

## LEGAL FORMS OF BUSINESS COMPANIES IN SLOVAKIA AND GERMANY – COMPARATIVE ANALYSIS

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### Abstract

*Business companies represent, beside the sole proprietorship, the most important way of running business in Slovakia. Many Slovakian business companies enter into business relationships with companies from other member states of the European Union and the rest of the world. This is the reason why we consider it necessary to understand the legal regulation and the basic features of business companies in other states of the European Union. The aim of this article is to compare legal forms of business companies in Slovakia and Germany. We chose Germany because it is the main business partner of Slovakia in both the import and export of goods. This article is based on the analysis of legal acts in the business sector in Slovakia and Germany. Our analysis confirmed that there are significant differences in the features and types of business companies in Slovakia and Germany despite similarities of nomenclature.*

### Key words

*Business companies. Slovak Republic. Germany. Legal forms of business companies. Legislation.*

**JEL Classification:** L21, L26, M21

### Introduction

The right to run a business represents one of the fundamental rights guaranteed by the Constitution in Slovakia. According to article 35, paragraph 1 of the Constitution (Constitutional Law of the Slovak Republic no. 460/1992 Coll., as amended), everyone has the right to choose an occupation freely and to be trained for it, as well as the right to conduct business and to carry out other gainful activity. The specific legal regulation of different forms of business is subsequently elaborated in the law of the FZ ČSFR no. 455/1991 Coll. on Trade Licensing (Trade Licensing Act), as amended (hereinafter referred to as the "Trade Licensing Act"), in the Act of the FZ ČSFR no. 513/1991 Coll. the Commercial Code as amended (hereinafter referred to as the "Commercial Code"), as well as in other laws that supplement and regulate particular conditions of running a business in detail. Business companies represent the second most common group of subjects in business relations (in the second quarter of 2017, 320,820 tradesmen and 200,863 business companies were registered in Slovakia) (source: Statistical Office of the Slovak Republic).

Business companies are not only an important part of the business environment; they also have an overall importance in society. The origins of the oldest trading companies are associated with medieval Italy; from there they gradually spread to England, the Netherlands, France, and Germany (M. Schmitthoff, 1939). In the Middle Ages, their structure and

character were similar. With gradual changes in the various states and ever more sophisticated legislation, the differences between different types of companies have grown. In addition, changing conditions have led to the emergence of new forms of business companies that are no longer spread throughout the whole Europe (such as joint-stock companies) but have a purely local character.

In an evolving global environment, there is a growing need for comparisons between business sectors across countries. Comparative studies (both theoretical and empirical) aim at comparing the data needed for the business sphere, finding inspiration for future legislative changes, as well as academic and purely theoretical comparison of facts (A. Cahn and D. C. Donald, 2010). From non-European studies, we can mention the work of authors Whitley, Witt, and Redding (2013), in which they compared legal forms of entrepreneurship, including corporate business in East Asia. They dealt with the influences of dominant institutions on the business system in Japan, Korea, and Thailand. According to their findings, despite the significant historical changes, the business systems in these countries are not similar either to each other or to the Anglo-American states. Imran Ahsan Khan Nyazee (2002) focused on business companies (and business partnerships) in the Islamic world.

In the area of corporate law and business organizations in Germany, quite a number of foreign studies focus on comparing the business environment and the economic system, and comparing business culture and business ethics. Comparison of German

and American business ethics was elaborated by B. Palazzo (2002). A. Cahn and D. C. Donald (2010) compared legal regulation of corporations in Germany, the United Kingdom and the US. In particular, they focused on case studies, with emphasis on different arrangements within the Anglo-American legal system and the Continental Legal System (Germany). Budde et al. (2016) partly compared the organizational structure of English and West German companies. A relatively large study of German joint-stock companies (focusing on corporate governance) was elaborated by E. Schneider-Lenné (1992).

