



# Business Guide to Germany



How to access and set up business  
in Europe's biggest market

## Germany and its “Länder”



## Business Development Agencies of the Federal States Your Regional Partners

Federal States	E-mail Address	Website
Baden-Württemberg	info@bw-i.de	www.bw-i.de
Bavaria	info@invest-in-bavaria.de	www.invest-in-bavaria.com
Berlin	info@berlin-partner.de	www.berlin-partner.de
Brandenburg	info@zab-brandenburg.de	www.zab-brandenburg.de
Bremen	mail@big-bremen.de	www.big-bremen.com
Hamburg	info@hwf-hamburg.de	www.hamburg-economy.de
Hesse	info@hessen-agentur.de	www.hessen-agentur.de
Lower Saxony	info@ipa-niedersachsen.de	www.ipa-niedersachsen.de
Mecklenburg-West Pomerania	info@gfw-mv.de	www.gfw-mv.com
North Rhine-Westphalia	gfw@gfw-nrw.de	www.gfw-nrw.de
Rhineland-Palatinate	isb-marketing@isb.rlp.de	www.isb.rlp.de
Saarland	info@gwsaar.com	www.gwsaar.com
Saxony	info@wfs.saxony.de	www.wfs.saxony.de
Saxony-Anhalt	welcome@wisa.de	www.wisa.de
Schleswig-Holstein	info@wtsh.de	www.wtsh.de
Thuringia	invest@leg-thueringen.de	www.invest-in-thueringen.org
Industrial Investment Council (eastern States)	info@iic.de	www.iic.de

Invest in Germany



# Business Guide to Germany

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Dear Reader,

The purpose of Invest in Germany is to inform entrepreneurs about Germany as a business location, its advantages, and the related business prospects it offers. This "Business Guide to Germany" provides you with a detailed overview of the legal, economic, and infrastructural framework in Germany.

Germany is Europe's largest economy. The business potential and healthy competitive market are some of the country's main strengths.

The size and geographical location of Germany, its excellent infrastructure and highly integrated research landscape make Germany the leading business location in Europe. Germany's position as one of the most important high-tech locations in the world has also played its part in this.

Germany also serves as an economic hub for Eastern Europe: it is an excellent place from which to enter those emerging markets – more effectively and directly than from any other European country.

For companies that operate on the international stage, Germany is one of the most interesting investment locations in the world, a fact that has been impressively confirmed by recent studies by renowned business research institutes. Attractive investment funding, the increasing flexibility of the labor market, a highly-qualified and motivated workforce, and the removal of bureaucratic obstacles provide a business climate that enables companies to meet the challenges of a global economy on all levels. This is demonstrated not least by the 22,000 foreign companies that have already located to Germany. They employ around 2.7 million people and contribute about 1,000 billion euros to the German GDP.

The members of the Invest in Germany staff are a dedicated source of valuable information for you.

They can help you to establish contacts with key decision-makers in business, administration, politics, and society, to pave the way for you and your company to do business in Germany.

I look forward to welcoming you to Germany.



Gerhart Maier

Managing Director, Invest in Germany GmbH



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## **Germany – a top location for successful business**



Entrepreneurs from around the world are always welcome in Germany, a country that offers the ideal conditions for successful business transactions. Investors profit from Germany's central location in the heart of Europe, an excellent infrastructure, the country's position as leading logistics location in Europe, a qualified workforce, an excellent research landscape, and finally the large European market.

Germany's cosmopolitan nature is well known. Around 22,000 foreign businesses are located in the country, and the 500 largest companies in the world are represented here. All in all, foreign companies employ 2.7 million people.

The German market is open for business investments in practically all sectors; there are no business sectors dominated exclusively by the state. As a result of the privatization of previously state-owned companies such as the German rail company Deutsche Bahn, the postal service, or in the telecommunications sector, the government has given up the kind of state-dominated business sectors that still exist in France or the United Kingdom, for example.

The opening up of Eastern Europe has also created additional opportunities for companies in Germany. New markets have emerged in these countries and can be excellently entered from the center of Europe. Many companies are taking advantage of the new opportunities, one of the reasons why Germany is the world's leading exporter of goods. Germany is the only country among the most important seven industrialized nations (G-7) that has been able to increase its share of global trade since 1995. ■

### ■ “Made in Germany” – a global brand

There are many reasons why international business is taking a growing interest in Germany. One is the “Made in Germany” brand, which has been standing for a mark of high quality and innovation for more than a century. With this seal of quality, Germany has been the world-leading exporter of goods for years. The innovative force of companies has since remained intact. German companies are leaders in both the development of new technologies for the environmentally friendly production of electricity and pioneering nanotechnologies. German companies are also world leaders in many other sectors, and have a leading position in the classical industries, the best example of which is the automotive industry, which has contributed much to the country's reputation all over the world.

One underlying factor for excellence in the development of new products is the leading research conducted at German universities and other institutes. Industry has also benefited from the close partnerships with the state-funded research institutes *Max Planck Society*, *Fraunhofer Gesellschaft*, *Leibniz Association*, and *Helmholtz Association*. ◀ The most recent testament to quality in research was the award of the Nobel prize to Munich physicist *Theodor Hänsch* in 2005. With his work, the scientist has helped achieve a quantum leap in spectroscopy, which has revolutionized many products.

The universities also train excellent scientific experts, who transfer state-of-the-art development to business, and help to turn sophisticated ideas into products for the global market. The government makes every effort to support this and the formation of clusters, particularly in the future industries in which Germany excels ◀, is intensively promoted.

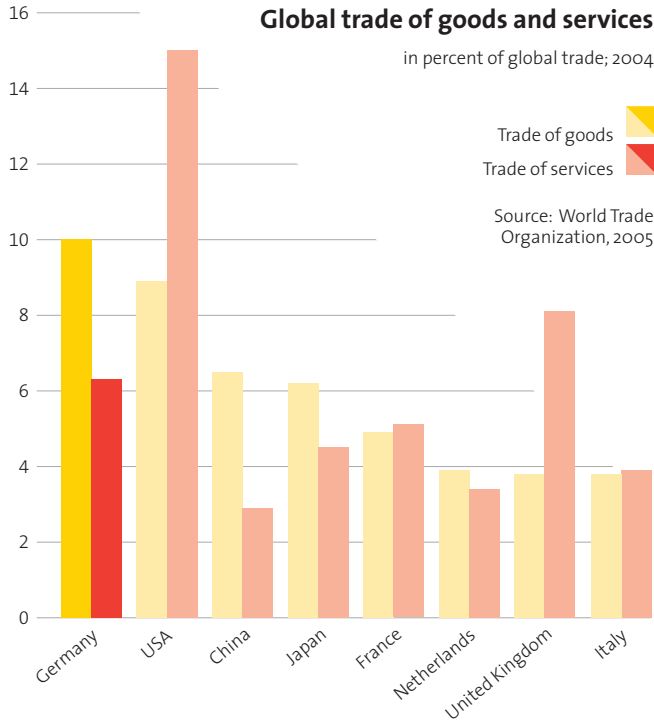
Information and contact details on industry clusters can be found on the Invest in Germany website ◀, the marketing agency for Germany as a business location, and on the internet sites of the regional business development agencies. ◀

see also page 14, benefiting from German research ◀

see also page 11 ◀

[www.invest-in-germany.com](http://www.invest-in-germany.com)

see page 49, regional business development agencies ◀



There are good reasons why companies develop new procedures, plan intelligent products and services, and manufacture complex products in Germany: the underlying conditions are excellent, the legal system is transparent and fair, and the infrastructure is ideal. Germany is ready for the future. ■

## ■ Top marks for Germany as a location

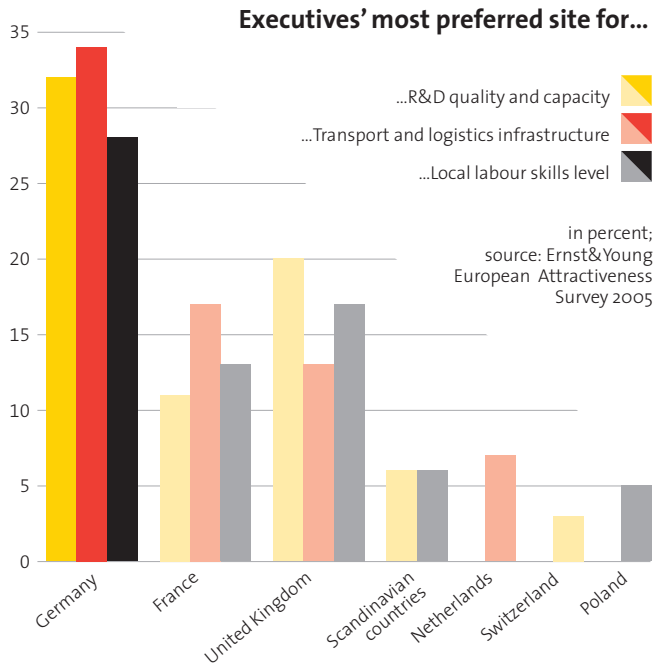
For 40 years, Germany was divided into two countries. Huge challenges were overcome when the country was reunited in 1990, and the five “new *Länder*” (federal states, sing.: *Land*) from the former GDR were added to the 11 *Länder* of the “old” Federal Republic. East Germany’s transformation from a socialist, state-controlled economy to a powerful market economy in the new, united Germany has been successful. Today, the manufacturing industry in the five new *Länder* achieves above-average growth rates, and



over 500,000 companies have been formed since 1990. The most modern production plants in the world have been created, and German power generation plants are state-of-the-art.

But there is a mood of change throughout the country as a whole. “In Germany, the underlying conditions for businesses improved last year (2004) far more than in any other highly developed industrialized nation in the world,” according to the renowned economic journal *Handelsblatt*, because according to a survey of 155 countries by the *World Bank*, entitled “Doing Business in 2006”, Germany was found to be one of the nations most willing to embrace reform. In a study by the *American Chamber of Commerce* in Germany from March 2006, Germany also gained “top marks” as a recognized research location.

Germany makes it easy for businesses to invest: taxes have been lowered, the labor market is flexible, bureaucracy has been further reduced, and the education sector in Germany has been expanded with an eye to the future. Germany is therefore one of the most competitive countries in the world.



Experts acknowledge the positive development. In a title story, the British magazine *Economist* sees “broad positive business trends” and highlights Germany’s surprising flexibility. International business consultants *Ernst & Young* rate Germany as the third most attractive business location, behind the United States and China. The company surveyed 500 international managers for its rankings. Germany came out best among the European locations. ■

## ■ Europe’s largest economy

With a population of over 82 million, Germany is the largest country in the *European Union*. A labor force of almost 39 million, including four million entrepreneurs, make the country the continent’s largest economy, with a gross domestic product of around 2.2 trillion euros in 2004.

The German economy is characterized by small and medium-sized enterprises, which make up 85 percent of all companies. As a result, the economy is particularly flexible, varied, and competitive. Many highly-specialized companies enjoy a leading position on world markets, because research and development is particularly fostered in the SME sector. By quickly implementing innovations, companies are able to secure their leading roles in their fields.

However, Germany is also home to many large, international companies. The economy is traditionally strong in mechanical engineering, the automotive industry, aerospace, logistics, and the pharmaceutical and chemical industry. German companies also lead the field in new technologies such as the IT/ICT sector, nanotechnology, optoelectronics, medical technology, renewable energies, and biotechnology. In the new technology sectors, Germany not only provides a good infrastructure but also offers a large network of suppliers, particularly in the various industry-specific cluster regions. The transition from an industrial society to an information society has long since been made in Germany. ■



## ■ Germany at the center of the European Union

With a population of 450 million, the *European Union* (EU) is the largest economic area in the world, with a gross domestic product of over 13 trillion dollars. The heart of the EU is the *European Community* (EC) formed in 1957, the aim of which was and is the economic integration of the member states in order to create a single common market.



To achieve this single market, the EC grants all EU citizens four fundamental freedoms: the freedom of movement of persons, the right of establishment, the freedom to provide services, and the freedom of movement of goods. The purpose of these is to enable all EU citizens to conduct business activities in any other member state without obstructive restrictions. In particular, an EU national conducting business activities “across borders” with another member state is not subject to business regulations stricter than those applicable to that country’s own citizens (known as the “ban on discrimination”).

Germany was one of the founding members of the EC alongside Belgium, France, Italy, Luxembourg, and the Netherlands, and a driver of development in the Community. In the subsequent decades, the EC and later the EU was expanded in several steps and now includes 25 countries. The most recent members are mainly the Central and East European reformed countries, with which Germany has had particularly close relations, both historically and geographically. Membership negotiations with other countries are under way or planned. Prerequisites for membership are a stable democracy, in which the rule of law, human rights, and the protection of minorities are guaranteed.

The EU's "capital" is Brussels, headquarter of the European Commission, which monitors compliance with the Community's laws and drafts laws on its own initiative. The legislative body that decides on these proposals is the highest EU committee – the Council of the European Union, formerly known as the Council of Ministers – together with the European Parliament. In the Council of the European Union, the individual member states are represented by ministers of their governments. The European Parliament, an EU body directly elected by the citizens of the individual member states, is based in Strasbourg, France. In addition to its clearly extended participatory rights in the area of legislation, the Parliament exercises democratic control over the Commission and has the right to exercise a vote of no confidence.

In addition to a common economic policy, the EU is increasingly developing a common security and foreign policy and increasing cooperation between police forces and judicial authorities. Finally, the European Court of Justice in Luxembourg provides a forum not just for the arbitration of disputes between the individual member states, but also for actions from individual citizens or companies who feel their European rights of freedom – the "fundamental rights" – have been infringed.

The EU is a single market. Inland customs borders have ceased to exist in 1992. The EU sets uniform external tariffs for non-EU states. Every entrepreneur from the EU can set up anywhere in the member states, and employees can also be employed in all countries. However, transition periods were agreed for the free movement of persons for the new member states.

The common *euro* currency has been in existence in 12 member states since 1999. The euro has replaced the national currency as the means of payment in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. The European Central Bank, which is the common monetary authority of the member states, has its headquarters in the financial metropolis of Frankfurt am Main.

One of the EU's most important aims is to promote Europe's competitiveness. Around one third of the budget of 100 billion euros is spent on promoting business and employment in disadvantaged regions. In Germany, large parts of the eastern *Länder* are among the areas specially promoted. For more information on the EU, development programs, legislation, and statistics, see [www.europa.eu](http://www.europa.eu). ■

## ■ Benefiting from German research

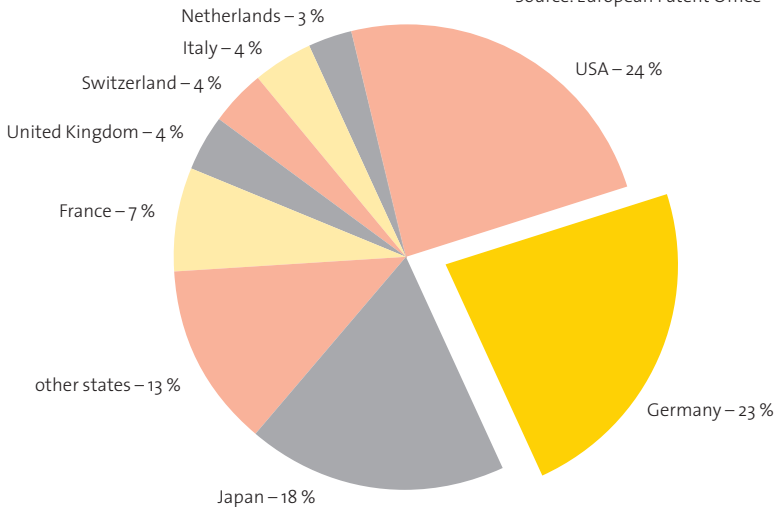
Research and development are particularly promoted by the government. ◀ All companies are treated in the same way, regardless of whether they are owned by Germans or non-Germans. Business works closely with research institutes to ensure rapid knowledge transfer from the universities to companies.

▶ see also page 46, development grants

### European Patent Office

European patents granted in 2004 (Number of patents arranged by country of origin)

Source: European Patent Office



This is a success:

■ Germany is a land of inventors. For every million residents, there are 277 patents relevant for the global market, more than anywhere else in the world.

- Germany is the second-largest net exporter of technology behind the United States.
- Among multinational companies, Germany is the most attractive destination country for research investment after the United Kingdom.
- For key technologies such as nanotechnology, biotechnology, information technology, and communication technology, there is project funding amounting to one billion euros per year. The government in 2003 provided 17 billion euros for education and research, and the trend is increasing.
- Germany leads the world in nanotechnologies. Around 450 companies employing up to 100,000 people work in the industry. The number of German patent applications doubles every two years. Germany is driving developments in nanotechnology; by 2015, every industry sector will benefit from this.
- In no other country are there as many biotechnology companies set up as in Germany.

Germany is open to innovation and to innovative entrepreneurs. Companies are supported in their initiatives on many levels.

■ The *Federal Ministry of Education and Research* (BMBF) supports joint initiatives by small and medium-sized enterprises ►, bringing business together with public research institutes and universities. As a result, the latest research knowledge is quickly transferred to business.

■ The interlinking of the BMBF programs enables small businesses to gain access to pioneering technologies. One example of this is the *NanoForLife* initiative, in which medium-sized enterprises are working together with large partners from the pharmaceutical and medical technology industry to develop new diagnostic methods and drugs.

■ With its funding advice for small and medium-sized enterprises, the BMBF has set up a point of contact specially tailored to the SME sector, offering assistance in all aspects of research and innovation funding.

■ The government and *Länder* support technology companies with special programs.

Numerous programs at federal and regional level promote the implementation of research results. These include for example the BMBF's "patent

**1**  
**www.technologieallianz.de**

marketing offensive” at federal level, which aims to promote the setup of patent and marketing agencies for universities and research institutes. The agencies will aim to identify quickly research results that can be patented, and legally safeguard and market these.

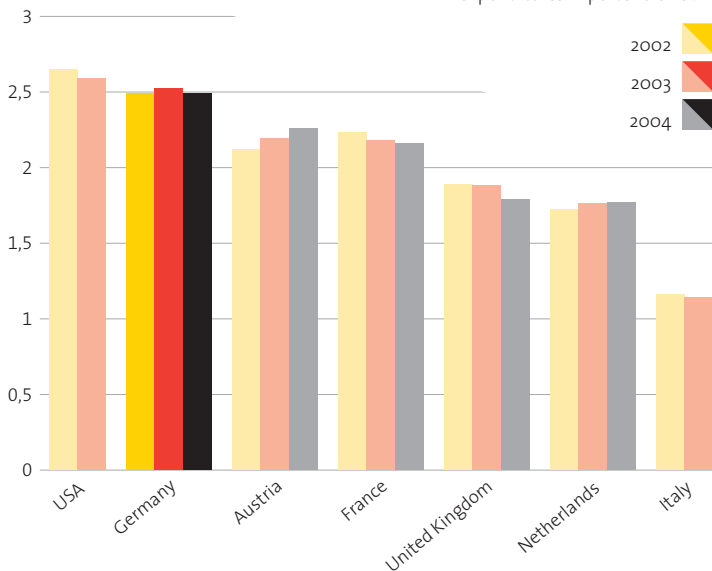
*TechnologieAllianz* ◀, an alliance of over 200 patent marketing and technology transfer agencies, offers companies the whole range of innovative research results from German universities and non-university research establishments.

All *Länder* also have professional associations or special institutions that provide knowledge transfer, consulting services, and solutions to problems relating to technology transfer. The easiest way to find out more is to make use of the support offered by the regional business development agencies. ▶

see also page 49,  
 regional business  
 development agencies ▶

**Gross domestic expenditure on Research & Development**

expenditures in percent of GDP



Source: Eurostat, OECD





# Welcome to Germany



## ■ Germany's online business card

The internet provides a good introduction to Germany, showing investors how varied and lively Germany is, and how easy it is for business travelers to receive a visa in order to get to know our country or, for example, to set up a business here.

Over the internet, investors can easily find the locations for their industry in Germany, evaluate the market opportunities for their products, and find contacts in associations and government. Customs can also be calculated on the internet. ▶ General information on calculating taxes can also be found on the internet, but businesses should always consult a tax advisor or auditor for their specific case.

▶ see page 41, customs

## General information on Germany

Institution	Website
Deutsche Welle	<a href="http://www.dw-world.de">www.dw-world.de</a>
Facts about Germany	<a href="http://www.tatsachen-ueber-deutschland.de">www.tatsachen-ueber-deutschland.de</a>
Federal Foreign Office	<a href="http://www.auswaertiges-amt.de">www.auswaertiges-amt.de</a>
German Center for Tourism	<a href="http://www.deutschland-tourismus.de">www.deutschland-tourismus.de</a>
Goethe-Institut	<a href="http://www.goethe.de">www.goethe.de</a>
Kulturportal Deutschland	<a href="http://www.kulturportal-deutschland.de">www.kulturportal-deutschland.de</a>

## Information on the current economic situation

Association of German Chambers of Industry and Commerce (DIHK)	<a href="http://www.dihk.de">www.dihk.de</a>
Federal Ministry of Economics and Technology (BMWi)	<a href="http://www.bmwi.de">www.bmwi.de</a>
Federation of German Industries (BDI)	<a href="http://www.bdi-online.de">www.bdi-online.de</a>
Organization for Economic Cooperation and Development	<a href="http://www.oecd.org">www.oecd.org</a>

## Business Statistics

Federal Statistical Office	<a href="http://www.destatis.de">www.destatis.de</a>
Deutsche Bundesbank	<a href="http://www.bundesbank.de">www.bundesbank.de</a>

## Services

General and current information on Germany and a German perspective on global current affairs	in a large number of languages
General information about Germany	in German, English, French, Spanish, Russian, Japanese, Arabic, Hindi
Information about Germany, entry regulations, visas, exchange programs, aliens law and much more	
General information on Germany as an attractive travel destination	
The Goethe-Institut is the Federal Republic of Germany's cultural institute operating worldwide. It offers language courses and supports international cultural exchange. General through to very detailed information on cultural, social, and political life in Germany	in German, English
Overview of cultural institutions and events such as concerts or exhibitions in Germany. Also information on cultural policy and funding	in German
Information on the German economic situation, business formation and promotion, chambers of industry and commerce (IHK), foreign chambers of trade and commerce (AHK)	in German, English
Monthly reports analyze the situation in today's Germany and provide outlooks for the future	in German
Umbrella association for German business associations, industry and industry-related service providers, made up of 36 top associations for individual business sectors – information from the German economy	in German, English
Quick current overview on the economic situation in Germany	in English, French
Comprehensive current statistics and time series, incl. on industry-related basis	in German, English
Comprehensive statistics on income, productivity, labor costs, prices in foreign currency etc. as well as general monetary and business indicators	in German, English



## Information on customs and taxes

Institution	Website
Zoll (Customs)	<a href="http://www.zoll.de">www.zoll.de</a>
Federal Ministry of Finance (Taxes)	<a href="http://www.bundesfinanzministerium.de">www.bundesfinanzministerium.de</a>

## ■ Networks and organisations

Association of German Chambers of Industry and Commerce (DIHK)	<a href="http://www.dihk.de">www.dihk.de</a> <a href="http://www.ahk.de">www.ahk.de</a>
Confederation of German Employers' Associations (BDA)	<a href="http://www.bda-online.de">www.bda-online.de</a>
Federation of German Industries (BDI)	<a href="http://www.bdi-online.de">www.bdi-online.de</a>
The German Confederation of Skilled Crafts (ZDH)	<a href="http://www.zdh.de">www.zdh.de</a>

In Germany, the interests of businesses are primarily represented by associations. There are umbrella associations such as the Federation of German Industries or the Confederation of German Employers' Associations, but also a large number of industry sector associations. These are easy to find on the internet ◀, and provide their members with help relating to industry-specific issues. Associations usually have good contacts to political and economic decision-makers and can help you find suitable business partners. ■

see address index: Trade Associations, Industry ◀

## Services

Here, the TARIC system can be used to determine the customs duty for an import online.  
The customs registration forms can also be downloaded from the internet.  
The status of the customs order can subsequently be tracked online

in German, English

Important current information on tax issues under Steuern\Lexikon

German version only



see above page 17

in German, English

The Confederation of German Employers' Associations (BDA) is the umbrella organization for numerous specialist and regionally organized employers' associations.  
Further information on setting up a specialist business in Germany can be obtained from the industry-specific federal specialist association.

in German, English

see above page 17

in German, English

Association representing the interests of the skilled crafts

in German, English

## ■ Conducting market research

All the renowned market research institutes are represented in Germany. General overviews on industries, branches of industry, trade, import, and export can be obtained from Invest in Germany. The *Bundesbank* ▶ and the *Federal Statistical Office* ▶ also offer very precise data. The associations are also a good place to find suitable partners for market research. ■

[www.bundesbank.de](http://www.bundesbank.de)

[www.destatis.de](http://www.destatis.de)

## ■ Trade fairs in Germany

Germany is the world leader in international trade fairs: Around two-thirds of the main international trade fairs are held in Germany, and the country boasts four of the five largest trade fair grounds in the world (Hanover, Frankfurt, Cologne and Düsseldorf). According to the industry organization *AUMA*, around 150 international trade fairs and exhibitions are held in Germany each year, with over 160,000 exhibitors and 9 - 10 million visitors.


