BRIS GROUP

GERMANY

LIMITED LIABILITY COMPANY (GmbH)

CLIENT GUIDE 2026

Formation, share capital, taxation, accounts, transparency and compliance

Professional company formation and ongoing corporate administration

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COMPANY FORMATION OVERVIEW

German Limited Liability Company (GmbH) at a Glance

The **Gesellschaft mit beschränkter Haftung (GmbH)** is Germany's principal private limited-liability company. It is governed primarily by the **GmbH Act (GmbHG)** and becomes a separate legal person upon registration in the Commercial Register (Handelsregister). It is widely used for trading, professional, holding, technology, manufacturing and international business structures.

Topic	Current legal / practical position
Foreign ownership	A GmbH may generally be 100% foreign-owned. A sole shareholder is permitted.
Managing director	At least one managing director (Geschäftsführer) is required. Under §6 GmbHG, the managing director must be a natural person with full legal capacity.
Registered seat	The articles must specify a registered seat (Sitz) in Germany.
Business address	A domestic business address is registered with the Commercial Register.
Share capital	Minimum stated share capital (Stammkapital): **EUR 25,000**.
Capital before registration	For cash formation, at least 25% of each cash share and in total at least **EUR 12,500** must be paid before registration; contributions in kind must be fully available to management.
Legal personality	The GmbH becomes a legal person upon Commercial Register registration.
Tax	A German GmbH is not an offshore 0% company; German corporate and trade taxation applies.

Key Benefits for International Clients

- 100% foreign shareholding is generally possible and a single shareholder may own the company.
- Strong legal recognition in Germany, the EU and international commerce.
- Shareholder liability is generally limited to the company's assets and the shareholder's contribution obligations.
- Flexible use for trading, consulting, e-commerce, technology, holding and operating businesses.
- Germany has an extensive double-tax treaty network and access to EU directives where statutory conditions are met.
- Clear statutory governance under the GmbHG, with shareholders appointing and supervising management.
- Shares may be held by individuals or legal entities, subject to AML and beneficial-ownership requirements.
- An alternative **UG (haftungsbeschränkt)** may be formed below EUR 25,000 capital, but it is legally distinct in capital/reserve requirements and is not the same as a fully capitalised GmbH.

Important Tax Point for Non-Resident Owners

Germany does NOT provide a 0% offshore regime for a GmbH

A German GmbH does not become tax-exempt merely because its shareholders, managing director, clients or sales are outside Germany. German corporate income tax applies to the taxable income of the company, and municipal trade tax generally applies to a German business. Foreign ownership is therefore a corporate-law benefit, not an offshore tax exemption.

Formation Requirements

Topic	Current legal / practical position
Company name	Must be distinguishable and include 'Gesellschaft mit beschränkter Haftung' or the abbreviation 'GmbH'.
Articles	Articles of association must be notarised; statutory simplified formation is available only in qualifying standard cases.
Shareholder(s)	One or more natural or legal persons may establish a GmbH.
Managing director(s)	One or more natural persons; appointment and eligibility are governed by §6 GmbHG.
Registered seat	The articles must specify a place in Germany as the company's registered seat.
Business purpose	The articles state the object/purpose of the enterprise.
Share capital	At least EUR 25,000 stated capital; individual share nominal amounts must be whole euros.
Commercial Register	Registration is filed with the competent local court's Commercial Register.
Beneficial ownership	Beneficial owners must be identified and reported to the German Transparency Register under the Money Laundering Act.

Share Capital - EUR 25,000

Section 5 GmbHG requires minimum share capital of **EUR 25,000**. The articles allocate nominal shares to the shareholder(s), and the aggregate nominal values must equal the stated share capital.

Must all EUR 25,000 be paid before registration?

Not necessarily for a standard cash formation. Under §7(2) GmbHG, at least **25% of the nominal value of each cash share** must be paid and the total cash paid plus qualifying contributions in kind must reach at least **EUR 12,500** before the registration application. The unpaid balance remains a legally enforceable contribution obligation. Contributions in kind must be transferred so they are finally at the free disposal of the managing directors before registration.

UG (haftungsbeschränkt) - Lower-Capital Alternative

Section 5a GmbHG permits an **Unternehmergesellschaft (haftungsbeschränkt) / UG (haftungsbeschränkt)** with stated capital below EUR 25,000. For a UG, the capital must be **fully paid in cash before registration**; contributions in kind are excluded. The UG must allocate one quarter of adjusted annual profit to a statutory reserve until the capital position is built up.

For clients seeking the strongest conventional German corporate presentation, a standard GmbH is normally the more established structure; the UG is useful where a lower initial capital commitment is commercially appropriate.