Slovak authors focus mainly on the definition of business companies as part of the Commercial Code and Commercial Law (Suchoža and Husár, 2009; Ovečková, 2012; Škrinár a Nevoľná, 2012). Company law in Slovakia has been governed by the same law as in the Czech Republic since the establishment of the independent Slovak Republic (Act No. 513/1991 Coll., The Commercial Code). The same legal status lasted until January 1, 2014, when new act no. 90/2012 Coll., On Commercial Companies and Cooperatives (Act on Commercial Corporations) became effective in the Czech Republic (more about business corporations in Korotvička, 2013).

Company law in Slovakia, but also in Germany, is heavily influenced by membership of the European Union, despite the fact, that the regulation of particular legal forms of business is the sole responsibility of individual Member States of the European Union. This is particularly due to the fact that the close trading links between the Member States also influence the harmonization (and in the future also the unification) of corporate laws. Already in 2003, the European Commission presented a vision and a plan for the harmonization of company law at European Union level (Modernizing Company Law and Enhancing Corporate Governance in the European Union, 2003). It was based on the need to harmonize the trade law of the Member States of the European Union in order to achieve the objective of creating a single market and removing barriers of common trade. In 2011, the European Union published a Report on the Future of EU Company Law (2011), which also explains why the harmonization of company law has not yet taken place. The economic and financial crisis since 2008, which hampered efforts at harmonisation in the area of corporate law, played an important role. The report points out, in connection with the crisis, that under constantly changing conditions, it is becoming necessary to enforce corporate law that will allow companies to adapt to changes (including organizational changes) and thereby maintain their competitiveness in the global economic environment. When considering business companies in the

European Union, mostly the difference between the public limited liability companies and private limited liability companies is stressed. Another significant division of companies is into those issuing shares tradable on the stock-exchange market and those whose shares are not tradable on the stock-exchange market.

The aim of this contribution is to compare the different legal forms of business companies that can be established in Slovakia and Germany. At present, there is no comprehensive overview of companies established in Slovakia and Germany and their mutual comparison. Our aim is not to provide a complex overview of business companies in Germany and Slovakia (due to the extent of the issue, this is not possible). We focus only on the general data that will allow us to identify identical or similar forms of business companies as well as those of a local nature. In the contribution, we compare the business name, the nature of the company (capital or personal), the legal restrictions on the number and nature of the partners (legal persons and natural persons), the liability of the partners for the company's obligations, the amount of the partners' investment contribution and the minimum amount of the registered capital of the company.

## Material and Methods

The results, that we present in this paper, are based primarily on an analysis of Slovak and German legislation on the establishment of business companies. In Slovakia, this is primarily the act of the FZ ČSFR no. 513/1991 Coll. The Commercial Code, as amended. It regulates individual legal forms of business companies (general commercial company, limited partnership, limited liability company, joint stock company and simple company on shares). As a subsidiary source of law, we applied the law of the ČSSR no. 40/1964 Civil Code, as amended. Using the Civil Code as our authority, we defined business companies as legal entities.

The basic act that governs the formation and status of business companies in Germany, is the Commercial Code (Handelsgesetzbuch (HGB)), which was adopted on 10.05.1897 and became effective on January 1, 1990. As a subsidiary law, we also used the German Civil Code (Bürgerliches Gesetzbuch (BGB)), which was adopted on August 18, 1896 and became effective on January 1, 1900. At the end of 2006 and the beginning of 2007, the European Commission conducted a survey, which examined the involvement of enterprises in foreign trade. According to the results of this survey, up to 84.9% of micro and 68.5% of small enterprises were

not involved in exports at all. On the other hand, up to 62.3% of the medium and 79.7% of the large enterprises participated in exports from Slovakia. These enterprises exported mostly to the Czech Republic (33.8 % of medium enterprises and 24.3 % of large enterprises), to Germany (12.4 % of medium enterprises and 34.5 % of large enterprises), to France (5.5 % of medium enterprises and 4.9 % of large enterprises), to Hungary (5.2 % of medium enterprises and 4.9 % of large enterprises), and to Austria (8.3 % of medium enterprises and 4.9 % of large enterprises) (source: Observatory of European SMEs, 2007, pp. 3-8). From this survey, the situation in Slovakia has

