

After you decide to expand to Kuwait, it's time to start preparing to establish a subsidiary in the country. However, learning how to set up your Kuwait subsidiary can take months in itself, then it can take up to a year to incorporate fully. That's all on top of setting up your payroll, hiring employees, and giving out compensation and benefits.

Globalization Partners can make your expansion faster through Kuwait subsidiary outsourcing. We have PEOs all over the world, including Kuwait, that we'll use to help you run your company. When you work with us, we'll handle all of Kuwait's subsidiary laws and outsource everything from your payroll to hiring.

How to Set up a Kuwait Subsidiary

Many different factors impact how to set up a Kuwait subsidiary. For example, various regions and cities can have their own Kuwait subsidiary laws, which will impact how you incorporate. If you're not familiar with the country's different areas, it can help to work with a lawyer, accountant, or consultant who can recommend the best location for your company.

Another important factor is your type of subsidiary. You can incorporate as several different entities, including a limited liability company (LLC), shareholding company, partnership, or branch. Each option will have different Kuwait subsidiary laws and place restrictions on your activity level in the country. Many companies choose to incorporate as LLCs because they give the most freedom to operate. A branch is the most restrictive type of entity.

Setting up your Kuwait subsidiary as an LLC includes the following steps:

- Registering at the Department of Companies of the Ministry of Commerce and Industry (MOCI)
- Reserving a unique company name
- Retrieving the letter addressed to the bank from the Department of Companies
- Depositing your capital at the bank
- Getting an inspection of your company offices by the correct municipality
- Obtaining approval of your memorandum of association from the Department of Companies

- Notarizing the memorandum of association before a public notary
- Registering with the Commercial Registry
- Getting a commercial license from the Department of Companies
- Registering with the Kuwait Chamber of Commerce and Industry
- Registering with the Public Authority for Civil Information (PACI)
- Registering at the Ministry of Labor and Social Affairs

Kuwait Subsidiary Laws

Although an LLC is the most attractive subsidiary option, there are still laws you need to follow to stay compliant. An LLC's ownership must be made up of 51% from a local shareholder unless it's in a free zone or approved by the Kuwaiti Investment Agency. LLCs using the 51% local shareholder ownership must pay an annual corporate tax rate of 15%. Free zone companies are completely exempt from corporate taxes.

Keep in mind that Kuwait started making it more difficult for foreign companies to start a business in 2014 but reversed some of the standards in 2016. The complex business requirements often demand flexibility and patience as you navigate complicated policies that are sometimes contradictory. Public officials frequently engage in corrupt activities with no laws to keep power in check.

Benefits of Establishing a Subsidiary

Despite the challenges of learning Kuwait's subsidiary laws and how to set up an entity, there are benefits to working in the country. After you incorporate, you can hire employees, form relationships with other businesses, and get to work. You can also benefit from choosing an LLC — your parent company won't have to worry about any litigation or problems with the subsidiary, and the subsidiary will operate somewhat independently.

That said, there are more benefits to working with a global PEO such as Globalization Partners. We can act as the Employer of Record to take on all risk of compliance. Plus, we'll help you start working in as little as a day, which means your company can make a big impact in Kuwait right away.

Everything You Need to Incorporate

If you're ready to incorporate in a new country, you need to prepare yourself for the time and financial commitments involved. It can take months or even a year to complete the Kuwait subsidiary setup process, so you should set aside time in your schedule to incorporate. Certain steps in the process also involve fees, and it costs about \$1,000 to set up your subsidiary. That doesn't include the cost of travel, paying employees, and other fees related to operation. We recommend working with your accounting department to make sure you have the money to complete the process.

Globalization Partners Offers Kuwait Subsidiary Outsourcing

Globalization Partners makes it easier to work in a foreign country. Contact us today to learn more about Kuwait subsidiary outsourcing.