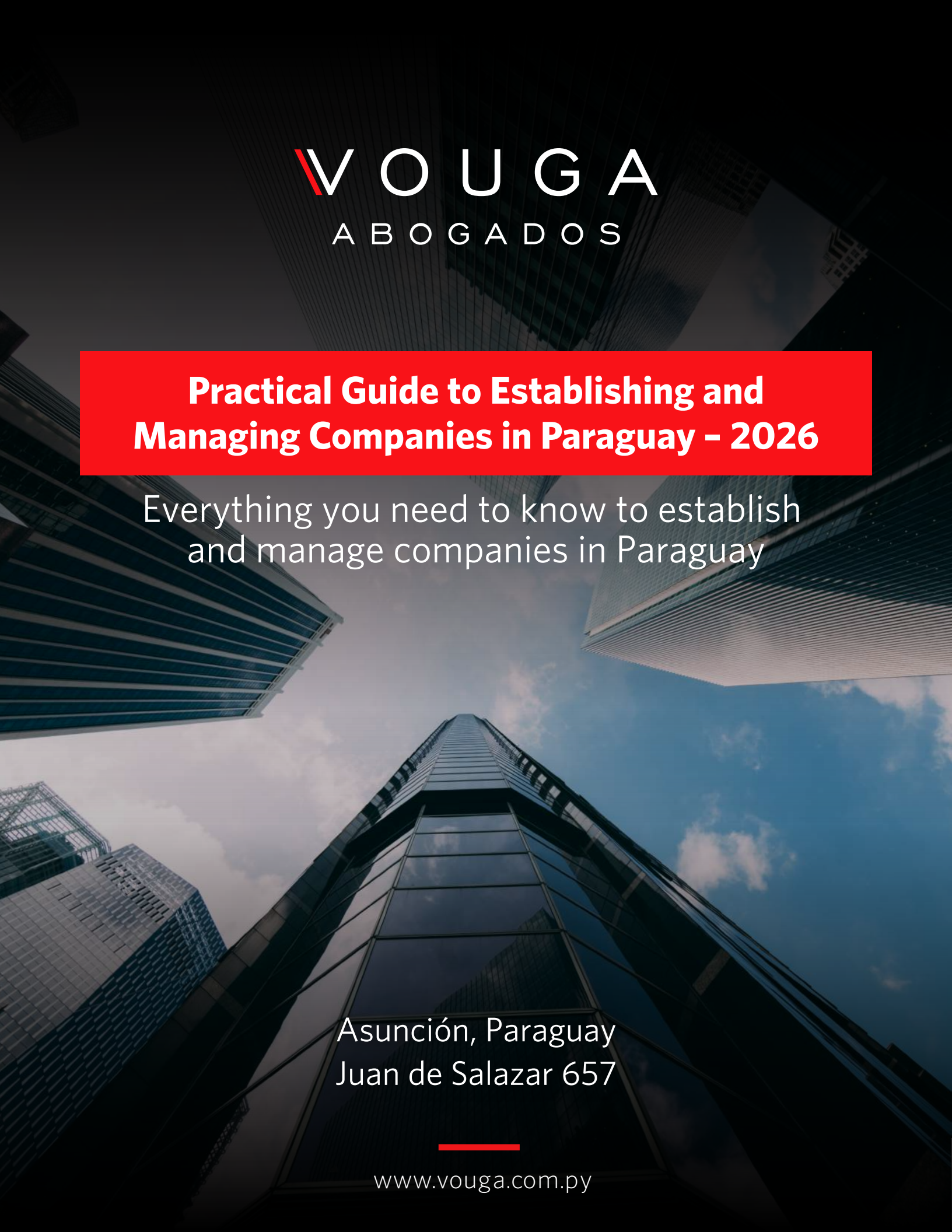


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Practical Guide to Establishing and Managing Companies in Paraguay – 2026

Everything you need to know to establish and manage companies in Paraguay

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Legal Disclaimer

This e-book is intended for informational and educational purposes. Its contents do not constitute legal, accounting or tax advice and do not replace consultation with specialized professionals.

