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BUSINESS CENTER REUTLINGEN

A BUSINESS CENTER REUTLINGEN GUIDE

Setting Up a German GmbH from India

A practical, step-by-step guide for Indian entrepreneurs and corporate groups, the statutory sequence, the real bottlenecks, and how to get it right.

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A German limited liability company (**Gesellschaft mit beschränkter Haftung, GmbH**) gives you direct access to the European Single Market, high credibility with EU B2B partners, and ring-fenced operational liability. For Indian business owners and corporate groups, incorporation follows a strict statutory sequence governed by German corporate law (GmbHG), German tax rules (AO) and Reserve Bank of India (RBI) foreign-exchange rules under FEMA.

THE 8 STEPS AT A GLANCE

1 Prepare & Articles	2 Notary	3 Bank & capital	4 Handelsregister
5 Gewerbe registration	6 Finanzamt (tax no.)	7 USt-IdNr.	8 EORI

This guide is for informational and operational-planning purposes only and does not constitute legal or tax advice under the German Legal Services Act (RDG) or Tax Advisory Act (StBerG). The exact procedure depends on ownership structure, residence of the founders, business activity and source of funds. Indian founders should have the investment and remittance structure checked by an Indian Authorised Dealer (AD) bank and, where appropriate, a FEMA/ODI professional.

What's inside

HOW IT ACTUALLY RUNS

The sequence, in plain words

The order is fixed by law. Almost all delay comes from starting in the wrong place, not from any single step being hard.

1. **A registered address in Germany.** The articles name the *Sitz*, the municipality (§ 3(1) no. 1 GmbHG); the full German business address goes into the registration filing (§ 8(4) no. 1 GmbHG). In practice you need it from the start, because the notary prepares the filing at the same appointment.
2. **The articles.** Either the statutory Musterprotokoll or articles drafted for your case, plus the name check with the chamber.
3. **The notary appointment, booked in Germany.** Every shareholder and every managing director attends in person, or is represented by a power of attorney. That power of attorney is either notarially certified, or signed at a German embassy or consulate. The statute expressly contemplates the consular route: under § 8(3) GmbHG the required instruction may be given by a foreign notary or by a consular officer.
4. **The business bank account.** Open it and pay the share capital in. The managing directors then declare in the filing that the money is at their free disposal (§ 8(2) GmbHG); the notary needs the bank confirmation to prepare that declaration, and the court may ask for payment slips if it has serious doubts. Getting the confirmation back to the notary is the step people forget.
5. **The notary files with the Amtsgericht.** The registration number exists only after the court has entered the company.
6. **Gewerbeanmeldung** at the municipality where the company sits.
7. **Fragebogen zur steuerlichen Erfassung** to the Finanzamt, which produces the tax number.
8. **Transparenzregister.** The beneficial owners. Since 2021 every GmbH has to file; the old exemption is gone, and this is the step most often missed.

Then, only if they apply to you: a **USt-IdNr.** if you trade within the EU, and an **EORI number** if you import or export outside the EU. EORI is free but takes three to four weeks, so apply early.

TWO CASES, ONE SEQUENCE

Founding as a private individual: your passport is essentially the whole file.

Founding a subsidiary, with an Indian company as shareholder: the sequence is identical, the paperwork is not. The notary and the register court have to see that the parent exists and who may sign for it. Details in the checklist on the next page.

BEFORE YOU START

Document checklist

Start the left column on day one. It runs on its own schedule and is the usual reason a formation slips.

EVERY FORMATION

- Passport of every shareholder and every managing director
- Proof of residential address, certified translation if not bilingual
- Company name, registered office, corporate object, share capital, shareholding split
- Registered address in Germany, ladungsfähig
- Power of attorney, if anyone cannot attend the notary in person: notarially certified, or signed at a German embassy or consulate under § 10(2) KonsG

ADDITIONALLY, IF THE SHAREHOLDER IS AN INDIAN COMPANY

- **Current** extract from the Indian register (MCA). Current matters: an extract several months old is regularly refused
- Certificate of Incorporation
- Constitutional documents, MoA and AoA
- Resolution of the board or the shareholders authorising the investment and appointing whoever signs
- All of it apostilled through the Ministry of External Affairs and translated by a sworn translator
- The originals travel by courier. A German register court works from paper, not scans

On the Indian side, in parallel: the AD Category-I bank, the ownership and source-of-funds evidence, and the remittance route (LRS for individuals, ODI for a corporate investor). The capital itself moves after the notary appointment, not before.

