

INVENTORY OF TAXES

**LEVIED IN THE MEMBER STATES
OF THE EUROPEAN UNION**

16th edition



**EUROPEAN
COMMISSION**

EUROPEAN COMMISSION

**DIRECTORATE-GENERAL XXI
CUSTOMS AND
INDIRECT TAXATION**

**DIRECTORATE-GENERAL XV
INTERNAL MARKET
AND FINANCIAL SERVICES**

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

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

16TH EDITION

DOCUMENT

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Introductory note

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

The present edition reflects the situation on 1 January 1994 and replaces the previous edition which was based on the situation on 1 January 1992.

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.

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Abbreviations

M.b.	=	Moniteur belge
B.S.	=	Belgisch Staatsblad
BGBI	=	Bundesgesetzblatt
VO	=	Verordnung
RAO and AO	=	(Reichs)-Abgabenordnung
BayBS	=	Bayrische Bereinigte Sammlung
GVBl	=	Gesetz- und Verordnungsblatt
RGBl	=	Reichsgesetzblatt
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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Belgium.....	pages	1- 71
Denmark	pages	73-166
Germany	pages	167-220
Greece	pages	221-295
Spain.....	pages	297-330
France.....	pages	331-441
Ireland.....	pages	443-496
Italy.....	pages	497-564
Luxembourg	pages	565-609
The Netherlands	pages	611-671
Portugal.....	pages	673-718
United Kingdom	pages	719-767

SUMMARY

Taxes in force

B 1	Personal income tax (Impôt des personnes physiques/Personenbelasting)	3
B 2	Corporation tax (Impôt des sociétés/Vennootschapsbelasting)	7
B 3	Tax on legal persons (Impôt des personnes morales/Rechtspersonenbelasting)	9
B 4	Tax on non-residents (Impôt des non-résidents/Belasting der niet-verblijfhouders)	11
B 5	Succession duty and transfer duty (Droits de succession et de mutation par décès/Successierechten en recht van overgang bij overlijden)	13
B 6	Compensatory tax for succession duty (Taxe compensatoire des droits de succession/Taks tot vergoeding der successierechten)	15
B 7	Value-added tax (VAT) (Taxe sur la valeur ajoutée [TVA]/Belasting over de toegevoegde waarde ([BTW])	16
B 9	Tax on stock exchange and carry-over transactions (Taxe sur les opérations de Bourse et les reports/Taks op de beursverrichtingen en de reports)	21
B 10	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)	23
B 11	Annual tax on insurance contracts (Taxe annuelle sur les contrats d'assurance/Jaarlijkse taks op de verzekeringscontracten)	24
B 12	Annual tax on profit sharing (Taxe annuelle sur les participations bénéficiaires/Jaarlijkse taks op de winstdeelnemingen)	25
B 14	Tax on bills (Taxe d'affichage/Aanplakkingstaks)	26
B 15	Excise duty on mineral oils (Accise sur les huiles minérales/Accijns op minerale oliën)	27
B 18	Excise duty on manufactured tobacco (Accise sur les tabacs fabriqués/Accijns op gefabriceerde tabak)	29
B 19	Excise duty on ethyl alcohol (Accise sur l'alcool éthylique/Accijns op ethylalcohol)	31

BELGIUM
Belgique/België

B 20	Excise duty on wines and other fermented beverages (Accise sur les vins et les autres boissons fermentées/Accijns op wijn en andere gegiste dranken)	34
B 21	Excise duty on beer (Accise sur la bière/Bieraccijns)	37
B 22	Excise duty on non-alcoholic beverages (Accise sur les boissons non alcoolisées/Accijns op alcoholvrije dranken)	39
B 24	Excise duty on coffee (Accise sur le café/Accijns op koffie)	41
B 25	Betting and gaming tax (Taxe sur les jeux et paris/Belasting op spelen en weddenschappen)	42
B 26	Tax on automatic amusement machines (Taxe sur les appareils automatiques de divertissement/Belasting op automatische ontspanningstoestellen)	44
B 27	Registration duty, mortgage duty and court duties (Droits d'enregistrement, d'hypothèque et de greffe/Registratie-, hypotheek- en griffierechten)	45
	I – Main registration taxes (Principaux droits d'enregistrement/Voornaamste registratierechten)	45
	II – Court duties (Droits de greffe/Griffierechten)	46
	III – Mortgage duty (Droits d'hypothèque/Hypotheekrechten)	47
B 28	Stamp duty (Droits de timbre/Zegelrechten)	48
B 29	Tax on motor vehicles (Taxe de circulation sur les véhicules automobiles/Verkeersbelasting op autovoertuigen)	49
B 30	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)	51
B 31	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 fermentées/Vijfjarige belasting verschuldigd door bepaalde slijters van gegiste dranken)	52
B 32	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)	53

BELGIUM
Belgique/België

B 33	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)	54
B 35	Vehicle registration tax (Taxe de mise en circulation/Belasting op inverteerstelling)	55
B 36	Ecotaxes (Ecotaxes/Eco-taks)	57
B 37	Levy on energy (Cotisation sur l'énergie/Energiebijdrage)	60
B 38	Inspection charge on domestic fuel (Redevance de contrôle sur le fuel domestique/Controlretributie op huisbrandolie)	62
B 39	Excise duty on intermediate products (Accise sur les produits intermédiaires/Accijns op intermediaire produkten)	64
B 40	Annual tax on collective investment organizations (Taxe annuelle sur les organismes de placement/Jaarlijkse taks op de collectieve beleggingsinstellingen)	66
B 41	Annual tax on coordination centres (Taxe annuelle sur les centres de coordination/Jaarlijkse taks op de coördinatiecentra)	67
B 42	Special tax on the retained profits of certain credit institutions (Taxe spéciale sur les bénéfices réservés de certains établissements de crédit/Bijzondere taks op de gereserveerde winsten van bepaalde kredietinstellingen)	68
B 43	Tax on long-term savings (Taxe sur l'épargne à long terme/Taks op het lange termijnsparen)	69
<i>Taxes abolished or repealed</i>		
B 8	Registration tax (Taxe à l'immatriculation/Inschrijvingstaks)	71
B 13	Hunting tax (Taxe sur la chasse/Taks op de jacht)	71
B 16	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)	71
B 17	Excise duty on benzol and similar products (Accise sur le benzol et les produits analogues/Accijns op benzol en gelijksoortige produkten)	71

BELGIUM
Belgique/België

B 23	Excise duty on sugar (Accise sur les sucres/Accijns op suiker)	71
B 34	Special tax on medium-term certificates held by financial intermediaries (Taxe spéciale sur les avoirs en bons de caisse détenue par les intermédiaires financiers/Bijzondere taks op de kasbons in het bezit van de financiële tussen personen)	71

SUMMARY

Taxes in force

DK 1	State income tax (Indkomstskat til staten)	75
DK 2	County income tax (Amtskommunal indkomstskat)	78
DK 3	Municipal income tax (Kommunal indkomstskat)	79
DK 4	Dividend tax (Udbytteskat)	81
DK 5	Tax on employee bonds (Afgift af medarbejderobligationer)	82
DK 9	Church tax (Kirkeskat)	83
DK 10	Special income tax (Særlig indkomstskat)	84
DK 11	Corporation tax (Selskabsskat)	86
DK 12	Tax on lottery winnings (Afgift af gevinster ved lotterispil)	89
DK 13	Levy on hunting licences (Jagttegnsafgift)	90
DK 14	Wealth tax (Formueskat)	91
DK 15	Inheritance and gift tax (Afgift af arv og gave)	93
	1. Inheritance tax (Afgift af arv)	93
	2. Tax on gifts (Afgift af gave)	94
DK 16	State income tax on estates of deceased persons (Beskatning af dødsboer)	96
DK 17	Hydrocarbon tax (Kulbrinteskate)	98
DK 18	Value-added tax (Merværdiafgift)	100
DK 22	Tax on electricity (Afgift af elektricitet)	102
DK 23	Registration tax on motor vehicles (Registreringsafgift af motorkøretøjer)	104
DK 24	Excise duty on tobacco (Tobaksafgift)	106
	1. Excise duty on cigarettes and smoking tobacco (Punktafgift af cigaretter og røgtobak)	106
	2. Excise duty on cigars, cheroots and cigarillos (Punktafgift på cigarer, cerutter og cigarillos)	107

DENMARK
Danmark

DK 26	Excise duty on spirits (Afgift af spiritus)	109
DK 27	Excise duty on beer, wine and fruit-wine (Afgift af øl, vin og frugtvín)	110
DK 29	Excise duty on mineral waters and the like (Afgift af mineralvand mv.)	112
DK 30	Excise duty on tea and tea extracts (Afgift af te og teekstrakter)	114
DK 31	Excise duty on coffee, coffee extracts and coffee-substitute (Afgift af kaffe, kaffeekstrakt og kaffeerstatning)	115
	1. Excise duty on coffee and coffee extracts (Afgift af kaffe og kaffeekstrakt)	115
	2. Excise duty on coffee-substitute (Afgift af kaffeerstatning)	115
DK 32	Excise duty on chocolate and sweets (Afgift af chokolade og sukkervarer)	117
DK 33	Tax on ice-cream (Afgift af konsumis)	119
DK 37	Tax on incandescent lamps and electric fuses (Afgift af glødelamper og sikringer)	120
DK 38	Tax on certain retail packaging and certain paper bags or plastic bags (Afgift af visse detailsalgspakninger og visse poser af papir eller plast)	121
DK 41	Tax on totalizator betting (Lov om totalisatorspil)	123
DK 43	County land tax (Amtskommunal grundskyld)	124
DK 44	Municipal land tax (Kommunal grundskyld)	125
DK 47	Financial levy on public property (Dækningsafgift af offentlige ejendomme)	126
DK 48	Financial levy on commercial premises (Dækningsafgift af forretningsejendomme)	127
DK 49	State institutions' income tax (Statsinstitutioners indkomstskat)	128
DK 50	Tax on rents released from Landlords' Investment Fund (Afgift på leje frigivet fra Grundejernes Investeringsfond)	129
DK 51	Stamp duty (Stempelafgifter)	130
DK 52	Share transfer duty (Afgift ved overdragelse af aktier mv. [aktieafgiftsloven])	132
DK 53	Weight tax on motor vehicles (Vægtafgift af motorkøretøjer)	133

DK 54	Tax on third-party insurance for motor vehicles, etc. (Afgift af ansvarsforsikringer for motorkøretøjer mv.)	135
DK 55	Tax on pleasure-craft insurance (Afgift af lystfartøjsforsikringer)	136
DK 56	Levy on banks and savings banks (Afgift af banker og sparekasser mv.)	137
DK 57	Levy on insurance businesses (Afgift af forsikringselskaber mv.)	138
DK 58	Fund income tax (Fondsbeskatning)	139
DK 59	Legal action tax, including estate administration tax and registration (Retsafgifter inkl. afgifter ved skiftebehandling og tinglysning)	141
DK 61	Real property derestriction tax (Frigørelsesafgift på fast ejendom)	142
DK 64	Tax on coal, lignite and coke, etc. (Afgift af stenkul, brunkul og koks mv.)	144
DK 65	Environmental taxes (Miljøafgifter)	145
DK 66	Tax on certain chlorofluorocarbons and halons (CFC tax) (Afgift af visse chlorfluorcarboner og haloner [CFC-afgift])	147
DK 67	Tax on waste and raw materials (Afgift af affald og råstoffer)	148
DK 68	Tax on gramophone records and compact discs (Afgift af grammofonplader og CD'ere)	149
DK 77	Tax on casino games (Kasinoafgift)	150
DK 78	Tax on certain types of flight (Transportation tax), (Afgift af visse flyrejser [Passagerafgift])	151
DK 79	Tax on football-pool betting and lotto (Afgift af tipning og lotto)	152
DK 80	Tax on labour costs (Lønsumsafgift)	153
DK 81	Energy tax on mineral oil etc. (Lov om energiafgift af mineralolieprodukter m. v.)	154
DK 82	Excise duty on cigarette paper, chewing tobacco and snuff (Afgift af cigaretpapir, skrå og snus)	156
DK 83	Carbon dioxide tax on certain energy products (Kuldioxidafgift af visse energiprodukter)	157
DK 84	Excise duty on water in pipelines (Afgift af ledningsført vand)	159

DENMARK
Danmark

DK 85	Taxation of pension schemes (Pensionsbeskatning)	160
DK 86	Real-interest tax on certain pension capitals, etc. (Realrenteafgift)	162
<i>Taxes abolished or repealed</i>		
DK 6	Seamen's tax (Sømandsskat)	164
DK 7	Pensions contribution (Folkepensionsbidrag)	164
DK 8	Contribution to the sickness <i>per diem</i> fund (Bidrag til Dagpengefonden)	164
DK 19	Excise duty on petrol (Benzinafgift)	164
DK 20	Excise duty on certain petroleum products (Afgift af visse olieprodukter)	164
DK 21	Tax on gas (Afgift af gas)	164
DK 25	Duty on matches and lighters (Afgift af tændstikker og cigar- og cigaret-tændere)	164
DK 28	Excise duty on beer (Afgift af øl)	164
DK 34	Tax on perfumes, toiletries, etc. (Afgift af parfumer, toiletmidler mv.)	164
DK 35	Tax on radio receivers etc. (Afgift af radiomodtagere mv.)	164
DK 36	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)	165
DK 39	Tax on playing cards (Afgift af spillekort)	165
DK 40	Tax on sugar (Afgift af sukker)	165
DK 42	Tax on football-pool betting (Afgift af tipning)	165
DK 45	Fixed State property tax (Fikseret ejendomsskyld til staten)	165
DK 46	Fixed real property municipal tax (Fikseret ejendomsskyld til kommunen)	165
DK 60	Capital duty (Kapitaltilførselsafgift)	165
DK 62	Tax on interest on consumer loans (Afgift på renter af forbrugslån)	165
DK 63	Charter flight tax (Afgift af charterflyvning)	165

DENMARK
Danmark

DK 69	Labour market contribution (Arbejdsmarkedsbidrag)	166
DK 70	Supplementary land tax (Tillægsgrundskyld)	166
DK 71	State tax on agricultural land (Grundskyld til staten af landbrugsejendomme)	166
DK 72	Special pensions contribution (Særligt folkepensionsbidrag)	166
DK 73	Real property disposal tax (Afståelsesafgift)	166
DK 74	Stock exchange stamp duty (Børsstempelafgift)	166
DK 75	Duty on video-cassette tapes (Afgift of videokassettebånd)	166
DK 76	Tax on labour costs in the financial sector (Lønsumsafgift i den finansielle sektor)	166

SUMMARY

Taxes in force

D 1	Income tax (Einkommensteuer)	169
D 2	Wages tax (Lohnsteuer)/Special method of collection of income tax chargeable on income from paid employment	172
D 3	Capital yields tax (Kapitalertragsteuer-Zinsabschlag)/Special method of collection of income tax and corporation tax	174
D 4	Corporation tax (Körperschaftsteuer)	176
D 5	Tax on dogs (Hundesteuer)	179
D 6	Hunting and fishing tax (Jagd- und Fischereisteuer)	181
D 8	Wealth tax (Vermögensteuer)	183
D 9	Succession and gift tax (Erbschaft- und Schenkungsteuer)	185
D 10	Turnover tax – Value-added tax (Umsatzsteuer – Mehrwertsteuer)	187
D 11	Excise duty on mineral oils (Mineralölsteuer)	189
D 12	Duty on tobacco (Tabaksteuer)	191
D 13	Duty on spirits (Alkoholsteuer)	194
D 14	Excise duty on sparkling wines (Schaumweinsteuer)	196
D 15	Excise duty on beer (Biersteuer)	198
D 16	Duty on beverages (Getränkesteuer)	201
D 21	Insurance tax (Versicherungsteuer)	202
D 22	Fire insurance tax (Feuerschutzsteuer)	204
D 23	Entertainments tax (Vergnügungssteuer)	205
D 24	Betting and gaming tax (Rennwett- und Lotteriesteuer)	207
D 25	Tax on real estate (Grundsteuer)	208
D 26	Real estate transfer tax (Grunderwerbsteuer)	209
D 30	Tax on motor vehicles (Kraftfahrzeugsteuer)	210
D 31	Tax on industry and trade (Gewerbsteuer)	212

GERMANY
BR Deutschland

D 32	Tax on the licence to sell beverages (Schankerlaubnissteuer)	214
D 33	Duty on intermediate products (Zwischenerzeugnissteuer)	216
D 34	Excise duty on coffee (Kaffeesteuer)	218

Taxes abolished or repealed

D 17	Excise duty on sugar (Zuckersteuer)	220
D 18	Excise duty on coffee and tea (Kaffee- und Teesteuer)	220
D 19	Excise duty on salt (Salzsteuer)	220
D 20	Excise duty on lamps (Leuchtmittelsteuer)	220
D 27	Capital duty (Gesellschaftssteuer)	220
D 28	Stock exchange turnover tax (Börsenumsatzsteuer)	220
D 29	Bills of exchange tax (Wechselsteuer)	220

SUMMARY

Taxes in force

GR 1	Tax on the incomes of natural persons (Φόρος εισοδήματος φυσικών προσώπων)	223
GR 2	Tax on the incomes of legal persons (Φόρος εισοδήματος νομικών προσώπων)	228
GR 3	Tax on the profit income of owners of Greek-registered ships (Φόρος εισοδήματος για τα κέρδη του πλοιοκτήτη)	233
GR 4	Tax on inheritances, gifts and parental provisions including dowries (Φόρος κληρονομιών, δωρεών και γονικών παροχών, συμπεριλαμβανομένων και των προικιών)	235
	I. Tax on inheritance (Φόρος κληρονομιών)	235
	II. Tax on gifts and parental provision (Φόρος δωρεών και γονικών παροχών)	237
	III. Special exemptions (inheritance and gifts) (Ειδικές απαλλαγές (ισχύουν στις κληρονομιές και δωρεές))	238
	IV. Prescription (Παραγραφή)	239
GR 5	Real estate transfer tax (Φόρος μεταβίβασης ακινήτων)	240
GR 5 A	Capital gains tax (Φορολογία αυτομάτου υπερτιμήματος (ΦΑΥ))	243
GR 7	Turnover tax (Φόρος κύκλου εργασιών)	244
GR 8	Value-added tax (Φόρος προστιθέμενης αξίας)	246
	I. Value-added tax on tobacco products (Φόρος προστιθέμενης αξίας καπνοβιομηχανικών προϊόντων)	251
	II. Value-added tax on petroleum products (Φόρος προστιθέμενης αξίας πετρελαιοειδών προϊόντων)	252
GR 9	Stamp duties (Φορολογία χαρτοσήμου)	253
GR 10	Tax on the movement of capital (Φόρος κίνησης κεφαλαίων)	255
GR 11	Special tax on bank transactions (Ειδικός φόρος τραπεζικών εργασιών)	257
GR 12	Duty on tobacco products (Ειδικός φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων)	259

GREECE
Ελλάδα

GR 13	Duty on purchases of manufacturing tobacco in leaf form (Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα)	261
GR 13 A	Excise duty on cigarette paper (Ειδικός φόρος κατανάλωσης στο τσιγαρόχαρτο)	262
GR 14	Road tax on motor vehicles (Τέλη κυκλοφορίας)	263
GR 15	Single-payment additional duty on motor vehicles (Εφάπαξ πρόσθετο ειδικό τέλος)	266
GR 16	Special passenger vehicle tax (Ειδικός φόρος κατανάλωσης επιβατικών αυτοκινήτων)	268
GR 20	Special tax on petroleum products (Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων)	271
GR 21	Duty on alcohol and alcoholic products (Φόρος κατανάλωσης στην αλκοόλη και στα αλκοολούχα ποτά)	272
GR 23	Tax on television advertisements (Φόρος τηλεοπτικών διαφημίσεων)	274
GR 25	Duty on malt (Φόρος κατανάλωσης βύνης)	275
GR 26	Duty on isopropyl alcohol (Φόρος κατανάλωσης ισοπροπυλικής αλκοόλης)	276
GR 28	Income tax levy on behalf of the Agricultural Insurance Organization (OGA) (Εισφορά υπέρ ΟΓΑ επί του φόρου εισοδήματος)	277
GR 30	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)	279
GR 33	Port use tax on petroleum products (including imported products) (Δικαίωμα χρήσης λιμένων επί των πετρελαιοειδών)	280
GR 35	Central bank levy (Εισφορά Τράπεζας)	281
GR 41	Levy on behalf of the Merchant Marine Pensions Fund (NAT) (Εισφορά υπέρ του Ναυτικού Απομαχικού Ταμείου [NAT])	282
GR 42	Duty on the purchase of temporary residence in short-stay accommodation (Τέλος διαμονής παρεπιδημούντων)	283
GR 44	Special duty on alcoholic beverages (Ειδικός φόρος κατανάλωσης οινοπνευματωδών ποτών)	284

GR 45	Special duty on bananas (Ειδικός φόρος κατανάλωσης στις μπανάνες)	285
GR 57	Special levy under Legislative Decree No 49/1968 (private goods vehicles) (Εισφορά Ν. Δ. 49/1968 – φορτηγά ιδιωτικής χρήσης αυτοκίνητα)	286
GR 58	Special levy under Law No 383/1976 (public goods vehicles) (Εισφορά Ν. 383/1976 – φορτηγά δημόσιας χρήσης αυτοκίνητα)	288
GR 59	Levy in favour of ELGA (Εισφορά υπέρ ΕΔ. Γ. Α.)	289
GR 60	Dodecanese municipal tax (Δημοτικός φόρος Δωδεκανήσου)	290
GR 61	Charge on heavy plant and machinery (Τέλη μηχανημάτων έργων)	291

Taxes abolished or repealed

GR 6	Tax on real estate (Φόρος ακίνητης περιουσίας)	292
GR 17	Tax on light and medium oils (Φόρος κατανάλωσης ελαφρών και μέσων ελαίων)	292
GR 18	Special tax on certain items pursuant to Legislative Decree No 3829/1958 (special tax on the hire of race horses) (Ειδικός φόρος κατανάλωσης – Ν.Δ. 3829/1958 – Ειδικός φόρος κατανάλωσης στα μισθώματα δρομώνων ίππων)	292
GR 19	Tax on lubricating oils (Φόρος κατανάλωσης λιπαντικών ελαίων)	292
GR 22	Tax on lift equipment (Φόρος κατανάλωσης επί των ανυψωτικών συσκευών)	292
GR 24	Duty on sugar (Φόρος κατανάλωσης ζάχαρης)	292
GR 27	Special duty under Law 1477/1984 (Ειδικός φόρος κατανάλωσης και πολυτέλειας του Ν. 1477/84)	292
GR 29	Special 3% duty to fund water supply and sewerage projects undertaken in 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990 and 1991 pursuant to Law No 1069/1980 (Ειδικό τέλος 3 % υπέρ των επιχειρήσεων ύδρευσης και αποχέτευσης που συστήθηκαν το 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990 και 1991, σύμφωνα με το Ν. 1069/1980)	292

GREECE
Ελλάδα

GR 31	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)	293
GR 32	Levy on beer on behalf of OGA (Εισφορά υπέρ ΟΓΑ επί του ζύδου)	293
GR 34	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)	293
GR 36	Levy on imported vehicle tyres (Εισφορά επί των εισαγομένων ελαστικών αυτοκινήτων)	293
GR 37	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)	293
GR 38	Special 3% duty on income from buildings in the Thessaloniki area to fund sewerage projects (Ειδικό τέλος 3% στα εισοδήματα από οικοδομές περιοχής Θεσσαλονίκης)	293
GR 39	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)	293
GR 40	Special levies and duties on manufacturing tobacco in leaf form (Ειδικές εισφορές και τέλη στα παραγωγικά καπνά σε φύλλα)	293
GR 43	Tax on imports (Φόρος εισαγωγής)	294
GR 46	Turnover tax on tobacco products (Φόρος κύκλου εργασιών καπνοβιομηχανικών προϊόντων)	294
GR 47	Special goods vehicle tax (Ειδικός φόρος κατανάλωσης φορτηγών αυτοκινήτων)	294
GR 48	Tax on wax materials (Φόρος κατανάλωσης κηρωδών υλών)	294
GR 49	Tax on detergents (Φόρος κατανάλωσης απορρυπαντικών)	294

GR 50	Duty on home-produced and imported caramel (Φόρος κατανάλωσης αμυλοσιροπίου)	294
GR 51	Tax on public entertainments (Φόρος δημόσιων θεαμάτων) (Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under c.)	295
GR 52	Tax on public entertainment centres and luxury establishments (Φόρος κέντρων διασκέδασης και κέντρων πολυτελείας) (Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under h.)	295
GR 53	Payroll tax (Φορολογία άρθρου 5 Α.Ν. 843/1948)	295
GR 54	Levy on behalf of OGA and municipal and parish community councils (Εισφορά υπέρ ΟΓΑ, δήμων και κοινοτήτων)	295
GR 55	Special duty on playing cards and salt (Ειδικός φόρος κατανάλωσης στα παιγνιώχαρτα και στο αλάτι)	295
GR 56	Tax on radio advertisements (Φόρος ραδιοφωνικών διαφημίσεων)	295

SUMMARY

Taxes in force

E 1	Corporation tax (Impuesto sobre sociedades)	299
E 2	Personal income tax (Impuesto sobre la renta de las personas físicas (IRPF))	303
E 3	Wealth tax (Impuesto sobre el patrimonio)	306
E 4	Value-added tax (Impuesto sobre el valor añadido)	308
E 5	Excise duty on spirits and alcoholic beverages (Impuesto especial sobre el alcohol y bebidas derivadas)	312
E 6	Excise duty on beer (Impuesto sobre la cerveza)	313
E 7	Excise duty on hydrocarbons (Impuesto sobre hidrocarburos)	314
E 8	Excise duty on manufactured tobacco (Impuesto sobre las labores del tabaco)	316
E 9	Tax on capital transfers and documented legal acts (Impuesto sobre transmisiones patrimoniales y actos jurídicos documentados)	317
E 10	Succession and gift duty (Impuesto sobre sucesiones y donaciones)	319
E 12	Local taxes (Impuestos locales)	321
E 15	Real estate tax (Impuesto sobre bienes inmuebles)	322
E 19	Tax on mechanically powered vehicles (Impuesto sobre vehículos de tracción mecánica)	323
E 20	Tax on economic activities (Impuesto sobre actividades económicas)	324
E 21	Tax on the increase in the value of urban land (Impuesto sobre el incremento del valor de los terrenos de naturaleza urbana)	325
E 22	Tax on construction, installation and works (Impuesto sobre construcciones, instalaciones y obras)	326
E 23	Excise duty on wine and other fermented beverages (Impuesto especial sobre el vino y las bebidas fermentadas)	327
E 24	Excise duty on intermediate products (Impuesto especial sobre productos intermedios)	328

SPAIN
España

E 25	Excise duty on certain means of transport (Impuesto especial sobre determinados medios de transporte)	329
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Taxes abolished or repealed

E 11	Tax on the assets of legal persons (Impuesto sobre los bienes de las personas jurídicas)	330
E 13	Tax on country property (Contribución territorial rústica y pecuaria)	330
E 14	Tax on urban property (Contribución territorial urbana)	330
E 16	Business licence tax (Licencia fiscal de actividades comerciales e industriales)	330
E 17	Licence tax for professional and artistic activities (Licencia fiscal de actividades profesionales y de artistas)	330
	(a) Tax on building land (Impuesto sobre solares)	330
	(b) Tax on the increase in the value of land (Impuesto sobre el incremento del valor de los terrenos)	330
	(c) Tax on location (Impuesto municipal sobre radicación)	330
E 18	Municipal road tax (Impuesto municipal sobre la circulación de vehículos)	330

SUMMARY

Taxes in force

F 1	Personal income tax (Impôt sur le revenu)	333
F 2	Annual flat-rate tax (Imposition forfaitaire)	337
F 3	Tax on furnished accommodation (Taxe d'habitation)	339
F 4	Corporation tax (Impôt sur les sociétés)	341
F 5	Tax on the removal of household refuse (Taxe d'enlèvement des ordures ménagères)	343
F 6	Advance payment to be made by companies on distributed profits (Précompte dû par les sociétés au titre des bénéfices distribués)	344
F 7	Succession (gift) duty (Droits de mutation par décès – Succession)	346
F 8	Value-added tax (Taxe sur la valeur ajoutée)	349
F 9	Domestic duty on petroleum products and products treated as such (Taxe intérieure de consommation sur les produits pétroliers et assimilés)	352
F 10	Dues accruing to the Support Fund for Hydrocarbons (Redevance perçue au profit du Fonds de soutien aux hydrocarbures)	358
F 11	Duty on tobacco (Imposition du tabac)	359
F 12	Duty on manufactured tobaccos (Taxe sur les tabacs fabriqués)	361
F 13	Duties on spirits: consumption duty and production duty (Taxe sur les alcools: droit de consommation et droit de fabrication)	362
F 14	Specific duty on beer and certain non-alcoholic beverages (Droit spécifique sur les bières et sur certaines boissons non alcoolisées)	364
F 15	Optional surcharge on mineral waters (Surtaxe facultative sur les eaux minérales)	366
F 16	Consumption duty on wines and other fermented beverages (Droit de circulation sur les vins et les autres boissons fermentées)	367
F 17	Duty on sugar beet (Taxe sur les betteraves)	368
F 18	Duty on sugar (Taxe sur le sucre)	369
F 22	Special duty on oils intended for human consumption (Taxe spéciale sur les huiles destinées à l'alimentation humaine)	370

FRANCE

F 23	Insurance tax (Taxe sur les conventions d'assurances)	372
F 24	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)	373
F 25	Special surcharge on the price of cinema seats (Taxe spéciale additionnelle au prix des places dans les cinémas)	375
F 26	Entertainments tax (Impôt sur les spectacles, jeux et divertissements)	376
F 27	Tax on electromechanically controlled bowling alleys (Taxe sur les jeux de boules et de quilles comportant des dispositifs électromécaniques)	378
F 28	Duty on leases (Droit de bail)	379
F 30	Property tax on land without buildings (Taxe foncière sur les propriétés non bâties) (Ex-property contribution of land without buildings – ex-contribution foncière des propriétés non bâties)	380
F 31	Property tax on buildings (Taxe foncière sur les propriétés bâties)	382
F 32	Stamp duties (Droit de timbre)	384
	1. Size stamp (Timbre de dimension)	384
	2. Bills of exchange stamp (Timbre des effets de commerce)	384
	(a) Cheque form stamp (Timbre des formules de chèques)	385
	3. Receipt stamp (Timbre de quittances)	386
	4. Transport contract stamp (Timbre de contrats de transport)	386
	5. Stamp duty on the issue of certain documents (Timbre afférent à la délivrance de certains documents)	386
	6. Hunting licences (Permis de chasse)	388
F 33	Main registration taxes (Principaux droits d'enregistrement)	390
	1. Conveyancing tax (Ventes d'immeubles)	390
	2. Registration tax payable by companies (Droits applicables aux sociétés)	391
	(a) Formation of companies (Constitution des sociétés)	391

FRANCE

	(b) Capital increases (Augmentation de capital)	391
	(c) Mergers (Fusion de sociétés)	391
	(d) Dissolution and distribution of assets (Dissolution et partage)	392
	(e) Transfer of shares (Cession de droits sociaux)	392
	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)	392
	4. Fixed registration duty (Droit fixe d'enregistrement)	393
F 34	Hallmark duty on gold, silver and platinum articles (Droit de garantie sur les ouvrages d'or, d'argent et de platine)	394
F 35	Surcharges on registration duties or on the cadastral tax (Taxes addi- tionnelles aux droits d'enregistrement ou à la taxe de publicité foncière)	395
F 36	Stock exchange turnover tax (Impôt sur les opérations de Bourse)	396
F 37	Differential tax on motor vehicles (Taxe différentielle sur les véhicules à moteur)	397
F 38	Annual tax on company cars (Taxe annuelle sur les voitures de sociétés)	398
F 39	Payroll tax (Taxe sur les salaires)	399
F 40	Employers' participation in the building effort (Participation des employ- eurs à l'effort de construction)	400
F 41	Apprenticeship tax (Taxe d'apprentissage)	401
F 42	Business tax (Taxe professionnelle)	402
F 43	Special tax on certain aircraft (Taxe spéciale sur certains aéronefs)	404
F 44	Special tax on establishments for the sale of beverages (Taxe spéciale sur les débits de boissons)	406
F 45	Transfer duty on establishments for the sale of beverages (Droit de trans- fert des débits de boissons)	407
F 46	Franchization and navigation duty and sea pass duty (Droit de francisation et de navigation et droit de passeport)	408

FRANCE

F 47	Licence duty on establishments for the sale of beverages (Droit de licence sur les débits de boissons)	411
F 48	Special tax on certain road vehicles (Taxe spéciale sur certains véhicules routiers)	412
F 49	Employers' participation in financing continuous vocational training (Participation des employeurs au financement de la formation professionnelle continue)	414
F 50	Taxes on forestry products (Taxe sur les produits forestiers)	415
F 52	Local equipment tax and supplementary tax (Taxe locale d'équipement et taxe complémentaire)	416
F 53	Local equipment tax surcharge (Taxe additionnelle à la taxe locale d'équipement)	418
F 55	Levy for failure to provide parking places (Participations pour non-réalisation d'aires de stationnement)	419
F 56	Payment for exceeding the legal density limit (Versement pour dépassement du plafond légal de densité)	420
F 57	Dues on book publishing (Redevance sur l'édition des ouvrages de librairie)	421
F 58	Dues on the use of reproduction and photocopying machines (Redevance sur l'emploi de la reprographie)	422
F 59	Tax on profits on contracts connected with the deterrent force (Prélèvement sur les bénéfices des marchés relatifs à la force de dissuasion)	423
F 60	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)	424
F 62	Property tax on buildings owned in France by certain foreign companies (Taxe patrimoniale sur les immeubles possédés en France par certaines sociétés étrangères)	425
F 64	Tax on the excess provisions of insurance companies (Taxe sur les excédents des provisions des entreprises d'assurances)	427
F 72	Solidarity tax on wealth (Impôt de solidarité sur la fortune)	428

FRANCE

F 73	Health dues on slaughtering and cutting (Redevances sanitaires d'abatage et de découpage)	430
F 74	Tax on office premises in the Île-de-France region (Taxe sur les locaux à usage de bureau en Île-de-France)	431
F 75	Departmental tax to preserve sensitive natural areas (Taxe départementale des espaces naturels sensibles)	432
F 76	Tax on television advertising (Taxe sur la publicité télévisée)	433
F 77	Duty on flour, groats and common wheatmeal (Taxe sur les farines, semoules et gruaux de blé tendre)	434
F 78	Duty on oleaginous products (Taxe sur les oléagineux)	435
F 79	Duty on cereals (Taxe sur les céréales)	436
F 80	Tax on the clearing of woods and forests (Taxe sur le défrichement des bois et forêts)	437
F 82	General social levy (Contribution sociale généralisée – CSG)	438

Taxes abolished or repealed

F 19	Duty on tea (Taxe sur le thé)	440
F 20	Duty on flour (Taxe sur les farines)	440
F 21	State health tax on meat (Taxe sanitaire d'État sur les viandes)	440
F 29	Annual tax on credit outstanding (Taxe annuelle sur les encours de crédits)	440
F 51	Tax on the clearing of woodland or forest (Taxe sur le défrichement des surfaces en nature de bois ou de forêts)	440
F 54	Departmental tax to preserve green spaces (Taxe départementale d'espaces verts)	440
F 61	Local tax on automatic amusement machines (Taxe locale sur les appareils automatiques)	440
F 63	Tax on certain types of overhead expenses (Taxe sur certains frais généraux)	440

FRANCE

F 65	Duty on cocoa and certain other tropical products (Taxe sur le cacao et certaines autres denrées tropicales)	440
F 66	Duty on coffee (Taxe sur le café)	440
F 67	Special tax on private cars with an engine rating for tax purposes exceeding 16 hp (Taxe spéciale sur les voitures d'une puissance fiscale supérieure à 16 CV)	441
F 68	Surcharge on registration certificates for motor vehicles (Taxe additionnelle sur les certificats d'immatriculation des véhicules à moteur)	441
F 69	Special surcharge on the price of entrance tickets to sporting events (Taxe spéciale additionnelle au prix des billets d'entrée dans les manifestations sportives)	441
F 70	State tax on automatic amusement machines (Taxe d'État sur les appareils automatiques)	441
F 71	Wealth tax (Impôt sur les grandes fortunes)	441
F 81	Departmental income tax (Taxe départementale sur le revenu)	441

SUMMARY*Taxes in force*

IRL 1	Income tax	445
IRL 2	Corporation tax	449
IRL 3	Inheritance and gift tax	452
IRL 4	Discretionary trust tax	454
IRL 5	Capital gains tax	455
IRL 6	Value-added tax	458
IRL 7	Excise duty on hydrocarbons	460
IRL 8	Excise duty on tobacco products	462
IRL 10	Excise duty on ethyl alcohol	464
IRL 11	Excise duty on wine	466
IRL 12	Excise duty on made-wine	468
IRL 13	Excise duty on beer	470
IRL 14	Excise duty on cider and perry	472
IRL 19	Betting duty	474
IRL 20	Rates	475
IRL 21	Stamp duties	477
	1. Conveyance duty	477
	2. Lease duty	477
	3. Security duty	478
	4. Transfer duty	478
	5. Fixed stamp duty	478
	6. Stamp duty on life insurance policies	479
	7. Stamp duty on interest payments received	479
	8. Stamp duty on capital companies	480

IRELAND

	9. Stamp duty on credit cards	481
	10. Levy on premiums of insurance (collected as a stamp duty)	481
	11. Levy on banks (collected as a stamp duty)	481
IRL 22	Residential property tax	483
IRL 23	Vehicle duties	485
IRL 24	Excise duty on motor vehicles	487
IRL 25	Excise duty on motor cycles	489
IRL 26	Licences	491
IRL 27	Excise duty on certain licences, orders and authorizations	492
IRL 31	Excise duty on foreign travel	493
IRL 32	Vehicle registration tax on motor vehicles and motor cycles	494
<i>Taxes abolished or repealed</i>		
IRL 9	Excise duty on matches	496
IRL 15	Excise duty on table waters	496
IRL 16	Excise duty on mechanical lighters	496
IRL 17	Excise duty on gramophone records	496
IRL 18	Excise duty on televisions	496
IRL 28	Excise duty on video players	496
IRL 29	Excise duty on tyres and tubes	496
IRL 30	Excise duty on motor-vehicle parts and accessories	496

SUMMARY

Taxes in force

I 1	Personal income tax (Imposta sul reddito delle persone fisiche)	499
I 2	Tax on incomes of legal persons (Imposta sul reddito delle persone giuridiche)	504
I 3	Local income tax (Imposta locale sui redditi)	508
I 4	Communal tax on appreciation of immovable property (Imposta comunale sull'incremento di valore degli immobili)	510
I 5	Duty on State-controlled betting (Tributo di gioco relativo ai concorsi pronostici esercitati dallo Stato)	513
I 6	Duty on betting controlled by CONI and UNIRE (Imposta unica sui concorsi pronostici esercitati dal CONI e dall'UNIRE)	514
I 7	Tax on dogs (Imposta sui cani)	515
I 8	Succession and gift duty (Imposta sulle successioni e donazioni)	516
I 9	Value-added tax (Imposta sul valore aggiunto)	518
I 10	Duty on mineral oils (Imposta di fabbricazione sugli oli minerali)	521
I 11	Duty on liquefied petroleum gases (Imposta sui gas di petrolio liquefatti)	524
I 12	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)	525
I 13	Consumption tax on manufactured tobacco (Imposta sul consumo dei tabacchi lavorati)	526
I 15	Duty on matches (Imposta di fabbricazione sui fiammiferi)	527
I 16	Duty on spirits (Imposta sugli spiriti)	528
I 17	Duty on beer (Imposta sulla birra)	530
I 26	Duty on electricity (Imposta sull'energia elettrica)	531
I 27	Government stamps – Spirits (Contrassegni di Stato – Spiriti)	532
I 28	Entertainments tax (Imposta sugli spettacoli)	534
I 29	State lotteries (Lotterie nazionali)	535

ITALY
Italia

I 30	Duty on lotto (Tributo di gioco relativo al lotto)	536
I 31	Lottery duty and licence for events carrying prizes (Tassa di lotteria e tassa di licenza sulle manifestazioni a premio)	537
I 32	Lottery duty on local raffles and similar events (Tassa di lotteria sulle manifestazioni di sorte locali)	538
I 33	Duty on official concessions (Tassa sulle concessioni governative)	539
I 34	Insurance tax (Imposta sulle assicurazioni)	541
I 35	Communal tax on advertising and duty on bill-posting (Imposta comunale sulla pubblicità e diritti sulle pubbliche affissioni)	543
	(a) Communal tax on advertising (Imposta comunale sulla pubblicità)	543
	(b) Duty on bill-posting (Diritti sulle pubbliche affissioni)	544
I 36	Stamp duty (Imposta di bollo)	545
I 37	Stock exchange turnover tax (Imposta sui contratti di borsa)	547
I 38	Registration tax (Imposta di registro)	548
I 39	Mortgage tax and cadastral duty (Imposte ipotecarie e catastali)	551
I 40	Tax on motor vehicles (Tassa sulla circolazione degli autoveicoli)	552
I 41	Consumption tax on certain types of equipment (Imposta erariale di consumo su alcuni apparecchi)	555
I 42	Excise duty on plastic bags (Imposta di fabbricazione sui sacchetti di plastica)	557
I 45	Communal tax on the exercise of business, the arts or the professions (Imposta comunale per l'esercizio di imprese, arti e professioni)	558
I 46	Communal tax on immovable property (Imposta comunale immobiliare)	559
I 47	Tax on net company assets (Imposta sul patrimonio netto delle imprese)	561

Taxes abolished or repealed

I 14	Duty on mechanical lighters (Imposta di fabbricazione sugli apparecchi d'accensione)	563
I 18	Duty on sugars (Imposta sugli zuccheri)	563
I 19	Duty on sweeteners (Imposta sulle materie edulcoranti)	563
I 20	Duty on coffee (Imposta sul caffè)	563
I 21	Duties on firearms, ammunition and explosives (Imposta di fabbricazione sulle armi da fuoco, sulle munizioni et sugli esplosivi)	563
I 22	Duty on seed oils (Imposta sugli oli di semi)	563
I 23	Duty on margarine (Imposta sulla margarina)	563
I 24	Duty on cocoa (Imposta sul cacao)	564
I 25	Duty on bananas (Imposta sulle banana)	564
I 43	Duty on methane used as fuel for motor propulsion (Imposta di consumo sul gas metano per l'autotrazione)	564
I 44	Duty on olive oil (Tassa sull'olio d'oliva)	564

SUMMARY

Taxes in force

L 1	Personal income tax (fixed by assessment) (Impôt sur le revenu des personnes physiques – Fixé par voie d'assiette)	567
L 2	Withholding tax on wages and salaries (Special method of collection of personal income tax) (Retenue d'impôt sur les traitements et salaires – Mode spéciale de perception de l'impôt sur le revenu des personnes physiques)	570
L 3	Withholding tax on income from capital (Special method of collection of personal income tax) (Retenue d'impôt sur les revenus de capitaux – Mode spéciale de perception de l'impôt sur le revenu des personnes physiques)	571
L 4	Corporation tax (Impôt sur le revenu des collectivités)	572
L 5	Special tax on company directors' fees (Impôt spécial sur les tantièmes)	574
L 6	Tax on betting on sporting events (Taxe sur les paris relatifs aux épreuves sportives)	575
L 7	Tax on lotto (Taxe sur le loto)	576
L 8	Wealth tax (Impôt sur la fortune)	577
L 9	Estate duty (Droits de succession)	579
L 10	Value-added tax (Taxe sur la valeur ajoutée)	581
L 11	Excise duty on mineral oils (Accise sur les huiles minérales)	583
L 14	Excise duty on manufactured tobacco (Accise sur les tabacs fabriqués)	585
L 15	Excise duty and consumption tax on ethyl alcohol (Accise et taxe de consommation sur l'alcool éthylique)	586
L 16	Excise duty on wines and other sparkling and non-sparkling fermented beverages (Accise sur les vins et les autres boissons fermentées, mousseuses ou non)	588
L 17	Excise duty on beer (Accise sur les bières)	589
L 19	Fire service tax (Impôt dans l'intérêt du service d'incendie)	590
L 20	Insurance tax (Impôt sur les assurances)	591
L 21	Tax on land and buildings (Impôt foncier)	592
L 22	Stamp duty (Droit de timbre)	594

LUXEMBOURG

L 23	Registration taxes (Droits d'enregistrement)	595
L 24	Mortgage tax (Registration of mortgage, renewal of registration and transfer) (Droits d'hypothèque – Droits d'inscription, de renouvellement d'inscription et de transcription)	597
L 25	Tax on motor vehicles (Taxe sur les véhicules automoteurs)	599
L 26	Trade tax (Impôt commercial)	601
L 27	Tax on licensed premises (Taxe sur les débits de boissons alcooliques)	603
L 28	Entertainments tax (Taxe sur les amusements publics)	604
L 29	Tax on gross proceeds from casino gambling (Prélèvement sur le produit brut des jeux de casino)	605
L 31	General arrangements applicable to products subject to excise duty (Dispositions générales relatives aux produits soumis à accises)	606
L 32	Excise duties on intermediate products (Accises sur les produits intermédiaires)	608

Taxes abolished or repealed

L 12	Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons (Accise sur les gaz de pétrole et autres hydrocarbures gazeux liquéfiés)	609
L 13	Excise duty on benzol and similar products (Accise sur le benzol et les produits analogues)	609
L 18	Excise duty on sugar (Accise sur les sucres)	609
L 30	Leaded light mineral oils (leaded petrol – special excise duty (autonomous)) (Huiles minérales légères avec plomb [essence avec plomb – droit d'accise spécial (autonome)])	609

SUMMARY

Taxes in force

NL 1	Personal income tax (Inkomstenbelasting)	613
NL 2	Tax on wages (Loonbelasting)	618
NL 3	Dividend tax (Dividendbelasting)	619
NL 4	Municipal tax on immovable property (Gemeentelijke belastingen op onroerende zaken)	620
NL 5	Corporation tax (Vennootschapsbelasting)	622
NL 6	Tax on games of chance (Kansspelbelasting)	624
NL 7	Commuter tax (Forensenbelasting)	625
NL 8	Wealth tax (Vermogensbelasting)	627
NL 9	Succession duties (Successierechten)	629
NL 10	Turnover tax – Value-added tax (Omzetbelasting – Belasting over de toegevoegde waarde)	631
NL 11	Duty on mineral oils (Accijns van minerale oliën)	633
NL 12	Duty on tobacco (Tabaksaccijns)	635
NL 13	Duty on wine (Wijnaccijns)	637
NL 14	Consumer tax on non-alcoholic beverages and on some other products (Verbruiksbelasting van alcoholvrije dranken en van enkele andere producten)	639
NL 15	Duty on beer (Bieraccijns)	640
NL 16	Duty on spirits (Alcoholaccijns)	642
NL 18	Tax on passenger cars and motor bicycles (BPM) (Belasting van personenauto's en motorrijwielen – BPM)	644
NL 19	Tax on legal transactions (Belastingen van rechtsverkeer)	645
NL 20	Vehicle excise duties (Motorrijtuigenbelasting)	647
NL 21	Fuel tax (Brandstoffenheffingen)	649
NL 22	Waterschap levies (Waterschapsbelastingen)	651

THE NETHERLANDS

Nederland

NL 23	Administrative levy for the benefit of public professional organizations (Administratieve heffingen krachtens verordeningbesluiten van publiek-rechtelijke bedrijfsorganen)	652
NL 24	Tax on dogs (Hondenbelasting)	653
NL 25	Tax on the pollution of surface waters (Verontreinigingsheffing oppervlaktewateren)	654
NL 26	Tax on noise pollution caused by civilian aircraft (Heffing geluidhinder burgerluchtvaartuigen)	657
NL 27	Tax on groundwater (Grondwaterheffing)	658
NL 28	Tax on waste (Afvalstoffenheffing)	659
NL 29	Tax on stocks of petroleum products (Voorraadheffing aardolieprodukten)	661
NL 30	Tax on manure surplus (Mestoverschotheffing)	662
NL 31	Tax on the right of user (Baatbelasting)	664
NL 32	Tax on building land (Bouwgrondbelasting)	665
NL 33	Tax on public advertisements (Belasting op openbare aankondigingen)	666
NL 39	Tax on tourists (Toeristenbelasting)	667
NL 40	Parking tax (Parkeerbelasting)	668
NL 41	Duty on intermediate products (Accijns van tussenprodukten)	669
<i>Taxes abolished or repealed</i>		
NL 17	Duty on sugar (Suikeraccijns)	671
NL 34	Tax on the sale of spirits (Belasting op het verstrekken van sterke drank)	671
NL 35	Tax on air pollution (Heffingen luchtverontreiniging)	671
NL 36	Tax on mineral lubricating or hydraulic oil (Heffing op minerale smeer- of systeemolie)	671
NL 37	Tax on chemical waste (Heffing chemische afvalstoffen)	671
NL 38	Tax on noise pollution caused by road traffic (Heffing geluidshinder wegverkeer)	671

XL

SUMMARY

Taxes in force

P 1	Tax on personal income (IRS – Imposto sobre o rendimento das pessoas singulares)	675
P 2	Tax on corporate income (IRC – Imposto sobre o rendimento das pessoas colectivas)	679
P 3	Municipal tax (Contribuição autárquica)	682
P 4	Capital gains surcharge (Encargo de mais-valias)	684
P 5	Real estate transfer tax (Sisa – Imposto sobre a transferência onerosa da propriedade imobiliária)	685
P 6	Inheritance tax and gift tax (Imposto sobre as sucessões e doações)	687
P 7	Value-added tax (Imposto sobre o valor acrescentado)	689
P 8	Excise duty on tobacco products (Imposto sobre las labores del tabaco)	692
P 12	Stamp duty (Imposto de selo)	694
P 13	Motor-vehicle tax (Imposto automóvel)	696
P 17	Tax on petroleum products (Imposto sobre produtos petrolíferos)	698
P 18	Road taxes – Road licence and road haulage tax (Impostos rodoviários – Imposto de circulação e imposto de camionagem)	700
P 20	Gaming tax (Imposto sobre os jogos)	702
P 37	Tax on the use, carrying and possession of weapons (Imposto do uso, porte e detenção de armas)	703
P 49	Entertainments tax (Imposto e taxas sobre espectáculos e divertimentos públicos)	704
P 50	Tax on insurance premiums (Imposto sobre prémios de seguro)	705
P 51	Municipal tax on vehicles (Imposto municipal sobre veículos)	706
P 53	Special consumption duty on alcoholic beverages (Imposto especial sobre o consumo de bebidas alcoólicas)	709
P 54	Excise duty on alcohol (ISA) (Imposto especial sobre o álcool)	711

PORTUGAL

Taxes abolished or repealed

P 9	Special consumption duty on certain spirituous beverages (Imposto especial sobre o consumo de certas bebidas alcoólicas)	713
P 10	Special consumption duty on beer (Imposto especial sobre o consumo de cerveja)	713
P 11	Domestic consumption duty on coffee (Imposto interno sobre o consumo de café)	713
P 14	Tax on vehicles (Imposto sobre veículos)	713
P 15	Special tax on vehicles, pleasure craft and aircraft (Imposto especial sobre veículos, barcos e aeronaves)	713
P 16	Special domestic consumption duty on motor spirit, ethers and oils not otherwise specified, mineral oils and lamp oils (Imposto interno de consumo sobre a gasolina, éteres e essências não especificadas, óleos minerais e óleos próprios para iluminação)	713
P 18 (c)	Compensation tax (Imposto de compensação)	713
P 19	Tax on nightclubs, discotheques and like establishments open after midnight (Imposto sobre boites, nightclubs, discotecas, cabarés, dancings e locais nocturnos congêneres abertos depois da meia-noite)	713
P 21	Cadastral tax (Imposto do cadastro)	714
P 22	Sales transaction tax (Imposto de transacções)	714
P 23	Stamp tax on pharmaceutical specialities (Imposto do selo sobre especialidades farmacêuticas)	714
P 24	Merchant marine taxes (Impostos sobre a marinha mercante)	714
P 25	Tax on trade in arms and munitions (Imposto do comércio de armamento e munições)	714
P 26	Forestry development tax (Imposto de desenvolvimento florestal)	714
P 27	Industrial tax (Contribuição industrial)	714
P 28	Agricultural tax (Imposto sobre a indústria agrícola)	714
P 29	Real estate tax (Contribuição predial)	715
P 30	Withholding tax (Imposto de capitais)	715

PORTUGAL

P 31	Income tax (Imposto profissional)	715
P 32	Complementary tax (Category A) – Natural persons (Imposto complementar (Categoria A) – Pessoas singulares)	715
P 33	Complementary tax (Category B) – Legal persons (Imposto complementar (Categoria B) – Pessoas colectivas)	715
P 34	Capital gains tax (Imposto de mais-valias)	715
P 35	Petroleum revenue tax (Imposto sobre o rendimento do petróleo)	715
P 36	Special taxes (Impostos extraordinários)	716
P 38	Tax on motor-vehicle sales (Imposto sobre a venda de veículos automóveis)	716
P 39	Tax on mining activities (Imposto sobre minas)	716
P 40	Tax on fishing activities – Fixed rate licence (Imposto sobre a pesca – Taxa de licença fixa)	716
P 41	Fire service tax (Imposto de serviço de incêndios)	716
P 42	Consumption duty on spirituous beverages (Imposto de consumo sobre bebidas alcoólicas)	716
P 43	Consumption duty on beer (Imposto de consumo sobre a cerveja)	716
P 44	Consumption duty on coffee (Imposto de consumo sobre o café)	716
P 45	Fiscal stamps and stamp duty (Estampilhas fiscais e imposto de selo)	717
P 46	Special tax on vehicles (Imposto especial sobre veículos)	717
P 47	Domestic consumption tax (Imposto interno de consumo)	717
P 48	Road taxes (Impostas rodoviários)	717
P 52	Special tax on light passenger vehicles, motor cycles, pleasure boats and aircraft (Imposto especial sobre veículos ligeiros de passageiros, motociclos, barcos de recreio e aeronaves)	717

UNITED KINGDOM

SUMMARY

Taxes in force

UK 1	Income tax	721
UK 2	Income tax – Employment income	723
UK 3	Corporation tax	725
UK 4	Capital gains tax	727
UK 6	Inheritance tax in the United Kingdom	730
UK 8	Excise duty on hydrocarbon oil	733
UK 9	Excise duty on tobacco products	735
UK 11	Excise duty on spirits	737
UK 12	Excise duty on wines and made-wines	739
UK 13	Excise duty on cider and perry	742
UK 14	Excise duty on beer	744
UK 15	Petroleum revenue tax (PRT)	746
UK 16	General and pool betting duties	748
UK 17	Bingo duty	749
UK 20	Business rates – Scotland	750
UK 21	Rates – Northern Ireland	752
UK 22	Stamp duty	754
UK 23	Stamp duty reserve tax	756
UK 24	Vehicle excise duty	758
UK 25	Gaming licence duty	760
UK 26	Gaming machine licence duty	761
UK 27	Value-added tax	762
UK 31	Business rates – England and Wales	764
UK 32	Council tax – Great Britain	765

UNITED KINGDOM

Taxes abolished or repealed

UK 5	Capital transfer tax in the United Kingdom	767
UK 7	Development land tax	767
UK 10	Excise duty on matches and mechanical lighters	767
UK 18	Rates – England and Wales	767
UK 19	Community charge – Scotland	767
UK 28	Supplementary petroleum duty (SPD)	767
UK 29	Car tax	767
UK 30	Community charge – Great Britain	767

BELGIUM
Belgique/België

Personal income tax

(Impôt des personnes physiques/Personenbelasting)

Articles 3 to 178 of the 1992 Income Taxes Code.

Beneficiary:

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

Tax payable by:

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

Basis of assessment:

Income subject to personal income tax consists of the total net income, of Belgian or foreign origin, in four categories (income from property, income from securities, earned income, miscellaneous), less deductible expenditure.

Benefits or allowances of a social or cultural nature are in certain cases exempt.

The tax paid is not an allowable expense for the purposes of any other tax.

Deductions:

Under certain conditions, the interest on loans contracted with a view to purchasing or retaining ownership of real property is deductible from income derived from property.

Under certain conditions, charges for collection and custody are deductible from declared income from securities¹ taxed as a whole.

Total net income is then reduced, under certain conditions and within certain limits, by the following amounts:

- interest on certain mortgage loans contracted on or after 1 May 1986 to purchase, construct or renovate residential property, which could not be deducted from income from property;
- 80% of certain maintenance allowances;
- fees or similar charges paid on the acquisition of a long lease of land or buildings thereon or of similar rights relating to real estate, whether situated in Belgium or abroad;
- gifts of BFR 1 000 or over to approved bodies or State museums;
- 50% of certain expenditure on maintaining and restoring listed buildings and sites;
80% of certain expenditure incurred in respect of childcare for one or more children under the age of three;
- sums paid to the Treasury by civil servants holding multiple jobs;
- a proportion of the remuneration paid to domestic staff under certain circumstances.

¹ In certain cases the declaration of income from securities is optional.

B 1

Married couples:

A couple's earned income is never aggregated. If the earned income of one of the spouses is very small or nil, that spouse is regarded as having earned a share of the other spouse's income, which is transferred from one to the other.

The couple's income from property, investment and other sources, and that of their children where the parents have the legal right to administer it, is aggregated with the earned income of the spouse whose earned income is higher.

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 located in Belgium, income from certain forms of capital, and certain types of earned income, 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 1.25% (0.8% in some cases) for immovable property located in the Brussels and Wallonia regions and 2.5% (1.6% in some cases) for immovable property located in the Flanders region, plus a surcharge accruing to the local authorities.

The advance payment in the case of income from capital is normally 25% for dividends (increased to 25.75% for dividends received as from 26 July 1993). The rate is reduced to 10% (10.3% for interest received as from 26 July 1993) for other forms of investment income allotted pursuant to agreements concluded from 1 March 1990 onwards.

The advance payment for wages, salaries, pensions, etc. is calculated from tax scales.

Rates:

There are seven rate bands:

<i>Rate (%)</i>	<i>Income (BFR)</i>
25	1 to 253 000
30	253 001 to 335 000
40	335 001 to 478 000
45	478 001 to 1 100 000
50	1 100 001 to 1 650 000
52.5	1 650 001 to 2 420 000
55	over 2 420 000

For married taxpayers, tax is calculated separately for each spouse according to his or her own taxable income.

All taxpayers are entitled to a tax-free personal allowance, granted on the lower tax bands (that taxed at 25%, then that taxed at 30%, etc.).

Personal allowances are as follows:

- unmarried taxpayer BFR 186 000
- married taxpayers BFR 146 000 each

They are increased by the following amounts for dependent children:

- one child BFR 39 000
 - two children BFR 101 000
 - three children BFR 228 000
 - four children BFR 369 000
 - five or more children BFR 369 000
- + BFR 141 000 for the fifth and subsequent children.

The personal allowance is also increased to take account of dependants other than dependent children and of certain special family situations.

Tax reductions are granted within certain limits and subject to certain conditions for taxpayers contributing to long-term savings schemes.

The following are deemed to be long-term saving:

- individual life assurance premiums;¹
- sums allocated to the redemption or repayment of mortgage loans contracted with a view to the construction, purchase or conversion of residential accommodation located in Belgium, backed by a temporary insurance policy under which a decreasing amount is payable on the death of the insured party;¹
- sums allocated to the paying up in cash of an employer company's shares;
- payments made under a pension savings scheme.

Other tax reductions are granted on pensions, transfer incomes, early retirement pensions, unemployment benefits and statutory sickness or invalidity insurance payments.

Certain incomes are taxed separately at preferential rates.

The tax corresponding to earnings, profits or gains of directors and working partners is subject to a surcharge. However, this surcharge is not applied or is reduced in the case of advance payments made, at the latest, by 10 April, 10 July, 10 October and 20 December of the year preceding the tax year. A rebate is allowed on any amount by which prepayments exceed the overall surcharge.

As from the 1994 tax year, an additional 3% crisis levy is charged, the proceeds of which go to the State.

A surcharge set by the municipalities and a tax in favour of the agglomeration of Brussels may also be imposed.

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 rent² over and above that income;³

¹ In some cases, such expenditure entitles the taxpayer to a tax reduction for a building/savings contract in place of the reduction for long-term saving.

² The net rent 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 two thirds of the income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (2.95% for the 1994 tax year – 1993 income).

³ 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.

B 1

- 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 rent¹ over and above that income.

Where a director or working partner of a company rents a property to that company, the rent and associated benefits are treated, however, as remuneration where they exceed five thirds of the income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (2.95% for the 1994 tax year – 1993 income).

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:

There is no time limit for carrying over business losses.

¹ The net rent 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 two thirds of the income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (2.95% for the 1994 tax year – 1993 income).

Corporation tax

(Impôt des sociétés – Vennootschapsbelasting)

Articles 179 to 219 of the 1992 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).

Basis of assessment:

The total formed by: – retained profits;
– expenses not allowed for tax purposes;
– distributed profits.

Tax paid is not, in principle, an allowable expense.

Exemptions and allowances:

Ninety-five per cent of certain net distributed dividends accruing to companies from their shareholdings, plus the actual advance payment on income from capital. Under certain conditions, distributed profits on new shares or units issued in 1982 and 1983 are exempt. However, this measure has been frozen for the 1994 tax year. Certain capital gains on shares or units are unconditionally exempt. Certain reserves and provisions are also unconditionally exempt.

Collection:

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

Rates:

Standard rate: 39% (see under 'Personal income tax' for the application of an increase where advance payments are not made or are insufficient).

B 2

Except for the following companies:

- certain holding companies;
- companies at least half of whose shares are held by one or more other companies;
- companies whose income distributed to shareholders exceeds 13% of the capital paid up;
- companies which do not award at least one director or working partner remuneration of at least BFR 1 million from the profits for the tax period;
- companies at least half of whose income is not produced through industrial, commercial or agricultural activities yielding profits.

The tax is as follows where the taxable income does not exceed BFR 13 million:

- (i) 28% for the portion from BFR 0 to BFR 1 000 000;
- (ii) 36% for the portion from BFR 1 000 000 to BFR 3 600 000;
- (iii) 41% for the portion from BFR 3 600 000 to BFR 13 000 000.

A special separate contribution of 200% is payable on non-justified sums.

As from the 1994 tax year, an additional 3% crisis levy is payable based on the corporation tax and the special separate contribution referred to above.

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 properties situated abroad. In the case of foreign interest and licence fees which have in fact been taxed abroad, the tax is reduced by a maximum of 15/85 of the amount of such income before deduction of any advance payment that may be due in Belgium. Special rules apply to income from claims and loans.

Collection of the advance payment on certain income from shares or units or capital invested is entirely waived in cases where:

- the debtor is a Belgian subsidiary company and the beneficiary is a parent company of another Member State of the European Union;
- the debtor and the beneficiary are subject to corporation tax in Belgium.

Carry-over of losses

There is no time limit on the carry-over of business losses. There is, however, a limit on the amount that can be deducted in each year and on the amount that can be carried over in cases of transfer of assets or absorption of companies.

Tax on legal persons

(Impôt des personnes morales/Rechtspersonenbelasting)

Articles 220 to 226 of the 1992 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) non-justified expenditure, non-deductible pensions and pension contributions, and certain dividends distributed by intercommunal associations;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 local authorities), certain dividends distributed by the intercommunal associations, certain capital gains, and non-justified expenditure.

Rates:

- The amount of tax is equivalent to the advance payments in the case of income from immovable property and capital; however, certain income from immovable capital is taxed at a rate of 20%.

¹ The State and the local authorities, public and intermunicipal social assistance centres and public cultural establishments are not liable for the tax payable on capital gains, secret commissions, non-justified expenditure, and non-deductible pensions and pension contributions.

B 3

- 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 on certain capital gains realized on disposals for a consideration of large shareholdings is 16.5%.
- The rate of tax payable on non-justified sums is 200%.
- The rate of tax payable on non-deductible pensions and pension contributions is 39%.
- The rate of tax payable on certain dividends distributed by intercommunal associations is 15% (see under 'Personal income tax' for increases imposed when advance payments are not made in full).

As from the 1994 tax year, an additional 3% crisis levy is payable based on the tax on legal persons and the tax on non-justified sums.

Tax on non-residents

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

Articles 227 to 248 of the 1992 Income Taxes Code.

Beneficiary:

The State.

Tax payable by:

Individuals not resident in Belgium, companies, associations, etc., which do not have their registered office or principal establishment in Belgium or are not managed or administered from headquarters in Belgium, as well as foreign States and their political subdivisions.

Basis of assessment:

All kinds of net income generated or accrued in Belgium. Tax paid is not, in principle, an allowable expense.

Deductions:

For recipients of Belgian remuneration or pensions constituting the bulk of their Belgian and foreign income¹ and for other taxpayers – natural persons – who have maintained a residence in Belgium throughout the tax period, the same items of expenditure as for personal income tax payers are deductible, with certain limitations, from total net income. For other taxpayers, the following items only are deductible from total net income:

- 80% of certain maintenance allowances if the recipient is resident in Belgium;
- gifts of at least BFR 1 000 to certain museums and institutions;
- fees or similar charges paid on the acquisition of a long lease of land or buildings thereon or of similar rights relating to real estate situated in Belgium.

Married couples:

For married couples who are recipients of Belgian remuneration or pensions constituting the bulk of their Belgian and foreign income¹ and for those who have maintained a residence in Belgium throughout the tax period, total income is taxed according to rules similar to those applied to personal income tax. In other cases, no share is allowed for the spouse.

¹ I.e. non-resident taxpayers who have not maintained a residence in Belgium and have carried out a paid occupational activity there for at least nine full months of the tax period or have received pensions over the same period, provided that such income accounts for at least 75% of their total Belgian or foreign-source occupational income.

B 4

Non-resident married individuals are not regarded as married couples for the purpose of calculating the tax on non-residents per person but as single taxpayers where one only of the married couple receives income in Belgium which is subject to the tax on non-residents per person and where the other spouse receives Belgian occupational income exempted by agreement and/or foreign occupational income amounting to more than BFR 270 000 (amount to be indexed).

Collection:

A return must be made for certain types of income, and tax is then adjusted under a single proportional rule. The tax on other types of income is equal to the tax credit, and various advance payments are made.

Rates:

Tax on non-residents is based on the personal income tax schedule in force, with no reductions being granted for family situations.

If the taxpayer has maintained a residence in Belgium or is the recipient of Belgian remuneration or a Belgian pension constituting the bulk of his Belgian and foreign occupational income,¹ the reductions are granted. A 6% surtax is applied.

For foreign legal persons: 43%.

A special separate contribution or tax (depending on the case), calculated at a rate of 200%, is payable on non-justified charges or sums.

Special features:

The tax on certain capital gains on land without buildings is subject to a special levy assessed and collected by the land registration and estates department.

Carry-over of losses:

Same arrangements as for personal income tax or corporation tax, as appropriate.

¹ I.e. non-resident taxpayers who have not maintained a residence in Belgium and have carried out a paid occupational activity there for at least nine full months of the tax period or have received pensions over the same period, provided that such income accounts for at least 75% of their total Belgian or foreign-source occupational income.

Succession duty and transfer duty

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

Book I of the Succession Duty Code established by Royal Decree No 308 of 31 March 1936 (M.b., 7 April 1936), confirmed by the Law of 4 May 1936 and modified in particular by the provisions of the first chapter of Royal Decree 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), of Title VI, Chapter III, Section B, of the programming Law of 30 December 1988 (M.b., 5 January 1989), of Title I, Chapter 5, of the Law of 22 December 1989 concerning tax measures (M.b., 29 December 1989), of Chapter I, Section 5, of the Law of 28 December 1992 relating to tax, financial and other measures (M.b., 31 December 1992) and of Title II, Chapter IV, of the Law of 22 July 1993 relating to tax and financial measures (M.b., 26 July 1993).

Beneficiaries:

The regions.

Duty payable by:

Heirs, legatees and donees.

Basis of assessment:

- Succession duty: total net estate left by a 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.

B 5

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.

Gifts:

Gifts of movable or immovable property located in Belgium made *inter vivos* and recorded in writing are subject to registration duty at the same rates as succession duty on the basis of the current value of the gift, with no reduction for costs.

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 succession duty charged.

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

Compensatory tax for succession duty

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

Book II of the Succession Duty Code.

Beneficiary:

The State.

Tax payable by:

Non-profit-making associations, whose net worth exceeds BFR 1 million.

Basis of assessment:

Total property in Belgium.

Rates:

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., 29 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 1978), 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), 4 November 1986 (M.b., 5 December 1986), 30 December 1988 (M.b., 5 January 1989), 22 December 1989 (M.b., 29 December 1989), 16 February 1990 (M.b., 4 April 1990), 20 July 1990 (M.b., 1 August 1990), 28 December 1990 (M.b., 29 December 1990), 28 July 1992 (M.b., 31 July 1992), 28 December 1992 (M.b., 31 December 1992), 25 May 1993 (M.b., 28 May 1993), 22 July 1993 (M.b., 26 July 1993), as well as various implementing decrees (40 Royal Decrees and 10 Ministerial Decrees still in force).

Beneficiary:

The State.

Tax payable by:

- Any person who, in the pursuit of an economic activity, is engaged habitually or 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, wherever that economic activity takes place.
- 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 and effected for consideration in Belgium by a taxable person acting as such.
- The supply of services effected for consideration in Belgium by a taxable person acting as such.
- The importation of goods, where it takes place in Belgium, by any person.

- Intra-Community acquisitions of goods, where they take place in Belgium and are effected for consideration by the following persons:
 - taxable persons with the right to deduct and acting as such, whatever tangible movable goods are the subject of the acquisition;
 - taxable persons without the right to deduct, flat-rate farmers and non-taxable legal persons, acting as such; tax is payable on intra-Community acquisitions carried out by the abovementioned persons which relate to new means of transport, products subject to excise duty and other goods where a threshold of BFR 450 000 is exceeded or where application of the general tax arrangements is opted for;
 - individuals where the acquisitions relate to new means of transport.
 It is also a requirement that the seller be a taxable person acting as such who does not benefit from the tax exemption arrangements.
- Certain transactions ranking under the law with supplies of goods, supplies of services or intra-Community acquisitions of goods, effected for consideration.

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 intra-Community acquisitions of goods, the taxable amount is made up of the same elements as are used to determine the taxable amount for the supply of the same goods within the country. It includes in particular the excise duties payable or paid by the person who carries out the intra-Community acquisition of a product subject to excise duty.
- In the case of imported goods, the taxable amount, consisting of the value calculated according to the Community rules in force for determining value for customs purposes, must include the taxes, duties, levies and other charges payable abroad, those payable in Belgium in respect of importation (excluding the VAT due), and ancillary costs such as those relating to commission, customs formalities, packaging, transport and insurance to the place of destination within Belgium.

Special provisions:

- In the case of transactions ranking as a supply of goods or an intra-Community acquisition of goods, the basis of assessment consists of the purchase price of the goods or of similar goods or, where there is no purchase price, the cost price determined at the time those transactions are carried out.
- In the case of transactions ranking as a supply of services, the basis of assessment consists, according to the case in question, either of the normal value of the service or of the amount of expenditure incurred by the taxable person.
- A minimum taxable amount has been laid down for:
 - supplies of buildings where tax is applied on transfer;
 - work involving the erection of buildings.

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, on goods imported by him and

B 7

on intra-Community acquisitions of goods effected by him where he uses those goods and services in connection with:

1. taxed transactions;
2. transactions exempted because they relate to exports, intra-Community supplies and acquisitions 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 and the issue of securities, provided that the other party is established outside the Community or, subject to conditions to be laid down by the Minister for Finance on his behalf, that 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 at point 4 above.

Limitation of deductions:

1. In the case of the supply, importation or intra-Community acquisition 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 and intra-Community acquisitions of spirits;
 - supplies and intra-Community acquisitions 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, where the relevant individual health care services are included in the nomenclature of health care services for the purposes of compulsory insurance against sickness and invalidity;
- 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 competent authorities;
- museums and similar establishments;
- services and goods closely linked thereto which, subject to certain conditions, are provided for their members by non-profit-institutions with aims of a political, trade-union, religious, philosophical, patriotic, philanthropic or civic nature;
- services supplied by non-profit-making physical education or sporting establishments for individuals engaged in a physical recreational or sporting activity there;
- the management of collective investment funds.

With deduction of input taxes, but only where the other party is established outside the Community or where the transactions in question relate directly to goods intended for export to a country outside the Community:

- (a) insurance and reinsurance transactions, including related brokerage and agency services;
- (b) credit, guarantee and related administrative transactions;

- (c) transactions, including trading transactions, involving fund deposits, current accounts, claims, cheques and other commercial bills;
- (d) payment and receipt transactions, including trading (the supplier of the services may, however, opt for taxation);
- (e) foreign-exchange transactions, the issue of transferable securities and transactions involving the shares of companies or associations, bonds and other securities, including trading.

With deduction of input taxes:

- exports and certain intra-Community supplies and acquisitions;
- international transport and ancillary services;
- supplies of ships, boats and aircraft and certain supplies of goods and services relating to these means of transport;
- supplies of certain goods and services to embassies, consulates and international organizations.

Collection:

Generally, VAT is paid by means of monthly or quarterly 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 the November of the current calendar year.

Taxable persons who submit only quarterly returns are required to pay in the second and third months of each calendar 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 do not submit the periodic returns referred to above and non-taxable legal persons who carry out a taxable intra-Community acquisition of goods in Belgium are required to submit a return showing the taxable transactions carried out in a calendar quarter (with a few exclusions) and to pay the tax due.

