

INVENTORY OF TAXES

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

17th edition



EUROPEAN COMMISSION

Inventory of taxes

A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (<http://europa.eu.int>).

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Introductory note

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

The present edition reflects the situation on 1 January 1999 and replaces the previous edition which was based on the situation on 1 January 1994 (EU-12) and 1 January 1995 (Austria, Finland, Sweden).

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

The taxes presented in the inventory are classified as follows:

1. Current taxes on income and wealth (direct taxes)
2. Capital taxes
3. Taxes linked to import and production (indirect taxes)
 - 3.1. VAT and excise duties
 - 3.2. Taxes on services
 - 3.3. Others

The Directorate-General for Taxation and Customs Union will be pleased to receive any comments or suggestions with a view to the improvement of this work.

Abbreviations

M.b.	=	Moniteur belge
B.S.	=	Belgisch Staatsblad
BGBI.	=	Bundesgesetzblatt
VO	=	Verordnung
BayBS	=	Bayrische Bereinigte Sammlung
GVBI	=	Gesetz- und Verordnungsblatt
RGBI	=	Reichsgesetzblatt
RAO and AO	=	(Reichs). Abgabenordnung
MD	=	Ministerial Decree
TU	=	Testo unico
L	=	Legge
DL	=	Decreto legge
DPR	=	Decreto del presidente della Repubblica
RDL	=	Regio decreto legge
DM	=	Decreto ministeriale
RD	=	Regio decreto
GU	=	Gazzetta ufficiale della Repubblica Italiana
Mémorial	=	Journal officiel du grand-duché de Luxembourg
RstBl.	=	Reichssteuerblatt
Stb.	=	Staatsblad
DRGBI	=	Deutsches Reichsgesetzblatt
SFS	=	Svensk Författningssamling

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BELGIUM

Belgique/België

Personal income tax

(Impôt des personnes physiques, Personenbelasting)

Legal base

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

Individuals who have established their domicile or centre of financial interest in Belgium.

Basis of assessment

Taxable income consists of the total net income, of Belgian or foreign origin, in four categories (income from property, income from capital and securities, earned income, miscellaneous), less certain deductible expenditures. 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 as are 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.

Under certain conditions, charges for collection and custody and other similar charges are deductible from declared income from capital and securities ⁽¹⁾ 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 to purchase, construct or renovate residential property;
- certain maintenance allowances;
- gifts of BEF 1 000 or over to certain institutions;
- expenditure on maintaining and restoring listed buildings and sites;
- expenditure incurred in respect of childcare for one or more children under the age of three;
- the remuneration paid or assigned to domestic staff;
- sums paid to the Treasury by civil servants holding multiple jobs.

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, capital and 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 '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 investments, and certain types of earned income, etc.

The advance payment is 1.25 % (0.8 % in some cases) for immovable property located in the Brussels Capital Region and the Walloon Region and 2.5 % (1.6 % in some cases) for immovable property located in the Flemish Region, plus a surcharge accruing to the local authorities.

The advance payment constitutes full discharge in the case of certain income from capital and investments, declaration of which is optional.

The advance payment in the case of income from investments is normally 25 % for dividends ⁽²⁾. As regards income from capital and investments other than dividends, the advance payment is 15 %. The advance payment for wages, salaries, pensions, etc. is calculated from tax scales.

Rate

Rate (%)	Income bands (BEF)
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	from 2 420 001

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

⁽²⁾ However, in some cases, the rate for dividends is reduced to 20 % or 15 %.

For married taxpayers, tax is calculated separately for each spouse according to his or her own taxable income (earned income separate and remainder of household 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 BEF 206 000, married taxpayers BEF 162 000 each. They are increased by the following amounts for dependent children:

- one child BEF 144 000;
- two children BEF 112 000;
- three children BEF 253 000;
- four children BEF 408 000;
- five or more children BEF 408 000 + BEF 156 000 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 savings:

- personal contributions to a collective insurance or pensions scheme;
- individual life assurance premiums ⁽³⁾;
- 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 ⁽³⁾;
- sums allocated to the paying up in cash of an employer company's shares;
- payments made under a pension savings scheme.

A tax reduction is also granted on expenditure incurred in connection with the services of local employment agencies (LEA cheques).

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

Since the 1997 tax year, taxpayers in receipt of profits and returns have, subject to certain conditions and limits, been entitled to a tax credit on personal income tax.

Certain incomes are taxed separately at preferential rates.

The tax corresponding to earnings, profits or gains of senior company executives 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.

An additional 3 % crisis levy is also 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.

Losses

There is no time limit on the carry-over of business losses.

Special features

Income from immovable property situated in Belgium is defined as follows:

- for the taxpayer's own residence: the income according to the land register ⁽⁴⁾;
- for undeveloped property not rented and not used by the owner for his work ⁽⁵⁾: the income according to the land register;
- for developed property rented to a natural person who does not use it for his work: the income according to the land register plus 40 %;
- for developed property not rented (other than the taxpayer's own residence) and not used by the owner for his work: the income according to the land register plus 40 %;
- for property which is rented in accordance with the law on land lease and used by the tenant for agricultural or horticultural purposes: the income according to the land register;
- for property which is rented to a legal person other than a company with a view to its being placed at the

⁽³⁾ 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.

⁽⁴⁾ Incomes according to the land register are adjusted annually in line with the national consumer price index; for the 1999 tax year, 1998 incomes, the indexation coefficient is 1.2281.

⁽⁵⁾ Income from property used by the owner in the exercise of his profession is considered as earned income. The income according to the land register is therefore not subject to individual tax on income from fixed property.

disposal of a natural person exclusively for purposes of residential occupation or of several natural persons exclusively for purposes of joint residential occupation: the income according to the land register plus 40 %;

- for property which is rented to a natural person who uses it entirely for his work ⁽⁶⁾, a legal person or an association without legal personality not referred to above: the net amount of the rent and associated benefits ⁽⁷⁾, which may not be less than the income according to the land register.

Where a senior company executive rents a developed property to the company in which he holds an office or performs a similar function, 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 an annually fixed coefficient (3.12 % for the 1999 tax year — 1998 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.

⁽⁶⁾ Where only part of the property rented to a natural person is used by that person in the exercise of his profession, the taxable income consists of:

- the net amount of the rent and associated benefits for the property as a whole if the rent is not split in a registered lease;
- in the opposite case, by the income according to the land register of the private portion plus 40 % and the net amount of the rent and the associated benefits pertaining to the professional portion.

⁽⁷⁾ 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. This amount in flat-rate costs may not exceed two thirds of the non-indexed income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (3.12 % for the 1999 tax year — 1998 income).

B 1.2.**Corporation tax****(Impôt des sociétés, Vennootschapsbelasting)****Legal base**

Articles 179 to 219 of the 1992 Income Taxes Code.

Beneficiary

The State.

Tax payable by

Properly constituted companies, associations, establishments or bodies with legal personality which have their registered office or principal establishment in Belgium and are managed or administered from headquarters in Belgium and are engaged in a gainful activity and communal savings banks. 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:

- taxable retained profits;
- expenses not allowed for tax purposes;
- distributed dividends.

Corporation tax paid or underwritten, as well as payments to be set against corporation tax, are not, in principle, allowable expenses.

Exemptions

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.

Certain capital gains on shares or units are unconditionally exempt.

Certain reserves and provisions are also unconditionally exempt.

Various other components are also deducted from profit: exempted donations, exemption for additional staff assigned to scientific research, definitively taxed incomes, earlier losses, deduction for investments.

Collection

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

Rate

Standard rate: 39 %⁽¹⁾.

The tax is as follows where the taxable income does not exceed BEF 13 million (EUR 322 261.58):

- BEF 0 to 1 000 000 (EUR 24 789.35): 28 %;
- BEF 1 000 000 to 3 600 000 (EUR 24 789.35 to 89 241.67): 36 %;
- BEF 3 600 000 to 13 000 000 (EUR 89 241.67 to 322 261.58): 41 %.

However, these reduced rates do not apply to the following companies:

- certain investment trusts other than the cooperative companies approved by the Conseil National de la Coopération;
- companies other than the cooperative companies approved by the Conseil National de la Coopération at least half of whose shares or equity instruments are held by one or more other companies;
- companies whose income distributed to shareholders exceeds 13 % of the paid-up capital at the start of the taxation period;
- companies other than the cooperative companies approved by the Conseil National de la Coopération which do not pay at least one of their senior executives remuneration of BEF 1 million (EUR 24 789.35) or more to be set against the results for the taxable period or, where remuneration is less than BEF 1 million (EUR 24 789.35), against the taxable income of the company;
- companies forming part of a group to which a coordination centre belongs;
- special separate contribution of 300 % is payable on non-justified sums.

An additional 3 % crisis levy is payable based on the corporation tax and the special separate contribution referred to above.

Losses

There is no time limit on the carry-over of business losses. The right to deduct is limited in cases of transfer of assets or absorption of companies or lost where there is a take-over or change of control of a company.

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 dividends 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.

With effect from the 1997 tax year, the tax is also reduced by a tax credit calculated on the basis of the increase during the taxable period of the paid-up cash capital compared with the previous three tax years. This tax credit only applies to companies entitled to the reduced rate.

Coordination centres (all companies forming part of a group with consolidated capital and reserves upwards of one billion Belgian francs (EUR 24 789 352.48) and a consolidated turnover of ten billion Belgian francs (EUR 247 893 524.78) or more, whose exclusive purpose is the development and centralisation of one or more coordination activities solely for the benefit of all or part of the companies of the group) enjoy the following tax concessions: exemption from capital duty, determination of assessable profit on a flat-rate basis, exemption from real estate tax and from advance payments on profits distributed and income from claims or loans assigned by the centre to certain beneficiaries.

Distribution centres (legal entities set up by a group of companies to centralise their distribution activities in the same places as consumer demand is located) are subject to special rules enabling them to perform their activities to the advantage of the companies of the group with a minimum profit margin without the abnormal character of this arrangement attracting the particular attention of the tax authorities.

⁽¹⁾ See 'Personal income tax' for application of increase where advance payments are lacking or inadequate.

Similar rules are reserved for services centres which belong to a group of companies and perform services for the benefit of those companies without assuming the attendant com-

mercial or financial risks (activities which serve a preparatory, auxiliary, informal or intermediary purpose in relation to those performed by the companies of the group).

Annual tax on coordination centres

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

Legal base

Book III of the succession duty code, introduced by Article 66 of the Law of 28 December 1992 laying down fiscal, 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 (see also 'Corporation tax').

Basis of assessment

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

Rate

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

Tax payable when

By 31 March of each year at the latest.

Tax on legal persons

(Impôt des personnes morales, Rechtspersonenbelasting)

Legal base

See also 'Corporation Tax'.

Articles 220 to 226 of the 1992 Income Taxes Code.

Beneficiary

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, income and returns on capital and certain other incomes (such as certain capital gains) non-justified expenditure, non-deductible pensions and pension contributions, and certain dividends distributed by intercommunal associations; income from immovable property is sometimes exempt. 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.

Collection

By advance payment in the case of income from immovable property and capital (see 'Personal income tax').

By means of assessment books in the case of the tax on certain income from immovable property (does not apply

B 1.4.

to central government or local authorities), certain dividends distributed by the intercommunal associations, certain capital gains, non-justified expenditure and non-deductible pensions or pension contributions.

Rate

- 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 %.
- The rates of tax payable on certain capital gains are 33 % and 16.50 % 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 realised on disposals for a consideration of large shareholdings is 16.50 %.
- The rate of tax payable on non-justified sums is 300 %.
- The rate on pensions and pension contributions and certain non-deductible expenses is 39 %.
- The rate of tax payable on certain dividends distributed by intercommunal associations is 15 % (see '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 expenditure.

B 1.5.

Tax on non-residents

(Impôt des non-résidents, Belasting van niet-inwoners)

Legal base

Articles 227 to 248 of the 1992 Income Taxes Code.

Beneficiary

The State.

Tax payable by

Individuals not resident in Belgium and assimilated persons, companies, associations, establishments or bodies of any nature without a legal personality but constituted in a legal form analogous to that of a company as well as all legal persons 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 and local collectivities.

Basis of assessment

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

Deductions

For both taxpayers (natural persons) who have maintained a residence in Belgium throughout the tax period and those who have not but the bulk of whose income consists of income earned in Belgium ⁽¹⁾, 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 BEF 1 000 or over to certain Belgian institutions.

Married couples

For married couples who have maintained a residence in Belgium throughout the tax period and those who have not but the bulk of whose income consists of income earned in Belgium ⁽²⁾, 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.

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 BEF 297 000.

⁽¹⁾ Where the total amount of their occupational income (salaries, profits, benefits or pensions) taxable in Belgium amounts to at least 75 % of their total Belgian or foreign-source occupational income.

⁽²⁾ Ditto.

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 various advance payments.

Rate

Tax on non-residents is based on the personal income tax schedule in force, with no reductions being granted for family situations where the taxpayer has not maintained a residence in Belgium. However, the reductions are granted both to taxpayers who have maintained a residence in Belgium and to those who have not but the bulk of whose income consists of income earned in Belgium. A 6 % surcharge and an additional 3 % crisis levy are applied, the proceeds of which go to the State.

For foreign companies, the rates are the same as those of corporation tax.

A special separate contribution, calculated at a rate of 300 %, is payable on non-justified expenses.

Losses

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

Special features

The tax on certain capital gains made on immovable property is subject to the withholding of an advance payment on occupational income.

B 1.6.**Annual tax on profit-sharing**

(Taxe annuelle sur les participations bénéficiaires, Jaarlijkse taks op de winstdeelnemingen)

Legal base

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

Beneficiary

The State.

Chargeable event

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.

Collection

Annual.

Rate

9.25 %.

B 1.7.

Annual tax on collective investment organisations, credit institutions and insurance companies

(Taxe annuelle sur les organismes de placement collectif, sur les établissements de crédit et sur les entreprises d'assurances, Jaarlijkse taks op de collectieve beleggingsinstellingen, op de kredietinstellingen en op de verzekeringsondernemingen)

Legal base

Book II bis of the Succession Duty Code, introduced by the Law of 22 July 1993 laying down fiscal, financial and other provisions, Article 73 (M. b. 26 July 1993) and amended by the Special Powers Order of 18 November 1996 (M. b. 6 December 1996).

Beneficiary

The State.

Tax payable by

- Open-ended investment companies and closed-ended investment companies registered with the Commission bancaire et financière prior to 1 January of the tax year.
- Credit institutions registered with the Commission bancaire et financière prior to 1 January of the tax year which attribute revenue or dividends of the type referred to in Article 21(5) and (6) of the 1992 Income Tax Code.
- Insurance companies registered with the Office de Contrôle des Assurances prior to 1 January of the tax year which attribute revenue or dividends of the type referred to in Article 21(6) and (9) of the 1992 Income Tax Code.

Basis of assessment

- In the case of collective investment organisations: the inventory value at 1 January of the tax year.

- In the case of credit institutions: a proportion (proportion of total dividends not taxable on the basis of Article 21(6) CIR 1992 to total dividends attributed for the previous business year) of the total amount, as at 1 January of the tax year, of the savings deposits referred to in Article 21(5) of the 1992 Income Tax Code. If the establishment has adopted the form of a cooperative society approved by the Conseil national de la coopération (CNC), the tax is also payable on a proportion (total dividends not taxable on the basis of Article 21(6) CIR 1992/total dividends attributed for the previous business year) of the authorised share capital at 1 January of the tax year.
- In the case of insurance companies: the total amount of the mathematical provisions and the technical provisions, at 1 January of the tax year, pertaining to life assurance contracts satisfying the conditions laid down in Article 21(9) of the 1992 Income Tax Code. See above if the establishment has adopted the form of a cooperative society approved by the CNC.

Rate

0.06 %.

Tax payable when

Not later than 31 March of the tax year.

B 1.8.

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)

Legal base

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

Beneficiary

The State.

Chargeable event

Decisions to withdraw or surrender the licences of credit associations authorised to operate by the Caisse nationale de crédit professionnel and of credit institutions authorised 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 %.

Tax payable when

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 deliveries of bearer securities

(Taxe sur les livraisons de titres au porteur, Taks op de aflevering van effecten aan toonder)

Legal base

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

Beneficiary

The State.

Chargeable event

Any delivery of Belgian or foreign public bearer securities (i.e. any securities which, by their nature, are apt to be traded on a Belgian stock exchange and are embodied by a tangible document). Delivery is taken to mean any physical remittance of the security which takes place as a result of a subscription, acquisition for valuable consideration, conversion of registered securities into bearer securities or a withdrawal of securities forming part of an open deposit with a credit institution, a stockbroker, an assets-management company or the Caisse interprofessionnelle de dépôts et de virements de titres.

- Conversion of registered securities into bearer securities or a withdrawal of securities forming part of an open deposit: as appropriate.
- Securities officially listed on a Belgian stock exchange: according to latest listing published before the date of withdrawal.
- Debt instruments not officially listed on the stock exchange: the nominal amount of the capital of the debt.
- Shares in open-ended investment companies: the latest asset value calculated before the date of withdrawal.
- Other cases: the market value of the securities on the date of withdrawal, as estimated by the depositor.

Exemptions

- Deliveries of securities made as the result of an acquisition for value in which no professional intermediary plays a part or contracts on behalf of one of the parties.
- Deliveries, to a non-resident, of foreign public securities and representative certificates of foreign public securities forming part of an open deposit in Belgium.

Tax payable by

The subscriber, the purchaser or the party making the withdrawal. The tax has to be remitted by the professional intermediary, the establishment or company with which the securities are deposited or the issuing company as appropriate.

Tax payable when

- Transactions involving intermediaries: the last working day of the month following that during which the subscription or acquisition slip is issued.
- In all other cases: the last working day of the month following that during which delivery took place.

Basis of assessment

- Subscription or acquisition for valuable consideration: on the amounts to be paid, not including the brokerage fee and the tax on stock exchange operations.

Rate

0.20 %.

B 1.10.

Vehicle registration tax

(Taxe de mise en circulation, Belasting op inverkeerstelling)

Legal base

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

Beneficiary

The State.

Tax payable on

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

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.

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.

Collection

Single payment.

Rate

1. Cars, dual-purpose vehicles, minibuses and motorcycles:
 - from BEF 2 500 to BEF 100 000;
 - if more than 17 hp or 155 kW: BEF 200 000.Tax decreases by 10 % a year down to a minimum of BEF 2 500 after 10 years.
2. Aircraft: BEF 100 000, reduced to BEF 25 000 for microlights.
Tax decreases by 10 % a year down to a minimum of BEF 2 500 after 10 years.
3. Boats: BEF 100 000.
Tax decreases by 10 % a year down to a minimum of BEF 2 500 after 10 years.

Special features

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

B 2.1.

Succession duty and transfer duty

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

Legal base

Book 1 of the Succession Duty Code (introduced by Royal Decree No 308 of 31 March 1936, (M. b. 7 April 1936), as amended by various successive acts). Rate in force: Brussels Capital Region and Walloon Region: laws of 8 August 1980; Flemish Region: (Flemish) decree of 20 December 1996.

Beneficiary

The regions.

Tax payable by

Heirs, legatees and donees.

Basis of assessment

Succession duty: total net estate left by an inhabitant of the

country (for real estate abroad, the duty paid in the country in which the property is situated is deducted).

Transfer duty: real estate located in Belgium, left by a person not inhabiting the country.

Exemptions

For successions in the Walloon Region and the Brussels Capital Region, the first BEF 500 000 of the amount inherited by a legal heir in direct line or the surviving spouse is exempt from duty. In the case of children of the deceased, this exemption is increased by BEF 100 000 for each full year yet to elapse before they reach the age of 21, and, in the case of the surviving spouse, by an amount equal to half of the total additional exemptions enjoyed by the children of the marriage.

Reductions

For successions in the Flemish Region, a declining scale of reductions is applied (max. BEF 20 000 per legal successor), for legal heirs in direct line and the surviving spouse, to each net due portion of the inheritance not exceeding BEF 2 000 000. Children of the deceased of less than 21 years of age are entitled to a further reduction of BEF 3 000 for each full year yet to elapse before they reach the age of 21. The surviving spouse is entitled to an additional reduction equal to half of the total additional exemptions enjoyed by the children of the marriage.

Collection

Payment in principle within seven months of the testator's death.

Rate

The rate of duty is progressive according to the share of succession:

1. In direct line or to spouse:
 - 3 to 30 % for successions in the Brussels Capital Region and the Walloon Region;
 - 3 to 27 % for successions in the Flemish Region. (For successions in the Flemish Region, this rate is

applied to the net share of fixed assets and the net share of furniture and effects alike.)

2. To brother or sister: 20 % to 65 %;
3. To uncle, aunt, nephew or niece: 25 % to 70 %;
4. To all other persons: 30 % to 80 %.

FLANDERS

1. To cohabitee: 10 to 50 %;
2. To brother or sister: 30 to 65 %;
3. To all other persons: 45 to 65 %.

Special features

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 (except for gifts in direct line and between spouses, for which the rate of 3 to 30 % is applicable in all cases).

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.

The duty is reduced to 3 % for *bona fide* gifts the purpose of which is the transfer of full ownership of an estate or branch of activity.

Compensatory tax for succession duty

(Taxe compensatoire des droits de succession, Taxe tot vergoeding der successierechten)

Legal base

Book II of the Succession Duty Code.

Beneficiary

The State.

Tax payable by

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

Basis of assessment

Total property in Belgium.

Rate

Annual rate of 0.17 %.

B 2.3.

Tax on long-term savings

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

Legal base

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.

Tax payable when

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.

Rate

- 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.

B 3.1.1.

Value added tax (VAT)

(Taxe sur la valeur ajoutée (TVA), Belasting over de toegevoegde waarde (BTW))

Legal base

VAT code: Law of 3 July 1969 (M. b. 17 July 1969), as amended by various subsequent laws and implementing decrees.

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

1. Supply in Belgium of goods and services against consideration by a taxable person acting as such.
2. The importation of goods, where it takes place in Belgium, by any person.

3. 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 BEF 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.
4. 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

1. 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.
2. 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.
3. 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.
4. 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.

5. 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.
6. 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 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 recognised 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:

- insurance and reinsurance transactions, including related brokerage and agency services;
- credit, guarantee and related administrative transactions;
- transactions, including trading transactions, involving fund deposits, current accounts, claims, cheques and other commercial bills;
- payment and receipt transactions, including trading (the supplier of the services may, however, opt for taxation);
- 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 organisations.

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 period from 1 to 20 December 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.

Rate

- Super-reduced rate: 1 % (for gold as an investment medium).
- Reduced rate: 6 % (for, amongst other things, foodstuffs with the exception of certain fish, crustaceans and molluscs and for beverages other than milk; ordinary tap water; pharmaceutical products; printed material; imported works of art, collectors' items and antiques; orthopaedic appliances, artificial limbs and the like; agricultural services; passenger transport; certain work carried out on private residential property occupied for at least 15 years and invoiced to a final consumer; certain work carried out on private residential property for handicapped persons and on homes for handicapped persons; admission to and use of cultural, sporting or recreational establishments; assignment of copyright; supply of furnished accommodation and

provision of camping sites; hiring of orthopaedic appliances, artificial limbs and the like; services supplied by undertakers; the reduced rate is not applicable to certain specified goods and services. It is also sometimes subject to certain conditions).

- Parking rate: 12 % (applicable, amongst other things to: certain energy products; certain plant-protection products; margarine; pay television; subsidised housing — subject to specific conditions: 6 % from 1 January 1996 to 30 June 1998; similarly privately-run subsidised housing, subject to certain conditions, on the first BEF 2 000 000, excluding VAT, from 1 January 1996 to 30 June 1998).
- Standard rate: 21 % (for all other transactions).

Special features

There are special arrangements for applying VAT:

Fat-rate bases of assessment for small enterprises with an annual turnover not exceeding BEF 20 million (excluding VAT).

The tax exemption system for small enterprises with an annual turnover not exceeding BEF 225 000 (excluding VAT).

A special flat-rate scheme for farmers.

A special scheme for taxing the profit margin in the case of second-hand goods, original works of art, antiques and collectors' items.

A special flat-rate scheme for taxing travel agents' profit margins.

A special scheme for deliveries of daily and weekly newspapers containing information of general interest.

A special scheme for certain recovered products and materials.

Excise duty on mineral oils

(*Accise sur les huiles minérales, Accijns op minerale oliën*)

Legal base

Law of 22 October 1997 on the structure and rates of excise duty on mineral oils (M. b. 20 November 1997).

This Law was amended by the Royal Decrees of 8 June 1998 (M. b. 27 June 1998) and 22 December 1998 (M. b. 31 December 1998).

Beneficiary

The State.

Tax payable on

Leaded and unleaded petrol; kerosene; gas oil; heavy fuel oil; liquid petroleum gas.

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 3.1.2.

Rate

Type of mineral oil	Excise duty (BEF)	Special excise duty ⁽¹⁾ (BEF)
1. Unleaded petrol (per 1 000 l at 15 °C)	9 900	10 010
2. Leaded petrol (per 1 000 l at 15 °C)	11 900	10 360
3. Kerosene (per 1 000 l at 15 °C)		
— Used as engine fuel	11 900	10 360
— Intended for industrial and commercial purposes	750	0
— Used for heating	0	0
4. Gas oil (per 1 000 l at 15 °C)		
— Used as engine fuel	8 000	3 700
— Intended for industrial and commercial purposes	750	0
— Used for heating	0 ⁽²⁾	0
5. Heavy fuel oil (per 1 000 kg)		
— Containing not more than 1 % S	250	0
— Containing more than 1 % S	750	0
6. Liquid petroleum gas and methane		
— Used as engine fuel (per 1 000 l at 15 °C)	0	0
— Intended for industrial and commercial purposes (per 1 000 kg)	1 500	0
— Used for heating (per 1 000 l at 15 °C)	0	0

⁽¹⁾ Collected solely in Belgium. Excise duty is common to Belgium and the Grand Duchy of Luxembourg.

⁽²⁾ An inspection charge of BEF 0.21 per litre is applied to gas oil for heating.

Tax payable when

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.

Exemptions

The following products are exempt from excise duty:

1. mineral oils used for purposes other than propulsion or heating;
2. mineral oils supplied for use as fuel in aviation, including private tourist aviation (the scope of this exemption is limited to jet fuel CN 27100051);
3. mineral oils supplied for use as fuel in shipping in Community waters (including fishing). As regards private recreational vessels, the scope of the exemption is limited to gas oil;

4. mineral oils injected into blast furnaces for the purposes of chemical reduction where coke is used as the principal fuel.

Subject to fiscal supervision, mineral oils used for the following purposes are exempt from excise duty:

1. pilot projects relating to the technological development of less polluting products, particularly fuels derived from renewable sources;
2. manufacturing, adjusting, testing and maintaining aircraft and vessels;
3. inland waterway shipping, including recreational vessels;
4. railway passenger and goods services;
5. exclusively agricultural or horticultural work in forestry and freshwater fish-farming;
6. dredging of waterways and ports.

In cases 3 to 6 the exemption is limited to gas oil and kerosene.

Inspection charge on domestic fuel

(Redevance de contrôle sur le fuel domestique, Controle retributie op huisbrandolie)

Legal base

Article 7, §2, of the Law of 22 October 1997 on the structure and rates of excise on mineral oils (M.b., 20 November 1997).

Beneficiary

The State.

Tax payable on

Gas oil used for heating.

Chargeable event

See 'Mineral oils'.

Collection

See 'Mineral oils'.

Rate

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

Tax payable when

See mineral oils.

Exemptions

1. Mineral oils used other than as fuels.
2. 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).

3. 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.
4. 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 agricultural or horticultural work in forestry and freshwater fish-farming; (limited to gas oil, kerosene and heavy fuel);
 - for dredging operations in navigable waterways and ports (limited to gas oil and kerosene).

Declaration

The authorised warehouse-keeper 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 manufactured tobacco

(Accise sur les tabacs manufacturés, Accijns op gefabriceerde tabak)

Legal base

Law of 3 April 1997 on the taxation of manufactured tobacco (M. b. 16 May 1997).

This Law was amended by the Royal Decrees of 21 October 1997 (M. b. 31 October 1997) and 19 June 1998 (M. b. 3 July 1998).

Beneficiary

The State.

Tax payable on

With the exception of chewing tobacco and snuff, all con-

sumable 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. (For a definition of consumption see 'Excise on mineral oils'.)

Collection

A written declaration must be submitted prior to the re-

B 3.1.4.

lease of any tobacco products from a tax warehouse. Products released for consumption in Belgium must bear a tax band or stamp.

The excise duty and any special excise duty are payable by the authorised warehouse-keeper, 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.

Rate

Type of product	Excise duty	Special excise duty ⁽¹⁾
A. Cigars and cigarillos	10 % of retail sale price	0 % of retail sale price
B. Cigarettes ⁽²⁾	47.36 % of retail sale price	0 % of retail sale price
C. Finely cut smoking tobacco for rolling cigarettes and other smoking tobaccos ⁽³⁾	BEF 214 per 1 000 units 31.5 % of retail sale price	BEF 307 per 1 000 units 6.05 % of retail sale price

Tax payable when

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).

Special features

Under certain conditions, an authorised warehouse-keeper 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 provi-

Exemptions

Subject to the conditions and procedures determined by the Minister of Finance, manufactured tobacco:

1. denatured and used for industrial or horticultural purposes;
2. destroyed under administrative supervision;
3. intended exclusively for scientific tests and tests relating to the quality of products;
4. reprocessed by the manufacturer, is exempt from excise and any excise already paid is refunded.

sions, an importer ranks as an authorised warehouse-keeper 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.

⁽¹⁾ Excise duty is common to Belgium and the Grand Duchy of Luxembourg. The special excise duty is specific to Belgium.

⁽²⁾ For cigarettes, the total amount of taxation may not be less than nine tenths of the total amount of tax on the most widely sold packet of cigarettes.

⁽³⁾ For finely cut rolling tobacco and other smoking tobaccos, the total amount of taxation may not be less than 85 % of the total amount of tax on the most widely sold packet of cigarettes.

B 3.1.5.

Excise duty on ethyl alcohol

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

Legal base

Law of 7 January 1998 on the structure and rates of excise duty on alcohol and alcoholic beverages (M. b. 4 February 1998).

Beneficiary

The State.

Tax payable on

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

Chargeable event

Release for consumption or recording of shortages which must be subject to excise duty. (For a definition of consumption see 'Excise on mineral oils'.)

Exemptions

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

- when distributed in the form of alcohol which has been completely denatured in accordance with the national alcohol-denaturing processes authorised by the Council of the European Union;
- 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;
- when used for the production of vinegar;
- when used for the production of medicinal products;
- 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;
- 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;
- 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

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.

Rate

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

- excise duty: BEF 9 000;
- special excise duty: BEF 58 000.

Tax payable when

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

Full exemption from excise duty and special excise duty is granted where these products are exported or sent to another Member State of the Union.

B 3.1.6.**Excise duty on wines and other fermented beverages**

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

Legal base

Law of 7 January 1998 on the structure and rates of excise duty on alcohol and alcoholic beverages (M. b. 4 February 1998).

Beneficiary

The State.

Tax payable on

Wines (still and sparkling wines as defined in Council

Directive 92/83/EEC of 19 October 1992) and other fermented beverages (both sparkling and still with the exception of beer), having in both cases an actual alcoholic strength by volume exceeding 1.2 % volume.

Chargeable event

Release for consumption or recording of shortages which must be subject to excise duty. (For a definition of consumption see 'Excise on mineral oils'.)

B 3.1.6.

Exemptions

The exemption conditions laid down for spirits also apply to the products covered here. Furthermore, beverages produced by an individual for his own consumption or consumption by members of his family and his guests are exempt from excise duty on condition that no sales take place.

Declaration

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.

Rate

1. Still wines and other fermented beverages with an alcoholic strength exceeding 8.5 % vol.:
 - excise duty: BEF 0 per hl of finished product;
 - special excise duty: BEF 1 900 per hl of finished product.

The same products with an alcoholic strength of less than 8.5 % vol. are subject to special excise duty of BEF 6 per hl of finished product.

2. Sparkling wines and other fermented beverages with an alcoholic strength exceeding 8.5 % vol.:
 - excise duty: BEF 0 per hl of finished product;
 - special excise duty: BEF 6 500 per hl of finished product.

The same products with an alcoholic strength of less than 8.5 % vol. are subject to special excise duty of BEF 6 per hl of finished product.

Imports

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

Tax payable when

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

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

B 3.1.7.

Excise duty on beer

(*Accise sur la bière, Bieraccijns*)

Legal base

Law of 7 January 1998 on the structure and rates of excise duty on alcohol and alcoholic beverages (M. b. 4 February 1998).

Beneficiary

The State.

Tax payable on

Beer and any product consisting of a mixture of beer and non-alcoholic beverages, 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. (For a definition of consumption see 'Excise on mineral oils'.)

Exemptions

The exemption conditions laid down for spirits also apply to the products covered here. Furthermore, beverages produced by an individual for his own consumption or consumption by members of his family and his guests are exempt from excise duty on condition that no sales take place.

Declaration

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.

Rate

Beer released for consumption in Belgium, per hectolitre/degrees Plato of finished product. (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 grams 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.)

- Excise duty: BEF 32.
- Special excise duty: BEF 37.

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 (BEF)	Special excise duty (BEF)
Not more than 12 500 hl	16	44
Not more than 25 000 hl	16	46
Not more than 50 000 hl	16	48
Not more than 75 000 hl	18	48
Not more than 200 000 hl	18	50

Tax payable when

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

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 intermediate products

(Accise sur les produits intermédiaires, Accijns op tussenprodukten)

Legal base

Law of 7 January 1998 on the structure and rates of excise duty on alcohol and alcoholic beverages (M. b. 4 February 1998).

Beneficiary

The State.

Tax payable on

All products which have an actual alcoholic strength by volume exceeding 1.2 % vol. but not exceeding 22 % vol., and which are not covered by the definition of beers, wines and fermented beverages other than wine or beer (other fermented beverages).

Chargeable event

Release for consumption or recording of shortages which must be subject to excise duty. (For a definition of consumption see 'Excise on mineral oils'.)

Exemptions

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

Declaration

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.

B 3.1.8.

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.

Rate

1. Intermediate products with an actual alcoholic strength by volume not exceeding 15 % vol.:
 - excise duty: BEF 19 per l of finished product;
 - special excise duty: BEF 11 per l of finished product.
2. Intermediate products with an actual alcoholic strength by volume exceeding 15 % vol.:
 - excise duty: BEF 27 per l of finished product;
 - special excise duty: BEF 13 per l of finished product.
3. 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 solution of three bars or more:
 - (a) with an actual alcoholic strength by volume not exceeding 15 % vol.:
 - excise duty: BEF 19 per l of finished product;

— special excise duty: BEF 46 per l of finished product.

(b) with an actual alcoholic strength by volume exceeding 15 % vol:

— excise duty: BEF 27 per l of finished product;

— special excise duty: BEF 38 per l of finished product.

Imports

Imported intermediary products are subject to the same system as similar products produced in Belgium or in another Member State of the Union.

Tax payable when

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

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.

B 3.1.9.

Excise duty on non-alcoholic beverages

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

Legal base

Law of 13 February 1995 on taxation of non-alcoholic beverages (M. b. 11 March 1995).

Beneficiary

The State.

Tax 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 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.

Mineral waters.

Wine and other fermented beverages with an alcoholic strength not exceeding 1.2 % vol. Beers with an alcoholic strength not exceeding 0.5 % vol.

Chargeable event

Release for consumption or recording of shortages which must be subject to excise duty. (For a definition of consumption see 'Excise on mineral oils'. 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

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 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.

Rate

Mineral waters: BEF 200/hl.

Lemonades and other non-alcoholic soft drinks and assimilated beverages: BEF 300/hl.

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.

Tax payable when

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

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

B 3.1.10.**Excise duty on coffee**

(*Accise sur le café, Accijns op koffie*)

Legal base

Law of 13 February 1995 on excise duty on coffee (M. b. 1 March 1995).

Beneficiary

The State.

Tax 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. (For a definition of consumption see 'Excise on mineral oils'.)

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 authorised warehouse-keeper's premises under administrative supervision.

Rate

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

B 3.1.11.

Betting and gaming tax

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

Legal base

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

Beneficiary

The regions. The central government manages the tax on behalf of and in consultation 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

— Authorised lotteries.

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

Tax payable when

The first and the 15th day of each month.

Rate

(%)

Taxable items	Tax rate		
	Flemish Region	Walloon Region	Brussels Capital Region
BETS ON HORSE-RACES RUN ABROAD			
— Gross stakes in betting offices	15	—	—
— Gross stakes up to BEF 500 million per calendar year	—	10	—
— Gross stakes from BEF 500 million to BEF 2 billion per calendar year	—	10.5	—
— Gross stakes over BEF 2 billion per calendar year	—	11	—
— Gross stakes in combination betting of 'Trio', 'Tiercé', 'Quarté' and 'Quintet' type	—	—	15
— Gross stakes in combination betting on first and/or second horses to come in	—	—	11
BETS ON HORSE-RACES RUN IN BELGIUM			
— Levy charged on gross amount of totalisator bets	22	—	20
— Gross stakes per calendar year:			
• up to BEF 500 million	—	10	—
• from BEF 500 million to BEF 2 billion	—	10.5	—
• over BEF 2 billion	—	11	—
— Gross stakes on bookmaker betting	5.5	—	5
BETTING COMPETITIONS			
— Stakes	15	11	15
CASINO GAMES			
— Bankers' winnings at Baccarat/chemin de fer	5.3	4.8	4.8
— Punters' winnings at roulette without zero	3	2.75	2.75
— Other casino games:			
• Gross winnings up to BEF 35 000 000	33	—	30
• Gross winnings over BEF 35 000 000	44	—	40
• Gross winnings up to BEF 55 000 000	—	33	—
• Gross winnings over BEF 55 000 000	—	44	—

DIVERS

— Bets on pigeon racing	15	11	15
— Tax on pigeon rings per ring (BEF)	10	10	10
— Bets on songbird competitions	15	11	15
— Bets on clay-pigeon shooting	15	11	15
— Bets in popular entertainments	15	11	15
— Gross stakes in other unspecified types of gaming, including 'Saturne' roulette, 'Opta' roulette, 'petits coureurs' etc.	15	11	15

B 3.1.12.**Tax on automatic amusement machines**

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

Legal base

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

Beneficiary

The regions.

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. However, if he does not pay the tax, the person who, as operator of the place in which the machine is installed, authorised its installation is considered liable to the tax.

Basis of assessment

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

Tax payable when

Annual or by instalments.

Rate

- From BEF 6 000 (Category E) to BEF 72 000 (Category A) for machines situated in the bilingual region of Brussels.
- From BEF 6 000 (Category E) to BEF 144 000 (Category A) for machines situated in the Flemish Region.
- From BEF 4 000 (Category E) to BEF 55 000 (Category A) for machines situated in the Walloon Region.
- Official assessment of BEF 200 000 for gaming machines that are found to be in operation in violation of the law.

B 3.1.13.**Annual tax on insurance contracts**

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

Legal base

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

Beneficiary

The State.

Chargeable event

Insurance contracts and commitments of a pension fund.

Tax payable by

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

B 3.1.13.

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, boats 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

In most cases, declaration and payment to be made not later than the last working day of the month following that during which a premium falls due. An advance on the annual tax due in January is payable by the 15th of the previous December at the latest.

Rate

- Standard rate: 9.25 %.
- Reduced rate:
 - 4.40 % for life assurance contracts and life or temporary annuity contracts;
 - 1.40 % for insurance against risks in international transport.

B 3.2.1.

Tax on stock exchange and carry-over transactions

(Taxe sur les opérations de bourse et les reports, Taks op de beursverrichtingen en de reporten)

Legal base

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

Beneficiary

The State.

Chargeable event

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.

Tax payable by

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

Basis of assessment

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

Rate

1. Purchase/sale
 - (a) Belgian national debt securities (in general); foreign national debt securities, or loans issued by

- Belgian or foreign communities, 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, other than Government bonds, in general and loans issued by the Communities 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 %.
 5. Carry-over transactions: 0.85 %.
- NB: The amount of tax may in no case exceed BEF 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 BEF 15 000 per transaction.

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 securi-

ties, other than Government bonds, and loans issued by the regions or communities.

- Certain conversions of shares of investment companies, etc.

Declaration

Monthly declarations and payments.

B 3.2.2.**Tax on bills**

(*Taxe d'affichage, Aanplakkingstaks*)

Legal base

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.

Chargeable event

The public display 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 publicising events organised for educational purposes, as political, philosophical and religious propaganda, or with a charitable or philanthropic aim.

Collection

For ordinary bills, by affixing, on each of these bills, complete adhesive tax stamps or by marking with a rubber tax stamp.

In the case of luminous signs or luminous projections for multiple and successive advertisements, and in the case of bills posted outside an urban area, by means of a declaration and an annual payment until the sign or bill is removed.

Rate

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

B 3.2.3.**Registration duty, mortgage duty and court duties**

(*Droits d'enregistrement, d'hypothèque et de greffe — Registratie-, hypotheek- en griffierechten*)

Legal base

Code on Registration Duty, Mortgage Duty and Court Duties.

I. Main registration taxes

(*Droits d'enregistrement, registratierechten*)

Beneficiary

The State and the regions.

Rate

1. 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):

(a) standard rate: 12.5 %;

(b) sales to building societies linked with public services: 6 %;

- (c) sales to purchasers receiving government subsidies: 1.5 %;
- (d) sales of small rural property and of modest dwellings: 6 %;
- (e) sales to persons engaged professionally in buying land and buildings for resale: 5 %.
2. Partition of land or buildings located in Belgium (for buildings, the same reservation as for sales, see above): 1 %;
3. Sale by public auction of tangible movable goods: 5 %.
4. Leases, subleases, transfer of leases on land and buildings located in Belgium:
- (a) exclusively for single-family or single-person occupancy: BEF 1 000;
- (b) other: 0.20 %.
5. Establishment of mortgages, commercial mortgages and preferential agricultural claims 1 % or 0.50 %.
6. Sentences and judgments (fines over BEF 500 000): 3 %.
7. Gifts, see 'Succession duty and transfer duty'.

Companies

1. Companies actually managed from headquarters in Belgium or with their statutory seat in Belgium but actually managed from headquarters outside EU territory:
- (a) movable assets or real estate invested in Belgian companies, in general ⁽¹⁾: 0.5 % assets;
- (b) contributed to Belgian companies, either by way of mergers, take-overs or split-ups, in one or more forms of activity:
- by companies with a statutory seat or a seat of effective management in the EU: exempt.
 - by other companies: 0.5 %;
- (c) increase of capital without further assets being invested (e.g. by incorporation of reserves, profits or deposits), normally: 0.5 %;
- (d) 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 BEF 1 000.
2. Other companies: fixed duty of BEF 1 000 ⁽¹⁾.

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.

Rate

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.

Rate

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

⁽¹⁾ Contributions by natural persons of fixed property located in Belgium, used or intended in whole or in part for residential purposes are subject to 12.50 % duty.

Stamp duty

(Droits de Timbre, Zegelrechten)

Legal base

Code on Stamp Duties.

Beneficiary

The State.

Chargeable event

Stamp duty is a duty payable on certain deeds and documents from the moment they are drawn up, namely:

- notarial acts;
- bailiffs' records of the forced sale of tangible movable goods;
- authentications, copies or extracts of the aforementioned documents;
- documents drawn up by and certificates, copies or extracts issued by the land registrars;
- certificates from the civil register, nationality docu-

ments, identity, nationality, domicile or residence certificates;

- motor vehicle registration certificates;
- simple contracts concerning the transfer or declared ownership of property or the letting or sub-letting of property or transfers of leases on property;
- certain documents drawn up by bankers for individuals;
- a whole range of other documents.

Rate

Rates range from BEF 6 to BEF 300 depending on the type of deed or document.

Exemptions

A whole range of exemptions exist, such as for documents relating to electoral matters, the enforcement of the law in matters of taxation, certain banking operations, etc.

B 3.2.5.

Tax on motor vehicles

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

Legal base

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

Beneficiary

The regions (plus 10 % additional tax for agglomerations and the municipalities). The central government manages the tax on behalf of and in consultation 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

Horse power or maximum authorised mass of vehicle depending on the case.

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, motorcycles up to 250 cc and certain vehicles for occasional use.

Payment

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

Rate

- Motor cars, estate cars and minibuses: from BEF 2 064 to BEF 52 704 per year; for vehicles over 20 hp: BEF 52 704 + BEF 2 880 per hp in excess of 20 hp; if such vehicles are fitted to run on LPG: an additional BEF 3 600, BEF 6 000 or BEF 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.
- Motorcycles of a cylinder capacity exceeding 250 cc: BEF 1 464.
- Motor vehicles intended for the transport of goods with a maximum authorised mass (MAM) of less than 3 500 kg (generally registered as vans): BEF 780 per 500 kg of maximum authorised mass subject to a minimum of BEF 937.

B 3.2.5.

