I’m going self-employed!

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

1. Self-employment
   Do you have what it takes?
   - Are you really an entrepreneur?
   - Do you have the necessary professional and commercial qualifications?

   **Special feature: Questions specifically for migrants**
   - Is your German good enough?
   - Do you have a valid residence permit that allows you to become self-employed?
   - Do you need official recognition of certificates and professional qualifications acquired abroad?

2. Review your business idea
   - What specific benefits does your product or service offer to customers?
   - Can you give a clear and simple explanation of your business model?
   - Get direct feedback from your target group and check your business idea!

3. Prepare a business plan
   **Written and financial sections**
   - Who are you writing the business plan for?
   - What is the purpose of your business plan?
   - What should be in your business plan?

   **Special feature: Choosing your location**

4. Financing and public support
   - Public bank loans (from the LfA and KfW promotional banks)
   - Coaching and consulting subsidies
   - Start-up grant from the Federal Employment Agency for people on unemployment benefit (ALG 1)

5. Business or liberal profession?
   - Do you need to register your self-employment as a business? Or is it a liberal profession?
   - What special rules and regulations do you need to comply with?
   - Where do you have to register your self-employment?

   **Special feature: „False“ self-employment**
Choice of legal structure

- Which legal structure best fits your plans?
- How does the choice of legal structure affect you and your business?
Check: Liability, start-up costs, accounting, taxes and minimum capital

Taxes and accounting

- What taxes will you have to pay?
- Accounting: What do you need to know?

Company insurance

- What operating risks arise in your line of business?
- For which risks do you need insurance cover?
- Is membership of a professional association compulsory for you?

Social insurance

- What personal risks should you/do you need to cover if you go self-employed?
- Please note: Health insurance is compulsory for self-employed persons!
- Have you thought about a retirement plan?
Special feature: Starting a sideline business

Networks, addresses and contacts

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

Hint
You can download this brochure with all clickable links at www.gruenden-in-muenchen.de/en/guide
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 your family, your partner and the people around you 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 make self-employment work for you 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!
Do you have a valid residence permit that allows you to go self-employed?
If you are a citizen of a member state of the European Union (EU) or an EFTA country (Iceland, Liechtenstein, Norway and Switzerland), you don’t need a special permit to go self-employed.

If you are a citizen of a non-EU or non-EFTA country, you will need to clarify whether your residence status/permit entitles you to go self-employed. If not, you must apply to the Foreigners Office for an additional permit. Please note: If your residence permit bears the words “Erwerbstätigkeit gestattet” (“Employment permitted”), you do not need a special additional permit.

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

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

Info portal for the recognition of foreign professional qualifications

Information on the recognition of certificates of school education:
Bavarian Ministry of Education and Culture, Certificate Recognition Department (Zeugnisanerkennungsstelle)
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.”
Before you start a business, take the time to think carefully about your business idea. Ask the people or organizations who will be your customers 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 the real needs of your customers. 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.

- **Bottleneck-focused strategy (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](http://www.existenzgruender.de/EN)
- EKS-Akademie – Strategy courses and training
  [eks-akademie.de](http://eks-akademie.de)
- MEB tutorial film no. 4
  Business model
  [www.gruenden-in-muenchen.de/en](http://www.gruenden-in-muenchen.de/en)
“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.gruenden-in-muenchen.de/en/guide
Prepare a business plan

Written and financial section

When you have thoroughly reviewed your business idea, the next step is to prepare a detailed business plan. Just like building a house, a new company must be set up on the foundation of a precise plan with plausible calculations. In many cases, fine details, problems and cause-and-effect relationships only come to light when you see them in writing.

These issues are important …

Who are you writing the business plan for?
- For yourself?
- For cooperation partners?
- For the bank?
- For the Federal Employment Agency (start-up grant)?

What is the purpose of your business plan?
- To plan and structure your activities?
- To support your decision-making?
- To control and manage your ongoing business?

What should be in your business plan?
The business plan should comprise a written section and a financial section.

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)
- 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.

