

Full Length Research Paper

An International Comparison and Study of Limited Liability Company Variants Across EU Member States

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Abstract

Limited liability companies (LLCs) offer a crucial framework for businesses, allowing owners to operate with limited financial liability. Within the European Union, various LLC forms reflect each country's unique legal, historical, and economic backgrounds. This paper examines the key differences in legal frameworks, capital requirements, formation processes, and management structures of LLCs across EU member states. Despite several EU directives, such as Directive (EU) 2017/1132, harmonizing certain corporate law aspects, no uniform European LLC exists. The *Societas Europaea* (SE) provides a cross-border corporate form but is often less attractive to small and medium-sized enterprises due to its complexity and costs. Efforts to establish a Europe-wide LLC, like the *Societas Privata Europaea* (SPE) and the *Societas Unius Personae* (SUP), have not succeeded. This article serves as a guide for international lawyers and entrepreneurs deciding on the most suitable EU country for establishing an LLC. It highlights the variations in share capital, formation procedures, notarization, and management requirements, offering insights into the most business-friendly environments within the EU.

Keywords: Limited Liability, European Union, Legal Frameworks, Capital Requirements, *Societas Europaea* (SE), Harmonization.

I. Limited liability companies in Europe

Limited liability companies are very popular in Europe. While the founders of partnerships are also liable with their private assets, the founders of limited liability companies are generally only liable in proportion to their contribution. This limitation of liability reduces the personal risk of the founders and makes the formation of a limited liability company very attractive for this very reason.

Freedom of establishment under 43 EG/49 AEUV guarantees natural and legal persons the right to establish themselves within the EU. It is therefore essential for legal practitioners to have a basic knowledge of the differences between European countries.

This article compares the EU states with regard to the notarial requirements and liability law peculiarities for the formation of limited liability companies. The findings on

formation, bureaucratic effort and minimum share capital to be paid in are intended to show interested founders which EU country is best suited to their individual needs and founding interests.

II. Legal and regulatory framework conditions in Europe

There are several directives in the European Union, such as Directive (EU) 2017/1132, which harmonize certain social aspects. However, there is no uniform European limited liability company. Although the *Societas Europaea* (SE) is a cross-border company form in the field of public limited companies, it is often less attractive for small and medium-sized enterprises due to its complexity and costs. Efforts to establish a pan-European limited liability company, such as the *Societas Privata Europaea* (SPE) and the *Societas Unius Personae* (SUP), have not been successful.

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The national laws of the member states are the primary source of law for limited liability companies. A comparison shows that although there are many similarities, there are also many differences due to the economic situation and the progress of digitalization within the country's authorities.

III. England and Germany as a pioneer and the Situation in the EU

The origins of the limited liability Private Limited Company (Ltd.) can be traced back to the 19th century. The first regulations on limited liability were laid down in the Companies Acts of 1855 and 1856. The Companies Act 1862 further codified these regulations and formed the basis for the rest of the 19th century.² Over the course of history, the Ltd. developed into a flexible and widespread form of company that enabled small and medium-sized companies in particular to establish themselves easily with limited liability risk.

The German limited liability company (GmbH) was introduced in 1892 with the Limited Liability Companies Act and was thus one of the early forms of modern limited liability companies in Europe after the British Ltd. Due to its clear legal framework and suitability for small and medium-sized enterprises, the German GmbH became a model for company law reforms across continental Europe. Many countries found the GmbH to be a useful model due to its adaptability to local legal systems and the strong legal protection it offered to shareholders. Additionally, the higher minimum capital requirement in the German GmbH provided a more substantial financial foundation, which was appealing for businesses. The German GmbH also had a strong influence on the development of company law in continental Europe. Today, legal forms for limited liability companies exist in all European countries, most of which correspond to the principles of the German GmbH.³

However, there is no uniform European GmbH. With the Societas Europaea (SE), the EU has created a European stock corporation that is comparable to the German stock corporation.⁴ However, due to its complexity and cost structure, the SE is often unattractive for small and medium-sized companies. Efforts to establish a Europe-wide limited liability company form have so far failed. The idea of the Societas Privata Europaea (SP) was abandoned in favor of

the Societas Unius Personae (SUP), whose proposal was withdrawn by the EU Commission in 2018 due to a lack of majority.⁵ As a result, the framework conditions and requirements for limited liability companies continue to be determined by the national legislation of the individual member states. The different historical, legal and economic developments in the member states lead to varying structures of limited liability companies with regard to requirements for share capital, the formation process, the notarization requirement and management and liability. As a rule, the liability of shareholders is limited to their contributions, and there is often liability for acts committed by the founders before the company is entered in the commercial register and for breaches of duty.

IV. Limited liability companies in Germany, Austria, Belgium and Estland

The differences in terms of minimum share capital, liability and formation procedures can be well illustrated by comparing the EU member states of Germany, Austria, Belgium and Estonia.

1. Germany

The limited liability company (GmbH) is one of the most popular legal forms for private companies in Germany alongside the public limited company (AG). Over 800,000 companies, from small, family-run businesses to large, internationally operating groups, are organised as either a GmbH or AG.⁶ The legal basis for limited liability companies can essentially be found in the German Limited Liability Companies Act (GmbHG) and the German Commercial Code (HGB). The GmbHG regulates the share capital, the formation process and the notarisation requirement as well as management and liability.

The GmbH can be founded in Germany by one or more persons and, unlike some foreign legal systems, has no defined maximum limit.⁷ Founders can be natural persons and legal entities. Foreign founders and companies are also eligible as founders.⁸ In Germany, a memorandum and articles of association is required for formation, which must be notarised and signed by all

² Harris, *The Private Origins of the Private Company: Britain 1862-1907*, Oxford Journal of Legal Studies, vol. 33, no. 2, 2013, pp. 339-78. JSTOR, <http://jstor.org/stable/24562779>. Accessed 25 July 2024.

³ Frey, *Gesellschaftsrecht [Company Law]*, 10. ed. 2023, p. 363.

⁴ VERORDNUNG (EG) Nr. 2157/2001 DES RATES vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE) (ABl. L 294 vom 10.11.2001, S. 1 [Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), p. 1].

