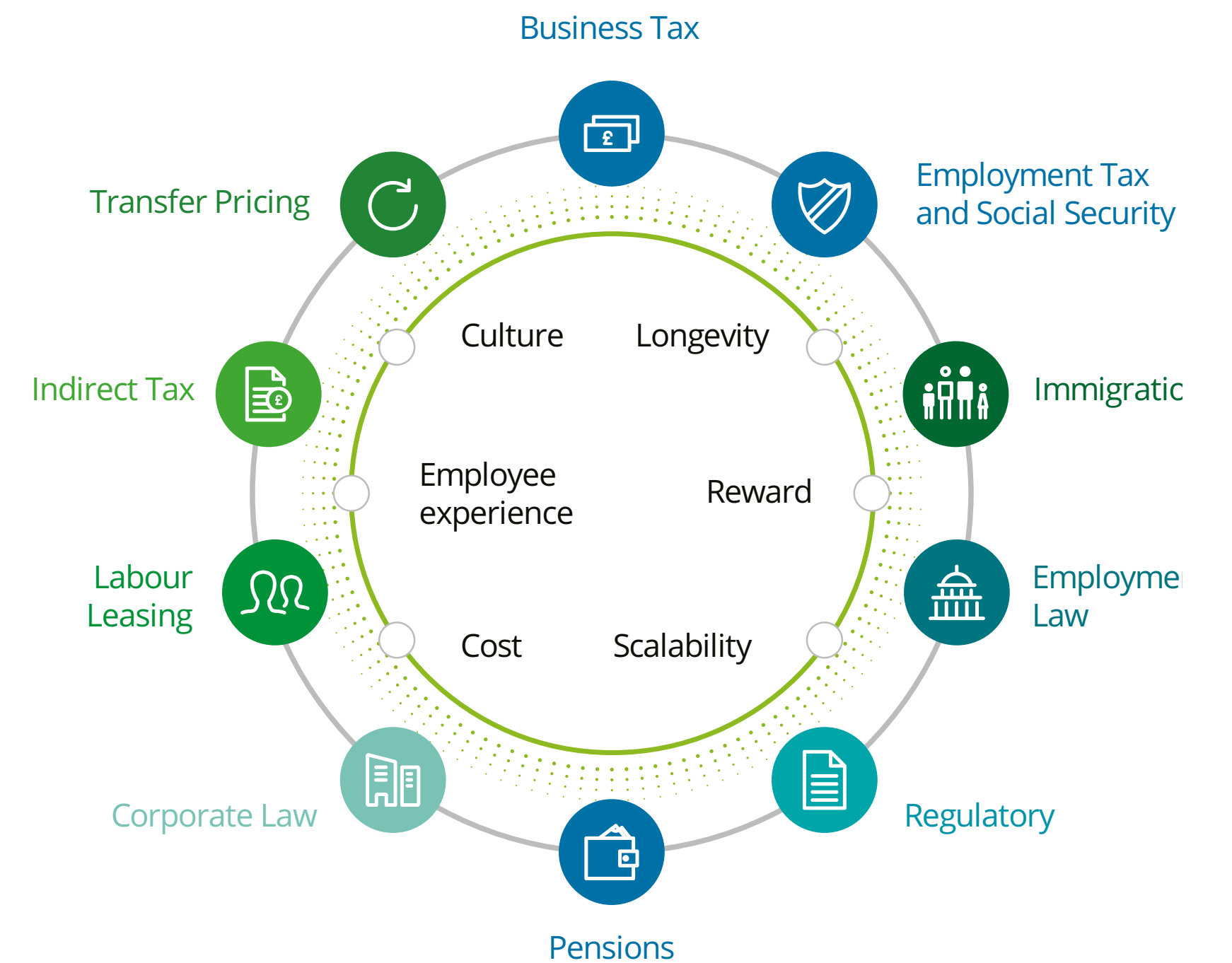
Our report covers the important topic of GEC sustainability, through a series of questions including:

01. What is a GEC sustainability review, and why should we perform them?
02. How often should we review the sustainability of a GEC?
03. What are some of the key areas to cover in the sustainability review?
04. What could be the outcome of the GEC sustainability review?