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; ordinary tap water; pharmaceutical products; printed material; original works of art, collectors' items and antiques; orthopaedic appliances, artificial limbs and the like; agricultural services; passenger transport; motor vehicles for invalids and spare parts, equipment and accessories for such vehicles; maintenance and repair work on such vehicles and such goods as artificial limbs, accessories forming part of an artificial kidney, wheelchairs and similar vehicles for invalids and sick persons; certain work carried out on private residential property occupied for at least 20 years and invoiced to a final consumer; certain work carried out on private residential property for handicapped persons and on homes for handicapped persons; the granting of admission to cultural, sporting or recreational establishments; the assignment of copyright; the supply of accommodation and the provision of camping sites; the hiring of orthopaedic appliances, artificial limbs and the like; services supplied by undertakers;
- 12% for plant-protection products; nappies and incontinence pants for adults; syringes for injecting insulin; margarine; tyres and inner tubes for agricultural machinery and tractors; solid fuels; pay television; subsidized housing;
- 20.5% for other goods and services.

Special arrangements:

There are special arrangements for applying VAT:

1. flat-rate bases of assessment for small enterprises with an annual turnover not exceeding BFR 20 million (excluding VAT);
2. the tax exemption system for small enterprises with an annual turnover not exceeding BFR 225 000 (excluding VAT);
3. a special flat-rate scheme for farmers;
4. a special scheme for taxing the profit margin in the case of secondhand goods, with the exception of original works of art, antiques and collectors' items, postage stamps and old coins;
5. a special flat-rate scheme for taxing travel agents' profit margins.

Tax on stock exchange and carry-over transactions

(Taxe sur les opérations de Bourse et les reports/Taks op de beursverrichtingen en de reporter)

Title VIII of the Code of Taxes with equivalent effect to stamp duty.

Beneficiary:

The State.

Tax payable on:

Sale, purchase or issue of stocks or shares to subscribers through a professional intermediary; repurchase by an investment company of its accumulation shares and conversions of participatory rights in the same investment company carried out, in the hands of the same person, within the same compartment and entailing a change in the manner of distributing the net yield.

Basis of assessment:

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

Rates:

1. Purchase – sale

- | | |
|--|-------|
| (a) Belgian national debt securities (in general); foreign national debt securities, or loans issued by the European Community, or by Belgian or foreign regions, provinces and municipalities, and most bonds; securities issued in Belgium and representing public funds emanating from other associations, bodies or authorities; units of unit trusts; distribution shares of investment companies | 0.07% |
| (b) Accumulation shares of an investment company | 0.50% |
| (c) Other securities | 0.17% |

2. Subscriptions

- | | |
|---|-------|
| (a) Securities listed under 1(a) above, except for Belgian national debt securities in general and loans issued by the European Community or by the regions, which are exempt | 0.14% |
| (b) Accumulation shares of an investment company | 1% |
| (c) Other securities | 0.35% |

3. Repurchases of accumulation shares

0.50%

4. Conversions

- | | |
|---|-------|
| (a) Conversions of accumulation or distribution shares into accumulation shares | 1% |
| (b) Conversions of accumulation shares into distribution shares | 0.50% |

NB: The amount of tax may in no case exceed BFR 10 000 per transaction, except for the transactions referred to at 1(b), 2(b), 3 and 4, where the amount of tax may not exceed BFR 15 000 per transaction.

5. Carry-over transactions

0.85 per thousand.

B 9

Exemptions:

- transactions where no professional intermediary acts on behalf of one of the parties or for his own account;
- sales or purchases made by a professional intermediary for his own account or in a professional capacity;
- transactions involving Belgian national debt securities and loans issued by the regions or communities;
- certain conversions of shares of investment companies, etc.

Tax payable by:

The professional intermediary who acts on behalf of third parties or for his own account in the transaction.

Declaration and payment:

Monthly declarations and payments.

Annual tax on securities quoted on the stock exchange

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

Title X of the Code of Taxes with equivalent effect to stamp duty.

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, shares of foreign companies and all bonds.

Declaration and payment:

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

Rates:

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

Annual tax on insurance contracts

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

Title XII of the Code of Taxes with equivalent effect to stamp duty.

Beneficiary:

The State.

Tax payable on:

Insurance contracts and commitments of a pension fund.

Tax payable by:

Insurance associations, companies or enterprises, pension funds, brokers or insured parties.

Basis of assessment:

Premiums and charges to be borne either by the insured parties or by the beneficiaries of a pension fund and their employers.

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, life assurance contracts concluded individually and life or temporary annuity contracts concluded individually.

Declaration and payment:

In most cases, declarations and payments must be made no later than the final working day of the month following that in which a premium falls due.

Rates:

- Standard rate: 9.25%
- Reduced rate: 4.40% in the case of life assurance and life or temporary annuities;
1.40% for insurance against risks in international transport.

Annual tax on profit sharing

(Taxe annuelle sur les participations bénéficiaires/Jaarlijkse taks op de winstdeelingen)

Title XIIbis of the Code of Taxes with equivalent effect to stamp duty.

Beneficiary:

The State.

Tax payable on:

Distribution of shares in profits under contracts for life assurance and annuities concluded with a professional insurer.

Basis of assessment:

Total amount distributed under with-profits contracts during the relevant year.

Exemptions:

Sums distributed under with-profits insurance/savings contracts governed by certain articles of the 1992 Income Taxes Code or under individual life assurance contracts where the policy holder has not benefited from income tax relief on the premiums.

Payment:

Annual.

Rates:

9.25%.

Tax on bills

(Taxe d'affichage/Aanplakkingstaks)

Title XIV of the Code of Taxes with equivalent effect to stamp duty.

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.

Rates:

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

Excise duty on mineral oils

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

Royal Decree of 29 December 1992 on the structures and rates of excise duties on mineral oils (M.b., 31 December 1992, 3rd edition); Royal Decree of 29 December 1992 on excise duties (M.b., 31 December 1992, 3rd edition); Royal Decree of 27 August 1993 amending the Royal Decree of 29 December 1992 on the structures and rates of excise duties on mineral oils (M.b., 10 September 1993); Royal Decree of 26 November 1993 amending the Royal Decree of 29 December 1992 on the structures and rates of excise duties on mineral oils (M.b., 30 November 1993); Royal Decree of 20 November 1963 coordinating the legal provisions on the excise system for mineral oils as regards penalty provisions (M.b., 19 December 1963).

Beneficiary:

The State.

Duty payable on:

- Unleaded petrol falling within CN code 2710 0033.
- Leaded petrol falling within CN codes 2710 0031 and 2710 0035.
- Kerosene falling within CN codes 2710 0051 and 2710 0055.
- Gas oil falling within CN code 2710 0069.
- Heavy fuel oil falling within CN code 2710 0079.
- Liquid petroleum gas falling within CN codes 2711 1211 to 2711 1900 and methane falling within CN code 2711 2900.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Collection:

The excise duty and any special excise duty are payable by the person submitting the declaration of release for consumption. They are due on submission of the declaration (weekly or immediate).

B 15**Rates:**

Type of mineral oil	Excise duty BFR	Special excise duty' BFR
1. Unleaded petrol falling within CN code 2710 0033, per 1000 l at 15°C	9 900	6 300
2. Leaded petrol falling within CN codes 2710 0031 and 2710 0035, per 1000 l at 15°C	11 900	7 050
3. Kerosene falling within CN codes 2710 0051 and 2710 0055, per 1000 l at 15°C		
(a) used as fuel	11 900	7 050
(b) intended for industrial and commercial uses	750	0
(c) used for heating	0	0
4. Gas oil falling within CN code 2710 0069, per 1000 l at 15°C		
(a) used as fuel	8 000	3 700
(b) intended for industrial and commercial uses	750	0
(c) used for heating	0 ²	0
5. Heavy fuel oil falling within CN code 2710 0079, per 1000 kg		
(a) not containing more than 1% of S	250	0
(b) containing more than 1% of S	550	200
6. Liquid petroleum gas falling within CN codes 2711 1211 to 2711 1900 and methane falling within CN code 2711 2900		
(a) used as fuel, per 1000 l at 15°C	0	0
(b) intended for industrial and commercial uses, per 1000 kg	1 500	0
(c) used for heating, per 1000 l at 15°C	0	0

¹ Levied in Belgium only. The excise duty is common to both Belgium and Luxembourg.

² An inspection levy of BFR 0.21 per litre is levied on gas oil used for heating.

Period for payment:

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

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 (section relating to penalties) (M.b., 1 January 1948); Royal Decree of 29 December 1992 on the tax system for manufactured tobacco (M.b., 31 December 1992, third edition); Royal Decree of 21 December 1993 amending the Royal Decree of 29 December 1992 on the tax system for manufactured tobacco (M.b., 29 December 1993).

Beneficiary:

The State.

Duty payable on:

With the exception of chewing tobacco and snuff, all consumable tobacco products: cigars, cigarillos, cigarettes, fine-cut tobacco used for rolling cigarettes, and other smoking tobaccos. Tobacco substitutes, i.e. all products used for the same purposes as tobacco proper, are subject to the same arrangements as tobacco.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Declaration and date for submission:

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

Collection:

The excise duty and any special excise duty are payable by the authorized warehousekeeper, the registered trader or the non-registered trader and the importer when the tax bands or stamps that are to be affixed to the products are purchased.

Basis and rates:

Type of products	Excise duty	Special excise duty ¹
A. Cigars and cigarillos	10% of the retail selling price	0% of the retail selling price
B. Cigarettes ²	50% of the retail selling price BFR 102 per 1000 items	0% of the retail selling price BFR 255 per 1000 items
C. Fine-cut smoking tobacco used for rolling cigarettes, and other smoking tobaccos ²	31.5% of the retail selling price	6.05% of the retail selling price

¹ The excise duty is common to Belgium and the Grand Duchy of Luxembourg; the special excise duty is levied in Belgium only.
² For cigarettes, the tax may not total less than nine tenths of the total amount of tax on the most sold cigarettes.
 For fine-cut smoking tobacco used for rolling cigarettes and for other smoking tobaccos, the tax may not total less than 85% of the total amount of tax on the tobacco most sold.

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 tax bands or stamps reaches the excise officer in Brussels (tobacco).

Replacement of tax bands or stamps:

Under certain conditions, an authorized warehousekeeper who is in possession of manufactured tobacco unfit for consumption may have the tax bands or stamps affixed to those products replaced. Where appropriate, he may also have bands or stamps which have become unusable replaced (damaged in the process of being affixed, unusable owing to price or tax change).

Imports:

For imported manufactured tobacco, the same system applies as for similar products manufactured in the European Union. For the purpose of implementing the above provisions, an importer ranks as an authorized warehousekeeper in all respects.

Exports:

Excise duty and special excise duty are not payable on exported manufactured tobacco. Those products need not therefore bear Belgian tax bands or stamps. The same applies to the same products exported to another Member State, with the exception of the Grand Duchy of Luxembourg.

Excise duty on ethyl alcohol

(Accise sur l'alcool éthylique/Accijns op ethylalcohol)

Coordination Law of 12 July 1978 on the excise-duty system for alcohol (M.b., 21 September 1978) (penalty provisions set out in Chapter VIII); Royal Decree of 29 December 1992 on the structures and rates of excise duties on alcohol and alcoholic beverages (M.b., 31 December 1992, third edition).

Beneficiary:

The State.

Duty payable on:

Ethyl alcohol and products containing ethyl alcohol, except for beer, wine, fermented beverages other than wine or beer and intermediate products.

The term 'ethyl alcohol' covers:

- all products with an actual alcoholic strength by volume exceeding 1.2% volume which fall within CN codes 2207 and 2208, even when those products form part of a product which falls within another chapter of the Common Customs Tariff Nomenclature of the European Communities;
- products falling within CN codes 2204, 2205 and 2206 which have an actual alcoholic strength by volume exceeding 22% volume;
- potable spirits containing products, whether in solution or not.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Exemptions:

The products set out above are exempt from excise duty and special excise duty, under conditions laid down by the Minister for Finance:

- (a) when distributed in the form of alcohol which has been completely denatured in accordance with the national alcohol-denaturing processes authorized by the Council of the European Union. This exemption is conditional on the application to commercial movements of completely denatured alcohol of the provisions of the Royal Decree of 29 December 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products;

B 19

- (b) when denatured in accordance with the requirements of a Member State of the European Union and used for the manufacture of products not intended for human consumption;
- (c) when used for the production of vinegar falling within CN code 2209;
- (d) when used for the production of medicines as defined by Directive 65/65/EEC;
- (e) when used for the production of flavours for the preparation of foodstuffs and non-alcoholic beverages with an alcoholic strength not exceeding 1.2% volume;
- (f) when used directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, provided that in each case the alcoholic content does not exceed 8.5 litres of pure alcohol per 100 kg of product for chocolates, and 5 litres of pure alcohol per 100 kg of product for other products;
- (g) when used:
 - as samples for analysis, for necessary production tests, or for scientific purposes;
 - for scientific research;
 - for medical purposes in hospitals and pharmacies;
 - in a manufacturing process, provided that the final product does not contain alcohol;
 - in the manufacture of a component product which is not subject to excise duty under the Royal Decree.

Declaration and date for submission:

A declaration of release for consumption must be submitted in respect of all withdrawals for consumption effected during a week (i.e. from Monday to Sunday) no later than the Thursday of the following week.

Collection:

The excise duty and the special excise duty are levied on the basis of the declaration of release for consumption for excise-duty purposes or on the basis of the customs declaration in the case of importation.

Rates:

Excise-duty rates are set per hectolitre of pure alcohol at 20°C:

- Excise duty: BFR 9 000
- Special excise duty: BFR 54 500

Imports:

Imported ethyl alcohol and products containing ethyl alcohol as defined under the heading 'Duty payable on' are subject to the same rules as similar products manufactured within the country or in another Member State of the Community.

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 declaration of release for consumption is submitted.

Exports or consignments to other Member States:

Full exemption from excise duty and special excise duty is granted where alcohol or products containing alcohol as defined under the heading 'Duty payable on' are exported or sent to another Member State of the Union.

Excise duty on wines and other fermented beverages

(Accise sur les vins et les autres boissons fermentées/Accijns op wijn en andere gegiste dranken)

Law of 15 July 1938 on the tax system for wines and similar beverages and certain alcoholic liquors (Article 5, penalty provisions) (M.b., 27 July 1938); Law of 12 February 1937 on the tax system for sparkling fermented beverages (Article 2, penalty provisions) (M.b., 5 March 1937); Royal Decree of 29 December 1992 on the structures and rates of excise duties on alcohol and alcoholic beverages (M.b., 31 December 1992, third edition).

Beneficiary:

The State.

Duty payable on:

Wine, i.e. all products falling within CN codes 2204 and 2205, except sparkling wine, having an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 15% volume, provided that the alcohol contained in the finished product is entirely of fermented origin, or having an actual alcoholic strength by volume exceeding 15% volume but not exceeding 18% volume, provided that they have been produced without any enrichment and that the alcohol contained in the finished product is entirely of fermented origin.

Other still fermented beverages, i.e. all products falling within CN codes 2204 and 2205 which are not covered by the above definition and products falling within CN code 2206, except other sparkling fermented beverages and beer, having an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 10% volume or having an actual alcoholic strength by volume exceeding 10% volume but not exceeding 15% volume, provided that the alcohol contained in the latter category of product is entirely of fermented origin.

Sparkling wines, i.e. products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 which are contained in bottles with 'mushroom' stoppers held in place by ties or fastenings, or which have an excess pressure due to carbon dioxide in solution of three bars or more, and those which have an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 15% volume, provided that the alcohol contained in the finished product is entirely of fermented origin.

Other sparkling fermented beverages, i.e. products falling within CN code 2206 00 91 and those falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 which are not covered by the definition of sparkling wines and which are contained in bottles with 'mushroom' stoppers held in place by ties or fastenings or which have an excess pressure due to carbon dioxide in solution of three bars or more, and those which have an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 13% volume, and those having an actual alcoholic strength by volume exceeding 13% volume but not exceeding 15% volume, provided that the alcohol contained in the products of the latter category is entirely of fermented origin.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Exemptions:

The exemption conditions laid down for spirits also apply to the products involved here.

Declaration and date for submission:

A declaration of release for consumption must be submitted in respect of all withdrawals for consumption effected during a week (i.e. from Monday to Sunday) no later than the Thursday of the following week.

Collection:

The excise duty and the special excise duty are payable on the basis of the declaration of release for consumption for excise-duty purposes or on the basis of the customs declaration in the case of importation.

Rates:

- A. Still wines and other fermented beverages:
 - Excise duty: 0 per hl of finished product;
 - Special excise duty: BFR 1 471 per hl of finished product.
- B. Sparkling wines and other sparkling fermented beverages:
 - Excise duty: 0 per hl of finished product;
 - Special excise duty: BFR 5 149 per hl of finished product.

These rates are applied to all types of product with an alcoholic strength by volume exceeding 8.5% volume.

Imports:

Imported still wines, sparkling wines, other fermented beverages and other sparkling fermented beverages are subject to the same system arrangements as similar products produced in Belgium or in another Member State of the Union.

Period for payment:

Provided sufficient security is available, payment may be deferred until the 15th day of the month following that in which the declaration of release for consumption is submitted.

Exports and consignments to other Member States:

Full exemption from excise duty and special excise duty is granted where the products defined under 'Duty payable on' are exported or dispatched under excise duty-suspension arrangements to another Member State of the Union.

Excise duty on beer

(Accise sur la bière/Bieraccijns)

Law of 11 May 1967 on the excise system for beer (Articles 7 to 9, penalty provisions) (M.b., 22 December 1968); Royal Decree of 22 December 1992 on the structures and rates of excise duties on alcohol and alcoholic beverages.

Beneficiary:

The State.

Duty payable on:

Beer, i.e. any product falling within CN code 2203 or any product containing a mixture of beer and non-alcoholic drinks falling within CN code 2206, in either case with an actual alcoholic strength by volume exceeding 0.5% volume.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Exemptions:

The exemption conditions laid down for spirits also apply to the products involved here.

Declaration and date for submission:

A declaration of release for consumption must be submitted in respect of all withdrawals for consumption effected during a week (i.e. from Monday to Sunday) no later than the Thursday of the following week.

Collection:

The excise duty and the special excise duty are payable on the basis of the declaration of release for consumption for excise-duty purposes or on the basis of the customs declaration in the case of importation.

B 21

Rates:

Beer released for consumption in Belgium, per hectolitre/degrees Plato of finished product:

- Excise duty BFR 32
- Special excise duty BFR 27

For beers brewed by small independent breweries located in Belgium or in another Member State of the European Union, the above rates are reduced according to the preceding year's beer output by the breweries in question, provided that it does not exceed 200 000 hl of beer per year.

These reduced rates are as follows:

Annual production	Excise duty BFR	Special excise duty BFR
Not exceeding 12 500 hl	16	34
Not exceeding 25 000 hl	16	36
Not exceeding 50 000 hl	16	38
Not exceeding 75 000 hl	18	38
Not exceeding 200 000 hl	18	40

The degree Plato to be applied for tax purposes is always a full even number. It is the figure adopted as the percentage by weight of original extract contained in 100 grammes of wort before fermentation for a value between two consecutive uneven numbers.

The number of hectolitres/degrees Plato is found by multiplying the volume of taxable beer by the number of degrees Plato as defined above.

Period for payment:

Provided sufficient security is available, payment may be deferred until the 15th day of the second month following that in which the declaration of release for consumption is submitted.

Exports or consignments to other Member States:

Total exemption from excise duty and special excise duty is granted where the products defined under 'Duty payable on' are exported or dispatched under excise duty-suspension arrangements to another Member State of the Union.

Excise duty on non-alcoholic beverages

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

Royal Decree No 44 of 28 September 1939 on the tax system for mineral waters and aerated or sparkling lemonade (M.b., 4 October 1939); Royal Decree of 29 December 1992 on the excise-duty arrangements for non-alcoholic beverages and coffee (M.b., 31 December 1992, third edition).

Beneficiary:

The State.

Duty payable on:

Aerated or sparkling beverages consisting essentially of water and sugars or sweetened substances, fruit juices or a mixture of water and fruit juices, fruit or vegetable extracts and/or flavouring substances.

Beverages which are neither aerated nor sparkling and which consist essentially either of sweetened or flavoured water, with the exception of preparations such as tea and coffee, or of a mixture, sweetened or not, of water and fruit juices, fruit or vegetable extracts and/or flavouring substances.

Natural mineral waters, spring waters, drinking waters, whether aerated or not, bottled or otherwise put up for sale or supply as drinking waters.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement. Importation is taken to mean the entry into Belgium of non-alcoholic beverages from a third country or the departure of such beverages from a Community customs procedure.

Exemptions:

Exemption from excise duty is granted, under conditions laid down by the Minister for Finance, on products which:

- are dispatched under suspension arrangements from one Belgian tax warehouse to another;
- are dispatched to another Member State of the European Union;
- are exported to a non-Union country or are delivered to a destination treated as such;
- have become unfit for consumption and are destroyed under administrative supervision.

Declaration and date for submission:

A declaration of release for consumption must be submitted in respect of all withdrawals for consumption effected during a week (i.e. from Monday to Sunday) no later than the Thursday of the following week.

Collection:

The excise duty is payable on the basis of the declaration of release for consumption for excise-duty purposes or on the basis of the customs declaration in the case of importation.

Rates:

- Mineral waters: BFR 200 per hectolitre.
- Lemonades and other non-alcoholic soft drinks: BFR 300 per hectolitre.

Imports:

Any importation into Belgium or any departure from a Community customs procedure of non-alcoholic beverages is subject to the same arrangements as the same products produced in Belgium or imported from another Member State.

Period for payment:

Provided sufficient security is available, payment may be deferred until the Thursday of the week following that in which the declaration of release for consumption is submitted.

Exports or consignments to other Member States:

Full exemption from excise duty is granted where the products defined under 'Duty payable on' are exported or are dispatched under excise-duty suspension arrangements to another Member State of the Union.

Excise duty on coffee

(Accise sur le café/Accijns op koffie)

Law of 23 July 1981 introducing an excise duty on coffee (M.b., 31 July 1981); Royal Decree of 29 December 1992 on the excise-duty arrangements for non-alcoholic beverages and coffee (M.b., 31 December 1992, 3rd edition).

Beneficiary:

The State.

Duty payable on:

Coffee, whether decaffeinated or not, whether raw or roasted, and coffee extracts.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Exemptions:

Exemption from excise duty is granted, under conditions laid down by the Minister for Finance, on:

- coffee, whether roasted or not, and coffee extracts dispatched under duty-suspension arrangements from one Belgian tax warehouse to another;
- coffee, whether roasted or not, and coffee extracts either dispatched to another Member State of the Union or exported to a non-Union country or delivered to a destination treated as such;
- coffee used in the manufacture of products and preparations based on coffee extracts or containing coffee, whether dispatched to another Member State of the Union or exported to a non-Union country or delivered to a destination treated as such;
- coffee put to industrial uses other than roasting and the preparation of coffee extracts;
- coffee unfit for consumption and destroyed at an authorized warehousekeeper's premises under administrative supervision.

Rates:

Non-roasted coffee	BFR 8 per kg net;
Roasted coffee	BFR 10 per kg net;
Coffee extracts, solid or liquid	BFR 28 per kg of dry matter.

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.

Beneficiaries:

The regions (the central government manages the tax on behalf of and in concertation with the regions, as a free service, for which it determines its own rules of procedure).

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.

Type of betting and gaming	Basis of assessment			Rates (%)		
	Flemish region (FR)	Walloon region (WR)	Bilingual region of Brussels (BRB)	FR	WR	BRB
Betting and gaming not otherwise specified (general rate)	Gross sums involved	Gross sums involved	Gross sums involved	15	11	11
Bets on horse races run abroad	Gross sums involved	Gross sums involved	Gross sums involved	15	10	11
Bets on horse races run in Belgium						
<i>Paris mutuel</i>	Levy made by the organizer on gross sums involved	Gross sums involved	Levy made by the organizer on gross sums involved	22	10	20
'Straight bets'	Gross sums involved	Gross sums involved	Gross sums involved	5.5	6	5
Casino games						
Baccarat/chemin de fer	Winnings of bankers	Winnings of bankers	Winnings of bankers	5.3	4.8	4.8
Roulette without zero	Winnings of players	Winnings of players	Winnings of players	3	2.75	2.75
Other casino games	That part of the gross gains from casino games which does not exceed BFR 35 million per year	That part of the gross gains from casino games which does not exceed BFR 35 million per year	That part of the gross gains from casino games which does not exceed BFR 35 million per year	33	30	30
	That part of the gross gains from casino games which does exceed BFR 35 million per year	That part of the gross gains from casino games which does exceed BFR 35 million per year	That part of the gross gains from casino games which does exceed BFR 35 million per year	44	40	40
				Amount of tax (BFR)		
Pigeon rings sold by the associations and federations approved by the Ministry of Finance	Each ring sold	Each ring sold	Each ring sold	10	10	10

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.

Beneficiaries:

The regions (the central government manages the tax on behalf of and in concertation with the regions, as a free service for which it determines its own rules of procedure).

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 (Category E) to BFR 36 000 (Category A) for machines situated in the Walloon region and the bilingual region of Brussels.

From BFR 6 000 (Category E) to BFR 144 000 (Category A) for machines situated in the Flemish region.

Official assessment of BFR 200 000 for gaming machines that are found to be in operation in violation of the law.

Registration duty, mortgage duty and court duties

(Droits d'enregistrement, d'hypothèque et de greffe/Registrier-, hypotheek- en griffierechten)

Royal Decree 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 Royal Decree 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), 15 May 1987 (M.b., 10 July 1987), 12 and 17 July 1989 (M.b., 22 August 1989), 22 December 1989 (M.b., 29 December 1989), 20 July 1990 (M.b., 1 August 1990), 26 June 1990 (M.b., 27 July 1990), 20 July 1990 (M.b., 1 August 1990), 4 December 1990 (M.b., 22 December 1990), 10 April 1991 (M.b., 23 May 1991), 18 July 1991 (M.b., 26 July 1991), 28 July 1992 (M.b., 31 July 1992), 5 August 1992 (M.b., 8 October 1992), 28 December 1992 (M.b., 31 December 1992), 22 July 1993 (M.b., 26 July 1993), 6 August 1993 (M.b., 23 September 1993) and 24 December 1993 (M.b., 31 December 1993).

I - Main registration taxes

(Principaux droits d'enregistrement/Voornaamste registratierechten)

Beneficiaries:

The State and the regions.

Rates:

Transfer for a consideration 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%
Sale by public auction of tangible movable goods	5%
Leases, subleases, transfer of leases on land and buildings located in Belgium:	
- Exclusively for single-family or single-person occupancy	BFR 1 000
- Other	0.2%
Establishment of mortgages, commercial mortgages and preferential agricultural claims	1% or 0.5%
Sentences and judgments (fines over BFR 500 000)	3%

B 27

Gifts:

See under 'Succession duty and transfer duty'.

Companies:

A. Companies actually managed from headquarters in Belgium or with their statutory seat in Belgium but actually managed from headquarters outside EU 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 EU 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 1 000 (from 1 January 1990)

B. Other companies:

no registration tax (apart from the fixed duty of BFR 1 000 where applicable).

Basis of assessment:

Generally, price or value of assets.

Collection:

The tax is levied at the time of registration.

II – Court duties

(Droits de greffe/Griffierechten)

Beneficiary:

The State.

Rates:

As a rule fixed duties levied by the clerks of courts:

- entry of causes on the court list, registration of suits and registration of applications for the adoption of interim measures;
- drawing up clerk's acts and certain acts of judges and of officials in the public prosecutor's office;
- provision of copies or extracts and judgments;
- 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.

III – Mortgage duty

(Droits d'hypothèque/Hypotheekrechten)

Beneficiary:

The State.

Rates:

0.3% of the sum of a mortgage when registered or renewed.

Stamp duty

(Droits de timbre/Zegelrechten)

Regent's Decree of 26 June 1947 establishing 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 Royal Decree 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), Chapter I, Section I, subsection III, of the Law of 8 August 1980 concerning the 1979-80 budget proposals (M.b., 15 August 1980), Title II, Chapter II, Section I, of the Law of 28 December 1990 concerning various tax and non-tax provisions (M.b., 29 December 1990), Chapter II, Section 6, of the Law of 28 December 1992 concerning tax, financial and other provisions (M.b., 31 December 1992), Title II, Chapter II, of the Law of 22 July 1993 concerning tax and financial provisions (M.b., 26 July 1993) and Chapter II of the Law of 6 August 1993 on transactions involving certain transferable securities (M.b., 18 August 1993).

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.

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.

Beneficiaries:

The regions (plus 10% additional tax for agglomerations and the municipalities). (The central government manages the tax on behalf of and in concertation with the regions, as a free service, for which it determines its own rules of procedure.)

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 1993):

- Motor cars, estate cars and minibuses: from BFR 1 884 to BFR 48 072 per year; for vehicles over 20 hp; BFR 48 072 + BFR 2 628 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 1 332;
- Lorries, vans, tractors, trailers and semi-trailers: graduated scale ranging from BFR 150 to BFR 346 per 100 kg of weight (minimum: BFR 854);
- Other road vehicles: BFR 180 per hp when the power does not exceed 10 hp (minimum: BFR 1 886). 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 regional tax.

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

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

Legal provisions on the sale of fermented beverages coordinated by the Royal Decree of 3 April 1953 (M.b., 4 April 1953); Royal Decree of 9 October 1967, amending Royal Decree of 3 April 1953 (M.b., 7 November 1967); Royal Decree of 9 December 1977 (M.b., 27 January 1978).

Beneficiaries:

The regions.

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 fermentées/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).

Beneficiaries:

The regions.

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.

Rates:

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/Jaarijke 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.

Rates:

The tax is equal to one fifth of the real or presumed rental value of the premises concerned, but may not fall below one fifteenth 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 opdrankgelegenheden 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.

Rates:

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.

Vehicle registration tax

(Taxe de mise en circulation/Belasting op inverkeerstelling)

Articles 94 to 107 of the Code of Taxes with equivalent effect to income taxes.

Beneficiary:

The State.

Vehicles subject to tax:

1. Certain road vehicles: cars, dual-purpose vehicles, minibuses and motorcycles;
2. Aircraft, seaplanes, helicopters, gliders, spherical balloons or airships and other aircraft;
3. Yachts and other pleasure craft with a length in excess of 7.50 m.

Basis of assessment:

1. In the case of road vehicles, the engine power. Where engine power expressed in horsepower and in kilowatts gives rise to different amounts of tax, the tax is set at the higher amount.
2. In the case of aircraft and boats, fixed rates are applied.

Chargeable event:

Registration or issue of a registration certificate.

Exemptions:

Public-service aircraft and vessels; vehicles which are used for transporting sick or injured persons and which, in the case of road vehicles, are registered as ambulances; cars used by certain categories of invalids or handicapped persons.

Payment:

Single payment.

Rates:

- Cars, dual-purpose vehicles, minibuses and motorcycles: from BFR 2 500 to BFR 100 000; if more than 17 hp or 155 kW: BFR 200 000.

B 35

Tax decreases by 10% per year of age down to a minimum of BFR 2 500 after 10 years.
Increase of BFR 10 000, BFR 20 000 or BFR 30 000 for vehicles less than six months old.

- Aircraft: BFR 100 000, reduced to BFR 25 000 for ULMs.

Tax decreases by 10% a year down to a minimum of BFR 2 500 after 10 years.

- Boats: BFR 100 000.

Tax decreases by 10% a year down to a minimum of BFR 2 500 after 10 years.

Special features:

The communities, regions, provinces, conurbations and municipalities may not institute vehicle registration tax surcharges.

Ecotaxes

(Ecotaxes/Eco-taks)

Book III of the Ordinary Law of 16 July 1993 completing the federal structure of the State (M.b., 20 July 1993, 2nd edition); Royal Decree of 23 December 1993 relating to the distinctive mark to be affixed to drinks containers, batteries and receptacles containing certain industrial products and to the exemption from the obligation to indicate the amount of the deposit (M.b., 29 December 1993); Royal Decree of 23 December 1993 relating to exemption from the ecotax payable on plant protection products and pesticides (M.b., 29 December 1993); Royal Decree of 23 December 1993 relating to the date of entry into force of Article 384 of the Ordinary Law of 16 July 1993 completing the federal structure of the State (M.b., 31 December 1993).

Beneficiaries:

The regions.

Tax payable on:

- All receptacles containing beer, aerated water, lemonades and other soft drinks.
- All polyvinyl chloride receptacles containing drinks.
- Disposable razors and cameras.
- Batteries.
- All receptacles containing inks, glues, oils, solvents and pesticides, except where the product in question is for non-business or non-professional use.
- Plant protection products and pesticides for non-agricultural use.
- Certain categories of paper or paperboard, processed or printed, with the exception of paper and board intended for book and magazine printing, technical and special paper, and paper and paperboard intended to be in contact with foodstuffs or medicines.

Chargeable event:

Release for consumption in Belgium.

Exemptions:

For containers for beer, aerated water, lemonades or other soft drinks: where they can be re-used for at least seven fillings and are recovered through a deposit system by means of a visible distinctive mark (the amount of the deposit must be at least BFR 7 for more than 50 cl and BFR 3.5 for a capacity equal to or less than 50 cl).

A number of transitional measures have been taken regarding the recycling rate.

For disposable cameras where proof is furnished that 80% of the camera components are re-used to manufacture other cameras.

For batteries where they are subject to a deposit system and where:

1. the amount of the deposit is at least BFR 10 per battery;
2. proof is provided of the financing of the disposal or recovery of batteries under the deposit system;

B 36

3. the battery bears a visible distinctive mark.

For receptacles containing certain products to be used for non-business or non-professional purposes:

- (a) where the amount of the deposit is sufficient to ensure the return of a high percentage of receptacles;
- (b) where proof is provided that the receptacle is re-used, disposed of or put to some use;
- (c) where proof is provided that the person liable for the tax is himself shouldering the cost of the operations.

Pesticides containing active substances which are demonstrated to have the least long-term effect on people or the environment and which are used for categories of use for which the list drawn up includes no substance. Certain transitional exemption measures have also been adopted:

- For plant protection products where they are sold to farmers, horticulturalists, authorized users, stock breeders and seed disinfection enterprises.
- For pesticides for non-agricultural use where they are authorized and used as disinfectant and for those for non-agricultural use where they are authorized and used for combating dry rot.
- For paper: certain types and under certain conditions.

In addition, products exported, destroyed under supervision, placed under a customs procedure or placed in a tax warehouse are exempt from ecotax.

Collection:

The ecotax is payable by the party releasing the taxable products for consumption.

Declaration and date for submission:

On importation or on departure from a customs procedure, in the same way as in the customs sphere.

On departure from an excise-duty suspension arrangement, in the same way as for excise duties.

Where products are subject only to VAT, the declaration has to be submitted no later than the 15th day of the month following release for consumption.

Rates:

- Containers for beer, aerated water, lemonades or other soft drinks: BFR 15 per litre, with a minimum of BFR 7 per container.
- Disposable razors: BFR 10 per item.
- Disposable cameras: BFR 300 per item (BFR 100 for the reduced rate).
- Batteries: BFR 20 per item.
- Receptacles for certain industrial products: BFR 25 per litre, subject to a maximum of BFR 500 per receptacle.
- Paper subject to ecotax: BFR 10 per kg (BFR 5 per kg if chlorine gas is not used).

Period for payment:

- For imported products or products leaving a customs procedure, the same period as for customs duty.

- For products leaving an excise-duty suspension arrangement, the same period as for the dutiable product in question.
- For other products, no payment period.

Levy on energy

(Cotisation sur l'énergie/Energiebijdrage)

Law of 22 July 1993 introducing a levy on energy with a view to safeguarding competitiveness and employment (M.b., 29 July 1993); Royal Decree of 27 August 1993 on measures designed to ensure that the levy on energy is correctly charged (M.b., 10 September 1993).

Beneficiary:

The State.

Levy payable on:

- A. Fuels: Unleaded petrol, leaded petrol, kerosene
- B. Fuels: Domestic fuel
Kerosene used for heating
Natural gas used for domestic and similar purposes
LPG: butane and propane
- C. Electricity: Low-voltage tariff

Chargeable event:

For fuels, except for natural gas, coal and 'other' fuels: on release for consumption in Belgium, subject to the conditions laid down by the legislation governing excise duties.
For other products, on supply to the consumer by the distributor or dealer.

Exemptions:

- kerosene, gas oil for heating and liquefied petroleum gases intended for certain industrial or commercial uses in cases provided for in the legislation governing excise duties on mineral oils;
- the products referred to above as being subject to the levy where they are used for purposes and in circumstances where excise-duty exemption is granted under the legislation governing excise duties on mineral oils;
- specific social tariffs applied in the natural gas and electricity distribution sector.

Declaration and date for submission:

For fuels: see 'mineral oils'.

For natural gas and electricity: the distributor is required to submit to the area excise officer no later than the 20th day of each month, a declaration detailing the consumption and intermediate invoices entered in the accounts during the preceding month.

Collection:

See 'mineral oils'.

Rates:

- A. Fuels:
 leaded and unleaded petrol: BFR 550 per 1 000 l at 15°C;
 kerosene used as motor fuel: BFR 550 per 1 000 l at 15°C;
- B. Fuels:
 domestic fuel: BFR 340 per 1 000 l at 15°C;
 kerosene used for heating: BFR 520 per 1 000 l at 15°C;
 natural gas: tariffs for domestic and similar uses, tariffs for ND1 and ND2 non-domestic uses, and tariffs for associated public authorities: BFR 0.01367 per megajoule;
 liquefied petroleum gases:
 butane: BFR 690 per 1 000 kg;
 propane: BFR 700 per 1 000 kg;
- C. Electricity:
 low-voltage tariff: BFR 55 per MWh.

Period for payment:

For the energy levy on mineral oils, payment must be made by the Thursday of the second week following that in which the declaration of release for consumption is submitted.

Inspection charge on domestic fuel

(Redevance de contrôle sur le fuel domestique/Controlretributie op huisbrandolie)

Article 56 of the Law of 28 December 1992 laying down tax, financial and other provisions (M.b., 31 December 1992, 3rd edition).

Beneficiary:

The State.

Charge payable on:

Gas oil falling within CN code 2710 0069 and used for heating.

Chargeable event:

See 'mineral oils'.

Exemption:

See 'mineral oils'.

Declaration and date for submission:

See 'mineral oils'.

Collection:

See 'mineral oils'.

Rates:

BFR 21 per hectolitre of domestic fuel at 15°C.

Period for payment:

See 'mineral oils'.

Exemptions:

- (a) mineral oils used other than as fuels;
- (b) mineral oils supplied for use as fuel for air navigation, including private leisure flying (the scope of this exemption is limited to jet engine fuel falling within CN code 2710 0051);
- (c) mineral oils supplied for use as fuel for vessels using Community waters (including fishing). In the case of private pleasure vessels, the scope of the exemption is limited to gas oil;
- (d) mineral oils used under tax supervision:
 - in pilot schemes aimed at promoting the technological development of less polluting products, and in particular fuels derived from non-renewable sources;
 - for manufacturing, adjusting, testing and maintaining aircraft and vessels;
 - for vessels using inland waterways, including pleasure craft (limited to gas oil and kerosene);
 - for transporting passengers and goods on rail networks (limited to gas oil and kerosene);
 - exclusively for agricultural or horticultural work and in forestry and freshwater fish farming (limited to gas oil and kerosene and to heavy fuel oil until 31 May 1994);
 - for dredging operations in navigable waterways and ports (limited to gas oil and kerosene);
 - for engines used to drain flooded land (limited to gas oil and kerosene).

Declaration and date for submission:

The authorized warehousekeeper is required to submit a declaration of release for consumption no later than the Thursday of each week in respect of quantities of oil which left the tax warehouse between Monday and Sunday of the previous week. Registered traders are subject to the same formalities, while non-registered traders have to submit the declaration within 24 hours of receiving the products.

Excise duty on intermediate products

(Accise sur les produits intermédiaires/Accijns op intermediaire produkten)

Law of 15 July 1938 on the tax system for wines and similar beverages and certain alcoholic liquors (Article 5, penalty provisions) (M.b., 27 July 1938); Law of 12 February 1937 on the tax system for sparkling fermented beverages (Article 2, penalty provisions) (M.b., 5 March 1937); Coordination Law of 12 July 1978 on the excise-duty system for spirits (Chapter VIII, penalty provisions) (M.b., 21 September 1978); Royal Decree of 29 December 1992 on the structures and rates of excise duties on alcohol and alcoholic beverages (M.b., 31 December 1993, 3rd edition).

Beneficiary:

The State.

Duty payable on:

Intermediate products, i.e. all products which have an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 22% volume and which fall within CN codes 2204, 2205 and 2206 but which are not covered by the definitions of beer, still and sparkling wines and other sparkling or non-sparkling fermented beverages.

Chargeable event:

Release for consumption or recording of shortages which must be subject to excise duty. Release for consumption is taken to mean any departure, including irregular departure, from a suspension arrangement, any manufacture, including irregular manufacture, of products outside a suspension arrangement, and any importation, including irregular importation, of products that have not been placed under a suspension arrangement.

Exemptions:

The exemption conditions laid down for spirits also apply to the products covered here.

Declaration and date for submission:

A declaration of release for consumption must be submitted in respect of all withdrawals for consumption effected during a week (i.e. from Monday to Sunday) by the Thursday of the following week at the latest.

Collection:

The excise duty and the special excise duty are levied on the basis of the declaration of release for consumption for excise duty purposes or on the basis of the customs declaration in the case of importation.

Rates:

Intermediate products with an actual alcoholic strength by volume not exceeding 15% volume: excise duty of BFR 1 900 per hl of finished product; other intermediate products: excise duty of BFR 2 700 per hl of finished product.

Intermediate products released for consumption in Belgium which are contained in bottles with 'mushroom stoppers' held in place by ties or fastenings or which have an excess pressure due to carbon dioxide in solution of three bars or more are subject to:
an excise duty of: BFR 2 700 per hl of finished product;
a special excise duty of: BFR 2 449 per hl of finished product.

Period for payment:

Provided sufficient security is available, payment may be deferred until the 15th day of the month following that in which the declaration of release for consumption is submitted.

Imports:

Imported intermediate products are subject to the same arrangements as similar products produced in Belgium or another Member State.

Exports and consignments to other Member States:

Total exemption from excise duty and any special excise duty is granted where the products defined under 'Duty payable on' are exported or dispatched under excise-duty suspension arrangements to another Member State.

Annual tax on collective investment organizations

(Taxe annuelle sur les organismes de placement/Jaarlijkse taks op de collectieve beleggingsinstellingen)

Book II bis of the Succession Duty Code, incorporated into the Code by Article 73 of the Law of 22 July 1993 concerning tax and financial provisions (M.b., 26 July 1993).

Beneficiary:

The State.

Tax payable by:

Open-ended investment companies (SICAVs) and closed-ended investment companies (SICAFs) registered with the Commission bancaire et financière prior to 1 July of the tax year.

Rate:

0.06% of the asset value of collective investment organizations, as determined on 1 July of the tax year.

Payment:

By 30 September of the tax year at the latest.

Annual tax on coordination centres

(Taxe annuelle sur les centres de coordination/Jaarlijkse taks op de coördinatiecentra)

Book III of the Succession Duty Code, incorporated into the Code by Article 66 of the Law of 28 December 1992 concerning tax, financial and other provisions (M.b., 31 December 1992).

Beneficiary:

The State.

Tax payable by:

Coordination centres which exist on 1 January of the tax year and which employ staff.

Basis of assessment:

Flat-rate tax per full-time member of staff employed by the coordination centre.

Amount:

BFR 400 000 per full-time member of staff employed by the coordination centre, subject to a maximum charge on the same coordination centre of BFR 4 million.

Payment:

By 31 March of each year at the latest.

Special tax on the retained profits of certain credit institutions

(Taxe spéciale sur les bénéfices réservés de certains établissements de crédit/Bijzondere taks op de gereserveerde winsten van bepaalde kredietinstellingen)

Beneficiary:

The State.

Chargeable event:

Decisions to withdraw or surrender the licences of credit associations authorized to operate by the Caisse nationale de crédit professionnel and of credit institutions authorized to operate by the Institut national du crédit agricole.

Tax payable by:

The credit association or institution whose licence is withdrawn or which surrenders its licence.

Basis of assessment:

The total amount of retained profits subject to the corporation tax established by Title III of the 1992 Income Taxes Code, which the associations or institutions in question have accumulated at the end of the tax period linked to the 1993 tax year.

Rate:

34%.

Declaration and payment:

The declaration and payment are to be made no later than the final working day of the third month following that in which the withdrawal or surrender decision takes effect.

Tax on long-term savings

(Taxe sur l'épargne à long terme/Taks op het lange termijnsparen)

Title XIII of the Code of Taxes with equivalent effect to stamp duty.

Beneficiary:

The State.

Chargeable event:

Existence of an individually concluded life assurance contract or savings account where the policyholder or account holder has benefited from an income-tax exemption, reduction or deduction and has reached the age of 60 (special rules apply to contracts concluded or accounts opened by a person who has reached the age of 55 or more or where the premiums or payments are increased on the policyholder or account holder reaching the age of 55).

Tax payable by:

The insurance associations, institutions or companies with which insurance contracts have been concluded and the institutions or enterprises with which savings accounts have been opened.

Basis of assessment:

The theoretical surrender value of the insurance contract (where no benefit is paid when the policyholder reaches the age of 60), the amount of capital or the redemption value paid or allocated or the amount of capital constituting an income or pension (where a benefit is paid when the policyholder reaches the age of 60) or the amount of savings in the account when the account holder reaches the age of 60.

Exemptions:

Insurance contracts which provide for benefits only in the event of death, and life assurance contracts which are designed to guarantee the redemption or repayment of a mortgage loan.

Declaration and payment:

Declaration and payment have to be made no later than the final working day of the month following that in which the chargeable event occurs.

B 43

Rates:

- 16.50% on redemption values, theoretical surrender values, capital, income or pensions built up by premiums or contributions paid by the policyholder prior to 1 January 1993 and on the amount of savings built up through payments made by the account holder prior to that date;
- 10% on redemption values, theoretical surrender values, capital, income or pensions built up by premiums or contributions paid by the policyholder from 1 January 1993 and on the amount of savings built up through payments made by the account holder from that date;
- 33% on redemption values or savings paid or allocated under certain conditions laid down by the 1992 Income Taxes Code.

Taxes abolished or repealed

- B 8** **Registration tax**
(Taxe à l'immatriculation/Inschrijvingstaks)
- B 13** **Hunting tax**
(Taxe sur la chasse/Taks op de jacht)
Repealed by the law of 22 December 1989.
- B 16** **Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons**
(Accise sur le gaz de pétrole et autres hydrocarbures gazeux liquéfiés/Accijns op vloeibaar aardgas en andere vloeibare koolwaterstoffen)
- B 17** **Excise duty on benzol and similar products**
(Accise sur le benzol et les produits analogues/Accijns op benzol en gelijksoortige produkten)
- B 23** **Excise duty on sugar**
(Accise sur les sucres/Accijns op suiker)
- B 34** **Special tax on medium-term certificates held by financial intermediaries**
(Taxe spéciale sur les avoirs en bons de caisse détenue par les intermédiaires financiers/Bijzondere taks op de kasbons in het bezit van de financiële tussenpersonen)

DENMARK
Danmark

State income tax

(Indkomstskat til stater)

Statutory Notice No 809 of 7 October 1993 (Tax Assessment Act), Statutory Notice No 700 of 1 September 1993 (Personal Tax Act) and Statutory Notice No 765 of 16 September 1993 (Act on tax at source).

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 803 400 (1994);
- the net value of the estate at the time of decease must not exceed DKR 618 000 (1994);
- the value at which assets are paid out to heirs, etc. must not exceed DKR 741 600 (1994).

Deductions:

The tax liability on the net income is reduced by the tax value of a uniform personal allowance for national and municipal income tax purposes. In 1994 the personal allowance is DKR 29 300.

Estates

The tax liability is reduced by a monthly allowance of DKR 4 400 (1994).

Married couples:

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

DK 1

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 up to DKR 32 700 are subject to a 30% dividend tax. Distributed dividends in excess of DKR 32 700 are taxed at 40%. Royalty payments to non-residents are subject to a 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.

A tax reform is being implemented over a five-year period starting in 1994. The tax reform implies significant changes. The tax reform ensures that the marginal tax rate will be gradually reduced from 1994 ending with a top marginal rate of 58% in 1998.

State income tax levied in 1994:

Base tax of 14.5% on taxable income.

Medium tax of 19% on the aggregate of personal income plus positive net investment income after deduction of DKR 130 000.

Top tax of 12.5% on the aggregate of personal income and positive net investment income above DKR 20 000 after deduction of DKR 234 900.

Tax of 5% on personal income above DKR 173 100.

The thresholds are adjusted in line with a factor laid down annually by law. The adjustment factor for 1994 is 123.6.

If the combined total of a taxpayer's State, county and municipal income taxes exceeds 65% 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 75% 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 75% 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 medium tax; top tax – 5% tax and 60% dividend tax. 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 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 medium tax and top tax, 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. 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; Law No 260 of 6 May 1993.

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 1994 the general personal allowance is DKR 29 300. However, this corresponds to the total allowance for county and municipal income tax and church tax combined.

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.

Rates:

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)

Statutory Notice No 620 of 25 September 1987; Law No 223 of 13 April 1988; Law No 363 of 1 July 1988; Law No 825 of 19 December 1989; Law No 250 of 25 April 1990; Law No 895 of 21 December 1991; Law No 489 of 24 June 1992; Law No 480 of 30 June 1993.

Beneficiaries:

The income tax of a person fully liable to 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 1994 the general personal allowance is DKR 29 300. However, this corresponds to the total allowance for county and municipal income tax and church tax combined.

Collection:

See under State income tax.

DK 3

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 (29% in 1994).

Dividend tax

(Udbytteskat)

Sections 65 to 67 A of Statutory Notice No 765 of 16 September 1993 (Act on tax at source).
Sections 4a and 8a of Statutory Notice No 700 of 1 September 1993 (Act on tax on persons).
Section 13 of Statutory Notice No 752 of 15 September 1993 (Act on corporation tax).

Beneficiaries:

See under State income tax and Corporation tax.

Tax payable by:

Companies: Dividend received by companies and associations etc. as mentioned under Corporation tax heading l(a), (b) and (d) – (g) from Danish subsidiaries (not less than 25% holdings) is not included in the statement of the taxable income. Dividend from other Danish companies is included by 66% of the amount of dividend. Dividend from foreign subsidiaries is not included in the taxable income, if the company income forming the basis of the dividend is taxed according to rules which do not differ essentially from the Danish rules.

Persons: Tax is payable by 30% on dividend not exceeding DKR 32 200 in 1994. This dividend tax is a definitive tax which is not set off against their finally calculated tax.

Tax on dividend exceeding DKR 32 700 in 1994 is payable by 40% and is set off against the person's finally calculated tax. Any amount of this tax in excess is repaid.

Dividend includes the amounts of:

- dividend from shares, cooperative shares, etc., securities from Danish joint-ventures stock companies;
- amounts which a shareholder or a member of a cooperative undertaking receives at the time of surrendering the shares, cooperative shares, etc., securities;
- allocation from investment trusts.

Non-residents:

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)

Paragraph 16 of Statutory Notice No 648 of 2 August 1993 (Act on tax on special income).

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 tax authorities.

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 tax authorities.
The collection is made by the regional tax authorities.

Rates:

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.

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.

Rates, basis of assessment and collection:

The rate varies in 1993 from 0.43% to 1.60% 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 1992 the personal allowance is DKR 24 600. This corresponds to the total allowance for county and municipal income tax and church tax combined. Collection takes place jointly with municipal income tax.

Special income tax

(*Særlig indkomstskat*)

Statutory Notice No 648 of 2 August 1993.

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 of 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 building installations used for trading and covered by the law on depreciation.
- Payment for the replacement of pension commitments which has not been covered by the Act concerning control of pension funds.
- *Ex gratia* payments made from public funds, from charities and from cultural funds.
- Bankruptcy income.

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%.

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 departure, to submit a declaration of special income during the current income year. Persons concerned are required, before departure, to calculate and pay the special income 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 Notice No 152 of 15 September 1993.

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,
 - (e) other associations, foundations, trusts or self-owned institutions, not covered by the Law on Fund Income Tax,
 - (f) savings banks,
 - (g) institutions covered by the Law on mortgage lending institutions which are not mentioned in (a), associations as mentioned in paragraph 69, subparagraph 2 of the law, the Danish Local Authorities Credit Association, the Provincial Banks Housing Mortgage Fund, the Regional Bank Housing Mortgage Fund, the Danish Agricultural Mortgage Fund, and the Danish Export Financing Fund,
 - (h) 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 or participate in a business with a permanent establishment in Denmark, derive income in the shape of current receipts from, gains on transfer of, or rental income from such undertaking in the case of payments other than dividend, debt repayment, interest or royalty. A building site, a construction or installation project is deemed to be a permanent establishment as from the first date. Taxable also are gains or losses from alienation, cession or transfer of capital assets connected with such undertaking;
 - (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) except dividends to companies in other EU Member States from Danish subsidiaries (not less than 25% holdings);
 - (d) receive payment for holding themselves available for work in Denmark;
 - (e) receive consultancy fees;
 - (f) 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) to (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 and the Investment Fund for Central and Eastern Europe,
 - (r) the Copenhagen Stock Exchange.
- IV. The Minister for Taxation 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 to 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 those which 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 the part of the capital corresponding to the ratio between turnover with non-members and members, plus 4% of the balance.
- (d) Non-commercial income is taxed only if it exceeds DKR 1 million in the case of mutual insurance companies as mentioned in heading I(d).

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.

DK 11

Deductions:

See 'Basis of assessment'.

Non-residents:

See 'Tax payable by'.

Collection:

The provisional tax is payable in instalments on 1 March and 1 October of the income year. The final tax is due for payment on 1 November of the year after the income year (when tax is assessed) or on the first day of the month following issue of the demand note. The last day for payment is the 20th of the month in which it falls due.

Rates:

1. The companies and associations etc. mentioned in heading I(a), (b) and (d) to (g) and foreign companies etc. mentioned in heading II pay income tax at 34%.
2. Buying associations and production or sales associations (heading I(c)) pay income tax at 16% of the taxable income.
3. Passing investment associations (heading I(g)) pay income tax at 44.7%.

Special features:

Part-owners and partners are taxed according to the same rules as individuals.

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 on lottery winnings, see Statutory Notice No 636 of 27 July 1993.

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.

DK 13

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.

Rate:

Hunting licence: DKR 220.

Wealth tax

(Formueskat)

Paragraphs 18 and 19 of Statutory Notice No 582 of 7 August 1991.

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 in 1992 to 1.2% on the part of the capital which exceeds DKR 1 482 000 for single persons and the same for married persons.

DK 14

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

(Afgift af arv)

Statutory Notice No 712 of 15 October 1991.

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.
- Inheritance to institutions etc. of public utility.

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.

DK 15

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

(Afgift af gave)

Statutory Notice No 712 of 15 October 1991.

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 per annum.
- Maintenance in the giver's home.
- Gifts to issue of furniture and other chattels up to a value of DKR 5 000 per annum.
- 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 ½%, on gifts of more than DKR 8 000 to issue. The maximum rates are approximately 24% 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, abolished and replaced by Statutory Notice No 700 of 1 September 1993, paragraph 15 (Personal Income Tax Act).

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 780 000 in 1993 (DKR 803 400 in 1994) and net value at the time of death not exceeding DKR 600 000 in 1993 (DKR 618 000 in 1994) 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 720 000 in 1993 (DKR 741 600 in 1994).

Deduction:

Allowance with regard to income tax: DKR 4 200 in 1993 (DKR 4 400 in 1994).

Non-residents:

The law only covers estates which are subject to administration in Denmark.

Collection:

As arranged by the tax commissions.

Rates:

- Income tax: 50%.
- Capital tax: 1.2% on capital exceeding DKR 1 482 100 for 1992 (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

(Kulbrinteskatt)

Law on hydrocarbon tax, see Statutory Notice No 792 of 29 September 1992.

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 is 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, 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 in 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, except in the case of wage and salary incomes, where 30% of income is withheld at source.

Rates:

Hydrocarbon tax is set at 70%.

- In the case of the individuals, companies, etc., referred to under 'Tax payable by' (a) corporation tax is 34% and personal income tax is 34%.
- In the case of the individuals, companies, etc., referred to under 'Tax payable by' (b) corporation tax is 34% and personal income tax is 34%.
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*)

Laws on value-added tax (VAT Law), see Statutory Notice No 41 of 1 February 1993, as amended by Law No 487 of 30 June 1993.

Beneficiary:

The State.

Tax payable on:

Liability for this tax covers all new and second-hand goods. Gas, water, electricity, heating, etc. are regarded as goods. Liability for 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;
- certain agencies.

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 10 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 10 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 10th day of the sixth calendar month and the other half not later than by the 10th day of the ninth calendar month following the end of the tax period.

Rates:

25% of the taxable value.

Imports:

Taxable on entry from countries outside the EU.

The tax due on goods imported during any month must be paid not later than the 16th day of the following month.

Tax on electricity

(Afgift af elektricitet)

Law on tax on electricity, see Statutory Notice No 734 of 4 November 1991 as last amended by Law No 491 of 30 June 1993.

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 day of the following month, registered businesses must declare to the Customs Service the amount of power on which they are required to pay tax.

The tax on power supplied in one month must be paid before the 15th day of the following month.

Rates:

Electricity exceeding 4 000 kWh per year consumed in dwelling houses heated by		
electricity	in 1994	26.5 øre per kWh
	in 1995	29.5 øre per kWh
	in 1996	32.5 øre per kWh
	in 1997	36.5 øre per kWh
	from 1998	39.5 øre per kWh
other electricity	in 1994	30 øre per kWh
	in 1995	33 øre per kWh
	in 1996	36 øre per kWh
	in 1997	40 øre per kWh
	from 1 January 1998	46 øre per kWh

Registration tax on motor vehicles

(Registreringsafgift af motorkøretøjer)

Law relating to registration tax on motor vehicles, see Statutory Notice No 665 of 16 August 1993.

Beneficiary:

The State.

Tax payable on:

Motor vehicles liable to 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 or are part of a personal removal of household goods, the taxable value is derived from the price of comparable used registered cars.

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 15th 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 new passenger motor cars amounts to the following:

Price excluding the tax:

not exceeding DKR 34 400 105% of the value
over DKR 34 400 105% of DKR 34 400 and 180% on the remainder

The tax on new motor cycles amounts to the following:

Price excluding the tax:

between DKR 6 101 and DKR 11 200 105% of the value
over DKR 11 200 180% on the remainder

Motor caravans exceeding 2 tonnes permitted total weight and private buses DKR 0 on DKR 6 100 and 60% 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 DKR 0 on DKR 6 100 and 95% on the remainder
- permitted total weight over 2 tonnes but not exceeding 3 tonnes DKR 30 000
- permitted total weight over 3 tonnes DKR 19 000

In the case of passenger cars for transportation of sick persons, taxis and hackney carriages the tax amounts to 20% of the vehicle's selling price excluding the tax, and DKR 6 100.

In the case of motor cars fitted with road-safety equipment, such as air bags and anti-skid brakes (ABS), the amount of tax is reduced slightly.

Excise duty on tobacco

(Tobaksafgift)

Law on taxes on tobacco, see Law No 1016 of 19 December 1992, as amended by Law No 1073 of 23 December 1992.

1. Excise duty on cigarettes and smoking tobacco

(Punktafgift af cigaretter og røgtobak)

Beneficiary:

The State.

Excise duty payable on:

- Cigarettes
- Smoking tobacco (pipe tobacco and fine cut tobacco)

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 one month and 20 days' credit for the purchase of these stamps as regards cigarettes and two months and 15 days' credit as regards smoking tobacco.

Rates:

The cigarette tax is payable at 60.68 øre per cigarette plus 21.22% of the retail price including tax and VAT.

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 275.00 per kg.

For smoking tobacco other than that mentioned above, i.e. fine cut (cigarette tobacco): DKR 350.00 per kg.

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
*(Punktafgift på cigarer, cerutter og 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 day 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 15th day 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 15th day 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.

DK 24

Imports:

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

Excise duty on spirits

(Afgift af spiritus)

Law on tax on spirits etc., see Statutory Notice No 644 of 2 August 1992, as last amended by Law No 1073 of 29 December 1992.

Beneficiary:

The State.

Excise duty payable on:

Spirits, including ethyl alcohol, with an alcohol content of more than 1.2% volume and wine and fruit-wine with an alcohol content of more than 22% volume – see Council Directive 92/83/EEC.

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 and wholesale businesses 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 day of the following 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 15th day 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.

Excise duty on beer, wine and fruit-wine

(Afgift af øl, vin og frugtvin)

Law on tax on wine and fruit-wine, etc., see Law No 1015 of 19 December 1992, as last amended by Law No 1073 of 23 December 1992.

Beneficiary:

The State.

Excise duty payable on, and rates:

1. Goods falling under customs tariff items 22.04-22.06.

The tax amounts to:

	<i>per litre</i>
1. Goods containing more than 1.2% but not exceeding 6% ethyl alcohol (volume)	.DKR 4.20
2. Goods containing more than 6% but not exceeding 15% ethyl alcohol (volume)	.DKR 6.55
3. Goods containing more than 15% but not exceeding 22% ethyl alcohol (volume)	.DKR 9.85
Sparkling wines are levied by an additional amount ofDKR 3.30

Beers with an alcohol content equal to 8% volume or over:

- beer brewed with an extract content of 11% Plato or less (tax class 1) is taxable at the rate of DKR 249.95 per hl;
- beer brewed with an extract content of more than 11% Plato but not more than 14% Plato (tax class 2) is taxable at the rate of DKR 321.80 per hl;
- beer brewed with an extract content of more than 14% Plato (tax class 3) is taxable at the rate of DKR 429.00 per hl;
- beer brewed with an extract content of more than 10% Plato but not exceeding 22% Plato is taxable at the rate of DKR 475.00;
- beer brewed with an extract content of more than 22% Plato is taxable at a rate of DKR 25.00 per percent of Plato.

Excise duty payable when:

The goods are delivered from the registered business.

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 tax due on goods delivered during any month is payable to the Customs Service not later than by the 15th day of the following month.

Exemptions:

Exemption from the tax applies to goods, *inter alia*, with an ethyl alcohol content of 1.2% maximum (volume).

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.

Excise duty on mineral waters and the like

(Afgift af mineralvand mv.)

See Statutory Notice No 719 of 8 September 1993.

Beneficiary:

The State.

Excise duty payable on, and rates:

DKR 0.80 per litre:

1. Mineral waters, lemonade and similar non-alcoholic beverages except wine and fruit-wine with an ethyl alcohol content of maximum 1.2% volume;
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.

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.
3. Mineral waters not sweetened and not containing aroma.

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 day 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 not later than by the 15th day 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 16th 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 720 of 8 September 1993.

Beneficiary:

The State.

Excise duty payable on, and rates:

	<i>per kg net weight</i>
1. Tea (Tariff No 09.02)	DKR 5
2. Tea extracts and preparations with those extracts as a basis (Tariff No 21.01.20)	DKR 12.50

Excise payable upon:

When the goods leave the registered business.

Businesses producing or importing taxable goods are required to register with the Customs Service.

Payment:

The tax on goods produced or imported during one month must be paid before the 15th day 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 720 of 8 September 1993.

1. Excise duty on coffee and coffee extracts

(Afgift af kaffe og kaffeekstrakt)

Beneficiary:

The State.

Excise duty payable on, and rates:

	<i>per kg net weight</i>
1. Raw coffee (Tariff No 09.01.11-12)	DKR 4.35
2. Roasted coffee (Tariff No 09.01.21-22)	DKR 5.22
3. Coffee extracts not containing ingredients other than coffee (Tariff No 21.01.10)	DKR 11.31

Goods coming under Tariff Nos 09.01.40 and 21.01.10 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:

When the goods leave the registered business.

Businesses producing or importing taxable goods are required to register with the Customs Service.

Payment:

The tax on goods produced or imported during any month must be paid before the 15th day of the following month.

2. Excise duty on coffee-substitute

(Afgift af kaffeerstatning)

Beneficiary:

The State.

DK 31

Excise duty 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 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 delivered during the month.

The duty on goods delivered in any month must be paid before the 15th day 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 16th day 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 646 of 2 August 1993.

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 15th day 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 15th day 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 15th day 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.

DK 32

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. Registered businesses are, however, allowed to take the goods into stock without being assessed for tax at the time of delivery. 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 721 of 8 September 1993.

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 15th day 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 16th day 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 incandescent lamps and electric fuses

(Afgift af glødelamper og sikringer)

Law on sundry consumption taxes, see Statutory Notice No 720 of 8 September 1993.

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 7.50 each
Neon tubes and similar lighting tubes	DKR 7.50 each
Fuses for power current appliances	DKR 0.50 each

Fuses for high-tension appliances and single-cap low-energy fluorescent lamps (bulbs) are exempt from the tax. Low-energy bulbs are also 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 15th day 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 16th day of the following month.

Tax on certain retail packaging and certain bags of paper or plastic

(Afgift af visse detailsalgspakninger og visse poser af papir eller plast)

Law on tax on certain retail packaging, see Statutory Notice No 794 of 29 September 1993.

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. water;
4. juice and must, and concentrates used in their production;
5. vinegar and edible oil;
6. denatured spirits.

Certain bags with a cubic content of not less than 5 litres.

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 before the 15th day of the following month.

Rates:

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

	<i>per item</i>
1. Containers with a capacity of not less than 10 cl and not more than 60 cl	DKR 0.50
2. Containers with a capacity of over 60 cl but not more than 106 cl	DKR 1.62
3. Containers with a capacity of over 106 cl	DKR 2.44
The tax on metal containers amounts to	DKR 0.80

DK 38

The tax on containers (packaging) made of cardboard or laminates of various materials amounts to:

- 1. Containers with a capacity not less than 10 cl and not more than 60 cl DKR 0.38
- 2. Containers with a capacity of over 60 cl but not more than 106 cl DKR 0.70
- 3. Containers with a capacity of over 106 cl DKR 1.90

The tax on bags amounts to:

- 1. Bags of paper *per kg* DKR 9.00
- 2. Bags of plastic DKR 20.00

Tax on totalizator betting

(Lov om totalisatorspil)

Statutory Notice No 186 of 16 March 1989, as amended by paragraph 1 of Law No 346 of 14 May 1992.

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.

County land tax

(Amtskommunal grundskyld)

Law on tax payable to municipalities on real property, see Statutory Notice No 808 of 4 December 1990; Law No 481 of 24 June 1992; Law No 260 of 6 May 1993; Law No 460 of 30 June 1993; Law No 1084 of 22 December 1993.

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:

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 808 of 4 December 1990; Law No 481 of 24 June 1992; Law No 260 of 6 May 1993, Law No 460 of 30 June 1993, Law No 1084 of 22 December 1993.

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.

Rates:

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‰.

Financial levy on public property

(Dækningsafgift af offentlige ejendomme)

Law on tax payable to municipalities on real property, see Statutory Notice No 808 of 4 December 1990; Law No 481 of 24 June 1992; Law No 260 of 6 May 1993; Law No 460 of 30 June 1993; Law No 1084 of 22 December 1993.

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 Statutory Notice No 808 of 4 December 1990; Law No 481 of 24 June 1992, Law No 260 of 6 May 1993; Law No 460 of 30 June 1993; Law No 1084 of 22 December 1993.

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.

Rates:

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 620 of 25 September 1987; Law No 223 of 13 April 1988; Law No 363 of 1 July 1988; Law No 825 of 19 December 1989; Law No 250 of 25 April 1990 and Law No 895 of 21 December 1991.

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.

Rates:

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.

Rates:

The tax amounts to 40% of the amount released.

Stamp duty

(Stempelafgifter)

Statutory Notice No 538 of 30 June 1993, as last amended by Law No 1114 of 22 December 1993.

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 'EC Directorate' relating to the import or export of certain agricultural products through the external frontiers of the EU.

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.

Insurance documents concerning direct life insurance are subject to stamp duty, no matter where they are drawn, for insurances where the obligation exists in this country. If the obligation exists in another Member State of the European Union, points (a) and (b) do not apply.

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

(Afgift ved overdragelse af aktier mv. [aktieafgiftsloven])

Law No 228 of 22 April 1987, as last amended by Law No 422 of 25 June 1993.

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 transferor 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 day of the following month.

Rate:

0.50% of the market value of the shares transferred.

Weight tax on motor vehicles

(Vætafgift af motorkøretøjer)

Law relating to weight tax on motor vehicles etc., see Statutory Notice No 163 of 31 March 1993.

Beneficiary:

The State.

Tax payable on:

The tax applies to registrable motor vehicles, tractors, trailers, semi-trailers used for passenger transport, and trailer equipment, e.g. caravans. All vehicles are liable to weight tax. Passenger motor 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 motor cars, buses and taxis, the vehicle's own weight. In the case of vans and lorries the tax basis is the vehicle's 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).

DK 53

Rates:

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

Weight

Motor cycles – 600 kg	DKR 452.00
Other passenger motor vehicles	
up to 600 kg	DKR 1 356.00
601- 800 kg.....	DKR 1 657.20
801-1 100 kg.....	DKR 2 260.00
1 101-1 300 kg.....	DKR 3 013.20
1 301-1 500 kg.....	DKR 3 917.20
1 501-2 000 kg.....	DKR 5 423.80
2 001 and over	DKR 301.40
	<i>per 100 kg own weight.</i>

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 passenger vehicles, the fuel for which is taxed at a lower rate than petrol, are liable to an equalization tax as specified earlier.

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 162 of 31 March 1993.

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 15% 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 15th day of the following month.

The tax amounts to 40% of the premium for buses, which are solely used for tourist and commissioned haulage under the law on bus haulage.

Tax on pleasure-craft insurance

(Afgift af lystfartøjsforsikringer)

Law on tax on pleasure-craft insurance, see Statutory Notice No 165 of 31 March 1993.

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 at the latest by the 15th day 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 22 of 9 January 1991.

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.

Rate:

0.03122 % of the total debts.

Levy on insurance businesses

(Afgift af forsikringselskaber 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	0.768 ‰
Non-life insurance companies	0.470 ‰
Pension funds	0.379 ‰

but in neither case less than DKR 1 000.

Mutual non-life insurance companies with special limited purposes pay only 50% of the normal levy, but in neither case less than DKR 400.

Special features:

Companies authorized to insure against accidents must pay a further levy in accordance with the provisions of Statutory Notice No 450 of 25 June 1987 concerning accident insurance.

Fund income tax

(Fondsbeskatning)

Statutory Notice No 255 of 15 September 1993.

Beneficiaries:

The State and municipalities.

$\frac{3}{25}$ of the tax goes to the municipality.

Tax payable by:

- (a) Funds covered by the Law on foundations and certain associations or by the Law on commercial foundations, unless the foundation is exempted by these laws.
- (b) Associations covered by the Law on foundations and certain associations.

Basis of assessment:

The funds and associations 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 and associations 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 and associations to make a consolidation deduction in their income returns.

Exemptions:

As for corporation tax.

Collection:

As for corporation tax.

Rate:

The tax amounts to 34% of the taxable income.

DK 58

Special features:

The rules on assessment, returns and payment laid down in the Corporation Tax Law applied *mutatis mutandis*.

Legal action tax, including estate administration tax and registration

(Retsafgifter inkl. afgifter ved skiftebehandling og tinglysning)

Statutory Notice No 460 of 27 June 1989.

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 500 + 1% of the amount in excess of DKR 6 000.

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.

With particular regard to land registration, this is paid at the rate of DKR 700 per document.

Real property derestriction tax

(Frigørelsesafgift på fast ejendom)

Statutory Notice No 549 of 9 July 1991.

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 the 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 be 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 purchase the property.

Tax on coal, lignite and coke, etc.

(Afgift af stenkul, brunkul og koks mv.)

Tax on coal, lignite and coke etc. see Statutory Notice 727 of 1 November 1991. See also Law No 490 of 30 June 1993.

Beneficiary:

The State.

Tax payable on:

Coal, lignite and coke.

Exemptions:

Businesses which are registered under the VAT law may obtain repayment of duty paid on goods 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 15th day of the following month.

Rates:

Coal	DKR 690 per tonne
Coke	DKR 690 per tonne
Lignite	DKR 505 per tonne

Environmental taxes

(Miljøafgifter)

Law on certain environmental taxes, see Statutory Notice No 883 of 17 November 1993.

Beneficiary:

The State.

Tax payable on:

1. Disposable tableware.
2. 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 the tax period of one month and not later than by the 15th day of 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 referred to under 1 and 2 in any month must be paid before the 15th day of the following month.

Rates:

For goods referred to under 1: one third of the wholesale value, including the tax, but excluding value-added tax. Where the tax is paid in connection with import, the rate is 50 %.

For goods referred to under 2: one sixth of the wholesale value, including the tax, but excluding value-added tax. Where the tax is paid in connection with import, the rate is 20 %.

Imports:

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

DK 65

Exemptions:

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

Tax on certain chlorofluorocarbons and halons (CFC tax)

(Afgift af visse chlorfluorcarboner og haloner (CFC-afgift))

Law No 832 of 21 December 1988 as amended by Law No 1070 of 23 December 1992.

Beneficiary:

The State.

Tax payable on:

Certain CFC gases and halons.

Tax payable when:

These substances are used for the manufacture or operation of refrigerators, freezers, insulation materials, aerosols and fire-fighting equipment containing halons. An equalization tax is also payable on imported goods containing taxable substances. This is determined by the quantity of taxable substances contained in the goods.

Declaration and payment:

Businesses which commercially manufacture or import taxable substances are required to register with the Customs Service. Registered businesses are entitled to import or receive taxable substances without the tax having been paid. At the end of each quarter, and not later than by the 15th day of the following month, registered businesses must declare the quantity of taxable substances concerned. CFC tax must be paid for each quarter not later than by the 15th day of the following month. In the case of imports carried out by non-registered businesses, declaration must take place at the time of customs clearance, and the tax must be paid together with any customs duties due.

Rate:

DKR 30 per kilogram net weight of substances.

Tax on waste and certain raw materials

(Afgift af affald og råstoffer)

Law on waste and certain raw materials, see Statutory Notice No 882 of 17 December 1993.

Beneficiary:

The State.

Tax payable on:

1. Waste delivered to registered landfill sites or incineration plants.
2. Raw materials (stone, gravel, sand, etc.) when commercially extracted or imported. An equalization tax is also payable on imported products containing taxable raw materials.