- Motor vehicles intended for the transport of goods, with the exception of tractors, where the MAM of the vehicle or trailer, depending on the case, is less than 3 500 kg (generally registered as lorries): from BEF 3 024 (for 3 500 kg MAM) to BEF 30 624 (for 44 000 kg MAM).
- Tractors where the MAM of the trailer is at least 3 500 kg: from BEF 3 024 (for 3 500 kg of MAM) to BEF 31 116 (for 44 000 kg of MAM).
- Trailers and semi-trailers where the MAM of the vehicle is at least 500 kg: from BEF 2 004 to BEF 3 996.
- Trailers of less than 500 kg of MAM: BEF 937.
- Other road vehicles: BEF 180 per hp when the power does not exceed 10 hp (minimum: BEF 2 068). When the power exceeds 10 hp, the rate per hp, applicable to the entire taxable power, is BEF 180 + BEF 13 per hp above 10, with a maximum of BEF 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.

B 3.2.6.

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)

Legal base

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).

Beneficiary

The regions.

Tax payable by

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

Rate

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:

- BEF 3 000 in hamlets, municipalities or urban areas with not more than 5 000 inhabitants;
- BEF 4 000 in municipalities or urban areas with more than 5 001 but not more than 15 000 inhabitants;
- BEF 5 000 in municipalities or urban areas with more than 15 001 but not more than 30 000 inhabitants;
- BEF 7 500 in municipalities or urban areas with more than 30 000 but not more than 60 000 inhabitants;
- BEF 10 000 in municipalities or urban areas with more than 60 000 inhabitants.

The tax is fixed at a standard amount of:

- BEF 5 000 for travelling establishments;
- BEF 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 débiteurs de boissons fermentées, Vijfjarige belasting verschuldigd door bepaalde slijters van gegiste dranken)

Legal base

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

Beneficiary

The regions.

Tax payable by

Operators with legal personality (companies).

Brewers and beer merchants considered to be 'commettants' (principals).

Tax payable when

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

Rate

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

B 3.2.8.

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)

Legal base

(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 beverages in quantities of six litres or less.

Collection

Annual tax.

Rate

The tax is equal to one fifth of the real or presumed rental value of the premises concerned, but may not fall below 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 BEF 300.

For casual sales the tax is fixed at BEF 15 per day of use.

B 3.2.9.

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)

Legal base

Law of 28 December 1983 on the sale of spirituous beverages and on the licensing tax (M. b. 30 December 1983) as amended by the Acts of 22 December 1998 (M. b. 15 January 1999) and 28 February 1999.

Beneficiary

The State.

Tax payable by

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

B 3.2.9.

which are sold or served, whether or not free of charge, spirituous beverages for consumption on the premises, and the fact of allowing such beverages to be consumed.

Collection

Annual tax.

Rate

The licence for the sale of spirituous beverages for consumption on the premises is issued against payment of an

annual, indivisible tax fixed, per calendar year, at 10 % of the real or presumed annual rental value of the premises used for the sale of beverages.

The tax is fixed at a standard amount of:

- BEF 5 000 per calendar year for travelling establishments;
- BEF 500 per working day for occasional establishments.

B 3.2.10.

Excise-compensation tax

(Taxe compensatoire des accises, Accijnscompenserende belasting)

Legal base

Articles 108 to 111 of the Code of Taxes with equivalent effect to income taxes.

Beneficiary

The State.

Tax payable on

Cars, estate cars and minibuses run on gas oil.

Basis of assessment

Horse power.

Exemptions

Vehicles used exclusively for collective passenger transport, cars and estate cars of more than 25 years of age, cars registered as ambulances and vehicles used by certain categories of invalids or handicapped persons.

Collection

Each successive period of 12 consecutive months.

Rate

From BEF 978 to BEF 49 992 a year; if over 20 hp: BEF 49 992 + BEF 2 724 per hp over 20 hp.

There is a 25 % reduction for vehicles which have already been in circulation for five years at the time when the tax is payable and the taxable power of which exceeds 13 hp.

Special features

The communities, regions, provinces, conurbations and communes may not apply surcharges to the excise-compensation tax.

B 3.2.11.

Ecotaxes

(Écotaxes, Ecotaks)

Legal base

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, bat-

teries 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); Royal Decree of 30 May 1994 on the determination of the rate of reuse of drinks containers (M. b. 30 June 1994); Royal Decree of 27 December 1994 on 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. 3 February 1998); Royal Decree of 7 August 1995 postponing the date of entry into application of the ecotax on batteries set by the Ordinary Law of 16 July 1993 completing the federal structure of the State (M. b. 25 August 1995); Royal Decree of 16 April 1996 on the rules for proof of purchase in Belgium of batteries subject to a system of deposits or return incentives (M. b. 10 May 1996); Royal Decree of 16 April 1996 fixing the amount of the contribution to the collection and recycling of batteries in the context of the ecotaxes (M. b. 10 May 1996); Royal Decree of 10 November 1997 on products made of paper and/or board released for consumption and subject to the ecotax (M. b. 22 November 1997); Royal Decree of 9 February 1999 amending Royal Decree of 16 April 1996 fixing the amount of the contribution to the collection and recycling of batteries in the context of the ecotaxes (M. b. 27 February 1999); Ministerial Order of 2 May 1996 on the tax system for products subject to the ecotax (M. b. 10 May 1996); Ministerial Order of 4 October 1996 amending the Ministerial Order of 2 May 1996 on the tax system for products subject to the ecotax (M. b. 19 October 1996); Ministerial Order of 24 December 1993 on the approval of liable categories (M. b. 29 December 1993); Ministerial Order of 27 April 1994 on the alternative wording to be affixed to receptacles and batteries subject to the ecotax (M. b. 10 May 1994); Ministerial Order of 30 July 1996 on the approval of independent bodies for the certification of disposable photographic cameras as provided for in the Ordinary Law of 16 July 1993 completing the federal structure of the State (M. b. 9 August 1996).

Beneficiary

The regions.

Tax payable on

- All receptacles containing drinks.
- Disposable photographic 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 products made of paper and/or board.

Chargeable event

Release for consumption in Belgium. Release for consumption means the supply of products subject to the ecotax to retailers by enterprises under the obligation to register.

Exemptions

All receptacles containing drinks: where they can be reused 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 BEF 7 for more than 50 cl and BEF 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 reused 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 BEF 10 per battery;
2. proof is provided of the financing of the disposal or recovery of batteries under the deposit system;
3. the battery bears a visible distinctive mark.

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

1. where the amount of the deposit is sufficient to ensure the return of a high percentage of receptacles;
2. where proof is provided that the receptacle is reused, disposed of or put to some use;
3. 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, horticulturists, authorised users, stock breeders and seed-disinfection enterprises.

For pesticides for non-agricultural use where they are authorised and used as disinfectant and for those for

B 3.2.11.

non-agricultural use where they are authorised and used for combating dry rot.

For paper: certain types and under certain conditions.

Collection

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

Declaration

The ecotax is payable at the time of release for consumption. The person liable is required to present a declaration of release for consumption at the latest by the 15th day of the month following that during which the products subject to the ecotax were released for consumption.

Tax payable when

The ecotax must be paid immediately upon presentation of the declaration of release for consumption.

Rate

- Receptacles containing drinks: BEF 15 per pack.
- Disposable cameras: BEF 300 per item (BEF 100 for the reduced rate).
- Batteries: BEF 20 per item.
- Receptacles for certain industrial products: BEF 25 per unit of packaging volume with a maximum of BEF 500 per receptacle.
- Paper subject to ecotax: BEF 10 per kg (BEF 5 per kg if chlorine gas is not used).

B 3.2.12.

Levy on energy

(Cotisation sur l'énergie, Energiebijdrage)

Legal base

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.

Tax payable on

1. Fuels:
 - (a) leaded petrol;
 - (b) unleaded petrol;
 - (c) kerosene.
2. Fuels:
 - (a) domestic fuels;
 - (b) kerosene used for heating;
 - (c) natural gas of domestic and similar purposes;
 - (d) LPG: butane and propane.
3. 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

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.

Rate

1. Fuels:

- (a) leaded and unleaded petrol: BEF 550 per 1 000 l at 15 °C;
 (b) kerosene used as motor fuel: BEF 550 per 1 000 l at 15 °C;

2. Fuels:

- (a) domestic fuels: BEF 340 per 1 000 l at 15 °C;
 (b) kerosene used for heating: BEF 520 per 1 000 l at 15 °C;
 (c) natural gas: tariffs for domestic and similar uses, tariffs for ND1 and ND2 non-domestic uses,

and tariffs for associated public authorities:
 BEF 0.01367 per megajoule;

(d) liquefied petroleum gases:

- butane: BEF 690 per 1 000 kg;
- propane: BEF 700 per 1 000 kg;

3. Electricity: low-voltage tariff: BEF 55 per MTh.

Tax payable when

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.

Taxes abolished or repealed**Registration tax**

(Taxe à l'immatriculation, Inschrijvingstaks)

Repealed by Article 4(2) of the Law of 25 May 1993, introducing amendments to the taxation of new and second-hand means of transport.

Annual tax on securities listed on the stock exchange

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

Repealed by Article 3 of the Special Powers Order of 18 November 1996.

Hunting tax

(Taxe sur la chasse, Taks op de jacht)

Repealed by the law of 22 December 1989.

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)

Covered by mineral oils.

Excise duty on benzol and similar products

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

Covered by mineral oils.

Excise duty on sugar

(Accise sur les sucres, Accijns op suiker)

Special tax on medium-term certificates held by financial intermediaries

(Taxe spéciale sur les avoirs en bons de caisse détenus par les inter-médiaires financiers, Bijzondere taks op de kasbons in het bezit van de financiële tussen personen)

Payable only for the years 1990, 1991 and 1992 towards another Member State of the Union.

DENMARK

Danmark

State income tax

(Indkomstskat til staten)

Legal base

Statutory Notice No 819 of 3 November 1997 (Tax Assessment Act), Statutory Notice No 717 of 2 October 1998 (Personal Tax Act) and Statutory Notice No 735 of 10 October 1998 (Act on Tax at Source).

Beneficiary

The State.

Tax payable by

Individuals resident in Denmark.

Basis of assessment

The ordinary taxable income including income from foreign sources. Income from a foreign company which is controlled by the individual resident in Denmark and whose income is taxed considerably lower than in Denmark (the so-called controlled foreign company rule).

Deductions

The tax liability on the net income is reduced by the tax value of a uniform personal allowance for national, county and municipal income tax purposes. In 1999 the personal allowance was DKK 32 300, and DKK 23 200 for persons under 18 year.

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.

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 standardisation 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.

In 1999 distributed dividends up to DKK 36 000 are subject to a 25 % dividend tax. Distributed dividends in excess of DKK 36 000 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, pri-

marily from self-employment and capital normally pays a provisional tax according to a demand note, known as B-tax.

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 general deductions on assessment, it is transferred to the other spouse, in assessing the medium tax.

Unused personal allowance is transferred to the other spouse in assessing the base, medium and top tax.

Rate

Taxable income is split into two components, personal income and investment income.

State income tax levied in 1999:

- a tax of 32 % on the controlled foreign company income;
- base tax of 7.5 % on taxable income;
- medium tax of 6 % on the aggregate of personal income plus positive net investment income after deduction of DKK 151 000;
- a top tax of 15.0 % on the aggregate of personal income and positive net investment income after deduction of DKK 258 400.

The thresholds are adjusted in line with a factor laid down annually by law. The adjustment factor for 1999 is 136.0.

If the combined total of a taxpayer's State, county and municipal income taxes exceeds 59 % of a specified proportion of the personal income, the State income tax is reduced accordingly.

Losses

The value for tax purposes of any shortfall in taxable income is set off against the taxpayer's medium tax, top tax and 40 % 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

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deducted from the spouse's taxes. Anything still remaining can be carried forward for the following five 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.

DK 1.2.

County income tax (**Amtskommunal indkomstskat**)

Legal base

Law on taxation by county authorities, see Statutory Notice No 804 of 6 October 1995.

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 the tax value of a personal allowance. In 1999 the general personal allowance is DKK 32 300. 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.

Rate

The county income tax corresponds to a percentage levy fixed by the county council for the calendar year in question. In 1999, the average county income tax rate is 10.1 %.

DK 1.3.

Municipal income tax (**Kommunal indkomstskat**)

Legal base

Statutory Notice No 803 of 6 October 1995.

Beneficiary

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 with regard to the personal allowance.

Deductions

The tax liability is reduced by the tax value of a personal

allowance. In 1999 the general personal allowance is DKK 32 300. However, this corresponds to the total allowance for county and municipal income tax and church tax combined.

Collection

See 'State income tax'.

Rate

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. In 1999 the average municipal income tax rate is 21.7 %.

The levy on this income corresponds to the total average levy for the municipal and county income tax (31.9 % in 1999).

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Corporation tax

(Selskabsskat)

Legal base

Statutory Notice No 727 of 7 October 1998.

Beneficiary

The State and municipalities.

12 % of the tax goes to the municipality.

Tax payable by

1. 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) savings banks, Post Denmark, the Copenhagen Stock Exchange, the Danish Securities Centre, the Guarantee Fund for Danish Options and Futures,
- (f) institutions covered by the law on mortgage lending institutions which are not mentioned in point (a), associations as mentioned in paragraph 69, subparagraph 2 of the Mortgage 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;

(g) accumulating investment associations issuing negotiable certificates for the shares of the members;

(h) other associations, foundations, trusts or self-owned institutions not covered by the Law on Fund Income Tax.

A company is deemed to be resident in Denmark if its place of effective management is situated in Denmark.

2. Companies mentioned under points (b) to (h) are considered to be resident in Denmark if the place of management is situated in Denmark. This applies whether the company is registered in Denmark or abroad. However, it does not apply in cases where a company is subject to full tax liability in a foreign State according to that State's tax rules and a double tax convention between Denmark and the State in question implies that Denmark shall relieve double taxation of income from a permanent establishment in that State by reducing the Danish tax on the income by an amount larger than the amount of the tax which has been paid on the income in the State in question.

Companies mentioned above, but resident in Greenland, the Faeroes or abroad insofar 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; gains or losses from alienation, cession or transfer of capital assets connected with such undertakings are also taxable;
- (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; liable to taxation are also gains from cession or property covered by the act on taxation of profit from the sale of real property or the Depreciation Act;
 - (c) receive dividends, except dividends to companies in other EU Member States from Danish subsidiaries (not less than 25 % holdings);
 - (d) hold workers available to be hired out for work in Denmark;
 - (e) receive consultancy fees;
 - (f) receive royalties.
3. The following are wholly or partially exempted from liability to taxation:
- (a) the State and its institutions;
 - (b) municipal authorities and institutions;
 - (c) recognised 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 Wage-earners' Cost-of-Living Fund;
 - (h) schools, hospitals, convalescent and children's homes, libraries and museums;
 - (i) the Building Societies Guarantee Fund, the Rural Building Fund for house building and building associations for the benefit of the general public;
 - (j) pension funds;
 - (k) auctions held by agricultural or smallholder associations covered by Law No 80 of 4 March 1949;
 - (l) reconstruction companies covered by the law on reconstruction;
 - (m) industrial health services;
 - (n) urban renewal companies;
 - (o) TV 2;
 - (p) the Developing Countries Industrialisation Fund, the Investment Fund for central and eastern Europe, the Investment Fund for Growth Markets.
4. 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

- The ordinary taxable income during the income year is calculated in general according to the same rules as for personal State income tax.
- Those institutions etc., mentioned under heading 1 (h) above, are only liable to tax in their trading income and gains and losses from sale or cession or surrender of capital assets which are or have been connected with the economic activity. Expenses may only be deducted when they relate to sources of income, which are included in the taxable income.
- In the case of buying associations etc., which are liable to tax as mentioned in heading 1 (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 applying to personal capital tax. When calculating the associations' capital, any profit distributed for the income year is disregarded.
- The income is calculated as 4 % of the part of the capital corresponding to the ratio between turnover with members, and 6 % of the remaining capital.
- Non-commercial income is taxed only if it exceeds the amount of DKK 1 million in the case of mutual insurance companies as mentioned in heading 1(d).

Exemptions

If the taxable income of joint-stock companies etc., included under heading 1 (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 4 above.

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.

Rate

1. The companies and associations etc. mentioned in heading 1 (a), (b) and (d) to (g) and foreign companies etc. mentioned in heading 2 pay income tax at 32 %.
2. Buying associations and production or sales associations (heading 1 (c)) pay income tax at 14.3 % of the taxable income.

Special features

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

Losses

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

DK 1.5.

Share income**(Aktieindkomst)****Legal base**

Sections 65 to 67 A of Statutory Notice No 735 of 10 October 1998 (Act on tax at source). Sections 4a and 8a of Statutory Notice No 717 of 2 October 1998 (Act on tax on persons). Section 13 of Statutory Notice No 727 of 7 October 1998 (Act on corporation tax) as amended by Law No 1026 of 23 December 1998 and the Statutory Notice No 642 of 18 August 1998 (the Share Profit's Taxation Act).

Share income includes both dividends and certain stock transactions. The rules regarding dividends are described under Section 1 and stock transactions under Section 2 below.

1. Dividends**Beneficiary**

See *State income tax and corporation tax*.

Tax payable by**Companies**

Dividends received by companies and associations etc., as mentioned under corporation tax heading 1 (a) and (c) to (f) from Danish and foreign subsidiaries (not less than 25 % of holdings), are not included in the statement of the taxable income, provided the shares have been owned by the parent company continuously for at least one year within which period the dividends have been distributed.

Dividends received by other companies from Danish and foreign companies are included in the taxable income by 66 % of the amount of the dividends.

Individuals

Distributed dividends of up to DKK 36 000 in 1999 are subject to a 25 % dividend tax at source. Distributed dividends in excess of DKK 36 000 in 1999 are taxed at 40 %.

Dividends include the amounts of:

- dividends from shares, cooperative shares, etc., securities from Danish joint-venture stock companies;

- amounts which a shareholder or a member of a cooperative undertaking receives at the time of the alienation of the shares, cooperative shares, etc., securities;
- allocation from investment trusts.

Non-residents

Dividends received by parent companies from Danish subsidiaries are tax exempt.

Other shareholders may claim a refund of dividend tax withheld insofar as a convention for the avoidance of double taxation justifies the refund.

Collection

Whenever a decision is taken to pay on credit dividends, the dividend tax falls due and is payable to the State by the company that distributes the dividends.

Rate

25 % and 40 %.

2. Stock transactions**Beneficiary**

See 'State income tax' and 'Corporation tax'.

Tax payable by**Companies**

Profits from the alienation of shares which have been owned less than three years are taxed as corporate income. Losses are deductible.

The alienation of shares owned more than three years are generally tax exempt.

Individuals

Share transactions are regulated by three factors: length of time the shares have been owned, registration, and the size of the holdings.

Alienation of shares owned less than three years are taxed as capital income.

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Taxation after three years depends on whether the shares are registered on a recognised stock market or not. In the latter case, all profits will be taxed as share income.

If the stocks are registered on a recognised stock market, taxation will depend on the size of the holdings. If the composite holding does not exceed 113 300 DKK (1999), profits from alienation are tax exempt. If the profits exceed this amount, profits are taxed as share income.

The abovementioned rules do not apply to professional traders, as their transactions are always taxable — either as corporate or private income.

Basis of assessment

The sales price minus acquisition costs.

The Danish rules are illustrated in the following diagram:

	Individuals		Companies		
	Individuals		Regular shares		Inherited shares/succession
	Owned less than three years	Owned more than three years	Owned less than three years	Owned more than three years	
Non-registered shares	Taxed as capital income	Taxed as share income	Taxed as corporate income	Tax exempt	Taxed as corporate income
Registered shares (holdings more than 113 300 DKK (1999-level))	Possible to deduct certain losses	Losses deductible Taxed as share income	Possible to deduct certain losses	No Deduction for losses	Losses are deductible
Registered shares (holdings less than 113 300 DKK. (1999-level))		Possible to deduct certain losses Tax exempt No deduction for losses			
Shares in low-taxed financial companies	Profit with minimum 10 % surcharge as capital or corporate income No deduction for losses				
Shares in cooperatives	Profits taxable as capital or corporate income Deduction for losses				
Loan-financed shares acquired between June 6, 1992 and December 31, 1993	Profits taxable as capital or corporate income No deduction for losses				
Certain investment certificates	Profits taxable as capital or corporate income Losses deductible according to a transparency principle				
Business shares (professional share traders)	Profits taxable as personal or corporate income Deduction for losses				

Tax on employee bonds**(Afgift af medarbejderobligationer)****Legal base**

Section 7 N of Statutory Notice No 819 of 3 November 1997 (Tax Assessment Act) until December 31, 1999, thereafter section 7 A.

Beneficiary

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.

Rate

45 % of the amount by which the value of each bond exceeds DKK 1 800.

Special features

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.

DK 1.7.

Church tax**(Kirkeskat)****Legal base**

Law No 537 of 24 June 1997.

Beneficiary

The churches in each municipality.

Tax payable by

The members of the Established Church of Denmark.

Basis of assessment

See municipal income tax.

Deductions

The tax liability is reduced by a percentage (equal to the tax rate) of a personal allowance. In 1999 the personal allowance is DKK 32 300. This corresponds to the total allowance for county and municipal income tax and church tax combined.

Rate

The rate varies in 1999 from 0.41 % to 1.50 % in the different municipalities.

Collection

Collection takes place jointly with municipal income tax.

DK 1.8.

Tax on lottery winnings**(Afgift af gevinster ved lotterispil)****Legal base**

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.

DK 1.8.

Basis of assessment

The market value of winnings.

Collection

The tax is settled following each lottery draw or competition.

Rate

The tax on cash winnings amounts to 15 % thereof in ex-

cess of DKK 200. In the case of other winnings the tax is 17.5 % of the market value in excess of DKK 200.

Special features

Income tax is not payable on paid-out winnings.

In the case of winnings not covered by the law, the winner pays income tax instead of lottery tax.

DK 1.9.

State income tax on estates of deceased persons

(Beskatning af dødsboer)

Legal base

Statutory Notice 703 of 28 September 1998.

Beneficiary

The State and local authorities.

Tax payable on

Estates that are fully or partly subject to administration in Denmark.

Basis of assessment

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

Exemptions

Estates with assets of not more than DKK 1 373 800 in 1999 and a net value at the time when the accounting of the estates is finished of DKK 1 056 800 are tax-free. The thresholds are adjusted in line with a factor laid down annually by law.

Deductions

Allowance with regard to income tax.

In 1999: DKK 1 400 per month, from the start of the year to the time of the death, and DKK 4 800 per month from the time of the death until the accounting is finished. The thresholds are adjusted in line with a factor laid down annually by law.

Non-residents

The law covers estates that are subject to administration in Denmark and estates that have income from Denmark, subject to administration in foreign countries.

Collection

As arranged by the tax commissions.

Rate

Income tax: 50 %.

Losses

If the estate has a loss, an amount up to 30 % of the loss may be paid from public funds, under certain conditions.

Hydrocarbon tax

(Kulbrinteskatt)

Legal base

Law on assessment and collection of hydrocarbon tax, see Statutory Notice No 793 of 29 September 1993.

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 includ-

ing 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 of the following year.

In the case of the individuals, companies, etc., referred to in point (a) of heading ‘Tax payable by’, personal income tax or corporation tax is collected in accordance with the ordinary rules of tax legislation.

In the case of individuals and companies referred to in point (b) of heading ‘Tax payable by’, 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.

Rate

- Hydrocarbon tax is set at 70 %.
- In the case of the individuals, companies, etc., referred to in points (a) and (b) of the heading ‘Tax payable by’, corporation tax is 32 % and personal income tax is 32 %.
- Those earning wages and salaries in connection with the extraction of hydrocarbons pay a final State tax of 30 % of their income.

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.

DK 1.11.

State institutions' income tax

(Statsinstitutioners indkomstskat)

Legal base

Law on municipal income tax, see Statutory Notice No 803 of 6 October 1995.

Beneficiary

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 that is regarded as emanating from each of the municipalities.

Tax payable by

The State and its institutions.

Basis of assessment

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

Collection

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

Rate

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

DK 1.12.

Tax on rents released from Landlords' Investment Fund

(Afgift på leje frigivet fra Grundejernes Investeringsfond)

Legal base

Paragraphs 14 B to E of Statutory Notice No 819 of 3 November 1997 of the law on the assessment of State income and capital tax.

Beneficiary

The State and the local authority.

One third of the tax devolves to the local authority.

Tax payable by

The person entitled to the released rent.

Basis of assessment

Owners of rented properties are obliged to pay part of any rent increases into a blocked account in the Landlords' Investment Fund. These amounts plus accrued interest are normally released after being blocked for a 20-year period or to meet additional expenditure on upkeep, in which

event they are included as part of taxable income. The amounts paid in are deductible when calculating ordinary taxable income.

Earlier release may take place in special cases; for example, when the owner of the property dies or has bankruptcy proceedings taken against him or compounds with his creditors and also in the event of a building society's liquidation. These amounts are then not reckoned as part of ordinary taxable income.

The tax is calculated on the amount freed.

Collection

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

Rate

The tax amounts to 40 % of the amount released.

Fund income tax

(Fondsbeskatning)

Legal base

Statutory Notice No 755 of 20 October 1998.

Beneficiary

The State and municipalities.

12 % of the tax goes to the municipality.

Tax payable by

- 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.
- Associations covered by the law on foundations and certain associations.
- Foundations and other independent institutions established abroad, on the Faeroe Islands or in Greenland when the place of management is situated in Denmark. That applies whenever the foundation or the independent institution may be registered.

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 DKK 25 000 or DKK 200 000 in the case of associations.

Funds and associations may deduct money that 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.

The Fund Income Tax Law allows funds and associations to make a consolidation deduction in their income returns.

If a person, a company, a fund or association etc., contributes to a foreign fund or trust established in a country where the tax rates on funds or trusts are essentially lower than the Danish tax rate, the contributor is charged at 20 % on the part of the annual contribution exceeding DKK 10 000. Contributors may on request be exempted from the charge, if the amount of contribution to the foreign fund or trust is used for charitable or public purposes for the benefit of a wider circle of people.

Exemptions

As for corporation tax.

Collection

As for corporation tax.

Rate

The tax amounts to 32 % of the taxable income.

Special features

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

DK 1.14.

Green tax on passenger cars

(Afgift efter brændstofforbrug af visse personbiler)

Legal base

Law on tax related to fuel consumption, see Law No 360 of 2 June 1997.

Beneficiary

The State.

Tax payable on

The tax applies to registrable passenger cars.

Basis of assessment

Fuel consumption (Euromix)

Tax payable by

Person in whose name the vehicle is registered.

Exemptions

Passenger cars paying weight tax (i.e. older passenger cars).

Collection

The tax is paid periodically two times a year.

Rate

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

DK 1.14.

Fuel consumption, kilometre per litre	Tax rates (1999) in DKK per six month period
20.0 or more	220
Less than 20.0 but not less than 18.2	440
“ 18.2 “ 16.7	660
“ 16.7 “ 15.4	870
“ 15.4 “ 14.3	1 090
“ 14.3 “ 13.3	1 310
“ 13.3 “ 12.5	1 530
“ 12.5 “ 11.8	1 740
“ 11.8 “ 11.1	1 960
“ 11.1 “ 10.5	2 180
“ 10.5 “ 10.0	2 400
“ 10.0 “ 9.1	2 830
“ 9.1 “ 8.3	3 270
“ 8.3 “ 7.7	3 700
“ 7.7 “ 7.1	4 130
“ 7.1 “ 6.7	4 570
“ 6.7 “ 6.3	5 000
“ 6.3 “ 5.9	5 440
“ 5.9 “ 5.6	5 870
“ 5.6 “ 5.3	6 310
“ 5.3 “ 5.0	6 740
“ 5.0 “ 4.8	7 180
“ 4.8 “ 4.5	7 610
Less than 4.5	8 050

DK 1.15.

Taxation of pension schemes

(Pensionsbeskatning)

Legal base

Statutory Notice No 776 of 22 August 1996 (to be amended).

Beneficiary

The State and municipalities.

Tax payable by

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

Basis of assessment

Endowments from certain pension schemes. The relevant schemes and some of the relevant provisions are as follows:

- 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.
- Instalment pension schemes.
- Pensions under these schemes are paid out in instalments. Contributions are fully deductible, provided that the instalments are disbursed over a period of not less than 10 years. Income tax is levied on the annual instalments.
- Capital pension schemes (lump sum pension schemes).

Contributions are fully deductible, provided that the annual contributions do not exceed a fixed maximum amount (DKK 32 000). A tax at the rate of 40 % is payable if payment on fixed date (normally the age of 60). If one of the mentioned schemes is cancelled prematurely or pledged as security for loans, a tax at the rate of 60 % becomes payable.

Deductions

See 'Basis of assessment'.

Non-residents

Non-residents are covered by in the income tax, unless they are exempted because of a double tax treaty, and by

the 60 % tax on premature payments, etc. Non-residents with a lump sum pension scheme pay 40 % if the pension is contracted in Denmark.

Collection

Tax must normally be paid by the company that manages the schemes.

Rate

Income tax.

Instead of income tax, a flat-rate tax is levied on lump sum payments, normally 40 %. Another flat-rate tax, 60 %, is levied on premature payments, etc.

DK 1.16.

Real-interest tax on certain pension capitals, etc.

(Realrenteafgift)

Legal base

Law No 222 of 3 June 1983, as last amended by Statutory Notice No 1054 of 23 December 1998.

As from the income year 2000 real-interest tax is replaced by tax on yield of pension assets.

Beneficiary

The State.

Tax payable by

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 unrealised 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.

Rate

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:

$$t = ((r - 1.035p - 3.5) / r) * 0.99 * 100 \%$$

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: 1999: 33.8 %.

As from the 2 June 1998 capital yields of shares are taxed. The taxable yield consists of dividend yields and any unrealised changes in market value (inventory principle). Rate: 5 %.

DK 1.17.

Weight tax on motor vehicles

(Vægtafgift af motorkøretøjer)

Legal base

Law relating to weight tax on motor vehicles etc., see Statutory Notice No 207 of 3 April 1998.

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 equalisation 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.

Tax payable by

Person in whose name the vehicle is registered.

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 equalisation 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).

Collection

The tax is paid periodically one or two or four times a year.

Rate

The annual amount of tax on petrol-driven passenger motor vehicles per kilogram of weight is as follows (1999):

— Weight:	
• Motorcycles:	DKK 500.
— Other passenger	
motor vehicles:	
• up to 600 kg:	DKK 1 480;
• 1 601–1 800 kg:	DKK 1 820;
• 1 801–1 100 kg:	DKK 2 460;
• 1 101–1 300 kg:	DKK 3 280;
• 1 301–1 500 kg:	DKK 4 260;
• 1 501–2 000 kg:	DKK 5 900;
• 2 001 and over:	DKK 360.

DK 1.18.

Tax on yield of pensions scheme assets

(Pensionsafkastskat)

Legal base

Law No 428 of 26 June 1998 as last amended by Law No 1054 of 23 December 1998.

(As from the income year 2000 real-interest tax is replaced by tax on yield of pension scheme assets.)

Beneficiary

The State.

Tax payable by

Life insurance companies and pension funds and the like, as well as owners of various individual pension schemes in banks, are liable to tax on yield of pension scheme assets.

Basis of assessment

The tax base comprises all forms of capital yields not exempt from the tax. (Certain indexed bonds are exempt.) The taxable yield consists of interest and dividend yield, unrealised and realised changes in marked value (inventory principle).

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 income year is exempt from tax.

Collection

The tax is computed as a percentage of the taxable part of the base.

Rate

All forms of capital yields exempt capital yield of shares and certain indexed bonds: 26 %.

Capital Yield of shares: 5 %.

Taxation in relation to bankruptcy

(Konkursskatteloven)

Legal base

Statutory Notice 716 of 2 October 1998.

Beneficiary

The State and local authorities.

Tax payable by

Certain insolvent estates of deceased persons and bankrupt estates with an income over DKK 100 000 after the deduction of the loss from previous years. The decision of tax liability lies with the tax authorities.

Basis of assessment**Companies**

The debtor's income from the beginning of the year of the issue of the bankruptcy notice till the date of the issue. The income of the estate till the end of the administration in bankruptcy.

Persons

The debtor's income from the estate from the time of the issue of the bankruptcy notice till the end of the administration in bankruptcy. The debtor's income from the beginning of the year of the bankruptcy notice till the date of the issue of the notice. However, the debtor's wages or income from the running or the participation in the spouse's business are not included in the income of the estate.

Losses**Companies**

Deficits dating from a period before the end of the administration cannot be deducted after that period. From the beginning of the year of the issue of the bankruptcy notice

till the end of the administration, deficits relating to the basis of assessment of the estate may be deducted in the basis of assessment of the income of the estate.

Deficits from previous years may be deducted from the basis of assessment of the estate if they were deductible according to the Personal Tax Act in the year of the issue of the bankruptcy notice.

Persons

In the year of the issue of the bankruptcy notice and later years deficits from previous years cannot be deducted in the debtor's income or that of his spouse.

The debtor's deficits from previous years may be deducted from the basis of assessment of the estate if they were deductible according to the Personal Tax Act in the year of the issue of the bankruptcy notice.

From the beginning of the year of the issue of the bankruptcy notice till the end of the administration, deficits from one year relating to the basis of assessment of the estate may be deducted in the basis of assessment of other years.

Deficits in the basis of assessment of the estate cannot be deducted in the debtor's or his spouse's income in the year of the administration or later years.

Deductions

A general deduction of DKK 100 000 in the basis of assessment.

Rate

45 %.

DK 2.1.

Inheritance tax

(Afgift af dødsboer)

Legal base

Law No 595 of 12 August 1998.

(The Estate and Gift Tax Act has replaced the previous Inheritance and Gift Tax Act as of July 1, 1995. The earlier act still applies to estates, where the deceased died before July 1 1995.)

Beneficiary

The State.

Tax payable by

Estates after deceased, who died on or after 1 July 1995.

Basis of assessment

The market value of the assets in the estate.

Exemptions

1. Estates of less than 196 600 DKK (1999).
2. Spouses.
3. Fully or partially taxable payments covered by The Pensions Tax Act unless the payments stem from a scheme comparable to a Danish capital pensions scheme.
4. Rate pensions to children and stepchildren under 24 years of age.
5. Public service pensions and employers liability insurance.

6. Insurance payments insofar as the deceased has paid the premiums.
7. Property and beneficiary trusts.
8. Inheritance to public institutions and institutions etc. of public utility (after application).

Deductions

In calculating the value of the estate, deduction may be made for the deceased's debts, as well as for expenses connected with the administration of the estate. There is a basic deduction of DKK 196 600 (1999).

There are also deductions for inheritance taxes paid in other countries.

Non-residents

If the deceased person is resident outside Denmark, inheritance tax is only paid on real estate and accessories to the real estate in Denmark.

Collection

Via the probate courts.

Rate

The basic rate is 15 % of the estate.

All others than the immediate family and certain other people with a closer defined relationship with the deceased pay a supplementary 25 % tax.

DK 2.2.

Tax on gifts

(Gaveafgift)

Legal base

Law No 426 of 14 June 1995.

Beneficiary

The State.

Tax exempt gifts

1. Gifts to spouses.
2. Residency in the donor's home or in hospital, rest home, etc.
3. Property and beneficiary trusts in connection with capital funds and capital goods.
4. Gifts up to a base amount of DKK 15 300 (1999)

given to the spouses of the donor's children and stepchildren.

5. Gifts up to a base amount of DKK 43 700 (1999) given to:
 - (a) children, stepchildren and their children;
 - (b) deceased child's or stepchild's surviving spouse;
 - (c) parents;
 - (d) persons who have shared a joint household with the donor for the last two years before receiving the gift or who in a continuous period of two years have shared a common household with the donor and the joint household has only been interrupted on the grounds of institutional placement;

(e) foster children who have lived with the donor in a continuous five years period on the condition that the residency began before the foster child was 15 years old and that at the most only one of the foster child's own parents has lived with the foster child together with the donor;

(f) stepparents and grandparents.

Rate

If a gift exceeds the aforementioned maximums, the tax rate is 15 % for all others than stepparents

and grandparents. For them the rate is 36.25 %.

Gifts to all other persons are taxed as income in accordance with the provisions named in DK 1.1 to 1.3.

Basis of assessment

The commercial value of the gift.

Non-residents

Gift tax must be paid, if either the donor or the recipient resides in Denmark.

If both are residents outside Denmark, gift tax is only paid on real estate and connected accessories in Denmark.

Collection

Both the donor and recipient are required to submit a declaration to the local tax inspectorate.

DK 3.1.1.

Value added tax

(*Merværdiafgift*)

Legal base

Laws on value added tax (VAT Law), see Statutory Notice No 634 of 23 July 1997.

Beneficiary

The State.

Tax payable on

Liability for this tax covers all goods and services, unless exempted.

Exemptions

- Hospital treatment, medical practice, dentistry, etc.
- Public assistance, kindergartens, etc.
- School and university teaching, etc.
- Cultural activities, except performances, etc.
- Certain 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.
- Certain banking and financial transactions.
- Lotteries etc.
- Services of travel agencies.
- Services of undertakers.

Tax payable by

Businesses which sell goods or render taxable services.

Such businesses are required to register. However, businesses with an annual turnover not exceeding DKK 20 000 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.

Collection

Registered businesses are required within one month and 10 days following the end of each tax period to declare 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.

If the annual turnover exceed DKK 10 000 000 the tax period corresponds to the month.

DK 3.1.1

Rate

25 % of the taxable value.

0 % (exports, newspapers).

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.

DK 3.1.2.

Energy tax on mineral oil etc.

(Lov om energiafgift af mineralolieprodukter m.v.)

Legal base

Law on energy tax on mineral oil etc., see Statutory Notice No 701 of 28 September 1998.

Beneficiary

The State.

Tax payable on

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

Tax payable when

On delivery of the goods by registered businesses.

Exemptions

— Businesses that are registered under the VAT law may obtain repayment of duty paid on goods consumed, except duty paid on goods used for heating purposes and petrol.

- Oil and gas used for fishing vessels, vessels in foreign trade and aircraft.
- Goods produced and consumed at refineries.
- Goods used for public transport.
- Goods used for production of electricity.
- Tax on goods intended for motor fuels cannot be repaid except for agricultural use, etc.

Declaration

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 15th of the following month.

Rate

	1999	2000	2001	2002
Gas and diesel oils used as motor fuel (DKK per litre)	2.12	2.12	2.12	2.12
Other gas oil and diesel oil (DKK per litre)	1.70	1.73	1.78	1.83
Diesel oil with a low content of sulphur (DKK per litre)	2.02	2.02	2.02	2.02
Fuel oil (DKK per kg)	1.91	1.95	2.00	2.06
Fuel tar (DKK per kg)	1.73	1.76	1.81	1.86
Kerosene used as motor fuel (DKK per litre)	2.12	2.12	2.12	2.12
Other kerosene (DKK per litre)	1.70	1.73	1.78	1.83
Leaded petrol (DKK per litre)	4.42	4.52	4.62	4.72
Leaded petrol distributed among petrol stations equipped with vapour return systems (DKK per litre)	4.39	4.49	4.59	4.69
Unleaded petrol (DKK per litre)	3.77	3.87	3.97	4.07
Unleaded petrol distributed among petrol stations equipped with vapour return systems (DKK per litre)	3.74	3.84	3.94	4.04
LPG and gas used as motor fuel (DKK per litre)	1.43	1.43	1.43	1.43
Other LPG and gas (DKK per litre)	2.18	2.22	2.28	2.35
Lubricating and hydraulics oil (DKK per kg)	2.01	2.04	2.09	2.14
Carburettor liquid (DKK per kg)	3.77	3.87	3.97	4.07

Tax on electricity

(Afgift af elektricitet)

Legal base

Law on tax on electricity, see Statutory Notice No 689 of 17 September 1998.

Beneficiary

The State.

Tax payable on

Electricity consumed in Denmark.

Tax payable when

Power is supplied from its place of origin.

Exemptions

Businesses registered under the VAT Law can obtain reimbursement of the excise duty paid on electricity, except the excise duty paid on electricity used for heating purposes. Lawyers, accountants, architects, advertising agencies, etc., can not obtain any reimbursement of the excise duty on electricity.

Electricity produced in small plants (less than 150 kW), in emergency generators and in vehicles, or by wind, water-power or solar cell systems, and consumed exclusively by the producer, is also exempt from tax.

Declaration

Businesses that 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.

Rate

There are two rates, for electrical heat and other electricity.

Consumption of electrical heating above 4 000 kWh per year in permanent residences registered as being heated by electricity is taxed at DKK 0.416 per kWh in the year 1999. For the following three years the tax will respectively be DKK 0.431 per kWh (2000), DKK 0.446 per kWh (2001) and DKK 0.461 per kWh (2002).

Other electricity is taxed at DKK 0.481 per kWh in 1999. In the following three years the tax will be DKK 0.496 per kWh (2000), DKK 0.511 per kWh (2001) and DKK 0.526 per kWh (2002).

DK 3.1.4.

Carbon dioxide tax on certain energy products

(Kuldioxidafgift af visse energiprodukter)

Legal base

Law on CO₂ tax on certain energy products, see Statutory Notice No 643 of 27 August 1998.

Beneficiary

The State.

Tax payable on

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

Chargeable event

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

Exemptions

- Energy products used in commercial fishing vessels, vessels in foreign trade and aircraft.
- Energy products used for production of electricity.
- Energy products delivered to diplomats and international organisations.
- Energy products produced and consumed at refineries.
- Ultra-light diesel and gas used in public transports.
- Coal and lignite used in steamships and steam trains.
- Business registered for VAT can obtain a partial reimbursement of the CO₂ tax depending on the energy intensity of the production. When the tax is fully implemented in year 2000 VAT-registered business will be reimbursed the following amount of the CO₂ tax:
 - energy used in energy-intensive processing: 75 %;
 - energy products used in other processing: 10 %;

DK 3.1.4.

- energy products used for heating purposes: no reimbursement.
- Business with energy-intensive processing can obtain a further reimbursement if an agreement with the Ministry of Energy is made to undertake an energy-saving plan.
- CO₂ tax on goods used as motor fuels can not be reimbursed.
- CO₂ tax which contribute to the EC-minimum rates can not be reimbursed.

Rate

- Gasoil and diesel oil: 0.27 DKK/l.
- Fuel oil: 0.32 DKK/kg.
- Fuel tar: 0.28 DKK/kg.
- Kerosene: 0.27 DKK/kg.

- Coal: 242 DKK/t.
- Petroleum coke: 323 DKK/t.
- Lignite: 178 DKK/t.
- Electricity: 0.10 DKK/kWh.
- Autogas (LPG): 0.16 DKK/l.
- Gas (LPG): 0.30 DKK/kg.
- Gas from refineries (mineral oils): 0.29 DKK/kg.
- Natural gas: 0.22 DKK/Nm³.
- Other goods under CN-code 2713, 2714 and 2715:
 - with a water content of 27 % and above: 224 DKK/t;
 - with a water content of less than 27 %: 311 DKK/t.

DK 3.1.5.

Tax on coal, lignite and coke, etc.

(Afgift af stenkul, brunkul og koks mv.)

Legal base

Tax on coal, lignite and coke, etc., see Statutory Notice No 702 of 28 September 1998.

Beneficiary

The State.

Tax payable on

Coal, lignite and coke.

Exemptions

Businesses that are registered under the VAT Law may obtain repayment of duty paid on goods consumed, except for duty paid on goods for heating purposes. Duty will not be repaid to district heating stations and the like.

Goods used for the production of electricity.

Goods used in steamships and trains.

Declaration

Manufacturers and wholesalers of taxable coal etc. 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.

Rate

Tax dependent on the calorific value

- Coal, coke, crude coke, lignite, tall oil and other goods under Customs Tariff item 27.13, 27.14 and 27.15 for heating purposes:
 - DKK 45 per Gj;
 - DKK 47 per Gj;
 - DKK 49 per Gj;
 - DKK 51 per Gj.

Tax dependent on the weight of the goods:

- Coal, coke, etc:
 - DKK 1 250 per tonne;
 - DKK 1 300 per tonne;
 - DKK 1 350 per tonne;
 - DKK 1 425 per tonne.
- Crude coke:
 - DKK 1 475 per tonne;
 - DKK 1 550 per tonne;
 - DKK 1 625 per tonne;
 - DKK 1 675 per tonne.
- Lignite etc.:
 - DKK 910 per tonne;
 - DKK 950 per tonne;
 - DKK 990 per tonne;
 - DKK 1 030 per tonne.

- Tall oil etc.:
 - DKK 1 760 per tonne;
 - DKK 1 840 per tonne;
 - DKK 1 920 per tonne;
 - DKK 1 990 per tonne.

Other goods under Customs Tariff items 27.13, 27.14 and 27.15 for heating purposes

- with a water content of 27 % and above:
 - DKK 1 290 per tonne;
 - DKK 1 350 per tonne;
 - DKK 1 410 per tonne;
 - DKK 1 460 per tonne.
- with a water content less than 27 %:
 - DKK 1 690 per tonne;
 - DKK 1 770 per tonne;
 - DKK 1 840 per tonne;
 - DKK 1 920 per tonne.

Production of heat by waste destruction

- Tax dependent on the calorific value:
 - DKK 4.90 per Gj;
 - DKK 7.60 per Gj;
 - DKK 10.20 per Gj;
 - DKK 12.90 per Gj.

