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Company formation in Eritrea

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Company formation in Eritrea



Flag



Coat of arms

Common form	Private limited company
Registry	Ministry of Trade and Industry (business licensing)
Minimum capital	Set by the Commercial Code
Directors	1 manager
Local director	Foreign investment is tightly restricted and needs approval
Corporate tax	30%
VAT / sales tax	Sales tax at several rates (5% to 12%)
Typical timeline	Not practicable for most investors
Tax treaties	Domestic rates and treaty list [2]
Currency	Eritrean nakfa (ERN)

In short: To set up a company in Eritrea, most founders form a private limited company, registered with the Ministry of Trade and Industry (business licensing). Minimum capital: set by the Commercial Code. Corporate tax: 30%. Registration: not practicable for most investors (as of November 2026).

Short guide. Tax figures come from the sources listed under References; company-law details summarise official guidance and can change. Confirm requirements with the Ministry of Trade and Industry (business licensing) before filing.

Eritrea has one of the most closed economies in the world: private and foreign investment is tightly controlled by the state, and the government must approve foreign participation.

Business structures

Most founders in Eritrea form a private limited company, registered with the Ministry of Trade and Industry (business licensing). Other forms are listed below.

- **Private limited company** – the usual company form for private businesses

Requirements

Minimum share capital in Eritrea (2026): set by the Commercial Code. Directors required: 1 manager. Local resident director: foreign investment is tightly restricted and needs approval.

- A company name that is available, checked with the registry.
- Share capital: set by the Commercial Code.
- Directors: 1 manager.
- Local residency: foreign investment is tightly restricted and needs approval.
- A registered office address in Eritrea.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Eritrea (2026): not practicable for most investors. The usual steps are:

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.
3. File the registration with the Ministry of Trade and Industry (business licensing).

4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Inland Revenue Department (Ministry of Finance).

Taxation

The corporate tax rate in Eritrea in 2026 is 30%. Standard VAT or sales tax: sales tax at several rates (5% to 12%).

Tax	Rate and notes
Corporate income tax	30%
VAT / indirect tax	Sales tax at several rates (5% to 12%)
Withholding tax on dividends to non-resident companies	Depends on the payer and recipient; see the Double tax treaties section

Ongoing compliance

Annual compliance in Eritrea: Companies file annual financial statements and tax returns with the Inland Revenue Department (Ministry of Finance), and keep their details up to date with the Ministry of Trade and Industry.

Double tax treaties

Eritrea has no comprehensive double tax treaties in force for most countries; its international tax agreements mainly cover the exchange of information.

Domestic withholding tax on payments to non-resident companies

Domestic withholding rates on dividends, interest and royalties could not be confirmed from a current source for this short guide; confirm them with the Inland Revenue Department.

The reduced rate for each partner country is set by the treaty concerned; confirm it with the tax authority.

Domestic rates from the sources listed under References. Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Eritrea?

Typical registration time in Eritrea: not practicable for most investors (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Eritrea?

Minimum share capital in Eritrea: set by the Commercial Code (as of November 2026).

What is the corporate tax rate in Eritrea in 2026?

The corporate tax rate in Eritrea in 2026 is 30%. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Eritrea?

Only with government approval, which is rarely given outside sectors such as mining. Local director rule in Eritrea: foreign investment is tightly restricted and needs approval.

Official registries and resources

The official websites of the Ministry of Trade and Industry (business licensing) and the Inland Revenue Department (Ministry of Finance) have not yet been verified by our editors, so they are not linked here. Use the names above to find them, and beware of unofficial look-alike sites.

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in South Africa
- Company formation in Mauritius
- Company formation in Angola
- Company formation in Botswana
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Country tax rates (January 2026 update, compiled from PwC and KPMG) . Damodaran Online, NYU Stern. Accessed November 2026.
2. VAT, GST and sales tax rates by country . VATCalc. Accessed November 2026.

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