



I'm going self-employed!

Starting your own business





Start-up checklist

**Are you thinking about self-employment?
These guidelines are designed to help you.
Contact us if you have any questions!**

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Questions? Call 089 233-21759

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You can download this brochure with all clickable links at www.munich.de/startup

1

Self-employment

Do you have what it takes?

Before you decide to go self-employed, take an honest look at your strengths and weaknesses! Weaknesses you recognize too late can be a serious threat to the success of your business. The better you know your strengths and weaknesses, the better you can design and plan your company in line with your real needs.

Are you really an entrepreneur?

The most important part of any business or self-employment is... you, the person who runs the business! Do you have what it takes to be an entrepreneur? Can you stand up to the challenges and demands of self-employment? To find out, ask yourself the following questions:

Do you have the necessary professional and commercial qualifications?

Can you fill any gaps in your professional or commercial qualifications with further training, with business partners or with your network?

Do you have the support of family and friends?

Do the people around you (family, friends, partner etc.) support what you plan to do? Be realistic in your assessment: Experience shows that self-employment takes a lot of time and dedication.

Special feature: Questions specifically for migrants

Is your German good enough?

To be successful on the German market, it is extremely important to have a good command of German. If your German is poor, it is almost impossible to communicate freely with customers and suppliers, but also with authorities and banks. All official documents published by the authorities are usually available only in German, for example. And the business plan you prepare for banks and business partners also has to be in German. Would you like to improve your German? Or do you need to start learning it as a beginner? Take advantage of the language courses on offer!

More Information:

Business start-up portal of the Federal Ministry for Economic Affairs (BMWi)
www.existenzgruender.de/EN

Start-up program for refugees and migrants:

The Human Safety Net
muenchen.socialimpactlab.eu

More information and details of language courses:

City of Munich, Office of Housing and Migration, IBZ Language and Vocation
www.muenchen.de/rathaus

All web links in the
PDF version of this
brochure are clickable:
www.munich.de/startup

Do you have a valid residence permit that allows you to go self-employed?

Citizens of a member state of the European Union (EU) or an EFTA country (Iceland, Liechtenstein, Norway and Switzerland), do not need a special permit to go self-employed.

Citizens of a non-EU or non-EFTA country will need to clarify whether their residence status/permit entitles them to go self-employed. If not, they must apply to the Foreigners Office for an additional permit. Please note: If the residence permit bears the words "Erwerbstätigkeit gestattet" ("Employment permitted"), or "Niederlassungserlaubnis" a special additional permit is not required.

Do you need official recognition of (higher) education certificate/professional qualifications from abroad?

Find out whether you need official recognition, who is responsible for providing it and how the recognition process works.

For more details of your residence status and information about applying for a license to go self-employed, please go here:

City of Munich, Department of Public Order, Foreigners Office
www.muenchen.de

Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria
www.ihk-muenchen.de

Migrant Economy Unit (many languages available)
www.wir-gruenden-in-deutschland.de/en

Information on the recognition of certificates of higher education:

City of Munich, Social Services Department, Office of Housing and Migration
www.muenchen.de/rathaus

Standing Conference of the Ministers of Education and Cultural Affairs
www.kmk.org

Bavarian Ministry of Education and Culture
www.km.bayern.de

Info portal on the recognition of foreign certificates of education
www.anabin.kmk.org

Information on the recognition of professional qualifications:

Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria
www.ihk-muenchen.de

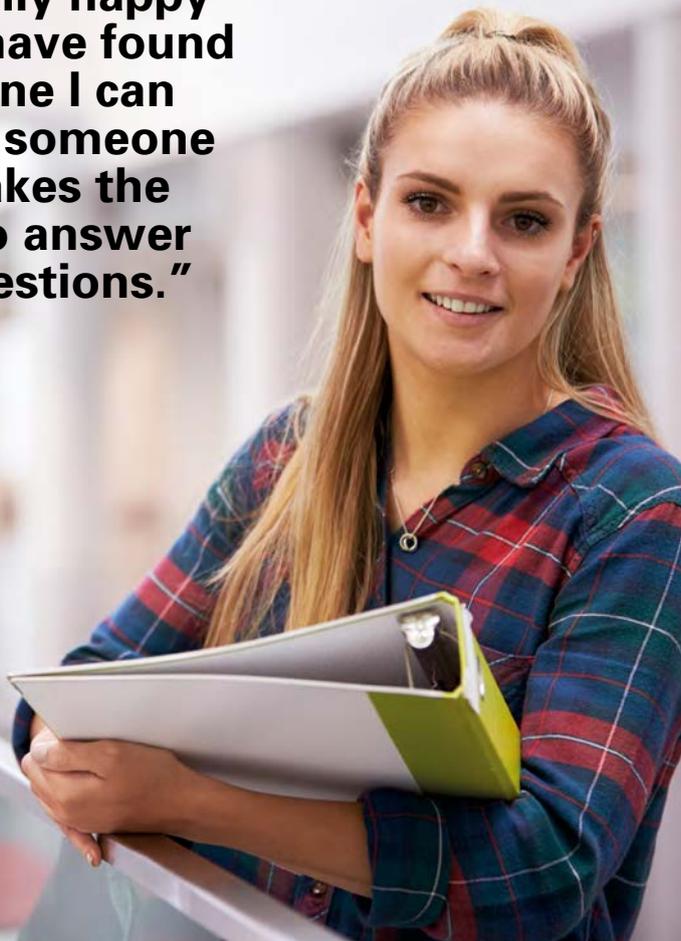
Chamber of Skilled Crafts for Munich and Upper Bavaria
www.hwk-muenchen.de

Info portal for the recognition of foreign professional qualifications
www.anererkennung-in-deutschland.de/html/en

Information on the recognition of certificates of school education:

Bavarian Ministry of Education and Culture, Certificate Recognition Department [Zeugnisenerkennungsstelle]
www.km.bayern.de

"I'm really happy that I have found someone I can trust – someone who takes the time to answer my questions."



