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Perspectives in
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Centros and the cost of branching*

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Following the *Centros*, *Überseering* and *Inspire Art* decisions of the ECJ a thriving market for incorporations has developed in the European Union. Round-trip incorporation is competing with domestic incorporation. Entrepreneurs can set up a shell company in any EU jurisdiction and branch back to their home country to operate a business. The UK Limited is a popular choice in many countries because it is rapidly and cheaply available online with minimum formalities. We develop a taxonomy for measuring the cost of Limited round-trip incorporation. The cost of setting up a Limited is directly observable in the market while the cost of branching is not. We run field experiments to measure the cost of branching. Our analysis reveals that despite the ECJ rulings, branching remains costly or impractical in many cases. Incorporation agents play an essential role in overcoming the limitations to branching.

I. Introduction

To incorporate a business at a lower cost than required by domestic company law, a Danish couple set up a UK shell company, *Centros Limited*, to operate a business exclusively in Denmark via a branch. Technically this was achieved by registering *Centros Limited* with Companies House in the United Kingdom and by applying for registration of a branch with the Danish companies register. After the Danish companies

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register refused registration of the branch, the case was brought to the ECJ, which declared the refusal of registration as being against the EC Treaty.¹ *Überseering*² and *Inspire Art*³ confirmed and strengthened the *Centros* ruling. In all three cases the ECJ made it clear that the Treaty grants entrepreneurs the right to choose where to set up their company within the EU and to use that as their business form in the country of operation. It also made it clear that the Court strictly scrutinizes attempts to restrict that right.

These European Court rulings have created an active incorporation market in the European Union. Especially in some countries, entrepreneurs are increasingly aware that they can freely choose among all the limited liability vehicles in the Union to run a business in their home state. In Germany, agents selling the UK Limited are omnipresent in newspapers, on television and on websites. The Limited is discussed on television and in parliament. Scores of legal self-help books on the Limited written in German are on display in bookshops. Between 2003 and 2006 more than 40,000 residents of Germany have incorporated a UK Limited.⁴

In this article we show that incorporation from a distance in the United Kingdom is easy and the cost is the same, no matter in which EU country the founding directors of the UK Limited live. By contrast, the direct and indirect cost of branching for a UK Limited company varies greatly across countries, which helps explain why ‘*Centros* incorporations’ are more frequent in some countries than in others.⁵

¹ ECJ, Case C-212/97 *Centros Ltd v. Erhvervs- og Selskabsstyrelsen* [1999] ECR I-1459. See E. Wymeersch, ‘*Centros*: A Landmark decision in European Company Law’, in Th. Baums, K. J. Hopt and N. Horn, *Corporations, Capital Markets and Business in the Law. Liber Amicorum Richard M. Buxbaum* (London, 2000), 629.

² ECJ, Case C-208/00 *Überseering BV v. Nordic Construction Company Baumanagement GmbH*, [2002] ECR I-9919.

³ ECJ, Case C-167/01 *Kamer van Koophandel en Fabrieken voor Amsterdam v Inspire Art Ltd*, [2003] ECR I-10155.

⁴ See M. Becht, C. Mayer and H. Wagner, *Where do firms incorporate? Deregulation and the cost of entry*, ECGI Law Working Paper N° 70/2006, August 2007.

⁵ To be sure, Member States do not usually provide for stiff sanctions against foreign companies that fail to register their branch in the country of operations. So, for instance, in Austria, § 107 GmbHG (Austrian limited liability company act) requires registration of the branch of a foreign company in the Austrian companies register. § 24 FBG (Company registry act) provides that in case of non-registration the court can impose a maximum fine of €3,600. In Germany, § 13d HGB (German Commercial Code) provides that a company, the seat of which is abroad, must register a branch in Germany. Under § 14 HGB, the penalty for non-registration is a maximum fine of €5,000. In the case BGH 14.03.2005 II ZR 5/03, the German Federal Court of Justice considered the question of whether the sanction for the non-registration of the Limited branch could be to make

We make two contributions to the literature: one, we devise a new experimental methodology that allows us to measure the actual cost of branching, comprising the cost of incorporation in the United Kingdom and the cost of branching;⁶ two, we conduct experiments and report the empirical results.

Our experiments show that the total cost of *Centros* incorporation differs considerably across countries. It cost a mere €551 to set up a UK Limited and branch back to Ireland. *Centros* incorporation also proved to be relatively cheap for entrepreneurs from Austria (€698), the Netherlands (€759) and Norway (€947). In contrast the cost has proved to be much higher in Poland (€1631) and Sweden (€2146), and prohibitive in Italy (€5007).

The main driver of the cost differences is the cost of translation and of certification. In the Italian case the cost exploded because Italy requires additional UK documents that also needed to be translated, like a letter of good standing and a decision of the board of directors of the UK Limited to open a branch. In addition we detected country idiosyncrasies that were somewhat surprising, like Sweden requiring the appointment of an auditor before branch registration (€1062). Greece wanted to impose Greek minimum capital requirements on the branch, simply ignoring the existence of the *Centros* case law.

The cost of branching is substantially reduced by the presence of an incorporation agent. Private intermediaries play a central role in overcoming existing administrative hurdles. The 'do-it-yourself' cost of obtaining an *Apostille* might require a trip to London. German agents typically charge less than €30 for an *Apostille* that certifies the authenticity of their standard incorporation documents. The agents can obtain *Apostilles* for hundreds of documents at the same time. The agents can also offer low-cost translations because they use a standard document

the director of the Limited personally liable for the company's debts (as it was held by the lower courts). The BGH held that in the case of non-registration only a fine under § 14 HGB could be imposed on the company and that in no case could the director be made personally liable for the company's debts, the directors' liability being governed by English law. No matter how little dissuasive sanctions for non-registration are, branch registration is, however, de facto necessary to deal with banks, State offices or major suppliers.

⁶ There are other projects measuring the cost of incorporation in different countries, for example the World Bank's 'Doing Business (Washington, January 2008), www.doingbusiness.org. At the moment this project only measures the cost of domestic, not of foreign incorporation. Also, the cost measurement is based on a questionnaire filled out by country correspondents, not on the actual cost of incorporating a real business.

with its standard translation. The marginal cost of translating their 'boilerplate' UK documents is almost zero. In contrast, the translation cost in our Italian experiment was approximately €1800.

The results we obtain help explain why the UK Limited is widely used in the Netherlands while it is practically non-existent in Greece, despite the equal amount of paid-up minimum capital for national private limited liability companies in the two countries (€18,000); or, again, widely used in Norway while almost unheard of in Italy, again despite an approximately equal amount of minimum capital in the two countries (€10,000). The cost of setting up the UK Limited is the same in all cases, but the cost of branching is not; branching to Greece or Italy from the UK is very costly, branching to Norway and the Netherlands is not.

