Setting up a business in Düsseldorf
A guideline for migrants
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A warm welcome...

...awaits entrepreneurs in Düsseldorf

At present, foreign nationals and people with a migrant background are among the most energetic company founders in Germany. They are making an important contribution to economic development across a wide variety of sectors in Germany and creating a large number of new jobs.

Anyone wanting to set up a business will need not only a good idea and a great deal of commitment, but also a sound knowledge of the formal conditions of the market, the language and the characteristics of the country. In many cases, people rely too much on well-meaning advice from their social circle – family members, relatives and friends. When establishing a business, however, the wealth of information and advice that experts can offer is the best precondition for success.

Düsseldorf has one of highest growth rates for new businesses of any city in Germany. With its international infrastructure, our city provides an ideal location in which to set up a business – especially for foreign nationals.

In this brochure the state capital of Düsseldorf gives an overview of first steps for people looking to start a new business. It examines the special circumstances surrounding foreign start-ups, including issues of residence status and the recognition of qualifications obtained abroad. It also invites you to take advantage of the extensive range of information available from experts at the Office of Economic Development and their network partners. They will guide you through the different institutions.

I wish you every success in setting up your business.

Yours

Thomas Geisel
Mayor of the State Capital Düsseldorf
Setting up a business with non-German nationality

In principle, anyone in Germany can set up a business. Foreign nationals, however, must satisfy certain criteria, depending on their nationality.

Residence requirements
The German Residence Act and the EU Law on Freedom of Movement define the conditions that must be satisfied to reside in Germany and enter into self-employment.

EU citizens
Freedom of movement and freedom of trade apply within the EU member states, the EEA states and Switzerland. This means that EU citizens do not require a residence permit if they wish to settle in another member state, and may set up a business in any member state.

Citizens from non-EU states
On application, citizens from non-EU states may be granted a residence permit to undertake self-employed activity where there is an economic interest or regional need, the activity is expected to have a positive impact on the economy and financing is assured.

Typically, such applications must be made to the responsible German embassy or consulate general in the applicant’s home country. Foreign nationals already living in Germany who hold a residence permit for another purpose can apply to the Immigration Office for approval of self-employment.

All of the important forms may be downloaded at www.duesseldorf.de/buergerservice (go to ‘Als Ausländer in Düsseldorf’).

Recognition of qualifications obtained abroad
To set up a business in Germany, it is necessary in many sectors that qualifications obtained abroad are recognised in Germany. This applies in particular to the ‘regulated professions’ (e.g. crafts requiring a permit and the medical and healthcare professions). In such cases, it must be determined whether a qualification obtained abroad is equivalent to the corresponding qualification in Germany. Factors assessed include the content and duration of the qualification and any work experience gained.

Professional qualifications in the EU
Citizens from EU states are entitled to the freedom of establishment and the freedom to provide services. The qualifications of anyone wishing to settle permanently in Germany and set up a business must be recognised.

Recognition procedure
The chambers of commerce and industry and the IHK FOSA (Foreign Skills Approval) competence centre are the central authorities responsible for examining the equivalence of professional qualifications in the fields of trade and industry. Where significant differences are discovered in the training for regulated professions, applicants may undertake adaptation measures (examination or conversion course) in order to gain equivalence.

www.ihk-fosa.de
Crafts
Trade qualifications obtained abroad may be regarded as equivalent to the German apprenticeship diploma or master craftsman’s diploma. Persons holding a trade qualification recognised as equivalent to the German master craftsman’s diploma can work as a self-employed person in a regulated profession. Anyone holding a trade qualification recognised as equivalent to the German apprenticeship diploma will receive a certificate of equivalence, which entitles them to take the master craftsman’s examination. In all cases, the local Chamber of Small Industries and Skilled Trades determines whether a foreign qualification is equivalent to the German qualification.

Advice and support
Düsseldorf Chamber of Commerce and Industry
Bettina Prill
Tel.: +49 211 35 57-437
prill@duesseldorf.ihk.de

Düsseldorf Chamber of Small Industries and Skilled Trades
Ute Schwinger
Tel.: +49 211 87 95-609
ute.schwinger@hwk-duesseldorf.de

Assess critically whether you have a sufficient command of the German language. If not, attend an integration course.

