



STARTER CENTER & START-UPS

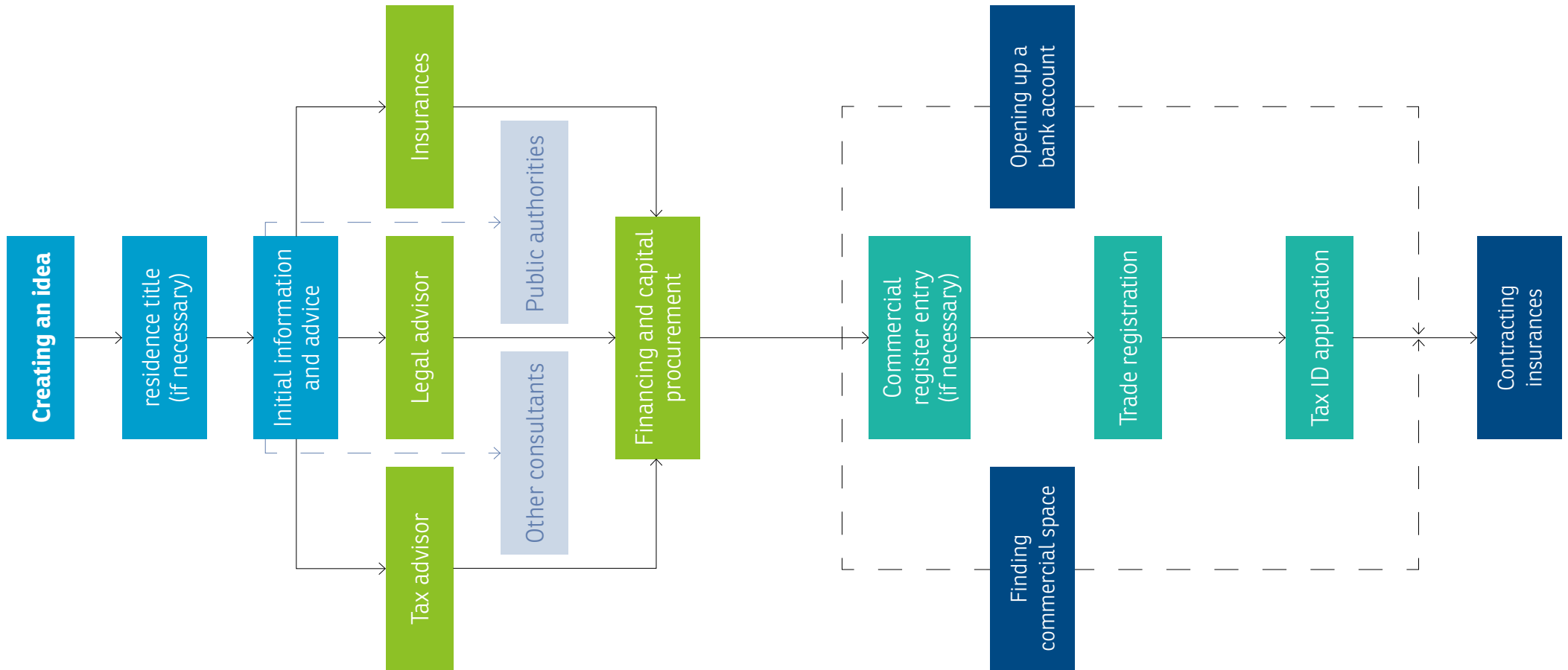
Starting a Business in Berlin

A Beginner's Guide



Foreword

Welcome to Berlin! You've come to the right place to start a company easily in Germany. We are delighted to have you here. This guide is supposed to help you with your business set-up, offering an insight into the prerequisites, general conditions and support available in the city. It is also intended to guide you through the essential aspects of the setting-up process, as well as listing key contacts and sources of information. It also gives you hands-on information on financing and on how to write a business plan.



INFORMING	PLANNING	FOUNDING	OTHER
How do you come up with the idea or who can inspire you to start a business, e.g. talking to founders, job center, university, etc.	These institutions you can contact to obtain financing e.g. IBB or KfW for promotional loans, investment companies, banks, business angels, VCs, crowdfunding platforms.	The commercial register entry ("Handelsregister-eintrag") is mandatory for some legal forms. A notary will arrange this for you.	All further steps needed to start operations, like finding office space in "Gründungszentren" etc.
This is where you can get first information on how to start a business, e.g. with the help of internet research, brochures, initial consultation by IHK Berlin, accelerators, incubators or others.	These are all kind of advisors or authorities that you can contact in order to create your business plan, e.g. to decide on the legal form, create your profitability forecast etc.	Trade registration ("Gewerbebeanmeldung") is done at the "Gewerbeamt".	The tax office ("Finanzamt") will contact you automatically after trade registration. To accelerate proceedings, hand in the 8-page-form personally (tax advisors offer support).



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General Information

BEFORE YOU START

Welcome to Berlin! What a great decision to set up your company here. This guide has been created to help you with your business venture, offering an insight into the prerequisites, general conditions and support available in the city. It is also intended to guide you through the essential aspects of the setting-up process, as well as listing key contacts and sources of information.

EU citizens, visas, residence permits

Those living within the European Union (EU) and the European Economic Area (EEA – Iceland, Liechtenstein, Norway) enjoy both full freedom of movement for workers and freedom of establishment. The same also applies to the people of Switzerland. This means that nationals of these countries and their spouses (regardless of their nationality) are essentially treated no differently to German citizens with regard to employment. EU and EEA citizens can therefore travel to Germany for

work without a visa or any other special residence permit. All they have to do is notify the relevant registration authorities. Nationals of Australia, Israel, Japan, Canada, the Republic of Korea, New Zealand, the United Kingdom of Great Britain and Northern Ireland within the meaning of Section 1 (2) No. 6 of the Freedom of Movement Act/EU and the United States of America may also enter and stay in the federal territory without a visa for a stay that is not a short stay. A required residence title can be obtained in the federal territory.

Foreign nationals from outside the EU, EEA or Switzerland require the appropriate residency documentation (such as a visa, residence permit or settlement permit) to undertake any kind of employment or self-employment within Germany. A tourist or business visa will not suffice. Company founders and employees who do not yet have an appropriate residence permit must have successfully applied for one before taking up their employment. The application for a residence permit is to be submitted either to the German foreign representation agency (embassy, consulate) or – if the applicant already has another residence permit for Germany – to the responsible immigration authority. Only nationals of what are known as “preferential countries” (USA, Canada, Israel, South Korea, Japan, Australia and New Zealand, United Kingdom of Great Britain and Northern Ireland) can apply directly from within Germany under any circumstances for a residence permit that allows them to go about their work.

Information about residence permits

ihk.de/berlin/non-eu-entrepreneurs

Living in Berlin (discovering the city, finding somewhere to live, registering your accommodation)

As well as being the capital of Germany, Berlin is also the country's largest city. More than three million people live

here at present and this figure is still on the rise. Berlin is entirely surrounded by the neighbouring state of Brandenburg, which means that actually around four million people live in the wider Berlin area. There are 12 districts that function as independent administrative bodies. Each of these districts has developed in its own distinct way, offering flair and charm in abundance. But just as in every city, searching for accommodation is no mean feat. Fortunately, the city's dedicated online search portal for apartments to rent or buy offers a great overview of what's available. This independent site includes a whole host of properties currently listed on the market.

Finding an apartment

[ihk.de/en](#)

Keyword: „apartment“

Administrative structure (bodies, districts)

Berlin is an independent federal state within Germany. Each district operates as an independent administrative unit with its own administrative bodies and authorities.

This means that each district has a:

- Regulatory agency
- Tax office
- Commerce/Trade office

If you want to have something regulated or approved for your company, the relevant office is often in the district where your company is based. On the other hand, if you need documents for personal use, the relevant office can be found in the area where you live.

Miscellaneous (accounts and banking)

This section explains key terms that are likely to crop up in everyday life in Germany, such as bank account, tax ID number, health insurance and national insurance number.



Bank account

A German bank account is essential not only for paying rent out of, but also for paying salaries and other payments into. You are free to choose whichever bank you like, and many of these have their head offices in Berlin. Depending on your choice, you may also need to provide your wage slips and work permit in addition to your passport and registration certificate – just speak to them directly about what it is they need from you. Online and direct banks are also particularly commonplace in Germany, offering virtually all the same services as local branches with the obvious exception of the ability to visit in person.

Solidarity system

In Germany we have a tradition of social market economy. This means everybody contributes a little bit to create something larger for the community. This principle can be found in areas such as broadcasting, healthcare and long-term care insurance (which usually go hand in hand), and pension insurance schemes. Germany's statutory health insurance, for example, is a collective body in which those in a strong position support those who are worse off. It is this principle, in fact, that fundamentally sets the statutory health insurance scheme apart from private insurance options.

Health insurance

Every resident of Berlin must have health insurance. The available options are either statutory or private insurance, the latter of which must be provided by employers to their employees with a fixed contract of employment. If you choose to work on a self-employed basis, you can either register voluntarily with a health insurance scheme (either private or statutory) or else check with your existing health insurance about the changes

involved in transitioning to self-employment. The contributions you make towards your private health insurance scheme are based on the insurance package you are looking for, which can be tailored entirely to suit your needs. All you have to do is speak to a provider directly for more details.

The basic insurance cover provided by statutory health insurance companies includes the following services:

Outpatient treatments

Dental care

Medication, remedies and resources

Inpatient stays and treatment

Necessary medical rehabilitation

Pregnancy and childbirth services

By the way: By taking out health insurance, you are automatically insured for long-term care.

Tax ID number

A tax ID number is something you need to be able to communicate with the tax office. Every citizen has their own tax ID number, and every company has its own tax number that is assigned once the business has been registered. If you take on employees, you will need their tax ID numbers to have their taxes paid to the tax office. If you don't have a personal tax ID number, contact the tax office in your local area to request one. The appropriate form is available for download from the tax office website. Speak to the tax office to set up a personal submission appointment. You will need to provide your passport/ID card, birth certificate, and proof of your income tax class as well as a marriage certificate or children's birth certificates, if applicable.



What are my strengths?

PERSONAL QUALIFICATIONS

Whether your new business succeeds or fails in the long term is entirely up to you. At the end of the day, failures are always the result of businessmen making errors of judgement when it comes to their own personality traits or performance. You don't have to have all the attributes and knowledge required to start a successful business from day one. You should, however, be able to make a realistic assessment of your own abilities and have found a way of dealing with your shortcomings before you become self-employed.