Registration, declaration and payment:

Landfill sites or incineration plants which receive waste collected in accordance with directives given by municipal governments are to be registered.

Commercial extractors of raw materials and importers of raw materials or of products containing taxable raw materials are to be registered.

Registered landfill sites, incineration plants and extractors/importers of raw materials are entitled to receive/import taxable materials without the tax having been paid.

At the end of each quarter, and not later than by the 15th of the following month, the amount of taxable substances concerned must be declared. Taxes are to be paid for each quarter, and not later than by the end of the following month.

Plants for recycling have a possibility of reduction of the rate of tax on waste delivered to registered landfill sites or incineration plants.

In case of imports of products containing raw materials by non-registered importers, declaration must take place at the time of customs clearance, and the tax must be paid together with any customs duties due.

Rates:

1. Waste delivered to landfill sites: DKR 195 per tonne.
2. Waste delivered to incineration plants: DKR 160 per tonne.
3. Raw materials: DKR 5 per m³.

Tax on gramophone records and compact discs

(Afgift af grammofonplader og CD'ere)

Law on measures to limit consumption, see Statutory Notice No 645 of 6 August 1993.

Beneficiary:

The State.

Tax payable on:

Gramophone records and compact discs.

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 the 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 tax.

The tax due on taxable turnover from the said goods in any month must be paid before the 15th day of the following month.

Rates:

$\frac{3}{23}$ of the wholesale value, including this tax, but excluding value-added tax. If the tax is paid in connection with import, the rate is 15%.

Imports:

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

DK 77

Tax on casino games

(Kasinoafgift)

Law No 421 of 13 June 1990, as amended by Law No 1096 of 22 December 1993.

Beneficiary:

The State.

Tax payable by:

Companies and associations with permission to operate casino games.
Tax period every month.

Basis of assessment:

Gross gaming yield, i.e. the amount by which stakes exceed winnings, minus the value given as gratuities to the persons employed in the casino.

Rate:

Not exceeding DKR 4 000 000: 45%.
Exceeding DKR 4 000 000.
DKR 1 800 000 on DKR 6 000 000 and 75% on the remainder.
Exceeding DKR 12 000 000.
DKR 7 800 000 on DKR 12 000 000 and 65% on the remainder.

Special features:

Income tax is not payable on winnings.

Tax on certain types of flight (transportation tax)

(Afgift af visse flyrejser [Passagerafgift])

Law on certain types of flight, see Law No 389 of 6 June 1991, as amended by Law No 1073 of 23 December 1992.

Beneficiary:

The State.

Tax payable on:

Flights carrying passengers abroad from Danish airports.

Declaration and payments:

Companies carrying out taxable passenger flights to foreign countries must report to the Regional Customs and Tax Administration for registration.

Foreign companies without a branch or similar facilities in Denmark must be registered through a person residing in Denmark, or through a company with its place of business in Denmark.

The tax on isolated flights will be charged on the basis of a registration for occasional flights.

The tax must be paid at the latest on the 15th day of the month following the tax period, i.e. together with the statement of the number of taxable passengers.

Rate:

The tax is DKR 65 per passenger.

Exemptions:

1. Transit and transfer passengers if the flight is in direct connection with a flight from a foreign country.
A tax is, therefore, not payable on passengers arriving by plane from a foreign country and leaving again immediately afterwards, either by the same plane (transit passengers) or by another plane (transfer passengers).
2. Passengers on aircraft not approved for more than 10 passenger seats, or with a maximum permissible take-off weight not exceeding 5 700 kg.
3. Official journeys by the staff of the airline or charter company concerned.
4. Children under the age of two years.
5. Flights with UN troops if such flights are carried out according to the UN's invitation to tenders.

Tax on football-pool betting and lotto

(Afgift af tipning og lotto)

Statutory Notice No 637 of 27 July 1993.

Beneficiaries:

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

Tax payable by:

Pursuant to the law on pools bets and lotto: Dansk Tipstjeneste A/S and 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 game that takes place.

Rates:

16 % is paid on the total stakes.

However within bookmaking the rate is 30% of the amount by which the stakes exceed the winnings.

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 A/S's profit goes to promote sport, the remainder to cultural, public utility and charitable objects.

Tax on labour costs

(Lønsumsafgift)

Law on tax on labour costs, see Statutory Notice No 34 of 20 January 1992, as amended by Section 6 of Law No 364 of 14 May 1992, Section 2 of Law No 1020 of 19 December 1992 and Section 21 of Law No 1073 of 23 December 1992.

Beneficiary:

The State.

Taxable businesses:

Businesses engaged in activities not liable to VAT under the VAT law.

Basis of assessment:

As a principal rule the business's labour costs plus the taxable profit or minus the taxable deficit. For businesses engaged in financial activities, lotteries, tourist information agencies, organizations, funds, etc., the basis of assessment is the business's labour costs plus a supplement of 90%.

Special rules apply to newspapers.

Collection:

The tax is payable on a quarterly basis. Businesses shall pay the tax not later than by the 15th day of the fourth month after the end of the quarter concerned. For businesses using the principal rule the quarterly payment is only provisional. The final collection of tax is paid at the end of the tax year.

Rates:

2.5% of the basis of assessment. However, the rate is 4.5% of the basis of assessment for businesses engaged in financial activities.

Energy tax on mineral oil etc.

(Lov om energifgift af mineralolieprodukter m.v.)

Energy tax on mineral oil etc., Law No 1029 of 19 December 1992, see also Laws No 478 of 30 June 1993 and No 1121 of 23 December 1993.

Beneficiary:

The State.

Tax payable on:

Gas and diesel oil, fuel oil, fuel tar, petrol, gas (LPG) and gas from refineries.

Excise duty payable when:

On delivery of the goods by registered businesses.

Exemptions:

Businesses which are registered under the VAT law may obtain repayment of duty paid on goods consumed.

Oil and gas used for fishing vessels, vessels in foreign trade and aircraft.

Goods used for public transport.

Goods made and consumed at refineries.

Goods used for production of electricity in powerstations and combined power and district heating stations which sell electricity.

Tax on goods intended for motor fuels cannot be repaid except for agricultural use.

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 day 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 oils used as motor fuel	176 øre/l
Other gas and diesel oil	148 øre/l
Diesel oil with a low content of sulphur used as motor fuel	166 øre/l
Fuel oil	166 øre/kg
Fuel tar	150 øre/kg
Kerosene used as motor fuel	176 øre/l
Other kerosene	148 øre/l
Leaded petrol	310 øre/l
Unleaded petrol	243 øre/l
Gas (LPG) used as motor fuel	118 øre/l
Gas from refineries	290 øre/kg
Lubricating and hydraulics oil	178 øre/l

Excise duty on cigarette paper, chewing tobacco and snuff

(Afgift af cigaretpapir, skrå og snus)

Law on different consumption taxes, see Statutory Notice No 720 of 8 September 1993.

Beneficiary:

The State.

Excise duty payable on, and rate:

The tax on cigarette paper for one cigarette amounts to DKR 0.03.

The tax on packeted chewing tobacco and snuff amounts to DKR 63.00 per kg.

The tax on other chewing tobacco amounts to DKR 229.00 per kg.

Declaration and payment:

Businesses producing or importing taxable goods are required to register with the Customs Service.

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 during one month must be paid before the 15th day of the following month.

Carbon dioxide tax on certain energy products

(Kuldioxidafgift af visse energiprodukter)

Statutory Notice No 718 of 8 September 1993 concerning the CO₂ tax on certain energy products.

Beneficiary:

The State.

Excise duty payable on:

Gas, diesel, fuel oil, kerosene, electricity, gas (LPG), refinery gas and coal.

Tax payable when:

The CO₂ tax has no separate administrative system but is administratively and economically linked to the energy laws on mineral oil, coal and electricity.

Exemptions:

Businesses which are registered under the VAT law may, to the same extent as the repayment of the energy tax (tax on electricity, mineral oil and coal), obtain repayment of 50 % of the tax paid on goods consumed.

Further repayment for the other 50% is possible, 50% of the part that exceeds 1% of the refund base, 75% of the CO₂ tax beyond 2% of this base, and 90% of the CO₂ tax beyond 3% of the base may be refunded.

The refund base is the difference between the total sales liable to VAT inclusive of export sales and the total purchase liable to VAT inclusive of imports.

Oil and gas used for fishing vessels, vessels in foreign trade and aircraft.

Goods used for public transport:

Goods made and consumed at refineries.

Goods used for production of electricity in powerstations and combined power and district heating stations which sell electricity.

Tax on goods intended for motor fuels cannot be repaid except for agricultural use.

EC minimum tax on mineral oils cannot be refunded.

Rates:

Gas oil	27 øre/l
Fuel oil	32 øre/kg
Fuel tar	28 øre/kg
Coal	DKR242 per t
Petroleum coke	DKR323 per t
Lignite	DKR178 per t
Electricity	10 øre/kWh
Autogas (LPG)	16 øre/l
Gas (LPG)	30 øre/kg
Gas from refineries	29 øre/kg

Excise duty on water in pipelines

(Afgift af ledningsført vand)

Excise duty on water in pipelines, Statutory Notice No 492 of 30 June 1993.

Beneficiary:

The State.

Excise duty payable on:

Tax payable on groundwater and surface water.

Basis of assessment:

Quantity of water supplied to the consumer (end of pipe) or at least 90% of the extraction.

Exemption:

Businesses which are registered under the VAT law may obtain repayment of any tax paid on the water consumed. This exemption does not apply to lawyers, architects, accountants and the like.

Declaration and payment:

Businesses which extract water for the supply of more than 10 households are required to register with the Customs Service.

Businesses which may not obtain repayment of the tax, and which extract more than 1 000 m³ water from a private well are to register with the Customs Service.

Owners of buildings, which are not supplied with water by a registered business are to pay duty corresponding to 170 m³.

After the end of each quarter, and at the latest by the 15th day of the following month, registered businesses must declare and pay to the Customs Service the quantity of water on which they are required to pay tax.

Rates:

Water DKR 1/m³

Taxation of pension schemes

(Pensionsbeskatning)

Statutory Notice No 664 of 16 August 1993.

Beneficiaries:

The State and municipalities. One third of the duty (40% on capital) goes to the municipality.

Tax payable by:

The owner of the scheme, or appointed beneficiaries, such as spouses and heirs.

Basis of assessment:

The relevant schemes and some of the relevant provisions are as follows:

1. Current endowment pension schemes

These include *inter alia* civil service pensions and pensions paid by pension funds as well as annuities, survivorship annuities and child pension insurance. In general, payments to these schemes are fully deductible from taxable income, whilst the benefits received are liable to income tax.

2. Instalment pension schemes

Pensions under these schemes are paid out in instalments, whether or not the beneficiaries are alive at the time of disbursement. Contributions are fully deductible, provided that the instalments are disbursed over a period of not less than 10 years and that the instalments payable annually are equal.

Income tax is generally payable on payment of the annual instalments following occurrence of the pensionable event or at the agreed expiry date after the pensioner's completed 60th year.

3. Capital contributions

Payments are fully deductible, whilst the benefit is liable to a rate of normally 40%, generally after the owner's completed 60th year.

4. Other endowment pension schemes

Contributions are fully deductible, provided that the annual contributions do not exceed a fixed maximum amount and that the person's income is sufficient to allow for such right of deduction.

In the case of current endowment pension schemes, instalment schemes for pensionable schemes and the aforesaid other endowment pension schemes, if the scheme is cancelled prematurely or pledged as security for loans, a tax at the rate of 40 % becomes payable. Income tax or surtax will be payable in addition thereto.

Deduction:

See under 'Basis of assessment'.

Non-residents:

The law only covers schemes which are contracted in Denmark by Danish banks, savings banks, insurance companies and pension companies.

Collection:

Tax must normally be paid by the company which manages the schemes, within three months after the reception of the capital. As regards income tax, see under 'Basis of assessment'.

Rates:

Duty: Normally 40 % on capital.

Real-interest tax on certain pension capitals, etc.

(Realrenteafgift)

Law No 222 of 3 June 1983, as last amended by Statutory Notice No 702 of 2 September 1993.

Beneficiary:

The State.

Tax payable:

Life insurance companies and pension funds and the like, as well as owners of various individual pension schemes in banks, are liable to real-interest tax.

Basis of assessment:

The tax base comprises all forms of capital yields not exempt from the tax. (Shares and certain indexed bonds are exempt.) The taxable yield consists of the total nominal interest yield, inclusive of any unrealized changes in the market value arising from the reduction of the period to maturity (mathematical value adjustment).

Exemptions:

When determining the tax base, special account is taken of pension savings made before 1 January 1983. A proportion of the yield corresponding to the ratio between the value of the scheme on 31 December 1982 and the value of the scheme at the end of the tax year is exempt from tax.

Collection:

The tax is computed as a percentage of the taxable part of the tax base. The tax rate is computed every year before the beginning of the tax year to which it is to apply.

The computation of the tax rate is based on two variables: the yield rate and the rate of price increase. The yield rate reflects the yield earned by the pension capital on an average in institutions liable to the tax. The rate of price increase reflects the depreciation in the value of pension savings due to inflation.

Rates:

The real-interest tax is calculated from a tax base and a tax rate determined once a year.

The precise determination of the tax rate is based on the following formula:

$$t = \frac{r - 1.035p - 3.5}{r} \times 0.99 \times 100\%$$

t = the tax rate (%)

r = the yield rate (p. a.)

p = the rate of price increase (p. a.)

3.5 = the tax-exempt real-interest rate (% p. a.)

The numerator shows how much the yield rate exceeds the rate of price increase plus 3.5 percentage points.

Tax rate: 1993: 50.1%

Tax rate: 1994: 53.5%

Taxes abolished or repealed

- DK 6 Seamen's tax**
(Sømandsskat)
Abolished by Law No 361 of 1 July 1988.
- DK 7 Pensions contribution**
(Folkepensionsbidrag)
Abolished by Law No 351 of 4 June 1986 on pensions.
- DK 8 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.
- DK 19 Excise duty on petrol**
(Benzinafgift)
- DK 20 Excise duty on certain petroleum products**
(Afgift af visse olieprodukter)
- DK 21 Tax on gas**
(Afgift af gas)
- DK 25 Duty on matches and lighters**
(Afgift af tændstikker og cigar- og cigarettændere)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 28 Excise duty on beer**
(Afgift af øl)
- DK 34 Tax on perfumes, toiletries, etc.**
(Afgift af parfumer, toiletmidler mv.)
Law repealed as of 1 July 1991 by Law No 392 of 6 June 1991.
- DK 35 Tax on radio receivers, etc.**
(Afgift af radiomodtagere mv.)
Abolished by Law No 729 of 1 November 1991.

- DK 36 Tax on television receivers and TV video recorders and players, and certain household appliances**
(Afgift af fjernsynsmodtagere og videoptagere og -gengivere til fjernsyn samt visse husholdningsapparater)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 39 Tax on playing cards**
(Afgift af spillekort)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 40 Tax on sugar**
(Afgift af sukker)
Law repealed as of 1 January 1990 by Law No 836 of 19 December 1989.
- DK 42 Tax on football-pool betting**
(Afgift af tipning)
Replaced by the tax on football-pool betting and lotto (*Afgift af tipning og lotto*) (DK 79)
- DK 45 Fixed State property tax**
(Fikseret ejendomsskyld til staten)
Abolished with effect from 1987 by Law No 313 of 4 June 1986.
- DK 46 Fixed real property municipal tax**
(Fikseret ejendomsskyld til kommunen)
Abolished with effect from 1987 by Law No 313 of 4 June 1986.
- DK 60 Capital duty**
(Kapitaltilførselsafgift)
- DK 62 Tax on interest on consumer loans**
(Afgift på renter af forbrugslån)
Law repealed as of 1 January 1990 by Law No 833 of 19 December 1989.
- DK 63 Charter flight tax**
(Afgift af charterflyvning)
Law repealed as of 1 September 1991 by Law No 389 of 6 June 1991. Replaced by the tax on certain types of flight (transportation tax) [*Afgift af visse flyrejser (Passagerafgift)*] (DK 78).

- DK 69 Labour market contribution**
(Arbejdsmarkedsbidrag)
Abolished as of 1 January 1992 by Law No 891 of 21 December 1991.
- DK 70 Supplementary land tax**
(Tillægsgrundskyld)
Abolished from 1980 by Law No 255 of 8 June 1979.
- DK 71 State tax on agricultural land**
(Grundskyld til staten af landbrugsejendomme)
This law was only applicable in 1980.
- DK 72 Special pensions contribution**
(Særligt folkepensionsbidrag)
Abolished by Law No 521 of 28 October 1981 concerning the Social Pension Fund.
- DK 73 Real property disposal tax**
(Afståelsesafgift)
Abolished by Law No 246 of 9 June 1982.
- DK 74 Stock exchange stamp duty**
(Børsstempelafgift)
This duty was abolished with effect from 1 June 1987 and was replaced by Law No 228 of 22 April 1987 which introduced share transfer duty [*Afgift ved overdragelse af aktier mv. (aktieafgiftsloven)*] (DK 52).
- DK 75 Duty on video-cassette tapes**
(Afgift af videokassettebånd)
Abolished as of 11 April 1987 by Law No 184 of 7 April 1987.
- DK 76 Tax on labour costs in the financial sector**
(Lønsumsafgift i den finansielle sektor)
Replaced by the tax on labour costs (*Lønsumsafgift*) (DK 80) by the Law on tax on labour costs, Statutory Notice No 34 of 20 January 1992.

GERMANY
BR Deutschland

Income tax

(*Einkommensteuer*)

Income Tax Law as promulgated on 27 February 1987 (BGBl I, p. 657), as last amended by Article 1 of the Law of 21 December 1993 (BGBl I, p. 2310); Income Tax Implementing Regulation 1990 as promulgated on 28 July 1992 (BGBl I, p. 1418), as last amended by Article 2 of the Law of 21 December 1993 (BGBl I, p. 2310).

Beneficiaries:

The Federal Government, the *Länder* governments and the municipalities. For the 1994 budgetary year: Federal Government and *Länder* governments 42.5% each, local authorities 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 domestic bodies governed by public law (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 stock-keeping can be offset against or deducted from other types of income.

Exemptions:

Among others, certain receipts and business expenses are tax-free. Certain kinds of exceptional income (e.g. lottery winnings) are not liable to income tax.

Deductions:

Special expenses (maintenance payments to a divorced or permanently separated spouse, certain insurance premiums, payments to building societies and loan associations and gifts up to certain maximum amounts, the cost of consulting tax experts, church tax, etc.) at a flat rate; if heavier expenditure has been incurred, documentary proof is required. Elderly persons' relief, child allowance, household allowance for single parents with one or more children registered at their address, extraordinary expenses.

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Married couples:

Married couples may opt for joint assessment with taxation under the splitting procedure, separate assessment, or special assessment for the tax period in which they were married.

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 and tax prepayments are credited annually. In the case of income from paid employment, tax is withheld at source by the employer (see under 'Wages tax'); in the case of income from capital assets, the tax is withheld at source, generally at a rate of 25% or 30% (see under 'Capital yields tax').

Wages tax, capital yield tax and, in certain cases, corporation tax are credited against assessed income tax.

Rates:

In the standard-rate band up to DM 8 153 (DM 16 306 in the case of married couples assessed jointly), including a basic personal allowance of DM 5 616 (DM 11 232 for married couples), tax is payable at 19 %. The marginal rates, applying between DM 8 154 (DM 16 308) and DM 120 000 (DM 240 000), range from 19 to 53%. The top marginal rate above DM 120 000 (DM 240 000) is 53%.

Alongside the tariff in force, special relief is introduced from 1993 for low earned incomes so as to exempt the newly fixed subsistence level. Earned income of up to DM 10 529 (single persons) or DM 21 059 (married couples assessed jointly) is thus exempted in 1993. The tax-exempt thresholds for 1994 are DM 11 069 (DM 22 139) and for 1995 DM 11 555 (DM 23 111). Earned income is defined as taxable income plus certain types of tax-free emoluments and income items. The slice above these thresholds where the ordinary tariff starts to apply attracts a marginal rate of 60% (1993 and 1994) or 50% (1995). But the total tax charge is less than that under the current tariff.

From 1994 the top marginal rate for certain kinds of industrial and commercial incomes is lowered through the introduction of an abatement.

Special features:

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

Deduction of losses:

Losses which are not offset by positive income when the total amount of income is determined may be deducted in the two preceding years (carry-back), and if a deduction in that period cannot be made, in the succeeding years (carry-over). The carry-back may be waived in full or in part in favour of the carry-over.

Wages tax

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

Income Tax Law of 7 September 1990 (BGBl I, p. 1848, 1991 I, p. 808; Articles 38 to 42 F and 59, as last amended by Article I of the Law of 21 December 1993 (BGBl I, p. 2910); Wages Tax Implementing Regulation of 10 October 1989 (BGBl I, p. 1848), as last amended by Article 2 of the Law of 25 February 1992 (BGBl I, p. 297).

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 assesment:

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 a flat-rate allowance for employed persons in respect of income-related expenses and a flat-rate allowance for social insurance charges (provident expenditure).

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 5 616, the allowance for head of household, the lump sums for income-related expenses and certain special expenses, and the flat-rate allowance for provident expenditure.

Taxable persons whose earned income in 1994 is not in excess of DM 11 069 (DM 11 555 in 1995) as a single person or DM 22 139 (DM 23 111 in 1995) as a married couple are exempt from all income tax. Earned income comprises taxable earnings and certain types of tax-free income. 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 will thus be refunded on the basis of an income tax assessment; additional tax payments may be required.

Rates:

As for income tax.

Capital yields tax (Withholding tax on interest)

(Kapitalertragsteuer-Zinsabschlag/Special method of collection of income tax and corporation tax

Paragraphs 43 to 45 d of the 1990 Income Tax Law.

Beneficiaries:

Federal Government and *Länder* governments: 50% each (capital yields tax);

Federal Government and *Länder* governments: 44% each, municipalities: 12% (withholding tax on interest).

Basis of assessment and tax deductions:

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

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 (double taxation agreement) applicable and provided the capital yields do not constitute operating receipts of a domestic permanent establishment; where they are operating receipts, the tax is set off against income tax/corporation tax.

2. *Withholding tax on interest (30%)*

This covers: interest on credit balances and deposits with domestic credit institutions, bonds and other fixed-interest-bearing securities accruing to residents.

3. *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 (double taxation agreement) applicable and provided the interest does not constitute operating receipts of a domestic permanent establishment; in the case of operating receipts, the tax is set off against domestic income tax/corporation tax.

Disclaimers/refunds:

1. In respect of ordinary capital yields tax and withholding tax on interest:
 - (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) on the basis of exemption instructions to the paying agency (e.g. credit institution) up to DM 6 100/12 200 (individual/married couple).
2. In respect of old-type coupon tax:
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 as promulgated on 11 March 1991 (BGBl I, p. 638), as last amended by Article 5 of the Law of 28 January 1994 (BGBl, p. 142) amending the Political Parties Law and other laws.

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 paragraph 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 engaging in specified activities; 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 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.

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* 45%
(Paragraph 23 (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 paragraph 1 (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* 42%
(Paragraph 23 (2 and 3) of the Corporation Tax Law)
 - (a) corporations, associations, trusts and funds within the meaning of paragraph 1 (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 45% applies in accordance with paragraph 23 (1) of the Corporation Tax Law;
 - (bb) for foundations within the meaning of paragraph 1 (1), points 4 and 5, of the Corporation Tax Law, the rate of 45% also applies in accordance with paragraph 23 (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)*
(Paragraph 23 (6) of the Corporation Tax Law)
6.7% of the remuneration (paragraph 10 (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 30% of profits calculated before deduction of corporation tax. Where the corporation tax to be calculated according to the tax rate provisions is more than 30% (e. g. where the abovementioned tax rate of 45% 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 30% (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 on 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 Bavaria: Municipal Tax Law in the revised version of 4 April 1993 (GVBl, p. 264).

For Berlin: Tax on Dogs Order of 31 March 1939; as last amended by the Law of 18 December 1981 (GVBl, p. 1564).

For Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl, p. 200).

For Bremen: Tax on Dogs Law, as promulgated 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 1992 (GVBl, p. 325).

For Hesse: Tax on Dogs Law of 9 March 1957 (GVBl, p. 28) as last amended by the Law of 21 December 1976 (GVBl, p. 532).

For Mecklenburg-Western Pomerania: Municipal Tax Law of 1 June 1993 (GVBl, p. 522).

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), in the revised version of 11 February 1992 (Nieders. GVBl, p. 29).

For Rhineland-Palatinate: *Land* Law of 2 March 1993 enabling municipalities to levy the tax on dogs and entertainment tax (GVBl, p. 139).

For Saarland: Municipal Tax Law in the revised version of 15 June 1985 (ABl, p. 729), as last amended by the Law of 9 July 1993 (ABl, p. 806).

For Saxony: Saxony Municipal Tax Law of 16 June 1993 (GVBl, p. 502).

For Saxony-Anhalt: Municipal Tax Law of 11 June 1991 (GVBl, 12/91).

For Schleswig-Holstein: Municipal Tax Law as promulgated on 29 January 1990 (GVBl, p. 51), as last amended by the Law of 6 December 1991 (GVBl, p. 640).

For Thüringen: Municipal Tax Law of 7 August 1991 (GVBl, p. 285).

Beneficiaries:

The municipalities.

Tax payable in:

All *Länder* of the Federal Republic.

Tax payable on:

The possession of a dog.

Basis of assessment:

The number of dogs.

D 5

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 1 200 (for fighting dogs) per year.

The rate may increase considerably for the second and further additional dogs.

Hunting and fishing tax

(Jagd- und Fischereisteuer)

For Baden-Württemberg: Municipal Tax Law of 15 February 1982 (GBl, p. 57), as last amended by the Law of 15 December 1986 (GBl, p. 465).

For Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl, p. 200).

For Hesse: Municipal Tax Law of 17 March 1970 (GVBl, I. p. 225) as last amended by the Law of 31 October 1991 (GVBl, I. p. 333) and municipal by-laws.

For Mecklenburg-Western Pomerania: Municipal Tax Law of 1 June 1993 (GVBl, p. 522).

For North Rhine-Westphalia: 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 in the version of 11 February 1992 (Nieders. GVBl, p. 29) and municipal by-laws.

For Rhineland-Palatinate: Municipal Tax Law in the version of 5 May 1986 (GVBl, p. 1037), as last amended by the Law of 13 December 1993 (GVBl, p. 592).

For the Saar: Municipal Tax Law in the revised version of 15 June 1985 (ABl, p. 729), as amended on 6 June 1990.

For Saxony: Saxony Municipal Tax Law of 16 June 1993 (GVBl, p. 502).

For Saxony-Anhalt: Municipal Tax Law of 11 June 1991 (GVBl, 12/91).

For Schleswig-Holstein: Municipal Tax Law revised version of 29 January 1990 (GVBl, p. 51), as last amended by the Law of 6 December 1991 (GVBl, p. 640).

For Thuringia: Municipal Tax Law of 7 August 1991 (GVBl, p. 285).

Beneficiaries:

City boroughs or districts (*Landkreise*).

Tax payable in:

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

Tax payable on:

Exercise of hunting and fishing 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. The number of fishing districts.

Exemption:

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

D 6

Collection:

Quarterly, half-yearly or annually.

Rates:

Determined by individual municipalities and hence variable. Generally, up to 10%, sometimes up to 20%, of the annual value of the hunting rights.

Wealth tax

(Vermögensteuer)

Wealth Tax Law of 14 November 1990 (BGBl I, p. 2467), as last amended by Article 6, paragraph 55 of the Law of 27 December 1993 (BGBl I, p. 2378).

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.

Exemptions:

The bodies exempted include the Federal postal administration, Federal railway assets, certain banks, recognized bodies operating for public benefit, religious or charitable purposes, recognized settlement organizations, professional and trade associations, certain cooperatives, and political parties provided that they do not carry on any commercial activities.

Deductions:

Allowances are granted on certain assets; an allowance is granted for every natural person liable to taxation, his or her spouse and children (DM 70 000 each); an allowance is also granted to taxpayers over a certain age and taxpayers unable to work (DM 50 000).

Married couples:

Married couples are assessed jointly.

Non-residents:

Tax liability confined to assets situated in Germany (particularly real estate and business assets).

D 8

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 Law as promulgated on 19 February 1991 (BGBl, p. 468), as amended by Article 18 of the Law of 21 December 1993 (BGBl I, p. 2310).

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 or taken over.

Exemptions:

Certain 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.

D 9

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 1993) of 25 August 1992 (BGBl I, p. 1548), in the version of 27 April 1993 (BGBl I, p. 565, 1160), as last amended by Article 6 of the Law of 27 December 1993 (BGBl I, p. 2378); Turnover Tax Implementing Regulation (UStDV 1993) in the version of 27 April 1993 (BGBl I, p. 600, 1161).

Beneficiaries:

The Federal Government (63%), the *Länder* governments (37%).

Tax payable by:

- Traders who carry out taxable transactions and make taxable acquisitions.
- Persons liable for customs duties (on imports).

Tax payable on:

- Supplies of goods and services made for consideration by a trader in Germany in the course of his business (tax charged at every stage of production and sale).
- Intra-Community acquisition made for consideration in Germany.
- Importation of goods into Germany or the Austrian territories of Jungholz and Mittelberg.
- 'Own' consumption.
- Supplies of goods and services made free of charge by associations to their members.

Taxable amount:

- In the case of sales of goods, and intra-Community acquisitions: the consideration (before tax).
- In the case of imports: customs value plus import duties (excluding import turnover tax), agent's commission and cost of carriage to the first destination in Germany.
- In the case of 'own' consumption: the purchase price plus incidental costs, and prime or production cost (excluding turnover tax).
- In the case of supplies made free of charge by traders to their employees and by associations to their members: the purchase price plus incidental costs, or the prime or production cost (excluding turnover 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.);

D 10

With input tax deduction:

- deliveries for export, commission processing of goods for export and certain like transactions, intra-Community supplies.

Deductions:

Input tax paid.

Collection:

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

Rates:

- Standard rate 15%
- Reduced rate 7%

The reduced rate applies in particular to food, printed matter and other cultural supply of goods or 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 25 000.
- Average rates for agricultural and forestry enterprises.

Exports:

Exempt, with input tax deduction.

Excise duty on mineral oils

(Mineralölsteuer)

Mineral Oil Duty Law of 21 December 1992 (BGBl I, p. 2150, 2185, 1993 I, p. 169), as amended by Article 7 of the First Law implementing the Savings, Consolidation and Growth Programme of 21 December 1993 (BGBl I, p. 2353).

Beneficiary:

The Federal Government.

Duty payable on:

Certain goods, classified and described in a uniform way for the Community by the Combined Nomenclature, provided that they are intended for use as motor or heating fuels. The duty is applicable within the territory of Germany, excluding the territory of Büsingen and the Island of Helgoland.

Duty payable when:

The mineral oil leaves a tax warehouse (manufacturing enterprise or mineral oil storage facility) without being placed under another suspension arrangement or customs procedure.

Chargeable event (imports from third countries):

The rates are the same as for domestic products. As regards the chargeable event, identification of persons liable, dates when payment is due and some other aspects, customs provisions, apply by analogy.

Duty payable by:

In principle, the owner of the tax warehouse.

Exemptions:

Mineral oil may be exempt where it is used other than as a motor fuel or for the manufacture of motor fuel or for heating purposes.

Period for submission of declaration:

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

D 11

Rates:

1.	Unleaded petrol	DM	980.00/1 000 l
2.	Leaded petrol	DM	1 080.00/1 000 l
3.	Medium oils	DM	980.00/1 000 l
4.	Heavy oils (gas oils and other heavy oils)		
4.1.	Gas oils and mineral oils having a similar boiling point	DM	620.00/1 000 l
4.2.	When used for heating:		
4.2.1.	Gas oils and mineral oils having a similar boiling point	DM	80.00/1 000 l
4.2.2.	Other heavy oils:		
4.2.2.1.	For the generation of heat, other than heat for the production of electricity	DM	30.00/1 000 kg
4.2.2.2.	For the generation of heat for the production of electricity	DM	55.00/1 000 kg
5.	Natural gas, liquid gas and other gaseous hydrocarbons		
5.1.	Natural gas and other gaseous hydrocarbons		
5.1.1.	Standard rate	DM	47.60/1 MWh
5.1.2.	When used as heating fuel	DM	3.60/1 MWh
5.2.	Liquid gas		
5.2.1.	Standard rate	DM	1 863.00/1 000 kg
5.2.2.	When used as motor fuel, not mixed with other mineral oil	DM	612.50/1 000 kg
5.2.3.	When used as heating fuel	DM	50.00/1 000 kg
6.	Goods coming under subheadings 2712 10, 2712 20 00, 2712 90 31 to 2712 90 90 and heading 2715 of the Combined Nomenclature	DM	15.00/1 000 kg
7.	Mineral oils other than those referred to above are subject to the same duty as the mineral oils which they resemble most closely in composition.		

Date on which payment is due:

The duty is payable by the 10th day of the second month from the date of the chargeable event. Where liability arises in November, the duty must be paid by 27 December.

Refund:

Duty is refunded in respect of goods on which duty can be proven to have been paid, provided that they have been transferred to a Member State or placed into a tax warehouse.

Duty on tobacco

(Tabaksteuer)

Tobacco Duty Law of 21 December 1992 (BGBl I, p. 2150).

Tobacco Duty Implementing Regulation of 14 October 1993 (BGBl I, p. 1738).

Beneficiary:

The Federal Government.

Duty payable on:

- Cigarettes,
- Cigars and cigarillos,
- Smoking tobacco (fine-cut and pipe tobacco)

within the territory covered by such duty, i. e. the territory of the Federal Republic of Germany, excluding the territory of Büsingen and the Island of Helgoland.

Rates:

1. Cigarettes:
8.3 Pf. per unit and 24.8% of the retail price, at least 11.00 Pf. per unit.
2. Cigars and cigarillos:
5% of the retail price, at least 3.1 Pf. per unit.
3. Smoking tobacco:
 - (a) Fine-cut: DM 30.21 per kg and 18.12% of the retail price, at least DM 45 per kg;
 - (b) Pipe tobacco: DM 5.50 per kg and 22% of the retail price, at least DM 21 per kg.

Chargeability and parties liable for duty:

Duty becomes chargeable at the time when the tobacco products:

- are removed from the tax warehouse without being placed under another suspension arrangement or a customs procedure,
- are withdrawn from the tax warehouse for consumption (release for free circulation).

The person liable is the proprietor of the tax warehouse (warehousekeeper).

For tobacco products which are not produced in an authorized manufacturing enterprise, duty becomes chargeable at the time of production. The person liable is the producer.

Use of revenue stamps:

In the case of cigarettes, cigars, cigarillos and smoking tobacco (tobacco products), the duty must be paid by means of revenue stamps. Such use consists in cancelling stamps and affixing them to retail packets. The stamps must be used at the time when the chargeable event occurs.

Producers and importers purchase the revenue stamps from the central revenue stamp office located in Bünde. The person liable is the purchaser.

Payment dates:

The duty must be paid for:

1. Revenue stamps bought before or on the 15th day of any month
 - (a) in respect of cigars and cigarillos, by the 10th day of the next month but one,
 - (b) in respect of cigarettes and smoking tobacco, by the 12th day 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
 - (a) in respect of cigars and cigarillos, by the 25th day of the next month but one,
 - (b) in respect of cigarettes and smoking tobacco, by the 27th day of the next month.

Rules relating to importation from third countries:

Where tobacco products are imported directly into the tax territory from third countries or are third-country products:

1. under a customs procedure, or
2. in a free zone or a free warehouse in the tax territory,

the chargeability and cancellation of the duty, the time relevant for assessment, the identity of the person liable, the tax procedure and, where the duty is not paid by means of revenue stamps, the dates when payment is due, deferred payment, remission, refund and retroactive recovery are governed by the provisions applicable to customs duty. This is also the case where no customs duty is payable.

Exemptions:

The following are exempt:

1. Tobacco products which are:
 - (a) used for official sampling,
 - (b) consumed in tests in a tax warehouse by the warehousekeeper or the member of staff designated for that task,
 - (c) put up in such a manner that they can be used only for display,
 - (d) destroyed or denatured under tax supervision,
 - (e) used for industrial purposes other than smoking or the manufacture of tobacco products.

2. Tobacco products which are prepared from smallholders' tobacco outside a registered factory and are intended neither for trade nor for industrial use.
3. Cigarettes which are handmade or made with the help of a simple tool from dutiable or duty-free tobacco if they are not to be disposed of for a consideration.
4. Tobacco products which a producer who manufactures tobacco products for commercial purposes gives as an allowance in kind to his employees.

Remission and refunds:

Duty is waived or refunded where tobacco products:

- are placed into a tax warehouse;
- are transferred from the tax territory to another Member State, are exported or are placed under a customs procedure under tax supervision.

Tobacco duty is waived or is refunded to importers and consignees who are not producers where the tobacco products which they import or receive from other Member States are destroyed or denatured under tax supervision.

Where the tobacco duty is paid by means of revenue stamps, it will be remitted or refunded only if the stamps have been destroyed or rendered invalid under tax supervision and the contents of the packages are still complete.

Payment of revenue stamps is also waived or refunded where revenue stamps not yet cancelled have been returned to the main customs office or cancelled revenue stamps have been destroyed or rendered invalid under tax supervision and 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 the Excise Duty Internal Market Law of 21 December 1992 (BGBl I, pp. 2150, 2166).

Beneficiary:

The Federal Government.

Duty payable on:

1. Liquids falling within heading Nos 2207 and 2208 of the Combined Nomenclature and having an alcoholic strength by volume exceeding 1.2% volume and liquids falling within heading Nos 2204, 2205 and 2206 and having an alcoholic strength by volume exceeding 22% volume.
2. Alcoholic products other than those falling within Chapter 22 of the Combined Nomenclature which are produced using spirits and which have an alcoholic strength exceeding 1.2% volume or 1% mas.

Tax exemption or relief is granted on application for special uses, in particular the production of:

- medicines,
- cosmetics,
- foodstuffs (up to a maximum permitted alcoholic strength) and vinegar,
- other products made from denatured alcohol.

Main chargeable events:

1. Withdrawal of products from a tax warehouse for free circulation.
2. Production of spirits outside a tax warehouse.
3. Purchase of untaxed products from other Member States by authorized recipients.
4. Purchase of products in free circulation from other Member States for commercial purposes.
5. Importation of products from third countries.

Duty payable by:

Case 1: tax warehousekeeper;

Case 2: producer;

Cases 3 to 5: purchaser or importer.

Rates:

Duty is charged at a rate of DM 2 550 per hectolitre of pure alcohol (hl A).

It is reduced for alcohol produced in a small distillery by DM 375 per hl A (e.g. seed-fruit spirits) and by DM 550 per hl A (e.g. stone-fruit spirits). The duty reduction applies similarly to alcohol from a foreign small distillery.

Duty payable when:

Case 1: on withdrawal from an open spirit warehouse, no later than the 15th day of the month following that in which duty becomes chargeable;

Case 2: in the case of alcohol produced in certain small distilleries, the duty has to be paid within one week of the end of the month of production; in other cases, the duty has to be paid immediately;

Cases 3 and 4: as 1 above;

Case 5: customs law normally applies.

Deferment of payment:

Provided that security has been deposited, payment may be deferred, on application, until the 15th day of the third month following that in which duty becomes chargeable and, in the case of duty that becomes chargeable in October, until 27 December.

Excise duty on sparkling wines

(Schaumweinsteuer)

Law of 21 December 1992 on the taxation of sparkling wines and intermediate products (BGBl I, pp. 2150, 2176).

Beneficiary:

The Federal Government.

Duty payable on:

Sparkling wine (including other fermented sparkling beverages), i.e. all beverages which are contained in bottles with 'mushroom stoppers' held in place by ties or fastenings or which have, at a temperature of more than 20°C, an excess pressure due to carbon dioxide in a solution of three bar or more and which fall within the following headings or subheadings of the Combined Nomenclature:

1. Subheading Nos 2204 10, 2204 2110, 2204 2910 and heading No 2205, where the products in question have an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 15% volume and the alcohol contained in the product is entirely of fermented origin.
2. Subheading No 2206 0091, and products not covered by subheading Nos 2204 10, 2204 2110, 2204 2910 and heading No 2205 referred to at 1 above, where they have an actual alcoholic strength by volume exceeding 1.2% volume but not exceeding 13% volume.
3. Subheading No 2206 0091, where the products in question have an actual alcoholic strength by volume exceeding 13% volume but not exceeding 15% volume and the alcohol contained in the product is entirely of fermented origin.

Chargeable events:

1. Withdrawal of products from a tax warehouse for free circulation.
2. Purchase of untaxed products from other Member States by authorized recipients.
3. Purchase of products in free circulation from other Member States for commercial purposes.
4. Importation of products from third countries.

Duty payable by:

Case 1: tax warehousekeeper;

Cases 2 to 4: purchaser or importer.

Rates:

Duty is charged on sparkling wine at a rate of DM 266.00 per hectolitre.

In the case of certain fruit-based sparkling wines with an alcoholic strength of up to 8.5%, it is charged at a rate of DM 53.00 per hectolitre.

Duty payable when:

Cases 1 and 2: The duty has to be paid no later than the 25th day of the second month following that in which it becomes chargeable or, in the case of duty becoming chargeable in November, no later than 27 December.

Case 3: The duty has to be paid no later than the 15th day of the month following that in which it becomes chargeable.

Case 4: Customs law normally applies.

Excise duty on beer

(*Biersteuer*)

1993 Beer Duty Law of 21 December 1992 (BGBl I, pp. 2150, 2158)

Beer Duty Implementing Regulation of 24 August 1994 (BGBl I, p. 2191)

Beneficiaries:

The *Länder* governments.

Dutiable products and tax area:

Excise duty on beer is chargeable in the tax territory on:

- beer falling within heading No 2203 of the Combined Nomenclature,
- mixtures of beer with non-alcoholic beverages falling within heading No 2206 of the Combined Nomenclature.

The tax territory is the Federal Republic of Germany, excluding the area of Büsingen and the island of Helgoland.

Rates:

Beer is divided into duty categories by degrees Plato. The duty amounts to DM 1.54 per degree Plato for each hectolitre of beer. A degree Plato is the wort content of beer in grams per 100 grams of beer, as calculated from the alcohol and extract content in beer on the basis of the Balling formula.

For beer brewed in independent breweries with a total annual production of less than 200 000 hl, the rate of duty is reduced uniformly in steps of 1 000 hl as follows:

- to 75% of the normal rate where the annual production is 40 000 hl,
- to 70% of the normal rate where the annual production is 20 000 hl,
- to 60% of the normal rate where the annual production is 10 000 hl,
- to 50% of the normal rate where the annual production is 5 000 hl.

Chargeable event and duty payable by:

Duty becomes chargeable when beer:

- is removed from a tax warehouse without any further duty-suspension procedure or customs procedure following on;
- is removed from a tax warehouse for consumption (release for free circulation).

The duty is payable by the owner of the tax warehouse (warehousekeeper).

In the case of beer not produced in an authorized establishment, the duty becomes chargeable on production. Duty is payable by the producer.

Declaration and assessment of duty:

A declaration must be submitted by the seventh day of the month following that in which duty becomes chargeable.

Duty payable when:

The duty has to be paid by the 20th day of the month following that in which it becomes chargeable.

Rules governing importation from third countries:

Where beer is imported directly into the tax area from third countries or where:

1. it is subject to a customs procedure,
2. it is located in a free zone or a free warehouse in the tax area,

the chargeability and cancellation of the duty, the time relevant for assessment, the identity of the person liable for payment, the time when duty is payable, deferred payment, cancellation in cases other than through collection, remission, refund, retroactive recovery and the tax procedure are all governed by the provisions applicable to customs duty. This is also the case where no customs duty is payable.

Exemptions:

1. Beer is exempt from duty where is it used commercially:
 - (a) for producing vinegar,
 - (b) directly or as a component of semi-finished products for producing foodstuffs, provided that the alcohol content does not exceed 5 litres of pure alcohol per 100 kg of product,
 - (c) in denatured form for producing products other than foodstuffs,
 - (d) for producing medicines.
2. Beer is also exempt from duty where:
 - (a) it is distributed free of charge by breweries to employees for their own consumption, or
 - (b) is consumed within or outside a tax warehouse as part of the requisite technical tests or is withdrawn for purposes of tax control or brewery inspection.

D 15

Refund:

Duty is remitted or refunded where beer:

- has been returned to a tax warehouse;
- has been transferred to another Member State for commercial purposes.

Duty on beverages

(Getränkesteuer)

Hesse: Municipal Tax Law of 17 March 1970 (GVBl I, p. 225), as last amended by the Law of 31 October 1991 (GVBl I, p. 333), and municipal by-laws.

Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl, p. 200).

Saxony: Saxony Municipal Tax Law of 16 June 1993 (GVBl, p. 502).

Saxony-Anhalt: Municipal Tax Law of 11 June 1993 (GVBl, 1219.1).

Thuringia: Thuringia Municipal Tax Law of 7 August 1991 (GVBl, p. 285).

Beneficiaries:

Municipalities.

Duty payable in:

Hesse 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:

Rates vary from municipality to municipality.

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 of 27 July 1969 providing for continued wage payments (BGBl I, p. 946); Law of 19 December 1974 improving private firms' retirement schemes (BGBl I, p. 3610); Introductory Law to the Tax Code of 14 December 1976 (BGBl I, p. 3341); 1985 Tax Updating Law of 14 December 1984 (BGBl I, p. 1493); Law of 25 July 1988 (BGBl I, p. 1093); Law of 20 December 1988 (BGBl I, p. 2262); Law of 24 June 1991 (BGBl I, p. 1318); Law of 27 April 1993 (BGBl I, p. 512); Law of 23 June 1993 (BGBl I, p. 944); Law of 21 December 1993 (BGBl I, p. 2310); Regulation of 20 April 1960 implementing the Insurance Tax Law (BGBl I, p. 278), as last amended by the Law of 21 December 1993 (BGBl I, p. 2310).

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:

The normal rate is 12%.¹

Other rates applied are as follows:

1. Fire insurance and fire loss-of-profits insurance: 10% of the premium.
2. Building insurance and house-contents insurance where a proportion of the premium (fire proportion) is also subject to fire insurance tax: 11.5%² of the premium in the case of building insurance and 11.5%³ in the case of house-contents insurance.
3. Hail insurance: DM 0.20 per DM 1 000 of the sum insured or part thereof.
4. Insurance for the hulls of ships: 2% of the premium.
5. Accident insurance with return of premium: 2.4%⁴ of the premium.

¹ 15% as from 1 January 1995.

² 13.75% as from 1 January 1995.

³ 14% as from 1 January 1995.

⁴ 3% as from 1 January 1995.

Fire insurance tax

(Feuerschutzsteuer)

Fire Protection Tax Law of 21 December 1979 (BGBl I, p. 2353), as last amended by the Law of 21 December 1993 (BGBl I, p. 2310.23).

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. The different rates apply until 30 June 1994. A uniform rate of 8% will apply from 1 July 1994.

Entertainments tax

(*Vergnügungssteuer*)

Baden-Württemberg: Municipal Tax Law as amended on 15 February 1992 (GBl, p. 57), as last amended by the Law of 15 December 1986 (GBl, p. 465), and municipal by-laws.

Bavaria: prohibited under Municipal Tax Law as amended on 4 April 1993 (GVBl, p. 264).

Berlin: Law of 28 October 1988 (GVBl, p. 1961) as amended on 14 December 1989 (GVBl, p. 2157), as last amended by the Law of 25 June 1992 (GVBl, p. 206).

Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl, p. 200).

Bremen: Law of 14 December 1990 (GVBl, p. 467).

Hamburg: Law of 29 June 1988 (GVBl, p. 97), as last amended by the Law of 4 February 1992 (GVBl, p. 29).

Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225), as last amended on 31 December 1991 (GVBl, p. 233), and municipal by-laws.

Mecklenburg-Western Pomerania: Municipal Tax Law of 1 June 1993 (GVBl, p. 522).

Lower Saxony: Municipal Tax Law of 11 December 1992 (GVBl, p. 29), and municipal by-laws.

North Rhine-Westphalia: Law of 14 December 1965, as last amended on 14 June 1988 (GVBl, p. 216).

Rhineland-Palatinate: Law of 2 March 1993 (GVBl, p. 139).

Saarland: Law of 19 June 1984 (ABl, p. 649), as last amended on 6 June 1990 (ABl, p. 722).

Saxony: Saxony Municipal Tax Law of 16 June 1993 (GVBl, p. 502).

Saxony-Anhalt: Municipal Tax Law of 11 June 1991 (GVBl, p. 12181).

Schleswig-Holstein: Municipal Tax Law as amended on 29 January 1990 (GVBl, p. 51), and municipal by-laws (amusement and gambling machines).

Thuringia: Thuringia Municipal Tax Law of 7 August 1991 (GVBl, p. 285).

Beneficiaries:

Cities and municipalities.

Tax payable in:

All *Länder* with the exception of Bavaria.

Tax payable on:

Entertainments tax is charged mainly on amusement and gambling machines.

Exemptions:

Possession of machines not used by way of trade.

D 23

Collection:

Monthly.

Rates:

Between DM 15 and DM 320 per machine.

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 to the Tax Code of 14 December 1976 (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 Law of 16 December 1986 (BGBl I, p. 2441).

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 $\frac{2}{3}$ %.

Tax on real estate

(Grundsteuer)

Real Estate Tax Law of 7 August 1973 (BGBl I, p. 965), as last amended by Article 6 of the Law of 27 December 1993 (8631 I, p. 2378).

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 0.26 % to 0.6 % multiplied by the municipal factor fixed by the municipality. Since no standard values exist for the former GDR, special rules apply to real estate located there.

Special feature:

Where real estate is used for commercial or professional purposes, tax payments are generally an allowable expense representing business expenditure/advertising costs.

Real estate transfer tax

(Gründerwerbsteuer)

Real Estate Transfer Tax Law of 17 December 1982 (BGBl I, p. 1777), as last amended by the Law of 25 February 1992 (BGBl I, p. 297).

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%.

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); Law on measures to relieve public budgets (1989 Law) accompanying the budget of 20 December 1988 (BGBl I, p. 2262); Law improving tax incentives for low-polluting passenger cars of 22 December 1989 (BGBl I, p. 2436); Law of 30 April 1990 (BGBl I, p. 826); Law of 25 June 1990 (BGBl. II, p. 518); Annex I, Chapter IV, B, Section II, No 35 of Treaty 105-3 of 31 August 1990 (BGBl. II, p. 889, 989); Law of 15 December 1990 (BGBl. I, p. 2804); Law of 19 December 1990 (BGBl. I, p. 2906); Regulation of 7 June 1991 (BGBl. I, p. 1223); Law of 24 June 1991 (BGBl. I, p. 297); Law of 25 February 1992 (BGBl I, p. 297); Law of 25 August 1992 (BGBl I, p. 1548); Law of 21 December 1992 (BGBl I, p. 2150); Law of 21 December 1993 (BGBl I, p. 2310); Motor Vehicles Tax Implementing Regulation of 3 July 1979 (BGBl I, p. 901), as last amended by Article 2 of the Law improving tax incentives for low-polluting passenger cars of 22 December 1989 (BGBl I, p. 2436) and by Annex I, Chapter IV, B, Section II, No 36 of Treaty 105-3 of 31 August 1990 (BGBl. II, p. 889, 990); Regulation of 23 June 1993 (BGBl I, p. 1006); Law of 21 December 1993 (BGBl I, p. 2310)

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 Germany.

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 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 or part thereof i.e. DM 14.40 per 100 cc or part thereof for motor cycles, between DM 13.20 and DM 21.60 per 100 cc or part thereof for passenger cars, depending on pollution level and time of registration. For passenger cars with diesel engines there is an extra DM 23,90 per 100 cc or part thereof. 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

Old vehicles: between 3 000 kg and 3 500 kg DM 25.00/200 kg; above 3 500 kg depending on the emission class, there are four different progressive scales with maximum rates of DM 1 300 (emission class S 2), DM 2 000 (emission class S 1), DM 3 000 (emission class G1) or DM 3 500 (no inclusion in an emission class = old vehicles). The rate for trailers is DM 14.60/200 kg, subject to a maximum of DM 1 750.

Tax on industry and trade

(*Gewerbesteuer*)

Trade Tax Law as promulgated on 21 March 1991 (BGBl I, p. 811), as last amended by Article 6/94 of the Law of 27 December 1993 (BGBl I, p. 2378).

Beneficiaries:

The municipalities about 80%, the Federal Government and the *Länder* governments about 10% 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 business establishment 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 48 000, in the case of natural persons and partnerships;
 - the basic rate of tax rises by one percentage point – up to maximum of five percentage points – for each additional DM 24 000 tranche of profits (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: $5\% \times 3 = 15\%$).

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*)

Baden-Württemberg: Municipal Tax Law, as amended on 15 February 1982 (GVBl, p. 57), as last amended by the Law of 15 December 1986 (GVBl, p. 465).

Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl, p. 200).

Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225), as last amended by the Law of 31 October 1991 (GVBl, p. 333), and municipal by-laws.

Rhineland-Palatinate: Municipal Tax Law of 5 May 1986 (GVBl, p. 103), as last amended by the Law of 13 December 1993 (GVBl, p. 592).

Saxony: Saxony Municipal Tax Law of 16 June 1993 (GVBl, p. 502).

Saxony-Anhalt: Municipal Tax Law of 11 June 1991 (GVBl, p. 2191).

Thuringia: Thuringia Municipal Tax Law of 7 August 1991 (GVBl, p. 285).

Beneficiaries:

The municipalities or groups of municipalities or the districts (*Landkreise*) and the city boroughs (*kreisfreie Städte*).

Tax payable in:

Baden-Württemberg, Hesse 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.

Duty on intermediate products

(Zwischenerzeugnissteuer)

Law of 21 December 1992 on the taxation of sparkling wine and intermediate products (BGBl I, pp. 2150, 2176).

Beneficiary:

The Federal Government.

Duty payable on:

Intermediate products, i.e. all products falling within heading Nos 2204, 2205 and 2206 of the Combined Nomenclature which have an actual alcoholic strength by volume exceeding 1.2 % volume but not exceeding 22% volume and which are not classified for tax purposes as sparkling wine, wine or beer.

Main chargeable events:

1. Withdrawal of products from a tax warehouse for free circulation.
2. Purchase of untaxed products from other Member States by authorized recipients.
3. Purchase of products in free circulation from other Member States for commercial purposes.
4. Importation of products from third countries.

Duty payable by:

Case 1: tax warehousekeeper;
Cases 2 to 4: purchaser or recipient.

Rates:

Duty is charged at a rate of DM 100 per hectolitre of the intermediate product. However, it is charged at a rate of DM 266 per hectolitre of intermediate products which are contained in bottles with 'mushroom stoppers' held in place by ties or fastenings or which have an excess pressure due to carbon dioxide in a solution of three bar or more.

Duty payable when:

Cases 1 and 2: The duty has to be paid no later than the 25th day of the second month following that in which it becomes chargeable or no later than 27 December where it becomes chargeable in November.

Case 3: The duty has to be paid at the latest by the 15th day of the month following that in which it becomes chargeable.

Case 4: Customs law normally applies.

Excise duty on coffee

(Kaffeesteuer)

Coffee Duty Law of 21 December 1992 (BGBl I, pp. 2150, 2199).

Coffee Duty Implementing Regulation of 14 October 1993 (BGBl I, p. 1747).

Beneficiary:

The Federal Government.

Dutiable product and tax area:

Coffee is subject to excise duty on coffee in the tax territory. The tax territory consists of the Federal Republic of Germany, excluding the Büsingen area and the island of Helgoland.

Rates:

- for roasted coffee: DM 4.30 per kg;
- for soluble coffee: DM 9.35 per kg.

Chargeable event and person liable for payment:

The chargeable event occurs when coffee:

- is removed from a tax warehouse (production establishment, coffee warehouse) without that being followed by any further tax-suspension procedure;
- is removed from a tax warehouse for consumption.

The person liable for payment is the owner of the tax warehouse (warehousekeeper).

In the case of coffee which is not produced in an authorized establishment, the chargeable event occurs on production. The person liable for payment is the producer.

Declaration:

A tax declaration must be submitted by the 15th day of the month following that in which the chargeable event occurs. The duty has to be calculated by the person liable for payment.

Duty payable when:

The duty has to be paid at the latest by the first day of the second month following that in which it becomes chargeable.

Rules governing imports from third countries:

Where coffee is imported directly into the tax territory from third countries or

1. is subject to a customs procedure, or

2. is located in a free zone or free warehouse in the tax territory,

the chargeability and cancellation of the duty in cases other than through collection, the time relevant for assessment, the identity of the person liable for payment, the time when duty is payable, deferred payment, remission, refund, retroactive recovery and the tax procedure are all governed by the provisions applicable to customs duty. This is also the case where no customs duty is payable.

Exemptions:

Coffee is exempt from duty where:

- (a) it is exported from the tax territory or destroyed under tax supervision;
- (b) it is proved to have been supplied to a recipient in another Member State;
- (c) it is withdrawn as a sample for necessary commercial tests or for tax or business supervisory purposes;
- (d) it is produced in the course of testing machines used to produce coffee and is not supplied to third parties for consumption;
- (e) it is produced as a sample by raw-coffee traders in order to determine and examine the quality and properties of raw coffee;
- (f) it is purchased by a private final consumer when in free circulation in another Member State for his own needs and is imported into the tax territory by that person;
- (g) it is produced in private households for personal consumption.

Refund:

Duty is remitted or refunded where coffee is returned to a tax warehouse.

Taxes abolished or repealed

- D 17** **Excise duty on sugar**
(Zuckersteuer)
Sugar Duty Law repealed by Article 5 of the Turnover Tax/Internal Market Law of 25 August 1992 (BGBl I, pp. 1548, 1561).
- D 18** **Excise duty on coffee and tea**
(Kaffee- und Teesteuer)
Coffee and Tea Duty Law of 5 May 1980 repealed by Article 22 of the Coffee Duty Law of 21 December 1992 (BGBl I, pp. 2150, 2199).
- D 19** **Excise duty on salt**
(Salzsteuer)
Salt Duty Law repealed by Article 5 of the Turnover Tax/Internal Market Law of 25 August 1992 (BGBl I, pp. 1548, 1561).
- D 20** **Excise duty on lamps**
(Leuchtmittelsteuer)
Lamps Duty Law repealed by Article 5 of the Turnover Tax/Internal Market Law of 25 August 1992 (BGBl I, pp. 1548, 1561).
- D 27** **Capital duty**
(Gesellschaftssteuer)
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); Law of 22 December 1989 (BGBl I, p. 2408); Articles 12 and 17 to 26 repealed on 1 January 1991 by the Law of 22 February 1990 (BGBl I, p. 266), Articles 2 and 7 amended by the Law of 25 June 1990 (BGBl II, p. 518), Article 7a incorporated by Annex I, Chapter IV, B, Section II, No 32 of Treaty 105-3 of 31 August 1990 (BGBl II, pp. 889, 988); 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) repealed on 1 January 1992 by the Law of 22 February 1990 (BGBl I, p. 266).
- D 28** **Stock exchange turnover tax**
(Börsenumsatzsteuer)
Abolished on 1 January 1991.
- D 29** **Bills of exchange tax**
(Wechselsteuer)
Repealed on 1 January 1992 by the Law of 22 February 1990 (BGBl I, p. 266).

GREECE
Ελλάδα

Tax on the incomes of natural persons (legislation in force at 31 December 1993)

(Φόρος εισοδήματος φυσικών προσώπων)

Decree-Law 3323/1955 on the taxation of the incomes of natural persons, as amended by subsequent laws up to Law 2065/92 (administrative codification).

Beneficiary:

The State.

Tax payable on:

- (a) Incomes arising in Greece, irrespective of the nationality, domicile or residence of the natural person who is 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 unclaimed estates.
- (c) Income of general and limited partnerships, civil-law associations carrying on a business or profession, civil partnerships, whether or not they are for profit, silent partnerships, share partnerships, and joint ventures as referred to in Article 2(2) of the Accountancy and Records Code (Presidential Decree 186/92).

Basis of assessment:

The tax to be paid is calculated on income from any source, minus expenditure on acquiring it. Income tax itself, fines and other taxes are not deductible.

Allowances:

The following expenditure can be deducted from the taxable income:

1. 30% of annual rent for a main residence of the taxable person and his family, up to a maximum of 15% of the income declared in the original return, subject to a ceiling of DR 240 000. Persons drawing housing benefit are not entitled to this deduction.
2. 30% of annual rent for the taxable person's dependent children who are studying at a recognized educational establishment in Greece, if the accommodation is in the same locality as the educational establishment and that neither the taxable person nor the child has any accommodation in the same area. There is a ceiling of 10% of the income declared in the original tax return; nor may the amount be more than DR 120 000.
3. Annual expenditure by the taxable person on premiums for life assurance and personal injury or sickness insurance for the taxable person, his/her spouse or their dependent children. The amount may not exceed 4% of total family income as declared in the original tax return, subject to a ceiling of DR 200 000 for both spouses together.

GR 1

4. 40% of annual expenditure by the taxable person on the provision of home or additional outside tuition at any recognized educational level, including for foreign languages, for each of the taxable person's dependent children or for himself, up to DR 150 000 for each of those persons.
5. Legally compulsory contributions to social security funds, and optional contributions to legally constituted funds.
6. The cost of medical and hospital treatment for the taxable person and his dependants. Only expenditure on the following qualifies:
 - (a) fees for medical visits and examinations, including radiological and microbiological examinations, and for dentistry and dental prostheses;
 - (b) the cost of treatment in hospitals or private clinics, including medication;
 - (c) payments to nurses for care of sick persons, while they are in a hospital or private clinic or at home;
 - (d) expenditure on replacing limbs with artificial ones and on purchasing, and placing in the body, organs which are necessary for its physiological functioning;
 - (e) the expense of hospital treatment of children who are unmarried or divorced or widowed, where their annual taxable and exempted income does not exceed DR 600 000 and they are suffering from an incurable disease, and, subject to the same conditions, expenditure on treatment of any kind for blind, deaf-and-dumb and mentally retarded children of the taxpayer, and tuition fees and living expenses for such children at special schools and clinics;
 - (f) 50% of payments to establishments for the care of the aged, provided they comply with legal requirements governing them.
7. The value of real estate or sums of money donated to the State, to municipalities, to churches, to monasteries on Mount Athos, to universities, to State and municipal nursing homes and private hospitals which are subsidized from the State budget, and to the Archaeological Resources Fund.
8. The full value of medical equipment and ambulances donated to State and municipal nursing homes and private hospitals which are subsidized from the State budget.
9. Amounts donated to philanthropic institutions, non-profit-making bodies which provide educational services or grant scholarships, Greek legal persons governed by private or public law which have been or are being set up legally for philanthropic purposes and legally constituted sports clubs recognized by the Secretariat-General for Sport.
10. Sums of money, up to 15% of total taxable income, donated to Greek non-profit-making private bodies which have been or are being legally constituted for cultural purposes.
11. Interest paid by the taxable person during the year, minus interest on home loans granted to him under a mortgage, debts to the State for inheritance tax, etc., and advances granted by the Army, Navy and Air Force Mutual Assistance Fund.
The total amount of interest deducted may not in any event exceed 25% of total family income as declared in the original tax return. This restriction does not apply to interest on loans for the acquisition of a first home.
12. 30% of any fees paid to lawyers for legal services except for cases for the recovery or determination of pay. The exemption may be up to 10% of income as declared in the original return but may not exceed DR 200 000 per year.
13. There is a further exemption of DR 500 000 for the taxpayer himself and for any person living with him and dependent upon him, if they have 67% or more disability (mentally or physically handicapped, psychologically disturbed, blind or neurologically affected; officers and men who are casualties of war, national resistance or the civil war).

The above allowances for each taxable person, or for each spouse in the case of a couple submitting a joint return, are deducted from the total net income referred to above.

When one of the spouses has no taxable income, or has one which is lower than allowances 6 and 13 above for him/herself and any dependants, then the whole expenditure or the difference is added to the other spouse's expenditure. If all the expenditure of one spouse is more than

his/her taxable income, then the difference arising, up to total expenditure under 6 and 13, is added to the expenditure of the other spouse.

If one of the spouses dies and separate returns are submitted, and one of the spouses has no taxable income or one which is lower than the total expenditure under allowances 1 to 12, then that total or the difference arising is not added to the other spouse's expenditure. In these cases, by way of exception, expenditure on medical and hospital treatment of the one spouse and any dependants living with him/her are added to the expenditure of the other spouse.

Persons living abroad and drawing income from a source within Greece do not qualify for allowances 1 to 13. There are no allowances for income accruing to estates which are unclaimed, subject to dispute or sequestration.

A wife with income is entitled to make deductions from that income under points 1 and 13 above in respect of herself and in respect of points 6 to 13 in respect of her children from a previous marriage, her children born outside of marriage, her parents and any under-age relations, up to the second degree, who have neither mother nor father.

Family income:

Husband and wife must submit a joint tax return except in certain cases specified by law. Taxes, duties and levies on the income declared in the joint return are calculated separately for the income of each of them. Losses by one spouse cannot be offset against the income of the other. The income of one spouse is added to that of the other and taxed as if it were the latter's if it accrues from a business that is financially dependent on that other spouse.

The income of minor children is added to that of the parent with the larger total 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 parents' total incomes are equal, the income of their minor children is added to the father's income where he has custody. The children's income from parental contribution 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 by law, a 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 any bilateral conventions between Greece and other countries designed to obviate double taxation.

Rates:

In order to determine the tax payable on the total net income of each taxable person, that person's different incomes are totalled and positive and negative figures are netted out (Article 4 of Decree-Law 3323/1955).

From this income are then deducted any allowances and expenses and the remainder, which constitutes the taxable income, is taxed on the following scale:

GR 1

Income tax on natural persons (1993)

Step	Rate %	Tax for the step	Total	
			Income	Tax
1 000 000	0	0	1 000 000	0
1 500 000	5	75 000	2 500 000	75 000
1 500 000	15	225 000	4 000 000	300 000
3 000 000	30	900 000	7 000 000	1 200 000
Above	40			

In the case of a taxpayer who is wage-earning/salaried and has dependent children, whether he/she is married or unmarried or widowed or divorced with custody of the children, the income as calculated on the above scale has the following deductions made from it:

- (a) DR 20 000 for each child up to two children;
- (b) DR 30 000 for each child up to three;
- (c) DR 40 000 for each child in excess of three.

If the taxable person has income from other sources also, the above reductions are made only from his/her net income from wages/salary.

If the total income includes income from immovable assets, apart from exempt income from a main or secondary residence, the gross amount of that income is subject to a supplementary tax of 3%. The amount of this supplementary tax may not be greater than the tax on total net income.

Carry-over of losses:

The losses of commercial, agricultural, industrial, mining and hotel undertakings, provided that the books have been kept properly and accurately, if not offset by income from other sources, either because there is no such income or because such income is insufficient, may be carried over in full in the first case or the remainder may be carried over in the second case for the next five years, again providing that the books are kept properly and accurately over that period.

Taxation of income of partnerships carrying on a business or profession:

Net profits of general, limited and civil partnerships carrying on a business or profession, and other partnerships whether profit-making or not, and joint ventures as referred to in Article 2(2) of the Accounting Information Code, are taxed at 25% after deduction of:

- (a) profits which are not liable to tax or are taxed separately;
- (b) profits on dividends from Greek public companies or cooperatives and profits from mutual funds, or profits from holdings in limited liability companies or in tax-liable legal persons as referred to in Article 3(3) of Decree-Law 3323/1955;
- (c) in the case of general and limited partnerships, profits remaining after indents (a) and (b) above have been applied are reduced by the amount of professional fees, for up to three natural persons with the biggest share in the partnership.

Payment of this tax discharges the tax liability on those profits of those with a participation in such legal persons.

If total income includes income from immovable property, the gross amount thereof is subject to an additional tax of 3%. The amount of additional tax thus payable may not be greater than the amount payable on the taxable person's total income.

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Tax on the incomes of legal persons (legislation in force at 31 December 1993)

(Φόρος εισοδήματος νομικών προσώπων)

Decree-Law 3843/1958 on the taxation of the incomes of legal persons, as amended by subsequent legislation up to and including Law 2065/1992.

Beneficiary:

The State.

Tax payable by:

- (a) Greek public limited companies;
- (b) State and municipal undertakings and profit-making enterprises, whether or not they have legal personality;
- (c) cooperatives and associations thereof;
- (d) foreign undertakings operating in Greece, in whatever company form, any other foreign organizations engaging in business;
- (e) Greek private limited companies;
- (f) non-profit-making Greek and foreign legal persons governed by public or private law, including foundations of all kinds.

Basis of assessment:

- (a) As regards Greek public and private limited companies, with the exception of banking and insurance institutions, total net income or profit arising either at home or abroad. Distributed profits are taken from the residue remaining after deduction of the income tax. For Greek public limited companies engaging in banking and insurance, the total net income or profit arising at home or abroad after deduction of the proportion of them which is not liable to tax and the income subject to specific taxation which discharges any further tax liability. In order to determine what portion of profits qualifies as tax exempt and as subject to specific taxation in a way which discharges any further tax liability, total net profits are allocated between taxable income and non-taxable or specifically taxed income. In the event of distribution, the taxable profits as above are increased by the parts of tax-free profits and specifically taxed profits chargeable on profits which are distributed in any form.
- (b) For State and municipal undertakings and profit-making enterprises, total net income or profit.
- (c) For legally established cooperatives and associations thereof, total net income or profit arising at home or abroad, before any deductions to which their members are entitled. Distributed profits and members' deductions are taken from the profits remaining after payment of income tax. In implementing this provision no account is taken of reductions granted on quoted selling prices, up to the percentages allowed by the market regulations in each case.
- (d) In the case of foreign undertakings operating as any form of company or partnership and foreign organizations of any kind operating by way of business, net income or profit from a source located in Greece, and net profit arising from a permanent establishment in Greece

within the meaning of Article 5 of the Law. In order to determine taxable profits in the case of branches of foreign banking and insurance institutions operating legally in Greece and receiving income which is exempt from tax or income which is taxed in a specific way which extinguishes tax liability, net profits are reduced pro rata.

In the case of foreign businesses and organizations established in Greece or not which operate ships or aircraft under a foreign flag, tax is payable on profit, considered as arising in Greece, from the transport of passengers and goods from Greek ports or airports to a port or airport of destination or foreign port or airport where the passengers embark or the goods are loaded on to a ship or aircraft of another foreign operator.

- (e) As regards Greek non-profit-making legal persons governed by public or private law, net income arising at home or abroad, solely from the renting of buildings or land and from transferable securities. No tax is payable on other income of such legal persons, or on revenue of any kind which they earn in the course of their activities.
- (f) As regards foreign not-for-profit legal persons governed by public or private law, net income arising in Greece from whatever source. No tax is charged on other revenue of such legal persons, earned in the course of their activity.

Exemptions:

1. The following are exempt from the tax:

- (a) The Greek State, including decentralized public services operating as special funds, and urban and rural municipalities, in respect of income of all kinds.
- (b) Income from property in general and from the renting of land, of churches, cathedrals, monasteries, the Holy Mission, the Holy Sepulchre, Mount Athos, and the monasteries of Sinai and Patmos, and presumptive income from real estate belonging to State or municipal businesses of a profit-making nature, whether or not they have legal personality, and to educational institutions, other than private ones, for their accommodation and operation.
- (c) Income, from property in general and the renting of land, of Greek legal persons, legally constituted for purposes demonstrated to be in the public interest. By way of exception, Greek public-interest bodies are also free of tax on income from dividends on shares in Greek and foreign limited companies and from interest on bonds.

2. Income as set out below is also free of tax:

- (a) Subject to reciprocity, presumptive income from immovable property belonging to recognized foreign religions and sects and used by them for worship and the provision of religious services.
- (b) Subject to reciprocity, presumptive income from immovable property belonging to foreign States, used to house their embassies and consulates.
- (c) Profits from the operation of ships under the Greek flag by Greek companies, cooperatives or unions of cooperatives, where such profits are subject to the specific taxation on ship-owners' profits. When distributed in any form, profits as above accruing to a Greek private or public company or cooperative are not taxed.
- (d) Subject to reciprocity, profits made in Greece by foreign enterprises from the operation of ships under foreign flags and aircraft.
- (e) Income derived by first and second-tier cooperatives which are regarded by the law as agricultural cooperatives from activities for the purposes set out in their articles of association. This exemption does not cover:

- 1. Income from the renting of property and land and from transferable securities, apart from interest on bills of exchange and notes, if derived from commercial transactions, and interest on loans and credit to members of the cooperative.

GR 2

2. Profits on the sale of produce after such processing or alteration as to make them industrial products. This does not include salting, refining, crushing, husking and shelling, juice extraction, peeling and pasteurization, the manufacture of dairy products and simple packaging for storing and transporting produce to the point of consumption, whatever the means employed.
 3. Profits from the retail sale of the cooperative's or its members' agricultural produce through its/their own outlets or through third parties acting on its/their account.
 4. Profits on the sales to persons who are not members of the cooperative of goods not produced by the cooperative or its members and profits on the provision of services to persons who are not members. Any losses from activities in which the cooperative is not liable to tax may be set off against such income.
- (f) Any unearned increment on building land sold by non-profit-making building cooperatives to their members, if shown in a special reserve account and used on projects which are for the general good only, to meet the needs of the local population, do not constitute income of a cooperative. Should the increment be distributed in any way among the members of the cooperative, it is then taxed in accordance with such rules as apply.
- (g) Income exempted from taxation by contract ratified by law.

Assessment:

1. The tax is 35% of the taxable income of the legal person concerned.
2. In the case of private companies, the 35% referred to in the previous paragraph is levied on net profits remaining after deduction from total net profits of the remuneration of the three natural persons running the company who have the largest holding in it. If there are a larger number of such persons with equal holdings, the beneficiaries are determined by the company in its regular tax return. The percentage holdings are those existing at the time the balance sheet is approved. If it is not approved within three months of the end of the business year the percentages are those on the last day of that quarter.

The above remuneration is considered as taken from half of the total net profits of the company, as declared in the original tax return, in proportion to the size of the holdings.

