



GmbH & UG Setup Checklist

Start Your Business in Germany — Step by Step

For Expats & International Founders · 2026 Edition

€1

UG Min. Capital

€25K

GmbH Min. Capital

3–6

Weeks to register

Free

This Checklist

GmbH — Gesellschaft mit beschränkter Haftung

Min. capital: €25,000 (€12,500 paid in)

Full limited liability from day one

Best for serious / growing businesses

UG — Unternehmergesellschaft (haftungsbeschränkt)

Min. capital: €1 (yes, one euro)

Must save 25% of profits until €25K reached

Lower entry barrier, same liability protection

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1

GmbH vs. UG — Which One is Right for You?

Understand the difference before you spend a single euro

- Choose GmbH if you have €25,000 available and plan to grow, hire, or seek investment
 - GmbH is more credible with banks, clients, and investors. Almost always the right choice if you can afford it.
- Choose UG if you want to start immediately with minimal capital (from €1)
 - UG is a stepping stone — legally the same liability protection, but must accumulate reserves until €25K is reached, then converts to GmbH.
- Understand that UG must retain 25% of annual profit as a mandatory reserve
 - This cannot be paid out as dividend until the reserve reaches €25,000. Plan your cash flow accordingly.
- Both structures give you personal liability protection (haftungsbeschränkt)
 - Your personal assets are protected. The company is liable — not you personally — as long as you follow proper governance.
- Both can have a single shareholder and a single Geschäftsführer (managing director)
 - You can be the sole owner AND the sole director. No minimum headcount required.
- A UG can later be converted to a GmbH (Aufstockung) once reserves hit €25,000
 - This is a standard upgrade path. No need to dissolve and restart — it's a formal conversion at the Notar.

■ Expat Tip — Which is better for non-EU founders?

As a non-EU national you can be a shareholder and Geschäftsführer in both structures. However, some banks are more willing to open business accounts for GmbHs than UGs. If you plan to hire employees or sign large contracts, the GmbH name carries more weight with German partners.

2

Pre-Registration Requirements

Prepare these before you even contact a Notar

- Decide on the company name (Firmenname) and verify it is available
 - Check at handelsregister.de and with your local IHK (Chamber of Commerce). Name must end in 'GmbH' or 'UG (haftungsbeschränkt)'.
- Define the Unternehmensgegenstand — your company's exact business purpose
 - This goes into the Gesellschaftsvertrag (articles). Be specific but not too narrow. E.g. 'Import, export and wholesale of food products and consumer goods'.
- Agree on the share structure and capital split if there are multiple shareholders
 - Each shareholder's stake must be defined in euros and as a percentage. All shares must add up to the total Stammkapital.
- Identify and confirm the Geschäftsführer (managing director)
 - The Geschäftsführer signs all documents and is legally responsible for compliance. Can be a shareholder or an external hire.
- Prepare valid photo ID for all shareholders and the Geschäftsführer
 - Passport (preferred) or German Personalausweis. The Notar will check originals in person.
- Confirm your registered office address (Geschäftsadresse)
 - Must be a real German address. You can use a virtual office address service — perfectly legal. Costs €30–€100/month.
- Prepare a Musterprotokoll or draft a full Gesellschaftsvertrag
 - For simple single-shareholder setups, a standard Musterprotokoll is faster and cheaper. Complex structures need a custom Gesellschaftsvertrag.
- Obtain a Führungszeugnis (police clearance certificate) for the Geschäftsführer
 - Required to confirm no criminal convictions that would bar you from the role. Apply at your local Bürgeramt or online at bundesjustizamt.de.

■ Watch out — Geschäftsführer restrictions for non-EU nationals

If you are non-EU and your residence permit is linked to employment, starting a GmbH may require an amendment to your permit. Check with the Ausländerbehörde BEFORE registering. A Niederlassungserlaubnis (permanent residency) removes this restriction entirely.

3

Notar Appointment & Articles of Association

The Notar notarises your founding documents — mandatory in Germany

- Book an appointment with a German Notar — this step is legally required
 - Unlike the UK or US, you cannot form a GmbH/UG without notarisation. The Notar prepares and certifies the Gesellschaftsvertrag.
- Bring original passport (not a copy) for all shareholders and the Geschäftsführer
 - Every person named in the founding documents must appear in person OR provide a notarised power of attorney.
- Review the Gesellschaftsvertrag draft BEFORE the appointment
 - A good Notar sends you the draft in advance. Read every clause. The articles define profit distribution, voting rights, and exit rules.
- Confirm the Stammkapital amount in the articles: €25,000 for GmbH, minimum €1 for UG
 - For GmbH: at least € 12,500 must be paid into the bank before registration. For UG: full amount (even € 1) must be deposited.
- Sign the Gründungsprotokoll (founding minutes) in the presence of the Notar
 - All shareholders sign. The Notar witnesses and stamps. This is the moment the company is legally founded (though not yet registered).
- Receive the notarised founding documents — keep the originals safely
 - You will need certified copies for the bank, Finanzamt, and Handelsregister. The Notar keeps the original deed.