Laws and regulations may change or be updated; therefore, it is recommended that the legislation currently in force be verified before making decisions.

The author assumes no responsibility for the use made of the information contained herein.

1. Introduction

Establishing a company in Paraguay is a key step toward operating safely and professionally. In addition to formalizing the business, it provides tax advantages, access to public tenders, financing, and the confidence of clients and investors.

This simplified guide will help you understand, in a simple and practical manner, the essential steps and aspects involved in establishing and managing a business in the country.

2. Basic Elements of a Company

Every company is based on certain fundamental elements:

Corporate purpose:
The corporate purpose is an essential element for the existence of a company, as it defines the objectives and economic or commercial activities in which the company will engage. For the corporate purpose to be valid, it must be lawful, meaning that a company cannot be established for illegal purposes, such as smuggling or other unlawful activities.

In Paraguay, the corporate purpose may be broad and does not require the company to carry out all the activities described in it. This flexibility allows many companies to be established with general corporate purposes. However, there are exceptions in regulated sectors, such as the financial sector, where a specific corporate purpose and, in some cases, minimum subscribed and paid-in capital are required as additional conditions.

Legal personality:
Once registered with the Unified National Registry (Registro Unificado Nacional, RUN), specifically in the Registry of Legal Entities and Associations (Registro de Personas Jurídicas y Asociaciones), the company acquires a legal personality that is separate and distinct from that of its shareholders or partners. As a result, in commercial dealings, contracts and agreements are entered into between third parties and the company, rather than with its shareholders or partners or its directors. Likewise, when shareholders or partners interact with third parties, they do so through the company as a legal vehicle and not in their personal capacity.

Share capital:
Share capital represents the contributions made by shareholders or partners, in cash or in kind, for the establishment and operation of the company. In exchange for their contributions, shareholders or partners receive shares or equity interests, depending on the type of business entity established, which determine their ownership interests, rights and obligations within the company.

Rights and obligations:
Shareholders or partners have economic and political rights. As regards economic rights, they participate in the dividends generated by the company in proportion to their interest in the share capital, unless the bylaws provide otherwise in relation to the class of shares they hold. As regards political rights, shareholders or partners may participate in meetings, exercising their right to speak and vote on the matters discussed.

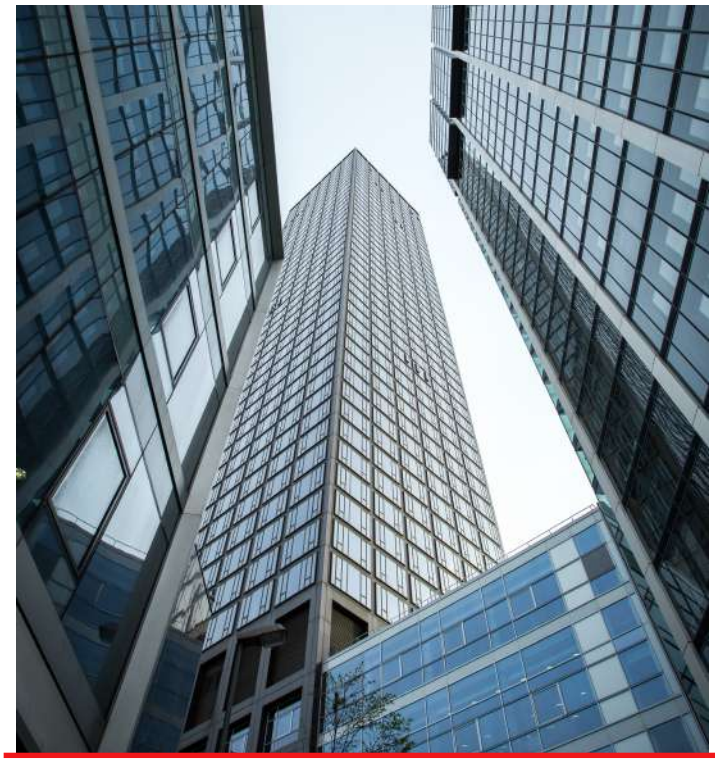
In return, shareholders or partners are obliged to fulfill the contributions they have undertaken to make, whether in the instrument of incorporation or subsequently. Such contributions become part of the company's assets.

