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Company formation in Puerto Rico

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Company formation in Puerto Rico



Flag



Coat of arms

Common form	Corporation or LLC
Registry	Department of State of Puerto Rico (Registry of Corporations and Entities)
Minimum capital	None
Directors	1 director
Local director	A resident agent in Puerto Rico is required
Corporate tax	Up to 37.5% (18.5% normal tax plus a graduated surtax); incentive decrees can reduce it [1]
VAT / sales tax	Sales and use tax 11.5% [1]
Typical timeline	Often within a few days online
Tax treaties	Domestic rates and treaty list [6]
Currency	US dollar (USD)

In short: To set up a company in Puerto Rico, most founders form a corporation or LLC, registered with the Department of State of Puerto Rico (Registry of Corporations and Entities). Minimum capital: none. Corporate tax: up to 37.5% (18.5% normal tax plus a graduated surtax); incentive decrees can reduce it. Registration: often within a few days online (as of November 2026).

Short guide. Tax figures come from PwC Worldwide Tax Summaries (reviewed 07 August 2026); company-law details summarise official guidance and can change. Confirm requirements with the Department of State of Puerto Rico (Registry of Corporations and Entities) before filing.

Puerto Rico is a US territory with its own tax system: Puerto Rico corporations are treated as foreign corporations for US federal tax. Companies are registered online with the **Department of State**, and incentive decrees can sharply reduce the standard rates.

Business structures

Most founders in Puerto Rico form a corporation or LLC, registered with the Department of State of Puerto Rico (Registry of Corporations and Entities). Other forms are listed below.

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

Requirements

Minimum share capital in Puerto Rico (2026): none. Directors required: 1 director. Local resident director: a resident agent in Puerto Rico is required.

- A company name that is available, checked with the registry.
- Share capital: none.
- Directors: 1 director.
- Local residency: a resident agent in Puerto Rico is required.
- A registered office address in Puerto Rico.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Puerto Rico (2026): often within a few days online. 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 Department of State of Puerto Rico (Registry of Corporations and Entities).
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 Department of the Treasury (Hacienda).

Taxation

The corporate tax rate in Puerto Rico in 2026 is up to 37.5% (18.5% normal tax plus a graduated surtax); incentive decrees can reduce it. [1] Standard VAT or sales tax: sales and use tax 11.5%. [1]

Tax	Rate and notes
Corporate income tax	Up to 37.5% (18.5% normal tax plus a graduated surtax); incentive decrees can reduce it
VAT / indirect tax	Sales and use tax 11.5%
Withholding tax on dividends to non-resident companies	10%

Ongoing compliance

Annual compliance in Puerto Rico: Companies file annual financial statements and tax returns with the Department of the Treasury (Hacienda), and keep their details up to date with the Department of State of Puerto Rico.

Double tax treaties

Puerto Rico 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
10%	29%	29%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Puerto Rico 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 Puerto Rico?

Typical registration time in Puerto Rico: often within a few days online (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 Puerto Rico?

Minimum share capital in Puerto Rico: none (as of November 2026).

What is the corporate tax rate in Puerto Rico in 2026?

The corporate tax rate in Puerto Rico in 2026 is up to 37.5% (18.5% normal tax plus a graduated surtax); incentive decrees can reduce it. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Puerto Rico?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Puerto Rico: a resident agent in Puerto Rico is required.

What withholding tax applies to dividends paid from Puerto Rico?

Puerto Rico withholds 10% 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

- Department of the Treasury (Hacienda)

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 States
- Company formation in Canada
- Company formation in Mexico
- Company formation in Brazil
- 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.

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2. Puerto Rico: Corporate – Taxes on corporate income (reviewed 07 August 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
3. Quick charts: Corporate income tax (CIT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
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