

## **Approvals/permits (Zulassungen/Erlaubnisse)**

When you set up a business, you sometimes need special approvals or permits from authorities or other offices.

For example, if you want to open a restaurant, you need a Health Certificate and a Trading License. If you want to set up a skilled trades business, you sometimes need a qualification as a “Master” and a Trading License. If you want to open a doctor’s practice, you need a permit from the Chamber of Doctors. You will find information about which approvals you need for your company online on the federal states’ websites. You will also find information at:

- the Chambers of Commerce and Industry.
- The Trades Chambers,
- or from lawyers

Take advice on this.

## **Bookkeeping (Buchführung)**

Bookkeeping involves documentation relating to the financial situation of your company. You keep a record of how much money comes in and goes out of the business. You need paperwork for all income and expenditure: This can be an invoice, a sales slip or a receipt. You put together these records every month. There are accounting computer programs which can help you do this.

## **Business concept/founding concept (Geschäftsidee/Gründungsidee)**

A business idea is an idea for a new company.

Example: There is no bicycle workshop in your town. You have always enjoyed repairing bicycles. You have now had the idea of setting up a bicycle repair workshop. You believe the people in your town would make good use of this. And that you could earn good income from it. The bicycle repair workshop is your business idea. Another term for a business idea is: A set-up idea.

## **Business operators (Gewerbe)**

You operate a business.

A grocery store, for example, is a business. Or a snack bar. Or a car dealer. But a trades business is also a business. As a carpenter for example. Or as a tailor. Or you offer a service. As a hairdresser, for example, a driver or an insurance representative. You need to register the business at the Trades Office. You will receive a certificate for your registration. This is called: A Trades Certificate. Some trades are subject to approval, which means you have to prove you have a special qualification before you can register. You also have to pay taxes for your business: Commercial tax.

## **Business plan (Businessplan)**

The business plan consists of a table and text. You write your business ideas down in it.

A business plan must contain:

- Who you are, and why you want to become self-employed.
- What your idea is, and where you will be located.
- Why your idea is a good one.
- How you can earn money with your business.
- How you will finance your company. You must work this out.
- Who are your customers.
- How you will do your **Marketing** and promotion.
- Why you are better than the competition.
- You need accurate financial planning including capital required, financing, equity capital, cost planning, profitability forecast and liquidity plan.

The plan must be very precise. The bank or other finance organisation will read your business plan. Then the financial institution will decide if they will support you. Please take advice! Another term for business plan is (business ) concept.

## **Commercial professions (Gewerbliche Berufe)**

Commercial professions are professions for which you are self-employed. Most of these will involve registering a trade. There is a list containing the commercial professions. It includes professions from trade, industry, commerce or straightforward services. There are also freelance professions (Freie Berufe), which differ from commercial professions.

## **Contract law (Vertragsrecht)**

Contract law summarises all of the regulations and laws that you must observe with regard to contracts.

## **EU countries (EU-Länder)**

These are countries that are members of the European Union. The EU is currently (June 2014) made up of the following 28 countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

## **European Economic Area (Europäischer Wirtschaftsraum)**

The European Economic Area (EEA) is a common free trade area between the EU states and the states of Norway, Liechtenstein and Iceland.

## **Fictitious self-employment (Scheinselbständigkeit)**

Fictitious self-employment refers to the practice of acting as though one is self-employed when in reality one isn't. In this case, not all of the criteria for self-employment are met. Fictitious self-employment may refer to just working for one client. Fictitious self-employment is forbidden in Germany and is a criminal offence.

## **Freelancers/Freelance Professions/Freelance Activity (Freiberuflerinnen/Freiberufler/Freie Berufe/ freiberufliche Tätigkeit)**

Freelancers:

- work in science or academia,
- art,
- are writers,
- work as therapists or doctors.

Freelancers are generally university graduates. There is a list of all freelance professions. This list can be found online, for example, at [www.freie-berufe.de](http://www.freie-berufe.de). If your profession or job is not on the list, then ask the Finance Office. The Finance Office will check whether you are a freelancer or business operator. Sometimes the difference is not clear. Then a court will decide. Freelancers do not have to register their company as a business operator. Freelancers do not pay Commercial Tax.

