



Legal forms in Austria

Overview

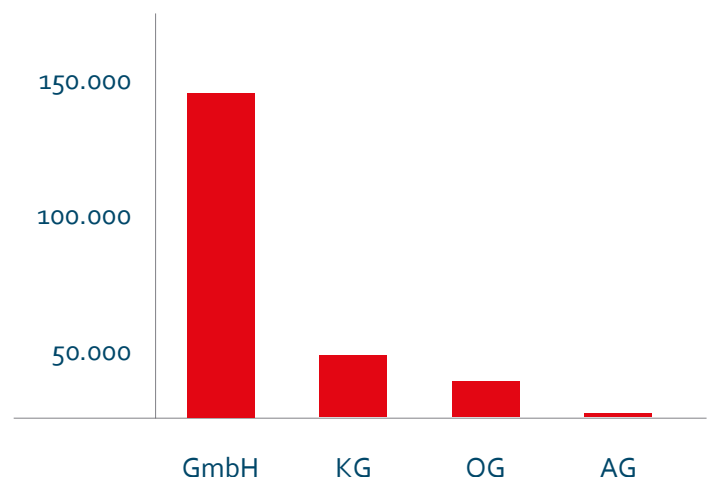
Legal forms in Austria

| | Limited Liability Company (LLC - Gesellschaft mit beschränkter Haftung) | Stock Corporation (SC - Aktiengesellschaft) |
|--|---|--|
| 1. Capital | <ul style="list-style-type: none"> Minimum share capital of EUR 35,000, whereby EUR 17,500 have to be paid in Foundation privilege available for the first ten years of existence: minimum share capital of EUR 10,000, whereby EUR 5,000 have to be paid in | <ul style="list-style-type: none"> Minimum share capital of EUR 70,000, whereby EUR 35,000 have to be paid in |
| 2. Founder(s) | <ul style="list-style-type: none"> 1 shareholder is sufficient Individuals or legal entities could be shareholders | <ul style="list-style-type: none"> 1 shareholder is sufficient Individuals or legal entities could be shareholders |
| 3. Liability of shareholders/partners | <ul style="list-style-type: none"> Liability of the shareholders is limited to their respective share capital contribution | <ul style="list-style-type: none"> Liability of the shareholders is limited to their respective shares |
| 4. Schedule | <ul style="list-style-type: none"> The establishment of a LLC takes 2-4 weeks. | <ul style="list-style-type: none"> The establishment of a SC takes 2-4 weeks. |
| 5. Costs | <ul style="list-style-type: none"> Incorporation fees: EUR 3,000 - EUR 5,000 (lawyer's fees, notary's fees). Costs depend on whether the documents have to be drafted bilingual (e.g. German/English). | <ul style="list-style-type: none"> Incorporation fees: EUR 4,000 - EUR 6,000 (lawyer's fees, notary's fees). |
| 6. Advantages | <ul style="list-style-type: none"> Limited liability of the shareholders Managing directors are bound to the instructions of the shareholder resolution | <ul style="list-style-type: none"> None |
| 7. Disadvantages | <ul style="list-style-type: none"> Minimum share capital of EUR 35,000 The articles of association as well as any share transfer agreement have to be in the form of a notarial deed Exception: If an individual is the sole shareholder and simultaneously acts as managing director, no notarial deed is needed. | <ul style="list-style-type: none"> Minimum share capital of EUR 70,000 Supervisory board mandatory Audit mandatory (cost factor) Executive board is not bound to the instructions of the general meeting |
| 8. Taxes | <p>Profits of the LLC:</p> <ul style="list-style-type: none"> 25% corporate income tax <p>Dividends paid to shareholders:</p> <ul style="list-style-type: none"> Capital gains tax: Generally: 27.5% (for individuals) or 25% (for legal entities) 0% for EU parent company 0% if a respective double taxation agreement is applicable | <ul style="list-style-type: none"> See LLC |
| 9. Commercial law* | <ul style="list-style-type: none"> As soon as the LLC is registered with the Austrian companies registry it could be commercially active under the Austrian trade law; An individual has to be appointed as managing director for trade law purposes. In case of regulated trades, such managing director has to meet the respective qualification requirements. | <ul style="list-style-type: none"> See LLC |

* In general a trade license is required for being commercially active in Austria. An activity is carried out commercially if it is carried out independently, on a regular basis and with the intention of generating profit. The requirements of trade licenses depend on the respective trade category: (i) unregulated trade = may be registered and practiced without any further certificates of qualification if the general requirements are met; (ii) regulated trade = a certain certificate on the required professional and commercial/legal knowledge, skills and experience is required. One could only carry out regulated trades, once the trade authority issued a respective trade license.

| | General Commercial Partnership (GCP - Offene Gesellschaft) | Limited Commercial Partnership (LCP - Kommanditgesellschaft) |
|--|---|---|
| 1. Capital | <ul style="list-style-type: none"> No minimum share capital In practice the partners agree on a foundation capital. | <ul style="list-style-type: none"> No minimum share capital In practice the partners agree on a foundation capital. |
| 2. Founder(s) | <ul style="list-style-type: none"> At least 2 partners Individuals or legal entities could be partners | <ul style="list-style-type: none"> At least 2 partners Individuals or legal entities could be partners |
| 3. Liability of shareholders/partners | <ul style="list-style-type: none"> Unlimited liability of all partners (including private property) | <ul style="list-style-type: none"> General partners: unlimited liability Limited partners: liability limited to contribution |
| 4. Schedule | <ul style="list-style-type: none"> The establishment of a GCP takes 1-2 weeks. | <ul style="list-style-type: none"> The establishment of a LCP takes 1-2 weeks. |
| 5. Costs | <ul style="list-style-type: none"> Incorporation fees: EUR 1,000 - EUR 2,000 (lawyer's fees, no notary fees). | <ul style="list-style-type: none"> Incorporation fees: EUR 1,000 - EUR 2,000 (lawyer's fees, no notary fees). |
| 6. Advantages | <ul style="list-style-type: none"> No minimum share capital No formal requirements Statutes don't have to be publicly disclosed | <ul style="list-style-type: none"> No minimum share capital No formal requirements Statutes don't have to be publicly disclosed Limited liability of the limited partners |
| 7. Disadvantages | <ul style="list-style-type: none"> Unlimited liability of all partners | <ul style="list-style-type: none"> Unlimited liability of general partners |
| 8. Taxes | <p>Profits at the level of the GCP:</p> <ul style="list-style-type: none"> GCP is no subject of taxation, the profit is directly attributed to the partners Taxation of partners with progressive income tax rates up to 55% (for individuals) or flat rate of 25% corporate income tax (for legal entities) <p>Withdrawals by partners:</p> <ul style="list-style-type: none"> No additional tax Profit is fully taxed at partner level in the year in which it arises | <ul style="list-style-type: none"> See OG |
| 9. Commercial law* | <ul style="list-style-type: none"> As soon as the GCP is registered with the Austrian companies registry it could be commercially active under the Austrian trade law; An individual has to be appointed as managing director for trade law purposes. In case of regulated trades, a managing director has to be a partner (no third person) who meets the respective qualification requirements. | <ul style="list-style-type: none"> See OG |

- The LLC is the most common legal form in Austria due to the limited liability of the shareholders.
- The SC is the rarest legal form in Austria due to the costs associated with it. In view cases the establishment of an SC is legally required - e.g. for listed companies, insurance companies.
- Regarding the GCP and LCP, the latter is the most common, because liability is limited, at least for the limited partners.





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