Personal characteristics

Successful businessmen tend to have certain personality traits in common, such as self-discipline, determination, a fertile imagination, organisational skills and risk awareness. 'Successful types' also tend to be able to communicate well with others both verbally and in writing. A supportive social environment also plays an important role.



Examples of success factors

Self-discipline	Realistic view of oneself
Determination	Commitment
Originality	Resilience
Fertile imagination	Good health
Organisational skills	Creativity
Risk awareness	Sense of responsibility
Communication skills	The support of one's family
Ambition	The support of friends

Specialist qualifications

Commercial and specialist expertise are the nuts and bolts of any successful business activity; the same applies to self-employment and your enterprise as a whole. Start-up advisors are constantly hearing, "I'm doing something artistic – the business side doesn't interest me," or "I'll get other people to do that." Failure is only a matter of time. In the early days, the founder of a company must not only be aware of the basics of commerce, but also be able to apply them. A bit of good will and sound common sense are all you need. It's alright to ask for advice on specialist matters, but as an entrepreneur, you have to take personal responsibility for keeping an eye on the big picture financially, and not just leave it up to your tax advisor. In addition, businessmen must know their market and understand how to find and handle customers. If you lack certain qualifications, you can often catch up by attending seminars or taking courses.

Seminars and courses

wdb-berlin.de

Skills that contribute to a successful start-up

- General business training
- Professional qualifications (training, study, courses and seminars)
- Professional experience (in a variety of positions and companies)
- Specialist knowledge about your sector
- Knowledge of administration (both business and political)
- Networking with other market players

Video on recognition of foreign qualifications:

ihk.de/berlin/recognition

WHERE DO I FIT IN?

Self-employed

Self-employment in a business sense means earning an income at one's own financial and social risk. There is no employment contract or employment relationship with the customer, i.e. the self-employed person is not obliged to obey third-party instructions and is not a fixture in the customer's work organisation. The latter definitions are particularly important when it comes to clarifying any potential doubts about bogus self-employment.

EXAMPLE !

During the initial stage of your self-employment, you mainly work for a single customer for a relatively long period of time, as is often the case. This might cause the national insurance authorities to suspect bogus self-employment – a suspicion you will have to rebut. You should therefore notify the clearing house of the German Statutory Pension Insurance Scheme (Deutsche Rentenversicherung Bund) of your status as early and in as much detail as possible, or the consequences for you and your regular customer may cost you dear!

German Public
Pension Insurance

 deutsche-
rentenversicherung.de
Select language: „English“

Freelancer

Freelancers are self-employed people working as scientists, academics, artists, novelists, teachers, educationalists, etc. Typical freelancers include doctors, lawyers, tax advisors, business consultants, journalists, artists and academics. Freelancers are not governed by the German Trade Regulation Code in their work, so do not have to notify the authorities of their business. A freelancer's self-employment therefore formally begins when he applies for a tax ID number from the relevant tax office. In cases of doubt, the relevant tax office will also decide whether the activity concerned is a freelance occupation or a trade.

Trader

The freedom of economic activity is a fundamental right in Germany; in other words, anyone is entitled to carry out a trade unless exceptions or restrictions have been prescribed or permitted by law.

What are the characteristics of a trader?

You are a trader if you work:

in self-employment;

long term, i.e. with the intention of repeating and continuing your activity and of making a profit; and

you are working neither in a freelance profession nor in primary production (agriculture and forestry, fisheries, etc.) or the civil service, or in a job that is basically against social mores (e.g. organ trafficking).

Businesses requiring certification or a licence

Restrictions on the freedom of economic activity exist mainly in areas where either the common good or the health and safety of individuals might be jeopardised. Those wishing to run such a business generally have to obtain a special permit from the authorities in addition to notifying the municipal regulatory agency (Ordnungsamt) in the normal way. The authorities will require regular proof of personal trustworthiness and evidence that one's financial affairs are in order. For some professions, proof of specialist knowledge and competence is required, too. In individual cases, the workplace must also comply with special conditions.

EXAMPLES OF BUSINESSES REQUIRING CERTIFICATION !

Ambulance service, auction sales, brokerage, capital investment brokerage, car rental, catering establishments serving alcohol, coach services, construction support, credit brokerage, debt advisors, debt collection agencies, detective agencies, employment services, estate agencies, fast-food outlets, financial consultancies, financial services, gaming machine installation, housing agency services, insurance brokerage, investment advice, investment brokerage, itinerant trades, labour leasing, land agencies, legal advice, loan brokerage, market trading, organising lotteries, pawnbroking, pest control, podiatrists, property management, provision of accommodation, road haulage, securities-related services, security work, taxi services, temporary employment agencies, trade in firearms, trade in pesticides, trade in second-hand goods, trade in vertebrates, travel agencies, wholesale pharmaceuticals

Start-ups by foreigners

Foreigners who now live in the Federal Republic of Germany or have relocated here and want to work on a self-employed basis need a residence permit that allows them to do so. The application must include a meaningful business concept (business plan including financial plan, etc.) and be submitted to the relevant authority (immigration authority or German foreign representative agency).

These documents are intended to check whether

- there is a real economic interest or regional need,
- whether the business activities are expected to have a positive impact on the economy, and
- whether the finance for the venture is secured by equity or through a credit commitment.

The criteria checked in particular with regard to assessing the aforementioned conditions include the sustainability of the underlying business idea, the entrepreneurial experience of the foreigner, the level of capital investment, the impact on the employment and training situation, and the contribution towards innovation and research. Nevertheless, business operations may not start until the relevant residence permit has been issued.

Notifying the authorities

Before commencing your business activity, you must notify the regulatory agency (Ordnungsamt) in the district in which it will be based. You must be able to present your identity card or passport as well as any licences that are required. If several people wish to run a business together (as a business partnership), they must all attend together. If giving notification of a new corporation (GmbH, UG or AG), an extract from the Commercial Register must also be submitted. The tax office, Employers' Liability Insurance Association, Chamber of Industry and Commerce and/or Chamber of Crafts and Skilled Trades are among the organisations that will be informed of the notification. Although the Employers' Liability Insurance Association will normally be informed about the start-up automatically when notification is given, this does not release the businessman from his legal obligation to notify it himself. Article 192, Book VII of the Social Code

Video on applying for a residence title to start your own company in Germany:

▶ [ihk.de/berlin/non-eu-entrepreneurs](https://www.ihk.de/berlin/non-eu-entrepreneurs)

Residence permit

🌐 [bamf.de/en](https://www.bamf.de/en)

"Aliens Authority"

🌐 [berlin.de/en](https://www.berlin.de/en)

Keyword: „foreigners office“



stipulates that entrepreneurs – regardless of whether or not they employ others – are obliged to report to the appropriate Employers' Liability Insurance Association within one week, and to inform it of the nature and object of the business, the number of insured persons, and the start-up details of the company.

In order to speed up registration with the tax office, you may notify it directly that you are starting the business. You are obliged to notify the regulatory agency (Ordnungsamt) not only that you are establishing the business, but also about any changes.

What information has to be supplied to the regulatory agency?

- The date when the business is to start operating for the first time (N.B.: The date in question is that on which you actually start work on your project, e.g. you rent premises, promote your business in the marketplace or recruit employees.)
- The opening of additional business premises (even in the same locality), especially if you are opening another branch or a dependent branch office
- A change of address of your business premises (even within the same locality)
- A change in the type of activities your business carries out
- Expansion into an unconventional area (e.g. a bookseller who also sells wine)
- The installation of gaming machines
- The closure of the business



Legal Questions and Taxes

There is no single answer to the question of what is the 'right' legal form for a new business venture to adopt. In the first instance, an analysis must be made of the respective requirements of the founder(s), such as the cost, liability, administrative burden, whether he is starting up alone or with partners, etc.

Chapter 3.2 will tell you more about what name you should choose for your company and what key criteria apply when naming a company in Germany.

Of course, the legal form you choose has an impact on the taxes you have to file and pay. To find the appropriate legal form for your company's situation, we recommend that you consult a tax advisor who can analyse your individual needs and advise you on the correct legal form. Further information on applicable taxes can be found in Chapter 3.3.



WHAT LEGAL FORM SHOULD I CHOOSE?

This is a decision you simply can't avoid: even by simply registering your business, you've automatically chosen a legal form! If you start up your business alone, it will be a sole proprietorship from then on. If you start up your business as team you are automatically a partnership constituted under civil law (GbR) or a general commercial partnership (OHG) is set up as a team effort. Since the applicable legislation for your business depends on its legal form, it stands to reason that the choice of legal form is a crucial decision.

A commercial enterprise or a small-scale business?

This distinction is an idiosyncrasy of German company law with far-reaching consequences. It is frequently confused with what's known as the small business operator regulation under tax law (see also the 'What taxes do I have to pay?' section). A small-scale business is a sole proprietorship or a GbR that does not require a commercial organisation.

Characteristics of a commercially organised business enterprise

Annual turnover (e.g. more than €175,000 for a service provider)

No. of employees (more than five)

Business assets (more than €100,000)

Volume of credit (more than €50,000)

More than one branch office

Entry in the Commercial Register

Commercial enterprises must be entered in the Commercial Register, and small-scale businesses can be entered. The following legal forms must also be entered: e.K. (registered commercial trader), OHG (general commercial partnership), KG (limited commercial partnership), GmbH (limited liability company), UG (entrepreneurial company with limited liability) and AG (joint stock company). Special formalities must be observed when entering them in the Commercial Register.

Businessmen who have an entry in the Commercial Register have a company name that describes the commercial enterprise. Businessmen may choose a personal, descriptive or imaginative name for their company. By being entered in the Commercial Register, a one-man business becomes a registered commercial trader whose name must be completed with a designation such as e.K., e.Kffr. or e.Kfm. Examples: Bruckers Buchhandel e.K., Hotel Himmelbett e.Kffr., or Putzblitz e.Kfm. (more on this topic can be found in the 'What name should I choose?' section).

The advantages of registration might be, for instance, that the businessman can grant general commercial power of representation to his employees, and has the right to operate under his company name (rather than his own name), perhaps enabling the company to appear more reputable or to improve its image. Some banks, businesses and trade associations will only enter into a business relationship with companies listed in the Commercial Register. On the other hand, one disadvantage of registration is the obligation to use double-entry bookkeeping and prepare a balance sheet in compliance with the German Commercial Code, which is more time-consuming than a simple profit and loss calculation. Commercial traders are also subject to the stricter legal

requirements of the German Commercial Code and must, for instance, notify their suppliers immediately if they receive faulty goods, so as to retain their right to make warranty claims.

