



Press release

Berlin, 23 June 2017

The Foundation for Family Businesses Germany needs a business tax reform

The Foundation for Family Businesses is calling on Germany's political parties to present credible tax proposals in the run-up to the country's parliamentary elections in September. "Simply tinkering with a tax rate here or there won't get the job done," said Professor Brun-Hagen Hennerkes, the Chairman of the Foundation for Family Businesses. "What we really need is a business tax reform that will make investment and innovation in Germany internationally competitive." Such a reform would be in the interest of companies, their employees and ultimately society overall, Hennerkes added at German Family Business Day in Berlin.

At the same time, Hennerkes warned political leaders about setting the wrong priorities. He expressed his satisfaction that the Social Democrats had indeed joined their coalition partners, the Christian Democratic Union and the Bavarian-based Christian Social Union, in distancing themselves from a wealth tax. But he added that family businesses were puzzled by the Social Democrats' decision to turn their backs on an inheritance tax compromise that had just been concluded. "Social Democrats need to know that generation change at large family-run companies requires long-range legal certainty," Hennerkes said.

In light of international developments, Germany's fiscal competitiveness is becoming increasingly important. Capital-based taxes such as wealth and inheritance taxes are falling out of favour around the world according to a study that the Centre for European Economic Research (ZEW) in Mannheim prepared recently for the foundation. The effective corporate- and trade-tax burden for companies in Germany has risen by more than 2 percent since 2009, the study found. At the same time, however, the EU average has fallen by 5 percent, said the ZEW. Great Britain and the United States have recently raised the prospect of significantly lowering their business tax rates as a way of luring investors to their countries.

During German Family Business Day, around 350 business leaders and associates will discuss questions about the international order and Germany as a business location with political leaders. The meeting is organised each year in Berlin by the Foundation for Family Businesses and was held this year from 22 to 24 June. Guest speakers at the conference included German Finance Minister Dr Wolfgang Schäuble; Christian Lindner, the head of the Free Democratic Party; Dr Norbert Röttgen, the Chairman of the German Parliament's Foreign Affairs Committee; and former German Defence Minister Karl-Theodor Freiherr von und zu Guttenberg.



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