

One way to grow your business and expand into Romania is to open a subsidiary. Without going through the Romania subsidiary setup process, you will not be able to hire employees, run payroll, or legally conduct business in the country. However, this vital process can take months to complete, thus delaying your operations and causing employees you want to hire to move on.

Instead, Globalization Partners is an effective alternative to establishing a Romania subsidiary. We'll use our established PEO to hire employees on your behalf, add them to our payroll, and help you follow all of Romania's subsidiary laws without the need to set up a subsidiary.

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

If you decide to set up a Romania subsidiary on your own, you'll need to consider several factors that could impact your decision. You must look at any existing trade relationships and examine the industry you want to break into. These considerations could influence where you base your headquarters in Romania.

Romanian citizens speak a mixture of different languages depending on where you are in the country. Hungarian, Romani, Ukrainian, German, Russian, Turkish, Tatar, Serbian, Slovak, Bulgarian, and Croatian are all spoken at either a national or local level. When you incorporate, you must find out what language is most widely spoken in that area and either hire employees or translators who speak that language.

Separate regions or cities in a country can have different laws. Try to set up your Romania subsidiary in a location that has low costs of incorporation and is friendly to foreign businesses. An advisor or other local business leaders can help you find the best place for your headquarters.

One of the most common subsidiary structures is a limited liability company (SRL). The steps to set up an SRL include:

- Obtain 40 EUR of minimum share capital
- Obtain a certificate of good standing of the parent company
- Complete Memorandum and Articles of Association of the parent
- Resolve the parent company regarding the decision to set up a Romania subsidiary
- Register a physical office
- Designate an administrator as the signatory for the subsidiary
- File documents with the Trade Register to officially register

## **Romania Subsidiary Laws**

Romania subsidiary laws differ based on the type of company you decide to incorporate. For an SRL, you will need at least one shareholder and a director who is not required to live in Romania or the European Union (EU).

Every year, limited liability subsidiaries have to submit financial statements and tax returns to the Romanian tax authority. An audit is only required if your subsidiary has more than 15 shareholders or exceeds these thresholds:

- Over 7.3 million annual turnover
- Over 3.6 million in assets
- More than 50 employees

## **Benefits of Setting Up a Romania Subsidiary**

Setting up a subsidiary is the first major hurdle to doing business in Romania. Once you incorporate, you'll be free to operate your subsidiary in the country legally. Next, you can hire employees, set up your payroll, and develop a compensation and benefits plan that works for your business.

An SRL offers additional benefits to both the subsidiary and the parent company. Since there is limited liability between the two, the parent company does not have to worry about any losses or litigation against the subsidiary. On the other hand, the subsidiary is free to operate under its own structure to fit Romania's overall culture.

When you want to start a business in Romania quickly, you'll find greater benefits to choosing an alternative to establishing a Romania subsidiary. Globalization Partners uses an established PEO to help companies get off the ground faster. As the Employer of Record, we can hire employees on your behalf and put the risk of compliance on our shoulders instead of yours.

### **Other Important Considerations**

If you decide to set up your Romania subsidiary alone, you will need a complete understanding of the country's subsidiary laws. Certain parts of the process involve various fees, so you will also need to prepare to spend. Also, keep in mind that you will have to travel back and forth to Romania, which pulls you away from other company tasks.

Alternatively, you can forgo these expenses by working with a [global PEO](#) like Globalization Partners.

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

Don't try to set up a subsidiary alone — a better solution is available. [Contact Globalization Partners](#) today to learn more about our alternative to establishing a Romania subsidiary.