



How to incorporate in Germany



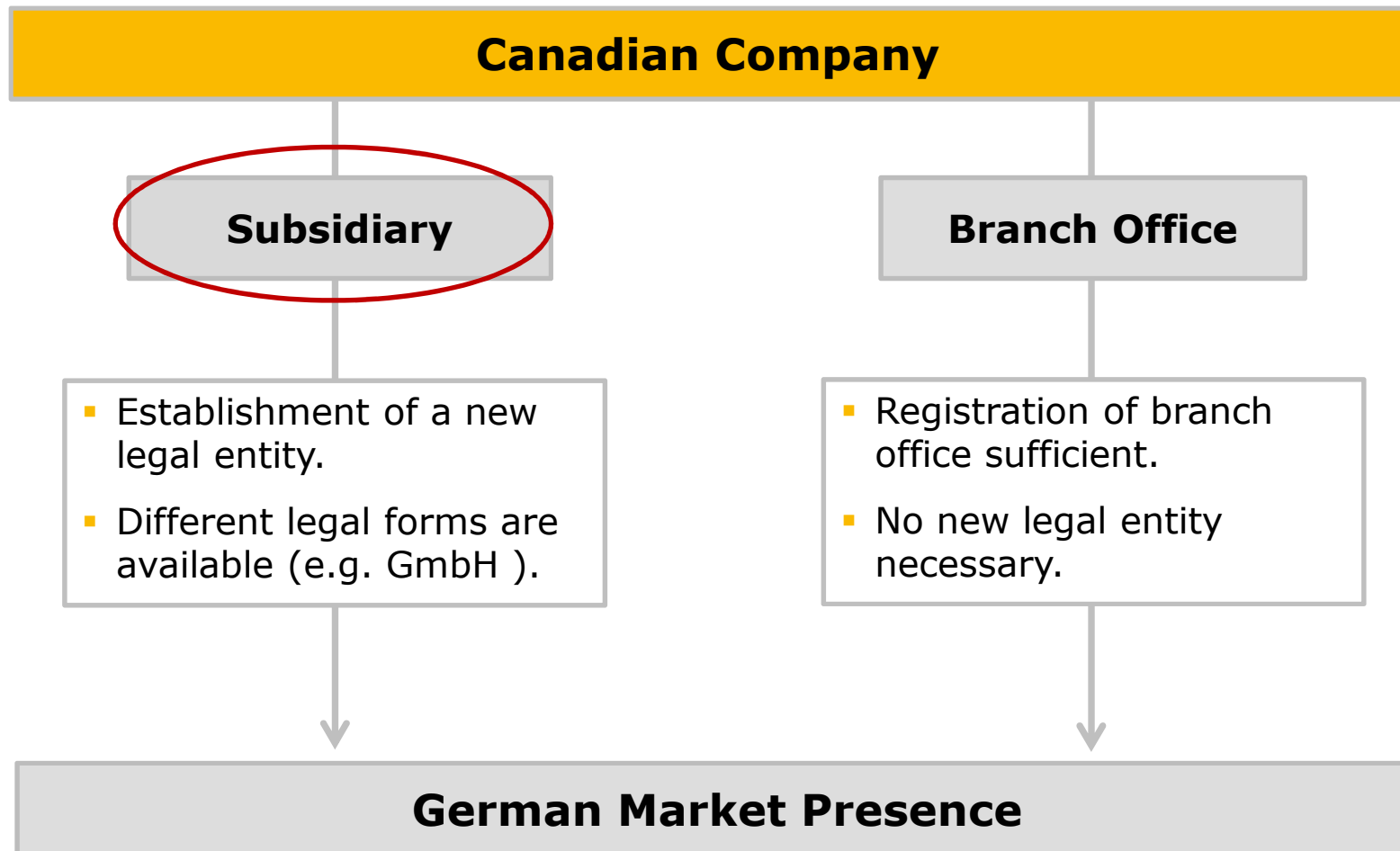
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GERMANY
TRADE & INVEST

There are different ways for a Canadian company to establish a German market presence.

