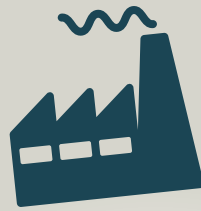


INVESTOR GUIDELINE FOR THE GERMAN STATE OF HESSEN

ISSUE 2016



LEADING LOCATION FOR
INWARD INVESTMENT



INVESTING IN THE
STATE OF HESSEN



FINANCIAL
REQUIREMENTS

COMPANY ESTABLISHMENT IN HESSEN



LEGAL ASPECTS /
BUSINESS REGISTRATION



PROFITABILITY



CHALLENGES



BUSINESS
PLAN



10 STEPS TO SUCCESSFULLY ESTABLISHING A COMPANY IN HESSEN



🌀 This information can be used as a roadmap for a successful business start-up in the German State of Hesse.

Hesse is a state that is in demand among foreign investors. It pays off to invest here. It is clear that the key economic indicators are what particularly count among the investors. An international infrastructure along with access to the European and German market and to the international banking system are crucial factors when assessing Hesse as a business location.

Comprehensive support services, a strategic approach to promoting business and technology, and the transfer of expert knowledge create trust and are the foundations of the modern location marketing offered by Hesse Trade & Invest. Our international experts support your access to the European market.

STEP 1: CONTACT US

Contact an advisor at Hesse Trade & Invest as early as possible to obtain quick and unbureaucratic support from your initial inquiry to the opening of your business venture.

We are the central point of contact for international investors who wish to locate or invest in Hesse. We support them in cooperation with our partners at the regional and local level and assist them every step of their way to Hesse.

STEP 2: VISA FOR A BUSINESS TRIP TO GERMANY

Entrepreneurs and citizens of many non-EU countries require a visa for business trips to Germany, however, there are exceptions for several countries. Citizens from Australia, Canada, Israel, Japan, New Zealand, South Korea, and the United States may enter and stay in Germany without a visa for up to 90 days.

Citizens of all other countries require a Schengen or a German national visa for entry into Germany. For short-term stays in Germany (stays not exceeding 90 days within a 180-days period starting from the initial date of arrival), a Schengen visa is required to travel to Germany.

A Schengen visa is generally sufficient for most steps to establish a business in Germany. Applications for visas must be filled with the German Embassy or a Consulate in the country of residency.

Schengen visa applicants (business visa applicants) will usually be asked to present certain documentation such as:

- a letter of invitation by the German business partner or by an official institution / organization
- documentation of employment and salary certificate
- a letter from the applicant's employer confirming the business purpose of the trip

When the entrepreneur personally applies for a Schengen visa, documents such as a copy of the foreign company's entry in the foreign commercial register, articles of association, and bank statements from the last three months may also be required.

STEP 3: HEALTH INSURANCE FOR YOUR STAY IN GERMANY

A visa will only be issued if you can prove that you have health insurance coverage in Germany. You can purchase health insurance in your own country. Documentary evidence must be provided of travel health insurance with a minimum coverage of EUR 30,000 valid for the entire Schengen area.



Germany is a good choice when it comes to investing in Europe for international enterprises. The State of Hesse provides companies from abroad a top investment environment for sustained success in Europe and in Germany!

STEP 4: DOCUMENTS NEEDED TO SET UP A COMPANY

Anyone can establish a business in Germany – irrespective of nationality or place of residence. There is no specific investment legislation in Germany, nor is there a minimum percentage of German shareholdings required for foreign entrepreneurs. Foreign investors can choose the most suitable legal company form as a corporation or partnership or conduct business via a Germany-based branch office. Either way, establishment procedures are straightforward with well-defined steps.

When choosing the legal form of the company, a corporation is usually the best option for larger, established companies. There are four major forms of corporations under German law:

- Limited Liability Company (GmbH)
- Limited Liability Entrepreneurial Company („Mini GmbH“)
- Stock Corporation (AG)
- Partnership Limited by Shares (KGaA)

The German limited liability company (in German language GmbH – Gesellschaft mit beschränkter Haftung) is the most widely used legal form for corporations. It combines high flexibility with relatively few obligations.

The documentation needed to set up a company depends on whether the company is being set up by an individual or a legal entity.

Individuals:

- Passport
- Initial capital for a company with limited liability (GmbH): EUR 25,000 plus fees

Legal entities:

- Original commercial register entry of the parent company with certified translation
- Record of the resolution adopted by the owners (shareholders) to set up a company in Hesse, including designation of the future managing director

- Possibly the authorization of an agent to take over share capital of the new company if not all shareholders are intending to come to Hesse
- Initial capital for a company with limited liability (GmbH): EUR 25,000 plus fees

The minimum share capital required to establish a GmbH is EUR 25,000 (this can also be made up of contributions or assets in kind). At the time of registration, at least half of the minimum capital (i.e. EUR 12,500) must be actually and verifiably contributed on a bank account.

STEP 5: EXPERTS TO HELP WITH SETTING UP THE COMPANY

When setting up a company in Germany, the support provided by our team of consultants cannot fully eliminate the need for additional experts – some of them are optional but often advisable.