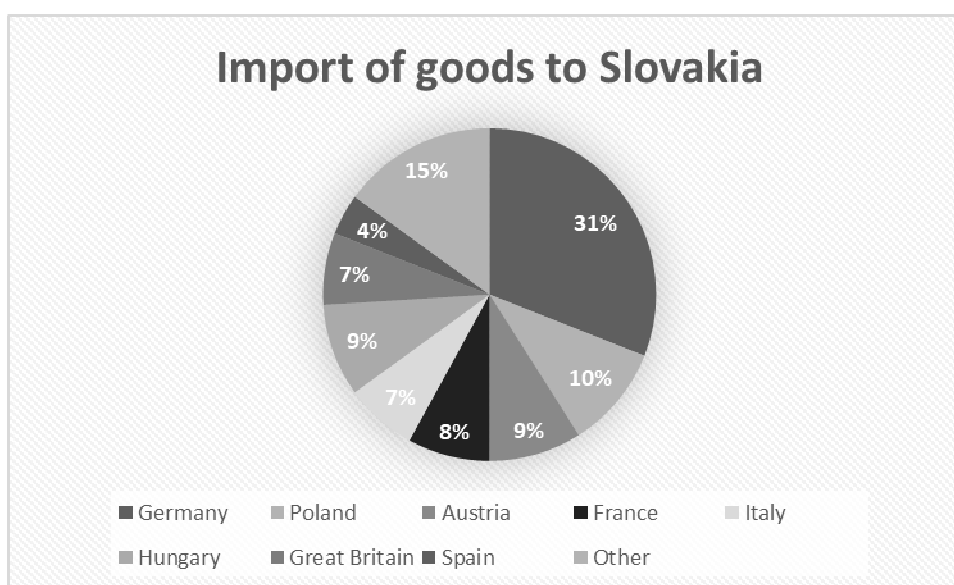
changed mainly from the point of view of major import and export partners within the European Union. According to Eurostat data, Germany represents the largest trading partner of the Slovak Republic, both in terms of the import and export of goods. The following two graphs (Graph 1 and Graph 2) show the share of European Union countries in imports into the Slovak Republic and exports from the Slovak Republic (figures display data for the year 2015).

**Graph 1. The share of European Union countries in exports of goods from the Slovak Republic (in 2015)**



Source: authors according to data from EUROSTAT.

**Graph 2. The share of European Union countries in the import of goods to Slovakia (in 2015)**



Source: authors according to data from EUROSTAT.

Germany's share of the import of goods from EU countries to the Slovak Republic is 31 %, while up to 29 % of goods exported from the Slovak Republic go to Germany. In the case of the import and export of goods, business entities are involved in mutual trade, and business companies are among them.

In order to understand better the role of business companies in Germany and Slovakia (and thus eliminate conflicts and misunderstandings in contractual relations and everyday business relationships), we consider it necessary to compare different forms of business companies that can be established in Slovakia and Germany.

Our comparison of particular forms of business companies in Slovakia and Germany was based on two facts:

1. the German and Slovak legal systems (including company law) belong to the continental legal system,

2. in Germany and Slovakia, there is a significantly different historical continuity in establishing the business companies. While in Germany corporate law was developing naturally and continuously, in Slovakia, since 1949, the natural principles and development of corporate law have been interrupted. In Slovakia, it was possible to establish business companies only after 1989. The only type of business company that could be established (however, to a limited extent) in Czechoslovakia and therefore in Slovakia, after 1949 and before 1898, was the joint-stock company (J. Dědič et al., 2012).

