INVENTORY OF TAXES

LEVIED IN THE MEMBER STATES OF THE EUROPEAN COMMUNITIES

13th edition

COMMISSION
OF THE EUROPEAN
COMMUNITIES

COMMISSION
OF THE EUROPEAN COMMUNITIES

DIRECTORATE-GENERAL XXI
CUSTOMS UNION AND
INDIRECT TAXATION

DIRECTORATE-GENERAL XV
FINANCIAL INSTITUTIONS
AND COMPANY LAW

Inventory of taxes levied in the Member States of the European Communities

by the State and the local authorities
(*Länder, départements,* regions, districts, provinces, communes)

13TH EDITION

DOCUMENT

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Introductory note

In collaboration with the Member States, the Commission of the European Communities publishes a survey of the duties and taxes in force in the Member States of the EC.

The present edition reflects the situation on 1 September 1987 and replaces the previous edition which was based on the situation on 1 September 1985.

This publication aims to provide all those interested in tax law – public servants, university staff, students, businessmen, tax advisers, etc. – with a general view of the tax systems of the Member States.

Directorates-General XXI and XV will be pleased to receive any comments or suggestions with a view to the improvement of this work.

Rue de la Loi 200
B-1040 Brussels

Abbreviations

M.b.	=	Moniteur belge
B.S.	=	Belgisch Staatsblad
BGBl	=	Bundesgesetzblatt
VO	=	Verordnung
RAO and AO	=	(Reichs)-Abgabenordnung
BayBS	=	Bayrische Bereinigte Sammlung
GVBl	=	Gesetz- und Verordnungsblatt
RGBl	=	Regierungsblatt
DL	=	Decreto legge
RDL	=	Regio decreto legge
G.U.	=	Gazzetta Ufficiale della Repubblica Italiana
T.U.	=	Testo unico
L	=	Legge
DPR	=	Decreto del presidente della Repubblica
DM	=	Decreto ministeriale
MD	=	Ministerial Decree
R.D.	=	Regio decreto
Mémorial	=	Journal officiel du grand-duché de Luxembourg
Stb.	=	Staatsblad
RSTBl	=	Reichssteuerblatt

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DENMARK
Danmark

DENMARK
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GREECE
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GREECE

Ελλάδα

Apart from the impositions listed above which are entered in the State budget and then distributed to the beneficiaries there are many other smaller impositions which are collected directly by institutions such as the Social Security Foundation (IKA), the Legal Funds and the MTPY.

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FRANCE

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THE NETHERLANDS

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BELGIUM

Belgique/België

Personal income tax

(Impôts des personnes physiques/Personenbelasting)

Articles 3 to 93a of the Income Taxes Code.

Beneficiary:

The State (plus a possible surcharge on individuals for the benefit of the municipalities and the agglomerations).

Tax payable by:

Inhabitants of Belgium, i.e. individuals who have established their domicile or their centre of financial interest in Belgium.

Basis of assessment:

All net income, irrespective of origin and nature, except certain income from capital, declaration of which is optional. Certain capital gains and certain benefits and allowances of a social or cultural nature are exempt.
The tax paid is not an allowable expense for the purposes of any other tax.

Deductions:

The following are deductible, under certain conditions, from total net taxable income:
- charges for collection and custody in connection with income from capital;
- interest on certain debts;
- 80 % of certain maintenance allowances;
- gifts to certain bodies;
- fees or similar charges paid on the acquisition of a long lease of land or buildings thereon or on similar rights relating to real estate, whether situated in Belgium or abroad;
- certain expenditure on the maintenance and restoration of scheduled monuments and sites;
- sums used to purchase certain shares in Belgian companies or new bearer-securities not used in the taxpayer's business activity;
- sums used to open a savings account or to enter into an insurance-linked savings contract;
- sums payable to the Treasury by civil servants holding multiple jobs;
- the special social security contribution and supplementary special social security contribution (on incomes exceeding BFR 3 187 000).

Married couples:

Aggregation of the couple's taxable income and that of their children where the parents have the legal right to administer it; however, in the case of households whose income does not exceed BFR 1 550 000, aggregation is moderated when the tax is calculated by the application of specific corrective factors based on the principles of splitting or separate taxation.

Non-residents:

See under Tax on non-residents.

Collection:

By means of assessment books.
Advance payments which count towards the tax due (within certain limits for real estate) are required in the case of income from immovable property and capital and certain types of earned incomes, etc.
The advance payment constitutes full discharge in the case of certain income from immovable property (temporarily) and in the case of income from capital, declaration of which is optional.
The advance payment is usually 1.25 % in the case of immovable property (0.8 % in some cases), plus a surcharge due to the local authorities. The advance payment in the case of income from capital is normally 25 %. The advance payment for wages, salaries, pensions, etc. is calculated from tax scales.

Rates:

Taxpayers without dependants whose total taxable income is less than BFR 113 000 are exempt; over and above this amount, progressive rates are applied, reaching a maximum of 71.2 % for that part of income exceeding BFR 4 133 000. Certain incomes are taxed separately at special rates.
That part of the tax which is applicable to earned income other than employees' wages and pensions is generally increased by an amount which varies from year to year. However, no increase is applied in the case of advance payments of up to a quarter of the amount of the tax made, at the latest, on 10 April, 10 July, 10 October and 20 December of the year preceding the tax year. A rebate is allowed on advance over-payments. The tax may not exceed 66.7 % of the taxable income. A surcharge which the municipalities are free to set and which is fixed at 1 % for the agglomerations may also be imposed. Reductions for dependants are fixed, except for those in respect of dependent children; these are fixed as a percentage of the tax which varies with the number of children within lower and upper limits.
Tax reductions are granted on pensions, transfer incomes, early retirement pensions, unemployment benefits and statutory sickness or invalidity insurance payments.

Special features:

Income from immovable property situated in Belgium is defined as follows:
- for property which is not rented: normally the income according to the land register;
- for property which is rented to a natural person who uses it for his work; the income according to the land register, plus the fraction of the net rent[1] over and above that income;[2]
- for property which is rented to Belgian or foreign societies, associations and groups without legal personality, or to legal persons under public or private law: the income according to the land register plus the part of the net rent[1] over and above that income.

[1] The net amount is taken to be the gross amount of rent and associated charges less maintenance and repair costs not exceeding 10 % for land and 40 % for buildings. The 40 % reduction may not exceed 2/3 of the income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (2.50 % for the 1988 tax year – 1987 income).

[2] Where the rents relating to the private and business parts respectively of a property are recorded in a registered lease, this rule applies only as regards the business part of the property.

Income from immovable property also includes sums obtained on the acquisition or transfer of a long lease of land or buildings thereon or of similar rights relating to real estate, whether situated in Belgium or abroad.
Tax on foreign income from immovable property, foreign earned income and certain other forms of foreign income is reduced by half, sometimes on condition that the income has been effectively taxed abroad.

Carry-over of losses:

5 years: no limit for losses
- resulting from *force majeure* or fortuitous circumstances since 1 January 1960;
- not exceeding authorized depreciation or deduction of which during the 5-year period has been prevented by depreciation.

Corporation tax

(Impôt des sociétés/Vennootschapsbelasting)

Articles 94 to 135 of the Income Taxes Code.

Beneficiary:

The State.

Tax payable by:

Companies, associations, establishments or bodies with legal personality which have their registered office or principal establishment in Belgium or are managed or administered from headquarters in Belgium and are engaged in an activity for pecuniary reward. Some, however, are expressly exempt from corporation tax (intercommunal associations, etc., which are liable for the tax on legal persons).
Subject to certain conditions, some partnerships were able to opt to have their profits taxed under the personal income tax regime, the tax being payable by the participants.
(No longer possible from the 1987 tax year – financial year ending:

- either on 31 December 1986 where accounts are kept by calendar year; or
- after 31 December 1986 in other cases.)

Basis of assessment:

All expenses not allowed for tax purposes, all distributed and undistributed profits and certain percentages of profits and remunerations paid to directors and officials of companies. Tax paid is not an allowable expense for the purposes of any other tax.

Exemptions and allowances:

Either 95 or 90 % of the amount of the net dividends plus the real or fictitious advance payment on income from capital, accruing to companies from permanent shareholdings (i.e. those owned by the taxpayer during the whole of the taxable period) are exempt from tax. Under certain conditions, distributed profits on new shares issued in 1982 and 1983 are exempt.

Collection:

By means of assessment books, except in the case of advance payments (see under Personal income tax).

Rates:

Standard rate: 45 %. (See under Personal income tax for the application of an increase where advance payments are not made or are insufficient). (See footnote 1, page 4)

Except for certain holding companies, companies at least half of whose shares are held by one or more other companies and companies whose income distributed to shareholders exceeds 13 % of the capital actually paid up and remaining to be paid back, the tax is as follows where the taxable income does not exceed BFR 14 400 000:[1]
(i) 31 % for the portion from BFR 0 to BFR 1 000 000;[1]
(ii) 40 % for the portion from BFR 1 000 000 to BFR 3 600 000;[1]
(iii) 47.5 % for the portion from BFR 3 600 000 to BFR 14 400 000;[1]

Special features:

- The tax is reduced to a quarter in the case of profits made and taxed abroad, and in the case of income from property situated abroad. In the case of dividends not arising from permanent holdings and in the case of foreign interest and licence fees, which have in fact been taxed abroad, the tax is reduced by 15 % of the amount of these incomes, before the advance payments on income from capital, possibly due in Belgium, have been deducted. Special rules apply to income from claims and loans.
- If the profits are distributed, the shareholder company receives a tax credit of 54.5 % (50 % as from the 1988 tax year), in the case of dividends not arising from permanent holdings. Shareholders who are natural persons also receive such a tax credit if they opt for declaring their income from capital.

Carry-over of losses:

5 years; no time-limit for business losses:
- resulting from *force majeure* or fortuitous circumstances since 1 January 1960;
- suffering in the first five accounting years for companies set up between 1 January 1967 and 30 June 1970, and by those set up after 1 January 1972;
- incurred after 1 January 1977, where they do not exceed the depreciation allowed for tax purposes or where they could have been deducted within the five-year time-limit if such depreciation had not been allowed.

[1] As from the 1988 tax year (financial years ending on or after 31 December 1987), the rate of corporation tax is 43 % and the amount BFR 14 400 000 and the rates 31 %, 40 % and 47.5 % are replaced by BFR 16 600 000 and 30 %, 38 % and 45 % respectively.

Tax on legal persons

(Impôt des personnes morales/Rechtspersonenbelasting)

Articles 136 to 138 of the Income Taxes Code.

Beneficiaries:

The State (also the local authorities for the part corresponding to the advance payment).

Tax payable by:

- Central government, local authorities and companies, associations, establishments or any other bodies with legal personality which have their registered office or principal establishment in Belgium or are actually managed or administered from headquarters in Belgium and are not engaged in an activity for pecuniary reward.
- Companies, associations, establishments or any other bodies expressly exempt from corporation tax.

Basis of assessment:

Income from immovable property, capital, certain other sources (such as certain capital gains), secret commissions, unjustified payments and awards, and non-deductible pensions and pension contributions;[1] income from immovable property is sometimes exempt.

Collection:

By advance payment in the case of income from immovable property and capital (see under Personal income tax).
By means of assessment books in the case of the tax on certain income from immovable property (does not apply to central government or the local authorities), certain capital gains, and secret commissions and unjustified payments and awards.

Rates:

- The amount of tax is equivalent to the advance payments and the tax credit in the case of income from immovable property and capital; however, certain income from immovable property is taxed at the rate of 20 %.
- The rates of tax payable on certain capital gains are 33 % and 16.5 % depending on the case in question or the period during which the goods disposed of were held.
- The rate of tax payable on secret commissions and unjustified payments and awards is 67.5 %, applied to three times the amounts in question.
- The rate of tax payable on non-deductible pensions and pension contributions is 45 % (43 % as from the 1988 tax year).

[1] The State and the local authorities are not liable for the tax payable on capital gains, secret commissions, unjustified payments or awards and non-deductible pensions and pension contributions.

Tax on non-residents

(Impôt des non-résidents/Belasting der niet-verblijfhouders)

Articles 139 to 152 of the Income Taxes Code.

Beneficiary:

The State.

Tax payable by:

Individuals not resident in Belgium, companies, associations, etc., who do not have their registered office or principal establishment in Belgium, nor are actually managed or administrated from headquarters in Belgium, as well as foreign States and their political subdivisions.

Basis of assessment:

- Income produced or accrued in Belgium. Tax paid is not an allowable expense for the purposes of any other tax.
- The tax is assessed on all income from real estate and earned income, when the non-resident (individual or legal person) has an establishment or a dwelling-place at his disposal in Belgium for at least 183 days in the year, or earned income in Belgium as an active partner or director carrying on a real and permanent activity, or as a partner in a partnership, which has opted for profits to be subject to personal income tax.

The tax applicable to other income of those concerned is the amount of the advance payments to tax, tax credit, etc.; this is in fact the general rule for all other non-residents.

Deductions:

See under Personal income tax (with certain restrictions).

Married couples:

See under Personal income tax.

Collection:

See under Personal income tax, and note the distinction made under the heading 'Basis of assessment'.

Rates:

For non-resident individuals: see under Personal income tax. The tax is increased by a surcharge of 0,06 %, however.
For foreign legal persons: 50 % (48 % as from the 1988 tax year).

Special features:

None.

Carry-over of losses:

See under Personal income tax or Corporation tax, as the case may be.

Succession duty and transfer duty

(Droits de succession et de mutation par décès/Successierechten en recht van overgang bij overlijden)

R.D. No 308 of 31 March 1936 establishing the Succession Duty Code, confirmed by the Law of 4 May 1936 (M.b., 7 April 1936) and modified in particular by the provisions of the first chapter of R.D. No 12 of 18 April 1967 amending the Succession Duty Code (M.b., 20 April 1967), of Chapter I, Section 7, of the Law of 22 December 1977 concerning the 1977-78 budget proposals (M.b., 24 December 1977), of Chapter I, Section 2, Sub-section 3, of the Law of 8 August 1980 concerning the 1979-80 budget proposals (M.b., 15 August 1980), of Chapter 1 of the Law of 1 August 1985 concerning tax and other measures (M.b., 6 August 1985), of Chapter 3, Section 1, of the Law of 4 August 1986 relating to taxation (M.b., 20 August 1986) and of the Law of 12 January 1987 amending Article 18 of the Law of 1 August 1985 concerning tax and other measures.

Beneficiary:

The State.

Duty payable by:

Heirs, legatees and donees.

Basis of assessment:

- Succession duty: total net estate left by an inhabitant of the country (for real estate abroad, the duty paid in the country in which the property is situated is deducted).
- Transfer duty: real estate located in Belgium, left by a person not inhabiting the country.

Exemptions:

The main reductions are granted to the spouse and the heirs in direct line with a legal right to the succession (as a rule: for each one, up to a maximum of the first taxable limit of BFR 500 000).

Payment:

The duty is normally payable within seven months of the date of death.

Rates:

The rate of duty is progressive according to the share of succession:[1]
- 3 to 30 % in direct line or to spouse;
- 20 to 65 % to brother or sister;
- 25 to 70 % to uncles, aunts, nephews or nieces;
- 30 to 80 % to all other persons.

[1] Reductions and rates in force: Laws of 22 December 1977 and 8 August 1980.

Gifts:

Gifts made in the three years preceding death are taken into account for the purpose of determining either the taxable amount or the progressive increase in the duty charged (for gifts of real estate located in Belgium: usually registration duty at the same rate as for successions).

Compensatory tax for succession duty

(Taxe compensatoire des droits de succession/Taks tot vergoeding der successie-rechten)

Beneficiary:

The State.

Tax payable by:

Non-profit-making associations.

Basis of assessment:

Total property in Belgium.

Rate:

Annual rate of 0.17 %.

Value-added tax (VAT)

(Taxe sur la valeur ajoutée [TVA]/Belasting over de toegevoegde waarde [BTW])

Law of 3 July 1969 (M.b., 17 July 1969) amended in particular by the Laws of 19 December 1969 (M.b., 20 December 1969), 26 March 1971 (M.b., 31 March 1971), 22 June 1972 (M.b., 7 July 1972), 28 December 1973 (M.b., 22 December 1973), 23 December 1974 (M.b., 31 December 1974), 5 January 1976 (M.b., 6 January 1976), 24 December 1976 (M.b., 28 December 1976), 29 November 1977 (M.b., 2 December 1977), 22 December 1977 (M.b., 24 December 1977), 27 December 1977 (M.b., 30 December 1977), 4 August 1978 (M.b., 17 August 1979), 29 November 1978 (M.b., 14 December 1978), 24 February 1979 (M.b., 28 February 1979), 8 August 1980 (M.b., 15 August 1980), 24 December 1980 (M.b., 31 December 1980), 10 February 1981 (M.b., 14 February 1981), 2 July 1981 (M.b., 8 July 1981), 23 July 1981 (M.b., 31 July 1981), 11 April 1983 (M.b., 16 April 1983), 1 July 1983 (M.b., 9 July 1983), 28 December 1983 (M.b., 30 December 1983), 27 December 1984 (M.b., 29 December 1984), 4 July 1986 (M.b., 1 August 1986), 4 August 1986 (M.b., 20 August 1986) and 4 November 1986 (M.b., 5 December 1986), as well as various implementing Decrees (41 Royal Decrees and 14 Ministerial Decrees still in force).

Beneficiary:

The State.

Tax payable by:

- Any person engaged habitually and in an independent capacity, as a main or subsidiary activity, whether for pecuniary reward or not, in supplying goods or services referred to in the VAT code.
- Taxable capacity arises automatically without reference to the nationality or the place of domicile or business of the subject.

Tax payable on:

- The supply of goods referred to in the VAT code in Belgium by a taxable person in the course of his trade or business.
- The supply of services in Belgium by a taxable person in the course of his trade or business.
- The importation of goods by any person.
- Certain transactions ranking under the law with a supply of goods or services.

Basis of assessment:

- Generally, the tax is based on everything that the supplier of the goods or services receives or is to receive in payment from the persons to whom the goods or services are supplied or from a third party, including subsidies directly linked to the price paid in respect of those transactions.
- In the case of imported goods, the taxable amount must include the duties, levies and other taxes payable abroad, the duties, levies and other taxes payable in Belgium in respect of importation (excluding the VAT due), and ancillary costs such as costs relating to commission, customs formalities, packaging, transport and insurance to the place of destination within Belgium.

Special provisions:

- In the case of the supply of goods, the taxable amount is equal to the purchase price of the goods or of similar goods or, where there is no purchase price, the cost price calculated on the basis of the date on which the goods were supplied.
- In the case of the supply of services in the case of the importation of goods with no price being paid, the basis of assessment is the normal value of the service or imported goods.
- A minimum taxable amount has been laid down for:
  - supplies and importations of second-hand private cars;
  - supplies of new buildings;
  - building work relating to the erection of buildings;
  - imported goods (customs value).

Deductions:

A taxable person may deduct from the tax for which he is liable on goods and services supplied by him the tax charged on goods and services supplied to him and on goods imported by him where he uses those goods and services in connection with:
1. Transactions liable to VAT;
2. Transactions exempted because they relate to exports or international transport;
3. Transactions which are carried out abroad and in respect of which an entitlement to deduction would arise if they were carried out in Belgium;
4. Insurance and reinsurance transactions, exempt banking and financial transactions, foreign exchange transactions, issue of securities, and stock exchange transactions and carryover transactions, provided the other party is established outside the European Economic Community or, subject to conditions to be laid down by the Minister for Finance, the said transactions relate directly to goods intended for export to a country outside the Community;
5. Brokerage and agency services in connection with the transactions listed in point 4 above.

Limitation of deductions:

1. In the case of the supply or importation of private cars and the supply of goods and services relating to such vehicles, the deduction may not exceed 50 % of the VAT paid.
2. No deduction in respect of VAT previously paid is allowable for:
   - supplies of manufactured tobacco;
   - supplies of spirituous beverages;
   - the cost of accommodation, food and drink;
   - entertainment expenses.

Lastly, there are special provisions governing the deduction of VAT for persons who are taxable persons for VAT purposes in respect of only part of their trade or business.

Exemptions:

Without deduction of input tax:
This applies in particular to
- lawyers *(notaires* and *avocats)* and bailiffs *(huissiers de justice);*
- doctors and the exercise of certain paramedical professions;
- hospitals, clinics, old people's homes that are regarded as serving a social purpose;
- school or university education, vocational training and retraining at establishments recognized by the authorities;
- museums and similar establishments;

- services which, subject to certain conditions, are provided to their members by non-profit institutions with aims of a political, trade union, religious, philosophical, patriotic, philanthropic or civic nature or which are engaged in a sporting or physical recreational activity.

With deduction of input taxes, but where the other party is established outside the European Economic Community or where the transactions in question are related directly to goods intended for exportation to a country outside the Community:

(a) insurance and reinsurance transactions;
(b) credit transactions;
(c) payment and receipt transactions (the supplier of the services may, however, opt for taxation);
(d) foreign exchange transactions, the issue of transferable securities, and stock transactions and carry-over transactions;
(e) services supplied by brokers or agents and related to the services referred to in (a), (b), (c) and (d).

With deduction of input taxes:

- exports;
- international transport and ancillary services;
- supply and importation of ships, boats and aircraft and the supply of certain goods and services relating to these means of transport;
- supply of certain goods and services to embassies, consulates and international organizations.

Collection:

Generally, VAT is paid using monthly, quarterly or annual returns. Taxable persons pay the amount of VAT shown on their returns by lodgement, by transfer or through the bank to the post office current account of the VAT administration.

Taxable persons who submit monthly returns are required to pay in December a sum on account equal to the tax due on their transactions in November.

Taxable persons who submit only quarterly returns are required to pay in the second and third months of each quarter a sum on account equal to one-third of the amount of VAT payable that is shown on the return for the previous quarter.

Taxable persons who submit annual returns are required to pay, by the twentieth day of each of the months from February to December at the latest, a sum on account equal to the amount of tax due in respect of the previous calendar year divided by the number of months of activity as a taxable person subject to VAT during that previous calendar year.

Rates:

The current rates are:

- 1 % for gold as an investment medium;
- 6 % for foodstuffs (excluding beverages other than milk), slaughter animals, poultry; fish, crustaceans and molluscs; fertilizers; vegetable products; feedingstuffs other than pet food; water; tobacco; industrial ore, scrap and waste; solid fuels; pharmaceuticals; soap and detergent; printed material; unspun textile materials; original works of art, collectors' items and antiques; orthopaedic appliances, artificial limbs and the like; agricultural services; transport of persons; driving lessons; the repair and maintenance of goods charged at 6 % and of shoes; certain work carried out on private residential property occupied for at least 20 years; the granting of admission to cultural, sporting or recreational establishments; the hiring of cinematographic films and the assignment of copyright or similar rights over such films; the supply of accommodation and the provision of camping sites; the hiring of orthopaedic appliances, artificial limbs and the like; services supplied by undertakers and the publication of obituaries;

- 17 % for supplies of food or drink to be consumed on the premises; the supply of buildings, physical work (other than that subject to the 6 % rate) and intellectual work connected with immovable property; services performed by brokers or agents in the selling or letting of immovable property; the management or leasing of immovable property; supplies of energy and non-solid fuels; shoes; the cleaning, repair and maintenance of clothing;
- 25 % for motor vehicles, minibuses and motor cycles (excluding mopeds); vehicles specially equipped for camping; aeroplanes, helicopters and other like craft; pleasure boats and outboard motors; tyres and inner tubes; liquefied hydrocarbons, liquefied petroleum gases, gas oils and light and medium oils for engines; real pearls, natural precious stones and articles consisting of such pearls and stones; jewellery; jewels, and goldsmiths' or silversmiths' wares of precious metal or rolled precious metal; imitation jewellery; clocks and watches; furs (other than hare or rabbit furs); arms for hunting, self-defence or shooting, and ammunition for such arms; certain ornamental objects and fancy articles, thermometers; flowers for ornamental purposes; radio, television and video sets; sound reproducers and combined sound recorders and reproducers; gramophone records, magnetic tapes and other recording media, electronic games and toys; perfumery and toilet preparations and cosmetic products (excluding shaving cream, shampoo and oral hygiene products); certain photographic and cinematographic cameras, film projectors, certain photographic and cinematographic films, photographs and slides; fermented beverages (excluding beer), spirituous beverages, alcoholic preparations, fruit juices; caviar; rock lobster, lobster, crab, crayfish and oysters; travelling goods and leather goods, articles of apparel and gloves, of leather or of composition leather; services of hairdressers and beauty shops; renting of cars; certain domestic electrical appliances, machines and articles; lawn-mowers, tools for working in the hand, with built-in electric motor; services of television and radio distribution companies;
- 19 % for other goods and services;
- 8 % additional luxury tax on certain of the items subject to 25 % VAT: jewellery, jewels and goldsmiths' or silversmiths' wares of precious metals; clocks and watches made wholly or partly of precious metal; certain fur clothes; perfumery, cosmetics and toilet preparations, in retail packings (excluding shaving cream, shampoo and oral hygiene products); arms; cars with motors above 3 000 cc or 116 kW; yachts and pleasure craft; radios, television sets, tape recorders and video recorders.

Special systems:

There are four special systems of applying VAT:

1. Flat-rate bases of assessment for small enterprises with an annual turnover not exceeding BFR 20 000 000;
2. An equalization tax for small retailers whose annual purchases do not exceed BFR 4 500 000 in the food sector and BFR 2 500 000 in the textile, footwear, bookshop and pharmaceutical sectors;
3. A special flat-rate scheme for farmers;
4. A special flat-rate scheme for travel agents' profit margins.

Registration tax

(Taxe à l'immatriculation/Inschrijvingstaks)

- Code of taxes with equivalent effect to stamp duty, as amended by the Law of 27 December 1977 (M.b., 30 December 1977), the Law of 8 August 1980 (M.b., 15 August 1980), the Royal Decree of 17 October 1980 (M.b., 30 October 1980), the Laws of 23 July 1981 (M.b., 31 July 1981), 28 December 1983 (M.b., 30 December 1983), 31 July 1984 (M.b., 3 January 1985) and 4 August 1986 (M.b., 20 August 1986).
- General Regulation on taxes with equivalent effect to stamp duty, as amended by the Royal Decrees of 27 December 1977 (M.b., 31 December 1977), 17 October 1980 (M.b., 30 October 1980), 11 August 1981 (M.b., 12 August 1981), 29 December 1983 (M.b., 30 December 1983), 20 December 1984 (M.b., 3 January 1985) and 30 January 1987 (M.b., 7 February 1987).

Beneficiary:

The State.

Tax payable on:

- The registration of certain self-propelled motor vehicles (new or second-hand private cars, new or second-hand dual-purpose vehicles, minibuses, motor cycles, vehicles specially equipped for camping) and aircraft.
- Use of a caravan for the first time on the public highway in Belgium by the owner or by a third party acting with the consent of the owner.
- Use of a pleasure craft for the first time in Belgium by the owner or by a third party acting with the consent of the owner.

Basis of assessment:

The open-market value of the self-propelled vehicle, aircraft, caravan or pleasure craft. A minimum taxable amount has been fixed for new and second-hand private cars and dual-purpose vehicles.

Rates:

25 %.
33 % for cars, yachts and pleasure craft subject to the additional luxury tax (VAT).

Exemptions:

- Registration or use for the first time following a transaction chargeable to VAT (purchase, importation, letting, etc.) or following an inheritance.
- Use for the first time of a motor vehicle intended for community transport.
- Registration of aircraft used by the State or by airlines engaging primarily in international air transport for a financial consideration.

- Registration of private vehicles in the name of certain categories of invalid or handicapped persons.
- Registration of self-propelled motor vehicles intended for diplomatic missions or consular posts, for international organizations, for the armed forces of other countries belonging to the North Atlantic Treaty Organization, for the North Atlantic Assembly, and for organizations entrusted by a foreign government with the task of establishing and maintaining cemeteries and memorials for persons who lost their lives in wartime and for members of its armed forces buried in Belgium.

Payment:

Upon presentation of a return that must be made prior to registration or use for the first time.
To the seller of a new or second-hand private car or dual-purpose car if he has undertaken to carry out the registration formalites on behalf of the purchaser.

Methods of payment:

- Payment to the seller (new or second-hand private car or dual-purpose car).
- Affixing fiscal stamps to the return.
- Transfer to or payment into the post office account of a collection office.

Tax on bills

(Taxe d'affichage/Aanplakkingstaks)

Law of 24 August 1919; (M.b., 28 August 1919); Amending Law of 27 December 1965 (M.b., 29 December 1965).

Beneficiary:

The State.

Tax payable by:

The originator of the bill, the occupier or, where there is no occupier, the owner of the place where the bill is posted or the person undertaking the posting.

Tax payable on:

The exhibition to the public of bills of all kinds for advertising purposes.

Basis of assessment:

Size of the bill.

Exemptions:

Bills posted by public bodies; election bills and those relating exclusively to situations vacant or wanted; bills publicizing events organized for educational purposes, as political, philosophical and religious propaganda, or with a charitable or philanthropic aim.

Collection:

- For ordinary bills, by affixing, on each of these bills, complete adhesive tax stamps or by marking with a rubber tax stamp.
- In the case of luminous signs or luminous projections for multiple and successive advertisements, and in the case of bills posted outside an urban area, by means of a declaration and an annual payment until the sign or bill is removed.

Rate:

An amount varying according to the nature and size of the bill.

Hunting tax

(Taxe sur la chasse/Taks op de jacht)

Article 11 of the Law of 25 March 1891 (M.b., 30/31 March 1891), Title XIII of the Law of 30 July 1922 (M.b., 31 July/1 August 1922); Amending Law of 27 December 1965 (M.b., 29 December 1965); Amending Law of 20 December 1974 (M.b., 31 December 1974).

Beneficiary:

The State.

Tax payable by:

Any person applying for a shot-gun licence, a bird-trapping permit or the establishment of a duck decoy.

Tax payable on:

Issue of the licence or permit or establishment of the duck decoy.

Rates:

- Shot-gun licence: BFR 6 000 for shooting the whole year, BFR 4 200 for shooting on Sundays only, and BFR 1 500 for shot-gun licences issued to foreign guests of holders of licences.
- Bird-trapping permit: BFR 315 per net for trapping birds (BFR 105 for a permit valid on Sundays and public holidays); BFR 105 to BFR 420 for trapping thrushes in snares.
- Duck decoy: BFR 10 500 per year.

Excise duty on mineral oils

(Accise sur les huiles minérales/Accijns op minerale oliën)

R.D. of 20 November 1963 coordinating the legal provision on the excise system for mineral oils (M.b., 19 December 1963); Law on the excise system for mineral oils of 9 July 1969 (M.b., 1 August 1969); Law on the excise system for mineral oils of 16 June 1973 (M.b., 20 June 1973); R.D. of 26 September 1974 amending the excise system for mineral oils (M.b., 27 September 1974); R.D. of 21 November 1974 amending the excise system for mineral oils (M.b., 22 November 1974); R.D. of 25 March 1977 (M.b., 29 March 1977); R.D. of 21 December 1977 (M.b., 30 December 1977); R.D. of 28 September 1979 (M.b., 29 September 1979); R.D. of 27 November 1979 (M.b., 30 November 1979); R.D. of 27 June 1980 (M.b., 1 July 1980); R.D. of 23 September 1980 (M.b., 27 September 1980); R.D. of 18 June 1981 (M.b., 20 June 1981); R.D. of 18 March 1982 (M.b., 20 March 1982); R.D. of 25 March 1983 (M.b., 26 March 1983) and R.D. of 8 June 1983 (M.b., 15 June 1983).

Beneficiary:

The State.

Excise duty payable on:

Mineral oils obtained by the processing of petroleum oils, lignite, peat, shale and similar products.

Excise duty due when:

Dutiable products are offered for consumption on importation, or on delivery from customs or excise duty-free warehouse.

Exemption:

The following are exempted from excise duty and special excise duty:

Belgium

1. Light mineral oils and products containing light mineral oils for use other than as fuel for engines;
2. Medium mineral oils, gas oil and products containing medium mineral oils or gas oil, which are not for use as fuel for engines of vehicles using the public highway other than agricultural machinery and agricultural or forestry tractors.

Luxembourg

1. Products for use as raw materials;
2. Medium mineral oils used as aircraft fuel.

Declaration and date for submission:

The manufacturer or the licensee of the customs or excise duty-free warehouse must submit not later than the Thursday of each week a written declaration stating the quantities released for consumption during the preceding week.

Collection:

The excise duty and the special excise duty are payable by the manufacturer or the holder of a concession for an approved depot where oils are stored under excise supervision. The duties are due on submission of the weekly declaration of the dispatch for consumption of quantities of dutiable products.

Rates: per hl at 15°C

Belgium

Type of mineral oil	Excise duty	Special excise duty[1]
1. Light and medium mineral oils	BFR 896	BFR 224
2. Gas oil	BFR 430	BFR 95
3. Other mineral oils	BFR 0	BFR 0

[1] Levied in Belgium only and also due on imports of mineral oils into Belgium from Luxembourg.

Luxembourg

Nature of product	Excise duty	Autonomous excise duty
Light mineral oils		
(a) petrol	LFR 896 per hl at 15°C	–
(b) white spirit	–	LFR 696 per hl at 15°C
(c) other	–	LFR 696 per hl at 15°C
Medium oils	LFR 896 per hl at 15°C	–
Benzol	LFR 896 per hl at 15°C	–
Fuel for engines of vehicles using the public highway	LFR 430 per hl at 15°C	–
Heavy gas oil for domestic heating	–	–
Light gas oil for domestic heating	–	–
Gas oil other than for use as road fuel	–	LFR 45 per hl at 15°C
Medium oils not intended for use as fuel	–	LFR 45 per hl at 15°C
Lubricating oils intended for other uses	–	LFR 10 per 100 kg
Heavy fuel oil	–	LFR 10 per 100 kg
Liquefied petroleum gas	–	LFR 90 per hl at 15°C

Imports:

Imported mineral oils are subject to the same system as similar products manufactured within the country.
Imported products containing mineral oils are subject to an excise duty and a special excise duty fixed as follows per hectolitre and per % of mineral oil:

	Excise duty	Special excise duty[1]
1. Products containing more than 5 % by volume of light or medium mineral oils	BFR 8.96	BFR 2.24
2. Products containing more than 5 % by volume of gas oil	BFR 4.30	BFR 0.95
3. Products containing other mineral oils	BFR 0	BFR 0

[1] Levied in Belgium only and also due on imports of mineral oils into Belgium from Luxembourg.

Excise duty is payable on mixtures of light mineral oils with gaseous or liquid motor fuels other than benzol declared as motor fuel.

Period for payment:

Provided sufficient security is available, the payment of the duties referred to (see 'Collection') may be deferred to the Thursday of the second week following that in which the declaration of dispatch for consumption is submitted.

Exports:

Mineral oils exported or sent to a destination equivalent to exportation are exempted from all excise duty and special excise duty.
Exports of mineral oils from Belgium to the Grand Duchy of Luxembourg are exempted from the special excise duty.

Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons

(Accise sur les gaz de pétrole et autres hydrocarbures gazeux liquéfiés/Accijns op vloeibaar aardgas en andere vloeibare koolwaterstoffen)

Law of 7 February 1961 on the excise system for liquefied petroleum gases and other liquefied gaseous hydrocarbons (M.b., 19 December 1963); Amending Law of 29 June 1966 (M.b., 6 August 1966); Amending Law of 6 February 1970 (M.b., 8 April 1970); R.D. of 26 September 1974 (M.b., 27 September 1974); Amending Law of 26 January 1976 (M.b., 13 August 1976); R.D. of 23 September 1980 (M.b., 27 September 1980); R.D. of 24 June 1981 (M.b., 30 June 1981); R.D. of 21 June 1983 (M.b., 25 June 1983). The Belgian rules were published in the *Mémorial* to introduce them in Luxembourg. Autonomous scheme: 20 December 1982.

Belgium
In Belgium, the levying of this duty has been suspended since 1 July 1983.

Luxembourg

Collection:

The autonomous duty is payable by the manufacturer or the holder of concession for an approved depot where the products are stored under excise control. The duties are payable when the weekly declaration of dutiable liquefied gases offered for consumption is submitted.

Rates:

Autonomous duty . . . . LFR 90 per hl at 15 °C

Period for payment:

Provided sufficient security is available, the payment of the duties referred to in the previous paragraph may be put off until the Thursday of the second week following that in which the declaration is submitted.

Imports:

Imports of liquefied petroleum gases and other liquefied gaseous hydrocarbons are subject to the same system as for similar products manufactured within the country.

Exports:

Exports of liquefied gases are exempted from the autonomous duty.

Excise duty on benzol and similar products

(Accise sur le benzol et les produits analogues/Accijns op benzol en gelijksoortige produkten)

Law of 7 February 1961 on the excise system for benzol and similar products (M.b., 19 December 1963); Amending Law of 29 June 1966 (M.b., 6 August 1966); Amending Law of 26 January 1976 (M.b., 13 August 1976); R.D. of 21 December 1977 (M.b., 30 December 1977); R.D. of 28 September 1979 (M.b., 29 September 1979); R.D. of 27 November 1979 (M.b., 30 November 1979); R.D. of 27 June 1980 (M.b., 14 July 1980); R.D. of 23 September 1980 (M.b., 27 September 1980); R.D. of 18 March 1982 (M.b., 20 March 1982); R.D. of 25 March 1983 (M.b., 26 March 1983) and R.D. of 8 June 1983 (M.b., 15 June 1983). The Belgian rules were published in the *Mémorial* to introduce them in Luxembourg.

Beneficiary:

The State.

Excise duty payable on:

Isolated aromatic oils and hydrocarbons obtained by the treatment of coal or its by-products, such as light oils, benzol, toluol, xylol, naphtha solvent, benzene, toluene, xylene and mixtures of two or more of the above products, distilling 90 % or more of their volume up to 220 °C.

Excise duty due when:

Benzol and similar products intended for use as fuel for engines (benzol fuel) leave the factory or approved depot, or are declared offered for consumption upon importation.

Exemption:

Benzol intended for uses other than as fuel for motor vehicles using the public highways is exempted from all excise duty and special excise duty.[1]

Declaration and date for submission:

The manufacturer or the licensee of the customs or excise duty-free warehouse must submit not later than the Thursday of each week a written declaration stating the quantities released for consumption during the preceding week.

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[1] Levied in Belgium only and also due on imports of benzol products into Belgium from Luxembourg.

Collection:

The excise duty and the special excise duty are payable by the manufacturer. They are due when the weekly declaration of benzol fuel offered for consumption is submitted.

Rates:

Excise duty . . . . BFR 896 per hl at 15 °C
Special excise duty . . . . BFR 224 per hl at 15 °C

Period for payment:

Provided sufficient security is available, the payment of the duties referred to under 'Collection' may be deferred until the Thursday of the second week following that in which the declaration of benzol fuel offered for consumption is submitted.

Imports:

Imports of benzol and similar products are subject to the same system as that applying to products manufactured within the country.

Exports:

Exports of benzol are exempted from all excise duty and special excise duty.[1] Exemption from special duty only is granted for exports of benzol fuel to Luxembourg.

[1] Levied in Belgium only and also due on imports of benzol products into Belgium from Luxembourg.

Excise duty on manufactured tobacco

(Accise sur les tabacs fabriqués/Accijns op gefabriceerde tabak)

Law of 31 December 1947 on the tax system for tobacco (M.b., 1 January 1948); Law of 2 July 1969 (M.b., 1 August 1969); Law of 16 June 1973 (M.b., 20 June 1973); R.D. of 28 June 1973 (M.b., 29 June 1973); R.D. of 29 March 1974 (M.b., 13 April 1974); R.D. of 1 October 1974 (M.b., 11 October 1974); R.D. of 10 February 1976 (M.b., 14 February 1976); R.D. of 30 March 1976 (M.b., 1 April 1976); R.D. of 5 May 1976 (M.b., 8 May 1976); R.D. of 10 September 1976 (M.b., 15 September 1976); R.D. of 20 December 1976 (M.b., 28 December 1976); R.D. of 15 April 1977 (M.b., 30 April 1977); R.D. of 10 October 1977 (M.b., 15 October 1977); R.D. of 21 December 1977 (M.b., 31 December 1977); R.D. of 19 July 1978 (M.b., 28 July 1978); R.D. of 29 July 1980 (M.b., 30 July 1980); R.D. of 31 July 1980 (M.b., 1 August 1980); R.D. of 12 March 1982 (M.b., 27 March 1983); R.D. of 21 September 1982 (M.b., 4 October 1982); R.D. of 30 December 1982 (M.b., 8 January 1983); R.D. of 21 June 1983 (M.b., 30 June 1983); R.D. of 15 February 1984 (M.b., 18 February 1984) and R.D. of 18 December 1984 (M.b., 22 December 1984). The Belgian rules were published in the *Mémorial* to introduce them in Luxembourg. Autonomous excise duty: Law of 20 December 1982 and special Law of 1 July 1983.

Beneficiary:

The State.

Excise duty payable on:

With the exception of moist chewing tobacco, all consumable tobacco products: cigars, cigarillos, cigarettes, smoking tobacco, snuff and dry chewing tobacco. Tobacco substitutes, i.e. all products used to the same ends as tobacco proper, are subject to the same system as tobacco.

Excise duty due when:

The tobacco products referred to above leave the factory for consumption, or are imported.

Declaration and date for submission:

A written declaration must be submitted prior to the release from a factory of any tobacco products. Products released for consumption must bear a tax band or stamp.

Collection:

The excise duty is payable by the manufacturer or the importer when the tax bands or stamps that are to be affixed to the products are purchased.

Basis and rates:

Types of products	Belgium	Luxembourg
A. Cigars weighing 3 kg or more per 1 000		
(a) excise duty	11.5 % of the retail sales price	11.5 % of the retail sales price
(b) special excise duty	5 % of the retail sales price	5 % of the retail sales price
B. Other cigars (cigarillos)		
(a) excise duty	16 % of the retail sales price	16 % of the retail sales price
(b) special excise duty	5 % of the retail sales price	5 % of the retail sales price
C Cigarettes		
(a) *ad valorem* excise duty	55.55 % of the retail sales price	55.55 % of the retail sales price
(b) specific excise duty	BFR 0.048 each	LFR 0.048 each
(c) special *ad valorem* excise duty	5.15 % of the retail sales price	2 % of the retail sales price
(d) special specific excise duty	BFR 0.059 each	LFR 0.013 each
D. Smoking tobacco, snuff and dry chewing tobacco		
excise duty	31.5 % of the retail sales price	31.5 % of the retail sales price

For cigarettes, the specific excise duty plus the *ad valorem* excise duty may not total less than BFR 0.42 each.
In Belgium, the excise duty plus the special excise duty calculated in accordance with the above table may not total less than BFR 1.472 each.

Period for payment:

Provided sufficient security is available, payment may be deferred until the 15th day of the third month following that in which the order for the bands or stamps reaches the excise officer.

Replacement of tax bands or stamps:

Under certain conditions a manufacturer who is in possession of manufactured tobacco unfit for consumption may have the tax bands or stamps affixed to these products replaced. He may also have bands or stamps which have become unusable replaced.

Exports:

Excise duty is not due on exported manufactured tobacco. These products need not therefore bear tax bands or stamps.

Imports:

For imports, the same system applies as for similar products manufactured within the country. For the purpose of implementing the above provisions, an importer ranks as a manufacturer in all respects.

Excise duty and consumption tax on ethyl alcohol

(Accise et taxe de consommation sur l'alcool éthylique/Accijns en verbruikstaks op ethylalcohol)

Belgium
Law of 15 April 1896 on the manufacture and import of alcohols (M.b., 3 June 1896); Law of 10 August 1948 (M.b., 25 August 1948); Law of 11 December 1959 (M.b., 20 February 1960); Law of 22 December 1964 (M.b., 19 January 1965); Law of 29 June 1966 (M.b., 6 August 1966); Law of 2 July 1969 (M.b., 1 August 1969); R.D. of 26 September 1974 (M.b., 27 September 1974); R.D. of 15 December 1975 (M.b., 24 December 1975); Law of 12 July 1978 (M.b., 21 September 1978); R.D. of 9 August 1978 (M.b., 21 September 1978); R.D. of 16 May 1980 (M.b., 31 May 1980); R.D. of 4 July 1980 (M.b., 5 July 1980); R.D. of 10 November 1980 (M.b., 25 November 1980) and R.D. of 24 June 1981 (M.b., 30 June 1981).

Luxembourg
- Law of 27 July 1925 on the tax arrangements applying to spirits (*Mémorial* 1925, p. 481); Grand Ducal Decree of 29 July 1926 on the collection of excise duties (*Mémorial* 1926, p. 549);
- Grand Ducal Decree of 29 July 1926 on the use of alcohol under total or partial exemption of duties and refund of duties on exports of spirits (*Mémorial* 1926, p. 558);
- Grand Ducal Decree of 11 December 1936 on the collection of a special consumption tax on alcohol and spirits produced in the Grand Duchy of Luxembourg (*Mémorial* 1936, p. 1327);
- Ministerial Decree of 1 August 1935 regulating the transport of and trade in alcohol and alcoholic beverages and the like (*Mémorial* 1935, p. 838);
- Grand Ducal Decree of 24 October 1949 on the credit periods for the excise duty and consumption tax charged on phlegmas, spirits and alcohol and the transcription of the duty and tax (*Mémorial* 1949, p. 10001); as subsequently supplemented and amended.

Beneficiary:

The State.

Excise duty payable on:

Ethyl alcohol and products containing ethyl alcohol, except for beer and beverages fermented from fruits.

Excise duty due upon:

Belgium
Release for consumption from the distillery or from a customs or excise duty-free warehouse or for importation.

Luxembourg
The distillation or importation of ethyl alcohol.

Exemptions:

Belgium
Alcohol for uses other than human consumption is exempt from all excise duty and special excise duty,[1] provided it has been denatured in advance.

Luxembourg
Alcohol for industrial use is exempt from all excise duty and consumption tax,[2] provided it has been denatured in advance.

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1 Special excise duty is levied in Belgium only.
2 Consumption tax is levied in the Grand Duchy of Luxembourg only.

Declaration and date for submission:

Belgium
A written declaration must be submitted prior to release from a distillery or from a customs or excise duty-free warehouse.

Luxembourg
The commencement of work at a distillery must be declared, no later than the day before the work begins, to the collector at the place where the factory is situated.

Collection:

Belgium
The excise duty and special excise duty are levied on the basis of the declaration of release for consumption or on the basis of the import declaration.

Luxembourg
The excise duty and consumption tax are levied on the basis of
- the statement of work carried out in flat-rate distilleries;
- the delivery of alcohol in distilleries equipped with monitoring equipment;
- the import declaration in the case of imported alcohol.

Rates:

Belgium
A. Excise duty[1] .... BFR 90 per hl and per degree of alcohol at 20 °C
B. Special excise duty[2] .... BFR 475 per hl and per degree of alcohol at 20 °C

Luxembourg
A. Excise duty[1] .... LFR 90 per hl and per degree of alcohol at 20 °C
B. Consumption tax[3] .... LFR 290 per hl and per degree of alcohol at 20 °C

Imports:

Belgium
Ethyl alcohol and products containing ethyl alcohol are subject to the same rules as similar products manufactured within the country.

[1] Common to Belgium and the Grand Duchy of Luxembourg.
[2] Levied in Belgium only.
[3] Levied in the Grand Duchy of Luxembourg only.

Period for payment:

Belgium
Provided sufficient security is available, a period of grace up to the 15th day of the fourth month following that in which the consumption declaration was submitted is granted for payment.

Luxembourg
Provided sufficient security is available, a credit period is granted:
In the case of warehoused alcohol, the credit period is unlimited and the duty and tax are transcribed to the account of the purchaser.
In the case of non-warehoused alcohol, the period is six months from the submission of the statement of work to be carried out.

Exports:

Alcohol or products containing alcohol which are exported, or sent to a destination equivalent to exportation, are exempt from all excise duty and special excise duty (Belgium) or consumption tax (Luxembourg). Consignments from Belgium to the Grand Duchy of Luxembourg are exempted in Belgium from the special excise duty. Similarly, consignments from the Grand Duchy of Luxembourg to Belgium are exempted in the Grand Duchy of Luxembourg from the consumption tax.

Excise duty on wines and other sparkling and non-sparkling fermented beverages

(Accise sur les vins et autres boissons fermentées mousseuses et non mousseuses/ Accijns op wijn en andere mousserende en niet-mousserende gegiste dranken)

Law of 12 February 1937 (M.b., 5 March 1937) on the tax system for fermented sparkling beverages; Law of 15 July 1938 (M.b., 27 July 1938); Law of 19 March 1951 and M.D. of 25 March 1952; Law of 11 December 1959 (M.b., 20 February 1960); Law of 19 March 1969 (M.b., 1 August 1969); M.D. of 12 April 1972 (M.b., 14 April 1972); Law of 5 January 1976 (M.b., 6 January 1976); Law of 12 July 1978 (M.b., 21 August 1978); R.D. of 9 August 1978 (M.b., 21 September 1978); R.D. of 9 August 1978 (M.b., 21 September 1978); M.D. of 17 May 1980 (M.b., 31 May 1980); R.D. of 26 February 1982 (M.b., 27 February 1982) and R.D. of 29 December 1983 (M.b., 30 December 1983).

Beneficiary:

The State.

Excise duty payable on:

- Beverages fermented from fresh or dried grapes of an alcoholic strength by volume not exceeding 22 % vol. at a temperature of 20 °C and beverages fermented from fruit other than fresh or dried grapes and similar beverages of an alcoholic strength by volume not exeeding 15 % vol. at a temperature of 20 °C
- Fermented sparkling beverages, except beer and beverages subject to the excise duty on alcohol.

Excise duty due when:

Dutiable beverages are manufactured or imported.

Exemptions:

Under certain conditions relating to packing and labelling, beverages fermented from fruit other than fresh or dried grapes and similar beverages of an alcoholic strength by volume not exeeding 15 % are exempt from excise duties.
Where beverages fermented from grapes or any other fruit have not been manufactured, have suffered loss or destruction or have been used for industrial purposes, an exemption from excise duty may be obtained.

Declaration and date for submission:

- Manufacture of beverages fermented from fruit:
  A declaration of work to be carried out is required. This declaration must reach the excise officer not later than the second working day before the date fixed for beginning work.

- Manufacture of sparkling fermented beverages:
  Depending on his working methods, the manufacturer must submit one or two declarations of work to be carried out which must reach the excise officer at least 48 hours before the commencement of work.

Collection:

The duties are payable by the manufacturer.
They are due when the declaration of the work to be carried out on the manufacture proper of the dutiable beverages is submitted.

Rates:

1. *Beverages fermented from fruit*

   A. Beverages fermented from fresh or dried grapes, of an alcoholic strength by volume not exceeding 22% vol. at a temperature of 20°C, are subject to:

	Belgium	*Luxembourg*
(a) excise duty:	BFR 600 per hl	LFR 600 per hl
(b) special excise duty:	BFR 871 per hl[1]	nil.

   If these beverages are of an alcoholic strenghth by volume exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12%, as follows:
   (i) BFR 13.30 per hl, if their alcohol strength by volume does not exceed 15% vol.,
   (ii) BFR 21.00 per hl, if their alcohol strength by volume exceeds 15% vol.,

   B. Beverages fermented from fruit other than fresh or dried grapes and similar fermented beverages of an alcoholic strength by volume not exceeding 15% vol. at a temperature of 20°C are subject to:

	Belgium	*Luxembourg*
(a) excise duty:	BFR 600 per hl	LFR 600 per hl
(b) special excise duty:	BFR 871 per hl[1]	nil.

If these beverages are of an alcoholic strength by volume exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12% vol. at BFR 13.30 per hl.
The fermented beverages referred to under A of an alcoholic strength by volume exceeding 22% vol. and those referred to under B of an alcoholic strength by volume exceeding 15% vol. at 20 °C are subject to excise duty and special excise duty on ethyl alcohol.

2. *Fermented sparkling beverages*

   A. Beverages of an alcoholic strength by volume not exceeding 6% vol. at a temperature of 20°C:

	Belgium	*Luxembourg*
(a) excise duty:	BFR 150 per hl	LFR 150 per hl
(b) special excise duty:	BFR 34 per hl[1]	–

[1] Levied in Belgium only and also due on imports of beverages into Belgium from Luxembourg.

B. Beverages of an alcoholic strength exceeding 6 % vol. at a temperature of 20 °C:

(i) manufactured from fresh or dried grapes

	Belgium	Luxembourg
(a) excise duty:	BFR 1 500 per hl	LFR 1 500 per hl
(b) special excise duty:	BFR 2 178 per hl[1]	nil.

(ii) other

	Belgium	Luxembourg
(a) excise duty:	BFR 750 per hl	LFR 750 per hl
(b) special excise duty:	BFR 169 per hl[1]	–

Sparkling beverages fermented from fruit are subject to the excise duty and the special excise duty on beverages fermented from fruit as well as to the excise duty and the special excise duty on fermented sparkling beverages.

Imports:

The above duties also apply to domestic and imported products.

Period for payment:

Provided sufficient security is available, the manufacturer may obtain the following periods of grace for the payment of excise duties:
- beverages fermented from fruit: 6 months,
- fermented sparkling beverages: from the final day of the month during which the duty fell due (see 'Collection'):
  - 'Champenois' method: 5 months,
  - other methods: 2 months.

Exports:

Beverages fermented from fruit and sparkling fermented beverages which are exported or sent to a destination equivalent to exportation are exempt from excise duty and special excise duty. Where goods are sent from Belgium to Luxembourg, they are exempt in Belgium from special excise duty.

Luxembourg wines
Under the provisions of Article 6(3) of the Convention establishing Belgo-Luxembourg economic union and Article 80(2) of the Treaty establishing the Benelux economic union Luxembourg still wines are exempt from excise duty.

[1] Levied in Belgium only and also due on imports of beverages into Belgium from Luxembourg.

Excise duty on beer

(Accise sur les bières/Bieraccijns)

Belgium
Law of 11 May 1967 on the excise system for beer (M.b., 22 December 1968); Law of 16 June 1973 (M.b., 20 June 1973); R.D. of 27 November 1973 (M.b., 30 November 1973); R.D. of 24 January 1974 (M.b., 26 January 1974); R.D. of 28 November 1974 (M.b., 29 November 1974); M.D. of 8 May 1981 (M.b., 15 May 1981); R.D. of 24 June 1981 (M.b., 27 June 1981) and R.D. of 14 December 1981 (M.b., 19 December 1981).

Luxembourg
In accordance with the BLEU Convention, Belgian laws and regulations are introduced in the Grand Duchy by means of ministerial regulations parallel to their entry into force in Belgium.

Beneficiary:

The State.

Excise duty payable on:

Beverages, in the preparation of which the amount of malt and other farinaceous substances which the brewer uses for each brewing is not less than $^5/_7$ of all the raw materials used; the proportion of sugar substance in this total is calculated as the quantity of dry extract that they contain.

Excise duty due when:

Brewing is carried out or on importation.

Exemptions:

Under certain conditions the brewer may obtain the refund of any payments made, or will not be liable for the excise duty and special excise duty on:
- declared brewings which, for reasons of *force majeure,* did not take place;
- wort which is lost accidentally or destroyed during a brewing;
- beer which is lost or becomes unfit for human consumption before it leaves the brewery.

Declaration and date for submission:

Each time that he intends to brew, the brewer submits to the local excise office a brewing declaration which must reach the excise officer not later than the third working day before the day fixed for commencement of brewing. At the brewer's request, however, the quantities produced in the same week may be given on a single declaration.

Collection:

The excise duty and the special excise duty are payable by the brewer on the basis of the number of hectolitre-degrees of wort that he intends to produce according to his declaration. On importation, duties are payable when the declaration of release for consumption is made.

Rates:

For home production the excise duty and the special excise duty are calculated on the basis of the number of hectolitre-degrees of wort. They are fixed as follows per hectolitre-degree:

	Excise duty	Special excise duty [1]
– For the first 10 000 hl degrees	BFR 31.90	BFR 36.10
– From 10 001 to 50 000 hl degrees	BFR 38.10	BFR 43.20
– From 50 001 to 300 000 hl degrees	BFR 46.00	BFR 52.30
– From 300 001 to 1 250 000 hl degrees	BFR 46.00	BFR 54.20
– More than 1 250 000 hl degrees	BFR 52.20	BFR 55.00

[1] Levied in Belgium only.

Imports:

Imported beers are subject to an excise duty fixed per hectolitre-degree of beer and in accordance with the annual production of the brewery which produced the beer, as below:

	Excise duty	Special excise duty [1]
Not exceeding 20 000 hl° of wort	BFR 33.49	BFR 37.90
From 20 001 to 50 000 hl° of wort	BFR 36.75	BFR 41.63
From 50 001 to 60 000 hl° of wort	BFR 38.70	BFR 43.87
From 60 001 to 75 000 hl° of wort	BFR 40.30	BFR 45.71
From 75 001 to 100 000 hl° of wort	BFR 41.90	BFR 47.55
From 100 001 to 150 000 hl° of wort	BFR 43.50	BFR 49.39
From 150 001 to 300 000 hl° of wort	BFR 45.10	BFR 51.23
From 300 001 to 700 000 hl° of wort	BFR 46.70	BFR 53.07
From 700 001 to 900 000 hl° of wort	BFR 47.61	BFR 55.27
From 900 001 to 1 200 000 hl° of wort	BFR 47.77	BFR 55.63
From 1 200 001 to 2 000 000 hl° of wort	BFR 47.90	BFR 55.95
From 2 000 001 to 5 000 000 hl° of wort	BFR 50.50	BFR 56.65
Exceeding 5 000 000 hl° of wort	BFR 53.09	BFR 57.31

[1] Levied in Belgium only and also due on imports of beer into Belgium from Luxembourg.

The number of hectolitre-degree of beer imported is the product of the volume of that beer and the difference between its original gravity at 17.5 °C and the gravity of pure water at 4 °C.
The annual production of a brewery is based on the number of hectolitre degrees which it would have been considered to produce had it been established in Belgium or Luxembourg.

Period for payment:

Provided sufficient security is available, the brewer enjoys a period of grace fixed as follows for payment of the excise duty and the special excise duty on the beer which he produces:

- Spontaneously fermenting beers (faro, gueuze, lambic):
  payment may be deferred until the 15th day of the 12th month following that in which the brewing declaration was submitted;
- Other beers:
  payment may be deferred until the 15th day of the third month following that in which the brewing declaration was submitted.

Exports:

No excise duty or special excise duty[1] is due on beer exported or sent to a destination equivalent to exportation.
Beer sent to Luxembourg is exempted in Belgium from the special excise duty.[1]

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[1] Levied in Belgium only.

Excise duty on non-alcoholic beverages

(Accise sur les boissons non alcoolisées/Accijns op alcoholvrije dranken)

R.D. No 44 of 28 September 1939 on the tax system for mineral waters and gaseous or sparkling lemonade (M.b., 4 October 1939): Law of 29 June 1966 (M.b., 6 August 1966); Law of 24 November 1972 (M.b., 16 December 1972); R.D. of 24 June 1981 (M.b., 27 June 1981).

Beneficiary:

The State.

Excise duty payable on:

1. Waters, hereafter called 'mineral waters' including:
   (a) natural or artificial mineral waters including waters which, although not having the composition or particular properties of mineral waters, are sold or delivered as such;
   (b) aerated or sterilized waters;
   (c) ordinary waters sold in packages which carry indications suggesting one of the waters mentioned in (a) and (b) above.
2. Lemonade, which includes:
   (a) aerated or sparkling beverages consisting essentially of sweetened or aromatized water, fruit juices or a mixture of water and fruit juices;
   (b) beverages which are neither aerated nor sparkling and which are essentially:
   - either of sweetened or aromatized water, with the exception of preparations such as coffee and tea;
   - or a mixture, sweetened or not, of water and fruit juices.

Excise duty due upon:

Release for consumption from the factory or for importation.

Declaration and date for submission:

The manufacturer must submit not later than the second working day in each week a written declaration stating the quantities released for consumption during the preceding week.

Collection:

The excise duty is payable by the manufacturer in accordance with the quantity of the chargeable products (mineral waters and lemonade) delivered from the factory for consumption following the weekly declaration. This declaration gives rise to the duties.
On importation, the excise duty is payable when the declaration of release for consumption is made.

Rates:

- Mineral waters . . . . BFR 2 per litre
- Lemonade . . . . BFR 3 per litre

Period for payment:

Against sufficient security, the payment of the excise duty can be deferred until Thursday of the week following that when the weekly declaration has to be transmitted to the excise officer concerned (and not later than the second working day in the week following that to which the declaration applies).

Imports:

Non-alcoholic beverages (mineral waters and lemonade) which are imported for consumption (including those from Luxembourg) are levied with the same excise duty as those included under the heading 'Rates of duty'.

Exports:

Excise duty is not payable on exports of non-alcoholic drinks (mineral waters and lemonade) including exports to the Grand Duchy of Luxembourg.

Excise duty on sugar

(Accise sur les sucres/Accijns op suiker)

Law of 21 August 1903 on the manufacture and import of sugar (M.b., 26 August 1903); Amending Law of 24 February 1971 (M.b., 19 March 1971); R.D. of 2 August 1978 (M.b., 1 September 1978). The Belgian rules were published in the *Mémorial* to introduce them in Luxembourg.

Beneficiary:

The State.

Excise duty payable on:

Cane or beet sucrose sugar.

Excise duty payable upon:

Release for consumption from a factory or from a customs or excise duty-free warehouse.

Exemptions:

The manufacturer or refiner need not pay excise duty on sugar which is denatured and which is intended for:
- feeding bees;
- feeding cattle;
- industrial uses.

Declaration and date for submission:

The manufacturer or the refiner must submit not later than the last working day of each month a written declaration stating the quantities released for consumption during the month in question. A written declaration has to be submitted prior to release for consumption from another excise duty-free warehouse or customs duty-free warehouse.

Collection:

The excise duty is payable by the manufacturer or refiner on the basis of the quantities of sugar or refined syrup declared for consumption. It is payable by the importer on the basis of the quantities of sugar declared for consumption on importation.

Rates:

1. Sugar in solid form: BFR 60 per 100 kg net.
2. Sugar in liquid or paste form of which the colour is less than 6 on the 'Union Calorimètre' scale or of which the degree of purity is above 90: BFR 0.60 per 100 kg net and by per cent of purity.

Imports:

Imports of sugar are subject to the same excise duty as that applying to domestically produced sugar.
Excise duty is payable as shown below on products containing added sucrose sugar, caramel, invert sugar or artificial honey in the following proportions:

- 5 % to 15 % .... BFR 6
- more than 15 %, but not more than 25 % .... BFR 12
- more than 25 %, but not more than 40 % .... BFR 19.50
- more than 40 %, but not more than 60 % .... BFR 30
- more than 60 %, but not more than 75 % .... BFR 40.50
- more than 75 %, but not more than 90 % .... BFR 49.50
- more than 90 % .... BFR 57

per 100 kg net.

Period for payment:

Against sufficient security, payment may be deferred until the 15th day of the month following that in which the declaration of amounts offered for consumption is made.

Exports:

Exemption from all excise duties is granted for sugar and sugar products exported or supplied to a destination equivalent to exportation.

Excise duty on coffee

(Accise sur le café/Accijns op koffie)

Law of 23 July 1981 (M.b., 31 July 1981).

Beneficiary:

The State.

Excise duty payable on:

Coffee (decaffeinated or not).

Excise duty payable upon:

Release for consumption from a place of storage under customs or excise supervision or on importation.

Exemptions:

1. Coffee (roasted or not) and coffee extracts exported or sent to a destination equivalent to exportation.
2. Coffee used in the manufacture of products and preparations, based on coffee extracts or containing coffee, exported or sent to a destination equivalent to exportation.
3. Coffee put to industrial uses other than roasting and the preparation of coffee extracts.
4. Coffee unfit for consumption and destroyed in places of importation and processing under official supervision.

Rates:

1. Coffee (not roasted) .... BFR 8 per kg net
2. Coffee (roasted) .... BFR 10 per kg net
3. Extracts of coffee .... BFR 28 per kg of dry matter

Annual tax on insurance contracts

(Taxe annuelle sur les contrats d'assurance/Jaarlijkse taks op verzekeringscontracten)

R. D. of 29 September 1938 (M.b., 21 October 1938); Law of 19 February 1969 (M.b., 1 March 1969); Law of 28 December 1983 (M.b., 20 December 1983).

Beneficiary:

The State.

Tax payable on:

Insurance contracts.

Basis of assessment:

Premiums and charges to be borne by the insured party.

Exemptions:

Reinsurance contracts, social insurance, insurance contracted by public authorities, insurance of ships and aircraft principally used for international public transport, indemnity insurance covering risks situated abroad.

Payment:

Annual payment.

Rates:

The standard rate: 9.25 %.
The reduced rate: 4.40 % in the case of life assurance and annuities;
1.4 % for insurance against risks in international trade.

Betting and gaming tax

(Taxe sur les jeux et paris/Belasting op spelen en weddenschappen)

Articles 43 to 75 of the Code of Taxes with equivalent effect to income taxes.

Beneficiary:

The State.

Tax payable by:

Any person who, even occasionally, accepts bets or wagers either on his own account or as an intermediary in betting and gaming.

Basis of assessment:

- Generally speaking, gross sums involved in betting and gaming.
- For casino games: winnings of bankers in baccarat/chemin de fer; winnings of punters in roulette without zero and gross gains (stake minus gain) for other casino games.
- Betting competitions and other competitions: gross stakes.

Exemptions:

- Authorized lotteries.
- Under certain conditions, certain popular amusements, pigeon races and competitions where participants must have some linguistic, historical, geographical or artistic knowledge or skill.

Payment:

The first and the 15th day of each month.

Rates:

(a) In general: 11 % of the gross sums involved.
(b) Special cases:
  - Bets (on horse races run in Belgium) entered into in the Flemish region and the bilingual region of Brussels:
    1. One-fifth of the gross sum placed with the 'Pari Mutuel' is levied as tax;
    2. 5 % of the gross sum placed on 'straight bets' (i. e. on the winner, only);
  - Bets entered into in the Walloon region on horse races:
    1. 10 % of the gross sum placed either with the 'Pari Mutuel' on races run in Belgium or in bets on races run abroad;
    2. 6 % of the gross sum placed on 'straight bets' on races in Belgium;
  - 4.80 % on the winnings of bankers in baccarat/chemin de fer;
  - 2.75 % on the winnings of players in roulette without zero;
  - 30 % on that part of the gross gains from casino games (other than baccarat/chemin de fer and roulette without zero) which does not exceed BFR 35 million per year and 40 % on the rest;
  - BFR 10 for a pigeon ring sold by the associations and federations approved by the Ministry of Finance.

Tax on automatic amusement machines

(Taxe sur les appareils automatiques de divertissement/Belasting op automatische ontspanningstoestellen)

Articles 76 to 93 of the Code of Taxes with equivalent effect to income taxes.

Beneficiary:

The State.

Tax payable on:

Automatic machines for amusement, situated on the public highway, in places accessible to the public, or in private clubs whether or not entry to these clubs is subject to compliance with certain formalities.

Tax payable by:

The owner of the machine; but if he does not pay the tax, the operator of the place in which the machine is installed and who authorized its installation is considered liable to the tax.

Basis of assessment:

Tax fixed according to category of machine A, B, C, D and E.

Payment:

Annual or by instalments.

Rates:

From BFR 3 000 (Cat. E) to BFR 36 000 (Cat. A).
Official assessment of BFR 200 000 for gaming machines that are found to be in operation in violation of the law.

Main registration taxes

(Principaux droits d'enregistrement/Voornaamste registratierechten)

R.D. No 64 of 30 November 1939 containing the Code of the Registration Taxes, Mortgage Duty and Court Dues (M.b., 1 December 1939), confirmed by the Law of 16 June 1947 (M.b., 14 August 1947), and modified in particular by the provisions of Chapter II of R.D. No 12 of 18 April 1967 (M.b., 20 April 1967) and by the Laws of 14 April 1965 (M.b., 20 April 1965), of 3 July 1972 (M.b., 1 August 1972), of 1 March 1977 (M.b., 31 March 1977), of 19 July 1979 (M.b., 22 August 1979), of 14 May 1981 (M.b., 27 May 1981), of 1 July 1983 (M.b., 8 July 1983), of 28 June 1984 (M.b., 12 July 1984), of 31 July 1984 (M.b., 10 August 1984), of 17 July 1985 (M.b., 12 September 1985), of 12 August 1985 (M.b., 12 September 1985), of 19 June 1986 (M.b., 24 July 1986), of 4 August 1986 (M.b., 20 August 1986) and 15 May 1987 (M.b., 10 July 1987).

Beneficiary:

The State.

Rates:

Sale of land and buildings located in Belgium (except for buildings to be constructed, under construction or recently constructed, if value-added tax is due on them).
- Standard rate 12.5%
- Sales to building societies linked with public services 6%
- Sales to purchasers receiving government subsidies 1.5%
- Sales of small rural property and of modest dwellings 6%
- Sales to persons engaged professionally in buying land and buildings for resale 5%

Partition of land or buildings located in Belgium (for buildings, the same reservation as for sales: see above) 1%

Conversion of the surviving spouse's inherited usufruct (provided for in Article 745, points 4 and 5, of the Civil Code) 1%

Gifts:

(See under Succession duty or transfer duty.

Companies:

A. Companies actually managed from headquarters in Belgium or with their statutory seat in Belgium but actually managed from headquarters outside EEC territory:
   - movable assets or real estate invested in Belgian companies, in general 0.5%
   - assets contributed to Belgian companies, either by way of mergers, takeovers or split-ups, in one or more forms of activity:
     (a) by companies with a statutory seat or a seat of effective management in EEC territory . . . . exempt
     (b) by other companies 0.5%

- increase of capital without further assets being invested (e.g. by incorporation of reserves, profits or deposits):
  normally 0.5%
- any other corporate acts amending memorandum or articles of association (extension, conversion of a company into another of a different type, change of object, etc.):
  fixed duty of . . . . BFR 225

B. Other companies:
no registration tax (apart from the fixed duty of BFR 225 where applicable).

Basis of assessment:

Generally, price or value of assets.

Collection:

The tax is levied at the time of registration.

Court duties

(Droits de greffe/Griffierechten)

R.D. No 64 of 30 November 1939 containing the Code of Registration Taxes, Mortgage Duty and Court Dues (M.b., 1 December 1939), confirmed by the Law of 16 June 1947 (M.b., 14 August 1947) and modified, in particular, by the provisions of Chapter II of R.D. No 12 of 18 April 1967 (M.b., 20 April 1967) and of Chapter VII of the 1981 programme Law of 2 July 1981 (M.b., 8 July 1981).

Beneficiary:

The State.

Rates:

As a rule moderate fixed duties levied by the clerks of courts:
- entry of causes on the court list and registration of suits;
- drawing up clerk's acts and certain acts of judges and of officials in the public prosecutor's office;
- provision of copies or extracts of acts and judgments;
- authentication of and search for certain acts;
- entries in the register of commerce or the register of non-commercial companies which have taken the form of commercial companies or the register of artisans.

Stamp duty

(Droits de timbre/Zegelrechten)

Regent's Decree of 26 June 1947 containing the Code of Stamp Duties (M.b., 14 August 1947), confirmed by the Law of 19 July 1951 and amended, in particular, by the provisions of Chapter III of R.D. No 12 of 18 April 1967 (M.b., 20 April 1967), Chapter I, Section 5 of the Law of 22 December 1977 (M.b., 24 December 1977) and Chapter I, Section I, sub-section III of the Law of 8 August 1980 concerning the 1979-80 budget proposals (M.b., 15 August 1980).

Beneficiary:

The State.

Rates:

Deeds executed and authenticated by a notary and various deeds and documents (such as extracts, certificates or authorizations issued by public authorities, bank documents, etc.): moderate fixed duties.
Negotiable instruments . . . . 0.5 %

Mortgage duty

(Droits d'hypothèque/Hypotheekrechten)

Beneficiary:

The State.

Rate:

0.2 % of the sum of a mortgage when registered or renewed.

Tax on stock exchange and carry-over transactions

(Taxe sur les opérations de Bourse et de report/Taks op beursverrichtingen en reporten)

R.D. of 29 September 1938 (M.b., 21 October 1938); R.D. of 9 May 1941; Article 12 of the Law of 13 June 1951; Article 13 para. 2 of the Law of 27 March 1957; Law of 27 December 1965 (M.b., 29 December 1965).

Beneficiary:

The State.

Tax payable on:

Sale, purchase or issue of stocks or shares to subscribers through a professional intermediary.

Basis of assessment:

Negotiating price rounded off to the nearest BFR 100 (general system).

Rates:

- Belgian national debt securities (in general) .... 0.07 %
- Foreign national debt securities, or loans issued by Belgian or foreign provinces and municipalities, and most bonds .... 0.14 %
- Other securities .... 0.35 %
- In cases where the operation concerns the execution of orders involving forward purchases or sales of stocks and shares quoted on a Belgian stock exchange .... 0.17 %

Annual tax on securities quoted on the stock exchange

(Taxe annuelle sur les titres cotés en Bourse/Jaarlijkse belasting op de ter beurs genoteerde titels)

Articles 50 to 62 of the Law of 2 January 1926 (M.b., 2/3 January 1926) and Article 1 of the Law of 27 December 1965 (M.b., 29 December 1965).

Beneficiary:

The State.

Tax payable by:

Companies and other bodies whose stocks and shares are quoted on the stock exchange.

Tax payable on:

Admission of stocks, shares, bonds, etc. and public funds of all kinds, on 1 January of the year of taxation, for spot or forward quotation on one of the Belgian stock exchanges.

Basis of assessment:

The total sum representing the value of securities admitted for quotation. This value is either the market value or the real value of the securities during the month of December preceding the year of taxation.

Exemptions:

Securities of Belgian public bodies and securities of foreign companies and bodies.

Declaration and payment:

Declaration and payment to be made not later than 31 March of the year of taxation.

Rate:

42 centimes per BFR 1 000 or fraction of BFR 1 000.

Tax on motor vehicles

(Taxe de circulation sur les véhicules automobiles/Verkeersbelasting op autovoertuigen)

Articles 3 to 42 of the Code of Taxes with equivalent effect to income taxes.

Beneficiary:

The State (plus 10 % additional tax for agglomerations, and the municipalities).

Tax payable on:

Motor vehicles and their trailers using the public highway.

Basis of assessment:

Horsepower, or weight of the motor vehicle, as the case may be.

Exemptions:

Vehicles used by a public authority, certain passenger vehicles and omnibuses, taxis on certain conditions, ambulances and vehicles used by certain invalids and handicapped persons, steam or motor boats or launches, certain agricultural vehicles, motor cycles up to 250 cc.

Payment:

Annual or by instalments, or for successive periods of 12 consecutive months.

Rates: (as from 1 July 1987)
- Motor cars, estate cars and minibuses; from BFR 1 608 to BFR 41 148 per year; for vehicles over 20 hp: BFR 41 148 + BFR 2 244 per hp; if such vehicles are fitted to run on LPG: an additional BFR 3 600, BFR 6 000 or BFR 8 400 per year, depending on whether the taxable power amounts to 7 hp or less, 8 hp to 13 hp or more than 13 hp;
- Motor cycles of a cylinder capacity exceeding 250 cc: BFR 1 140;
- Lorries, vans, tractors, trailers and semi-trailers: graduated scale ranging from BFR 150 to BFR 346 per 100 kg of weight (minimum: BFR 731);
- Other road vehicles: BFR 180 per hp when the power does not exceed 10 hp (minimum: BFR 1 614). When the power exceeds 10 hp, the rate per hp, applicable to the entire taxable power, is BFR 180 + BFR 13 per hp above 10, with a maximum of BFR 505 per hp.

Special features:

Provinces may levy tax on boats, motorboats and on motor cycles with a cylinder capacity not exceeding 250 cc.
Agglomerations of municipalities and municipalities benefit from the yield of the 10 % surcharge on the national tax.

Tax on the opening of establishments for the sale of fermented beverages

(Taxe d'ouverture sur les débits de boissons fermentées/Openingsbelasting op slijterijen van gegiste dranken)

R.D. of 5 April 1953, coordinating the legal provisions on the sale of fermented beverages (M.b., 4 April 1953); R.D. of 9 October 1967, amending R.D. of 5 April 1953 (M.b., 7 November 1967); R.D. of 9 December 1977 (M.b., 27 January 1978).

Beneficiary:

The State.

Tax payable by:

Any new operator of an establishment for the sale of fermented beverages.

Scope:

An 'operator' is considered to be any person who sells fermented beverages for consumption on the premises. 'Sale' is considered to consist in offering or allowing the consumption of such beverages in a place accessible to the public.

Collection:

Single tax payable when an establishment is opened or taken over.

Rates:

The tax is fixed at three times the real or presumed annual rental value of the premises used for the sale of beverages, but may not be lower than:
- BFR 3 000 in hamlets, municipalities or urban areas with not more than 5 000 inhabitants;
- BFR 4 000 in municipalities or urban areas with more than 5 000 but not more than 15 000 inhabitants;
- BFR 5 000 in municipalities or urban areas with more than 15 000 but not more than 30 000 inhabitants;
- BFR 7 500 in municipalities or urban areas with more than 30 000 but not more than 60 000 inhabitants;
- BFR 10 000 in municipalities or urban areas with more than 60 000 inhabitants.

A uniform tax is fixed at:
1. BFR 5 000 for travelling establishments;
2. BFR 200 per working day for occasional establishments.

Five-yearly tax to be paid by certain operators of establishments for the sale of fermented beverages

(Taxe quinquennale due par certains débitants de boissons fermentéès/Vijfjarige belasting verschuldigd door bepaalde slijters van gegiste dranken)

(See the legal instruments relating to the tax on the opening of establishments for the sale of fermented beverages.)

Beneficiary:

The State.

Tax payable by:

Operators with legal personality (companies).
Brewers and beer merchants considered to be 'commettants' (principals).

Scope:

After a period of 15 years dating from 1 January of the year in which the establishments are opened or taken over, the operators with legal personality and the 'commettants' must pay a five-yearly tax.

Rate:

This tax is fixed at half the real or presumed annual rental value of the premises used for the sale of beverages, but may not be less than one-sixth of the amount fixed for the tax levied on the opening of the establishment.

Annual tax payable by retailers of spirituous beverages

(Taxe annuelle due par les détaillants de boissons spiritueuses/Jaarlijkse belasting verschuldigd door de kleinhandelaars in geestrijke dranken)

(See legal provisions concerning the tax on the opening of establishments for the sale of fermented beverages.)

Beneficiary:

The State.

Tax payable by:

Any person selling or delivering, in either a principal or a secondary capacity, spirituous drinks in quantities of 6 litres or less.

Collection:

Annual tax.

Rate:

The tax is equal to one-fifth of the real or presumed rental value of the premises concerned, but may not fall below $^1/_{15}$ of the amount fixed for the tax on the opening of establishments for the sale of fermented beverages.
For travelling sales the tax is fixed at a flat rate of BFR 300.
For casual sales the tax is fixed at BFR 15 per day of use.

Licensing tax on establishments for the sale of spirituous beverages

(Taxe de patente sur les débits de boissons spiritueuses/Vergunningsrecht op drankgelegenheden van sterke dranken)

Law of 28 December 1983 on the sale of spirituous beverages and on the licensing tax (M.b., 30 December 1983).

Beneficiary:

The State.

Tax payable by:

Any operator of an establishment for the sale of spirituous beverages for consumption on the premises.

Scope:

An operator of an establishment for the sale of spirituous beverages for consumption on the premises means any natural or legal person who, in whatever capacity and for his own account, exercises an activity the object or one of the objects of which consists in the operation of an establishment in which are sold or served, whether or not free of charge, spirituous beverages for consumption on the premises, and the fact of allowing such beverages to be consumed.

Collection:

Annual tax.

Rate:

The licence for the sale of spirituous beverages for consumption on the premises is issued against payment of an annual, indivisible tax fixed, per calendar year, at 25 % of the real or presumed annual rental value of the premises used for the sale of beverages; the tax may not be less than BFR 12 000 or more than BFR 40 000.
The tax is fixed at a standard amount of
1. BFR 12 000 per calendar year for travelling establishments;
2. BFR 500 per working day for occasional establishments.

DENMARK

Danmark

State income tax

(Indkomstskat til staten)

Statutory Notice No 659 of 22 September 1986, last amended by Law No 361 of 10 June 1987; No 676 of 1 October 1986, last amended by Law No 312 of 25 May 1987; No 623 of 18 September 1987.

Beneficiaries:

Tax on individuals: the State.
Tax on estates: the State and local government. The local government share of the tax amounts to one-third.

Tax payable by:

Individuals resident and estates administered in Denmark.

Basis of assessment:

The ordinary taxable income including income from foreign sources.

Exemptions:

Estates which are administered immediately following a person's decease are exempted from income tax, provided the following conditions are fulfilled:
- the value of the estate's assets at the time of decease must not exceed DKR 650 000;
- the net value of the estate at the time of decease must not exceed DKR 500 000;
- the value at which assets are paid out to heirs, etc. must not exceed DKR 600 000.

Deductions:

The tax liability on the net income is reduced by a percentage of a personal allowance. In 1987 the general personal allowance was DKR 27 100. The personal allowance for married pensioners was DKR 26 200. For single pensioners the allowance was DKR 46 500.

Estates
The tax liability is reduced by a monthly allowance of DKR 3 500.

Married couples:

The wife is taxed separately. Account is however taken of a spouse's income in some respects when assessing tax. Children are liable to tax independently.

Non-residents:

Individuals are taxable on their income in Denmark from employment, pensions or grants, etc., according to the same rules as residents, apart from a certain standardization of the rules on personal allowance and certain restrictions as to the allowance on assessment, depending on whether those concerned have been living in the country for more or less than six months.

Collection:

The employer or employing authority is required to withhold from the remuneration paid for personal work of a service nature and from certain other types of income, such as pensions, a provisional tax known as A-Tax.
Distributed dividends are subject to a provisional dividend tax of 30 %. Royalty payments to non-residents are subject to a provisional tax of 30 % or to the tax due under double taxation agreements. Other income, primarily from self-employment and capital normally pays a provisional tax according to a demand note, known as B-Tax.

Tax at source:

A-Tax is withheld from every person who receives a salaried income in Denmark from employment there or who receives a pension or allowance from Denmark.
The basis of assessment of tax is the taxpayer's gross income minus all deductions other than the personal allowance. However, a further deduction is made of a sum equal to the figure which would be obtained if the personal allowance were taxed at the lowest rate.
The provisional taxation of married couples is levied on each of them separately. If one of the spouses has no income or otherwise cannot make full use of his or her allowances (general deductions on assessment + personal allowance), it is transferred to the other spouse.

Rates:

Individuals
Taxable income is split into two components, personal income and investment income.
State income tax of 22 % (and local income taxes) are payable on the whole of the taxable income. An additional 12 % in State income tax is payable on the portion of personal income exceeding DKR 200 000. A further 6 % in State income tax is payable on the sum of personal income and any positive net investment income, after deduction of a basic allowance of DKR 130 000 (DKR 260 000 for married couples).
The thresholds are adjusted in line with a factor laid down annually by law. The adjustment factor for 1987 was 100.
If the combined total of a taxpayer's State, county and municipal income taxes exceeds 68 % of a specified proportion of the personal income, the State income tax is reduced by the amount in excess.
If, following that reduction, the combined total of the taxpayer's State, county and municipal income taxes (after deduction of the personal allowance) and any wealth tax due exceeds 78 % of his taxable income, the tax is reduced. The wealth tax is reduced in the first place, and State income tax in the second place, to bring the total to 78 % of the taxable income. The wealth tax may not be reduced by more than 60 %. The total reduction in wealth tax and State income tax may not exceed the total wealth tax.

Estates
On taxable estates income tax is payable at 50 % of the taxable income.

Carry-over of losses:

The value for tax purposes of any shortfall in taxable income is set off against the taxpayer's 12 % and 6 % taxes. If the taxpayer is married and the spouses are cohabiting at the end of the year, any remaining shortfall is deducted from the spouse's taxable income, and thereafter the tax value of any shortfall remaining is deducted from the spouse's 12 % and 6 % taxes. Anything still remaining can be carried forward for the five years following. Where the taxpayer has positive special income for the same year he may choose to set off the shortfall against his own and thereafter his spouse's positive special income, before carrying forward any remainder to later years.

Negative personal income can be set off only against the income which forms the basis of assessment for the 12 % and 6 % taxes, i. e. positive net investment income and personal income. In the year of the shortfall, negative personal income is deducted from the taxpayer's positive net investment income when calculating the 6 % tax. If the taxpayer is married and cohabiting with his spouse at the end of the year, the shortfall is deducted in the first place from the spouse's personal income, and in the second place anything remaining is deducted from the total positive net investment income of the two spouses. Any remaining shortfall in personal income is carried forward for the following five years.

A negative net investment income is not carried forward independently, but is deducted in calculating taxable income.

County income tax

(Amtskommunal indkomstskat)

Law on taxation by county authorities, see Statutory Notice No 534 of 30 October 1974; Law No 217 of 28 April 1976; Law No 500 of 28 October 1983; Law No 315 of 4 June 1986.

Beneficiary:

The county in which the tax municipality of the taxpayer is situated.

Tax payable by:

The same group of people who are liable to municipal income tax.

Basis of assessment:

The taxable income for State income tax.

Deductions:

The tax liability is reduced by a percentage of a personal allowance (tax credit). In 1987 the general personal allowance was DKR 21 200.

Collection:

Collection and accounting to the county for county income tax is carried out according to the same rules as those on municipal income tax.

Rate:

The county income tax corresponds to a percentage levy fixed by the County Council for the calendar year in question.

Municipal income tax

(Kommunal indkomstskat)

Law on municipal income tax, see Statutory Notice No 492 of 24 September 1984; Law No 146 of 19 March 1986; Law No 315 of 4 June 1986; Law No 146 of 25 March 1987; Law No 269 of 13 May 1987.

Beneficiaries:

The income tax of a person fully liable for municipal income tax is normally payable to his tax municipality, i.e. the municipality in which the person in question is resident or – if he has no place of residence – to the municipality in which he was staying on 5 September before the calendar year in question. The same rule applies for married women. However, another municipality can be fully or partly entitled to tax, since a stay of at least three months in a municipality gives that municipality a right to part of the municipal income tax to which the taxpayer is liable, calculated in proportion to the length of the stay.
Persons who are only partly liable to tax usually pay income tax to the municipality in which they receive their income.

Tax payable by:

All persons liable to State income tax.

Basis of assessment:

The taxable income for State income tax with a certain difference in regard to the personal allowance.

Deductions:

The tax liability is reduced by a percentage of a personal allowance (tax credit). In 1987 the general personal allowance was DKR 21 200.

Collection:

See under State income tax.

Rates:

The municipal authorities fix the percentage of the levy for one calendar year at a time. Non-residents pay municipal income tax on the limited income.
The levy on this income corresponds to the total average levy for the municipal and county income tax (28 % in 1987).

Dividend tax

(Udbytteskat)

Statutory Notice No 658 of 22 September 1986, Article 2; Statutory Notice No 676 of 1 October 1986, Articles 65 to 67A.

Beneficiaries:

See under State income tax and Corporation tax.

Tax payable by:

In the case of shareholders fully liable to tax, the dividend tax is set off against their finally calculated tax. Any amount in excess is repaid. Shareholders who are not liable to pay any tax obtain repayment of their dividend tax on demand.

Non-residents:

The dividend tax withheld is a definitive tax. Shareholders residing abroad may be able to claim a refund of the dividend tax in so far as an agreement for the avoidance of double taxation would justify the refund.

Collection:

Whenever a decision is taken to pay out or credit dividends, the dividend tax becomes due and is paid to the State by the company which distributes the dividends.

Rate:

30 %.

Tax on employee bonds

(Afgift af medarbejderobligationer)

Statutory Notice No 440 of 22 August 1984.

Beneficiaries:

The State and the municipality.
One-third of the tax devolves to the municipality.

Tax payable by:

Employers who pay out profits in the form of bonds to employees in their business. The conditions under which such bonds are issued must be approved by the State tax directorate.

Basis of assessment:

The value of the bonds.

Collection:

The tax must be paid before the expiry of a term laid down in the approval from the State tax directorate.
The collection is made by the District Inspectorate of Taxes.

Rate:

50% of the amount by which the value of each bond exceeds DKR 200.

Special circumstances:

Employees are not required to include the value of such bonds nor the amount of the tax thereon in their taxable income.
The employer may deduct the value of the bonds and the amount of tax thereon when calculating his ordinary taxable income.

Seamen's tax

(Sømandsskat)

Statutory Notice No 799 of 1 December 1986.

Beneficiaries:

State and municipality.
In 1987 the municipal share of seamen's tax amounted to 60 % of the first DKR 40 000 of the seamen's tax and 46 % of the remainder. The threshold is index-linked.

Tax payable by:

Seamen serving on Danish vessels in foreign and domestic trade, and seamen on board vessels registered abroad where these are rechartered without crew by a Danish shipping firm. The tax is deducted at source from the seaman's pay.

Basis of assessment:

The monthly pay earned on board, the value of free food etc. on board included.

Deductions:

In calculating the seamen's tax a fixed monthly allowance of DKR 995 for expenses is deductible. Seamen sailing in foreign trade are furthermore granted a monthly allowance of DKR 1 400. The tax liability is further reduced by an amount based on an allowance of 3 % of the monthly income earned on board the vessel, the maximum monthly allowance being DKR 320. This ceiling is index-linked. The fiscal value of the allowance is a percentage equal to the basic tax rate, shown in the scale below. Finally, seamen also qualify for the same personal allowance as other taxable persons; see under State income tax. The value of the seaman's personal allowance is calculated on a monthly basis in the same way as the allowances mentioned above.

Married couples:

Married couples are taxed separately.
Children are taxed separately.

Non-residents:

Residents of The Faeroes, Finland, Greenland, Iceland, Norway, and Sweden are taxed under the same regulations as those mentioned above for Danish residents.
For other non-residents, tax is paid according to the scale below. Besides the abovementioned deductions these non-resident seamen are granted a monthly deduction in their liability corresponding to the fiscal value of a fixed DKR 300.

Collection:

At the end of each month, or on the seamen's discharge if it is not at the end of a month.

Rates:

Seamen's tax is calculated as follows:

Residents of Denmark and of the other Nordic countries:		*Others:*
On the first DKR 13 000	45 %	42 %
On the next DKR 7 000	56 %	53 %
On the remainder	65 %	62 %

Special circumstances:

So far as earnings on board are concerned, the seamen's tax replaces State, country and municipal income tax and church tax.
A seaman who has been liable to seamen's tax for less than 150 days may ask to have the income on board taxed according to the rules for persons on land.

Pensions contribution

(Folkepensionsbidrag)

Abolished by Law No 351 of 4 June 1986 on pensions.

Contribution to the sickness per diem fund

(Bidrag til Dagpengefonden)

Abolished by Law No 351 of 4 June 1986 concerning the Danish Cash Benefit Act.

Church tax

(Kirkeskat)

Law No 645 of 19 December 1984.

Beneficiaries:

The churches in each municipality.

Tax payable by:

The members of the Established Church of Denmark.

Rate, basis of assessment and collection:

The rate varies from 0.4 to 1.6 % in the different municipalities and is levied on the same basis as municipal income tax. The tax liability is reduced by a percentage (equal to the tax rate) of a personal allowance. In 1987 the personal allowance was DKR 21 200.
Collection takes place jointly with municipal income tax.

Special income tax

(Særlig indkomstskat)

Statutory Notice No 440 of 22 August 1984.

Beneficiaries:

The State and municipalities.
One-third of the special income tax devolves to the municipality.

Tax payable by:

(a) Persons and estates who are liable to State income tax;
(b) Companies, associations, corporations and autonomous institutions, etc. which are liable to income tax under the rules of the Corporation Tax Law and the Fund Income Tax Law.
Estates and joint-stock companies, etc. are required to include special income calculated in accordance with the rules on the law on special income tax in their ordinary taxable income, instead of paying special income tax.

Basis of assessment:

- Profit or loss on disposal of machinery, equipment, etc., ships, buildings and buildings' installations used for trading and covered by the law on depreciation.
- Profit or loss on the disposal of patent rights etc., time-limited rights, rights in virtue of dividend contracts and lease or hire contracts.
- Profit or loss on the disposal of shares, on certain conditions only. Gains on the sale of ordinary shares are not taxed provided disposal takes place more than three years after acquisition. Special income tax is chargeable on the disposal of shares held by a principal shareholder only in accordance with special rules which have the effect that gains after seven years' ownership are reduced by half.
- Profit or loss on the distribution of liquidation assets of joint-stock companies and cooperative societies during the calendar year in which the company was finally liquidated.
- Certain compensation and bonuses, received from the taxpayer's employer.
- Some payments pertaining to pension funds.
- *Ex gratia* payments made from public funds, from charities and from cultural funds.
- Profit on the disposal of property. Exceptions to this are one or two family houses occupied by the owner, on conditions which are specified in detail.
  The tax is not chargeable where assets are sold more than seven years after acquisition.
- Capital goods acquired for purposes of trade or speculation are not covered by the law on special income tax.

Exemptions:

Profit realized on the disposal of property is not included under special income, where such disposal attracts disposal tax under the rules of the law on property derestriction tax etc.
Profit realized on the receiving of damages or insurance amounts is exempt from special income tax, if rebuilding is undertaken.
Compensation for expropriations of real property which have taken place since 15 May 1979.

Deductions:

Certain types of special income are subject to special rules for the calculation of profit and loss.

Married couples:

The wife is taxed separately from the husband.

Non-residents:

Those taxpayers who have limited tax liability are only taxed on special income deriving from personal goods covered by the limited tax liability pertaining to the exercise of a trade or to property transactions.

Collection:

Special income tax is payable in three instalments on 1 September, 1 October and 1 November in the year in which the tax is assessed, the last date for payment being the 20th of the month in which it falls due.

Rates:

Special income tax is calculated at 50 %.
Where real property is sold more than three years after acquisition, the gain is reduced by 20 % for each year. Thus in effect the rate changes, falling from year to year until no tax is due.
In the case of shares held by a principal shareholder the gain is reduced by 10 % for each year after the third. Thus the rate falls here too. But as the basis is simply reduced by half after seven years the effective rate of taxation only drops to 25 %.

Supplementary tax:

If the proper annual declaration is not submitted on time, the tax is increased in accordance with the rules of the law on tax control.

Special circumstances:

When a person's liability to tax in Denmark ceases, because of his departure abroad etc., he is required, before the end of the month following the date on which his tax liability ceases. to submit a declaration of special income during the current income year. Persons concerned are required, before the end of the month following the date on which their tax liability ceases, to calculate and pay the special income tax.
Regarding merger of joint-stock companies and cooperative societies etc., special regulations are provided in Statutory Notice No 495 of 24 September 1981.
Special income tax is not levied on disposals of property which are subject to real property disposal tax.

