

When you begin your international expansion, you may consider establishing a subsidiary. This process can offer some advantages for your company, but it may not be within your means. With Globalization Partners, you can forgo your Vanuatu subsidiary set up and use our entity instead.

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

The first step in establishing a subsidiary in Vanuatu is identifying a name for your company and finding out if it's available at the Vanuatu Financial Services Commission (VFSC). Once you find an unclaimed name, you can reserve it and begin the incorporation process.

As a nonresident investor, you'll need to apply for a certificate of approval from the Vanuatu Investment Promotion Authority (VIPA). This organization ensures you meet all investment requirements.

Once you've applied for certification with VIPA, you can apply for incorporation with the VFSC. From there, you can register your reserved company name. When you earn a confirmation for incorporation, you can apply for a business license at the Rates and Taxes Office at the Department of Customs and Inland Revenue.

After getting your business license, you can register for the value-added tax (VAT) if you anticipate a turnover of VT 4 million. You must also register as an employer with the National Provident Fund so your employees can contribute deductions from paychecks.

## **Subsidiary Laws**

When you establish a subsidiary, you must have at least one shareholder and one director for your company. A director can be a shareholder, but they don't have to be. The director will be responsible for making decisions for your entity.

Your subsidiary also needs a set of company rules, sometimes called the memorandum and

articles of association. Your company rules detail how you'll run your entity. You must include descriptions of how you'll handle shares, appoint directors, and file financial information. You'll need these documents when you apply for incorporation with the VFSC. The organization allows you to use the model rules outlined by the government instead of writing your own, so it's up to you to decide which route you'd like to take for your company.

## **What Do You Need?**

The two essential resources you need for establishing a subsidiary are time and money. As an international business owner, applying for an investment permit alone costs VT 120,000 and takes 15 days to process. You also need to pay VT 30,000 for every subsequent year.

The entire process takes about four to five weeks to complete with the various application processing times. Applying for the business license can cost up to VT 1,000,000 if your company projects a high annual turnover. While you can fill out many of the applications online, you may want to be in the country for appointing directors. If so, your costs will also include plane tickets in and out of the area.

Keep in mind that the registration process doesn't account for the other aspects of setting up a company, like finding a location to work or building one. Before committing to a subsidiary, consider whether your company has the resources to do so.

## **Subsidiary Advantages**

While establishing an entity can be challenging, it offers a few benefits once the process is complete. Your subsidiary is a separate entity from your parent company, which means it can create its own operations and foster a personalized business culture for the area. As its own entity, it also has its own legal presence. If your subsidiary encounters legal trouble, your parent company won't be liable, which means legal issues will cause less damage.

When you work with Globalization Partners, on the other hand, we hire your employees through our entity. All risk is on our shoulders, and you still have the benefits of

individualized business culture.

### **Work With Globalization Partners for Subsidiary Outsourcing**

Sidestep the subsidiary process with Globalization Partners and start your company's expansion right away. [Reach out to our team](#) today to learn more.