All web links in the PDF version of this brochure are clickable:

www.gruenden-in-muenchen.de/en/guide

A free business plan template (in Word and Excel) is available from the website of the Munich Business Startup Office (MEB)

www.gruenden-in-muenchen.de/en

Checklists, information and guidelines for start-up entrepreneurs

www.munich.de/business

MEB tutorial film no. 5
Business plan – Written presentation

www.gruenden-in-muenchen.de/en
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 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.

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 freelancers and service providers 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!
Financing and public support

The business plan shows exactly how much capital you need. In many cases, your own funds (your “equity”) will not be enough to get your business started. But there are various ways to make up the difference to what you need.

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.

Munich Fund

The Munich Fund is a credit program run by the City of Munich in cooperation with the savings bank Sparkasse München. Its aim is to support start-up companies.

- **Credit limit**: Up to a maximum of EUR 50,000 for investments and operating resources
- **Conditions**: Your place of residence and your company must be based in Munich, and the start-up must be your main occupation

More information:

- Chamber of Commerce and Industry (IHK) for Munich and Upper Bavaria
  - www.ihk-muenchen.de
- LfA-Förderbank [promotional bank]
  - www.lfa.de
- KfW-Förderbank [promotional bank]
  - www.kfw.de
- Stadtsparkasse München, ExistenzgründungsCenter [Startup Center]
  - Munich Savings Bank
  - Phone: 089 2167-10261
  - www.sskm.de

MEB tutorial film no. 10
Finance, support and subsidies
www.gruenden-in-muenchen.de/en
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. These partners can be private equity companies, venture capital firms or business angels. Business angels are experienced managers or entrepreneurs who place not only their capital, but also their expertise and networks at the disposal of start-ups.

Crowdfunding
Crowdfunding involves collecting money from a large number of people via an Internet platform to realize business ideas, products or projects. At the same time, these platforms let you check whether your target group values your idea and whether demand really exists.

Grants and subsidies
Certain conditions must always be met when applying for grants and subsidies. Always seek professional advice!

☐ 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.

☐ Cultural and creative industries
The City of Munich’s Cultural and Creative Industries team provides artists, cultural professionals and creative individuals with free advice on:
• Self-employment and qualifications
• Financing and networks
• Finding ateliers, rehearsal space and exhibition space
• Assistance with applications and approvals procedures

☐ 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”).

☐ 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.
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.
- 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.

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

MEB tutorial film no. 2
Business or liberal profession
www.gruenden-in-muenchen.de/en

More information:
Munich Business Startup Office (MEB)
www.gruenden-in-muenchen.de/en
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

Guidelines for start-up entrepreneurs
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 a suitably qualified manager. Examples include painters, varnishers, electricians, hairdressers, bakers and confectioners. A distinction is drawn between:

- Skilled crafts that require a license (e.g. bakers and confectioners)
- Skilled crafts that do not require a license (e.g. tilers, photographers and cleaners)
- Trades similar to skilled crafts (e.g. beauticians and floor layers)

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 in a business.
- You may need to register with a professional association ("Berufsgenossenschaft"). Please contact the relevant association directly!

Registration

- Step 1: Before you start your business, register it with the Department of Public Order (KVR or the local government office). You must register in person and 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 to write invoices for your self-employed activity.

Special feature:
“False” self-employment

From the perspective of social security, it is often difficult to distinguish between genuine self-employment and activities that constitute regular employment. What is known as “false” self-employment may exist if someone claims to be self-employed, although the work they do and their relationship to the customer points to dependent employment. “False” self-employment can lead to unpleasant legal and tax consequences.

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

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

Which legal structure best fits 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**
  The partner or partners in unincorporated firms are fully liable with all their private and company assets.

- **Start-up expenses**
  Registering your business with the trade office costs about EUR 50 per founder. Normally, that is all you need to do to start your business. 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 and prepare a balance sheet.
Incorporated firms
(excerpt)

- Limited liability company (GmbH)  
  (1 or more person)
- Provisional company with limited liability  
  (Unternehmergesellschaft haftungsbeschränkt, UG)  
  (1 or more person)

☐ Liability
At incorporated firms, the liability of the partners and managers is limited to the assets of the company. 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 managing partner of a limited liability company gives personal guarantees. This can also apply to rental contracts.

