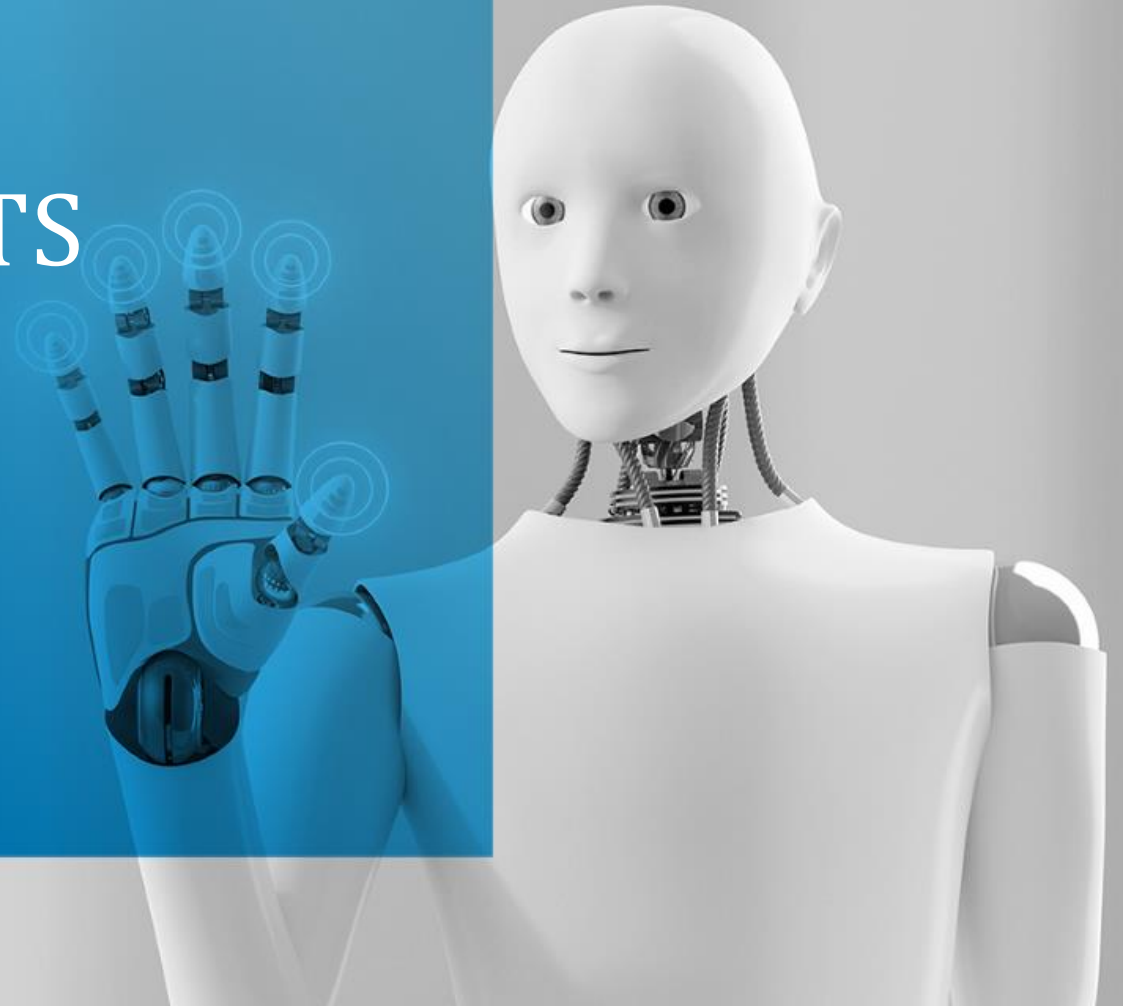


December 1, 2021

RISE OF THE ROBOTS

Expansion to Germany

Christina Schoen
Senior Manager Tax & Legal Services
www.gtai.de



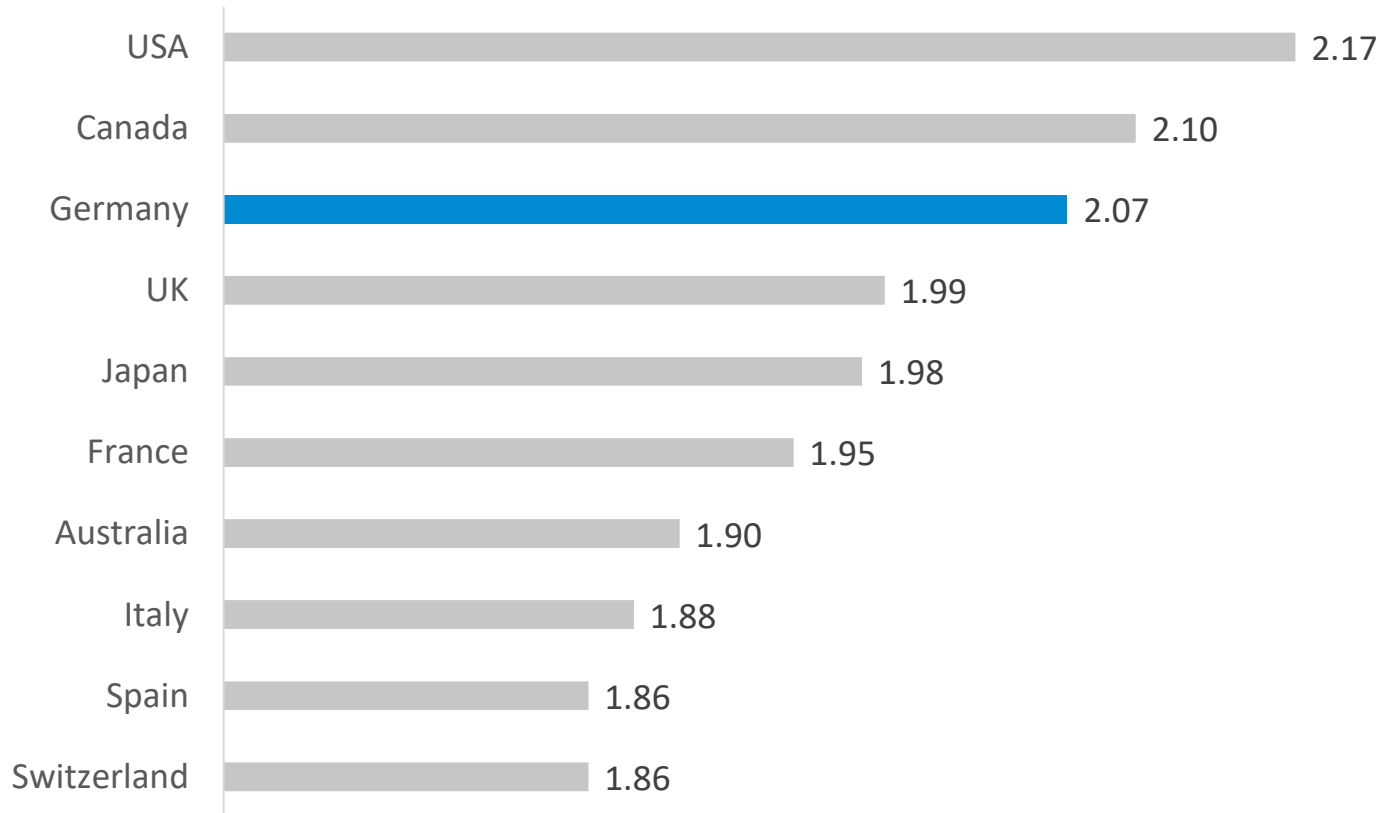
GTAI Services

Advice and support to foreign companies expanding to Germany



Business Location Germany

Investors have a great confidence in Germany as a business location.



Governmental measures during the pandemic stabilized the German economy and ensured a quick production resume.

Source: 2021 Kearney's FDI Confidence Index

German Market Presence

A subsidiary - the most popular option

- Easier to conduct business through independent legal entity and more credibility with third parties.
- German limited liability company – GmbH - most popular company form.
- German business address and a local representative on site in Germany.
- Minimum share capital of EUR 25,000.



German Market Presence

Corporate Structure of GmbH – Mandatory Bodies



The nationality and residence of the shareholder(s) and the managing director(s) of a GmbH are irrelevant.

German Market Presence

Incorporation Process - Steps for setting up a GmbH.