Registered office:
The registered office is the location of the company's principal office, whether it is where its main business activity is carried out or where its administration is located. This information is of fundamental importance in the legal life of the company, as it determines (i) the territorial jurisdiction of the courts hearing cases and actions relating to the company; (ii) the place to which judicial notices must be sent; and (iii) the place where board meetings and shareholders' meetings are held.

3. Types of Business Entities in Paraguay

Choosing the appropriate type of business entity has significant implications and effects in several respects, including the ease of transferring ownership interests, shares or quotas (for convenience, throughout this Guide we will refer to quotas and shares interchangeably as "shares"); the possibility of engaging in regulated activities; and other matters. We therefore consider a preliminary analysis in this regard essential to the proper commercial operation of the business.

The types of business entities most commonly used to conduct economic activities in Paraguay are corporations (Sociedades Anónimas), limited liability companies (Sociedades de Responsabilidad Limitada), simplified joint-stock companies (Empresas por Acciones Simplificadas), branches and consortia. The main advantage of using these business vehicles is that the liability of shareholders or partners is limited to their ownership interests; whereas, in the case of personal (sole-proprietor) businesses, the owners have unlimited liability with their personal assets. The main characteristics of each of these types of business entities are outlined below.



3.1. Corporations (Sociedades Anónimas – S.A.)

Ideal for large businesses with substantial assets or several shareholders, this is also the type of entity usually required for activities regulated under a special regime. No minimum share capital is required for this type of company, and shareholders are not required to pay in the entire share capital at the time of incorporation.

It must have at least two shareholders, with no maximum limit. Shareholders may be legal entities or individuals, the latter being either foreign nationals residing in the country or Paraguayan nationals.
Management may be entrusted to a sole director or a board comprising multiple directors, and the appointment of a statutory examiner (síndico), who performs oversight functions, is mandatory.

Another relevant general aspect is that, under current legislation, S.A.s are required to maintain their corporate books (minutes of shareholders' meetings, minutes of board meetings, share deposit and attendance register for shareholders' meetings, and share register).

3.2. Limited Liability Companies (Sociedades de Responsabilidad Limitada – S.R.L.)

Recommended for family businesses or ventures and economic activities with a stable, long-term group of partners. Capital is divided into quotas, and the maximum number of partners is 25. At incorporation, partners are required to pay in 50% of the subscribed quotas in cash into an account opened at the Banco Nacional de Fomento (BNF). The remaining 50% of the subscribed quotas may be paid in within two years.
These companies are subject to a restriction on their corporate purpose, as S.R.L.s may not engage in banking, insurance, or capitalization and savings operations. Management is entrusted to one or more managers, and they are not required to hold annual meetings or appoint a statutory examiner.

3.3. Simplified Joint-Stock Companies (Empresas por Acciones Simplificadas – E.A.S.)

Unlike S.A.s and S.R.L.s, whose legal framework is set out in the Civil Code, E.A.S.s have their own regime established by Law No. 6480/2020, "Creating Simplified Joint-Stock Companies," and its Implementing Decree No. 3998/2020.

