

**EUROPEAN COAL AND STEEL
COMMUNITY**

HIGH AUTHORITY

**GENERAL DIRECTORATE FOR
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**DIRECTORATE OF INTERNAL AFFAIRS
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TAXATION OF COMPANIES

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ETUDES ET ANALYSES

C O R R E C T I F N° 1

aux catalogues sur les "CHARGES FISCALES DES ENTREPRISES"
et sur les "REGIMES FISCAUX D'AMORTISSEMENTS"
(4e édition - octobre 1964)

Situation au 1er octobre 1965

CHARGES FISCALES DES ENTREPRISES

Allemagne

(p. 4) Taux

Remplacer le mot "plus" de la 1ère ligne par les mots
"multiplié par le".

(p. 5) Observations

Ajouter l'alinéa suivant :

"A titre d'information, il convient de signaler ici que
la loi du 25 mars 1965 a institué un impôt de 25 % sur
les coupons des valeurs à revenu fixe (obligations)
appartenant à des personnes ne résidant pas en Allemagne
occidentale. Cet impôt qui est de 25 % est entré en
vigueur le 1er juin 1965. Il est destiné à enrayer
l'afflux de capitaux étrangers en Allemagne."

Réf.

Ajouter :

"Loi du 25 mars 1965 modifiant et complétant la loi
relative à l'impôt sur le revenu, à l'impôt sur les
sociétés et à l'impôt sur la circulation des capitaux.
Bundesgesetzblatt I, n° 10 du 27 mars 1965, page 147."

(p. 9) Taux

Remplacer le mot "plus" de la 1ère ligne par les mots
"multiplié par le".

(p. 14) Taux

Remplacer les mots "Il s'y ajoute" de la 2e ligne par
les mots "multiplié par".

.../...

Belgique

(p. 19) Taux

Remplacer la 2e phrase par le texte suivant :
"Le taux global peut atteindre et même dépasser 20 %.
Toutefois, la partie de l'impôt qui dépasse 20 % du
revenu cadastral est déductible, pour autant qu'il
s'agisse d'un immeuble industriel."

France

(p. 25) Observations

Ajouter l'alinéa suivant :
"Les dispositions de la loi du 12 juillet 1965 (J.O.
des 12 et 13 juillet 1965) modifiant l'imposition des
entreprises et des revenus de capitaux mobiliers
s'appliqueront à compter du 1er janvier 1966 dans la
mesure où elles concernent le régime des revenus distri-
bués par les sociétés.
La date de la mise en vigueur de la plupart des autres
dispositions doit être fixée par décret, de même que les
dispositions transitoires dont elles rendent l'adoption
indispensable.
En ce qui concerne les dividendes distribués, les
retenues à la source qui atteignent actuellement 24 %
tomberont à 12 % en 1966 et seront supprimées en 1967."

Italie

Néant

Luxembourg

Néant

Pays-Bas

Néant

.../...

Royaume-Uni

(p. 67)

Observations

Ajouter les alinéas suivants :

"Une nouvelle loi de finances est actuellement examinée par le Parlement. Il est proposé que la "Profits Tax" ne soit pas appliquée pour les périodes comptables commençant après le 5 avril 1965 et qu'un nouvel impôt appelé "Corporation Tax" remplace aussi bien la "Income Tax" que la "Profits Tax" en ce qui concerne les entreprises. Il est proposé que ce nouvel impôt frappe les bénéfiques des sociétés à la clôture de l'exercice, méthode qui a déjà servi de base à la perception de la "Income Tax" pour l'année fiscale 1965/66. (Finance Bill 1965).

Il est question de fixer le taux de la "Corporation Tax" en avril 1966. Il est peu probable qu'il dépasse les 40 %."

(p. 68)

Assiette

Ajouter l'alinéa suivant :

"L'année d'imposition va du 6 avril au 5 avril suivant et les bénéfiques imposables sont ceux de l'exercice précédent. Ainsi, les bénéfiques de l'exercice terminant le 31 décembre 1964, sont imposables pour l'année fiscale allant jusqu'au 5 avril 1966."

Taux

Supprimer l'ancien texte et le remplacer par le texte suivant :

"A partir du 6.4.1959 - 7s.9d par 1£ (38,75 %)
A partir du 6.4.1965 - 8s.3d par 1£ (41,25 %)

Il en est tenu compte pour les catégories moins élevées des revenus personnels."

Observations

Ajouter les alinéas suivants :

"Une nouvelle loi de finances est actuellement examinée par le Parlement. Il est proposé que la "Profits Tax" ne soit pas appliquée pour les périodes comptables commençant après le 5 avril 1965 et qu'un nouvel impôt appelé "Corporation Tax" remplace aussi bien la "Income Tax" que la "Profits Tax" en ce qui concerne les entreprises. Il est proposé que ce nouvel impôt frappe les bénéfiques des sociétés à la clôture de l'exercice, méthode qui a déjà servi de base à la perception de la "Income Tax" pour l'année fiscale 1965/66."

.../...

Royaume-Uni (suite)

(p. 68)

"Aucun changement n'est proposé en ce qui concerne l'habitude qu'ont les entreprises de déduire la "Income Tax" au taux du moment (8s.3d par 1£) des dividendes versés aux actionnaires. L'impôt déduit sera payé par l'entreprise au "Inland Revenue Department" et sera considéré comme un crédit à valoir sur les sommes exigibles au titre de l'impôt sur le revenu des personnes physiques. (Finance Bill 1965)."

(p. 70)

Observations

Supprimer l'ancien texte et le remplacer par le texte suivant :

"Jusqu'au 5 avril 1962, il n'existait pas au Royaume-Uni d'impôt sur le capital autre que les droits de succession.

A partir du 6 avril 1962, les profits du capital placé à court terme (les pertes en capital déduites), en ce qui concerne les terrains cédés dans le délai de trois ans et autres actifs cédés dans un délai de six mois après leur acquisition, sont assujettis à la "Income Tax" dans le cas des personnes physiques ou à la "Income Tax" et "Profits Tax" dans le cas des entreprises:

Il est proposé maintenant de soumettre les bénéfices réalisés sur les immobilisations cédées après le 6 avril 1965 à un nouvel impôt "long-term Capital Gains Tax" quelle que soit la durée de possession de ces immobilisations. Cet impôt ne s'appliquera pas aux bénéfices soumis à la "Income Tax" ou à la nouvelle "Corporation Tax".

L'attention est attirée sur une récente annonce faite par le Gouvernement britannique que, dans l'avenir, l'équivalent de 25 % des montants obtenus à la vente, que ce soit au Royaume-Uni ou à l'étranger, des valeurs exprimées en monnaies étrangères doit être échangé en livres sterling par une banque agréée au taux officiel du marché des changes."

Etats-Unis

Néant

Japon

Néant

.../...

REGIMES FISCAUX D'AMORTISSEMENTS

Allemagne

- (p. 10) Biens amortissables
Remplacer "1965" par "1970".

Réf.

Ajouter :

Steueränderungsgesetz 1964 du 16 novembre 1964,
BGBl. partie I, n° 57 du 21 novembre 1964, page 888.

- (p. 11) Biens amortissables
Remplacer "1965" par "1970".

Réf.

Ajouter :

Steueränderungsgesetz 1964 du 16 novembre 1964,
BGBl. partie I, n° 57 du 21 novembre 1964, page 889.

Il y a lieu d'ajouter après cette page les nouvelles dispositions ci-après :

Article 51, alinéa 1er, n° 2, lettre u-ESTG sur les amortissements accélérés applicables aux biens de l'actif servant à la recherche et au développement technique.

Biens amortissables

Les biens de l'actif servant à la recherche et au développement technique acquis ou fabriqués avant le 1er janvier 1971.

Taux

1. Sur les biens meubles jusqu'à 50 % au total, au cours de l'exercice de l'acquisition ou de la fabrication et des quatre exercices suivants, à condition que ces biens servent exclusivement à la recherche ou au développement technique.
2. Sur les biens immeubles jusqu'à 30 % au total, au cours de l'exercice de l'acquisition ou de la fabrication et des quatre exercices suivants, à condition que ces biens servent à plus de 66 2/3 % à la recherche ou au développement technique.

.../...

Allemagne (suite)

Réf.

Steueränderungsgesetz 1964 du 16 novembre 1964,
BGBl. partie I, n° 57 du 21 novembre 1964, page 889.

Article 51, alinéa 1er, n° 2, littora v - ESt.G. sur
les amortissements accélérés applicables aux installa-
tions contre le bruit ou les vibrations.

Biens amortissables

Les biens de l'actif qui servent directement et exclu-
sivement à empêcher, éliminer ou réduire le bruit ou
les vibrations et qui sont acquis ou fabriqués avant
le 1er janvier 1971.

Taux

- Sur les biens meubles jusqu'à 50 % au total,
 - Sur les biens immeubles jusqu'à 30 % au total,
- au cours de l'exercice de l'acquisition ou de la
fabrication et des quatre exercices suivants.

Réf.

Steueränderungsgesetz 1964 du 16 novembre 1964,
BGBl. partie I, n° 57, du 21 novembre 1964,
pages 889 et 890.

Belgique

Néant.

France

- (p. 29) Observations (valables pour les cinq pages ci-contre)
- (p. 30)
- (p. 32) 2e alinéa, dernière ligne :
- (p. 33) "le délai expirant le 1er janvier 1965 a été prolongé
- (p. 34) jusqu'au 1er janvier 1966 et est susceptible d'être
prolongé encore."

La loi du 12 juillet 1965 (J.O. des 12 et 13 juillet 1965)
modifiant l'imposition des entreprises et des revenus de
capitaux mobiliers dont les dispositions s'appliqueront
à compter du 1er janvier 1966 prévoit certaines modifi-
cations en matière d'amortissements qui seront fixées
par décret.

.../...

Italie Néant

Luxembourg Néant

Pays-Bas Néant

Royaume-Uni

(p. 55)

Il y a lieu d'ajouter après cette page :

"Amortissement non limité dans les zones en voie de développement"

Au cas où les dépenses en capital engagées pour de nouveaux outillages ou équipements sont destinées à l'industrie dans une des zones de développement reconnues, le "Finance Act 1963" prévoyait que le contribuable pouvait lui-même choisir son taux d'amortissement annuel, celui-ci pouvant aller jusqu'à 100 %. Le montant correspondant ne devait pas figurer dans les comptes du contribuable. Il est précisé que l'installation ou l'outillage doivent être neufs, permettant ainsi également l'octroi de 30 % de l'"investment allowance"; l'équipement doit être fixe et son emploi limité à l'industrie. Au cas où une zone de développement cesse de l'être, l'amortissement non limité est néanmoins accordé pour des installations ou de l'outillage neufs, qui à cette époque se trouvaient dans cette zone, ou qui auparavant y étaient utilisés, ou qui étaient prévus pour y être utilisés par un contrat entériné avant cette époque ou, sous certaines conditions, par un contrat signé dans les deux ans qui suivent cette date.