☐ Start-up expenses
Compared to unincorporated firms, the cost of setting up a limited liability company (GmbH/UG) is relatively high. The costs include the notary’s fee (for 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 naturally 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.

“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.”
What taxes will you have to pay?  
Accounting: What do you need to know?

Types of tax

Company taxes

Value-added tax (VAT, “Umsatzsteuer”)
Start-up entrepreneurs must submit an advance VAT tax return to the tax office once a month. 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. Sole proprietorships and partnerships enjoy a tax allowance of EUR 24,500. This allowance does not apply to incorporated firms (such as limited liability companies). Sole proprietorships and the partners in partnerships can set off part of their trade tax liability against their income tax liability. Trade tax is a municipal tax.

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

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

„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!“
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 (in the liberal professions), income from
running a business and income from employment.

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

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.

Accounting
A general distinction is drawn between single-entry book-
keeping (with net income statements) and double-entry
bookkeeping (with an annual balance sheet and income
statement). Single-entry bookkeeping is easier and less
expensive to use. Double-entry bookkeeping leads to signifi-
cantly higher running costs for tax advice and for accounting
activities. Single-entry bookkeeping 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 double-entry bookkeeping
is compulsory.

Please note the following exceptions:
• Incorporated firms (e.g. limited liability companies)
  must always use double-entry bookkeeping, regardless
  of their level of revenue or profit.
• For self-employed persons in the liberal professions,
  single-entry bookkeeping is always sufficient, regardless
  of revenue and profit levels.
Have you thought about company insurance?

To what risks could self-employed activity expose you?

Company insurance can protect you from financial risks that, if left uncovered, could quickly threaten your livelihood. A distinction is drawn between liability insurance and property insurance. However, since company insurance obviously costs you money, you should first think about what your main risks are.

**Liability insurance**

*excerpt*

**Corporate liability insurance**
This covers damage to property, injury to persons and/or damage to third-party assets (e.g. belonging to customers or suppliers) that is caused by the entrepreneur or the company (e.g. a customer in a restaurant slips and hurts herself because of a slippery floor).

**Professional liability insurance**
This covers freelancers or service providers against third-party claims for injury to persons or damage to property or assets resulting from the exercise of one’s profession (e.g. poor advice, negligence etc.). This insurance is compulsory in some industries.

**D&O insurance**
Financial loss insurance for the managers of limited liability companies, for example.

**Product liability insurance**
This covers damages to third parties caused by your own products or products you have imported (e.g. in the food industry).

**Statutory accident insurance**
This insurance is compulsory if you employ people. It covers damage to health within the framework of the insured activity (e.g. if employees have accidents as they go about their professional activities). This insurance may also be compulsory for the entrepreneur (employer).
Property insurance
(excerpt)

Commercial legal protection insurance
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
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.

„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.gruenden-in-muenchen.de/en/guide
What personal insurance options do you have?
There are many options for self-employed persons to ensure their personal risks. The first is health insurance, which is compulsory for everyone in Germany. For some self-employed persons, it is also compulsory to be a member of a statutory pension insurance scheme (“Rentenversicherung”). You also have the option of making voluntary contributions to statutory pension insurance, or of insuring yourself against unemployment.

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 can be impossible – to return to statutory health insurance later on. It always makes sense to obtain professional advice!

☐ Statutory health insurance:
• Premiums 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 (18.9% 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. This costs around EUR 90 per month (although start-up entrepreneurs pay only half of this premium).
Other insurance options (excerpt)

Artists’ Social Insurance (KSK, Künstlersozialkasse)
KSK ensures that self-employed artists and journalists enjoy similar social insurance cover to employees. To obtain this cover, however, they only need to pay half of the regular premium out of their own pocket. Please inform yourself!

Private pension insurance/retirement plan
If you go self-employed, you 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.

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
If you are currently employed, you must 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.
Which networks can I approach?
What useful addresses, contacts and events does Munich have for start-up entrepreneurs?

