

Company Incorporation in Lithuania, Poland, Czech Republic, Germany, Estonia

ECOVIS International



Company incorporation

	Type of the Company	Minimal number of shareholders	Minimal amount of capital	shareholder's liability for the commitments of the legal entity	Corporate Governance	Residence requirements
LITHUANIA	Private limited liability company (UAB)	1 shareholder	1 000 EUR	A shareholder is not liable for the unfulfilled obligations of the company.	General meetings of shareholders and the general manager (sole management body) are mandatory. Management board (min. 3 members) and (or) supervisory council (3-15 members) are optional bodies.	No residence requirements
POLAND	Limited liability company (sp. z o.o.)	1 shareholder	1200 EUR (5000 PLN)	A shareholder is not liable for the unfulfilled obligations of the company.	Meetings of shareholders (sole shareholder) and management board (one person minimum - and only individual person) are mandatory. supervisory board (min 3 members) is in principle, optional.	No residence requirements
CZECH REPUBLIC	Limited liability company (s.r.o)	1 shareholder	CZK 1 (EUR 1)	A shareholder is not liable for the unfulfilled obligations of the company, with the exemption in some specific cases (e.g. as a controlling person in case of binding instructions).	General member's meeting or sole member is the main body. The executive (single-member management body) is responsible for management of the company. Supervisory board (3 members minimum) and proxy holders are optional body.	No residence requirements.

Company incorporation

	Type of the Company	Minimal number of shareholders	Minimal amount of capital	shareholder's liability for the commitments of the legal entity	Corporate Governance	Residence requirements
ESTONIA	Private limited liability company (OU)	1 shareholder	None	Shareholders are not personally liable for the private limited companies obligations. When the contribution of the share capital is not yet paid, the shareholder is liable to the private limited company for its financial obligations in the amount of the unpaid contribution.	The obligatory management body of the private limited company is the management board. A supervisory board is mandatory only if specified in the articles of association. The highest level of management of a private limited company is the meeting of shareholders.	No residence requirements
GERMANY	Limited liability company (GmbH)	1 shareholder	25.000 EUR	The participating shareholders generally do not grant any personal liability, but only limited liability. The liability of the shareholders is generally limited to the capital contribution they made at the beginning.	Shareholders' meeting is the most important decision-making body, elects the managing director, among others Managing director represents externally, bound by instructions from shareholder's meeting From 500 employees, additional supervisory board with control function	No residence requirements.

Taxation

	VAT	Corporate income tax (CIT)	Withholding Tax (WHT) for dividends	Personal income tax (PIT) for Employment related income	Social security contributions for Employment related income
LITHUANIA	<p>21% regular rate,</p> <p>Reduced VAT rates are fixed at 9%, 5% and 0%.</p>	<p>15% regular rate.</p> <p>5% rate may be entitled to micro companies, whose annual income is less than 300.000 Euro and the average of employees is less than 10, if certain conditions are met.</p>	<p>15% regular rate.</p> <p>Dividends paid to a company holding not less than 10% of the shares granting the same percentage of votes for at least 12 months are tax exempt, except for dividends paid to tax heaven countries. The exemption may not apply where the main purpose or one of the main purposes of an arrangement or a series of arrangements is obtaining a tax advantage.</p> <p>Withholding tax rates may be reduced under Double Taxation Treaties.</p>	<p>20% rate is applied to income amounts not exceeding 60 average wage per calendar year in 2023; 32% rate for the exceeding part of employment-related income.</p>	<p><u>For employers:</u> from 1.77% to 3.03% (for time-limited employment agreements at 2.49% to 3.75%);</p> <p><u>For employees:</u> (withheld from employee's income): 19.5% (including health insurance contributions at 6.98%) without pension accumulation. the pension accumulation 3%.</p> <p>Employers (with certain exceptions) also pay an additional contribution to the Guarantee Fund amounting to 0.16% and to the Long-term Employment Fund amounting to 0.16% on employee remuneration.</p>
CZECH REPUBLIC	<p>21% regular rate. Reduced VAT rates are 15% and 10%.</p> <p><u>FROM 2024:</u> 21% regular rate</p> <p>12% reduced rate</p>	<p>19% regular rate</p> <p><u>FROM 2024:</u> 21% regular rate</p>	<p>0-15%; 35% in certain cases</p> <p>Dividends paid to Czech corporations may be tax exempt by operation of the domestic holding regime. Withholding tax of 15% applies in case of dividends to Czech-resident natural persons. Exceptions for dividends paid to foreign entities may apply based upon an applicable tax treaty. Dividends paid to residents of states that have no double tax treaty with the Czech Republic are subject to 35% WHT.</p>	<p>A 15% rate is applied to in-come not exceeding 48 times average wage per calendar year in 2023; a 23% rate applies to the exceeding part of personal income.</p>	<p><u>Paid by employers:</u> Pension insurance 21.5%, Sickness insurance 2.1%, Unemployment insurance 1.2%, Health insurance 9%</p> <p><u>Paid by employees:</u> Pension insurance 6.5%, Health insurance 4.5%</p> <p><u>FROM 2024:</u> <u>Paid by employees:</u> Pension insurance 6,5%, Health insurance 4,5%, Sickness insurance 0,6%</p>

