

## Legal forms of companies - comparative overview

	Proprietorship	Partnership	Corporation (AG)	Limited liability company (GmbH)	Branch (operating facility)
<b>Set-up, inception</b>	No special organization files; the proprietorship begins with the start of operations. In certain cases entry in the commercial register is mandatory	No special organization files; no specific form prescribed (written form is customary and recommended)  Entry in commercial register (declaratory character)	Formal organization procedure  Entry in commercial register	Formal organization procedure  Entry in commercial register	Entry in commercial register
<b>Purpose</b>	Operating a commercial enterprise as the sole proprietor	Trade, manufacturing or other business under the name of a company	Trade, manufacturing or other business under the name of a company	Trade, manufacturing or other business under the name of a company	Legally dependent, economically independent business operation of the main company
<b>Economic beneficiary</b>	Owner	Partners	Shareholders	Partners	Main company
<b>Founder</b>	Swiss or foreign national	Only physical persons. No Swiss national or capital donor or manager required. Only one partner must have domicile in Switzerland	At least 3 founding members (legal entities or physical persons)	At least 2 founding members (physical persons or legal entities)	Main company
<b>Governing bodies</b>	Owner	Partners	General meeting of shareholders, majority of the board members with domicile in Switzerland (exceptions possible for holding companies) Statutory auditors	At least one partner must be domiciled in Switzerland (foreign nationals possible, power of sole signature)	Managing director with domicile in Switzerland
<b>Liability</b>	Proprietor has unlimited liability (incl. private assets)	Subsidiarily to the company's assets the partners are individually and jointly liable without limitation	Company's assets	Company's assets	Main company is also liable
<b>Minimum capital</b>			CHF 100,000 of which at least 20% of the nominal or CHF 50,000 is paid in	CHF 20,000 of which CHF 10,000 paid in  max. CHF 2 million	Endowment capital as decided by main company
<b>Advantages +</b>	+ Simplicity	+ Particularly suitable for small companies + No requirements with respect to nationality of partners	+ Satisfies requirements of foreign investors + High degree of investor anonymity + No requirement to publish financial statements + Limited liability + Simple transfer of shares	+ Low minimum capital + Only 2 founders required + No restrictions as to nationality of managing directors + Auditors optional + Limited liability	+ No own capital required + Low founding costs + No board of directors with Swiss majority prescribed
<b>Disadvantages -</b>	- Liability situation	- Liability situation - Social security obligatory	- Costs - Double taxation (income of corporation plus dividends to shareholders)	- More difficult to transfer shares - Low structural flexibility	- No limitation of liability to Swiss branch

Source: Swiss Economy, Data, Possibilities, Chamber of Commerce Switzerland-Austria, 1997; VISCHER Attorneys at law, Basel 2001