Selection of contact addresses:

- Start-up portal for Munich
  [www.munich-startup.de](http://www.munich-startup.de)
- Creative quarter – Advice for the creative industries
  [www.kreativmuenchen.de](http://www.kreativmuenchen.de)
- BayStartUp
  [www.baystartup.de](http://www.baystartup.de)
- Startup Munich – Series of talks on developing a business plan
  [www.startup-muenchen.de](http://www.startup-muenchen.de)
- Business start-up portal of the Federal Ministry for Economic Affairs (BMWi)
  [www.existenzgruender.de/EN](http://www.existenzgruender.de/EN)
- Business start-up portal of the Bavarian Ministry of Economic Affairs
  [www.gruenderland.bayern](http://www.gruenderland.bayern)
- Guide – Advice from women for women
  [www.guide-muenchen.de](http://www.guide-muenchen.de)
- Aktivsenioren [Active Senior Citizens]
  [www.aktivsenioren.de](http://www.aktivsenioren.de)
- Existenz Munich’s biggest start-up fair (IHK)
  [www.ihkexistenz.de](http://www.ihkexistenz.de)
- Social Entrepreneurship Academy
  [www.seakademie.de](http://www.seakademie.de)
- Werk 1 – Digital start-up hotspot
  [www.werk1.com](http://www.werk1.com)
- GründerRegio M – Support and projects for university spin-offs
  [www.gr-m.de](http://www.gr-m.de)
- Seminars for entrepreneurs (MVHS)
  [Adult Education Center]
  [www.mvhs.de](http://www.mvhs.de)
- Seminars for entrepreneurs (IHK)
  [Chamber of Commerce and Industry]
  [akademie.muenchen.ihk.de](http://akademie.muenchen.ihk.de)
- Seminars for entrepreneurs (HWK)
  [Chamber of Skilled Crafts]
  [www.hwk-muenchen.de](http://www.hwk-muenchen.de)
- Munich Network – Bringing industry and innovative start-ups together
  [www.munichnetwork.com](http://www.munichnetwork.com)
- Finding the right networks: Munich has Meetup Groups for all kinds of industries and topics
  [www.meetup.com/de](http://www.meetup.com/de)
- Trade associations in Bavaria
  [www.mittelstand-in-bayern.de](http://www.mittelstand-in-bayern.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.”
MEB tutorial films
Our two-minute tutorials give you a quick overview of all key start-up topics. Clearly structured and entertaining, the tutorials outline basic things you need to know to start a business. See for yourself!

Point of Single Contact (PSC) at the City of Munich:
Support for companies and start-up entrepreneurs
The City of Munich’s Point of Single Contact helps you find your way around the local administration.

The PSC
• advises you on all local government approvals and formalities (such as how to register a business)
• helps you coordinate the various procedures and puts you in touch with the right people
• helps you with the search for premises.

Monthly dialogue series for migrant-led companies („Aus der Praxis für die Praxis“)
Statutory requirements, support programs and tax law: For migrant-led companies in Munich, life as an entrepreneur is full of challenges. Our dialogue series helps you overcome the obstacles you encounter and become firmly established on the market.
Our speakers draw on their own experience. They are all experts and/or successful entrepreneurs with a migration background, so they know the typical problems faced by migrant-led companies. Use this opportunity to ask questions, talk to other entrepreneurs and build contacts

Munich PhönixPreis
Business prize for migrant-led companies
Since 2010, the City of Munich has awarded the “PhönixPreis” to entrepreneurs with a migration background. The annual award is presented to migrant-led companies from various industries – start-ups, small businesses, established firms and companies with a unique story – hon-oring their performance in three areas: „positive business development“, the „creation of jobs and apprenticeships“ and „intercultural engagement“. An independent panel of experts picks the winners.
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.

Weekly information session for beginners

You are welcome to attend our free 2-hour information session on “Erfolgreich gründen – was kommt auf mich zu?” (in German). The session gives you a brief overview of all key start-up topics. You can register online at:
www.gruenden-in-muenchen.de/infoveranstaltung

Individual consultation in person

Call us to arrange an appointment for an hour’s free advice tailored to your individual needs. We take the time to answer your specific questions.
Call for an appointment: 089 5116 1759

Telephone information or inquiries by e-mail

You are also welcome to call us or send us an e-mail to clarify individual questions.

Published by:
City of Munich
Department of Labor and Economic Development,
Herzog-Wilhelm-Strasse 15
80331 München
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March 2019, published by the Department of Labor and Economic Development