Paraguay Business Hub

Why Paraguay’s EAS Has Become the Preferred Corporate Vehicle for Many Investors

Paraguay’s Empresa por Acciones Simplificadas (EAS) combines limited liability, flexible share capital and a substantially simpler incorporation procedure than the traditional Sociedad Anónima (SA) and Sociedad de Responsabilidad Limitada (SRL). It is not necessarily the correct structure for every business, but for entrepreneurs, foreign investors, family companies and closely held ventures, it will frequently offer the most efficient starting point.

29 August 2026

Created by Law 6,480/2020, the EAS is a legal entity that may be incorporated by one or more natural or legal persons. It acquires separate legal personality upon registration, and its shareholders’ liability is generally limited to their contributions. This places it firmly within the corporate sphere while removing several formalities associated with Paraguay’s traditional company types.

A company can be incorporated by a single shareholder

The most immediate difference is that an EAS may have a single shareholder. An SA ordinarily requires at least two shareholders, while an SRL requires between two and twenty-five quotaholders.

For a foreign entrepreneur or corporate group that does not need a local partner, this is a material advantage. It avoids the artificial introduction of a second shareholder solely to satisfy a legal requirement and allows ownership to reflect the commercial reality from the outset.

Faster and less expensive incorporation

The EAS was designed to be incorporated through the Sistema Unificado de Apertura y Cierre de Empresas (SUACE). When the standard pro forma documents are used and the application contains no deficiencies, the official processing target is 72 business hours. A customised instrument may also be used, although its review can take longer.

By comparison, an SA or SRL must be incorporated by public deed and follow the conventional registration process. Official guidance indicates that this process may take up to fifteen business days, in addition to the time and cost involved in preparing and executing the deed.

The EAS therefore reduces both entry costs and administrative friction. This can be especially valuable where an investor needs a Paraguayan vehicle quickly in order to sign contracts, hire employees, lease premises or begin regulatory procedures.

The fastest route is not always the most suitable route

SUACE permits an EAS to be formed using the standard pro forma articles, a private document with signatures certified by a notary, or a public deed. The pro forma route has the shortest official processing target. Where a different constitutive document is used, SUACE guidance indicates a period of eight business days if the application contains no observations.

The standard document may be entirely adequate for a simple business with one shareholder and straightforward management. A customised instrument becomes more valuable when there are several founders, external investors or family interests to coordinate. Transfer restrictions, reserved matters, enhanced voting thresholds, succession provisions and deadlock mechanisms are easier to address before the company begins trading than after a disagreement has arisen.

No statutory minimum capital — but the capital must be credible

Paraguayan law does not impose a general minimum capital requirement on an EAS. The same is broadly true of the SA and SRL, except where a regulated activity requires a specific level of capital.

The practical advantage of the EAS lies in the flexibility of its contribution rules. Capital may be paid in money or in kind and, under the statutory framework, the period for integrating subscribed capital may not exceed two years. Contributions in kind remain subject to the applicable valuation and documentation requirements.

This flexibility should not be confused with permission to establish a company with purely symbolic capital. Capital should remain proportionate to the proposed activity, expected liabilities and financing needs. A credible capital structure is also relevant when dealing with banks, suppliers, landlords and public authorities.

A more flexible share structure than an SRL

An EAS issues shares rather than quotas. Its constitutive instrument may create different classes of shares, establish voting or economic rights and regulate restrictions on transfer. This makes it considerably easier to accommodate founders, investors, family members or future financing rounds within a single vehicle.

An SRL, by contrast, is divided into quotas and is usually more rigid when ownership changes. It can work well for a stable and closely held group, but it is less adaptable where the owners expect new investors, differentiated rights or successive capital increases.

The EAS nevertheless remains a private-company instrument. Its shares cannot be offered publicly or traded on a stock exchange. A business that expects to access public capital markets will normally require an SA and the corresponding securities-law structure.

The share design can support future financing

Official SUACE guidance identifies a broad range of possible EAS shares, including ordinary, preferred, privileged, subordinated, deferred and founder shares. The relevant economic and political rights must be defined in the constitutive instrument. This gives the EAS a vocabulary for structuring investment that an SRL, with its quota-based capital, does not offer as naturally.

In practice, different share classes may allow founders to retain specified voting rights while an investor receives a preferential economic return, or permit rights to change when an agreed event occurs. These mechanisms should be drafted with precision. Voting, dividends, liquidation preferences, pre-emption, transfer restrictions and conversion or redemption arrangements must work together rather than being assembled as isolated clauses.

Shares may be transferred privately, but the transaction is not merely a private commercial event. The company must comply with the applicable communications concerning share ownership and beneficial owners. The flexibility of the EAS therefore facilitates investment while preserving transparency about who ultimately owns and controls the company.

Corporate governance can be adapted to the business

The EAS allows its governance arrangements to be tailored to the scale and ownership of the company. The constitutive instrument can define the management body, representation powers, decision-making rules and mechanisms for resolving internal conflicts.