Where the production of heating is not measured tax is calculated upon the weight of the waste products used

- Waste wood:
 - DKK 65 per tonne;
 - DKK 100 per tonne;
 - DKK 135 per tonne;
 - DKK 170 per tonne.
- Other waste:
 - DKK 45 per tonne;
 - DKK 70 per tonne;
 - DKK 90 per tonne;
 - DKK 110 per tonne.

DK 3.1.6.

Excise duty on tobacco

(Tobaksafgift)

Legal base

Law on tax on tobacco, see Statutory Notice No 635 of 21 August 1998.

1. Excise duty on cigarettes and smoking tobacco

(Punktafgift af cigaretter og røgtobak)

Beneficiary

The State.

Tax payable on

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

Tax payable when

Before the goods leave the factory.

Collection

Businesses that 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.

Rate

- For cigarettes: DKK 0.6068 per cigarette plus 21.22 % of the retail selling price including tax and VAT.
- For sliced tobacco, granulated and similar tobacco and also for other smoking tobacco with width of cut of at least 1.0 mm: DKK 350 per kg.
- For fine cut smoking tobacco where more than 25 % of the tobacco particles have a width of cut of less than 1.0 mm, or fine cut smoking tobacco where more than 25 % of the tobacco particles have a width of more than 1.0 mm and are intended for the rolling of cigarettes: DKK 400 per kg.

DK 3.1.6.

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.

Tax payable on

Cigars, cheroots and cigarillos.

Basis of assessment

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

Tax payable when

Goods are delivered from the producer or wholesaler to the retailer.

Declaration

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.

Rate

The tax on cigars, cheroots and cigarillos amounts to DKK 0.198 each, plus 10 % of the retail selling price including tax and VAT.

Imports

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

DK 3.1.7.

Excise duty on cigarette paper, chewing tobacco and snuff

(Afgift af cigaretpapir, skrå og snus)

Legal base

Law on different consumption taxes, see Statutory Notice No 638 of 21 August 1998.

Beneficiary

The State.

Rate

- The tax on cigarette paper for one cigarette amounts to DKK 0.04.
- The tax on packeted chewing tobacco and snuff amounts to DKK 63.00 per kg.

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

Declaration

- 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.

Excise duty on spirits

(Afgift af spiritus)

Legal base

Law on tax on spirits etc., see Statutory Notice No 564 of 3 August 1998.

Beneficiary

The State.

Tax 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.

Chargeable event

Delivery of the goods from the registered business. A tax stamp must be attached on each bottle released for consumption.

Declaration

Businesses that 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 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.

Rate

The rate is DKK 275 per litre of 100 % ethyl alcohol.

DK 3.1.9.

Excise duty on beer, wine and fruit-wine

(Afgift af øl, vin og frugtvin)

Legal base

Law on tax on wine and fruit-wine, etc., see Statutory notice No 565 of 3 August 1998.

Beneficiary

The State.

Rate

Goods falling under customs tariff items 22.04–22.06.

The tax amounts to:

- goods containing more than 1.2 % but not exceeding 6 % ethyl alcohol (volume): DKK 4.50/litre;
- goods containing more than 6 % but not exceeding 15 % ethyl alcohol (volume): 7.05/litre;
- goods containing more than 15 % but not exceeding 22 % ethyl alcohol (volume): 10.55/litre.

Sparkling wines are levied by an additional amount of DKK 3.50 per litre.

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 DKK 268.50 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 DKK 345.75 per hl;
- beer brewed with an extract content of more than 14 % Plato but not more than 18 % Plato (tax class 3) is taxable at the rate of DKK 460.75 per hl;
- beer brewed with an extract content of more than 18 % Plato but not more than 22 % Plato (tax class 4) is taxable at the rate of DKK 510.25 per hl;
- beer brewed with an extract content of more than 22 % Plato (tax class 5) is taxable at a rate of DKK 27 per % Plato.

Chargeable event

Goods are delivered from the registered business.

Declaration

Businesses producing or importing taxable goods are required to register with the customs service.

DK 3.1.9.

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 no later than by the 15th day of the following month.

Exemptions

Beer containing less than 2.8 % ethyl alcohol (volume) are exempted from the tax.

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 that 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.

Reliefs

A relaxation of the excise duty on beer is granted every financial year to the breweries. For breweries that do not release for consumption more than 3 700 hl per year the excise duty is reduced with DKK 70 per hl. For breweries that release for consumption between 3 700 hl and 20 000 hl per year, the excise duty is reduced with DKK 236 073 divided by the released amount measures in hl plus DKK 6.20. For breweries that release for consumption more than 20 000 hl per year, the excise duty is reduced with DKK 20 per hl reduced by dividing the released amount in hl by 10 000.

DK 3.1.10.

Excise duty on mineral waters and the like

(Afgift af mineralvand mv.)

Legal base

See Statutory Notice No 562 of 3 August 1998.

Beneficiary

The State.

Rate

DKK 1.00 per litre:

- mineral waters, lemonade and similar non-alcoholic beverages except wine and fruit-wine with an ethyl alcohol content of maximum 1.2 % volume;
- carbonated fruit and vegetable juice and must and similar goods suitable for direct consumption;
- fruit nectar made from fruit juice, suitable for direct consumption;
- flavourings added to non-alcoholic beverages containing carbonic acid in soft drinks dispensers and similar machines for commercial purposes.

Chargeable event

Delivery of the goods from the registered business.

Exemptions

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

Declaration

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.

Reliefs

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 DKK 0.09 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.

DK 3.1.11.

Excise duty on coffee, coffee extracts and coffee-substitute

(Afgift af kaffe, kaffeekstrakt og kaffeerstatning)

Legal base

Law on sundry consumption taxes, see Statutory Notice No 638 of 21 August 1998.

1. Excise duty on coffee and coffee extracts

(Afgift af kaffe og kaffeekstrakt)

Beneficiary

The State.

Rate

Per kg net weight:

- raw coffee
(Customs Tariff No 09.01.11–12): DKK 5.45;
- roasted coffee
(Customs Tariff No 09.01.21–22): DKK 6.54;
- coffee extracts not containing ingredients other than coffee
(Customs Tariff No 21.01.10): DKK 14.17.

Goods coming under Customs Tariff No 09.01.90 and 21.01.12 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.

Tax payable when

When the goods leave the registered business.

Businesses producing or importing taxable goods are required to register with the customs service.

Declaration

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.

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.

2. Excise duty on coffee-substitute

(Afgift af kaffeerstatning)

Beneficiary

The State.

Tax payable on

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

Tax payable when

On delivery of the goods from the registered businesses.

Declaration

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.

DK 3.1.11.

The duty on goods delivered in any month must be paid before the 15th day of the following month.

Rate

DKK 0.64 per kg net weight of the content of coffee-substitute and coffee-additive in the goods.

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.

DK 3.1.12.

Excise duty on chocolate and sweets

(Afgift af chokolade og sukkervarer)

Legal base

Law on tax on chocolate and sweets, see Statutory Notice No 567 of 3 August 1998.

Beneficiary

The State.

Tax payable on

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

Tax payable when

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

Declaration

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.

Rate

DKK 14.20 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.

Special features

Certain products that 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 DKK 4.25 per kg to DKK 25.55 per kg.

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 DKK 4.25 per kg, otherwise it is DKK 14.20 per kg.

Tax on ice cream**(Afgift af konsumis)****Legal base**

Law on tax on ice cream, see Statutory Notice No 563 of 3 August 1998.

Beneficiary

The State.

Tax payable on

Ice cream, either made in the country or imported.

Tax payable when

On delivery of the goods from the registered businesses.

Declaration

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.

Rate

DKK 3.40 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.

DK 3.1.14.**Tax on incandescent lamps and electric fuses****(Afgift af glødelamper og sikringer)****Legal base**

Law on sundry consumption taxes, see Statutory Notice No 638 of 21 August 1998.

Beneficiary

The State.

Tax payable on

- Electric light bulbs with a maximum width of over 19 mm or a maximum length of over 35 mm: DKK 2.50 each.
- Other electric light bulbs: DKK 0.50 each.
- Vapour lamps including luminescent lamps: DKK 7.50 each.
- Neon tubes and similar lighting tubes: DKK 7.50 each.
- Fuses for power current appliances: DKK 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 when

On delivery of the goods from the registered businesses.

Declaration

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 15th day of the following month.

DK 3.1.15.

Tax on certain packaging and certain bags of paper or plastic, etc.

(Afgift af visse emballager samt visse poser af papir eller plast m.v.)

Legal base

Law on tax on certain packaging and certain bags of paper or plastic etc., see Statutory Notice No 726 of 7 October 1998 as last amended by law No 912 of 16 December 1998.

Beneficiary

The State.

Tax payable on

The tax is payable on packaging and multi-packing with a cubic content of not more than 20 litres for:

1. spirits, wine and fruit-wine, and beer;
2. mineral water, lemonade and similar beverages containing carbonic acid, falling under customs tariff items 22.01 and 22.02;
3. mineral water, lemonade and similar beverages not containing carbonic acid, falling under customs tariff items 22.01 and 22.02, juice and must and concentrates used for the production of such drinks;
4. water;
5. vinegar and edible oil;
6. denatured spirits;
7. soap, detergents, cleansing agents and cleaning preparation, polish and similar goods falling under customs tariff items 34.01, 34.02 and 34.05;
8. lubricant and similar goods falling under customs tariff item 34.03 and goods liable to tax according to law of energy tax on mineral oil, etc;
9. pesticides liable to tax according to law of tax on pesticides;
10. paint, lacquer, dye, stopper and similar goods falling under customs tariff items 32.08–32.10 and 32.14;
11. perfume, cosmetics and similar goods falling under custom tariff items 33.03–33.07;
12. coolant for engines and washer fluid;
13. certain chemical substances and products falling under statutory order No 801 of 23 October 1997 from the Ministry of the Environment and Energy;
14. milk and dairy products falling under customs tariff items 04.01–04.03 and 04.05 except for liquid whole milk, light milk, skimmed milk and buttermilk and the vegetable replacement of these products;
15. margarine and similar goods falling under customs tariff item 15.17 and other lubricate products consisting of a mixture of milk fat and vegetable fat falling under customs tariff item 21.06;
16. dog feed and cat feed falling under customs tariff item 23.09.10;

17. sauce, mustard and similar goods falling under customs tariff item 21.03 and tomato purée and tomato juice falling under customs tariff item 20.02;

18. certain bags with a cubic content of not less than five litres.

Tax payable when

When goods leave a registered business.

Declaration

Businesses that produce taxable goods mentioned above under points 1 to 4 are required to register with the customs service. Wholesalers of non-used taxable goods mentioned above under points 1 to 4 can register with the customs service. Businesses that pack and drains taxable goods mentioned above under points 1 to 4 can register. Businesses that pack and drains taxable goods mentioned above under points 5 to 17 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.

Rate

The tax on containers for goods mentioned above under points 1 and 2 and containers for goods mentioned above under points 3 and 4 approved referring to Statutory Order No 124 of 27 February 1989 and later amendments amounts to the following.

- Cardboard or laminates of various materials (per item):
 - containers with a capacity of less than 10 cl: DKK 0.15;
 - containers with a capacity of not less than 10 cl and not more than 40 cl: DKK 0.30;
 - containers with a capacity of not less than 40 cl and not more than 60 cl: DKK 0.50;
 - containers with a capacity of not less than 60 cl and not more than 110 cl: DKK 1.00;
 - containers with a capacity of not less than 110 cl and not more than 160 cl: DKK 1.50;
 - containers with a capacity of over 160 cl: DKK 2.00.
- Other materials (per item):
 - containers with a capacity of less than 10 cl: DKK 0.25;
 - containers with a capacity of not less than 10 cl and not more than 40 cl: DKK 0.50;

- containers with a capacity of not less than 40 cl and not more than 60 cl: DKK 0.80;
 - containers with a capacity of not less than 60 cl and not more than 110 cl: DKK 1.60;
 - containers with a capacity of not less than 110 cl and not more than 160 cl: DKK 2.40;
 - containers with a capacity of over 160 cl: DKK 3.20.
- The tax on packing and multi-packing for goods mentioned above under points 3 to 17 except for the abovementioned amounts to: *per kg*
- flexible material based on fibre: DKK 19.50;
 - not flexible material based on fibre, new produced and textiles: DKK 7.50;
 - not flexible material based on fibre, recuperated: DKK 6.00;
 - plastic, dimensionally stable: DKK 7.50;
- plastic, dimensionally stable and more than 50 % of the packing materials are different from plastic: DKK 4.50;
 - plastic, dimensionally stable and UN-approved: DKK 6.00;
 - plastic, flexible: DKK 30.00;
 - aluminium: DKK 11.25;
 - tinplate and other packings of steel: DKK 3.75;
 - tinplate and other packings of steel, UN-approved: DKK 3.00;
 - glass and ceramics: DKK 0.75;
 - laminates: DKK 15.00;
 - wood: DKK 6.00.
- The tax on bags amounts to: *per kg*
- bags of paper: DKK 10.00;
 - bags of plastic: DKK 22.00.

DK 3.1.16.

Environmental taxes*(Miljøafgifter)***Legal base**

Law on certain environmental taxes, see Statutory Notice No 637 of 21 August 1998.

Beneficiary

The State.

Tax payable on

Disposable tableware.

Tax payable when

Sale to retailers by registered businesses.

Declaration

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 tax-

able turnover during the tax period and the amount of the tax.

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

Rate

One third of the retail value, including the tax, but excluding value-added tax. Where the tax is paid in connection with import, the rate is 50 %.

Imports

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

Exemptions

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

DK 3.1.17.

Tax on certain chlorofluorocarbons and halons (CFC tax)

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

Legal base

Law on certain chlorofluorocarbons and halons, see Statutory Notice No 569 of 3 August 1998.

Beneficiary

The State.

Tax payable on

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

Declaration

Businesses that 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

DKK 30 per kilogram net weight of substances.

DK 3.1.18.

Tax on waste and certain raw materials

(Afgift af affald og råstoffer)

Legal base

Law on waste and certain raw materials, see Statutory Notice No 570 of 3 August 1998.

Beneficiary

The State.

Tax payable on

- Waste delivered to registered landfill sites or incineration plants.
- Raw materials (stone, gravel, sand, etc.) when commercially extracted or imported.

Declaration

Landfill sites or incineration plants that 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 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.

Rate

- Waste delivered to landfill sites: DKK 375 per tonne.
- Waste delivered to electricity production plants: DKK 280 per tonne.
- Waste delivered to different types of incineration: DKK 330 per tonne.
- Raw materials: DKK 5 per m³.

Excise duty on pesticides

(Afgift af bekæmpelsesmidler)

Legal base

Law on excise duty on pesticides, see Law No 798 of 9 November 1998.

Beneficiary

The State.

Tax payable on

1. Insecticides.
2. Chemical products for disinfecting of soil.
3. Herbicides.
4. Chemical products for reduction of plant growth.
5. Chemical deterrents of insects and mammals.
6. Fungicides.
7. Chemicals for destruction of alga, slime creating organisms in paper pulp.
8. Deterrents of rats, mice, moles and rabbits
9. Microbiological pesticides.

Tax payable when

The goods are released from registered businesses.

Exemptions

Diplomatic services and international organisations are exempt from excise duty.

Declaration and payment

Manufacturers and importers are required to register with the tax and customs service. Registered businesses can receive goods liable to duty from other registered businesses and abroad without paying the excise duty.

The goods liable to duty must be in a sealed container. A stamp indicating the maximum value of the container including excise duty and VAT must be attached to each container.

Registered businesses are required to declare to the tax and customs service the taxable value of the goods released at the end of each tax period (the month) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

Rate

- Products falling under points 1 to 2: 35 % of the retail value, including excise duty and VAT.
- Products falling under points 3 to 5: 25 % of the retail value, including excise duty and VAT.
- Products falling under points 6 to 9: 3 % of the retail value, including excise duty and VAT.

DK 3.1.20.

Excise duty on sealed NiCad-batteries

(Afgift af hermetisk forseglede nikkell-cadmium akkumulatorer)

Legal base

Law on excise duty on sealed NiCad-batteries, see Law No 561 of 3 August 1998.

Beneficiary

The State.

Tax payable on

NiCad-batteries.

Tax payable when

Goods are released from registered businesses.

Exemptions

Diplomatic services and international organisations are exempt from excise duty.

Declaration

Manufacturers are required to register with the tax and

customs service. Importers can register with the tax and customs service. Registered businesses can receive goods liable to duty from other registered businesses and abroad without paying the excise duty.

Registered businesses are required to declare to the tax and customs service the taxable amount released at the end of each tax period (the month) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

At the entry of certain articles which are not themselves subject to tax as above, but which contain ingredients, NiCad-batteries, which are taxable according to these regulations, a duty is levied on the basis of the number of the taxable goods. The taxable amount must be stated in a declaration from the manufacturer.

DK 3.1.20.

Rate

— NiCad loose round cells, single or assembled button cells or gasket: DKK 6 per piece.

— Assembled NiCad round cells: DKK 36 per parcel, minimum DKK 6 per piece.

DK 3.1.21.

Excise duty on certain chlorinated solvents

(Afgift af visse klorerede opløsningsmidler)

Legal base

Law on excise duty on certain chlorinated solvents, see Law No 568 of 3 August 1998.

Beneficiary

The State.

Tax payable on

- Tetrachlorethylen.
- Trichlorethylen.
- Dichlormethan.

Exemptions

Diplomatic services and international organisations are exempt from excise duty.

Declaration

Manufacturers and businesses that extract these substances for commercial purposes are required to register with the tax and customs service. Importers can register with the

tax and customs service. Registered businesses can receive goods liable to duty from other registered businesses and abroad without paying the excise duty.

Registered businesses are required to declare to the tax and customs service the taxable amount released at the end of each tax period (the month) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

At the entry of certain articles which are not themselves subject to tax as above, but which contain ingredients, such as chlorinated solvents, which are taxable according to these regulations, a duty is levied on the weight of the taxable goods. The taxable amount must be stated in a declaration from the manufacturer.

Rate

The rate is DKK 2 per kg net weight of the above mentioned substances.

DK 3.1.22.

Excise duty on sulphur

(Afgift af svovl)

Legal base

Law on excise duty on sulphur, see Statutory Notice No 688 of 17 September 1998.

Beneficiary

The State.

Tax payable on

The sulphur (S) content in the following energy products if the sulphur content is above 0.05 %: gas oil and diesel oil, fuel oil,

fuel tar, kerosene, coal, petroleum coke, lignite, petrol (leaded and unleaded), autogas (LPG), gas (LPG), gas from refineries (mineral oils), natural gas, wood, straw, waste, etc. Used for energy purposes in plants with a capacity of 1 000 kW and more.

Businesses can choose to pay excise duty of the sulphur dioxide (SO₂) emissions into the air.

Tax payable when

The goods are released from registered businesses.

Exemptions

Diplomatic services and international organisations are exempt from excise duty.

Goods with sulphur content liable to duty used in aircraft and commercial vessels.

Mineral oils for technical purposes.

The excise duty of sulphur extracted from smoke, etc., can be reimbursed if the business pay excise duty of the sulphur content in the energy products.

Declaration and payment

Manufacturers and businesses that use wood, straw, waste, etc., for energy purposes are required to register with the tax and customs service. Businesses with a sulphur treat-

ment plant or storage capacity of at least 1 000 tonne or 1 000 m³ can register with the tax and customs service. Registered businesses can receive goods liable to duty from other registered businesses and abroad without paying the excise duty.

Registered businesses are required to declare to the tax and customs service the taxable amount in the energy products released or emitted into the air at the end of each tax period (the month) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

Rate

The rate is DKK 20 per kg sulphur (S) or DKK 10 per kg sulphur dioxide (SO₂) emissions.

Excise duty on natural gas

(Afgift af naturgas og bygas)

Legal base

Law on excise duty on natural gas, see Statutory Notice No 443 of 10 June 1997 and later amendments.

Beneficiary

The State.

Tax payable on

Natural gas, town gas.

Tax payable when

The goods are released from registered businesses.

Exemptions

- Gas for technical purposes other than motor operation.
- Diplomatic services and international organisations are exempt from excise duty.
- Goods used for production of electricity.
- Gas for public bus services.
- Businesses registered for VAT may obtain reimbursement of the excise duty except for duty paid on goods for heating purposes.

Declaration

Businesses that produce extract or sell gas liable to duty, power stations and combined power and heating stations

are required to register with the tax and customs service. Registered businesses can receive goods liable to duty from other registered businesses and abroad without paying the excise duty.

Registered businesses are required to declare to the tax and customs service the taxable amount released for consumption at the end of each tax period (the month) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

Rate

- Natural gas and town gas with a lower calorific value at 39.6 MJ:
 - DKK 1.47 per Nm³;
 - DKK 1.50 per Nm³;
 - DKK 1.55 per Nm³;
 - DKK 1.61 per Nm³.
- Gas with a lower calorific value at 39.6 MJ which are used for or intended for use for motor fuel:
 - DKK 2.31 per Nm³.

For town gas for certain town gas networks and natural gas used for producing heating on certain combined power and heating stations are the taxes different.

DK 3.1.24.

Excise duty on wastewater

(Afgift af spildevand)

Legal base

Law on excise duty on wastewater, see Law No 636 of 21 August 1998.

Beneficiary

The State.

Tax payable on

- Wastewater discharged to lakes, rivers and streams or the sea.
- Wastewater irrigated to fields, etc., to seep into the soil.

Tax payable when

Wastewater is discharged from registered sewage disposal plants or properties.

Exemptions

- Wastewater from fish farms.
- Surface water, rainwater etc. separately discharged from sewage disposal plants.
- Businesses registered for VAT can obtain a reimbursement of 97 % of the excise duty above DKK 20 000 a year, if 80 % of the productions is connected to:
 - processing of fish etc.;
 - production of cellulose;
 - production of sugar.
- Businesses registered for VAT can obtain a reimbursement of 70 % of the excise duty above DKK 20 000 a

year, if 80 % of the productions is connected to:

- production of organic pigment;
- production of pectin substances, gelatine etc. and starch under CN-code 1302.20–1302.39;
- production of vitamins.

Declaration

Sewage disposal plants and owners of properties that discharges wastewater are required to register with the tax and customs service.

Registered businesses are required to declare to the tax and customs service the taxable amount discharged at the end of each tax period (three months) and at the latest by the 15th day of the following month. The excise duty must be paid before the 15th of the following month.

Rate

Excise duty is charges on the following substances in the wastewater:

- nitrate: DKK 20 per kg;
- phosphate: DKK 110 per kg;
- organic material: DKK 11 per kg.

The taxable amount of these substances in the wastewater can be ascertained by monthly measurements or standard assessments.

DK 3.1.25.

Excise duty on tea and tea extracts

(Afgift af te og teekstrakter)

Legal base

Law on sundry consumption taxes, see Statutory Notice No 638 of 21 August 1998.

Beneficiary

The State.

Rate

Tea (Customs Tariff No 09.02): DKK 6.25 per kg net weight.

Tea extracts and preparations with those extracts as a basis (Customs Tariff No 21.01.20): DKK 15.60 per kg net weight.

Tax payable when

When the goods leave the registered business.

Declaration

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.

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.

DK 3.1.26.**Excise duty on water in pipelines**

(Afgift af ledningsført vand)

Legal base

Excise duty on water in pipelines, Statutory Notice No 639 of 21 August 1998.

Beneficiary

The State.

Tax 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.

Exemptions

Businesses that 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

Businesses that extract water for the supply of more than 10 households are required to register with the customs service.

Businesses that may not obtain repayment of the tax, and which extract more than 1 000 m³ of 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 per all-year residence.

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.

Rate

DKK 5 per m³.

DK 3.1.27.**Tax on film wrapping produced of soft polyvinyl chloride (PVC) for food**

(Afgift af folier fremstillet af blødt polyvinylchlorid til emballering af levnedsmidler)

Legal base

Law on tax on film wrapping produced of soft polyvinyl chloride for food, see Statutory Notice No 638 of 21 August 1998.

Beneficiary

The State.

Tax payable on

Film wrapping produced of soft polyvinyl chloride for food.

Tax payable when

On delivery of the goods from the registered businesses.

Declaration

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.

DK 3.1.27.

The tax for goods delivered during any month must be paid before the 15th day of the following month.

Rate

DKK 12.00 per kg.

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 15th day of the following month.

DK 3.1.28.

Excise duty on antibiotics and growth promoters used in animal feeding stuffs

(Afgift af antibiotika og vækstfremmere anvendt i foderstoffer)

Legal base

Law on excise duty on antibiotics etc., see Statutory Notice No 416 of 26 June 1998.

Beneficiary

The State.

Tax payable on

Antibiotics and growth promoters used as additive in animal feeding stuffs:

— zinc bacitracin	DKK 1.00 per gram;
— spiramycin	DKK 1.00 per gram;
— virginiamycin	DKK 1.00 per gram;
— flavofosfolipol	DKK 2.50 per gram;
— tylosin phosphate	DKK 1.25 per gram;
— monensin sodium	DKK 1.00 per gram;
— salinomycin sodium	DKK 0.83 per gram;
— avilamycin	DKK 1.25 per gram;
— carbadox	DKK 1.00 per gram;
— olaquinox	DKK 1.00 per gram.

For other antibiotics and growth promoters, the excise duty is charged after the rate for a similar antibiotic or growth promoter as mentioned above.

Tax payable when

The goods are released from registered businesses.

Declaration

Businesses producing taxable goods are required to register with the customs service.

Wholesale businesses that import goods are also required 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.

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.

On entry of certain articles which are not themselves subject to tax as above, but which contain ingredients, such as antibiotics or growth promoters, which are taxable according to these regulations, a duty is levied on the weight of the taxable goods. The taxable amount must be stated in a declaration from the manufacturer.

Tax on third-party insurance for motor vehicles etc.**(Afgift af ansvarsforsikringer for motorkøretøjer mv.)****Legal base**

Law on tax on third-party insurance for motor vehicles etc., see Statutory Notice No 816 of 12 September 1996.

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).

Rate

The tax amounts to 50 % of the premium for third-party insurance, exclusive of tax, and to 40 % of the premium

for buses which are solely used for tourist and commissioned haulage under the law on bus haulage.

The tax amounts to DKK 230 annually for motor-assisted cycles (mopeds).

Commercial and delivery vehicles and trailers are exempt, if used for road haulage.

Declaration

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.

DK 3.2.2.**Tax on pleasure-craft insurance****(Afgift af lystfartøjsforsikringer)****Legal base**

Law on tax on pleasure-craft insurance, see Statutory Notice No 678 of 13 July 1994.

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

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.

DK 3.2.3.**Levy on banks and savings banks****(Afgift af banker og sparekasser mv.)****Legal base**

Law on commercial banks and savings banks, etc., see Statutory Notice No 829 of 25 November 1998.

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

0.03279 % of the total debts.

DK 3.2.4.

Levy on insurance businesses

(Afgift af forsikringselskaber mv.)

Legal base

Law No 630 of 23 December 1980 concerning insurance business; Statutory Notice No 746 of 6 August 1996.

Beneficiary

The State (to meet its expenses incurred in the supervision of the activities of insurance companies, branches of foreign non-EU 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.
- Life business and pension funds: the gross sum of assurance premiums/contributions from direct insurance and interest earnings.

Rate

- Life assurance companies: 0.456 %.
- Non-life insurance companies: 0.331 %.
- Pension funds: 0.289 %.

In no case less than DKK 1 000.

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

Special features

Companies authorised to insure against accidents must pay a further levy in accordance with the provisions of Statutory Notice No 1058 of 17 December 1998 concerning accident insurance.

DK 3.2.5.

Tax on totalisator betting

(Lov om totalisatorspil)

Legal base

Statutory Notice No 756 of 19 August 1994.

Beneficiary

The State.

Tax payable by

Companies and associations with permission to operate totalisator 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 per day.

Rate

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 16 %.

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.

A basic deduction is allowed, for horse racing (varying from DKK 6 800 to DKK 137 000) for dog racing (amounting to DKK 2 100), DKK 7 400 for pigeon racing and DKK 10 000 for cycle racing.

Special feature

Income tax is not payable on winnings.

DK 3.2.6.

Tax on casino games

(Kasinoafgift)

Legal base

Statutory Notice No 109 of 22 February 1999.

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 DKK 4 000 000: 45 %.
- Exceeding DKK 4 000 000: 45 % on the first DKK 4 000 000 and 75 % on the remainder.

Special features

Income tax is not payable on winnings.

DK 3.2.7.**Tax on certain types of flights (transportation tax)**

(Afgift af visse flyrejser (Passagerafgift))

Legal base

Law on certain types of flight, see Statutory Notice No 566 of 3 August 1998 as last amended by Law No 834 of 27 November 1998.

Beneficiary

The State.

Tax payable on

Passengers travelling from a Danish airport.

Declaration

Companies carrying out taxable passenger flights 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 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 DKK 75 per passenger. On routes where no planes contain over 20 passenger seats and no planes have a permissible take-off weight over 10 000 kg the tax is DKK 37.50 per passenger.

Exemptions

- Transit and transfer passengers if the flight is in direct connection with another flight. The tax is, therefore, not payable on passengers arriving by plane and leaving again immediately afterwards, either by the same plane (transit passengers) or by another plane (transfer passengers).
- Official journeys by the staff of the airline or charter company concerned.
- Children under the age of two years.
- Flights with UN troops, if such flights are carried out according to the UN's invitation to tender etc.

DK 3.2.8.**Tax on gambling, lotteries and betting**

(Afgift af tipping og lotto)

Legal base

Statutory Notice No 110 of 22 February 1999.

Beneficiary

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

DK 3.2.8.

Tax payable by

The company with permission to operate the games: Dansk Tipstjeneste A/S, and winners.

Basis of assessment

The company pays tax on the total stakes, for bets through the net turnover.

The winners pay tax on their winnings.

Rate

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 DKK 200.

Special features

Income tax is not payable on paid-out winnings.

DK 3.2.9.

Tax on the Danish State Lottery

(Afgift af klasselotteriet)

Legal base

Law No 235 of 8 April 1992.

Beneficiary

The State.

Tax payable by

Det Danske Klasselotten A/S and winners.

Basis of Assessment

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

Rate

6 % is paid on the total stakes. Winnings are taxed at 15 % of the amount in excess of DKK 200.

DK 3.3.1.

Municipal land tax

(Kommunal grundskyld)

Legal base

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; Law No 90 of 8 February 1995; Law No 381 of 14 June 1995; Law No 1077 of 20 December 1995; Law No 409 of 10 June 1997; Law No 211 of 9 April 1999.

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:

- 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 organisations;

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

Collection

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

Rate

1 ‰ of the land value multiplied by a factor fixed in accordance with the municipality's estimated levy requirements. The factor may vary from 6 to 24. For the year 1999, the factor cannot exceed 8 for the land used for agriculture etc.

DK 3.3.2.**County land tax**

(**Amtskommunal grundskyld**)

Legal base

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; Law No 90 of 8 February 1995; Law No 381 of 14 June 1995; Law No 1077 of 20 December 1995; Law No 409 of 10 June 1997.

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.

Rate

The rates are fixed for all counties at 10 ‰, except for land used for agricultural use, where the rates are fixed at 5.7 ‰.

DK 3.3.3.**Financial levy on public property**

(**Dækningsafgift af offentlige ejendomme**)

Legal base

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; Law No 90 of 8 February 1995; Law No 381 of 14 June 1995; Law No 1077 of 20 December 1995; Law No 409 of 10 June 1997.

Beneficiary

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.

DK 3.3.3.

Tax 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 that belong to the county in question.

Collection

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

Rate

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.

DK 3.3.4.

Financial levy on commercial premises

(Dækningsafgift af forretningsejendomme)

Legal base

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.

Tax payable on

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

half the differential value of the property is used for the purpose given above.

Basis of assessment

The abovementioned differential value.

Exemptions

Properties which are exempted from land tax.

Collection

The financial levy is collected by the municipality.

Rate

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

DK 3.3.5.

Property value tax

(Lov om en kommunal og amtskommunal ejendomsværdiskat)

Legal base

Law No 425 of 26 June 1998.

Beneficiary

The tax is divided between the municipality (two thirds) and the county (one third) where the owner of the property lives.

Tax payable by

The owner of the property.

Basis of assessment

The tax is applicable only to private home owners and is based upon the public property evaluation per 1 January in the tax year.

Collection

Collection and accounting to the municipality and county are carried out according to the same rules as those regarding such taxes.

Rate

Property value tax is 10 % of the base value up to DKK 2 365 000 (1999) and 30 % of the amount exceeding this amount. (The base rate for 2000 is not yet available.)

Special features

Persons over 67 years old receive a deduction in property value tax of 4 % of the base rate, with a maximum of DKK 6 000 for homes and DKK 2 000 for summer homes.

The reduction itself is however reduced according to income: 6 % of that part of the owner's personal income with the addition of positive net capital income and positive dividend income which exceeds a base rate of DKK 130 000 (1999) for single persons and DKK 200 000 for married couples.

DK 3.3.6.**Taxation of the sale of immovable property**

(*Lov om beskatning af fortjeneste ved afståelse af fast ejendom (ejendomsavancebeskatningsloven)*)

Legal base

Statutory Notice No 631 of 4 September 1998.

Beneficiary

See 'State income tax' and 'Corporation tax'.

Tax payable by

The owner of the property provided that the owner is not a professional trader.

Basis of assessment

The sale price minus acquisition costs.

Collection

Collection and accounting is carried out according to the same rules as State taxes.

Exemptions

Private persons who sell their own home are exempt for tax, providing that:

- the property does not exceed 1 400 m²;
- or there is a public regulation prohibiting sub-dividing;
- or there is a public declaration stating that sub-division will entail a substantial depreciation of the value of the remaining property.

The same exemption applies to summer homes.

Rate

Companies are taxed according to the rules on corporate taxations.

Profits arising from property sales from private persons are taxed as capital income. Losses can be deducted in the year's and the five following years' profit of property sales.

Special features

There are special rules regarding the acquisition price for property which was owned 19 May 1993.

There is a special annual allowance of DKK 10 000 — and maintenance costs exceeding DKK 10 000 — which can be added to the acquisition price.

The allowance of DKK 10 000 does not apply for the year in which the property is sold.

If the property is acquired before 1 January 1999 and has been owned more than three years, the compiled profit or loss is reduced by 5 % per annum, with a maximum of 30 %. (This is to be phased out during the next 10 years.)

If the property has been used *inter alia* for farming for more than five years there is a base deduction of DKK 200 000 (1999).

DK 3.3.7.

Taxation of profits and losses on claims, debts, and financial instruments

(Lov om skattemæssig behandling af gevinst og tab på fordringer, gæld og finansielle kontrakter (kursgevinstloven))

Legal base

Statutory Notice No 580 of 5 August 1998.

Beneficiary

See 'State income tax' and 'Corporation tax'.

Tax payable by

The owner of the securities etc.

Companies — regardless of whether they are professional traders — are taxable for losses and gains on claims, securities, etc.

Private persons, who are not professional traders, are generally exempt from taxation on claims issued in Danish currency providing that the individual claim yields interest equal to the minimum interest rate (4 % as of 13 April 1999).

Basis of assessment

The sale price minus acquisition costs.

Companies

Losses from concern connected companies are non-deductible.

Gains on financial contracts are taxable, while losses on share-based financial contracts can be deducted in net

gains in the same year and can be carried forward to similar deductions in the next five years.

Private person

Losses for private persons, who are not professional traders, are not generally deductible.

Claims and debts in foreign currency are included in the compilation of private income if the net gain or loss exceeds DKK 1 000.

Gains on financial contracts are taxable, while losses can be deducted in net gains in the same year and can be carried forward to similar deductions in the next five years.

Collection

Collection and accounting is carried out according to the same rules as State taxes.

Rate

Companies are taxed according to the rules on corporate taxations

Profits arising from a private person's transaction are taxed as capital income.

DK 3.3.8.

Legal action tax, including estate administration tax and registration fee

(Retsafgifter inkl. afgifter ved skiftebehandling og tinglysning)

Legal base

Statutory Notice No 460 of 27 June 1989.

Beneficiary

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 adop-

tion, marriage, paternity, parental responsibility, guardianship, etc.

— Among others, persons who have been granted legal aid.

Collection

The courts collect these taxes.

Rate

These vary according to the type of action and the amount involved. Civil cases are, for example, taxed at the rate of DKK 500 plus 1 % of the amount in excess of DKK 6 000.

The administration of the estates of deceased persons is taxed at the rate of DKK 2 500 plus DKK 6 500 if the assets of the estate exceed DKK 1 000 000. However, smaller estates pay a lower tax (DKK 500 or DKK 1 000).

The registration fee is DKK 1 200 per document.

Real property derestriction tax

(Frigørelsesafgift på fast ejendom)

Legal base

Statutory Notice No 151 of 23 September 1998.

Beneficiary

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.

Rate

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

Special features

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

DK 3.3.10.

Registration tax on motor vehicles

(Registreringsafgift af motorkøretøjer)

Legal base

Law relating to registration tax on motor vehicles, see Statutory Notice No 741 of 22 September 1997.

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 when 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 two 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 four tonnes;
- buses and tractors;

DK 3.3.10.

- bicycles with an auxiliary motor (mopeds);
- electrical vans.

Declaration

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.

Rate

The tax on ordinary new passenger motor cars amounts to the following.

- Price excluding the tax:
 - not exceeding DKK 50 800: 105 % of the value;
 - over DKK 50 800: 105 % of DKK 50 800 and 180 % on the remainder.

The tax on new motorcycles amounts to the following.

- Price excluding the tax:
 - between DKK 0 and DKK 6 399: 0 % of the value;
 - between DKK 6 400 and DKK 11 700: 105 % of the value;
 - over DKK 11 700: 180 % on the remainder.

- Motor caravans exceeding two tonnes permitted total weight and private buses:
 - DKK 0 on DKK 12 100 and 60 % on the remainder.
- In the case of commercial lorries and vans not exceeding four 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 two tonnes: DKK 0 to DKK 12 500 and 95 % on the remainder;
 - permitted total weight over two tonnes but not exceeding three tonnes: DKK 0 to DKK 30 900 and 30 % on the remainder;
 - permitted total weight over three tonnes but not exceeding four tonnes: DKK 0 to DKK 30 900 and 30 % on the remainder.
 - the maximum payable taxes on these vehicles are limited to: DKK 51 500

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 DKK 12 100.

If the motor cars are not fitted with two air bags the taxes are slightly raised.

DK 3.3.11.

Tax on labour costs

(Lønsumsafgift)

Legal base

Law on tax on labour costs, see Statutory Notice No 674 of 15 September 1998.

Beneficiary

The State.

Tax payable by

Businesses engaged in certain 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 en-

gaged in financial activities, lotteries, tourist information agencies, organisations, 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 first 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.

Year	Main rule	Business engaged in financial activities	Other business (organisations, funds etc)
1997	2.66 % of labour costs plus taxable profit or minus taxable deficit	4.66 of labour costs plus 4.5 of 90 % supplement	2.66 of labour costs plus 2.5 of 90 % supplement
1998	2.82 % of labour costs plus taxable profit or minus taxable deficit	4.82 of labour costs plus 4.5 of 90 % supplement	2.82 of labour costs plus 2.5 of 90 % supplement
1999	2.87 % of labour costs plus taxable profit or minus taxable deficit	4.87 of labour costs plus 4.5 of 90 % supplement	2.87 of labour costs plus 2.5 of 90 % supplement
From 2000	3.08 % of labour costs plus taxable profit or minus taxable deficit	5.08 of labour costs plus 4.5 of 90 % supplement	3.08 of labour costs plus 2.5 of 90 % supplement

DK 3.3.12.

Stamp duty

(Stempelafgifter)

Legal base

Statutory Notice No 591 of 11 August 1998. A new tax is proposed instead of the stamp duty from 1 January 2000. The new tax is based on registration of ownership of real properties, ships and planes. Furthermore registrations of debts in real properties, ships, planes and other assets. Exemptions will be few and rates will go from 0.1 to 1.5 %. Non-life insurance documents will be the only subjects to stamp duty.

Beneficiary

The State.

Tax 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 DKK 10 000;
- insurance documents where the insured sum does not exceed DKK 10 000;
- documents relating to the establishment and standing orders of joint-stock companies, institutions and partnerships;
- contributions to joint-stock companies and similar organisations, 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:

- the parties are resident in Denmark;
- or 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.

DK 3.3.12.

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

Collection

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

Rate

Between 0.1 and 5 % depending on the document's consideration or face value.

DK 3.3.13.

Share transfer duty

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

Legal base

Law on share transfer duty, see Statutory Notice No 644 of 27 August 1998. Law on share transfer duty will be repealed. The repeal is effective for transfers of shares after 1 October 1999.

Beneficiary

The State.

Tax 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.

DK 3.3.14.

Hunting licence fee

(Jagttegnsafgift)

Legal base

The Hunting and Game Management Act, see Consolidated Act No 114 of 28 January 1997; Executive Order No 240 of 20 March 1997 on Hunting Licence.

Beneficiary

The State.

Rate

Hunting licence: DKK 335.

Road-user charge (Eurovignette)

(Vejbenyttelsesagift)

Legal base

Law No 956 of 22 November 1994 on road user charge.

Beneficiary

The State.

Tax payable by

Users of motor vehicles for road haulage with a permissible gross laden weight of 12 tonnes or more. For vehicles registered in Denmark the charge is paid for the right to use the whole Danish road network. For vehicles registered in other countries the charge is paid for the use of Danish motorways.

Tax payable when

For vehicles registered in Denmark the charge is paid once a year in advance together with weight tax. For vehicles

registered in other countries the charge is paid for the period (day, week, month or year) of actual use of the motorways. One or more road user certificates valid for the period covered by the payment are issued as proof of payment. Road user certificates are sold at certain gas stations, on ferry-lines and by certain commercial organisations for road haulage.

Rate

Vehicles:	maximum three axles	four axles or more
One year	DKK 5 613	DKK 9 316
One month	DKK 564	DKK 941
One week	DKK 150	DKK 248
One day	DKK 45	DKK 45

DK 4.1.

Social security contribution

(Arbejdsmarkedsbidrag)

Legal base

Statutory Notice No 728 of 7 October 1998.

Beneficiary

The State.

Tax payable by

Wage and salary-earners, self-employed persons and employers.

Basis of assessment

- The gross earning for wage and salary-earners and profits for self-employed persons.
- The total paid wage for employers.

Exemptions

The contribution is calculated on the basis of wages and salaries, etc. Therefore, no contribution is payable on the basis of the following income:

- grants from the State Education Fund;
- sickness and unemployment benefits;
- certain kinds of pensions and life assurance schemes;
- public service pensions;

- certain kinds of social benefits and other transfer income;
- national retirements pensions;
- interest, dividends and other capital income.

Deductions

There is no deduction in the contributions, but the contribution is deducted before personal income tax is assessed.

Collection

The contribution is withheld by the employer and the pension institutes.

Rate

In 1999 the contribution is 8 % for wage and salary-earners and self-employed persons, and is 0.28 % for employers.

From 1999, a special contribution of 1 % of the same basis of assessment is paid by wage and salary earners and self-employed persons to the Supplementary Pension Fund.

Taxes abolished or repealed

Seamen's tax

(Sømandsskat)

Abolished by Law No 361 of 1 July 1988.

Pensions contribution

(Folkepensionsbidrag)

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

Contribution to the sickness per diem fund

(Bidrag til Dagpengefonden)

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

Special income tax

(Særlig indkomstskat)

Abolished by Law No 313 of 17 May 1995.

Wealth tax

(Formuestkat)

Inheritance and gift tax

(Afgift af arv og gave)

Abolished by Law No 426 of 14 June 1995 (but it is still in effect if the deceased person died before 1 July 1995) replaced by estate and gift tax.

Excise duty on petrol

(Benzinafgift)

Excise duty on certain petroleum products

(Afgift af visse olieprodukter)

Tax on gas

(Afgift af gas)

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.

Excise duty on beer

(Afgift af øl)

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.

Tax on radio receivers, etc.

(Afgift af radiomodtagere mv.)

Abolished by Law No 729 of 1 November 1991.

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)

Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.

Tax on playing cards

(Afgift af spillekort)

Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.

Tax on sugar

(Afgift af sukker)

Law repealed as of 1 January 1990 by Law No 836 of 19 December 1989.

Fixed State property tax

(Fikseret ejendomsskyld til staten)

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

Fixed real property municipal tax

(Fikseret ejendomsskyld til kommunen)

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

Capital duty

(Kapitaltilførselsafgift)

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.

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 3.2.7.).

Tax on gramophone records and compact discs

(Afgift af gramofonplader og CD'ere)

Supplementary land tax

(Tillægsskyld)

Abolished from 1980 by Law No 255 of 8 June 1979.

State tax on agricultural land

(Grundskyld til staten af landbrugsejendomme)

This law was only applicable in 1980.

Special pensions contribution

(Særligt folkepensionsbidrag)

Abolished by Law No 521 of 28 October 1981 concerning the Social Pension Fund.

Real property disposal tax
(*Afståelsesafgift*)

Abolished by Law No 246 of 9 June 1982.

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 3.3.13.).