When the person concerned has holdings in more than one private company or partnership, he is entitled to take such remuneration from one of them at his choice. This choice is declared in the provisional income tax return for the company or partnership and cannot be revoked.

3. As regards fees and charges paid to foreign undertakings and organizations which are not permanently established in Greece or to natural persons resident abroad not carrying on a trade or profession in Greece:
 - (a) for the use or granting of the use of technical production methods, technical assistance, patent rights, trade or industrial marks, plans or models, research findings, cinema and television films, tapes for radio broadcasts, video cassettes, intellectual property, republication of articles and studies and similar rights;
 - (b) for the hiring of machinery, installations and movable items in general, the repair of machinery and other equipment, the organization of undertakings, the training of personnel for the provision of any service and any kind of advisory service in Greece, and on the fees paid to foreign cultural formations and individual artistes resident abroad for their participation in various artistic manifestations;

the person paying the fee or charge deducts the amount of the tax at source.

This tax is assessed on the gross amount of the charges or fees, independent of whether a decision of the Minister for Economic Affairs is required under Article 7(4) of Law 4171/1961 as amended, at the following rates:

- (a) 10% for fees to foreign undertakings and natural persons for the use or granting of the use in Greece of cinema or television films, tapes for radio broadcasts and for the production of video cassettes;
- (b) 20% for charges or fees in the other cases covered by this paragraph. Once the tax has been thus withheld, the tax obligation in respect of the income concerned ceases.

In all cases, the foreign person or body receives the difference between the amount of the fee or charge to which they are entitled and the tax chargeable on that amount.

4. Foreign undertakings and bodies carrying out studies or drafting plans or conducting technical, financial or scientific research in Greece, whether produced in Greece or abroad, or undertaking the supervision and coordination of technical work carried out by third parties in Greece or providing advice of a scientific nature to a principal carrying out such works in Greece are liable, on net profits from such services, to income tax at a rate of 17.5%, on their total gross fee. The tax is deducted by the person responsible for paying the fee and declared to the competent tax office not later than the end of the first half of the month following its withholding.

Once the tax has been thus withheld, the tax obligation on foreign undertakings and organizations on profits from the services is extinguished.

5. Foreign companies and bodies undertaking public or private projects in Greece are liable to income tax on their net profits therefrom, at the following rates:
 - (a) 3.5% of the total gross value of works carried out for the State, municipalities, State undertakings, public utility bodies or enterprises and legal persons governed by public law, whether or not the project is carried out using the contractor's materials;
 - (b) 4.2% of the total gross value of private works;
 - (c) 8.75% of the total gross value of works excluding the value of materials in the case of projects as referred to under (b) above, where the contractor does not use his own materials.

This method of taxation applies to foreign contracting companies and organizations which have contracts with the State and other legal persons as referred to above.

The tax is withheld by the contracting authority when it pays for the work and is recorded in the tax return to the competent tax office within the first half of the month following withholding.

Once the tax has been thus withheld, the tax obligation of the foreign undertakings and organizations concerned in respect of that income ceases.

GR 2

Collection:

The tax is paid in five equal monthly instalments.

Carry-over of losses:

The rules applying to income tax paid by natural persons also apply here.

Tax on the profit income of owners of Greek-registered ships

(Φόρος εισοδήματος για τα κέρδη του πλοιοκτήτη)

Law 27/1975, which has for many years not undergone any amendment because it is protected by the Constitution, covers all ships under the Greek flag, apart from tourist ships and boats.

Basis of assessment:

Tax on vessels in category 1 is assessed in United States dollars per year on the basis of the age of the vessel and its tonnage (GRT), at the rates set out in Law 27/1975.

Tax on vessels in category 2 is assessed each year on tonnage and is paid in drachmas in accordance with the scales in the above Law.

Vessels flying the Greek flag are classified into these two categories.

Payment of the tax frees the owner and shareholders or partners in Greek or foreign firms from any further tax liability on the profits from operating Greek-registered vessels.

Method of payment and liable parties:

For ships in category 1 the tax is payable in United States dollars or pounds sterling at the official rate of exchange at the time of payment, and for ships in category 2 in drachmas.

The parties liable to the tax are:

- 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 whether resident in Greece or abroad;
- the following are co-liable with the shipowner:
 - (a) any party who with the agreement of the shipowner or for any other reason manages the ship and is paid freight charges, and the shipowner's attorney, given written acceptance of this appointment;
 - (b) any new owner, provided ownership is transferred voluntarily, for tax chargeable at the time of transfer.

Reliefs:

If the ship is shown to be laid up for repairs, etc. for more than two months continuously, the tax is reduced in proportion to the number of days it is out of operation.

GR 3

Exemptions:

For ships in category 1, there is full or partial exemption from tax for a number of years as follows:

1. on ships built in Greece;
2. on ships repaired or rebuilt in Greece if payment is made in foreign currency;
3. on ships sailing regularly between Greek ports or between Greek and foreign ports and on cruise services.

Taxation of tourist ships and boats (Law No 438/1976):

Tourist ships and boats are taxed as follows:

- (a) privately registered tourist ships and boats are liable to five times the tax for ships in category 2 under Law 27/1975;
- (b) professionally registered tourist ships and boats are liable to 10 times the tax on ships in category 2 under Law 27/1975.

Professionally registered ships built in Greece are eligible for exemption for a number of years.

Tax on inheritances, gifts and parental provisions including dowries

(Φέρρος κληρονομιών, δωρεών και γονικών παροχών, συμπεριλαμβανών και των προίκων)

I. Tax on inheritance

(Φορολογία κληρονομιών)

Inheritance is governed by Decree-Law No 118/1973 (*Government Gazette 202/A*), as subsequently amended.

1. Inheritance tax is charged on any acquisition of an asset through:
 - (a) bequeathal or inheritance;
 - (b) usufruct;
 - (c) life assurance policy on the deceased, not specifying the beneficiaries;
 - (d) self-insurance by the deceased, when this is not provided for by law.
2. The tax is charged on:
 - (a) any asset which is located in Greece at the time of death, whether it is movable or immovable, tangible or intangible, and whatever the nationality of the heir or heirs;
 - (b) tangible or intangible movable assets located abroad and belonging to a Greek national, whatever his place of residence, if he was domiciled abroad for less than 10 years continuously before his death;
 - (c) tangible or intangible movable assets located abroad and belonging to a foreign national domiciled in Greece at the time of his death.
3. It is the heir or legatee who is liable to the tax, in proportion to the net value of his share in the inheritance and his degree of relatedness to the deceased.
On the basis of their degree of relatedness, heirs are classed in five categories, for each of which there is a specific sliding scale of rates.
4. The time at which tax is charged is normally the time of death (or the time of publication of a final court decision declaring a person as presumed dead).
By way of exception, the time of taxation may be put back until later than the real time of death, either as of right in the cases set out in Article 7 of the Law (suspensive option, dispute as to the right to inherit or the inheritance judicial settlement, combination of usufruct with ownership, fulfilment by the heir of the procedure by which he is being taxed, renunciation of inheritance by one heir who is then replaced by another, inclusion of further assets in the inheritance after death, payment for compulsorily purchased immovable assets, final settlement of obligations under a draft contract being entered into by the deceased, receipt of payments for intellectual property rights, the end of any probate or bankruptcy proceedings, the publication of a court decision approval, the accounts concerning foreign inheritance which is to be taxed in Greece, etc.) or by decision of the local tax office in the cases set out in Article 8.
5. The value of an asset for tax purposes is its market value at the time the liability to tax arises.
6. In the case of immovable assets, the value taken is that given by the objective evaluation system, if that system applies in the region where the assets are located. A special method of assessment is laid down for certain kinds of movable assets, such as furniture and household goods, bonds and shares (depending on whether they are quoted or not), services, jewellery, collections of works of art or stamps, etc.
Where a distinction is made between usufruct (to which use and residence, but not joint use

or residence, are regarded as equivalent for tax purposes) and ownership, usufruct (whether for life or a specific period) is taxed directly and taxation of bare ownership is postponed until such time as usufruct is entered into, when tax is paid on full ownership.

By way of exception, bare ownership may be taxed directly when:

- (a) it devolves upon someone who already has usufruct (i.e. when the person with usufruct inherits it from the bare owner);
 - (b) through renunciation it devolves upon another heir or legatee;
 - (c) the bare owner transfers it for a consideration;
 - (d) the bare owner buys the usufruct;
 - (e) the bare owner so requests in his tax declaration.
7. In order to determine the net taxable value of an inheritance, the following are deducted:
- A. *Debts owed on the inheritance*
 - (a) established debts which are cleared, existing at the time of death and certified by:
 - (i) a public document or court decision subsequent to the death;
 - (ii) a private document providing a precise date before the death;
 - (iii) duly kept commercial records of the deceased or of his creditors;
 - (b) dowry obligations entered into by the deceased and not yet discharged;
 - (c) sums owed by the deceased in the form of taxes, duties and the like to the State, municipalities or legal persons governed by public law;
 - (d) debts on medical expenditure for the deceased during the six months preceding death, if outstanding at the time of death;
 - (e) such other debts, and the amounts thereof, as the local tax inspector may justifiably accept.
 - B. *Other charges on the inheritance*
 - (a) the costs of publishing the will, of issuing the list of heirs and of establishing the inventory of the inheritance;
 - (b) the costs, recognized by court decision, of having a person declared presumed to be dead;
 - (c) expenditure incurred abroad on the handling and probate of the inheritance, to the extent paid from an inheritance which is taxed in Greece;
 - (d) funeral expenses;
 - (e) charitable bequests.
8. The following are not liable to tax:
- (a) the State and municipalities, churches, monasteries, the community of the Holy Sepulchre, the monastery of Mount Sinai, and legal persons governed by public law (nor are they obliged to submit tax declarations);
 - (b) foreign legal persons, provided there is reciprocity;
 - (c) foreign natural persons where exemption is provided for by international agreement, subject to there being reciprocity;
 - (d) Greek political parties, provided they are recognized by Parliament;
 - (e) any person expressly exempted by legal provision.
9. The heir or legatee, or if he is not able to do so his legal representative, is obliged to submit a tax declaration concerning the inheritance.
The declaration must be submitted within:
- (a) six months of the time of death, if the deceased died in Greece;
 - (b) one year of the time of death, if the deceased died abroad or the heirs (legatees) resided abroad at the time of death.
10. The time limit for the submission of the tax declaration begins:
- (a) at the time of death in the case of intestacy;
 - (b) upon publication of the will if there is one;
 - (c) at the times referred to in Articles 7 and 8 of the Law (changing the time of taxation);
 - (d) upon publication of a decision declaring a person to be presumed dead;
 - (e) upon legal representatives, guardians of estates, executors of wills and trustees of bankrupt estates learning of their appointment;

- (f) upon the recognition of heirs to unclaimed estates;
 - (g) upon the death of a person liable to submit a declaration if he has not done so.
11. The six-month and one-year time limits referred to above may be extended by not more than three months by decision of the local tax inspector if there are serious and reasonable grounds.
 12. In the event of failure to submit a declaration, or if one is submitted after the time limit, additional tax is charged at a rate of:
 - (a) 75 to 150 % of the difference as compared with the tax as assessed by the tax inspector;
 - (b) 2.5 % for each month by which the declaration is late of the tax resulting from the declaration.
 13. The tax inspector responsible is the one of the place of residence of the deceased, or of the First Division, Athens, if the deceased lived abroad. However, if the deceased lived abroad but died in Greece, the inspector responsible is the one of the place of death.
 14. The Revenue Office responsible is informed of the tax, which is paid in eight monthly instalments, without interest, if it does not exceed DR 240 000, or eight three-monthly instalments, with interest, if it exceeds that sum, the interest rate being that paid on deposits with the Post Office Savings Bank. If all the tax is paid when the first monthly or second three-monthly instalment is due, a reduction of 15 % is made.
Ownership of an inherited asset may not be transferred unless a certificate is produced to the effect that the asset has been declared and the appropriate tax has been paid.

II. Tax on gifts and parental provision

(Φόρος δωρεών και γονικών παροχών)

Decree-Law No 118/1973 (*Government Gazette 202/A*) as subsequently amended.

1. The tax is charged on all property acquired by way of gift or parental provision, including:
 - (a) property of any kind made over as a gift and located in Greece;
 - (b) movable property made over by way of gift, located abroad and belonging to a Greek national;
 - (c) movable property located abroad and belonging to a foreigner, gift of which made to a Greek or to a foreigner residing in Greece;
 - (d) property transferred before the death of the person concerned to descendants, under a contract for usufruct.

The person liable for tax is the recipient, and the tax is calculated on the market value of the property and the degree of relationship between the recipient and the donor. Both recipients and donors are classified in the same categories on the basis of the degree of relationship.

In the case of gifts or parental provisions in the form of immovable property located in areas where the objective valuation system applies, the value is taken to be that in which that system results.
2. The tax becomes due at the time the gift deed is drawn up. In the case of movable property for which no formal document is drawn up, tax is regarded as becoming due at the time when the property is handed over. By way of exception, tax liability may be put back in time:
 - (a) automatically:
 - (i) in the case of suspensive option;
 - (ii) upon the conclusion of any dispute as to the property;
 - (iii) upon the drafting of the document of receipt of the gift, if there is one;
 - (iv) upon the combination of usufruct with ownership;
 - (v) when the price is paid, in the case of compulsory purchase;
 - (vi) when property held by the State as abandoned or sequestered is handed over;

GR 4

- (b) by decision of the local tax inspector, in the cases specifically provided for in Article 40 (2) of Decree-Law No 118/73.
3. The following are not liable to the tax:
 - (a) the State, municipalities, churches, monasteries, legal persons governed by public law, the community of the Holy Sepulchre and the monastery of Mount Sinai. Nor are they required to submit tax declarations;
 - (b) non-profit-making legal persons established or to be established in Greece, provided they are shown to be pursuing charitable purposes;
 - (c) foreign legal persons (non-profit-making and charitable), provided there is reciprocity;
 - (d) foreign nationals where exemption is provided for by international agreement, subject to there being reciprocity;
 - (e) transfers by the State, municipalities or legal persons governed by public law, of movable or immovable property;
 - (f) assistance and once-and-for-all compensation paid by insurance organizations or funds to the widow, children or parents of a deceased insured person.
 4. The tax inspector to whom the tax declaration is to be made and who is responsible for the whole procedure is the one for the place where the donor lives.
 5. Both parties, the donor and the recipient, are responsible for submitting the tax declaration. If there is no formal deed, it is the recipient who is responsible.
 6. The tax declaration is submitted before the deed is drawn up, on the basis of a certified copy of the declaration. In the case of informal gifts, the declaration is submitted before the property is transferred.

III. Special exemptions (inheritance and gifts)

(Ειδικές απαλλαγές (ισχύουν στις κληρονομιές και δωρεές))

In addition to the general exemptions applying to inheritance, gifts and parental provisions (see I.7 and II.3 above), the law provides for additional exemptions for certain categories of taxpayer.

1. Transfers of crop and livestock farming land up to DR 30 million in value and 80 stremmas (8 hectares) in area per recipient are free of tax on the first DR 1 million per stremma, where the value does not exceed DR 2 million per stremma, if:
 - (a) the heir or recipient is a child, spouse, parent or sibling of the deceased or donor,
 - (b) the heirs or recipients practise crop or livestock farming as their main occupation, and
 - (c) the land is to be used exclusively for farming for 15 years.

Over and above this exemption, there is a tax-free allowance on each share of the inheritance of:

- (a) DR 1 500 000 for heirs in Class I (descendants);
- (b) DR 1 100 000 for heirs in Class II,

where at least half of the value of the inheritance consists of agricultural assets.

The same exemptions apply to gifts and parental provisions.

2. When a house or an apartment is inherited and the heir or his spouse or dependent children (under age, or up to 25 years if students) have no right of full ownership, usufruct or residence in respect of any other house or apartment to meet their family's housing needs, or any building land in a town of over 3 000 inhabitants or in a tourist area, there is a DR 6 000 000 allowance for the heir plus DR 3 000 000 for each dependent member of his family, even if they are also heirs, if only one house or apartment devolves in full ownership. In no case, however, may the allowance be less than that for a house or apartment meeting, in accordance with the law, the family's housing needs.

3. When full ownership of a whole house, apartment or building plot is transferred by way of parental provision and the above conditions are met, then the value of that provision is reduced by DR 1 000 000 for the recipient himself and by DR 700 000 for each dependent member of his family.
4. If the heir recipient is handicapped (67% or more), the tax on the first DR 20 million of value is reduced by 60%.

IV. Prescription (Παράγραφη)

1. The State's right to levy tax on inheritances, gifts and parental provisions lapses after:
 - (a) 10 years, if a tax declaration was submitted;
 - (b) 15 years, if no tax declaration was submitted.The 10 or 15 years begin to run from the end of the year during which the tax declaration was submitted or the time limit for its submission expired. Should no tax declaration have been submitted, then no inheritance certificate will be issued for the subsequent 15 years after the 15-year limit has passed, unless a declaration is submitted and the inheritance tax is paid.
2. Irrespective of the above, however, the State's right to levy tax has, by express provision, lapsed in all cases in which tax liability arose on or before 31 December 1971. In such cases there is no obligation to submit a tax declaration.

Real estate transfer tax

(Φόρος μεταβίβασης ακινήτων)

Emergency Law No 1521/1950, as ratified by Law No 1587/1950 and still valid.

Beneficiary:

The State (less a small portion payable to the municipality involved).

Tax payable on:

Transfer of title or effective title to real estate or Greek-registered ships, for a consideration. The following are considered to constitute transfer:

- (a) the expropriation of full or restricted title, whether with the suspensive or annulling option or subject to repurchase;
- (b) the establishment of a usufruct or other servitude;
- (c) the transfer of the real estate of a company or partnership to its members;
- (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 in the public interest;
- (f) the restitution of a dowry consisting of real estate;
- (g) the division of real estate between its joint owners.

Tax payable by:

Transfer tax calculated on a contracted sale price is always levied on the purchaser. Successful bidders in auctions are considered to be purchasers. In case of expropriation in the public interest, the tax is in all cases payable by the body responsible for paying compensation.

Exemptions from real estate transfer tax under Article 6 of Emergency Law No 1521/1950:

Vendor and purchaser are exempted from real estate transfer tax on:

- (a) transfers to refugees in accordance with the Royal Decree of 15/28 July 1938, and transfers of State-owned real estate in accordance with the Rural Code;
- (b) compulsory expropriation of land in accordance with the Rural Code;
- (c) transfers where the purchaser is the State, a legal person governed by public law, a municipality, a church or a monastery;
- (d) the return of expropriated property;
- (e) the part of the value of real estate transferred from a non-profit-making cooperative to its members which was subject to tax when the real estate was purchased by the cooperative;
- (f) the compulsory purchase of real estate in the public interest by the State or by legal persons governed by public law;
- (g) transfers of real estate between the State and legal persons governed by public law.

Exemptions – reductions:

1. Exemption for real estate bought with foreign exchange is governed by Article 6(e) of Emergency Law No 1521/50, as amended.
2. Purchase of first residence (Law No 1078/1980)
The present text of Article 1 of the above exempts from real estate transfer tax contracts for the outright purchase of full title of real estate (house, apartment, building plot) by a natural person (married, unmarried), if neither that person nor his spouse or dependent children possess other real estate full ownership, usufruct or residence which could meet their housing needs. The exempted amounts are:
 - (a) for purchase by an unmarried person of a house or apartment up to 35 m², up to DR 7 million;
 - (b) for purchase by a married person of a house or apartment up to 70 m², up to DR 14 million. A married person's allowance is increased by 15 m² and DR 3 million for each child.
 - (c) for purchase of building land by an unmarried person, up to DR 4 million, and by a married person, up to DR 8 million. A married person's allowance is increased by DR 1 million for each child.
3. Exemptions for agricultural land under Article 12 of Law 634/1977. Contracts for the purchase or exchange of agricultural land, and any installations thereon, used exclusively for farming it, are exempt from real estate transfer tax on the first DR 500 000 per stremma if the purchase price does not exceed DR 1 000 000 per stremma, up to a total area of 40 stremmas per buyer, whether transfer is effected by one or more notarial acts.
In the case of land adjoining land belonging to the buyer, the area exempted is 80 stremmas.
4. Decree-Law No 1297/1972
Article 3 (1) of Decree-Law No 1297/1972 provides that no tax or duty is to be levied on mergers and transformations of undertakings, the contribution or transfer of the assets of undertakings which are being merged or transformed, or any instrument or agreement concerning the contribution or transfer of assets or liabilities. Subject to certain conditions, the contribution of real estate to undertakings resulting from mergers or transformations is exempted from real estate transfer tax.

Prescription:

The State's right to levy real estate transfer tax lapses after five years have passed from the end of the year in which the tax declaration was made. The State's right to charge the main and the additional tax should liability arise after exemption is granted, lapses after 15 years have passed from the end of the year in which exemption was granted, even if the case has been terminated in accordance with Article 8(2) and (3) of Emergency Law No 1521/1950 (provisional estimate).

Submission of declaration/payment of tax:

In areas where predetermined, objective valuation applies, the person liable to real estate transfer tax is obliged, when submitting his declaration, to enter in it the objective value of the real estate transferred, on which he pays the corresponding tax, unless the transfer deed states a higher one, in which case the tax is calculated on that. If he disputes this predetermined value, he has 20 days from when he submitted his declaration to appeal to the administrative courts, which will give a ruling on the value on the basis of comparative data.

In other areas (where objective evaluation does not apply) the person liable to tax pays, when he submits his declaration, the full amount of tax corresponding to the value he declares. Subsequently, the tax inspector makes a provisional assessment of the market value of the real estate, whereupon the buyer has the right, within a time limit of two months from the date of reception of that assessment, to submit a supplementary declaration accepting the tax inspector's assessment and to pay, without any increase or fine, one half of the tax corresponding and the other half in the following month. If he does not submit such a supplementary declaration, then the tax inspector carries out a check to ascertain the value of the real estate, without being bound by his provisional assessment, and then issues the appropriate certificate. Upon being informed thereof, the buyer has 20 days to either agree to it or appeal to the administrative courts.

Additional tax (Article 9 of Emergency Law 1521/1950):

If the value or tax declared is inaccurate, additional tax is charged of 75% of the difference between the value declared and the tax as assessed. No such tax is charged if the tax assessed is not more than 20% greater than that on the declared value.

If no declaration is submitted, an additional tax of 150% of the value assessed is levied.

If a declaration is submitted outside the time limit, an additional 3% of the tax owed under the declaration is charged for each month by which the declaration is late, up to a maximum of 50%.

If the tax inspector finds the description of the real estate to be inaccurate, even if the declaration was made in good faith, an additional tax for inaccuracy of 300% is imposed.

In areas where objective assessment applies, the above additional tax for inaccuracy is 100%.

Rates:

When real estate is transferred for a consideration, the tax is assessed on the market or objective value or on the contract price paid by the buyer if that is higher. The rates are 9% on that part of the value up to DR 4 000 000 and 11% for the part in excess. These rates are increased by 2%, i.e. to 11% and 13% respectively, in areas covered by a fire station. A tax in favour of the municipality is also levied, at a rate of 3%.

When real estate is divided, the rate is reduced to one quarter of the full rate, and to one half on exchange of real estate of equal value.

Capital gains tax

(Φορολογία αυτομάτου υπερτιμήματος (φ. Α. Υ.))

Under Article 16 of Law 1882/1990, capital gains tax is charged on any transfer for consideration (sale) of real property or title thereto on or after 1 January 1991.

The tax is assessed as a percentage of the difference between the price at which the property or title to it was bought, plus the real estate transfer tax paid, adjusted for inflation in accordance with the average annual price index of the National Statistical Service of Greece, and the price at which it is sold.

In areas where objective assessment applies, the price is determined on that basis. If at the time the property being transferred was bought the objective system did not apply but was brought into effect subsequently, the tax will be assessed on its objective value at the time the system was brought into effect.

In other parts of the country, a distinction is made between rural and urban real estate, sale of which is liable to capital gains tax at 5 and 10% respectively of the real estate transfer tax on the sale value.

Divisions, exchanges and mergers of property are not liable to tax, except where a difference arises between a theoretical and a real share, for which a price is paid. In that case the tax is charged at 10% of the real estate transfer tax for that price.

The tax is paid by the seller of the property, who submits a declaration before conclusion of the contract. If the amount exceeds DR 200 000, the tax is paid in three equal two-monthly instalments.

Under paragraph 6 of Law 1882/1990, tax is not charged on capital gains arising from:

- (a) the sale of an apartment, office, etc. built by a natural or legal person whose business is the construction and sale of buildings and whose net profits are taxed as income;
- (b) the sale of property by a business of any kind which pays income tax on the transaction;
- (c) sale of property which is subject to value-added tax;
- (d) the sale of a flat, house or building land, purchase of which was exempted from real-estate transfer tax on the grounds of it being a first residence, provided that the sum paid is to be used to buy another flat or house or other building land;
- (e) compulsory sale by auction;
- (f) the transfer of shares of building land under a preliminary agreement with a contractor, or any preliminary agreement drawn up before 31 December 1990.

The State, municipalities, churches, monasteries and legal persons governed by public law are also exempt from the tax.

The rules concerning declarations, payment of the tax and any other matter concerning assessment and collection are those laid down in Emergency Law 1521/1950 on real-estate transfer tax.

Turnover tax

(Φόρος κύκλου εργασιών)

On international transactions:

Emergency Law No 660/1937, Emergency Law No 1524/1950, Legislative Decree No 4242/1962, Emergency Law No 236/1967, Legislative Decree No 1980/1971, Law No 12/1975, Law No 1249/1982, Law No 1473/1984, Law No 1477/1984 and Law No 1882/1990, Article 21 (FEK 43/A of 23. 3. 1990).

With the application in Greece of value-added tax, as from 1 January 1987, the provisions for the levying of turnover tax on 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 No 1620/1951, covering the imposition of turnover tax on the revenues of insurance companies.

Beneficiary:

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 No 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 No 1642/1986 (Government Gazette 125/86), as amended and augmented by Law No 2093/93 (Government Gazette 181/92) and Law No 2166/93 (Government Gazette 137/93) and by various circulars and decisions.

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 to Law No 1642/1986.

Any person supplying a new means of transport which is dispatched or transported to another Member State.

Tax payable on:

The supply of goods and intra-Community acquisition and supply of services carried out for gain in Greece by a taxable person acting in that capacity, and also certain transactions which are considered in law as constituting supplies of goods, intra-Community acquisition or supply of services, even though no consideration is involved.

Tax is also charged on the import of goods into Greece.

When a Greek business buys goods from a business in another Member State it is obliged to give it its VAT registration number, with the prefix EL, otherwise the vendor business is unable to charge its customer VAT (exempted sale).

Sales to VAT-exempt undertakings:

The limit on intra-Community acquisitions by exempt businesses (such as insurance companies and banks) has been set in the case of Greece at DR 2 500 000.

Distance selling:

The limit on distance selling in Greece is DR 8 200 000, the equivalent of ECU 35 000. It does not apply to sales of goods subject to excise duty (petroleum and tobacco products, alcoholic beverages) or to new means of transport.

Tax representative:

A foreign natural or legal person not established in Greece proposing to carry out taxable transactions within the country must first appoint a tax representative.

In accordance with domestic legislation concerning VAT, the tax representative is appointed when the foreign business deposits a copy of his authorization with the tax office responsible for the income tax of the representative, who undertakes all the obligations of a taxable person when he submits his declaration that he is starting trading.

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, levies and charges in favour of the State or a third party, with the exception of value-added 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.
- (iii) Where elements determining the taxable amount are in the currency of another State, they are converted into the drachma equivalent.

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 nine 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.;
- transactions, including negotiation but excluding management and safekeeping, in shares and interests, bonds and other securities, but not securities giving title to goods;
- the management of common funds as referred to in Decree-Law 608/1970 (*Government Gazette* 170/70);
- the granting and the negotiation of credit and the management of credit by the person granting it;
- dealings in credit guarantees or any other security for money and the negotiation of such dealings and the management of credit guarantees by the person who is granting the credit;
- transactions, including negotiations, concerning deposit and current accounts, payments, transfers, debts, credit securities, cheques and other negotiable instruments, but excluding debt collection and factoring;
- the letting and leasing of immovable property;
- the supply of state lottery tickets, Pro-Po, Lotto and Proto Cards, and tickets for sweepstakes of the Greek Horseracing Association;
- the supply at face value of currently valid postage stamps, and other stamps, including stamps and tokens of insurance organizations, and other similar items, excluding stamps for collection;
- the supply, in whole or in part, of the goods of an enterprise, whether or not for a consideration or in the form of a contribution to an existing legal person or one being set up, coming from an activity which is completely exempt from VAT or from a farmer subject to the special regime provided for in Article 33, if those goods were acquired with payment of tax and no right to deduction has been granted or is immediately exercised, and supply of goods acquisition or disposal of which is exempt from the right to deduct, under Article 23(4);
- the supply of services whose value is included in the taxable amount when goods are imported, as that amount is determined under Article 16;
- the supply of immovable property.

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;
- the supply of goods to another Member State;
- intra-Community acquisition of goods;
- the supply of goods by duty-free shops.

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 annual turnover and the kind of accounts it must keep.

Rates:

A low rate of 8% on the goods and services listed in Annex III to Law 1642/86 (transposal into domestic legislation of Annex VII to the sixth Directive 92/77/EEC). A standard rate of 18% on all other goods and services not expressly mentioned in the above Annex III to Law 1642/86.

From 8 August 1992, the high rate of 36% was abolished, as was the 25% rate.

A very low rate of 4% applies to newspapers, books, periodicals and theatre productions. For the islands in the prefectures of Lesbos, Khios, Samos, the Dodecanese, the Cyclades and the Aegean islands of Thasos, Samothraki, the northern Sporades and Skiros, the rates are reduced by 30% for goods which, at the time the tax falls due:

- (a) are located in the islands and are supplied by a taxable person established there;
- (b) are sold for dispatch to the islands by a taxable person established anywhere in Greece, to a buyer who is a taxable person, or a legal person who is not a taxable person, established there;
- (c) are dispatched or transported to a legal person who is not a taxable person and is established in the islands, as part of intra-Community acquisition of goods;
- (d) are imported into the islands.

These reduced rates do not apply to tobacco products or means of transport. They do apply to services materially provided in the islands by a taxable person established there.

Special systems:**1. Special system for small businesses (Article 32 of Law 1642/86)***A – Exempt businesses*

The obligation to submit VAT returns and to pay tax does not apply to enterprises which are not obliged to keep accounts and to give receipts for retail sales of goods and services, in that during the preceding year they had gross receipts not exceeding:

- (a) DR 1 500 000, for undertakings selling goods;
- (b) DR 500 000, for businesses providing services;
- (c) DR 1 500 000, for mixed businesses (goods and services), provided that receipts from services do not exceed DR 500 000.

Undertakings may not be classified as exempt if:

- (a) they are setting up for the first time in business (they then fall under the normal VAT regime or the special system for small businesses);
- (b) they receive 60% or more of their gross receipts from wholesale selling;
- (c) they carry out exports;
- (d) they are farms falling under the special flat-rate scheme for farmers;

GR 8

- (e) they are foreign businesses;
- (f) they are businesses which from time to time supply new means of transport.

B – *Special system for small businesses*

This system covers businesses as listed below, which are obliged by law to keep simple accounting records:

- (a) natural persons running a business in a town or locality with a population of less than 5 000, are engaged solely in the sale of goods or in running a traditional coffee house and are setting up for the first time;
- (b) persons as referred to above whose gross receipts during the previous year did not exceed DR 15 million;
- (c) businesses selling goods in markets only;
- (d) newspaper kiosks;
- (e) filling stations, as regards petrol and oil;
- (f) businesses selling small items, newspapers, magazines, tobacco goods and the like retail.

The following do not qualify for the special system for small businesses:

- (a) farmers coming under the special system of Article 33;
- (b) businesses 60% or more of whose sales are wholesale;
- (c) businesses carrying out exports or intra-Community supply of goods.

2. Special system for farmers (Article 33 of Law 1642/86)

As regards supply of agricultural products they produce themselves and of agricultural services, farmers are subject to the special farmers' scheme and are entitled to refund of VAT on their inputs.

Refunds are paid by the State at the following flat-rate percentages of the value of the products or services supplied:

- (a) 2.5% for forestry and fishery products and for services;
- (b) 3.5% for plant products;
- (c) 5% for livestock products.

This system does not apply when goods and services are supplied to other farmers subject to it.

The system does not cover:

- (a) farmers who have set themselves up as companies, or agricultural cooperatives;
- (b) farmers who sell their products processed;
- (c) farmers who also have another economic activity and are legally obliged to keep accounts of the second and third categories.

3. Special system for travel agencies

This system applies to travel agencies, including organizers of tourist trips, dealing with their customers in their own name, if and to the extent that the travel or excursion makes direct use of goods or services provided by other taxable persons.

It does not cover the fees of travel agencies as intermediaries or transport using the agency's own means.

I. Value-added tax on tobacco products

(Φόρος προστιθέμενης αξίας καπνοβιομηχανικών προϊόντων)

Articles 2, 17 and 36 of Law No 1642/1986; Article 56 of Law No 2127/1993.

Beneficiary:

The State.

Tax payable by:

The tax is levied on the consumption and paid 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.

Assessment and collection:

The tax payable is assessed by the competent customs services and paid over to the State.

GR 8

Rates:

In accordance with Article 36 of Law No 1642/1986 the value-added tax on tobacco products is calculated on the pre-VAT retail price. The rate levied on this price is 18%, giving a VAT portion of 15.254% of the final retail price.

II. Value-added tax on petroleum products

(Φόρος προστιθέμενης αξίας πετρελαιοειδών προϊόντων)

VAT:

For prepared petroleum products the VAT rate is 18%.

Stamp duties

(Φορολογία χαρτοσήμου)

Law No 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 movable 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 movable 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.

GR 9

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%
- (h) Cheques produced to banks to be cashed, as security or for safekeeping 2.5%

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 No 1676/1986, third part (Articles 17 to 31) and Law No 1882/1990 (Article 20) (FEK 43/A of 23 March 1990). 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 whose registered place of business is not in a Member State.

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.
- (f) A change in the purpose of the taxable person as referred to in Article 17, from a purpose which is exempt to one which is not.

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 of profits, reserves or allowances.

GR 10

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)

Law No 1676/1986, second part (Articles 6 to 16), Article 2 of Law 2157/1993 and Article 2(14) of Law No 2187/1994. The special tax on bank transactions came into effect on 1 January 1987.

Beneficiary:

The State.

Tax payable by:

Greek banks, the Bank of Greece, foreign banks registered in Greece.

Tax payable on:

All forms of gross 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 the 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.
- (f) Loan and credit contracts to finance export of goods or provision of services to recipients abroad. Gross income thereon and bank revenues from export operations.
- (g) Credit contracts with a bank to the extent either not taken up or covered by another bank.

Rates:

4% on bank revenues. (Article 2 (14) of Law 2187/94 in effect since 1 January 1994).

Assessment and collection:

The tax is payable to the State on the basis of monthly statements.

GR 11

Taxes repealed or abolished:

The special tax on bank transactions of 3% on loan and credit contracts by banks was abolished from 8 June 1993 by Article 2 of Law 2157/1993.

Duty on tobacco products:

(Ειδικός φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων)

- (a) Articles 41 and 42 of Law 2127/93 (*Government Gazette*, I, 48/93)
- (b) Article 2 of Law 2187/94 (*Government Gazette*, I, 16/94).

Beneficiary:

The State.

Duty payable by:

Any person receiving duty bonding tapes, i.e.:

- (a) approved warehousekeepers or registered traders in Greece, and approved warehousekeepers of other Member States of the European Union;
- (b) tax representatives of approved warehousekeepers of other Member States;
- (c) importers from third countries;
- (d) persons holding a licence to produce tobacco products in Greece, except under suspension arrangements.

When payable:

The duty is assessed and collected when the products are released for consumption. However, in the case of processed tobacco for further trading produced in Greece or produced and coming from another Member State, an eight-week period is granted.

Basis of assessment – structure of the duty:

- (a) For cigarettes, the duty breaks down into a flat-rate component which is the same for all kinds of cigarettes, whatever their retail price, and has been set at 5% of the total tax burden (excise duty plus VAT) on the retail price, and a proportional element which is a percentage of their retail price. The duty is levied per unit of 1 000 cigarettes.
- (b) On other tobacco products, the levy is a percentage of the retail price per kilogram.

GR 12

Exemptions:

- (a) Denatured tobacco products (waste from tobacco processing).
- (b) Manufactured tobacco which is destroyed, is used exclusively for scientific trials or for trials concerning its quality, is made available to tobacco industry staff or is reused by the manufacturer.
- (c) Products to be supplied to embassies and consulates, to recognized international organizations and their staff, for armed forces and the civilian services accompanying them or supplying their canteens and messes, of the other member States of the North Atlantic Treaty Organization, and products to be consumed under an agreement with third countries or international organizations.
- (d) Products to be supplied as stores for ships and aircraft.
- (e) Products sold by tax-free shops on aircraft or ships during an intra-Community flight or voyage and transported in their personal luggage by travellers going to another Member State, provided the quantities per person and per journey do not exceed the limits laid down by current Community provisions.

Assessment and collection:

The duty is assessed and collected by the excise authorities.

Rates (from 15 January 1994):

I – Cigarettes

- (a) Flat-rate component (5%)
 $50 \text{ packets} \times \text{the retail price for 1993 of DR } 400 = 20\,000$
 $20\,000 \times 72.75 \text{ (excise } 57\%, \text{ VAT } 15.25\%) \times 5\% = \text{DR } 727.50 \text{ per } 1\,000 \text{ cigarettes}$
(1 taxable unit)
- (b) Proportional component
 $20\,000 \times 57.5\% = 11\,500$
 $11\,500 - 727.5 = 10\,772.5$
 $10\,772.5 \div 20\,000 = 53.8625\% \text{ of the retail price}$

II – Cigars and cigarillos

26% of the retail price per kilogram

III – Cut tobacco and other tobacco for smoking

57.5% of the retail price (per kilogram)

Duty on purchases of manufacturing tobacco in leaf form

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα)

Article 10 of Legislative Decree No 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%.

Excise duty on cigarette paper

(Ειδικός φόρος κατανάλωσης στο τσιγαρόχαρτο)

(a) Article 29 of Law 1591/86 (*Government Gazette*, I, 50/86)

(b) Article 5 of Law 2093/92 (*Government Gazette*, I, 181/92)

Beneficiary:

The State.

Duty payable by:

Any person producing in Greece, receiving from other EU Member States or importing from third countries.

When payable:

The duty is assessed and collected when the product is released for free circulation.

Exemptions:

No duty is charged on paper supplied to the industry for manufacturing purposes, or on paper used in the packaging of cut tobacco for own-roll cigarettes, if the number of sheets of paper does not exceed the number of grams of smoking tobacco on which duty has been paid.

Assessment and collection:

By the excise authorities.

Rate and basis of assessment:

DR 50 000 per kg net weight.

Road tax on motor vehicles

(Τέλη κυκλοφορίας)

Law No 2367/1953, Law No 490/1976, Article 40 of Law No 1882/1990, Article 20 of Law No 1921/1991, Article 36 of Law No 2093/1992, Article 5 of Law No 2120/1993, as amended.

Beneficiary:

The State.

Duty payable on:

Since 1 March 1953: motor vehicles used on public roads.
Since 1 January 1993, special road tax sticker.

Duty payable by:

The owners or possessors of motor vehicles.

Basis of assessment:

- for vehicles requiring a tax sticker, engine capacity in cubic centimetres;
- for private goods vehicles, including load-carrying motor tricycles, the loading capacity and in some cases horsepower;
- for buses and coaches, the number of seats;
- for public goods vehicles, including load-carrying motor tricycles, the horsepower and the loading capacity.

Exemptions:

The following vehicles are exempt from duty: vehicles belonging to the Greek State, the Greek Tourism Organization, the Greek Post Office, Olympic Airways, the Organization for the Management of Public Material (ex-armed-forces vehicles), the Institute for Geological and Minerals Research, the Staff Insurance Fund, municipalities, prefectural funds, port authorities, port funds, Hellenic Shipyards, heads of diplomatic missions, foreign press correspondents, news agencies, diplomatic staff of embassies, the Greek Red Cross, the Social Security Foundation (IKA), non-profit-making hospital institutions, the National Institution for the Reception and Resettlement of Returning Ethnic Greeks, the Public Power Corporation (DEH); vehicles belonging to disabled officers and men of the armed forces, those who fought in the National Resistance and the Democratic Army, and disabled Greek citizens aged between 4 and 70 who meet certain conditions. There is also a five-year exemption for private passenger and goods vehicles using anti-pollution technology which are put on the road to replace older vehicles using conventional technology which are taken out of use.

GR 14

Collection:

Annual.

For the road tax sticker, in one instalment.

In other cases, in two six-monthly instalments.

Rates:

(a) Private motor vehicles

1. Passenger vehicles and jeep-type vehicles for passengers and freight
 - from 786 to 1 357 cc DR 15 000
 - from 1 358 to 1 928 cc DR 25 000
 - from 1 929 cc DR 50 000
2. Passenger motor bicycles and tricycles
 - from 786 to 1 357 cc DR 15 000
 - from 1 358 cc DR 25 000
3. Passenger trailers and semi-trailers (caravans)
..... DR 15 000

Note:

Road tax for categories 1, 2 and 3 above is paid by the purchase of a sticker with a face value equal to the amount of the tax. A sticker with a nominal value of DR 1 000 is issued for vehicles as above which are exempt from road tax (vehicles of less than 786 cc, invalid carriages, etc.).

4. Lorries, trailers, semi-trailers and cement mixers
DR 12.5 per kg payload
5. Hearses
DR 500 per hp
6. Tractors
DR 250 per hp
7. Buses and coaches
DR 1 250 per seat
8. Motor vehicles not belonging to any of the above categories
DR 875 per hp
9. Load-carrying motor tricycles
DR 12.5 per kg payload. If no payload is specified, the tax is calculated on the same scale as for passenger motor bicycles and tricycles, on the basis of cylinder capacity. In this case a special sticker is not issued.

(b) Public service vehicles

1. Passenger vehicles (with or without odometer) DR 12 500
2. Lorries, trailers, semi-trailers and cement mixers
DR 3.75 per kg payload
3. Tractors
DR 62.5 per hp
4. Petrol-driven buses and coaches
DR 87.5 per seat
5. (a) Petrol-driven buses and coaches, goods and passenger
DR 87.5 per seat and DR 1.06 per kg payload

- (b) Diesel-powered buses and coaches, goods and passenger
DR 143.75 per seat and DR 0.67 per kg payload
6. Diesel-powered buses and coaches
- | | |
|----------------------------------|--------------------|
| Provincial urban services: | DR 87.5 per seat |
| Intercity services: | DR 218.75 per seat |
| Other (tourist coaches): | DR 1250 |
7. Motor vehicles not belonging to any of the above categories
DR 187.5 per hp
8. Load-carrying motor tricycles
DR 3.75 per kg payload

Single-payment additional duty on motor vehicles

(Εφάπαξ πρόσθετο ειδικό τέλος)

Law No 2367/1953, Article 15; Law No 363/1973, Article 3; Law No 1882/1990, Article 40; Law No 1921/1990, Article 20 (as amended); Law No 2187/1994, Article 2 (7).

Beneficiary:

The State.

Duty payable on:

Since 1 March 1953, there has been an additional once-only tax on motor vehicles brought into use on public roads.

Basis of assessment:

Engine capacity for motor cycles, engine capacity combined with value for private cars and the equivalent of the annual road tax for other vehicles.

Duty payable by:

The owners or possessors of motor vehicles.

Payment:

One single payment at the time the vehicle is classified.

Exemptions:

Vehicles belonging to parties exempted from standard vehicle road tax and from import duties.

Rates:

The additional duty is levied when the vehicle is first put on the road in Greece, and is equal to the annual road tax.

For private vehicles:

A - Passenger cars

- (a) up to 1 200 cc, 8% of the value;
- (b) from 1 201 to 1 800 cc, 12% of the value;
- (c) from 1 801 cc, 16% of the value.

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 No 363/1976; Law No 1003/1979 and Article 43 of Law No 1676/1986 (FEK 204/9 of 9 December 1987). Law No 1573/1985 in respect of Greek motor-vehicle production planned under customs supervision procedure, replaced by Law No 1882/1990.

Beneficiary:

The State.

Tax payable on:

Passenger vehicles manufactured or assembled in Greece, and likewise those imported with the Customs Tariff classification 87.03 (transport of persons).

Payment:

The tax is paid and recovered at the time the vehicle is put into use.

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.

Rates:

For used vehicles and those using conventional technology:

(a) vehicles up to 1 200 cc, DR 20 per cc.

(b) vehicles up to 1 800 cc, DR 26 per cc.

(c) 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) and

400% of the selling price (2 500 cc and over).

As regards conventional-technology vehicles, the rates given in the inventory of taxes continue to apply.

However, so far (2 March 1990) new vehicles using new technology are subject to the reduced rates provided for in Law No 1882/90.

I - Passenger vehicles

1. Import duty: EC and preference countries: 0%
 Other countries: 10%
2. Excise duty (taxable value under Law No 363/1976)

Engine capacity (cc)	Conventional technology (Law No 363/1976) (%)	New vehicles with anti-pollution technology (Law No 1882/1990) (%)
up to 600	up to 48	
601 to 700	48.08 to 56	10
701 to 800	56.08 to 64	
801 to 900	64.08 to 72	
901 to 1 000	72.08 to 80	
1 001 to 1 100	80.08 to 88	
1 101 to 1 200	88.08 to 96	20
1 201 to 1 300	124.904 to 135	
1 301 to 1 400	135.304 to 145.6	
1 401 to 1 500	145.704 to 156	25
1 501 to 1 600	156.104 to 166.4	
1601 to 1 700	166.504 to 176.8	35
1 701 to 1 800	176.904 to 187.2	
1 801 to 1 900	273.752 to 288.8	45
1 901 to 2 000	288.952 to 304	
2 001 to 2 100	304.152 to 319.2	
2 101 to 2 200	319.352 to 334.4	
2 201 to 2 300	334.552 to 349.6	
2 301 to 2 400	349.752 to 364.8	75
2 401 to 2 500	364.952 to 380	
2 501 to 2 600	380.152 to 395.2	
2 601 to 2 631	395.352 to 399.912	
2 632 and above	400	

3. VAT: 18%

Exemptions:

- (a) Public passenger vehicles (taxis) using anti-pollution technology (Article 38 of Law No 1882/1990).
- (b) Competition vehicles which are suitable and are used only for competition driving (Article 10 of Law No 1573/1985).

GR 16

II – Goods vehicles

1. Import duty:	– EC and preference countries	0 %
	– Other countries	11 %
2. Special road tax:		
	Anti-pollution technology	Conventional technology
(a) Lorries over 3.5 tonnes of any engine capacity	5 %	6.5 %
(b) Open trucks of a gross weight up to 3.5 tonnes of any engine capacity	10 %	13 %
(c) Vans of a gross weight up to 3.5 tonnes		
– up to 900 cc	8 %	10.4 %
– from 901 to 1 400 cc	15 %	19.5 %
– from 1401 to 1 800 cc	20 %	26 %
– from 1801 to 2 000 cc	25 %	32.5 %
– from 2 001 cc	30 %	39 %
3. VAT:	18 %.	

III – Jeep-type vehicles

1. Import duty:	EC and preference countries:	0 %
	Other countries:	11 % or 22% (above 2 800 cc)
2. Excise duty:	80 % of that on passenger vehicles	
3. VAT:	18 %	

IV – Motorcycles

1. Import duty:	EC and preference countries	0 %
	Other countries:	11 % or 22 % (above 2 800 cc)
2. Excise duty:		
200 to 900 cc	10 %	
901 to 1 400 cc	15 %	
1 401 to 1 600 cc	20 %	
1 601 to 1 800 cc	24 %	
1 801 to 2 000 cc	30 %	
2 001 cc and above	50 %	
3. VAT:	18 %	

Special tax on petroleum products

(Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων)

Law No 2127/93.

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 laid down in Article 20 of Law No 2127/93.

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 when they are released for consumption.

Duty on alcohol and alcoholic products

(Φόρος κατανάλωσης στην αλκοόλη και στα αλκοόλουχαποτά)

Articles 24 et seq. of Law 2127/93 (Government Gazette 48/A).

Under suspension of duty

The duty is paid by:

The duty becomes payable

- | | |
|------------------------------|------------------------------|
| (a) approved warehousekeeper | upon release for consumption |
| (b) approved dealer | upon receipt of the products |
| (c) non-approved dealer | upon receipt of the products |
| (d) tax representative | upon receipt of the products |

Import from third countries

The tax is paid by the importer, upon import.

Rates:

Ethyl alcohol and alcoholic beverages (Articles 25 and 26 of Law 2127/93), customs codes 2207, 2208, 2204, 2205, 2206, above 22% volume

- 1993 – ECU 550 (DR 139 315) per hectolitre of anhydrous ethyl alcohol at 20°C.
 - 50% of the above for ouzo and in the Dodecanese.
- 1994 – From 1 January 1994, the amount was set at DR 151 197 (ECU 1 = DR 274.904)

Fermented beverages apart from beer and wine

(Article 37 of Law 2127/93)

Codes: 2204, 2205, 2206.

The rate is zero (Article 38 of Law 2127/93).

Wine

Codes: 2204, 2205 (Article 35 of Law 2127/93).

The rate here is zero (Article 36 of Law 2127/93).

Intermediate products

Codes: 2204, 2205, 2206 (Article 33 of Law 2127/93).

The rates are (Article 34 of Law 2127/93):

- 1993 – ECU 45 (DR 11 399) per hectolitre of final product;
 - liqueur wines (Regulation 4252/1988) Samos, Limnos, Moskhatos, Mavrodafni of Patras etc., half of the above (ECU 22.5).
- 1994 – From 1 January 1994 the tax became DR 12 371, because of the new rate between the ecu and the drachma.

Beer

Codes: 2203, 2206 (Article 29 of Law 2127/93).

Rate (Article 30 of Law 2127/93):

1993: DR 240 per degree Plato.

1994: DR 240 per degree Plato.

Exemptions:

Under Article 29 of Law 2127/93, the above products referred to in Article 25 are exempt from this duty on ethyl alcohol where:

- (a) they are in the form of ethyl alcohol which has undergone denaturing, in accordance with current legislation;
- (b) they have undergone denaturing in accordance with the legislation of Greece or another Member State and are used to produce any product not for human consumption;
- (c) they are used to produce vinegar as defined in customs code 2209;
- (d) they are used to produce pharmaceuticals, as defined by current legislation;
- (e) they are used to produce aromatic substances used in the production of non-alcoholic foodstuffs with an alcohol content not exceeding 1.2%;
- (f) they are used as raw materials for ingredients of semi-finished products used to produce foodstuffs, provided that the anhydrous ethyl alcohol content does not exceed 8.5 litres per 100 kilograms of product in the case of chocolates and 5.5 litres in the case of other products;
- (g) they are used as samples for analysis in carrying out necessary production trials or for scientific purposes;
- (h) they are used for scientific research;
- (i) they are used in public or private hospitals, clinics and the like, for medical purposes.

Tax on television advertisements

(Φόρος τηλεοπτικών διαφημίσεων)

Article 15 of Law No 1326/1983; Article 11 of Law No 1947/1991.

Beneficiary:

The State.

Tax payable on:

The value of the advertising, excluding that of the advertising stamp.

Tax payable by:

Television undertakings.

Exemptions:

Television advertisements put out by offices of the State.

Rate:

30% of the fixed tariff.

Duty on malt

(Φόρος κατανάλωσης βύνης)

Article 2 of the Decree-Law of 29 December 1923 (*Government Gazette* 384), and Article 3(2), (3) and (4) of Law No 2963/1922 (*Government Gazette* 134), as amended by Articles 1, 2 and 3 of Law No 1839/1989 (*Government Gazette* 90/A).

Beneficiary:

The State.

Tax payable by:

Importers of malt and other raw materials (starch or sugar) for the production of beer, maltsters, brewers, and those selling beer wholesale or retail for consumption.

Tax payable on:

Home-produced or imported malt or raw material for malt (starch or sugar) used in Greece for the production of beer.

Basis of assessment:

Per kilogram of extract of raw material. The average extract yield, for the purposes of the tax, is 75.5%.

Rates:

DR 102 per kg of extract of raw material. Imported beer pays a special duty of DR 111 per kg of extract.

Ascertainment and collection:

The duty is collected by the customs authorities on imports and the competent public financial departments in the case of home production.

Duty on isopropyl alcohol

(Φόρος κατανάλωσης ισοπροπυλικής αλκοόλης)

Article 4 of Legislative Decree No 4358/1964. This duty was incorporated into the special consumption tax by virtue of Article 3(1)(i) of Law No 1477/1984 and Article 15 of Law No 2093/92.

Beneficiary:

The State.

Basis of assessment:

Net weight.

Collection:

The customs authorities.

Rate:

DR 1 000 per kilogram.

Income tax levy on behalf of the Agricultural Insurance Organization (OGA)

(Εισφορά υπέρ ΟΓΑ επί τον φόρου εισοδήματος)

Law No 4169/1961; Article 11, paragraph 1, subparagraphs (a) and (b).

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable by:

Natural and legal persons liable to 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 No 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 No 1473/1984 on 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 Law No 4169/1961:

GR 28

- (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 No 3323/1955;
- (b) for undertakings subject to the provisions of Legislative Decree No 2687/1953 (*Government Gazette Part A, 317*) and in cases not provided for in Law No 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 No 1473/1984 obliged by the income tax rules in force to submit returns by 31 December 1984.

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)

Article 17 of Law No 3341/1925; Presidential Decree No 3883/1958; Article 15 of Presidential Decree No 3999/1959.

Note: In accordance with Greece's Act of Accession to the Community, this tax on imported goods is no longer levied, except on goods from non-Community countries with no preferential tariff status. It applies to goods under headings 25 to 97 of the Combined Nomenclature (Article 7 of Law No 1382/1983).

Beneficiaries:

The amount of tax raised is divided into three parts and is distributed as follows:

1. One-third is distributed thus: $\frac{9}{10}$ to the University of Athens and the Athens Polytechnic: $\frac{1}{10}$ to the Athens Academy.
2. One-third to the University of Thessaloniki.
3. One-third is used to promote Greek exports. Of this portion $\frac{1}{3}$ goes to the Greek National Handicrafts Organization and $\frac{2}{3}$ 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:

Under Article 7 of Law No 1382/1983, the tax is not levied on goods under headings 1 to 24 of the Combined Nomenclature. Nor is it levied on goods imported from outside the Community under any preferential tariff regime.

Collection:

The tax is collected by the customs authorities.

Rate:

0.50% of the excisable value of the imported goods.

Port use tax on petroleum products (including imported products)

(Δικαίωμα χρήσεως λιμένων επί των πετρελαιοειδών)

Legislative Decree No 357/1969, as amended by Law No 1954/1991.

Beneficiaries:

The harbour authorities.

Basis of assessment:

Per tonne net weight.

Collection:

The duty is collected by the customs authorities.

Rates:

1. Diesel and fuel oil, DR 10 per tonne.
2. Petrol, DR 20 per tonne.
3. Paraffin, DR 3 per tonne.

Central bank levy

(Εισφορά Τράπεζας)

Joint Ministerial Decision No 25323/1960 (*Government Gazette* 494/B/60), confirmed by Article 64 of Law No 1249/1982.

Levy payable on:

Imports from outside the Community of goods falling within Chapters 25 to 97 of the Combined Nomenclature and not qualifying for any preferential tariff treatment. There is no levy on goods of Chapters 1 to 24.

Basis of assessment:

Taxable value.

Collection:

The levy is collected by the customs authorities.

Exemptions:

There is no levy on imports from outside the Community coming under any preferential tariff regime.

Rate:

From 1 January 1982, 1.5% of the taxable value.

Levy on behalf of the Merchant Marine Pensions Fund (NAT)

(Εισφορά υπέρ του Ναυτικού Απομαχικού Ταμείου [NAT])

Law No 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.

Relief:

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 No 339/1976; Law No 658/1977; Law No 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 No 1416/1984).

Special duty on alcoholic beverages

(Ειδικός φόρος κατανάλωσης οινοπνευματωδών ποτών)

Article 5 of Law No 1870/1989 (*Government Gazette* 250/A, 28 December 1989).

Beneficiary:

The State.

Tax payable by:

The duty is on the consumption of alcoholic beverages, and is paid by the manufacturer, bottler or importer.

Tax payable on:

Distillates, liqueurs and other alcoholic beverages and composite preparations containing alcohol used for making beverages falling within heading 22.08 of the Combined Nomenclature.

Basis of assessment:

- (a) For home-produced (home-bottled or home-prepared) beverages, the producer's selling price.
- (b) For imported drinks, the tax value under Article 3(3)(b) of Law No 1477/1984, as amended, plus duty and any other taxation, minus VAT.

Rate:

10% on both home-produced and imported drinks.

Special duty on bananas

(Ειδικός φόρος κατανάλωσης στις μπανάνες)

Law No 1798/1988 (*Government Gazette* 166/A, 11 August 1988), Article 7; Law No 1914/1990, Article 10; Law No 2127/93, Article 89.

Beneficiary:

The State.

Duty payable on:

Bananas falling within headings 08030010 and 08030090 of the Combined Nomenclature, whether imported or home-grown.

Duty payable by:

- (a) For imported bananas, the legal or natural person importing them.
- (b) For home-produced bananas, traders as referred to in Decree-Law No 99/1977 (*Government Gazette* 34) and anyone buying bananas directly from producers and selling them on their account.

Basis of assessment:

In accordance with Law No 1477/1984.

Rate:

DR 100 per kg.

Special levy under Legislative Decree No 49/1968 (private goods vehicles)

(Εισφορά Ν. Δ. 49/1968 – φορτηγά ιδιωτικής χρήσης αυτοκίνητα)

Legislative Decree No 49/1968, as consolidated by Royal Decree No 281/1973, Law No 1884/1990, Article 9, and Law No 1959/1991 (as amended).

Beneficiary:

The State.

Tax payable on:

Since 12 December 1968, the levy has been charged for licences to operate private goods vehicles.

Basis of assessment:

The gross weight of the vehicle.

Tax payable by:

The owner of the vehicle.

Reductions:

Reduced to one-third on vehicles belonging to farming enterprises (including crop and livestock farming, poultry farming, honey and silk production and fisheries), to forestry workers and resin collectors, and on vehicles being disposed of by the Public Equipment Management Board.

Exemptions:

Tankers transporting drinking water in areas without water supply, and rubbish-collection vehicles.

Assessment and collection:

Charged once only when the licence is issued, and paid either in a single or in multiple instalments, depending on the amount.

Rates:**I. Van-bodied vehicles:**

(a) gross weight up to 1 200 kilograms:	DR 80 000
(b) gross weight from 1 201 to 2 000 kilograms:	DR 100 000
(c) gross weight from 2 001 to 2 400 kilograms:	DR 120 000
(d) gross weight from 2 401 to 4 000 kilograms:	DR 140 000

II. Flatbed vehicles:

(a) gross weight up to 1 200 kilograms:	DR 50 000
(b) gross weight from 1 201 to 2 000 kilograms:	DR 60 000
(c) gross weight from 2 001 to 2 400 kilograms:	DR 70 000
(d) gross weight from 2 401 to 4 000 kilograms:	DR 80 000

III. Flatbed or van-bodied vehicles of a gross weight of over 4 000 kilograms, DR 16 per kilogram on the weight in excess of 4 000 kilograms.

Special levy under Law No 383/1976 (public goods vehicles)

(Εισφορά Ν. 383/1976 – φορτηγά δημόσιας χρήσης αυτοκίνητα)

Law No 383/1976, Law No 1959/1991, as amended.

Beneficiary:

The State.

Tax payable by:

Since 11 December 1976, the levy has been charged on the licences for public goods vehicles and paid by the individual operators.

Basis of assessment:

The gross weight of the vehicle.

Tax payable by:

The owner of the vehicle.

Assessment and collection:

Once only, upon first issue of the vehicle licence, and paid in instalments according to the amount.

Rates:

I. Vehicles:

- | | | |
|---|----|-----------------|
| (a) gross weight up to 10 000 kilograms: | DR | 10 per kilogram |
| (b) gross weight from 10 001 kilograms to 20 000 kilograms: | DR | 7 per kilogram |
| (c) gross weight above 20 000 kilograms: | DR | 5 per kilogram |

II. Refrigerator vehicles with constant refrigeration: DR30 000

III. Vehicles put on the road to replace three-wheeled public goods vehicles: DR30 000

Levy in favour of ELGA

(Εισφορά υπέρ ΕΔ.Γ.Α.)

Since 1 June 1992, under Law 2040/92, Article 31.

Beneficiary:

ELGA is the Greek agricultural insurance organization.

Tax payable by:

Producers of agricultural products and by-products, whether they are natural or legal persons, and including State bodies.

Tax payable on:

The value of agricultural products and by-products produced domestically which are sold retail.

Exemptions:

None.

Rates:

- (a) 2% on plant products,
- (b) 0.5% on livestock products.

Assessment and collection:

The levy is collected by local tax offices, every three months, from persons obliged to issue the relevant documents (invoices, etc.).

Dodecanese municipal tax

(Δημοτικός Φόρος Δωδεκανήσου)

Since 1 July 1994, under Article 60 of Law 2214/94, in favour of local government bodies in the Dodecanese.

Beneficiaries:

Local government bodies in the Dodecanese.

Tax payable by:

Any person considered to be a trader for the purposes of the Accountancy and Records Code (Presidential Decree 186/92).

Tax payable on:

Gross revenue from economic activity within the prefecture of the Dodecanese.

Exemptions:

The tax is not paid by persons providing services of public interest or who, in accordance with their statutes and in reality, pursue exclusively educational, philanthropic, charitable or non-profit-making objectives.

Also exempted are farmers not subject to the regular VAT system. Nor is the tax levied on income from:

- (a) air and sea transport and land transport by bus meeting public service requirements;
- (b) the sale of newspapers and periodicals and the provision of printed and electronic news;
- (c) the sale of motor vehicles on which the special duty provided for in Law No 363/76 (*Government Gazette*, 152/A) is paid.

Rates:

From 0.2% to 1%, according to the net profit rate applied for purposes of income tax.

Assessment and collection:

Paid to local government bodies in the Dodecanese, by the taxable persons, every three months.

Charge on heavy plant and machinery

(Τέλη μηχανημάτων έργων)

Law 2052/92, Article 20, as amended.

Beneficiary:

The State.

Scope:

- (a) Since 5 June 1992, there has been a once-only charge for granting type approval for plant and machinery, for the deletion, filing and grant of licences and for the supply of licence plates for plant and machinery, and for the replacement of a licence or of plates, or both.
- (b) From 1 January 1993, charges for the use of plant and machinery.

Basis of assessment:

Power plant hp.

Tax payable by:

The owner of the plant or machinery.

Assessment and collection:

- I – (a) in one instalment for a type approval DR 50 000
- (b) in one instalment for deletion, filing and grant of
 licences and the supply of plates DR 30 000
- (c) in one instalment for the replacement of a licence or of plates or both DR 15 000

II – Charges on use: DR 350 per DIN horsepower. It may not be less than 100 times the charge for 1 horsepower (or DR 35 000). If the machine has two power plants, the charge is assessed on the more powerful of the two. The charges are annual and are paid either in one instalment or two six-monthly ones.

Taxes abolished or repealed

- GR 6 Tax on real estate**
(Φόρος ακίνητης περιουσίας)
Abolished by Article 37 of Law 2065/1992, from 1 January 1993 (that is, Articles 19-36 of Law 1249/1982 were repealed).
- GR 17 Tax on light and medium oils**
(Φόρος κατανάλωσης ελαφρών και μέσων ελαίων)
Replaced by: special tax on petroleum products (Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων).
- GR 18 Special tax on certain items pursuant to Legislative Decree No 3829/1958 (special tax on the hire of race horses)**
(Ειδικός φόρος κατανάλωσης – Ν.Δ. 3829/1958 – Ειδικός φόρος κατανάλωσης στα μιοθώματα δρομώνων ιππων)
- GR 19 Tax on lubricating oils**
(Φόρος κατανάλωσης λιπαντικών ελαίων)
Abolished by Article 15 of Law 2093/1992.
- GR 22 Tax on lift equipment**
(Φόρος κατανάλωσης επί των ανυψωτικών συσκευών)
Abolished from 8 August 1992 by Article 15(2)(c) of Law 2093/1992.
- GR 24 Duty on sugar**
(Φόρος κατανάλωσης ζάχαρης)
Abolished by Article 57(1)(k) of Law No 1642/1986.
- GR 27 Special duty under Law 1477/1984**
(Ειδικός φόρος κατανάλωσης και πολυτέλειας του Ν. 1477/84)
Abolished by Article 15 of Law 2093/1992.
- GR 29 Special 3% duty to fund water supply and sewerage projects undertaken in 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990 and 1991 pursuant to Law No 1069/1980**
(Ειδικό τέλος 3% υπέρ των επιχειρήσεων ύδρευσης και αποχέτευσης που συστήθηκαν το 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990 και 1991, σύμφωνα με το Ν. 1069/1980)
Abolished from 1 January 1992 by Article 43(2) of Law 2065/1992.

- GR 31 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)
Abolished by Law No 1477/1984.
- GR 32 Levy on beer on behalf of OGA**
(Εισφορά υπέρ ΟΓΑ επί του ζύδου)
- GR 34 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)
Abolished from 1 January 1994 by Article 65 (2) of Law 2214/1994.
- GR 36 Levy on imported vehicle tyres**
(Εισφορά επί των εισαγομένων ελαστικών αυτοκινήτων)
Amended by Article 7 of Presidential Decree No 6 of 9 April 1935 (Permanent Road Surface Fund).
- GR 37 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 téως διοίκησης πρωτεύουσας των Δήμων Ελευσίνας, Μάνδρας κλπ. για την ύδρευση και αποχέτευση της πρωτεύουσας)
Abolished from 1 January 1992 by Article 43(2) of Law 2065/1992.
- GR 38 Special 3 % duty on income from buildings in the Thessaloniki area to fund sewerage projects**
(Ειδικό τέλος 3 % στα εισοδήματα από οικοδομές περιοχής Θεσσαλονίκης)
Abolished from 1 January 1992 by Article 43(2) of Law 2065/1992.
- GR 39 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)
Abolished from 1 January 1992 by Article 43(2) of Law 2065/1992.
- GR 40 Special levies and duties on manufacturing tobacco in leaf form**
(Ειδικές εισφορές και τέλη στα παραγωγικά καπνά σε φύλλα)
The only duty still in force now is the special duty in favour of the National Tobacco Organization.
Duty on purchases of manufacturing tobacco in leaf form (Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα).

GR 43 Tax on imports

(Φόρος εισαγωγής)

There is nothing in Greek legislation known as a 'tax on imports'.

I - Turnover tax

(Φόρος κύκλου εργασιών)

The turnover tax was replaced by value-added tax on 1 January 1987 and the importation of goods into Greece is now governed for purpose of taxation by Law No 1642/1986 on VAT and other related provisions.

II - Stamp duty

(Τέλη χαρτοσήμου)

The stamp duty, which also applied before the common system of VAT came into effect in Greece to certain taxable transactions including the import of goods, was abolished as soon as such import became subject to VAT.

III - Special consumption tax

(Ειδικός φόρος κατανάλωσης)

The special consumption tax under Article 3 of Law No 1477/1984 applies without distinction to the goods, whether imported or home-produced, set out in Annex III to the Law (see special duty under Law No 1477/1984).

IV - Regulatory tax

(Ρυθμιστικός φόρος)

The regulatory tax was abolished from 1 January 1989, in accordance with Article 6 of Law No 1477/1984.

GR 46 Turnover tax on tobacco products

(Φόρος κύκλου εργασιών καπνοβιομηχανικών προϊόντων)

Replaced by the value-added tax *(Φόρος προστιθέμενης αξίας)*.

GR 47 Special goods vehicle tax

(Ειδικός φόρος κατανάλωσης φορτηγών αυτοκινήτων)

Replaced by Law No 1882/1990 and Law No 1921/1991.

GR 48 Tax on wax materials

(Φόρος κατανάλωσης κηρωδών υλών)

Abolished from 1 January 1987 by Article 57 of Law No 1642/1986.

GR 49 Tax on detergents

(Φόρος κατανάλωσης απορρυπαντικών)

Abolished by Law No 1980/1987.

GR 50 Duty on home-produced and imported caramel

(Φόρος κατανάλωσης αμυλοσιροπίου)

Abolished from 1 January 1987 by Article 57 of Law No 1642/1986.

- GR 51 Tax on public entertainments**
(Φόρος δημόσιων θεαμάτων)
(Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under c.)
- GR 52 Tax on public entertainment centres and luxury establishments**
(Φόρος κέντρων διασκέδασης και κέντρων πολυτελείας)
(Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under h.)
- GR 53 Payroll tax**
(Φορολογία άρθρου 5 Α.Ν. 843/1948)
- GR 54 Levy on behalf of OGA and municipal and parish community councils**
(Εισφορά υπέρ ΟΓΑ, δήμων και κοινοτήτων)
- GR 55 Special duty on playing cards and salt**
(Έιδικός φόρος καταιάλωσης στα παιγώχαρτα και στοσ αλατι)
Abolished from 8 August 1992 by Article 15(2)(e) of Law 2093/1992.
- GR 56 Tax on radio advertisements**
(Φόρος ραδιοφωνικών διαφημίσεων)
Abolished from 1 August 1993 by Article 17(11) of Law 2166/1993.

SPAIN
España

Corporation tax

(*Impuesto sobre sociedades*)

Law No 61 of 27 December 1978 on corporation tax; Law No 34 of 21 June 1980 on the reform of taxation procedure; Law No 18 of 26 May 1982 on the tax arrangements for groups, temporary associations of companies and regional industrial development corporations; Royal Decree No 2631 of 15 October 1982 approving the tax rules; Law No 5 of 29 June 1983 on urgent budgetary, financial and taxation measures; Law No 14 of 29 May 1985 on the tax arrangements for certain financial assets; Royal Decree-Law No 7 of 29 December 1989 on urgent budgetary, financial and taxation measures; Law No 12 of 29 April 1991 on economic interest groupings; Law No 17 of 29 May 1991 on urgent tax measures; Law No 18 of 6 June 1991 on personal income tax; Law No 29 of 16 December 1991 on adjustment to Community tax rules; Central Government Finance Act 1994 (Law No 21 of 29 December 1993); Royal Decree No 1622 of 29 December 1992 introducing relief for R & D expenditure; Law No 22 of 22 December 1993 (Tax Measures Act) reforming the rules governing the public service and unemployment protection.

Beneficiaries:

Central government and certain autonomous communities (Basque Country and Navarre, Law No 12 of 13 May 1981 on the Economic Agreement with the autonomous community of the Basque Country, as amended by Law No 27 of 26 December 1990 and Law No 28 of 26 December 1990 approving the Economic Agreement between the central government and the autonomous community of Navarre).

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.

From 1990:

- Earnings of companies not resident in Spain without a permanent establishment, derived from 'matador' bonds.

From 1991:

- Earnings of non-resident companies derived from public debt securities.
- Interest and capital gains received by Community residents in Spain, under certain conditions.

From 1992:

- Company reorganization measures governed by Law No 29/1991, with regard to the capital gains.
- Distributions of profits between parent companies and subsidiaries from Member States of the EU.
- New companies founded between January and December 1994 will qualify for 95% relief on their entire liability in financial years 1994, 1995 and 1996, if they invest PTA 15 million, employ more than three but fewer than 20 workers and 75% of their capital is held by natural persons.

Persons residing in 'tax havens' are excluded from these tax concessions.

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.
- Legal persons not resident in Spanish territory which, without a permanent establishment therein, earn taxable income will generally be taxed at a rate of 25%, except for certain sums made over to the parent company by a Spanish subsidiary, taxed at 14% and reinsurance transactions, which are taxed at 4%.

Capital gains accruing to non-residents are taxed at 35%.

From 1 January 1992, any conveyance of real estate by a non-resident, where the said property has been owned for less than 20 years, will be subject to a withholding tax of 10%.

Similarly, certain non-resident companies owning real estate in Spain or holding real rights to the same will be subject to a separate special tax of 5% on the land-register value of property held in Spain, entitled 'special tax on the property of non-resident entities'. If the origin of the funds

is clearly established, the authorities may exempt such property from the tax. A supplementary charge of 25% will be levied on the income of permanent establishments transferred abroad. Establishments of firms resident in Member States are excluded.

Payment:

Payment of 60% in three instalments of 20% on account, with final settlement and refund of any excess where appropriate on the filing of the return, due in the first six months of the year following the company's accounting year.

Rates:

Standard rate: 35%.

There are other, reduced rates for non-profit-making organizations (25%), cooperatives (20%), and non-resident legal persons with no permanent establishment (25%, 14% and 4%).

1% for undertakings for collective investment in securities and property. 25% for exempt entities. Organizations for the collective financing of real estate: 1% or 7%, depending on the use for which the property is intended.

Special features:

- Consolidated profits scheme for subsidiaries which are more than 90% owned by the parent companies and in some other situations.
- Special scheme for economic interest groupings, in accordance with the Community rules.
- Cooperatives and other entities in the non-profit-making sector.
- Collective investment undertakings.

Tax incentives:

These operate as tax credits against net liability to corporation tax and involve a 5% deduction for investment in new fixed assets. The deduction is 25% for certain economic activities related to exports, 15% for expenditure on R&D intangibles and 30% for fixed assets intended for R&D activities.

To qualify for these incentives, taxpayers must meet certain requirements. All incentives are restricted by reference to the net liability.

From 1994 there will be an entitlement to a deduction of 5% from liability for the previous financial year to offset the extra net costs of setting up the company.

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 to corporation tax, but taxable income is computed applying the corporation tax method.

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Carry-over of losses:

Tax losses may be carried forward to the following five financial years.
New companies founded in 1993 and 1994 may carry forward their losses for an unlimited period.

Personal income tax

(Impuesto sobre la renta de las personas físicas (IRPF))

Law No 18 of 16 June 1991 on personal income tax.