Carry-over of losses:

In certain cases it is permitted to calculate special income so as to produce a negative amount, in so far as the rules of calculation show a loss.
In so far as the special taxable income is negative, an amount equal to the negative special income may be deducted when calculating the ordinary taxable income.
If the ordinary taxable income shows a shortfall the taxpayer may, rather than carrying it forward in accordance with the rules in the Personal Income Tax Law, deduct it from his own and thereafter from his spouse's special income for the same year. If corporate income under the Corporation Tax Law shows a shortfall it may likewise be deducted from special income rather than carried forward under the Corporation Tax Law. Any remaining shortfall can be carried forward under the Personal Income Tax Law or the Corporation Tax Law as the case may be.

Corporation tax

(Selskabsskat)

Statutory Notices No 658 of 22 September 1986, No 146 of 25 March 1987, No 107 of 11 March 1987, No 309 of 25 May 1987.

Beneficiaries:

The State and municipalities.
3/25 of the tax goes to the municipality.

Tax payable by:

I. Companies resident in Denmark:
   (a) registered joint-stock companies and similar companies,
   (b) cooperatives,
   (c) buying associations and production and sales associations,
   (d) mutual insurance associations and the State Life Assurance Institute,
   (e) other associations, foundations, trusts or self-owned institutions,
   (f) savings banks,
   (g) passing investment associations issuing negotiable certificates for the shares of the members.

II. Companies mentioned above, but resident in Greenland, The Faeroes or abroad in so far as they:
   (a) carry on business from a permanent establishment in Denmark or participate in a trading activity from a permanent establishment in Denmark or are otherwise entitled to payments from such undertakings or deriving from the cession of such undertakings (provided those payments are not dividends, debt repayments, interest or royalties), or rents;
   (b) in their capacity as owner, co-owner, or beneficiary of the use or income thereof, they derive income from real property situated in Denmark;
   (c) derive income from dividends;
   (d) receive a tax credit in respect of dividend income under a double taxation agreement;
   (e) receive payment for holding themselves available for work in Denmark;
   (f) receive consultancy fees;
   (g) receive royalties.

III. The following are exempted from liability to the tax:
   (a) the State and its institutions,
   (b) municipal authorities and institutions,
   (c) recognized religious communities, and church institutions, connected with the national church,
   (d) harbours, airports, and power stations providing public services,
   (e) the National Bank of Denmark,
   (f) the labour market's supplementary pension fund,
   (g) the Central Securities Office,
   (h) the Wage-earners' Cost-of-living Fund.

   The following institutions etc. listed under (i) – (r) are wholly or partially exempt from tax liability:
   (i) schools, hospitals, convalescent and children's homes, libraries and museums,
   (j) the Building Societies Guarantee Fund, the Rural Building Fund for house building and building associations for the benefit of the general public,

(k) pension funds,
(l) auctions held by agricultural or smallholder associations covered by Law No 80 of 4 March 1949,
(m) reconstruction companies covered by the law on reconstruction,
(n) industrial health services,
(o) urban renewal companies,
(p) TV 2,
(q) the Developing Countries Industrialization Fund,
(r) the Copenhagen Stock Exchange.

IV. The Minister for Finance may decide to grant complete or partial concessionary exemption from tax to companies and associations whose objects as laid down in their articles of association are for the benefit of the general public.

Basis of assessment:

(a) The ordinary taxable income during the income year is calculated in general according to the same rules as for personal State income tax. Included along with the ordinary income is special income calculated according to the rules of the law on special income tax.
(b) Those institutions etc. mentioned under heading I (e) above are only liable to tax in their trading income and special income pertaining to trading. Expenses may only be deducted when they relate to sources of income, which are included in the taxable income.
(c) In the case of buying associations etc. which are liable for tax as mentioned in heading I (c) above, the taxable income is calculated as a percentage of the associations' capital at the end of the income year. The capital is calculated according to the same rules as apply to personal capital tax. When calculating the association's capital, any profit distributed for the income year is disregarded.
The income is calculated as 6 % of that part of the capital corresponding to the ratio between turnover with non-members and members, plus 4 % of the balance.

Exemptions:

If the taxable income of joint-stock companies etc., included under heading I (a) above comprises dividends from other companies or if a joint-stock company's sole activity is to own shares in another company, permission may be given for the tax to be reduced.
Dividends paid by foreign-based subsidiaries to Danish parent companies.
See also heading IV above.

Deductions:

See 'Basis of assessment'.

Non-residents:

See 'Tax payable by'.

Collection:

The tax is due for payment on 1 November or on the first day of the month following issue of the demand note.

Rates:

1. The companies and associations etc. mentioned in heading I a, b, d and e, and foreign companies etc. mentioned in heading II pay income tax at 50 %.
2. Buying associations and production or sales associations (heading I c) pay income tax at 20 % of the taxable income.

Special features:

Part-owners and partners are taxed according to the same rules as individuals. If the profits are distributed, the shareholder (if resident in Denmark) receives a tax credit (representing part of the corporation tax paid by the company) equal to 25 % of the dividend. This credit is set off against personal income tax, any excess being paid to the shareholder.
The credit can be obtained by foreigners where there is a double taxation agreement with their country and that country also grants tax credits. The tax credit is then taxed in the same way as a dividend, i. e. at 30 %.

Carry-over of losses:

Losses may be deducted from the taxable income for the five immediately succeeding income years.

Tax on lottery winnings

(Afgift af gevinster ved lotterispil)

Law No 23 of 27 January 1956, as amended by Law No 331 of 19 December 1959.

Beneficiary:

The State.

Tax payable by:

Persons and companies who hold public lotteries and prize and guessing competitions in Denmark.

Basis of assessment:

The market value of prizes.

Collection:

The tax is settled following each lottery draw or competition.

Rates:

The tax on cash prizes amounts to 15 % thereof in excess of DKR 200. In the case of other prizes the tax is 17.5 % of the market value in excess of DKR 200.

Supplementary tax:

In case of late settlement the taxpayer pays a supplement amounting to 50 % of the tax.

Special circumstances:

Income tax is not payable on paid-out prizes.
In the case of lotteries not covered by the law, the winner pays income tax instead of lottery tax.

Levy on hunting licences

(Jagttegnsafgift)

Law No 211 of 3 June 1967 concerning hunting and wildlife administration; Statutory Notice No 123 of 14 March 1986 concerning levies on hunting licences.

Beneficiary:

The State.

Rates:

Hunting licence: DKR 150.

Wealth tax

(Formueskat)

Statutory Notice No 676 of 1 October 1986, last amended by Law No 312 of 26 May 1987; Law No 623 of 18 September 1987.

Beneficiary:

The State.

Tax payable by:

Individuals resident and estates administered in Denmark.

Basis of assessment:

The taxable capital at the end of the income year.

Deductions:

See 'Basis of assessment'.

Married couples:

The wife is taxed separately.
Children are taxed separately.

Non-residents:

Tax is only payable with regard to permanent establishments, land and buildings.

Collection:

See under State income tax.
An annual declaration is submitted by the taxpayer. The correctness of this declaration is checked in accordance with rules in the law on tax control.

Rates:

The tax amounts to 2.2 % on the part of the capital which exceeds DKR 1 278 700 (in 1987).

Delayed payment:

Pensioners and owners of protected houses may delay payment, until death or sale of property, of that part of the wealth tax which concerns the house.
For reduced rates, see under State income tax.

Inheritance and gift tax

(Afgift af arv og gave)

1. Inheritance tax

Statutory Notice No 62 of 6 February 1987.

Beneficiary:

The State.

Tax payable by:

Heirs, including those entitled under interest usufructs, life insurances, etc.

Basis of assessment:

The value of what the heir receives; in principle, the market value.

Exemptions:

- Estates of less than DKR 1 000
- Public service pensions are exempt, as are private pensions payable under a general scheme for all staff or for groups of staff in a firm. Employer's liability insurance and the like are largely exempt.
- If the heir dies and there is a fresh liability to pay inheritance tax within six months.

Deductions:

In calculating the value of the inheritance, deduction may be made of the deceased's debts, as also of expenses connected with the administration of the estate.

Non-residents:

If the deceased is resident outside the State, inheritance tax is payable in Denmark only if the inheritance includes real estate, entailed property under Danish State control or benefits under Danish family endowments or foundations.

Collection:

Via the probate courts or district tax inspectorates.

Rates:

Vary according to the family or marriage relationship between deceased and heir and to the size of the inheritance. The scales are progressive.
Minimum tax of 1.2 % on amounts between DKR 8 000 and 10 000. Maximum tax of approximately 70 % on DKR 1 million, 90 % on the balance.

Supplementary tax:

In certain cases where the calculation is not submitted on time, the inheritance tax may be increased by one-tenth, alternatively one-third.

2. Tax on gifts

Statutory Notice No 62 of 6 February 1987.

Beneficiary:

The State.

Tax payable on:

Gifts made to a spouse, provided the gifts are separate property, to issue, parents and grandparents. Gifts to other persons are taxed as income.

Basis of assessment:

The commercial value of the gift after deduction of debts and other costs connected with acquisition of the gift.

Exemptions:

- Gifts of a value of less than DKR 8 000 p.a.
- Maintenance in the giver's home.
- Gifts to issue of furniture and other chattels up to a value of DKR 5 000 p.a.
- Sums lodged in an education account under the Education Savings Law, and sums saved under a housing savings contract under the Housing Savings Law.

Non-residents:

In cases where neither giver nor receiver is resident in Denmark, gift tax is only paid on real estate situated in Denmark.

Collection:

On the basis of gift declarations submitted by giver and receiver.

Rates:

The tax rates vary depending on the family relationship between giver and receiver and the size of the gift. Scales are progressive. The minimum rate is 1/2 %, on gifts of more than DKR 8 000 to issue. The maximum rates are approximately 19 % on DKR 1 000 000 and 32 % on the balance.

State income tax on estates of deceased persons

(Beskatning af dødsboer)

Law No 151 of 19 March 1986.

Beneficiaries:

The State and local authorities.

Tax payable on:

Estates which pass in Denmark.

Basis of assessment:

The taxable income and fortune of the estate, broadly speaking calculated as per the rules applying to persons.

Exemptions:

Estates with assets of not more than DKR 650 000 in 1987 (DKR 676 000 in 1988) and net value not exceeding DKR 500 000 in 1987 (DKR 520 000 in 1988) are tax-free. However, this freedom from tax ceases if, for example, the sum of the net values paid as inheritance (legacies) etc. exceeds DKR 600 000 in 1987 (DKR 624 000 in 1988).

Deduction:

Estate allowance of DKR 84 000 per annum in 1987, and DKR 88 800 in 1988 (equal to DKR 3 500 and DKR 3 700 per month in the tax liability).

Non-residents:

The law only covers estates which pass in Denmark.

Collection:

As arranged by the tax commissions.

Rates:

- Income tax: 40 %.
- Capital tax: 2.2 % on capital exceeding DKR 1 278 700 for 1987
  DKR 1 329 900 for 1988
  (see Wealth tax).
  The threshold is adjusted in line with a factor laid down each year by law.

Carry-over of losses:

The estate's or the deceased's losses can be carried forward for a maximum of five years. If the estate is found to be in loss and this loss cannot be utilized, it is possible under certain conditions to ask that an amount equal to 30 % of the non-utilized loss be paid from public funds.

Hydrocarbon tax

(Kulbrinteskat)

Laws No 175 and No 176, both of 28 April 1982, as amended by Law No 276 of 6 June 1984 and Law No 926 of 19 December 1986.

Beneficiary:

The State.

Tax payable by:

(a) Individuals, estates, corporations, etc. which derive income from the extraction of hydrocarbons in Denmark.
(b) Individuals, estates, corporations, etc., which do business or earn wages or the like in connection with the extraction of hydrocarbons in Denmark, and which are not liable to tax in Denmark under the Law on the deduction of tax at source or the Law on corporation tax.

Basis of assessment:

Persons or companies which derive income from the extraction of hydrocarbons pay personal income tax or corporation tax to the State, and hydrocarbon tax as a supplement to that tax.
Personal income tax or corporation tax are assessed under the general rules of tax legislation. The following special rules apply, however:
- Hydrocarbon income (defined by a 'ring fence') is calculated separately.
- The law allows other prices to be set.
- Production installations and the like are depreciated in accordance with the rules on machinery, equipment and similar assets.
- Expenditure on exploration is always deductible.
- Losses on hydrocarbon extraction activities may be carried forward for up to 15 years.

The basis of assessment for the hydrocarbon tax is calculated separately and is basically independent of the basis of assessment for personal income tax or corporation tax. The same rules are applied as those used in calculating the personal income tax or corporation tax due on hydrocarbon income. The following exceptions are made, however:
- Hydrocarbon income is calculated field by field within the ring fence.
- The rules on allocation to investment reserves, investment allowances, accelerated depreciation and the writing down of stocks do not apply.
- In calculating the hydrocarbon income from a field a special basic 'hydrocarbon allowance' is applied, which varies with the investment put in. The hydrocarbon allowance is equal to 25 % of the investment in a field annually, and is granted for 10 years including the year in which depreciation on the asset or assets began.
- In calculating the income subject to hydrocarbon tax there is an allowance for the whole of the personal income tax or corporation tax assessed for the same year on income from hydrocarbon extraction.

Individuals or companies doing business carrying on activities in connection with hydrocarbon extraction calculate their income in accordance with the ordinary rules of tax legislation.
Persons earning wages or salaries in connection with hydrocarbon extraction pay tax on the basis of their wage or salary income, without any deductions.

Deductions:

See 'Basis of assessment'.

Non-residents:

See 'Tax payable by'.

Collection:

The hydrocarbon tax is collected on a provisional basis in two yearly instalments to be paid by 1 October in the income year and 1 June the year following.
- In the case of the individuals, companies, etc. referred to under: 'Tax payable by' (a); personal income tax or corporation tax are collected in accordance with the ordinary rules of tax legislation.
- In the case of individuals and companies referred to under: 'Tax payable by' (b); taxes are also collected in accordance with the ordinary procedure, exept in the case of wage and salary incomes, where 30 % of income is withheld at source.

Rates:

Hydrocarbon tax is set at 70 %.
- In case of the individuals, companies, etc., referred to under 'Tax payable by' (a) corporation tax is 50 % and personal income tax is 50 %.
- In the case of the individuals, companies, etc., referred to under 'Tax payable by' (b) corporation tax is 50 % and personal income tax is 50 %.
  Those earning wages and salaries in connection with the extraction of hydrocarbons pay a final State tax of 30 % of their income.

Carry-over losses:

Losses in fields which have been abandoned can be deducted from the total taxable hydrocarbon income from fields making gains before the tax is charged.
Losses recorded in the statement of total taxable hydrocarbon income can be carried forward up to 15 years.

Value-added tax

(Merværdiafgift)

Law on general turnover tax (value-added tax), see Statutory Notice No 68 of 18 February 1985.

Beneficiary:

The State.

Tax payable on:

Liability to this tax covers all new and second-hand goods. Gas, water, electricity, heating, etc. are regarded as goods. Liability to the tax also covers all services, unless exempted as for example:
- hospital treatment, medical practice, dentistry, etc.;
- public assistance, kindergartens, etc.;
- school and university teaching, etc.;
- cultural activities, except performances etc.;
- sports activities, except professional games;
- passenger transport; except commercial passenger transport by bus other than by regular service;
- postal services;
- renting, letting, leasing and administration of real property, except rooms in hotels, etc.;
- insurance activities;
- banking and savings banking;
- lotteries etc.;
- artistic activities;
- services of travel agencies and tourist offices;
- services of undertakers.

Tax payable by:

Businesses which sell goods or render taxable services. Such businesses are required to register with the Customs service. However, businesses with an annual turnover not exceeding DKR 10 000 per annum are not liable to pay tax and are therefore not required to register.

Basis of assessment:

The price charged excluding value-added tax.

Exemptions:

- Exports.
- Sale of newspapers which are normally published at least once monthly.
- Sale and hire of aircraft and of ships of 5 GRT and over (except sports aircraft and pleasure boats).

Collection:

Registered businesses are required within one month and 20 days following the end of each tax period to declare to the Customs service the amount of the business' output and input tax (see below) during the period.
Registered businesses are required for each tax period to pay to the Treasury the difference between the output tax (tax on the business' taxable turnover during the period) and the input tax (tax on the business' purchases of goods and taxable services for the business' use).
The tax period corresponds to the quarter year, and the tax must be paid within one month and 20 days at the end of the quarter.
For businesses engaged in agriculture, fishing, etc. the tax period is the half-year. One half of the tax due for a tax period is payable not later than by the 20th day of the sixth calendar month and the other half not later than by the 20th day of the ninth calendar month following the end of the tax period.

Rate:

22 % of the taxable value.

Imports:

Taxable on entry.
The tax due on goods imported during any month must be paid before the end of the following month.

Excise duty on petrol

(Benzinafgift)

Law on tax on petrol, Statutory Notice No 484 of 15 July 1986, as amended by Law No 692 of 17 October 1982 and § 19 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on:

Petrols, blends of petrol and other products which can be used for the propulsion of motor vehicles.

Excise duty payable when:

Goods are delivered from registered businesses.

Exemptions:

Petrol used, *inter alia,* for agricultural tractors, stationary motors, aircraft and fishing vessels is exempt from tax.

Declaration and payment:

Producers, importers and wholesalers of taxable goods are required to register with the Customs service. Registered businesses are required, not later than the 15th day of each month, to declare to the Customs service the quantity liable to tax for the previous month.
Payment of tax must be made not later than the last day ot the month following the month of declaration.

Rate:

Unleaded	338 øre per litre
Leaded	370 øre per litre

Excise duty on certain petroleum products

(Afgift af visse olieprodukter)

Law on tax on certain petroleum products, see Statutory Notice No 485 of 15 July 1986, as amended by Law No 693 of 17 October 1986 and § 21 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on:

Gas, diesel and fuel oil, kerosene.

Excise duty payable when:

Goods leave the manufacturer or wholesaler.

Exemptions:

Oil used for the production of electricity in power stations and combined power and district heating stations which sell electricity.
Oil used for public transport.
Businesses which are registered under the VAT law may obtain repayment of duty paid on oil they have consumed. Duty will not be repaid to district heating stations and the like.

Declaration and payment:

Manufacturers and wholesalers of taxable oil are required to register with the Customs service. After the end of each month, and at the latest by the 15th of the following month, registered businesses must declare to the Customs service the amount of the goods on which they are required to pay tax. The duty on sales in one month is to be paid before the end of the following month.

Rates:

Gas and diesel oil	185 øre per litre
Fuel oil	208 øre per kg
Fuel tar	188 øre per kg
Kerosene in 10-litre containers and kerosene sold to middlemen for resale in 10-litre containers	60 øre per litre

Tax on gas

(Afgift af gas)

Law on tax on gas, see Statutory Notice No 486 of 15 July 1986, as amended by Law No 695 of 17 October 1986 and § 22 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Gas (LPG).

Tax payable upon:

Delivery from registered producer.

Exemptions:

Businesses registered for VAT purposes can claim back the gas tax.

Declaration and payment:

Producers of taxable gas are required to register with the customs service. They are required to declare on the 15th of each month at the latest the quantity of gas delivered during the previous month.
The tax must be paid before the end of the month following the month of delivery.

Rates:

Autogas (LPG)	128 øre per litre
Bottled gas (LPG)	237 øre per kg

Tax on electricity

(Afgift af elektricitet)

Law on tax on electricity, see Statutory Notice No 406 of 20 June 1986, as amended by Law No 694 of 17 October 1986 and § 20 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Electricity consumed in Denmark.

Tax payable when:

Power is supplied from its place of origin.

Exemptions:

Businesses which are registered under the VAT law may obtain repayment of any tax paid on the electricity consumed. This exemption does not apply to lawyers, architects, accountants and the like, however.
Electricity which is produced in small plants (less than 150 kW), in emergency generators and in vehicles, or by wind or water power, and which is consumed exclusively by the producer, is also exempt from tax.

Declaration and payment:

Businesses which produce taxable electricity are required to register with the Customs service. After the end of each month, and at the latest by the 15th of the following month, registered businesses must declare to the Customs service the amount of power on which they are required to pax tax.
The tax on power supplied in one month must be paid before the end of the following month.

Rates:

Electricity exceeding 4 000 kWh per year consumed in dwelling houses heated by electricity	29 øre per kWh
Other electricity	32.5 øre per kWh

Registration tax on motor vehicles

(Registreringsafgift af motorkøretøjer)

Law relating to registration tax on motor vehicles, etc., see Statutory Notice No 13 of 16 January 1985, as amended by Law No 234 of 14 May 1986, § 18 of Law No 925 of 19 December 1986, Laws No 182 and No 185 of 9 April 1987.

Beneficiary:

The State.

Tax payable on:

Motor vehicles liable for registration under the Road Traffic Act and on trailers and semi-trailers for such motor vehicles.

Tax payable when:

As a general rule the vehicle is registered with the police for the first time.

Basis of assessment:

The value of a new vehicle on which tax is payable is the usual consumer selling price, including value-added tax, but excluding registration tax.
In the case of passenger motor cars and vans with a permitted total weight not exceeding 2 tonnes, which are imported secondhand and which are not considered as part of a personal removal of household goods, the taxable value is 90 % (or 100 %) of the price of a corresponding motor vehicle when new.

Exemptions:

Among others:
- commercial goods lorries and goods vans with a permitted total weight exceeding 4 tonnes;
- buses and tractors;
- bicycles with an auxiliary motor (mopeds);
- electrical vans.

Declaration and payment:

The tax is normally payable by motor-dealers registered with the Customs service. Registered businesses are required to declare not later than the 15th day in any month the tax due for the previous month.
The tax for any month must be paid not later than by the 20th day of the following month. The Customs service is empowered to grant up to three months' respite for payment of tax due against security.

Rates:

The tax on ordinary passenger motorcars amounts to the following:
Price excluding the tax:
not exceeding DKR 19 750 .... 105 % of the value
over DKR 19 750 .... 105 % of 19 750 DKR and 180 % on the remainder

The tax on motor cycles amounts to the following:
Price excluding the tax:
not exceeding DKR 12 500 .... DKR 0 on DKR 1 500 and 120 % on the remainder
over DKR 12 500 .... DKR 13 200 on DKR 12 500 and 180 % on the remainder

In the case of commercial lorries and vans not exceeding 4 tonnes permitted total weight and specifically built and equipped for the transport of goods, the scale of tax is as follows:
- permitted total weight not exceeding 2 tonnes .... 95 % of the taxable value
- permitted total weight over 2 tonnes but not exceeding 3 tonnes .... DKR 12 000
- permitted total weight over 3 tonnes .... DKR 7 500

In the case of motorcoaches specifically built and equipped for the transport of more than 10 persons including the driver, taxis and hackney carriages and certain motorcoaches built for special purposes (e.g. mobile offices or mobile showrooms) tax amounts to 20 % of the vehicle's selling price excluding the tax.

Excise duty on tobacco

(Tobaksafgift)

Law on taxes on tobacco, see Statutory Notice No 474 of 15 July 1986, as amended by § 7 of Law No 925 of 19 December 1986.

1. Excise duty on cigarettes, smoking tobacco, chewing tobacco and snuff

Beneficiary:

The State.

Excise duty payable on:

- Cigarettes
- Cigarette paper
- Smoking tobacco (pipe tobacco and fine cut tobacco)
- Chewing tobacco
- Snuff

Excise duty payable:

Before the goods leave the factory.

Collection:

Businesses which import or manufacture tobacco are required to register with the Customs service.
The tax is payable by means of a stamp affixed to the packet by the manufacturer. The stamps are bought from the Customs service at a price equal to the tax on the goods in question.
By providing a security, however, businesses may be granted 2 months and five days' credit for the purchase of these stamps as regards cigarettes and 3 months' as regards the other goods.

Rates:

The cigarette tax is payable at 60.68 øre per cigarette plus 21.22 % of the retail price including tax and VAT.
The tax on cigarette paper for one cigarette amounts to 2 øre.
For smoking tobacco the tax is also based on the tax and VAT inclusive retail selling price in accordance with the following scale:
The tax on sliced tobacco, granulated and similar tobacco and also for other smoking tobacco with width of cut of at least 1.5 mm, amounts to DKR 128.90 per kg.
For smoking tobacco other than that mentioned above, i. e. fine cut (cigarette tobacco): DKR 531.00 per kg.
The tax on chewing tobacco and snuff is calculated on the retail price less value-added tax. For packeted chewing tobacco and snuff the tax amounts to 39 % of this price. For other chewing tobacco it amounts to 23 %.

Imports:

The tax on imported goods is payable on entry. The regulation relating to these rates, payment of tax by means of stamps and credit for the payment of the tax are the same as those which apply to domestic products.

2. Excise duty on cigars, cheroots and cigarillos

Beneficiary:

The State.

Excise duty payable on:

Cigars, cheroots and cigarillos.

Basis of assessment:

The taxable value of the goods is the retail price including tax and VAT.

Excise duty payable when:

The goods are delivered from the producer or wholesaler to the retailer.

Declaration and payment:

Importers, manufacturers and wholesalers of cigars, cheroots and cigarillos are required to register with the Customs service.
Businesses which pay tax on these goods are required to declare to the Customs service, not later than the 15th of each month, their total taxable turnover during the previous month.
The tax payable on taxable turnover during any month must be paid before the end of the following month. By providing security, however, the business may be allowed to defer payment for two months. In such cases, therefore, the tax on any month's taxable turnover must be paid not later than by the end of the third month thereafter.

Rates:

The tax on cigars, cheroots and cigarillos amounts to 19.8 øre each, plus 10 % of the retail price including tax and VAT.

Imports:

The tax is payable by the importer or wholesaler on the same terms as for domestic products.

Duty on matches and lighters

(Afgift af tændstikker og cigar- og cigarettændere)

Law on sundry excise duties, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

1. Duty on cigar and cigarette lighters

Beneficiary:

The State.

Duty payable on:

Cigar and cigarette lighters of any kind.

Duty payable when:

The goods are delivered from the producer.

Declaration and payment:

Businesses producing goods liable to the tax are required to register with the Customs service. The businesses are required, after the end of a tax month, to declare to the Customs service, not later than the 15th of the following month, the quantity of goods delivered during that month.
Tax goods delivered during any month must be paid before the end of the following month.

Rates:

DKR 2 per lighter.

Imports:

The tax on imported goods is payable on entry. Tax on goods imported during any month must be paid before the end of the following month.

2. Duty on matches

Beneficiary:

The State.

Duty payable on:

Matches in retail packs.

Duty payable when:

The goods are delivered in retail packs from the registered businesses.

Declaration and payment:

Businesses manufacturing or importing matches are required to register with the Customs service. The packing of matches in retail packs is regarded as manufacturing.
The businesses are required after the end of a tax period of one month and not later than by the 15th day of the following month to declare to the Customs service the month's taxable quantity.
The tax for any month must be paid before the end of the following month.

Rates:

Retail packs of:
- not exceeding 35 matches . . . . 1 øre per pack
- 36–55 matches. . . . . 2 øre per pack
- 56 matches or over. . . . . 2 øre per unit of 55 matches or part thereof.

Imports:

On goods imported in retail packs, tax is payable on entry.
The tax on goods imported during any month must be paid before the end of the following month.
When goods are imported in other packs, tax is payable by the business which packs the goods in retail packs within the State.

Excise duty on spirits

(Afgift af spiritus)

Law on tax on spirits etc., see Statutory Notice No 472 of 15 July 1986, as amended by § 3 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on:

As a general rule, spirits, including ethyl alcohol and other drinks with an ethyl alcohol content of more than 2.5 % volume, except beer, wine, fruit-wine and the like, are taxable. In addition, wines with an ethyl alcohol content exceeding 23 % volume and wines which, because they contain bitter or aromatic substances, sugar, etc., have the character of spirits, are taxable. The same applies to fruit-wines with a specific gravity of more than 1.06 or an ethyl alcohol content of more than 20 % volume and to lemonades, mineral waters and the like to which spirits have been added. Extracts, essences, etc. containing ethyl alcohol, which without the addition of spirits or wine, can be used to make drinks with a significant ethyl alcohol content, are also taxable.

Excise duty payable upon:

Delivery of the goods from the registered business or alternatively when a tax band is affixed to the goods (to the neck of the bottle).

Declaration and payment:

Businesses which manufacture or import taxable goods are required to register with the Customs service.
Registered businesses are required to declare to the Customs service at the end of the tax month and at the latest by the 15th of each month the quantity of taxable goods delivered during the previous month.
The tax on the taxable quantity for any month must be paid before the end of the following month.

Exemptions:

Denatured spirits (common spirits) and taxable goods which are not tax-banded and after some form of denaturing are used for technical, scientific, educational, medical, etc. purposes or for the commercial production of non-taxable goods, may be exempted from the tax.

Rates:

The tax consists of a specific duty of DKR 143 per litre of 100% ethyl alcohol strength and on *ad valorem* duty of 37.5% of the taxable value, i.e. the wholesale price excluding VAT.

Imports:

The spirits tax is payable on entry. Registered businesses are, however, allowed to take the goods into stock without payment of tax at the time of entry.
Various edible or potable imports which contain spirits are chargeable with tax in proportion to their spirit content.

Excise duty on wine and fruit-wine

(Afgift af vin og frugtvin)

Law on tax on wine and fruit-wine etc., see Statutory Notice No 473 of 15 July 1986, as amended by § 4 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on, and rates:

1. Goods falling under customs tariff items 22.04-22.06 (grape-wine etc.) with an ethyl alcohol content of 23 % maximum volume and specific gravity of 1.07 maximum at 20°C.
2. Goods falling under customs tariff item 22.07 (fruit-wine etc.) with an ethyl alcohol content of 20 % maximum volume and – except in the case of mead produced without the addition of ethyl alcohol – a specific gravity of 1.06 maximum at 20°C.
3. Other goods with an ethyl alcohol content of 23 % maximum volume and a specific gravity of 1.07 maximum at 20°C, in so far as the goods are drinkable and are produced using wine or fruit-wine etc. falling under customs tariff items 22.04-22.07.

The tax on goods covered by paragraphs 1 and 3 above amounts to:

	per litre
1. Goods containing less than 8.5 % ethyl alcohol (volume)	DKR 8.15
2. Goods containing at least 8.5 % but less than 15 % ethyl alcohol (volume)	DKR 12.60
3. Goods containing at least 15 % ethyl alcohol (volume)	DKR 23.40
Sparkling wines are levied by an additional amount of	DKR 10.40

Excise duty payable when:

The goods are delivered from the registered business, alternatively at the time of the tax-banding of the goods (affixing a tax band on the neck of the bottle), the business being able to choose between several methods of accounting for the quantity of goods on which tax is payable during the tax period (month).

Declaration and payment:

Businesses producing or importing taxable goods are required to register with the Customs service.
Registered businesses are required to declare to the Customs service no later than by the 15th of any month the quantity for the previous month on which duty is payable.
The duty due for any month is payable at the end of the following month and must be paid within 20 days maximum thereafter.

Exemptions:

Exemptions from the tax applies to goods, *inter alia*, with an ethyl alcohol content of 2.5 % maximum (volume). Goods which, because they contain bitter or aromatic substances, sugar etc., have the character of spirits, are taxable as spirits.
Due regard being paid to the control regulations, exemption from tax may be granted in the case of goods used for technical, scientific, medical purposes, etc., or for the commercial production of goods which are not liable to tax under the law on tax on wine and fruit-wine, etc. Permission for tax exemption can be given provided that the goods are added to substances which render them unsuitable for drinking or for the production of drinks.

Imports:

The same rates of tax apply to imported goods as to goods produced in this country.
The tax is paid on entry. Registered businesses are, however, allowed to take the goods into stock without tax being paid at the time of entry.
On goods imported bottled etc. an equalization supplement is levied which amounts to 1.5 % of the tax mentioned above.
On imported lemonade, mineral waters, etc., which are added to taxable goods and on various imported articles of food which contain taxable goods there is a financial levy on entry. The levy is paid at the abovementioned rates and in proportion to the quantity of taxable goods used in the manufacture.

Excise duty on beer

(Afgift af øl)

Law on tax on beer, see Law No 62 of 19 February 1986, as amended by Law No 154 of 21 March 1986 and Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on, and rates:

Beers with an alcohol content of 2¼% by weight or over (known as strong beers):
- beer brewed with an extract content of 10¾° Balling or less (tax class I) is taxable at the rate of DKR 481.95 per hl;
- beer brewed with an extract content of more than 10¾° Balling but not more than 13° Balling (luxury beer, class A) is taxable at the rate of DKR 602.15 per hl;
- beer brewed with an extract content of more than 13° Balling (luxury beer, class B) is taxable at the rate of DKR 714.40 per hl.

Beers with an alcohol content of less than 2¼% by weight (known as weak beers, tax class II) are taxable at the rate of DKR 41.80 per hl.

Reductions:

The smaller breweries in Denmark and other Member States of the European Communities are accorded some relief in the treatment of beer tax. In the case of strong beer the relief amounts to a maximum annual allowance of DKR 122.35 per hl for the first deliveries up to a total of 1 890 hl.

Excise duty payable upon:

Delivery from the place of production.

Exemptions:

Exemption from the tax applies to top-fermented beers of the ordinary white beer (mild ale) type, provided the goods are sold with the clear description of the words 'White Beer' or 'Ship's Beer'.

Declaration and payment:

Businesses which produce or import beer of any kind are required to register with the Customs service.

After the end of a tax period of one month, but not later than by the 15th day of the following month, the breweries are required to send a tax declaration to the Customs service covering the quantities delivered during the month, broken down by tax classes.

The tax due on goods delivered during any month is payable to the Customs service before the end of the following month.

Imports:

Imported beer is taxed on entry at the same rates as beer produced in Denmark.
The tax on goods imported during any month is payable before the end of the following month.

Excise duty on mineral waters and the like

(Afgift af mineralvand mv.)

See Statutory Notice No 483 of 15 July 1986 on excise duty on mineral waters and the like; as amended by § 15 Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on, and rates:

DKR 1.60 per litre:

1. Mineral waters, lemonade and similar non-alcoholic beverages;
2. Carbonated fruit and vegetable juice and must and similar goods suitable for direct consumption;
3. Fruit nectar made from fruit juice, suitable for direct consumption;
4. Cider with an ethyl alcohol content of 2.5 % maximum volume.

DKR 0.80 per litre of the finished fruit-wine produced:

5. Fruit and vegetable juice and similar goods which by the addition of sugar have been rendered suitable for use in the production of fruit-wine, and concentrates thereof.

DKR 0.40 per litre of the fruit-wine produced:

6. Fruit and vegetable juice and similar goods to which sugar has not been added but which have been rendered suitable for use in the production of fruit-wine, and concentrates thereof.

Excise duty payable upon:

Delivery of the goods from the registered business.

Exemptions:

1. Natural mineral waters not containing carbonic acid.
2. Non-alcoholic beverages not containing carbonic acid which are produced in soft drink dispensers and similar machines and served in glasses or beakers.

Declaration and payment:

Businesses producing taxable goods are required to register with the Customs service.
The businesses are required, following the end of a tax period of one month and not later than by the 15th of the following month to declare to the Customs service the taxable quantity delivered during the month.
The tax on goods delivered during any month is payable before the end of the following month.

Reduction of duty:

Small mineral water plants in Denmark and other Community Member States are allowed a reduction in the duty on mineral waters containing carbonic acid which are sold in bottles.
The reduction may not exceed 9 øre per litre on six million litres a year.

Imports:

The tax on imported goods falls due on entry. The tax on goods imported during any month must be paid before the end of the following month.

Excise duty on tea and tea extracts

(Afgift af te og teekstrakter)

Law on sundry consumption taxes, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

Beneficiary:

The State.

Excise duty payable on, and rates:

The following goods attract a tax on entry amounting to:

	per kg net weight
1. Tea (Tariff No 09.02)	DKR 5
2. Tea extracts and preparations with those extracts as a basis (Tariff No 21.02. B).	DKR 12.50

Excise payable upon:

Importation of the goods.

Payment:

The tax on goods imported during one month must be paid before the end of the following month.

Excise duty on coffee, coffee extracts and coffee-substitute

(Afgift af kaffe, kaffeekstrakt og kaffeerstatning)

Law on sundry consumption taxes, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

1. Excise duty on coffee and coffee extracts

Beneficiary:

The State.

Excise duty payable on, and rates:

The following goods attract a tax on entry amounting to:

	per kg net weight
1. Raw coffee (Tariff No 09.01.AI)	DKR 4.35
2. Roasted coffee (Tariff No 09.01.AII)	DKR 5.22
3. Coffee extracts not containing ingredients other than coffee (Tariff No 21.02.A)	DKR 13.05

Goods coming under Tariff Nos 09.01. C and 21.02. A which are not themselves taxable as shown above, but which contain coffee or coffee extract, attract tax on entry at the above rates, calculated on their content of coffee or coffee extract.

Excise duty payable upon:

Importation of the goods.

Payment:

The tax on goods imported during any month must be paid before the end of the following month.

2. Excise duty on coffee-substitute

Beneficiary:

The State.

Excise payable on:

Coffee-substitute and coffee-additive, including mixtures of these products with coffee.

Excise duty payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

Businesses producing taxable goods are required to register with the Customs service.
The businesses are required, after the end of a tax period of one month but not later than the 15th of the following month, to declare to the Customs service the quantity delivered during the month.
The duty on goods delivered in any month must be paid before the end of the following month.

Rate:

64 øre per kg net weight of the content of coffee-substitute and coffee-additive in the goods.

Imports:

The duty on imported goods becomes due on importation; the duty on goods imported during any month must be paid before the end of the following month.

Excise duty on chocolate and sweets

(Afgift af chokolade og sukkervarer)

Law on tax on chocolate and sweets, see Statutory Notice No 475 of 15 July 1986, as amended by § 10 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Excise duty payable on:

Chocolate and chocolate products, liquorice products, marzipan, sweets, effervescent products, chewing gum, etc.

Excise duty payable upon:

As a general rule, the delivery of the goods from the registered businesses.

Declaration and payment:

Businesses producing taxable goods are required to register with the Customs service.
Wholesale businesses are not bound, but are entitled to register.
Registered businesses are required, after the end of a tax period of one month but not later than by the 8th of the following month, to declare to the Customs service the weight of the goods on which the business is required to pay tax.
Producers calculate the tax on the basis of the weight of goods delivered by the business in any month, and the tax must be paid before the end of the following month. Wholesale businesses calculate the tax on the basis of the weight of goods taken into stock by the business during any month, and the tax must be paid before the end of the second month following receipt of the goods.
Both producer and wholesale businesses may, by providing security, obtain two months' grace on the abovementioned payment time-limits.

Rate:

DKR 12.50 per kg net weight of the goods.

Imports:

The tax on imported goods becomes due on entry. Registered businesses are, however, allowed to take the goods into stock without being assessed for tax at the time of entry.

Duty on raw materials:

Certain products which can be used for the production of chocolate and sweets, such as almonds, nuts and cocoa nuts, are subject to raw materials tax on import into this country. The tax is not payable on nuts etc. which are imported by the production businesses registered with the Customs service and used by them for the manufacture of chocolate and sweets subject to turnover tax. The rates of tax vary from DKR 3.75 per kg to DKR 22.50 per kg.

Financial levy:

At the entry of certain articles of food which contain stimulants, e. g. cakes, which are not themselves subject to tax as above, but which contain ingredients, e. g. chocolate or nuts, which are taxable according to these regulations a duty is levied on the basis of the weight of the appropriate taxable ingredients. When the ingredient is coconut the levy amounts to DKR 3.75 per kg; otherwise DKR 12.50 per kg.

Tax on ice-cream

(Afgift af konsumis)

Law on tax on ice-cream, see Statutory Notice No 476 of 15 July 1986, as amended by § 12 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Ice-cream, either made in the country or imported.

Tax payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

Businesses are required to register with the Customs service.
The businesses are obliged, after the end of a tax period of one month and not later than the 15th of the following month, to declare to the Customs service the quantity of goods delivered during the month.
The tax on goods delivered during any month must be paid before the end of the following month. The businesses may, however, by providing security obtain a two-month extension of this payment time-limit.

Rate:

DKR 3.00 per litre.

Imports:

The tax on imported goods becomes due on entry, and is payable before the end of the month following that in which the goods were imported. Registered businesses are, however, allowed to take the goods into stock without being assessed for tax at the time of entry.

Tax on perfumes, toiletries

(Afgift af parfumer, toiletmidler mv.)

Law on tax on perfumes, toiletries etc., see Statutory Notice No 480 of 15 July 1986, as amended by § 13 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Perfumes, cosmetics and toiletries.

Tax payable upon:

Delivery of the goods from registered businesses.

Assessment of the tax:

Assessment of the tax is the responsibility of the business producing or importing the product. These businesses are required to register with the Customs service. The tax is assessed by affixing to the packing a stamp provided by the Customs service, which states the maximum retail price of the product, including perfume tax and value-added tax. Retailers are forbidden to sell taxable goods at a price higher than that marked on the price-stamp.

Exemptions:

Amongst others, soap and toothpaste.

Declaration and payment:

The businesses are required, at the end of a tax period of one month and not later than by the 15th of the following month, to declare to the Customs service their delivery of taxable goods during the tax period.
Tax on the goods delivered during the tax period must be paid before the end of the following month. The businesses may, by providing security, obtain a 2-month extension of this timelimit.

Rate:

34 % of the business' highest retail price for the product, including this tax but after deduction of value-added tax.

Tax on radio receivers etc.

(Afgift af radiomodtagere mv.)

Law on measures to limit consumption, see Statutory Notice No 478 of 15 July 1986, as amended by § 8 of Law No 925 of 19 December 1986 and Law No 183 of 9 April 1987.

Beneficiary:

The State.

Tax payable on:

1. Gramophone records.
2. Disposable tableware.
3. Certain pesticides in containers of less than 1 kg or 1 litre.

Tax payable upon:

Sale to retailers by registered businesses.

Declaration and payment:

Any businesses producing or wholesaling taxable goods are required to register with the Customs service.
The businesses are required, after the end of a tax period of one month and not later than by the 15th day in the following month to declare to the Customs service the taxable turnover during the tax period and the amount of the tax.
The tax due on taxable turnover from the goods listed under 1, 2 and 3 in any month must be paid before the end of the following month.

Rates:

For goods listed under 1: $^{3}/_{23}$ of the wholesale value, including this tax but excluding value-added tax.
For goods listed under 2 and 3: $^{1}/_{6}$ of the wholesale value, including this tax, but excluding value-added tax.

Imports:

Registered businesses take imports into stock without paying tax at the time of entry.

Exemptions:

Goods of a kind used solely for commercial purposes may be exempt from the tax.

Tax on television receivers and TV video-recorders and players, and certain household appliances

(Afgift af fjernsynsmodtagere og videooptagere og -gengivere til fjernsyn samt visse husholdningsapparater)

Law on sundry consumption taxes, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

Beneficiary:

The State.

Tax payable on:

Television receivers, TV video-recorders and players, and certain household appliances powered by mains electricity or gas.

Tax payable when:

Goods leave registered businesses.

Exemptions:

Goods of types which must be deemed to be exclusively for use for business purposes.

Registration, declaration and payment:

Businesses which manufacture or import and wholesale taxable goods are required to register with the Customs service.
At the end of a tax period of one month, and not later than the 15th day of the following month, these businesses are required to declare to the Customs service their taxable turnover and the amount of tax due.
Tax on the goods which leave the business during one month must be paid to the Customs service by the 15th of the third month after the month in which the goods left the business.
Businesses may, by providing security, obtain a two-month extension of this time-limit.

Rates:

1. Colour television receivers with a screen more than 25 in. wide	DKR	1 050 each
2. Colour television receivers with a screen 25 in. wide or less but more than 16 in. wide	DKR	900 each
3. Colour television receivers with a screen 16 in. wide or less	DKR	400 each
4. Other television receivers	DKR	210 each
5. TV video-recorders and players	DKR	1 875 each
6. Washing machines weighing over 15 kg and dish-washing machines	DKR	561 each
7. Tumble-driers and drying cabinets, and pressing and ironing machines for textiles	DKR	385 each
8. Centrifugal driers for textiles	DKR	165 each
9. Upright freezers and refrigerators (per compressor or absorber)	DKR	330 each
10. Chest-type freezers and refrigerators (per compressor or absorber)	DKR	303 each
11. Free-standing cookers	DRK	424 each
12. Ovens for building in and microwave ovens	DKR	424 each
13. Table-top cookers, and hobs for building in	DKR	193 each
14. Table-top ovens	DKR	121 each
15. Extractor hoods	DKR	143 each

Imports:

Registered businesses take imports into stock and pay tax when they leave the business.

Tax on incandescent lamps and electric fuses

(Afgift af glødelamper og sikringer)

Law on sundry consumption taxes, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

Beneficiary:

The State.

Tax payable on and rates:

Electric light bulbs with a maximum width of over 19 mm or a maximum length of over 35 mm	DKR 2.50 each
Other electric light bulbs	DKR 0.50 each
Vapour lamps including luminescent lamps	DKR 10 each
Neon tubes and similar lighting tubes	DKR 10 each
Fuses for power current appliances	DKR 0.40 each

Fuses for high tension appliances are exempt from the tax.

Tax payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

Businesses producing or importing taxable goods are required to register with the Customs service.
The businesses are required, after the end of a tax period of one month but not later than the 15th of the following month, to declare to the Customs service the quantity of taxable goods delivered during the month.
The tax for goods delivered during any month must be paid before the end of the following month.

Imports:

The goods can either be added to the businesses' untaxed stocks and assessed on delivery from the businesses, or they can be assessed for tax on entry. In the latter case the tax on goods imported during any month must be paid before the end of the following month.

Tax on certain retail packaging

(Afgift af visse detailsalgspakninger)

Law on tax on certain retail packaging, see Statutory Notice No 482 of 15 July 1986, as amended by § 14 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

The tax is payable on retail packaging for:
1. spirits, wine and fruit-wine, and beer;
2. mineral water, lemonade and similar non-alcoholic beverages, and concentrates used for the production of such drinks;
3. juice and must, and concentrates used in their production;
4. vinegar and edible oil;
5. denaturated spirits.

Tax payable when:

The goods leave a registered business.

Registration, declaration and payment:

Businesses which produce taxable goods are required to register with the Customs service.
After the end of a tax period of one month, and at the latest by the 15th of the following month, businesses are required to declare to the Customs service the amount of taxable goods delivered during the month. The tax on goods declared must be paid within two months of the month of declaration.

Rates:

The tax on containers made of glass, plastic, etc., amounts to:

	per item
1. with a capacity of not less than 10 cl and not more than 60 cl	38 øre
2. with a capacity of over 60 cl but not more than 106 cl	DKR 1.24
3. with a capacity of over 106 cl	DKR 1.72
The tax on metal containers amounts to	62 øre
The tax on containers (packaging) of cardboard or laminates of various materials, amounts to:	
1. with a capacity not less than 10 cl and not more than 60 cl	25 øre
2. with a capacity of over 60 cl	37 øre

Imports:

Tax is due on the import of containers, whether empty or full.
The tax on goods imported in one month must be paid before the end of the following month.

Tax on playing cards

(Afgift af spillekort)

Law on sundry consumption taxes, see Statutory Notice No 479 of 15 July 1986, as amended by § 9 of Law No 925 of 19 December 1986, Law No 927 of 19 December 1986 and Law No 184 of 9 April 1987.

Beneficiary:

The State.

Tax payable on, and rates:

Playing cards: DKR 2 per pack.

Tax payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

Businesses producing or importing playing cards are required to register with the Customs service.
Businesses are required, after the end of a tax period of one month and not later than the 15th day in the following month, to declare to the Customs service the taxable quantity delivered during the month.
The tax on goods delivered during any month must be paid before the end of the following month.

Imports:

Imported goods may either be added to a registered business' untaxed stock and assessed on delivery from the business or they may be assessed on entry. In the latter case the tax on goods imported during any month must be paid before the end of the following month.

Tax on sugar

(Afgift af sukker)

Law on tax on sugar etc., see Statutory Notice No 477 of 15 July 1986, as amended by § 11 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

1. Sugar (beet and cane sugar).
2. Glucose.
3. Invert sugar.
4. Sandwich spreads, mainly made of wholly or partly imported sugar, not subject to excise duty on chocolate and sweets.
5. Syrup made from the goods listed at 1 to 4.

Natural honey is not taxable.

Tax payable when:

The goods leave a registered manufacturer.
In the case of registered wholesalers, tax is paid on such purchases as have not already been taxed.

Exemption:

The main rule is that sugar for industrial use (manufacture of foodstuffs, animal feed, technical or chemical products) is exempt from sugar tax.

Registration, declaration and payment:

Businesses which manufacture or refine taxable goods are required to register with the Customs service.
Businesses which wholesale taxable goods may register with the Customs service. After the end of a tax period of one month and at the latest by the 15th of the following month, registered businesses must declare to the Customs service the amount of goods on which they are required to pay tax.
Manufacturers pay tax on the goods sold in one month by the end of the following month. Wholesalers pay tax on the goods purchased in a month by the end of the following month.

Rate:

The tax amounts to DKR 4 per kg net weight.

Imports:

The tax is payable on import. Registered businesses may, however, take goods into stock without paying tax on import.
On the import of goods which as a result of their content of taxable sugar and the like may replace sugar in households, a compensatory tax is paid on the amount of taxable goods which has been used in their manufacture.

Tax on totalizator betting

(Lov om totalisatorspil)

Statutory Notice No 479 of 12 October 1983, as amended by Law No 178 of 8 May 1985.

Beneficiary:

The State.

Tax payable by:

Companies and associations with permission to operate totalizator betting on horse racing, dog racing, pigeon racing and cycle racing.

Basis of assessment:

Total stakes paid for the bets.

Collection:

The tax is settled after each race meeting.

Rates:

In the case of horse races and dog races, the tax is calculated at fixed percentages which vary according to the type of wager. The lowest rate is 1 % of the stake and the highest is 15 %. A basic deduction is allowed, before tax, for horses varying from DKR 30 000 to DKR 100 700 (after indexation) and for dogs amounting to DKR 1 500. In the case of other types of racing the tax is calculated on a progressive scale from 10 to 25 % depending on the size of the total stakes.
From the tax calculated as per the above rules various deductions are allowed according to the type of racing.

Special feature:

Income tax is payable on winnings.

Tax on football-pool betting

(Afgift af tipning)

Statutory Notice No 66 of 25 February 1977, as amended by Law No 590 of 29 November 1978, Law No 613 of 19 December 1984 and Law No 229 of 22 April 1987.

Beneficiaries:

The State and sports organizations and certain cultural and general welfare purposes.

Tax payable by:

Pursuant to the law on football pools: Dansk Tipstjeneste a/s and pool winners.

Basis of assessment:

The company pays tax on the total stakes and the winners pay tax on their winnings.

Collection:

Settlement is made with each pool that takes place.

Rates:

16 % is paid on the total stakes. For the period 1 July to 31 December 1986 this was reduced to 14.5 % and thereafter until 31 December 1988 it is reduced to 13.5 %; the deduction goes to Team Denmark, a society organizing Danish participation in the Olympic Games.
Winnings are taxed at 15 % of the amount in excess of DKR 200.

Special circumstances:

Income tax is not payable on paid-out winnings. The major part of Dansk Tipstjeneste's profit goes to promote sport, the remainder to cultural, public utility and charitable objects.

County land tax

(Amtskommunal grundskyld)

Law on tax payable to municipalities on real property, see Statutory Notice No 595 of 5 September 1986; Law No 146 of 19 March 1987; Law No 270 of 13 May 1987; Statutory Notice No 534 of 30 October 1974.

Beneficiary:

The county in which the property is situated.

Tax payable on:

Real property in Denmark except for property situated in the municipalities of Copenhagen and Frederiksberg.

Basis of assessment:

See Municipal land tax.

Exemptions:

See Municipal land tax.

Collection:

County land tax is collected by the municipality together with municipal property tax.

Rates:

1 ‰ of the land value multiplied by not more than 20. The rate is fixed by the County Council but the law stipulates that the counties' expenditure should be provided for partly by means of the land tax and partly by levying income tax in the counties.
(For 1987-90 the rates are fixed at 10‰ for all counties.)

Municipal land tax

(Kommunal grundskyld)

Law on tax payable to municipalities on real property, see Statutory Notice No 595 of 5 September 1986; Law No 146 of 19 March 1987, Law No 270 of 13 May 1987.

Beneficiary:

The municipality in which the property is situated.

Tax payable on:

Real property situated in Denmark with certain exceptions mentioned below.

Basis of assessment:

The land value after deducting an allowance for improvements.

Exemptions:

Municipal land tax may not be remitted or reduced in any other way without express statutory authority. The most important exemptions are as follows:

(a) Properties which are exempted from public assessment (cemeteries, public streets and roads, squares, railways, etc.) receive obligatory exemption from municipal land tax, as well as property owned by the State or the municipalities, with the exception of those which are used commercially, the embassies and consulates of foreign States and property belonging to certain international organizations.

(b) The municipal council may give partial or full exemption from land tax to private or other non-profit-making institutions and to power stations, gasworks, waterworks and district heating stations.

Collection:

In two or more equal instalments in accordance with more detailed provisions laid down by the municipal authorities.

Rate:

1 ‰ of the land value multiplied by a factor fixed in accordance with the municipality's estimated levy requirements. The factor may vary from 6 to 24.

Fixed State property tax

(Fikseret ejendomsskyld til staten)

Abolished with effect from 1987 by Law No 313 of 4 June 1986.

Fixed real property municipal tax

(Fikseret ejendomsskyld til kommunen)

Abolished with effect from 1987 by Law No 313 of 4 June 1986.

Financial levy on public property

(Dækningsafgift af offentlige ejendomme)

Law on tax payable to municipalities on real property, see Statutory Notice No 595 of 5 September 1986; Law No 146 of 19 March 1987; Law No 270 of 13 March 1987.

Beneficiaries:

In all municipalities the municipal authorities or the County Council may stipulate that a financial levy is to be made on assessed properties which are exempted from land tax and property tax because they belong to the State or the municipality. The financial levy is payable to the municipality/county in question.

Levy payable by:

See 'Beneficiaries'.

Basis of assessment:

The financial levy is payable on the land value and the difference in value between the land value and the value of the property with a building on it.

Exemptions:

Properties belonging to a municipality are exempted from paying a financial levy to the county concerned. The municipal authorities may exempt from the financial levy properties which belong to the county in question.

Collection:

The financial levy is collected by the municipality together with the municipal property taxes.

Rates:

The financial levy on the land value is 1 ‰ multiplied by half the municipality's general land tax factor but this may not exceed 10. The municipal authorities, however, shall levy the tax on properties owned by the State with the same factor as the municipal land tax. The financial levy on the 'difference value' is fixed by the municipal authorities or County Council and may not exceed 1 ‰ multiplied by 5 and 3.75 respectively.

Financial levy on commercial premises

(Dækningsafgift af forretningsejendomme)

Law on tax payable to municipalities on real property, see Staturory Notice No 595 of 5 September 1986; Law No 146 of 19 March 1987; Law No 270 of 13 May 1987.

Beneficiary:

The municipality in which the premises are situated.

Levy payable on:

The municipal authorities may stipulate that properties used as offices, shops, hotels, factories, workshops or for similar purposes shall pay a financial levy as a contribution towards expenditure. A condition of this is that at least half the differential value of the property is used for the purpose given above.

Basis of assessment:

The abovementioned differential value.

Exemptions:

Properties which are exempted from land tax.

Collection:

The financial levy is collected by the municipality.

Rate:

1 ‰ multiplied by the financial levy factor fixed by the municipal authorities and which must not exceed 10.

State institutions' income tax

(Statsinstitutioners indkomstskat)

Law on municipal income tax, see Statutory Notice No 492 of 24 September 1984; Law No 146 of 19 March 1986; Law No 315 of 4 June 1986; Law No 146 of 25 March 1987; Law No 269 of 13 May 1987.

Beneficiaries:

The State and its institutions are liable to pay municipal income tax to the municipality where the taxable establishment operates.
If an establishment operates in several municipalities then the tax is divided up in proportion to the revenue which is regarded as emanating from each of the municipalities.

Tax payable by:

The State and its institutions.

Basis of assessment:

Revenue from hired out property, agricultural property, forests or manufacturing industries.

Collection:

According to a decision by the municipal administration the tax is collected on one particular date or on several dates.

Rate:

The tax corresponds to the amount of the levy (in per cent) by the municipality in question.

Tax on rents released from Landlords' Investment Fund

(Afgift på leje frigivet fra Grundejernes Investeringsfond)

Paragraph 14 B-E of Statutory Notice No 405 of 2 September 1985 of the Law on the assessment of State income and capital tax.

Beneficiaries:

The State and the local authority.
One-third of the tax devolves to the local authority.

Tax payable by:

The person entitled to the released rent.

Basis of assessment:

Owners of rented properties are obliged to pay part of any rent increases into a blocked account in the Landlords' Investment Fund. These amounts plus accrued interest are normally released after being blocked for a 20-year period or to meet additional expenditure on upkeep, in which event they are included as part of taxable income. The amounts paid in are deductible when calculating ordinary taxable income.
Earlier release may take place in special cases; for example, when the owner of the property dies or has bankruptcy proceedings taken against him or compounds with his creditors and also in the event of a building society's liquidation. These amounts are then not reckoned as part of ordinary taxable income.
The tax is calculated on the amount freed.

Collection:

The Landlords' Investment Fund deducts the tax from the amount released and pays the tax to the Treasury.

Rate:

The tax amounts to 40 % of the amount released.

Stamp duty

(Stempelafgifter)

Statutory Notice No 805 of 1 December 1986.

Beneficiary:

The State.

Duty payable by:

The parties to the legal relationship to which the document liable to stamp duty relates.

Basis of assessment:

The consideration agreed in the document, alternatively the document's face value. In case of real property the basis of assessment may not be lower than the last assessed value of the property.

Exemptions:

Numerous, e.g.:
- contracts for the sale of goods in which the buyer trades;
- contracts for the sale of personal property the value of which does not exceed DKR 10 000;
- insurance documents where the insured sum does not exceed DKR 10 000;
- documents relating to the establishment and standing orders of joint-stock companies, institutions and partnerships;
- contributions to joint-stock companies and similar organizations, not consisting of real property;
- 'mass' instruments of debt, when negotiable, unless security is provided by a mortgage on real property;
- securities for the payment of customs and excise duties to Denmark or another Member State of the Community;
- bank securities for the 'EEC Directorate' relating to the import or export of certain agricultural products through the external frontiers of the EEC.

Non-residents:

The documents are subject to stamp duty only when either
(a) the parties are resident in Denmark, or
(b) one of the parties is resident in Denmark and the document is signed in Denmark. On the other hand, all documents pertaining to Danish real estate and all officially registered documents etc. are subject to stamp duty.

Collection:

By excise stamps or by stamping in specially authorized machines with adding mechanism.

Rates:

Between 0.1 % and 4 % depending on the document's consideration or face value.

Share transfer duty

(Aktieoverførselsafgift)

Law No 228 of 22 April 1987.

Beneficiary:

The State.

Duty payable by:

Buyers and sellers of shares and the like.

Basis of assessment:

The market value of the shares transferred.

Exemptions:

Where the transferror is a dealer in securities.
The first transfer by the issuer.
Exchange by the issuer.
Transfer as part of a merger operation.
Transfer under a contract between a stockbroking firm and a foreign stockbroker.

Non-residents:

Duty is payable if either of the parties is resident in Denmark.

Collection:

Duty is calculated on a monthly basis and payable by the 15th of the following month.

Rate:

1 % of the market value of the shares transferred.

Weight tax on motor vehicles

(Vægtafgift af motorkøretøjer)

Law relating to weight tax on motor vehicles etc., see Statutory Notice No 409 of 8 August 1984, as amended by Law No 252 of 22 May 1986.

Beneficiary:

The State.

Tax payable on:

The tax applies to registerable motor vehicles, tractors, trailers, semi-trailers used for passenger transport, and trailer equipment, e.g. caravans. All vehicles are liable to weight tax. Vehicles equipped to use a fuel other than petrol or towed by such a vehicle pay an equalization tax in addition to weight tax.

Basis of assessment:

In the case of passenger motorcars, buses and taxis, the vehicle's own weight. In the case of vans and lorries the tax basis is the vehicles' permitted total weight. Tax is levied on certain vehicles at a fixed amount per vehicle.

Payment:

The tax is paid periodically (one or two or four times a year) by the person in whose name the vehicle is registered at the time of payment.

Exemptions:

Vehicles needed by the defence authorities, fire engines, vehicles equipped exclusively for the transport of sick persons and vehicles used exclusively as buses on fixed routes are exempt from weight tax and equalization tax. No weight tax is payable on taxis. Invalid vehicles may be exempted from weight tax. No tax is payable on bicycles with auxiliary motors (mopeds).

Rates:

The annual amount of tax on petrol-driven passenger motor vehicles is as follows:

Weight			
Motor cycles	–	600 kg	DKR 291.60
Other passenger motor vehicles	up to	600 kg	DKR 874.80
601	–	800 kg	DKR 1 069.20
801	–	1100 kg	DKR 1 458.00
1101	–	1300 kg	DKR 1 944.00
1301	–	1500 kg	DKR 2 527.20
1501	–	2000 kg	DKR 3 499.20
2001	and over		DKR 194.40 per 100 kg own weight.

Special scales on tax apply to motor coaches.
The tax on vans and lorries increases with the vehicle's permitted total weight. The tax is lower than that applying to private motor cars.
Diesel-driven vehicles, the fuel for which is taxed at a lower rate than petrol, are liable to an equalization tax as specified earlier. In the case of motor coaches and vans and lorries as a general rule the equalization tax is equal to two to three times the weight tax.

Tax on third-party insurance for motor vehicles, etc.

(Afgift af ansvarsforsikringer for motorkøretøjer mv.)

Law on tax on third-party insurance for motor vehicles, etc., see Statutory Notice No 390 of 1 July 1982, as amended by § 21 of Law No 149 of 11 April 1984 and § 25 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Third-party insurance for motor vehicles, tractors, trailers, semi-trailers, side-cars and towed appliances registered in accordance with the Road Traffic Act. Tax is also payable on third-party insurance for motor-assisted cycles (mopeds).

Rates:

The tax amounts to 50 % of the premium for third-party insurance, exclusive of tax.
However, the tax on insurance for commercial or delivery vehicles having a permissible total weight exceeding 6 000 kg, and for trailers used for road haulage purposes amounts to 25 % of the premium.
The tax amounts to DKR 230 annually for motor-assisted cycles (mopeds).

Declaration and payment:

The tax is paid by the motor-vehicle insurers, who must therefore present themselves for registration with the customs administration. Such companies must quote the amounts due for the previous month by the 15th of each month at the latest, and must pay the taxes for a given month by the end of the following month.

Tax on pleasure-craft insurance

(Afgift af lystfartøjsforsikringer)

Law on tax on pleasure-craft insurance, see Statutory Notice No 391 of 1 July 1982, as amended by § 22 of Law No 149 of 11 April 1984 and § 24 of Law No 925 of 19 December 1986.

Beneficiary:

The State.

Tax payable on:

Insurance on pleasure craft registered in Denmark.

Exemptions:

Accident and third-party liability insurance, and insurance on commercial craft.

Declaration and payment:

Companies which write insurance for pleasure craft are required to register with the Customs service. After the end of each month, and at the latest by the 15th of the following month, the companies must declare to the Customs service the amount of taxable insured value and the amount of tax due.
Tax on the insured value in each month is to be paid before the end of the following month.

Rate:

The duty amounts to 1 % per annum on the insured value of the vessel, not including the tax.

Levy on banks and savings banks

(Afgift af banker og sparekasser mv.)

Law on commercial banks and savings banks etc., see Statutory Notice No 374 of 15 August 1985.

Beneficiary:

The State (to meet its expenses incurred in the supervision of the activities of banks and savings banks, etc.).

Basis of assessment:

The total debts of a commercial bank or savings bank, etc.

Rates:

0.02 ‰ of the total debts.

Levy on insurance businesses

(Afgift af forsikringsselskaber mv.)

Law No 630 of 23 December 1980 concerning insurance business; Statutory Notice No 127 of 23 March 1984.

Beneficiary:

The State (to meet its expenses incurred in the supervision of the activities of insurance companies, branches of foreign insurance companies situated in Denmark to which the law refers and pension funds).

Basis of assessment:

Non-life business:
The gross sum of insurance premiums received by the insurance company from direct insurance in Denmark.
Life business and pension funds:
The gross sum of assurance premiums/contributions from direct insurance in Denmark and interest earnings.

Rates:

Life assurance companies	0.763 ‰
Non life insurance companies	0.372 ‰
Pension funds	0.309 ‰

but in neither case less than DKR 500.
Mutual non-life insurance companies with special limited purposes pay only 50 % of the normal levy, but in neither case less than DKR 200.

Special features:

Companies authorized to insure against accidents must pay a further levy in accordance with the provisions of Statutory Notice No 137 of 16 April 1968 concerning accident insurance.

Fund income tax

(Fondsbeskatning)

Law No 145 of 19 March 1986.

Beneficiaries:

The State and municipalities.
3/25 of the tax goes to the municipality.

Tax payable by:

(a) Funds required to register in Denmark.
(b) Certain associations required to register in Denmark.
(c) Registrable associations which negotiate agreements.
(d) Institutions approved under the Law on Mortgage Lending Institutions.
(e) The Danish Local Authorities Credit Association.
(f) The Provincial Banks Housing Mortgage Fund, The Regional Banks Housing Mortgage Fund, The Danish Agricultural Mortgage Fund, The Danish Shipping Credit Fund and the Danish Export Financing Fund.
(g) Certain loan institutions.

Basis of assessment:

The funds, associations, etc. covered by the Fund Income Tax Law are to return their taxable income in the same way as companies covered by the Corporation Tax Law.
Non-commercial income is taxed only if it exceeds DKR 25 000, or DKR 200 000 in the case of associations.
Funds, associations, etc. may deduct money they distribute or allocate for purposes of public utility or other benevolent purposes. They may also deduct any money distributed pursuant to their statutes, provided the recipient is taxable on what he receives.
Funds may upon application be exempted from tax on certain gifts.
The Fund Income Tax Law allows funds, associations, etc. to make a consolidation deduction in their income returns.

Exemptions:

As for corporation tax.

Collection:

As for corporation tax.

Rates:

The tax amounts to 50 % of the taxable income.

Special features:

The rules on assessment, returns and payment laid down in the Corporation Tax Law applied *mutatis mutandis*.
The Fund Income Tax Law applies with effect from the 1987 income year.

Legal action tax, including estate administration tax

(Retsafgifter inkl. afgifter på ejendomsadministration)

Statutory Notice No 534 of 18 August 1986.

Beneficiaries:

The State.
However, tax payments recovered by a municipal bailiff go to the local authority.

Tax payable by:

The person issuing the writ.

Basis of assessment:

Generally speaking, the amount involved in the case is the decisive factor.

Exemptions:

- Certain kinds of action, e. g. cases dealing with adoption, marriage, paternity, etc.
- Among others, State institutions and persons who have been granted legal aid.

Collection:

The courts collect these taxes.

Rates:

These vary according to the type of action and the amount involved. Civil cases are, for example, taxed at the rate of DKR 300 + 1 % of the amount in excess of DKR 3 000.
With particular regard to estate administration tax, this is paid at the rate of:
2 % on amounts dealt with by the probate courts;
1 % on amounts dealt with by executors.

Capital duty

(Kapitaltilførselsafgift)

Law on capital duty, see Statutory Notice No 589 of 2 September 1986.

Beneficiary:

The State.

Duty payable by:

- Companies incorporated with limited liability and *kommandit-aktieselskab.*
- Other companies where members have the right to dispose of their shares to third parties without prior authorization and are only responsible for the debts of the company to the extent of their shares.
- Companies or associations whose shares are registered on the stock exchange in Copenhagen or on the stock exchange of another Member State of the European Community.

Duty payable on:

- The formation of a company.
- The increase in capital of a company.
- The increase in capital of a company by incorporating profits, reserves or reserve funds.
- The transfer of the registered office or of the effective centre of management of a company to Denmark under certain conditions.

Basis of assessment:

The actual value of the contribution, after the deduction of liabilities assumed and of expenses borne by the company in connection with the contribution. A contribution made by a member with unlimited liability for the obligations of the company is not included in the basis of assessment.
Where capital is increased by an incorporation of profits, reserves or reserve funds, the basis of assessment is the nominal amount of the increase.

Exemptions:

- Companies which supply public services, such as transport, water, gas or electricity, when at least half the capital is owned by the State or regional or local authorities.
- The Minister for Finance may exempt a company where its object, exclusively and directly, is charity.
- No duty is payable where a company is wholly or partially merged with another taxable company, under certain conditions.
- No duty is payable where a company's capital and reserves are increased, under certain conditions.

Declaration and date of payment:

Companies must make a declaration to the tax authorities within four weeks of becoming liable. The tax must be paid four weeks after the declaration is made.

Rate:

1.0%

Real property derestriction tax

(Frigørelsesafgift på fast ejendom)

Statutory Notice No 441 of 26 September 1985.

Beneficiaries:

The tax is divided equally between the State and the municipality where the property is situated.

Tax payable by:

The owner of the property.

Basis of assessment:

The derestriction value of property used for agriculture, market gardening, nurseries or orchards.
The derestriction value arises when the properties in question are, pursuant to law on urban and rural zones, transferred to an urban zone or weekend cottage district.
The derestriction value is the amount by which a final amount exceeds a basic amount.
The final amount is the value of the property at the time of its first valuation following transfer to the urban zone or weekend cottage district.
The basic amount is the value of the property at the time of the last valuation prior to transfer, less any difference arising pursuant to the law on valuation, paragraph 14, subparagraph 6 increased by 50 %.
The value of the property at the time of the 13th general valuation as at 1 August 1965 may be used as the basic amount.
It is possible when calculating the derestriction value to deduct certain expenses incurred for improvements to the property and any loss in the value of the buildings.

Collection:

The derestriction tax is payable one month following the taxpayer's receipt of notice of calculation of the tax. Respite until sale of the property can by applied for.
The tax is collected by the local authorities in which the property is situated.

Rates:

The derestriction tax amounts to 40 % on the first DKR 200 000 of the derestriction value and 60 % on the balance.

Special circumstances:

It is possible for the taxpayer to require that the local authority purchases the property.

Tax on interest on consumer loans

(Afgift på renter af forbrugslån)

Law No 698 of 17 October 1986.

Beneficiary:

The State.
The tax due for 1987 may be contributed to a pension scheme.

Tax payable by:

Physical persons.

Basis of assessment:

Interest on consumer loans less interest income.

Collection:

The tax is payable once a year.

Rates:

20 % of the basis of assessment.

Charter flight tax

(Afgift af charterflyvning)

Law on tax on charter flights, see Statutory Notice No 381 of July 1982, as amended by § 12 of Law No 149 of 11 April 1984.

Beneficiary:

The State.

Tax payable on:

Charter flights carrying passengers abroad from Danish airports. The tax is also payable on equivalent flights by aircraft normally used for scheduled flights.

Declaration and payments:

Any business which operates taxable charter flights is required to register with the Customs service. After the end of a tax period of one month, and not later than by the 15th day of the following month, registered businesses are required to declare to the Customs service the number of passengers on which tax is due and the amount of the tax.
The tax due on the number of passengers carried in one month is to be paid to the Customs service before the end of the following month.

Rate:

DKR 180 per passenger.

FR of GERMANY

BR Deutschland

Income tax

(Einkommensteuer)

1985 Income Tax Law of 12 June 1985 (BGBl 1985 I, pp. 113, 601, 1006, 1493), as last amended by Article 1 (BGBl I, p. 1153) of the Law of 26 June 1985 on a tax cut to promote work effort and reduce tax burden on families 1986–88 (Tax Reduction Law 1986–88).

Beneficiaries:

The Federal Government, the *Länder* governments and the municipalities. Since the 1980 budgetary year: Federal Government and *Länder* governments 42.5 % each, municipalities 15 %.

Tax payable by:

Individuals domiciled or ordinarily resident in Germany (unlimited tax liability). Individuals of German nationality, who are neither domiciled nor ordinarily resident in Germany, but who work for State institutions (unlimited tax liability). Individuals to whom income accrues in Germany, but who are not domiciled or ordinarily resident in Germany (limited tax liability).

Basis of assessment:

Total income from seven types of income after offsetting losses which result from the individual types of income and deducting special expenditure and certain other items; nevertheless, no losses from commercial stock-breeding or keeping can be offset against or deducted from other types of income.

Exemptions:

Among others, certain receipts and business expenses. Certain kinds of exceptional income (e. g. lottery winnings) are tax-free.

Deductions:

Special expenses *(Sonderausgaben)* (deductible insurance premiums, payments to building societies and gifts up to certain maximum amounts, expenses for consultations with tax experts, the surcharge for church funds, etc.) at a flat rate; if great expense has been incurred, documentary proof is required. Allowance for taxpayers over a certain age, exceptional expenses, special tax allowances for single persons who have at least one dependent child, general allowance.

Married couples:

Married couples are assessed jointly, their combined income halved, and tax on this sum is doubled ('splitting'): alternatively, they may, if they wish, be assessed separately.

Children's own income:

Tax on such income is assessed individually.

Non-residents (limited tax liability):

Non-resident persons and companies are taxed only on certain income arising in Germany; there are special regulations governing deductions, rates of tax and tax withheld at source.

Collection:

Tax is assessed annually. In the case of income from paid employment, tax is withheld at source by the employer = wages tax (see under Wages tax); in the case of certain kinds of income from capital assets (in particular dividends) = capital yields tax, the tax is withheld at source, generally at a rate of 25 % (see under Capital yields tax).
Wages tax, capital yields tax and, in certain cases, corporation tax are credited at the time of final settlement.

Rates:

Tax is payable at a rate of 22 % on the first DM 18 000 (DM 36 000 in the case of married couples assessed jointly) including a basic personal allowance of DM 4 536 (DM 9 072 in the case of married couples). The rate ranges from 22 % to about 56 % for income between DM 18 036 (DM 36 072 in the case of married couples) and DM 130 032 (DM 260 064 in the case of married couples); a maximum rate of 56 % is payable where income exceeds DM 130 032 (or DM 260 064 in the case of married couples).

Special features:

In partnerships (*Personengesellschaften*), each partner's profits are taxed separately. The *Personengesellschaft* itself cannot be a taxpayer.

Deduction of losses:

Losses which are not offset by positive income accruals when the total amount of income is determined may be deducted for the two preceding years and for the five following years.

Wages tax

(Lohnsteuer)/Special method of collection of income tax chargeable on income from paid employment

1987 Income Tax Law, Articles 38 to 42 F; Wages Tax implementing Regulation of 23 October 1984 (BGBl I, p. 1313), last amended by the ordinance to amend the Wages Tax implementing Regulation of 2 April 1986 (BGBl I, p. 379).

Beneficiaries:

See under Income tax.

Tax payable by:

Persons in employment, domiciled or ordinarily resident in Germany, other persons to whom income accrues from employment which is or was performed or used in Germany, and persons who, in consideration of a past or present employment relationship, are in receipt of income from a German public fund or agency.

Basis of assessment:

Wages less expenses, special expenditure and certain other deductions.

Exemptions:

Certain benefits as in the case of income tax, and especially unemployment pay, lodging allowance, and certain social insurance payments by the employer, where these are a statutory requirement or rank as statutory expenditure.

Deductions:

As for income tax; especially an allowance for Christmas, an allowance for employed persons and a flat-rate allowance for social insurance expenses.

Married couples:

The combined income of a married couple is taxed according to the 'splitting' system. In some cases, depending on the classification in wages-tax brackets, tax will be deducted at source.

Non-residents:

Taxation of employees by 'PAYE' procedure with special provisions in respect of tax brackets and other allowances.

Collection:

Tax is withheld by the employer on the basis of a wages-tax card and wages-tax tables for daily, weekly or monthly wage payments. These tables incorporate a personal allowance of DM 4536 (DM 4752 from 1988), the employed person's allowance of DM 480, the allowance for head of household, the lump sums for income-related expenses and certain special expenses, and the flat-rate allowance for social insurance and provident expenditure.
The grounds for tax relief in the case of an employed person can be allowed at the outset in the current deduction procedure by recording an individual tax-free amount on his wages-tax card. At the end of the calendar year, the adjustment of wages tax will be made. Any wages tax withheld in excess may thus be refunded. In certain cases, an income tax assessment may be found necessary after the end of the year, and additional tax payments may be required.

Rates:

As for income tax.

Capital yields tax

(Kapitalertragsteuer)/Special method of collection of income tax and corporation tax

Articles 43 to 45 b of the 1987 Income Tax Law.

Beneficiaries:

The Federal Government (50 %) and the *Länder* governments (50 %).

Basis of assessment and tax deductions:

Gross capital yields from certain equities, other shares and fixed-interest-bearing securities of domestic debtors.

1. *Normal capital yield tax (25 %)*
   This comprises: profits from shares in domestic joint stock companies, cooperative societies, mining associations, sleeping partners' holdings and interest on domestic loans in the form of convertible bonds and participating debentures.
   Tax deducted at source is taken into account on assessment. In the case of non-residents, capital yields tax constitutes settlement of income tax/corporation tax. However, it is in part refunded, if there is a tax treaty applicable and provided the capital yields do not constitute operating receipts of a domestic permanent establishment; in the latter case, the tax is set off against income tax/corporation tax.
2. *Old-type coupon tax (30 %)*
   This covers: interest on certain fixed-interest-bearing securities (mortgage bonds for social purposes) issued prior to 1 January 1955:
   (a) the amount withheld constitutes settlement of income tax for residents in Germany;
   (b) refund to non-residents, if there is a tax treaty applicable and provided the interest does not constitute operating receipts of a domestic permanent establishment; in the latter case, the tax is set off against domestic income tax/corporation tax.

Disclaimers/Refunds:

1. In respect of ordinary capital yield tax:
   (a) individuals resident in Germany, where there is no assessment for income tax (certification procedure);
   (b) if the capital yield accrues to bodies whose objects are religious, of public utility or charitable;
   (c) interest from certain fixed-interest-bearing bonds issued before 1 January 1955 on tax-free interest terms.
2. In respect of old-type coupon tax:
   (a) interest from certain fixed-interest-bearing bonds issued before 1 January 1955 on tax-free interest terms;
   (b) capital yield accruing to non-residents (except for loans in the form of convertible bonds and participating debentures).

Collection:

Deduction at source.

Corporation tax

(Körperschaftsteuer)

Corporation Tax Law of 10 February 1984 (BGBl I, p. 217), as last amended by Article 2, point 19 of the Law of 8 December 1986 (BGBl I, p. 2191).

Beneficiaries:

Corporation tax: the Federal Government (50 %) and the *Länder* governments (50 %).

Tax payable by:

Unrestricted tax liability:
the following are liable to corporation tax without restriction in respect of all income:
joint stock companies, cooperatives, mutual insurance associations, other legal persons incorporated under private law, associations not possessing legal personality, institutions, foundations and other private special-purpose funds, enterprises of an industrial and commercial nature run by legal persons incorporated under public law whose management or head office is in Germany (domestic corporations).
Restricted tax liability:
the following are liable to corporation tax with restrictions:
corporations, associations and funds which have neither their management nor head office in Germany, on their domestic income within the meaning of Article 49 of the Income Tax Law (foreign corporations);
other corporations, associations and funds which are not liable to tax without restriction, on the domestic income from which tax may be deducted at source.

Basis of assessment:

In the case of income from agriculture and forestry, industrial or commercial activities and self-employment, the profits, and in the case of other kinds of income the surplus of receipts over operating expenses, are used as a basis. As regards taxpayers who are obliged to keep accounts by the commercial code, all income is to be treated as income from industrial or commercial activities.
Tax is calculated on total income received during the year.

Exemptions:

The bodies exempted include the Federal postal administration; the Federal railway; the Bundesbank, corporations, associations, trusts and funds which, according to their charters, statutes or memoranda of association and their actual management, are conducted for non-profit-making, charitable or religious purposes; housing and settlement associations recognized as working for the public good; professional and trade associations not conducted for commercial ends; pension and similar social funds; agricultural cooperative and equivalent associations.

Deductions:

For the calculation of income the following amounts, among others, may be deducted, provided they do not already constitute deductible expenditure under the Income Tax Law:

- expenses, up to a certain maximum sum, incurred for the promotion of charitable, ecclesiastical, religious and scientific objects, objects of national policy (donations to political parties) and other objects which are recognized as being ventures of general benefit to the community and worth promoting.

Special features:

If a joint-stock company whose management and head office are in Germany (subsidiary company) undertakes to remit its total profits to another commercial enterprise in Germany by an agreement for the transfer of profits, then, under certain conditions, the income of the subsidiary company must be imputed to the institution responsible for it (parent company).

Deduction of losses:

Deduction of losses as for income tax.
For corporations taxable under the imputation system the right to carry back losses to the two preceding assessment periods is limited in certain cases.

Collection:

By annual assessment.
Assessment is not made in the case of corporations, associations, trusts and funds for which the corporation tax liability is considered to be settled by deduction at source.

Rates:

1. *Standard rate* . . . . 56 %
   (Article 23, paragraph 1, of the Corporation Tax Law)
   (a) joint-stock companies and other corporations within the meaning of Article 43 of the Corporation Tax Law, i. e. corporations taxable under the imputation system;
   (b) foundations within the meaning of Article 1, paragraph 1, points 4 and 5, of the Corporation Tax Law, with the exception of income derived from the commercial business of a foundation exempt from corporation tax;
2. *Reduced rate* . . . . 50 %
   (Article 23, paragraphs 2 and 3, of the Corporation Tax Law)
   (a) corporations, associations, trusts and funds within the meaning of Article 1, paragraph 1, points 3 to 6, of the Corporation Tax Law, i. e. those with unrestricted liability which are in principle not taxable under the imputation system;
   Exceptions:
   (aa) where one such corporation or association is taxable under the imputation system (e. g. a commercial association), the rate of 56 % applies in accordance with Article 23, paragraph 1, of the Corporation Tax Law;
   (bb) for foundations within the meaning of Article 1, paragraph 1, points 4 and 5, of the Corporation Tax Law, the rate of 56 % also applies in accordance with Article 23, paragraph 1, of the Corporation Tax Law, unless the income is derived from the commercial business of a foundation exempt from corporation tax;
   (b) persons with limited liability of corporation tax.

3. *Special rate for the Zweites Deutsches Fernsehen (second German television channel)*
(Article 23, paragraph 7, of the Corporation Tax Law)
8 % of the remuneration (Article 10, paragraph 1, of the Turnover Tax Law) received for television advertising.

Tax on distributed profits:

For distributed profits of joint-stock companies with unlimited tax liability and certain other corporations with unlimited tax liability (in particular, trading and business cooperatives), corporation tax amounts to a uniform rate of 36 % of profits calculated before deduction of corporation tax. Where the corporation tax to be calculated according to the tax rate provisions is more than 36 % (e. g. where the abovementioned tax rate of 56 % is applicable), the distribution of profits entails a reduction in corporation tax. Where the corporation tax to be calculated in accordance with the tax rate provisions is lower than 36 % (e. g. in the case of tax-free incomes), the corporation tax is raised in the event of distribution of profits.
In order to determine the tax on the distribution of profits, corporations must give a breakdown of their capital resources which can be used for the distribution of profits, in accordance with the taxation of such capital resources under the tax rate provisions. The breakdown is to be calculated in a continuously adjusted basis separate from the balance sheet.

Tax on dogs

(Hundesteuer)

For Baden-Württemberg: Tax on Dogs Law of 15 February 1982 (GBl, p. 63);
For Bremen: Tax on Dogs Law, as amended on 17 December 1984 (GBl 1985, p. 3);
For Hamburg: Tax on Dogs Law of 9 January 1973, as amended by the amending Law of 22 December 1983 (GVBl, p. 346);
For Hesse: Tax on Dogs Law of 9 March 1957 (GVBl 1970, p. 225);
For North Rhine-Westphalia: Municipal Tax Law of 21 October 1969 (GVBl, p. 712);
For Lower Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41);
For Rhineland-Palatinate: Tax on Dogs Law of 2 February 1951 (GVBl 1964, p. 76);
For the Saar: Municipal Tax Law, as amended on 15 June 1985 (ABl, p. 729), and other laws for the remaining *Länder*.

Beneficiaries:

The municipalities; in some *Länder*, also the districts *(Landkreise)*.

Tax payable in:

All *Länder* of the Federal Republic except Bavaria.

Tax payable on:

The possession of a dog: in some *Länder*, only the possession of a dog more than three or four months old.

Basis of assessment:

The number of dogs.

Exemptions:

Include guide dogs for the blind, working dogs, and dogs belonging to foresters and gamekeepers.

Collection:

Monthly, quarterly or annually.

Rates:

Between DM 3 and DM 240 per year. The rate may increase considerably for the second and further additional dogs.

Hunting tax

(Jagdsteuer)

For Baden-Württemberg: Municipal Tax Law of 15 February 1982 (GBl, p. 57);
For Hesse: Law on Municipal Taxes of 17 March 1970 (GVBl, p. 225);
For North Rhine-Westphalia: Municipal Regulation and/or District Regulation of 11 August 1969 (GVBl, p. 670) and Municipal Tax Law of 21 October 1969 (GVBl, p. 712); Regulation of 3 April 1975 on the level of the Hunting Tax (GVBl 1975, p. 352);
For Lower Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41);
For Rhineland-Palatinate: Municipal Tax Law in the version of 2 September 1977 (GVBl, p. 305);
For the Saar: Municipal Tax Law as amended on 15 June 1985 (ABl, p. 729);
For Schleswig-Holstein: Municipal Tax Law as amended on 17 March 1978 (GVBl, p.71), and other laws for the remaining *Länder.*

Beneficiaries:

City boroughs and districts *(Landkreise).*

Tax payable in:

The *Länder* of the Federal Republic with the exception of Bavaria and the city-*Länder* of Berlin, Bremen and Hamburg.

Tax payable on:

Exercise of hunting rights.

Basis of assessment:

The annual value of the hunting rights, i. e. the actual leasing value or, if the rights are not leased, the annual attainable leasing price.

Exemption:

Hunting in Federal or *Länder* game preserves that are not let.

Collection:

Quarterly, half-yearly or annually.

Rates:

Generally, up to 10 %, sometimes up to 15 %, of the annual value of the hunting rights (foreigners sometimes up to 60 % – provided no double taxation agreement exists).

Fishing tax

(Fischereisteuer)

The same laws and amendments as for hunting tax.

Beneficiaries:

City boroughs and districts *(Landkreise)* where fishing is practised.

Tax payable in:

Hesse and Rhineland-Palatinate only.

Tax payable on:

Exercise of fishing rights.

Basis of assessment:

The number of fishing districts.

Collection:

Quarterly or half-yearly.

Rates:

At least DM 10 per year for each fishing district.

Wealth tax

(Vermögensteuer)

Wealth Tax Reform Law of 14 March 1985 (BGBl I, p. 558), as last amended by § 28 of the Law of 17 December 1986 (BGBl I, p. 2488).

Beneficiaries:

The *Länder* governments.

Tax payable by:

All natural and legal persons.

Basis of assessment:

Residents: total assets (working assets, farm and forestry holdings, real estate and other property), less debts.
Non-residents: assets situated in Germany (certain assets only).

Exemptions:

The bodies exempted include the Federal postal administration, the Federal railways, certain banks, recognized bodies operating for public benefit, religious or charitable purposes, recognized housing and settlement organizations, professional and trade associations, certain cooperatives, and political parties in respect of their various assets.

Deductions:

Allowances are granted on certain assets; an allowance of DM 70 000 is granted for each taxpayer, his wife and children; allowances are also granted to taxpayers over a certain age and to taxpayers unable to work.

Married couples:

Married couples are assessed jointly.

Collection:

By means of assessment books.

Rates (with effect from 1 January 1984):

For natural persons the rate is 0.5 %.
For legal persons the rate is 0.6 %.

Succession and gift tax

(Erbschaft- und Schenkungsteuer)

Succession Duty and Gift Tax Reform Law of 17 April 1974 (BGBl I, p. 933), as amended by the 'Steuerbereinigungsgesetz' [1986] of 19 December 1985 (BGBl I, p. 2436).

Beneficiaries:

The *Länder* governments.

Tax payable by:

Persons receiving assets by inheritance or gift.

Tax payable on:

Inheritances, legacies, legal portions, credits from insurance, gifts *inter vivos*, and family endowments every 30 years.

Basis of assessment:

Value of estate received, after deduction of debts and expenses involved.

Exemptions:

Certains kinds of gifts, notably those made for religious or charitable objectives or for the public benefit.

Deductions:

For inheritances: certain charges on the estate, such as the debts of the deceased, funeral expenses, etc.
For gifts: debts taken over with the gift; allowances which vary according to the beneficiary's tax category (see Rates).

Non-residents:

In cases where neither the deceased person (donor) nor the beneficiary are resident in Germany, only certain property situated in Germany is taxable (in particular, real estate and business assets). German nationals moving abroad continue to be regarded as residents for a further five years; German civil servants abroad continue, in principle, to have unlimited tax liability.

Collection:

By means of assessment books.

Rates:

The rates range from 3 to 70 %. The scale contains four classes depending on the degree of relationship between the deceased person (donor) and the beneficiary. The rates are progressive within each class.

Turnover tax – Value-added tax

(Umsatzsteuer – Mehrwertsteuer)

Turnover Tax Law (UStG 1980) of 26 November 1979 (BGBl I, p. 1953), as last amended by the Law on trade investment companies of 17 December 1986 (BGBl I, p. 2488); Turnover Tax Implementing Regulation (UStDV 1980) of 29 December 1979 (BGBl I, p. 2359), as last amended by the fifth Regulation amending the Turnover Tax Implementing Regulation of 19 December 1985 (BGBl I, p. 2461).

Beneficiaries:

The Federal Government (65 %), the *Länder* governments (35 %).

Tax payable by:

- Traders supplying taxable goods or services.
- Persons liable for customs duties (on imports).

Tax payable on:

- Supplies of goods and services made for consideration by a trader in the collection area in the course of his business (tax charged at every stage of production and sale).
- Import of goods into the customs territory.
- 'Own' consumption.
- Supplies of goods and services made free of charge by associations to their members.

Basis of assessment:

- In the case of sales of goods or services: the consideration (before tax).
- In the case of imports: customs value (the consideration in the case of imports purchased from EEC countries) plus import duties (minus import turnover tax), agent's commission and cost of carriage to the first destination in Germany.
- In the case of 'own' consumption by domestic producers: the value or cost of the goods (before tax).
- In the case of goods and services supplied free of charge by traders to their employees and by associations to their members: the value or cost (before tax).
- Minimum basis of assessment in the case of goods and services supplied in specified cases: the value or cost (before tax).

Exemptions:

Without input tax deduction:
- certain cultural and social services (e.g. schools, theatres, social insurance institutions, doctors, hospitals and welfare organizations);
- other (e.g. postal services, banks and insurance companies, etc.);

With input tax deduction:
- deliveries for export, commission processing of goods for export and certain like transactions.

Deductions:

Input tax paid.

Collection:

Tax returns and advance payments on a monthly or quarterly basis; annual final settlement.

Rates:

- Standard rate 14 %
- Reduced rate 7 %.

The reduced rate applies in particular to food, printed matter and other cultural services, services for public benefit, certain health services and local public transport.

Special features:

- Tax waived in the case of small traders whose turnover in the preceding year did not exceed DM 20 000.
- Tax deduction for small traders with an annual turnover of not more than DM 60 000.
- Average rates for agricultural and forestry enterprises.

Exports:

Exempt, with input tax deduction.

Excise duty on mineral oils

(Mineralölsteuer)

Mineral Oil Tax Law in the version set out in the Notification of 11 October 1978 (BGBl I, p. 1669), as last amended by the Regulation of 6 December 1985 amending the Mineral Oil Tax Law (BGBl I, p. 2142).

Beneficiary:

The Federal Government.

Duty payable on:

Mineral oil and similar products, which are manufactured in the area to which the mineral oil law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area.

Duty payable when (home-produced):

The goods leave the manufacturing enterprise, or are withdrawn for consumption in it for purposes other than the day-to-day running of the enterprise.

Chargeable event (imports):

The rates are the same as for domestic products. The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and some other aspects, are governed by the relevant provisions of the customs law.

Duty payable by:

In principle, the owner of the manufacturing enterprise (producer) or the owner of a bonded warehouse.

Exemptions:

Where mineral oil is used other than as motor fuel, lubricating oil, or for heating purposes, it may be used duty-free under customs control. It can also be exported duty-free or placed under a special customs procedure. Light fuel oil must contain certain identification substances.

Period for submission of declaration:

Until the 15th day of the month following the month in which liability arose.

Rates:

- Light oils (from 1 April 1985 until 31 December 1991):
  - fuel for spark-ignition piston engines with a content of lead compounds, evaluated as lead, of not more than 0.013 g per litre . . . DM 47.00/hl[1]
  - other light oils . . . DM 53.00/hl
- Medium oils . . . DM 51.00/hl
- Heavy oils (gas oils, lubricating oils) and cleansing oils . . . DM 53.25/100 kg
- Liquid gases . . . DM 91.40/100 kg
- If used under customs control, not mixed with other mineral oil and intended for use as motor fuel . . . DM 61.25/100 kg
- Products listed under Nos 27.12, 27.13-B, 27-14 and 27.16-B of the Common Customs Tariff[2] . . . DM 1.50/100 kg
- Fuel oils . . . DM 53.25/100 kg
- Gas oils . . . DM 2.00/100 kg
- Other heavy oils . . . DM 1.50/100 kg

Duty is also payable on the proportion of mineral oil contained in some preparations listed under No 27.10, lubricating oils listed under No 34.03, graphites listed under No 38.19 and additives listed under subheadings No 38.14, B-I-a and B-III of the Common Customs Tariff.[3]

Payment:

Counting from the date of chargeable event, the duty is payable either: one half by the last working day of the subsequent month and one half by the 20th day of the month following that, or in one instalment by the 10th day of the second subsequent month. Where tax liability arises in November, the tax must be paid by 27 December.

Refund:

Allowed on dutiable products which the manufacturer can prove he has taken back into his enterprise.

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[1] From 1 April 1987 until 31 March 1988: DM 47.00 hl.
From 1 April 1988 until 31 March 1989: DM 48.00 hl.

[2] Pursuant to the new Combined Nomenclature based on the Harmonized System, from 1 January 1988 on, this line has to run as follows:
'Products listed under subheadings 2712.10, 2712.20, 2712 9031 to 2712 9090 and headings 27.13 and 27.15 of the Common Customs Tariff.'

[3] For the same reason (as in footnote 2 above), from 1 January 1988 on, this sentence has to run as follows: 'Duty is also payable on the proportion of mineral oil contained in some preparations listed under heading 27.10, lubricating oils listed under heading 34.03, graphites listed under subheading 3801 2010 and additives listed under subheadings 3811.21 and 3811.90 of the Common Customs Tariff.'

Duty on tobacco

(Tabaksteuer)

Tobacco Tax Law of 13 December 1979 (BGBl I, p. 2118), as last amended by the Law of 22 December 1981 (BGBl I, p. 1562).
Regulation of 21 December 1979 implementing the Tobacco Tax Law (BGBl I, p. 2297), as last amended by the Regulation of 5 June 1984 (BGBl I, p. 747).

Beneficiary:

The Federal Government.