2

Review your business idea

Before you start a business, take the time to think carefully about your business idea. Ask the people or organizations in your target group what they think. Ultimately, the concrete benefits for your customers – and whether customers are willing to pay for them – will determine whether your business fails or succeeds.

Check the following questions:

- Does my business idea work?
- What specific benefits does my product or service offer to my customers?
- Can I explain my business model in clear and simple terms?
- Is my target group willing and able to pay for my product or service?



Helpful hints

Talk to your target group and constantly review your business idea!

Your customers and your target group will determine whether your business fails or succeeds. Involve your target group and your future customers in the development of your business concept at a very early stage. That will give you valuable feedback and useful ideas about how to match your idea and your product/service to their real needs. And that can give you an advantage over the competition!

Develop a strategy and a business model

Present your business model in a structured form. Review it honestly and improve it before finalizing your detailed business plan. The following approaches are good ways to do so:

- **Business Model Canvas at a glance**
The Business Model Canvas helps you visualize your business model and highlight its key success factors clearly and logically.
- **Engpasskonzentrierte Strategie (EKS) – Specialization as a success factor**
The EKS approach helps you understand your personal strengths (“What am I good at?”) and use them to develop attractive offerings (“Where can I create the most benefits?”). In the interests of your lasting success, it is important to match your offerings as closely as possible to the needs (the bottleneck) of your target group (“Who needs me?”).

More Information:

Business start-up portal of the Federal Ministry for Economic Affairs (BMWi)
www.existenzgruender.de/EN

EKS-Akademie – Strategy courses and training
eks-akademie.de



MEB tutorial film no. 4 Business model
www.munich.de/startup

**“The advice I received made it easier for me to go self-employed. If you want to know what to do and in what order, it is quite simple.
Thanks for all the helpful hints!”**

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup



3

Prepare a business plan Written and financial section

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup

Who are you writing the business plan for?

- For yourself?
- For cooperation partners?
- For the bank?
- For the Federal Employment Agency (start-up grant)?

The written section provides a brief but clearly understandable account of all the important aspects of your business concept.

These aspects include:

- A brief summary
- A description of the business idea (product/service)
- A profile of the founder(s)
- An analyses of the market, customers and competition
- An explanation of the marketing and sales strategy
- Information about organizational and personnel planning
- Information about your choice of location
- An assessment of the opportunities and risks
- A summary of the time frame and your goals
- An appendix including preliminary contracts, references, advertising materials etc.

The financial section will help you to assess how much capital you need, whether your business will be profitable and whether you can earn enough money with it. There are three parts to the financial section:

1. Capital requirements plan

- How much money do you have to invest to get started?

2. Revenue and profitability forecast

- How do you calculate your revenue and profit?
- When will you break even?
- Will you make enough profit to cover your cost of living?

3. Liquidity planning

- Do you have enough liquid funds to pay your bills at all times?

Keep the structure clear and logical, using a language that is objective and easy to understand. You can adjust the structure and the topics covered to suit your needs. The aim is to produce a business plan of 20 to 30 pages at most.

A free business plan template (in Word and Excel) is available from the website of the Munich Business Startup Office (MEB)
www.munich.de/startup

Checklists, information and guidelines for start-up entrepreneurs
www.munich.de/startup



*MEB tutorial film no. 5
Business plan – Written presentation*
www.munich.de/startup



*MEB tutorial film no. 6
Business plan – Financial section*
www.munich.de/startup



Who can help you with the business plan?

Write your business plan yourself and get feedback from the relevant industry experts or start-up initiatives. As a self-employed person you have full entrepreneurial responsibility for your business plan and the estimates, plans and decisions described there. Industry associations can be a valuable contact for entrepreneurs in terms of feedback.

Marketing

Start thinking about how you will sell your product or service before you start the business. In the marketing concept, pool together your plans and strategies for your product or service range, price structure, sales, and advertising and communication.

Special feature: Choosing your location

It can be hard to find the ideal place to set up your business in Munich. Check out the available sites and consider the following issues:

- Do the building, the floor plan layout, the cost and the surrounding environment match up with your plans?
- What structural alterations are needed to comply with operating requirements (legal requirements)?
- What rules and regulations apply? (e.g. building regulations or public health rules and food regulations for business premises and commercial kitchens)



Helpful hints

The Point of Single Contact (or PSC) is the first place to turn to at the City of Munich. The PSC team may help you find suitable premises and advise you on approvals and other formalities.

Working from home

Many self-employed people start by working from home. If that is what you plan to do, you should notify your landlord. The Office of Housing and Migration will also tell you whether it is legal to use your home for commercial purposes and whether you need a special license. In some cases, a home office can be tax-deductible. Ask your tax adviser for details!