Du fait que certaines entreprises sidérurgiques se trouvent dans ces zones, ces facilités sont d'un intérêt particulier pour cette industrie, étant donné qu'il est possible de lui appliquer un taux d'amortissement accéléré de 100 % en une seule année."

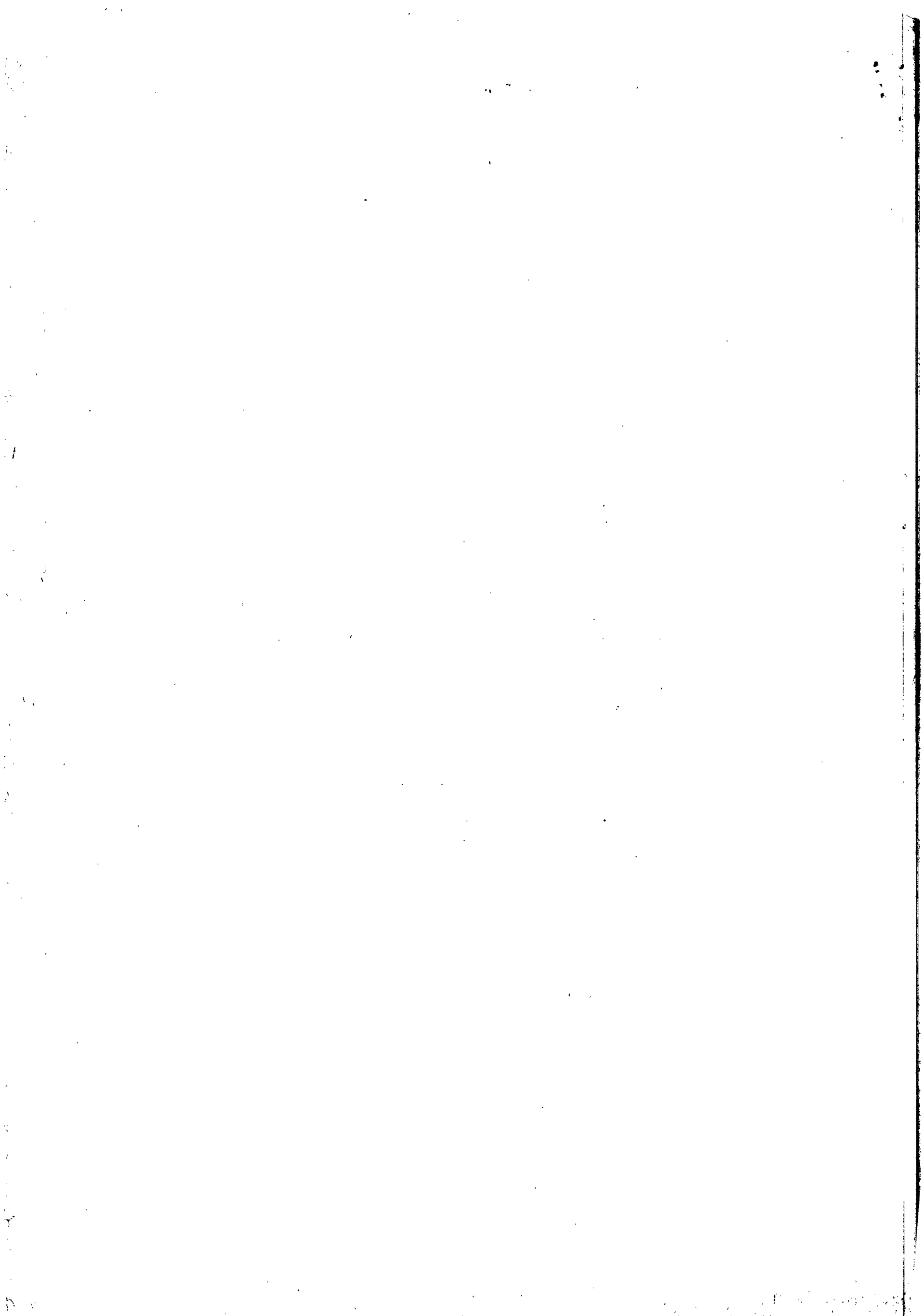
Réf. :

Ajouter :

"Taxation in Western Europe 1964, page 275."

Etats-Unis Néant

Japon Néant



General Directorate for
Administration and Finance

Directorate of Internal Affairs
Studies and Analyses Division

Corrigendum Nr. 2

Concerning booklets "Taxation of Companies"
and "Fiscal depreciation allowances".
(4th edition - october 1964)

Position : May 1st, 1966

TAXATION OF COMPANIES

France

(p.24) Special provisions (parent and subsidiary companies)

Remarks

The percentage of participations is reduced to 10%.

Ref. Law Nr. 65.566 of 12.7.1965

(J.O. of 13.7.1965, p. 6003)

(p. 25) Dividend Tax

Rates

- 24% for distributed profits till 31.12.1965
- Reduced rate of 12% for distributed profits in 1966
- Nil rate for distributed profits as from 1st 1. 1967

Remarks

Replace former text of the booklet by the following :

- 1) From 1st January 1967 on, dividend tax to be paid by shareholders is abolished. The shareholder domiciled in France receives from the company the total net dividend (after payment of company profits tax at 50%). Further, an amount equal to half the dividend creates an "avoir fiscal" for the shareholder representing a "tax credit"

to be debited to the Treasury. This "tax credit" is deducted from the income tax of individuals which the shareholder, as an individual, has to pay. If the "tax credit" is greater than the shareholder's liability for individual income tax, the credit difference is repaid to him.

Thus, in the case of a shareholder domiciled in France, the tax authorities receive only 25% of the total of gross distributed profits.

- 2) Provisionally, dividends are taxed at a reduced rate of 12% for distributed profits in 1966.
- 3) For shareholders not domiciled in France, the tax on dividends remains and is increased to 25% instead of 24% as from 1st January 1966.

In this case, the tax authorities receive 50% plus 12.50% i.e. 62.50% of the gross distributed profits.

Ref. Law Nr. 65-566 of 12.7.1965

(J.O. of 13.7.1965, p. 6003)

Decree Nr. 65-1095 of 15.12.1965

(J.O. of 16.12.1965, p. 11.379)

Italie Turnover Tax

(p.44) Rates

Para 2 : replace former text by the following :

Since 1st January 1966, the single composite tax has for certain products been increased to :

natural gas	6% (instead of 5%)
coal (imported or produced nationally)	4,80% (instead of 4%)

Nevertheless coal imported or produced nationally for use in the steel industry or public authorities pays a single composite tax of only 3,60%.

Ref. Ministry decree of 21.12.1965

(G.U. Nr. 324 of 30.12.1965 p. 6551).

FISCAL DEPRECIATION ALLOWANCES

Luxembourg

p. 40,41 and 42. Consolidating Law of June 2, 1962

The provisions of the consolidating law have been extended for 1965 and 1966

Ref. Grand-Duchy Regulation of 19.12.1964

(Mémorial 1964, p. 1715)

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HAUTE AUTORITE DE LA COMMUNAUTE
EUROPÉENNE DU CHARBON ET DE L'ACIER

Direction générale Administration
et Finances

Direction des Affaires Intérieures

Division Etudes et Analyses

Luxembourg, le 9.11.1966
DEA 566/66 - AS/cb
Doc. n. 6762/66 f

C O R R E C T I F N. 3

aux catalogues sur les "CHARGES FISCALES DES ENTREPRISES
et sur les "RÉGIMES FISCAUX D'AMORTISSEMENT"
(4e édition - octobre 1964)

Situation au 1er novembre 1966

CHARGES FISCALES DES ENTREPRISES

Allemagne

(p.10) Taxes sur le chiffre d'affaires.

Il est question d'augmenter les taux de la taxe compensatoire sur le chiffre d'affaires pour un certain nombre de produits, à partir du 1er janvier 1967.
Les taux seront augmentés en moyenne de 1%. La loi en question n'est pas encore promulguée;

Belgique

(p.17) Précompte mobilier

Taux

A partir du 1er janvier 1967, le taux du précompte mobilier est porté de 15 % à 20 %.

Réf. Loi du 15 juillet 1966 (Moniteur Belge du 20 octobre 1966).

(p.20) Taxe de transmission

Taux

1er alinéa : A compter du 1er janvier 1966 en général 7%, taux réduit 1,20% à partir de la même date; à noter toutefois que le taux pour le charbon domestique est porté à 7% à partir du 20 juin 1966.

2e et 3e alinéas : 7% à compter du 1er janvier 1966.

Observations

Remplacer "1%, 6% et 6%" par "1,2%, 7%, et 7%".

Réf. - Arrêté royal du 27 décembre 1965. (Moniteur Belge du 29 décembre 1965).

- Arrêté royal du 16 juin 1966 (Moniteur Belge du 18 juin 1966).

France

(p.26) Taxe sur la valeur ajoutée - TVA

La taxe sur la valeur ajoutée sera modifiée et généralisée à partir du 1er janvier 1968. Ainsi, un certain nombre de taxes, telles que la taxe sur les prestations de services et la taxe locale sur le chiffre d'affaires seront supprimées. Le taux normal de la taxe sur la valeur ajoutée sera de 16 2/3 %. Un taux réduit de 6% est prévu notamment pour les produits alimentaires, et de 12% pour le gaz, l'électricité, le charbon, lignite, coke, etc.

Toutefois, le régime du forfait pour l'imposition des bénéfices et pour la valeur ajoutée établi pour deux ans peut être modifié ou dénoncé dès le 1er janvier 1967.

Réf. - Loi n. 66-10 du 6 janvier 1966 (J.O. du 7 janvier 1966).

- Décret n. 66-205 du 5 avril 1966 (J.O. du 7 avril 1966).

Royaume-Uni

(p.67) Impôt sur les sociétés (Corporation Tax).

(p.68)

Le "Finance Act 1965" a prévu l'introduction de la "Corporation Tax" qui remplacera la "Profits Tax" (impôt sur les bénéfices). Par le "Finance Act 1966" la "Corporation Tax" est entrée en vigueur. Son taux est fixé en avril de chaque année après la clôture de l'exercice et pour l'année fiscale 1965/1966 (1er avril au 31 mars), son taux est de 40%.

La "Profits Tax" dont le dernier taux était de 15%, a été abolie. L'"Income Tax" (impôt sur le revenu) dont le taux est de 8s 3d par livre sterling ou 41,25%, a été remplacée pour les entreprises seulement par la "Corporation Tax".

En ce qui concerne les dividendes distribués aux actionnaires, les entreprises déduisent l'impôt sur le revenu (Income Tax) des dividendes et le versent maintenant directement aux autorités fiscales.

Réf. Finance Acts 1965 and 1966.