Covering the first question, a GEC may have existed as part of an organisation’s group structure for many years and may even have been inherited as part of an organisation’s M&A history. With appropriate regularity, it is strongly recommended that organisations conduct sustainability reviews, which are multi-disciplinary reviews to establish whether the GEC still meets the original strategic intention upon which it was established and meets its regulatory and/or compliance obligations. With ever increasing changes to the global business landscape (e.g., regulatory change, geopolitical impacts, emerging workforces, technology and new market opportunities), the strategic intentions of an organisation are likely to evolve regularly, making the need to review the sustainability of a GEC all the more important.

Before we answer the other questions, we’ll refresh your knowledge on what a GEC is.

## A multi-workstream review approach

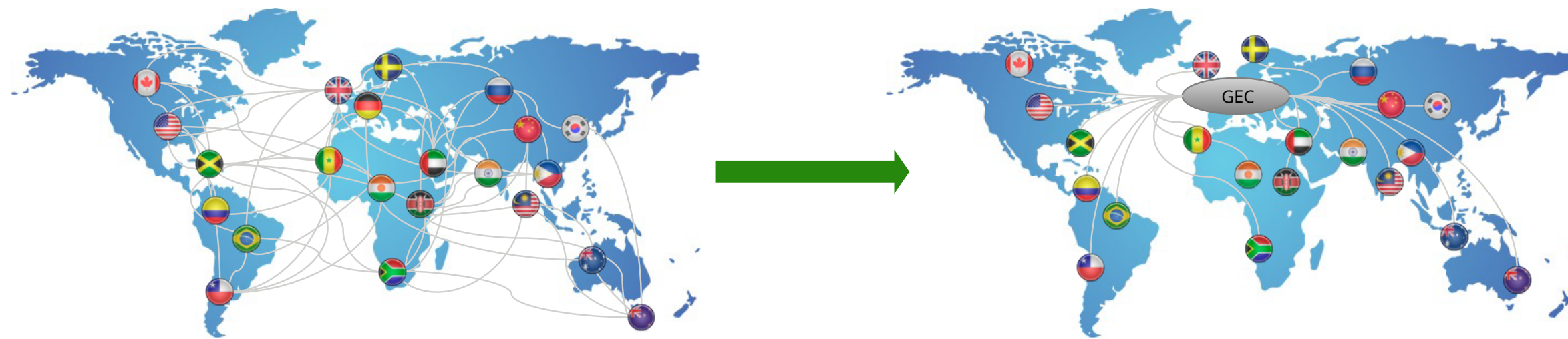


## GECs – What are they?

Firstly, to level our understanding at the start of this article, a Global Employment Company (GEC) is typically a ringfenced entity within a company's group structure whose purpose is to employ an international cadre of individuals to meet the specific talent requirements of the business. The GEC acts as the legal employer of the individuals and is used as a vehicle to pay them and undertake the required employer compliance obligations in the work location(s) of the GEC employees. A core benefit of a GEC model is the ability to centralise the management and administration for the employees that it houses (such as internationally mobile employees, global

nomads, and employees working in countries where there is no local corporate presence). This can enable a company to gain efficiencies in its processes when deploying individuals, across multiple jurisdictions, and aims to limit compliance risks by centralising the oversight of them, which could otherwise be more difficult to govern when individuals are employed by multiple different entities within the group.

An example of the simplification and centralisation that a GEC can provide is outlined by the following diagram:



We should also reference here that a Regional Employment Company (REC) follows the same principles however it is an employment model to engage individuals on a regional basis, with a company potentially having more than one REC. Additionally, whilst we often see that the GEC is a separate ringfenced entity within the group structure whose sole mission is to employ individuals for the organisation, we see a number of 'virtual' GECs. This is where the GEC functions subsist within another 'trading' entity within the group structure. Key factors to consider when assessing the use of a virtual GEC are the corporate tax implications, such as permanent establishment risk and economic substance.