### Legal ways of running a business in Slovakia

Entrepreneurship, including running businesses in the form of business companies, is regulated in Slovakia by the Act of ČSSR no. 513/1991 Coll. Commercial Code as amended. Neither in the Commercial Code nor in any other legal regulation is there a legal definition of the form of business. In general, we can define a form of business as any possibility of running a business that is not against the law. To understand legal forms of business, it is necessary to identify which persons can run a business and under what conditions —(it means act as an entrepreneur).

In legal theory and practice, an entrepreneur is defined according to his conceptual features. According to § 2 part 2 of the Commercial Code, an entrepreneur is a person entered in a business register, or a person who runs a business on the basis of a trade authorization, or a person who does business on some other basis under special regulations, or a natural person engaged in agricultural production who is

entered in the specific register. An entrepreneur is a person with legal status who carries out business activities.

Both natural persons and legal entities are eligible to run businesses. A natural person can either act as a natural person registered in the Commercial Register (a natural person is recorded in the Commercial Register on his or her own request), or as a natural person, who carries on trade activities according to the trade authorization, or as a natural person running a business according to other than trade authorization, or as a natural person who engages in agricultural production and is registered in the special register (registration of self-employed farmers). The business of natural persons is regulated mainly by Act no. 455/1991 Coll. on Trade Licensing as amended (Trade Act).

Legal entities may, in accordance with the Commercial Code, conduct business as personal companies (general commercial company and limited partnership), capital companies (limited liability company, joint stock company and simple company on shares) and cooperatives.

In addition, other legal entities that are not regulated in the Commercial Code may also conduct business activities. These are, for example:

1. state enterprise (Act of the ČSSR no. 111/1990 Coll. On State Enterprise as amended),

2. budgetary and contributory organizations (Act of the National Council of the Slovak Republic no. 523/2004 on the Financial Rules of the Public Administration and on Amendments to Certain Acts, as amended). The budget organization may carry out entrepreneurial activity on the basis of a special regulation. The contributory organization may carry out, with the consent of the founder, a business activity beyond the main activity for which it was established only if it fulfills the tasks specified by the founder, and the costs of the business activity must be covered by the profit from it;

3. foundation (Act no. 34/2002 Coll., On Foundations and on Amendments to the Civil Code, as amended). The foundation cannot conduct business, except for the letting of real estate for rent and the organization of cultural, educational, social or sporting events, if by doing so, it will use its assets more effectively and this activity will be in line with the foundation's public service purpose;

4. non-profit organizations (Act no. 213/1997 Coll., on non-profit organizations providing general services, as amended). A non-profit organization may run a business according to special regulations provided that this activity will achieve a more efficient use of its assets and will not jeopardise the

quality, scope, and availability of the services on which it was established;

5. citizen associations (Law of the ČSSR no. 83/1990 Coll., On the Association of Citizens, as amended).

Another business opportunity is a business based on contractual relationships. This option is represented by a silent partnership (the treaty on the silent partnership is regulated in § 673 and following of the Commercial Code), the association (the association agreement is regulated by § 829 and following of the Civil Code) and the interest association of legal entities (§ 20f and following of the Civil Code).

Business companies, therefore, represent only a part of the legal forms in which a business can be created. Business companies are legal entities established for business purposes. Thus, a business company has a legal characteristic (the capacity to have rights and obligations) and the capacity to act legally. Business companies belong to the associations of natural persons or legal entities (they are also referred to as corporations), even if one only person establishes them.

Forms of business companies are exhaustively listed in the Commercial Code in § 56 part 1. Business companies in Slovakia are a general commercial company, a limited partnership, a limited liability company, a joint stock company and a simple company with shares. A General Commercial Company is a company in which at least two people are acting under a common business name and are liable for the company's obligations jointly and severally with all their assets. It is a personal business company that can be established only for the running of a business. It can under no circumstances be established by one person only. Both natural persons and legal entities (domestic or foreign) can establish it.