Duty on video-cassette tapes
(*Afgift af videokassettebånd*)

Abolished as of 11 April 1987 by Law No 184 of 7 April 1987.

Tax on labour costs in the financial sector
(*Lønsumsafgift i den finansielle sektor*)

Replaced by the tax on labour costs (*Lønsumsafgift*) (DK 3.3.11.) by the Law on tax on labour costs, Statutory Notice No 34 of 20 January 1992.

GERMANY
Deutschland

Income tax

(Einkommensteuer)

Legal base

Income Tax Law as promulgated on 16 April 1997 (BGBl I, p. 821), as last amended by Article 1 of the Law of 24 March 1999 (BGBl I, p. 402); Income Tax Implementing Order 1997 as promulgated on 18 June 1997 (BGBl I, p. 1558), as last amended by Article 2 of the Law of 24 March 1999 (BGBl I, p. 402).

Beneficiary

The federal government, the *Länder* governments and the municipalities. For the 1999 budgetary year: federal government and *Länder* governments 42.5 % each, municipalities 15 %.

Tax payable by

Individuals domiciled or ordinarily resident in Germany (unlimited tax liability). Individuals of German nationality, who are neither domiciled nor ordinarily resident in Germany, but who work for domestic bodies governed by public law and have limited tax liability in the country of residence (unlimited tax liability). Individuals to whom income accrues in Germany, but who are not domiciled or ordinarily resident in Germany (limited tax liability). Persons in the latter category are treated, on application, as having unrestricted tax liability if at least 90 % of their income in the calendar year is subject to German taxation or the part of income not subject to German taxation amounts to no more than DEM 12 000 (or less, where appropriate) in the calendar year.

Basis of assessment

The basis for the calculation of taxable income is the total income from seven types of income (agriculture and forestry, industrial or commercial activities, self-employment, paid employment, capital assets, rental and other sources of income specified in paragraph 22 of the Income Tax Law). Negative income from one source of income may be set off against positive income from other sources only within certain limits, i.e. up to DEM 100 000 (DEM 200 000 in the case of jointly assessed married couples) plus half of the remaining positive income. There are other restrictions on the offsetting of losses, for example, in the case of negative income from investment in a loss-making model or losses from commercial stock-breeding or stock-keeping. In the case of income from agriculture and forestry, industrial or commercial activities and self-employment, the profits and, in the case of other types of income, the surplus of receipts over income-related expenses (expenses incurred in producing, maintaining or acquiring income) are taken as the 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.

Once certain special deductions have been made which apply only to elderly taxpayers or farmers subject to certain conditions, the result is the total income.

Taxable income is equal to total income less special expenses (e.g. certain insurance premiums, gifts up to certain maximum amounts, the cost of consulting tax experts, church tax, etc.), extraordinary expenses (e.g. maintenance payments to a divorced or permanently separated spouse) and tax concessions for private use of real estate.

Exemptions

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

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

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 '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 'Capital yields tax'). Wages tax, capital yields tax and, in certain cases, corporation tax are credited against assessed income tax (see 'Corporation tax').

Rate

There is a basic personal allowance of DEM 13 067 (DEM 26 135 for married couples). In the first bracket for taxable incomes of between DEM 13 068 (married couples: DEM 26 136) and DEM 17 063 (married couples: DEM 34 127), the starting rate goes from 23.9 % to 26.7 %. For taxable incomes in the second bracket of between

D 1.1.

DEM 17 064 (married couples: DEM 34 128) and DEM 66 365 (married couples: DEM 132 731), the rate goes up to 36.69 %. The third bracket covers taxable incomes of between DEM 66 366 (married couples: DEM 132 732) and DEM 120 041 (married couples: DEM 240 083), with rates of up to 53 %. For taxable incomes exceeding DEM 120 042 (married couples: DEM 240 084), the top marginal rate of 53 % applies to the highest flat-rate band. A maximum tax rate of 45 % applies to industrial and commercial incomes where they account for at least DEM 93 744 of taxable income.

A basic allowance of DEM 13 499 (married couples: DEM 26 999) will apply to the 2000 and 2001 assessment periods. Above this level, income will be taxed at a starting rate of 22.9 % in the first bracket going up to 25 % for a taxable income of DEM 17 495 (married couples: DEM 34 991). The second bracket of 25–51 % covers taxable incomes of between DEM 17 496 (married couples: DEM 34 992) and DEM 114 695 (married couples: DEM 229 391). For taxable incomes exceeding DEM 114 696 (married couples: DEM 229 392), a maximum rate of 51 % applies in the flat-rate band. The maximum tax rate on industrial and commercial incomes goes down to 43 % where they account for at least DEM 84 834 of taxable income.

The basic allowance, to which no standard rate applies, will be DEM 14 093 (married couples: DEM 28 187) for the 2002 assessment year. The starting rate for taxable income above this level will be 19.9 %, rising to a rate of 23 % for

incomes of up to DEM 18 089 (married couples: DEM 36 179). For taxable incomes in the second bracket of between DEM 18 090 (married couples: DEM 36 180) and DEM 107 567 (married couples: DEM 215 135), the rates go from 23 % to 48.5 %. A top marginal rate of 48.5 % applies to taxable incomes exceeding DEM 107 568 (married couples: DEM 215 136) in the flat-rate band. A reduced top rate of 43 % applies to industrial and commercial incomes where they account for at least DEM 88 290 of taxable income.

Losses

At the taxpayer's request, losses which are not offset by income when the total amount of income is determined may be carried back to the previous assessment period subject to a limit of DEM 2 million (DEM 1 million from assessment year 2001 onwards) and deducted as special expenditure. If this deduction cannot be made or is not possible, the losses may be carried forward to the following assessment periods indefinitely. Loss deduction within a particular category of income is allowed without further restriction but losses offset against other categories of income are subject to a ceiling of DEM 100 000 (DEM 200 000 in the case of jointly assessed married couples) plus half of the excess positive income from these categories of income.

Special features

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

D 1.2.

Wages tax

(Lohnsteuer)

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

Legal base

Income Tax Law as promulgated on 16 April 1997 (BGBl I, p. 821), Articles 38 to 42F, as last amended by Article I of the Law of 24 March 1999 (BGBl I, p. 402); Wages Tax Implementing Order of 10 October 1989 (BGBl I, p. 1848), as last amended by Article 3 of the Law of 24 March 1999 (BGBl I, p. 402).

Beneficiary

See 'Income tax'.

Tax payable by

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

Basis of assessment

Wages less expenses, special expenditure and certain other deductions.

Exemptions

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

Deductions

As for income tax; especially 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 DEM 13 067, 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.

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 each calendar year, the taxable income for the year is calculated. Any wages tax withheld in excess are refunded on the basis of an income tax assessment; additional tax payments may be required.

Rate

As for income tax.

Capital yields tax — withholding tax on interest**(Kapitalertragsteuer-Zinsabschlag)**

Special method of collection of income tax and corporation tax

Legal base

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

Beneficiary

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

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

1. Normal capital yields tax

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 refunded in part, if a tax treaty (double taxation agreement) is 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 domestic income tax/corporation tax.

2. Withholding tax on interest

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

Exemptions

In respect of ordinary capital yields tax and withholding tax on interest:

1. individuals resident in Germany, where there is no assessment for income tax (certification procedure);

D 1.3.

2. if the capital yield accrues to bodies whose objects are religious, of public utility or charitable;
3. on the basis of exemption instructions to the paying agency (e.g. credit institution) up to DEM 6 100/12 200 (individual/married couple), from DEM 2 000 to DEM 3 100/6 200.

Collection

Deduction at source.

Rate

- Normal capital yields tax: 25 %.
- Withholding tax on interest: 30 %.

D 1.4.

Corporation tax (Körperschaftsteuer)

Legal base

Corporation Tax Law as promulgated on 22 February 1996 (BGBl I, p. 340), as last amended by Article 5 of the 1999/2000/2002 Tax Relief Law of 24 March 1999 (BGBl I, p. 402).

Beneficiary

Federal government (50 %), the *Länder* governments (50 %).

Tax payable by

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).

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

The basis of assessment is the total income received by a

corporation during the year. Income is defined and calculated in principle in accordance with the provisions of the Income Tax Law (see above) although some additional provisions exist, for example on hidden profit distribution.

Exemptions

The bodies exempted include 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 recognised as being ventures of general benefit to the community and worth promoting.

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.

Rate

The corporation tax rate is 40 % (paragraph 23(1) KStG).

The Zweites Deutsches Fernsehen (second German television channel) is subject to a special rate: 6.4 % of the remuneration (paragraph 10(1) of the Turnover Tax Law) received for television advertising.

Imputation system

The purpose of the imputation system is to avoid double taxation of distributed profits through corporation tax in the case of a company and income tax in the case of shareholders. For companies, this is done by reducing or raising the corporation tax burden ('tax rate burden', (*Tarifbelastung*)) on distributed profits to a uniform tax burden on distributions of 30 % of profits. In order to arrive at the basis for reducing or raising the corporation tax rate, corporations must prepare a continuous breakdown to show whether and to what extent their capital resources which can be used for the distribution of profits are subject to corporation tax. The burden on the distributed profits is then raised or reduced accordingly to 30 %. (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.) For shareholders, the corporation tax paid on the distributed profits is set off against personal income tax. The upshot is that companies' distributed profits are subject to shareholders' income tax. The burden on retained earnings arises out of the tax rate burden (i.e. before the imputation system is applied).

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).

Solidarity surcharge

(Solidarit t zuschlag)

Legal base

Solidarity Surcharge Law 1995 of 23 June 1993 (BGBl I, p. 944), as last amended by Article 1 of the Law of 21 November 1997 on reducing the solidarity surcharge (BGBl I, p. 2743).

Beneficiary

The federal government.

Tax payable by

Natural persons with unlimited income tax liability (paragraph 1 of the Income Tax Law); natural persons with extended limited tax liability (paragraph 2 of the Law on the taxation of non-residents); corporations, associations and funds which are subject to corporation tax in accordance with paragraphs 1 or 2 of the Corporation Tax Law.

Basis of assessment

Income tax, corporation tax, wages tax, capital yields tax, income or corporation tax prepayments.

Collection

Together with income, wages, capital yields or corporation tax or with income or corporation tax prepayments.

Rate

The surcharge rate is 5.5 % of the basis of assessment. The solidarity surcharge is levied on persons liable to income tax only when the annual basis of assessment exceeds DEM 1 836 or DEM 3 672 in the case of jointly assessed married couples. The surcharge is levied at a lower rate in an initial band of up to DEM 2 522 or DEM 5 044 for jointly assessed married couples.

D 1.6.

Wealth tax (Vermögensteuer)

Legal base

Wealth Tax Law as promulgated on 14 November 1990 (BGBl I, p. 2467), as last amended by Article 11 of the Law of 24 March 1998 (BGBl I, p. 529).

Pursuant to the decision of the Federal Constitutional Court of 22 June 1995 (BStBl. I, p. 655), wealth tax will not be collected for the periods from 1997 onwards. The Wealth Tax Law has not been formally repealed.

D 1.7.

Tax on dogs (Hundesteuer)

Legal base

Baden-Württemberg: Municipal Tax Law in the revised version of 28 May 1996 (GBl, p. 481), and local by-laws.

Bavaria: Municipal Tax Law of 4 April 1993, as last amended by the Law of 27 December 1996 (GVBl, p. 541).

Berlin: Tax on Dogs Order of 31 March 1939; as last amended by the Law of 12 March 1997 (GVBl, p. 69).

Brandenburg: Municipal Tax Law of 27 June 1995 (GVBl I, p. 145).

Bremen: Tax on Dogs Law of 17 December 1984 (GVBl 1985, p. 3).

Hamburg: Tax on Dogs Law of 24 January 1995 (GVBl, p. 5).

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).

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

North Rhine-Westphalia: Municipal Tax Law of 21 October 1969 (GVBl, p. 712).

Lower Saxony: Lower Saxony Municipal Tax Law of 11 February 1992 (Nds. GVBl, p. 29), as last amended by the Law of 23 July 1997 (GVBl I, p. 374), and municipal by-laws.

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

Saarland: Municipal Tax Law of 15 June 1986 (ABl, p. 729), as last amended by the Law of 23 April 1997 (ABl, p. 538).

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

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

Schleswig-Holstein: Municipal Tax Law of 22 July 1996 (GVBl, p. 564).

Thüringen: Municipal Tax Law of 7 August 1991 (GVBl, pp. 285, 329), as last amended by the Law of 10 November 1995 (GVBl, p. 342).

Beneficiary

The municipalities.

Chargeable event

The possession of a dog.

Basis of assessment

The number of dogs.

Exemptions

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

Collection

Monthly, quarterly or annually.

Rate

Between DEM 3 and DEM 1 200 (e.g. for fighting dogs) per year.

The rate may increase considerably for the second and each additional dog.

Hunting and fishing tax

(Jagd- und Fischereisteuer)

Legal base

Baden-Württemberg: Municipal Tax Law in the revised version of 28 May 1996 (GBl, p. 481), and local by-laws.

Brandenburg: Municipal Tax Law of 27 June 1995 (GVBl I, p. 145).

Hesse: Municipal Tax Law of 17 March 1970 (GVBl I, p. 225), as last amended by the Law of 1 December 1994 (GVBl I, p. 677), and municipal by-laws.

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

North Rhine-Westphalia: Municipal Tax Law of 21 October 1969 (GVBl, p. 712); Order of 3 April 1975 on the level of the Hunting Tax (GVBl 1975, p. 352).

Lower Saxony: Lower Saxony Municipal Tax Law of 11 February 1992 (Nds. GVBl, p. 29), as last amended by the Law of 23 July 1997 (GVBl I, p. 374), and municipal by-laws.

Rhineland-Palatinate: Municipal Tax Law of 20 June 1995 (GVBl, p. 175), as last amended by the Law of 12 February 1997 (GVBl, p. 39).

Saarland: Municipal Tax Law in the revised version of 15 June 1985 (ABl, p. 729), as last amended by the Law of 23 April 1997 (ABl, p. 538).

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

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

Schleswig-Holstein: Municipal Tax Law, in the revised version of 22 July 1996 (GVBl, p. 564).

Thüringen: Municipal Tax Law of 7 August 1991 (GVBl, pp. 285, 329), as last amended by the Law of 10 November 1995 (GVBl, p. 342).

Beneficiary

Municipalities, city boroughs or districts (*Landkreise*).

Tax territory

The *Länder* of the Federal Republic with the exception of Bavaria and the city-*Länder* of Berlin, Bremen and Hamburg. Fishing rights in Brandenburg are not taxed.

Chargeable event

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.

Exemptions

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

Collection

Quarterly, half-yearly or annually.

Rate

Determined by individual municipalities and hence variable. Up to 10 %, sometimes up to 20 %, of the annual value of the hunting rights. Higher for foreign nationals.

Church tax

(Kirchensteuer)

Legal base

Church tax laws of the *Länder*; church tax orders and church tax decisions issued by churches.

Beneficiary

Churches and religious communities which are public-law entities.

Tax payable by

Members of public-law church bodies which collect church tax.

Basis of assessment

Annual income tax.

Rate

Depending on the Land, between 8 % and 9 % of income tax.

Collection

On collection of income tax or on wages tax deduction.

D 1.10.

Tax on motor vehicles

(Kraftfahrzeugsteuer)

Legal base

Tax on Motor Vehicles Law as promulgated on 24 May 1994 (BGBl I, p. 1002), as last amended by the Act on the Reform of the Reallocations Law and Amending the Law on Motor Vehicle Taxation (*Zerlegungs- und Kraftfahrzeugsteueränderungsgesetz – ZerlKraftStÄndG*) of 6 August 1998 (BGBl I, p. 1998); Motor Vehicles Tax Implementing Order of 3 July 1979 (BGBl I, p. 901), as last amended by the Law on taking greater account of harmful emissions in the taxation of passenger cars (*Kraftfahrzeugsteueränderungsgesetz 1997 – KraftStÄndG 1997*) of 18 April 1997 (BGBl I, p. 805).

Beneficiary

The *Länder* governments.

Chargeable event

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 total permissible weight laid down by road traffic law and emission behaviour.

Exemptions

Certain vehicles and vehicles use for specific purposes.

Non-residents

Foreign passenger vehicles and their trailers used by non-residents for the purposes of temporary residence in Germany are exempt. Exemption is not granted where such vehicles are used to transport persons or goods for consideration or are used by persons who have their permanent residence or usually reside in Germany. Various treaties also apply.

Collection

Registration and, normally, payment on an annual basis. Where the annual tax exceeds DEM 1 000, it may be paid on a half-yearly basis; where it exceeds DEM 2 000, it may be paid on a quarterly basis.

Vehicles not registered in Germany are taxed on a day-to-day basis.

Rate

DEM 3.60 per 25 cc of cylinder capacity or part thereof i.e. DEM 14.40 per 100 cc or part thereof for motorcycles, between DEM 10.00 and DEM 41.60 per 100 cc or part thereof for passenger cars, depending on pollution level and date of registration. For passenger cars with diesel engines there is an extra DEM 17.00 or DEM 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: DEM 22.00/200 kg;
- between 2 000 and 3 000 kg DEM 23.50/200 kg;
- between 3 000 and 3 500 kg DEM 25.00/200 kg.

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

Special features

Special rules apply to trailers, vintage cars and electric vehicles.

D 2.1.

Succession and gift tax

(Erbschaft- und Schenkungsteuer)

Legal base

Succession Duty and Gift Tax Law as promulgated on 27 February 1997 (BGBl, p. 378), as amended by Article 10 of the Law of 24 March 1999 (BGBl I, p. 402).

Beneficiary

The *Länder* governments.

Tax payable by

Persons receiving assets by inheritance or gift.

Chargeable event

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.

Allowance of DEM 500 000 and valuation discount of 40 % on acquisition of business assets and shares in family-owned joint-stock companies and in farm and forestry holdings.

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 'Rate').

Non-residents

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

Collection

By assessment.

Rate

The rates range from 7 to 50 %. The scale contains three classes depending on the degree of relationship between the deceased person (donor) and the beneficiary. The rates are progressive within each class.

D 3.1.1.

Turnover tax — value added tax (Umsatzsteuer — Mehrwertsteuer)

Legal base

Turnover Tax Law (UStG 1993) of 25 August 1992 (BGBl I, p. 1548), as promulgated on 27 April 1993 (BGBl I, p. 565, 1160), as last amended by Article 7 of the Law of 24 March 1999 (BGBl I, p. 402, 486); Turnover Tax Implementing Order (UStDV 1993) as promulgated on 27 April 1993 (BGBl I, p. 600, 1161), as last amended by Article 8 of the Law of 24 March 1999 (BGBl I, p. 402, 490).

Beneficiary

Federal government (52.2 %); *Länder* governments (45.7 %); municipalities (2.1 %).

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.

Basis of assessment

- In the case of sales of goods and other services 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 supplies made free of charge which are treated as supplies made for a consideration: the purchase price plus incidental costs, and prime or production cost (excluding turnover tax).
- In the case of supplies made free of charge which are treated as other supplies and consist in the use of goods: the costs provided that they are eligible for full or partial input tax deduction.
- In the case of other supplies made free of charge which are treated as other supplies: the costs.

Exemptions

Without input tax deduction:

D 3.1.1.

- certain cultural and social services (e.g. schools, theatres, social insurance institutions, doctors, hospitals and welfare organisations);
- other (e.g. postal services, banks and insurance companies, etc.).

With input tax deduction:

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

Deductions

Input tax paid.

Collection

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

Rate

- Standard rate: 16 %.
- 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.

Exports

Exempt, with input tax deduction.

Special features

Tax waived in the case of small traders whose turnover in the preceding year did not exceed DEM 32 500.

Average rates for agricultural and forestry enterprises.

D 3.1.2.

Excise duty on mineral oils (Mineralölsteuer)

Legal base

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. 2352).

Beneficiary

The federal government.

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

Tax territory

The tax territory consists of the Federal Republic of Ger-

many, excluding the Büsingen area and the island of Helgoland.

Imports

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.

Tax payable by

In principle, owners of a 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.

Declaration

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

Rate

1.	Unleaded petrol:	DEM 980.00/1 000 l.
2.	Unleaded petrol:	DEM 1 080.00/1 000 l.
3.	Medium oils:	DEM 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:	DEM 620.00/1 000 l.
4.2.	When used for heating	
4.2.1.	Gas oils and mineral oils having a similar boiling point:	DEM 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:	DEM 30.00/1 000 kg.
4.2.2.2.	For the generation of heat for the production of electricity:	DEM 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:	DEM 47.60/1 MWh.
5.1.2.	When used as heating fuel:	DEM 3.60/1 MWh.
5.1.3.	When used as a motor fuel in public transport vehicles:	DEM 18.70/1 MWh.
5.2.	Liquid gas	
5.2.1.	Standard rate:	DEM 1 863.00/1000 kg.
5.2.2.	When used as motor fuel, not mixed with other mineral oils:	DEM 612.50/1000 kg.
5.2.3.	When used as heating fuel:	DEM 50.00/1000 kg.
5.2.4.	When used as a motor fuel in public transport vehicles:	DEM 241/1000 kg.

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.

Tax payable when

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.

Refunds

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)

Legal base

Tobacco Duty Law of 21 December 1992 (BGBl I, p. 2150), as last amended by the Tobacco Duty Law Amending Order of 2 June 1998 (BGBl. I p. 1182); Tobacco Duty Implementing Order of 14 October 1993 (BGBl I, p. 1738), as last amended by the Order of 20 October 1998 (BGBl I, p. 3188).

Beneficiary

The federal government.

Tax payable on

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

Chargeable event

Duty becomes chargeable when tobacco products:

- are removed from a tax warehouse without any further duty-suspension procedure or customs procedure following on;

D 3.1.3.

- are withdrawn from the tax warehouse for consumption (release for free circulation).

Tax territory

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

Rate

The rates applied are as follows:

1. cigarettes: 9.22 pf. per unit and 21.96 % of the retail price, at least 13.7 pf. per unit;
2. cigars and cigarillos: 2.6 pf. per unit and 1 % of the retail price;
3. smoking tobacco:
 - (a) fine-cut: DEM 30.21 per kg and 18.12 % of the retail price, at least DEM 45 per kg;
 - (b) pipe tobacco: DEM 21 per kg and 13.5 % of the retail price.

Tax payable by

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

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

Collection

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.

Tax payable when

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 before or on 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.

Imports

Where tobacco products are imported directly into the tax territory from third countries or are subject to a customs procedure, or placed 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 warehouse-keeper 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;
 - (f) used for scientific experiments and research, including outside a tax warehouse;
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.

Refunds

Duty is waived or refunded where tobacco products:

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

Tobacco duty is waived or is refunded to importers and authorised consignees who are not tax warehouse-

keepers where the tobacco products which they have imported or received 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.

D 3.1.4.

Duty on spirits

(Alkoholsteuer)

Legal base

Spirits Monopoly Law of 8 April 1922 (RGG I, pp. 335, 405), as last amended by the Law of 26 May 1998 (BGG I, pp. 1121–1122); the Duty on Spirits Order of 21 January 1994 (BGG I, p. 104), as last amended by the Order of 20 October 1998 (BGG I, p. 3188).

Beneficiary

The federal government.

Tax payable on

- 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.
- 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 % mass.

Exemptions

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

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

Chargeable event

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 authorised recipients.
4. Purchase of products in free circulation from other Member States for commercial purposes.
5. Importation of products from third countries.

Tax payable by

Case 1: tax warehouse-keeper.

Case 2: producer.

Cases 3 to 5: purchaser or importer.

Rate

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

The rate of duty is reduced:

- for alcohol produced in *Abfindungsbrennereien* (distilleries whose production is estimated at a standard level of tax) or by *Stoffbesitzer* (small brewery owners whose raw materials are processed by another brewery) to DEM 2 000;
- for alcohol produced in small bonded distilleries with an annual production of up to 4 hl A or in a small foreign distillery with an annual production of up to 5 hl A to DEM 1 428.

Tax payable when

Case 1: Duty is payable on withdrawal from a bonded distillery or bonded spirit warehouse, no later than the seventh day after publication of the tax assessment notice.

Case 2: In the case of alcohol produced in *Abfindungsbrennereien* or by *Stoffbesitzer*, duty has to be paid within

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one week of the end of the month of production; in other cases (tax offences), duty has to be paid immediately.

Case 3: Duty is payable on reception by the authorised consignee's firm as in Case 1.

Case 4: Duty has to be paid at the latest by the 15th day of the month following that in which it becomes chargeable.

Case 5: The relevant customs provisions apply.

D 3.1.5.

Excise duty on sparkling wines (Schaumweinsteuer)

Legal base

Law of 21 December 1992 on the taxation of sparkling wine and intermediate products (BGBl I, pp. 2150, 2176), as last amended by the Law of 26 May 1998 (BGBl. I, pp. 1121–1123). Order implementing the Law on the taxation of sparkling wine and intermediate products of 17 March 1994 (BGBl I, p. 568), as last amended by the Order of 20 October 1998 (BGBl I, p. 3188).

Beneficiary

The federal government.

Tax 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:

- subheading Nos 220410, 22042110, 22042910 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;
- subheading No 22060091 (now: 22060031 and 22060039), and products not covered by subheading Nos 220410, 22042110, 22042910 and heading No 2205 referred to above, where they have an actual alcoholic strength by volume exceeding 1.2 % volume but not exceeding 13 % volume;
- subheading No 22060091 (now: 22060031 and 22060039), where the products in question have an actual alcoholic strength by volume exceeding 13 % vol-

ume but not exceeding 15 % volume and the alcohol contained in the product is entirely of fermented origin.

Chargeable event

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

Tax payable by

Case 1: tax warehouse-keeper.

Cases 2 to 5: purchaser or importer.

Rate

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

For sparkling wine with an actual alcoholic strength by volume of less than 6 % volume, the duty is DEM 100.00 per hectolitre.

Tax payable when

Cases 1 and 3: 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 2: duty has to be paid immediately (tax offence).

Case 4: Duty has to be paid at the latest by the 15th day of the month following that in which it becomes chargeable.

Case 5: Customs law applies in principle.

Duty on intermediate products

(Zwischenerzeugnissteuer)

Legal base

Law of 21 December 1992 on the taxation of sparkling wine and intermediate products (BGBl I, pp. 2150, 2176), as last amended by the Law of 12 July 1996 (BGBl I, p. 962); Order implementing the Law on the taxation of sparkling wine and intermediate products of 17 March 1994 (BGBl I, p. 568), as last amended by the Order of 20 June 1997 (BGBl I, p. 1579).

Beneficiary

The federal government.

Tax 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.

Chargeable event

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

Tax payable by

Case 1: tax warehouse-keeper.

Cases 2 to 4: purchaser or recipient.

Rate

Duty is charged at a rate of DEM 330 per hectolitre of the intermediate product. For intermediate products with an actual alcoholic strength by volume of no more than 15 % volume: DEM 200.

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

Tax 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 applies in principle.

D 3.1.7.

Excise duty on beer

(Biersteuer)

Legal base

1993 Beer Duty Law of 21 December 1992 (BGBl I, pp. 2150, 2158, 1993 p. 169); as last amended by the Law of 12 July 1996 (BGBl I pp. 962, 964); Order implementing the Excise Duty on Beer Law of 24 August 1994 (BGBl I, p. 2191), as last amended by the Order of 20 October 1998 (BGBl I, p. 3188).

Beneficiary

The *Länder* governments.

Tax payable 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.

Tax territory

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

Rate

Beer is divided into duty categories by degrees Plato. The duty amounts to DEM 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

D 3.1.7.

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

Duty becomes chargeable when beer:

- is removed from a tax warehouse without any further duty-suspension procedure or customs procedure following on;
- is withdrawn from the tax warehouse for consumption (release for free circulation);
- the person liable is the proprietor of the tax warehouse (warehouse-keeper). In the case of beer not produced in an authorised establishment, the duty becomes chargeable on production.

Tax payable by

The producer.

Tax payable when

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

Imports

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 free warehouse in the tax territory;

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 it is 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 five 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;
 - (b) it 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;
 - (c) it is destroyed under tax supervision.

Refunds

Duty is remitted, refunded or reimbursed where beer:

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

D 3.1.8.

Excise duty on coffee

(Kaffeesteuer)

Legal base

Coffee Duty Law of 21 December 1992 (BGBl I, pp. 2150, 2199), as last amended by the Law of 12 July 1996 (BGBl I, p. 962). Order implementing the Excise duty on Coffee Law of 14 October 1993 (BGBl I, p. 1747),

as last amended by the Order of 13 February 1997 (BGBl I, p. 235).

Beneficiary

The federal government.

Tax payable on

Roasted coffee, extracts, essences and concentrates of coffee; also the coffee content of goods containing coffee.

Rate

Other rates applied are as follows:

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

Chargeable event

Duty becomes chargeable 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 is the proprietor of the tax warehouse (warehouse-keeper). In the case of coffee which is not produced in an authorised establishment, the chargeable event occurs on production.

Tax payable by

Producer.

Tax payable when

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

Imports

Where coffee is:

- imported directly into the tax territory from third countries;

- subject to a customs procedure;
- 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:

1. it is exported from the tax territory or destroyed under tax supervision;
2. it is proved to have been supplied to a recipient in another Member State;
3. it is withdrawn as a sample for necessary commercial tests or for tax or business supervisory purposes;
4. it is produced in the course of testing machines used to produce coffee and is not supplied to third parties for consumption;
5. it is produced as a sample by raw-coffee traders in order to determine and examine the quality and properties of raw coffee;
6. 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;
7. it is produced in private households for personal consumption.

Refunds

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

Duty on beverages
(Getränkesteuer)
Legal base

Hesse: Municipal Tax Law of 17 March 1970 (GVBl I, p. 225), as last amended by the Law of 1 December 1994 (GVBl I, p. 677), and municipal by-laws.

Beneficiary

Cities and municipalities.

Tax payable in

Hesse only.

D 3.1.9.

Chargeable event

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.

Rate

Varies from town/municipality to town/municipality.

D 3.1.10.

Insurance tax

(Versicherungsteuer)

Legal base

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); Order implementing the Insurance Tax Law of 20 April 1960 (BGBl I, p. 278), as last amended by the Law of 21 December 1993 (BGBl I, p. 2310).

Beneficiary

The federal government.

Chargeable event

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.

Collection

Tax returns and payment are made at regular intervals.

Rate

The normal rate is 15 %.

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: 13.75 % of the premium in the case of building insurance and 14 % in the case of house-contents insurance;
3. hail insurance: DEM 0.20 per DEM 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: 3 % of the premium.

Fire insurance tax

(Feuerschutzsteuer)

Legal base

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).

Beneficiary

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.

Collection

Tax returns and payment are made at regular intervals.

Rate

A uniform rate of 8 %.

D 3.1.12.

Entertainments tax

(Vergnügungssteuer)

Legal base

Baden-Württemberg: Municipal Tax Law in the revised version of 28 May 1996 (GBl, p. 481), and local by-laws.

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: Entertainments Tax Law for the Land of Brandenburg of 27 June 1991 (GVBl, p. 200), as last amended by the Law of 12 April 1996 (GVBl, I p. 162).

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 7 December 1994 (GVBl, p. 363).

Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225), as last amended by the Law of 1 December 1994 (GVBl, p. 677), 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), as last amended by the Law of 23 July 1997 (GVBl, p. 374), 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 22 April 1993 (ABl, p. 496).

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

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

Schleswig-Holstein: Municipal Tax Law as amended on 22 July 1996 (GVBl, p. 564), and municipal by-laws (amusement and gambling machines).

Thüringen: Thüringen Municipal Tax Law of 7 August 1991 (GVBl, pp. 285, 329), as last amended by the Law of 10 November 1995 (GVBl, p. 342).

Beneficiary

Cities and municipalities.

Tax territory

All *Länder* of the Federal Republic with the exception of Bavaria.

Tax payable on

Entertainments tax is charged mainly on amusement and gambling machines. In some cases (depending on local by-laws), night clubs, dances and film shows are taxed.

Exemptions

Possession of machines not used by way of trade.

Collection

Monthly.

Rate

Between DEM 15 and DEM 750 per machine; taxes can be even higher on some violent video game machines.

D 3.1.13.

Betting and gaming tax

(Rennwett- und Lotteriesteuer)

Legal base

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), 2 March 1974 (BGBl I, p. 469) and 21 May 1976 (BGBl I, p. 1249), by the Tax Code Introductory Law 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).

Beneficiary

The *Länder* governments.

Tax payable on

Bets on the results of horse and greyhound races (either by the totalisator 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 $\frac{2}{3}$ %.

D 3.2.1.

Tax on real estate

(Grundsteuer)

Legal base

Real Estate Tax Law of 7 August 1973 (BGBl I, p. 965), as last amended by Article 9(5) of the Law amending the Introductory Law to the Insolvency Order and other Acts of 19 December 1998 (BGBl I, p. 3836).

Beneficiary

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 assessment.

Rate

The rates range from 0.26 % to 0.6 % multiplied by the municipal factor fixed by the municipality. Special rules apply to real estate located in the former GDR.

Special features

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**(Grunderwerbsteuer)****Legal base**

Real Estate Transfer Tax Law of 26 February 1997 (BGBl I, p. 418).

Beneficiary

The *Länder* governments.

Chargeable event

Transfer of real estate in Germany by means of sale, transfer of ownership pursuant to expropriation proceedings, highest bid in a compulsory auction, investment of assets in a company, etc. Heritable building rights and buildings on leasehold land are considered as real estate.

Basis of assessment

Purchase price or equivalent value, or standard value.

Exemptions

Certain purchase transactions are exempt from tax, for example the acquisition by joint heirs of property belonging to an estate through its division, the acquisition by the seller's spouse or direct relatives of the seller, and the acquisition of low-value real estate (limit DEM 5 000).

Collection

By assessment.

Rate

3.5 %.

Tax on industry and trade**(Gewerbsteuer)****Legal base**

Trade Tax Law as promulgated on 21 March 1991 (BGBl I, p. 814), as last amended by Article 9 of the Law of 24 March 1999 (BGBl I, p. 402).

Beneficiary

The municipalities about 80 %, the *Länder* governments about 15 % and the federal government about 5 %.

Tax payable on

All industrial or commercial undertakings, provided their activities are carried out in Germany.

Basis of assessment

Trading profit (profits together 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. The tax offices are responsible for fixing the basis of assess-

ment 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.

Rate

A basic amount is used to calculate the tax on industry and trade. It is obtained by applying a factor (the basic tax rate) to trading profits:

- tax-free allowance of DEM 48 000 in the case of natural persons and partnerships;
- the basic rate of tax rises by one percentage point up to a maximum of five percentage points for each additional DEM 24 000 tranche of profits (in the case of other undertakings, in particular limited companies, 5 % of all trading profits).

These rates are multiplied by the municipal factor fixed by the municipality (e.g. municipal factor 400 %).

Special features

The tax on industry and trade is considered as operating expenditure for the purpose of calculating trading profit.

D 3.2.4.

Tax on the licence to sell beverages

(Schankerlaubnissteuer)

Legal base

Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225), as last amended by the Law of 1 December 1994 (GVBl, p. 677), and municipal by-laws.

Rhineland-Palatinate: Municipal Tax Law of 20 June 1995 (GVBl, p. 175), as last amended by the Law of 12 February 1997 (GVBl, p. 39).

Beneficiary

Municipalities, associations of municipalities, districts (*Landkreise*) and city boroughs (*kreisfreie Städte*).

Tax territory

Hesse and Rhineland-Palatinate.

Chargeable event

The acquisition of a licence to manage a public house, or the management of such an establishment that does not re-

quire 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.

Rate

Hesse: 2 % of turnover or at least DEM 500, in special cases 6 % of turnover or at least DEM 1 500.

D 3.2.5.

Tax on second residences

(Zweitwohnungssteuer)

Legal base

Baden-Württemberg: Municipal Tax Law in the revised version of 28 May 1996 (GBl, p. 481), and local by-laws.

Berlin: Berlin Second Residences Tax Law of 19 December 1997 (GVBl, p. 686).

Brandenburg: Municipal Tax Law of 27 June 1991 (GVBl I, p. 200), as last amended by the Law of 27 June 1995 (GVBl, p. 145).

Bremen: Bremen Tax Law of 15 May 1962 (GBl, p. 139), as last amended by the Law of 2 February 1993 (GBl, p. 44), in conjunction with the Local Law of 12 December 1995 (GBl, p. 528).

Hamburg: Second Residences Tax Law of 23 December 1992 (GVBl, p. 330).

Hesse: Municipal Tax Law of 17 March 1970 (GVBl I, p. 225), as last amended by the Law of 1 December 1994 (GVBl I, p. 677), and municipal by-laws.

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

Lower Saxony: Municipal Tax Law of 11 February 1992 (GVBl, p. 29), as last amended by the Law of 23 July 1997 (GVBl I, p. 274), and municipal by-laws.

North Rhine-Westphalia: Municipal Tax Law of 21 October 1969 (GV.NW, p. 712), as last amended by Article III of the Law of 18 December 1996 governing grants by the Land of North Rhine-Westphalia to municipalities and municipal associations and governing municipal contributions to the German Unification Solidarity Fund in the budget year 1997 and amending other provisions (GV.NW, p. 586).

Rhineland-Palatinate: Municipal Tax Law of 20 June 1995 (GVBl, p. 175), as last amended by the Law of 1 February 1997 (GVBl, p. 39).

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

Saxony-Anhalt: Municipal Tax Law of 11 June 1991 (GVBl I, p. 105), as last amended by the Law of 6 October 1997 (GVBl, p. 878).

Schleswig-Holstein: Municipal Tax Law in the revised version of 22 July 1996 (GVBl, p. 564).

Beneficiary

Cities and municipalities.

Tax territory

Länder of the Federal Republic with the exception of Bavaria, Saarland and Thüringen.

Chargeable event

Possession of a second residence.

Basis of assessment

Annual rent.

Exemptions

Various exemptions exist, for example residences belonging to private charitable and youth welfare agencies, third and any additional residences in the city/municipal area.

Collection

Quarterly, half-yearly or annually.

Rate

Rates vary, from 5 % to 20 % of the basis of assessment or according to a fixed scale ranging from DEM 300 to DEM 4 800 per year.

Tax on packaging

(Verpackungssteuer)

Legal base

Municipal tax laws of the *Länder* and municipal by-laws.

Beneficiary

The municipalities.

Tax payable on

Non-reusable packaging and non-reusable dishes used for food sold for consumption on the premises.

Basis of assessment

Per unit of one-way packaging (e.g. one-way cans, bottles, cutlery, dishes).

Rate

Different, depending on the local authority.

Tax payable by

Sellers of one-way packaging or products contained therein.

GREECE

Ελλάδα

Personal income tax

(Φόρος εισοδήματος φυσικών προσώπων)

Legal base

Law No 2238/1994 ratifying the Income Code (*Government Gazette* I, 151, 6 September 1994), as amended by Law No 2579/1998 (*Government Gazette* I, 31A/17.2.1998).

Beneficiary

The State.

Tax payable by

- Individuals deriving income within Greece, irrespective of the nationality, domicile or residence. Individuals domiciled in Greece irrespective of their nationality, deriving income from sources outside Greece. Due consideration is given to bilateral conventions designed to obviate double taxation.
- An unclaimed estate.
- General and limited partnerships, civil-law associations carrying out a business or profession, civil partnerships, whether or not they are for profit, non-silent partnerships, and joint ventures as referred to in Article 2(2) of the Books and Records Code (Presidential Decree No 186/92).

Basis of assessment

Total income of all categories (e.g. income from immovable property, salaries, etc.). In order to determine the tax payable on the total net income of each taxable person, the different categories of income are summed up and positive and negative figures are netted out. From this income are then deducted any allowances and expenses and the remainder, which constitutes the taxable income. Income tax itself, fines and other taxes are not deductible.

Deductions

The following expenditure can be deducted from the taxable income, provided that supporting documents are submitted with the return:

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 GRD 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 recognised educational establishment in Greece, up to 10 % of the income declared in the original tax return, subject to a ceiling of GRD 120 000.
3. 40 % of annual expenditure on the provision of home or additional outside tuition at any recognised educational level, including for foreign languages, for each of the taxable person's dependent children or for himself, up to GRD 150 000 for each of those persons.
4. Annual expenditure on premiums for life or death 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 declared family income, subject to a ceiling of GRD 200 000 for both spouses together. The tax reduction for each spouse may not exceed 15 % of deductible expenditure.
5. Legally compulsory contributions to social security funds, and optional contributions to legally constituted funds.
6. The total annual cost of medical and hospital treatment for the taxable person and his or her dependants, provided that total taxable family income does not exceed GRD 10 million. Where such income is between GRD 10 million and GRD 15 million, 50 % of the expenditure over GRD 10 million is deductible. Costs of medical and hospital treatment for each spouse are deducted from his or her income and, if that is not sufficient and if total expenditure is greater than total family income and above GRD 10 million, the amount deducted is shared between the spouses in proportion to the normally taxable income of each as declared in the original tax return.
7. The value of real estate or money donated to the State, to municipalities, to churches, to monasteries on Mount Athos, World Patriarchate of Constantinople, Patriarchate of Alexandria and Jerusalem, the Sacred Monastery of Mount Sinai, to universities, to State and municipal nursing homes and private hospitals which are subsidised 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 subsidised 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 recognised 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. Where donations exceed

GRD 100 000 per year, the donor must deduct and pay the State tax at 20 %.

11. Interest paid by the taxable person on home loans for the acquisition of a first home granted under a mortgage by banks' consignations and loan fund, saving department and other credit institutions; interest paid on loans granted by banks and other credit institutions for the restoration, maintenance or improvement of scheduled buildings and buildings located in areas classified as traditional urban districts or as traditional settlements; debts to the State in respect to inheritance tax, gift tax or tax on parental provision. The total amount of interest deducted in this case may not in any event exceed 25 % of total family income as declared in the original tax return.
12. There is a further exemption of GRD 500 000 for the taxpayer himself and for any person living with him and dependent upon him, in case of a handicap. The above allowances for each taxable person, or for each spouse in the case of a couple submitting a joint declaration, are deducted from the total net income referred to above.
When one of the spouses has no taxable income, or has one that is lower than allowances 6 and 12 above for him/herself and any dependant, 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 points 6 and 12, is added to the expenditure of the other spouse.
13. Persons living abroad and drawing income from a source within Greece do not qualify for allowances 1 to 12. There are no allowances for income accruing to estates that are unclaimed, subject to dispute or sequestration.

Married couples

Spouses 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.

Children's own income

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

Generally, non-residents are taxed in the same way as permanent residents, subject to any bilateral conventions between Greece and other countries designed to avoid double taxation.

In the case of persons living abroad and deriving income from a Greek source, a tax calculated at 5 % of the portion of income up to GRD 1 055 000 is payable in addition to the tax calculated from the general taxation scale. This provision does not apply to persons living in the Member States of the European Union, for whom income received in Greece exceeds 90 % of their total income.

Rate

Step	Rate %	Tax for the step	Total	
			Income	Tax
1 055 000	0	0	1 055 000	0
1 582 500	5	79 125	2 637 500	75 125
1 582 500	15	237 375	4 220 000	316 500
3 165 000	30	949 500	7 385 000	1 266 000
8 440 000	40	3 376 000	15 825 000	4 642 000
Above	45			

In the case of income from employed labour and pensions, the first step in the scale above is increased to 1 355 000 GRD whereas the second step is decreased accordingly, to 1 282 000 GRD.

If total income includes income from real estate, apart from exempted income from owner-occupation of first and second home, the gross amount thereof is subject to an additional tax of 3 %. A further additional tax of 6 % is payable on gross income from immovable property used as dwellings, where the surface area of each such dwelling is greater than 300 square metres. The tax is levied on gross income both from dwellings rented out and from owner-occupied first and second homes, with the exception of exempted income from owner-occupation of first or second home. The amount of additional tax may not be greater than the amount payable on the taxpayer's total net income. The additional tax added to the amount in the first step in the scale above may not, by express provision, be greater than the total declared wage/salary or pension.

Exemptions

The tax due is reduced in respect of dependent children as follows:

- GRD 25 000 for each child where the taxpayer has up to two dependent children;
- GRD 35 000 for each child where the taxpayer has three dependent children;
- GRD 45 000 for each child where the taxpayer has four dependent children.

If no liability for tax arises from the application of the taxation scale, or the liability is less than the total of the above reductions, the full amount of the reductions or the difference is deducted from the tax payable by the spouse as calculated from the scale.

Persons living abroad and deriving income from a Greek source are not entitled to the above tax reductions, unless they are residents of the European Union Member States and the income they derive from a Greek source exceeds 90 % of their total income.

Losses

The losses of commercial, agricultural, industrial, mining and hotel undertakings may offset taxable income from other sources or be carried over for the next five years, provided that the books are properly and accurately kept over that period.

Special features

Net profits of general, limited and civil partnerships carrying out 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 35 % after deduction of:

- profits which are not liable to tax or are taxed separately;
- profits on dividends from Greek public companies or cooperatives, profits from mutual funds, or profits from holdings in limited liability companies or in taxable legal persons (general and limited partnerships etc.);
- in the case of general and limited partnerships and partnerships under the law of succession in which the participants include minors, profits remaining after application of points 1 and 2 above are reduced by the amount of professional fees, for up to three natural persons who are general partners or are the participants with the biggest share in the partnership.