German trade fairs are international: Around half the exhibitors come from abroad, a third of those from countries outside Europe. Around 20 percent of visitors come from abroad.

The trade fairs with the highest visitor numbers include the International Motor Show *IAA* in Frankfurt and the computer and telecommunications trade fair *CeBIT* in Hanover. The *Drupa* trade fair (print media) in Düsseldorf also attracts half a million visitors every five years. The most well-known trade fairs in Cologne include the photography trade fair *Photokina*, the furniture trade fair, and the food and beverage trade fair *Anuga*. Berlin leads the world with its international consumer electronics trade fair *IFA*, the international tourism exhibition *ITB*, and the International *Green Week*. The international aerospace exhibition (*ILA*) Berlin-Brandenburg captivates visitors every two years.

In the process industry, *ACHEMA*, which is held every three years in Frankfurt, is now one of the largest specialist trade fairs in the world. Shipping experts are drawn to the largest shipbuilding trade fair in the world, *SMM*, in Hamburg every two years, and the *Hanseboot* boat show every year.

Munich has made a name for itself with the international trade fair for small and medium-sized enterprises *I.H.M.*, the international trade fair for information technology and communication technology *Systems*, the international building machinery trade fair *BAUMA*, and the leading European trade fair for logistics, *transport logistic*.

The Nürnberg trade fair site is most famous for its toy trade fair. The *Frankfurt book fair* has become the largest in the world, the *Leipzig book fair* is also attracting more visitors each year.

The trade fair locations belong to the *Association of the German Trade Fair Industry AUMA* , and this organization is therefore the ideal point of contact for anyone wanting to take advantage of the trade fair landscape in Germany. ■

Further information:

**AUMA**  
**Association of the German**  
**Trade Fair Industry**

contact details:  
see address index

[www.auma.de](http://www.auma.de)

## ■ Entry regulations and right of residence law in Germany

To enter Germany, citizens of most non-EU states always require a visa. The visa must always be applied for at the foreign representative – embassy or consulate general – *before* entry. A current list of states requiring visas is published on the internet by the *Federal Foreign Office*. ▶ The visa permits entry and a stay of up to 90 days per half year, so it is now no longer necessary to request a residence permit.

Anyone wanting to stay longer than 90 days in Germany initially requires a temporary residence permit. ▶ This can be applied for immediately instead of a visa, if a longer stay is planned from the outset. After 5 years, or in the case of self-employed entrepreneurs after 3 years, the residence permit can be converted to a permanent settlement permit. ▶ To be eligible for this, aliens must be able to earn their living themselves and have command of the German language.

[www.auswaertiges-amt.de](http://www.auswaertiges-amt.de)

2

▶▶ see page 26/27, residence permit and settlement permit

## Awarding a visa

### ■ How long does it take to issue a visa?

A visa for a short-term stay is usually issued within a few working days. For longer-term visa or those that allow the holder to work in Germany, several months' processing time should be expected because of the huge number of visa applications received.

Application forms for visas and stays longer than 3 months (residence permit) can be obtained free of charge from the foreign representative and can also be submitted there. All important application forms are also available in numerous languages on the internet. ▶

[www.auswaertiges-amt.de/  
www/de/infoservice/  
download/pdf/formulare](http://www.auswaertiges-amt.de/www/de/infoservice/download/pdf/formulare)

### ■ Where is one allowed to travel with the visa ?

A visa for Germany usually also permits the holder to stay in the *Schengen states* of Austria, Belgium, Denmark, Finland, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden and Spain. However, travel options may be limited if the visa issuing office of the foreign representative deems this necessary.

### ■ What prerequisites need to be met for a visa?

Travelers must prove that they have sufficient financial funds for the trip and stay. If they cannot provide these funds themselves, they can name a host living in Germany, who provides a guarantee to the alien's

registration authority at the host's place of residence that the host will be responsible for covering all costs incurred for the guest in Germany, including medical costs. In addition, in all Schengen states, a travel health insurance policy valid for all these countries and providing cover of at least 30,000 euros is a requirement.

## Working in Germany

Citizens of the EU can take up *self-employed* work in Germany without restrictions. There are only temporary restrictions for *non-self-employed* work for citizens of the new member states of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

Citizens who do not come from the EU, the *European Economic Area* or Switzerland require a work permit before they can work in Germany. This can be applied for abroad via a work visa. The states of the *European Economic Area* (EEA) include all EU states plus Iceland, Liechtenstein, and Norway.

Anyone wanting to stay longer than three months in Germany requires either a residence permit (temporary) or a settlement permit (permanent); less strict conditions apply here for self-employed entrepreneurs and highly-qualified staff (see below).

## The residence permit

A (temporary) residence permit is required by all aliens who do not come from the European Economic Area or Switzerland and want to stay in Germany for longer than 90 days. If an application is made for a "residence permit for the purpose of gainful employment" – either for independent work or for self-employed entrepreneurs – this also covers the issue of the work permit. Following internal approval by the Federal Employment Office, the responsible alien's registration authority issues the work permit and residence permit in a single record (one-stop-government).

The residence permit also allows family members who enter Germany at the same time or later to take up gainful employment immediately and in the same way, providing the holders of the residence permit are themselves entitled to take up gainful employment.

## Residence permits for self-employed persons

Self-employed aliens receive a residence permit if there is an overriding business or particular regional interest in their being in Germany. In these cases, the alien's registration authority decides whether the business initiative is workable and what effects it has on the employment and training situation. It also looks into the effects the business activity has on innovation and research in Germany. As a further prerequisite for the residence permit, aliens over the age of 45 must generally prove they have a suitable old-age pension.

A residence permit is usually also granted if entrepreneurs want to invest at least one million euros and create at least 10 jobs. There is no legally prescribed period for fulfilling these investment and job promises. However, the *Federal Ministry of the Interior* stresses that the investment and number of jobs promised in return for a residence permit must be made or created "in a timeframe proportionate to the company formation".

If the self-employed person's business idea is realized successfully and their livelihood secured, they can – on request – be granted a settlement permit after just three years.

## The settlement permit

A (permanent) settlement permit is issued if an alien has been in possession of a residence permit for five years. Further prerequisites include knowledge of the German language, the ability to earn one's own living, and a lack of previous convictions.

## Settlement permit for highly-qualified persons

Highly-qualified persons (specialists and employees with special professional experience and an annual salary of at least 85,500 euros, or scientists) can be granted a settlement permit at the very beginning of a long-term stay. As the highly-qualified person's settlement permit does not include any restrictions on access to the labor market, the highly-qualified person's family members who enter at the same time or later (see below) can work in Germany without restriction.



## Entry into Germany followed by family

Spouses and children up to the age of 16 usually obtain residence status without a problem as soon as the other spouse or parent has received this status. In the case of children over the age of 16, the authorities can exercise a certain amount of discretion taking account of the child's well-being and the family situation and *usually* award a residence permit.

### Who needs what?

Applies for the following people/travelers	Duration of stay
People from <b>Austria, Belgium, Denmark, Finland, France, Greece, Ireland, Iceland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Spain, United Kingdom</b>	< 90 days > 90 days
People from <b>Cyprus and Malta</b>	< 90 days > 90 days
People from <b>Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia</b>	< 90 days > 90 days
People from <b>Argentina, Australia, Brazil, Bulgaria*, Canada, Israel, Japan, Mexico, New Zealand, Romania*, South Korea, USA, and 19 other states</b>	< 90 days > 90 days
People from <b>other states</b>	< 90 days > 90 days
Separate option for <b>entrepreneurs from outside the EU and European Economic Area</b>	< 3 years, then conversion to settlement permit possible
Simplified option for <b>highly-qualified persons</b>	Unlimited

\*Accession to EU scheduled for 1 January 2007

Citizens of many countries require a visa to enter Germany. ▶ The *Federal Foreign Office* provides more information and the necessary forms on the internet. ▶

▶ see page 25,  
entry regulations

[www.auswaertiges-amt.de](http://www.auswaertiges-amt.de)

Some documents need to be provided for the visa procedure. Spouses require a marriage certificate with a certified German translation. A translation is not necessary in the case of an international certificate in accordance with

> next page

# 2

Visa or other residence status required?	Work possible?
No	Yes
No <sup>1</sup>	Yes
No	Yes
No <sup>1</sup>	Yes
No	Self-employed persons: Yes Employees: Yes <sup>2</sup>
No <sup>1</sup>	Self-employed persons: Yes Employees: Yes <sup>2</sup>
No	Yes <sup>4</sup> <sup>5</sup>
Yes – residence permit or (permanent) settlement permit <sup>3</sup>	Yes <sup>4</sup>
Yes – visa required.	Yes <sup>4</sup>
Yes – residence permit or (permanent) settlement permit	Yes <sup>4</sup>
Yes <sup>6</sup>	Yes, with <sup>6</sup>
Settlement permit "for highly-qualified persons". Separate application for a visa not necessary.	Special approval allows a settlement permit to be granted immediately. No restrictions for family members either.

- <sup>1</sup> But must register with the residents' registration office
- <sup>2</sup> Require a work permit. The transitional rulings will cease to be valid in 2011 at the latest.
- <sup>3</sup> Citizens from Australia, Canada, Israel, Japan, New Zealand, South Korea, and the USA who enter Germany for the purpose of a non-short term stay (> 90 days), including a stay for the purpose of gainful occupation, do not require a visa at the time of entry – application for residence (or settlement) permit still possible after entry, within a period of 3 months.
- <sup>4</sup> Where taking up work is intended, a residence permit "for the purpose of gainful employment" or a settlement permit is always required.
- <sup>5</sup> Exception: "working holiday visas" for young travellers between 18 and 30 from Australia, Japan, New Zealand, and (new) Canada on the basis of bilateral agreements. These allow the holder to work on a visitor's visa.
- <sup>6</sup> Residence permit "to exercise a self-employed activity" – in particular (but not exclusively) in conjunction with investments of 1 million € and the creation of 10 jobs. Separate application for a visa not necessary.

[www.auswaertiges-amt.de](http://www.auswaertiges-amt.de)

the International Commission on Civil Status Conventions (CIEC). ◀ If the spouse had already been married before, a translated and certified divorce certificate must also be submitted. For children subsequently entering Germany, birth certificates and relevant custody decisions are important. Both must also be accompanied by certified translations. The family members entering Germany also require a valid passport and passport photo.

A few additional documents on the family's economic situation must also be presented to the alien's registration authorities:

- The spouse already living in Germany must have a residence permit or settlement permit.
- Enough living space must be available. This can be proved through a rental or purchase agreement.

In the case of self-employed persons, the authorities require a statement of profit after tax (verified with the most recent income tax assessment) and a confirmation of income of the last three months by a tax advisor or lawyer as proof that their livelihood is secured. The business license (if available) and proof of health insurance are also required.

The information stated above applies accordingly for the subsequent entry into Germany of a same-sex partner of the alien who is entitled to residence. Concrete information on the immigration regulations can be found on the internet site of the *Federal Ministry of the Interior* ◀, the website "*Zuwanderung*" ◀ and the website of the Federal Office for Migration and Refugees. ◀

Family members can generally be employed in the resident's own business without the approval of the Federal Employment Office responsible for work permits. ■

[www.bmi.bund.de](http://www.bmi.bund.de)

[www.zuwanderung.de](http://www.zuwanderung.de)

[www.bamf.de](http://www.bamf.de)





**Establishing a company –  
easier than you might think**



## ■ Anyone can establish a company

Anyone can establish a business in Germany – irrespective of nationality or place of residence. Entrepreneurs are classified as either business persons (*Kaufleute*) or freelancers (*Freiberufler*), and dealt with by the tax authorities as “self-employed persons“. There are different procedures for establishing a company for the two groups. They are also dealt with differently in terms of tax.

A **business person** is anyone who operates his or her own business in the area of industry or the skilled crafts. A *business (operation)* is any business activity that someone conducts at their own cost, own responsibility, and with the long-term aim of achieving a profit. The business must only be registered with the trade licensing office. ▶  
A trade tax must also be paid. ▶

▶ see page 35,  
registering the business

▶ see page 87, trade tax

Anyone exercising a **freelance profession** must only register with the tax authorities and, depending on the profession, possibly with

the relevant professional association. Trade tax payments are not levied. In principle, independently exercised scientific, artistic, writing, teaching, or educational activities are freelance professions. Anyone who works on one's own account as a doctor, lawyer, notary, patent lawyer, surveyor, engineer, architect, consultant chemist, auditor, tax advisor, economic consultant, certified accountant, tax consultant, healer, dentist, physiotherapist, journalist, press photographer, interpreter, translator, or pilot is also a freelancer. ■

## ■ Two categories of business persons

Depending on their turnover, business persons are categorized as either small trade business persons or commercial business persons.

### Small trade business persons

are those who run only very small businesses. The criteria for classification as a *small trade* are manifold, depending on factors such as the time and effort required for running of the business, or the complexity of the business. As a guideline, it is assumed that a business is not a *small trade* anymore if it exceeds an annual turnover of 250,000 €. Small trades are only entered in the trade licensing office's trade register.

### Commercial business persons

Businesses with higher turnover and profit that are run as a business operation with a commercial setup are *commercial businesses* and must be entered in the *commercial register*. ◀ The entrepreneur is in this case a commercial business person. Commercial business persons have special rights and duties. They can bill an appropriate remuneration for their work without this having been expressly agreed beforehand. Commercial business persons can also give guarantees verbally, for example. These do not have to be laid down in writing, as is the case for those who are not commercial business persons.

see page 40,  
commercial register ◀

## ■ Step 1: Registering the business

The first step when establishing a business as a business person is to fill out the business registration at the local trade licensing office, as a result of which the business is entered in the local trade register. The office forwards the registration to the tax authority, the regional association of professional trading associations, and the chambers of industry and commerce or chamber of skilled crafts. A license or approval for the business registration is not necessary in the majority of cases.

Chamber membership is automatic and mandatory. The reason for mandatory membership is that the chambers represent the interests of their member companies in dealings with the government. They also take on interim and final examinations for employee training, draw up reports, and therefore carry out more than just the typical association tasks. The costs for chamber membership are based on the company's turnover. ■

## ■ Step 2: Choosing the legal form

An entrepreneur can choose one of several forms of business when setting up the business initiative. The options range from a representative office or small and large partnerships through to corporations such as a *GmbH* or *Aktiengesellschaft*.

Before founders select a legal form for their company, they should ask and answer the following questions:

- Is direct business activity planned in Germany, or is the focus initially on maintaining contacts and initiating business?
- How many people are going to establish the company?
- Should there be as few formalities as possible in establishment?
- Are only the company partners going to manage the company, or others too?
- How much equity capital can be raised?
- Is personal liability to be restricted?
- Should the company have a high credit standing?
- Is an entry in the commercial register necessary?

3

## more infos:


▶ The table inside the back cover of this brochure provides an overview of the various legal forms of business.

## Representative office

If a company wants a presence in Germany mainly to initiate business and maintain contacts with business partners, credit institutes, or government offices, the establishment of a representative office is the first and easiest step. The personnel, financial, and organizational expense is relatively low. Depending on requirements, it is enough to establish a representative office with one or several employees.

The establishment of a representative office in Germany by a foreign company only requires approval in exceptional cases. For example, representative offices of foreign banks that aim to independently initiate or conduct business with domestic customers require the approval of the bank supervisory authorities.

## Sole proprietorship, registered business person

Anyone wanting to start up immediately is advised to establish a sole proprietorship. This is the easiest way of forming a company, because special formalities such as deeds of partnership or minimum capital are not required. An entry in the commercial register  as a registered business person (*eingetragener Kaufmann, e.K.*) is only necessary if the annual turnover is more than 260,000 € and the profit is over 25,000 €.


## Partnerships

### **Civil law association (*Gesellschaft bürgerlichen Rechts, GbR*)**

A civil law association (GbR) is often formed to launch a business idea together with others. This form of company is a type of partnership because at least two partners agree to establish the company. The partners are liable with their private assets for debts incurred by the company. Written articles of association are recommended on the formation of a GbR but are not compulsory.

### **General partnerships (*Offene Handelsgesellschaft, OHG*)**

The general partnership (OHG) is the classic form for medium-sized and larger companies. Every GbR (see above) whose purpose is to run a commercial enterprise, that is a business enterprise of a type or size that requires business operations to be set up in a commercial way, automatically qualifies as an OHG. The OHG is run under a common business name and requires a written deed of partnership.

see page 26,  
commercial register 

An OHG is required to register with the trade licensing office and be entered in the commercial register. The accounting regulations for an OHG are also stricter than those for a GbR. The total costs for registration vary from region to region, but a guideline value of 700 € can be used.

**Limited partnership (*Kommanditgesellschaft, KG*)** – The limited partnership (KG) is a legal form related to the OHG, but with the option of limiting the liability for some of the partners. In the KG, at least one partner (the general partner) is personally liable without limitation. The liability of the other partner(s) (the limited partners) is limited to their monetary contribution. Like an OHG, a KG must be registered with the trade licensing office and be entered in the commercial register. ▶ The most important advantage of a KG over an OHG is the greater flexibility offered by the option of being able to increase the capital base by including additional limited partners.

**Partnership company (*Partnerschaftsgesellschaft*)** – The partnership company is specifically for the joint exercising of professional freelance activities. Mere capital participations are therefore excluded. This form of company enables members of the same or different freelance professions ▶ to join forces to form a mutually profitable company. As a result, a number of different professional services can be offered from a single company, something that more and more customers are coming to expect.

Selection of the right legal form and a registered and protected name improve competitiveness. Company law is effectively and flexibly tailored to the freelance professions. The personal liability of the partners can be excluded with regard to professional errors for which other partners alone were responsible. The partnership company pays neither income tax nor corporation tax.

A partnership company is formed by drawing up a written partnership agreement, which must contain the name, place of business, and object of the partnership, as well as the name, place of residence, and profession of each of the partners. Partners can only be natural persons. The partnership company is registered in a form certified by a notary for entry in the partnership register in the local court that serves the district in which the company is located. The costs are primarily based on the number of partners.

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▶ see page 33,  
freelance professions

## Corporations

Corporations are the alternative to partnerships.

A corporation is usually the right form of company for older and larger companies. The company bears liability, because as the result of the establishment of a corporation, a legal entity is formed with its own rights, obligations, and name. The partners do not necessarily act in a way that can be seen by external third parties. The company itself concludes contracts, possesses assets, and must pay taxes. Liability is limited to the business assets. A minimum capital is required, and the accounting obligations are more extensive than those for partnerships.

### Limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*)

– The limited liability company (GmbH) is the most popular legal form among the corporations, as it combines high flexibility with relatively few obligations. The GmbH is established through the articles of association. The chambers of industry and commerce offer sample deeds. ◀ For a GmbH to be established successfully, a notary must certify the articles of association and the entry of the GmbH in the commercial register. ◀ The total costs for registration are around 1,500 €.

To set up a GmbH, minimum capital of 25,000 € is required, which can also be made up of non-financial assets. At the time of registration, however, it is sufficient for half of the minimum capital, i.e. 12,500 €, to be actually and verifiably contributed. In the case of property, documents must be attached to the application verifying that the value of the property actually corresponds to the specified counter value of the contribution.

The GmbH can also be an attractive form of company for the freelance professions. The freelance professionals that can run a company in GmbH form include architects, engineers, tax advisors, auditors, lawyers, and doctors. In some freelance professions, the GmbH is only permitted on certain conditions. As a rule, establishment of the company is dependent on membership of the associated professional organization.

### Stock corporation (*Aktiengesellschaft, AG*)

– A stock corporation (AG) offers the advantage of a higher status among business partners and makes it easy to extend the equity base through the issuing of shares.

3

[www.dihk.de](http://www.dihk.de)

see page 40,  
commercial register ◀

Company shares can also be transferred easily. The share capital for an AG is at least 50,000 €. The disadvantages are the higher costs for planning and establishment, and the more extensive organizational obligations in day-to-day business. In principle an individual person can establish an AG; the articles of association – statutes – must be certified by a notary.

For more information, companies should contact the local chambers of industry and commerce or the chambers of skilled crafts. These offer further information and one-to-one advice. Detailed information can be found on the internet sites of the individual chambers via the umbrella association DIHK.

**GmbH & Co. KG** – A GmbH and KG can be combined to create a GmbH & Co. KG, a special form popular because it minimizes the liability risk. However, because of its basic structure as a KG, this form is a partnership, not a corporation. In this combination, though, a GmbH – whose liability is limited to the paid-in capital – acts as a single personally liable KG partner (general partner).

## Trusts

Trusts use assets to pursue a goal determined by the founder. Unlike the various company forms, which are characterized by a membership-based structure, trusts do not have members, only beneficiaries. The trust body that interacts with the outside world is the board of management.

Trusts can be established for every legal purpose, including a commercial purpose. They are established with a declaration of will by the founder, known as the trust deeds, which must also contain the trust statutes. State recognition by the supervisory authority for trusts of the particular *Land* is also necessary. The trust takes on legal status once it has been recognized in this way. No minimum capital is stipulated. In practice, however, the supervisory authorities for trusts assume that, depending on the purpose of the trust, yield-bearing trust assets of at least 50,000 € should be available.

Advantages of a trust are that it is not subject to domination by third parties, and that the trust assets are legally separated from the founder and his or her descendants. ■



### ■ Step 3: Entry in the commercial register

The commercial register is a list of all business persons and business companies and can be viewed by anyone free of charge at the local court. From 2007 it will also be available online. It contains information on the names of the companies, their legal form, and their partners. All business persons except small business persons are required to be registered in the commercial register. The costs for entering a sole proprietorship or partnership are currently at least 250 €. In the case of a GmbH, the costs are based on the business value. The application for entry into the commercial register must be submitted in a form certified by a notary.

