

Legal Framework

EXPANSION TO GERMANY

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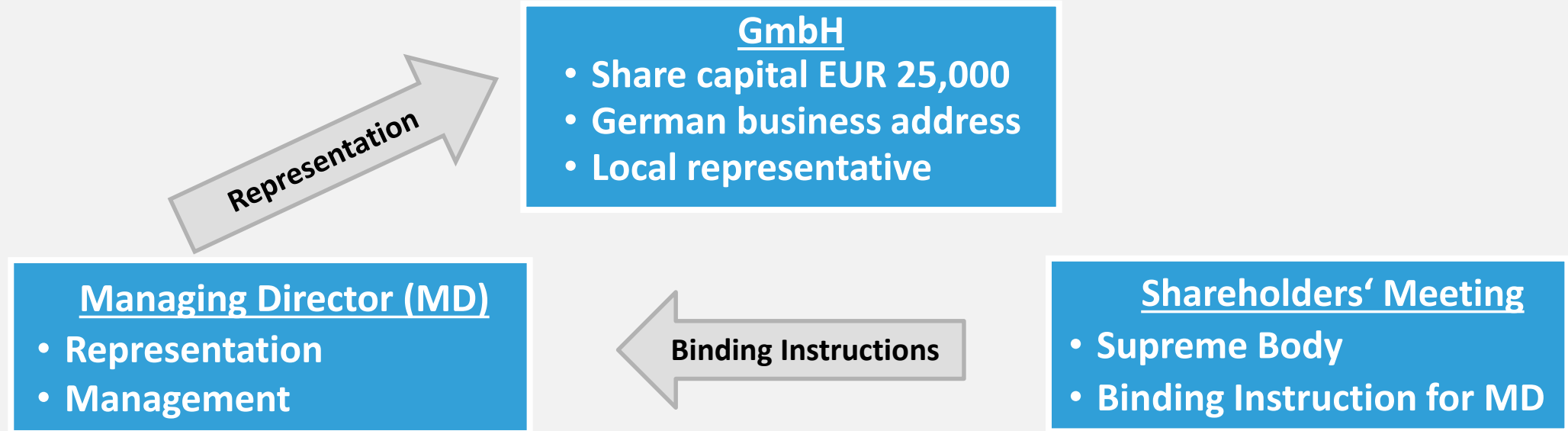


A subsidiary is a popular option for an expansion to Germany.



- German market presence requires a legal structure.
- Subsidiary popular - easier to conduct business through local 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.

The GmbH is a flexible company form with two mandatory bodies.



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

The incorporation process of a GmbH has clear defined steps.

