



# **Investments and Company Formation in Germany: Corporate Law, Labor Law & Cooperation**

**Friday, 13.06.2025**

**Kai Scholz, LL.B.  
Partner / Rechtsanwalt**





# What You'll Gain Today

- **Who Should Invest in Germany and Why?**  
Discover how foreign investors, especially from emerging markets, benefit from Germany's political stability, infrastructure, and global connectivity.
- **Key Business Structures: What Fits Your Strategy**  
From solo entrepreneurs to corporations – choose the legal form that aligns with your goals.
- **How to Set Up Your Company – Step-by-Step**  
A walk-through of the company formation process, with key checkpoints and red flags to avoid.
- **Navigating Labor Law: Protecting Both Sides**  
Germany balances employer needs and strong employee protections – we'll decode the rules for you.
- **Partnering for Growth: Joint Ventures & Cooperation**  
Learn why alliances are often the fastest, safest route into the market.
- **Ask the Expert: Live Q&A Session**  
Ask your questions live – from tax IDs to real-estate or HR issues.

# Oracle Law Global – At a Glance

## About

- Leading international law firm
- Tailored legal solutions grounded in deep commercial understanding
- Mission: Help clients manage risk & achieve strategic/financial goals

## Global Presence

- Offices in: Frankfurt, Naples, Milan, London, Belfast, Addis Ababa, Poznań, Dublin
- Serving multinational corporations, banks, start-ups, public bodies & individuals

## Established Expertise

- Founded in 2002 in London – now globally recognized
- Notable strength: Aviation law, Banking & Finance, Energy / Oil & Gas, Corporate / M&A

## Our Values

- Innovation, collaboration, and commercial insight
- Trusted legal partner with a solution-oriented mindset
- Consistent, high-quality service across all client types









## Germany – Your Launchpad to Europe


### Why Germany?

 **Largest economy in Europe, 4th globally**

 **Geostrategic location:** Access to Western & Eastern Europe via road, rail, and ports

 **Stable legal system & transparent regulations**

 **High R&D spending** – ideal for tech, pharma, AI, and green energy sectors

 **Access to the EU Single Market:** Free movement of goods, services, people, and capital

➤ **Example:**  
*Silkway Airlines expanded into Germany to support EU cargo operations and logistics. Strategic positioning near Frankfurt enabled faster customs processing and broader EU reach.*

# Which Company Form is Right for You?

## 1. GmbH (Gesellschaft mit beschränkter Haftung)

💰 Capital: €25,000 (can start with €12,500)

👤 Separate legal entity – shields personal assets

📄 Requires Articles of Association and a managing director

✅ Most common form for SMEs and foreign subsidiaries

## 2. UG (Unternehmergeellschaft)

💰 Capital: €1 minimum

🚀 Fast-track option for startups and freelancers

💼 Must retain 25% of profits annually until converted to GmbH

💻 Ideal for tech, consulting, small-scale trade

📄 **Tip:** For foreign investors, GmbH or UG offer the best combination of credibility and protection.





# Which Company Form is Right for You?

**3. AG  
(Aktiengesellschaft)**

📈 Designed for large-scale enterprises

👤 Requires Supervisory Board & Management Board

📊 Suitable for IPOs and large investor groups

**4. Partnerships  
(OHG, KG, GbR)**

💛 More flexibility but includes personal liability (OHG)

👞 Useful for joint professional practices or family businesses

📄 Tip: For foreign investors, GmbH or UG offer the best combination of credibility and protection.



# How to Start a Company in Germany

## Step-by-Step Overview:

**Register Locally** –  
Apply at the  
*Gewerbeamt* for a  
business license

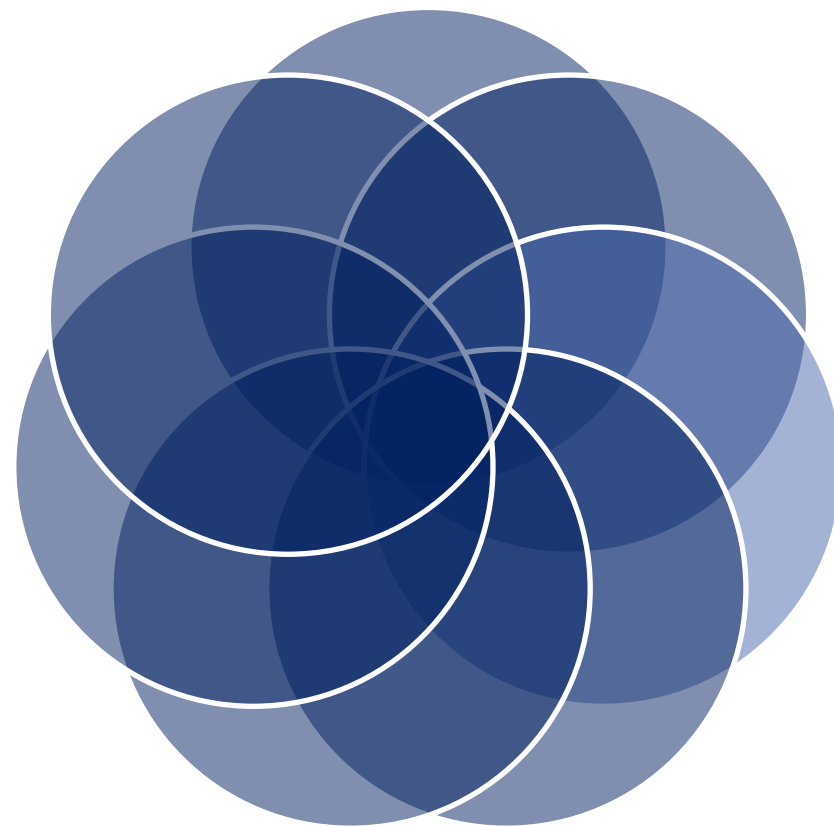
**Get Tax Numbers** –  
Includes VAT ID  
(*USt-IdNr.*), EORI for  
import/export, and  
employer tax IDs