When partnerships or sole proprietorships are entered in the commercial register, it is recommendable to seek the advice of a lawyer. Corporations can only be entered in the commercial register via a notary.

If a company that must be registered takes up business operations before being entered in the commercial register, the partners are personally liable for any losses up to this point. This also applies for a GmbH and AG. ■

### ■ Establishing a company in the skilled crafts

In many cases, companies offering skilled crafts need to be recognized by the chambers of skilled crafts and entered in the trade register of skilled crafts (*Handwerksrolle*) – a list of approved tradespeople in the area. In many professions, this requires a master craftsman certificate, the highest qualification in the skilled crafts.

Foreign qualifications can be recognized in place of this, but at the moment this only applies unconditionally to the Luxembourg master craftsman certificates. Only some French and Austrian master craftsman certificates have been treated as equivalent to the German qualification, depending on the trade.

Skilled tradespeople from an EU member state can independently practice a “master profession” even if they do not have the relevant qualification, if they can prove that they have already worked independently for several years.

All other aliens can go through the “exception granting procedure” (*Ausnahmbewilligungsverfahren*) in Germany to receive a permit to open a company. The submission of certificates usually suffices. In cases of doubt,

the chamber of skilled crafts can demand a sample of work or a practical test. The points of contact for this are the Chambers of Skilled Crafts. ▶ ■

[www.zdh.de](http://www.zdh.de)

## ■ The transfer of goods, machinery, and capital

Goods and machinery can circulate freely within the European Union. ▶ Customs, import turnover tax, and in some cases special excise taxes are charged for imports to Germany from other states. The customs can be determined online using the TARIC system. ▶

▶ see also page 12/13

Customs are not charged on investment goods if operations were transferred in full to Germany.

Household objects can also be imported to Germany freely if the owner moves place of residence from abroad to Germany. A customs exemption of this kind must be applied for in writing beforehand.

Capital can be moved in and out of Germany without restriction. However, amounts of over 12,500 € or equivalent payments with valuables must be reported to the *Bundesbank*. The forms for these reports, which are required solely for statistical purposes, can be obtained from Deutsche Bundesbank. ▶

Whether a person needs to report money transfers from abroad depends on whether their place of residence is in Germany. Nationality is irrelevant.

Thus a person or company with a place of residence or business in Germany must report incoming payments from abroad or outgoing payments abroad as of a value of 12,500 €. Conversely, an investor with a place of residence abroad does not have to register a capital transfer to an account in Germany, even if the investor is the account holder.

Payments for the import or export of goods and details in connection with the granting, taking out or repayment of loans with an originally agreed term of no more than 12 months do not have to be reported.

Every person living in Germany and every company located here must also inform the Bundesbank of the ownership of securities or deposit accounts abroad, for statistical purposes. Receivables or liabilities from companies (for example banks) or private individuals abroad must be reported if they amount in total to more than 5 million € or equivalent.

More information is available on the Bundesbank website under Reporting System, and from their info hotline. ■

[www.zoll.de](http://www.zoll.de)

*Further information :*

**Customs Info Center**  
(Zoll-Infocenter)  
contact details:  
see address index

**3**

[www.bundesbank.de](http://www.bundesbank.de)

Bundesbank info hotline:  
+49 800 1234 111

## ■ The bank account

Anyone running a company in Germany should have a bank account in Germany. To open a bank account, you usually need only a valid passport and a confirmation from the residents' registration office that your place of residence is in Germany.

In many banks, it is possible to have accounts in foreign currencies. Practically all large international banks are represented in Germany.

If amounts of more than 15,000 € are paid into an account in cash, the banks check the identity of the depositor, in order to prevent money laundering. ■

## ■ Business premises – rental, purchase, new building

The real estate and rental prices in Germany are relatively low compared with other countries. The maximum amounts for business premises rents in large German cities are less than half, and in some cases just a third, of equivalent rents in other European cities. However, there are considerable differences within Germany, and rents in eastern Germany tend to be lowest.

Suitable business premises (for rental or purchase) can be easily found via adverts in regional daily newspapers, online markets, or brokers.

If a new building is planned, the relevant municipality should be contacted for information on declared industrial land. Investors should also always contact the regional business development agency. ◀

There is often room for negotiation when purchasing real estate. Like everywhere else in the world, the deciding factors for price are the situation, equipment, and state of the building, the financing costs and extra costs.

Expert advice should be sought when purchasing real estate to ensure that complaints can be lodged if there are faults in the building before the statutory period expires. Prior to purchase, it is therefore advisable to seek the advice of a surveyor who can assess the value and state of the property. Without a survey of this kind, the buyer can only claim damages or withdraw from the purchase in the event of serious building faults.

Banks are usually willing to negotiate financing terms, which results in these terms varying significantly from bank to bank. It is also worth looking on the internet. In some circumstances, the government-run credit

see page 49,  
regional business  
development agencies ◀

institute for reconstruction *KfW (Kreditanstalt für Wiederaufbau)* supports the purchase of land and buildings with low-interest loans. ▶

For more information, see  
[www.kfw.de](http://www.kfw.de)

Costs over and above the purchase price incurred for real estate rental and purchase are:

## ■ **Broker's commission fee for rental and purchase**

If apartments or business premises are rented, the tenant usually pays the broker's commission. It is usually between one and two months' rent.

In the case of purchase, there are regional differences in Germany as regards who pays the broker's commission. It is increasingly the case now that the seller pays part of the commission.

The amount of commission also varies from *Land to Land*. The net amount is usually between five and six percent of the purchase price. Here too, though, the amount of commission to be paid is usually negotiable.

## ■ **Surveyor costs/valuation fees**

The buyer usually pays the surveyor's costs or valuation fees to enable the bank to determine the loan value for the real estate. The surveyor's costs are governed by the fee regulation for architects and engineers (HOAI). ▶

## ■ **Notary fees in the event of purchase or new building**

The notary certifies the purchase of a property, authorizes the change of ownership in the land register and, where appropriate, documents the debts recorded for the property (land charges). The total fee for the notary is usually one percent of the purchase price. The basis is the national cost regulation for notaries. ▶

## ■ **Fees for court and land registry in the event of purchase or new building**

The fees for deletion, entry, and change of ownership are around 0.3 % of the property value plus VAT.

## ■ **Fees for the surveyor's office in the event of new building**

Every new building must be surveyed for inclusion on official maps. The buyer pays these costs. The surveyor's costs are dependent on the building costs and are governed by the fee regulation for architects and engineers. ▶

▶ see above, HOAI



[www.bingk.de](http://www.bingk.de)

[www.bnotk.de](http://www.bnotk.de)

## ■ Land tax in the event of purchase or new building

Land tax is 3.5 % of the purchase price. It is always paid by the buyer and is not reimbursed on sale.

## Example of additional costs for a 100,000 € property

An estimate of the following additional costs for fees and charges for a fictitious 100,000 € building is shown below:

Fee for	Percentage	Total
<b>Broker's commission</b> (for developed or undeveloped land)	5-6 %	5,000-6,000 €
<b>Surveyor's costs</b>		Approx. 1,000-1,400 €
<b>Surveyor's office</b> (if building has not yet been constructed)		Approx. 3,000-5,300 €
<b>Notary fees</b>	1 %	1,000 €
<b>Court and land registry</b>	Approx. 0.3 %	300 €
<b>Land tax</b>	3.5 %	3,500 €
<b>Total</b>		<b>Approx. 13,800-17,500 €</b>







## **Development grants for new businesses and companies**



# 4

If you start up a new business the German government will support you financially, irrespective of whether you are a German citizen or not. There are a number of options available, and depending on the size of the company a grant can cover up to 50 % of the overall initial investment. Alongside the financial support you will naturally be offered practical assistance in getting your business up and running.

One good place to start looking for information is *Invest in Germany* ▶, the marketing agency which promotes Germany as a business location. Invest in Germany has a number of excellent contacts in the public and private sectors, and can provide selective and effective support for investors.

Getting in touch with the regional business development agencies is also useful. ▶ Competent experts who have in-depth knowledge of the respective region and its individual opportunities put their expertise at the disposal of investors free of charge. They will answer questions concerning financial advantages, and also provide assistance in selecting a suitable site. These experts also have a network of regional and local contacts at their fingertips. The websites of the business development agencies also contain

[www.invest-in-germany.com](http://www.invest-in-germany.com)

▶ see page 49,  
regional business  
development agencies

detailed information on who to contact, real estate offers, and available industrial sites.

Förderdatenbank:

[www.bmwi.de](http://www.bmwi.de)

search term: Foerderbank

A visit to the federal development database ◀ is also very informative. This constantly updated database with its various search options provides detailed information on the different types of financial aid available. In many cases, the grant must be applied for by the company's bank; the application can be made by all internationally registered banks, including branches of foreign banks in Germany.

see page 52, KfW ◀

The government-run *Kreditanstalt für Wiederaufbau* (KfW bank group) ◀ also offers a wide range of aid options.

[www.kompetenznetze.de](http://www.kompetenznetze.de)

Innovative investors from all industries are advised to seek the support of *Kompetenznetze.de* ("networks of competence"). ◀ This BMBF institution links up businesses and research institutes and offers the most powerful cooperation network in Germany. Tight links between business and research enable innovations to be put into practice quickly and successfully in Germany.

4

[www.adt-online.de](http://www.adt-online.de)

The federal association of German innovation, technology, and new business centers (ADT) ◀ also provides support. The new business centers across Germany have very good transport and communication connections and provide modern office, laboratory, and workshop space. Many of these locations concentrate on a single branch of research or technology, such as biotechnology or nanotechnology, optoelectronics, or medical technology. These centers often have business networks that benefit all concerned. The networks also have their own advisory and support offices.

[www.iic.de](http://www.iic.de)

When choosing a location, investors should also consider eastern Germany. The Industrial Investment Council, IIC ◀, is a point of contact for investors particularly interested in this region. In addition, research and development initiatives in eastern Germany are subject to special incentive programs.

see page 57,  
investment subsidies ◀

For the eastern *Länder*, it is also possible to obtain an investment subsidy (*Investitionszulage*) from the government. Every entrepreneur intending to invest in the eastern *Länder* can apply for this. ◀

## ■ Regional business development agencies

### Baden-Württemberg

Baden-Württemberg International – Agency for International Economic and Scientific Cooperation

Willi-Bleicher-Straße 19  
D-70174 Stuttgart

Tel.: +49 711 22787-0  
Fax: +49 711 22787-22  
info@bw-i.de

[www.baden-wuerttemberg.de](http://www.baden-wuerttemberg.de)

[www.bw-i.de/en/](http://www.bw-i.de/en/)

[www.bw-invest.de](http://www.bw-invest.de)

### Bavaria

Invest in Bavaria – Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology

Prinzregentenstraße 28  
D-80538 Munich

Tel.: +49 89 21 62-26 42  
Fax: +49 89 21 62-28 03  
info@invest-in-bavaria.de

[www.bayern.de](http://www.bayern.de)

[www.invest-in-bavaria.com](http://www.invest-in-bavaria.com)

### Berlin

Berlin Partner GmbH

Ludwig Erhard Haus  
Fasanenstraße 85  
D-10623 Berlin

Tel.: +49 30 39980-0  
Fax: +49 30 39980-239  
info@berlin-partner.de

[www.berlin.de](http://www.berlin.de)

[www.berlin-partner.de](http://www.berlin-partner.de)

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### Brandenburg

Brandenburg Economic Development Board

Steinstraße 104 - 106  
D-14480 Potsdam

Tel.: +49 331 6603000  
Fax: +49 331 6603840  
info@zab-brandenburg.de

[www.brandenburg.de](http://www.brandenburg.de)

[www.zab-brandenburg.de](http://www.zab-brandenburg.de)

### Bremen

Bremen Investment Agency (BIG)

Kontorhaus am Markt  
Langenstraße 2-4  
D-28195 Bremen

Tel.: +49 421 9600-0  
Fax: +49 421 9600-810  
mail@big-bremen.de

[www.bremen.de](http://www.bremen.de)

[www.big-bremen.com](http://www.big-bremen.com)

[www.hamburg.de](http://www.hamburg.de)

**Hamburg**

HWF – Hamburg Business Development Corporation

[www.hamburg-economy.de](http://www.hamburg-economy.de)

Hamburger Straße 11  
D-22083 Hamburg

Tel.: +49 40 22 70 19-0  
Fax: +49 40 22 70 19-29  
info@hwf-hamburg.de

[www.hessen.de](http://www.hessen.de)

**Hesse**

Hessen Agentur GmbH

[www.hessen-agentur.de](http://www.hessen-agentur.de)

Abraham-Lincoln-Straße 38-42  
D-65189 Wiesbaden

Tel.: +49 611 7 74-81  
Fax: +49 611 7 74-8466  
info@hessen-agentur.de

[www.niedersachsen.de](http://www.niedersachsen.de)

**Lower Saxony**

Investment Promotion Agency (IPA) Niedersachsen

[www.ipa-niedersachsen.de](http://www.ipa-niedersachsen.de)

Schiffgraben 30  
D-30175 Hannover

Tel.: +49 511 34 34 66  
Fax: +49 511 36 15 909  
info@ipa-niedersachsen.de



**Mecklenburg-West Pomerania**

Economic Development Corporation Mecklenburg-Vorpommern (GfW)

[www.mv-regierung.de](http://www.mv-regierung.de)

Schloßgartenallee 15  
D-19061 Schwerin

Tel.: +49 3 85 5 92 25-0  
Fax: +49 3 85 5 92 25-22  
info@gfw-mv.de

[www.gfw-mv.de](http://www.gfw-mv.de)

[www.nrw.de](http://www.nrw.de)

**North Rhine-Westphalia**

Economic Development Corporation Nordrhein-Westfalen (GfW)

[www.gfw-nrw.de](http://www.gfw-nrw.de)

Kavalleriestraße 8-10  
D-40213 Düsseldorf

Tel.: +49 211 1 30 00-0  
Fax +49 211 1 30 00-154  
gfw@gfw-nrw.de

[www.rlp.de](http://www.rlp.de)

**Rhineland-Palatinate**

Investment and Economic Development Bank of Rheinland-Pfalz (ISB)

[www.isb.rlp.de](http://www.isb.rlp.de)

Holzhofstraße 4  
D-55116 Mainz

Tel.: +49 6131 9 85-200  
Fax +49 6131 9 85-299  
isb-marketing@isb.rlp.de

<b>Saarland</b> Saarland Economic Promotion Corporation Trierer Straße 8 D-66111 Saarbrücken	Tel.: +49 6 81 99 65 4-00 Fax: +49 6 81 99 65 4-44 info@gwsaar.com	<a href="http://www.saarland.de">www.saarland.de</a> <a href="http://www.gwsaar.com">www.gwsaar.com</a>
<b>Saxony</b> Saxony Economic Development Corporation Bertolt-Brecht-Allee 22 D-01309 Dresden	Tel.: +49 351 2138-0 Fax: +49 351 2138-399 info@wfs.saxony.de	<a href="http://www.sachsen.de">www.sachsen.de</a> <a href="http://www.wfs.saxony.de">www.wfs.saxony.de</a>
<b>Saxony-Anhalt</b> Economic Development Company of Saxony-Anhalt (WiSA) Kantstraße 5 D-39104 Magdeburg	Tel.: +49 391 568 99-0 Fax: +49 391 568 99-50 welcome@wisa.de	<a href="http://www.sachsen-anhalt.de">www.sachsen-anhalt.de</a> <a href="http://www.wisa.de">www.wisa.de</a>
<b>Schleswig-Holstein</b> Business Development and Technology Transfer Corporation of Schleswig-Holstein (WTSH) Lorentzendamm 24 D-24103 Kiel	Tel.: +49 431 66 666-0 Fax: +49 431 66 666-767 info@wtsh.de	<a href="http://www.schleswig-holstein.de">www.schleswig-holstein.de</a> <a href="http://www.wtsh.de">www.wtsh.de</a>
<b>Thuringia</b> State Development Corporation (LEG Thüringen) Mainzerhofstraße 12 D-99084 Erfurt	Tel.: +49 361 5603 450 Fax: +49 361 5603 328 invest@leg-thueringen.de	<a href="http://www.thueringen.de">www.thueringen.de</a> <a href="http://www.invest-in-thueringen.org">www.invest-in-thueringen.org</a>

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## ■ What is promoted?

The use of new technologies and environmentally compatible, energy-saving production procedures is promoted in Germany through low-interest loans. There are also subsidies amounting to up to 50 % for investments in structurally weak areas.

The most important development institution at federal state level and thus at a higher level than the regional development programs of the individual *Länder* is the state-owned *Kreditanstalt für Wiederaufbau* ◀, and for small and new businesses in particular the *KfW Mittelstandsbank* (KfW bank for SMEs). ◀ Companies must submit applications for grants via their house bank.

The tax office also offers tax benefits, BMWi offers trade fair assistance, and labor market policy aid is also available. ◀ ■

[www.kfw.de](http://www.kfw.de)

[www.kfw-mittelstandsbank.de](http://www.kfw-mittelstandsbank.de)

see page 69,  
integration subsidies ◀

[www.bmwi.de](http://www.bmwi.de)

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## ■ KfW development assistance

### KfW assistance through ERP capital

One of the many forms of KfW financial assistance is the “ERP capital” fund from the European Recovery Program.

The funds are managed by the BMWi, and the *Kreditanstalt für Wiederaufbau* (KfW) usually extends them in the form of subordinated loans (*Nachrangdarlehen*).

In the case of a subordinated loan, if the company goes bankrupt, all other outside lenders are paid first from the bankruptcy assets. Subordinated loans are therefore treated similarly to equity, and make it easier to obtain other bank loans. Collateral is not usually required for KfW loans. However, if the debtor is a natural person then he or she is personally liable for the repayment of the loan.

The loan conditions depend on the particular development program. Applications for KfW funds must always be made to a bank, which then forwards the requests to the KfW and also pays out the money.

## KfW start-up funds (*Startgeld*)

KfW “Start-up funds” are available for start-ups requiring financing of no more than 50,000 €. Investments receive financing of up to 100 %. Assistance is also possible if you intend to run the company initially as a secondary occupation. In this case, the supported company must become the main source of income within the foreseeable future. Collateral is preferred, but not mandatory. The KfW takes on up to 80 % of the risk of default, and the company bank’s risk is therefore reduced, meaning that the entrepreneur can get better loan terms than would be the case without this assumption of risk.

Important: The funds must be applied for via the company bank before the initiative is launched.

## KfW capital for start-ups (*Kapital für Gründung*)

Up until the second year of a company’s existence, the founder can receive KfW “Capital For Start-Ups” ▶ as subordinated loans that are redemption-free for seven years. No collateral is demanded for the loans. At least 15 % of the total investment sum should come from your own funds, and the “start-ups” loan can then raise the equity to up to 40 %. The maximum amount for applicants is 500,000 €.

Important: The funds must be applied for via the company bank before the initiative is launched. Debt restructuring or supplementary financing for completed initiatives is excluded.

## KfW capital for growth (*Kapital für Wachstum*)

The KfW “Capital for Growth” ▶ development program is intended for companies and freelancers who have been running their business for between two and five years. Own funds are not required. However, it is necessary for the company bank to contribute at least as much to the loan as the KfW. The bank loan should have a term of at least five years. The KfW loan can have a term of up to 15 years. There are no repayments in the first seven years. The maximum loan amount is 500,000 €.

Important: The funds must be applied for via the company bank before the initiative is launched.

[www.kfw-mittelstandsbank.de/EN\\_home](http://www.kfw-mittelstandsbank.de/EN_home)  
search term:  
capital for start-ups



[www.kfw-mittelstandsbank.de/EN\\_home](http://www.kfw-mittelstandsbank.de/EN_home)  
search term:  
capital for growth

## KfW entrepreneur loans (*Unternehmerkredit*)

www.  
kfw-mittelstandsbank.de/  
EN\_home  
search term:  
entrepreneur loan

Start-ups, freelancers, or commercial companies can receive the KfW “Entrepreneur loan”. ◀ Here, the KfW fully finances investments of up to ten million €. Higher amounts can be financed to a maximum of 75 % using KfW loans. The entrepreneur loan can be used to finance real estate, building measures, and the purchase of machinery and plants. The company’s turnover must not exceed 500 million €.

The loan term is up to ten years, or longer in special cases, and there are no repayments in the first two years. The loan can be repaid early at any time, and there are no compensation payments for early repayment of the loan.

## KfW micro loans (*Mikrodarlehen*)

www.kfw-  
mittelstandsbank.  
de/EN\_Home  
4 search term:  
micro loans

The purpose of KfW “Micro loans” ◀ is to finance start-ups, company take-overs through purchase or lease and investment in companies up to three years after becoming an entrepreneur. All natural persons, freelancers, and small companies with up to nine employees can apply for the loan.

The maximum loan and investment amount is 25,000 €. The KfW assumes 80 % of the risk of default for the loan for your company bank.

As with all other KfW loans, the application must be made before the start of the initiative.

## ERP environmental and energy-saving programs

Favorable ERP loans aim to make it easier for companies to invest in the areas of air pollution control, reduction of noise and odor, waste water treatment, waste recycling and disposal, energy saving, and the use of renewable energies. There are many development programs with different maximum limits and loan terms in these areas. Please contact the KfW for more information. ◀

www.kfw.de

## ERP regional promotion program

Commercial investments in eastern Germany and Berlin can be financed over the long term and with low interest by means of the ERP regional promotion programs. The company can achieve turnover of up to a maximum of 50 million €. The maximum loan amount of 500,000 € can be increased to three million € for initiatives that create a lot of new jobs, for example. This sum can cover a maximum of three quarters of the eligible investment costs. These investment costs are the expenses required for land, buildings, machines, or office equipment, for example. In the case of loans of up to two million €, the KfW assumes up to 50 % of the risk of default for the company bank. Please contact the KfW for more information. ▶ ■

[www.kfw-mittelstandsbank.de](http://www.kfw-mittelstandsbank.de)

## ■ Subsidies to promote innovation

The federal government is particularly committed to long-term support for innovative small and medium-sized companies in the old and in particular in the new *Länder*.

## Federal support

**PRO INNO II** – The nationwide “*PROgram for increasing INNOvation competence of SMEs / PRO INNO II*”, covering all technologies and offered by the *Federal Ministry of Economics and Technology (BMWi)*, is specially aimed at small and medium-sized enterprises. The program supports ambitious, market-oriented R&D cooperation projects between small and medium-sized companies and research institutes. Proportional subsidies reduce the financial risks borne by innovative SMEs developing new products and procedures, and promote cooperation with other companies as well as R&D institutes at home and abroad. Applications can be submitted to the *German Federation of Industrial Research Associations “Otto von Guericke e.V.”* ▶

[www.aif.de](http://www.aif.de)

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More information on the High-Tech Gründerfonds is available from:

## High-Tech Gründerfonds Management GmbH

contact details:  
see address index

[www.high-tech-gruenderfonds.de](http://www.high-tech-gruenderfonds.de)

see page 52,  
subordinated loans ◀

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see page 52,  
subordinated loans ◀

**High-Tech Gründerfonds** – Innovative companies have access to special grants in Germany. The High-Tech Gründerfonds (high-tech start-up fund) is available for this. The fund is a project conducted by the federal government, renowned companies, and the KfW bank group, and has access to 262 million € up until 2010.