The first point of contact for advice and information on integration courses is the Migration Advisory Service for Adult Immigrants. You can also contact the various providers of integration courses directly. They will be happy to advise you on the courses available and recommend an appropriate language course. The addresses and contact details of advisory services and language schools can be found in the brochure ‘Living in Düsseldorf: A Guide for Migrants’.

A printed copy can be requested from:
Kommunalstelle für Integration und Bildung (KIB; recognised as a municipal integration centre)
Bertha-von-Suttner-Platz 3
40200 Düsseldorf
Tel.: +49 211 89-24063
Fax: +49 211 89-29376
kib@duesseldorf.de

Download:
www.duesseldorf.de/soziales/formulare/wegweiser_migranten.pdf

Language
Command of the German language is very useful when setting up a business. Although not absolutely essential, a knowledge of German it is important for those wishing to establish and manage a company under German law. Without a knowledge of German, it is difficult to track down important and accurate information, gain market skills or apply for a loan.

www.anerkennung-in-deutschland.de
Much more information on the recognition of professional qualifications can be found on the website of the Federal Ministry of Science and Research.
Drawing up a business plan is a major step in successfully establishing a business. Take advantage of the advice and support offered free of charge before setting up your business.

Business plans: A detailed concept for successful start-ups
Anyone planning to start a business needs a promising business idea. Before setting up any business, however, a detailed concept should be drawn up specifying how the business idea can be put into practice. This plan should cover all the factors that could be critical to the success or failure of the idea.

The more considered and detailed the plan, the greater the chances of your project being successful. A detailed business plan considers every key aspect in setting up a business, including all opportunities and threats. A clear and coherent business plan is also essential in convincing investors that your intended business can generate sufficient turnover to repay the funds borrowed.

A wide range of support is available for persons compiling a business plan, especially from the chambers of commerce and industry, business plan competitions, local business founder initiatives and the KfW bank group.

Key components of a business plan include:
- Founding person and project
  - Profile of founder
- Business idea (services/products offered, target group)
- Analysis of market, location and competition
- Marketing strategy
- Organisation and staff planning
- Planning of premises/ technical equipment
- Prospects for the future

Planning calculations
- Capital requirement and finance planning
- Profitability forecast
- Sustainability of private expenditure
- Liquidity planning

Offers and services of the Office of Economic Development
The Office of Economic Development is the main contact point for foreign companies and people looking to set up a business, invest in Düsseldorf or go self-employed. It offers personal advice and information on starting a business, provides contact addresses of legal and tax advisors, guides you through visa procedures and assists in finding suitable premises (if necessary in other languages).

Office of Economic Development Düsseldorf, Burgplatz 1
New business hotline: 89-99444

Setting up a business
The Office of Economic Development holds regular seminars in English for foreign persons aiming to start a business. Topics include the general aspects of setting up a business, labour and residence law, finance and taxes. Founders of successful new companies describe their experiences and offer tips. For dates and registration, visit www.go-dus.de

“Drawing up the business plan for my travel agency was a lot of work, but it was enjoyable and above all very helpful! I was required to plan all aspects of setting up my business in great detail. Producing a detailed cost and revenue calculation was a particularly important point. I would recommend to anyone looking to start a business that they allow enough time to draw up a sound business plan and take advantage of the advice and support offered by the experts!”

(Fatima Adaköy, founder of Reisebüro Travel Store)
Generally, anyone wishing to establish a company must first invest money in their project. The amount to be invested may be determined by means of a capital requirement plan.

A capital requirement plan is an integral part of any business plan, regardless of whether you finance your project purely from your own savings or by means of a loan. Anyone who fails to draw up a precise plan ultimately risks having insufficient funds.

Start by speaking to your local bank and ask for their advice.

In particular, people starting a business with a small capital requirement tend to have problems gaining finance through their local bank. In order to simply this first step towards self-employment, NRW.BANK has teamed up with STARTERCENTER NRW to offer micro-loans of up to €25,000.