⁵ VERORDNUNG (EG) Nr. 2157/2001 DES RATES vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft

(SE) (ABl. L 294 vom 10.11.2001, S. 1) [Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), p. 1].

⁶ Statistisches Bundesamt (2023), *Unternehmen in Deutschland: Anzahl der rechtlichen Einheiten nach Rechtsform und Anzahl der Beschäftigten im Jahr 2022* [German Federal Statistical Office (2023), *Companies in Germany: number of legal entities by legal form and number of employees in 2022*], Statista, Statista GmbH.

⁷ Fleischer, *MüKoGmbHG [Münchener Commentary on the GmbH Act]*, 4. ed. 2022, GmbHG § 1 Rn. 5.

⁸ Fleischer, *MüKoGmbHG [Münchener Commentary on the GmbH Act]*, 4. ed. 2022, GmbHG § 1 Rn. 56, 57.

shareholders. Upon notarisation, a founding company (GmbH i. Gr.) capable of acting is created.⁹

The GmbH must raise share capital of EUR 25,000 when it is founded, whereby only half, i.e. EUR 12,500, must initially be paid in.¹⁰ The application to the commercial register is made by all duly appointed managing directors, whereby the signatures do not have to be made simultaneously. The GmbH is deemed to be founded as soon as it is entered in the commercial register.¹¹ In principle, the shareholders are only liable up to the amount of their contributions. However, if they have already acted on behalf of the company prior to registration, the acting persons are personally and jointly liable.

A special variant of the GmbH is the Unternehmergeellschaft (UG), which was introduced by the MoMiG (Act to Modernise the Law on Limited Liability Companies and Combat Abuses). This legal form is intended to facilitate the establishment of companies and increase their international competitiveness. Both online formation and online notarisation are possible with the UG. In contrast to the classic GmbH, the share capital for the UG must be paid in full, but can be as little as EUR 1. In addition, the UG is obliged to set aside 25% of its annual surplus as a reserve.¹² The liability of the UG is also generally limited to the amount of the contributions.

2. Austria

The company can also be founded in Austria by foreign persons as well as natural persons and legal entities, regardless of their place of residence or registered office. The company is formed by concluding a partnership agreement which, according to prevailing opinion, must be examined and notarized by an Austrian notary. Under certain conditions and in accordance with case law, articles of association drawn up abroad, e.g. in Germany, can also be accepted, provided that the notary and the notarization procedure are equivalent.¹³

⁹ Frey, *Gesellschaftsrecht* [Company Law], 10. ed. 2023, p. 177.

¹⁰ Gesetz betreffend die Gesellschafter mit beschränkter Haftung, § 5 (1).

¹¹ Gesetz betreffend die Gesellschafter mit beschränkter Haftung, § 11 (1).

¹² Lieder/Becker, BeckOGK [Beck's Online Commentary on the GmbHG], 1.4.2024, GmbHG § 5a Rn. 2, 23, 30 113.

¹³ Beer, in: Süß/Wachter (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 1495, 1496, 1497, 1504.

The required minimum share capital has been reduced from EUR 35,000 to EUR 10,000 (at least EUR 70 per shareholder) since 2024 as a result of a reform of Austrian company law.¹⁴ Even before this reform, it was possible to make use of the founding privilege of Section 10b öGmbH, which only required a minimum share capital of EUR 5,000 in the first ten years. The increase to EUR 35,000 after the founding privilege expired was seen by Austrian legislators as an economic risk and a locational disadvantage compared to other European countries.¹⁵

Management is assumed by one or more managing directors who are appointed by the shareholders and are mentally healthy persons with the capacity to act. Nationality and place of residence are irrelevant. However, any managing director required under commercial law must normally be an Austrian citizen.¹⁶ The Austrian limited liability company has many similarities with the German limited liability company. However, since the reform of company law, only a minimum share capital of EUR 10,000 is required for formation in Austria, whereas EUR 25,000 is required in Germany. Austria could therefore be the right choice for founders due to the low minimum investment.

3. Belgium

The Belgian equivalent of the German GmbH is the 'Besloten vennootschap met beperkte aansprakelijkheid' (BV), also known by its French name 'Société privée à responsabilité limitée' (SRL). This is mainly regulated by the Belgian Companies Code 'Wetboek van Vennootschappen en Verenigingen' (WVV). Since the comprehensive reform of Belgian company law in 2019, there are no longer any specific minimum capital requirements for the formation of a BV/SRL. Instead, the founders must demonstrate that the company has sufficient financial resources in a financial plan for the first two years. The formation of a BV/SRL requires articles of association, a financial plan submitted to a notary and the registration of the company. All required documents must be notarised. The notary then registers

¹⁴ Chamber of Commerce Austria-Vorarlberg: Guide to starting business (23rd ed. 2024), <https://www.wko.at/oe/gruendung/guide-to-starting-a-business.pdf> (last access: 18/07/2024).

¹⁵ 2320 of the Supplements XXVII. GP - Government Bill - Preliminary Sheet and WFA, p. 2-3.

¹⁶ Beer, in: Süß/Wachter (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 1529.

the new company and publishes it in the Belgian Official Gazette.¹⁷

A particularity of Belgian company law is that, in the event of bankruptcy, companies are jointly and severally liable to creditors if, at the time of incorporation, it is already apparent that the capital will be insufficient for normal business operations for at least two years. In this case, the notary must submit the financial plan to the examining magistrate or public prosecutor.¹⁸

The company can be managed by one or more directors, who may be natural or legal persons, although a natural person must be appointed as permanent representative for the purpose of exercising the mandate. Belgian nationality is not mandatory.¹⁹

Compared to Germany and Austria, the advantage in Belgium is that no specific minimum capital is required. Instead, a financial plan must be submitted. However, the situation that the founders are jointly and severally liable with their private assets in the event of insolvency under the conditions described above is also a major risk. In particular, young founders with little or no business experience should be especially careful here, seek business expertise or look to other European countries.

