Types of Businesses

In Germany, there are two ways of setting up a business, either commercially or freelance. Here you can find out which business type suits your plans.

Self-employed or freelance?

In Germany, there are **two ways of setting up a business**. You are either self-employed or a freelancer. This depends on the occupation you are engaged in. Your status of being self-employed or a freelancer has an impact in regard to certain formalities as well as the legal structure of your business.

Working on a self-employed basis

If, for example, you would like to become self-employed with a craft or retail business, you must register your business – and you must do so in the location of your future headquarters. The **Platform for Founders** explains what you have to take into account.

For some occupations, you must meet certain **admission requirements**. These are referred to as “occupations subject to prior authorisation” *(erlaubnispflichtiges Gewerbe)*. “Subject to authorisation” may mean i. a. that you will have to obtain certain types of approval, apply for a licence or provide proof of qualifications.

This applies, for example, to craft businesses, financial service providers or care services, but also to a whole range of other occupations. You can find out on which sectors this applies to on the **start-up portal**. The **BMWE-Behördenwegweiser** also shows you where you can complete these formalities in your region.

Working as a freelancer

In Germany, numerous professions are considered “liberal professions” (*freie Berufe*). Those who become self-employed in these sectors generally work as freelancers (*Freiberufler)*. These may include the following:

- **health care occupations**, e.g. as a physician
- **consulting occupations** in the fields of law, taxes or economics
- **scientific and technical occupations**, e.g. as an engineer
- **information-providing or creative occupations**, e.g. interpreters
- **pedagogical occupations**, e.g. as an educator.

An **overview of liberal professions** is also available on the start-up portal. Some professions can only be allocated to the liberal professions following a case-by-case examination. Your local tax office will determine whether your profession is considered freelance or self-employed, once you register your business no later than four weeks after setting it up. Please also note that for some professions, you must provide evidence of certain qualifications and vocational credentials.

Comprehensive information on requirements, tax aspects and the legal structures for freelancers is available on the websites of the **Platform for Founders**.

Legal structures

Every business in Germany has a legal structure. The legal structure provides a framework for regulating legal matters. The decision as to which legal structure you want to use to run your business has far-reaching consequences – for example, in terms of how much equity you need and whether you are personally liable for your business.

The start-up portal provides an **overview of common legal structures in Germany**. The legal structure finder of the **Platform for Founders** can also be helpful. Detailed information for freelancers is available **here** as well. We recommend consulting a lawyer or tax advisor before making your decision.

What form should your business take?

You can become the supervisor of your own business in different ways. We will name a few:

- **Founding a new company**: when founding a new company, you can set it up according to your own ideas. However, this also means that you should plan your venture particularly carefully. Most entrepreneurs choose this option.
- **Founding in a team**: mutual support and higher equity capital speak in favour of founding with partners. The **start-up portal** explains what you should bear in mind.

- **Company succession**: benefit from the established structures and the existing customer base in a company whose management you take over. The **nexxt initiative** and the "**Nachfolge in Deutschland**" portal both provide information and support.
- **Franchising**: this procedure is used especially by retail and gastronomy brands that want to expand their sales area without establishing their own branches. The **German Franchise Association** and the **start-up portal** explain how you can become part of this concept.

Information on the web

Germany Trade & Invest

Portal on investing in Germany

"Wir gründen in Deutschland"

Here, you will find comprehensive information on setting up your own business

Service-bw

Information for freelancers

BMWi Overview: Legal structures

The most important criteria for choosing your legal structure

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