S K Patodia & Associates LLP
CHARTERED ACCOUNTANTS

Information Memorandum

Consultancy Service for Company Formation in the Germany

Country Overview

Germany, located in Central Europe, is bordered by Denmark to the north, Poland and the Czech Republic to the east, Austria and Switzerland to the south, France to the southwest, and Belgium, Luxembourg, and the Netherlands to the west. Germany has the largest economy and is the second most populous nation (after Russia) in Europe. It is divided into 16 provinces, and its capital is Berlin. The official language of Germany is German, and the currency is the euro (EUR).

Germany is a key member of the European economic, political, and defence organisations. The German economy is one of the largest economies in the world. Germany is a leading exporter of machinery, vehicles, and chemicals. It also benefits from a highly skilled labour force.

Taxation

Germany taxesits corporateresidents on their worldwide income.However, most DTTs exempt income attributable to a foreign permanent establishment (PE). Non-residents with PE or property income are taxed by assessment on German-source income; those earning royalties and dividends are taxed by withholding at source. Interest paid abroad is, in most cases, free of German tax altogether. German business profits are subject to two taxes, corporation tax and trade tax. Corporation tax is levied at a uniform rate of 15% and is then subject to a surcharge.

Types of Legal Entities

1. Unternehmergesellschaft (beschränkt)(UG) (Entrepreneurial Private Limited Company)

2. Gesellschaft mit beschränkter Haftung (GmbH) (Private Limited Liability Company)

3. Aktiengesellschaft (AG) (Joint-stock company)

4. German General Partnership

Types	**Features**
Unternehmergesellschaft (beschränkt)(UG) (Entrepreneurial Private Limited Company)	This is the most commonly used setup in Germany viz German UG (also called as mini-Gmbh). The share capital requirement in German UG is 1 EUR. However, we still suggest depositing at least 5,000 EUR. The reason for this is mainly to build a reputation of the company in Germany for opening a bank account or dealing with local companies
Gesellschaft mit beschränkter Haftung (GmbH) (Private Limited Liability Company)	The share capital in a German GmbH should be minimum 25,000 EUR. The incorporator of the company should be present at the time of opening a corporate bank account.
Aktiengesellschaft (AG) (Joint-stock company)	There is no restriction on the nationality of the director and the shareholder.

Types	Features
German General Partnership	It is typical type of partnership firm founded by at least two members.

General Information for GmbH

Particulars	Remarks
No. of Shareholders required	Minimum 1 Shareholder is required
No. of Directors required	Minimum 1 Director is required
Nationality of Shareholders and Directors	Shareholders and Directors can be of any nationality.
Capital Requirement	Minimum capital for registration of German GmbH company is at least 25,000 EUR
Office Address Requirement	In order to register a German Company, you must provide a local German address as the registered office address of the company
Physical Presence of Shareholders and Directors in Germany	Banks in Germany may require the physical presence of the company principals at the time of account opening as part of their due diligence procedure.

Documents Required

1. Corporate shareholding pattern:

- Foreign Company Bylaws (MoA & AoA);
- Foreign Company Certificate of Formation/Incorporation or similar document;
- Copy of Foreign Company Tax ID;
- Copy shareholders register showing the shareholders;
- Copy of Foreign Company Domicile/ Address Proof.

2. Individual shareholding pattern:

- Copy of Shareholder's Official ID, Address Proof and Passport;
- Copy of Director's Official ID, Address Proof and Passport;

Stepwise Procedure

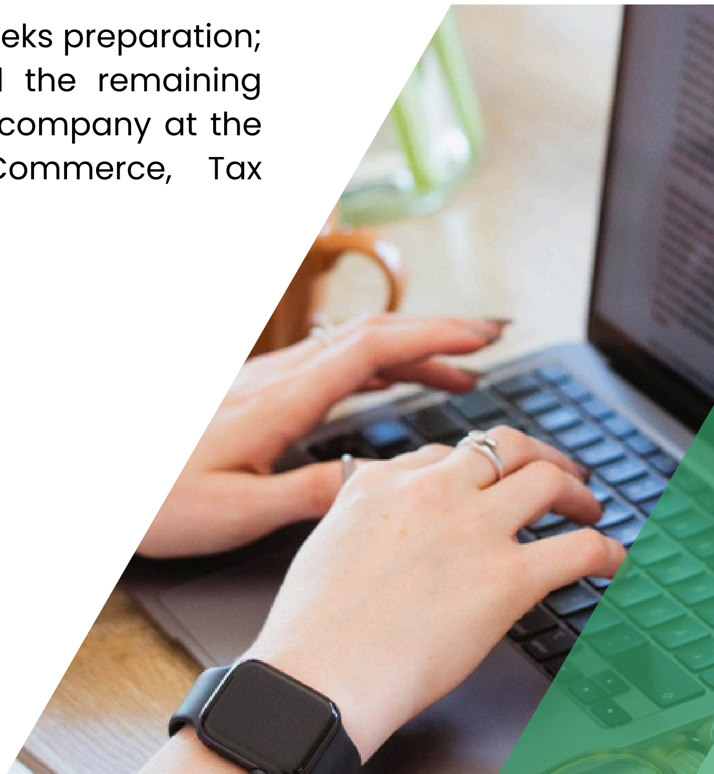
Formally, the GmbH Incorporation is done at a German notary. Once we interview the client and clarify all details, we shall talk to the Notary. We thereby obtain all documents from client and require 1-2 weeks for preparation of relevant documents and to check the availability of the name with local authorities, post which we shall provide all final documents to the Notary and fix an appointment. Owners and directors of the German company need to be present for this in Germany.

Once the incorporation documents are produced, they can be taken to the bank to open the bank account. Further, it usually takes 4-6 weeks for registration of the company at the Local City Counsel, Chamber of Commerce, Tax Authorities and so on. However, we try to make the companies operational as fast as possible.

Timeframe

As mentioned above, it depends on details but you can roughly say:

- From interview with client we need 1-2 weeks preparation;
- Notary appointment; 4-6 weeks for all the remaining
- formalities regarding registration of the company at the Local City Counsel, Chamber of Commerce, Tax Authorities;



Thank You!

Hopefully, we can work together and this project will be successful.

Let's Get In Touch

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