



Family Liaison Office

Self-Employment Guide

The Family Liaison Office Guide to Starting a Home-Based Business

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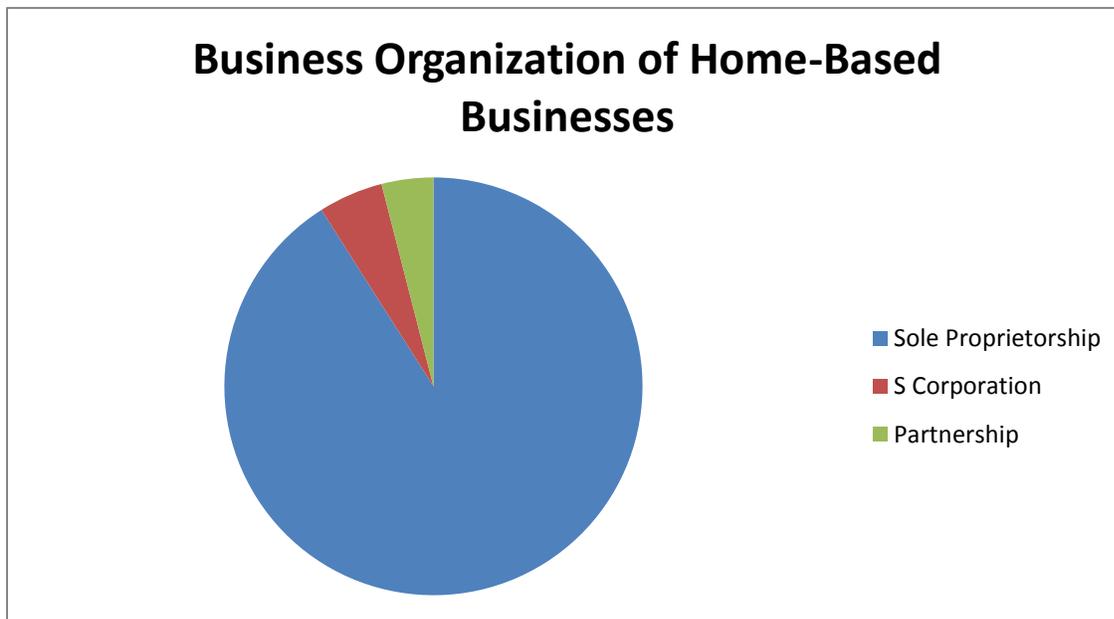
INTRODUCTION

Home-based businesses are on the rise, especially while the stubborn economic recession continues to hold our economy in its grips. More and more individuals who are unable to land positions are turning to opening their own home-based businesses. The U.S. Bureau of Labor Statistics puts the number of home-based businesses currently operating at 18.3 million. Other organizations say the number is closer to 38 million.

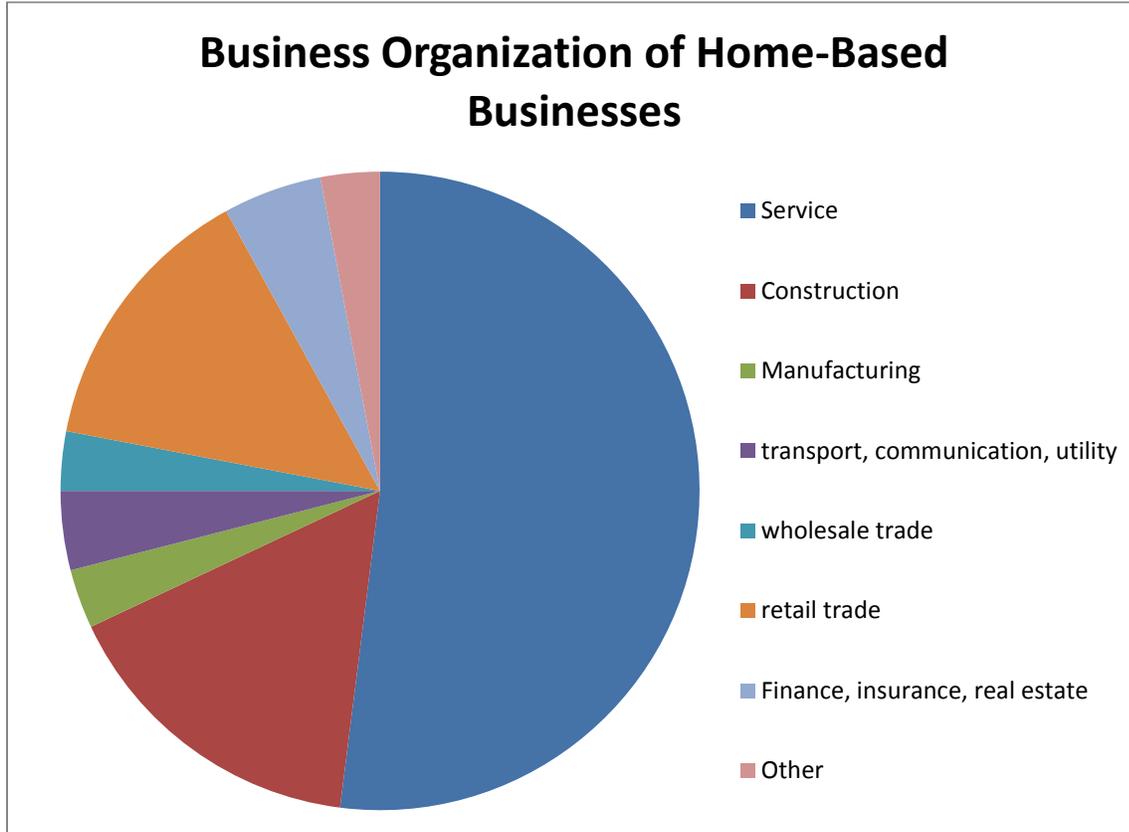
The pros seem to outnumber the cons. The low start-up costs are of particular interest to the many unemployed. Others are interested in the cost savings realized by eliminating commuting costs as well as other expenditures such as meals and clothing. The flexible lifestyle that accompanies a home-based business makes it a viable option, especially for parents of young children. The reduced number of interruptions from colleagues also makes a home-based business appealing.

Of course, there are negative concerns as well. The most frequently mentioned is the fact that you are generally always working alone. Although you can often be more productive, for some, this isolation is too difficult to manage. Others find the lack of support staff to be daunting as they have to complete time-consuming tasks that in an office setting would be completed by others. A final challenge for home-based businesses is the difficulty some have in keeping their work and personal lives separate.

Since the number of home-based businesses is growing rapidly, it appears that many have decided the pros outweigh the cons. According to the Small Business Administration (SBA) the business organization of the majority of home-based businesses is a sole proprietorship. The industries represented by home-based businesses are primarily in the service areas. The SBA charts below illustrate the breakdown by business organization and industry.



Business Organization of Home-Based Businesses



While taking the initiative to start your own business is a huge step in your career management, there is a great deal of free and inexpensive assistance available. However, the specific concerns an Eligible Family Member (EFM) must address are not covered by any of this available information. This guide will discuss these concerns and provide specific FAM citations where applicable.

Many EFMs around the world are trying their hand at home-based businesses. This type of endeavor allows the individual to keep busy, maintain professional skills and earn an income while staying at home. This is often quite an attractive alternative for family members with skills that are easily marketed via the Internet or through artisan galleries, bazaars and expatriate communities. EFMs are limited only by their own interests and financial resources required to start up a new business.

Where to Start

If you are considering opening a business in your home, you need to start with the Management Officer at post. It is vital to determine what host country government procedures you must follow; the source of that information is the Management section of your mission. It is possible that you will not have to register your company, obtain a work permit or even pay local taxes,

but that is not normally the case. Generally, the only time these requirements do not apply is when your entire business involves only individuals with diplomatic status or when you conduct all business via the Internet and do not collect or disburse funds from a local account or in the local currency. However, you should still check with your Management Officer before proceeding.

Additionally, all businesses to be operated from U.S. government-owned or leased property must be approved prior to proceeding. When checking the host country requirements, be sure to request authorization from the Management Officer to conduct business from your home. This is generally just a formality, as 15 FAM 246.2 does grant permission to conduct a private business for personal financial gain in U.S. Government-provided housing. However, there are some restrictions and the final decision is left to the Management Officer. Because EFM employment is a serious concern for the Foreign Service, Management Officers generally make every attempt to allow the business operation.

Questions to Ask

Often EFMs who do not have a business background are interested in starting a small or medium-sized business. However, they are almost always uncertain about what questions to ask before initiating a business. Below you will find a list of questions that will help you in obtaining the information you need to create a legal enterprise in your host country. The Management Officer may not know the answers to all of these questions, but s/he will know which staff member will have the answers.

1. What are the relevant local laws, concerning a small-business startup and operation?
2. What are the steps necessary for establishing a home-based business in host country?
3. Can a family member operating a business hire other people? Does s/he have to pay local taxes on employees? Are there different rules if those hired are diplomats, expatriates, or locals?
3. If a family member serves only diplomats, does s/he have to register the business locally?
4. Have you had to restrict the types of businesses to be operated from a USG-owned or leased home? Please explain.
5. Are legal requirements for home-based or small businesses for diplomats' family members different from those of other third-country nationals? How do the requirements change for a family member who is also a host-country national?
6. What are the specific insurance requirements for home-based businesses?
7. Do family members starting their own businesses need work permits?
8. How is immunity restricted for a family member who is freelancing or operating a home business? If the immunity is restricted, is this done officially?

9. Does a family member have to register his/her business with a local trade office or government agency?
10. If a family member has a telecommuting position with a U.S. or foreign firm and does all the work online, does s/he have to receive host country Foreign Affairs permission?
11. Who is the point of contact in your mission for family members wishing to start a business?
12. What fees are charged to family members of diplomats in registering and opening a local home-based business?
13. What restrictions would be applied to a diplomatic family member selling locally made products to international customers via an Internet business?
14. Generally, what are the insurance requirements for operating a home-based business in USG leased property?

HOME-BASED BUSINESS AND THE IRS

The Family Liaison Office (FLO) is well aware that many family members continue to be concerned about their careers. The frequent moves, the different languages and cultures encountered and the difficulty in landing positions around the world, often negatively impact family members' career development. With this in mind, FLO continues to seek employment opportunities for family members. One area that many of you are finding attractive is starting and operating your own home-based business.

Not all personalities are well-suited to this endeavor, but for those of you who believe it is a possible career choice you should know many family members have been successful in creating mobile home-based businesses. That said, it is also important to inform you that there is a great deal more to running such a business than just designing a website and waiting for the clients to pour in. One area that you need to be well aware of is your tax responsibility. This section will provide you with guidelines and resources that will assist you in staying within the law while running your business from any location around the world.

Even if you are not required to register your business with the host government, you may still want to register with the U.S. government. Remember, if you are out of the U.S. for at least 330 days per year, you can claim in 2010 up to \$91,500 of Foreign Earned Income for which you are not taxed. If your company is registered in the U.S., it will be easier to substantiate the origin of your income. You may also want to buy credits for your Social Security Account quarterly so that you continue to build your lifelong average income which is used to determine your monthly retirement benefit.

It is also important to remember that all income received, regardless of the source, must be reported in your annual tax return. All figures reported must be in U.S. dollar equivalents.

Funds in all foreign financial accounts and trusts must be reported on Schedule B, Part III of your Form 1040. Recently, the IRS has been checking this closely because now they are levying a large civil penalty fine for failure to report all foreign accounts.

Most Foreign Service personnel quickly learn that they are not required to file their annual tax returns until June 15 if they are posted overseas. This is still true, but remember, this automatic extension does not include an automatic extension for payment. If you are likely to owe taxes, they should be paid by the April 15th deadline in order to avoid penalties and interest charges.

