Expanding to Germany

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The Transition Period
The UK left the EU on January 31, 2020

• The UK lost its membership in the EU’s political institutions, including the European Parliament and European Commission.

• The transition period began on February 1, 2020, and will end on December 31, 2020.

• It can be extended once for a period of up to two years. A decision to extend must be made by June 30, 2020. The UK government maintains that there should be no extension.

• The UK is formally no longer a member of the EU, but will be regarded as such for the duration of the transition period.
The Transition Period
What does it mean in practice?

During the transition period:

• The UK will remain in the Single Market and the Customs Union.
• UK-EU trade will continue without any charges or extra checks being imposed.
• EU-UK freedom of movement remains.
• EU law will still apply in the UK and the European Court of Justice will continue to have jurisdiction over the UK.

The transition period is designed to provide time for a new relationship to be agreed while ensuring businesses will only need to adapt to non-EU rules once a future deal is agreed.
Business Establishment
The GmbH - the most widely used legal form in Germany.

- The GmbH offers limited liability and high flexibility.
- The nationality and residence of the shareholder(s) and the managing director(s) of a GmbH are irrelevant.
- Minimum share capital of EUR 25,000 is required.
- The GmbH requires a German address and a local representative in Germany.

UK companies can easily incorporate a GmbH in Germany.
Business Establishment

The GmbH - Incorporation Process

1) Shareholder(s) forming the GmbH, adopting its articles of association and appointing one or more managing directors in a notarial deed.

2) Selected business sectors (e.g. pharmacies, brokers, restaurants, hotels, financial service providers) require a permit / licence for the notification.

Drafting of articles of association (AoA)
Notarization by a German Notary
Opening a bank account & transfer of share capital
Entry in commercial register
Trade office notification
Corporate Taxation
The corporate tax burden varies at the municipal level.

Local trade tax: 7% (min)  14.06% (Ø)

Corporate income tax and solidarity surcharge: 15.8%

22.83%  29.89%

The German corporate tax average is 29.89% - but can be as low as 22.83% in some areas.
From this follows, that dividend payments from a German subsidiary to its British parent corporation, is subject to a withholding tax of five percent in Germany, provided a minimum capital holding of at least 10 percent.

For tax-related Brexit questions please refer to the dedicated website of the [German Federal Ministry of Finance](https://www.bmi.de).
Entry & Residency
Freedom of movement remains until end of transition period.

British citizens do not require a visa to enter Germany.

British citizens do not require a residence permit to live and work in Germany.

Withdrawal Agreement (WA)
WA stipulates rights to British citizens, who have moved to Germany before Dec 31, 2020, as long as they continue to live there.

For residence-related Brexit questions please refer to the dedicated website of the German Federal Ministry of Interior.
Would you like to learn more? Visit our website or contact us!

www.gtai.com