Financial participation of employees in companies' proceeds

2013/2127(INI) - 14/01/2014 - Text adopted by Parliament, single reading

The European Parliament adopted by 562 votes to 62, with 60 abstentions, a resolution on financial participation of employees in companies' proceeds.

Parliament recalled that employee financial participation (EFP) schemes can offer employees direct financial benefits above and beyond agreed basic remuneration structures. These schemes mainly take three forms:

- profit sharing (cash-based, deferred or in shares),
- individual employee share ownership (employee shares or stock options),
- employee stock ownership plans (ESOPs).

For a reconciliation of existing EFP schemes without harmonisation: Parliament recalled that EFP is affected by national taxation rules and it is not appropriate to develop a comprehensive 'one size fits all' model for EFP at EU level. However, barriers to the adoption of EFP should be **lifted** in the European Union, notably the **transnational obstacles** facing both companies offering schemes to employees in several Member States, and for employees, for whom double taxation may represent an infringement of the right to freedom of movement.

It emphasised that in some cases it might be useful to bring about the **gradual convergence of existing financial participation schemes** and the related national legislation so as **to enable employers in future to offer schemes in the same or a similar form in all Member States** where they have employees.

It called for a strengthening of the information on the financial participation schemes in place especially in SMEs as well as greater transparency in tax matters. Members particularly stressed the need to implement measures preventing double taxation when employees work in various Member States. **Guidelines on the taxation of EFP** should therefore be presented by the Commission.

Recommendations: Members made a series of recommendations calling on the Commission and on Member States to consider appropriate measures to encourage companies, acting voluntarily, to develop and offer EFP schemes, open to all employees, in association with social partners. They anticipated the results of the Commission's pilot project on the Promotion of employee ownership and participation.

For a potential opt-in 29th regime: Parliament viewed with interest a potential opt-in 29th regime as **an optional single legal framework open to employers throughout the EU**, which would respect areas of Member State competence on fiscal and labour law, based on a market-based approach, improved transparency and access to information to facilitate equal implementation in different Member States. This model would be applicable at the national and/or EU level when needed and not being restricted to cross-border companies.

It encouraged the Commission to present an independent impact assessment on such a regime. Following the publication of the independent impact assessment, Members called on the Commission to consider developing a set of basic guidelines for successful EFP schemes encompassing the following elements:

- objective-led: companies should determine the objectives of an EFP scheme in order to select the model that is most appropriate for them;
-

- flexible in operation and **voluntary**, operating differently in different sectors, companies of different sizes and types and offering employees a choice about how to benefit from a closer financial relationship with their employer;
- additional/complementary to contractual remuneration;
- negotiated by social partners;
- clear information must be given to employees on the risks and rights attached to opting into an EFP scheme.

Involvement in governance should also be noted with workers enabled to become directly involved in the governance of a company.

In any case, **the EFP should not aim to replace the wages of the workers**.

Parliament considered that, in order to promote financial participation for the purpose of creating a new form of company financing and enabling employees to be more connected to the company that employs them, employers should be given the opportunity to offer employees **share capital subscriptions or specific debt securities** (bonds). It took the view that the capital subscriptions should be voluntary for the employees, acting either as individuals or as a group, as well as for the company.

Better employee awareness of the advantages of EFP: lastly, Parliament called on the Commission and the Member States to better organise information campaigns and to encourage the cross-border transferability of best practice schemes among Member States. It encouraged Member States, in cooperation with social partners, employee ownership organisations and the Commission, to use existing single information portals – one stop shops – accessible to employers and employees, or to develop new ones, in order to explain the benefits and advantages as well as risks of EFP, the national incentives available and the different models which exist.