



Doing Business in Dominican Republic

## Forming a Dominican Company

### Establishing a subsidiary or separate legal entity

Usually start-up and medium business entities in the Dominican Republic are incorporated as a Limited Liability Company or Sociedad de Responsabilidad Limitada (S.R.L.). The Sociedad de Responsabilidad Limitada or S.R.L. is the most common and efficient form of organizing a company in the Dominican Republic and is often chosen by large foreign companies as the legal form for their subsidiaries.

S.R.L.'s offer the following advantages: The partners receive limited liability, meaning that they only respond for company debts up to the limit of their contributed capital. Shareholders can be legal persons or individuals. SRL's is manager managed with no board of directors required; managers must be individuals. Company can attract capital through the issuing of new shares which may be ordinary or preferred shares.

SRL's may perform any type of activities that are legal in trade and there are no restrictions in the Dominican Republic on the legal currency. The United States Dollar is exchanged freely with the Dominican Peso, as well as the Euro and any other currency.

SRL's also serve as a holding company and may keep assets as their property, contributed by the partners or acquired by the same, both national and international, movable and real estate properties.

SRL can outlive their founders. Their quotas may be freely transferred among partners, by way of succession, in case of liquidation of marital community assets, among ascendants and descendants under the rules established in the company By Laws.

The main steps in establishing a Dominican Limited Liability Company (SRL) are the following:

1. Make a search before the Dominican Trademark Office, draft and file the request trade name registration.
2. Draft by-laws, minutes of the incorporation meeting and related incorporation documents.
3. Pay incorporation taxes of one percent (1%) of the company's registered capital and applicable stamp taxes;
4. Prepare the business register application and file it along with incorporation documents and registration fees;
5. Prepare and file the request to obtain the company's Tax Identification Number (RNC);
6. Register at DGII's web page to obtain access and request fiscal invoice numbers (NCF);
7. Enroll employees before the treasury of social security (TSS) and the ministry of labor.

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The following schedule serves as a guidance of the time required to form a new Dominican Company:

Register of company trade name	5 to 7 days
Drafting incorporation documents plus annexes	2 to 5 days
Paying incorporation taxes on capital	less than 1/2 day
Incorporation documents of shareholders	less than 1/2 day
Legalizations by Notary Public	less than 1/2 day
Registration in Business Register	2 to 5 days
Registration as Tax Contributor (RNC)	10 to 15 days

The following founding documents are needed to form the company:

1. Business Register registration form.
2. By- Laws/Articles of Incorporation in private or notary act form containing the details required in legislation.
3. Attendance List and Minutes of the Incorporation Meeting.
4. Updated List of Partners/ Shareholders
5. Report of the Commissary of Contributions, if applicable.
6. Receipt of payment of the tax on the incorporation of legal entities.
7. Photocopies of the Dominican Identity Card and if foreign, Passport photo page.
8. Copy of the Trade Name Certificate issued by the Dominican Trademark Office.
9. Declaration of acceptance of the appointments by the managers if this is not apparent from the by-laws.

### Opening Bank Accounts

After the company is duly incorporated and has obtained its Registration as Tax Contributor (RNC) the company may be able to apply for the opening of corporate bank accounts in Dominican Republic Banks.

The process for opening corporate bank accounts for foreign company branches or Dominican Companies where partners are foreigners will depend on each banking institution and requires the assistance of a qualified Dominican attorney to introduce and assist in gathering and completing the required documents.

Among the legal documents, banks will require an executed, filed and registered resolution from the company shareholders providing instructions and authorizing its representatives to open and manage bank accounts.

*Questions about this information can be directed to Our Team at 809.472.2222 ([info@aclaw.com](mailto:info@aclaw.com)) or to our lead contact Felipe Isa Castillo ([fcastillo@aclaw.com](mailto:fcastillo@aclaw.com)).*

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