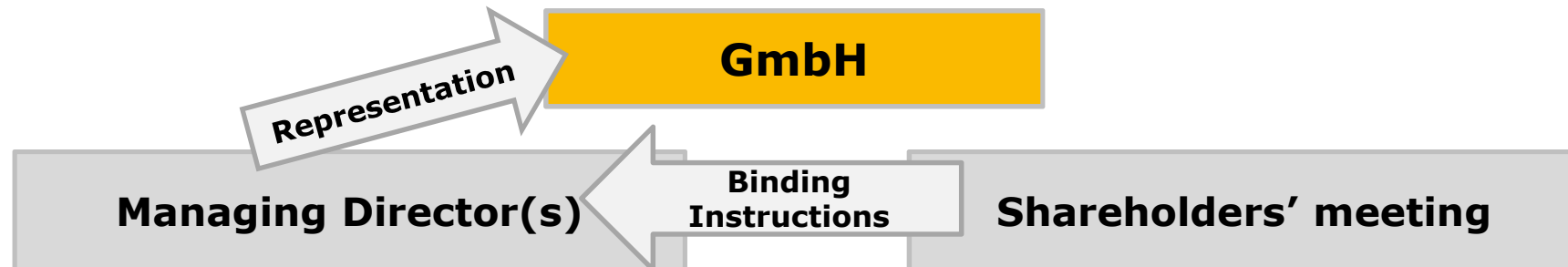


The German private limited liability company (GmbH) is the most widely used legal form for corporations in Germany.

GmbH:

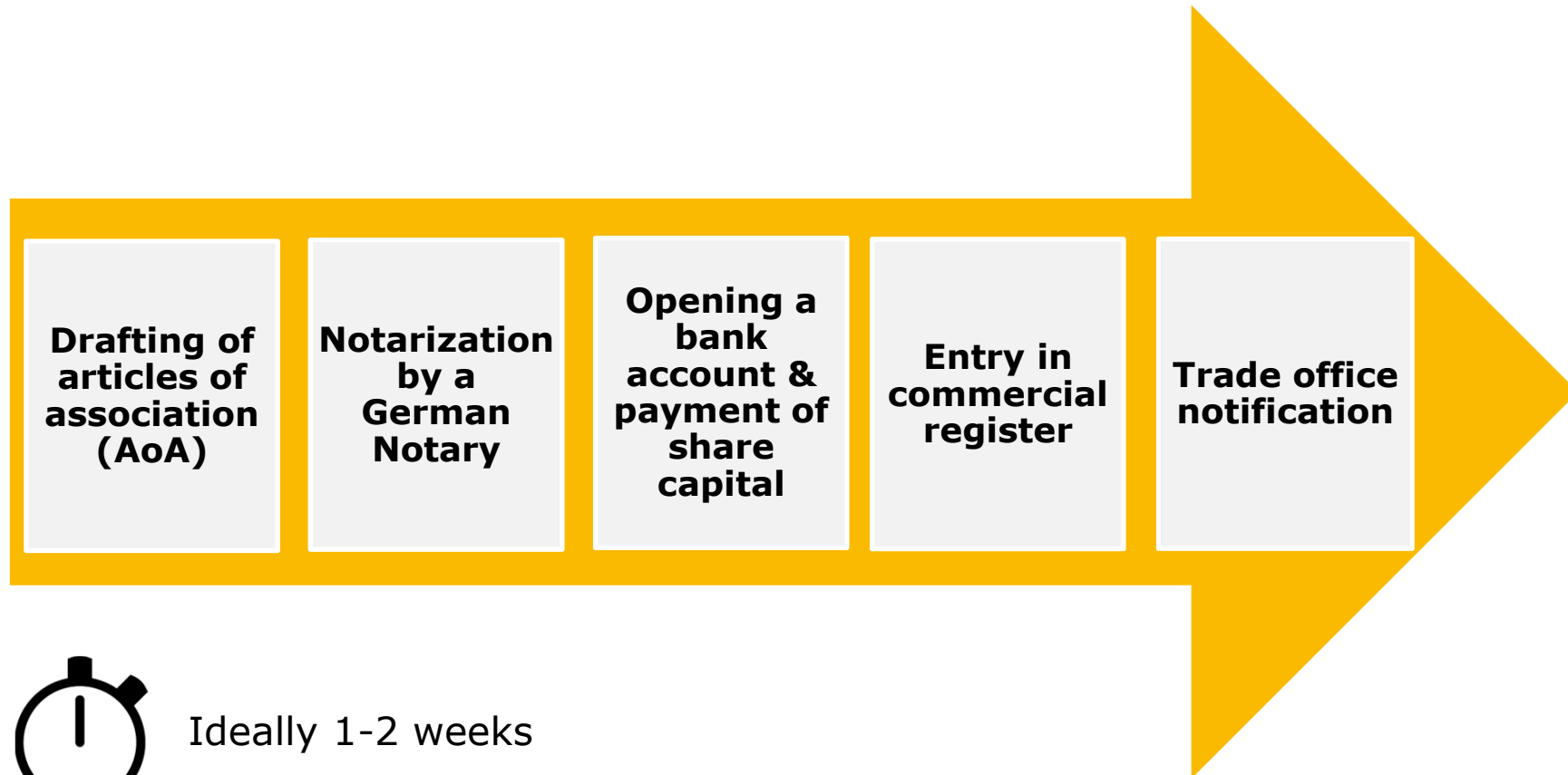
- Combines high flexibility with relatively few obligations.
- Well-known company form with good reputation not only within Germany.
- Requires a minimum share capital of EUR 25,000 ¹ (cash or kind).
- The liability of the shareholders is limited to their respective contribution.