Despite the rulings of the European Court and flanking measures adopted by the European Commission, branching to some EU countries is still more limited than to others. The results of our experiments provide clear indications of where further public or private enforcement of the freedom of establishment principle enshrined in the Treaties is required and of what steps the Commission could take to make branching less costly.

II. *Centros* incorporation terminology

The *Centros* idea of using a legal vehicle in another EU member state to run a local business is well established in the mutual fund industry. Most 'Undertakings for Collective Investment in Transferable Securities' (UCITS) in the European Union are incorporated in Luxembourg or Ireland, although the promoter of the fund resides in another Member State. A fund set up by a Belgian promoter under Luxembourg law and intended to be sold back into Belgium is referred to as a 'round-trip fund'. We use this travel-industry-inspired terminology for *Centros* incorporations.

An entrepreneur wanting to set up a UK Limited from outside the UK to operate a business in his or her home jurisdiction through branching is confronted with three options offered by incorporation agents: 'full round trip', 'incorporation and half-way back' and 'incorporation-only'. The first two options are available in some Member States only.

A. *Full round trip*

The easiest way to set up a *Centros*-type Limited is to purchase a 'full round trip' incorporation package. This service includes everything

from registration of the UK Limited to registration of the branch in the entrepreneur's home country.

The 'Foratis Limited' sold in Germany is an example of this service. For €2,500 Foratis AG will create and register a UK Limited with a capital of £120, deliver a Certificate of Incorporation, Memorandum and Articles of Association and a certified translation of these into German with *Apostille*.⁷ Foratis will also take care of the branch registration in Germany and open a German bank account. The Limited is registered at an address in Birmingham and Foratis provides a Company Secretary for one year. A one-year service package is included in the purchase price and features an application to the UK Inland Revenue for the Limited to be exempted from filing a UK tax return, a mail forwarding service from the registered office of the Limited to an address in Germany (against a supplementary fee of €2 per letter) and reminders for important dates, like filing obligations with Companies House. After the first year an extension of the service pack subscription is available for €250.⁸

The full round trip service is not widely available and some agents do not offer it at all. Instead, entrepreneurs have to take care of the branching themselves or they are brought 'half-way back' by the incorporation agent.

B. Incorporation and half-way back package

This package differs from the full round trip one in that it does not include the branch registration in the home state and the opening of the bank account. It does provide instead for the registration of a Limited in the UK, plus the documents required to register the branch: the official UK documents with certification (*Apostille*) and certified translations. When the package is offered by a local agent it usually includes instructions. In the ideal case, the national entrepreneur simply needs to take the documents and translations received from the agent to the local companies register and apply for the branch registration.⁹

⁷ The UK is not a signatory of the Hague convention and the *Apostille* is required to certify the authenticity of the UK documents.

⁸ www.foratis.com/thema/000130/foratis_deutsche_limited.html.

⁹ An interesting legal question arises when a Belgian resident uses the 'half-way back' service of an agent in the Netherlands to obtain the branch registration documents in Dutch, but certified by an official translator from the Netherlands. Current practice appears to be that the Belgian companies register will not accept official translations from the Netherlands, Germany or France, although Dutch, French and German are official languages in different parts of the country. For cost reasons we did not explore this issue in our empirical research.

C. *Incorporation-only package*

In the worst case, neither the ‘full round trip’ nor the ‘half-way back’ option is available in the country of residence of the entrepreneur. We found, for example, that this was the case in Hungary. A Hungarian entrepreneur has to resort to the services of a UK agent to set up the Limited company and take care of the branching herself. A variety of incorporation services are offered by a broad spectrum of providers. A fully-fledged offering again includes an incorporation package bundled with one year of compliance services, including a ‘virtual’ registered office, a company secretary and mail forwarding.

After incorporation via the UK agent the Hungarian resident receives the UK documents and has to undertake the branching procedure on her own. This means that she has to arrange for legal representation for the registration procedure,¹⁰ for a board resolution of the Limited to set up a branch in Hungary,¹¹ the notarization of the signature specimen of the branch representative(s),¹² the payment of all fees¹³ and the translation of all required company documents into Hungarian.¹⁴ As one would expect, the requirement to undertake ‘do-it-yourself’ branching poses serious limits on the relative attractiveness of the UK Limited.

III. Experimental design

The total cost of *Centros* incorporation is directly observable for the ‘full round trip’ package, but not in the other cases. To obtain a direct measure of the cost of ‘Limited round tripping’ from countries where a full service is not available we conducted field experiments with the help of country correspondents. We supplied them with a ‘Guideline for country correspondents’. The Guideline gave an explanation of the procedural steps

¹⁰ For the branch registration process legal representation is compulsory in Hungary, § 32(4) of the Law V of 2006; costs of the legal representation may range between €400 and €4,000, as our country correspondent found out during our experiment.

¹¹ Appendix I, Law V of 2006.

¹² Appendix I, Law V of 2006, notarization of the signature specimen is regulated by Law XLI of 1991; the cost of notarization is a standard €6 per signature.

¹³ Under Law XCIII of 1990 the branch registration fee is 250.000 Ft (€200) and under Law V of 2006 and Decree Nr. 22 of 2006 of the Minister of Justice the publication fee is 14.000 Ft (€56).

¹⁴ Appendix I, Law V of 2006; according to Decree Nr 24. of 1986 the ‘National Translation and Translation Authentication Office’ has the exclusive right to produce official translations (the rate is approx. €17 per page).

of the branch registration as well as a checklist of information that we required our correspondents to record.

We found country correspondents from ten EEA states: Austria, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Poland and Sweden.¹⁵ We asked our country correspondents to put themselves into the shoes of a small local entrepreneur who intends to incorporate and branch back a UK Limited at the lowest possible cost. We thus instructed them to search for a local incorporation agent selling the UK Limited online. In case they could not find local agents we suggested they use Jordans, a reputable UK agent that had been recommended to us. After incorporating the Limited, the correspondents were asked to register a branch in the local companies register and to record the number of procedures they had to undergo, the costs incurred, the time it took them, and any obstacles they encountered.

IV. Results

Of the ten experiments our country correspondents undertook, five were performed until branch registration, while two were abandoned at an early stage (France and Greece), one (Austria) was only recently resumed to obtain registration after some difficulties had emerged, and two were abandoned just before the final steps for cost reasons (Poland and Sweden).

