

Entity or EOR?

Your 2026 decision matrix for EMEA expansion

Growing your company in EMEA comes down to two choices: setting up local entities or partnering with an employer of record (EOR). From speed to market to compliance risk, this guide compares both options to help you decide which one best fits your goals.

The 2026 EMEA pre-market entry checklist

Use this checklist to audit your expansion readiness and compare the administrative burden of entity setup vs. the EOR model.

1. Governance and corporate substance

- Resident director/sponsorship requirements:** Check for jurisdictions needing local or EEA residency or local sponsorship models.
- Nominee director services:** See if a third-party director is needed for your initial setup.
- Entity substance requirements:** Verify that you have a local office or staff to satisfy [2026 anti-tax avoidance rules \(ATAD III\)](#).
- Beneficial ownership filing:** Confirm that all [persons with control \(PSC\)](#) are registered in local registries.

2. Banking and capital flow

- Capital deposit accounts:** Check if the target country needs a local bank account to hold share capital before incorporation.
- KYC/AML readiness:** Prepare liveness checks and verified IDs for all [ultimate beneficial owners \(UBOs\)](#) to meet 2026 [financial anti task force \(FATF\)](#) compliance standards.
- EMI vs. traditional bank:** Confirm if an [electronic money institution \(EMI\)](#) is enough for day-to-day payroll or if a Tier-1 bank is needed to access local credit and specialized financial services.

3. Labor relations and collective bargaining

- Works council thresholds:** Confirm local employee counts that trigger [works council rights](#).
- Transnational compliance:** Check if you've 1,000+ employees in the EU/EEA – including at least 150 in two or more countries – as this triggers the need to set up a European works council for cross-border consultation.
- Collective bargaining agreements (CBAs):** See if your industry is subject to a national or sectoral CBA.

4. Compliance and pay transparency

- EU pay transparency directive:** Make sure that your job postings include salary ranges and that you've a gender pay gap reporting framework ready, as [pay transparency](#) becomes mandatory by June 7, 2026.
- Local language contracts:** Audit which regions require you to draft dual-language or translated contracts to ensure legal enforceability.
- Right-to-work (post-Brexit/Schengen):** Cross-check visa rules for [digital nomads versus residents](#), especially with the 2026 ETIAS changes.

5. Benefits and payroll infrastructure

- Mandatory 13th/14th-month pay:** Budget for statutory bonus months, if applicable in your target region.
- Local insurances:** Secure mandatory regional insurance for workers' compensation or professional indemnity.

6. Flexible workforce management

- Worker misclassification risk:** Align your hiring model with tightening 2026 EMEA definitions of contractors vs. employees to avoid legal penalties.

Comparison summary: EOR vs. entity

There are two ways to hire in EMEA. The first option is using an EOR, and the second is establishing your own local entity. We've compared these two routes so you can decide which one fits your 2026 expansion plan.

Feature	Employer of Record (EOR)	Entity setup
Speed to market	48-72 hours	3-6 months*
Resident director	Not required	Often mandatory
Banking	Uses EOR's existing global infrastructure; no local bank account needed.	Requires a local corporate account and big capital deposit.
Compliance risk	Managed by EOR	Carried by your company
Strategic intent	Market testing and quick employment: Ideal for teams of any size looking for immediate entry without long-term administrative lock-in.	Permanent regional hub: Suited for long-term operations with a stable, large-scale workforce.

*Estimates can vary by country and specific circumstances.

Entity setup: your ongoing responsibilities



Legal compliance

Constant oversight of local tax, worker rights, and statutory contributions.



Regional complexity

Managing French CBAs, German GDPR mandates, and Nordic social benefits.



Admin load

Manual tracking for expenses, payroll, bonuses, and onboarding updates.



Capital stagnation

Maintaining stagnant capital in local accounts to satisfy legal standing.

EOR: your built-in global employment partner



End-to-end support

G-P simplifies the complexity of HR, CBAs, and social benefits for you.



