

Establishing an Ecuador subsidiary is the key to beginning operations in the country. You need a subsidiary to run your company and handle important tasks such as hiring employees, starting payroll, and giving out benefits and compensation. But it can prove difficult to learn how to set up an Ecuador subsidiary and comply with Ecuador's subsidiary laws when you have so many other things going on.

Globalization Partners is a global PEO that can make it easy for you to expand to countries around the world, such as Ecuador. We'll use our existing subsidiary to help you work faster and smarter. Instead of spending months or even a year waiting to register your subsidiary, you can work in as little as a day with us. We'll even handle all the risk of compliance as the Employer of Record.

How to Set up an Ecuador Subsidiary

Establishing an Ecuador subsidiary is often a time-consuming and tricky process, but you can make it easier by researching certain factors. Location can impact Ecuador's subsidiary laws, as different cities and locations may have their own regulations. If you don't know which place is best for your office, we recommend working with a lawyer, accountant, or consultant who can help you find the city most friendly to foreign investment.

Another important consideration is your type of entity. You can incorporate as different entities, including a limited liability company (LLC), corporation, or branch office. The most common choice is an LLC because shareholders are limited in liability based on the amount of capital they invest. Keep in mind that you can choose only one business purpose as an LLC, but you can record up to five additional economic activities.

Setting up your Ecuador subsidiary as an LLC includes numerous steps, including:

- Defining your business' purpose and economic activities
- Creating and signing your company's bylaws
- Registering your company with the appropriate authorities
- Signing deeds and appointments in front of a notary
- Registering with the Superintendence of Companies and Mercantile Registry
- Obtaining a local tax ID number
- Opening a corporate bank account and depositing minimum share capital to activate
- Obtaining a license of economic activities (LUAE) and a municipal patent

Existing Ecuador Subsidiary Laws

Many companies choose to incorporate as an LLC because the related Ecuador subsidiary

laws are typically friendly to foreign investment. Your LLC must have at least two members, but no more than 15. Foreign corporations cannot be a member. Minimum share capital requirements are at least \$400, and at least 50% of your capital must be paid-in when you form.

Your company should also appoint a legal representative who can help you comply with Ecuador's subsidiary laws. Every January, your lawyer needs to present a list of the foreign companies that are partners or shareholders with your company to the Superintendent of Companies. You must include name, nationality, domicile, and notarized copies of the certificate.

Benefits of Incorporating in Ecuador

As soon as you incorporate in Ecuador, you can start working in the country legally. You also won't have to worry about any problems between you and the parent company. With an LLC, your parent company will have limited liability for the subsidiary's actions, and won't incur any fines.

However, your company won't start to gain from these benefits until months after undertaking the Ecuador subsidiary setup process. If you fail to follow Ecuador's subsidiary laws, you could even face additional fines or delays. Fortunately, Globalization Partners can help you expand with ease through Ecuador subsidiary outsourcing. You can use our Ecuador PEO instead of setting up your own entity. That way, you can start working quickly without any stress about compliance.

Everything You Need for the Ecuador Subsidiary Setup Process

Before you start registering your subsidiary, we recommend working with other departments in your company. For example, talk to your accounting department about how much money you'll need. Then, you should work with your secretary to see if you can clear your schedule for a few weeks.

Work With the Globalization Partners Team Today

Globalization Partners wants to be a part of your team throughout the expansion process. Contact us today for more information about Ecuador subsidiary outsourcing and our global expansion platform.