STRUCTURE

Who can found it, and who is allowed to sign

ONE PERSON IS ENOUGH, AND SO ARE TEN

A GmbH may be founded **by one or more persons** (§ 1 GmbHG). A one-person GmbH is entirely normal: a single shareholder provides the share capital, holds all the shares, and can be the managing director at the same time. The capital rule does not change for a sole founder: a quarter of each share, and at least €12,500 in total before the filing (§ 7(2) GmbHG). There is no upper limit on shareholders either, and a company may have several managing directors (§ 6(1) GmbHG).

THE MANAGING DIRECTOR DOES NOT HAVE TO LIVE IN GERMANY

A managing director must be a natural person with full legal capacity, and certain convictions disqualify (§ 6(2) GmbHG). What the statute does **not** require is residence in Germany or a residence permit.

Where it can still bite. The question returns later, at the tax office rather than at the register court. When the Finanzamt issues the tax number it looks at where the company is actually managed from. A company whose only managing director sits in India, with nobody deciding anything here, invites exactly that question. It is answerable, and the chapter on the substance barrier sets out how, but it is easier to answer if it was considered at the start.

PROKURA: SOMEONE HERE WHO CAN SIGN

Independently of who owns the company and who manages it, a GmbH can appoint a **Prokurist**, a commercial representative entered in the commercial register. A Prokura authorises all judicial and extrajudicial transactions that the operation of a commercial business entails (§ 49(1) HGB); selling or encumbering real property requires separate authority (§ 49(2) HGB).

In practice this removes a recurring nuisance: contracts and documents can be signed in Germany instead of travelling to India and back by courier every time.

The limit is tax. Under § 34(1) AO the legal representatives, meaning the managing directors, have to fulfil the company's tax obligations. A Prokurist cannot take that over, so tax filings still need the managing director's signature.

1 Preparation & Articles of Association

This stage defines the structural blueprint: company name, registered office (*Sitz*), corporate object (*Unternehmensgegenstand*), share capital (*Stammkapital*), shareholder quotas and managing directors (*Geschäftsführer*). A well-drafted corporate object prevents delays at the Chamber of Commerce (IHK) and the local court (Amtsgericht).

STEP-BY-STEP

1. **Determine the corporate structure:** standardized statutory template (*Musterprotokoll*, max. 3 shareholders / 1 managing director) or tailored Articles of Association (*Maßgeschneiderter Gesellschaftsvertrag*).
2. **Recommended:** obtain a preliminary name assessment (*Vorabprüfung*) from the competent IHK for the proposed name and business object before the notary appointment (advisable, not a mandatory legal step). Note: the IHK assessment is only an indication and does **not** replace a company-name or trademark search, carry out separate name and trademark clearance.
3. **Appoint managing director(s):** at least one natural person legally fit to manage (no disqualifying convictions for fraud/insolvency offences under § 6 GmbHG).
4. **Secure a registered address:** a real, summonable business address (*ladungsfähige Geschäftsanschrift*).
5. **Draft founding documentation** with a German civil-law notary: deed of incorporation (*Gründungsurkunde*), articles, list of shareholders (*Gesellschafterliste*), director-appointment resolution.

DOCUMENTS REQUIRED

- Passports of all ultimate beneficial owners (UBOs) and managing directors
- proof of residential address (certified translation if not bilingual). **For Indian corporate shareholders (as required by the notary):** Certificate of Incorporation, constitutional documents (MoA/AoA), a current MCA/company extract and corporate authorisation (board resolution appointing an attorney-in-fact). Additional evidence of good standing or current status may be requested.

REALISTIC TIMELINE

1–3 weeks, largely driven by IHK checks and document compilation in India.

COMMON PITFALLS

- **Vague corporate object:** generic wording like “import/export of all kinds of goods” triggers objections from the registry judge or IHK.
- **Name rejected by the registry court:** the Amtsgericht (Handelsregister) can refuse a company name that is too generic/non-distinctive or too similar to an existing firm at the same registered seat (firm distinctiveness under § 30 HGB), check availability and distinctiveness before the notary appointment.
- **Licensable activities** (*erlaubnispflichtige Tätigkeiten*): inadvertently including regulated activities (financial brokerage, certain logistics, temporary staff leasing) halts incorporation until pre-clearance is obtained.

INSIDER TIPS

- Use **custom Articles** if there are multiple shareholders or future investors, the Musterprotokoll forbids customized non-compete, succession or transfer-restriction clauses.
- Specify concrete product lines in the object, e.g. “Import, distribution and wholesale of industrial textile machinery, leather goods and related technical consulting”.

ESPECIALLY FOR INDIAN FOUNDERS

- **Shareholder type:** decide early: Indian individual (LRS/ODI) or Indian corporate entity (Overseas Direct Investment, ODI rules).
- **Cross-border authorization:** if founders can’t travel, the German notary drafts a bilingual German/English power of attorney (*Gründungsvollmacht*) to be executed in India.

