



# HONDURAS

Honduras - Civil Law

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## Incorporating a company in Honduras

# Honduras taxes

If you want to do business in Honduras, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LLC (Sderl) which is the most common company structure in Honduras.

Honduras taxes income accrued abroad in the same way that income earned within the territory. The highest estimated tax rate for offshore income, from our research, and this is not personal tax advice, is 26.28%. Honduras doesn't have known exemptions to transfer in income earned abroad made internationally. Companies in Honduras are subject to a Corporate Income Tax of 25% plus a surcharge of 5% on companies with taxable income over HNL 1m, and a municipal industry, commerce and service regressive tax from 0.03% to 0.015%. Resulting a highest effective tax rate of 26.28%. This ranks Honduras as 126th overall with regards to corp. taxation rate internationally.

The value added tax (VAT) rate in Honduras is 15.00%, that ranks Honduras as 79th overall with regards to VAT globally. In terms of other taxation, an employee will contribute 5% to the equivalent of a social security fund. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 93hours. Contributing to this is the number of yearly labor tax payments, which is 1 in HN.

Thin capitalisation mandates are not in effect. Thin capitalisation refers to any type of requirements on a business and the debt-to-asset ratios. Dividends paid by resident entities to other resident entities are subject to a final withholding tax of 10%. Dividends are distributions of company profits, voted by the board, to a particular class of shareholders. Dividends can be either shares of stock, cash payments, or other property. Capital Gains are taxed separately from CIT and subject to a Capital Gains tax of 10%. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. Which means that the tax authorities expects legal entities to pay tax on at least 10% of interest payments to non-residents. The dividends withholding rate is 10%. This should be interpreted that usually the tax authorities expects companies to pay tax on at least 10% of payments abroad on dividends. The royalties withholding tax rate is 25%. This means that the tax authorities expects LLCs to automatically withhold 25% of money remitted abroad on royalties.

There is no known tax on wealth in Honduras. There are no known inheritance taxes in HN. There are real estate and transfer taxes. There are not many popular and well known research and development tax relief in Honduras.

The above is not tax or legal advice for your individual circumstances. We can refer you to a tax advisor in Honduras who can properly advise you. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Honduras is 15% which ranks 78 in the world.

- ✗ Patent box
- ✗ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✓ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 4 Tax treaties
- 26.28% Offshore Tax
- 26.28% Corp rate
- Loss carryback years
- 35 Corporate time
- 15% VAT rate
- 10% Capital gains
- No AEOI planned

# Honduras Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Honduras is civil law. You will want to get some local advice as to how to best structure a company in Honduras. E-signatures are allowed.

The abbreviation HN is for Honduras and the most common legal entity structure in Honduras is a LLC(Sderl).

When setting up, budget about 6 weeks to put together the paperwork and file a LLC(Sderl) in HN. The types of cash you can use to fund your company is often legal currency.

Yes, one is allowed to re-domicile a LLC(Sderl) from HN. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC(Sderl) in Honduras as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to % of the ownership of the legal entity.

A company is only required to have one director. Furthermore, corporate directors are permitted. Directors data is typically not exposed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

However, a company secretary is not always necessary, at least not by law.

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Honduras is a ok option and have given it a score of 56 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✗ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 6 weeks to form**



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## Country Info



🏴 National Flag of

**República de Honduras  
(spa)**

\$ Currency

**HNL**

☎ Area Code

**+504**

🏰 Capital

**Tegucigalpa**

✈ Region

**Central America**

🌿 Native Languages

**Spanish**