Start-up initiatives and networks:
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Forum for German Associations
Search for associations
www.verbaende.com

Chamber of Commerce
and Industry (IHK) for Munich
and Upper Bavaria
Marketing guide
www.ihk-muenchen.de

More information about
commercial space in Munich
www.muenchen.de

Munich Industry Centers/Munich
Technology Center (MTZ)
www.wirtschaft-muenchen.de

Coworking spaces
www.wirtschaft-muenchen.de

Incubators
www.wirtschaft-muenchen.de

Business centers
www.wirtschaft-muenchen.de

Munich Real Estate Market Report
www.wirtschaft-muenchen.de

Information on construction law
for start-up entrepreneurs
www.munich.de/startup

PSC team
Phone: 089 233-22070
psc@muenchen.de



MEB tutorial film no. 15
Choosing your location
www.munich.de/startup

4

Financing and public support

How can you fund your new business? What support could be available for you?

Loans from your principal bank and public support loans (LfA and KfW promotional banks)

You can apply for a loan from a bank of your choice: your "principal bank" ("Hausbank"). Check out the services and terms offered by various banks. Start-ups can also access public support loans from the LfA and KfW development banks which you can apply for via your principal bank, just like any normal bank loan.

For the bank, your business plan is the most important basis for decisions about whether or not to lend you money. It is therefore vital to ensure that you already have a complete, well-prepared business plan with you the first time you visit the bank.

Another important consideration with bank loans: Contact a principal bank and apply for a suitable loan **before** committing to any financial risks (e.g. signing contracts or purchasing equipment).

Loans from your principal bank

Whether or not you are given a loan depends critically on how the bank rates your creditworthiness (personal skills, economic reliability, future prospects of your start-up) and if the bank sees the nonpayment risk as reasonable. To cover the possibility that you may not be able to repay the loan and the interest charged, banks will ask you to provide collateral.

Equity financing

Equity in the form of venture capital can complement a bank loan or be used as an alternative to it, with partners contributing this venture capital to your activities.

They can be private equity companies, venture capital firms or business angels. Business angels are experienced entrepreneurs who provide not only their capital, but also their expertise and networks.

Crowdfunding

Crowdfunding involves collecting money from a large number of people via an Internet platform to realize business ideas, products or projects.



*MEB tutorial film no. 10
Finance, support and subsidies*
www.munich.de/startup

More information:

*Chamber of Commerce
and Industry (IHK) for
Munich and Upper Bavaria*
www.ihk-muenchen.de

*LfA Förderbank Bayern
[promotional bank]*
www.lfa.de

*KfW Förderbank
[promotional bank]*
www.kfw.de

*BMW i business start-up portal –
Financing*
www.existenzgruender.de

Possible points of contact:

BayStartUp GmbH
www.baystartup.de

Bayerische Beteiligungsgesellschaft mbH
www.baybg.de



*MEB tutorial films no. 16 and 17
Crowdfunding (only in German)*
www.munich.de/startup

All web links in the
PDF version of this
brochure are clickable:
www.munich.de/startup

Crowdfunding financing program from the City of Munich

Commercial and freelance entrepreneurs in Munich can be financed up to EUR 3,000. 50% of the costs for creative services involved in a crowdfunding campaign are covered, e.g. costs for videos, graphics, copywriting, PR/social media etc.

Information and advice:

*City of Munich –
Financing for crowdfunding
www.muenchen.de/crowdfunding*

MunichCrowd: Follow-up financing from the Stadtparkasse München

Use the successful crowdfunding campaign as a convincing argument for your follow-up financing if you want to start a business as your main source of income.

*Stadtparkasse München –
Munich Crowd Program
Munich Savings Bank
www.sskm.de/munichcrowd*

Grants and subsidies

There is a wide variety of financial assistance available for entrepreneurs and companies. The list below is just a small selection. You can see an overview of all options in the financing database. Certain conditions must always be met when applying for grants and subsidies. Always seek professional advice!

*BMWf financing database
Federal government, federal states, EU
www.foerderdatenbank.de*

High-tech sector

Innovative and research-intensive start-ups in high-tech industries can apply for special subsidy and support programs and innovation vouchers for their R&D activities.

*Chamber of Commerce and Industry
(IHK) for Munich and Upper Bavaria –
Support programs for innovations
www.ihk-muenchen.de*

Cultural and creative industries

The City of Munich's Cultural and Creative Industries team provides cultural professionals and creative individuals with free advice and support on:

- Self-employment and qualifications
- Networks, events and financing
- Finding studios, rehearsal space and exhibition space
- Assistance with applications and approvals procedures

*City of Munich – Cultural
and Creative Industries Teams
www.kreativmuenchen.de*

Start-up grant from the Federal Employment Agency

Start-up entrepreneurs who receive unemployment benefit (ALG1) before going self-employed can receive a start-up grant from the Federal Employment Agency ("Gründungszuschuss der Agentur für Arbeit").



*MEB tutorial film no. 13
www.munich.de/startup*

Information and advice:

*Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria –
Start-up grants
www.ihk-muenchen.de*

Subsidies for coaching and advice

Start-up entrepreneurs can apply for (pre-)start-up coaching support for the development of business expertise. The coaching support programs contribute subsidies of 50 to 70% for management consulting.

*Coaching
www.ihk-muenchen.de*

*Institute for Liberal Professions (IFB)
www.ifb.uni-erlangen.de/coaching*

Business or liberal profession?

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup

Right at the beginning, you need to clarify whether your planned self-employed activity is classified as a business or a liberal profession. The decision has a number of legal and tax-related consequences.

- What special rules and regulations do you need to comply with?**
- What is the impact on taxes and compulsory memberships?**
- Where do you have to register your self-employment?**

Liberal professions

Doctors, lawyers, tax advisers and engineers are all examples of liberal professions. Scientific, artistic, writing, teaching, child education and consulting activities can also be liberal professions.

It is important to clarify whether your planned activity genuinely belongs to the liberal professions. Classification can be difficult and depends on the individual case!