2 Notarial Deed of Incorporation (Beurkundung)

A GmbH comes into preliminary legal existence (**GmbH in Gründung, GmbH i.Gr.**) only once formation is notarized by a German civil-law notary, in person in Germany, or remotely via an attorney-in-fact acting under an apostilled power of attorney.

STEP-BY-STEP

1. Schedule the notary appointment.
2. **Execution in India (if remote):** as specified by the German notary, sign the power of attorney (*Vollmacht*), and, where requested, a specimen signature (*Musterzeichnung*), either **at a German embassy or consulate in India**, where a consular officer certifies the signature (under § 10 (2) KonsG this has the same standing as a German notary's, and **no apostille is needed**), or before an Indian Notary Public followed by an **Apostille** from the Ministry of External Affairs. The consular route is usually the faster one. Note that a certified signature suffices for a revocable power of attorney; an irrevocable or general power requires notarisation, and the German notary specifies which form is needed.
3. **Execution of the deed:** the notary reads out the deed in Germany; the founder (or attorney-in-fact with the apostilled PoA) signs the founding protocol.
4. **GmbH i.Gr. created.** The notarised formation normally provides the basis for opening a bank account for the GmbH i.G.; the bank remains free to run its own KYC/AML assessment and may decline the relationship.

DOCUMENTS REQUIRED

The German notary will specify the required form of the power of attorney, identification documents, signatures and authentication. Typical requirements may include:

- apostilled power of attorney and notarial identification protocol (if remote)
- Indian corporate documents: certified MCA extracts / Certificate of Incorporation with sworn German translation (*beeidigter Übersetzer*)
- valid passports of all attendees/representatives.

REALISTIC TIMELINE

In person in Germany: 1 day (the appointment itself ~1 hour). Remote via India: 2–5 weeks (Indian notarization, MEA apostille, courier transit, German translations).

COMMON PITFALLS

- **Incorrect Indian notarization:** a simple attestation without complete notary seal, registration number and the MEA apostille is rejected by the German registry judge.
- **Acting ahead of registration:** high-risk contracts during the GmbH i.Gr. phase can trigger personal, unlimited liability (*Handelndenhaftung*) until HRB registration is final.

INSIDER TIP

German online notarization via the Federal Chamber of Notaries (*Bundesnotarkammer*) video system is legally possible for cash formations, but generally requires an EU eID or electronic residence title. For founders who cannot meet the identification requirements of the available online procedure, an appropriately authenticated power-of-attorney route may be the practical alternative, the German notary should determine the appropriate route.

MEA APOSTILLE WORKFLOW

The document is first attested at state level (Home Department / SDM), then submitted to the MEA (e-Sanad portal or authorised agencies such as VFS/BLS) for the **apostille**. Allow roughly **1–2 weeks** for the MEA stage, plus any state-level pre-authentication and courier time; actual times vary by document and issuing authority.

3 Corporate Bank Account & Share-Capital Injection

Opening a corporate account for a GmbH i.Gr. with non-resident Indian directors/shareholders is often one of the most significant logistical bottlenecks for non-resident founders. Once open, the statutory share capital is wired directly from the designated shareholder account(s).

STEP-BY-STEP

1. **Bank selection:** a traditional German bank (Sparkasse, Commerzbank, Deutsche Bank, Volksbank) or a licensed FinTech/EMI with German IBAN issuance.
2. **KYC / AML review,** including identification of beneficial owners based on ownership or other means of control. A holding of more than 25% is an important threshold, but not the only basis for determining beneficial ownership.
3. **Account activation:** provisional IBAN in the name "[Company] GmbH i.Gr.".
4. **Capital remittance:** wire the statutory capital from the shareholder's own account. The statutory share capital is **€25,000**; for a cash formation the company may generally be registered once at least 25% of each shareholder's contribution has been paid and at least **€12,500** in total is credited and at the company's free disposal. Use a clear payment reference such as "Stammeinlage auf Geschäftsanteile – [shareholder name]" so the notary and register can unambiguously attribute the contribution and rule out a hidden contribution in kind.
5. **Managing-director confirmation:** obtain a bank statement showing the credit and execute the director's statement that the capital is at the unrestricted disposal of management (*freie Verfügung der Geschäftsführung*).

DOCUMENTS REQUIRED

- Notarized deed & articles
- list of shareholders
- certified passports and address proofs of all UBOs/directors
- corporate structure chart down to natural persons
- source-of-funds documentation (*Mittelherkunftsnachweis*).