Articles of
Association

Notarization¹
(notary)

Bank Account
Share Capital

Commercial
Register

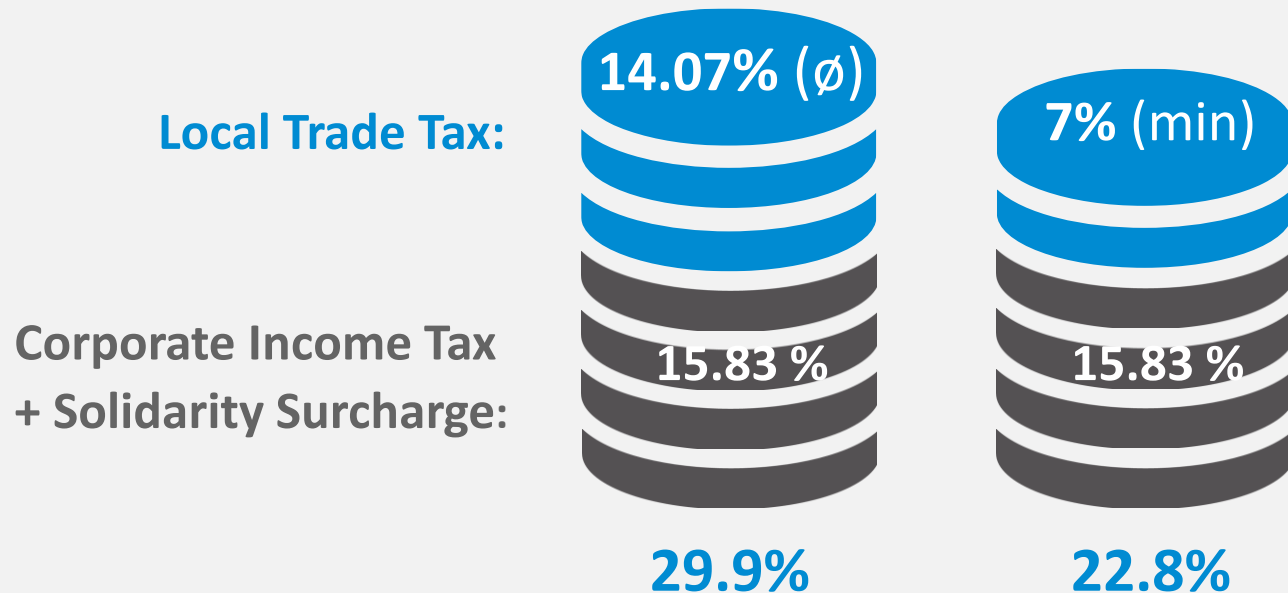
Trade office
notification²

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 / license for the notification

Corporate Taxation

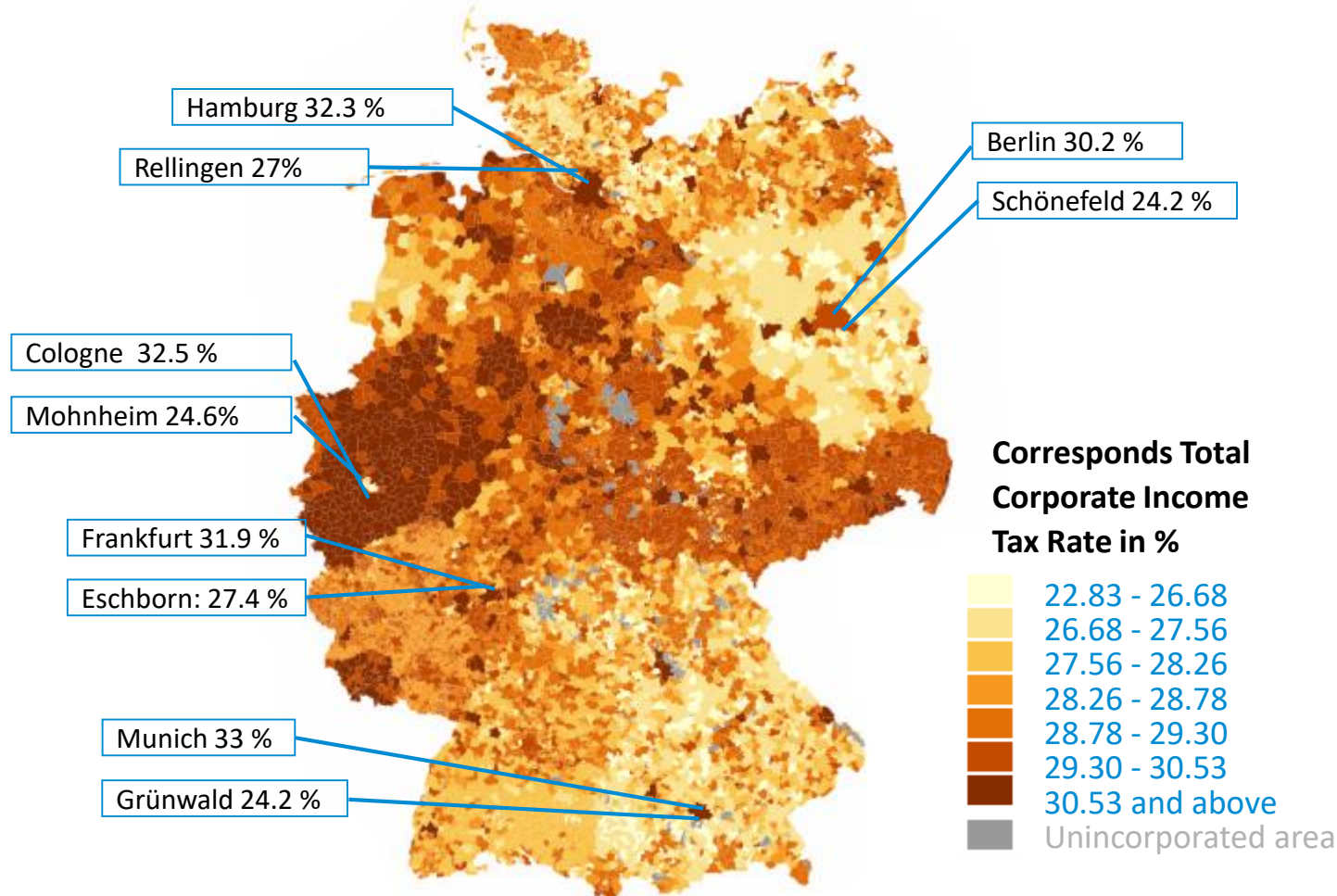
In Germany the corporate tax burden varies at the municipal level.



