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Company formation in the Faroe Islands

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Flag



Coat of arms

Common form	Sp/f (smápartafelag, private limited company)
Registry	Skráseting Føroya (Faroese company registry)
Minimum capital	Set by Faroese company law (low for a Sp/f)
Directors	1 member of management
Local director	Not required
Corporate tax	18%
VAT / sales tax	25%
Typical timeline	Usually 1–2 weeks
Tax treaties	Domestic rates and treaty list [2]
Currency	Faroese króna (at par with the Danish krone, DKK)

In short: To set up a company in the Faroe Islands, most founders form a Sp/f, registered with the Skráseting Føroya (Faroese company registry). Minimum capital: set by Faroese company law (low for a Sp/f). Corporate tax: 18%. Registration: usually 1–2 weeks (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 Skráseting Føroya (Faroese company registry) before filing.

The **Faroe Islands**, a self-governing part of the Kingdom of Denmark outside the European Union, have their own company law and tax system. Private limited companies (Sp/f) are registered with **Skráseting Føroya**, and corporate tax is 18%.

Business structures

Most founders in the Faroe Islands form a Sp/f, registered with the Skráseting Føroya (Faroese company registry). Other forms are listed below.

- **Sp/f** – private limited company (smápartafelag), the usual choice
- **P/f** – public limited company (partafelag)

Requirements

Minimum share capital in the Faroe Islands (2026): set by Faroese company law (low for a Sp/f). Directors required: 1 member of management. Local resident director: not required.

- A company name that is available, checked with the registry.
- Share capital: set by Faroese company law (low for a Sp/f).
- Directors: 1 member of management.
- Local residency: not required.
- A registered office address in the Faroe Islands.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in the Faroe Islands (2026): usually 1–2 weeks. 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 Skráseting Føroya (Faroese company registry).
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 TAKS (Faroese tax authority).

Taxation

The corporate tax rate in the Faroe Islands in 2026 is 18%. Standard VAT or sales tax: 25%.

Tax	Rate and notes
Corporate income tax	18%
VAT / indirect tax	25%
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 the Faroe Islands: Companies file annual financial statements and tax returns with the TAKS (Faroese tax authority), and keep their details up to date with the Skráseting Føroya.

Double tax treaties

The Faroe Islands have their own tax treaties, including the Nordic multilateral treaty, and a network of information exchange agreements.

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 TAKS.

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 the Faroe Islands?

Typical registration time in the Faroe Islands: usually 1–2 weeks (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 the Faroe Islands?

Minimum share capital in the Faroe Islands: set by Faroese company law (low for a Sp/f) (as of November 2026).

What is the corporate tax rate in the Faroe Islands in 2026?

The corporate tax rate in the Faroe Islands in 2026 is 18%. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in the Faroe Islands?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in the Faroe Islands: not required.

Official registries and resources

The official websites of the Skráseting Føroya (Faroese company registry) and the TAKS (Faroese tax authority) 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 the United Kingdom
- Company formation in Germany
- Company formation in Poland
- Company formation in Ireland
- 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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