A Limited Partnership is a company in which one or more partners are liable for the company's obligations up to the amount of their unpaid part of the investment contribution registered in the commercial register (the limited partners) and one or more partners are liable for the company's obligations with all their assets. A limited partnership is not a pure personal company, but rather a mixed company. The basic precondition for the existence of such a company is therefore the joint participation of at least one limited partner and at least one general partner.

A Limited Liability Company is a company whose registered capital consists of predefined contributions of partners. The partners may be both natural persons and legal entities, and the company may even be established by one person. The maximum number of partners is 50. The company may issue statutes, if so specified in the memorandum of association, which details the internal organization of the company, as well as some matters contained in the memorandum of association.

The Joint-Stock Company is a company whose registered capital is divided into a certain number of shares with a certain nominal value. The company is responsible for breaching its obligations with all its assets. The shareholder is not liable for the company's obligations. The share represents the rights of a shareholder to participate in the company's management, profits, and liquidation balance after its liquidation.

A Simple Company with Shares is a new legal form of business company that can be established in Slovakia from 1.1.2017. A simple company with shares is a company whose registered capital is divided into a certain number of shares with a certain nominal value. The company is responsible for breaching its obligations with all its assets. The shareholder is not liable for the company's liabilities.

Table 1 summarizes the basic characteristics of business companies in Slovakia.

**Tab. 1 Basic characteristics of business companies in Slovakia**

Slovak Republic	Kind of company (personal/capital)	Number of partners (min – max)	Liability of partners	Investment contribution of partners	Registered capital	Purpose of the existence
<b>General Commercial Company</b>	Personal company	Min 2 Max is not preset - Natural persons and legal entities	Jointly and severally with their entire property	No	No	Only running business
<b>Limited Partnership</b>	Mixed company	Min 2 (1 general partner, 1 limited partner) - Natural persons and legal entities	- limited partners – up to the amount of the unpaid part of their investment contributions	Limited partners – min 250,- euro General partners – no	Min 250,- euro	Only running business

			- general partners – with their entire property			
<b>Limited Liability Company</b>	Capital company	Min 1, max 50 - Natural persons and legal entities	up to the amount of the unpaid part of their investment contributions	Min 750 - euro	Min 5000,- euro	-running business - other purpose
<b>Joint-Stock Company</b>	Capital company	- min 1 (only legal entity), - otherwise at least 2,	Shareholders are not liable for the company's obligations		25000,- eur	running business - other purpose
<b>Simple Company on Shares</b>	Capital company	Min 1 (natural persons and legal entities) Max is not preset	Shareholders are not liable for the company's obligations		1 euro	Only running business

Source: authors according to the act of FZ ČSFR no. 513/1991 Coll., Commercial Code, as amended

### Legal forms of business / business entities in Germany

In Germany business is primarily regulated by the Commercial Code (Handelsgesetzbuch (HGB)). Businesses may be run either by a natural person (tradesman, Gewerbetreibender), a trader (Kaufmann) or a Commercial Company (Handelsgesellschaft). A Sole Proprietor is any natural person (Natürliche Person) who establishes a business and is not a freelancer (Freiberufler). Most Sole Proprietors also have the status of trader (depending on the extent of their business activity and authority). In the case of an individual enterprise (running a business as a natural person), this is referred to in Germany as Einzelunternehmen (it can be a natural person as Sole Trader, Farmer, Freelancer). A natural person undertakes a trade license and is entered in the Trade Register (Handelsregister), excluding the small Sole Proprietors, or under another authorization in respect of the liberal profession. A natural person in this type of business is liable for the obligations of the enterprise with all their assets. Einzelunternehmen (Individual Enterprise / One Man Company / Company with a single owner) can be entered in a Trade Register (Handelsregister) at their own request. From a comparison of legal regulations in Slovakia and Germany, it is clear that Einzelunternehmen (Individual Enterprise/one-person company) in Germany has a similar character to that of a self-employed person (samostatne zárobkovo činná osoba) in Slovakia.