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

Corporate income tax

(Φόρος εισοδήματος νομικών προσώπων)

Legal base

Law No 2238/94, Articles 98–118, on the taxation of the income of legal persons, as amended by subsequent legislation up to and including Law No 2682/1999.

Beneficiary

The State.

Tax payable by

- Greek public limited companies.

- State and municipal undertakings and profit-making enterprises, whether or not they have legal personality.
- Cooperatives and associations thereof.
- Foreign undertakings operating in Greece, in whatever company form, any other foreign organisations engaging in business.
- Greek private limited companies.
- Non-profit-making Greek and foreign legal persons governed by public or private law, including foundations of all kinds.

Basis of assessment

- 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 that discharges any further tax liability, total net profits are allocated between taxable income and non-taxable or specifically taxed income. In case of distribution, the taxable profits as above are increased by the parts of tax-free profits and specifically taxed profits chargeable on profits that are distributed in any form.
- For State and municipal undertakings and profit-making enterprises, total net income or profit.
- 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.
- In the case of foreign undertakings operating as any form of company or partnership and foreign organisations 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. 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 organisations 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.

- As regards Greek non-profit 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.
- As regards foreign non-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 decentralised 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 belonging to Mount Athos, the Holy Grave and the Sacred Monastery of Mount Sinai.
2. Income as set out below is also free of tax:
 - (a) subject to reciprocity, presumptive income from immovable property belonging to recognised foreign religions and sects, used for worship and 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 that are regarded by the law as agricultural cooperatives from activities for the purposes set out in their articles of association, subject to certain conditions;
- (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.

Rate

The tax is estimated on the total income of the legal persons:

1. Greek public limited companies whose shares are not quoted on the stock exchange, banking limited companies, credit institutions which operate as credit associations under the Law No 1667/1986, foreign companies and profit organisations are taxed at 40 %.
2. Other legal persons are taxed at 35 %.
3. 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 is 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. Greek public limited companies are taxed at 40 %.
4. As regards fees and charges paid to foreign undertakings and organisations which are not permanently es-

tablished 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, re-publication 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 organisation 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 artists resident abroad for their participation in various artistic manifestations.

The person paying the fee or charge deducts the amount of tax at source.

This tax is assessed on the gross amount of the charges or fees, irrespective of whether a decision of the Minister for Economic Affairs is required under Article 7(4) of Law No 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.

The above regulations apply subject to the relevant provisions of any convention for the avoidance of double taxation of income between Greece and the country of the foreign earner of such income.

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.

5. 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 de-

ducted 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 organisations on profits from the services is extinguished.

6. 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) 4 % 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) 4.8 % of the total gross value of private works;
 - (c) 10 % 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 organisations 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 organisations concerned in respect of that income ceases.

Collection

The tax is paid in five equal monthly instalments.

Losses

The rules applying to income tax paid by natural persons also apply here.

EL 1.3.

Tax on the profit income of owners of Greek-registered ships

(Φόρος εισοδήματος για τα κέρδη του πλοιοκτήτη)

Legal basis

Law No 27/1975 (covering all ships under the Greek flag, apart from tourist ships and boats).

Tax payable on

Vessels registered under the Greek flag, classified into two categories (A and B), with the exemption of tourist ships and boats.

Tax on vessels in category A is assessed in US dollars per year based on the age of the vessel and its tonnage (GRT), at the rates set out in Law No 27/1975. Tax on vessels in category B is assessed each year on tonnage and is paid in drachmas in accordance with the scales in the above law.

The payment of this tax discharges the owner and shareholders or partners, in Greek or foreign firms, from any further tax liability on the profits from operating Greek-registered vessels.

Tourist ships and boats are taxed as follows (Law No 438/1976):

- privately registered tourist ships and boats are liable to five times the tax for ships in category B under Law No 27/1975;
- professionally registered tourist ships and boats are liable to 10 times the tax on ships in category B under Law No 27/1975.

Professionally registered ships built in Greece are eligible for exemption for a number of years.

Tax payable by

1. The owner of the ship (natural or legal 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.
2. The following are co-liable with the ship owner:
 - (a) any party who with the agreement of the ship owner or of any other authority manages the ship and is paid freight charges, and the ship owner's attorney, having given written acceptance of this appointment;

- (b) any new owner, provided ownership is transferred voluntarily, for tax chargeable at the time of transfer.

Special 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.

Exemptions

For ships in category A, there is full or partial exemption from tax for a number of years as follows:

- on ships built in Greece;
- on ships repaired or rebuilt in Greece if payment is made in foreign currency;
- on ships sailing regularly between Greek ports or between Greek and foreign ports and on cruise services.

Income tax levy on behalf of the Agricultural Insurance Organisation (OGA)

(Εισφορά υπέρ ΟΓΑ επί του φόρου εισοδήματος)

Legal base

Law No 4169/1961; Article 11, paragraph 1, subparagraphs (a) and (b).

This levy was incorporated into income tax, so that OGA receives 12 % of the income tax collected from natural and legal persons in respect of income earned from 1 January 1984 onwards. Exceptionally the income tax levy is still raised as an additional percentage on top of income tax of natural and legal persons as described below.

Beneficiary

The Agricultural Insurance Organisation (OGA).

Tax payable by

Natural and legal persons liable to income tax, in the following cases:

1. the income of merchant navy officers, the merchant navy crews lower grade and flight crews in civil aviation (see rates);

2. the profit of companies subject to the provisions of Legislative Decree No 2687/1953 (*Government Gazette* Part A, 317) before 1984.

Basis of assessment

The amount of chargeable income tax.

Exemptions

Natural persons with an annual income of less than GRD 40 000.

Collection

The levy is collected together with income tax.

Rate

- In case (1), above 10 % for the income tax up to GRD 60 000 and 15 % for the income tax over GRD 60 000.
- In case (2), above 15 % of the amount of chargeable income tax.

Road tax on motor vehicles

(Τέλη κυκλοφορίας)

Legal base

Law No 2367/1953, Law No 2093/1992, as amended.

Beneficiary

The State.

Tax payable on

Motor vehicles and motorcycles used on public roads.

Tax payable by

The owners of motor vehicles.

Basis of assessment

1. For vehicles required to pay road tax via the purchase of a special sticker: engine capacity in cubic centimetres.
2. For private goods vehicles, including load-carrying motor tricycles: the loading capacity and in some cases horsepower.
3. For buses and coaches: the number of seats.

Rate

1. Private motor vehicles

(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 GRD 2 000 is issued for vehicles as above which are exempt from road tax.)

(a) Passenger vehicles and jeep-type vehicles for passengers and freight:

from 51 to 300 cc:	GRD 4 000;
from 301 to 785 cc:	GRD 10 000;
from 786 to 1 357 cc:	GRD 25 000;
from 1 358 to 1 927 cc:	GRD 45 000;
from 1 928 to 2 357 cc:	GRD 100 000;
from 2 358 cc and over:	GRD 130 000.

(b) Passenger motor bicycles and tricycles:

from 51 to 300 cc:	GRD 4 000;
from 301 to 785 cc:	GRD 10 000;
from 786 to 1 357 cc:	GRD 25 000;
from 1 358 cc and over:	GRD 45 000.

(c) Passenger trailer and semi-trailer (caravans):

GRD 25 000.

(d) Lorries, trailers, semi-trailers and cement-mixers:

GRD 16 per kg of payload.

(e) Hearses:

GRD 600 per HP.

(f) Tractors

GRD 325 per HP.

(g) Buses and coaches:

GRD 1 625 per seat.

(h) Other motor vehicles:

GRD 1 137 per HP.

(i) Load-carrying motor tricycles

GRD 16 per kg of payload (if no payload is specified, the tax is calculated on the same scale as for passenger motorcycles and tricycles, of the basis of cylinder capacity. In this case a special sticker is not issued).

2. Publicly used vehicles

(If no payload is specified, the tax is calculated on the same scale as for passenger motorcycles and tricycles, on the basis of cylinder capacity. In this case a special sticker is not issued.)

(a) Passenger vehicles:

GRD 20 000.

(b) Lorries, trailers, semi-trailers and cement-mixers:

GRD 5 per kg of payload.

(c) Tractors:

GRD 81 per HP.

(d) Petrol-powered buses and coaches:

GRD 114 per seat.

• Petrol-powered buses and coaches for goods and passengers: GRD 114 per seat and GRD 1 per kg of payload;

• Diesel-powered buses and coaches for goods and passengers: GRD 187 per seat and GRD 1 per kg of payload.

(e) Diesel-powered buses and coaches, provincial urban services:

GRD 114 per seat.

(f) Diesel-powered buses and coaches, inter-city-services:

GRD 284 per seat.

(g) Other (tourist coaches)

GRD 1 625 per seat.

(h) Motor vehicles not belonging to any of the above categories

GRD 244 per HP.

(i) Load carrying motor tricycles

GRD 5 per kg of payload.

4. For public goods vehicles, including load-carrying motor tricycles: the horsepower and the loading capacity.

Exemptions

Exempt from the tax are: vehicles belonging to the Greek State, to Heads of diplomatic missions and the official diplomatic staff of foreign embassies, to the Greek Red Cross and several other non-profit-making institutions and vehicles for disabled people who meet certain conditions.

Collection

Annual. For the road tax sticker, it is paid in one instalment. In other cases, in two six-monthly instalments.

Tax on inheritance

(Φορολογία κληρονομιών)

Legal base

Decree-Law No 118/1973 (*Government Gazette 202/A*), as subsequently amended.

Beneficiary

The State.

Tax payable by

Heirs or legatees, in proportion to the net value of their share in the inheritance and to the degree of their relationship with the deceased person. Based on their degree of relatedness, heirs are classed in four categories, for each of which there is a specific sliding scale of rates.

Tax payable on

Inheritance tax is charged on any acquisition of an asset through bequest or inheritance; usufruct; life assurance policy on the deceased, not specifying the beneficiaries; self-insurance by the deceased, when this is not provided for by law.

The tax is charged on:

- 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;
- 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;
- tangible or intangible movable assets located abroad and belonging to a foreign national domiciled in Greece at the time of his death.

Tax payable when

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, tax liability may be put back in time automatically (cases set up by Article 7 of the law, such disputes as to the right to inherit or the inheritance judicial settlement; combination of usufruct with ownership; 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, etc.) or by decision of the local tax office (cases provided for by Article 8 of the law).

Basis of assessment

The value of an asset for tax purposes is its market value at the time the liability to tax arises.

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.

The objective evaluation system is the determination of the basis of taxation for the immovable assets, which is applied for in any case of transfer. This system doesn't cover all the territory of the country.

Where a distinction is made between *usus fructus* (to which use and residence, but not joint use or residence, are regarded as equivalent for tax purposes) and ownership, *usus fructus* (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:

- it devolves upon someone who already has usufruct (i.e. when the person with usufruct inherits it from the bare owner);
- through renunciation it devolves upon another heir or legatee;
- the bare owner transfers it for a consideration;
- the bare owner buys the right of usufruct;
- the bare owner so requests in his tax declaration.

Exemptions

The following are not liable to tax the heir or legatee if they are:

- the State and municipalities, churches, monasteries, the community of the Holy Sepulchre, the monastery of Mount Sinai, and legal persons governed by public law; those persons are not obliged to submit tax declarations;
- non-profit making legal persons established or to be established in Greece, providing they are shown to be pursuing charitable or educative purposes, or purposes of national interest;
- foreign natural persons where exemption is provided for by international agreement, subject to there being reciprocity;
- Greek political parties, provided they are recognised by Parliament;
- any person expressly exempted by legal provision.

In addition to the general exemptions applying to inheritance, gifts and parental provision, the law provides for additional exemptions for certain categories of taxpayer.

1. Transfers of crop and livestock farming land up to GRD 30 million in value and 80 stremmas (8 hectares) in area per recipient are free of tax on the first GRD 1 million per stremma, where the value does not exceed GRD 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;
 - (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) GRD 9 000 000 for heirs in Class I (descendants);
 - (b) GRD 6 600 000 for heirs in Class II, where at least half of the value of the inheritance consists of agricultural assets.
2. When a house or apartment is inherited by the spouse or children of the deceased person, with right of full ownership, it may be exempted from tax, provided that the heir or legatee or his or her spouse or their under-age children or children under 25 years of age studying at recognised educational establishment in Greece or abroad have no right of full ownership, usufruct or residence in respect of any other house or apartment to meet their family's housing needs, as laid down in Article 1 of Law No 1078/1980 (*Government Gazette*, I, 238), or right of full ownership of any plot of building land or portion of a plot with a building area adequate to their housing needs in a town of over 5 000 inhabitants or in a tourist area.
If the above conditions are met an amount of GRD 11 500 000 is exempted from the tax for each heir or legatee, plus GRD 5 750 000 for each additional member of the heir's or legatee's family, even if they are not heirs or legatees, provided that only one house or apartment devolves to the heir or legatee.
 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, the value of that provision is reduced by GRD 1 950 000 for the recipient himself and by GRD 1 380 000 for each dependent member of his family.
 4. If the heir or the donor is handicapped (67 % or more), the tax on the first GRD 34 million of value is reduced

by 60 %. This allowance is applied in the inheritances, donations and parental provisions. If the recipient of a parental provision has a right for exemptions for first housing, and he is at least 67 % handicapped, an additional tax allowance of half the taxable value of the property, up to a maximum of GRD 19 500 000, is granted. This allowance is applied only to the parental provisions. If the heir is an under-age child of the inherited, the tax that is attributed to him is reduced by 60 %, for the value up to GRD 9 775 000, and by 30 % for the value between GRD 9 775 000 and GRD 39 100 000. This allowance is valid only for the inheritance.

5. If recipient by parental provision of immovable property on an island with a population of fewer than 3 100 inhabitants at the most recent is a permanent resident of the island concerned, the tax on parental provision is reduced by 40 %. This exemption is allowed for a period of ten years from the date of publication of Law No 2459/97 (18 February 1997).

Deductions

In order to determine the net taxable value of an inheritance, the following are deducted:

1. Debts owed on the inheritance:
 - (a) established debts which are cleared, existing at the time of death and certified by a public document or court decision, before the death of the inherited person, a private document that acquired certain date before the death of the inherited person or 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 and duties to the public, the municipalities Communities and legal persons governed by public law;
 - (d) debts from hospital expenses of the deceased for the last six month period before the death, since they exist during the time of the death;
 - (e) whatever debts, under the condition that the head of the local tax office is convinced of their existence and their extent.
2. Other charges on the inheritance (such as the costs of publishing the will, of issuing the list of heirs and of establishing the inventory of the inheritance; the costs, recognised by a court decision, of having a person declared presumed dead; expenditure incurred abroad on the handling and probate of the inheritance, to the extent paid from an inheritance which is taxed in Greece; funeral expenses; charitable bequests.)

Declaration

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 six months of the time of death, if the deceased died in Greece or one year of the time of death, if the deceased died abroad or the heirs (legatees) resided abroad at the time of death.

The deadline for the submission of tax declaration begins:

- from the time of death of the deceased, for the indisposed heirs;
- from the publication of the will, for the heirs from the will;
- from the time mentioned in the articles 7 and 8 of the law (according to which the time of taxation is transmitted);
- from the publication of the court decision that declares the obscurity;
- from the time that they are informed about their appointment, the legal representatives, the guardian of the inheritance, the executor of the will and the syndic of the bankruptcy;
- the heir of unwanted heritage since they are defined by court decision;
- from the death of the person obliged to make a declaration, if he has not submitted a declaration.

The six-month and one-year time limits referred to above may be extended by no more than three months by decision of the local tax inspector if there are serious and reasonable grounds.

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:

- 3.5 %, if a declaration has not been submitted, for every month of delay with an upper limit of 300 %;
- 1.5 % of the tax resulting from the declaration, for each month by which the declaration is late, with an upper limit of 200 %;
- 3 % of the tax for an inaccurate declaration, for every month of delay with upper limit of 300 %.

Collection

The tax is paid in 24 monthly instalments, without interest, if it has to do with a declaration, or after a control, or in six monthly instalments, if it has to do with court decision. In both cases, every instalment cannot be less than GRD 100 000.

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.

Special features

The State's right to levy tax on inheritances, gifts and parental provisions lapses after 10 years, if a tax declaration was submitted or 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.

Tax on gifts and parental provision

(Φόρος δωρεών και γονικών παροχών)

Legal base

Decree-Law No 118/1973 (Government Gazette 202/A) as subsequently amended.

Beneficiary

The State.

Tax payable by

The recipient of the gift or parental provision.

Tax payable on

All property acquired by way of gift or parental provision, including:

- property of any kind made over as a gift and located in Greece;
- movable property made over by way of gift, located abroad and belonging to a Greek national;
- movable property located abroad and belonging to a foreigner, gift made to a Greek or to a foreigner residing in Greece;

EL 2.2.

- property transferred before the death of the person concerned to descendants, under a contract for usufruct.

Basis of assessment

The tax is due by the recipient and is calculated on the market value of the property in relation to the degree of relationship between the recipient and the donor. According to this relationship, they are classified in the same four categories as in the case of the tax on inheritance.

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.

Tax payable when

It is the time of establishment of the contract of donation. In the case of movable property for which no formal document is drawn up, at the time when the property is handed over.

Exceptionally, the tax liability may be put back in time automatically (in the case of suspensive option; upon the conclusion of any dispute as to the property; upon the drafting of the document of receipt of the gift, if there is one; upon the combination of usufruct with ownership; when the price is paid, in the case of compulsory purchase; when property held by the State as abandoned or sequestered is handed over) or by decision of the local tax office (in cases specifically provided for by Article 40(2) of Decree-Law No 118/73).

Exemptions

The following are not liable to the tax:

- 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;

- non-profit-making legal persons established or to be established in Greece, provided they are shown to be pursuing charitable purposes;
- foreign legal persons (non-profit-making and charitable), provided there is reciprocity;
- foreign nationals where exemption is provided for by international agreement, subject to there being reciprocity;
- transfers by the State, municipalities or legal persons governed by public law, of movable or immovable property;
- assistance and once-and-for-all compensation paid by insurance organisations or funds to the widow, children or parents of a deceased insured person.

Special exemptions: see tax on inheritance.

Declaration

The tax inspector to whom the tax declaration is to be made and who is responsible for the whole procedure must come from where the donor lives.

Both parties, the donor and the recipient, are responsible for submitting the tax declaration. If there is no formal deed, the recipient is responsible.

The tax declaration is submitted before the deed is drawn up, based on a certified copy of the declaration. In the case of informal gifts, the declaration is submitted before the property is transferred.

Special features

See 'Tax on inheritances'.

EL 3.1.1.

Value added tax

(Φόρος προστιθέμενης αξίας)

Legal base

Law No 1642/1986 (*Government Gazette* 125/86), as last amended by Law No 2682/99 (*Government Gazette* I, 16/99).

Beneficiary

The State.

Tax payable by

Every natural and legal person, and association of persons. Greek or foreign, carrying on 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.

Tax payable on

The supply of goods and intra-Community acquisition and supply of services. The import of goods.

Distance selling

The limit on distance selling in Greece is GRD 8 200 000. It does not apply to sales of goods subject to excise duty (petroleum and tobacco products, alcoholic beverages) or to new means of transport.

Basis of assessment

- In the case of the supply of goods and services the taxable amount is the compensation 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.
- In the case of the importation of goods, the taxable amount is the customs value of the imported goods increased by the payable taxes, duties, levies and other charges in favour of the State, etc., and by the incidental expenses incurred during the importation of the goods.
- 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, motorcycles, motorised 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 include the following:

- the services of the Greek Post Office (EL.TA); Greek Radio and Television (ERT);
- the services of hospitals, of the medical and paramedical professions;
- the supply of goods and services closely related to social welfare and insurance and the protection of children and young people by the State and public organisations;
- the services of general education and vocational training, services supplied by museums and similar establishments;
- the services of lawyers, notaries and unpaid mortgage trustees and court registers;
- insurance and reinsurance transactions;
- most banking services (such as the granting of credit, collections and payments, foreign exchange transactions, etc.);
- most financial 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, etc.);
- 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 (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, if those goods were acquired with payment of tax and no right to deduction has been granted or is immediately exercised;
- the supply of immovable property;
- the supply of services whose value is included in the taxable amount when goods are imported.

Exemptions with the right to deduct include the following:

- export of goods and provision of services directly connected with the export of goods;

- international transport and its supporting services;
- the supply and the importation of ships which are used for taxable activity, or for breaking;
- the supply and the importation of aircraft used by companies mainly for international transport, or for breaking;
- the supply of goods and services for the requirements of the above ships and aircraft;
- the supply and the importation of goods and the provision of services for the use of the embassies and consulates, international organisations and the North Atlantic Treaty Organisation;
- the supply of goods to another Member State for the use of the forces of NATO;
- the supply of goods by duty-free shops;
- the supply of services whose value is included in the taxable amount in the importation of goods.

Collection

Monthly, two-monthly or quarterly periodic returns, depending on annual turnover and the accounts kept.

At the end of the accounting year, taxable persons submit a final return containing the figures from the periodic returns made during the accounting year and any adjustment made during the year.

Rate

- Super-reduced rate: 4 %.
(Applied to newspapers, books, periodicals and theatre productions.)
- Reduced rate: 8 %.
(Applied *inter alia* to foodstuffs, water supplies, agricultural inputs, transport of passengers, social housing, social services, electrical energy, natural gas, etc.)
- Standard rate: 18 %.
For the islands in the prefectures of Lesvos, Khios, Samos, the Dodecanese, the Cyclades and the Aegean islands of Thasos, Samothraki, the northern Sporades and Skiros, the rates are reduced by 30 % to 3 %, 6 % and 13 % respectively.

These rates apply to imports, intra-Community acquisitions, supplies of goods and services effected on these islands and supplies of goods from other areas of Greece to persons established on these islands. This preferential system does not, however, apply to tobacco products and means of transport.

Special features

1. Special exemptions (Article 32 of Law No 1642/86)
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, if during the preceding year they had gross receipts not exceeding:

- (a) GRD 1 800 000, for undertakings selling goods;
- (b) GRD 600 000, for businesses providing services;
- (c) GRD 1 800 000, for mixed businesses (goods and services), provided that receipts from services do not exceed GRD 600 000.

Undertakings may not be classified as exempt if: they are setting up for the first time in business; they receive 60 % or more of their gross receipts from wholesale selling; they carry out exports; they are farmers falling under the special flat-rate scheme for farmers.

2. Special system for small businesses (Article 32 of Law No 1642/86)

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, which 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 GRD 18 million;
- (c) businesses selling goods in open markets only;
- (d) newspaper kiosks;
- (e) filling stations, as regards petrol and oil;
- (f) businesses selling small items, newspapers, magazines, tobacco goods and similar products.

The following do not qualify for the special system for small businesses: farmers coming under the special system of Article 33; businesses 60 % or more of whose sales are wholesale; businesses carrying out exports or intra-Community supply of goods.

3. Special system for farmers (Article 33 of Law No 1642/86)

Farmers are subject to the special farmers' scheme and are entitled to a refund of VAT on their inputs, as regards the supply of agricultural products they produce themselves and of agricultural services.

Refunds are paid by the State at the following flat-rate percentages of the value of the products or services supplied: 2.5 % for forestry and fishery products and for services; 3.5 % for plant products; 5 % for livestock products. This system does not apply when goods and services are supplied to other farmers subject to it or to non-taxable persons.

The system does not cover farmers who have set themselves up as companies, or agricultural cooperatives; who sell their products processed; who also have another economic activity and are legally obliged to keep accounts of the second and third categories.

4. Special system for travel agencies

This system applies to travel agencies, including organisers 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.

5. Special system for second-hand goods, works of art, collectors' items and objects of archaeological value

These arrangements are applied voluntarily by taxable persons who resell second-hand goods, works of art, collectors' items and objects of archaeological value; the taxable amount is the dealer's profit margin.

6. Special system for sales by auction

These arrangements are optional and are applied by auctioneers when reselling second-hand goods, works of art, collectors' items and objects of archaeological value. The taxable amount is the amount of the commission obtained by the organiser of the sale by public auction from his principal.

7. Tax warehouses

This system is optional and applies to certain products as laid down in Directive 95/7/EC. VAT on the goods is suspended as long as they are in the tax warehouse and supplies of services relating to such products are exempted.

VAT due is payable on release by special return.

Taxable persons are required to record their dealings in special accounts and make VAT returns.

8. Special system for taxis (Min. Decision No Pol 1087/99)

The taxi enterprises pay a lump sum VAT per year and are not obliged to fulfil the obligations of normal system. This amount for 1999 is:

- (a) GRD 115 000 for the region of Athens, Piraeus and Thessaloniki;
- (b) GRD 105 000 for the towns of a population of 200 001 and more;
- (c) GRD 95 000 for the towns of a population between 50 001 and 200 000;
- (d) GRD 85 000 for the towns of a population between 5 001 and 50 000;
- (e) GRD 70 000 for the rest of the country.

9. Special system for small fishermen (Min. Decision No Pol 1320/98)

The enterprises of inshore fishing with ships less than 12 metres (except fishing in rivers and lakes), pay a lump sum of VAT per year, depending on the length of the ship, as follow:

- (a) less than 5 metres: GRD 34 000
(due only in case of owing two or more ships);
- (b) 5–6 metres: GRD 43 000
(due only in case of owing two or more ships);
- (c) 6–7 metres: GRD 70 000;
- (d) 7–8 metres: GRD 96 000;
- (e) 8–9 metres: GRD 120 000;
- (f) 9–10 metres: GRD 134 000;
- (g) 10–11 metres: GRD 153 000;
- (h) 11–12 metres: GRD 161 000;
- (i) sponge-fishing ships: GRD 67 500.

Special tax on petroleum products

(Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων)

Legal base

Law No 2127/93.

Beneficiary

The State.

Tax payable on

Light, medium and heavy oils, and petroleum and methane gas.

Basis of assessment

The taxable unit is the kilolitre or the tonne.

Rate

The rate differs for each product and is laid down in Article 20 of Law No 2127/93, as follows:

- leaded petrol: GRD 119 000/kilolitre;
- unleaded petrol: 96.5 oct.: GRD 103 000/kilolitre;
98 oct.: GRD 113 000/kilolitre;

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— gas oil (diesel):	GRD 83 000/kilolitre;
— heating gas oil:	GRD 20 000/kilolitre;
— heavy fuel oil:	GRD 13 000/kilolitre;
— liquid petroleum gas:	GRD 34 000/kilolitre;
— methane:	GRD 34 000/kilolitre;
— kerosene:	GRD 83 000/kilolitre.

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.

EL 3.1.3.

Excise duty on tobacco products

(Ειδικός φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων)

Legal base

Articles 41 to 42 of Law No 2127/93 (*Government Gazette*, I, 48/93); Article 2 of Law No 2187/94 (*Government Gazette*, I, 16/94); Article 15 of Law No 2386/96 (*Government Gazette*, I, 43/96).

Beneficiary

The State.

Tax payable by

- Approved warehouse-keepers or registered traders, both from Greece and from other Member States of the European Union.
- Tax representatives of approved warehouse-keepers of other Member States.
- Importers from third countries.
- Persons holding a licence to produce tobacco products in Greece, except under suspension arrangements.

Tax payable when

The products are released for consumption. For processed tobacco for further trading produced in Greece or produced and coming from another Member State, an eight-week period is granted.

Exemptions

- Denatured tobacco products (waste from tobacco processing).
- Manufactured tobacco which 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.

- Products supplied to embassies and consulates, to recognised international organisations and their staff, to armed forces and the accompanying civilian services of the other member States of the North Atlantic Treaty Organisation, and products to be consumed under an agreement with third countries or international organisations.
- Products to be supplied to ships and aircraft.
- 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.

Collection

The duty is assessed and collected by the excise authorities.

Rate

- Cigarettes: flat rate component (5 % of total taxation) plus proportional component (53.86 % of retail selling price, all taxes included).
- Cigars and cigarillos: 26 % of the retail price per kilogram.
- Cut tobacco for hand-rolled cigarettes and other tobacco for smoking: 59 % of the retail price (per kilogram).

Duty on purchases of manufacturing tobacco in leaf form

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα)

Legal base

Article 10 of Legislative Decree No 3758/1957.

Beneficiary

The National Tobacco Organisation (EOK).

Tax payable by

Purchasers of manufacturing tobacco. The producers collect the tax by the purchaser and they render it to EEC.

Collection

The duty payable is assessed and collected by the regional offices of the National Tobacco Organisation on the purchase price of tobacco.

Rate

2 %.

Excise duty on alcohol and alcoholic products

(Φόρος κατανάλωσης στην αλκοόλη και στα αλκοολούχα ποτά)

Legal base

Articles 24 et seq. of Law No 2127/93 (*Government Gazette* 48/A).

Beneficiary

The State.

Tax payable by

Authorised warehouse-keeper, registered traders, non-registered trader tax representatives.

Tax payable when

Upon release for consumption or upon import.

Rate

From 1 January 1999: the excise rate on ethyl alcohol is defined as EUR 882 per hectolitre of pure alcohol at 20 °C. A reduced 50 % rate (EUR 441 or GRD 149 153) is applied to ethyl alcohol which is contained in Ouzo for the departments of Dodecanese.

- Fermented beverages other than beer and wine: GRD 0.
- Wine: GRD 0.

- Intermediate products: GRD 15 220 (from 1 January 1999) per hectolitre of product.
- Beer: GRD 384 per degree Plato/per hectolitre.

Exemptions

Under Article 27 of Law No 2127/93, the above products are exempt from duty where:

- they have undergone denaturing and are used for products not for human consumption;
- they are used to produce: vinegar; pharmaceuticals; aromatic substances for the production of non-alcoholic foodstuffs with an alcohol content not exceeding 1.2 %; or they are used as raw materials for ingredients of semi-finished products used to produce foodstuffs, under certain conditions (ethyl alcohol content less than 8.5 litres per 100 kilograms of product in the case of chocolates and 5.5 litres in other the case of other products);
- they are used as samples for analysis in production trials or for scientific purposes; for scientific research; in public or private hospitals, clinics and the like, for medical purposes.

EL 3.1.6.

Duty on isopropyl alcohol

(Φόρος κατανάλωσης ισοπροπυλικής αλκοόλης)

Legal base

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.

The excise duty is still implemented in isopropyl alcohol according to the provisions of Article 3 of the Law No 1477/84 in coalition to article 15 of the Law No 2093/92.

The excise duty is exempted in the case of isopropyl alcohol which is intended for pharmaceutical use as well as when it is denatured for industrial or handcraft use in

compliance to the provisions of article 27 of the Law No 2127/93.

Beneficiary

The State.

Basis of assessment

Net weight.

Collection

The customs authorities.

Rate

GRD 1 000 per kilogram.

EL 3.1.7.

Special tax on television advertisements

(Ειδικός φόρος τηλεοπτικών διαφημίσεων)

Legal base

Article 15 of Law No 1326/1983, Article 12 of Law No 2328/1995, as amended by Article 33 of Law No 2429/1996.

Beneficiary

The State.

Basis of assessment

The nominal value stated in the tariff issued by the television station. Where an advertising agent is involved and the invoice is issued in his name, the above nominal value is reduced by 20 %.

Tax payable on

Advertisements broadcast on television.

Tax payable by

The advertising agent, if present — otherwise, the person advertised.

Tax payable when

For each two calendar months, by the 20th day of the following month. Payment is to be made through the National Bank, by filling a special form.

Rate

30 %.

Exemptions

Advertisements put out by government departments and social-content announcements of two minutes per day which television stations are required to broadcast.

EL 3.1.8.

Levy in favour of ELGA

(Εισφορά υπέρ ΕΛ.Γ.Α.)

Legal base

Law No 2538/1997, Article 53 (paragraphs 1 and 2), Law No 2601/1997, Article 13 (paragraph 4).

Beneficiary

ELGA is the Greek agricultural insurance organisation.

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.

Rate

3 % on plant products, 0.5 % on livestock products.

Collection

The levy is collected by local tax offices, every three months, from persons obliged to issue the relevant documents (invoices, etc.).

Central bank levy

(Εισφορά Τράπεζας)

Legal base

Joint Ministerial Decision No 25323/1960 (Government Gazette 494/B/60), confirmed by Article 64 of Law No 1249/1982.

Tax payable by

Importers.

Tax 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

The taxable value of the imported goods.

Collection

By the customs authorities.

Exemptions

Imports from outside the Community coming under any preferential tariff regime.

Rate

1.5 % of the taxable value.

Special tax on bank transactions

(Ειδικός φόρος τραπεζικών εργασιών)

Legal base

Law No 1676/1986, second part (Articles 6 to 16), Article 2 of Law No 2157/1993 and Article 2(14) of Law No 2187/1994, Law No 2515/1997, Article 22 (paragraph B1).

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, derived from interest, commission and brokerage fees, etc.

Exemptions

— 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.

EL 3.2.1.

- Loan and credit contracts which are exempt from stamp duties by virtue of specific legal provision.
- Bank revenues that are exempt from stamp duties or turnover tax by virtue of specific legal provision.
- Bank revenues accruing from the sale or letting of real estate.
- Bank revenues that are subject to value added tax.
- 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.

- Credit contracts with a bank to the extent either not taken up or covered by another bank.

Rate

3 %.

Collection

The tax is payable to the State on the basis of monthly statements.

EL 3.2.2.

Turnover tax/insurance

(Φόρος κύκλου εργασιών)

Legal base

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 March 1990). Presidential Decree 252/96.

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

- Insurance premiums on vessels and merchandise.
- Life insurance premiums, subject to the period of insurance being not less than 10 years.

- Insurance premiums rendered for the insurance of the crews of ships and aircraft.
- Insurance premiums for the insurance of tobacco in leaf form.
- The insurance business revenues of the Agricultural Bank of Greece.
- Insurance premiums paid by Olympic Airways SA.
- Insurance premiums covering certain risks incurred by undertakings, as governed by Legislative Decree No 2687/1953.
- Reinsurance premiums collected by insurance and reinsurance companies.

Rate

The rate of tax varies according to the sector of insurance as follows:

- fire insurance premiums: 20 %;
- life insurance premiums: 4 % (subject to the period of insurance being less than 10 years);
- premiums from other sectors: 10 %.

Collection

The tax is payable to the State by insurance companies on a quarterly basis.

Tax on mobile telephony

(Τέλος συνδρομητών κινητής τηλεφωνίας)

Legal base

Law No 2579/1998, Article 12.

Beneficiary

The State.

Tax payable on

The bills of subscribers of mobile telephony.

Basis of assessment

Monthly bill of every connection.

Tax payable by

Enterprises of mobile telephony which collect from the subscribers.

Rate

Monthly bill (including VAT 18 %):

— up to GRD 10 000:	GRD 500;
— from GRD 10 001 to GRD 20 000:	GRD 1 000;
— from GRD 20 001 to GRD 30 000:	GRD 1 500;
— from GRD 30 001 and more:	GRD 2 000.

Collection

Monthly returns which should be submitted by the end of the second month from the issue of each bill.

Real estate transfer tax

(Φόρος μεταβίβασης ακινήτων)

Legal base

Emergency Law No 1521/1950, as subsequently amended (Latest amendments: Article 10(9) of Law No 2386/1996; Article 19 of Law No 2459/1997).

Beneficiary

The State (less a small portion payable to the municipality involved).

Tax payable on

The transfer of the title of real estate or Greek-registered ships.

The following are considered to constitute transfer:

- the expropriation of full or restricted title, whether with the suspensive or annulling option or subject to repurchase;
- the establishment of a usufruct or other servitude;
- the transfer of the real estate of a company or partnership to its members;
- the relinquishment of the property in real estate or of a right over real estate, or of the title to a ship;
- the expropriation of real estate in the public interest;
- the restitution of a dowry consisting of real estate;
- 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.

Basis of assessment

The tax is assessed on the market-value or on the value given by the objective evaluation system (the objective evaluation system is the determination of the basis of taxation for the immovable assets, which is applied for any case of transfer. This system does not cover all the territory of the country) or on the contract price paid by the buyer, if that is higher. In respect to the contract price, if by a subsequent contract it is made clear that the price or the size of the real estate is greater than that stated in the original contract, the tax is due only on the additional cost or the value of the additional real estate concerned. In the opposite case, if by subsequent contract it is made clear that the price or the size of the real estate purchased is less

than that stated in the original contract, no tax is due. If the size of a transferred piece of real estate stated in a transfer contract is greater than that indicated in the deed for the acquisition thereof for valuable consideration, in addition to the applicable tax on the transfer agreement, tax is payable by the vendor of the real estate on the value of the additional portion, the tax period being the year in which the transfer contract was drawn up.

Exemptions

Vendor and purchaser are exempted from real estate transfer tax on:

- Transfers to refugees and transfers of State-owned real estate.
- Compulsory expropriation of land.
- Transfers where the purchaser is the State, a legal person governed by public law, a municipality, a church or a monastery.
- The return of expropriated property.
- 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.
- The compulsory purchase of real estate in the public interest by the State or by legal persons governed by public law.
- Transfers of real estate between the State and legal persons governed by public law.
- Purchase of first residence by a natural person, subject to certain conditions (threshold for married and unmarried persons, no right of full ownership for any other house, etc.).
- Contracts for the purchase or exchange of agricultural land, and any installations thereon, used exclusively for farming, are exempt from real estate transfer tax (on the first GRD 500 000 per stremma, if the purchase price does not exceed GRD 1 000 000 per stremma, up to a total area of 40 stremmas per buyer. In the case of land adjoining land belonging to the buyer, the area exempted is 80 stremmas (Article 12 of Law No 634/1977)). The contracts for the purchase or exchange of agricultural or farming land and any installations are exempt for the 75 % of the market value of a square metre of the transferred land, up to 100 square metres and for GRD 150 000 000 as an upper limit for every purchaser, under the condition that the purchaser is a young farmer under 40 years of age. When the new farmer buys land neighbouring with its own, the exempt area rises to 120 square metres. For the completion of the limit of 100 and 120 square metres previous

transfers made with exemption, are taken into consideration. Furthermore, the rate is reduced to 50 % of the normal rate applied (4.5 % or 5.5 %) in the case of purchases made by natural persons farmers, or by legal persons farmers, if they have exhausted the upper limit of exemption based on the provisions of the Law No 634/97.

- Mergers and transformations of undertakings (Article 3(1) of Decree-Law No 1297/1972). No tax is due on 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.

Reliefs

The transfer tax on the purchase of real estate is reduced to half insofar as the taxable value is covered using capital imported from abroad:

- by Greeks who are working or have worked abroad in any capacity for at least six years;
- by Greek seamen who are working or have worked for at least six years on Greek or foreign-registered vessels undertaking voyages abroad, even if they have also put in at Greek ports, and whose basic wage or salary is stipulated in the pay scale in force for the time being as being paid in foreign exchange;
- Greeks established abroad for at least six years.

Declaration

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.

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 that he declares.

Under certain circumstances and additional tax is due (Article I, Law No 2523/97):

- 3.5 % for each month of delay, in case of no submission of declaration (upper limit 300 %);
- 3 % for each month of delay, in case of an inaccurate declaration (upper limit 300 %);

- 1.5 % for each month of delay, in case of a delayed declaration (upper limit 200 %).

Rate

The rates are 9 % for the first GRD 4 million 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. An additional 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.

For permanent residents of islands with a population of fewer than 3 100 inhabitants, the transfer tax rates are reduced by 40 % for a period of 10 years starting on 18 February 1997 (Law No 2459/1997).

Special features

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).

Stamp duties

(Φορολογία χαρτοσήμου)

Legal base

Law No 4755/1930 as codified by the Presidential Decree of 28 July 1931 (*Government Gazette* 239 of 28 July 1931), and subsequently amended. 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.

Tax payable by

The contracting parties involved in transactions and dealings which:

- are not subject to value added tax;
- or are carried out by persons who are not subject to value added tax.

Tax payable on

- Fees for hired services.
- Rents from the letting of buildings and land.
- Loan contracts.
- The sale of movable goods by a natural person to any party.

- Insurance premiums and insurance pay-outs.
- Bills of exchange and promissory notes.
- Contracts between private persons etc.

Basis of assessment

- The total fee received for the provision of a service.
- The total rent received for the letting of buildings and land.
- The amount of the loan for which a contract is being concluded.
- The full sale price of a sale of movable goods by a natural person.
- The amount of the insurance premium or insurance pay-out.
- The nominal value of bills of exchange and promissory notes.
- In the case of a contract between natural persons, the value of the contract.

The fixed duties range according to the category of the document.

Exemptions

- Personal exemptions: in these cases, it is one of the contracting parties that is exempt and not the contract

EL 3.3.2.

itself. The duty is then payable by the other contracting party. Exempt parties include the State and foreign embassies.

- Real exemptions: in these cases, the contract or document itself is exempt from stamp duty.
- Formal exemptions granted on contracts that have been ratified in law. These may be 'personal' or 'real'.

Collection

- Within five days of the drawing-up of the document or, in circumstances governed by Article 30 of the tax code, on the basis of quarterly statements.
- On the basis of two month statements in the cases of salaries and daily wages.
- On the basis of the annual income tax return in the case of rents from buildings and land.
- At the time of drawing up the document in the case of fixed duties.

Rate

- Transactions between natural persons and the State, municipalities, communes, legal persons governed by public law and any other party: 3 %.
- Commercial scale (contracts between traders, between firms and between private or public companies and any other party: 2 %.
- Salaries and wages: 1 %
- Rents from buildings and land: 3 %.
- Insurance premiums: 2 %.
- Insurance services: 3 %.
- Draft and promissory notes: 0.5 %.
- 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.

EL 3.3.3.

Tax on the movement of capital

(Φόρος συγκέντρωσης κεφαλαίων)

Legal base

Law No 1676/1986, third part (Articles 17 to 31) and Law No 1882/1990 (Article 20) (FEK 43/A of 23 March 1990).

Beneficiary

The State.

Tax payable by

- Commercial companies and professional joint ventures.
- Cooperative organisations of every grade, other companies of whatever form, legal persons, unions and communities of persons, with profit-making intent.
- Branches in Greece of foreign companies whose registered place of business is not in a Member State of the EU.

Tax payable on

- The establishment of an entity as defined above.
- Increases in the capital and assets of taxable persons.
- The transformation or merger of an entity not subject to this tax into or with an entity subject thereto.
- Loans of a special nature granted to the taxable persons in certain circumstances.
- The provision of fixed capital or working capital by a foreign parent company to its branch in Greece.

- A change in the purposes of the legal entity, from one previously exempt from this tax to one subject thereto.

Exemptions

- Agricultural cooperatives of every grade and all unions and joint ventures thereof.
- Co-ownership of ships, shipping joint ventures and every form of shipping company.
- Legal persons providing public utility services (water and electricity supply, telecommunications, etc.), when the State or local authorities own at least 50 % of the capital of these entities.
- Legal persons pursuing educational, philanthropic, mutual help or training objectives.
- Increases in the capital through the capitalisation of profits, reserves or allowances.

Rate

1 % of the value of the taxable event.

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 passenger vehicle, goods vehicle and motorcycle tax

(Ειδικός φόρος κατανάλωσης επιβατικών αυτοκινήτων και μοτοποδηλάτων)

Legal base

Law No 363/1976; Law No 1003/1979 and Article 43 of Law No 1676/1986 (Government Gazette I 204/87 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, and Law No 2039/92.

Beneficiary

The State.

Tax payable on

Vehicles under customs tariff classification 87.03 intended for transport of persons, vehicles under classification

87.04 intended for transport of goods and motorcycles under classification 87.11.

Collection

The tax is paid and recovered at the time the vehicle is put into use.

Basis of assessment

For vehicles and motorcycles 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. For vehicles intended for the transport of goods, it is assessed on the taxable value.

Rate

New vehicles using new technology are subject to the reduced rates provided for in Law No 1882/90.

1. Passenger vehicles

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	20
1 101 to 1 200	88.08 to 96	
1 201 to 1 300	124.904 to 135	
1 301 to 1 400	135.304 to 145.6	
1 401 to 1 500	145.74 to 156	25
1 501 to 1 600	156.104 to 166.4	
1 601 to 1 700	166.504 to 176.8	35
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	

EL 3.3.4.

2. Goods vehicles

	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 1 401 to 1 800 cc	20 %	26 %
• from 1 801 to 2 000 cc	25 %	32.5 %
• from 2 001 cc	30 %	39 %

3. Jeep-type vehicles

Excise duty: 100 % of that on passenger vehicle

4. Motorcycles

— 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 %.

5. Used vehicles and those using conventional technology:

— vehicles up to 1 200 cc:	GRD 20 per cc;
— vehicles up to 1 800 cc:	GRD 26 per cc;
— vehicles over 1 800 cc:	GRD 38 per cc but not exceeding GRD 100 000.

The tax determined on the above criteria is increased by 4 % for every GRD 1 000 of taxable value subject to a deduction of GRD 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).

Exemptions

On new taxis using anti-pollution technology, a special reduced rate of 15 % of the special excise duty on corresponding passenger vehicles, for private use has been applicable since 1 January 1997 (Law No 2459/97). Sub-

paragraph (b) of the same section was repealed by Law No 2459/97 with effect from 1 January 1997.

Competition vehicles which are suitable and are used only for competition driving (Article 10 of Law No 1573/1985).

