

DISCOVER HAMBURG

SETTING UP A COMPANY IN HAMBURG



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July 2017 | Hamburg



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SETTING UP A COMPANY IN HAMBURG:

INTRODUCTORY INFORMATION

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1. Documents Needed to Set Up a Company (GmbH)

By an individual

Passport

Nominal capital for a GmbH (€ 25,000 plus fees)

By a legal entity (examples)

Certified translation of the parent company's registration in Companies Registry

Minutes of the owners' (shareholders') decision to set up a company in Hamburg detailing the name of the future managing director

Power of attorney for an individual to handle the share capital of the new company if not all the shareholders come to Hamburg

Nominal capital for a GmbH (€ 25,000 plus fees)

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2. Entities Involved in Setting up a Company (GmbH)

Lawyer

Drafting the Articles of Association of a GmbH

Name of the company in Hamburg

Managing director's contract

(Use of the lawyer's address as the company's temporary address)

Notary public

Notarization of the Articles of Association

Submission to the commercial registry in Hamburg

Bank

Opening an account for the new company

Paying-in of the nominal capital

Tax adviser

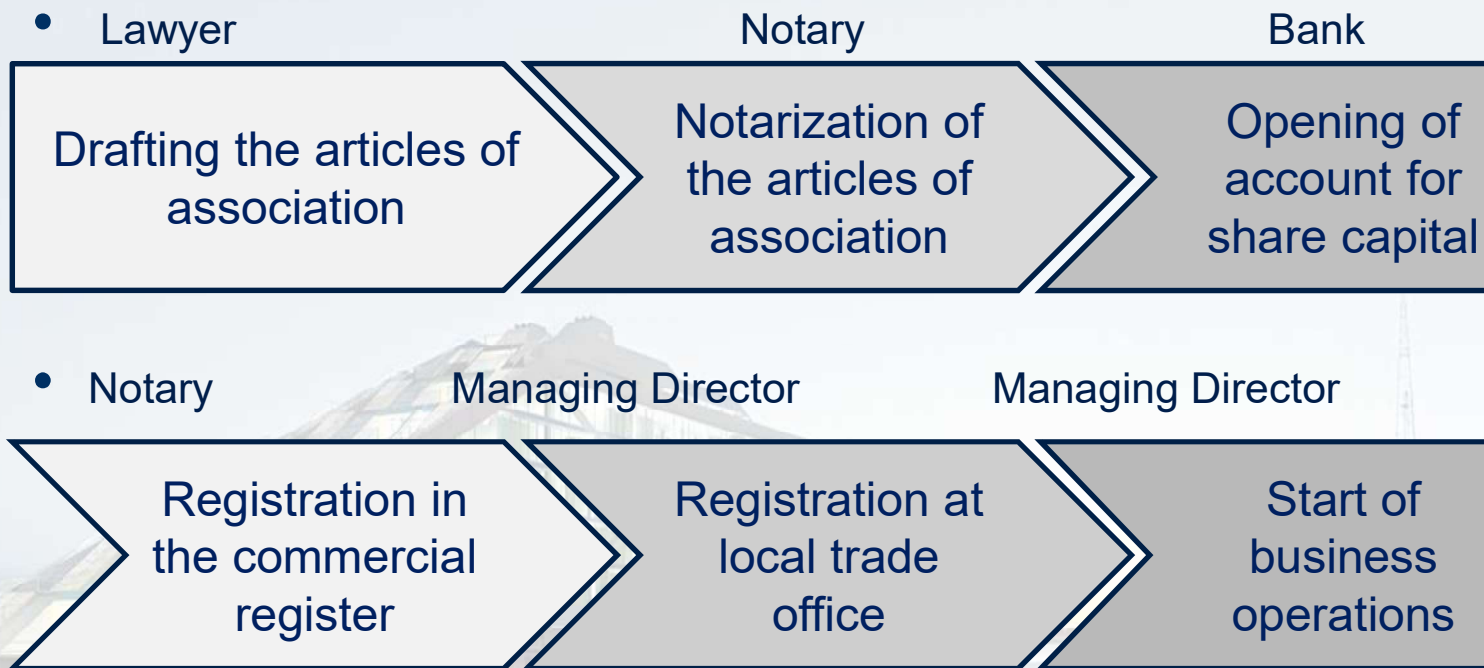
Information on commercial and tax law

(Filing an opening balance sheet)

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3. Exemplary Steps to Set Up a Company (GmbH)



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4. Information on Taxation in Germany

Corporate Income Tax (federal government tax)

- ▶ 15 percent on the taxable profits
- ▶ Payable on undistributed as well as distributed profits

Solidarity Surcharge (federal government tax)

- ▶ Added to the corporate income tax
- ▶ 5.5 percent of the 15 percent rate (0.825 percent)

Trade Tax (federal state tax)

- ▶ set by local authorities
- ▶ Complex formula: $\text{profit} \times 0.035 (\text{tax index number}) \times 470$ (Hamburg trade tax factor)
- ▶ In Hamburg equals 16.45 percent of taxable profits (average in Germany 14 percent)

Please note: Tax rebates are numerous.