Royal Decree No 1841 of 30 December 1991 approving the regulation on personal income tax.
Order of 25 November 1993 applying the modular assessment rule in 1994 and 1995; Law No 21/1993 (Central Government Finance Act 1994).

Beneficiaries:

Central government and certain autonomous communities (Basque Country and Navarre, Law No 12 of 13 May 1981 on the Economic Agreement with the autonomous community of the Basque Country, as amended by Law No 27 of 26 December 1990 and Law No 28 of 26 December 1990 approving the Economic Agreement between the central government and the autonomous community of Navarre).

Tax payable by:

Natural persons.

NB: Certain firms (asset-holding firms, partnerships in the professions, and firms set up by artists and sportsmen, etc.) calculate their tax base in accordance with corporation tax rules; subsequently, positive tax bases are imputed to resident members in proportion to their holdings in the firm. The share of non-resident members is taxed in accordance with corporation tax rules.

There are two methods of charging income tax:

- liability *in personam*: in the case of persons resident on Spanish territory for 183 days or more or who have the centre of their economic activities on that territory;
- liability *in rem*: in the case of non-residents who have a permanent establishment on Spanish territory and derive earnings from the same.

The taxpayer is the individual: members of a family unit, however, may voluntarily declare their income jointly which entitles them to certain advantages, e.g. the application of a reduced rate.

Basis of assessment:

Liability *in personam*: all income earned by the person liable, plus changes in assets. Valuable transfers covered by succession and gift duty are not included.

The base is divided, as appropriate, into two parts – 'regular', which is subject to the general rates, and 'irregular'.

Liability *in rem*: permanent establishments are taxed on all the income imputed to them; in other cases, all income and changes in assets arising on Spanish territory are taxed.

Exemptions:

There are no exemptions for particular groups of persons.

The following income is exempt: severance pay, prizes in the national lottery, lotteries organized by the autonomous communities, the Red Cross and ONCE, major artistic, scientific and

literary prizes, public scholarships and certain other, less important, items.

Deductions:

Certain deductions from either the base or the tax due are allowed:

1. The costs necessarily incurred in earning professional and entrepreneurial income, estimated under the scheme for the direct determination of the tax base, can be deducted. In the case of professional income, a 1% 'flat-rate' deduction is also available for costs which are difficult to itemize.

As regards investment income, the basic exemption is PTA 25 000 and, in general, only administrative and custody costs are deductible.

In the case of income from property for own use, the interest on loans of up to PTA 800 000 and liability to the tax on immovable property can be deducted. If the property is sold or let, the costs necessarily incurred in earning the income and the deterioration of the property or the rights from which the income is derived can be deducted; however, the deduction of interest may not result in a negative balance.

In the case of employment income, trade-union subscriptions, social security contributions, contributions to similar organizations, and a flat 5% up to a maximum of PTA 250 000 are deducted. The latter is increased to 15%, subject to a ceiling of PTA 600 000, in the case of disabled taxpayers.

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:

Only individuals are liable. Married couples may declare all their income jointly, in which case they may enjoy certain advantages, e.g. a reduced rate.

Non-residents:

Income from public debt securities and 'matador' bonds, and interest from and asset changes in movables, obtained by non-residents in Spain, will be exempt, provided they are not obtained by persons resident in tax havens and the recipient is a Community resident.

In other cases, the above income is liable to tax *in rem*. The income of permanent establishments is taxed at 35%, and other income at 25%, except changes in assets and other items where special rates apply.

Collection:

Employment, investment and professional income is subject to deduction at source, the first in accordance with a table which takes account of the income received and the family situation of the taxpayer, the second at 25% and the third at 15%. Businessmen and professional persons pay tax in instalments.

The taxpayer must declare and settle his personal income tax annually, in May/June, and may divide payment into two parts: 60 and 40% of the tax due.

Rates:

These are on a progressive scale, with 17 bands from 20 to 56%, the top rate applying to income in excess of PTA 9 550 000. The first PTA 400 000 is taxed at the rate of zero; liability may not exceed 70% of the taxable amount when combined with liability under wealth tax.

Where taxpayers pay tax jointly, rates are divided into 16 bands from 20 to 56% the top rate applying to income in excess of PTA 11 million. The first PTA 800 000 is taxed at the rate of zero.

Special features:

The main differences in the case of aggregate taxation are:

- the rates are less onerous;
- the threshold for making a return is higher;
- the relief on interest related to investment in property goes up from PTA 800 000 to PTA 1 million;
- certain deductions from tax due are higher: rents, day-care nurseries and employment income.

Businessmen and professional persons can pay their tax under a special scheme *estimación objetiva singular* for which there are two methods:

- indices, signs or modules for business sectors determined by the government;
- coefficients where turnover is not greater than PTA 50 million and no more than 12 people are employed (entrepreneurs), or PTA 5 million and no workers are employed (professional people).

Wealth tax

(Impuesto sobre el patrimonio)

Formerly, impuesto extraordinario sobre el patrimonio de las personas físicas

Law No 19 of 6 June 1992 on wealth tax, applicable from 1 January 1992. Article 2 of Law No 22 of 29 December 1993.

Beneficiaries:

The central government legislates for, interprets and, in certain cases (Madrid, Ceuta and Melilla), administers and collects the tax. In the other cases, the tax is collected by 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 at 31 December of each year.

Exemptions:

- Property forming part of the Spanish historical heritage (Patrimonio Histórico Español).
- Works of art and antiques worth less than a certain amount and under certain conditions.
- Household furnishings.
- Artists' own works, if not transferred to another person.
- Securities whose yield is exempt under Article 17 of Law No 18 of 1991 on personal income tax (income obtained outside Spain).
- Consolidated rights of members of pension plans.

From 1994:

- Property and rights assigned to the business of the company.
- Holdings in small firms not engaged in real estate or securities business, provided that the taxable person is the effective director of the company, obtains more than 50% of his income from the said holdings and owns at least 20% of the business's capital.

There is a basic tax-free allowance of PTA 15 million available only to taxpayers with liability *in personam*.

Married couples:

The wealth tax is an individual tax paid by each person irrespective of marital status. The wealth of married couples is imputed to the spouses in accordance with certain rules based on the property regime.

Return and payment:

Self-assessment: return to be filed annually. No possibility of paying in instalments.

Rates:

Rates are progressive, with eight bands; a minimum rate of 0.2% applies up to PTA 25 million and a maximum rate of 2.5% above PTA 1 600 million.

Special features:

There is a combined limit on liability under personal income tax and wealth tax, but it is not possible to pay less than 20% of the theoretical tax due under wealth tax (minimum tax). The only allowances against liability are for property situated in Ceuta and Melilla and for wealth taxes paid abroad.

Value-added tax

(Impuesto sobre el valor añadido)

Law No 37 of 28 December 1992 on VAT. Royal Decree No 1624 of 29 December 1992 approving the regulation on value-added tax.

Royal Decree-Law No 7 of 21 May 1993 incorporating the Community rules on the simplification of triangular transactions.

Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

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.
- Importers, whether or not 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 activities:

- 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).
- (iii) Intra-Community acquisitions, i.e. supplies of goods and similar transactions, carried out in accordance with the Community's transitional arrangements for VAT, between operators in two or more Member States.

Non-taxable transactions:

1. Complete or partial transfer of business or professional assets, where the transferee continues to exercise the same activities as the transferor, whether for consideration or not.
2. Sales of firms and transfers of firms on death.
3. The transfer of money by way of consideration or payment.
4. The supply of free samples or publicity objects of little value.
5. Services supplied by natural persons under contracts of employment.

Exempt transactions:

There are three categories:

- (a) Domestic transactions (in the case of real estate transactions, it is possible in accordance with the sixth VAT Directive, to waive the exemptions):
 - 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,
 - transactions by public entities in the exercise of their public functions,
 - certain sports activities,
 - transactions associated with intellectual property.
- (b) Exports and like transactions, i.e. only those transactions carried out outside the territory of the Community. Supplies of goods intended for another Member State are exempt, if the purchaser is an entrepreneur or professional person identified for VAT purposes in a Member State other than Spain or is a legal person not operating in an entrepreneurial or professional capacity, which is also identified in a Member State other than Spain. Exports and like transactions 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.

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- (c) Transactions relating to special and suspensive customs procedures, e.g. customs warehouses.
- (d) Certain transactions in accordance with international treaties acceded to by Spain (Catholic Church, NATO, Vienna Convention).

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.
Intra-Community acquisitions of goods.

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 15%.
 - in 1994, air and sea transport services for passengers and their luggage will be taxed at 15%.
- (b) Reduced rate of 6%, applicable to goods or services regarded as basic necessities, or on grounds of fairness:
 - food for human consumption and animal feedingstuffs;
 - animal and plant products for use as food;
 - agricultural inputs;
 - water;
 - medical equipment and optical products;
 - dwellings;
 - inland transport of passengers and their luggage;

- non-luxury hotel, restaurant and camping services;
 - cultural services and admissions to cultural events;
 - amateur sporting events;
 - commercial exhibitions.
- (c) Extra-low rate of 3%, applicable to certain basic necessities, such as:
- bread;
 - flour and meal;
 - milk;
 - cheese;
 - eggs;
 - fruit and vegetables;
 - books, journals and periodicals;
 - medicines;
 - invalid carriages;
 - subsidized housing.

Special features:

The following special schemes exist, in accordance with Community rules (Articles 24 to 26 of the sixth Directive):

- small and medium-sized firms (simplified scheme), whose content is coordinated with personal income tax – modular assessment;
- second-hand goods;
- travel agencies;
- retailers;
- crop and stock farming.

Excise duty on spirits and alcoholic beverages

(Impuesto especial sobre el alcohol y bebidas derivadas)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 2442 of 27 December 1985 approving the regulation on excise duties; Royal Decree No 892 of 7 June 1991 (partially amending the preceding Royal Decree); Royal Decree No 258 of 19 February 1993 (provisional regulation on excise duties); Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiaries:

The central government and the autonomous community of Navarre.

Chargeable event:

The manufacture and import of spirits and alcoholic beverages.

Liability arises when the goods leave the factory or authorized warehouse (release for home use).

Duty payable by:

Manufacturers and importers and keepers of bonded warehouses, for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product, and, in the cases provided for in the law, tax representatives.

Basis of assessment:

The volume of pure alcohol, at a temperature of 20°C, expressed in hectolitres, contained in the dutiable products.

Rates:

The rate of duty is modified from time to time by the annual Central Government Finance Act. PTA 84 741 per hl of pure alcohol, except in the Canary Islands and under special schemes for craft distillation, where a smaller amount is levied.

Administration of the tax:

In accordance with the arrangements for intra-Community movement laid down in the Community directives.

The tax must be passed on to the consumer.

Excise duty on beer

(Impuesto sobre la cerveza)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 2442 of 27 December 1985 approving the regulation on excise duties; Royal Decree No 892 of 7 June 1991 (partially amending the preceding Royal Decree); Royal Decree No 258 of 19 February 1993 (provisional regulation on excise duties); Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiaries:

The central government and the autonomous community of Navarre.

Chargeable event:

The manufacture and import of dutiable products.

Liability arises when the goods leave the brewery or authorized warehouse (release for home use).

Duty payable by:

Brewers and importers of beer and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product and, in the cases provided for in the law, tax representatives.

Basis of assessment:

The volume of beer, at a temperature of 20°C, expressed in hectolitres.

Rates:

The rates of duty are usually modified by the annual Central Government Finance Act. Current rates, at 1 January 1994, are:

- products with an alcoholic strength of 1.2% volume or less: PTA 0 per hectolitre;
- products with an alcoholic strength of more than 1.2% volume but no greater than 2.8% volume: PTA 350 per hectolitre;
- products with an alcoholic strength of more than 2.8% volume but of less than 11° Plato: PTA 807 per hectolitre;
- products of between 11° and 15° Plato: PTA 1 268 per hectolitre;
- products of between 15° and 19° Plato: PTA 1 729 per hectolitre;
- products of more than 19° Plato: PTA 116 per hectolitre degree Plato.

Excise duty on hydrocarbons

(Impuesto sobre hidrocarburos)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 258 of 19 February 1993 approving the provisional regulation on excise duties; Royal Decree No 2442 of 27 December 1988 approving the regulation on excise duties; Royal Decree No 892 of 7 June 1991 (partially amending the preceding Royal Decree); Royal Decree-Law No 13 of 4 August 1993; Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiary:

The central government. In the autonomous community of the Canary Islands there is a similar tax, accruing to the autonomous community, not the central government.

Chargeable event:

The manufacture and import of hydrocarbons, i.e. products classified under various CN codes and fuels.

Duty payable by:

Manufacturers and importers of and keepers of bonded warehouses for dutiable products and where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product and, in the cases provided for in the law, tax representatives.

Basis of assessment:

The volume of dutiable products, expressed in thousands of litres, at a temperature of 15°C. However, for those products where the rate of duty is set by reference to units of weight or energy, the basis is the weight of the product expressed in metric tonnes or its energy value expressed in gigajoules (GJ).

Rates:

Current rates, at 1 January 1994, are:

- Leaded motor fuels	PTA 60 500/1 000 litres;
- Unleaded motor fuels	PTA 55 500/1 000 litres;
- DERV	PTA 40 300/1 000 litres;
- Rebate diesel fuel	PTA 11 800/1 000 litres;
- Fuel oils	PTA 2 003/tonne;
- LPG for general use	PTA 118 800/tonne;
- LPG for PSVs	PTA 8 600/tonne;
- LPG not used as fuel	PTA 1 100/tonne;
- Methane for general use	PTA 2 514/GJ;
- Methane not used as fuel	PTA 23/GJ;
- Kerosene for general use	PTA 43 600/1 000 litres;
- Kerosene not used as fuel	PTA 21 600/1 000 litres;

Also subject to duty, when used as motor fuel or as heating fuel, are other products such as coal tars, benzoles, creosotes, crude oils, crude oils condensed from natural gas, special gasolines, medium oils other than kerosenes, heavy oils, petroleum jellies and bituminous blends. The rate of duty on these products is that laid down for the product among those listed above which is deemed to be equivalent according to the law.

Excise duty on manufactured tobacco

(Impuesto sobre las labores del tabaco)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 258 of 19 February 1993 approving the provisional regulation on excise duties; Royal Decree No 2442 of 27 December 1985 approving the regulation on excise duties; Royal Decree No 892 of 7 June 1991 (partially amending the preceding Royal Decree); Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiary:

The central government.

Chargeable event:

The manufacture and import of the following tobacco products:

- cigars and cigarillos;
- cigarettes;
- cut tobacco for rolling;
- other tobaccos for smoking.

Duty payable by:

Manufacturers and importers of and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product and, in the cases provided for in the law, tax representatives.

Basis of assessment:

- *Ad valorem* duty on the value of the products calculated on the basis of the maximum retail price in tobacconists inclusive of all tax.
- Specific duty: number of units.

Rates:

The rates of duty are modified by the annual Central Government Finance Act. Current rates are:

- Cigars and cigarillos 10% on the maximum retail price;
- Cigarettes *(ad valorem)* 49% (specific) PTA 350 per 1 000 units;
- Cut tobacco for rolling 30%;
- Other tobacco products 20%.

Tax on capital transfers and documented legal acts

(Impuesto sobre transmisiones patrimoniales y actos jurídicos documentados)

Law No 32 of 21 June 1980; Royal Decree No 3050 of 30 December 1980, revised version; Law No 14 of 29 May 1985, on the tax arrangements for certain financial assets; Law No 30 of 2 August 1985, on value-added tax – additional provision; Articles 52 and 53 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree-Law No 7 of 29 December 1989; Central Government Finance Act 1992 (Law No 31 of 30 December 1991); Law No 29 of 16 December 1991 on compliance with the Community's tax rules.

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 guarantees, leases, pensions and government concessions.

To comply with Community law, the term 'corporate transactions' covers formation, the increase of capital, change of registered office, contributions by members to cover losses, and winding-up with allocation of contributions to members. Increases in capital through incorporation of reserves made up exclusively of share-issue premiums are exempt. Mergers and similar measures of company reorganization are exempt.

'Documented legal acts' means:

- notarial deeds;
- commercial transfer and transaction documents;
- the acquisition, transfer and recovery of peerages and titles.

Duty payable by:

In the case of capital transfers: the recipient. Thus:

- creation of rights *in rem*: the beneficiary;
- 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;
- the company, where the transactions are in the form of contributions to meet losses.

E 9

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 of limited liability companies and increase of their capital, the nominal value of the capital;
- 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;
- the transformation of companies is no longer subject to the tax on corporate transactions (*impuesto de operaciones societarias*);
- contributions to meet losses: the real value of the assets contributed.

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: 4%.
- Contracting of rights and leases: 1%
- Corporate transactions: 1%
- Notarial deeds on quantity or value, in certain circumstances: 0.5%; use of stamped paper in certain circumstances: PTA 10 per standard sheet, PTA 5 per folio.
- Bills of exchange and commercial documents are taxed on a graduated scale.
- Special rules apply in specific circumstances.

Succession and gift duty

(*Impuesto sobre sucesiones y donaciones*)

Law No 29 of 18 December 1987; Royal Decree No 1629 of 8 November 1991 approving the regulation, on succession and gift duty.

Duty payable on:

- Transfers of property and rights on death as a result of inheritance, legacy or other succession in title.
- Transfers of valuable property and rights *inter vivos* in the case of gifts and other valuable settlements.
- Amounts paid by insurance companies to beneficiaries, where the contracting party is not the beneficiary.

Duty payable by:

The duty applies only to transfers received by natural persons. If the recipient is a legal person, the transfer is subject to corporation tax.

In the case of inheritances, the tax is payable by the heir or legatee.

In the case of gifts, the tax is payable by the donee.

In the case of life assurance indemnities the tax is payable by the beneficiary.

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 charges on assets which diminish their real value.
- Final illness, burial and funeral expenses.
- Debts contracted by the deceased, subject to adequate justification.
- Amounts owed by the deceased to the central government or local authorities in the form of tax.
- Legal costs arising where an estate is disputed.
- Inheritance transfers qualify for relief depending on the family tie between the deceased and the taxpayer.

E 10

Rates:

Rates are progressive, with 16 bands. The first band – up to PTA 1 193 000 – is subject to a rate of 7.65%. The highest band, for net bases in excess of PTA 119 250 000, is subject to a rate of 34%. The resultant liability has to be multiplied by another coefficient reflecting the acquirer's previous wealth and his family tie with the deceased.

Exemptions:

Special formulas for payment of tax in the case of transfers of a person's habitual home and of one-man businesses of an industrial, agricultural or professional nature.

The transfer of certain securities of industrial banks acquired before 19 January 1987.

Life insurance policies contracted before the above date also qualify for various types of relief.

Local taxes

(Impuestos locales)

The local tax system has been thoroughly overhauled by Law No 39 of 28 December 1988 on local finances (*Boletín Oficial del Estado* No 313 of 30 December 1988).

The basic structure of local taxation is now as follows:

- local charges;
- local special contributions;
- surcharges on taxes levied by the autonomous communities or other local authorities. Law No 39 regulates the provincial surcharge on the economic activities tax and the metropolitan area surcharge on the real estate tax;
- local taxes. The law regulates municipal taxes only, distinguishing between:
 - mandatory establishment taxes: real estate tax, economic activities tax, mechanically-powered vehicles tax;
 - optional establishment taxes: tax on construction, installation and works, tax on the increase in the value of urban land, tax on luxury expenditure (use of game and fishing preserves; third transitional provision of Law No 39, as amended by Law No 6 of 1991).

In addition to these tax items there is a new public-law category of non-tax revenue: public charges.

All the items referred to came into force on 1 January 1990, except the economic activities tax, which came into force on 1 January 1992.

Special tax systems apply in the Basque Country, Navarre, the Canary Islands, Ceuta and Melilla and the Balearic Islands.

Real estate tax

(Impuesto sobre bienes inmuebles)

Law No 39 of 28 December 1988 (*Boletín Oficial del Estado* No 313 of 30 December 1988). Entered into force on 1 January 1990, replacing the taxes on urban and country property (*contribuciones territoriales urbana y rústica y pecuaria*) and the tax on building land (*impuesto sobre solares*).

Beneficiaries:

Local authorities.

Tax payable on:

The ownership of urban or rural real estate situated in the respective municipality, or a right *in rem* to the usufruct or a right to tenancy of such property or a government concession of such property or of the public services for which it is used. 'Real estate' covers both land and buildings, and the tax is levied on the value of such land or buildings.

Tax payable by:

Owners, usufructuaries, tenants and concession holders.

Basis of assessment:

The cadastral value of the property.

Exemptions:

As regards the subject-matter, there are exemptions in respect of the purpose of the property (e.g. State property assigned to national defence), and in respect of the size of the tax base. Exempt entities include the Catholic Church, the Spanish Red Cross and foreign governments on a reciprocal basis, etc., provided that the property involved produces no income.

Rates:

0.4% (urban property) and 0.3% (rural property), but municipalities may increase or decrease these rates within the limits and in accordance with the circumstances laid down in the law.

Tax on mechanically powered vehicles

(Impuesto sobre vehículos de tracción mecánica)

Replaces as from 1 January 1990 the municipal road tax (*impuesto municipal sobre la circulación de vehículos*).

This tax is applied to all classes and categories of mechanically powered vehicles suitable for use on the public highway.

Tax on economic activities

(Impuesto sobre actividades económicas)

Law No 39 of 28 December 1988 (*Boletín Oficial del Estado* No 313 of 20 December 1988).

This tax entered into force on 1 January 1992, replacing the business licence tax (*licencia fiscal de actividades comerciales e industriales* E 16) and the licence tax for professional and artistic activities (*licencia fiscal de actividades profesionales y de artistas* E 17), and the municipal tax on location (*impuesto municipal sobre la radicación* E 17c).

Beneficiaries:

The local authorities.

Chargeable event:

The exercise on national territory of business activities (agriculture, livestock farming, forestry, mining, fishing, commercial, industrial and services), professional or artistic activities whether or not carried out on given premises and whether or not specified in the scale of rates.

Tax payable by:

Natural or legal persons and entities without legal personality covered by the law, provided that they carry out on national territory one of the activities constituting the chargeable event.

Effective liability:

This is obtained by applying the tax rates, made up of minimum municipal rates, provincial rates and national rates. Municipalities may increase minimum municipal rates by applying a single coefficient to all activities carried out within their boundaries and/or a scale of indices weighting the physical location of the establishment within the municipal boundary according to the street in which it is situated.

Exemptions:

Local authorities and their autonomous administrative bodies, taxable persons who qualify under international treaties, the Spanish Red Cross and other institutions.

Tax on the increase in the value of urban land

(Impuesto sobre el incremento del valor de los terrenos de naturaleza urbana)

Replaces the tax on the increase in the value of land (*impuesto sobre el incremento del valor de los terrenos* E 17b) as from 1 January 1990.

Applies to the increase in value during the tax period of 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.

Tax on construction, installation and works

(Impuesto sobre construcciones, instalaciones y obras)

Newly created. Came into force in 1989. An optional tax on establishment.

The tax is payable on all categories of construction, installation and works for which a municipal works or town planning licence is required, irrespective of whether or not such a licence has been applied for.

Duty on wine and fermented beverages

(Impuesto sobre el vino y bebidas fermentadas)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 258 of 19 February 1993 (provisional regulation on excise duties).

Beneficiaries:

The central government and the autonomous community of Navarre.

Chargeable event:

The manufacture and import of:

- still wine;
- sparkling wine;
- still fermented beverages;
- sparkling fermented beverages.

Liability arises when the goods leave the factory or authorized warehouse.

Duty payable by:

Manufacturers and importers of and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product and, in the cases provided for in the law, tax representatives.

Basis of assessment:

Volume of the product, expressed in hectolitres of the finished product at a temperature of 20°C.

Rates:

- still wines: PTA 0 per hectolitre;
- sparkling wines: PTA 0 per hectolitre;
- still fermented beverages: PTA 0 per hectolitre;
- sparkling fermented beverages: PTA 0 per hectolitre.

Duty on intermediate products

(Impuesto sobre los productos intermedios)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 258 of 19 February 1993 approving the provisional regulation on excise duties; Royal Decree No 2442 of 27 December 1985 approving the regulation on excise duties; Royal Decree No 154 of 23 January 1987 approving the provisional regulation for the application of the duty on spirits and alcoholic beverages to mistelles and special wines; Royal Decree No 892 of 7 June 1991 partially amending the regulation approved by Royal Decree No 2442 of 1985; Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiaries:

The central government and the autonomous community of Navarre.

Chargeable event:

The manufacture and import of products with an acquired alcoholic strength by volume of more than 1.2% volume but not exceeding 22% volume, classified under CN codes 2204, 2205 and 2206 and not subject to excise duty on beer or the excise duty on wine and other fermented beverages.

Duty payable by:

Manufacturers and importers of and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorized recipients of this category of product and, in the cases provided for in the law, tax representatives.

Basis of assessment:

Volume per hectolitre at a temperature of 20°C.

Rate:

PTA 6 934 per hectolitre, except in the Canary Islands.

Excise duty on certain means of transport

(Impuesto especial sobre determinados medios de transporte)

Law No 38 of 28 December 1992 on excise duties; Royal Decree No 1623 of 29 December 1992 implementing the above law with regard to this excise duty; Royal Decree No 7 of 21 May 1993; Law No 21 of 29 December 1993 (Central Government Finance Act 1994).

Beneficiary:

The central government. In the Canary Islands and Ceuta and Melilla, the duty accrues to the regional authorities. In the Basque Country and Navarre, the duty is administered and collected by the autonomous community.

Chargeable event:

- (a) The first definitive registration in Spain of new or used self-propelled vehicles, powered by an engine, for use on the road or on public land, with certain exceptions as laid down by law.
- (b) The first definitive entry of new or used small vessels and boats for pleasure or water sports, with an overall length of more than seven and a half metres, in the register of vessels.
- (c) The first definitive registration of new or used, mechanically powered aircraft, light aircraft and other aircraft in the register of aircraft, with certain exceptions as laid down by law.

Duty payable by:

The person or entity in whose name the means of transport is initially and definitively registered. Liability arises when the registration application is submitted.

Basis of assessment:

This consists of:

1. In the case of new means of transport, the amount which at the time of purchase was taken as the base for the purposes of value-added or an equivalent tax or, if neither of these is available, the total amount of the consideration provided by the purchaser.
2. In the case of used means of transport, the market value on the date when liability arises.

Rates:

13%. In Ceuta and Melilla, 0%; in the Canary Islands, 11%.
Four-wheel drive vehicles: 4%, but only for the year, i.e. 1994.

Taxes abolished or repealed

- E 11 Tax on the assets of legal persons**
(Impuesto sobre los bienes de las personas jurídicas)
Abolished as from 1 January 1988.
- E 13 Tax on country property**
(Contribución territorial rústica y pecuaria)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles (E 15)).
- E 14 Tax on urban property**
(Contribución territorial urbana)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles (E 15)).
- E 16 Business licence tax**
(Licencia fiscal de actividades comerciales e industriales)
Replaced from 31 December 1991 by the tax on economic activities (impuesto sobre actividades económicas (E 20)).
- E 17 Licence tax for professional and artistic activities**
(Licencia fiscal de actividades profesionales y de artistas)
Replaced from 31 December 1991 by the tax on economic activities (impuesto sobre actividades económicas (E 20)).
- (a) **Tax on building land**
(Impuesto sobre solares)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles (E 15)).
- (b) **Tax on the increase in the value of land**
(Impuesto sobre el incremento del valor de los terrenos)
Abolished as from 1 January 1990. Replaced by the tax on the increase in the value of urban land (impuesto sobre el incremento del valor de los terrenos de naturaleza urbana (E 21)).
- (c) **Tax on location**
(Impuesto municipal sobre radicación)
Replaced from 31 December 1991 by the tax on economic activities (impuesto sobre actividades económicas (E 20)).
- E 18 Municipal road tax**
(Impuesto municipal sobre la circulación de vehículos)
Replaced as from 1 January 1990 by the tax on mechanically powered vehicles (impuesto sobre vehículos de tracción mecánica (E 19)).

FRANCE

Personal income tax

(Impôt sur le revenu)

Article I 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 6 July 1978; Law No 78–741 of 13 July 1978; 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993 and 1994 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. maintenance payments, cost of accommodating an elderly person and aggregate deficits from previous years).

Exemptions:

- Individuals whose income net of expenses does not exceed FF 42 500 or FF 46 300 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 6 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 30 800 for total pensions received by a household.

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- 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 462 000 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 657 000.
- 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 462 000; 10% for the fraction between FF 462 000 and FF 657 000).
- In the case of individuals of more than 65 years of age or the disabled whose total net income is less than FF 57 500, an allowance of FF 9 300 is granted. This allowance is FF 4 650 for individuals of more than 65 years of age or disabled persons with a total net income of between FF 57 500 and FF 93 000.

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 levy in discharge of income tax of:

- 19.4% on bonds, negotiable instruments and shares in investment funds (for non-residents: 15% on issues predating 1 October 1994 and exemption in other cases);
- 19.4% on claims, deposits, indemnity bonds and current accounts accrued as from 1 January 1995² (15 % for non-residents);
- 19.4% for saving bonds, Treasury bonds and medium-term certificates ('bons de caisse') issued as from 1 January 1990 if the recipient states his name;² 54.4% if the recipient remains anonymous.

¹ 10 or 12%: rates applicable to interest on negotiable loans issued by French companies or other bodies, according to the date of issue; interest on securities issued after 1 January 1987 is exempt.

25%: rate applicable to dividends of French companies paid to non-residents and to distributions of profits made by foreign companies operating in France.

² Income from claims, deposits, indemnity bonds and current accounts accrued and from saving bonds, Treasury bonds and medium-term certificates ('bons de caisse') issued between 1 January 1990 and 31 December 1994 is subject to a levy in full discharge of liability of 39.4% (35% for non-residents).

Tax amounting to 33¹/₃% is also withheld at source in the case of non-commercial and similar income accruing to persons not maintaining permanent business premises in France.

Non-commercial wages and income received by artists or sportspeople are, as from 1 January 1990, subject to a 15% withholding tax.

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%.

Building profits made in the normal manner by natural or legal persons not established in France are, as from 1 January 1987, subject to a levy of 50%.

Rates:

0 to 56.8%, graduated.

Reduction:

Taxpayers whose tax is less than FF 4 180 are entitled to a reduction.

Special features:

In the case of farms, whether operated on a private or corporate basis: average receipts, inclusive of all taxes and calculated over two consecutive years:

- | | |
|---|---|
| | System applicable
in the following year |
| - where such receipts do not exceed FF 500 000 | flat-rate |
| - where they are between FF 500 000 and 1 800 000 | simplified normal
system of taxing
actual profits |
| - where they are over FF 1 800 000 | normal |

The profits of industrial and commercial enterprises:

- | | |
|--|-------------|
| - with a turnover of less than FF 70 000 are determined by applying a 50% deduction to revenue (system applicable to income earned as from 1992) | |
| - where their turnover exceeds FF 70 000 | } flat-rate |
| - where their turnover is: | |
| • less than FF 150 000 (supplies of services) or | |
| • less than FF 500 000 (buying/selling) | |

For the years prior to 1992, enterprises with a turnover of less than FF 70 000 are also taxed under the flat-rate system.

- | | |
|--|-------------------------------|
| - where their turnover is between FF 150 000 and FF 1 000 000 (supplies of services) | } simplified
normal system |
| - where their turnover is between FF 500 000 and FF 3 500 000 (buying/selling) | |
| - where their turnover exceeds FF 1 000 000 (supplies of services) | } normal |
| - where their turnover exceeds FF 3 500 000 (buying/selling) | |

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Taxable income may in certain cases be determined according to external evidence (lifestyle). 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).

Carry-over of losses:

Five years.

Annual flat-rate tax

(Imposition forfaitaire)

Article 223, points 7 to 10, of the General Tax Code.

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 (tax on companies governed by ordinary law).

Exemptions:

- Companies exempt from corporation tax under Articles 207 and 208 of the General Tax Code.
- Legal persons whose aim is to transfer possession of movable or immovable property to their members free of charge.
- Companies benefiting from the exemption from corporation tax applicable to new enterprises.
- Legal persons subject to corporation tax but set up in enterprise zones.
- Approved management centres or associations.
- Associations whose activity consists in organizing local social events.
- Employers' associations made up exclusively of farmers or craftsmen.

Rates:

The following eight flat rates are applied according to turnover inclusive of all taxes (rates applicable since 1 January 1993);

- turnover less than FF 1 000 000	FF 5 000
- turnover between FF 1 000 000 and FF 2 000 000	FF 7 500
- turnover between FF 2 000 000 and FF 5 000 000	FF 10 500
- turnover between FF 5 000 000 and FF 10 000 000	FF 14 500
- turnover between FF 10 000 000 and FF 50 000 000	FF 25 000
- turnover between FF 50 000 000 and FF 100 000 000	FF 35 000
- turnover between FF 100 000 000 and FF 500 000 000	FF 50 000
- turnover equal to or more than FF 500 000 000	FF 100 000

Deductions:

The amount of the flat-rate taxation 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 223, point A, 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 1414 of the General Tax Code.

Beneficiaries:

Regions, departments, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Any person having furnished accommodation at his disposal or in his possession, at 1 January of the tax year.

Basis of assessment:

The rentable cadastral value assessed on 1 January 1970 and increased each year through application of a flat-rate coefficient of increase.

Exemptions:

- Student and pupil accommodation.
- Premises subject to the application of business tax and buildings used by rural enterprises.
- Public, scientific and public assistance establishments, schools and universities.
- Official residences of the diplomatic corps.
- The old, the widowed, the infirm or the disabled in the lower-income group.¹
- Offices of civil servants.

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.

¹ The 1990 Finance Law provides for automatic partial relief for certain low-income taxpayers and an income-based ceiling on tax on furnished accommodation for certain taxpayers who are subject to a low level of income tax. On the other hand, a levy on second homes based on their rentable value is to be charged. The rate of this levy will vary (0.2%; 1.2%; 1.7%) according to the rentable value.

F 3

Rates:

Fixed by the recipient local authorities subject to the ceiling on municipal rates.

Corporation tax

(Impôt sur les sociétés)

Article 205 et seq. of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Companies limited by shares and companies having the same status, and certain public undertakings carrying on an industrial or commercial activity, 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, regions, departments, municipalities and ancillary publicly-owned enterprises, agricultural trade unions and co-operatives (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:

33 $\frac{1}{3}$ % for financial years as from 1 January 1993.

Rate reduced to 18% for long-term capital gains (except for certain capital gains of a financial nature) made during financial years closed as from 1 October 1991.

F 4

Rate of 24% or 10% for income from land or farming or certain types of income from movable property accruing to public institutions carrying on an administrative activity and non-profit-making associations and bodies.

The tax credit or 'avoir fiscal' allowed in companies' income from movable property is deductible in full from corporation tax, but cannot be refunded as a rule.

Special features:

- Arrangements applicable to groups of companies: subject to certain conditions, a parent company may alone assume liability for the corporation tax payable by the entire group comprising itself and subsidiaries which are at least 95%-owned.
- 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.
- Application of latter two systems is subject to approval by the Minister for the Budget.
- As from 1 January 1980, French companies holding directly or indirectly at least 25% of the capital of companies benefiting abroad from favourable tax treatment may be made subject to corporation tax on their share in the profits of foreign companies. These arrangements terminate on 1 January 2003. For companies or groupings established as from 30 September 1992, and for their branches established as from that same date, the arrangements apply to French companies holding, directly or indirectly, at least 10% of the financial rights or voting rights in such entities.
- Special optional arrangements applicable to parent companies and their subsidiaries. Receipts from the subsidiary company 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 or groups of municipalities.

Tax payable by:

Owner or usufructuary of 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 depends on the amount to be collected, which 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-I 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 normal rate 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.
- Companies which are exclusively engaged in managing a portfolio of participating interests, have at least two-thirds of their fixed assets in the form of holdings in companies with registered offices outside France which qualify them for the arrangements applicable to parent companies and derive two-thirds of the profits shown in their accounts from those holdings.
- Subsidiaries of a group of companies in respect of profits, distributed to another company within the group, which are drawn from results or long-term net capital gains realized during the period when the distributing company is a member of the group. Shareholders are not entitled to benefit from the 'avoir fiscal' system for such profits.

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 features:

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

(Droits 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; Law No 75-1278 of 30 December 1975; 1984 Finance Law.

Beneficiary:

The State.

Duty payable by:

Heirs and legatees.

Basis of assessment:

Net share received by each beneficiary.

Gifts made more than 10 years previously are not taken into account for the purposes of calculating succession duty.

Exemptions:

- Estates of victims of war or of acts of terrorism committed since 1 January 1982.
- Gifts and legacies made to the State, to certain public bodies and associations to low-rent housing organizations and to local authorities.
- Woodlands and forests.
- Agricultural property rented on a long-term lease, under certain conditions, and shares in forestry groups, in part and under certain conditions.
- Reversion of life annuities.
- Deferred-wage work contracts in farming.
- Subject to approval: works of art, books, collectors' items gifted to the State, listed buildings and historic monuments open to the public.

Allowances:

- An allowance of FF 330 000 is granted on the surviving spouse's share, or of FF 300 000 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.
- A special allowance of FF 10 000 where no other allowance is applicable.

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).

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 %

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; where the transfer involves a firm, payment may be made by instalments and deferred.

Gifts:

Normally the same system is applicable as for estate, but costs are not deductible. An allowance of FF 100 000 per share is granted for gifts of title made to some or all the staff of an enterprise, after approval by the Minister for the Budget (General Tax Code, Article 790 A). The duty payable in respect of a gift is reduced by 25% where the donor is below the age of 65 and by 15% where he is below the age of 75 (General Tax Code, Article 790).

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 0.40%, 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).
- Acquisitions of movable tangible property effected by taxable persons or non-taxable legal persons from taxable persons established in other Member States of the Community (subject to certain exceptions).
- 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;
 - 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;
- activities subject to local entertainment tax (sporting events, gambling clubs and houses);

F 8

- 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 and teaching activities;
- agriculture and fisheries;
- certain imports.

Tax payable on:

Delivery, supply of service (tax chargeable on receipt of payment), transfer, import, purchase or intra-Community acquisition (tax chargeable on the 15th day of the following month or on the invoice date) 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 requirement 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 quarterly without any tax return.

The tax is waived in full in respect of small firms whose turnover does not exceed a given threshold.

The tax may be waived, either wholly or partially, for firms which would normally pay a relatively small amount of tax.

Rates:

- Standard rate: 18.6%;
- Reduced rate: 5.5% (agricultural products, books, theatres and cinemas, and almost all solid foodstuffs);
- A rate of 2.1% on medicines and the press.

Special feature:

Flat-rate refund scheme for agriculture.

F 9

Domestic duty on petroleum products and products treated as such

(Taxe intérieure de consommation sur les produits pétroliers et assimilés)

Article 265-1 of the Customs Code.

Beneficiary:

The State.

Taxable products and rates:

Rates as last set by Article 25 of the 1994 Finance Law.

Combined Nomenclature code	Description of products	Unit of levy	Rates (FF)
Ex 2706-00	Tar distilled from coal, from lignite or from peat, and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars, used as heating fuel	100 kg net	7.39
Ex 2707-50	Aromatic hydrocarbon mixtures of which 65% or more by volume (including losses) distils at 250 °C by the ASTM D 86 method, to be used as power or heating fuels	Hectolitre or 100 kg net according to the characteristics of the product	Domestic duty applicable to light or medium oils falling within code 2710-00, according to the characteristics of the product
2709-00	Petroleum oils and oils obtained from bituminous minerals, crude	Hectolitre or 100 kg net according to the characteristics of the product	Domestic duty applicable to light, medium or heavy oils falling within code 2710-00, according to the characteristics of the product
2710-00	<p>Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified are included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:</p> <ul style="list-style-type: none"> - light oils: <ul style="list-style-type: none"> • special spirits: <ul style="list-style-type: none"> - white spirit: <ul style="list-style-type: none"> - for use as heating fuel - other - other special spirits: <ul style="list-style-type: none"> - for use as power fuel <p>- light fractions</p>	<p>Hectolitre</p> <p>Hectolitre</p>	<p>Domestic duty applicable to the domestic fuel oil referred to at identification index No 20</p> <p>Exemption</p> <p>Domestic duty applicable to the normal spirit referred to at identification index No 12</p> <p>Exemption</p>

Combined Nomenclature code	Description of products	Unit of levy	Rates (FF)
	<ul style="list-style-type: none"> • other light oils: <ul style="list-style-type: none"> - motor spirit: <ul style="list-style-type: none"> - aviation spirit - premium grade with a lead content not exceeding 0.013 g/litre - premium grade with a lead content exceeding 0.013 g/litre - normal grade - jet fuel, spirit-type: <ul style="list-style-type: none"> - for specific uses - other - light fractions for specific uses - other spirits - medium oils: <ul style="list-style-type: none"> • kerosene: <ul style="list-style-type: none"> - for specific uses - other • jet fuel, kerosene-type: <ul style="list-style-type: none"> - for specific uses - other 	<p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p> <p>Hectolitre</p>	<p>195.28</p> <p>329.50</p> <p>363.00</p> <p>347.41</p> <p>13.58</p> <p>Domestic duty applicable to the normal grade referred to at identification index No 12</p> <p>Exemption</p> <p>Domestic duty applicable to the normal spirit referred to at identification index No 12</p> <p>Domestic duty applicable to the domestic fuel oil referred to at identification index No 20</p> <p>Domestic duty applicable to the gas oil with a flash-point below 120 °C referred to at identification index No 22</p> <p>13.58</p> <p>Domestic duty applicable to the gas oil with a flash-point below 120 °C referred to at identification index No 22</p>

Combined Nomenclature code	Description of products	Unit of levy	Rates (FF)
	<ul style="list-style-type: none"> • other medium oils - heavy oils: <ul style="list-style-type: none"> • gas oil: <ul style="list-style-type: none"> - for specific uses (domestic fuel oil No 1) - with a flash-point below 120 °C - other • fuel oils: <ul style="list-style-type: none"> - fuel oil with a kinematic viscosity of up to 9.5 cst at 20 °C: <ul style="list-style-type: none"> - for specific uses (domestic fuel oil No 2) - with a flash-point below 120 °C - other - heavy fuel oils: <ul style="list-style-type: none"> - with a sulphur content exceeding 2% - with a sulphur content not exceeding 2% • lubricating oils; other oils 	<ul style="list-style-type: none"> Hectolitre Hectolitre Hectolitre Hectolitre Hectolitre 100 kg net 100 kg net 	<ul style="list-style-type: none"> Domestic duty applicable to the gas oil with a flash-point below 120 °C referred to at identification index No 22 47.59 210.22 Exemption Domestic duty applicable to the domestic fuel oil No 1 referred to at identification index No 20 Domestic duty applicable to the gas oil with a flash-point below 120 °C referred to at identification index No 22 Exemption 14.01 10.13 Exemption
2711-12	<ul style="list-style-type: none"> Liquefied propane (excluding propane of a purity not less than 99%): <ul style="list-style-type: none"> - for use as a power fuel: <ul style="list-style-type: none"> • for specific uses • other - for other purposes 	<ul style="list-style-type: none"> 100 kg net 100 kg net 	<ul style="list-style-type: none"> Domestic duty applicable to the special mixture of butane and propane referred to at identification index No 33 bis Domestic duty applicable to the special mixture of butane and propane referred to at identification index No 34 Exemption

Combined Nomenclature code	Description of products	Unit of levy	Rates (FF)
2711-13	Liquefied butanes: – for use as a power fuel: • for specific uses • other – for other purposes	100 kg net 100 kg net	Domestic duty applicable to the special mixture of butane and propane referred to at identification index No 33 bis Domestic duty applicable to the special mixture of butane and propane referred to at identification index No 34 Exemption
2711-14	Ethylene, propylene, butylene and butadiene		Exemption
2711-19	Other liquefied gases: – special mixture of butane and propane for use as a power fuel: • for specific uses • other – unnamed	100 kg net 100 kg net	24.12 241.56 Exemption
Ex 2711-21	Compressed natural gas for use as a power fuel	100 m ³	61.59
2711-29	Other petroleum gases and other gaseous hydrocarbons: – for use as a power fuel – for other purposes	100 m ³	Domestic duty applicable to the compressed natural gas used as a power fuel referred to at identification index No 36 Exemption
2712-10	Petroleum jelly		Exemption
2712-20	Paraffin wax containing by weight less than 0.75 % of oil		Exemption
Ex 2712-90	Paraffin wax (other than that referred to at 2712-20), petroleum waxes and paraffin residues, whether or not coloured		Exemption
Ex 2715-00	Cutbacks, emulsions of petroleum bitumen and the like		Exemption

Combined Nomenclature code	Description of products	Unit of levy	Rates (FF)
3403-11	Preparations for the treatment of textile materials, leather, furskins or other materials, containing less than 70% by weight of petroleum oils or of oils obtained from bituminous minerals		Exemption
Ex 3403-19	Lubricating preparations containing less than 70% by weight of petroleum oils or of oils obtained from bituminous minerals		Exemption
3811-21	Additives for lubricating oils, containing petroleum oils or oils obtained from bituminous minerals		Exemption

Chargeable event:

Domestic consumption duty is levied on petroleum products and products treated as such used as power or heating fuel when they are released for consumption, i.e.:

- on leaving duty-suspension arrangements;
- on importation; or
- on release for free circulation in the Community.

Dues accruing to the Support Fund for Hydrocarbons

(Redevance perçue au profit du Fonds de soutien aux hydrocarbures)

Articles 266 ter and 267 of the Customs Code.

Beneficiary:

The Support Fund for Hydrocarbons (Fonds de soutien aux hydrocarbures), which is a special Treasury appropriation account.

Tax payable on:

The Support Fund for Hydrocarbons is financed through dues levied on premium- and regular-grade petrol. These dues are collected according to the same rules as are applied to the domestic duty on petroleum products, i.e. on the release of products for consumption (a withdrawal from tax-suspension arrangements, on importation or on release for free circulation within the Community).

Taxable products and rates:

Nomenclature	Description of products	Rates
Ex 2710-00	- Premium grade with a lead content not exceeding 0.013 g/l	FF 0.90 per hl
	- Premium grade with a lead content exceeding 0.013 g/l	FF 0.90 per hl
	- Regular-grade petrol	FF 0.90 per hl

Duty on tobacco

(Imposition du tabac)

Articles 564, point 10, to 575 A and 575 B 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; 1992 Finance Law.

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, snuff, fine-cut tobacco for the rolling of cigarettes and other smoking tobacco). The retail sales monopoly is held by the 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 Union 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. As far as cigarettes are concerned, this duty 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'. Related to the sales price, this amount can be used to establish a 'basic rate'.

For other cigarettes the consumption duty is calculated by applying to their retail sales price a rate equal to the 'basic rate' and by adding to the amount obtained in this way a specific fixed share equal to 5% of the total tax charge relating to cigarettes in the most popular price category. 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.

F 11

For the different groups of products set out in Article 575, the standard rate and the minimum levy are fixed in accordance with the following table:

Groups of products	Standard rate	Minimum levy per thousand units or per thousand grams
	%	FF
Cigarettes	58.70	30
Cigars	29.26	34
Fine-cut tobacco for the rolling of cigarettes	51.40	-
Other smoking tobacco	47.14	12
Snuff	40.60	8
Chewing tobacco	27.87	7

Imports:

Same system as for French production.

Duty on manufactured tobaccos

(Taxe sur les tabacs fabriqués)

Article 1609 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

Duty payable on:

Sales of manufactured or imported tobaccos (cigarettes, cigars, fine-cut tobacco for the rolling of cigarettes, other smoking tobacco, snuff, chewing tobacco, 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:

0.74% 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)

Articles 402 bis to 406-5 of the General Tax Code.

Beneficiary:

Fonds de solidarité vieillesse (Old-age Solidarity Fund).

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),
 - beverages made by mixing ethyl alcohol and fermented products.
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 products received from a Member State of the European Union:

The consumption duty is payable when the taxable products are made available for consumption.

The production duty is charged when the person carrying out the intra-Community acquisition receives the products in France.

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 either per hectolitre of finished product or on the basis of its pure alcohol content. The rates charged are as follows:

	<i>per hl of pure alcohol</i>
- Natural sweet wines	FF 350
- Other intermediate products (wine-based aperitifs, vermouths, etc.)	FF 1 400
- Rums	FF 5 215
- All other alcoholic products except those subject to the production duty	FF 9 060

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
- Spirits, alcoholic beverages and alcohol-based products contained in food products or unfit for consumption as such, which are used for products intended for human consumption after processing	FF 405

Imports and intra-Community acquisitions:

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.

Beneficiary:

Fonds de solidarité vieillesse (Old-age Solidarity Fund).

Duty payable by:

- Manufacturers (or sometimes, in the case of beers, firms carrying out the final packaging).
- Importers.
- Owners of springs.
- Persons who carry out intra-Community acquisitions in respect of waters and other non-alcoholic beverages.

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 1.2% volume).

Chargeable event:

The duty is payable per degree of alcohol per hectolitre for beer and on the basis of volume (hectolitre) for other beverages 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 6.25 per degree of alcohol per hl for beers with an alcoholic strength of 2.8 % volume or less;
- FF 12.50 per degree of alcohol per hl for beers other than those mentioned above;
- FF 3.50 per hl for mineral waters.

Imports and intra-Community acquisitions:

The duty is applied to imported beverages or to beverages from another Member State of the European Union.

Exports:

Exports are duty-free.

Optional surcharge on mineral waters

(Surtaxe facultative sur les eaux minérales)

Article 1582 of the General Tax Code.

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:

Mineral waters having therapeutic properties and taken 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 same basis as the specific duty on mineral waters provided for in Article 520 A of the General Tax Code.

Rate:

A maximum of FF 0.023 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)

Article 438 of the General Tax Code.

Beneficiary:

Fonds de solidarité vieillesse (Old-age Solidarity Fund).

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, in the case of importation or in the case of the receipt in the territory in which the duty is levied of products from another Member State of the European Union:

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:

	<i>per hl</i>
- Sparkling 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 1609-18 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

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:

4% of the basis price for beet production as fixed by order for each year, with a possible reduction by decree.

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 and intra-Community supplies:

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.

Special duty on oils intended for human consumption

(Taxe spéciale sur les huiles destinées à l'alimentation humaine)

Articles 1609-20 of the General Tax Code and 331 N to 331 V of Annex III to the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

Tax payable in:

Continental France and Corsica.

Tax payable by:

Producers (harvesters, mill operators, refiners), importers, persons carrying out intra-Community acquisitions.

Taxable operations and products:

Sales, self-supplies, imports and intra-Community acquisitions 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, intra-Community supplies.

Collection:

- As for value-added tax.
- On importation.

Rates and basis of assessment:

As from 1 January 1994 the following rates apply:	<i>per kilogram</i>	<i>per litre</i>
- Olive oil	FF 0.902	FF 0.81
- Groundnut and corn oil	FF 0.812	FF 0.73
- Colza and grape-seed oil	FF 0.416	FF 0.37
- Other fluid marine animal and vegetable oils (other than whale)	FF 0.708	FF 0.618
- Copra and palm-nut oils	FF 0.541	FF -
- Palm oil and whale oil	FF 0.495	FF -
- Oil of marine animals, the sale and use of which are subject to international and national rules on protected species	FF 0.902	FF -

In the case of foodstuffs which are imported or are the subject of an intra-Community acquisition and which contain 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'assurances)

Articles 991 to 1004 of the General Tax Code.

Beneficiary:

The State.

Tax payable on:

Premiums falling due.

Basis of assessment:

Amount of premiums.

Exemptions:

Life insurance, certain types of group contracts, agricultural risks, insurance against the risk of frost to harvests, certain sea and air transport risks, reinsurance.

Rates:

The rate of tax ranges from 7 to 30% according to contingencies insured against. The rate of tax on fire insurance, normally 30%, is reduced to 7% on property used permanently and exclusively for industrial, commercial, craft or agricultural purposes, and for operating losses resulting from fire involving such property.

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)

Articles 150 V bis to 150 V 6 of the General Tax Code; Articles 10 I and II of the Law of 19 July 1976; Article 37 I and IV of the 1992 amending Finance Law of 31 December 1992; Article I of Decree No 93-1127 of 24 September 1993; Article 29 of the 1994 Finance Law of 30 December 1993.

The aim of this tax, which was introduced by the Law of 19 July 1976 on the general taxation of capital gains, is to tax capital gains made on sales or exports.

Beneficiary:

The State.

Tax payable by:

Individuals and associations resident in France; legal persons where sales of precious metals and objects are not subject to income tax or corporation tax.

Scope:

- Sales and similar operations (exchanges, contributions) of:
 - precious metals, irrespective of their value;
 - jewellery, works of art, collectors' items and antiques worth more than FF 20 000 per item or group of items.
- Exports, other than temporary exports, from the territory of the Member States of the European Union.

Exemptions:

Natural persons or partnerships resident in France may opt for the ordinary scheme of capital gains on movable property where they sell or export works of art, collectors' items or antiques in respect of which they can give the exact date of purchase and the price paid. The capital gain is then assessed on the basis of the difference between the selling price and purchase price, taking account of monetary erosion and the period of ownership.

Exempt:

- Industrial or commercial firms which sell precious metals or objects.
- Persons not habitually resident in France.
- Artists selling or exporting their own works on condition that they have owned them since creating them.

Exempt operations:

- Sales to national museums, public libraries and the archive departments of the State, local authorities or French public authorities.
- Certain donations of works of art in discharge of succession duty.

Basis of assessment:

- The selling price in the case of domestic sales in France or in a Member State of the European Union.
- The customs value in the case of exports to a country not belonging to the European Union.

Rates:

- 7.5% for precious metals.
- 4.5% for jewellery, works of art, collectors' items and antiques sold at public auctions in France or in another Member State of the European Union.
- 7% for jewellery, works of art, collectors' items and antiques sold other than at public auctions or exported.

Person liable to the tax:

In all cases (sale in France or in another Member State of the European Union, dispatch to a country not belonging to the European Union), the tax is borne by the seller.

Person responsible for making the payment:

- In the case of a sale in France, the tax is paid by the intermediary involved in the transaction or, failing that, by the buyer.
- In the case of a sale in another Member State of the European Union, the tax is paid by the seller.
- In the case of exports from the territory of the European Union, the tax is paid by the exporter.

Special surcharge on the price of cinema seats

(Taxe spéciale additionnelle au prix des places dans les cinémas)

Article 1609-22 of the General Tax Code.

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 0.75 to FF 3.30 on tickets sold at prices between FF 5.00 and FF 30.99. 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

(Impôt sur les spectacles, jeux et divertissements)

Articles 1559 to 1566 of the General Tax Code.

Beneficiaries:

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:

As from 1 January 1990, the municipal council may decide that all sporting events organized in the municipality during the year should be exempt.

Certain sporting meetings are totally exempt (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-making associations). Certain events are taxed at half-rate, on certain conditions.

Machines fitted with individual headphones in rooms in which food and drinks are not served are exempt from the annual tax.

Collection:

The tax is collected when the declaration is lodged with the administration; 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.

¹ Other spectacles are not subject to entertainments tax. They are, however, subject to value-added tax.

Rates:

- Proportional rate on monthly takings for sporting events and progressive rate on 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 two to four for automatic machines).

Tax on electromechanically controlled bowling alleys

(Taxe sur les jeux de boules et de quilles comportant des dispositifs électromécaniques)

Article 1582 bis of the General Tax Code.

Beneficiaries:

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)

Articles 736 et seq. and 741 bis of the General Tax Code.¹

Beneficiary:

The State.

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 12 000;
- 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 2.5%;

- 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 2.5% is collected for the benefit of the Treasury on leases of property situated in buildings which have been finished for at least 15 years on the first day of the tax period.

Property tax on land without buildings

(Taxe foncière sur les propriétés non bâties)

(Ex-property contribution of land without buildings – ex-contribution foncière des propriétés non bâties)

Articles 1393 to 1406 of the General Tax Code.

Beneficiaries:

Regions, departments, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner of usufructuary, at 1 January of the tax year.

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:

Cadastral income equal to 80% of the rentable cadastral value at 1 January 1970, assessed on the basis of normal letting contracts or, failing that, by comparison with the valuation tariffs and increased each year by applying standard coefficients.

Municipalities may increase the basis of assessment of some building land.

Exemptions:

- Temporary relief for land worked by young farmers.
- All public land, land belonging to certain associations and land subject to the property tax on buildings are permanently exempt.
- Certain types of land, such as woodland, are exempted from payment for periods of 8, 15 or 30 years.
- Permanent exemption from the regional share and progressive exemption from the departmental share (total as from 1996) of the tax on agricultural land.

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates and to compliance with the rules governing the linkage between rates.

Property tax on buildings

(Taxe foncière sur les propriétés bâties)

Articles 1380 to 1391 and 1399 to 1406 of the General Tax Code.

Beneficiaries:

Regions, departments, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner or usufructuary on 1 January of the tax year.

Tax payable on:

Buildings and the like (in particular, certain kinds of land and premises).

Basis of assessment:

Cadastral income equal to half the 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 may be based on the amount of rent collected on 1 January 1970.

The rentable value is increased each year by applying a standard coefficient of increase.

The rentable value of industrial premises is determined by applying an interest rate to the cost price of the property to be valued.

Exemptions:

- The tax is not payable on public buildings and the like, or on farm buildings.
- There is a two-year exemption for new buildings used for residential purposes unless the recipient authorities decide otherwise. This exemption applies only to the share accruing to the municipalities and their groupings.
- 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.
- Old and handicapped people in the lower-income group are exempt in respect of their principal residence.
- There is a two-year exemption for new firms, subject to a decision by the recipient authorities.

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)

The proceeds of this tax go solely to the municipalities.

The rate, which is updated each year, was fixed for 1994 at:

- FF 5 175 per pylon supporting power lines with a voltage of between 200 and 350 kilovolts.
- FF 10 335 per pylon supporting power lines with a voltage of more than 350 kilovolts.

Stamp duties

(Droit de timbre)

Articles 886 et seq. of the General Tax Code.

1. Size stamp

(Timbre de dimension)

Articles 899 to 908 of the General Tax Code; 1986, 1990 and 1992 Finance Laws.

Beneficiary:

The State.

Basis of assessment:

Authenticated deeds, court orders other than those subject to proportional or graduated registration tax or cadastral tax, deeds and documents submitted for compulsory registration or double registration deeds submitted for voluntary registration, deeds pledging the payment or repayment of sums of money or securities and share allotment letters.

Exemptions:

- Certain conveyancing of buildings for payment (price below FF 5 000).
- Bailiff's deeds, pleadings, court decisions, general documents concerning public order.
- Prior offer of loans.
- Deeds of incorporation of commercial companies.

Rates:

- Half-sheet of paper (29.7 by 21 cm)	FF 34
- Sheet of normal paper (29.7 by 42 cm)	FF 68
- Sheet of register paper (42 by 59.4 cm)	FF 136
Minimum charge	FF 34

Rates reduced by half when only one side is used.

2. Bills of exchange stamp

(Timbre des effets de commerce)

Articles 910 to 916 of the General Tax Code; Article 48-II of the 1991 Amending Finance Law.

Beneficiary:

The State.

Basis of assessment:

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 (non-domiciled) FF 12.00
- Reduced rate (domiciled bills) FF 4.00

2. (a) Cheque form stamp
(Timbre des formules de chèques)

Article 916 A of the General Tax Code; Article 48-III of the 1991 Amending Finance Law.

Beneficiary:

The State.

Basis of assessment:

Cheque forms which are not pre-crossed and are transferable by endorsement.

Rate:

FF 10.00.

3. Receipt stamp

(Timbre de quittances)

Articles 919 to 919 C of the General Tax Code; 1993 Finance Law.

Stamp duty is charged at a rate of:

- 4.30% of the total sums spent on totalizator tickets in respect of a given race;
- 4.70% of the total sums spent on national lotto and sports lotto tickets;
- 1.60% of the total sums spent on national lottery tickets by participants in the *loterie instantanée* and *tapis verts* games of chance.

4. Transport contract stamp

(Timbre des contrats de transport)

Articles 925 to 943 of the General Tax Code; 1987 Finance Law.

Beneficiary:

The State.

Basis of assessment:

Consignment notes, luggage tickets.

Exemptions:

Bills of lading, transport of agricultural and newspaper parcels weighing less than 50 kg.

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 C and 1599 -13 to 1599 -19 of the General Tax Code; 1992 Finance Law.

Beneficiary:

The State (or regions for the duty on driving licences and the tax on vehicle registration certificates).

Basis of assessment and rates:

1. Tickets for entrance to casinos:		
- Ticket valid for the day	FF	65
- Ticket valid for the week	FF	240
- Ticket valid for the month	FF	600
- Ticket valid for the season	FF	1 200
2. Identity and residence cards:		
(a) Professional identity cards for commercial travellers and representatives	FF	120
(b) National identity cards	FF	150
(c) Residence cards for foreigners	FF	200
Residence cards for nationals of a Member State of the EC	FF	150
Residence certificates for Algerian nationals	FF	150
(d) Special cards for foreigners working in commerce or industry:		
- Valid for more than three years	FF	1 200
- Valid for more than one year but no more than three years	FF	600
Valid for up to one year, per month	FF	40
- Rates reduced to half for small traders and the like		
(e) Special cards for foreigners working in agriculture	FF	600
(f) Work permits for foreigners (renewal)		
General tariff:	FF	250
- nationals of countries which are signatories to the European Social Charter	FF	12
- endorsement of accommodation certificate (except nationals of the EC and Maghreb countries)	FF	100
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 and nationality		exempt
(c) 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	2 000
Temporary establishments	FF	500
(d) Receipt for the professional declaration by dealers in poisons, second-hand dealers, and dealers in arms and ammunition	FF	300
(e) Authentication of documents		exempt
(f) Inland waterways:		
- Registration certificates	FF	70
- Tonnage certificates	FF	70
- Navigation licence	FF	70
- Examination fee	FF	200
- Certificates of capacity	FF	300
(g) Sea transport:		
- Examination fee	FF	200
- Certificates of capacity	FF	300

5. Passports, travel documents:

- Ordinary passports (valid five years) FF 350
- 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
- Travel document for foreign minors FF 100
- Pass for foreigners in possession of a residence permit (validity three months) FF 50

6. Duty on documents relating to cars:

- International certificates and international driving licence FF 17
- For the test to obtain a driving licence for cars, motor cycles and any other motor vehicles. FF 200

These rates are reduced by half for vehicles over 10 years old.

- Driving licence for the above vehicles Rates fixed by the regional council
 (duty also due on duplicates)
- Registration certificates:
 Standard rate: per hp Basic rate
 Reduced rate for commercial vehicles with a total permissible laden weight exceeding 3.5 tonnes, non-agricultural and motor cycles:
 per hp. Half basic rate

- Fixed rates: Amount in relation to basic rate (BR)
- Trailers, agricultural tractors, vehicles registered in the TT series 1½BR
 - Mopeds with a cylinder capacity not more than 125 cc ½BR
 - Vehicles registered in the W series 2BR
 - Vehicles registered in the WW series 1BR
 - Duplicates: mopeds and motor cycles with a cylinder capacity of
 not more than 125 cc ¼BR
 other vehicles 1BR

The rate for duplicates is applied to first copies issued when the holder of the registration certificate changes his or her 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; registration certificates issued following a change of marital status or a change of address.

6. Hunting licences
(Permis de chasse)

Beneficiaries:

The State, municipalities.

Rates:

- Examination enrolment fee	FF	60
- Issue of the hunting licence	FF	200
- Annual visa		
- for the State	FF	60
- for the municipality	FF	22
- Issue of duplicates (municipal tax)	FF	80

Main registration taxes

(Principaux droits d'enregistrement)

Article 634 et seq. of the General Tax Code.

Beneficiaries:

The State, regional or local authorities (regions, departments and municipalities).

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.

Rates:

- Department tax ¹	
- ordinary rates	15.40% and 13.40%
- other rates	6.40%, 4.20%, 3.60% and 0.60%
- Additional municipal tax	1.20%
- Additional regional tax	1.60%
- Charge to cover assessment costs of the departmental duty	2.50%

¹ Varies according to departments.

2. Registration tax payable by companies

(Droits applicables aux sociétés)

(a) Formation of companies (*Constitution des sociétés*):

The following are abolished as from 1 January 1992:

- ordinary capital tax of 1%;
- the special transfer tax of 8.60% increased by additional taxes payable in the event of the transfer of buildings, custom and goodwill made, by a person not liable to corporation tax, to a company subject to such tax provided that the transferor undertakes to retain for five years the documents handed over in return for the transfer;
- the transfer tax of 8.60% increased by additional taxes where the liabilities are taken over in the event of the incorporation of a one-man business, subject to the same condition that the documents be retained.

The registration of transfers is subject to a fixed tax of FF 500.

In the event of failure to abide by the undertaking to retain the documents, the difference between the tax rates of 8.60% and FF 500 is payable immediately. However, the difference is not claimed in the case of a gift if the donee gives an undertaking in the deed, and abides by that undertaking, to retain the documents until the end of the fifth year following the transfer.

Article 12 of the 1992 Finance Law repeals the special arrangements derogating from the ordinary law and transfer taxes.

(b) Capital increases (*Augmentation de capital*):

1. Capital increases through new contributions:
Same arrangements as for the formation of companies.
2. Capital increases through capitalization of profits:
Partnerships: registration at the fixed rate of FF 500.
Companies referred to in Article 108 of the General Tax Code:
 - Rate of 3%;
 - Exemption where the capitalization correlates to a capital increase in cash.
 - Rate of 3% in the event of capitalization of:
 - the revaluation 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;
 - 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.

(c) Mergers (*Fusion de sociétés*):

- On transfers: fixed rate of FF 1 220.
- The increased capital duty reduced to 1.2%, 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 1.2% 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.

F 33

(d) Dissolution and distribution of assets (*Dissolution et partage*):

- Deed or performance of dissolution: fixed rate of FF 500.
- Instrument or performance of distribution: 1%, in general.

(e) Transfer of shares (*Cession de droits sociaux*):

- For transfers of partnership shares tax is payable at a rate of 4.8% irrespective of whether a transfer deed is executed or not.
- Tax is payable at a rate of 1%, up to a ceiling of 20 000, on deeds relating to transfers of company shares.

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 in respect of certain types of transfers.

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:

Fraction of taxable value	Rate applicable (as %)			Total tax charge
	Registration tax	Departmental tax	Municipal tax	
Not exceeding FF 150 000	0	0	0	0
Between FF 150 000 and FF 700 000	6	0.6	0.4	7.0
Exceeding FF 700 000	11.8	1.4	1	14.2

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
(Droit fixe d'enregistrement)

Article 680 of the General Tax Code; 1992 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 500.

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; Law No 94-6 of 4 January 1994.

Beneficiary:

The State.

Duty payable by:

Manufacturers and importers.

Rules of application:

Gold, gold-alloy, silver and platinum articles marketed in France must conform to the specifications prescribed by law.

Hallmarking is carried out by the State, except in the case of products containing 58.5% or 37.5% gold which are stamped with a public hallmark by a supervisory body authorized by the State.

Hallmarks are stamped on each gold, gold-alloy, silver or platinum article as follows:

- in the case of articles with the State hallmark, by the hallmarking department after assaying;
- in the case of articles with the public hallmark, by an authorized supervisory body or by a manufacturer authorized to do so on an annual basis.

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 specific duty is fixed per hectogram at:

FF 530 for articles containing 95%, 90% and 85% platinum;

FF 270 for articles containing 91.6% and 75% gold;

FF 13 for articles containing 92.5% and 80% silver;

FF 210 for articles containing 58.5% and 37.5% gold.

Chargeable event:

Placing of articles on the market.

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 0.60 % are 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) Municipal tax	1.20 %
(b) Departmental tax (except buildings)	1.60 %
(c) Regional tax (immovable property)	1.60 %
Tax allocated to a departmental equalization fund where the municipality has fewer than 5 000 inhabitants and is not a seaside resort or a spa.	

Stock exchange turnover tax

(Impôt sur les opérations de Bourse)

Articles 978 to 985 of the General Tax Code.

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, in principle, 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 Stock Exchange or traded on the junior market.
- Purchases and sales of shares issued by mutual receivable funds.
- Public offers for sale and transactions related to capital increases and to the admission of securities to the stock exchange or secondary market.
- Transactions carried out by a natural or legal person not resident or established in France.

Rates:

- Fraction of each transaction under or equalling FF 1 million 3.00 ‰
- In excess of this sum 1.50 ‰

Tax is payable at a rate of 1.5 ‰ on carry-over transactions irrespective of the amount involved. An allowance of FF 150 is applied to the tax due of each transaction, the tax due on each transaction may not exceed FF 4 000.

Differential tax on motor vehicles

(Taxe différentielle sur les véhicules à moteur)

Articles 1599 C to 1599 J, 1599, point 9, to 1599, point 12 and 1647 V of the General Tax Code; Article 317, points 9 to 12 of Annex II to the General Tax Code; 1984 Finance Law; Law of 11 July 1985.

Beneficiaries:

- Departments.
- Region in the case of Corsica.

Tax payable on:

Motor vehicles with more than two wheels, agricultural vehicles and equipment, public works equipment and certain special vehicles.

Exemptions:

- Vehicles over 25 years old and certain other vehicles.
- Taxis and vehicles used to transport groups of persons.
- Others (vehicles used by the disabled, sales representatives, etc.).

Payment:

The tax is payable annually (windscreen sticker).

Rates:

Fixed by:

- the general council of the department of registration;
- the regional assembly in the case of Corsica.

Annual tax on company cars

(Taxe annuelle sur les voitures de sociétés)

Article 1010 of the General Tax Code; Article 47 of the 1991 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 5 800 for company cars of 7 hp or less.

FF 12 900 for company cars over 7 hp.

Special feature:

The tax may not be deducted from profits liable to corporation tax; it does not preclude application of the differential tax on motor vehicles.

Payroll tax

(Taxe sur les salaires)

Article 231 to 231 bis 0 of the General Tax Code; Articles 141 to 144 and 383 of Annex II, Articles 50 to 53, point 4, and Articles 369 to 374 of Annex III to the General Tax Code.

Beneficiary:

The State (sole beneficiary since 1 January 1969).

Tax payable by:

Employers who are not liable to pay VAT or were not liable to pay VAT on 90% of their turnover in the previous year.¹

Basis of assessment:

Total gross remunerations paid and benefits in kind.

For employers who are partly liable to pay VAT, payroll tax is payable only in the ratio turnover not subject to VAT (not having given rise to entitlement to deduct VAT) / total turnover (receipts + profits within and outside the scope of VAT)

(in practice, the difference between the deductible proportion of VAT and 100 where no transaction is carried out outside the scope of VAT).

Rates:

- For personal annual wage where this is less than FF 38 750² 4.25%
- For portion of annual wage between FF 38 750 and 77 450² 8.50%
- For portion of annual wage exceeding FF 77 450 13.60%

¹ The following are, however, exempt: the State in respect of remunerations paid from the general budget, local authorities and employers covered by agricultural social legislation (with the exception of certain specially designated bodies).

² Application thresholds for the different rates applicable for calculating the tax payable in 1994. These thresholds are updated each year in the same proportion as the upper limit of the seventh segment in the personal income tax scale.

Employers' participation in the building effort

(Participation des employeurs à l'effort de construction)

Articles L 313-1 to 313-6 and R 313-1 et seq. of the Building Code; Article 235 bis of the General Tax Code, Articles 161 to 163 of Annex II and Article 58-J of Annex III to the General Tax Code.

Beneficiaries:

- The recipient bodies responsible for financing building, workers (loans, building work undertaken direct by employer)
- The State (general budget) as regards the 2% levy.

Payable by:

Employers with at least 10 workers.¹

Principle of application:

Employers are required to invest in house-building each year a sum equal to 0.55% of wages paid the year before. This rate is reduced to 0.45% for investments carried out as from 1 January 1992. Those who fail to meet this obligation are liable to pay a levy equal to 2% of those same wages.

Basis of assessment:

Gross wages, as defined for payroll tax purposes, paid during the year preceding that in which the investment is made.

Returns – Collection:

- Returns must be deposited by 16 April of the year following that in which the investment is made.
- 2% levy (absence or inadequacy of investments) collected by means of assessment books and paid to the Public Treasury.

¹ With the exception of the State, local authorities and their public administrative establishments and employers falling within the scope of the agricultural social security system.

Apprenticeship tax

(*Taxe d'apprentissage*)

Articles 224 to 230 G of the General Tax Code; Article 140 A to N of Annex II to the General Tax Code.

Beneficiaries:

- Collection agencies providing technical training for beginners.
- The State (general budget) for sums paid to the Public Treasury (amount of the tax minus expenditure incurred in training beginners – *premières formations*).

Tax payable by:

- Natural persons, legal persons subject to the tax arrangements applying to partnerships and economic interest groupings carrying on an industrial, commercial or craft activity within the meaning of Articles 34 and 35 of the General Tax Code.
- Legal persons liable to corporation tax under ordinary law.
- Certain agricultural cooperatives (production, processing, storage, marketing).

The following are exempt:

- Firms employing one or more apprentices whose annual tax base is not more than six times the annual SMIC (minimum growth wage).
- Companies and legal persons who are solely engaged in the various types of training.

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, 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).

Basis of assessment:

Gross wages for the tax year, as defined for payroll tax purposes.

Collection:

Tax returns must be submitted prior to 6 April of the year following that in which the wages are paid.

The amount of the tax, minus deductible expenditure, must be made to the Public Treasury (tax revenue).

Business tax

(Taxe professionnelle)

Articles 1447 to 1479 and 1647 bis to 1647 D of the General Tax Code.

Beneficiaries:

Local authorities and their groupings (regions, departments, municipalities, urban communities, districts, associations of towns and 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, on the one hand, for craftsmen with fewer than three employees, agricultural cooperatives and unions of agricultural cooperatives and firms registered with the 'Chambre nationale de la batellerie artisanale' and, on the other, in the case of recruitment or investment. The rental value of certain particular types of premises (airports, nuclear power-stations, anti-pollution facilities) is reduced by a third or a half. This also applies to the calculation of other local taxes. A permanent general reduction of 16% was made in the net basis with effect from 1987.