Duty payable on:

- cigars
- cigarillos (cigars with a weight per unit of not more than 3 g)
- cigarettes
- smoking tobacco
- snuff
- chewing tobacco
- cigarette paper in the form of sheets for hand-rolling or of shells for filling by hand cigarettes which are manufactured in the area to which the tobacco tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or imported into the collection area;
- unmanufactured tobacco
- tobacco substitute materials
- cigarette paper
  which are withheld or withdrawn from tax control.

Rates:

1. Cigars:
   14 % of the retail price, at least 2.6 Pf. per unit.
2. Cigarillos:
   17 % of the retail price, at least 3.1 Pf. per unit.
3. Cigarettes:
   5.65 Pf. per unit and 31.5 % of the retail price, at least 9.0 Pf. per unit.
4. Smoking tobacco:
   (a) where more than 10 % in weight of the tobacco parts are less than 1.4 mm long or wide (fine cut):
   DM 8.40 per kg and 31.8 % of the retail price, at least DM 26.00 per kg;
   (b) where at least 90 % in weight of the tobacco parts are at least 1.4 mm long and wide (pipe tobacco):
   DM 4.20 per kg and 20.7 % of the retail price, at least DM 15.00 per kg;
   (c) pipe tobacco with at least 30 % in weight consisting of cut rolled stems and a retail price of up to DM 35.00:
   DM 6.00 per kg;
   (d) twisted pipe tobacco:

DM 4.50 per kg;

(e) pipe tobacco made only of cut rolled stems, where at least 60 % in weight of the tobacco parts are at least 1.4 mm long and wide:
DM 2.00 per kg.

5. Snuff:
DM 0.65 per kg.
6. Chewing tobacco:
   (a) fine-cut chewing tobacco:
   DM 5.30 per kg;
   (b) other chewing tobacco:
   DM 0.65 per kg.
7. Cigarette paper in form of sheets or of shells:
DM 2.60 per 1 000.
8. Unmanufactured tobacco and tobacco substitute materials:
DM 8.80 per kg.
9. Cigarette paper:
DM 0.65 per m^2.

Duty payable when and parties liable for duty:

The chargeable event occurs when the tobacco products or cigarette paper in form of sheets or of shells leave a manufacturing enterprise registered with the customs authority or when they are withdrawn for consumption in the enterprise. Duty is payable by the proprietor of the manufacturing enterprise (producer).
In the case of tobacco products and cigarette paper in form of sheets or of shells produced outside a registered manufacturing enterprise, the chargeable event occurs at production. Duty is payable by whoever was involved in the production.
In the case of unmanufactured tobacco, tobacco substitute materials and cigarette paper withheld or withdrawn from tax control, the chargeable event occurs at the time of withholding or withdrawal. Duty is payable by the person who has to place or maintain unmanufactured tobacco, tobacco substitute materials or cigarette paper under tax control.

Use of revenue stamps and liability:

Duty on cigars, cigarillos, cigarettes, smoking tobacco (except for twisted tobacco) and cigarette paper in form of sheets or of shells must be paid by means of revenue stamps. Use comprises the cancellation and affixing of revenue stamps to the retail packets. Revenue stamps must be used when the chargeable event occurs.
Producers and importers buy the revenue stamps from special customs offices (revenue stamp offices).

Payment dates:

1. Revenue stamps bought before or on the 15th day of any month must be paid for:
   - in respect of cigars and cigarillos, by the 10th of the next month but one;
   - in respect of cigarettes, smoking tobacco and cigarette paper in form of sheets or of shells, by the 12th of the next month, but, in the case of cigarette revenue stamps bought between 1 and 15 December, by 27 December.
2. Revenue stamps bought after the 15th day of any month must be paid for:
   - in respect of cigars and cigarillos, by the 25th day of the next month but one;
   - in respect of cigarettes, smoking tobacco and cigarette paper in form of sheets or of shells, by the 27th day of the next month.

Where the revenue stamps are dispatched to the purchaser, the second working day following dispatch is regarded as the date of purchase. Payment cannot be postponed or deferred.
Tobacco duty which becomes due in any month in respect of twisted tobacco, snuff and chewing tobacco must be paid by the 10th day of the next month but one. Payment cannot be postponed or deferred.
Tobacco duty which becomes due on the production of tobacco products and cigarette paper in form of sheets or of shells and tobacco duty on unmanufactured tobacco, tobacco substitute materials and cigarette paper is payable immediately. Payment cannot be deferred.

Rules relating to imports, customs procedures and inward processing:

The chargeable event, time criteria for assessment, identification of persons liable and, where the duty is not paid by means of revenue stamps, the dates when payment is due, postponement of payment, remission and refund, are governed by the customs regulations. This is also the case where no customs duty is payable.

Exemptions:

Exemption from tobacco duty is granted on:
1. Tobacco products and cigarette paper in form of sheets or of shells which:
   - are used for official sampling,
   - are consumed in tests in a registered factory,
   - are put up in such a manner that they can be used only for display.
2. Tobacco products which:
   - are prepared from smallholders' tobacco and not in a registered factory and are intended neither for trade nor for industrial use,
   - the producer gives as an allowance in kind to his employees.
3. Cigarettes which are hand-made or manufactured with thc help of a simple tool from dutiable or duty-free smoking tobacco and from dutiable or duty-free cigarette paper in the form of sheets or of shells, if they are not to be disposed of for a consideration.

Concessions:

Tobacco products and cigarette paper in form of sheets or of shells may, without liability for duty and under the control of the tax authorities:
1. be supplied to a manufacturing enterprise;
2. be exported from the collection area or placed under a special customs procedure or declared for inward processing;
3. be designated for destruction or denaturing and be destroyed or denatured;
4. with the permission of the customs authorities, be used for:
   - industrial purposes, apart from smoking and the manufacturing of tobacco products,
   - scientific experiments and research.

Refunds:

Tobacco duty is, on request, waived or refunded to the person liable where dutiable tobacco products or cigarette paper in form of sheets or of shells:

- are supplied to a registered manufacturing enterprise,
- are exported from the collection area or placed under a special customs procedure or declared for inward processing, all under the control of the tax authorities.

Tobacco duty is also waived or refunded to importers who are not producers if the imported tobacco products or cigarette paper in form of sheets or of shells have been destroyed or denatured under the control of the tax authorities.

Where the tobacco duty is paid by means of revenue stamps, it is only waived or refunded if the revenue stamps have been destroyed or rendered invalid under the control of the tax authorities.

Payment in respect of revenue stamps is waived or refunded on request where revenue stamps not yet cancelled have been returned to the revenue stamp office or where cancelled revenue stamps have been destroyed or rendered invalid under the control of the tax authorities and tobacco duty has not become payable.

Duty on spirits

(Alkoholsteuer)

Spirits Monopoly Law of 8 April 1922 (BGBl I, pp. 335, 405), as last amended by Article 24 of the first legislative Updating Law of 24 April 1986 (BGBl, p. 560).

Beneficiary:

The Federal Government.

Duty payable on:

- Alcohol (ethyl alcohol C_2H_5OH) obtained from the Federal Monopoly Administration. The duty on spirits is included in the administration's sales price.
- Spirits which are not delivered to the Federal Monopoly Administration but are disposed of by the manufacturer himself. The duty is, in this case, called the spirits surcharge.
- Spirits which are imported, as well as alcohol and spirits contained in imported products. In this case, the duty is called the monopoly equalization charge.
- Alcohol substitutes used in toilet articles.

Duty payable upon:

1. Spirits duty:
   supply of alcohol by the Federal Monopoly Administration.
2. Spirits surcharge:
   manufacture of spirits.
3. Monopoly equalization charge:
   transfer of the goods to the open market.

Duty payable by:

1. Spirits duty:
   the Federal Monopoly Administration.
2. Spirits surcharge:
   the manufacturer.
3. Monopoly equalization charge:
   the person liable for customs duty.

Rates:

	DM
1. *Spirits duty on alcohol*	hl/ethyl alcohol
– for drinking and all other purposes not specifically referred to	2 550
– undenatured for use in pharmaceutical preparations and for medical purposes by physicians and hospitals	1 200
– for the preparation of medicaments for external use and of toilet articles (as well as alcohol substitutes)	600
– for exports, for the manufacture of fuel, for cleaning, heating and lighting, for special industrial uses and for the manufacture of table vinegar	0
2. *Spirits surcharge*	2 000–2 175–2 550
3. *Monopoly equalization charge*	
– for spirits and alcoholic beverages	2 550
– for medicaments for internal use	1 200
– for medicaments for external use and for toilet articles (as well as for alcohol substitutes)	600
– for other products	0

Becomes due:

1. Spirits duty:
   paid over by the Federal Monopoly Administration immediately on receipt of the purchase money.
2. Spirits surcharge:
   8 to 38 days after manufacture of the spirits.
3. Monopoly equalization charge:
   in accordance with the customs regulations.

Deferment of payment:

Provided the full amount of security has been deposited, spirits duty (DM 2 550), spirits surcharge, and the monopoly equalization charge need not be paid until the 15th day of the third month following the month when payment is due; however, taxes on spirits that become chargeable in October have to be paid by 27 December.

Refund:

On export.

Excise duty on sparkling wines

(Schaumweinsteuer)

Sparkling Wine Tax Law of 26 October 1958 (BGBl I, p. 764), as last amended by the 1982 Excise Tax Amending Law of 22 December 1981 (BGBl I, p. 1562).

Beneficiary:

The Federal Government.

Duty payable on:

- Sparkling wine
- Beverages classed as sparkling wine
- Beverages similar to sparkling wine

which are manufactured in the area to which the sparkling wine tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area.

Duty payable when:

The dutiable products leave the manufacturing enterprise or are set aside for consumption within the enterprise.

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates:

- Sparkling wine and beverages classed as sparkling wine:
  DM 2 per full bottle (0.75 litre) or
  DM 2.66 per litre.
- Beverages similar to sparkling wine:
  DM 0.40 per full bottle (0.75 litre) or
  DM 0.53 per litre.

Period for submission of declaration:

Until the 15th day of the month following the month when liability arose.

Becomes due:

On the 25th day of the month following the month when liability arose. Payment cannot be deferred.

Exemptions:

No duty is payable on sparkling wine and beverages similar to sparkling wine:

- exported from a manufacturing enterprise or export depot, or placed under a special customs procedure,
- supplied to a manufacturing enterprise,
- used inside or outside the manufacturing enterprise for investigations and tests required for industrial purposes or removed for reasons of tax control or factory inspection,
- presented for quality control to the competent authorities or withdrawn at the instigation of such authorities,
- provided free of charge as tasting samples in the manufacturing enterprise.

Refund:

Allowed on dutiable products which the manufacturer can prove he has taken back into his enterprise.

Imports:

The rates are the same as for domestic products. The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and some other aspects, are governed by the relevant provisions of the Customs Law. This is also the case where no customs duty is payable. Payment cannot be deferred.
Imported sparkling wines etc. may, on a duty-free basis, be supplied to a manufacturing enterprise.
Imported sparkling wines etc. are generally exempt from the duty if imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on them upon entry into the customs area.

Excise duty on beer

(Biersteuer)

Beer Tax Law of 15 April 1986 (BGBl I, p. 527).

Beneficiaries:

The *Länder* governments.

Duty payable on:

Beer and beverages similar to beer which are brewed in the area to which the beer tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area.

Duty payable when:

The dutiable products leave the brewery or are set aside for consumption within the brewery.

Duty payable by:

The person who produces, or causes to be produced, beer or beverages similar to beer, for his own account, and the owner of a brewery in respect of beer produced elsewhere which is brought into his brewery.

Rates:

- Strong beer (wort content 11 % to 14 % by weight), according to annual output: DM 12 to 15 per hl;
- Medium-strong beer (wort content 7 % to 8 % by weight): 75 % of the rates applicable to strong beer;
- Small beer (wort content 2 % to 5.5 % by weight): 50 % of the rates of duty on strong beer;
- Extra-strong beer (wort content 16 % and above): 150 % of the rates applicable to strong beer;
- Beverages similar to beer: 75 % of the maximum rate applicable to beer having the same wort content.

The quantity of beer is determined by the capacity of the containers. The wort content of beer is the quantity of unfermented wort to be pitched with yeast (original wort) from which the beer is brewed or, according to its quality, could have been brewed, expressed in percentage weight of dissolved substances.

Period for submission of declaration:

Until the 7th day of the month following the month when liability arose.

Becomes due:

On the 20th day of the month following the month when liability arose. Payment cannot be deferred.

Exemptions:

No duty is payable on beer and beverages similar to beer:
- Exported from a brewery or export depot or placed under a special customs procedure or used as a substitute under inward processing arrangements.
- Distributed against payment or free by a brewery to its workers as the firm's drinks.
- Consumed by a brewery for the requisite technical tests or withdrawn for purposes of fiscal control or brewery inspection.

Refund:

Allowed on beer and beverages similar to beer which are taken back into the brewery or sent to another brewery.

Imports:

The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and some other aspects are governed by the relevant provisions of the Customs Law. This is also the case where no customs duty is payable. Payment cannot be deferred.

For imported strong beer, the duty is . . . . .DM 14.80/hl

However, the above rate does not apply to strong beer from a brewery which in the calendar year preceding the import has produced less than 950 000 hl. This beer is taxed at a rate per hl equivalent to the annual average taxation per hl of a strong beer produced by a brewery of similar annual production situated in the collection area.

Beer other than strong beer and beverages similar to beer:

Medium strong beer	75 % of the rate for strong beer
Small beer	50 % of the rate for strong beer
Extra-strong beer	150 % of the rate for strong beer
Beverages similar to beer	75 % of the maximum rate for beer with equivalent wort content

Imported beer is generally exempt from the duty if it is imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on it upon entry into the customs area.

Duty on beverages

(Getränkesteuer)

For Bremen: Law on the duty on beverages of 18 December 1962 (GBl 1969, p. 160);
For Hesse: Law on the duty on beverages and ice cream of 6 December 1951 (GVBl 1970, p. 225);
For Lower Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41).

Beneficiaries:

City boroughs and districts (*Landkreise*); in Hesse the municipalities.

Duty payable in:

Bremen, Hesse and Lower Saxony only.

Duty payable on:

The sale of wines, sparkling wines, spirits, mineral waters, cocoa, coffee, tea and other beverages made from vegetable matter.

Basis of assessment:

The retail price of the beverages sold.

Exemptions:

Sale of beverages in hospitals, welfare homes or works canteens (in the last case, only non-alcoholic beverages are exempted).

Collection:

Monthly.

Rates:

At least 5 % of the retail price.
Hesse: the maximum rate is 15 %; there is no minimum rate.

Excise duty on sugar

(Zuckersteuer)

Sugar Tax Law of 13 October 1983 (BGBl I, p 1245).

Beneficiary:

The Federal Government.

Duty payable on:

- Beet sugar and sugar having the same chemical composition as beet sugar;
- Invert sugar;
- Starch sugar and sugar having the same chemical composition as starch sugar;
- Isoglucose and sugar having the same chemical composition as isoglucose.
- Fructose which is manufactured in the area to which the sugar tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or is imported into the collection area.

Duty payable when:

The dutiable products leave the manufacturing enterprise or are set aside for consumption within the enterprise.

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates:

- Solid beet sugar and sugar having the same chemical composition as this kind of sugar (e.g. cane sugar): . . . . DM 6/100 kg
- Beet sugar juices extracted, under pressure and without chemical purification, from boiled and crushed fresh beet or high-quality dried slices of beet whose degree of purity is between 70 % and 95 %: . . . . DM 1.80/100 kg
- Liquid invert sugar, other beet-sugar syrups, and sugar syrups of the same chemical composition as beet sugar (e.g. maple syrup):
  - of a degree of purity between 70 % and 95 %: . . . . DM 3.60/100 kg
  - of a degree of purity exceeding 95 %: . . . . DM 4.20/100 kg
- Starch sugar and sugar of the same chemical composition (e.g. glucose obtained by the saccharification of wood):
  - of a degree of purity of up to 95 %: . . . . DM 2.40/100 kg
  - of a degree of purity exceeding 95 %: . . . . DM 5.40/100 kg
- Liquid isoglucose (of a degree of purity of at least 20 %) and liquid fructose:
  - of a degree of purity less than 70 %: . . . . DM 2.40/100 kg
  - of a degree of purity between 70 % and 95 %: . . . . DM 3.60/100 kg
  - of a degree of purity exceeding 95 %: . . . . DM 4.20/100 kg

Period for submission of declaration:

Until the 15th day of the month following the month when liability arose.

Becomes due:

On the last working day of the month following the month when liability arose. Payment cannot be deferred.

Exemptions:

No duty is payable on sugar:
- exported from a manufacturing enterprise or export depot, or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used inside or outside the manufacturing enterprise for investigations and tests required for industrial purposes, or removed for reasons of tax control or factory inspection;
- used for the feeding of animals or for the production of feedingstuffs;
- used for industrial purposes, or for public benefit, other than the production of food, of goods under heading 24.02 of the Common Customs Tariff, of goods for the production of goods under heading 24.02 of the Common Customs Tariff or of feedingstuffs;
- used in the manufacture of products for export.

Beet juices and mixtures thereof with other substances which are exclusively prepared for private household use are exempt from the duty.

Refund:

Duty on sugar used for the manufacture of certain exported products is refunded, as is also that on dutiable products which the manufacturer can prove he has taken back into his enterprise.

Imports:

The rates are the same as for domestic products. The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and some other aspects are governed by the relevant provisions of the Customs Law. This is also the case where no customs duty is payable. Payment cannot be deferred.
Certain goods containing sugar are also subject to the excise duty on sugar.
No duty is payable on imported sugar:
- supplied to a manufacturing enterprise;
- used for industrial purposes, or for public benefit other than the production of food, of goods under heading 24.02 of the Common Customs Tariff, of goods for the production of goods under heading 24.02 of the Common Customs Tariff or of feedingstuffs;
- used for the feeding of animals or for the production of feedingstuffs;
- used in the manufacture of products for export.

Imported sugar is generally exempt from the duty if imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on it upon entry into the customs area.

Excise duty on coffee and tea

(Kaffee- und Teesteuer)

Coffee and Tea Tax Law of 5 May 1980 (BGBl I, p. 497); Implementing Regulation of 2 June 1980 (BGBl I, p. 651).

Beneficiary:

The Federal Government.

Duty payable on:

- Coffee (unroasted, roasted, whether or nor decaffeinated)
- Coffee extracts or essences (solid, liquid, whether or not freed from caffeine)
- Tea
- Tea extracts (solid or liquid) or essences of tea
- Products containing coffee or tea which are imported into the area to which the coffee and tea tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area).

Imports:

The customs regulations are applicable to duty on coffee and tea. As an exception to these regulations, payment may be deferred for unroasted coffee, at the request of the person liable for duty, until the 15th day of the second month following the month in which the chargeable event occurred, but security must be provided.

Rates:

Coffee:	*per kg net weight*
- Unroasted, undecaffeinated coffee	DM 3.60
- Unroasted, decaffeinated coffee	DM 3.80
- Roasted, undecaffeinated coffee	DM 4.30
- Roasted, decaffeinated coffee	DM 4.55
- Solid extracts of undecaffeinated coffee	DM 9.35
- Solid extracts of decaffeinated coffee	DM 9.90
	per kg of content of dry matter
- Liquid extracts or essences of undecaffeinated coffee	DM 9.35
- Liquid extracts or essences of decaffeinated coffee	DM 9.90

Coffee preparations are taxed according to the percentage of coffee.

Tea:

- Tea	DM 4.15/kg net weight
- Solid extracts of tea	DM 10.40/kg net weight
- Liquid extracts or essences of tea	DM 10.40/kg of content of dry matter

Products containing tea are taxed according to the percentage of tea.

Exemptions:

Coffee and tea, coffee and tea extracts or essences, and products containing coffee or tea are generally exempt from the duty if they are imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on them upon import into the customs area.

Refund:

On application, manufacturers of products containing coffee or tea are reimbursed or compensated for the duty on the quantity of coffee or tea employed in manufacture if they can prove that the products have been exported under customs control.

Excise duty on salt

(Salzsteuer)

Salt Tax Law of 25 January 1960 (BGBl I, p. 50), as last amended by Article 3, paragraph 7, of the Law of 12 September 1980 (BGBl I, p. 1695).

Beneficiary:

The Federal Government.

Duty payable on:

- Rock salt, salt obtained chemically, salt obtained by the evaporation of the water of salt marshes and salt springs, sea salt.
- Salt obtained as a by-product in the chemical industry and containing at least 75% by weight of sodium chloride.
- Unrefined potassium salts and potassium-magnesium salts containing at least 85% by weight of sodium chloride.
- Salt waste and bath salts containing at least 75% by weight of sodium chloride.
- Salt liquors, unless used as smelling salts, beverages or bath salts,

which are manufactured in the area to which the salt tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area.

Duty payable when:

The dutiable products leave the manufacturing enterprise or are set aside for consumption within the enterprise, or when denatured (duty-free) salt is purified.

Duty payable by:

The owner of the manufacturing enterprise (producer) and any person who, outside the manufacturing enterprise, completely or partially removes the denaturing agent from denatured salt or adds to the denatured salt substances which reduce the effect of the denaturing agent on the taste, odour or appearance of the salt.

Rate:

DM 12 per 100 kg net weight.

Period for submission of declaration:

Until the 15th day of the month following the month when liability arose.

Becomes due:

On the 20th day of the month following the month in which the chargeable event occurred. Payment cannot be deferred.

Exemptions:

No duty is payable on salt:
- exported from a manufacturing enterprise or export depot or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used for the salting of herrings and similar fish, or for purposes other than the preparation of foodstuffs and condiments, provided the relevant stipulations of the Salt Tax Law are observed.

Refund:

Duty on salt used for the manufacture of certain exported products is refunded, as is also that on dutiable products which the manufacturer can prove he has taken back into his enterprise.

Imports:

The rates are the same as for domestic products. The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and certain other aspects are governed by the relevant provisions of the Customs law. This is also the case where no customs duty is payable. Payment cannot be deferred.
No duty is payable on imported salt:
- supplied to a manufacturing enterprise,
- used for the salting of herrings and similar fish, or for purposes other than the preparation of foodstuffs and condiments.

Imported salt is generally exempt from the duty if it is imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on it upon entry into the customs area.

Excise duty on lamps

(Leuchtmittelsteuer)

Lamps Tax Law of 22 July 1959 (BGBl I, p. 613), as last amended by Article 3, paragraph 3, of the Law of 12 September 1980 (BGBl I, p. 1695).

Beneficiary:

The Federal Government.

Duty payable on:

- Electric filament lamps and tubes
- Electric discharge lamps and tubes

which are manufactured in the area to which the Lamps Tax Law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area, if they are designed, by character and purpose, to serve for illumination.

Duty payable when:

The dutiable products leave the manufacturing enterprise or are set aside for use within the enterprise.

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates per lamp:

A. On electric filament lamps except those to be used in motor vehicles: DM 0.13 to DM 20.
B. Lamps for use in motor vehicles: DM 0.45 to DM 2.
C. Discharge lamps: DM 0.60 to DM 30.

Period for submission of declaration:

Until the 15th day of the month following the month when liability arose.

Becomes due:

On the 15th day of the third month following the month when liability arose. Payment cannot be deferred.

Exemptions:

No duty is payable on lamps:
- exported from a manufacturing enterprise or export depot or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used, under customs control, in the fitting out, building, conversion or improvement of ships or aircraft.

The following products in particular are exempt from duty:
- high-voltage discharge lamps subject to certain conditions;
- lamps with a luminous flux of not more than 100 lumens;
- electric metallic filament lamps for voltages up to and including 42 Volt, provided their power consumption does not exceed 15 Watt;
- carbon filament lamps and carbon arc lamps;
- lamps used inside or outside the manufacturing enterprise for investigations and tests required for industrial purposes or removed for reasons of tax control or factory inspection.

Refund:

Allowed on dutiable products which the manufacturer can prove he has taken back into his enterprise, or which have been destroyed under customs control.

Imports:

The rates are the same as for domestic products.
The chargeable event, identification of persons liable, personal responsibility, dates when payment is due, taxation procedure and some other aspects, are governed by the relevant provisions of the Customs law. This is also the case where no customs duty is payable. Payment cannot be deferred.
No duty is payable on imported lamps:
- supplied to a manufacturing enterprise for further processing,
- used, under customs control, in the fitting out, building, conversion or improvement of ships or aircraft.

The exemptions are the same as for domestic products.
Imported lamps are also generally exempt from the duty if imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on them upon entry into the customs area.

Insurance tax

(Versicherungsteuer)

Insurance Tax Law of 24 July 1959 (BGBl I, p. 539); 1968 Taxation Amendment Law of 20 February 1969 (BGBl I, p. 141); Law providing for continued wage payments of 27 July 1969 (BGBl I,
p. 946); Law of 19 December 1974 improving private firms' retirement schemes (BGBl I, p. 3610); Introductory Law of 14 December 1976 to the Tax Code (BGBl I, p. 3341); 1985 Tax Updating Law of 14 December 1984 (BGBl I, p. 1493); Regulation of 20 April 1960 implementing the Insurance Tax Law (BGBl I, p. 278), as last amended by the 1985 Tax Updating Law.

Beneficiary:

The Federal Government.

Tax payable on:

The payment of insurance premiums.

Basis of assessment:

The amount of the premium, including certain duties and expenses; in the case of insurance against damage caused by hail, the sum insured.

Exemptions:

Certain kinds of insurance are tax-free.

Payment:

Tax returns and payment are made at regular intervals.

Rates:

5 %, 2 % for insurance of hull of ships; the rate in the case of hail insurance against damage caused by hail is DM 0.20 per DM 1 000 of the sum insured.

Fire insurance tax

(Feuerschutzsteuer)

Fire Protection Tax Law of 21 December 1979 (BGBl I, p. 2353), as last amended by the Law of 13 February 1984 (BGBl I, p. 241).

Beneficiaries:

The *Länder* governments.

Chargeable event:

Receipt by the insurer of premiums for fire insurance, certain building insurance and certain house contents insurance.

Basis of assessment:

In the case of fire insurance: the total premiums.
In the case of building insurance: 25 % of the total premiums.
In the case of house contents insurance: 20 % of the total premiums.

Payment:

Tax returns and payment are made at regular intervals.

Rates:

12 % for compulsory insurance or in the case of insurers with a monopoly;
5 % in all other cases.

Entertainments tax – including cinema tax

(Vergnügungsteuer – mit Kinosteuer)

For Bremen: Law of 18 December 1984 (GBl 1985, p. 7);
For Hesse: Entertainments Tax Law of 14 September 1970 (GVBl 1970, I, p. 566);
For North Rhine-Westphalia: Entertainments Tax Law of 14 December 1965 (GVBl 1970, p. 437);
For Rhineland-Palatinate: Entertainments Tax Law of 29 November 1965 (GVBl 1974, p. 43);
For the Saar: Entertainments Tax Law of 19 June 1984 (ABl, p. 649).

Beneficiaries:

The municipalities or the districts *(Landkreise)*.

Tax payable in:

Only in Bremen, Hesse, North Rhine-Westphalia, Rhineland-Palatinate and the Saar.

Tax payable on:

The provision of entertainment. In most *Länder* this includes, for example, the operation of slot-machines or juke-boxes, film shows, dances, circus and theatrical performances, sporting events before paying spectators, concerts and speeches provided they are given for entertainment purposes only and are not of a predominantly edifying, instructive, advertising or exclusively political, religious, educational or scientific nature.

Basis of assessment:

Generally, the profit from the sale of entrance tickets; however, under certain circumstances, also the gross receipts, the initial purchasing price, the number of gambling machines or juke-boxes available, or the size of the premises used.

Exemptions:

Frequently, operas, theatrical performances, concerts, ballets, speeches, non-professional sporting events (sometimes, however, only provided that the performance or event in question is recognized as having high artistic value) as well as the showing of films that have been recognized by the film authorities as artistically 'valuable' or 'highly valuable' works.

Collection:

Following the performance or event in question.

Rates:

Between 10 % and 25 % of the price of the ticket or gross receipts (between 10 % and 20 % of the ticket in the case of film shows), between 0.25 % and 2 % per month of initial purchasing prices, between DM 10 and DM 60 per month for each slot-machine or juke-box, or between DM 0.20 and DM 2 per month for every 10 m^2 of the premises used.

Betting and gaming tax

(Rennwett- und Lotteriesteuer)

Betting and Gaming Law of 8 April 1922 (BGBl I, p. 393) and Amending Laws of 19 March 1964 (BGBl I, p. 213) and 16 December 1974 (BGBl I, p. 3561); other amendments by Laws of 25 June 1969 (BGBl I, p. 645), of 2 March 1974 (BGBl I, p. 469) and of 21 May 1976 (BGBl I, p. 1249), by the Introductory Law of 14 December 1976 to the Tax Code (BGBl I, p. 3341), by the 1985 Tax Updating Law of 14 December 1984 (BGBl I, p. 1493) and by the second legislative Updating Law of 16 December 1986 (BGBl I, p. 2441); Regulations of 16 June 1922 implementing the Betting and Gaming Law (printed in the *Sammlung des Bundesrechts* – BGBl III, 611-14-1), as last amended by the 1985 Tax Updating Law.

Beneficiaries:

The *Länder* governments.

Tax payable on:

Bets on the results of horse and greyhound races (either by the totalizator system or through bookmakers), lotteries, bingo and similar games of chance and football pools.

Basis of assessment:

The amount of bets or prizes.

Collection:

Tax returns and payment at regular intervals, or by assessment.

Rate:

$16^2/_3$ %.

Tax on real estate

(Grundsteuer)

Real Estate Tax Law of 7 August 1973 (BGBl I, p. 965), as amended by Article 15 of the Introductory Law of 14 December 1976 to the Tax Code (BGBl I, p. 3341).

Beneficiaries:

The municipalities.

Tax payable on:

Real estate situated in the municipality concerned.

Basis of assessment:

Standard value *(Einheitswert)*.

Exemptions:

Real estate belonging to the public authorities and used for municipal purposes; real estate used for public, charitable or religious purposes; land used for sports, etc.

Collection:

By means of assessment books.

Rates:

The rates range from 2.6 % to 6 % multiplied by the municipal factor fixed by the municipality.

Special feature:

Real estate tax payments are generally an allowable expense for the calculation of taxable profits or income.

Real estate transfer tax

(Grunderwerbsteuer)

Real Estate Transfer Tax Law of 17 December 1982 (BGBl I, p. 1777).

Beneficiaries:

The *Länder* governments.

Tax payable on:

Sales of real estate, investment of assets in a company, etc.

Basis of assessment:

Purchase price or equivalent value, or standard value.

Exemptions:

Several exemptions.

Collection:

By assessment.

Rate:

2 %.

Capital duty

(Gesellschaftsteuer)

Capital Transactions Tax Law as amended on 17 November 1972 (BGBl I, p. 2129); Law of 11 May 1976 amending the Capital Transactions Tax Law (BGBl I, p. 1184); 1977 Tax Amendment Law of 16 August 1977 (BGBl I, p. 1586); 1986 Tax Updating Law of 19 December 1985 (BGBl I, p. 2436); Building Code of 8 December 1986 (BGBl I, p. 2191); Regulation of 20 April 1960 implementing the Capital Transactions Tax Law (BGBl I, p. 243), amended by Article 11 of the Law of 4 July 1980 (BGBl I, p. 836).

Beneficiary:

The Federal Government.

Tax payable on:

The first acquisition of shares in joint-stock companies situated in Germany and other capital contributions to companies situated in Germany.

Basis of assessment:

Purchase price or equivalent value, or (normal) value of shares.

Exemptions:

Legal acts concerning:
- charitable institutions serving the public interest;
- public utilities providing gas, water, electricity or heating and public transport and port authorities, in cases where their shares are held by public authorities and at least 90 % of their profits accrue to them.

Collection:

By assessment.

Rate:

1 %.

Stock exchange turnover tax

(Börsenumsatzsteuer)

Capital Transactions Tax and Regulation implementing the Capital Transactions Tax Law	see under Capital duty.

Beneficiary:

The Federal Government.

Tax payable on:

Stock exchange transfers of securities in Germany, or abroad, when at least one party is a person having his domicile, ordinary residence or a permanent representative in Germany.

Basis of assessment:

The agreed price, stock exchange price or market price; occasionally, the value.

Exemptions:

Transactions between banks, dealers or brokers, and certain other kinds of transaction.

Collection:

By periodical tax returns and payment, by assessment or by affixing tax stamps.

Rates:

The rates range from 0.1 to 0.25 %. The rate is halved if the transaction takes place abroad and one of the two parties is a non-resident.

Bills of exchange tax

(Wechselsteuer)

Law on the Bills of Exchange Tax, as amended on 24 July 1959 (BGBl I, p. 536); Introductory Law of 14 December 1976 to the Tax Code (BGBl I, p. 3341); Law of 17 July 1985 (BGBl, I, p. 1507); Regulation as amended on 20 April 1960, implementing the Bills of Exchange Tax (BGBl I, p. 274).

Beneficiary:

The Federal Government.

Tax payable on:

The issue of bills of exchange.

Basis of assessment:

Face value of the bill.

Exemptions:

Bills drawn abroad, cheques, etc.

Collection:

By the use of tax stamps or authorized machines with registering device.

Rates:

DM 0.15 for each DM 100, or part thereof, of face value; in certain cases, the rate is reduced by 50 %.

Tax on motor vehicles

(Kraftfahrzeugsteuer)

Motor Vehicles Tax Law, as amended on 1 February 1979 (BGBl I, p. 132); 1984 Tax Relief Law of 22 December 1983 (BGBl I, p. 1583); Law on tax measures to encourage the use of low-polluting passenger cars of 22 May 1985 (BGBl I, p. 784); 1986 Tax Updating Law of 19 December 1985 (BGBl I, p. 2436); Law of 24 July 1986 (BGBl I, p. 1110); Motor Vehicles Tax Implementing Regulation of 3 July 1979 (BGBl I, p. 901), as last amended by Regulation of 10 December 1985 (BGBl I, p. 2185).

Beneficiaries:

The *Länder* governments.

Tax payable on:

The keeping of motor vehicles and their trailers for use on public roads.
Illegal use of such vehicles.

Basis of assessment:

The cylinder capacity or maximum permissible total weight.

Exemptions:

Certain vehicles and vehicles for certain uses.

Non-residents:

The tax is payable by residents using vehicles not registered in the collection area.

Payment:

Registration and, normally, payment on an annual basis. Where the annual tax exceeds DM 1 000, it may be paid on a half-yearly basis; where it exceeds DM 2 000, it may also be paid on a quarterly basis. Payment for vehicles not registered in the collection area is made on a day-to-day basis.

Rates:

DM 3.60 per 25 cc, i.e. DM 14.40 per 100 cc for motor cycles and cars, between DM 13.20 and DM 21.60 per 100 cc for passenger cars, depending on pollution level and time of registration. In the case of all other vehicles with a total weight of:

- up to 2 000 kg .... DM 22.00/200 kg
- between 2 000 kg and 3 000 kg .... DM 23.50/200 kg
- between 3 001 kg and 4 000 kg .... DM 25.00/200 kg

etc.

Reduced tariff for vehicles with more than two axles of a total weight of over 7 000 kg and reductions for certain types of vehicles.

Tax on industry and trade

(Gewerbesteuer)

1984 Trade Tax Law of 14 May 1984 (BGBl I, p. 657), as last amended by Article 29 of the Law of 17 December 1986 (BGBl I, p. 2488).

Beneficiaries:

The municipalities about 76 %, the Federal Government and the *Länder* governments about 7 % each.

Tax payable by:

All industrial or commercial undertakings, provided their activities are carried on in Germany.

Basis of assessment:

Trading profit (profits together with certain additions or deductions, as appropriate) and trading capital (taxable value of trading capital with certain additions or deductions, as appropriate).

Exemptions:

In the main, the same as those granted in the case of corporation tax.

Collection:

The tax on industry and trade is levied by assessment based on trading profit and trading capital. The tax offices are responsible for fixing the basis of assessment and establishing and breaking down the standard basic amounts; as a rule, the municipalities are responsible for fixing and collecting the tax and for specifying periods of grace, reductions and remissions.

Rates:

(a) Trading profits: tax-free allowance of DM 36 000 in the case of natural persons and partnerships; tax is levied at a rate of 5 % on profits in excess of 36 000 (in the case of other undertakings, in particular limited companies, 5 % of all trading profits).
(b) Trading capital: tax-free allowance of DM 120 000; tax is levied at a rate of 2 ‰ on trading capital in excess of DM 120 000.

These rates are multiplied by the municipal factor fixed by the municipality (e. g. municipal factor 300 %; rate for the tax on trading profits: 5 % x 3 = 15 %).

Special feature:

The tax on industry and trade is considered as operating expenditure for the purpose of calculating trading profit.

Tax on the licence to sell beverages

(Schankerlaubnissteuer)

For Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225);
For Lower-Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41);
For Rhineland-Palatinate: Municipal Tax Law as amended on 2 September 1977 (GVBl, p. 305).

Beneficiary:

The municipalities; in Hesse, Lower-Saxony and the Rhineland-Palatinate: the districts *(Landkreis)* and the city boroughs *(kreisfreie Städte).*

Tax payable in:

Hesse, Lower-Saxony and Rhineland-Palatinate.

Tax payable on:

The acquisition of a licence to manage a public house, or the management of such an establishment that does not require the aforementioned licence for a period of more than six months.

Basis of assessment:

The annual attainable leasing value or the turnover of the first financial year, account sometimes being taken of the surface area of the premises.

Exemptions:

Include cases where the licence is granted to the surviving spouse of the late holder, or to the new spouse, the children or the parents of the holder.

Collection:

Upon issue of the licence.

Rates:

Between 2 and 30% of the attainable leasing value or turnover – in special cases (e.g. where the retail of spirits is predominant, cabarets, etc.) the rate is higher – and between DM 1 and DM 8 for every square metre of the premises.

GREECE

Ελλάδα

Tax on the incomes of natural persons

(Φόρος εισοδήματος φυσικών προσώπων)

Legislative Decree 3323/1955 on the taxation of the incomes of natural persons; Articles 1 to 48 of the Administrative Code.

Beneficiary:

The State.

Tax payable on:

(a) Incomes arising in Greece, irrespective of the nationality, domicile or residence of the recipient. Income arising abroad when the recipient, irrespective of nationality, is domiciled in Greece. Due consideration is given to bilateral conventions designed to obviate double taxation.

(b) Income accruing to undistributed estates.
The tax is payable by natural persons on income acquired individually and on income acquired through associations working on a common enterprise, in accordance with the provisions of Article 16 A, paragraph 5, and Article 31, paragraph 4, of Legislative Decree 3323/1955.

Basis of assessment:

Total net income from all sources in the previous tax year after deduction.
Tax paid is not allowable as a deduction in computing income.

Allowances:

1. The following amounts are deductible from total income:
   (a) Maintenance awarded by court decision or agreed in a document authenticated by a notary and paid to the spouse, natural or adopted children, or children acknowledged either voluntarily or upon a court decision.
   (b) The cost of medical and hospital treatment incurred by the person liable to tax and other dependent persons.
   (c) Gifts to the State, municipalities, the church and legal persons in Greece which have been legally constituted, or are being constituted in accordance with the law with those gifts, and whose exclusive aim is philanthropic, religious, social, public or educational.
   Also sums of money rendered to legally constituted sports clubs recognized by the Secretariat-General for sport, provided that such gifts are intended to promote the enhancement and development of the amateur sections of the said clubs.
   (d) Contributions to social security funds, provided that they are compulsory pursuant to the relevant legal provisions.
   (e) Life insurance premiums or premiums to cover the risk of accidents affecting the insured person or the other spouse or dependent children where they are not themselves liable to tax.
   (f) Annual subscriptions or membership fees paid by the income earner or pensioner to professional associations and chambers relevant to his activity.
   (g) Interest on loans from banks or other credit institutes or the Greek Tourist Office, in accordance with the relevant provisions.
   (h) The cost of purchasing and installing a solar water heater:

the annual amount deductible from income may not exceed 10% of the liable person's declared income or DR 40 000 for both spouses.

(i) 30% of the total annual rent up to DR 120 000 and 10% of the amount exceeding DR 120 000 paid by the taxpayer, or by his taxpaying spouse if she has signed the lease, or by both of them, in respect of their principal residence subject to the conditions provided for in the relevant provisions.

For income earners and pensioners the above allowance of 30% is increased by 5% for each of the first two cohabiting dependent children and by 10% for each subsequent cohabiting dependent child.

Additionally, the taxable person may deduct from his total income 30% of up to DR 60 000 of expenditure on the renting of accommodation for his children who are pursuing a course of study at a recognized school or college in Greece subject to the conditions provided for in the relevant provisions.

(j) Funeral expenses in respect of the spouse or other cohabiting dependent persons up to DR 40 000 and 10% of the part of such costs exceeding DR 40 000, provided that the deceased person leaves no assets.

(k) From a working mother's total income from wages and salaries, fees from a profession, profits from a personal commercial agricultural business or participation in a partnership: The outgoings (without supporting documents) associated with the care of any children living with her up to the age of six provided they have no income of their own or their income does not exceed DR 104 000 per annum or DR 255 000 per annum if they are 67% or more incapacitated as a result of mental retardation or a physical disability.

The allowance is 10% of the total of the above incomes accruing to the entitled working mother and may not exceed DR 45 000 per annum for the first child aged up to six years. This amount is increased by DR 7 500 per annum for each subsequent child up to the age of six. In place of this allowance, entitled persons may opt for an annual deduction from total income of 10% (up to DR 120 000) of their kindergarten and day-nursery fees for a first child and 50% (up to DR 50 000) for each subsequent child.

In order to qualify for such a deduction, the persons concerned are required to submit with their annual return the original of the official certificates issued by such kindergartens or day-nurseries in respect of services provided.

2. Amounts deductible from total tax liability:
DR 3 000 for the taxpayer
DR 11 500 for a spouse with no taxable income
DR 14 000 for the first child
DR 18 500 for the second child
DR 25 000 for the third child
DR 60 000 for the fourth child, and
DR 80 000 for the fifth child and any subsequent children
DR 6 000 for each child doing military service
DR 6 000 for other dependent persons in accordance with the law.

Family income:

Husband and wife must submit a joint tax return except in certain cases specified in the law. Tax, duties and levies attributable to the income declared in the joint return are calculated without any provision for offsetting losses by one spouse against the income of the other.
The income of one spouse is added to that of the other and the total taxed as if it were the latter's if it accrues from a business that is financially dependent on the other spouse.
The income of one spouse from a civil or commercial partnership, a private limited company or an association or society engaged in a business activity in which the other also participates is added for assessment purposes to the income of the spouse with the larger aggregate income.
Where the two spouses participate in more than one company or partnership or society engaged in a business activity, the aggregate income is added for assessment purposes to that of the spouse with the larger aggregate income before addition of that income.
If the income of the two spouses is equal, the wife's income from such companies etc. is added for assessment purposes to her husband's income and taxed in his name.
In the event of the marriage being dissolved, the income of each spouse from the above types of company etc. shall be declared separately by each of them. Conversely, in the event of separation, i.e. if the couple are living apart, such income shall continue to be added for assessment purposes to that of the spouse with the larger aggregate income even if separate tax returns are submitted.
The income of minor children is added to that of the parent with the larger aggregate income before addition of that income and taxed in that parent's name. If the latter does not have custody of the child, the minor's income is added to that of the other parent and taxed in that parent's name.
Where the parent's aggregate income is equal, the income of their minor children is added to the father's income where he has custody.
If the parents have divorced or separated and do not have custody, the children's income from parental contributions or gifts of assets made by the parents is added to the income of the parent who made the contribution or gift of assets.
In certain cases specified in the law, the minor child has a personal tax obligation in respect of any income.

Non-residents:

Non-residents are taxed in the same way as permanent residents subject to provisions of any bilateral conventions between Greece and other countries designed to obviate double taxation.

Rates:

(a) The total taxable income of natural persons is taxed on a sliding scale commencing with incomes above DR 104 000.
The rate starts at 10 % and rises to 61 % on incomes up to DR 4 673 000.
Incomes above this level are subject to a rate of 63 %.
(b) Income from buildings and land in excess of DR 100 000 is subject to a supplementary rate of tax on a sliding scale. The rate starts at 2 % and reaches 3 % on DR 400 000.
The supplementary rate is 4 % on income above this level.

Carry-over of losses:

The losses of commercial and agricultural undertakings, provided that the books have been kept in an adequate and accurate fashion, may, if not offset by income from other sources, either because there is no such income or because such income is insufficient, be carried over in full in the first case or alternatively the remainder may be carried over in the second case for the next *three years* in the case of commercial undertakings. In the case of agricultural, industrial, mining and hotel undertakings the carry-over period is *five years*, provided that the books have been kept properly and accurately.

Finally, a new bill recently passed by the Greek Parliament regulated the matter of carry-over of losses on buildings and the leasing of land between spouses, thus reducing the total income of the other spouse.

Tax on the incomes of legal persons

(Φόρος εισοδήματος νομικών προσώπων)

Legislative Decree 3843/1958 on the taxation of the incomes of legal persons.

Beneficiary:

The State.

Tax payable by:

Greek companies with share capital, State and municipal undertakings and profit-making enterprises, cooperatives and associations thereof, foreign undertakings operating in Greece in whatever company form, non-profit-making Greek and foreign legal persons governed by public or private law.

Basis of assessment and rates:

Tax is payable on profits in the broadest sense and is assessed as follows:

1. On the net incomes or profits of Greek companies from operations in Greece and abroad, less that portion paid out as dividends to shareholders, as fees and percentage share-outs to board members, or as bonuses on top of salary and percentage share-outs to working directors or paid out to staff.
   The tax is payable only on non-distributed profits. The rate is 49%, but for Greek industrial and mining companies quoted on the stock exchange it is reduced by 5%.
   Companies with share capital which make productive investments with State subsidies (as provided for in Law 1262/1982) will still have undistributed profits from those investments taxed at the rates (44 % or 39 %) which obtained before Law 1249/1982 came into force.
   That portion of profits distributed to shareholders and board members, etc. is taxed in the names of the recipients. Tax is deducted at source by the company when the monies due are paid or credited to the recipient. The rates of tax are as follows:
   (a) For dividends on unquoted shares:
   - 53 % for ordinary shares;
   - 47 % for nominal shares.

   (b) For dividends on shares which have been publicly quoted for at least four months prior to the end of the period for which the dividend is payable:
   - 45 % for ordinary shares;
   - 42 % for nominal shares.

   (b) The first DR 25 000 of dividend payment are tax free when the recipient receives such payments from only one company. When dividend payments are received from more than one company the tax-free amount is DR 100 000. Recipients of dividends on quoted and unquoted shares and on quoted ordinary shares may have such income assessed together with their annual taxable income from all sources or taxed separately.
   Recipients of dividend income from unquoted ordinary shares have no further tax obligation after the tax due on this income has been withheld at source and may not combine this income with their income from other sources for tax purposes.

(c) Tax on the fees and percentage share-outs paid to board members and on bonuses on top of salary and percentage share-outs paid to working directors and managers is withheld at source according to the scale for natural persons without any portion being exempt. Subsequently, the recipient is obliged to include this income in his annual tax return so that it can be assessed for income tax in the normal way.

2. The rate applying to the total net incomes or profits of State and municipal undertakings and profit-making enterprises is 49 %.
3. In the case of cooperatives and associations thereof, the net income or profit remaining after payments have been made to their members is taxed at the rate of 33 %, exept for agricultural and craft cooperatives, where the rate is 28 %. The payments made to members are taxable as for normal income tax in line with the provisions for natural persons.
4. The net incomes and profits of foreign undertakings operating in Greece in whatever company form, of foreign organizations, and likewise profits accruing from operations conducted in Greece on a permanent basis, are taxed at 49 %.
5. For Greek and foreign non-profit-making legal persons the rate of tax is 20 % on net income or profit from all sources, excluding income or profit acquired in the fulfilment of their functions.
6. The increase:
   - in the rates applying to companies with share capital, State and municipal undertakings and profit-making enterprises and foreign undertakings operating in Greece from . . . . 45 to 49 %,
   - in the rates applying to cooperatives from . . . . 30 to 33 %,
   - in those applying to agricultural and craft cooperatives from . . . . 25 to 28 %,
   - in those applying to non-profit-making legal persons from . . . . 20 to 23 %

   was laid down in Article 11 of Law 1473/1984 and is a straightforward readjustment of the old rates of income tax after the introduction, by virtue of that law, of contributions to OGA (Agricultural Insurance Organization) incorporated in the main tax.
7. Foreign businesses and organizations not permanently established in Greece are subject to tax on income accruing from the use or granting of the use in Greece of:
   - technical production methods,
   - technical assistance,
   - patent rights,
   - trade or industrial marks and patents,
   - plans or prototypes in general relating to research findings,
   - films,
   - intellectual property,
   - republication of articles and studies, and
   - similar rights.

Tax is withheld at source on the gross amount of the fees received as follows:

(a) 10 % for fees received by foreign undertakings from the projection in Greece of their own film productions, irrespective of whether a flat rate is charged per film.

(b) 25 % in all other cases, and specifically for fees and charges received by foreign undertakings and organizations which are not permanently established in Greece for the hiring of machinery, installations and moveable items in general to third parties in Greece, and for fees received for the repair of machinery and other equipment, the organization of undertakings and the training of personnel in Greece in various artistic presentations. The rate of taxation applicable to the gross amount of the fees referred to above is 25 %.

8. Foreign undertakings and bodies carrying out studies or drafting plans or conducting technical, financial or scientific research in Greece or abroad pay income tax on net profits accruing from those services. The tax is withheld at source and handed over to the State.

9. Foreign companies and bodies undertaking public or private technical construction contracts in Greece pay income tax on net profits accruing from such work as follows:
(a) 5 % on total gross value of work carried out on behalf of:
- the State,
- municipalities,
- State undertakings,
- Public utility bodies or enterprises and legal persons governed by public law.

Where the contractor does not use his own materials, the abovementioned rate applies to the total net value of the works excluding the value of the materials,
(b) 6 % on total gross value of private works,
(c) 12 % on the total gross value of works excluding the value of materials for private technical works for which the contractor does not use his own materials.

This method of taxation is applied to foreign contracting companies and organizations which have contracts with the State and other persons referred to above.
The tax is withheld at source by the employer and handed over to the State.
In all the above cases, tax obligation ceases once the tax has been withheld by the person responsible for payment of the fees.

Collection:

The tax is collected on an annual basis.

Carry-over of losses:

The rules applying to income tax paid by natural persons also applies to legal persons.

Reliefs:

Greek and foreign industrial, craft, mining and hotel undertakings may, in certain conditions, deduct a percentage of their investment outlay in various regions of the country from their net profits. The percentage thus deductible is determined on a sliding scale according to the region where the investment is made.
Export undertakings are permitted to deduct 1 % of their gross revenues from exports from their income to cover undocumented special export costs.

Tax on shipowner's profits:

Since 1983 there has been no payment of income tax on the profits made by shipowners from the operation of Greek-registered ships (Law 27/1975, Law 438/1976).
Law 814/1978 introduced a special tax on the catches of foreign-registered fishing boats with interests in Greece involving payment of 1 % income tax on their gross revenues from the sale in Greece of their catch provided that is sold at the quayside or at the cold stores on land.
Payment of this tax releases the undertaking and its partners or shareholders from all further tax liability in respect of net profits accrued through the sale of the catches of such vessels in Greece.

Tax on the profit income of owners of Greek-registered ships

(Φόρος εισοδήματος για τα κέρδη του πλοιοκτήτη)

I. For all ships excluding tourist ships and boats (Law 27/1975)

Ships are classified into 2 categories, A and B.
Payment of this tax releases private shipowners and shareholders and partners in Greek or foreign shipowning companies from all further tax liability in respect of profits accrued through the operation of Greek-registered ships.

Basis of assessment:

The tax is calculated on the basis of the ship's gross volume and age.

Method of payment and liable parties:

For ships in category A the tax is payable in United States dollars or pounds sterling at the official rate of exchange pertaining at the time of payment. For ships in category B the tax is payable in drachmas.
Parties liable in respect of the tax are:

1. The shipowner (natural or private person) as listed in the register of ships on the first day of each calendar year, irrespective of nationality and domicile.
2. The following parties incur co-liability with the shipowner:
   (a) any party with delegated responsibility for directing the ongoing trading function of a ship and for levying charges, whether by mandate of the shipowner or for any other reason;
   (b) the shipowner's attorney, given written acceptance of this appointment;
   (c) any new owner of a ship, given that ownership is transferred voluntarily, for tax chargeable at the time of transfer.

Reliefs:

If a ship is laid up or otherwise out of functional service the tax is reduced accordingly.

Exemptions:

Full exemption, or partial exemption for a number of years, is granted on the profit income of ships as follows:
(1) on ships built in Greece;
(2) on ships repaired or rebuilt in Greece if payment is made in foreign exchange;
(3) on ships which ply regular services between Greek ports or between Greek ports and foreign ports.

II. For tourist ships and boats (Law 438/1976)

The tax is payable on tourist ships and boats as follows:

(a) *Privately* registered tourist ships and boats on which the tax is five times that calculable for ships in category B.

(b) *Professionally* registered tourist ships and boats on which the tax is 10 times that calculable for ships in category B.

Professionally registered ships built in Greece are eligible for exemption for a number of years.

Tax on inheritances, gifts and parental provisions (and dowries)

(Φόρος κληρονομιών, δωρεών και γονικών παροχών)

(a) Law 1591/1986 for tax on inheritances concerning which tax liability was incurred on and after 24 April 1986. Subject to certain specified conditions this law allows a tax exemption limit of up to DR 2 000 000 for each heir or legatee in respect of a main house acquired by the spouse and children of a benefactor as a consequence of the latter's death.

(b) Law 1731/1987. Subject to certain specified conditions this law gives complete exemption from the tax for up to 400 ares of agricultural land transferred by inheritance, gift or parental provision. This provision took effect on 9 September 1987.

(c) The objective system of determining the value of transferred real estate has been gradually extended and is now operative in the Thessaloniki conurbation and the municipalities of Larissa, Ioannina, Iraklion (Crete), Patras and Rhodes.

I. Tax on inheritances – legacies

Beneficiary:

The State (less a small portion payable to the municipality involved and to other legal persons).

Tax payable on:

(a) All forms of property (moveable or immoveable, tangible or intangible) situated in Greece in either Greek or foreign ownership.

(b) Moveable property (tangible or intangible) situated abroad in Greek ownership irrespective of the domicile of the deceased owner except where he was domiciled abroad for at least 10 consecutive years prior to his death.

(c) Moveable property (tangible or intangible) situated abroad in the ownership of a foreign citizen who was domiciled in Greece.

Tax payable by:

The beneficiary (heir, legatee). Where there is more than one beneficiary, liability is proportionate to the share received.

Basis of assessment:

The tax is calculated on the market value of the transferred property at the date of assessment. Immoveable property situated in the municipalities of the former Athens Administration, in the municipalities of Zefirio, Drosia, Ekali, Vari-Varkiza and in the municipality of Ano Liosia (Attica) is subject on transfer to a tax based on the taxable value of such property worked out on the basis of the objective system in force from 1 January 1905.

Rates:

Beneficiaries inheriting property as a consequence of death are classified in one of 5 categories (A, B, C, D and E) on the basis of their relationship to the deceased. The sliding scale of rates of taxation for each category is as follows:
Category A: 6 – 27 %
Category B: 7 – 29 %
Category C: 12 – 50 %
Category D: 16 – 61 %
Category E: 19 – 72 %
The tax exemption limit for each category is as follows:
- Category A: DR 80 000,
- Category B: DR 60 000,
- Category C: DR 40 000,
- Category D: DR 30 000,
- Category E: DR 20 000.

(These amounts are equal to a value before tax of
A: DR 901 000, B: DR 653 000,
C: DR 288 000, D: DR 178 000 and
E: DR 105 000 respectively.)

Exemptions – Reliefs:

Property acquired as a consequence of death is exempt from the tax when the beneficiary is one of the following:
(a) The State or a municipality.
(b) Non-profit-making legal persons based in Greece and engaged in a charitable function, provided they are, or will become, lawfully constituted.
(c) Foreign legal persons under the same conditions as for Greek legal persons and additionally on the basis of a reciprocal arrangement.
(d) Foreign natural persons on the basis of a reciprocal arrangement and where exemption for such persons is provided for in an international convention.
(e) Employees' mutual health treatment funds (health funds).
(f) Properties specified in Article 96 of Emergency Law 2039/1939, namely separately managed charitable bequests.

Where at least half of the value of an estate is made up of agricultural assets or livestock, a certain amount (tax credit) is deducted from the tax on each portion as follows:
- Category A: DR 160 000 (corresponding to a value before tax of DR 1 540 000) and for
- Category B: DR 120 000 (corresponding to a value before tax of DR 1 235 000).

In addition, provided the conditions stipulated in Article 40 of Law 814/1978 are fulfilled, the first DR 75 000 of the market value of 10 ares of land in an agricultural land transfer not exceeding 400 ares, and a market value of DR 200 000, is exempt from tax.
Finally, where the beneficiaries are mentally or physically disabled (67 % and more), the tax credit is raised to: Category A: DR 250 000, Category B: DR 180 000, Category C: DR 80 000, Category D: DR 60 000 and Category E: DR 40 000, corresponding to a value before tax of: DR 2 160 000, DR 1 570 000, DR 330 000 and DR 195 000 respectively.

Deductions:

Subject to the relevant legal provisions, the debts, charges and obligations are deducted from the value of the estate and proportional to the share of each beneficiary.

II. Tax on gifts

The tax is levied on property acquired by gift whether from a living or deceased donor. For the purposes of the tax the law defines property acquired as a gift as follows:
(a) property acquired by formal gift deed as provided for in the Civil Code;
(b) property acquired without consideration as a consequence of an act of provision, assignment or transfer even when such act is effected without formal deed (informal gift).
Law 1329/1983 abolished the dowry system (from 1 January 1983) and introduced tax concessions for gifts from parents to children during the latter's lifetime.

Beneficiary:

The State (less a small portion payable to the municipality involved and to other legal persons).

Tax payable on:

(a) Any item of property made over as a gift when the said property is situated in Greece;
(b) Moveable gifted property situated abroad and belonging to a Greek citizen;
(c) Moveable property situated abroad, belonging to a foreigner, and made over as a gift to a Greek or foreign citizen domiciled in Greece;
(d) Moveable property formally shared amongst descendants prior to the death of the ascendant donor.

Tax payable by:

The donee, whether a natural or a legal person.

Basis of assessment:

See under Tax on inheritances.

Rate:

See under Tax on inheritances.

Exemptions - Reliefs:

Property made over by gift to any party listed above in the paragraph 'Exemptions – Reliefs' under Tax on inheritances.
The following are also exempt:
(a) assistance or compensation paid either in one sum or on a periodic basis by insurance organizations or funds to the children, widow, parents or unmarried sisters of a deceased insured male person, and
(b) every item of moveable or immoveable property transferred by the State, municipalities or legal persons covered by public law (NPDD) to any third party without consideration.
By virtue of Law 1329/1983, the gifts tax on lifetime provisions made by parents to their children (parental provisions) in order to assist with the establishment or maintenance of a family or economic self-sufficiency, or with the commencement or continuation of a professional activity, is reduced by half on provisions not exceeding DR 5 million.

Real estate transfer tax

(Φόρος μεταβίβασης ακινήτων)

Emergency Law 1521/1950, as ratified by Law 1587/1950.

Beneficiary:

The State (less a small portion payable to the municipality involved).

Tax payable on:

Transfer of the title or effective title to real estate and of the title to Greek-registered ships, if made for a consideration.
For the purposes of this tax the law defines 'transfer' as that which is effected by any of the following:
(a) The expropriation of full or restricted title;
(b) The establishment of a usufruct, or servitude of a limited and personal nature;
(c) The transfer of the real estate of a private partnership upon dissolution;
(d) The relinquishment of the property in real estate or of a right over real estate, or of the title to a ship;
(e) The expropriation of real estate for the greater public good;
(f) The restitution of a dowry composed by a real estate or the right over the real estate or a ship;
(g) The division of a holding of real estate, etc., between its joint owners.

Tax payable by:

The vendor for the amount of tax chargeable on the contracted sale price. The purchaser for the difference between the amount of tax chargeable on the contracted sale price and that which would have been due on the full market value when the latter is greater than the contracted sale price.

Basis of assessment:

The tax is calculated on the basis of the market value of the real estate or ships, or of the right over the real estate or ship, in the year of assessment.
Immovable property situated in the municipalities of the Athens administration, in the municipalities of Zefirio, Drosia, Vari-Varkiza and in the municipality of Ano Liosia (Attica) is subject on transfer to a tax based on the taxable value of such property worked out on the basis of the objective system in force from 1 January 1985.
This objective system for determining the value of immovable property also applies to transfers of immovable property and real estate throughout the territory of Greece.

Exemptions:

The following exemptions cover both the vendor and purchaser:
(a) Transfers to refugees according to the provisions of the Royal Decree of 15/28 July 1936, and transfers of land holdings from the State as specified in the Agricultural Code;
(b) The compulsory purchase of land pursuant to the Agricultural Code;

(c) Transfers in which both vendor and purchaser are one of the following: the State, a municipality, an agent acting on behalf of a place of worship, a monastery, or a religious, charitable, philanthropic, educational or nationally beneficial institution or organization;
(d) The return of expropriated property;
(e) The transfer of mines;
(f) That part of the value of real estate transferred from a non-profit-making cooperative to its members which was subject to tax when the said real estate was purchased by the cooperative;
(g) The compulsory purchase of real estate for the greater public good by the State or by legal persons governed by public law;
(h) Transfers of real estate between the State and legal persons governed by public law.

In addition to the abovementioned binding exemptions, there are also others which are provided for by particular laws, given certain conditions.

Rates:

(a) 9 % for that part of the market value up to DR 4 million.
(b) 11 % for that part of the market value in excess of DR 4 million.

These rates are increased by 2 %, i.e. to 11 % and 13 % respectively, when the transferred real estate is in an area covered by, or about to be covered by, a fire station.

In some circumstances the rate is reduced by a quarter (e.g. on the division of real estate) or by half (e.g. on the compulsory purchase of neighbouring sites for building purposes).

Tax on real estate

(Φόρος ακίνητης περιουσίας)

Law 1 249/1982 (Articles 19 to 36), amended by Law 1 731/1987 *(Government Gazette* 161/87, 6 A).

Beneficiaries:

Municipalities and communities which receive the tax after it has been collected by the State.

Tax payable on:

All real estate to which any natural or legal person has title or effective title except that which is a mortgage.

Tax payable by:

Every natural person, irrespective of nationality or domicile, and every legal person, based in Greece or abroad, possessing title or effective title to real estate situated in Greece at the time the tax assessment is made.

Basis of assessment:

The market value of the real estate and of the effective title pertaining to such a holding on 1 January of the year in which the tax is levied.

Exemptions:

These are explicitly listed in Article 21 of Law 1249/1982.

Reliefs:

Relief is granted on monies owing on a mortgage loan on 1 January of the year in which the tax is levied subject to proof that such monies have been spent on the construction, extension and renovation of buildings in the ownership of the borrower.

Tax-exempted portion of value:

In addition to the relief granted on mortgage debts the first DR 40 million of the market value of all taxable real estate belonging to a legal person is exempted from tax. In the case of a natural person the first DR 35 million of the market value of all taxable real estate are exempted. When both partners in a marriage own taxable real estate the DR 35 million exemption is granted to the partner whose property is of the greater value and tax exemption is granted on the first DR 15 million of the value of the other partner's property.

Rates:

For legal persons, 1.5 % in all circumstances. For natural persons the rate varies from 0.5 to 2 %.

Turnover tax

(Φόρος κύκλου εργασιών)

I. On internal transactions

Emergency Law 660/1937, Emergency Law 1524/1950, Legislative Decree 4242/1962, Emergency Law 236/1967, Legislative Decree 1980/1971, Law 12/1975, Law 1249/1982, Law 1473/1984 and Law 1477/1984

Legislation:

With the application in Greece of value-added tax, as from 1 January 1987, the provisions for the levying of turnover tax on the gross revenue of industrial and craft undertakings and on the gross revenue of certain service industry undertakings were repealed, with the exception of the provisions, in Article 14 of Law 1620/1951, covering the imposition of turnover tax on the revenues of insurance companies.

E_neficiary:

The State.

Tax payable by:

Insurance companies.

Tax payable on:

Insurance premiums and all charges accruing from insurance contracts without any reduction of discounts allowed to clients, and likewise without any reduction of brokerage fees and commission paid to third parties.

Exemptions:

(a) Insurance premiums on vessels and merchandise;
(b) Life insurance premiums, subject to the period of insurance being not less than 10 years;
(c) Insurance premiums rendered for the insurance of the crews of ships and aircraft;
(d) Insurance premiums for the insurance of tobacco in leaf form;
(e) The insurance business revenues of the Agricultural Bank of Greece;
(f) Insurance premiums paid by Olympic Airways SA;
(g) Insurance premiums covering certain risks incurred by undertakings, as governed by Legislative Decree 2687/1953;
(h) Reinsurance premiums collected by insurance and reinsurance companies.

Rates:

The rate of tax varies according to the sector of insurance as follows:

(a) Fire insurance premiums 20%

(b) Life insurance premiums 4%
(subject to the period of insurance being not less than 10 years);

(c) Premiums in all other sectors 10%

Assessment and collection:

The tax is payable to the State by insurance companies on a quarterly basis.

Value-added tax

(Φόρος προστιθέμενης αξίας)

Law 1642/1986 *(Government Gazette* 125/86), as amended and augmented by Law 1676/1986 *(Government Gazette* 204/86) and Law 1684/1987 *(Government Gazette* 18/87) and by various administrative pronouncements.

Beneficiary:

The State.

Tax payable by:

Every natural and legal person, and association of persons, Greek or foreign, who or which independently carries out in any place an economic activity whatever the purposes or results of that activity.
The Greek State is not considered a taxable person in its transactions involving the supply of goods and services except in certain circumstances specified in Annex I of Law 1642/1986.

Tax payable on:

(i) The supply of goods and services carried out for gain in the territory of Greece by a taxable person acting in that capacity, and also certain transactions which are considered in law to constitute supplies of goods or services even though no consideration is involved;
(ii) The importation of goods into the territory of Greece.

Taxable amount:

(i) In the case of the supply of goods and services the taxable amount is the consideration obtained by the supplier from the purchaser. The taxable amount includes interest and incidental expenses, such as commission, brokerage fees, packing and transport, etc., charged to the purchaser or customer, and also taxes, duties, levies and charges in favour of the State or a third party, with the exception of value-added tax and the regulatory tax.
(ii) In the case of the importation of goods the taxable amount is the customs value of the imported goods augmented by the payable taxes, duties, levies and other charges in favour of the State etc., and by the incidental expenses incurred in the importation of the goods.

Deductions:

The taxable person may deduct from his output tax the amount of tax charged on goods and services supplied to him where he uses those goods and services in connection with transactions liable to VAT or transactions exempted with deduction of input taxes. There is no entitlement to deduction in the following cases:
- the purchase or importation of tobacco industry products;
- the purchase or importation of alcoholic beverages;

- receptions, recreation and hospitality generally;
- the provision of accommodation, food, drinks, transport and recreation for the personnel or representatives of a company;
- the purchase or importation of passenger vehicles with up to 9 seats intended for private use, motor cycles, motorized pedal cycles, water-borne craft and aircraft for pleasure or sporting purposes and the costs of fuel and maintenance for such conveyances;
- the purchase and importation of types of packaging covered by delivery guarantee.

Exemptions:

Exemptions without the right to deduct:
The services of the Greek Post Office (EL.TA); Greek Radio and Television (ERT); the supply of non-bottled water; the services of hospitals and medical care; the services of lawyers, notaries and unpaid mortgage trustees and court registrars; the services of the medical and paramedical professions, of general education and vocational training, of museums and similar establishments, and, under certain conditions and circumstances, of profit-making legal persons with aims of a political, trade-union, religious, philosophical, philanthropic, patriotic, sporting or scientific nature; insurance and reinsurance transactions, and also various banking services such as the granting of credit, collections and payments, and foreign exchange transactions, etc.

Exemptions with the right to deduct:
- the export of goods by or on behalf of the vendor;
- the export of goods by a purchaser not established within the territory of Greece;
- the provision of services directly connected with the export of goods;
- international transport and its supporting services;
- the purchase of ships and aircraft and their importation for breaking;
- the supply of goods and services for the requirements of ships and aircraft, of the embassies and consulates of international organizations and of the North Atlantic Treaty Organization.

Assessment and collection:

The tax is paid over to the State by the taxable person on a monthly, two-monthly or quarterly basis, depending on the category of Tax Code books kept by the taxable person and on the area in which its registered office is situated.

Rates:

A low rate of 6 % on the goods and services listed in Annex II of Law 1642/1986.
A high rate of 36 % on the goods and services listed in Annex III of Law 1642/1986.
A standard rate of 16 % on all other goods (Ministerial Regulation No 8499/4941 of 28 December 1988).
The low rate is applied mainly on basic foodstuffs, primary products, agricultural machinery and vehicles.
A very low rate of 3 % is envisaged for newspapers, books periodicals and theatre productions.
The above rates will be reduced by 30 or 15 % in respect of deliveries of goods effected in the Dodecanese area.

Special systems:

Exemption from the tax is granted to undertakings engaged in the supply of goods with an annual turnover of less than DR 1 million and to undertakings engaged in the supply of services with an annual gross revenue of less than DR 250 000.

Special systems are also envisaged for:

(a) undertakings engaged in the supply of goods which keep a purchases book (annual turnover up to DR 6 million);

(b) farmers;

(c) travel agents who deal with customers in their own name and use the services of other taxable persons in the provision of travel facilities;

(d) undertakings engaged in the sale of tobacco industry products;

(e) undertakings engaged in the sale of petroleum products.

I. Value added tax on tobacco products

(Φόρος προστιθέμενης αξίας καπνοβιομηχανικών προϊόντων)

Articles 2 and 36 of Law 1642/1986; Article 1 of Law 1676/1986.

Beneficiary:

The State.

Tax payable by:

Manufacturers and importers of tobacco products.

When payable:

At the same time as the duty on tobacco products.

Basis of assessment:

(a) For cigarettes, their retail price per 1 000.
(b) For all other tobacco products, their retail price per kg.

Deductions:

The amount of VAT payable is reduced by the amount of VAT which has been paid on inflows.

Exemptions:

Those which apply in the case of duty on tobacco products.

Assessment and collection:

The tax payable is assessed by the competent tobacco tax department and paid over to the State.

Rates:

In accordance with Article 36 of Law 1642/1986 the value-added tax on tobacco products is calculated on the pre-VAT retail price. The rate levied on this price is 36 %, giving a VAT portion of 26.47 % of the final retail price.

II. Value added tax on petroleum products

(Φόρος προστιθέμενης αξίας πετρελαιοειδών προϊόντων)

VAT:

For prepared petroleum products the rates are as follows:

(a) 36 %: Petrols in general (Customs Tariff classification EX 27.10 AIII).

(b) 6 %: Petroleum and mineral asphalt oils (other than unprocessed oils); Preparations which are not classified or included elsewhere, and which by weight contain 70 % or over of petroleum or mineral asphalt oils as their principal constituent; Petrols in general and lubricating oils are excepted (Customs Tariff class. EX. 27.10); Petroleum gases and other hydrocarbon gases except those sold in non-returnable containers (Customs Tariff class. EX. 27.11).

(c) 16 %: All petroleum products not specifically cited in the above customs tariff classes.

Stamp duties

(Φορολογία χαρτοσήμου)

Law 4755/1930 as codified by the Presidential Decree of 28 July 1931 *(Government Gazette* 239 of 28 July 1931), and since amended by various laws.
Since the application of value-added tax in Greece, as from 1 January 1987, certain transactions and dealings, such as contracts for the sale of goods and the provision of services, entered into by persons who are taxable under VAT legislation are no longer subject to stamp duties.

Beneficiary:

The State.

Duty payable by:

The contracting parties involved in transactions and dealings which:
(a) are not subject to value-added tax, or
(b) are carried out by persons who are not subject to value-added tax.

Duty payable on:

(a) Fees for hired services;
(b) Rents from the letting of buildings and land;
(c) Loan contracts;
(d) The sale of moveable goods by a natural person to any party;
(e) Insurance premiums and insurance pay-outs;
(f) Bills of exchange and promissory notes;
(g) Contracts between private persons, etc.

Basis of assessment:

(a) The total fee received for the provision of a service;
(b) The total rent received for the letting of buildings and land;
(c) The amount of the loan for which a contract is being concluded;
(d) The full sale price of a sale of moveable goods by a natural person;
(e) The amount of the insurance premium or insurance pay-out;
(f) The nominal value of bills of exchange and promissory notes;
(g) In the case of a contract between natural persons, the value of the contract;
(h) The fixed duties range according to the category of the document.

Exemptions:

(a) 'Personal': In these cases it is one of the contracting parties which is exempt and not the contract itself. The duty is then payable by the other contracting party. Exempt parties include the State, municipalities, associations and unions of municipalities, municipal establishments, foreign embassies, university-level institutions and State hospitals and treatment centres, etc.
(b) 'Real': In these cases the contract or document itself is exempt from stamp duty.
(c) 'Formal' exemptions granted on contracts which have been ratified in law. These may be 'personal' or 'real'.

Assessment and collection:

(a) Within five days of the drawing-up of the document or,
(b) in circumstances governed by Article 30 of the Tax Code, on the basis of quarterly statements;
(c) On the basis of quarterly statements in the cases of salaries and daily wages;
(d) On the basis of the annual income tax return in the case of rents from buildings and land;
(e) At the time of drawing up the document in the case of fixed duties.

Rates:

(a) Transactions between natural persons and the State, municipalities, communes, legal persons governed by public law and any other party . . . . . . 3 %
(b) Commercial scale (contracts between traders, between firms and between private or public companies and any other party . . . . . . 2 %
(c) Salaries and wages . . . . . . 1 %
(d) Rents from buildings and land . . . . . . 3 %
(e) Insurance premiums . . . . . . 2 %
(f) Insurance services . . . . . . 3 %
(g) Draft and promissory notes . . . . . . 0.5 %

The above rates are subject to a supplementary charge equal to 20 % of each rate levied on behalf of the OGA.

Tax on the movement of capital

(Φόρος κίνησης κεφαλαίων)

Law 1676/1986 (third part, Articles 17 to 31). The tax came into effect on 1 January 1987.

Beneficiary:

The State.

Tax payable by:

(a) Commercial companies and professional joint ventures;
(b) Cooperative organizations of every grade, other companies of whatever form, legal persons, unions and communities of persons, with profit-making intent;
(c) Branches in Greece of foreign companies.

Tax payable on:

(a) The formation of persons taxable under this law;
(b) Increases in the capital and assets of the taxable persons;
(c) The transformation or merger of a person not taxable under this law into or with a person of the taxable category;
(d) Loans of a special nature granted to the taxable persons in certain circumstances;
(e) The provision of fixed capital or working capital by a foreign parent company to its branch in Greece.

Exemptions:

(a) Agricultural cooperative organizations of every grade and all unions and joint ventures thereof;
(b) Co-ownerships of ships, shipping joint ventures and every form of shipping company;
(c) Persons in the taxable person category which provide public utility services (water and electricity supply, telecommunications, etc.) and in which the State or local authorities have at least a 50 % financial stake;
(d) Persons in the taxable person category pursuing educational, philanthropic, mutual help or training objectives;
(e) Increases in the capital of persons in the taxable person category effected through the capitalization or profits, reserves or allowances.

Rate:

1 % of the value of the taxable event.

Assessment and collection:

The taxable person makes a declaration and pays over the sum due to the State within 15 days of effecting the taxable event.

Special tax on bank transactions

(Ειδικός φόρος τραπεζικών εργασιών)

Special tax on bank transactions came into effect on 1 January 1987. Law 1676/1986, second part (Articles 6 to 16).

Beneficiary:

The State.

Tax payable by:

Greek banks, the Bank of Greece, foreign banks registered in Greece.

Tax payable on:

Loan and credit contracts (other than credit guarantees) granted by banks and all other forms of bank revenue (interest, commission and brokerage fees, etc).

Exemptions:

(a) Loan and credit contracts granted by banks to the State, municipalities and legal persons governed by public law when, subject to the existing provisions, these parties enjoy exemption from stamp duties, and likewise the commission charged by and the interest accruing to banks in respect of loans and credit arrangements granted to these parties;
(b) Loan and credit contracts which are exempt from stamp duties by virtue of specific legal provision;
(c) Bank revenues which are exempt from stamp duties or turnover tax by virtue of specific legal provision;
(d) Bank revenues accruing from the sale or letting of real estate;
(e) Bank revenues which are subject to value-added tax.

Rates:

(a) On loan and credit contracts: .... 3 %;
(b) On bank revenues: .... 8 %.

Assessment and collection:

The tax is payable to the State on the basis of quarterly statements.

Duty on tobacco products

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων)

Law No 1439/1984 of 15 May 1984 on the taxation of tobacco products and other provisions; Article 42 of Law 1676/1986.

Beneficiary:

The State.

Duty payable by:

Manufacturers and importers of tobacco products.

When payable:

On receipt of the duty bonding tapes from the State.

Basis of assessment:

(a) For cigarettes, their retail price per 1 000;
(b) For other tobacco products, their retail price per kg.

Reliefs:

None.

Exemptions:

Tobacco products destined for export. Cigarettes provided for the personal use of the working employees of the producing factory and those made available for the diplomatic staffs of the embassies in Greece of countries with which there are reciprocal arrangements.

Assessment and collection:

The duty payable is assessed by the competent tobacco tax department and paid over to the State.

Rates:

(a) An *ad valorem* rate of 37.13 %;
(b) For cigarettes, a fixed rate of DR 92.22 per 1 000 arising from a fixed rate of 5 % of the total tax burden (*ad valorem* duty of 37.13 % + VAT 26.47 % = 63.60 %) calculated on the basis of the most popular price category;
(c) For cigars, 25 % of their retail price per kg;
(d) For pipe tobacco, snuff and chewing tobacco, 37 % of their retail price per kg.

Duty on purchases of manufacturing tobacco in leaf form

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα)

Article 10 of Legislative Decree 3758/1957.

Beneficiary:

The National Tobacco Organization (EOK).

Duty payable by:

Purchasers of manufacturing tobacco.

Exemptions:

None.

Method of collection:

The duty payable is assessed and collected by the regional offices of the National Tobacco Organization.

Rate:

2 %.

Circulation duty on motor vehicles

(Τέλη κυκλοφορίας)

Law 2367/1953.

Beneficiary:

The State.

Duty payable on:

Since March 1st 1953: Motor vehicles used on public roads.

Duty payable by:

The owners or possessors of motor vehicles.

Basis of assessment:

Horsepower (hp) rating for private cars and motor cycles, for all tractors, and for goods vehicles registered privately. Seating capacity for buses and maximum loading capacity for commercially registered goods vehicles including three-wheeled motor-cycle trucks.

Deductions:

After five years of registration the duty is reduced by 5 %, and by a further 5 % for each succeeding year up to a maximum of 35 %.

Exemptions:

The following vehicles are exempt from duty: vehicles belonging to the State and the heads of diplomatic missions; water-carrying and cleansing department vehicles, etc., belonging to the Greek Red Cross; vehicles belonging to ambulance centres, the Social Security Foundation (IKA), non-profit-making hospital institutions, etc., the Public Power Corporation (DEH), war-disabled persons and Greek citizens over the age of 18 who are paralysed from the waist downwards or who have lost both legs.

Collection:

The duty is levied on an annual basis and is payable in two six-monthly instalments.

Rates:

I – Private motor vehicles:

Passenger vehicles

- Lorries, trailers, semi-trailers, cement-mixers .... DR 10 per kg payload
- Passenger trailers, semi-trailers (caravans) .... DR 5 000
- Hearses .... DR 400 per hp
- Tractors .... DR 200 per hp
- Buses .... DR 1 000 per seat
- Motor vehicles not belonging to any
  of the above categories: .... DR 700 per hp
- Motor cycles
- Three-wheeled motor-cycle trucks: .... DR 10 per kg payload

Where the payload is not fixed, the taxes are calculated using the above scale and on the basis of the motor's horsepower rating.

- Engine horsepower from 1 to 5 .... DR 1 800 per hp
  from 6 to 10 .... DR 2 000 per hp
  from 11 to 13 .... DR 4 000 per hp
  from 14 to 17 .... DR 8 500 per hp
  from 18 and over .... DR 13 500 per hp

II – Public service vehicles:

- Passenger (with or without odometer) .... DR 10 000
- Lorries, trailers, semi-trailers, cement-mixers .... DR 3 per kg payload
- Trailers .... DR 50 per hp
- Buses .... DR 70 per seat
- Buses, goods and passenger .... DR 70 per seat
  and .... DR 0.85 per kg payload
- Buses, goods and passenger .... DR 115 per seat
  and .... DR 0.70 per kg payload
- Buses:
  - (a) provincial urban services .... DR 70 per seat
  - (b) suburban services .... DR 175 per seat
  - (c) tourist services .... DR 1 000 per seat
- Motor vehicles not belonging to any
  of the above categories .... DR 150 per hp
- Trailers .... DR 200 per hp
- Buses .... DR 1 000 per hp

Motor cycles and three-wheeled motor cycles

- Engine horsepower from 1 to 3 .... DR 1 200 per hp
  from 4 to 6 .... DR 1 500 per hp
  from 7 and over .... DR 2 000 per hp

III – Three-wheeled motor-cycle trucks for private use

These vehicles (four or more seats) are taxed at 50 % of the road tax applicable to private passenger cars (paragraph 2 of Article 22 of Law 1475/1984 on amendments to direct and indirect taxation and other provisions (*Government Gazette* 127, Part A).

Single payment additional duty on motor vehicles

(Εφάπαξ πρόσθετο ειδικό τέλος)

Law 2367/1953.

Beneficiary:

The State.

Duty payable on:

Motor vehicles classified for use on public roads.

Duty payable by:

The owners or possessors of motor vehicles.

Basis of assessment:

Engine cubic capacity for private cars and motor cycles, and the equivalent of one six-monthly instalment of the respective standard vehicle excise duty for other vehicles.

Payment:

One single payment at the time the vehicle is classified.

Exemptions:

Vehicles belonging to parties exempted from standard vehicle excise duty and from import duties.

Rates:

For motor vehicles other than private cars and motor cycles the duty is equivalent to one six-monthly instalment of the respective standard vehicle excise duty according to classification.
For private cars and motor cycles the following rates apply:

A. Private cars

(a) *Up to 1 800 cc*
For the first 1 200 cc, DR 100 per cc;
For the remaining cubic capacity, DR 200 per cc.

(b) *Above 1 800 cc*
For the first 1 200 cc, DR 180 000;
For the remaining cubic capacity, DR 300 per cc.
The minimum amount of duty payable is DR 25 000.

B. Motor cycles

(a) *Up to 400 cc*
DR 40 per cc, and not less than DR 2 500.

(b) *Over 400 cc*
DR 24 000. For the remaining cubic capacity, DR 80 per cc.

Special passenger vehicle tax

(Ειδικός φόρος κατανάλωσης επιβατικών αυτοκινήτων)

Law 363/1976; Law 1003/1979 and article 43 of Law 1676/1986 (FEK 204/9 of 9. 12. 1987). Law 1573/1985 in respect of Greek motor-vehicle production planned under customs supervision procedure.

Beneficiary:

The State.

Tax payable on:

Passenger vehicles manufactured or assembled in Greece, and likewise those imported with the Customs Tariff classification 87.02 A 2 (transport of persons).

Payment:

In the case of passenger vehicles manufactured in Greece the responsibility for collecting the tax and rendering it to the State lies with the manufacturer. Payment is made in a single sum on production of a monthly return listing the numbers of vehicles sold in the preceding month together with their sale prices and all other details necessary for determining the amount of tax payable. In the case of imported vehicles payment is made at the customs.

Basis of assessment:

For vehicles manufactured in Greece the amount of tax payable is assessed on engine cubic capacity and sale price. For imported vehicles it is assessed on engine cubic capacity and the assumed taxable value.

Exemptions:

Ambulances and hearses, and of jeep-type vehicles provided these are destined exclusively for agricultural use and are thus classified.

Rates:

(a) For vehicles up to 1 200 cc, DR 20 per cc.
(b) For vehicles up to 1 800 cc, DR 26 per cc.
(c) For vehicles over 1 800 cc, DR 38 per cc. but not exceeding DR 100 000.

The tax determined on the above criteria is increased by 4 % for every DR 1 000 of taxable value subject to a deduction of DR 25 000.
The above rates are raised by 50 % in the case of vehicles equipped with a Wankel-type engine.
This very complex calculation gives a real rate of between:
80 % of the selling price (1 000 cc engine) to
400 % of the selling price (2 500 cc and over).

Special tax on petroleum products

(Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων)

The special tax under legislative Decree 3829/1958, the other luxury taxes under Legislative Decree 2416/1953 and Law 2818/1954 and other taxes, have been consolidated into the special consumption tax of Article 3 of Law 1477/1984. The rates are given in Annex 3 of this latter law.

Special tax on certain items pursuant to Legislative Decree 3829/58

(Ειδικός φόρος κατανάλωσης – Ν.Δ. 3829/1958)

Legislative Decree 3829/1958, Law 1249/1982 and Law 1326/1983.

Beneficiary:

The State.

Basis of assessment:

For home-produced products the tax is assessed on gross taxable revenue prior to the payment of other taxes and after deduction of the cost of the raw materials used in manufacture when these raw materials have been subject to the same tax. For imported products the tax is assessed on the taxable value.
For race horses, the hire charge.

Ascertainment and collection:

In the case of home-produced products the manufacturer submits a monthly statement to the local tax payment office listing gross revenues for the preceding month together with the amount of tax due which is payable in one lump sum. In the case of imported products the tax is collected by the customs authorities.

Tax payable on:

Certain items imported from abroad or manufactured or assembled in Greece.
In the case of race horses, tax is payable on the hire charge.

Rates:

The specific tax percentage rates payable on specific items are as follows:

1.	Race horses	40%
2.	Hiring out of race horses	20%
3.	Air-conditioning equipment	30%
4.	Electric washing machines weighing up to 250 kilos	20%
5.	Cameras	40%
6.	Enamel or stoneware baths, basins, stoves etc., excluding those coloured white	15%
7.	Porcelain, stoneware and enamelled floor and wall tiles, etc., excluding those less than 5 mm in thickness	15%
8.	Photo-sensitive paper	10%
9.	Film and plates made from celluloid and other materials	15%
	(Items under 8 and 9 intended for medical use, film-making (first version) and for lithographic and other printing usage are exempted)	

10. Rubber tyres for passenger vehicles excluding 100 % remoulds . . . . 25 %
11. Inner tubes for passenger vehicles . . . . 20 %
12. Electric domestic vacuum cleaners . . . . 25 %
13. Electric shavers . . . . 25 %
14. Tape recorders and sound reproduction machines excluding those intended for use in industry or education . . . . 30 %
15. Loud-hailers and electrical sound amplifiers excluding those intended for use in industry or education . . . . 30 %
16. Radio amplifiers . . . . 30 %
17. Colour television receivers . . . . 10 %
18. Video machines excluding those intended for use by the national radio and television stations . . . . 25 %

Note:

This tax has been included although it has been modified and corresponds to special consumption taxes and taxes on luxury items (point [d]) in all the cases listed in the above table of rates.

Tax on lubricating oils

(Φόρος κατανάλωσης λιπαντικών ελαίων)

Article 57 of Law 12/1975.

Beneficiary:

The State.

Tax payable by:

The producer or importer.

Tax payable on:

Home-produced and imported lubricating oils and other oils belonging to Customs Tariff classification 27.1053, and likewise reconstituted lubricating oils.

Ascertainment and collection:

In the case of home-produced oils the producer submits a monthly statement to the local tax office listing the quantities sold in the preceding month together with the amount of tax due. In the case of imported oils the tax is collected by the customs authorities.

Basis of assessment and rates:

DR 16 per kilogram net weight for prepared lubricant oils and DR 12 per kilogram net weight for reconstituted oils.

Tax on light and medium oils

(Φόρος κατανάλωσης ελαφρών και μέσων ελαίων)

Law 216/1975.

Beneficiary:

The State.

Tax payable on:

Home-produced and imported light and medium oils, with the Customs Tariff classifications 27.10 A and 27.10 B 1 and 3, which are produced from paraffin.

Basis of assessment and rates:

The taxable unit is the tonne or the kilolitre. The rate differs for each product and is fixed by decision of the Minister for Finance.

Ascertainment and collection:

In most cases these products, with the exception of white spirit, are produced in customs controlled areas, and thus the tax payable on them is collected by the customs authorities. The tax payable on home-produced white spirit is collected by local tax offices. The rate for white spirit is DR 5 300 per tonne.

Duty on spirit produced in Greece and imported from abroad

(Φόρος κατανάλωσης οινοπνεύματος)

Law 1591/1986, Article 43.

Beneficiary:

The State.

Basis of assessment:

Per kilogram of absolute alcohol.

Ascertainment and collection:

The tax is administered and collected by the General State Chemical Laboratory.

Rates:

1. For spirit produced in Greece, DR 100 per absolute kilogram.
2. For distillate produced in Greece, DR 75.5 per absolute kilogram.
3. For every kilogramm of absolute alcohol produced in Greece for use in the preparation of wines of controlled nomenclature and origin: DR 50.
4. For spirit which, pursuant to the Law on the taxation of spirits, is denatured in such a way as to prevent its use in beverages, perfumes or medicines and which is consumed in Greece: DR 6 per kilogram of absolute alcohol.

Tax on lift equipment

(Φόρος κατανάλωσης επί των ανυψωτικών συσκευών)

Article 1 of Legislative Decree 3829/1958 and Article 65 of Law 542/1977.

Beneficiary:

The State.

Tax payable on:

The machinery, equipment and other materials required for the installation and operation of lifts, excluding:
(a) entrance doors;
(b) the lift-well metal trellises.

Tax payable by:

The site-owner when the construction of the building is supervised by him personally. In all other cases the official contractor.

Basis of assessment:

The total value of the machinery and equipment, etc.

Ascertainment and collection:

The party responsible submits a statement to his local tax office together with a lump sum payment of the requisite tax.

Exemptions:

(a) Lift constructions intended for industrial and other non-personnel use, and likewise special lifts in hospital institutions;
(b) Lifts with more than a 4-person capacity installed by undertakings covered by Law 4171/1961.

Rate:

15 %.

Tax on television advertisements

(Φόρος τηλεοπτικών διαφημίσεων)

Article 15 of Law 1326/1983.

Beneficiary:

The State.

Tax payable on:

Television advertisements.

Tax payable by:

Television undertakings.

Exemptions:

Television advertisements put out by offices of the State.

Basis of assessment and rate:

30 % of the fixed tariff.

Duty on sugar

(Φόρος κατανάλωσης ζάχαρης)

Abolished by Article 57 (1) (k) of Law 1642/1986.

Duty on home-produced and imported malt

(Φόρος κατανάλωσης βύνης)

Article 2 of Law 2963/1922, Article 55 of Law 12/1975 and Article 49 of Law 1249/1982.

Beneficiary:

The State.

Basis of assessment:

Per kilogram of net weight.

Collection:

The duty is collected by the General State Chemical Laboratory and the customs authorities.

Rate:

DR 66.50 per kilogram.

Duty on isopropyl alcohol

(Φόρος κατανάλωσης ισοπροπυλικής αλκοόλης)

Article 4 of Legislative Decree 4358/1964.

Beneficiary:

The State.

Basis of assessment:

Net weight.

Collection:

The customs authorities.

Rate:

DR 18 per kilogram.

Special consumption taxes and taxes on luxury items

(Ειδικοί φόροι κατανάλωσης και πολυτελείας)

In accordance with Article 3 of Law No 1477/1984 bringing indirect taxes into line with European Community Law, the following taxes were consolidated into a single special tax on consumption:

(a) The tax on luxury items under Law 1480/1945 (Decision of Minister for Finance).
(b) The tax on luxury items under Article 4 of Emergency Law 652/1945.
(c) Article on luxury tax of Legislative Decree 141/1969.
(d) The special consumption tax under Article 1 of Legislative Decree No 3829/1958.
(e) The special consumption tax under Law 1223/1981.

The following taxes and levies are also included in this tax:

(a) The levy on behalf of the OGA under Article 11 of Law 4169/1961 and the levy tax on luxury items under Law 141/1969.
(b) The consumption tax under Article 2 of Law 2963/1922.
(c) The consumption tax under Article 4 of Legislative Decree 4358/1964.

The following were not consolidated in the abovementioned law and continue to apply in parallel to it:

(a) The special consumption tax under Law 363/1976.
(b) The consumption tax under Article 57 of Law 12/1975 and Law 216/1975.
(c) The consumption tax under Article 65 of Law 542/1977.
(d) The special tax under paragraph 1 of Article 58 of Law 1249/1982 in conjunction with Article 15 of Law 1326/1983.
(e) The consumption tax under Article 58 (1) of Law 1249/1982. Incorporated under (d).
(f) The special consumption tax on playing cards and refined salt under Article 24 of Law 1591/1986.

Beneficiary:

The State.

Tax payable by:

The manufacturer, producer or importer.

Tax payable on:

The selling price, by the producer, manufacturer or processor before any other charge (turnover tax, stamp duty, etc.).

Assessment and collection:

For home-produced items payment is in one sum. The relevant declaration is submitted to the collection office for the region where the goods are produced. The statement must be submitted within 40 days of the end of the month in which the product was sold or marketed.
The statement must include all gross takings for the previous month and the tax applying to them. In the case of imported goods the tax is assessed on the taxable value.

Exemptions:

The Law specifies (Article 3 (6)) that once it comes into effect all exemptions from the tax on luxury items and consumption tax adopted by special provisions and concerning certain products designed for special purposes shall continue to apply.
Goods manufactured in Greece for export are exempt. As regards the special tax on the items referred to in Decision M. 1480/95 by the Minister for Finance, the taxable value in accordance with Article 3 of Law 1477/1984 is taken to be the price at which they are sold to consumers by the producers or processors without any reduction.
There is also a progressive reduction in the percentage reduction referred to in Article 2 of Law 363/1976 and Article 5 of Law 1223/1981 concerning the basis of assessment of the tax (selling price) for passenger and goods vehicles (Article 11 (2)).

Income tax levy on behalf of the Agricultural Insurance Organization (OGA)

(Εισφορά υπέρ ΟΓΑ επί του φόρου εισοδήματος)

Law 4169/1961: Article 11, paragraph 1, subparagraphs (a) and (b).

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable by:

Natural and legal persons liable for income tax.

Basis of assessment:

The amount of chargeable income tax according to the case.

Exemptions:

Natural persons with an annual income of less than DR 40 000.

Collection:

The levy is collected together with income tax.

Rates:

1. For natural persons who pay up to DR 60 000 income tax, 10 % of the amount of chargeable income tax. For natural persons who pay more than DR 60 000 income tax, 15 % of the chargeable amount.
2. For all legal persons, irrespective of category, 15 % of the amount of chargeable income tax.