A distinctive feature of an E.A.S. is that it may be established by a single shareholder, whether an individual or a legal entity. The incorporation process is conducted electronically through the website of the Unified Business Opening and Closing System (Sistema Unificado de Apertura y Cierre de Empresas, SUACE), and the company acquires legal personality upon registration with the Directorate-General of Legal Persons and Structures and Ultimate Beneficial Owners (Dirección General de Personas y Estructuras Jurídicas y Beneficiarios Finales, DGPEJBF), under the Ministry of Economy and Finance. If the founder or founders choose to use the automatically generated standard bylaws available on the SUACE website, incorporation takes approximately one week, depending on SUACE's workload at the time. If customized bylaws are chosen, which may take the form of an agreement or a unilateral instrument (in the case of a sole shareholder), the process may extend to two or more weeks, depending on whether a public deed is required for the transfer of assets contributed as capital.

With respect to share capital, full payment is not required immediately upon incorporation, unless the capital is equal to or greater than 1,200 minimum daily wages (jornales mínimos).[1] In that case, at least 20% of the capital must be paid in by deposit into an account opened in the name of the Ministry of Industry and Commerce at the Banco Nacional de Fomento, and the maximum period for full payment of the capital is two years.

This type of company has a governing body, composed of the shareholders, and a management body, represented by one or more directors. Unlike S.A.s, the appointment of a statutory examiner is optional for E.A.S.s, but they are required to hold annual ordinary shareholders' meetings.

It is a fast, modern and flexible option, ideal for entrepreneurs.

3.4. Branches

Branches allow foreign companies to operate in Paraguay without creating a new legal entity, as they are an extension of the parent company. Accordingly, all obligations assumed by the Paraguayan branch will be assumed by the parent company, where applicable.

Branches of foreign companies established in Paraguay are considered local companies. They are therefore subject to the same regime as the types of business entities in Paraguay mentioned above and to the same tax, commercial and labor laws.

The existence and operation of a branch are governed by its deed of establishment, which is executed in Paraguay and fully reproduces the minutes of the parent company's resolution establishing the branch and setting out its corporate purpose, share capital and legal representation. The branch's deed of establishment is registered with the Directorate-General of Public Registries (Dirección General de los Registros Públicos), and the branch is considered formally established as of the date of registration.

3.5. Consortia (Joint Ventures)

These are agreements between companies to collaborate on specific projects, particularly public tenders.
Consortia are formed through an agreement executed by public deed. Under current regulations, both individuals and legal entities may be members of consortia. Furthermore, consortia do not have separate legal personality, and the rights and obligations of consortium members are governed by the agreement entered into by the parties.

This type of business arrangement is most commonly used to participate in public tender processes.

[1] The minimum daily wage is Gs. 117,077. Accordingly, 1,200 minimum daily wages amount to approximately Gs. 140,493,000, or USD 20,600.

4. Corporate Governance

Every company needs a clear management structure. In Paraguay, the main decisions are made by shareholders or partners. In S.A.s, decisions are made at ordinary or extraordinary shareholders' meetings, while management rests with the board of directors or management, depending on the type of business entity chosen.

Ordinary or Extraordinary Shareholders' Meetings

They approve financial statements, appoint directors, amend corporate bylaws, issue shares, or approve mergers, transformations or dissolutions of companies.

These meetings must be convened by the board of directors or, if the directors are absent or unable to act, by the principal statutory examiner. Notices convening meetings are published in newspapers, in some cases newspapers of wide circulation, depending on the requirements of the bylaws, for five consecutive days, at least ten days before the date of any meeting.

One of the fundamental requirements for holding meetings is that they have the majority or quorum required by applicable legislation or the corporate bylaws.

Board of Directors or Management

The board of directors or management, as applicable, are the bodies responsible for managing the company. Their primary responsibility is to implement the decisions adopted by shareholders or partners and ensure the company's economic sustainability, directing and overseeing its activities to generate dividends and protect shareholders' or partners' interests.

In S.A.s and E.A.S.s, the board is composed of directors, whereas in S.R.L.s management rests with one or more managers. Board members or managers may or may not be shareholders or partners of the company, depending on the provisions of its bylaws.