One example we have seen for the use case of a GEC historically, has been to engage globally nomadic employees as they could then be moved around various locations without the requirement to update their underlying employment contracts for each new host entity or country combination (although employment law due diligence for each country would be required, usually with a new secondment agreement or contract addendum for each new working location). This landscape is changing and while many organisations continue to utilise GECs to

employ their nomadic populations, the use of GECs has widened over time to include other cohorts of employees, such as specific groups of senior individuals, employees with global roles, permanent/long term remote workers and individuals working in locations where the organisation does not currently have a presence.

Whilst some of the potential benefits are highlighted above, it is important to acknowledge the potential limitations and key considerations when deploying a GEC model. For example, having a GEC does not override local rules applicable in the host jurisdiction such as payroll withholding, permanent establishment, local employment rights, labour leasing restrictions and immigration requirements and the GEC will need to track individuals and assess employee and employer compliance accordingly.

These are not additional to the obligations and compliance burden that would exist in any event, without a GEC in place, and as noted a potential benefit of a GEC comes from a consistent and managed process associated with the compliance compared to having multiple stakeholders navigating the same issues from different entities.

## So how often should we review the sustainability of a GEC?

Best practice would dictate an in-depth sustainability review of a GEC every 3-5 years, however this should take place more regularly where there are, for example, material strategic shifts within the organisation, or significant regulatory changes.

More regularly, a GEC 'health check' which is a lighter touch review should be completed on a 6-12 month basis to track the GEC's progress and measure key performance and success metrics.

## What are some of the key areas to cover in the sustainability review?

Below is a list of non-exhaustive examples of the key areas we recommend are covered in GEC sustainability reviews. It is important that the review is holistic, covering all the key functions/workstreams within the organisation, including Tax, HR, Reward, Finance and Legal.



### Economic Substance (ES) Rules

- Depending on local jurisdiction regulations, ES rules bring GEC structures under greater scrutiny from regulatory authorities. Can ES be demonstrated for the GEC?
- Does the GEC need closing or moving to mitigate financial and reputational risk?



### Environmental changes (regulatory, political / economic stability, availability of business support services)

- Does the introduction of new regulations have any impact for the GEC? For example, the introduction of new pensions regulations in Dubai was historically a cause for reviewing GEC structures based there.
- Have factors such as the corporate governance structure, location and number of employees and their job roles been considered?



### Corporate tax exposure

- Are you comfortable with your GEC structure from a corporate tax perspective, particularly Permanent Establishment risk?
- Has your risk appetite to corporate tax exposure changed since policies and position were first determined for the GEC?



### Employee Experience and Talent Attraction

- Does your GEC reward structure continue to align with business and talent objectives?
- Is there equity between flexibility of hiring internationally and the employee experience within the GEC structure as opposed to a 'standard' group entity?
- Have programmes and processes been revised in line with changing employee populations engaged by the GEC?



### Compliance and Administrative Efficiency

- Has your GEC improved operational excellence in relation to consistency of compliance, corporate governance, pay and benefits, policy management, and cost management?
- Could your GEC model be expanded to increase the efficiency of more administrative processes in your business?
- Is the GEC fulfilling all its compliance needs, from a tax, regulatory and corporate governance perspective in both the GEC location and the location GEC employees are working in?

## What could be the outcome of the GEC sustainability review?

When reviewing the sustainability of an existing GEC we see five potential outcomes for the GEC;

- Retain** the GEC is fit for purpose and can remain as is, with little to no change
- Close** the GEC is no longer fit for purpose and should be closed
- Move** the location of the GEC is no longer viable and it should be moved to a new location
- Expand** the GEC can further meet the strategic needs to the business by, for example, expanding the population use cases
- Improve** it is identified that there are areas for improvement

Most of these outcomes require additional steps. As an example, if the organisation decides to close the GEC there will be a number of considerations across multiple workstreams, which can include:

- Employment law considerations around the transfer of employment to a new group entity, which may include consultation periods and consideration of rules such as TUPE in the UK, depending on jurisdictions;
- Corporate governance actions and processes to follow with regards to closing an entity, or;
- Consideration of exit taxes depending on the GEC jurisdiction, and corporate tax filings.

### Our question to you

We have demonstrated why it's important to perform GEC sustainability reviews and highlighted some of the key areas to consider when doing so. Thus, we ask you, when was the last time you assessed whether your GEC remained fit for purpose in line with your organisation's strategic needs?



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