

## Information for students regarding self-employed work

Many students work while they study, usually to earn some money by taking a job that is compatible with their studies. You should pay attention though: Interesting jobs for students often are advertised as self-employed, e.g. freelance, work and you have to consider several issues in this regard. For that reason, we compiled the most important general details on the subject in the following - without being necessarily exhaustive.

### How do I know that I work self-employed and not in an employment relationship?

- The company says, "Please bill us for the service."
- You are given a fee agreement and not an employment contract.
- You do not receive a wage slip at the end of the month.
- When they hire you, the company does not ask about your health insurance and taxpayer identification number.

### What is the difference between employment and self-employment?

In general, there are employment relationships, like e.g. 450-Euro jobs (also called mini jobs) or student traineeships, which mean that you are employed and your employer is responsible for registering you with the social insurance, notifying the tax authorities, and other insurances via the employer. When you accept self-employed work, e.g. as a freelancer, you are responsible for all that by yourself.

### Why do companies prefer to award freelance contracts to students instead of employing them?

The companies do not bear non-wage labor costs and therefore must not pay social security taxes. They do not have to observe any protection against dismissal or similar regulations and do not have to continue payments when you are sick.

### What do I have to observe? What are the differences?

Issue	Employment relationships	Self-employed work
<b>Labor law</b>	Applies	Does not apply, but civil law applies
<b>Responsibility for registration with social insurance and tax authorities</b>	Employer	Your exclusive responsibility
<b>Superior</b>	Yes, you have a boss (employer)	No, you are your own boss and have customers/clients.
<b>You are</b>	Employee	Contractor/service provider
<b>Working hours</b>	Determined by employer	(Usually) determined by yourself
<b>Place of work</b>	Determined by employer	(Usually) determined by yourself
<b>Compulsory health insurance</b>	Responsibility lies with employer and yourself (because of the	Your own responsibility

	student status)	
<b>Pension insurance</b>	Employer's responsibility	Your own responsibility <sup>1</sup> Caution: High costs may incur even years after the work.
<b>Unemployment insurance</b>	Employer's responsibility No unemployment insurance in 450-Euro jobs or as student trainee	Your own responsibility Insurance may be possible upon application
<b>Obligation to notify the social insurance to the relevant authorities</b>	Employer	Your own responsibility
<b>Taxes</b>	Employer pays taxes automatically and registers, changes the registration or de-registers.	You are responsible for accounting, invoicing, and registration with tax authorities.
<b>Entrepreneurial risk</b>	Employer	Your own responsibility
<b>Accident insurance</b>	Via the employer	You have to procure a separate insurance for your work.
<b>Employment contract</b>	Yes	No, fee agreement, service contract or similar
<b>Several customers/client</b>	No, an employer	Yes

**CAUTION:** If you have only one customer/client, who determines place, time and content of the work, this may be a case of false self-employment. Get advice by the social counselling service!

## What do I have to do to work self-employed while I study?

### STEP BY STEP TO BECOME SELF-EMPLOYED

<b>Preparation / information</b>	<ul style="list-style-type: none"> <li>• Counselling on how to set up your own business</li> <li>• Develop a concept</li> <li>• Find the appropriate corporate form</li> </ul>
<b>Local tax office</b>	<ul style="list-style-type: none"> <li>• Register the self-employed work with the local tax office at your place of residence</li> <li>• Apply for a tax ID number</li> </ul> <p><b>NOTE:</b> This is another number than the taxpayer identification number for employees.</p>
<b>Trade office/regulatory authorities</b>	Register, if you work self-employed in trade and industry. This is not required for freelancers. <sup>1</sup>
<b>Health insurance and compulsory long-term care insurance</b>	It is necessary to get information before you start the job. Obtain information in writing about the expected health and long-term care insurance costs. For this purpose, specify the working hours per week and the

	working period as well as the payment. The decision is made on a by-case basis, which not only depends on the weekly working hours, but also on revenues. When classified as full-time self-employed, very high health insurance costs will incur!
<b>Pension insurance</b>	Make an appointment with the Rentenversicherung Bund for individual counselling and apply for an exemption from the pension insurance contributions, if necessary. If you do not make use of the counselling service, subsequent contributions to the pension insurance may incur up to 30 years later. <sup>1</sup>
<b>Notify employer about the additional self-employment</b>	Before you start the self-employed work, please check whether your employment contract includes a clause concerning "other/additional employments".
<b>Procure insurances</b>	Accident insurance, professional or business liability insurance. If you already have private contracts, ask your insurance company, whether the job is insured or additional costs incur.
<b>Calculate the fees</b>	Calculate all ancillary expenses sufficiently. As you have to pay for everything by yourself, the fees must be considerably higher than the salary in an employment relationship. Allow for the preparatory and post-processing works!
<b>Tax return and taxes</b>	You are obligated to submit a tax return based on the invoices and at least a monthly profit and loss account as well as other documents, if applicable. We recommend consulting experts in this regard, like e.g. the Lohnsteuerhilfeverein or tax consultants.

## What is freelance work?

When you work as a freelancer on a fee basis <sup>\*2</sup>, e.g. tutor/ess, it is sufficient to register with the tax office, as you do not work in trade and industry. Please bear in mind, however, that you have to take care of social contributions and taxes (pension insurance, health insurance, income tax) by yourself and that considerable subsequent payments may incur in case of default.

## Self-employment while on leave of absence and studying part-time

**CAUTION:** When you are on leave of absence or study part-time and accept self-employed work on a large scale and invoice such work, then you may be classified as full-time self-employed. It is assumed that you work - and not study - most of the time - which is an assumption under social law that you cannot influence whatsoever! The consequence may be high health and long-term care insurance and other costs.

## What can I do if I did not know all this?

You should obtain advice as quickly as possible! You can agree an appointment with the **social counselling service** or visit during the normal opening hours.

**You can also turn to the social counselling service of Studentenwerk for advice on individual questions regarding self-employed work while studying or the general field of part-time work while studying.**

**PLEASE NOTE! Information for international students with residence permit for studying:** Before you start self-employed work, please visit the social counselling service, because such work may affect your residence permit adversely.

**Book an appointment at** [www.studentenwerk-leipzig.de/beratung-soziales/sozialberatung](http://www.studentenwerk-leipzig.de/beratung-soziales/sozialberatung) or suggest appointments by e-mail to [sozialberatung@studentenwerk-leipzig.de](mailto:sozialberatung@studentenwerk-leipzig.de)

**Opening hours:**           **Center for Social Services (CSS),** Gutenbergplatz 4, 4th floor  
Tuesday 13:30 – 14:30 and Thursday 9:00 – 11:00

**Studenten Service Zentrum (SSZ),** Goethestraße 6, ground floor at the back right  
Tuesday 9:00 – 11:00 / 13:00 – 17:00  
Thursday 9:00 – 11:00 / 13:00 – 15:00

*1 Self-employed workers have to pay contributions to the compulsory pension insurance only for specific occupations and only, when the marginal earnings threshold is exceeded (as at 2018: 450 €). Such occupations are, for instance, childcare workers, craftspeople, midwives, and teachers. When you are an artist or publicist and insured with the Künstlersozialkasse, you pay contributions to the compulsory pension insurance. Students should get information in this regard at Deutsche Rentenversicherung.*

*2 Freelance jobs include freelance scientific work, artistic and publicist jobs as well as specific personal services, for instance, teaching and consulting occupations. When you e.g. teach English on an hourly basis, then you are a freelancer. Whether an occupation is freelance work, is subject to an official classification by the trade office.*