A SELECTION OF LEGAL FORMS AND THEIR SPECIAL FEATURES

Sole proprietorship

This is by far the most common legal form in Germany, and is very easy to set up. A sole proprietorship exists from the time you start work, if you have not chosen another legal form, and if you are starting up alone. The sole proprietorship is managed solely and independently by its owner, but of course staff can still be recruited.

Profile of a sole proprietorship

- Suitable for an entrepreneur working alone
- No minimum capital required
- No listing in the Commercial Register required
- Unlimited liability of the owner (i.e. including private assets) vis-à-vis the company's creditors
- No company name in the legal sense (the first name and surname of the owner must be given in the company designation)
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, a licence must be obtained

Registered commercial trader (e.K.)

The registered commercial trader is a sole proprietorship that is entered in the Commercial Register. The registered commercial trader runs the business on his own and independently, however he can engage employees.

Profile of an e.K.

- Suitable for an entrepreneur working alone
- No minimum capital required
- Listing in the Commercial Register required
- Unlimited liability of the owner (i.e. including private assets) vis-à-vis the company's creditors
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, a licence must be obtained

Partnership constituted under civil law (GbR)

A GbR is the simplest form of start-up where a team of people is involved. It forms automatically when individuals collaborate to pursue the same commercial goal, for instance by preparing a business plan in order to go into business together. Although a written partnership agreement isn't essential, it is a good idea for you and your partners to draw one up. Otherwise, the provisions of the German Civil Code (BGB) will apply automatically, which is why this legal form is also known as a BGB-company. As far as the management of the GbR is concerned, the BGB states that all of the partners should make decisions together and should also represent the company jointly vis-à-vis third parties. This means that all of the partners must act as one to conclude every legal transaction. Since this can prove inconvenient in practice, the partners are able to make alternative internal arrangements in their partnership agreement (for example, they may appoint a single partner to



manage or represent the company). If your GbR grows to such an extent that it becomes a commercially organised business enterprise, its legal form becomes that of an OHG by law. In this case, you are obliged to have the OHG entered in the Commercial Register.

Profile of a GbR

- Suitable for at least two business partners
- No minimum capital required
- No listing in the Commercial Register required
- Unlimited liability of all partners (i.e. including private assets) vis-à-vis the company's creditors (joint and several liability)
- No company name in the legal sense (the first names and surnames of all partners must be given in the company designation, as must the legal form suffix GbR)
- Notification of the regulatory agency is mandatory and, if required, licences must be obtained by all partners

General commercial partnership (OHG)

At least two businessmen are required to set up an OHG. Each is entitled to manage and represent the company individually; in other words, each partner can act on his own initiative in the 'normal' course of business, with the other partners merely being entitled to object to his actions subsequently. Legal transactions can be effected by the partners individually. Alternative arrangements can be made in the partnership agreement.

Profile of an OHG

- Suitable for at least two business partners
- No minimum capital required
- Listing in the Commercial Register required
- Unlimited liability of all partners (i.e. including private assets) vis-à-vis the company's creditors
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, licences must be obtained by all partners

Limited commercial partnership (KG)

The main difference between this and the OHG is that liability is limited to a specified amount for one or more of the partners. These partners are known as limited partners (Kommanditisten). A partner with unlimited liability is called a general partner (Komplementär). With this legal form, it is very simple to strengthen the equity base by taking on new limited partners who are not, however, given decision-making powers with respect to the day-to-day running of the company. In this case too, a written agreement is not essential but is strongly recommended.

Profile of a KG

- Suitable for at least one entrepreneur and one further partner
- No minimum capital required
- Listing in the Commercial Register required
- Unlimited liability (i.e. including private assets) vis-à-vis the company's creditors of at least one (wholly liable) general partner
- Liability of at least one limited partner up to the level of his investment

- Management by the general partner
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, licences must be obtained by all general partners

Limited liability company (GmbH)

It is no accident that the GmbH is the most popular legal form in Germany after the sole proprietorship. This is because liability is restricted to the level of company assets. In the case of insolvency, creditors cannot generally access the private assets of the partners, but only the total assets of the business, in other words the share capital at the very least. The minimum share capital is €25,000, at least half of which has to be deposited when the company is started up. This can be made up of material assets instead of cash.

Profile of a GmbH

- Suitable for one or more business partners
- Minimum capital of €25,000 required
- Listing in the Commercial Register required
- The company has a legal personality (is a legal entity)
- No personal liability on the part of the partners (in normal circumstances)
- May be managed by an employee
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, a licence must be obtained by the managing director of the GmbH

N.B.: Legislation provides both 'specimen documentation for the formation of an one-shareholder company' and 'specimen documentation for the formation of a company with up to three shareholders'. The partners can also form the company by drawing up an individual memorandum of association, which must be certified by a notary. When setting up a multi-shareholder company, we recommend drawing up a GmbH agreement that is tailored to your individual requirements. This agreement can include additional provisions that go further than the minimum specifications required by law for the articles of association of a GmbH, thereby precluding potential differences of opinion between the partners later on.

Entrepreneurial company with limited liability (UG (haftungsbeschränkt))

This legal form is a specific type of GmbH. Essentially, the same strict rules apply as for a GmbH, but the minimum capital required when setting it up is just €1, and 'specimen documentation' can be used to facilitate its formation. If there is more than one partner, however, one should think carefully before using the specimen documentation, as it does not – for instance – contain any regulations about dealing with disputes.

According to the German Companies Act, a legal reserve must be created in the balance sheet to which one quarter of annual net profit must be transferred after first deducting any loss carried forward from the previous year. This reserve must be built up until the sum of €25,000 is reached and a GmbH is registered.

Profile of a UG (haftungsbeschränkt)

Suitable for one or more business partners

- Minimum capital of €1 required
- Listing in the Commercial Register required
- The company has a legal personality (is a legal entity)
- No personal liability on the part of the partners (in normal circumstances)
- May be managed by an employee
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, a licence must be obtained by the managing director of the UG (haftungsbeschränkt)

ONLINE-FOUNDING !

In addition to the classic formation in presence of the notary, GmbHs and UG (limited liability) can also be founded via video communication, as long as it is a cash formation (that means raising the share capital in Euro by transfer to the company bank account). If contributions in kind are to be brought into the GmbH, the founders can use the online procedure from August 1, 2023.

The online incorporation process first requires registration via the portal of the Federal Chamber of Notaries, which is also used to exchange documents between the founders and the notary. In addition to technical requirements, such as a stable Internet connection, a laptop or tablet with a camera and microphone and a smartphone that can read the ID using an app are required. A German electronic ID card or alternatively a German eID card for EU/EEA foreigners or an electronic residence permit for third-country nationals including the respective PIN and prior activation of the online ID function must be available; it must be possible to read the photograph. The signatures under the articles of association are replaced by qualified electronic signatures.

Information from the Federal Chamber of Notaries on the online procedure

[onlineverfahren.notar.de](https://www.onlineverfahren.notar.de)

Registered cooperative society (eG)

A cooperative society is always a useful choice whenever the pursuit of an economic goal is more important than the performance of the individuals involved, yet its independent status is to be preserved. A jointly operated enterprise helps to promote the economic activity of its members – for example, through a common market presence, to achieve favourable sales and purchasing conditions or make more efficient use of operational facilities and objects. The actual profits are less of a priority. Members of cooperative societies are both owners and customers of their cooperative at the same time. Three founding members are required to set one up, and a written charter has to be established on doing so. Notarial certification is not required; however, the regional federation of cooperatives does check whether the prerequisites of

Video on how to start a UG (haftungsbeschränkt) or a GmbH in Germany:

[ihk.de/berlin/legal-form](https://www.ihk.de/berlin/legal-form)



For further
information

genossenschaften.de

a successful foundation have been met. The cooperative's leadership bodies (executive board and supervisory board) are made up of its own members. Every cooperative belongs to a statutory auditing association, which carries out a yearly audit at regular intervals to assess the economic situation and compliance of the management.

Profile of a eG

- Suitable for at least three business partners
- No Minimum capital required, but regional federation of cooperatives does check whether equity capital is adequate
- Listing in the Cooperative Society Register required
- The company has a legal personality (is a legal entity)
- No personal liability on the part of the partners (in normal circumstances)
- May be managed by an employee
- A company name in the legal sense can be used
- Notification of the regulatory agency (Ordnungsamt) is mandatory and, if required, a licence must be obtained by the executive board

WHAT NAME SHOULD I CHOOSE?

The importance of choosing the right company name should not be underestimated. Changing your name at a later date, perhaps because it is prohibited under competition law, could not only prove expensive, but also annoy your customers. With this in mind, it is essential to comply with the law, while at the same time finding the best name to promote your company.

Sole proprietorships and partnerships constituted under civil law

As a sole proprietorship, you must use your first name and surname in business transactions. Descriptions of your type of business and information about the work you do can be added, e.g. 'Klara Kunze, Art Dealer'. Partnerships under civil law must list all the names of the partners (first names and surnames). Sole proprietorships and partnerships under civil law may also use additional establishment or business designations, such as 'Fine Dining' for a restaurant or 'Heartfelt Letter Agency' for a writing service.

These designations are not, however, part of your company's official name. Whilst they are permitted, they may not be registered with official agencies (such as the Ordnungsamt) nor used in isolation in business correspondence.

The naming of companies

Many people starting up in business refer to their company, although their enterprise is not strictly speaking a company unless it has been entered in the Commercial Register. The company name is the legal name of an enterprise under which it is listed in the Commercial Register, and which appears in business transactions and in the conclusion of contracts.

One advantage of being listed in the Commercial Register is that the company is then protected against companies wishing to use the same or a similar name, at least at regional level. The Commercial Code (HGB) governs how a company is named, with the same principles applying to all legal forms.



KEY CRITERIA WHEN NAMING A COMPANY

Legal form suffix

Every company name must include the appropriate suffix so that the business's liability commitments are clear to third parties. Abbreviations that are readily understood can be used, such as e.K. for registered commercial trader (eingetragener Kaufmann) or GmbH for a limited liability company (Gesellschaft mit beschränkter Haftung).