A. Choice of incorporation agent matters

Our French correspondent decided to break off the experiment after experiencing problems with his chosen incorporation agent ('Agent A'), one of the cheapest providers on the UK market with a website in English, French, German, Polish, Italian, Spanish, Arabic and Chinese. Our correspondent reported that incorporation of the private limited company in the UK took place in March 2007. However, despite promises of a prompt delivery (within 10–14 days) of the French translations of the company documents, Agent A posted the translations with a delay of two months (the correspondent also complained about their poor quality). When in May the correspondent tried to apply for branch registration, the French register refused to accept the company documents

¹⁵ Freedom of establishment extends to EEA countries. Hence the inclusion of Norway.

issued in March and asked for more recent certificates. Agent A was ready to supply these, but requiring additional payment of course. At this point, the correspondent broke off the experiment.

B. Further ECJ Rulings might be required

The Greek experiment was abandoned as soon as our correspondent found out that under Law 3190/1955, for a branch of a foreign private limited liability company (Limited) to be registered in Greece, the foreign company must meet the minimum capital requirements set by Greek law for the Greek private limited liability company, i.e. have a minimum paid-up capital of €18,000.

This requirement of course undermines the basic rationale behind incorporation shopping and might explain why the number of UK-incorporations from Greece is very low, although Greece ranks close to the top of the list of countries in terms of minimum capital requirements and length of incorporation procedures.¹⁶ This requirement constitutes a serious (and, in light of *Inspire Art*, illegitimate) barrier to freedom of establishment, quite aside from the fact that it is also in breach of the Directive 89/666/EEC of 21 December 1989 (Eleventh Company Law Directive on Disclosure Requirements in respect of Branches: hereinafter, the Eleventh Directive).

C. Italy – a case study in incorporation market closure

Of the other experiments, the Italian one proved to be of particular interest, both in itself and for the entrepreneurial activity it inspired. In fact, as the Appendix fully details, it uncovered what is probably one of the most tedious and expensive branching procedures in Europe. Further, it gave our country correspondent the idea of setting up an Italian incorporation service provider, 'Italian Limited'.¹⁷ So far, Italian Limited has incorporated thirty Limiteds for Italian entrepreneurs, and there seems to be high potential for further growth. In the face of an actual cost of more than €5,000, Italian Limited offers the full round trip service package for €2,490.

¹⁶ See Becht, Mayer, and Wagner, *Where do firms incorporate?* (note 4, above), 31.

¹⁷ See www.italianlimited.it.

D. Proving the existence of the branch

The Austrian experiment is also interesting. In fact, it was temporarily broken off due to two problems raised by the Vienna Company Court during the registration procedure. First, the Court required that evidence of the actual existence of the branch in Vienna be adduced (e.g. lease of business premises, website, business contacts, etc.) for registration to take place.

In fact, Austrian law provides that, in order for registration to take place, evidence must be given as to the existence of the branch.¹⁸ Austrian Courts have clarified in several cases involving Limiteds incorporated in England under English law and applying for the registration of a branch in Austria.¹⁹ According to this case law, evidence has to be produced that an appropriate business structure is in place which permits the branch to do business permanently and independently from the company itself. The courts concede that also planned measures can be taken into account when determining the existence of the branch, if their implementation can be held to be highly likely in the given circumstances. Examples of accepted evidence are a webpage of the branch, rented premises and facilities, a bank account, the existence of funds, business contacts, etc.

In our case, since the branch was only to be registered for the purposes of the experiment, its real existence was hard to prove. Incidentally, we note that this point should not be a serious obstacle in the case of a local entrepreneur who indeed intends to do business through a Limited.

E. Objects clause restrictions

More importantly, the Company Court also required the amendment of the objects clause because the standard English objects clause which the memorandum of the Limited contained included financial activities which under Austrian law need specific authorization.

The Vienna Court of Appeal has held that in the absence of the required authorizations by either the Financial Services Authority in the UK or the equivalent body in Austria the registration of the branch has to be refused.²⁰

¹⁸ § 12 Austrian Commercial Code (UGB).

¹⁹ OGH 29.4.2004, 6 Ob 43/04y; OGH 29.4.2004, 6 Ob 44/04w; OLG Wien 29.12.2006, 28R 233/06z.

²⁰ OLG Wien 5.12.2003, 28 R 338/03m, OLG Wien 30.11.2004, 28 R 217/04v.

The objects clause was an obstacle not only in Austria, but also in Poland and Norway. In these two countries minor amendments had to be made to the objects clause to obtain registration.

Apparently, it is frequent for member states to require the disclosure of the memorandum and articles of the foreign company, as Art. 2(2)(b) of the Eleventh Company Law Directive allows them to do. Furthermore, under Art. 2(1)(b) the member states may require the disclosure of the 'activity' of the branch. How these two interact is unclear. While Austrian courts seem to focus on the objects clause of the Limited and pay no attention to the 'activities' of the branch, German courts have come to the conclusion that it is solely the 'activity' carried out by the branch and not the objects clause of the foreign company that the German company courts are called upon to scrutinize when considering the registration of a branch.²¹

F. Agents reduce cost

In the case of Germany, the Netherlands, Norway and Sweden the branching procedure ran fairly smoothly and our correspondents encountered no major obstacles. In Germany the notary fees are heavily regulated with a cap of €19 that can be charged for authenticating the signature specimen of the branch representative. Therefore, although traditionally the application procedure was taken care of by the notaries, with the maximum fee of €19 now applicable, they are reluctant to get involved in branching procedures. Hence, the burden of lodging the application documents at the court falls back on the entrepreneurs. In the Netherlands our correspondent was questioned by the clerk at the Chamber of Commerce (the office in charge of the branch registration) why she decided to use a Limited instead of a Dutch legal form.

In respect of the Irish experiment it must be borne in mind that our correspondent chose to order the 'full round trip' instead of the 'half-way back' service, used by most other country correspondents. Both because of this and because the foreign company concerned was a UK Limited, the process was more straightforward than anywhere else. Of course, a

²¹ OLG Thüringen, 22.4.1999 – 6 W 209/99; LG Bielefeld, 8.7.2004 – 24 T 7/04; LG Ravensburg, 14.2.2005 – 7 T 1/04 KfH 1; LG Kassel, 18.3.2005 – 13 T 13/04; LG Chemnitz, 24.3.2005 – 2 HK T 54/05; LG Chemnitz, 12.5.2005 – 2 HK T 427/05; OLG Hamm, 28.6.2005 – 15 W 159/05; OLG Frankfurt a.M., 29.12.2005 – 20 W 315/05.

cost advantage for the Irish entrepreneur is that no translation has to be made of incorporation documents.