The German corporate tax average is 29.9% - but can be as low as 22.8% in some areas.

Corporate Taxation

Locally varying tax rates provides for a diversified tax landscape



Many German metropolitan areas offer locations with below average tax rates.



Incentives

Germany offers a wide range of funding instruments to back companies' capital needs.

Instruments

- Grants
- Equity
- Loans
- Loan collaterals
- Mezzanine capital

Funding Purposes

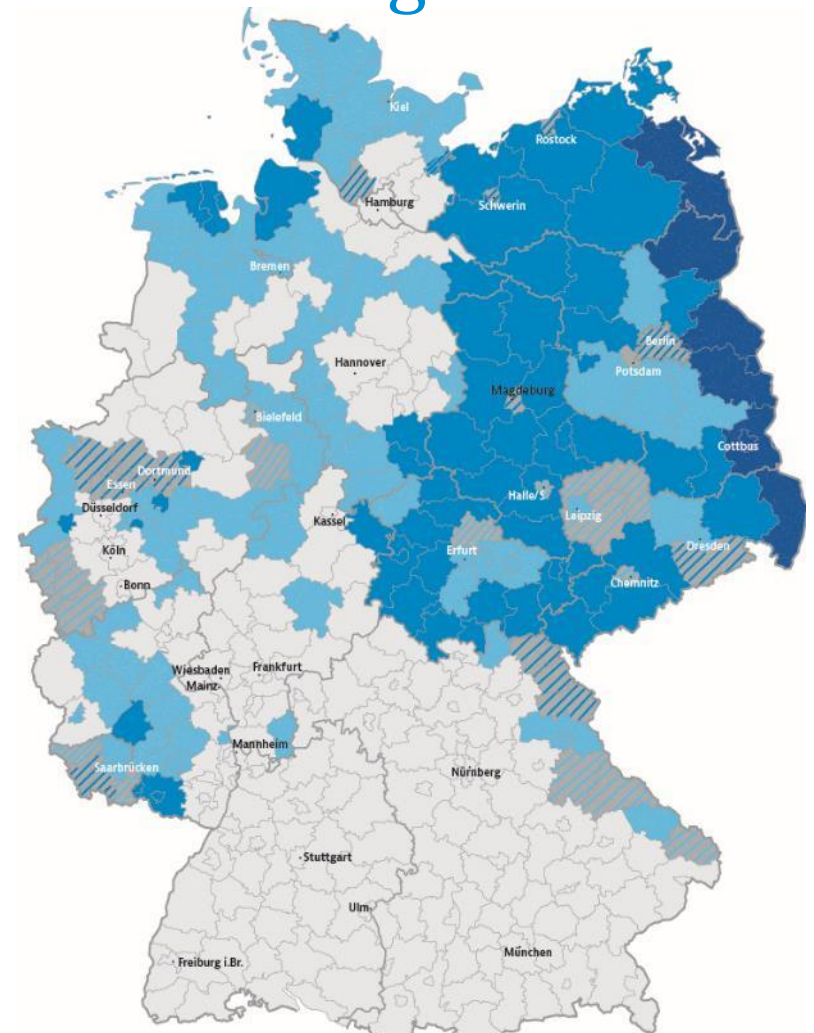
- Investments
- Working Capital
- R&D
- Specific Purposes
- Personnel