RÉGIMES FISCAUX D'AMORTISSEMENT

France

- (p.29) Observations (valables pour les quatre pages ci-contre).
(p.30) 2^e alinéa.
(p.33) La possibilité de renoncer à l'amortissement dégressif
(p.34) pour continuer à pratiquer cet amortissement accéléré est
bien expirée le 1^{er} janvier 1965.

- (p.32) Observations. 2^e alinéa.
La possibilité de maintenir cet amortissement accéléré a
été prolongée jusqu'au 1^{er} janvier 1966 et est expirée
maintenant.

Réf. Decision ministerielle du 3 février 1965.

- (p.34) Il y a lieu d'ajouter après cette page les nouvelles
dispositions ci-après :

Amortissement exceptionnel des immeubles destinés à l'épu-
ration des eaux industrielles.

Biens amortissables :

Immeubles construits par les entreprises et destinés à
l'épuration des eaux industrielles. Les constructions doi-
vent être achevées avant le 1^{er} janvier 1971.

Taux :

Dès l'achèvement de la construction, amortissement excep-
tionnel égal à 50% de son prix de revient. La valeur ré-
siduelle est amortissable sur la durée normale d'utilisa-
tion.

Réf: Loi n. 65-1154 du 30 décembre 1965 art. 12. (Mémento
pratique du contribuable 1966, paragraphe 162).

Amortissement exceptionnel des immeubles destinés à la
recherche scientifique ou technique;

Biens amortissables :

Immeubles destinés à la recherche acquis ou construits à
compter du 1^{er} janvier 1960.

Taux :

Amortissement exceptionnel égal à 50% du prix de revient
dès la première année d'acquisition ou de construction.
La valeur résiduelle est ensuite amortie sur la durée normale
d'utilisation.

Observations

Cet amortissement exceptionnel qui avait également été supprimé par la loi du 28 décembre 1959 sur l'amortissement dégressif, a été rétabli, avec effet rétroactif, par l'art. 23 de la loi du 31 juillet 1962.

Réf. Loi n. 62-873 du 31 juillet 1962, art. 23. (Mémento pratique du contribuable 1966, paragraphe 163).

Déduction fiscale pour investissement de 10%

Catégorie de biens :

- Matériels susceptibles d'être admis au régime de l'amortissement dégressif et dont la durée d'utilisation est au moins égale à 8 ans.
- Machines-outils pour le travail des métaux, etc.
- Matériels spécialisés pour l'industrie textile.
- Camions de 6 à 13 tonnes.

Ces biens doivent être livrés ou commandés entre le 15 février et le 31 décembre 1966. Pour les livraisons une date limite est fixée au 1er janvier 1968.

Taux:

Déduction de 10% sur le prix de revient des investissements, imputable sur l'impôt sur les sociétés. Il s'agit plutôt d'un avoir fiscal que d'un amortissement proprement dit.

Observations :

Les entreprises industrielles, commerciales ou artisanales peuvent bénéficier de cette déduction. Il faut qu'il s'agisse de matériels neufs. L'amortissement proprement dit portera ensuite sur le prix de revient diminué de la déduction.

Réf. - Loi n. 66-307 du 18 mai 1966 (J.O. du 19 mai 1966).

- Décret n. 66-334 du 31 mai 1966 (Mémento pratique du contribuable 1966, paragraphe 235 ss).
- Instruction administrative du 7 juin 1966.

Luxembourg

(p.42) Loi-cadre du 2 juin 1962

(p.43) Les dispositions de cette loi ont été prorogées pour les
(p.44) exercices 1965 et 1966. Il est projeté de les proroger pour l'exercice 1967 et de remanier le texte de la loi-cadre.

Réf. - Règlement grand-ducal du 19 décembre 1964
(Mémorial 1964, p. 1715).

Royaume-Uni

(p.54) Déduction d'investissement (investment allowance)

(p.55) Déduction initiale (initial allowance)

L'"Industrial development act 1966", entré en vigueur le 19 août 1966 a - en instituant les "investissement incentives" (encouragements aux investissements) - complètement modifié le régime de la déduction d'investissement et de la déduction initiale.

Dans le nouveau régime, la déduction d'investissement (au taux de 30% pour les installations et machines nouvelles et 15% pour les bâtiments industriels neufs) est entièrement supprimée. Elle est remplacée par une subvention d'investissement appelée "investissement grant" versée par le Ministère du Commerce (Board of Trade) au taux de 20% pour tout investissement en installations et machines nouvelles en Grande-Bretagne. Ces subventions sont entièrement exonérées d'impôts. Ainsi, l'amortissement normal sera désormais effectué sur 80% du prix d'acquisition. Ces subventions ne s'appliqueront qu'aux activités extractives et industrielles au sens strict du mot. Sont exclus du bénéfice de ces subventions, les bâtiments et installations non directement liés à la production (par ex. équipements de bureau, cantines, etc.) ainsi que les entreprises nationalisées.

En outre, les installations et machines nouvelles, bénéficiaires de subventions, n'auront plus droit à la déduction initiale de 10%.

Par contre, la déduction initiale est maintenue à 30% pour l'achat de matériels d'occasion, portée de 10 à 30% pour les équipements neufs non admis au bénéfice des subventions (par ex. matériel de bureau etc.) et portée de 5 à 15% pour les bâtiments industriels.

D'autre part, des mesures spéciales ont été prises en faveur des régions sous-développées. A la place des "districts de développement" de nouvelles "zones de développement" beaucoup plus vastes ont été définies. Elles peuvent bénéficier de subventions de l'ordre de 40% pour les investissements en installations et machines nouvelles et de 35% pour la construction de bâtiments industriels neufs.

Réf. - Industrial development act 1966.

- Investment incentives.

- La réforme des aides à l'investissement en Grande-Bretagne (Statistiques et études financières, n. 207, mars 1966).

Etats-Unis

(p.57) ajouter le titre :

Durée d'utilisation :

Les directives fiscales du 11 juillet 1962 (guideline lives) ont diminué sensiblement la durée d'utilisation des biens amortissables. Elle a été ramenée, par exemple, pour les installations de l'industrie sidérurgique de 25 en moyenne à 18 ans.

Pour d'autres industries, les durées moyennes sont les suivantes:

Industrie chimique	11 ans
" électrique	12 "
" des métaux non ferreux	14 "
" du caoutchouc	14 "
Centrales hydrauliques	50 "
" thermiques	28 "
" nucléaires	20 "
Machines et installations de chemins de fer	14 "
Wagons de chemins de fer	15 "
Navires	18 "

Les entreprises sont libres d'appliquer ces durées qui doivent les inciter à moderniser leurs installations. Mais leur application se fait sous le contrôle des autorités fiscales.

Réf. - 1966 - US Master Tax Guide, paragraphe 1168 ss.

(p.57) Il y a lieu d'ajouter après cette page les dispositions ci-après :

Crédit d'impôt pour investissements (Investment tax credit).

Modalités :

Pour stimuler les investissements un crédit d'impôt pour investissements a été introduit en 1962. Ce crédit est de 7% de la valeur des installations mises en service au cours de l'année, exception faite des frais d'installation. Ce crédit d'impôt est déduit du bénéfice imposable et n'est donc pas un amortissement proprement dit.

Réf. 1966 - US Master Tax Guide, paragraphe 1179 ss.

Déduction proportionnelle en faveur de l'industrie minière (percentage depletion).

L'industrie minière en bénéficie ainsi que les entreprises sidérurgiques possédant des mines de charbon ou de fer.

Modalités :

Cet avantage est plus facile à expliquer à l'aide d'un exemple :

Le prix de vente d'une tonne de charbon départ mine est de 6,5 \$, son prix de revient étant de 5,5 \$. Le bénéfice brut est donc de 1 \$.

La mine a le droit de déduire du prix de vente départ mine (6,5 \$) 10% au titre du "pourcentage depletion", soit 0,65 \$, sans que cette déduction puisse dépasser 50% du bénéfice brut. Donc, la déduction réelle sera de 0,50 \$ par tonne au lieu de 0,65 \$. Ainsi, la mine ne paie plus l'impôt sur les sociétés (federal tax de 48%) que sur la moitié de ses bénéfices, ce qui constitue un avantage considérable et correspond à un impôt réel de 24%.

Le "pourcentage depletion" est de

- 10% pour le charbon
- 15% " " minerais de fer
- 27,50% pour le pétrole et le gaz naturel.

Deux conditions sont toujours à remplir :

- la déduction ne doit pas dépasser 50% du bénéfice brut,
- le prix de vente doit être conforme au prix du marché.

Réf. 1966 - US Master Tax Guide, paragraphe 1195 ss.



**EUROPEAN COAL AND STEEL
COMMUNITY**

HIGH AUTHORITY

**GENERAL DIRECTORATE FOR
ADMINISTRATION AND FINANCE**

**DIRECTORATE OF INTERNAL AFFAIRS
STUDIES AND ANALYSES DIVISION**

TAXATION OF COMPANIES

4th Edition

October 1964

TAXATION OF COMPANIES

4th Edition

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EXPLANATORY NOTES

The present booklet is aimed at giving in succinct form a general view of the taxes payable by business concerns, particularly those of the steel industry, in the six countries of the European Community, Great Britain, the United States of America and Japan.

The individual provisions relating to the various taxes have been studied with competent government officials and trade associations.

The information is classified by countries, in the following order : Germany, Belgium, France, Italy, Luxembourg, Netherlands, Great Britain, United States and Japan, and for each country by types of tax (profits tax, capital tax etc.)

This booklet on taxes is the 4th edition and has been brought up to date to show the position in October 1964.

The categories of taxation are presented for each country in the following order, with codifying symbols as shown :

<i>Type of Tax</i>	<i>Code</i>
Tax on Revenue (Income or Profit)	R/E
Taxes on Capital or Net Worth	C/V
Turnover Tax and Added Value	CA/U
Pay-roll Taxes	ST/LE
Other Taxes	D/S

The codifying symbol is followed by the initial of the country's name in its original language (e.g. Germany = D, Netherlands = N, Great Britain = UK) and a number is added to show sub-divisions (if any) of the same category in each country.

The English translation has kindly been made by the Iron and Steel Board, London, for whose co-operation we are most grateful.

In the event of modifications being made or new taxes imposed, amendments will be distributed. All requests for further information should be addressed to :

Monsieur C. GOUDIMA, Telephone 288-31 ext. 444.

Monsieur A. STEINMETZ, Telephone 288-31 ext. 581.

Luxembourg, October 1964

SOURCES OF INFORMATION USED AND CONSULTED

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«*Mémorial*».

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„*Nederlandse Staatscourant*”.

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«*1964 US Master Tax Guide*», Commerce Clearing House, Inc. Chicago.

JAPAN

«*Outline of Japanese Tax 1961*», Tax Bureau, Ministry of Finance, Tokyo.

