



LAWYERS COOPERATION



ESTABLISHING A LIMITED COMPANY IN GERMANY

This short overview is intended to provide some answers to initial questions about what to know and consider when establishing a limited company in Germany. It is part of a series of short guides for setting up a business in different jurisdictions worldwide which have been produced by members of Lawyers Cooperation.

Lawyers Cooperation is an international association of independent business law firms offering members and their clients access to an international business law resource and local expertise from across member countries.

For further advice and information about setting up a business in Germany, please contact one of **our members in Germany**:

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This guide is also available for Austria, Belgium, Chile, Hungary, Italy, Netherlands, Poland, Portugal, Romania, Spain, Switzerland and the United Kingdom. This information is provided by our members who are located in these countries. If you need local advice or support in any of these jurisdictions, please search for our member firms on our website.

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SETTING UP A LIMITED COMPANY IN GERMANY - YOUR QUESTIONS ANSWERED

1. Name of a limited company in the native language:

Gesellschaft mit beschränkter Haftung (GmbH): for share capital starting at € 25,000
Unternehmergesellschaft mit beschränkter Haftung (UG haftungsbeschränkt):
for share capital between € 1 and € 24,999.

2. Costs associated with setting-up a limited company

Approximately € 800, depending on the type of articles of association (standard form or draft by lawyer), the type of contribution (the value of non-cash contributions needs to be audited which is generally more expensive), the number of shareholders and the value of the contribution.

3. Who is eligible to set up a limited company? Natural persons and legal entities

4. Are foreign nationals eligible to set-up a limited company? Yes

5. What is the minimum number of shareholders required? At least one

6. When can the company start trading? As soon as the articles of association have been filed. Shareholders stay personally liable until the articles of association are notarised and the company is registered in the commercial register.

7. Who can be managing director of a limited company?

Natural persons who are legally competent, including foreign nationals. There are restrictions if there have been prior convictions (fraud and insolvency fraud).

8. Paid-in minimum capital requirements?

GmbH: € 25,000; at least half of it must be paid up at the time of incorporation
UG haftungsbeschränkt: € 1; set up costs have to be covered by the shareholders

9. Is a German bank account required for setting up a limited company?

No, a foreign bank account is sufficient as long as this is accepted under the laws of the foreign country.

10. Do articles of association have to be prepared?

No, the notary can provide a standard form.



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11. Does the registered address need to be in Germany?

Yes, the (registered) statutory place of business must be in Germany. A letterbox for registering is required. The administrative seat may be abroad.

12. How long does the registration process take? 2 weeks on average

13. What are the main steps involved in setting up a limited company?

- Notarising articles of association
- Opening bank account (with notarial deed)
- Contribution in cash or tangible / intangible assets
- Filing documents required for registration
- Registering in the commercial register at the responsible district court

The possibility of an online set-up is envisaged for 2022.

14. Does the Limited Company have to register for Corporation Tax? What is the corporation tax rate? Yes, in general, the tax rate is approximately 30% (2022) and consists of corporate income tax (15%), solidarity surcharge (0,825%) and trade tax (about 15%).

15. What is the standard VAT rate?

The standard rate is 19%. The reduced rate is 7%; e.g. for groceries, books, art objects.

16. Are there any important deadlines for setting up a limited company? No

17. Is information about a limited company publicly available, if so, which information is available? The composition of the management, the articles of association, the list of shareholders, trustee relationships and voting agreements and the annual financial statements can be viewed online www.handelsregister.de.

18. Where can I find information in English about setting up a limited company?

Business Start-Up Portal of the Federal Ministry for Economic Affairs and Climate Action www.existenzgruender.de; Translation of the German Limited Liability Companies Act: www.gesetze-im-internet.de/englisch_gmbhg/index.html

Year of issue: 2022. Since regulations are subject to changes, we recommend that you seek advice from one of our local members in Germany before setting up a limited company in Germany.

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