Impact

- You do not have to pay trade tax.
- A statement of net income is always sufficient regardless of turnover or profit.
- Membership of professional chambers may be compulsory, e.g. for architects, doctors and tax advisers.
- Please note: **Pension insurance** may still be compulsory for you even if you are self-employed in a liberal profession.
- You may need to register with a professional association ("Berufsgenossenschaft"). Please contact the relevant association directly!

Registration

- You do not need to register your business
- Register your self-employment directly with the tax office by completing and submitting the "Fragebogen für die steuerliche Erfassung" ("Tax Assessment Questionnaire").
- The tax office will then give you a tax number which you will need to write invoices for your self-employed activity.



*MEB tutorial film no. 2
Business or liberal profession*
www.munich.de/startup

More information:

Munich Business Startup Office (MEB)
www.munich.de/startup
 Phone: 089 5116-1759

Business start-up portal of the Federal Ministry for Economic Affairs (BMWi) – Starting a business as a freelancer
www.existenzgruender.de/EN

*Go here for advice:
Institute for Liberal Professions (IFB)*
 Phone: 0911 23 565-28
<http://ifb.uni-erlangen.de/en/>

Please read our special feature on "false" self-employment on the following page!

More information:

*Deutsche Rentenversicherung Bund
[German Statutory Pension Insurance Scheme]*
www.deutsche-rentenversicherung.de

Professional association info line
 Phone: 0800 60 50 40 4
www.dguv.de/en

*Munich Tax Office –
Information on taxes for start-up entrepreneurs*
www.finanzamt.bayern.de



Businesses

In Germany, everyone is essentially free to register a business. But: Some trades or businesses require special permits, monitoring and/or licenses (e.g. skilled crafts).

Skilled crafts (“Handwerk”)

There are many crafts that require a license before you can start a business in this field. And you can only obtain a license if you yourself have the required qualifications, or if you employ suitably qualified management. Examples include painters, varnishers, electricians, hairdressers, bakers and confectioners. A distinction is drawn between:

- Skilled crafts that require a license (e.g. bakers, confectioners and tilers)
- Skilled crafts that do not require a license (e.g. photographers and cleaners)
- Trades similar to skilled crafts (e.g. beauticians, alteration tailors, ice cream makers)

Impact

- You have to pay trade tax.
- You must prepare a net income statement or double-entry bookkeeping (depending on the legal structure and/or the amount of revenue/profit).
- Membership of the Chamber of Commerce and Industry (IHK) or the Chamber of Skilled Crafts (HWK) is compulsory.
- Please note: **Pension insurance** may still be compulsory for you even if you are self-employed with a business.
- You may need to register with a professional association (“Berufsgenossenschaft”). Please contact the relevant association directly!

Registration

- Step 1: Use the “Gewerbeanmeldung” form to register your business in person with the Department of Public Order (KVR or the local government office). You must present your ID card. Registration in Munich costs about EUR 50.
- Step 2: Submit the “Fragebogen für die steuerliche Erfassung” (“Tax Assessment Questionnaire”) to the tax office.
- The tax office will then give you a tax number which you will need in order to write invoices.

Special feature: “False” self-employment

Self-employed persons are not always actually self-employed. If you have to do business as if you are an employee in an employment relationship you are considered as being in “false” self-employment (scheinselfständig) and are therefore actually in dependent employment. It is difficult to distinguish between real self-employment and dependent employment. The criteria for this is listed in labor law, social insurance law and tax law. Engaging in false self-employment can result in severe penalties.



MEB tutorial film no. 1
Starting a business – General formalities
www.munich.de/startup

Free advice is available from:

Munich Chamber of Skilled Crafts,
Startup Agency
Phone: 089 5119 167
gruenderagentur@hwk-muenchen.de
www.hwk-muenchen.de

Please read our special feature on
“false” self-employment (see below).

More information:

Deutsche Rentenversicherung Bund
[German Statutory Pension Insurance
Scheme]
www.deutsche-rentenversicherung.de

Professional association info line
Phone: 0800 60 50 40 4
www.dguv.de/en

City of Munich, Department of
Public Order (KVR)
Phone: 089 233-96030
www.muenchen.de

Tax office
www.finanzamt.bayern.de

Please find out about *Scheinselfständigkeit*
before you start:

Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria
www.ihk-muenchen.de

Deutsche Rentenversicherung Bund
[German Statutory Pension Insurance
Scheme]
www.deutsche-rentenversicherung.de

Choice of legal structure

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup

You want to start a business and need to decide which legal structure to adopt:

- Which legal structure fits best your plans?**
- How does the choice of legal structure affect you and your business?**

Which legal structure fits best your plans depends on a number of factors, all of which require thorough examination. For example, the legal structure you choose will affect your personal liability, the start-up costs, the taxes you pay and various other rights and obligations.

Unincorporated firm

(excerpt)

- **Sole proprietorship** (1 person)
- **Civil-law partnership (GbR)** (2 or more people)
- Liability**
Partners in unincorporated firms are fully liable with all the private and company assets.
- Start-up expenses**
Registering your business with the trade office costs about EUR 50 per founder. In the case of civil-law partnerships (GbR), it is advisable to prepare a written partnership agreement.
- Accounting**
Single-entry bookkeeping (i.e. preparing a net income statement) is sufficient up to annual revenues of EUR 600,000 and annual profits of EUR 60,000. However, if your business exceeds either of these limits, the tax office will notify you that you must use double-entry bookkeeping (with annual balance sheet and income statement) and prepare a balance sheet. Single-entry bookkeeping is easier and less expensive, whereas double-entry incurs much higher running costs for tax consultation and accounting.