Remark:

The OGA levy provided for in subparagraphs (a) and (b) of Article 11 (1) of Law 4169/1961 has been incorporated as it stands into income tax. OGA receives 12% of the income tax collected from natural and legal persons in respect of income earned from 1 January 1984 onwards (Article 47 (c) and (d) of Law 1473/1984 an behalf of the OGA).
Exceptionally the levy is still raised as an additional percentage on top of income tax of natural and legal persons in the following cases based on Article 11,1 a) and b) of the Law 4169/1961:
(a) The pay of merchant navy officers and flight crews in civil aviation where the income tax due is calculated according to the first subparagraph of Article 9(3) or of Article 9(4) of Legislative Decree 3323/1955.
(b) For undertakings subject to the provisions of Legislative Decree 2687/1953 *(Government Gazette* Part A, 317) and in cases not provided for in Law 1473/1984, adjustment of the rate of tax applying to gross profits before publication of that Law.
(c) For income of the legal persons referred to in Article 11 of Law 1473/1984 obliged by the income tax rules in force to submit returns by 31 December 1984.

Finally, concerning the assessment and collection of the special 2.50% OGA levy (Article 3 of Law 1066/1980) and the levy on behalf of the OGA and the municipalities under Article 10 of Law 4169/1961, it should be mentioned that returns are submitted quarterly.

Special 3 % duty to fund water supply and sewerage projects undertaken in 1980, 1981 and 1982 pursuant to Law 1069/1980

(Ειδικό τέλος 3 % υπέρ των επιχειρήσεων ύδρευσης και αποχέτευσης που συστήθηκαν το 1980, 1981, 1982, σύμφωνα με το Ν. 1069/1980)

Law 1069/1980.

Beneficiaries:

The municipalities and parish community councils in whose areas the water supply and sewerage projects were undertaken.

Duty payable by:

Owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3 %.

Additional 0.5 % tax on the value of all imported goods

(Πρόσθετος φόρος 0,50 % επί της αξίας όλων των εισαγομένων ειδών από το εξωτερικό))

1. Article 17 of Law 3341/1925,
2. Presidential Decree 3883/1958,
3. Article 15 of Presidential Decree 3999/1959.

Beneficiaries:

The amount of tax raised is divided into three parts and is distributed as follows:
1. One-third is distributed thus: $^{9}/_{10}$ to the University of Athens and the Athens Polytechnic: $^{1}/_{10}$ to the Athens Academy.
2. One-third to the University of Thessaloniki.
3. One-third is used to promote Greek exports. Of this portion $^{1}/_{3}$ goes to the Greek National Handicrafts Organization and $^{2}/_{3}$ is distributed by decisions of the Minister for Trade.

Tax payable by:

Importers.

Tax payable on:

The excisable value of all imported goods wherever they enter the country.

Exemptions:

None.

Collection:

The tax is collected by the customs authorities.

Rate:

0.50 % of the excisable value of the imported goods.

Levy on behalf of OGA on certain imported or home-produced goods

(Εισφορά υπέρ ΟΓΑ επί ειδών εισαγομένων από το εξωτερικό ή παραγομένων στην Ελλάδα)

Law 4169/1961, Article 11, paragraph 1, subparagraphs 5 and 7.

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable on:

Imported and home-produced goods as follows: unroasted and roasted coffee, coffee extracts, etc., cocoa beans and cocoa powder, whisky, gin, black caviar, malts, cosmetics and toiletries, radios, televisions and television parts, tape recorders, record-players and pick-ups, electrical refrigerators and other electrical appliances, electrical sweepers, parquet materials, electrical fruit juice extractors and food mixers, etc., electric shavers. In addition, the following goods when imported only: knitted underwear and outer attire, garments and furnishings, etc., made from silk or floss silk (Article 48, paragraphs 5 and 6, of Law 1249/1982).

Basis of assessment

For some of the abovementioned goods, net weight. For others, their value. For others, the amount of luxury tax payable on the goods.

Exemptions:

None.

Collection:

1. In some cases as for the tax on imports.
2. In some cases as for the luxury tax.

Rates:

For those goods where the basis of assessment is net weight, DR 20 and DR 100 per kilogram according to the case. For goods assessed on taxable value, 10 %. For goods assessed on the basis of the luxury tax, 20 % and 40 % according to the case.

Levy on beer on behalf of OGA

(Εισφορά υπέρ ΟΓΑ επί του ζύθου)

Law 4169/1961: Article 11, paragraph 1, subparagraph 6.

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable by:

Producers and importers of beer.

Levy payable on:

Imported and home-produced malt.

Basis of assessment:

The net weight of the malt.

Exemptions:

None.

Collection:

As for the tax on imports and the luxury tax, accordingly.

Rate:

DR 1.50 per kilogram net weight.

Port use tax on petroleum products (including imported products)

(Δικαίωμα χρήσεως λιμένων επί των πετρελαιοειδών)

Legislative Decree 357/1969.

Beneficiaries:

The harbour authorities.

Basis of assessment:

Per tonne net weight.

Collections:

The duty is collected by the customs authorities.

Rates:

1. Diesel and mazout, DR 8 per tonne.
2. Petrol, DR 16 per tonne.
3. Paraffin, DR 2 per tonne.

Special duty on goods imported into islands of the Dodecanese group from countries abroad and from the rest of Greece

(Ειδικός φόρος στα εισαγόμενα στη Δωδεκάνησο εμπορεύματα από το εξωτερικό και εσωτερικό)

Government Decree 132/1931 which is maintained in force by virtue of Article 76 of Legislative Decree 3033/1954.

Beneficiaries:

Municipal and parish community councils in islands of the Dodecanese group.

Basis of assessment:

The value of the goods.

Collection:

The special duty is collected by the municipal councils.

Rate:

4 %.

Central bank levy

(Εισφορά Τράπεζας)

Ministerial Decision 24323/1960.

Levy payable on:

Commodities listed in Chapters 25–99 of the Excise List.

Basis of assessment:

Taxable value.

Collection:

The levy is collected by the customs authorities.

Rate:

1.2 ‰ (as from 1 January 1982).

Levy on imported vehicle tyres

(Εισφορά επί των εισαγομένων ελαστικών αυτοκινήτων)

Law 843/1948 (Article 11) and the Decree issued on 6 April 1935 (Article 7).

Beneficiaries:

The prefectures.

Basis of assessment:

Net weight in kilograms.

Collection:

The levy is collected by the customs authorities.

Rates:

The rates vary between DR 0.05 and DR 0.20 per kilogram net weight.

Special 3 % duty on income from buildings in the municipalities of Elefsis, Mandra, Aspropyrgou, Ano Liossia, Acharnai (Menidi), and in the community of Varkiza, all of which are situated in the former administrative area of the capital city, to fund water supply and sewerage link-ups with the Yliki and the capital city respectively

(Ειδικό τέλος 3% στο εισόδημα από οικοδομές περιφέρειας τέως διοίκησης πρωτεύουσας των Δήμων Ελευσίνας, Μάνδρας κλπ. για την ύδρευση και αποχέτευση της πρωτεύουσας)

1. Legislative Decree 2916/1954;
2. Article 3 of Legislative Decree 3777/1957;
3. Article 1 of Law 4129/1961;
4. Article 12 of Law 323/1976;
5. Article 67 of Law 814/1978;
6. Article 20, paragraph 20, of Legislative Decree 3843/1958;
7. Article 12 of Law 1069/1980.

Beneficiaries:

The abovementioned municipalities and community.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments as with income tax.

Rate:

3 %.

Special 3 % duty on income from buildings in the Thessaloniki area to fund sewerage projects

(Ειδικό τέλος 3 % στα εισοδήματα από οικοδομές περιοχής Θεσσαλονίκης)

1. Article 10 of Presidential Decree 787/1970;
2. Article 12 of Law 1069/1980.

Beneficiary:

The municipal council of Thessaloniki.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3 %.

Special 3 % duty on income from buildings in the Volos area to fund water supply and sewerage projects in that area

(Ειδικό τέλος 3 % στα εισοδήματα από οικοδομές περιοχής Βόλου)

1. Articles 1 and 12 of Law 820/1979;
2. Presidential Decree 990/1979;
3. Article 12 of Law 1069/1980.

Beneficiaries:

The municipal councils of Volos and N. Ionia, and the community council of Diminiou in the prefecture of Magnisia.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3 %.

Special levies and duties on purchases of manufacturing tobacco in leaf form

(Ειδικές εισφορές και τέλη στα παραγωγικά καπνά σε φύλλα)

I – Levy on behalf of OGA and municipal and community councils
(Εισφορά υπέρ ΟΓΑ, δήμων και κοινοτήτων)

Article 4 of Law 759/1978.

Beneficiaries:

The Agricultural Insurance Organization (OGA), and municipal and community councils.

Levy payable by:

Purchasers of manufacturing tobacco.

Basis of assessment:

The value of the purchase.

Ascertainment and collection:

The amount payable is ascertained by the tobacco tax authority and is payable at local tax payment offices.

Exemptions:

The State, municipal and community councils, the National Tobacco Organization (EOK).

Rate:

5 %.

II – Special levy on behalf of OGA
(Ειδική εισφορά υπέρ ΟΓΑ)

Article 3 of Law 1066/1980.

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable by:

Purchasers of manufacturing tobacco.

Basis of assessment:

The value of the purchase.

Ascertainment and collection:

The amount payable is ascertained by the tobacco tax authority and is payable at local tax payment offices.

Exemptions:

Leaf purchased by or on behalf of the State, and leaf destined for export.

Rate:

2.50 %.

III – Special duty raised on behalf of the National Tobacco Organization (EOK) *(Ειδικό τέλος υπέρ του Εθνικού Οργανισμού Καπνού)*

Article 10 of Legislative Decree 3758/1957.

Beneficiary:

The National Tobacco Organization (EOK).

Duty payable by:

Purchasers of manufacturing tobacco.

Basis of assessment:

The value of the purchase.

Ascertainment and collection:

The amount payable is ascertained by the tobacco tax authority and is payable through the Agricultural Bank of Greece.

Rate:

2 %.

IV – Percentage levy on ascertained third party impositions
(Τέλος βεβαιώσεως εσόδων υπέρ τρίτων)

Article 68 of the Decree of 17 April 1936; Article 12 of Legislative Decree 1071/1949; Law 1174/1950 by decision of the Minister for Finance; Article 2 of Law 1525/1950.

Beneficiary:

The State.

Levy payable by:

Purchasers of manufacturing tobacco.

Basis of assessment:

Ascertained third party impositions paid by the particular purchaser.

Ascertainment and collection:

The amount payable is ascertained by the tobacco tax authority and is payable at local tax payment offices.

Exemptions:

None.

Rate:

1 % of ascertained third party impositions.

Levy on behalf of the Merchant Marine Pensions Fund (NAT)

(Εισφορά υπέρ του Ναυτικού Απομαχικού Ταμείου [NAT])

Law 29/1975.

Beneficiary:

The Merchant Marine Pensions Fund (NAT).

Levy payable on:

Greek-controlled ships under foreign flags (i.e. ships with at least 51 % Greek ownership) covenanted to the NAT.

Basis of assessment and rate:

The levy is assessed in United States dollars and the rate varies according to the ship's gross tonnage and age.

Payment:

Payment is made in United States dollars or pounds sterling. The levy is collected by the NAT and credited to the State through the Bank of Greece within three days of receipt.

Reliefs:

If a ship is laid up or otherwise out of functional service the levy is reduced accordingly.

Duty on the purchase of temporary residence in short-stay accommodation

(Τέλος διαμονής παρεπιδημούντων)

Law 339/1976; Law 658/1977; Law 1080/1980.

Beneficiaries:

Municipal and parish community councils.

Duty payable by:

Purchasers of temporary residence in short-stay accommodation.

Assessment:

From 21 February 1984, by the competent tax inspector, but paid to the competent State or municipal collection office. Relevant statements are submitted to the competent municipality where checks may be carried out (Article 53 of Law 1416/1984).

Tax on imports

(Φόρος εισαγωγής)

The following taxes were introduced by Law 1477/1984:

I - Turnover tax

(Φόρος κύκλου εργασιών)

Legal basis:

Article 1 and Annex I of Law 1477/1984.

Rates:

2 %, 2.5 %, 3.85 %, 5 %, 8 %, 10 % and 12 % depending on the nature of the goods.

Basis of assessment:

The taxable value of the goods in accordance with Regulation (EEC) No 1224/80 plus import duties actually paid, anti-dumping duties or countervailing duties, taxes and stamp duties, levies and charges generally applying to the imported products.

II - Stamp duty

(Τέλη χαρτοσήμου)

Legal basis:

Article 2 and Annex II of Law 1477/1984.

Rates:

1.2 % and 3.6 % (excluding OGA addition).

Basis of assessment:

The data taken into account for turnover tax plus the amount collected as turnover tax.

Authority responsible for assessment and collection:

The Customs.

III – Special consumption tax
(Εδικός φόρος κατανάλωσης)

Legal basis:

Article 3 and Annex III of Law 1477/1984.

Rates:

Special or *ad valorem*, varying with type of goods as detailed in the relevant annex.

Basis of assessment:

Taxable value under Regulation (EEC) No 1224/80, plus import duties actually paid and any anti-dumping or countervailing duties collected.

Authority responsible for assessment and collection:

The Customs.

General remark on the special consumption tax

The following taxes etc. were discontinued when Law 1477/1984 came into effect: taxes on luxury items or consumption taxes, the OGA levy provided for in Article 4 of Legislative Decree 2416/1953 (tax on luxury imported goods), Article 4 of Law 2818/1954 (tax on luxury goods made of synthetic continuous fibres), Article 1 of Legislative Decree 3829/1958 (consumption tax) of Legislative Decree 141/1969 (luxury tax and OGA levy on alcoholic beverages), Article 4 of Emergency Law 156/1967 (tax on detergents), Law 4324/1963 (tax on wax materials), Article 2 of Law 2963/1922 (duty on home-produced and imported malt); Article 1 of Emergency Law 1901/1939 (tax on caramel), Article 4 of Legislative Decree 4358/1964 (tax on isopropyl alcohol), Articles 4 and 5 of Law 1223/1981 (tax on lorries) and Article 11(1), (e), (f), and (g) of Law 4169/1961 (OGA levy).

IV – Regulatory tax
(Ρυθμιστικός φόρος)

Legal basis:

Article 4 and Annex IV of Law 1477/1984.

Rates:

They vary with the nature of the goods as set out in column 2 of the relevant Annex. Already reduced by 20 % when collected in line with the timetable for progressive abolition provided for in Article 6 of Law 1477/1984. Abolition is planned for 31 December 1988.

Basis of assessment:

Taxable value according to Regulation (EEC) No 1224/1980, plus import duties actually paid depending on the origin of the product.

Authority responsible for assessment and collection:

The Customs.

SPAIN

España

Corporation tax

(Impuesto sobre sociedades)

Law 61/1978, of 27 December 1978, on corporation tax; Law 34/1980, of 21 June 1980, on the reform of taxation procedure; Law 18/1982, of 26 May 1982, on the tax arrangements for groups, temporary associations of companies and regional industrial development corporations; Royal Decree 2631/1982, of 15 October 1982, approving the tax rules; Law 5/1983, of 29 June 1983, on urgent budgetary, financial and taxation measures; Law 14/1985, of 29 May 1985, on the tax arrangements for certain financial assets; Law 21/1986, of 23 December 1986, on the general budget for 1987.

Beneficiary:

The central government.

Tax payable by:

All taxpayers with rights and obligations who have legal personality but are not subject to personal income tax.
Liability can arise:
(a) through obligations *in personam* in the case of taxable persons resident in Spain (entities incorporated under Spanish law, with their domicile or place of management in Spanish territory, or
(b) through obligations *in rem* in the case of taxable persons not resident in Spanish territory who obtain income or capital gains in that territory or receive income from an entity resident therein.

Basis of assessment:

As a basic principle, net profits earned plus the changes in assets recorded in the financial year.
In addition, the difference between equity capital at the beginning and end of the tax period less additional capital contributions, plus sums withdrawn by members.
In certain cases, indexing methods may be used to determine the basis of the charge.

Exemptions:

Essentially, the central government, the autonomous communities, public corporations, the Bank of Spain, social security entities, the Catholic Church and other legally recognized denominational associations, the Spanish Red Cross, charity foundations and associations, political parties, trade unions, etc.
Also exempt are capital gains arising from the disposal of physical elements of companies' fixed assets if the total proceeds are reinvested in assets of a similar type and certain conditions are fulfilled.

Deductions:

The law allows various deductions for profits such as those earned by public administrations other than central government and by the autonomous communities in providing municipal or provincial services; profits arising from the export of books; profits and capital gains accruing to entities operating in Ceuta and Melilla; profits arising from loans received from foreign organizations and banks, without a permanent establishment in Spain, for financing physical investment by Spanish firms, etc.

Arrangements for foreign-based companies:

- Permanent establishments are subject to corporation tax in respect of profits earned in Spain but are allowed to deduct part of the company's management and administrative costs which are attributable to the said establishment.
- Entities not resident in Spanish territory which, without a permanent establishment therein, earn taxable income will generally be taxed at a rate of 20 %, except for certain sums made over to the parent company by a Spanish subsidiary – taxed at 14 % – and profits from the performance of cinematographic works on Spanish territory – taxed at 9 %.

Capital gains accruing to non-residents are taxed at 35 %.

Payment:

Payment, on account, of 30 % of the liability for the previous year, with final settlement and collection where appropriate on the filing of the return, due in the first six months of the year following that to which it relates.

Rates:

Standard rate: 35 %.
There are other, reduced rates for: non-profit-making organizations (20 %); cooperatives (18 %); and non-resident entities with no permanent establishment (20 %, 14 % and 9 %).

Special features:

- Consolidated profits scheme for parent companies and subsidiaries, with tax applied to total profits earned by the group of companies.
- Special scheme for associations, temporary associations and companies whose capital is held by other companies.
- Cooperatives.
- Securities investment companies.
- Securities investment funds.
- Collective investment institutions.
- Tax incentives: a tax credit of 15 % of the value of investments made in certain assets; job-creation allowance of PTA 500 000 for each man-year added to the workforce.

NB Further deductions from corporation tax liability are possible in the form of:
- relief for double taxation of dividends;
- relief for international double taxation.
- Companies subject to the imputation system whose profits are imputed to shareholders or partners for income tax purposes are not liable corporation tax, but taxable income is computed applying the corporation tax method.

Carry-over of losses:

Tax losses may be carried forward to the following five financial years.

Personal income tax

(Impuesto sobre la renta de las personas físicas)

Law 44/1978, of 8 September 1978; Royal Decree 2384/1981, of 3 August 1981. Regulation; Law 5/1983, of 29 June 1983, on urgent budgetary, financial and taxation measures; Law 48/1985, of 27 December 1985, on the partial reform of income tax.

Beneficiary:

The central government.

Tax payable by:

Individuals and certain firms (portfolio companies, securities investment companies not listed on the stock exchange, simple asset holding companies, partnerships in the professions, etc.) whose profits are attributable to members, even if undistributed.
Liability arises in one of two ways:
- *in personam*: in the case of those residents in Spanish territory for 183 days or more;
- *in rem*: in the case of non-residents to whom income accrues in Spanish territory.

Basis of assessment:

- Liability *in personam*: all income earned by the person liable, plus net changes in assets (world income); the latter are included only if the difference is positive.
  The income earned by a family unit, generally defined as the spouses and minors, is aggregated and taxed as one income.
- Liability *in rem*: all income and changes in assets arising in Spanish territory.

Exemptions:

There are no exemptions for particular groups of persons. The following are deemed not to constitute income of taxable persons: prizes in the national lottery and those run by the Patronato de Apuestas Mutuas Deportivo Benéficas and the National Organization for the Blind; scientific, artistic and literary prizes, and certain damages.

Deductions:

Certain deductions from either the base or the tax due are allowed:
1. The costs necessarily incurred in earning the taxable income can be deducted in computing the base. There is a general earned income deduction of 2 %.
2. Various kinds of deduction can be made from the tax due, either to allow for a person's family status, number of children, sickness costs, life insurance premiums, etc., or to encourage home-ownership, saving, reduce double taxation of dividends (foreign taxes), allow for income from Ceuta and Melilla and for income from employment, etc.

Married couples:

Family incomes are aggregated and taxed as one income where both spouses or minors have income. Where the relevant income arises from employment, a deduction from tax due is allowed in accordance with a formula which helps to reduce the progressivity of the tax.

Non-residents:

The following are liable to tax as a result of an obligation *in rem*: non-resident natural persons who, without maintaining a permanent establishment in Spain, earn taxable income. Reduced rates (20 %, 10 % or 9 %) apply to such persons, depending on the origin of the income.

Collection:

The person liable must make his own assessment, working out the tax debt to be paid in May and June of the financial year following that in which it is incurred.
Deductions at source are made in the case of employment income (graduated scale), professional income (10 %) and investment income (20 %).
Firms must make payments on account (quarterly or half-yearly).

Rates:

These are on a progressive scale from 8 % to 66 %, the top rate applying to income in excess of PTA 12 200 000, subject to a general limit whereby liability may not exceed 46 % of the taxable amount or 70 % of that amount when combined with liability under wealth tax.
Similarly, the first PTA 500 000 are exempt.

Special features:

Capital gains and losses resulting from disposals for valuable consideration are offset against each other and positive balances only are included in the taxable amount – inflation adjustment coefficients having been applied to the acquisition price of the assets; negative balances can be offset against future gains accruing in the succeeding five years.
The same system applies to changes in assets resulting from valuable transfers, but positive balances are charged at a fixed rate of 8 %.
There is a special scheme – 'estimación objetiva singular' – the taxable amount in the case of the business and professional activities of natural persons with annual transactions not exceeding PTA 50 million and PTA 1 500 000 respectively.
The scheme is voluntary and applies only to taxable persons electing to be assessed under it.

Wealth tax

(Impuesto extraordinario sobre el partrimonio de las personas físicas)

Law 50/1977, of 14 November 1977; Article 14 of Law 5/1983, of 29 June 1983.

Beneficiary:

The central government or the autonomous communities.

Tax payable by:

The following natural persons:
(a) liability *in personam*: residents on Spanish territory, in respect of all assets and rights;
(b) liability *in rem*: non-residents, in respect of assets situated in Spanish territory and rights which can be exercised therein.

Basis of assessment:

The difference between the value of the assets and rights of the taxable persons and the value of their liabilities and obligations (net wealth).
Valuation is as per 31 December of each year.

Deductions:

The following sums can be deducted from the taxable amount in the case of liability *in personam*:
- single people: PTA 6 000 000;
- married couples: PTA 9 000 000;
- for each child under 25: PTA 750 000.

The last sum is doubled for blind children or those with a serious physical or mental handicap.

Married couples:

The assets and rights of the spouses and minors are aggregated.

Return and payment:

Self-assessment; return to be filed annually. Tax paid at the same time as personal income tax.

Rates:

Progressive scale, with a minimum rate of 0.20 % applied to amounts up to PTA 25 million and a maximum rate of 2 % to the portion in excess of PTA 2 500 million.

Value-added tax

(Impuesto sobre el valor añadido)

Law 30/1985, of 2 August 1985; Royal Decree 2028/1985, of 30 October 1985.
Pursuant to Article 395 of the Treaty of Accession, the common system of VAT is fully applicable in Spain from 1 January 1986.

Beneficiary:

The central government.

Tax payable by:

- natural or legal persons who exercise business or professional activities and make taxable supplies of goods or services;
- traders or professional persons for whom taxable transactions are carried out where this is done by persons or entities not established in Spain;
- imports, whether or not by traders or members of the professions;
- undivided estates, persons owning goods in community and other economic units without legal personality where these carry out taxable transactions.

Taxable transactions:

(i) Supplies of goods and services carried out by traders or professional persons in the course of business in mainland Spain or the Balearic Islands.
   (a) The following are regarded as business acitivities:
      - manufacturing
      - distribution (wholesale or resale)
      - the supply of services
      - agriculture
      - stock farming
      - fishing
      - forestry activities
      - extractive activities
      - construction
      - development of land and promotion or construction of buildings for transfer (even if only on an occasional basis)
      - the leasing of business premises.

      Professional activities only comprise activities carried out by members of the professions and self-employed artists.
   (b) Supplies of goods are defined as:
      - transactions involving the transfer of physical assets (sale, exchange, contributions of assets to companies, etc.).
      - other specifically designated transactions which may, economically, have a similar effect (creation of rights in immovable property, own consumption of goods, etc.).

Supplies of services means all transactions subject to VAT which do not amount to a supply of goods (supply of professional services, leasing, transport, own consumption of services, etc.).

(c) All transactions carried out by traders and professional persons in the course of their activities are subject to tax irrespective of whether they are habitual (e.g. the sale of goods) or occasional (e.g. the sale of a firm's machinery).

(ii) Also subject to VAT are imports of goods, irrespective of the destination of the goods imported and the status of the importer (even if he is not a trader or professional person).

Non-taxable transactions:

1. Complete transfer of business or professional assets, where the transferee continues to exercise the same activities as the transferor.
2. The transfer of money by way of consideration or payment.
3. The supply of free samples or publicity objects of little value.
4. Services supplied by natural persons under contracts of employment.

Exempt transactions:

These are three categories:

(a) Domestic transactions:
- health
- social security
- education
- non-profit-making bodies
- welfare work
- insurance and reinsurance
- finance
- supplies of non-building land
- second and subsequent supplies of buildings
- certain leases of property
- betting and gaming
- public postal services.

(b) Exports and like transactions.
These include:
- supplies of goods sent definitively to the Canary Islands, Ceuta or Melilla or definitively exported;
- supplies of services, including transport, directly linked to the above transactions.

(c) Transactions relating to exempt areas (free zones, bonded and customs warehouses), and suspensive customs procedures.

Chargeable event:

Supplies of goods and services made by traders or professional persons for consideration, habitually or occasionally, in the course of their business or professional activity.

Taxable amount:

This consists of the total value of the consideration for the taxable transactions, including packaging, wrapping, transport, insurance, commissions, taxes and other levies (except for VAT itself), interest for deferred payment, etc.. and excluding discounts allowed after the transaction has been carried out, packaging returned, etc.

The taxable amount for imports is obtained by adding to the value for customs purposes:

- customs duties and any other taxes levied on imports, excluding VAT itself;
- ancillary costs (transport, insurance, etc.) arising after entry into the mainland or the Balearic Islands, up to the first place of destination within the said territories.

Deductions:

The amount of VAT paid on the acquisition of goods or services directly linked to the business or professional activity of the taxable person is generally deductible from the amount due in respect of that person's activity.

Payment:

Quarterly or monthly returns, with self-assessment. (Large firms and exporters must make monthly returns.)

Rates:

(a) standard rate of 12 %;
(b) reduced rate of 6 %, applicable to transactions in goods or services regarded as basic necessities, such as:
  - food for human consumption and animal feedingstuffs
  - products intended for plant and animal reproduction
  - dwellings
  - books, journals and periodicals
  - medicines and medical equipment and appliances
  - inland transport of passengers and their luggage
  - non-luxury hotel, restaurant and camping services
  - activities entertainment;
(c) higher rate of 33 % applicable to luxury products such as:
  - motor vehicles
  - sport or pleasure vessels with a length of over 7.5 m
  - aircraft (several exceptions)
  - jewellery and fine imitation jewellery
  - luxury furs
  - X certificate films.

Special features:

The following special schemes exist:
- simplified scheme, applicable to natural persons with an annual turnover not exceeding PTA 50 million, who perform certain activities;
- agriculture, stock farming and fishing;
- second-hand goods;
- works of art, antiques and collectors' items;
- travel agencies;
- retailers (proportional determination of taxable amounts and flat-rate charge).

Excise duty on spirits and alcoholic beverages

(Impuesto especial sobre el alcohol y bebidas derivadas)

Law 45/1985, of 23 December 1985; Article 54 and Additional Provision 22 of Law 21/1986, of 23 December 1986, on the general budget for 1987; Royal Decree 2442/1985, of 27 December 1985. Regulation; Royal Decree 154/1987, of 23 January 1987, amending the Regulation.

Beneficiary:

The central government.

Chargeable event:

- the manufacture of alcohol;
- the manufacture of alcoholic beverages;
- the importation of such products and of other beverages with an alcoholic content exceeding 3 % by volume.

Duty payable by:

Essentially manufacturers of alcohol and alcoholic beverages, and importers.

Basis of assessment:

The volume of pure alcohol contained in the dutiable products.

Rates:

PTA 550 per litre of pure alcohol.

Excise duty on beer

(Impuesto sobre la cerveza)

Law 45/1985, of 23 December 1985; Royal Decree 2442/1985, of 27 December 1985. Regulation; Article 54 and Additional Provision 22, of Law 21/1986, of 23 December 1986, on the general budget for 1987; Royal Decree 154/1987, of 23 January 1987, amending the Regulation.

Beneficiary:

The central government.

Chargeable event:

The manufacture and importation of beer.

Duty payable by:

Brewers and importers.

Basis of assessment:

The volume of beer, expressed in litres.

Rates:

- beer obtained from worts with a dry extract of less than 11 % by weight: PTA 2.70 per litre;
- beer obtained from worts with a dry extract of not less than 11 % and not more than 13.5 % by weight: PTA 3.80 per litre;
- beer obtained from worts with a dry extract of more than 13.5 % by weight: PTA 5.50 per litre.

Excise duty on hydrocarbons

(Impuesto sobre hidrocarburos)

Law 45/1985, of 23 December 1985; Article 54 and Additional Provision 22 of Law 21/1986, of 23 December 1986, on the general budget for 1987; Royal Decree 2442/1985, of 27 December 1985. Regulation; Royal Decree 154/1987, of 23 January 1987, amending the Regulation.

Beneficiary:

The central government.

Chargeable event:

The manufacture and import of specified categories of propane, butane, petroleum oils or oils obtained from bituminous minerals other than crude oils; oils and other products deriving from the distillation of tars of high-temperature coal, and from certain hydrocarbons.

Duty payable by:

Persons carrying out dutiable operations.

Basis of assessment:

Quantities of dutiable products, expressed as appropriate in units by weight or volume.

Rates:

There are four tariffs, with indication of the amounts due on each of the dutiable products in the relevant categories.

Excise on manufactured tobacco

(Impuesto sobre las labores del tabaco)

Law 45/1985, of 23 December 1985; Royal Decree 2442/1985, of 27 December 1985. Regulation; Additional Provision 22 of Law 21/1986, of 23 December 1986, on the general budget for 1987.

Beneficiary:

The central government.

Chargeable event:

The manufacture and import of tobacco produced (cigars, cigarillos, cigarettes, snuff, smoking and chewing tobacco, etc.).

Duty payable by:

Persons carrying out dutiable operations.

Basis of assessment:

- *Ad valorem* duty applied to: the maximum retail sales price, inclusive of all tax.
- Specific duty: applied to the number of units manufactured or imported.

Rates:

- cigars and cigarillos: 10 %
- cigarettes: *ad valorem:* 40 %; specific: PTA 100 per 1 000 units;
- cut tobacco: 20 %;
- snuff: 25 %;
- chewing tobacco: 25 %;
- other: 25 %.

Tax on capital transfers and documented legal acts

(Transmisiones patrimoniales y actos jurídicos documentados)

Law 32/1980, of 21 June 1980; Royal Decree 3050/1980, of 30 December 1980. Revised version; Law 14/1985, of 29 May 1985, on the tax arrangements for certain financial assets; Law 30/1985, of 2 August 1985, on value-added tax – additional provision. Articles 52 and 53 of Law 21/1986, of 23 December 1986, on the general budget for 1987.

Nature:

This is a residual duty charged where VAT is not applicable and levied on:
- capital transfers;
- corporate transactions;
- documented legal acts.

Chargeable event:

The duty is payable on the following capital transfers:
- *inter vivos* transfers, for consideration, of all classes of assets and rights held by natural or legal persons not subject to value-added tax;
- the creation of rights *in rem*, the provision of loans, the provision of guarantees, leases, pensions and government concessions.

The term 'corporate transactions' covers the formation, increase and reduction of capital, and the merger, conversion and dissolution of companies except increases in capital out of reserves built up exclusively from share premiums.

'Documented legal acts' means acts that are formalized in:
- notarial deeds;
- commercial documents;
- administrative and judicial documents.

Duty payable by:

In the case of capital transfers: the recipient. Thus:
- creation of rights *in rem*: the beneficiary;
- provision of loans: the borrower;
- guarantees: the creditor;
- leases: the lessee;
- pensions: the pensioner;
- government concessions: the concessionaire.

In the case of corporate transactions:
- the company, except where it is dissolved or its capital is reduced, in which case the members.

In the case of documented legal acts:
- the recipient of the asset or right, or the persons requiring or requesting the documents, or those on whose behalf they are sent.

Basis of assessment:

Capital transfers:
- the real value of the asset transferred or of the right created or assigned, subject to special rules in certain cases.

Corporate transactions:
- formation and increase of the capital of limited liability companies: the nominal value of the stipulated or increased capital including, where appropriate, any issue premiums;
- transactions by companies other than the above: the real value of the assets contributed;
- conversion: the liquid assets of the company on the day of the agreement;
- reduction of capital and the dissolution of a company: the real value of the assets and rights transferred to members;
- merger: the amount of share capital of the new entity created or the increase in the capital of the acquiring company.

Documented legal acts:
- the value declared, the sum drawn, the nominal value, the value of the right guaranteed or established, subject to special rules as appropriate.

Exemptions:

Entity: central and regional government, public institutions, charities, public-benefit associations, the Spanish Red Cross, etc.
Subject matter: transactions specified in international conventions, certain mortgage market transactions, certain transactions by cooperative societies with special tax status, transfers and other acts and contracts arising from the consolidation of land and various other transactions in respect of certain categories.

Rates:

- Transfer of immovable property: 6 %.
- Transfer of movables and livestock: 4 %.

Special rules apply to the various categories concerned.
- Corporate transactions carried out by public limited companies: 1 %; transactions carried out by other companies: 0.75 %.
- Notarial deeds on quantity or value, in certain circumstances: 0.50 %; use of stamped paper in certain circumstances: PTA 10 per standard sheet, PTA 5 per folio.
- Bills of exchange, etc. are taxed on a graduated scale.

Succession duty

(Impuesto sobre sucesiones)

Article 241 of the Law on the reform of the tax system (11 June 1964); Decree 1018/1967, of 6 April 1967, approving the revised version.

Duty payable on:

Inheritances or legacies of assets, rights and shares of whatever kind and *inter vivos* gifts.

Duty payable by:

- Transfers on death: successors (heirs and legatees);
- Life insurance policies: the beneficiary;
- Gifts and other valuable transfers: the donee or person receiving the benefit.

Basis of assessment:

- Transfers on death: the true or actual value of each successor's share;
- *Inter vivos* gifts: the value;
- Gifts made by a donor to the same donee within a period of three years are regarded as a single transfer for tax purposes.

Deductions:

- Perpetual, temporary or redeemable charges on assets which effectively diminish the capital or value;
- Debts of whatever description owing by the deceased and debts deriving from personal loans or guaranteed by a bank or savings bank, plus other types of debt different from the above, subject to certain requirements;
- Amounts owed by the deceased to the central government or local authorities in the form of contributions or taxes;
- Liabilities for criminal offences;
- Legal costs arising where an estate is disputed;
- Final illness, burial and funeral expenses.

Rates:

- A seven-part tariff structure is applied, with each part divided into sections with progressive rates. The tariffs and sections applicable depend on the degree of relationship between the deceased and the successors, and on the size of each successor's inheritance.
- Gifts, irrespective of the category of asset involved, are taxed by amount at the tariffs mentioned. Transfers on death of the kinds referred to above, with a value of over PTA 10 million, bear an additional, progressive charge depending on the relationship between the deceased and the successor and on the amount by which the said figure is exceeded. The base for this additional charge is the same as that for the standard duty, less the amount of duty payable on the transfer.

Exemptions:

There is an allowance for inheritances by ascendants, descendants and spouses.
Also exempt are the amounts received from insurance companies under life-insurance policies which meet certain requirements; religious donations or bequests; inheritances, or bequests, of bonds and deposit certificates issued by industrial and commercial banks, subject to certain conditions; inheritances and bequests to educational establishments, etc.
There are in addition a number of possible abatements from the base.
This tax is going to be radically modified, since the draft law on succession and gift duty has currently reached an advanced stage in its passage through Parliament.

Tax on the assets of legal persons

(Impuesto sobre los bienes de las persones jurídicas)

Royal Decree 1018/1967, of 6 April 1967.

Beneficiaries:

The central government and the autonomous communities.

Tax payable on:

The ownership of assets and other real rights in assets, belonging to associations, institutions, foundations and other legal persons with their own, independent personality which cannot transfer property to heirs either directly or though shares or certificates representing a share in their assets.
The tax falls due on 31 December each year.

Tax payable by:

The legal persons who own the assets or hold the real rights in the assets.

Basis of assessment:

The same as for the tax on capital transfers and documented legal acts. In the case of securities quoted on the stock exchange, the tax is applied to the price for the year in which the tax arises.

Exemptions:

1. Entity:
   - The central government, autonomous public agencies, charities, the Spanish Red Cross, mutual societies, the Spanish National Telephone Company, the Post Office Savings Bank, the Spanish national railway network (RENFE), etc., provided that the assets involved are exempt, on acquisition, from tax on capital transfers and documented legal acts;
   - Regional and local authorities, the Church, foreign States, etc.
2. Subject matter:
   - Assets for teaching by recognized or authorized colleges or institutions;
   - Collections of historical, artistic, scientific, literary or archaeological interest;
   - Premises intended solely for housing and preserving such collections;
   - Movable and immovable assets making up the national artistic heritage.

Rate:

0.50 %.

Local taxes

(Impuestos locales)

The local tax system is being thoroughly overhauled. The details will be set out in the prospective Local Government Financing Act.

Special tax systems apply in the Basque Country, Navarre, the Canary Islands and Ceuta and Melilla.

Tax on country property

(Contribución territorial rústica y pecuaria)

Royal decree 2230/1966, of 23 July 1966; Legislative Royal Decree 781/1986, of 18 April 1986 (*Boletín Oficial del Estado* of 22 and 23 April 1986 and 11 July 1986).

Beneficiary:

Local authorities.

Tax payable on:

(i) The income received, earned or assumed to be obtainable from assets, rights or activities involving rural property or stock farming.
(ii) The use, enjoyment or possession of the assets which produce or may produce the said income.

Tax payable by:

The owner or usufructuary, lessee, lessor, etc.

Basis of assessment:

The net return from the land and stock farming profit, estimated in accordance with the relevant rules.

Exemptions:

As regards the subject matter, there are exemptions in respect of the purpose of the assets (e.g. public application or public service, etc.) and of the size of the tax base. Exempt entities include the central government and similar public bodies or agencies specified in the law, the Holy See, the Bishops' Conference, foreign governments on a reciprocal basis, agencies covered by international conventions, the Institute for Agrarian Reform and Development (IRIDA) and the Spanish Red Cross, (provided that the assets produce no income).

Rate:

10 %.

Tax on urban property

(Contribución territorial urbana)

Decree 1251/1966, of 12 May 1966 (*Boletín Oficial del Estado* of 30 May 1966); Legislative Royal Decree 781/1986, of 18 April 1986 (*Boletín Oficial del Estado* of 22 and 23 April 1986 and 11 July 1986).

Beneficiary:

Local authorities.

Tax payable on:

(i) The income received, earned or assumed to be obtainable from assets classified for tax purposes as urban property.
(ii) The use, enjoyment or possession, by virtue of a right *in rem*, of the assets producing or assumed to produce the said income.

Exemptions:

As regards the subject matter, there are exemptions in respect of the purpose of the assets (public application or public service, charities, etc.), provided that they produce no income; in respect of historical and artistic monuments, etc.; in respect of the size of the tax base; and other temporary exemptions.
Exempt entities include the Holy See, the Bishops' Conference, foreign governments on a reciprocal basis, the Spanish Red Cross, provided that the assets involved produce no income, agencies covered by international conventions and other entities specified in the law.

Tax payable by:

Owners, usufructuaries, perpetual leaseholders and other lessees; holders of rights in immovable property, etc.

Basis of assessment:

This is determined on the basis of cadastral value and income in accordance with the rules applicable (cadastral income is 4 % of cadastral value).
Cadastral values are determined by the tax authorities.

Rate:

20 %.

Business licence tax

(Licencia fiscal de actividades comerciales e industriales)

Royal Decree 791/1981, of 27 May 1981, approving the rules and tariffs for this particular tax; Royal Decree 1274/1982, of 19 June 1982; Ministerial Order of 7 September 1981; Ministerial Order of 17 November 1981; Royal Decree 3197/1983, of 7 December 1983; Royal Decree 883/1985, of 19 April 1985; Legislative Royal Decree 781/1986, of 18 April 1986, approving the revised version of the current provisions on the local tax system.

Beneficiary:

Local authorities.

Tax payable on:

The exercise for own account or under agency arrangements, of the commercial and industrial activities coming under the following generic heads, whether or not classified in the tariffs, and not expressly exempt:
1. Extraction
2. Manufacture
3. Craft activities
4. Construction
5. Domestic distributive trade
6. External trade
7. Disposal of lands and buildings
8. Services.

Tax payable by:

Natural or legal persons performing any of the above activities in the national territory.

Tax debt:

All licence tax payers are obliged to pay the sums set out in the tariffs and determined with due regard to: size of population; whether the establishment is located in a densely populated town or city; number of employees; installed capacity.

Exemptions:

The Catholic Church, regional and local authorities, agencies covered by international conventions, the Spanish Red Cross and other institutions.

Relief:

Certain activities qualify for relief (95 %, 50 % and 25 %).

Licence tax for professional and artistic activities

(Licencia fiscal de actividades profesionales y de artistas)

Royal Decree 830/1981, of 27 March 1981, approving the rules and new tariffs for the licence; Legislative Royal Decree 781/1986, of 18 April 1986, approving the revised version of the current provisions on the local tax system.

Beneficiary:

Local authorities.

Tax payable on:

The exercise of any professional or artistic activity in a self-employed capacity.

Tax payable by:

Spanish and foreign natural and legal persons carrying on in Spanish territory any of the activities on which this tax is payable, and persons exercising or practising an artistic, sporting or recreational activity liable to this tax.

Tax debt:

The liability is determined on the basis of the average economic return on each of the activities involved and specified in the tariffs.
The tax liability is obtained by applying the tax rates.

Exemptions:

Professions carrying out charity work and receiving no personal remuneration at all; teaching devoted entirely to elementary education.

There are three other local taxes:

(a) **Tax on location**
(Impuesto sobre radicación)

This is levied on the use or enjoyment, for industrial of commercial purposes and for the exercise of professional activities, of premises of whatever kind situated in the municipality.

(b) **Tax on building land**
(Impuesto sobre solares)

This is levied on:

1. plots which are classified as building land in accordance with the Law on land use and town planning, when not built on or when supporting only inadequate, temporary, derelict, ruined or demolished buildings;
2. plots which are classified as urban or suitable for urban development or are going to be granted such status, even if built on, provided they are not classified as building land.

(c) **Tax on the increase in the value of land**
(Impuesto sobre el incremento del valor de los terrenos)

Applies to the increase in value during the tax period of:

1. land whose ownership is transferred by whatever method, or land in which any real right of enjoyment is created or transferred which restricts the rights of ownership;
2. land belonging to legal persons.

Road tax

(Impuesto sobre circulación de vehículos)

This is applied to all classes and categories of mechanically powered vehicles suitable for use on the public highway.

FRANCE

Personal income tax

(Impôt sur le revenu)

Article 1 of Law No 59–1472 of 28 December 1959; Law No 76–660 of 19 July 1976; Law No 76–1234 of 29 December 1976; Law No 78–688 of 5 July 1978; Law No 78–741 of 13 July 1978; 1984, 1985, 1986 and 1987 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Individuals.
In the case of partnerships *(sociétés de personnes)* which have not opted to pay corporation tax, tax is payable by each partner.

Basis of assessment:

Total net income, determined according to the arrangements applicable to each type of income (including income from foreign sources in cases where taxpayers are resident in France), less any legally deductible expenses (e.g. interest on money borrowed to purchase a principal residence, expenditure on energy saving).

Exemptions:

- Individuals whose income net of expenses does not exceed FF 34 500 or FF 37 600 where the individuals are over 65 years of age.
- Interest on certain government loans.
- Certain pensions, benefits and allowances (war pensions, family allowances, for example).
- Capital gains.

However, Law No 76–660 of 19 July 1976 makes capital gains realized by individuals from 1 January 1977 subject to personal income tax, where assets or rights of any kind are transferred for valuable consideration (this law provides for numerous exemptions). The same law also creates a flat-rate tax on sales of precious metals and objects. Finally Law No 78–688 of 5 July 1978 provides for the taxation of net capital gains realized from the transfer of securities for consideration.

Deductions:

- All expenses involved in earning or maintaining income. In the case of employed persons, expenses of employment are fixed, as a general rule, at 10 % of the wage or salary.
- An allowance of 10 % is granted for pensions and free life annuities; this allowance may not exceed FF 25 000 for total pensions received by a household.

- In the case of salaries, wages, pensions and free life annuities, a general allowance of 20 % is granted. This allowance is, however, limited to 10 % for amounts in excess of FF 250 000 for persons who hold over 35 % of the shares in the company which employs them and for persons who have joined approved management centres and approved associations. This allowance is no longer available on amounts in excess of FF 536 000.
- Craftsmen, tradesmen, industrialists and farmers who have joined approved management centres and persons who have joined approved associations open to members of the professions (including in particular certain legal professions) are entitled, on certain conditions, to an allowance on their taxable profit (20 % for the fraction of profit which does not exceed FF 250 000; 10 % for the fraction between FF 250 000 and FF 536 000).
- In the case of individuals of more than 65 years of age or the disabled whose total net income is less than FF 46 800, an allowance of FF 7 540 is granted. This allowance is FF 3 770 for individuals of more than 65 years of age or disabled persons with a total net income of between FF 46 800 and FF 75 400.

Married couples:

Family incomes are aggregated, but the aggregate income is divided into a number of parts, according to the taxpayer's family responsibilities; family quotient *(quotient familial)*. The advantage gained is subject to an upper limit.

Persons not resident in France for tax purposes:

Tax is payable on income derived from French sources, subject to the provisions of the relevant international conventions.

Collection:

As a general rule, by means of assessment books. Certain types of investment income, however, are compulsorily subject to a withholding tax of 10 %, 12 % or 25 %,[1] which is deductible from personal income tax or may be refunded in the case of resident persons. Alternatively, persons to whom income accrues in France from fixed-interest investments (interest on negotiable bonds, interest on deposit certificates and miscellaneous claims) may opt to be subject to a final levy of:
- 26 % on the interest on negotiable bonds (25 % if non-resident);
- 45 % if the recipient states his name;
- 51 % if the recipient does not state his name, on the interest on Treasury bills and equivalent and medium-term certificates ('bons de caisse'); with effect from 1 January 1983;
- 46 % (45 % if non-resident) on the interest on claims, deposits, indemnity bonds and current accounts accrued as from 1 January 1983.

[1] 10 or 12 %; rates applicable to interest on negotiable loans issued by French companies or other bodies, according to the date of issue;
25 %; rate applicable to dividends of French companies paid to non-residents and to distributions of profits made by foreign companies operating in France.

Tax amounting to $33^1/_3$ % is also withheld at source in the case of non-commercial and similar income accruing to persons not maintaining permanent business premises in France.
Wages, pensions and life annuities derived from French sources and paid to persons not resident in France for tax purposes are, as from 1 January 1977, subject to a withholding tax with a maximum rate of 25 %.
On certain profits made on the construction and sale of buildings a levy is charged when the property is transferred, the rate being 25 % (building permit issued between 1 January 1966 and 31 December 1971), 30 % (building permit issued between 1 January 1972 and 31 December 1973) or $33^1/_3$ % (building permit issued after 31 December 1973). In certain circumstances this levy is in full discharge of personal income tax. For profits made between 1 January 1982 and 31 December 1986 the rate has been fixed at 50 %.

Rates:

0-58 %, graduated.

Reduction:

Taxpayers whose tax is less than FF 4 400 are entitled to a reduction.

Special features:

Unless farmers are subject to the simplified normal system, agricultural profits are determined on a flat-rate basis where average annual receipts calculated over two consecutive years are between FF 500 000 and FF 1 800 000. Farmers whose receipts average more than FF 1 800 000 must be taxed under the normal system of taxing actual profits.
Industrial and commercial entreprises are taxed under a flat-rate system where their turnover is less than FF 150 000 (supplies of services) or FF 500 000 (buying/selling). They are taxed under the simplified normal system where their turnover is between FF 150 000 and FF 900 000 (supplies of services) or FF 500 000 and FF 3 000 000 (buying/selling).
They are taxed under the normal system where their turnover exceeds FF 900 000 (supplies of services) or FF 3 000 000 (buying/selling).
Taxable income may in certain cases be determined according to external evidence (life-style) or manifestly high levels of personal spending. Persons not domiciled in France but owning, in whatever capacity, one or more dwellings there may be taxed on the basis of an income equal to three times the actual rental value of that (those) dwelling(s).

Carryover of losses:

Five years.

Flat-rate corporation tax

(Imposition forfaitaire sur les sociétés)

Article 22 of Law No 73-1150 of 27 December 1973 (Article 223, point 7, of the General Tax Code); Article 11 of the 1977 Finance Law; Article 11 of the 1980 Finance Law.

Beneficiary:

The State.

Tax payable by:

All companies and public corporations whatever their nationality which are covered by the rules for corporation tax under the provisions of Articles 206-1 to 206-4 of the General Tax Code.

Exemptions:

- Non-profit-making bodies, public undertakings, associations and public corporations, referred to in Article 206-5 of the General Tax Code (these legal persons are covered by special taxation rules for corporation tax and this tax is collected by means of assessment books).
- Legal persons exempt from corporation tax, in respect of all or part of their operations, under Articles 207 and 208 of the General Tax Code (agricultural trade unions or cooperatives; subsidized-housing bodies and real estate companies; departments, municipalities and municipal associations and ancillary publicity-owned enterprises; companies which finance the exploration and development of liquid or gaseous hydrocarbon deposits, etc.).
- New companies for three years under certain conditions.
- Associations involved in the organization of local social life.

Collection:

Annual taxation.

Rates:

The following five flat rates are applied according to turnover inclusive of all taxes (since 1984);

- turnover less than FF 1 000 000 .... FF 4 000
- turnover between FF 1 000 000 and FF 2 000 000 .... FF 6 000
- turnover between FF 2 000 000 and FF 5 000 000 .... FF 8 500
- turnover between FF 5 000 000 and FF 10 000 000 .... FF 11 500
- turnover equal to or more than FF 10 000 000 .... FF 17 000

Deductions:

The amount of the flat-rate taxation of FF 3 000 is deductible from corporation tax payable during the year in which the flat-rate tax is due and the two following years.

Special features:

Where 95 % of the capital of a French company is held directly or indirectly by another French company, and the former comes under the special rules laid down in Article 209 point 6 of the General Tax Code, the flat-rate taxation must be paid, in the name of the subsidiary, by the parent company.

Tax on furnished accommodation

(Taxe d'habitation)

Articles 1407 to 1416 and 1641 of the General Tax Code; Law No 80–10 of 10 January 1980.

Beneficiaries:

The departments, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Any person having furnished accommodation at his disposal.

Basis of assessment:

The rentable cadastral value assessed on 1 January 1980 and calculated in the same way as the property tax on buildings.

Exemptions:

- Premises subject to the application of business tax and buildings used by rural enterprises.
- Public, scientific and public assistance establishments, schools and universities.
- The diplomatic corps.
- The old or disabled in the lower-income group.

Deductions:

Allowances must be granted for family expenses and basic allowances may be granted to all taxpayers or only to those who do not pay income tax. Allowances are accorded only in respect of the principal residence.

Collection:

By means of assessment books.

Rates:

Fixed by the recipient local authorities subject to the ceiling on municipal rates.

Corporation tax

(Impôt des sociétés)

Articles 205 *et seq.* of the General Tax Code; Article 70 of the 1980 Finance Law; 1983, 1984, 1985, 1986 and 1987 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Companies limited by shares and companies having the same status, and certain public undertakings, public corporations and associations not specifically exempted from payment; partnerships *(sociétés de personnes)* may opt to pay corporation tax.

Basis of assessment:

The profits of businesses carried on in France. These profits are made up of the difference between net assets at the beginning and end of a financial year less additional capital contributions, plus sums withdrawn by members.

Exemptions:

The bodies exempted from payment include, in certain circumstances, departments, municipalities and ancillary publicly-owned enterprises, agricultural trade unions and cooperatives (subsidized-housing bodies), investment companies, companies whose aim is to put goods at the disposal of their members.

Non-residents:

These companies pay tax on profits made in France.

Payment:

Four quarterly instalments followed by settlement.

Rate:

45 %.
Rate reduced to 15 % or 25 % for certain capital gains on disposal of assets.
Special arrangements for building profits.
Rate of 24 % for income from land or farming or certain types of income from movable property accruing to public institutions and non-profit-making associations and bodies.
The tax credit or 'avoir fiscal' allowed on companies' income from movable property is deductible in full from corporation tax, but cannot be refunded as a rule.

Special features:

- World profits system: determination of the taxable profits of French companies taking into account the results, calculated according to French tax rules, of their direct operations abroad.
- Consolidated profits system: taxation of parent companies on the basis of the overall results, calculated according to French tax rules, of their direct and indirect operations in France and abroad.
- Integrated profits system: the results of French companies, 95 % of whose capital is held by another French company, are included entirely in the results of the latter company.
  Application of these three systems is subject to approval by the Minister for the Budget.
- As from 1 January 1980, French companies holding at least 25 % of the capital of companies established in tax havens may be made subject to corporation tax on their share in the profits of foreign companies.
- Special arrangements applicable to parent companies and their subsidiaries receipts from the subsidiary company, less 5 % of gross expenses and charges, are deducted from the parent company's net profit.

Carry-over of losses:

Losses may be carried over for a period of five years, except for depreciation postponed during a loss-making period, which may be carried over indefinitely.
With effect from 1 January 1984, losses may be carried back three years subject to certain conditions.

Tax on the removal of household refuse

(Taxe d'enlèvement des ordures ménagères)

Articles 1520 to 1526 of the General Tax Code.

Beneficiaries:

The municipalities.

Tax payable by:

The tax is in respect of all properties subject to the property tax on buildings or those which are temporarily exempt, in municipalities operating a service for the removal of household refuse.

Exemptions:

- Factories.
- Non-industrial or non-commercial premises rented by the central government, the departments or the municipalities and public, scientific, educational and public assistance establishments and those occupied by a public department.
- The municipalities are entitled to grant other exemptions.

Basis of assessment and rate:

The tax is charged on the net income serving as a basis for the property tax on buildings.
The rate is fixed by the municipalities.

Collection:

By means of assessment books.

Advance payment to be made by companies on distributed profits

(Précompte dû par les sociétés au titre des bénéfices distribués)

Articles 3-1, 3 and 44-1 of Law No 65-566 of 12 July 1965 (Article 223, point 6, of the General Tax Code).

Beneficiary:

The State.

Payable by:

Companies which distribute dividends drawn from sums on which the companies did not pay corporation tax at the rate of 45 % or when the dividends distributed are drawn from the results of financial years closed more than five years previously.

Basis of assessment:

The amount of distributed profits which gives shareholders the right to 'avoir fiscal' tax credits and which fall into the above categories. To determine this basis, companies are subject to certain rules as regards the way in which their distributed profits are charged.

Exemptions:

Companies whose shareholders are not entitled to benefit from the 'avoir fiscal' system for distributed profits: foreign companies, investment companies and like bodies, real estate companies for trade and industry, agricultural cooperatives, mutual agricultural credit funds, subsidized-housing cooperatives or limited companies, building societies and mutual credit funds, approved associations engaged in financing telecommunications.

Non-residents:

The advance payment is due even if those receiving the distributed profits have neither their domicile nor headquarters in France and are not entitled to benefit from the 'avoir fiscal' system. However, the advance payment is refunded if a convention has been concluded with France.

Collection:

The tax must be paid within one month from when the distributed profits are released for payment.

Rates:

50 % of the net dividend paid to the shareholders in respect of the distributed profits involved (advance payment equal to the amount of 'avoir fiscal' tax credit attached to the distributed profits). In practice the advance payment is equal to one-third of the overall sum (including 'avoir fiscal') which the company decides to count as items which, when distributed, give rise to the advance payment.

Special feature:

The 'avoir fiscal' to which shareholders are entitled for dividends distributed by French subsidiaries and the tax credits attached to the proceeds of foreign subsidiaries are counted for the advance payment which might be due when these proceeds are distributed.

Succession (gift) duty

(Droit de mutation par décès – Succession)

Article 750, point 3 *et seq*, of the General Tax Code; Law No 68–1172 of 27 December 1968; Law No 73–1150 of 27 December 1973; Article 61 of Law No 75–1278 of 30 December 1975, 1980, 1981, 1982, 1983 and 1984 Finance Laws.

Beneficiary:

The State.

Duty payable by:

Heirs and legatees.

Basis of assessment:

Net share received by each beneficiary.

Exemptions:

These include:
- Life insurance policies taken out by the deceased for specific beneficiaries, within certain limits and under certain conditions;
- certain woodlands and shares in forestry groups, partially and under certain conditions;
- the first free transfer of buildings completed after 31 December 1947 of which at least three-quarters of the area is used as dwellings and which were acquired by the donor or the deceased before 20 September 1973 or built by him on a site opened by 20 October 1973, within certain limits and under certain conditions;
- shares issued by real property funds, within certain limits and under certain conditions;
- rural property rented on a long-term lease and shares in agricultural land organizations, under certain conditions.

Deductions:

- An allowance of FF 275 000 is granted on the surviving spouse's share, on that of each ascendant and on that of each child living or represented;
- An allowance of FF 300 000 is granted to physically or mentally handicapped persons;
- An allowance of FF 100 000 is granted on shares inherited by unmarried, widowed, divorced or separated brothers or sisters if they are at least 50 years of age on the date the succession takes effect or if they are disabled and if they have lived continuously with the deceased during the five years preceding his/her decease.

Reductions:

Reductions are granted to heirs or donees having three or more children; a tax reduction of FF 2 000 maximum is granted per child after the second child (FF 4 000 in the case of heirs in direct line and spouses).

Collection:

Normally the duty is payable when the declaration is made. In some cases and under certain conditions, payment may be made by instalments or deferred.

Rates:

- In the case of heirs in direct line:
  where the net share does not exceed FF 50 000 ... 5 %
  where the net share is between FF 50 000 and 75 000 ... 10 %
  where the net share is between FF 75 000 and 100 000 ... 15 %
  where the net share is between FF 100 000 and 3 400 000 ... 20 %
  where the net share is between FF 3 400 000 and 5 600 000 ... 30 %
  where the net share is between FF 5 600 000 and 11 200 000 ... 35 %
  where the net share is more than FF 11 200 000 ... 40 %
- Between spouses:
  where the net share does not exceed FF 50 000 ... 5 %
  where the net share is between FF 50 000 and 100 000 ... 10 %
  where the net share is between FF 100 000 and 200 000 ... 15 %
  where the net share is between FF 200 000 and 3 400 000 ... 20 %
  where the net share is between FF 3 400 000 and 5 600 000 ... 30 %
  where the net share is between FF 5 600 000 and 11 200 000 ... 35 %
  where the net share is more than FF 11 200 000 ... 40 %
- Between brothers and sisters:
  up to FF 150 000 ... 35 %
  more than FF 150 000 ... 45 %
- Between uncles and nephews, great-uncles and great-nephews, first cousins ... 55 %
- Between others ... 60 %

Gifts:

Normally the same system is applicable as for estate, but costs are not deductible.
An allowance of FF 10 000 per share is granted for gifts of title made to all the staff of an enterprise, after approval by the Minister for the Budget (General Tax Code, Article 790 A).

Capital payments resulting from a divorce:

Article 61 of Law No 75-1278 of 30 December 1975.
Capital payments made after a divorce for the support of a child are only subject to gift duty on that part which amounts to more than FF 18 000 for each year remaining before the beneficiary attains his or her majority. Capital payments between ex-spouses are subject to gift duty when they are made from property belonging to one of them.

Value-added tax

(Taxe sur la valeur ajoutée)

Article 256 *et seq.* of the General Tax Code (Sixth Council Directive (77/388/EEC) of 17 May 1977).

Beneficiary:

The State. A contribution of 0.60 %, the proceeds of which accrue to the supplementary budget for agricultural social benefits, is included in each of the rates of value-added tax.

Tax payable by:

- Persons who independently carry out, on an habitual or occasional basis, an economic activity involving the supply of goods or services, whatever their legal status, their position as regards other taxes and the form or nature of their involvement: manufacturers, wholesalers, retailers, commission processors, craftsmen, building contractors and builders, commercial intermediaries, persons letting furnished accommodation, organizers of entertainment which is not subject to the special local tax and other suppliers of services, such as architects, accountants, etc.
- Importers.
- Persons buying certain specified products from other persons not liable to the tax.

Tax payable on:

- All supplies of movable goods and services effected by taxable persons as part of an economic activity (industrial, commercial, craft, professional, agricultural or civic).
- Transactions specifically designated by law, such as those carried out by cooperatives, those connected with the construction of buildings, self-deliveries and purchases of certain products from persons not liable to the tax.
- Transactions which are not caught by the tax or are exempted but may be taxed under an option:
  - persons who previously were or would have been liable to the special tax on banking and financial activities and who carry out transactions which would formerly have been subject to that tax;
  - certain persons engaged in non-commercial activities (authors, artists, lawyers, etc.);
  - persons who let premises which are used for an economic activity;
  - local authorities in respect of certain services.

Exemptions:

Relate in particular to:
- exports and similar;
- certain banking and financial transactions;
- non-daily press publications up to 1 January 1982;
- activities subject to local entertainment tax (sporting events, gambling clubs and houses, automatic machines);
- certain activities of non-profit-making bodies, the management of which is totally disinterested;
- certain transactions carried out by central government bodies or local authorities;

- repayments of expenses incurred by legal persons in putting goods at the disposal of their members;
- certain real estate transactions;
- medical, paramedical, teaching, literary, artistic or sporting activities;
- certain judicial activities;
- agriculture and fisheries;
- certain imports.

Tax payable on:

Delivery, receipt of payment, transfer, import or purchase according to the circumstances of taxation.

Basis of assessment:

Price or payment, including all charges and taxes (other than value-added tax).

Deductions:

Apart from some exceptions, tax paid on the acquisition of goods or services used for the requirements of the enterprise is deductible from the tax due on business done.
Taxable persons can obtain a refund of any excess input tax in their favour by quarter or by year.

Payment:

By monthly or quarterly payment on the basis of a tax return. Medium-sized firms may, if they wish, pay value-added tax by a simplified system which involves submitting a shortened return and making an advance payment followed by an annual settlement on the basis of a special return.
Small firms may pay the tax under this system or at a flat-rate fixed by the administration. In the latter case, the tax due is paid monthly or quarterly without any tax return.
The tax may be waived, either wholly or partially, for firms which would normally pay a relatively small amount of tax.

Rates:

- Standard and intermediate rate:
  18.6 %
- Reduced rate:
  7 % (agricultural products and almost all solid foodstuffs)
- Higher rate:
  33 1/3 % (luxury goods, consumer durables of a certain value)
- Special low rate:
  5.5 % (most foodstuffs, unprocessed agricultural, fishery and poultry products; medicines since 1 August 1987)
- a rate of 28 % for cars and motor cycles with a cylinder capacity exceeding 240 cc., since 17 September 1987.

Special feature:

Flat-rate refund scheme for agriculture.

Domestic duty on petroleum products and products treated as such

(Taxe intérieure de consommation frappant les produits pétroliers et assimilés)

Article 25 I of the 1982 Finance Law (No 81-1160 of 30 December 1981); Article 23 V of the 1983 Finance Law (No 82-1126 of 29 December 1982).

Beneficiary:

The State.

Taxable products and rates:

Customs tariff heading	Description of products	Rates applicable
27.06	Tar distilled from coal, from lignite or from peat for use as heating fuel[1]	FF 5.70 per 100 kg net
27.09	Petroleum oils and oils obtained from bituminous minerals, crude	Domestic duty applicable to petroleum oils other than crude oils (tariff heading 27 – 10) according to the characteristics of the product
27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude[2]	
	A. Light oils[3]	
	(a) 1. White spirits	
	– fuel	FF 254.55 per hl[4]
	– other uses	exempt
	2. Other	
	– fuel	FF 254.55 per hl[4]
	– other uses	exempt
	(b) Spirits	
	– aviation	FF 150.80 per hl
	– premium grade	FF 268.19 per hl[4]
	– other	FF 254.55 per hl[4]
	– light fractions for specific uses	exempt

[1] Domestic duty on tar distilled from coal for use as heating fuel was introduced by Article 25 II of the 1982 Finance Law.

[2] Domestic duty is levied on the entire product including additives, when used as fuel.

[3] The total volume of products of this kind used as jet fuel, under specific conditions, is subject to domestic duty at a rate of FF 5.83 per hl.

[4] Rates laid down in Article 23 V of the 1983 Finance Law (No 82–1126 of 29 December 1982).

Customs tariff heading	Description of products	Rates applicable
27.10 *(contd)*	B. Medium oils	
	(a) Kerosene	FF 96.86 per hl [1]
	(b) Other	FF 96.86 per hl [1]
	C. Heavy oils	
	I – Gas oil	
	For specific uses (products described as domestic fuel oil No 1)	FF 36.73 per hl [1]
	– Unnamed	
	– with a flash-point below 120 °C	FF 131.50 per hl [1]
	– other	exempt
	II – Fuel oils	
	Fuel oil with a kinematic viscosity of 9.5 cst ab 20 °C	
	– for specific uses (product described as domestic fuel oil No 2)	FF 36.73 per hl [1]
	– Unnamed	
	– with a flash-point below 120 °C	FF 131.50 per hl [1]
	– other	exempt
	Heavy fuel oils	FF 17.00 per 100 kg net [2]
	III – Lubricating oil and other	exempt

[1] Rate laid down in Article 23 V of the 1983 Finance Law (No 82-1126 of 29 December 1982).

[2] Domestic duty on heavy fuel oils at the rate of FF 4 per 100 kg was introduced by Article 25 I of the 1982 Finance Law (No 81-1160 of 30 December 1981). The rate was increased to FF 4.49 per 100 kg (Article 23 V of the 1983 Finance Law).

Customs tariff heading	Description of products	Rates applicable
27.11 B I c	Petroleum gases and other gaseous hydrocarbons:	
	1. Commercial propane and butane	
	– special mixture of butane and propane intended for use as fuel	FF 167.40 per 100 kg net[1]
	– other	exempt
	2. Other gases	
	– intended for use as fuel in motor vehicles	FF 475.46 per 1 000 m^3[1]
	– natural gas	0.59 FF per 100 kWh
27.12	Petroleum jelly	exempt
ex 27.13 B	Paraffin wax, microcrystalline wax, other mineral waxes	exempt
27.14	A – Petroleum bitumen	exempt
	B – Petroleum coke	exempt
	C – Other residues of petroleum oils or of oils obtained from bituminous minerals	exempt
ex 27.16 B	Cutbacks, emulsions of petroleum bitumen and the like	exempt
34.03	Lubricating preparations containing less than 70 % of petroleum oils or of oils obtained from bituminous minerals	exempt
ex 34.04	Prepared waxes, not emulsified or containing solvents based on products of heading 27.13 B	exempt
38.14 B I (a)	Prepared additives for lubricants containing petroleum oils or oils obtained from bituminous minerals	exempt

[1] Rate laid down in Article 23 V of the 1983 Finance Law (No 82-1126 of 29 December 1982).

Duty payable on goods produced in the territory in which the duty is levied and on imports:

Domestic consumption duty is levied on petroleum products and products treated as such when the products leave establishments placed under a system of suspension of customs duties; on import; and when they are released for consumption on the domestic market.

Dues accruing to support fund for hydrocarbons

(Redevance perçue au profit du Fonds de soutien aux hydrocarbures)

Article 9 of the 1982 Finance Law.

Beneficiary:

The State (Support Fund for Hydrocarbons – *Fonds de soutien aux hydrocarbures).*

Tax payable on:

The Support Fund for Hydrocarbons is financed by dues levied on certain petroleum fuel products. These dues are considered to be equivalent to domestic consumption taxes, and are levied when petroleum products subject to the dues are consigned to distributors, both on import and on leaving establishments where suspensive customs arrangements apply.

Rates:

Customs tariff heading	Description of products	Rates applicable
Ex 27.10 A	Petroleum spirits[1,2]	
	– Aviation spirit	–
	– Premium grade	FF 0.90 per hl[3]
	– Other	FF 0.90 per hl[3]

[1] The due is levied on the entire product, including additives.
[2] The due is not levied on fuel for jet or turbine engines to which the reduced rate of domestic consumption duty applies.
[3] Article 9 of the 1982 Finance Law.

Duty on tobacco

(Imposition du tabac)

Articles 565 to 575 M of the General Tax Code; Law No 76-448 of 24 May 1976; Decree No 76-1324 of 31 December 1976; Order of 31 December 1976; Article 25 of the 1979 Finance Law; Decree No 80-262 of 3 April 1980; 1983 and 1986 Finance Laws.

Beneficiary:

The State.

Duty payable on:

Consignment of tobacco to distributors.
The Monopoly Administration of Tobacco and Matches (SEITA) has exclusive production, import and wholesale marketing rights for products directly originating from non-Member States (cigars, cigarettes, smoking tobacco, chewing tobacco and snuff). The retail sales monopoly is held by the revenue authorities which exercise it through retailers designated as their agents and required to pay royalties.
The importation and wholesale marketing of manufactured tobacco from Member States of the European Economic Community may be carried out by any natural or legal person who has obtained an identification entitling him to exercise such activities.

Rates and basis of assessment:

Manufactured tobacco is subject to a consumption duty based on the retail sales prices which are fixed by ministerial decree, the rates of which vary according to the category of tobacco. As far as cigarettes are concerned, this duty is calculated in accordance with Article 8 of Council Directive 72/464/EEC of 19 December 1972.
For cigarettes in the most popular price category within the meaning of this directive, the consumption duty is calculated by, applying the standard rate to the retail sales price. The amount obtained in this way is called 'basic duty'.
For other cigarettes the consumption duty is calculated by applying to their retail sales price a rate equal to 95 % of the standard rate and by adding to the amount obtained in this way a specific fixed share equal to 5 % of the basic duty. The total amount calculated in this way may not be lower than a minimum levy fixed per thousand units.
Manufactured tobacco other than cigarettes is subject to a standard rate applicable to its retail sales price, subject to a minimum levy fixed per thousand units or per thousand grams. Where the duty calculated in this way, for cigars and smoking tobacco, exceeds an amount called the 'threshold duty', the part of the retail price exceeding the part corresponding to the threshold duty is taxed at a reduced rate and the amount determined in this way is added to the threshold duty.

For the different groups of products set out in Article 575, the standard rate, the minimum levy, the threshold duty and the reduced rate are fixed in accordance with the following table:

Groups of products	Standard rate	Minimum levy (FF)	Amount of threshold duty (FF)	Reduced rate
	%	per thousand units or per thousand grams		%
Cigarettes	49.30	30	–	–
Cigars wrapped in natural tobacco	24.50	34	112	14.70
Cigars wrapped in reconstituted tobacco	28.20	39	130	17
Smoking tobacco	39.50	12	35	27.80
Snuff	33.40	8	–	–
Chewing tobacco	21.60	7	–	–

Imports:

Same system as for French production.

Duty on manufactured tobaccos

(Taxe sur les tabacs fabriqués)

Article 1618, point 6, of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits).

Duty payable on:

Sales of manufactured or imported tobaccos (cigarettes, cigars, cigarillos, smoking tobacco, snuff, etc.).

Duty payable by:

The Monopoly Administration (SEITA) or any other wholesale supplier of manufactured tobaccos.

Territory of application:

Continental France and Corsica.

Exemptions:

None.

Payment:

Upon presentation of monthly returns. Flat-rate and simplified system of taxation not applicable.

Rate and basis of assessment:

0.80 % of the selling price exclusive of taxes.

Duties on spirits: Consumption duty and production duty

(Taxe sur les alcools: droit de consommation et droit de fabrication)

Article 401 *et seq.* of the General Tax Code; Articles 3 and 13 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable by:

Producers or holders of stocks of alcohol who have not yet paid the duty on spirits.

Duty payable on:

1. Consumption duty:
   Ethyl alcohol and preparations with a basis of undenatured ethyl alcohol; substances belonging to the alcohol group used to replace ethyl alcohol (such as methyl, propyl and isopropyl alcohols).
2. Production duty:
   - Alcoholic perfumery and toilet articles;
   - Alcohol-based medicaments or products not to be taken orally.

Chargeable event in the case of production in the territory in which the duty is levied:

The consumption duty is payable when the taxable products are made available for consumption or when deficiencies are established.
The production duty is payable as soon as the taxable products leave the place of manufacture either in bulk or in bottles. It is also payable when deficiencies are established at the factory.

Chargeable event in the case of importation into the territory in which the duty is levied:

The consumption duty is payable when the taxable products are made available for consumption.
The production duty is payable on receipt of the taxable products in the importer's warehouse.

Rates:

1. Consumption duty:
   The alcoholic liquid is taxed on the basis of its pure alcohol content, the minimum taxable content being 15° by volume. The rates charged are as follows:

	per hl of pure alcohol
– Alcohols used in the preparation of sparkling wines and of natural sweet wines taxed as wines	FF 2 595
– Rums and crème de cassis	FF 4 495
– Wine-based aperitifs, vermouths, liqueur wines and similar products	FF 6 930
– All other alcoholic products except those subject to the production duty	FF 7 810

2. Production duty:
   Duty is calculated on the basis of the pure alcohol content. The rates are as follows:

– Perfumes and toilet articles	FF 790
– Medicaments or products not to be taken orally	FF 300
– Products, for spirits and alcohol-based products unfit for consumption as such, which are used for products intended for human consumption after processing	FF 405

Imports:

The tariff is applicable to all taxable liquids regardless of their origin.

Exports:

Exports are duty-free.

Specific duty on beer and certain non-alcoholic beverages

(Droit spécifique sur les bières et sur certaines boissons non alcoolisées)

Article 520 A of the General Tax Code; Articles 3 and 13 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable by:

- Manufacturers (or sometimes, in the case of beers, firms carrying out the final packaging).
- Importers.
- Owners of springs.

Taxable products:

The duty is payable on the following beverages:
- beer of all kinds;
- waters intended for drinking:
  - natural or artificial mineral waters;
  - table or spa waters having none of the characteristics of mineral water but sold under the same conditions;
  - other non-alcoholic beverages (with an alcoholic content not exceeding 1°).

Chargeable event:

The duty is payable on the basis of volume (hectolitre) put on the home market.

Exemptions:

- Syrups and fruit or vegetable juices and fruit essences.
- Milk, in a natural state or flavoured.
- Beverages on which duty is normally payable but which are consumed by the staff of firms liable to the duty, and also mineral waters given to people taking cures at the springs.

Payment:

Payments are made monthly on the basis of a return submitted before the 25th of the month following deliveries.

Rates:

- FF 11.00 per hl for beers with an alcoholic strength equal or less than 4 % or less or packed in containers of 65 centilitres to one litre;
- FF 19.50 per hl for beers other than those mentioned above.

Imports:

The duty is applied to imported beverages.

Exports:

Exports are duty-free.

Optional surcharge on mineral waters

(Surtaxe facultative sur les eaux minérales)

Articles 1582 and 1697–4° of the General Tax Code; Article 19 of the 1981 Finance Law.

Beneficiaries:

Municipalities in which the mineral springs are to be found and which have introduced the surcharge. When the proceeds of the surcharge exceed the amount of the municipality's ordinary resources, the surplus is allotted, with certain restrictions, to the department.

Products and operations liable to the surcharge:

Sales of mineral waters having therapeutic properties and coming from a spring in a municipality which has introduced the surcharge.

Exemptions:

- Table waters, ordinary spring waters, laboratory waters.
- Mineral waters consumed where they emerge, or exported.

Payment:

On the basis of special monthly or quarterly returns; as in the case of value-added tax. But, payment at a flat-rate or on the basis of a simplified system is not provided for.

Rate:

FF 0.020 per litre or fraction of a litre.

Consumption duty on wines and other fermented beverages

(Droit de circulation sur les vins et les autres boissons fermentées)

Beneficiary:

The State.

Duty payable on:

Wine and other fermented beverages: wine, cider, perry, mead and slightly fermented, semi-sparkling grape juices *(pétillants de raisin).*

Chargeable event in the case of production in the territory in which the duty is levied and also in the case of importation into the territory where the duty is levied:

As a rule, the duty is payable when the taxable products are made available for consumption and also (in the event of production in the territory in which the duty is levied) when deficiencies are established.

Rates:

	per hl
– Sparkling wines with registered designation of origin *(appellation contrôlée)*, champagne, natural sweet wines (tax system for wines)	FF 54.80
– Other wines	FF 22.00
– Cider, perry, mead and semi-sparkling grape juice	FF 7.60

Exports:

Exports are duty-free.

Duty on sugar beet

(Taxe sur les betteraves)

Article 1617 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits).

Tax payable on:

Sugar beet supplied to sugar refineries or distilleries. Tax paid by the manufacturers on behalf of the beet-growers.

Rates and basis of assessment:

10 % of the basis price for beet production as fixed by order for each year, with a possible reduction by decree, limited to 60 %.

Imports:

The origin of the products is of no importance, the tax being based solely on the particular use for which they are intended.

Exports:

No exemption.

Duty on sugar

(Taxe sur le sucre)

Articles 422, 563 and 564 of the General Tax Code.

Beneficiary:

The State (general budget).

Tax payable on:

- Sugar used to sweeten wine.
- Sugar and glucose used in the preparation of wine-based aperitifs and similar products.

Rates and basis of assessment:

- FF 80 per 100 kg of sugar used to sweeten wine.
- FF 140 per 100 kg of sugar or glucose used in the manufacture of wine-based aperitifs and similar products.

Imports:

The origin of the products is of no importance, the tax being based solely on the particular use for which they are intended.

Exports:

- Sugar used to sweeten wine is not exempt.
- Sugar and glucose used in the manufacture of aperitifs is exempt.

Duty on tea

(Taxe sur le thé)

Beneficiary:

The State.

Duty payable:

A domestic consumption tax is payable when the goods are cleared through customs.

Rate:

– Tea	FF 23 per 100 kg
– Soluble extracts, essences	FF 0.828 per kg net
– Other extracts, essences	FF 0.510 per kg net
– Preparations with a basis of these extracts or essences	FF 0.828 per kg net of tea contained

Imports:

The duty is payable on imports only.

Duty on flour

(Taxe sur les farines)

Law No 77–1466 of 30 December 1977; Decrees No 78–524 and 78–525 of 20 March 1978.

Beneficiary:

The State (supplementary budget for agricultural social benefits).

Duty payable by:

Millers and importers.

Tax payable on:

- Quantities of flour, groats and common wheat meal supplied or processed for human consumption.
- Imported quantities of flour, groats and common wheat meal.

Rates:

1986/87 marketing year: average rate of FF 90.64 per tonne.

Exemption:

- Exported flour, groats and meal.
- Flour used for producing starch.

State health tax on meat[1]

(Taxe sanitaire d'État sur les viandes)

Law No 77-646 of 24 June 1977; Decree No 77-899 of 27 July 1977; Order of 9 August 1977; Order of 20 December 1986.

Beneficiaries:

The State (private and public slaughterhouses) and local authorities or groups of local authorities (public slaughterhouses).

Tax payable in:

All the territory in which the health inspection system applies (Articles 258, 259, 262 and 263 of the Rural Code).

Tax payable by:

- Owners of animals at the time of slaughter, or slaughtering enterprises.
- Importers.

Taxable operations and products:

1. Pre-sale slaughter (including slaughter for export) in public and private slaughterhouses:
   - of animals raised for their meat (beef and veal cattle, goats, sheep, pigs, horses and asses and crosses of these two);
   - of poultry (cocks, hens, capons, chicks, pullets, ducks, geese, guinea fowl, turkeys).
2. Imports of meat from the abovementioned animals and poultry.

Payment:

- Declarations of slaughters, monthly or quarterly, when the tax due is less than FF 500 per month.
  The payment of tax at a flat rate and the simplified system of taxation are not applicable.
- When import declarations are submitted.

Rates:

- Full-grown cattle: FF 0.101 per kg for full-grown cattle, net.
- Horses and asses and crosses of these two: FF 0.068 per kg net.
- Sheep: FF 0.066 per kg of meat net.
- Goats: FF 0.056 per kg of meat net.
- Pigs: FF 0.082 per kg of meat net.
- Poultry: FF 0.014 per kg of meat net.

The rates per kg net are fixed, for each marketing year, by order.

[1] Replaces the former State health tax *(Taxe sanitaire d'État)* and the Inspection and Stamping Tax *(Taxe de visite et de poinçonnage)* formerly levied in public slaughterhouses by the local authorities.

Special duty on oils intended for human consumption

(Taxe spéciale sur les huiles destinées à l'alimentation humaine)

Article 1618, point 5, of the General Tax Code and 333-0 A to 333 G of Annex III; 1981 Finance Law; Law of 30 December 1986.

Beneficiary:

The State (supplementary budget for agricultural social benefits).

Tax payable in:

Continental France and Corsica.

Tax payable by:

Producers (harvesters, mill operators, refiners), importers.

Taxable operations and products:

Sales, supplies to oneself and imports of:
- vegetable oils, liquid or solid, intended for human consumption (groundnut, olive, nut, colza, poppy, flax, soya, corn, copra, palm nut, palm)
- marine animal oils intended for human consumption (whale, sperm-whale, herring, halibut, etc.).

Exemptions:

Exports, family consumption.

Collection:

- Upon presentation of special monthly or quarterly (duty amounting to less than FF 500 per month) returns. Flat rate and simplified system of taxation not applicable.
- On filing of import declarations.

Rates and basis of assessment:

As from 1 January 1983 the following rates apply per kilogram:
- Olive oil . . . . FF 0.758
- Groundnut and corn oil . . . . FF 0.683
- Colza and rape-oil . . . . FF 0.349
- Other fluid marine animal and vegetable oils (other than whale) . . . . FF 0.595
- Copra and palm nut oils . . . . FF 0.455
- Palm oil and whale oil . . . . FF 0.416

In the case of imported foodstuffs containing taxable oils, taxation is based on the quantities and types of oil involved. In the case of products other than margarine, however, the person liable to pay the tax may elect to have a flat rate applied, fixed by order of the Minister for the Budget on bases equivalent to those for similar products manufactured in France.

Insurance tax

(Taxe sur les conventions d'assurance)

Article 991 *et seq.* of the General Tax Code; 1981 Finance Law.

Beneficiary:

The State.

Tax payable on:

Premiums falling due.

Basis of assessment:

Amount of premiums.

Exemptions:

Industrial accidents, certain types of life insurance, agricultural insurance by mutual associations, insurance against the risk of frost to harvests, marine insurance, reinsurance.

Rates:

The rate of tax ranges from 0.25 to 30 % according to contingencies insured against.
The rate of tax on fire insurance, normally 30 %, is reduced to 15 % on property used permanently and exclusively for industrial, commercial, craft or agricultural purposes, and to 8.75 % for operating losses resulting from fire in undertakings of this nature.

Tax on precious metals, jewellery, works of art, collectors' items and antiques

(Taxe sur les métaux précieux, les bijoux, les objets d'art, de collection et d'antiquité)

Article 302 bis A to bis E of the General Tax Code; Article 19 of the 1980 Finance Law; 1982 Finance Law.

Beneficiary:

The State.

Tax payable by:

Individuals and associations resident in France.

Scope:

- Sales of precious metals.
- Sales of jewellery, works of art, collectors' items and antiques worth more than FF 20 000.
- Exports other than temporary exports.

Exemptions:

- Industrial or commercial firms which sell precious metals or objects.
- Persons not habitually resident in France who export precious metals or objects.
- Sales of precious objects at public auctions, where the owner is not resident in France for tax purposes.
- Sales of precious objects worth less than FF 20 000.
- Sales to museums and public libraries.

Basis of assessment:

- The all-inclusive selling price in the case of domestic sales.
- The value for customs purposes in the case of exports.

Rates:

- 7 % for precious metals.
- 6 % for jewellery and precious objects.
- 4 % for jewellery and precious objects sold at public auctions.

Payment:

The tax is borne by the seller, but payment is made either by the intermediary involved in the transaction or by the buyer or by the exporter.
Payment is made in the same way as for turnover tax in the case of domestic sales and in the same way as for customs duties in the case of exports.

Special surcharge on the price of cinema seats

(Taxe spéciale additionnelle au prix des places dans les cinémas)

Article 1621 of the General Tax Code; 1979 Finance Law.

Beneficiary:

The State (Support Fund for Film Production).

Tax payable on:

Cinemas in Metropolitan France which give at least two performances a week.

Basis of assessment and rates:

The surcharge is levied on the actual price of the ticket, not including the special surcharge itself.
The rate of the surcharge varies from FF 0.20 to FF 2.10 on tickets sold at prices between FF 1.55 and FF 16.00. The surcharge is increased by FF 0.10 on each price increase of FF 1 above this amount.
Where pornographic or violent films are shown, these rates are increased by 50 %.

Exemption:

Small operations, whose exhibitors waive, under certain conditions, the right to financial support from the State.

Entertainments tax

(Impôts sur les spectacles, jeux et divertissements)

Articles 1559 to 1565 of the General Tax Code.

Beneficiary:

The municipalities.

Tax payable on:

Sporting events, gambling clubs and houses, automatic machines installed in public places.[1]

Basis of assessment:

- For sporting events, takings.
- For gambling clubs and houses, proceeds from play.
- For automatic machines, annual specific tax based on the population of the municipality concerned.

Exemptions and taxation at half-rate:

Certain sporting meetings are totally exempted (restrictive list of sports laid down by order: athletics, swimming, gymnastics, basketball, volleyball, etc.). Others are exempted up to a maximum of FF 20 000 per event (meetings organized by approved sports associations governed by the Law of 1 July 1901) or up to a maximum of FF 5 000 (four first annual events organized solely for the benefit of public institutions or legally constituted non-profit associations). Lastly, certain events are taxed at half-rate, on certain conditions.

Collection:

The tax is collected on the spot by a tax officer; the annual tax is payable when automatic machines come into operation or in January of each year for machines which were already operating the previous year.

Rates:

- Progressive rates graduated according to monthly takings for sporting events, and according to annual takings for gambling clubs and houses.
- The rate of the annual tax on automatic machines varies from one municipality to another.

The rates can be increased by a decision of the municipal council (50 % maximum for sporting meetings – coefficient of 2 to 4 for automatic machines).

[1] Other spectacles are not subject to entertainments tax. They are, however, subject to value-added tax.

Tax on electromechanically controlled bowling alleys

(Taxe sur les jeux de boules et de quilles comportant des dispositifs électro-mécaniques)

Article 1582 bis of the General Tax Code.

Beneficiary:

The municipalities (optional tax adopted after consideration by the municipal council).

Tax payable on:

Electromechanically controlled bowling alleys.

Collection:

Tax due in advance when the alley comes into operation, or in January of each year.

Rate:

Annual tax on each alley, varying from FF 120 to FF 480 according to the number of inhabitants in the municipality.

Duty on leases

(Droit de bail)

Article 736 *et seq.* of the General Tax Code; Article 1635 A of the General Tax Code; Article 83 of the 1980 Finance Law; Article 7 of Law No 82-540 of 28 June 1982.

Beneficiary:

The State.[1]

Duty payable on:

Leases, subleases and extensions by law or agreement of leases of buildings, where such leases are for a limited period; generally all kinds of letting or subletting of buildings agreed in writing or by word of mouth. Leasing of fishing and hunting rights, for whatever period of time.

Exemptions:

(a) General:
- leases to the State;
- leases for an annual rent not exceeding FF 1 000;
- leases giving rise to the actual payment of value-added tax. Duty on leases is also not payable where the lessor is exempt from value-added tax.

(b) From the 18 % duty, in which case duty is charged at 2.50 %:
- leases of fishing rights granted by the State to anglers' associations which undertake not to use nets and other prohibited tackle;
- leases of fishing rights by cooperatives of professional fishermen;
- leases of hunting or fishing rights to the tenant of the land on which these rights are exercised;
- leases of hunting rights on land intended to constitute approved hunting reserves.

Rates:

(a) Standard rate: 2.5 % of the rent involved.
(b) Increased rate: 18 % on the leases of fishing and hunting rights.

[1] A surcharge of 3.50 % is collected on premises rented for residential or professional use and on certain commercial premises situated in buildings finished before 1 September 1948. It is reduced to 0.50 % on such premises situated in buildings finished between 1 September 1948 and 31 December 1975 and on premises situated in the same buildings which are transformed from residential to commercial premises. This surcharge is for the benefit of the National Housing Improvement Agency *(Agence nationale pour l'amélioration de l'habitat)*.

Annual tax on credit outstanding

(Taxe annuelle sur les encours de crédits)

Articles 235 point 3 N to point 3 R, 1679 points 4 A and 4 B, 39-I-4° point 3 of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

- Persons or undertakings engaged professionally in trade in securities and money (banks, financial institutions, stockbrokers, money changers, discounters and half-commission men).
- Any person engaged principally in transactions connected with banking or financial activities.

Tax payable on:

Outstanding credit of any kind which is not denominated in foreign currency and is actually granted by persons engaged in transactions connected with banking or financial activities.

Exemptions:

- Credit of any kind which is denominated in foreign currency.
- Credit granted to the Treasury, public authorities, persons who are subject to the tax or who would be subject to it had they been established in France.
- Export credits.
- Certain medium- and long-term credits.
- Under certain conditions, loans directly linked to a bond issue.

Basis of assessment:

The amount of credit entered in the accounts as at 31 December of the year preceding that of taxation less repayments.
Up to 1984, only part of certain medium- and long-term credits will be taken into account (45 % for 1981, 60 % for 1982, 75 % 1983 and 90 % for 1984).

Rates:

Where the person or undertaking opts for VAT:
1.4 ‰ for 1981
1.3 ‰ for 1982
1.2 ‰ for 1983
1.1 ‰ for 1984
1.0 ‰ for 1985 and subsequent years.

In other cases:
2.10 ‰ for 1981
1.95 ‰ for 1982
1.80 ‰ for 1983
1.65 ‰ for 1984
1.50 ‰ for 1985 and subsequent years.

Payment:

On the basis of tax returns; the tax must be paid to the office of the tax collector by 31 July of each year at the latest.
The tax is deductible.

Property tax on land without buildings

(Taxe foncière sur les propriétés non bâties)

Articles 1393 to 1406 and 1641 of the General Tax Code; Law No 80-10 of 10 January 1980.

Beneficiaries:

Départements, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner or usufructuary.

Tax payable on:

Land without buildings (except certain kinds of land taxed as buildings and the like: see under Property tax on buildings).

Basis of assessment:

Rentable cadastral value on 1 January 1979 assessed by comparison with the valuation tariffs. Municipalities may increase the basis of assessment of some building land.

Exemptions:

- All public land is permanently exempt.
- Certain types of land, such as woodland, are exempted from payment for periods of 15, 20 or 30 years.

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates.

Property tax on buildings

(Taxe foncière sur les propriétés bâties)

Articles 1380 to 1392, 1399 to 1406 and 1641 of the General Tax Code; Law No 80-10 of 10 January 1980.

Beneficiaries:

Départements, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner or usufructuary.

Tax payable on:

Buildings and the like (in particular certain kinds of land and premises).

Basis of assessment:

The net income from land equal to half the rentable cadastral value assessed on 1 January 1970, by comparison with similar premises or by a direct valuation.
On premises subject to the rent regulations the rentable value is based on the amount of rent collected on 1 January 1970, plus an amount based on increases in controlled rents since that date.

Exemptions:

- The tax is not payable on public buildings and the like, or on farm buildings.
- The tax is not payable for 15 years on subsidized housing.
- The tax is not payable for 10 years on housing financed principally through State-assisted loans, provided that the loan application is dated after 1 January 1984.
- The tax is not payable for two years on new buildings used for other purposes.
- Old people in the lower-income group in respect of their principal residence.

Collection:

By means of assessment books.

Rates:

Fixed directly by the local authorities subject to the ceiling on municipal rates.

Flat-rate tax on certain pylons
(Imposition forfaitaire sur certains pylônes)

This tax, which is updated each year, was fixed for 1987 at:
- FF 3 004 per pylon supporting power lines with a voltage of between 200 and 350 kilovolts.
- FF 6 011 per pylon supporting power lines with a voltage of more than 350 kilovolts.

Stamp duties

(Droit de timbre)

Article 886 *et seq.* of the General Tax Code.

1. Size stamp *(Timbre de dimension)*

Article 889 *et seq.* of the General Tax Code; 1984, 1985 and 1986 Finance Laws.

Beneficiary:

The State.

Duty payable on:

Authenticated deeds other than court orders, deeds submitted voluntarily for registration, deeds pledging the payment or repayment of sums of money or securities, share allotment letters and proxies issued by shareholders for their representation at general meetings.

Exemptions:

Bailiff's deeds, pleadings, court decisions, general documents concerning public order.

Rates:

- Half-sheet of paper, 29.7 by 21 cm . . . . FF 30
- Sheet of normal paper, 29.7 by 42 cm . . . . FF 60
- Sheet of register paper, 42 by 59.4 cm . . . . FF 120

Minimum charge: . . . . FF 30
Rates reduced by half when only one side is used.

2. Bills of exchange stamps *(Timbre des effects de commerce)*

Articles 910 to 916 of the General Tax Code; Article 2 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable on:

Negotiable instruments (bills of exchange, promissory notes, bills payable to bearer, warrants, etc.).

Exemptions:

- Cheques and transfer orders.
- Bills created in connection with banking or financial transactions exempt from value-added tax.

Rates:

- Standard rate .... FF 10.00
- Reduced rate (domiciled bills) .... FF 3.00

2. (a) Cheque form stamp *(Timbre des formules de cheques)*

Article 916 A of the General Tax Code; Article 2 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable on:

Cheque forms which are not pre-crossed and are transferable by endorsement.

Rate

FF 5.00.

3. Receipt stamps *(Timbre de quittances)*

Articles 917 to 924 of the General Tax Code; 1980 Finance Law
- abolished since 1 January 1983 by the 1983 Finance Law (Article 8 of Law No 82-1126 of 29 December 1982)
- National lotto and totalizator tickets:
  proportional duty .... 3 %
- Sports lotto tickets: proportional duty .... 3 %

4. Transport contract stamps *(Timbre des contrats de transport)*

Articles 925 to 943 of the General Tax Code; 1986 Finance Law.

Beneficiary:

The State.

Duty payable on:

Consignment notes, luggage tickets.

Exemptions:

Bills of lading, transport of agricultural parcels weighing less than 50 kg, parcels of newspapers.

Rate:

FF 4.00

5. Stamp duty on the issue of certain documents
(Timbre afférent à la délivrance de certains documents)

Articles 945 to 968 of the General Tax Code; 1980 and 1981 Finance Laws.

Beneficiary:

The State (or regions other than the Paris region for the duty on driving licences).

