

How to set up a limited liability company in Montenegro? And what do you have to consider? A leaflet!

What is a Montenegro GmbH?

In Montenegro the LLC is called DOO. This stands for "Društvo sa Ograničenom Odgovornošću" and translated into English it means: Limited liability company.

The minimum share capital of the company is one euro. DOO is the most commonly used legal form in Montenegro and foreigners can own up to 100% in such a company. Bringing a local partner into the company is not required by Montenegrin law.

What is the need of a limited liability company in Montenegro?

If you want to do business in Montenegro and benefit from tax advantages and the good business climate, then a local company offers a number of advantages. As a foreigner, you can also have your residence permit issued by your own company. There are also certain types of real estate that foreigners cannot buy directly, but only through a legal entity. So there are many reasons to register a limited liability company in Montenegro. We advise individually in each individual case.

What is the process of registering your company in Montenegro? And what steps do you need to take to get your company up and running as soon as possible?

Are you thinking about starting a company in Montenegro? Or have you already made the decision to do so? Then this leaflet will be helpful for you. Please keep in mind that legislation and circumstances are subject to regular changes. This leaflet is intended to provide an overview and orientation. It can support individual advice, but not replace it.

Step One: Clarify the most important questions before you start registering your company!

There are a few questions that should be answered before starting the company formation process. For example:

✦ What are the requirements for incorporating a company in Montenegro? And: Can you fulfill them?

✦ What are the costs, tax and legal obligations of incorporating a company in Montenegro? And:

✦ Are you able to come to Montenegro to do the registration and then run the business? Or do you want to hire someone on site to do it?

It is important to ensure these questions are answered before beginning the company registration process.

Then you have to decide the company name and complete the most important incorporation documents. So:

- ✦ the decision to found,
- ✦ the articles of association and,
- ✦ if there are several shareholders, the partnership agreement.

Next, a Power of Attorney must be issued to the attorney you are appointing to register the company. All documents must be translated into Montenegrin and apostilled.

Our lawyers, tax advisors and international business consultants help to prepare the documents and accompany the entire process in English, Montenegrin and German.

Step Two: The registration address for your DOO in Montenegro

You need an official address where your company will be registered. In Montenegro, this is called "adresa kompanije" or "sjedište kompanije" and that means company address or company headquarters in German.

It is possible to use a virtual address for company registration. You don't have to rent an office. If you rent a mailbox as a company address, you need to make sure that there is a reliable person who will receive mail for you and who can respond to inquiries from the tax authorities.

We offer our clients a full company address in Podgorica, Montenegro.

Step Three: Appoint the CEO!

You must appoint a director for your company. In Montenegrin, the managing director is called "izvršni direktor". If a foreigner is to become a managing director, he must first obtain a residence permit and a work permit.

Residence permit and work permit can be applied for after the company is registered. It takes about 30 days for the residence permit and work permit to be issued.

You can be the manager of your Montenegro company yourself, even if you are not in Montenegro. You only need to come to Montenegro once to apply for residence permit and work permit.

Step Four: The Registration Procedures!

Now the founding decision, the articles of association and the partnership agreement are approved, signed at the notary and the company is registered with the tax authorities.

The registration process is relatively quick and straightforward. It usually takes 10 working days from the complete submission of the application documents until the company is registered. With the registration you will receive the following documents:

- ✦ The written confirmation of registration;
- ✦ The tax number;
- ✦ The VAT Registration Certificate if your company is registered as VAT registered. Companies with annual sales of no more than EUR 18,000 are exempt from sales tax.

Step Five: Company stamp, company account, share capital and final steps to get the company fully operational!

Now the company stamp is created, the company account is opened and the share capital is paid in. After the list of shareholders is issued, the company must be registered with the Montenegrin Pension and Social Insurance Funds.

Now the bookkeeping is set up, electronic signature keys are created for the submission of regular tax and statistical reports and the company is registered for the electronic online invoicing system.

We ensure that all local tax, accounting and labor laws are observed for you.

Frequently asked questions about company registration in Montenegro

Can a foreigner be a manager of the Montenegrin company?

Yes. Foreigners can be directors of a company registered in Montenegro. This requires a work permit, which we obtain for our customers in Podgorica, Kolašin, Bar and Budva.

Does the managing director have to be resident in Montenegro or does the managing director have to stay in Montenegro?

The foreign managing director must have a work permit and residence permit. To do this, he must register in Montenegro with an address. However, there is no obligation to be at the address. The managing director can therefore also stay outside of Montenegro for an unlimited period of time. There is no obligation to stay in Montenegro.

As a rule, the foreign managing director has to come to Montenegro twice, namely:

- ✦ to apply for a work permit and
- ✦ to open the bank accounts.

When opening the company account, the managing director must have already submitted the application for a residence permit. The personal bank account, on the other hand, can only be opened after the residence permit has been issued. After opening the personal bank account, it is registered with the tax authorities for payroll tax and social security contributions.

Our consultants support you in opening the company account as well as the personal bank account at all well-known banks in Montenegro.

Is it possible to appoint an interim director or "nominee" director for the Montenegrin company?

Yes. It is possible and customary to hire an interim director for the period of incorporation or beyond. This runs the business on behalf of the owners on the basis of a service contract. The advantage is that there is no need to apply for a work permit and the founders of the company do not have to travel to Montenegro to set up the company. On request, we can also assume the role of nominee managing director for our clients.

How long does it take for the foreign managing director to get his work permit?

The issuance of the work permit usually takes 30 days from the time of application. The application for a work permit can be made as soon as the company is registered. However, the organization of the necessary documents should be started beforehand. You can find out more about the topic of residence permits in Montenegro in our information sheets and from our advisors.

What are the obligations of the limited liability company in Montenegro?

A company's obligations may vary depending on the size of the company and the type of business it does. As a rule, a GmbH in Montenegro must:

- ✦ Maintain ongoing accounts and report regularly to tax authorities;
- ✦ Have at least one employee – the managing director;
- ✦ Pay this and all other employees - if there are others - the monthly salary;
- ✦ Pay all payroll taxes and social security contributions;
- ✦ Pay monthly fees for online billing system and online banking;
- ✦ Annually prepare a financial report consisting of income statement, balance sheet and appendices;
- ✦ Have an official place of business with an address in Montenegro.

What documents need to be submitted for company registration?

In order to apply for company registration here in Montenegro, we need the following documents from you:

- ✦ Copy of each shareholder's passport;
- ✦ Copy of the manager's passport;
- ✦ A power of attorney to submit the registration application to the registration authorities on your behalf;

We will prepare this power of attorney for you and send it to you for signature. If this power of attorney is to be issued abroad, it must be notarized and provided with an apostille. After receiving the original document, we translate it here on site in Podgorica into the local language (Serbian, Montenegrin).

On the other hand, if you sign the power of attorney in Montenegro, a joint visit to a notary public here in Podgorica is sufficient.

We will also complete the following documents with you:

- ✦ Founding decision or shareholder resolution of the founders;
- ✦ Articles of Association;
- ✦ Documents required for VAT registration;
- ✦ Any other forms that need to be filled out.

WHAT'S NEXT?

If you have specific questions regarding the registration of your company or related topics, then we would like to answer them. The best way to do this is to set up a meeting, video conference, or phone call.

Just get in touch with us. Write us an email with your contact details and your request and we will get back to you promptly.

Greetings from Podgorica, Montenegro!

Our contact details can be found on the next page.

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