Principal exemptions:

- Non-profit-making activities run by the State, the local authorities, public institutions, subsidized housing organizations and certain private organizations.
- Farmers, craftsmen working alone or with their families.
- Publishing enterprises, mine concessionaries, itinerant traders and workers' production cooperatives.
- Temporary exemptions are granted by the municipal or general councils under town and country planning policy (industrial or research establishments created or extended).
- Private educational establishments.
- Artists.
- Mutual insurance companies.
- Two-year exemption on the basis of a decision by the recipient authorities for new firms, doctors and medical auxiliaries.
- Temporary exemptions granted under town and country planning policy.
- Exemptions for establishments located in new residential estates and run-down residential areas.

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates and the rules governing the linkage between the rates of the four principal taxes (tax on furnished accommodation, business tax, property tax on buildings, property tax on land without buildings). No individual contribution may exceed 3.5% of value-added during the tax year.

Special tax on certain aircraft

(Taxe spéciale sur certains aéronefs)

Article 14 of the 1980 Finance Law; Article 32 of the 1982 Finance Law; Article 284, point 7, of the Customs Code.

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:

- Aircraft used for public transport.
- Aircraft belonging to the State.
- Aircraft which belong to the manufacturers and are used for test and demonstration flights.
- Private single-seater and two-seater¹ aircraft for which a restricted certificate of airworthiness (CNRA) has been issued.
- Aircraft with an engine rating of less than 300 hp or 220 kW belonging to flying schools or clubs which are members of associations approved by the Minister for Transport.
- 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:

Maximum continuous engine power (hp)	Maximum continuous engine power (kW)	Amount of tax (FF)
I - Aircraft with piston engines:		
Less than 100	Less than 73.5	1 000
100 to 199	73.5 to 146.99	1 200
200 to 274	147 to 201.99	2 000
275 to 299	202 to 219.99	4 000
300 to 399	220 to 293.99	6 000
400 to 599	294 to 440.99	10 000
600 or more	441 or more	15 000
II - Aircraft with turboprop or turboshaft engines:		
Less than 275	Less than 202	5 000
275 to 499	202 to 366.99	10 000
500 to 999	367 to 734.99	15 000
1 000 to 1 499	735 to 1 101.99	20 000
1 500 or more	1 102 or more	30 000
III - Jet aircraft:		
Irrespective of engine power		60 000

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.

Collection:

The tax is collected by the Directorate-General for Customs and Indirect Duties.

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 at the time of submitting the transfer declaration.

Rates:

Special duty set at FF 300.

FF 2 000 is charged for issue of the receipt. This is reduced to FF 500 if the establishment is opened temporarily (Articles 960-I and I-bis).

Franchization 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; Article 24 of the 1985 Finance Law; Articles 216 to 240 of the Customs Code.

Beneficiary:

The State.

Scope:

1. Franchization 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 three 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 franchization certificate or sea pass is issued and before 1 April in subsequent years.

Rates:

- | | | |
|-----------------------|---|---------------------------------------|
| 1. Commercial vessels | } | duties abolished since 1 January 1986 |
| 2. Fishing vessels | | |

3. Craft used for pleasure or sport

(a) Duty on the hull

<i>Gross tonnage</i>	<i>Amount of duty payable</i>
Up to 3 tonnes	Exempt
Between 3 and 5 tonnes	FF 222 per vessel plus FF 151 per tonne or fraction of a tonne above 3 tonnes
Between 5 and 8 tonnes	FF 222 per vessel plus FF 106 per tonne or fraction of a tonne above 3 tonnes
Between 8 and 10 tonnes:	
– more than 10 years old	FF 222 per vessel plus FF 106 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 222 per vessel plus FF 207 per tonne or fraction of a tonne above 3 tonnes
Between 10 and 20 tonnes:	
– more than 10 years old	FF 222 per vessel plus FF 98 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 222 per vessel plus FF 207 per tonne or fraction of a tonne above 3 tonnes
More than 20 tonnes:	
– more than 10 years old	FF 222 per vessel plus FF 93 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 222 per vessel plus FF 207 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 54 per hp above 5
9 to 10 hp	FF 68 per hp above 5
11 to 20 hp	FF 136 per hp above 5
21 to 25 hp	FF 151 per hp above 5
26 to 50 hp	FF 172 per hp above 5
51 to 99 hp	FF 190 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 297 per hp.¹

¹ For the purposes of calculating the special tax, the 5 hp exemption does not apply. 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.

F 46

Tax threshold:

The franchization and navigation duty and the sea pass duty are not levied where they amount to less than FF 50.

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 (wine, 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 vehicles¹

(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; Articles 284 bis to 284-6 of the Customs Code.

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, and trailers.

Basis of assessment:

Total authorized loaded weight or total moving 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 or total moving weight.
- Daily rates: $\frac{1}{25}$ of the corresponding quarterly rate.

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 75% for vehicles using combined rail-road systems;
- by 5% per stretch of 3 500 km for vehicles using toll motorways (vehicles of the same category belonging to the same party liable to the tax).

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 KE, of the General Tax Code; Articles 163, point 9 et seq. of Annex II to the General Tax Code.

Beneficiaries:

- Joint collection agencies approved by the State, training centres authorized by the State or the regions.
- The State (general budget) for sums paid to the Public Treasury (amount of the participation minus expenditure incurred for training measures).

Payable by:

All employers, including those in the agricultural sector. ^{1,2}

Principle of application:

Employers must devote to the financing of training programmes a minimum percentage of the wages paid during the year. This percentage is equal to:

- 1.5% for employers with at least 10 workers (1.2% prior to 1 January 1992, 1.5% from 1 January 1993, 2% for firms engaged in temporary work); ³
- 0.15% for those with fewer than 10 workers, plus 0.10% for employers liable for the apprenticeship tax.

Basis of assessment:

Gross wages as defined for payroll tax purposes.

Returns – Collection:

- Returns must be submitted prior to 6 April of the year following that in which the wages are paid.
- The amount of the participation, minus deductible expenditure, must be made to the Public Treasury (tax revenue).

¹ With the exception of the State, local authorities and their public administrative institutions.

² Prior to 1 January 1992, only employers with at least 10 workers were liable to pay.

³ This amount includes a payment of 0.3% or 0.4% for schemes combining training and work based on the previous year's wages plus the rate of increase of the average wage.

Taxes on forestry products

(Taxes sur les produits forestiers)

Article 1609-16 of the General Tax Code.

Beneficiary:

The State.

- National Forestry Fund (FFN).

Taxable products:

Forestry tax (FFN): products resulting from the mechanical working of wood (sawn timber, structures, joinery work, etc.).

Taxable operations and individuals:

- Forestry tax (FFN): manufacturers, importers, and persons carrying out intra-Community acquisitions.
- Tax on forestry products (BAPSA): users and importers.

Territory of application:

Forestry tax (FFN): Metropolitan France (including Corsica).

Exemptions:

Forestry tax (FFN): trade and exports, intra-Community supplies.

Basis of assessment:

Forestry tax (FFN): selling price net of VAT or customs value.

Collection:

Same rules as for VAT.

Rates:

Forestry tax (FFN) between 0.15% and 1.65%

Local equipment tax and supplementary tax

(Taxe locale d'équipement et taxe complémentaire)

Article 1585 A to H of the General Tax Code; Articles R112 to R421 of the Town Planning Code; Article 40 of Law No 91-716 of 27 July 1991.

Beneficiaries:

- Local equipment tax: municipalities or groups of municipalities (urban communities, urban districts, certain associations with multiple functions).
- Supplementary tax: Île-de-France region.

Scope:

1. Territorial scope:

- (a) local equipment tax: the tax is applied by law in certain 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 in 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,
 - garages erected for commercial 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: between 1% and 5%.
- Supplementary tax: 1%.

Local equipment tax surcharge

(Taxe additionnelle à la taxe locale d'équipement)

1. Tax for the financing of architectural, town planning and environmental consultancy expenditure.

Article 1599 B of the General Tax Code.

Beneficiary:

Department.

Optional tax decided on by the General Council.

Basis of assessment:

As for local equipment tax.

Rates:

Variable according to departments but cannot exceed 0.3%.

2. Special equipment tax levied in the Department of Savoie.

Article 1599-0 B of the General Tax Code.

Beneficiary:

Optional tax decided on by the Savoie General Council to enable the Department of Savoie to finance the roadworks necessary for the organization of the 1992 winter Olympic games.

Basis of assessment:

As for local equipment tax.

Rates:

Fixed by the General Council within a 5% limit.

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.

Beneficiaries:

Municipalities and groups of municipalities and departments with town and country planning responsibilities.

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.

Exemptions:

Certain buildings erected in the public interest.

Payment:

In two equal instalments: the first payable 18 months from the date on which the building permit was issued, the second payable three 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

(Redevance sur l'édition des ouvrages de librairie)

Articles 1609-11, 12, 14 and 15 of the General Tax Code and Article 331 L of Annex III to the General Tax Code.

Beneficiary:

The National Literary Centre (Centre national des lettres).

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.
- Exports and intra-Community supplies.

Basis of assessment and rate:

0.2% 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)

Article 1609 points J, L, M and N of the General Tax Code and Article 331 M of Annex III to the General Tax Code.

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 and intra-Community acquisitions of these machines (person making the customs declaration).

Exemptions:

Sales for export and intra-Community supplies 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. On importation, they are collected by the Directorate-General for Customs and Indirect Duties in the same way as for customs duties.

Tax on profits on contracts connected with the deterrent force

(Prélèvement sur les bénéfices des marchés relatifs à la force de dissuasion)

Article 235, point 3 of the General Tax Code; Article 163, points 2 to 8 B of Annex II to the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Sole proprietorships, firms or companies which make profits as contractors, licensees or sub-contractors 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 to MC 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 public showing of pornographic or violent works (films, video cassettes, publications, theatrical performances) and establishments which, on account of their licentious or pornographic character, bar access to minors.

Basis of assessment:

The tax is calculated on the proportion of profit which corresponds to the aforesaid activities.

Rate:

33 % for financial years as from 1 January 1993.

Collection:

For each taxable person, the tax period is identical to 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.

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 and Article 29 of the 1993 Finance Law; Articles 990 D to H of the General Tax Code.

Beneficiary:

The State.

Tax payable:

Subject to tax agreements, by all legal persons, irrespective of whether they are of French or foreign nationality, whose registered place of business is in or 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 assets situated in France represent 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;
- legal persons whose actual management headquarters are in France or who, on the basis of a treaty, are to be treated in the same way as legal persons whose registered place of business is in France provided that they undertake – and abide by that undertaking – to provide the tax authorities on request with information similar to that referred to in the previous indent;
- companies listed on the stock exchange;
- 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.
- Sicomi (Société immobilière pour le commerce et l'industrie) certificates held by a company whose registered place of business is outside France.

F 62

Collection:

A return must be submitted to the tax collector's office and the tax paid by 15 May of each year.

Tax on the excess provisions of insurance companies

(Taxe sur les excédents des provisions des entreprises d'assurance)

Article 235 ter X of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

All kinds of non-life insurance companies and those engaged in providing assistance which carry over to a 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 based on the amount of corporation tax which would have been payable in the year the provisions were created had there not been any excess.

The excess provisions are reduced by:

- an allowance equal to 3 % of each excess;
- additional provisions made to meet an increase in the cost of claims.

Rates:

0.75 % 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.

Solidarity tax on wealth

(Impôt de solidarité sur la fortune)

Articles 885 A to X of the General Tax Code; 1989 and 1994 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Natural persons domiciled in France who own assets worth more than FF 4 470 000 net on 1 January 1994.

Basis of assessment:

Net value, on 1 January of the year of taxation, of all assets, rights and securities belonging to the taxable person, to his or her spouse and to their children who have not attained their majority.

Exemptions (non-exhaustive list):

- business or professional assets;
- works of art, antiques and collectors' items;
- allowances paid in compensation for personal injury;
- annuities if they are comparable to retirement pensions;
- woodlands and forests, shares in forestry groups;
- investments in France by non-residents.

Deduction:

Debts incurred in respect of the assets.

Rates:

Proportion of net taxable value of assets	Rate %
Not exceeding FF 4 470 000	0
Between FF 4 470 000 and FF 7 270 000	0.5
Between FF 7 270 000 and FF 14 420 000	0.7
Between FF 14 420 000 and FF 22 380 000	0.9
Between FF 22 380 000 and FF 43 330 000	1.2
Exceeding FF 43 330 000	1.5

Allowance and ceiling:

- The tax resulting from the application of the above rate is reduced by FF 1 000 per dependent minor.
- The wealth tax and the income tax for the preceding year may not exceed 85% of such income.

Obligations on taxable persons:

The wealth tax is a tax assessed by means of a tax return submitted by the taxable persons themselves.

Payment is made either by normal means or, subject to authorization, by surrender of works of art.

Health dues on slaughtering and cutting

(Redevances sanitaires d'abattage et de découpage)

Article 302 bis N to W of the General Tax Code.

Tax payable by:

- Any person who has an animal slaughtered in a slaughterhouse.
- Any person engaged in cutting operations involving meat containing bone.
- Importers.

Chargeable event:

- Slaughtering operation.
- Cutting or removal operation at the slaughterhouse.
- Importation (non-EU countries).

Payment:

- Same rule as for VAT.
- When import declarations are submitted, same rules as for customs duties.

Rates:

- Slaughtering due: rate fixed each year per animal of each species.
- Cutting due: rate fixed each year per tonne of meat containing bone to be boned.

Tax on office premises in the Île-de-France region

(Taxe sur les locaux à usage de bureaux en Île-de-France)

Article 231, point 3 of the General Tax Code.

Beneficiary:

The State (development fund for the Île-de-France).

Tax payable by:

Private or public owners on 1 January of the tax year.

Tax payable on:

The tax is payable on premises used for offices situated in the Île-de-France region.

Exemptions:

- Premises which belong to public utility foundations and associations and in which they carry out their activities.
- Premises with a total area of less than 100 m².

Rates:

The rates vary according to geographical area (three areas) and are FF 61.20, FF 36.60 and FF 18.20 per m² for 1994 and FF 30.60, FF 22.40 and FF 16.20 per m² for public institutions and non-profit-making bodies.

Obligations on taxable persons:

Taxable persons are required to submit returns, accompanied by payment of the tax, before 1 March of each year to the public accounting officer of the place in which the taxable premises are situated.

Checks, collection, disputes, guarantees and penalties relating to this tax are governed by the rules applicable to payroll tax.

F 75

Departmental tax to preserve sensitive natural areas

(Taxe départementale des espaces naturels sensibles)

Law No 85-729 of 18 July 1985.

Beneficiary:

Department. Preservation of beauty spots.

Optional tax applied on the basis of a decision by the General Council.

Tax payable on:

The tax is payable on the construction, reconstruction and enlargement of buildings.

Exemptions:

Buildings for agricultural use; buildings used for providing public services, historic monuments, buildings reconstructed following damage or loss.

Chargeable event – Basis of assessment – Payment:

See arrangements for Local equipment tax.

Rates:

1% of the notional value of the whole property. The tax may be raised to 2%.

Tax on television advertising

(Taxe sur la publicité télévisée)

Article 302 bis KA of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Any person responsible for broadcasting television advertising in France.

Basis of assessment:

Price of the advertisement net of tax.

Rates:

- FF 10 per advertisement where the price does not exceed FF 1 000;
- FF 30 per advertisement where the price is between FF 1 001 and FF 10 000;
- FF 220 per advertisement where the price is between FF 10 001 and FF 60 000;
- FF 420 where the price exceeds FF 60 000.

Exemptions:

Advertisements broadcast in the public interest.

Obligations on taxable persons:

Taxable persons must provide, before the 25th day of each month, a detailed breakdown, based on the above scale, of the number of advertisements broadcast.

The tax is assessed and collected on the basis of those details.

F 77

Duty on flour, groats and common wheatmeal

(Taxe sur les farines, semoules et gruaux de blé tendre)

Article 1618-7 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

Duty payable by:

Millers and importers.

Duty payable on:

- Quantities of flour, groats and common wheatmeal supplied or processed in France for human consumption.
- Imported quantities of flour, groats and common wheatmeal.

Rates:

Standard rate of FF 100 per tonne.

Exemption:

- Exported flour, groats and meal.
- Flour used for producing starch.

Duty on oleaginous products

(Taxe sur les oléagineux)

Article 1618-9 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

Duty payable by:

Approved intermediaries.

Duty payable on:

Quantities of colza, rape and sunflower seeds supplied to approved intermediaries.

Rates:

1993/94 marketing year: rate per tonne:

- colza and rape: FF 18.75;
- sunflower: FF 22.50.

Duty on cereals

(Taxe sur les céréales)

Article 1618-8 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits – BAPSA).

Duty payable by:

Approved collectors and grain producers.

Duty payable on:

Cereals received at stores of approved collectors or by grain producers.

Rates:

1993/94 marketing year:

Type of cereal	Rate of duty (FF per tonne)
Common wheat	8.95
Durum wheat	9.55
Barley	8.55
Maize	8.05
Rye	8.95
Oats	9.90
Sorghum	8.55
Triticale	8.95

Exemptions:

- Cereals for everyday consumption exchanged for certified seed grain.
- Cereals contained in food acquired by livestock farmers for use as animal feedingstuffs.

Tax on the clearing of woods and forests

(Taxe sur le défrichement des bois et 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); Law No 85-1273 of 4 December 1985 and Law No 86-1318 of 30 December 1986.

Beneficiary:

Fonds forestier national (National Forestry Fund).

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.

General social levy

(Contribution sociale généralisée – CSG)

Articles 127 to 135 of Law No 90-1168 of 29 December 1990.

Beneficiaries:

Caisse nationale des allocations familiales (National Family Benefits Fund) and Fonds de solidarité vieillesse (Old-age Solidarity Fund) (State administrative institutions).

Tax payable by:

Natural persons regarded as being resident in France for income-tax purposes and, in all cases, remuneration paid to public employees, wherever resident for tax purposes.

Basis of assessment and exemptions:

Activity and replacement income

All such income is in principle subject to the CSG. Income-tax exemptions are not transferable to the CSG.

The basis of assessment consists of gross income:

- gross wages and salaries (before deduction of employee social security contributions), less a 5% allowance for occupational expenses;
- gross pensions and benefits;
- non-wage activity income, net of occupational expenses and increased by individual social security contributions.

Only occupational expenses are therefore deductible.

Retirement pensions and unemployment benefits received by individuals exempt from income tax are exempted.

Income from capital

- The CSG is levied on the following that are subject to income tax:
 - property income;
 - income from life annuities purchased;
 - capital gains;
 - income from letting furnished accommodation for non-trade or non-occupational purposes and non-commercial income that is not subject to tax as activity or replacement income.

The deductions and exemptions are therefore identical to those for income tax since the basis of assessment is the same.

- The CSG is also levied on investment income that is subject to the levy in full discharge of income tax.

NB: The CSG may under no circumstances be deducted for the purpose of establishing the basis of assessment for income tax.

Rates:

- 1.1% for 1991, 1992 and the first half of 1993;
- 2.4% since 1 July 1993.

Collection:

- The CSG is levied at source by the parties paying wages, salaries and pensions. The transfer is made at varying intervals to the Unions de recouvrement de sécurité sociale et d'allocations familiales (Urssaf) (social security and family benefits collection unions).
- Recipients of non-wage activity incomes pay the CSG calculated on such income quarterly to the Urssaf.
- The CSG levied on income subject to the levy in full discharge of liability on the payment of such income is transferred the following month to the tax revenue, which also includes the levy imposed in full discharge of income tax.
- The CSG calculated on other income from capital is collected by means of assessment books by the Treasury officials who are already responsible for collecting income tax.

Taxes abolished or repealed

- F 19** **Duty on tea**
(Taxe sur le thé)
- F 20** **Duty on flour**
(Taxe sur les farines)
Replaced by the duty on flour, groats and common wheatmeal (Taxe sur les farines, semoules et gruaux de blé tendre) (F 77).
- F 21** **State health tax on meat**
(Taxe sanitaire d'État sur les viandes)
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).
Replaced by health dues on slaughtering and cutting (Redevances sanitaires d'abattage et de découpage) (F 73).
- F 29** **Annual tax on credit outstanding**
(Taxe annuelle sur les encours de crédits)
Abolished from 1 January 1989.
- F 51** **Tax on the clearing of woodland or forest**
(Taxe sur le défrichement des surfaces en nature de bois ou de forêts)
Replaced by the tax on the clearing of woods and forests (Taxe sur le défrichement des bois et forêts) (F 80).
- F 54** **Departmental tax to preserve green spaces**
(Taxe départementale d'espaces verts)
Abolished from 1 June 1987.
- F 61** **Local tax on automatic amusement machines**
(Taxe locale sur les appareils automatiques)
- F 63** **Tax on certain types of overhead expenses**
(Taxe sur certains frais généraux)
Abolished from 1 January 1988.
- F 65** **Duty on cocoa and certain other tropical products**
(Taxe sur le cacao et certaines autres denrées tropicales)
- F 66** **Duty on coffee**
(Taxe sur le café)

- F 67** **Special tax on private cars with an engine rating for tax purposes exceeding 16 hp**
(Taxe spéciale sur les voitures d'une puissance fiscale supérieure à 16 CV)
Abolished by the Law of 11 July 1985.
- F 68** **Surcharge on registration certificates for motor vehicles**
(Taxe additionnelle sur les certificats d'immatriculation des véhicules à moteur)
Repealed by the Law of 29 December 1982.
- F 69** **Special surcharge on the price of entrance tickets to sporting events**
(Taxe spéciale additionnelle au prix des billets d'entrée dans les manifestations sportives)
Repealed by the 1986 Finance Law (Article 30-III).
- F 70** **State tax on automatic amusement machines**
(Taxe d'État sur les appareils automatiques)
Repealed by the 1987 Finance Law (Article 35-I).
- F 71** **Wealth tax**
(Impôt sur les grandes fortunes)
Repealed by the Law of 11 July 1986.
- F 81** **Departmental income tax**
(Taxe départementale sur le revenu)

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 employment, 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 3 400
- married persons IRL 6 800
- single and widowed persons aged 65 years or over IRL 3 900
- married persons aged 65 years or over IRL 7 800
- single and widowed persons aged 75 years or over IRL 4 500
- married persons aged 75 years or over IRL 9 000

Marginal relief at the rate of 52% is available where the income does not greatly exceed these limits.

An additional exemption of IRL 300 per dependent child is also given. IRL 500 is added for the third and each subsequent child.

IRL 1

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 derived from dividends out of profits which qualify for the 10% rate of corporation tax.
- Investment income from compensation payments in respect of personal injury where the individual is permanently and totally incapacitated.

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 employees 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 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 business 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 6 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 voluntary self-assessment.

Rates:

The tax is a graduated personal tax which applies to single and widowed persons at the following rates:

- on the first IRL 6 700 of taxable income 29 %
- on the next IRL 3 100 of taxable income 48 %
- on the balance of taxable income 52 %

IRL 1

Double rate bands apply for married couples, where the husband is assessed for tax on his own and on his wife's income (if any) as follows:

- on the first IRL 13 400 of taxable income	29 %
- on the next IRL 6 200 of taxable income	48 %
- on the balance of taxable income	52 %

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 set off against other income of the year. On cessation of a trade or profession, terminal losses may be carried back over the preceding three years.

Special features:

Withholding tax on professional fees

A withholding tax, at the standard rate of 29%, is deducted at source from payments made by certain State and semi-State bodies (government departments, local authorities, health boards, etc.) for professional services provided by accountants, architects, dentists, doctors, etc.

Deposit interest retention tax

A retention tax, at the standard rate of 29%, is deducted at source from interest payable by certain deposit takers (banks, building societies, etc.) to resident account holders. Charities, certain permanently incapacitated individuals and certain individuals over 65 years of age are not subject to the tax.

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 or vocational education committee.

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, the Custom House Docks Development Authority, Bord Gáis, the Housing Finance Agency, the Pension Board 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, Nitrigin Éireann Teoranta 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

IRL 2

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 2010, 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 effective up to 31 December 2005;
- 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 effective up to 31 December 2005;
- 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. 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 40%.

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 subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable on:

Gifts and inheritances taken by the same donee/successor from any disponent.

Tax payable by:

Donees, successors, trustees, personal representatives.

Basis of assessment:

Where the disponent, 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 as follows:

- (a) the tax computed under the table of rates on the aggregate of the taxable values of the 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:

- 55%, 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.
- 55%, up to a maximum of IRL 200 000, of the market value of growing trees taken by any donee/successor.
- 50%, up to a maximum of IRL 50 000 for a shared house inhabited by elderly brothers and sisters.

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 disponent 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 and interests in certain unit trusts when taken by foreigners;
- inheritances and gifts taken by one spouse from the other;
- monies payable under a qualifying insurance policy to the extent that such monies are utilized for the payment of inheritance or gift tax.

Collection:

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

Rates:

The table of rates is 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 balance	40

The threshold amounts are determined by the relationship of the beneficiary to each disponent from whom he takes a taxable gift or taxable inheritance included in any aggregate. The three current thresholds are:

- IRL 166 350 – children and parents in certain circumstances;
- IRL 22 180 – brothers, sisters, uncles, aunts, nephews, nieces;
- IRL 11 090 – others.

IRL 4

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 disponent is dead and, if the objects of the trust include the disponent'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.

IRL 5

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 1 000 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 2 000 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 200 000 it is also not chargeable;
- (c) if the disposal is outside the family and the consideration exceeds IRL 200 000 the liability shall not exceed half the difference between the consideration and IRL 200 000.

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:

Authorized unit trusts and certain collective instrument undertakings are exempt from capital gains tax, the charge being levied on the investors when the gains are distributed to them.

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 three 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 distribution by a company to a shareholder;
- (g) certain works of art, which have been loaned for at least six years to a recognized gallery.

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, 1987, 1988, 1989, 1990 and 1991.

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, and persons letting property).

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 undertakings, education, medical services, insurance and banking, promotion of and admission to sporting events, lotteries, betting, letting of immovable goods, etc.

Collection:

Normally every two months.

Rates:

0%, 2.3%, 10%, 12.5%, 21%.

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; Section 56(3) of the Finance Act, 1988, as amended; Section 89 of the Finance Act, 1990; Section 69(3) of the Finance Act, 1993.

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.

Rates:

The rates of excise duty are:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
- mineral hydrocarbon light oil	IRL 28.70 per hl	IRL 299.39 per 1 000 l
- hydrocarbon oil, other sorts	IRL 22.31 per hl	IRL 235.49 per 1 000 l
- gaseous hydrocarbons in liquid form	IRL 56.75 per 1 000 l	IRL 56.75 per 1 000 l

Exemptions:

Unleaded mineral hydrocarbon light oil (other than aviation gasoline) is allowed a rebate which reduces the level of the duty to IRL 273.79 per 1 000 litres. Oils such as kerosene, gas oil, 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:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
- aviation gasoline	IRL 14.35 per hl	IRL 149.69 per 1 000 l
- oil used by horticultural producers	IRL 0.44 per hl	IRL 0.44 per hl
- oil used by fishermen	Nil	Nil
- fuel oil used in, or in connection with, the manufacture of alumina	Nil	Nil
- fuel oil used for other purposes	IRL 9.75 per 1 000 l	IRL 10.60 per 1 000 l
- certain processed used oils used as fuel oil for industrial purposes	IRL 9.75 per 1 000 l	Nil
- all other oils	IRL 3.73 per hl	IRL 37.30 per 1 000 l
- LPG	IRL 18.70 per 1 000 l	IRL 18.70 per 1 000 l
- LPG used by horticultural producers	IRL 0.44 per hl	IRL 0.44 per hl

A special rate of IRL 1.79 per hectolitre is payable on gas oil 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.

IRL 8

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.

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:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
- cigarettes	IRL 50.59 per 1 000 and 16.86 % of the retail price	IRL 53.25 per 1 000 and 16.83 % of the retail price
- cigars	IRL 78.098 per kg	IRL 81.702 per kg
- fine-cut tobacco for the rolling of cigarettes	IRL 65.903 per kg	IRL 68.944 per kg
- other smoking tobacco	IRL 54.182 per kg	IRL 56.682 per 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;
- manufactured tobacco which is destroyed under administrative supervision;
- denatured manufactured tobacco used for industrial or horticultural purposes;
- manufactured tobacco which is remanufactured by the manufacturer;
- manufactured tobacco which is solely intended for scientific tests and for tests connected with product quality.

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.

Duty payable by:

The distiller or the importer.

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.

Rates:

The excise duty on spirits is chargeable by reference to its pure alcohol content at the rate of IRL 20.085 (before 27 January 1994) and IRL 21.83 (from 27 January 1994) per litre of alcohol in the spirits.

Remission or repayment of duty:

Subject to compliance with certain conditions, the duty paid on ethyl alcohol may be remitted or repaid when shown:

- (a) to be intended for use, or to have been used, in the production or manufacture of a beverage not exceeding 1.2% volume;

- (b) to be intended for use, or to have been used, for experimental, quality control, scientific or research purposes;
- (c) to be intended for use, or to have been used, in the production or manufacture of vinegar, or of flavours for the preparation of foodstuffs and non-alcoholic beverages not exceeding 1.2% volume, or to be contained in such imported flavours;
- (d) to be intended for use, or to have been used, directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, or to be contained in such imported semi-finished products or foodstuffs, provided that in each case the alcohol content does not exceed 8.5 litres of alcohol per 100 kilograms of the product for chocolates and 5 litres of alcohol per 100 kilograms of the product for other products;
- (e) to be intended for use, or to have been used, in the manufacture or preparation of a medicinal product, or to be contained in such an imported product;
- (f) (i) to be intended to be denatured, or to have been denatured, in accordance with national requirements,
or
(ii) to have been imported from another Member State and to have been denatured in accordance with the requirements of that Member State;
- (g) to have been denatured in accordance with point (f) and to be intended for use, or to have been used, in the production or manufacture of a product not fit for human consumption.

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 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.

IRL 11

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 exceeding 1.2% volume but not exceeding 22% volume obtained from the total or partial alcoholic fermentation 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 from the premises of the manufacturer, or when it is imported, or on delivery from the warehouse.

Duty payable by:

The manufacturer or the importer.

Rates:

	Before 27 January 1994	From 27 January 1994
<i>Wine</i>		
Still and sparkling, of an actual alcoholic strength by volume:		
– not exceeding 5.5% volume	IRL 68.00 per hl	IRL 71.66 per hl
Still, of an actual alcoholic strength by volume:		
– exceeding 5.5% volume but not exceeding 15% volume	IRL 204.00 per hl	IRL 215.01 per hl
– exceeding 15% volume	IRL 296.00 per hl	IRL 311.97 per hl
Sparkling, of an actual alcoholic strength by volume:		
– exceeding 5.5% volume	IRL 408.00 per hl	IRL 430.02 per hl

Deferment of payment:

Payment of duty on wine may be deferred to a date not later than the last day of the month succeeding the month in which the wine is released for home consumption, with the exception that, 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.

Remission or repayment of duty:

Subject to compliance with certain conditions, the duty paid on wine may be remitted or repaid when shown:

- (a) to be intended for use, or to have been used, in the production or manufacture of a beverage not exceeding 1.2% volume;
- (b) to be intended for use, or to have been used for experimental, quality control, scientific or research purposes;
- (c) to be intended for use, or to have been used, in the production or manufacture of vinegar, or of flavours for the preparation of foodstuffs and non-alcoholic beverages not exceeding 1.2% volume, or to be contained in such imported flavours;
- (d) to be intended for use, or to have been used, directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, or to be contained in such imported semi-finished products or foodstuffs, provided that in each case the alcohol content does not exceed 8.5 litres of alcohol per 100 kilograms of the product for chocolates and 5 litres of alcohol per 100 kilograms of the product for other products;
- (e) to be intended for use, or to have been used, in the manufacture or preparation of a medicinal product, or to be contained in such an imported product;
- (f) (i) to be intended to be denatured, or to have been denatured, in accordance with national requirements,
or
(ii) to have been imported from another Member State and to have been denatured in accordance with the requirements of that Member State;
- (g) to have been denatured in accordance with point (f) and to be intended for use, or to have been used, in the production or manufacture of a product not fit for human consumption.

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 exceeding 1.2% volume but not exceeding 22% volume 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 or substance, but does not include beer, wine, grape must in fermentation or with fermentation arrested otherwise than by the addition of alcohol, cider, perry or spirits.

Duty payable by:

The manufacturer or the importer.

Rates:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
<i>Made-wine</i>		
Still and sparkling, of an actual alcoholic strength by volume:		
– not exceeding 5.5% volume	IRL 68.00 per hl	IRL 71.66 per hl
Still, of an actual alcoholic strength by volume:		
– exceeding 5.5% volume but not exceeding 15% volume	IRL 204.00 per hl	IRL 215.01 per hl
– exceeding 15% volume	IRL 296.00 per hl	IRL 311.97 per hl
Sparkling, of an actual alcoholic strength by volume:		
– exceeding 5.5% volume	IRL 408.00 per hl	IRL 430.02 per hl

Deferment of payment:

Payment of the duty on made-wine may be deferred to a date not later than the last day of the month succeeding the month in which the made-wine is delivered for home consumption.

Remission or repayment of duty:

Subject to compliance with certain conditions, the duty paid on made-wine may be remitted or repaid when shown:

- (a) to be intended for use, or to have been used, in the production or manufacture of a beverage not exceeding 1.2% volume;
- (b) to be intended for use, or to have been used for experimental, quality control, scientific or research purposes;
- (c) to be intended for use, or to have been used, in the production or manufacture of vinegar, or of flavours for the preparation of foodstuffs and non-alcoholic beverages not exceeding 1.2% volume, or to be contained in such imported flavours;
- (d) to be intended for use, or to have been used, directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, or to be contained in such imported semi-finished products or foodstuffs, provided that in each case the alcohol content does not exceed 8.5 litres of alcohol per 100 kilograms of the product for chocolates and 5 litres of alcohol per 100 kilograms of the product for other products;
- (e) to be intended for use, or to have been used, in the manufacture or preparation of a medicinal product, or to be contained in such an imported product;
- (f) (i) to be intended to be denatured, or to have been denatured, in accordance with national requirements,
or
(ii) to have been imported from another Member State and to have been denatured in accordance with the requirements of that Member State;
- (g) to have been denatured in accordance with point (f) and to be intended for use, or to have been used, in the production or manufacture of a product not fit for human consumption.

Excise duty on beer

Section 90, Finance Act, 1992; Section 73, Finance Act, 1993.

Beneficiary:

The central government.

Duty payable on:

Beer made from malt and any beverage containing a mixture with a beverage not exceeding 0.5% volume and in either case exceeding 0.5% volume.

Duty due when:

The beer is brewed in the State or imported into the State.

Duty payable by:

The brewer or the importer.

Rates:

Before 27 January 1994
IRL 14.62 per hl per cent
of alcohol in the beer

From 27 January 1994
IRL 15.65 per hl per cent
of alcohol in the beer

Deferment of payment:

Payment of duty may be deferred to a day not later than:

- (a) in case the duty is charged not later than 20 December in any year, the last day of that month, or
- (b) in any other case the last day of the month succeeding the month in which the duty is charged.

Remission or repayment of duty:

Subject to compliance with certain conditions, the duty paid on beer may be remitted or repaid when shown:

- (a) to have been lost in an approved warehouse, provided no part of such loss was caused by illegal or improper means;
- (b) to have been used as an ingredient in the production or manufacture of a beverage not exceeding 1.2% volume containing a mixture of beer with a beverage not exceeding 0.5% volume;
- (c) to have been used as an ingredient in the production or manufacture of a beverage, other than beer, not exceeding 1.2% volume;
- (d) to have been used to produce or manufacture beer concentrate;
- (e) to have been used for experimental, quality control, scientific or research purposes;
- (f) in the case of beer delivered for consumption in the State, to have been withdrawn from the market because its condition or age renders it unfit for human consumption;
- (g) to have been exported from the State as merchandise or shipped for use as stores;
- (h) to be intended for use, or to have been used, in the production or manufacture of vinegar, or of flavours for the preparation of foodstuffs and non-alcoholic beverages not exceeding 1.2% volume, or to be contained in such imported flavours;
- (i) to be intended for use, or to have been used, directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, or to be contained in such imported semi-finished products or foodstuffs, provided that in each case the alcohol content does not exceed 8.5 litres of alcohol per 100 kilograms of the product for chocolates and 5 litres of alcohol per 100 kilograms of the product for other products;
- (j) to be intended for use, or to have been used, in the manufacture or preparation of a medicinal product, or to be contained in such an imported product;
- (k) (i) to be intended to be denatured, or to have been denatured, in accordance with national requirements,
or
(ii) to have been imported from another Member State and to have been denatured in accordance with the requirements of that Member State;
- (l) to have been denatured in accordance with point (k) and to be intended for use, or to have been used, in the production or manufacture of a product not fit for human consumption.

Exemptions:

Excise duty shall not be charged or levied on beer:

- (1) which is a beverage not exceeding 1.2% volume containing a mixture of beer with a beverage not exceeding 0.5% volume;
- (2) produced in the State by a private brewer, provided that the said beer is brewed by the said brewer solely for his own domestic use.

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 cider or perry is removed from the premises of the manufacturer, or on importation, on delivery from the warehouse.

Duty payable by:

The manufacturer or the importer.

Rates:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
<i>Cider and perry</i>		
Still and sparkling, of an actual alcoholic strength by volume:		
– not exceeding 6% volume	IRL 30.67 per hl	IRL 35.03 per hl
– exceeding 6% volume but not exceeding 8.5% volume	IRL 132.73 per hl	IRL 151.59 per hl
Still, of an actual alcoholic strength by volume:		
– exceeding 8.5% volume but not exceeding 15% volume	IRL 204.00 per hl	IRL 215.01 per hl
– exceeding 15% volume	IRL 296.00 per hl	IRL 311.97 per hl
Sparkling, of an actual alcoholic strength by volume:		
– exceeding 8.5% volume	IRL 408.00 per hl	IRL 430.02 per hl

Remission or repayment of duty:

Subject to compliance with certain conditions, the duty paid on cider or perry may be remitted or repaid when shown:

- (a) to be intended for use, or to have been used, in the production or manufacture of a beverage not exceeding 1.2% volume;
- (b) to be intended for use, or to have been used for experimental, quality control, scientific or research purposes;
- (c) to be intended for use, or to have been used, in the production or manufacture of vinegar, or of flavours for the preparation of foodstuffs and non-alcoholic beverages not exceeding 1.2% volume, or to be contained in such imported flavours;
- (d) to be intended for use, or to have been used, directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, or to be contained in such imported semi-finished products or foodstuffs, provided that in each case the alcohol content does not exceed 8.5 litres of alcohol per 100 kilograms of the product for chocolates and 5 litres of alcohol per 100 kilograms of the product for other products;
- (e) to be intended for use, or to have been used, in the manufacture or preparation of a medicinal product, or to be contained in such an imported product;
- (f) (i) to be intended to be denatured, or to have been denatured, in accordance with national requirements,
or
(ii) to have been imported from another Member State and to have been denatured in accordance with the requirements of that Member State;
- (g) to have been denatured in accordance with point (f) and to be intended for use, or to have been used, in the production or manufacture of a product not fit for human consumption.

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.

Basis of assessment:

Rates are assessed on the valuation of immovable property such as buildings, factories, shops, railways, canals, mines, woods, rights of fishery, rights of easement over land and any land developed for purposes other than agriculture, horticulture, forestry or sport. The valuing of property for rating is carried out by the Commissioner of Valuation for the whole State. There is a right of appeal against decisions of the Commissioner to a Valuation Tribunal and a further right of appeal, on a point of law, to the High Court.

Exemptions:

- Domestic property and the domestic portion of 'mixed property' (i.e. property embodying a non-domestic as well as a domestic use).
- Land used for agriculture, horticulture, forestry or sport.
- Farm buildings.
- Buildings and properties used exclusively for public or charitable purposes or for the purpose of science, literature and the fine arts.
- Turf banks when no rents or other valuable consideration is payable.
- Fishery rights (though they are liable to fishery rates struck by regional fishery boards).
- State property is deemed exempt but the Exchequer pays local authorities a bounty in lieu of rates.
- Lighthouses, beacons, buoys and hereditaments used or occupied solely to afford air raid protection.
- New buildings in designated areas for 10 years.

Partial remissions:

- Mines for seven years after they are opened.
- Oil wells for 20 years from the time oil is first extracted.
- Two-thirds of the rates for 10 years on premises provided for certain industrial undertakings by or with assistance from the State.
- Remission for 10 years on any increase in rates levied in respect of premises enlarged or improved in designated areas.

IRL 20

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 as a partial offset towards the cost of reliefs which apply to domestic and certain other properties and agricultural land.

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 land, 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 5 000	exempt of duty
Consideration exceeding IRL 5 000 and not exceeding IRL 10 000	1 %
Consideration exceeding IRL 10 000 and not exceeding IRL 15 000	2 %
Consideration exceeding IRL 15 000 and not exceeding IRL 25 000	3 %
Consideration exceeding IRL 25 000 and not exceeding IRL 50 000	4 %
Consideration exceeding IRL 50 000 and not exceeding IRL 60 000	5 %
Consideration exceeding IRL 60 000	6 %

2. Lease duty

Duty payable on:

Instruments whereby property is purchased by way of lease for a term of years.

IRL 21

Basis of assessment:

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 0.1% on the instruments of mortgage etc. where the amount secured exceeds IRL 20 000. The stamp duty liability is capped at IRL 500. No stamp duty is chargeable on instruments of security for amounts up to IRL 20 000.

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 and foreign-quoted securities.

5. Fixed stamp duty

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

Non-life policies are charged with a fixed duty of IRL 1.

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.

IRL 21

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 of a capital company by the contribution of assets.
- 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 value of the assets contributed.

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 two months of the 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 the 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.

IRL 21

Rate of duty:

0.26% and 0.3865% to yield IRL 36 million.

Duty payable:

By 12 September 1993.

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 it is 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 (see below) 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. The tax payable is also reduced by 10% for each dependent child.

Provision is made for the indexation of the market value threshold of IRL 65 000 and of the income limit of IRL 20 000. In 1991, these figures were IRL 96 000 and IRL 28 500.

IRL 22

Collection:

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

Exemptions:

Houses and gardens of scientific, historical, architectural or aesthetic interest which fulfil certain conditions.

Vehicle 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; if yearly rate of duty is IRL 70 or less, on an annual basis only.

Rates of duty:

Motor cars:

Based on cubic centimetres (cc) of engine capacity.

	<i>IRL (annually)</i>
Up to and including 1 000 cc	77
1 001 cc to 1 100 cc	116
1 101 cc to 1 200 cc	126
1 201 cc to 1 300 cc	137
1 301 cc to 1 400 cc	147
2 001 cc to 2 100 cc	336
2 501 cc to 2 600 cc	468
Each additional 100 cc	18

Goods vehicles:

According to unladen weight.

	<i>IRL (annually)</i>
Not exceeding 3 000 kg	100
Not exceeding 4 000 kg	140
Not exceeding 5 000 kg	180
Not exceeding 6 000 kg	250
Not exceeding 7 000 kg	340
Not exceeding 8 000 kg	430
Each additional 1 000 kg	100

IRL 23

Motor cycles and tricycles:

	<i>IRL (annually)</i>
Not exceeding 75 cc	10
Not exceeding 200 cc	20
Exceeding 201 cc	40
Electric cycle	10
Pedestrian-controlled vehicle	40

Other vehicles:

Taxed in a number of different ways. A flat rate of IRL 35 per annum is payable for all agricultural tractors and vehicles used as excavators and trench diggers.

Exemptions:

Chiefly 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 vehicles for invalids (subject to 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.

IRL 24

Rates:

Category A motor vehicles (mainly private motor vehicles)	
Exceeding 2012 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.

Deferment of payment:

Payment of each month's liability may be deferred until the 23rd day of the month following the month of charge.

IRL 25

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 to bookmaking, firearms, auctioneering, gaming and gaming machines.

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 125;

Public dancing licence, for periods up to one month: IRL 20;

Occasional licence: IRL 90;

Club authorization: IRL 90.

Deferment of payment:

Not applicable.

Exemptions:

None.

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. children under two years of age; persons 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).

Vehicle registration tax on motor vehicles and motor cycles

Finance Act, 1992, as amended by Finance (No 2) Act, 1992.

Beneficiary:

The central government.

VRT payable on:

Motor vehicles and motor cycles.

VRT payable when:

The motor vehicle is delivered or on importation.

VRT payable by:

The motor dealer 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 to a day not later than the 15th day of the month following the month of registration of the vehicle, subject to a guarantee arrangement.

Rates:

	<i>Before 27 January 1994</i>	<i>From 27 January 1994</i>
Category A motor vehicles (mainly private motor vehicles): Exceeding 2012 cc cylinder capacity	31.8% of the chargeable value	29.25% of the chargeable value
Other	25.75% of the chargeable value	23.2% of the chargeable value
Category B motor vehicles (vehicles not included in Category A)	13.3% of the chargeable value	
Motor cycles with internal combustion engines up to 350 cc	IRL 2.50 per cc	IRL 2.00 per cc
Motor cycles with internal combustion engines exceeding 350 cc	IRL 2.50 in respect of the first 350 cc and IRL 1.25 per cc in respect of each additional cc	IRL 2.00 in respect of the first 350 cc and IRL 1.00 per cc in respect of each additional cc

Taxes abolished or repealed

IRL 9 Excise duty on matches

Reason for abolition: EC tax harmonization process.

IRL 15 Excise duty on table waters

This duty was abolished on 1 November 1992.

IRL 16 Excise duty on mechanical lighters

Reason for abolition: EC tax harmonization process.

IRL 17 Excise duty on gramophone records

Reason for abolition: EC tax harmonization process.

IRL 18 Excise duty on televisions

The duty on all other colour televisions was abolished on 30 January 1992.

IRL 28 Excise duty on video players

This duty was abolished on 30 January 1992.

IRL 29 Excise duty on tyres and tubes

Reason for abolition: EC tax harmonization process.

IRL 30 Excise duty on motor-vehicle parts and accessories

Reason for abolition: EC tax harmonization process.

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. No 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 DL No 326 of 4 August 1987, which, with amendments, became Law No 403 of 3 October 1987 (G.U. No 231 of 3 October 1987); DPR No 42 of 4 February 1988 (G.U. No 49 of 29 February 1988); DL No 70 of 14 March 1988, which, with amendments, became Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988); DL No 69 of 2 March 1989, which, with amendments, became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989); Law No 415 of 31 December 1991 (ordinary supplement No 93, G.U. No 305 of 31 December 1991); Law No 431 of 31 December 1991; DL No 83 of 25 January 1992 (ordinary supplement No 27, G.U. No 37 of 14 February 1992); Law No 102 of 5 February 1992 (G.U. No

¹ Consolidated income tax code, which has been in force since 1 January 1988.

39 of 17 February 1992); DL No 372 of 9 September 1992, Law No 429 of 5 November 1992; DL No 384 of 19 September 1992, Law No 438 of 14 November 1992; Law No 482 of 19 December 1992 (G.U. No 299 of 21 December 1992); DPCM of 23 December 1992 (G.U. No 2 of 4 January 1993); Law No 541 of 30 December 1992 (ordinary supplement No 5, G.U. No 7 of 11 January 1993); Law No 243 of 19 July 1993 (G.U. No 169 of 21 July 1993); DL No 155 of 22 May 1993, which, with amendments, became Law No 243 of 19 July 1993; Law No 447 of 11 November 1993 (G.U. No 266 of 12 November 1993); MD of 7 December 1993 (G.U. No 292 of 14 December 1993); DPCM of 14 December 1993 (G.U. No 299 of 22 December 1993); MD of 30 December 1993 (G.U. No 306 of 31 December 1993).

Beneficiary:

The State.

Tax payable by:

Natural persons, including non-residents.

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

¹ Law No 476 of 13 August 1984.

² DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

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 payments; social insurance contributions; life insurance premiums; medical expenses within certain limits and expenses involved in attending certain courses of study, etc.
- LIT 600 000 is deductible from the total tax liability for a dependent spouse,¹ 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.

For income from employment a deduction of LIT 759 715 is allowed. There is a further deduction of LIT 237 215 for income from employment not exceeding LIT 14 500 000. If the total income is constituted by one or more incomes from self-employment or secondary employment, there is a deduction, which cannot be aggregated with that mentioned above, of LIT 197 505 for total income not exceeding LIT 7 900 000, LIT 156 750 for total income over LIT 7 900 000 and up to LIT 8 000 000, and LIT 75 240 for total income over LIT 8 000 000 and up to LIT 8 200 000.

Married couples:

Incomes are taxed separately.

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.

¹ DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

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 May of each year a payment on account must be made in respect of the tax due for the following year equal to 98% of the tax due during the preceding period. A further payment on account of 2% must be made by November. The balance must be paid by the final date set for filing returns.¹

Rates:

Progressive by income bracket according to the following table:

<i>Income (in million LIT)</i>	<i>% rate</i>
Up to 7.2	10
from 7.2 to 14.400	22
from 14.400 to 30	27
from 30 to 60	34
from 60 to 150	41
from 150 to 300	46
from 300	51 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.

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 $\frac{9}{16}$ of the profits taken into account when assessing the member's liability;
- cash registers in the case of traders required to purchase such machines.

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.

¹ DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

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: various rates, up to a maximum of 30%.

In the case of interest owed by persons resident abroad, withholding tax is applied at the same rate.¹

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: 30%. In the case of debtors resident abroad, withholding tax is applied at the same rate;²
- proceeds other than from securities; winnings from games of chance or skill, prizes from competitions, winnings from football pools and betting.

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.

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. However, losses from business, artistic and professional activities can be set off against other items of income within a given financial year.

¹ 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).

² Law No 67 of 11 March 1988.

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 35 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); DL No 326 of 4 August 1987, which, with amendments, became Law No 403 of 3 October 1987 (G.U. No 231 of 3 October 1987); DPR No 42 of 4 February 1988 (G.U. No 49 of 29 February 1988); Law No 67 of 11 March 1988 (G.U. No 61 of 14 March 1988); Law No 491 of 4 November 1988 (G.U. No 271 of 18 November 1988); Law No 83 of 21 February 1989 (G.U. No 58 of 10 March 1989); DL No 69 of 2 March 1989, which, with amendments, became Law No 150 of 27 April 1989 (G.U. No 99 of 29 April 1989); Leg. D. No 22 of 16 January 1991 (G.U. No 19 of 23 January 1991) on the implementation of the third and sixth EC Directives with regard to mergers and dissolutions – DL No 267 of 28 September 1990 (G.U. No 228 of 29 September 1990); DL No 350 of 27 November 1990 (G.U. No 278 of 28 November 1990); DL No 27 of 28 January 1991 (G.U. No 23 of 28 January 1991) on the taxation of income from capital (capital gains) – DL No 7 of 14 January 1991 (G.U. No 12 of 15 January 1991) on criminal tax law – DL No 127 of 9 April 1991 (G.U. No 90 of 17 April 1991) on the harmonization of Italian company law with the fourth and seventh EC Directives – MD of the Ministry of Finance of 24 April 1992, which provides the list of countries not associated with the EC which enjoy the preferential tax regime in accordance with provisions against tax havens – DL No 83 of 25 January 1992 (G.U. No 37 of 14 February 1992, ordinary supplement No 27) on investment funds – DL No 372 of 9 September 1992 (G.U. of 10 September 1992) on the taxation of certain types of investment income – Leg. D. No 543 of 30 December 1992 (G.U. No 9 of 13 January 1993) on the tax rules governing domestic divisions – Leg. D. No 544 of 30 December 1992 (G.U. No 9 of 13 January 1993) on the implementation of the EC Directive on reorganization of companies – Leg. D. No 136 of 6 March 1993

¹ Consolidated income tax code, which has been in force since 1 January 1988.

(G.U. No 107 of 10 May 1993) on the implementation of the Directive on parent companies and subsidiaries – Leg. D. No 124 of 21 April 1993 (ordinary supplement No 40, G.U. No 97 of 27 April 1993) – DL No 337 of 24 September 1993 (G.U. No 226 of 25 September 1993), which became Law No 467 of 18 November 1993; (G.U. No 273 of 20 November 1993) on the reimbursement of withholding tax on State bonds governed by conventions to non-residents – DL No 557 of 30 December 1993 (G.U. No 305 of 30 December 1993), which became Law No 133 of 26 February 1994 (G.U. No 48 of 26 February 1994) on tax changes – MD of the Ministry of Finance No 212 of 10 February 1994 (G.U. No 74 of 30 March 1994) on the procedure for reimbursing amounts withheld on State fund stock bonds to non-residents – DL No 357 of 10 June 1994 (G.U. No 135 of 11 June 1994), which became Law No 489 of 8 August 1994 (G.U. No 186 of 10 August 1994) on tax incentives to accelerate the recovery of the economy – DL No 416 of 29 June 1994 (G.U. No 151 of 30 June 1994), which became Law No 503 of 8 August 1994 (G.U. No 193 of 19 August 1994) on provisions concerning the computation of entrepreneurial income – Circular No 12/12/384 of 11 April 1991 on tax refunds of withholding tax on State bonds to residents of States which have signed a tax treaty with Italy – Circular No 151/E of 18 August 1994 on the treatment of dividends in accordance with the conventions concluded with France, Germany, the Netherlands and the United Kingdom.

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.

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.

¹ Law No 121 of 25 March 1985.

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 whatever 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 the fifth month after the end of the accounting year a payment on account must be made against the tax due for the following year, of an amount equal to 98% of the tax due for the preceding period. By the 11th month, a further payment on account of 2% must be made.¹ Collection may be by means of assessment books on certain conditions.

Rate:

36% on total taxable income.

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.

¹ Law No 121 of 25 March 1985.

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 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 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 on the profits distributed. However, non-residents are entitled to a refund of up to two-thirds of the withholding 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 constitutes settlement of liability.

- (c) Profits on foreign securities:

A deduction 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 $\frac{9}{16}$ of the profits taken into account when assessing the liability of the legal person in his capacity as a shareholder.

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); Law No 340 of 1 August 1988 (G.U. No 189 of 12 August 1988); DL No 69 of 2 March 1989, which, with amendments, became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

From 1993, after the introduction of the communal tax on immovable property (imposta comunale immobiliare), the following were exempted from local income tax: cadastral income on building plots, income from agricultural land, income from the immovable property of taxpayers liable to personal income tax in respect of partnerships and the like.

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%.

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 (G.U. No 292 of 11 November 1972); DPR No 688 of 23 December 1974 (G.U. No 338 of 28 December 1974); Law No 694 of 22 December 1975 (G.U. No 343 of 31 December 1975); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DPR No 959 of 13 December 1977 (G.U. No 1 of 2 January 1978); DL No 571 of 12 November 1979 (G.U. No 309 of 13 November 1979); Law No 2 of 12 January 1980 (G.U. No 10 of 11 January 1980); DL No 786 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became, with amendments, Law No 51 of 26 February 1982 (G.U. No 58 of 1 March 1982); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); DL No 55 of 28 February 1983 (G.U. No 59 of 2 March 1983); Law No 730 of 27 December 1983 (G.U. No 354 of 28 December 1983); Law No 887 of 22 December 1984 (G.U. No 7 of 9 January 1985); DL No 318 of 1 July 1986 (G.U. No 151 of 2 July 1986), which became, with amendments, Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986); Law No 880 of 17 December 1986 (G.U. No 296 of 22 December 1986); DL No 359 of 31 August 1987 (G.U. No 203 of 1 September 1987), which became, with amendments, Law No 440 of 29 October 1987 (G.U. No 255 of 31 October 1987); DL No 70 of 14 March 1988 (G.U. No 61 of 14 March 1988), which became, with amendments, Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988); DL No 66 of 2 March 1989 (G.U. No 51 of 2 March 1989) which became, with amendments, Law No 144 of 24 April 1989 (G.U. No 96 of 26 April 1989); DL No 69 of 2 March 1989 (G.U. No 51 of 2 March 1989) which became, with amendments, Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

From the introduction of the communal tax on immovable property (*imposta comunale immobiliare*) in accordance with Law No 421 of 23 December 1992, the communal tax on appreciation of immovable property was abolished except for events giving rise to the tax which take place within the 10 years subsequent to 31 December 1992. In this period the tax will be collected by the application of the top rate (by calculating the final value of the property at 31 December 1992) and the tax yield will go to the State.

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. From 1993, the State.

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, on the one hand, and its value at the time of purchase or previous periodic taxation plus the costs incurred on purchase and the cost of any construction or conversion arising during the period taken as a basis for calculating the taxable appreciation in value, on the other.

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 120 million.

The tax is reduced by 25% 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:¹

Tax is levied on scales of taxable appreciation established with reference to certain parameters. The reference parameter is an amount equal to the initial value of the property multiplied by the number of years in the appreciation period,² plus costs incurred on purchase and any construction costs multiplied by the number of years that have elapsed from the date on which such costs were incurred to the date of sale or transfer of the property, or to the end of the 10-year period. The actual rates are set by the municipalities within the following limits:

- (a) 3 to 5% on capital gains of up to 20% of the reference parameter;
- (b) 5 to 10% on capital gains between 20 and 50% of the reference parameter;
- (c) 10 to 15% on capital gains between 50 and 100% of the reference parameter;
- (d) 15 to 20% on capital gains between 100 and 150% of the reference parameter;
- (e) 20 to 25% on capital gains between 150 and 200% of the reference parameter;
- (f) 25 to 30% on capital gains over 200% of the reference parameter;

The top rates are currently applied in all municipalities and for each band in the scale of taxable appreciation.

¹ For 1999, the top rate will continue to be applied in all municipalities and for each band in the scale of taxable capital gains

² Years elapsing between the date of purchase or the reference date and the date of sale or transfer of the property, or the end of the 10-year period; fractions of years in excess of six months count as full years.

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 1379 of 22 December 1951 (G.U. No 297 of 28 December 1951); Law No 1117 of 29 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 28.301886% on paid-up duty; in practice, the duty is reduced to 19.22% for this form of betting.

In the case of Enalotto, the net profit is realized by the State after deduction of organization costs and winnings paid out (38%) and of the 18% paid to the organizers.

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 buildings 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 gift 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); DL No 70 of 14 March 1988, which became Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988); Leg. D. No 346 of 31 October 1990 (ordinary supplement No 75 to G.U. No 277 of 27 November 1990).

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 shares of inheritances and legacies. Money, jewellery and furniture of the order of 10% of the total net value of the inheritance are deemed to form part of the assets relating to the inheritance. The tax is payable in respect of transferred goods and rights, if the deceased person or the donor are resident in Italy. If on the opening of a succession the deceased person was not resident in Italy, the tax is payable solely in respect of existing goods and rights in Italy.

Exemptions:

Inheritances or gifts in direct line or between spouses, where the part of the overall value of the net assets relating to the inheritance and of gifts is LIT 250 million or less. Each share of up to LIT 100 million inherited between brothers, sisters and relatives in direct line.

- 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:

Law No 413 of 30 December 1991 – Tax is applied on the basis of two scales of progressive rates. The first is applied to the overall value of the assets of the net inheritance, and the second is applied to each share and to gifts, and corresponds to the degree of relationship (the more distant the relationship, the higher the rate). The first scale ranges from 3 to 27%; the second (under which relatives in direct line are exempt on sums between LIT 10 million and LIT 100 million) ranges from 3 to 33%.

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 of 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 9 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); DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989 (Articles 5, 12 (2) and (3), 22, 34, 35 and 36) (G.U. No 99 of 29 April 1989); DL No 40 of 1 March 1990 (Articles 3, 4 and 8) (G.U. No 50 of 1 March 1990); DL No 417 of 30 December 1991 (G.U. No 1 of 2 January 1992); MD of 17 January 1992 (G.U. No 15 of 20 January 1992); Law No 17 of 22 January 1992 (G.U. No 17 of 22 January 1992); MD of 29 January 1992 (G.U. No 25 of 31 January 1992); DL No 417 of 30 December 1991, Law No 66 of 6 February 1992 (G.U. No 33 of 10 February 1992); Law No 104 of 5 February 1992 (ordinary supplement No 30 to G.U. No 39 of 17 February 1992); MD of 26 February 1992 (G.U. No 51 of 2 March 1992); MD of 30 March 1992 (ordinary supplement No 61 to G.U. No 76 of 31 March 1992); MD of 12 May 1992 (G.U. No 142 of 18 June 1992); MD of 21 October 1992 (G.U. No 251 of 24 October 1992); Law No 513 of 30 December 1992; MD of 31 December 1992 (G.U. No 3 of 5 January 1993); MD of 28 January 1993 (G.U. No 26 of 2 February 1993); MD of 16 February 1993 (G.U. No 41 of 19 February 1993); MD of 24 March 1993 (G.U. No 71 of 26 March 1993); MD of 9 April 1993 (G.U. No 86 of 14 April 1993); DL No 331 of 30 August 1993, which became, with amendments, Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

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 agricultural 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 on Community territory. Only transactions involving non-member countries are considered to be exports or 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.

For intra-Community transactions, the tax is assessed on the same basis as for domestic transactions except for foreign currency transactions, where the rate of exchange has to be that fixed on the day on which the transaction was carried out.

Exemptions:

Credit and financing transactions, insurance transactions, transactions concerning foreign currency, transactions in shares and bonds, transactions concerning the collection of taxes, transactions involved in and connected with the operation of lotteries and betting, the leasing and letting of immovable property, agency, mediation and intermediary services, supplies of gold, supplies to public bodies and associations and/or to victims of natural disasters, urban public passenger transport services, transport services provided by authorized operators, services relating to the postal services; hospitalization and treatment by hospitals and authorized clinics; educational services, services of nursery schools, retirement homes and holiday camps; services provided by libraries, record libraries and museums, welfare and assistance services for employees, supplies of human organs, blood and milk and blood plasma; funeral services; the disposal of urban refuse, and social medical services.

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. The tax payable may be assessed on a flat-rate basis applying coefficients that differ between commercial sectors (DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989).

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:

Basic necessities and mass-market items	4 %
Certain services and products	9 %
Certain agricultural products, sheep	13 %
Standard rate	19 %

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 (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, 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; 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; DPR No 6 of 12 January 1988; DL No 57 of 23 March 1989, which became Law No 140 of 20 April 1989; DL No 228 of 13 June 1989, which became Law No 277 of 28 July 1989; DL No 4 of 20 January 1990 (G.U. No 16 of 20 January 1990); DL No 13 of 2 February 1990 (G.U. No 49 of 28 February 1990); DPCM of 9 March 1990; DPCM of 3 April 1990; DL of 27 April 1990; DPCM of 18 May 1990; DPCM of 22 June 1990; DPCM of 26 August 1990; DPCM of 5 September 1990; DL No 261 of 15 September 1990 (G.U. No 219 of 19 September 1990), which became Law No 331 of 12 November 1990 (G.U. No 267 of 15 November 1990); DPCM of 31 October 1990; DPCM of 28 November 1990; DPCM of 12 December 1990; DPCM of 19 December 1990; Law No 405 of 29 December 1990 (s.o. G.U. No 303 of 31 December 1990); DPCM of 31 January 1991; DPCM of 21 February 1991; DPCM of 6 March 1991; DPCM of 12 March 1991; DPCM of 19 March 1991; DPCM of 26 March 1991; DL No 151 of 13 May 1991 (G.U. No 110 of 13 May 1991), which became Law No 202 of 12 July 1991; DPCM of 7 August 1991; DL No 155 of 20 May 1993 (G.U. No 118 of 22 May 1993), which became Law No 243 of 19 July 1993 (G.U. No 169 of 21 July 1993); DL No 331 of 30 August 1993 (G.U. No 331 of 30 August 1993), which became Law No 427 of 29 Octo-

ber 1993 (G.U. No 255 of 29 October 1993); Law No 561 of 28 December 1993 (G.U. No 306 of 31 December 1993); Law No 562 of 28 December 1993 (G.U. No 306 of 31 December 1993); DL No 557 of 30 December 1993 (G.U. No 305 of 30 December 1993) which became Law No 133 of 26 February 1994 (G.U. No 48 of 28 February 1994); MD of 31 December 1993 (G.U. No 3 of 5 January 1994); DL No 260 of 29 April 1994 (G.U. No 99 of 30 April 1994), which became Law No 413 of 27 June 1994 (G.U. No 150 of 29 June 1994).

Beneficiary:

The State.

Exemptions:

Petroleum products used for the purposes specified in Table A annexed to Decree Law No 331 of 30 August 1993, which became Law No 427 of 29 October 1993, are exempt.

Normal rates:

As in annexed table:

Updated rates at 31 December 1994

	<i>per 1 000 l</i>	<i>per 1 000 kg</i>
- Leaded petrol	LIT 1 019 050	
- Unleaded petrol	LIT 911 040	
- Gas oils or diesel oil	LIT 676 040	
- Paraffin or kerosene:		
• for motor propulsion	LIT 625 620	
• for combustion	LIT 344 560	
- Fuel oil:		
with a sulphur content of over 1% (ATZ):		
• heavy		LIT 90 000
• medium viscosity		LIT 269 907
• low viscosity		LIT 305 889
• very low viscosity		LIT 773 647
with a sulphur content of 1% or less (ATZ):		
• heavy		LIT 45 000
• medium viscosity		LIT 236 157
• low viscosity		LIT 274 389
• very low viscosity		LIT 771 397
- Biodiesel:		

Excise duty is not charged on up to 125 000 tonnes per annum of the product known as bio-diesel, obtained from the esterification of vegetable oils and their derivatives.

Other non-harmonized taxes attributable to mineral oils

- Lubricating oils	LIT 1 040 000
- Recovered lubricating oils	LIT 520 000
- Petroleum tar	LIT 60 000

Reduced rates:

Subject to regulations in force, reduced rates are granted for petroleum products used for the purposes listed in Table A annexed to Law No 427 of 29 October 1993.

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 346 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; DL No 129 of 14 April 1989, Article 2(g); DL No 261 of 15 September 1990, which became Law No 331 of 12 November 1990; DL No 155 of 22 May 1993, Article 18 (G.U. No 118 of 22 May 1993), which became Law No 243 of 19 July 1993 (G.U. No 169 of 21 July 1993); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

Beneficiary:

The State.

Rates:

- LPG, in cylinders, used as fuel LIT 282 820 per 1 000 kg
- LPG used as fuel for motor propulsion LIT 515 240 per 1 000 kg

Special features:

A reduction of 10% of the excise duty levied in the case of use as fuel is granted on liquefied petroleum gases used for industrial purposes.

Imports:

Duty at the same rate as on petroleum gases produced in Italy.

Exports:

Allowance or refund.

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; DL No 21 of 27 January 1989 and subsequent amendments; DL of 7 March 1991 (G.U. No 56 of 7 March 1991), which became Law No 139 of 29 April 1991; DL No 151 of 13 May 1991 (G.U. No 110 of 13 May 1991), which became Law No 202 of 12 July 1991 (G.U. No 162 of 12 July 1991); DL No 155 of 22 May 1993, Article 18 (G.U. No 118 of 22 May 1993), which became Law No 243 of 19 July 1993 (G.U. No 169 of 21 July 1993); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

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.

Rates:

- for motor propulsion zero rate
 - for fuel in civilian uses:
 - domestic purposes (cooking, etc.) LIT 50 per m³
 - individual heating (consumption up to 250 m³) LIT 115 per m³
 - other civilian uses LIT 296 per m³
 - for fuel in industrial uses LIT 20 per m³
- Consumption of methane gas for civilian uses in the Mezzogiorno is subject to reduced rates.

Payment:

Within 30 days from the end of the period of two calendar months.

Imports:

Duty at the same rate as on methane produced 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; DL No 202 of 29 May 1989 (second paragraph of Article 1), which became, with amendments, Law No 263 of 28 July 1989; Law No 81 of 5 February 1992 (G.U. No 37 of 14 February 1992); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

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 427 of 1993.

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); MD of 26 June 1987, fixing taxes for the period from 1 July 1987; MD of 13 July 1989 (G.U. No 197 of 24 August 1989) for the period from 13 July 1989; MD of 21 June 1991 (G.U. No 152 of 1 July 1991) for the period from 1 July 1991; MD of 21 May 1995 (G.U. No 129 of 3 June 1992); MD of 26 June 1992 (G.U. No 154 of 2 July 1992); MD of 28 June 1993 (G.U. No 152 of 1 July 1993); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993); MD of 15 July 1994 (G.U. No 189 of 13 August 1994); MD of 4 July 1994 (G.U. No 216 of 15 September 1994).

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. Rates are laid down in Article 3 of the MD of 28 June 1993 for the period starting on 1 July 1993 and by the MD of 15 July 1994 for the period starting on 1 July 1994. Rates are usually fixed each year.

Duty on spirits

(Imposta sugli spiriti)

MD 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; Law No 362 of 21 July 1984 (Article 8, paragraphs 19 and 20); DL No 154 of 13 May 1991 (G.U. No 110 of 13 May 1991), which became Law No 202 of 12 July 1991 (G.U. No 162 of 12 July 1991); DL No 151 of 13 May 1991 (G.U. No 110 of 13 May 1991), which became Law No 202 of 12 July 1991 (G.U. No 162 of 12 July 1991); MD of 11 October 1991 (G.U. No 256 of 31 October 1991); Law No 413 of 30 December 1991 (G.U. No 305 of 31 December 1991); MD of 10 March 1992 (G.U. No 62 of 14 March 1992); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of October 1993 (G.U. No 255 of 29 October 1993); Law No 562 of 28 December 1993 (G.U. No 306 of 31 December 1993); MD of 13 January 1994 (G.U. No 13 of 18 January 1994); DL No 260 of 29 April 1994 (G.U. No 99 of 30 April 1994), which became Law No 413 of 27 June 1994 (G.U. No 150 of 29 June 1994); DPCM of 20 December 1994 (G.U. No 304 of 30 December 1994).

Beneficiary:

The State.

Scope:

Ethyl alcohol obtained by means of distillation or synthesis.
The tax is payable when the goods are released for home use.

Exemptions:

Exemption for the uses laid down in Article 26 of DL No 331 of 30 August 1993.

Rates:

	<i>per hl of pure alcohol</i>
1. Manufactured tax:	
spirit obtained from molasses	LIT 1 146 600
2. Reduced rate (until 31 June 1996) for spirit obtained from the distillation of wine, slops, vinification waste, potatoes, fruit, sorghum, locust beans and cereals, and whey, and for spirit contained in rum	LIT 1 022 000
3. Special State duty:	
normally, for alcohol of the first class, denatured	LIT 12 000 or 1 000
4. Intermediate products	LIT 84 000

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)

MD 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 September 1982, which became, with amendments, Law No 873 of 27 November 1982; Law No 67 of 11 March 1988 (Article 8(6)); DPCM of 21 December 1990 (G.U. No 303 of 31 December 1990; Leg. D. No 464 of 27 November 1992 (G.U. No 282 of 30 November 1992); MD of 11 December 1992 (G.U. No 296 of 17 December 1992); DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

Beneficiary:

The State.

Duty payable on:

The finished product, released for home use.

Collection:

The duty is payable by the brewer on the basis of his declaration.

Rates:

LIT 2 710 per hl/degree of finished product at 20°C.

Imports:

The same duty is levied on imported beer as on Italian beer.

Exports:

Full refunds are granted. Application for this refund must be received within two years.

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; DL No 173 of 30 May 1988 (Article 9); (G.U. No 125 of 30 May 1988), which became Law No 291 of 26 July 1988 (G.U. No 175 of 27 July 1988); DL No 151 of 13 May 1991 (G.U. No 110 of 13 May 1991), which became Law No 202 of 12 July 1991 (G.U. No 162 of 12 July 1991); Law No 97 of 31 January 1994 (G.U. No 32 of 9 February 1994).

Beneficiary:

The State.

Basis of assessment:

The quantity of electric energy consumed as measured by meters.

Rates:

- Electric energy:
- LIT 4.10/kWh for dwellings;
 - In places other than dwellings:
 - LIT 4.10/kWh for 200 000 kWh or less per month;
 - LIT 2.45/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; Decree of 21 November 1985 (G.U. No 292 of 12 December 1985).

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	5.000	5-10	10- 30	30- 60	
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 wines	25	25	25	25	25	25	25	25	25	30	45	60	150	150	150	300	900	1800	

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); DL No 326 of 4 October 1987, with subsequent amendments, which became Law No 40 of 3 October 1987, in force until 30 June 1989, the section concerning rates referred to in Article 1 of DL No 245 of 30 June 1989 which became, with amendments, Law No 288 of 4 August 1989; Law No 407 of 27 December 1989, Article 3 (2).

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; Law 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); Law No 357 of 10 August 1988 (G.U. No 195 of 20 August 1988); DPR No 562 of 16 December 1988 (G.U. No 6 of 9 January 1989); MD of 11 January 1989 (G.U. No 8 of 23 January 1989).

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 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); Law No 528 of 2 August 1982 (G.U. No 222 of 13 August 1982); Law No 101 of 14 March 1985 (G.U. No 76 of 29 March 1985); DL No 310 of 30 June 1986 (G.U. No 149 of 30 June 1986), which Law No 494 of 9 August 1986 (G.U. No 198 of 27 August 1986); Law No 123 of 16 March 1987 (G.U. No 74 of 30 March 1987).

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 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); DL No 332 of 30 September 1989 (G.U. No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989).

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 and those involving skill have been assimilated for tax purposes, and are subject to lottery duty of 30% of the total value of prizes.

The same rules are applied to competitions of a hybrid nature (competitions and events carrying prizes).

Events carrying prizes:

Duty is payable at a proportional rate of 20% when the total value of prizes exceeds LIT 1 000 000 if the event takes place in one province only, and LIT 3 000 000 if it covers two or more provinces.

When events carrying prizes are organized by two or more taxpayers in association, duty is payable by each one, including the promoter, at a flat rate of LIT 50 000 for events in one province only and of LIT 1 000 000 for events covering two or more provinces.

Prizes are subject to a 25% withholding tax corresponding to income tax, which may be passed on to the winners by the firms concerned.

Exemptions:

Events are exempt from duty when the prizes consist of national lottery tickets or lotto cards.

Lottery duty on local raffles and similar events

(Tassa di lotteria sulle manifestazioni di sorte locali)

RDL 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); DL No 332 of 30 September 1989 (G.U. No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989).

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.

Municipalities, provinces and legal persons, when prizes are allocated by lot on the occasion of bond issues floated to finance works in the public interest.

Collection:

Paid to the Treasury.

