



GLOBAL
EMPLOYER
GUIDE

GUAM





Basic Country Facts

Full name

- Guam

Capital

- Hagåtña

Main Languages

- English
- Chamorro

Population

- 167,294

Monetary unit

- United States Dollar

Internet domain

- .gu

International dialing code

- +1-671

Currency

- United States Dollar

STATUTORY LABOR REQUIREMENTS

Probation Period

- Guam has a 90-day probationary period

Public Holidays

- New Year's Day (1st January)
- Guam Discovery Day (2nd March)
- Good Friday (10th April)
- Memorial Day (25th May)
- Independence Day (4th July)
- Liberation Day (21st July)
- All Souls Day (2nd November)
- Veterans Day (11th November)
- Santa Marian Kamalen Day (8th December)
- Christmas Day (25th December)

Maternity Leave

- Maternity leave shall be granted to a female employee occupying a permanent position who is absent from work as a result of childbirth or adoption of a child(ren) five (5) years old or younger.
- Such maternity leave shall not exceed twenty (20) days, encompassing the date of childbirth or adoption.

Paternity Leave

- Paternity leave shall be granted to a male employee occupying a permanent position upon the birth or adoption of his child(ren).
- Such paternity leave shall not exceed twenty (20) days, encompassing the date of childbirth or adoption of a child(ren) five (5) years old or younger.

Work Hours

- Guam generally has a 40 hours work week

Overtime

- Employees who work overtime are eligible to receive 1.5 times the regular wage

13th Month

- 13th month pay is not mandatory



Income Tax

- Guam residents are subject to tax on all income, regardless of source.
- An individual who is not a citizen or permanent resident of the United States or a resident of Guam is subject to tax on Guam-source income only.
- A nonresident alien is subject to Guam tax on income that is effectively connected with a Guam trade or business and on Guam-source fixed or determinable, annual or periodical gains, profits and income (generally investment income, including dividends, interest and rental income).
- Gross income and deductions in Guam are determined under the same rules as those in the United States.
- Taxable income from personal services includes all cash wages, salaries, commissions and fees paid for services performed in Guam, regardless of where the payments are made.
- In addition, taxable income includes the value of an employee's expenses paid by the employer and the fair-market value of noncash goods and services provided by the employer, including housing and vehicles.
- The applicable Guam tax rates, like the US rates, depend on whether an individual is married and, if married, whether the individual elects to file a joint return with his or her spouse.
- Certain individuals also qualify to file as head of household.
- The graduated tax rates listed below apply in Guam for 2019.





Married Filing Joint Return

Not over USD19,400	10% of the taxable income
Over USD19,400 but not over USD78,950	USD1,940 plus 12% of the excess over USD19,400
Over USD78,950 but not over USD168,400	USD9,086 plus 22% of the excess over USD78,950
Over USD168,400 but not over USD321,450	USD28,765 plus 24% of the excess over USD168,400
Over USD321,450 but not over USD408,200	USD65,497 plus 32% of the excess over USD321,450
Over USD408,200 but not over USD612,350	USD93,257 plus 35% of the excess over USD408,200
Over USD612,350	USD164,709.50 plus 37% of the excess over USD612,350

Married Filing Separate Return

Not over USD9,700	10% of the taxable income
Over USD9,700 but not over USD39,475	USD970 plus 12% of the excess over USD9,700
Over USD39,475 but not over USD84,200	USD4,543 plus 22% of the excess over USD39,475
Over USD84,200 but not over USD160,725	USD14,382.50 plus 24% of the excess over USD84,200
Over USD160,725 but not over USD204,100	USD32,748.50 plus 32% of the excess over USD160,725
Over USD204,100 but not over USD306,175	USD46,628.50 plus 35% of the excess over USD204,100
Over USD306,175	USD82,354.75 plus 37% of the excess over USD306,175

Head of Household

Not over USD13,850	10% of the taxable income
Over USD13,850 but not over USD52,850	USD1,385 plus 12% of the excess over USD13,850
Over USD52,850 but not over USD84,200	USD6,065 plus 22% of the excess over USD52,850
Over USD84,200 but not over USD160,700	USD12,962 plus 24% of the excess over USD84,200
Over USD160,700 but not over USD204,100	USD31,322 plus 32% of the excess over USD160,700
Over USD204,100 but not over USD510,300	USD45,210 plus 35% of the excess over USD204,100
Over USD510,300	USD152,380 plus 37% of the excess over USD510,300