Companies that have been in existence for less than one year prior to their application can obtain a low-interest loan of up to 500,000 € as a loan for the start-up phase. The company can employ a maximum of 49 employees and achieve an annual turnover or balance sheet sum of no more than ten million €.

The funds are offered to companies as subordinated loans. ◀ Founders in western Germany must contribute 20 % of the funds as equity, founders in the new Länder and Berlin ten percent. There are no deductions if companies receive other research subsidies as well.

For a company to receive a grant, High-Tech Gründerfonds GmbH first looks at the applicant's business plan. A research and development project must form the core of the company. The aim of financing should be to at least reach prototype stage or create a realistic proof of concept. Financing of the company should also be secured for the next 18 months.

The company is then advised by an experienced expert, or coach. The coaches are partners of the Gründerfonds, and a company is only included in the fund's selection process with the coach's OK. The High-Tech Gründerfonds wants the coach to be interested in the long-term success of the company through investment from the coach's own or related funds (seed funds), or through obtaining industrial property rights (such as patent rights). Through this, the start-up team should have the required equity capital. Coaching is not a regular occurrence, but is used in many cases.

If the Gründerfonds agrees to the grant, the Gründerfonds has a stake in the company. This stake can be up to 500,000 € as a combination of open investment and loan. The High-Tech Gründerfonds thus has a 15 % share and grants a subordinated partner loan. ◀ The High-Tech Gründerfonds defers the interest (ten percent p.a.) on the loan for a period of up to four years. The term of the loan agreement is seven years.

**ERP innovation program** – The ERP “Innovation program” is another source of financing for innovations. It can be used to finance personnel, travel, material, trade fair, and market launch costs, among other things. In the research and development phase, the program can cover up to 100 % of the eligible costs. The maximum loan amount is usually five million €. For more information, please contact the KfW or your company bank that will process the application.

Other programs subsidize patent research, patent application, and innovation workshops, among other things.

**ERP start-up funds (Startfonds)** – The ERP “Start-up funds” make it easier for innovative companies to obtain equity capital in the start-up and initial phase. Financing is provided for research and development costs up to the production and testing of prototypes, and investments for market launch. In some cases, the fund has a stake in the company. ▶

**InnoNet** – The InnoNet program is an ideas contest aimed at increasing the innovation and competitiveness of SMEs.

The purpose is to launch the results of research and development on the market more quickly. ▶

**InnovationMarket** – Ideas are traded on the InnovationMarket. ▶

It is a market for patent holders, technology providers, young, technology-oriented companies, and investors, all of whom submit electronic adverts. If there is interest in the ideas, a subsidy can then be received for the subsequent evaluation that is usually required.

You can obtain information from the:

**Institut der deutschen  
Wirtschaft Cologne  
INSTI - Projektmanagement**

*contact details  
see address index*

[www.insti.de](http://www.insti.de)

[www.kfw-  
mittelstandsbank.de](http://www.kfw-mittelstandsbank.de)

For more information, please contact

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**VDI/VDE – Innova-  
tion + Technik GmbH**

*contact details  
see address index*

[www.innovationmarket.de](http://www.innovationmarket.de)



For more information, please contact **INSTI project management** (see above: ERP innovation program).

## Regional special development programs for eastern Germany

**Investment subsidies (eastern Germany and Berlin only)** – In eastern Germany, business investments in new, depreciable, moveable assets such as machines are supported by investment subsidies. The long-term use of these assets – for example through leasing – and the acquisition or creation of new buildings for business premises is also promoted in this region. Different grant levels apply depending on the region and size of the company, and on whether they are first-time investments. An application for an investment subsidy must be submitted to the tax authority responsible for taxing the company. At the moment, promotion by means of investment subsidies applies up until the end of 2006, and an extension is being negotiated.

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[www.bmwi.de](http://www.bmwi.de)  
[www.euronorm.de](http://www.euronorm.de)

**INNO-WATT** – In eastern Germany, the “Promotion of research and development for growth drivers in disadvantaged regions / *INNO-WATT*” program offers subsidies for companies executing high-quality R&D initiatives. Up to 70 % of costs, with a maximum limit of 375,000 € per initiative, can be subsidized. The program is run by the BMWi , and applications for subsidies are submitted to *EuroNorm GmbH* , which is responsible for their management.

Commercial companies and external industrial research institutes are eligible, and the level of the non-repayable subsidy (maximum 375,000 € per initiative) is

- up to 70 % of the eligible costs in R&D initiatives by public external research institutes; here, up to 40 % of the personnel employed at the time of application and working directly on R&D activities can be subsidized.
- up to 45 % of the eligible costs for R&D initiatives by research-intensive companies (= at least 20 % of employees work directly in R&D); in these companies, up to 60 % of the personnel employed at the time of application and working directly on R&D activities can be subsidized.

**InnoRegio** – The InnoRegio program promotes regional core competences and networks in eastern Germany.

More information is available from the InnoRegio project office/*Wachstumskerne* (growth cores). ►

**InnoRegio project office/Wachstumskerne**  
contact details:  
see address index

[www.unternehmen-region.de](http://www.unternehmen-region.de)

**NEMO** – The *Promotional Competition Network Management East* (NEMO) set up by the BMWi also pursues this aim. The competition supports the development of business-oriented networks and clusters of innovative eastern German SMEs as well as research institutes and other institutions. With declining, proportional subsidies for external management, SMEs are helped to form innovative networks and thus bundle their innovations and conduct joint marketing activities. Applications can be submitted to the *German Federation of Industrial Research Associations* “*Otto von Guericke e.V.*” ►

[www.aif.de](http://www.aif.de)

## ■ Other grants

### Subsidies from funds from the Joint Task Program “Improvement to the regional economic structure”

Industrial investors can apply for funds from the Joint Task (*Gemeinschaftsaufgabe*, or GA) “Improvement to the regional economic structure” for construction projects. The construction and extension of business premises and the conversion, rationalization, and modernization of production are funded. The GA funds aim to help companies create and maintain competitive jobs and expand the economic infrastructure, and thus bring about equal standards of living over the whole of Germany in the long term.

GA funds can only be granted for projects in GA development areas, which must have been verified with the mutual assistance of the EU Commission. GA grants therefore focus on the new *Länder*, which fall into the two GA maximum assistance categories. The subsidies range between 7.5 and 50 % depending on the number of regional structural deficits and the size of the company to be assisted.

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An overview of the grant levels can be found at [www.bmwi.de](http://www.bmwi.de)

Infrastructure measures can even be subsidized to 90 %. However, less intensive measures, such as training or consultancy, can also be subsidized. ◀

Another new Joint Task grant “Cooperation Networks and Cluster Management” aims to support cooperation between companies and related partners and institutions. The goal of this is to promote existing potential and increase the competitiveness of the regions. Costs for the setup and running of inter-company network structures can be funded up to a maximum value of 500,000 €.

The application must be accompanied by a financing plan confirmed by the company’s bank. The individual *Länder* are responsible for providing joint task grants. They can set their own geographical or content requirements. More information is available from the regional business development agencies of the *Länder*. ◀

see page 49,  
regional business  
development agencies ◀

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### European Regional Development Fund (ERDF)

Money from the four EU *Structural Funds* can also be used for government grants in certain areas of the EU (target regions). These structure funds are an important financial instrument for implementing the European “cohesion policy”, the aim of which is to ensure economic and social cohesion in the Union.

The most important structure fund is the *European Regional Development Fund* (ERDF), which receives most of the EU money. ERDF funds are used in particular to support small and medium-sized companies, to encourage asset investment, for local development, and for infrastructure measures. More than two thirds of the ERDF funds go to the Objective 1 regions, which require particularly intensive funding. These Objective 1 regions include all five eastern German *Länder* (excluding Berlin). They therefore receive the highest possible grants from the European Union’s structure funds. In the most recent grant period, Germany had access to a total of 29.7 billion € from ERDF funds, with almost 20 billion € going to the eastern German Objective 1 regions.

The distribution of the ERDF funds is effected by the *Länder*.

## Guarantees

A start-up or company that has good ideas but does not have the collateral demanded by the bank can receive guarantees in Germany.

In a guarantee, the bank, Land, or government providing the guarantee agrees to pay up to 80 % of a loan, if the borrower experiences difficulty with payment. Guarantees are therefore not a replacement for a loan, but make it easier for a loan to be granted through the takeover of guarantees. As a result, the borrower's loan conditions can be improved.

As a rule of thumb, guarantees of up to two million € are generally granted by the guarantee banks ▶ of the *Länder*. Average guarantees of between two and ten million € are covered by the *Länder*, and in this case, the point of contact is the ministry for economic affairs of the *Land* in question; in Lower Saxony, North Rhine-Westphalia, and the eastern *Länder* it is PricewaterhouseCoopers (PwC). ▶ Larger guarantees over ten million € in eastern Germany are granted jointly by the *Länder* and federal government. The point of contact for these is also PwC. A support program for guarantees such as that in the East does not exist for Western Germany. Here, PwC looks into individual cases, submits applications, and forwards them to the guarantee committees of the *Länder* and federal government for a decision.

The average and large guarantees are only granted if they make sense from an economic perspective. This means that guarantees are primarily used to safeguard the setup of production locations.

## Regional funds for promoting technology

The *Länder* have various programs specifically offering regional funds to promote technology and innovation, research and development, and to improve knowledge transfer. Depending on how the grant programs are structured, small, medium, and large companies can benefit from them. More information on these programs is available from the regional business development agencies. ▶

[www.vdb-info.de](http://www.vdb-info.de)

**PricewaterhouseCoopers**

*contact details:  
see address index*

[www.pwc.de](http://www.pwc.de)

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▶ see page 49,  
regional business  
development agencies

## Involvement in trade fairs

The BMWi and the *Federal Ministry of Food, Agriculture and Consumer Protection* (BMELV) participate in trade fairs abroad on behalf of the federal government. They offer companies ways of participating through joint presentations directly attached to the BMWi or BMELV information stands. German companies can hire a stand for the duration of the trade fair on payment of a participation fee. The costs for this are far lower than if the company were to participate independently. In addition, companies can benefit from the organizational advantages of a trade fair operating company commissioned by the Ministries. All companies with products manufactured in the Federal Republic of Germany or abroad by German branches or with a German license can participate in foreign trade fairs. Service providers are also entitled to participate.

Further information and contact events abroad are organized on behalf of the BMWi by the *German Office for Foreign Trade* (bfai). ◀ This program aims specifically at helping small and medium-sized German companies gain entry to new markets.

The *Länder* also offer various trade fair participation and promotion programs.

The point of contact for the federal foreign trade fair program is the BMWi, department VE 5 ◀, the Association of the German Trade Fair Industry AUMA ◀, and the Chambers of Industry and Commerce. ◀ The regional business development agencies should be contacted for information on the *Länder* programs.

## Tax relief using additional capital allowances and allowances for future investment

see page 81, moderate tax rates and numerous methods of depreciation

In addition to the usual options for depreciation ◀, small and medium-sized companies can claim a further 20 % as additional capital allowances and allowances for future investment for moveable assets.

In the case of additional capital allowances (*Sonderabschreibung*), 20 % of the acquisition or manufacturing costs can be written off in the first five years.

Allowances for future investment (*Ansparabschreibung*) are used to make future investment possible by increasing current depreciation. Up to 40 %

[www.bfai.de](http://www.bfai.de)

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[www.bmwi.bund.de](http://www.bmwi.bund.de)

[www.auma.de](http://www.auma.de)

[www.dihk.de](http://www.dihk.de)

of the manufacturing or acquisition costs and be formed as a profit-reducing reserve. The reserve is liquidated again in the year of investment.

These allowances must be requested from the tax authority when the profit is determined as part of the tax return.

### Go-Bio

Teams of younger life scientists with previous research experience and those closely associated with biology and natural science-related disciplines can receive financial support from the *Go-Bio* program run by the *Federal Ministry of Education and Research* (BMBF). The projects should use and develop biotechnology procedures and products. In the first phase, the grants are used to determine the extent to which a project can be applied, and pinpoint commercial opportunities for marketing it. The aim of the second phase is to establish a biotechnology company or implement the project idea at commercial level.

The BMBF supports these phases with a subsidy. This can cover up to 100 % of the personnel expenses or cover the costs for project investments, patent law reviews, consumable materials, business courses, and founder coaching. Overall a total of 150 million € are available in the *Go-Bio* program up until 2015.

A decision-making process consisting of five two-stage selection rounds will be used to determine the beneficiaries. The first selection round has already started, and the key dates for submitting project outlines in German and English for the future selection rounds will be announced on the internet site of the *Project Management Jülich*. ▶

Application forms and notes are available via the electronic application procedure Easy: [www.kp.dlr.de/profi/easy/formular.html](http://www.kp.dlr.de/profi/easy/formular.html) ■

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Project Management

Jülich (PTJ)/Forschungs-  
zentrum Jülich GmbH  
contact details:  
see address index

[www.fz-juelich.de/ptj](http://www.fz-juelich.de/ptj)

More information is available  
from the federal development  
database, see page 48



## Employees and social security



## ■ Good specialists are Germany's secret to success

Germany has very highly qualified, motivated, and responsible specialists. The high level of knowledge and skills among the German workforce is internationally renowned. The education and training system ensures that personnel meet companies' needs.

After school education around 60 % of a school year goes on to further education and training in one of the 350 or so skilled trades. One special feature of German education is the parallel ("dual") education in a vocational school and within a company or at an inter-company training site. Depending on the profession, education and training lasts two to three years. The material taught is continuously adapted to the skills required in working life.

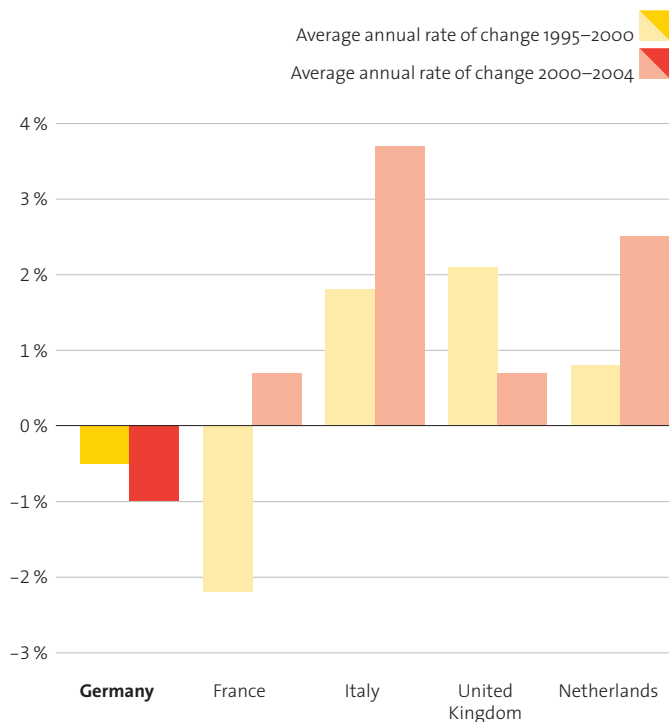
Universities and universities of applied science produce the required experts and academics. The universities of applied science offer very practical courses of study, for example in engineering sciences or economics. The highest level in the education system is university study, which con-

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cludes with a diploma, M.A./M.Sc., or state examination, and which allows the graduate to continue academic education up to the level of professor. Internationally recognized qualifications such as bachelor or master can be obtained at universities. ■

## Excellent employee qualification cuts down unit labour costs

Employee costs against gross value added per employee



Sources: OECD, Deutsche Bundesbank, Institut der deutschen Wirtschaft Köln



## ■ How employers find suitable staff

Companies usually advertise positions in newspapers, journals, on the company's internet homepage, or on one of the many internet job markets. The Mainz University of Applied Sciences has put together a comprehensive list of online job exchange sources. ▶

[www.fh-mainz.de](http://www.fh-mainz.de)  
search term: jobboerse

The job adverts in newspapers usually appear at the weekend. Adverts for specialists and highly qualified staff usually appear in national newspapers and specialist journals, while the local papers usually contain adverts for jobs requiring fewer qualifications or for skilled workers. Potential employees often apply directly to companies or place adverts announcing their availability.

Employers can also contact the *Federal Employment Office*. The agency is a public institution and finds new jobs for jobseekers across Germany. The service is free of charge. The agency runs job centers in all larger towns and cities. The addresses of the local agencies can be found on its website. ▶

[www.arbeitsagentur.de](http://www.arbeitsagentur.de)

If you are looking for highly-qualified experts, particularly to work in technology companies, it is also worth maintaining contacts with the universities and universities of applied science. The teaching staff are often happy to recommend suitable candidates.

Private employment agencies can help in the search for specialists. The agency fee is usually 1.5 – 2 monthly gross salaries and is paid by the employer. The federal association for employee placement (*Bundesverband Personalvermittlung*) provides more information on private employment agencies on its website. ▶

[www.bpv-info.de](http://www.bpv-info.de)

Companies often need employees for a short period, in order to cope with peaks in production, or to replace staff who are temporarily absent. In these cases, you have the option of working with a temp company, which can also provide the right personnel at short notice. The association of temp agencies explains the service for employers. ▶ ■

[www.ig-zeitarbeit.de](http://www.ig-zeitarbeit.de)

## ■ The contract of employment

If the employer and employee suit each other, a written contract of employment is usually drawn up. A verbal agreement is also possible in principle, but in the event of a dispute is hard to prove.

There is no fixed form for a contract of employment. However, certain points should be defined:

- The area of activity with a concrete description of tasks
- The date from which the contract is valid
- The daily and/or weekly working hours
- The duration of the probationary period or, in the case of short-term contracts, the duration of the agreement
- The remuneration
- Leave allowance
- A ruling on the notice period
- A declaration of confidentiality
- If applicable, a ban on the employee working for a competitor for a two-year period after leaving the company
- Possible secondary occupations

There are only a few labor law conditions that must be adhered to in all cases. For example, there are minimum wages for construction workers, roofers, and electricians. Generally binding collective pay agreements apply in a few other industries, which usually employ low-paid workers. The remuneration amounts agreed in these then represent the minimum wage for all companies in the industry.

Usually, the daily working hours must not exceed eight hours. In the case of working days of up to ten hours, a period of free time must be granted in compensation. With working hours of between six and nine hours, employees can take a break of 30 minutes. There is generally no work on Sundays and public holidays, but some exceptions are permitted, for example in restaurants, in the police force and fire service, or newspaper offices. The statutory minimum leave is 24 working days per year. If an employee is sick, he or she continues to be paid by the employer for six weeks on submission of a doctor's certificate. ■

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A list of generally binding contracts has been published on the internet by the Federal Ministry for Employment and Social Security:  
[www.bmas.bund.de](http://www.bmas.bund.de)  
(Under: \Arbeitsrecht \Arbeitsrecht)

## ■ Payment

The employees' pay can be negotiated freely unless a minimum wage applies. ▶

▶ see page 68

Gross wages in Germany are very stable compared to other countries, and the unit wage costs are falling. Wage costs vary greatly from one region to another: For example, the gross wage for an electrician in the west of the country is 2,200 € per month, in the east 1,838 €. Generally speaking, the wage costs for employers in the new *Länder* are lower than those in the old *Länder*. A guideline to payment in individual professional groups is provided on the website of the *Hans-Böckler-Stiftung*. ▶

[www.lohnspiegel.de](http://www.lohnspiegel.de)

The state is not involved in wage fixing. German wage autonomy means that employers and employees alone are responsible for this. As a rule, the associations of employers usually agree collective bargaining agreements with the industry trade unions. These agreements specify pay, working hours, and leave entitlement. If the company is a member of the employers' association, it must keep to these agreements. However, in economically difficult situations, companies can negotiate deviations from the collective bargaining agreement with the trade union. The applicable standard wages also serve as a guideline for payment for companies that do not belong to the employers' association. Agreements are published on the associations' websites. A list of associations can be found on the website of the *Confederation of German Employers' Associations*. ▶

[www.bda-online.de](http://www.bda-online.de)

## ■ The state promotes employment

There are a whole range of grant options supporting the establishment of companies creating new jobs.

The most important of these are the integration subsidies. In these schemes, wages and social security contributions ▶ are subsidized for up to three years, if the hired employees were previously unemployed for a long time, or are older. In the subsidized period, the state pays 50 to 70 % of the wages. In return, the subsidized employees must be kept on for at least one year after the subsidized period.

▶ see page 76,  
payroll accounting

In addition, newly established small companies can receive hiring subsidies if they hire unemployed people. In these cases, the state pays up to 50 % of the gross wages for a period of up to twelve months. The employer's portion

Information on addresses and contact partners is available at

[www.arbeitsagentur.de](http://www.arbeitsagentur.de) ◀

of the social security contributions is also reimbursed. The employment of severely disabled people is also particularly strongly promoted.

For all three forms of subsidies, the applications must be made to the *Federal Employment Office* before a contract of employment is concluded. The local job center is responsible. ◀ ■

### ■ Notice of termination

The contract of employment may need to be terminated for economic or personal reasons. This is possible in any company, providing the conditions of notice are observed.

In the case of short-term contract, the end of employment is contractually agreed from the outset. For this reason, this type of contract is a good choice for young companies in particular. In the case of permanent contracts of employment, the statutory notice period applies. This increases the longer the employee has been with the company. Initially, the notice period is four weeks, rising to seven months after 20 years. Within the probationary period, which usually lasts six months, the contract of employment can be terminated within two weeks.

Small companies with up to ten employees can dismiss employees at any time observing the relevant notice period if there is a relevant reason for this. Because of a transitional ruling, however, employees whose contract of employment started before January 1, 2004 can only be dismissed under these relaxed conditions in small companies with a maximum of five regular employees. Small businesses are also subject to rulings that protect young mothers, mothers-to-be, and severely disabled people.

In companies with more than ten full-time employees, the Dismissal Protection Act (*Kündigungsschutzgesetz*) applies for every employee with a contract of employment that has been uninterrupted for more than six months. In these companies, termination within the notice period is only possible if it is “socially justified”. Termination must be announced in writing – electronic form is insufficient – and a cogent reason must generally be given. There are four possible reasons.



## Business reasons

The most important reason for termination is business-related. It is permitted if the employee's job ceases to exist as a result of restructuring, if the company ceases to operate, or if there is insufficient work due to a lack of orders. If only some of a number of similar jobs are to be cut, a social selection procedure decides which employees are to be dismissed. This procedure takes account of the length of time the employee has been at the company, his or her age, and possible liability to provide maintenance. Finally, the termination must be proportionate, and the possibility of a notice of termination with the option of reengagement on changed conditions or employment elsewhere in the company should be taken into consideration.

## Personal reasons

If employees are not physically or mentally suited to their job, termination is possible if the burden on the company is unreasonable. A similar condition applies if continued employment cannot be reasonably expected of the company following an employee's long-term illness. However, the employer must first carry out reasonable stop-gap measures, such as staff reorganization or the hiring of temporary staff.

## Conduct-related reasons

Inappropriate conduct such as lateness or low performance can result in a termination, provided that the employer has warned the employee about his or her infringements. A warning must make specific reference to and complain about the employee's conduct in writing, and state that a repetition will result in termination. Immediate termination without a warning – though the legal period of notice nevertheless applies – is possible in the case of serious infringements, such as a serious insult or an infringement of the ban on competition.