Standing out from the crowd

Company designations such as 'Lederwaren OHG' (Leather Goods OHG) or 'Reise KG' (Travel KG) would be much too general. More suitable options would be 'Gisbert Gerber Lederwaren OHG' or 'Santa Nirgendwo Reise KG'.

Clearly distinguishable

During the registration process, the court of registration will ascertain whether the chosen company name is the same as or similar to that of another business within the same borough (of the state of Berlin).

Unambiguous and honest

Misleading names are unlawful. This means they must not contain information that could confuse potential customers about the true nature of their business. Examples would be 'Deutsche Sicherheit e.K.' (German Security e.K.) for a small, regionally operating one-man security business, or 'Hundeglück GmbH' (Doggy Joy GmbH) for a car dealership.

Personal names

Of course, the company designation of a business may be formed from the surname of the owner or the names of the partners, such as 'Dahlke & Dietz OHG'. In these circumstances, first names can – but do not have to – be used.

Imaginative names

These can be formed from pronounceable words such as 'Rollriesen Spedition e.K.' (meaning Rolling Giants Haulage e.K.) or combinations of letters and/or numbers (e.g. 'BHM24 GmbH').

Descriptive names

In this case, the area of activity or sector of the business is indicated using a generic term, such as 'Handelsgesellschaft mbH' (Trading Company mbH). Such a name would not be distinctive enough, however, and would need a prefix to individualise it, using either a combination of letters or numbers, such as '4U Handelsgesellschaft mbH', or a made-up word like 'Halligalli Handelsgesellschaft mbH'. These means it is possible to form combinations of objective, imaginative and personal names.

An important reminder

In addition to abiding by the provisions of the Commercial Code, it is important to remember the protection extended by German competition and trademark legislation. To avoid the possibility of confusion with another company name, you should conduct your own extensive research (using Internet search engines) early on, before your company is entered in the Commercial Register by the notary. If you plan to operate



nationally or internationally, you should instruct a trademark lawyer or similar specialist to conduct the necessary research on your behalf.

WHAT TAXES DO I HAVE TO PAY?

Don't be alarmed; you only need to have at least a basic understanding of just four or five types of tax. This requirement even applies if you've had the help of a tax advisor from day one, as without a basic knowledge of the tax system, it will be difficult for you to evaluate your performance and organise your business processes.

gtai.de/GTAI/Navigation/en/welcome.html
Keyword: „taxes“

Taxes you need to know about

VAT and/or input tax	Trade tax
Income tax	Corporation tax
Wages tax	

VAT

VAT (turnover tax) is payable in the case of nearly every purchase or sale of products or services. The only exceptions relate to the typical turnovers of specific professional groups (such as doctors, physiotherapists and insurance brokers) and small business operators, who are exempt. As a businessman, you must charge your customers VAT and submit a preliminary VAT return to the tax office. When you make purchases for your company, the VAT you have paid becomes what's known as input tax. This input tax can then be set off against the VAT you have collected.

If you start up a company, you are obliged to file a VAT return every month during the first year and the following calendar year by the 10th day of the month following the reporting period. Generally speaking, debit taxation is used for VAT: you must pay the VAT as soon as you have invoiced your customer, and not wait until the invoice has been paid. Freelancers and small businessmen can apply to delay their reporting and payment of VAT until they have received payment from their customers (actual taxation). This exemption is also applicable to businesses obliged to maintain accounting records (commercial traders) if their total turnover in the previous calendar year did not exceed €600,000. If you wish to shift from debit taxation to actual taxation, you must submit an application to this effect to your tax office.

SMALL BUSINESS OPERATOR REGULATION

If your turnover in the previous calendar year was €22,000 or less, and you do not expect it to rise above €50,000 in the current calendar year, you automatically qualify for the small business operator regulation. If you start operating part of the way through a year, you must make a projection of your annual turnover based on your actual results. Since, in this case, no figures are available for the preceding year's turnover, a threshold figure of €22,000 is assumed for the first year of business so that you can be classified as a small business operator. You will then be exempt from submitting preliminary VAT returns and paying VAT to the tax office. As a small business operator, however, you will be unable to include a charge for VAT on your own invoices, nor can you claim the input tax back from your tax office when you make purchases. If, as a consequence of high capital expenditures, you are having to pay a substantial amount of input tax, it

may be worth considering whether you would be better off exempting yourself from the small business operator regulation, even if your turnover is within the qualifying limits. If you wish to do so, you must file an application with the tax office; however, your decision will remain binding for five years!

Income tax

Sole traders and members of business partnerships (GbR, OHG and KG) pay income tax. This is calculated based on income from business activities: generally speaking, the company profits. Income tax is calculated over a calendar year. Personal allowances are taken into account, while insurance contributions for old age, illness and accidents are deductible as provident expenditure. The tax system allows losses to be offset against profits from other income categories or from other years. If taxable income is less than the basic tax-free allowance, no income tax will be payable.

N.B.: Every year, the tax office calculates a specific sum that you must pay quarterly in advance. If your income in one year is higher than initially anticipated, you can expect to pay a balancing payment in the following year. The balancing payment plus the new, higher payment on account have caused many a young entrepreneur to get into serious financial difficulty. You should therefore set aside the funds in good time to settle any potential balancing payment.

Wages tax

Wages tax is a special form of income tax. Although it is the employee who owes the tax, you as the employer must undertake to withhold it by deducting it at source, and to pay it to the tax office. Payments of wages tax must be pre-registered with the tax office electronically. As well as wages tax, the solidarity surcharge and, if applicable, church tax must be withheld and paid to the tax office.

Trade tax

Every businessman in Germany is subject to this tax. It is the most important source of income used by local authorities to fund their public services and, in Berlin, a standard rate is levied in all boroughs. Taxation is based on trade earnings, i.e. the business's profits adjusted in accordance with special guidelines. Payment of this tax must be made quarterly in advance. Here, too, it is important to set aside an adequate reserve if one's profits are rising. Individuals and partnerships are entitled to a tax-free allowance of €24,500 per annum. A lump sum for trade tax can also be offset against personal income tax. Corporations may not offset the tax, nor do they have any tax-free allowance. However, in both cases it is important to note that trade tax cannot be defined as an operating expense.

Corporation tax

All corporations (such as the AG, GmbH and UG) are liable to pay corporation tax. It must be paid to the tax office every quarter in advance. Once again, it is the company's profits that are taxed. Retained and distributed profits are subject to a standard corporation tax rate of 15 per cent. A further 5.5 per cent of this amount is payable as a solidarity surcharge under the German reunification regulations.



How do I plan my business?

So you've taken a good hard look at yourself and come up with a few answers (such as "I'd prefer to start a business as part of a team"). You have also firmed up some thoughts on how to classify yourself and your business concept (e.g. "I'll be the managing partner of a GmbH"). You also have some idea of the unavoidable bureaucratic and financial costs of running a business (e.g. permits, taxes, duties and insurance). What you have to do now is to assemble the individual elements of your vision, mould and interlock them, so that a viable 'business edifice' emerges.



Business model

Your business model enables you to define, in a greatly simplified form, what financial, material and human resources are being invested in your business, and how its internal creation process can translate these into marketable goods and services. Your business model should be concise and to the point, and you should use every possible opportunity to sound it out with other people. It should contain a description of the following 'cornerstones of your business edifice':

ESSENTIAL ELEMENTS OF A BUSINESS MODEL

Goals

- What benefits will be generated by the business activity?
- What exactly is the concept? Who will be willing to pay to enjoy its benefits?
- What kind of success (e.g. sales, profits, market share) are you trying to achieve in the short and long terms, and from what sources (products, services)?

Instruments

- What concrete measures will help you achieve your goals?
- What resources are available, or are still needed?
- What specific success factors (innovations, specialist knowledge, etc.) characterise your business?

Knowledge

- What restrictions (limitations) apply to your area of activity, and how will you deal with them? (Important factors outside your sphere of influence, such as legislation, customer habits, competitors, etc.)

N.B.: You should work very carefully on this business model. If it is well thought out, it will prove valuable in several respects further down the line: for instance, as the basis for an elevator pitch or the executive summary of your business plan.

Elevator pitch

This concept first emerged from American sales training courses in the 1980s, and is now part of the established repertoire of a good salesman. Essentially, you should be able to interest your opposite number in a product or project in a maximum of sixty seconds (the duration of a longish elevator ride). You should practise making your case in a brief, articulate and engaging way. This can be very useful when talking to your bank, soliciting new customers or introducing yourself, as well as in many other situations!

BUSINESS PLAN

While the business model represents the most important cornerstones of your mental image of a 'business edifice', your business plan will have to combine these elements in a constructive way: creating the walls, ceilings and foundations, as it were. You should draw up your business plan with as much care as you would like taken with the construction of your house. This is essential if you are to succeed in convincing your reader that the concept behind your business is a viable one.

*Business plan
competition*

b-p-w.de/en

Functions of a business plan

- A planning guide for the entrepreneur
- An aid to persuading potential partners, investors and advisors of the business's merits
- A beacon that helps the person starting up the business and others involved in the process to keep on track

N.B.: Steer well clear of pre-packaged business plans! You can download them from the Internet and they are handed out to new entrepreneurs at seminars, but they are usually unfit for purpose. It is not your own business that is being described, nor does it bear your personal imprint, so it is of no value to you – let alone to people who don't know you. Your business plan will take up at least two to three 40-hour weeks of your time!

If you are unsure about what form your business plan should take, think about who is going to read it (for example, a bank, investor, employment agency or competition jury) and tailor it to suit your audience.

In some fast-paced industries and sectors, such as start-ups in the digital industry, a business model canvas is sometimes designed instead of a business plan, which is designed to think through and visualise all aspects of a business model. There's also something called a "pitch deck" that can be created, which involves presentation slides in the form of a PDF file.

If there is anything you're unsure about, you can often ask your target audience directly what type of business plan they're looking for.

HOW DO I START WRITING MY BUSINESS PLAN?

Put yourself in the shoes of the people reading your business plan; they probably don't have much time, so will want to get a quick first impression of your document. This often means that by the time they have skimmed through the table of contents and summary, taken a look at your CV and glanced at your figures, their minds are already made up. The moral of the story here? Make sure you create the best possible first impression!

Formulate a business plan in your own words. Use short, simple sentences. Demonstrating that you have undertaken thorough research is more important than writing a dazzling text. Similarly, making sure that your projected figures are properly thought out to create a meaningful set of figures is also more important than just having a set of numbers that look nice. Show that you have thought about your idea carefully and tested it out in practice!