The following information is quoted directly from various IRS websites. The specific site is posted for each section. USG employees' income from the USG while working and living overseas on assignment is not included in Foreign Earned Income.

“What is foreign earned income? Is it income from a foreign source or income paid by a U.S. company while living abroad?”

<http://www.irs.gov/businesses/small/international/article/0,,id=96811,00.html>

Earned income is pay for personal services performed, such as wages, salaries, or professional fees. Foreign earned income is income you receive for services you perform in a foreign country during a period when your tax home is in a foreign country and during which you meet either the bona fide residence test or the physical presence test. It does not matter whether earned income is paid by a U.S. employer or a foreign employer. Foreign earned income does not include the following:

- The previously excluded value of meals and lodging furnished for the convenience of your employer
- Pension or annuity payments including social security benefits
- Pay you receive as an employee of the U.S. Government
- Amounts included in your income because of your employer's contributions to a nonexempt employee trust or to a nonqualified annuity contract
- Recaptured unallowable moving expenses
- Payments received after the end of the tax year following the tax year in which you performed the services that earned the income”

Do I have to meet the 330-day presence test or have a valid working resident visa to meet the requirement for foreign income exclusion?

<http://www.irs.gov/faqs/faq/0,,id=199670,00.html>

“To claim the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction, you must have foreign earned income, your tax home must be in a foreign country, and you must be one of the following:

- A U.S. citizen who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty with a nondiscrimination article

in effect and who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year, or

- A U.S. citizen or a U.S. resident alien who is physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months.

U.S. tax law does not specifically require a foreign resident visa or work visa for this purpose, but you should comply with the other country's laws.”

If you are required to pay host country taxes, you can receive a credit for the taxes paid when filing your U.S. taxes. This will eliminate the double tax burden.

In order to claim the foreign earned exclusion you need to complete Form 2555 or 2555-EZ. If you wish to use 2555-EZ your income must be less than \$91,500, you cannot include business or moving expenses and no self-employment income can be claimed.

Why Choose the Credit?

<http://webcache.googleusercontent.com/search?q=cache:-YVvYaANDQoJ:www.irs.gov/businesses/small/international/article/0,,id%3D97037,00.html+%22Why+choose+the+credit%22&cd=1&hl=en&ct=clnk&gl=us>

The foreign tax credit is intended to relieve you of the double tax burden when your foreign source income is taxed by both the United States and the foreign country. Generally, if the foreign income tax rate is higher than the U.S. rate, there will be no U.S. tax on the foreign income. If the foreign income tax rate is lower than the U.S. rate, U.S. tax on the foreign income will be limited to the difference between the rates. The foreign tax credit can only reduce U.S. taxes on foreign source income; it cannot reduce U.S. taxes on U.S. source income.

Although no one rule covers all situations, it is generally better to take a credit for qualified foreign taxes than to deduct them as an itemized deduction. This is because:

- A credit reduces your actual U.S. income tax on a dollar-for-dollar basis, while a deduction reduces only your income subject to tax,
- You can choose to take the foreign tax credit even if you do not itemize your deductions. You then are allowed the standard deduction in addition to the credit, and
- If you choose to take the foreign tax credit, and the taxes paid or accrued exceed the credit limit for the tax year, you may be able to carry over or carry back the excess to another tax year. (See *Limit on the Credit* under *How to Figure the Credit*, at http://www.irs.gov/publications/p514/ar02.html#en_US_publink1000224485)

YOUR STATUS WITH THE IRS

Unfortunately, statistics show that the IRS audits self-employed consultants more often than any other profession. Therefore, you must maintain very detailed, accurate records. The first concern is whether the IRS will consider you a contractor or an employee if you conduct the majority of your work for one business or organization. The following information comes from the IRS Website - <http://www.irs.gov/pub/irs-pdf/p15a.pdf>:

Employee or Independent Contractor

“An employer must generally withhold federal income taxes, withhold and pay Social Security and Medicare taxes, and pay unemployment tax on wages paid to an employee. An employer generally does not have to withhold or pay any taxes on payments to independent contractors.

Common Law Rules

To determine whether an individual is an employee or an independent contractor under the common law, the relationship of the worker and the business must be examined. In any employee-independent contractor determination, all information that provides evidence of the degree of control and the degree of independence must be considered.

Facts that provide evidence of the degree of control and independence fall into three categories: behavioral control, financial control and the type of relationship of the parties. These facts are discussed below.

- **Behavioral control** - Facts that show whether the business has a right to direct and control how the worker does the task for which the worker is hired include the type and degree of:
 - **Instructions that the business gives to the worker.** An employee is generally subject to the business’ instructions about when, where, and how to work. All of the following are examples of types of instructions about how to do work.
 1. when and where to do work
 2. what tools or equipment to use
 3. what workers to hire or to assist with the work
 4. where to purchase supplies and services
 5. what work must be performed by a specified individual
 6. what order or sequence to follow

The amount of instruction needed varies among different jobs. Even if no instructions are given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. A business may lack the knowledge to instruct some highly specialized professionals; in other cases, the task may require little or no instruction. The key consideration is whether the business has retained the right to control the details of a worker’s performance or instead has given up that right.

- **Training that the business gives to the worker.** An employee may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods.
- **Financial Control** – Facts that show whether the business has a right to control the business aspects of the worker’s job include:
 - The extent to which the worker has unreimbursed expenses
 - The extent of the worker’s investment
 - The extent to which the worker makes services available to the relevant market
 - How the business pays the worker
 - The extent to which the worker can realize a profit or loss
- **Type of Relationship** – Facts that show the type of relationship include:
 - Written contracts describing the relationship the parties intended to create
 - Whether or not the business provides the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay.
 - The permanency of the relationship
 - The extent to which the services performed by the worker are a key aspect of the regular business of the company.”

There is no “silver bullet” or specific set number of factors that makes the worker an employee or an independent contractor. Nor does any one factor stand alone in making the determination. The IRS will look at the entire relationship to determine the extent of the right to direct and control work done. If you are determined to be an independent contractor and therefore are self-employed, you will need to pay a 15% self-employment tax which will cover your Social Security and Medicare required payment.

Is it a Hobby or a Business?

Avoiding an IRS audit is always important to a business owner. The time and expense of an audit can be quite detrimental to a business’ profit margin. Therefore, it is important to be familiar with tax laws that may have an effect on your business’ bottom line. One such law deals with differentiating between a hobby and a business. Many Foreign Service family members have a multitude of hobbies they practice while living overseas and oftentimes the demand for the product of their hobby makes it worthwhile to put them up for sale. Before making the decision to sell, you should investigate the tax implications.

As was mentioned earlier, all income earned regardless of the source must be claimed on your U.S. tax returns. That means your sales from your hobby must be included. To take advantage of this income as a tax shelter, you must claim the hobby as a business. The IRS is very strict about interpretation of your commitment to your product and requires your hobby business pass one of two tests before it will grant you business status.

The first test is the profit test. You must prove that you have started and continue to operate your business with the intent of making a profit. The IRS defines a business as an enterprise that makes a profit in three out of five consecutive years. This is fairly straightforward, but is not always easy to prove.

In order to provide a broader definition for business, the IRS also has a *factors and circumstances test* that is used if you cannot prove the profit test. The factors and circumstances test is subjective and requires an individualized look into your business by the IRS. There are nine factors and circumstances the IRS checks. It does not require that your business fulfill all nine; however, it does not give a specific number that must be fulfilled either. Obviously, the more circumstances you can demonstrate, the better your chances are of being classified as a business.

One of the major circumstances is how businesslike your activities are carried out. Areas of interest to the IRS include well-maintained books, obtaining a local business license, maintaining a separate bank account for the business, and proof of marketing efforts including business cards. Another concern of the IRS is the amount of time and effort you devote to the enterprise, especially if you also hold a job besides your business. The IRS checks to determine if you depend on the income generated from your business and if you have made changes or improvements to the business based on experience and/or advice. If you report losses the IRS will want to know what has caused your losses, normal start-up related expenses or losses that were beyond your control.

Your past experience will also be reviewed by the IRS. If you possess the knowledge and/or have background in running such a business, it is more likely your enterprise will be deemed a business. Also, if you have profit-making experience in similar businesses the IRS will be more willing to allow the business status. Other factors that will affect the IRS decision are having a profit some years and the likelihood of future profit from appreciation of assets.

If you file as a business, be prepared with data on the factors and circumstances listed above so that you can demonstrate to the IRS that your status should be business rather than hobby.

You may wonder why it is important to obtain the business status. If your income is considered earned from a hobby you are limited in the deductions you can take. For instance, you can only deduct hobby expenses that are less than your hobby earnings. Also, the deductions must be listed as part of your itemized deductions which means that to claim them you must itemize. In order to itemize, your total miscellaneous deductions must exceed 2% of your adjusted gross income. Another concern about a hobby is that the income generated is not subject to self-employment tax which means you do not earn Social Security or Medicare credits.

If your enterprise obtains business status, you can then deduct the full amount of all expenses involved in doing business. Businesses may incur an operating loss during a tax year and use the loss to offset taxes owed on all income sources. So, if you decide to open a hobby-related enterprise and wish to use the enterprise as a tax shelter and well as an income source, be sure to be able to pass either the IRS's profit test or factors and circumstances test.

For further information see: <http://www.irs.gov/newsroom/article/0,,id=169490,00.html>

Record Keeping

The major reason for maintaining accurate records is to be prepared for the almost inevitable letter from the IRS announcing that your business is being audited. Generally, the IRS will only require records for a single tax year. Not only will the IRS be very interested in your records, but you will also need those records to meet legal requirements, minimize your liabilities, optimize your collection efforts, and provide data for decision making.

You need a well-organized system to record all financial transactions and will need to take the following documentation to an IRS audit:

- Client invoices
- Expenses
- Accounts receivable
- Payroll
- Bank statements (all accounts, personal & business)
- Canceled checks
- Original charge card receipts
- Original store receipts (with notation of what was purchased)
- Calendar or appointment book with details of trips, meals, etc.
- Copies of leases
- Tax returns for year before and after the audit
- Home-office dimensions

The IRS is looking for consistency, and excellent records will provide it. You may wish to enroll in the Small Business Tax workshops offered by the IRS. To learn more about when the workshops are available check out

<http://www.irs.gov/businesses/small/article/0,,id=99202,00.html>

Self-study formats of the small business workshops are available online if you are unable to attend the workshops in person. Visit the IRS online classroom at

<http://www.irs.gov/businesses/small/content/0,,id=146331,00.html> to view the workshops, which are available in both English and Spanish.

These workshops are designed to help the small business owner understand and fulfill their Federal Tax responsibilities. Workshops are sponsored and presented by IRS partners who are Federal Tax specialists. Workshop topics vary from a general overview of taxes to more specific topics, such as recordkeeping and retirement plans. Although most are free, some workshops have fees associated with them. Any fees charged for a workshop are paid to the sponsoring organization, not the IRS. (Such fees are also deductible expenses.)

IRS References:

- *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, Publication 54

- *Foreign Tax Credit for Individuals*, Publication 514
- *Foreign Earned Income*, Form 2555 (PDF)
- *Foreign Earned Income Exclusion*, Form 2555EZ (PDF)
- *Foreign Tax Credit*, Form 1116 (PDF)
- *U.S. Tax Guide for Aliens*, Publication 519
- *Your Federal Income Tax Guide*, Publication 17
- *Earned Income Credit*, Publication 596
- *Tax Guide for Individual with Income from U.S. Possessions*, Publication 570
- Electronic payment website: www.eftps.gov

SOCIAL SECURITY AND TOTALIZATION AGREEMENTS

All family members need to take time to plan their retirement. To include Social Security in that retirement plan you can go to the Social Security Administration's website at www.ssa.gov. This site contains graphs, charts and forms to help you determine how much to contribute and when to retire. Retirement age graphs are provided so you can see the difference in the amount of your payments when you retire at the earliest possible date or wait until you are five to eight years older. The site also contains a retirement estimator, benefit calculators and instructions on applying for your benefits. All the different retirement options are explained and then you can apply right on the site.

