



Business Setup in Germany

There are several types of companies¹ in Germany. The most usual forms are branch office and limited liability companies.

Legal Form	Branch Office ²	Private Limited Liability Company	Public Limited Company
Form in German terms	Niederlassung	Gesellschaft mit beschränkter Haftung (GmbH)	Aktiengesellschaft (AG)
Governing Statutes	No specific legal requirements except some businesses such as bank and insurance.	Limited-Liability Companies Act	Joint Stock Companies Act
Set up	Simply a part of the foreign business enterprise.	By agreement (Articles of Association), between shareholders drawn up in notarized form.	Formal Articles of Association as authenticated by a court or notary, are initially required to set up an AG.
Minimum No. of shareholders	N/A	1	5
Minimum Capital	No formal capital is required by law, but the tax authorities may prescribe a branch capital.	€25,000 (min €100 per share; must be fully subscribed; minimum €12,500 must be paid up prior to registration)	€50,000 (min €1 per share; at least 25 percent must be paid up at the time of formation)
Management at startup	A branch manager or a legal representatives of the foreign company.	Appointment of one or more managing directors.	Appointment of supervising board (at least 3 members) which appoint the management board (at least 1 member).
Limited Liability	No. (Liability is assumed by parent company)	Yes. (Liability restricted to the company's assets)	Yes. (Liability restricted to the company's assets)
Registered in Commercial Register	Yes – for independent branch	Yes	Yes
Distribution of Profit	N/A	Generally according to paid-in capital, but can be subject to any contractual agreement.	Dividend (according to number of shares).
Accounting	Dependent Branch – no separate accounts. Independent Branch – keep separate accounts.	Mandatory to prepare a balance sheet which is open for inspection.	Accounts required to be filed with Commercial Register.

¹ There are also other forms of business such as sole proprietorship, partnership, subsidiaries, joint ventures, unlimited company, limited partnership (KG), and corporate partnership (GmbH & Co. KG).

² Representative offices not engaged in trade or business are not regarded as branches.