

Establishing a subsidiary in-country allows you to manage your business legally on an international stage. After setting up your subsidiary, you can hire employees, manage payroll, and conduct your business operations. However, this process can take up to a year and include hefty upfront costs.

Globalization Partners offers extensive subsidiary outsourcing services, giving companies such as yours the ability to access our subsidiary instead of going through a time-intensive and expensive incorporation process. As an Employer of Record, we'll hire your in-country staff and manage your payroll so you can focus on growing your company.

How to Set Up a Subsidiary in Iraq

Completing the subsidiary setup process requires a complex orchestration of location, capital, talent, and time. Before setting up your subsidiary, consider the ideal location for your expanded company — laws and taxes will differ if you are located in the Kurdish region.

As a noncitizen, you must adhere closely to the Iraqi Companies Law throughout the company registration process. It's crucial that your business follows every step according to the law, as failing to do so can result in hefty fines and penalties.

If you plan to register as a nonresident-owned limited liability company (LLC), you must:

- Prepare your legal documents, including articles of incorporation, bank references, company seal, and name reservation.
- Register your LLC.
- Deposit your initial capital investment.
- Report your business to the tax authority.
- Register any employees for social security.

This process typically takes at least 2,600,000 Iraqi dinar (IQD). The timing can range from weeks for an LLC to months for a joint-stock company.

Iraqi Subsidiary Laws

The nation's subsidiary laws provide a framework for nonresident companies looking to establish a location in-country. You may operate either as a public, private, or mixed company, depending on the level of governmental involvement in your company. Most international businesses choose to set up a LLC.

According to relatively recent regulations, companies establishing branch offices in-country are required to complete a minimum six-month contract with the federal government of Iraq. Businesses new to the country without this contract are increasingly choosing to take the incorporation route to set up a subsidiary instead.

The Benefits of Having a Subsidiary

Setting up a subsidiary is time-consuming and costly — but it does offer significant advantages. After incorporating, you'll have the legal right of business operation. Plus, your subsidiary will function as its own operation, and you will be responsible for following in-country laws, managing employees independently, and adhering to local business customs. Further, operating a subsidiary provides an opportunity to expand your brand awareness and tap into new economic opportunities.

Partnering with a global Employer of Record such as Globalization Partners, however, offers even more business benefits. Our subsidiary outsourcing services give companies access to overseas business opportunities and local talent without requiring you to incorporate. As a result, you can focus on your business and avoid any risks while we take on the burden of employee management, payroll, and legal compliance.

What Do You Need for Incorporation?

The Iraqi Companies Law provides various incorporation options for entities interested in doing business in the country. The specific requirements for incorporation differ depending on the type of entity, including:

- Sole owner company
- Simple company of fewer than six people
- Joint liability company of fewer than 26 people
- LLC of one to 25 shareholders
- Joint-stock company of five to 100 shareholders

During the incorporation process, you'll need to budget for an initial investment and upfront costs, including office setup, travel, and lodging. Your business will have to complete numerous forms and wait for weeks or months for governmental approval.

Contact Us for Subsidiary Outsourcing Services

Are you interested in expanding your business without establishing your own subsidiary? Globalization Partners can save your company valuable time, expenses, hassles, and risks. Through our global PEO services, you can experience a straightforward and seamless process.

[Contact our team](#) today to learn more.