### Extraordinary termination

In cases of serious misconduct, employers can give exceptional, i.e. immediate notice of termination – the legal period of notice does not apply in these cases. The termination must not just be regarded as necessary, it must be imperative *immediately*. This is the case, for example, if an employee intentionally causes the company damage, for example by passing on internal information. As a rule, immediate termination is preceded by a warning.

Regardless of the reason for dismissal, the employee affected can bring a legal action to the labor court; but if this is not done within three weeks, the termination becomes legally valid. Disputes are usually settled quickly and result in a settlement and compensation payment. Companies with fewer than 50 employees are rarely affected. 13 % of terminations result in a compensation payment, which is usually 0.5 monthly wages per year of service. ■

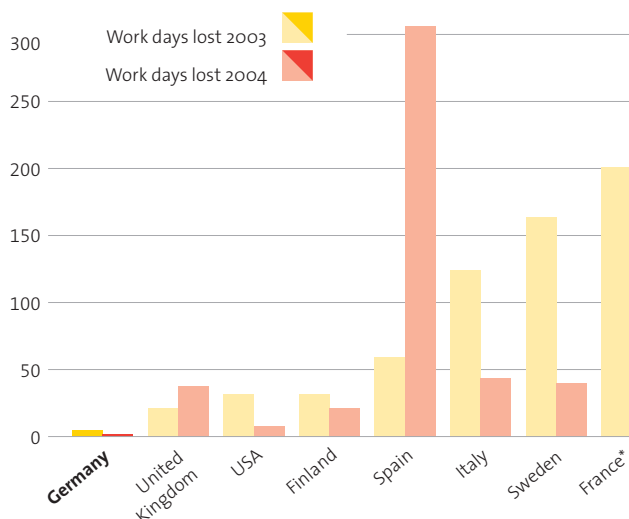
### ■ Co-determination through internal employee representatives

German trade unions are relatively strong and well-organized. However, they are traditionally more willing to negotiate than the trade unions in France or southern European countries. As a result, strikes are rare in Germany, and unauthorized wildcat strikes are forbidden by law. Compared to other countries, Germany has one of the lowest rates of industrial disputes and related production stoppages, and the number of strike days is far below the international average. One reason contributing to the low strike rate is most certainly the fact that supervisory board members of corporations with more than 2,000 employees are appointed by both shareholders and employees, with each side holding equal voting rights.

In companies with at least five employees, employees are allowed to form a works council, which is responsible for dealing with workforce issues. The legal basis is the German Works Council Constitution Act. The number of members of the works council depends on the number of employees. If a company has up to 20 employees, the works council consists of a single person, and the number then gradually increases. In companies with 200 or more employees, one works council member must be relieved of work duties, and this number increases progressively the larger the company is. The works council is not allowed to become involved in corporate governance. In business issues, the council only has informative and advisory rights.

## Labour disputes

### Loss of work days due to work stoppage



Sources:  
ILO, OECD, Eurostat, Institut der deutschen Wirtschaft Köln

\* No data for 2004 available at time of publication

The workforce representatives have a say in personnel and social issues, such as business administration regulations, occupational safety issues, the setup of social facilities, or issues relating to company wage structures. If employer and works council are not able to reach an agreement, a decision is made by an arbitration board.

The works council must always be heard before each termination of employment, otherwise the termination cannot take effect. The works council's agreement to a termination is usually not required, unless this was agreed in advance with the employer. In companies with more than 20 employees, however, the agreement of the works council is required for hiring measures, transfers, restructuring, or similar measures. In practice, the work of the works council runs smoothly. The council often helps to structure the day-to-day business, for example in issues of smoking bans at the workplace, or rulings on working hours. As a rule, works councils and company boards work well together in Germany.

Small and medium-sized companies often have no works councils. A works council exists in only one in every 14 companies with fewer than 50 employees. In large companies with over 500 employees, one in five does not have a council. For more information on employee co-determination, see the website of the *Confederation of German Employers' Associations* ▶, and the *German Confederation of Trade Unions (DGB)*. ▶



[www.bda-online.de](http://www.bda-online.de)

[www.dgb.de](http://www.dgb.de)

In large corporations, employee co-determination in the company is laid down in law. In companies with more than 2,000 employees, employees make up half of the supervisory board. In the event of a voting stalemate, the chair of the supervisory board appointed by the capital side has a second vote. In companies with over 500 employees, one third of the members of the supervisory board must be employees' representatives. ■

### ■ The German social security system

In contrast to some other industrialized countries, the core social security in Germany is financed collectively by means of a process of redistribution, known as the generation contract. The government pays the current costs – for pensioners, the sick or those in need of nursing care, or the unemployed – directly from contributions made by covered employees and employers.

Social security is made up of the following elements:

#### Health insurance

Health insurance is shared almost equally by the employee and employer. All employees below a certain gross wage limit of currently 3,937.50 € are compulsorily insured with one of the public health insurance companies (*Gesetzliche Krankenversicherung, GKV*). The various health insurance companies are in competition with each other with regard to contribution rates. The contribution rates are between around 11.8 and 14.6 %.

Above this gross wage ceiling, employees can freely choose their health insurance. These employees are also able to choose private health insurance (*Private Krankenversicherung, PKV*). In this case, too, employee and employer share the contributions.

The employer can also take advantage of public health insurance. In the case of self-employed people, their monthly income is initially assumed to exceed the contribution assessment ceiling. If the self-employed person can prove their income is lower (by presenting bank statements or income tax prepayments), the contribution is adjusted.

## Nursing care insurance

This insurance protects the covered person against the financial consequences of needing nursing care, and provides assistance and support services in this case. It is organized in more or less the same way as the health insurance. The contribution rate is 1.7 % of the gross wage. Half is paid by the employer, half by the employee. In Saxony, there are different rates, which favor the employer. The contributions are deducted during payroll accounting and transferred to the nursing care insurance company via the health insurance company.

## Pension insurance

In Germany pension insurance cover is compulsory for employees. The contribution rate for a state pension is currently 19.5 % of the gross wage and – as with all the other insurance schemes – is divided equally between employee and employer. The health insurance companies are also responsible for collecting these contributions.

## Unemployment insurance

Unemployment insurance is another mandatory contribution. The contribution rate of 6.5 % of the gross wage is shared by the employer and employee. The contributions for unemployment insurance are also collected by the health insurance companies, which transfer them to the *Federal Employment Office*.

## Accident insurance

The statutory accident insurance is the employer's liability insurance if an employee suffers an industrial disease or an accident at work. This also insures employees on their way to work. Companies are obliged by law to take out this insurance.

Every employer must inform the relevant trading association of the establishment of his or her business and register with this organization. The main association of workers compensation boards (*Berufsgenossenschaften*) offers a Germany-wide telephone information service. ▶

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[www.berufsgenossenschaften.de](http://www.berufsgenossenschaften.de)

Info-hotline: 01805 188088

## ■ Payroll accounting

In contrast to some other countries, in Germany an employee receives a wage or salary from which tax and social security contributions have already been deducted (net). The employer calculates the gross wage, but withholds a percentage of it and transfers this to the health insurance company responsible for collecting the complete social security contribution and to the tax authority. Gross incomes are therefore much higher than the amount actually paid out. An example:

\*Assumptions:  
employee tax band III,  
married, 2 children, for GKV:  
average general contribution  
rate, all amounts in €,  
rounded, simplified  
calculation, July 2005

	Employee salary		Employer cost
<b>Total gross (€)</b>	<b>2,400</b>		<b>2,400</b>
<b>Deductions:</b>			
Wage tax	- 114	(individual)	
Health insurance*	- 158	Rate 13.2 % (= 316)	158
Nursing care insurance*	- 20	Rate 1.7 % (= 40)	20
Pension insurance*	- 234	Rate 19.5 % (= 468)	234
Unemployment insurance*	- 78	Rate 6.5 % (= 156)	78
Special HI contribution	- 22	Rate 0.9 %	
<b>Total (€)</b>	<b>1,774</b>		<b>2,890</b>

This means: The employee is paid out 1,774 € (net), and the cost for the employer is 2,890 €. ■



## ■ All into one account

The obligations to the various branches of the social security system – in particular the employer's duty to report all the necessary employee data – mean that the employer must maintain wage and salary documents, including wage and salary accounts, for its employees, the content of which is specified in a directive. A number of links and references relating to content issues and procedures can be found on the website of German Social Insurance ►, but the social security procedure is generally uncomplicated, as all social security contributions for both sides are transferred to the relevant health insurance company by the employer, as described above.

Detailed information on the transfer of social security contributions and in-depth information on the practicalities of payroll accounting with further reference to the individual health insurance companies, their contribution rates, and processing tools can be found at *AOK-Bundesverband*. ►

AOK-Bundesverband, Postfach 20 03 44, D-53170 Bonn  
Tel.: +49 228 8430, Fax: +49 228 843502

Information on the employee and employer health insurance companies can be found on the website of *VdAK/AEV*. ►

Verband der Angestellten-Krankenkassen e.V. (VdAK)/  
AEV-Arbeiter-Ersatzkassen-Verband e.V.  
Frankfurter Straße 84, D-53721 Siegburg  
Tel.: +49 2241 108-0, Fax: +49 2241 108-248

A summary of the services offered by the craft guild health insurance companies can be found on the website of the *IKK* association. ►

IKK-Bundesverband, Friedrich-Ebert-Straße / TechnologiePark  
D-51429 Bergisch Gladbach  
Tel.: +49 2204 44-0, Fax: +49 2204 44-185

[www.deutsche-sozialversicherung.de](http://www.deutsche-sozialversicherung.de)

[www.aok-bv.de](http://www.aok-bv.de)

[www.vdak-aev.de](http://www.vdak-aev.de)

[www.ikk.de](http://www.ikk.de)

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Information on the company health insurance funds can be found on the website of the BKK association. ◀

[www.bkk.de](http://www.bkk.de)

Bundesverband der Betriebskrankenkassen  
Kronprinzenstraße 6, D-45128 Essen  
Tel.: +49 201 179-01, Fax: +49 201 179-1010

[www.bundesknaepschaft.de](http://www.bundesknaepschaft.de)

The Miners' Sickness Fund (for part-time employees) provides all the relevant information on their website. ◀

Knappschaft Bahn See  
Pieperstraße 14-28, D-44789 Bochum  
Tel.: +49 234 304-0, Fax: +49 234 304-53050

Since January 1, 2006 notifications to the social security system can only be generated using automatic payment settlement programs or authorized devices for filling out forms. A current list of authorized payment settlement programs can be found on the website of GKV AG ◀, the free-of-charge form-filling tool used by the state-run health insurance companies can be obtained from ITSG. ◀ ■

[www.gkv-ag.de](http://www.gkv-ag.de)

[www.itsg.de](http://www.itsg.de)

### ■ “Mini jobs” and “midi jobs” – low-paid employment models

Simplified rules apply for temporary or part-time work. Part-time jobs (“mini jobs”) are jobs that pay up to 400 € per month, or for which the employee works no more than 50 days per year in the company. In these cases, employers pay a flat-rate charge of 25 % – 30 % from July 1, 2006 – of the gross wage to the Miners' Sickness Fund (*Knappschaft Bahn See*), which is responsible for the low-paid jobs. The employee does not pay any taxes or charges for the job.

There is also the option of low-paid jobs (“midi jobs”) with wages of between 400 and 800 € per month. In these cases, the government subsidizes the employee's social security contributions. The employer share is paid in the usual way. Charges are transferred to the Miners' Sickness Fund. More information is available on the internet. ◀ ■

[www.minijobzentrale.de](http://www.minijobzentrale.de)

## Wage tax

In payroll accounting, the employer withholds the tax that the employee must pay and transfers the money to the tax authority. Employees must be registered with the local tax authority. The wage tax return can be easily submitted over the internet. ▶ ■

[www.elster.de](http://www.elster.de)



## The tax and legal system



## ■ Moderate tax rates and numerous methods of depreciation

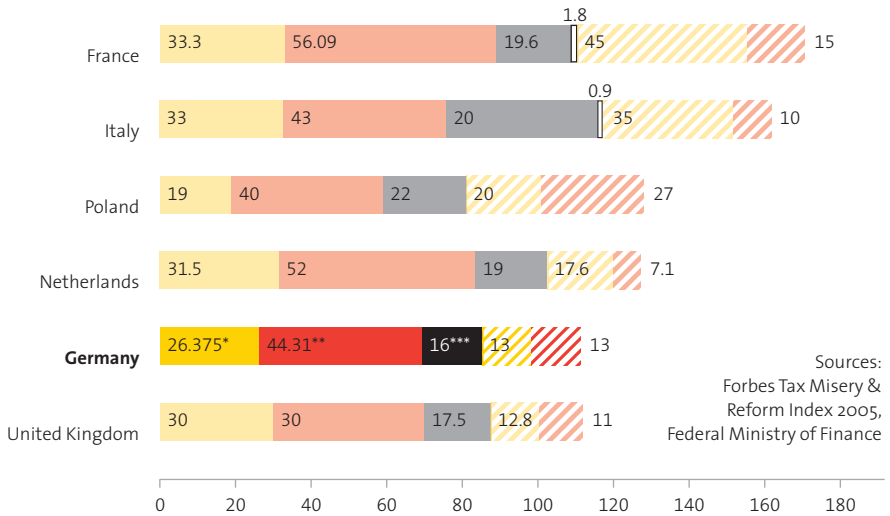
German tax rates are competitive in comparison with other countries. The tax system has been reformed recently, and income tax rates were reduced in three steps. The peak tax rate for personal income was reduced from 53 % to 42 % in 2005. The corporation tax applicable to corporations was also considerably reduced from 45 %, and currently stands at 25 %. Tax law has been further simplified and rates reduced.

In comparative statistics, Germany has average nominal tax rates for companies, but international investors quickly discover that the actual tax burden in Germany is much lower, because companies can take advantage of numerous exception and depreciation rulings.



## International Tax Burdens

Tax and Social Security Burdens of National Economies (2004)



Sources:  
Forbes Tax Misery &  
Reform Index 2005,  
Federal Ministry of Finance

\* incl. solidarity surcharge (5,5 %); further reduction by 50 % currently at issue in the governing coalition  
 \*\* incl. solidarity surcharge (5,5 %)  
 \*\*\* 19 % starting 1 January 2007



[www.bmf.bund.de](http://www.bmf.bund.de)

[www.invest-in-germany.com](http://www.invest-in-germany.com)

General information on the German tax system, current legal changes and financial policy developments can be found on the website of the Federal Ministry of Finance ◀ or via *Invest in Germany*. ▶

## ■ The most important taxes for investors

The German tax system is very balanced. The most important taxes are the income tax levied on every citizen's income, and the company taxes based on corporations' revenues. There are also other taxes such as excise taxes on mineral oil or tobacco, for example, as well as sales tax, real estate transfer tax, and the trade tax charged directly by the municipalities.

## Income tax (*Einkommensteuer*)

**Who is liable for taxation?** – Every citizen who has a main place of residence in Germany or lives primarily in Germany is liable to pay income tax. If an individual spends more than six months of the year in Germany, Germany is regarded as the main place of residence. In this case, the individual is obliged to pay tax on all income earned around the world, regardless of whether this comes from wages or salary, interest, or dividend payments. Citizens who live abroad all or most of the time have limited tax obligations. In these cases, only domestic income and investment income must be taxed.

**Which earnings are liable to tax?** – All earnings from the following are subject to tax:

- Non-self-employed work (dependent work)
- Self-employed work ▶
- Business operations ▶
- Capital assets
- Rents and leases
- Income from agricultural and forestry work
- Other earnings (for example from speculative profit).

▶ see page 33

▶ see page 33

The sum of all earnings minus deductions that vary from person to person, for example for costs for a private pension, is the amount to be taxed.

**How high is the tax burden?** – The tax rate progresses linearly from the lowest rate of tax up to the highest rate. The statutory minimum standard of living of currently 7,664 € per year is fully exempt from income tax. The first € above this line is taxed at 15 %. The tax rate then increases in small steps up to the maximum rate of 42 %, which is applied to earnings of 52,152 €. However, Germany has numerous depreciation options that permit the actual tax burden to be legally reduced to a higher degree than in any other country.

6

Income tax burden, single person			
Taxable income	40,000 €	80,000 €	160,000 €
Tax according to basic table	9,223 €	25,686 €	59,286 €
Average burden	23.06 %	32.11 %	37.05 %

Protection of the institution of marriage and the family has priority in the German constitution. Married people therefore enjoy tax benefits. Couples with a marriage certificate can apply the spouse splitting procedure, whereby the incomes of the spouses are added together and distributed equally among the two. This offers married couples considerable financial advantages if only one partner works, or the incomes of both vary significantly.

Income tax burden, married couple			
(Combined) Taxable income	40,000 €	80,000 €	160,000 €
(Combined) Tax, basic table	5,700 €	18,446 €	51,372 €
Average burden	14.25%	23.06%	32.11%

see page 99, child benefits ◀

**Tax bonus for children** – The government pays child benefit for each child. ◀ Alternatively, father and mother can take advantage of the child allowance. This is particularly beneficial for families with higher incomes. The allowance for each parent is 1,824 €, and thus 3,648 € for both parents together. An allowance of 1,080 € is added for child-care costs. In some special cases, for example if a child is disabled, other costs can also be claimed.

**Solidarity surcharge (*Solidaritätszuschlag*)** – As a result of the unification of the Federal Republic of Germany and the German Democratic Republic in 1990, Germany took on enormous financial responsibilities. The solidarity surcharge was therefore introduced in 1995 to finance German unification. The surcharge is 5.5 % on the income tax amount assessed.

Total burden with income tax				
	Single person		Married couple	
Taxable income	40,000 €	80,000 €	40,000 €	80,000 €
Income tax	9,223 €	25,686 €	5,700 €	18,446 €
Solidarity surcharge 5.5 %	507.26 €	1,412.73 €	313.50 €	1,014.53 €
Total tax due	9,730.26 €	27,098.73 €	6,013.50 €	19,460.53 €
Average burden	24.33 %	33.87 %	15.03 %	24.33 %

**Withholding tax (*Kapitalertragsteuer*)** – Withholding tax or capital gains tax is a subcategory of income tax and functions as an advance payment on the tax due. If a bank pays out capital gains such as interest on a financial investment or dividends from stock corporations, the bank must withhold the tax and transfer it to the tax authorities. The tax rate is usually between 20 and 25 %, depending on the type of capital gain, and in exceptional cases can be up to 35 %. The payment is then offset against the income tax due.

Capital gains from foreign investors are governed by double taxation agreements with the countries in question. The Federal Republic of Germany has concluded bilateral agreements with over 90 states. A list of these countries can be found on the homepage of the *Federal Central Office for Taxes*. ▶

[www.bzst.bund.de](http://www.bzst.bund.de)

**Church tax** – The church tax levied in Germany, which must be paid by members of the Roman Catholic and Protestant-Lutheran Church, is not a sub-group of income tax. However, the level of church tax is based on the income tax, and is eight to nine percent of this, depending on the Land. Church tax is collected by the government and transferred to the churches.



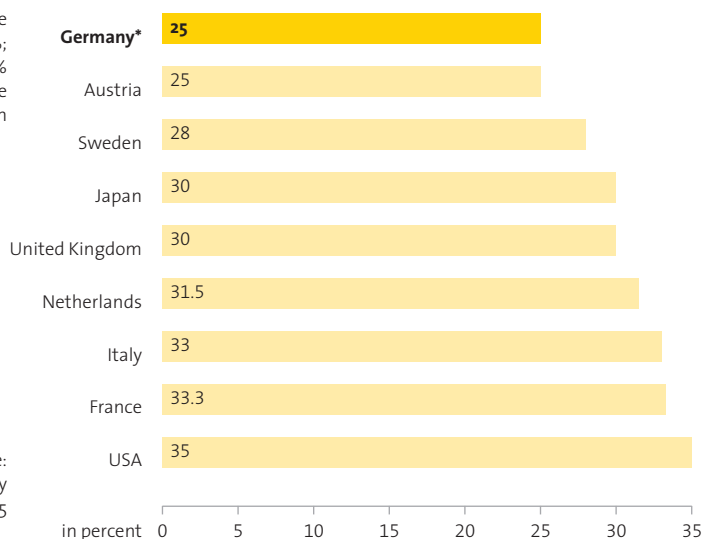
## Company taxation

Companies in Germany are usually taxed on two levels. Corporations such as the stock corporation (AG) and limited liability company (GmbH) are subject to *corporation tax*, which is levied by the federal government. In addition, cities and communities impose a municipality charge, the *trade tax*.

### Corporation tax 2005 – standard tax rates

(taxation of subordinate regional authorities excepted)

\* plus solidarity surcharge  
(5.5 % on corporation tax) = 26.4 %;  
further reduction by 50 %  
currently at issue in the  
governing coalition



Source:  
Federal Ministry  
of Finance 2005

**Corporation tax (*Körperschaftsteuer*)** – There is a standard corporation tax rate of currently 25 % for both a company’s retained (undistributed) profit and its distributed profits.

However, if profits are distributed to shareholders, the shareholders must in turn pay income tax on these profits. The “half-income system” is used to reduce this double taxation burden. In this procedure, the shareholder only has to pay further taxation on 50 % of the dividends and profit payouts. As a result, after payout to the shareholder, only this 50 % is subject to income tax, whereas the other half remains tax-free.

**Example:** For a dividend payout of 100,000 € the corporation tax is 25 % = 25,000 €. Of the remaining 75,000 €, the company transfers withholding tax of 20 % – i.e. a further 15,000 € to the tax authority before the payout is made to the shareholder.

However, this withholding tax counts as an advance payment for the shareholder's income tax once the dividend has been paid out, and therefore added again when the shareholder's income tax is calculated.

Of the remaining 75,000 € to be assessed after the dividend payment, only 50 % = 37,500 € are subject to income tax, the other 37,500 € are tax-free. Supposing the income tax rate to be 35 %, this would lead to income tax of 13,125 € on the taxable half.

This is then offset against the withholding tax of 15,000 € deducted before the dividend payment, resulting in a tax rebate of 1,875 € from the tax authority. Ultimately, therefore, the shareholder receives an amount of 61,875 € after tax has been deducted.

The solidarity surcharge ▶ is also levied on corporation tax.

▶ see page 84, solidarity surcharge

**Trade tax (*Gewerbesteuer*)** – All business operations acting in Germany are subject to trade tax. Business operations include independent activities that aim to achieve profits over the long term, and thus also include corporations, in particular. Independent freelancers ▶ such as doctors, architects, lawyers, or artists are exempt from the charge.

▶ see page 33

A tax-free allowance of 24,500 € applies for trade tax for natural persons running a business and for partnerships. ▶ For profit generated above this level, the tax burden is graduated from between one and five percent.

▶ see page 36

A tax rate of five percent applies for all corporations. ▶

▶ see page 38

The tax is calculated on the basis of the operating profit, which is determined based on the company's profit using a legally specified calculation method.

However, the actual level of trade tax depends significantly on the municipality in which the business operations are located. Each municipality must define a municipal multiplier (*Hebesatz*), by which the trade tax determined according to the statutory tax rate is multiplied.



This multiplier is at least 200 % by law, and in conurbations in particular, can rise to more than 400 %.

**Example:** For a corporation with a trade tax burden of five percent and an annual profit of 100,000 €, the tax burden – or base amount – is therefore 5,000 €. The municipal multiplier is then applied to the base amount. If this is 300 % for example, the corporation's trade tax burden is therefore 15,000 €.

