

Starting a business in South Africa is relatively easy, as the nation has moved up in the World Bank's Doing Business report. However, you'll still need to go through the South Africa subsidiary setup process before you can hire employees or start your payroll.

As an alternative to establishing a South Africa subsidiary, Globalization Partners simplifies the process. We will hire employees to work for you in a matter of days instead of the months it can take to set up a subsidiary.

How to Set up a Subsidiary in South Africa

If you set up a South Africa subsidiary by yourself, you'll need to prepare for certain factors that could influence your decision. The nationality of your headquarters or any previous trade agreements you have could impact your business. Some businesses — such as those exporting and importing food or using heavy infrastructure in South Africa — also need special permissions, licenses, or other requirements.

The nation has 11 official languages, but English and Afrikaans are the most common. The official business language is English, which is also used in commercial life and in public. Most employers use English in a business environment, but specific regions could use different languages.

Foreign nationals looking to set up a South Africa subsidiary will need to invest 2.5 million ZAR in the company. Those funds must begin in your existing bank account overseas and get transferred to South Africa. Following six months to one year of work, you'll need to submit proof that your business employs citizens of South Africa.

Although you can incorporate a variety of subsidiaries, one of the most common is a private company. Its setup steps include:

- File Articles of Incorporation to register the company
- Complete a Memorandum of Incorporation
- Complete a Notice of Incorporation

- Open a bank account
- Register for VAT and other taxes
- File for unemployment insurance with the Department of Labor
- Register for Occupational Injuries and Diseases Compensation
- Apply with the District Council

An optional step is reserving your company name. Under the Companies Act of 2008, a company can register with or without a name. If you register without a reserved name, your registration number becomes your company name. This process is faster, but it is still recommended you get a proposed name verified, approved, and reserved.

South Africa Subsidiary Laws

South Africa subsidiary laws differ based on the business form you decide to use. Your options include a private company, public company, close corporation, partnership, joint venture, and branch. Close corporations and companies are independent of their constituents and operate under limited liability.

Close corporations require up to ten shareholders, and each must be an individual person rather than an organization. Both private and public companies are incorporated entities under South African law. These companies take about two months to incorporate, and local shareholders or directors have no specific requirements.

Branches and foreign companies must register with the South African Registrar of Companies in Pretoria as external companies, and they are regulated by the Companies Act of 1973. These businesses do not require a local board of directors, but your branch or foreign company will need a resident South African who can accept any notices and services of process. These types of companies also need an authorized local auditor.

What Do You Need?

If you set up a South Africa subsidiary on your own, you should prepare to spend a good deal of time and money. Some steps of the process cost a significant amount, which you will need

to budget for. South Africa subsidiary laws are often confusing, so it is also a good idea to hire an advisor or appoint an employee to learn all the ins and outs of these regulations.

Benefits of a South Africa Subsidiary Alternative

South Africa subsidiary outsourcing from Globalization Partners offers several benefits. When you work with us, you will not have to go through the lengthy subsidiary setup process. We'll use our established PEO to hire employees on your behalf. You can get to work in a matter of days instead of months. Plus, we will take on all risk of following South Africa's subsidiary laws so that you won't have to.

Choose Globalization Partners

Globalization Partners is an alternative to establishing a South Africa subsidiary that can make expanding easier. Contact us today to learn more.