Basis of assessment and rates:

As from 15 January 1981:

1. Tickets for entrance to clubs and casinos:
   - Ticket valid for the day .... FF 50
   - Ticket valid for the week .... FF 185
   - Ticket valid for the month .... FF 450
   - Ticket valid for the season .... FF 900
2. Identity and residence cards:
   (a) Professional identity cards for commercial travellers and representatives .... FF 60
   (b) National identity cards .... FF 115
   (c) Residence cards for foreigners .... FF 160
   Residence cards for nationals of a Member State of the EEC .... FF 100
   (d) Special cards for foreigners working in commerce or industry:
   - Valid for more than 3 years .... FF 620
   - Valid for more than one year but no more than 3 years .... FF 310

   Valid for up to one year, per month .... FF 20
   - Rates reduced to half for people classed as small traders and the like for tax purposes

   (e) Special cards for foreigners working in agriculture .... FF 310
   - work permits for foreigners .... FF 200
3. Police record:
   - Issue of 'Bulletin No 3' .... exempt
4. Administrative formalities:
   (a) Endorsement of registers kept in certain professions (lodging-house keepers, innkeepers, hoteliers, second-hand dealers, chemists, jewellers, etc.) .... exempt
   (b) Certificates of residence (in addition to the size stamp) .... exempt

(c) Receipt for the professional declaration by dealers in poisons, second-hand dealers, persons wishing to deal in arms and ammunition ... FF 220

(d) Issue of the authorization or of the receipt of declarations on the opening of establishments for the sale of beverages of categories 3 and 4, and also on the transferring or changing of these establishments ... FF 1 770
Temporary establishments ... FF 355

(e) Authentication by the Ministry of Justice, Ministry of Foreign Affairs or Secretariat of State responsible for the Overseas Departments and Territories ... exempt

(f) Inland waterways:
- Registration certificates ... FF 35
- Tonnage certificates ... FF 70
- Navigation licence ... FF 40
- Examination fee ... FF 95
- Certificates of capacity ... FF 240

(g) Sea transport:
- Examination fee ... FF 95
- Certificates of capacity ... FF 240

5. Passports – *laissez-passer* – travel documents:
- Ordinary passports (valid five years) ... FF 350
- *Laissez-passer* for abroad (valid two days) ... FF 30
- Travel documents for refugees and stateless persons (valid two years) ... FF 55
- Visas on foreign passports and travel documents for refugees:
  valid for exit and re-entry ... FF 50
  valid for exit only ... FF 25

6. Duty on documents relating to cars:
- International certificates for cars ... FF 17
- International driving licence ... FF 17
- For the test to obtain a driving licence for cars, motor cycles with cylinder capacity exceeding 125 cc and any other motor vehicles ... FF 130
- Driving licence for the above vehicles (duty also due on duplicates) ... Rates fixed by the regional council
- Registration certificates:[1] ... „
  Standard rate: per hp
  Rate reduced by half: per hp for vehicles more than 10 years old ... „
  Rate reduced by half: per hp for commercial vehicles with a carrying capacity of two tonnes or more; ... „
  for non-agricultural tractors; for motor cycles ... „
  These two reductions may be applied to the same vehicle. ... „
  Fixed rates:
  - Trailers, agricultural tractors, vehicles registered in the TT series ... „
  - Mopeds with a cylinder capacity of 50 to 125 cc ... „
  - Vehicles registered in the W series ... „
  - Vehicles registered in the WW series ... „
  - Duplicates: mopeds with a cylinder capacity of 50 to 125 cc ... „
    other vehicles ... „

[1] The regions have introduced a surcharge on the proportional duty, applying the same reductions in rates as for the main duty.

The rate for duplicates is applied to first copies issued when the holder of the registration certificate changes his or her place of residence to an new *département*, or changes marital status or style without, however, becoming a legal entity.

Exemptions:

Demonstration vehicles used by dealers and agents when the total permissible laden weight of the vehicles does not exceed 3.5 tonnes.

6. Hunting licences
(Permis de chasse)

Beneficiary:

The State.

Rates:

- Examination enrolment fee .... FF 44
- Issue of the hunting licence .... FF 55
- Annual visa – for the State .... FF 22
  – for the municipality .... FF 10
- Issue of duplicates .... FF 28

Main registration taxes

(Principaux droits d'enregistrement)

Article 677 *et seq.* of the General Tax Code; 1984 and 1985 Finance Laws.

Beneficiaries:

The State, local authorities (departments and municipalities) and the regions for the surcharges.

1. Conveyancing tax *(Ventes d'immeubles)*

Buildings completed more than five years before, or buildings which, in the five years following their completion, have already been transferred for the benefit of a person other than a dealer in real estate.

Basis of assessment:

Price plus costs, or actual market value of the property if this is higher.

Collection:

The tax is collected when the deed is registered.

Rate:

- Departmental duty .... 15.40 %
- Additional local tax .... 1.20 %
- Regional tax: rate fixed by the regions .... varying
- Charge to cover assessment costs of the departmental duty of 15.40 % .... 2.50 %

2. Registration tax payable by companies *(Droits applicables aux sociétés)*

(a) Formation of companies: *(Constitution des sociétés)*

- transfers for valuable consideration: same taxation as for the sale of the same assets;
- transfers of movable and immovable property: 1 % (standard rate);
- transfers of buildings custom and goodwill: if the transfer is made to a legal person liable to corporation tax by a person, whether natural or legal, not subject to such tax, the following are payable:

- registration tax or cadastral tax .... 8.6 %[1]
- local taxes .... 2.8 %[1]
- a regional tax, the rate of which varies according to region;
- special arrangements for certain companies, e.g. registration at fixed rates of FF 390 to FF 1 160 for deeds recording the formation of investment companies, real estate companies for trade and industry and certain agricultural companies (cadastral tax of 0.6 % in the case of transfers of land and buildings, except in the case of building sites).

(b) Capital increases: *(Augmentation de capital)*

- through cash contributions: registration is free;
- through capitalization of reserves, profits or provisions: rate of 12 %.

However, this rate:

- is reduced to 3 % subject to an annual limit of FF 1 million per company (applies to all deeds registered after 30 June 1978);
- is not appliable (i.e. no charge is made) where capitalization of reserves, profits or provisions is preceded, accompanied or followed by a capital increase in cash of an amount at least equal to the sums capitalized (applies to deeds registered between 1 January 1985 and 31 December 1987);
- is replaced by a fixed rate of FF 1 220 in the event of capitalization:
  - of the revalution reserve revealed on revision of the non-depreciable items shown in the balance sheet for the first financial year ending on or after 31 December 1976;
  - of capital gains on assets of the same kind revealed on the occasion of free revaluations taking place between 1 January 1959 and 31 December 1976;
- exemption for capital increases made, under certain conditions:
  - through the issue of shares reserved for employees by companies whose shares are officially listed or are traded on the unofficial market;
  - by workers' production cooperatives.

(c) Mergers:[2] *(Fusion de sociétés)*

- on transfers: fixed rate of FF 1 220;
- the increased capital duty reduced to 1.20 %, calculated on the value of the net assets of the acquired company, less the paid-up and not redeemed amount of its registered capital;
- same arrangements applicable to the splitting of companies and to partial contributions of capital. However, where partial contributions of capital are concerned, the increased duty of 1.20 % is levied only if the securities received in payment for the contribution are distributed between the members of the contributing company within one year of the contribution being made. Furthermore, the basis of assessment for this duty is equal to the excess in the face value of the securities distributed in this way over the amount of any possible reduction in capital made by the contributing company when the distribution takes place.

(d) Dissolution and distribution of assets: *(Dissolution et partage)*

- Deed or performance of dissolution: fixed rate of FF 1 220.
- Instrument or performance of distribution: 1 %, in general.

[1] Where it is lower, the rate applicable to ordinary sales of property replaces the rate of 8.6 %.
If the transfer is subject to value-added tax, it is exempt from registration tax, and cadastral tax is charged at the rate of 0.6 % (except in the case of land for building purposes and land treated in the same way).
[2] System applicable until 31 December 1981.

(e) Transfer of shares: *(Cession de droits sociaux)*

- Standard rate: 4.8 %.
  For transfers of company shares, the tax is payable only if a transfer deed is executed;
- but for transfers of partnership shares it is payable irrespective of whether a transfer deed is executed or not.

Basis of assessment:

Actual value of the assets.

Collection:

The tax is collected when the deed is registered, but an application can be made to effect the payment by instalments of the following duties: 8.60 % and local taxes; 12 % and exceptionally, 13.80 %.

3. Transfer of goodwill, custom, lease rights and the holding of an office
(Cession de fonds de commerce, de clientèle, de droits à un bail ou d'office)

Rates
(a) State tax 13.8 %
(b) Departmental tax 1.60 %
(c) Municipal tax 1.20 %
When the basis of the registration tax does not exceed FF 200 000, the calculation of the 13.8 % tax is made after granting an allowance of FF 50 000.
Under certain conditions the tax is reduced to 8 % (which includes the 4.80 % local taxes) in the case of acquisitions designed to facilitate the restructuring of enterprises and development of research.

Basis of assessment:

Price plus costs, or actual market value of the property if this is higher.

Collection:

The tax is collected when the deed or a verbal declaration of transfer is registered.

4. Fixed registration duty *(Droits fixé d'enregistrement)*

Article 680 of the General Tax Code, 1980 Finance Law.

Duty payable on:

All deeds which are not exempt or for which the rates are not laid down in the General Tax Code and which cannot be taxed on a proportional or progressive basis.

Rate:

FF 430.

Hallmark duty on gold, silver and platinum articles

(Droit de garantie sur les ouvrages d'or, d'argent et de platine)

Articles 521 to 553 bis of the General Tax Code; 1985 Finance Law.

Beneficiary:

The State.

Duty payable by:

Manufacturers and importers.

Rules of application:

Gold, silver and platinum articles marketed in France must conform to the specifications prescribed by law.
Hallmarks are stamped on each gold, silver and platinum article after it has been assayed by the hallmarking authorities.

Exemptions:

Certain articles may, under certain conditions, be exempted from hallmarking and payment of duties.
Where articles are exported, the hallmark duties may be refunded.

Basis of assessment and rates:

The hallmark duty is fixed per hectogram of alloy at:
FF 530 for platinum articles;
FF 270 for gold articles;
FF 13 for silver articles.

Payment:

Payment is made when the articles are stamped by the hallmarking authorities.

Surcharges on registration duties or on the cadastral tax

(Taxes additionnelles aux droits d'enregistrement ou à la taxe de publicité foncière)

Legal basis: see Registration Duties.

Beneficiaries:

(a) Departmental tax: the department where the property sold is located.
(b) Municipal tax: the municipality where the property sold is located, when it has more than 5 000 inhabitants; the equalization fund of the department when the property is located in municipalities with fewer than 5 000 inhabitants.
(c) Regional tax: the regions.

Tax payable on:

Transactions subject to the duty on transfers for valuable consideration, registration duty or cadastral tax, i. e.:
(a) transfers for valuable consideration of buildings, real property rights, goodwill, custom, lease rights;
(b) contribution of the above to a company liable to corporation tax by an individual or a company not liable to this tax;
and for departmental and municipal taxes only;
(c) transfers of the holding of a public office;
(d) public sales of movable property.

Exemptions:

(a) Transfers of buildings subject to the cadastral tax or the registration duty at 0.6 % or exempted from this duty or tax.
(b) Public sales of:
- intangible movable assets;
- equipment on a farm or motor vehicles, where these are second-hand.

Rates:

(a) Departmental tax . . . . 1.6 %
(b) Municipal tax . . . . 1.2 %
(c) Regional tax . . . . varies according to region (from 0.45 to 1.60 %).

Stock exchange turnover tax

(Impôt sur les opérations de Bourse)

Articles 978 to 990 of the General Tax Code; Article 10 of Law No 79-1102 of 21 December 1979.

Beneficiary:

The State.

Chargeable event:

For each securities transaction, tax is payable both on the purchase and the sale. Two separate taxes are therefore payable for the same transaction.

Basis of assessment:

Negotiated price.

Exemptions:

- Purchases and sales of participatory certificates.
- Transactions with professionals acting as counterparties.
- Transactions carried out on provincial stock exchanges.
- Transactions concerning bonds listed on the Paris State Exchange or traded on the junior market.

Rate:

- Securities: fraction of each transaction under or equalling FF 1 million .... 3.00 ‰
  in excess of this sum .... 1.50 ‰
  carry-over transactions .... 1.50 ‰
- Produce
  sale or purchase of various commodities .... 0.20 ‰
  sale or purchase of cereals .... 0.26 ‰

Differential tax on motor vehicles

(Taxe différentielle sur les véhicules à moteur)

Articles 1007 to 1009 B of the General Tax Code; Article 16 – I of the 1980 Finance Law; Article 17 of the 1984 Finance Law; Law of 11 July 1985.

Beneficiary:

The State.

Tax payable on:

Motor vehicles with more than two wheels.

Exemptions:

- Vehicles over 25 years old and certain other vehicles.
- Taxis and vehicles used to transport groups of persons.
- Others.

Payment:

The tax is payable annually (windscreen sticker).

Rates:

Fixed by the regional councils.

Annual tax on company cars

(Taxe annuelle sur les voitures de sociétés)

Article 1010 of the General Tax Code; Article 5-II of the 1975 Finance Law; Article 4-III of Law No 76-978 of 29 October 1976; Article 17 IV of the 1982 Finance Law.

Beneficiary:

The State.

Tax payable on:

All private cars, owned or used by companies, except those whose use is the business activity of the company (sale, short-term hire, public transport).

Exemptions:

Cars over 10 years old.

Collection:

By annual tax returns.

Rates:

FF 4 800 for company cars of 7 hp or less.
FF 10 500 for company cars over 7 hp.

Special feature:

The tax may not be deducted from profits liable to corporation tax; it is payable in addition to the differential tax on motor vehicles.

Payroll tax

(Taxe sur les salaires)

Article 231 to 231 bis J of the General Tax Code; Article 24 of the 1980 Finance Law.

Beneficiary:

The State (sole beneficiary since 1 January 1969).

Tax payable by:

All employers except:[1]
- farmers and rural craftsmen;
- local authorities and departmental fire-fighting services;
- those subject to value-added tax in respect of more than 90 % of their business.

Basis of assessment:

Total remunerations paid and benefits in kind, except, in particular, compensation for expenses, pensions, and certain benefits and allowances (e. g. family allowances).

Payment:

Monthly or quarterly payments with final settlement once a year.

Rates:

- Of personal annual wage where this is less than FF 32 800 .... 4.25 %
- For portion of personal annual wage between FF 32 800 and 65 600 .... 8.50 %
- For portion of personal annual wage exceeding FF 65 600 .... 13.60 %

[1] Including firms which fall within the field of application of value-added tax but which have not actually been liable to this tax by virtue of an interpretation formally accepted by the authorities.

Employers' participation in the building effort

(Participation des employeurs à l'effort de construction)

Laws of 11 July 1953, 7 August 1957, 28 June 1963, 3 July 1970, 16 July 1971 and 30 December 1974; Decrees of 7 November 1966, 30 December 1971, 27 December 1975, 28 March 1977 and 10 November 1977.

Beneficiary:

The State.

Payable by:

Employers with at least 10 workers and not in the agricultural sector. The State, local authorities and their public administrative establishments are not liable for the tax.

Principle of application:

Employers are required to invest in house-building each year a sum equal to 0.77 % of wages paid the year before. Those who do not fulfil this requirement are liable to a payment of 2 % of the sum of these wages.

Basis of assessment:

Gross wages including benefits in kind paid during the year preceding that in which the investment is made.

Collection:

The 2 % payment is established by means of assessment books, on presentation of the return.

Apprenticeship tax

(Taxe d'apprentissage)

Articles 224 to 230 D of the General Tax Code; Article 140 A to N of Annex II to the General Tax Code; Article 21 of the 1980 Finance Law.

Beneficiary:

The State.

Tax payable by:

Individuals carrying on a business, industrial or craft activity, and companies operating a business for profit, and agricultural cooperatives. Craftsmen (under certain conditions) and training institutions are not liable for the tax.

Principle of application:

Employers, as a rule, are liable for a sum representing 0.50 % of wages paid during the current year. However, they can, under certain conditions, deduct from the tax required expenditure incurred for training for beginners *(premières formations)*, on condition that an application for exemption is presented to the Departmental Committee for Vocational Training, Social Advancement and Employment *(Comité départemental de la formation professionnelle, de la promotion sociale et de l'emploi)*. An additional payment, fixed at 0.1 % of wages, must be made to the Treasury by 6 April.

Basis of assessment:

Gross wages including payments in kind.

Collection:

By means of returns and payments under the same arrangements as for turnover taxes. 7 % of the tax must be paid to the National Equalization Fund *(Fonds national de compensation)*.

Business tax

(Taxe professionnelle)

Articles 1447 to 1478 and 1647 A to 1648 A of the General Tax Code; Law No 80-10 of 10 January 1980; 1981 and 1982 Finance Laws; 1982 Amending Finance Law.

Beneficiaries:

Local authorities and their groupings (*départements*, municipalities, urban communities, districts, associations of municipalities).

Tax payable by:

Any natural or legal person carrying on a commercial, industrial or other professional activity in France.

Basis of assessment:

The sum of the rental value of the fixed assets used for the business activity and 18 % of the wages paid by the enterprise (or a tenth of the receipts for those whose profits are non-commercial and who have fewer than five employees).
This basis is reduced for craftsmen with fewer than three employees and for agricultural cooperatives and unions of agricultural cooperatives.
The rental value of certain particular types of premises (airports, nuclear power-stations) is reduced by a third. This also applies to the calculation of other local taxes.
A permanent general reduction of 16 % was made in the overall net basis with effect from 1987.

Exemptions:

- Non-profit-making activities run by the State, the local authorities and public institutions for subsidized housing.
- Farmers, craftsmen working alone or with their families, artists.
- Publishing enterprises, mine concessionaries.
- Temporary exemptions are granted by the municipal or general councils under regional planning policy (industrial or research establishments created or extended).

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates.

Special tax on certain aircraft

(Taxe spéciale sur certains aéronefs)

Article 14 of the 1980 Finance Law; Article 32 of the 1982 Finance Law.

Beneficiary:

The State.

Tax payable on:

Civil aircraft and helicopters which belong to natural or legal persons of any nationality who have their principal residence or registered office in France, or which are at the disposal of these same persons in France.

Basis of assessment:

1. All but jet aircraft: total maximum continuous power of the engines or propulsion system with the rate of tax fixed according to this power and according to whether the aircraft is equipped with piston engines or with turboprop or turboshaft engines.
2. Jet aircraft: the presence of one or more jet engines with a single rate of tax.

Exemptions:

(a) Aircraft used for public transport;
(b) Aircraft belonging to the State;
(c) Aircraft which belong to the manufacturers and are used for test and demonstration flights;
(d) Private single-seater and two-seater[1] aircraft for which a restricted certificate of airworthiness (CNRA) has been issued;
(e) Aircraft with an engine rating of less than 300 hp belonging to flying schools or clubs which are members of associations approved by the Minister for Transport.
(f) Aircraft which are more than 25 years old.

Payment:

The tax is payable per calendar year between 1 January and 1 March.

[1] Two-seater aircraft are dealt with in Article 32 of the 1982 Finance Law.

Rates:

The different rates are as follows:

1. Aircraft with piston engines:

less than 100 hp	FF 1 000
100 to 199 hp:	FF 1 200
200 to 274 hp:	FF 2 000
275 to 299 hp:	FF 4 000
300 to 399 hp:	FF 6 000
400 to 599 hp:	FF 10 000
600 hp or more:	FF 15 000

2. Aircraft with turboprop or turboshaft engines:

Total continuous engine power of less than 275 hp:	FF 5 000
Total continuous engine power of 275 to 499 hp:	FF 10 000
Total continuous engine power of 500 to 999 hp:	FF 15 000
Total continuous engine power of 1 000 to 1 499 hp:	FF 20 000
Total continuous engine power of 1 500 hp or more:	FF 30 000
Jet aircraft:	FF 60 000

3. The rates are reduced by 50 % for aircraft which are more than 10 years old.

Where aircraft are registered or made available during the course of a year, the tax payable is based on the number of months remaining until the end of the year, with any incomplete month being treated as a complete month.

Special tax on establishments for the sale of beverages

(Taxe spéciale sur les débits de boissons)

Article 562 bis of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Persons running second-, third- or fourth-category establishments for the sale of beverages.

Exemptions:

Retailers of non-alcoholic beverages (first-category establishments).

Payment:

At the same time as the licence duty.

Rates:

For third- or fourth-category establishments: 30 % of the licence duty actually applicable.
For second-category establishments: 15 % of the third-category licence duty applicable in the municipality concerned.

Transfer duty on establishments for the sale of beverages

(Droit de transfert des débits de boissons)

Article 562 of the General Tax Code.

Beneficiary:

The State.

Duty payable on:

Transfers of establishments for the sale of beverages authorized by Articles L 36, L 37, L 39 and L 40 of the Code concerning these establishments.

Exemptions:

Establishments for the sale of non-alcoholic beverages. (*De facto* exemption, since the opening of establishments of the first category – selling non-alcoholic beverages – is free. The problem of transfers does not therefore arise with regard to these establishments.)

Payment:

The duty is collected by the purchaser of the business at the time of transfer.

Rate:

FF 1 770 is charged for issue of the receipt. This is reduced to FF 355 if the establishment is opened temporarily.

Francization and navigation duty and sea pass duty

(Droit de francisation et de navigation et droit de passeport)

Law No 67–1175 of 28 December 1967; Article 21 of the 1971 Finance Law; Article 15 of the 1977 Finance Law; Article 14 of the 1980 Finance Law; Article 18 of the 1981 Finance Law.

Beneficiary:

The State.

Scope:

1. Francization and navigation duty
   - Commercial, fishing and pleasure vessels which have obtained the right to fly the French flag in accordance with Article 219 of the Customs Code.
   - Engines of pleasure vessels.
2. Sea pass duty
   - Pleasure vessels which fly a foreign flag and either belong to natural or legal persons of any nationality who have their principal residence or registered office in France or are at the disposal of such persons.
   - Engines of these vessels.

Basis of assessment:

Gross tonnage (except for pleasure craft, where the basis of assessment is the engine rating for administrative purposes).

Exemptions:

Commercial and fishing vessels laid up for a full calendar year, pleasure craft with a gross tonnage of not more than two tonnes; engines of pleasure craft with an engine rating of not more than 5 hp; pleasure craft belonging to schools of nautical sport.

Payment:

The duties are payable when the francization certificate or sea pass is issued and before 1 June in subsequent years.

Rates:

1. Commercial vessels 2. Fishing vessels	duties abolished since 1 January 1986

3. Craft used for pleasure or sport:

(a) Duty on the hull

Gross tonnage	*Amount of duty payable*
Up to 3 tonnes	Exempt
Between 3 and 5 tonnes	FF 165 per vessel plus FF 112.20 per tonne or fraction of a tonne above 3 tonnes
Between 5 and 8 tonnes	FF 165 per vessel plus FF 79.20 per tonne or fraction of a tonne above 3 tonnes
Between 8 and 10 tonnes:	
- more than 10 years old	FF 165 per vessel plus FF 79.20 per tonne or fraction of a tonne above 3 tonnes
- 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes
Between 10 and 20 tonnes	
- more than 10 years old	FF 165 per vessel plus FF 72.60 per tonne or fraction of a tonne above 3 tonnes
- 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes
More than 20 tonnes	
- more than 10 years old	FF 165 per vessel plus FF 69.30 per tonne or fraction of a tonne above 3 tonnes
- 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes

(b) Duty on the engine (rating for administrative purposes)

Up to 5 hp	exempt	
6 to 8 hp	FF 40.70	per hp above 5
9 to 10 hp	FF 50.60	per hp above 5
11 to 20 hp	FF 101.20	per hp above 5
21 to 25 hp	FF 112.20	per hp above 5
26 to 50 hp	FF 127.60	per hp above 5
51 to 99 hp	FF 140.80	per hp above 5

(c) Special tax

For engines with a rating of 100 hp or more, the duty shown under (b) above is replaced by a special tax of FF 220 per hp, with no 5 hp exemption applying.

In the case of pleasure craft flying the flag of a country or territory which has not concluded with France an administrative assistance agreement designed to combat tax and customs duty avoidance and evasion, the sea pass duty is charged at triple the normal rate for vessels with a gross tonnage of less than 20 tonnes and at five times the normal rate for vessels with a gross tonnage of 20 or more tonnes.

Tax threshold:

The francization and navigation duty and the sea pass duty are not levied where they amount to less than FF 30.

Licence duty on establishments for the sale of beverages

(Droit de licence sur les débits de boissons)

Articles 1568 to 1572 of the General Tax Code.

Beneficiaries:

Municipalities.

Duty payable by:

Retailers of alcohol (establishments for the sale of beverages, restaurants, etc.).

Exemptions:

- Retailers of non-alcoholic beverages.
- Retailers of 'hygienic' beverages (wines, beer, cider, etc.), other than spirits.

Payment:

Duty payable in advance in January of each year.

Rate:

Annual rate varies according to the population of the municipality concerned and the decisions of the municipal councils.
Paris and towns and cities with more than 100 000 inhabitants may introduce a graduated scale.

Special tax on certain road vehicles[1]

(Taxe spéciale sur certains véhicules routiers)

Article 16 of Law No 67-1114 of 21 December 1967; Decree No 68-448 of 15 May 1968; Article 6 of Law No 70-601 of 9 July 1970; Article 25 of Law No 70-1199 of 21 December 1970; Decree No 70-1285 of 31 December 1970.

Beneficiary:

The State.

Tax payable on:

The tax is intended to meet the cost of maintaining and strengthening roads which arises from the passage of heavy vehicles whose total authorized loaded weight exceeds 16 tonnes.
Vehicles with two or three axles, articulated units, semi-trailers and trailers.

Basis of assessment:

Total authorized loaded weight (as laid down in the French highway code) or actual total weight when permission has been given to exceed this figure.

Exemptions:

Passenger transport vehicles, agricultural and public works vehicles, and special mobile machines.

Collection:

Choice between quarterly or daily payments in advance.

Rates:

- Quarterly rates:
  From FF 50 to FF 3 600 according to the class of vehicle, the number of axles and the total loaded weight.
- Daily rates:
  $^1/_{25}$ of the corresponding quarterly rate.

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[1] With effect from 1 January 1971 this tax has become the responsibility of the Directorate-General for Customs and Indirect Duties.

The rates are increased by 15 % for trailers or semi-trailers, and are reduced:
- when the carrier operates on his own account, by 10 % if he is hiring the vehicle and by 20 % if he is the owner;
- by 50 % for vehicles operating within their home area;
- by 75 % for vehicles operating to or from railway stations;
- by 5 % per stretch of 3 500 km for vehicles using toll motorways.

The same vehicle may benefit from more than one reduction.

International transport:

The tax is collected by the Customs from vehicles registered abroad when they cross the frontier. Tax exemptions may be granted under international agreements provided they are reciprocal.

Employers' participation in financing continuous vocational training

(Participation des employeurs au financement de la formation professionnelle continue)

Article 235, points 3 C to 3 K, of the General Tax code; Article 21 of the 1980 Finance Law.

Beneficiary:

The State.

Payable by:

All employers, including those in the agricultural sector, with at least 10 workers.[1]

Principle of application:

Employers must devote sums representing at least 1 % of wages paid during the year to the financing of training programmes. When the expenditure which the employer can prove he has incurred is less than the fixed percentage, he must pay to the Treasury a sum equal to the difference involved. All employers covered by the system must each year pay the Treasury 0.2 % of the previous year's wages plus 8 %. This payment counts in full against the participation owing in respect of the year in which it was made.

Basis of assessment:

Gross wages including payments in kind.

Collection:

By means of returns and payments under the same arrangements as for turnover taxes.

Rate:

1.1 % of wages paid.

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[1] Central government, local authorities and their public administative establishments are not liable for the tax.

Taxes on forestry products

(Taxes sur les produits forestiers)

Articles 1613 and 1618 bis of the General Tax Code, 332 and 332 bis of Annex III and 156 to 159 bis of Annex IV; Decree No 82-1162 of 30 December 1982.

Beneficiary:

The State.
- National Forestry Fund (FFN).
- Supplementary Budget for Agricultural Social Benefits.

Taxable products:

- Forestry products: round timbers (whether or not debarked, rough-cut or planed) and timbers simply squared.
- Sawmill products: undressed sawn timber (boards, facing and inner planks, beams, thick-board, etc.) and small timber (thin boards, laths, square-section timber, transoms, etc.).
- Planed, impregnated, injected or coated sawn timber.

Taxable operations and individuals:

- Sales and re-sales internally and for export by manufacturers, merchants and craftsmen.
- Use by the same individuals for the needs of their enterprises.
- Transfers of undressed sawmill products by merchant sawyers, to be stocked at their deopt or retail shop separate from the sawmill.
- Supplies for abroad provided by sawn timber merchants.
- Purchases for export made from persons not liable to tax on forestry products.
- Imports.

Territory of application:

- FFN tax: Metropolitan France (including Corsica) and the Department of Réunion.
- Bapsa (Supplementary budget) tax: Metropolitan France (including Corsica).

Exemptions:

Total exemptions:
- firewood, wood intended for carbonization and distillation, wood for tanning extracts;
- bark, sawdust and wood charcoal;
- undressed sawmill products originating from purchases resold without treatment or after rough processing, sawn timber already taxed on being transferred to the separate depot or retail shop.

Exemptions pending a contrary decision:
- certain wood for trituration, wood and sawmill waste cuts intended for the manufacture of paper pulp, pressed panels and wood fibre for packing;
- imports of most forestry products and certain sawn timber;
- exports of pit-props, sawn timber, wooden sleepers (for railways) and unworked cask-wood (exempt only from FFN tax; Bapsa tax is levied).

Basis of assessment:

- Sales: price net of tax.
- Use and transfers: wholesale selling price net of tax for similar products.
- Imports and exports: customs value.
- Planed, impregnated, injected or coated sawn timber: value of the undressed sawn timber, without this resulting, within France, in the double taxation of these timbers.

Collection:

Same rules as for value-added tax (including possible deductions, possible application of the simplified taxation system or of the flat rate – except for relief arrangements).

Rates:

Nominal rates: . . . . 4.45 % (FFN) and 1.15 % (Bapsa).
Real rates: . . . . 4.70 % (FFN) and 1.20 % (Bapsa).

Tax on the clearing of woodland or forest

(Taxe sur le défrichement des surfaces en nature de bois ou de forêts)

Articles 1011, 1723, point 3 A, and 1840 N, point 5, of the General Tax Code; Law No 69-1160 of 24 December 1969 (Article 11).

Beneficiary:

The State.

Tax payable by:

Owners.

Tax payable on:

The clearing of woodland or forest.

Exemptions:

Subject to certain conditions, certain types of clearing listed by Law No 69-1160 of 24 December 1969 (Article 11).

Basis of assessment:

Area of woodland or forest cleared.

Rates:

FF 10 000 per hectare cleared for cultivation.
FF 30 000 per hectare in other cases.

Collection:

As for registration duties.
The tax may, under certain conditions, be refunded where an equivalent area is planted with trees within five years.

Local equipment tax and supplementary tax

(Taxe locale d'équipement et taxe complémentaire)

Article 1585 A to H of the General Tax Code; Decree No 81-620 of 20 May 1981; Articles R112 to R421 of the Town Planning Code.

Beneficiaries:

- Local equipment tax: municipalities or groups of municipalities (urban communities, urban districts, certain associations with multiple functions).
- Supplementary tax: district of the Paris region.

Scope:

1. Territorial scope:
   (a) local equipment tax: optional in the case of municipalities: the tax is applied by law in certain municipalities (municipalities with more than 10 000 inhabitants and municipalities in the Paris region designated by decree), but these may waive it; similarly, municipalities not within the legal scope of the tax may introduce it;
   (b) supplementary tax: compulsory; municipalities in the Paris region designated by ministerial order.
2. Scope as regards operations:
   (a) taxable operations: building, rebuilding and enlarging all kinds of buildings;
   (b) exempt operations:

- by law	- buildings intended for a public department or a public welfare department, - buildings erected in concerted planning zones, - buildings erected in certain housing estates.
- optionally, by the municipality	- council houses and flats, - restoration of expropriated buildings, - buildings erected in zones which are not to be urbanized, - buildings for industrial, commercial or agricultural use.

Tax payable on:

Issue of the building permit or filing of the statement replacing it.

Basis of assessment:

Fixed rate per square metre, varying according to the class of building.

Rates:

- Local equipment tax: rate varying from 1 to 5 %.
- Supplementary tax: invariable rate: 1 %.

Local equipment tax surcharge

(Taxe additionnelle à la taxe locale d'équipement)

Article 1599 A of the General Tax Code.

Beneficiary:

Department, for financing architectural, town planning and environmental consultancy services.

Basis of assessment:

Same bases as for the local equipment tax.

Rates:

Vary according to department, but may not exceed 0.3 %.

Departmental tax to preserve green spaces

(Taxe départementale d'espaces verts)

Articles 30 to 34 of Law No 76-1285.

Tax payable on:

The construction, reconstruction or enlargement of buildings in sensitive areas defined by order of the prefect in certain departments.

Exemptions:

Much the same as for the local equipment tax: notably buildings for agricultural use.

Basis of assessment and rates:

The tax has the same base as the local equipment tax; it is applied at the rate of 1 %, which may be raised to 2 % by the Departmental Council.

Levy for failure to provide parking places

(Participations pour non-réalisation d'aires de stationnement)

Article 69 II of the Law of 31 December 1976.

Levy payable by:

Builders who are unable to comply with the parking standards laid down in the local development plans.

Exemptions:

Builders who comply with the standards.

Builders who can prove, in respect of the parking places they cannot provide, that they have obtained a long-term concession in an existing public car park or one which is under construction.

Basis of assessment and rates:

A lump sum for each parking place not provided. The amount is fixed by decision of the town council but may not exceed a given limit for each parking place not provided (that limit is fixed by reference to the building cost index calculated by the INSEE).

Collection:

The levy must be paid within one year following service of the collection notice.

Payment for exceeding the legal density limit

(Versement pour dépassement du plafond légal de densité)

Article 1723, points 8 to 14, of the General Tax Code; Law No 75-1328 of 31 December 1975.

Beneficiaries:

Local authorities for certain purposes, priority to be given to:
- establishing green spaces for the public;
- acquiring land for subsidized housing and public facilities.

Tax payable by:

The holder of a building permit.

Taxable operations:

New buildings whose density exceeds the legal limit (1.5 in Paris, 1 in the rest of France). The density is measured as the ratio between the surface area of the floor space of the building and the surface area of the land on which it is built.

Operations not taxable because of established rights:

Buildings already erected when Law No 75-1328 of 31 December 1975 came into force, or buildings for which an application for a building permit was lodged before 1 November 1975.
Rebuilding, when the density does not exceed that of the demolished building.

Payment:

In two equal instalments: the first payable a year from the date on which the building permit was issued, the second payable two years after that date.

Basis of assessment and rate:

100 % of the value of the extra surface area of land that it would be necessary to buy in order to respect the legal density limit.

Dues on book publishing

(Redevances sur l'édition des ouvrages de librairie)

Article 1609, points 10A to 10E, of the General Tax Code.

Beneficiary:

The State (National Book Fund).

Tax payable by:

Any individual or legal person marketing books which he publishes.

Exemptions:

- Publishers whose turnover was not more than FF 500 000, all duties and taxes included, in the preceding year.
- Copies for export.
- Sales of educational, scientific, religious and critical works.

Basis of assessment and rate:

0.20 % of the taxable turnover.

Collection:

The tax is paid in the same way as value-added tax, but half-yearly.

Dues on the use of reproduction and photocopying machines

(Redevance sur l'emploi de la réprographie)

Beneficiary:

The National Literary Centre *(Centre national des lettres)*.

Scope:

- Sales and self-deliveries, in France, of reproduction and photocopying machines by the manufacturers.
- Importation of these machines (person making the customs declaration).

Exemptions:

Sales for export by manufacturers.

Basis of assessment and rates:

- 3 % of the taxable turnover, net of tax, for sales and self-deliveries.
- 3 % of the value defined in Article 292 of the General Tax Code, for imports.

Collection:

The dues are calculated and collected monthly or quarterly in the same way as VAT.

Tax on profits on contracts connected with the deterrent force

(Prélèvement sur les bénéfices des marchés relatifs à la force de dissuasion)

Article 235 of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Sole proprietorships, firms or companies which make profits as contractors, licensees or subcontractors under public contracts concluded on the establishment of a deterrent force, where the turnover in respect of such contracts is more than FF 10 million.

Basis of assessment and rates:

Where the profit made in connection with the said contracts is over 3 % of turnover, it is taxed at the rate of:

- 50 % for the proportion of profit between 3 and 6 % of the turnover;
- 75 % for the proportion of profit in excess of 6 % of the turnover.

Tax on pornographic or violent films and on pornographic theatrical performances

(Prélèvement sur les films pornographiques ou d'incitation à la violence et sur les représentations théâtrales à caractère pornographique)

Article 235, points 3 L and M, of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Enterprises making industrial and commercial profits, chargeable to corporation tax or income tax, from the production, distribution or showing of pornographic or violent films or from pornographic theatrical performances.

Basis of assessment:

The tax is calculated on the proportion of profit which corresponds to the aforesaid activities.

Rate:

20 %.

Collection:

For each taxable person, the tax period is identical with the one used to determine either the income tax owing in respect of industrial and commercial profits, or corporation tax.
No tax demand will be made: a return covering the relevant activities, together with the tax owing, must be submitted to the office by the date on which the annual return is due.

Local tax on automatic amusement machines

(Taxe locale sur les appareils automatiques)

Articles 126 A to 126 E of the General Tax Code.

Beneficiaries:

The municipalities.

Tax payable on:

Automatic gaming machines and amusement machines which can be watched or listened to or which provide entertainment, operated by a mechanical, electric or other device installed in a public place.

Exemptions:

Machines equipped with individual earphones installed in halls where drinks are not served.

Rate:

The basic rate varies according to the number of inhabitants of the municipality in which the machines are installed.

Municipality of up to 1 000 inhabitants	FF 100
Municipality between 1 001 and 10 000 inhabitants	FF 200
Municipality between 10 001 and 50 000 inhabitants	FF 400
Municipality over 50 000 inhabitants	FF 600

The municipal councils may multiply the basic rate by a factor of between 2 and 4.

Obligation of taxable persons:

Owners of machines must affix to them a registration plate indicating their own name and address and the machine's serial number. They must keep a register of machines supplied to third parties.
The tax is payable by the machine operator. The operator must complete a declaration for the machine, for which he will be given a receipt, at least 24 hours before the machine is brought into service.
The annual tax is due by 1 January of each year.

Property tax on buildings owned in France by certain foreign companies

(Taxe patrimoniale sur les immeubles possédés en France par certaines sociétés étrangères)

Article 4 of the 1983 Finance Law.

Beneficiary:

The State.

Tax payable by:

All legal persons whose registered place of business is outside France and who, directly or through an intermediary, own immovable property situated in France or rights over such property.

Basis of assessment and rates:

Tax is payable at the rate of 3 % of the market value of the property assessed at 1 January of the year of taxation.

Exemption:

The tax is not applicable to:
- legal persons whose immovable property situated in France, other than that used for their own industrial, commercial or agricultural business or for the exercise of a non-commercial occupation, represents under 50 % of their French assets;
- legal persons whose registered place of business is in a country or territory which has concluded with France an administrative assistance agreement for the purpose of combating tax evasion and avoidance, and which each year declare the situation, the nature and the value of the immovable property owned at 1 January, the identity and the address of their associates at that date and the number of shares held by each of them;
- international organizations, foreign sovereign States and foreign public institutions;
- pension funds and other non-profit-making organizations engaged in a disinterested social, philanthropic, educational or cultural activity, provided that they prove that ownership of immovable property or rights over such property is justified by that activity.
- legal persons whose registered place of business is in the overseas territories and other bodies with special status;
- SICOMI certificates held by a company whose registered place of business is outside France.

Collection:

A return must be submitted to the tax collector's office and the tax paid by 15 May of each year.

Tax on certain types of overhead expenses

(Taxe sur certains frais généraux)

Amending Finance Law of 3 August 1981; 1987 Finance Law.

Beneficiary:

The State.

Tax payable by:

Industrial and commercial enterprises, farms and non-commercial occupations which are not undergoing liquidation and have not entered into arrangement with creditors.

Basis of assessment:

The tax relates to certain types of overhead expenses deducted in establishing the previous year's taxable profits:

- gifts, over and above the first FF 5 000;
- entertainment expenses including restaurant and theatre expenses, over and above the first FF 10 000;
- expenses and charges, over and above the first FF 60 000, which relate to vehicles and other movable and immovable property available to the management.
- the cost of conferences, courses and pleasure trips over and above the first FF 5 000.

Rate:

15 % of the expenses over and above the limits stated in 1987;
10 % of the expenses over and above the limits stated in 1988;
The tax is to be abolished as from 1 January 1989.

Collection:

A return must be submitted to the tax office, and the tax paid, by 15 June at the latest. Amounts of under FF 200 need not be paid.

Tax on the excess provisions of insurance companies

(Taxe sur les excédents des provisions des entreprises d'assurance)

1983 Finance Law.

Beneficiary:

The State.

Tax payable by:

All kinds of non-life insurance companies which carry over to financial year's taxable results the excess provisions created for the settlement of claims arising during a previous year.

Basis of assessment:

The tax is applied to half the excess provisions written back, less an allowance which, for each excess amount, is equal to 3 % of that amount and of the payments made in settlement of claims during the financial year by drawing on the corresponding provision, and less any addition to provisions made at the end of the same financial year in order to meet an increase in the estimated cost of claims arising during other previous years.
The tax is calculated by attributing each amount of excess provision (after deduction of the allowance) and each addition to a provision, to the financial year in which the original provision was created.

Rates:

1 % for each month which has passed since the provision was created.

Collection:

The tax must be paid within five months of the end of the financial year. The procedure for assessing, declaring and collecting it is the same as for VAT.

IRELAND

Income tax

Income Tax Act, 1967; Finance Acts for 1967 and succeeding years.

Beneficiary:

The central government.

Tax payable by:

All persons (whether individuals, legal persons, members of partnerships, bodies corporate or not corporate) resident in Ireland and persons not resident in Ireland but deriving income from Irish sources. In the case of a body corporate, income which is chargeable to corporation tax is not chargeable to income tax.

Taxable income:

Total net income divided into four categories:

Schedule C: Interest, etc., payable out of any public revenue;

Schedule D: Profits or income from property, trades, professions or vocations and all other annual profits or gains not charged under any other schedule and not specially exempted from tax;

Schedule E: Income from employments, including pensions;

Schedule F: Income from distributions.

Exemption thresholds:

Individuals are exempt from income tax if their gross income, before deductions, does not exceed the following limits:

Single and widowed persons	IRL 2 650	Marginal relief at the rate of 60 % is available where the income does not greatly exceed these limits.
Married persons	IRL 5 300	
Single and widowed persons aged 65 years and over	IRL 3 150	
Married persons aged 65 years and over	IRL 6 300	
Single and widowed persons aged 75 years and over	IRL 3 675	
Married persons aged 75 years and over	IRL 7 350	

Exemptions:

- Certain pensions and allowances (e.g. wound and disability pensions, military service pensions, certain social welfare payments and certain foreign pensions).

- Lottery winnings.
- Certain earnings of writers, composers and artists.
- Certain stallion fees.
- Income from patented Irish inventions where the work leading to the grant of the patent was carried out in Ireland.
- Subject to limitations, income derived from certain leasing of farm land.
- Capital received from life assurance policies.
- Payments to thalidomide children and the interest on the investment of such payments.
- Bonus or interest payable under instalment savings schemes and interest on savings certificates.
- Income from scholarships.
- Premiums payable on certain government and other securities.
- Statutory redundancy payments.
- Shares issued under approved profit-sharing schemes.
- Shares issued under approved share-option schemes.
- Subject to limitation, certain income drived from dividends out of profits which qualify for the 10 % rate of corporation tax.

Deductions:

- In the case of income from trades and professions: all expenses wholly and exclusively incurred for the purpose of the trade or profession, depreciation, losses, etc. generally.
  Subject to conditions, a double rent allowance as an expense in computing trading profits for tax purposes may be available to persons engaged in a trade or profession in certain areas.
- In the case of employed persons: only expenses wholly, necessarily and exclusively incurred in the performance of the employment.
- There are also certain personal allowances, namely the single, widowed, married and incapacitated child allowances, single parent allowance, dependent relative allowance, allowance to blind persons and an allowance in respect of a person employed to take care of an incapacitated individual.
  A special employment allowance is, in general, granted to taxpayers chargeable to tax under the PAYE (Pay As You Earn) system.
- There is a special allowance for employers who pay the higher rates of pay-related social insurance. Persons aged 65 years or over are entitled to an additional personal allowance.
  Persons aged 55 years or over may claim as an allowance for rent paid in respect of private tenancies.
- Subject to certain conditions, deductions may be made by individuals in respect of medical insurance premiums, life assurance premiums, permanent health insurance premiums, retirement annuity premiums, superannuation contributions, health expenses, and interest paid on certain mortgage loans and other loans.
- Relief from tax may be granted in certain circumstances in respect of expenditure incurred on:
  1. the provision of rented residential accommodation,
  2. the conversion of a building to a dwelling, or
  3. the maintenance and repair of significant buildings.
- Relief from income tax is available, subject to conditions, to individuals who invest:
  1. long-term risk capital in ordinary shares of certain unquoted companies.
  2. capital in ordinary shares in certain companies engaged in research and development, and
  3. in new ordinary shares issued by their employing companies.
- Tax relief may be available to a person who makes a gift of money:
  1. to an approved body in the State for promoting the advancement of education in the Arts, or
  2. to the National Sports Council.

Relief from income tax may also be available, subject to conditions, to owner-occupiers in respect of expenditure incurred on the construction or refurbishment of a dwelling in certain areas.

Married couples:

Married couples may opt to be assessed in any of the following three ways:
(a) assessment of each spouse as a single person;
(b) assessment of the husband in respect of the combined incomes of the husband and wife; or
(c) separate assessment where the tax payable as at (b) is apportioned between the spouses.

Non-residents:

Non-resident persons are liable to income tax in respect of income arising or accruing in Ireland including the profits of businesses carried on in Ireland, subject to the provisions of any tax conventions in force between Ireland and the country in which the taxpayer resides.
The interest on certain government and government-approved securities, in the beneficial ownership of persons not ordinarily resident in the State, is exempt from income tax.

Basis of assessment:

Income tax on salaries, wages and pensions is deducted under PAYE on a current year basis. On other personal income, income tax is generally charged on a preceding year basis. The income tax year commences on the 6th day of April.

Collection:

Weekly or monthly deduction at source from emoluments (wages, salaries, etc.) within the scope of PAYE, and direct collection from the individual in one instalment by way of annual assessment.

Rates:

The tax is a graduated personal tax which applies to single and widowed persons at the following rates:
35 % on the first IRL 4 700 of taxable income;
48 % on the next IRL 2 800 of taxable income;
58 % on the balance of taxable income.
Double rate bands apply for married couples, where the husband is assessed to tax on his own and on his wife's income (if any) are as follows:
35 % on the first IRL 9 400 of taxable income;
48 % on the next IRL 5 600 of taxable income;
58 % on the balance of taxable income.

Losses:

Losses incurred in a trade or profession are allowed for tax purposes and may be carried forward without time-limit and set against subsequent profits of the trade or profession. A loss, under certain circumstances, incurred in a particular year may be sent off against other income of that year.
On cessation of a trade or profession, terminal losses may be carried back over the preceding 3 years.

Corporation tax

Corporation Tax Act, 1976 (incorporating, as necessary, various provisions of the Income Tax Act, 1967 as amended by the Finance Act 1967 and subsequent Finance Acts).

Beneficiary:

The central government.

Tax payable by:

Companies. For this purpose a company is defined as any corporate body but does not include a local authority, health board, vocational education committee or committee of agriculture.

Basis of assessment:

All profits (including income and chargeable capital gains other than gains from disposals of development land), with the exception of dividends and other distributions received from other resident companies, arising in a company's accounting period.
A company not resident in Ireland is charged corporation tax only if it carries on a trade in Ireland through a branch or agency and then only, broadly speaking, on any income or chargeable gains (other than gains from disposals of development land) attributable to the branch or agency.

Exemptions:

Credit unions, lotteries and the voluntary health insurance board are exempt on all of their profits. Charitable companies, companies promoting amateur or athletic games or sports, friendly societies, agricultural and fishery societies, harbour authorities, trade unions, trustee savings banks, agricultural and fishery cooperatives, approved superannuation funds, mutual trading companies and non-trading companies are all exempt from corporation tax on income which fulfils certain statutory requirements.

Special reliefs:

Companies which export certain manufactured goods and provide certain services related to exporting are entitled to relief from corporation tax in respect of the income from such business.
Companies which export goods manufactured or packaged or handled at Shannon Airport or which provide certain services connected with the use or development of Shannon Airport are relieved from corporation tax in respect of the income from such operations.
These reliefs ceased to be available after 31 December 1980, on the introduction of the '10% scheme' of relief from corporation tax, except to companies which had established entitlement to the relief before 1 January 1981, and which may accordingly continue to benefit therefrom until their period of entitlement expires.

With effect from 1 January 1981, until 31 December 2000, profits from manufacturing carried on within the State are charged to corporation tax at an effective rate of 10 %. This relief (known as the '10 % scheme') extends also:
- to profits of certain service activities carried on at Shannon Airport;
- with effect from 13 April 1984, to profits from the provision of certain computer services eligible for a grant from the Industrial Development Authority;
- with effect from 1 January 1987, to profits from certain shipping activities;
- with effect from the date specified in the certificate, to profits of companies certified by the Minister for Finance to be providing certain international financial services in the Custom House Docks Area of Dublin;
- with effect from a date to be appointed by the Minister for Finance, to the profits of companies licensed as Special Trading Houses in respect of the export of goods manufactured in the State;
- with effect from 9 July 1987, to profits from the cultivation of plants by micro-propagation.

Relief for increases in stock values is available in respect of the trade of farming. The relief consists broadly of allowing a deduction in computing trading profits of 110 % of the amount of the increases in value of trading stock and work in progress at the end of an accounting period over and above the opening value.

Deductions:

Expenses incurred for the purpose of the business. Capital allowances on the depreciation of certain assets (for example, certain industrial buildings and items of plant and machinery) are given.

Collection:

Annual assessment of profits arising in a company's accounting period.
Corporation tax is payable in a single instalment six months after the end of the accounting period where such period ends on or after 28 February, 1985. On payment of a dividend on or after 9 February 1983, an Irish resident company is required to pay an amount of corporation tax, known as advance corporation tax, equal to the amount of the tax credit in respect of the dividend. However, in relation to dividends paid after 8 February 1983 but before 31 December 1985, the amount of advance corporation tax payable is reduced by 50 %. Full advance corporation tax is payable in respect of dividends paid on or after 1 January 1986. A payment of advance corporation tax can be set off against the company's main corporation tax liability on its income.

Rates:

The normal rate is 50 % but reduced rates apply from 1 January 1982, as follows:
Companies with profits not exceeding IRL 25 000 are chargeable at 40 % and those whose profits lie between IRL 25 000 and IRL 35 000 at effective rates of between 40 and 50 % to be determined by reference to the amount of the profits.
A rate of 35 % applies to public utility and certain other companies providing public services and to companies prohibited by law from distributing their profits.
A special temporary rate of 10 % applies to manufacturing industry in general.
Capital gains (except gains from disposals of development land) are effectively chargeable to corporation tax at the rates appropriate to such gains.

Special features:

A surcharge at the rate of 20 % is levied on the undistributed investment or estate income of a close company (broadly a company under the control of not more than five persons or under the control of directors) or on the income from any source of a close company which provides professional services or engages in certain other types of activities.

The losses of a member of a group may be set off against the profits of another member. Where payments of dividends are made between members of a group the company receiving the dividends and the company paying them may jointly elect not to make a payment of advance corporation tax. Subject to certain exceptions a resident shareholder is entitled to a tax credit (representing part of the corporation tax paid by the company). This tax credit may be set against his income tax liability.

Inheritance and gift tax

Capital Acquisitions Tax Act, 1976, and amendments thereto by the Finance Act, 1977, and subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable on:

Gifts and inheritances taken by the same donee/successor from any disponer.

Tax payable by:

Donees, successors, trustees, personal representatives.

Basis of assessment:

Where the disponer, in relation to gifts, is domiciled in Ireland at the date of the disposition, or in certain cases, at the date of the gift, or, in relation to inheritances, was so domiciled at his death, or where, in relation to both, the proper law of the settlement is Irish, the taxable gift or taxable inheritance consists of the whole of the property taken by the donee/successor. In any other case, only the property situated in Ireland is liable to tax.

In general, the taxable value of property comprised in a taxable gift or a taxable inheritance is its market value, after deducting liabilities, costs and expenses. Rules are provided for valuing limited interests, that is, interests less than absolute interests.

The tax chargeable on the taxable value of the latest taxable gift or taxable inheritance taken by a beneficiary is

(a) the tax computed under the table of rates on the aggregate of the taxable values of that latest taxable gift or taxable inheritance plus the taxable values of all taxable gifts and taxable inheritances (if any) previously taken by that beneficiary from any source on or after 2 June 1982, less, if any;

(b) the tax computed under that table on the aggregate of the taxable values of all taxable gifts and taxable inheritances taken by that beneficiary from any source on or after 2 June 1982, but excluding the taxable value of that latest taxable gift or taxable inheritance.

Deductions:

50 %, up to a maximum of IRL 200 000, of the market value of agricultural land and buildings taken by a donee/successor who is a farmer.

50 %, up to a maximum of IRL 200 000, of the market value of growing trees taken by any donee/successor.

Exemptions:

These include:
- the first IRL 500 of the taxable value of gifts from any one donor in any one year;
- normal and reasonable expenditure by a disponer on his immediate family;
- property taken by charities;
- heritage property, that is, houses, gardens, articles of national scientific, historic or artistic interest which fulfil certain conditions;
- payments and pensions to retired employees;
- certain government securities taken by foreigners;
- inheritances (but not gifts) taken by one spouse from the other.

Collection:

On the basis of declarations made by the taxpayer.

Rates:

There is one table of rates as follows:

Portion of aggregate of taxable values	Rate of tax (%)
The threshold amount	Nil
The next IRL 10 000	20
The next IRL 40 000	30
The next IRL 50 000	35
The next IRL 50 000	40
The next IRL 50 000	45
The balance	55

The threshold amount is determined by the relationship of the beneficiary to each disponer from whom he takes a taxable gift or taxable inheritance included in any aggregate. It cannot be less than IRL 10 000 or more than IRL 150 000.

Discretionary trust tax

Finance Acts, 1984 and 1986.

Beneficiary:

The central government.

Tax payable on:

Property subject to a discretionary trust on 25 January 1984, or becoming subject to such a trust on or after that date. However, the charge to tax will not arise until the disponer is dead and, if the objects of the trust include the disponer's spouse, children and certain grandchildren, until none of these objects is under the age of 25 years.

Tax payable by:

The trustees of the trust.

Basis of assessment:

The property subject to a discretionary trust on 25 January 1984, or becoming subject to such a trust on or after that date, is liable to a one-off charge of 3 % on the market value of such property. In addition, there is an annual charge of 1 % on the market value of property contained in such a trust on 5 April in each year commencing with the year 1986.

Exemptions:

Discretionary trusts created exclusively, *inter alia:*
- for Irish charitable purposes;
- for the benefit of improvident or incapable individuals;
- for the upkeep of heritage houses or gardens.

Capital gains tax

Capital Gains Tax Act, 1975, (as amended by the Corporation Tax Act, 1976, and the Capital Gains Tax (Amendment) Act, 1978) and amendments thereto by the Finance Act, 1977, and subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable by:

Persons, including companies, resident or ordinarily resident in Ireland on chargeable assets wherever situated.
Persons neither resident nor ordinarily resident in respect of chargeable gains accruing from the disposal of the following assets situated in Ireland:
1. land in the State;
2. minerals in the State or rights, interests or other assets related to minerals or to the searching therefor;
3. assets of a business carried on in the State;
4. rights in the Irish part of the Continental Shelf area.

Persons wholly or partially exempted include local authorities and certain other public bodies, charities, superannuation funds, registered trade unions, friendly societies, etc.

Tax payable on:

Gains on the disposal of chargeable assets. Chargeable assets, subject to certain exemptions, comprise all forms of property including incorporeal property such as debts, options, copyright, goodwill and interests in or rights over any property real or incorporeal. 'Disposal' includes part-disposal and also includes a transfer by sale, exchange or gift. 'Disposal' does not include the passing of assets on death.
An individual not domiciled in Ireland is liable on gains on assets situated outside Ireland and the United Kingdom only to the extent that the gains are remitted to Ireland.

Basis of assessment:

Chargeable gains less allowable losses in a year of assessment or in an accounting period in the case of a company.

Exemptions:

The main exemptions are:
(a) an individual's principal private residence with restricted relief where the gain is inflated due to development potential of the property;
(b) wasting chattels, that is, tangible movable property, excluding currency, with a predictable life of less than 50 years;
(c) life assurance policies;

(d) Irish government securities;
(e) securities of local authorities and certain State-sponsored bodies;
(f) betting, lotteries and sweepstakes.

Special reliefs:

The first IRL 2 000 of an individual's net gains in any year of assessment are not chargeable. In the case of a married couple living together, the first IRL 4 000 of net gains is exempt.
A chattel disposed of by an individual for a consideration not exceeding IRL 2 000 is not chargeable and where the consideration exceeds IRL 2 000 the liability is not to exceed half the difference between the consideration and IRL 2 000.
With respect to an individual aged 55 years or more who disposes of the whole or part of his farm or business:
(a) if the disposal is to his child it is not chargeable;
(b) if the disposal is outside his family and the consideration does not exceed IRL 50 000 it is also not chargeable;
(c) if the disposal is outside the family and the consideration exceeds IRL 50 000 the liability shall not exceed half the difference between the consideration and IRL 50 000.
Where a person disposes of business assets and reinvests the proceeds in other business assets the charge is deferred.

Computation of gains:

In general capital gains or losses are computed on the basis of the consideration received on the disposal or part disposal of the asset (or the market value if there is no consideration or the transaction is not at arm's length) less the base cost of the asset (or a portion thereof if a part-disposal) together with expenses incidental to the disposal. The base cost, that is, the cost of the asset and any incidental acquisition expenses, is adjusted upwards by reference to the increase in the consumer price index between the year of assessment in which the asset was acquired and the year in which it was disposed of. This adjustment will not operate to convert a monetary gain into an allowable loss or to inflate a monetary loss. Where an asset was already owned on 6 April 1974 (the date of commencement of capital gains tax) the base cost is deemed to be the market value allowable on that date. In the case of disposals of development land the inflation adjustment is subject to certain restrictions.
Any part of the consideration which is already chargeable to income tax is excluded and, similarly, the allowable expenditure is reduced by any amount which is or would be allowable as a deduction for income tax.
Where a disposal of an asset which was acquired on death is made by the successor the base cost of the asset is deemed to be its market value as at the date of death.

Collection:

By assessment.

Rates:

Gains realized on the disposal of assets are charged at the following rates:
(a) 60 % where the period of ownership of the asset is not more than one year;
(b) 50 % where the period of ownership of the asset is more than one year but not more than three years;
(c) 35 % where the period of ownership of the asset is more than three years but not more than six years;
or
(d) in any other case, 30 %.

The 30 % rate also applies, irrespective of the period of ownership to gains realized in the three-year period commencing 4 April 1986, on the disposal of shares which are dealt in on the Smaller Companies Market of the Irish Stock Exchange or which are ordinary shares of public companies which have raised capital under the schemes for Relief for Investment in Corporate Trades or Relief for Investment in Research and Development.
Gains from the disposal of development land are chargeable at 50 % and the 60 % rate applies to gains from disposals of development land made within one year of acquisition.
Companies are charged corporation tax on their capital gains effectively at the rates appropriate to the gains. However, gains by companies from disposals of development land are chargeable to capital gains tax and not to corporation tax.
A unit trust is not liable to capital gains tax if all the units are held by exempt persons (excluding persons exempt by reason of non-residence only) or all the investments held by the trust are exempt assets. Provided certain conditions are fulfilled, a unit trust is chargeable at a reduced rate on its capital gains.

Carry-over of losses:

Normally allowable if a gain on the same transaction would have been chargeable. Losses are set primarily against gains of the same year. The excess, if any, is carried forward and set off against any gains of a future year. Losses cannot be carried back to an earlier year except those accruing to an individual in the year of his death which may be carried back and set off against the gains of the 3 preceding years.

Special cases:

Special rules apply in the following cases:
(a) disposals to the State, charities and certain other bodies;
(b) disposal of property subject to a lease and the grant of a lease at a premium;
(c) bonus and rights issues and other reorganizations of share capital;
(d) company amalgamations and conversion of securities;
(e) transfer of business to a company;
(f) capital distributions by a company to a shareholder.

Value-added tax

Value-Added Tax Act, 1972; Finance Acts, 1973, 1975, No 2 of 1975, 1976 and 1978; Value-Added Tax (Amendment) Act, 1978, Value-Added Tax Regulations, 1979; Finance Acts, 1979, 1980, 1981, No 2 of 1981, 1982, 1983, 1984, 1985, 1986 and 1987.

Beneficiary:

The central government.

Tax payable by:

- Taxable persons who supply goods or services within the country in the course or furtherance of business.
- Persons importing goods.
- Persons who opt to be taxable (farmers, traders with turnover not exceeding specified limits, persons letting property and veterinary surgeons).

Tax payable on:

- Supplies of goods and services.
- Importation of goods.
- Self-supplies of goods.
- Self-services (catering only).

Basis of assessment:

- On the consideration excluding value-added tax in the case of goods or services supplied within the country.
- In the case of importations, on the value for customs purposes plus any customs or excise duty payable.
- In the case of self-supplies, on the cost of acquiring or producing the goods.
- In the case of self-services (catering only), on the cost of providing the service.

Exemptions:

Stocks and shares, national broadcasting service (excluding advertising), passenger transport, funeral undertaking, education, medical services, insurance and banking, promotion of and admission to sporting events, services of veterinary surgeons, lotteries, betting, letting of immovable goods, supply of live horses and greyhounds, etc.

Collection:

Normally every 2 months.

Rates:

0 %, 1.7 %, 10 %, 25 %.

Excise duty on hydrocarbons

Paragraphs 11 (1) and 12 (1) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended; Sections 40 to 42 of the Finance Act, 1976, as amended; Imposition of Duties (No 232) (Hydrocarbon Oils) Order, 1977, as amended; Section 35 (5) of the Finance Act, 1981, as amended; Imposition of Duties (No 256) (Excise Duty on Hydrocarbon Oils) Order, 1981, as amended; Imposition of Duties (No 265) (Excise Duty on Hydrocarbon Oils) Order, 1983; Section 73 of the Finance Act, 1984; Section 36 of the Finance Act, 1987.

Beneficiary:

The central government.

Duty payable on:

Hydrocarbon oils and gaseous hydrocarbons in liquid form (LPG).

Duty due when:

The oil is delivered for home consumption. There is no provision for deferring payment of duty.

Exemptions:

Most of the duty is collected from petrol and diesel oil used in road motor vehicles.
Light oils such as naphtha and benzol are delivered for industrial purposes on payment of duty at the net rate of IRL 3.73 per hectolitre.
Oils such as kerosene, gas oil and fuel oil, and LPG, used otherwise than as fuel in road motor vehicles, are allowed rebates or repayments which reduce the level of the excise duty payable.
The net effective rates of duty on non-automotive oils and LPG are as follows:

Aviation gasoline	IRL 14.035 per hl
Oil used by horticultural producers	IRL 0.44 per hl
Oil used by fishermen	Nil
Fuel oil used in, or in connection with, the manufacture of alumina	Nil
Fuel oil used for the generation of electricity for sale	IRL 1.53 per hl
Fuel oil used for other purposes	IRL 0.76 per hl
Certain processed used oils used as fuel oil for industrial purposes	IRL 0.76 per hl
All other oils	IRL 3.73 per hl
LPG	IRL 0.17 per gallon

A special rate of IRL 1.79 per hectolitre is payable on oils used in road passenger services.

Collection:

In practice duty is payable, in advance, to cover normal daily deliveries ex-warehouse or ex-refinery. These amounts are adjusted weekly to take account of actual volumes delivered. Duty is collected at importation for imported hydrocarbons. Crude oil is admitted free of duty to refiners.

Rates:

The rates of excise duty are:

Mineral hydrocarbon light oil	IRL 28.07 per hl
Hydrocarbon oil, other sorts	IRL 21.61 per hl
Gaseous hydrocarbons in liquid form	IRL 0.785 per gallon

Excise duty on tobacco products

Finance (Excise Duty on Tobacco Products) Act, 1977; Imposition of Duties (No 233) (Excise Duty on Tobacco Products) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Tobacco products other than snuff.

Duty due when:

- For home-produced tobacco products, when they are removed from an approved warehouse (home-produced tobacco products must be deposited in an approved warehouse after manufacture).
- For imported tobacco, when they are imported or are removed from an approved warehouse.

Duty payable by:

The manufacturer, importer or warehousekeeper.

Rates:

The rates of excise duty on home-produced and imported tobacco products are:

Cigarettes	IRL 38.00 per thousand + 13.61 % of the retail price
Cigars	IRL 56.289 per kg
Cavendish or negrohead	IRL 56.882 per kg
Other tobacco products:	
Hard pressed tabacco	IRL 36.376 per kg
Other pipe tobacco	IRL 45.726 per kg
Other smoking or chewing tobacco	IRL 47.500 per kg

Rebates:

A rebate is allowable to manufacturers of tobacco products as follows:
- where in any year commencing on the 11th day of April the quantity of leaf tobacco received and used in the manufacture of tobacco products does not exceed 22 680 kg, rebate is allowable at the rate of IRL 1.97 per kg;
- where the quantity so received and used exceeds 22 680 kg, rebate is allowable at the rate of IRL 0.165 per kg for the first 22 680 kg.

Deferment of payment:

In general payment of duty on tobacco products may be deferred:

- for duty charged in December, to the end of the following month (January) for one half of the duty charged in December and to the end of December itself for the other half;
- for duty charged in any other month, to the end of the month following the month in which the duty is charged.

Reliefs:

Special provision exists for relieving tobacco products from duty in the following circumstances:

- where they are exported or shipped as stores;
- where they are destroyed or recycled by the manufacturer;
- where they are used for experimental, research or quality control purposes.

Excise duty on matches

Paragraph 13 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975.

Beneficiary:

The central government.

Duty payable on:

Matches.

Duty due when:

The matches are delivered from factory (or duty-free warehouse) or are imported.

Duty payable by:

The manufacturer or the importer.

Period for submission of declaration:

At the beginning of each week the manufacturer makes a declaration of the quantity of matches delivered during the previous week. If deferment is availed of (see below) returns are made on a monthly basis.

Rates:

The rate of excise duty is IRL 0.566 for every 7 200 matches (and in proportion for any less number).

Deferment of payment:

Deferment of payment of the duty on home-manufactured matches is allowed to the 15th day of the month following the month in which the matches are delivered for home consumption.

Excise duty on ethyl alcohol

Paragraph 4 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Spirits, i. e. ethyl alcohol in all forms except wine, made-wines, beer, cider and perry.

Duty due when:

Excise duty on home-made alcohol is chargeable by reference to the alcohol present at the end of the distillation process and becomes payable when it is released for home consumption. Excise duty on imported alcohol becomes payable at the time of importation or if warehoused, on delivery from the warehouse.

Exemptions:

Alcohol may be used free of duty in certain processes of art or manufacture, e.g. for experimental laboratory purposes or as an ingredient of certain non-potable products such as toilet requisites and polishes.
Generally such spirits must be adulterated by methylation or other suitable methods before delivery for duty-free use. Relief from duty is also allowed in respect of alcohol contained in recognized medical preparations.

Declaration and date for submission:

An official account of the alcohol is taken at the end of the distillation process. This account is the basis for the charge to duty.

Duty payable by:

The distiller or the importer.

Rates:

The excise duty on spirits is chargeable by reference to its pure alcohol content at the rate of IRL 19.522 per litre of alcohol in the spirits.

Provision is made, at the option of the importer, for charging duty on imported alcohol on the basis of the liquid (i. e. bulk) litre for liqueurs and certain other products; the rate of duty in these cases is calculated on assumed strengths.

Deferment of payment:

Payment of duty on alcohol may be deferred to a date not later than the last day of the month succeeding the month in which the alcohol is released for home consumption, with the exception that:
- no deferment is allowed in the case of alcohol released in the period of 21 December to 31 December;
- in the case of alcohol released in the period 1 December to 20 December inclusive, the duty must be paid on the last day of that month.

Excise duty on wine

Paragraph 5 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Wine of fresh grapes or fresh grape must, whether or not fortified with spirits or flavoured with aromatic extracts, and grape must with fermentation arrested by the addition of alcohol.

Duty due when:

The wine is sent out for sale or when it is imported.

Duty payable by:

The manufacturer or the importer.

Rates:

Still wine:	*per litre*
Of an actual alcoholic strength by volume not exceeding 15 % vol.	IRL 2.00
Of an actual alcoholic strength by volume exceeding 15 % vol. but not exceeding 22 % vol.	IRL 2.90
Sparkling wine:	IRL 4.00

Wine, whether 'still' or 'sparkling', of an actual alcoholic strength by volume exceeding 22 % vol., is liable to an additional duty of IRL 0.23 per litre for every 1 % vol. or fraction of 1 % vol. above 22 % vol.

Deferment of payment:

Payment of duty on wine may be deferred to a date not later than the 15th day of the month succeeding the month in which the wine is released for home consumption, with the exception that:
- no deferment is allowed in the case of wine released in the period of 21 December to 31 December;
- in the case of wine released in the period 1 December to 20 December inclusive, the duty must be paid on the last day of that month.

Excise duty on made-wine

Paragraph 6 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Any liquor which is made from fruit and sugar, or fruit or sugar mixed with any other material and which has undergone a process of fermentation in the manufacture thereof and includes mead but does not include beer, wine, grape must in fermentation or with fermentation arrested otherwise than by the addition of alcohol, cider, perry, piquette, spirits or table waters.

Duty due when:

The made-wine is sent out for sale or when it is imported.

Duty payable by:

The manufacturer or importer.

Rates:

Still:	*per litre*
Of an actual alcoholic strength by volume not exceeding 15 % vol.	IRL 2.00
Of an actual alcoholic strength by volume exceeding 15 % vol. but not exceeding 22 %	IRL 2.90
Sparkling:	IRL 3.64

Made-wine, whether 'still' or 'sparkling', of an actual alcoholic strength by volume exceeding 22 % vol., is liable to an additional duty of IRL 0.23 per litre for every 1 % vol. or fraction of 1 % vol. above 22 % vol.

Deferment of payment:

Payment of the duty on made-wine may be deferred to a date not later than the 15th day of the month succeeding the month in which the made-wine is delivered for home consumption.

Excise duty on beer

Paragraph 7 (1) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended; Imposition of Duties (No 258) (Beer) (No 2) Order, 1982.

Beneficiary:

The central government.

Duty payable on:

Beer, including ale, stout, porter, spruce beer and black beer, and any other description of beer, and any liquor which is made or sold as a description of beer or a substitute for beer, and which on analysis of a sample thereof at any time is found to contain more than 0.5 % of alcohol by volume.

Duty due when:

The duty is calculated by reference to the specific gravity of the worts before fermentation, and becomes chargeable on home-brewed beer at that stage; duty becomes due on imported beer at the time of importation or on delivery from warehouse.

Rebates:

A small rebate of excise duty is allowed in respect of brewers whose output is less than 175 000 standard barrels.

Declaration and date for submission:

The brewer makes an entry in a 'brewing book' (at least 24 hours before beginning to mash any malt or unmalted corn, etc., or to dissolve any sugar) of the day and hour of intended brewing. At least two hours before the time entered for mashing or dissolving, he enters separately the quantity of malt or unmalted corn, rice, etc. and of sugar to be used, and the hour when all the worts will be drawn off.

Rates:

The unit of charge is the 'standard barrel', i. e. 36 gallons of beer of which the worts were, before fermentation, of a specific gravity of 1 055°.
Where the specific gravity of beer is different from the standard of 1 055° the duty is varied proportionately.
The rate of excise duty on home-made and imported beer is IRL 149.347 per standard barrel.
Beer containing not more than 0.5 % alcohol by volume is charged with a special volume-related rate of excise duty of IRL 0.372 per gallon.
Subject to certain conditions, the duty on beer used as an ingredient in the production or manufacture of a beverage (other than beer), containing not more than 1.2 % alcohol by volume, may be repaid.

Deferment of payment:

Deferment of payment on home-brewed beer is allowed as follows:
- for beer not dealt with below, to a date not later than the 8th day of the second month following that in which charged (however, duty must be paid not later than 28 December in respect of beer charged with duty in November);
- for beer requiring two months' storage in the brewery premises to a date not later than the 8th day of the third month following that in which charged (however, duty must be paid not later than 28 December in respect of beer charged with duty in October);
- in respect of lager beer requiring at least three months' storage in the brewery premises to a date not later than the 25th day of the fourth month after the month in which the duty was charged.

Deferment of payment on imported beer is allowed to a day not later than the 15th day of the month following that in which the duty is charged.

Excise duty on cider and perry

Paragraph 8 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Cider and perry.

Duty due when:

The beverage is removed from the premises of the manufacturer, or on importation.

Duty payable by:

The manufacturer or the importer.

Collection:

The manufacturer furnishes a weekly return of the quantity on which duty became payable in the previous week.

Rates:

	per gallon
Of an actual alcoholic strength by volume not exceeding 6 % vol.	IRL 0.73
Of an actual alcoholic strength by volume exceeding 6 % vol. but not exceeding 8.7 % vol.	IRL 3.17
Of an actual alcoholic strength by volume exceeding 8.7 % vol.	IRL 9.09

Deferment of payment:

Payment of the duty on cider and perry may be deferred to a date not later than the last day of the month following that in which the duty is charged.

Excise duty on table waters

Paragraph 9 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Soft drinks, including those intended to be diluted.

Duty due when:

The table waters are removed from the manufactory, or at importation.

Duty payable by:

The manufacturer or importer.

Period for submission of declaration:

The manufacturer submits a declaration (not later than the first working day in every week) of the quantity of table waters manufactured by him and removed for sale from his premises. If deferment is availed of (see below) returns are made on a monthly basis.

Rate:

The rate of excise duty is IRL 0.36 per gallon.

Deferment of payment:

Payment of duty on home-produced table waters may be deferred to a date not later than the last day of the month succeeding the month in which the table waters are delivered for home consumption.

Excise duty on mechanical lighters

Section 75 of the Finance Act, 1980.

Beneficiary:

The central government.

Duty payable on:

Portable mechanical lighters, complete or substantially complete.

Duty due when:

In the case of mechanical lighters manufactured in the State, on delivery from the premises of the manufacturer. Imported mechanical lighters are chargeable with duty on importation, or if delivered to the warehouse or the licensed premises of a manufacturer, on their removal for home use.

Duty payable by:

The manufacturer or importer.

Period for submission of declaration:

The manufacturer submits a monthly return (not later than the 7th day of the following month) of mechanical lighters delivered from his manufactory. Duty is payable by the manufacturer at the time the return is submitted unless deferment arrangements apply (see below).

Rate:

The rate of excise duty is IRL 0.40 for each lighter.

Deferment of payment:

Payment of the duty on mechanical lighters may be deferred to a date not later than the 15th day of the month following that in which the duty is charged.

Excise duty on gramophone records

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Gramophone records.

Duty payable when:

The gramophone records are delivered from the premises of a manufacturer or approved importer or on importation.

Duty payable by:

The manufacturer or importer.

Rate:

40 % of the ex-factory or import value.

Deferment of payment:

Payment of each month's liability may be deferred until the last day of the month following the month of charge.

Excise duty on televisions

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Televisions.

Duty payable when:

The televisions are delivered from the premises of a manufacturer or an approved importer or on importation.

Duty payable by:

The manufacturer or importer.

Rates:

Colour televisions:
- with a screen the maximum dimension of which does not exceed 17 in. .... IRL 39
- with a screen the maximum dimension of which exceeds 17 in. and does not exceed 24 in. .... IRL 49
- with a screen the maximum dimension of which exceeds 24 in. .... IRL 60.50

Monochrome televisions:
- with a screen the maximum dimension of which does not exceed 17 in. .... IRL 12
- with a screen the maximum dimension of which exceeds 17 in. .... IRL 19

Deferment of payment:

There is provision for deferment of payment of excise duty to a day not later than the last day of the month following the month in which excise duty is charged.

Betting duty

Finance Act, 1926, Section 24, as amended;
Finance Act, 1931, Section 20.

Beneficiary:

The central government.

Duty payable on:

Bets entered into by a licensed bookmaker. (The amount of the bet is the sum of money the bookmaker is entitled to if the event is determined in his favour.)

Duty due when:

The bet is placed.

Duty payable by:

The bookmaker.

Exemptions:

Bets on horse races, or greyhound coursing (and racing) contests, made at the venue where the races or contests take place.

Payment:

Duty is payable in either of two ways:
- by the purchase of duty-paid official sheets in which the bets are recorded by the bookmaker; duty in this case is paid in advance;
- by furnishing certified returns of bets, by the Thursday of the week following that in which the bets took place; duty in this case accompanies the returns.

Rate:

10% of the amount of the bet.

Rates

A tax levied by local authorities on the occupiers of certain types of immovable property.

Beneficiaries:

Rates are an annual tax levied by county councils, county borough and borough corporations, and urban district councils to meet that part of current expenditure on their services which is not met by way of direct payments by State grants and subsidies. Each of these authorities has exclusive rating jurisdiction within its own area.

Basis of assessment:

Property assessed for rates is immovable property such as land no longer rateable following a Supreme Court decision, buildings, factories, shops, railways, canals, woods, rights of fishery and rights and easements over land. Rates are levied on a rateable valuation placed on each rateable property. This valuation is carried out for the whole State by a central authority, the Commissioner of Valuation, subject to a right of appeal to the courts.

Exemptions:

- Domestic property and the domestic portion of 'mixed' property (i. e. property embodying a non-domestic as well as a domestic use).
- Agricultural land.
- Farm buildings.
- Certain burial grounds, infirmaries, hospitals, schools, community halls and other buildings used exclusively for public or charitable purposes or for the purpose of science, literature and the fine arts.
- State property is deemed exempt but the Exchequer pays local authorities a bounty in lieu of rates.

Partial remissions:

- Mines are not rateable for seven years after they have been opened.
- Local authorities may remit two-thirds of the rates for 10 years on premises for certain industrial undertakings established with State aid.

Collection:

The area of a rating authority is usually divided into collection districts with a rate collector for each district.
Rates are normally payable in two moieties.

Rates-linked State grants:

State grants are paid to local authorities in lieu of rates on agricultural land as a contribution towards the cost of reliefs which apply to domestic and certain other properties.

Stamp duties

Stamp Act, 1891, and subsequent amendments, particularly Finance Act, 1970.

Beneficiary:

The central government.

1. Conveyance duty

Duty payable on:

Instruments of conveyance and transfer of lands, houses and other property other than stocks and marketable securities.

Basis of assessment:

Consideration or price recited in instrument.

Exemptions:

Instruments relating to the purchase of property by a State department.

Rates:

Consideration not exceeding IRL 1 000	exempt of duty
Consideration exceeding IRL 1 000 and not exceeding IRL 2 000	0.5%
Consideration exceeding IRL 2 000 and not exceeding IRL 6 000	1%
Consideration exceeding IRL 6 000 and not exceeding IRL 7 500	1.12–1.60%
Consideration exceeding IRL 7 500 and not exceeding IRL 10 000	2%
Consideration exceeding IRL 10 000 and not exceeding IRL 20 000	3%
Consideration exceeding IRL 20 000 and not exceeding IRL 50 000	4%
Consideration exceeding IRL 50 000	6%

2. Lease duty

Duty payable on:

Instruments whereby property is purchased by way of lease for a term of years.

Basis of assessments:

As in the case of conveyance duty on the consideration. Duty is also chargeable on the annual rent reserved at rates ranging from 1% to 12% by reference to the term of years.

3. Security duty

Duty payable on:

Mortgage charges, bonds and other instruments securing the payment or repayment of money.

Basis of assessment:

The sum guaranteed.

Rate:

Ad valorem duty at the rate of 0.125% on the instruments of mortgage, etc. where the amount secured exceeds IRL 10000.
Not stamp duty is chargeable on instruments of security for amounts up to IRL 10000.

4. Transfer duty

Duty payable on:

Transfers of any stocks, shares or marketable securities.

Basis of assessment:

Duty at the rate of 1% chargeable on the consideration paid for the stocks or shares.

Exemptions:

Instruments transferring Irish government stocks.

5. Fixed stamp duties

Duty payable on:

Cheques, bills of exchange and promissory notes, charged with the fixed duty of 7 p.
Deeds of contracts, under seal, are chargeable with the fixed duty of IRL 5.

Collection:

In all cases stamps to the value of the duty are impressed on the instrument at the date of payment of the duty.

6. Stamp duty on life insurance policies

Duty payable by:

The proposer (in practice paid by the insurance companies).

Basis of assessment:

Capital sum assured.

Duty payable when:

Within 30 days of the date of the policy.

Rates:

On policies not exceeding two years	10 p
On policies exceeding two years, of less than IRL 1 000	10 p per IRL 100 or part thereof
On policies exceeding two years, of IRL 1 000 or over	IRL 1 per IRL 1 000 or part thereof

7. Stamp duty on interest payments received

Duty payable by:

Lending companies.

Basis of assessment:

Interest arising on certain types of loans made to companies resident in the State.

Duty payable when:

Half-yearly.

Rates:

12 % but reduced to 8 % if the interest yield from the loan is less than 6 %.

8. Stamp duty on capital companies

Finance Act, 1973.

Beneficiary:

The central government.

Duty payable by:

Capital companies.

Duty payable on:

- The formation of a capital company.
- The conversion into a capital company of a company, firm association or legal person which is not a capital company.
- An increase in the capital or the assets of a capital company.
- The transfer of a capital company under certain conditions.

Basis of assessment:

The amount of the actual value of assets contributed, or the amount of the actual value of the assets of any kind of the capital company, after deduction of liabilities and expenses.

Exemptions:

Public services, e.g. public transport, supply of electricity, gas, etc., where the State or the local authority owns at least 50 % of the issued capital.
Cultural, charitable or educational objects.

Rates:

1 % of the amount.
0 % where a capital company acquires either the undertaking or part of the undertaking or the share capital of another capital company to the extent that after that transaction the company owns at least 75 % of that other company.

9. Stamp duty on credit cards

Duty payable by:

Bodies of persons promoting the cards.

Basis of assessment:

IRL 10 per card per annum.

Duty payable:

Within 2 months of end of each quarter.

10. Levy on premiums of insurance (collected as a stamp duty)

Duty payable by:

Insurance companies.

Basis of assessment:

Premium received in respect of business in the State excluding marine, aviation and transit business.

Rate of duty:

1 % of premiums received in respect of non-life policies. In the case of life policies, 3 % of premiums received in the first year.

Duty payable:

Within 30 days of end of each quarter.

11. Levy on banks (collected as a stamp duty)

Duty payable by:

Banks holding licences in the State.

Basis of assessment:

Average of net current and deposit accounts.

Rate of duty:

0.3 and 0.305 %.

Duty payable:

By 16 September 1987.

Residential property tax

Finance Act, 1983.

Beneficiary:

The central government.

Tax payable on:

Residential property owned and occupied by an individual on 5 April in each year.

Tax payable by:

The owner/occupier.

Basis of assessment:

Where the owner/occupier is domiciled in Ireland, the tax is payable on his residential property, no matter where situated. Where the owner/occupier is not domiciled in Ireland, the tax is payable on his Irish residential property only.
Residential property means a building or part of a building used or suitable for use as a dwelling, with its garden.
Irrespective of the tenure of interest of the owner/occupier in the residential property, the value of the property for tax purposes is the market value of a fee-simple interest in the property, without deduction for any encumbrances affecting the property.

Rate:

1.5 % annually on 5 April on the excess over IRL 65 000 of the market values of all residential property of an individual.

Reliefs:

No tax is payable if the household income (that is, the income of the owner/occupier and of others residing with him) does not exceed IRL 20 000. The tax payable is reduced if the household income exceeds IRL 20 000 but does not exceed IRL 25 000.
Provision is made for the indexation of the threshold of IRL 65 000 and of the income limit of IRL 20 000. In 1987, these figures are IRL 69 971 and IRL 25 307.

Collection:

On the basis of declarations made by the taxpayer.

Exemptions:

Houses and gardens of scientific, historical, architectural or aesthetic interest which fulfil certain conditions.

Vehicle excise duties

Finance (Excise Duties) (Vehicles) Act, 1952, as amended by certain subsequent statutes; Road Vehicles (Registration and Licensing) Regulations, 1982, and amendments thereto.

Beneficiary:

The State.
From 1 January 1978 all proceeds accrue to the Exchequer.

Duty payable by:

Keeper of the vehicle.

Payment:

Payment can be made on an annual, half-yearly or quarterly basis, on annual basis only, if yearly rate of duty is IRL 30 or less.

Rates of duty:

Motor cars:
Based on fiscal horsepower (hp). (The fiscal horsepower is assessed on the cylinder capacity of the engine by dividing the cylinder capacity in cubic centimetres by 125. Fractions of less than 0.1 of a unit of horsepower are ignored.)
From 1 October 1985, horsepower will cease to be used as a unit of measurement for motor tax purposes. The cylinder capacity of an engine will be described only in cubic centimetres.

	Rate of duty
Not exceeding 8 hp	IRL 8.50 per hp or part of a hp per annum
Exceeding 8 hp but not exceeding 12 hp	IRL 11.00 per hp or part of a hp per annum
Exceeding 12 hp but not exceeding 15 hp	IRL 13.00 per hp or part of a hp per annum
Exceeding 15 hp but not exceeding 16 hp	IRL 14.00 per hp or part of a hp per annum
Exceeding 16 hp but not exceeding 20 hp	IRL 16.00 per hp or part of a hp per annum
Exceeding 20 hp	IRL 17.00 per hp or part of a hp per annum
Electrically propelled vehicles	IRL 58.00 per annum

Goods vehicles:
According to unladen weight
Examples

Weight between 813 kg and 1 016 kg	IRL 34 per annum
Weight between 1 778 kg and 2 032 kg	IRL 62 per annum
Weight between 2 794 kg and 3 048 kg	IRL 93 per annum
Weight between 3 810 kg and 4 064 kg	IRL 131 per annum
Weight between 4 826 kg and 5 080 kg	IRL 171 per annum
Weight between 8 890 kg and 9 144 kg	IRL 491 per annum
Weight between 13 970 kg and 14 224 kg	IRL 953 per annum

Motor cycles:
All categories

Not exceeding:	*Annual IRL*
75 cc	5.00
150 cc	11.00
200 cc	18.00
250 cc	26.00
Exceeding 250 cc	33.00
Electric cycle	6.00
Tricycle	28.00
Pedestrian controlled vehicles	21.00
Additional for sidecar or trailer	7.00

Other vehicles:
Taxed in a number of different ways. A flat rate of IRL 30 per annum is payable for all agricultural tractors and vehicles used as excavators and trench diggers.

Exemptions:

Chiefly taxis, hearses, ambulances, fire-engines, road rollers, sweeping and watering machines, vehicles used for the carriage of road construction machinery. Vehicles used exclusively for the transport of lifeboats and their gear etc. and invalid vehicles (subject to meeting certain conditions).

Non-residents:

Exemption from tax for visitors for up to one year subject to compliance with international circulation orders.

Excise duty on motor vehicles

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Motor vehicles (excluding motor cycles).

Duty payable when:

The motor vehicle is delivered from a warehouse or from the premises of a manufacturer or on importation.

Duty payable by:

The manufacturer, warehousekeeper or importer.

Exemptions:

Vehicles which are designed and constructed primarily for off-road use (except for racing vehicles, scrambling vehicles and other sporting vehicles), agricultural tractors, two-wheeled tractors, fire-engines, fire escapes, road sweepers, invalid carriages and armoured fighting vehicles.

Deferment of payment:

Payment of each month's liability may be deferred until the last day of the month following the month of charge.

Rates:

Category A motor vehicles (mainly private motor vehicles)	
Exceeding 2 012 cc cylinder capacity	24.7 % of the chargeable value
Other	21.7 % of the chargeable value
Category B motor vehicles (vehicles not included in Category A)	6.5 % of the chargeable value

Excise duty on motor cycles

Imposition of Duties (No 273) (Excise Duty on Motor Cycles) Order, 1984, as amended.

Beneficiary:

The central government.

Duty payable on:

Motor cycles.

Duty payable when:

The motor cycle is delivered from the warehouse or from the premises of a manufacturer or on importation.

Duty payable by:

The warehousekeeper, manufacturer or importer.

Exemptions:

Motor cycles which are designed and constructed primarily for off-road use, except for motor cycles designed and constructed for racing, scrambling or other sporting purposes.

Determent of payment:

Payment of each month's liability may be deferred until the 23rd day of the month following the month of charge.

Rates:

Motor cycles with internal combustion engines of up to 350 cc	IRL 2.00 per cc
Motor cycles with internal combustion engines exceeding 350 cc	IRL 2.00 per cc for the first 350 cc *plus* IRL 1.00 per cc for every cc over 350 cc
Motor cycles propelled by means other than an internal combustion engine	an amount equal to that payable on a motor cycle propelled by an internal combustion engine with the same power output.

Licences

Apart from the excise duties set out on the foregoing pages, excise duties are collected on a substantial number of licences. These are essentially not fiscal in nature and their purpose is generally one of registration and control. Liquor licences (for manufacturers, dealers and retailers) form the bulk of these. The remaining licences relate principally bookmaking, firearms, auctioneering, gaming and gaming machines and hawking.

Excise duty on certain licences, orders and authorizations

Section 78, of the Finance Act, 1980, as amended.

Beneficiary:

The central government.

Duty payable on:

Applications to the District Court in respect of

- public dancing licence, granted under Section 2, Public Dance Halls Act, 1935;
- occasional licence, granted under Section 11 or 13, Intoxicating Liquor Act, 1962;
- special exemption order, granted under Section 5, Intoxicating Liquor Act, 1927, or Section 13, Intoxicating Liquor Act, 1962;
- authorization to a club, granted under Section 21, Intoxicating Liquor (General) Act, 1924, or Section 14, Intoxicating Liquor Act, 1962.

Duty due when:

Date of application.

Duty payable by:

The applicant.

Rates:

Public dancing licence, annual – IRL 75;

Public dancing licence, for periods up to one month – IRL 10;

Occasional licence – IRL 50;

Club authorization – IRL 50;

Deferment of payment:

Not applicable.

Exemptions:

None.

Excise duty on video-players

Imposition of Duties (No 260) (Excise Duty on Video-players) Order 1982, as amended.

Beneficiary:

The central government.

Duty payable on:

Video-players.

Duty payable when:

The video-players are delivered from the premises of a manufacturer or on importation.

Duty payable by:

The manufacturer or importer.

Rate:

IRL 40 per video-player.

Deferment of payment:

Payment may be deferred to a day not later than the 15th day of the month following the month of charge.

Excise duty on foreign travel

Section 65 of the Finance Act, 1982, as amended.

Beneficiary:

The central government.

Duty payable on:

Passenger tickets issued in the State in respect of travel commencing in the State to destinations (other than destinations in Northern Ireland) outside the State.

Duty due when:

For scheduled services, not later than Friday of the week following the week of issue of the tickets.
For charter services, not later than the time at which the passengers embark for the journey.

Duty payable by:

The carrier.

Rate:

IRL 5 per person.

Deferment of payment:

Payment of the duty may be deferred to the last day of the month following that in which the ticket was issued. Where charter services are involved, the deferment allowable is to the last day of the month following that in which the charter service departed from the State.

Exemptions:

Certain categories of passengers (e. g. under 2 years of age; under 18 years of age and travelling in a group of at least 10 such persons on an educational or cultural trip; passengers carried completely free of charge).

ITALY
Italia

Personal income tax

(Imposta sul reddito delle persone fisiche)

DPR No 597 of 29 September 1973 (ordinary supplement No 1 G.U. No 268 of 16 October 1973), supplemented and amended by DPR No 60 of 28 March 1975 (G.U. No 84 of 29 March 1975); DL No 259 of 6 July 1974, which, with amendments became Law No 384 of 17 August 1974 (G.U. No 224 of 28 August 1974); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 683 of 23 December 1975 (G.U. No. 341 of 21 December 1975); DPR No 447 of 30 June 1976 (G.U. No 172 of 2 July 1976); Law No 114 of 13 April 1977 (G.U. No 103 of 20 April 1977); DPR No 888 of 30 November 1977 (G.U. No 336 of 18 December 1977); DL No 936 of 23 December 1977 (G.U. No 354 of 30 December 1977), which became Law No 38 of 23 February 1978 (G.U. No. 57 of 27 February 1978); Law No 909 of 9 December 1977 (G.U. No 344 of 19 December 1977); Law No 31 of 29 February 1980 (G.U. No 59 of 29 February 1980); Law No 146 of 24 April 1980 (G.U. No 115 of 28 April 1980); DL No 693 of 31 October 1980, which, with amendments, became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); DPR No 897 of 30 December 1980); DL No 378 of 20 July 1981, which became Law No 490 of 10 August 1981 (G.U. No 238 of 31 August 1981); DL No 540 of 28 September 1981, which, with amendments, became Law No 676 of 27 November 1981 (G.U. No 328 of 28 November 1981); Law No 645 of 14 November 1981 (G.U. No 315 of 16 November 1981); DPR No 856 of 22 December 1981 (G.U. No 20 of 21 January 1982); DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); Law No 683 of 27 September 1982 (G.U. No 267 of 28 September 1982); Law No 835 of 3 November 1982 (G.U. No 315 of 16 November 1982); DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); DL No 953 of 30 December 1982, which, with amendments, became Law No 53 of 28 February 1983 (G.U. No 14 of 30 May 1983); DL No 55 of 28 February 1983, which, with amendments, became Law No 131 of 26 April 1983 (G.U. No 117 of 30 April 1983); Law No 72 of 19 March 1983 (G.U. No 80 of 23 March 1983); Law No 77 of 23 March 1983 (G.U. No 85 of 28 March 1983); DL No 512 of 30 September 1983, which, with amendments, became Law No 649 of 25 November 1983 (G.U. No 328 of 30 November 1983); DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985); Law No 476 of 13 August 1984 (G.U. No 229 of 21 August 1984); Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984); Law No 126 of 5 April 1985 (G.U. 89 of April 1985); Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985); Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985); Law No 482 of 26 September 1985 (G.U. No 230 of 30 September 1985); DL No 2 of 6 January 1986, which, with amendments, became Law No 60 of 7 March 1986 (G.U. No 56 of 8 March 1986); Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986); DL No 57 of 5 March 1986, which, with amendments, became Law No 120 of 18 April 1986 (G.U. No 96 of 26 April 1986); Law No 80 of 25 March 1986 (G.U. No 74 of 29 March 1986); DL No 556 of 19 September 1986, which, with amendments, became Law No 759 of 17 November 1986 (G.U. No 269 of 19 November 1986); DPR No 917 of 22 December 1986 (G.U. No 302 of 31 December 1986).[1]

Beneficiary:

The State.

