







BRINGING YOUR BUSINESS TO GERMANY

Entering the German market presents a lot of challenges. As a multidisciplinary consultancy, NAP is committed to guiding you through the complexities of administrative requirements. Our objective is to establish and optimize your operational framework, enabling you to concentrate on the expansion of your business.

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Legal Entity structuring

Expanding a business into Germany necessitates making fundamental decisions regarding its legal structure.

The simplest method to establish a presence in Germany is through a branch office, which requires only a business address and registration with the commercial register. However, the most frequently chosen legal form for corporate expansion is the limited liability company (GmbH).

The establishment of a GmbH necessitates the creation of a corporate bank account with the requisite paid-in share capital and notarized articles of association.

NAP provides comprehensive support in structuring and selecting the appropriate legal form for your enterprise. Given that the establishment process can take up to six months, we offer the option of acquiring a pre-registered shelf company, already capitalized and ready for business operations.

Bank Account

In principle, both natural persons and legal entities are eligible to open a bank account in Germany. However, foreign applicants may encounter challenges. The decision to grant an account is contingent upon several criteria, including:

- Creditworthiness
- Comprehensive and seamless Know Your Customer (KYC) verification
- Acceptance of an apostille or country-specific legalization
- A country of origin that is not classified as high-risk
- Absence of any European Union sanctions against the country of origin

Failure to meet these criteria generally results in the rejection of a bank account application.

In collaboration with our banking partners, NAP facilitates the process of opening a corporate bank account and provides advisory services for liquidity planning to ensure financial stability in Germany.





Compliance Obligations

Germany maintains a stringent regulatory framework. Registration with the Chamber of Industry and Commerce (IHK) is mandatory for all legal entities.

Additionally, companies are subject to multiple tax-related obligations. Beyond tax registration, obtaining a VAT identification number is essential for seamless intra-European trade. Furthermore, monthly and annual tax returns must be filed in accordance with statutory requirements.

Employers in Germany must register with the Federal Employment Agency, which assigns a company number. Monthly wage tax and social security contributions must be remitted to the relevant authorities. Further obligations include the publication of annual financial statements, preparation of foreign trade reports, and registration in the Transparency Register.

NAP ensures full compliance with all regulatory requirements.

Location and Administration

To conduct business in Germany through a company or branch office, a registered business address is a prerequisite.

NAP offers incorporation services and optimizes tax structures based on regional tax rate variations. The effective tax rate in our jurisdiction is 24.8%.

Moreover, we provide access to meeting rooms in multiple locations and facilitate back-office operations as well as management meetings.

Taxation

The primary forms of taxation in Germany include:

- Income Tax (Einkommensteuer, ESt)
- Trade Tax (Gewerbesteuer, GewSt)
- Corporate Tax (Körperschaftsteuer, KSt)
- Value Added Tax (VAT, Umsatzsteuer)

Income Tax

Natural persons are subject to income tax, which follows a progressive rate structure with a maximum rate of 45%.

Corporations (GmbH, UG, AG) with their registered office or management in Germany are liable for corporate tax. The applicable rate, including the solidarity surcharge, is 15.83%.

In addition to corporate tax, businesses must also pay trade tax, which varies by municipality.

To mitigate double taxation, Germany has established numerous double taxation agreements (DTAs).

Value Added Tax (VAT)

Entrepreneurs are required to collect and remit VAT on their supplies and services, unless explicitly exempt. At the same time, businesses may deduct VAT paid on inputs.

The standard VAT rate is 19%, while a reduced rate of 7% applies to specific goods such as food, books, and magazines.



Accounting

German companies must adhere to the accounting standards stipulated by the German Commercial Code (HGB) and German Accounting Standards (GOB). The classification of a company is determined based on financial criteria evaluated over two consecutive years.

NAP provides comprehensive bookkeeping services, the preparation of annual financial statements, and customized reporting packages for corporate groups and investors.

Employing staff in Germany entails a range of regulatory obligations, including:

- Employee registration with the employment office, social security, and health insurance providers
- Timely payment of income tax and social security contributions
- Monthly payroll processing

NAP provides end-to-end support in fulfilling these obligations, including payroll preparation and optional management of payment transactions.

In partnership with global service providers, we also offer standardized international payroll solutions.

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