**Register with  
Handelsregister  
(Commercial  
Registry)**

**Open a Bank  
Account** – Deposit  
required share capital

**Plan** – Define your  
business scope,  
choose a legal form,  
and prepare a  
founding document

**Notarize** – The  
Articles of  
Association must be  
notarized in German  
by a notary



💡 **Pro Tip:** Expect delays at the banking stage. German banks perform detailed Know-Your-Customer (KYC) due diligence, especially for foreign shareholders.

📌 **Timeline:** The full process can take 4–8 weeks depending on paperwork and local authorities.



# Legal Essentials You Must Know

## Director's Duty of Care

Fiduciary responsibility  
= personal risk in  
insolvency, fraud, or  
gross negligence cases

## Corporate Governance

GmbH: Shareholders  
make major decisions,  
while directors handle  
operations  
AG: Board oversight is  
stricter

## Transparency Register

Since 2021, *beneficial owners* (over 25%) must  
be disclosed – no  
anonymous holdings

## Compliance Framework

GDPR: Protect  
customer data  
AML Law: KYC, financial  
reporting  
GoBD: Digital  
bookkeeping  
requirements for tax  
audits



# Understanding German Labor Law

## Key Features:

**Written Contracts Required** – No handshake hiring

**Working Hours** – Usually 40 hours/week, but flexible via collective agreements

### Employee Protections:

Paid sick leave (6 weeks), strong parental rights, and holiday minimums (20 days/year)

### Works Councils (Betriebsrat):

Required in companies with >5 employees – must be consulted on almost all major HR decisions

### Unions & Tariffs:

Sector-wide agreements apply automatically in some industries (e.g. metal, logistics)



### Advice:

Use standard employment contract templates and clarify non-compete clauses, probation period, and job scope upfront.

# Hiring Smart, Terminating Right



## What to Know:

Documentation is Key – Lack of proof leads to reinstatement by labor courts

Probation Period: Standard 6 months, easier termination during this time

Redundancy Procedures: Must follow Sozialauswahl – social selection criteria (e.g. age, tenure, family status)

Notice Periods: 4 weeks during early employment Up to 7 months after 20 years

Grounds for Dismissal: Must be justified (behavioral, personal, or operational reasons)

### 💡 Case:

A Baku-based digital services company terminated an employee without notice justification. The labor court forced reinstatement + back pay. A simple written warning process could have prevented this.



# Practical Legal Lessons from the Field

Corporate  
Form  
Matters

Choosing  
GmbH  
with  
proper  
document  
ation  
prevents  
rejection  
and delays

Regulatory  
Gaps  
Cause  
Business  
Risks

Customs/  
VAT  
issues can  
freeze  
shipments

Local  
Expertise  
Pays Off

Language,  
HR law,  
and complianc  
e handled  
faster with  
German  
consultant  
s



# Winning Through Strategic Partnerships



## *Cultural Insight:*

German partners appreciate clear roles, risk-sharing, and written documentation. Verbal understandings are not enforceable.

### Entering via Partnership:

**Joint Ventures –**  
Share costs, market access, and compliance obligations

**Contractual JVs –**  
No new legal entity; easier entry, but weaker control

**Equity-Based JVs –**  
Create a GmbH or AG with equity sharing

**Due Diligence –**  
Check your partner's credit, compliance, and past litigation

**IP Protection – Use NDAs, trademarks, and tech transfer contracts from day one**

**Dispute Resolution Clauses:**  
Arbitration preferred for international partners – specify language, venue, and law



# Real-Life Market Insights: Local Setup, HR, and Compliance

## Why Establish a Local Representation Office

Builds credibility with clients and public institutions

Simplifies registration for tax and VAT numbers

Eases coordination with banks, suppliers, and regulators

## Dealing with HR and Payroll Requirements

Payroll setup requires knowledge of German social security regulations

Many companies outsource to local payroll service providers to avoid legal pitfalls

Digital platforms help automate filings, tax submissions, and compliance



# Communication & Cultural Understanding

- **Business Culture**

- German directness vs. Chinese relationship-building; both value trust and reliability.

- **Negotiation Styles**

- Germans prefer detailed planning and contracts; Chinese emphasize flexibility.

- **Perceptions**

- Growing recognition of shared goals; room for improved cultural literacy.





## Let's Connect!

### Q&A:

We'll now take your questions – from legal setup to labor conflicts to local partners.

 *Thank you!* – We look forward to helping you build your bridge to Germany

### Contact:

 [scholz.k@oracle-ra.de](mailto:scholz.k@oracle-ra.de)

 **17676718183**

 **ORACLE**  
LAW • GLOBAL