

Entity Setup	Employer of Record	Contractor
Can take 9+ months	Onboard in 3-10 days	Many candidates do not want to work self-employed as they receive more benefits and labor law protections as an employee. This can significantly limit the labor pool.
Strenuous requirements to set up local bank account	No local bank account needed	
Setup costs vary but can easily be \$25,000+	Scalable pricing based on your actual business scenario	
Capitalization requirements (e.g. Germany EUR 25,000)	None	A contractor who does not meet the basic definition of a contractor creates the risk of misclassification by the authorities. If deemed to be an employee, the client is liable for back payroll AND withholding taxes, statutory benefits, penalties and interest over several years.
Local Director may be needed	None required	
May lose candidates over setup time	Attract talent through quick onboarding & expertise	Companies who may be considering an exit strategy or an IPO are often asked to address known risks, and one of those is independent contractors. This results in a major exercise to convert contractors to employees.
Talent or market does not work out? You either have to pay to keep the entity up and running, or to wind it down	Talent or market does not work out? Let us know, and we run a last payroll which typically takes 30 days	
You carry full responsibility for labor law and tax compliance	EOR shoulders the HR and HR tax compliance burden on your behalf so you can focus on growing your business	