V. Conclusion

Our field experiments show that there are substantial differences in the cost and feasibility of 'round trip incorporation' between Member States. Incorporating a Limited company in the United Kingdom is cheap, fast and can be done from a distance. When problems arise they stem from branching.

In part, this is explained by the presence of incorporation agents in only some of the Member States. By standardizing the procedural steps that are needed they can cut down on the costs significantly, the most telling difference being between the cost of the required translation where incorporation agents offer this service (€30 in Germany), and where they do not (€1,800 in Italy).

Once the document translation and certification hurdle has been overcome, the ease of branching depends on national idiosyncrasies. Branching can be made more cumbersome and costly by requiring, *de jure* or *de facto*, the intervention of a public notary, as in Italy or Germany, or by insisting on evidence that the branch really exists (a requirement that is absent from those the Eleventh Directive allows member states to impose), as in Austria, or by meddling with the contents of the object clause, as in various countries. In Sweden the requirement to appoint an auditor for the branch places an important extra cost burden on branching (although to be sure a similar requirement also exists for domestic companies), while in Italy, Hungary and Poland the requirement to enclose a company resolution setting up the branch will cause additional hurdles since this resolution does not form part of the standard documents provided by incorporation agents.

Of course, such obstacles discourage incorporation agents to begin with, because the arbitrage surplus to be gained by incorporating a business as a Limited will be lower in countries where such obstacles exist, making the supply of a standardized and less costly Limited product less likely.

Our experiments have also highlighted patent violations of EC law, as in the case of Greece, that requires a minimum capital for foreign companies branching in Greece as high as that of a Greek company.

To conclude, our research shows that a lot could be done to facilitate freedom of establishment in the form of branching. First of all,

the 11th Directive should be revised, at the very least by introducing mutual recognition of objects clauses: a given object clause should be of no obstacle to branching, no matter whether it includes activities for which an authorization is required in the state of branching. This would not mean that the registered branch would be free to exercise that activity, for which it would have to obtain the required authorization anyway.

The European Commission proposals for fast track administrative burden reductions in 2008²² presented on 10 March 2008 recognizes that unnecessary and disproportionate administrative costs severely hamper economic activity and aims at cutting administrative costs for entrepreneurs. The Proposals are the second package of an overall programme to reduce the administrative burdens for entrepreneurs in the EU by 25% in 2012.

With respect to cross-border branching the Proposals contain two important measures: one, the possibility of re-using translations of company documents that have already been certified in one member state when the same language is used and second, the abolishment of the obligation to publish business data in the national gazettes.²³ Instead, company information will be made available online which not only saves costs for entrepreneurs, but makes access to the information easier. As a next step the planned integration of the national company registers in the EU could ensure more clarity and easier registration procedures as well as a more efficient information exchange between the register of the country where the company was incorporated and that where it intends to set up a branch.

APPENDIX – COUNTRY EXPERIMENT REPORTS

I. Austria – START Unternehmensberatung Limited

A. *Preliminary investigation*

There is a vast number of online service providers that offer UK incorporation services in Austria. They are almost exclusively run from

²² MEMO/08/152, <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/152&format=HTML&aged=0&language=EN&guiLanguage=en>

²³ For an example of a dispute on the cost aspect of publishing company information in the Official Journal on the occasion of branch registration: see ECJ, Case C-453/04 *Innoventif Limited v. Landgericht Berlin*, [2006] ECR 4929.

Germany. Given the fact that there are no language barriers between Germany and Austria, and that the branch registration procedure is very similar in the two countries, German incorporation agents have expanded and now cover the Austrian market too.

The country correspondent for Austria spent approximately half a day on the internet searching for the cheapest incorporation provider and decided to order the 'half-way back' package ('Offizielles Deutschland-Paket') and a one-year company secretary service from Ganz Einfach Ltd.²⁴ for €348. The package included the Certificate of Incorporation, the *Apostille* for the Certificate of Incorporation, the Memorandum and Articles of Association and their certified German translations.

B. UK incorporation

The correspondent ordered the incorporation of the 'START Unternehmensberatung Limited' on 12 February 2007 by filling in the online order form of Ganz Einfach Ltd. On the same day, Ganz Einfach Ltd. confirmed by email that the START Unternehmensberatung Limited was incorporated. Attached to the email were the Certificate of Incorporation and the Memorandum and Articles of Association.

The next day, *Ganz Einfach* Ltd. provided the country correspondent with a detailed explanation of the incorporation procedure in England, setting out which incorporation documents and translations were still to be sent to the correspondent and when.

On 16 February, only four days after placing the order for the incorporation service, the correspondent received hard copies of the certified translation into German of the Certificate of Incorporation, the Memorandum and the Articles by ordinary mail. On 22 February these were followed by certified copies of the original English language documents.

On 15 March our correspondent received the Companies House Certificate of Incorporation issued by the Officer of the Companies Registration Office in Cardiff.

Unfortunately an error occurred in the mention of the subscriber shareholder which had to be rectified, thus retarding the branch incorporation by more than two weeks. Had this error not occurred, the Austrian correspondent would have had all the necessary documents,

²⁴ www.yoffi.net.

translations and certifications ready for the branch registration within three weeks. Even with the delay, the procedure took just over five weeks.

C. Registration of the branch in the Austrian Companies Register

The country correspondent called the Company Court in Vienna to find out about the required steps for the branch registration. In Austria, the company director is entitled to undertake the registration of the branch herself, there being no requirement for legal representation.

In order to prepare for the registration, our correspondent had to draft an 'application for registration' and a 'signature specimen form'.²⁵ The director's signature on both these documents must be certified either by a public notary or by the Company Court. Our correspondent chose to have her signature certified by the Court for the cheaper €18/signature as opposed to €30/signature charged by public notaries.

On 4 April 2007 our correspondent handed in the application form for branch registration at the Viennese Company Court. Attached to the form were the English language Certificate of Incorporation and the *Apostille*, the Memorandum and Articles in English and their certified translations into German. The application fee was €34.

On 10 April 2007 the Company Court informed our correspondent by letter that in order to have the Limited branch registered in Austria she had to: (i) prove that the branch was actually and factually established in Austria; (ii) amend the objects clause or provide proof of specific authorization by a financial regulatory authority, because certain paragraphs of the objects clause contained activities which in Austria fall under 'regulated financial activities' and therefore need specific authorization. Unless these requirements were complied with and evidence of the compliance adduced to the Court within eight weeks of the date of the Court's letter, the application would be rejected.²⁶

²⁵ In order to do this, our correspondent relied on the following manuals: C. Fritz, *GmbH-Praxis I, Vertragsmuster und Eingaben, Mustersammlung für Gründung, Geschäftsführung, Umwandlung und Auflösung* (Wien: Linde, 2003); A. Kostner/M. Umfahrer, *Die Gesellschaft mit beschränkter Haftung. GmbH-Handbuch für die Praxis* (Wien: Manz, 1998).