*MEB tutorial film no. 8
Choice of legal structure*
www.munich.de/startup

More information:

*Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria –
Choice of legal structure*
www.ihk-muenchen.de

*Institute of Liberal Professions (IFB) –
Information for start-ups*
<http://ifb.uni-erlangen.de/en/>

*Chamber of Commerce and Industry (IHK) –
for Munich and Upper Bavaria
Specimen contracts for entrepreneurs*
www.ihk-muenchen.de

*Business start-up portal of the Federal
Ministry for Economic Affairs (BMWi)*
www.existenzruender.de/EN

“Things change so fast these days that it is hard to keep up. So it’s good to know who you can turn to for advice and where entrepreneurs can receive further training.”

Incorporated firms

(excerpt)

- **Limited liability company (GmbH)**
(1 or more persons)
- **Provisional company with limited liability (Unternehmergeellschaft haftungsbeschränkt, UG)**
(1 or more persons)

□ Liability

At incorporated firms, liability is limited to the company assets. However, if due diligence requirements are violated, liability is no longer limited and recourse can be made to the manager's private assets, too.

One issue is frequently underestimated: Where bank loans are taken out, the need for collateral often leads to personal liability, e.g. if the partner gives personal guarantees. This can also apply to rental contracts.

□ Start-up expenses

Compared to an unincorporated firm, the cost of setting up a limited liability company (GmbH/UG) is relatively high. The costs include notarial certification of the partnership agreement and entry in the commercial register, plus any fees paid to lawyers to draft the partnership agreement. A limited liability company also requires capital stock of at least EUR 25,000, of which at least 50% (i.e. EUR 12,500) must be paid in when the entry is made in the commercial register.

Once this entry has been made, you are free to work with this capital.

□ Accounting

Double-entry bookkeeping (with an annual balance sheet and income statement) is always compulsory for incorporated firms, regardless of their revenue and profit levels. That means higher running costs (e.g. for accounting and tax advice) on top of higher start-up expenses.

More information:

Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria – Starting an incorporated firm
www.ihk-muenchen.de

Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria – Information on founding a GmbH/UG
www.ihk-muenchen.de

Bayerischer Notarverein e.V. [Bavarian notary association] Notary search
www.notare.bayern.de



7

Taxes and accounting

Types of tax Company taxes

Value-added tax (VAT, "Umsatzsteuer")

Start-up entrepreneurs must submit an advance VAT tax return to the tax office four times a year.

Under certain circumstances (the "provision for small businesses", "Kleinunternehmerregelung"), businesses can be exempted from VAT.

Trade tax ("Gewerbesteuer")

Trade tax is paid on the annual trade income (essentially the same as profit) earned by self-employed business activities. Unincorporated firms enjoy a tax allowance of EUR 24,500 and these entrepreneurs can set off part of their trade tax liability against their income tax liability. There is no trade tax allowance for incorporated firms (e.g. GmbH/UG). Trade tax is a municipal tax.

Corporation tax ("Körperschaftsteuer")

This tax is based on the profits of incorporated firms (e.g. limited liability companies). A flat tax rate of 15% applies.



MEB tutorial film no. 9
Overview of tax issues
www.munich.de/startup

More information:

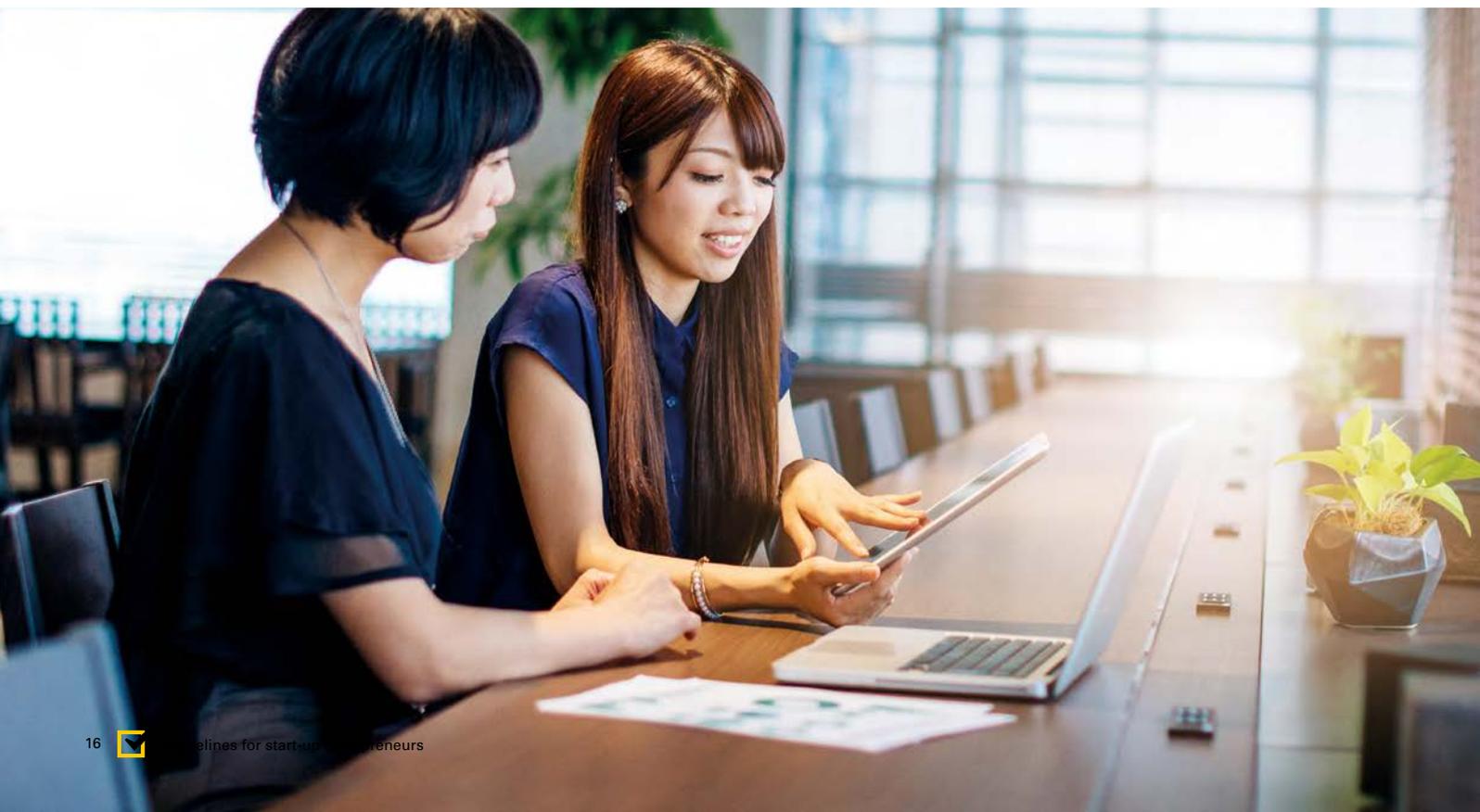
Munich Tax Office –
Information on value-added tax
www.finanzamt.bayern.de

Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria –
Value-added tax and small entrepreneurs
www.ihk-muenchen.de

Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria –
Trade tax
www.ihk-muenchen.de

City of Munich, City Treasury Office
www.muenchen.de

Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria –
Information on tax law
www.ihk-muenchen.de



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www.munich.de/startup

Personal taxes

Income tax (“Einkommensteuer”)

Tax on income – i.e. the sum of all revenues – is paid by natural persons. Income tax is paid on income from self-employed work (by business people and members of the liberal professions) and income from employment.

The tax rate is progressive, i.e. it is linked to the amount of income.

More information:

Finance ministry tax calculator
www.bmf-steuerrechner.de

*Munich Tax Office –
Information on income tax*
www.finanzamt.bayern.de

*Business start-up portal of the
Federal Ministry for Economic Affairs (BMWi)
– Taxes*
www.existenzgruender.de/EN



Helpful hints

There are all kinds of special cases and exceptions relating to tax issues. Please contact a tax adviser to find out about them!

Please note: The information in this document is not legally binding and cannot replace professional legal or tax advice! Please address detailed questions on tax or legal matters to a tax adviser or a lawyer’s office.

Need help to find a tax adviser?
Deutscher Steuerberaterverband e.V.
www.dstv.de

Need help finding a lawyer?
www.anwaltsauskunft.de



“Bookkeeping, taxes, legal issues – it is not easy to stay on top of everything. Company training really helped me find my way – which now leaves me more time for my customers!”

8

Company insurance

Company insurance can protect you from financial risks that, if left uncovered, could quickly threaten your livelihood. In order to find the insurance coverage that's right for you, you should consider what the typical risks of your industry are and what insurance options are available.



*MEB tutorial film no. 12
Company insurance*
www.munich.de/startup

Liability insurance

[Haftpflichtversicherungen] (excerpt)

Corporate liability insurance

[Betriebliche Haftpflichtversicherung]

This covers damage to property, injury to persons and/or damage caused to third parties by the company itself or its employees. If someone slips on the wet floor in your restaurant and hurts themselves, they can, for example, claim for damages.

Professional liability insurance

[Berufshaftpflichtversicherung]

Protection against third party claims for damages resulting from the exercise of one's profession. In addition to injury to persons and damage to property, it also covers damages that are purely financial in nature as well as errors in fulfilling contractual obligations which are often not covered by corporate liability insurance. This insurance is compulsory for some industries.

Third-party financial loss liability insurance

[Vermögensschaden-Haftpflichtversicherung]

Protection against third party claims for financial loss (e.g. poor advice, programming error). Often integrated into professional liability insurance.

D&O (Directors-and-Officers) insurance

Financial loss insurance for the management of limited liability companies, for example.

Product liability insurance

[Produkthaftpflichtversicherung]

Covers the liability risk for injuries or damages to third parties arising from the production and sale of products and services (e.g. in the food industry). Whether the manufacturer or merchant is at fault is not relevant. Coverage can be extended to financial losses. It is usually offered in combination with corporate liability insurance.

Information and advice:

*Bund versicherter Unternehmer e.V.
[Federation of Insured Entrepreneurs]*
www.bund-versicherter-unternehmer.de

*Bundesverband der Versicherungsberater
[National Association of Insurance Advisers],
help with finding advisers*
www.bvzb.de

*Business start-up portal of the Federal
Ministry for Economic Affairs (BMWi)*
www.existenzruender.de/EN



“To start with, I wasn’t sure whether the advice would really be useful. There is so much information on the Internet. But it was so much easier to get my questions answered when we talked about them.”

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup

**Statutory accident insurance
[Gesetzliche Unfallversicherung über Berufsgenossenschaften]**

This insurance is compulsory if you employ people. Covers accidents at work or on the way to or from work, and recognised occupational illnesses. This insurance may also be compulsory for the entrepreneur.