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Platzhalter für den Präsentationstitel

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SETTING UP A COMPANY IN HAMBURG:

LABOUR MARKET AND EMPLOYMENT

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LABOUR MARKET (1)

AVERAGE EARNINGS OF FULL-TIME EMPLOYEES

MONTH

Average earnings by sectors	Gross income in €
Financial and insurance services	5
Processing industry	4
Construction industry	3
Support and Service activities	2
Trade	3
Transport and warehousing	3
Health and Social work	3
Arts, entertainment and recreation Section	3

Quelle: Statistisches Bundesamt , Verdienste auf einen Blick, 2017

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LABOUR MARKET (2)

AVERAGE EARNINGS OF FULL-TIME EMPLOYEES

MONTH

Average earnings by position	Gross income in € (es
Industrial worker	2,000-3,5
Secretary (German / English), Assistance	2,500-3,7
Technical employee	2,500-4,5
Sales Manager	3,300-5,4
General Manager	4,100-8,0

- **Please note:** general minimum wage of EUR 10,35 an hour

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EMPLOYMENT (1)

Duration

Unlimited contracts are usual in Germany

- Six-month probationary period with two weeks' notice

Fixed term contracts exist as well

- Expire automatically on a specified date without a formal dismissal requirement
- Can be extended up to three times
- Limited to a maximum of two years (During the first four years of a company's existence in Germany limitation is four years)

Termination of employment

- Legal period of notice: 4 weeks to the end of a month
- Dismissals must be provided in writing and both parties have to observe the notification periods

EMPLOYMENT (2)

Working Times

Maximum of eight hours per day, incl. 30 min break

- Monday to Friday are working days
- Saturday legally is a working day, but not used (excluding retail)
- Sunday is day of rest

Overtime is possible (max. of ten hours per day), but:

- Only in reasonable exceptional cases
- To be compensated for with additional time off
- Break needs to be extended to 45 min

Vacation

at least four weeks of paid vacation in a calendar year, excluding public holiday

Please note: Contracts are expected to be in German or bilingual.

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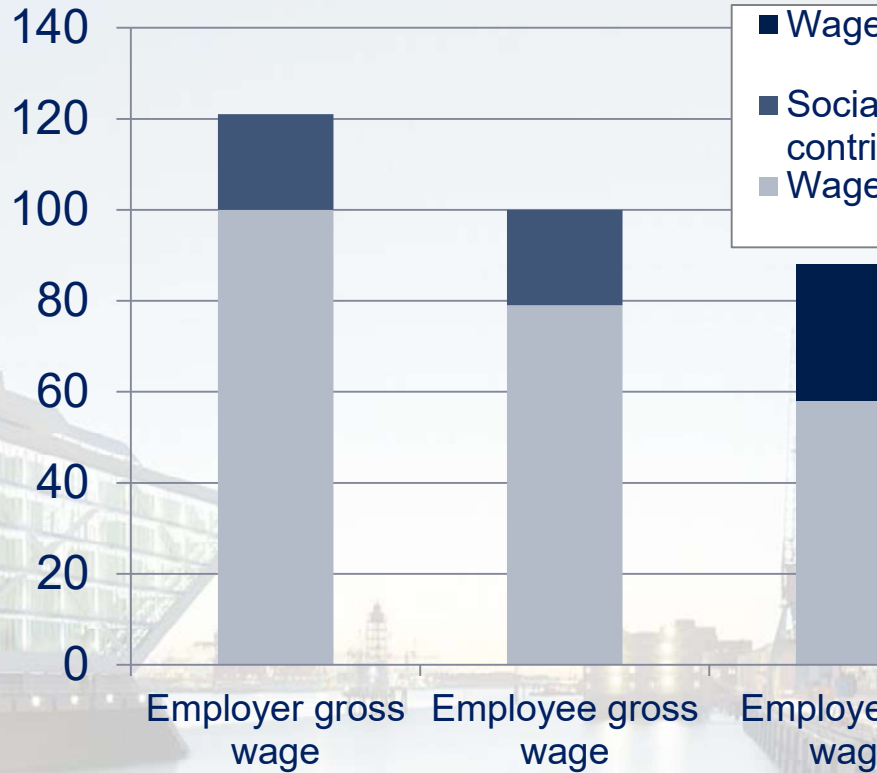
SOCIAL SECURITY INSURANCE

The German social security system includes:

- ▶ Health insurance
- ▶ Pension insurance
- ▶ Unemployment insurance
- ▶ Nursing care insurance
- ▶ Accident insurance

Please note:

Social security contributions are shared by employer and employee (with the exception of accident insurance).



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