How your business plan can create a good first impression

Find out who is the right person to contact and address the document accordingly. Do not submit an incomplete document. If bank staffs, officials, consultants or others have set conditions, make sure you comply with them. Produce an attractive document: clean, well-organised and with an appropriate layout. Ensure that the executive summary is written to the best of your ability.

Video on writing a business plan:

[▶ *ihk.de/berlin/business-plan*](https://www.ihk.de/berlin/business-plan)

Business plan

[🌐 *ihk.de/berlin/business-plan*](https://www.ihk.de/berlin/business-plan)



WHAT SHOULD I INCLUDE IN MY BUSINESS PLAN?

You will find detailed suggestions on how to organise the content of your plan by using the enclosed links and reading the relevant literature. So instead, we will concentrate here on the most important aspects of the document and the most frequent omissions within its overall structure. In very general terms, not every section will be equally relevant to every start-up project. The same applies to the length of your document: there is no standard size. That said, fewer than ten pages of text (with single-line spacing and font size 11) would be slim indeed, and fewer than six pages practically emaciated. Of course, this is without the sets of figures and any annexes.

First steps

[existenzgruender.de/en](https://www.existenzgruender.de/en)

Select: „Your first steps“

Executive summary

This is your opportunity to dazzle your reader. You should stress the advantages that only your start-up project can provide. If you like, you can include promotional claims, but you will then have to back these up in the chapters which follow. The most important information to include in the summary is the business concept, the expertise of the start-up team, the benefit to customers, the business's USP, the potential level of sales and return on investment, the business's legal form and its capital requirements. Basically, your readers should be able to decide whether they want in or out on the basis of the executive summary alone.

The founder (or team)

Explain to your reader what it is that makes you or your team especially well-qualified to meet the challenge ahead. Commercial expertise and a knowledge of the sector can be decisive: you will have to back these up in your CV and provide documentation.

The business idea

Make a convincing case about what it is that makes your product or service new, better and more useful. In particular, what is the likelihood of it sustaining a long-term demand? Don't forget that while being able to do something more cheaply but to the same standard may still be an improvement, this alone may not be enough in the long term. You must be able to put clear blue water between yourself and your competitors if you are to stand a good chance of surviving.

Market analysis

Describe and quantify your market (size, sales figures) and demonstrate your knowledge of how it works. Create a graphic representation of your potential target market, for example, based not only on age, sex and income, but also on their status type (student, manager, pensioner) and spending behaviour ("conformist", "extravagant"). Also demonstrate that you are familiar with your competition and take them seriously.



Marketing

Formulate your services as calculated products (even if they are services, bundle together price-based “service packages”, for example). Describe your costs, prices and sales volumes spread over your products and/or services. This lets the reader know which considerations form the basis of your figures. Define your sales channels. When it comes to your advertising, don't simply include your advertising materials (flyers, websites, etc.), but also describe your advertising ideas and content. Estimate your advertising costs and the impact of advertising on your revenue.

Organising the business

The subject of organisation often falls by the wayside, particularly in the case of the 'lone wolves' who actually need it most of all. Specify how much time is scheduled for each activity. Also: are the team members playing to their skills? Who is responsible for what, and what is the pecking order? Don't forget to name and explain the legal form of your business.

Opportunities and risks

It is at this point that the experienced reader of business plans will get a particularly good idea of the depth you have gone into. With that in mind, you should answer the following questions as accurately as possible: which of your strengths will help you seize which opportunities? What risks can be averted with which strengths? How can weaknesses be turned into strengths? How can you prevent your weaknesses from inflicting damage on the business?

Financial planning and financing

The capital for financial planning and financing is based on Excel tables containing the corresponding calculations, which you incorporate into your business plan along with the necessary explanations (provided you have not already done this in the previous section). Be as detailed as possible here and substantiate your figures as best you can. In the case of planned acquisitions, conversions or external services, for example, get quotes and include these in the appendix of the documentation. Also remember to include the cost of your living expenses. Research comparative figures for associations, consultancies and credit institutions. If you don't find anything of use here, make some basic estimations on your own initiative. Further information on how to prepare financial planning can be found in the next section.

Annexes

If you haven't included your CV in the section on the person/people behind the business, enclose it with the document as an annex. The same goes for your financial calculations. Don't forget the most important documents: these can include existing contracts and/or draft contracts (rental agreements, cooperation agreements, articles of association, etc.) as well as market analyses, trademark rights, and so on.



Financial Plan

Anyone planning to enter self-employment with their own business concept generally intends to be in it for the long haul. If you are actually going to succeed in this, you will need to do some careful financial planning before starting up in business.

Beware if you are planning to apply for a loan: don't sign any binding contracts in connection with your new business and don't enter into any other financial commitments (such as a rental agreement or ordering goods) before your financing has been approved!

Questions relating to costings, profitability, financing capital requirements and liquidity protection should be clarified in advance. Which investments need to be made? How high is the expected revenue and profit in the initial years post set-up? At any given point in time, can the solvency/liquidity of the company be ensured?

N.B.: The tables shown here serve only to explain which elements need to be included in the set of figures in a business plan. Your own figures section should contain more thorough and detailed information. Help is available in the literature, at regular banks and savings banks (Sparkassen), and on the internet.

CAPITAL REQUIREMENT AND INVESTMENT PLANNING

Generally speaking, setting up a company involves various costs and expenses. The available equity is frequently not sufficient for financing the venture, meaning additional financing options have to be developed. So for sound financing to be a possibility, you need a detailed plan of your capital requirements and investments, which shows the short-term and long-term capital requirements. This breakdown into short-term and long-term considerations is essential, as there are different financing options that come into play. Long-term capital requirements are clear from the investment plan, in which you list all investments necessary for setting up the business along with the corresponding acquisition prices or costs. Cost estimates, price lists or even valuation reports should be used where possible; if not, do as best you can with initial estimates:

Investment plan

Business premises	€
+ Buildings	€
+ Building work	€
+ Additional building costs	€
+ Basic workshop outfitting	€
+ Machinery, equipment, etc.	€
+ Vehicles	€
+ Office equipment	€
+ Initial supply of materials	€
+ Initial supply of goods	€
+ Miscellaneous	€
= Long-term capital requirement	€

The first weeks and months post start-up are usually characterised by the fact that the operating costs and expenditures incurred are not initially offset by revenues, as there is generally a significant period of time between the initial incoming orders, processing the orders, and the first incoming payments. The resource requirements for this start-up period (such as wages, salaries, rent, insurance, advertising, interest, loan repayments, and even private expenditure) represent your short-term capital requirements. These are either to be funded through equity, an overdraft facility (current account credit) with the local bank, or working capital financing with a fixed maturity.

For more information on determining the short-term capital requirements, refer to "Liquidity planning" on page 62.

Long-term capital requirement	€
+ Short-term capital requirement	€
= Overall capital requirement	€

Once you have identified your overall capital requirement, you have to think about how to finance this in the best possible way. The following section provides further information on how to go about this. If you decide to opt for loan-capital financing through a bank or promotional loan, for example, you must ensure that the interest and repayment charges do not exceed the economic viability of your business. It is for this reason that you need to establish the threshold for interest payments.

THE PROFITABILITY FORECAST

This is a profit and loss calculation based on a forecast, which serves to clarify whether the expected annual turnover yields an adequate profit after deducting all operating costs or vice versa: how high does the annual turnover have to be for the business to be profitable and for you to be able to live off the profits?

Consider the fact that, with the same standard of living, the profit equating to the income of a self-employed person has to be significantly higher than the income of an employee: all of the costs of your national insurance payments, such as pension schemes, health insurance and accident insurance, are borne solely by you if you are self-employed. In the case of setting up a business after being unemployed, check whether it is possible to obtain any funding from your employment agency or job centre.

How to determine your annual personal expenditure:

General living costs (food, clothing, leisure)	€
+ Private rent, other commitments	€
+ related to accommodation (incl. ancillary costs)	€
+ Car, bus and rail	€
+ Phone, radio, TV	€
+ Holidays	€
+ Pension	€
+ Health insurance	€
+ Life insurance	€
+ Expenditure on private loans	€
+ or other commitments	
+ Anticipated deductions for income tax, church tax	€
+ and solidarity surcharge	€
+ Miscellaneous (e.g. maintenance payments)	€
= Annual personal expenditure	€

Your personal expenditure represents the absolute minimum profit you have to achieve. As a sole trader, your profit – i.e. the bottom line – is what you have to live off. If you are setting up a limited liability company such as a GmbH, bear in mind that, as an employed managing partner, you will receive a salary and possibly a share of the GmbH's profit or turnover. You don't then cover your personal expenditure with the company profit, but rather with the salary paid to you by the GmbH, which should be enough to cover it. The starting point for preparing the profitability forecast is an estimation of the expected annual turnover.

Profitability forecast
(Annual calculation: net, i.e. less VAT and input tax)

Revenue

from services	€
+ from trading activities	€
+ from licences, commission, etc	€
= Total revenue	€

Costs

- Materials used	€
- Cost of merchandise	€
= Gross profit I	€
- Gross wages and salaries	€
- GmbH managing director's salary	€
- Ancillary personnel costs (national insurance deductions)	€
= Gross profit II	€

Other costs

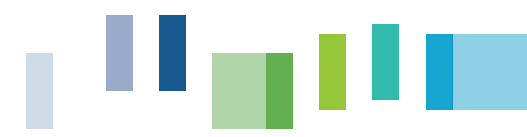
- Rent/lease	€
- Heating/fuel	€
- Vehicle costs	€
- Postal costs	€
- Insurance, fees, contributions	€
- Tax and legal advice	€
- Advertising	€
- Interest on external loans	€
- Miscellaneous costs	€
- Low-value commodities, repairs and maintenance	€
- Depreciation on vehicles, machinery, equipment, buildings	€
= Net profit	€

The determined net profit reflects the foreseeable profitability of your business; however, since the liquidity of the company (i.e. the amount of actual financial resources obtained in a given period) is just as important as profitability, the imputed depreciation (amortisation), which is to be recorded as costs despite not creating any immediate expenditure, is to be added to the net profit.