**ORDER FORM FOR LIST OF AMENDMENTS TO
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Direction des Affaires Intérieures
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LUXEMBOURG

**I desire to receive the amendments to the booklet on Taxes
relating to Companies.**

Name

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TAXATION OF COMPANIES

TAX :

Company Tax (*Körperschaftsteuer*).
Borne by Company.

BASIS :

Earnings for Business year, that is the net profit increased by non-deductible charges such as capital tax, two-thirds of the Lastenausgleichsabgabe (Tax for equalisation of war damage burdens), tantièmes (profit sharing bonus) of directors, gifts, etc.

LOSSES :

Carried forward for 5 years.

DEDUCTIBILITY :

This tax is not deductible in arriving at profit.

RATES :

Distributed Profit : 15 %
Undistributed Profit : 51 %

There are special rates for companies whose net assets including investments do not exceed DM. 5 million, at least 76 % of whose capital is held by private individuals and whose capital is not quoted on any stock exchange, official or otherwise. These rates are as follows :

Distributed Profits :	26,5 %
Undistributed Profits :	
For the first DM. 10 000	39 %
For the next DM. 10 000	44 %
For the next DM. 10 000	49 %
For the next DM. 10 000	54 %
For the next DM. 10 000	59 %
For the remainder	49 %

REFERENCES :

- „*Steueränderungsgesetz*“ of 18.7.1958.
Bundesgesetzblatt, part I, 26 of 23.7.1958, pages 487/8.
- Law relating to Company Tax of 13.9.1961.
Bundesgesetzblatt I, 1961, page 1722.

POSITION : October 1964.

TAX :

Special Regulations re Körperschaftsteuer relate to Parent and Subsidiary Companies. (The case of deductibility of income of one from income of the other).

BASIS :

Earnings for Business Year (as for R/E - D - 1).

LOSSES :

May be carried forward for 5 years.

REMARKS :

Schachtelprivileg - The profit of the subsidiary transferred to the parent company is not taxed again, in the hands of the parent company, provided that the participation of the parent company in the capital of the subsidiary is at least 25 % and that such participation has been held for at least 12 months.

If the parent company does not distribute the profit received from the subsidiary, the former must pay a Supplementary Tax (Nachsteuer) of 36 %, i.e. the difference between 51 % and 15 % = 36 %. The subsidiary company must be liable for all German taxes at the full rate (*unbeschränkt steuerpflichtig*).

REFERENCES :

- „*Steueränderungsgesetz 1958*“.
- Bundesgesetzblatt I, 26 of 23.7.1958, page 489.
- „*Steuerrecht der Gesellschaften und Konzerne*“, pages 309 - 312.

POSITION : October 1964.

TAX :

Special Regulations for Parent and Subsidiary Companies in relation to Company Tax (*Körperschaftsteuer*).

BASIS :

Results for Business Year (as for R/E - D - 1).

LOSSES :

May be carried forward for 5 years.

REMARKS :

Group Relationships (*Organschaften*)

This heading is understood to mean the relationship which exists between two domestic undertakings (e.g. Companies, Groups of Persons, Funds, Partnerships, Sole Traders) in which an inland company (Parent or Subsidiary) is financially, economically and administratively joined to the other. The character of the organisation as an independent legal entity under company tax law is not disturbed by this relationship (*Organschaft*). It applies also, when a profit-sharing agreement recognised by the tax authorities exists between the two parties. In fact under company tax law the relationship is only valid, when a profit-sharing agreement, which has been approved by the tax authorities, exists.

The taxation takes place, except in the case of Capital Tax (*Vermögenssteuer*), in the hands of the parent company. Losses sustained by the subsidiary can be deducted from the profits of the parent company.

REFERENCES :

„*Steuerrecht der Gesellschaften und Konzerne*“

Bundessteuerblatt 1959, page 312 et seq. also Part II page 161.

POSITION : October 1964.

TAX :

Local Trade (Income) Tax (*Gewerbeertragsteuer*).
Borne by company.

BASIS :

Same as for Company Tax (*Körperschaftsteuer*) with certain additions (e.g. interest on loans for more than one year) and deductions (e.g. bad debts up to 3 % of capital).

DEDUCTIBILITY :

Deductible for determining the taxable profit for Company Tax.

RATES :

Coefficient is 5 %. This is multiplied by from 200 % to 350 % according to the charge fixed by different communes. In practice, the effective rate of tax lies between 12.5 % and 15 %

REMARKS :

If there is a profit-sharing agreement (*Organ-vertrag*) between a subsidiary company and its parent company, the latter is assessed along with the former.

REFERENCES :

„*Gewerbeertragsteuergesetz*“ - Text of 31.7.1963.
Bundesgesetzblatt I, No. 44 of 2.8.1963 page 567.

POSITION : October 1964.

TAX :

Tax on Property Revenue (*Kapitalertragsteuer*).
Borne by beneficial owner.

BASIS :

Distributed Profit.

DEDUCTIBILITY :

Not deductible.

RATE :

25%.

REMARKS :

This tax is deducted at the source and constitutes a payment on account of the income tax due by the shareholder.

In principle there is no restitution if the amount due in respect of the said tax is less than the amount deducted.

REFERENCES :

„*Steueränderungsgesetz*“ of 18.7.1958
Bundesgesetzblatt I, No. 26 of 23.7.1958, page 489.

POSITION : October 1964.

TAX :

Capital or Net Worth Tax (*Vermögensteuer*).
Borne by Company.

BASIS :

Net worth i.e. Total Assets less actual Debts.

DEDUCTIBILITY :

Not deductible in calculation Company Tax (*Körperschaftsteuer*).
Deductible in calculating Local Trade Tax (*Gewerbeertragsteuer*).

RATE :

1 %.

REMARKS :

Participations are not taken into account when the company in question is subject to unlimited liability to taxation (*unbeschränkt steuerpflichtig*) and the participation is at least 25 % and has been held for at least 12 months.

REFERENCES :

„*Vermögenssteuergesetz*“ - text of 10.6.1954.
Bundesgesetzblatt I, 1954, page 296.
„*Steueränderungsgesetz 1961*“ of 13.7.1961
Bundesgesetzblatt I, 1961, page 981.

POSITION : October 1964.

TAX :

Capital Contribution for Equalisation of Burdens (*Vermögensabgabe des Lastenausgleichs*)

Borne by Company.

BASIS :

Net Worth as at 21.6.1948 (date of Currency Reform) after deduction of debts and liabilities at given date.

DEDUCTIBILITY :

Deduction of one-third for Company Tax (*Körperschaftsteuer*).

Not deductible for Local Trade Tax (*Gewerbeertragsteuer*).

RATE :

50 % of Net Worth spread over 30 years (1.4.1949 to 31.3.1979) plus interest.

REMARKS :

Quarterly payments by companies amount to 1.7 % (that is 6.8 % per annum) of the liability. Previous payments made in respect of immediate aid are offset.

REFERENCES :

„Gesetz über den Lastenausgleich“ 14.8.1952.

Bundesgesetzblatt I, 1952, page 446 and Amending Statutes, the last being dated 23.5.1963. - Bundesgesetzblatt I, 1963, page 360.

POSITION : October 1964.

TAX :

Property Tax (*Grundsteuer*).
(Levied on Value of Land, built or unbuilt).

BASIS :

Unit Value (*Einheitswert*) calculated according to a certain co-efficient.

DEDUCTIBILITY :

Deductible.

RATE :

Co-efficient of Value : 1 %. This is multiplied by 200 % to 300 % differing between one commune and another.

REFERENCE :

„*Grundsteuergesetz*“ - Text of 12.4.1961.
Bundesgesetzblatt I, 1961, page 425.

POSITION : October 1964.

TAX :

Local Trade (Capital) Tax (*Gewerbekapitalsteuer*).
Borne by Company.

BASIS :

Same as for Net Worth Tax (*Vermögensteuer*) with certain additions and deductions.

Additions include Long Term Loans (repayable after one year) and charges of the same nature (mortgages, long-term credits, „*Lastenausgleichsabgaben*“ are amongst the most important).

DEDUCTIBILITY :

Deductible for Company Tax (*Körperschaftsteuer*) and Trade (Capital) Tax (*Gewerbekapitalsteuer*).

RATE :

Co-efficient of Value (*Steermesszahl*) 2 per mille.

This is multiplied by from 200 % to 350 % according to the charge fixed by different communes.

REMARKS :

Effective rate of tax, when charge is 300 %, is 0.6 %.

REFERENCE :

„*Gewerbsteuergesetz*“ - Text of 31.7.1963.

Bundesgesetzblatt I, No. 44 of 4.8.1963, page 567.

POSITION : October 1964.

TAX :

Turnover Tax.

In practice this tax is included in final selling price.

BASIS :

Cash received in respect of Sales and Services.

DEDUCTIBILITY :

Deductible for Taxes on Revenue (Company Tax and Gewerbeertragsteuer).

RATES :

In general 4 %

Particulars :	Domestic Production %	Imported Goods %
Coal	4	4
Coke	4	4
Gas (1)	Exempt	Exempt
Electricity (1)	Exempt	Exempt
Natural Gas	4	4
Iron Ore	Exempt	Exempt
Scrap	Exempt	Exempt
Pig Iron, Crude Steel, Ferro-alloys	4	6
Semi-finished Products	4	6 or 4
Finished Rolled Products (e.g. Sheets)	4	8 (2)
Tubes	4	8 or 6

(1) Exemption is for deliveries by public authority producers (under Umsatzsteuergesetz, Article 4 (5b) and Article 31 of executive decree). Deliveries by private producers are taxed at 4 % rate.

(2) But only 6 % for sheet piling and railway material.

REMARKS :

Export deliveries are tax free. The following advantages also apply to exports :

- *Export Credit* : This is in favour of the Merchant or Producer even when the product is exempt from turnover tax in home trade. In accordance with the law of 19.3.1964 (Bundesgesetzblatt I, No. 13, page 147) the following rates apply from 1.8.1963 :

		%
Coal		1 ⁽¹⁾
Coke		1
Iron Ore		0.5
Scrap		0.5
Pig Iron and Semis	1 or 2	1 or 2
Other Steel Products (under E.C.S.C. Treaty)		3 ⁽²⁾
Certain Special Steels (e.g. Electrical Sheets)		4

- *Export Merchanting Credit* : This is only for the export merchant. It is not granted in respect of goods exempt from turnover tax in home trade. The rate is uniformly 3.68 %.

REFERENCES :

- „11. Gesetz zur Änderung des Umsatzsteuergesetzes“ 16.8.1961, Bundesgesetzblatt I, 23.8.1961, page 1130.
- „Rechtsverordnung“ 14.12.1962, Bundesgesetzblatt I, 1962, page 726.
- „12. Gesetz zur Änderung des Umsatzsteuergesetzes (Ausgleichsteuer)“ 16.5.1963, Bundesgesetzblatt I, No. 25, 21.5.1963, page 321.
- „15. Gesetz zur Änderung des Umsatzsteuergesetzes“ 19.3.1964, Bundesgesetzblatt I, No. 13, 25.3.1964, page 147.