Single Individual

Not over USD9,700	10% of the taxable income
Over USD9,700 but not over USD39,475	USD970 plus 12% of the excess over USD9,700
Over USD39,475 but not over USD84,200	USD4,543 plus 22% of the excess over USD39,475
Over USD84,200 but not over USD160,725	USD14,382.50 plus 24% of the excess over USD84,200
Over USD160,725 but not over USD204,100	USD32,748.50 plus 32% of the excess over USD160,725
Over USD204,100 but not over USD510,300	USD46,628.50 plus 35% of the excess over USD204,100
Over USD510,300	USD153,798.50 plus 37% of the excess over USD510,300



Social Security

- Under the Federal Insurance Contributions Act (FICA), social security tax is imposed on wages or salaries received by individual employees to fund retirement benefits paid by the federal government.
- The following two taxes are imposed under FICA:
 - Old-age, survivors and disability insurance (OASDI)
 - Hospital insurance (Medicare)
- For 2019, the OASDI tax is imposed on the first USD132,900 at a rate of 6.2% on the employee and 6.2% on the employer.
- Medicare tax is imposed, without limit, at a rate of 1.45% on the employee and 1.45% on the employer.
- In addition, higher income employees (but not their employers) pay an extra 0.9% Medicare tax.
- The income threshold varies by tax return filing status. Married couples filing jointly pay the extra tax on their combined wages in excess of USD250,000, single taxpayers and heads of households on wages exceeding USD200,000, and married taxpayers filing separately on wages exceeding USD125,000.
- Self-employment income (see below) is added to the amount of wages when determining the threshold.
- FICA tax is imposed on compensation for services performed in the United States, regardless of the citizenship or residence of the employee or employer.
- Consequently, absent an exception, nonresident alien employees who perform services in the United States are subject to FICA tax, even though they may be exempt from US income tax under a statutory rule or an income tax treaty.
- Certain categories of individuals are exempt from FICA tax, including foreign government employees, exchange visitors in the United States under J visas, foreign students holding F, M or Q visas, and individuals covered under social security totalization agreements between the United States and other countries.
- These agreements allow qualifying individuals to continue paying into the social security system of their home countries, usually for a period of five years.