²⁶ It appears to be a general practice of the company courts in Austria to require both evidence of the actual establishment of the branch and the amendment of the object clause for branch registration in the case of UK Limiteds. It is hoped that thereby some control over the pseudo-foreign companies can be exercised. See OLG Wien 5.12.2003, 28

At this point the branching experiment was broken off. Had registration taken place, a registration fee of €180 and a publication fee for publication in the Official Journal of approximately €100 would have been payable (publication fees depend on the length of the published information about the Limited branch).²⁷

D. Summary

Cost item	Cost
Incorporation service (incl. company secretary)	€348
Certification of signature	€36
Application fee	€34
Registration fee	€180
Publication fee	€100
Total	€698

Time spent	Time
Search for an incorporation service provider	5h
Prepare application form for registration and signature specimen	3h
Certification of signature and handing in application form at the Company Court	5h
Total	13h
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	approx. 5 weeks

R 338/03m; OLG Wien 30.11.2004, 28 R 217/04v; OGH 29.4.2004, 6 Ob 43/04y; OGH 29.4.2004, 6 Ob 44/04w.

²⁷ In February 2008 we decided that the experiment should be resumed and full registration of the branch attempted to be attained. Therefore, our correspondent approached the incorporation service provider she had previously used and asked for an amended memorandum that would omit from the objects clause the specific financial activities that would have needed authorisation in Austria. The new memorandum of course had to be translated into German as well. Furthermore, our correspondent took steps to ensure that evidence of the actual establishment and existence of the branch could be established. At the time of writing this part of the experiment is still in progress.

II. Germany – Weiler Unternehmensberatungs Ltd.

Our correspondent ordered ‘the incorporation and half-way back’ package from GoAhead Limited²⁸ on 15 December 2006 and the branch was registered on 3 May 2007. There were a number of factors that caused this delay:

A. Delay in document delivery by agent

Our correspondent ordered the Limited on 15 December 2006 and although the GoAhead website states that incorporation would take a week normally, the notification of the incorporation together with the electronic documents were only sent to our correspondent on 28 December. Our correspondent was on holiday until 16 January 2007 and therefore did not receive the documents before that date.

B. Dispute with GoAhead over objects clause

When reviewing the documents, our correspondent discovered that the company’s objects clause had not been drafted as ordered. Our correspondent had specifically described the object as ‘strategic non-legal advice in M&A’, whereas GoAhead used the standard form describing the object of the company as being engaged in any trade. Our correspondent requested a change of the articles and the memorandum, but GoAhead refused and our correspondent let go. This dispute lasted from 18 January to 16 February 2007.

C. Notary

Next, our correspondent contacted his local notary for registration of the branch, but the notary was not responsive and failed to provide a draft of the application form to be handed in to the court in order to register the branch. The correspondent therefore produced the draft form himself and finally received the authentication of his signature on the application form on 12 April from the notary.

While a German notary would normally then submit the application to the court and deal with any inquiries the court might have, the notary refused to do so for a Limited. His explanation was quite

²⁸ www.go-limited.de/.

simple and telling. For the required authentication of the signature, the legal cap for the fee would be approximately €19. For such a low fee he said he would not take it upon himself to submit the application to the court. Our correspondent therefore lodged the application himself.

In our correspondent's words, 'the reluctance of the local notary to handle the matter swiftly is not to be understood as an intention to discriminate against foreign companies. It is mainly influenced by economic factors, that is, the low fee the notary can charge'.

D. Court

The local court registered the branch within a relatively short period of time (18 days).

E. Overall assessment

In our correspondent's view, 'from the four and a half months that it took to register the Limited's branch, more or less two could have been saved had I not been on holiday, not entered into the dispute with GoAhead and urged the local notary more actively'. One should also add that our correspondent lives in the countryside and it is well known in Germany that companies registries in the countryside are slower than elsewhere.

F. Summary

Cost item	Cost
Incorporation with 'half-way back' service	€694.00
Notary	€19.56
Registration fee of Court	€170.00
Total	€883.56

After the company was registered, the local companies register charged €408 as compulsory membership fees.

III. Italy – FRADA Limited

A. Preliminary investigation

After a three-hour internet search the country correspondent for Italy discovered that there were no Limited incorporation service providers offering the ‘incorporation and half-way back’ or the ‘full round trip’ services in Italy. He thus decided to choose the ‘one-way only’ service.

The correspondent then limited his search to the ten most popular results in the internet inquiry (writing ‘uk limited companies’ in the search engine). Prices ranged from £30 (incorporation only) to £340 (for a full-compliance package). The entrepreneur decided to use Jordans (£340 + VAT): although Jordans was slightly more expensive than its competitors its service was more reliable.

B. UK incorporation

Our correspondent sent an order form to Jordans by e-mail. Within 24 hours, he received by e-mail a copy of the ‘certificate of incorporation’. Three days later, our correspondent received a letter with: *a*) documents certifying that the incorporation had taken place; *b*) the company secretarial service agreement (which the correspondent had to sign and return); *c*) a two-page form to be filled in and returned to the Inland Revenue; *d*) a request for the following documents: *i*) a certified copy of the page of a current signed passport which contains the photograph of the correspondent; *ii*) either a certified copy or original of a recent utility bill (not more than three months old and not a mobile telephone bill) or bank or building society statement (not more than three months old) showing the correspondent’s current address. The copies of company documents had to be certified, preferably in English, as a true copy of the original and signed and dated by a lawyer, accountant, notary, bank manager, doctor, teacher or embassy official, whose name, address, status or capacity the correspondent had to supply together with the copy documentation.

C. Registration of the branch in the Italian Companies Register

Once FRADA Limited was incorporated, the correspondent called the competent company registry in order to gather information about the registration procedure. According to the registry’s officer, the usual

procedure requires a notary deed in order for the branch to be registered (although Italian law does not expressly assign a role to notaries for this purpose).²⁹

The entrepreneur then contacted twenty notaries in order to register the branch. This part of the procedure was the most cumbersome. Only six out of the twenty notaries were willing to send a cost estimate (€1,500–2,000 on average). One of these six notaries required, in order for the branch to be registered, an extraordinary general meeting conducted pursuant to Italian law (thus ignoring the *lex incorporationis* principle). The remaining five notaries asked for a translation of a board resolution – adopted according to English law – establishing a branch in Italy and appointing a representative in Italy (i.e. the single shareholder). The resolution had to be deposited with Companies House by the company secretary of Frada Limited.