REALISTIC TIMELINE

2–8 weeks. FinTech accounts often 1–2 weeks; traditional branch banks 4–8 weeks for non-resident KYC. Some banks may decline entirely.

COMMON PITFALLS

- **Payment via third parties:** the safest and normally expected approach is for each shareholder to fund its own contribution from an account in its own name. Third-party payments can create serious legal, banking and evidence problems and should not be used without prior confirmation from the notary and bank.
- **Deduction of transfer charges:** if the required amount is wired "SHA" and less arrives due to correspondent-bank deductions, the requirement may not be met, the amount required for registration must actually be credited to the account and be freely available to management; bank charges must not reduce the amount to be contributed.

INSIDER TIP

Use **"OUR" charges** where available and instruct the remitting bank to ensure the **full required contribution actually reaches** the GmbH account, build in an appropriate buffer if needed. What matters legally is the amount that *arrives*, not the amount sent.

RBI / FEMA COMPLIANCE

FEMA classification depends on the investor and the nature of the investment. Do not assume every payment by an Indian founder is an LRS payment, or that every overseas investment follows the same ODI route. Your designated AD-I bank should confirm the applicable classification, reporting forms, UIN requirements and remittance procedure before any funds are transferred. LRS should not be treated as a universal shortcut for funding a German GmbH, the applicable route depends on the investor's status, the nature of the overseas investment and the ODI/OPI rules.

- **Indian individuals:** may fall under different FEMA routes, including LRS and the applicable ODI/OPI framework depending on the nature of the investment; routed via an Authorised Dealer Category-I (AD-I) bank.
- **Indian corporate entities:** generally under the Foreign Exchange Management (Overseas Investment) Rules, 2022, this can involve **Form FC** and a **UIN** before transferring equity capital; confirm the exact forms and limits with the AD-I bank.
- **Non-resident KYC friction:** German branch banks often refuse accounts if no director has a German residential registration (*Meldebescheinigung*), work with international-friendly institutions or specialized partners.

4 Commercial Register & Transparency Register

The notary submits the electronic registration to the competent local court (Amtsgericht). On approval, the company is entered in Section B of the Commercial Register (**Handelsregister Abteilung B: HRB**). In parallel, filing beneficial owners with the **Transparenzregister** is mandatory.

STEP-BY-STEP

1. Send the bank deposit receipt (*Einzahlungsbeleg*) to the notary.
2. The notary compiles the application (*Handelsregisteranmeldung*) and submits the digitally signed package via the secure judicial network (EGVP).
3. The registry judge reviews and issues the commercial-register excerpt (*Handelsregisterauszug: HRB*).

4. Identify and register all beneficial owners based on ownership **or other means of control** on transparenzregister.de. A holding of more than 25% is an important threshold, but beneficial ownership is **not** determined solely by percentage, the full ownership/control chain up to the natural persons must be shown, and if none can be identified, the legal representatives may be treated as fictitious beneficial owners.

DOCUMENTS REQUIRED

- Notarized application for entry
- bank deposit slip
- list of shareholders
- articles
- UBO data for the Transparency Register.

REALISTIC TIMELINE

1–3 weeks from notary submission to issuance of the HRB excerpt; Transparency Register quicker once data is ready.

COMMON PITFALLS

- **Fake invoices / scam letters:** days after registration, founders receive fraudulent payment requests dressed up as official court letters ("Gewerbe-Register", "Zentrales Register"). Only invoices directly from the regional Amtsgericht (*Landeskasse*) are legitimate.
- **Omitting the Transparency Register** leads to fine proceedings (*Bußgeldverfahren*) by the Federal Office of Justice.

INSIDER TIP

Monitor handelsregister.de directly. Once the HRB number is assigned, download the official current extract (*Aktueller Abdruck: AD*) immediately, it's required for every subsequent registration.

ESPECIALLY FOR INDIAN FOUNDERS

Give the notary a clear ownership-chain map if the UBO is an Indian parent company, including Indian DIN (Director Identification Numbers) and PAN/CIN for seamless KYC alignment.

5 Trade Registration: Gewerbeanmeldung

A business operating a trade or commercial activity in Germany generally has to notify the competent local trade office (**Gewerbeamt / Ordnungsamt**) under § 14 GewO, subject to the applicable exceptions. Note: a Gewerbeanmeldung is a registration/notification, not a general operating licence.

STEP-BY-STEP

1. Identify the competent municipal Gewerbeamt.
2. Submit the statutory form (**Gewerbeanmeldung GewA1**), online in most states or by appointment.
3. On registration, the office automatically notifies the tax office (Finanzamt), statutory accident insurance (*Berufsgenossenschaft*), the IHK and the statistical office.
4. Receive the Gewerbeanmeldung confirmation (*Gewerbeschein*).