Rate:

30%.

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); MD 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); DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989); Law No 359 of 8 August 1992.

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. Rates payable by companies depend on the legal form of the company (i.e. different rates are payable by limited companies and by partnerships). For the amount of duty, reference should be made to the MD of 20 August 1992 enacted in accordance with the provisions of Law No 359 of 8 August 1992.

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); Law No 67 of 11 March 1988.

Beneficiary:

The State.

Tax payable by:

The tax is payable by the insurer, but he is entitled to recover it from the policyholder. 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 policyholder 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 policyholder to the registry office in cases where the policyholder 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%).

Rates are increased by 25% for private insurance policies and annuity contracts.

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 Article 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 387 of 22 December 1984 (ordinary supplement to G.U. No 356 of 29 December 1984); DL No 318 of 1 July 1986 (G.U. No 151 of 2 July 1986), which became Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986; coordinated text in G.U. No 199 of 28 August 1986); DL No 359 of 31 August 1987 (G.U. No 203 of 1 September 1987), which became Law No 440 of 29 October 1987 (G.U. No 255 of 31 October 1987; coordinated text in G.U. No 272 of 20 November 1987).

(a) Communal tax on advertising *(Imposta comunale sulla pubblicità)*

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 0.5 m² 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, international 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 0.5 m² 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.

(b) Duty on bill-posting
(Diritti sulle pubbliche affissioni)

Beneficiaries:

The municipalities.

Duty payable on:

Bills, notices and photographs, of any material whatsoever, 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.

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); DL No 391 of 24 September 1987 (G.U. No 223 of 29 September 1987), which became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987); Law No 359 of 8 August 1992, MD of 20 August 1992 (ordinary supplement to G.U. No 196 of 21 August 1992).

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 500 to 80 000; the majority of deeds and documents are subject to the fixed rate of LIT 15 000;
- 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 58 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 1980, 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 (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 41 of 28 February 1986 (ordinary supplement No 1 to G.U. No 49 of 28 February 1986, Article 38); 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); DL No 3 of 13 January 1988; DL No 70 of 14 March 1988, which became, with amendments, Law No 154 of 13 May 1988; Law No 349 of 10 August 1988; Law No 541 of 24 December 1988; Law No 122 of 24 March 1989, Law No 171 of 5 May 1989; DL No 202 of 29 May 1989, which became Law No 263 of 28 July 1989; MD of 11 November 1989; DL No 332 of 30 September 1989, which became, with amendments, Law No 384 of 27 November 1989; Law No 218 of 30 July 1990; Law No 58 of 23 January 1992; Law No 243 of 19 July 1993; Law No 427 of 29 October 1993; Law No 243 of 19 July 1993 (G.U. No 169 of 21 July 1993).

Beneficiary:

The State.

Tax payable by:

The tax is payable on deeds which have to be registered and on those voluntarily presented for registration. 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 per-

son (Article 57 of DPR No 131 of 26 April 1986); if the expropriating authority or purchaser is the State, the tax is not payable.

Basis of assessment:

Determined by two basic criteria:

- (i) the market value of the property or rights transferred; for buildings registered at an estimated rent, a system of multipliers is used, updated by applying the coefficients established for personal income tax (Article 52 of DPR No 131 of 26 April 1986);
- (ii) the price or consideration agreed between the parties; Ministerial Decree of 11 November 1989. Increases in multipliers provided for in Article 52, paragraph IV, of the Single Act on provisions concerning registration duty approved by DPR No 131 of 26 April 1986, Article 26, paragraph V, of DPR No 637 of 26 October 1972 combined with Article 8, paragraph 1, of Law No 880 of 17 December 1986 and Article 12, paragraph 1, of DL No 70 of 14 March 1988, which became, with amendments, Law No 154 of 13 May 1988. From 1982, on the basis of the new estimation (tariffs), see MD of 14 December 1991.

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, Article 13 of 26 April 1986) – except for documents whose registration is not compulsory (annexed Table B of DPR No 131 of 26 April 1986), 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 of 26 April 1986). The tariff is given in DPR No 131 of 26 April 1986, 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 150 000 (increased by 50% from 1993).

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. Article 2(3) of Law No 541 of 24 December 1988 on measures for drawing up annual and multiannual budgets for central government extends until 31 December 1991 the application of the measures laid down in paragraphs 1 and 2 of Article 5 bis of DL No 708 of 29 October 1986, which became, with amendments, Law No 899 of 23 December 1986.

The 4% rate is still in force in accordance with Law No 243 of 19 July 1993. If within one year of the disposal of the building purchased with the abovementioned benefits he purchases another building for use as his main residence (Law No 427 of 29 October 1993), the taxpayer is

no longer eligible for the reduced rate applicable if the building is sold. The documents for the winding-up or sale of firms or branches of firms referred to in Article 6(5) of Law No 58 of 29 January 1992 are subject to the tax of LIT 1 000 000 (Law No 427 of 29 October 1993). For mergers, conversions and allotments effected in accordance with Article 1 of Law No 218 of 30 July 1990, the registration tax is 1%, up to a maximum amount of LIT 100 million.

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); Leg. D. No 347 of 31 October 1990 (ordinary supplement No 75 to G.U. of 27 November 1990); Law No 243 of 19 July 1993 (G.U. No 169 of 1 July 1993).

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 gift 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 0.5 to 2% according to the nature of the application. Cadastral transfers are subject to a duty of 4%. For both, in some cases, there is a fixed rate of LIT 150 000. Law No 243 of 19 July 1993 increased the fixed-rate amount by 50%.

Tax on motor vehicles

(Tassa sulla circolazione degli autoveicoli)

Consolidated law on motor-vehicle taxes 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); MD 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); DL No 332 of 30 September 1989, which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989); DL No 415 of 28 December 1989, which became Law No 38 of 28 February 1990 (G.U. No 49 of 28 February 1990).

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 motor cycles and light motor-cycle 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 6 050.
- 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 16 095.
- Motor cycles and motor-cycle and side-car combinations of 3 to 6 hp: between LIT 23 915 and LIT 52 315 depending on hp rating.
- Light motor vans based on cylinder capacity: annual tax of LIT 23 635.
- 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 73 960 and LIT 104 780.
- 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 29 950 and LIT 99 790.
- Motor cars used for passenger transport and for mixed passenger and goods transport of up to 9 hp: the annual tax is between LIT 20 545 and LIT 36 980 depending on hp rating; in the case of vehicles of over 9 hp, the annual tax is between LIT 43 145 and LIT 1 217 295 depending on hp rating; in the case of vehicles of over 45 hp the tax is LIT 43 660 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 33 750 for each hp, the minimum being LIT 375 000. 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 33 750 for each hp: for such vehicles the minimum surtax is set at LIT 375 000.

For certain vehicles with LPG engines, the additional annual surtax is LIT 18 000 for each hp, with a minimum of LIT 198 000.

For certain vehicles running on methane, the additional annual surtax is LIT 12 600 for each hp, with a minimum of LIT 126 000.

- Motor lorries, based on the total authorized laden weight of between 4 and 110 quintals and above: annual tax of LIT 30 820 to LIT 647 170; trailers: annual tax of LIT 8 405 to LIT 174 165.

- Motor coaches for public use: the annual tax ranges from LIT 24 655 to LIT 683 465 depending on hp rating; over 70 hp the tax is LIT 13 694 (between 4 and 100 quintals) 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 19 910 to LIT 1 069 700 depending on hp rating; over 60 hp the tax is LIT 35 655 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.

I 41

Exportation:

Exemption or reimbursement.

Excise duty on plastic bags

(Imposta di fabbricazione sui sacchetti di plastica)

Law No 475 of 9 November 1988; Decree No 100 of 28 February 1989 (G.U. No 66 of 20 March 1989); Law No 413 of 30 December 1991 (s.o. G.U. No 305 of 31 December 1991).

Beneficiary:

The State.

Tax payable on:

Plastic carrier bags supplied by retailers to customers.

Collection:

The duty is based on production; it is due when the products are sold by the manufacturer to companies for introduction on the internal market.

Basis of assessment:

The manufacturer must supply the relevant tax office with a return, in duplicate, showing all the details necessary for application of the tax.

Imports:

Duty is payable by the importer.

Exemptions:

Biodegradable plastic bags.

Communal tax on the exercise of business, the arts or the professions

(Imposta comunale per l'esercizio di imprese, arti e professioni)

Law No 144 of 24 April 1989 (G.U. No 96 of 26 April 1989); Law No 384 of 27 November 1989.

Beneficiary:

Municipality where premises (areas with services) used solely for the exercise of business, artistic or professional activities are situated.

Tax payable by:

Natural persons, all kinds of company, public and private bodies, associations, trade unions and other organizations of persons or goods which are engaged in Italy in business, artistic or professional activities to which value-added tax applies.

Collection:

The tax is payable in instalments in a calendar year and must be paid by June into a postal current account in the name of the municipality concerned.

Exemptions:

The State, regions, departments, mountain communities, local health authorities, municipalities and their associations, independent State, regional, departmental and municipal agencies, public and private bodies other than companies, and associations and other organizations treated as such even if they are not resident in Italy, which are not solely or chiefly engaged in the commercial activities mentioned in Article 87 of the Consolidated Income Tax Code, approved by DPR No 917 of 22 December 1986.

Rates:

The tax varies substantially according to the category of surface area and sector of activity concerned, each of which is determined by reference to the surface area of the productive establishment and to the business or profession carried on in that establishment. If the establishment is situated in the territory of several municipalities, its surface area is apportioned between them. The tax ranges from a minimum of LIT 90 000 to a maximum of LIT 3 000 000. It is reduced by half if the business or professional income does not exceed LIT 12 million and is doubled if the income exceeds LIT 50 million. The tax is reduced by one quarter for seasonal activities usually engaged in for periods of not more than six months in any one year.

Communal tax on immovable property

(Imposta comunale immobiliare)

Law No 42 of 23 October 1992; DL No 504 of 30 December 1992 (ordinary supplement to G.U. No 305 of 30 December 1992).

Tax payable when and on:

The tax, which entered into force in 1993, is payable for each calendar year on a proportional monthly basis and for the period during which the immovable property, building land or agricultural land situated in Italy was in the possession of the taxpayer, irrespective of its use.

Beneficiary:

Municipality where immovable property is situated.

Tax payable by:

Owners of the abovementioned immovable property, i.e. those enjoying the right of usufruct, use or occupation even if they are not resident in the country where they have their registered or administrative headquarters, or engage in activity outside Italy.

Basis of assessment:

The value of the immovable property. For properties registered in the land register, the volume is calculated by applying to the amount of cadastral income the multipliers determined according to the criteria and procedures laid down in Article 52 of the consolidated text on the provisions relating to the registration tax, approved by DPR No 131 of 26 October 1986 by decree of the Minister for Finance. The cadastral income is reassessed on the basis of property market values.

Exemptions:

The tax does not apply to:

- property belonging to the State, the regions, the provinces, mountain communities, associations of mountain communities, local health authorities, as well as chambers of commerce, industry, craft trades and agriculture and which is intended solely for institutional purposes;
- places of religious worship, property belonging to the Holy See or to foreign States and inter-regional organizations.

Collection:

The authority responsible for collection in the district where the property is situated, by direct payment or by special postal current account.

Rates:

The rate is fixed by the municipality and may not be less than 4% or more than 6%. A 7% rate may be imposed solely for budgetary reasons.

Tax on net company assets

(Imposta sul patrimonio netto delle imprese)

DL No 394 of 30 September 1992; Law No 461 of 26 November 1992 (G.U. No 281 of 28 November 1992).

Tax payable by:

The companies and bodies mentioned in Article 87(1)(a) and (b) of the Consolidated Income Tax Code, approved by DPR No 917 of 22 December 1986, unlimited and limited partnerships and the like, sole proprietorships and the permanent establishments in Italy of the abovementioned taxpayers who are not resident, and non-commercial organizations in receipt of entrepreneurial income must pay the tax on net assets by reference to the due date in the tax period for taxation of income.

Tax payable when:

With effect from the tax period current at 30 September 1992 until the revision of the rules on company taxation and, in any event, not after the tax period current at 30 July 1994.

Basis of assessment:

The tax is applied to the amount of net assets as shown in the balance sheet (Article 2424 of the Civil Code) or, in the event of winding-up, merger, conversion or dissolution in the absence of a duly approved balance sheet, on the basis of information taken from accounting documents. Various procedures are used to determine the net assets of credit institutions, cooperative societies and associations of such societies.

Rates:

The tax is applied at the rate of 7.5% of the amount of the net assets.

Exemptions:

The tax is not applicable to:

- non-commercial bodies referred to in Article 87(1)(c) of the Consolidated Income Tax Code which are in receipt of entrepreneurial income deriving from activities relating to assistance, health, education, culture, recreation and sport if the said bodies have effected a division between such activities and their liabilities;
- unlimited and limited partnerships solely engaged in agriculture in accordance with the limits mentioned in Article 29(2) of the Consolidated Income Tax Code.

The following are exempt from the tax:

- persons who, on expiry of the tax period, are bankrupt or in compulsory liquidation or have made a previous arrangement with creditors with abandonment of goods and items subject to the extraordinary administration procedure referred to in Article 95 of 3 April 1979 and who during this same period have ceased their business activity and have since embarked on the winding-up procedure;
- all persons in cases where the amount in question does not exceed LIT 100 000.

Taxes abolished or repealed

- I 14** **Duty on mechanical lighters**
(Imposta di fabbricazione sugli apparecchi d'accensione)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 18** **Duty on sugars**
(Imposta sugli zuccheri)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 19** **Duty on sweeteners**
(Imposta sulle materie edulcoranti)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 20** **Duty on coffee**
(Imposta sul caffè)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 21** **Duties on firearms, ammunition and explosives**
(Imposta di fabbricazione sulle armi da fuoco, sulle munizioni e sugli esplosivi)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 22** **Duty on seed oils**
(Imposta sugli oli di semi)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).
- I 23** **Duty on margarine**
(Imposta sulla margarina)
Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

I 24

Duty on cocoa
(Imposta sul cacao)

Abolished by Article 35 of DL No 331 of 30 August 1993 (G.U. No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (G.U. No 255 of 29 October 1993).

I 25

Duty on bananas
(Imposta sulle banana)

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. This duty was abolished by Article 32 of Law No 405 of 29 December 1990.

I 43

Duty on methane used as fuel for motor propulsion
(Imposta di consumo sul gas metano per l'autotrazione)

I 44

Duty on olive oil
(Tassa sull'olio d'oliva)

Abolished by Law No 417 of 1975.

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), 19 December 1986 (*Mémorial A*, 1986, p. 2330), 16 July 1987 (*Mémorial A*, 1987, p. 1539), 13 December 1988 (*Mémorial A*, 1988, p. 1247), 24 December 1988 (*Mémorial A*, 1988, p. 1503), 3 April 1989 (*Mémorial A*, 1989, p. 548), 7 June 1989 (*Mémorial A*, 1989, p. 744), 13 July 1989 (*Mémorial A*, 1989, p. 946), and 6 December 1990 (*Mémorial A*, 1990, p. 1013), 22 December 1993 (*Mémorial A*, 1993, p. 2019), 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), 22 December 1986 (*Mémorial A*, 1986, p. 2401), 22 December 1987 (*Mémorial A*, 1987, p. 2509), 24 December 1988 (*Mémorial A*, 1988, p. 1301), 22 December 1989 (*Mémorial A*, 1989, p. 1447); 21 December 1990 (*Mémorial A*, 1990, p. 1031) and 20 December 1991 (*Mémorial A*, 1991, p. 1543); 22 December 1993 (*Mémorial A*, 1993, p. 1731).

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.
- Private investment income: 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 employees, 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.
- Reduction for income not subject to withholding tax.
- Reduction for venture-capital investment.

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 tax-payers 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 (8.2% 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% month.

Rates:

- Taxpayers are divided into three classes according to the number of their dependants.
- There is a graduated scale with 18 income bands, to each of which corresponds a rate of tax ranging from 0 to 50%; application of the rates varies according to the class to which the taxpayer belongs. For the first band from 0 to LFR 237 600, the rate is 0%; for the second band from LFR 237 600 to LFR 346 200, the rate is 10%. The rate then increases by 2% per band. For income exceeding LFR 1 357 200, there is a uniform rate of 50%.
This basic scale is adjusted periodically to variations in the weighted consumer price index.
- As regards extraordinary income, the rates applied range from 10 to 30%.
- In principle, non-residents, whose tax is calculated by assessment, are taxed under the Class I tariff at a rate not less than 15%.

To provide resources for the unemployment fund, the liability for personal income tax is increased by 2.5% 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 indefinitely, provided the persons running the enterprise or other persons involved keep regular accounts.

Withholding tax on wages and salaries

(Special method of collection of personal income tax)

(Retenue d'impôt sur les traitements et salaires – Mode spéciale de perception 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*, 1973, pp. 1959 and 1964), 30 June 1976 (*Mémorial A*, 1976, p. 591) and 27 July 1978 (*Mémorial A*, 1978, p. 1016), Law of 6 December 1990 (*Mémorial A*, 1990, pp. 1013-1026) and the 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 or resulting from former wage-earning or salaried employment.

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 flat-rate travelling costs (LFR 15 600 a year) and other costs of acquisition (LFR 21 000 per year for workers in paid employment and LFR 12 000 per year for persons in receipt of pensions), for special expenses (LFR 18 000 per year), the compensatory reduction for wage-earners (LFR 24 000) and the reduction for retired persons (LFR 24 000 per year), and the extra income tax charge for the re-employment fund (2.5%).

Tax withheld can be adjusted at the end of the tax year in accordance with Article 145 of the Law on income tax. When tax is calculated by assessment, withheld tax on wages, salaries and pensions is deductible from tax liability.

Withholding tax on income from capital (Special method of collection of personal income tax)

(Retenue d'impôt sur les revenus de capitaux – Mode spéciale de perception 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) and 9 March 1987 (*Mémorial A*, 1987, p. 163).

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:

25% of half of gross dividends (or 33 $\frac{1}{3}$ % 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), 1 July 1981 (*Mémorial A*, 1981, p. 991), 14 June 1983 (*Mémorial A*, 1983, p. 1073) and 19 December 1986 (*Mémorial A*, 1986, p. 2330), supplemented by the Laws of 1 July 1981 (*Mémorial A*, 1981, p. 991), 23 July 1983 (*Mémorial A*, 1983, p. 1336), 19 December 1986 (*Mémorial A*, 1986, p. 2330), 22 December 1987 (*Mémorial A*, 1987, p. 2509), 16 July 1987 (*Mémorial A*, 1987, p. 1539), 24 December 1988 (*Mémorial A*, 1988, p. 1503), 6 December 1990 (*Mémorial A*, 1990, pp. 1025-1026), 20 December 1991 (*Mémorial A*, 1991, pp. 1547-1548), 10 August 1992 (*Mémorial A*, 1992, p. 2012) and 1 December 1992 (*Mémorial A*, 1992, p. 2584) eight 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 subsidiaries – *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% or at least LFR 50 million in the capital of another joint-stock company is exempted wholly if the other company is fully liable to tax;
- where the conditions for applying the privilege of parent companies and subsidiaries are not satisfied, 50% of the income from a holding in a resident joint-stock company which is fully liable to tax is exempt.

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 cooperative 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 42.6% of income in excess of LFR 1 000 000 when taxable income is between LFR 1 000 000 and LFR 1 313 000.
- 33% when taxable income is in excess of LFR 1 312 000.

To provide resources for the unemployment fund, corporation tax liability has been set at 101% of the liability under the above rules.

Carry-forward of losses:

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: 20% (or 25% where the company pays the tax).

Non-residents: 28.20% (or 39.27% 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:

Organizers of betting on sporting events.

Basis of assessment:

Gross sums involved (stakes).

Collection:

By means of tax returns.

Rate:

15%.

L 7

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; 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 14 June 1983 (*Mémorial A*, 1983, p. 1073); Law of 6 December 1990 reforming certain provisions concerning direct and indirect taxation (*Mémorial A*, 1990, p. 1013).

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 500 000;
for private limited companies	LFR 200 000.

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 100 000 is granted from the basis of assessment for the taxpayer himself (plus LFR 100 000 for the spouse and for each child).

Married couples:

Tax is aggregated.

L 8

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 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 and movable goods located abroad in certain cases.

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 value 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 $\frac{1}{10}$ to $\frac{22}{10}$ (portion in excess of LFR 70 million).

L 9

- 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 or deductions, 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 $\frac{1}{10}$ to $\frac{22}{10}$ (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 December 1984 on the budget of public receipts and expenditure for the 1985 fiscal year; Law of 23 December 1985 on the budget of public receipts and expenditure for the 1986 fiscal year; Law of 22 December 1986 on the budget of public receipts and expenditure for the 1987 fiscal year; Law of 22 December 1987 on the budget of public receipts and expenditure for the 1988 fiscal year; Law of 24 December 1988 on the budget of public receipts and expenditure for the 1989 fiscal year; Law of 22 December 1989 on the budget of public receipts and expenditure for the 1990 fiscal year; Law of 21 December 1990 on the budget of public receipts and expenditure for the 1991 fiscal year; Law of 20 December 1991 on the budget of public receipts and expenditure for the 1992 fiscal year, which amends, in particular, the rates of VAT; Law of 18 December 1992 amending and supplementing the Law of 12 February 1979 on value-added tax; Law of 23 December 1992 on the budget of public receipts and expenditure for the 1993 fiscal year; Grand Ducal Regulation of 13 March 1993 implementing the enabling Law of 13 March 1993 introducing simplification and transitional measures with regard to value-added tax; Law of 22 December 1993 on the budget of public receipts and expenditure for the 1994 fiscal year.

Beneficiary:

The State.

Tax payable by:

- Any natural or legal person who habitually performs independent activities connected with an economic activity.
- Any person who occasionally supplies a new means of transport.

Tax due when:

- Goods or services are supplied against payment within Luxembourg by a taxable person in the course of his business.
- Intra-Community acquisitions of goods are effected against payment within Luxembourg by a taxable person in the course of his business or by a non-taxable legal person.
- Intra-Community acquisitions of new means of transport are effected against payment within Luxembourg by a taxable person in the course of his business or by a non-taxable legal person or by any other non-taxable person.

L 10

- 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 from third countries or territories.

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 intra-Community acquisitions of goods: the remuneration received (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 is deducted, on exports outside the Community and transactions of a like nature, intra-Community supplies of goods, international passenger transport, transport of goods to third countries or territories, and certain intra-Community acquisitions of goods.
- No tax is due, but tax paid at earlier stages is not deducted, on services, except for telecommunications services, supplied by the postal and telecommunications undertaking, 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% from 1 July 1983;
3%, 6%, 12% and 15% from 1 January 1992.

Exports:

See under 'Exemptions'.

Excise duty on mineral oils

(Accise sur les huiles minérales)

Belgian Royal Decree of 20 November 1963 coordinating the legal provisions on the excise system for mineral oils (M.b., 19 December 1963), amended; Belgian Royal Decree of 29 December 1992 on the structure and rates of excise duties on mineral oils; Belgian Ministerial Decree of 28 December 1993 on the excise-duty system for mineral oils.

Beneficiary:

The State.

Dutiable products:

The dutiable products for which a level of duty has been specified are set out in the table of rates below.

Mineral oils other than those for which a level of duty has been specified are subject to excise duty if intended for use, offered for sale or used as heating fuel or motor fuel.

Exemptions:

By decision of the Council of the European Union, exemption from excise duty and from autonomous excise duty has been granted to the Grand Duchy of Luxembourg in respect of local public transport vehicles.

By decision of the Council of the European Union, an excise-duty reduction has been granted to the Grand Duchy of Luxembourg in respect of heavy fuels with a sulphur content of less than 1%.

The following products are exempt from the harmonized excise duty:

- products used for purposes other than as heating fuel or motor fuel;
- kerosene used as fuel in commercial aircraft;
- mineral oils used in agricultural and horticultural works, in forestry and in inland fisheries.

L 11**Rates:**

Nature of product	Common excise duty	Autonomous excise duty
<i>Petrol (1 000 l)</i>		
- leaded	LFR 11 900	LFR 2 460
- unleaded	LFR 9 900	LFR 2 360
<i>Kerosene (1 000 l)</i>		
- motor fuel	LFR 11 900	
- industrial/commercial use	LFR 750	
- heating	LFR 0	
<i>Gas oil (1 000 l)</i>		
- motor fuel	LFR 8 000	LFR 1 500
- industrial/commercial use	LFR 750	
- heating ¹	LFR 0	
<i>LPG/methane (1 000 kg)</i>		
- motor fuel	LFR 0	LFR 4 100
- industrial/commercial use	LFR 1 500	
- heating	LFR 0	
<i>Heavy fuel oil (1 000 kg)</i>		
- ≤ 1% sulphur	LFR 250	
- > 1% sulphur	LFR 750	

¹ Inspection levy of LFR 210.

Period of payment:

The payment of the duties may be deferred to the Thursday of the second week following that in which the declaration of dispatch for consumption is submitted.

Excise duty on manufactured tobacco

(*Accise sur les tabacs fabriqués*)

Belgian Law of 31 December 1947 on the tax system for tobacco, amended (M.b., 1 January 1948); Belgian Ministerial Decree of 22 January 1948 governing the collection of excise duty on manufactured tobacco, amended, and annexed tobacco Regulation (M.b., 18 February 1948); Belgian Royal Decree of 29 December 1992 on the tax system for manufactured tobacco, amended; Belgian Ministerial Decree of 30 December 1992 on the tax system for manufactured tobacco, amended.

Excise duty payable on:

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

Basis of assessment and rates:

Nature of product	Excise duty	Autonomous excise duty
Cigars	10%	
Cigarillos	10%	
Cigarettes		
(a) <i>Ad valorem</i> excise duty	50%	4.3% ¹
(b) Specific excise duty	LFR 0.102 per item	LFR 0.011 per item ¹
Smoking tobacco intended for rolling cigarettes and other smoking tobaccos	31.5%	

¹ As from 15 January 1994: 4.5% and LFR 0.015 per item.

Period for payment:

Payment may be deferred until the 15th day of the third month following that in which the form for ordering the tax bands or stamps reaches the tax authorities.

Replacement of tax bands or stamps:

Subject to certain conditions, a manufacturer who is in possession of manufactured tobacco that is unfit for consumption may obtain replacement of the tax bands or stamps affixed to the products in question.

Where appropriate, he may also obtain replacement of tax bands or stamps that have become unusable.

Excise duty and consumption tax on ethyl alcohol

(Accise et taxe de consommation sur l'alcool éthylique)

Domestic alcohol and spirits

Law of 27 July 1925 on the tax arrangements applying to spirits; Grand Ducal Decree of 29 July 1926 on the collection of excise duties; 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; Ministerial Decree of 1 August 1935 regulating the transport of and trade in alcohol and alcoholic beverages and the like; 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, as subsequently supplemented and amended.

Non-domestic alcohol and spirits

Belgian Royal Decree of 12 July 1978 coordinating the legislation governing the excise-duty arrangements for alcohol, as published by the Ministerial Regulation of 30 July 1993; Belgian Law of 22 December 1989 laying down tax provisions in the customs and excise-duty fields, as published by the Ministerial Regulation of 30 July 1993; Belgian Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages.

Excise duty payable on:

Ethyl alcohol and products containing ethyl alcohol, except for beer, sparkling and non-sparkling fermented beverages, and intermediate products.

Exemptions:

Total exemption from excise duty and consumption taxes is granted for ethyl alcohol:

- intended, after prior denaturing, for industrial, scientific and medical uses;
- used, following prior denaturing, for manufacturing products not intended for human consumption;
- used for producing vinegar and medicinal products;
- used, subject to certain conditions, for producing food flavourings;
- used, subject to certain conditions, as components of semi-finished products for the production of food.

Rates:

- (a) Excise duty: LFR 9 000 per hl and per degree of alcohol at 20°C.
- (b) Autonomous excise duty: LFR 33 000 per hl and per degree of alcohol at 20°C.

Period for payment:

Payment may be deferred until the 15th day of the third month following that in which the declaration of release for consumption was submitted.

Alcohol and spirits manufactured on the basis of flat-rate tax arrangements and warehoused benefit from an unlimited credit period and from the transcription of duties and tax to the account of the buyer. Credit periods are limited to six months as from the statement of work carried out in the case of non-warehoused alcohol.

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

(Accise sur les vins et les autres boissons fermentées, mousseuses ou non)

Belgian Law of 12 February 1937 on the tax system for sparkling fermented beverages; Belgian Law of 15 July 1938 on the tax system for wines and similar beverages and certain alcoholic liquors; Belgian Law of 22 December 1989 laying down tax provisions in the customs and excise-duty fields; Belgian Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages.

Beneficiary:

The State.

Excise duty payable on:

Grape wines, sparkling wines and other beverages fermented from fruit, whether sparkling or not, not exceeding 22% volume at a temperature of 20°C, except beer and intermediate products.

Rates:

Nature of product	Excise duty
Wines fermented from fresh grapes and sparkling wines	LFR 0 per hl
Other sparkling and non-sparkling fermented beverages	LFR 0 per hl

Excise duty on beer

(Accise sur les bières)

Belgian Law of 11 May 1967 on the excise system for beer; Belgian Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages; Belgian Royal Decree of 21 January 1994 amending the Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages; Belgian Ministerial Decree of 1 February 1994 on the excise system for beer.

Beneficiary:

The State.

Excise duty payable on:

Beers and mixtures of beer and non-alcoholic beverages having an actual alcoholic strength by volume of more than 0.5%.

Rates:

Excise duty is levied by reference to the number of hectolitre/degrees Plato.

Annual brewery output	Excise duty
Up to 50 000 hl	LFR 16 per hl/°Plato
From 50 001 to 200 000 hl	LFR 18 per hl/°Plato
More than 200 000 hl	LFR 32 per hl/°Plato

Period for payment:

Payment may be deferred until the 15th day of the second month following that in which the declaration for release for consumption was submitted.

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 (RGI I, p. 793); Provisions implementing the Law on insurance tax of 13 July 1937 (RGI 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:

Life assurance contracts and like contracts, and compulsory contracts with social insurance institutions.

Collection:

Returns and payments are made on a quarterly basis by the underwriter.

Rates:

Insurance tax is levied at a rate of 4% for all branches of insurance and for all risks covered.

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); Grand Ducal Regulation of 27 August 1977 (*Mémorial A*, 1977, p. 1568).

Beneficiaries:

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; Law of 19 December 1986 reforming certain provisions governing direct and indirect taxation.

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 5 to 50 000 is payable on certain documents (passports, permits, certificates, legalizations, authorizations, etc.) issued to individuals by government departments.

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 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: 1.2%.

Legal acts relating to low-cost housing are subject to registration tax at a fixed amount of LFR 100.

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.
- Company mergers:
- in the case of capital invested in a new company: exemption;
 - 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:

A compulsory annual duty (*droit d'abonnement*) 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 aircraft; Law of 9 November 1990 on the setting-up of a public shipping register in Luxembourg; 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 aircraft).

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 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) 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; $\frac{1}{5}$ 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 of 23 March 1935 on motor-vehicle tax; Decisions of 5 July 1935 implementing the Law on motor-vehicle tax; Budget Laws of 24 March 1967, 23 December 1967, 29 December 1970, 23 December 1980, 20 December 1982 and 22 December 1989; Laws of 4 August 1975, 21 February 1985, 26 February 1988 and 29 November 1988; Grand Ducal Regulations of 19 June 1967, 24 December 1969, 15 September 1975, 7 June 1980, 22 December 1981, 13 May 1985, 26 February 1988 and 4 July 1988, and various other Grand Ducal and ministerial regulations; Law of 27 July 1993 assigning new responsibilities to, and altering the current responsibilities of, the Customs and Excise administration.

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 unladen weight of the vehicle, in working order, 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, and 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:

Motor-vehicle tax, payable annually, varies as follows:

- two- or three-wheeled vehicles: LFR 105 per 100 cc or part thereof;
- private cars:
 - (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 cc or part thereof;
- for each special registration plate number: LFR 3 125;
- camping caravans, trailers specially designed to transport boats, cars more than 30 years old: LFR 250;

	up to 2 400 kg	above 2 400 kg
- buses, coaches and camping vehicles	LFR 394 per 200 kg of unladen weight	LFR 4 725 + LFR 131 per 200 kg in excess of 2 400 kg
- 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), 19 December 1986 (*Mémorial A*, 1986, p. 2330) and 6 December 1990 (*Mémorial A*, 1990, p. 1013); 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 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 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.

L 26

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:

Without limit for losses incurred in 1991 and thereafter.

Tax on licensed premises

(Taxe sur les débits de boissons alcooliques)

Law of 29 June 1989 on the reform of the arrangements applicable to bars and cafés (*Mémorial A*, 1989, p. 801); various Grand Ducal and ministerial decrees.

Beneficiary:

The State.

Tax payable by:

Persons running a bar or café.

Tax payable on – bar or café 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 2 500 and LFR 10 000.
 - The annual tax ranges from LFR 1 000 to 3 000.
- Both the tax on the opening of bars and cafés and the annual tax vary according to the population of the municipality where the bar or café is located.

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%.

General arrangements applicable to products subject to excise duty

(Dispositions générales relatives aux produits soumis à accises)

Belgian Royal Decree of 29 December 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products; Belgian Ministerial Decree of 23 December 1993 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products

BLEU Convention

Under the BLEU Convention, Belgian legislation is published in the *Mémorial* for implementation in Luxembourg.

Legal basis for autonomous excise duties

The Law of 22 December 1993 on the budget of public receipts and expenditure and the relevant implementing Grand Ducal regulations constitute the legal basis for the collection of all autonomous excise duties.

Beneficiary:

The State.

Chargeable event:

Products are subject to excise duty on production on Community territory or on importation into that territory.

Declaration and date for submission:

Release for consumption takes place on the basis of a written declaration.

A declaration showing all warehouse tax withdrawals made in the course of the same week must be submitted no later than the Thursday of the following week.

On release for consumption under other circumstances, a declaration must be submitted no later than the first working day following receipt, supply or retention of the products.

Collection:

The excise duty and the autonomous excise duty are payable by the manufacturer, the authorized warehousekeeper or the registered trader.

The excise duty becomes due on release for consumption or on detection of shortages.

Exemption:

Exemption from excise duty may be granted in the event of non-manufacture, loss or destruction of products.

Imports:

Products imported from third countries are subject to the same arrangements as similar products manufactured in the country or imported from another Member State.

Exports:

Total exemption from excise duty and/or autonomous excise duty is granted for products dispatched to another Member State, exported to third countries or supplied to an equivalent destination.

Excise duties on intermediate products

(Accises sur les produits intermédiaires)

Belgian Law of 12 February 1937 on the tax system for sparkling fermented beverages; Belgian Law of 15 July 1938 on the tax system for wines and similar beverages and certain alcoholic liquors; Belgian Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages; Belgian Royal Decree of 21 January 1994 amending the Royal Decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages.

Excise duty payable on:

Beverages with an alcoholic strength by volume of less than 22%, except for beer and sparkling and non-sparkling fermented beverages.

Rates:

- (a) Intermediate products with an alcoholic strength by volume of less than 15%: LFR 1 900 per hl of finished product.
- (b) Intermediate products with an alcoholic strength by volume of between 15 and 22%: LFR 2 700 per hl of finished product.

Period for payment:

Payment may be deferred until the 15th day of the month following that in which the declaration of release for consumption was submitted.

Taxes abolished or repealed

- L 12** **Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons**
(Accise sur les gaz de pétrole et autres hydrocarbures gazeux liquéfiés)
See L 11: Excise duty on mineral oils
(Accise sur les huiles minérales)
- L 13** **Excise duty on benzol and similar products**
(Accise sur le benzol et les produits analogues)
- L 18** **Excise duty on sugar**
(Accise sur les sucres)
- L 30** **Leaded light mineral oils (leaded petrol – special excise duty (autonomous))**
(Huiles minérales légères avec plomb [essence avec plomb – droit d'accise spécial (autonome)])

See L 11: Excise duty on mineral oils
(Accise sur les huiles minérales)

THE NETHERLANDS
Nederland

Personal income tax

(Inkomstenbelasting)

Income Tax Law, 1964 (Stb. 1990, 103) as last amended by the Law of 24 December 1993 (Stb. 760).

Beneficiary:

The State.¹

Tax payable by:

All individuals resident in the Netherlands, and non-residents deriving income from Dutch sources (see under Corporation tax, under 'Non-residents').

Basis of assessment:

For residents:

Total income from all sources (business profits with a number of additions or deductions plus net income from work, from capital or from certain periodical payments, plus capital gains on the sale of securities forming a substantial interest 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, plus negative personal liabilities and the imputed rental value for the residence inhabited by the owner/taxpayer. Certain costs also with a private aspect are not deductible or are deductible only in part, e.g. food and drink, entertainment.

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 immovable property situated in the Netherlands, from entitlements to profit of an enterprise of which the management is situated in the Netherlands (other than those based on securities or occupation), from annuities in so far as the premiums were deductible, from the right to periodical payments and allowances made by a Dutch public corporation and from securities issued by limited companies located in the Netherlands in cases where the non-resident concerned has a substantial interest, plus capital gains on the sale of such securities forming a substantial interest less the assisting-spouse deduction, allowances on dividends and deductible losses from certain other years, plus negative personal liabilities and the imputed rental value for the residence inhabited by the owner/taxpayer. Certain costs also with a private aspect are not deductible or are deductible only in part, e.g. food and drink, entertainment.

¹ Through the provincial fund, the provinces received 0.921% of the revenue from almost all taxes in the Netherlands in 1990. Through the municipal fund, the municipalities received 11.46% of the revenue in 1990.

NL 1

Exemptions:

Income from the following sources is not deemed to form part of the basis of assessment.

Profits from business

- Appreciation of farming land, unless the appreciation has resulted from farming activities or where the land will be used for purposes other than farming.
- Profits from forestry undertakings in the Netherlands.
- 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.
- A part of the profits derived from the winding-up of a business or part thereof; the maximum allowance is HFL 45 000 and varies according to the age of the entrepreneur.
- On request, the transfer of business or part thereof by an entrepreneur to his spouse/partner or children. The successor then takes the place of the entrepreneur. A smooth transfer of this kind can also take place following the death of the entrepreneur and the dissolution of his inheritance.
- On request, the continuation of the business activities of an entrepreneur, liable to income tax, in a legal form subject to corporation tax, e.g. private company; the Ministry of Finance publishes standard conditions for this purpose.
- Profits resulting from the exchange of shares in the case of a stock merger. In the case of a statutory merger, the Ministry of Finance can make conditions.

Other income

- The interest component of a capital payment from a life insurance policy (normally investment income), if the payment occurs because the insured person dies before the age of 72. The beneficiary is allowed the same exemption for payments upon the death of the insured person at or after the age of 72 if the annual premiums have been paid over a period of at least 15 years. Interest included in payments of up to HFL 50 000 on a fixed date is exempt from income tax if the annual premiums are paid over a period of at least 15 years. The same applies to interest included in life insurance payments of up to HFL 170 000 if the annual premiums are paid over a period of at least 20 years. A condition for the last three exemptions is that the highest annual premium paid for the insurance must not exceed the lowest by more than a factor of 10.
- Income from the letting of rooms not exceeding HFL 5 600.
- Income resulting from the exchange of shares in the case of a stock merger. In the case of a statutory merger, the Ministry of Finance can make conditions.

Allowances/exemptions

- Interest allowance to a maximum of HFL 1 000 (HFL 2 000 for married couples) for the amount by which interest received exceeds interest paid in connection with income sources and personal obligations and HFL 500 per child for interest received by minor children. Mortgage interest paid in connection with owner-occupied property is not taken into account in determining the interest allowance.
- Dividend allowance to a maximum of HFL 1 000 (HFL 2 000 for married couples) in respect of dividends subject to Dutch dividend tax.

Investment:

There is an investment allowance (deduction of profits) in respect of investments in business assets of up to HFL 502 000. For investments of up to HFL 56 000 the allowance is 18%. For every additional HFL 56 000 in investment, the figure falls by two percentage points. Certain investments may be excluded from the scope of the allowance. If the business assets are disposed of within five years, part of the investment allowance is withdrawn.

There is under certain conditions an accelerated depreciation applicable in respect of investments in business assets, placed on an environment list (*Milieulijst*) by the Minister for the Environment.

Equity allowance: in 1994, the equity allowance is equivalent to 1% of business assets.

Reserve for old age for self-employed persons:

Self-employed resident taxpayers over 18 – under specific circumstances also those under 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 1994 is not more than HFL 19 008, and the reserve may not exceed the book value of business assets. For 1994, 11.5% of profits up to HFL 66 955 and 10% of profits over HFL 66 955 may be added to the 'old-age reserve'. When the taxpayer winds up his business, the 'old-age reserve' must be converted into an annuity otherwise it will be taxed, in general at a proportional rate of 45%.

Relief for self-employed persons:

In 1994, the amount of the relief is HFL 6 635 for profits up to HFL 85 560 and falls progressively to HFL 4 275 for profits over HFL 96 420.

Individuals starting up in business qualify for extra relief amounting to HFL 2 415 as a rule for the first three years of operation.

Married couples:

Husband and wife are taxed separately on their 'personal income' and 'personal deductions and additions'.

'Personal 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 periodic payments. However, income earned by one spouse in assisting the other in the latter's business is attributed to the latter unless both spouses request that the income accruing to the assisting spouse under a written agreement be attributed to the latter and the income amounts to at least HFL 11 850. '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, premiums for an annuity and premiums in respect of periodic payments made in connection with invalidity, sickness or accidents as well as the negative personal liabilities associated with the latter. The other components of a married couple's income (such as income from capital, personal liabilities, with the exception of premiums for annuity, and extraordinary expenses) are assessed jointly and attributed to the partner with the higher level of personal income.

Where one spouse assists the other (the entrepreneur) in the latter's business and where no request as referred to above is made, 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.

A husband and wife who live apart permanently or who are not resident taxpayers are assessed separately.

NL 1

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 former's income may, on request, be attributed to the partner being assisted as business profits and the assisting-spouse deduction available for married couples may be claimed;
2. at the request of both partners, their extraordinary expenses (expenses for sickness etc.) may be attributed to one of them. This applies only when the income plus the extraordinary expenses of a partner is less than the tax-free allowance (HFL 5 925 in 1994), and the tax-free allowance is transferred to the partner.

Children:

The net income of a child under 18 years of age derived from his capital, his personal liabilities and his negative personal liabilities is added to the income and liabilities of the parent who has authority over the child. However, the child itself is liable to tax for periodic payments resulting from a lump-sum payment or payment of premiums and for the deduction of premiums for an annuity or a periodic payment in connection with invalidity, sickness or accidents as well as the negative personal liabilities associated with the latter.

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.
3. Provisional assessments are also offset against the final assessments.

Rates:

For residents and non-residents whose world income is earned entirely or almost entirely in the Netherlands, there are three income bands over which the taxable amount, i.e. taxable income less the personal allowance, is spread. World income is taxed in 1994 at the following rates: 38.25% (7.05% tax and 31.2% social security contributions), 50% and 60% (individuals aged 65 or over pay social security contributions totalling 10.4% instead of 31.2%).

For other non-residents the rates are 25%, 50% and 60%. As a rule, every taxpayer qualifies for the tax-free allowance of HFL 5 925, which may be increased by the single-parent allowance of HFL 4 741.

The single-parent allowance may be increased by the supplementary single-parent allowance (ceiling of HFL 4 741) if work (other than housework) is carried out and if there is a child at home who is under 12.

The single-parent allowance is intended for unmarried taxpayers who have lived for more than six months in a household with no one else other than a child of their own, a child by marriage or a foster child who is under 27 and is maintained to a substantial extent at their expense.

Married taxpayers or unmarried taxpayers who live with their partners may, on certain conditions, transfer their tax-free allowance of HFL 5 925 to their spouses or partners where they have an income of less than HFL 5 925. The persons to whom the tax-free allowance is transferred then qualify for a tax-free allowance of HFL 11 850, while persons transferring their tax-free allowance qualify for a zero allowance. Married persons living apart permanently are deemed to be single.

Non-resident taxpayers normally qualify for only the general tax-free allowance. The above amounts are valid for 1994. Indexation takes place each year.

Proportional rates:

45% in the case of certain types of profit and income (e.g. profits made when a business is sold or wound up);

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;

10% in the case of bonus shares obtained when a limited company issues new capital.

The above proportional rates apply only where income exceeds the first income band.

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)

Act on wages tax, 1964 (Stb. 1990, 104) as last amended by the Bill of 24 December 1993 (Stb. 760).

Beneficiary:

The State.

(See Note 1, under Personal income tax.)

Tax payable by:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) Persons resident abroad receiving a wage or salary from a Dutch public corporation for work they are doing or have done.
- (e) 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 6 June 1991 (Stb. 305).

Beneficiary:

The State.

(See Note 1, under Personal income tax.)

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 or to a parent company situated within the European Union, which holds for at least one year 25% or more of the stock of the subsidiary in the Netherlands.
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 the rate on portfolio dividends will be lowered to 15% and 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 generally be lowered to between zero and 10%.

Municipal tax on immovable property

(Gemeentelijke belastingen op onroerende zaken)

Municipal by-laws based on Article 220 of the Law on 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 on 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 usually 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 defence 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 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.

Corporation tax

(Vennootschapsbelasting)

Corporation Tax Law 1969 (Stb. 469) as last amended by the Law of 9 December 1993 (Stb. 674).

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 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, under certain conditions, deductible by the parent company.

Investment:

The relevant rules for the corporation tax are largely corresponding to those for 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. Under certain conditions, a fiscal unity may also be formed between a group of cooperative societies or natural insurance companies.
- Regime for investment funds: provided that all current income is distributed to shareholders and a number of other conditions are 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 per cent on the (remaining) profit.

Non-residents:

See under 'Tax payable by' above.

As from 1 January 1990, the Netherlands extended its jurisdiction in tax matters to the Dutch part of the continental shelf with respect to income tax, corporation tax, the tax on wages and insurance tax. This extension, however, is limited to activities related to the exploration or exploitation of natural resources.

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 rate is 35%. However, a 40% rate is applied to that part of the taxable amount which does not exceed HFL 250 000.

Carry-over of losses:

See Personal income tax.

Tax on games of chance

(Kansspelbelasting)

Law governing the tax on games on chance, 14 September 1961 (Stb. 313) as last amended by the Law of 11 December 1991 (Stb. 608).

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.

Rates:

In the case of casino games organized in the Netherlands: 33 $\frac{1}{3}$ %.
In the case of other games of chance: 25%.

Commuter tax

(Forensenbelasting)

Municipal by-laws based on Article 224 of the Law on Municipalities ('Gemeentet').

Beneficiaries:

The municipalities.¹

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.

¹ Tax payable in some 200 municipalities.

NL 7

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 24 December 1993 (Stb. 733), including the 'Bijstellingsregeling' 1994 (Stcrt. 246).

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 (equal to the difference between assets and liabilities) at the beginning of the year.

Exemptions:

Non-taxable items include:

- legal rights of usufruct;
- net wealth invested in own business:
 - (a) up to and including HFL 135 000: 100% exemption;
 - (b) from HFL 135 000: HFL 135 000 plus 50% of the assets in excess of that amount, subject to an overall ceiling of HFL 1 541 000;
- pension rights;
- the following, provided they do not form part of business assets:
 - (a) furniture and works of art;
 - (b) goldsmiths' and silversmiths' wares; articles of jewellery: exemption up to a value of HFL 7 500;
 - (c) life annuities other than accrued life annuities;
 - (d) accrued life annuities, up to certain ceilings;
 - (e) certain life assurance policies.

NL 8

Deductions:

	<i>HFL</i>
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	68 000
Widowers, widows, and single persons not falling within the above category	107 000
Married men	136 000
Allowance for each child under 18 years of age	7 000
Allowance for each child between 18 and 27 years of age who is following a course of study	40 000
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 260 000);	
– low-income earners younger than 65 (minimum allowance of HFL 36 000 and maximum allowance of HFL 414 000).	

Rate:

8‰ of net wealth.

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 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 of 28 June 1956 (Stb. 1984, 546).

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 14 937 (1 January 1994); 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 7 468 (1 January 1994); 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 under 'Non-residents'.

NL 9

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:

1. The entrepreneur who supplies goods and/or renders services.
2. The entrepreneur who acquires goods by a transaction within the European Union.
3. Anyone who imports goods into the Netherlands from non-EU countries.

Tax payable on:

1. Supplies of goods effected in the Netherlands by an entrepreneur in the course of his business.
2. Supplies of services effected in the Netherlands by an entrepreneur in the course of his business.
3. The acquisition of goods from EU countries by an entrepreneur in the course of his business.
4. The importation of goods from non-EU countries.

Basis of assessment:

- The total amount of the consideration charged for the taxable event except the VAT itself.
- In the case of imports from non-EU countries the customs value according to EU and GATT rules (including all taxes except the VAT itself).

Deductions:

- VAT on expenses and investments allocated to domestic turnover and prepaid VAT on zero-base export transactions.
- VAT due on acquisition of goods.
- VAT due on the importation of goods.

Prepaid tax that can be allocated to exempt supplies is not deductible.

Exemptions:

- The delivery of real estate except the delivery within two years after construction and first use and except the delivery of real estate when supplier and recipient have opted for taxation.

NL 10

- Rent of real estate – except private homes – when the lessor and lessee do not elect for taxation.
- Certain supplies of services by banks, insurance companies, postal services, telecommunications and medical services.
- The activities of youth organizations, sports clubs, non-profit-making institutions of a social or cultural nature, (most) education, composing and writing.

Collection:

- A. Returns are submitted monthly, quarterly or annually; payments are made when the returns are submitted (within one month of the period concerned on the basis of the taxpayers' return).
- B. In the case of import from non-EU countries as import duties or, when the entrepreneur is authorized to do so, as under 'A' above.

Rates:

The normal rate is 17.5%.

A rate of 6% for goods and services which can, in general, be regarded as necessities. A rate of 0% for delivery of goods by an entrepreneur to an entrepreneur within the European Union.

Exports:

A rate of 0% for goods exported by an entrepreneur to non-EU countries and for some services supplied to non-residents.

Duty on mineral oils

(Accijns van minerale oliën)

Law on Excise Duty of 31 October 1991 (Stb. 561).

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 release for consumption 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.
- Lubricating oils.
- Mineral oils used for navigation, other than for pleasure craft.

Collection:

The duty is paid at the latest on the last day of the month following that in which the goods were released for consumption. In the case of direct imports at the latest on the 15th day of the month following that in which the import took place.

NL 11

Rates:

- Light oils, liquid at a temperature of 15°C and under atmospheric pressure, per hl at 15°C:
 - unleaded HFL 108.15
 - leaded HFL 121.93
- Liquefied petroleum gas (intended for use in motor vehicles on public roads and pleasure craft), per 1 000 kg HFL 78.72
- Medium oils, per hl at 15°C HFL 10.26
- 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) and not intended for use in pleasure craft, per hl at 15°C HFL 10.26
- Other diesel oil and light fuel oil, per hl at 15°C HFL 63.52
- Heavy fuel oil and other mineral oils, per 1 000 kg net weight HFL 34.24

Exports:

Duty on exports is remitted or refunded. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Duty on tobacco

(*Tabaksaccijns*)

Law on Excise Duty of 31 October 1991 (Stb. 561).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Cigars, cigarettes, smoking tobacco, 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 release for consumption 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	5%
2. Cigarettes	21.05%
plus HFL 79.10 per 1000	
3. Smoking tobacco	16.10%
plus HFL 35.65 per kg net weight	

Imports:

The same rate of duty, assessed on the same basis, is levied on manufactured tobacco. It is payable by the importer and settled by affixing tax bands on the imported goods.

NL 12

Exports:

Duty on exports is refunded or remitted. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Duty on wine

(Wijnaccijns)

Law on Excise Duty of 31 October 1991 (Stb. 561) as last amended by the Law of 4 February 1994 (Stb. 87).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Excise duty is levied on 'non-sparkling wine' and on 'sparkling wine' as defined in Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.

Duty payable on:

The release for consumption 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 on the last day of the month following that in which the goods were released for consumption. In the case of direct imports at the latest on the 15th day of the month following that in which the import took place.

Rates:

1. Excise duty on non-sparkling wine is levied per hectolitre:
 - (a) if the wine has a strength not exceeding 8.5% volume at HFL 53.75
 - (b) if the wine has a strength of more than 8.5% volume and
not more than 15 % volume at HFL 107.50
 - (c) if the wine has a strength of more than 15% volume at HFL 187.00
2. Excise duty on sparkling wine is levied per hectolitre:
 - (a) if the wine has a strength not exceeding 8.5% volume at HFL 69.50
 - (b) if the wine has a strength of more than 8.5% volume at HFL 366.50

NL 13

Exemptions:

When used directly or as a constituent or semi-finished product for the production of foodstuffs, filled or otherwise, provided that in each case the alcoholic content does not exceed 8.5 litres of pure alcohol per 100 kilograms of the product for chocolates, and 5 litres of pure alcohol per 100 kilograms of the product for other products.

Exports:

For exports a remission or refund of duty is granted. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Consumer tax on non-alcoholic beverages and on some other products

(Verbruiksbelasting van alcoholvrije dranken en van enkele andere produkten)

Law on consumer taxes on non-alcoholic beverages and some other products of 24 December 1992 (Stb. 683).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Duty payable on:

The release for consumption and import into the Netherlands of non-alcoholic beverages, chewing tobacco and snuff.

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 with a strength of less than 0.5% volume of alcohol.
Chewing tobacco and snuff.

Declaration and payment:

At the latest by the last day of the month following that in which the goods are released for consumption. In the case of direct imports at the latest on the 15th day of the month following that in which the import took place.

Rates:

per 100 litres

Fruit juice and mineral water	HFL 15.00
Soft drinks	HFL 20.00
	<i>per kilogram</i>
Chewing tobacco and snuff	HFL 52.97

Exports:

Duty on exports is remitted or refunded.

Duty on beer

(Bieraccijns)

Law on Excise Duty of 31 October 1991 (Stb. 561).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Excise duty is levied on beer to the number of hectolitre-degrees Plato.

Duty payable on:

The release for consumption and import into the Netherlands of beer.

Duty due when:

The goods are released for consumption or are imported for release for consumption.

Declaration and payment:

At the latest on the last day of the month following that in which the goods were released for consumption. In the case of direct imports at the latest on the 15th day of the month following that in which the import took place.

Rates:

Per hectolitre for beer per category expressed in degrees Plato:

(a) less than 7	HFL 20.00
(b) 7 to 11	HFL 35.20
(c) 11 to 15	HFL 46.90
(d) exceeding 15	HFL 58.65

Exports:

For exports a remission or refund of duty is granted. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Duty on spirits

(Alcoholaccijns)

Law on Excise Duty of 31 October 1991 (Stb. 561).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Ethyl alcohol and products containing ethyl alcohol (except beer, non-sparkling wine and sparkling wine).

Duty payable on:

The release for consumption 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:

The duty is paid at the latest on the last day of the month following that in which the goods were released for consumption. In the case of direct imports at the latest on the 15th day of the month following that in which the import took place.

Rates:

Per degree of alcohol strength	HFL 33.15
with a minimum of	HFL 27.35

Exemption:

Alcohol not intended for internal human consumption.

Exports:

Remission of duty or refunds. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Tax on passenger cars and motor bicycles (BPM)

(Belasting van personenauto's en motorrijwielen – BPM)

Law on the Tax on Passenger Cars and Motor Bicycles, 1992 (Stb. 709).

Beneficiary:

The State.

Tax payable by:

The person who applies for registration of a passenger car or a motor bicycle.

Tax payable on:

- Registration in the Netherlands;
- Commencement of road use in the Netherlands with a passenger car or a motor bicycle that is not registered in the Netherlands, by an inhabitant of the Netherlands.

Exemptions:

- New vehicles exported by an entrepreneur;
- New 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 on the list price exclusive of VAT and BPM.

Rates:

Passenger cars: 45.2 % of the list price exclusive of VAT and BPM, the result to be reduced by HFL 3 394 or, for passenger cars with diesel engines, HFL 2 116.

Motor bicycles:

- up to a list price exclusive of VAT and BPM of HFL 4 700 10.2 %
 - for higher list prices 20.7 %
- the result of the latter to be reduced by HFL 494.

Tax on legal transactions

(Belastingen van rechtsverkeer)

Law governing the tax on legal transactions of 24 December 1970 (Stb. 1990, 422), replacing the legislation concerning registration and stamp duties by new regulations.

Under this law, the three following taxes are levied:

- (a) tax on transfers;
- (b) tax on insurances;
- (c) capital duty.

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 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 taking-out of insurance.
- (c) The raising of capital represented by shares.

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.

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.

NL 19

- (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, reinsurances and export credit insurance.
- (c)
 1. If the shares can only be issued to Dutch nationals with an income of less than HFL 71 100 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 or international reorganizations.

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.

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.

Rates:

- (a) 6 % (in the case of an exchange of agricultural land: 1%);
- (b) 7%;
- (c) 1%.

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.

Vehicle excise duties

(Motorrijtuigenbelasting)

Law governing vehicle excise duties of 21 July 1966, (Stb. 332) ('Wet op de motorrijtuigenbelasting').

Beneficiaries:

Partly the State, partly the provinces.

Tax payable by:

The keeper of the vehicle.

Tax payable on:

Road use by motor cars and motor bicycles, driving on the road by other 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.

NL 20

Rates:

The rates vary according to the kind of vehicle, the weight of the vehicle and the kind of fuel used. The rates include provincial surcharges and, except in the case of trailers, surcharges accruing to the State road fund.

Examples of rates:

For instance in the province South Holland the tax amounts per annum are:

<i>Car and fuel</i>	<i>Weight</i>			
Passenger cars	851 to 950 kg	951 to 1 050 kg	1 051 to 1 150 kg	
Petrol	HFL 632	HFL 780	HFL 928	
Diesel	HFL 1 222	HFL 1 435	HFL 1 648	
Other	HFL 1 621	HFL 1 869	HFL 2 117	
Trucks	1 951 to 2 050 kg	6 951 to 7 050 kg	10 000 kg	
Petrol/diesel	HFL 1 093	HFL 2 609	HFL 3 509	
Other	HFL 2 172	HFL 6 538	HFL 9 148	
Buses	1 951 to 2 050 kg	6 951 to 7 050 kg	10 000 kg	
Petrol/diesel	HFL 1 162	HFL 2 734	HFL 3 576	
Other	HFL 2 237	HFL 7 209	HFL 10 159	
Motor cycles	Up to 60 kg	60 to 121 kg	121 to 250 kg	251 kg or more
Petrol/diesel	HFL 126	HFL 195	HFL 262	HFL 300
Other	HFL 380	HFL 449	HFL 516	HFL 554

Fuel tax

(Brandstoffenheffingen)

Environmental Protection Act ('Wet milieubeheer' – WM) (Stb. 1992, 551) as last amended by the Law of 14 October 1993 (Stb. 581).

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.

Reductions:

In the case of installations burning fuel oil, the tax is refunded in part provided the emission of sulphur dioxide is below a given threshold. Under certain circumstances, the tax payable on coal may be refunded in part.

Collection:

Mineral oils: as for the duty on mineral oils.

Coal and gas: payment on declaration at the end of each tax period.

NL 21

Rates:

WM taxes on 1 January 1994:

Light oils (per 1 000 l)		
- leaded	HFL	24.10
- unleaded	HFL	24.10
Medium oils (per 1 000 l)	HFL	26.50
Diesel oil and the like (per 1 000 l)		
- for transport	HFL	26.60
- for purposes other than transport	HFL	26.60
Heavy fuel oil (per 1 000 kg)	HFL	31.04
Coal (per 1 000 kg)	HFL	22.64
LPG (per 1 000 kg)	HFL	31.83
Natural gas (per 1 000 m ³)		
- low consumption	HFL	20.79
- high consumption (above 10 million m ³ /year)	HFL	13.67
Blast-furnace gas and the like (per 1 000 GJ)	HFL	220.57
Petrocoke (per 1 000 kg)	HFL	31.03
Liquid fuel (per 1 000 kg)	HFL	31.04
Gaseous fuel (per 1 000 GJ)	HFL	220.57

Imports:

The same rates as for manufacture or mining in the Netherlands.

Exports:

Remission of tax for producers. Refunds for traders.

Waterschap levies

(Waterschapsbelastingen)

Levied under 'Waterschap' by-laws based on the 'Waterschap' Law (Stb. 1991, 444).

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 publiekrechtelijke 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 223 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.¹

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 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.

¹ Tax payable in some 590 municipalities.

Tax on the pollution of surface waters

(Verontreinigingsheffing oppervlaktewateren)

Law on the Pollution of Surface Waters of 13 November 1969 (Stb. 1969, 536).

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 (1985).

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).

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), (2) and (3) 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 136 g 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. One pollution unit equates with 1 kg (for mercury, cadmium and arsenic) or with 0.1 kg (for other heavy metals) (Article 19 (1) (b), (6) and (7) of the Law on the Pollution of Surface Waters, Article 6 (1) (b) of the Model by-law).
- (c) In the case of dwellings, a flat-rate pollution value of 3 or 3.5 inhabitant-equivalents applies. In the case of dwellings occupied by one person (single) the pollution value is set at 1 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).
- (d) In the case of small industrial premises with a pollution value of less than 5 inhabitant-equivalents, a flat-rate pollution value of 3 inhabitant-equivalents applies. In the case of a pollution value of less than 1 inhabitant-equivalent, a pollution value of 1 inhabitant-equivalent applies.
- (e) 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 in respect of biodegradable matter 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 45.50 per inhabitant-equivalent/pollution unit.
- discharge into salt water: HFL 44.00 per inhabitant-equivalent/pollution unit.

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 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 noise pollution caused by civilian aircraft

(Heffing geluidhinder burgerluchtvaartuigen)

Law on Aviation, 1958 (Stb. 47).

Decree on the Taxation of Noise Pollution caused by Civilian Aircraft (1982, 584).

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 Articles 1 (f) and 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 groundwater

(Grondwaterheffing)

Law on Groundwater of 22 May 1981 (Stb. 1981, 392) and provincial by-laws.

Tax payable on:

The abstraction of groundwater (Article 48 (1) of the Law).

Tax payable by:

The holder, to be designated by provincial by-laws, of equipment or plant registered pursuant to Article 13 and intended for the abstraction of groundwater (Article 48 (2) of the Law).

Basis of assessment:

The quantity of groundwater abstracted (Article 48 (3) of the Law).

Rate:

The rate is determined by the costs of investigations for groundwater management purposes and of compensation for damage pursuant to Articles 34, 40 and 41 (1) of the Law on Groundwater (Article 48 (1) of the Law).

Method of collection:

In accordance with Articles 230 to 232 of the Law on Provinces and with any further rules laid down by provincial by-laws (Article 229 of the Law on Provinces).

Collection:

By or on behalf of the province.

Tax on waste (*Afvalstoffenheffing*)

Municipal by-laws based on the Environmental Protection Act ('Wet Milieubeheer' – WM) (Stb. 1992, 551). 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 15.33 of the Act and Article 2 (1) of the Model by-law tax on waste).

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 15.33 of the Act and Article 2 (2) of the Model by-law tax on waste).

Basis of assessment:

The premises (Article 3 of the Model by-law tax on waste).

Rate:

A fixed amount per premise (Article 3 of the Model by-law tax on waste).

Method of collection:

By means of assessment determined by the municipal tax authorities (Article 5 of the Model by-law tax on waste).

Collection:

By the municipal tax authorities.

Notes:

1. Where municipalities have not yet implemented Article 15.33 of the Environmental Protection Act, the tax in respect of the periodic collection of household refuse is still based on Article 277 of the Law on Municipalities.

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 14 (1) of the Model by-law on refuse-collection taxes). 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 14 (a) of the Model by-law on refuse-collection taxes).

Tax on stocks of petroleum products

(Voorraadheffing aardolieprodukten)

Law on the Storage of Petroleum Products, 1976.

Beneficiary:

The State.

Tax payable on:

Petroleum products subject to the duty on mineral oils.

Tax payable by:

Persons liable for the duty on mineral oils.

Basis of assessment:

Quantity.

Rates:

Petrol	HFL 1.35 per hectolitre
Petroleum	HFL 1.35 per hectolitre
Diesel oil and light fuel oil	HFL 1.35 per hectolitre
Heavy fuel oil and the like	Zero

Method of collection:

As for the duty on mineral oils.

Collection:

As for the duty on mineral oils.

Tax on manure surplus

(Mestoverschotheffing)

Law on Manure ('Meststoffenwet', Stb. 1986, 598); Regulation on the differentiation of the manure surplus tax ('Regeling differentiatie overschotheffing', Stcrt. 1988, 223); Regulation implementing the manure surplus tax ('Uitvoeringsregeling overschotheffing', Stcrt. 1987, 81).

Beneficiary:

The State.

Tax payable on:

The production of animal manure (Article 13 of the Law).

Tax payable by:

Persons on whose farm animal manure is produced (Article 13 (2) of the Law).

Basis of assessment:

The quantity of animal manure, expressed in kilograms of phosphate, per period of time (Article 13 (3) of the Law).

Rates:

- (a) For farms with land, the following rates are applicable per kg of phosphate where the annual production of phosphate per hectare is:
- | | |
|---------------------------------------|----------|
| 125 kg or less | Zero |
| more than 125 kg but less than 200 kg | HFL 0.25 |
| more than 200 kg | HFL 0.50 |
- (b) In the case of farms without land, a rate of HFL 0.50 is applicable per kg of phosphate produced;
- (c) The rate for farms on which a total of 125 kg of phosphate or less per year is produced is zero (Article 13 (4) of the Law).

In specific cases, another rate may be applied (Article 13 (5) and Regulation on the differentiation of the manure surplus tax).

Method of collection:

By way of payment on declaration to the Inspector of Taxes at the Tax Office in Assen (the Netherlands), who comes under the Minister for Agriculture, Nature Management and Fisheries (Articles 1 and 2 of the Regulation implementing the manure surplus tax).

Collection:

By the Collector of Taxes at the Tax Office in Assen (the Netherlands), who comes under the Minister for Agriculture, Nature Management and Fisheries. Warrants are served and enforced by the State tax authorities.

Tax on the right of user¹

(Baatbelasting)

Municipal by-laws concerning the tax are based on Article 221 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.

Tax payable on:

Immovable property that benefits from facilities provided and paid for by the municipality.

Tax payable by:

Those who enjoy the right of user in respect of the immovable property.

Basis of assessment:

The taxable revenue accruing from the surface area concerned, in some cases with classification according to the amount of that revenue.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by payment on declaration.

Collection:

The tax due is collected by the municipalities.

¹ Applicable in a number of municipalities.

Tax on building land¹

(Bouwgrondbelasting)

Municipal by-laws concerning the tax on building land are based on Article 222 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.

Tax payable on:

Immovable property which benefits from public welfare facilities provided and paid for by the municipality and which is (better) arranged for construction or the location of which becomes more favourable.

Tax payable by:

Persons who enjoy the right of user in respect of the immovable property.

Basis of assessment:

The surface area or length (e.g. frontage) of the immovable property along the public highway.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

The tax due is collected by the municipalities.

¹ Applicable in a number of municipalities.

Tax on public advertisements¹

(Belasting op openbare aankondigingen)

Municipal by-laws concerning the tax on advertising are based on Article 219 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.

Tax payable on:

Public advertisements other than in magazines or newspapers.

Tax payable by:

Persons responsible for the advertisement, the owner or user of the item to which it refers, etc.

Basis of assessment:

For example, the surface area of the announcement.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

The tax due is collected by the municipalities.

¹ Applicable in a number of municipalities.

Tax on tourists

(Toeristenbelasting)

Municipal by-laws concerning the tax on tourists are based on Article 225 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.¹

Tax payable on:

Stays within the municipality by persons not on the population register of that particular municipality.

Tax payable by:

Persons providing the necessary facilities for a stay; they are authorized to pass the tax on to the tourist.

Basis of assessment:

The duration of the stay. The tax can then be charged on the number of nights spent in the municipality or on the basis of the consideration paid per night.

Rates:

The rates differ from municipality to municipality; in the case of camp sites, the tax is often levied on a flat-rate basis.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

The tax due is collected by the municipalities.

¹ Applicable in some 275 municipalities.

Parking tax

(Parkeerbelaasting)

Municipal by-laws concerning parking and licences for parking a vehicle are based on Article 226 of the Law on Municipalities ('Gemeentewet').

Beneficiaries:

The municipalities.

Tax payable on:

Parking a vehicle.

Tax payable by:

Persons parking a vehicle or requesting a licence for parking a vehicle.

Basis of assessment:

The duration of parking, the moment of parking, the area used for parking and the position of the plots or road sections.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

The tax due is collected by the municipalities.

Duty on intermediate products

(Accijns van tussenprodukten)

Law on Excise Duty of 31 October 1991 (Stb. 561).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

All products of an actual alcoholic strength by volume exceeding 1.2% volume, but not exceeding 22% volume, which are not wine or beer, as defined in Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.

Duty payable on:

The release for consumption and import into the Netherlands of the abovementioned products.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

The duty is paid at the latest on the last day of the month following that in which the goods were released for consumption. In the case of direct imports, at the latest on the 15th day of the month following that in which the import took place.

Rates:

1. Excise duty on non-sparkling intermediate products is levied per hectolitre,
 - (a) if the intermediate product has a strength not exceeding 15% volume, at HFL 132.75
 - (b) if the intermediate product has a strength of more than 15% volume, at HFL 187.00

NL 41

Exports:

For exports a remission or refund of duty is granted. Movement of goods from the territory of one Member State of the European Union to that of another takes place according to the provisions of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ EG L 76).

Taxes abolished or repealed

NL 17 **Duty on sugar**
(Suikeraccijns)

Abolished by the Law of 24 December 1992 (Stb. 711).

NL 34 **Tax on the sale of spirits**
(Belasting op het verstrekken van sterke drank)

Abolished pursuant to Article III of the Law of 15 December 1983 (Stb. 622).

NL 35 **Tax on air pollution**
(Heffingen luchtverontreiniging)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen NL 21) pursuant to the Law of 30 March 1988 (Stb. 1988, 113).

NL 36 **Tax on mineral lubricating or hydraulic oil**
(Heffing op minerale smeer- of systeemolie)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen NL 21) pursuant to the Law of 30 March 1988 (Stb. 1988, 113).

NL 37 **Tax on chemical waste**
(Heffing chemische afvalstoffen)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen NL 21) pursuant to the Law of 30 March 1988 (Stb. 1988, 113).

NL 38 **Tax on noise pollution caused by road traffic**
(Heffing geluidshinder wegverkeer)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen NL 21) pursuant to the Law of 30 March 1988 (Stb. 1988, 113).

PORTUGAL

Tax on personal income

(IRS – Imposto sobre o rendimento das pessoas singulares)

DL No 442-A/88 of 30 November 1988; DL No 215/89 of 1 July 1989; DL No 354/89 of 17 October 1989; Law No 101/89 of 29 December 1989; DL No 95/90 of 20 March 1990; DL No 206/90 of 26 June 1990; DL No 377/90 of 30 November 1990; Law No 65/90 of 28 December 1990; Law No 34/91 of 27 July 1991; DL No 267/91 of 6 August 1991; DL No 360/91 of 28 September 1991; DL No 141/92 of 17 July 1992; DL No 263/92 of 24 November 1992; Law No 30-C/92 of 28 December 1992; Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

Tax payable by:

Natural persons resident in Portugal and non-resident natural persons who receive income that is by law taxable in Portugal.

Basis of assessment:

Income falling within the following categories, net of any deductions and allowances provided for by law:

Category A: income from paid employment;
Category B: income from self-employment;
Category C: income from commercial and industrial activities;
Category D: income from agriculture;
Category E: investment income;
Category F: income from real estate;
Category G: capital gains;
Category H: pensions;
Category I: other income.

The taxable income of natural persons resident in Portugal also includes any income earned abroad.

Not taxable:

- (i) Family allowances and supplementary social security benefits within the limits prescribed by law;
- (ii) Meal allowances, up to the legal limit increased by 50%;
- (iii) Allowances to provide cover for errors, for persons who have to handle cash, up to a limit of 5% of the fixed monthly remuneration;
- (iv) Expense allowances, up to the limit laid down by law;

P 1

- (v) Capital gains on the sale of bonds and other debt securities, units in investment funds and shares held for more than 12 months;
- (vi) Capital gains from the sale of residential property, where the proceeds of the sale are re-invested within 24 months in the purchase or construction of other residential property for the use of the taxable person and his family;
- (vii) 50% of the income from literary, artistic or scientific property (Category B) received by authors resident in Portugal;
- (viii) 50% of the income from activity as an employed person (Category A) or as a self-employed person (Category B) up to ESC 2 200 000, and 30% of income from pensions (Category H) up to ESC 1 240 000, received by handicapped persons with 60% or more disability.

Carry-over of losses:

Losses sustained in income categories B, C, F and G may not be deducted from income in other categories, but may be carried over for up to five years and deducted from income in the same category.

Threshold:

Persons whose sole income is from pensions (Category H) and does not exceed ESC 1 650 000 (for married taxpayers) or ESC 1 490 000 (in other cases) are exempt.

There are no thresholds for the other income categories. However, application of the tax rates to persons whose income derives chiefly from paid employment (Category A) may not result in a disposable income after tax of less than the national minimum annual wage.

Deductions:

Deductions are specific to each income category:

- Category A: 65% of income up to a ceiling of ESC 416 000, or total social security contributions, whichever is greater; this deduction is increased by 50% in the case of income earned by handicapped persons with 60% or more disability;
- Category B: expenses incurred in the exercise of the activity engaged in, subject to the specified limits;
- Categories C and D: actual costs incurred in the exercise of the activity;
- Category F: the cost of maintaining or restoring the buildings in which case documentary evidence must be produced;
- Category G: capital losses incurred and 50% of capital gains other than from the sale of shares or other transferable securities;
- Category H: ESC 1 200 000 for each recipient of income; this deduction is increased by 30% in the case of handicapped persons with 60% or more disability.