4. Estonia

Since 2007, the formation of an 'Osahüing' (OÜ) and its entry in the electronic company register (e-Business Register) can be carried out electronically via public authority platforms in addition to the traditional route via the notary. Compared to other European countries, this means that a company can be founded within a few hours.²⁰ However, foreigners and persons involved in the incorporation must first apply for an electronic identity, known as e-residency.²¹ The documents are verified digitally, meaning that a notary is not required in the electronic process. Founders must ensure that the Estonian company either has a virtual office in Estonia or, if the company is based abroad, appoint a contact person in Estonia. Service providers offer various services for this purpose.²²

The share capital of the OÜ is EUR 2,500, whereby the payment cannot be made immediately when the company is founded, but can also be made at a later date. However, until the share capital has been paid in full, the founders are personally and jointly and severally liable for the amount of the outstanding capital.²³ However, the time it takes to apply for e-residency, which can regularly take several weeks, can be a problem and

¹⁷ Vorlat, in: Wegen/Spahlinger/Barth, Gesellschaftsrecht des Auslands [Foreign company law], 7th edition, October 2023, Belgium, para. 15 – 17, 189.

¹⁸ Belgian Civil Code [Code civil belge], arts. 5:15, 5:16.

¹⁹ Belgian Civil Code [Code civil belge], arts. 5:70, 2:55.

²⁰ Müller, Schweizer Juristen SJZ/RSJ 116 (2020) Nr. 16/17 [Swiss Lawyers Newspaper].

delay the establishment of the company. Shareholders who are natural persons also have the option of managing the company as directors.²⁴

It turns out that Estonia is very advanced in terms of digitalisation compared to Germany, Austria and Belgium. If founders in Estonia apply for an eResidency in good time during the planning and financing phase, they can set up their company quickly and easily later on.

V. Impact on small companies

The first short comparison of the four member states discussed above already shows that the different forms of organisation bring different advantages and disadvantages. Founders, in particular young and inexperienced founders of small companies, should choose carefully and ideally with external expert advice, which country best suits their individual needs, in particular with what extent they are willing to be liable with their private assets.

However, the speed of the formal start-up procedure could also be an important factor for founders. While in some EU countries a notary is required and the procedure is therefore more time-consuming, in some countries a quick and easy start-up is possible without a notary. Often there are also hybrid forms here, which all have different advantages and disadvantages.

VI. Regulations in other EU countries

In addition to the EU countries already discussed above, the following overview provides an insight into the basic conditions in the other EU member states.

1. Bulgaria

The formation of a 'Druzhestvo s ogranichena otgovornost' (OOD) in Bulgaria takes place through the conclusion of a partnership agreement signed by all shareholders. Registration in the Bulgarian commercial register is mandatory, and both the articles of association and the registration forms must be notarised. The required share capital is very low by European standards and amounts to only BGN 2 (approx. EUR 1). However, if the capital stated when the company is registered exceeds the statutory minimum capital, at least 70 % of the capital must be paid in before the company is founded.²⁵

²¹ <https://www.e-resident.gov.ee>

²² <https://unicount.eu/de>.

²³ Estonian Commercial Code [Äriseadustik], § 147 (3).

²⁴ Estonian Commercial Code [Äriseadustik], § 180 (3).

²⁵ Bulgarian Commercial Code [Търговски закон], arts. 117 (1) and Art. 119 (1).

The shareholders are jointly and severally liable to the company for damages incurred during the formation of the company, unless they have acted with the diligence of a prudent businessman.²⁶ After incorporation, the shareholders are only liable up to the amount of their contributions.

The management of the OOD can be assumed by one or more managing directors, who do not have to be shareholders.

2. Croatia

The 'društvo s ograničenom odgovornošću' (d.o.o.), the Croatian equivalent of a limited liability company, is founded by means of a partnership agreement or a unilateral declaration of incorporation, which must be notarised and submitted to the Croatian Commercial Register (Trgovački sud) for registration. The minimum share capital is HRK 20,000 (approx. EUR 2,650). If the company is founded with several shareholders, it is sufficient if only half of the minimum share capital is paid in. The liability of the company is limited to its contributions, so that the personal assets of the shareholders are protected from the liabilities of the company.²⁷

The d.o.o. can be managed by one or more managing directors (direktori), who are appointed by the company. These directors play no role in Croatian law.

3. Cyprus

The 'Private Limited Company' (Ltd.) can be founded by one or more persons who conclude a partnership agreement.²⁸ The company is officially entered in the commercial register and a registrar issues a certificate of incorporation.²⁹ The liability of the shareholders is generally limited to the amount of their agreed contributions.³⁰ Agreements concluded prior to the formation of the Ltd. are deemed to be agreements of the subsequently formed company. However, if the

formation of the Ltd. is not finally completed, the shareholders are jointly and severally liable without limitation, unless the obligation was entered into on the condition that the company is dissolved.³¹ There are no specific requirements for a minimum share capital.

4. Czech Republic

The Czech limited liability company form, 'Společnost s ručením omezeným' (s.r.o.), can be established by at least two persons by means of a partnership agreement or, in the case of an individual, by means of a deed of incorporation. The articles of association must be drawn up in writing as a notarised deed. The entry in the commercial register must be made within six months of formation, unless otherwise agreed. The shareholders are obliged to pay at least 30% of their agreed contribution before registration. The share capital can be as little as CZK 1 (EUR 0.04).³² The liability of the shareholders is limited to the amount of their contributions, including contributions not yet paid.³³ The management of the s.r.o. can be assumed by one or more persons appointed by the shareholders. Legal entities may also act as managing directors, but must appoint a representative.³⁴

5. Denmark

Danish company law does not require notarisation for the formation of an 'Anpartsselskab' (ApS), which simplifies the formation compared to other EU countries standards. The company can be founded by one or more natural or legal persons, provided that the founders are not involved in reorganisation or insolvency proceedings.³⁵ The shareholders must sign a deed of incorporation containing the company's articles of association.³⁶ Entry in the Danish commercial register, the Centrale Virksomhedsregister (CVR), must take place no later than two weeks after the signing.³⁷ The minimum share capital is DK 40,000 (approx. 5.400 EUR).³⁸ The liability

²⁶ Bulgarian Commercial Code [Търговски закон], arts. 135 (1), and 118 (1).

