

Austria Nears ESOP-Like Legislation on Employee Ownership

Currently, Austrian companies can provide employees with up to €3,000 (\$3,400) per year in shares. The stock is usually held directly by the employee. But now the major parties have agreed to a proposal that allow up to €4,500 per year to be contributed to an employee ownership association (similar to ESOP trusts in the U.S.), which itself would also not be taxable. Employers get a tax deduction for the contributions. The association manager would vote the shares according to employee directions. As in U.S. ESOPs, employees would get shares only after termination or retirement. The approach follows the model of Austrian company Voestalpine, whose ownership plan owns 15% of its shares. The bill will be voted on in the next legislative session.

From NCEO Bulletin, July 2017