DOCUMENTS REQUIRED

- Certified HRB extract
- stamped articles
- ID/passport of managing director(s)
- proof of the registered office address
- for regulated activities: the relevant permit.

REALISTIC TIMELINE

3–10 working days, depending on whether the municipality offers instant online processing or counter clearance.

COMMON PITFALLS

- **Premature registration** before the HRB entry is complete leads to rejection or incorrect registration as a sole proprietorship/partnership.
- **Non-compliant address** where the company can't receive physical inspections triggers municipal inquiries.

INSIDER TIP

Keep the stamped Gewerbeschein handy, suppliers, customs agents and utilities routinely request it alongside the HRB excerpt.

ESPECIALLY FOR INDIAN FOUNDERS

If the managing director resides in India, the trade office may ask who represents the company on the ground in Germany. For online submission many offices require a **BundID account or an ELSTER organisation certificate**; where the director has no EU residence, BCR or an authorised representative can file the Gewerbeanmeldung on site by power of attorney.

6 Corporate Tax Registration: ELSTER

To bill clients and hire staff, the GmbH needs a general tax number (**Steuernummer**) from the local Finanzamt, obtained via the electronic questionnaire (*Fragebogen zur steuerlichen Erfassung*), generally submitted through the federal **ELSTER** portal; statutory exceptions may apply in individual cases.

STEP-BY-STEP

1. The questionnaire can be submitted by the company or, where authorised, by its tax adviser (*Steuerberater*) via ELSTER.
2. Complete the corporate questionnaire: company details & banking; projected revenue (*Umsatzprognose*) and profit (*Gewinnprognose*); corporate-tax and trade-tax prepayment assessment; choice of standard VAT taxation (*Regelbesteuerung*) vs. small-business exemption (*Kleinunternehmerregelung*, usually not advisable for corporate trade).
3. The tax office evaluates economic substance and issues the Steuernummer.

DOCUMENTS REQUIRED

- HRB extract
- articles
- Gewerbeanmeldung
- proof of the registered office
- opening balance sheet (*Eröffnungsbilanz*, prepared by a tax advisor)
- business-plan summary / draft contracts proving genuine trade intentions.

REALISTIC TIMELINE

3–8 weeks, the primary administrative bottleneck of the operational setup.

COMMON PITFALLS

- **Overly optimistic year-1 profit projections** prompt aggressive quarterly corporate-tax prepayments (*Vorauszahlungsbescheide*), draining early cash flow.
- **Incomplete economic-substance details** cause multi-week validation stops by tax auditors.

INSIDER TIP

Use **realistic, supportable** revenue and profit projections. Unrealistically high projections can lead to unnecessarily high advance payments, while projections that are not credible can trigger questions from the Finanzamt.

ESPECIALLY FOR INDIAN FOUNDERS

Where shareholders and directors are based in India, document the actual management arrangements carefully. A German GmbH is generally already subject to German corporation tax by virtue of its legal form; separately, the **place of effective management** (*Ort der tatsächlichen Geschäftsleitung*) can become relevant for German tax rules, the India–Germany tax treaty (DTAA), residence questions and potential permanent-establishment issues. Professional tax advice is recommended for cross-border management structures.

7 EU VAT Identification Number: USt-IdNr.

The VAT identification number (**USt-IdNr.**, prefix "DE") is issued by the Federal Central Tax Office (**BZSt**). It is particularly important for intra-EU supplies, acquisitions and other EU VAT transactions, and is separate from the local Steuernummer. The exact application route and prerequisites should be confirmed with the Finanzamt/BZSt for the particular company.

STEP-BY-STEP

1. **Integrated application:** tick the EU VAT-ID box within the ELSTER tax-registration questionnaire.
2. **Direct BZSt request (alternative):** if omitted, apply on the BZSt portal once the local Steuernummer is granted.
3. The BZSt validates and sends the confirmation (*Vergabebescheid*) by physical post to the registered office.

DOCUMENTS REQUIRED

- Assigned German Steuernummer
- commercial-register details.

REALISTIC TIMELINE

1–3 weeks after the local Steuernummer is assigned.

COMMON PITFALLS

- **Timing vs. the Steuernummer:** in practice the USt-IdNr. is usually requested together with, or after, the tax registration, confirm the correct route for your case with the Finanzamt/BZSt.
- **Delivery to the registered address:** official confirmation is typically sent by post to the registered office. Ensure the address can reliably receive official correspondence, delayed or returned post can delay the process or require additional clarification.

INSIDER TIP

Cross-check the issued USt-IdNr. on the European Commission's **VIES (MIAS)** database so EU B2B clients can validate it in real time.

