

SPRING 2015 REFORM BAROMETER - GERMANY

		Q1 :the recommendation is :	Q2 : Implementation on effort is :	Detailed comments
CSR 1	Pursue growth-friendly fiscal policy and preserve a sound fiscal position	Important	Mixed	<p>Ensuring the sustainability of the public pension system and increasing the cost effectiveness of public spending on healthcare and long-term care are very important indeed. Noninsurance/extraneous benefits must be funded from tax revenues.</p> <p>The second and third pillar pensions scheme need further promotion to avoid strong increases of social security contributions in the long run. Social security contribution rates need to be reduced wherever it is possible. It is the contributor’s money and must not be alienated. Low contribution rates help to avoid additional expenditures that are not fundable in the long run. While implementing the debt brake across the Länder, this must not be achieved by pushing noninsurance/extraneous benefits into the social security systems.</p>
CSR 2	Complete the implementation of the debt brake consistently across all Länder, ensuring that monitoring procedures and correction mechanisms are timely and relevant.	Important	Mixed	<p>CSR: Reduction of taxes and social security contributions will increase employment. Employment effects on domestic demand exceed wage growth effects by more than 100%.; reduction of long-term unemployment and integration of low skilled persons is a major challenge of German labour market policy; the CSR failed to recognize flexible forms of employment as one of the key factors of the positive labour market development.</p> <p>Effort of government: no reduction of taxes, pension reform (raising pensions for older mothers, certain workers can retire at 63 instead of 65) will increase social security contributions in the long run, even though the pension contribution could be reduced for the year 2015; discussion about disincentives for second earners goes on without result; Government plans overregulation of flexible employment. Social security contribution rates need to be reduced wherever it is possible. It is the contributor’s money and must not be alienated. Low contribution rates help to avoid additional expenditures that are not fundable in the long run.</p>

CSR 3	Improve the efficiency of the tax system, in particular by broadening the tax base, notably on consumption basis for assessment of value-added tax "Mehrwertsteuerbemessungsgrundlage".	Helpful (but not a priority)	Unsatisfactory	
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