Taxation

	VAT	Corporate income tax (CIT)	Withholding Tax (WHT) for dividends	Personal income tax (PIT) for Employment related income	Social security contributions for Employment related income
POLAND	23%	19% regular rate. 9% - if less than 2,000,000 Euro turnover in FY;	19% regular rate WHT 0-15% depending on Double Taxation Treaties	1) General taxation according to the tax scale (tax rate of 12% and 32%) <u>FROM 2024:</u> A 15% rate is applied to income not exceeding 36 times the average wage per calendar year in 2023; a 23% rate applies to the exceeding part of personal income. 2) Flat tax – 19% tax rate, 3) Lump sum on registered income – tax rate depends on the type of performance and the amount of revenue generated.	<u>For employers:</u> Pension contribution – 9,76% Disability contribution – 6,50% Accident contribution – from 0,67% to 3,33% Labour Fund – 2,45% Guaranteed Employee Benefits Fund – 0,10% <u>For employees:</u> Pension contribution – 9,76% Disability contribution – 1,50% Health contribution – 9% (depends on the form of taxation and the amount of income) Sickness contribution – 2,45%
GERMANY	19 % regular rate 7 % reduced rate for most essential products	15,825% (15% + 5,5% of those 15% solidarity surcharge tax) approx. 15 % Municipal trade tax (depending on the commune)	26,375% (25% + 5,5% of those 25% solidarity surcharge tax)	Tax free for yearly income up to 11.604,00€ 14% -42% for yearly income between 11.604,00€ -66.761,00€ 42% for yearly income between 66.761,00€ -277.826,00€ 45% for yearly income above 277.826,00€ *Different rates may occur for married couples	<u>To be paid by employee:</u> Health insurance: 7,3% Nursing insurance: 1,7% Pension insurance: 9,3% Unemployment insurance: 1,3% <u>To be paid by employer:</u> Health insurance: 7,3% Nursing insurance: 1,7% Pension insurance: 9,3% Unemployment insurance: 1,3% *Different rates may apply for childless people/

Taxation

	VAT	Corporate income tax (CIT)	Withholding Tax (WHT) for dividends	Personal income tax (PIT) for Employment related income	Social security contributions for Employment related income
ESTONIA	20%	Reduced VAT rates are fixed at 9%, 5% and 0%.	<p>20% regular rate</p> <p>14% if dividends are paid regularly. When paying dividends to a natural person taxed at a lower tax rate, an income tax of 7% is additionally withheld.</p>	<p>Estonia does not have a holding regime. A holding company is usually incorporated as a limited liability entity. However, 0% corporate income tax provides such a holding company following advantages:</p> <p>The Estonian corporate tax system is unique in Europe as the profit for the financial year is not subject to income tax. This allows the taxation of profits to be deferred indefinitely and the profits to be reinvested tax-free.</p> <p>If a shareholder of the holding company decides to transfer his shares, it is considered tax-free in Estonian income tax law. The tax issue may arise if the property of the holding company is real estate located in Estonia.</p>	<p><u>For employers:</u> Social tax – 33% Unemployment insurance– 0,60%</p>