Contribution	Employer	Employee
OASDI	6.2%	6.2%
Medicare	1.45%	1.45%

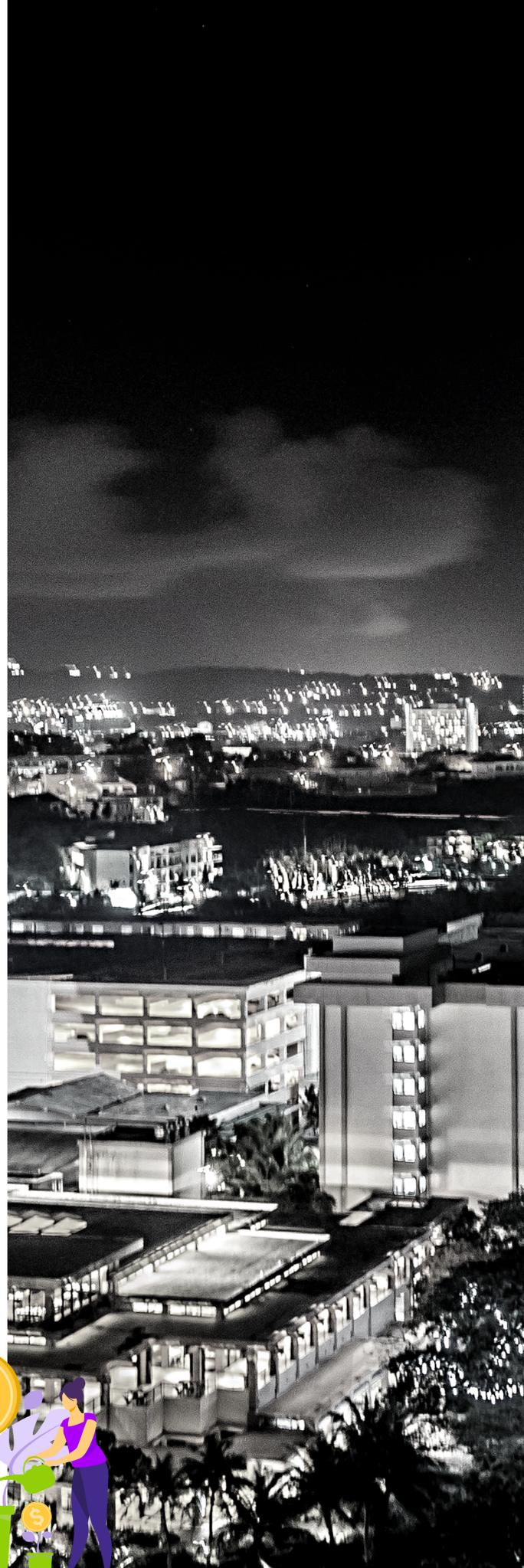


Deductible Expenses

- Certain types of deductions, including amounts related to producing gross income, are subtracted to arrive at adjusted gross income.
- Alimony payments to a former spouse and contributions to health savings accounts are among the most commonly claimed deductions in this category.
- Alimony (but not child support) must meet certain criteria, and must be included in the recipient's gross income, to be deductible by the payer.
- A tax of 30% generally must be withheld (and remitted) from alimony paid by a US citizen or Guam resident to a nonresident-alien former spouse.
- For divorce agreements executed after 31 December 2018 (or modified after that date to reflect the new tax rules), alimony payments are not deductible, and alimony received is not taxable.
- Complex rules determine eligibility for other deductions from gross income.
- For example, depending on the taxpayer's income level, interest of up to USD2,500 on qualified educational loans, and individual retirement account (IRA) contributions of up to USD6,000 (USD7,000 if age 50 or older at the end of 2019) may be deducted.
- After adjusted gross income is determined, a citizen or resident alien is entitled to claim the greater of itemized deductions or a standard deduction.
- The amount of the standard deduction varies, depending on the taxpayer's filing status.
- For 2019, the standard deduction is USD24,400 for married individuals filing a joint return, USD18,350 for a head of household, USD12,200 for a single (not married) individual and USD12,200 for a married taxpayer filing a separate return.
- Itemized deductions include the following items:
 - Unreimbursed medical expenses to the extent that they exceed 10% of adjusted gross income
 - Income, general sales, and property taxes of US states and localities, but limited to USD10,000 in total
 - Foreign income taxes paid if a foreign tax credit is not elected
 - Certain interest expenses, generally home mortgage interest and investment interest expenses
 - Casualty losses to the extent they are attributable to specified natural disasters
 - Gambling losses to the extent of gambling winnings
 - Charitable contributions made to qualified charities
- A nonresident alien may not use the standard deduction instead of actual itemized deductions.
- Also, the types of itemized deductions a nonresident alien may claim are limited to charitable contributions made to qualified charities, and state and local taxes imposed on effectively connected income (limited to USD10,000).
- A nonresident alien may not claim an itemized deduction for medical expenses, taxes (other than state and local income taxes) or most interest expenses.

Business deductions

- Self-employed individuals are entitled to the same deductions as employees, except that they may also deduct directly related ordinary and necessary business expenses.
- However, special rules may apply to limit business deductions if a taxpayer's business activity does not result in a profit for three out of five years.
- In this situation, the activity may be classified as a hobby, and the expenses are deductible only if they qualify as itemized deductions.
- Self-employed individuals may establish, and may deduct contributions paid to, their own retirement plans, subject to special limitations.
- Beginning in 2018, taxpayers may be entitled to deduct up to 20% of their "qualified business income," when calculating taxable income.
- The 20% deduction is calculated under a complex set of rules.
- There are many limitations to this deduction, including whether the taxpayer operates a qualified business, and whether the individual's taxable income is below the overall limit of USD160,700 (USD321,400 for married filing jointly) for 2019.
- In general, qualified business income does not include income from performing services as an employee.