### Reform of Company Taxation

The governing coalition has heralded a significant reduction of the overall company tax burden by approximately ten percent as from 2008.

The entrepreneur can offset around half the trade tax against the personal income tax due of the entrepreneur. The tax itself is also regarded as an operating expense and is therefore profit-reducing and tax-reducing.

### Real estate tax (*Grundsteuer*)

Anyone who owns land in Germany must pay real estate tax. The amount of tax depends on the value of the land and the buildings erected on it. However, the amount is often calculated not on the basis of the market value of the real estate but on a value that is usually much lower. Real estate tax is defined by the municipalities and is usually between one and two percent of the defined real property value. The tax is paid every quarter, and the landowner can also request to make a total payment on June 1. This charge can also be set off against tax.

### Real estate transfer tax (*Grunderwerbsteuer*)

When real estate is sold or changes owner, a real estate tax of 3.5 % of the purchase price is levied as of a consideration of over 2,500 €. This tax is usually paid by the buyer.

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## Value added tax (*Umsatzsteuer*)

Value added tax (VAT) is not a tax on companies, because it is only paid by the end user of a product or service. The current rate of VAT of 16 % is clearly below the European average, and even after the increase to 19 % in 2007, it will still be below the EU average. A lower rate of seven percent is charged for goods and services needed on a day-to-day basis, such as food or newspapers. Some services such as banking services or non-profit making work are VAT-exempt. The official German name for VAT is *Umsatzsteuer*, but it was originally called *Mehrwertsteuer* and is still often referred to by this name.

Companies must add VAT to their prices. Assuming the net sales price of a car is 15,000 €, the car dealer must demand an extra 16 %, or 2,400 €, from the buyer. The gross price for the customer is therefore 17,400 €. The dealer transfers the VAT received to the tax authority. This is done on a monthly, quarterly, or annual basis. The period depends on the level of company turnover.

Companies themselves also pay VAT when they purchase goods or services. The tax receivables and expenses can be offset against each other in the VAT return (*Vorsteuerabzug*).

**Example:** In one month, the car dealer has sold ten vehicles, each at a gross sales price of 17,400 €. For each sale, the dealer receives 2,400 € VAT from the customer. At the end of the month, the dealer therefore owes the tax authority 24,000 €. However, in the same period, the owner of the car business also bought ten cars. The net cost of each car was 10,000 €. The car manufacturer added 16 % VAT to this amount. The dealer therefore transferred 116,000 € (including 16,000 € in VAT) to the manufacturer. In numerous other invoices, from the rental of salesrooms to office equipment or a new computer, the dealer pays another 3,000 € VAT to the landlord and other suppliers. At the end of the month, the business has received 24,000 € in VAT and itself paid out 19,000 €. These totals are transferred to the tax authority, and only the difference of 5,000 € must then be collected.

In practice, companies also occasionally pay out more VAT than they receive. This is often the case in the start-up phase, for example, when expenditure is high, but income is still low. In these cases, the tax authority quickly refunds the excess tax paid.



An important ruling for small and medium-sized companies is the imputed taxation (*Sollbesteuerung*). This means that the VAT is due as soon as goods or services are billed for, and not when they are paid. However, German law provides an exception ruling to ensure that companies do not experience cash flow problems as a result. Up to a turnover of 250,000 €, a company can apply for VAT to be calculated by the taxation of actual value (*Istbesteuerung*) method, rather than the imputed taxation method. In this case, smaller companies do not need to forward the VAT to the tax authority until the amounts have actually been received. In the new *Länder* the ceiling will be 500,000 € until the end of 2009.

## VAT in the European single market

Trade within the European Union is free from customs and other restrictions. However, a few rulings must be borne in mind with regard to VAT: When goods or services are sold to private consumers in other member states, the VAT for a delivery from Germany is included on the invoice in the same way as for deliveries within Germany, and is collected and transferred to the tax authority. The foreign consumer therefore pays the German supplier the price including VAT, and the vendor then transfers the VAT to the German tax authority. In the case of imports from countries that also charge VAT, however, no German VAT needs to be paid. The German consumer only pays the purchase price including (foreign) VAT to the foreign importer, which then pays the VAT in its home country.

VAT identification numbers exist to enable the tax authorities to retain an overview of goods traffic across borders. This number indicates that European companies are liable to VAT. ◀

## Import turnover tax (*Einfuhrumsatzsteuer*)

Goods imported from non-EU states, on the other hand, are liable to VAT. The rate of import turnover tax is also 16 % and is paid to the customs authority. However, the import turnover tax on goods imported from non-EC states can be deducted as input tax (*Vorsteuer*) by the tax authority if the company sells the goods on. A prerequisite for this is that the company has the necessary import documents with customs proof of payment (e.g. the import declaration). Exports are exempt from VAT. ■

Further information:

**Federal Central Office  
for Taxes** (Bundeszentral-  
amt für Steuern)

Special Info Service:  
**Tax Info Center** (SIC –  
Steuerliches Info-Center)

contact details:  
see address index

[www.steuerliches-info-center.de](http://www.steuerliches-info-center.de)

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## ■ How does a tax return work?

Every taxpayer must submit a tax return to the tax authority once a year. The tax authorities are organized decentrally. The authority in the place of residence or commercial domicile (for companies) is responsible. The return for the past calendar year must be submitted by May 31 of the subsequent year, but this deadline can be extended, in principle. The authorities define the quarterly advance payments for the current year. Tax is due in March, June, September, and December.

The ruling for purely wage-related income is slightly different. Employers are required to deduct the wage tax – the term used for the income tax when levied from employed jobholders – from the employee’s wages and transfer it to the tax authorities.

The tax authorities provide information on tax issues. However, companies in particular should seek the services of a tax advisor to ensure the tax return is completed as favorably as possible.

The tax return itself consists of individual forms for each type of income. Where applicable, documents for expenses must be included, or provided later at the request of the tax authority. Declarations on wage tax and VAT can be easily sent to the tax authority over the internet. ■

*Further information  
on tax advisors:*

**Federal Tax Advisors’  
Association**

(Bundessteuerberaterkammer)

*contact details:*

*see address index*

**[www.bstbk.de](http://www.bstbk.de)**



## ■ Having rights and seeing justice done

A reliable framework of underlying conditions is one of the most important factors for business success. This is often understood to be merely fair dealings with partners and customers. However, a legal system that protects the rights of individuals and helps them to enforce these rights is just as important.

Germany is a modern constitutional state. Anyone living or working here is on the safe side. The systematically structured and balanced legislation creates security, because it uses transparent decision criteria that can be understood by all. The advantages are recognized across the world. The German legal system is a model for legal systems in many other countries.

It is not enough to have rights, if you are not able to enforce them effectively. This is guaranteed in the Federal Republic of Germany. ◀ The judiciary is effective and efficient. Every second action is settled by the courts within three months. Costs can be calculated, because they depend on the value of the claim involved, and fee regulations make the costs of legal advice clear. In no other country in the world court orders to safeguard industrial property protection are effected as quickly. Entry in the land register kept by the relevant court, needed for the purchase of real estate, can also be ensured very quickly in advance by means of a provisional entry. International studies have shown that investors highly value the German legal safeguards.

One example of the advantages of German law is the liability rulings for companies. In contrast to other countries, actions for damage that could threaten a company's existence are scarcely conceivable, as in Germany, compensation orders are not awarded as punishment (*no punitive damages*).

German jurisdiction has set standards for disputes, which means that the possible consequences of legal proceedings can be foreseen, and – as pointed out above – the financial burden can almost always be calculated.

Reliable laws enable companies to plan their investment initiatives effectively. Positive administrative decisions in licensing procedures provide a secure base for starting building work or operating plants. Objections can usually be raised against negative decisions, and in these cases, the next more senior authority decides; ultimately there is the option of a lawsuit. In general, the authorities see themselves as service providers for citizens and businesses. ■

see also page 93 ◀



## ■ Enforcing rights

Companies and entrepreneurs can count on a reliable legal system in Germany. Incalculably high risks from claims for damages that may arise in other countries do not exist, for example. Around 1,900 federal laws govern practically all areas of life. In addition, there are areas of law that are governed by the 16 *Länder* on a regional basis, for example police law.

Over 130,000 lawyers provide good advice and representation for their clients, and numerous international law firms are represented in Germany.

Arbitration agreements are often a means of settling disputes in the trade and industry sector, in particular. The *Chambers of Industry and Commerce* can act as arbitrators in these cases, and the procedure is therefore relatively non-bureaucratic. The *Chambers of Industry and Commerce* have created a number of different arbitration institutions such as arbitration boards for consumer complaints or courts of arbitration.

An overview of the political and legal system is available on the internet in several languages. ▶

Entrepreneurs should be aware of the following:

### The collection procedure (*Mahnverfahren*)

A supplier providing good work must also be paid well for this. However, sometimes invoices go unpaid. In this case, the creditor can instigate a collection procedure, regardless of the debt. In this procedure, a written reminder is followed by an application to the local court for a notice to pay (*Mahnbescheid*). A small fee is charged for this. A lawyer does not need to be involved. The court issues the notice to pay to the defaulting payer. If no objection is filed, a request can be made for a bailiff to execute the debt. If the debtor files an objection, the court holds a hearing to determine whether the claim is justified.

[www.tatsachen-ueber-deutschland.de](http://www.tatsachen-ueber-deutschland.de)

Information on local lawyers can be found at

[www.anwaltverein.de](http://www.anwaltverein.de)

(in German, English, French)



## Patent law

Germany is the country with the largest number of patent applications in the world. This is partly thanks to the secure protection offered by German and European patent law. Detailed information on patent law, charges, and procedural issues can be obtained from the homepage of the *German Patent Office*. ◀ Information on European patent law is available on the website of the *European Patent Office* in Munich. ◀

[www.dpma.de](http://www.dpma.de)

[www.epo.org](http://www.epo.org)

## The courts

**Administrative courts** – The legal system protects citizens and companies from arbitrary or incorrect decisions by the authorities. Those affected by administrative decisions may seek legal protection from the administrative courts. A right of appeal is permitted against decisions of the courts of first instance.

**Ordinary courts** – The ordinary courts hear civil and criminal disputes. The cases usually go to the local court. A right of appeal is usually permitted against initial decisions, and in this case, higher courts up to the level of the *Federal Court of Justice (Bundesgerichtshof)* settle the case.

**Labor courts** – The labor courts are responsible for disputes arising from industrial relations, in particular those relating to collective bargaining agreements or the termination of contracts of employment. A right of appeal against judgments by the labor courts is possible up to the level of the regional labor courts and the federal labor court.

**Fiscal courts** – The fiscal courts of the *Länder* decide on disputes relating to taxes and charges that are subject to federal legislation, and in the case of an appeal, the dispute is taken to the federal finance court.

**European Court of Justice (ECJ)** – The task of the European Court of Justice ECJ, located in Luxembourg, is to ensure the standardized app-

lication of European law. In legal disputes in member state courts that relate to the validity or correct application of European law, arising controversies with respect to these questions are resolved by the ECJ.

EU citizens or companies can also bring an action directly to the Court of First Instance of the ECJ against a decision by a European Community body, if the decision is directed against them directly or if they are directly and individually affected by it.

However, the ECJ is not a court of appeal against decisions made by member state courts, and is not able to reverse these decisions. ■





## Living in Germany



Germany is an ideal location for a second home, not just from a business perspective. The quality of life here is also excellent in all respects. The country has a modern health and education system, an all-encompassing transport and communication network, safe and clean residential areas, and a comprehensive range of cultural and leisure opportunities. The climate is moderate. More than seven million foreigners have made a new home in Germany. In the capital Berlin alone, people from 100 nations live peacefully side by side. The citizens of many nations have built up their own contact networks, and there are numerous cultural associations, associations between Germans and other nations, friendship groups, and many other institutions. The traditionally widespread system of clubs and associations in Germany makes it easy to maintain contacts and to make friends.



The Länder websites:

[www.bayern.de](http://www.bayern.de)

[www.baden-wuerttemberg.de](http://www.baden-wuerttemberg.de)

[www.berlin.de](http://www.berlin.de)

[www.brandenburg.de](http://www.brandenburg.de)

[www.bremen.de](http://www.bremen.de)

[www.hamburg.de](http://www.hamburg.de)

[www.hessen.de](http://www.hessen.de)

[www.niedersachsen.de](http://www.niedersachsen.de)

[www.nrw.de](http://www.nrw.de)  
(North Rhine-Westphalia)

[www.mecklenburg-vorpommern.de](http://www.mecklenburg-vorpommern.de)

[www.rlp.de](http://www.rlp.de)  
(Rhineland-Palatinate)

[www.saarland.de](http://www.saarland.de)

[www.sachsen.de](http://www.sachsen.de)

[www.sachsen-anhalt.de](http://www.sachsen-anhalt.de)

[www.schleswig-holstein.de](http://www.schleswig-holstein.de)

[www.thueringen.de](http://www.thueringen.de)

German Real Estate Association:

[www.ivd.net](http://www.ivd.net)

see page 42, ◀  
business premises –  
rental, purchase, new  
building

[www.spediteure.de](http://www.spediteure.de)

## ■ Information about the new home

Most cities and conurbations have websites, and many dealings with the authorities can now be carried out from the comfort of your home. The municipalities' websites are always a good source of information about the living conditions in a particular town or city. The websites run by the individual *Länder* provide information on the surrounding area. ■

## ■ Tips on finding a place to live

The number of apartments and houses available to rent or buy is extensive, and demand is met almost everywhere. Like anywhere else in the world, prices depend on the accommodation's location and facilities, but the price level for rented and purchased real estate in German cities is lower than in many other Western cities.

Prices tend to fall as you move from south to north, and west to east. However, high-quality accommodation is in high demand in the industrial conurbations. Brokers can help you find accommodation to rent or buy. A broker will charge commission of no more than two months' rent (before expenses) for suitable rented accommodation, and usually five to six percent (depending on the *Land*) plus VAT in the case of a purchase. Brokers who are members of a professional association are listed on the website of the German Real Estate Association (*Immobilienverband Deutschland*). ◀ If you purchase a house or apartment, the broker's fee is usually between 3.48 and 6.9 % of the purchase price, depending on the *Land*.

Brokers also advertise real estate on websites. More information on buying real estate is provided in the "Business premises" section. ◀

Extensive information on the property market can also be found in the local papers, which usually publish a large number of adverts for accommodation in their weekend editions. If you need help planning a move, a good source of information is the website of the *Association of German Freight Forwarders*, ◀ which also offers a search feature in English for removal companies.

As soon as you have rented an apartment or moved into a house, you must register with the residents' registration office within one week. Registration is free of charge. You must bring an ID card or passport, and proof of the new residence (in the form of the tenancy agreement). You can find out which office is responsible from the website of the relevant municipality.

The web address is usually **www.name-of-municipality.de**, for example **www.berlin.de**. ■

## ■ Assistance for families

In Germany, families are specially protected by the German constitution, the Basic Law (*Grundgesetz*). For example, married couples receive tax benefits, and financial support is provided for children. Extensive education and childcare services also contribute to Germany's family-friendliness.

The government pays child benefit for every child. This allowance is 154 € per month for each of the first three children, and 179 € per month for every additional child. For information and addresses, visit the website of the *Federal Employment Office*. ▶ In higher-income families, it may be worth taking advantage of the child allowance ▶ in place of child benefit.

In Germany, every child between the age of three and six has a legal claim to a place in a Kindergarten. To enable parents to combine their professional and family life more effectively, the offer of all-day childcare in a child daycare center and for younger children up to the age of three is currently being significantly extended. The new *Länder* and Berlin already have an optimum childcare situation in this respect.

Kindergartens, childcare centers, and crèches are run mainly by the municipalities, churches, and charitable organizations, but also by companies and associations. Parents contribute to the childcare costs with an earnings-related payment.

International or bilingual Kindergärten can increasingly be found, particularly in conurbations. The *Association for Multilingual Childcare Institutions and Schools* (*Verein für Mehrsprachigkeit an Kindertageseinrichtungen und Schulen*) provides an overview of bilingual kindergartens in Germany. ▶ All you need to do is enter a city and a list of institutions with addresses and telephone numbers is displayed. ■

[www.familienkasse.de](http://www.familienkasse.de)

▶ see page 84

[www.fmks-online.de](http://www.fmks-online.de)

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## ■ The German school system

Attending a state-run school is free of charge, and compulsory as of the age of six. The standards in state schools are usually high, teachers are highly qualified, and student qualifications are internationally recognized.

For the first four years, children usually attend a primary school in the place where they live. At the end of primary school, parents can choose between various types of secondary schools, ranging from lower secondary school (*Hauptschule*) and the *Realschule* to higher secondary school (*Gymnasium*), depending on their child's interests and abilities. Students who gain a qualification (*Hochschulreife*) from a *Gymnasium* can attend university. Students who gain a qualification from a technical or specialized secondary school, which takes one year less, can attend a university of applied science, whose courses are more practically oriented.

Many schools have developed their own profiles focusing on certain areas. In addition to *Gymnasien* specializing in music, there are schools that focus on natural sciences, languages, or sports, for example. A guide can be found on the internet portal of *Deutscher Bildungsserver*. ◀ This lists private, state, European, and international schools in Germany.

[www.bildungsserver.de](http://www.bildungsserver.de)

[www.fmks-online.de](http://www.fmks-online.de)

[www.privatschulen.de](http://www.privatschulen.de)

Schools specializing in languages and European schools are listed at [www.fmks-online.de](http://www.fmks-online.de) ◀ Information on boarding schools and private schools can be found at [www.privatschulen.de](http://www.privatschulen.de) ◀ ■

## ■ Universities in Germany

A university education has traditionally had a very high standing in Germany. Germany is one of the world leaders in basic research, and the number of patents is a testament to the quality of applied research. Germany takes second place in the world when it comes to inventions, and receives far more patent issues from the *European Patent Office* ◀ than any other European country.

There are more than 260 universities in Germany, some international, and these are mostly state-run. The government provides most of the universities' funding and there are still no fees for first degree, in contrast to most other European countries. In courses of study with a limited intake (*numerus clausus*), foreigners who have not received their entitlement to study in Germany and those from outside the EEA have a privileged university place

see page 94, ◀  
European Patent Office

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quota of eight percent. Information on universities in Germany and the acceptance conditions for non-German students is available from the *German Academic Exchange Service* (DAAD). ▶ Universities and research institutes are listed on the *Forschungsportal* website of the BMBF. ▶ ■

[www.daad.de](http://www.daad.de)

[www.forschungsportal.net](http://www.forschungsportal.net)

## ■ The health system

The German health service is regarded as a model across the world, as it ensures excellent medical care for all citizens. This care is provided regardless of the patient's income. The cities have tight networks of general practitioners, specialists, and dentists. Top medical experts treat the sick in the university clinics and specialist clinics. This comprehensive care is made possible thanks to a separate insurance system. Almost every resident in Germany is a member of a public or private healthcare scheme. All employees with a gross annual income of up to (currently) 47,250 € must be a member of a public healthcare scheme. ▶ Foreign employees and students are also obliged to take out this insurance. Citizens from other EU states are entitled to free medical treatment if their stay in Germany is short, but must also be insured in Germany if they plan to stay longer.

[www.g-k-v.com](http://www.g-k-v.com)

Anyone who earns more than 47,250 € per year or is self-employed can choose to take out private health insurance. ▶ The internet site of the association of private health insurance companies in Germany (*Verband der privaten Krankenversicherungen in Deutschland*) offers information in English. ▶ The website of the *Federal Ministry of Health* also provides information on the German health system in several languages. ▶

▶ also see page 74,  
health insurance

[www.pkv.de](http://www.pkv.de)

[www.bmg.bund.de](http://www.bmg.bund.de)

While the contributions for private health insurance are based on the personal risk profile of the policyholder, and are therefore cheaper for younger people and increase with age, the state health insurance is earnings-based and is around 14 % of the gross income. Employer and employee each pay half of this contribution. The advantage of state health insurance for employees is that family members, i.e. the spouse and children, are also insured free of charge. ■

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## ■ You can learn German anywhere

A large spectrum of German language courses is offered for foreigners. Many universities, evening schools and adult education centers (*Volkshochschulen*) ◀ offer a cheaper alternative to courses at the numerous private language schools or one-to-one tuition. The state-run Goethe-Institut also offers language courses for foreigners in its branch offices abroad. ◀ ■

[www.vhs.de](http://www.vhs.de)

[www.goethe.de](http://www.goethe.de)

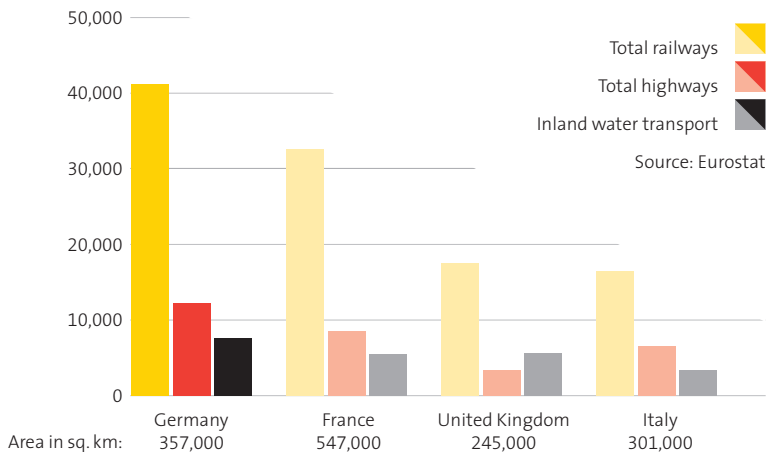
## ■ Almost limitless mobility

A dense transport network makes the residents of Germany a mobile community. There are more than 125,000 kilometers of highway, and at over 12,000 kilometers, the German motorway network is one of the longest in the world. There are no charges for car drivers using roads. Heavy goods vehicles and combined vehicles weighing more than twelve tons must pay a toll on motorways. The most modern toll recording system in the world, *Toll Collect*, was installed for this.

All cities and conurbations can be easily reached by road. Travelling to neighbouring countries is just as easy, because the transport connections of the individual countries are aligned with each other. There are now almost no border controls within the *Schengen States* anymore. ◀

see page 25,  
Where is one allowed  
to travel with the visa? ◀

### Transport Infrastructure in Europe



The train is another fast mode of transport. The German rail network consists of 36,000 kilometers of track, making it the second most dense after Switzerland's and with around 37,000 train journeys per day the second most used rail network in the world. High-speed trains operated by the German train company (*Deutsche Bahn*) ▶ connect up the main centers in the country. The national rail network is supplemented by a tight regional network. Public and private transport companies provide transportation within the municipalities or offer an alternative to train travel on longer routes.

[www.bahn.de](http://www.bahn.de)

Germany also has the highest density of airports in the whole of Europe, with more than 60 airports providing air travel. Airlines offer regular flights between Germany's major cities. The airports in Frankfurt am Main and Munich are two hubs for international scheduled flights, and the Leipzig/Halle airport is being extended and from 2008 will be a European hub for logistics services. This will offer round-the-clock operations for the rapid transport of goods, particularly to the growth markets in the ten new EU member states.

