

Preparing to export

Establishing a company

Start-up considerations A business enterprise in Germany can be operated as:

- a company
- a foreign branch
- a trust
- a joint venture
- an individual
- a partnership

Other routes to market are via:

- a distributor/agent
- a wholesaler
- a buying cooperative
- online sales
- direct sales to retailers

[Source: UK Trade & Investment (Feb 2016)]

Business registration

Entry in the commercial register In the establishment phase of a company – and prior to assumption of commercial activities – a company only has to be registered in the public commercial register (Handelsregister) and the local trade office (Gewerbe-/Ordnungsamt). The registration creates transparency and also offers companies the highest level of security in their day-to-day business activities.

The commercial register (Handelsregister) provides information about all relevant relationships between merchants and commercial companies. The information is public and can be viewed by other companies. The commercial register contains information about:

- the company of the business
- the name of the partner(s) and/or the personally liable partner(s)
- the managing director or the executive of corporations
- the capital stock of companies
- liability limitations of partners
- the issuing and revoking of the power of attorney
- the opening of insolvency proceedings
- the dissolving and ending of a company

Companies required to register Companies required to register are those which carry out a commercial business operation. This is determined by criteria such as the use of commercial accounting, annual turnover, capital resources and total number of employees. As a rule, all status relevant actions of companies are subject to registration.

Small businesses, civil partnerships (GbRs), freelancers and dependent branch offices do not have to be registered in the commercial register.

Registration procedure The application for registration in the commercial register is electronically filed in publicly certified form by a notary to the responsible commercial register.

As a rule, with types of company in which the entry in the commercial register is part of the act of establishment, the possible limitation of liability of the partner(s) is only effective subsequent to the time of the entry in the commercial register. If business is carried out prior to this point in time, partners can be liable for any losses of the company with their private assets (especially the case with corporations).

Registration costs The total cost of entry in the commercial register varies depending on the type of company. Costs incurred are made up of costs of the notarial certification and the fees charged by the district court for entry and publication in the Federal Gazette (Bundesanzeiger).

- Federal Gazette (Bundesanzeiger): www.bundesanzeiger.de

The cost for registration and publication in the commercial register for a partnership is currently EUR €250 minimum. For a GmbH, this amount is at least EUR €400, and for an AG at least EUR €500. Additional costs are incurred through the use of a notary.

The costs and fees are not levied on an arbitrary basis but are regulated by law. They largely depend on the number of partners and the share capital. Further costs can be incurred by the provision of additional legal advice.

The Federal Chamber of German Civil Law Notaries (Bundesnotarkammer) provides information about the exact composition and level of notary costs on its internet site. Here, companies can also find a German notary.

- Federal Chamber of German Civil Law Notaries (Bundesnotarkammer): www.bnotk.de/en

Commercial register display The commercial register is managed by the district court where it is open to public view at no cost. In addition to this, the register can also be consulted online through the common register portal of the German Federal States (Gemeinsames Registerportal der Länder).

- Common Register Portal of the German Federal States (Gemeinsames Registerportal der Länder): www.handelsregister.de/rp_web/welcome.do

Some of the company data which is stored in the commercial register is also available electronically through the commercial register of the Federal Gazette (Bundesanzeiger).

- Company Register (Bundesanzeiger): www.unternehmensregister.de/ureg

[Source: Germany Trade and Invest (Feb 2016)]

Transferring assets

The bank account It is advisable that anyone who runs a business in Germany also has a bank in Germany to quickly organize day-to-day business activities. Almost all large international banks have offices in Germany and it is also easy to have foreign currency accounts.

To open a private bank account you generally must have a valid passport and written confirmation that Germany is your current place of residence from the local Public Office (Bürgeramt). For a company bank account, the requirements depend on the legal form of the company. In addition to a valid passport you will generally need an excerpt from the commercial register and the articles of association of the company.

Capital Capital can be moved in and out of Germany without any restrictions. However, amounts over EUR €12,500, or equivalent payments with valuables, must be reported to the German Central Bank (Bundesbank). These reports are for statistical purposes only. Forms can be obtained from the Bundesbank.

Reporting obligations for money transfers from abroad depend on the place of residence of the recipient/addresser: nationality is irrelevant. A person or company with a place of residence or business in Germany must report incoming and outgoing payments from abroad for all transactions over EUR €12,500. Alternately, an investor with a place of residence abroad does not have to register a capital transfer to an account in Germany (even if the investor is the account holder).

Payments for the import or export of goods and details in connection with the granting, taking out, or repayment of loans with an originally agreed term of less than twelve months do not have to be reported. For statistical purposes, every person living in Germany and every company located there must also inform the Bundesbank of the ownership of securities or deposit accounts abroad.

Receivables or liabilities from companies (for example, banks) or private individuals abroad must be reported to the Bundesbank if they amount to more than EUR €5 million or equivalent.

For bank account deposits of more than EUR €15,000 cash, banks are required to check the identity of the depositor in order to prevent money laundering.

[Source: Germany Trade and Invest (Feb 2016)]

Employment of foreign workers

Workforce in Germany Vocational skills are a major reason for the German workforce's high productivity, which can be quickly applied to the workplace. Through a combination of on and off-the-job training in Germany's so-called dual education system, hiring and training costs are reduced (especially for skilled craftsmen and technicians) and recruitment risks are minimised. Vocational colleges closely cooperate with 470,000 companies in Germany, ensuring that education always meets specific industry needs.

Highly flexible working practices such as fixed-term contracts, shift systems, and 24/7 operating permits contribute to enhance Germany's international competitiveness as a suitable investment location for internationally active businesses.

Competitive labour costs Germany is known for its very stable labour costs. Wages have risen in most European countries (EU-27) in the last decade, with the growth rate approximately 3%. While some countries – particularly those in Eastern Europe – experienced a labour cost rise of more than 7%, Germany recorded the lowest labour cost growth within the EU at just 1.6%. This has been another decisive argument in favour of Germany as a premium business location.

Wages are generally negotiated freely. There is no overall statutory minimum wage. Minimum wage regulations exist only in certain industries.

[Source: Germany Trade and Invest (Feb 2016)]

See the Germany Trade and Invest site to find out more about setting up a business in Germany, including the different company forms required for Corporations, Partnerships and Branch Offices, more on employees including flexible models of employment, the German Social Security system, the Cash Incentives Programme (GRW) for investment projects and GRW funding rates by region: www.gtai.de/GTAI

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