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Company formation in Iceland

From CompanyFormationWiki, the free encyclopedia of company formation · Last updated 25 November 2026

Company formation in Iceland



Flag



Coat of arms

Common form	ehf. (einkahlutafélag, private limited company) [1]
Registry	Register of Enterprises (Iceland Revenue and Customs, Skatturinn) [1]
Minimum capital	ISK 500,000 [1]
Directors	1 board member (plus a deputy) or a board of 3 [1]
Local director	Residency rules apply to the board and manager; EEA residents generally qualify [1]
Corporate tax	20% [2]
VAT / sales tax	24% [2]
Typical timeline	Usually 1–2 weeks [1]
Tax treaties	Domestic rates and treaty list [7]
Currency	Icelandic króna (ISK)

In short: To set up a company in Iceland, most founders form an ehf., registered with the Register of Enterprises (Iceland Revenue and Customs, Skatturinn). [1] Minimum capital: ISK 500,000. Corporate tax: 20%. Registration: usually 1–2 weeks (as of November 2026).

Short guide. Tax figures come from PwC Worldwide Tax Summaries (reviewed 22 June 2026); company-law details summarise official guidance and can change. Confirm requirements with the Register of Enterprises (Iceland Revenue and Customs, Skatturinn) before filing.

In **Iceland**, private limited companies (**ehf.**) are registered with the **Register of Enterprises**, which is part of Iceland Revenue and Customs (Skatturinn). Iceland is in the EEA but not the EU.

Business structures

Most founders in Iceland form an ehf., registered with the Register of Enterprises (Iceland Revenue and Customs, Skatturinn). [1] Other forms are listed below.

- **ehf.** – the usual company form for private businesses

Requirements

Minimum share capital in Iceland (2026): ISK 500,000. Directors required: 1 board member (plus a deputy) or a board of 3. Local resident director: residency rules apply to the board and manager; EEA residents generally qualify. [1]

- A company name that is available, checked with the registry.
- Share capital: ISK 500,000.
- Directors: 1 board member (plus a deputy) or a board of 3.
- Local residency: residency rules apply to the board and manager; EEA residents generally qualify.
- A registered office address in Iceland.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Iceland (2026): usually 1–2 weeks. [1] 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 Register of Enterprises (Iceland Revenue and Customs, Skatturinn).
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 Iceland Revenue and Customs (Skatturinn).

Taxation

The corporate tax rate in Iceland in 2026 is 20%. [2] Standard VAT or sales tax: 24%. [2]

Tax	Rate and notes
Corporate income tax	20%
VAT / indirect tax	24%
Withholding tax on dividends to non-resident companies	20%

Ongoing compliance

Annual compliance in Iceland: Companies file annual financial statements and tax returns with the Iceland Revenue and Customs (Skatturinn), and keep their details up to date with the Register of Enterprises. [1]

Double tax treaties

Iceland has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
20%	12%	20%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Iceland lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). 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 Iceland?

Typical registration time in Iceland: 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 Iceland?

Minimum share capital in Iceland: ISK 500,000 (as of November 2026).

What is the corporate tax rate in Iceland in 2026?

The corporate tax rate in Iceland in 2026 is 20%. See the Taxation section for reduced rates and other taxes.

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

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Iceland: residency rules apply to the board and manager; EEA residents generally qualify.

What withholding tax applies to dividends paid from Iceland?

Iceland withholds 20% on dividends paid to non-resident companies under domestic law, often reduced by a tax treaty. See the Double tax treaties section.

Official registries and resources

- Register of Enterprises (Iceland Revenue and Customs, Skatturinn)
- Iceland Revenue and Customs (Skatturinn)

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. Official Register of Enterprises (Iceland Revenue and Customs, Skatturinn) . Government of Iceland. Accessed November 2026.
2. Official Iceland Revenue and Customs (Skatturinn) . Government of Iceland. Accessed November 2026.
3. Iceland: Corporate – Taxes on corporate income (reviewed 22 June 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
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5. Quick charts: Value-added tax (VAT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
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Source: https://companyformationwiki.com/company-formation/iceland/
Version: last updated 25 November 2026. Check the online version for later changes.

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