Port use tax on petroleum products (including imported products)

(Δικαίωμα χρήσεως λιμένων επί των πετρελαιοειδών)

Legal base

Legislative Decree No 357/1969, as amended by Law No 1954/1991.

Beneficiary

The harbour authorities.

Basis of assessment

Per tonne of net weight.

Collection

The duty is collected by the customs authorities.

Rate

- Diesel and fuel oil: GRD 10 per tonne.
- Petrol: GRD 20 per tonne.
- Paraffin: GRD 3 per tonne.

Levy on behalf of the Merchant Marine Pensions Fund (NAT)

[Εισφορά υπέρ του Ναυτικού Απομαχικού Ταμείου (NAT)]

Legal base

Law No 29/1975.

Beneficiary

The Merchant Marine Pensions Fund (NAT).

Tax payable on

Greek-controlled ships under foreign flags (i.e. ships with at least 51 % Greek ownership) covenanted to the NAT.

Basis of assessment

The levy is assessed in United States dollars.

Rate

Varies according to the ship's gross tonnage and age.

Collection

Payment is made in United States dollars or pounds sterling. The levy is collected by the NAT and credited to the State through the Bank of Greece within three days of receipt.

Reliefs

If a ship is laid up or otherwise out of functional service the levy is reduced accordingly.

Duty on the purchase of temporary residence in short-stay accommodation

(Τέλος διαμονής παρεπιδημούντων)

Legal base

Law No 339/1976; Law No 658/1977; Law No 1080/1980.

Beneficiary

Municipal and parish community councils.

Tax payable by

Purchasers of temporary residence in short-stay accommodation.

Collection

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).

EL 3.3.8.

Special levy under Legislative Decree No 49/1968 (private goods vehicles)

(Εσφορά Ν.Δ. 49/1968 — φορτηγά ιδιωτικής χρήσης αυτοκίνητα)

Legal base

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

Licences to operate private goods vehicles.

Basis of assessment

The gross weight of the vehicle.

Tax payable by

The owner of the vehicle.

Reliefs

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; rubbish-collection vehicles.

Collection

Charged once only when the licence is issued, and paid either in a single or in multiple instalments, depending on the amount.

Rate

1. Van-bodied vehicles:
 - (a) gross weight up to 1 200 kilograms: GRD 80 000;
 - (b) gross weight from 1 201 to 2 000 kilograms: GRD 100 000;
 - (c) gross weight from 2 001 to 2 400 kilograms: GRD 120 000;
 - (d) gross weight from 2 401 to 4 000 kilograms: GRD 140 000.
2. Flatbed vehicles:
 - (a) gross weight up to 1 200 kilograms: GRD 50 000;
 - (b) gross weight from 1 201 to 2 000 kilograms: GRD 60 000;
 - (c) gross weight from 2 001 to 2 400 kilograms: GRD 70 000;
 - (d) gross weight from 2 401 to 4 000 kilograms: GRD 80 000.
3. Flatbed or van-bodied vehicles of a gross weight of over 4 000 kilograms: GRD 16 per kilogram on the weight in excess of 4 000 kilograms.

EL 3.3.9.

Special levy under Law No 383/1976 (public goods vehicles)

(Εισφορά Ν. 383/1976 — φορτηγά δημοσίας χρήσης αυτοκίνητα)

Legal base

Law No 383/1976, Law No 1959/1991, as amended.

Beneficiary

The State.

Tax payable on

Licences for public goods vehicles.

Basis of assessment

The gross weight of the vehicle.

Tax payable by

The owner of the vehicle.

Collection

Charged once only, upon first issue of the vehicle's li-

cence, and paid either in a single or in multiple instalments depending on the amount.

Rate

1. Vehicles:
 - (a) gross weight of up to 10 000 kilograms: GRD 10 per kg;
 - (b) gross weight from 10 001 kilograms to 20 000 kilograms: GRD 7 per kg;
 - (c) gross weight above 20 000 kilograms: GRD 5 per kg.
2. Refrigerator vehicles with constant refrigeration: GRD 30 000.
3. Vehicles put into circulation in replacement of three-wheeled public goods vehicles: GRD 30 000.

Dodecanese municipal tax

(Δημοτικός φόρος Δωδεκανήσου)

Legal base

Since 1 July 1994, under Article 60 of Law No 2214/94, in favour of local government bodies in the Dodecanese.

Beneficiary

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 No 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.

Farmers not subject to the regular VAT system are also exempt, nor is the tax levied on income from:

- air and sea transport and land transport by bus meeting public service requirements;
- the sale of newspapers and periodicals and the provision of printed and electronic news;
- the sale of motor vehicles on which the special duty provided for in Law No 363/76 (*Government Gazette* 152/A) is paid.

Rate

From 0.2 % to 1 %, according to the net profit rate applied for purposes of income tax.

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)

Legal base

Law No 2052/92, as latest amended by Law No 2682/99, Article 26.

Beneficiary

The State.

Tax payable on

- Since 5 June 1992, there has been a once-only charge for granting type approval for plant and machinery, for registration/classification and grant of licences and for the supply of licence plates for plant and machinery, and for the replacement of a licence, plates, or both.
- From 1 January 1993, charges for the use of plant and machinery.

Basis of assessment

Engine's horsepower.

Tax payable by

The owner of the plant or machinery.

Rate

- In one instalment for a type approval: GRD 50 000.
- In one instalment for registration, classification and grant of licences and for the supply of plates: GRD 30 000.
- In one instalment for the replacement of a licence, plates or both: GRD 15 000.
- Charges on use: GRD 350 per DIN horsepower. It may not be less than 100 times the charge for 1 horsepower (or GRD 35 000). If the machine has two engines, the charge is assessed on the more powerful of the two.

Tax payable when

The charges are annual and are paid in one instalment.

EL 3.3.12.

Fee for operation of recreational technical games

(Τέλος διενέργειας ψυχαγωγικών τεχνικών παιχνιδιών)

Legal base

Article 8 of Law No 2515/1997.

Beneficiary

The State.

Tax payable on

The operation of recreational technical games (specially constructed electronic, electrical or mechanical games and specially constructed tables for card games).

Basis of assessment

The number of electronic, electrical or mechanical games and specially constructed tables.

Rate

Varies between GRD 25 000 and GRD 180 000 per year for each game or table depending on the population of the town or village where the establishment is situated.

Tax payable by

The licensee or the owner of the games.

Tax payable when

Before the original or supplementary licence is issued. The fee for annual renewal is payable within the last two months of the year which precedes the year for which the fee is due. A special sticker valid for one calendar year is issued for each machine and table.

EL 3.3.13.

Tax on major real estate

(Φόρος μεγάλης ακίνητης περιουσίας)

Legal base

Law No 2459, 18 February 1997 (*Government Gazette I, 17*).

Beneficiary

The State.

Tax payable on

Real estate (situated in Greece) or any title thereto, excluding mortgages, by any natural or legal person, irrespective of nationality or residence or establishment.

Tax payable by

Obligated to submit declarations are:

- all natural persons for property that exceeds the sum of GRD 69 000 000 (married persons: GRD 138 000 000);
- all the legal persons and the societies of civil law;
- whoever is called by document from the head of the local tax office.

Basis of assessment

The value of the real estate and the titles thereto at 1 January of each tax year.

Exemptions

Indicated by the law. Among others, the following are exempt from tax:

- real estate belonging to the State; legal persons under public law; churches and monasteries; social security

funds and organisations; non-profit making organisations; embassies and consulates for the real estate that they use (on the basis of reciprocity);

- agricultural or forest land which a farmer cultivates himself or works on as a primary activity;
- real estate used for production or the exercise of commercial activity, from industrial, mine, quarry, handicraft, commercial, agricultural farming hotel and generally professional enterprises, as well as the real estate as primary occupation by charitable foundations;
- 50 % of sites belonging to hotel undertakings which are used for tourism purposes; buildings under construction, for seven years after the building permit; public educational enterprises, real estate taxed as inherited, for two years after the inheritance; real estate of major archaeological value.

Non-taxable limits

- For natural persons GRD 69 000 000 if unmarried, GRD 138 000 000 if married, with GRD 17 250 000 for each under age child.
- For legal persons GRD 69 000 000; especially for national and foreign legal persons of non-profit character, proved to be pursuing useful, religious, charitable and educational aims, under the term of reciprocity, as well as national useful foundations, the non-taxable limit is defined as GRD 172 500 000.

Rate

After the subtraction of the non-taxable sums, the tax is estimated according to the following scale:

1. For natural persons: (GRD)

Step	Tax rate per step	Amount of tax per step	Total taxable property	Total tax
50 000 000	0.3 %	150 000	50 000 000	150 000
50 000 000	0.4 %	200 000	100 000 000	350 000
50 000 000	0.5 %	250 000	150 000 000	600 000
100 000 000	0.6 %	600 000	250 000 000	1 200 000
100 000 000	0.7 %	700 000	350 000 000	1 900 000
Above	0.8 %			

2. For legal persons:

- 0.7 %;
- 0.35 % for Greek or (subject to reciprocity) foreign non-profit-making organisations pursuing socially useful, religious, charitable or educational aims; as well as for Greek foundations carrying out socially useful activities.

Collection

The tax is payable in three two-monthly instalments, in May, July and September of the tax year concerned. In case of payment in one instalment there is a reduction of 5 %.

Special features

The following sanctions are provided:

1. Additional tax
 - (a) 3.5 % for each month of delay if a declaration has not been submitted (upper limit 300 %);
 - (b) 3 % for each month of delay, in case of an inaccurate declaration (upper limit 300 %);
 - (c) 1.5 % for each month of delay, in case of a delayed declaration (upper limit 200 %).
2. A penalty of up to GRD 1 000 000 is applied in case of breach of law.

Taxes abolished**(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).

The additional duty on motor vehicles as well as the excise duty have been abolished since 16 November 1998 according to article 26 of the Law No 2682/99. Since this date a new duty has been in force (classification duty)

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).

Special duty on alcoholic beverages

(Ειδικός φόρος κατανάλωσης οινοπνευματωδών ποτών)

Article 5 of Law No 1870/1989 (*Government Gazette* 250/A, 28 December 1989).

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.

The excise duty on bananas has been abolished since 21 September 1998 by the article 6 of the Law No 2648/98

SPAIN

España

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Personal income tax

(Impuesto sobre la renta de las personas físicas (IRPF))

Legal base

Law No 40/1998 of 9 December on personal income tax; Royal Decree No 214/1999 of 5 February regulating personal income tax.

Beneficiary

The central government and certain autonomous communities: Basque Country and Navarre.

In accordance with Organic Law No 8 of 22 September 1980 on the financing of the autonomous communities, and the rules on the transfer of taxes from the central government, part of the revenue accrues to the autonomous communities.

Tax payable by

- Natural persons who are normally resident on Spanish territory.
- Natural persons who are normally resident abroad:
 - Staff of diplomatic or consular offices, persons occupying an official Spanish government post or position, or active public servants, under the conditions laid down in Article 9(2) of Law No 40/1998.
 - Natural persons of Spanish nationality who state that their new residence for tax purposes is in a country or territory legally classified as a 'tax haven'. This rule applies in the tax period during which the change of residence is effected and during the next four tax periods.

Basis of assessment

The amount of the taxpayer's disposable income, i.e. income less the personal and family minimum. This includes all income, capital gains and losses and imputed income as laid down by Law No 40/1998, irrespective of where it was generated or the residence of the payer. The taxpayer's income consists of:

- income from employment;
- income from capital;
- income from business;
- capital gains and losses;
- imputed income as laid down by law.

The taxable base is calculated as follows:

1. Income is qualified and quantified according to its origin. Net income is the income liable less deductible expenses. Capital losses and gains are determined by the difference between asset transfer and purchase prices.
2. The corresponding net income reductions are applied, as appropriate, to each source of income.

3. The different types of income are pooled and offset according to their origin.

The general part of the taxable base, that is subject to progressive, State and autonomous or complementary tax rates, is made up of all the taxpayer's income excluding the capital gains and losses referred to in the next paragraph, and consists of: (a) the balance resulting from unlimited pooling and offsetting of income and imputed income to which Title VII and Article 78 of Law No 40/1998 refer and (b) the positive balance resulting in each tax period from pooling and offsetting capital gains and losses, solely against one another, excluding those referred to in the following paragraph.

The special part of the taxable base is made up of the positive balance resulting in each tax period from pooling and off-setting, solely against one another, the capital gains and losses arising from the transfer of asset elements or improvements realised thereby, more than two years prior to the date of transfer or subscription rights corresponding to the securities purchased, again more than two years previously. Proportional, State, autonomous or complementary rates apply.

4. The personal and family minimum to which the taxpayer is legally entitled is deducted, according to his personal and family situation. The personal and family minimum is applied, in the first instance, to reduce the general part of the taxable base, which cannot, however, end up being negative. Any surplus is applied to reduce the special part of the taxable base, which cannot end up negative either.

Exemptions

- Exceptional public indemnities for acts of terrorism.
- Aid of any sort granted to people infected with HIV, as laid down by Royal Decree-Law No 9 of 28 May 1993.
- Pensions paid to persons wounded or disabled during or as a result of the Civil War 1936/1939, either under the State system for pensioners or the special legislation drawn up for this purpose.
- Civil liability compensation for personal physical or mental damage, at the rate laid down by law or judicial decision.
- Redundancy or severance payments for workers, at the compulsory rate laid down in the Workers' Statute, in its implementing rules or, where appropriate, in the rules governing the enforcement of awards. However, payments established by agreement, pact or contract are not included.
- Social security benefits or benefits paid by other bodies as a result of permanent total disability or complete inva-

lidity. Also benefits paid to professionals not covered by the special social security system for self-employed workers by mutual provident societies that act as alternatives to the abovementioned special social security system, provided that the benefits are granted in identical situations to those laid down under the social security system for permanent total disability or complete invalidity.

- Permanent disability or invalidity pensions under the system for pensioners, provided that the injury or illness that caused the disability renders the beneficiary of the pension unfit for any profession or occupation.
- Child allowances as provided for in Chapter IX of Title II of the revised text of the General Law on Social Security, approved by Legislative Royal Decree No 1 of 20 June 1994.
- Sums received by State-run homes for the disabled or the elderly (over 65 years of age).
- Public scholarships for all levels and grades of the education system, up to and including a bachelor's degree or equivalent.
- Annual maintenance allowances received by parents as a result of a judicial decision.
- Major literary, artistic and scientific prizes, under the conditions laid down by law.
- Economic assistance given to top athletes participating in training programmes drawn up by the Sports Council with the Spanish Sports Federations or the Spanish Olympic Committee, under the conditions laid down by law.
- Unemployment benefits granted by the relevant management organ in the form of a single payment provided for by Royal Decree No 1044 of 19 June 1985 governing unemployment benefits in the form of a single payment of up to ESP 1 000 000, provided that the quantities received are intended for the purposes and in the circumstances provided for in the said decree.
- Prizes in national lotteries and those organised by the autonomous communities, the Spanish Red Cross or the national organisation for the blind.
- Special bonuses paid by the Spanish government for participation in international peacekeeping or humanitarian missions, under the terms laid down by law.
- Earnings for work carried out abroad, provided that a similar or identical tax has effectively been paid abroad at the rate and under the conditions laid down by law.

Deductions

The law on income tax provides for certain deductions:

1. From the gross amount due to the central government, defined as the sum of the quantities obtained from

applying the general and the special tax rate to the general and special net taxable bases respectively. The gross amount due to the central government is reduced to 85 % by means of the following deductions:

- (a) Deduction for investment in the habitual place of residence. Generally speaking, 15 % of the quantities paid in the period covered by the purchase or repair of the dwelling that constitutes or will constitute the taxpayer's habitual residence. The annual maximum basis of this deduction is ESP 1 500 000 and consists of the amounts paid for the purchase or repair of the dwelling and the amortisation, interest and other expenses connected with outside funding. This deduction can also be applied to the amounts that are deposited with credit institutions, in accounts that meet the requirements laid down by law as regards opening an account and withdrawing funds, and provided that they are intended for the initial purchase or repair of the habitual residence, with an annual limit, together with that provided for in the previous paragraph, of ESP 1 500 000. When outside funding is used for the purchase or repair of the habitual residence, the deduction percentages applicable to the deduction base must comply with the conditions and requirements laid down by law, and are as follows: (a) during the two years following purchase or repair, 25 % on the first ESP 750 000 and 15 % on the rest, up to ESP 1 500 000 and (b) subsequently 20 % and 15 % respectively.
 - (b) Deductions for business activities. Persons liable for income tax who are engaged in business activities are entitled to the business investment incentives established or to be established in the rules on corporation tax, with the same deduction percentages and ceilings.
 - (c) Deduction for gifts. Taxpayers may apply:
 - the deductions provided for in Law No 30 of 4 November 1994 on foundations and tax incentives for private participation in activities of general interest;
 - 10 % of the sums donated to legally recognised foundations which are answerable to the corresponding government authority, and to associations for public utility not included in the previous indent.
 - (d) Deductions for income from Ceuta and Melilla.
 - (e) Deductions for investment and expenditure on goods of cultural interest.
2. From the gross amount due to the autonomous communities or on a complementary basis, defined as the

sum of the quantities obtained from applying the autonomous or complementary rate and the special rate to the general and special taxable bases respectively. They are as follows:

- (a) 15 % of the total amount of the deductions provided for in Article 55 of Law No 40/1998, with the limits and requirements as regards assets provided for in Articles 56 and 57 thereof.
- (b) The amount of the deductions established by the autonomous community in the exercise of the powers laid down in Law No 14 of 30 December 1996 on the transfer of taxes from the central government to the autonomous communities and additional tax measures.

The net amount due to the central government, the autonomous communities or on a complementary basis is obtained by applying these deductions. The following deductions are allowed from the total net amount due:

1. Deduction for double taxation of dividends. The amounts that result from applying the percentages indicated below are deducted, in the case of income obtained from a capital interest in any type of entity and the part of the imputed taxable base of a 'transparent' company that corresponds to the said income: 40 % in general; 25 % when the income is multiplied by 125 % for the purposes of incorporating it in the tax base; 0 % when the income is multiplied by 100 %.
2. Deductions for international double taxation:
 - (a) Generally speaking, when the taxpayer's income includes capital income or gains generated and taxed abroad, the lesser of the following amounts is deducted:
 - the amount effectively paid abroad in the form of a personal tax on the said capital income or gain;
 - the result of applying the tax rate to the part of the net basis taxed abroad.
 - (b) Relief for double international taxation by entities that are subject to controlled foreign corporation clauses, when income is included in the taxable basis.
 - (c) Relief for double international taxation by taxpayers when income is attributed to the transfer of rights of personal portrayal.

Joint taxation

Persons who form any of the following types of family unit may file joint tax returns:

1. Spouses who are not legally separated and, where relevant: (a) under-age children, with the exception of

those who with their parents' consent, live independently from them, (b) adult handicapped children who are legally subject to extended or reinstated parental authority.

2. In cases of legal separation, or where there is no matrimonial link, a family unit formed by the father or the mother and all the children that live with either parent and that meet the requirements laid down in (1) above. No one may form part of two family units at the same time. The members of the family unit are determined on the basis of the situation prevailing at 31 December, except in the case of decease of a family member during the year, in which case the remaining members of the family unit may opt for joint taxation, including the deceased's person's income. Opting for joint taxation is not binding for successive periods. It must include all members of the family unit. If one of them files an individual return, the others must too. The decision to opt for joint taxation during an assessment period cannot be altered subsequently, once the statutory deadline for filing a tax return has elapsed. Joint taxation is governed by the general tax rules on calculating the taxpayer's income, the gross and net taxable bases and the tax debt, and by the following special rules:

1. The amounts and limits for individual taxation also apply to joint taxation. They may not be increased or multiplied according to the number of members in the household. However:
 - (a) The maximum limit for deductions from taxable income for contributions to pension funds and provident mutual societies applies individually to each member of the household.
 - (b) In the first type of family unit, provided for in Article 68 of Law No 40/1998, the general personal minimum applies (ESP 550 000, ESP 650 000, ESP 850 000 or ESP 1 150 000 annually, according to the personal circumstances of the person liable), bearing in mind the situation of each of the spouses, with a joint minimum of ESP 1 100 000.
 - (c) In the second type of family unit the general personal minimum is ESP 900 000, ESP 1 000 000, ESP 1 200 000 or ESP 1 500 000 respectively. When the father and mother live together, the general personal minimum applies.
 - (d) In no case may the personal minimum be applied to children, without prejudice to the amount resulting from the family minimum.
2. In joint taxation, it is possible, subject to general tax rules, to offset capital losses and net negative tax bases that were not offset by members of the household in

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previous tax periods in which they filed individual tax returns. The same elements determined in joint taxation may only be offset, in the case of subsequent individual taxation, by taxpayers that meet the rules on individualisation of income contained in this law.

3. Income of any type obtained by natural persons in a family unit that have opted for joint taxation is taxed cumulatively.
4. All the members of the household remain jointly and severally subject to the tax, without prejudice to the right to divide up the tax debt among them, according to each one's share of taxable income.

Collection

Taxpayers must submit a return for this tax. However, taxpayers whose income comes exclusively from the following sources do not have to file a return:

- earned income, with a gross annual limit of ESP 3 500 000 in individual or joint taxation;
- income from moveable assets and capital gains subject to withholding tax or advance payments, with an annual limit of ESP 250 000;
- imputed real estate income from urban real estate other than the habitual residence.

The limit for earned income is ESP 1 250 000 for taxpayers who receive earnings from more than one payer

Rate

The rates given in the tables below are applied to the net general taxable basis. This is obtained by making deductions from the general taxable basis for contributions to pension plans or provident mutual societies and for compensatory pensions to the spouse and maintenance payments, with the exception of those for the taxpayer's children, both paid as a result of a court order.

(a) General rates:

Net taxable basis Up to ESP:	Gross amount due ESP:	Remainder net taxable basis Up to ESP:	Rate applicable Percentage
0	0	600 000	15.00
600 000	90 000	1 500 000	20.17
2 100 000	392 550	2 000 000	23.57
4 100 000	863 950	2 500 000	31.48
6 600 000	1 650 900	4 400 000	38.07
11 000 000	3 326 000	and above	39.60

(b) Autonomous community and complementary rates: these are the rates adopted by the autonomous community in accordance with Article 13(1)(a) of Law No 14 of 30 December 1996 on the transfer of taxes from the central government to the autonomous communities and additional tax measures. If the autonomous community has not adopted the above-mentioned scale or has not assumed the legislative powers with regard to personal income tax, the following complementary rate will apply:

and who collect compensatory pensions from their spouse or non-exempt maintenance payments.

Taxpayers who are entitled to relief for investment in housing, double international taxation or contribute to pension plans or provident mutual societies that reduce the taxable base, are obliged to submit a return.

The Ministry of Economy and Finance may approve the use of simplified or special declaration procedures. The declaration must be completed in the way and time limits and using the forms laid down by the Ministry of Economy and Finance.

Taxpayers who are obliged to file a return for this tax must determine the tax debt and pay it when they submit their declaration.

Taxpayers who do not have to file a return for this tax and who have been subject to withholding tax and advance payments and have made payments in instalments higher than the total net amount due, less the deductions for double international taxation of dividends, may write to the tax administration requesting repayment of the amount in question. The tax administration may, in the light of the request and any background information it possesses, decide to refund the taxpayer. For information purposes only, taxpayers will be sent the result of the calculations made, by the means legally provided for.

Net taxable basis Up to ESP:	Gross amount due ESP	Remainder net taxable basis Up to ESP:	Rate applicable Percentage
0	0	600 000	3.00
600 000	18 000	1 500 000	3.83
2 100 000	75 450	2 000 000	4.73
4 100 000	170 050	2 500 000	5.72
6 600 000	313 050	4 400 000	6.93
11 000 000	617 970	and above	8.40

The following rates apply to the special net taxable basis:

- (a) Central government rate: 17 %.
- (b) Autonomous community or complementary rate: 3 %.

Tax on the income of non-residents

(Impuesto sobre la Renta de No Residentes)

Legal base

Law No 41 of 9 December 1998 on tax on the income of non-residents; Royal Decree No 326 of 26 February 1999 approving the implementing regulation.

Beneficiary

The central government, except in the autonomous communities of Navarre and the Basque Country, where the corresponding local authorities are responsible for administering and collecting the tax in accordance with central government legislation, with some special features.

Tax payable by

Natural and legal persons not resident in Spain who derive earnings on Spanish territory.

The main difference in determining tax obligations is between two types of taxpayers:

- those who derive earnings from a permanent establishment on Spanish territory;
- those who derive earnings without having a permanent establishment on Spanish territory.

Basis of assessment

- In the case of taxpayers who derive earnings from a permanent establishment on Spanish territory, the basis is determined in accordance with corporation tax rules, with some special features.

- In the case of taxpayers without a permanent establishment on Spanish territory, the taxable basis is:
 - All income earned. However, in the case of earnings from business activities, certain expenses may be deducted.
 - In the case of capital gains, the basis is determined in accordance with personal income tax rules, with some special features.

Exemptions

- Income that is exempt under personal income tax rules, when it is earned by non-resident natural persons.
- Certain income derived from moveable assets, obtained by taxpayers without a permanent establishment in Spain but resident in the European Union.
- Profits distributed by subsidiary firms based in Spain to their parent companies based in the European Union.
- The following income obtained by persons liable without a permanent residence:
 - income derived from Spain's national debt;
 - income from the accounts of non-residents;
 - income derived from vessels and aircraft used in international transport;
 - income derived from transfers on official Spanish secondary markets, when the transferors live in countries that have concluded a double taxation agreement with Spain.

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Rate

- Income obtained from a permanent establishment:
 - standard rate: 35 %;
 - hydrocarbon extraction activities: 40 %.
- Income obtained without a permanent residence:
 - standard rate: 25 %;
 - pensions: according to the scale depending on the amount of the pension;
 - staff of Spanish diplomatic or consular offices: 8 %;
 - reinsurance transactions: 1.5 %;
 - income derived from international sea or air transport: 4 %;
 - capital gains: 35 %.

Collection

Taxpayers with a permanent establishment in Spain must

declare and settle the tax annually within six months of the end of the assessment period.

Taxpayers without a permanent residence must declare and settle the tax within the month following the taxable event. However, it is not compulsory to file a return when the tax has been deducted at source.

Special features

When the taxpayer is resident in a country that has concluded a double taxation agreement with Spain, the provisions of the said agreement apply directly (taxable income, exemptions, rate of tax). For this purpose, a residence certificate issued by the competent tax authority of the country of residence must be sent with the tax return.

There are specific rules for persons residing in a country or territory classified as a 'tax haven'.

E 1.3.

Corporation tax

(Impuesto sobre sociedades)

Legal base

Law No 43 of 27 December 1995 on corporation tax, in force since 1 January 1996; Law No 10 of 18 December 1996 on urgent tax measures to correct domestic double taxation of companies and on incentives for the internationalisation of businesses; Law No 13 of 30 December 1996 on taxation, administrative and social measures; Law No 40 of 9 December 1998 on personal income tax that in its supplementary provisions amends various articles of Law No 43/1995; Central Government Finance Act 1999 (Law No 49 of 30 December 1998); Law No 50 of 30 December 1998, attached to the State General Budget Law 1999.

Beneficiary

The central government and certain autonomous communities: Basque Country and Navarre.

Tax payable by

Resident legal persons except for partnerships and other entities without legal personality mentioned in Law No 43/1995, such as investment funds, joint ventures, risk capital funds, etc.

Basis of assessment

The basis of assessment is the amount of income generated during the tax year in question less any negative tax bases carried over from previous years. The basis of assessment is calculated by making certain tax adjustments to the results reported in the accounts.

In certain cases, indexing methods may be used to determine the basis of the charge.

Exemptions

Exemptions may be either automatic or dependent on fulfilling objective criteria.

Automatic exemptions include:

- complete exemptions for the central government, the autonomous communities, certain public bodies, the Bank of Spain, etc;
- partial exemptions in respect of certain types of income accruing to political parties, trade unions, associations, etc., common agricultural policy subsidies.

Deferment of tax

Companies which, for consideration, dispose of tangible or intangible fixed assets and securities representing stakes

in the capital of enterprises of all kinds which allow holdings of not less than 5 % of their capital to be acquired, provided that such holdings were acquired at least one year previously, if the proceeds are reinvested in any type of the assets mentioned not more than one year prior to the date of disposal or transfer of the asset elements and not more than three years thereafter.

The amount of this deferred income or capital gain which is not included in the tax base is added thereto in equal fractions over the seven years following the period of transfer or, for investments in depreciable assets, during their useful life.

Company restructuring operations (mergers, divisions, transfers of assets and exchanges of shares) enjoy tax neutrality.

Deductions

The following deductions are allowed:

- to avoid domestic double taxation, dividends or shares of profits received from other businesses resident in Spain qualify for a 50 % deduction or for a 100 % deduction if the receiving company has owned, directly or indirectly, 5 % of the capital of the company distributing them without interruption for at least one year prior to distribution;
- to avoid direct or indirect double taxation at international level, Spain has since 1996 introduced an exemption system based on a 100 % deduction for income received from abroad.

There are also other deductions (tax credits):

- deductions introduced as structural measures (in order to provide permanent incentives for carrying on certain activities):
 - for research and development work, a deduction equivalent to 20 % of the relevant expenditure; if such expenditure in any one year exceeds the average for the previous two years, the percentage deduction applied is 20 % for expenditure corresponding to the average and 40 % for expenditure in excess of the average;
 - for exporting, a deduction equivalent to 25 % of foreign investments, provided that these involve the creation of a fixed business establishment or correspond to advertising expenditure under multiannual programmes for launching products;
 - for investments in cultural goods, film productions and book publishing;

- for staff training costs;
- a 10 % deduction for investments in tangible assets intended for environmental improvement and pollution control;
- an ESP 800 000 deduction in respect of each new open-ended employment contract concluded with a disabled worker.

All these deductions may not exceed 35 % of the full tax liability less the deductions allowed to avoid domestic and international double taxation and any applicable allowances. Any unused deductions may be carried over for the following five years.

- Since 1999 a special amortisation system has been included for purchases of vessels for the merchant navy.

Reliefs

The following allowances are also available:

- 50 % of the full tax liability on income received in Ceuta or Melilla;
- 99 % of the full tax liability in connection with the operation of certain local public services.

Collection

Payment is in three instalments on account, with a subsequent final settlement by means of a return to be filed within 25 calendar days of the end of the six months following the relevant tax period.

Companies with a turnover of more than ESP 1 billion will pay in instalments calculated on the basis of the part of their tax base corresponding to the first three, nine and eleven months of the calendar year, at a rate of five-sevenths of the tax rate, rounded down to the nearest unit.

Other organisations can opt for this system or to pay instalments on account equivalent to 18 % of the full amount due in the most recent tax period for which the deadline for submitting returns expires during the abovementioned periods for payment in instalments.

Rate

Standard rate: 35 %.

There are other, reduced rates:

- for small businesses (30 % for profits up to ESP 15 million);
- for mutual insurance companies, social welfare organisations, mutual guarantee schemes, credit cooperatives and non-profit-making organisations (25 %);

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- for cooperatives (20 % for the results of their cooperative activities);
- for foundations and public associations with special tax arrangements under Law No 30/1994 (10 %);
- for undertakings for collective investment in securities (1 %);
- for pension funds (0 %);
- for enterprises extracting hydrocarbons and related activities: 40 %.

Special features

- Economic interest groupings based in Spain or in other EU Member States.
- Cooperative joint ventures.
- Risk capital companies and funds.
- Collective investment undertakings.
- Tax transparency.
- Groups of companies.
- Mergers, divisions, transfers of assets and exchanges of shares.

- Mining.
- Exploration for and extraction of hydrocarbons.
- International tax transparency, whereby the rules on controlled foreign corporations (CFCs) are incorporated into Spanish law.
- Small and medium-sized enterprises.
- Financial leasing contracts.
- Holding companies which own foreign securities.
- Partly exempt organisations.
- Cooperatives.
- Foundations.
- Local common land.

Losses

Negative tax bases may be carried forward to offset positive tax bases generated over the following 10 tax years.

Newly founded companies may begin counting the carry-over period from the tax year in which their tax base first becomes positive.

E 1.4.

Wealth tax

(*Impuesto sobre el patrimonio*)

Legal base

Formerly called *impuesto extraordinario sobre el patrimonio de las personas físicas*.

Law No 19 of 6 June 1991 on wealth tax, applicable from 1 January 1992; Article 2 of Law No 22 of 29 December 1993; Central Government Finance Act 1995 (Law No 41 of 30 December 1994); Royal Decree No 2481 of 23 December 1994 regulating the exemption for business activities and interests in businesses; Law No 14 of 30 December 1996 on the transfer of taxes from the central government to the autonomous communities.

The Central Government Finance Act 1995 (Law No 41 of 30 December 1994) has been replaced by Law No 14 of 30 December 1996, in turn amended by the Central Government Finance Act 1998 (Law No 65 of 30 December 1997) and also by the Central Government Finance Act 1999 (Law No 49 of 30 December 1998).

Also the 1998 and 1999 laws on taxation, administrative and social measures (Law No 66 of 30 December 1997 and Law No 50 of 30 December 1998).

Beneficiary

With effect from 1997, the autonomous communities (except for Ceuta and Melilla) not only administer and collect the tax but also have some legislative powers in this field. In 1999 the autonomous communities did not exercise these powers.

The autonomous communities of the Basque Country and Navarre have their own legislation for this tax.

Tax payable by

The following natural persons:

- liability *ad personam*: residents on Spanish territory, in respect of all assets and rights;
- 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.
- 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 13 of Law No 41 of 1991 on the income of non-residents and tax rules.
- Consolidated rights of members of pension plans.

There is a basic tax-free allowance of ESP 17 300 000 available only to taxpayers with liability *ad personam*.

The exemption for business activities introduced in 1994 applies to:

- property and rights assigned to individual businesses and professional persons;
- holdings in companies, whether or not listed on organised markets, where the taxable person owns at least 15 % of the company himself or 20 % along with his family;
- the companies concerned are not operating under the tax transparency rules;
- the taxable person plays an active part in the management of the company;

- the taxable person obtains most of his taxable income from the company;

All of this is irrespective of whether the holding is common or not to the spouses.

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.

Collection

Self-assessment: return to be filed annually. No possibility of paying in instalments.

Rate

Rates are progressive, with eight bands: a minimum rate of 0.2 % applies up to ESP 27 262 000 and a maximum rate of 2.5 % above ESP 1 744 768 000.

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.

E 2.1.**Succession and gift duty**

(Impuesto sobre sucesiones y donaciones)

Legal base

Law No 29 of 18 December 1987; Royal Decree No 1629 of 8 November 1991 approving the regulation on succession and gift duty; Royal Decree-Law No 7 of 7 June on urgent tax measures and measures to encourage and liberalise economic activity; Law No 12 of 30 December 1996 (Central Government Finance Act 1997); Law No 14 of 30 December 1996, on the transfer of taxes from the central government to the autonomous communities; Law No 49 of 30 December 1998; State General Budget Law 1999.

Beneficiary

The autonomous communities, except for Ceuta and Melilla.

With effect from 1997 the autonomous communities can vary certain parameters of the tax, without increasing the overall tax burden; some have made such changes.

Tax 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.

Tax payable by

The duty applies only to transfers received by natural

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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.
- 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.
- Final illness, burial and funeral expenses.
- A sum that depends on the family tie between the deceased and the heir or legatee is always deductible from the tax base.

- Inheritance transfers qualify for relief depending on the family tie between the deceased and the taxpayer.
- Indemnities received by beneficiaries named in life assurance policies are exempt up to ESP 1 500 000.

Rate

Rates are progressive, with 16 bands. The first band starting at ESP 1 303 000 is subject to a rate of 7.65 %. The highest band, starting at ESP 130 100 000, is subject to a rate of 34 %. The resultant liability has to be multiplied by a coefficient reflecting the acquirer's previous wealth and his family tie with the person concerned.

Exemptions

Special formulas for payment of tax in the case of transfers of a person's habitual home up to ESP 20 million 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.

The taxable amount may, under certain conditions, be reduced by 95 % in the case of transfers by inheritance or gift of one-man businesses and interests in small or medium-sized businesses which are, for their part, exempted from wealth tax.

E 3.1.1.

Value added tax

(Impuesto sobre el valor añadido)

Legal base

Law No 37 of 28 December 1992 on VAT; Royal Decree No 1624 of 29 December 1992 approving the regulation on value added tax, which has been frequently amended.

Royal Decree-Law No 7 of 21 May 1993 incorporating the Community rules on the simplification of triangular transactions.

Law No 13 of 30 December 1993 on taxation measures; Law No 50/1998 (Central Government Finance Act 1999).

Beneficiary

The central government and certain autonomous communities (in the Basque Country and Navarre the tax is collect-

ed in pursuance of the central government legislation, except using different tax declaration forms, and part of the revenue accrues to the said autonomous communities).

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 com-

munity and other economic units without legal personality where these carry out taxable transactions.

Tax payable on

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.

1. Supplies of goods and services carried out by traders or professional persons in the course of business in mainland Spain or the Balearic Islands.
2. 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).
3. 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 of the European Union.

Exemptions

There are several categories:

- Domestic transactions: health; social security; education; non-profit-making bodies; welfare work; insurance and reinsurance; finance; supplies of non-building land; second and subsequent supplies of buildings; certain leases of property; betting and gaming; public postal services; transactions by public entities in the exercise of their public functions; certain sports activities; transactions associated with intellectual property.
- 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 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.
- Transactions relating to special and suspensive customs procedures, for example customs warehouses.
- Certain transactions in accordance with international treaties acceded to by Spain (Catholic Church, NATO, Vienna Convention).

Basis of assessment

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.

Collection

Quarterly or monthly returns, with self-assessment. (Large firms and exporters must make monthly returns.)

Rate

- Extra-low rate of 4 %, applicable to certain basic necessities such as: bread, milk, fruit and vegetables, medicines, subsidised housing.
- Reduced rate of 7 %, applicable to certain goods and services regarded as basic necessities, such as: food for human consumption and animal feedingstuffs; flower and plants; water; medical equipment; dwellings; air and sea transport of passengers and their luggage between mainland Spain and the Balearic Islands and between those Islands; hotel services; intellectual property services.
- Standard rate of 16 %, applicable to all other transactions.

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 who have two special schemes: proportional determination of tax bases and equivalence;
- crop and stock farming.

E 3.1.2.

Excise duties on hydrocarbons

(Impuesto sobre hidrocarburos)

Legal base

Law No 38 of 28 December 1992 on excise duties; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country.

Royal Decree No 1165 of 7 July 1995 approving the regulation on excise duties. Certain provisions of these acts were recently amended by the following acts:

- Law No 49 of 30 December 1998 (State General Budget Law 1999);
- Law No 50 of 30 December 1998 on taxation, administrative and social measures.

Beneficiary

The central government, the autonomous communities of Navarre and the Basque Country.

Tax payable on

The manufacture and import of hydrocarbons, i.e. products classified under various CN codes and fuels.

Tax payable by

Manufacturers, importers, and keepers of bonded warehouses for dutiable products and where the goods circulate within the Community, registered and unregistered agents for and authorised 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).

Rate

- Leaded motor fuels: ESP 67 352/1 000 litres.
- Unleaded motor fuels: 97 octane and above: ESP 67 040/1 000 litres.
- Other: ESP 61 844/1 000 litres.
- Diesel oils for general use: ESP 44 901/1 000 litres.
- Diesel oils for use as motor fuel (in the cases referred to in Article 54(2) of Law No 38/1992) and, generally, as fuel: ESP 13 907/1 000 litres.
- Fuel oils: ESP 2 235/tonne.
- LPG for general use: ESP 132 313/tonne.
- LPG for PSVs: ESP 9 562/tonne.
- LPG not used as fuel: ESP 1 227/tonne.
- Methane for general use: ESP 2 800/GJ.
- Methane not used as fuel: ESP 25.82/GJ.
- Kerosene for general use: ESP 48 548/1 000 litres.
- Kerosene not used as fuel: ESP 24 051/1 000 litres.

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Excise duty on manufactured tobacco

(Impuesto sobre las labores del tabaco)

Legal base

Law No 38 of 28 December 1982 on excise duties; Royal Decree-Law No 12 of 26 July 1996; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country; Royal Decree No 1165/1995 approving the regulation on excise duties.

Beneficiary

The central government, the autonomous communities of Navarre and the Basque Country.

Tax payable on

The manufacture and import of the following tobacco products:

- cigars and cigarillos;
- cigarettes;
- cut tobacco for rolling;
- other tobaccos for smoking.

Tax payable by

Manufacturers, importers, and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents and for authorised 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 calcu-

lated on the basis of the maximum retail price in tobacconists inclusive of all tax.

– Specific duty: number of units.

Rate

The rates of duty are modified by the annual Central Government Finance Act. Current rates are:

- cigars and cigarillos: 12.5 % on the maximum retail price;
- cigarettes *ad valorem*: 54 % on the maximum retail price;
(specific): ESP 500 per 1 000 units;
- cut tobacco for rolling: 37.5 %;
- other tobacco products: 22.5 %.

E 3.1.4.**Special tax on spirits and alcoholic beverages**

(Impuesto especial sobre el alcohol y bebidas derivadas)

Legal base

Law No 38 of 28 December 1992 on excise duties; Royal Decree-Law No 12 of 26 July 1996; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country; Royal Decree No 1165 of 7 July 1995 approving the regulation on excise duties. Certain provisions of these acts were recently amended by Law No 12 of 30 December 1996 (State General Budget Law 1997) and Law No 13/1996 on taxation, administrative and social measures and Law No 50/1998 attached to the State General Budget Law 1999.

Beneficiary

The central government, the autonomous communities of Navarre and the Basque Country.

Tax payable on

The manufacture and import of spirits and alcoholic beverages.

Tax 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 authorised 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.

Rate

- The rate of duty is modified from time to time by the annual Central Government Finance Act.
- The rate of duty is ESP 114 000 per hl of pure alcohol, except in the Canary Islands and under special schemes for craft distillation, where a smaller amount is levied.

Tax payable when

Liability arises when the goods leave the factory or authorised warehouse (release for home use).

Collection

In accordance with the arrangements for intra-Community movement laid down in the Community directives.

The tax must be passed on to the consumer.

E 3.1.5.**Excise duty on beer**

(Impuesto sobre la cerveza)

Legal base

Law No 38 of 28 December 1992 on excise duties; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country; Royal De-

ree No 1165 of 7 July 1995 approving the regulation on excise duties. Certain provisions of these acts were recently amended by Law No 12 of 30 December 1996 (State General Budget Law 1997).

E 3.1.5.

Beneficiary

The central government, the autonomous communities of Navarre and the Basque Country.

Tax payable on

The manufacture and import of dutiable products.

Tax 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 authorised 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.

Tax payable when

Liability arises when the goods leave the brewery or authorised warehouse (release for home use).

Rate

- Products with an alcoholic strength of 1.2 % volume or less: ESP 0 per hectolitre.
- Products with an alcoholic strength of more than 1.2 % volume but no greater than 2.8 % volume: ESP 386 per hectolitre.
- Products with an alcoholic strength of more than 2.8 % volume but of less than 11° Plato: ESP 888 per hectolitre.
- Products of between 11° and 15° Plato: ESP 1 395 per hectolitre.
- Products of between 15° and 19° Plato: ESP 1 902 per hectolitre.
- Products of more than 19° Plato: ESP 128 per hectolitre.

E 3.1.6.

Duty on wine and fermented beverages

(Impuesto sobre el vino y bebidas fermentadas)

Legal base

Law No 38 of 28 December 1992 on excise duties; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country; Royal Decree No 1165/1995 approving the regulation on excise duties.

Beneficiary

The central government and the autonomous communities of Navarre and the Basque Country.

Tax payable on

The manufacture and import of:

- still wine;
- sparkling wine;
- still fermented beverages;
- sparkling fermented beverages.

Tax payable by

Manufacturers, importers, and keepers of bonded ware-

houses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorised recipients of this category of product and, in the cases provided for in the law, tax representatives.

Tax payable when

Liability arises when the goods leave the factory or authorised warehouse.

Basis of assessment

Volume of the product, expressed in hectolitres of the finished product at a temperature of 20 °C.

Rate

- Still wine: ESP 0 per hectolitre.
- Sparkling wine: ESP 0 per hectolitre.
- Still fermented beverages: ESP 0 per hectolitre.
- Sparkling fermented beverages: ESP 0 per hectolitre.

Duty on intermediate products**(Impuesto sobre los productos intermedios)****Legal base**

Law No 38 of 28 December 1992 on excise duties; Law No 38 of 4 August 1997 approving the amendment of the Economic Agreement with the Basque Country; Law No 65 of 30 December 1997 (State General Budget 1998); Royal Decree No 1165/1995 approving the regulation on excise duties.

Beneficiary

The central government and the autonomous communities of Navarre and the Basque Country.

Tax payable on

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.

Tax payable by

Manufacturers, importers, and keepers of bonded warehouses for dutiable products and, where the goods circulate within the Community, registered and unregistered agents for and authorised 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

Intermediate products with an alcoholic strength of not more than 15 % volume, ESP 4 575 per hectolitre.

