

SETTING UP IN BUSINESS

Introduction

A prosperous and sophisticated business centre and a traditional trading bridge to Eastern Europe and the Balkans, Austria actively welcomes foreign investors. Setting up a company here is physically very easy. There is plenty of office and industrial space available, both for short and long term let and we can provide serviced office facilities. However there are important procedural issues to contend with. The company, which may be a partnership or corporation, has to be registered. For corporations (company with limited liability [GmbH] or a stock corporation [AG]) this involves paying a nominal share capital. There is also the need to satisfy Austria's "Gewerberecht", or professional requirements for businesses.

Our company formation service makes it easy for you to open a company in Austria, so please [contact us](#) for further details.

What is the most common type of company in Austria?

A company with limited liability (GmbH) is by far the most usual form of company. A GmbH is a legal entity. Shareholders are not personally responsible for the liabilities of the company, except for the obligation to pay up their capital contributions.

How much share capital is required to establish a GmbH?

Minimum share capital is €35,000, of which at least half, €17,500, has to be paid up in cash.

What other requirements are there for a GmbH?

- at least one shareholder
- at least one managing director, who does not have to be an Austrian citizen or resident in Austria

- audit and disclosure requirements may be necessary
- a local serviced office is advisable, but not a legal necessity, [click here for details](#)

What other types of company are there?

- stock corporation (AG), minimum share capital €70,000, at least two shareholders required
- general partnership (OHG), unlimited liability for all partners
- limited partnership (KG), unlimited liability for at least one partner
- registered civil law partnership (EEG), similar to OHG or KG but suitable for small companies and partnerships
- cooperative (Genossenschaft), legal entity with flexible membership, no fixed capital, not primarily for profit
- foreign branch, GmbH and AG companies based abroad may establish a branch in Austria

What are the formalities regarding incorporation?

The main formalities include:

- drafting of articles of association
- legalization of articles of association by notary
- entry in the commercial register

How easy is it to recruit staff?

Austria has a well-developed recruitment sector both for professional and support staff but there are shortages of skilled staff in certain fields, particularly telecommunications. In some industries, such as telecommunications, engineering and building, it is preferable that the head of the company should be an Austrian national.

What is the regulatory environment like?

Austria is a participant in the Euro and there is free movement of both capital and earnings. It has dual taxation agreements with a number of other countries, in particular all members of the European Union, the USA, Canada and Russia. No industries are closed to foreign investment, although in strategic areas an Austrian solution is sometimes preferred. Corporate taxation is relatively low at 25%.

Are there financial incentives available – and what about banking facilities?

Full banking services are available which offer a complete range of commercial banking facilities, including those related to acquisitions and the raising of capital.

Government incentives include the following:

- investment allowance - 9% of all purchases for depreciable business properties are tax deductible, as are 6% of all software purchases
- investment incentive- project costs ranging from 15% to 70% are covered
- pre-market development - incentive of 25% to 50%
- research allowance – from 12% to 18% of research budgets are deductible where this research will lead to an increase in export revenues
- industrial research – incentives range from 50% to 60% of incentive-eligible costs dependent on area and size of business

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