Allowances:

In addition to the specific deductions, the following are also deducted from the total net income:

- health expenses (unlimited);
- the payment of interest and principal on loans taken out for the purchase, construction or improvement of residential property, up to a ceiling of ESC 270 500;

- education expenses, life assurance, sickness and personal accident insurance premiums, alimony payments, and expenditure on the purchase of new equipment using renewable energy up to an overall ceiling of ESC 145 000 for unmarried taxpayers or ESC 291 000 for married taxpayers. The ceilings may be raised to ESC 166 500 and ESC 333 000, respectively, where the difference relates to payment of life insurance or sickness or personal accident insurance premiums, or to ESC 239 000 and ESC 385 000, respectively, where the difference relates to expenditure on the purchase of equipment using renewable energy.

Married couples:

Aggregation of the couple's taxable income and that of their children where the parents have the legal right to administer it.

Tax is calculated according to the splitting system (division by 2, except where the income of one spouse accounts for 95% or more of the aggregate income, in which case division is by 1.9).

Rates:

Rates vary between 15 and 40%.

Fixed rates are deducted at source, in full discharge of tax, on certain types of income, namely:

- income from intellectual property or the supply of information relating to experience acquired in an industrial, commercial or scientific field once it is not received by the original beneficiary, and income from technical assistance: 15%;
- interest on sight or term deposits: 20%;
- income from registered or bearer securities: 25%;
- winnings from betting and gaming, lotteries and totalizator bets: 35%.

Taxpayers may opt to include such items as interest on sight or term deposits and income from registered or bearer securities in their taxable income. In such cases, the tax deducted at source is credited against the final amount of tax due, and any overpayments are reimbursed.

Capital gains minus capital losses from the sale of shares and other transferable securities are taxable at a special rate of 10%. (Capital gains tax is not deducted at source.) Taxpayers may opt to include capital gains or any capital losses in their taxable income (see 'Carry-over of losses').

Tax credits:

The following are deducted from the amount of tax due:

- ESC 30 100 per single taxpayer;
- ESC 22 800 per married taxpayer;
- ESC 16 500 per dependant.

Tax credits are increased by 50% in the case of handicapped taxpayers and children with 60% or more disability.

Shareholders resident on Portuguese territory are entitled to a tax credit of 50% of the corporation tax corresponding to dividends on shares and other interest held in resident companies.

Non-residents:

Non-residents are liable to tax only in respect of income earned on Portuguese territory. Definitive deduction at source affects only income in Categories A, B, H (rate of 25%) and I (rate of 35%), income from commissions on the signing of a contract (rate of 15%) and investment income (Category E) (rate variable according to the type of income).

Collection:

The tax is collected annually and determined on the basis of the tax return. Advance payments are made against tax due on income in Category B (self-employment) and Categories C and D (income from commercial and industrial activities and agriculture).

Deduction at source:

Deductions are made at source from income falling into Category A (paid employment), Category H (pensions) and, in certain cases provided for by law, Categories B, E and F (income from self-employment, investment income and income from real estate), as well as income from commissions on the signing of a contract.

Tax deducted at source and advance payments count towards the tax due, and any over-payments are reimbursed.

Special features:

No tax is payable on capital gains that were not liable to the old capital gains Tax Code approved by DL 46373 of 9 June 1965, which was repealed when the tax on the income of natural persons was introduced, namely the proceeds of the sale of real rights in urban property and shares or other transferable securities, where these were purchased before 1 January 1989.

Tax on corporate income

(IRC – Imposto sobre o rendimento das pessoas colectivas)

DL No 442-B/88 of 30 November 1988; DL No 215/89 of 1 July 1989; Law No 101/89 of 29 December 1989; DL No 95/90 of 20 March 1990; DL No 189/90 of 8 June 1990; DL No 192/90 of 9 June 1990; DL No 377/90 of 30 November 1990; Law No 65/90 of 28 December 1990; DL No 142-B/91 of 1 April 1991; DL No 251-A/91 of 16 July 1991; Law No 34/91 of 27 July 1991; DL No 293/91 of 13 August 1991; DL No 360/91 of 28 September 1991; DL No 123/92 of 2 July 1992; DL No 138/92 of 17 July 1992; DL No 263/92 of 24 September 1992; Law No 30-C/92 of 28 December 1992; Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

Tax payable by:

Business entities resident on Portuguese territory, whether or not they have legal personality, and non-resident business entities, whether or not they have legal personality, which earn taxable income in Portugal.

Business entities and other bodies that have their registered office or effective administrative headquarters on Portuguese territory are deemed resident.

Tax payable on:

Where entities liable to tax are resident in Portugal, the tax is payable on total income, including that earned outside national territory.

Non-resident entities are taxed only on income deemed by law to be earned on Portuguese territory.

Exemptions:

- (i) The central government, autonomous regions and local authorities, except in respect of investment income;
- (ii) Social security institutions, except for their income from capital;
- (iii) Entities of public interest and charitable bodies, under certain conditions;
- (iv) Agricultural cooperatives, housing and building associations, educational and craft associations and other cooperative associations subject to the restrictions laid down by law;
- (v) Companies and other bodies covered by the tax transparency arrangements;
- (vi) Income accruing directly from activities liable to gaming tax;
- (vii) Pension funds set up in accordance with the law and retirement saving funds pursuant to the law;
- (viii) Political parties;
- (ix) Public associations concerning the professions and employees' and employers' confederations and unions, except for their income from trade, industry, agriculture or capital.

Non-residents:

Income earned on Portuguese territory by permanent establishments of non-resident entities is taxed in the same way as that of resident entities.

Income earned on Portuguese territory by entities that do not have a permanent establishment or by entities that do have a permanent establishment to which it cannot, however, be attributed is taxed in accordance with the rules laid down in respect of the corresponding categories of the tax on personal income.

Capital gains on the sale of shares and other transferable securities made by non-resident entities are exempt from tax, as long as they cannot be attributed to a permanent establishment in Portugal.

Deductions:

Expenses actually incurred in the exercise of the activity engaged in, adjusted where appropriate in accordance with the relevant tax rules.

Collection:

The tax is collected annually and determined on the basis of the tax return.

The tax is paid in instalments: three advance payments in July, September and December of the year to which the taxable income relates or in the seventh, ninth and twelfth months of the taxation period where it differs from the calendar year. The fourth payment is made up to the date the tax return is submitted.

In the case of non-resident entities whose income cannot be attributed to a permanent establishment in Portugal, the tax is paid when the tax return is submitted:

- up to 31 January each year in respect of income from real estate;
- within a period of 30 days in the case of capital gains resulting from the sale of real estate.

Alternatively, the tax is deducted at source, in full discharge, by the body owing the income.

Rates:

36% (plus a local tax levied at a rate of up to 3.60%) for the income of resident entities and the permanent establishments of non-resident entities;

20% for the total income of resident entities not mainly engaged in commercial, industrial or agricultural activities;

25% for the income of non-resident entities that cannot be attributed to a permanent establishment in Portugal, except for the income mentioned below, to which the rates specified are applied:

- 15% for income from intellectual or industrial property, technical assistance and the hiring-out of movable property;
- 20% for income from government securities and other income from the investment of capital, with the exception of income from any registered or bearer securities and profits distributed by bodies liable to tax, for which the rate is 25%;
- 15% up to 31 December 1996 and 10% from 1 January 1997 up to 31 December 1999 for profits paid over to the parent company resident in a Member State of the European Union (Directive 90/435/EEC of 23 July 1990), without prejudice to the provisions of double-taxation agreements.

Deduction at source:

Deductions at source constitute advance payments against tax due and are made at the rates applicable to deductions at source from residents' personal income tax.

Deductions at source from the income of non-resident entities that cannot be attributed to permanent establishments in Portugal are made in full discharge at the rates applicable for tax on corporate income (see 'Rates'), with the exception of income from real estate, for which deduction at source constitutes an advance payment.

Carry-over of losses:

Losses made in a given financial year may be deducted from taxable profits in one or more of the following five years.

Special features:

Capital gains on the disposal of tangible fixed assets are not taxable in the year in which they arise if the proceeds are reinvested in the acquisition of new tangible fixed assets in the following two years.

Where a resident company receives dividends from another company resident in Portugal in which it has held at least a 25% interest for not less than two consecutive years, or since the latter company was set up if it has held the interest for less than two years, 95% of those dividends are exempted from tax.

Where the interest in the company which distributed the dividends is less than 25% or has been held for less than two years, a tax credit of 50% on the tax on the distributed dividends is granted to resident taxpayers.

With a view to the elimination of international double taxation, a tax credit is granted to resident companies, corresponding to the lower of the following amounts:

- the tax on income paid abroad;
- the fraction of corporation tax calculated prior to deduction, corresponding to the taxable income in the country concerned.

Consolidated profits taxation is available, subject to prior authorization, where a resident company has total control of other resident companies.

Special arrangements apply to the merger and hiving-off of resident companies in order to ensure the tax neutrality of such transactions, where certain conditions are met. The arrangements also apply, after the necessary adjustments, to a merger or hiving-off of companies in which a company or companies from other Member States of the European Union have a holding.

Municipal tax

(Contribuição autárquica)

DL No 442-C/88 of 30 November 1988; DL No 215/89 of 1 July 1989; DL No 211/90 of 27 June 1990; DL No 140-2 of 17 July 1992.

Beneficiaries:

Municipalities.

Tax payable by:

Natural or legal persons who own real estate on Portuguese territory, whether or not they are resident in the country.

Basis of assessment:

Value of the real estate, determined in accordance with the Valuation Code (see 'Special features' and 'Not subject to tax').

Exemptions:

- (i) Real estate that has been classified as a national monument or as property in the public interest, and property classified as having municipal value, in accordance with the relevant legislation;
- (ii) Foreign governments in respect of real estate acquired as premises for diplomatic or consular representation, where there is reciprocity;
- (iii) Social security institutions;
- (iv) Religious or confessional groupings or associations of any persuasion with recognized legal personality;
- (v) Political parties, trade unions, associations representing farmers, traders, industry and the self-employed professions, bodies providing administrative services to the public and bodies of public interest;
- (vi) Special charitable or welfare bodies and entities regarded as such in law and private educational establishments forming part of the education system;
- (vii) Property or parts of property given or lent, free of charge, by the owners of usufructuaries to public bodies not liable to municipal tax, in accordance with the applicable legislation;
- (viii) Urban property acquired or built as a permanent residence for the taxpayer or his dependants, in accordance with the applicable legislation (temporary exemption);
- (ix) Residential property rented out for variable periods of time depending on the value of the property.

Not subject to tax:

The central government, the autonomous regions, the local authorities, and any department, establishment or agency thereof, even if it has legal personality, as well as local authority associations and federations, administrative and tourist regions, and the metropolitan areas of Lisbon and Oporto.

Rates:

Rural real estate: 0.8 %

Urban real estate: between 1.1 and 1.3 % (set annually by the municipalities).

Collection:

If the amount of tax payable is less than ESC 30 000, the whole amount must be paid in April. If it is more than ESC 30 000, the tax may be paid in two equal instalments in April and September.

Special features:

Until the Valuation Code is published, the taxable value of urban and rural real estate shall be obtained by capitalizing the income entered in the property registers, such values having been automatically updated to the reference date of 31 December 1988.

Capital gains surcharge

(Encargo de mais-valias)

Law No 2030 of 22 June 1948; DL No 41616 of 10 May 1958 and DR No 4/1983 of 25 January 1983.

Beneficiaries:

Municipalities.
Highways Authority (Junta Autónoma das Estradas).

Levy payable by:

Natural or legal persons who own rural real estate that has not been expropriated, the value of which has increased considerably because of its potential as land for urban construction or because of a rise in the value of land due to the construction of major transport links.

Coverage:

Rural real estate which has not been expropriated is subject to the capital gains levy where, as a result of urban development, road building or the construction of other major transport links, its value increases considerably because of its potential as land for urban construction.

Levy payable on:

- (a) The value determined by arbitration if the building permit is applied for in respect of land which has already been marked out and the value of which has been enhanced by 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.

Rates:

- (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 levy in instalments may be allowed.

Real estate transfer tax

(Sisa – Imposto sobre a transferência onerosa da propriedade imobiliária)

DL No 41969 of 24 November 1958, as last amended by Law No 75/93 of 20 December 1993.

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 the purchaser or a third party, provided that the value on which the tax is to be levied does not exceed ESC 8 400 000.

Rates:

10% on transfers of urban buildings or building land and 8% in other cases.

In the case of transfers of buildings or of independent parts of urban buildings intended exclusively for use as residential premises, the rates are as follows:

P 5

Value to which the tax is applied (ESC)	Marginal rate (%)	Rebate (ESC)
Up to 8 400 000	0	-
8 400 001 to 12 500 000	5	420 000
12 500 001 to 16 800 000	11	1 170 000
16 800 001 to 21 000 000	18	2 346 000
21 000 001 to 25 200 000	26	4 026 000
More than 25 200 000	Single rate of 10 %	

Reduced rates:

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.

Inheritance tax and gift tax

(Imposto sobre as sucessões e doações)

DL No 41969 of 24 November 1958, as last amended by DL No 252/89 of 9 August 1989 and Law No 101/89 of 29 December 1989; Law No 30-C/92 of 28 December 1992 and Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

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 700 000
Transfer to relatives in the descending line	ESC 700 000
Transfer to parents	ESC 350 000
All transfers, effected free of charge or as a result of death, of a value not exceeding	ESC 70 000

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 central government 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.

P 6

For transfers	Percentage						
	Up to ESC 700 000	From ESC 700 001 to ESC 2 750 000	From ESC 2 750 001 to ESC 7 000 000	From ESC 7 000 001 to ESC 13 750 000	From ESC 13 750 001 to ESC 34 500 000	From ESC 34 500 001 to ESC 68 500 000	More than ESC 68 500 001
To offspring who are minors	-	4	7	10	14	18	23
To spouses or to descendants other than the above	-	6	9	12	16	20	25
To ascendants or between brothers and sisters	7	10	13	16	21	26	32
Between collaterals in the third degree	13	17	21	25	31	38	45
Between any other parties	16	20	25	30	36	43	50

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 income from certain securities, notably shares issued by commercial companies having their registered office on Portuguese territory and bonds issued by any public or private body. Bonds issued from 1989 to 1995 inclusive are exempt from tax.

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.

Value-added tax

(Imposto sobre o valor acrescentado)

DL No 394-B/84 of 26 December 1984, as last amended by DL No 290/92 of 28 December 1992 and Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

Tax payable by:

Natural or legal persons who 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 tax on personal income (IRS) or tax on corporate income (IRC).

Natural or legal persons who, under customs legislation, import goods.

The natural or legal persons mentioned in the first paragraph, and legal persons who are not taxable persons, who make intra-Community acquisitions of goods in Portugal.

Any person who, on an occasional basis, supplies a new means of transport in accordance with the statutory conditions is also regarded as a taxable person.

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, it not included in the price.

In the case of intra-Community acquisitions, the basis of assessment is determined in the same way as for operations under the internal system. However, transport costs which are not included in the price are taxed separately.

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, in the case of operations under the internal system, intra-Community acquisitions and 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.

Tax is also payable on intra-Community acquisitions of new means of transport by non-taxable legal persons and individuals and on distance-selling operations involving an amount in national currency equivalent to at least ECU 35 000 (ESC 6 300 000), carried out from another Member State by a taxable person in that State and intended for a non-taxable person or for an individual.

Also subject to VAT are intra-Community acquisitions of goods made for consideration within the country by a person exempt from paying tax or by a non-taxable legal person, if the overall amount of these acquisitions exceeds in the preceding calendar year, the current calendar year or for a single acquisition, the equivalent in national currency of ECU 10 000 excluding VAT (ESC 1 800 000).

Exemptions:

Exemptions without the right to deduct include the following:

Services supplied by doctors, 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 supplies of goods and services and all imports which are not subject to reduced or increased rates, and which are not exempt.
- (ii) Reduced rate: 5%
Essential foodstuffs; hotel accommodation; passenger transport; the supply of water and electricity, diesel, public entertainments.
- (iii) Higher rate: 30%
Luxury products such as 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) Exemptions:
Exports and transactions considered as exports, intra-Community supplies of goods and international transport operations.

In the autonomous regions of Madeira and the Azores the rates are 12%, 4% and 21% respectively.

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 15th 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 40 million.

Special arrangements:

In the case of small taxable retailers with an annual turnover in excess of ESC 2 000 000 whose volume of purchases in the preceding calendar year amounted to less than ESC 7.5 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 craft, motor cycles, etc.).

Taxable persons with a turnover during the previous financial year of less than ESC 1 500 000 are eligible for special arrangements exempting them from VAT. They do not charge VAT on the transactions which they make, but nor can they deduct the VAT paid on their purchases.

Small retailers with a turnover in the previous financial year of more than ESC 1 500 000 but less than ESC 2 000 000 are also eligible.

Excise duty on tobacco products

(Imposto sobre las labores del tabaco)

DL No 444/86 of 31 December 1986, as last amended by DL No 231/91 of 26 June 1991; DL No 325/93 of 25 September 1993.

Beneficiary:

Central government.

Duty payable on:

Manufactured tobacco and other tobacco products, for consumption on national territory.

Duty payable by:

Natural or legal persons who release dutiable products for home use, and purchasers of products already released for home use in another Member State and purchased for their own use for commercial purposes.

The holder, where the products are held for commercial purposes.

The tax representative, where the products are purchased at a distance.

The consignor in the event of losses occurring during the intra-Community transport of products to the national territory under duty suspension arrangements.

The approved warehousekeeper or registered operator in the event of commercial losses or losses not covered by the exemption.

The purchaser in the event of sale by the courts or following administrative proceedings.

Exemptions:

Tobacco products dispatched to another Member State of the European Union or exported; tobacco products supplied as on-board stores under certain conditions laid down by law; tobacco products for sale in tax-free shops in accordance with the applicable law; tobacco products transported in the personal luggage of travellers from third countries in accordance with the duty-free allowances; tobacco products purchased by individuals in accordance with the general taxation rules of another Member State of the European Union and transported by them; denatured tobacco used for industrial or horticultural purposes; tobacco destroyed under the supervision of the authorities; tobacco intended for scientific testing and for product quality tests; recycled tobacco; tobacco products for specific purposes (testing, exhibitions, recovery and improvement of quality).

Rates:**Cigarettes:**

specific component: ESC 1 452 per 1 000 cigarettes;

ad valorem component: 54% of the retail sale price.

In the autonomous regions of Madeira and the Azores, in the case of cigarettes manufactured by small producers (with an annual production of less than 500 tonnes) the rates are as follows:

specific component: ESC 250 per 1 000 cigarettes;

ad valorem component: 35% of the retail sale price.

Other products of manufactured tobacco:

	<i>% of retail sale price</i>
Cigars	26.21
Cigarillos	26.21
Cut tobacco	26.21
Snuff	16.21
Chewing tobacco	16.21

Collection:

The duty is due on the basis of the declarations of release for home use for each month up to the fifth day of the following month; a copy of the assessment is sent to the Directorate-General for Customs (DGA).

The duty thus determined is payable during the month following that to which it relates.

Stamp duty

(Imposto de selo)

The legal basis for this duty is to be found in two instruments: DL No 12700 of 20 November 1926 approving the Regulation on stamp duty, and DL No 21916 of 28 November 1932 approving the General Table for stamp duty. These two instruments have been regularly amended (usually once a year), the latest amending instrument being Law No 75/9 of 20 December 1993.

Beneficiary:

Central government:

Duty payable on:

The legislation listed above does not contain any general provision defining the dutiable items. Article 1 of the Regulation provides that stamp duty is payable on all the documents, books, papers, deeds and products listed in the General Table.

Consequently, stamp duty is payable on a wide variety of items including records of movements of wealth, goods or securities, particularly when such taxable capacity is not taxed under any other provision.

The wide variety of items subject to stamp duty is a specific feature of the General Table, in which all deeds subject to the duty are listed in alphabetical order, rather than on the basis of a logical classification.

Exemptions:

It is impossible to lay down general rules for the different situations that may arise, which vary considerably.

Rates:

In some cases there is a fixed rate (specific rate), while in others the rate is proportional. The many documents and deeds subject to duty include the following:

- (i) Documents constituting proof of payment:
 - Receipts or any other documents constituting proof of payment or evidence that remuneration for employment has been put at the disposal of the recipient 5%
- (ii) Bills of exchange drawn in Portuguese territory:
 - (a) Up to ESC 3 033 750 variable, according to the value of the bill
 - (b) More than ESC 3 033 750 4%
- (iii) Bills of exchange drawn abroad:
 - (a) Where accepted or paid in Portuguese territory 4%
 - (b) Where intended for payment abroad but negotiated in Portuguese territory 4%

- (iv) Promissory notes:
 - (a) When discounted in banking establishments 2,5‰
 - (b) In the remaining cases 4‰
- (v) Banking operations:
 - (a) Draft on a foreign account, gold certificates issued, foreign coins and notes and public funds, or negotiable securities sold 9‰
 - (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 9‰
 - (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 9‰

A large number of other documents, books, papers, deeds or products are subject to stamp duty, notably lines of credit, announcements, insurance policies, leases, certificates, deeds, cheques, contracts in general, contracts for out-working, wills, invoices, guarantees, mortgages, financial leasing, power of attorney, official papers, acceptance of signatures, registers, establishment of associations, and government securities.

Collection:

Stamp duty is payable by means of a fiscal stamp or the use of ink stamps or dry stamps as provided by law.

Motor-vehicle tax

(Imposto automóvel)

DL No 405/87 of 31 December 1987, as amended by DL No 152/89 of 10 May 1989; DL No 262/91 of 26 June 1991; DL No 78/92 of 6 May 1992; DL No 27/93 of 12 February 1993; DL No 35/93 of 13 February 1993; DL No 40/93 of 18 February 1993; DL No 56/93 of 1 March 1993; Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

Tax payable by:

Manufacturers or importers.

Tax payable on:

Light-duty passenger and composite motor vehicles, racing vehicles and vehicles designed chiefly for carrying passengers, with the exception of motor caravans, imported into Portugal in the new or used state, or assembled or manufactured in Portugal, and registered therein. Light-duty goods vehicles which, having been released for free circulation, are converted into passenger or composite vehicles whose gross weight is less than 2 500 kg.

Basis of assessment:

The tax is levied once and varies according to the cylinder capacity group to which the vehicle belongs.

Rates:

Cylinder capacity (cc)	Rate	Rebate (ESC)
Up to 1 000	ESC 251 per cc	48 400
1 000 to 1 250	ESC 573 per cc	371 022
1 251 to 1 500	ESC 1 340 per cc	1 330 164
1 501 to 1 750	ESC 1 933 per cc	2 220 107
1 751 to 2 000	ESC 3 264 per cc	4 550 688
2 001 to 2 500	ESC 3 147 per cc	4 317 371
Over 2 500	ESC 1 981 per cc	1 401 205

A formula has been established for converting electric and solar-powered motors, Wankel, alcohol and gas-fired engines in order to calculate the corrected engine capacity (cc).

Reductions and exemptions:

- (i) The amount of tax due is reduced by 70 % in the case of vehicles purchased for a chauffeur-driver hire service (categories A and T); the reduction is 80 % when the vehicles are adapted for the transport of handicapped persons;
- (ii) Vehicles imported by persons moving to Portugal, in accordance with the conditions laid down in the relevant Community Directives;
- (iii) Vehicles manufactured before 1945 and classified as vintage vehicles by the International Federation of Vintage Automobiles (FIVA) or the affiliated Portuguese club, where they are deemed important to the national cultural heritage;
- (iv) Ambulances and fire service vehicles imported by fire brigades and associations.
- (v) Light motor vehicles for private use registered in another Member State of the European Union or in a third country and temporarily present on national territory.
- (vi) Vehicles assigned for personal use on the transfer of residence to Portugal in accordance with the conditions laid down by law.

Special features:

A 10 % reduction is granted on the tax payable on used motor vehicles imported more than two years after they were first registered.

Second-hand motor vehicles originating or in free circulation in the Member States of the European Union are eligible for a reduction which depends on the age of the vehicle since it was first registered:

Age of vehicle	Reduction of tax (%)
From 1 to 2 years' use	18
From 2 to 3 years' use	24
From 3 to 4 years' use	32
From 4 to 5 years' use	41
From 5 to 6 years' use	49
From 6 to 7 years' use	55
From 7 to 8 years' use	61
More than 8 years' use	67

Tax on petroleum products

(Imposto sobre produtos petrolíferos)

Law No 9/86 of 30 April 1986; DL No 261-A/91 of 25 July 1991.

Beneficiary:

Central government.

Tax payable by:

Natural or legal persons in whose name the goods subject to the tax have been released to the market.

Coverage:

The tax is levied on the following products:

- motor spirit with a lead content not exceeding 0.013 g per litre;
- motor spirit with a lead content exceeding 0.013 g per litre;
- medium oils;
- heavy oils, gas oils;
- fuel oils;
- liquefied petroleum gas and other gaseous hydrocarbons (used as motor fuel or as town gas).

Goods other than those referred to here actually used as fuel for transport and other purposes.

Taxable units:

Goods	Unit
Motor spirit Medium oils Heavy oils	Litre, after conversion at the reference temperature, 15 °C
Fuel oils	Kilogram
LPG etc.	Litre
Town gas	Cubic metre

Rates:

The tax per unit varies with the type of product and the place of consumption (mainland and autonomous region of Madeira, or the autonomous region of the Azores).

The rates applicable in January 1994 to motor spirit, diesel and fuel oil on the mainland and in the autonomous region of Madeira are as follows:

Motor spirit with a lead content not in excess of 0.013 g/l	ESC 87/l
Motor spirit with a lead content in excess of 0.013 g/l	ESC 94/l
Diesel	ESC 58/l
Fuel oil with more than 1% sulphur	ESC 11/kg
Fuel oil with up to 1% sulphur	ESC 8/kg
LPG etc.	ESC 15/l
Paraffin	ESC 30/l

The following rates apply to other goods:

- diesel fuel used in agriculture is taxed at a combined rate of petroleum tax and VAT which is ESC 30 less per litre than the total of the two taxes on this product when used for other purposes in the same month;
- the rates applicable in the autonomous region of the Azores are lower than those applicable on the mainland and in the autonomous region of Madeira to offset the costs of island status and the cost of transport due to island status and distance.

Exemptions:

Subject to documentary proof, goods for the following purposes are exempt:

- (i) for the use of diplomatic and consular missions and their staff, where there is reciprocity of treatment;
- (ii) for the supply of fishing vessels and coasters, with the exception of sporting and pleasure craft;
- (iii) as an input either for electricity generation or for town-gas production, by bodies engaging in such activities, provided it is their principal activity;
- (iv) for technical purposes, in accordance with the procedures applied to goods imported for specific purposes, except for use as fuel or propellant;
- (v) for use as aviation spirit.

Collection:

Monthly; payments to be made by the 15th.

Road taxes – Road licence and road haulage tax

(Impostos rodoviários – Imposto de circulação e imposto de camionagem)

DL No 477/71 of 6 November 1971; Article 45 of Law No 75/93 of 20 December 1993 (statutory licence).

Beneficiary:

Highways Authority (Junta Autónoma das Estradas).
Autonomous regions of Madeira and the Azores.

Tax payable by:

Vehicle owners.

Tax payable on:

- (a) Road licence: motorized goods vehicles, composite vehicles with a gross weight of more than 2 500 kg, trailers and semi-trailers registered on the mainland or in the autonomous regions of Madeira and the Azores, when used for the private carriage of goods for own account or for hire and reward.
- (b) Road haulage tax: motorized goods vehicles, composite vehicles with a gross weight of more than 2 500 kg, trailers and semi-trailers registered on the mainland or in the autonomous regions of Madeira and the Azores, when used exclusively for the public carriage of goods for own account or for hire and reward.

Rates:

Rates vary according to the gross weight of the vehicle.

Exemptions:

- (a) Road licence
 - (i) The central government 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) International organizations, in accordance with the agreements concluded by the Portuguese Government;
 - (v) Vehicles over 20 years old in collections in public museums.
- (b) Road haulage tax
 - Vehicles over 20 years old in collections in public museums.

Collection:

Annual.

Special features:

Non-resident carriers are liable to a special tax depending on the capacity, the number of days' continuous presence on Portuguese territory, the journey, the gross weight and the type of vehicle (passenger – whether for tourism or not – or goods).

Gaming tax

(Imposto sobre os jogos)

DL No 48912 of 18 March 1974; DL No 606/74 of 12 November 1974; DL No 453/80 of 8 October 1980; Law No 31/83 of 20 October 1983; DL No 422/89 of 2 December 1989.

Beneficiaries:

- (i) Central government.
- (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.

Tax on the use, carrying and possession of weapons

(Imposto do uso, porte e detenção de armas)

DL No 37313 of 21 February 1949; DL No 328/76 of 6 May 1976.

Beneficiaries:

Central government.
Municipalities.

Tax payable by:

Owners of weapons.

Tax payable on:

Target-shooting, sporting and hunting weapons.

Rates:

The rates vary depending on the type of weapon.

Collection:

The licence for the use, carrying and possession of weapons must be renewed at regular intervals (annually).

Entertainments tax

(Imposto e taxas sobre espectáculos e divertimentos públicos)

DL No 42660 of 21 November 1959; DL No 94/79 of 20 April 1979; DL No 456/85 of 19 October 1985.

Beneficiary:

Central government.

Tax payable by:

The owners of the sites or premises in which the shows are presented and the bodies organizing the shows or acting as film distributors.

Tax payable on:

Appraisal of projects involving the construction, rebuilding and adaptation of sites or premises for the presentation of shows.

Licence to carry on the business of show producer or film distributor.

Exemptions:

Recreational, cultural and sporting associations.

Charity centres.

Enterprises whose show-production sites or premises are deemed to be useful for tourism.

Rates:

- (i) Project appraisal:
Variable, depending on the site or premises.
- (ii) Licence to carry on the business:
 - At each registration ESC 5 000
 - At each change in registration ESC 500

Collection:

Annual (registration tax).

Tax on insurance premiums

(Imposto sobre 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 ('dispatcho normativo') No 3/87 of 23 January 1987; Law No 2/88 of 26 January 1988; DL No 50/91 of 25 January 1991; DL No 97/91 of 2 March 1991; DL No 223/91 of 18 June 1991; Order No 158/92 of 8 May 1992; Order No 108/93 of 11 May 1993.

Beneficiaries:

Central government.

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 Instituto de Seguros de Portugal:
 - 0.10 % on the revenue actually received from direct life assurance, except where pension funds are concerned;
 - 0.35 % on the revenue actually received from other types of direct insurance.
- For the Serviço Nacional de Bombeiros:
 - 13 % on fire insurance premiums;
 - 6 % 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.

Municipal tax on vehicles

(Imposto municipal sobre veículos)

DL No 599/72 of 30 December 1972; DL No 143/78 of 12 June 1978 (new Regulations), as last amended by Law No 75/93 of 20 December 1993.

Beneficiaries:

Municipalities.

Tax payable by:

Vehicle owners, i.e., in principle, those in whose names the vehicles are registered.

Tax payable on:

Use of:

- (a) light-duty passenger and composite motor vehicles;
- (b) motor cycles for personal transport;
- (c) aircraft for private use;
- (d) pleasure craft for private use.

Basis of assessment:

The tax is based on the following factors:

- (a) motor vehicles: fuel used, cylinder capacity, voltage (for electrically propelled vehicles), age;
- (b) motor cycles: cylinder capacity and age;
- (c) aircraft: maximum authorized weight at take-off;
- (d) pleasure craft: engine rating, gross registered tonnage and age.

Exemptions:

They include:

- (i) the central government and any government department, establishment or agency, even if it has legal personality;
- (ii) local authorities and federations and associations thereof: public utilities within the meaning of the applicable legislation;
- (iii) foreign States where there is reciprocity of treatment;
- (iv) foreign or international organizations, under the terms of agreements concluded by Portugal;
- (v) the staff of diplomatic and consular missions under the relevant agreements;
- (vi) handicapped persons with 60% or more disability;
- (vii) motor vehicles used to provide a public service;
- (viii) motor vehicles that are the property of driving schools and are used for driving instruction;

- (ix) aircraft that are used for instruction and training and are the property of flying schools and clubs (operating with the authorization of the Directorate-General for Civil Aviation);
- (x) motorless aircraft and boats of up to 7 gross registered tonnes, without an engine or with an engine not exceeding 25 hp.

Rates:

(a) Light-duty passenger and composite motor vehicles

Group	Motor vehicles			Annual tax based on age of motor vehicle (ESC)		
	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 (cc)	Other Cylinder capacity (cc)				
A	Up to 1 000	Up to 1 500	Up to 100	2 200	1 100	500
B	Over 1 000 and up to 1 300	Over 1 500 and up to 2 000	Over 100	4 500	2 200	1 000
C	Over 1 300 and up to 1 750	Over 2 000 and up to 3 000	-	7 200	3 500	1 500
D	Over 1 750 and up to 2 600	Over 3 000	-	18 300	8 800	3 300
E	Over 2 600 and up to 3 500	-	-	29 300	14 000	6 500
F	Over 3 500	-	-	52 000	24 000	9 900

b) Motor cycles

Group	Motor cycles	Annual tax based on age of motor vehicle (ESC)		
	Cylinder capacity (cc)	Up to 5 years Scale 1	From 5 to 10 years Scale 2	From 10 to 15 years Scale 3
G	180 to 250	400	-	-
H	Over 250 and up to 350	700	400	-
I	Over 350 and up to 500	2 200	1 100	500
J	Over 500 and up to 750	7 200	3 500	1 500
K	Over 750	14 700	7 000	3 300

P 51

(c) Aircraft for private use

Group	Aircraft	Annual tax (ESC)
	Maximum authorized weight on take-off (kg)	
L	Up to 600	6 700
M	Over 600 and up to 1 000	22 200
N	Over 1 000 and up to 1 400	55 300
O	Over 1 400 and up to 1 800	99 500
P	Over 1 800 and up to 2 500	154 800
Q	Over 2 500 and up to 4 200	276 400
R	Over 4 200 and up to 5 700	552 700
S	Over 5 700	1 381 600

(d) Pleasure craft for private use

Group	Pleasure craft		Annual tax based on age of boat (ESC)			
	Specifications		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	1 000	400	500	200
U	Over 2 t and up to 5 t	Up to 50 hp	1 400	500	700	300
		Over 50 hp	1 600	600	800	300
V	Over 5 t and up to 10 t	Up to 100 hp	1 800	600	900	300
		Over 100 hp	2 100	800	1 000	400
X	Over 10 t and up to 20 t	Up to 100 hp	2 200	800	1 100	400
		Over 100 hp	2 600	1 000	1 300	500
Y	Over 20 t and up to 50 t ¹	Up to 100 hp	2 700	1 000	1 300	500
		Over 100 hp	3 100	1 100	1 500	600
Z	Over 50 t	Up to 100 hp	3 200	1 100	1 600	600
		Over 100 hp	3 700	1 500	1 800	800

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 breaker's yard, subject to compliance with Article 6(4) of DL No 143/78 of 12 June 1978.

Special consumption duty on alcoholic beverages

(Imposto especial sobre o consumo de bebidas alcoólicas)

DL No 52/93 of 2 February 1993; DL No 104/93 of 5 April 1993; Law No 75/93 of 20 December 1993.

Beneficiary:

Central government.

Duty payable by:

Authorized warehousekeepers, registered traders, non-registered traders, tax representatives, purchasers at auctions and small winegrowers whose output is not covered by the suspension arrangements and whose produce has not been made available to an authorized warehouse-keeper.

In the event of unlawful production, holding or release for home use, the persons producing or holding the alcoholic beverage are liable to the duty.

Duty payable on:

Beer, still and sparkling wine, other fermented beverages, intermediate products and spirituous beverages.

Exemptions:

- (i) Alcoholic beverages for the manufacture of products not intended for human consumption, provided they have been denatured and distributed in accordance with the law in force;
- (ii) Wine produced by individuals and consumed by them, their households or guests, provided it is not sold;
- (iii) Unused alcoholic beverages under customs supervision;
- (iv) Alcoholic beverages dispatched to another Member State or exported.

Rates:

- (a) Beer
The duty is calculated by reference to hectolitre per degree Plato or the acquired alcoholic strength of the product.

The rates are as follows:

More than 0.5° and less than 2.8° of acquired alcohol	ESC 1 060/hl
Up to 8° Plato	ESC 1 325/hl
From 8° to 11° Plato	ESC 2 120/hl
From 11° to 13° Plato	ESC 2 650/hl
From 13° to 15° Plato	ESC 3 180/hl
More than 15° Plato	ESC 3 710/hl

(b) Wine

The duty is calculated by reference to the hectolitres of still or sparkling wine.

The rate applicable is ESC 0/hl.

(c) Other still or sparkling fermented beverages

The duty is calculated by reference to hectolitres of finished product.

The rate applicable is ESC 0/hl.

(d) Intermediate products

The duty is calculated by reference to hectolitres of finished product.

The rate applicable is ESC 8 000/hl.

(e) Spirituous beverages

The duty is calculated by reference to hectolitres of pure alcohol contained in the beverage, measured at a temperature of 20°C.

The rate applicable is ESC 134 800/hl.

Special features:

In the autonomous regions of Madeira and the Azores, the rates of duty are reduced by half in the case of certain products with the characteristics and qualities laid down in Council Regulations (EEC) Nos 4252/88 of 21 December 1988 and 1576/89 of 29 May 1989.

Excise duty on alcohol (ISA)

(Imposto especial sobre o álcool)

DL No 59/93 of 2 February 1993; DL No 104/93 of 5 April 1993; Law No 75 of 20 December 1993.

Beneficiary:

Central government.

Duty payable by:

- (a) Natural or legal persons who own, on any basis, ethyl alcohol production plants or bonded warehouses;
- (b) Importers;
- (c) Other entities responsible for the final packaging of ethyl alcohol intended for the market or for the definitive pre-marking of the product through appropriate denaturing;
- (d) Entities which market or transport the alcohol in breach of current legal provisions.

Duty payable on:

Non-vinous ethyl alcohol produced on national territory or imported into it.

Exemptions:

- (i) Alcohol intended for general use or industrial purposes; in these cases, the alcohol must be denatured using a denaturant to be identified in accordance with an order issued by the Minister for Industry and Energy, after consulting the Directorate-General for Customs (DGA);
- (ii) Alcohol intended for use in public or private hospitals and other health-care establishments;
- (iii) Alcohol intended for laboratory tests and for scientific research purposes;
- (iv) Alcohol intended for export and like ends;
- (v) Alcohol that has been denatured by adding turpentine or paraffin and malachite green or methylene blue in the respective proportions of 2 litres and 2 grams per 100 litres of alcohol with a vinous alcoholic strength of 90% volume at 20°C;
- (vi) Alcohol intended for the manufacture of flavouring substances in the preparation of foodstuffs and beverages whose alcoholic content does not exceed 1.2% by volume;
- (vii) Alcohol used directly or as a component of semi-finished products in the manufacture of foodstuffs, whether filled or unfilled, provided that the alcoholic strength does not exceed certain limits;
- (viii) Alcohol used in the production of vinegar;
- (ix) Alcohol used in the manufacture of medicinal products.

P 54

Rates:

The rate is ESC 1 348 per litre of alcohol, at 100% volume and 20°C.

Collection:

The duty is calculated by the taxable person on the basis of the declarations of release for home use up to the 10th day of the month following that in which release for home use occurs. The holders of declarations of release for home use are obliged to pay the duty before the 15th day of the third month following that in which release for home use occurs.

Taxes abolished or repealed

- P 9** **Special consumption duty on certain spirituous beverages**
(Imposto especial sobre o consumo de certas bebidas alcoólicas)
Replaced by the Excise duty on alcoholic beverages (Imposto especial sobre as bebidas alcoólicas). DL No 104/93 of 5 April 1993 (see P 53).
- P 10** **Special consumption duty on beer**
(Imposto especial sobre o consumo de cerveja)
Replaced by the Excise duty on alcoholic beverages (Imposto especial sobre as bebidas alcoólicas). DL No 104/93 of 5 April 1993 (see P 53).
- P 11** **Domestic consumption duty on coffee**
(Imposto interno sobre o consumo de café).
Abolished by DL No 290/92 of 28 December 1992.
- P 14** **Tax on vehicles**
(Imposto sobre veículos)
Replaced by the Municipal tax on vehicles (Imposto municipal sobre veículos; Article 36 of Law No 65/90 of 28 December 1990 (see P 51).
- P 15** **Special tax on vehicles, pleasure craft and aircraft**
(Imposto especial sobre veículos, barcos e aeronaves)
The vehicles component of the special tax was repealed by DL No 209/90 of 27 June 1990; the tax then became the Special tax on motor cycles, pleasure craft and aircraft (Imposto especial sobre motocicletas, barcos de recreio e aeronaves) (see P 52).
- P 16** **Special domestic consumption duty on motor spirit, ethers and oils not otherwise specified, mineral oils and lamp oils**
(Imposto interno de consumo sobre a gasolina, éteres e essências não especificadas, óleos minerais e óleos próprios para iluminação)
Abolished by DL No 261-A/91 of 25 July 1991 (see P 47).
- P 18 (c)** **Compensation tax**
(Imposto de compensação)
Repealed by Article 43 of Law No 65/90 of 28 December 1990 (see P 48).
- P 19** **Tax on nightclubs, discotheques and like establishments open after midnight**
(Imposto sobre boites, nightclubs, discotecas, cabarés, dancings e locais nocturnos congêneres abertos depois de meia-noite)
Abolished by Article 37 of Law No 30-C/92 of 28 December 1992.

- P 21 Cadastral tax**
(Imposto do cadastro)
Discontinued upon entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC), although there was no explicit legal provision revoking it.
- P 22 Sales transaction tax**
(Imposto de transacções)
Abolished by DL No 394-B/84 of 26 December 1984 from 1 January 1986 with the entry into force of value-added tax (Imposto sobre o valor acrescentado).
- P 23 Stamp tax on pharmaceutical specialities**
(Imposto do selo sobre especialidades farmacêuticas)
Abolished by DL No 394-B/84 of 26 December 1984 from 1 January 1986 with the entry into force of value-added tax (Imposto sobre o valor acrescentado).
- P 24 Merchant marine taxes**
(Impostos sobre a marinha mercante)
Abolished by Law No 49/86 of 31 December 1986.
- P 25 Tax on trade in arms and munitions**
(Imposto do comércio de armamento e munições)
Abolished by Law No 49/86 of 31 December 1986.
- P 26 Forestry development tax**
(Imposto de desenvolvimento florestal)
Abolished by Law N 49/86 of 31 December 1986.
- P 27 Industrial tax**
(Contribuição industrial)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).
- P 28 Agricultural tax**
(Imposto sobre a indústria agrícola)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).

- P 29 Real estate tax**
(Contribuição predial)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).
- P 30 Withholding tax**
(Imposto de capitais)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).
- P 31 Income tax**
(Imposto profissional)
Repealed by DL No 442-A/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS).
- P 32 Complementary tax (Category A) – Natural persons**
(Imposto complementar (Categoria A) – Pessoas singulares)
Repealed by DL No 442-A/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS).
- P 33 Complementary tax (Category B) – Legal persons**
(Imposto complementar (Categoria B) – Pessoas colectivas)
Repealed by DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).
- P 34 Capital gains tax**
(Imposto de mais-valias)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).
- P 35 Petroleum revenue tax**
(Imposto sobre o rendimento do petróleo)
Repealed by DL No 442-A/88 and DL No 442-B/88 of 30 November 1988 from 1 January 1989 with the entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC).

- P 36** **Special taxes**
(Impostos extraordinários)
Temporary taxes that were discontinued after expiry of the period for which they were originally introduced under the relevant laws.
- P 38** **Tax on motor-vehicle sales**
(Imposto sobre a venda de veículos automóveis)
Repealed by DL No 405/87 of 31 December 1987, with the entry into force of the motor-vehicle tax (Imposto automóvel) (see P 13).
- P 39** **Tax on mining activities**
(Imposto sobre minas)
Removed from the schedule, since DL No 387-I/87 of 30 December 1987 exempted all mining concessions in production. Only non-productive concessions are subject to tax at an annual fixed rate of ESC 2 500.
- P 40** **Tax on fishing activities – Fixed-rate licence**
(Imposto sobre a pesca – Taxa de licença fixa)
Abolished by Law No 49/86 of 31 December 1986.
- P 41** **Fire service tax**
(Imposto de serviço de incêndios)
Discontinued upon entry into force of personal income tax (Imposto sobre o rendimento das pessoas singulares – IRS) and corporation tax (Imposto sobre o rendimento das pessoas colectivas – IRC), although there was no explicit legal provision revoking it.
- P 42** **Consumption duty on spirituous beverages**
(Imposto de consumo sobre bebidas alcoólicas)
Full title: Special consumption duty on certain spirituous beverages (Imposto especial sobre o consumo de certas bebidas alcoólicas (see P 9).
Abolished by DL No 104/93 of 5 April 1993.
- P 43** **Consumption duty on beer**
(Imposto de consumo sobre a cerveja)
Full title: Special consumption duty on beer (Imposto especial sobre o consumo de cerveja (see P 10).
Abolished by DL No 104/93 of 5 April 1993. Consumption duty on beer has been included in the Law on the excise duty on alcoholic beverages (see P 53).
- P 44** **Consumption duty on coffee**
(Imposto de consumo sobre o café)
Replaced by the Domestic consumption duty on coffee (Imposto interno sobre o consumo de café) (see P 11).
Abolished by DL No 290/92 of 28 December 1993.

- P 45 Fiscal stamps and stamp duty**
(Estampilhas fiscais e imposto de selo)
Full title for Stamp duty (Imposto de selo) (see P 12).
- P 46 Special tax on vehicles**
(Imposto especial sobre veículos)
Full title: Special tax on vehicles, pleasure craft and aircraft (Imposto especial sobre veículos, barcos e aeronaves) (see P 15).
Abolished by DL No 209/90 of 27 June 1990 and DL No 214/91 of 17 June 1991.
- P 47 Domestic consumption tax**
(Imposto interno de consumo)
Full title: Special domestic consumption duty on motor spirit, ethers and oils not otherwise specified, mineral oils and lamp oils (Imposto interno de consumo sobre a gasolina, éteres e essências não especificadas, óleos minerais e óleos próprios para iluminação) (see P 16).
Abolished by DL No 261 – A/91 of 25 July 1991.
- P 48 Road taxes**
(Impostas rodoviários)
Full title: Road taxes – road licence, compensation tax and road haulage tax (Impostos rodoviários – imposto de circulação, imposto de compensação, imposto de camionagem (see P 18).
Compensation tax abolished by Article 43 of Law No 65/90 of 28 December 1990.
- P 52 Special tax on light passenger vehicles, motor cycles, pleasure boats and aircraft**
(Imposto especial sobre veículos ligeiros de passageiros, motociclos, barcos de recreio e aeronaves)
(See P 15 and P 46).
Abolished by DL No 214/91 of 17 June 1991.

UNITED KINGDOM

Income tax

Income and Corporation Taxes Act 1988, as amended by subsequent Finance Acts.

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 and necessary work expenses may be offset against income, and allowances are granted for expenditure on certain capital equipment.

Exemptions:

Among others, certain social security benefits, armed forces wound and disability pensions, war widows' pensions, income from educational scholarships in the hands of the recipient. Dividends from investment in personal equity plans, 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:

Personal tax allowance for all individuals. Also allowance for married couples, which can be shared between them. Higher allowances for people aged over 65 with modest incomes. Additional allowances for single parents, recently widowed women and registered blind people. Relief for interest paid on loans to purchase a main residence and on purchase of shares under a Business Expansion Scheme. Also for premiums on insurance to provide a retirement annuity, contributions to approved pension schemes and private medical insurance schemes and vocational training. Some of these allowances and reliefs are restricted to giving relief at a specific rate.

UK 1

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 currently 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. Major changes to these rules are to come into effect in April 1996 with the introduction of simplified assessing.

Rates:

Lower rate: 20% (on first band of income),

Basic rate: 25%,

Higher rate (charged on taxable income over a certain amount): 40%.

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 1988, Part V.

Beneficiary:

The central government.

Tax payable by:

United Kingdom residents receiving payments 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. From that date (6 April 1974), special deductions have been available in certain circumstances when employment is carried out wholly or partly abroad. Currently there is a 100% deduction available when an individual achieves a qualifying absence abroad of at least 365 days, and the individual remains resident in the United Kingdom throughout that period. Short visits to the United Kingdom can be ignored.

All individuals are liable to income tax on earnings for duties performed in the United Kingdom (unless exempt under a double-taxation agreement).

A person who is non-resident in the United Kingdom is not liable to tax on any earnings for duties outside the United Kingdom.

A person who is resident but not ordinarily resident in the United Kingdom is liable to tax on earnings for duties performed 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 is liable to tax on all earnings arising from duties overseas. However, such persons who (i) are domiciled outside the United Kingdom, (ii) are employed by a non-resident concern, and (iii) perform duties wholly outside the United Kingdom for that concern, are only liable to tax on the emoluments from that contract to the extent that they are remitted to the United Kingdom.

Basis of assessment:

All earnings including most benefits in kind, less personal allowances and allowable deductions.

Exemptions:

Employees earning less than UKL 8 500 a year are not generally taxable on benefits in kind. In addition there are limited exemptions which apply to certain specific payments and benefits.

UK 2

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. Relief available in certain circumstances for some travel and subsistence expenses incurred while working abroad.

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 1988, as amended by subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable by:

Companies, corporate bodies and unincorporated associations including members' clubs and trade associations, but not partnerships of individuals, health service bodies, 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 exception 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). Charges in/on income.

Collection:

Annual assessment of profits arising in a financial year (1 April to 31 March). An apportionment is made where an accounting period spans two financial years and tax rates differ. Tax is payable nine months after the end of the accounting period. 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, within certain limits, be offset against the company's main corporation tax liability.

UK 3

Rates:

The main rate is 33% for 1992-93. Single companies with profits of less than UKL 1.25 million receive some relief from corporation tax and those with profits not exceeding UKL 250 000 are taxed at the small companies' rate of 25%. These profit limits are apportioned equally between associated companies.

The small companies' rate does not apply to certain investment companies under the control of five or fewer individuals.

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. Trading losses may also be set against any profits of the previous three years provided the trade was carried on at that time.

Special features:

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 payment of advance 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 is paid to the shareholder if he is exempt from, or not liable to, income tax.

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

Taxation of Chargeable Gains Act 1992 (with effect from 6 April 1992, this consolidated existing provisions), as amended by subsequent Finance Acts.

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 assets¹ 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.

Disposal also includes certain deemed disposals, for example on a company ceasing to be resident in the United Kingdom or on a non-resident person ceasing to carry on a trade in the United Kingdom through a branch or agency.

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.

¹ With certain exceptions all forms of property or interests or rights in or over property.

The main exceptions are: chattels worth UKL 6 000 or less; normal life insurance policies; British Government and certain other 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, gifts of land and buildings for public benefit and disposals of shares qualifying for business expansion scheme relief and of shares held in personal equity plans.

UK 4

Exemptions:

- Persons wholly or partially exempted include local authorities, charities, approved pension schemes, friendly societies, registered trade unions, authorized unit and investment trusts and other persons qualifying for exemption from income tax.
- The first UKL 5 800 of an individual's gains in a year are exempt. This figure is index-linked.

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.
- Subject to certain conditions and limits, gains accruing to an individual who retires for reasons of ill health or over the age of 55 on the disposal of a business or of shares in a family trading company or group are exempt.
- The tax on gains arising on gifts and transfers out of trust may in certain circumstances be deferred.
- Capital losses which arise to the original shareholder in disposals of new issues 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.
- Subject to certain conditions, tax on gains may be deferred where an individual disposes of shares in his or her unquoted trading company and reinvests the gains in shares in a qualified unquoted trading company.
- Transfers of assets between spouses are treated as giving rise to neither a gain nor a loss.
- Gains arising from the disposal of an individual's principal private residence are usually exempted.

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 31 March 1982 there are special rules to limit the tax charge to the gain arising since that date. In calculating gains, relief is generally given for the effects of inflation since 1982.

Collection:

By assessment.

Rates:

Individuals' gains are taxed at rates equivalent to income tax rates (20% to 40%).

Companies' gains are charged at normal corporation tax rates (25% and 33%) as appropriate.

Trusts' gains are charged at 25% or 35%.

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.

Inheritance tax in the United Kingdom

Inheritance Tax Act 1984 (formerly Capital Transfer Tax Act 1984) as amended by subsequent Finance Acts.

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 seven years, other than exempt transfers. The main charge arises on transfers made by an individual, by will or intestacy, or lifetime gifts made within seven 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-year period these gifts are known as potentially exempt transfers (PETs). Property given subject to a reservation (i.e. 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 at 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, political parties and of land to Registered Housing Associations.
- 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.

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.

UK 6

In other cases, interest is chargeable after the due date at a rate, currently 4%, which may be varied from time to time.

Rates:

There is a zero-rate band below which no tax is payable; thereafter tax is charged at a single rate of 40% on transfers on death or within seven years before death. A degressive relief applies (to the amount of tax charged) for transfers made more than three years but less than seven years before death. Lifetime transfers chargeable when made are taxable at half the rate. No tax is charged in any event on the first UKL 150 000 (in 1993/94) of a person's cumulative total of chargeable transfers.

Excise duty on hydrocarbon oil

Hydrocarbon Oil Duties Act 1979, as amended by Finance (No 2) Act 1979 and subsequent Finance Acts.

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. Oil capable of use as road fuel but relieved of the full charge is generally marked to aid control. 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 in most industrial processes. Heavy oil used for such horticultural purposes as heating greenhouses or used by coasting vessels (except pleasure-yachts) is also relieved of duty. Where approved premises use heavy oil fuel to generate energy for the treatment or production of oil and the usage falls between one sixth and one third of the total energy so produced, relief is limited to one third of the heavy oil duty paid. 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.

UK 8

Rates:¹

<i>Light oil</i> ²	<i>per litre</i>
Aviation gasoline	UKL 0.1657
Furnace fuel	UKL 0.0116
Other (mainly motor spirit, leaded petrol ³ and petrol substitutes)	UKL 0.3314
Unleaded petrol	UKL 0.2832
 <i>Heavy oil</i>	
Road fuel (mainly gas oil)	UKL 0.2770
Other gas oil	UKL 0.0164
Fuel oil	UKL 0.0116
 <i>Other</i>	
Gas used as a road fuel	UKL 0.1657

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 oil is based on definitions of physical properties.

³ The 1989 Finance Act introduced a rate of duty on leaded petrol other than four star of UKL 0.2122 per litre.

Excise duty on tobacco products

Tobacco Products Duty Act 1979, as amended by the Finance Acts 1981, 1988, 1992 (No 2), and 1993.

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	20% of the retail price plus UKL 52.33 per 1 000
Cigars	UKL 77.58 per kg
Hand-rolling tobacco	UKL 81.86 per kg
Other smoking tobacco and chewing tobacco	UKL 34.26 per kg

UK 9

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 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, imported spirits and goods containing spirits, delivered for home use, and which are of a strength exceeding 1.2% alcohol by volume.

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 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.

UK 11

Rate:

Spirits, per litre of alcohol in the spirit: UKL 19.81

Repayment of duty:

(a) Drawback:

Third countries only – Excise duty is repaid, subject to special conditions, if duty-paid spirit is exported, removed to the Isle of Man, shipped as stores or warehoused in an excise warehouse for certain purposes.

EC countries only – Subject to certain conditions, excise duty is repaid if duty-paid spirit is exported to another Member State or destroyed.

(b) Spirit used as an ingredient:

Subject to certain conditions, excise duty may be repaid on spirit used in the production or manufacture of beverages and other articles of a low alcohol content.

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 Measurement) 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 and which is of a strength exceeding 1.2% alcohol by volume.

'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 three 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. Five rate bands apply to low alcohol strength drinks not exceeding 5.5%.

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 for 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.

UK 12

Rates: situation 1 January 1992

Wine or made-wine of an alcoholic strength ¹		Per hectolitre (UKL)
Exceeding	Not exceeding	
1.2 % volume	2.0 % volume	12.06
2.1 % volume	3.0 % volume	20.09
3.1 % volume	4.0 % volume	28.12
4.1 % volume	5.0 % volume	36.17
5.1 % volume	5.5 % volume	44.20
	15 % volume (still)	120.54
	15 % volume (sparkling)	199.04
15 % volume	18 % volume	207.89
18 % volume	22 % volume	239.80
22 % volume		239.80 plus 18.96 for every 1 % or part of 1 % in excess of 22 %

Rates: situation as from 1 January 1994

Wine or made-wine of an alcoholic strength ¹		Per hectolitre (UKL)
Exceeding	Not exceeding	
1.2 % volume	2.0 % volume	13.48
2.1 % volume	3.0 % volume	22.46
3.1 % volume	4.0 % volume	31.45
4.1 % volume	5.0 % volume	40.44
5.1 % volume	5.5 % volume	49.42
	15 % volume (still)	134.77
	15 % volume (sparkling)	222.55
15 % volume	22 % volume	207.33
22 % volume		207.33 plus 19.81 per 1 % of alcohol

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.

Repayment of duty:

- (a) Drawback:
EC countries only – Subject to certain conditions, excise duty is repaid if duty-paid wine or made-wine is exported to another Member State or destroyed.
- (b) Spoilt wine or made-wine:
Excise duty may be repaid on wine or made-wine which has become spoilt or unfit for use after it has been delivered from the producer's premises on payment of duty, subject to certain conditions, and has been returned to the producer's premises subsequently.
- (c) Wine or made-wine used as an ingredient:
Subject to certain conditions, excise duty may be repaid on wine or made-wine used in the production or manufacture of beverages and other articles of a low alcohol content.

Excise duty on cider and perry

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 and which is of a strength exceeding 1.2% alcohol by volume.

Basis of assessment:

The excise duty is payable on cider (or perry) of a strength less than 8.5% 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 manufacture of the cider or perry: it is not, however, charged until the cider or perry is delivered from the maker'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 for 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 one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rate:

Cider (or perry) of a strength less than
8.5% of alcohol by volume at 20°C UKL 22.82

per hectolitre

Repayment of duty:

- (a) Drawback:
EC countries only – Subject to certain conditions, excise duty is repaid if duty-paid cider or perry is exported to another Member State or destroyed.
- (b) Spoilt cider or perry:
Excise duty may be repaid on cider or perry which has become spoilt or unfit for use after it has been delivered from the maker's premises on payment of duty, subject to certain conditions, and has been returned to the maker's premises subsequently.
- (c) Cider or perry used as an ingredient:
Subject to certain conditions, excise duty may be repaid on cider or perry used in the production or manufacture of beverages and other articles of a low alcohol content.

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 and which is of an alcoholic strength exceeding 1.2% by volume. This includes mixtures of beer with non-alcoholic drinks, for example shandy. The legal definition of beer includes beer of an alcoholic strength exceeding 0.5%, but duty is not payable where the strength exceeds 0.5% but does not exceed 1.2%.

Basis of assessment:

The excise duty on beer is assessed by reference to the quantity and alcoholic strength.

Collection:

Producers of beer in the UK are required to be registered. Packagers of beer may also be registered if they wish to receive beer in duty suspension for packaging. Beer may be received into registered premises from importation or from a bonded warehouse without payment of duty and may be removed from registered premises for exportation or shipment as stores or to a bonded warehouse also without payment of duty. Duty normally becomes due when beer is released from registered premises or from a bonded warehouse for consumption. The person paying the duty may be allowed a period of credit; in the case of beer delivered from registered premises, the aggregate net charge on all deliveries for each calendar month is payable by the 25th day of the following month. In the case of beer delivered from a bonded warehouse, 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. Excise duty on imported beer delivered for consumption is chargeable at importation, but a period of credit similar to that for beer delivered from a bonded warehouse is allowable.

Rates:

For every 1% of alcohol by volume UKL 10.45 per hectolitre

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 remitted. Registration is not required where the beer producer does not brew for other purposes.

Repayment of duty:

- (a) Drawback:
Excise duty is repaid if duty-paid beer is exported as merchandise, removed to the Isle of Man or shipped as stores.
- (b) Spoilt beer:
Excise duty may be repaid on beer which has become spoilt or unfit for use after it has been delivered from registered premises on payment of duty and which has been returned to the registered premises 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 (PRT)

Oil Taxation Act 1975, Petroleum Revenue Tax Act 1980 and Oil Taxation Act 1983, as amended by annual Finance Acts. Finance Act 1993 made major changes: abolished PRT for new fields, and reduced the PRT rate for existing fields from 75 to 50%.

Beneficiary:

The central government.

Tax payable by:

Persons ('participators') 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, and participating in an oil field, or fields, development, consent for all or part of which was granted by the Secretary of State before 16 March 1993 (a 'taxable field').

Tax payable on:

Profits from winning any substance in a taxable field (except methane drained from mines for safety reasons). It is also charged on tariff receipts (less an allowance where these receipts are derived from another taxable field) 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 point 4 below, each field is assessed in isolation.

Special reliefs:

The following reliefs are available to set against participators' profits in a taxable field:

1. The 'uplift' – a supplement of 35% of, broadly, expenditure incurred in exploring and developing the field – designed to compensate for the non-allowance of interest payments.
2. The 'oil allowance' provides PRT exemption of up to (currently) $\frac{1}{4}$ million tonnes for each chargeable period, to a fixed cumulative total (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, and halved for fields inside the southern basin or on shore approved after that date.

3. 'Safeguard' limits the PRT charge in each chargeable period to not more than 80% of the amount (if any) by which field profit (without deduction of 'upliftable' expenditure) exceeds 15% of the cumulative 'upliftable' (broadly capital) expenditure at the end of that period. 'Safeguard' applies up to break-even point and for half as many periods again.
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 in different United Kingdom or United Kingdom continental shelf fields.

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 in a taxable field less:

- (i) royalty (12½ %), where appropriate;
- (ii) field expenditure (including any 'uplift'),
- (iii) operating costs for the field (but *not* interest payments);
- (iv) the value of the oil allowance.

This figure is subject to any relief under the 'safeguard'.

Collection:

By assessment and a system of instalments and advance payments.

Rate:

50%.

Carry-over of losses:

Where a taxable 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 taxable field is eventually abandoned with unrelieved PRT losses, then any participator may set his share of those losses against his PRT profits on other taxable fields.

General and pool betting duties

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1986, 1987, 1990, 1991 and 1992.

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 a central control point by the Thursday following the week to which they relate.

Rates:

General betting duty: Off-course	7.75%
Pool betting duty	37.5%

Special features:

Off-course bookmakers are not liable for general betting duty on bets which they accept as agents and pass on to other bookmakers.

Bingo duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1983, 1986, 1988 and 1992.

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 a central control point by the 15th day following the period to which they relate.

Rate:

10% of the stakes plus $\frac{1}{9}$ of any amount by which the value of the prizes won in any week exceeds the duty-exclusive value of the stakes.

Exemption from duty:

Bingo promoted by members clubs etc. not licensed under the Gaming Act 1968 or the Betting, Gaming, Lotteries and Amusements Order 1988 (Northern Ireland) and non-commercial bingo are exempt from duty provided that neither stakes nor value of prizes exceed UKL 500 on any day or UKL 1 500 in any week.

Business 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; Abolition of Domestic Rates etc. (Scotland) Act 1987; Local Government Finance Act 1988; Local Government and Housing Act 1989; Caravans Act 1991; Local Government Finance Act 1992.

Beneficiary:

Local government.

Tax payable by:

Occupiers of non-domestic property with the exception of agricultural land and buildings.

Tax payable on:

Occupied non-domestic property with the exception of agricultural land and buildings.

Basis of assessment:

The rateable value of property, and the rate poundage determined by the Secretary of State for Scotland. 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 an islands area a general rate is determined by the Secretary of State and levied by the islands council, while in other areas separate rates are determined in respect of 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, properties occupied by religious bodies and, partly, charities. Industrial and freight transport property is derated to the extent of 17.5% (1993/94) of its annual value. Static leisure caravans and caravan sites are derated to the extent of 60% of their net annual value. Oil-related and petrochemical plants are derated to the extent of 45% of their net annual value.

Collection:

Rate poundages are fixed by the Secretary of State before the end of the calendar year 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 1993/94 will finance around 20% of local government expenditure and amount to, at the latest estimate, UKL 1 186 million at outturn prices. In the financial year beginning in 1993, the combined district/region or general rate poundages range from 41.6 pence to 57.5 pence.

Rates – Northern Ireland

The Rates (Northern Ireland) Order 1977; the Rates Amendment (Northern Ireland) Order 1979; the Local Government, Planning and Land (Northern Ireland) Order 1981; the Enterprise Zones (Northern Ireland) Order 1981; the Rates Amendment (Northern Ireland) Order 1982; the Departments (Northern Ireland) Order 1982; the Rates (Amendment) (Northern Ireland) Order 1983; the Rates (Amendment No 2) (Northern Ireland) Order 1983; the Housing Benefits (Northern Ireland) Order 1983; Rates (Amendment) (Northern Ireland) Order 1986.

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 net annual 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 65% 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 Rate Collection Agency, an agency within 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. Domestic rates can be paid by 10 monthly instalments. Enforcement for non-payment is by normal debt proceedings at the courts.

Yield:

The net rate collected in Northern Ireland for the year ending 31 March 1992 was UKL 321 million, of which approximately 61% 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.

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 60 000.
- Instruments of transfer or bearer instruments relating to British Government and local authority securities.
- Transfers of loan capital which does not carry conversion rights.
- Mortgages, debentures, bonds, promissory notes and contract notes.
- Policies of life insurance and purchased life or superannuation annuities.
- 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.
- 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: 0.5% of the sale price;
- Transfer of property other than stocks or marketable securities, where the consideration exceeds UKL 60 000: 1% of the sale price;
- Transfers of stocks or marketable securities to clearance systems or for conversion into depositary receipts: 1.5% of the sale price or value;
- Takeovers, mergers, demergers and reconstructions: 0.5%;
- Lease of land and property: rates vary between 1% and 24% of the annual rent depending on the length of lease;
(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 600, and where the premium does not exceed UKL 60 000, no charge is made on the premiums. If the yearly rent exceeds UKL 600, 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;
- Bearer instruments on issue or first negotiation in the United Kingdom (not relating to stock in foreign currencies): *ad valorem* duty of 1.5%, 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.

Abolition:

Stamp duty on shares, and all other property except land and buildings, has been abolished with effect from a future date to be fixed by Treasury order.

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.

Abolition:

Stamp duty reserve tax has been abolished with effect from a future date to be fixed by Treasury order.

Vehicle excise duty

Vehicles (Excise) Act 1971, 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, light vans and goods vehicles are liable to duty at a flat rate; motor cycles and tricycles according to engine capacity; heavier goods vehicles by gross weight and number of axles; taxis and buses by seating capacity. Some heavy goods vehicles drawing trailers pay a trailer supplement.

Exemptions:

Certain vehicles including invalid carriages, road maintenance vehicles, ambulances, 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.

Rates:

- For a private car, the cost of a licence in Great Britain is UKL 130 a year.
- Motor cycles and tricycles etc. pay UKL 15, UKL 35 and UKL 55 a year according to engine capacity.
- Rates of duty on goods vehicles rise on a scale which for a gross weight of up to 3 500 kg is UKL 130 and for one of 38 tonnes¹ 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 130 to UKL 360. Vehicles used for carrying or drawing exceptional loads pay a rate of duty of UKL 5 000.

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 35 per year. There are also concessionary rates of duty for farmers' and showmen's goods vehicles.

¹ 1 metric tonne = 1 000 kilograms = 0.984207 imperial tons.

Gaming licence duty

Betting and Gaming Duties Act 1981, as amended by subsequent Finance Acts.

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 fixed charge of UKL 10, payable on application, plus interim and final payments on a sliding scale based on the gross gaming yield of the premises.

Collection:

The fixed charge payment must be made to the Collector's office, Liverpool, prior to the next licensing period. The interim payment, based on the yield accrued to the midpoint of each licensing period, must be paid by 31 January and 31 July. The final payment is required by 30 April or 31 October.

Rates for the half-year:

UKL 10 per licence plus duty assessed on the following sliding scale:

	<i>Rate (%)</i>
Interim payment – part of gross gaming yield	
– first UKL 225 000	2½
– next UKL 1 125 000	12½
– next UKL 1 350 000	25
– remainder	33⅓
Final payment – part of gross gaming yield	
– first UKL 450 000	2½
– next UKL 2 250 000	12½
– next UKL 2 700 000	25
– remainder	33⅓

Gaming machine licence duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1983, 1984, 1985, 1987 and 1993.

Beneficiary:

The central government.

Duty payable on:

Licences for periods ranging from one month to a whole year which are available from any day of the month.

Basis of assessment:

The charge depends on the type of machine, the duration of the licence and the number of machines covered by the licence.

Collection:

Payment must be made to a central control point before a licence is issued.

Rates:

Small-prize (AWP) machines - Payout not exceeding UKL 6. Cost per play more than 5 pence Lower rate jackpot machines - Payout exceeding UKL 6. Cost per play not more than 5 pence												
Duration of licence (months)	1	2	3	4	5	6	7	8	9	10	11	12
Cost per machine (UKL)	50	90	130	170	210	245	290	330	365	405	425	450

Higher-rate jackpot machines - Payout exceeding UKL 6. Cost per play more than 5 pence												
Duration of licence (months)	1	2	3	4	5	6	7	8	9	10	11	12
Cost per machine (UKL)	125	230	335	435	540	630	735	840	930	1035	1090	1150

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 45 000 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 consideration 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.

Exemptions:

Without deduction of tax paid at earlier stages, land and property transactions (including rents but excluding the sale of new commercial and industrial buildings and civil engineering works; hotel, holiday and similar accommodation; parking and mooring facilities, fishing and shooting rights; and some other minor categories); all forms of insurance; the letter and parcel posts; betting and gaming (other than by means of gaming machines); sports competitions; disposal of certain works of art; 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, welfare services; one-off fund-raising events held by charities and other eligible 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: 17.5%.
- 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; water and sewerage services supplied to non-industrial users; the construction of new dwellings and certain communal residential and charity buildings and the approved alteration of the same categories of existing buildings which are protected buildings; passenger transport (other than taxis); residential caravans and houseboats; certain supplies of gold, banknotes; certain international services most of which are used or performed 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; commercial ship and aircraft stores; sale of donated goods by certain charities and charitable donations of certain medical and scientific equipment; protective boots and helmets for industrial use (except supplies to a person for the use of his employees), and motorcycle helmets.

Business rates – England and Wales

Local Government Finance Act 1988; Local Government and Housing Act 1989.

Beneficiary:

Local government.

Tax payable by:

Occupiers of land and buildings used for commercial, industrial and business purposes.

Tax payable on:

Occupied or unoccupied non-domestic land and buildings, other than those given exemption.

Basis of assessment:

The rateable value of the property (derived from its annual rental value which is assessed by the valuation officers of the Board of Inland Revenue) and the national non-domestic rates multiplier set by the government. A rating revaluation took place in 1990. The multiplier is adjusted annually by no more than the rate of inflation over the previous year. Special phasing arrangements are in place from 1990 to 1995 to smooth the effects of the revaluation and the introduction of the uniform business rate.

Exemptions:

The main exemptions are all domestic property, agricultural land and buildings, places of public worship, public parks and property in enterprise zones. Charities enjoy mandatory rate relief of 80% and other non-profit-making bodies may be granted relief at the discretion of their local authorities. Government property (i.e. the Crown) makes an equivalent contribution in lieu of rates.

Collection:

Most business rates are collected by local authorities but some by the Secretary of State. The revenue is pooled and then distributed to individual authorities on a per capita basis. All rate-payers have the right to pay in 10 instalments in a year.

Council tax – Great Britain

Local Government and Finance Act 1992. The council tax replaced the community charge from 1 April 1993.

Beneficiary:

Local government.

Payable by:

One council tax bill is payable for each dwelling. The person liable to pay the bill is usually the owner-occupier(s) or tenant(s).

Basis of assessment:

The council tax is set annually by each charging (levying in Scotland) authority (district councils, London boroughs, the Common Council of the City of London, the Council of the Isles of Scilly, regional and islands councils) based on the level of services the authority intends to provide for its area.

Each dwelling has been valued and placed in one of eight 'valuation bands', and these determine the amount of tax to be paid in respect of each dwelling. The lower the valuation band in which the dwelling is placed, the lower the tax to be paid.

Discounts:

A full council tax bill assumes that two adults live in a property. If only one adult lives there (as a main home), the bill is reduced by 25%; if it is no one's main home (e.g. empty or a second home), the bill is reduced by 50%.

Some people are not counted when considering the number of adults resident in a dwelling. These include:

- full-time students, student nurses, apprentices and youth training trainees;
- patients resident in hospital;
- patients in homes;
- the severely mentally impaired;
- residents in certain hostels;
- monks and nuns;
- convicted and remand prisoners, except people in prison for non-payment of fines or the council tax.

Bills may also be reduced where the property has certain features which benefit a resident disabled person.

UK 32

Exemptions:

Some dwellings are exempt from the council tax, including those where all the occupants are students, and unoccupied dwellings which:

- are owned by people in detention (except for non-payment of fines or the council tax);
- are owned by people who have moved to provide or receive personal care;
- are forbidden by law to be occupied;
- are vicarages or similar dwellings awaiting occupation by ministers of religion;
- have been repossessed by a mortgage lender.

Collection:

The council tax is collected by charging authorities. Taxpayers have the right to pay in monthly instalments.

Taxes abolished or repealed

UK 5 Capital transfer tax in the United Kingdom

Finance Act 1986 replaced capital transfer tax with inheritance tax with effect from 25 July 1996.

UK 7 Development land tax

The tax was abolished by Finance Act 1985 for disposals on or after 19 March 1985.

UK 10 Excise duty on matches and mechanical lighters

The duty was abolished as from 1 January 1993.

UK 18 Rates – England and Wales

Replaced on 1 April 1990 by the community charge in Great Britain (Poll tax) (UK 30).

UK 19 Community charge – Scotland

Replaced by the community charge in Great Britain (UK 30).

UK 28 Supplementary petroleum duty (SPD)

SPD applied for two years – 1981 and 1982. It was abolished in favour of a system of advance payments of petroleum revenue tax which was considered more responsive than SPD to oil-price changes. The advance payment system also has been subsequently abolished.

UK 29 Car tax

The tax was abolished with effect from midnight on 12 November 1992.

UK 30 Community charge – Great Britain

Replaced on 1 April 1993 by the council tax.

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