According to the Social Security Administration your retirement income should be at least 70% of your income at retirement in order to maintain your standard of living. However, if you have average earnings throughout your work-life your Social Security benefits will replace only about 40% of your income at retirement. For family members who have not contributed to the Social Security plan this difference in retirement income and final income at retirement will be much greater. The Social Security Administration will send you a personal Social Security Statement during your birth month each year after the age of 55. This statement will inform you of the amount of your monthly benefit based on the year you plan to retire and the average salary you will earn until that retirement date.

Your benefits will be somewhat larger if you delay retirement past the age of eligibility. The longer you wait to begin receiving payments the larger the payments will be. However, you will need to decide if the amount is enough to warrant the delay by weighing any personal factors. Obviously, if you are self-employed and have failed to pay self-employment taxes directly to the IRS then the amount of your benefits will not reflect any earnings you have made while self-employed. There are some jobs in which Social Security taxes are not withheld from your paychecks. Foreign Service employees hired prior to 1984 do not have Social Security withheld and are therefore not eligible to receive benefits from the Social Security Administration on their earnings from the Foreign Service. There are other Federal, State and local government positions which also do not pay Social Security taxes and therefore would not qualify to receive Social Security benefits on that income. Work done outside the U.S. also does not qualify for Social Security benefits unless you worked for a U.S. company or affiliate that paid Social Security taxes on earnings in both U.S. and the foreign country.

One reason many family members decide to work inside one of our U.S. missions is to accrue retirement benefits. This is a valuable benefit if you are in a Family Member Appointment, but you can create your own retirement benefits with a home-based business by contributing credits to your Social Security plan. When you are posted in the United States, contributing to your Social Security is done through the self-employment tax. However, while living abroad you might inadvertently fail to file the self-employment tax and therefore you could go years without contributing to your Social Security plan. As you probably know, the amount of your Social Security payment at retirement is based on the average of your lifelong earnings. If you have great chunks of time when you were not participating by contributing to your plan, you will be very disappointed in the amount of your monthly payments.

By contributing a minimal amount you can accrue benefits for every year you are overseas. If you decide to work within the mission you will continue to contribute to your Social Security plan through payroll deductions. However, if you decide to work on the local economy or initiate a home-based business, you will need to earn “credits” by contributing through self-employment taxes or through a *totalization agreement*.

In order to qualify for Social Security payments you have to earn a certain number of credits in a lifetime. If you were born prior to 1929 you do not need to have earned the minimum number, but for anyone born in 1929 or later, they must have earned at least 40 credits before they are eligible to receive payments.

You can earn a maximum of four credits each year. In 2010, the amount earned to accrue one credit was \$1,120. This amount changes annually. Therefore, to earn four credits in 2010 you would need to earn a minimum of \$4,480. If you operate a home-based business while living overseas, you will need to file and pay your self-employment tax which will include a Social Security and Medicare payment. All credits earned will remain in your Social Security Account, even through years when you are not working or contributing. You can only earn Social Security credits from salary earned. Pension payments and interest or dividends on savings and investments cannot be used as the basis for a credit.

While abroad and self-employed you are generally subject to self-employment tax. This tax includes Social Security and Medicare. The tax is on all net earnings of \$400 or more. The tax is on all earnings, even those exempt under Foreign Earned Income.

One important fact to remember about Social Security and all other taxes is that the onus is on you. Therefore, keep exceptionally accurate and detailed records of all your earnings and taxes paid. You should maintain a lifelong earning record of all employer reported earnings. It is critical that your Social Security number and your name agree with all employer records. It is your responsibility to correct any errors. If your Social Security card is wrong or lost, contact a Social Security office. Also, tell your employer if an error has been made in your name or Social Security number on any employee record.

Totalization Agreements

According to the U.S. Social Security Administration’s website www.ssa.gov/international/agreements_overview.html the United States has established a

network of bilateral Social Security agreements called *totalization agreements* that coordinate the U.S. Social Security program with the comparable programs of other countries. *Totalization agreements* have two main purposes. First, they eliminate dual Social Security taxation, the situation that occurs when a worker from one country works in another country and is required to pay Social Security taxes to both countries on the same earnings. Second, the agreements help fill gaps in benefit protection for workers who have divided their careers between the United States and another country.

Twenty-four nations have signed *totalization agreements* with the U.S. The following is a list of those countries:

Australia	Austria	Belgium
Canada	Chile	Czech Republic
Denmark	Finland	France
Germany	Greece	Ireland
Italy	Japan	Luxembourg
The Netherlands	Norway	Poland
Portugal	South Korea	Spain
Sweden	Switzerland	United Kingdom

In most cases, an employee is only subject to social security taxes in the actual location where one is working. In order for taxes withheld to be used in the social security system where the employee is more vested, there has to be a *totalization agreement*. Otherwise the employee must pay in both countries. There is no need to file for benefits under a *totalization agreement* until you are ready to claim retirement, survivor's or disability benefits.

REGULATIONS

It is important to note that questions presented to the Management officer do not have comprehensive worldwide answers. The answers must be determined within the framework of local bilateral work agreements, de facto work arrangements, local tax law and Foreign Ministry interpretation of diplomatic immunity. Therefore, the Management officer at your post needs to provide the local answers for you.

Areas of Concern

Permission

3 FAM 4125(b) A spouse or family member should notify the principal Administrative Officer at post *before* acceptance of intended outside employment.

Immunity

3 FAM 4125(c) A spouse or family member accepting employment abroad should bear in mind that he or she loses civil immunity from judicial process for activities relating to employment and would be subject to the payment of taxes on income from non-diplomatic employment.

Use of USG rented housing

15 FAM 246.2(a) The Department fully supports the desire of many spouses and family members to secure employment while posted abroad. Spouses and family members of employee occupants of U.S. Government-held or living quarters allowance/overseas housing allowance (LQA/OHA) housing may use the housing for the conduct of a private business for personal financial gain, provided that such conduct conforms to the provisions of paragraphs b or c in this section.

15 FAM 246.2(b) Such housing may be used for activities that foster cultural understanding between the embassy community and the local community and/or provide a benefit to mission employees or families, as determined by the chief of mission.

15 FAM 246.3 (c). Such housing may be used for commercial activities if approved by the chief of mission or, in the case of an ambassador's residence, by the relevant regional bureau assistant secretary in response to a written request. The chief of mission or assistant secretary shall approve such requests where:

(1) As set forth in 3 FAM 4125, the proposed activity would meet the following standards:

- (a) It would not violate any law of the host country;
- (b) It would not require or entail a waiver of diplomatic privileges or immunities deemed unacceptably broad by the chief of mission or assistant secretary; and
- (c) It would not otherwise damage the interests of the United States as determined by the chief of mission or assistant secretary;

(2) The chief of mission or assistant secretary, determines that the proposed activity is appropriate, taking into account local customs and norms, post security and other relevant considerations, and whether the activity would adversely affect the work of the post;

(3) The proposed activity does not require substantial use of the housing by non-U.S. Government employees and their families (e.g., retail sales from a residence would not be permitted, but individual piano lessons or tutoring may be allowed in appropriate cases) or, in the case of use of the ambassador's residence, the proposed activity does not involve any use of the residence by non-U.S. Government employees and their families;

(4) If determined to be necessary by the management officer at post to protect the Department from significantly increased risk of liability,

the occupant obtains liability insurance covering the proposed use or presence in the residence by non-U.S. Government employees and their families;

(5) The chief of mission or assistant secretary determines that the proposed commercial activities of the spouse or family member would not create a conflict or appearance of conflict of interest with the U.S. Government employee's duties; and

(6) The person who will conduct the commercial activities provides assurances that the business will comply with all relevant local legal requirements (e.g., licenses, work permits, and similar regulations).

15 FAM 426.2(d) If any commercial activity approved under either paragraphs b or c of this section causes increased operating or continuing maintenance costs to the U.S. Government, the occupant must pay the increased costs attributable to such use. Costs for installation of any equipment as well as for returning the property to former condition are borne by the occupant. In addition, notwithstanding paragraphs b and c of this section, under no circumstances will a commercial activity be approved that requires the regular presence of employees of the spouse or family member in the residence. Finally, the chief of mission or the assistant secretary may at any time revoke approval of a commercial activity approved pursuant to this section, if any of the standards set forth above are no longer met.

Pouch, APO/FPO, and USPS Use

14 FAM 711 OBJECTIVES AND POLICIES

a. This chapter sets forth regulations for all users of the Department's diplomatic pouch, mail, and messenger services. Responsibility for operating these services and authorizing use of the services rests with the Director of the Division of Diplomatic Pouch and Mail in the Office of Program Management and Policy, Office of Logistics Management, Bureau of Administration (A/LM/PMP/DPM).

b. Summary of general policies:

(1) Send unclassified official items to post by unclassified diplomatic pouch (address Washington, DC 20521-xxxx) for all posts;

however, send official supplies to post by U.S. Despatch Agency;

(2) Send classified official items to post by classified diplomatic pouch for all posts (see 14 FAM 723.1 subparagraph c);

(3) Send personal items to post by MPS/DPO, international mail, or border support address where available. Where not, send personal items to post by unclassified diplomatic pouch (address Dulles, VA 20189-xxxx);

(4) Send Household Effects (HHE)/Unaccompanied Baggage (UAB)/consumables to post by shipper arranged through the A Bureau's Travel and Transportation Management Office (A/LM/OPS/TTM); and

(5) Send prohibited items (personal business goods, goods for resale, goods for charitable organizations) or items for unauthorized users

(Peace Corps volunteers, Locally Employed Staff (LE Staff), private U.S. citizens) to post by commercial transportation company or international mail, at personal expense.

c. Information: The A/LM/PMP/DPM Web site provides a wealth of useful information, references, updates, and contact information.

14 FAM 712 SCOPE AND APPLICABILITY

These regulations apply to all U.S. Government employees who use the following diplomatic pouch and mail services provided by the Department's Diplomatic Pouch and Mail Division (DPM):

- (1) **Diplomatic pouch:** DPM provides classified and unclassified diplomatic pouch services for official items for all agencies operating abroad under Chief of Mission (COM) authority (see 14 FAM 720 and 14 FAH-4 H-200);
- (2) **Official mail:** DPM provides personnel and procedures for entering official items into the United States Postal Service (USPS) and commercial transportation companies. DPM also operates an Internal Mail and Messenger Service (IMMS) to transport official items between Department annexes in the Washington metropolitan area (see 14 FAM 730 and 14 FAH-4 H-300);
- (3) **Personal mail:** Official mail systems may not be used to transport personal mail. DPM provides some, limited, personal use of the diplomatic pouch by employees at posts abroad where it has been determined by the Director of A/LM/PMP/DPM that USPS or international mail service is insufficient to support their needs (see 14 FAM 740 and 14 FAH-4 H-300);
- (4) **Military postal service (MPS):** The MPS processes personal and official mail for authorized personnel to and from Department of Defense installations abroad, operates on behalf of the USPS, and is responsible for carrying out USPS policies, procedures, and laws and regulations governing the USPS. Sometimes MPS facilities are located at Department posts abroad, where the Department may use the MPS for personal but not official mail (see 14 FAM 750);
and
- (5) **Diplomatic post office (DPO):** The DPO processes personal mail for authorized personnel to and from selected posts abroad, operates on behalf of the USPS, and is responsible for carrying out USPS policies, procedures, and laws and regulations governing the USPS (see 14 FAM 760 and 14 FAH-5).