Commercial companies that can be set up in Germany include Offene Handelsgesellschaft (OHG; General Commercial Company), Kommanditgesellschaft (Limited Partnership), Gesellschaft mit Beschränkter Haftung (GmbH;

Limited Liability Company), Gesellschaft mit Beschränkter Haftung & Compagnie Kommanditgesellschaft (GmbH & Co. KG; Limited Liability Company & Compagnie Limited Partnership), Unternehmergeellschaft (UG; Trade Company), Aktiengesellschaft (AG, Joint-Stock Company), kleine Aktiengesellschaft (kleine AG, Simple Company with Shares). By April 25, 2013, it was possible to establish a specific business entity in Germany that was exclusively used for trading on the sea (Partenreedere). As it cannot be established any more, we will not deal with it in the following text.

Offene Handelsgesellschaft (OHG; General Commercial Company) is a business entity, where at least two partners / company members (Gesellschafter) are doing business under the common business name. These can be businessmen or traders (Kaufleute). Offene Handelsgesellschaft (General Commercial Company) cannot establish freelancers (Freiberufler) or small sole traders (Kleingewerbetreibende). The Company guarantees the Company's liabilities with all its assets and participates in the company's activities. The law does not impose any obligation on partners (Mindestkapitaleinlage; minimum capital/minimum deposit/minimum investment) nor the minimum amount of the share capital. The company must be entered in the Handelsregister (Trade Register).

Kommanditgesellschaft (Limited Partnership) is a trading company in which one or more Komplementäre (general partners) and other Kommanditisten (limited partners) are partners. Company management is only in the hands of the general partners. The Limited Partnership guarantees the company's obligations unlimited with all its assets. The limited partners are liable for the company's

liabilities only up to the amount of their unpaid deposit, which is listed in the Companies Register. One of the ways in which a general partner can limit their liability for the company's obligations is to establish a company in the form of GmbH & Co. AG (Limited Liability Company & Compagnie Limited Partnership).

Gesellschaft mit beschränkter Haftung (GmbH; Limited Liability Company) is a trading company that can also be set up by one partner (Gesellschafter). The registered capital (Stammkapital) must be a minimum of EUR 25,000, while the shareholders must pay at least 50% of the Stammkapital (Registered Capital) when establishing the company. Partner collaterals can be monetary or non-monetary items, or a combination of the two. The value of the non-monetary items needs to be established. The Company guarantees all its assets for its obligations. The Company is liable for the company's liabilities only up to the amount of the unpaid deposit entered in the Trade Register. The company's manager / director (Geschäftsführer) has a special form of guarantee. If the Geschäftsführer (director) breaks its obligations (see §347 of the Handelsgesetzbuch (Commercial Code) "Sorgfalt eines ordentlichen Geschäftsmanns"), he must compensate the company for the damage incurred (in such a case, the Geschäftsführer is liable for the damages and liabilities incurred by all its assets). The Gesellschaft mit beschränkter Haftung (GmbH) is regulated by a separate legal regulation - Gesetz betreffend die Gesellschaften mit beschränkter Haftung (GmbHG; Limited Liability Company Law), which was adopted on April 20, 1892.

A special form of the Gesellschaft mit beschränkter Haftung (Limited Liability Company) is the Unternehmergesellschaft (UG; Trade Company). It is a simpler form of a Limited Liability Company, which can also be established by one shareholder, with a minimum capital amount of 1 euro. Registered Capital may be paid only in cash and partnerships are not allowed. The company must have the name "Unternehmergesellschaft (haftungsbeschränkt / limited liability)" or "UG (haftungsbeschränkt)", eg. "Schulze UG (haftungsbeschränkt)". This business entity is particularly suited to service providers (but not limited to this kind of activity). Profit from business activities cannot be paid to the partner in full.

Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (GmbH & Co. KG; Limited Liability Company & Compagnie Limited Partnership) is a business structure that combines a limited liability company with a limited partnership (Gesellschaft mit beschränkter Haftung or Unternehmergesellschaft). It is a partnership between GmbH (Limited Liability Company) and at least one natural person in a position of Kommanditist (limited

partner). The amount of the registered capital depends on whether the general partnership is Gesellschaft mit beschränkter Haftung (Limited Liability Company) or Unternehmergesellschaft (Trade Company). If the Gesellschaft mit beschränkter Haftung is a limited partnership, the minimum capital is 25,000 euros. If the limited partnership is the Unternehmergesellschaft, the minimum registered capital is 1 euro.

Aktiengesellschaft (AG, Joint-Stock Company) is a company whose registered capital is divided into shares, with a minimum nominal value of 1 share. The minimum capital is 50,000 euros. Kleine Aktiengesellschaft (AG; small Joint-Stock Company) is a special type of Joint-Stock Company that can be set up by at least one founder. When establishing a company, the founder must pay a deposit of at least EUR 50,000. The share capital is further divided into shares. The status of this business structure is governed by a separate law - Aktiengesetz (Joint-Stock Company Law), adopted on September 6, 1965.

The Partnergesellschaft (PartG; Partnership company) is a specific business structure that can be used by freelancers in Germany. It is a form of partnership, and the conditions for its establishment are defined for different kinds of free occupations by special laws (for example, lawyers may enter into partnerships under the Bundesrechtsanwaltsordnung (Lawyers regulation) (more precisely in § 59a of the Berufliche Zusammenarbeit / Business Cooperation.) Partnerships are created on a contractual basis – the contract is called Partnerschaftsvertrag (Partnership Contract). Partnerships are registered in Partnerschaftsregister (Partnership Register). In partnerships, all partners are jointly liable for their partnership commitments, but in the case of particular orders / contracts, only those partners who are responsible for the obligations arising from these orders. The other partners are not liable with their personal property.

A particular type of partnership is the Partnerschaftsgesellschaft mit beschränkter Berufshaftung (PartGmbH; Limited Liability Partnership Company). It is a partnership of freelancers, in which the partners are not liable with their assets, but only up to the sum insured under the compulsory insurance of the relevant profession (Berufshaftpflichtversicherung). The amount of compulsory insurance is determined by the specific legislation for each particular occupation (Berufsrecht). For the distinction between a partnership in which the partners guarantee the partnership's obligations unlimitedly with their entire assets (the partners have not concluded the insurance contract) and the partnership in which the partners guarantee limited partnership obligations in terms of

compulsory insurance, there is the abbreviation "mbH" (mit beschränkter Berufshaftung / limited liability). In terms of limited liability, this type of partnership is similar to a Slovak Limited Liability Company.

In Germany, it is also possible to carry out business activities on the basis of Civil Law standards. A typical example is the Gesellschaft Bürgerlichen Rechts (GBR), which can be likened to the Slovak Interest Group (Interest Association). It arises automatically (von allein) when a minimum of two people come together (natural and legal person) and decide to pursue a common goal (Zweck). A typical example of Gesellschaft Bürgerlichen Rechts is a housing cooperative, if two or more freelancers establish a common practice carrying out the particular professional activities, the further example can be the implementation of a project development of

two or more companies, etc. Partners within the Gesellschaft Bürgerlichen Rechts guarantee unlimited liability for their obligations jointly without distinction (Gesamtschuld, Solidarschuld) with their entire assets. This type of association is not entered in the Trade Register, but requires a Trade License or other entitlement (for example, in the case of an association of freelancers) to do business.

Another possibility to enter into business activities is as a silent partner (stiller Gesellschafter). This is a similar form of participation to the case of a silent partner under Slovak law. A silent partnership is set up on a contractual basis, with the silent partner committing to invest in the company. Their investment can be money, non-monetary items, or a service. The value of the non-monetary items and the services need to be established.