ESPECIALLY FOR INDIAN FOUNDERS

Marketplace sellers (Amazon Germany, Zalando and similar) should clarify the VAT-registration and platform-verification requirements applicable to their specific selling and fulfilment model (incl. FBA) before launching.

DON'T CONFUSE THESE NUMBERS

NUMBER	WHAT IT'S FOR
HRB	Commercial Register entry number
Steuernummer	German tax administration (Finanzamt)
USt-IdNr.	EU VAT transactions
EORI	Customs (import / export)
W-IdNr.	Wirtschafts-Identifikationsnummer, a company-wide business identifier for tax administration, being rolled out in stages (first-time allocation intended to complete in 2026). It does **not** replace the USt-IdNr., and during the transition the use of the Steuernummer continues to be accepted where applicable.

Source: BZSt.

8 EORI Number: Customs (Zoll)

An **EORI** (Economic Operators Registration and Identification) number is mandatory for importing/exporting physical goods across the EU customs border. It is administered centrally by the German customs master-data team (*Generalzolldirektion / Stammdatenmanagement*, Dresden).

STEP-BY-STEP

1. Log into the German Customs Citizen & Business Portal (zoll.de).
2. Apply via the German Customs Portal or, where applicable, using the official EORI application form (Form 0870a / 0870c).
3. Have your HRB/company details and customs-relevant master data ready; customs assigns the German EORI (DE + number).

DOCUMENTS REQUIRED

- Commercial-register excerpt (HRB)
- company tax details (e.g. Steuernummer / USt-IdNr., where applicable)
- proof of German business registration.

REALISTIC TIMELINE

Allow sufficient time before the first customs operation; processing times can vary.

COMMON PITFALL

Shipping before the EORI is active: cargo leaving India (Nhava Sheva, Chennai…) for EU ports (Hamburg, Rotterdam) before the German EORI is live causes customs holds and expensive demurrage/port-storage.

BEFORE YOUR FIRST SHIPMENT, DECIDE

- Who is the **importer of record**?
- Which company **owns the goods** in transit? (Incoterm)
- Who **pays import VAT**?
- Who **files the customs declaration** / which broker?
- Does the German GmbH already have its **EORI**?

Apply for the EORI **before** the first customs operation, whenever the German GmbH will act as the relevant customs operator. Customs representatives and logistics providers may require the EORI as part of the customs setup.

ESPECIALLY FOR INDIAN FOUNDERS

Align the Indian exporter's IEC (Importer-Exporter Code) on Indian shipping documents (Bill of Lading, commercial invoice) with the recipient German GmbH's EORI for smooth cross-border clearance.

FEMA / ODI: How Will the GmbH Be Funded?

The Indian side is a **decision**, not a formality. The applicable route depends on **who** invests and the **nature** of the investment, not on the amount alone.

A · RESIDENT INDIVIDUAL

- Check LRS eligibility
- Check ODI / OPI rules
- Route via designated AD-I bank
- UIN / reporting where applicable
- → Remittance

B · INDIAN COMPANY

- ODI framework (OI Rules 2022)
- Board / corporate approvals
- Designated AD-I bank
- Form FC / UIN / reporting
- → Remittance

C · NRI / OTHER INVESTOR

- Different FEMA treatment may apply
- Obtain case-specific confirmation
- Route via AD-I bank
- → Remittance

DO NOT CLASSIFY IT YOURSELF

Do not classify the transaction solely on the basis of the amount being transferred. The applicable FEMA route depends on the investor, the ownership structure and the nature of the overseas investment, have your AD-I bank confirm the classification, forms and reporting **before** any funds move.

Source: RBI (FEMA / Overseas Investment Rules 2022).

Two Things Rarely Disclosed

1. THE SUBSTANCE BARRIER, TAX-NUMBER DELAYS BY THE FINANZAMT

For an internationally structured start-up, the Finanzamt may request additional information where the proposed business activity, management arrangements or economic circumstances are unclear, and may issue a further questionnaire on actual management (*Fragebogen zur tatsächlichen Geschäftsführung*). This is part of the tax office establishing the company's circumstances, not a special "foreign-founder" rule.

ACTIONABLE COUNTERMEASURES

- **Tangible pipeline:** signed Letters of Intent (LOIs), distributor agreements or draft supplier contracts with EU partners.
- **Local accounting representation:** an established German tax-advisory firm with power of attorney.
- **Clear infrastructure:** contracts for business space, IT and logistics/storage.

