

1. Requirements for a UG (Unternehmergeellschaft)

A UG is a simplified form of a GmbH, designed for startups and small businesses with lower initial capital.

Key Requirements:

1. Minimum Share Capital:

- €1 minimum share capital.
- Share capital must be fully paid in cash (no in-kind contributions).

2. Articles of Association (Satzung):

- Must include:
 - Company name.
 - Registered address in Germany.
 - Shareholder details.
 - Management structure.
 - Share capital contribution details.

3. Shareholders:

- At least one shareholder (can be an individual or a legal entity).
- Shareholders' liability is limited to their capital contributions.

4. Managing Director (Geschäftsführer):

- At least one managing director.
- Must be a natural person (individual), but does not have to be a German or EU citizen.

5. Registration with Commercial Register (Handelsregister):

- Must register with the local court's commercial register.
- This requires notarized documents (e.g., articles of association, managing director appointment).

6. Annual Reserves:

- A UG must set aside 25% of its annual profits until it accumulates €25,000 in reserves.
- At this point, the UG can convert to a GmbH.

7. Address in Germany:

- Must have a physical business address in Germany for registration purposes.

8. Tax Number and Bank Account:

- Apply for a tax number with the tax office (Finanzamt).
- Open a German business bank account to deposit share capital.

2. Requirements for a GmbH (Gesellschaft mit beschränkter Haftung)

A GmbH is a more formal business entity suitable for businesses of all sizes, requiring higher initial capital.

Key Requirements:

1. Minimum Share Capital:

- €25,000 minimum share capital.
- At least 50% (€12,500) must be paid in cash or contributed as in-kind assets at the time of registration.

2. Articles of Association (Satzung):

- Must be notarized and include:
 - Company name.
 - Registered address in Germany.
 - Shareholder details.
 - Share distribution details.
 - Purpose of the company.
 - Management structure.

3. Shareholders:

- At least one shareholder (individual or legal entity).
- Liability is limited to their contributions.

4. Managing Director (Geschäftsführer):

- At least one managing director is required.
- Can be a foreign national, but must reside in Germany for practical management purposes.

5. Registration with Commercial Register (Handelsregister):

- Must register with the commercial register at the local court.
- Requires notarized documentation (e.g., articles of association, proof of capital deposit).

6. Supervisory Board:

- A supervisory board is not required unless the company has more than 500 employees.

7. Business Bank Account:

- Open a German business bank account to deposit share capital.

8. Company Address in Germany:

- The company must have a registered office in Germany.
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Additional Considerations for Both UG and GmbH

1. Naming Rules:

- The company name must include the legal form (UG or GmbH).
- The name must not be misleading and must be unique in the Handelsregister.

2. Taxes and Accounting:

- Both UG and GmbH are subject to corporate tax, trade tax, and VAT (if applicable).
- Maintain proper accounting records and submit annual financial statements.

3. Notary Costs:

- Both entities require notarization, with costs varying depending on the share capital and complexity of documents.

4. Employment Law:

- If hiring employees, comply with German labor laws, including contracts, social security, and insurance.

5. Conversion from UG to GmbH:

- A UG can voluntarily convert to a GmbH once it accumulates €25,000 in share capital reserves.