POSITION : October 1964.

⁽¹⁾ Applies only to coal and briquettes, but reduced to 0.5 % for brown coal and lignite.

⁽²⁾ Except wire rods for which the rate is 4 %.

TAX :

Turnover Tax (Cont'd.) - Special Regulations for Associated Companies in the Iron and Steel Industry relating to this tax, in so-called Iron and Steel Decree, dated 10.2.1953.

REMARKS :

These regulations are no longer in force since 31.12.1958 and are only mentioned here for the sake of completeness.

REFERENCE :

Bundesgesetzblatt I, No. 4, 10.2.1953, pages 17 - 18.

POSITION : October 1964.

TAX :

Turnover Tax (Cont'd) - Special Regulations relating to re-introduction of application of Turnover Tax Law to Profit-sharing Agreements between Companies in the same Group.

BASIS :

So-called internal deliveries within the Group are exempt from Turnover Tax.

REMARKS :

The 9th Turnover Tax Amendment Law of 18.10.1957 re-introduced with effect from 1.4.1958 the «relationship for turnover tax purposes», which the control law No. 15 of 11.2.1946 repealed.

This exemption from Turnover Tax relates to all transactions between parent and subsidiary companies or between several subsidiaries of the same parent company, provided that the subsidiaries are financially, economically and administratively controlled by the parent company but without any requirement that there should be a specific agreement that profits or losses must be taken over by the parent company.

The participation of the parent company must exceed 75 % of the subsidiary's capital or 75 % of the voting power.

REFERENCES :

- „9. Gesetz zur Änderung des Umsatzsteuergesetzes“ 18.10.1957.
- „Erlass des Bundesfinanzministers“ vom 21.3.1958.
- „11. Gesetz zur Änderung des Umsatzsteuergesetzes“ 16.8.1961, Bundesgesetzblatt I, 23.8.1961, page 1 330.

POSITION : October 1964.

TAX :

Pay-roll Tax (*Lohnsummensteuer*).
This tax belongs to the group of trade taxes.
It is borne by the Company.

BASIS :

The monthly total of salaries and wages paid or credited to employees of businesses carried on in the community (a local tax).

DEDUCTIBILITY :

Deductible.

RATE :

Coefficient - 2 per mille.
Raised by different factors (usually about 1 000 %) separately determined by each local authority.

REMARKS :

This tax is not collected by all local authorities.
For a factor of 100 % the actual rate of tax would be 2 %.

REFERENCE :

„*Gewerbesteuer*gesetz“ - Text of 31.7.1963,
Bundesgesetzblatt I, No. 44, 2.8.1963, page 567.

POSITION : October 1964.

TAX :

Company Profits Tax (Impôt des sociétés sur les bénéfices...)
Law of 20.8.1962.
Borne by Company.

BASIS :

Total amount of profits earned, including those distributed to shareholders and directors for commission (tantième), after deduction of business expenses (salaries, rents, office expenses, etc.).

LOSSES :

May be carried forward for 5 years.

DEDUCTIBILITY :

Not deductible.

RATES :

Basic 30 %.

Add 5 % making 35 % for undistributed profits in excess of F.B. 5 millions. These 5 % are refunded if the distribution is made from profits previously reserved.

Deduct 5 % making 25 % for undistributed profits when they do not exceed F.B. 1 million.

METHOD :

As regards *distributed* profits only :

- If the shareholder is an individual (personne physique), one-half of the tax, i.e. 15 % is regarded as a tax credit on account of the shareholders total liability to the tax.
- If the shareholder is a body corporate (personne morale), the net amount received is considered as of right to be income already fully taxed and deductible in arriving at income subject to company profits tax.

REMARKS :

The Company Profits Tax (l'impôt des sociétés) came into force for the tax year 1963, i.e. on income for the year 1962.

These new legislative provisions replace the professional tax (Taxe professionnelle) on undistributed profits and the personal income tax (Taxe mobilière) on distributed profits and the crisis tax (Contribution nationale de crise) on distributed profits.

REFERENCES :

Law of 20.11.1962 relating to Reform of Taxes on Income.
Moniteur belge No. 269 of 1.12.1962, page 10 687.

POSITION : October 1964.

TAX :

Personal Income (Prepayment) Tax - (Précompte Mobilier).

This tax is deducted at the source from distributions made by a Company to its shareholders.

BASIS :

The income allocated or attributed to shares (of Capital Companies) or to partners' shares (in a Partnership).

DEDUCTIBILITY :

Not deductible.

RATE :

15 %.

REMARKS :

The above rate applies to the amount of the dividend or income on invested capital plus the tax.

The prepayment (précompte mobilier) is deducted from the tax of individuals due by them.

In the case of corporate bodies dividends and income in respect of invested capital are deductible as income already taxed. (See Company Profits Tax - Impôt des Sociétés).

REFERENCE :

Law of 20.11.1962 relating to Reform of Taxes on Income. Moniteur belge No. 269 of 1.12.1962, page 10 687.

POSITION : October 1964.

TAX :

Capital Tax.

REMARKS :

This tax does not exist in Belgium.

POSITION : October 1964.

TAX :

Prepayment Tax on Income from Property (Précompte immobilier).

BASIS :

Revenue from Landed Property (cadastral rental value) estimated on the average normal net annual rental, which is revised every 20 years.

DEDUCTIBILITY :

Not deductible.

RATE :

Tax basis is 3 %, which is increased by special surcharges fixed by the appropriate local authorities. The actual tax can amount to about 20 %.

REMARKS :

The prepayment (précompte) applies both to built and unbuilt land.

It is credited against Company Profits Tax (Impôt des Sociétés) up to 20 % of the cadastral rental value.

REFERENCES :

Law of 20.11.1962 relating to Reform of Taxes on Income. Moniteur belge No. 269 of 1.12.1962, page 10 687.

POSITION : October 1964.

TAX :

Turnover Tax (Taxe de transmission).
Borne by Consumer.

BASIS :

All sales and transfers of merchandise and documents of title to chattels the delivery of which takes places in Belgium.

DEDUCTIBILITY :

Not deductible.

RATES :

In general the rate has been 6 % since 5.5.1961, for all goods except coal, coke, gas and electricity (high tension) for which the rate is 1 %. The tax is collected at the source in the form of a single, «once only», composite transfer tax (taxe forfaitaire unique).

The («one only») composite tax of 6 % applies to the following products : electricity (low tension), scrap, semi-finished products, finished rolled products.

The ordinary tax of 6 % applies to iron ore, pig iron, crude steel, ferro-alloys and tubes.

Imports are taxed at the same rates as domestic transactions.

Exports are exempt. There are no special refunds to producers or wholesale exporters.

REMARKS :

The products subject to the single composite transfer tax of 1 % or 6 % collected at the source also pay the invoice tax of 6 ‰ (6 per mille) in respect of subsequent sales.

REFERENCES :

- Royal Decree of 3.5.1961 - Moniteur belge of 5.5.1961.
- Law of 21.12.1962 - Moniteur belge of 26.12.1962, page 11 695.

POSITION : October 1964.

TAX :

Pay Roll Tax (Taxe sur le personnel occupé).
Borne by Company.

BASIS :

Divide the total wages paid in each establishment during the tax year by an average annual wage.

DEDUCTIBILITY :

Deductible.

RATE :

This varies from one community to another but averages from B.F. 100 to B.F. 150 per unit.

REMARKS :

This is a local industrial tax which is only collected in certain communes.

REFERENCES :

Cahiers fiscaux CNPF - No. 32, 1957, pages 113 - 114.

POSITION : October 1964.

TAX :

Company Profits Tax (Impôt sur les bénéfices des sociétés).
Borne by Company.

BASIS :

Net Profit earned in previous year.

LOSSES :

May be carried forward 5 years.

DEDUCTIBILITY :

Not deductible.

RATE :

From company's year 1958 - 50 %.

REMARKS :

This tax applies to distributed and undistributed profits.

REFERENCE :

Mémento pratique du contribuable 1963, pages 269 et seq.
Code général des impôts, articles 205 et seq.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd) - Special Provisions dealing with relationship between parent and subsidiary companies and deduction of «revenue on revenue».

BASIS :

Net Profit earned for the previous business year.

LOSSES :

May be carried forward 5 years.

REMARKS :

The parent company, whose participation must be at least 20 % will only be subject to Company Profits Tax on a certain percentage of the profits of the subsidiary (5 %, 10 % or 20 % depending upon the size of the participation).

When the participation arises from an acquisition having received the approval of the Ministry of Finance, the percentage could be lowered or even dispensed with. Finally there are circumstances concerning acquisitions with a view to partial amalgamation, which receive special consideration.

REFERENCES :

Mémento pratique du contribuable 1963, pages 206, 276 et seq.
Code général des impôts, article 216.

TAX :

Dividend Tax.

This tax is withheld at the source by the company and accounted for on behalf of the shareholder.

BASIS :

All profits not put to reserve or incorporated in capital.

DEDUCTIBILITY :

Not deductible.

RATE :

24 %.

REMARKS :

The sums retained at the source are ascribable to the income tax (l'impôt sur le revenu) of individuals and to the Company Profits Tax in the case of companies.

By virtue of article 20 of the law of 28.12.1959, these sums will be refunded to the extent that they are not chargeable to satisfy a lesser amount due in respect of income tax in the case of individuals. The conditions governing the repayment are fixed by decree.

REFERENCE :

Mémento pratique du contribuable 1963, pages 201 et seq.
Code général des impôts, articles 108 et seq.

POSITION : October 1964.

TAX :

Turnover Tax or Tax on Value added (Taxe sur la valeur ajoutée) - TVA Borne by fiscal customer.

BASIS :

The sales price including TVA, but each producer accounts for only the tax on the amount of his sales less the tax already accounted for on his purchases.

DEDUCTIBILITY :

Deductible.

RATES :

Normal rate 20 %.

Reduced rate of 10 % on coal, coke, gas, natural gas and electricity.
Exemption for scrap (domestic and imported).

All steel products are taxed at 20 %.

Imports are taxed at the same rates as domestic goods.

Exports are exempt. There are no special refunds for producers or wholesale exporters.

REMARKS :

The tax is due by the producer who manufactures, fashions, processes or ensures commercial presentation before delivery to the consumer.

REFERENCE :

Mémento pratique du contribuable 1963, pages 375 et seq.
Code général des impôts, articles 256 et seq.

POSITION : October 1964.

TAX :

Capital Tax (Impôt sur le capital).

REMARKS :

This tax does not exist in France.

POSITION : October 1964.

TAX :

Property Tax (Contribution foncière).

BASIS :

Annual rental value of land and buildings (valeur cadastrale) used by a business, revised quinquennially.