Other intermediate products, ESP 7 625 per hectolitre.

The rates applied in the Canary Islands are lower.

E 3.1.8.**Tax on insurance premiums****(Impuesto sobre primas de seguros)****Legal base**

Article 12 of Law No 13 of 30 December 1996 on taxation, administrative and social measures. Law No 65/1997 of 30 December attached to the State General Budget Law.

Beneficiary

The central government and the provincial councils of the Basque Country and Navarre.

Tax payable by

The insurance company, whether or not resident in Spain, with which the insurance policy is taken out.

Tax payable on

Insurance and capitalisation transactions. The tax must,

like VAT, be passed on to the party paying the premium.

Basis of assessment

The premium paid.

Rate

6 %.

Exemptions

Life assurance policies; re-insurance; capitalisation transactions; credit insurance; agricultural insurance; guarantee insurance; insurance linked to exporting and international transport; social insurance; pension plans. With effect from 1 January 1999, health care and sickness insurance transactions.

E 3.1.9.**Excise duty on certain means of transport****(Impuesto especial sobre determinados medios de transporte)****Legal base**

Law No 38 of 28 December 1982 on excise duties; Law No 50 of 30 December 1998 on taxation, administrative

and social measures, amending Article 6(a) of Law No 38 of 28 December 1992; Royal Decree No 1165/1995 approving the regulation on excise duties.

E 3.1.9.

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

- 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.
- 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.
- 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.

Tax payable by

The person or entity in whose name the means of transport is initially and definitively registered.

Tax payable when

Liability arises when the registration application is submitted.

Basis of assessment

This consists of:

- 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;
- in the case of used means of transport, the market value on the date when liability arises.

Rate

- Mainland Spain and the Balearic Islands:
 - private vehicles with an engine capacity of less than 1 600 cc, if powered by a petrol engine, or less than 2 000 cc, if powered by a diesel engine: 7 %.
 - other means of transport: 12 %.
- Canary Islands:
 - vehicles with an engine capacity of less than 1 600 cc, if powered by a petrol engine, or less than 2 000 cc, if powered by a diesel engine: 6 %.
 - other means of transport: 11 %.
- Ceuta and Melilla: 0 %.

E 3.1.10.

Tax on electricity

(Impuesto sobre la electricidad)

Legal base

Law No 38 of 28 December 1992 as amended by Law No 65 of 30 December 1997 on taxation, administrative and social measures.

Royal Decree No 1165 of 7 July 1995, as amended by Decree No 112 of 30 January 1998.

Beneficiary

The central government.

Tax payable on

The production or import of electrical energy classified under heading CN 2716.

Tax payable by

Factory owners and bonded warehouse keepers and those responsible for paying customs debt on importation.

Where the goods circulate within the Community, registered and unregistered agents for and authorised recipients of this category of product and, in the cases provided for in the law, tax representatives.

Tax payable when

Liability arises when the goods leave the factory or bonded warehouse

As an exception, when electrical energy leaves the factory in the context of an electricity supply contract for consideration, liability will arise at the same time as the part of the price corresponding to each billing period.

Basis of assessment

The amount billed multiplied by 1.05113.

Rate

4.864 %.

Real estate tax

(Impuesto sobre bienes inmuebles)

Legal base

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*).

Beneficiary

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.

Rate

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 by law.

E 3.2.2.

Tax on the increase in the value of urban land

(Impuesto sobre el incremento del valor de los terrenos de naturaleza urbana)

Legal base

Law No 39 of 28 December 1988 on local finances; an optional tax on establishment; Law No 50 of 30 December 1998 (Central Government Finance Act 1999).

Replaces the tax on the increase in the value of land (*impuesto sobre el incremento del valor de los terrenos*) as from 1 January 1990.

Tax payable by

The transferor in the case of transfers for valuable consideration and the acquirer in the case of transfers for profit.

Tax payable on

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.

Exemptions

Land owned by central or regional government or by municipalities; charitable or educational institutions; the social security system; the Red Cross; holders of land granted by government concession.

Basis of assessment

The increase in the value of land.

Rate

Rates depend on the population of the municipality (*Ayuntamiento*) where the land is situated and the length of time since the preceding transfer.

The law lays down some maximum rates of tax that may, where appropriate, be reduced by the municipal authorities.

E 3.2.3.

Tax on economic activities

(Impuesto sobre actividades económicas)

Legal base

Law No 39 of 28 December 1988 (*Boletín Oficial del Estado* No 313 of 20 December 1988). Royal Legislative Decree No 1175 of 28 September approving the rates; Law No 52 of 30 December 1998 (Central Government Finance Act 1999).

This tax entered into force on 1 January 1992, replacing the business licence tax (*licencia fiscal de actividades comerciales e industriales*) and the licence tax for professional and artistic activities (*licencia fiscal de actividades profesionales y de artistas*), and the municipal tax on location (*impuesto municipal sobre la radicación*).

Beneficiary

The local authorities.

Tax payable on

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.

Rate

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.

The reduction in the rates paid by newly formed companies has been abolished with effect from 1 January 1999, by Law No 50 of 30 December 1998 on taxation, administrative and social measures. However, the said law establishes a transitional system so that taxable persons who used to enjoy the reduced rates can continue to do so until the end of the period to which they were entitled under the former legislation.

E 3.2.4.

Tax on construction, installation and works

(Impuesto sobre construcciones, instalaciones y obras)

Legal base

Newly created. Came into force in 1989. Beneficiaries may decide whether or not to levy the tax. Central Government Finance Act 1999 (Law No 50 of 30 December 1998).

Beneficiary

The local authorities.

Tax payable by

The tax is payable by the natural or legal persons and the entities referred to in Article 33 of the General Tax Law which own the real estate on which the construction, installation and works are carried out, provided that they are also the owners of the works undertaken. In other cases

the taxpayer is deemed to be the person to whom the works belong. Persons who apply for the corresponding licences or perform the construction, installation or works are deemed liable for the tax if they are not the actual taxpayer.

Basis of assessment

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.

Rate

Maximum of 2.4 %.

Tax on capital transfers and documented legal acts

(Impuesto sobre transmisiones patrimoniales y actos jurídicos documentados)

Legal base

Royal Legislative Decree No 1 of 24 September 1993 approving the revised version of the Law on the tax on capital transfers and documented legal acts; Royal Decree No 828 of 29 May 1995, approving the regulation on the tax on capital transfers and documented legal acts; Law No 14 of 30 December 1996 on the transfer of taxes from the central government to the autonomous communities.

Beneficiary

The autonomous communities ⁽¹⁾.

With effect from 1997, the autonomous communities can vary the rates of tax for transfers of immovable property, rights *in rem*, government concessions relating to the latter, and notarial deeds.

Some autonomous communities have made such changes.

Tax payable on

This is a residual duty historically prior to VAT and charged where VAT is not applicable. It is levied on:

- capital transfers;
- corporate transactions ('capital duty');
- documented legal acts.

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 reorganisation are exempt. This is what is known as 'capital duty' in Community legislation.

'Documented legal acts' means:

- notarial deeds;
- commercial transfer and transaction documents;
- the acquisition, transfer and recovery of peerages and titles.

Tax payable by

- In the case of capital transfers:
 - 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.
- 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

⁽¹⁾ In Ceuta and Melilla, the tax is collected by and accrues to the central government.

E 3.2.5.

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.

Rate

- Transfer of immovable property: 6 % (7 % in some autonomous communities).
- Transfer of moveables: 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: ESP 50 per standard sheet, ESP 25 per folio.
- Bills of exchange and commercial documents are taxed on a graduated scale.

Special rules apply in specific circumstances.

E 3.2.6.

Tax on mechanically powered vehicles

(Impuesto sobre vehículos de tracción mecánica)

Legal base

Tax that has replaced as from 1 January 1990 the municipal road tax (*impuesto municipal sobre circulación de vehículos*); Law No 39 of 28 December 1988 on local finances; Law No 21 of 29 December 1993 (Central Government Finance Act 1994); Law No 13 of 30 December 1996 on taxation, administrative and social measures; Law No 50 of 30 December 1998 (Central Government Finance Act 1999).

Beneficiary

Local authorities.

Tax payable by

Vehicle owners.

Tax payable on

All classes and categories of mechanically powered vehicles suitable for use on the public highway.

Exemptions

Official vehicles, vehicles for the disabled, diplomatic vehicles, ambulances, tractors, trailers and agricultural machinery, buses and coaches used for public transport.

Basis of assessment

Expressed in terms of engine rating for tax purposes.

Rate

Varies according to the engine rating for tax purposes and the population of the municipality.

E 3.2.7.

Local taxes

(Impuestos locales)

Legal base

The local tax system has been thoroughly overhauled by Law No 39 of 28 December 1988 on local finances.

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 that have not been applied;

- 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 on local finances, 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.

The State General Budget Law 1999 (Law No 49/1998) and the Central Government Finance Act (Law No 50 of 30 December 1998), have introduced major legislative amendments to Law No 39/88.

FRANCE

Personal income tax

(Impôt sur le revenu)

Legal base

Articles 1 to 204-0 bis of the General Tax Code (*Code général des impôts*).

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 formula 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 underpayments from previous years).

Exemptions

Persons whose net income does not exceed FRF 45 800; this threshold rises to FRF 50 000 for people over the age of 65.

Interest on certain government loans.

Certain pensions, benefits and allowances (military invalidity pensions, statutory family benefits, for example).

Capital gains. Personal income tax is, however, payable on capital gains realised by individuals when they transfer assets or rights of any kind for a valuable consideration, although there are numerous exemptions from this requirement. In addition, net capital gains realised from the transfer of securities for a valuable consideration are also taxable.

Deductions

All expenses involved in earning or maintaining income. In the case of employees, occupational expenses are fixed, as a general rule, at 10 % of the declared wage or salary, with a minimum of FRF 2 310, or FRF 5 040 in the case of the long-term unemployed, and a maximum of FRF 77 460 applying to expenses incurred in the 1998 tax year.

An allowance of 10 % is granted for pensions and free life annuities; this allowance may not exceed FRF 20 000 for total pensions received by a household.

In the case of salaries, wages, pensions and free life annuities, a personal allowance of 20 % is granted up to a

legally declared income level, after the deduction of actual occupational expenses or the standard 10 % expenses allowance and other allowances and deductions, of FRF 707 000. The personal allowance is not deductible from the fraction of an individual's income that exceeds this amount.

Craftspeople, tradesmen, merchants, industrialists and farmers who have joined registered management centres and persons who have joined registered associations open to members of the professions and to holders of public office are entitled, on certain conditions, to an allowance of 20 % on the first FRF 707 000 of their taxable profit.

Individuals aged 65 or over and disabled persons qualify for a tax allowance of FRF 10 010 if their total net income is less than FRF 61 900. A reduced allowance of FRF 5 020 is granted to individuals aged 65 or over or disabled persons whose total net income is between FRF 61 900 and FRF 100 100.

Married couples

Family incomes are aggregated, but the aggregate income is divided by a number of points, awarded on the basis of the taxpayer's family situation (the family quotient (*quotient familial*)). The advantage derived from the use of the family quotient is subject to an upper limit.

Non-residents

Tax is payable on income derived from French sources, subject to the provisions of the relevant international conventions.

Collection

1. As a general rule, by means of entry in a tax roll.
2. Certain types of investment income, however, are taxed at source at the rate of 10 %, 12 % or 25 %, which can be offset against personal income tax or may be refunded to persons resident in France (10 or 12 %: rates applicable to interest on negotiable loans issued by French companies or other bodies, depending on 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).
3. In addition, 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 pay a levy in discharge of income tax at the following rate:

F 1.1.

- 15 % on bonds, negotiable instruments and shares in investment funds;
 - 15 % on claims, deposits, indemnity bonds and current accounts accrued after 1 January 1995. Income accruing from claims, deposits, indemnity bonds and current accounts accrued and from saving bonds, Treasury bonds and medium-term notes (MTNs) issued between 1 January 1990 and 31 December 1994, is subject to a levy in full discharge of liability of 35 %.
 - 15 % for savings certificates, Treasury bills and medium-term notes issued after 1 January 1990 if the beneficiary discloses his or her identity and 60 % if the instrument in question is anonymous.
4. Income deriving from capital bonds and from investments of the same nature to which the taxpayer has subscribed since 1 January 1983 is subject to personal income tax on the redemption of the bond, either in accordance with the graduated income tax scale or as a levy in discharge of income tax at the rate of 35 %, 15 % or 7.5 %, depending on the term of the bond. Until 1 January 1998, this income qualified for exemption if the term of the certificate or contract was at least eight years (six years for certificates or contracts to which the taxpayer subscribed prior to 1 January 1990).
 5. Tax amounting to one third is also withheld at source in the case of non-commercial and similar income accruing to persons not maintaining permanent business premises in France.
 6. With effect from 1 January 1990, non-commercial income and pay received by artists or sportspeople are taxed at source at the rate of 15 %.
 7. With effect from 1 January 1977, on the other hand, pay, pensions and life annuities derived from French sources and paid to persons not resident in France for tax purposes are taxed at source in three bands — 0 %, 15 % and 25 %.

Rate

0 to 54 %, graduated.

Reliefs

Taxpayers whose tax is less than FRF 3 330 are entitled to a reduction.

Losses

Losses may be carried forward for a period of five years.

Special features

In the case of farms, whether operated on a private or corporate basis with average receipts, inclusive of all taxes and calculated over two consecutive years:

- where such receipts do not exceed FRF 500 000: flat rate in the following year;
- where they are between FRF 500 000 and FRF 1 800 000: simplified standard assessment system in the following year;
- where they are over FRF 1 800 000: standard assessment system in following the year.

In the case of industrial and commercial enterprises:

- if turnover is less than FRF 70 000 (profits are determined by deducting 50 % from total revenue): flat rate;
- if turnover exceeds FRF 70 000 but is less than FRF 150 000 (provision of services) or less than FRF 500 000 (purchase and sales): flat rate;
- if turnover exceeds FRF 150 000 (provision of services) or FRF 500 000 (purchase and sales) but is less than FRF 1 000 000: simplified standard system.

In certain cases, taxable revenue may be determined on the basis of external indicators (elements of the taxpayer's lifestyle). Persons who are not resident in France but who own, in whatever capacity, one or more dwellings there may be taxed on an income equivalent to three times the actual rental value of the dwelling or dwellings.

F 1.2.

Corporation tax

(*Impôt sur les sociétés*)

Legal base

Articles 205 *et seq.* of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

Companies limited by shares and companies having the same status, and certain public undertakings engaging in industrial or commercial activity and 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 operating in France. These profits comprise the difference between the value of net assets at the end of the financial year and their value at the beginning of the same financial year, plus payments to shareholders less additional injections of capital.

In practice, a company's profits are determined on the basis of its annual accounts, with adjustments in the form of statistical deductions and additions to take account of specific fiscal rules, such as:

- the system of overseas investment aid, which enables businesses, subject to certain conditions, to deduct an amount equivalent to the sum of their productive investments, less the fraction of the cost price of these investments which is funded by means of a public subsidy, if the investments in question are made overseas in operations within certain priority sectors of the economy, particularly in tourism and industry;
- the system of one third tax relief, whereby only two thirds of profits earned by businesses located in French overseas *départements* and operating in priority sectors of the economy are taxable;
- the non-deductibility of certain costs (depreciation surpluses, entertainment expenses, certain fines and penalties, excess interest paid to shareholders, etc.);
- exemption (dividends paid by a subsidiary to a parent company) or taxation at a reduced rate (long-term capital gains, royalties derived from patents or manufacturing licences) of certain types of income.

Exemptions

The bodies exempted from payment, subject to certain conditions, include regions, *départements*, municipalities (*communes*), farmers' associations and cooperatives, housing associations, investment companies and societies whose aim is to make goods available to their members.

Non-residents

These companies pay tax on profits made in France.

Collection

Four quarterly instalments followed by settlement of the outstanding amount.

Rate

The standard rate is one third.

A reduced rate of 19 % applies to long-term capital gains, except for certain capital gains of a financial nature.

The 19 % rate applies to the fraction of profits ploughed back into the business by companies with a turnover of less than FRF 50 million, up to a maximum of 25 % of total profits or FRF 200 000, whichever is the lesser.

A rate of 24 % or 10 % applies to income from real estate or farming and to certain types of income from movable property accruing to public institutions engaged in administrative activity, to civic associations and to non-profit organisations.

The tax credit (*avoir fiscal*) attaching to companies' distributed earnings under the imputation system may be offset in full against tax liability but is not refundable in principle.

Losses

Losses may be carried forward for a period of five years, except for depreciation postponed during a loss-making period, which may be carried forward with no time limit.

Optionally, and on certain conditions, losses may be carried back three years.

Special features

- Consolidated group liability: subject to certain conditions, when a parent company holds at least 95 % of the dividends and voting rights of subsidiary companies, the parent may assume sole liability for the corporation tax payable by those subsidiaries.
- Worldwide-profits regime: the taxable profits of French companies are consolidated with the profits and losses, calculated in accordance with French tax rules, of all their direct operations abroad.
- Consolidated-profits regime: the taxable profits of parent companies are computed by adding to the parent company's profits the profits, calculated in accordance with French tax rules, of all the companies in France and abroad in which the parent directly or indirectly holds at least 50 % of the voting rights.
- Taxation on the basis of the two aforementioned regimes is subject to special approval from the budget-

F 1.2.

ary authority (the Minister of the Economy, Finance and Industry).

- French companies directly or indirectly holding at least 25 % of the capital of companies which benefit from a special taxation regime abroad may be liable for corporation tax on their share of the profits of the foreign companies.
- This regime is due to terminate on 1 January 2003.

This same provision applies to French companies directly or indirectly holding at least 10 % of the financial and voting rights in companies, groups of companies and their branches.

- Optional special regime for parent companies and subsidiaries: income received from a subsidiary may be deducted from the net profits of the parent company.

F 1.3.

General social welfare contribution

(Contribution sociale généralisée)

Legal base

Articles L 136-1 *et seq.* of the Social Security Code (*Code de la sécurité sociale*) and Articles 154 *quinquies* and 1600-OC to 1600-OE of the General Tax Code (*Code général des impôts*).

Beneficiary

The National Family Allowances Fund (*Caisse nationale des allocations familiales*) and the Old-age Solidarity Fund (*Fonds de solidarité vieillesse*), which are public administrative bodies, and the compulsory health-insurance schemes.

Tax payable by

Natural persons deemed to be resident in France for income tax purposes.

Basis of assessment

Income from economic activity and alternative income. The main exceptions are occupational accident pensions, regular maintenance payments pursuant to the Civil Code or a court order, family allowances, disabled persons' benefit for adults and military invalidity pensions.

In principle, all income other than the listed exceptions is subject to the welfare contribution. Exemptions from income tax do not apply to general social welfare contributions. The basis of assessment is gross income:

- gross wages and salaries (prior to deduction of employees' national insurance contributions) less a 5 % reduction for employment or business expenses;
- gross pensions and benefit payments (reductions are not taken into account);

- income from economic activity other than wages and salaries, net of business expenses and including personal national insurance contributions.

The only allowable deduction, then, is for business expenses.

For people on low incomes exemptions or reduced rates apply to alternative income, i.e. retirement and invalidity pensions, unemployment and pre-retirement benefit.

Moreover, the general social welfare contribution is payable on the following taxable income:

- income from real estate;
- contributory life annuities;
- income from movable capital;
- value added and sundry capital gains;
- income from privately let furnished accommodation and non-commercial income that does not fall under the heading of income from economic activity or alternative income.

Investment income:

- the general social welfare contribution is also levied on income from movable capital which is subject to deduction at source in full discharge of income tax as well as on certain receipts that are exempted from income tax (unit trusts after the fifth year and life assurance policies after the eighth year).

Rate

Since 1 January 1998, the rate has been 7.5 %; reduced rates of 6.2 % and 3.8 % apply to non-exempted alternative income.

The fraction of the welfare-contribution rate that is allocated to the funding of health insurance, i.e. 5.1 % (3.8 % for alternative income) is deductible from taxable income under the sliding-scale system for the assessment of income tax.

Collection

General social welfare contributions are deducted at source by the bodies which are responsible for the payment of wages, retirement pensions or unemployment benefit. Repayment is effected at variable intervals by the Social Security and Family Allowance Contributions Agency (Urssaf).

Those whose earned income does not take the form of a wage or salary pay their welfare contributions, assessed on the basis of that income, to the Urssaf at three-monthly intervals.

General social welfare contributions deducted at source along with a deduction in full discharge of income tax are credited the following month to tax revenue, which also includes revenue deducted at source in full discharge of income tax.

Welfare contributions levied on other capital gains are collected on the basis of a taxation roll by the treasury accountants whose main function is the collection of income tax.

10 % levy on corporation tax**(Contribution de 10 % sur l'impôt sur les sociétés)****Legal base**

Article 235 *ter* ZA and ZB of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

Joint-stock and equivalent companies, certain public institutions engaged in an industrial or commercial activity and associations or other organisations which are not explicitly exempted and which do not qualify for a reduced rate of corporation tax.

Partnerships which have opted to pay corporation tax.

Small enterprises as defined by the European Community, i.e. businesses with a turnover of less than FRF 50 million and with at least 75 % of their fully paid-up share capital in the hands of natural persons or of a company which it-

self fulfils these conditions, are exempt from the 10 % levy.

Basis of assessment

Amount of corporation tax assessed at the rate of 33.1/3 % and 19 % (the latter figure applying to value added and to the part of taxable profits corresponding to the fraction of profits ploughed back into the company). The levy is not payable on corporation tax assessed at the rates of 24 % and 10 %.

Rate

The rate of this temporary levy was 15 % in 1997 and 1998 and has been reduced to 10 % for 1999. It will cease to apply for taxation periods or financial years beginning on or after 1 January 2000.

Collection

The levy is paid in one or two instalments, depending on the date on which the company's financial year ends.

Welfare debt repayment levy**(Contribution pour le remboursement de la dette sociale)****Legal base**

Articles 14 to 20 of Order No 96-50 of 24 January 1996 concerning the repayment of welfare debts, (*Ordonnance relative*

au remboursement de la dette sociale), which entered into force on 1 February 1996, and Article 1600-OG to Article 1600-OM of the General Tax Code (*Code général des impôts*).

Beneficiary

The fund for repayment of welfare debts (CADES). The main purpose of this fund, which was created on 1 January 1996 for a period of 18 years and one month, is to administer and repay the capital borrowed to fund the social welfare system and to service the debt.

Tax payable by

The repayment levy is payable on the income of natural persons who are considered to be resident in France for income tax purposes.

Basis of assessment

The repayment levy applies to five distinct types of income: income from economic activity and alternative income, income from property, investment income, income from the sale of precious metals, jewellery, works of art, collectors' items and antiques and, lastly, gaming stakes and winnings.

Unlike the general social welfare contribution, there are no exemptions from the repayment levy or reduced rates for welfare contributors who are in receipt of certain forms of alternative income or who are on low incomes.

— Income from economic activity and alternative income

In general terms, all income that is subject to general social welfare contributions is also subject to the welfare debt repayment levy.

This income chiefly comprises salaries, wages, bonuses, benefits in kind, monetary benefits, compensatory payments, welfare benefits and gratuities received in the performance of an economic activity or in consideration of work performed. Such income is subject to the repayment levy on the same conditions and basis as general social welfare contributions. On the other hand, certain allowances or benefits which are exempt from welfare contributions are subject to the repayment levy; foremost among these are family allowances (with some exceptions) and personal housing benefit.

— Income from property

- income from real estate;

- contributory life annuities;
- income from movable capital;
- value added to immovable assets;
- value added, capital gains and profits accruing from deals in financial instruments and commodities in the futures market, in negotiable options and in bond options which are subject to income tax at a proportional rate.

— Investment income

This relates to the yield from investments which is subject to taxation at source in discharge of income tax and to certain investment income which is exempt from income tax (income from unit trusts after the fifth year and from life-assurance policies after the eighth year).

— Other income subject to the repayment levy

- income from privately let furnished accommodation;
- non-commercial income not subject to the repayment levy as income from economic activity or alternative income;
- earned or alternative income from abroad;
- income of indeterminate origin subject to income tax under Article L.69 of the Code of Fiscal Procedure (*Livre de procédures fiscales*);
- income which is taxable in France under an international convention for the avoidance of double taxation and from which the levy on earned or alternative income has not been deducted.

Rate

0.5 %.

Collection

The repayment levy is collected in the same way as the general social welfare contribution.

The repayment levy on earned or alternative income from abroad is a special case and is collected by the public treasury by means of a taxation roll.

NB: The welfare debt repayment levy is not deductible for income tax purposes.

2 % welfare levy

(Prélèvement social de 2 %)

Legal base

Article 9 of Law No 97-1164 of 19 December 1997, Articles L.245-14 *et seq.* of the Social Security Code (*Code de la sécurité sociale*) and Article 1600-0F bis of the General Tax Code (*Code général des impôts*).

Beneficiary

National Family Allowances Fund (*Caisse nationale des allocations familiales*) and the National Pension Fund for Employees (*Caisse nationale d'assurance vieillesse des travailleurs salariés*).

Tax payable by

Natural persons considered to be resident in France for income tax purposes.

Basis of assessment

Only income from property and investments are subject to the 2 % welfare levy.

Income from property

The 2 % welfare levy is assessed on the amount of the following on which income tax is payable:

- income from real estate;
- contributory life annuities;
- income from movable capital;
- value added and the various types of capital gains;
- income from privately let furnished accommodation and non-commercial income not subject to the welfare levy as income from economic activity or alternative income.

Investment income

The welfare levy is also deducted on income from movable capital which is subject to deduction at source in discharge of income tax as well as on certain income which is exempt from income tax (unit trusts after the fifth year and life-assurance policies after the eighth year).

Collection

The assessment and collection of the 2 % welfare levy on income from property and investments is subject to the same conditions that apply to general social welfare contributions.

F 3.1.1.

Value added tax

(Taxe sur la valeur ajoutée)

Legal base

Articles 256 *et seq.* of the General Tax Code (*Code général des impôts*) (Sixth Council Directive 77/388/EEC of 17 May 1977).

Beneficiary

The State. (A levy of 0.7 %, the revenue from which is assigned to the special budget for agricultural welfare benefits, is included in each of the VAT rates.)

Tax payable by

Persons who independently supply goods or provide services resulting from economic activity, irrespective of the legal status of such persons, their position with regard to any other taxes or the form or nature of their intervention: manufacturers, wholesalers, retailers, processors, craftspeople, builders, estate agents, surveyors, commercial agents, landlords of furnished accommodation, entertain-

ment promoters and other service providers, architects, chartered accountants, etc.

Tax payable on

In general terms, the supply of movable goods, the provision of services and equivalent operations effected by taxable persons as part of an economic activity of an industrial, commercial, craft, professional, agricultural or civic nature.

Acquisitions of movable tangible property effected by taxable persons or non-taxable legal persons from taxable persons established in other Member States of the European Union (with certain exceptions) and equivalent transactions (allocation).

The importation of goods.

Operations explicitly ordained by law, such as those carried out by cooperatives, those connected with real estate,

F 3.1.1.

self-supply and purchases of certain products from persons not liable to VAT.

Operations which are outside the scope of VAT legislation or are exempt from VAT but for which the law provides the possibility of opting for VAT, for example certain local authority services.

Chargeable event

VAT is collected in connection with the supply of goods or the provision of a service (tax chargeable on receipt of payment), transfer of ownership, importation, purchase or intra-Community acquisition (tax chargeable on the fifteenth day of the following month or on the date of the invoice, depending on the nature of the taxable transaction).

Basis of assessment

Prices or fees for goods and services, including all applicable charges and taxes other than VAT.

Exemptions

The following are the main exemptions:

- exports and equivalent transactions;
- certain banking and financial operations;
- activities subject to local entertainments tax: sporting events, gaming clubs and casinos;
- certain activities carried out by non-profit organisations in which their management has no vested interest;
- certain operations carried out by government bodies or local authorities;
- certain real-estate operations;
- medical and paramedical activities;
- certain imports;
- educational activities.

Deductions

With some exceptions, VAT paid on the purchase of goods or services for business use is deductible from VAT due in respect of sales.

Taxpayers can obtain a quarterly or yearly refund of any overpaid VAT.

Collection

Monthly or quarterly returns are filed, accompanied by payment of the VAT due. Medium-sized enterprises may choose to pay VAT under a simplified system involving the submission of a shorter form of the return along with provisional instalments and a special return with which the outstanding amount is settled at the end of the financial year.

Small businesses may pay their tax in accordance with this regime or may pay a flat rate fixed by the administration. In the latter case, the tax due is paid by quarterly settlement dates without submission of a return.

Small businesses whose turnover is below a fixed threshold are exempt from VAT.

Provision is made for concessions in the form of exemptions and tax relief for businesses that would normally have to pay relatively small amounts of tax.

Finally, farmers liable for VAT submit one return per calendar year.

Rate

- Standard rate: 20.6 %.
- Reduced rate: 5.5 % (particularly for agricultural products, most foodstuffs, books and theatre and cinema tickets).
- Minimum rate: 2.1 % (particularly for medicinal products and newspapers).

F 3.1.2.

Excise duty on mineral-oil and allied products

(Taxe intérieure de consommation sur les produits pétroliers et assimilés)

Legal base

Article 265-1 of the Customs and Excise Code (*Code des douanes*).

Beneficiary

The State.

Tax payable by

The importers, manufacturers and distributors of mineral-oil products who release these products for consumption.

ucts which are used as heating or motor fuels at the point when they are released for consumption, i.e.:

- either when suspensive arrangements cease to apply;
- or following importation;
- or following release for circulation within the Community.

Tax payable on

The excise duty is levied on mineral-oil and allied prod-

Rate

Annual rates as fixed by the Finance Act 1999 (Article 26).

Product designation	1999 rate (in FRF)	Taxable unit
Leaded petrol		
High-octane leaded petrol	415.60	100 litres
Unleaded petrol		
High-octane unleaded petrol	384.62	100 litres
Diesel	248.18	100 litres
LPG and methane		
— as motor fuels	65.71	100 kg net
— as heating fuels	0	
Heavy fuel oil for heating	15.15	100 kg net
Liquid paraffin		
— kerosene motor fuel	248.18	100 litres
— paraffin oil for heating	51.47	100 litres

Article 26V of the Finance Act 1999 introduced a refund of part of the excise duty on diesel for road haulage vehicles weighing 12 tonnes and over; the refund is granted on the first 40 000 litres per vehicle/year.

Special duty on oils intended for human consumption

(*Taxe spéciale sur les huiles destinées à l'alimentation humaine*)

Legal base

Article 1609 *vicies* of the General Tax Code (*Code général des impôts*), Articles 331 N to 331 V of Annex III to the same Code and Article 159 *ter* A of Annex IV to the same Code.

porters and natural and legal persons acquiring edible oils from other Community countries.

Beneficiary

The State (special budget for agricultural welfare benefits — BAPSA).

Tax payable on

Purchases, self-supply, imports and intra-Community acquisitions of:

Tax territory

Continental France and Corsica.

- liquid or solid vegetable oils intended for human consumption (groundnut, olive, walnut, rapeseed, poppy seed, linseed, soya, maize, coconut, palm-kernel, palm oil, etc.);
- oil from marine fauna which is intended for human consumption.

Tax payable by

Producers (harvesters, mill operators and refiners), im-

F 3.1.3.

Exemptions

Exports and intra-Community deliveries.

Collection

- As for VAT.
- On importation.

Rate

	(in FRF per kg)	(in FRF per litre)
Olive oil	0.972	0.875
Groundnut oil and maize oil	0.875	0.797
Rapeseed oil and grapeseed oil	0.449	0.408
Other liquid vegetable oils and oils from marine fauna other than whales	0.764	0.666
Coconut oil and palm-kernel oil	0.583	—
Palm oil and whale oil	0.534	—
Oil from marine fauna in cases where the marketing and use of products from such fauna are subject to national or international rules relating to protected	0.972	—

Where dutiable oils are contained in food products that have been imported or acquired within the Community, the duty is levied on the type and quantity of the oil contained in the product. However, for products other than margarine, the chargeable party may request the application of a flat-rate tariff fixed by order of the budgetary authority (the Minister for the Economy, Finance and Industry) on the basis of equivalence to similar products of national origin.

F 3.1.4.

Tobacco duty

(*Droit de consommation sur le tabac*)

Legal base

Articles 564 *decies* to 575A and 575B of the General Tax Code (*Code général des impôts*)

Beneficiary

The State.

Tax payable on

All consumable tobacco products: cigarettes, cigars, cigarillos and loose tobacco (for rolling and other purposes).

Chargeable event

Tobacco duty is collected when tobacco products are supplied for consumption.

Tax payable by

The importation, introduction and wholesale marketing of manufactured tobacco products in metropolitan France may be effected by any natural or legal person established as a supplier with a view to engaging in such activity. Tobacco products may be manufactured by any natural or legal person established as a manufacturer.

A monopoly on retail sales is held by the administration, which exercises this right through licensed tobacconists appointed as its agents, who are responsible for collecting the duty.

Basis of assessment

Retail prices.

For cigarettes in the price category for which demand is highest, the duty is calculated by applying the standard rate to the retail price.

This figure is then used to determine the 'base rate', which is constituted by the ratio, in respect of these reference cigarettes, of:

- on the one hand, the difference between the total amount of duty and a specific fixed share equivalent to 5 % of the total fiscal burden attaching to these cigarettes in the most popular price category;
- on the other hand, the retail price of these same cigarettes.

For other cigarettes, the rate of duty is calculated by applying the base rate to their retail price and adding the specific fixed share equivalent to 5 % of the total fiscal burden attaching to cigarettes in the most popular price category. The total amount assessed in this way must not be lower than a fixed minimum levy per 1 000 units.

Manufactured tobacco products other than cigarettes are subject to a standard rate of taxation, which applies to their retail price, with the exception of finely-cut tobacco, to which a minimum levy per kg applies.

Product group	Standard rate (%) ⁽¹⁾
Cigarettes	58.3
Cigars	28.86
Finely-cut tobacco for rolling cigarettes	51
Other smoking tobacco	46.74
Snuff	40.2
Chewing tobacco	27.47

The minimum levy is fixed at FRF 515 for Virginia cigarettes, FRF 435 for dark cigarettes and FRF 240 for finely-cut tobacco for rolling cigarettes; this minimum levy is revised every year by the Finance Act.

Imports

Same regime as for French products.

⁽¹⁾ Percentage of the retail price. The specific or fixed share for cigarettes is FRF 37.99 per 1 000 cigarettes.

Duty on manufactured tobaccos

(Taxe sur les tabacs fabriqués)

Legal base

Article 1609 of the General Tax Code (*Code général des impôts*).

Beneficiary

The State (special budget for agricultural welfare benefits – BAPSA).

Tax payable on

Sales of manufactured or imported tobaccos or tobaccos acquired within the Community (cigarettes, cigars, finely cut tobacco for rolling cigarettes, other smoking tobacco, snuff, chewing tobacco, etc.).

Tax payable by

The national tobacco and match manufacturing and mar-

keting corporation (SEITA) or any other wholesale supplier of manufactured tobaccos.

Tax territory

Continental France and Corsica.

Exemptions

None.

Collection

Upon presentation of monthly returns. The simplified taxation regime does not apply.

Rate

0.74 % of the selling price excluding tax.

F 3.1.6.

Spirits duty — production duty and consumption duty

(Taxe sur les alcools: droit de consommation)

Legal base

Articles 402 bis to 406 of the General Tax Code (*Code général des impôts*).

Beneficiary

Old-age solidarity fund (*Fonds de solidarité vieillesse*). Part of the revenue from the duty levied pursuant to Article 403 of the General Tax Code is allocated to the compulsory health-insurance schemes.

Tax payable by

Producers or holders of stocks of spirits.

Tax payable on

Spirits duty is payable on:

- intermediate products: products covered by codes NC 22 04, 22 05 and 22 06 of the customs tariff which have an actual alcoholic strength of 1.2 % to 22 % Vol. and which are neither beers, wines nor any of the products referred to in Article 438 of the General Tax Code;
- spirits: products covered by codes NC 22 07 and 22 08 of the customs tariff which have an actual alcoholic strength in excess of 1.2 % Vol. as well as products referred to above which have an actual alcoholic strength in excess of 22 % Vol.

Chargeable event

Spirits produced in the territory of taxation:

- liability for spirits duty is incurred when the taxable products are released for consumption or when a quantity of any of the dutiable products is found to be missing;
- spirits received from a Member State of the European Union: liability for spirits duty is incurred when the taxable products are released for consumption;
- spirits imported into the territory of taxation: liability for spirits duty is incurred when the taxable products are released for consumption.

Rate

Depending on whether the liquid alcohol is in the form of intermediate products or spirits, consumption duty is levied either per hectolitre of the finished product (FRF/hl) or on the basis of the pure alcohol content per hectolitre:

- natural sweet wines: 350 FRF/hl
- other intermediate products (aperitif wines, vermouths, etc.): 1 400 FRF/hl
- rum produced in certain conditions in French overseas *départements*: 5 474 FRF/hl
- all other alcoholic products : 9 510 FRF/hl

Imports

The tariff applies to all taxable liquids, regardless of origin.

Exports

There is no export duty.

F 3.1.7.

Specific duty on beer and certain non-alcoholic beverages

(Droit spécifique sur les bières et sur certaines boissons non alcoolisées)

Legal base

Article 520A of the General Tax Code (*Code général des impôts*).

Beneficiary

Old-age solidarity fund (*Fonds de solidarité vieillesse*).

Tax payable by

Manufacturers, or sometimes — in the case of duty on beer — the companies which oversee the final conditioning process. Importers. Companies bottling and marketing spring water. Purchasers of water and other non-alcoholic beverages from other Community countries.

Tax payable on

All beers, including mixtures of beer and non-alcoholic beverages with an actual alcoholic strength in excess of 0.5 % Vol.

Drinking waters, i.e.:

- natural or artificial mineral waters;
- table waters and filtered, sterilised or pasteurised laboratory waters;
- other carbonated and non-carbonated beverages with an actual alcoholic strength not exceeding 1.2 % Vol.

Basis of assessment

Liability for duty is based on the degrees of alcohol per hectolitre for beers and on the volume in hectolitres for the non-alcoholic beverages that are traded in the single market.

Exemptions

Cordials, fruit or vegetable juices and fruit nectars.

Milk, natural or flavoured.

Dutiable beverages consumed by the staff of the company liable for the payment of duty on the beverage in question, as well as mineral waters distributed to spa guests at the actual springs.

Collection

The duty is payable along with a monthly return to be submitted by the 25th day of the month following deliveries.

Rate

- FRF 8.50 for each degree of alcohol or part thereof per hectolitre of volume for beers not exceeding an alcoholic strength of 2.8 % Vol.
- FRF 17 for each degree of alcohol or part thereof per hectolitre for all other beers.
- FRF 3.50 per hectolitre of volume for mineral waters and other dutiable beverages.

Imports

The duty is applicable to imported beverages and to beverages from other Member States of the European Union.

Exports

There is no export duty.

Consumption duty on wines and other fermented beverages

(Droit de circulation sur les vins et les autres boissons fermentées)

Legal base

Article 438 of the General Tax Code (*Code général des impôts*).

Beneficiary

Old-age solidarity fund (*Fonds de solidarité vieillesse*).

Tax payable on

Consumption duty on wines and other fermented beverages is payable on the following products:

- still wines with an actual alcoholic strength not exceeding 15 % Vol. if the alcohol content of the product is entirely the result of fermentation; still wines with an actual alcoholic strength in excess of 15 % Vol. if an alcoholic strength not exceeding 13 % Vol. has been obtained without any enrichment and the alcohol content is entirely the result of fermentation;
- sparkling wines;
- fermented products other than wine, beer, cider, perry and mead, provided that the alcoholic strength of such products does not exceed 5.5 % Vol. for still beverages and 8.5 % Vol. for sparkling beverages
- fermented products other than wine, beer, cider, perry and mead, provided that the alcoholic strength of such

products does not exceed 15 % Vol. and that the alcohol content is entirely the result of fermentation;

- cider, perry and mead, as well as the slightly fermented semi-sparkling grape juice categorised as ‘pétillant de raisin’.

Chargeable event

If beverages are produced in the territory of taxation, imported into that territory or received there from another Member State of the European Union, liability for duty is generally incurred when the taxable products are dispatched for consumption or, in the case of production in the territory of taxation, when a quantity of any of the dutiable products is found to be missing.

Rate

	(in FRF per hl)
– Sparking wines:	54.80
– Other wines:	22.00
– Cider, perry, mead and lightly fermented semi-sparkling grape juice:	7.60

Exports

There is no export duty.

F 3.1.9.

Tax on certain advertising expenses

(Taxe sur certaines dépenses de publicité)

Legal base

Article 302 bis MA of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

All persons and entities liable for value added tax whose pre-tax turnover for the previous calendar year exceeded FRF 5 000 000.

Basis of assessment

The tax is assessed on the total expenditure undertaken during the previous calendar year for the purpose of producing or distributing printed advertising material and for advertisements and features in free newspapers.

Rate

1 % of the total expenditure, excluding tax.

Collection

As for VAT.

F 3.1.10.

Forestry tax

(Taxe forestière)

Legal base

Article 1609 *sexdecies* of the General Tax Code (*Code général des impôts*).

Beneficiary

The State (National Forestry Fund (FFN)).

Tax payable on

Products resulting from the mechanical processing of timber (sawn timber, beams, carpentry products, etc.).

Tax payable by

Manufacturers selling or supplying themselves with timber products, importers and persons making intra-Community acquisitions.

Tax territory

Metropolitan France, including Corsica.

Exemptions

Sales made by persons other than the manufacturer, exports and intra-Community supplies.

Basis of assessment

Selling price net of VAT or dutiable value.

Collection

As for VAT.

Rate

From 0.12 to 1.2 %.

F 3.1.11.

Duty payable by owners of hydroelectric plants

(Taxe due par les titulaires d'ouvrages hydroélectriques)

Legal base

Article 302 bis ZA of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

Owners of hydroelectric plants with a total power output in excess of 8 000 kilovolt-amperes.

Basis of assessment

The tax is based on the number of kilowatt/hours of electricity produced.

Rate

The rate of duty is fixed at 8.48 centimes per kilowatt/hour produced.

Collection

As for VAT.

Airport tax**(Taxe d'aéroport)****Legal base**

Article 1609 quater *vicies* of the General Tax Code (*Code général des impôts*). This provision entered into force on 1 July 1999.

Beneficiary

Public or private entities operating aerodromes.

Tax payable by

Airlines.

Basis of assessment

The tax is levied on the number of passengers and the vol-

ume of freight or mail transported by the airline from the aerodrome.

Rate

The tariff scale is determined by the category of aerodrome. An order enacted by the minister responsible for civil aviation establishes a list of the relevant aerodromes by category and, within each category, the rate of duty applicable to each aerodrome.

Collection

A monthly return is to be submitted, accompanied by payment and addressed to the accounts division of the Civil Aviation Directorate.

F 3.2.2.**Special duty on cinema tickets****(Taxe spéciale sur le prix des places de spectacles cinématographiques)****Legal base**

Article 1609 *duovicies* of the General Tax Code (*Code général des impôts*).

Beneficiary

The State (support fund for the cinema industry).

Tax payable by

Cinemas in metropolitan France in which at least two showings take place each week.

Basis of assessment

The duty is levied on the actual ticket price, excluding the special duty itself.

Rate

The rate of duty is fixed at FRF 0.20 for cinema tickets costing less than FRF 5. For tickets priced between FRF 5 and FRF 30.99 the rate of duty ranges from FRF 0.75 to FRF 3.30. Above that price, the rate of duty rises by FRF 0.10 each time the price reaches an additional full franc.

These rates are increased by 50 % when films are shown which are pornographic or liable to incite individuals to violence.

Exemptions

Operators of small cinemas who agree, subject to certain conditions, to forego all State support.

F 3.2.3.**Television services tax****(Taxe sur les services de télévision)****Legal base**

Articles 302 bis KB, 302 bis KC, 1693 quater and 1788 *nomies* of the General Tax Code (*Code général des impôts*).

Beneficiary

The State (cinema and audiovisual industry fund).

Tax payable by

Any operator of a television service which, during the previous calendar year, televised one or more audiovisual works or cinema films that were eligible for assistance from the support fund.

F 3.2.3.

Basis of assessment

The tax is levied on the amount, excluding VAT, of subscriptions to the channel in question and, for entities with their registered office in France which run a television service broadcast by terrestrial transmitters, advertising receipts and income from television licences.

Rate

From 1.2 to 5.5 % of the aforementioned revenue, the first FRF 24 000 000 (excluding tax) being exempted.

Collection

As for VAT.

F 3.2.4.

Civil aviation duty

(Taxe de l'aviation civile)

Legal base

Article 302 bis K of the General Tax Code (*Code général des impôts*)

Beneficiary

The State (special budget for civil aviation and special intervention fund for airports and air transport).

Tax payable by

Airlines.

Basis of assessment

The duty is assessed on the number of passengers and the volume of freight and mail transported from French aerodromes.

Rate

- FRF 22.90 per passenger embarking for a flight to a destination in France or in another Member State of the European Union.
- FRF 38.90 per passenger embarking for any other destination.
- FRF 6 per tonne of freight or mail loaded onto an aircraft.