²⁷ *Wahl/Cesarec*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Croatia, 7th edition, October 2023, para. 20, 21, 40, 68, 93.

²⁸ Cyprus Companies Act, Art. 3 (1) and (2) a, Chapter 113.

²⁹ Cyprus Companies Act, Art. 15 (1), Chapter 113.

³⁰ Cyprus Companies Act, Art. 15 (1), Chapter 113.

³¹ Cyprus Companies Act, Art. 15 (1), (2) and (3), Chapter 113.

³² *Kubáňec/Pálinkás*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 2023, 2024, 2024, 2026.

³³ *Kubáňec*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Czech Republic, 7th edition, October 2023, para. 59.

³⁴ *Kubáňec/Pálinkás*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 2032.

³⁵ Danish Companies Act [Selskabsloven], § 24 Stk. 1, 2 and 4.

³⁶ Danish Companies Act [Selskabsloven], § 25.

³⁷ Danish Companies Act [Selskabsloven], § 40 Stk.

³⁸ Danish Business Authority: *Virksomhedsguiden* [The company Guide], <https://virksomhedsguiden.dk/content/ydelse/anpartsselskab-aps/7242321c-f707-4006-9791-f701712783bd/> (last access: 18/07/2024).

of the shareholders is limited to the amount of their contributions.³⁹

Danish law offers two different management models. On the one hand, the company can be managed by a single director. On the other hand, it is possible for the board of directors to be solely responsible for strategic management, while an executive board (director) is appointed for operational management and supervision.⁴⁰

6. Finland

Although Finnish law does not have a direct counterpart to the German GmbH, it offers a form of limited liability company, the private limited company 'Osakeyhtiö' (Oy), which is particularly flexible for small and medium-sized companies. The articles of association required for incorporation must include, among other things, the selection of the management board. Interestingly, once the articles of association have been signed by the shareholders themselves, they can be entered in the commercial register online, whereupon the Oy is deemed to have been founded.⁴¹ A notary is not required for this process.⁴² Since the reform of Finnish company law in 2019, it is also no longer necessary to pay in share capital.

The Oy is managed by a board of directors; a managing director can also be appointed for operational management. The personal liability of the shareholders is normally limited to their contributions. However, liability may arise if shareholders intentionally or negligently violate the Stock Corporation Act or the company's articles of association or if majority shareholders are favoured at the expense of minority shareholders

7. France

The 'Société à responsabilité limitée' (SARL) is a form of company with limited liability that is similar to the German GmbH.⁴³ Its legal basis is mainly found in the French Commercial Code (Code de Commerce).⁴⁴ Both natural and legal persons can be founders of an SARL; commercial training is not required, and minors and foreign persons can also act as shareholders.⁴⁵ The written articles of association required for the formation must be signed by all shareholders, although notarisation is generally not required.⁴⁶ A special feature of French company law is that an SARL can be founded for a maximum of 99 years. However, this duration can be extended several times by up to 99 years each time by a shareholders' resolution.⁴⁷ The signed articles of association must be submitted to the Commercial Court (Tribunal de commerce) for registration. The share capital is one euro.

The SARL is represented by one or more managing directors, so-called *gérants*. These directors must be natural persons, but do not need to be French nationals or resident in France.⁴⁸

8. Greece

The formation of 'Eteria Periorismenis Efthinis' (EPE) is essentially carried out by drawing up a memorandum and articles of association, which must be notarised both at the time of formation and in the event of amendments. The articles of association must provide for a certain duration for the company, but there is no statutory minimum or maximum duration.

Foreign persons can also act as shareholders and be represented by authorised representatives in their absence. Legal entities can also act as founders. However, it should be noted that natural or legal persons may not be the sole shareholder of several EPEs. Similarly, an EPE company with only one shareholder cannot be the sole shareholder of another EPE in Greece.⁴⁹ Greek law does not stipulate a minimum share

³⁹ Danish Companies Act [Selskabsloven], § 1 Stk. 2.

⁴⁰ Danish Companies Act [Selskabsloven], § 111 Stk. 1.

⁴¹ <https://www.ytj.fi>.

⁴² *Aalto*, in: *Wegen/Spahlinger/Barth, Gesellschaftsrecht des Auslands* [Foreign company law], Finland, 7th edition, October 2023, para. 11, 12, 13.

⁴³ *Jung/Kühl/Wohlgemuth, Gesellschaftsrecht in Europa – Handbuch*, 1st. edition 2019, § 13 para. 246.

⁴⁴ French Commercial Code [Code de Commerce], Art. L. 223-1 to L. 223-43 C, Art. L. 24-1 to L. 241-C. com., Art. R. 223-36 C.

⁴⁵ *Jung/Kühl/Wohlgemuth, Gesellschaftsrecht in Europa – Handbuch* [Company Law in Europe – Handbook], 1st. edition 2019, § 13 para. 250.

⁴⁶ German-French Chamber of Industry and Commerce: *Création et gestion d'entreprise* [Company foundation and management], <https://www.francoallemand.com/fr/nos-services/droit-fiscalite/creation-et-gestion-dentreprise/> (last access: 18/07/2024).

⁴⁷ French Commercial Code [Code de Commerce], Art. R. 210-2.

⁴⁸ *Jung/Kühl/Wohlgemuth, Gesellschaftsrecht in Europa – Handbuch* [Company Law in Europe – Handbook], 1st. edition 2019, § 13 para. 261.