DEDUCTIBILITY :

Deductible.

RATE :

The rate varies from one commune or municipality to another.

The basic rate is multiplied by a percentage of from 150 % to 500 %. In the steel industry this tax rarely amounts to more than 0.1 % of the turnover.

REMARKS :

The tax affects both built and unbuilt property.

REFERENCE :

Mémento pratique du contribuable 1963, pages 329 et seq.
Code général des impôts, articles 1 381 et seq.

POSITION : October 1964.

TAX :

Pay Roll Tax (Versement forfaitaire sur les salaires).
Borne by Company.

BASIS :

Gross amount of salaries, wages and compensation paid by employers before deduction of worker's contributions in respect of social charges.

DEDUCTIBILITY :

Deductible.

RATE :

5 % (standard rate).

REMARKS :

Overtime and benefits in kind are included.

By application of article 2 of the law of 29.12.1956 and decree of 3.4.1957 this tax is increased from 1.1.1957 for a pay roll exceeding 3 million old francs per annum to :

10 % for the amount between 3 and 6 millions

16 % for the amount exceeding 6 millions.

The rate is 3 % for pensions and contributions to superannuation funds including those paid by authorised agents.

REFERENCES :

Mémento pratique du contribuable 1963, page 295.

Code général des impôts, article 231.

POSITION : October 1964.

TAX :

Apprenticeship Tax (Taxe d'apprentissage).
Borne by Company.

BASIS :

Gross amount of salaries, wages and compensation paid by employers for the year, before deduction of workers' contributions in respect of social charges and pensions.

DEDUCTIBILITY :

Deductible.

RATE :

0.40 %.

REMARKS :

Benefits in kind or in money and perquisites are included.

Employers can obtain exemption from this tax by making voluntary subscriptions in respect of technical education.

REFERENCES :

Mémento pratique du contribuable 1963, pages 298 et seq.
Code général des impôts, article 224 et seq.

POSITION : October 1964.

TAX :

Licence or Business Tax («Patente»)
Borne by Company.

BASIS :

This tax affects all businesses whether commercial, industrial or non-trading. It varies according to the nature of the business, the population of the town or commune, the number of employees, the number of machines, rent and annual value of the premises.

DEDUCTIBILITY :

Deductible.

RATE :

It is variable and consists of a fixed sum plus a proportional rate. This total is then multiplied by the appropriate coefficient fixed by the local authority.

REMARKS :

In the steel industry this tax represents about 0.25 % of the turnover.

REFERENCES :

Mémento pratique du contribuable 1963, pages 339 et seq.
Code général des impôts, articles 1 447 et seq.

POSITION : October 1964.

TAX :

Tax on the distribution of special revaluation reserves to associated companies.

Borne by Company.

BASIS :

Amount distributed.

DEDUCTIBILITY :

Not deductible.

RATE :

12 %.

REMARKS :

This tax remains in force until December 31, 1965.

REFERENCES :

Mémento pratique du contribuable 1963, page 215.

Code général des impôts, article 238.

POSITION : October 1964.

TAX :

Tax on Revaluation Reserves (Taxe sur les réserves spéciales de réévaluation).

Borne by Company.

BASIS :

This tax applies to the following :

1. Revaluation reserves constituted before 29.12.1959 and which had not been distributed or incorporated in capital before that date.
2. Revaluation reserves which have been distributed or incorporated in capital between 1.7.1959 and 29.12.1959.
3. Revaluation reserves, which became free on revision of balance sheet in terms of the law of 28.12.1959 and not later than 31.12.1963.

LOSSES :

Companies can claim deduction in respect of deficits shown by the appropriate balance sheet, i.e. the balance sheet drawn up for the last business year ending before 29.12.1959, but deficits can only be deducted for the purposes of this 3 % tax to the extent that they have not already been deducted for the purposes of the 6 % tax on transfers to stock reserves.

DEDUCTIBILITY :

Not deductible.

RATE :

3 %.

REMARKS :

This tax is due by all businesses, where a revaluation of assets has been or will be made.

REFERENCES :

Article 53 of the law of 28.12.1959 (Journal officiel of 29.12.1959, page 12 466).

Mémento pratique du contribuable 1963, page 311.

Code général des impôts, article 238 quinquies A.

POSITION : October 1964.

TAX :

Levy on Company Reserves in 1963.
Borne by Company.

BASIS :

Amount of reserves set out in the last balance sheet prior to 3.7.1963, with the exception of the legal reserve, special revaluation reserves and stock reserves.

LOSSES :

May be carried forward for 5 years.

DEDUCTIBILITY :

Deductible.

RATE :

1.50 %.

REMARKS :

This levy was introduced for 1963. It is the fourth tax of this nature since the last war. There were two payments of 2 %, one collected in 1957 and another in 1958, also one of 1.50 % in 1962.

It applies to corporate bodies of French nationality, liable to company profits tax and in existence on 3.7.1963.

This levy can be deducted from registration tax payable on the incorporation of reserves in the capital of the company.

REFERENCES :

Article 18 of the law of 2.7.1963 (No. 63, page 628).
Mémento pratique du contribuable 1963, page 7.

POSITION : October 1964.

TAX :

Income Tax or Tax on Income from Movable Wealth (Imposta di ricchezza mobile).

Borne by Company.

BASIS :

Total income whether distributed or not.

LOSSES :

May be carried forward for 5 years.

DEDUCTIBILITY :

Not deductible.

RATES :

Fixed by income brackets, including local taxes, generally 36 % for companies :

Up to 4 million Lire	About 29 %
From 4 million Lire to 10 million	About 31 %
From 10 million Lire to 50 million	About 34 %
From 50 million Lire to 100 million	About 35 %
Over 100 million	About 36 %

REMARKS :

This tax applies to the profits of companies in Category B, that is the combined profits of the business derived from capital and labour.

REFERENCES :

Testo unico delle leggi sulle imposte dirette (Sole Text of Laws on Direct Taxes).

Decreto del Presidente della Repubblica, 29.1.1958, No. 645 (Decree of 29.1.1958, No. 645). (Official Gazette of 7.7.1958, Ministry of Finance, Edition 1962, pages 128 to 186).

POSITION : October 1964.

TAX :

Company Tax (Imposta sulla Societa).
Borne by Company.

BASIS :

One ascertains the profits chargeable to this tax by deducting from the gross earnings of the company from all sources the following taxes already levied on the various elements comprising the total gross earnings :

Tax on Undeveloped Land (Imposta sui terreni)
Tax on Buildings (Imposta sui fabbricati)
Income Tax (Imposta di Ricchezza Mobile).

DEDUCTIBILITY :

Not deductible.

RATES :

17.56 % of the taxable profits exceeding 6 % of the net worth of the company.

REMARKS :

This tax also applies, but at a different rate, to the net worth of the company. In this case the rate is 0.878 %.

REFERENCES :

Testo unico delle leggi sulle imposte dirette (Sole Text of Laws on Direct Taxes).

Decreto del Presidente della Repubblica - 29.1.1958, No. 645 (Decree of 29.1.1958, No. 645). (Official Gazette of 7.7.1958, Ministry of Finance, Edition 1962, pages 331 to 367).

POSITION : October 1964.

TAX :

Dividend (Withholding) Tax.
Borne by Shareholder.

BASIS :

All distributed profits.

DEDUCTIBILITY :

Deductible.

RATE :

Up to 23.2.1964

15 % deducted at source.

For 3 years from 24.2.1964

5 % deducted at source, if the shareholder is otherwise subject to
income tax or company tax in Italy.

30 % deducted at source (and not returnable) in other cases.

REMARKS :

This tax came into force in Italy on 1.1.1963.

REFERENCES :

Law of 29.12.1962, No. 1745.

Decree of 23.2.1964, No. 27.

POSITION : October 1964.

TAX :

Company Tax (Imposta sulla Società).
Borne by Company.

BASIS :

Share Capital and Reserves plus Profits brought forward from Previous years less Losses.

DEDUCTIBILITY :

Not deductible.

RATE :

0.878 %.

REMARKS :

This tax also applies, but at a different rate, to the profits of the company. In this case the rate is 17.56 % of the taxable profits exceeding 6 % of the net worth.

REFERENCES :

Testo unico delle leggi sulle imposte dirette (Original Text of the Laws on Direct Taxes).

Decreto del Presidente della Repubblica, 29.1.1958, No. 645 (Decree of 29.1.1958, No. 645). (Official Gazette of 7.7.1958, Ministry of Finance, Edition 1962, pages 331 to 367).

POSITION : October 1964.

TAX :

Tax on Undeveloped Land (Imposta sui terreni).

BASIS :

Annual Value of Landed Property (Cadastral Rental Value) for 1939 multiplied by 12.

DEDUCTIBILITY :

Not deductible.

RATE :

10 % plus surcharge for local taxes.

In practice the actual rate is about 40 %.

REMARKS :

Companies engaged in industry (processing, etc) are not liable to this tax but to Income Tax (Tax on Income from Movable Wealth) - See R/E - I - 1.

REFERENCES :

Testo unico delle leggi sulle imposte dirette (Original Text of Laws on Direct Taxes).

Decreto del Presidente della Repubblica, 29.1.1958, No. 645 (Decree of 29.1.1958, No. 645). (Official Gazette of 7.7.1958, Ministry of Finance, Edition 1962, pages 331 to 367).

POSITION : October 1964.

TAX :

Tax on Buildings (Imposta sui fabbricati).

BASIS :

Annual Value of Buildings (Cadastral Rental Value) for 1937/1939 multiplied by a coefficient fixed by the Ministry of Finance.

DEDUCTIBILITY :

Not deductible.

RATE :

5 % plus surcharge for local taxes.

In practice the actual rate is about 30 %.

REMARKS :

Companies engaged in industry (processing, etc.) are not liable to this tax but to Income Tax (Tax on Income from Movable Wealth) - See R/E - I - 1.

REFERENCES :

Testo unico delle leggi sulle imposte dirette (Text of laws on Direct Taxes).
Decreto del Presidente della Repubblica, 29.1. 1958, No. 645 (Decree of 29.1.1958, No. 645). (Official Gazette of 7.7.1958, Ministry of Finance, Edition 1962, pages 122 to 126).

POSITION : October 1964.

TAX :

Tax of Increment Value of Building Land (Imposta sugli incrementi di valore delle aree fabbricabili).

BASIS :

Increase in value of building land in excess of 8 times the basic value for tax purposes under law of 20.10.1954.

DEDUCTIBILITY :

Deductible from Income from «Movable Wealth».

RATE :

Rates vary according to the increase in value of the land from a rate of 15 % for an average annual increase of 30 % to a rate of 50 % for an average annual increase of 500 %.

REMARKS :

This tax is levied by local authorities every 10 years. It is similarly levied in cases of assignments or gifts inter vivos and even a first construction. An exception is made in the case of industrial land declared by law as such.