Documents Required from the Client

- Passport/government-issued identification and recent proof of address for shareholders, managing directors and ultimate beneficial owners.
- For corporate shareholders: current registry extract, constitutional documents, representation evidence and full ownership chain.
- Three proposed company names and detailed business activity.
- Proposed shareholder percentages and nominal share allocations.
- Proposed managing director(s) and signing/representation powers.
- German registered seat/business-address arrangements.
- Source-of-funds/source-of-wealth evidence required under AML procedures.
- Expected turnover, countries of operation, customers/suppliers, banking and transaction profile.
- Information on any activity requiring a German trade, professional, financial or sector-specific permit.

Formation Process

1. Structure/activity review **2.** KYC/AML & UBO review **3.** Name/articles & notary **4.** Capital payment **5.** Commercial Register **6.** Tax/trade/Transparency Register setup

Typical corporate file: notarised articles; shareholder list; managing-director appointment; Commercial Register extract; share-capital evidence; beneficial-owner documentation and tax/trade registration records as applicable.

Corporate Income Tax - 2026

Corporate income tax: 15%

The German Federal Ministry of Finance confirms that corporate income tax (Körperschaftsteuer) is levied at **15%** in 2026. Under legislation already enacted, the rate is scheduled to start decreasing from 2028; this guide therefore uses the current 2026 rate.

A **5.5% solidarity surcharge** is levied on the assessed corporate income tax. At a 15% corporate tax rate, this corresponds to an additional 0.825 percentage points before considering trade tax.

Municipal Trade Tax (Gewerbesteuer)

A GmbH carrying on business in Germany is generally subject to municipal trade tax. The effective rate is not a single nationwide percentage: it depends on the municipality's assessment multiplier (Hebesatz). Consequently, the combined effective corporate burden varies by location.

Do not advertise one fixed 'German company tax rate'

For a GmbH, the practical tax burden normally combines 15% corporate income tax, the 5.5% solidarity surcharge on that corporate tax, and municipal trade tax. The exact total must be calculated for the municipality and facts of the company.

Dividends & International Structures

Distributions by a German GmbH can be subject to German withholding tax, while domestic participation exemptions, EU directives and double-tax treaties may reduce or eliminate tax where all statutory conditions are satisfied. Beneficial ownership, holding percentages, residence, anti-abuse provisions and substance must be reviewed before any reduced rate is assumed.

Germany should therefore be presented as a high-substance EU jurisdiction with treaty and participation-relief opportunities - not as a zero-tax offshore company.

Accounting & Annual Financial Statements

A GmbH is subject to German bookkeeping and annual financial-statement requirements under the Commercial Code (HGB). Financial statements are prepared according to the applicable size category and accounting rules. Audit requirements depend on statutory size/status criteria.

Topic	Current legal / practical position
Bookkeeping	Proper German commercial and tax accounting records must be maintained.
Annual accounts	A balance sheet and profit-and-loss account are required; notes/management report depend on the applicable statutory category.
Disclosure	§325 HGB requires prescribed annual-account documents to be transmitted electronically to the entity operating the Unternehmensregister.
Micro entities	Qualifying micro-capital companies can use simplified preparation and deposit rules.
Audit	Statutory audit applies where the relevant HGB size/status criteria are met.
Tax filings	Accounting records support corporate income tax, trade tax and VAT filings.

Unternehmensregister Filing

For financial years beginning after 31 December 2021, annual financial-statement documents are transmitted directly to the **Unternehmensregister**. The exact scope of publication/deposit depends on the company's size category. Qualifying micro-enterprises may satisfy disclosure obligations through permanent deposit of simplified annual-account documents.

Transparency Register / Beneficial Owners

A GmbH is a reporting entity under the German Money Laundering Act (GwG). It must obtain, retain, keep current and report the required information on its beneficial owners to the **Transparenzregister**.

Topic	Current legal / practical position
Beneficial owner	Generally a natural person who ultimately owns or controls the company.
Ownership threshold	A natural person holding directly or indirectly **more than 25%** of capital is normally a beneficial owner.
Voting threshold	Control of more than 25% of voting rights also normally qualifies.
Other control	Comparable control can create beneficial-owner status even without the ownership threshold.
Fallback	If no natural beneficial owner can be identified after comprehensive checks, the statutory representative/managing person can become the deemed beneficial owner under the statutory rule.
Reported details	Name, date of birth, place of residence, nature/extent of interest and all nationalities are among the statutory data.

