

TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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242 | Insights of an Offshoring Provider

Here are some insights of an offshoring provider outlining the options you have and what it might cost you.

Insights of an Offshoring Provider

In this episode Nick Sinclair of TOA Global shares his insights about offshoring. Please listen in as Nick explains this much better than we ever could.

To listen while you drive, walk or work, just access the episode through a free podcast app on your mobile phone.

The following notes only cover a fraction of the advice Nick shares.

Overseas Options

When it comes to setting up a team overseas, you have 4 options.

- 1 – Freelancers working from home
- 2 – Outsourcing
- 3 – Offshoring
- 4 – Setting up your own overseas office

Freelancers

Freelancers working from home can be a good way to get started when you just need one or two people, possibly part-time. It isn't really feasible when you need a bigger team than that. You can find freelancers working from home on [Upwork](#).

Outsourcing

Outsourcing is when you are just given a finished product and you don't manage the creation of that product. So for example you pay a fee per SMSF, have no other involvement in the actual work – you just maintain the client contact – and then receive the finished annual return at the end.

The distinction between outsourcing and offshoring is more of an academic one. In accounting, pure outsourcing doesn't really work, hence most providers will offer some form of offshoring.

Offshoring

In offshoring, you run the team who produces the work. You train them, you set up the process, you tell them how you want them to do what.

The lines between outsourcing and offshoring are fluid. It is not black or white, but a scale with many greys. Most if not all accounting services providers will lean towards offshoring. But how far the set up tilts towards offshoring or outsourcing depends.

Own Overseas Office

Setting up your own office overseas is a big thing and something for advanced players with plenty of experience working with offshore teams. So if you are at the start of your offshoring journey, stay away from this one.

Offshoring Costs

There is a lot more to offshoring than just comparing prices, but just to give you a first feel for what offshoring might cost you, here is what TOA Global charges in 2020 as an example. Other providers are probably similar.

Kickstart Fee

It starts with a A\$2,000 kickstart fee. This is to get you through the door, hire the staff you need and set up their workstation. It also includes the training cost of a 5 day induction course. If your team member leaves or doesn't work out, you don't have to pay this again.

Management Fee

Then you pay a management fee of A\$770 per month (including GST). This covers on-the-ground support management as well as the facilities and IT your staff member uses.

Monthly Salary

The monthly salary varies each month, since paid out in PHP but charged in AUD. So any FX variations will hit your bill.

TOA Global's 2020 presentation pack lists salaries for accountants and bookkeepers as ranging between A\$900 and A\$1,600. SMSF accountants are more expensive with a salary range of A\$1,500 to A\$1,900.

Support roles for admin, marketing and EA range between A\$800 and A\$1,400 per month.

Deposit

And last but not least you have to pay a deposit of two months of management fees and salaries to cover TOA Global in case you suddenly stop paying.

So these are just a few short notes of what we discuss in this episode. Please listen in for the details.

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