2. THE CAPITAL-REMITTANCE PIPELINE: FEMA / LRS / ODI BOTTLENECKS

Transferring share capital from India is subject to strict RBI controls:

- **Resident individuals:** LRS may provide the remittance facility, subject to the applicable ODI/OPI framework and eligibility requirements. The **USD 250,000** LRS limit does not by itself determine whether an overseas equity investment is permitted. Confirm the applicable route and reporting requirements with the designated AD-I bank, which will typically require the finalized, notarized German deed before approving the wire.
- **Corporate entity (ODI):** the Indian company typically obtains a **UIN** from the RBI via its AD bank (e.g. by filing **Form FC**); audited financials, board resolutions and the applicable net-worth/limit conditions are verified before capital release. The precise forms and limits depend on the transaction, confirm with the AD-I bank.
- **Timing:** expect the Indian AD-bank review to take 1–3 weeks after German notarization, ensure the notary grants a realistic statutory period for the capital deposit.

PROFESSIONAL RULE

Get the Indian AD bank involved **before** the German notary appointment if the capital originates in India, this prevents the common trap of a notarized GmbH stalled because the FEMA structure wasn't prepared.

Ongoing Compliance & Statutory Obligations

A German GmbH faces strict, continuous compliance from day one:

MONTHLY / QUARTERLY

- VAT returns (USt-VA)
- Payroll tax (LSt)
- Bookkeeping (GoBD)

ANNUAL TAXES

- Corporate tax (KSt)
- Trade tax (GewSt)
- Solidarity surcharge

ANNUAL REPORTING

- Financial statements
- Disclosure via Unternehmensregister
- Transparency updates (on change)

- **Advance VAT returns (USt-VA):** filed via ELSTER; the frequency depends on the VAT amount, and newly founded companies are generally on monthly advance returns initially, subject to the statutory rules (§ 18 UStG). Late filing can trigger penalties (*Verspätungszuschlag*).
- **Proper bookkeeping (GoBD):** records kept per German commercial principles (HGB); invoices must meet § 14 UStG requirements.
- **Corporate income tax (Körperschaftsteuer):** flat 15% plus solidarity surcharge (5.5% on the KSt), i.e. an effective ~15.825%.
- **Trade tax (Gewerbesteuer):** base rate 3.5% × the municipal multiplier (*Hebesatz*, which varies by municipality). A combined German corporate income-tax, solidarity-surcharge and trade-tax burden of around 30% is a useful planning benchmark, but the actual rate depends on the local trade-tax multiplier and the company's circumstances.
- **Annual financial statements (Jahresabschluss):** compiled and electronically published/deposited via the Unternehmensregister / Bundesanzeiger. Non-compliance leads to automatic administrative fines from the Federal Office of Justice (BfJ).

For an India–Germany structure, have the tax adviser review transfer pricing, withholding tax, permanent-establishment questions and related-party transactions.

Registered Business Address: Why It Matters

An appropriate German address is critical for bank onboarding and tax registration:

- **A Postfach alone is not sufficient** as the registered domestic business address. German law (§ 8 GmbHG) requires an *inländische Geschäftsanschrift* at which official correspondence and service of documents can be handled.
- **Finanzamt / bank scrutiny:** a very low-cost virtual mailbox or unsuitable address can create additional questions during bank KYC or tax registration, particularly where the operating model and management arrangements are unclear. The address should be genuinely usable for official correspondence and legal service and fit the company's actual operating model.
- **Physical letterbox labelling:** the company should have a clearly labelled mailbox (*Briefkastenbeschriftung*) and reliable arrangements for receiving judicial, tax and other official correspondence.

> **INSIDER RULE**
>
> For a foreign-owned GmbH, treat the address as part of the company's **KYC and substance infrastructure**, not merely a line in the Impressum, a real, legally usable address with reliable receipt/forwarding of official mail.

Timeline & Pre-Launch Checklist

PHASE	TYPICAL PLANNING RANGE
Structure + name + object	1–3 weeks
Indian documents / apostille (MEA)	~1–2 weeks + state pre-auth & courier
Notarial formation	1 day once ready
Bank onboarding + capital injection	2–8 weeks
Commercial Register (HRB)	1–3 weeks
Gewerbeanmeldung	3–10 working days
Tax number (Finanzamt / ELSTER)	3–8 weeks
USt-IdNr.	1–3 weeks
EORI	1–2 weeks

Planning range for a relatively straightforward case: approximately **6–12 weeks**. This is not a guaranteed processing time. Complex ownership, difficult bank KYC, a foreign PoA, FEMA/ODI questions or Finanzamt substance queries can extend it. The notarial act is quick; the full operational setup is not, a guaranteed "7-day formation" for foreign founders is misleading.