The resolution above, the statute of incorporation, a certification attesting that the Limited still exists, the personal data of the board members have to be deposited at a notary's office in Italy. The documents also have to be translated into Italian by a sworn expert. The notary then takes care of the registration at the company registry. Most of the notaries also required that our correspondent apply for a tax number for the Limited in Italy in order for the registration to be accomplished.

In general, notaries were reluctant to undertake the registration of a Limited branch in Italy. They were apparently not used to this procedure. Since under Italian law a notary is struck off the register whenever she commits two errors during her professional career, notaries may be unwilling to bear the risk of making an error in a not particularly profitable procedure, such as a Limited branching.

After having gathered the above information, the entrepreneur went back to Jordans to obtain the certification attesting that the Limited was still in force and the company's resolution establishing the Italian branch. The next day he received an e-mail containing the resolution which he had to return signed to the company secretary for the registration at Companies House. The cost of the resolution was £50. Ten days later, he received the certificate attesting the Limited was still in

²⁹ See L. Enriques, *Società costituita all'estero*, (Bologna-Roma: Zanichelli-II Foro Italiano, 2007), 69–70 (according to whom the notary should not be involved if there is no similar requirement in the state of incorporation, but also noting that the contrary view is dominant among scholars and practitioners).

force. This procedure could have been shortened (two days overall) by paying a £30 extra fee.

To obtain the certified translation of the documents for the registration required twelve days and cost €1,801. Our correspondent decided to engage an authorized translator, but the Italian legislation also allows a certified translation to be made by the person applying for registration. In such a case, an €80 registration fee is required. The tax number was obtained in a couple of days and involved a fee of €251.

Our correspondent then contacted the first notary again. The notary took five days to check that the documents were formally complete. Another six days were spent on drafting the application deed for the registration. In the meantime, our correspondent had to convince the notary that the whole procedure was lawful, since the notary apparently was not aware of the *Centros* case law. The notary was eventually convinced, but although his cost estimate had at first been €1,500, he asked for a fee of €3,000 once he understood that the Limited was a 'mailbox company'.

Our correspondent therefore decided to contact another notary, who prepared the application deed in five days for a fee of €2,014. Under Italian law, the branch is formally set up as soon as the notary's deed is registered in the Companies Register. The notary must register the deed within forty-five days after issuing it, but this second notary informally undertook to fulfil this obligation within three days.

D. Summary

Cost item	Cost
Incorporation service (incl. company secretary)	€558.37
Documents provided by Jordans for the registration	€381.54
Translation costs	€1801.22
Opening of tax position	€251.36
Registration and notaries fee	€2014.42
Total	€5006.91

Time spent	Hours
Obtaining information from the Companies' Register	1
Finding a notary and assuming information on the procedure to follow and the documentation required under the Italian law	3
Obtaining from the agent the documentation requested by the notary	1
Finding and dealing with the translator	2
Opening VAT in Italy	1
Meeting and dealing with the first notary	3
Meeting and dealings with the second notary	7
Others (emails, phone calls, post office etc.)	1
Total	19
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	52 days

IV. Ireland – ECGIBRITE Limited

A. Preliminary investigation

The Irish correspondent performed a Google search and selected and ordered a 'full round trip' service from 'Company Bureau',³⁰ a service which includes both the registration of a UK Limited and the registration of its branch in Ireland. Company Bureau charged €550 for this package.

B. Ordering the 'full round trip' incorporation service

Our correspondent ordered the package on 27 February 2007 by phone. On the same day, Company Bureau emailed him a company formation order form. Besides filling in the form, our correspondent was asked to provide a second, UK-based director and a UK-registered address for the ECGIBRITE Limited.

³⁰ www.companyformations.ie.

Our correspondent completed and returned the form together with the above mentioned additional documents on 5 March. Company Bureau confirmed the incorporation of ECGIBRITE Limited in England on 8 March 2007. The Certificate of Incorporation, the Articles and the Memorandum, the share certificate, minutes of the first board meeting and the company seal were posted to the correspondent on 14 March. He received them on 20 March.

C. Registration of the branch at the Irish Companies Registration Office

On 7 March 2007 Company Bureau emailed the correspondent the F12 Form (requiring personal details of the director). The correspondent filled in the Form and returned it by fax and by post the next day.

Company Bureau applied to the Irish Companies Registration Office to register the Irish branch of ECGIBRITE Limited on 30 March 2007. It had to hand in a certified copy of the Certificate of Incorporation, certified copies of the Memorandum and the Articles, a certified copy of the recent accounting documents and the F12 Form.

The Companies Registration Office confirmed the registration of the branch on 5 April 2007. However, the incorporation service provider only informed our correspondent two weeks later, on 20 April 2007, that the branch registration had taken place.

D. Summary

Cost item	Cost
Incorporation service ('full-round trip')	
service fee	€300
registration fee and documentation fee	€187
VAT	€67
Fax and postage	€1
Total	€551

Time spent	Time
Researching the internet and filling in various forms	40 min
Total	40 min
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	approx. 5 weeks

V. Netherlands – Expletus Limited

A. Preliminary investigation

The Dutch country correspondent spent approx. two and a half hours on the internet searching and comparing incorporation service providers and decided to order the ‘half-way back’ package from Haags Juristen College (HJC)³¹ for €600. The package included the Certificate of Incorporation, the Memorandum and Articles, a certified Dutch translation of the Articles, the Current Appointments Report and Companies House Forms 10 and 12.

B. Ordering the ‘half-way back’ incorporation service

Our correspondent made first contact with HJC on 31 January 2007. She received the same day their order form by email which she had to fill in and return by post together with a copy of her passport and a proof of residence for herself (the director of the Limited) and for the company secretary.

Our correspondent posted the above documents on 5 February and on 7 February she received by post the Memorandum of Association of Expletus Limited and Forms 10,³² 12³³ and 255.³⁴ Due to some delay in settling HJC’s invoice, our correspondent received the Articles of Association with the certified Dutch translation,³⁵ the Current Appointments Report and once again the Memorandum and Forms 10 and 12 only on 16 March by email. Three days later the Certificate of Incorporation arrived by post.

³¹ See www.hjc.nl; the *Inspire Art* case was initiated by this specialist in company law.

³² First directors and secretary and intended situation of registered office.