A combination of funding instruments is usually possible.

Incentives - Investment Grants

GRW Program offers up to 40 percent investment grants.

*Until end of 2027	Small enterprises	Medium enterprises	Large enterprises
C region w. bonus	max 40%	max 30%	max 20%
C Region	*max 35%	*max 25%	*max 15%
D Region	max 20%	max 10%	max EUR 200k



- * Grant intensities awaiting EU sign-off
- * C region w. bonus *not* restricted to border area
- * Shaded areas mixed, defined after EU sign-off
- * Map will be valid 2022-2027
- * Sign-off should occur before December 2021

Incentives - Investment Grants

GRW Program – necessary conditions:

- 25% of eligible cost threshold must be provided from non-subsidized source
- Jobs created, and facilities put into operation as a part of the investment must stay in place for five years
- Pure sales and marketing activities/facilities, and consultancy activities excluded
- Corporate ownership analyzed: 25% ownership threshold
- For larger projects (>EUR 50m) aid intensity reduces incrementally
- Companies must be in financial good health prior to the investment
- Eligible costs assessed either on entire capital expenditure or 2 years' wage costs.

Incentives - R&D Grants

Programs at the EU, national and regional level available.



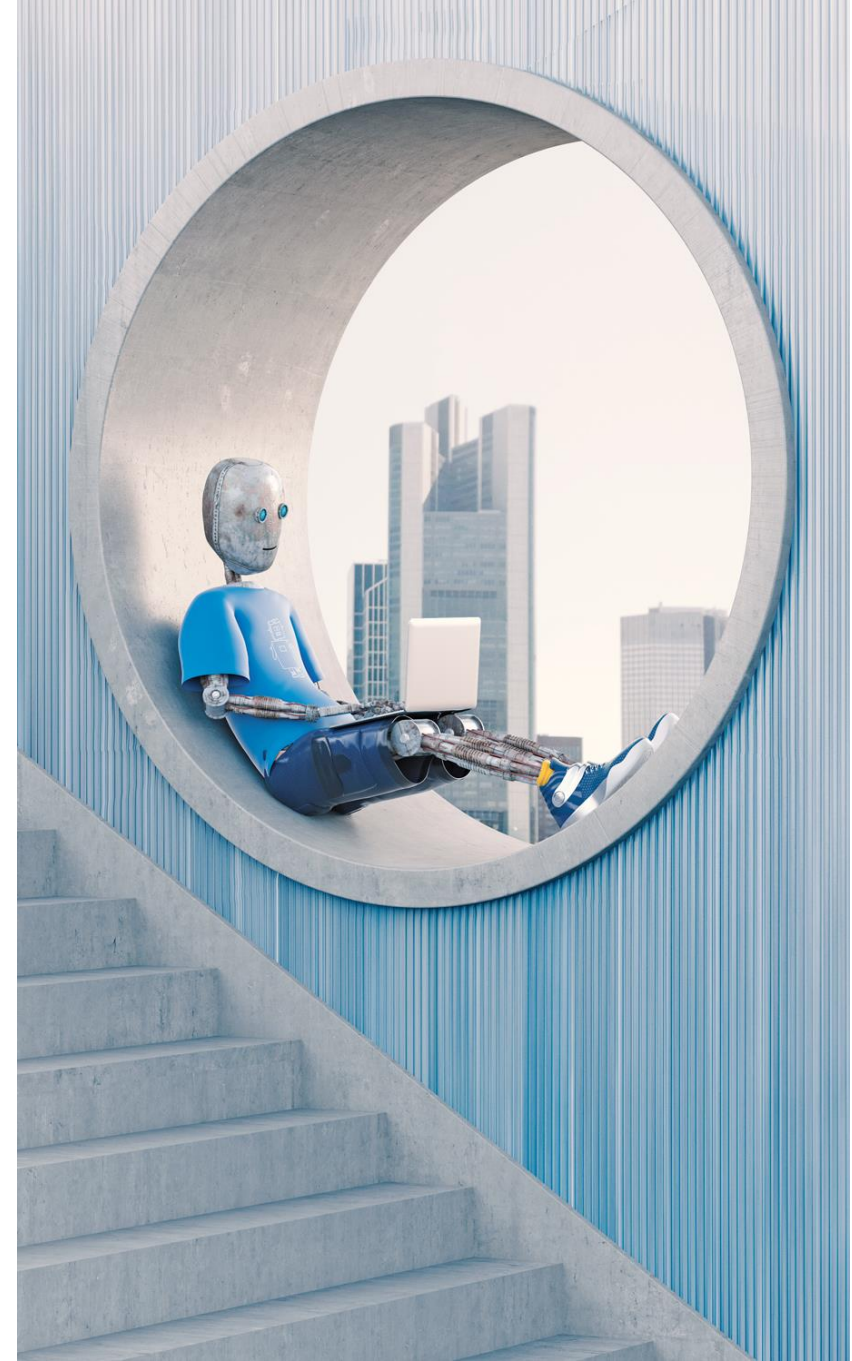
R&D Grants at the National Level

- Technology-specific programs: [High-Tech Strategy 2025](#) seven key areas of R&D.
- [Research Tax Credit Act 2020](#) – companies performing R&D Activities - possible tax credit up to EUR 1 m.
- Technology-open programs: Central Innovation Program for SME ([ZIM](#)).

Incentives – R&D Grant

Central Innovation Program - Technology open program for SME

- Applications possible at all times and without any prior calls for proposals.
- Grant rates: between 25% and 60% (depending on company size, cooperation degree and location)
- Max. eligible costs EUR 550k per project.
- Ongoing program – current directives up to end of 2024.





Entry & Residency

Important factors for a successful expansion

Employed Senior Executives, Managing Directors and Internal Company Specialists require an **approval** of the Federal Employment Agency (FEA) for a residence permit.

Overall individual assessment:

- employment status +
- same terms and conditions as comparable German employees

A specific professional qualification is not required for this category.