⁴⁹ *Siganidis*, in: *Wegen/Spahlinger/Barth, Gesellschaftsrecht des Auslands* [Foreign company law], Greece, 7th edition, October 2023, para. 215, 217, 218, 223.

capital, meaning that the shareholders are free to determine the capital.⁵⁰ However, in the event of a capital reduction, the capital may not fall below EUR 2,400 and EUR 30 per shareholder.⁵¹ The liability of the shareholders is limited to the amount of their contributions. Exceptions exist in the event of the nullity of the company and any resulting damages or in the event of abuse of the company structure by majority shareholders.⁵²

The EPE is managed by one or more managing directors, who are appointed either in the articles of association when the company is founded or by resolution or agreement of the shareholders.⁵³

9. Hungary

The 'Korlátolt felelősségű társaság' (Kft.) is established exclusively through an electronic commercial register procedure. There are two procedures: the ordinary procedure and the simplified procedure, both of which require the involvement of a lawyer. In the simplified procedure, the Kft. can be established using a model articles of association, which enables rapid registration within one working day. If the court does not respond in time, registration is automatic. The disadvantage of this is that no changes can be made to the model contract, which considerably restricts flexibility. A Kft. can be founded by one or more shareholders, including both nationals and foreigners as well as natural and legal persons. The minimum share capital is HUF 3 million (approx. EUR 7,600), whereby each shareholder must contribute at least HUF 100,000 (approx. EUR 250). Half of the capital must be paid in before registration. In principle, shareholders are only liable up to the amount of their contribution. If the registration of the company is refused, the founders may be jointly and severally liable. However, there is no general differential liability in Hungarian company law.⁵⁴

⁵⁰ Greek Limited Liability Company Law [Περί Εταιρειών Περιορισμένης Ευθύνης], Art. 4 (1).

⁵¹ Greek Limited Liability Company Law [Περί Εταιρειών Περιορισμένης Ευθύνης], Art. 41 (3).

⁵² *Siganidis*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Greece, 7th edition, October 2023, para. 125, 126, 308.

⁵³ *Siganidis*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Greece, 7th edition, October 2023, para. 287.

⁵⁴ *Braner*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 2146, 2147, 2148, 2153, 2154, 2155.

The management can be assumed by one or more persons, including foreign nationals. The managing directors are appointed either by the articles of association or by a resolution of the shareholders.⁵⁵

10. Ireland

The Irish 'Private company limited by shares' (LTD company) is established by certification of the founding documents, in particular the constitution, by the Companies Registration Office (CRO) and entered in the Register of Companies. As a rule, no notary is required for this and there is no requirement for a minimum share capital.⁵⁶

The company can be managed by several directors, at least one of whom must be resident in the European Economic Area (EEA). The liability of the shareholders is generally limited to the amount of their contributions.⁵⁷

11. Italy

The 'Società a responsabilità limitata' (S.r.l.) can be regarded as the Italian equivalent of the German GmbH and is mainly regulated in the Italian Civil Code (Codice Civile). The S.r.l. can be founded by an agreement signed by several shareholders. Since 1993, it has also been possible to establish the S.r.l. as the first form of company.⁵⁸ In the case of sole shareholders, the company is formed by means of a unilateral deed. In any case, a public deed is required, which must be notarised by a notary.⁵⁹ The minimum share capital is EUR 10,000, whereby at least 25% of the capital must be paid in if the company is founded by several shareholders. In the case of formation by a sole shareholder, the capital must be contributed in full.

In accordance with Art. 2463 II No. 7 c.c., the articles of incorporation must also contain provisions on the representation of the company, in particular with regard to management and representation.⁶⁰

⁵⁵ *Kubánc/Pálinkás*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 2171.

⁵⁶ *Harrington/Ranalow*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Ireland, 7th edition, October 2023, para. 14

⁵⁷ *Harrington/Ranalow*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Ireland, 7th edition, October 2023, para. 17, 82.

⁵⁸ *Campobasso*, *Diritto commerciale. 2 Diritto delle società*, 10. Edizione 2020, p. 564 ff.

⁵⁹ Italian Civil Code [Codice Civile], Art. 2463 I.

⁶⁰ Italian Civil Code [Codice Civile], Art. 2463 II no. 7.

12. Latvia

The formation and registration of the Latvian 'Sabiedrība ar ierobežotu atbildību' (SIA) in the commercial register requires a draft articles of association and the conclusion of a partnership agreement, which must be notarised. A special feature is that the required documents and application forms can also be sent to the Latvian commercial register by email. The minimum share capital is EUR 2,800, whereby half of the capital must be paid in before registration. The liability of the shareholders is limited to their paid-up contributions. A special form of SIA is the '1-EUR SIA', which can be founded by a maximum of five natural persons. Here, the minimum share capital is only EUR 0.01, which must be paid in full before registration. This form is particularly attractive for small and medium-sized companies that have little capital available in the start-up phase. The '1-EUR SIA' is obliged to set aside at least 25% of its net income as a reserve each year until it is converted into a normal SIA and the share capital is increased to at least EUR 2,800.⁶¹

In the event of insolvency, the shareholders of '1-EUR SIA' are jointly and severally liable for the difference to the share capital of a normal SIA of EUR 2,800. The SIA is managed by an Executive Board, which is elected by the shareholders' meeting.⁶² At least one member of the Board of Directors must be responsible for operational management and external representation.⁶³

13. Lithuania

The Lithuanian 'Uždaroji akcinė bendrovė' (UAB) is established by drawing up a founding document (articles of association), electing the managing directors, appointing the general meeting of shareholders and registering it in the Lithuanian commercial register. All required documents must be drawn up in Lithuanian and notarised. A special feature is that the company is

officially established when it is entered in the register of legal entities. Foreign founders must either be present in person or be represented by an authorised representative. The minimum share capital for founding a UAB is LTL 10,000 (approx. EUR 2,900). The partners are not liable for the company's debts.⁶⁴ It is also possible to set up a UAB with less capital. In this case, however, a reserve of 25% of the net profit must be formed annually, which is used to increase the share capital, to cover losses in the annual report or to offset losses from the previous year.⁶⁵

A key feature of the UAB, in contrast to many other European company forms, is that it is managed by a single managing director who is responsible for day-to-day and operational business.

14. Luxembourg

A special feature in Luxembourg is the possibility of drawing up formation documents in German, French or English. The 'Société à Responsabilité Limitée' (S.à r.l.) requires the preparation of these founding documents, in particular the articles of association, which contain the essential information about the company. The company can be founded with one or up to 100 shareholders. Insurance or credit institutions may not be founded as S.à r.l. The founding documents must be signed by all shareholders and notarised.