Tax payable by:

Natural persons, including non-residents.

[1] Consolidated income tax code, which has been in force since 1 January 1988.

Basis of assessment:

Total net income, comprising:
- for residents, world income; for non-residents, Italian income only;
- income of others but fully available to the taxpayer;
- income imputed to such persons as a result of family relationships;
- income arising from family businesses;
- income arising from shares in partnerships.

Exemptions:

- Emoluments of the President of the Republic.
- Sums constituting income paid by the Holy See and the central authorities of the Catholic Church to office-holders and office and manual staff.
- Incomes of ambassadors and accredited diplomatic staff and, subject to reciprocal treatment, of foreign consular representatives and their non-Italian staff.
- War pensions.
- Pensions and attendance allowances paid to blind civilians.
- University scholarships awarded by the State and the regions.[1]
- Interest, bonuses and other income accruing on government securities, postal savings bonds, communal and provincial loan certificates issued by the 'Cassa Depositi e Prestiti' and from similar securities issued by central, regional, provincial and local authorities and by certain public bodies, provided that they were issued before 30 September 1986, and from those issued abroad.[2]

Deductions:

- From the amount of each category of income: all expenses incurred in obtaining such income are deductible.
- From total income, all or part of certain charges that affect the capacity to pay tax including local income taxes, rates, ground rent and charges on property (*canoni, censi, livelli);* interest payment; social insurance contributions; life insurance premiums; medical expenses within certain limits and expenses involved in attending certain courses of study, etc.
- LIT 360 000 is deductible from the total tax liability for a dependent spouse, i.e. whose income does not exceed LIT 3 000 000, plus additional sums for other dependent persons: LIT 48 000 for each dependent child and LIT 96 000 for each dependant other than a spouse or child.

In the absence of a spouse, LIT 360 000 is deductible for the first child and LIT 96 000 for each of the others. For income from employment, a deduction of LIT 492 000 is allowed. There is a further deduction of LIT 156 000 for income from employment not exceeding LIT 11 000 000. For income from self-employment or secondary employment (other than that assessed on a flat-rate basis), there is a deduction of LIT 150 000 for income up to LIT 6 000 000.[3]

Married couples:

Incomes are taxed separately.

[1] Law No 476 of 13 August 1984.
[2] DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).
[3] DL No 57 of 5 March 1986 (Law No 121 of 16 April 1986).

Non-residents:

Non-resident persons are taxed on income arising in Italy.
The following are considered to have arisen in Italy:
- income from property;
- investment income transmitted by the State or by persons resident in Italy;
- income from employment on Italian territory or employment abroad in the interests of the State or of a public body;
- income from self-employment deriving from activities carried out on Italian territory;
- business income arising from activities carried out on Italian territory by permanent establishments;
- income from speculative or occasional activities, etc., carried out on Italian territory;
- capital gains resulting from the winding up or transfer of businesses established on Italian territory;
- income from partnerships credited to the non-resident partner in accordance with his shares;
- pensions, allowances and life annuities;
- income from self-employment, and from the use of patents, registered trade marks, intellectual property, etc.

Certain categories of income (some types of investment income and interest) are subject to irrecoverable withholding tax and are not eligible for rebates in respect of dependent persons or deductions for expenses other than local income tax, fees, charges and interest payments.

Collection:

By deduction at source (except in respect of business income), the deduction constituting either payment on account or actual settlement of liability, or by means of direct payment, within the period for filing a return, to the provincial tax offices by means of irrevocable authorization to a bank or other credit institution (full settlement in place of the declaration of income).
By November of every year a payment on account must be made in respect of the tax due for the following year of an amount equal to 92 % of the tax due during the preceding period.

Rates:

Progressive by income bracket according to the following table:

Income (in million LIT)	*% rate*
Up to 6	12
from 6-11	22
from 11-28	27
from 28-50	34
from 50-100	41
from 100-150	48
from 150-300	53
from 300-600	58
from 600	62[1]

Special features:

The taxpayer's total income also includes 50 % of incomes from the property of minor children subject to a legal usufruct on the part of the parents (the other 50 % is attributed to the other spouse, where there is one), and incomes fully available to the taxpayer, or which the taxpayer is entitled to administer without rendering accounts.

[1] DL No 57 of 5 March 1986 (Law No 121 of 18 April 1986).

Income from property is normally assessed according to the cadastral system.
Tax credits are available in respect of:

- tax paid abroad;
- dividends distributed to residents by companies in Italy, to the extent of 9/16 of the profits taken into account when assessing the member's liability;
- cash registers in the case of traders required to purchase such machines.

Transitional arrangements introduced by Law No 17 of 17 February 1985.
With effect from 1985, transitional arrangements have been introduced for the period 1985-87 for the flat-rate calculation – using pre-determined coefficients – of the taxable income of companies keeping simplified accounts and having a turnover not exceeding LIT 780 million and of the income accruing to craft workers and to members of the professions

System of separate taxation:
(Regime della tassazione separata)

The tax is applied separately to certain categories of income not comprising profits from business (capital gains resulting from the winding-up or sale of businesses; arrears of emoluments; payments of seniority or social insurance allowances due on termination of activity as representative or consultant on a continuing basis, etc.).
In general, the tax is assessed at the rate applicable to half the taxpayer's total net income for the two years preceding that in which it becomes payable.
For separation or redundancy payments, the taxable amount is calculated by deducting from the total amount LIT 500 000 for each year worked. The rate of tax to be applied is the figure obtained from dividing the said net amount by the number of years worked and multiplying the result by 12.[1]

System of substitutive taxation:
(Regime della tassazione sostitutiva)

For natural persons or partnerships whether resident or not, withholding tax is applied to the following items of income, in relation to which no further liability arises:

- interest, bonuses and other forms of yield from bonds and similar securities. Rates: 6.25 %, 10 %, 10.8 %, 12.5 %, 20 %, 21.6 % or 25 % according to category. In the case of interest owed by persons resident abroad, withholding tax is applied at the same rate.[2]

Withholding tax is not applied to interest, bonuses and other income arising from bonds and similar securities which are exempt from income tax;

- interest, bonuses and other forms of yield arising from bank and post-office deposits and current accounts. Rate: 25 %. In the case of debtors resident abroad, withholding tax is applied at the same rate;
- proceeds other than from securities; winnings from games of chance or skill, prizes from competitions, winnings from football pools and betting. Rate: 10, 20 or 25 % according to category.

A tax deduction at source of 18 % (in settlement of liability) applies to income accruing from 'atypical securities', which are issued by non-residents and the certificates attaching to which are placed in the territory of the State.

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1 Law No 482 of 26 September 1985.

2 DL No 512 of 30 September 1983 (Law No 649 of 25 November 1983); Law No 41 of 28 February 1986; DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

System of deduction at source:
(Regime della ritenuta di acconto)

This system, in fairly general use, is applied to the following items: income from employment and earnings ranking as such; income from self-employment; and income from capital.

Carry-over of losses:

Not permitted for natural persons and partnerships. However, losses from business, artistic and professional activites can be set off against other items of income within a given financial year.

Tax on incomes of legal persons

(Imposta sul reddito delle persone giuridiche)

DPR No 598 of 29 September 1973 (ordinary supplement No 1, G.U. No 268 of 16 October 1973), amended by DPR No 60 of 28 March 1975 (G.U. No 84 of 28 March 1975), by Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975), by Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977) and by DL No 936 of 23 December 1977 (G.U. No 354 of 30 December 1977), which became Law No 38 of 23 February 1978 (G.U. No 57 of 27 February 1978);

- DPR No 897 of 30 December 1980 (G.U. No 355 of 30 December 1980);
- DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982);
- DL No 680 of 30 September 1982 (G.U. No 328 of 29 November 1982); which, with amendments, became Law No 873 of 27 November 1982 (G.U. No 328 of 29 November 1982);
- DPR No 954 of 28 December 1982 (G.U. No 359 of 31 December 1982);
- DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983);
- Law No 77 of 23 March 1983 (G.U. No 85 of 28 March 1983);
- Law No 169 of 4 May 1983 (G.U. No 127 of 11 May 1983);
- DL No 512 of 30 September 1983, which, with amendments, became Law No 649 of 25 November 1983 (G.U. No 328 of 30 November 1983);
- DL No 791 of 28 November 1984, which became Law No 6 of 25 January 1985 (G.U. No 22 of 26 January 1985);
- DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985);
- Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984);
- Law No 121 of 25 March 1985 (G.U. No 85 of 10 April 1985);
- Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985);
- Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985);
- Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986);
- Law No 64 of 1 March 1986 (G.U. No 61 of 14 March 1986);
- DL No 318 of 1 July 1986, which, with amendments, became Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986);
- DL No 556 of 19 September 1986, which, with amendments, became Law No 759 of 17 November 1986 (G.U. No 269 of 19 November 1986);
- DPR No 917 of 22 December 1986 (G.U. No 302 of 31 December 1986);[1]
- DL No 391 of 24 September 1987, which, with amendments, became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987).

Beneficiary:

The State.

Tax payable by:

Companies with share capital, private companies (limited liability partnerships), limited liability companies, cooperative societies, mutual insurance societies and all other public or private associations whether or not exclusively or primarily engaged in a commercial activity.

1 Consolidated income tax code, which has been in force since 1 January 1988.

Basis of assessment:

Total net income, comprising net profits as shown in the profit and loss account, or the statement of the company's income. Profits already subject to withholding tax are not included in the base of assessment. Non-commercial resident companies and non-resident companies with a permanent establishment in Italy which carry out commercial activities covered by separate accounts are authorized by law on certain conditions, to keep simplified accounts.

Exemptions and concessions:

The following items are exempt:
- income from buildings belonging to the Holy See and used for worship;[1]
- income from land and buildings belonging to local public bodies and reserved for communal use;
- income arising from commercial activities carried on in connection with party political campaigns;
- incomes of agricultural cooperatives, small-scale fisheries cooperatives, or labour and production cooperatives *(produzione e lavoro)*, under certain conditions.

The tax on incomes of legal persons is reduced by half for regions, provinces, municipalities, chambers of commerce and their affiliates, State enterprises, land reclamation syndicates, charity and welfare institutions and educational institutions.

Non-resident companies and associations:

All companies and other associations of whatsoever kind, whether constituting legal persons or otherwise and not having their registered offices or administrative headquarters or carrying on their principal activities in Italy, are liable to the tax on incomes of legal persons. Total taxable income of companies concerned comprises only those items accruing in Italy, together with capital gains or losses relating to goods used for or in any way connected with commercial activities pursued in Italy, even though such activities are not carried on through permanent establishments.

Collection:

By direct payment to the tax collector's office within the period for filing a return. By November of every year (or by the 11th month after the end of the accounting year if it does not fall on 31 December) a payment on account must be made against the tax due for the following year, of an amount equal to 98 %[2] of the tax due for the preceding period.
Collection may be by means of assessment books on certain conditions. By direct payment to the tax collector's office by means of assessment books.

Rate:

36 % on total taxable income.

[1] Law No 121 of 25 March 1985.
[2] DL No 391 of 24 September 1987 (Law No 477 of 21 November 1987).

Special features:

A tax credit in respect of income accruing abroad is granted for the purposes of this tax as well.

Carry-over of losses:

Up to five years.

Profits distributed by companies:

Profits distributed by companies are subject to the following deductions at source:

(a) Profits paid in any form and under any name by limited companies and limited partnerships by shareholding and by limited liability companies whether or not cooperatives including mutual insurance companies:
The withholding tax of 10 % constitutes payment on account of personal income tax and corporation tax. Bonus issues, scrip issues and free increases in the nominal value of shares are not subject to withholding tax.[1] The tax deduction at source of 12.50 % applies to profits distributed by cooperative societies (limited guarantee rural and craft cooperatives) to individual shareholders, on whatever date the payment was decided, but there is no deduction at source on profits paid by popular cooperative banks.
In the case of non-residents, withholding tax is charged at a rate of 32.4 % of the profits distributed. However, non-residents are entitled to a refund of up to two-thirds of the witholding tax where tax has been paid abroad on the same profits and no further liability arises.[2]

(b) Profits paid on savings shares:
The deduction of 15 % constitutes settlement of liability; however, holders of registered savings shares may opt for deduction of a payment on account of 10 %. This option is open only to resident taxpayers holding savings shares registered in their own names; non-residents are subject to the 15 % deduction in settlement of liability.

(c) Profits on foreign securities:
A deduction of 10 % constituting a payment on account is applied to profits from foreign securities; the application of the deduction depends on the date when the foreign dividends actually become available to an Italian bank for payment, not on the date when the dividends were agreed, as the company paying the dividends is established abroad.
Members of limited liability companies (companies limited by shares, limited partnerships, limited liability companies, cooperative societies and mutual insurance companies) which have their registered offices or administrative headquarters or their main activities in Italy, may claim a tax credit equal to 9/16 of the profits taken into account when assessing the liability of the legal person in his capacity as a shareholder.
Local income tax and communal tax on appreciation of immovable property may be deducted when assessing the corporate liability.

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1 Law No 904 of 16 December 1977.

2 Law No 41 of 28 February 1986.

Local income tax

(Imposta locale sui redditi)

DPR No 599 of 29 September 1973 (ordinary supplement No 1, G.U. No 268 of 16 October 1973); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 920 of 24 December 1975 (G.U. No 17 of 18 January 1975); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DL No 936 of 23 December 1977 (G.U. No 354 of 29 December 1977), which, with amendments, became Law No 38 of 23 February 1978 (G.U. No 57 of 27 February 1978); DL No 38 of 28 February 1981, which, with amendments, became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 786 of 22 December 1981, which, with amendments, became Law No 51 of 26 February 1982 (G.U. No 58 of 1 March 1982); DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 358 of 31 December 1982); DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); Law No 72 of 19 March 1983 (G.U. No 80 of 23 March 1983); DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985); Law No 476 of 13 August 1984 (G.U. No 229 of 21 August 1984); Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984); Law No 121 of 25 March 1985 (G.U. No 85 of 10 April 1985); Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985); Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985); Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986); Law No 64 of 1 March 1986 (G.U. No 61 of 14 March 1986); DL No 391 of 24 September 1987, which, with amendments, became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987).

Beneficiaries:

Municipalities, provinces, regions; chambers of commerce, industrial, agricultural and 'artisan' associations; health, holiday and tourism associations within whose districts the income arises.

Tax payable by:

Natural persons, companies of every kind whether or not constituting legal persons, public and private associations and bodies including consortiums and unrecognized associations.

Basis of assessment:

Aggregate income, as for the taxes on natural and legal persons.

Exemptions:

The following items are exempt:
- Income from employment.
- Income from self-employment (artists, performers, members of the professions).
- Income from shares in companies or partnerships of any type or from shares in associations subject to the tax on legal persons.
- Income subject to deduction at source.

Also exempt are:

- Emoluments of the President of the Republic.
- Sums constituting income paid by the Holy See and the central authorities of the Catholic Church.
- Income of ambassadors and diplomatic staff.
- Income from property belonging to local public bodies and reserved for public use.
- Public assistance grants and scholarships awarded by the State or other public bodies.
- Income from buildings owned by the Holy See as provided for in the Lateran Treaty.
- Incomes of agricultural cooperatives or fishermen's cooperatives, and of labour and production cooperatives under certain conditions.
- Interest, bonuses and other forms of yield from government securities, postal savings bonds, municipal and provincial loan certificates issued by the Cassa Depositi e Prestiti and other similar securities issued by central, regional, provincial, or municipal authorities and by certain public bodies.[1]

Collection:

By direct payment through a credit institution, or by payment to the tax collector's office, depending on whether the taxpayer is a natural person or a legal person.
The arrangements for payments on account are the same as those applying to personal income tax and corporation tax.
On certain conditions, collection may be by means of assessment books.

Rate:

The rate applied is 16.2 %.
An exceptional additional tax of 8 % was introduced from 1982 to 1985. It was charged on the actual amount of tax payable and on certain deductions at source in respect of investment income and dividends.
The tax is payable by resident natural persons (in the case of income arising in the territory of the State), by most companies and by companies and bodies applying deductions at source on investment capital and dividends.

Special features:

Taxable income is determined on the basis of income arising in Italy; however, for taxpayers resident or having their registered offices or administrative headquarters or carrying on their principal activities in Italy, income accruing from activities abroad otherwise than through a permanent establishment with separate management and accounts, is taxed as if accruing in Italy.

[1] DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

Communal tax on appreciation of immovable property

(Imposta comunale sull'incremento di valore degli immobili)

DPR No 643 of 26 October 1972 (ordinary supplement No 3 to G.U. No 292 of 11 November 1972), supplemented and corrected by DPR No 688 of 23 December 1974 (G.U. No 338 of 28 December 1974), by Law No 694 of 22 December 1975 (G.U. No 343 of 31 December 1975), by Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977) and by DPR No 959 of 13 December 1977 (G.U. No 1 of 2 January 1978); DL No 571 of 12 November 1979 which became, with amendments, Law No 2 of 12 January 1980 (G.U. No 11 of 12 January 1980); Law No 146 of 24 April 1980 (G.U. No 115 of 28 April 1980); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); Law No 730 of 27 December 1983 (ordinary supplement No 1 to G.U. No 354 of 28 December 1983); Law No 887 of 22 December 1984 (ordinary supplement to G.U. No 356 of 29 December 1984).

Tax payable to:

The financial authorities through the registry offices which are responsible for assessment and collection of the tax.

Beneficiary:

Municipality where immovable property subject to the tax is situated.

Tax payable by:

Persons transferring against consideration or persons to whom is transferred free of charge, *inter vivos* or *mortis causa*, the ownership of or rights *in rem* to immovable property; also, companies, public service and private bodies, associations and organizations, for each period of 10 years from the date on which ownership, or other rights *in rem*, was acquired.

Basis of assessment:

The difference between the value of the property at the time of transfer or at the end of the 10-year period and its value at the time of purchase or previous taxation.
The reference values applied are those assessed or declared for the purposes of registration tax or succession duty, or payments subject to value-added tax or the values assessed by the municipality for the purpose of applying the tax on appreciation of building sites.
In the case of farmland, the initial value is the market value at the time of purchase when the value has been determined, for the purposes of registration tax or succession duty, by the application of automatic coefficients, as provided for in Laws No 1044 of 20 October 1954 and No 355 of 27 May 1959.
For all transfers not subject to proportional registration tax, or to succession duty on VAT, the initial and final values established for the purposes of registration tax are applied.
In the case of immovable property purchased prior to 1 January 1963, the initial value is the market value at the date of purchase or previous taxation, while the final value is taken to be the market value at the end of the 10-year period. For buildings belonging to companies for more than 10 years on 1 January 1975, the initial and final values are taken to be the market values on 1 January 1965 and 1 January 1975.

Special criteria are laid down by the law for determining the taxable appreciation in transfers of immovable property, where buildings have been erected on a building site, in transfers of immovable property belonging to companies that have merged or been taken over, and in transfers against consideration or free of charge made by members of building cooperatives under the provisions of the law on low-cost housing.

Cost and deductions:

The cost of purchase and construction and conversions arising during the period taken as a basis for calculating the taxable appreciation in value, may be claimed as part of the initial value. 10 % of the initial value is deducted from the appreciation for each year or part of a year exceeding six months.[1]
A similar deduction is made on the basis of total costs. The tax on improvements to property, or similar compulsory duties paid by the liable person or body during the period taken as the basis for calculating the taxable appreciation, is also deductible from the tax.

Exemptions and reductions:

The tax is not applicable to appreciation in the value of:
- immovable property transferred free of charge, either *mortis causa* or *inter vivos* to the central government, regions, provinces, municipalities and their associations which possess legal personality;
- immovable property transferred against consideration between the above institutions and land transferred *mortis causa* or *inter vivos* within a family cultivating its own farm;
- immovable property transferred free of charge, either *mortis causa* or *inter vivos*, to public institutions, and recognized individuals, where the gift, legacy or inheritance is for a specific purpose involving welfare, education, study, scientific research or the public benefit;
- immovable property transferred *mortis causa*, where the total value of the inheritance for the purposes of succession duty on total value does not exceed LIT 30 million.

The tax is reduced by 75 % for any appreciation in the value of immovable property of artistic, historical and archaeological interest.
The tax is not applicable in the course of the decade to appreciation in the value of:
- immovable property owned by building societies with property held in common, and associations of such societies;
- immovable property belonging to property management companies and leased out, which at the time when the grounds for applying the tax are established, has been exclusively used for not less than eight years for the political activities of the parties represented in the national or regional parliaments, the cultural, recreational, sporting and educational activities of clubs belonging to legally recognized national organizations, the activities of the trade unions represented in the Council for the Economy and Employment and the institutional activities of mutual benefit societies.

Rates:

From 3 or 5 % for an appreciation of up to 20 % of the initial value to 25 or 30 % for an appreciation of over 200 % of the initial value.
Within these limits the actual rates are fixed by the municipalities.

1 This deduction was increased to 10 % for each year or part of a year exceeding six months after 31 December 1972 and up to 31 December 1979 (Article 8 of Law No 904/1977).

Duty on State-controlled betting

(Tributo di gioco relativo ai concorsi pronostici esercitati dallo Stato)

DL No 496 of 14 April 1948 (G.U. No 118 of 22 May 1948); Law No 849 of 28 July 1961 (G.U. No 216 of 1 September 1961); Law No 1117 of 29 September 1965 (G.U. No 254 of 9 October 1965); DPR No 1074 of 26 July 1965 (G.U. No 235 of 18 September 1965); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

The State, which controls betting through a monopoly (except betting on sporting events, which is controlled by CONI and UNIRE). A portion of the duty levied on betting in Sicily is allotted to that region.

Duty payable by:

Persons placing bets. Winners receive less than the amount to which they would be entitled if the duty did not exist.

Collection:

Net proceeds are paid weekly to the provincial tax offices in Rome for the account of the Finance Ministry, except the portion which is paid to Sicily.

Special features:

The net profit collected by the government, after deduction of administrative costs and sums paid out to winners (38 %), allows for a portion (25 % of receipts) which replaces income tax on winnings paid out to players.

Collection:

By means of assessment books.

Duty on betting controlled by CONI and UNIRE

(Imposta unica sui concorsi pronostici esercitati dal CONI e dall'UNIRE)

DL No 496 of 14 April 1948 (G.U. No 118 of 22 May 1948); DPR No 581 of 18 April 1951 (G.U. No 173 of 31 July 1951); Law No 1117 of 19 September 1965 (G.U. No 254 of 9 October 1965); Law No 764 of 15 November 1973 (G.U. No 310 of 1 December 1973); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

The State. By Presidential Decree No 1074 of 26 July 1965, a portion of the duty levied on betting in Sicily is allotted to that region.

Duty payable by:

CONI and UNIRE (Comitato Olimpico Nazionale Italiano and Unione Nazionale Incremento Razze Equine), as the bodies which control betting and are responsible for Totocalcio (football matches and other sporting contests) and Totip (horse-racing), respectively.

Collection:

CONI and UNIRE pay the duty on each event to the provincial tax offices in Rome on a weekly basis.

Rates:

The duty is payable at a fixed rate of 26.8 % calculated on total bets. In the case of Totip betting, UNIRE is granted an allowance of 28.301 886 % on paid-up duty; in practice, the duty is reduced to 19.22 % for this form of betting.

Special feature:

The duty replaces all taxes connected with the organization and running of betting payable by CONI and UNIRE as well as income tax or winnings paid out to bettors.

Tax on dogs

(Imposta sui cani)

Consolidated Law on Local Finance, RD No 1175 of 14 September 1931 (ordinary supplement to G.U. No 214 of 16 September 1931) and subsequent amendments; article 26 of DL No 153 of 7 May 1980.

Beneficiaries:

The municipalities.

Tax payable by:

Persons owning or keeping one or more dogs.

Basis of assessment:

Dogs are classified in three categories for the purposes of the licence:
1. pets and show dogs;
2. hunting dogs and watchdogs;
3. working dogs.

Exemptions:

The following are exempt from the licence:
- dogs used exclusively as guide dogs for the blind, for transporting disabled poor persons, guarding rural building and herding livestock;
- dogs owned by persons temporarily resident in the municipality whose stay does not exceed two months or who already pay the licence in another municipality;
- puppies during the period strictly necessary until weaning, but not for more than two months;
- dogs used by the armed forces and police dogs.

Collection:

By means of assessment books.

Rates:

The licence is paid annually; the following rates apply from 1 January 1980, pursuant to the provisions of Article 26 of DL No 153 of 7 May 1980:
- dogs in category 1. . . . . LIT 25 000
- dogs in category 2. . . . . LIT 8 000
- dogs in category 3. . . . . LIT 3 000

Succession and gifts duty

(Imposta sulle successioni e donazioni)

DPR No 637 of 26 October 1972 (Supplement No 2 to G.U. No 292 of 11 November 1972); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 914 of 6 December 1977 (G.U. No 338 of 22 December 1977); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); Law No 880 of 17 December 1986 (G.U. No 296 of 22 December 1986).

Beneficiary:

The State.

Duty payable by:

The heirs jointly, for the entire amount of duty, subject to their right of appeal against co-heirs and legatees. Legatees pay estate duty on their portions only, donors and donees jointly.

Basis of assessment:

The total value and the various portions of inheritances and legacies. The subject of the gift.

Exemptions:

- Inheritances or gifts in direct line or between spouses, which amount to LIT 120 million or less.
- Certain goods of remarkable artistic, historic or documentary value.
- Gifts for charities, welfare services, religious bodies, scientific research, public services and educational institutions.
- Gifts to the State, regions, provinces and municipalities.
- Government securities guaranteed by the State and the like.
- Compulsory social insurance benefits.

Deductions:

Debts, liabilities and the cost of medical treatment during the last six months of the deceased person's life are deductible from taxable assets.

Collection:

The duty is payable direct to the registry offices.

Rates:

Rates range from a minimum of 3% on transfers between related persons (fourth degree) of sums of between LIT 5 million and LIT 60 million to a maximum rate of 33% on transfers between unrelated persons of sums exceeding LIT 3 000 million.
For inheritances in direct line, when the beneficiary is a spouse or a brother or sister, the duty is reduced by 40% on land not exceeding LIT 200 million in value, where the land will be owner-farmed.
The reduction applies also to direct-line inheritances of family businesses between husband and wife or relatives (third degree) in respect of the tax on buildings to be used for the activity in question.

Value-added tax

(Imposta sul valore aggiunto)

DPR No 633 of 26 October 1972 (Supplement No 1 to G.U. No 292 of 11 November 1972), amended by DPR No 687 of 23 December 1974, by Law No 383 of 17 August 1974 (G.U. No 224 of 17 August 1974) and Law No 493 of 16 October 1975 (G.U. No 276 of 17 October 1975); DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976), which became Law No 249 of 10 May 1976 (G.U. No 129 of 17 May 1976); Law No 751 of 12 November 1976 (G.U. No 304 of 15 November 1976); Law No 31 of 21 February 1977 (G.U. No 49 of 22 February 1977); Law No 102 of 7 April 1977 (G.U. No 96 of 8 April 1977); DPR No 24 of 29 January 1979, DPR No 34 of 31 January 1979 and Law No 889 of 12 December 1980 (G.U. No 355 of 30 December 1980); DL No 693 of 31 October 1980 (G.U. No 303 of 5 November 1980), which became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); Law No 889 of 22 December 1980 (G.U. No 355 of 30 December 1980); DPR No 897 of 30 December 1980 (G.U. No 355 of 30 December 1980); DPR No 793 of 30 December 1981 (G.U. No 358 of 31 December 1981); Law No 168 of 22 April 1982 (G.U. No 61 of 23 April 1982); DL No 495 of 4 August 1982 (G.U. No 214 of 5 August 1982); DL No 697 of 1 October 1982 (G.U. No 273 of 4 October 1982), which became Law No 887 of 29 November 1982 (G.U. No 333 of 3 December 1982); DPR No 954 of 28 December 1982 (G.U. No 359 of 31 December 1982); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (Supplement to G.U. No 58 of 1 March 1983); DL No 746 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 17 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 747 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 18 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 232 of 15 June 1984 (G.U. No 166 of 18 June 1984), which became Law No 408 of 28 July 1984 (G.U. No 212 of 2 August 1984); Law No 467 of 4 August 1984 (G.U. No 227 of 18 August 1984); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985); DL No 12 of 7 February 1984 (G.U. No 34 of 8 February 1985), which became Law No 118 of 5 April 1985 (G.U. No 84 of 9 April 1985); Law No 87 of 9 April 1986 (G.U. No 85 of 12 April 1986); Law No 119 of 18 April 1986 (G.U. No 96 of 26 April 1986); Law No 67 of 25 February 1987 (Supplement to G.U. No 56 of 9 March 1987); DL No 391 of 24 September 1987 (G.U. No 223 of 24 September 1987), which became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987); DL No 4 of 13 January 1988 (Article 5).

Beneficiary:

The State.

Tax payable by:

All persons whether or not organized in a company, carrying on an industrial, commercial or craft activity; artists and professional persons; associations and bodies of whatever kind which are exclusively or primarily engaged in a commercial or argricultural activity; any person effecting import operations.
All persons supplying goods or services to which the tax applies are liable and must pay the cumulative amount due on all operations effected, net of deductions, to the tax collector's office.

Tax payable on:

Supply of goods and provision of services in Italy; imports.

Basis of assessment:

For supplies of goods and services, the tax is based on the total amount of the consideration due, under the terms of the contract, to the supplier, including the costs and expenses incurred in performing the contract and the debts or other liabilities owing to third parties which are assumed by the transferee or the customer.
For imports, the tax is assessed on the customs value of the goods.

Exemptions:

Exemptions are granted for services of considerable cultural and social value, insurance transactions, interest on financing and credit operations, leases and rents for immovable property, and urban public passenger transport services.
Exemptions are also granted for postal services and the national telegraphic service; medical services; convalescence and care supplied by hospitals, clinics and nursing homes to taxpayers entitled to social security benefits; donations of human organs, blood and milk and of blood plasma; the specific services of funeral undertakers.

Deductions:

Taxes paid by the taxpayer or taxes debited to his account in respect of goods and services imported or purchased for the purposes of his undertaking, trade or profession. With effect from 1985 and until 1987, the tax payable may be assessed on a flat-rate basis applying coefficients that differ between commercial sectors (DL No 4 of 13 January 1988 (Article 5)).

Returns:

Records are kept in VAT ledgers instead of periodic returns.
The only return is an annual one, to be made by 5 March of each year.

Collection:

The tax is payable monthly, quarterly or annually.

Rates:

Bread, milk and pasta	2 %
Basic necessities and mass-market items	2 %
Certain services (services rendered with the aid of agricultural machinery to farms and certain specific products: coffee, whether roasted or not)	9 %
Certain agricultural products, sheep	9 %
Standard rate	18 %
Luxury products (precious stones, furs, cars exceeding 2 000 cc, etc.)	38 %

An additional but temporary charge was imposed up to 1987 on certain goods already taxed at the standard rate (eg. cars with a cylinder capacity not exceeding 2 000 cc or 2 500 cc for diesel-engined cars, domestic furniture, stores, heaters, dishwashers, irons, television sets, radios, photographic equipment, etc.).

Duty on mineral oils

(Imposta di fabbricazione sugli oli minerali)

RDL No 334 of 28 February 1939, which became Law No 739 of 2 June 1939 (G.U. No 49 of 28 September 1939); Article 1 of DL No 989 of 23 October 1964 (Ordinary supplement, G.U. No 264 of 27 October 1964), which became Law No 1350 of 18 December 1964 (G.U. No 317 of 23 December 1964), with subsequent amendments (most recently, DL No 14 of 20 February 1974 (1), DL No 14 of 20 February 1974 (2), (G.U. No 49 of 20 February 1974), DL No 578 of 29 September 1973 (G.U. No 253 of 29 September 1973), which became Law No 733 of 15 November 1973 (3), DL No 251 of 6 July 1974 (G.U. No 176 of 6 July 1974), which became Law No 346 of 14 August 1974, with amendments (4); DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976), DL No 691 of 8 October 1976 (G.U. No 270 of 9 October 1976), which became, with amendments, Law No 786 of 30 November 1976 (G.U. No 326 of 7 December 1976); DL No 15 of 7 February 1977 (G.U. No 35 of 7 February 1977), which became, with amendments, Law No 102 of 7 April 1977 (G.U. No 96 of 8 April 1977); DL No 287 of 10 June 1977, which became, with amendments, Law No 492 of 1 August 1977; DL No 936 of 23 December 1977, which became, with amendments, Law No 38 of 23 February 1978; DM of 9 October 1979; DL No 660 of 30 December 1979, which became, with amendments, Law No 31 of 29 February 1980; DL No 693 of 31 October 1980, which became Law No 891 of 22 December 1980; DL No 827 of 11 December 1980, which became Law No 16 of 9 February 1981; DL No 8 of 13 January 1981, which became Law No 61 of 12 March 1981; Law No 22 of 10 February 1981; DL No 609 of 30 October 1981, which became Law No 777 of 26 December 1981; Law No 44 of 22 February 1982; DL No 69 of 12 March 1982, which became Law No 231 of 12 May 1982; DL No 688 of 30 September 1982, which became Law No 873 of 27 November 1982; DL No 770 of 21 October 1982, which became Law No 924 of 20 December 1982; DL No 923 of 21 December 1982, which became Law No 29 of 9 February 1983; DL No 925 of 22 December 1982, which became Law No 30 of 9 February 1983; DL No 7 of 12 January 1983, which became Law No 31 of 9 February 1983; DL No 9 of 21 January 1983, which became Law No 63 of 3 March 1983; DL No 13 of 26 January 1983, which became Law No 64 of 3 March 1983; DL No 58 of 11 March 1983, which became Law No 162 of 2 May 1983; DL No 88 of 21 March 1983, which became Law No 163 of 2 May 1983; DL No 125 of 21 April 1983, which became Law No 246 of 23 May 1983; DL No 372 of 12 August 1983, which became Law No 547 of 11 October 1983; DL No 734 of 28 December 1983, retabled unamended as DL No 15 of 27 February 1985, which became Law No 85 of 18 April 1984; DL No 643 of 5 October 1984, which became Law No 800 of 30 November 1984; DL No 864 of 22 December 1984; DL No 22 of 21 February 1985; DL No 43 of 1 March 1985, which became Law No 154 of 26 April 1985; DL No 159 of 3 May 1985, which became Law No 319 of 25 June 1985; DPR No 35 of 20 February 1987; DPR No 1 of 8 January 1988; DL No 6 of 12 January 1988.

Beneficiary:

The State.

Exemptions:

Petroleum products used for the purposes specified in Table A annexed to Decree Law No 989 of 23 October 1964, which became Law No 1350 of 18 December 1964, with subsequent amendments are exempt.

Normal rates:

	per quintal	per hl (at 15°C)
1. Crude natural mineral oils	LIT 6 000	
2. Light oils and preparations:		
– white spirit *(acqua ragia minerale)*		LIT 6 450
– special oils other than white spirit		LIT 86 733
– petrol		LIT 86 733
3. Medium oils and preparations:		
– paraffin		LIT 25 000
– products other than paraffin		LIT 86 733
4. Heavy oils and preparations:		
– gas oils (intended for uses other than as fuel)		LIT 31 525
– special fuel oils (intended for uses other than as fuel)	LIT 40 000	
– fuel oils (intended for uses other than as fuel)	LIT 40 000	
– white lubricating oils	LIT 40 000	
– other lubricating oils	LIT 40 000	
5. Crude vaseline	LIT 2 500	
6. Vaseline other than crude	LIT 5 680	
7. Crude mineral wax (crude ozocerite)	LIT 180	
8. Refined mineral wax ceresin except that made with ozocerite on which duty has already been paid	LIT 680	
9. Paraffin wax, petrol wax, shale wax, residues of paraffin (crude or other)	LIT 680	
10. Aromatic extracts and similar products	LIT 40 000	

Reduced rates:

Subject to regulations in force, reduced rates granted for petroleum products used for the purposes listed in Table B annexed to Law No 32 of 19 March 1973, with subsequent amendments.

	per quintal	per hl
1. Paraffin used for domestic lighting and heating		LIT 24 812
2. Diesel fuels and the like:		
– for use as power fuel (engine propulsion) and as heating fuel		LIT 31 525
3. Fuel oils other than special oils, for use directly as fuels in boilers and furnaces:		
– heavy	LIT 1 000	
– medium viscosity	LIT 10 188	
– low viscosity	LIT 12 026	
– very low viscosity	LIT 35 916	

Imports:

Rates are the same as on mineral oils manufactured in Italy. The tax on imports is called a 'frontier surcharge'.

Exports:

An allowance or a refund is given. Refunds are granted only on petroleum products used in the manufacture of certain exported goods.

Duty on liquefied petroleum gases

(Imposta sui gas di petrolio liquefatti)

DL No 1071 of 24 November 1954 (G.U. No 270 of 24 November 1954), which became Law No 1167 of 10 December 1954 and subsequent amendments; Law No 1161 of 15 December 1971; DL No 14 of 20 February 1974 (G.U. No 49 of 20 February 1974); DL No 251 of 6 July 1974 (G.U. No 176 of 6 July 1974) which became Law No 251 of 14 August 1974; DL No 691 of 8 October 1976 (G.U. No 270), which became, with amendments, Law No 786 of 30 November 1976 (G.U. No 326); DL No 660 of 30 December 1979, which became, with amendments, Law No 31 of 29 February 1980; Law No 687 of 29 October 1980; DL No 827 of 11 December 1980, which became Law No 16 of 9 February 1981; DL No 8 of 13 January 1981, which became Law No 61 of 12 March 1981; DL No 688 of 30 September 1982, which became Law No 873 of 27 November 1982; DL No 15 of 27 February 1984, which became Law No 85 of 18 April 1984; DL No 362 of 21 July 1984; DL No 864 of 22 December 1984; DL No 22 of 21 February 1985; DL No 43 of 1 March 1985, which became Law No 154 of 26 April 1985; DL No 348 of 27 August 1987; DL No 391 of 24 September 1987, which became Law No 477 of 21 November 1987.

Beneficiary:

The State.

Rates:

- LPG, in cylinders, used as fuel . . . . LIT 90/kg
- LPG used as fuel for motor propulsion . . . . LIT 32 384/100 kg

Special features:

A tax equal to 10 % of the amount of manufacturing tax levied in the case of use as fuel is levied on liquefied petroleum gases used for certain purposes.

Imports:

Duty at the same rate as on petroleum gases produced in Italy.

Exports:

Exemption or repayment.

Duty on methane when used as fuel for non-industrial purposes

(Imposta di consumo sul gas metano per uso combustibile per impieghi diversi da quelli industriali)

DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976) which became, with amendments, Law No 249 of 10 May 1976 and subsequent amendments.

Beneficiary:

The State.

Duty payable by:

Persons supplying the product directly to consumers. Importers.

Basis of assessment:

The cubic metre of methane at a temperature of 15 °C and at normal pressure.

Rate:

LIT 40 per m^3.

Payment:

At the latest, by the 15th day of the month following the month in which production is declared for the uses mentioned above.

Imports:

Rates are the same as on methane manufactured in Italy.

Consumption tax on manufactured tobacco

(Imposta sul consumo dei tabacchi lavorati)

Law No 825 of 13 July 1965, subsequently amended by Law No 724 of 10 December 1975 (G.U. No 4 of 7 January 1976), by Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983) and by Law No 76 of 7 March 1985.

Beneficiary:

The State.

Tax payable by:

Consumers of tobacco.

Basis of assessment:

The retail price.

Collection:

The duty is paid when the products are removed from the manufacturing premises. For manufactured imported products, the customs authorities collect the frontier surcharge at the moment of importation.

Rates:

Up to 57 % of the retail price according to product. The rates are provided for in Law No 76 of 1985 and specified in the scales annexed to the DM of 28 January 1987.

Duty on mechanical lighters

(Imposta di fabbricazione sugli apparecchi d'accensione)

DL No 163 of 20 April 1971 (G.U. No 98 of 21 April 1971), amended by Law No 376 of 18 June 1971 (G.U. No 154 of 19 June 1971); OPR No 1198 of 1 October 1971 (G.U. No 13 of 17 January 1972); DL No 19 of 20 February 1975 (G.U. No 50 of 21 February 1975), amended by Law No 109 of 14 April 1975 (G.U. No 105 of 21 April 1975); DL No 4 of 10 January 1983 (G.U. No 8 of 10 January 1983), amended by Law No 52 of 22 February 1983 (G.U. No 56 of 26 February 1983); Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983); Law No 25 of 29 January 1986.

Beneficiary:

The State.

Duty payable by:

Consumers of mechanical lighters.

Basis of assessment:

The number of times each category of product will give a light, related to the duty on matches.

Collection:

The duty is paid in advance by the manufacturer when the lighters leave the factory or by the importer at the time of importation.

Rates:

		per lighter
(a)	Car lighters	LIT 15 000
(b)	Non-refillable lighters	LIT 900
(c)	Lighters made of precious metals or embellished or coated with precious metals	LIT 40 000
(d)	Lighters made of base metal, gold- or silver-plated	LIT 15 000
(e)	Other lighters not included in the above categories	LIT 3 500
(f)	Each spare part for a lighter	LIT 250
(g)	Sparking gas lighters for domestic use and lighters which are part of portable camping gas cookers	LIT 1 000
(h)	Other gas lighters for domestic use, including flame-producing lighters	LIT 3 500
(i)	Gas lighters for domestic use which are part of cookers or gas cooking ovens	LIT 5 000
(l)	Each spare part for a gas lighter for domestic use indicated under (h)	LIT 250

Duty on matches

(Imposta di fabbricazione sui fiammiferi)

DL No 560 of 11 March 1923 (G.U. No 72 of 27 March 1923) and subsequent amendments; Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983); DM of 26 June 1987, fixing taxes for the period from 1 July 1987.

Beneficiary:

The State.

Duty payable by:

Consumers of matches.

Basis of assessment:

The retail price fixed for each type of product.

Collection:

The duty is paid in advance by the Association of Match Manufacturing Industries when the matches leave the factories, or by importers at the moment of importation.

Rates:

Depending on the product, up to 33 % of the retail price. Rates are usually fixed each year.

Duty on spirits

(Imposta sugli spiriti)

DM of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments; DL No 232 of 15 June 1984, which became Law No 408 of 28 July 1984.

Beneficiary:

The State.

Scope:

Ethyl alcohol obtained by means of distillation or synthesis.
The tax is payable:
(a) prior to the declaration of production to be carried out; or
(b) when the goods leave the warehouses; or
(c) where monthly accounts are effected by the fiscal administration at the end of each period of 15 days; or
(d) when the goods leave the rectifier's premises.

Exemptions

Spirit denatured in accordance with current regulations may be exempted, attracting the special State duty.
Duty is payable when the products are denatured or, in the case of spirits, when they are removed from the distillery.

Rates:

	Per hl of pure alcohol
1. Manufactured tax:	
– Standard rate (at 20°C)	LIT 420 000
2. Reduced rate (until 31 December 1988) for spirit obtained from the distillation of wine, slops, vinification waste, potatoes, sorghum, locust beans and cereals	LIT 340 000
3. Special State duty: normally, for alcohol of the first class, denatured	LIT 12 000 or 1 000

Imports:

Normally the same amount of duty applies as for alcohol produced in Italy.

Exports:

Duty-free. Duty paid is refunded.

Duty on beer

(Imposta sulla birra)

DM Consolidated Law of 8 July 1924 (G. U. No 195 of 20 August 1924) and subsequent amendments; DL No 478 of 1 October 1979, which became, with amendments, Law No 599 of 30 November 1979; DL No 688 of 30 Septemer 1982, which became, with amendments, Law No 873 of 27 November 1982.

Beneficiary:

The State.

Duty payable on:

The wort, i.e. the intermediate product in the manufacture of beer with flat-rate deductions of 10 % for losses in manufacture.

Collection:

The duty is payable by the brewer, prior to the manufacturing process, on the basis of his declaration.

Rates:

LIT 2 000 per hl/degree of the wort as measured by the official saccharometer at 17.5° C.

Imports:

The same duty is levied on imported as on Italian beer.

Exports:

Full refunds are granted. Application for this refund must be received within two years.

Duty on sugars

(Imposta sugli zuccheri)

DM Consolidated Law of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments; DL No 694 of 20 November 1981, which became Law No 19 of 29 January 1982.

Beneficiary:

The State.

Duty payable on:

- First-category sugar, with a refined sugar yield of over 94 %.
- Second-category sugar, when the refined sugar yield does not exceed the abovementioned percentage.

Exemptions:

Denatured sugar used in animal feedingstuffs and in a special feed for bees.

Rates:

Standard rate:

- First category . . . . LIT 8818/100 kg
- Second category . . . . LIT 8465/100 kg
- Molasses having a purety coefficient of less than 63 % and intended for human consumption . . . . LIT 1585/100 kg

Imports:

Duty is levied at the same rate as on home-produced sugar.

Exports:

Exports are duty-free or a refund is granted.

Duty on sweeteners

(Imposta sulle materie edulcoranti)

DM Consolidated Law of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments.

Beneficiary:

The State.

Rates:

		per 100 kg
– Glucose and maltose in solid form		LIT 1 650
– Glucose and maltose in liquid form		LIT 825
– Glucose in solid form	to be used in the manufacture	LIT 1 045
	of crystallized fruit and of	
Glucose in liquid form	'mostarde de frutta'	LIT 525
– Invert sugar in liquid form obtained from grapejuice or locust beans		LIT 2 062
– Invert sugar in liquid form obtained from any other substance		LIT 2 475
– Invert sugar in solid form obtained from any substance		LIT 2 887
– Leavulose (see invert sugar)		

Special feature:

Saccharin used in the pharmaceutical industry (the only use allowed) is liable to duty at a rate of LIT 13 000/kg.

Imports:

The same amount of duty is payable on imported sweeteners as on home-produced products.

Exports:

Exports are duty-free or a refund is granted.

Duty on coffee

(Imposta sul caffè)

DL No 875 of 6 October 1955 (G.U. No 231 of 6 October 1955), which became Law No 1112 of 3 December 1955 (G.U. No 280 of 5 December 1955); DPR No 1208 of 31 December 1969 (G.U. No 69 of 17 March 1970).

Beneficiary:

The State.

Duty payable on:

Natural coffee in bean and pellicle form, and roasted coffee, whether ground or not.

Collection:

The duty is paid according to weight when the goods are cleared through customs.

Rates:

	per 100 kg
– Natural coffee, in bean or pellicle form	LIT 50 000
– Roasted coffee, whether ground or not	LIT 62 500
– Solid or liquid soluble coffee extracts (by content of dry matter)	LIT 150 000

Imports:

The duty is levied on importation.

Exports:

No refunds are given.

Duties on firearms, ammunition and explosives

(Imposta di fabbricazione sulle armi da sparo, sulle munizioni e sugli esplosivi)

DL No 252 of 6 July 1974 (G.U. No 178 of 9 July 1974), amended by Law No 393 of 14 August 1974 (G.U. No 227 of 31 August 1974).

Beneficiary:

The State.

Duties payable by:

Manufacturer or importer.

Basis of assessment and rates:

(a)	Long-barrelled firearms for warfare, or of that type; each	LIT	100 000
(b)	Short-barrelled firearms for warfare, or of that type; each	LIT	100 000
(c)	Gun barrels, finished and ready for sale (for firearms referred to under (a) and (b)); per barrel	LIT	100 000
(d)	ammunition for the firearms referred to under (a) and (b); per piece	LIT	5

Exemptions:

Products intended for use by the armed forces, the police and other services of the State.

Imports:

Duty is levied on imported products at the same rate as on home-produced products.

Exports:

Rebate or refund.

Duty on seed oils [1]

(Imposta sugli oli di semi)

DPR No 1217 of 22 December 1954 (G.U. No 5 of 8 January 1955), last amended by Law No 417 of 4 August 1975 (G.U. No 230 of 29 August 1975).

Beneficiary:

The State.

Duty payable on:

Seed oils which are liquid at 15°C.

Rates:

Crude oils and refined oils: LIT 200/100 kg.

Imports:

Rates:	Crude oils	LIT 200
	Refined oils	LIT 250 (to balance the cost of refinement in Italy, including excise supervision).

Exports:

Refund.

[1] The duty on olive oil was abolished by Law No 417 of 1975.

Duty on margarine

(Imposta sulla margarina)

Law No 417 of 4 August 1975 (G.U. No 230 of 29 August 1975).

Beneficiary:

The State.

Duty payable on:

Margarine.

Exemptions:

Margarine for use in the food industry is exempted; that intended for direct consumption is taxed.

Collection:

Duty is payable when margarine leaves the factory.

Rates:

LIT 1 000/100 kg net.

Imports:

Duty is levied on imported margarine at the same rate as on home-produced margarine.

Exports:

Margarine exported directly is duty-free.

Duty on cocoa

(Imposta sul cacao)

DL No 50 of 11 March 1950 (G.U. No 59 of 11 March 1950); Law No 684 of 1 October 1969 (G.U. No 267 of 21 October 1969).

Beneficiary:

The State.

Duty payable on:

Cocoa, cocoa butter and cocoa skins and husks.

Rates:

	per 100 kg
– Cocoa beans, unroasted, cocoa skins and husks	LIT 18 000
– Cocoa beans, roasted, unshelled	LIT 20 000
– Cocoa beans, roasted, shelled, crushed, as paste or powder	LIT 22 500
– Cocoa butter	LIT 28 000
– Cocoa powder whose cocoa butter content is less than 1%	LIT 17 000

Imports:

The duty is payable on importation since no cocoa is produced in Italy itself.

Exports:

No refunds are given.

Duty on bananas

(Imposta sulle banane)

Law No 986 of 9 October 1964 (G.U. No 264 of 27 October 1964) and subsequent amendments; DL No 478 of 1 October 1979, which became, with amendments, Law No 599 of 30 November 1979; DL No 688 of 30 September 1982, which became, with amendments, Law No 873 of 27 November 1982.

Beneficiary:

The State.

Duty payable on:

Bananas, fresh and dried and banana flour.

Collection:

The duty is payable according to weight when the goods are cleared through customs.

Rates:

Fresh bananas	LIT	525/kg net
Banana flour and dried bananas	LIT	1 500/kg net

Imports:

The duty is payable on importation.

Exports:

No refunds are given.

Duty on electricity

(Imposta sull'energia elettrica)

DL No 1199 of 6 October 1948 (G.U. No 233 of 6 October 1948) and subsequent amendments; Law No 391 of 17 July 1975 (G.U. No 224 of 23 August 1975); Law No 160 of 27 April 1981.

Beneficiary:

The State.

Basis of assessment:

The quantity of electric energy consumed as measured by meters.

Rates:

Electric energy:
- LIT 1.10/kWh for dwellings;

  In places other than dwellings:
- LIT 1.10/kWh for 200 000 kWh or less per month;
- LIT 0.65/kWh for monthly consumption in excess of 200 000 kWh.

Government stamps – Spirits

(Contrassegni di Stato – Spiriti)

DL No 611 of 29 July 1964 (G.U. No 186 of 29 July 1964), which became, with amendments, Law No 762 of 15 September 1964 (G.U. No 234 of 23 September 1964); DL No 745 of 26 October 1970 (G.U. No 272 of 26 October 1970 – special issue), which became Law No 1034 of 18 December 1970 (G.U. No 323 of 23 December 1970); Law No 307 of 9 July 1975 (G.U. No 194 of 23 July 1975); DL No 451 of 3 July 1976 (G.U. No 175 of 6 July 1976), which became, with amendments, Law No 614 of 19 August 1976 (G.U. No 233 of 2 September 1976); DL No 693 of 31 October 1980, which became, with amendments, Law No 991 of 22 December 1980.

Beneficiary:

The State.

Rates:

The prices of government stamps to be affixed to containers of non-denatured spirits, liqueurs, potable spirits, extracts and essences used in the manufacture of liqueurs, vermouth and aromatized wines for retail sale are fixed as follows:

Products	Capacity of containers (in litres) and price of stamps (in LIT)													
	up to 0.04	0.100	0.200	0.250	0.350	0.375	0.500	0.700	0.750	1.000	1.500	2.000	2.500	3.000
Non-denatured spirits		30	75	75	150	150	150	225	225	300	450	600	750	900
Liqueurs and potable spirits	10	30	35	35	45	45	60	75	75	100	150	200	250	300
Vermouth and aromatized wines		10				15	15		25	30	45	60		

Liqueur extracts and essences: LIT 25.

Denaturing agents:
(Denaturanti)

Denaturing agents are supplied by the government, at a price equivalent to the cost of their preparation by the 'Laboratorio Chimico Denaturanti dello Stato di Milano'.

Entertainments tax

(Imposta sugli spettacoli)

DPR No 640 of 26 October 1972 (ordinary supplement to G.U. No 292 of 11 November 1972), amended by Law No 708 of 24 December 1974 and Law No 656 of 5 December 1975; Law No 20 of 1 February 1978; Law No 78 of 13 March 1980; DL No 697 of 1 October 1982 (G.U. No 273 of 4 October 1982), which became Law No 887 of 29 November 1982 (G.U. No 333 of 3 December 1982).

Beneficiary:

The State.

Tax payable by:

All persons organizing entertainments and events, including the organizers of gaming, in gaming houses and those accepting bets on races or competitions.

Basis of assessment:

The gross takings from each performance or event. For bets, the amount of wagers collected; for gaming, the positive difference between the amounts collected and those paid to gamblers.

Exemptions:

Certain kinds of free tickets or passes, educational film shows, admission to zoological gardens, itinerant menageries, film societies.

Collection:

The tax is levied by the representatives of SIAE (the Italian authors' and publishers' society), which has been officially authorized to collect it.

Rates:

The rates range from 1 to 60 % depending on the nature of the entertainment, plus value-added tax.

State lotteries

(Lotterie nazionali)

Law No 722 of 4 August 1955 (G.U. No 191 of 20 August 1955); DPR No 1143 of 30 December 1970 (G.U. No 111 of 5 May 1971); DPR No 600 of 27 September 1973 (G.U. No 268 of 16 October 1973); Law No 66 of 22 February 1974; Low No 105 of 26 March 1977 (G.U. No 97 of 9 April 1977); Law No 528 of 2 August 1982 (G.U. No 222 of 13 August 1982); Law No 117 of 2 May 1984 (G.U. No 125 of 8 May 1984).

Beneficiary:

Lotteries are a State monopoly.

Tax payable by:

Lottery ticket purchasers.

Collection:

Separate accounting.

Special features:

The net profit from lotteries is calculated on the basis of the relevant regulation. After deduction of organizational and operating costs, 50 % is set aside as winnings and the remaining 50 % constitutes the net profit of the State.
The net profit includes a portion (25 %), corresponding to income tax, from which winnings are otherwise exempt, since the tax is covered by the levy made by the State under the gaming rules.

Duty on lotto

(Tributo di gioco relativo al lotto)

RDL Law No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 July 1939) and subsequent amendments; DPR No 600 of 27 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

Lotteries are a State monopoly.

Duty payable by:

Lotto players. Duty is deducted from winnings.

Collection:

The gross takings from lotto are paid weekly to the receivers at the provincial tax offices.

Special feature:

The net profit accruing to the State, after deduction of administrative costs and sums paid out to winners, includes a portion (25 %) corresponding to income tax, from which winnings are otherwise exempt, since the tax is covered by the levy made by the State under the gaming rules.

Lottery duty and licence for events carrying prizes

(Tassa di lotteria e tassa di licenza sulle manifestazioni a premio)

RDL Law No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 July 1939); Law No 585 of 15 July 1950 (G.U. of 17 August 1950); Law No 67 of 18 February 1963 (G.U. No 97 of 10 April 1963); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

The State.

Duty payable by:

Commercial and industrial firms.

Basis of assessment:

The total value of the prizes.

Collection:

Paid to the Treasury.

Rates:

Competitions involving chance: proportional lottery duty of 30 %.
Competitions involving skill: proportional lottery duty of 10 %.
Events carrying prizes:
- licence, flat rate: LIT 30 000 for prizes of unit value not exceeding LIT 3 000;
- licence, proportional rate: 24 % for prizes of unit value exceeding LIT 3 000.

Prizes are subject to a 25 % withholding tax, corresponding to income tax, which may be refunded to winners by the firms concerned.

Lottery duty on local raffles and similar events

(Tassa di lotteria sulle manifestazioni di sorte locali)

RDL Law No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 June 1939); Law No 585 of 15 July 1950 (G.U. No 585 of 17 August 1950); DPR No 600 of 29 September 1973 (G.U. No 268 of 15 October 1973).

Beneficiary:

The State.

Duty payable by:

Legal entities, welfare and charitable committees.

Basis of assessment:

Gross takings.

Exemptions:

Lotteries and lucky dips financed by municipalities, provinces and other legal bodies where the sum provided for prizes does not exceed LIT 100 000.

Collection:

Paid to the Treasury.

Rate:

10 %.
Prizes are subject to a 10 % withholding tax, corresponding to income tax, which may be refunded to winners by the bodies and organizing committees concerned.

Duty on official concessions

(Tassa sulle concessioni governative)

DPR No 641 of 26 October 1972 (G.U. No 292 of 11 November 1972, ordinary supplement No 3); DL No 46 of 18 March 1976, which became Law No 249 of 10 May 1976 (G.U. No 129 of 17 May 1976); DL No 854 of 23 December 1976, which became Law No 36 of 21 February 1977 (G.U. No 52 of 24 February 1977); DL No 11 of 1 February 1977, which became Law No 90 of 31 March 1977 (G.U. No 90 of 2 April 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978; DPR No 169 of 18 April 1979 (G.U. No 15 of 4 June 1979); DL No 38 of 28 February 1981 (G.U. No 60 of 2 March 1981), which became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 21 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); DM of 2 January 1982 (G.U. No 3 of 5 January 1982); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); DL No 176 of 11 May 1983 (G.U. No 129 of 12 May 1983); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 bis of 17 February 1985).

Beneficiary:

The State.

Duty payable by:

Persons who apply for the issue, renewal or authentication of administrative concessions, licences, deeds, certificates and other documents, or who in certain specific cases are already in possession of them.

Exemptions and reductions:

The exemptions and reductions in force on 31 December 1972 relating to cooperatives and their affiliates and friendly societies (Article 14, last paragraph) are unchanged.

Collection:

In the normal way, i. e. by payment to the current post office checking account of the registry office for taxes on official concessions in Rome, or, when expressly provided, by means of revenue stamps.

Rates:

The rates, of which there are a great number, are in general fixed separately for each type of document.

Insurance tax

(Imposta sulle assicurazioni)

Law No 1216 of 29 October 1961 (G.U. No 299 of 2 December 1961); Law No 990 of 24 December 1969 (G.U. No 2 of 3 January 1970); DL No 216 of 26 May 1978, which became, with amendments, Law No 388 of 24 July 1978 (G.U. No 27 of 26 July 1978); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983).

Beneficiary:

The State.

Tax payable by:

The tax is payable by the insurer, but he is entitled to recover it from the policy holder. The latter pays the tax on insurance policies taken out abroad.

Tax payable on:

Insurance policies taken out on Italian territory by both Italian and foreign companies, societies or firms, however constituted, or by private individuals.
Insurance policies taken out abroad in cases where they are to apply on Italian territory, or where they cover movable or immovable goods situated on Italian territory, ships or aircraft of Italian nationality; goods transported to or from Italy, provided the policy was taken out on behalf of persons or firms domiciled or established in Italy, and provided that the insurance policy concerned was not taxed abroad; life, accident, sickness or civil liability insurance policies taken out on behalf of persons domiciled or resident in Italy; and civil liability involved in an economic activity carried on in Italy.
Life annuities, paid out in cash, taken out in Italy by the insurance companies referred to above and contracts concluded with foreign insurance companies by persons domiciled in Italy.
The tax is not payable on insurance policies covering movable or immovable goods situated abroad, or on ships or aircraft of foreign nationality, unless they are used in Italy.
The tax is not payable on reinsurance policies when they cover insurance for which the tax has already been paid or which is tax-free.

Basis of assessment:

The amount of the premium and any additional sum paid by the policy holder to the insurer or in the case of mutual benefit insurance, the sum, under whatever name, paid by the insured person to the mutual benefit society; contributions towards guarantee funds for the payment of indemnities are tax-free.

Collection:

Direct payment by the insurer to the registration office of the district in which the company, society or firm or any other insurer is domiciled, direct payment by the policy holder to the registry office in cases where the policy holder is responsible for payment of the tax.

Rates:

Range from 2 to 17 %, according to type of insurance or of annuity contract (third-party insurance for motor vehicles and vessels: 7 %).

Communal tax on advertising and duty on bill-posting

(Imposta comunale sulla pubblicità e diritti sulle pubbliche affissioni)

DPR No 639 of 26 October 1972 (ordinary supplement No 2 to G.U. of 11 November 1972), amended by Art. 26 of DL No 153 of 7 May 1980 (G.U. No 127 of 10 May 1980), which became, with amendments, Law No 299 of 7 July 1980 (G.U. No 185 of 8 July 1980); DL No 55 of 28 February 1983, which became, with amendments, Law No 131 of 26 April 1983 (G.U. No 117 of 30 April 1983); Law No 730 of 27 December 1983 (ordinary supplement No 1 to G.U. No 354 of 28 December 1983); Law No 887 of 22 December 1984 (ordinary supplement to G.U. No 356 of 29 December 1984).

(a) Communal tax on advertising

Beneficiaries:

The municipalities.

Tax payable by:

Persons advertising goods or services, within the municipality, by any visual or aural means other than those subject to the duty on bill-posting.

Basis of assessment:

The tax is levied on the basis of the duration of the advertising and, with a few exceptions, the surface area of the advertisement, according to a scale fixed by each municipality within the maximum limits laid down by law for the various types of advertising and for the category to which the municipality belongs in terms of population.

Exemptions:

- All types of advertising placed or posted up in suppliers' premises concerning the retail sale of products when the advertising relates to business conducted there and all types of advertising, excluding signs, displayed in the windows or entrances of such premises, provided such advertising relates to the business conducted there and has a surface area of not more than $1/2$ m^2 per window or entrance.
- All forms of advertising by the State and the regional and local authorities.
- All forms of election publicity at election times in accordance with Law No 212 of 4 April 1956.
- Signs, nameplates, placards and the like, designed to indicate the offices of diplomatic and consular authorities, internationl organizations, assistance boards and charities, hospitals, religious, cultural or recreational associations and clubs, and any other non-profit-making body, association or organization.
- Signs, nameplates, placards and the like which must be displayed by virtue of laws or regulations, provided they are not more than $1/2$ m^2 in area, even when this is not specifically laid down in the said laws or regulations.

Collection:

The tax is paid direct to the municipal tax office.

Special feature:

The rates provided for in DPR No 639 of 1972 were doubled from 1 January 1980. They were increased by 30 % with effect from 1 January 1983. The municipalities may opt to increase these rates by a further 30 %.

(b) Duty on bill-posting

Beneficiaries:

The municipalities.

Duty payable on:

Bills, notices and photographs, of any material whatsover, posted by the municipal authority in the special spaces it has reserved for this purpose within the municipality.

Duty payable by:

Persons requesting the service and persons on behalf of whom the service is rendered.

Rates:

The rates of duty on bill-posting, which are fixed by the municipality within the limits laid down by law, vary with the duration of the display and the size of the advertisement.

Exemptions:

Almost all cases of exemption relate to the bills and notices of public bodies and various authorities on specific subjects.

Collection:

The duty is paid direct to the municipal tax office.

Special feature:

The increases prescribed for the tax on advertising were extended to the rates for the duty on bill-posting provided for by DPR No 639 of 1972.

Stamp duty

(Imposta di bollo)

DPR No 642 of 26 October 1972 (ordinary supplement No 3 to G.U. No 292 of 11 November 1972); DL No 254 of 6 July 1974, which became Law No 383 of 17 August 1974; DL No 854 of 23 December 1976, which became Law No 36 of 21 February 1977 (G.U. No 52 of 24 February 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978 (G.U. No 207 of 26 July 1978); Law No 59 of 7 February 1979 (G.U. No 56 of 26 February 1979); DPR No 169 of 18 April 1979 (G.U. No 151 of 4 June 1979); DL No 693 of 31 October 1980 (G.U. No 300 of 31 October 1980), which became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); DL No 546 of 2 October 1981 (G.U. No 272 of 3 October 1981), which became Law No 692 of 1 December 1981 (G.U. No 331 of 2 December 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 59 of 1 March 1982); DPR No 955 of 30 December 1982 (G.U. No 359 of 31 December 1982); DL No 463 of 12 September 1983 (G.U. No 253 of 12 September 1983), which became Law No 638 of 11 November 1983 (G.U. No 310 of 11 November 1983); DL No 796 of 29 December 1983, which became Law No 17 of 27 February 1984 (G.U. No 59 of 29 February 1984); Law No 4 of 19 January 1985 (G.U. No 20 of 24 January 1985).

Beneficiary:

The State.

Basis of assessment:

The duty is payable on the deeds, documents and records listed in the official tariff.

Exemptions:

- Deeds and documents relating to the granting of agricultural loans and of Community and National aids to the agricultural sector.
- Deeds relating to the establishment, consolidation and amalgamation of small holdings (until 30 June 1988).
- Deeds and documents relating to patent applications and patents, including European and International patents.
- Deeds and records concerning disputes arising in connection with insurance, labour relations, public employment and pensions.

Collection:

The duty is collected when the taxpayer purchases the paper bearing the stamps or the stamps themselves, when the seals are affixed by the registration office, or by direct payment to the registration office or other authorized offices.

Rates:

Rates are fixed or proportional:
- fixed rates range from LIT 200 to 10 000;
- proportional rates range from 0.10 to 12‰.

Stock-exchange turnover tax

(Imposta sui contratti di borsa)

RD No 3278 of 30 December 1923 (ordinary supplement to G.U. No 117 of 17 May 1924) and subsequent amendments; DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 53 of 1 March 1983).

Beneficiary:

The State.

Tax payable by:

Persons effecting stock-exchange transactions.

Basis of assessment:

The sum involved in the transaction.

Collection:

When the taxpayer purchases the paper bearing stamps for stock-exchange transactions or the stamps themselves; or by direct payment to the registry office by banks, brokers authorized to make periodic payments, public service institutions and agents.

Rates:

- The rates of tax vary according to the persons concerned in the transaction and the nature and term of the contract; they are proportional for each portion of LIT 100 000 involved. The tax is reduced by half in the case of cash transactions involving State bonds or bonds guaranteed by the State.
- The minimum amount of tax is set at LIT 100.

Registration tax

(Imposta di registro)

DPR No 634 of 26 October 1972 (ordinary supplement No 1 to G.U. No 292 of 11 November 1972) and subsequent amendments; DPR No 601 of 29 September 1973 (ordinary supplement No 2 to G.U. No 268 of 16 September 1973); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DPR No 914 of 6 December 1977 (G.U. No 348 of 22 December 1977); Law No 952 of 23 December 1977; DPR No 953 of 23 December 1977 (G.U. No 356 of 31 December 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978 (G.U. No 145 of 27 May and No 207 of 26 July 1978); DL No 693 of 10 November 1978, which became Law No 841 of 23 December 1978 (G.U. No 318 of 14 November and No 361 of 29 December 1978); DL No 693 of 31 October 1980, which became Law No 891 of 22 December 1980 (G.U. No 300 of 31 October, No 303 of 5 November and No 355 of 30 December 1980); DL No 546 of 2 October 1981, which became Law No 692 of 1 December 1981 (G.U. No 272 of 3 October and No 331 of 2 December 1981); Law No 168 of 22 April 1982 (G.U. No 11 of 23 April 1982); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); DL No 953 of 30 December 1982, which became Law No 53 of 28 February 1983 (G.U. No 359 of 31 December 1982 and ordinary supplement to G.U. No 58 of 1 March 1983); DL No 747 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 18 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 of 17 February 1985); DL No 12 of 7 February 1985 (GU. No 34 of 8 February 1985), which became Law No 118 of 5 April 1985 (G.U. No 84 of 9 April 1985); Law No 41 of 28 February 1986 (ordinary supplement No 2 to G.U. No 49 of 28 February 1986); DL No 708 of 29 October 1986 (G.U. No 252 of 29 October 1986), which became Law No 899 of 23 December 1986 (G.U. No 299 of 27 December 1986); DPR No 131 of 26 April 1986 (ordinary supplement No 34 to G.U. No 99 of 30 April 1986).

Beneficiary:

The State.

Tax payable by:

The following are jointly and severally liable for payment of the tax: public officials (except for supplementary tax – *imposta complementare e suppletiva* – in cases of subsequent revaluation), the contracting parties, any other persons concerned and the signatories to the declaration. In contracts to which the State is a party, the tax is payable exclusively by the other party, provided that the tax does not relate to deeds voluntarily presented for registration by administrative departments of the State; for deeds relating to compulsory acquisition for public purposes, the expropriating authority is exclusively liable and may not charge it to any other person (Article 57 of DPR No 131); if the expropriating authority or purchaser is the State, the tax is not payable.

Basis of assessment:

Determined by two basic criteria:
- the market value of the property or rights transferred;
- the price or consideration agreed between the parties.

Collection:

The tax is normally payable upon registration of the deed, which is obligatory within a fixed time-limit of 20 days for deeds received in Italy and 60 days for deeds received abroad or where the deed is to be used in a procedure (DPR No 131, Articles 5 and 6) – except for documents whose registration is not compulsory (annexed Table B of DPR No 131), or at the time of the declaration, unless there is an adjustment to the declared value of the property concerned, which must be made within two years from the payment of the main tax (DPR No 914).

Rates:

Rates are proportional, varying in accordance with the intrinsic nature of the document and the legal consequences of the clauses contained therein (DPR No 131, Article 20). The tariff is given in DPR No 131, Annex A, and subsequent amendments.
For certain types of documents, specified in the aforementioned tariff (for example, transfers of immovable property to the State, regions, provinces, or municipalities; sale of immovable property situated abroad; deeds relating to compulsory acquisition for public purposes other than the conveyance deeds following on the acquisitions themselves, contracts concerning the transfer of goods and the provision of services subject to VAT, etc.), the tax is levied at a flat rate of LIT 50 000.
Law No 952 of 23 December 1977 introduced a Treasury tax on registration.
The rate applied to the purchase of a first house was reduced to 2 % for the period up to 31 December 1985, pursuant to Article 2 of Law No 118 of 5 April 1985. Article 5a of Law No 899 of 23 December 1986 increased the rate from 2 % to 4 % for the purchase of a first house for the periods up to 31 December 1986 and 31 December 1987 respectively.

Concessions:

Accorded under DPR No 634, Article 80 (2), and DPR No 601 of 29 September 1973 in force since 1 January 1974; these measures lay down entirely new provisions governing concessions, replacing all those in force up to 31 December 1973.

Mortgage tax and cadastral duty

(Imposte ipotecarie e catastali)

DPR No 635 of 26 October 1972 (Supplement No 1 to G.U. No 292 of 11 November 1972) and subsequent amendments; DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); DL No 463 of 12 September 1983 (G.U. No 250 of 12 September 1983), which became Law No 638 of 11 November 1983 (G.U. No 310 of 11 November 1983); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 bis of 17 February 1985).

Beneficiary:

The State.

Tax payable by:

In addition to public officials who have received or authenticated deeds subject to transcription, all persons applying for transcription, registration, renewal or cancellation and, jointly with them, any persons on whose behalf such application has been made; debtors in cases where their mortgages are registered or renewed.

Basis of assessment:

For registration or renewals, the basis of assessment is the capital and incidental expenses covered by the mortgage; for transcriptions, the basis of assessment is the value fixed for the purposes of registration tax or succession and gifts duty.

Collection:

The taxes on the transcription of deeds or of legal decisions concerning transfers of immovable property are payable to the registry office within the period laid down for the payment of registration tax or estate duty; other types of duty are payable to the real estate registries when an application is made for transcription, renewals, etc.

Rates:

From 0.50 to 1 % according to the nature of the application, with a minimum of LIT 50 000.

Tax on motor vehicles

(Tassa sulla circolazione degli autoveicoli)

Consolidated law on motor vehicle taxes passed by DPR No 39 of 5 February 1953 (supplement to G.U. No 33 of 10 February 1953) and subsequent amendments; DL No 691 of 8 October 1976 (G.U. No 270 of 9 October 1976), which became Law No 786 of 30 November 1976 (G.U. No 326 of 7 December 1976); DL No 38 of 28 February 1981 (G.U. No 60 of 2 March 1981), which became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); DL No 923 of 21 December 1982 (G.U. No 349 of 21 December 1982), which became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); Law No 730 of 27 December 1983 (supplement to G.U. No 354 of 28 December 1983); DM of 25 November 1985 (G.U. No 284 of 3 December 1985); Law No 41 of 28 February 1986 (supplement No 1 to G.U. No 49 of 28 February 1986).

Beneficiary:

The State. The regions governed by ordinary statute apply a tax on vehicles and motor boats which are subject to the State tax on motor vehicles and are registered in the region, and on vehicles which do not require registration and belong to persons resident there. This tax is fixed at a rate not exceeding 110 % and not below 90 % of the State tax, which is reduced to 50 % in the regions governed by ordinary statute. The regional tax is subject to the same rules as the State tax on motor vehicles.

Tax payable by:

Owners of motor vehicles, whether or not they use them. For bicycles with auxiliary motor the tax is due only for the tax periods during which they are used.

Basis of assessment:

The basis of assessment depends on type of vehicle and cylinder capacity in cc (bicycles with auxiliary motor, light motorcycles and light motorcycle and side-car combinations, light motor vans); horsepower rating (for all other motor vehicles used for passenger transport and for mixed passenger and goods transport, and for motor boats); number of seats (trailers used for passenger transport); total authorized laden weight (motor vehicles and trailers used for goods transport); number of persons the vehicle can carry, and authorized weight (lorries authorized to carry both passengers and goods at different times).

Exemptions:

- Certain types of motor vehicles used for public services are exempt.
- Vehicles imported temporarily are exempt for a limited period.

Reductions:

Certain motor vehicles used for special kinds of transport or having certain specific characteristics.

Collection:

The tax is normally payable to the registration offices. However, under an agreement with the public authorities payment may at present be made either direct to the collecting offices of the Automobile Club of Italy or into a post office account held by that body.

Rates:

The amounts indicated below, which were applicable until 1980, were increased by 50 % for 1981 and by 80 % for the years 1982–85.

- Bicycles with auxiliary motor, based on cylinder capacity (up to 50 cc): the fixed annual tax is LIT 1 500.
- Light motor cycles and light motor cycle and side-car combinations, based on cylinder capacity (from 51 cc up to 125 cc): the fixed annual tax is LIT 3 990.
- Motor cycles and motor cycle and side-car combinations of 3 to 6 hp: between LIT 5 930 and LIT 12 940 depending on hp rating.
- Light motor vans based on cylinder capacity: annual tax of LIT 5 700.
- Three- and four-wheeled motor vans with cylinder capacity of 500 cc and over, based on the laden weight in quintals: annual tax of between LIT 18 335 and LIT 25 975.
- Three- and four-wheeled motor vans with a cylinder capacity of under 500 cc, based on the laden weight in quintals: annual tax of between LIT 7 275 and LIT 24 735.
- Motor cars used for passenger transport and for mixed passenger and goods transport of up to 9 hp: the annual tax is between LIT 5 095 and LIT 9 170 depending on hp rating; in the case of vehicles of over 9 hp, the annual tax is between LIT 10 695 and LIT 301 735 depending on hp rating; in the case of vehicles of over 45 hp the tax is LIT 10 830 for each hp in excess of 45.

For certain motor cars and other motor vehicles powered by diesel engines, an additional annual surtax is due to the State of LIT 27 000 for each hp, the minimum being LIT 300 000. The surtax is reduced by 50 % for hired cars and taxis and for vans of a net capacity of not less than 600 kg owned by firms and registered for goods transport.

Motor cars and vehicles of up to 15 hp used for mixed passenger and goods transport are not subject to the surtax of LIT 27 000 for each hp: for such vehicles the minimum surtax is set at LIT 300 000.

- Motor lorries, based on the total authorized laden weight of between 4 and 110 quintals and above: annual tax of LIT 7 640 to LIT 160 415; trailers: annual tax of LIT 8 405 to LIT 174 165.
- Motor coaches for private use: the annual tax ranges from LIT 9 170 to LIT 254 120 depending on hp rating; over 70 hp the tax is LIT 5 095 for each additional hp.
- Trailers used for passenger transport: the annual tax ranges from LIT 38 195 to LIT 143 000 (for private use) and from LIT 25 060 to LIT 94 725 (for regular public service).
- Motor boats and outboard engines for private use (passenger transport): the annual tax ranges from LIT 4 875 to LIT 63 295 depending on hp rating; over 92 hp the tax is LIT 8 730 for each additional hp.

Other rates are applied for certain specific types of motor vehicles.

50 % of the amounts of tax indicated above goes to the State and 50 % to the ordinary-status regions as far as vehicles registered in the region are concerned (Law No 281 of 16 May 1970).

Furthermore, the 5 % surcharge referred to in Law No 729 of 24 July 1971 is allocated to the State.

Special provisions are made for the regions with special status.

Consumption tax on certain types of equipment

(Imposta erariale di consumo su alcuni apparecchi)

DL No 953 of 30 December 1982, which became, with amendments, Law No 53 of 28 February 1983.

Beneficiary:

The State.

Chargeable event:

The supply of equipment to the home market or the importation of such equipment.

Tax payable on:

1. Assembled high fidelity loudspeakers; high fidelity sound amplifiers, semi professional;
2. Stereophonic radio receivers; television reception apparatus without image tube; television cameras;
3. Interchangeable lenses for photographic cameras and for other cinematographic and television cameras;
4. Refracting telescopes (monocular and binocular);
5. Photographic cameras, semi-professional;
6. Cinematographic cameras, projectors, sound recorders and sound reproducers, semi-professional;
7. Slide projectors, semi-professional;
8. Stereophonic sound and television image recorders and reproducers, non-professional;
9. Magnetic tapes for recording equipment for the reproduction of television images;
10. Sound-heads for records, semi-professional;
11. Television games;
12. Television reception apparatus, with image tube incorporated.

Rates:

For the equipment described in points 1 to 11 .... 16 %.
For the equipment described in point 12 .... 8 %.

Basis of assessment:

The ex-factory or the free-at-frontier value.

Exports:

Exempt, or tax refunded.

LUXEMBOURG

Personal income tax (fixed by assessment)

(Impôt sur le revenu des personnes physiques – Fixé par voie d'assiette)

Law of 4 December 1967 on income tax, Title I, Articles 1 to 157 (*Mémorial* A, 1967, pp. 1228-1275), as amended by the Laws of 20 July 1973 (*Mémorial* A, 1973, p. 1017), 27 December 1973 (*Mémorial* A, 1973, pp. 1959 and 1964), 23 December 1975 (*Mémorial* A, 1975, pp. 2166 and 2168), 27 July 1978 (*Mémorial* A, 1978, p. 1016), 30 November 1978 (*Mémorial* A, 1978, p. 1973), 14 March 1979 (*Mémorial* A, 1979, p. 434), 5 March 1980 (*Mémorial* A, 1980, p. 132), 15 July 1980 (*Mémorial* A, 1980, p. 1058), 4 March 1981 (*Mémorial* A, 1981, pp. 200 and 201), 1 July 1981 (*Mémorial* A, 1981, p. 989), 30 December 1981 (*Mémorial* A, 1981, p. 2662), 4 March 1982 (*Mémorial* A, 1982, p. 340), 31 July 1982 (*Mémorial* A, 1982, p. 1474), 7 December 1982 (*Mémorial* A, 1982, p. 2122), 24 December 1982 (*Mémorial* A, 1982, p. 2247); 23 July 1983 (*Mémorial* A, 1983, p. 1336), 29 December 1983 (*Mémorial* A, 1983, p. 2634), 24 February 1984 (*Mémorial* A, 1984, p. 198), 4 May 1984 (*Mémorial* A, 1984, p. 586), 4 December 1984 (*Mémorial* A, 1984, p. 1988), 17 December 1985 (*Mémorial* A, 1986, p. 727), 21 March 1986 (*Mémorial* A, 1986, p. 1104), 10 April 1986 (*Mémorial* A, 1986, p. 1158), 26 July 1986 (*Mémorial* A, 1986, p. 1723), 18 December 1986 (*Mémorial* A, 1986, p. 2309) and 19 December 1986 (*Mémorial* A, 1986, p. 2330); Budget Laws of 17 December 1977 (*Mémorial* A, 1977, p. 2493), 22 December 1979 (*Mémorial* A, 1979, p. 1909), 23 December 1980 (*Mémorial* A, 1980, p. 2099), 21 December 1981 (*Mémorial* A, 1981, p. 2411), 20 December 1982 (*Mémorial* A, 1982, p. 2267), 19 December 1983 (*Mémorial* A, 1983, p. 2337), 24 December 1984 (*Mémorial* A, 1984, p. 2101), 23 December 1985 (*Mémorial* A, 1985, p. 1515) and 24 December 1986 (*Mémorial* A, 1986, p. 2401); 47 Grand Ducal implementing Regulations.

Beneficiary:

The State.

Tax payable by:

All individuals whose domicile for tax purposes or usual place of residence is in Luxembourg or who receive taxable income there.

Basis of assessment:

Total net income, less special expenses. Total net income is calculated by taking total net income, determined separately for each of eight categories of income; losses made in one category of income may be set off against net income from other categories. There is a special scheme for capital gains realized in immovable property in the case of an inheritance, and for certain types of extraordinary income.

Exemptions:

These include:
- Payments in cash from legal insurance against sickness and accidents.
- Certain allowances (e. g. family allowances).
- Certain types of pension (e. g. war pensions).
- Interest on certain types of government loan.
- Capital received from payment of a life insurance.
- Income from a savings bank account or from interest on bonds: LFR 60 000 per year.
- Extra payments of wages for overtime, work at nights, on Sundays and public holidays, under the conditions and within the limits prescribed by regulation.
- Gifts offered by employers to employers, under the conditions and within the limits prescribed by law.

Deductions:

- Special expenses:
  (1) special expenses covered by the flat-rate minimum (mainly interest on debts, insurance premiums); a personal allowance of LFR 18 000 is granted, where special expenses are no higher than this amount;
  (2) special expenses which may be deducted in addition to the personal allowance (mainly obligatory social insurance contributions, certain donations).
- Reduction for extraordinary costs.
- Reduction for income from farming.
- Reduction for retired persons.
- Reduction for non-business expenses.
- Reduction for a profit made in the transfer or termination of a one-man business.
- Compensatory reduction for wage-earners.
- Reduction for investment in securities (temporary: 1984-88).
- Reduction for income not subject to withholding tax.

Married couples:

Incomes of married couples are treated as a single income for tax purposes and tax due is determined by the 'splitting' system.

Non-residents:

In general the method of assessing and collecting the tax due is the same as for resident taxpayers except that only income accruing in Luxembourg is taxable, and no deduction is made for certain special expenses or for extraordinary costs.
Income tax, for non-residents only, is collected by deduction at source in the case of income from self-employed literary and artistic activities (10 % of gross receipts), income derived from the leasing of licences and patents (12 % of gross receipts), and company directors' fees (8.8 % of gross fees).

Collection:

Tax is payable annually on the basis of tax returns. Tax is paid in quarterly instalments in advance and withheld at source on certain forms of income (income from employment, pensions and annuities, income from capital).
The advance payments and the tax withheld at source are deductible against final income tax liability.
Any overpayment of tax is refunded in some cases. Tax withheld on wages and pensions is adjusted annually, when the tax is not calculated by assessment.
If tax is not paid on time, interest is charged at a rate of 1 % per month.

Rates:

- Taxpayers are divided into three classes according to the number of their dependants.
- There is a graduated scale with 25 income bands, to each of which corresponds a rate of tax ranging from 0 to 56 %; application of the rates varies according to the class to which the taxpayer belongs. For the first band from 0 to LFR 144 000, the rate is 0 %; for the second band from LFR 144 000 to LFR 168 000, the rate is 12 %. The rate then increases by 2 % per band. For income exceeding LFR 1 152 000, there is a uniform rate of 56 %.
  This basic scale is adjusted periodically to variations in the weighted consumer price index.

- As regards extraordinary income, the rates applied range from 12 to 34 %.
- Non-residents, whose tax is calculated by assessment, are taxed under the Class II tariff (as married taxpayers without dependants) at a rate not less than 15 %.

To provide resources for the unemployment fund, the liability for personal income tax has been set as from 1987 at 105 % of the amount payable under the above rules.

Carry-over of losses:

Losses suffered by business firms, farmers, foresters or persons practising a liberal profession may be carried forward for a period of five years, provided the persons running the enterprise or other persons involved keep regular accounts. Firms belonging to an industry declared to be undergoing structural crisis may carry forward for an indefinite period 50 % of the depreciation charged in respect of deficit years which end during a period of crisis, but the amount carried forward must not exceed the loss incurred in the trading year in question.

Withholding tax on wages and salaries
(Special method of collection of personal income tax)

(Retenue d'impôt sur les traitements et salaires – Mode de perception spéciale de l'impôt sur le revenu des personnes physiques)

Law of 4 December 1967 on income tax, Title I, Articles 136 to 145 (*Mémorial* A, 1967, pp. 1268–1270), as amended by the Laws of 27 December 1973 (*Mémorial* A, pp. 1959 and 1964), 30 June 1976 (*Mémorial* A, 1976, p. 591) and 27 July 1978 (*Mémorial* A, 1978, p. 1016) and the Grand Ducal implementing Regulations concerning the procedure for calculating the withholding tax and the annual adjustment.

Tax payable by:

- Workers receiving income from employment or former employment or non-exempted sickness, maternity, accident or unemployment payments.
- Persons in receipt of retirement or old-age pensions from an independent retirement fund.

Collection:

Income tax due on wages, salaries and pensions is withheld at source.
The tax is to be withheld by the employer or the pension fund for the account of the worker or the pensioner in accordance with tables of monthly or daily amounts which are drawn up on the basis of the general scale for personal income tax and allow for the standard deductions for costs of acquisition (LFR 25 200 per year for workers in paid employment and LFR 6 000 per year for persons in receipt of pensions), for special expenses (LFR 18 000 per year) and the compensatory reduction for wage-earners (LFR 18 000) or the reduction for retired persons.
The reduction for retired persons is fixed at LFR 24 000, if the taxable income does not exceed LFR 288 000; at LFR 18 000, increased by an eighth of the difference between LFR 366 000 and the taxable income, if the latter is more than LFR 288 000; at LFR 18 000 if the taxable income exceeds LFR 336 000.
There is an annual adjustment of tax withheld. When tax is calculated by assessment, tax withheld is deductible from tax liability (and normally refundable).

Withholding tax on income from capital (Special method of collection of personal income tax)

(Retenue d'impôt sur les revenus de capitaux – Mode de perception spéciale de l'impôt sur le revenu des personnes physiques)

Law of 4 December 1967 on income tax, Title I, Articles 146 to 151 (*Mémorial* A, 1967, pp. 1271-1273), as amended by the Laws of 30 November 1978 (*Mémorial* A, 1978, p. 1973) and 10 April 1986 (*Mémorial* A, 1986, p. 1158).

Tax payable on:

Dividends which are subject to income tax. The tax is withheld at source for the beneficiary's account by the distributor in Luxembourg.
Where tax is calculated by assessment, tax withheld is deductible from tax liability (not refundable).

Rates:

15 % of gross dividends (or 17.65 % if the debtor pays the tax).

Corporation tax

(Impôt sur le revenu des collectivités)

Law of 4 December 1967 on income tax, Title II, Articles 158 to 174 (*Mémorial* A, 1967, pp. 1276-1281), as amended by the Laws of 11 November 1968 (*Mémorial* A, 1968, p. 1210), 27 December 1973 (*Mémorial* A, 1973, p. 1959), 30 November 1978 (*Mémorial* A, 1978, p. 1973), 15 July 1980 (*Mémorial* A, 1980, p. 1058) and 19 December 1986 (*Mémorial* A, 1986, p. 2330), supplemented by the Laws of 1 July 1981 (*Mémorial* A, 1981, p. 991) and 23 July 1983 (*Mémorial* A, 1983, p. 1336); four Grand Ducal implementing Regulations.

Beneficiary:

The State.

Tax payable by:

Joint-stock companies, cooperative societies, religious associations, non-profit-making organizations, foundations and establishments for public utility, funds for special purposes, mutual insurance associations, industrial and commercial undertakings incorporated under public law.

Basis of assessment:

Trading profit. The profit is defined as the difference between the net invested assets at the end and the net invested assets at the beginning of the year, plus any withdrawals but minus any additions and contributions made during the year.
(The profit is determined according to the rules governing personal income tax.)

Exemptions:

'Personal' exemptions:
- Certain corporate bodies whose direct or exclusive objectives are religious, charitable or of general interest.
- Establishments supplying water, gas and electricity and belonging to the State, municipalities or groups of municipalities.
- National lottery, national low-cost housing corporation, independent employers' pension and provident funds.
- Holding companies.
- Exclusively occupational associations and agricultural cooperatives in which machines are used in common and by which the agricultural produce of the members is processed or sold.

'Real' exemptions (Privilege of parent companies and subsidaries – *Schachtel privileg):*
The income of a resident joint-stock company which is fully liable to tax and which has a direct continuous holding of at least 10 % in the capital of another joint-stock company is exempted wholly if the other company is fully liable to tax.

Deductions:

In addition to the deductions as for personal income tax, the other expenses which may be deducted are:

- funds earmarked for the technical reserves of insurance companies;
- refunds made to members by cooperatives and certain agricultural associations in so far as the distributions of profits, other than the refunds, represent less than 5 % of the net assets invested at the end of the financial year concerned;
- amounts due to partners in partnerships limited by shares for rent, interest on assets, or fees for an activity in the service of the company.

Non-residents:

Only income accruing in Luxembourg is taxable; there are no personal exemptions; tax may be withheld at source, and this extinguishes the tax debt.

Rates:

- 20 % when taxable income does not exceed LFR 400 000.
- LFR 80 000 plus 50 % of income in excess of LFR 400 000 when taxable income is between LFR 400 000 and LFR 600 001.
- 30 % when taxable income is between LFR 600 000 and LFR 1 000 001.
- LFR 300 000 plus 55.20 % of income in excess of LFR 1 000 000 when taxable income is between LFR 1 000 000 and LFR 1 313 000.
- 36 % when taxable income is in excess of LFR 1 312 000.

To provide resources for the unemployment fund, corporation tax liability has been set as from 1987 at 102 % of the liability under the above rules.

Carry-forward of losses:

Five years, and unlimited subject to the same conditions as for natural persons.

Special tax on company directors' fees

(Impôt spécial sur les tantièmes)

Regulation of 31 March 1939 on the tax on company directors' fees.

Beneficiary:

The State.

Tax payable by:

Members of boards of directors receiving fees.

Basis of assessment:

All fees.

Non-residents:

As for residents.

Collection:

The tax is withheld at source by the company concerned.

Rates:

Residents: 25 % (or 33.33 % where the company pays the tax).
Non-residents: 33.80 % (or 51.05 % where the company pays the tax).

Special feature:

This tax cannot be deducted from personal income tax itself, but may be deducted from the basis of assessment of personal income tax.

Tax on betting on sporting events

(Taxe sur les paris relatifs aux épreuves sportives)

Law of 20 April 1977 on the exploitation of games of chance and betting on sporting events (*Mémorial* A, 1977, p. 547) and Grand Ducal Regulation of 7 September 1987 (*Mémorial* A, 1987, p. 1739).

Beneficiary:

The State.

Tax payable by:

Oganizers of betting on sporting events.

Basis of assessment:

Gross sums involved (stakes).

Collection:

By means of tax returns.

Rate:

15 %.

Tax on lotto

(Taxe sur le loto)

Law of 30 July 1983 introducing a tax on lotto *(Mémorial* A, 1983, p. 1350).

Beneficiary:

The State.

Tax payable by:

The organizer of the game of lotto.

Basis of assessment:

Gross sums involved (amounts collected from players).

Collection:

By means of tax returns.

Rate:

15%.

Wealth tax

(Impôt sur la fortune)

Wealth Tax Law of 16 October 1934; Regulation of 31 October 1939 amending the Wealth Tax Law; Regulation implementing the Wealth Tax Law of 2 February 1935; Agricultural Law of 23 April 1965 (*Mémorial* A, 1965, pp. 383-390); Ministerial Regulation of 16 April 1969; Laws of 23 December 1975 amending certain provisions of the wealth tax (*Mémorial* A, 1975, p. 2167), of 31 July 1982 (*Mémorial* A, 1982, p. 1474) and of 14 June 1983 (*Mémorial* A, 1983, p. 1073).

Beneficiary:

The State.

Tax payable by:

Individuals and legal persons except partnerships *(sociétés de personnes)*, members of which are taxed individually on the value of their participation.

Basis of assessment:

Total property, gross (farms and forestry holdings, all other movable and immovable, tangible and intangible property), less debts.

Minimum taxable amount for public limited companies and partnerships limited by shares: . . . . LFR 500000;
for private limited companies: . . . . LFR 200000.

Exemptions:

Savings banks properly so-called, pension funds, employers' pension and provident funds with legal personality; non-profit-making institutions of a religious and/or charitable nature or such institutions serving the public interest; the national society for low-cost housing; public authority enterprises.

Deductions:

For individuals, an allowance of LFR 100000 is granted from the basis of assessment for the taxpayer himself (plus LFR 100000 for the spouse and for each child).

Married couples:

Tax is aggregated.

Non-residents:

Only assets located in Luxembourg are taxed.

Collection:

General assessment every three years: a part of the tax is fixed annually and collected quarterly.

Rate:

0.5%..

Estate duty

(Droits de succession)

Law of 27 December 1817 on the levy of estate duty; Laws of 18 August 1916, 7 August 1920 and 31 January 1921 increasing the estate duties; amending Law of 16 June 1950; Law of 13 May 1964, Law of 13 June 1984 amending certain legislative provisions; various other Grand Ducal laws and regulations.

Beneficiary:

The State.

Duty payable by:

Heirs and legatees of persons domiciled in Luxembourg.

Basis of assessment:

Market value at the time of decease of the entire net estate inherited from a person domiciled in Luxembourg, except for real estate located abroad.

Exemptions:

The 'legal portion' going to direct descendants is not taxed, nor is any estate going to a spouse with common descendants.
Estate duty is payable only if the net inherited exceeds LFR 50 000.

Collection:

By means of assessment books.

Rates:

- In direct line: apart from the 'legal portion', 2.5 % in the case of the disposable share and 5 % for the remainder.
- To spouse without children or common descendants: 5 % (reduction of LFR 1 500 000).
- Between collateral relatives, according to the degree of relationship: 6 to 15 % of the 'legal portion' and 15 % of the remainder.

If the net sum accruing to an individual exceeds LFR 400 000, the portion payable on the basis of the above rates is increased progressively by $^{1}/_{10}$ to $^{22}/_{10}$ (portion in excess of LFR 70 million).

- Legacies left to municipalities, public undertakings, charitable institutions and relief committees: 4 % whatever the sum.
- Legacies left to non-profit-making organizations, undertakings for public purposes, bishoprics, consistories, synagogues and church funds: 6 % whatever the sum.

Non-residents:

Where the deceased person was not domiciled in Luxembourg, transfer duty on death *(droit de mutation par décès)* and not estate duty is levied.