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

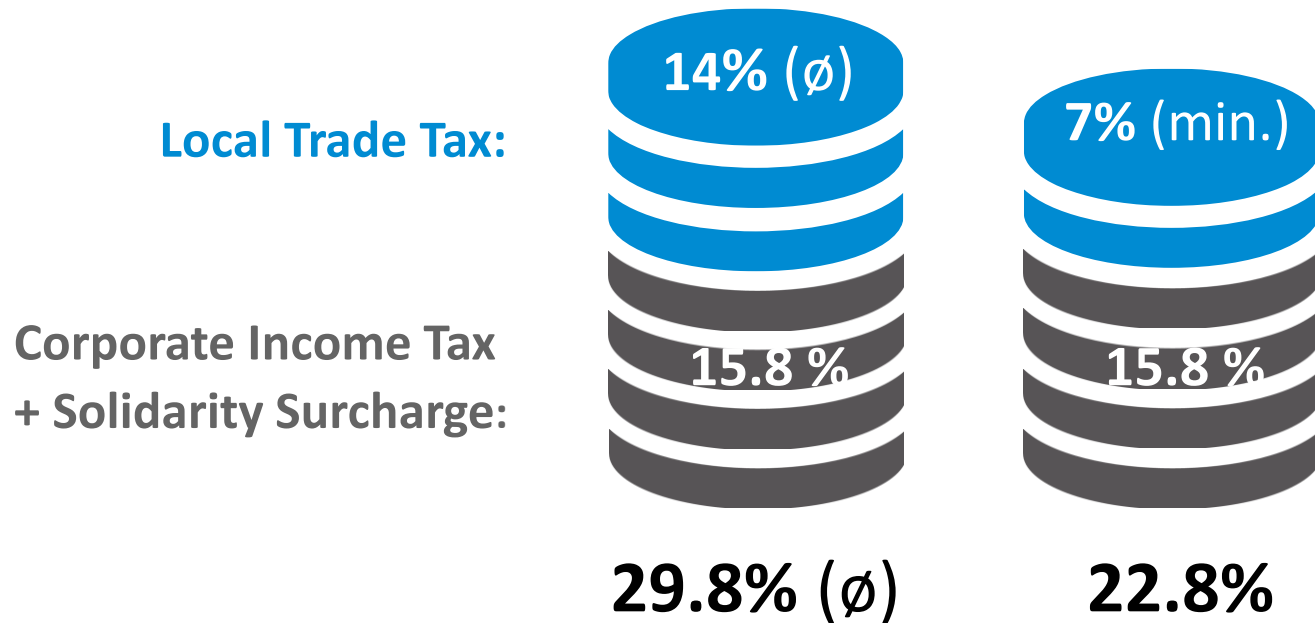


The UG (Mini-GmbH) is a GmbH startup version.

Differences to the GmbH include:

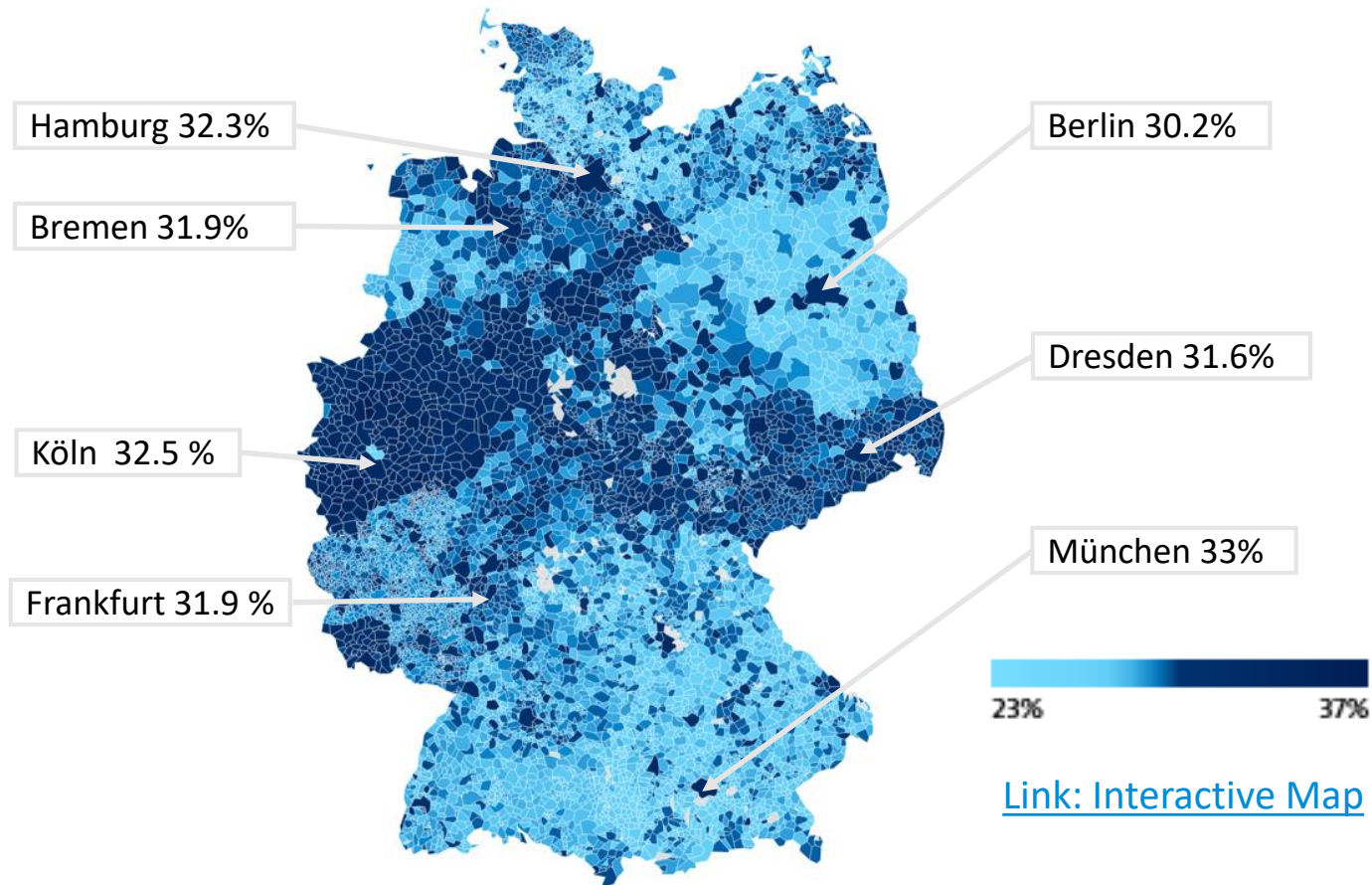
- Limited liability with a share capital less than EUR 25,000 (EUR 1-24,999).
- As compensation - a quarter of annual profit must be retained until EUR 25,000 have been accumulated.
- Upgrade to GmbH is possible - after a EUR 25,000 capital level has been reached.

