

Companies looking to expand to Portugal will need to first set up a subsidiary in the country. However, the process can be complex and could take months before you are even ready to hire employees. Instead, Globalization Partners offers an attractive alternative to establishing a Portugal subsidiary.

When you work with us, we'll use our Portugal PEO to hire employees on your behalf and place the risk of compliance onto our shoulders instead of yours. While setting up a Portugal subsidiary on your own can take months, we'll reduce the process to a few days to get you up and running quickly.

### **How to Set Up a Portugal Subsidiary**

Portugal generally encourages foreign investors, and the incorporation process is similar to the process of incorporating a local business. As you consider a move to Portugal, you should examine several business factors that could impact your decision such as your type of business, industry, the nationality of your headquarters, and more.

Location and language are two crucial factors to consider. Separate cities and regions may have different costs and availabilities. So, if you do not know the Portugal area, it is a good idea to talk to legal advisors or other business professionals in Portugal. Keep in mind the language also changes based on the region. Most employees in Portugal speak English, French, and Spanish, but some areas have other dialects.

Next, you'll need to decide what type of company you want to incorporate. The Portugal subsidiary setup process varies based on the type of subsidiary you choose to operate. The three main types of subsidiaries are limited liability companies, partnerships, and branches/representative offices.

Most subsidiaries incorporate as either private or public limited liability companies. The steps for incorporation include:

- Register your company name at the National Registry of Collective Entities

- Open a bank account in Portugal
- Obtain a Certificate of Registration
- Register employees
- Notify the Labor Inspectorate
- Register for insurance

## Portugal Subsidiary Laws

Smaller companies that have a low initial capital investment and expenses typically incorporate as a private limited liability company (LDA) — the most popular type of subsidiary structure. An LDA needs at least two founders with a minimum of 5,000 EUR of share capital. Each shareholder has limited liability based on what they contribute.

An LDA also requires a single director who is appointed through the general meeting of shareholders and is the supreme authority in the Portuguese LDA. With this setup, an incorporated LDA company does not need to undergo an annual audit if they have met two out of three requirements during the two preceding years.

Portugal subsidiary laws state an LDA must also have:

- Combined assets of less than 1.5 million EUR
- Total revenue of less than 3 million EUR
- Fewer than 50 employees

## Benefits of Setting Up a Portugal Subsidiary

Once you set up a subsidiary, you are ready to set up your payroll, hire employees, and create a Portugal benefit management plan. You'll discover numerous benefits as a limited liability company. This type of subsidiary has limited liability for the parent company, which is beneficial for both parties. The limited liability protects the parent company from any losses or litigation, and the subsidiary can operate under its own management structure.

A Portugal subsidiary outsourcing service offers even more benefits. Globalization Partners is an alternative to establishing a Portugal subsidiary that can get your company started faster.

Instead of going through the Portugal subsidiary setup process alone, we'll have employees working for you in a matter of days.

### **Other Important Considerations**

If you decide to incorporate by yourself instead of choosing a subsidiary alternative, you will need a good deal of time and money. Although Portugal's subsidiary process is relatively fast, any missteps could result in fines, penalties, or increased setup time. You will also need to clear your schedule at your parent company to accommodate travel back and forth to Portugal.

Keep in mind that someone in your company will need to learn Portugal's subsidiary laws. Alternatively, you'll need to hire an advisor or a new staff member who has a thorough understanding of these regulations.

### **Let Globalization Partners Help With Your Expansion**

Discover the ease and convenience of Portugal subsidiary outsourcing services. Contact Globalization Partners today to learn more.