This is generally simpler than the more formal structure of an SA and more adaptable than the conventional SRL model. A sole-shareholder business can remain operationally lean, while a company with several investors can introduce reserved matters, transfer restrictions and enhanced approval thresholds.

Flexibility does not eliminate corporate discipline. The company must maintain its accounting and corporate records, document shareholder and management decisions, comply with tax and beneficial-ownership obligations and keep its registrations current. The EAS is simpler, not informal.

Administrative simplicity does not eliminate corporate compliance

The digital incorporation circuit coordinates several registrations, including the company's constitution, tax registration and the relevant records of legal structures and beneficial owners. It can also connect with employer registrations. This integration reduces the need to navigate each institution independently, but it does not remove the underlying obligations once the company is operating.

Changes in shareholders, capital, management or representation must be documented and communicated through the appropriate procedures. The company must also maintain reliable accounting, file tax returns, comply with employment and social-security rules where it has staff, and ensure that powers and corporate decisions remain current. Banks, counterparties and future investors will expect those records to be consistent.

Nor is the EAS available as a shortcut into every regulated sector. SUACE guidance identifies activities subject to special regulation, including financial activities, and explains that additional permits or another legal structure may be required. The correct question is therefore not only whether an EAS can be incorporated, but whether it is an authorised and commercially suitable vehicle for the proposed activity.

Greater continuity than operating as an individual entrepreneur

Some small businesses begin as individual enterprises because this appears to be the easiest route. The disadvantage is that the business and the owner are not separated in the same way as they are in a company with legal personality.

An EAS creates a distinct legal vehicle. Contracts, assets, employees and liabilities belong to the company rather than directly to the shareholder, subject to the usual exceptions for personal guarantees, fraud, abuse or failure to respect the separation between the company and its owners.

This distinction improves continuity and facilitates the admission of investors, the transfer of ownership and, eventually, succession or sale.

A practical vehicle for foreign investment

Foreign individuals and foreign legal entities may incorporate or own an EAS. There is no general requirement for a Paraguayan shareholder. This makes the structure particularly useful for overseas founders, family offices and companies establishing a subsidiary or special-purpose vehicle in Paraguay.

However, foreign ownership must be distinguished from local representation and management. The company needs a legal representative who is a Paraguayan national or holds a Paraguayan identity document. SUACE guidance also limits the ability of foreign shareholders without permanent residence to act in management roles. Immigration, tax-residence and representation arrangements should therefore be planned before incorporation.

The EAS does not provide a special tax advantage

The EAS is a corporate-law simplification, not a preferential tax regime. Its income, distributions and transactions are subject to the Paraguayan tax rules applicable to the activity and the parties involved, in the same way as other commercial companies.

Its principal advantages are therefore operational: lower incorporation costs, faster registration, single-shareholder ownership, flexible governance and a share structure capable of evolving with the business. Any tax benefit must arise from the general tax system or from a separate incentive regime for which the project qualifies.

When an SA or SRL may still be preferable

An SA may remain preferable for regulated activities, businesses requiring a more institutional governance framework, projects involving a large or changing shareholder base, or companies contemplating public securities markets.

An SRL may still suit a small, stable group of owners who want a familiar closed-company structure and do not expect differentiated equity rights or frequent changes in ownership.

The decision should therefore be driven by the ownership structure, financing plan, regulated status, governance needs and exit strategy — not solely by the speed of incorporation.

The EAS can evolve with the business

An EAS does not have to remain frozen in the form used on the day of incorporation. Capital may be increased and the shareholders may determine the characteristics and rights of the new shares, subject to the constitutive instrument and the applicable registration requirements. This can allow a growing company to admit investors or reorganise its equity without creating a separate vehicle for every stage of development.

That flexibility is most valuable when the original documents anticipate growth. Approval thresholds, pre-emption rights, protection against unexpected dilution, transfer procedures, information rights and exit mechanisms should be considered before outside capital arrives. A company that is inexpensive to establish can become expensive to repair if its governance arrangements are incompatible with the expectations of a lender or investor.

The practical conclusion

For many privately held ventures, the EAS now provides the best balance between legal protection and administrative simplicity in Paraguay. It can be formed by one shareholder, offers limited liability, accommodates flexible share and governance arrangements and is incorporated through a streamlined digital process.

Its real advantage is not that it eliminates legal or accounting obligations, but that it allows those obligations to be proportionate to the business. Used with carefully drafted constitutional documents and a credible capital and governance plan, the EAS is often the most practical corporate vehicle for entering and growing in the Paraguayan market.

Sources

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2. Ministry of Industry and Commerce — Comparison between the EAS, SA and SRL. Official link
3. SUACE — Official frequently asked questions on incorporation, capital, shareholders and foreign investors. Official link
4. Ministry of Industry and Commerce — What an EAS is and how to incorporate one in Paraguay. Official link
5. SUACE — Legal framework applicable to the EAS incorporation system. Official link

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