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Client-Information

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Formation of a Limited Liability Company (GmbH) in Austria

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This client information sheet has been set up to provide our clients with information on the necessary legal steps to establish a limited liability company in Austria and on certain related tax and other legal issues. Further it gives an overview on the estimated costs of the formation.

1. Corporate Law Aspects

A limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) may be established for every lawful objective (with the exception of the insurance business).

The nominal capital of a GmbH has to be a minimum of € 35.000,00, at least half of which (i.e., € 17.500,00) has to be paid prior to the application for registration of the company in the Register of Companies.

The company has to be set up by at least one shareholder who signs the company's letters of association in the presence of a notary public. The constituting shareholder(s) may, however, also appoint a proxy (e.g., our law firm) who will set up the company in the presence of a notary public on the basis of a respective letter of authorization.

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2. Required Documents

The following documents are required for the constitution of a GmbH and for its subsequent registration in the Register of Companies:

- The letters of association drawn up as a notarial deed
- A corporate resolution whereby the founding shareholders appoint one or more general managers for the new company
- (A) sample signature form(s) to be signed by the appointed managing director which will be kept on the file at the Register of Companies
- If any of the shareholders is a legal entity an excerpt from the relevant commercial register showing it is duly registered and stating the authorization of its representatives
- A bank certificate stating that the new company's capital has been paid in and is at the free disposition of the managers
- A certificate of the competent local tax authority stating that it raises no objections on the registration of the company

All documents can be prepared by our law firm. Some documents require legalization by a notary public and super-legalization by Apostille.

3. Taxes and Duties

- a) Upon formation of a new limited liability company, several taxes and duties become payable:
 - Capital transfer tax of 1 % of the paid in capital
 - Registration fees and fees for the publication of the registration amounting to € 500,00 (depending on certain details)
 - Fees for the notary public of approximately € 700,00 to € 1.000,00 (higher fees might accrue depending on the companies capital and the number of shareholders and managers)
- b) The profit of a GmbH is subject to corporate tax of 25 % of the company's revenues. Dividend payouts are subject to capital yield tax of another 25 %. Double tax agreements have also to be taken into account.

4. Other Legal Aspects

Depending on the type of the company's business, either a simple notification or an appli-

cation for a license have to be filed with the competent trade supervisory authority. Moreover, in most cases a member of the staff has to be appointed commercial manager (Gewerberechtlicher Geschäftsführer).

In case the GmbH is to employ persons who are not EU-citizens, permits for residence and work would have to be obtained.

We can assist the shareholders and the GmbH in all matters of commercial and labour law. However, the company needs a regular tax consultant for bookkeeping and preparation of the annual statements.

5. Legal Fees

In addition to the costs mentioned in point 3. the legal fee for our standard services required for the formation of a GmbH is €2.500,00. This lump sum covers the draft of all documents listed in point 2 and the submission with the Register of Companies.

Regarding the articles of association the standard fee covers one standard draft and one meeting. Additional legal services will be charged on the basis of hourly rates of €260,00 for partners and €200,00 for associates. The fees for services rendered for an Austrian GmbH are subject to 20 % VAT. Supplementary the „Allgemeine Auftragsbedingungen für Rechtsanwälte“ (General Terms of Assignment of Austrian lawyers) will be applied.