The notary will register the company with the commercial register (Registre de Commerce et des Sociétés, RCS) and publish the formation in the Mémorial C, the official gazette of Luxembourg. The required share capital is EUR 12,000 and must be paid up in full upon formation.⁶⁶ The liability of the partners is generally limited to the amount of their contributions. However, liability may arise if the capital is not properly subscribed, if the shares are not actually paid in or if the company becomes null and void. The management of the S.à r.l. is the responsibility of one or more managing directors (gérants), who are appointed by the shareholders.⁶⁷ Managing directors can also be shareholders.⁶⁸

⁶¹ *Klauberger*, in: Süß/Wachter (ed.), Handbuch des internationalen GmbH-Rechts [Handbook of international limited liability company law], 4th. ed 2022, p. 1219, 1221, 1224, 1225, 1227.

⁶² Latvian Commercial Law [Komerclikums], § 185 (7).

⁶³ *Klauberger*, in: Süß/Wachter (ed.), Handbuch des internationalen GmbH-Rechts [Handbook of international limited liability company law], 4th. ed 2022, p. 1230.

⁶⁴ *Balčiūnė*, in: Wegen/Spahlinger/Barth, Gesellschaftsrecht des Auslands [Foreign company law], Lithuania, 7th edition, October 2023, para. 19 – 24 ,41, 113.

⁶⁵ Njord Latvia: Company registration (formation) in Latvia (updated 31/08/2023), <https://www.njordlaw.com/njord->

[latvia-company-registration-formation-latvia-updated-31082023?gad_source=1&gbraid=0AAAAACej3QtjTTIeX2fSjUk-EyKM39JD-&gclid=Cj0KCQjw-uK0BhC0ARIsANQtgGMqWmBX21K8g2Hvby4n25uQTPVUn5nFvCiKSswlw8wnqSBEqgbpquoUaAok4EALw_wcB](https://www.njordlaw.com/njord-latvia-company-registration-formation-latvia-updated-31082023?gad_source=1&gbraid=0AAAAACej3QtjTTIeX2fSjUk-EyKM39JD-&gclid=Cj0KCQjw-uK0BhC0ARIsANQtgGMqWmBX21K8g2Hvby4n25uQTPVUn5nFvCiKSswlw8wnqSBEqgbpquoUaAok4EALw_wcB) (last access: 18/07/2024)

⁶⁶ *Oplitz*, in: Wegen/Spahlinger/Barth, Gesellschaftsrecht des Auslands [Foreign company law], Luxemburg, 7th edition, October 2023, para. 16, 155, 156, 157, 168.

⁶⁷ Luxembourg Law on Commercial Companies [concernant les sociétés commerciales], Art. 710-7 (3) of the Loi du 10 août 1915.

⁶⁸ Luxembourg Law on Commercial Companies [concernant les sociétés commerciales Art. 710-14.

15. Malta

The 'Kumpanija b'Responsabbiltà Limitata' (Ltd.) can be set up by one or more shareholders.⁶⁹ The liability of the partners is limited to their contributions and to the part of their capital that has not yet been fully paid in. In addition, they are jointly and severally liable for transactions carried out before the company is officially registered.⁷⁰ The minimum share capital required for private companies is EUR 1,164.49, of which at least 20% must be paid in at the time of formation.⁷¹ Notaries may need to be involved in the formation process, although notarised copies of the documents may suffice instead of the originals.⁷²

16. Netherlands

In the Netherlands, the 'Besloten vennootschap met beperkte aansprakelijkheid' (B.V.) is by far the most favoured form of company. It is founded by one or more natural or legal persons before a notary and by registration in the commercial register (Kamer van Koophandel, KvK). With the introduction of the 'Flex-B.V.', which allows for simplified formation, the requirement for minimum capital is no longer applicable. However, it is required that the registered office is located in the Netherlands, while the administrative centre can also be located abroad. The liability of the shareholders is limited to their agreed contribution and they are not personally liable.⁷³

The managing directors are appointed either in the articles of association or, if provided for in the articles of association, by resolution of the shareholders at the general meeting.⁷⁴

17. Poland

The 'Spółka z ograniczoną odpowiedzialnością' (sp. z o.o.) can be founded in two different ways: either through the regular procedure with the involvement of a notary or through the simplified '24-hour procedure' (S24 procedure). The regular procedure requires the articles

of association to be notarised and the minimum share capital of PLN 5,000 (approx. EUR 1,200) must be paid up in full. The S24 procedure, on the other hand, allows a simplified and faster formation without notarisation, provided that the founders use a model contract provided by the Minister of Justice. In this case, the share capital can be paid in within seven days of registration, whereby the registration court must be informed of the payment.⁷⁵ The liability of the shareholders is limited to their contributions.⁷⁶

The management of the sp. z o.o. may consist of one or more managing directors, who are either named in the articles of association or appointed at a later date.⁷⁷

18. Portugal

A 'Sociedade por Quotas' (Lda.) can traditionally be founded with at least two shareholders and a notarised private deed containing the articles of association. Alternatively, Portugal offers a modern and quicker way to set up a company: the 'Empresa na Hora' programme. The 'Empresa na Hora' programme revolutionises the incorporation process by allowing instant and simplified online incorporation. Pre-prepared documents can be used, eliminating the need for notarisation. This process makes it possible to set up a company literally within an hour, which makes it particularly attractive for entrepreneurs who want to act quickly and efficiently.⁷⁸ Sole shareholders also have the option of founding a 'Sociedade unipessoal por Quotas' (Lda.), which is subject to practically the same regulations. However, it should be noted that a sole shareholder may only own one such company; otherwise the dissolution of both companies can be applied for. The minimum share capital for both types of company is only EUR 2.00 and does not have to be paid in immediately. The contributions can be made at a later date, for example in the event of a capital increase or when half of the company's term of existence has expired.⁷⁹ However, a Portuguese tax identification number (NIF) is required here, which can be applied for within a few working days. If you want to work as a managing director, you will need

⁶⁹ Malta Companies Act, Art. 67, Chapter 386.

⁷⁰ Malta Companies Act, Art. 78 (1) and (3), Chapter 386.

⁷¹ Malta Companies Act, Art. 67, Chapter 386.

⁷² Malta Companies Act, Art. 76 (2), Chapter 386.