Basis of assessment:

Market value of real estate located in Luxembourg at the time of decease. There are no allowances, and debts are not deductible.

Rates:

- In direct line: 2% of the 'legal portion'.
- To spouse with children or common descendants: 5%.
- Other rates are the same as in the case of estate duty.
- As in the case of estate duty, the rate is increased progressively by $^1/_{10}$ to $^{22}/_{10}$ (see above).

Value-added tax

(Taxe sur la valeur ajoutée)

Law of 12 February 1979 on value-added tax (*Mémorial* A, 1979, p. 451 *et seq.*); Law of 22 December 1979 on the budget of public receipts and expenditure for the 1980 fiscal year (*Mémorial* A, 1979, p. 1913); Law of 23 December 1980 on the budget of public receipts and expenditure for the 1981 fiscal year (*Mémorial* A, 1980, p. 2106); Law of 21 December 1981 on the budget of public receipts and expenditure for the 1982 fiscal year (*Mémorial* A, 1981, p. 2416); Law of 20 December 1982 on the budget of public receipts and expenditure for the 1983 fiscal year (*Mémorial* A, 1982, p. 2268); Law of 1 July 1983 on measures to promote the restructuring and modernization of the steel industry and the maintenance of the general competitiveness of the economy, amending in particular Articles 39(2) and 58(2) and Annex A of the VAT Law of 12 February 1979 and Article 7 of the Budget Law of 20 December 1982; Law of 19 December 1983 on the budget of public receipts and expenditure for the 1984 fiscal year; Law of 24 February 1984 amending: (a) the Law of 6 September 1986 on the control of insurance undertakings, as amended by the Law of 7 April 1976, and (b) certain provisions on taxes and establishment; Law of 24 December 1984 on the budget of public receipts and expenditure for the 1985 fiscal year; various implementing regulations and administrative circulars.

Beneficiary:

The State.

Tax payable by:

- Any natural or legal person who habitually performs independent activities connected with an economic activity.
- Importers.

Tax due when:

- Goods or services are supplied against payment within Luxembourg by a taxable person in the course of his business.
- Goods are used for purposes not connected with the running of a business.
- Goods assigned to business use are used for non-business purposes.
- Goods are imported.

Basis of assessment:

- For goods and services supplied: the remuneration received (exclusive of VAT).
- For goods used for private and business purposes: the normal value (exclusive of VAT).
- For services used privately and services supplied to oneself: the amount of expenditure incurred in supplying those services.
- For imports: the purchase price or normal value (exclusive of VAT) plus all charges, duties, levies and taxes (other than VAT) and incidental expenses involved up to first point of destination of the goods within Luxembourg.

Deductions:

- The tax charged on goods and services used for business purposes may be deducted by the taxable person from the tax payable by him in respect of taxable transactions carried out by him.
- Value-added tax charged on goods and services used to carry supplies of goods and services which are exempt or not caught by the tax is not deductible.
- Value-added tax charged on expenditure which is not strictly business expenditure, such as that on luxuries, amusements or entertainment, is not deductible.

Exemptions:

- No tax is due, and tax paid at earlier stages in deducted, on international transport, exports and transactions of a like nature.
- No tax is due, but tax paid at earlier stages is not deducted, on postal and telecommunications services, the supply of water by public-law corporations, financial and banking transactions, the supply and letting of real property, insurance and re-insurance transactions, and certain social, health, educational and cultural activities.

Collection:

Monthly, quarterly or annual tax returns and payments.

Rates:

2 %, 5 % and 10 % up to 30 June 1983; 3 %, 6 % and 12 % as from 1 July 1983.

Exports:

See under 'Exemptions'.

Excise duties

(Accises)

With regard to excise duties, see the section on Belgium. see page

Fire service tax

(Impôt dans l'intérêt du service d'incendie)

Law on fire protection tax of 1 February 1939 (RGBl I, p. 113); Provisions of 1 February 1939 implementing the Law on fire protection tax (RGBl I, p. 116); Grand Ducal Decree of 26 October 1944 (*Mémorial* 1944, p. 80); Grand Ducal Decree of 23 July 1945 (*Mémorial* 1945, p. 422).

Beneficiary:

The State.

Tax payable by:

Fire insurance underwriters.

Basis of assessment:

Premiums, including incidental expenses, paid to the underwriter.

Collection:

Returns and payments are made on a quarterly basis.

Rate:

The rate of the fire service tax was raised to 6 % under the Law of 21 February 1985 amending the Law on fire protection tax ('Feuerschutzsteuergesetz') of 1 February 1939.

Insurance tax

(Impôt sur les assurances)

Law on insurance tax of 9 July 1937 (RGBl I, p. 793); Provisions implementing the Law on insurance tax of 13 July 1937 (RGBl I, p. 797); Grand Ducal Decree of 26 October 1944 (*Mémorial* 1944, p. 80); Grand Ducal Decree of 23 July 1945 (*Mémorial* 1945, p. 422).

Beneficiary:

The State.

Tax payable by:

Insured persons, guaranteed by the underwriter.

Tax payable on:

Payments of premiums for certain types of insurance contracts (e.g. hail, theft, glass, civil liability, accident, fire, building transport, marine, aircraft, motor, life, sickness, old age, disability, dowry, capitalization contracts, etc.).

Basis of assessment:

Generally, the premium including incidental expenses; for hail, the sum insured.

Exemptions:

Certain types of insurance contract, notably compulsory contracts with social insurance institutions.

Collection:

Returns and payments are made on a quarterly basis by the underwriter.

Rates:

- 0.2 ‰ of the insured sum in the case of hail insurance.
- In other cases: 2 to 10 % of the premium according to the contingency insured against.

Tax on land and buildings

(Impôt foncier)

Law on tax on land and buildings of 1 December 1936, amended by the Regulation of 20 April 1943 (RGBl I, p. 1943, p. 267 – RSTBl 1943, p. 369); Grand Ducal Decree of 16 March 1945 (*Mémorial* A, 1945, p. 115); Grand Ducal Regulation of 21 December 1962 (*Mémorial* A, 1962, p. 1186); Law of 1 February 1967 (*Mémorial* A, 1967, p. 51); Grand Ducal Regulation of 27 June 1967 (*Mémorial* A, 1967, p. 712); Grand Ducal Regulation of 18 December 1967 (*Mémorial* A, 1967, p. 1359).

Beneficiary:

The municipalities.

Tax payable by:

Owners of real estate located in the municipalities.

Basis of assessment:

Standard value of all real estate, whether buildings or land without buildings, assessed on the basis of the valuation law.

Exemptions:

Real estate belonging to public corporations and used for public purposes; real estate used for charitable, sporting, religious, or scientific purposes; land and buildings belonging to hospitals; public roads and waterways; cemeteries.

Non-residents:

The same system is applied as in the case of resident persons and companies, since the tax, as a tax on material values, is payable on all real estate located in Luxembourg.

Collection:

The amount of tax is fixed annually without tax returns. Payment is quarterly, half-yearly or yearly according to the amount of tax.

Rates:

A basic taxable amount is first of all fixed, varying between 7 and 10‰ of the standard value. This basic taxable amount is then multiplied by a factor fixed by the municipal authorities between 1 and 3, depending on the nature of the building. In the case of farms, this factor varies from 0.9 to 5.

Special feature:

The tax may be deducted from taxable income or profits.

Stamp duty

(Droit de timbre)

Law of 23 December 1913 on registration; Laws of 7 August 1920 and 28 March 1938, increasing stamp duties; Ministerial Decrees of 19 April 1950 and 18 October 1950; Law of 13 June 1984, amending certain legislative provisions; various other laws and Grand Ducal Decrees.

Beneficiary:

The State.

Basis of assessment and rates:

- Stamp duty ranging from LFR 25 to 160, depending on the size of the paper, is payable on all public and private documents intended to have probative force between the parties concerned.
- Fixed stamp duty ranging from LFR 10 to 3 200 is payable on certain documents (passports, permits, certificates, legalizations, authorizations, etc.) issued to individuals by government departments.
- Proportional stamp duty, at a rate of LFR 1 per LFR 1 000 of the sum mentioned or of the nominal value, is payable on bills of exchange, promissory notes or bearer bills, drafts, abstracts, all other negotiable bills and bonds.

Exemptions:

Certain types of documents are exempt from stamp duty, because of their nature or purpose, or because of the status of the parties concerned.
Shares or bonds issued by companies are exempt from stamp duty.

Collection:

By affixing of stamps or by payment of the duty when it becomes due.

Registration taxes

(Droits d'enregistrement)

Law of 23 December 1913 and 7 August 1920 on registration; Law of 18 September 1933; Grand Ducal Decree of 12 May 1945 fixing certain duties and taxes; Laws of 28 January 1948 and 13 July 1949; Law of 13 May 1964; Law of 29 December 1971 concerning the tax on the assembling of capital in companies governed by civil law or commercial law *(sociétés civiles et commerciales)* and revising certain legal provisions on the collection of registration taxes; Law of 13 June 1984 amending certain legislative provisions; various other laws and Grand Ducal Decrees.

Beneficiary:

The State.

Basis of assessment:

Market value of property transferred or sums and securities for which legal acts are executed.

Exemptions:

Certain types of legal acts are exempt from registration taxes because of the nature or purpose of the legal procedure in question or of the status of the parties.

Collection:

As a general rule, the taxes are collected when civil, judicial or extra-judicial acts are registered.

Rates:

Fixed rates ranging from LFR 100 (the standard rate) to LFR 100 000 are applicable in the case of acts which do not involve any obligation, any payment in respect of sums and valuables, or the transfer of ownership, usufruct or enjoyment of real or personal property; this is a duty levied for the preparation of the legal act, which is payable when the acts are registered.
A proportional duty, ranging from 0.24 to 14.4 % according to the nature and purpose of the legal procedure involved, is levied in respect of legal acts involving obligations, court orders, priority classification in bankruptcy proceedings, or payment in respect of sums and valuables, and for any transfers between living persons, of the ownership, usufruct or enjoyment of real or personal property. Legal acts on which proportional duty is payable are not liable to the fixed duty.
The transfers of personal estates and rights, giving rise to liability for value-added tax, are registered only for fiscal duties. This provision, however, does not apply to transfers to companies in consideration of shares.

Tax levied on sales of real property:

Standard rate: 6 %.
Reduced rate applicable to sales of real estate in cases of bankruptcy and, in certain circumstances, to rural properties and low-cost housing: 1.2 %.

Tax levied on companies:

- Real or personal estate invested: 1 %.
- In the case of assets transferred to a company for a valuable consideration: 0.24 % to 6 %, according to the nature of the assets invested.
- New capital invested: 1 %.
- Capitalization of reserves: fixed duty of LFR 100.

  Fusion of societies:
- in the case of capital invested in a new company: 0.5 %;
- in the case of assets transferred to a company for a valuable consideration (assets with a liability counterpart): exempted because the assets invested are the contributor's total assets;
- in the case of family companies *(sociétés familiales)* the duty is reduced to 0.5 %;
- transfer of shares of associates: fixed duty of LFR 100.

Subscription tax on shares and bonds:

A compulsory annual duty *(droit d'abonnement)* is payable on shares and bonds issued by public limited companies and partnerships limited by shares and on shares in private limited companies, the minimum being LFR 500 a year and the rates being as follows:
- 0.36 % in the case of public limited companies and partnerships limited by shares;
- 0.18 % for private limited companies.

The compulsory annual duty is payable on the securities of holding companies at a rate of 0.20 % (minimum LFR 2 000 a year).

Mortgage tax (Registration of mortgage, renewal of registration and transfer)

(Droits d'hypothèque – Droits d'inscription, de renouvellement d'inscription et de transcription)

Law of 18 April 1910 and Grand Ducal Decree of 19 April 1910 on mortgage arrangements; Law of 7 August 1920 on the increase of duties; Law of 14 July 1966 and Grand Ducal Regulation on the registration and mortgaging of inland waterway vessels; Law of 29 March 1978 on the recognition of rights over aircrafts; various other laws and Grand Ducal Decrees.

Beneficiary:

The State.

Basis of assessment:

- In the case of registration and renewal of registration: the principal amount of the debt registered.
- In the case of transfer: the price or market value of the property concerned (real property, inland waterway vessels and aircrafts).

Exemptions:

- The following are exempt from mortgage registration tax: legal mortgages on property belonging to minors, persons under judicial disability and the central government, and mortgages guaranteeing municipal loans, loans made by the State savings bank, the land mortgage institution *(crédit foncier)* the subsidized housing department and social insurance institutions, etc.
- The following are exempt from mortgage transfer tax: as a general rule, all transfers of real property on which proportional registration tax is not payable, gifts shared between relatives in direct ascending line and, in certain circumstances, exchanges of rural property.

Collection:

Mortgage tax is collected when the relevant legal documents concerning the mortgage are presented.

Rates:

- Registration and renewal of registration (in principle every 10 years) 0.5 ‰.
- Transfer: as a general rule 1 %; this rate is reduced to 0.5 % in the case of some real property (rural property, low-cost housing) and in the case of certain legal acts (exchanges, sales of real property following bankruptcy).

Special feature:

A special duty (registrar's fee) ranging from LFR 50 to 500, depending on the value of the real property transferred or on the amount of the mortgage debt to be registered or cancelled, is levied by the central government; $1/5$ of this sum is paid to the mortgage registrars by way of compensation for their responsibility.

Tax on motor vehicles

(Taxe sur les véhicules automoteurs)

Law on motor vehicles tax of 23 March 1935; implementing provisions of 5 July 1935 for the Law on motor vehicle tax; Articles 4 and 5 of the Budget Law of 24 March 1967 *(Mémorial* A, 1967, p. 210 *et seq.)*; Article 4 of the Budget Law of 23 December 1967 *(Mémorial* A, 1967, p. 1558); Article 3 of the Budget Law of 29 December 1970 *(Mémorial* A, 1970, p. 1480); Law of 4 August 1975 *(Mémorial* A, 1975, p. 1047); Article 5 of the Budget Law of 23 December 1980 *(Mémorial* A, 1980, p. 2099); Article 6 of the Budget Law of 20 December 1982 *(Mémorial* A, 1982, p. 2263); Law of 21 February 1985 *(Mémorial* A, 1985, p. 187); Grand Ducal Regulations of 19 June 1967 *(Mémorial* A, 1967, p. 636), 24 December 1969 *(Mémorial* A, 1969, p. 1918), 15 September 1975 *(Mémorial* A, 1975, p. 1317), 7 June 1980 *(Mémorial* A, 1980, p. 845), 22 December 1981 *(Mémorial* A, 1981, p. 2404) and 13 May 1985 *(Mémorial* A, 1985, p. 426) and various other Grand Ducal and ministerial regulations.

Beneficiary:

The State.

Tax payable on:

Motor vehicles, trailers and semi-trailers using the public highway, other than those running on rails.

Tax payable by:

The person in whose name the vehicle is registered.

Basis of assessment:

Tax is calculated on the basis of the cylinder capacity of the engine or the weight of the vehicle, depending on the class of the vehicle.

Exemptions:

Vehicles used by the central government, the municipalities or public enterprises or for public benefit; ambulances; tractors used exclusively for agricultural purposes; subject to certain conditions: vehicles used by private fire services, taxi firms or firms hiring out vehicles with driver, vehicles used by the diplomatic corps, invalid vehicles.

Collection:

Returns and payments are made annually or by instalments; proof of payment of tax is shown by means of a special tax label.

Rates:

I. On the basis of cylinder capacity:
Private cars driven by a piston engine – except rotary piston engines – running on liquid or gas fuel:
(a) where the engine cylinder capacity does not exceed 1 000 cc: LFR 151 per 100 cc or part thereof;
(b) where the engine cylinder capacity is between 1 001 cc and 1 500 cc: LFR 158 per 100 cc or part thereof;
(c) where the engine cylinder capacity is between 1 501 cc and 2 000 cc: LFR 164 per 100 cc or part thereof;
(d) where the engine cylinder capacity exceeds 2 000 cc: LFR 170 per 100 cc or part thereof.

II. On the basis of weight:	*up to 2 400 kg*	*above 2 400 kg*
– Private cars driven by a rotary piston engine or an electric or turbine engine	LFR 394 per 200 kg of unladen weight	LFR 4 725 + LFR 131 per 200 kg in excess of 2 400 kg
– Buses and coaches	*idem*	*idem*
– Lorries, vans, tractors and truck tractors	LFR 400 per 200 kg of unladen weight	LFR 4 800 + LFR 500 per 200 kg in excess of 2 400 kg
– Trailers and semi-trailers	LFR 350 per 200 kg of unladen weight	LFR 4 200 + LFR 438 per 200 kg in excess of 2 400 kg

Trade tax

(Impôt commercial)

Law on trade tax of 1 December 1936, as amended by the Laws of 29 November 1973 (*Mémorial* A, 1973, pp. 1545 and 1546), 27 December 1973 (*Mémorial* A, 1973, pp. 1959–1964), 27 March 1981 (*Mémorial* A, 1981, p. 318), 1 July 1981 (*Mémorial* A, 1981, p. 989), 31 July 1982 (*Mémorial* A, 1982, p. 1474), 14 June 1984 (*Mémorial* A, 1984, p. 1073), 22 February 1986 (*Mémorial* A, 1986, p. 824) and 19 December 1986 (*Mémorial* A, 1986, p. 2330); Regulations of 31 March and 16 November 1943 on the levying of trade tax in simplified form; third Regulation of 31 January 1940 implementing the trade tax law; Amending Law of 11 December 1967 (*Mémorial* A, 1967, p. 1323); various Grand Ducal and ministerial regulations.

Beneficiaries:

The municipalities.

Tax payable by:

Business, industrial, mining or handicraft undertakings located in Luxembourg.

Basis of assessment:

- Trading profits, with certain increases (in particular, 40 % of the interest on long-term debts, permanent costs, half the rent paid for movable assets) and certain deductions (10 % of the standard value of buildings, the percentage of profits received from partnerships *(sociétés de personnes)* liable to trade tax).
- Operating capital with certain increases (in particular, 40 % of long-term debts) and certain deductions (standard value of buildings, value of holdings in partnerships *(sociétés de personnes)* liable to trade tax).

Deductions:

An allowance of LFR 900 000 is granted on profits made by natural persons and partnerships *(sociétés de personnes)* and of LFR 700 000 on profits made by companies limited by shares *(sociétés de capitaux)*. An allowance of LFR 2 500 000 is granted on operating capital, the value of which is rounded off to the nearest LFR 10 000, of natural persons and partnerships, and one of LFR 1 800 000 on that of companies limited by shares.

Exemptions:

As a general rule, those persons or companies are exempted which are also exempted from corporation tax.

Non-residents:

The same as for residents, since the tax is levied on the enterprise by virtue of the fact that it is located in Luxembourg, regardless of who the owner is.

Collection:

Annually by means of tax returns.

Rates:

Trade tax:
- 4 % of profits;
- 2 ‰ of operating capital.

A municipal factor varying between 1.8 and 3 is then applied.

Special feature:

This tax may be deducted from taxable income or profits.

Carry-over of losses:

Five years, and without limit subject to the same conditions as for income tax.

Taxes on licensed premises

(Taxes sur les débits de boissons alcooliques)

Coordinated text of the Law of 12 August 1927 *(Mémorial* A, 1927, p. 623-628), as amended by the Laws of 3 May 1929 *(Mémorial* A, 1929, p. 387-388), 11 August 1951 *(Mémorial* A, 1951, p. 1141), 5 May 1958 *(Mémorial* A, 1958, p. 537), 19 May 1962 *(Mémorial* A, 1962, p. 343), 31 July 1967 *(Mémorial* A, 1967, p. 819), 7 July 1969 *(Mémorial* A, 1969, p. 903-905), 17 June 1970 *(Mémorial* A, 1970, p. 881) and 22 December 1970 *(Mémorial* A, 1970, p. 1459-1469); various Grand Ducal and ministerial Decrees.

Beneficiary:

The State.

Tax payable by:

Persons running licensed premises.

Tax payable on:

The licence.

Collection:

- A once-and-for-all tax payable when a bar or café is opened or transferred.
- An annual tax payable thereafter.

Rates:

- The tax payable on the opening of a bar or café is between LFR 1 000 and 3 500; it is between LFR 2 000 and 7 000 when there is not less than one bar or café to each 200 inhabitants; the tax is between LFR 6 000 and 21 000 in the case of bars or cafés which were already in existence before 27 July 1912.
- The annual tax ranges from LFR 200 to 800.

Both the tax on the opening of bars and cafés and the annual tax vary according to the population of the electoral district where the bar or café is located and according to the type of licence.

Entertainments tax

(Taxe sur les amusements publics)

Organic Regulation of charitable boards of 11 December 1846 (*Mémorial*, 1846, p. 694); Law of 28 May 1897 (*Mémorial*, 1897, p. 401); Grand Ducal Decree of 22 October 1923; various municipal regulations.

Beneficiaries:

The municipalities.

Tax payable by:

Organizers of public entertainments.

Tax payable on:

Cinema shows, fairs, lotteries, fancy-dress balls, skittles, juke-boxes, etc.

Collection:

By means of tax returns.

Rates:

There is a fixed duty varying from LFR 200 to 300 annually in the case of skittles and from LFR 200 to 600 in the case of juke-boxes, and a proportional duty varying from 5 to 15% of the entrance charge in the case of cinemas.

Tax on gross proceeds from casino gambling

(Prélèvement sur le produit brut des jeux de casino)

Law of 20 April 1977 on the exploitation of games of chance and betting on sporting events (*Mémorial* A, 1977, p. 547); Grand Ducal Regulation of 12 February 1979 (*Mémorial* A, 1979, p. 145).

Beneficiaries:

The State (the municipality in which the establishment is situated receives 20 % of the yield of the tax).

Tax payable by:

Gambling casinos.

Basis of assessment:

Gross proceeds from games of chance.

Collection:

By means of tax returns.

Rates:

Rates vary between 15 and 80 %.

THE NETHERLANDS

Nederland

Personal income tax

(Inkomstenbelasting)

Income Tax Law 1964, Stb. 519, as last amended by the Law of July 1987 (Stb. 364).

Beneficiary:

The State.[1]

Tax payable by:

All individuals resident in the Netherlands, and non-residents deriving income from Dutch sources.

Basis of assessment:

For residents:
Total income from all sources (business profits plus net income from work, from capital or from certain periodical payments, plus capital gains on the sale of securities forming a substantial participation in a limited company) less amounts set aside for the 'old-age reserve' and plus amounts deducted from the 'old-age reserve', less the total amount of relief for the self-employed and any assisting-spouse deduction, personal liabilities, extraordinary expenses, deductible gifts, allowances on interest and on dividends and deductible losses from certain other years.

For non-residents:
Total income from Dutch sources (business profits made in the Netherlands plus net income from an occupation which is or was carried on in the Netherlands, from real estate located in the Netherlands, from mortgages secured on such real estate, from entitlements to profit (other than based on securities or occupation) and in particular from securities issued by limited companies located in the Netherlands in cases where the non-resident concerned has a substantial participation, plus capital gains on the sale of such securities forming a substantial participation, plus the right to periodical payments and allowances made by Dutch public corporation) less the assisting-spouse deduction, certain personal liabilities, allowances on interest and on dividends and deductible losses from certain other years.

Exemptions:

Income from the following sources is not deemed to form part of the basis of assessment:
- appreciation of farming land unless the appreciation has resulted from farming activities;
- profits from forestry undertakings;

[1] Through the provincial fund, the provinces received 1.03 % of the revenue from almost all taxes in the Netherlands in 1984. Through the municipal fund, the municipalities received 12.51 % of the revenue in 1984.

- reorganization profits resulting from creditors abandoning unsatisfied claims, in so far as these profits exceed total losses incurred in the current year or carried over from preceding years;
- an allowance of HFL 20 000 in cases where businesses are partly or wholly transferred or wound up;
- benefits from savings premiums resulting from certain laws on savings applying to lower-income groups;
- benefits from certain pensions and certain indemnities arising on the termination of a profession.

Investment:

The rules concerning investment allowances and accelerated depreciation were replaced in 1978 by the Investment Account Act (WIR). This act is designed to encourage business investment generally through financial incentives and to channel such incentives to investments deemed to be important in terms of environmental or energy policy.
Unlike accelerated depreciation and investment allowances, which were deducted from profits and thus indirectly reduced the tax payable, the WIR scheme grants investment relief in the form of a direct deduction from the amount of tax chargeable on income. Tax is reduced by the disinvestment payment, but not further than zero. If the investment contributions have not been deducted from tax for a calendar year, they are set off against tax payable in respect of the preceding three or following eight calendar years.
The tax deductions (the 'WIR premiums') fall into two categories, 'basic premiums' and 'additional premiums'. Basic premiums are granted in respect of investments made by any undertaking; the amount is related to the size of the investment. Additional premiums are available, provided a number of special conditions are met.
Since 1 January 1984, a basic premium of 12.5 % has been available for all business assets. Since 1 January 1985 the supplement for small businesses ranges from 6 % to 1/4 %, for amounts from 0 to HFL 115 400.

Reserve for old age for self-employed persons:

Since 1 January 1973, self-employed resident taxpayers over 18 and under 65, are allowed to deduct a certain percentage of their profits, in order to set up an 'old-age reserve'. The contribution to this reserve in 1987 must be not less than HFL 1 070 and not more than HFL 16 838, and the reserve may not exceed the book value of business assets. For 1987 11.5 % of profits up to HFL 59 316 and 10 % of profits over HFL 59 316 may be added to the 'old-age reserve'. During the year when the taxpayer reaches the age of 65, the 'old-age reserve' must be converted into an annuity or some other form of regular payment or tax must be paid on it at a proportional rate, from 20 to 54 % (see 'Rates' below).

Married couples:

A husband and wife are taxed separately on their 'personal earned income' and 'personal deductions and additions'.
'Personal earned income' is made up of business profit, income from work (not only present work but also previous work; pension and early-retirement payments) and certain periodical payments in connection with previous work or study. 'Personal deductions and additions' include amounts set aside for and deducted from the 'old-age reserve', relief for the self-employed, the assisting-spouse deduction, social security premiums, and premiums in respect of periodical payments

made in connection with invalidity, sickness or accidents. The other components of a married couple's income (such as income from capital, personal liabilities and extraordinary expenses) are assessed jointly and attributed to the partner with the higher level of personal earned income. Where one spouse assists the other (the entrepreneur) in the latter's business, the entrepreneur qualifies for a deduction from income (assisting-spouse deduction) the amount of which is dependent on the extent to which the entrepreneur is assisted in this way. Alternatively, income accruing under a written agreement to the assisting spouse in respect of the assistance provided may be assessed separately and attributed to the latter.
A husband and wife who live apart permanently or who are not resident taxpayers are assessed quite separately.

Unmarried persons:

Unmarried persons are assessed separately even where they maintain a common household. However, in two cases, one partner in such a household may have income expenditure components attributed to the other:
1. if one partner assists the other in the latter's business, the assisting-spouse deduction available for married couples may be claimed;
2. at the request of both partners, their extraordinary expenses may be attributed to one of them.

Children:

The net income of a child under 18 years of age derived from his capital and his personal liabilities (except national insurance premiums), are added to the income and liabilities of the parent who has authority over the child.

Collection:

1. Personal income tax is levied annually by the tax department. It is assessed on the basis of the taxpayer's declaration. If no such declaration is submitted, taxable income is estimated by the Inspector of Taxes.
2. The following taxes are offset against the final assessment:
   - tax on wages (deducted at source by employer);
   - dividend tax (deducted at source by paying company);
   - tax on games of chance where the winnings form part of income;
   - provisional assessments.

Rates:

Standard rates:
There are 9 income bands which are taxed at rates ranging from 16 % to 72 % and over which the taxable amount, i. e. taxable income less the personal allowance, is spread. The following arrangements apply in 1987:

(i) As a rule, every taxpayer qualifies for the general tax-free allowance of HFL 7 474, which may be increased by:
- the single-person allowance: 50 % of the general allowance,
- the single-income allowance: 100 %, or
- the single-parent allowance: 80 %.

(ii) The single-person allowance is intended for unmarried persons aged 27 or over who live alone or solely with children under the age of 27 and are not entitled to the single persons' old-age allowance.

(iii) The single-income allowance is intended for married taxpayers whose spouse has no income and for unmarried taxable persons maintaining a common household with another unmarried taxpayer who has no income, where the latter is aged 27 or over or where he or she is aged between 18 and 27 and is not maintained for the most part at his or her parents' expense.

(iv) The single-parent allowance is intended for unmarried taxpayers who live alone or solely with children under the age of 27 or who have lived alone in a household and have, over a period of at least six months, a child of their own, a child by marriage or a foster child who is under the age of 27 and is maintained to a substantial extent at their expense.

(v) The general tax-free allowance may also be increased by a work allowance (ceiling of HFL 415 in 1987) where paid work other than housework is carried on.

(vi) The work allowance itself may be increased by the supplementary work allowance (ceiling of HFL 802 in 1987) in the case of taxpayers not entitled to the single-person allowance, the single-income allowance or the single-parent allowance where the household includes a child under the age of 12 (child-maintenance allowance).

(vii) The single-parent allowance may be increased by the supplementary single-parent allowance (ceiling of HFL 4 517) if work (other than housework) is carried out , if there is a child at home who is under 12 years of age and if the person in question is not entitled to child allowance in respect of a child between 16 and 27 years of age who runs the household.

(viii) In the case of taxpayers who do not use up their full tax-free allowance because their income is lower than the allowance, the unused portion may be transferred to the spouse or to the person with whom they are living.

(ix) Married persons living apart permanently are deemed to be single.
Non-resident taxpayers normally qualify for only the general tax-free allowance plus the work allowance.

Proportional rates:

20 to 54 %: in the case of certain types of profit and income (e.g. profits made when a business is sold or wound up), the rate depends on the average income in the four preceding years and the proportion of income eligible for taxation at the special rate;

20 %: in the case of profits deemed to be made on an entrepreneur's death, capital gains on sales of securities forming part of a substantial participation in a limited company, and bonus shares obtained when a limited company issues new capital.

Carry-over of losses:

Losses may be offset against income in the preceding three and following eight calendar years. Under certain circumstances, the period of eight years may be extended indefinitely as regards the losses of an undertaking incurred during the first six years following the setting up of the undertaking (start-up losses).

Tax on wages

(Loonbelasting)

Wage Tax Law 1964, Stb. 521, as last amended by the Law of July 1987 (Stb. 343).

Tax payable by:

(i) Persons resident in the Netherlands receiving a wage or salary from an employer established in the Netherlands for work they are doing or have done;
(ii) Persons resident abroad receiving a wage or salary from an employer established in the Netherlands for work they are doing or have done in the Netherlands;
(iii) Persons resident abroad who are members of the board of management or the supervisory board of a company established in the Netherlands for work they are doing or have done;
(iv) Persons resident abroad receiving a wage or salary from a Dutch public corporation for work they are doing or have done;
(v) Artists practising their profession in the Netherlands, but resident abroad, except where the Netherlands has not been granted the right to collect taxes under an agreement to prevent double taxation. The rate applied is 25%, if the profession is based on an agreement of short duration.

Dividend tax

(Dividendbelasting)

Dividend Tax Law 1965, Stb. 621, as last amended by the Law of 17 December 1981 (Stb. 749).

Tax payable by:

Statutory:
Persons holding – directly or in the form of certificates – shares and profit-participation bonds of Dutch joint-stock companies.
Deduction at source:
The paying companies are held to withhold the tax at source and to pay the tax immediately on declaration to the tax department; in so far as the tax is payable by the pertinent companies.

Exemptions:

1. Withholding of dividend tax is not obligatory in so far as the pertinent dividends are paid to legal entities entitled to the participation exemption under the Corporation Tax Law.
2. Restitution of dividend tax is given on demand to legal entities that are established in the Netherlands and are either a legal person not being subject to Dutch Corporation Tax, or a company or fund qualifying for the special regime for investment funds (see under Corporation tax).

Tax payable on:

Income from such securities, including the issue of bonus shares from profit reserves and liquidation dividends for the amount by which they exceed the paid-up capital.

Rate:

The rate is 25 %, except where it is lowered by virtue of an agreement to prevent double taxation. In most treaties it is stated that if the foreign parent company being entitled to the dividend holds at least 25 % of the stock of the subsidiary in the Netherlands, the rate will be lowered to nil.

Municipal tax on immovable property

(Gemeentelijke belasting op onroerend goed)

Municipal by-laws based on Articles 272 (a), 273 and 302 of the Law in Municipalities *(Gemeentewet).*

Beneficiaries:

The municipalities.

Tax payable by:

(a) Persons holding rights *in rem* over immovable property.
(b) Users of immovable property.

Basis of assessment:

The tax in immovable property can be assessed in two ways:
(a) on the basis of the value which can be put on the immovable property in economic transactions; for unmarketable immovable properties the basis is the replacement value;
(b) on the basis of the surface area of the immovable property, adjusted by coefficients for type of property, location, quality and usage.
The municipalities are free to choose which basis of assessment to apply.

Exemptions:

The following are automatically exempt:
(a) church buildings;
(b) land which forms part of property listed in the Nature Conservation Act;
(c) tracts of land managed by legal persons whose aim is the conservation of nature;
(d) public roads, waterways and railroads;
(e) water defense and water control works managed by public legal persons;
(f) immovable properties for purification of effluent water managed by public legal persons.
The municipalities are free to grant other exemptions.

Non-residents:

As for residents.

Collection:

The tax is collected by way of assessment by the central government after it has received the necessary information from the municipalities.

Rates:

The rates differ according to whether the value or the surface area is taken as the basis of assessment and also from municipality to municipality.
For each municipality, the total yield from the tax is limited to 12 % (for users) and 15 % (for persons holding rights *in rem)* of the grant (less certain costs) which the municipality in question receives from the municipal fund.

Corporation tax

(Vennootschapsbelasting)

Corporation Tax Law 1969, Stb. 469, as last amended by the Law of July 1987 (Stb. 335).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Joint-stock companies, cooperative societies, mutual insurance and credit companies, foundations and other legal persons incorporated under civil law, when they administer an enterprise, funds for common account, and most publicly controlled industrial and commercial undertakings (in all cases having their headquarters in the Netherlands); foreign legal persons established in the Netherlands or having sources of income analogous to those subject to the income tax applicable to non-residents.

Basis of assessment:

Profits in the widest sense, with a number of additions or deductions. The determination of the taxable profits corresponds largely to the determination of profits taxable under personal income tax, including the deductibility of an equity allowance (1 %) and of losses from other years.

Exemptions:

Exempted from corporation tax are:
- legal persons whose activities are of a social or charitable nature or otherwise in the public interest;
- exempted categories of profit are those corresponding to the relevant exemptions under personal income tax; furthermore the participation exemption applies for all dividends, gains and losses related to the holding of at least 5% of the shares in a subsidiary. This rule, preventing economic double taxation, is in general equally applicable to domestic and foreign subsidiaries.

Exception: the loss related to the winding up of a subsidiary is deductible by the parent company.

Investment:

Investment allowances do not exist and anticipated depreciation is not allowed. Instead of these and similar indirect incentives, taxpaying entities may claim 'WIR premiums'. The relevant rules for the corporation tax are largely corresponding to those in the Personal income tax Law.

Special features:

- Fiscal unity: if a parent company holds all shares of one or more subsidiaries and certain conditions are met, they may form upon request a fiscal unity: the subsidiaries are considered to be absorbed by the parent. As a result, each year negative results of companies belonging to the unity can be compensated horizontally with positive results of the other ones.
- Regime for investment funds: provided that all current income is distributed to share holders and a number of other conditions is met, an investment company or fund is entitled to add capital gains on securities and real property to a reinvestment reserve and to a rate of nil percent on the (remaining) profit.

Non-residents:

See under 'Tax payable by' above.

Collection:

Annual assessment by the tax department on the basis of the taxpayer's declaration. If no such declaration is submitted, the amount due is assessed directly by the tax department.

Rates:

The tax equals 42 % of the taxable amount.

Carry-over of losses:

See Personal income tax.

Tax on games of chance

(Kansspelbelasting)

Law governing the tax on games of chance, 14 September 1961, Stb. 313, as last amended by the Law of 13 November 1985 (Stb. 600).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

In the case of casino games organized in the Netherlands: the organizer of such casino games.
In the case of other games of chance: winners of games of chance organized in the Netherlands, beneficiaries of lotteries organized in the Netherlands, beneficiaries resident or domiciled in the Netherlands of games of chance organized abroad.

Basis of assessment:

In the case of casino games organized in the Netherlands: the gross takings which the organizer realizes through such casino games.
In the case of other games of chance: all prizes distributed to participants (either in kind or in cash).

Exemptions:

Prizes won in casino games organized in the Netherlands, prizes to a maximum amount of HFL 1 000 and prizes not exceeding the participants' outlay are tax-free.

Collection:

In the case of casino games organized in the Netherlands, the tax is paid by the organizer on the basis of a declaration.
In the case of other games of chance, the tax is deducted at source on prizes won in games of chance organized in the Netherlands. For prizes won in games of chance organized abroad, the tax must be paid by the prize-winner on the basis of a declaration made by the prize-winner himself.

Rate:

In the case of casino games organized in the Netherlands: 33 1/3 %.
In the case of other games of chance: 25 %.

Commuter tax

(Forenzenbelasting)

Municipal by-laws based on Articles 272 (F) and 275 of the Law on Municipalities *(Gemeentewet).*

Beneficiaries:

The municipalities.

Tax payable by:

Individuals whose main residence is not in the municipality in question but who spent more than 90 nights of the tax year in that municipality, or kept a furnished dwelling available for themselves or their family in that municipality for more than 90 days of the tax year.

Basis of assessment:

The duration of the stay, the rental value of the furnished dwelling, or another basis of assessment specified in the taxation by-laws; the amount of tax payable should in no case be dependent on income.

Exemptions:

Patients in hospitals, disabled persons, invalids or the elderly, and persons who, for the purpose of carrying out work for the government, are temporarily residing outside the municipality where they normally live.

Reductions:

The municipalities may lay down reductions.

Non-residents:

As for residents.

Collection:

The tax is assessed and collected by the municipalities.

Rates:

As the municipalities are competent to determine the rates of this tax, rates differ according to municipality.

Wealth tax

(Vermogensbelasting)

Wealth Tax Law 1964, Stb. 520, as last amended by the Law of July 1987 (Stb. 335).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Individuals resident in the Netherlands and possessing assets there, and individuals resident abroad possessing certain types of asset in the Netherlands.

Basis of assessment:

Net wealth at the beginning of the year (= difference between assets and liabilities).

Exemptions:

Non-taxable items include:
- legal rights of usufruct;
- not wealth invested in own business;
  - (a) up to and including HFL 119 000: 100 % exemption;
  - (b) from HFL 119 000: HFL 119 000 plus 40 % of the assets in excess of that amount, subject to an overall ceiling of HFL 530 000;
- pension rights;
- the following, provided they do not form part of business assets:
  - (a) furniture and works of art;
  - (b) goldsmith's and silversmith's wares; articles of jewellery: exemption up to a value of HFL 6 500;
  - (c) life annuities other than accrued life annuities;
  - (d) accrued life annuities, up to certain ceilings;
  - (e) certain life assurance policies.

Deductions:

	HFL
Single persons under 27 years of age unless they are entitled to child allowance or a deduction for extraordinary expenses of a child under 27 years of age	57 000
Widowers, widows, and single persons not falling within the above category	90 000
Married men	114 000
Allowance for each child	7 000

Additional allowances are granted to:

- persons with inadequate pension, life assurance policy or life annuity (minimum allowance of HFL 7 000 and maximum allowance of HFL 230 000);
- low-income earners younger than 65 (married men: not more than HFL 28 300; other: HFL 19 800) in the three preceding years (minimum allowance of HFL 45 000 and maximum allowance of HFL 367 000 for married men, and minimum of HFL 32 000 and maximum of HFL 257 000 for others).

Married couples:

Tax is levied on the combined wealth of married couples, unless they are living apart permanently.

Non-residents:

Persons resident abroad are liable to tax if they possess on Dutch territory developed or undeveloped real estate, claims covered by a mortgage on such real estate, or property forming part of a Dutch enterprise managed through a fixed establishment located in the Netherlands.

Collection:

Annual assessment by the tax department on the basis of the taxpayer's declaration. If no such declaration is submitted, the amount due is assessed directly by the tax department.

Succession duties

(Successierechten)

Law on Succession Duties 1956 (28 June 1956), Stb. 546, as last amended by the Law of July 1987 (Stb. 335).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Duties payable by:

Persons receiving inheritances, legacies and gifts.

Basis of assessment:

Value of all property received by the beneficiary:
1. as an inheritance from a person residing in the Netherlands at the time of his or her death;
2. as a gift from a person residing in the Netherlands at the time the gift was made.

A Dutch citizen who has resided in the Netherlands, and who, within 10 years of leaving the country, died or made a gift is deemed to have resided in the Netherlands at the time of his or her death or at the time the gift was made.

Exemptions:

1. The following are exempt from succession duty:
   the central government, provinces and municipalities in the case of legacies made in the public interest; Dutch legal persons carrying on activities in the public interest, provided that the property acquired does not exceed HFL 13 234; certain allowances, which vary according to whether the beneficiary is a widow, a widower, a child, the father, the mother, etc. or whether the beneficiary maintained a common household with the testator.
2. The following are exempt from gift duty:
   the central government, provinces and municipalities in the case of legacies made in the public interest; Dutch legal persons carrying on activities in the public interest provided the gift does not have a value exceeding HFL 6 617; varying allowances are granted.

Non-residents:

Transfer duty payable on gifts, inheritance and legacies received from persons not resident in the Netherlands. This duty is assessed on the value of property located in the Netherlands as specified under Wealth tax – 'Non-residents'.

Collection:

On the basis of returns by the taxpayers.

Rates:

These vary according to the degree of relationship between the testator or donor and the beneficiary, according to whether or not the testator or donor maintained a common household with the beneficiary, and according to the size of the inheritance or gift. The maximum rate for children and spouses is 27 % and for unrelated persons 68 %.

Turnover tax – Value-added tax

(Omzetbelasting – Belasting over de toegevoegde waarde)

Law on Turnover Tax 1968 (Stb. 329).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Traders (producers, dealers, and suppliers of services) and anyone importing goods into the Netherlands.

Tax payable on:

1. Supplies of goods effected in the Netherlands by a trader in the course of his business.
2. Supplies of services effected in the Netherlands by a trader in the course of his business.
3. The importation of goods.

Basis of assessment:

- The amount of the consideration charged for goods or services supplied in the Netherlands.
- In the case of imports the amount charged in respect of the supply of goods to the person for whom they are intended, the customs value where the goods are supplied or where this value exceeds the consideration.

Deductions:

Normally, input tax is deducted.

Exemptions:

- Certain supplies of goods and services with regard to real estate.
- Certain services supplied by banks, insurance companies and the post office, medical services, etc.
- The activities of youth organizations, sports clubs, non-profit-making institutions of a social nature, schools and universities, composers, writers, etc.

Collection:

Under the value-added tax system:
returns are submitted monthly, quarterly or annually; payments are made when the returns are submitted (within one month of the period concerned).

(a) Within the Netherlands: on the basis of taxpayers' returns;
(b) In the case of imports:
  - as import duties;
  - for certain traders and for most imports from Belgium and Luxembourg, as under (a) above.

Rates:

The normal rate is 20 % (18.5 % as from 1 January 1989): A rate of 6 % is applicable to goods and services which can, in general, be regarded as necessities.

Exports:

A rate of 0 % applies to goods exported by a trader, to services connected with such goods and to some services supplied to a person resident abroad.

Duty on mineral oils

(Accijns van minerale oliën)

Law governing duty on mineral oils (25 June 1964), Stb. 207.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Light oils (petrols), medium oils (petroleum), diesel oil, light fuel oil, heavy fuel oil and other mineral oils used as fuel. Excise duty is also levied on certain imported products which contain these mineral oils, according to the amount of mineral oil contained.

Duty payable on:

The manufacture in and import into the Netherlands of mineral oils.

Duty due when:

The products are released for consumption or imported for release for consumption.

Exemptions:

- Mineral oils used as raw materials.
- Light oils used for other purposes than as raw materials or fuel.
- Heavy fuel oils used for other purposes than as raw materials or fuel.
- Lubricating oils.

Collection:

The duty is paid at the latest on the 15th day of the month following that for which declaration is made.

Rates:

– Light oils, liquid at a temperature of 15°C and under atmospheric pressure, per hl at 15°C		unleaded	leaded
	HFL	76.54	79.62
– Other light oils	HFL	00.00	
– Medium oils, per hl at 15°C	HFL	10.00	
– Diesel oil and light fuel oil, not intended for use in motor vehicles on public roads, as provided in Article 2 of the 1966 law on motor vehicles (Stb. 332), per hl at 15°C	HFL		10
– Other diesel oil and light fuel oil, per hl at 15°C	HFL		25
– Heavy fuel oil and other mineral oils, per 100 kg net weight	HFL		3.424

Exports:

Duty on exports is remitted or refunded.

Duty on tobacco

(Tabaksaccijns)

Law governing duty on tobacco products (25 June 1964), Stb. 208.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Cigars, cigarettes, smoking tobacco, chewing tobacco and snuff, regardless of the proportion of tobacco-like products or substitutes used in their manufacture. No duty is levied on cigarette paper in the Netherlands.

Duty payable on:

The manufacture in or import into the Netherlands of tobacco products.

Duty due when:

The products are released for consumption or imported for release for consumption.

Collection:

The duty is settled by affixing tax bands supplied by the central government against payment of the appropriate amount of duty.

Rates:

In percentages of the retail price:

1. Cigars weighing 3 kg or more per 1 000	2.93 %
2. Other cigars (cigarillos)	8.11 %
3. (a) Smoking tobacco, dry chewing tobacco, snuff in addition HFL 20 per kg net weight	10.60 %
(b) Wet chewing tobacco	0 %
4. Cigarettes plus HFL 60.80 per 1 000	19.06 %

Imports:

The same rate of duty, assessed on the same basis, is levied on imported manufactured tobacco as on home-grown tobacco. It is payable by the importer and settled by affixing tax bands on the imported goods.

Exports:

Duty on exports is refunded or remitted.

Duty on wine and duty on sparkling beverages

(Wijnaccijns en accijns van mousserende dranken)

Law governing duty on products containing alcohol (30 May 1963), Stb. 240.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

1. Excise duty on wine is levied on non-sparkling beverages, manufactured by fermentation – with or without the addition of water or sugar – from:
   (a) juice or must from grapes, dried grapes or currants, if the beverages have a strength of less than 22°;
   (b) juice or must from other fruits than grapes, dried grapes or currants, if the beverages have a strength of less than 15°.
2. Excise duty on wine and excise duty on sparkling beverages are levied on the above fermented beverages, rendered sparkling in the Netherlands or naturally sparkling, and on such imported fermented sparkling beverages.

Duty payable on:

The manufacture in and import into the Netherlands of the above products.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

At the latest by the 15th day of the month following that in which the goods were released for consumption or imported.

Rates:

1. Excise duty on wine, which applies to non-sparkling fermented beverages manufactured in the Netherlands or imported, is levied per hectolitre at:	HFL	33.76
plus (a) if the beverages have a strength of more than 12° and not more than 15°, on each tenth of a degree over 12°, per hectolitre	HFL	0.75
(b) if the beverages have a strength of more than 15°, on each tenth of a degree over 12°, per hectolitre	HFL	1.18

2. Excise duty on wine, which applies to sparkling imported fermented beverages, is levied per hectolitre at: .... HFL 41.38

   plus (a) for sparkling fermented beverages, manufactured from grapes, dried grapes or currants:

   (I) if the beverages have a strength of more than 12° but not more than 15°, for each tenth of a degree over 12°, per hectolitre ..... HFL 0.75

   (II) if the beverages have a strength of more than 15°, for each tenth of a degree over 12°, per hectolitre .... HFL 1.18

   (b) for other sparkling fermented beverages whose strength if over 12°, for each tenth of a degree over 12°, per hectolitre .... HFL 0.75

   Excise duty levied on sparkling wines, which applies to sparkling fermented beverages manufactured in the Netherlands or imported, is levied per hectolitre at:

   (a) for beverages of a strength less than 6° .... HFL 10.35

   (b) for beverages manufactured from other fruits than grapes, dried grapes or currants, which have a strength of more than 6° .... HFL 51.72

   (c) for other sparkling beverages .... HFL 103.44

3. From 1 January 1976, a special duty of HFL 49 per hectolitre is levied on non-sparkling wine and imported sparkling wine and a special duty of HFL 122.49 per hectolitre is levied on sparkling beverages (the latter duty is applicable only to beverages manufactured from grapes, dried grapes or currants and having an alcoholic strength of more than 6°).

Exemptions:

- Non-sparkling fermented beverages from fruits other than grapes, dried grapes, or currants, in small packages and labelled.
- Non-sparkling fermented beverages used in the manufacture of products containing alcohol (these products are subject to the duty on spirits).

Exports:

The export of beverages from the manufacturing factory to Belgium or Luxembourg is considered as a release for consumption, and therefore the beverages remain taxed; for other exports a remission or refund of duty is granted.

Duty on non-alcoholic beverages

(Accijns van alcoholvrije dranken)

Law governing duty on non-alcoholic beverages (15 December 1971), Stb. 731.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Duty payable on:

Manufacture in and import into the Netherlands of non-alcoholic beverages.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Basis of assessment:

Non-alcoholic beverages, i.e. fruit juice, mineral water and soft drinks.
Fruit juice is understood to mean:
fruit juices and tomato juices listed under the heading 20.07 of the Common Customs Tariff, with the exception of concentrated juices or juices in solid form other than packaged for use in retail trade.
Mineral water is understood to mean:
(a) natural or artificial mineral water and sparkling water, listed under the heading 22.01 A of the Common Customs Tariff;
(b) water listed under the heading 22.01 B of the Common Customs Tariff, on condition that it is packaged for use in retail trade and that writing or illustrations on the package show that the contents consist of water in the sense of point (a) above.
Soft drinks are understood to mean:
(a) non-alcoholic beverages listed under the heading 22.02 A of the Common Customs Tariff;
(b) beverages with a strength of less than 1.5° (alcohol), produced by mixing beer or wine with either raw materials of the above soft drinks, or the above soft drinks.

Declaration and payment:

In the case of manufacture in the Netherlands, the declaration and payment of the duty must take place at the latest on the 15th day of the month following that in which the goods were released for consumption. For imports, duty is paid at the latest on the 15th day of the month following that in which the import took place.

Rates:	*per 100 litres*
Fruit juice	HFL 8.70
Mineral water	HFL 15.95
Soft drinks	HFL 23.20

Imports:

Same rates.

Exports:

Remission of duty for the manufacturer; refund for the trader.

Duty on beer

(Bieraccijns)

Law governing duty on beer (30 May 1963), Stb. 241.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Number of hectolitre/degrees of wort produced by the brewery during the calendar year; number of hectolitre/degrees = volume of wort in full hectolitres at 17.5°C multiplied by the difference between the density of wort and the density of pure water. The density is expressed in degrees and tenths of degrees. Each degree corresponds to $^1/_{100}$ of the density of pure water at 17.5°C. Duty on imported beer is levied according to the number of hectolitre/degrees of beer.

Duty payable on:

The manufacture in and import into the Netherlands of beer.

Duty due when:

The brewing process starts or beer is imported for release for consumption.

Declaration and payment:

After a brewing declaration is made duty is paid at the latest by the 20th day of the third month following that during which the declaration was made. When beer is imported, a declaration is made and the tax due is paid at the latest by the 15th of the month following that in which importation took place.

Rates:

Per hectolitre/degrees of wort:

(a)	for the first 800 000 hectolitre/degrees	HFL 9.19
(b)	over 800 000 hectolitre/degrees	HFL 10.28
	if a brewery's final production does not exceed 90 000 hectolitre/degrees	HFL 8.69

Imports:

- The duty on imported bottled beer is HFL 10.50 per hectolitre/degree of beer.
- However, the duty on bottled beer from a brewery from which an amount of not more than 950 000 hectolitre/degrees was imported other than under an exemption in the previous calendar year is HFL 10.21 per hectolitre/degree of beer.
- The duty for imported beer other than bottled beer is HFL 9.90 per hectolitre/degree of beer. However, the duty on beer other than bottled beer from a brewery from which an amount of not more than 950 000 hectolitre/degrees was imported other than under an exemption in the previous calendar year is HFL 9.67 per hectolitre/degree of beer.
- The duty on beer from a brewery that had a total annual production of not more than 90 000 hectolitre/degrees of wort in the previous calendar year is as follows:
  (a) for bottled beer, HFL 9.65 per hectolitre/degree of beer;
  b) for beer other than bottled beer, HFL 9.14 per hectolitre/degree of beer.

Exports:

For beers exported by a brewery there is a refund of excise duty based on the number of hectolitre/degrees of wort used in the manufacture of the exported beers.

Duty on spirits

(Alcoholaccijns)

Law governing duty on products containing alcohol (30 May 1963), Stb. 240.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

- Ethyl alcohol and products containing ethyl alcohol (except: beer, non-sparkling fermented beverages and sparkling fermented beverages).
- Types of spirits arising as by-products in the manufacture of ethyl alcohol, which are classed as ethyl alcohol for the purposes of this duty.
- Propyl alcohol, isopropyl alcohol and products containing such alcohols.

Duty payable on:

The manufacture in and import into the Netherlands of products containing alcohol.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

A declaration is made at the time when the goods are released for consumption or imported. The tax due is paid at the latest by the 15th of the month following the month in which the declaration was made.

Rates:

- Per hectolitre of pure alcohol at a temperature of 20 °C .... HFL 3 178
- Alcohol for industrial uses (in general, all types of alcohol not intended for human consumption) .... exempt
- Alcohol for the manufacture of perfumes and toilet waters and cosmetics in general .... duty is levied at a reduced rate (HFL 1 040 per hectolitre of pure alcohol at 20 °C)
- Alcohol for the manufacture of certain kinds of cosmetics (deodorants, hairsprays and anti-perspirants) .... exempt

Imports:

A duty of HFL 31.78 per hectolitre per degree of strength is levied on imported products containing alcohol.

Exports:

Remission of duty or refunds.

Duty on sugar

(Suikeraccijns)

Law governing the duty on sugar (25 June 1964), Stb. 206.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment (for sugar):

The products deemed to be sugar are sucrose, invert sugar and isoglucose (isoglucose is understood to mean the product coming under Heading 17.02 Section D II of the Common Customs Tariff) in solid, liquid or paste form. Products coming under Heading 04.06 (natural honey), Section II (vegetable products) or Chapter 20 (preparations of vegetables, fruit or other parts of plants) of the Common Customs Tariff are not deemed to be sugar.

Duty payable on:

The manufacture in and importation into the Netherlands of sugar, and the importation of products containing sugar.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

The declaration of release for consumption must be made at the latest by the 15th day of the month following the release of the goods. The excise duty must be paid at the latest by the 20th day of the second month following that in which the declaration was made. As far as the declaration of imports is concerned, duty is paid at the latest by the 15th day of the month following that in which the import was made.

Rates (for sugar):

	per 100 kg net weight
– Sugar in solid form	HFL 8.68
– Sugar in paste or liquid form lighter in colour than 'colour 6 of the Union scale' or whose purity factor is higher than 90 per unit of content	HFL 0.0868

Exports (for sugar):

Remission of duty or refunds:

Basis of assessment (for products containing sugar):

Products which contain sugar used at the time of manufacture or added sugar are considered as products containing sugar.
Beer and products whose content of sugar is less than 5 % are not considered as products containing sugar.

Rates (for products containing sugar):

For products containing sugar imported in the Netherlands an excise duty is levied on the portion of sugar content.

Imports (for products containing sugar):

Duty is levied according to the content of sugar:

	per 100 kg net weight
– Not less than 5 but not more than 15 %	HFL 0.87
– More than 15 and not more than 30 %	HFL 1.95
– More than 30 and not more than 45 %	HFL 3.26
– More than 45 and not more than 60 %	HFL 4.56
– More than 60 and not more than 75 %	HFL 5.86
– More than 75 and not more than 90 %	HFL 7.16
– More than 90 and not more than 105 %	HFL 8.46
– More than 105 and not more than 120 %	HFL 9.77
– More than 120 and not more than 135 %	HFL 11.07
– More than 135 and not more than 150 %	HFL 12.37
– More than 150 and not more than 165 %	HFL 13.67
– More than 165 %	HFL 15.41

Exports (for products containing sugar):

Duty is refunded.

Special tax on motor cars and motor bicycles

(Bijzondere verbruiksbelasting van personenauto's en motorrijwielen)

Articles 50 and 50a of the Law on Turnover Tax 1968 *(Wet op de omzetbelasting 1968).*

Beneficiary:

The State.

Tax payable by:

Manufacturers and importers of motor cars and motor bicycles.

Tax payable on:

- Supply within the Netherlands by the manufacturer.
- Import.

Exemptions:

- Vehicles exported by an entrepreneur.
- Vehicles seating more than eight passengers.
- Special vehicles for the transport of sick persons or prisoners.
- Police vehicles, military vehicles and fire engines.
- Motor tricycles for disabled persons.

Collection:

The tax is payable only once; it is levied together with turnover tax on the sales price minus turnover tax of a new or imported used motor car/motor bicycle.

Rates:

Motor cars with a list price of:	
(a) not more than HFL 10 000:	17.3 %
(b) more than HFL 10 000:	
– in respect of the part of the list price up to 100/120 times HFL 10 000 (100/118.5 times from 1. 1. 1989)	17.3 %
– in respect of the remaining part of the list price	25.9 %
Motor bicycles with a list price of:	
(a) not more than HFL 6 000:	8 %
(b) more than HFL 6 000:	
– in respect of the part of the list price up to 100/120 times HFL 6 000 (100/118.5 times from 1. 1. 1989)	8 %
– in respect of the remaining part of the list price	15 %

Tax on legal transactions

(Belastingen op rechtsverkeer)

Law governing the tax on legal transactions (24 December 1970), Stb. 611, replacing the legislation concerning registration and stamp duties by new regulations.
Under this law, the four following taxes are levied:
(a) tax on transfers;
(b) tax on insurances;
(c) capital duty;
(d) stock-exchange turnover tax.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable on:

(a) The acquisition of real estate and realty rights attached, as well as the acquisition of shares in real estate companies, unless they are acquired by a right of inheritance, a right to a community of goods through marriage, the ending of a period of limitation of rights, and certain types of accession.
(b) The insurance act.
(c) The raising of capital represented by shares.
(d) The purchase and sale of securities by a broker.

Basis of assessment:

(a) The value, or the compensation, if higher.
(b) The premium.
(c) The value of the contribution after deduction of expenses. At least the nominal value of the shares issued; in the case of a merger or an internal reorganization, the net increase in nominal value.
(d) The purchase or sale price.

Exemptions:

(a) Exemptions are granted, amongst others, to an acquisition:
 - by a delivery already subject to value-added tax, unless the entrepreneur can declare this for deduction;
 - by children, of the enterprise of their parents;
 - by a public organization;
 - by gift;
 - by contribution to a company (on condition that the capital is not divided into shares, unless an entire company is the subject of the contribution);
 - by an internal reorganization of a limited company or of a private company with limited liability;
 - as the result of a re-allotment;
 - of monuments by a specialized legal person.

(b) Life-insurances, accident insurances, insurances for disability and incapacity for work, insurances for illness and expenses for illness, unemployment insurances, insurances on ships and air-ships used for international deliveries of goods, transport insurances, re-insurances and export credit insurance.

(c) 1. If the shares can only be issued to Dutch nationals with an income of less than HFL 57 700 and if they are not transferable.
2. If the capital, represented by shares, is raised by an organization, having an objective of general interest, and in which only public organizations can hold shares.
3. Certain types of mergers of companies or shares.

(d) Purchases and sales between brokers, the purchase and sale of new shares, treasury bonds, and shares mentioned in point (c) 1 above.

Tax payable upon:

(a) The acquisition of the property, or if a deed has to be transcribed in a public register, the time when the deed is made out.
(b) The falling-due of the premium.
(c) The date on which the capital is contributed.
(d) The delivery of the invoice.

Tax payable by:

Tax is levied on:
(a) the acquirer;
(b) the insurer or the broker, the insurance broker or the legal representative;
(c) the company;
(d) the broker.

Rates:

(a) 6 % (in the case of an exchange of agricultural land: 1 %)
(b) 7 %
(c) 1 %
(d) 0.12 %

Collection:

(a) Payment on declaration; the declaration is made by presenting the notarized deed for registering.
(b) Payment on quarterly declaration, or monthly declaration when the amount exceeds HFL 6 000 per quarter.
(c) Payment on declaration during the month following that in which the tax became payable.
(d) Payment on quarterly declaration, or monthly declaration when the amount exceeds HFL 6 000 per quarter.

Vehicle excise duties

(Motorrijtuigenbelasting)

Law governing vehicle excise duties (21 July 1966), Stb. 332 *(Wet op de motorrijtuigenbelasting).*

Beneficiary:

Partly the State, partly the provinces.

Tax payable by:

The keeper of the vehicle.

Tax payable on:

Road use by motor vehicles.

Basis of assessment:

The unladen weight of the vehicle (including the weight of the trailer attached to the vehicle).

Exemptions:

Motor-assisted bicycles; vehicles running on rails, vehicles used by certain public services; farm tractors; motor and steam rollers used, for example, in roadmaking; ambulances: taxis; vehicles for aged invalids; cars used by car dealers and repair shops for specific routes; and vehicles used by non-residents if reciprocity is granted.

Non-residents:

Persons resident abroad are liable to taxation for the period during which they wish to use their vehicle in the Netherlands, provided they are not otherwise exempt.

Collection:

Annually or quarterly, on the basis of the taxpayer's returns.

Rates:

The rates vary according to the kind of the vehicle, the weight of the vehicle and the kind of fuel used. Except in the case of trailers the rates include surcharges accruing to the State road fund.
Examples of rates (surcharges included):
- Middle class passenger car with a petrol engine .... HFL 549 per annum
- Truck, weight 7 000 kilograms .... HFL 2 479 per annum
- Bus, weight 10 000 kilograms .... HFL 3 219 per annum

Tax on air pollution

(Heffingen luchtverontreiniging)

'Wet inzake de luchtverontreiniging' (26 November 1970), Stb. 580; 'Heffingenbesluit brandstoffen luchtverontreiniging' (23 June 1972), Stb. 307.

Beneficiary:

The State.

Tax payable on:

Mineral oils: as for the duty on mineral oils.
Coal: mined on national territory or imported.
Gas: produced on national territory or imported.

Tax payable when:

Mineral oils: at the same time as excise duty on mineral oils.
Coal and gas: on the use as fuel by the producer, or importer, or on delivery to third parties.

Basis of assessment:

Mineral oils, coal and gas.
All products on which the duty on mineral oils is payable are considered as 'mineral oils'.
Natural gas, gas from blast-furnace production, and gas from coke-furnace production are considered as 'gas'.

Exemptions:

All usage, other than as fuel, is exempt.

Collection:

Mineral oils: as for the duty on mineral oils.
Coal and gas: payment on declaration at the end of each tax period.

Rates:

			unleaded	leaded
Light oils	per hectolitre	HFL	0.00	1.43
Medium oils	per hectolitre	HFL		0.18
Diesel oil and light fuel oil	per hectolitre	HFL		0.18
Heavy fuel oil and other mineral oils	per 1 000 kg	HFL		1.96
LPG	per 1 000 kg	HFL		2.22
Coal	per 1 000 kg	HFL		1.44
Natural gas	per m^3	HFL		0.0005
Blast-furnace and coke-furnace gas	per gigajoule	HFL		1.53

Imports:

The same rates as for manufacture or mining in the Netherlands.

Exports:

Remission of tax for producers. Refunds for traders.

‘Waterschap’ levies

(Waterschapslasten)

Levied under Waterschap by-laws based on Waterschap regulations issued by the provincial authorities *(Waterschappen).*

Beneficiaries:

The *Waterschappen* (i.e. public corporations responsible for drainage, dykes, roads, bridges, etc. in a particular area).

Tax payable by:

Persons holding rights *in rem* as regards land and waters, and often built-up land, within the area of jurisdiction of the *Waterschap* concerned.

Basis of assessment:

Surface area of the property.

Exemptions:

None, except for a few traditional cases laid down in the statutes.

Reductions:

In some *Waterschappen*, the land is classified according to the amount of care it requires. Under this system, owners of high land pay less.

Collection:

The tax is collected on the basis of assessments made by the *Waterschap* authorities.

Rates:

Rates vary with the *Waterschap* concerned. Costs are apportioned per hectare.

Administrative levy for the benefit of public professional organizations

(Administratieve heffingen krachtens verordeningsbesluiten van publiekrechterlijke bedrijfsorganen)

Based on Article 126 of the 1950 Law relating to the organization of businesses.

Beneficiaries:

Professional organizations.

Levy payable by:

The entrepreneurs of the branch.

Basis of assessment:

After the application of a basic tax, the basis of assessment, depending on the branch and the purpose of the taxation, consists of:
- the turnover;
- the total wage-bill;
- the number of sales outlets;
- the value added;
- a combination of these elements.

Collection:

The tax is fixed and collected annually by the professional organizations.

Rates:

The rates vary very widely with the professional organizations concerned.

Tax on dogs

(Hondenbelasting)

Municipal by-laws based on Article 272 (d) of the Law on Municipalities *(Gemeentewet).*

Beneficiaries:

The municipalities.

Tax payable by:

Owners of one or more dogs.

Basis of assessment:

The number of dogs owned.

Exemptions:

No tax is due on young dogs, police dogs, and guide dogs for the blind.

Non-residents:

As for residents.

Collection:

The tax due is assessed and collected by the tax departments of the municipalities.

Rates:

The rates vary with the municipality concerned, ranging from HFL 20 to HFL 60 per annum for one dog.
They are often progressive, if several dogs are owned, and are sometimes related to the income level of the owner.

Tax on the pollution of surface waters

(Verontreinigingsheffing oppervlaktenwateren)

Law on the Pollution of Surface Waters (1969).
Implementing Decree on the Pollution of State Waters (1970).
Provincial and municipal tax by-laws.
Tax by-laws of provinces/polder-boards/unions of polder-boards/waste water treatment authorities mostly aligned on the Model pollution tax by-law drawn up by the union of polder-boards (1978).

This tax is levied in three forms:
(a) tax on the pollution of State waters (Article 17 (1) of the Law on the Pollution of Surface Waters) (State waters pollution tax or State tax);
(b) tax on the pollution of non-State waters (Article 17 (1) of the Law on the Pollution of Surface Waters);
(c) contribution in respect of direct or indirect connection to a purification plant operated by a public body (Article 17 (2) of the Law on the Pollution of Surface Waters).

The tax under (a) is generally referred to as the State tax while the forms of tax described under (b) and (c) are generally referred to as non-State taxes.

Tax payable on:

Direct or indirect discharging of waste matter, pollutants or noxious matter into surface waters or direct or indirect connection to a purification plant (Article 17 of the Law on the Pollution of Surface Waters).

Tax payable by:

In the case of the tax: anyone discharging waste matter, pollutants or noxious matter directly or indirectly into surface waters (the discharger) (Article 17 (1) of the Law on the Pollution of Surface Waters).
In the case of the contribution: anyone directly or indirectly connected to a purification plant (Article 17 (2) of the Law on the Pollution of Surface Waters).

Basis of assessment:

The quantity and/or the nature of the waste matter, pollutants or noxious matter, discharged (Article 18 (1) of the Law on the Pollution of Surface Waters). Levies or contributions in respect of dwellings may be collected as a uniform amount per dwelling, as a sum calculated on the basis of the taxable income established or estimated for property tax purposes, or as a sum calculated in some other way notified to the authorities.

Criterion applied in levying the tax:

(a) In the case of matter that combines with oxygen, the criterion is the average quantity of such matter discharged per 24-hour period into surface waters or a purification plant, expressed in inhabitant-equivalents (Article 19 (1) (a) and (2) of the Law on the Pollution of Surface Waters, Article 6 (1) (a) of the Model By-law).

One inhabitant-equivalent is the average quantity of material that combines with oxygen which is discharged into surface water by one inhabitant per 24-hour period.

(b) In the case of other matter that does not combine with oxygen, such as heavy metals, the criterion is the number of units of weight released per unit of time (24-hour period) into surface water or a purification plant, expressed in pollution units (Article 19 (1) (b) of the Law on the Pollution of Surface Waters, Article 6 (1) (b) of the Model By-law).

1. No tax is imposed in respect of the discharge into State waters of matter that does not combine with oxygen.
2. In the case of dwellings or small industrial premises with a pollution value of less than 20 inhabitant-equivalents, a flat-rate pollution value of 3 or 3.5 inhabitant-equivalent applies. In the case of dwellings occupied by one person (single), the pollution value is set at one inhabitant-equivalent (Article 18 (2) of the Law on the Pollution of Surface Waters and Article 12 of the Implementing Decree on the Pollution of State Waters).
3. In the case of industrial firms, the pollution value is in principle established by measuring and sampling the effluent discharged (Articles 13 and 14 of the Implementing Decree on the Pollution of State Waters).

In certain circumstances, the pollution value may be calculated using the table of effluent coefficients (Article 15 of the Implementing Decree on the Pollution of State Waters).

Rates:

The rate is determined by the cost of measures to counter and prevent pollution of surface waters (Article 17 (1) and Article 23 of the Law on the Pollution of Surface Waters).
In the case of the State tax, the rate is as follows:
- discharge into fresh water: HFL 30.50 per inhabitant-equivalent;
- discharge into salt water: HFL 24.50 per inhabitant-equivalent.

In the case of the non-State tax, there are different rates for different administrative areas. The rates are higher than those of the State tax.
The difference in rate between the State tax and the non-State tax is due to the fact that the State exercises only passive water-quality control, while the provinces and polder-boards pursue an active and passive form of management.

Method of collection:

(a) *State tax:* by means of assessment established by the Office for the Tax on the Pollution of State Waters, The Hague (Article 20 (1) of the Law on the Pollution of Surface Waters and Articles 18 and 20 of the Implementing Decree);
(b) *Non-State tax:* in the case of industrial firms by means of assessment. In the case of dwellings by means of assessment or on the basis of consumption bills from the public utilities (Article 17 of the Model By-law).

The non-State tax is generally levied by polder-boards, unions of polder-boards and waste water treatment authorities. In three provinces (Groningen, Friesland and Utrecht), the provincial authorities levy the tax themselves.

Collection:

(a) *State tax:* by the head of the Directorate for Financial and Economic Affairs and Accounts in the Ministry of Transport and Waterways (Article 19 of the Implementing Decree).
(b) *Non-State tax:* by the relevant public body in accordance with the provisions on collection laid down in the Law on the Provinces and the Law on Competency (Article 21 of the Law on the Pollution of Surface Waters).

Tax on mineral lubricating or hydraulic oil

(Heffing op minerale smeer- of systeemolie)

Law on Chemical Waste (1976) and Decree on the Taxation of Mineral Lubricating and Hydraulic Oil (1979).

Tax payable on:

The use, manufacture, import, storage for sale, offering for sale, sale or supply of mineral lubricating or hydraulic oil (Article 37 (1) (e) of the Law).

Tax payable by:

Anyone using, manufacturing, etc. mineral lubricating or hydraulic oil.

Basis of assessment:

The quantity and the nature of the abovementioned mineral lubricating and hydraulic oil (Article 37 (2) (c) of the Law).

Rate:

The rate is determined by the cost of implementing the Law on Chemical Waste and of the measures taken in the interests of the effective disposal of used oil. The rate is HFL 1.50 per hectolitre of fresh lubricating or hydraulic oil (Article 3 of the Taxation Decree).

Method of collection:

By means of payment on declaration (Article 7 of the Taxation Decree).

Collection:

By the head of the Central Department for Financial and Economic Affairs in the Ministry of Housing, Town and Country Planning and Environmental Protection (Article 6 of the Taxation Decree).

Tax on chemical waste

(Heffing chemische afvalstoffen)

Law on Chemical Waste (1976), Decree on the Taxation of Chemical Waste (1981) and Implementing Decree on the Taxation of Chemical Waste (1981).

Tax payable on:

The processing, storing, handing over to another person, placing on or in the ground or discharging into the sea of chemical waste under a licence or exemption (Article 37 (1) (a) to (c) of the Law and Article 2 of the Taxation Decree).

Basis of assessment:

The quantity and the nature of the chemical waste which the party concerned, having obtained an appropriate licence or exemption, releases, stores, processes or destroys, or which he disposes of having obtained an exemption (Article 37 (2) (a) of the Law).

Rate:

The rate is determined by the costs of:
- the implementation of the Law on Chemical Waste
- measures to ensure effective disposal of chemical waste
- measures to limit the creation of chemical waste (Article 37 (1) of the Law).

The rates are as follows:

processing	HFL 13 per 1 000 kilograms
storage	HFL 1 per 1 000 kilograms per calendar quarter
handing over	HFL 13 per 1 000 kilograms
placing on or in the ground	HFL 25 per 1 000 kilograms
discharging from or taking on board of a vehicle or aircraft	HFL 2 per 1 000 kilograms

(Article 3 of the Taxation Decree)

Method of collection:

By means of payment on declaration (Article 7 of the Taxation Decree).

Collection:

As for the tax on mineral lubricating or hydraulic oil (Article 8 of the Taxation Decree).

Tax on noise pollution caused by road traffic

(Heffing geluidhinder wegverkeer)

'Wet houdende regels inzake het voorkomen of beperken van geluidshinder' (16 February 1979), Stb. 99; 'Heffingsbesluit geluidshinder wegverkeer 1986/87', Stb. 559 (24 October 1986).

Beneficiary:

The State.

Tax payable on:

Light oils (petrols), diesel oil and light fuel oil.

Tax payable when:

At the same time as excise duty on mineral oils.

Basis of assessment:

All light oils, diesel oil and light fuel oil subject to the duty on mineral oils.

Exemptions:

All use other than as fuel is exempt.

Collection:

As for the duty on mineral oils.

Rates:

Light oils	HFL 1.02 per hectolitre
Diesel oil and light fuel oil	HFL 1.02 per hectolitre

Imports:

The same rates as for manufacture in the Netherlands.

Exports:

Remission of tax for producers. Refund for traders.

Tax on noise pollution caused by civilian aircraft

(Heffing geluidshinder burgerluchtvaartuigen)

Law on Aviation (1958).
Decree on the Taxation of Noise Pollution caused by Civilian Aircraft (1982).

Tax payable on:

The landing or taking off of a civilian aircraft on or from an airfield in the Netherlands serving for civilian air traffic (Article 26 (3) of the Law).

Tax payable by:

The user of the aircraft (Article 26 (3) of the Law and Article 2 (1) of the Taxation Decree).

Basis of assessment:

The proportion of the total noise nuisance within the noise area caused by the aircraft. This proportion is determined by the mass and noise level of the aircraft (Article 77 of the Law and Articles 8 to 10 of the Taxation Decree).

Rate:

The rate is determined by the costs of implementing the scheme for anti-noise devices and the additional costs to the municipalities of implementing the land-use plans. The factor (F) to be applied in calculating the tax due is established annually in the light of these costs (Article 26 (3) of the Law and Article 12 of the Taxation Decree).

Method of collection:

By means of a surcharge on the landing fee payable by the user of the aircraft (Article 3 of the Taxation Decree).

Collection:

By the Minister for Transport and Waterways through the intermediary of the operator of the airfield (Article 4 of the Taxation Decree).

Tax on ground water

(Grondwaterheffing)

Law on Ground Water (1981) and Provincial taxation by-laws.

Tax payable on:

The abstraction of ground water (Article 48 (1)).

Tax payable by:

The holder, to be designated by regulation, of equipment or plant registered pursuant to Article 13 and intended for the abstraction of ground water (Article 48 (2)).

Basis of assessment:

The quantity of ground water abstracted (Article 48 (3)).

Rate:

The rate is determined by the costs of investigations for ground water management purposes and of compensation for damage pursuant to Articles 34, 40 and 41 (1) of the Law on Ground Water.

Method of collection:

In accordance with Articles 152 (b) to 157 of the Law on the Provinces and with any further rules laid down by regulation (Article 152 (a) of the Law on the Provinces).

Collection:

By or on behalf of the province.

Note:

The tax will most probably enter into force in 1983.
An administrative order is being drafted for this purpose.

Tax on waste

(Afvalstoffenheffing)

Municipal by-laws based on the 1977 Law on Refuse and Municipal by-laws on refuse-collection taxes based on Articles 272(H) and 277 of the Law on Municipalities. These by-laws are generally aligned on the Model By-laws on refuse-collection taxes drawn up by the Association of Dutch Municipalities.

Tax payable on:

The actual use of premises in respect of which the municipality is obliged to provide periodical collection of household refuse (Article 62 of the Law and Article 4 of the Model By-law).

Tax payable by:

Anyone who, depending on the circumstances, whether or not by virtue of a right *in rem* or a right *in personam,* makes actual use of premises as referred to above (Article 62 of the Law and Article 4 of the Model By-law).

Basis of assessment:

The premises (Article 5 of the Model By-law).

Rate:

A fixed amount per premise, irrespective of the number of inhabitants or the amount of refuse produced (Article 5 of the Model By-law).

Method of collection:

By means of assessment determined by the municipal tax authorities (Article 6 (2) of the Model By-law).

Collection:

By the municipal tax authorities.

Notes:

1. Where municipalities have not yet implemented Article 62 of the law on refuse, the tax in respect of the periodical collection of household refuse is still based on Article 277 of the Law on Municipalities. In the near future, all the municipalities will introduce the tax on refuse.

2. In addition to the aforementioned tax, a refuse-collection charge is levied by the municipalities in respect of the periodic disposal of industrial waste of limited proportions and the disposal on request of waste (household waste, bulky household refuse or bulky industrial waste). The refuse-collection charge is payable in respect of refuse collected by the municipality. The periodic disposal of industrial waste is levied on the basis of assessments (Article 13 (1) of the Model By-law). Other collection charges are levied by means of a dated voucher, bill or other document or by means of giro payment forms issued by the postal cheque and giro office (Article 13 (1) and (2) of the Model By-law).

PORTUGAL

Taxes on the income of natural and legal persons

(Impostos sobre o rendimento das pessoas singulares e das pessoas colectivas)

Although a reform of direct taxes is under way, the Portuguese tax system still consists of different categories of schedular taxes on various forms of income. In addition to these individual taxes, there is a complementary tax on total income. In the case of natural persons, the aim of the complementary tax is to 'personalize' to a certain extent the effect of tax on income. As to legal persons, it should be noted that only companies that have their registered office or effective administrative headquarters in Portugal are liable to complementary tax and that only non-distributed profits are taxed.
Portugal has the following taxes on income:
- Industrial tax (on profits from commercial and industrial activities);
- Agricultural tax (on profits from agricultural, forestry and livestock undertakings);
- Real estate tax (on income from urban and rural property);
- Withholding tax (on investment income);
- Income tax (on income from employment or self-employment and author's rights from intellectual property);
- Complementary tax – Section A – Natural persons (on total income of natural persons);
- Complementary tax – Section B – Legal persons (on total income of legal persons);
- Capital gains tax (on some categories of capital gains).

Income from oil-production activities is subject to petroleum revenue tax.

Industrial tax

(Contribuição industrial)

DL No 45103 of 1 July 1963, as last amended by DL No 301/87 of 4 August 1987.

Beneficiary:

The State.

Tax payable by:

Natural and legal persons, nationals or foreigners, engaged in any commercial or industrial activity on Portuguese territory.
Natural and legal persons, resident or having their registered office abroad, which have branches (filiais, sucursais, agências, delegações) or any other form of permanent representation, or commercial or industrial establishments on Portuguese territory.

Basis of assessment:

The industrial tax is imposed on profits made on Portuguese territory. However, in the case of commercial companies or companies constituted under civil law for commercial purposes which have their registered office or effective administrative headquarters in Portugal, profits made abroad are also subject to industrial tax.
Taxpayers fall into three groups, A, B and C.
Group A taxpayers are taxed on the basis of real profits as shown by the accounts; adjustments to profits or gains and costs or losses may be made in accordance with the Industrial Tax Code.
Taxpayers in Groups B and C (small and medium-sized businesses not constituted as companies) are taxed on presumed profits in the case of the former and on profits that would be made in normal production and market conditions in the case of the latter.

Exemptions:

The State and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof, public utilities within the meaning of the applicable legislation; natural or legal persons liable to special taxes such as the petroleum revenue or gaming tax.

Non-residents:

Legal and natural persons resident or having their registered office abroad and with branches (filiais, sucursais, agências, delegações) or any other form of permanent representation, or commercial or industrial establishments on Portuguese territory, fall within Group A and are taxed only on profits made in Portugal.

Collection:

Group A:
On presentation of the tax return in April or May, in which case there is abatement, or in June. If the tax return is not submitted within the period laid down, payment must be made in August on the basis of the taxable amount in the most recent year of assessment.
Group B:
In October.
Group C:
If the amount of tax is less than ESC 4 000, payment must be made in August; if the amount is more than ESC 4 000, payment should be made in two equal instalments in August and November.

Rates:

30 % on taxable profits of up to ESC 3 million;
35 % on taxable profits of over ESC 3 million.
Municipalities may levy a local surcharge of up to 10 % of the industrial tax collected within their boundaries.
This local surcharge is exceptional in nature and is authorized only for the financing of urgent investments or in connection with financial redressment agreements.

Special features:

The rate of tax may be reduced by half for firms in economically disadvantaged rural areas and also for those that set up establishments exploiting local resources or that decentralize urban-located establishments. This reduction is applicable only in the first 10 years after the start-up date and its rating depends on the economic and social interest of the undertaking.
Firms which invest, using their own capital or that of others (but not obtained in the form of a government grant), in tangible fixed assets used for the operation of the firm, excepting land, non-industrial buildings, light vehicles, furnishings and equipment for social or any other ends not directly and necessarily linked to the firm's productive activities, are entitled to a tax incentive known as the *crédito fiscal por investimento* (investment tax credit) provided that they satisfy the requirements of DL No 197–C/86 of 18 July 1986.
This investment tax credit consists in deducting from the industrial tax an amount equal to 10 % of the value of the investment made in 1986, 8 % of that made in 1987, 6 % of that made in 1988 and 4 % of that made in 1989 and following years. This deduction may not exceed 90 % of the industrial tax due in any one year.

Carry-over of losses:

Losses occurring in a given financial year may be deducted from the taxable profits made, if any, in one or more of the following five years (Group A taxpayers).

Agricultural tax

(Imposto sobre a indústria agrícola)

DL No 45104 of 1 June 1963, as amended by DL No 5/87 of 6 January 1987.

Beneficiary:

The State.

Tax payable by:

Natural and legal persons, whether nationals or foreigners, who carry out activities in the agricultural, forestry or livestock sectors on their own property or that of others, by virtue of some deed or contract, on Portuguese territory, which are not subject to industrial tax.

Basis of assessment:

The agricultural tax is imposed on profits made on Portuguese territory. Taxpayers fall into two groups, A and B.
Group A taxpayers are taxed on the basis of real profits, as shown by the accounts; adjustments to profits or gains and costs or losses may be made in accordance with the Agricultural Tax Code.
Group B taxpayers (small and medium-sized businesses not constituted as companies) are assessed on presumed profits.

Exemptions:

The State and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; and public utilities within the meaning of the applicable legislation.
Annual taxable profits from activities in the agricultural, forestry and livestock sectors that do not exceed ESC 300 000 are also exempt.

Collection:

Group A:
On the presentation of the tax return in April or May, in which case there is abatement, or in June. If the tax return is not submitted within the period laid down, payment must be made in August on the basis of the taxable amount in the most recent year of assessment.
Group B:
In October.

Rate:

10 % on taxable profits.

Special features:

The rate of tax may be reduced by half for undertakings in economically disadvantaged rural areas in the first 10 years after start-up.
The investment tax credit introduced in respect of industrial tax under DL No 197-C/86 of 18 July 1986 is applicable to activities subject to the agricultural tax, with the necessary adjustments as provided for by order of the Minister for Finance.

Carry-over of losses:

Losses occurring in a given financial year may be deducted from the taxable profits, if any, made in one or more of the following five years (Group A taxpayers).

Real estate tax

(Contribuição predial)

DL No 45104 of 1 June 1963, as last amended by DL No 5/87 of 6 January 1987.

Beneficiaries:

Municipalities.

Tax payable by:

Natural and legal persons entitled to earnings from real estate, it being presumed that these persons are those whose names appear on the real estate register or who have effective ownership.

Basis of assessment:

Real estate tax is paid on income from real estate on Portuguese territory, there being a distinction between rural and urban property.
Tax on rural real estate
The basis of assessment for rural real estate is the ground-rent, which is usually determined by cadastral evaluation.
Tax on urban real estate
Taxable income from urban property is:
- when rented, the rents actually received each year, net of a percentage for the costs of upkeep and any charges provided for in the relevant code that are borne by the landlord;
- when not rented, the rentable value, which is deemed to be what would be a fair rent for a year under a free contract system, less a percentage for the costs of upkeep and any charges provided for in the code that are borne by the owner.

Real estate tax is not levied on urban property where a person has use of it without payment of rent to carry out activities subject to industrial tax.

Exemptions:

- The various exemptions provided for in the code cover:
- the State and any government department, establishment or agency, even if it has legal personality;
- local authorities and federations and associations thereof;
- public administrative utilities within the meaning of the applicable legislation;
- natural or legal persons giving or lending, free of charge, property to public services, associations serving social ends, charitable or welfare bodies, schools, museums, libraries or other bodies of public, social or cultural benefit, etc;
- foreign States in respect of income from real estate acquired as premises for diplomatic representation, provided that there is reciprocity;
- income from urban real estate acquired or built as a permanent residence by its owners and income from newly built properties in the part intended as a dwelling (a temporary exemption, the duration of which depends on the taxable income recorded in the real estate register);
- income from rural real estate not exceeding certain limits laid down by law.

Collection:

If the amount of tax payable is less than ESC 500, the whole amount must be paid in July. If it is more than ESC 500, it should be paid in two equal instalments in July and October.

Rates:

Rural real estate: 14 %.
Urban real estate: 18 %.
Municipalities may levy a local surcharge of up to 10 % of the rural and urban real estate tax collected within their boundaries.
This local surcharge is exceptional in nature and is authorized only for the financing of urgent investments or in connection with financial redressment agreements.

Withholding tax

(Imposto de capitais)

DL No 44561 of 10 September 1962, as last amended by DL No 325/87 of 31 August 1987.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons, whether Portuguese or foreign, in receipt of investment income, without prejudice to it being levied on other bodies in cases provided for in the relevant code.
Income falling under Section A is taxable when the income is generated in Portugal (i.e. the person who is the source of income has a residence, registered office or permanent establishment in Portugal to which the payment is charged) or is attributed to a person having a residence, registered office or permanent establishment in Portugal to which the payment is charged.
In the case of income taxed at source (Section B), the person who is the source of income must have a residence, registered office or permanent establishment in Portugal to which the payment is charged.

Tax payable on:

Investment income, which falls into two sections.

Section A covers:
(i) interest in cash or kind on capital lent in whatever form of fixed-term loan;
(ii) income derived from contracts opening credit;
(iii) income arising from the deferment of a service or a delayed payment, including income received as an indemnity resulting from a penalty clause, as stipulated in the contract.

Section B covers, *inter alia:*
(i) profits and advances on profits distributed to shareholders of commercial companies or companies constituted under civil law for commercial purposes;
(ii) interest, repayment or redemption premiums, and any other form of payment on debentures or other securities issued by companies, public enterprises or other undertakings and subject to the same tax arrangements;
(iii) the balance of interest on a current account, in accordance with the Commercial Code;
(iv) interest on additional capital or other monies advanced by shareholders to companies;
(v) interest on deposits;
(vi) income derived from the temporary concession or cession of patents, inventions, operating licences, industrial designs, trade marks, manufacturing processes and other such rights;
(vii) income which derived from the use or concession of the use of agricultural, industrial, commercial or scientific machinery or equipment and which is not subject to real estate tax;
(viii) any other investment income not covered by Section A.

Exemptions:

Section A, *inter alia*
- income from credit institutions or cooperatives which is subject to industrial tax and whether or not exempt therefrom;
- interest on credit sales by a trader in respect of goods or services, traded or manufactured by him.

Section B, *inter alia*
- income derived from the concession of operating licences to film distributors;
- interest on public debt securities;
- interest on time deposits received by retired natural persons in accordance with the provisions of the Decree-law.

Rate:

Withholding tax is paid at the rate of 30 %, except in the following cases:
(i) profits and advances on profits distributed to shareholders of commercial or civil law companies – 12 %;
(ii) interest on loans made to companies by shareholders – 15 %;
(iii) interest on time deposits – 15 %;
(iv) income from the temporary concession of patents, inventions, operating licences, industrial designs, trade marks, manufacturing processes and other such rights – 15 %;
(v) income derived from the use or concession of the use of agricultural, industrial, commercial or scientific machinery or equipment – 12 %;
(vi) interest on debentures – 12 % (10 % in 1986 and 1987);
(vii) interest on emigrants' time deposits at credit institutions – 3.3 %.

Special features:

The Minister for Finance may grant tax relief in certain cases, notably where income comes from the temporary concession or cession of patents, operating licences, etc., or from the use or concession of the use of agricultural, industrial, commercial or scientific machinery or equipment for activities that further national or regional economic development.

Collection:

Under Section A the tax is paid by the person entitled to the income. If, however, the person entitled to the income does not have his registered office or a permanent establishment on Portuguese territory, responsibility for payment lies with the source of income if it has a residence, registered office or permanent establishment in Portugal, this responsibility being limited, however, to payments of interest on capital or repayments of capital already made or outstanding.

Under Section B tax is paid by the provider of the income (withheld at source).
Tax owed under Section A is collected in April.
Tax owed under Section B is paid in the month following that in which the tax obligation was incurred.

Income tax

(Imposto profissional)

DL No 44 305 of 27 April 1962, as last amended by DL No 128/87 of 17 March 1987.

Beneficiary:

The State.

Tax payable by:

Natural persons, nationals or foreigners, engaged on Portuguese territory in any activity, whether on their own account or for others, listed in the table annexed to the Income Tax Code and also persons entitled to author's rights if resident in Portugal or if the taxable person has a residence on Portuguese territory, registered office or permanent establishment to which the payment is charged or if the property in question is registered in Portugal.

Basis of assessment:

Income from work, whether in cash or kind, contractual or not, regular or sporadic, fixed or variable, whatever the source, premises, currency or form stipulated for its calculation or payment.
Also deemed income from work are:
- attendance payments, gratuities, percentages, commissions, brokerage fees, shares in profits, allowances and premiums;
- author's rights on intellectual property;
- sums that the proprietor of a firm in his individual name enters in the firm's accounts as remuneration for his work;
- allowances and other social benefits derived from or as a result of the activity engaged in.

Deductions:

Self-employed taxpayers may deduct from their income expenses incurred in the exercise of the activity engaged in subject to the conditions and limits specified in the code. Whether calculated as a percentage of income or on the basis of documented evidence of expenses borne, deductions must relate either to the activity engaged in or the fact of possessing or not a fixed and permanent establishment for carrying out the activity in question.
There are no deductions from this tax for taxpayers employed by others. Any adjustment for personal circumstances is made under Section A of the Complementary Tax. (DL No 45399 of 30 November 1963 as last amended by DL No 135/87 of 19 March 1987.)

Exemptions:

- Civil servants, including officials of any government department, establishment or agency, even if it has legal personality; local government officials and officials of federations or associations thereof; officials of public utilities within the meaning of the applicable legislation; teachers of private schools or schools run as cooperatives;
- The staff of diplomatic and consular missions where there is reciprocity of treatment;
- Superannuation, retirement, invalidity and survivor's pensions and benefits, even if voluntary, including pension supplements.

Threshold:

Persons with an annual taxable income not exceeding ESC 385 000 in 1987 are exempt.

Rates:

Income earned in 1987.

Annual taxable income		%
Up to ESC	385 000	0
	500 000	2
	555 000	4
	720 000	6
	970 000	8
	1 200 000	10
	1 450 000	12
	1 700 000	14
	1 930 000	16
	2 180 000	18
Over	2 180 000	20

In no case may the tax levied leave the taxpayer with less net income than that which would have remained to him if his taxable income was at the ceiling of the step below.

Complementary tax (Category A) – Natural persons

(Imposto complementar (Categoria A) – Pessoas singulares)

DL No 45399 of 30 November 1963, as last amended by DL No 135/87 of 19 March 1987.

Beneficiary:

The State.

Tax payable by:

Natural persons resident on Portuguese territory and those who, while resident outside Portuguese territory, receive income liable to this tax. The tax is levied on the aggregate income of married couples not having undergone any judicial separation.

Non-residents:

Non-resident natural persons are liable to tax on income earned on Portuguese territory.

Basis of assessment:

The total income of natural persons, even income exempt from schedular taxes. Total income is made up of the following forms of income, after any deductions:
(i) income from rural and urban real estate;
(ii) income from commercial and industrial activities;
(iii) income from agriculture;
(iv) income from employment, including superannuation, retirement, invalidity and survivor's pensions and any other pensions of the same nature;
(v) investment income;
(vi) temporary and life pensions and annuities;
(vii) income from abroad, net of tax, when received by natural persons living on Portuguese territory.

Exemptions:

Inter alia:
(i) allowances toward medical or hospital treatment, allowances to provide cover for errors, per diem allowances, family allowances, sums to cover representation, travel and relocation that are not assessed for personal income tax under the relevant code;
(ii) interest on deposits;
(iii) income from public debt securities;
(iv) income from shares in investment funds;
(v) subsistence allowances for civil servants and allowances for any other persons, subject to the limits set out in the Income Tax Code;
(vi) income subject to petroleum revenue tax.

Ceilings on exemptions:

Single persons, widows/widowers, divorcees, judicially separated persons	ESC 295 000;
Married, not judicially separated couples	ESC 500 000;
Non-resident taxpayers	ESC 80 000.

Married taxpayers:

Family income is aggregated for tax purposes.

Deductions (to calculate total net income):

(i) schedular taxes paid on the income involved;
(ii) obligatory social security contributions;
(iii) interest and costs connected with debt contracted to purchase, build or improve property for use as the family home or to pay medical bills;
(iv) pensions to which the beneficiaries of the income involved are committed.

Assessment of taxable income:

Taxable income is calculated by deducting the following from the net total:
30 % of income from employment up to a maximum of ESC 115 000 for each person in receipt of such income;
ESC 200 000 for each single person, widow/widower, divorcee or judicially separated person;
ESC 390 000 for a married, not judicially separated couple;
For each child (including adopted or stepchildren) who is a minor dependant or unfit for work, there is a deduction of ESC 50 000 for children under 11 years of age and ESC 70 000 each for any remaining children between 11 and 18, or up to 24 if they are enrolled in an establishment of secondary or higher education and can produce evidence of satisfactory performance, or are unemployed and share a household with their parents.
If there are five or more dependent children, the total amount of the above deductions shall not be less than ESC 350 000.
Other deductions are provided for in the code, notably life insurance and personal accident premiums in certain circumstances and up to a certain limit, educational expenses also up to a certain limit, and health-related expenses not reimbursed by the employer or under the social security scheme.

