

If you're considering expanding your business abroad, you have the option to establish a subsidiary — but you have other choices, too. Take a look at the process of setting up an in-country entity and learn how Globalization Partners may be a better route for you.

How to Set Up a Papua New Guinea Subsidiary

When you establish a subsidiary in Papua New Guinea, you'll create a limited liability company. The country allows any company to be wholly owned by a nonnational, but you will need certification to do so.

The process of setting up a subsidiary starts at the Investment Promotion Authority (IPA), where you'll need to register your company name. You can complete this process online or with a physical form. If your entity consists of 50 percent or more nonnationals, you'll need to file for certification with the IPA as well.

When you register for your company name, you have 14 days to register for your international certification. The processing time for this certification can take four to eight weeks, but you'll be ready for the next steps once you receive it.

As an official company in the country, you'll need to register for a tax identification number (TIN) at the Internal Revenue Commission (IRC). Your TIN will allow you to pay your corporate taxes and deduct taxes from your employees' paychecks.

If your company involves 15 or more employees, you'll also need to register with the National Superannuation Fund. Your membership will allow you to make contributions for your workers.

Papua New Guinea Subsidiary Laws

Your company will need to have at least one director and one shareholder to be a legal entity. You'll also need at least one share. There are no requirements for secretaries, and all of

these positions can be held by nonnationals if you have certification from the IPA.

Unlike many other countries, Papua New Guinea doesn't require a memorandum and articles of association to incorporate. While your company doesn't need a constitution to exist, it's best practice to define how you'll run your entity to keep all members on the same page.

Another requirement under the Companies Act is a physical address. A P.O. box doesn't meet this requirement, so you'll need to have a building to conduct business and the appropriate licensing to do so before applying for incorporation.

Benefits of Setting Up a Papua New Guinea Subsidiary

When you finally have an entity in-country, you can reap the benefits. One of the primary advantages of a subsidiary is a separate legal presence. While branch offices are connected to your parent company, subsidiaries are their own entity. If the office encounters any legal trouble, liability will only fall on them and reduce the overall damage.

Another benefit of a subsidiary is the ability to establish a new business culture. As a separate entity, the work environment can reflect the area's professional culture and feel comfortable for nationals. With more connection to the community, the company may find it easier to thrive.

When you work with Globalization Partners, you outsource your subsidiary needs to us. We hire your employees through our existing entity, and you operate your business as you usually would. We take on all the legal risks while you get to enjoy the benefits of a subsidiary.

Other Important Considerations

Your two most essential resources for subsidiary setup are time and money. The processing time for your IPA certification alone is four to weeks. You'll also have to spend time finding a

location for your business and appointing your directors and shareholders.

Your applications will all require processing fees. You'll also have to pay for your building, whether you owe monthly rent or a mortgage. While the subsidiary process requires many company resources, you can benefit from the results.

Let Globalization Partners Help With Your Expansion

Globalization Partners can help you bypass the subsidiary process and start your international business much sooner. [Contact us today](#) to learn more or get started.