



## Press release

Munich, 22 September 2016

### **The Foundation for Family Businesses on the outcome of conciliation proceedings on inheritance tax reform: “Nightmare of prolonged legal uncertainty avoided”**

“The agreement reached yesterday in the conciliation proceedings will save family businesses from the nightmare of a prolonged period of legal uncertainty regarding the transfer of company assets from one generation to the next. It will also save politicians the embarrassment of having Germany’s Federal Constitutional Court take the law-making process out of their hands.” That was the response of Prof. Rainer Kirchdörfer, a member of the Executive Board of the Foundation for Family Businesses, after the reform of inheritance and gift tax cleared the decisive hurdle in the parliamentary conciliation committee last night. He praised the ability of the parties involved in the conciliation process – CDU, CSU, SPD and Greens – to reach a compromise. Compared with the first law legislators had passed in the wake of the Federal Constitutional Court’s ruling, the final version clearly demonstrated that they had grasped the importance of family businesses for social welfare in Germany.

“However, the tax burden on many large family-owned businesses could rise considerably and, on the whole, the new law will entail a lot more planning and consultation. That is due in part, though not solely, to the requirements formulated by the Federal Constitutional Court,” added Kirchdörfer. Lawmakers could have made more use of the leeway granted them by the court: “The inclusion of private assets to cover business-related inheritance-tax liabilities was by no means an inevitable consequence of the court’s ruling. This point, in particular, is likely to be the subject of a further judicial review.”

*Over 90 percent of all companies in Germany are family-owned. The purpose of the Foundation for Family Businesses, a non-profit organisation, is to preserve the country’s family-business landscape. The foundation is the most important promoter of scientific research in this field and first port of call for politicians and the media in matters related to economic policy, legislation and taxation. It is supported by more than 400 companies that are among the largest enterprises of their kind in Germany.*

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