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# Freiberufler in Germany — Registration, Taxes and Obligations

What a Freiberufler is, how to register, and what tax advantages you have compared to business operators.

**Deutsche Begriffe:** Freiberufler | Freie Berufe | Selbstständig | Katalogberuf | Finanzamt | Scheinselbstständigkeit

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## What is a Freiberufler?

A **Freiberufler** (also: freelancer) pursues **self-employed work** based on **special qualifications or creative talent**. The key difference from a business operator: Freiberufler **don't need to register a business** and **don't pay business tax**.

### Catalog Professions (§ 18 EStG)

The Income Tax Act lists the **free professions**:

**Medical professions:** Physicians, dentists, veterinarians, alternative medicine practitioners, physiotherapists, midwives

**Legal, tax and business consulting:** Lawyers, notaries, patent attorneys, tax consultants, auditors

**Natural sciences and technology:** Engineers, architects, pilots, experts

**Information provision and culture:** Journalists, interpreters/translators, writers, artists, designers

**Education:** Educators (self-employed), lecturers, teachers (self-employed), scientists

### Similar Professions

Professions that are **similar** to catalog professions can also be recognized as freelance:

- **IT consultant** — if working conceptually/as advisor (not: pure programmer → often business)

- **Coach / Consultant** — depending on qualifications and type of work
- **Photographer** — if working artistically
- **Web designer** — if working creatively-designerly (not: pure web shop operator)

**Attention:** The **tax office** decides whether your activity is freelance or commercial. In case of doubt: ask a tax consultant!

## Advantages over Business Operators

Advantage	Freiberufler	Business Operator
<b>Business tax</b>	No	Yes (from €24,500 profit)
<b>Business registration</b>	No	Yes (€15-60)
<b>Chamber of Commerce membership</b>	No	Yes (mandatory fee)
<b>Bookkeeping</b>	Simple accounting (always)	Accounting or double-entry bookkeeping
<b>Trade register</b>	No	For merchants/GmbH
<b>Accounting obligation</b>	No	From €800,000 turnover or €80,000 profit

## Registration — Here's How

### Step 1 — Questionnaire for Tax Registration

As a Freiberufler, you register **only with the tax office** — **no business office** needed:

- 1.** Set up an **ELSTER account** (elster.de)
- 2.** Fill out the **questionnaire for tax registration** online (within 4 weeks of starting activity)
- 3.** Information: personal data, type of activity, estimated turnover and profit, bank details, small business exemption (yes/no)

### Step 2 — Receive Tax Number

The tax office will send you a **tax number** within **2-6 weeks**. With this, you can issue invoices.

### Step 3 — If necessary, request VAT ID

If you work with **business clients outside the EU**, you need a **VAT identification number**. Application at the Federal Tax Office (bzst.de) — free of charge.

## Taxes for Freiberufler

### Income Tax

- On your **profit** (income minus business expenses)
- **Advance payments** quarterly (March 10, June 10, September 10, December 10)
- **Tax return** annually (Schedule S)

### VAT

- **19%** on your invoices (or 7% for certain services)
- **Input tax deduction** — you can deduct VAT on your purchases
- **Small business exemption** possible (under €22,000 turnover/year)

### No Business Tax!

This is the **biggest advantage** of being a Freiberufler — you save thousands of euros per year depending on your profit.

## Obligations as a Freiberufler

### Bookkeeping

- **Income-expense accounting** — you list income and expenses (simple bookkeeping)
- **No balance sheet** needed — regardless of your turnover
- **Keep records** — 10-year retention requirement

### Invoices

Your invoices must contain the following **mandatory information**:

- Your name and address
- Customer name and address
- Tax number or VAT ID
- Invoice number (consecutive)

- Invoice date
- Service description and date
- Net amount, VAT rate, VAT amount, gross amount
- For small business operators: reference to § 19 UStG (no VAT shown)

## Social Insurance

Insurance	Situation
<b>Health insurance</b>	Mandatory (public: approx. 14.6% + surcharge + long-term care; private from approx. €300/month)
<b>Pension insurance</b>	Mandatory for certain Freiberufler (e.g. teachers, midwives, artists via KSK) — otherwise voluntary
<b>Unemployment insurance</b>	Voluntary (application within first 3 months of founding, approx. €90/month)
<b>Trade association</b>	Recommended, not always mandatory

### Artists' Social Insurance Fund (KSK)

For **artists and publicists** (writers, journalists, designers, musicians, actors):

- KSK covers the "**employer share**" of social insurance
- You pay only approx. **50%** of health, long-term care and pension insurance
- **Requirement:** Professionally active as artist/publicist, minimum income €3,900/year

## Sham Self-Employment — Beware!

If as a Freiberufler you work **primarily for one client**, the tax office or German Pension Insurance may determine **sham self-employment**. The consequences:

- **Backpayment** of social insurance contributions (up to 4 years!)
- The client becomes your "employer" — must backpay contributions
- **Fines** for both parties

### Typical Signs of Sham Self-Employment

- You work **for only one client** (more than 5/6 of turnover)
- You are **integrated into business operations** (fixed workplace, fixed hours)
- You have **no own advertising** or website

- The client **gives you instructions** (when, where, how you work)
- You **don't employ own staff**

### How to Avoid Sham Self-Employment

- Have **multiple clients** (at least 2-3)
- Have your **own website** and business cards
- Have **your own tools** (laptop, software, office)
- **No instruction dependency** — you determine location, time and method of work
- **Issue your own invoices** (not: time tracking like an employee)

### Tips for Foreign Freiberufler

- 1. Check residence permit** — must allow self-employed activity
- 2. Inform tax office early** — within 4 weeks of starting activity
- 3. Describe your activity precisely** — the tax office decides if it's freelance or commercial
- 4. Check KSK** — as artist/publicist you save 50% on social insurance
- 5. Build reserves** — set aside 30% of profit for taxes
- 6. Tax consultant** — worthwhile especially in first year (costs are deductible)

--- As of: March 2026. All information without guarantee.