CompanyFormationWiki
The free encyclopedia of company formation
companyformationwiki.com

Company formation in Germany

From CompanyFormationWiki, the free encyclopedia of company formation · Last updated 25 November 2026

Company formation in Germany



Flag



Coat of arms

Common form	GmbH (Gesellschaft mit beschränkter Haftung) [1]
Registry	Commercial register (Handelsregister) [1]
Minimum capital	€25,000 (at least €12,500 paid in); UG from €1 [1]
Directors	1 managing director (Geschäftsführer) [1]
Local director	Not required [1]
Corporate tax	About 30% combined (15.825% plus municipal trade tax)
VAT / sales tax	19%
Typical timeline	Usually 1–4 weeks after notarisation [1]
Tax treaties	about 94 treaties in force [9]
Currency	Euro (EUR)

In short: To set up a company in Germany, most founders form a GmbH, registered with the commercial register (Handelsregister). [1] Minimum capital: €25,000 (at least €12,500 paid in); UG from €1. Corporate tax: about 30% combined (15.825% plus municipal trade tax). Registration: usually 1–4 weeks after notarisation (as of November 2026).

The **GmbH** is Germany's standard limited liability company and the most common corporate form. Formation requires a **notarised** articles of association and entry in the commercial register, kept by the local court. A lighter variant, the **UG (haftungsbeschränkt)**, can be founded with as little as €1.

Business structures

Most founders in Germany form a GmbH, registered with the commercial register (Handelsregister). [1] Other forms are listed below.

- **GmbH** – standard limited company, €25,000 minimum capital
- **UG (haftungsbeschränkt)** – mini-GmbH from €1; must retain 25% of profits until it reaches €25,000
- **AG** – stock corporation, €50,000 minimum capital
- **Einzelunternehmen, GbR, KG** – sole trader and partnership forms

Requirements

Minimum share capital in Germany (2026): €25,000 (at least €12,500 paid in); UG from €1. Directors required: 1 managing director (Geschäftsführer). Local resident director: not required. [1]

- Articles of association notarised by a German notary (online video notarisation is possible for standard formations).

- Share capital of at least €25,000, with at least half paid in before registration (UG: full amount, from €1).
- At least one managing director; there is no nationality or residency requirement.
- A business address in Germany.
- Entry of beneficial owners in the Transparency Register.

Registration process

Typical time to register a company in Germany (2026): usually 1–4 weeks after notarisation. [1] **The usual steps are:**

1. Prepare the articles of association and shareholder list.
2. Sign before a notary, who files the application with the commercial register.
3. Open a business bank account and pay in the share capital.
4. The local court enters the company in the commercial register.
5. Register the business with the local trade office (Gewerbeamt) and for tax with the tax office.

Taxation

The corporate tax rate in Germany in 2026 is about 30% combined (15.825% plus municipal trade tax). Standard VAT or sales tax: 19%.

Tax	Rate and notes
Corporate income tax	15% plus 5.5% solidarity surcharge (15.825%)
Trade tax	Set by each municipality, roughly 7–17%; combined burden is typically about 30%
VAT	19% standard rate, 7% reduced

Ongoing compliance

Annual compliance in Germany: Annual financial statements must be prepared and published in the company register, and corporate income, trade tax and VAT returns filed with the tax office. [1]

Recent changes

The federal government has legislated a gradual cut of the corporate income tax rate by one percentage point a year from 2028, aiming at a combined burden of about 25% by 2032.

Double tax treaties

Germany has about 94 treaties in force. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-residents

Dividends	Interest	Royalties
26.375%	0%	15.825%

Rates include the 5.5% solidarity surcharge (25% and 15% before the surcharge). Interest is generally free of withholding tax, except on convertible and profit-sharing bonds. Dividends to an EU parent holding at least 10% for one year are exempt under the Parent-Subsidiary Directive.

Treaty rates on payments from Germany

Maximum withholding tax Germany charges on payments to a company resident in each country covered by this wiki. Where several rates are shown (for example 5/15%), the lower rate applies only if conditions are met, usually a minimum shareholding, a holding period or a qualifying recipient such as a bank or pension fund.

Recipient's country	Dividends	Interest	Royalties
Cyprus	5/15%	0%	0%
Estonia	5/15%	0/10%	10%
Georgia	0/5/10%	0%	0%
Ireland	5/15%	0%	0%
Netherlands	5/10/15%	0%	0%
Poland	5/15%	0/5%	5%
Singapore	5/10/15%	0%	5%
Switzerland	0/5/15%	0%	0%
United Arab Emirates	*The Germany–UAE treaty expired on 31 December 2021. Both governments said in September 2026 that they aim to conclude a new treaty soon.* D		
United Kingdom	5/10/15%	0%	0%
United States	0/5/15%	0%	0%

Rates from PwC Worldwide Tax Summaries (reviewed 30 June 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules; check the treaty text before relying on a rate.

Frequently asked questions

How long does it take to register a company in Germany?

Typical registration time in Germany: usually 1–4 weeks after notarisation (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Germany?

Minimum share capital in Germany: €25,000 (at least €12,500 paid in); UG from €1 (as of November 2026).

What is the corporate tax rate in Germany in 2026?

The corporate tax rate in Germany in 2026 is about 30% combined (15.825% plus municipal trade tax). See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Germany?

Yes. There is no nationality requirement for shareholders. Local director rule in Germany: not required.

How many tax treaties does Germany have?

Germany has about 94 treaties in force. Among the 12 countries whose treaty rates this wiki tabulates, there is no comprehensive treaty with the United Arab Emirates.

What withholding tax applies to dividends paid from Germany?

Germany withholds 26.375% on dividends under domestic law, often reduced by a tax treaty or the EU Parent-Subsidiary Directive. See the treaty table in the Double tax treaties section.

What is the difference between a GmbH and a UG?

A UG (haftungsbeschränkt) is a GmbH with reduced capital, from €1. It must set aside 25% of its annual profit until its capital reaches €25,000, after which it can convert to a GmbH.

Do I need a notary?

Yes. The articles of association must be notarised. For standard formations, the notarisation can also be done online by video.

Official registries and resources

- Common register portal (Handelsregister)
- Company register (Unternehmensregister)
- Transparency Register
- Germany Trade & Invest

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in the United Kingdom
- Company formation in Poland
- Company formation in Ireland
- Company formation in the Netherlands
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Official Common register portal (Handelsregister) . German federal and state governments. Accessed November 2026.
2. Official Company register (Unternehmensregister) . German federal and state governments. Accessed November 2026.
3. Official Transparency Register . German federal and state governments. Accessed November 2026.
4. Official Germany Trade & Invest . German federal and state governments. Accessed November 2026.
5. Germany Highlights 2026 . Deloitte. Accessed November 2026.
6. Corporate taxation . Germany Trade & Invest. Accessed November 2026.
7. Germany: Taxes on corporate income . PwC Worldwide Tax Summaries. Accessed November 2026.
8. Germany corporate tax rate, filing deadline, tax incentives, and exemptions explained . Aspire. Accessed November 2026.
9. Germany: Corporate – Withholding taxes (reviewed 30 June 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.

Source: https://companyformationwiki.com/company-formation/germany/
Version: last updated 25 November 2026. Check the online version for later changes.

© 2026 CompanyFormationWiki. CompanyFormationWiki is a free encyclopedia of company formation, business structures and international tax across 222 jurisdictions. General information, not legal or tax advice. Confirm with the official registry, the tax authority or a qualified adviser before acting.