The duties of the board or management include all ordinary activities involved in administering the company. For ordinary activities, administrators are authorized to act within the limits established by the bylaws. However, for extraordinary activities, such as disposing of funds above a predefined threshold, administrators must obtain special authorizations from shareholders, with prior justification.

As regards the composition of the board or management, these bodies may consist of a single person or a group of persons, depending on the requirements of the company's bylaws. The positions of director or manager may be held by Paraguayan nationals or foreign nationals. Nevertheless, persons vested with legal representation authority or authorized to sign on behalf of the company must reside in Paraguay and hold a valid Paraguayan identity card in order to register with the competent authorities and carry out acts and procedures on behalf of the company.

Statutory Examiner (Sindicatura)

The statutory examiner is the body responsible for overseeing and monitoring the company's board of directors. It is important to note that the appointment of a statutory examiner is mandatory for S.A.s and optional for E.A.S.s. The position of statutory examiner is remunerated.

Statutory examiners are appointed and removed by the ordinary shareholders' meeting. In addition to their ordinary oversight duties, statutory examiners have the authority, if all positions on the board of directors become vacant, to appoint new directors to assume and perform the duties of directors until the next shareholders' meeting is convened.



5. SIARA: New Administrative Records System of the Ministry of Economy and Finance

The Integrated Administrative Records Management System (Sistema Integrado de Administración de los Registros Administrativos, SIARA) is the digital platform implemented by the Ministry of Economy and Finance (MEF), through the Directorate-General of Legal Persons and Structures and Ultimate Beneficial Owners (DGPEJBF), to centralize and electronically manage records of persons, legal structures and ultimate beneficial owners in Paraguay.

The main entities required to register with SIARA include:
- Corporations (S.A.).
- Limited Liability Companies (S.R.L.).
- Other persons and legal structures covered by Law No. 6446/2019.
- Non-Profit Organizations (OSFL) subject to Law No. 7363/2024.

Entities subject to these obligations must keep information on their partners or shareholders, officers, legal representatives and ultimate beneficial owners up to date, and report corporate changes as required by applicable regulations.

To use the SIARA platform, the first step is to register the company's legal representative. The following requirements must be met:

A. Registration of the Legal Representative with SIARA

- A valid Paraguayan identity card and enabled electronic identity for the legal representative.
- A qualified electronic signature issued by a local certification authority for the legal representative, required to sign documents submitted through the platform.
- Documentation evidencing the relevant legal representation.
- A photograph of the facade of the company's declared address.