⁷³ *Nuckel*, in: Jung/Kühl/Wohlgemuth, *Gesellschaftsrecht in Europa – Handbuch [Company Law in Europe – Handbook]*, 1st. edition 2019, § 16 para. 269, 270, 272, 275, 314.

⁷⁴ Dutch Civil Code, Book 2 [Burgerlijk Wetboek Boek 2],

Art. 2:242.

⁷⁵ *Schubel*, in: Jung/Kühl/Wohlgemuth, *Gesellschaftsrecht in Europa – Handbuch [Company Law in Europe – Handbook]*, 1st. edition 2019, § 17 para. 149, 153, 159, 160.

⁷⁶ Polish Commercial Companies Code [Kodeks spółek handlowych], Art. 151 § 3.

⁷⁷ Polish Commercial Companies Code [Kodeks spółek handlowych], Art. 201 § 2.

⁷⁸ <https://justica.gov.pt/Servicos/Empresa-na-Hora>.

⁷⁹ *Coutinho/Antunes*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands [Foreign company law]*, Portugal, 7th edition, October 2023, para. 20, 19, 206, 207, 208, 265, 266.

to allow additional time for the application process for a social security number (NISS).

The management of an Lda. can be assumed by one or more persons appointed by the articles of association or by resolution of the shareholders.⁸⁰

19. Romania

Romanian law recognises ‘Societate cu Răspundere Limitată’ (S.R.L.) as limited liability companies of up to 50 natural or legal persons. Foreign founders are also permitted. However, an individual may only establish a single one-man SRL. The first step in founding a company is to reserve the desired company name with the Commercial Register (Registrul Comerțului). The articles of association do not necessarily have to be notarised, unless real estate is part of the formation. The liability of the shareholders is limited to the amount of their contributions.⁸¹ The S.R.L. is officially registered once the founding documents have been submitted to and checked by the relevant commercial register authority. The minimum share capital required is RON 200 (approx. EUR 40) and must be paid up in full before registration.⁸²

The management of the company can be assigned to both natural and legal persons, regardless of whether they are Romanian or foreign. Shareholders may also assume the role of managing director and represent the S.R.L.⁸³

20. Slovakia

The Slovakian ‘Spoločnosť s ručením obmedzeným’ (s.r.o.) can be founded by one to a maximum of fifty persons. Both Slovak and foreign persons, as well as legal entities, can act as founders. However, a sole shareholder may not be a shareholder of another one-person company. In addition, a natural person may be a shareholder in a maximum of three companies. The company is formed either by means of a partnership

⁸⁰ *Coutinho/Antunes*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Portugal, 7th edition, October 2023, para. 224.

⁸¹ *Piuk/Neagu*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Romania, 7th edition, October 2023, para. 98, 149, 150, 152, 153, 171.

⁸² MHR & Partners: Starting a Company in Romania: How to Start?, <https://mhrpartner.com/en/starting-a-company-in-romania/> (last access: 18/07/2024).

⁸³ *Piuk/Neagu*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Romania, 7th edition, October 2023, para. 203.

agreement or by the execution and signing of the deed of incorporation by a sole shareholder. The authenticity of these documents must be officially notarised. The minimum share capital required is EUR 5,000, whereby at least EUR 750 per shareholder must be paid in half prior to registration. In the case of higher contributions, a partial payment of at least 30% is permitted, provided the amount paid in is at least EUR 2,500. The capital must be paid in full within five years of incorporation.⁸⁴

The s.r.o. is managed by one or more natural persons, who may also be foreign nationals. However, non-EU citizens or persons from non-OECD countries must have a residence permit.⁸⁵

21. Slovenia

The Slovenian version of the limited liability company, the ‘Družba z omejeno odgovornostjo’ (d.o.o.), can be founded by one or more natural or legal persons; there are no special conditions for foreigners. The maximum number of 50 shareholders can be exceeded with the authorisation of the Ministry of Economy. A memorandum of association and articles of association are required for formation, which must be drawn up by notarial deed or using prescribed forms. If the forms are used, at least the signatures of the founders must be notarised. The shareholders are only liable for their contributions.⁸⁶ The required share capital is EUR 7,500.⁸⁷

Management can be assumed by one or more natural persons. If there are several managing directors, the power of representation must be specified in the articles of association, whereby it must be clarified whether the managing directors are authorised to represent the company individually or only jointly. The managing directors are appointed by resolution of the shareholders

⁸⁴ *Kovář*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Romania, 7th edition, October 2023, para. 12, 13, 15, 36, 37.

⁸⁵ *Sovova*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 1800.

⁸⁶ *Fabiani/Jeraj/Kobe*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Slovenia, 7th edition, October 2023, para. 20, 21, 48, 49, 101.

⁸⁷ Deloitte Legal: Doing business in Slovenia, A comparative guide (May 2022), <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Legal/dttl-legal-doing-business-in-slovenia.pdf> (last access: 18/07/2024).

and must be appointed prior to entry in the commercial register.⁸⁸

22. Spain

The 'Sociedad de responsabilidad limitada' (S.L. or S.R.L.) is the most common company form for unlisted companies in Spain.⁸⁹ To form this type of company, it is first necessary to reserve and check the company name to ensure that no identical name already exists.⁹⁰ Both Spanish and foreign natural and legal persons can establish an S.L.. This is done by concluding a partnership agreement or, in the case of individual formations, by a unilateral act of formation. Notarisation and entry in the commercial register are required.⁹¹ The minimum share capital is EUR 3,000 and must be paid in full when the company is founded. However, it is possible to provide for a so-called successive foundation in the articles of association. In this case, if the minimum share capital has not yet been paid up in full, an annual reserve of 20% of the annual profit must be formed. In practice, a company can be founded in this way without initial share capital, although in such cases the partners are personally and jointly and severally liable for the part that has not yet been paid in.⁹² Otherwise, liability is limited to the shareholders' contributions.