Deductible Expenses

Personal Deductions

- Alimony payments to a former spouse and contributions to health savings accounts are among the most commonly claimed deductions in this category.
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Itemized Deductions

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- Certain interest expenses, generally home mortgage interest and investment interest expenses
- Casualty losses to the extent they are attributable to specified natural disasters
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- Charitable contributions made to qualified charities
- A nonresident alien may not use the standard deduction instead of actual itemized deductions.
- Also, the types of itemized deductions a nonresident alien may claim are limited to charitable contributions made to qualified charities, and state and local taxes imposed on effectively connected income (limited to USD10,000).



Deductible Expenses

Business Deductions

- Self-employed individuals are entitled to the same deductions as employees, except that they may also deduct directly related ordinary and necessary business expenses.
- However, special rules may apply to limit business deductions if a taxpayer's business activity does not result in a profit for three out of five years.
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- There are many limitations to this deduction, including whether the taxpayer operates a qualified business, and whether the individual's taxable income is below the overall limit of USD160,700 (USD321,400 for married filing jointly) for 2019.
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Immigration

- Several business-related nonimmigrant visa categories are described below.

Visitor for business—B-1

- B-1 status is issued to people temporarily visiting the United States to engage in business on behalf of foreign employers.
- B-1 holders may not be employed by or receive salary from US employers, but, among other activities, they may negotiate contracts, sell company products, develop business leads and attend conferences and business meetings on behalf of their foreign employers.
- A temporary business visitor may accept reimbursement for incidental expenses such as travel expenses.
- A B-1 visitor must retain unrelinquished domicile in the foreign country to where he or she intends to return at the conclusion of his or her temporary US stay.
- In general, business visitors with B-1 visas may enter the United States for periods of up to six months.
- However, B-1 status can be granted for a shorter period, often not exceeding 30 days, unless the business visitor can justify a longer period of admission.
- Applications for an extension beyond the initial entry period can be sought from the United States Citizenship and Immigration Service (USCIS).



Specialty occupations—H-1B

- The H-1B category covers foreign nationals employed in specialty occupations that require a theoretical and practical application of highly specialized knowledge, as well as a bachelor's degree or the equivalent in the field.
- Before applying for an H-1B visa, an employer must file a Labor Condition Application (LCA) with the Department of Labor (DOL) and certify that, among other things, the foreign national will be paid at least the prevailing wage for the proffered position.
- On 15 March 2019, the DOL issued policy guidance regarding LCA posting requirements.
- A prospective employer must also provide notice of filing the application by posting a hard copy notice, electronic notification or, when applicable, notification to the company's bargaining representative.
- If posting by hard copy notice, the employer must post notice of filing the application in two conspicuous locations at the employment site for at least 10 consecutive business days.
- If the employer meets the requirements, the holder of the H-1B status is entitled to a maximum six-year stay in the United States.
- In specified circumstances, extensions beyond the six-year limit may be available.
- Each year, only 65,000 H-1Bs are made available.
- In addition, regulations allow a further 20,000 H-1Bs to be issued to persons having a master's or higher degree from qualifying US post-secondary institutions.
- These requirements apply to both initial and renewal petitions. Prior to issuing this policy guidance, the USCIS generally permitted petitioning employers to provide general statements regarding the dates and locations of an H-1B worker's proposed or possible employment at external client locations.
- The current policy guidance specifically overturns the prior guidance and institutes a requirement for a specific, detailed itinerary corroborated by contracts covering these employees' work.
- On 19 November 2018, a new ETA Form 9035, Labor Condition Application (LCA), was implemented by the DOL.
- The new LCA form requests that the employer discloses the following:
 - Estimated number of workers that will perform work at the intended place of employment
 - Whether the worker subject to the LCA will be placed with a secondary employer at the place of employment
 - If the worker is placed with a secondary employer, the legal business name of the secondary employer
- These revisions were made to improve transparency about the number of H-1B workers being sent to worksites, the locations at which H-1B workers will be placed and the entities with which H-1B workers will be placed.

Specialty occupations—Trainees—H-3

- H-3 status may be issued to foreign nationals to enter the United States for up to two years to receive training and to develop skills that will be used in their careers abroad.
- Trainees must participate in structured training programs at US companies.
- The programs must incorporate theoretical and practical instruction, and may not consist solely of on-the-job training.
- The training must be unavailable in the foreign national's home country, and the skills acquired must apply to work outside the United States.
- For short-term training assignments (typically up to three months), an H-3 visa may not be required (for someone who falls under the VWP or who does not require a US visa), because in some instances the US immigration authorities recognize the "B-1 in lieu of an H-3" visa, which allows individuals to apply at a consulate (or in the case of the VWP, at the port of entry) for admission for the purpose of short-term training.
- Spouses and unmarried children of H-3 visa holders are eligible for H-4 status, but are not permitted to work in the United States.