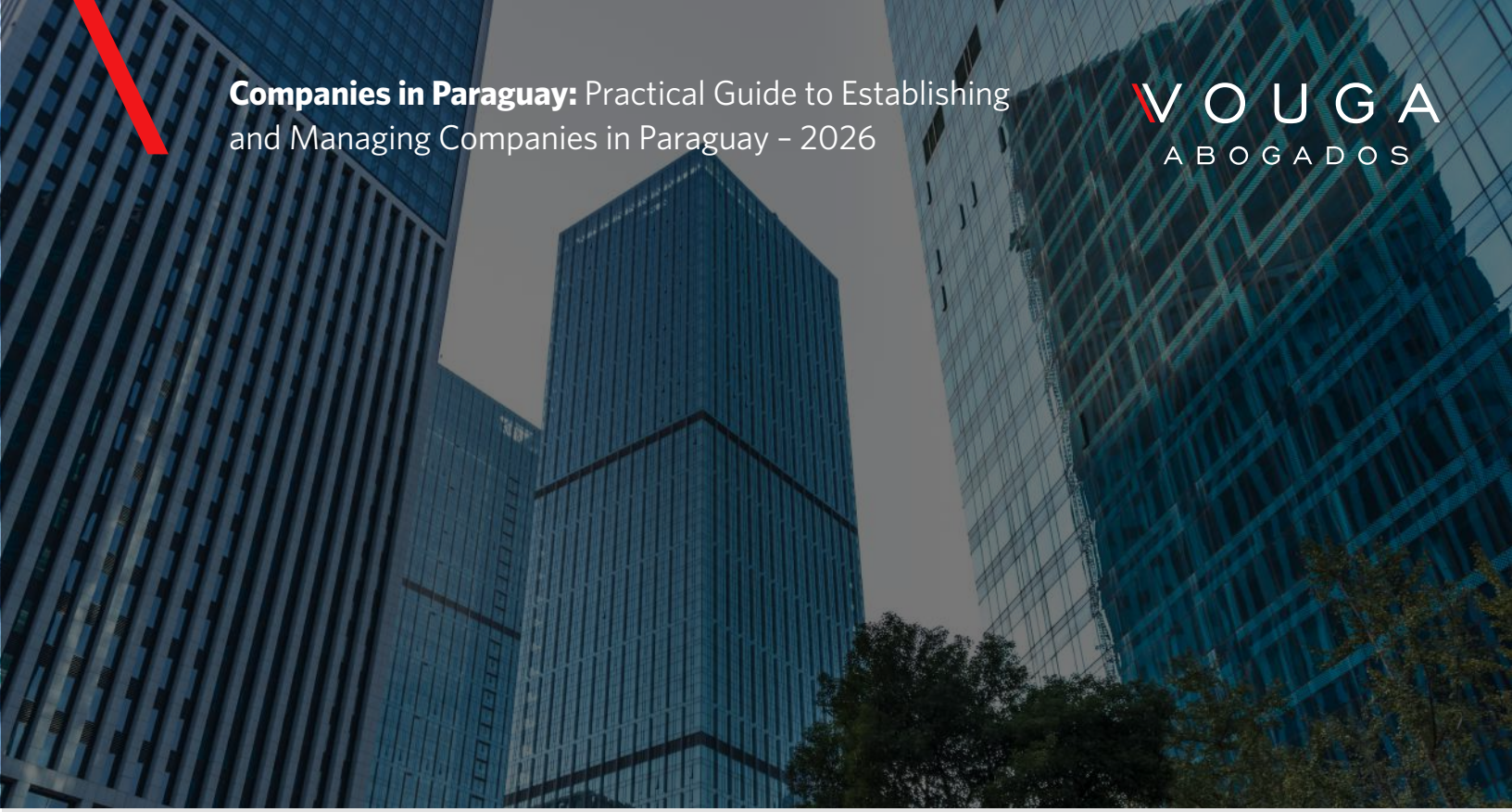
B. Subsequent Procedures Handled by the Legal Representative or an Authorized Person

Once the legal representative has been registered on the platform, the representative or a person authorized by them may carry out the applicable procedures before SIARA, including, among others:

- Initial registration of the company in the corresponding registries.
- Updating the Administrative Records.
- Communications relating to shareholders' meetings.
- Transfers of shares and other communications required by the applicable regulations, as appropriate for each type of obligated entity.

Specific requirements may vary depending on the nature of the obligated entity and the procedure to be carried out through the platform.





6. Conclusions and Recommendations

Establishing a company in Paraguay, or operating through legal vehicles such as branches or consortia, is not merely a formality but forms part of a key business strategy to promote the success and sustainability of business activities in the country. These structures offer solutions tailored to different business needs, from limiting risks and protecting interests to facilitating participation in the local market and in public tenders.

Business entities such as S.A.s, S.R.L.s and E.A.S.s provide a solid foundation for entrepreneurship in a favorable regulatory environment. Branches, in turn, allow foreign companies to establish a local operational presence, while consortia offer an effective tool for strategic alliances on specific projects, optimizing resources and capabilities.

Complying with legal regulations and choosing the appropriate structure not only optimizes companies' operations but also builds trust among partners and clients.

In all cases, sound legal and accounting advice is key to ensuring successful and secure operations.

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