■ Notar costs for GmbH / UG

Notar fees are set by law (GNotKG) and based on the Stammkapital. For a €25K GmbH: approx. €600–€800 for the Notar. Using the standard Musterprotokoll is cheaper than a custom Gesellschaftsvertrag. Get quotes from 2–3 Notare if cost matters.

4

Bank Account & Capital Deposit

The company account must exist and be funded before Handelsregister entry

- Open a dedicated Geschäftskonto (business bank account) for the new company
 - Do NOT use a personal account. Every cent of company money must flow through the business account.
- For GmbH: deposit at least €12,500 (50% of €25,000 Stammkapital) before registration
 - The bank issues a Einzahlungsbestätigung (deposit confirmation). This document is submitted to the Handelsregister.
- For UG: deposit the full Stammkapital (even if it is only €1)
 - The entire stated capital must be deposited before you can register — not 50%. For €500 capital, deposit €500.
- Get a written bank confirmation of the capital deposit (Einzahlungsbestätigung)
 - This is a mandatory document for the Handelsregister application. Without it, registration will be rejected.
- Compare business bank accounts — fees vary significantly
 - Commerzbank, Deutsche Bank: traditional, full service but high fees. Qonto, FYRST, Kontist: digital-first, expat-friendly, often free for 1 year.
- Note: some banks require the notarised founding documents before opening the account
 - This creates a chicken-and-egg situation. Qonto and FYRST typically accept a draft without waiting for full notarisation.

■ Best banks for expat business founders (2026)

Qonto and FYRST are the most popular for new GmbH/UG founders — fully digital, English support, fast account opening with notarised docs. Traditional banks (Sparkasse, Commerzbank) are slower but sometimes required by larger clients. Avoid N26 Business — it does not support GmbH/UG accounts.

5

Handelsregister Registration

The official commercial register — your company doesn't legally exist until it's listed here

- Your Notar submits the Handelsregister application electronically on your behalf
 - This is standard practice — the Notar does the submission. You provide the signed documents and bank confirmation.
- Pay the Handelsregister fee: approx. €150–€300 depending on capital
 - Fee is set by the Amtsgericht (local court). The Notar will advise on the exact amount.
- Processing time is typically 1–4 weeks
 - The Amtsgericht reviews the application and issues the HRB number (Handelsregisternummer). Urgency processing is not available.
- Your company is legally formed (but not yet fully operational) from the date of notarisation
 - The period between notarisation and Handelsregister entry is the 'Vor-GmbH' or 'Vor-UG' phase. Be careful about contracts signed in this phase.
- Once registered, you receive the Handelsregisterauszug (official extract)
 - This document proves your company exists and is required for bank accounts, contracts, and official correspondence.
- Check your listing on handelsregister.de and verify all details are correct
 - Errors in the register must be corrected via the Notar and can cause delays. Verify name, address, Geschäftsführer, and capital immediately.

6

Finanzamt, Gewerbeamt & Tax Registration

Get your tax number and trading registration — do this within 4 weeks of Handelsregister entry

- Register your trade at the Gewerbeamt (Gewerbeanmeldung)
 - Required for most business activities. Submit Form 'Gewerbeanmeldung'. Cost: €20–€60. Do this before or immediately after Handelsregister entry.
- Complete the Fragebogen zur steuerlichen Erfassung for the Finanzamt
 - This is the business tax registration questionnaire. Since 2021 it must be submitted via ELSTER (online). You will receive your Steuernummer within 2–6 weeks.
- Decide whether to opt into Umsatzsteuer (VAT) from the start
 - If annual turnover will exceed €22,000 you must register for VAT (USt). Below this threshold you can use the Kleinunternehmerregelung (small business rule) — but cannot reclaim input VAT.
- Apply for a Umsatzsteuer-Identifikationsnummer (USt-IdNr) if trading within the EU
 - Required for B2B invoicing within the EU. Apply via [das-neue-buergerportal.de](https://www.das-neue-buergerportal.de) or [bundeszentralamt.de](https://www.bundeszentralamt.de) — takes 2–4 weeks.
- Set up your Körperschaftsteuer (corporation tax) and Gewerbesteuer (trade tax) obligations
 - GmbH/UG pay corporation tax (15%) + solidarity surcharge (0.825%) + trade tax (~14% depending on municipality). Total effective rate ~30%.
- Appoint a Steuerberater (tax adviser) — strongly recommended
 - A good Steuerberater handles your annual Jahresabschluss (financial statements), files corporate tax returns, and keeps you compliant. Monthly cost: €100–€400.
- Understand your Lohnsteuer obligations if hiring employees
 - Every employer must register for payroll tax (Lohnsteuer) at the Finanzamt and submit monthly payroll reports.