The combined corporate tax rate varies at the municipal level.



The German average combined corporate tax rate is 29.8% - but can be as low as 22.8%.

The combined corporate tax varies between metropolitan areas and the countryside.

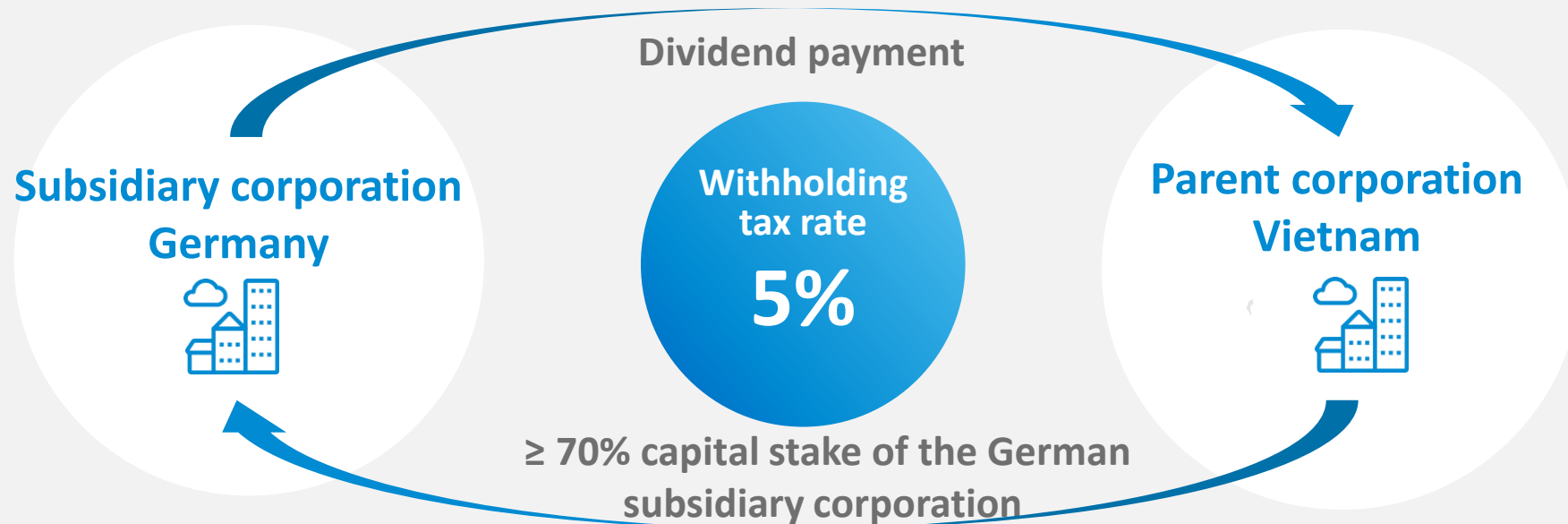


Germany offers a diversified tax landscape, due to the widely varying local trade tax rates.

Grey areas: No data available (territory free of municipality)

Source: Statistische Ämter des Bundes und der Länder: Hebesätze der Realsteuern, Ausgabe 2020, Information und Technik Nordrhein-Westfalen, Düsseldorf, 2021 (im Auftrag der Herausbergemeinschaft).

The Vietnamese-German double taxation agreement offers many advantages.



Dividend payments from a German subsidiary (corporation) to its Vietnamese parent company are subject to a reduced withholding tax rate (5 percent) in Germany, if the recipient company (not a partnership), directly holds at least 70 percent of the capital of the company paying the dividends.

Vietnamese citizens require a Schengen visa for entering Germany.

Vietnamese citizens require a [Schengen visa](#) to enter Germany for [short-term stays](#) (up to 90 days in a 180-day period).



The visa must be applied for at the [German mission \(service provider VFS Global\)](#) in Vietnam before departure.



All COVID-19 related [entry restrictions](#) to Germany have been temporarily lifted as of June 11, 2022.



A residence permit is needed for long term stays or taking up a job or economic activity.

RESIDENCE PERMIT

- Required for long-term stays or taking up a job/ economic activity.
- The requirements depend on the person's status as employed or self-employed.
- Application with the German Mission in Vietnam

EMPLOYEES

Requirements depend on job position and qualification.

In general qualified professionals require:

- approval from FEA,
- job contract and
- recognized qualification

Specific residence titles are available e.g. EU Blue Card.

