



WHAT KIND OF COMPANY FOR YOUR BUSINESS IN GERMANY?

Any entrepreneur who wishes to start a business in Germany may do so. There are generally no restrictions limiting the establishment of new companies.

When you set up a business, you have to choose what kind of company to set up. There are several considerations to take into account:

- Initial share-capital, the number of shareholders,
- Whether there are any partners,
- The responsibilities of the management,
- The tax regime for the management, etc.
- Level of limitation of liability

Foreign investors can choose between a variety of legal forms for conducting business in Germany. There is no specific investment legislation in Germany, nor is a minimum percentage of German shareholdings required for foreign entrepreneurs.

FORMS OF CORPORATION IN GERMANY

When choosing the legal form of the company, a corporation is usually the best option for larger, established companies. A corporation is a legal entity, meaning that the holder of rights and obligations is not the individual shareholder, but the company itself. The corporation itself concludes contracts, holds assets and is liable for taxation.

Four Different Forms of Corporations – Quick Facts:

Legal/Establishment Form	Minimum Number of Partners	Minimum Share Capital	Legal Liability	Establishing Formalities
Limited Liability Company (GmbH)	One partner	EUR 25.000	Liability limited to share capital	Moderate
Limited Liability Entrepreneurial Company ("Mini GmbH")	One partner	EUR 1,00	Liability limited to share capital	Low-moderate
Stock Corporation (AG)	One partner	EUR 50.000	Liability limited to share capital	Moderate-high
Partnership Limited by Share (KGaA)	Two partners: general partner and limited shareholder	EUR 50.000	General partner: personal unlimited liability Limited shareholder: limited share liability	Moderate-high



FORMS OF PARTNERSHIP

The main feature of a partnership is the personal commitment of the partners to their working efforts to the partnership.

In contrast to corporations, partnerships are not independent legal entities but associations of people. In partnerships, the individual partners responsible for the liabilities of the company (including private assets) act for the company. Limitations of liability for individual partners are only possible to a limited extent.

Four Different Forms of Partnerships – Quick Facts:

Legal/Establishment Form	Minimum Number of Partners	Minimum Share Capital	Legal Liability	Establishing Formalities
Civil Law Partnership (GbR)	Two partners	Not required	Personal unlimited liability	Very low
General Commercial Partnership (oHG)	Two partners	Not required	Personal unlimited liability	Low-moderate
Limited Partnership (KG)	Two partners: general partner and limited partner	Not required	General partner: personal unlimited liability Limited partner: limited share liability	Low-moderate
GmbH & Co. KG	Two partners: general partner (GmbH) and limited partner (the general partner is typically the limited partner of the KG)	Not required	General partner (GmbH): personal unlimited liability Limited partner: limited share liability	Moderate-high

KINDS OF BRANCHES ESTABLISHMENTS

Any foreign company with a head office and registered business operations outside of Germany can establish a German branch office. A branch office is a suitable business form for a foreign company wanting to establish a presence in Germany for the purpose of initiating business and maintaining contacts with business partners.

Two Different Forms of Branch Offices – Quick Facts:

Legal/Establishment Form	Legal Liability	Minimum Share Capital	Number of Persons Required	Establishing Formalities
Autonomous Branch Office (Selbständige Zweigniederlassung)	Subject to the head office legal company form	None required	Minimum one person	Moderate
Dependent Branch Office (Unselbständige Zweigniederlassung)	Subject to the head office legal company form	None required	Minimum one person	Very low

Your best adviser is your accountant! Do not hesitate to contact him or her!