

Overview: Becoming Self-employed while on Buergergeld

Funding options & requirements (German citizen's basic income / SGB II)

Basic requirements for funding

For the Jobcenter funding options to apply, the following points should usually be met:

- You receive Buergergeld (citizen's basic income, SGB II) at the time of application
- You plan to become self-employed as your main occupation (not only a side activity)
- A viable business plan with a statement from a qualified body (Tragfaehigkeitsbescheinigung)
- Proof of professional suitability (training, work experience, or coaching)
- The application is submitted BEFORE you start the activity / register the business

Important: All Jobcenter funding is granted at the case worker's discretion – there is no legal entitlement. Careful preparation with a professional business plan and a qualified statement (Tragfaehigkeitsbescheinigung) significantly increases your chances of approval. The application must always be submitted before you start the activity.

Option 1: Start-up allowance (Einstiegsgeld, §16b SGB II)

Financial start-up support from the Jobcenter – the counterpart to the Gruendungszuschuss offered by the Agentur fuer Arbeit.

- A monthly supplement paid on top of your ongoing Buergergeld
- Typically between about 280 EUR and 500 EUR per month, set individually
- Funding period: up to 24 months (usually approved in steps)
- Higher amounts possible for longer previous unemployment or for a household community (Bedarfsgemeinschaft)
- Not counted against your income – paid as a separate fixed supplement
- Tax-free and does not have to be repaid
- Discretionary benefit – no legal entitlement

Option 2: Material cost support (Sachmittelfoerderung, §16c SGB II)

One-off support for acquiring equipment, tools and other goods needed to start your self-employment.

- Funding as a grant or a loan – decided by the Jobcenter
- Up to 5,000 EUR possible, depending on need and cost estimates
- Examples: vehicle / leasing down payment, tools, machinery, laptop, office equipment, work clothing, marketing, website creation
- Consulting and qualification services also possible (e.g. bookkeeping course, tax advice)
- Application requires a concrete list of needs and cost estimates
- Discretionary benefit – no legal entitlement

Option 3: AVGS – Start-up Coaching

The activation and placement voucher (Aktivierungs- und Vermittlungsgutschein, AVGS) funds coaching and consulting services at approved providers at 100%. People receiving Buergergeld can also apply for an AVGS at the Jobcenter.

Concrete benefits of the coaching:

- A solid business plan as the basis for your start-up and your funding application
- Positioning & sharpening your profile – a clear message
- Pricing & offer development – a viable calculation
- Creating or optimising a website – your own online presence
- Finding customers on platforms, Google and social media
- Marketing & visibility – referrals, networks, content
- Financial and liquidity planning – an overview of your numbers
- Entrepreneurial development – self-organisation, time management
- Dealing with authorities – business registration, tax office, insurances

Buergergeld as a top-up during the start-up phase

As long as your self-employment does not yet earn enough, Buergergeld continues to be paid as a top-up. The following applies:

- It is not your turnover that counts, but your profit (income minus business expenses)
- Earned-income allowances: the first 100 EUR are exempt, after that 20% / 30% in steps
- Self-employed people report their income via the form Anlage EKS (income statement for the self-employed)
- The Einstiegsgeld is not counted as income – it runs separately

Option 4: Business plan without funding

An alternative, in case the route via the Jobcenter does not fit in your individual case:

- A professional business plan for a bank, loan or KfW funding
- Including financial planning (turnover, costs, liquidity, profitability)
- Subject to a fee – no AVGS financing possible