

## Global Entity Compliance Starts with a Health Check

Be sure to include a compliance health check for all global entities. A global entity health check verifies the compliance status of your entities within each of the jurisdictions they do business. This proactive global entity management practice protects your timelines for implementing new initiatives. It's a lot easier to bring your entities back into compliance now and pre-empt the negative and costly consequences down the line.



### What's at Stake?

**Compliance.** A global entity health check is an entity management best practice that eliminates surprises, like unexpected fees and puts time on your side.

#### **Non-compliant entities delay important timelines.**

Imagine, after weeks of structuring an M&A deal, you learn at the closing table that one of the affected entities is not in good standing. The closing must be delayed until this one entity is brought back into compliance. Don't expect the speed of U.S. jurisdictions. In some countries, reinstating an entity can take weeks.

#### **Missed filings incur fees, penalties and reputational damage.**

Each international jurisdiction has a specific set of compliance requirements and calendar of deadlines. In addition to tax filings, you must be aware of requirements for corporate governance approvals such as financial statement approvals and even changes to the board of directors.

A global entity health check will give you an accurate calendar of events with required deadlines, and alert you to any issues that may jeopardize the entity's ability to do business.

### Set Yourself Up for Success

CT's global entity health checks give you detailed findings of your entities' compliance status in the countries where you do business. Our reports typically include, as applicable to the country:

- Overview of company information and address in jurisdiction
- Credit rating and risk analysis
- Parent entity details
- Corporate structure and related parties (where applicable)
- Detailed financial statements and status of public financial filings as required

### A Plan to Help Achieve Compliance

The first step in a global entity health check is to compile information to identify improvement opportunities. It is a best practice that your business regularly conducts health checks to help ensure the continual maintenance of the business' entity compliance. Following is a sample of a global entity management checklist. Your entities may have more requirements, depending on the countries they operate in or the nature of the business.

## Basic Checklist for International Entities



### 1 Confirm That Your Entities Are in Good Standing

- This is the most basic and essential check. Transactions, audits, internal reporting, advisory requirements, and other business-critical activities often require proof of good standing or equivalent for non-U.S. jurisdictions.
- The certificates of good standing or equivalent confirm that your entities are in compliance and free to do business in a given country.



### 2 Get Your Financial Books in Order

- Review all deadlines for tax and other financial reporting filings.
- Identify all filings due within the first quarter and give yourself plenty of time. International offices observe the holidays of their country and may be closed.



### 3 Be Sure Boards of Directors Are Accurately Represented

- Confirm that all global entities comply with local regulations for board composition. Having one resident director is a common requirement in many countries around the globe.
- There are also requirements for who can be appointed, documents and filings, maintaining an up-to-date register of directors, and more.
- Update local authorities of any changes to the boards of directors made last year, or that may have previously been unreported.
- If any of your directors are planning to retire, make sure you follow each jurisdiction's compliance requirements, some of which include: meeting with the directors, obtaining their resignation letters and appointing the right replacements.



### 4 Check Power of Attorney Contracts

- Many countries require a “term” to be indicated in the granted power of attorney.
  - Check for any contracts that are expiring or due for renewal to avoid delays.
  - Determine any filings that need to be [legalized](#).
  - Confirm that the filer has the authority to make the filing. In some jurisdictions, the power of attorney filing must be done by a local employee or local counsel.
- If you have issued power of attorney to the local authority, make sure these are up-to-date with the current term, authority and correct personnel information.



### 5 Verify All Registered Address

- If you've changed any office locations, be sure the new address has been updated with all governing authorities, so your team will receive vital correspondence such as regulatory updates.
- Take care of any leases that have expired or are about to expire.



### 6 Make Sure All Records and Licenses Are Up to Date

- This can be a very extensive, labor-intensive review and renewal process.



### 7 Comply with UBO (Ultimate Beneficial Ownership) Requirements

- This is often a highly complex process. Identify issues and have an action plan on how you will rectify lapses.

CT has offices and partners around the globe. No matter where your business takes you — from Europe to Asia Pacific — we'll make sure your local needs are met. Learn more about our expert [global corporate compliance services](#) or call us at 855.444.5358.