

Compare and contrast a Turkmenistan LLC subsidiary vs branch	Branch	LLC
Recommended corporate structure	1	2
Summary at a Glance		
Limited liability business entity?	No	Yes
How soon can our Client legally conduct business in Turkmenistan **	5 months	6 to 8 months
Do our Client's stakeholders need to travel to Turkmenistan during company/branch registration?	No	No
Does the bank signatory need to travel to Turkmenistan to sign bank account opening forms?	Yes, likely	Yes, likely
Does our Client need to appoint a local director or representative?	No	No
Turkmenistan standard corporate tax rate for foreign shareholder/parent?	<u>20%</u>	<u>8%</u>
Turkmenistan corporate tax rate under the Production Sharing Agreement (PSA)?	<u>20%</u>	
Standard withholding tax on dividends / annual net profits repatriated overseas?	<u>0%</u>	<u>15%</u>
Minimum paid up share capital for entity registration.	None	US\$200,000

** from receipt of all required documentation from our Client, their foreign business and shareholders, directors and bank signatories;

Compare and contrast a Turkmenistan LLC subsidiary vs branch	Branch	LLC
Recommended corporate structure	1	2
Entity registration requirements		
Minimum paid up share capital for entity registration.	None	US\$200,000 <i>(US\$100k minimum before registration + US\$100k within 1 year of registration)</i>
When do we open the bank account, during or after entity registration?	After	A “capital” bank account will need to be opened before registration for the deposit of share capital
Entity requires government pre-approval prior to registration	Yes	Yes, capital allocation
Turkmenistan Government security deposit required?	No	No, <i>But the assets of the LLC cannot be in any year of activity less than US\$200k</i>

Compare and contrast a Turkmenistan LLC subsidiary vs branch	Branch	LLC
Recommended corporate structure	1	2
Signed lease agreement for physical office premises required during entity registration?	No, but letter of intent from Landlord may be required	No, but letter of intent from Landlord may be required
Can the entity be wholly foreign owned?	Yes	Yes
Minimum number of shareholders allowed?	Parent company	2
Minimum number of directors/manager allowed?	1	1
Turkmenistan resident (or national) director required by law?	No	No
Any security check of foreign directors and shareholders?	No	No
Local work permit required for foreign individual directors or bank signatories?	Yes, bank signatory	Yes, bank signatory
Attestation of the Shareholder/director documents required at the Turkmen embassy in UAE?	Yes	Yes

Compare and contrast a Turkmenistan LLC subsidiary vs branch	Branch	LLC
Recommended corporate structure	1	2
Accounting and tax considerations		
Audited financial statements of the parent company must be filed with Turkmenistan Government?	Yes	Yes
Changes in the parent company must be reported in Turkmenistan?	Yes	Yes
Standard VAT or consumption tax rate on local sales?	15%	15%
VAT applicable under the Production Sharing Agreement with Dragon Oil?	0%	0%
Annual corporation tax filing required?	Yes	Yes
Max yearly profit dividends remittances abroad?	No maximum	
Capital controls applicable on outgoing funds transfers sent overseas?	Yes	
Double Taxation Agreement with UAE?	Yes	
Easy to repatriate earnings to the parent company in UAE?	Yes	Challenging

Compare and contrast a Turkmenistan LLC subsidiary vs branch	Branch	LLC
Recommended corporate structure	1	2
Corporate banking considerations		
Bank account required for entity registration	No	Yes
How long to open corporate bank account?	2 weeks	4 weeks
Travel required to complete bank account opening?	Yes, 70% probability	
Resident bank signatory required?	Yes (signatory may require work permit)	
Minimum deposit (USD)?	Depends of package	
Multi-currency corporate bank account?	Yes	
Multi-currency corporate debit cards?	No	
Corporate ATM card available?	No	
E-banking in English and accessible?	No	
Government controls on foreign currency transactions?	Yes	
Overseas remittance controls	Yes	