³³ Declaration on application for registration.

³⁴ Change of accounting reference date.

³⁵ For branch registration in the Netherlands, only the Articles of Association have to be translated to Dutch.

C. Registration of the branch at the Dutch Chamber of Commerce

On 19 March our correspondent contacted the Chamber of Commerce of Tilburg to find out about the branch registration procedure and the general requirements that have to be fulfilled prior to registration. She was informed that there were no particular requirements for the branch registration and that she did not need an appointment to hand in the registration documents at the Chamber of Commerce either.

Our correspondent thus went to the Chamber on 22 March to undertake the registration. She handed in the Certificate of Incorporation, the Memorandum and the Articles, the certified Dutch translation of the Articles, the Current Appointments Report and Forms 10 and 12 along with the registration form, which she downloaded from the website of the Chamber of Commerce.

The branch registration went through fast and smoothly, taking about one hour. The clerk of the Chamber of Commerce checked our correspondent's personal identity and carried out a search against the company name 'Expletus'. Upon the payment of the annual registration fee of €148 the branch was registered. Our correspondent had to pay an additional €11 for the Dutch extract of the branch registration of Expletus Limited. She then was given a 'welcome package' containing a welcome letter and a brochure with further information about the Chamber of Commerce.

The registration of Limited branches is not published in an Official Journal or Gazette in the Netherlands, but information about such registrations can be obtained from the website of the Chamber of Commerce.

After registration, our correspondent was advised to apply for a tax identification number to the tax authority.

D. Summary

Cost item	Cost
Incorporation with 'half-way back' service	€600.0
Registration fee	€148.5
Company extracts	€11.0
Total	€759.5

Time spent	Time
Research incorporation services provider and fill in order form	3h
Registration at the Chamber of Commerce	5h
Total	8h
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	approx. 5 weeks

VI. Norway – Ringilhorn Limited

A. Preliminary investigation

There are a large number of agents offering UK Limited incorporation services in Norway.³⁶ Our country correspondent for Norway searched the internet for an incorporation service provider and also consulted online forums which rate and provide feedback on the agents. She then decided to use Stron Group,³⁷ which offered the cheapest incorporation service in Norway. For 3,234 NOK (approx. €400) Stron Group offered a ‘half-way back’ package comprising the Certificate of Incorporation, the Memorandum and Articles of Association, the Current Appointments Report and the certified Norwegian translation of these documents. Furthermore, a board resolution setting up a branch in Norway and appointing our correspondent as the director of the branch, as well as a declaration by the director accepting the nomination were also included in the package. These latter documents were supplied in Norwegian. The one-year company secretary service was also provided by Stron Group, at an additional cost of 2,313 NOK (approx. €247)

B. Ordering the ‘half-way back’ incorporation service

The correspondent ordered the ‘half-way back’ package by filling in the online order form on 9 March 2007. On the same day as our correspondent ordered the incorporation service, Stron Group confirmed that the

³⁶ Our correspondent reported that the Limited is a popular means of avoiding the Norwegian minimum capital requirements.

³⁷ www.stron-group.com.

Ringilhorn Limited was incorporated and emailed all the necessary documents for the branch registration, including the Norwegian translations, to our correspondent.

*C. Registration of the branch in the Norwegian
Company Register*

On 10 March the correspondent posted all the above documents together with the registration form, which was also provided by Stron Group, to the Norwegian Company Registry. She had to pay a registration fee of 2,500 NOK (approx. €300). The registration fee for a branch of a foreign company is less than half of the fee (6,000 NOK, or approx. €726) payable upon registration of a Norwegian limited liability company.

Although according to Stron Group the registration of a Limited branch usually only takes about 7–10 days, our correspondent received a letter on 22 March from the Company Registry informing her that for the registration to go through, further information had to be supplied to the Registry about the business objectives of the branch. In accordance with the ECGI BRITE Experiment guidelines, our correspondent had stated ‘consultancy; economics and business’ in the objects clause of the Limited, which mention however proved to be not specific enough under Norwegian law and had to be amended to ‘economics and business consultancy’. The amendment was faxed to the Registry.

In little over a week the Norwegian correspondent finally received a letter from the Company Registry confirming the registration of the branch.

D. Summary

Cost item	Cost
Incorporation with ‘half-way back’ service, including one year of company secretary	€647
Registration fee	€300
Total	€947

Time spent	Time
Researching incorporation service provider, filling in order form, registration	3h 40 minutes
Total	3.66 h
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	approx. 2.5–3 weeks

VII. Poland – Ksanta Limited

A. Preliminary investigation

Using the usual keywords ‘Limited’ and ‘UK incorporation’ in Google search prompted no Polish results at first, so the country correspondent for Poland decided to instruct Jordans and order the ‘one-way only’ package.³⁸ However, our correspondent found out later that there exist also Polish Limited incorporation service providers.³⁹

Jordans charged £441 (approx. €581) for the ‘Annual Compliance Package’ which included the incorporation of Ksanta Limited in England, the one-year company secretary service and a board resolution to set up the branch in Poland. This was needed because in addition to the usual company documents a resolution of the foreign company setting up the branch and appointing a representative is also required for the branch registration in Poland.

The translation of the company documents was not taken care of by Jordans and had to be arranged and paid for by our correspondent herself.

B. Ordering the ‘incorporation only’ service

Our Polish correspondent ordered the Limited incorporation on 31 January 2007. The next day Jordans confirmed that Ksanta Limited

³⁸ www.jordans.co.uk.

³⁹ E.g.: www.companyninuk.pl, www.form-online.net/_pl/index.php.

was incorporated and emailed the Certificate of Incorporation to the correspondent.

On 5 February 2007, she received the certified copies of the Certificate of Incorporation, the Memorandum and Articles of Association by post together with a) the company secretarial service agreement (which the correspondent had to sign and return); b) a two-page form to be filled out and returned to the Inland Revenue in England; c) a request for the following documents: *i*) a certified copy of the page of a current signed passport which contains the photograph of the entrepreneur; *ii*) either a certified copy or original of a recent utility bill (not more than three months old and not a mobile telephone bill) or bank or building society statement (not more than three months old) showing the entrepreneur's current residential address.

The Memorandum supplied by Jordans contained a mistake; the authorized share capital was marked £1,000 instead of £100. This had to be rectified before the registration process could begin. Our correspondent received the correct Memorandum with three days' delay.

C. Registration of the branch at the Polish Company Court

The following documents are needed for the registration of the branch of a foreign company in Poland: an application form, different forms detailing the appointed representative(s) for the branch and the trading activities of the branch, a board resolution establishing the branch and appointing a representative together with its certified Polish translation, the Memorandum and the Articles together with their certified translations, the Certificate of Incorporation and its certified translation, a signature specimen of the branch representative certified by a notary and the payment of the registration fee and the publication fee.

