

Inheritance tax: Are tax concessions for businesses toppling?

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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: Those inheriting companies can benefit from tax concessions. Whether these concessions are constitutional or contravene the principle of equality is the question which the Federal Constitutional Court has been grappling with since July 8, 2014. The Constitutional Court found itself confronted with this question as early as 2006. Back then it decided that the privileges for those inheriting businesses were legitimate if they served the wider common good. In doing so, it principally looked at the preservation of the company and thus jobs. Companies with more than 20 employees can benefit from this.

The German Federal Fiscal Court (Bundesfinanzhof) now sees an "over-privileging?" of those inheriting businesses compared with heirs to private assets; in particular, it has not been demonstrated that inheritance tax puts the continuity of the business at risk. Moreover, private assets can be relatively easily converted to company assets so as to circumvent inheritance tax.

A ruling is not expected until autumn. However, it can be assumed that there will be changes to the special provisions on inheritance and gift tax. In order to still be able to benefit from the current tax concessions, company succession in businesses should be promptly planned.

In order to ensure that company succession is managed in a way that is optimal for tax purposes, those concerned can turn to experienced tax advisors and lawyers versed in tax law. They can see to it that neither the business nor the successor is subject to excessive taxation as a result of inheritance or a gift. It is conceivable that the tax burdens will increase following the ruling expected in autumn. In the context of company succession, this may result in a financial burden for businesses which, in extreme cases, could threaten their existence. It is therefore advisable that company succession in the businesses concerned be planned as soon as possible in order to still be able to benefit from the full tax concessions of between 85 and 100 per cent.

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

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Anlage: Bild