Net profit	€
+ Depreciation	€
= Cash flow	€

It is from this cash flow, which banks in particular consider a crucial assessment criterion when it comes to extending credit, that you have to cover your cost of living, expenditure for investments and loan repayments. In a GmbH, however, the cost of living is already covered by your managing director's salary and so does not have to be financed from the cash flow. At the same time, you can use cash flow to determine your individual threshold for interest payments as the maximum economically sustainable burden of interest and amortisation, and therefore also the maximum limit for debt financing:

Net profit	€
+ Depreciation	€
+ Interest on external loans	€
= Extended cash flow	€
+ Miscellaneous income	€
- Personal expenditure	€
- Income, trade and church tax	€
= Threshold for interest payments	€



LIQUIDITY PLANNING

Cash flow refers exclusively to the liquidity funds generated by the company; however, the liquidity can also be increased or secured by other means, such as loans, private contributions, interest income or other items. Since the actual operating liquidity available determines the ability to pay and fulfil your company's payment obligations at any time, it must be planned carefully: short-term insolvency may lead to significant problems with creditors for pre-financing orders, etc., while long-term insolvency results in bankruptcy. This aspect is frequently left to fall by the wayside – particularly when it comes to planning a business start-up. To determine the funding requirements for the start-up phase (i.e. the short-term capital requirements), you need to prepare a liquidity plan that compares the available liquid funds to the expenditures, including the amounts necessary for private lifestyles. In most cases, the available funds cannot cover the expenditure during the start-up phase, which results in a shortfall. This should be offset by an overdraft facility or capital loan from the local bank, which you can request in line with the liquidity plan. Don't put off asking for this until you actually need it – it's difficult to negotiate with the bank once you are actually having liquidity issues! In certain cases, alternative financing methods may also be an option to fund the start-up phase. Further information on financing can be found in the next chapter.

<i>Liquidity plan (in eur)</i>	<i>1st month</i>	<i>2nd month</i>	<i>3rd month</i>	<i>4th month</i>	<i>5th month</i>	<i>6th month</i>
A Liquid resources						
Cash holding						
Bank credit balance						
Surplus from previous month						
B Income						
Proceeds from sales						
Loans / other income						
Personal deposits						
A + B = available resources						
C Expenditure						
Materials used						
Cost of merchandise						
Third-party services						
Gross wages and salaries						
Ancillary personnel costs						
Rent/fuel						
Maint./repair/low-value commods*						
Vehicle costs						
Insurance/contributions/fees						
Tax and legal advice						
Advertising/travel costs						
Miscellaneous costs						
Interest on external loans						
Loan repayments						
Taxes						
Subtotal						
Deficit from previous month						
Investments						
Personal drawings						
Total expenditure						
A + B - C = Surplus/deficit						
Current account balance						
Liquidity						

*Low-value commodities can be written off completely in the year of acquisition



How does financing work and where does the money come from?

The purpose of financial planning is for you to establish your capital requirements. Here, you have two questions to consider: how does financing **work and** where does the money come from? The possible answers to these can vary considerably: Capital comes **from** your own pocket, **initial** sales or loan capital in the form of bank or promotional loans. In certain cases, you can even opt for venture capital, state-run grant programmes or even a crowd-funding campaign. Generally speaking, it makes sense to have a combination of different financing types.



FINANCING WITH YOUR OWN RESOURCES AND INITIAL TAKINGS

When looking to secure your initial funds, you should start by checking whether you might have access to finance that does not rely on third-party capital.

Equity – financing with your own resources

If you have savings that you use while starting up your business, these take on an essential role as equity in your company. On the one hand, you are in a flexible position with sufficient equity, making you ideally equipped for dealing with liquidity shortfalls and allowing you, for example, to offset unforeseen fluctuations, pre-finance orders and respond to changing market requirements. On the other hand, equity puts you in a better negotiating position with banks and savings banks (Sparkassen) whilst also improving your rating, which can result in lower interest rates. Generally speaking, you should be able to cover 15 to 20 per cent of your capital requirements with equity.

Bootstrapping – financing with initial takings

Bootstrapping is the ideal type of financing for you if you can accommodate your company set-up and strategy within a very tight budget and with minimal resources. By avoiding expenditures whilst at the same time increasing revenues, bootstrapping **only** manages to keep your company afloat **with its cash flow**. Bootstrapping is primarily advisable for setting up a company that only requires a little starting capital – also known as a low-budget model.

Private equity

Private equity is an appropriate financing option for technology-oriented or innovative, fast-growing start-ups. In such cases, the risk of default is often either difficult to estimate or else clearly going to be high, with a particularly long time required to get to market. As a result, credit financing from financial institutions often fails to meet the risk management requirements. Private equity increases the equity of a company through external financing, provided by business angels, venture capital, private equity, or accelerators/incubators.

Venture capital for early/growth financing

Equity financing in the early/growth stages of innovative start-ups is frequently referred to as venture capital. Various equity options can come into play here depending on the investment phase and venture, not to mention the company profile. The terms and conditions of the investment form are determined by contract on an individual basis.

The following investment options are commonly found in practice:

■ Direct (open) investment

This is where the external equity provider participates in the company's share capital (GmbH) or capital stock (AG) and thus becomes a co-shareholder. The investor generally sees a return at the end of the investment phase (after 3 to 7 years) upon selling its share (exit). As a result of having shares in the company, investors are also granted co-determination rights.

■ Silent partnerships and subordinated loans (mezzanine capital)

Mezzanine financing is characterised by its subordinated status and high interest rates. Unlike for equity investment, companies do not need to surrender any information or control rights. In basically any legal form, the investor can participate as a silent partner as a result of their capital contribution. On account of their participation in profits, they become a creditor of the company but have no visible involvement in it as far as outsiders are concerned. In the case of a subordinated loan, the lender grants an interest-bearing loan to the company, for which neither collateral nor a declaration of resignation are required. This makes the loan of an equity nature without losing any shares.

■ Convertible loans (mezzanine investment form)

These are subordinated loans than can be converted into equity at a later stage. In most cases, the interest is deferred and included in the loan amount, which is converted to equity at a later stage.

Where start-ups are concerned, venture capital can be split into different phases. The pre-seed phase frequently makes use of mezzanine investment forms or convertible loans from family, friends or business angels.

In the seed and start-up phase (also known as 'series A') direct investments from business angels (private investors), incubators/accelerators and start-up-phase venture capital companies (VCs) are becoming increasingly popular.

Financing Models

ihk.de/berlin/

[financing-models](#)

In the growth stage and beyond (also known as the 'expansion stage', 'later stage' or 'series B/C/D'), you can primarily expect to find direct investments from VCs or private equity providers.

How to set up venture capital



Establish contact and conduct preliminary audit



Open discussions and submit a letter of intent or term sheet



Carefully check, analyse and evaluate the company (due diligence)



Conclude an agreement and set up the financing

Minimum requirements for venture capital investment

- Innovative business idea with positive growth prospects (scalability)
- Impressive management/team of founders
- Professional business plan in the form of a pitch deck
- Realistic estimation of the market and competitive environment, as well as the growth in sales/earnings
- Consistent financial plan complete with break-even calculation
- Legal form of a corporation – GmbH or UG (limited liability)

Alternative: Funding-based investment companies

An alternative to private investors can be found in the form of publicly funded investments – such as those awarded by IBB Ventures, High-Tech Gründerfonds (HTGF) and the KfW-Cooperation-Fonds – or investments from the Mittelständische Beteiligungsgesellschaft zu Berlin-Brandenburg (MBG), in which chambers, associations and banks, for example, are all shareholders.

HTGF supports technology companies in the start-up phase (up to three years after setting up) with a convertible loan or

High-Tech Gründerfonds (venture capital investment firm)

htgf.de/en

IBB Beteiligungsgesellschaft mbH

ibbventures.de/en

Mittelständische Beteiligungsgesellschaft zu Berlin-Brandenburg

mbg-bb.de

Coparion funding from the KfW Banking Group

coparion.vc/en

Business Angels

bacb.de/en

other financing models. As for IBB Ventures and KfW, these award open investments. In such cases, a private investor who is involved on equal terms with at least half of the total is always required. The MBG grants silent partnerships, i.e. with no voting rights, influence on the management or participation in the appreciation of the company. What's more, for those setting up their business after a period of being unemployed, or perhaps with a migrant background, the MBG offers a special investment programme of up to 50,000 EUR.

CREDIT FINANCING FROM FINANCIAL INSTITUTIONS

As in-house funds are rarely sufficient and equity financing is not suitable for every venture, you may need to top up the capital requirements with credit from the bank (also called loans). Depending what it is that needs to be financed, regular banks and savings banks offer various different lines of credit.

Investment loans can be used to finance fixed assets for new, alternative or expansion investments and are guaranteed for the medium to long term. With capital loans, you can cover short-term financing requirements such as personnel costs or marketing expenses, and also pre-finance orders.

In addition to demonstrating a promising concept, another decisive factor for banks and savings banks when it comes to granting credit is their ability to remain protected. To this end, they generally request standard bank collateral that they can fall back on in the event of a credit default. Examples of collateral include mortgages, chattel mortgages on machines and vehicles, or fixed deposits. If you do not

have enough collateral available (to cover the amount of the loan), you can ask the BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH to act as a guarantor.

How to set up bank financing



A business plan is submitted to the bank complete with the necessary documentation



The bank checks the paperwork and evaluates the creditworthiness and collateral



The bank makes a decision



The applicant and bank conclude a credit agreement



The money is paid out

Minimum requirements for bank financing

- Promising concept
- Ability to make interest payments
- Standard bank collateral
- Personal assumption of liability

BANK LOANS WITH PUBLIC FUNDING

Public funding options can also be included in the finance required to set up your company. Generally speaking, this is a grant for individuals in the form of loans with special conditions, guarantees or also subsidies. As far as these are concerned, it is always important to submit your application before starting your venture. It is only once you have submit-

ted your application that financial and contractual obligations with regard to ordering goods and signing contracts or similar are covered and the business activities are registered.

Financial Assistance

ihk.de/berlin/

[financial-assistance](#)

Please be aware that there are no legal claims to be made with regard to granting public funding.

Promotional loans

Promotional loans are the most common form of public funding for start-ups. For companies based in Berlin, both the Investitionsbank Berlin (IBB) and the KfW Bankengruppe offer various different types of credit. **The advantage of these generally centres on their** favourable interest rates, lower capital requirements, long maturities, and a repayment-free start-up period for the first few months. Promotional loans are typically requested via regular banks and savings banks (commercial banks), with whom you can also set up your business account – also known as the **local bank (or 'house bank' principle)**. It is only when the commercial bank is satisfied with the details of your venture but does not want to make you an offer without funding that it forwards the funding application to the promotional bank. This institution also checks the application and offers up the money if a positive decision is made. An exception to this can be found in the IBB's micro-credit, which is offered for minor capital requirements of no more than 25,000 EUR (50,000 EUR for innovative companies), and can be requested directly from the IBB for a more direct route rather than having to go via a commercial bank. The funding is issued based on its intended purpose, which means the relevant proof (in the form of receipts, etc.) of the investment provided must be submitted to the bank retrospectively.