Our correspondent had to search for a certified translator who would translate the Certificate, the Memorandum, the Articles and the board resolution into Polish. The translations were ordered on 9 February 2007 and cost 935.1 PLN (€266). They were ready by 23 February.

The correspondent also had to arrange for her signature specimen to be certified by a public notary. The certification cost an additional 24.40 PLN (approx. €7).

On 4 April 2007 our Polish correspondent handed in the application form for registration at the Polish Company Court together with the required documents. As she had not received any documents from Jordans confirming her as the director, she was advised by the Court secretary to hand in her share certificate (plus certified translation) instead.

Our correspondent had to pay in advance the registration fee of 1000 PLN (approx. €284) and a publication fee of 500 PLN (approx. €142) for the publication of the branch registration in the Official Journal of the Court.⁴⁰

About three weeks later, the Court wrote to the correspondent requiring her to present documents confirming her status as the director of the company within seven days or else the registration could not take place. Furthermore, the correspondent was asked to make two minor corrections in the application form, one relating to the method of representation and the other to the business activity of the company, so as to bring them into line with the Memorandum of Ksanta Limited.

The correspondent made the requested two changes and turned to Jordans for help in connection with her status as the company director.

Jordans offered to supply a certified extract from Companies House (notarized and legalized for use in Poland) confirming our correspondent as the director of Ksanta Limited for £ 275.

At this point, given the additional costs involved, the branching experiment was broken off.

D. Summary

Cost item	Cost
Incorporation service (incl. company secretary service)	£ 441
Certified translations	PLN 935.1
Notarisation of signature	PLN 24.40

⁴⁰ The publication in the Official Journal is restricted to the name of the foreign company, its registration number abroad, the Polish registration number of the branch, the activities and the name of the authorised representative of the branch; the Memorandum and the Articles are not published in full.

Registration fee	PLN 1,000
Publication fee	PLN 500
Certified extract confirming director	£ 275 (n.a.)
Cost of Polish translation for director's extract	n.a.
Total	€1631

Time spent	Time
Completing the forms, scanning, mailing, telephones, information, visits to the notary, translator, courts etc.	12h
Travelling – to and from notary, court, translator	12h
Total	24h
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	9 weeks

VIII. Sweden – J&N Consultancy Limited

A. Preliminary investigation

The country correspondent for Sweden conducted a Google search on the internet looking for Swedish Limited incorporation service providers. He found Consab⁴¹ that offered the 'half-way back' incorporation service for 8,112 SEK (approx. €872).

Our correspondent ordered the incorporation package from Consab which included the registration of the Limited in England and the documents needed for the branch registration in Sweden: a certified copy of the Certificate of Incorporation and of the Articles of Association, proof that the Limited had not been declared insolvent in the UK, a power of attorney authorizing the director to act on behalf of the branch and to receive service of process, and the one-year company secretary service.

⁴¹ www.starta-aktiebolag.se

*B. Ordering the 'half-way back'
incorporation service*

Payment to Consab was made on 31 July 2007. Consab confirmed the same day that the J&N Consultancy Limited was incorporated. Our correspondent received the documents needed for the Swedish branch registration within a week, on 6 August.

According to Swedish law, it is mandatory to appoint a certified auditor for the branch.⁴² The auditor must be appointed officially after the incorporation of the Limited in the UK and before the branch registration in Sweden. This usually takes a few days. The annual cost for an auditor is approx. 10,000 SEK (approx. €1,062).

*C. Registration of the branch at the Swedish
Companies Registration Office*

The registration procedure is very simple and very flexible in Sweden. No Swedish translation of any of the English company documents is required for the registration of the Limited branch, only a short description of the business activity of the branch must be provided in Swedish. The latter was taken care of by Consab.

According to our correspondent, normally all company documents can be handed in to the Swedish Companies Registration Office in their original language (documents in Danish, Norwegian, German, Spanish, French are usually accepted if the handling officer is able to understand them; however, she can at any time request that any of the documents be translated into Swedish), and all communications with the Registration Office can be in English.

The application for registration is made by email, but the company documents must be sent by post to the Companies Registration Office. It takes usually about a week or one and a half weeks before applications for registration are processed by the Office. The registration fee is 2,000 SEK (approx. €212).

However, the Swedish experiment was broken off before the branch registration could take place because of the high costs involved in the appointment of a branch auditor.

⁴² This rule applies to all branches of all types of limited liability companies, i.e. to branches of foreign companies (Limiteds) as well as to branches of Swedish companies.

D. Summary

Cost item	Cost
Incorporation and 'half-way back' service (incl. company secretary service)	€872
Registration fee	SEK 2,000 (~€212)
Mandatory Appointment of Auditor	SEK 10,000 (~€1,062)
Total	SEK 20,112 (~€2,146)

Time spent	Time
Search for incorporation service provider	4h
Search for and appointment of an auditor	8h
Total	12h
Estimated elapsed time in total for branch registration (from first contact with incorporation agent until branch registration)	approx. 4 weeks

Table 1. *Summary of country results*

Country	Total cost of incorporation, one year service and branching	Total time spent by correspondent (in hours)	Time in total until branch registration (in weeks, approx.)
Austria	€ 698	13.00	5
Germany	€ 1,302	n.a.	10
Italy	€ 5,007	19.00	7.5
Ireland	€ 551	0.66	5
Netherlands	€ 759	8.00	2
Norway	€ 947	3.66	2.5–3
Poland	€ 1,631	24.00	9
Sweden	€ 2,146	12.00	4

Source: Branching experiment country reports

Table 2. *Comparison of cost items across countries*

Item	Austria	Germany	Italy	Ireland	Netherlands	Norway	Poland	Sweden
UK Incorporation with one-year compliance package	€348	€694	€939.91	€550	€600	€647	€581 (+£275 for director's appointment report)	€872
Notary fee	–	€19	€2,012.42					
Certification of signature	€36						€7	
Translation cost			€1,801.22				€266 (+ translation of director's appointment report)	
Application fee	€34							
Registration fee	€180	€170			€148.50	€300	€284	€212
Publication fee in Official Journal	€100						€142	
Compulsory membership fee		€408						
Tax registration			€251.36					
Administrative cost (fax, post)				€1				
Company extract					€11			
Appointment of certified auditor								€1062
Total	€698	€1,291	€5,006.91	€551	€759.50	€947	€1,631	€2,146