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Gonzalo Ruy-Diaz Benhumea help their clients to decide which type of company is to be formed, according to their needs and then coordinate the entire formation process. Also, Gonzalo Ruy-Diaz Benhumea design the most convenient labor, tax and operational legal structure for each particular case. Gonzalo Ruy-Diaz Benhumea is Partner and cofounder at Portilla Ruy-Díaz y Aguilar, S.C.

“In the formation of a new company, the first step is to decide which type of company is to be formed. While there are several types of commercial companies which may be formed under Mexican law, the most commonly used, both by Mexican and foreign investors, are the corporation [sociedad anonima] referred to as an “S.A.” and the limited liability company [sociedad de responsabilidad limitada] referred to as an “S. de R.L. Once the type of company is decided, it is necessary to obtain approval from Mexico’s Department of Foreign Affairs [Secretaria de Relaciones Exteriores] for the corporate name that wants to be used. It is preferable to apply for approval by offering three different names, in case the preferred name is not available.

“It is important to note that the corporate name approval by the Department of Foreign Affairs confers no intellectual property right to the use of the name or any assurance that the approved name is not already subject to intellectual property protection in Mexico. If this is a concern, a prior search should be made before the Mexican Intellectual Property Institute (“IMPI”) to investigate whether the chosen name may already be “taken” and therefore should not be used as the corporate name of the new company. A company wishing to manufacture and/or sell products or services under a trade or service name or trademark should ensure that the name or trademark is first

duly registered in Mexico with the IMPI, so as to avoid unnecessary problems in the future. Once the name has been reserved and approved, the company can be incorporated. The incorporation process itself is not complicated, but does require client approval of the corporate by-laws and the signing of several documents, normally by the attorneys-in-fact of the founders (as explained below).

“In Mexico, corporate and other legal matters are often conducted with more formality than is frequently required in other countries. Many corporate resolutions and other business must be legalized by a local notary public and this includes the formation of the company itself. Since foreign investors and representatives of corporate entities cannot personally come to Mexico to attend to incorporation matters without the appropriate immigration visas, for shareholder/partners convenience, special powers of attorney are normally granted by each of the founding shareholders/partners to members of the law firm incorporating the company, in order to deal with such matters on their behalf. Such powers of attorney must comply with Mexican legal formalities and be properly authenticated by the appropriate official. An essential requirement to complete the incorporation process as well as to operate in Mexico is registration of the new company as a taxpayer before the Federal Taxpayer Registry [Registro Federal de Contribuyentes].

“It is also important to note that Mexican companies with foreign capital stock need to comply with further obligations, such as filing its registration before the Foreign Investment Registry [Registro Nacional de Inversiones Extranjeras], and that certain activities are restricted for foreign investors. Additional specific requirements may apply for certain activities. “



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Tsets advise on the legal requirements of formation of companies and register all kinds of legal entities in Mongolia, starting with preparation of the founding documents and ordering corporate stamps and seals. M.Odonhuu is Managing Partner.

Please describe the legal requirements when it comes to setting up a company in your jurisdiction

“All companies established in Mongolia are incorporated under the Company Law of Mongolia. Founders can be either Mongolian or foreign legal entity or natural person, as well as a stateless person.

A company may be established directly or by the reorganisation of another legal entity.

“Mongolian law requires a reasonable number of documents and a few procedures to found and register a company. A company assumes the status of legal entity upon obtaining a State Registration Certificate from the State Registration Authority of the National General Tax Department (SRA). Such Certificate is subject to annual extension.

“A minimum capital requirement is MNT 10,000 for a limited liability company and MNT 1,000,000 for a joint stock company. For a foreign-invested company, a minimum capital requirement is USD 100,000 (approximately MNT 100 million).”

What can your jurisdiction offer to prospective companies?

“There are no sectors closed or business activities prohibited for foreign investors, except for the ones which are generally prohibited.

“There is neither screening of prospective investors nor are there any nationality requirements in terms of both ownership and management.

“Business registration process is relatively transparent, uncomplicated and not bureaucratic and it requires less time and money than in other Asian countries. The procedures needed to register a company take no longer than a week and cost approximately US\$ 100.”

“The costs of starting and doing business in Mongolia are lower than or at the same level as in cost-competitive countries such as China and Vietnam, due to low costs of leasing facilities and office lease; very competitive labour costs; and low utility costs.”

“With rates of all major taxes reduced to 10-15% starting 1 January 2007 Mongolia is now the lowest tax-rate nation in Asia.”