Intracompany transferees—L-1

- The L-1 visa allows foreign companies with affiliated operations in the United States to transfer needed personnel to their US facilities.

- L-1 visas may be issued to foreign nationals who are employed abroad in executive or managerial positions, or who hold positions involving specialized knowledge in the company's procedures, processes, services and/or products.
- On 15 November 2018, the USCIS issued a Policy Memorandum (PM) clarifying the requirement that the qualifying organization must have employed the principal L-1 beneficiary at the related foreign entity abroad for at least one continuous year during the three years preceding the time of petition filing.
- The PM explains the following:
 - The L-1 beneficiary must be physically outside of the United States during the required one continuous year of employment.
 - The petitioner and the beneficiary must meet all requirements, including the one year of foreign employment, at the time the petitioner files the initial L-1 petition.
- Specifically, the PM states that while a qualifying foreign entity employs a beneficiary abroad, brief trips to the United States for business or pleasure in B-1 or B-2 status tolls the one continuous year of employment abroad.
- If the beneficiary made brief trips to the United States that year for a total of 60 days, the beneficiary would need to accrue at least an additional 60 days of qualifying employment to meet the one-year foreign employment requirement.

- On arrival in the United States, the beneficiary must assume an executive, managerial or specialized knowledge position with the US affiliate, parent, subsidiary or branch office.
- Managers and executives may be issued and retain L-1A status for up to seven years;
- L-1B specialized-knowledge personnel may remain in the United States in that status for up to five years.
- For startup operations, L-1 visas are granted initially for a one year “new office” period.
- For visa extensions, startup companies must prove at the end of the year that they are “doing business” in the United States and have made progress toward becoming viable operating entities that need the services of managers, executives or personnel with specialized knowledge.
- If, at the end of the first year, the startup company is unable to prove that this progress has been made, it may be possible for the individual to receive an extension of an additional year to continue to grow the business.
- L-1B specialized knowledge visa holders may not work primarily at a worksite other than that of the petitioning employer if either of the following conditions will apply:
 - The work to be carried out will be controlled by a different employer.
 - The off-site arrangement will provide labor for hire, rather than service related to the specialized knowledge of the petitioning employer.

Extraordinary ability—O-1

- The O-1 visa category is for persons of extraordinary ability in the sciences, arts, education, business or athletics.
- Separate tests for demonstrating extraordinary ability exist for the following categories of individuals:
 - Foreign nationals in the motion picture and television industries
 - Other foreign nationals Most foreign nationals must prove their claim of extraordinary ability by providing evidence of sustained national or international acclaim.
- They may enter the United States only to work in their fields, and US immigration authorities must determine that their entry substantially benefits the United States.
- O-1 petitions are submitted to the USCIS for adjudication, and in some instances must be accompanied by proof of consultation with appropriate US labor unions (particularly those representing individuals in the arts, entertainment or athletics).



Type of Visa/ Permits	Documentation	Validity	Eligibility
B-1 Visa	<ul style="list-style-type: none"> • A Nonimmigrant Visa Electronic Application • A passport valid for travel to the United States • One (1) 2"x2" (5cmx5cm) photograph taken within the last six months • 10-year travel history • List of siblings and children 	6 months	<ul style="list-style-type: none"> • B-1 status is issued to people temporarily visiting the United States to engage in business on behalf of foreign employers. • A B-1 visitor must retain unrelinquished domicile in the foreign country to where he or she intends to return at the conclusion of his or her temporary US stay.
H1-B Visa	<ul style="list-style-type: none"> • Valid original passport • All old passports held • One photograph as per specification. • US Visa Application Form DS-160 confirmation page stamped at the Visa Application Center (VAC) • US Visa Application Fee payment receipt. • Visa Interview appointment letter. • Original Notice of Action-I-797. • Blanket L1 applicants must carry the original I-129 and a copy of the Notice of Action I-797. 	Maximum 6 years	<ul style="list-style-type: none"> • The H-1B category covers foreign nationals employed in specialty occupations that require a theoretical and practical application of highly specialized knowledge, as well as a bachelor's degree or the equivalent in the field. • Before applying for an H-1B visa, an employer must file a Labor Condition Application (LCA) with the Department of Labor (DOL) and certify that, among other things, the foreign national will be paid at least the prevailing wage for the proffered position.
H-3 Visa	<ul style="list-style-type: none"> • Form I-129 and Form I-797 • Valid passport • Birth certificate • One photograph meeting the US Visa Digital Image Requirements • Documents which prove your intent to return to your home country such as a property deed, apartment lease, or future job contract 	Maximum 2 years	<ul style="list-style-type: none"> • Trainees must participate in structured training programs at US companies. • The programs must incorporate theoretical and practical instruction, and may not consist solely of on-the-job training. • The training must be unavailable in the foreign national's home country, and the skills acquired must apply to work outside the United States.



