

Your starting point for an expansion to El Salvador is setting up a subsidiary. Your company's subsidiary will give you the legal authority to work in the country, and you can begin operations as soon as you officially register. However, getting to that point can take weeks or months of hard work, a significant amount of money, and time you could instead use to start working.

Instead, you can work with a global PEO such as Globalization Partners. We know your time is valuable, which is why we want to help you start working in a day or two through El Salvador subsidiary outsourcing. Our team will take on the role as the Employer of Record, which means all compliance will fall on our shoulders instead of yours. When you choose us, you can focus on building a profitable and active company.

How to Set Up an El Salvador Subsidiary

Your location and business structure impact how you can set up your El Salvador subsidiary. We recommend reviewing a city or region's laws before picking a place for your headquarters. Different areas within the country can have different El Salvador subsidiary laws that may make it easier or more difficult to incorporate. A lawyer or consultant can also help you find the right location.

You can choose from several different subsidiary structure options. Each entity has its own advantages and disadvantages, and the one you choose should depend on your specific business circumstances and needs. El Salvador's different business entities include a limited liability company (LLC), public limited company, branch, and representative office. Keep in mind that each structure has its own laws regarding your company's activities, freedom in El Salvador, and more, so you need to choose an option that meets your goals.

Many companies incorporate as an LLC because it gives them the most freedom in El Salvador. If you decide to set your company up as an LLC, you must follow these steps:

- Sign a Deed of Incorporation with a notary public
- Register at the Registry of Commerce (must renew every year)
- Register with the local city hall

- Register with the Internal Tax Office
- Register with the Pension Fund Administrator
- Register with the Ministry of Labor
- Register with the Salvadoran Social Security Institute
- Set up a local corporate bank account

El Salvador Subsidiary Laws

Generally, companies choose to set up their El Salvador subsidiary as an LLC because it has laws friendly to foreigners. For example, you'll need at least two shareholders and one director to form an LLC. Shareholders are limited in liability based on the amount of capital they contribute. All three individuals can be foreigners, but you'll need at least one director, known as the legal representative, who normally lives in El Salvador.

Minimum issued share capital is \$2,000, and 5% must be paid up at incorporation. If your company is controlled by a board of directors or a sole administrator, they must have a formal reelection no more than seven years after holding the position. You'll also need to appoint an auditor and submit audited financial reports each year.

Benefits of Setting Up a El Salvador Subsidiary

You get one major benefit from incorporating in El Salvador, which is working in the country. Your parent company can also benefit from the LLC structure, as your different locations will not share liability. Plus, your subsidiary can operate using a different structure than your parent company.

Working with a global PEO will give you all the benefits of a subsidiary without you having to go through the process of establishing your own entity. Globalization Partners will use our registered entity to hire employees for you, add them to our payroll, and give them the right compensation and benefits. We'll also follow all El Salvador subsidiary laws for you so that you don't have to worry about anything law-related.

Other Important Considerations

If you still decide to expand on your own, you'll need to set aside time and money. Delegate tasks to other key members of your company so that you can continue to run your parent company. Also, talk to your accounting department about how much money you'll require and how to set up a foreign bank account.

Let Globalization Partners Help With Your Expansion

You don't have to wait to start working in El Salvador. Contact Globalization Partners today to learn more about El Salvador subsidiary outsourcing.