Migration

	Schengen Visa	National Visa	Temporary residence permit	EU Blue Card	Startup Visa	Resident permit for business owners
	A Schengen Visa allows you to stay in EU member state for a total period of 90 days. These days need to be utilized within a 180-day period.	A National Visa allows you to stay and work in an EU member state for over 90 days but no longer than 1 year.	A temporary residence permit allows you to work and is issued for up to 2 years (can be extended for up to 2 years indefinitely).	A EU Blue card is 2-in-1 (work and residence) permit, that's specifically designed for highly-skilled non-EU citizens. It is issued for up to 3 years (can be extended for up to 3 years indefinitely).	A "startup visa" is a temporary residence and work permit for startup founders. It is issued for 2 years (can be extended for up to 3 years indefinitely).	Residence permit is a permit for business owners and is issued for 2 years (can be extended for up to 2 years indefinitely).
LITHUANIA	Applicable.	A National Visa only allows work for seasonal employees, posted employees, or seafarers / crew members of a ship that is being repaired in Lithuania.	Applicable. Key requirements: 1) a minimum monthly salary; 2) A decision of the Employment Service (only for foreigners, whose profession is not on the shortage occupations list).	Applicable. Key requirements: 1) a higher education diploma / a minimum of 3 years of professional experience as a manager or as a specialist in information technology and communication technology within the last 7 years / a minimum of 5 years of professional experience; 2) a salary of at least 1.5 times the average gross monthly salary for the last calendar year, or, if the foreigner's profession is included in the list of high value-added professions for which there is a shortage of workers, a salary of at least 1.2 times the average gross monthly salary for the last calendar year.	Applicable. To obtain a "startup visa", the foreigner needs written confirmation from an authority authorized by the Minister of Economy and Innovation. This confirmation should state that the foreigner has the necessary qualifications, funding, a business plan to carry out the start-up activity in Lithuania. Additionally, it should state that the foreigner's stay is necessary for the start-up. A maximum of 4 foreigners may apply for one start-up.	Applicable. Key requirements: 1) the foreigner is a manager or a shareholder of a company in Lithuania; 2) the company has a minimum capital of €28,000, with at least €14,000 invested by the manager, and 2/3 of the shares owned by the shareholder; 3) the company has at least 2 employees, who are either Lithuanian citizens, EU citizens, or foreigners with permanent residency in Lithuania. The total average gross monthly salary of these employees should be at least twice the average gross monthly salary for the last calendar year; 4) the company has an approved business plan on which it has been operating for at least 6 months.
POLAND	A foreigner may not perform work if he/she is staying in Poland on the basis of a visa whose purpose of issuance has been marked with the symbol:1) "01" - tourist purpose2) "20" - exercising temporary protection.	A foreigner may not perform work if he/she is staying in Poland on the basis of a visa whose purpose of issuance has been marked with the symbol:1) "01" - tourist purpose2) "20" - exercising temporary protection.	The permit can be issued for a maximum of three years. A separate work permit or the issuing of a uniform permit (for temporary residence and work) is also required for the performance of work.	Applicable.	A residence permit for business owners is applicable. Permit for Member of Companies bodies may be applicable.	Applicable. Key requirements: 1) possession of health insurance, 2) a source of stable and regular income, 3) residence on the territory of Poland, 4) having an income of no less than 12 times the average monthly salary in the specified region and time