HOME BUSINESS SUCCESS STORIES

EFM, Security Investigator, Rome

The Global Employment Initiative worldwide has placed a large number of family members in private sector, educational institutions, International NGOs, consultants, and home-based businesses, foreign government, and other sectors. Usually an eligible family member arrives at Post and makes an appointment with the Global Employment Advisor (GEA) and then works out a marketing plan and in short, start the employment process.

“I was given the name of the GEI Global Employment Advisor by the CLO office if I would be interested in employment outside the Mission through an email. I then contacted the GEA and sent her my CV inquiring if she knew of any positions on the local economy that would be available when my family and I arrived.

Quickly I received a response from the GEA at post; including a detailed explanation of the GEI office in general. In the email that followed, the GEA informed me that she already had a job in mind but would like to have more of a clarification of my wants, needs and abilities. She then sent me a question-answer sheet called a Skills Assessment Form via email for me to fill out to help her identify my skills.

Within days, the GEA was able to make a connection for me by identifying an “Investigative Assistant” position which fit perfectly with my past experience. She quickly introduced me to a senior officer in the RSO department within the Embassy via email. The Security Officer also felt that I had the qualifications necessary, so the GEA introduced me to someone at Diplomatic Security in DC who was in charge of the overseas investigative positions.

I was called to interview in DC before my overseas departure. I was quickly informed that I met all the qualifications and thus was offered the job. I was so excited and actually in disbelief. I thought it was too good to be true. I actually got a job before arriving at post! If I would have already been at Post, the process would have been much more difficult since the interviewing is done at the Department along with filing the paperwork, etc.

“The job is perfect, it interlaces my investigative skills with my knowledge of the government, the hours are flexible, and I am able to work the majority of the time from home. I could not be happier with the job that the Global Employment Advisor helped me find.” The GEA also kept in constant contact with me during the hiring process with status checks and continued to do so for the first month after I started working. I am very thankful that I was given GEI information as soon as my husband knew where we were going to be posted. I also researched information on GEI on the intranet site. I am forever grateful that I received a quick and courteous response.

Having a GEA at post and the resources that are available to that office is a definite benefit to all of the EFMs and working age dependents in the Embassy communities overseas. Before Italy, I never knew this office existed! Since my revelation, I have mentioned it to several dependents that are looking for work at the Embassies overseas.

EFM, Counseling, Coaching & Consulting Business, Rome

Moving to Rome, Italy, was a dream come true for me. My family roots are based in the north of Italy, but being anywhere in this beautiful country was an exciting prospect. My husband is a Foreign Service Officer and works at the embassy in Rome, where I first met the Global Employment Advisor, Loretta Dusini. I was excited to know that there was going to be someone who could help me find meaningful work, as I had lived abroad before (Moscow, Buenos Aires, and Prague) and being gainfully employed was not possible at that time since there wasn't a GEI program in place.

I was pleased to find work in my chosen profession as a mental health practitioner. Prior to coming to Rome, I was already offered a position as a part-time school counselor in one of Rome's 20 International schools. However, in addition to this, I was eager to open my own counseling practice. This is where the GEI program really assisted me in making my dream a reality, since opening up a practice in a foreign country is no easy task.

I was thrilled to find out through my husband that this new program came into existence at Embassy Rome. I was very eager to speak with the GEA to discuss my business prospects. Loretta and I would meet to talk about how we could go about setting up a "home-based" business, where I could provide counseling, coaching and consulting services.

The first thing Loretta suggested I do was write a proposal that would allow me to work from government quarters should the Ambassador give his approval. This memo went through the Management Officer to make sure that I met all the requirements. In the end, my request was indeed approved. This allowed me to work out of my home so that I didn't have to rent office space, which is costly and difficult to find in Rome.

Next, Loretta accompanied me to the Italian equivalent of the Social Security Office to obtain my **Partita Iva** (a type of tax identification number for businesses). Due to the Bilateral Work Agreement, I am allowed to work in Italy, but must meet Italian tax requirements. Italian taxes are high, but I knew it would be worth it to start my practice for the English speaking community

The next step was finding a knowledgeable **commercialista**, which is equivalent to a tax accountant. Loretta gave me the names of some folks she knew and I hired a man who had worked at the International Monetary Fund in Washington, DC for many years before returning to Rome. He was aware of the double taxation/social security laws between the U.S. and Italy.

With all of this in hand, I was ready to open up my practice. I made business cards and I am in the process of putting together a website. Upon Loretta's suggestion, I am also planning on joining the Professional Women's Association of Rome (PWA) which is a wonderful way to network and make new friends. Another organization that will be helpful to join is the American International Club of Rome which many expatriates belong to.

My work as a Counselor, Coach and Consultant is very rewarding. I meet with people and serve as a personal coach to help them identify areas in their life where they want to make a change.

This can be a career change, personal change, such as gaining or losing weight, quitting smoking or changing a relationship dynamic, along with a myriad of other situations.

As a result of my work in the school as a part time counselor, I was able to secure contracts at other schools for part-time work. I developed numerous PowerPoint presentations on a range of issues such as anti-bullying programs, substance abuse prevention programs, and peer counseling programs and now offer these workshops to other schools, as well as consult on a variety of mental health issues. The GEI program offered me the opportunity to present a series of workshops at the Embassy as part of a brown bag lunch series. This was well-attended by the Embassy Community.

I have developed a wonderful network of Italian therapists as well as having met colleagues from other countries who also practice in Rome. In fact, I had the distinct pleasure of hosting the 1st annual Rome Conference on Emotional Well-Being. The 2nd conference is in the planning process! I have also asked a panel of mental health professionals to present at the Mediterranean Association of International Schools Conference with me in Florence in November. By brainstorming with my Global Employment Advisor, Loretta Dusini, on a regular basis, we developed more creative ideas on how to develop my private practice.

Working in one's chosen profession is always a blessing, especially in these difficult economic times. I feel like I have won the lottery by being able to do this special work abroad. The support I received from my husband, Loretta Dusini with the GEI Program, the schools, US embassy and the community at large, has been a positive experience and I feel more a part of the Foreign Service community than ever before.

Walt Disney once said, "If you can dream it, you can do it" and I have taken these words to heart. Starting your own business as a FSO family member is a great experience and the at your embassy can help you make your dreams a reality too. A big heartfelt thanks goes out to all GEI coordinators. Loretta Dusini served as my coach, counselor and confidant; so that I could go on to make my overseas experience, the best experience ever!

EFM, Occupational Therapist, San Salvador

One day I happened to go by the CLO office to ask a random question. She asked me how everything was going and I told her that I was volunteering at Funter, a rehabilitation home for physically disabled adults. Although I was happy to offer my services, what I really wanted was to work with children.

I mentioned that I thought it would be hard to find a job in something as specialized as Occupational Therapy on the local market, especially with the language barrier. Right away the CLO called Anne Ramos, the GEA coordinator, to see if we could meet and talk. When I met with Anne, I explained that I was a certified Occupational Therapist. Occupational Therapy is the treatment of cognitive, physical, and /or psycho-social dysfunction that hinders individuals from participating in daily activities. Occupational therapists work with people of all ages in hospitals, schools, day programs, private clinics, home care, and sub-acute settings such as rehabilitation centers and nursing homes. Most of my clinical experience has been working in

acute-care hospitals with adults and sub-acute hospitals with children and I wanted to get back to working with that age group.

Once Anne knew more about what I was looking for, and what hours and days I was able to work, she knew who to connect me with. She talked to the director of the American School's Trojan Learning Center the next day. Within a week, I had an appointment and met with the director to discuss what services I could offer.

I had already started the process with the work permit, which takes about 3 weeks here. I was able to start seeing and working with kids with special needs right away. While conducting an evaluation and gathering information on a particular student, I decided I needed to interview the child's mother also. As it turned out, the woman and I had met a year earlier when I researched preschools. We had no idea that we could benefit each other. She had already gone to Miami looking for an occupational therapist and here I was looking for that job in her hometown. This woman had known Anne Ramos for years, but didn't know she had recently started working at the embassy. When she heard Anne had been the initial facilitator with the TLC, she called for a reference about me. San Salvador is not a big place, but I may never have made the connection on my own.

One more connection: Anne also introduced me to a woman who practices an alternate kind of therapy I plan to add to my resume. I had already received a Cox scholarship to study Cranial Sacral Therapy, but I have to wait until we go back to the U.S. to begin my formal studies. Through Anne, I met this local practitioner and she is willing to let me observe. This should give me a head start when I finally get to the classroom.

Thanks to the CLO and GEI for putting me in touch with the community, which resulted in me finding satisfying work. Finding work while abroad is hard, especially with a specialized profession like mine where I need to show employment in order to maintain my certification. El Salvador is our family's first post and I have to say that programs like GEI, CLO, and FLO have made my first post easier for me and my family.

EFM, Artist, Athens & Rome

The Global Employment Initiative worldwide has placed a large number of family members all across the globe through this fantastic program that first started in 2002. The Global Employment Advisors deal with many family members seeking employment on the local economy in a wide variety of sectors. Sometimes they are the usual jobs, but other times there are creative jobs in the "Arts" world.

"In the best of environments it is very difficult to market my skills as a visual artist. Being in a foreign country multiplies the difficulty." These are the words of a spouse from one of the agencies in Embassy Athens. The GEA with *The Global Employment Initiative* came to the rescue with enthusiasm, creativity and valuable local knowledge.

This EFM had a very positive experience in Athens. When he learned his wife was going to

be transferred to Rome, he quickly let his in Athens, Martha Hathaway, know. Martha contacted Loretta Dusini, the GEA in Rome. She sent Loretta invaluable information about this EFM, his website, and the current jobs he was performing in Athens. Loretta was then able to consult with her contacts in the Arts field to see if there were any opportunities.

When the EFM arrived at Post, he immediately met someone who was interested in art lessons for her children, which led to a weekly art session. He was introduced to the Cultural Attaché at the Embassy, who provided him with a list of galleries in Rome which he could contact to potentially exhibit his work. Loretta then introduced him to the son of Norman Rockwell, a renowned sculptor, to seek his advice after his 30 plus years of living in Rome. She also put him in contact with a photographer/artist who was seeking an assistant.

“In just a few short months here in Rome, my art studio is up and running. I already have students, have made art world connections, I am focusing on an appropriate gallery without having to search “off the map” and I am getting ready for my first exhibition in Italy,” said our very satisfied EFM.

It was thanks to “GEI” and in large part to the amazing abilities of Loretta Dusini and her seemingly endless energy, ideas and enthusiasm. With her help, I feel a heavy weight lifted off my shoulders. Thanks Global Employment Initiative.

EFM, Animal & House-Sitting Service, Geneva

What did you have to do to get started?

It started through word of mouth. People ask you to do this as a favor and it really is a job. I found that having children, people assumed that I would be in town more often so they would ask me to watch their house. Also because I love animals and have a dog and two cats, they assumed that it was OK to ask me if they could drop one more pet off while they were out of town, “just for the weekend.” Well it is still a job. So, because I am too nice, I would always say yes. Then I created a business out of it. The same people still use my services, but now they pay me, instead of bringing back a tacky souvenir of wherever they went, to express their gratitude.

On a work permit side, this started just amongst friends. As the business grew and I realized that I would soon need to hire others to help me with the increasing volume of demand, I did declare myself as an independent. I have to keep books, pay taxes, all the admin stuff that goes with having your own business. But it is more or less the same process that it would be in the US. The work permit was just a matter of paper work, no problem.

Do you have any words of wisdom for other EFMs wishing to start a business?

Do it! I thought about it and made up all kinds of excuses and put it off and told myself it was silly and that it wouldn't work and held myself back with the negativity. In the end, it is a lot of work but worth it! It is a service that people appreciate, that they need. I don't do any marketing, it is all just word of mouth. My customers are happy and they let other people know about it.

What obstacles did you encounter in starting your business that were caused by your diplomatic status or your overseas location?