*Table 2. The basic characteristics of business companies in Germany*

Germany	Number of partners (min – max)	Registered capital	Liability of partners
Offene Handelsgesellschaft (OHG) / <b>General Commercial Company</b>	min. 2	no	unlimited with their entire property
Kommanditgesellschaft / <b>Limited Partnership</b>	1 or more general partners (complementary), or another partners - limited partner) The limited partners are excluded from the conduct of the company, they only have a control function	no	A general partner has unlimited liability with his entire property. Limited partners are liable up to the amount of their non-paid collateral
Gesellschaft mit beschränkter Haftung (GmbH) / <b>Limited Liability Company</b>	min. partner (Gesellschafter)	25.000 EUR – for the registration of the company is necessary to pay 50% collateral	Partners are liable for the company obligations up to the amount of their non-paid share. A specific form of director liability exists for the company: he is liable with his entire property
Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (GmbH&Co.KG) / <b>Limited Liability Company &amp; Company Limited Partnership</b>	Combination of LLC and at least 1 natural person	For LLC 25.000 UR, for Trade Company 1,- EUR	LLC becomes a general partner (Komplementär) - has limited liability, up to the amount of the Registered Capital; The general partners are liable up to the amount of their non-paid collateral
Unternehmergesellschaft (UG) / <b>Trade Company</b>	min. 1 partner (Gesellschafter)	min. 1,-EUR (Stammkapital); non-monetary items are excluded	



Kleine Aktiengesellschaft (AG) / Small Joint-Stock Company	min. 1 founder	50.000 EUR (Grundkapital) – divided into the shares	Shareholders are not liable for the company obligations
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Source: authors' elaboration

## Conclusion

The right to run a business represents one of the fundamental rights guaranteed by the Constitution in Slovakia. The specific legislative regulation of particular corporate forms is elaborated in law. Trading companies are not only an important part of the business environment, but they also have an overall societal importance. The origins of the oldest trading companies are associated with medieval Italy; from there they gradually spread to England, the Netherlands, France, and Germany (M. Schmitthoff, 1939).

In an evolving global environment, there is a growing need to compare the different business sectors between countries. The law of trading companies in Slovakia but also in Germany is heavily influenced by membership of the European Union, despite the fact that the regulation of individual legal forms of business is the sole responsibility of individual Member States of the European Union. In 2011, the European Union published a Report on the Future of EU Corporate Law (2011), which also explains why the harmonization of corporate law has not yet taken place. The economic and financial crisis starting in 2008, which hampered efforts to harmonize the area of corporate law, played an important role.

In this paper, we compare the corporate forms of business that can be established in Slovakia and Germany. Currently there is no entire overview of the company forms based in Slovakia and Germany and their mutual comparison. We focus on the basic data (the business name, the nature of the company, the legal restrictions on the number and the nature of the

shareholders, etc.) that will enable us to define identical or similar corporate forms of business as well as those of a local nature. Our results are based primarily on an analysis of Slovak and German legislation on the establishment and business of companies.

We can conclude that in both countries there are the most common and most frequent forms of companies, such as the public company (Verejná obchodná spoločnosť/Offene Handelsgesellschaft), the limited partnership (komanditná spoločnosť/Kommanditgesellschaft), and the Limited Liability Company (spoločnosť s ručením obmedzeným/Gesellschaft mit beschränkter Haftung). Based on the size of the country and the economic conditions of Germany and Slovakia, there is an adequate difference in the amount of basic capital prescribed by the law for the establishment of a company, the amount of the minimum stake that the partners are required to enter when establishing a business. Differences were also found in a number of business structures - more forms exist in German business. In Slovakia, there are not present structures such as partnerships / Partnerschaft, or limited liability companies - Unternehmersgesellschaft /podnikateľská spoločnosť (business company). There is also a capital company (not a joint-stock company) in Slovakia which could be set up with a minimum amount of equity. This is the case in Germany for the Unternehmersgesellschaft (UG)). These German corporate forms might be attractive for Slovakia – the new corporate forms can be attractive for certain business activities and areas, and make it easier to start up and run a business.

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