

PRESS RELEASE

Frankfurt am Main, 3 September 2019

No taxation of shares, Mr. Scholz!

In a letter addressed to Federal Minister of Finance Olaf Scholz, Dr. Hans-Ulrich Engel, President of Deutsches Aktieninstitut, warns against the negative effects of the planned tax on shares for German economy and society. The tax on shares should not be pursued any further either at European level or by Germany alone.

“We are concerned about the plans of the Federal Minister of Finance to levy a tax on shares”, emphasizes Dr. Hans-Ulrich Engel. In a personal letter addressed to the Federal Minister of Finance Olaf Scholz, Engel highlights three negative effects of the planned tax on shares: Old age provision with shares would be hampered, employee share programs would get more expensive and the capital supply over the stock exchange would be jeopardized. “Savers, small investors and employee shareholders have to foot the bill and corporate financing via the stock exchange becomes less attractive. This is poison for Germany as a financial center”, warns Engel.

The tax on shares would not only adversely affect the roughly ten million shareholders in Germany. The chance of making the German pension system fit for the future with shares would also be aggravated.

The same applies for employee share programs. Employee shares allow employees to participate in the success of the German economy. If employee share programs were made more expensive by tax, then the distribution of employee shares would be more difficult. However, exactly the opposite is in the interest for wealth creation and old age provision for employees.

The tax would also have a detrimental impact on corporate financing via the stock exchange. Companies need access to capital to compete globally and, above all, to meet the challenges of digitization. The IPO is the means of choice here. Efforts at the European level to strengthen financing via the stock exchange within the framework of the “Capital Market Union” would also be counteracted by a tax on shares.

„We need better access to capital, because this is the only way to meet the challenges ahead and to secure growth, innovation and employment in Germany. A tax on shares is a step in the wrong direction,” warns Engel.

Background:

A financial transaction tax, which has been pursued at EU level since 2009, was intended to share the costs of the financial crisis with the financial sector, curb speculation and generate high tax revenues. Since most EU member states are opposing an introduction of such a tax, the project is currently only followed by ten member states in the framework of the so-called enhanced cooperation, including Germany and France.

Federal Minister of Finance Scholz plans to levy a tax on the purchase of shares in companies with a market capitalization above one billion. Countries such as Slovenia and Slovakia shall also participate in the anticipated EU total tax revenue of 3.5 billion, as they would not be able to generate their own income from a tax on shares due to the lack of large listed companies. This cross-subsidization is necessary because enhanced cooperation is tied to a quorum of nine Member States. If Slovenia and Slovakia drop out, the financial transaction tax cannot be pursued further at European level. Then there is the danger of Germany pursuing it unilaterally.

Your contact person:

Dr. Uta-Bettina von Altenbockum
Head of Press and Public Relations
Phone +49 69 92915-47
E-Mail presse@dai.de

Since 1953 we have represented the interests of publicly traded companies, banks, stock exchanges and investors. Our members represent 85 percent of the market capitalization of stock corporations listed in Germany. In a close dialogue with policy makers we constructively work on the development of capital markets and their parameters. Furthermore, it is our aim to promote equities as investment and financing instruments. The raising of capital via primary markets, the trading of securities as well as the rights and obligations of shareholders, management and supervisory boards are among our core issues, which we address. We also provide the secretariat of the Regierungskommission Deutscher Corporate Governance Kodex. From the Rhine-Main-Metropolis Frankfurt we constantly engage in professional exchanges in technical expertise with our members and strive to integrate their positions into the legislative

processes via our offices in Berlin and Brussels. Further information on Deutsches Aktieninstitut can be found at www.dai.de.