*Deutsche Gesetzliche Unfallversicherung
[German Social Accident Insurance]
Info line: 0800 60 50 40 4
www.dguv.de/en*

**Property insurance
[Sachversicherungen] (excerpt)**

**Commercial legal protection insurance
[Gewerbliche Rechtsschutzversicherung]**

This covers financial risks arising from legal disputes (e.g. to enforce property rights rooted in patent law, trademark law or competition law).

**Content and building insurance
[Inhaltsversicherung]**

This covers damage to company assets such as buildings, technical and commercial equipment, merchandise, inventories etc. (e.g. due to fire, theft, water or storms/hail etc.).



Helpful hints

Take the time to compare different insurance policies! Ask for two or three comparable quotes from different insurers. It is also advisable to pay attention to short contractual periods in the terms of the insurance (one year or the option of termination), as it is often hard to know how your company will develop.

Social insurance

Statutory or private health insurance

In Germany, health insurance is compulsory even for self-employed persons. If you had statutory health insurance before starting your business, you can keep it in future. Essentially, you can choose between statutory and private health insurance (if you have already had statutory health insurance for a sufficient period in advance). Please note: If you switch to private health insurance, it is difficult – and might be impossible – to return to statutory health insurance later on. It always makes sense to obtain professional advice!

□ Statutory health insurance:

- Premiums are linked to your income.
- Minimum and maximum income thresholds.
- Family insurance is possible.

□ Private health insurance:

- Premiums depend on individual risk factors, medical history, age, the level of coverage you choose etc.
- Premiums are not linked to your income.
- Family insurance is not possible.

Statutory pension insurance (“Rentenversicherung”)

Statutory pension insurance is compulsory for certain occupational groups (e.g. teachers, artists, nurses, licensed craftsmen and commercial agents who only have one client). All other self-employed persons still have the option of paying voluntary premiums for statutory pension insurance. You can pay either the full amount (18.6% of your gross income) or an individually agreed amount. Please seek professional advice!

Voluntary unemployment insurance

Under certain circumstances, individuals who (have to) leave self-employment can contract voluntary unemployment insurance. The cost is around EUR 80 per month (although start-up entrepreneurs pay only half of this premium).

Special feature: A1 certification for cross-border activity

If you work temporarily in an EU country, in Iceland, Liechtenstein, Norway or Switzerland, you will always have to carry an A1 certification with you. It is proof of your existing social security protection in Germany. It is valid regardless of the length of your business travel. Other certifications may be required for other countries.

All web links in the PDF version of this brochure are clickable:
www.munich.de/startup



MEB tutorial film no. 7
Social insurance
www.munich.de/startup

Get professional advice and talk to your health insurer!
Please read the special feature on self-employment as a sideline job on page 21

More information:

Deutsche Rentenversicherung Service
[German Statutory Pension Insurance Scheme]
Phone: 0800 1000 4800
www.deutsche-rentenversicherung.de

Federal Employment Agency
Service line: 0800 4 5555 00
www.arbeitsagentur.de

Business start-up portal of the Federal Ministry for Economic Affairs (BMWi)
www.existenzgruender.de/EN

Deutsche Rentenversicherung Bund
[German Statutory Pension Insurance Scheme]
A1 certification
www.deutsche-rentenversicherung.de

Other insurance options (excerpt)

Artists' Social Insurance (KSK, Künstlersozialkasse)

The KSK covers people that exercise a freelance artistic or journalistic profession. It is compulsory with a focus on pension and health insurance. If you fulfill the requirements to join the KSK you only pay half of the premium and are in as good a position as employers. Please inform yourself!

Private pension insurance/retirement plan

Self-employed persons must plan for retirement and work out the costs involved right from the start.

To do so, you can combine various options, such as statutory and private pension insurance as well as other forms of retirement plans.

More information:

Artists' social insurance
www.kuenstlersozialkasse.de

*City of Munich –
Cultural and Creative Industries team*
www.kreativmuenchen.de

Paul-Klinger-Künstlersozialwerk e.V.
www.paul-klinger-ksw.de



Helpful hints

Please get all the information and advice you need. If you are self-employed, you alone are fully responsible for your social insurance and your retirement plan. It is therefore important to calculate the costs very carefully and include them into your business plan.

Special feature: Starting a sideline business

Are you starting a business while still employed? [Selbständigkeit im Nebenerwerb]

First check whether your employment contract or any collective agreement says anything about "secondary employment". These documents determine whether you must inform your employer or even ask for their permission before starting a sideline business. That is often the case.

You should also talk to your health insurer. If you have statutory health insurance, your status is crucial: As long as your health insurer classifies your self-employed activity as a sideline business, nothing changes for you. But if your health insurer decides that your business is your main occupation, you will in future have to pay for your own health insurance. That may be the case if you spend more time on your self-employed activity (or earn more money from it) than your regular employment.

The same applies for students, pensioners and unemployed persons: Talk to your health insurer before going self-employed. Also, check whether and to what extent your income affects benefits such as your Bafög student loan, pensions, family allowance, unemployment benefit (ALG1) and Hartz IV benefits. Statutory pension insurance and/or statutory accident insurance are compulsory in some occupations even as a sideline, although you may be able to apply for an exemption.

Please contact the City of Munich's Insurance Office for free advice!

Health insurance:
Phone: 089 233-44134
Pension insurance:
Tel: 089 233-44157, 233-44167, 233-44169
www.versicherungsamt-muenchen.de

More information:

*Business start-up portal of the
Federal Ministry for Economic Affairs (BMWi)
Part-time and small start-ups*
www.existenzgruender.de/EN

*Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria
Sideline freelancing*
www.ihk-muenchen.de



“I would never have thought that there are so many things to do when you go self-employed. I just wanted to get started. If the City of Munich hadn't helped me, I would have made mistakes that would have cost me lots of time and money.”