Trade Registration, VAT & Payroll

Most operating GmbHs require local **Gewerbeanmeldung** (trade registration) with the competent municipality unless the activity falls outside trade-law registration or requires a separate professional/sector authorisation. Tax registration follows with the tax authorities. VAT registration and filings depend on the company's supplies and circumstances; intra-EU activity can create additional VAT reporting requirements.

If the GmbH employs staff or remunerates managing directors in a manner creating payroll obligations, German wage-tax and social-security analysis is required. Regulated sectors require separate licensing.

Annual Compliance Checklist

- ■ Maintain the German registered seat/business address and current Commercial Register information.
- ■ Maintain at least one eligible managing director and update changes promptly.
- ■ Maintain shareholder list and share-capital/contribution records.
- ■ Maintain proper German accounting records.
- ■ Prepare annual financial statements under the HGB.
- ■ Transmit required annual-account documents to the Unternehmensregister.
- ■ File corporate income-tax and trade-tax returns and pay assessed/prepaid taxes.
- ■ Maintain VAT and payroll registrations/filings where applicable.
- ■ Keep Transparency Register beneficial-owner information accurate and current.
- ■ Maintain trade registration and any sector-specific licences.
- ■ Review cross-border transactions, transfer pricing, withholding taxes and permanent establishments.
- ■ Maintain AML/KYC, sanctions and banking compliance.

Why Germany Can Be Attractive

Topic	Current legal / practical position
EU market	Major EU economy and internationally recognised corporate jurisdiction.
Foreign ownership	A GmbH may generally be wholly foreign-owned.
Limited liability	Separate legal person with shareholder liability generally limited by the statutory capital framework.
Commercial reputation	Well-known legal form used by German and multinational businesses.
Treaty/EU access	Extensive treaty network and EU directives, subject to substance and statutory conditions.
Flexible ownership	One shareholder or multiple individual/corporate shareholders.
Capital credibility	EUR 25,000 stated capital gives a stronger conventional capital profile than many low-capital entities.

How BRIS Group Supports You

Pre-formation review - Review ownership, business activity, licensing, tax profile and suitability of a German GmbH.

Company formation - Coordinate name, articles, notarial formation, shareholder/director documents and Commercial Register filing.

Capital arrangements - Coordinate the formation-stage capital contribution process with the client and local providers/bank.

KYC / UBO - Coordinate shareholder, managing-director and ultimate-beneficial-owner due diligence and Transparency Register compliance.

Tax & accounting - Coordinate German tax registration, bookkeeping, annual accounts, corporate/trade tax and VAT support.

Annual compliance - Coordinate corporate changes, annual-account disclosure and ongoing company administration.

Documents - Arrange Commercial Register extracts, certified documents, apostille/legalisation and translations where required.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to German GmbH incorporation and maintenance and is not a fee quotation. BRIS Group professional fees, German registered-address/local-provider services, notary and Commercial Register costs, accounting, corporate/trade tax, VAT/payroll support, Transparency Register work, translations, certified documents and optional services are quoted separately. Clients may request a tailored quotation based on the proposed ownership, capital and business activity.

Client Preparation Checklist

- Three proposed company names.
- Detailed business activity and countries of operation.
- Shareholder(s), ownership percentages and ultimate beneficial owners.
- Proposed managing director(s).
- Passport and recent proof of address for each relevant individual.
- Corporate documents and ownership chain for any legal-entity shareholder.
- Proposed EUR 25,000 capital allocation and amount to be paid before registration.
- German registered seat/business-address arrangement.
- Source-of-funds/source-of-wealth information.
- Expected turnover, currencies, banking and transaction profile.
- Expected German/EU employees, VAT, payroll or premises requirements.
- Any regulated activity, trade licence, banking, translation or apostille requirements.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute German legal, tax, accounting, VAT, employment, regulatory or investment advice. **A German GmbH is not a 0% offshore company for non-resident owners.** The statutory minimum capital is **EUR 25,000**; for standard cash formation, at least 25% of each cash share and at least EUR 12,500 in total must be paid before registration. The unpaid balance remains an obligation to the company.

Primary official/legal sources reviewed: GmbH Act (GmbHG), particularly §§4-8 and §13; German Commercial Code (HGB), including §325 disclosure rules; Money Laundering Act (GwG), including §§3, 19 and 20; Federal Ministry of Finance 2026 corporate-tax and solidarity-surcharge materials; Unternehmensregister and Transparenzregister official guidance.

Information reviewed: August 2026. Tax, trade-tax multiplier, VAT, accounting, audit, licensing and beneficial-ownership requirements will be reconfirmed for the client's location and activity before incorporation and annual compliance work.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.