REFERENCES :

Law of 5.3.1963, No. 246.
(Official Gazette No. 77 of 21.3.1963, page 1452).

POSITION : October 1964.

TAX :

Company Profits Tax (Körperschaftsteuer).

An annual tax on company profits described as a tax on the income from common ownership.

Borne by the Company.

BASIS :

Net profit such as results from a comparison of balance sheets.

LOSSES :

May be carried forward for 2 years.

DEDUCTIBILITY :

Not deductible.

RATES :

On profits not exceeding Fr. 400 000	40 %
Over Fr. 400 000 but not over Fr. 600 000	50 % + Fr. 80 000
Over Fr. 600 000 but not over Fr. 1 000 000	30 %
Over Fr. 1 000 000 but not over Fr. 1 312 400	72 % + Fr. 300 000
On profits exceeding Fr. 1 312 400	40 %

REMARKS :

This tax applies to both distributed and undistributed profits.

REFERENCE :

Code fiscal luxembourgeois, vol. 2, chapter 3.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd.) - Special provisions relating to Parent and Subsidiary companies; deductibility of profit from profit (Schachtelprivileg).

REMARKS :

Dividends received by a parent company from a subsidiary are not again subject to tax in the hands of the parent company, when the holding is equal to at least 25 % of the share capital or assets of the subsidiary. In principle the two companies must be resident in Luxembourg.

REFERENCE :

Code fiscal luxembourgeois, vol. 2, chapter 3, section 9.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd.) - Treatment of Holding Companies.

REMARKS :

In Luxembourg Holding Companies are exempt from this tax.

Such Companies are described as those having for their sole object the taking up of participations (in whatever form) in other Luxembourg or foreign businesses, in which they control the management and development, but have themselves neither any industrial activities of their own nor any commercial establishment open to the public.

REFERENCES :

Law of 31.7.1929, Mémorial 1929, page 685 et seq.

Code fiscal luxembourgeois, vol. 2, chapter 3, section 10.

POSITION : October 1964.

TAX :

Communal Trade Tax (Gewerbeertragsteuer).

Borne by the business.

BASIS :

Taxable profit (as for income tax for individuals or corporate bodies) increased or decreased by certain factors.

LOSSES :

May be carried forward for 2 years.

DEDUCTIBILITY :

Deductible.

RATE :

The basis rate is 4 % to which is added a local coefficient to the order of 210 % in important communes. The actual tax works out on average at about 8.4 % of the chargeable profit.

REMARKS :

There is a basic abatement of Fr. 80 000 for limited companies and Fr. 200 000 in other cases.

Holding companies are exempt from this tax.

REFERENCE :

Code fiscal luxembourgeois, vol. 4, chapter 3.

POSITION : October 1964.

TAX :

Dividend Tax (Kapitalertragsteuer).
Borne by shareholder.

BASIS :

Amount of profit distributed.

RATE :

15 %.

REMARKS :

In principle dividends distributed by Luxembourg companies are subject to personal income tax or company income tax according to whether the recipient is an individual or a corporate body. A retention at the source in respect of these taxes is made by the company paying the dividend, except in the case of a holding company.

In general the 15 % withheld is only a payment on account of the total tax payable. There is no refund of the amount withheld even if the total tax due by the recipient is less.

REFERENCE :

Code fiscal luxembourgeois, vol. 2, chapter 2, No. 3.

POSITION : October 1964.

TAX :

Net Worth Tax (Vermögensteuer).
Borne by Company.

BASIS :

Net Assets, deduction having been made for debts particularly fiscal liabilities due.

DEDUCTIBILITY :

Not deductible.

RATE :

0.5 % (or 5 ‰).

REMARKS :

This tax applies to both individuals and corporate bodies. There are rebates for individuals only. In principle there is a revision every three years. Holding companies are exempt from this tax.

REFERENCE :

Code fiscal luxembourgeois, vol. 3, chapter 2.

POSITION : October 1964.

TAX :

Trade Capital Tax (Gewerbekapitalsteuer) - A local tax imposed by Communes.

Borne by Company.

BASIS :

A basic rate is applied to the capital of the business. There is no abatement for companies other than the exemption of the first Fr. 30 000.

DEDUCTIBILITY :

Deductible.

RATE :

Basic rate is 2 %. To this is added the communal coefficient of about 210 % in the case of important communes. Average actual tax is 0.42 % applied to the working capital.

REMARKS :

This tax is charged on the working capital of businesses irrespective of their profits or losses and even if no operations take place.

Holding companies are exempt.

REFERENCE :

Code fiscal luxembourgeois, vol. 4, chapter 3.

POSITION : October 1964.

TAX :

Property Tax (Impôt foncier) relating to built or unbuilt land.

BASIS :

By application of a basic rate to the capital value of immovables (built or not built).

DEDUCTIBILITY :

Deductible.

RATE :

Basic Rate is from 6 ‰ to 10 ‰. To this the commune adds a coefficient varying from 30 % to 320 % according to the nature of the assets and the financial requirements of the commune.

REFERENCE :

Code fiscal luxembourgeois, vol. 4, chapter 2.

POSITION : October 1964.

TAX :

Turnover Tax (Umsatzsteuer).
Borne by the last consumer.

BASIS :

Operations chargeable are deliveries (including those of imported merchandise) and services effected in the Grand Duchy.
A cascade tax.

DEDUCTIBILITY :

Deductible for taxes on profits (state and communal).

RATES :

The following rates are in force from 1.7.1964.
(Law of 12.5.1964).

General Rate for all products including steel 3 % (2 % before 1.7.1964).

Deliveries (at all stages including importation) of gas, natural gas and electric current have been exempt since 1.7.1962 (law of 27.6.1962).

A single tax (non-returnable) of 3.75 % (previously 2.5 %) on the delivered price of solid fuel (coal, coke, etc.) which is always imported, has been payable since 1.7.1961 (Grand Duchy decree of 19.5.1961).

The tax is reduced to 0.75 % (previously 0.5 %) for wholesale deliveries on condition that the product undergoes no processing or workmanship between purchase and resale.

General rate for Imports 3 % (previously 2 %). Exports are exempt.

REMARKS :

The law of 12.5.1964, supplemented by Grand Duchy decree of 26.6.1964, provides for the granting of export allowances.

Allowance on Exports (Ausfuhrvergütung) for export agents and exporting manufacturers

General Rate : 1 %

Reduced Rate : 0.5 % for goods manufactured by the exporter from imported materials free of import duty or acquired in Luxembourg free of turnover tax.

Allowance to Export Agents (Ausfuhrhändlervergütung)

General Rate : 2.7 %

Reduced Rate : 0.675 % for goods having already benefited by exemption and reduction of the tax at a stage prior to exportation.

On the other hand, by virtue of the law of 29.12.1955, a public administrative regulation is expected in the near future, which will provide for increases in the rates of turnover tax on the importation of certain finished and semi-finished products.

REFERENCES :

- Code fiscal luxembourgeois, vol. 5, part 2.
- Law of 29.12.1955, Mémorial No. 1 of 6.1.1956, page 5.
- Regulation of 19.5.1961, Mémorial of 6.6.1961, page 417.
- Law of 27.6.1962, Mémorial A No. 35 of 27.6.1962, page 554.
- Law of 12.5.1964, Mémorial A No. 47 of 6.6.1964, page 985.
- Regulation of 26.6.1964, Mémorial A No. 54 of 30.6.1964, page 1 102.

POSITION : October 1964.

TAX :

Pay-roll Tax (*Lohnsummensteuer*).
Borne by Company.

BASIS :

Total wages paid each month. This is a tax levied by the commune on businesses.

DEDUCTIBILITY :

Deductible.

RATE :

On average 1 % of wages exceeding Fr. 200 000 but this abatement is allowed only if total wages are less than Fr. 500 000 per annum.

REMARKS :

Only important communes avail themselves of the right to impose this tax.

REFERENCE :

Code fiscal luxembourgeois, vol. 4, chapter 4.

POSITION : October 1964.

TAX :

Company Profits Tax (*Vennootschapsbelasting*).

Borne by Company.

BASIS :

The chargeable income comprises total profits less losses and represents the accounting profit for the business year determined on sound commercial principles.

LOSSES :

May be offset for 6 years in all; losses are deductible from the profits of the previous year and, if necessary, from the profits of the 5 subsequent years.

DEDUCTIBILITY :

Not deductible.

RATES :

Since 1963 the following rates have applied to distributed and undistributed profits :

Profits up to 50 000 florins 42 %

Profits over 50 000 florins 45 %

But 15 % supplement on profits between 40 000 and 50 000 florins.

REMARKS :

New companies sustaining losses in their first six business years can carry forward these losses without limitation as to time.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, pages 227 et seq.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd.). Special provisions relating to Parent and Subsidiary Companies; deductibility of profit from profit.

BASIS :

Same as for Company Profits Tax.

LOSSES :

Six years in all; losses are deductible from the profits of the previous year and, if necessary, from the profits of the 5 subsequent years.

REMARKS :

Dividends received by a Dutch parent company from a Dutch or foreign subsidiary company are not subject to Company Profits Tax. The participation must be substantial and this is generally taken to mean at least 25 % but, with the approval of the Ministry of Finance, it could be less. In certain cases 5 % might be considered sufficient.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, page 236.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd). Special provisions relating to Holding Companies.

REMARKS :

Public Holding Companies (i.e. companies whose shares are quoted on the Amsterdam Stock Exchange) are exempt from Company Profits Tax in respect of profits transferred to them, even when their holding in the companies making such transfers is inconsiderable.

Private Holding Companies enjoy the same advantage, when they distribute to their shareholders at least 60 % of the profits received.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, pages 236-237.

POSITION : October 1964.

TAX :

Company Profits Tax (Cont'd.). Special provisions relating to Groups (Trusts).

REMARKS :

In accordance with Dutch taxation laws parent and subsidiary companies can be treated for the purposes of assessing Company Profits Tax as one legal entity, provided that the parent company holds the entire share capital of the subsidiary. The company responsible for the tax must ask for and receive the authority of the Ministry of Finance, which is granted subject to certain conditions.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, page 233.

POSITION : October 1964.

TAX :

Dividend Tax (*Dividendbelasting*).

BASIS :

Gross amount of dividend distributed.

DEDUCTIBILITY :

Deductible.

RATE :

15 %.

REMARKS :

Dividends distributed by Dutch companies are subject to income tax or company profits tax within the framework of the recipient's total liability to tax. The dividend tax withheld at the source merely constitutes a pre-payment of 15 % on account of these taxes according to whether the recipient is an individual or a corporate body.

Dividends received by a Parent Company from its subsidiaries and those received by Investment Companies are exempt.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, pages 201 et seq.

POSITION : October 1964.

TAX :

Capital or Net Worth Tax (*Vermogensbelasting*).