Lawyer / Attorney

- Advice on the legal prerequisites of conducting business activities in Germany/Hesse
- Draft of a deed of association
- Search for a permissible company name
- Draft of a managing director’s contract
- Temporary registered office at the attorney’s offices

Tax consultant

- Advice on aspects of taxation and commercial law
- Preparation of an opening balance sheet
- Possible agreement of a consultancy contract

Notary public

- Notarization of the establishment of the company
- Application for entry in the local commercial register in Hesse

Bank

- Opening a business account for the company
- Paying in the share capital
- Your personal counsellor is also

available to offer advice and practical assistance in your search and selection of further experts

Personnel consultants/recruitment agencies

Personnel matters are expensive and time-consuming. HR companies can support you with the following services:

- Job analysis and sourcing
- Screening and selection
- Interviews and suggestion of candidates

STEP 6: SEARCHING FOR BUSINESS PREMISES

A registered business address is required for conducting commercial operations in Germany. Options for business premises in Hesse are the following:

- Office space
- Office space in a business center
- Commercial premises/space
- Home office (for the initial phase of getting started)

Your advisor can support you to find the right premises in close cooperation with economic development partners at regional and city levels.

STEP 7: COMPANY REGISTRATION

After the location decision has been made, the new German corporation has to register. All companies are requested to incorporate at the public commercial register (Handelsregister) which provides legally relevant information about merchants and commercial companies. The commercial register is managed by the district court where it can freely be viewed by the public. Additionally, all business operators must notify the trade office (Gewerbe-/Ordnungsamt) of the town in which the business operation is located.

STEP 8: FUNDING SCHEMES

Foreign companies aiming to set up office in Hesse can obtain funding under certain circumstances. Incentive systems



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investment promotion agency, which will take care of this aspect for you.

The immigration office of the city administration takes into account the following aspects:

- Viability of the underlying business idea
- Investor's entrepreneurial experience
- Level of capital investment and availability of capital
- Contribution towards innovation, research and development in Hessen regarding regional aspects
- Effects on the regional employment and (employee) training level

The local immigration office consults with the local economic development agency, the local trade and the business associations, e. g. local Chambers of Industry and Commerce (Industrie- und Handelskammer) or the Chambers of Skilled Crafts (Handwerkskammer). Your company can expect a decision within a short period. Applicants who are older than 45 years must also furnish proof of an adequate pension scheme.

STEP 10: COMMENCING BUSINESS OPERATIONS

When commencing business operations in Hessen, the following aspects need to be considered:

- Preparation and implementation of a marketing concept
- Adaption of the business plan according to new prerequisites (e.g. after your initial business trip)
- Staff recruitment
- Search for housing
- Search for business contacts
- Search for business partners
- Identify suitable warehousing space
- Find attractive showrooms
- Information on customs terms, on technical regulations and on commercial statutes
- Installation of telephone and internet connections
- Purchase of office equipment, machinery, etc.
- Production of letterheads, business cards
- Possibly, purchase of a motor vehicle

are available but always customized. The team of funding experts of WIBank Hessen is prepared to provide you with information relating to your individual funding prerequisites. We can help you to get in touch.

STEP 9: RESIDENCE PERMIT AND SETTLEMENT PERMIT

Entrepreneurs from non-EU countries require a residence permit (Aufenthalts-erlaubnis) or a settlement permit (Niederlassungserlaubnis) if they want to run a business in Germany on-site or if they are employed in Germany. A residence permit is always limited in time, a settlement permit is unlimited. A settlement permit will usually be issued, if a non-EU citizen has been in possession of a residence permit for at least five years. Both residence and settlement permit are always issued for a specific purpose, usually for the purpose of self-employment or for the purpose of taking up employment in Germany.

This is generally issued if:

- an economic interest or a regional need regarding the intended business activity exists
- positive economic consequences are to be expected from the investment project
- the planned investment has secure financing in place

The local immigration office (Ausländer-behörde) individually assesses to what extent these criteria are met. We can support you to get in touch with the local



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FURTHER INFORMATION:

www.invest-in-hessen.com

www.htai.de

www.standorte-in-hessen.de

Hessen Trade & Invest GmbH, as the economic development and investment promotion agency of the German State of Hessen offers international investors additional services. Especially for innovative industries such as ICT, biotechnology and medical devices, green and nanotechnology, industry-related information and useful networking opportunities are provided.

www.hessen-it.de

www.hessen-biotech.de

www.hessen-umweltech.de

www.hessen-nanotech.de

Hessen Trade & Invest GmbH is a partner of the Enterprise Europe Network (EEN). EEN is a team of experts that facilitates European co-operations, advice on EU programs and interactive network events. The EEN network spans across fifty countries, with approximately 600 member organizations, the Enterprise Europe Network Hessen (EEN Hessen) assists small and medium-sized enterprises to strengthen their international position and effectively increase their business opportunities in Europe and beyond. Hessen-based subsidiaries of international companies can take advantage of the EEN partnering programs and innovation networks.

www.een-hessen.de

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