My location, in Geneva, Switzerland actually helped my business. Because it is located in the middle of everything, it seems, people are constantly taking vacations, so never ending travels mean never ending need of people taking care of their four-legged loved ones. My diplomatic status, however, does not transfer or protect me when I am engaged in business. It is still active in my private life, but I do not receive immunity from my actions in business.

EFM, Clinical Psychologist, Berlin

This EFM is a trained clinical psychologist who is currently applying his skills and experience to a completely new professional field. Once focused completely on the field of clinical psychology, he now also acts as a consultant in the Human Resources sector. He went through this transition while living and working in Switzerland, where there was only a very small market for clinical psychology services and a comparatively large market for Human Resource consulting. He found his skills as a clinical psychologist could be applied very effectively within this field. These core skills, coupled with his language abilities, allowed him to establish himself both in Switzerland and now in Germany as an HR Consultant for multinational companies. His most important advice to others: “Build an effective network, but never forget what your core skills are.”

CONSIDERATIONS FOR SELLING A PRODUCT OR SERVICE

Selling to the Diplomatic Community Exclusively

There are no steadfast rules or Department of State regulations that state that an EFM of a diplomat operating a business for the exclusive use of other diplomats is exempt from local business start-up policies, including registration and paying local taxes. However, since both the owner/operator of the business and all clients or customers have diplomatic status, the logical extension would be that this exemption does exist. Still, be careful in making such an assumption.

Check with the Management Officer to determine if in the past, businesses of this sort were accepted and/or ignored by the host government. In countries where no Bilateral Work Agreement or De Facto work arrangement exists with the host government, there may be a less accepting environment.

If work permits are required in your host country, you may still be expected to obtain one, even for a business that deals exclusively with other diplomats. Your Management Section can direct you on this.

On the Local Market

If your business provides a product locally, there are some specific concerns. First of all, will you need to store your inventory in your U S government-leased or -owned housing? If so, you will need to clear this with the Management Officer. There are no specific restrictions but s/he will want to be aware of what is being stored, how the items arrived in the country and whether there are any safety factors that need to be considered. As long as the material was not shipped into the country illegally (use of pouch or mail service or smuggled) and there are no concerns about safety, storing your inventory at home should be acceptable.

When considering the start-up of any business, a significant portion of your market research should involve identifying the targeted market. The make-up of that market audience can have an effect on the operations and tax liabilities. Check with your Management Officer to determine if there are any specific guidelines or rules to be considered if your clients or customers are local nationals, third country nationals, U S citizens, expatriates or diplomats. You will also need to determine if a work permit is required when opening a business in your home. To find out, consult with the Management team, or inquire of the HR officer. If the host country recognizes a Bilateral Work Agreement or a De Facto Work Arrangement, you can easily learn about the tax requirements. Where diplomatic EFMs working on the local economy are required to pay local income taxes, a diplomatic EFM who operates a business will most likely also be required to pay local taxes and to register the business.

Direct Sales

Over the past twenty years many EFMs have attempted to conduct Direct Sales businesses such as Avon, Pampered Chef, and Tupperware. These businesses are often quite popular and are able to make the owner a respectable income. However, there are some cautions to consider. First, if you decide to operate such a business, you must determine a way to obtain the items sold, other than through the mail service provided by the U S government. You are prohibited from using the pouch, the APO/FPO box or the U S mail if the mail is being delivered by mission vehicles and/or staff. It is sometimes possible to have each individual buyer's order shipped directly to the individual. If your buyers all have access to the pouch or other U S government-provided mail service, this would be permitted. Of course, this means that your clientele is definitely restricted plus your direct sales company may not be interested in shipping the product to individual buyers, as that is generally the responsibility of the seller in this kind of business. If the direct sales company has a local distributor, the problem may not arise. Before deciding to conduct a Direct Sales business, check out the distribution and mailing system. This can often be negotiated with the home company.

One last local market consideration concerns your immunity. U S Government employees and their families acquire immunity that protects them from prosecution of a criminal or civil nature. When an EFM chooses to work on the local economy rather than inside the U S mission, s/he is required by the host government to relinquish civil immunity during work hours. This has been

acceptable to the U S Department of State throughout the years. Now that more and more EFMs are considering self-employment the immunity issue has surfaced. Generally, if you conduct business from your home, then you have informally relinquished your immunity for business-related activities. This includes any activity that may bring a client or customer into your home. If the client suffers from some sort of accident or injury you could be held liable. This is why it is imperative that you obtain an appropriate amount of liability insurance for your business.

CONSULTING

USAID Consulting and Contracting

Professional EFMs often find consulting a viable employment option when living overseas. If you are assigned to a developing country, then consulting for USAID, international development organizations, international NGOs or consulting firms funded by any of those, might be right for you. Those with a development background will find this alternative quite attractive. However, even if you have no specific development experience you may be able to identify transferable skills that are needed for projects being considered or in progress. Unfortunately, finding out about local projects or possible contracts can often be somewhat obtuse. Often when a NGO or consulting firm is looking for resumes for key consultants to bid on an upcoming project, they will put out an announcement worded as follows:

“ _____ is seeking qualified candidates for a potential USAID-funded program”

This does not mean there is an opening; it means the organization wants to bid on an interesting project but needs to identify KEY personnel, one of the USAID evaluation factors when reviewing proposals. If the project interests you and you hold the necessary qualifications, you can apply to be part of the proposal. If you are accepted as a KEY personnel member and the contract is awarded to this organization, you will be employed. It is important to be aware of certain restrictions that may affect your candidacy. For instance, you cannot be listed by more than one organization bidding on a particular project as a KEY personnel. Therefore, if you are selected by the organization to hold one of the long-term positions such as chief-of-party, deputy chief -of -party, or a technical expatriate position, you will probably be asked to sign an exclusive letter of commitment. That puts the onus on you to determine which organization has the best probability of winning the contract.

Other opportunities, such as short-term technical assistance positions, are available once the contract has been awarded. Therefore, if you have been listed as KEY personnel with an organization other than the one that won the contract, you can then be considered for short-term consulting with the winning organization. You can also apply for these positions without having been part of the original proposal of any organization.

Determining what projects are being considered is somewhat complicated. There are two centralized websites where all U.S. federal grants and contracts are listed. They are www.fedbizopps.gov and www.grants.gov However, these sites do not provide the names of the organizations that will likely bid on the project. To determine this information you will need to

contact USAID and ask which contractors are currently working on the same type of project in the country. Generally, these contractors will bid on similar projects that involve similar kinds of work. These are the organizations to which you should send your resume. You should also attempt to find out who the competing contractors are and make contact with all of them. Send out your resume and do as much networking as possible to increase your chances of being listed on the proposals. The next step you can take is to determine who the proposal development team leader is and contact him/her directly. Calling the company headquarters in the U.S. should yield this information. As in all job searches, having a personal contact like this will greatly increase your chances of being listed in the proposal. Networking is a vital part of identifying and landing development contracts overseas.

One way to become a significant part of an organizations team is to offer to assist in the preparation of the proposal. Often a team is sent in from headquarters to prepare the proposal. Having a person on the ground with local contacts and language capability can affect the outcome of the proposal. If you are in a position to provide this assistance, then you have an open door opportunity right in front of you. When providing this assistance, be careful not to alienate any of your network contacts from other organizations, especially those that may also be preparing a proposal for the same contract. No sense in burning your bridges.

If you have not worked in the development field and are unfamiliar with the process, it is important to note that the length of time it takes for a bid request to be processed and awarded is generally a minimum of four months and may take as long as a year. Therefore, EFMs interested in this type of work should begin their search long before arriving at post. Although your assistance with the proposal may be limited, your professional experience could be of extreme interest to the organizations vying for contracts. Start the research and networking as soon as you learn of the location of the USG employee's onward assignment.

As is the case with all U.S. government agencies, nepotism is a real concern for USAID. If your sponsor works for USAID and you are interested in a USAID-funded contract, you will first be required to communicate with the USAID lawyers to assure there are no conflict of interest issues. In some cases, the USAID employee may have to rescue him/herself from any further dealings with the organization who has hired his/her EFM.

There are some valuable tips concerning remuneration that EFMs should be aware of prior to negotiating with an organization. All short- and long-term consultants working under a USAID-funded project have to complete the USAID Contractor Employee Biographical Data form 1420-17. Your salary history over the past 3 years in employee positions and from consulting work is required. This information is then verified and used to set your current consulting rate. Once that rate has been established, it can increase by only 5% each year while you continue as a consultant. (If you leave consulting for a full-time position elsewhere at a higher rate and then return to consulting, your new consulting rate will be set based on your most recent salary.) As you can see, if you have been employed at work that paid less than your highest rate in the last 3 years, it will negatively affect what USAID will establish as your rate.

If you have never consulted before and are attempting to determine how to set your consulting rate, the easiest way is to take your previous base salary, add 25% for benefits, then divide by 260 for your daily rate. For example:

If you were working as a teacher fulltime and are now interested in a short-term consulting position on a curriculum development project, how much should you be paid?

Salary as a fulltime teacher: \$40,000

Benefits (add 25%): \$10,000

Total: \$50,000 divided by 260 = a daily rate of \$200/day.

The current maximum daily rate that USAID is permitted to pay without receiving a waiver is \$636 per day.

If you are consulting for a local organization overseas and they cannot pay your minimum daily rate, you need to be careful how your compensation is calculated and reported. A lower daily rate in your employment history will negatively affect your ability to earn more through future USAID-funded contracts. It is better to ask for your contract to be structured so you are being paid a fixed amount for a specific amount of work (i.e. \$1,000 to develop a first grade English curriculum) so that your salary history does not include a lower daily rate than your established minimum.

Information on USAID consulting was taken from an article by Ann Greenberg, FSO, past Director of FLO and spouse of USAID officer.

Independent Consulting

EFMs are not restricted to USAID contracting. Many EFMs are highly trained professionals with skills that are easily marketed for independent consulting. Project management, events planning, financial advising, career coaching, just to name a few, are fields that can be pursued overseas or online. Any EFM with the experience, expertise and background to offer consulting might consider starting his/her own business. This could be either a local endeavor or an online company, depending on the host country's market and business restrictions.

The process for starting a consulting business is very similar to the process described for starting a home business (see Appendix A). One of the greatest advantages to consulting is the low start-up cost. A consultant needs marketing money, office equipment, software and a telephone line for an office along with printing costs to cover business cards, letterhead, brochures, etc. However, these costs are generally significantly lower than the costs of stocking an inventory and/or renting office/retail space.

GUIDELINES FOR STARTING A CONSULTING BUSINESS WHILE LIVING OVERSEAS

Self-Assessment

As with any job search or career change, the first step is self-assessment. Perhaps you have already conducted an in-depth self-assessment and are comfortable with your knowledge of your skills, talents, and values. However, when considering starting your own business, especially a consulting business, you need to evaluate your entrepreneurial abilities. Once you are confident that you have the personality, organization, knowledge, business sense, managerial skills and required physical and psychological factors to be successful, you are ready to target your market. (See Appendix B for specific entrepreneurial characteristics and the Resources section for self-assessment/entrepreneur websites.)

Market Research

Market research is vital. You need to determine if your expertise is needed. You also need to decide if your audience is local or Internet-based. If you are an events-planner, can you do this via the Internet or does it require your presence on-site? Not all consulting skills can be delivered online. Any kind of psychological counseling is difficult to deliver without personal face-to-face time. A good place to begin your market research is through conversations with prospective clients. Determine what problems these clients are experiencing and offer possible solutions through your services. Is the client receptive? If so, you then need to ascertain what s/he would pay for this service. This can usually be established by finding out what fees are currently being paid for other consulting services.