Migration

	Schengen Visa	National Visa	Temporary residence permit	EU Blue Card	Startup Visa	Resident permit for business owners
	A Schengen Visa allows you to stay in EU member state for a total period of 90 days. These days need to be utilized within a 180-day period.	A National Visa allows you to stay and work in EU member state for more than 90 days, but no longer than 1 year.	A temporary residence permit allows you to work and is issued for up to 2 years (can be extended for up to 2 years indefinitely).	A EU Blue card is 2-in-1 (work and residence) permit, that's specifically designed for highly-skilled non-EU citizens. It is issued for up to 3 years (can be extended for up to 3 years indefinitely).	A "startup visa" is a temporary residence and work permit for startup founders. It is issued for 2 years (can be extended for up to 3 years indefinitely).	Residence permit is a permit for business owners and is issued for 2 years (can be extended for up to 2 years indefinitely).
CZECH REPUBLIC	Applicable	Applicable. Can be issued for the purpose of: <ul style="list-style-type: none"> - medical treatment - culture - sport visit (invitation) - official (political) - family - study, internship - volunteering - working holiday - seasonal employment - training - entrepreneurship - other. Cannot be issued for employment purposes, only seasonal employment.	Applicable. Temporary residence permit (in Czech wording it is "long-term residence permit") can be issued for purposes of study, family unification, other. For employment purposes the temporary residence permit is called employee card and Blue card.	A non-EU citizen who plans to work in Czechia, needs to obtain either an employee card or an EU Blue card. Both cards combine work and residence permit. EU Blue card is specifically designed for highly-skilled non-EU citizens, employee card has no education limitation. Employee card can be issued for up to 2 years, Blue card for up to 3 years and can be extended (repeatedly). Employee card/EU Blue card holder will have right to bring family members and is eligible for permanent residence after 5 years of living in EU as a Blue card holder (or student), 2 of which must be in Czechia.	Non-applicable	Applicable - long-term business visa. Key requirements: The business must be real and active. How to prove it? Business seat is not virtual, there are some contracts with partners tied to Czech Republic, company has submitted annual tax report that shows activity, we usually recommend to apply for the first residence permit after 6-12 months after the company is established. Visa can be issued for max. 1 year. If the third country national still performs business, they can apply for long-term residence permit for business purposes before the visa expires.
GERMANY	Schengen Visa may be granted for business trips, but does not entitle the holder to pursue gainful employment unless the visa was issued for the purpose of gainful employment.	The type D work visa in the form of a national visa is the prerequisite for working in Germany as a foreigner requiring a visa. It is usually issued for up to one year. After entering the country, a domestic residence permit must be applied for.	A temporary residence permit gives holders the right to stay in Germany for up to two years depending on the purpose of stay. To pursue gainful employment holders	Applicable with key requirements: <ol style="list-style-type: none"> 1) Higher education degree or a degree corresponding to a acknowledged degree in Germany. 2) Job offer/ Employment contract in relation to the higher education 3) Yearly gross salary of at least 43.800 EUR (in 2023) or 39.682,80 EUR (in 2023) for professions 	Non-applicable	Business owners can obtain a self-employment visa if there is commercial interest or regional demand for the product or service, the business activity is likely to have a positive impact on the economy and the financing is secured. Start Up employees must apply for regular work permits. For self-employed Freelancers in one of the liberal professions, a residence permit

Migration

	Schengen Visa	National Visa	Temporary residence permit	EU Blue Card	Startup Visa	Resident permit for business owners
	To stay in Estonia for up to 90 days, you simply need your ID card or passport. If you want to stay longer, you need to register and get a residence permit at the Police Department	A National Visa allows you to stay and work in EU member state for more than 90 days, but no longer than 1 year.	A temporary residence permit allows you to work and is issued for up to 2 years (can be extended for up to 2 years indefinitely).	A EU Blue card is a 2-in-1 (work and residence) permit designed explicitly for highly-skilled non-EU citizens. It is issued for up to 3 years (can be extended for up to 3 years also). You will have the right to bring family members. You will be eligible for permanent residence after 5 years.	Temporary residence and work permits for startup founders. It will be valid for up to 1 year, with the possibility to extend for an additional year, after which you must meet general immigration requirements. You will have right to bring family membersthe	Residence permit is a permit for business owners and is issued for 2 years (can be extended for up to 2 years indefinitely).
ESTONIA	Applicable	Applicable.	Applicable. Residence permit issued for 2 years (can be extended for up to 2 years indefinitely)	Key requirements: The company must have been active for at least 6 months prior to the application for a residence permit. The company must have equity of at least €65,000.	In the case of a start-up company, it must have been previously evaluated by the expert committee.	Applicable - long-term business visa.

Your contacts at Ecovis

Lithuania, Poland, Czech Republic, Germany, Estonia



Loreta Andziulytė

Partner, attorney-at-law
Lithuania

Phone: +370 614 081 88

loreta.andziulyte@ecovis.lt

www.ecovis.lt
Vilnius, Lithuania



Nikodem Multan

Partner, attorney-at-law
Poland

Phone: +48 609 137 896

nikodem.multan@ecovis.pl

www.ecovislegal.pl
Warsaw, Poland



JUDr.Mojmír Ježek, Ph.D.

Partner, attorney-at-law
Czech Republic

Phone: +420 226 236 600

mojmir.jezek@ecovislegal.cz

www.ecovislegal.cz/en/
Prague, Czech Republic



Marcus Buescher

Partner, attorney-at-law
Germany

Phone: +49 211 908 67-0

marcus.buescher@ecovis.com

<https://ecovis-kso.com/rechtsberatung/>
Duesseldorf, Germany



Veera Sokolova

Managing Partner
Estonia

Phone: +372 648 2244

Veera.sokolova@ecovis.ee

<https://ecovis.com/estonia/>
Tallinn, Estonia