International container ports such as Hamburg and Bremerhaven ensure smooth logistics processes for container ship traffic. ■

## ■ The driving license

Germany has licenses of different categories for heavy goods vehicles, cars, and motorcycles. Foreign driving licenses are usually recognized by the German authorities. However, the documents must first be translated if they were not issued by one of the European member states or a country belonging to the *European Economic Area* (EEA ▶). German translations can be produced by the German automobile clubs or internationally recognized automobile clubs of the issuing state. The ADAC provides assistance in Germany. ▶ A translation is not required for international driving licenses. In some countries (Andorra, Hong Kong, Monaco, New Zealand, San Marino, Switzerland, and Senegal), the Federal Republic of Germany waives the need for a translation.

▶ see page 26

[www.adac.de](http://www.adac.de)

Foreign driving licenses that were not issued in a country belonging to the EU or EEA only retain their validity for six months after you have taken up residence in Germany. After this period, you do not have permission to drive with it, and require a driving license issued in Germany. The conditions for awarding this depend on the country of issue.

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More detailed information on this can be obtained from the German consulates in the issuing countries, or from the relevant driving license authorities in Germany. ◀ Exceptions to this ruling apply if your stay is limited to one year. An extension to the validity of your license can then be requested for this period.

One absolute prerequisite for the registration of a motor vehicle in Germany is a motor vehicle third party liability insurance policy (*Kraftfahrzeug-Haftpflichtversicherung*), which must be taken out by law. The use of a motor vehicle is not covered by the general private liability insurance, which unlike motor vehicle third party liability insurance policy is optional.

Private liability insurance is also commendable, however, as it insures the policyholder and family against claims for damages by third parties to the level of cover agreed in a private – but not professional – sphere. As the liability of private persons is not limited in German law, the importance of private liability insurance should not be underestimated and is generally advised. ■

## ■ Media and communication

The media landscape in Germany is more varied than in practically any other country in the world. More than 100 daily newspapers are published each day, magazines in all fields are available. A substantial number of regional and nationwide radio and television stations provide information and entertainment via cable, satellite, or antenna.

The communication infrastructure is excellent across the whole country. The telephone network covers all areas and enables fast broadband internet access practically everywhere. Other wireless networks ensure problem-free mobile communication. Mobile internet access is also possible in an ever increasing number of locations. The UMTS network enables you to use the internet on your mobile phone. ■

## ■ A cultural nation

Germans have played an influential part in many fields of culture. Poets such as *Johann Wolfgang von Goethe* and *Friedrich Schiller*, composers such as *Johann Sebastian Bach* and *Ludwig van Beethoven*, literary giants such as *Thomas Mann*, *Bertolt Brecht*, or *Günter Grass* are famous around the world. The German cultural landscape traditionally has many facets. However, the capital Berlin is an important center, with many cultural highlights such as the *Museum Island*, three opera houses, more than 100 theaters, and a creative alternative culture scene.

But other cities also have world-class stages and important art and heritage collections to offer: Visitors from around the world are attracted by highlights such as the *Pinakothek* or the *Deutsche Museum* in Munich, the *Staatgalerie* in Stuttgart, the *Museumsufer* in Frankfurt, or the *Zwinger* in Dresden.

Culture does not have to be a serious matter. There's lots on in Germany, from pop concerts and open air events through to local festivals in your town. One of the highlights among the street festivals is the *Karneval* or *Fastnacht*, which brings out the clown in millions of people each year in huge parades in the Rhineland, in particular. A street parade of the international *Karneval der Kulturen* draws hundreds of thousands of visitors to Berlin on the Whitsun weekend. The *Munich Oktoberfest* is also a piece of German culture, with visitors from all over the world.

Many annual festivals such as the *International Film Festival* in Berlin or the *Bayreuth Festival* with its famous productions of *Richard Wagner's* operas are internationally renowned.

Germany boasts important architectural sights and gardens. 30 monuments, from the cathedrals of Aachen, Cologne, or Speyer, the castles and gardens of Potsdam and Berlin, to the old towns of Lübeck, Quedlinburg or Stralsund, are UNESCO world heritage sites. ■

## ■ Sport and leisure

Germans love their sports. You are bound to find contacts and friends in one of the 90,000 or so sports clubs in the country, which offer something for everyone, from amateurs to the sporting elite. Golf courses, tennis clubs, rowing clubs, and running groups can be found practically everywhere.

Popular sporting events are regularly held in Germany, not least because of the excellent sporting facilities that are available. World-ranking tournaments in tennis and golf are regular fixtures. Only in Germany will you find two Formula 1 Grand Prix races in one season. Professional leagues draw thousands of fans to soccer, ice hockey, and basketball stadiums every week. The most modern sporting arenas were built for the atmospheric 2006 FIFA soccer world cup.

The country itself also offers a wide variety of leisure opportunities. The landscape is varied, ranging from mountains to beaches, and the tourist infrastructure is very good in all destinations. Hundreds of kilometers of wonderful beaches on the North and Baltic Seas offer the perfect setting for a beach holiday, while the low mountain ranges are ideal for walkers and the Alps provide everything a skier could want. Adventure holidays throughout Germany are good for body and soul, and with the wide variety of regional specialties on offer, a gastronomic feast awaits you. ■





## Federal Ministries

### Federal Ministry of Economics and Technology

*(Bundesministerium für Wirtschaft und Technologie)*

[www.bmwi.de](http://www.bmwi.de)

Scharnhorststraße 34-37  
D-10115 Berlin  
Tel.: +49 30 2014-0  
Fax: +49 30 2014-7010  
info@bmwi.bund.de

Villemombler Straße 76  
D-53123 Bonn  
Tel.: +49 228 615-0  
Fax: +49 228 615-4436

### Federal Ministry of Labour and Social Affairs

*(Bundesministerium für Arbeit und Soziales)*

[www.bmas.bund.de](http://www.bmas.bund.de)

Mohrenstraße 62  
D-10117 Berlin  
Tel.: +49 1888 527-0  
Fax: +49 1888 527-4900  
poststelle@bmas.bund.de

Rochusstraße 1  
D-53123 Bonn  
Tel.: +49 1888 527-0  
Fax: +49 1888 527-4900

### Federal Ministry of Foreign Affairs *(Auswärtiges Amt)*

[www.auswaertiges-amt.de](http://www.auswaertiges-amt.de)

Werderscher Markt 1  
D-10117 Berlin  
Tel.: +49 30 5000-0  
Fax: +49 30 5000-3402  
poststelle@auswaertiges-amt.de

### Federal Ministry of Education and Research

*(Bundesministerium für Bildung und Forschung)*

[www.bmbf.de](http://www.bmbf.de)

Hannoversche Straße 28-30  
D-10115 Berlin  
Tel.: +49 1888 57-0  
Fax: +49 1888 57-83601  
bmbf@bmbf.bund.de

Heinemannstraße 2  
D-53175 Bonn

## **Federal Ministry of Food, Agriculture and Consumer Protection**

*(Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz)*

Wilhelmstraße 54  
D-10117 Berlin  
Tel.: +49 30 2006-0  
Fax: +49 30 2006-4262  
internet@bmelv.bund.de

Rochusstraße 1  
D-50123 Bonn  
Tel.: +49 1888 529-0  
Fax: +49 1888 529-4262

[www.bmelv.de](http://www.bmelv.de)

## **Federal Ministry of Finance** *(Bundesministerium der Finanzen)*

Wilhelmstraße 97  
D-10117 Berlin  
Tel.: +49 1888 682-0  
Fax: +49 1888 682-3260  
poststelle@bmf.bund.de

Graurheindorfer Straße 108  
D-53117 Bonn  
Tel.: +49 1888 682-0  
Fax: +49 1888 682-3260

[www.bmf.bund.de](http://www.bmf.bund.de)

## **Federal Ministry of Health** *(Bundesministerium für Gesundheit)*

Wilhelmstraße 49  
D-10117 Berlin  
Tel.: +49 1888 441-0  
Fax: +49 1888 441-4900  
poststelle@bmg.bund.de

Am Propsthof 78 a  
D-53123 Bonn  
Tel.: +49 1888 441-0  
Fax: +49 1888 441-4900

[www.bmg.bund.de](http://www.bmg.bund.de)

## **Federal Ministry of the Interior** *(Bundesministerium des Innern)*

Alt Moabit 101 D  
D-10559 Berlin  
Tel.: +49 1888 681-0  
Fax: +49 1888 681-2926  
poststelle@bmi.bund.de

Graurheindorfer Straße 198  
D-53117 Bonn  
Tel.: +49 1888 681-0  
Fax: +49 1888 681-2926

[www.bmi.bund.de](http://www.bmi.bund.de)

Contact details of the other Federal Ministries can be found under ►

[www.bundesregierung.de](http://www.bundesregierung.de)

## Other federal authorities and nationwide public institutions

### Deutsche Bundesbank

[www.bundesbank.de](http://www.bundesbank.de)

Wilhelm-Epstein-Straße 14  
D-60431 Frankfurt/Main  
Tel.: +49 69 9566-1  
Fax: +49 69 9566-3077  
presse-information@bundesbank.de

*Postal address:*  
Postfach 10 06 02  
D-60006 Frankfurt/Main

### Federal Statistical Office (*Statistisches Bundesamt*)

[www.destatis.de](http://www.destatis.de)

Gustav-Stresemann-Ring 11  
D-65189 Wiesbaden  
Tel.: +49 611 75-2405  
Fax: +49 611 75-3330

### Federal Customs Administration

*(Zoll – administration under the roof of the Federal Ministry of Finance)*

[www.zoll.de](http://www.zoll.de)

Zoll-Infocenter: Friedrichsring 35  
D-63069 Offenbach am Main  
Tel.: +49 69 469976-00  
Fax: +49 69 469976-99  
info@zoll-infocenter.de

## Economy, labour and taxation

### bfai – German Office for Foreign Trade

*(Bundesagentur für Außenwirtschaft)*

[www.bfai.de](http://www.bfai.de)

Agrippastraße 87-93  
D-50676 Köln  
Tel.: +49 221 2057-0  
Fax: +49 221 2057-212  
info@bfai.de

*Postal address:*  
Postfach 10 05 22  
D-50445 Köln

## **German Patent and Trade Mark Office** (*Deutsches Patent- und Markenamt*)

Zweibrückenstraße 12

D-80331 München

Tel.: +49 89 2195-0

Fax: +49 89 2195-2221

info@dpma.de or post@dpma.de

*Postal address:*

Deutsches Patent- und Markenamt

D-80297 München

[www.dpma.de](http://www.dpma.de)

## **Federal Employment Office** (*Bundesagentur für Arbeit*)

Regensburger Straße 104

D-90478 Nürnberg

Tel.: +49 911 179-0

Fax: +49 911 179-2123

Zentrale@arbeitsagentur.de

[www.arbeitsagentur.de](http://www.arbeitsagentur.de)

## **Minijob center** (*Minijob-Zentrale*)

Deutsche Rentenversicherung Knappschaft-Bahn-See

Minijob-Zentrale

D-45115 Essen

Tel.: +49 234 304 707 99 (chargeable)

Service-Center Cottbus: +49 1801 200 504

Fax: +49 201 384 97 97 97

zentrale@kbs.de

[www.minijobzentrale.de](http://www.minijobzentrale.de)

## **Federal Central Office for Taxes** (*Bundeszentralamt für Steuern - BZSt*)

An der Kuppe 1

D-53225 Bonn

Tel.: +49 228 406-0

Fax: +49 228 406-2661

poststelle@bzst.bund.de

[www.bzst.bund.de](http://www.bzst.bund.de)

## **Tax Info Center** (*Steuerliches Info-Center – SIC*)

sic@bzst.bund.de

[www.steuerliches-info-center.de](http://www.steuerliches-info-center.de)

## Science and research

**German Federation of Industrial Research Associations "Otto von Guericke" – AiF** (*AiF – Arbeitsgemeinschaft industrieller Forschungsvereinigungen „Otto von Guericke e.V.“*)

[www.aif.de](http://www.aif.de)

Bayenthalgürtel 23  
D-50968 Köln  
Tel.: +49 221 37680-0  
Fax: +49 221 37680-27  
info@aif.de

*Berlin Office:*  
Tschaikowskistraße 49  
D-13156 Berlin  
Tel.: +49 30 48163-3  
Fax: +49 30 48163-401  
gsb@aif.de

**Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V.**

[www.fraunhofer.de](http://www.fraunhofer.de)

Hansastraße 27c  
D-80686 München  
Tel.: +49 89 1205-0  
Fax: +49 89 1205-7531  
info@fraunhofer.de

*Postal address:*  
Postfach 20 07 33  
D-80007 München

**Helmholtz Association of German Research Centres**

(*Helmholtz-Gemeinschaft Deutscher Forschungszentren*)

[www.helmholtz.de](http://www.helmholtz.de)

Ahrstraße 45  
D-53175 Bonn  
Tel.: +49 228 30818-0  
Fax: +49 228 30818-30  
org@helmholtz.de

*Berlin Office:*  
SpreePalais am Dom  
Anna-Louisa-Karsch-Straße 2  
D-10178 Berlin  
Tel.: +49 30 206329-0  
Fax: +49 30 206329-59

(Other Offices in Brussels, Beijing, Moscow)

**Leibniz Association** (*Leibniz-Gemeinschaft*)

[www.wgl.de](http://www.wgl.de)

Eduard-Pflüger-Straße 55  
D-53113 Bonn  
Tel.: +49 228 30815-0  
Fax: +49 228 30815-255  
info@leibniz-gemeinschaft.de

*Berlin Office:*  
Friedrichstraße 81  
D-10117 Berlin  
Tel.: +49 30 206049-0  
Fax: +49 30 206049-55  
ziemer@wgl.de

*Postal address:*  
Postfach 12 01 69  
53043 Bonn

## Max Planck Society (*Max-Planck-Gesellschaft*)

Hofgartenstraße 8  
D-80539 München  
Tel.: +49 89 2108-0  
Fax: +49 89 2108-1111  
post@gv.mpg.de

*Postal address:*  
Postfach 10 10 62  
D-80084 München

[www.mpg.de](http://www.mpg.de)

## Culture and tourism

### Goethe-Institut

Dachauer Straße 122  
D-80637 München  
Tel.: +49 89 15921-0  
Fax: +49 89 15921-450  
info@goethe.de

*Postal address:*  
Postfach 19 04 19  
D-80604 München

*Berlin Office:*  
Neue Schönhauser Straße 20  
D-10178 Berlin  
Tel.: +49 30 259063  
Fax: +49 30 25906-565  
hauptstadtbuero@goethe.de

[www.goethe.de](http://www.goethe.de)

### Kulturportal Deutschland

Der Beauftragte der Bundesregierung für Kultur und Medien  
Graurheindorfer Straße 198  
D-53117 Bonn

Annemarie.SchlemperKubista  
@bkm.bmi.bund.de

*Berlin Office:*  
Bundeskanzleramt  
Willy-Brandt-Straße 1  
D-10557 Berlin  
Tel.: +49 1888-6813653  
Fax: +49 1888-68153653

[www.kulturportal-deutschland.de](http://www.kulturportal-deutschland.de)

### Deutsche Welle

Kurt-Schumacher-Straße 3  
D-53113 Bonn  
Tel.: +49 228 429-0  
Fax: +49 228 429-3000  
info@dw-world.de

*Postal address:*  
Deutsche Welle  
D-53110 Bonn

[www.dw-world.de](http://www.dw-world.de)

## **German National Tourist Board – DZT**

*(Deutsche Zentrale für Tourismus e.V. – DZT)*

[www.deutschland-tourismus.de](http://www.deutschland-tourismus.de)

Beethovenstraße 69  
D-60325 Frankfurt/Main  
Tel.: +49 69 974640  
Fax: +49 69 751903  
info@d-z-t.com

## **Business development**

### **First contacts for international investment**

#### **Invest in Germany GmbH**

[www.invest-in-germany.com](http://www.invest-in-germany.com)

Anna-Louisa-Karsch-Straße 2  
D-10178 Berlin  
Tel.: +49 30 20657-173 or -100  
Fax: +49 30 20657-111  
office@invest-in-germany.com

#### **Industrial Investment Council (IIC)**

[www.iic.de](http://www.iic.de)

IIC Berlin Head Office  
Atrium – Friedrichstraße 60  
D-10117 Berlin  
Tel.: +49 30 200099-0  
Fax: +49 30 200099-111  
info@iic.de

#### **The German Chambers of Commerce Abroad (AHK)**

[www.ahk.de](http://www.ahk.de)

Breite Straße 29  
D-10178 Berlin  
Tel.: +49 30 20308-2410  
Fax: +49 30 20308-2444  
blank.michael@berlin.dihk.de

## The Federal States (*Länder*) and their Business Development Agencies

### BADEN-WÜRTTEMBERG

#### Baden-Württemberg International – Agency for International Economic and Scientific Cooperation

Willi-Bleicher-Straße 19  
D-70174 Stuttgart  
Tel.: +49 711 22787-0  
Fax: +49 711 22787-22  
info@bw-i.de

[www.baden-wuerttemberg.de/en](http://www.baden-wuerttemberg.de/en)

[www.bw-i.de](http://www.bw-i.de)

[www.bw-invest.de](http://www.bw-invest.de)

### BAVARIA (*Freistaat Bayern*)

#### Invest in Bavaria – Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology

Prinzregentenstraße 28  
D-80538 München  
Tel.: +49 89 2162-2642  
Fax: +49 89 2162-2803  
info@invest-in-bavaria.de

[www.bayern.de](http://www.bayern.de)

[www.invest-in-bavaria.com](http://www.invest-in-bavaria.com)

### BERLIN

#### Berlin Partner GmbH

Ludwig Erhard Haus  
Fasanenstraße 85  
D-10623 Berlin  
Tel.: +49 30 39980-0  
Fax: +49 30 39980-239  
info@berlin-partner.de

[www.berlin.de](http://www.berlin.de)

[www.berlin-partner.de](http://www.berlin-partner.de)

### BRANDENBURG

#### Brandenburg Economic Development Board

Steinstraße 104 - 106  
D-14480 Potsdam  
Tel.: +49 331 6603000  
Fax: +49 331 6603840  
info@zab-brandenburg.de

[www.brandenburg.de](http://www.brandenburg.de)

[www.zab-brandenburg.de](http://www.zab-brandenburg.de)

[www.bremen.de](http://www.bremen.de)

[www.big-bremen.com](http://www.big-bremen.com)

## **BREMEN** (*Freie Hansestadt Bremen*)

### **BIG – Bremen Investment Agency**

Kontorhaus am Markt  
Langenstraße 2-4  
D-28195 Bremen  
Tel.: +49 421 9600-0  
Fax: +49 421 9600-810  
mail@big-bremen.de

[www.hamburg.de](http://www.hamburg.de)

[www.hamburg-economy.de](http://www.hamburg-economy.de)

## **HAMBURG** (*Freie und Hansestadt Hamburg*)

### **HWF - Hamburg Business Development Corporation**

Hamburger Straße 11  
D-22083 Hamburg  
Tel.: +49 40 227019-0  
Fax: +49 40 227019-29  
info@hwf-hamburg.de

[www.hessen.de](http://www.hessen.de)

[www.hessen-agentur.de](http://www.hessen-agentur.de)

## **HESSE** (*Hessen*)

### **Hessen Agentur GmbH**

Abraham-Lincoln-Straße 38-42  
D-65189 Wiesbaden  
Tel.: +49 611774-81  
Fax: +49 611774-8466  
info@hessen-agentur.de

[www.niedersachsen.de](http://www.niedersachsen.de)

[www.ipa-niedersachsen.de](http://www.ipa-niedersachsen.de)

## **LOWER SAXONY** (*Niedersachsen*)

### **Investment Promotion Agency (IPA) Niedersachsen**

Schiffgraben 30  
D-30175 Hannover  
Tel.: +49 511343466  
Fax: +49 5113615909  
info@ipa-niedersachsen.de

**MECKLENBURG-WEST POMERANIA** (*Mecklenburg-Vorpommern*)

**Economic Development Corporation Mecklenburg-Vorpommern (GfW)**

Schloßgartenallee 15  
D-19061 Schwerin  
Tel.: +49 385 59225-0  
Fax: +49 385 59225-22  
info@gfw-mv.de

[www.mecklenburg-vorpommern.de](http://www.mecklenburg-vorpommern.de)

[www.gfw-mv.de](http://www.gfw-mv.de)

**NORTH RHINE-WESTPHALIA** (*Nordrhein-Westfalen*)

**Economic Development Corporation Nordrhein-Westfalen (GfW)**

Kavalleriestraße 8-10  
D-40213 Düsseldorf  
Tel.: +49 211 13000-0  
Fax: +49 211 13000-154  
gfw@gfw-nrw.de

[www.nrw.de](http://www.nrw.de)

[www.gfw-nrw.de](http://www.gfw-nrw.de)

**RHINELAND-PALATINATE** (*Rheinland-Pfalz*)

**Investment and Economic Development Bank of Rheinland-Pfalz (ISB)**

Holzhofstraße 4  
D-55116 Mainz  
Tel.: +49 6131 985-200  
Fax: +49 6131 985-299  
isb-marketing@isb.rlp.de

[www.rlp.de](http://www.rlp.de)

[www.isb.rlp.de](http://www.isb.rlp.de)

**SAARLAND**

**Saarland Economic Promotion Corporation**

Trierer Straße 8  
D-66111 Saarbrücken  
Tel.: +49 681 99654-00  
Fax: +49 681 99654-44  
info@gwsaar.com

[www.saarland.de](http://www.saarland.de)

[www.gwsaar.com](http://www.gwsaar.com)

[www.sachsen.de](http://www.sachsen.de)

[www.wfs.saxony.de](http://www.wfs.saxony.de)

## **SAXONY** (*Freistaat Sachsen*)

### **Saxony Economic Development Corporation**

Bertolt-Brecht-Allee 22  
D-01309 Dresden  
Tel.: +49 351 2138-0  
Fax: +49 351 2138-399  
[info@wfs.saxony.de](mailto:info@wfs.saxony.de)

[www.sachsen-anhalt.de](http://www.sachsen-anhalt.de)

[www.wisa.de](http://www.wisa.de)

## **SAXONY-ANHALT** (*Sachsen-Anhalt*)

### **Economic Development Company of Saxony-Anhalt (WiSA)**

Kantstraße 5  
D-39104 Magdeburg  
Tel.: +49 391 56899-0  
Fax: +49 391 56899-50  
[welcome@wisa.de](mailto:welcome@wisa.de)

[www.schleswig-holstein.de](http://www.schleswig-holstein.de)

[www.wtsh.de](http://www.wtsh.de)

## **SCHLESWIG-HOLSTEIN**

### **Business Development and Technology Transfer Corporation of Schleswig-Holstein (WTSH)**

Lorentzendam 24  
D-24103 Kiel  
Tel.: +49 431 66666-0  
Fax: +49 431 66666-767  
[info@wtsh.de](mailto:info@wtsh.de)

[www.thueringen.de](http://www.thueringen.de)

[www.invest-in-thueringen.org](http://www.invest-in-thueringen.org)

## **THURINGIA** (*Thüringen*)

### **State Development Corporation (LEG Thüringen)**

Mainzerhofstraße 12  
D-99084 Erfurt  
Tel.: +49 361 5603-450  
Fax: +49 361 5603-328  
[invest@leg-thueringen.de](mailto:invest@leg-thueringen.de)

## Various institutions and programmes for business development assistance

### **KfW Banking Group** (*Kreditanstalt für Wiederaufbau Bankengruppe*)

Palmengartenstraße 5-9  
D-60325 Frankfurt/Main  
Tel.: +49 69 7431-0  
Fax: +49 69 7431-2888  
info@kfw.de