Corporate structure of a GmbH:



- The managing director(s) (*Geschäftsführer*) represent(s) and manage(s) the GmbH.
- The shareholders' general meeting (*Gesellschafterversammlung*) is sovereign and can issue directions binding the management.
- There are no requirements regarding nationality or domicile of the managing director or the shareholders.
- German business address as well as a local representative are required.

The establishment procedure of a GmbH:

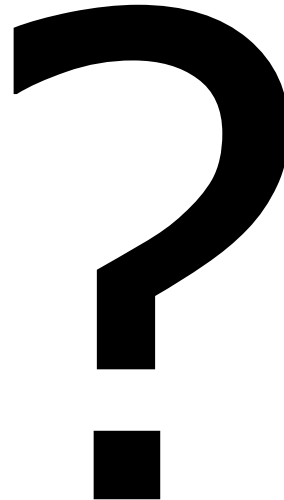


Ideally 1-2 weeks



Establishment costs for a standard GmbH: ~EUR 800

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The UG also known as the Mini-GmbH is a special form and a starter version of the GmbH.

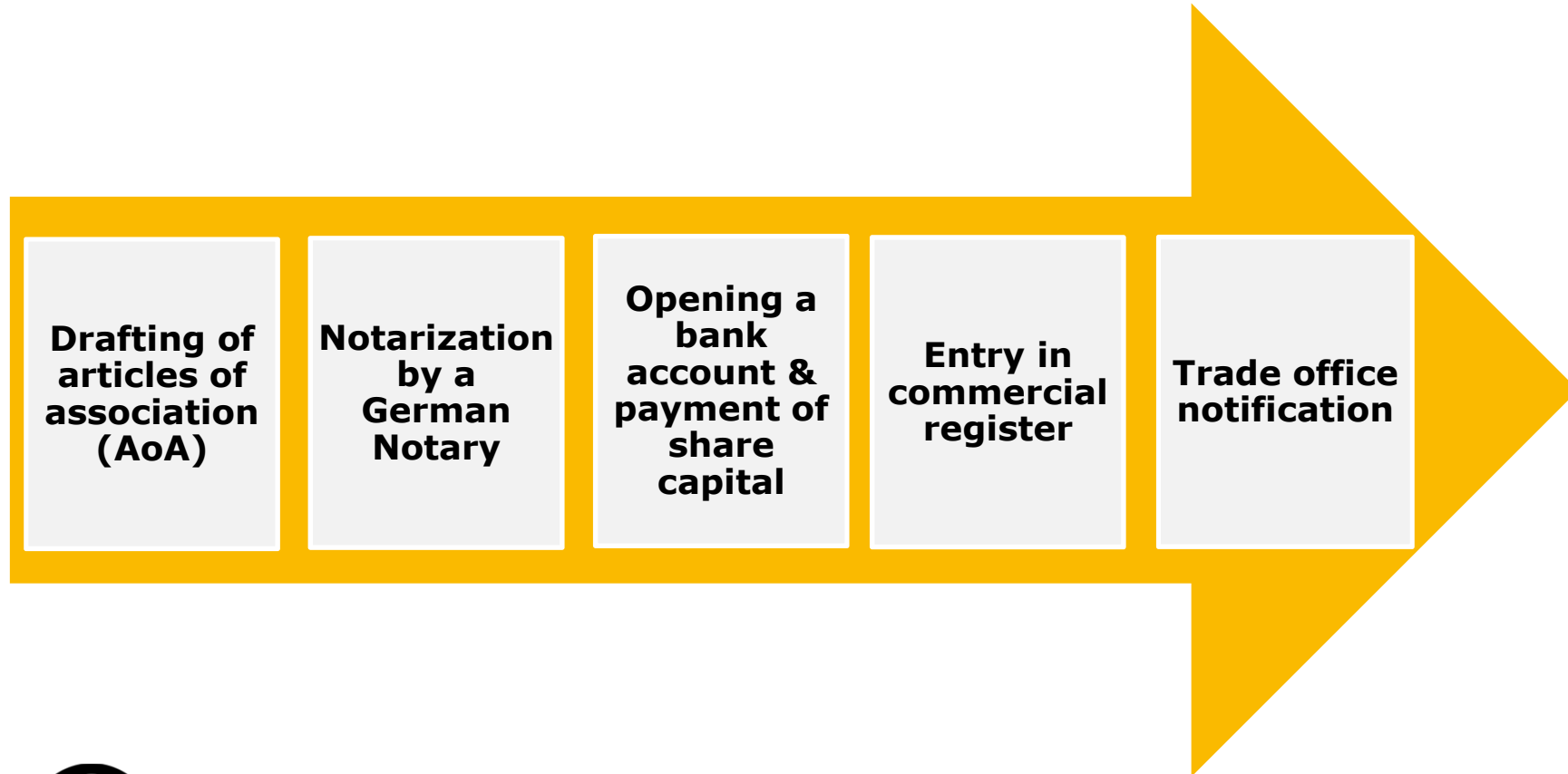
UG (haftungsbeschränkt):

- The **UG** is largely subject to the same provisions as the GmbH (establishment procedure, mandatory bodies, limited liability etc.).

Main differences include:

- For the establishment of an UG a minimum share capital of only **EUR 1** is sufficient.
- The UG has to retain a quarter of its annual profit until it has accumulated the minimum share capital of an ordinary GmbH (EUR 25.000).
- The accumulated EUR 25.000 can be converted into share capital and the UG can change its corporate affix from "UG" to "GmbH". From now on profit can be fully distributed, if desired.

The establishment procedure of an UG is the same as for a GmbH.



Establishment costs for a UG ~ **EUR 300**
(share capital of EUR 1,000 + statutory model article of associations)

Our Publication



Investor's Basics: Setting Up Business in Germany

- special sections on the various company forms
- entry and residence issues
- corporate tax and employment information

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