Networking

Consultants often network among themselves. This is valuable because it can provide you with information on specialties, strengths, weaknesses, methods of marketing, size of his/her firm, location, clients and fees charged. It can also provide you with valuable referrals. Perhaps a contact has been approached to do a job, but simply cannot fit it into his/her schedule. You come to mind as that competent go-getter who was digging for market information and are called. Voilà, you have your first contract. Your network of consultants can also provide you with information on local trends, general information and professional satisfaction. Try to attend seminars, trade shows and professional meetings to broaden your professional network.

Organizing

If your research and self-assessment have led you to the decision to start a consulting business, you are ready to establish and manage your business. That means you must organize your business. This is when you will have to determine how local law and regulations covering your diplomatic status will affect your business. Check with your Management Officer before proceeding.

Determine Status of Business

You will need to decide on corporate or non-corporate status. Often beginning consultants choose sole proprietorship because of the ease and low cost. You may decide to incorporate later if the business grows and you become concerned with personal and tax liability. You must also check out the certification and/or licensing requirements in the host country, if you are providing local services. If you have decided on an e-consulting business you may not be required to be licensed or certified, but you may need these documents to establish your expertise in your field. This is a good time to discuss with an attorney, professional tax accountant and other professional advisors to help you make an educated decision about the structure of your new business.

Naming your Business

Selecting a name is the next step. In order to register your business you must first have a name. Registering is important as it establishes your legitimacy and makes your interactions with the IRS less complicated. What's in a name? It must communicate the purpose of your business and the services you provide. Remember, first impressions are very important in business and the name of your business will create the first impression for many clients. Being creative is good as long as it isn't "cutesy" and that it does communicate the purpose of the business. Brand-name identity is important if you are introducing a unique product or service. If your business takes off, you may want to franchise it and the name will be synonymous with the product/service. Be sure to determine if the name you have chosen is available. Consult a business attorney about trade marking the name. Do not invest a great deal of time or money into a business until you have protected the name you have chosen.

Determining Fees

There are many ways to calculate the fees you will charge your clients. You may charge an hourly fee, a daily fee, a project fee or for a long-term client, a retainer fee. Regardless of which method you use, you will first need to establish how much you must charge in order to fulfill all of your financial obligations. There is a simple formula you may decide to follow. Start with a standard work year, which is made up of 2080 hours (52 weeks x 5 days/week x 8 hours/day). Then subtract the hours you will need for time off or other tasks. Perhaps something like 5 holidays plus 5 vacation days plus 5 sick days times 8 hours /day or 120 hours. Also deduct training days (5 days x 8 hours/day = 40 hours), administrative tasks (49 weeks x 5 days/week x 2 hours/day = 490 hours) and minimum marketing time (49 weeks x 1 day/week x 8 hours/day = 392 hours). That is a total of 1042 hours to be deducted from the total of 2080 hours per year. That leaves you with only 1038 hours per year to bill to clients. Of course, there is no guarantee that you will be able to bill each of those hours. The next step is to determine your total costs. This includes salary, self-employment tax (currently 15.3%), retirement, personal insurance, and overhead. Now that you have an amount for total costs, divide it by the number of billable hours (1038) and that is your hourly rate. Now, to determine your daily rate simply multiply by 8.

If your client wishes to be charged by the project rather than hourly or daily, you will need to estimate the number of hours you believe the project will take. It is always wise to inflate this estimate to cover any unforeseen slow-ups. With project fees you need to be careful to detail in your contract exactly what the fee covers. Many consultants discover that clients will attempt to add-on little things along the way that may eventually eat up all the expected profits.

Retainer fees are charged to the client on a monthly basis and provide the client with access to your services at a moment's notice. If you have several clients on retainer, you could find yourself unable to meet the demand. However, with good organization and excellent contacts you can arrange to subcontract pieces to other consultants you know and trust (another advantage of networking). To determine the appropriate monthly fee you will need to establish an estimate of the approximate number of hours you expect the client requires. In your contract (contracting is covered on page 34) you should stipulate how many hours you can provide for the stated fee and establish what additional hours will cost.

Some consultants are reluctant to offer free initial consultations. The concern is that the client will not respect the expertise of someone who is willing to give the service away. However, it has become an industry standard to provide the initial consultation free of charge. The advantage to you is that it gives you the opportunity to develop a relationship built on trust, which will be long-lasting and will result in more fees and referrals.

Marketing Consulting Services

Marketing of any kind is either direct or indirect. The strategy that generally works best for consulting is indirect marketing. This includes networking because your clients will come from the people with whom you have a relationship. It is important to include everyone you know on your contact list and get in touch with each of them to inform them of your new business. Ask for their assistance by providing you with possible leads and introductions.

Use your school ties to develop your network. Most colleges maintain alumni associations. If you are not already active in your alumni association, join! Having a ready-made connection with a complete stranger is very important to network development. Attending the same school provides you with common ground to start a conversation.

Join and actively participate in your professional associations, blogs and public meetings. These activities will keep you informed of trends and new policies in your field, but even more importantly, will also help build your network and help you learn of clients and possibly land some subcontracting work. Professional association membership and authoring OP-ED pieces will increase your reputation as an expert. Lecturing is another way to do this. You can volunteer to speak to associations, American Chambers of Commerce, local colleges, service organizations, church groups, wherever your expertise would be valued. The Public Affairs section in the embassy often sponsors a speakers' calendar. Check with the Public Affairs Officer at your post to determine if your expertise might fit into the scheduled topics.

Finally, in today's world of information technology, you must have an online presence. Whether it is a simple Web site providing contact information and a mission statement or an in-depth site with articles, course offerings, fee schedules, etc., you must be easily identified and reached.

One very valuable marketing tool is a regular newsletter. If you decide to offer a newsletter there are a couple of tips to keep in mind. First, determine a regular schedule for publication and then stick to it. No matter what the reason, if your newsletter is late in arriving you will lose some credibility. You can publish your newsletter weekly, monthly, quarterly, or even semi-annually. The publication schedule will depend on your time constraints and how much information you have to share.

Secondly, make sure your newsletter provides the reader with valuable information and isn't just a selling tool. It is perfectly acceptable to advertise upcoming lectures, classes or your services as long as the bulk of the newsletter is filled with useful information on trends, new developments and "what's hot." A newsletter is a valuable marketing tool if it is of use to the reader. The more readers you distribute your newsletter to, the greater number of potential clients you will have. The second type of marketing, direct marketing, is not often used in consulting businesses. The most effective types of direct marketing for consulting are:

- Regular distribution of business cards
- Current and dynamite resume
- Professional brochures
- Web page
- Marketing letters
- Cold calls

The last two are not particularly valuable unless you have some dynamic new service or event to announce. The most useful direct marketing tools are your business cards, resume and brochures. You can use all of these to assist in building your network and with demonstrating your expertise. Be sure to always carry business cards with you and make sure they are very professional looking. This is an item you don't want to cut costs on. The business card should not only give your business name and contact information but should also display a logo. You can begin branding yourself and your consulting service by distributing your business card to each and every contact you meet.

As a last resort, you can depend on a third-party marketing agency to conduct your marketing. This is not always successful, especially in the Foreign Service life of constant moving. Although there are agencies and firms that provide effective marketing and even maintain the entire record-keeping end of the business for you, they are not as capable of demonstrating your expertise as you would be.

When conducting your own marketing you will need to dedicate a large percentage of your time to getting yourself noticed. Whenever possible, present press releases to publications interested in your specific service. The more often people read about you and see you in the news the longer they will remember your name and service. Of course, once noticed, you must be responsive to any inquiries in order to make the sale. Develop a personal and professional reputation for customer service and problem solving. You may want to do some volunteering in your field to help develop that reputation.

It is important to be flexible yet focused. After honing your specific consulting skills the next most important part of your business development is your relationship with your customers. You will have to be available when they need you and that may mean last minute changes to your schedule. Be ready to make those changes, but never forget your mission and always deliver on time. These tips will do a great deal in building your all-important reputation.

Building a Foundation

Once a contact calls you to discuss a possible project, the first thing you need to do is determine if the client really needs your skills and if s/he actually has the authority to hire you. You can do this by asking several probing questions. These questions should cover the client's current challenges, priorities, key issues, obstacles and desired outcomes. Be sure that your skills match the project's needs. If this discussion is done with several members of an organization or business, quickly identify who really is the client. If you can establish that you are a good match for the recognized project, you will next need to determine how ready the client is to actually hire someone. Often this is determined by the availability of money. But another factor that may affect the client's readiness would be time: Is the client in a hurry to solve the problem, or is it a backburner issue?

You have invested a lot of time and effort to establish yourself as an expert and a shrewd businessperson. However, that can all be lost if you accept a project that does not match your skills or if the client does not have the ability and/or authority to pay your fee. Take the time to qualify the client and the project before writing a proposal. Check with your network and ask other consultants who have worked for this organization about what problems they had and how satisfied they were with the project management. Taking the time to qualify your clients will keep you from experiencing damaging problems later.

Writing a Proposal

The basic rule to writing a proposal is to keep it simple. You will rarely receive detailed requirements from businesses or organizations about the contents of a proposal. The proposal should include a description of your involvement, the amount of time you will need to complete the project and the relevant fees.

Since proposal-writing costs you a great deal of time and effort, ask the client if a formal proposal is the next step. If the answer is yes, then determine the deadline and then get to work. Be sure to include your client's perceptions of the problem as well as your own opinion, even if they differ. You need to eliminate any confusion over the scope or outcomes of the proposed project. A good way to organize a proposal is in a set of suggestions for solving each problem you have identified. Clearly spell out the details and avoid open-ended statements. Be specific in what your obligations are to the company and what its obligations are to you.

Writing a Contract

There are several contract forms you can use in consulting. You may decide that all you need is a Letter of Agreement, which has a less formal tone, but is just as binding as a general contract. You can actually convert your proposal into a Letter of Agreement by simply ending the proposal with the following language: “Accepted and Agreed” followed by signature and date lines.

If you need a more formal understanding, a General Contract should be used. The General Contract is a detailed and elaborate document in which every relevant condition of an agreement is specified. It is usually best to use the services of an attorney for these documents, unless a client has a standard contract s/he uses and that you feel comfortable signing. Remember, everything in a contract is negotiable!

All contracts should include:

- An opening section identifying the contractor and client parties
- Definition and scope of services to be performed
- Clearly defined objectives
- Breakdown of consultant’s responsibilities
- Breakdown of client’s responsibilities
- Time for delivery of services
- Provision for equipment, supplies and expenses
- Fee payment schedule
- Terms of ownership of the resulting product
- Effective dates of the contract
- Conflict of interest/exclusivity/non-compete provisions
- Insurance requirement

(*Be Your Own Business! The Definitive Guide to Entrepreneurial Success*, Ludden, Laverne L, 1997, Jist Publishing)

WORK PERMITS & IMMUNITY

Work Permits

Check with your Management Team at post to determine if you will need to obtain a work permit. If you are operating an eBusiness, it is less likely you will need one. Therefore, when speaking with your Management Officer, make sure to mention where your business will be conducted and who your customers will be.

Immunity

Home-based businesses are rarely covered specifically in bilateral work agreements or de facto work arrangements. Also, there is no specific FAM citing on immunity and home businesses. So the issue of relinquishing your immunity may not be covered in any specific document. However, 3 FAM 4125(c) does state that a “family member accepting employment abroad should bear in mind that he or she loses civil immunity from judicial process for activities relating to employment and would be subject to the payment of taxes on income from non-diplomatic employment.” This is important to remember and to plan for by purchasing liability insurance to cover your home and you personally.

eBUSINESSES

eBay

One type of eBusiness is an eBay selling operation. Many Foreign Service family members have discovered just how simple and profitable eBay can be. Since the Foreign Service life requires frequent moves, and living in locations around the world makes access to unusual and sought-after items a matter of fact, eBay may work for you as well. Each time you pack and unpack, do you find many items you just don't want any longer? Why not try your luck with eBay?