■ Critical — Do not miss the Finanzamt registration deadline

You must submit the Fragebogen zur steuerlichen Erfassung within 4 weeks of starting business activity. Missing this can result in estimated tax assessments and penalties. Your Steuerberater can handle this — it is one of the first things to delegate.

7

After Registration — Operations Setup

These are the things most founders forget in the first 90 days

- Set up professional invoicing with all legally required details
 - German invoices must include: company name, address, HRB number, Steuernummer or USt-IdNr, invoice number, date, itemised description, and VAT breakdown.
- Open a separate account for VAT reserves — do not spend collected VAT
 - VAT collected from clients must be paid to the Finanzamt quarterly (Umsatzsteuervoranmeldung). Many founders accidentally spend it.
- Register for ELSTER (the German tax portal) immediately
 - All tax filings — VAT returns, corporate tax, payroll — go through ELSTER. Set this up before you issue your first invoice.
- Take out Betriebshaftpflichtversicherung (business liability insurance)
 - Protects against claims arising from your business activities. Required by some clients and industries. Cost: € 150–€ 600/year.
- Obtain a D-U-N-S Number if working with international clients or applying for tenders
 - Dun & Bradstreet number is free and takes 1–2 weeks. Often required by US and UK companies.
- Register with the IHK (Chamber of Commerce) — automatic and mandatory
 - All GmbH/UG companies are automatically members of the local IHK upon Gewerbeamt. Annual fee: € 150–€ 300 depending on revenue.
- Set up proper bookkeeping — double-entry (doppelte Buchführung) is legally required
 - Use DATEV (the German standard, used by Steuerberater), Lexoffice, or Sevdesk. A Steuerberater typically needs DATEV access.
- Hold an annual Gesellschafterversammlung (shareholder meeting) and document it
 - Even for a one-person GmbH, annual minutes must be kept. The Gesellschafterversammlung approves the Jahresabschluss every year.
- File the Jahresabschluss (annual financial statements) with the Bundesanzeiger
 - GmbH/UG must publish simplified financial statements annually in the Bundesanzeiger (Federal Gazette). Your Steuerberater handles this.

■ Expat founder tip — English-speaking support network

Find a Steuerberater who speaks English and works with international clients. Organisations like the AHK (German-Arab Chamber of Commerce), BVMW, and local startup hubs often have lists of expat-friendly advisers in most major German cities.

GmbH vs. UG — Complete Comparison

Key differences at a glance. Both provide limited liability protection.

Feature	GmbH	UG (haftungsbeschränkt)	Notes
Minimum capital	€25,000	€1	GmbH: €12,500 must be paid on founding
Capital payment	50% on founding	100% on founding	UG: full amount, however small, upfront
Profit reserve	Not required	25% of annual profit	UG reserves until €25K reached, then upgrades
Liability	Limited	Limited	Both protect personal assets
Credibility	High	Medium	GmbH seen as more established
Notar required	Yes	Yes	Both require notarisation of founding docs
Handelsregister	Mandatory	Mandatory	Both must be in the commercial register
Corporation tax	~15% + trade	~15% + trade	Same tax treatment once registered
Conversion to GmbH	N/A	Possible (Aufstockung)	Once reserves hit €25K
Recommended for	Established biz	Early-stage / testing	UG = startup mode; GmbH = growth mode

Cost Summary — Setting Up in Germany

Approximate costs. All fees are indicative and vary by Notar, city, and complexity.

Item	GmbH	UG	Notes
Stammkapital (min.)	€25,000	€1–€500	GmbH: €12,500 paid in. UG: 100% paid in.
Notar — Musterprotokoll	€600–800	€200–400	Cheaper for UG due to lower capital base
Handelsregister fee	€150–300	€100–150	Paid to the Amtsgericht
Gewerbeanmeldung	€20–60	€20–60	At the Gewerbeamt; flat fee
Business bank account setup	€0–100	€0–100	Qonto/FYRST: free. Traditional banks: higher
Steuerberater (monthly)	€150–400	€100–250	Highly recommended; handles all tax filings
Virtual office (if needed)	€30–100/mo	€30–100/mo	Required if no physical office address
Total setup cost (est.)	€26,000+	€500–1,000	Excl. capital. GmbH total incl. capital ~€26.5K

Typical Registration Timeline

- Week 1** Choose structure, pick name, draft articles, book Notar appointment
- Week 2** Notar appointment — sign founding documents
- Week 2–3** Open business bank account, deposit Stammkapital
- Week 3** Notar submits Handelsregister application
- Week 4–6** Handelsregister entry confirmed — company legally registered
- Week 4–7** Submit Fragebogen at Finanzamt — receive Steuernummer
- Week 5–8** Gewerbeanmeldung, USt-IdNr application, ELSTER setup
- Week 8+** Fully operational — issue first invoices, run payroll, file returns

Need help setting up your GmbH or UG?

Book a 1-on-1 consultation with Zohaib — he'll walk through your specific situation, recommend GmbH vs UG, review your business plan, and connect you to the right Notar and Steuerberater. Starting at €49 / 30 min.

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