## **Healthcare professions (Heilberufe)**

Healthcare professions are professions concerned with treating or healing illnesses or impairments. There are healthcare professions that involve vocational training, such as nursing; and there are also academic healthcare professions like a doctor, psychotherapist or pharmacist.

## **Insurance (Versicherungen)**

Insurance protects you from risks. For example, health insurance helps you if you are sick. You pay money to the health insurance company every month. If you are sick and have to go to the doctor, the insurance pays the doctor.

As a self-employed person, you have to handle your insurance yourself. Health insurance is compulsory, you have to take it out. There are different forms of insurance which may be required for self-employed people. For example Public Liability Insurance and Occupational Disability insurance. The type of insurance which is important for you depends on your work and profession. The best thing to do is take some advice. Insurance can be private or public. For example, there are private or public health insurance companies. Both have advantages and disadvantages. Take advice on this. If you work in the artistic, cultural or intellectual areas, you can insure yourself in the Künstlersozialkasse or Artists Social Insurance scheme. The abbreviation for the Artists Social Insurance scheme is: KSK.

## **Non-EU countries (Nicht-EU-Länder)**

These are countries that are not members of the European Union.

## **Permit (Genehmigung)**

A "Genehmigung" – meaning "permit" or "authorisation" – is another word for "Erlaubnis" (permit) or "Zulassung" (approval). You need special permits from different authorities and offices in order to set up a business.

## **Professionals (Fachkräfte)**

A professional is a person who has completed vocational training (Berufsausbildung), for example in a commercial, trade or technical profession. Or, it is a person who has successfully graduated with an academic degree.

## **Registration formalities (Anmeldeformalitäten)**

If you set up a company, or would like to work as a freelancer, you must register for this: At an institution, body, authority or a chamber. Whoever is responsible is determined by the type of activity you want to carry out as a freelancer. There are various directives or regulations relating to registration. The regulations which are important for you depend on your profession and your company. For example doctors have to register with the Doctors' Chamber. Business operators have to register with the Commercial Office. The various directives and regulations for registration are called Registration Formalities. If you want to supply services as a tradesman, the Trades Chamber is the responsible body. You sometimes need special qualifications, approvals or permits for registration of a company. For example, some freelancers have to register with the Finance Office. Sometimes you also need to register your company with several institutions.

## **Regulated professions / non-regulated professions (reglementierte Berufe / nicht-reglementierte Berufe)**

Regulated professions are subject to specific regulations, detailing which qualifications you need in order to practise the profession in question. You must be able to prove that you hold the relevant qualification, e.g. an exam. Examples of regulated professions include many medical professions, teachers in state schools etc. Non-regulated professions are often occupations requiring training, such as a butcher or hairdresser.

## **Residence title (Aufenthaltstitel) / Residential status (Aufenthaltsstatus)**

A residence title is a permit to remain in Germany. There are various different residence titles available, including a visa (Visum), a residence permit (Aufenthaltserlaubnis), a permanent settlement permit (Niederlassungserlaubnis) and so on. You can apply for a residence title from your local immigration authority (Ausländerbehörde). If you are not currently in Germany, you must apply to the embassy. If you are not from an EU member state, a member of the European Economic Area or Switzerland, you will need a special foreign national permit (ausländerrechtliche Erlaubnis) to become self-employed in Germany.

## **Self-employment (Selbständigkeit)**

Self-employment means that you are not employed for your work. Self-employed people work on a freelance basis, at their own risk, and for different clients. There are two different ways of being self-employed: as a freelancer (Freiberufler) or as a tradesperson (Gewerbetreibende).

## **Setting up a business (Gründung / Unternehmensgründung / Existenzgründung)**

Setting up a business means establishing your own company or launching your own business. Once you have done this, you are self-employed.

### **Tax liability (Steuerabgabepflicht)**

Tax liability means having to pay taxes to the state. Taxes are a specific proportion of money that you must pay to the state.

### **University graduates (Hochschulabsolventen)**

A university graduate is someone who has successfully completed a degree at a university or college.