The process is quite simple and a tutorial on exactly how to register and sell can be found at <http://pages.ebay.com/education/sellingtips/index.html>. There is a four step process: register, complete the sell-your-item form, track your items and finally receive payment and ship. There are three basic fees; an insertion fee that is non-refundable, an additional option fee charged only if you choose optional seller features, and a final-value fee – a percentage of the final sale price and charged only if the listing closes successfully.

Shipping may be your biggest concern if you are living in a remote or undeveloped area, so be sure to identify shipping options and costs before making your decision to sell. Shipping costs can be included on the selling item form, but if they are too exorbitant the item may not sell. It is important to remember that use of the diplomatic pouch, APO or FPO mail service, or even U.S. mail if the delivery is done by a Mission employee and/or vehicle is prohibited for business/commercial mail. You will have to use local services. If you decide to list an item, eBay highly recommends the use of photos, as buyers are much more likely to purchase items they can see.

Payment for your item can take many different forms. You may choose to accept checks but this is risky. Most eBay sellers use PayPal. Although there is a fee involved the advantages are many. For instance, you can receive payment immediately, you can accept credit card payments and bank account payments, and you are protected with the Seller Protection Policy which protects you against charge-backs due to fraud.

One question that often arises when considering selling on eBay is about federal tax requirements. If you sell personal property, it is subject to tax at capital gains rates if you should sell it at a profit. Since most items sold on eBay are sold at a loss, there's no gain to report. Losses on personal items are not deductible, so the eBay sales do not have to be reported. On the other hand, if you are selling for profit, even as a hobby, be sure to download all your transactions every month as eBay does not keep annual summaries of your sales or issue IRS forms 1099. Record keeping is your responsibility. All profits gained from these sales are required to be reported.

Another concern of EFMs residing overseas is the customs inspection requirements. You will need to check with your Management Officer to determine what limitations and restrictions you will be required to follow. Also check with local shipping companies to determine rates, restrictions and schedules.

eEntrepreneurs

The Small Business Administration is a valuable resource for any small business owner, but if you are considering an eBusiness you should definitely review their website at www.sba.gov. They offer online courses at www.sba.gov/training/startingabusiness/index.html. Two courses of particular interest are *How to Start and Grow an Online Business* and *Technology 101: A Small Business Guide*. On this same website SBA offers a publication entitled *Checklist for Going into Business*. This publication provides in one source many of the resources you will need to first decide if eBusiness is for you and if so, how to go about starting one.

The greatest advantage of an eBusiness is the fact that they are relocation proof. If you can provide a virtual **service** to a responsive market, then you may be well-suited to eEntrepreneur business ownership.

StaffCentrix, a very successful eBusiness offering training and presentations on topics of interest to eEntrepreneurs, publishes a weekly newsletter, *Rat Race Rebellion*. This newsletter lists telework job ads that have been researched to insure their reliability. Jobs range from writers, editors, translators to graphic designers and attorneys. If eBusiness interests you but you are not ready to start your own business, go to ratracerebellion.com and sign up to receive the free bulletin.

You may be wondering what types of businesses lend themselves to Virtual Professionals. Some examples include (for more suggestions see Appendix D):

Architectural Firms
Authors/Actors
Book Publishers
Companies Expanding Overseas
Consulting Firms
CPA Firms
Distance Learning Providers
Film Production Companies
Import/Export Companies
Insurance Companies
Intelligence Agencies & Contractors
Interpreting/Translating Companies
IT Support Companies
Law Firms

Literary Agencies
Litigation Support Firms
Magazine Publishers
Multinational Companies
Nonprofits
Politicians/Political Research Firms
PR & Ad Firms
Professional Speakers
Software Development Companies
Startups
Tax Preparation Companies
“Think Tanks”
Training & Development Companies

In order to start-up an eBusiness there are several steps you need to follow. To do it at the lowest cost you should shop around for your web host, design work, website development, eCommerce site, and a sales partner. There are an abundance of offerings for all the work you will need, so do your research. A couple of good logo websites include Logo Ease and LogoMaker or do a web search for “free logo” and check out the many options. For selling physical goods you will require an eCommerce site that can handle the transactions for you. Check out Yahoo’s Merchant Solutions or Netfirms. Both offer very reasonable monthly service charges. If you don’t want to set up your own website you will need a sales partner. Amazon is one of the largest so you will have lots of shoppers, but you will have to pay for the privilege. Half.com is another choice for a sales partner; it just isn’t as large.

SCAMS of Concern to Home-Based Businesses

The most important thing to remember about home-based businesses is that a large number of offers and relevant ads are actually scams. In home-based businesses, like all businesses, there are no guarantees! The onus is on you to check out everything possible about an offer and the organization or business making the offer. Research is the key to protecting yourself and the best way to avoid scams.

There are all kinds of ways to conduct your research. Check out online forums published by home-based business associations, organizations and owners. Contact local suppliers or companies dealing in the same type of service or product and determine if they know anything about the online offer. Contact the company from the ad by phone to see if the phone is operational. Ask company for references and customers and then take the time to contact a few. Ask each for a company evaluation: does the company keep its promises, pay its bills in a timely manner, how is the customer service. When speaking with the company that published the ad, ask for names of individuals or companies that are employed by them to obtain reputation information, especially in regards to their fairness. Your research should also include market research to determine if a market actually exists for the particular service or product.

Other concern related to scams include being wary of companies requiring a fee to begin the work. Every year the FBI investigates hundreds of thousands of complaints and the vast

majority of these are from individuals that paid a fee to obtain a starter kit, software, or some other item required for a home-based business job or opportunity. Business scams are very high on the Internet fraud list. If your research on the company reveals that the request for a fee is legitimate, you should still be cautious and only proceed if you can afford to lose your investment. You need to be very wary of any offer that pressures you to buy immediately, generally a sign of a scam.

According to StaffCentrix, the home-based business that produces the weekly newsletter, *Rat Race Rebellion*, you should be extremely cautious of unsolicited emails. These emails often contain job ads that arrive as spam and the companies making the offers are rarely interested or willing to share information about their company. These unsolicited emails should immediately be deleted. Be careful not to respond or to click on the link given for removing you from the distribution list. This link is usually used not to remove you, but rather to determine that your email address is an active one.

As there are such a huge number of ads on the Internet for all types of jobs for stay-at-home workers, you need to be familiar with things to avoid. Job ads that have “work at home” in the job header are rarely legitimate. If no resume or work experience is required, the job ad is likely not one to pursue. Another telltale sign of a scam is that no job description is included in the job ad. If the pay offered is unbelievably high, the chances are good that it is a scam. Finally, if the ad contains enticing photos like mansions with palm trees or expensive sport cars, be wary – if it sounds or looks too good to be true – it probably isn’t true!

Home-based business scams tend to target a specific audience. This audience is composed of people who have difficulty finding normal employment. The groups included in this audience are the disabled or sick, stay-at-home parents, the elderly, intelligent but uneducated, and finally the unemployed.

The variety of scams is quite considerable. Currently the most widely reported include the following: craft assembly, medical billing, email processing, list of companies seeking home-based workers, 1-900 telephone numbers for more information, typing at home, computer as a money-making machine, multi-level marketing, chain letters or emails, envelope stuffing, postal forwarding, checks and funds processing and advance payment. Many of these require a start-up fee, but rarely include actual earnings. Some of these scams can actually land you in prison or result in a large fine. To stay abreast of new scams on things you can do if you’ve been scammed check-out www.ftc.gov.

If you believe you are the victim of a scam be sure to report it immediately. This is the only way government agencies can investigate and minimize the damages and costs. You can report scams at the federal, state and local levels. For federal reporting you can contact the Internet Crime Complaint Center at www.ic3.gov, the FBI at www.fbi.gov, or the Federal Trade Commission at www.ftc.gov. You can also obtain a list of agencies and fraud-related resources from www.usa.gov/Citizen/Topics/Internet_Fraud.shtml. If you prefer to report to state or local authorities, contact your State Attorney General or state, county, or city consumer protection offices.

There are a number of non-governmental scam reporting options also. First is the Rip-Off Report which takes complaints and keeps them published on a public website in order to develop

a working history on a company or individual, www.Rip-Off-Report.com. Second, you can go to ScamBusters which has great resources on how to avoid scams, viruses, and learn of the latest urban legends. Next, there is www.webassured.com which has established the Universal Standard of Ethics by which the global Internet community expects online businesses to operate. These standards are enforced by pressure through publicity. At www.workplacelikehome.com and www.scam.com you can learn what others say about various home-based work opportunities. To access various forums on work-at-home jobs go to www.WAHM.com.

Another variety of scams is known as eBusiness scams; these target eEntrepreneurs. eEntrepreneurs conduct business around the world so it is important to be a little more wary of participating in business across borders. Negotiating solutions across borders can be very difficult.

The eBusiness scams generally involve credit card fraud, fake investments and auction dealings. Scams occur frequently in auction dealing because the buyers and sellers are generally unknown to the other. Before entering into an auction check out the company's problem-resolution process so you know what protection you have. Also, take advantage of any feedback left by previous buyers or sellers. Research the payment methods used by the seller to be sure you are protected and guaranteed to receive what you paid for or a full refund.

Once you have decided to participate and you are considering a bid, determine a specific delivery date promise from the seller. Ask if the seller or auction company offers warranties and if all costs are listed prior to the sale. To further protect yourself try to obtain the physical address and phone number of the seller. Call the number to check if it works. Use even greater caution if your seller is located outside your home country.

A final eBusiness scam is the use of phishing scams. Phishing refers to the criminally fraudulent process of attempting to acquire sensitive information such as usernames, credit card details, etc. by masquerading as a trustworthy entity in an electronic communication. Common phishing emails come from popular social websites, auction sites, online payment processors or IT administrators and their seeming authenticity lures the unsuspecting public.

Using your common sense and researching are the best ways to avoid these business scams. Use extra caution when sharing your personal information. Don't allow intimidation to push you into purchasing something or providing personal information. Be thorough in your research before agreeing to participate. It is wise not to follow links embedded in sites you are researching. Check bank and credit card statements closely. Ensure the authenticity of websites and offers by checking with the Better Business Bureau and use scam-specific sites like www.ComplaintsBoard.com, www.Scam.com, www.IveTriedThat.com and www.RipOffReport.com. And, check the security a site has before you provide personal data.

Scams are a part of online business dealings. In 2009 more than \$550,000,000 was lost in scams, almost twice the amount lost in 2008. On-line opportunities exist, but to be successful you must also be careful.

