



## Press release

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### **After the verdict from Karlsruhe: Larger family businesses threatened with particular disadvantage**

„The decision of the Constitutional Court can bring larger family businesses into considerable difficulties. They face a particular disadvantage,“ warns Prof. Rainer Kirchdörfer, Chairman of the Foundation for Family Businesses. „Although in principle an exemption on capital is still possible, the Federal Constitutional Court has established an exoneration of the larger companies compliant to a needs test or has alternatively called for an upper limit to be set for the discharge.“

„The needs test is problematic for large family businesses, because they have to prove that the payment of inheritance tax brings the company into liquidity problems. Family business owners would run a high risk of their bank or competitors learning that the company would come, due to the inheritance tax procedures, into short term cash flow problems. For these very reasons already existing deferral arrangements for the inheritance tax have not worked“, commented Kirchdörfer.

„The implementation of these requirements is a major challenge for lawmakers“ Kirchdörfer said. „We appeal to the politicians to fully exploit the flexibility in favor of larger family businesses, because these companies are in international competition with foreign companies and corporations in free float, which are not at all or not directly affected by the inheritance tax.“

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