Automated payroll

All statutory contributions are handled. You simply approve via our platform.



AI-powered guidance

G-P Gia™ gives you instant compliance answers and real-time cost-of-hire modeling.



Total workforce view

Manage employees and contractors on one platform.



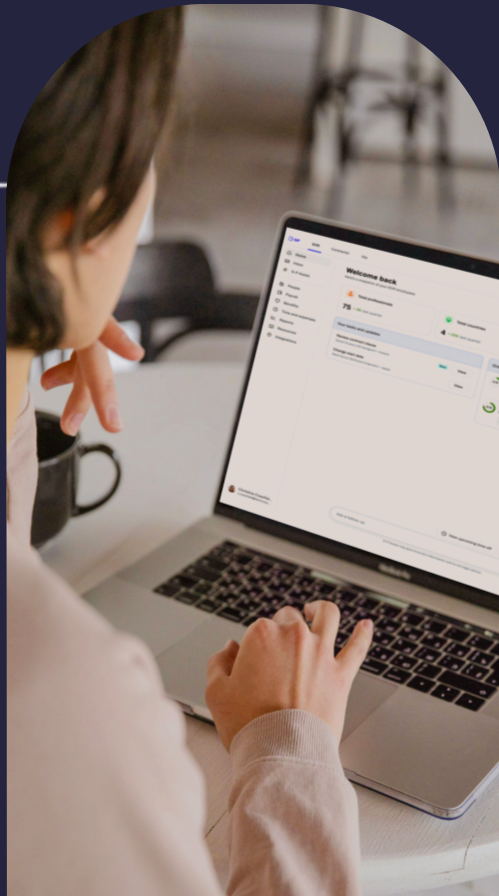
Exit strategy

Business needs shift. If you're offboarding employees or exiting a market, here's what to expect with each approach.

Entity setup	EOR
<p>The exit trap</p> <p><u>Winding down operations</u> in countries like France is difficult, time-consuming, and expensive.</p> <p>Ongoing liability</p> <p>You've to continue to finance and oversee entity closures – often requiring in-person intervention – and pay for local legal expertise to navigate <u>termination laws</u>.</p>	<p>Compliant offboarding</p> <p>HR and legal experts ensure compliant offboarding, reducing the risk of local labor disputes.</p> <p>Quick market exit</p> <p>Final payroll and full operational wind-down can be completed in as little as 30 days.</p>

The G-P shortcut

G-P EOR allows you to skip this administrative burden of entity setup and move straight to onboarding in a single-entry step. We manage local tax, benefits, and EU directives on your behalf.



Scaling EMEA: real stories from market leaders



Partnering with G-P gave us immediate access to exactly the expertise we needed. Having a knowledgeable partner handle complex employment compliance in Germany meant we could focus on finding the right people and getting them up and running fast.

Joy Spijkerboer

HR Manager and Finance Coordinator at [JANZEN](#)



Thanks to SD Worx recommending G-P, we found a reliable EOR partner that helped us overcome challenges in hiring talent in several new regions. G-P allowed us to focus on what really mattered, hiring the best team members and paying them correctly, while handling the local compliance, banking, and legal complexities.

Patrick Proost

Compensation and Benefits Manager at [Biocartis](#)



Working with the G-P team has been a great experience. The level of service G-P provides has been crucial to our growth. We have confidence that our international hires are well supported by G-P and SD Worx, allowing us to focus on expanding our global workforce without administrative complexity.

Patrick Verboven

People and Culture Team Lead at [Melexis](#)



About G-P

G-P is the recognized leader of the employment industry. Our Global Employment Platform removes legal, administrative, and compliance barriers, so you can operate globally – without setting up new entities.

Driven by the industry's most advanced AI-powered products – [EOR](#), [Contractor](#), and [Gia](#) – our platform gives you the tools (and speed) you need to manage the full employee lifecycle.

[Request a proposal.](#)