

Founding a Business

When founding a business, at first you have to decide which business form do you choose. In the following write-up I am going to explain the most important steps when founding a business and the differences between the various legal forms of organisation.

Sole proprietorship

1 Where do i get informations and help?

Information you get from the Business Start-Up Service or the Chamber of Commerce.

For online registration of an trade you also have to ask at your Chamber of Commerce if this is possible.

2 Declaring the foundation of a new business or the transfer of a business

The next step is to declare that you want to found a new business, if you do this you will not have to pay levies, contributions and fees directly connected with founding a new business or taking over one .

Your chamber of commerce must confirm your declaration.

Generally, the Business Start-Up Service, the technical groups and/or guilds and district offices are the contacts, where you can also obtain the official forms.

3 Trade registration

For registration a business there are two possibilities:

1. the entrepreneur evinces qualification himself
2. the entrepreneur himself is not qualified – appointing a managing director who is qualified and works at least 20 hours a week in the firm

You will need the following documents to register your trade:

in case 1

- proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) or established individual qualification
- police clearance certificate from the country of origin for persons not resident in Austria
- proof of residence and/or residence permit for independent work purposes for non-EU citizens

in case 2

- you have to submit

- a passport
- police clearance certificate from the country of origin for persons not resident in Austria
- proof of residence if they are not EU citizens

- your managing director has to submit

- a passport
- police clearance certificate from the country of origin for persons not resident in Austria
- social-insurance confirmation (district health insurance commission) on registration as an employee working at least 20 hours weekly for the person registering the trade
- proof of qualification

4 District Health Insurance Commission (DHIC)

You must report employees to the competent DHIC prior to hiring them .

5 Social Insurance

You must register your trade with the Social Insurance Institute for Trade and Commerce within the initial month of operation

6 Revenue Office

Report your trade activity and apply for a tax ID number at the Revenue Office within the first month of operation.

7 Community / City

Notify the community or city administration of employees you have hired

You need zoning certificate and a building permit for your chosen business premises .#

Limited Partnership (OG) / General Partnership (KG)

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3 Articles of association

OGs/KGs are constituted on the basis of articles of association.

They could be done oral, but they should be made in written form with the assistance of an attorney for evidential reasons

In this articles of association, all the partners' rights and obligations towards each other and to the company should be determined, including company management and representation, profit and loss sharing, voting ratios for important decisions, provisions for death, resignations and dismissals, liquidating the company, etc.

4 Entry in the Company Register

OGs do not fully exist in legal terms until they are entered in the Company Register .

Every shareholder has to make a request to get signed up in the Company Register.

When applying for registration you have to submit following documents:

- articles of association
- sample signatures of all executives holding authority of representation

and you have to provide following informations:

- official company name + legal form must append
- each limited partner's liability total
- the location of the company's head offices and its main business address

- indication of the branch of business
- shareholders' names, dates of birth and addresses
- any personally liable shareholders who are not authorised signatories must also be entered in the Company Register
- authority of representation (who is allowed to represent the company)
- date the articles of association were signed

5 Trade registration

You have to submit the following documents:

- passports of all persons having major influence (i.e. personally liable shareholders or partners with special company managing authorisations, etc.)
- extract from the Company Register
- police clearance certificates from the country of origin for managing directors authorised under trade law and all personally liable shareholders not resident in Austria

Managing directors have to submit:

- a passport
- proof of qualification
- declaration from the managing director authorised under trade law on his employment in the company

6 District Health Insurance Commission (DHIC)

You must report employees to the competent DHIC prior to hiring them .

7 Social Insurance

You must register your trade with the Social Insurance Institute for Trade and Commerce within the initial month of operation

8 Revenue Office

Report your trade activity and apply for a tax ID number at the Revenue Office within the first month of operation.

9 Community / City

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GmbH / Limited Partnership

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The next step is to declare that you want to found a new business, if you do this you will not have to pay levies, contributions and fees directly connected with founding a new business or taking over one .

Your chamber of commerce must confirm your declaration.

Generally, the Business Start-Up Service, the technical groups and/or guilds and district offices are the contacts, where you can also obtain the official forms.

3 Articles of association

The founders (there may be only one) prepare the articles of association, which must be drawn up in the form of a notarial deed.

4 Shareholders' resolutions (first annual shareholder meeting)

All shareholder come together to control and revise the article of association.

The most important decision which is taken is who will be the general manager.

5 Bank confirmation

You will need a bank confirmation on the deposit of the equity capital (minimum equity capital amounts to EUR 35,000.00, of which at least EUR 17,500.00 must be paid in) into the company's account, of which company management may freely dispose.

6 Entry in the Company Register / application for registration

Needed documents:

- articles of association in the form of a notarial deed
- certified shareholders' resolution on the appointment of managing directors
- bank confirmation
- managing directors' sample signatures

7 Trade registration

You have to submit the following documents:

- passports of all persons having major influence (i.e. personally liable shareholders or partners with special company managing authorisations, etc.)
- extract from the Company Register
- police clearance certificates from the country of origin for managing directors authorised under trade law and all personally liable shareholders not resident in Austria

Managing directors have to submit:

- a passport
- proof of qualification
- declaration from the managing director authorised under trade law on his employment in the company

8 District Health Insurance Commission (DHIC)

You must report employees to the competent DHIC prior to hiring them .

9 Social Insurance

The company-managing shareholders are to be registered with the Social Insurance Institute for Trade and Commerce within the first month of their activity.

10 Revenue Office

Report your trade activity and apply for a tax ID number at the Revenue Office within the first month of operation.

11 Community / City

Notify the community or city administration of employees you have hired

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Summary

The first two steps are the same at all legal forms.

Information I get at the Business Start-Up Service and at the Chamber of Commerce.

The next step is to declare the foundation of a new business, this will save you a lot of money.

When founding a OG/KG or a GmbH you have to define Articles of association.

This document contains:

- who is allowed to represent the company in public
- the rights and obligations of the shareholders in the firm
- profit and loss sharing
- voting ratios for important decisions
- provisions for death,

If founding a GmbH the Shareholders have to sign the Articles of association.

Also you have to have a bank confirmation.

Now you have to enter your company in the Company Register.

The next step is the registration of the trade.

Therefore you have to submit information about all important people in the firm and documents like an extract of the company register, bank confirmation and the Articles of association.

The last steps are to register your firm and your employees to the DHIC, the Social-insurance, revenue office and maybe to the Community or City.