



Arrange company succession promptly and benefit from tax advantages

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GRP Rainer Lawyers and Tax Advisors in Cologne, Berlin, Bonn, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart and London - www.grprainer.com/en conclude: The business weekly Wirtschaftswoche reported that, according to estimates by the Institute for Small and Medium Sized Business Research (Instituts für Mittelstandsforschung), around 135,000 companies will be searching for a successor by the year 2018. It further states that in approximately 54 per cent of cases the successor comes from within the family. The company is then frequently bequeathed or gifted, and this entails enormous tax concessions. Between 85 and 100 per cent of the assets remain tax-free.

If the plans of the German Federal Fiscal Court (Bundesfinanzhof) are followed, these tax concessions could soon come to an end. It has already expressed its concerns to the German Federal Court of Justice (Bundesgerichtshof (BGH)). These generous rules could infringe the principal of equal treatment. The oral hearing is taking place on July 8 in Karlsruhe. The view of experts from the German Federal Ministry of Finance (Bundesfinanzministerium), the Federal Fiscal Court and other bodies will be heard at the Federal Court of Justice.

How the BGH will rule on this issue is anybody's guess. However, it is conceivable that the tax concessions will be significantly limited. Businesses should therefore settle the matter of succession as soon as possible.

In order to protect assets in the event of company succession, the rules and room to manoeuvre regarding inheritance and gift tax have to be observed and tax pitfalls avoided. To this end, those concerned can turn to experienced tax advisors and lawyers versed in the field of tax law. They can see to it that company succession is arranged in a way that is optimal from a tax point of view and that neither the business nor the successor is subject to an excessive financial burden due to taxes on a donation and/or inheritance.

Since the financial burdens could increase following the decision of the BGH, businesses should act as quickly as possible in order to still be able to benefit from the tax advantages currently in force. Depending on how the Karlsruhe judges' decision turns out, the tax burden may become a serious problem for the business and, in the worst-case scenario, even threaten the latter's existence.

<http://www.grprainer.com/en/Gift-Tax.html>

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Anlage: Bild