FINAL PRE-LAUNCH CHECKLIST

- [ ] Company name confirmed
- [ ] Summonable German address secured
- [ ] Corporate object correctly drafted
- [ ] Shareholders & quotas confirmed
- [ ] Managing director(s) confirmed (§ 6 GmbHG)
- [ ] Articles notarized
- [ ] PoA apostilled (if remote)
- [ ] GmbH i.Gr. bank account opened
- [ ] Statutory capital paid (exact amount)
- [ ] Entered in Handelsregister (HRB)
- [ ] UBOs reported to Transparency Register
- [ ] Gewerbeanmeldung completed
- [ ] ELSTER questionnaire filed
- [ ] Steuernummer received
- [ ] USt-IdNr. received (checked in VIES where relevant)
- [ ] EORI received before shipping
- [ ] FEMA/ODI/LRS position documented
- [ ] Form FC / UIN completed (corporate ODI)
- [ ] AD-bank reporting done
- [ ] Steuerberater appointed
- [ ] Opening balance sheet prepared
- [ ] Import/export responsibility & Incoterms defined
- [ ] Indian IEC aligned with German EORI
- [ ] Source-of-funds & transaction trail retained
- [ ] Business substance documented

10 Mistakes That Delay Indian Founders

1. Apostilling documents before asking the German notary which form is needed.
2. Starting bank KYC too late.
3. Sending capital before the FEMA/ODI classification is confirmed.
4. Using a third-party account for the capital without prior clearance.
5. Choosing a cheap mailbox instead of a proper business address.
6. Describing the business simply as "import/export".
7. Mixing personal and company funds.
8. Assuming the Steuernummer and the USt-IdNr. are the same number.
9. Waiting for the EORI until goods are already in transit.
10. Assuming incorporation means the company is ready to trade.

Where the delays really happen

Most steps are routine. A handful are where foreign-founder projects lose weeks, plan those first.

 High risk of delay

- **Bank KYC** for non-resident directors/shareholders
- **FEMA / ODI** classification & AD-bank approval
- **Indian apostille** (SDM → MEA) & sworn translation
- **Finanzamt** substance queries before the tax number
- **Capital remittance** timing India → Germany

 Usually straightforward

- **Notarial act** itself (quick once documents are ready)
- **Gewerbeanmeldung** (trade registration)
- **Transparency Register** filing
- **USt-IdNr.** once the Steuernummer exists
- **EORI** once company data is ready

What you need before we start

Gather these early, having them ready is the single biggest accelerator of the whole process.

From India

- Passport(s) of UBOs & directors
- Residential address proof
- PAN
- Corporate documents (if an Indian company invests): CoI, MoA/AoA, MCA excerpt, board resolution
- Ownership / control chart (up to natural persons)
- Source-of-funds evidence
- Your AD-I bank contact

For Germany

- Company name (2–3 options)
- Business purpose (concrete)
- German registered/business address
- Shareholders & quotas
- Managing director(s)
- Capital structure & contributions

What it costs, at a glance

We don't quote fixed figures here, because the real cost depends on your structure, the notary's statutory schedule and third-party providers. As orientation, here's **what is free vs. what depends on scope**:

OFFICIAL / STATUTORY

- EORI, free
- USt-IdNr., free
- Tax registration (ELSTER), free
- Commercial Register, statutory court fee applies
- Gewerbeanmeldung, small municipal fee
- Transparency Register, statutory fee applies

PROFESSIONAL

- Notary, statutory schedule (GNotKG), by transaction value
- Certified translation, depends on volume
- Apostille (India), local fee + service/courier
- Tax adviser / opening balance, depends on scope
- Legal advice, depends on complexity

BANKING

- Account opening, provider-dependent
- Monthly account fee, provider-dependent
- International transfer / FX, provider-dependent

Note: the **€25,000 share capital** is not a cost, it becomes your company's own money. For a tailored, all-in quote for your specific setup, talk to us.

AUTHORITY & INFORMATION DIRECTORY

Germany Trade & Invest: FDI guidance (gtai.de) · DIHK / regional IHKs, name clearance & trade consulting (ihk.de) · BMWK start-up portal (existenzgruender.de) · Commercial Register (handelsregister.de) · Federal Central Tax Office: VAT ID (bzst.de) · Federal Customs: EORI (zoll.de) · ELSTER tax portal (elster.de) · Reserve Bank of India: Overseas Investment / FEMA (rbi.org.in) · Ministry of External Affairs, India: Apostille (mea.gov.in).

Important: Forms, procedures, tax rules, RBI/FEMA rules, bank requirements and processing times can change. Verify current requirements with the German notary, the competent authorities, your Indian AD bank and the relevant advisers before transferring funds or signing documents.