Further information can be found on the homepage of the Business Registration Office:

Ordnungsamt der Stadt Düsseldorf
Gewerbemeldestelle (Business Registration Office)
Worringer Straße 111
gewerbemeldestelle@duesseldorf.de
www.duesseldorf.de/ordnungsamt/gewerbe/gewmeld.shtml

The STARTERCENTER NRW form server:
Here you will find all the forms needed to set up a business which you can fill out conveniently online on your computer at home:
www.startercenter.nrw.de/gruendungsformalitaeten/formularserver-nrw.html
Legal form

Partnerships
Partnerships differ from limited companies in that the emphasis is on the personal investment of partners. In particular individual partners, and not the company, are invariably personally responsible for the liabilities without restriction. Partnerships include the partnership under civil law (GbR), the general partnership (OHG) and the limited partnership (KG). With the exception of the partnership under civil law (GbR), partnerships must also be entered in the commercial register.

Limited liability company (GmbH)
The best known and most important form of limited company is the limited liability company (GmbH). This company form is characterised by a required founding capital of €25,000 and the liability is limited to the equity capital of the shareholders. It is therefore particularly suitable for entrepreneurs who wish to limit their liability risk. A further advantage is that a GmbH can also be founded by one individual.

Entrepreneurial company (with limited liability) (UG)
The entrepreneurial company – known colloquially as the Mini-GmbH or 1-Euro-GmbH – was introduced in Germany in 2008 as an entrepreneur-friendly variant on the conventional GmbH. Aside from some minor differences, the UG is founded in the same way as the traditional GmbH.

Freelance professions
The main feature of a freelance profession is the close link between the personal qualification and the nature of vocational self-employment. It is not always easy to determine which professions are freelance and which are not. This is most clearly regulated for the ‘catalogue professions’: doctor, lawyer, tax consultant, notary public, engineer, architect, physiotherapist and interpreter are all freelance professions. In the case of artists, designers, IT and business consultants and so on, the tax office ultimately decides whether the profession is freelance or commercial. Freelancers only need to register with the tax office, and not the trade office.

For all other questions on the choice of legal form, you can take advice from the STARTERCENTER at the Düsseldorf Chamber of Commerce and Industry and the Düsseldorf Chamber of Small Industries and Skilled Trades, or consult a tax advisor or lawyer.

Chamber of Commerce and Industry Düsseldorf
Ernst-Schneider-Platz 1
40212 Düsseldorf
Günter Friedel
Tel.: +49 211 3557-242
friedel@duesseldorf.ihk.de

Düsseldorf Chamber of Small Industries and Skilled Trades
Georg-Schulhoff-Platz 1
40221 Düsseldorf
Ulrich Engelhardt
Tel.: +49 211 8795-333
startercenter@hwk-duesseldorf.de

For basic questions on freelance professions, please contact the consultants at the Office of Economic Development:
New business hotline: +49 211 89-99444
info@go-dus.de, www.go-dus.de
Insurance and pension provisions

For a businessperson, financial security in the event of illness and financial provisions for old age are important aspects of future planning. You should therefore make appropriate risk and old age provisions from the very start of your business.

Taxes

Regardless of whether you register a trade or wish to pursue a freelance profession, you must register with the responsible tax office. For this it is necessary to complete a tax registration questionnaire. After examination by the tax office you will receive a tax number for your business. The questionnaire should be submitted in good time as registration can take some time. The form may be obtained from a Business Registration Office, your local tax office or the website of the Federal Central Tax Office.

Founders of new businesses are required to submit monthly VAT returns; if the business has employees, they must also submit payroll tax returns in electronic form. There are also annual tax declaration obligations. For companies it is very useful to work with a tax consultancy. The Düsseldorf Chamber of Tax Advisors provides a powerful search machine on its website to help you find experts for your branch. http://www.stbk-duesseldorf.de

Furthermore, your responsible tax office will be happy to answer your questions:
Finanzamt Düsseldorf-Nord
Hans-Böckler-Straße 36, 40476 Düsseldorf
Contact for new entrepreneurs
Tel.: +49 211 4496-2261, -2936
Finanzamt Düsseldorf-Mitte
Kruppstraße 110, 40227 Düsseldorf
Contact for new entrepreneurs
Tel.: +49 211 7798-2404, -2238, -2055

Further information
Overview of tax office responsibilities:
www.finanzamt-nrw.de
Tax registration questionnaire:
www.formulare-bfinv.de
‘Steuertipps für Existenzgründerinnen und Existenzgründer’ brochure issued by the North Rhine-Westphalian Finance Ministry (in German only):
www.fm.nrw.de/allgemein_fa/service/broschueren

Health insurance

As is the case for all citizens, self-employed people are obliged to take out statutory or private health insurance. Anyone who was previously employed and paid mandatory social security contributions can choose between a private health insurance scheme and voluntary membership of the statutory health insurance. In any event, the step into vocational self-employment must be reported to the statutory health insurance authorities. Many health insurance companies offer consultations in different languages.

