

How to Incorporate a Business in Nicaragua

ONE:

Two or more people may convene to form a Corporation. In case of only two incorporators as signers of the Articles of Incorporation, any of them may file the corporate dissolution six months following the company's date of incorporation.

The Articles of Incorporation must meet the following requirements:

- a) Personal data of the incorporators, including photocopy of Nicaraguan ID Cards or photocopy of passports in case of alien incorporators.
- b) Corporate name and principal place of business
- c) The purpose of the intended Corporation and description of core business
- d) Number of stockholders and positions. There is not a fixed or statutory number of shareholders.
- e) Authorized Capital, including the number of stocks and par value according to the stockholders' instructions. No minimum capital stock required, but C\$100,000 capital stock is recommended. Producing or depositing such amount is not required. Indicate said capital stock will be paid in when subscribed.
- f) The corporation's period of duration shall not exceed 99 years.
- g) Appoint the Corporation's Legal Representative (Chair). Agency may consist of either an Unlimited Power of Attorney Powers or a General Power of Attorney for day-to-day Management Functions or any other power desired or required.
- h) Set a minimum attendance number – a quorum – enabling the Stockholders' Meeting and the Board of Directors to make valid business decisions.
- i) Define the rights and privileges of the holders of each class of stock in the assignment of stocks and define if the Corporation is vested with powers to acquire its own stocks.

In case incorporators are aliens or live abroad, the Law Office's Staff may be appointed to incorporate the Corporation and subsequently stocks would be assigned or transferred to individuals or companies as instructed or a special power of attorney, as broad and sufficient as may be necessary in Law, would be granted and submitted to form the Corporation. Said special power of attorney must be either certified by Apostille or authenticated by the Consulate of Nicaragua in case the country of origin of incorporators accepts no certification by Apostille, e.g. Guatemala.

The Corporate Purpose should state the core business, broad enough to include each and every line of business permitted by the law.

The law does not set forth a minimum or maximum number of Directors. Customarily, three Directors are designated (including their alternate directors optionally). Director lineup may be Chair, Deputy Chair and Secretary or Chair, Secretary and Treasurer, according to the client's best interests and Directors may be appointed to hold office between one and ten years. The Stockholder's Meeting may revoke their appointments at discretion. Statutorily, all directors must be stockholders.

Statutory Auditor, in some other countries also known as Statutory Examiner, may be stockholder but not a Director.

TWO: Steps to Form a Corporation

a) Articles of Incorporation and Bylaws

b) Corporate Filing Requirements

- File Articles of Incorporation
- File the Corporation as a Business Corporation
- Have the statutory corporate books officially signed and sealed (Minutes, Stock Certificate Book, Ledger, Journal, Inventories and Balance Sheet)

c) Nicaraguan Internal Revenue Service (DGI)

Having the statutory corporate books officially signed and sealed by the tax authority as taxpayer, including accounting books (Journal, Ledger, Inventories and Balance Sheet) requires filing the Corporation with the Business Registry. Afterwards, file with the National Taxpayer Register the Employer Identification Number (RUC) and all tax compliance obligations become in force.

The above requires:

- The Chair of Corporation must reside in Nicaragua or the Corporation designates a representative (also residing in Nicaragua), who is granted a General Power of Attorney for day-to-day Management Functions. Enclose a copy of public utilities registered in the name of the local representative, including identification papers (Nicaraguan ID Card or Resident Alien Card).
- Produce copy of property title or lease agreement of premises accommodating the corporate's principal place of business. Enclose copy of public utilities of said premises. In case of undefined registered office, the Corporate Legal Representative enters into an agreement with our Law Office to use our registered address for service (see service fees below).
- Copies of Nicaraguan ID Card or Resident Alien Card or Passports of shareholders

- d) Municipality (Municipal Business License and taxpayer's obligations)
Register business with the local municipality, according to the municipal jurisdiction. This step requires to be registered with the Nicaraguan Internal Revenue Service (DGI) and have obtained the Employer Identification Number (RUC).

Nicaragua Customs Service

Where appropriate, register the business as importer. This step requires to be registered with the Nicaraguan Internal Revenue Service (DGI), have obtained the Employer Identification Number (RUC) and the Municipal Business License.

THREE: How long does it take to become a business?

Regarding how long it takes to become a business ready to operate, the processing time to register the Corporation with the Business Registry, Nicaraguan Internal Revenue Service (DGI) and Municipality is **forty days (40)**.