Under Spanish law, the shareholders can appoint one or more managing directors who are either authorised to represent the company individually or jointly. It is also possible to form a board of directors. This board of directors is jointly authorised to represent the company, but usually appoints one member to manage the company.⁹³

23. Sweden

Sweden is taking a special path in the EU. The 'Aktiebolag' (AB) plays an important role here, whereby even smaller companies and freelancers are often organised as public limited companies for tax reasons. While the 'public Aktiebolag' (public limited company) is

primarily important for large companies and is similar to the German Aktiengesellschaft, the 'privat Aktiebolag' (private AB) is the favoured legal form for small and medium-sized companies. A privat AB can be founded by at least one person, whereby both domestic and foreign natural and legal persons are eligible as founders. The formation process begins with the founders drawing up a certificate of incorporation. The minimum share capital required for a private AB is SEK 25,000 (approx. EUR 2,200). Upon incorporation, the founders become shareholders, but their shares may not be traded on the stock exchange or other capital markets. Registration in the company register must take place no later than six months after incorporation in order to give the company full legal capacity. The liability of the shareholders is limited to the amount of shares subscribed, as stipulated in the deed of incorporation. Prior to registration, however, the partners are jointly and severally liable without limitation.⁹⁴

The management of a private AB is in the hands of the Board of Directors, which has comprehensive management and representation powers. In smaller companies, the board of directors can also consist of just one member. Managing directors are often appointed, who may also be members of the board of directors. These directors are subject to the instructions of the Board of Directors, which has the power to take over matters at any time.⁹⁵

VII. Where should I set up my business? It depends on your needs.

Minimum requirements for share capital in countries like Germany and Austria offer a considerable amount of trust in business partners. Although higher voluntary deposits can also be made in countries with low minimum share capital requirements, countries with high legal requirements send a strong signal. These legal capital requirements are often part of a broader legal framework for the protection of business partners and creditors. This

⁸⁸ *Fabiani/Jeraj/Kobe*, in: *Wegen/Spahlinger/Barth*, *Gesellschaftsrecht des Auslands* [Foreign company law], Slovenia, 7th edition, October 2023, para. 84, 85.

⁸⁹ *Geli*, in: *Uría Menéndez*, *Doing business in Spain*, 2021 https://www.uria.com/documentos/publicaciones/7497/documento/Lex_Mundi-Guide.pdf (last access: 18/07/2024).

⁹⁰ Art. 7 Nr. 1 of the Ley de Sociedades de Capital.

⁹¹ *Ribes/Liefke*, in: *Jung/Kühl/Wohlgemuth*, *Gesellschaftsrecht in Europa – Handbuch* [Company Law in Europe – Handbook], 1st. edition 2019, § 17 para. 468.

⁹² *Ribes/Liefke*, in: *Jung/Kühl/Wohlgemuth*, *Gesellschaftsrecht in Europa – Handbuch* [Company Law in Europe – Handbook], 1st. edition 2019, § 17 para. 488.

⁹³ *Steffen*, in: *Forschungsprojekt der FHR: Untersuchung zu Auslands Gesellschaften* [FH Council research project: Study on foreign companies], Fachhochschule für Rechtspflege Nordrhein-Westfalen (FHR), Bad Münstereifel, 2008.

⁹⁴ *Foerster*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 1716, 1717, 1719, 1720, 1725.

⁹⁵ *Foerster*, in: *Süß/Wächter* (ed.), *Handbuch des internationalen GmbH-Rechts* [Handbook of international limited liability company law], 4th. ed 2022, p. 1743, 1746.

confidence-building signal effect can significantly facilitate access to capital and markets.

In some EU countries, on the other hand, it is possible to set up a company quickly. At first glance, the Baltic state of Estonia appears to be very attractive in this respect. Here, the digital infrastructure makes it possible to set up a limited liability company in just a few hours and without a notary, using appropriate platforms. Furthermore, the share capital does not have to be paid in at this point. However, the initial impression of the quick and uncomplicated formation in Estonia belies the fact that an e-residency is required. Applying for this electronic identity can take several weeks and is a mandatory requirement for digital formation. Founders who want to take advantage of digital formation without a notary in Estonia should therefore apply for e-residency in the initial planning phases (business idea, business plan, structuring of financing). This means that the OÜ can be set up immediately after the planning is complete. Another disadvantage of the Estonian OÜ is that, depending on the structure, a virtual office or a local contact person may be required. There are specialised service providers that can meet these requirements, but these incur additional costs.

Portugal could be a better choice than Estonia. Here, too, the 'Empresa na Hora' programme can be set up quickly and easily without a notary. The tax number required for the company formation can usually be applied for within a few days. Another advantage in Portugal is the very low minimum share capital of just 2 euros. The disadvantage compared to the Estonian OÜ, however, is that only standardised documents may be used in the simplified procedure of the 'Empresa na Hora' programme. This severely limits the freedom of design during the formation.

In Finland, too, companies can be set up quickly and easily. However, as a Nordic country, Finland has higher tax rates than other European countries, which can potentially make setting up a company there less attractive.

VIII. The Outcome: Further Harmonisation is needed

But in the end, the comparison shows one thing above all: 27 EU member states, 27 different framework conditions for the LLCs in Europe. It is very difficult for a founder to keep track of which country is the right one to found. But even internationally operating lawyers quickly reach their limits. It is hardly possible for an individual lawyer to know the detailed framework conditions for 27 EU states. If lawyers want to advise their clients well, it is advisable to set priorities (e.g. German-speaking countries, Benelux countries, Baltic countries, and so on).

The question is whether the non-existence of a common European private limited company is a disadvantage in global competition. The European Community is currently in constant competition with the United States of America and China in the global market. The currently very different structures of limited liability companies in the EU are currently making cross-border establishment within the single European market more difficult.

Start-ups are invaluable for the overall economic drive. Start-ups promote competition. Competition promotes reasonable prices, quality and innovation. From an economic point of view, company start-ups must therefore be possible quickly and easily in the cross-border area. This is an important part of promoting the EU economy in competition with the world market.

However, the necessary harmonisation within the EU must not ignore the economic peculiarities of the member states, particularly with regard to minimum capital requirements, so that EU citizens from countries with a low GDP can also found cross-border. But: The EU could further harmonise and promote the founding procedures, in particular digital processes, in order to promote the single market.

While a division at the European level is increasingly being observed in the wake of global challenges, harmonisation efforts could strengthen freedom of establishment and make a small contribution to European integration in these difficult times.