How to set up a promotion loan



A business plan is submitted to the bank complete with the necessary documentation



The bank checks the paperwork in a face-to-face discussion and files an application with the promotional bank, if necessary



Promotional bank checks the application and makes a decision



The applicant and bank conclude a credit agreement, with money paid out in tranches



Provide proof of investments made vis-à-vis the bank

Minimum requirements for public promotional loans

- Basic requirement is a promising concept with consistent financial planning
- Professional and commercial qualifications (vocational training and practical professional experience)
- Equity capital used as an appropriate proportion of the total funding (generally 15 to 20 per cent)
- Secured overall project funding
- Aspirations to become a viable venture in the long term

Guarantees

As a general rule, public loans are to be secured in line with standard banking practice just like bank loans. If the required level of collateral cannot be achieved through personal collateral, a guarantee of up to 80 per cent of the loan volume can be requested from the Bürgschaftsbank zu Berlin-Brandenburg GmbH (BBB) when setting up a company in Berlin.

Bürgschaftsbank Berlin-Brandenburg (BBB)

bbb-berlin.com

FURTHER FUNDING OPTIONS

In addition to public funding options, there are other funding programmes available to help company founders and existing businesses. **To name just one example**, grants may be requested for providing advisory services, opening up new markets, or recruiting employees under certain conditions.

Grants

As they do not have to be paid back, grants are the most popular form of funding; however, they are only awarded in special circumstances. Technology-based entrepreneurs, for example, are eligible to receive a combination of grants and loans through the Pro FIT programme (offered by the IBB) for innovative projects. As external experts act as intermediaries, the application process is quite complex, so you should remember to plan in enough time to accommodate this. Students and university graduates can apply to their universities for grants from the EXIST funding programme for technology-oriented and knowledge-based business start-ups, or else apply for the Berlin Start-up Scholarship (Berliner Startup Stipendium). Innovative young companies with a creative, sustainable or digital business model can apply for the „Gründungsbonus“.

Berlin Startup Stipendium (grant)

berlin.de

keyword: **Zu CFU s-**
programme

About EXIST

exist.de/en

Gründungsbonus

ibb-business-team.de/

gruendungsbonus

Pro FIT

ibb.de

Select: „English“

Keyword: „profit“

EU funding

eu-service-bb.de/en/

Select: „About us“

EU funding

There are also funding programmes available at EU level that can be requested directly, although the application process for these is notoriously complex. Information and support is provided by the Enterprise Europe Network Berlin-Brandenburg (EEN).

CROWD-FUNDING AND CROWD-INVESTING

You should check the extent to which new types of financing are suitable for your start-up. Crowd-funding allows you to access capital to finance your business idea via an interested online community, whilst also relying upon this same crowd as a sales channel or multiplier. Crowd-investing is another interesting prospect for start-ups with a particular emphasis on growth, and generally involves the crowd participating in a mezzanine investment in the company. Crowd investors stand to benefit from a share in the profits or through the profitable sale of the start-up further down the line (exit).

Overview Crowdfunding

crowdfunding.de

How to set up crowd-funding and crowd-investing



Check whether the business idea is suitable for crowd-funding or crowd-investing



Plan crowd-funding campaign, select the type of crowd-financing and platform, define target amount and deadline



Prepare necessary documents (story, pitch, videos, and any perks)



Launch the campaign and marketing activities



Achieve objective and receive capital

Minimum requirements for a crowd-funding/crowd-investing campaign

- Willingness to present the business model in a public forum
- Extensive network and interest in exchanges with the crowd
- Detailed project planning incl. milestones
- Innovative business idea with positive growth prospects
- Impressive management/team of founders
- Professional business plan or project presentation



What sort of insurance do I need?

When you become self-employed, you leave behind the social network you experienced as an employee. This is why you should waste no time in ensuring that you have personal and social protection. But don't forget that there may be unforeseeable events ahead for your business, too.

This is why it is also advisable to insure against incidents that might damage your business. The type and level of cover you should purchase will depend on your personal and business circumstances. Take an objective look at your actual insurance needs, and beware of underinsuring, or you may find that you are paid nothing at all if you do claim. The most important thing is to cover the greatest risks first, and to avoid double insurance.



PERSONAL INSURANCE

This section contains information on which personal insurance types are mandatory and which ones are voluntary in Germany. There are also differences between statutory and private insurances.

Health insurance

In Germany, every citizen must have statutory health insurance. Whilst as an employee you were automatically a member of a statutory health fund (GKV), you now have a choice: you can either take the opportunity to remain with the GKV on a voluntary basis, or you can take out private insurance (PKV). When it comes to sick pay, it may make sense to opt for a combination of the two. The cost of your premium with a PKV will depend on your age upon entry to the scheme, the state of your health, and the level of cover you require. No free cover will be available for family members, as is the case with the GKV.

Preconditions for those seeking voluntary insurance with the GKV

You must have had compulsory insurance with the GKV for at least twelve months before becoming self-employed, or for at least 24 months in the previous five years. Your period of self-employment must have commenced no more than three months previously.

Nursing care insurance

Insurance to meet your care needs is also compulsory. New entrepreneurs can again choose between private and statutory insurance. N.B.: If you leave the statutory insurance scheme, you will not be able to rejoin it again while you are self-employed.

Pension insurance

Entrepreneurs are personally responsible for ensuring that they have made adequate provision for their old age. They can choose to remain in the statutory Deutsche Rentenversicherung scheme or take out something along the lines of a life insurance policy instead. Some categories of self-employed people are, however, obliged to obtain statutory pension insurance. This might apply, for instance, to craftsmen, midwives, teachers, artists and journalists. A list of self-employed professions for which statutory insurance is required can be found in Art. 2 of Book VI of the Social Code. Additional information is available from Deutsche Rentenversicherung (DRV).

Accident insurance/Employer's liability insurance associations

In some industries, entrepreneurs are obliged to join the German Statutory Accident Insurance scheme (Deutsche Gesetzliche Unfallversicherung or DGUV). This accident insurance is provided by the employer's liability insurance associations (Berufsgenossenschaften). The statutes of your particular association will indicate whether your membership is compulsory. This statutory insurance will only help

*German Statutory
Accident Insurance*

[dguv.de/en](https://www.dguv.de/en)

you if you have an accident at work. It may make sense to purchase private accident insurance as either an alternative or complement to the DGUV, especially if you do not have any disability insurance.

Voluntary unemployment insurance

*German
Unemployment
Agency*

[arbeitsagentur.de/en](https://www.arbeitsagentur.de/en)

Entrepreneurs are not obliged to insure themselves against unemployment. Since 1/2/2006, however, the self-employed have been able to apply to the Federal Employment Agency to continue to make voluntary contributions to the unemployment insurance scheme. The following conditions must be met: the applicant's work must take up at least fifteen hours per week, and he must have been employed in a job with statutory social insurance for at least twelve out of the 24 months immediately preceding his self-employment. The application must be submitted no later than three months after he takes up self-employment.

Pension fund for craftsmen and tradesmen

If you wish to ensure that you and your family receive your full pension entitlement in old age, it is important to start topping up your contributions as early as possible to meet your future needs. As a self-employed craftsman or tradesman, you have the opportunity to insure yourself and your family through the above pension fund at particularly favourable rates.

BUSINESS INSURANCE

Depending on the individual circumstances of the business, it may be advisable to consider other types of insurance that are not listed here. As a general principle, you should obtain and compare several quotes before purchasing cover.

Employer's liability insurance

Employer's liability insurance covers loss or damage to people and property and consequential pecuniary loss caused by the workplace, the entrepreneur or his staff as a result of business activities. Extended product liability insurance is additional cover within employer's liability insurance. This is required in particular by the manufacturers or quasi-manufacturers of raw or intermediate products. (Quasi-manufacturers are sellers who attach their own name or trademark to a product, thereby creating the impression that they are the actual manufacturer.)

Buildings and property insurance

You can insure your business's fixed and current assets against loss or damage by taking out fire, water, storm, glass breakage and burglary insurance.



Legal protection insurance

This insurance covers the costs of legal disputes with third parties. You should consider whether you require legal protection for cases involving transport, compensation, or the criminal, employment or social courts. The right policy for you will depend very much on the business risks involved, so you should review your needs accordingly.

