



# UK Companies doing business in Germany after Brexit

Legal and tax support

## What is the issue?

As negotiations on the future trading relationship of the UK and the EU continue in preparation for 31 December 2020 ('Last Transition Day'), businesses must be prepared for significant changes at the end of this year, whatever the outcome – trade deal or not.

If your group has a UK registered company with its place of effective management in Germany, when operating in Germany it currently is being treated in the same way as German businesses, in accordance with Article 54 of the EU's Lisbon Treaty. After Last Transition Day, when operating in Germany – provided that a trade deal is not agreed – your business will become an unincorporated company, subject to German laws.

## Why is this important?

If your company becomes subject to the rules for unincorporated German companies:

- 1 Your business will lose its limited liability protection.
- 2 Your directors or officers will not be able to represent the company without a special proxy. The representation will have to be performed by the (former) shareholders.
- 3 If the limited company has only one shareholder, the company is deemed to be dissolved under German law, that is, its assets are transferred to the shareholder.

This represents a significant commercial risk to your business and, in particular, will mitigate any ring fencing of risks – any claim against the company could be brought directly against your shareholder(s) which/who may hold other assets which would be at risk too. It could also make certain actions void or voidable if the directors continue to act on behalf of the company.




To address this, action must be taken before Last Transition Day. There may be several options, depending on the particular facts and circumstances, such as:

- Re-establishing your local presence by setting up a new German company, although this may have significant tax consequences when transferring the business; or
- Adjusting the share ownership structure in order to avoid extinction of the German company and/or maintain some limited liability protection.

Our legal and tax experts can advise you on the best option for your group and help with the implementation.



## How can our legal and tax specialists support you?

- 1 Work with you to review your group structure and consider the extent of the risk. 
- 2 Identify possible options and timing 
- 3 Support with implementation 

## Delivering benefits of our integrated legal and tax advice

Our lawyers and tax specialists are accustomed to work as one PwC team, delivering a joined-up and cost-effective advice.

### Legal expertise

Any business undertaking any structuring change, for whatever reason, must be alert to the legal risks involved in that change. Our international structuring lawyers are well versed to manage these risks bringing experience and lessons learned from some of the largest corporate cross-border restructuring projects. We design multi-jurisdictional structuring plans and provide full legal implementation support.

### Tax

Our tax experts can help you to navigate through times of change in your business and offer advice and guidance on a wide range of issues to help you make the best decisions for your stakeholders. In particular, understanding the tax implications of often complex and varied options can be crucial to making the right choice, and our tax specialists bring a wealth of experience in cross-border projects to support you.



Flexible approach to costing and reporting across advisors



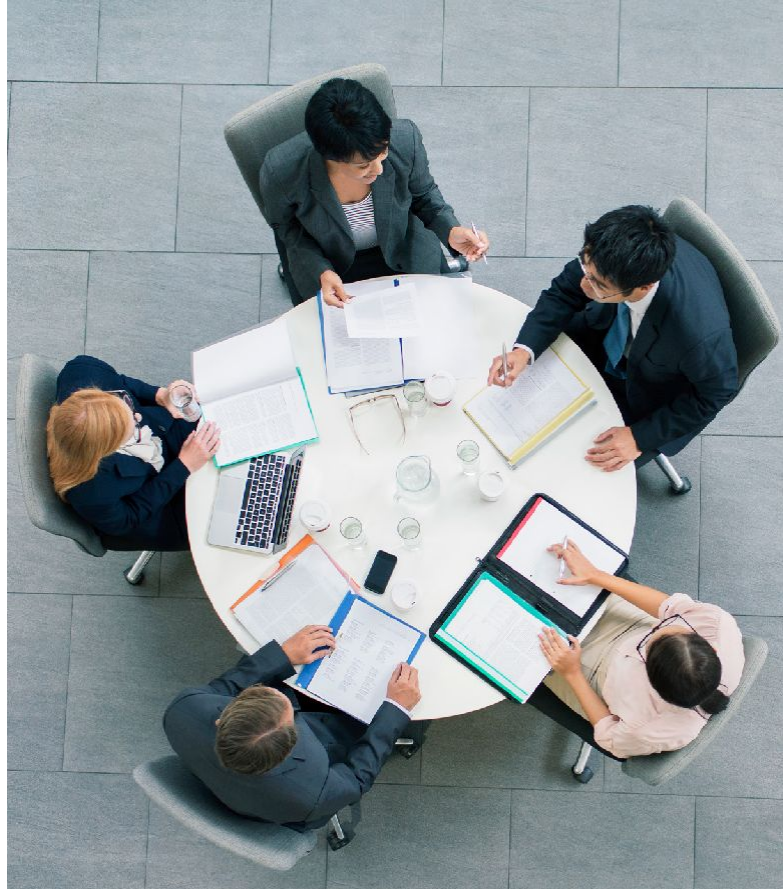
Increased flexibility and ease of communication



Standardised processes and technology



Accelerated issue resolution and risk mitigation



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