SELF-EMPLOYED PERSONS

Individual assessment by local immigration office:

- economic interest or regional need for the investment,
- positive economic effects and
- a secure financing.



The EU Blue Card is a residence permit for non-EU academics.

Success story EU Blue Card - more than 31,000 EU Blue Cards granted in Germany (2019).

Requirements:

- university degree (proven comparable to German one)
- job contract in Germany with annual gross salary of above EUR 56,400¹ (2022).
- job appropriate to qualification

A permanent settlement permit can be granted after 21 months - if the foreign citizen has attained a certain German language skill level.

1) The annual gross salary level is lower, EUR 43,992 (2022), in professions with a particular skill shortage (e.g. engineers, IT-specialists). Here, an approval from the FEA is required. © GTAI 11

Make it in Germany - the official German website for qualified professionals.



Working in Germany: the official website
for qualified professionals

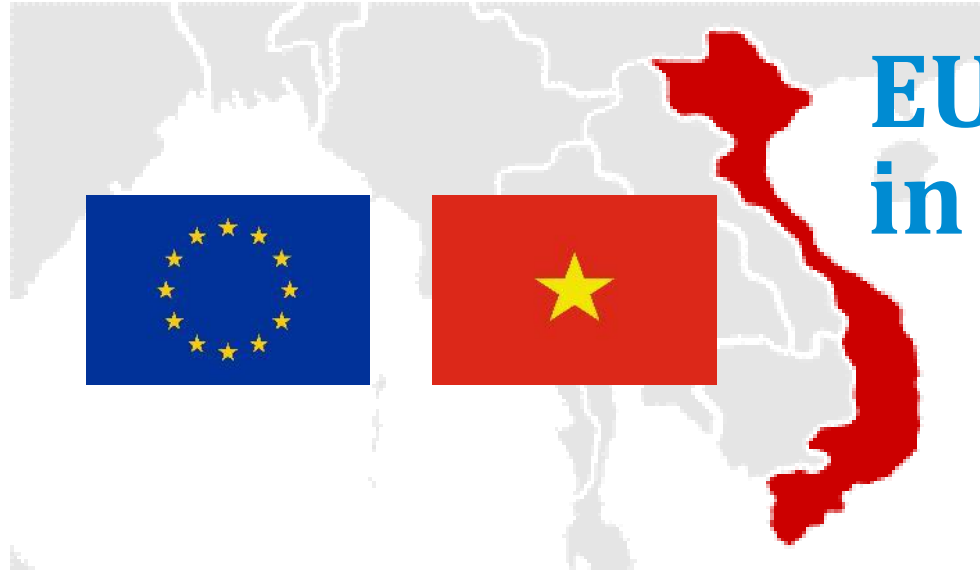
Tùng
Kỹ sư phát triển phần mềm
đến từ Hà Nội, sống và làm
việc tại Gießen, Đức.

Hãy đến với nước Đức và khám phá tương lai của bạn

Bạn là chuyên gia trong lĩnh vực khoa học kỹ thuật, công nghệ thông tin, khoa học tự nhiên và kỹ thuật?
Bạn đang cân nhắc về việc sẽ đến làm việc tại Đức? Hoặc bạn muốn học đại học hay học nghề?

Trên trang web này, bạn có thể tìm thấy những thông tin cơ bản được tóm tắt bằng ngôn ngữ của bạn. Để tìm hiểu chi tiết hơn, hãy truy cập trang web bằng tiếng Đức, tiếng Anh, Tiếng Tây Ban Nha và tiếng Pháp của chúng tôi:

www.make-it-in-germany.com



EU-Vietnam FTA (EVFTA) is in force since August 2020.

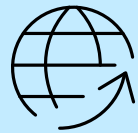
FTA BENEFITS:



99%

elimination of customs duties within 10 years

VALUE OF TRADE:



€50_{bn}

trade of goods (2021)

EXPORT INCREASE 2021

+11.6%

VIETNAMESE EXPORTS:



electronics



shoes



textiles



food

The benefits of the EVFTA cover not only liberalization of trade.

Tariff elimination

Customs and
trade facilitation

Elimination of
import and export
restrictions

National
treatment for
goods

EVFTA also covers
social, environmen-
tal and sustainabil-
ity issues.



How to profit from EVFTA – requirements for export under FTA terms.

Product requirements:
(health, safety, labelling)

Technical standards

Rules of origin

Information¹:

[EU Trade Help](#)

[Vietnam FTA Portal](#)

Europe including Germany - a diverse and demanding market with plenty of opportunities.

¹ Information on product requirements, technical standards and rules of origin etc.

Contact Us



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