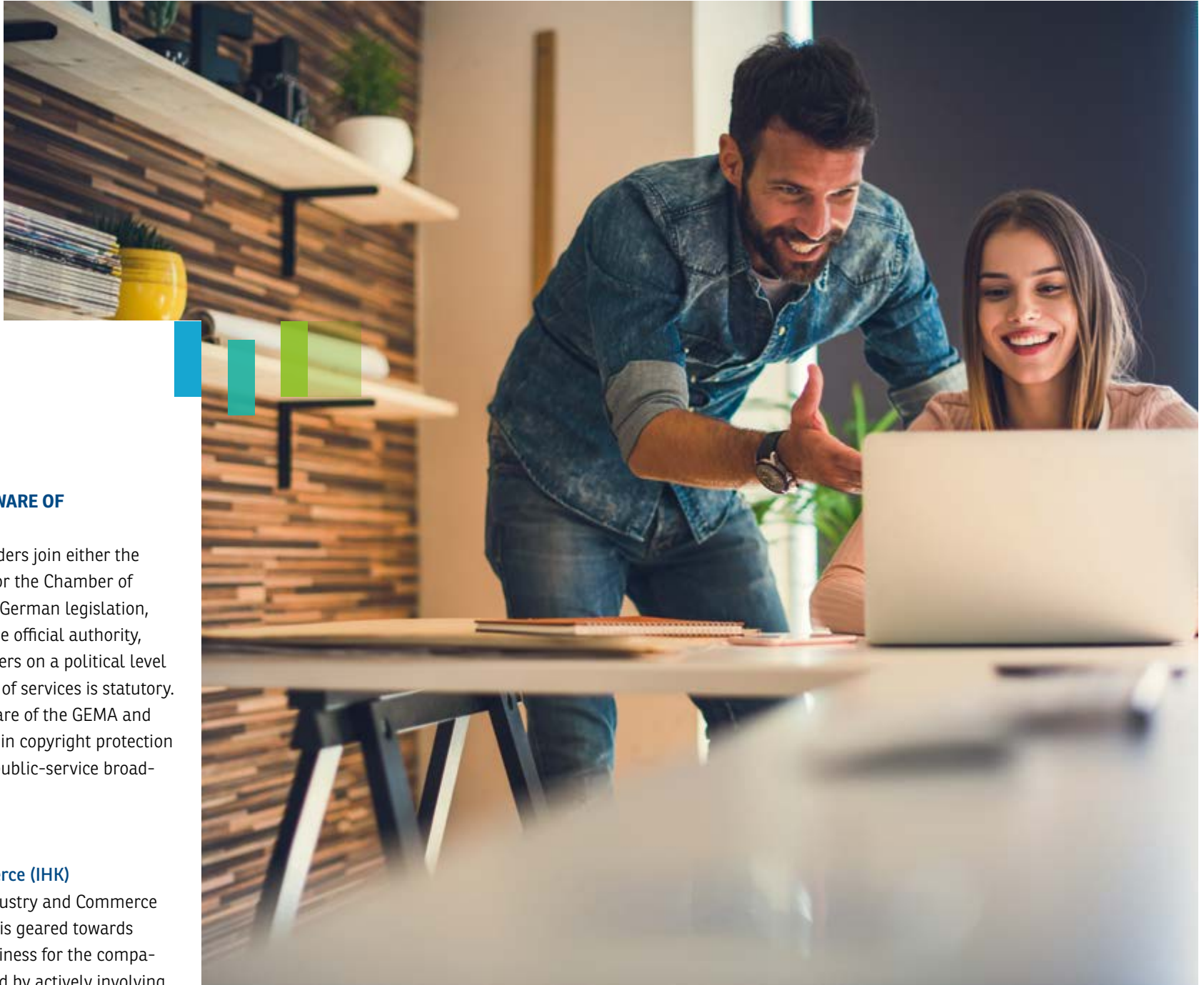


Business interruption insurance

If your business is forced to shut down temporarily because of specific events or damage (water damage, fire, etc.), this insurance will, within certain limits, bear the costs of continuing to operate and provide compensation for lost profits.

Social insurance for employees

Social insurance for employees comprises unemployment, health, accident, pension and nursing care insurance. As an employer, it is your responsibility to notify their health insurance fund immediately when you employ a member of staff. It will then notify the employment office and pension provider in turn. Accident insurance offers the employee financial security in the case of accidents at work or whilst commuting. This insurance is provided by the relevant employer's liability insurance association. All of the contributions are paid by the employer, who must notify the employer's liability insurance association within one week of the employee's recruitment. Short-term employees and those in 'mini-jobs' must be registered with the 'mini-job' centre.



For the near future

ADDITIONAL INSTITUTIONS TO BE AWARE OF

When they become self-employed, traders join either the Chamber of Crafts and Skilled Trades or the Chamber of Industry and Commerce. According to German legislation, membership of a body that can exercise official authority, represent the interests of all its members on a political level and provide a comprehensive package of services is statutory. New entrepreneurs should also be aware of the GEMA and the GEZ, which play an important role in copyright protection for musical works and the funding of public-service broadcasting, respectively.

The Chamber of Industry and Commerce (IHK)

The work of the Berlin Chamber of Industry and Commerce (Industrie- und Handelskammer, IHK) is geared towards making Berlin a better place to do business for the companies that operate there. This is achieved by actively involving

entrepreneurs from across industry in the work of the IHK in an honorary capacity, thus helping to determine its future direction.

In areas where government regulation is unavoidable, the IHK exercises official authority. This is particularly evident in the area of vocational training, where government intervention is replaced by a DIY approach.

Taking the example of organising and preparing final examination procedures for vocational training courses, the IHK supports companies that educate young people and, as a result, nurture valuable employees for the entire market. It may seem unfair or odd to some to be made part of a community and then, by law, have to pay a fee, but this decision was made by politicians elected by the German people because they believe in social markets and community. The IHK fee is just one of very many examples: By providing services such as covering the tasks of public authority as well as being the voice of the regional economy – the Chamber is a central part of the German economic system; after all, it has the freedom to manage certain things of interest in a more efficient and dynamic fashion than could ever be achieved through any other institution.

The IHK therefore offers a wide range of services to all its members, including those who are yet to get on board. This gives newcomers in particular the opportunity to attend advisory sessions aimed specifically at their needs, where they can find out early on about the steps that need to be

considered when embarking on self-employment. Help is also offered to those seeking suitable financing and funding options. Feedback is available on business plans, and the department specialising in law and taxation can offer additional useful advice.

The IHK pays for its work by charging a membership fee based on the business performance of the particular company. This allows it to remain independent of both the state and the goodwill of individual wealthy businesses. New entrepreneurs are exempt from the fee for the first two years provided their profits do not exceed €25,000 per annum, they are sole proprietors, and they are not listed in the Commercial Register or Register of Cooperatives.

Professional bodies

The typical responsibilities of professional bodies include ensuring that businesses have a suitable environment in which to operate, improving competitive conditions, helping newcomers on the path to self-employment, and supporting businesses through periods of adversity. Nearly every branch of industry has its own representational body these days to champion its interests externally vis-à-vis politicians, officialdom, the trade unions, the media and the general public.

Participation and membership tend to be voluntary, and a fee is usually levied. In the area of crafts and skilled trades, it is the guilds that act on behalf of their various members. In all other commercial and freelance sectors, associations assume these functions.

Broadcasting contributions from ARD, ZDF and Deutschlandradio

In Germany there is a statutory obligation to pay a licence fee, as the top three TV channels – as well as the public-service radio stations – are largely financed in this way. Following the latest reform of the Interstate Broadcasting Agreement, every household in Germany must pay a contribution for radio equipment from 1 January 2013. A lump sum for each household is payable, which covers all the equipment in the home. The amount payable by companies and institutions depends on the number of business premises, employees and company vehicles.

Gema

The Society for Musical Performing and Mechanical Reproduction Rights (GEMA) is a collecting society that represents the performance and reproduction rights of the composers, songwriters and music publishers who are its members. Royalties must be paid to GEMA for public performances of copyright-protected musical works. Many small businesses do not realise that they must notify GEMA if they play music for which royalties are payable even just on telephone switchboards or to enhance voice messages on answering machines. Revamping websites through the use of audio branding that includes music is also becoming more popular. GEMA must be notified of this use too.

WHERE CAN I FIND MORE HELP?

Berlin is Germany's capital of innovation, offering a fantastic start-up network in which to discuss ideas, find help and share knowledge. With this in mind, you really should take advantage of opportunities to network at work, in cafés, at university, or quite simply anywhere you might stand to meet interesting people in the city. Start-up nights, relevant trade fairs and a variety of smaller events are available for you to get more involved in both your own and other start-ups in an informal atmosphere.

If you would like to talk things over face to face, you can make an appointment.

IHK start-up advice

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Detailed information on this subject can be found at berlin.de or talent-berlin.de, for example, with suggestions and ideas available on IHK Berlin's start-up blog at ihk4startups.berlin.

HELPFUL WEBSITES

Berlin Partner
talent-berlin.de/en

Make it in Germany: for qualified professionals
make-it-in-germany.com/en

Germany Trade & Invest
gtai.de/ContentNavigation/EN/welcome.html

Business Location Center
businesslocationcenter.de

Business Welcome Service of the IHK Berlin
ihk.de/berlin/business-welcome-service

**The Federal Ministry for Economic Affairs and Energy's
'Starting your own business' portal**
existenzgruender.de/en

Berlin Chamber of Crafts
hwk-berlin.de

Business development bank for the state of Berlin
lbb.de, Select: „English“

IMPORTANT TERMS AND NAMES

The most important vocabulary that frequently crops up (e.g. in the Gewerbeanmeldung paperwork when registering your business):

Residency/Residence permit	Aufenthalt/-s-genehmigung
Unemployment insurance contributions	Arbeitslosenversicherung
Foreigner/Immigration authority	Ausländer-/Behörde
Employer's liability insurance association	Berufsgenossenschaft
Operation	Betrieb
German Patent and Trade Mark Office	Deutsches Patent- und Markenamt
Equity	Eigenkapital
Sole trader	Einzelunternehmen
Permit/Permit obligation	Erlaubnis/-pflicht
Tax office	Finanzamt
Freelancer	Freiberufler
Shareholder	Gesellschafter
Trade/commerce – office – registration – traders – tax	Gewerbe –amt –anmeldung –treibender -steuer
Cooperative/Association register	Genossenschafts-/ Vereinsregister
Start-up	Gründung
Commercial register – extract – entry/Register	Handelsregister –auszug – eintragung/Register



Chamber of Skilled Crafts (HWK)	Handwerkskammer (HWK)
Craft	Handwerk
Trade	Handel
Head office/branch	Haupt-/Zweigniederlassung
Chamber of Commerce and Industry (CCI)	Industrie- und Handelskammer (IHK)
Industry	Industrie
Investment Bank Berlin (IBB)	Investitionsbank Berlin (IBB)
Corporation	Kapitalgesellschaft
Small business	Kleingewerbe
Small business regulation	Kleinunternehmerregelung
Concession (restaurant)	Konzession (Gaststätte)
Sideline	Nebenerwerb
Regulatory agency	Ordnungsamt
Passport/ID card	Personalausweis/Pass
Partnership	Personengesellschaft
Legal status/form	Rechtsform
Register entry	Registereintrag
Self-employment	Selbstständigkeit
Miscellaneous	Sonstiges
Tax ID number	Steuernummer
Activity	Tätigkeit
Dependent subsidiary	Unselbstständige Zweigstelle
Accident insurance	Unfallversicherung
Insurance	Versicherungen

Limited liability company (GmbH)	Gesellschaft mit beschränkter Haftung (GmbH)
Entrepreneurial company (with limited liability) (UG (haftungsbeschränkt))	Unternehmergesellschaft (haftungsbeschränkt) (UG (haftungsbeschränkt))
Partnerships constituted under civil law (GbR)	Gesellschaft bürgerlichen Rechts (GbR)
Limited partnership (KG)	Kommanditgesellschaft
General commercial partnership (oHG)	Offene Handelsgesellschaft (oHG)
Joint stock company (AG)	Aktiengesellschaft (AG)

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