Accident insurance for employee accidents at work

Employees in Germany are insured through the employer under the statutory accident insurance scheme. You can find out which employers’ liability insurance association is responsible for you by calling the free information hotline of the statutory accident insurance scheme on +49 800 6050404. They will be happy to give you further information.

Further information is available from the website of the German Social Accident Insurance (Deutsche Gesetzliche Unfallversicherung) at www.dguv.de
Employees

If you wish to employ other persons, a number of questions have to be clarified. Take advantage of the advice offered by the local organisations.

Pension provisions
Self-employed businesspersons should plan the formation of their pension provisions from an early stage. Entitlement to the statutory pension insurance acquired during periods of employed work are retained. Consider whether continued voluntary membership of the statutory pension insurance scheme makes sense for you. The pension from the statutory pension insurance scheme generally covers only basic care for self-employed persons. In order to be adequately covered later in life, you should decide in favour of private pension provisions.

Deutsche Rentenversicherung Rheinland
Deutsche Rentenversicherung
Service-Zentrum Düsseldorf
Königsallee 71
40215 Düsseldorf
Tél.: +49 211 937-0

Employees
Do you plan to employ staff and want to find out about the main requirements and answer your questions? The employer service of the Düsseldorf employment agency (Agentur für Arbeit) will be happy to advise on the formalities and help you find the right personnel:

Agentur für Arbeit Düsseldorf
Arbeitgeber-Service
Grafenberger Allee 300
40237 Düsseldorf

Employer hotline:
+49 800 4555520

“Becoming a self-employment master mechanic fulfilled a long-held wish. Solid preparation from the outset was very important for me – from compiling a strategic corporate plan to drawing up a business plan, choosing the right location and arranging finance, tax, insurance, pension provisions and personnel recruitment. Professional assistance is essential, well-meant advice from family members and friends is just not enough. Today I can say, I did everything right!”

(Domenico Palazzolo, owner of Bosch Car Service Domenico Palazzolo)
Other important addresses and Internet resources

A vast amount of information is available on the Internet. We have summarised some of the most important resources below.

Welcome portal **Make it in Germany**
Federal Ministry for Economic Affairs and Energy
www.make-it-in-germany.com

The site provides information on branches that need qualified staff and the conditions under which potential employees from abroad can accept a job in Germany. It also gives practical tips for successful integration.

**Hotline Working and Living in Germany:**
+49 30 1815-1111

**BMWi business start-up site**
One of the most comprehensive Internet sites on setting up a business with numerous links
www.existenzgruender.de

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**Selected links**

**Information and advice**
Gründungsnetzwerk Düsseldorf
www.go-dus.de

ALT HILFT JUNG e. V.
www.althilftjung.de

Business Registration Office of the state capital Düsseldorf
www.duesseldorf.de/ordnungsamt/gewerbe/gewmeld.shtml

STARTERCENTER NRW
www.startercenter.nrw.de

**Financing**
Stadtsparkasse Düsseldorf
www.sskduesseldorf.de

NRW.BANK
www.nrwbank.de

KfW Mittelstandsbank
www.kfw-mittelstandsbank.de

Bürgschaftsbank NRW GmbH
www.bb-nrw.de

Sirius Seedfonds Düsseldorf
www.sirius-venture.com

**Special initiatives and areas**
ATIAD – Turkish association for SMEs and new entrepreneurs
www.istebilgi.de/de/existenzgruendung.html

Initiative Unternehmerinnenbrief
www.unternehmerinnenbrief.de

Enterprise start-up out of university
www.diwa-dus.de

NUK – Business plan competition
www.n-u-k.de

Pension insurance
www.wegweiser-rentenversicherung.info