5 Steps for Starting a Business

Start your self-employment journey successfully: Here you can find the most important steps to make your individual start-up project a success.

On this page

- Business plan & business registration
- Understanding taxes and other charges
- Choosing the right insurance
- Complying with laws and contracts
- Employer responsibilities

1. Register your business

Before you set up a business in Germany, you will need to complete a number of formalities. These also depend on whether you intend to carry out a **commercial or freelance activity**. Freelancers must register with the tax office. If you wish to run a business, you should first contact the **local Trade Office in your**

municipality. **The guide to government agencies** will show you which other offices you need to visit and where to find them in your area.

Drawing up a business plan

Have you come up with a business idea and want to put it into practice? Then you should prepare for your move into **self-employment**. The most important tool for this is the business plan.

A business plan helps you to plan your venture step by step. It is crucial if you want to convince someone of your business idea and your plans – banks, for example, use the business plan to assess whether to grant you a loan.

You can find out how to write your business plan on the **Start-up Portal** and the **Start-up Platform**. You can finalise your business plan using the checklist on the **Start-up Portal**.

Be well prepared when dealing with authorities

Dealing with various authorities might cause difficulties. Nevertheless, you should try and make use of their support. That is the reason why you should be well prepared to receive help in the most efficient way. Complete the formalities in good time. Most importantly, do not be scared off by the bureaucracy and inform yourself of mandatory registrations and approvals in advance!

2. Pay taxes

When you set up a business in Germany, you must also pay taxes to the tax office, i.e. the local authority of Germany's fiscal administration. The type of taxes you will need to pay depends i. a. on your company's size and **legal structure,** as well as the amount of revenue.

An **overview of the various tax types** can be found on the start-up portal. You will find further information on taxes in Germany on the websites of the **Chambers of Commerce** in Hamburg.

In addition, an annual tax return for your business, in which you disclose all earnings and the turnover, must be submitted to your tax office.

Clarify tax matters early

Seek advice from a tax advisor to avoid making mistakes and possibly incurring tax debt. The tax office will also help clarify any tax-related questions.

3. Insure yourself and your company

Being self-employed also means that you need to take care of many things. This includes you and your company being ready for all eventualities – for example, in the event of illness or unemployment. Incidents such as theft, burst water pipes and fire damage are rare, but can quickly jeopardise the existence of a new company.

Health insurance and **accident insurance** as well as retirement provisioning and business **liability insurance** are therefore indispensable.

The start-up portal explains **which insurances are important** for you.

4. Inform yourself of the contracts and laws that affect you

As an entrepreneur in Germany, you are bound to have to deal with numerous contracts, laws and legal regulations (e.g. lease agreements for your office space, product liability, etc.). The big advantage is that if all business transactions are contractually defined, you are guaranteed a high degree of legal certainty.

You can find an overview of all the important **laws and contracts** that affect you as an entrepreneur on the start-up portal. Additional information will be provided by the Chambers of Industry and Commerce (IHK). If you need additional support, please consult a lawyer.

5. Fulfil your duties as an employer

If you would like to employ your own staff in your company, you must respect a number of rules and obligations. In order to be allowed to hire staff in the first place, you will need a company registration number. On the **start-up portal**, you can find out how to obtain this number and which steps still need to be taken afterwards. Remember that as an employer in Germany, you are obliged to pay **taxes and social security** contributions every time you pay wages.

Of course, you will also need to respect a number of legal regulations in regard to your employees. For example, you must continue paying your employees' salaries and wages even if they fall ill; in addition, your employees have a right to annual leave. It is also important to note that employees cannot be made redundant without a valid reason. Make sure to be well informed of your **obligations** regarding your staff.

Information on the web

BMWE Authority Finder

The Authority Finder will guide you to the right local public authorities and agencies for your requirements

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Date: 2026-10-30 19:52:41 GMT