

Kassel, 30.03.2020

Employee participation initiative as emergency aid for companies

The abrupt collapse of orders and sales revenues in the corona crisis leads to existential liquidity problems of many companies at a rapid pace. Personnel expenses represent the largest outflow of liquidity. If parts of the salary or special payments, as far as possible and appropriate, were not paid temporarily but remained as a capital contribution by the employees in the company, this could result in both a decisive saving in liquidity and an increase in equity for the company .

Already in the financial crisis of 2009, the DGB had proposed similar measures for such remuneration conversion in times of crisis under the title "Employee capital as an attractive component of a crisis solution". To date, this possibility has been made more difficult by tax law. Employees must pay income tax and social security contributions on unpaid income immediately. This means that not only is there a lack of net salary, but there are also additional costs due to taxes and duties.

With our initiative "Employee participation as emergency aid for companies" we want to point out to politicians and the public that the conversion of personnel costs into employee participation can strengthen the liquidity and equity of companies and therefore advocate subsequent taxation for this form of deferred compensation as effective emergency aid for companies .

The initiative and the specific demands can be found at www.mitarbeiterbeteiligung.de.

As part of the emergency aid for companies, the Federal Association of Employee Participation - AGP therefore advocates immediate implementation of the following measures on behalf of its member companies and together with experts from Rödl & Partner, mit-unternehmer.com Beratungs-GmbH and MitEriumph GmbH:

- Regulation of the deferred compensation for employee contributions to the company in which the employee works, initially for a period of 24 months and up to a limit of € 7,500 per year and employee (two average monthly salaries).
- Approval of the already agreed increase in the tax-free allowance for employee equity investments in accordance with § 3.39 EStG from € 360 to € 720.
- Creation of options for securing equity investments by KfW or the guarantee banks of the federal states for a period of 60 months.

Subsequent taxation is almost revenue-neutral for the tax authorities and social security funds and would immediately bring a high degree of flexibility to companies.

We would be delighted if you would support our initiative by name. You can either reply to this letter directly or leave a comment on the page. We are also available for further exchange on our initiative or for questions, comments or criticism.

Board and management of the Federal Employee Participation Association – AGP

A handwritten signature in black ink, appearing to read "Heinrich Beyer". The signature is written in a cursive style with a prominent initial "H".

Dr. Heinrich Beyer