

## Limited Liability Company (*GmbH*): Characteristics

May 2010

<b>Legal character</b>	Legal entity
<b>Characterization</b>	Corporation (owner managed)
<b>Purpose</b>	Economic or non-economic purpose
<b>Founder</b>	Minimum 1 individual or legal entity
<b>Nationality and residence regulations</b>	Minimum 1 person with representation authority for the LLC with domicile in Switzerland (can be Swiss or foreign citizen)
<b>Document requirements</b>	<ul style="list-style-type: none"> <li>– Authentication by a notary public</li> <li>– Entry in Commercial Register</li> </ul>
<b>Governing bodies</b>	<ul style="list-style-type: none"> <li>– Proprietors' Meeting</li> <li>– Managing Director</li> <li>– Auditors</li> </ul>
<b>Company name</b>	The name of the company may be freely chosen – with GmbH added
<b>Minimum capital</b>	CHF 20,000 (must be fully paid in)
<b>Establishment costs</b>	<ul style="list-style-type: none"> <li>– <i>Entry in the Commercial Register</i>: registration for the company: CHF 600, plus CHF 20-30 per signatory authorization or functional notification, average additional fees CHF 10-150</li> <li>– <i>Notarization and consulting costs</i> (tax advisor, attorney, public notary, fiduciary, etc.): average from CHF 3,500</li> <li>– 1% <i>Stamp duty</i> on nominal capital in the event it exceeds CHF 1,000,000</li> </ul>
<b>Liability</b>	Liability limited to the company assets
<b>Taxes</b>	Economic double burden: taxation of profits and capital of the company as well as taxation of distributions (income tax) and company shares (asset tax) for partners
<b>Bookkeeping</b>	Obligation to keep books
<b>Auditors</b>	<ul style="list-style-type: none"> <li>– In principle obligatory</li> <li>– For small and mid-sized companies, possibility to dispense with an auditor in the event there are less than 10 full time positions</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>– Limited liability</li> <li>– Relatively little minimum capital</li> <li>– Only 1 founder necessary</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>– Lack of anonymity for owners</li> <li>– Economic double burden</li> <li>– Increased administrative expenses</li> </ul>
<b>Documents for entry in Commercial Register</b>	Deed of incorporation, Articles of Association, acceptance statement of management, Stampa declaration, payment certification or founders' report, election acceptance of auditors
(Specific documents dependent on individual case; must be in German)	