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Company formation in Somalia

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Flag



Coat of arms

Common form	Private limited company (Companies Act 2019)
Registry	Ministry of Commerce and Industry (Federal Government of Somalia)
Minimum capital	Set by the Companies Act
Directors	1 director
Local director	Not required
Corporate tax	Set by federal and member-state tax laws; confirm the applicable rate with the Ministry of Finance
VAT / sales tax	Goods and services tax 5% (federal)
Typical timeline	Often 1–2 months
Tax treaties	Domestic rates and treaty list [1]
Currency	Somali shilling (SOS)

In short: To set up a company in Somalia, most founders form a private limited company, registered with the Ministry of Commerce and Industry (Federal Government of Somalia). Minimum capital: set by the Companies Act. Corporate tax: set by federal and member-state tax laws; confirm the applicable rate with the Ministry of Finance. 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 Ministry of Commerce and Industry (Federal Government of Somalia) before filing.

Somalia adopted a modern **Companies Act in 2019**, but federal and regional authorities, including those in Somaliland and Puntland, apply their own registration and tax rules, and security risks remain high.

Business structures

Most founders in Somalia form a private limited company, registered with the Ministry of Commerce and Industry (Federal Government of Somalia). Other forms are listed below.

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

Requirements

Minimum share capital in Somalia (2026): set by the Companies Act. Directors required: 1 director. Local resident director: not required.

- A company name that is available, checked with the registry.
- Share capital: set by the Companies Act.
- Directors: 1 director.
- Local residency: not required.
- A registered office address in Somalia.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Somalia (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 Ministry of Commerce and Industry (Federal Government of Somalia).
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 Ministry of Finance (Inland Revenue).

Taxation

The corporate tax rate in Somalia in 2026 is set by federal and member-state tax laws; confirm the applicable rate with the Ministry of Finance. Standard VAT or sales tax: goods and services tax 5% (federal).

Tax	Rate and notes
Corporate income tax	Set by federal and member-state tax laws; confirm the applicable rate with the Ministry of Finance
VAT / indirect tax	Goods and services tax 5% (federal)
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 Somalia: Companies file annual financial statements and tax returns with the Ministry of Finance (Inland Revenue), and keep their details up to date with the Ministry of Commerce and Industry.

Double tax treaties

Somalia 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 Ministry of Finance.

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 Somalia?

Typical registration time in Somalia: 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 Somalia?

Minimum share capital in Somalia: set by the Companies Act (as of November 2026).

What is the corporate tax rate in Somalia in 2026?

The corporate tax rate in Somalia in 2026 is set by federal and member-state tax laws; confirm the applicable rate with the Ministry of Finance. See the Taxation section for reduced rates and other taxes.

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

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

Official registries and resources

The official websites of the Ministry of Commerce and Industry (Federal Government of Somalia) and the Ministry of Finance (Inland Revenue) 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. VAT, GST and sales tax rates by country . VATCalc. Accessed November 2026.

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