RESOURCES

Professional Associations

- **American Home Business Association (AHBA)** is a national association offering essential and innovative benefits and services dedicated to supporting the needs of home business, small business and entrepreneurs.
<http://www.homebusinessworks.com/FLAX/default.asp?PageID=1001>
- **Home-Based Business Association of N.E.W.**, Inc. is a non-profit organization based in Green Bay, Wisconsin. They offer educational seminars, meetings twice a month, social events twice a year and HBBA hosts the largest and fastest growing home-based business expo/conference in Wisconsin. <http://www.hbba-wi.org/>
- **National Registered Agents, Inc. (NRAI)** is a specialized provider of professional Statutory Representation services in all 50 states and the District of Columbia.
<http://www.nrai.com/>
- **Small Office Home Office (SOHO)** advocacy and buying group for small and home-based businesses. <http://www.soho.org/>
- **Aardvarks Home Workers Association (AHWA)** has teamed with the best work at home resources in the industry to create the world's top online source for home-based work for the average person. <http://www.telecommute-now.org/telecommute-reviews/ahwa.htm>
- A Non-Profit Organization For Those Who run a business From Their Homes.
American Association of Home-based Business (AAHBB)
http://www.smallbusinessadvocate.com/content/suites/hb_teleworking/index.shtml
- **Home Based Working Moms (HBWM)** website is for work at home moms and dads providing information, business opportunities, work at home newsletter, resources, networking, support, publicity opportunities and more. <http://www.hbwm.com/>
- **The Home Office Association of America (HOAA)** represents home-office and small business workers across the nation by providing them with resources that include a monthly newsletter, group health insurance, home business and equipment insurance, medical benefits, credit card merchant account status, huge savings off restaurants, hotels, airfare, UPS delivery and long distance phone calls. <http://hoaa.com>
- **Mothers Home Business Network** is the first and the largest national organization providing ideas, inspiration and support for mothers who choose to work at home. HomeWorkingMom.com (MHBN) <http://www.homeworkingmom.com/>
- The IHA is the Number One Work At Home Source on the Internet continually bringing you the best telecommuting, freelance, short term, temporary and permanent jobs in one easy and convenient location. **Independent Homeworkers Alliance.**
<http://www.enetsc.com/IHA.htm>

- **The National Association for the Self-Employed** (NASE) provides America's small-business owner with news and resources, legislative advocacy and membership benefits such as affordable health insurance, discounted business supplies and scholarships. <http://www.nase.org/Home.aspx>
- The U.S.A. Home Based Business Information Superhighway was established to help home managed businesses, survive the shift to a global economy and to permit full participation NOW and in the 21 Century. **National Association of Home Based Businesses** (NAHBB) <http://www.usahomebusiness.com/>
- **Working Today** is a national nonprofit membership organization that promotes the interest of people who work independently. <http://www.workingtoday.org/>

Consulting

- Guerrilla Marketing for Consultants, John Wiley & Sons, by Jay Conrad Levinson & Michael W. McLaughlin
- The Consultant's Guide to Getting Business on the Internet; Publisher - John Wiley & Sons, by Herman Holtz
- Building a Successful Consulting Practice (In Action Series) – ASTD, by Patricia Pulliam Phillips and Jack J. Phillips. This casebook contains 12 case studies of successful consulting practices.
- Flawless Consulting: A Guide to Getting Your Expertise Used – ASTD, by Peter Block
- Rat Race Rebellion – Freelancer/Consultant Resources - www.ratracerebellion.com/freelance.htm

eBusiness

- Work at Home Now, Career Press, by Christine Durst and Michael Haaren
- Mompreneurs Online Using the Internet to Build Work @ Home Success, by Patricia Cobe and Ellen H. Parlapiano
- Arachnophilia: <http://www.arachnoid.com/arachnophilia/> , website development
- ArtToday: <http://www.arttoday.com> For an annual fee receive unlimited access to 10 million graphics
- Bizland: www.bizland.com , website development and hosting
- Department of Commerce's Inter.Nic website: www.internic.net
- Desktop Publishing.com: <http://www.desktoppublishing.com>
- Digital Women: <http://www.digital-women.com/> provides small business tools for women including loan and free grant information for business startup and women entrepreneurs
- Earthlink: www.earthlink.net , web hosting
- e-Builders: www.e-builders.net web hosting that can quickly design, deploy and administer an economical solution based on your individual business needs
- Go Daddy: www.godaddy.com, web hosting and domain names

- Homeworking: <http://www.homeworking.com/> Work at home information and support to help you to be self-employed, start a business, telework, or earn a bit extra
- HyperMart (free business hosting): <http://www.hypermart.net> – allows 10 Megabytes and offers 30 day free trial
- Network solutions: www.networksolutions.com , web hosting and design
- Template Monster: <http://www.templatemonster.com/wordpress-themes.php>, website development
- Portable Professional: www.portableprofessional.com/
- Tools for Online Success <http://www.google.com/help/places/partners/sba/index.html>
- Value Web: www.valueweb.net , small business web hosting
- Web Your Business: www.webyourbusiness.com , website design
- Web Source - <http://www.web-source.net/> , website design

Entrepreneur Information

- Kaufmann Foundation: <http://www.kauffman.org/>
- Small Business Administration: www.sba.gov/
- Entrepreneur: www.entrepreneur.com

Entrepreneur Self-Assessment

- www.liraz.com/webquiz.htm, This interactive quiz will help you assess your business management skills
- <http://Mvp.cfee.org/en/selfassesscharacter.html>
- http://www.bdc.ca/en/advice_centre/tools/entrepreneurial_self_assessment/Pages/entrepreneurial_self_assessment.aspx
- <http://www.mvp.cfee.org/en/selfassessisentforme.html>
- <http://www.youronestopcenter.com/entrepreneur-test.php>
- <http://web.sba.gov/sbtn/sbat/index.cfm?Tool=4>
- http://www.tvaed.com/pdf/entrepreneur_self_test.pdf
- <http://www.bizmove.com/other/quiz.htm>
- www.midwest-brokers.com/quiz.html
- www.savvychicks.com/entreprofile.html

Expatriate Websites

- Allo Expat – www.alloexpat.com/ Connecting Expats Worldwide
- Expat Focus: www.expاتفocus.com – Information and advice for expatriates worldwide
- Expat Exchange: www.expاتفexchange.com
- Expatica: www.expاتفica.com/belgium
- ExpatSite.com: www.expاتفsite.com (community portal for expatriates worldwide)
- International Community online in English: www.xpats.com

- Net Expat: www.netexpat.com
- People Going Global: www.peoplegoingglobal.com (cultural and expatriate information on the five continents)
- The Expat Guy: <http://www.expatsguy.com/>
- Expat Network: <http://www.expatsnetwork.com/>
- Transitions Abroad: <http://www.transitionsabroad.com/>
- Escape Artist: <http://www.escapeartist.com/>
- Career in Your Suitcase: <http://career.cabalgrou.com/> Excellent source of regional and industry networks.
- Federation of American Women Clubs Overseas: <http://www.fawco.org/>
- Expat Women: <http://www.expatswomen.com/>
- Expat World: <http://www.expatsworld.net/index.php>, the newsletter of international living, contains large number of expatriate website links.
- Your local expatriate community: www.interexpat.com/
- The Expat Angels Network is a vibrant network of friendly and active people on expat earth: <http://www.expatsangels.org>
- Expat Blogs: www.interExpats.com
- The Association of American Residents Overseas: <http://www.aaro.org/>
- The Living Abroad Website: <http://www.expats-blog.com/>
- Trailing Spouse Network: www.trailingspouse.net/

General Home Business

- Be Your Own Business! The Definitive Guide to Entrepreneurial Success, by LaVerne L. Ludden, Ed.D
- Making Money with your Computer at Home, by Paul and Sarah Edwards
- Mind Your Own Business! Getting Started as an Entrepreneur, by La Verne Ludden, Ed.D & Bonnie Maitlen, Ed.D
- Momprenuers: A Mother's Practical Step-by-Step Guide to Work-at-Home Success, by Ellen H. Parlapiano and Patricia Cobe
- More 101 Best Home-Based Businesses for Women, by Priscilla Huff
- The Best Home Businesses for the 21st Century: The Inside Information You Need to Know to Select a Home-Based Business That's Right for You, by Paul Edward and Sarah Edwards
- The Business Start-Up Kit, by Steven D. Strauss
- The Everything Home-Based Business Book, by Jack Savage
- The Stay-at-Home Mom's Guide to Making Money from Home, by Liz Folger
- A Work at Home Community: www.workathomecommunity.com
- Bizy moms: <http://www.bizymoms.com>
- Business Ideas: www.liraz.com/feasible.htm
- Business Know How: www.businessknowhow.com/
- Business Planning Institute: www.bpiplans.com/Articles.htm
- Business Plans: www.bplans.com/
- Home Business Research: www.hombusinessresearch.com/index.html

- Home Office Association of America: <http://hoaa.com>
- Home Professionals: www.homeprofessionals.com
- Idea Café: <http://www.ideacafe.com>
- Insurance Information Institute: <http://www.iii.org>
- International Business and Health Network: www.homeworkersexpats.com/
- Microsoft Small Business Support: www.microsoft.com/smallbiz
- Moms Network Exchange: <http://www.momsnetwork.com>
- Power Home Biz: www.powerhomebiz.com
- Small Business Administration: www.sba.gov/starting_business/planning/baisc.html
- Small Business Administration's Service Corps of Retired Executives (SCORE) 1-800-634-0245
- Smart Business Supersite: <http://www.smartbiz.com>
- Solutions for Growing Businesses: www.entrepreneur.com
- The Home-Based Working Mom (HBWM): <http://www.hbwm.com>
- U.S. Patent & Trademark Office www.uspto.gov
- Venture Coach www.venturecoach.com
- Work-at-Home Moms (WAHM) <http://www.wahm.com>
- Work at Home Community: <http://www.workathomecommunity.com/>
- Information tools to build your home-based business: www.homebusinessresearch.com/index.html

Marketing

- Grassroots Marketing: Getting Noticed in a Noisy World, by Shel Horowitz, Chelsea Green Publishing
- Principled Profit: Marketing that Puts People First, by Shel Horowitz, AWM Books
- www.hansonmarketing.com/
- www.marketingpower.com

Market Research

- International Market Research: <http://www.canadabusiness.ca/eng/88/> Offers quick GEAshots of the opportunities for a product/service in a particular market and business link.
- www.hoovers.com – worldwide company, industry and market intelligence
- www.marketresearch.com
- www.marketresearch.org.uk – international organizations

Newsletters

- Home-based Newsletter Publishing: A Success Guide for Entrepreneurs, by Wm. J. Bond, McGraw Hill
- How To Make It Big as a Consultant, by William A. Cohen, Ph.D.

- Marketing with Newsletters: How to boost Sales, Add Members & Raise Funds with a Printed, Faxed or Web Site Newsletter, by Elaine Floyd, EF Communications

Printed Materials

- Don't use any copyrighted material in logo design, www.cooltext.com
- www.printglobe.com
- www.printingforless.com
- http://dir.yahoo.com/Business_and_Economy/Business_to_Business/Printing/
- Vista Print:
<http://www.vistaprint.com/vp/ns/default.aspx?GP=7%2F26%2F2005+3%3A39%3A01+PM>

Taxes

- Available from the U.S. Internal Revenue Service www.irs.gov/:
 - Tax Guide for Small Business (Publication 334)
 - Small Business Tax Workshop Workbook (Publication 1066)
 - Estimated Tax Payments (Publication 505)
 - Starting a Business and Keeping Records (Publication 583)
- Minding Her Own Business: The Self-Employed Woman's Guide to Taxes and Recordkeeping, by Jan Zobel, E.A.
- Turbo Tax <http://www.turbotax.com/?sourceglc41p1a&venue=googcrch&klw=turbo+tax>
- H&R Block Tax Cut <http://www.taxcut.com/>
- Others: www.taxsites.com/software.html#prep

Writing

- Writing for Money, by Loriann Hoff Oberlin
- Handbook of Magazine Article Writing, edited by Michelle Ruberg
- The Complete Idiot's Guide to Publishing Magazine Articles, by Sheree Bykofsky, Jennifer Basye Sander, & Lynne Rominger
- Writers Online: <http://www.writer-on-line.com/markets/>
- Paying writing jobs: <http://www.justmarkets.com>
- Publishing for profit: www.publishedandprofitable.com

Women in Business

- A Portable Identity – A Woman's Guide to Maintaining a Sense of Self while Moving Overseas. www.aportableidentity.com
- The Athena Foundation
http://www.lansingchamber.org/membership_services/athena_powerlink.html The Athena Power Link program helps women-owned businesses grow and profit with the expertise of professional advisory panels tailored to the business owner's specific needs.
Email-Athena@athenafoundation.org

- Best Practices for Women-Owned Small Businesses
www.sba.gov/aboutsba/sbaprograms/gc/programs/gc_cawbo_best_practices.html
- Women's International Networking: www.winconference.net/
- The International Alliance for Women: www.tiaw.org/
- Advancing Women: <http://www.advancingwomen.com/> First on the Net to "level the playing field" for women in careers and business