Collection:

Tax returns must be submitted in June or July (15 October in the case of taxpayers with income subject to industrial or agricultural tax).
There is an abatement if payment is made immediately, i. e. on submission of the tax return. If it is not made immediately, it should be made in October (December in the case of taxpayers subject to industrial or agricultural tax).

Rates:

Income earned in 1986 and taxed in 1987.

Married, not judicially separated couples

Taxable income (ESC '000)	Rate %	Deduction (ESC)
Up to 350	4	–
From over 350 to 690	6	7 000
From over 690 to 1 140	8	20 800
From over 1 140 to 1 700	12	66 400
From over 1 700 to 2 070	18	168 400
From over 2 070 to 2 950	24	292 600
From over 2 950 to 3 850	30	469 600
From over 3 850 to 4 850	36	700 600
From over 4 850 to 5 720	42	991 600
From over 5 720 to 6 590	48	1 334 800
Over 6 590	50	1 466 600

Unmarried and judicially separated persons

Taxable income (ESC '000)	Rate %	Deduction (ESC)
Up to 295	4.8	–
From over 295 to 570	7.2	7 080
From over 570 to 950	9.6	20 760
From over 950 to 1 320	14.4	66 360
From over 1 320 to 1 700	21.6	161 400
From over 1 700 to 2 440	28.6	283 800
From over 2 440 to 3 230	36	459 480
From over 3 230 to 3 980	43.2	692 040
From over 3 980 to 4 800	50.4	978 600
From over 4 800 to 5 450	57.8	1 324 200
Over 5 450	60	1 455 000

Dividends on unregistered and undeposited bearer shares, within the meaning of DL No 408/82 of 29 September 1982, and interest on unregistered bearer bonds are liable to a definitive rate of 24 %, payment of which is to be made by the deadline laid down for withholding tax (Section B).

Complementary tax (Category B) – Legal persons

(Imposto complementar (Categoria B) – Pessoas colectivas)

DL No 45399 of 30 November 1963, as last amended by DL No 135/87 of 19 March 1987.

Beneficiary:

The State.

Tax payable by:

Commercial companies or companies constituted under civil law for commercial purposes, with their registered office or effective administrative headquarters on Portuguese territory, public corporations with their headquarters on Portuguese territory, and other legal persons with headquarters in Portugal or abroad.

Basis of assessment:

The total income of legal persons is the sum of the following incomes:
(i) income from rural and urban real estate;
(ii) income from agriculture;
(iii) income from commercial or industrial activities;
(iv) investment income.
Taxable income in the case of companies under commercial or civil law and public corporations is based on the income assessed for industrial tax, adjusted as provided for in the code, after deduction of profits distributed to shareholders or, in the case of public corporations, of sums used for the statutory reimbursement of capital.
The only liable income of legal persons that are not companies or public corporations, wherever their headquarters are located, is that subject to schedular taxes on Portuguese territory.

Non-residents:

Companies under commercial or civil law with their registered office and effective administrative headquarters abroad are not liable to complementary tax.

Exemptions:

(i) The State and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; public utilities within the meaning of the applicable legislation.
(ii) Income subject to gaming tax.
(iii) Income subject to petroleum revenue tax.
(iv) Income from public debt securities.
(v) Interest on deposits.

Rates:

Taxable income (ESC '000) \ Legal persons	Companies in general		Holding companies		Other legal persons	
	Rates	Deduct. ESC	Rates	Deduct. ESC	Rates	Deduct. ESC
Up to 150	6	–	12	–	2	–
From over 150 to 1 500	8	3 000	16	6 000	2.667	1 000
From over 1 500 to 7 500	10	33 000	20	66 000	3.334	11 000
Over 7 500	12	183 000	24	366 000	4	61 000

Dividends on unregistered or undeposited bearer shares, within the meaning of DL No 408/82 of 29 September 1982, and interest on unregistered bearer bonds, are subject to a definitive rate of 24 %, payment of which is to be made by the deadline laid down for withholding tax (Section B).

Collection:

In October or November, on submission of the tax return.

Capital gains tax

(Imposto de mais-valias)

DL No 46373 of 9 June 1965, as last amended by DL No 5/87 of 6 January 1987.

Beneficiaries:

Municipalities.

Tax payable by:

Natural or legal persons to which taxable gains accrue.

Tax payable on:

Gains resulting from the following operations:

(i) Transfer for consideration of building land by whatever title, where such transfer gives rise to gains which are not subject to a special capital gains levy and which do not have the nature of taxable income under the heading of industrial tax.

(ii) Transfer for consideration, by whatever title, of items of the fixed assets and of goods or securities maintained as a reserve or for the use of firms, including firms not liable for industrial tax or agricultural tax or firms exempt from those taxes.

(iii) Transfer of lease of premises occupied by offices or consulting rooms for the exercise of the professions listed in the table attached to the Income Tax Code.

(iv) Increase in the capital of companies ('sociedades anónimas', 'sociedades em comandita por acções' and 'sociedades por quotas') which have their registered office or effective administrative headquarters in Portuguese territory, through the incorporation of reserves or the issue of shares.

Basis of assessment:

- In the case of building land: the difference between the selling price and purchase price of the land plus the essential costs incurred in order to enhance the value of the land in the five years preceding the date of transfer.
- In the case of items of the fixed assets and goods or securities maintained as a reserve or for the use of firms: the difference between the selling price and purchase price of the items, goods and securities referred to, adjusted where necessary by the depreciation coefficients published annually in the form of an order of the Minister for Finance.
- In the case of transfers of leases: the sum paid to the transferor, less the sum for which the transferor acquired it, if he obtained right of tenure by a transfer.
- In the case of an increase in the capital of a firm: 50 % of the incorporated reserves and of the difference between the value of the shares issued in order to increase the capital and the issue price.

Exemptions:

The State and any government department, establishment or body, even if it has legal personality; local authorities and federations and associations thereof; public utilities within the meaning of the applicable legislation; natural or legal persons liable to the petroleum revenue tax.

Special features:

There are special provisions for determining the location, such as movable and immovable property rights, motor vehicles, ships, aircraft and railway rolling stock, credit and operating authorizations.
In 1986 and 1987 tax relief was granted on gains resulting from increases in company capital.
Gains resulting from the transfer for consideration of building land are deemed to be liable to industrial tax until two years after the date of acquisition, provided that acquisition was also a transaction for consideration.

Rates:

The rate is 12 % except in the case of gains resulting from the transfer for consideration of building land, the rate for which is 24 %.

Collection:

Depends on the nature of the gain.
The capital gains tax described above is provided for in Article 17 of Law No 2030 of 22 June 1948, in Article 4 of DL No 41 616 of 10 May 1958 and in DR No 4/83 of 25 January 1983.

Beneficiaries:

Municipalities;
'Junta Autónoma das Estradas' (Highway Authority); the State.

Tax payable by:

Natural or legal persons which apply for building permits.

Coverage:

Rural real estate which has not been expropriated is subject to capital gains tax where, as a result of urban development, road building or other major transport infrastructure, its value increases considerably because of its potential as land for urban construction.

Tax payable on:

(a) The value determined by arbitration if the building permit is applied for in respect of areas which have already been marked out and the value of which has been enhanced by the urban development works or the opening of major roads.
(b) The difference between the value of the property at the date on which the building permit was applied for and its value, in accordance with the economic use to be made of it, at the date on which the building of roads or other transport infrastructure under the jurisdiction of the Junta Autónoma das Estradas was announced.

Rate:

(a) 50 % of the amount determined by arbitration.
(b) 50 % of the increase in the value of the real estate.

Collection:

After the granting of the building permit. Payment of the tax in instalments may be allowed.

Petroleum revenue tax

(Imposto sobre o rendimento do petróleo)

DL No 625/71 of 31 December 1971, as amended by DL No 440/83 of 23 December 1983.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons which on a concession or leasing basis are engaged in Portugal, including its Continental Shelf, in oil production, including exploration, research, development and exploitation, and also any that are associated with them in any way (joint ventures, farm-out, etc.).

Tax payable on:

Real profits as shown by the accounts; adjustments to any profits or gains and costs or losses may be made in accordance with the law.

Rate:

40 % on profits.

Carry-over of losses:

Losses occurring in a given financial year may be deducted from the taxable profits made, if any, in one or more of the following five years.

Special taxes

(Impostos extraordinários)

Special profits tax

(Imposto extraordinário sobre os lucros)

DL No 119-A/83 of 28 February 1983, implemented by DR No 66/83 of 13 July 1983 and as amended by DL No 167/87 of 18 April 1987.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons liable to industrial tax, whether or not exempt thereof.

Tax payable on:

Income subject to industrial tax, plus the deductions made by way of investment incentives.

Exemptions:

Natural or legal persons which qualify for permanent exemption from the industrial tax.

Rate:

2.5 %.

Collection:

The same dates as for the collection of the industrial tax.

Inheritance tax and gift tax

(Imposto sobre as sucessões e doações)

DL No 41969 of 24 November 1958, as last amended by DL No 108/87 of 10 March 1987.

Beneficiary:

The State.

Tax payable by:

The persons to whom the goods are transferred (heirs and legatees).

Tax payable on:

The transfer free of charge of movable and immovable property.

Exemptions apply up to the following limits:

Transfer between spouses	ESC 250 000
Transfer to relatives in the descending line	ESC 250 000
Transfer to parents	ESC 120 000
All transfers, effected free of charge or as a result of death, of a value not exceeding	ESC 15 000

Exemptions:

(i) Inheritances, legacies and gifts received by bodies of public interest and public utilities, and also by museums, libraries and schools, and educational, scientific, literary, artistic, charitable, philanthropic and welfare institutions or associations.
(ii) The State and any government departments, even if they have legal personality; local authorities and federations and associations thereof.
(iii) Transfers of copyright, death grants, gifts from philanthropic establishments and family allowances due on the date of death.

Rates:

All the property received, albeit at different times, from the legator or donor, must be considered as one whole for the purpose of determining the rate applicable.

For transfers	Up to ESC 250 000	From ESC 250 000.01 to ESC 500 000	From ESC 500 000.01 to ESC 1 000 000	From ESC 1 000 000.01 to ESC 5 000 000	From ESC 5 000 000.01 to ESC 10 000 000	From ESC 10 000 000.01 to ESC 50 000 000	More than ESC 50 000 000
Between spouses or to a minor or legally incapacitated person	–	8	13	18	23	28	33
To other relatives in the descending line	4	10	16	21	26	31	36
To parents or between brothers and sisters	10	16	23	29	36	42	49
Between any other parties	30	38	46	53	60	67	76

There was a 15 % surcharge on the rates of tax applied to transfers effected in the course of 1987.

Reductions:

Where the same property is bequeathed twice within a five-year period, the rates applicable to the second transfer are reduced by half.

Special features:

The coverage is not determined by the place of residence of the transferor or of the beneficiary, because the tax is levied only on property situated on Portuguese territory. The place of residence of the creditor is, however, the criterion used to determine the location of assets, including company shares.
It should be pointed out that there are special arrangements under which the tax may be paid at a fixed rate, by the deduction of 5 % from the gains in certain cases, notably bearer bonds which have not been registered or deposited and which have been issued by commercial companies having their registered office on Portuguese territory.

Collection:

The tax is paid in six-monthly instalments. The less the tax owed, the greater the number of instalments, which may not exceed 16. Taxpayers may choose, in certain circumstances, to pay the entire amount of the tax, in which case they qualify for a reduced rate of tax.

Real estate transfer tax

(Sisa – Imposto sobre a transferência onerosa da propriedade imobiliária)

DL No 41 969 of 24 November 1958, as last amended by DL No 108/87 of 10 March 1987.

Beneficiaries:

Municipalities.

Tax payable by:

Natural or legal persons purchasing immovable property.

Coverage:

The tax is levied on transfers for consideration of the right of ownership, whether or not full ownership, of immovable property; for the purpose of this tax a specific concept of transfer of ownership of real estate is adopted.

Tax payable on:

The transfer value of the immovable property, as determined in accordance with rules laid down by law.

Exemptions:

There are different types of exemption, including the following:
(i) purchases of real estate for resale under certain conditions;
(ii) the purchase of a dwelling for permanent occupation by the purchaser, provided that the value on which the tax is to be levied does not exceed ESC 10 million.

Rates:

10 % on transfers of urban buildings or building land and 8 % in other cases.

Reductions:

4 % on purchases of buildings or land for buildings which are to be used to set up industries which will further the country's economic development, or intended for the expansion of companies to permit new lines of production, the reduction of costs or the improvement of product quality, or for the establishment of health facilities of major benefit to the country.
The code also provides for other situations in which reduced rates of tax apply.

Collection:

Generally prior to the act or deed of transfer of property.

Tax on the use, carrying and possession of weapons

(Imposto do uso, porte e detenção de armas)

DL No 37313 of 21 February 1949, as amended by DL No 328/76 of 6 March 1976.

Beneficiaries:

The State.
Municipalities.

Tax payable by:

Natural persons applying for licences or permits in order to use, carry or possess weapons.

Rates:

The rates vary depending on the type of licence or permit, which take the following forms:
(i) permits for the use and carrying, for the possession and use, or merely for the possession of weapons;
(ii) permit for the purchase of weapons;
(iii) registration of transfer between private individuals of the ownership of weapons;
(iv) licence for the use and carrying of a defensive weapon;
(v) licence for the use and carrying of a weapon for recreational purposes.

Collection:

Licences must be renewed at regular intervals.

Special tax on vehicles

(Imposto especial sobre veículos)

Law No 34/83 of 21 October 1983, as amended by DL No 131/86 of 12 June 1986.

Beneficiary:

The State.

Tax payable by:

The owners of motor vehicles, aircraft, pleasure-boats and motor cycles.

Coverage:

The use of:
(a) Light-duty passenger vehicles and light-duty composite vehicles of a gross weight not exceeding 2 500 kg, and of a cylinder capacity exceeding 1 700 cc and 2 500 cc respectively, in the case of vehicles which have petrol or diesel engines and are less than five years old;
(b) Aircraft which weigh over 1 400 kg on take-off and are less than 15 years old;
(c) Pleasure-boats which exceed 2 gross registered tonnes and are less than 15 years old;
(d) Motor cycles which have a cylinder capacity exceeding 500 cc and are less than 10 years old.

Basis of assessment:

The tax is paid on the basis of the age of the vehicles, vessels or aircraft, and account is also taken of the cylinder capacity of motor vehicles, and motor cycles, the maximum authorized weight on take-off of aircraft, and the gross registered tonnage and propelling power of pleasure-boats.

Exemptions:

(i) The State and any government department, establishment or agency, even if it has legal personality; local authorities and associations thereof; public utilities within the meaning of the applicable legislation.
(ii) Foreign States where there is reciprocity of treatment.
(iii) The staff of diplomatic and consular missions under the relevant agreements.
(iv) Motor vehicles which are the property of driving schools and are used for driving instruction.
(v) Aircraft which are used for instruction and training and which are the property of flying schools and clubs operating with the authorization of the Directorate-General for Civil Aviation;
(vi) Aircraft used solely for agricultural or forestry purposes.

Rates:

(a) Light-duty and passenger motor vehicles

Fuel		Annual rate
Motor spirit Cubic centimetres (cm^3)	Gas oil Cubic centimetres (cm^3)	ESC
From 1 700 to 2 600 Over 2 600	From 2 000 to 2 600 Over 2 600	40 000 60 000

(b) Motor cycles . . . . ESC 15 000

(c) Aircraft

Maximum authorized weight on take-off (kg)	Annual rate (ESC)
From 1 400 to 1 800	100 000
From 1 800 to 2 500	150 000
From 2 500 to 4 200	200 000
From 4 200 to 5 700	324 000
Over 5 700	500 000

(d) Pleasure-boats

Over 2 tonnes and up to and including 5 tonnes:
ESC 600 per tonne or fraction of a tonne;
ESC 300 per unit of horsepower or fraction of horsepower;

Over 5 tonnes and up to and including 10 tonnes:
ESC 800 per tonne or fraction of a tonne;
ESC 400 per horsepower or fraction of horsepower;

Over 10 tonnes and up to and including 20 tonnes:
ESC 1 000 per tonne or fraction of a tonne;
ESC 500 per unit of horsepower or fraction of horsepower;

Over 20 tonnes and up to and including 50 tonnes:
ESC 1 200 per tonne or fraction of a tonne;
ESC 600 per unit of horsepower or fraction of horsepower;

Over 50 tonnes:
ESC 1 400 per tonne or fraction of a tonne;
ESC 700 per unit of horsepower or fraction of horsepower.

Collection:

Annual (in November).

Tax on petroleum products

(Imposto sobre produtos petrolíferos)

Law No 9/86 of 30 April 1986, as amended by Law No 49/86 of 31 December 1986.

Beneficiary:

The State.

Tax payable by:

'Electricidade de Portugal' in the case of town gas; holders of the declaration of import for consumption in the case of the other products.

Coverage:

Motor spirit, super and regular;
Kerosene for lighting and for power;
Gas oil;
Fuel oils;
Chemical naphtha;
Liquefied petroleum gas;
Bottled gas;
Town gas.

Rates:

The rates are variable and correspond to the difference between the selling price to the public and the cost, which includes the tax charges resulting from the application of value-added tax, the domestic consumer tax on motor spirit and import duties.

Collection:

Monthly.

Fiscal stamps and stamp duty

(Estampilhas fiscais e imposto do selo)

DL No 12 700 of 20 November 1926, as last amended by DL No 125/87 of 17 March 1987.

Beneficiary:

The State.

Tax payable on:

All documents, books, papers, deeds and products subject to this tax.

Exemptions:

These depend on each type of coverage and so vary considerably.

Rates:

The many documents and deeds subject to tax include the following:

(i) Documents constituting proof of payment:	
Receipts or any other documents constituting proof of payment for transactions or services rendered or any other operation involving the disbursement of money, securities or objects	3 per thousand
The tax is not levied on documents constituting proof of payment of operations subject to VAT whether or not exempt from VAT.	
(ii) Bills of exchange drawn in Portuguese territory:	
(a) Where either of the parties to the bill of exchange is a trader	4 per thousand
(b) Where the bill of exchange is accepted by banking establishments which are associates of, or represented in, the relevant clearing houses, where it is for a term not exceeding 120 days	2.5 per thousand
(iii) Bills of exchange drawn abroad:	
(a) Where accepted or paid in Portuguese territory	4 per thousand
(b) Where intended for payment abroad but negotiated in Portuguese territory	2 per thousand
(iv) Promissory notes:	
(a) When discounted in banking establishments	2.5 per thousand
(b) In the remaining cases	4 per thousand
(v) Banking operations:	
(a) Draft on a foreign account, gold certificates issued, foreign coins and notes and public funds, or negotiable securities sold	6 per thousand
(b) Interest charged by banking establishments, notably on discounting bills of exchange and treasury bills, loans, credit accounts and additional capital and on credit being paid off	6 per thousand
(c) Premiums and interest on bills drawn, and bills to be received on another party's account, national drafts or any transfers and in general on all commission charged	6 per thousand

A large number of other documents, deeds or situations are subject to stamp duty, notably lines of credit, sureties, announcements, advertisements or any other form of publicity, insurance policies, cheques, deeds, wills, lottery prizes, totalizator bets and other forms of gambling, official (State) diplomas and official literary or scientific attestations, car registration papers, etc.

Collection:

Stamp duty is payable by means of a fiscal stamp, a stamp known as 'selo de verba', an ink or oil stamp, or a special stamp, as provided for by law.

Value-added tax

(Imposto sobre o valor acrescentado)

DL No 394-B/84 of 26 December 1984, as last amended by DL No 202/87 of 16 May 1987.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons which are independently and habitually engaged in activities comprising production, trade or the supply of services, including mining and agriculture and the activities of the professions. If only one taxable operation is carried out, the tax is payable wherever the operation is linked with the conduct of these activities or fulfils the prerequisites for the application of industrial tax or income tax.
Natural or legal persons which, under customs legislation, import goods are also liable for tax.

Basis of assessment:

The basis of assessment for operations under the internal system is as a rule the amount obtained or to be obtained in exchange for goods or services from the purchaser, recipient or third party, including taxes, dues and charges, with the exception of VAT, and allied expenses charged to the customer, such as commission, packaging, transport and insurance, if not included in the price.
The taxable value of imports is determined in accordance with customs legislation and includes import duties and any other taxes or charges levied on import, with the exception of VAT, and allied expenses such as commission, packaging, transport and insurance incurred up to the first destination of the goods within Portugal.
There are specific rules for determining the taxable amount in certain situations, both for operations under the internal system and for imports.

Tax payable on:

The transfer of goods or the supply of services by taxable persons and imports of goods, irrespective of who the importer is.

Exemptions:

Exemptions without the right to deduct include the following:
Services supplied by doctors, lawyers, translators and interpreters; most banking and financial transactions; insurance and reinsurance; lotteries and other forms of gambling; health services and cultural and sporting activities run by non-profit-making organizations; transfers of immovable property subject to the real estate transfer tax and the letting of immovable property.

Deductions:

The tax which must be paid for a given period is determined by subtracting from the amount of tax paid on taxable operations the amount of tax payable on purchases made during the same period.

The right to deduct is subject to a specific set of rules, and the tax paid on the purchase of certain goods and services cannot be deducted (e.g. private motor cars, motor spirit, expenditure on entertainment or luxuries).

Rates:

(i) Standard rate: 16 %
All transfers of goods and the supply of all services and all imports which are not subject to reduced or increased rates, not exempt and not covered by the zero rate.

(ii) Reduced rate: 8 %
Foodstuffs not covered by the zero rate; the serving of food and drink in hotels, restaurants, canteens and cafés, etc.; hotel accommodation; passenger transport; the supply of gas, electricity, motor spirit, gas oil, coal, etc.; the services of news agencies.

(iii) Increased rate: 30 %
Luxury products such as alcoholic beverages, caviar, perfumes, furs, precious stones, articles made entirely or partially from precious metals; firearms; aircraft which cannot be used for public passenger transport or freight.

(iv) Zero rate:
Essential non-manufactured foodstuffs for human consumption such as meat, fish, eggs, fruit, leguminous and other vegetables; inputs intended solely or mainly for crop and livestock production and forestry, such as seeds, fertilizer and soil improvers, agricultural tractors, tools and implements; newspapers, books, periodicals and other publications; medicines.

Exports and transactions considered as equivalent to exports and international transport.

In the autonomous regions of Madeira and the Azores the rates are 12 %, 6 % and 21 % respectively, in addition to the zero rate.

Collection:

Monthly or quarterly.
The monthly declaration must be sent by post, no later than the end of the second month following each tax period, to the department which administers VAT (Serviço de Administração do IVA).
The quarterly declaration must be sent to the same department no later than the fifteenth day of the second month following each quarter of the calendar year in the case of taxpayers whose volume of business in the preceding calendar year was less than ESC 5 million.

Special arrangements:

In the case of small retailers, taxpayers whose volume of purchases in the preceding calendar year amounted to less than ESC 4.5 million, the tax due is calculated on a quarterly basis through the application of a 25 % coefficient to the amount of the tax paid on purchases of goods for resale which were effected in each quarter of the calendar year. From the amount determined in this way only the tax paid on plant and machinery and on goods not intended for sale may be deducted, with the exception of goods not covered by the right to deduct (private motor cars, pleasure-boats, motor cycles, etc.).
Small taxpayers whose volume of business in the preceding calendar year was less than ESC 800 000 (ESC 500 000 in the case of self-employed persons liable to income tax) may qualify for special VAT-exemption arrangements. They do not pay VAT in the conduct of their activities, but neither are they able to deduct the VAT which they pay on purchases.

Tax on motor vehicle sales

(Imposto sobre a venda de veículos automóveis)

DL No 697/73 of 27 December 1973, as last amended by DL No 54/87 of 31 January 1987.

Beneficiary:

The State.

Tax payable by:

Producers or importers.

Tax payable on:

Motor vehicles assembled or manufactured in Portugal or imported already assembled, falling within tariff subheading 87.02 A I b or 87.02 A II, with the exception of composite vehicles whose gross weight exceeds 2 500 kg.

Basis of assessment:

The tax is levied on the selling price to the customer, value-added tax included.

Rates:

(i) Up to 1 400 cm^3 . . . . . . $\frac{0.03\,cc - 16}{1.16}$ %

In each case the rate of the tax, which can never be a negative quantity, is rounded off in order to eliminate decimal points.
cc = cylinder capacity of the vehicle, in cubic centimetres.

(ii) Over 1 400 cc

Over 1 400 but not more than 1 750 cc	40 %
Over 1 750 but not more than 2 000 cc	67 %
Over 2 000 cc	95 %

Reductions and exemptions:

(i) Vehicles purchased by car rental firms for the conduct of their business;
(ii) Vehicles purchased by driving schools for the purpose of driving instruction;
(iii) Vehicles with a cylinder capacity of less than 1 750 cc, or 2 000 cc in the case of diesel-engine vehicles, purchased by handicapped persons with 60 % or more disability;
(iv) Vehicles purchased by emigrants who fulfil specific conditions laid down by law.

Consumption duty on coffee

(Imposto de consumo sobre o café)

DL No 82/86 of 6 May 1986.

Beneficiary:

The State.

Tax payable on:

Coffee, whether or not roasted or freed of caffeine; coffee husks and skins; coffee substitutes containing coffee in any proportion.

Collection:

The duty is collected upon customs clearance in the case of imported products.

Rate:

ESC 90 per kg.

Consumption duty on tobacco

(Imposto de consumo sobre o tabaco)

DL No 149-A/78 of 19 June 1978, as last amended by DL No 380/87 of 29 September 1987.

Beneficiary:

The State.

Tax payable on:

Manufactured tobacco and other tobacco products.

Tax payable by:

(a) The manufacturer, in the case of domestically manufactured tobacco intended for consumption in the particular national territory in which it has been manufactured, when the product leaves the bonded premises;
(b) The importer or purchaser in the case of domestically manufactured tobacco intended for consumption outside the national territory of its manufacture and in the case of imported tobacco, at the time of numbering of the certificate of release for free movement and/or consumption.

Rates:

Cigarettes:
Specific component: ESC 411 per 1 000 cigarettes;
Ad valorem component: 53 % of the retail sale price.

Other products of manufactured tobacco:

	% of retail sale price
Cigars	26.21
Cigarillos	26.21
Cut tobacco	26.21
Snuff	16.21
Chewing tobacco	16.21

Consumption duty on spirituous beverages

(Imposto de consumo sobre bebidas alcoólicas)

DL No 342/85 of 22 August 1985, as last amended by DL No 183/87 of 21 April 1987.

Beneficiary:

The State.

Tax payable by:

Producers and importers.

Tax payable on:

(a) spirits obtained by distilling grape wine, old or prepared;
(b) spirits and other spirituous beverages, the composition or preparation of which incorporates ethyl alcohol not obtained by distilling grape wine (with the exception of spirits distilled from sugar cane, figs or other directly fermentable fruit and/or rum distilled from sugar cane);
(c) aquavit;
(d) brandy;
(e) Geneva;
(f) gin;
(g) liqueurs;
(h) vodka;
(i) whisky.

Rates:

The amount of the duty is determined on the basis of the pure alcohol contained in the above beverages measured at a temperature of 15°C:

ESC 100 for the beverages referred to/in (a), (d) and (g);
ESC 350 for the other beverages.

Exemptions:

Exports.

Consumption duty on beer

(Imposto de consumo sobre a cerveja)

DL No 343/85 of 22 August 1985.

Beneficiary:

The State.

Tax payable by:

Producers and importers.

Tax payable on:

Beer.

Tax due:

The duty is due when the product leaves the manufacturing premises or, in the case of imports, at the time of customs clearance.

Rate:

ESC 12 per litre.

Exemptions:

Exports or goods placed in bonded warehouses or duty-free shops, for as long as they have such status.

Collection:

Monthly, the duty being payable at the end of the second month following that in respect of which it is levied.
In the case of imports, the duty must be paid upon customs clearance.

Tax on insurance premiums

(Imposto sobre os prémios de seguro)

DL No 17555 of 9 November 1929, as amended by DL No 171/87 of 20 April 1987; DL No 179/82 of 15 May 1982; DL No 418/80 of 29 September 1980; Ruling (dispacho normativo) No 3/87 of 23 January 1987.

Beneficiaries:

The State;
Instituto de Seguros de Portugal (Insurance Institute of Portugal);
Instituto Nacional de Emergência Médica (National Medical Emergencies Institute);
Serviço Nacional de Bombeiros (National Fire Brigade Service).

Basis of assessment:

The amount of the insurance premium.

Rates:

- For the State:
  1.75 % on the revenue actually received, net of rectifications or cancellations, from insurance premiums directly underwritten by undertakings, with the exception of life assurance.
- For the Instituto de Seguros de Portugal:
  0.25 % on the revenue actually received from direct life assurance, except where pension funds are concerned;
  0.45 % on the revenue actually received from other types of direct insurance.
- For the Serviço Nacional de Bombeiros:
  8 % on fire insurance premiums;
  4 % on agricultural and livestock insurance premiums.
- For the Instituto Nacional de Emergência Médica:
  1 % of the premiums on the following types of cover in mainland Portugal: life assurance (in case of death) and related additional cover and insurance in respect of sickness, accidents, road vehicles and civil liability in connection with road motor vehicles.

Tax on mining activities

(Imposto sobre minas)

DL No 47642 of 15 April 1967, as amended by DL No 48 842 of 18 January 1969.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons holding concessions in respect of mining activity or of mineral water production.

Rates:

The rates are established on the basis of the area and activity covered by the concession in question.

Collection:

Annual.

Tax on fishing activities – Fixed rate licence

(Imposto sobre a pesca – Taxa de licença fixa)

DL No 17962 of 13 February 1930.

Beneficiary:

The State.

Tax payable by:

Natural or legal persons authorized to fish using sail-driven boats equipped with drag-nets.

Rate:

The fixed rate or licence for fishing activities is set at ESC 400.

Collection:

Annual.

Gaming tax

(Imposto de jogo)

DL No 48912; DL No 606/74 of 12 November 1974; DL No 453/80 of 8 October 1980; Law No 31/83 of 20 October 1983.

Beneficiary:

(i) The State;
(ii) Tourism Fund.

Tax payable by:

Concession-holders for the operation of games of chance, the tax representing a special duty on gaming activities.

Tax payable on:

Percentage on the capital initially staked;
Percentage on the gross bank profits.
The tax is paid differently in the case of non-bank games, automatic gaming machines and bingo.

Rates:

Variable according to the type of gaming.

Collection:

Monthly.

Road taxes

(Impostos rodoviários)
(Road licence, compensation tax and road haulage tax)

DL No 45 331 of 28 October 1963; DL No 46 066 of 7 December 1964, as last amended by DL No 255-A/82 of 30 June 1982.

Beneficiary:

The State.

Tax payable by:

Vehicle owners.

Tax payable on:

(a) Road licence – motor vehicles (motor cycles, light-duty or heavy-duty vehicles and tractors) and trailers for private goods transport;
(b) Road haulage tax – motor vehicles for public goods transport;
(c) Compensation tax – private motor vehicles which operate on diesel.

Rates:

(a) Road licence: variable, according to the area in which the vehicle is authorized to operate and to its gross weight;
(b) Road haulage tax: variable, according to the area in which the vehicle is authorized to operate and its gross weight;
(c) Compensation tax:
Light-duty passenger and composite motor vehicles up to 2500 kg gross weight. ESC 42 000
Other. . . . . ESC 12 000

Exemptions:

Compensation tax:
(i) The State and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; bodies of public interest and public utilities;
(ii) Foreign States where there is reciprocity of treatment;
(iii) The staff of diplomatic and consular missions under the relevant agreements;
(iv) Handicapped persons with 60 % or more disability;
(v) Heavy-duty passenger vehicles;
(vi) Vehicles licensed for public transport, and for self-drive rental;
(vii) Vehicles registered for driving instruction or for sale and vehicles in circulation bearing transit plates in compliance with the applicable legislation;
(viii) Farm tractors.

Collection:

Annual.

Domestic consumption tax

(Imposto interno de consumo)

DL No 133/82 of 23 April 1982, as amended by DL No 310/87 of 8 August 1987.

Beneficiary:

The State.

Tax payable by:

Producers and importers.

Taxable products:

Petroleum, ethers and non-specified essences, mineral oils non-inflammable at ordinary temperatures, of which 100 % by volume distils at temperatures of up to 245°C and oils for illumination.

Rates:

In conformity with the tariff headings of the Brussels Nomenclature:

27.10 A I	ESC 3.60/kg
27.10 A II	ESC 4.70/kg
27.10 A III a 1	ESC 4.70/kg
27.10 A III a 2	ESC 4.70/kg
27.10 A III b 1 aa to 27.10 A III b 3	ESC 4.70/kg
27.10 B III a 1	ESC 0.50/kg

Exemptions:

Mineral oils classified under tariff sub-heading 27.10 A III a 1 or 27.10 A III a 2, where intended exclusively for industrial applications, except as fuel, and not used for other purposes.

Entertainments tax

(Imposto e taxas sobre espectáculos e divertimentos públicos)

- Tax on night-clubs, discos and like establishments open after midnight: Law No 36/83 of 21 October 1983.

Beneficiary:

The State.

Tax payable by:

Owners of the above taxable establishments.

Rates:

(a) Luxury night-clubs .... ESC 50 000
(b) Other night-clubs and like establishments restricted to card-carrying members, discos, etc. .... ESC 30 000
(c) Like premises for night entertainment. .... ESC 15 000

Collection:

Monthly.

- Tax on shows and entertainments:

Under DL No 42 660 of 20 November 1959, as amended by DL No 94/79 of 20 April 1979, taxes are levied in respect of:

(i) the submission and appraisal of projects involving the construction of new premises, reconstruction work, the alteration or conversion of existing premises, and conversions and alterations that are not structural;
(ii) the registration of premises for the purpose of the commercial operation of premises for shows and entertainments and, accordingly, the conduct of such activity.

Rates:

The rates vary according to the nature and capacity of the premises in question.

Fire service tax

(Imposto de serviço de incêndios)

Administrative Code, Article 708(1) to (5); Law No 1/87 of 6 January 1987.

Beneficiary:

Municipalities.

Tax payable by:

(a) Urban property owners;
(b) Insurance companies.

Tax payable on:

(a) Urban property not definitively exempt from real estate tax and commercial or industrial establishments in the municipality, where they are not insured for their value with a legally constituted company;
(b) Fire insurance premiums (crops and livestock).

Exemptions:

Urban property and commercial or industrial establishments insured for their value with legally constituted companies.

Rates:

Urban property:
0.5 ‰ on the real estate register value, or the difference between this and the insurance value, where the difference exceeds 15 % of the real estate register value.
Commercial or industrial undertakings:
0.5 ‰ on the normal value determined by multiplying tenfold the amount of industrial tax collected. The difference between the normal value and the insurance value will also be taxable wherever the latter exceeds 15 % of the former.
On insurance premiums:
6 % on fire insurance premiums;
2 % on insurance agricultural activities premiums.

Collection:

Annually.

Tax on vehicles

(Imposto sobre veículos)

DL No 599/72 of 30 December 1972, as last amended by DL No 142/86 of 16 June 1986.

Beneficiary:

Municipalities.

Tax payable by:

Vehicle owners.

Tax payable on:

Use of:
(a) light-duty passenger and composite motor vehicles not exceeding 2 500 kg gross weight;
(b) aircraft for private use;
(c) pleasure-boats for private use;
(d) motor cycles.

Basis of assessment:

The tax is based on age and cylinder capacity in the case of motor vehicles and motor cycles, on maximum authorized weight at take-off in the case of aircraft and on gross registered tonnage, engine rating and age in the case of pleasure-boats.

Exemptions:

(i) The State and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; public utilities within the meaning of the applicable legislation;
(ii) Foreign States where there is reciprocity of treatment;
(iii) The staff of diplomatic and consular missions under the relevant agreements;
(iv) Handicapped persons with 60 % or more disability;
(v) Motor vehicles which are the property of driving schools and are used for driving instruction;
(vi) Aircraft which are used for instruction and training and which are the property of flying schools and clubs (operating with the authorization of the Directorate-General for Civil Aviation);
(vii) Motorless aircraft and boats of up to 2 gross registered tonnes, without a motor or with one not exceeding 25 hp.

Rates:

(a) Light-duty passenger and composite motor vehicles

Group	Motor vehicles			Annual tax based on age of motor vehicle		
	Fuel utilized		Electrically driven – Total voltage	Up to 6 years – Scale 1	Over 6 and up to 12 years – Scale 2	Over 12 and up to 25 years – Scale 3
	Motor spirit – Cylinder capacity (cubic centimetres)	Other – Cylinder capacity (cubic centimetres)				
A	up to 1 000	up to 1 500	up to 100	1 290	630	290
B	over 1 000 and up to 1 300	over 1 500 and up to 2 000	over 100	2 590	1 250	580
C	over 1 300 and up to 1 750	over 2 000 and up to 3 000	–	4 210	2 030	870
D	over 1 750 and up to 2 600	over 3 000	–	10 690	5 150	1 880
E	over 2 600 and up to 3 500	–	–	17 170	8 270	3 750
F	over 3 500	–	–	30 450	14 040	5 760

(b) Aircraft for private use

Group	Aircraft – Maximum authorized weight on take-off (kg)	Annual tax
L	Up to 600	3 880
M	Over 600 and up to 1 000	12 960
N	Over 1 000 and up to 1 400	32 400
O	Over 1 400 and up to 1 800	58 320
P	Over 1 800 and up to 2 500	90 720
Q	Over 2 500 and up to 4 200	162 000
R	Over 4 200 and up to 5 700	324 000
S	Over 5 700	810 000

(c) Pleasure-boats for private use

Group	Pleasure-boats – Specifications		Annual tax based on age of the boat ESC			
			Up to 15 years Scale 1		Over 15 years Scale 2	
	Gross registered tonnage	Power rating	Per gross registered tonne or fraction thereof	Per 10 hp of total power rating or fraction thereof	Per gross registered tonne or fraction thereof	Per 10 hp of total power rating or fraction thereof
T	Up to 2 t	Over 25 hp	580	210	290	100
U	Over 2 t and up to 5 t	Up to 50 hp	810	250	390	120
		Over 50 hp	930	320	460	160
V	Over 5 t and up to 10 t	Up to 100 hp	1 030	320	500	160
		Over 100 hp	1 190	420	580	210
X	Over 10 t and up to 20 t	Up to 100 hp	1 290	420	630	210
		Over 100 hp	1 520	530	740	260
Y	Over 20 t and up to 50 t[1]	Up to 100 hp	1 550	530	750	260
		Over 100 hp	1 810	640	880	320
Z	Over 50 t	Up to 100 hp	1 840	640	890	320
		Over 100 hp	2 170	870	1 050	430

[1] The rates in respect of Group Y are reduced by 50 % in the case of craft converted from fishing vessels, merchant vessels, lifeboats or vessels destined for the breakers' yard, subject to compliance with Article 6(4) of DL No 143/78 of 12 June 1978.

(d) Motor cycles

Group	Motor cycles – Cylinder capacity (cubic centimetres)	Annual tax based on age of motor cycle		
		Up to 5 years – Scale 1	From 5 to 10 years – Scale 2	From 10 to 15 years – Scale 3
G	180 to 250	200	–	–
H	Over 250 and up to 350	400	200	–
I	Over 350 and up to 500	1 290	630	290
J	Over 500 and up to 750	4 210	2 030	870
K	Over 750	8 580	4 060	1 880

UNITED KINGDOM

Income tax

Income and Corporation Taxes Act 1970; Income and Corporation Taxes (No 2) Act 1970; Finance Acts 1970 to 1987.

Beneficiary:

The central government.

Tax payable by:

Persons resident or ordinarily resident in the United Kingdom and persons to whom income arises in the United Kingdom.

Basis of assessment:

Total income from all sources less allowable deductions. Certain losses may be offset against income, and allowances are granted for expenditure on certain capital equipment.

Exemptions:

Among others, certain social security benefits, wound and disability pensions of members of the armed forces, war widow's pensions, income from educational scholarships in the hands of the recipient, interest on national savings certificates, the first UKL 70 interest on ordinary accounts with the National Savings Bank and gambling winnings. Charitable bodies are also generally exempt.

Deductions:

Tax allowances for single people, married couples, lone parents, recently widowed women, for certain other dependents, and for registered blind people. Special reliefs for taxpayers over a certain age with modest incomes. Relief for premiums on insurance to provide a retirement annuity, contributions to approved pension schemes and interest paid on buying the main residence.

Married couples:

The income of married couples is aggregated and taxed as one income, but a higher tax allowance is given than for a single person and there is a separate allowance against the wife's earned income. A husband and wife may jointly elect that the wife shall be taxed on her earnings as if she were not married. In such cases each receives a single person's allowance. Children's own income: tax is assessed separately on such income.

Non-residents:

Non-residents are subject to tax on income arising in the United Kingdom, with certain exceptions. There are special provisions regarding deductions for personal allowances for non-resident individuals.

Collection:

Tax is assessed annually. In the case of income from employment and occupational pensions, tax is deducted at source by the employer (see 'Income tax – Employment income'). Tax is deducted at source from some income from abroad paid through an agent in the United Kingdom, and from certain annual payments.
The tax year is from 6 April to the following 5 April, but for some sources income is computed by reference to the income of the previous year, and business profits of an accounting year are treated as being those of the tax year.

Rates:

Personal tax rates range from 27 % (basic) to 60 %.

Special features:

Tax on partnership profits is assessed on the partnership, but the liability takes account of the shares and personal circumstances of the individual partners.

Income tax – Employment income

Income and Corporation Taxes Act 1970, Part VIII; Finance Acts 1974 and 1976 to 1987.

Beneficiary:

The central government.

Tax payable by:

United Kingdom residents receiving payment for employment in the United Kingdom. Non-residents paid for work done in the United Kingdom.
From 6 April 1974 a person who is both resident and ordinarily resident in the United Kingdom is, in general, liable to income tax on the whole of his earnings wherever they arise. Over the period from 6 April 1974 special deductions have been available in certain circumstances when employment is carried out wholly or partly abroad. Currently there is a deduction of 100% available where there is a qualifying absence abroad of at least 365 days. A deduction may also be given where the employee is not domiciled in the United Kingdom and is employed by a foreign concern but deductions under these rules will not be available after the tax year ending 5 April 1989. A person who is not resident in the United Kingdom is liable to income tax on his earnings for duties performed in the United Kingdom (unless exempt under a double taxation agreement).
A person who is resident but not ordinarily resident in the United Kingdom is liable to tax on earnings outside the United Kingdom only to the extent that they are remitted to the United Kingdom.
A person who is resident and ordinarily resident in the United Kingdom but domiciled outside the United Kingdom and employed by a non-resident concern is liable to tax on emoluments for duties performed abroad unless the duties are performed wholly outside the United Kingdom, in which case only those emoluments which are remitted to the United Kingdom are taxable.

Basis of assessment:

All earnings less personal allowances and allowable deductions.

Exemptions:

In general, benefits in kind which cannot be converted into cash by the recipient or meet a pecuniary liability of the recipient apart from provided accommodation and benefits or expenses paid by means of vouchers. However, benefits received by directors, and employees whose salaries are above a certain level are taxable.

Deductions:

Expenses incurred wholly, exclusively and necessarily in performing the duties of the employment. Subscriptions to professional bodies and learned societies relevant to the employment.

Collection:

Deducted at source by the employer on the basis of a tax code reflecting the allowances and reliefs due, and tax tables. Where appropriate an assessment is made.

Corporation tax

Income and Corporation Taxes Act 1970, Parts XI and XII, as amended by the Finance Acts of 1971 up to and including 1987.

Beneficiary:

The central government.

Tax payable by:

Companies, corporate bodies and unincorporated associations including members' clubs and trade associations, but not partnerships of individuals, local authorities or local authority associations. Non-resident companies with profits arising from operations in the United Kingdom.
Special provisions apply to authorized unit and investment trusts, investment companies, life assurance companies, trusts, building societies, industrial and provident societies and mutual companies.

Basis of assessment:

All profits, (including income and capital gains) with the exemption of dividends and other distributions received from resident companies.

Exemptions:

Charitable bodies are generally exempt from corporation tax on their income.

Deductions:

Expenses incurred for the purpose of the business. Depreciation allowances are allowed on certain types of capital expenditure (e.g. plant and machinery).

Collection:

Annual assessment of profits arising in a financial year (1 April to 31 March) at a rate normally fixed in the budget at about the end of the previous financial year. An apportionment is made where an accounting period spans two financial years and tax rates differ. Tax is currently generally payable either nine months after the end of the accounting period and this will invariably be true from about 1990 (depending on the circumstances).On payment of a dividend a company is required to make an advance payment of corporation tax proportionate to the amount of the dividend. This advance payment of corporation tax can be offset against the company's main corporation tax liability.

Rates:

Normal rate is 35 %. Small companies' rate is 27 %.

Carry-over of losses:

Trading losses may be offset against future income from the same trade or against other profits of the same or previous accounting period.

Special features:

Where certain income of a close company (broadly, one which is under the control of five or fewer individuals) exceeds the distribution to its shareholders, the amount of the excess may be apportioned among the shareholders, treated as part of their personal taxable income.
The current losses of a member of a group of companies may be set against the current profits of other members. Where payments of dividends are made between members of a group, the group member paying the dividend may elect not to make an advance payment of corporation tax.
A resident shareholder is entitled to a tax credit (representing part of the corporation tax paid by the company) in respect of the dividends he receives. This tax credit may be set against this income tax liability.

Special rules for North Sea oil:

Under the Oil Taxation Act 1975, profits from oil extraction activities in the UK may not be reduced by losses from other activities. Any petroleum revenue tax liability arising in an accounting period is a deduction for corporation tax purposes.

Capital gains tax

Capital Gains Tax Act 1979 (with effect from 6 April 1979, this consolidated existing provisions); Income and Corporation Taxes Act 1970, as amended by Finance Acts 1980 to 1987.

Beneficiary:

The central government.

Tax payable by:

Persons, including companies, resident or ordinarily resident in the United Kingdom.
Persons not resident or not ordinarily resident but carrying on a trade in the United Kingdom through a branch or agency on gains on the disposal of chargeable assets situated in the United Kingdom and used for the purpose of that trade branch or agency.

Tax payable on:

Gains on the disposal of chargeable assets[1] wherever situated. Disposal includes any occasion when the ownership of an asset is transferred in whole or in part (except on death), for example by sale, exchange or gift; or when the owner of an asset derives a capital sum from it.
An individual not of United Kingdom domicile is liable on gains on assets situated abroad only to the extent that the gains are remitted to the United Kingdom.

Basis of assessment:

Chargeable gains less allowable losses in a year of assessment or accounting period in the case of a company.

Exemptions:

- Persons wholly or partially exempted include local authorities, charities, approved superannuation funds, friendly societies, registered trade unions, authorized unit investment trusts and other persons qualifying for exemption from income tax.
- The first UKL 6 600 of an individual's gains in a year are exempt. This figure is index-linked.
- Subject to certain conditions and limits, gains accruing to an individual who retires for reasons of ill-health or over the age of 60 on the disposal of a business or of shares in a family trading company or group are exempt.

[1] With certain exceptions all forms of property or interests or rights in or over property.
The main exceptions are an individual's principal private residence; chattels worth UKL 3 000 or less; normal life insurance policies; British government securities; private motor cars; and important works of art and other objects of national, scientific, historic or artistic interest (subject to certain undertakings by the recipient). Other exceptions include gifts of assets to charities and other bodies concerned with the national heritage and gifts of land and buildings for public benefit.

Reliefs:

- When the sale proceeds are reinvested in new business assets, gains on certain classes of business assets may be deducted from the cost of the new assets instead of being charged to tax.
- The tax on gains arising on gifts and transfers or of trust may in certain circumstances be deferred.
- Capital losses which arise on disposals of unquoted shares in trading companies may, subject to certain conditions, be set against income.
- Transfers of assets between members of a group of companies are treated as giving rise to neither gain nor loss. A group of companies for this purpose comprises a principal company and its 75 % subsidiaries all of which are resident in the United Kingdom.
- Special provisions apply where companies are amalgamated or acquired by an exchange of share capital or where a company acquires part of the business of another company by issuing shares or securities.
- Transfers of assets between spouses are treated as giving rise to neither a gain nor a loss.

Computation of gains:

In general, the consideration received for disposal (or the market value if there is no consideration or the transaction is not at arm's length) less the cost of acquisition together with expenses of acquisition and disposal and certain other allowable expenditure on the asset. Any amount charged to income tax or corporation tax as income or taken into account as a receipt in calculating income is excluded from the consideration.
In the case of assets owned on 6 April 1965 only the gain attributable to the period after that date is chargeable.
The Finance Act 1982 introduced provisions to take account, in the calculation of gains, of inflation after March 1982: these provisions were extended and modified by the Finance Act 1985.

Collection:

By assessment.

Rates:

The basic rate is 30 % for persons other than companies.
Companies gains are charged at normal corporation tax rates (27 % and 35 % as appropriate).

Carry-over of losses:

Usually allowable if a gain in the same transaction would have been chargeable. Losses are set primarily against gains of the same year and any excess may be carried forward without time-limit and set against gains of later years.

Capital transfer tax in the United Kingdom [1]

Capital Transfer Tax Act 1984; Finance Act 1985.

Beneficiary:

The central government.

Tax payable on:

The cumulative total of a donor's chargeable *transfers within 10 years* of the transfer in question whether made during life or at death; this includes:
(i) *inter vivos* gifts;
(ii) sales for less than full consideration;
(iii) property passing on death by will or intestacy;
and there are special provisions for the taxation of property held in settlement, both where there is an interest in possession in the property and where there is not.
All property situated in the United Kingdom is within the scope of capital transfer tax regardless of the domicile of the transferor; property outside the United Kingdom is liable to the tax if the transferor is domiciled within the United Kingdom at the time of the transfer or if certain statutory rules impose a deemed domicile in the United Kingdom on the taxpayer. Settled property situated outside the United Kingdom is chargeable to tax if the settler was domiciled in the United Kingdom at the time when the settlement was made.

Tax payable by:

In respect of (i) above by the donor; in respect of (ii) above by the vendor; in respect of (iii) above, the legal personal representatives of the deceased; and, in respect of settled property, the trustees of the settled property, except where property is transferred into settlement, where the settlor is accountable.

Note:

Liability for tax on a transfer may rest with more than one person – for example, if tax on a gift is not paid by the due date, it may be recovered from the transferee.

Basis of assessment:

The loss to the transferor is the difference between the value of all the transferor's property immediately before the transfer and its value immediately after the transfer. Thus, if the transferor pays the tax, it is charged on the total of the gift and tax together.

[1] Finance Act 1986 replaced capital transfer tax with inheritance tax (see separate entry) with effect from 17 March 1986.

Exemptions:

These include: the first UKL 55 000 of transfers from a spouse domiciled in the UK to a spouse domiciled abroad; full exemption for transfers between other spouses, the first UKL 3 000 of a donor's total of gifts in a tax year; gifts a donor makes to any donee which in any tax year do not exceed UKL 250; gifts out of income, provided certain conditions are fulfilled; certain dispositions for the maintenance of the family; certain government securities if the holder is neither domiciled nor ordinarily resident in the United Kingdom; and transfers to charities or political parties (with a limit of UKL 100 000 on the total of gifts made to political parties on death or within one year of death). There are also heritage exemptions for historic properties, together with surrounding land essential for the protection of the character and amenities of such buildings and their historically associated contents, land of historic, scenic or scientific interest, and objects and collections of national, artistic, historic or scientific interest conditional on certain undertakings being secured to maintain, preserve and provide public access to, the property or objects in question and maintenance funds established to maintain and preserve such property; and all property given or bequeathed to certain institutions concerned with preservation of the national heritage.

Reliefs:

These include reliefs from the capital transfer tax charge on agriculture, businesses, woodlands and trusts for the benefit of employees; reliefs from the capital transfer charge on death for quoted securities and immovable property, where the value has fallen since the date of death; and relief tor transfers occurring in quick succession. There is a measure of relief for tax paid in other countries in respect of the same transfer. There are double taxation agreements with Ireland, USA, South Africa, the Netherlands, Sweden, France, India, Italy, Pakistan and Switzerland.

Deductions:

Reasonable funeral expenses and bona fide debts and incumbrances.

Collection:

Tax is, in most circumstances, due six months after the end of the month in which the taxable event occurred. However, tax on certain types of property (including, for example, houses, land, business assets and certain holdings of unquoted securities) may be paid by instalments over 10 years, in some cases, free of interest. In other cases, interest is chargeable after the due date at 9 % (for transfers on death) or 11 % (for other transfers).

Rates:

There are two scales of rates of tax charged on successive tranches of the cumulative total of chargeable transfers: one for lifetime transfers and the other for transfers on death or within three years before the death. No tax is charged in any event on the first UKL 67 000 of a person's cumulative total of chargeable transfers.
The rates on lifetime transfers are half the rates on transfers made on death or within three years of death. The lifetime (death) scale rises from 15 % (30 %) on the tranche from UKL 67 000 to UKL 89 000 to 30 % (60 %) on the tranche over UKL 299 000.

Inheritance tax in the United Kingdom

Inheritance Tax Act 1984 (formerly Capital Transfer Tax Act 1984); Finance Acts 1986 and 1987.

Beneficiary:

The central government.

Tax payable on:

The cumulative total of transfers of value (broadly, transfers which reduce the value of the transferor's estate) within the previous 7 years, other than exempt transfers. The main charge arises on transfers made by an individual, by will or intestacy, or lifetime gifts made within 7 years of death. Outright gifts between individuals (and gifts into accumulation and maintenance trusts, trusts for the disabled and most interest-in-possession trusts) become exempt from tax provided the transferor survives seven years from the date of the gift. During the seven years period these gifts are known as potentially exempt transfers (PETs). Property given subject to a reservation (e.g. where the transferee does not enjoy it to the entire exclusion of the transferor) is given special treatment. If the reservation ceases during the transferor's lifetime the gift is treated as a PET made by that person a that date. If the reservation continues until the transferor's death the property is then treated as having remained a part of the transferor's estate.
The tax applies mainly to transfers by individuals or close companies. There are also special provisions covering the taxation of property held in settlement, mainly where there is no interest in possession in the property.
All property in the United Kingdom is within the scope of inheritance tax, regardless of the domicile of the transferor:
property outside the United Kingdom is liable to the tax if the transferor is domiciled within the United Kingdom at the time of the transfer or if certain statutory rules impose a deemed domicile in the United Kingdom on the taxpayer. Settled property situated outside the United Kingdom is chargeable to tax if the settlor was domiciled in the United Kingdom at the time when the settlement was made.

Tax payable by:

The transferor is primarily liable for the tax on lifetime transfers which are chargeable when made.
The trustees of a settlement are liable for any tax arising from the transfer of settled property.
The transferee is primarily liable for any tax arising from a PET which becomes chargeable by reason of the death of the transferor.
The legal personal representatives are liable for the tax attributable to property in the deceased's estate transferred by his will or intestacy.

Note:

Liability for tax on a transfer may rest with more than one person – for example, if tax payable on a transfer is not paid by the due date, it may be recovered from the transferee.

Basis of assessment:

The loss to the transferor is the difference between the value of all the transferor's property immediately before the transfer and its value immediately after the transfer. Thus, if the transferor pays the tax, it is charged on the total of the gift and tax together.

Exemptions:

These include:
(i) The first UKL 55 000 of transfers from a spouse domiciled in the United Kingdom to a spouse domiciled abroad;
(ii) Full exemption for transfers between other spouses;
(iii) The first UKL 3 000 of a transferor's total of gifts in a tax year;
(iv) Gifts a transferor makes to any transferee which in any tax year do not exceed UKL 250;
(v) Gifts out of income, provided certain conditions are fulfilled;
(vi) Certain dispositions for the maintenance of the family;
(vii) Certain government securities if the holder is neither domiciled nor ordinarily resident in the United Kingdom;
(viii) Transfers to charities or political parties (with a limit of UKL 100 000 on the total of gifts made to political parties on death or within one year of death);
(ix) There are also heritage exemptions for historic properties, together with surrounding land essential for the protection of the character and amenities of such buildings and their historically associated contents, land of historic, scenic or scientific interest, and objects and collections of national artistic, historic or scientific interest conditional on certain undertakings being secured to maintain, preserve and provide public access to the property or objects in question and maintenance funds established to maintain and preserve such property; and all property given or bequeathed to certain institutions concerned with preservation of the national heritage.

Reliefs

These include:
(i) Reliefs from the inheritance tax charge on agriculture, businesses, woodlands and trusts for the benefit of employees;
(ii) Reliefs from the inheritance tax charge on death for quoted securities and immovable property, where the value has fallen since the date of death;
(iii) Relief for transfers occurring in quick succession;
(iv) There is a measure of unilateral relief for tax paid in other countries in respect of the same transfer of property situated in that other country.

Note:

The double taxation agreements referred to in the entry for capital transfer tax will need some modification to take account of inheritance tax.

Collection:

Tax is, in most circumstances, due six months after the end of the month in which the taxable event occurred. However, tax on certain types of property (including, for example, houses, land, business assets and certain holdings of unquoted securities) may be paid by instalments over 10 years, in some cases, free of interest.
In other cases, interest is chargeable after the due date at a rate, currently 6 % which may be varied from time to time.

Rates:

There is one scale of rates of tax charged on successive tranches of the cumulative total of chargeable transfers. However lifetime transfers chargeable when made are taxable at half the scale rate. Transfers on death or within seven years before the death are charged the full scale rate. No tax is charged in any event on the first UKL 90 000 of a person's cumulative total of chargeable transfers.
The full scale rate rises from 30 % on the tranche from UKL 90 000 to UKL 140 000 to 60 % on the tranche over UKL 330 000.

Development land tax[1]

Development Land Tax Act 1976, as amended by Finance Acts 1977 to 1984.

Beneficiary:

The central government.

Tax payable by:

Persons not resident in the United Kingdom, as well as those who are resident.
The term 'persons' includes individuals, companies, trustees and personal representatives acting in that capacity.

Tax payable on:

Development value realized on the disposal of an interest in land on or after 1 August 1976 and before 19 March 1985. Disposal includes any occasion when the ownership of an interest in land is transferred in whole or in part (except on death), for example by sale, grant of a lease, exchange, or gift; or when the owner of an interest in land receives any sum by virtue of his ownership even though the person paying that sum does not acquire any interest in the land.
The commencement of a project of material development is a deemed disposal. Immediately before such a project is begun, every major interest in the land is treated as having been disposed of and immediately reacquired at its market value.

Basis of charge:

The development value on which the tax is charged is the difference between the disposal price (or market value where tax is chargeable on the carrying out of development) less any incidental expenses and whichever is the highest of three base values. The base values are:
Base A: the cost of acquiring the interest, together with any increase in its current use value over the period of ownership, and any expenditure on relevant improvements.
Base B: 115 % of the current use value of the interest at the date of disposal, together with any expenditure on relevant improvements.
Base C: 115 % of the sum of the cost of acquisition and expenditure on improvements.

[1] The tax was abolished by Finance Act 1985 for disposals on or after 19 March 1985.

Where Base A applies and the interest being disposed of was acquired before 1 May 1977, the acquisition cost together with any relevant improvements may be increased by a special addition. The Base C uplift can in some circumstances be 150 % where a residential development project is commenced after 9 March 1981.

Exemptions:

(i) Local authorities and other similar bodies are totally exempt from the tax.
(ii) Urban development corporations established under the Local Government Planning and Land Act 1980.
(iii) The first UKL 75 000 of development value realized in a financial year is exempt.
(iv) An individual's private residence is exempt and so also is not more than one residence occupied by a dependent relative; the building of a house on land owned at 12 September 1974 for occupation by the owner or a member of his family is also exempt.
(v) Development authorized by planning permission to win or work minerals is exempt.
(vi) A project of material development started within three years of the acquisition of the interest in land on which the development takes place, is exempt, if it can be shown that no significant amount of development value would have been realized had the project commenced immediately after the acquisition.
(vii) The disposal of land by a charity after 25 March 1980 is exempt.
(viii) Land held as stock in trade at 12 September 1984 is also exempt if planning permission was also held at that date.
(ix) Liability to the tax on the commencement of a project of material development may in certain circumstance be deferred where, for example, the project is being carried out by an industrialist for his own use; a similar concession applies to statutory undertakers. Any deferred liability remaining 12 years after the development is extinguished.

Interaction with other taxes:

Provision is made to ensure that development value realized is not effectively charged both to development land tax and other taxes, for example capital gains tax, capital transfer tax or corporation tax.

Collection:

By assessment.
Special provisions apply where a person acquires an interest in land from a person who is not resident or ordinarily resident in the United Kingdom.

Rate:

The rate of tax is 60 %.

Excise duty on hydrocarbon oil

Hydrocarbon Oil Duties Act 1979, as amended by Finance (No 2) Act 1979 and the Finance Acts 1980 to 1987.

Beneficiary:

The central government.

Duty payable on:

Imported and indigenous petroleum oils, coal tar, oils produced from coal, shale, peat and most other bituminous and liquid hydrocarbons. Duties are also payable on petrol substitutes and gas used as fuel for the propulsion of road vehicles, but these have at present little fiscal significance.

Duty payable when:

The oil is delivered for home use in the United Kingdom, subject to arrangements for deferment.

Exemptions and reliefs:

Kerosene other than that intended for use in road vehicles, is relieved of all duty. Most lubricating oils are also relieved of duty. Gas oil not intended for use in road vehicles is liable at less than full rate of duty.
Both light and heavy oil are relieved of duty when used in lifeboats or fishing vessels, as refinery fuel, as raw material for gas-making or chemical synthesis or as ingredients, solvents or the like, in industrial processes. Heavy oil used for such horticultural purposes as heating glass-houses or used by coasting vessels (except pleasure-yachts) is also relieved of duty.
Where refinery use of energy from heavy oil fuel for the treatment or production of oil falls between one sixth and one third of the total energy so produced, relief is limited to one third of the heavy oil duty, while light oil burned in approved furnaces pays duty only at the rate for heavy oil not for use in road vehicles.

Collection:

If, at import, oil is delivered for home use, excise duty is paid to the collector's office at the port. If delivered for home use from a refinery, other production premises or warehouse, payment is normally made centrally. On provision of suitable financial security, duty at import on deliveries for home use made between the 15th of one month and the 14th of the next month may be deferred until the 29th of that next month, with payment centrally by direct debit (with special arrangements for February and Bank Holidays). Similar deferment arrangements are available for duty on deliveries for home use from a refinery, other production premises or warehouse.

Rates:[1]

Light oil[2]	*per litre*
Aviation gasoline	UKL 0.0969
Furnace fuel	UKL 0.0077
Other (mainly motor spirit, leaded petrol and petrol substitutes)[3]	UKL 0.1938
Unleaded petrol[3]	UKL 0.1842
Heavy oil[4]	
Road fuel (mainly gas oil)	UKL 0.1639
Other gas oil	UKL 0.0110
Fuel oil	UKL 0.0077
Other	
Gas used as a road fuel	UKL 0.0969

1 In law the duty applies to all oil whether refined or crude, but in practice it is paid only on refined oil. The rates are the same whether the oil is imported in a refined state or is refined in the UK from imported oil or other material.

2 The distinction between light and heavy oils is based on definitions of physical properties.

3 A duty differential of UKL 0.0096 per litre in favour of unleaded petrol was introduced by the 1987 Finance Act with effect from 17 March 1987.

4 The duty on rebated aviation turbine fuel (AVTUR) and most lubricating oils was abolished by the 1986 Finance Act with effect from 18 March 1986.

Excise duty on tobacco products

Tobacco Products Duty Act 1979, as amended by the Finance Acts 1981 and 1986.

Beneficiary:

The central government.

Excise duty payable on:

Delivery of United Kingdom manufactured and imported tobacco products for home use.

Basis of assessment:

Cigarettes are chargeable with an *ad valorem* duty calculated on their retail price and a specific duty per 1 000 cigarettes. For the purpose of the *ad valorem* duty, the retail price is normally the price recommended by the importer or manufacturer for the retail sale of the cigarettes; where no price has been recommended, the highest price at which cigarettes of that description are normally sold by retail is used. For the purpose of the specific duty, cigarettes exceeding 9 cm in length excluding any filter or mouthpiece are treated as if each 9 cm or part thereof were a separate cigarette.
The duty on other chargeable tobacco products is based on their weight as determined before delivery for home use.

Collection:

United Kingdom manufacturers are required to keep a production account and make a return of all chargeable products manufactured each day. The products are normally deposited in an approved secure store and duty is chargeable on any removed for home use. Imported manufactured tobacco may be placed in a warehouse or approved secure store or charged at the port of importation. If satisfactory security is given, payment of the excise duty on both home-produced and imported products may be made on a monthly basis, 15 days after the end of each delivery period.

Rates:

Cigarettes	21 % of the retail price plus UKL 30.61 per 1 000
Cigars	UKL 47.05 per kg
Hand-rolling tobacco	UKL 49.64 per kg
Other smoking tobacco and chewing tobacco	UKL 24.95 per kg

Relief from duty:

Provision has been made for the remission or repayment of the duty on products exported or shipped as stores, and products used solely for the purposes of research or experiment. Certain other minor reliefs have been allowed by regulation, including products manufactured from tobacco grown in the United Kingdom by a person for his own consumption.

Excise duty on matches and mechanical lighters

Matches and Mechanical Lighters Duties Act 1979, as amended by the Finance Act 1981.

Beneficiary:

The central government.

Excise duty payable on:

The number of matches or portable mechanical lighters, including incomplete mechanical lighters, (other than those constructed solely for the purpose of igniting gas for domestic or industrial use) sent out from the premises of licensed manufacturers or imported.

Collection:

Each factory where matches or mechanical lighters are manufactured in the United Kingdom must hold a licence to manufacture. The excise duty on goods produced in the United Kingdom becomes payable when the goods are dispatched from the factory. The duty is paid to the local collector's office not later than the 15th day of the month following the month in which the goods were sent out. Imported matches or mechanical lighters are charged duty at the port of importation, or if they are delivered to a warehouse, or licensed premises in the case of mechanical lighters, on their removal for sale on the home market. Payment is made at the local collector's office, with arrangements for deferment similar to those for payment of duty on home-produced goods.

Rates:

Matches	UKL 1.1500 per 7 200 matches
Mechanical lighters	UKL 0.500 per lighter

Excise duty on spirits

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979 and the Isle of Man Act 1979 and the Customs and Excise Management Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Spirits made in the United Kingdom and imported spirits and goods containing spirits, delivered for home use.

Basis of assessment:

Duty is charged on spirits in accordance with their alcoholic strength. The strength of spirits is expressed in terms of percentage volume at 20°C. This represents the ratio of the volume of ethyl alcohol, measured at 20°C, contained in the mixture, to the total volume of the mixture measured at the same temperature.
Similarly, duty is charged on the volume of ethyl alcohol, measured at 20°C, contained in other goods.

Exemptions:

Spirits produced in the United Kingdom are generally relieved of excise duty if they are converted to methylated spirits to make them non-potable or if they are used for medical or scientific purposes. Similarly, spirits contained in imported products which are not for human consumption or which are used for medical purposes may generally be relieved from excise duty, subject to certain conditions. Spirits for industrial use may be generally relieved of duty without undergoing methylation provided they are denatured on receipt by the user and are not contained in goods produced for sale.

Collection:

All distillers, rectifiers and compounders are required to possess an excise licence. Excise duty becomes payable on clearance to home use at importation or on delivery from an excise warehouse; but a period of deferment of the duty is allowable. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rate:

Spirits, per litre of alcohol in the spirit: . . . . UKL 15.77

Excise duty on wines and made-wines

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurements) Order 1979 and the Isle of Man Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Wine and made-wine imported into the United Kingdom or produced for sale in the United Kingdom. 'Wine' means any liquor obtained from the alcoholic fermentation of fresh grapes or the must of fresh grapes, whether or not the liquor is fortified with spirits or flavoured with aromatic extracts; 'made-wine' means any liquor obtained from the alcoholic fermentation of any substance, or by mixing a liquor so obtained or derived from a liquor so obtained with any other liquor, but does not include wine, beer, black beer, spirits or cider.

Basis of assessment:

The rates of excise duty chargeable on wine and made-wine on their strength measured by reference to the percentage of alcohol by volume at 20°C.
For excise duty purposes, there are four strength categories, although for wines and made-wines of a strength not exceeding 15 % there are two rates of duty depending on whether the product is still or sparkling.

Collection:

Producers of wine and made-wine in the United Kingdom are required to possess an excise licence. Wine and made-wine become liable to excise duty when they are produced but the duty is charged when the wine or made-wine is delivered from the winery and is paid to the local collector's office by the 15th day of the month following that in which the duty is incurred. In certain circumstances, wine and made-wine produced in the United Kingdom may alternatively be removed from the winery free of duty to a bonded warehouse. The duty on imported wine and made-wine becomes chargeable on importation or, if the wine or made-wine is warehoused, on delivery to home use from the excise warehouse. However, a period of deferment of the duty is allowed on all imported wine and made-wine, whether from the EC or third countries. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rates:

Wine or made-wine of an alcoholic strength[1]		Per hectolitre
exceeding	not exceeding	
	15 % (still)	UKL 98
	15 % (sparkling)	UKL 161.80
15 %	18 %	UKL 169
18 %	22 %	UKL 194.90
22 %		UKL 194.90 plus UKL 15.77 for every 1 % or part of 1 % in excess of 22 %

[1] Strengths are measured by reference to the percentage of alcohol by volume at a temperature of 20 °C.

Special cases:

Imported wine or made-wine which is rendered sparkling or effervescent whilst in a bonded warehouse is liable to the same duties as imported sparkling wine or made-wine.

Excise duty on cider

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts, and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979.

Beneficiary:

The central government.

Excise duty payable on:

Cider (or perry) made in the United Kingdom by a person required to be registered as a maker of cider, or imported into the United Kingdom.

Basis of assessment:

The excise duty is payable on cider (or perry) of a strength less than 8.5 % of alcohol by volume (at a temperature of 20 °C) obtained from the fermentation of apple or pear juice without the addition at any time of any alcoholic liquor or of any liquor or substance which communicates colour or flavour other than such as the Commissioners of Customs and Excise may allow as appearing to them to be necessary to make cider (or perry).

Collection:

Any person who, on premises in the United Kingdom, makes cider or perry for sale in excess of a certain limit must be registered in respect of his premises. Excise duty becomes chargeable on the production of the cider or perry: it is not, however, charged until the cider or perry is delivered from the producer's premises and payment is made to the local collector's office by the 15th of each month following that in which the duty is incurred. Excise duty on imported cider becomes chargeable on importation or, if it is warehoused, on delivery to home use from the excise warehouse. However, a period of deferment of the duty is allowed on imported cider, whether from the EC or third countries. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rate:

	per hectolitre
Cider (or perry) of a strength less than 8.5 % of alcohol by volume at 20 °C	UKL 15.80

Excise duty on beer

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979 and the Isle of Man Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Beer, ale, porter, stout and any other liquor manufactured for sale that is described as beer or a beer substitute.

Basis of assessment:

The excise duty on beer is assessed by reference to the quantity and original gravity of the unfermented infusion from which the beer is produced (the worts).

Collection:

Brewers in the United Kingdom are required to possess an excise licence. The duty becomes due on production of the wort but the brewer may be allowed a period of credit, the aggregate net charge on all the brewings for each calendar month being payable by the 25th day of the following month; a longer period of credit may be allowed in respect of strong beer and lager. Excise duty on imported beer is chargeable either at importation (if the beer is entered for home use) or on delivery from bonded warehouse, but again a period of credit is allowable. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rates:

	per hectolitre
Where the worts before fermentation were of an original gravity:	
– of 1 030° or less	UKL 25.80
– exceeding 1 030°	
– for the first 1 030°	UKL 25.80
– for every additional degree (in excess of 1 030°)	UKL 0.86

Deductions:

In respect of beer produced in the United Kingdom a statutory deduction of 6 % is made from the monthly assessment of the quantity of worts on which the excise duty is payable to allow for wastage and loss during the preparation of the beer for consumption. For beer imported in containers of a capacity of more than 10 litres, a 2 % deduction is made from the quantity imported.

Special feature:

Where beer liable to excise duty is brewed solely for the purposes of research or of experiments in brewing, under certain conditions, the duty may be repaid or remitted and a licence to brew is not required.

Repayment of duty:

(a) Drawback:
Excise duty is repaid if the duty-paid beer is exported as merchandise removed to the Isle of Man, shipped as stores or deposited in warehouse for exportation as merchandise, removal to the Isle of Man or shipment as stores.

(b) Spoilt beer:
Subject to certain conditions, excise duty may be repaid or remitted on any worts or beers which have been destroyed or become spoilt or otherwise unfit for use by unavoidable accident while on the premises of a brewer for sale, whether or not they were manufactured by that brewer. Excise duty may be repaid on beer which has accidentally become spoilt or unfit for use after it has been delivered by the brewer and which has been returned to the brewer subsequently.

(c) Beer used as an ingredient:
Subject to certain conditions, excise duty may be repaid on beer used in the production or manufacture of beverages and other articles of a low alcohol content.

Petroleum revenue tax

Oil Taxation Act 1975, Petroleum Revenue Act 1980 and Oil Taxation Act 1983, as amended by annual Finance Acts.

Beneficiary:

The central government.

Tax payable by:

Persons including companies, whether resident or non-resident, holding or participating in the holding of licences granted under the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964.

Tax payable on:

Profits from winning oil and gas under the authority of the abovementioned licences (except methane drained from mines for safety reasons). It is also charged on tariff receipts (less an allowance) for use of shared assets, and on disposal receipts.

Basis of assessment:

The participator's share of the assessable profit or allowable loss for the field in each chargeable period: each chargeable period being a period of six months ending at the end of June or December. Subject to the exceptions in 4 below, each field is assessed in isolation.

Special reliefs:

1. The 'uplift' – a supplement of 35 % of, broadly, exploration and development expenditure – designed to compensate for the non-allowance of interest payments and to increase net of tax returns to companies early in the life of a field.
2. The 'oil allowance' provides PRT exemption of up to (currently) $^1/_4$ million tonnes for each chargeable period, to a fixed maximum amount (now 5 million tonnes) of production per field. This allowance has been doubled for offshore fields outside the Southern Basin of the North Sea approved after 1 April 1982.
3. 'Safeguard' limits the PRT charge each calendar year to not more than 80 % of the amount (if any) by which the profit (without deduction of 'upliftable' expenditure) exceeds 15 % of the cumulative 'upliftable' (broadly capital) expenditure on historical cost basis.
4. Subject to various restrictions, relief can also be given for certain exploration and appraisal expenditure, unrelieved field losses, limited oilfield development and general research expenditure incurred elsewhere in the United Kingdom or United Kingdom continental shelf.

Computation of liability:

For PRT, revenues are, broadly; the price receivable for oil disposed of at arm's length, plus the market value of oil kept for refining or disposed of other than at arm's length plus half the increase in stock values. PRT is calculated on the revenues of the participator less:
(i) royalty ($12^1/_2$ %)
(ii) field expenditure (including any 'uplift');
(iii) operating costs for the field (but *not* interest payments).
This figure is subject to any relief under the 'safeguard'.

Collection:

By assessment and a system of instalments and advance payments.

Rate:

75 %.

Carry-over of losses:

Where a field shows a PRT loss for any period (as calculated from the paragraphs above) that loss may be carried forward and offset against PRT profits in later periods, or carried back against PRT profits in earlier years. However, if a field is eventually abandoned with unrelieved PRT losses, then any participator may set his share of those losses against his PRT profits on other fields.

Supplementary petroleum duty

Finance Act 1981.

Beneficiary:

The central government.

Tax payable by:

Every participator in an oil-field.

Tax payable on:

The gross profit during a chargeable period accruing to the participator from an oilfield, calculated as for the purposes of the petroleum revenue tax.

Rate:

20 %.

General and pool betting duties

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982 and 1987.

Beneficiary:

The central government.

Duty payable by:

The bookmaker, totalizator operator or pool promoter with whom the bet is made, or who provides facilities for betting.

Duty payable on:

All bets which are not on-course bets made in the United Kingdom with or by means of the facilities provided by a bookmaker or pool promoter.

Basis of assessment:

The full amount of stake money paid together with any additional payments in connection with the bet.

Collection:

Duty is due when the bet is made. General betting duty is paid by means of monthly returns to a central control point not later than the 15th day following the month to which the return relates. Pool betting duty is paid by means of weekly returns to the local collector's office by the Thursday following the week to which they relate.

Rates:

General betting duty:
Off-course . . . . 8 %
Pool betting duty . . . . 42.5 %

Special features:

Off-course bookmakers are not liable for general betting duty on bets which they negotiate as agents and pass on to other bookmakers.

Bingo duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982 and 1983.

Beneficiary:

The central government.

Duty payable by:

The promoter of the bingo.

Duty payable on:

The value of the stakes (and in certain cases the prizes).

Collection:

Bingo duty is paid by means of monthly returns to the local collector's office by the 10th day following the period to which they relate.

Rate:

10 % of the stakes plus $^1/_9$ of any amount by which the value of the prizes exceeds the duty exclusive value of the stakes.

Exemption from duty:

Bingo promoted by organizations other than licensed bingo clubs is exempt from duty provided that neither stakes nor value of prizes exceed UKL 400 on any day or UKL 1 000 in any week.

Rates – England and Wales

General Rate Acts 1967 and 1970; Rating Act 1971; Local Government Act 1974; Rating Caravan Sites Act 1976; Rating Charity Shops Act 1976; Local Government Planning and Land Act 1980; Local Government Finance Act 1982; Social Security and Housing Benefit Act 1982; Rates Act 1984.

Beneficiary:

Local government.

Tax payable by:

Occupiers of non-agricultural land and buildings.

Tax payable on:

Occupied non-agricultural land and buildings, and at the discretion of individual local authorities, unoccupied non-agricultural land and buildings – domestic to a maximum of 100 % and non-domestic to a maximum of 50 % (except for industrial and storage properties which are exempt).

Basis of assessment:

The rateable value of property (related to its annual rental value which is assessed by the valuation officers of the Board of Inland Revenue) and the rate poundage fixed by the rating authority. The last general rating revaluation in which all properties were reassessed took place in 1973. The rate poundage, which is the number of pence in the pound which occupiers of property have to pay on the rateable value of their property, is calculated by dividing the total sum to be raised by the estimated yield of a penny rate in the area of the rating authority.

Exemptions:

The main exemptions are for agricultural land and buildings, places of public religious worship and, partly, charities, industrial and commercial premises in small areas known as 'enterprise zones' are also exempt from rates for a 10-year period. Under the Housing Benefit Scheme, rate rebates, largely funded by central government, are available to domestic ratepayers so as to adjust payments in accordance with income and needs.

Collection:

A single rate is fixed for each local government financial year (April to March) and becomes payable in advance within seven days of demand. All ratepayers have the right to pay rates in a minimum of 10 monthly instalments in each rating year.

Rates:

The rate poundages are fixed by rating/precepting authorities after making allowance for their estimated entitlement to central government grants and any other income for the year in question. The yield from rates currently finances about a third of local authorities' total revenue expenditure and amounted to UKL 13 900 million in 1986/87 at outturn prices exclusive of rate rebates. In the financial year beginning on April 1987, the general rate poundages fixed by the 403 rating authorities in England and Wales ranged from 117 pence to 354 pence in the pound.

Rates – Scotland

Lands Valuation (Scotland) Act 1854; Local Government (Scotland) Act 1947; Valuation and Rating (Scotland) Act 1956; Local Government (Financial Provisions etc.) (Scotland) Act 1962; Local Government (Financial Provisions) (Scotland) Act 1963; Local Government (Scotland) Act 1966; Valuation for Rating (Scotland) Act 1970; Rating Act 1971; Local Government (Scotland) Act 1973; Local Government (Scotland) Act 1975; Rating (Caravan Sites) Act 1976; Rating (Charity Shops) Act 1976; Valuation and Rating (Exempted Classes) (Scotland) Act 1976; Local Government (Scotland) Act 1978; Rating (Disabled Persons) Act 1978; Water (Scotland) Act 1980; Local Government Planning and Land Act 1980; Local Government (Miscellaneous Provisions) (Scotland) Act 1981; Local Government and Planning (Scotland) Act 1982; Lands Valuation Amendment (Scotland) Act 1982; Rating and Valuation (Amendment) (Scotland) Act 1984; Rating (Revaluation Rebates) (Scotland) Act 1985.

Beneficiary:

Local government.

Tax payable by:

Occupiers of non-agricultural land and buildings.

Tax payable on:

Occupied non-agricultural land and buildings.

Basis of assessment:

The rateable value of property, and the rate poundage fixed by the local authorities. The rateable value which in most cases is related to a property's annual rental value is determined by assessors appointed by valuation authorities (regional and islands councils). Each rate poundage, which is the number of pence in the pound which occupiers of property have to pay on the rateable value of their property, is calculated by dividing the total sum to be raised by the estimated yield of a penny rate in the area of the rating authority. In an islands area a general rate is fixid and levied by the islands council, while in other areas separate rates are fixed by district councils and regional councils and the district rate and regional rate are levied together by the regional council.

Exemptions:

Agricultural land and buildings, offshore oil installations, places of religious worship and, partly, charities. Industrial and freight transport property is derated to the extent of 40 % of its annual value. Rate rebates are available to domestic ratepayers so as to adjust payments in accordance with income and needs.

Collection:

Rate poundages are fixed by 5 March preceding the local authority financial year (commencing on 1 April) and are payable in 10 monthly instalments from May to February, or in a single sum on or before 30 September as the ratepayer prefers. Other *ad hoc* payment arrangements may be made with the agreement of the rating authority.

Rates:

The yield from rates in 1987–88 will finance nearly 40 % of local government expenditure and amount to, at the latest estimate UKL 2 134 million at outturn prices exclusive of rate rebates. In the financial year beginning in 1987, the combined district/region or general rate poundages range from 51.2 pence to 91.5 pence.

Rates – Northern Ireland

The Rates (Northern Ireland) Order 1977; The Rates (Amendment No 2) (Northern Ireland) Order 1983.

Beneficiaries:

Local and central government – on 1 October 1973 major functions formerly carried out by local government were transferred to central government. A proportion of the rates collected is therefore retained by central government as a contribution towards the cost of those services which have been transferred.

Tax payable by:

Occupiers of non-industrial premises and occupiers of non-agricultural land and buildings.

Tax payable on:

Occupied non-industrial premises and occupied non-agricultural land and buildings.

Basis of assessment:

District rate:

The rateable value of the property occupied and the rate poundage for the area. The rateable value is related to the annual rental value of the property and is assessed by central government valuation officers. The rate poundage (which is calculated separately in each district) is the number of pence per pound of rateable value to be paid by the occupiers of property. It is calculated by dividing the total revenue required by each district council by the total rateable valuation of the district. The rateable value is related to the level of rental values at the last general revaluation in 1976.

Regional rate:

The rateable value of the property and regional rate poundage for Northern Ireland. The rateable value is related to the annual rental value of the property and is assessed by central government valuation officers. The regional rate poundage which applies throughout Northern Ireland is the number of pence in the pound of rateable value to be paid by the occupiers of property. It is calculated by dividing the total revenue required by the total rateable valuation of Northern Ireland. The regional rate is a contribution towards the cost of those local authority type services which are now the responsibility of central government departments.

Exemptions:

- Agricultural land and buildings, industrial premises, places of religious worship and charitable hereditaments used for charitable purposes are totally exempt.
- All non-domestic properties in 'Enterprise zones' are totally exempt.
- Freight transport premises are exempted from 75 % of the rate charge and certain sports and recreation facilities are exempted from 75 % of the rate charge.
- Housing benefit is available to domestic ratepayers so as to adjust payments in accordance with income and needs.

Collection:

The district rate and the regional rate are combined and collected as one charge by the Department of the Environment for Northern Ireland, a department of central government, and the product of each district rate passed on to each respective district council. Rate poundages are fixed in February in each financial year. The rate becomes due on 1 April and is payable in one single amount or two part-payments. Domestic rates can be paid by 10 monthly instalments. Enforcement for non-payment is by normal debt proceedings at the courts.

Yield:

The net collectable rate in Northern Ireland for the year ending 31 March 1986 was UKL 208.0 million, of which approximately 66 % is retained by central government.

Stamp duty

Stamp Act 1891; subsequent Finance Acts; corresponding legislation in Northern Ireland.

Beneficiary:

The central government.

Duty payable on:

A range of legal and commercial documents, and on statements or returns relating to chargeable transactions (which include formations and increase of capital) of capital companies.

Basis of assessment:

Duties are at various fixed and *ad valorem* rates depending on the nature of the document, etc.

Exemptions:

- Transfers of property other than stocks or marketable securities if the sale price does not exceed UKL 30 000.
- Instruments of transfer or bearer instruments relating to British government and local authority securities.
- Transfers of United Kingdom loan capital which does not carry conversion rights and of Commonwealth government stock.
- Mortgages, debentures, bonds, promissory notes and contract notes.
- Policies of life insurance where the sum insured does not exceed UKL 50.
- Leases of land or property for a term not exceeding seven years or for an indefinite term for a yearly rent not exceeding UKL 500 for which no premium is paid.
- Transfers of shares in respect of certain company reconstructions.
- Capital duty in respect of certain company reconstructions, takeovers and demergers.
- Trust instruments relating to unit trust schemes where the units are to be held for charitable purposes only.
- Transfers of stocks, marketable securities and property in favour of charities: leases to charities.
- Leases of furnished premises for any definite term of less than a year where the rent is not above UKL 500.
- Purchases of shares by market makers.
- Transfers of shares to a Stock Exchange nominee.

Collection:

By impressed stamps on the relevant documents etc. There are penalties for late stamping, and a document etc, not stamped or not adequately stamped is not admissible as evidence in legal proceedings.

Rates:

Principal duties are:
- Transfer of stocks or marketable securities: 1/2 % of the sale price;
- Transfer of property other than stocks or marketable securities, where the consideration exceeds UKL 30 000: 1 % of the sale price;
- Chargeable transaction of capital companies: 1 % of the chargeable amount;
- Transfers of stocks or marketable recurities to clearance systems or for conversion into despositary receipts: 1.5 % of the sale price or value.
- Policies of life insurance for an amount exceeding UKL 50: 5 pence per UKL 100 of the sum insured if not exceeding UKL 1 000 and 50 pence per UKL 1 000 of the sum insured if over UKL 1 000;
- Purchased life or superannuation annuities: 5 pence per UKL 10 of the annuity;
- Lease of land and property: rates vary between 1 % and 24 % of the annual rent depending on the length of lease.
- Take overs, mergers, demergers and reconstructions: 1/2 %

(Where a premium is paid an additional charge at 1 % is made on the amount of the premium; but in cases where the average yearly rent does not exceed UKL 300, and where the premium does not exceed UKL 30 000, no charge is made on the premiums. If the yearly rent exceeds UKL 300 the premium is chargeable with duty at the full 1 % rate.)

- Leases of furnished property for a term of less than a year and for a rent in excess of UKL 500 are liable to a fixed duty of UKL 1.
- Unit trust instruments: 0.25 % of the value of the original property of the unit trust or of any additions thereto.
- Bearer instruments on issue or first negotiation in the United Kingdom (not relating to stock in foreign currencies): *ad valorem* duty of 1 1/2 %, or a fixed duty of 10 pence depending on the type of instrument.
- There are also certain instruments which are subject to a duty of 50 pence.

Stamp duty reserve tax

Finance Act 1986, as amended by annual Finance Acts.

Beneficiary:

The central government.

Tax payable on:

Agreements to transfer chargeable securities (e.g. stocks and shares) for money or money's worth.

Tax payable by:

Buyers (although with the option in some cases for vendors to arrange to meet the liability).

Basis of assessment:

The tax is *ad valorem* on the price paid (or the market value of a non-cash consideration).

Exemptions:

- British Government and local authority securities.
- Loan capital which does not carry conversion rights.
- Non-UK securities (unless a register of the securities is kept in the UK).
- Purchases by a charity.
- Transfers of units in a foreign unit trust.
- Purchases by market makers.
- Purchases by broker-dealers if the securities are sold on within seven days.
- Bearer securities.
- The issue of new securities.
- Transactions outside the UK where neither buyer nor seller is resident in the UK.

Interaction with stamp duty:

Tax does not have to be paid where an agreement is followed within two months by a transfer which is stamped (or exempt from stamp duty). There are provisions to give credit for stamp duty.

Collection:

Buyers pay direct unless they buy from or through a dealer who would then be accountable. Payment is to be made three or four months after the agreement.

Rates:

For agreements to transfer securities generally: 0.5 % of the purchase price.
For securities converted into Depository Receipts: 1.5 % of the purchase price.
For securities transferred to a clearance service operator or its nominee: 1.5 % of the purchase price or value.

Vehicle excise duty

Vehicles (Excise) Act 1971,[1] as amended by subsequent Finance Acts.

Beneficiary:

The central government.

Duty payable by:

The keeper of a vehicle (who is not necessarily the legal owner).

Duty payable on:

Vehicles kept or used on a public road.

Basis of assessment:

Duty is payable according to type and use of vehicle. Private cars and light vans are liable to duty at a flat rate; motor cycles and three-wheelers according to engine capacity; heavier goods vehicles by gross weight; heavy lorries by gross weight and number of axles; taxis and buses by seating capacity; and haulage vehicles by unladen weight. Some heavy goods vehicles drawing trailers pay a trailer supplement.

Exemptions:

Certain vehicles including invalid carriages, road maintenance vehicles, ambulances and fire-engines, and electrically propelled vehicles are exempt from duty.

Collection:

Vehicle excise duty is collected by the sale of vehicle licences to the persons keeping the vehicles. Licences are issued by post offices, and by local offices of the Department of Transport, who administer the tax. The proceeds are paid direct to the exchequer.

[1] In Northern Ireland, vehicle excise duty is charged under the Vehicle (Excise) Act (Northern Ireland) 1972 (as amended variously by the Finance Acts) and is levied at the same rate as in Great Britain.

Rates:

For a private car, the cost of a licence in Great Britain is UKL 100 a year. Motor cycles and three-wheelers, etc. pay UKL 10, UKL 20 and UKL 40 a year according to engine capacity. Rates of duty on goods vehicles rise on a scale which for an unladen weight of up to 1 525 kgs is UKL 100 and for one of 38 tonnes[1] gross weight is UKL 3 100 a year. Goods vehicles exceeding 12 tonnes drawing a trailer exceeding 4 tonnes pay extra duty on a scale from UKL 80 to UKL 355.
Certain vehicles including agricultural machines, digging machines, mobile cranes, works trucks and mowing machines, which make limited use of public roads, are charged a concessionary rate of UKL 16 per year. There are also concessionary rates of duty for farmers' and showmen's goods vehicles.

[1] 1 metric tonne = 1 000 kilogrammes = 0.984207 imperial tons.

Gaming licence duty

Betting and Gaming Duties Act 1981, as amended by the Finance Act 1984.

Beneficiary:

The central government.

Duty payable on:

A half-yearly licence for the premises valid from 1 April or 1 October each year.

Basis of assessment:

A flat-rate amount, payable on application, plus a further payment on a sliding scale based on the gross gaming yield of the premises.

Collection:

The flat-rate payment must be made to the local collector's office prior to the next licensing period. The sliding scale payment is made within five months of the end of the licensing period (when the gross yield is known).

Rates for the half-year:

UKL 250 per licence plus a duty assessed on the following sliding scale:

part of gross gaming yield:		*Rate*
– the first	UKL 375 000	$2^1/_2$ %
– the next	UKL 1 875 000	$12^1/_2$ %
– the next	UKL 2 250 000	25 %
– the remainder		$33^1/_3$ %

Gaming machine licence duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1983, 1984, 1985 and 1987.

Beneficiary:

The central government.

Duty payable on:

Whole-year, half-year or quarter-year licences covering all gaming machines provided. Licences covering whole-, half- and quarter-year periods are available from the first day of any month.

Basis of assessment:

The charge depends on the type of premises, the duration of the licence, the number of machines it covers and the categories into which they fall. A machine is chargeable at the lower rate if the cost per play does not exceed 5p and otherwise at the higher rate. (When the cost per play does not exceed 2p no licence is required.)

Collection:

Payment must be made to a central control point before a licence is issued.

Rates:

A. Small prize machines (maximum prize value UKL 3):
   - Lower rate .... UKL 150 per machine
   - Higher rate .... UKL 375 per machine

B. Other machines:
   - Lower rate .... UKL 375 per machine
   - Higher rate .... UKL 960 per machine

Half-year licences are dutiable at 11/20 and quarter-year licences at 6/20 of these rates.

Value-added tax

Value-added Tax Act 1983, as amended by subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable by:

- Anyone carrying on a business with a taxable turnover (including zero-rated goods and services) of more than UKL 21 300 per year.
- Persons making entry of imported goods.

Tax payable on:

- The supply of goods and services by way of business.
- Imported goods and certain services provided in the United Kingdom by overseas businesses.

Basis of assessment:

- The payment received for the supply of goods or services (excluding the tax itself).
- On imports, the customs value plus any customs duties and any special surcharge or levy.
- On services provided by overseas businesses, the consideration for supply of the services where received.

Exemptions:

Without deduction of tax paid at earlier stages; transactions in land (this includes rents, but provision of hotel and similar accommodation is chargeable at the standard rate); all forms of insurance; the letter and parcel posts; betting and gaming (other than by means of gaming machines), financial transactions, certain education and health services; burial and cremation; the membership services of trade unions and certain non-profit-making professional, learned and representative bodies.

Collection:

At the end of each tax period (three months), the taxable person must make a return of VAT due to a central VAT control unit. Taxable persons who expect their input tax regularly to exceed their output tax, for example because most of their outputs are zero-rated, may choose to make returns monthly and so obtain earlier repayments.

Rates:

- Standard rate: 15 %.
- Zero rate:
  Food (except 'meals out' hot, take-away food and drink, sweets, chocolates, ice-creams, soft drinks, potato crisps, roasted and salted nuts, and similar products and pet foods); young children's clothing and footwear; books, newspapers, periodicals and maps; the supply to charities catering for the blind of 'talking books' and wireless receiving sets for loan to the blind; news services; water and sewerage services; coal and other solid fuel, gas, electricity, fuel oil, gas oil and certain grades of kerosene; the construction of new buildings; passenger transport (other than taxis); residential caravans and houseboats; gold supplied to authorized dealers; banknotes; certain international services most of which are used outside the UK; drugs, medicines and certain aids for the disabled; imported goods supplied before the delivery of an entry under an agreement requiring the purchaser to make an entry; exports; sale of donated goods by certain charities and charitable donations of certain medical and scientific equipment; protective boots and helmets.

Car tax

Car Tax Act 1983.

Beneficiary:

The central government.

Tax payable on:

Cars, motor cycles and motor caravans made in or imported into the United Kingdom and registered for road use in the United Kingdom.

Basis of assessment:

For cars and motor cycles the wholesale value of the vehicle; for motor caravans 60 % of the wholesale value which would otherwise apply.

Collection:

Any person who makes or imports 10 or more cars, motor cycles or motor caravans per year is liable to be registered. Registered traders pay the tax at three-monthly intervals. In other cases, the tax must be paid on importation; on conversion of a not-chargeable vehicle into a chargeable vehicle; or before the vehicle is registered for road use in the case of a vehicle made in the UK.

Rate:

10 %.

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