[www.kfw.de](http://www.kfw.de)

[www.kfw-mittelstandsbank.de](http://www.kfw-mittelstandsbank.de)

### **The Association of Guarantee Banks**

(*Verband der Bürgschaftsbanken der Bundesländer*)

Verband der Bürgschaftsbanken e.V.  
Dottendorfer Straße 86  
D-53129 Bonn  
Tel.: +49 228 97688-86  
Fax: +49 228 97688-82

[www.vdb-info.de](http://www.vdb-info.de)

### **Förderdatenbank des Bundes**

(Federal Ministry of Economics and Technology database for business development)

[www.bmwi.de/BMWi/Navigation/Mittelstand/foerderdatenbank.html](http://www.bmwi.de/BMWi/Navigation/Mittelstand/foerderdatenbank.html)

### **Federal association of German innovation, technology, and new business centers – ADT** (*Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e.V.*)

Jägerstraße 67  
D-10117 Berlin-Mitte  
Tel.: +49 30 392 005-81  
Fax: +49 30 392 005-82  
adt@adt-online.de

[www.adt-online.de](http://www.adt-online.de)

### **High-Tech Gründerfonds**

High-Tech Gründerfonds Management GmbH  
Ludwig-Erhard-Allee 2  
D-53175 Bonn  
Tel.: +49 228 965685-00  
Fax: +49 228 965685-50  
info@high-tech-gruenderfonds.de

[www.high-tech-gruenderfonds.de](http://www.high-tech-gruenderfonds.de)

[www.kompetenznetze.de](http://www.kompetenznetze.de)

## **Kompetenznetze.de** (Networks of Competence)

F.A.S.T. Gesellschaft für angewandte Softwaretechnologie mbH

Arabellastraße 17  
D-81925 München  
Tel.: +49 89 89052-178  
Fax: +49 89 89052-222  
kompetenznetze@fast.de

[www.vdivde-it.de/innonet](http://www.vdivde-it.de/innonet)

## **Programm InnoNet**

VDI/VDE-Innovation + Technik GmbH - InnoNet -

Steinplatz 1  
D-10623 Berlin  
Tel.: +49 30 310078-136  
Fax: +49 30 310078-189  
InnoNet@vdivde-it.de

[www.innoregio.de](http://www.innoregio.de)

## **InnoRegio**

Projektbüro InnoRegio / Wachstumskerne  
Wallstraße 17–22  
D-10179 Berlin  
Tel.: +49 30 20199-459  
Fax: +49 30 20199-400  
info@unternehmen-region.de

[www.inno-watt.de](http://www.inno-watt.de)

## **INNO-WATT**

Förderung innovativer Wachstumsträger  
Stralauer Platz 34  
D-10234 Berlin  
Tel.: +49 30 97003-0  
Fax: +49 30 97003-44  
info@inno-watt.de

### Projektmanagement INSTI

Institute of German economy in Cologne  
(*Institut der deutschen Wirtschaft Köln e.V.*)  
Projektmanagement INSTI

Gustav-Heinemann-Ufer 84-86  
D-50968 Köln  
Tel.: +49 221 4981-1  
Fax: +49 221 4981-533  
info.insti@iwkoeln.de

[www.iwkoeln.de](http://www.iwkoeln.de)

### Project Management Organisation Jülich (PTJ)

Forschungszentrum Jülich GmbH D-52425 Jülich	<i>Förderprogramm Go-Bio:</i>
Tel.: +49 246 161 4621	Tel.: +49 246 161 3720
Fax: +49 246 161 6999	Fax: +49 246 161 2730
beo01.beo@fz-juelich.de	r.jossek@fz-juelich.de

[www.fz-juelich.de/ptj](http://www.fz-juelich.de/ptj)

### TechnologieAllianz

TechnologieAllianz e. V.  
c/o ZukunftsAgentur Brandenburg GmbH  
Steinstraße 104-106  
D-14480 Potsdam  
Tel.: +49 331 660-3816  
Fax: +49 331 660-3202  
wolkers@technologieallianz.de

[www.technologieallianz.de](http://www.technologieallianz.de)

### PricewaterhouseCoopers

Potsdamer Platz 11  
D-10785 Berlin  
Tel.: +49 30 2636-1204

[www.pwc.de](http://www.pwc.de)

## Associations, Chambers and other institutions

### Umbrella organisations

#### **Federation of German Industries – BDI**

*(Bundesverband der Deutschen Industrie e.V.)*

[www.bdi-online.de](http://www.bdi-online.de)

Breite Straße 29  
D-10178 Berlin  
Tel.: +49 30 2028-0  
Fax: +49 30 2028-2450  
info@bdi-online.de

#### **Association of German Chambers of Industry and Commerce – DIHK**

*(Deutscher Industrie- und Handelskammertag)*

[www.dihk.de](http://www.dihk.de)

Breite Straße 29 D-10178 Berlin Tel.: +49 30 20308-0 Fax: +49 30 20308 -1000 infocenter@berlin.dihk.de	<i>Postal address:</i> 11052 Berlin:
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#### **Confederation of German Employers' Associations – BDA**

*(Bundesvereinigung der Deutschen Arbeitgeberverbände e.V. – BDA)*

[www.bda-online.de](http://www.bda-online.de)

Breite Straße 29  
D-10178 Berlin  
Tel.: +49 30 2033 0  
info@bda-online.de

#### **German Confederation Of Skilled Crafts – ZDH**

*(Zentralverband des Deutschen Handwerks)*

[www.zdh.de](http://www.zdh.de)

Mohrenstraße 20/21  
D-10117 Berlin  
Tel.: +49 30 20619-0  
Fax: +49 30 20619-460  
info@zdh.de

**Association of German Small and Medium-Sized Businesses – BVMW**

*(Bundesverband mittelständische Wirtschaft)*

Mosse-Palais  
Leipziger Platz 15  
D-10117 Berlin  
Tel.: +49 30 533 206-0  
Fax: +49 30 533 206-50  
info@bvmwonline.de

[www.bvmwonline.de](http://www.bvmwonline.de)

**German Businesswomen's Association – VDU**

*(Verband deutscher Unternehmerinnen e.V.)*

Breite Straße 29  
D-10178 Berlin  
Tel.: +49 30 20308 4540  
Fax: +49 30 20308 754540  
info@vdu.de

[www.vdu.de](http://www.vdu.de)

**German Confederation of Trade Unions**

*(Deutscher Gewerkschaftsbund – DGB)*

Henriette-Herz-Platz 2  
D-10178 Berlin  
Tel.: +49 30 24060-0  
Fax: +49 30 24060-324  
info.bvv@dgb.de

[www.dgb.de](http://www.dgb.de)

## Trade Associations, Industry

**Association of real estate companies – IVD**

*(Immobilienverband Deutschland)*

Littenstraße 10  
D-10179 Berlin  
Tel.: +49 30 275726-0  
Fax: +49 30 275726-49  
info@ivd.net

[www.ivd.net](http://www.ivd.net)

## **German Association of the Automotive Industry – VDA**

*(Verband der Automobilindustrie)*

[www.vda.de](http://www.vda.de)

Westendstraße 61  
D-60325 Frankfurt/Main  
Tel.: +49 69 97507-0  
Fax: +49 69 97507-261  
info@vda.de

## **German Aerospace Industries Association – BDLI**

*(Bundesverband der Deutschen Luft- und Raumfahrtindustrie e.V.)*

[www.bdli.de](http://www.bdli.de)

Friedrichstraße 60  
D-10117 Berlin  
Tel.: +49 30 2061 4014  
Fax: +49 30 2061 4016  
info@bdli.de

## **German Shipbuilding and Ocean Industries Association – VSM**

*(Verband für Schiffbau und Meerestechnik e.V.)*

[www.vsm.de](http://www.vsm.de)

Steinhöft 11  
D-20459 Hamburg  
Tel.: +49 40 2801520  
Fax: +49 40 28015230  
info@vsm.de

## **German Transport Forum (Deutsches Verkehrsforum)**

[www.verkehrsforum.de](http://www.verkehrsforum.de)

Klingelhöferstraße 7  
D-10785 Berlin  
Tel.: +49 30 2639-540  
Fax: +49 30 2639-5422  
info@verkehrsforum.de

## **German Logistics Association – BVL (Bundesvereinigung Logistik e.V.)**

[www.bvl.de](http://www.bvl.de)

Schlachte 31  
D-28195 Bremen  
Tel.: +49 421 173840  
Fax: +49 421 1678 00  
bvl@bvl.de

**German Association for Information Technology, Telecommunications  
and New Media– BITKOM** (*Bundesverband Informationswirtschaft,  
Telekommunikation und neue Medien*)

Albrechtstraße 10  
D-10117 Berlin  
Tel.: +49 30 2757 6114  
Fax: +49 30 2757 6400  
bitkom@bitkom.org

[www.bitkom.org](http://www.bitkom.org)

**German Electrical and Electronic Manufacturers' Association – ZVEI**  
(*Zentralverband Elektrotechnik- und Elektronikindustrie*)

Stresemannallee 19  
D-60596 Frankfurt/Main  
Tel.: +49 69 6302-0  
Fax: +49 69 6302 317  
zvei@zvei.org

[www.zvei.de](http://www.zvei.de)

**German Construction Industry Federation - HDB**  
(*Hauptverband der Deutschen Bauindustrie*)

Kurfürstenstraße 129  
D-10785 Berlin  
Tel.: +49 30 212860  
Fax: +49 30 21286240  
bauind@bauindustrie.de

[www.bauindustrie.de](http://www.bauindustrie.de)

**German Steel Federation– WV Stahl** (*Wirtschaftsvereinigung Stahl*)

Sohnstraße 65  
D-40237 Düsseldorf  
Tel.: +49 211 6707-0  
Fax: +49 211 6707-676  
info@stahl-online.de

[www.stahl-online.de](http://www.stahl-online.de)

## **German Engineering Federation – VDMA**

*(Verband Deutscher Maschinen- und Anlagenbau)*

[www.vdma.org](http://www.vdma.org)

Lyoner Straße 18  
D-60528 Frankfurt/Main  
Tel.: +49 69 6603-0  
Fax: +49 69 6603-1511  
kommunikation@vdma.org

## **Association of German Engineers – VDI** *(Verein Deutscher Ingenieure e.V.)*

[www.vdi.de](http://www.vdi.de)

Graf-Recke-Straße 84  
D-40239 Düsseldorf  
Tel.: +49 211 6214-0  
Fax: +49 211 6214-5 75  
kundencenter@vdi.de

## **German Chemical Industry Association – VCI**

*(Verband der Chemischen Industrie e.V.)*

[www.vci.de](http://www.vci.de)

Karlstraße 21  
D-60329 Frankfurt/Main  
Tel.: +49 69 2556-0  
Fax: +49 69 2556 1613  
internetinfo@vci.de

## **German Pharmaceutical Industry Association – BPI**

*(Bundesverband der Pharmazeutischen Industrie e.V.)*

[www.bpi.de](http://www.bpi.de)

Friedrichstraße 148  
D-10117 Berlin-Mitte  
Tel.: +49 30 27909-0  
Fax: +49 30 27909-361  
Berlin@bpi.de

**German Industry Association for Optical, Medical and Mechatronic Technologies – SPECTARIS** (*Deutscher Industrieverband für optische, medizinische und mechatronische Technologien*)

Saarbrücker Straße 38  
D-10405 Berlin  
Tel.: +49 30 414021-0  
Fax: +49 30 414021-33  
info@spectaris.de

[www.spectaris.de](http://www.spectaris.de)

**Federal association of German innovation, technology, and new business centers – ADT** (*Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e.V.*)

Jägerstraße 67  
D-10117 Berlin-Mitte  
Tel.: +49 30 392005-81  
Fax: +49 30 392005-82  
adt@adt-online.de

[www.adt-online.de](http://www.adt-online.de)

**Confederation of the German Textile and Fashion Industry**  
(*Gesamtverband Textil + Mode*)

Frankfurter Straße 10-14  
D-65760 Eschborn  
Tel.: +49 6196 966-0  
Fax: +49 6196 42170  
info@textil-mode.de

[www.textil-mode.de](http://www.textil-mode.de)

**Federation of German Food and Drink Industries – BVE**  
(*Bundesvereinigung der Deutschen Ernährungsindustrie e.V.*)

Claire-Waldoff-Straße 7  
D-10117 Berlin  
Tel.: +49 30 200786-0  
Fax: +49 30 200786-299  
bve@bve-online.de

[www.bve-online.de](http://www.bve-online.de)

## **Association of German Retailers – HDE**

*(Hauptverband des Deutschen Einzelhandels)*

[www.einzelhandel.de](http://www.einzelhandel.de)

Am Weidendamm 1 a  
D-10117 Berlin  
Tel.: +49 30 726250-0  
Fax: +49 30 7262 506-99  
hde@einzelhandel.de

## **Federation of German Wholesale and Foreign Trade – BGA**

*(Bundesverband des Deutschen Groß- und Außenhandels)*

[www.bga.de](http://www.bga.de)

Am Weidendamm 1 A  
D-10117 Berlin  
Tel.: +49 30 5900995-0  
Fax: +49 30 5900995-19  
info@bga.de

## **Association of temporary employment companies**

*(Branchenverband der Zeitarbeitsfirmen)*

[www.ig-zeitarbeit.de](http://www.ig-zeitarbeit.de)

iGZ-Bundesgeschäftsstelle  
Erphostraße 56  
D-48145 Münster  
Tel.: +49 251 98112-0  
Fax: +49 251 98112-29  
info@ig-zeitarbeit.de

## **German association for employee placement**

*(Bundesverband Personalvermittlung e.V.)*

[www.bpv-info.de](http://www.bpv-info.de)

Prinz-Albert-Straße 73  
D-53113 Bonn  
Tel.: +49 228 63 00 78  
Fax: +49 228 76 61 226  
kontakt@bpv-info.de

**Association of the German Trade Fair Industry – AUMA**

*(Ausstellungs- und Messe-Ausschuss der Deutschen Wirtschaft e.V.)*

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D-10179 Berlin  
Tel.: +49 30 24000-0  
Fax: +49 30 24000-330

[www.auma.de](http://www.auma.de)

**Federal Chambers (Law, taxation, engineering)**

**German Federal Chamber of Lawyers** *(Bundesrechtsanwaltskammer)*

Littenstraße 9  
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Tel.: +49 30 284939-0  
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zentrale@brak.de

[www.brak.de](http://www.brak.de)

**German Federal Chamber of Notaries** *(Bundesnotarkammer)*

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D-10117 Berlin  
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Fax: +49 30 3838666  
bnotk@bnotk.de

[www.bnotk.de](http://www.bnotk.de)

**German Federal Chamber of Tax Consultants** *(Bundessteuerberaterkammer)*

Neue Promenade 4  
D-10178 Berlin  
Tel.: +49 30 240087-0  
Fax: +49 30 240087-99  
zentrale@bstbk.de

[www.bstbk.de](http://www.bstbk.de)

**German Federal Chamber of Engineers** *(Bundesingenieurkammer)*

Kochstraße 22  
D-10969 Berlin  
Tel.: +49 30 25342900  
Fax: +49 30 25342903  
website@bingk.de

[www.bingk.de](http://www.bingk.de)

## Traffic and logistics

### **Federal Bureau of Motor Vehicles and Drivers** (*Kraftfahrt-Bundesamt*)

[www.kba.de](http://www.kba.de)

Fördestraße 16  
D-24944 Flensburg  
Tel.: +49 461 316-0  
Fax: +49 461 316-1495 or -1650  
pressestelle@kba.de

### **German Automobile Association – ADAC**

*(Allgemeiner Deutscher Automobil-Club e.V.)*

[www.adac.de](http://www.adac.de)

ADAC e.V.  
Am Westpark 8  
D-81373 München  
Tel.: +49 89 7676-0  
Fax: +49 89 7676-2500  
adac@adac.de

### **Information forum of German freight forwarding and logistics associations**

*(Informationsmarktplatz der deutschen Speditionsverbände)*

[www.spediteure.de](http://www.spediteure.de)

## Health insurance, social insurance

### **Statutory Health Insurances** (*Gesetzliche Krankenkassen*)

[www.g-k-v.com](http://www.g-k-v.com)

### **Association of Private Health Insurances**

*(Verband der privaten Krankenversicherungen in Deutschland)*

[www.pkv.de](http://www.pkv.de)

### **Links and information concerning the German social security system**

[www.deutsche-sozialversicherung.de](http://www.deutsche-sozialversicherung.de)

## Education

### **Association for Early Multilingualism in Day Nurseries and Schools – FMKS**

*(Verein für Mehrsprachigkeit an Kindertageseinrichtungen und Schulen)*

[www.fmks-online.de](http://www.fmks-online.de)

### **Eduserver – the German Education Server** (*Deutscher Bildungsserver*)

Directory of public, private, European and other international schools in Germany

[www.bildungsserver.de](http://www.bildungsserver.de)

**Directory of private and boarding schools – VDP**

*(Bundesverband Deutscher Privatschulen)*

[www.privatschulen.de](http://www.privatschulen.de)

**German Academic Exchange Service – DAAD**

*(Deutscher Akademischer Austauschdienst e.V.)*

Kennedyallee 50  
D-53175 Bonn  
Tel.: +49 228 882-0  
Fax: +49 228 882-444  
postmaster@daad.de

[www.daad.de](http://www.daad.de)

**International Organisations based in Germany**

**European Patent Office – EPO** *(Europäisches Patentamt)*

Erhardtstraße 27 D-80469 München Tel.: +49 892399-0 +49 892399-4636 (customer services) Fax: +49 89 2399-4560 (administration) +49 89 2399-4465 (patents)	<i>Postal address:</i> Postfach 20 04 04 D-53134 Bonn  <i>EPO Berlin sub-office:</i> Gitschiner Straße 103 D-10969 Berlin Tel.: +49 30 25901-0 Fax: +49 30 25901-840
--	--

[www.epo.org](http://www.epo.org)

**European Central Bank** *(Europäische Zentralbank)*

Kaiserstraße 29 D-60311 Frankfurt/Main Tel.: +49 69 1344 0 Fax: +49 69 1344 6000 Telex: 41 11 44 ecb d info@ecb.int	<i>Postal address:</i> Postfach 16 03 19 D-60066 Frankfurt/Main
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[www.ecb.int](http://www.ecb.int)

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## Running a business – the various legal forms to consider

Company category	Representative office	Sole proprietorship
<b>Legal form</b>	<b>Representative office</b>	<b>Sole proprietorship</b>
<b>Mainly suitable for</b>	Initiating business and maintaining contacts	Small businesses and start-ups
<b>Advantages</b>	Costs very low	Possible without involvement of other people; no minimum capital
<b>Minimum number of people</b>	One	One
<b>Minimum capital</b>	None	None
<b>Formal costs and effort</b>	Usually no costs. Approval only necessary in individual cases	Low
<b>Application for entry in register at local court required?</b>	No	Only required if the company is a business operation set up commercially in terms of type and size ( <i>see page 24</i> )
<b>Management of the business</b>	By representatives	By the founder alone
<b>Liability</b>	None, as no business activity	Personal unrestricted liability of the owner
<b>Partners</b>	No partners, only representatives	Only natural person

Partnerships				Corporations		Trust
GbR	OHG	KG	Partnership company	GmbH	(small) AG	Trust
Freelance professions, small or new companies	Medium-sized and large companies	Medium-sized and large companies	Partnerships of members of the freelance professions (page 20)	Medium-sized and large companies	Larger companies (founders: initially only a small number of shareholders)	Pursuing of certain aims, including commercial aims, using assets
Very easy and possible without formalities; no minimum capital	All partners have a high degree of participation; no minimum capital	Limiting of liability for individual partners possible (see also GmbH & Co KG)	Simplified exemption from liability; appropriate, more flexible company law; protected name; no minimum capital; no corporation tax	Partners are not personally liable to third parties	Capital widening easily possible via share issue	Separation of trust assets from founder; trust not subject to domination by third parties
Two partners	Two partners	Two partners	Two partners	One partner	One shareholder	One founder – trusts do not have any members
None	None	None	None	25,000 €	50,000 €	Formally none <sup>1</sup>
Low. Articles of association not necessary, but advisable (to clarify rights and obligations)	Articles of association (in writing), accounting obligations more strict than for GbR	Articles of association (in writing), stating level of capital contributions	Partnership agreement in writing, with certain minimum content	Articles of association (certified by notary)	Recording by a notary of the statutes, of the appointment of the first supervisory board and of the statutory auditor	Trust business including trust statutes (in writing)
Not possible Entry in the commercial register automatically turns a GbR into an OHG	Yes (commercial register)	Yes (commercial register)	Yes (partnership register)	Yes (commercial register)	Yes Entry in commercial register certified by notary	No <sup>2</sup>
All partners, or appointment of one/several managers, can also be done by non-partners	All partners, or appointment of one/several partners, company management by non-partner also possible	All personally liable partners (general partners), or appointment of one/several general partners, company management by non-partner also possible	All partners carry out their professional services in accordance with the professional law that applies to them; company management otherwise by agreement or as for the OHG	Partners appoint one or more managers, company management by non-partners also possible	The supervisory board elected by the partners appoints the board of management, which manages the business	Trust board of management defined by the founder in the trust statutes
Personal unrestricted liability of the partners	Personal unrestricted liability of the partners	Personal unrestricted liability of the general partners, list of limited partners only up to the level of their contribution	Personal unrestricted liability of all partners, however exemption from liability in the case of professional errors for which the other partners are responsible	Company assets. Liability of partners towards GmbH only to the level of their investment	Company assets (basic capital)	Trust assets
Natural person and/or legal entity	Natural person and/or legal entities	Natural person and/or legal entities	Only natural persons who are members of the freelance professions	Natural person and/or legal entities	Shareholders: Natural person and/or legal entities	No partners, only “beneficiaries” of the trust assets

<sup>1</sup> However, fulfillment of the purpose of the trust must be ensured (page 39)

<sup>2</sup> However, state recognition by the supervisory authority for trusts is required



# Keep up-to-date on corporate taxation

Dear Reader,

As noted in the relevant chapter on taxation in this “Business Guide to Germany” (see page 88), the German government is currently undertaking an extensive reform of the corporate tax system.

The coalition agreement between the governing parties stipulates that the reformed law on corporate taxation is to become effective as of 1 January 2008.

The government has already presented some key parameters regarding the structure of future company taxation to the public. Particulars of the reform will be negotiated in the course of the parliamentary proceedings beginning not before autumn 2006.

If you would like to receive up-to-date information on the most important amendments and rearrangements to German corporate tax law as and when they happen, please fill in this form and send it back to:

**Invest in Germany**  
Dominik Müller  
Anna-Louisa-Karsch-Strasse 2  
10178 Berlin, Germany

**Fax: +49 30 20657-111**  
**Tel.: +49 30 20657-167**

Alternatively, you can also send an e-mail to:  
**dominik.mueller@invest-in-germany.com**

**Fax – Response: +49 30 20657-1111**

Invest in Germany

Yes, I would like to receive up-to-date information on the new corporate taxation law.

Mr/Ms/Title: .....

Name, First Name: .....

Position: .....

Company: .....

Address: .....

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| <input type="checkbox"/> ICT                      | <input type="checkbox"/> Optical technology     |
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|   | <input type="checkbox"/> Trade                  |

www.invest-in-germany.com

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