Selection of contact addresses:

*Start-up portal for Munich
News Events and Contests*
www.munich-startup.de

Cultural and Creative Industries team
www.kreativmuenchen.de

*BayStartUp – A start-up network
for innovative entrepreneurs
investors and companies*
www.baystartup.de

*Startup Munich – Events and Networking
Idea - Concept - Pitch*
www.startup-muenchen.de

*Business start-up portal of the
Federal Ministry for Economic Affairs (BMWi)*
www.existenzgruender.de/EN

*Business start-up portal of the
Bavarian Ministry of Economic Affairs*
www.gruenderland.bayern

guide – Support for women entrepreneurs
www.guide-muenchen.de

Aktivsenioren [Active Senior Citizens]
www.aktivsenioren.de

Social Entrepreneurship Academy
www.seakademie.de

Social Impact Lab München
muenchen.socialimpactlab.eu

Werk 1 – Digital start-up hotspot
www.werk1muenchen.de

*GründerRegio M – Support and projects
for university-related start-ups*
www.gr-m.de

Seminars for entrepreneurs:

Munich adult education center (MVHS)
www.mvhs.de

*Academy of the Chamber of Commerce and Industry (IHK)
for Munich and Upper Bavaria*
www.akademie.muenchen.ihk.de

*Chamber of Skilled Crafts for Munich and
Upper Bavaria*
www.hwk-muenchen.de

BayStartUP
www.baystartup.de

*Munich Network –
Bringing industry and innovative start-ups together*
www.munichnetwork.com

*Finding the right networks:
Munich has Meetup Groups
for all kinds of industries and topics*
www.meetup.com/de

Trade associations in Bavaria
www.mittelstand-in-bayern.de

Search for industry associations:
www.verbaende.com/suche

All web links in the
PDF version of this
brochure are clickable:
www.munich.de/startup

Startup information for clear and detailed knowledge

Currently available for 'How to start a restaurant business', 'Legal prerequisites for commercial use of premises', and 'Setting up a retail business'.

All start-up information
www.munich.de/startup

General Standard Terms and Conditions (GTC) [Allgemeine Geschäftsbedingungen | AGB]

GTC are pre-formulated contract conditions that you specify to your contract partners. They contain important provisions that would otherwise have to be individually adapted for every contract. The aim is often to reduce liability and risks as far as possible. The admissibility of individual provisions in the GTC depends on the industry and the contracting partners, for example. Some industry associations and publishing houses provide sample GTCs. Lawyers specializing in contract law create individual GTC. GTC are only effective if they are included in the respective contract and for this there are various rules for end consumers, corporate clients or for online trade.

*Chamber of Commerce and Industry
(IHK) for Munich and Upper Bavaria
General standard terms and conditions*
www.ihk-muenchen.de

Internet legislation

Internet legislation is a broad topic which website and internet shop owners must address. It includes areas such as:

- Legally compliant websites and website information
- Online trade and e-commerce: ranging from GTC, product liability through to disclaimers
- Marketing and advertising on the internet

Find out which regulations and information obligations must be followed on the internet, which pitfalls can be avoided and who is liable for them.

*Chamber of Commerce and Industry
(IHK) for Munich and Upper Bavaria
Internet legislation*
www.ihk-muenchen.de

The EU General Data Protection Regulation (GDPR) [EU Datenschutz-Grundverordnung | DSGVO]

The GDPR specifies clear rules for the processing of personal data within the European Union.

Everyone dealing with customers and employers must be aware of and implement these rules. Expensive warnings and fines can be avoided by doing so.

*Chamber of Commerce and Industry
(IHK) for Munich and Upper Bavaria
Data protection*
www.ihk-muenchen.de

Protecting brand names and logos

prerequisite is that they do not infringe on any existing trademark rights and brand names. An internet domain name or your company name can be protected by use in a business context – limited to your company's geographical area of activity.

*IHK München und Oberbayern –
Protecting trademarks and logos*
www.ihk-muenchen.de



MEB | Munich's Business Startup Office

- Which networks can I approach?
- What useful addresses, contacts and events does Munich have for start-up entrepreneurs?

Free information and advice for start-up entrepreneurs

The Munich Business Startup Office (MEB) is a joint initiative of the City of Munich and the Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria. We provide you with free information and advice to help you take your first steps into self-employment.

Looking for an initial overview? Seeking networking opportunities?

Attend our information session "Erfolgreich gründen – was kommt auf mich zu?" (in German) for a brief overview of all key start-up topics. You can ask questions and share your experiences with other start-up entrepreneurs. Register online at: www.munich.de/startup

Need answers to specific questions?

You are welcome to call or send us an email to clarify individual questions. For complex topics we will be happy to arrange an appointment with you.

Our job is to give guidance:

If you have detailed questions, we match you with the experts at the City of Munich's Department of Labor and Economic Development, the Chamber of Commerce and Industry for Munich and Upper Bavaria, and various other institutions and networks.

Please note that the MEB does not provide advice on insurance, tax or legal matters.

All our service offers are free of charge.

Phone: 089 233 - 21759
meb@muenchen.de
www.munich.de/startup

Talk times Monday to Thursday from 13:00

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Department of Labor and Economic Development
Herzog-Wilhelm-Strasse 15
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www.munich.de/business
gruendungen.raw@muenchen.de

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