REMARKS :

This tax, since 1947, has related only to individuals. The rate amounts to 2,50 florins per 500 florins after deduction of certain personal and family allowances.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, pages 211 and 219.

POSITION : October 1964.

TAX :

Property Tax (*Grondbelasting*).
On land built or unbuilt.

BASIS :

The chargeable revenue is that fixed by the Land Registration Office (Kadasteramt) and is only revised in exceptional cases, e.g. demolition or reconstruction.

DEDUCTIBILITY :

Deductible.

RATES :

Buildings 4.86 %
Unbuilt Land 6 %

Plus surcharges fixed by State, Province and Commune.

REMARKS :

In general the surcharge for the province increases the basic rate by up to 60 % and that for the commune by 60 % or 30 %.

Since 1.1.1960 there has been a surcharge of 130 % in favour of the State but only in respect of buildings. Dwelling houses built between 31.12.1959 and the end of 1965 are exempt during that period from the aforesaid surcharges.

REFERENCE :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, page 271.

POSITION : October 1964.

TAX :

Turnover Tax (*Omzetbelasting*).

This is included in the selling price and is borne by final consumer.

BASIS :

The tax is in effect cumulative on all deliveries, imports and services in the country. The basis is the selling price or value of the merchandise.

DEDUCTIBILITY :

Deductible.

RATE :

As a general rule 5 % in the case of purchases effected in the country (deliveries from producers to businesses).

For imports also 5 % (e.g. for coal, coke, gas, natural gas, electric current, iron ore, scrap, pig iron, ferro-alloys and semi-finished products).

Exceptions are crude steel 8.7 %, rolled finished products, e.g. sheets 8.1 % and tubes up to 11 %.

Deliveries for export are exempt from Turnover Tax but the credit amounts to 8 % for pig iron and semis and to 7.5 % for rolled finished products such as sheets.

There are no other export credits not even for export merchants.

For deliveries from producers to private customers the turnover tax is 4 % and for those to wholesalers it is 0.75 %.

REFERENCES :

Beknopte Belastinggids (Smeets en Meihuizen) 1964, pages 324b/324c.

Taxation in Western Europe 1963, pages 192/194.

POSITION : October 1964.

TAX :

Profits Tax.
Borne by Company.

BASIS :

Total Trading Profit for accounting year as laid down in United Kingdom Finance Acts.

LOSSES :

May be carried forward indefinitely until absorbed by future profits.

DEDUCTIBILITY :

Not deductible.

RATE :

15 % from April 1, 1961.
Applies to Distributed and Undistributed Profits.

REMARKS :

The first £ 2 000 are exempt.
Abatement where profits exceed £ 2 000 but are less than £ 12 000.
A new 2-tier Corporation Tax (differentiating between Distributed and Undistributed Profits) is forecast to come into force on April 1, 1965. This new tax is intended to take the place of both Profits Tax and Income Tax in the case of corporate bodies.

REFERENCES :

Tolley's Synopsis of Profits Tax, 27th edition 1963-1964, page 3.
Taxation in Western Europe 1963, page 263 (Federation of British Industries).

POSITION : October 1964.

TAX :

Income Tax.

Borne by Shareholder on Distributed Profits.

Borne by Company on Undistributed Profits.

BASIS :

Total statutory income as defined by United Kingdom Finance Acts.

LOSSES :

May be carried forward indefinitely until absorbed by future profits.

DEDUCTIBILITY :

Not deductible.

RATES :

From 6.4.1959 - 7s.9d per £ 1 (38.75 %)

From 6.4.1965 - 8s.3d per £ 1 (41.25 %) Forecast

These rates are abated for the lower brackets of personal income.

REMARKS :

Income Tax is payable in addition to Profits Tax. A recent government announcement indicates that from 6.4.1965 companies will be subject to a Corporation Tax, which it is intended will replace both Profits Tax and Income Tax now payable by companies.

REFERENCES :

Tolley's Income Tax Chart-manual, 47th edition 1963, page 1.

Taxation in Western Europe 1963, page 263.

POSITION : October 1964.

TAX :

Surtax.

Borne by a Company in special circumstances (see below).

Borne by individuals on assessable income in excess of £ 2 000 per annum.

BASIS :

Payable only on personal income in excess of £ 2 000 per annum after abatements in respect of earned income, etc.

REMARKS :

Companies are liable for surtax only in exceptional cases as, for instance, in the case of companies under the control of five or fewer persons, where the profits have not been distributed within a reasonable period and the non-distributed profits represent an excessive part of the actual profits.

RATES :

Rates are progressive, rising from 2s.0d to 10s.0d in the pound. The first £ 2 000 per annum are exempt from this tax.

REFERENCES :

Tolley's income tax chart-manual, 47th edition 1963, page 25.

Taxation in Western Europe 1963, page 264.

POSITION : October 1964.

TAX :

Capital Tax.

REMARKS :

There are no taxes on capital in the United Kingdom other than Death Duties.

Capital Gains (less Capital Losses) are, however, subject to Income Tax in certain circumstances.

POSITION : October 1964.

TAX :

Local Rates.
Borne by the Company.

BASIS :

Income from rent or rental value of land and buildings. This tax is levied by the local authorities.

DEDUCTIBILITY :

Deductible.

RATES :

These average approximately 9/- in the pound on the annual rental value of the property.

REMARKS :

Since April 1, 1963, properties have been assessed on current values (except for agricultural properties, which are exempt). The abatements previously in force for industrial and commercial properties have been abolished.

REFERENCE :

Taxation in Western Europe 1963, page 277.

POSITION : October 1964.

TAX :

Purchase Tax.

Borne by Wholesalers and/or Retailers who pass it on in the price of the goods.

BASIS :

Wholesale value of goods (exclusive of tax).

RATES :

Tax is payable at various rates up to 25 %, dependent on the nature of the article.

REMARKS :

This is levied on purchases of a range of consumer goods. It applies to wholesalers and retailers, but does not apply to Companies which produce, but do not sell products.

REFERENCE :

Taxation in Western Europe 1963, page 275.

POSITION : October 1964.

TAX :

Corporate Income Tax.
Borne by the Company.

BASIS :

All net profits of a corporation are subject to the corporate income tax.

LOSSES :

Losses can be carried over as many as 5 years following the loss year; if the taxable income for the 3 preceding years is not sufficient to absorb entire losses.

DEDUCTIBILITY :

Not deductible.

RATES :

30 % for 1963,
22 % for 1964,
22 % for 1965.

REFERENCE :

«1964 U.S. Master Tax Guide», Commerce Clearing House, Inc.,
Chicago, pages 15 and 96.

POSITION : October 1964.

TAX :

Surtax.

Borne by the Company.

BASIS :

Surtax is payable on that part of the profits of a corporation, which is in excess of \$ 25 000.

DEDUCTIBILITY :

Not deductible.

RATES :

22 % for 1963,

28 % for 1964,

26 % for 1965.

REMARKS :

If both corporation income tax and surtaxe are levied, they are added as shown below :

	1963	1964	1965
Corporate Income Tax	30 %	22 %	22 %
Surtax	22 %	28 %	26 %
Total	52 %	50 %	48 %

REFERENCE :

«1964, U.S. Master Tax Guide», Commerce Clearing House, Inc., Chicago, pages 15 and 96.

POSITION : October 1964.

TAX :

Taxation of dividends.
Borne by the shareholder.

REMARKS :

Included in gross income with all other individual income, subject to a credit of 4 % of dividends.

REFERENCE :

«1964 U.S. Master Tax Guide», page 82.

POSITION : October 1964.

TAX :

Manufacturers' Excise Taxes on Sales.

RATES :

Up to 11 % on certain manufactured goods (Firearms, motorcar parts, refrigerators, radio sets etc.) or cents per unit (pound, gallon etc.) of certain goods (gazoline, matches, tires, oil etc....).

Usual rate 10 %.

No tax for coal and steel, but only tax on consumer goods.

REFERENCE :

«1964 U.S. Master Tax Guide», page 31.

POSITION : October 1964.

TAX :

Corporation Tax (Corporate income tax).
Borne by company.

BASIS :

The excess of the gross revenue over the total amount of business expenses, i.e. net income for each accounting year.

LOSSES :

1) The losses may be carried forward to offset the income of the accounting period for immediate five years.

The corporation may be refunded by applying the losses carried back to the income of the accounting period for preceeding one year.

2) Refund due to the carry back of losses: the losses are subtracted from the income for the accounting year ended within the period of less than one year, and refund is to be made on the difference of the corporation tax on the income before and after such subtraction.

DEDUCTIBILITY :

Not deductible.

RATES :

For *distributed* profits as dividends :

3 millions yen and less	22 %
over 3 millions yen	26 %

For *retained* and other profits :

3 millions yen and less	33 %
over 3 millions yen	38 %

REFERENCE :

«Outline of Japanese Tax 1961», Tax Bureau, Ministry of Finance, pages 61, 66, 85.

Fuji Steel, Financial Report, 2nd half year of 1962, page 24.

POSITION : October 1964.

TAX :

Local Taxes.
Borne by company.

BASIS :

Corporation tax or earned profit.

RATES :

Surtaxes, called local taxes, include :

- prefectural tax of 5.4 % on the corporation tax,
- district tax of 8.1 % also on the corporation tax,
- enterprise tax of 12 % on the earned profit.

Local tax = Corporation tax x 13.5 % + Profit x 12 %.

REMARKS :

The above-mentioned taxes levied on earned profit are put under the category of «Income Taxes» in the income statement.

REFERENCE :

«Outline of Japanese Tax 1961», Tax Bureau, Ministry of Finance, pages 159 - 178, 222 - 227.

Fuji Steel, Financial Report, 2nd half year of 1962, pages 24 and 25.

POSITION : October 1964.

TAX :

Taxation of dividends.
Borne by the shareholder.

BASIS :

Distributed profits.

DEDUCTIBILITY :

Not deductible.

RATES :

5 % for residents or corporation in Japan.
5 % or 20 % for non-residents or corporations outside Japan.

REMARKS :

This tax is withhold at source by the companies.

REFERENCE :

«Outline of Japanese Tax 1961», Tax Bureau, Ministry of Finance,
page 52.

POSITION : October 1964.

TAX :

Fixed asset tax.
Borne by company.

BASIS :

This supplementary local tax is levied on land, buildings, machinery, etc., owned by the company. The standard for calculating the tax is based on the estimated current value of the fixed assets.

RATES :

Land and buildings	1.4 or 1.6 %
Machinery and equipment	1.4 %

REMARKS :

This fixed asset tax is included in the «Cost of goods sold».

As far as the Japanese steel industry is concerned, there is no excise, turnover tax or the like levied on production or transaction.

REFERENCE :

«Outline of Japanese Tax 1961», Tax Bureau, Ministry of Finance, pages 228 - 229
Fuji Steel, Financial Report, 2nd half year of 1962, page 25.

POSITION : October 1964.

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