Type of Visa/ Permits	Documentation	Validity	Eligibility
L-1 Visa	<ul style="list-style-type: none"> • Documentation verifying the corporate relationship between the U.S. company and the foreign company • Documentation verifying capitalization structure of the company • Detailed job description and requirements for the position • Documentation proving that you have worked in the foreign company for a continuous period of over one year in the preceding three years in an executive or managerial capacity • Copies of applicable business permits/licenses and registrations • DOS Form DS-160, Nonimmigrant Visa Application. • A copy of your passport which is valid for at least six months beyond the period of stay in the U.S • Two identical color photographs • Resume 	<p>L-1A (up to 7 years);</p> <p>L-1B (up to 5 years)</p>	<ul style="list-style-type: none"> • L-1 visas may be issued to foreign nationals who are employed abroad in executive or managerial positions, or who hold positions involving specialized knowledge in the company's procedures, processes, services and/or products. • The L-1 beneficiary must be physically outside of the United States during the required one continuous year of employment. • The petitioner and the beneficiary must meet all requirements, including the one year of foreign employment, at the time the petitioner files the initial L-1 petition.
O-1 Visa	<ul style="list-style-type: none"> • A written consultation with a peer group in your area of ability • A copy of your employment contract • Evidence that you have received a major internationally recognized award, such as a Nobel Prize, or copies evidencing the following (Non-exhaustive List): <ul style="list-style-type: none"> ◦ Receipt of nationally or internationally recognized prizes or awards for excellence in the field of endeavor ◦ Membership in associations in the field which require outstanding achievements as judged by recognized international experts ◦ Published material in professional or major trade publications or newspapers about you and your work in the field • A copy of your passport • Passport style photograph 	<p>3 years</p>	<ul style="list-style-type: none"> • The O-1 visa category is for persons of extraordinary ability in the sciences, arts, education, business or athletics.

Value Added Tax (VAT)

- Guam is to launch a 2% General Sales Tax on the provision of goods and services from 1 January 2019.
- Financial Services will be exempted from the new consumption tax.

VAT	
Standard Rate	2%
Exempt	0%



Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, public holidays, maternity leave, paternity leave, overtime pay.
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Public Holidays

Maternity Leave

Overtime Pay

Social Security Benefits

Payments and Invoicing

- Guam income tax returns are filed under the same rules, and using the same forms, applicable in the United States, but they are filed with the government of Guam instead of with the US Internal Revenue Service.
- Residents of Guam must report their US income on their Guam return, and residents of the United States must report their Guam income on their US return.
- Income taxes withheld on Guam wages offset Guam income reported on a US return, and vice versa. Estimated tax payments are filed with Guam or the United States, depending on where a taxpayer resides on the date the payment is due.
- Self-employment taxes are paid to the US Internal Revenue Service.
- If a nonresident alien is not engaged in a Guam trade or business and if all of the tax owed on Guam-source income is withheld, the nonresident alien is not required to file a tax return.
- Nonresidents must file tax returns if they are engaged in a trade or business in Guam, even if they report no income from the business.
- Individuals not engaged in a Guam trade or business must file returns if they have any Guam-source income on which all of the tax due is not withheld.
- Nonresident employees subject to Guam income tax withholding must file tax returns by 15 April. Other nonresidents must file returns by 15 June.



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