Other residence titles as the **ICT** - or the **Blue Card** can be applicable.

Entry & Residency

ICT Card for intra-corporate transfers of qualified employees



- ✓ Temporary transfer of a non-EU manager / specialist for more than 90 days up to three years.
- ✓ From a non EU entity to a host entity in Germany (same company / company group).
- ✓ Simplified approval from Federal Employment Agency required (working conditions + salary).



Entry & Residency

Success Story - EU Blue Card

More than 31,000 EU Blue Cards granted in Germany (2019)

- **Residence permit for non-EU Academics:**
 - ✓ university degree (proven comparable to German one)
 - ✓ job contract in Germany with annual gross salary of above EUR 56,800 (2021).
 - ✓ job appropriate to qualification
- Fast track to settlement permit, possible after 21 months.



Pandemic Travel Restrictions

-generally lifted for fully vaccinated travelers.

- For [fully vaccinated persons](#), entry from third countries is generally allowed again since June 2021.
- [Safe list](#) – Germany allows unrestricted entry for residents of specific third countries (depending on the pandemic situation).
- Travelers from other third countries must present an [important reason](#) for entering Germany.
- The pandemic situation quickly changes – always check the current information provided by the [German mission abroad](#).



For further information:

www.gtai.com/jp-investors-basics

www.gtai.com/investment-guide

www.gtai.com/corona

Contact Us



Christina Schön

Senior Manager Tax & Legal

T +49 (0)30 200 099-506

christina.schoen@gtai.com

www.gtai.com

Germany Trade & Invest is the economic development agency of the Federal Republic of Germany. The company helps create and secure extra employment opportunities, strengthening Germany as a business location. With more than 50 offices in Germany and abroad and its network of partners throughout the world, Germany Trade & Invest supports German companies setting up in foreign markets, promotes Germany as a business location and assists foreign companies setting up in Germany.

SUPPORTED BY THE FEDERAL MINISTRY FOR ECONOMIC AFFAIRS AND ENERGY
ON THE BASIS OF A DECISION BY THE GERMAN BUNDESTAG.

© Germany Trade & Invest

All market data provided is based on the most current market information available at the time of publication.

Germany Trade & Invest accepts no liability for the actuality, accuracy, or completeness of the information provided.