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Company formation in Palau

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Company formation in Palau



Flag



Coat of arms

Common form	Corporation
Registry	Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board
Minimum capital	No statutory minimum
Directors	1 director
Local director	Foreign investment needs a Foreign Investment Approval Certificate; some activities are reserved for citizens
Corporate tax	Business profits tax 12% (20% for banks) for businesses registered for PGST; other businesses pay a 4% gross revenue tax
VAT / sales tax	Palau Goods and Services Tax (PGST) 10% since 1 January 2023
Typical timeline	Often 1–2 months
Tax treaties	Domestic rates and treaty list [3]
Currency	US dollar (USD)

In short: To set up a company in Palau, most founders form a corporation, registered with the Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board. Minimum capital: no statutory minimum. Corporate tax: business profits tax 12% (20% for banks) for businesses registered for PGST; other businesses pay a 4% gross revenue tax. Registration: often 1–2 months (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 Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board before filing.

In January 2023 **Palau** replaced its gross revenue tax with a 10% goods and services tax and a 12% **business profits tax** for registered businesses. Foreign-owned businesses need approval from the Foreign Investment Board.

Business structures

Most founders in Palau form a corporation, registered with the Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board. Other forms are listed below.

- **Corporation** – the usual company form for private businesses

Requirements

Minimum share capital in Palau (2026): no statutory minimum. Directors required: 1 director. Local resident director: foreign investment needs a Foreign Investment Approval Certificate; some activities are reserved for citizens.

- A company name that is available, checked with the registry.
- Share capital: no statutory minimum.
- Directors: 1 director.
- Local residency: foreign investment needs a Foreign Investment Approval Certificate; some activities are reserved for citizens.
- A registered office address in Palau.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Palau (2026): often 1–2 months. 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 Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board.
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 Bureau of Revenue and Taxation (Ministry of Finance).

Taxation

The corporate tax rate in Palau in 2026 is business profits tax 12% (20% for banks) for businesses registered for PGST; other businesses pay a 4% gross revenue tax. Standard VAT or sales tax: palau Goods and Services Tax (PGST) 10% since 1 January 2023.

Tax	Rate and notes
Corporate income tax	Business profits tax 12% (20% for banks) for businesses registered for PGST; other businesses pay a 4% gross revenue tax
VAT / indirect tax	Palau Goods and Services Tax (PGST) 10% since 1 January 2023
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 Palau: Companies file annual financial statements and tax returns with the Bureau of Revenue and Taxation (Ministry of Finance), and keep their details up to date with the Registrar of Corporations.

Double tax treaties

Palau 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 Bureau of Revenue and Taxation.

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 Palau?

Typical registration time in Palau: often 1–2 months (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 Palau?

Minimum share capital in Palau: no statutory minimum (as of November 2026).

What is the corporate tax rate in Palau in 2026?

The corporate tax rate in Palau in 2026 is business profits tax 12% (20% for banks) for businesses registered for PGST; other businesses pay a 4% gross revenue tax. See the Taxation section for reduced rates and other taxes.

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

Only with a Foreign Investment Approval Certificate, and some activities are reserved for Palauan citizens. Local director rule in Palau: foreign investment needs a Foreign Investment Approval Certificate; some activities are reserved for citizens.

Official registries and resources

The official websites of the Registrar of Corporations (Office of the Attorney General); foreign investors also need approval from the Foreign Investment Board and the Bureau of Revenue and Taxation (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 Singapore
- Company formation in Hong Kong
- Company formation in Japan
- Company formation in India
- 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. Palau: 2021 Article IV consultation (main components of the tax reform) . International Monetary Fund. Accessed November 2026.
2. New tax reform on the table . Island Times. Accessed November 2026.
3. Comprehensive tax reform legislation 2021 including the PGST . Digital Policy Alert. Accessed November 2026.

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