Collection

Submission of a monthly return, accompanied by payment and addressed to the department responsible for the administration of the special civil-aviation budget.

F 3.3.1.

Landing levy for the funding of inspections and veterinary checks on fishery and fish-farm products

(*Redevances pour le financement des inspections et des contrôles vétérinaires des produits de la pêche et de l'aquaculture*)

Legal base

Article 302 bis WA to WB of the General Tax Code (*Code général des impôts*); these provisions entered into force on 1 July 1999.

Tax payable by

Any natural or legal person who is the first purchaser or recipient of fishery or fish-farm products or who prepares

or processes them in an onshore establishment or on a factory ship.

Tax payable on

- The initial reception or purchase of fishery or fish-farm products.
- The arrival of fish-farm products in the onshore preparation or processing facility or the landing of a catch from a fishing vessel.

Rate

The rates are fixed per tonne of fishery or fish-farm products up to a ceiling of 150 % of the flat rates in euro defined by a decision of the Council of the European Union.

An interdepartmental order lays down the amount of the levy on the basis of conversion rates from euro into francs.

Collection

As for VAT.

F 3.3.2.

Health and hygiene levy for the control of certain substances and their residues

(*Redevance sanitaire pour le contrôle de certaines substances et de leur résidus*)

Legal base

Article 302 bis WC of the General Tax Code (*Code général des impôts*).

Tax payable by

Any natural or legal person who has an animal slaughtered in an abattoir or has wild game cleaned and prepared in a processing facility.

Any natural or legal person who prepares or processes fish-farm products.

Collection centres or licensed processing plants which take delivery of raw milk.

Licensed plants manufacturing egg products or processing eggs.

Basis of assessment

The levy is charged on the basis of the net weight of the fresh meat, the weight of the marketed fish-farm products, the volume of raw milk or the weight of the hens' eggs in their shells.

Rate

A joint order by the Minister for the Economy, Finance and Industry, the Minister for Agriculture and Fisheries and the Secretary of State for the Budget fixes the levy within an upper limit of FRF 5 per tonne of eggs in their shells.

Collection

As for VAT.

F 3.3.3.

Payroll tax

(*Taxe sur les salaires*)

Legal base

Articles 231 to 231 bis Q and 1679, 1679A and 1679 bis of the General Tax Code (*Code général des impôts*), Articles 141 to 144 and 383 of Annex II and 50 to 53 *quater* as well as 369, 370 and 374 of Annex III to the same Code.

Beneficiary

The State.

Tax payable by

Employers who are not liable for VAT or who have not been liable for VAT on at least 90 % of their turnover during the previous year.

Payroll tax is therefore payable by a limited number of employers; the main taxable entities are:

— banks and insurance companies;

F 3.3.3.

- members of certain professions: general insurance agents and the medical and paramedical professions;
- hospitals and clinics;
- social welfare bodies;
- associations and other non-profit organisations.

Exemptions

The State in respect of wages and salaries paid from the national budget, local authorities and agricultural employers, with the exception of certain explicitly designated bodies.

Basis of assessment

All gross remunerations (i.e. prior to deduction of the employee's national insurance contribution), including benefits in kind.

For employers who are partially liable for VAT, payroll tax is only payable in the ratio of turnover or revenue not sub-

ject to VAT (i.e. not warranting deduction of VAT, in other words, operations outside the scope of VAT or within the scope of VAT but exempted) to total turnover or revenue. In practice, the tax rate is generally the difference between the full VAT rate and the amount of VAT paid as a percentage of total turnover or revenue.

Rate

(On emoluments paid in 1999)	Taxable percentage of pay
— Individual annual pay up to FRF 41 570:	4.25 %
— Fraction of individual annual pay between FRF 41 570 and FRF 83 060:	8.5 %
— Fraction of individual annual pay in excess of FRF 83 060:	13.6 %

F 3.3.4.

Employers' housing contribution

(Participation des employeurs à l'effort de construction)

Legal base

Articles L 313-1 *et seq.* and R 313-1 *et seq.* of the Building Code (*Code de la construction*), Article 235 bis of the General Tax Code (*Code général des impôts*) and Articles 161 to 163 of Annex II and Article 58 J of Annex III to the latter Code.

Beneficiary

The main beneficiaries are:

- employees of taxable enterprises, to whom employers grant personal loans on request for the purchase or construction of a new home or provide funding for work on the construction of housing units or on the improvement of old housing stock;
- registered collection bodies: specialised associations (National Real Estate and Housing Confederation (CIL)), bodies responsible for the construction and administration of publicly assisted housing, especially low-cost rented housing (HLMs).

The 2 % levy (see below) is payable to the State and goes into the general budget.

Tax payable by

Employers with an annual average of at least 10 employees.

Exemptions

The State and the local authorities, as well as their public administrative establishments.

Chargeable event

Each year, employers are required to invest an amount equivalent to 0.45 % of the previous year's wage bill in the construction of housing. Those who do not meet this obligation are liable to a levy amounting to 2 % of the said wage bill.

Basis of assessment

Gross wages and salaries, i.e. before the deduction of national-insurance contributions, paid to all employees in the year preceding that in which the investments are made.

Collection

A return is submitted before 30 April in the year following that in which the investments were made.

The 2 % levy payable if the required investments have not been made in full or at all is collected on the basis of a tax roll and is paid into the public treasury through the collector of taxes.

Apprenticeship tax

(Taxe d'apprentissage)

Legal base

Articles 224 to 230G of the General Tax Code (*Code général des impôts*) as well as Articles 140A to 140N of Annex II, Articles 50-0 and 50-0 bis of Annex III and Article 231 *ter* of Annex IV to the same Code.

Beneficiary

Collecting bodies which provide initial technological training.

The State (general budget) for the amounts paid into the public treasury (total tax revenue minus expenditure allocated to initial training).

Tax payable by

Natural persons, legal persons covered by the fiscal regime applicable to partnerships and economic interest groups engaged in an industrial, commercial or craft activity within the meaning of Articles 34 and 35 of the General Tax Code (and hence excluding persons or groups engaged in agricultural activity or practising a profession).

Legal persons liable to corporation tax in ordinary law.

Certain agricultural cooperatives (production, processing, storage and sales cooperatives).

Exemption

Businesses which employ one or more apprentices and which have a tax base not exceeding six times the annual national minimum wage (SMIC), i.e. approximately FRF 492 000 for the tax due on emoluments paid in 1999.

Chargeable event

In principle, employers are liable for an amount representing 0.5 % of their wage bill for the current year. Subject to certain conditions, however, they may claim tax relief for funds they have allocated to initial training, provided they submit an application for exemption to the Departmental Committee for Vocational Training, Social Advancement and Employment.

Basis of assessment

Gross pay, i.e. prior to the deduction of national insurance contributions, paid to all employees in the year of taxation.

Rate

0.5 % of gross pay.

Collection

A return is submitted before 30 April of the year following that in which the wages and salaries were paid.

The total tax minus allowable expenditure is paid to the public treasury (Tax Revenue Department).

F 3.3.6.

Special duty on drinking establishments

(Taxe spéciale sur les débits de boissons)

Legal base

Article 562 bis of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

Proprietors of drinking establishments serving beverages in categories 2, 3 and 4 (alcoholic beverages).

Exemptions

Proprietors of establishments serving only non-alcoholic drinks (Category 1 establishments).

Collection

The duty is administered and collected in the same way as indirect contributions.

Rate

- For licensed premises in categories 3 and 4: 30 % of the applicable licence fee.
- For Category 2 premises: 15 % of the applicable Category 3 licence fee for the municipality (*commune*) in question.

F 3.3.7.

Licence fee for drinking establishments

(Droit de licence sur les débits de boissons)

Legal base

Articles 1568 to 1572 of the General Tax Code (*Code général des impôts*).

Beneficiary

Municipalities (*communes*).

Tax payable by

Proprietors of establishments serving alcohol (drinking establishments, restaurants, etc.).

Exemptions

— Proprietors of establishments serving only non-alcoholic beverages.

— Proprietors of establishments serving 'healthy' beverages (wine, beer, cider, etc.) other than spirits.

Collection

Licence fee payable in advance once a year in January.

Rate

The annual rate varies according to the population of the municipalities and the decisions of the municipal councils.

The local authorities may introduce a sliding scale of charges.

F 3.3.8.

Employers' contribution to the development of further vocational training

(Participation des employeurs au développement de la formation professionnelle continue)

Legal base

Articles 235 *ter* C to 235 *ter* KE of the General Tax Code (*Code général des impôts*), Articles 163 *nonies* to 163 *sexdecies* and 383 bis A to 383 bis D of Annex II to the General Tax Code and Articles 381U to 381X of Annex III.

Beneficiary

State-registered joint collection bodies and national or regional government training centres.

The State or the regions.

The State (general budget) for the amounts paid into the public treasury (total contributions due minus expenditure allocated to training measures).

Tax payable by

All employers.

Exemptions

The State, the local authorities and their public administrative establishments.

Chargeable event

Employers must devote a minimum percentage of their annual wage bill to the funding of training measures.

Rate

— 1.5 % of the annual wage bill for employers with an annual average of at least 10 employees (2 % for businesses engaged in temporary work). These rates include a payment of 0.3 or 0.4 %, depending on whether or not the employer is liable for apprenticeship tax, for sandwich-course training as well as a levy of 0.2 % (0.3 % for businesses engaged in temporary work) for individual educational leave.

— 0.15 % for employers with an annual average of fewer than 10 employees, plus a levy of 0.1 % which applies only to employers who are liable for apprenticeship tax.

In addition, all employers are liable for a specific contribution of 1 % of the wages and salaries paid to employees on fixed-term contracts.

Basis of assessment

Gross pay, i.e. prior to deduction of national insurance contributions.

Collection

A return is submitted before 30 April of the year following that in which the wages and salaries were paid.

The total tax minus allowable expenditure is paid to the public treasury (Tax Revenue Department).

Book publication levy

(Redevance sur l'édition des ouvrages de librairie)

Legal base

Article 1609 *undecies*, *duodecies*, *quaterdecies* and *quindicies* of the General Tax Code (*Code général des impôts*) and Article 331L of Annex III to the General Tax Code.

Beneficiary

National Literary Centre (*Centre national des lettres*).

Tax payable by

Any natural or legal persons marketing books which they have published.

Exemptions

Publishers whose turnover for the previous year did not exceed FRF 500 000, including all duties and taxes.

Exports and intra-Community supplies.

Rate

0.2 % of taxable turnover.

Collection

The levy is payable in the same way as VAT but on a half-yearly basis.

When books are imported, the levy is collected by the customs service as in the case of VAT.

F 3.3.10.

Reprography levy

(Redevance sur l'emploi de la reprographie)

Legal base

Articles 1609 *undecies*, *terdecies*, *quaterdecies* and *quindicies* of the General Tax Code (*Code général des impôts*) and Article 331M of Annex III to the General Tax Code.

Beneficiary

National Literary Centre (*Centre national des lettres*).

Tax payable on

Sales and self-supply, in France, of reprographic equipment by manufacturers.

Imports and intra-Community acquisitions of reprographic equipment (levy payable by person making customs declaration).

Exemptions

Export sales and intra-Community supply by manufacturers.

Rate

3 % of turnover excluding tax payable for sales and self-supply or, in the case of imports, 3 % of the value defined in Article 292 of the General Tax Code.

Collection

The levy is assessed and collected monthly or quarterly, as in the case of VAT.

For imports, it is collected by the Directorate-General for Customs and Excise (*Direction générale des douanes et des droits indirects*), as in the case of customs duties.

F 3.3.11.

Health and hygiene levies for animal slaughter and carcass cutting

(Redevances sanitaires d'abattage et de découpage)

Legal base

Article 302 bis N to Article 302 bis W of the General Tax Code (*Code général des impôts*) and Article 111 quater A to Article 111 quater R of Annex III to the General Tax Code.

Tax payable by

— Slaughter levy

Any person who has an animal slaughtered in an abattoir or who has wild game cleaned and prepared in a process-

F 3.3.11.

ing facility registered in accordance with Article 260 of the Rural Code (*Code rural*).

— Carcass-cutting levy

Any person who carries out cutting operations on an animal carcass or part thereof.

Importers or persons who make intra-Community acquisitions of animal carcasses or parts of animal carcasses with a view to cutting them.

Tax payable on

- Slaughter of animals or cleaning and preparation of wild game.
- Cutting of animal carcasses at an abattoir by the carcass owner or a contractor or in a wild-game process-

ing facility or removal of meat from the bone by the aforesaid.

- Imports or intra-Community acquisitions.

Collection

As for VAT.

In the case of imports, as for customs duties.

Rate

- Slaughter levy: scale of charges fixed annually for the various animal species.
- Carcass-cutting levy: scale of charges fixed annually per tonne of meat on the bone cut for the purpose of boning.

F 3.3.12.

Flat-rate duty on bailiffs' documents

(*Taxe forfaitaire sur les actes des huissiers de justice*)

Legal base

Article 302 bis Y of the General Tax Code (*Code général des impôts*).

Beneficiary

The State.

Tax payable by

Bailiffs on behalf of the recipients of their documents.

Tax payable on

The duty is payable on documents drawn up by a bailiff (*huissier de justice*).

The following documents are exempt:

- documents drawn up at the request of a person receiving legal aid in accordance with the rules of procedure relating directly to a court or to the execution of a judicial decision;
- documents recording transactions to which a special tariff applies;
- documents relating to certain actions in the domain of movable property.

Rate

Flat rate of FRF 60 per document.

Collection

As for VAT.

IRELAND

Income tax

Legal base

Taxes Consolidation Act, 1997 as amended by later the Finance Acts.

Beneficiary

The central government.

Tax payable by

All persons (whether individuals, legal persons, members of partnerships, corporate or non-corporate bodies) resident in Ireland and persons not resident in Ireland but deriving income from Irish sources. In the case of a corporate body, income that is chargeable to corporation tax (see Section IEP 1.2.) is not chargeable to income tax.

Basis of assessment

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.

Exemptions

Individuals are exempt from income tax if their gross income, before deductions, does not exceed the following limits (From 6 April 1999):

Single/widowed

- General limit (under 65 years of age): IEP 4 100;
- 65 years and over: IEP 6 500.

Married

- General limit (under 65 years of age): IEP 8 200;
- 65 years and over: IEP 13 000.

Marginal relief at the rate of 40 % is available where the income does not greatly exceed the relevant exemption limit.

An additional exemption is also given for dependent children (IEP 450 for the first and second dependent child and IEP 650 for each subsequent child).

Further 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 and stud greyhound fees;
- compensation payments for agreed pay restructuring;
- 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 leaseholdings of farmland;
- 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;
- 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;
- compensation payments to persons who contract hepatitis C because of the use of human immunoglobulin, anti D or other blood products;
- payments made to persons by the trustees of the Haemophilia HIV Trust;
- profits from the occupation of woodlands in the State managed on a commercial basis.

Deductions

- In the case of income from trades and professions: generally, all expenses wholly and exclusively incurred for the purpose of the trade or profession, depreciation, losses, etc.
- 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.
- Farmers are, subject to conditions, entitled to a deduction in respect of increases in stock values.
- 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.
- Persons aged 65 years or over are entitled to an additional allowance.
- Subject to conditions relief may be granted to individuals in respect of medical insurance premiums, permanent health insurance premiums, retirement annuity premiums, superannuation contributions, health expenses, and interest paid on certain mortgage loans and other loans and in respect of rent paid on private rented accommodation.
- Relief from tax may be granted in certain circumstances in respect of expenditure incurred in certain areas on:
 - (a) the provision of rented residential accommodation;
 - (b) the conversion of a building to a dwelling;
 - (c) the maintenance and repair of significant buildings.
- Relief from income tax is available, subject to conditions, to individuals who invest:
 - (a) long-term risk capital in ordinary shares of certain unquoted companies;
 - (b) in new ordinary shares issued by their employing companies.
- Tax relief may be available to a person who makes a gift of money to an approved body in the State for promoting the advancement of education in the arts, or 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.
- Relief is also available in respect of tuition fees paid for certain undergraduate courses in private and public third level institutions.
- Relief is available in respect of fees paid for certain employment oriented training courses.
- A special tax allowance applies for people who have been unemployed for one year or more and who take up a job. The allowance in the first year of employment will be IEP 3 000 plus IEP 1 000 for each child, reducing to two thirds of that amount in year 2 and one third in year 3.

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;
- (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.

Collection

Income tax on salaries, wages and pensions is deducted under PAYE on a current year basis. On other personal income, income tax is also charged on a current year basis. The income tax year commences on 6 April.

Weekly or monthly deduction at source from emoluments (wages, salaries, etc.) within the scope of PAYE. Direct collection from the individual with at least 90 % of (estimated) liability for the year or 100 % of the previous year's liability being payable in one instalment by way of annual self-assessment.

Rate

The tax is a graduated personal tax, which applies at the following rates:

- standard rate: 24 %;
- higher rate: 46 %.

For single and widowed persons the standard rate applies on the first IEP 14 000 of taxable income and the higher rate on balance.

For married couples jointly assessed to tax, the standard rate applies on the first IEP 28 000 of taxable income and the higher rate on balance.

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

1. Withholding tax on professional fees

A withholding tax, at the standard rate of 24 % 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.

2. Deposit interest retention tax

A retention tax, at the standard rate of 24 % 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.

IRL 1.2.

Corporation tax

Legal base

Taxes Consolidation Act, 1997 — incorporating, as necessary, various provisions of subsequent Finance Acts.

Beneficiary

The central government.

Tax payable by

Companies. For this purpose a company is defined as any corporate body but does not include a local authority, health board, vocational education committee, committee of agriculture or a European economic interest grouping.

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 out a trade in Ireland through a branch or agency and then only, broadly speaking, on any income or chargeable gains (other than gains from disposals of development land) attributable to the branch or agency.

Exemptions

Credit unions, lotteries, and certain State-controlled bodies, are exempt on all of their profits. Charitable companies, companies promoting amateur or athletic games or sports, friendly societies, trade unions, approved superannuation funds, mutual trading companies and Nitrigin Éireann Teoranta are all exempt from corporation tax on income which fulfils certain statutory requirements.

Reliefs

Until 31 December 2010, profits from manufacturing carried on within the State are charged to corporation tax at an effective rate of 10 %. The '10 % scheme' is being phased out in accordance with an agreement reached by the Commission and Ireland in August 1998 and which was published in the Official Journal (OJ C 395, 18.12.1998).

This relief 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;
- to the profits of companies licensed as special trading houses in respect of the export of goods manufactured in the State effective up to 31 December 2000;
- 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 25 % 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.

IRL 1.2.

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.

An amount equal to at least 90 % of the corporation tax payable for an accounting period must be paid six months after the end of the accounting period. The balance of tax must be paid after submission of the tax return for the accounting period which must be filed nine months after the end of the accounting period. On payment of a dividend 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. A payment of advance corporation tax can be set off against the company's main corporation tax liability on its income. Tax credits on dividends and CT are being authorised from 6 April 1999.

Rate

As from 1 January 1999:

- standard rate: 28 %;
- reduced rate: 25 % (it applies to the first IEP 50 000 of a company's income);
- special temporary rate: 10 % (it applies to manufacturing industry in general);

- capital gains are chargeable to corporation tax at the rate of 20 %, for disposals made on or after 3 December 1997 (except for disposal of foreign life assurance policies and for disposals of development land, for which the rate is 40 %). For gains on disposals of development land where gains arise on disposals between 23 April 1998 and 5 April 2002 of land to a housing authority or in respect of which planning permission for residential development exists at the time of the disposal, the rate is 20 %. After 5 April 2000 gains on the disposal of development land that is zoned residential will be subject to a capital gains tax rate of 60 %.

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 undistributed 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. Advance corporation tax does not apply to payments of dividends made between companies which are members of a group unless the company paying the dividends elect 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.

IRL 1.3.

Capital gains tax

Legal base

Taxes Consolidation Act, 1997, and amendments thereto by Finance Act, 1998 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.

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 that 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.

Exemptions

The main exemptions are:

- an individual's principal private residence with restricted relief where the gain is inflated due to development potential of the property;
- wasting chattels, that is, tangible movable property, excluding currency, with a predictable life of less than 50 years;
- life assurance policies;
- Irish Government securities;
- securities of local authorities and certain State-sponsored bodies;
- betting, lotteries and sweepstakes.

Reliefs

- The first IEP 1 000 of an individual's net gains in any year of assessment are not chargeable. An individual's capital gains tax exemption limit for each year of assessment or the amount of that exemption not used by the individual can not be set off against capital gains of the spouse.
- A chattel disposed of by an individual for a consideration not exceeding IEP 2 000 is not chargeable and where the consideration exceeds IEP 2 000 the liability is not to exceed half the difference between the consideration and IEP 2 000.

With respect to an individual aged 55 years or more who disposes of the whole or part of his farm or business:

- if the disposal is to his child it is not chargeable;
- if the disposal is outside his family and the consideration does not exceed IEP 200 000 it is also not chargeable;
- if the disposal is outside the family and the consideration exceeds IEP 200 000 the liability shall not exceed half the difference between the consideration and IEP 200 000.

Where a person disposes of business assets and reinvests the proceeds in other business assets the charge is deferred.

Collection

By assessment.

Rate

- Ordinary rate: 20 %.
- Development land: 40 % (unless land has planning permission for residential development or is zoned for such development).

IRL 1.3.

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 or her death which may be carried back and set off against the gains of the three preceding years.

Special features

Special rules apply in the following cases:

1. disposals to the State, charities and certain other bodies;
2. disposal of property subject to a lease and the grant of a lease at a premium;
3. bonus and rights issues and other reorganisations of share capital;
4. company amalgamations and conversion of securities;
5. transfer of business to a company;
6. capital distribution by a company to a shareholder;
7. certain works of art, which have been loaned for at least six years to a recognised gallery.

IRL 2.1.

Inheritance and gift tax

Legal base

Capital Acquisitions Tax Act, 1976, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Gifts and inheritances taken by a donee/successor from any disponent.

Tax payable by

The donee/successor is primarily accountable for the payment of the tax. Should the person primarily accountable fail to pay the tax, secondary accountability to pay rests with every trustee, personal representative, agent or other person in whose care any property comprised in the gift/inheritance is placed.

Basis of assessment

Where the disponent:

- in relation to gifts: is domiciled in the State at the date of the disposition or, in certain cases, at the date of the gift,
- in relation to inheritances: is domiciled in the State at the date of death,

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 the State is liable to the tax.

In general, the taxable value of property comprised in a taxable gift or inheritance is its market value, after the deduction of liabilities, costs and expenses. Rules are provided for valuing limited interests.

The tax chargeable on the taxable value of the most recent taxable gift or taxable inheritance taken by a beneficiary is as follows:

- 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 December 1988, less, if any.
- 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 December 1988, but excluding the taxable value of that latest taxable gift or taxable inheritance.

Deductions

- 90 % of the market value of agricultural land and buildings taken by a donee or successor who is a farmer.
- 90 % of the market value of trees and underwood.
- 90 % of the market value of relevant business property.
- 80 %, up to a maximum of IEP 150 000, for a shared house taken by an elderly brother or sister.

Exemptions

These include:

- the first IEP 1 000 of the taxable value of gifts taken by a donee from any one;
- donor in any one year;
- normal and reasonable expenditure by a disponent on his/her immediate family;
- heritage property, that is houses, gardens, articles of national scientific, historic or artistic significance 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 used to pay inheritance or gift tax;
- payments to permanently incapacitated individuals from trust funds contributed by means of public subscriptions.

Collection

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

Rate

The table of rates is as follows:

Portion of aggregate taxable values	Rate of tax (%)
The threshold amount	Nil
The next IEP 10 000	20
The next IEP 30 000	30
The balance	40

The threshold amounts are determined by the relationship of the beneficiary to each disponent from whom he/she takes a taxable gift or taxable inheritance included in any aggregate. The three current thresholds are:

- IEP 192 900: children and parents (in certain circumstances);
- IEP 25 720: brothers, sisters, uncles, aunts, nephews, nieces;
- IEP 12 860: others.

Discretionary trust tax

Legal base

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 death of the disponent and, if the objects of the trust include the disponent's spouse, children and certain grand children, until none of those objects is under the age of 21 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 once-off charge of 6 % of 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 charitable purposes;
- for the benefit of improvident or incapacitated individuals;
- for the upkeep of heritage houses or gardens.

Collection

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

IRL 2.3.

Probate tax

Legal base

Finance Acts 1993 and 1994.

Beneficiary

The central government.

Tax payable on

The taxable value of the estates of persons dying after 17 June 1993. Property which does not pass under the deceased's will or intestacy is excluded from the tax.

Tax payable by

The personal representatives of the deceased are primarily accountable. The individual beneficiaries of the estate are secondarily accountable.

Basis of assessment

Where the deceased was domiciled in the State, all assets wherever situated are subject to the tax. Where the deceased was domiciled outside the State, only those assets situated in the State are subject to the tax. In general terms, the taxable value of an estate is the aggregate market value of the assets of which it is comprised after the deduction of liabilities, costs and expenses. The tax is charged at a flat rate of 2 % on the entire taxable value of estates with assets valued in excess of an index-linked threshold, currently IEP 11 250.

Deductions

- The tax on property passing absolutely to a spouse is abated to nil.
- Debts of the deceased due at the date of death, and funeral expenses.
- 30 % of the market value of agricultural land and buildings.

Exemptions

These include:

- the value of the proceeds of certain insurance policies to the extent to which they are used to pay the tax and/or inheritance tax;
- the value of the dwelling-house and grounds of up to one acre and normal contents if inherited by a qualifying dependent child or dependent relative;
- the value of property given for public or charitable purposes;
- the value of superannuation benefits;
- the value of heritage property.

Collection

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

IRL 3.1.1.

Value added tax

Legal base

Value added Tax Act, 1972; latest amended by Finance Act, 1998.

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).
- Persons making intra-community acquisitions of goods and persons in receipt of fourth schedule services.

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 importation, 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.
- In the case of intra-community acquisitions on the total consideration including all taxes, commissions, costs and charges.

Exemptions

Stocks and shares, national broadcasting service (excluding advertising), passenger transport, funeral undertakings, education, medical services, insurance, banking, promotion of and admission to sporting events, lotteries, betting, letting of immovable goods, etc.

Collection

Normally every two months.

Rate

- 0 % (applicable, *inter alia*, to supplies of: books, food and drink intended for human consumption; oral medicines, articles of clothing and footwear for children under the age of eleven).
- 3.6 % (super reduced rate applicable to supply of livestock, live greyhounds and live horses).
- 12.5 % (reduced rate applicable to agricultural inputs, social housing, sporting facilities, etc. A parking rate of 12.5 % is applicable, *inter alia*, to: energy for heating and light, repair and maintenance of movable property, cleaning and waste collection services, and certain specific tourist services).
- 21 % (standard rate applicable to most other supplies of goods and services).

Excise duty on hydrocarbons

Legal base

Paragraphs 11(1) and 12(1) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended; Sections 41 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 56(3) of the Finance Act, 1988, as amended; Section 74 of the Finance Act, 1991; Section 82 of the Finance Act, 1997; Section 89 of the Finance Act, 1998.

Beneficiary

The central government.

Tax payable on

Hydrocarbon oils and gaseous hydrocarbons in liquid form (LPG).

Tax payable when

The oil is delivered for home consumption. There is no provision for deferring payment of duty.

Rate

The rates of excise duty are (per 1 000 l):

- mineral hydrocarbon light oil: IEP 361.36;
- hydrocarbon oil, other sorts: IEP 256.14;
- gaseous hydrocarbons in liquid form: IEP 41.75.

Exemptions

Unleaded mineral hydrocarbon light oil (other than aviation gasoline) is allowed a rebate, which reduces the level of the duty to IEP 294.44.

Super unleaded mineral hydrocarbon light oil is also allowed a rebate, which reduces the level of the duty to IEP 357.22.

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 (per 1 000 l):

- aviation gasoline: IEP 180.68;
- oil used by horticultural producers: IEP 4.40;
- oil used by fishermen: nil;
- fuel oil used in, or in connection with the manufacture of alumina: nil;

IRL 3.1.2.

- fuel oil used for other purposes: IEP 10.60;
- marked gas oil (green diesel) and kerosene: IEP 37.30;
- LPG: IEP 14.30;
- LPG used by horticultural producers: IEP 4.40.

A special rate of IEP 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 3.1.3.

Excise duty on tobacco products

Legal base

Finance (Excise Duty on Tobacco Products) Act, 1977 (No 32 of 1977), as amended.

Beneficiary

The central government.

Tax payable on

Tobacco products including cigarettes, cigars, fine-cut tobacco for the rolling of cigarettes and other smoking tobacco.

Excise duty on cigarettes and fine cut tobacco for the rolling of cigarettes is payable by means of the purchase of tax stamps issued by the Revenue Commissioners. The tax stamps must be applied to the retail pack.

Tax payable when

In the case of cigars and other smoking tobacco, when the products leave the duty suspension system.

In the case of tax stamp purchases, liability for duty arises at the time the tax stamps are issued by the revenue commissioners.

Rate

The rates of excise duty on tobacco products are:

- cigarettes: IEP 66.76 per 1 000 and 17.45 % of the retail price;
- cigars: IEP 101.334 per kg;
- fine-cut tobacco for the rolling of cigarettes: IEP 85.511 per kg;
- other smoking tobacco: IEP 70.302 per kg.

Reliefs

The revenue commissioners may subject to certain conditions repay or remit the duty on:

- 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.

The Commissioners may also, subject to certain conditions, repay or remit duty paid by means of tax stamps if it is shown to their satisfaction that the tax stamps have been destroyed or are otherwise unsuitable for the use for which they were issued.

Excise duty on ethyl alcohol

Legal base

Paragraph 4(2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary

The central government.

Tax payable on

Spirits, i.e. ethyl alcohol in all forms, except wine, made-wines, beer, cider and perry.

Tax payable 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.

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 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.

Tax payable by

The distiller or the importer.

Declaration

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.

Rate

The excise duty on spirits is chargeable by reference to its pure alcohol content at the rate of IEP 21.75 per litre of alcohol in the spirits.

The rate of IEP 15.65 per litre of alcohol in the spirits applies to spirits with an actual alcoholic strength by volume not exceeding 5.5 % volume.

Provision is made, at the option of the importer, for charging duty on imported alcohol on the basis of the liquid (i.e. bulk) litre for liqueurs and certain other products; the rate of duty in these cases is calculated on assumed strengths.

Exemptions

Alcohol may be used free of duty on certain premises of art or manufacture, for example for experimental laboratory purposes or as an ingredient of certain non-potable products such as toilet requisites and polishes. Generally, such spirits must be adulterated by methylation or other suitable methods before delivery for duty-free use. Relief from duty is also allowed in respect of alcohol contained in recognised medical preparations.

Refunds

Subject to compliance with certain conditions the duty paid on spirits used as an ingredient in the production or manufacture of a beverage (other than beer) containing not more than 1.2 % alcohol by volume may be repaid.

IRL 3.1.5.

Excise duty on wine

Legal base

Paragraph 5(2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary

The central government.

Tax payable on

Wine of fresh grapes or fresh grape must, whether or not fortified with spirits or flavoured with aromatic extracts,

and grape must with fermentation arrested by the addition of alcohol.

Tax payable when

The wine is sent out from the premises of the manufacturer, or when it is imported, or on delivery from the warehouse.

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 peri-

IRL 3.1.5.

od 1 December to 20 December inclusive, the duty must be paid on the last day of that month.

Tax payable by

The manufacturer or the importer.

Rate

Description of wine and made wine	Rate of duty (IEP per hectolitre)
Still and sparkling:	
Of an actual alcoholic strength by volume not exceeding 5.5 % vol.	71.66
Still	
Of an actual alcoholic strength by volume exceeding 5.5 % vol. but not exceeding 15 % vol.	215.01
Of an actual alcoholic strength by volume exceeding 15 % vol.	311.97
Sparkling	
Of an actual alcoholic strength by volume exceeding 5.5 % vol.	430.02

Refunds

Subject to compliance with certain conditions, the duty paid on wine used as an ingredient in the produc-

tion or manufacture of a beverage (other than beer) containing not more than 1.2 % alcohol by volume may be repaid.

IRL 3.1.6.

Excise duty on made-wine

Legal base

Paragraph 6(2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary

The central government.

Tax 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.

Tax payable when

The made-wine is sent out from the premises of the manufacturer, or when it is imported, or on delivery from a warehouse.

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, with the exception that in the case of made wine released in the period 1 December to 20 December inclusive the duty must be paid on the last day of that month.

Tax payable by

The manufacturer or the importer.

Rate	
Description of wine and made wine	Rate of duty (IEP per hectolitre)
Still and sparkling:	
Of an actual alcoholic strength by volume not exceeding 5.5 % vol.	71.66
Still	
Of an actual alcoholic strength by volume exceeding 5.5 % vol. but not exceeding 15 % vol.	215.01
Of an actual alcoholic strength by volume exceeding 15 % vol.	311.97
Sparkling	
Of an actual alcoholic strength by volume exceeding 5.5 % vol.	430.02

Refunds

Subject to compliance with certain conditions, the duty paid on made-wine used as an ingredient in the produc-

tion or manufacture of a beverage (other than beer) containing not more than 1.2 % alcohol by volume may be repaid.

Excise duty on beer

Legal base

Section 90, Finance Act, 1992.

Beneficiary

The central government.

Tax 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.

Tax payable when

Duty is charged on the basis of the percentage of alcohol by volume in the finished beer product and becomes chargeable on home brewed beer at the time of release from a warehouse and on imported beer at the time of importation.

Deferment of payment on beer is allowed as follows:

– in case the duty is payable on a day in the month of

December in any year not later than the 20th of that month, the last day of that month in that year;
– in any other case the last day of the month succeeding the month in which the duty is payable.

Tax payable by

The brewer or the importer.

Rate

The excise duty on beer is chargeable at the rate of IEP 15.65 per hectolitre per cent of alcohol in the beer.

Refunds

Subject to compliance with certain conditions, the duty paid on beer used as an ingredient in the production or manufacture of a beverage (other than beer) containing not more than 1.2 % alcohol by volume may be repaid.

IRL 3.1.8.

Excise duty on cider and perry

Legal base

Paragraph 8(2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Payment of duty on cider and perry may be deferred to a date not later than the last day of the month following that in which the duty is charged.

Beneficiary

The central government.

Tax payable by

The manufacturer or the importer.

Tax payable on

Cider and perry.

Declaration

The manufacturer submits a declaration (not later than the first working day of each week) of the quantity of cider or perry on which duty became payable in the previous week. If deferment is availed of (see below) declarations are made not later than the seventh day of each month in respect of the quantity of cider or perry on which duty became payable in the preceding month.

Tax payable when

The cider or perry is removed from the premises of the manufacturer, or on importation, on delivery from the warehouse.

Rate

Description of cider and perry	Rate of duty (IEP per hectolitre)
Still and sparkling:	
Of an actual alcoholic strength by volume not exceeding 6 % vol.	35.03
Of an actual alcoholic strength by volume exceeding 6 % vol. but not exceeding 8.5 % vol.	151.59
Still	
Of an actual alcoholic strength by volume exceeding 8.5 % vol. but not exceeding 15 % vol.	215.01
Of an actual alcoholic strength by volume exceeding 15 % vol.	311.97
Sparkling	
Of an actual alcoholic strength by volume exceeding 8.5 % vol.	430.02

Refunds

Subject to compliance with certain conditions, the duty paid on cider or perry used as an ingredient in the manu-

facture or production of a beverage (other than beer) containing not more than 1.2 % alcohol by volume may be repaid.

IRL 3.1.9.

Betting duty

Legal base

Finance Act, 1926, Section 24, as amended; Finance Act, 1931, Section 20.

of the bet is the sum of money the bookmaker is entitled to if the event is determined in his favour.)

Beneficiary

The central government.

Tax payable when

The bet is placed.

Tax payable on

Bets entered into by a licensed bookmaker. (The amount

Tax 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.

Collection

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**Legal base**

A tax levied by local authorities on the occupiers of certain types of immovable property.

Beneficiary

Local authorities: county councils, county boroughs and borough corporations, and urban district councils. The tax is levied 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, liter-

ature and the fine arts.

- Turf banks when no rents or other valuable considerations are 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 exemptions

- 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.

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.

Special features

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.

IRL 3.2.2.

Residential property tax

Legal base

Finance Act, 1983.

Beneficiary

The central government.

Tax payable on

Residential property owned and occupied by an individual on 5 April in each year. Residential property means a building or part of a building used or suitable for use as a dwelling, with its garden.

Tax payable by

The owner/occupier.

Basis of assessment

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.

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.

Rate

1.5 % annually on 5 April on the excess over IEP 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 IEP 20 000.

The tax payable is reduced if the household income exceeds IEP 20 000 but does not exceed IEP 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 IEP 65 000 and of the income limit of IEP 20 000.

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

Legal base

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.

Tax payable by

Keeper of the vehicle.

Collection

Payment can be made on an annual, half-yearly or quarterly basis; if yearly rate of duty is IEP 70 or less, on an annual basis only.

Rate

Motor cars

Based on cubic centimetres of engine capacity (cc)	IEP (annually)
Up to and including 1 000 cc	98
1 001 to 1 100	146
1 101 to 1 200	160
1 201 to 1 300	173
1 301 to 1 400	186
1 401 to 1 500	200
1 501 to 1 600	247
1 601 to 1 700	262
1 701 to 1 800	306
1 801 to 1 900	232
1 901 to 2 000	340
2 001 to 2 100	435
2 101 to 2 200	456
2 201 to 2 300	477
2 301 to 2 400	497
2 401 to 2 500	518
2 501 to 2 600	607
2 601 to 2 700	631
2 701 to 2 800	654
2 801 to 2 900	677
2 901 to 3 000	701
3 001 or more	849

Goods vehicles:

According to unladen weight	IEP (annually)
Not over 3 000	160
3 001 to 4 000	202
4 001 to 5 000	261
5 001 to 6 000	362
6 001 to 7 000	489
7 001 to 8 000	616
8 001 to 9 000	761
9 001 to 10 000	906
10 001 to 11 000	1 051
11 001 to 12 000	1 196
12 001 to 13 000	1 341
13 001 to 14 000	1 486
14 000 to 20 000	1 486 plus IEP 145 per 1 000 kg or part thereof over 14 000 kg
20 001 or more	2 494

Motorcycles and tricycles:

	IEP (annually)
Pedestrian-controlled vehicle	22

Other vehicles:

Taxed in a number of different ways. A flat rate of IEP 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.

IRL 3.2.4.

Vehicle registration tax (VRT)

Legal base

Finance Act, 1992, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

All vehicles (including motorcycles).

Tax payable when

- On first registration of a vehicle in the State.
- On conversion of a vehicle (already registered in the State) which renders it subject to a higher rate of tax.

Tax payable by

The registered owner of the vehicle. Motor dealers usually pay the tax on behalf of their customers.

Exemptions

1. Special purpose vehicles not intended for use in a public place or vehicles designed and constructed for off-road use (except racing vehicles, scrambling and other sporting vehicles).
2. 'Category D vehicles' namely an invalid carriage, refuse carts, sweeping machines, watering machines used exclusively for cleaning public streets and roads, ambulances, road rollers, fire engines, fire-escapes, vehicles used exclusively for the transport (whether by carriage or traction) of road construction machinery,

used only for the construction or repair of roads and vehicles used exclusively for the transport (whether by carriage or traction) of life boats and their gear or any equipment for the affording of assistance in the preservation of life and property in cases of shipwreck or distress at sea.

3. Subject to certain conditions and restrictions vehicles in the following situations are exempt:

- in connection with a transfer of normal residence;
- in connection with a transfer of a business undertaking;
- following acquisition by inheritance;
- gifts, donations from approved official bodies, public authorities or groups outside the State to similar groups, etc., in the State;
- official use by institutions of the European Communities and the European Foundation for the Improvement of Living and Working Conditions and personal use for officials and staff of these institutions who transfer residence to the State;
- under diplomatic, consular, or similar arrangements;
- in the establishment or maintenance of an international air service using a State airport, the establishment or maintenance of radio or meteorological services ancillary to such service and when used for experimental purposes in connection with the establishment and maintenance of such international air service.

4. A vehicle which is brought temporarily into the State.

Note: while the above vehicles are exempt from payment of tax, registration is required in most instances.

Rate

Classification category	Rate of tax	Weight criteria
1. Category A vehicles: (mainly motor cars and similar vehicles designed to transport people) the engines of which have a cylinder capacity		
(a) exceeding 2 000 cc	30 % of the value of the vehicle*	≤ 3 tonnes
(b) of 1 401 to 2 000 cc	25 % of the value of the vehicle*	unladen
(c) of 0 to 1 400 cc	22.5 % of the value of the vehicle*	weight
	Subject to a minimum tax of IEP 250	
2. Category B vehicles: (e.g. car-derived vans, certain 'Jeeps' type vehicles, certain crew cabs, certain motor caravans)	13.30 % of the value of the vehicle*	** ≤ 3 tonnes
	Subject to a minimum tax of IEP 100	unladen
		weight
3. Category C vehicles: (e.g. commercial lorries, tractors, large vans, etc.)	IEP 40 per vehicle	>3 tonnes
		unlade
		weight
4. Category D vehicles: (e.g. ambulances, fire engines, refuse carts, etc.)	Nil	

- * The chargeable value of the vehicle for the calculation of VRT for categories A and B is based on the 'Open Market Selling Price (OMSP)' of the vehicle which is defined in national legislation.
- ** Additional lower weight and cubic capacity parameters apply in certain circumstances.

Motorcycles are also subject to VRT as follows:

- New: IEP 2 per cc up to 350 cc and IEP 1 per cc thereafter;
- Used: IEP 2 per cc to 350 cc and IEP 1 per cc thereafter less a deduction for age.

IRL 3.2.5.

Excise duty on certain licences, orders and authorisations

Legal base

Section 78 of the Finance Act, 1980, as amended. Apart from the duties mentioned here, 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.

Beneficiary

The central government.

Tax 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;
- authorisation to a club, granted under Section 21, Intoxicating Liquor (General) Act, 1924, or Section 14, Intoxicating Liquor Act, 1962.

Tax payable when

Date of application.

Tax payable by

The applicant.

Rate

- Public dancing licence, annual: IEP 125.
- Public dancing licence, for periods up to one month: IEP 20.
- Occasional licence: IEP 90.
- Club authorisation: IEP 90.

IRL 3.2.6.

Excise duty on foreign travel

Legal base

Section 65 of the Finance Act, 1982, as amended.

Beneficiary

The central government.

Tax 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.

IRL 3.2.6.

Tax payable 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.

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.

Tax payable by

The carrier.

Rate

IEP 5 per person.

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).

IRL 3.2.7.

Conveyance duty

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Instruments of conveyance or transfer of land, houses and other property other than stocks and marketable securities, policies of insurance or policies of life insurance.

Basis of assessment

Duty is payable on the consideration (price) recited in the instrument of conveyance or transfer. In the case of gifts, or where the consideration is deemed to be inadequate, the duty is charged on the value of the property being conveyed or transferred.

Rate

Residential property

Consideration (IEP)

Not exceeding 60 000

Exceeding 60 000 and not exceeding 100 00

Exceeding 100 00 and not exceeding 170 00

Exceeding 170 00 and not exceeding 250 00

Exceeding 250 00 and not exceeding 500 00

Exceeding 500 00

Exemptions

Duty is not chargeable on an instrument:

- effecting a transfer of property between spouses;
- effecting a transfer of land to a charity in the State or Northern Ireland;
- effecting a transfer of property between companies in the course of a reconstruction or amalgamation transaction;
- effecting a transfer of property between associated companies;
- effecting a transfer of residential property with a value less than IEP 60 000;
- effecting a transfer of a new house or apartment with a floor area up to 125 square metres.

Rate of duty (%)

Exempt

3 (rounded up to nearest IEP 1)

4 (rounded up to nearest IEP 1)

5 (rounded up to nearest IEP 1)

7 (rounded up to nearest IEP 1)

9 (rounded up to nearest IEP 1)

Non-residential property Consideration (IEP)	Rate of duty (%)
Not exceeding 5 000	Exempt
Exceeding 5 000 and not exceeding 10 000	1 (rounded up to nearest IEP 1)
Exceeding 10 000 and not exceeding 15 000	2 (rounded up to nearest IEP 1)
Exceeding 15 000 and not exceeding 25 000	3 (rounded up to nearest IEP 1)
Exceeding 25 000 and not exceeding 50 000	4 (rounded up to nearest IEP 1)
Exceeding 50 000 and not exceeding 60 000	5 (rounded up to nearest IEP 1)
Exceeding 60 000	6 (rounded up to nearest IEP 1)

The rate of duty is reduced by 50 % for transfers between certain related persons.

Collection

Tax to be submitted with instrument presented for stamping.

IRL 3.2.8.**Lease duty****Legal base**

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Instruments effecting leases of land for a term of years.

Basis of assessment

Where a consideration is paid for the lease the duty is calculated as for a conveyance or transfer. Duty is also chargeable on the annual rent reserved at rates ranging from 1 % to 12 % by reference to the term of years.

Collection

Tax to be submitted with instrument presented for stamping.

IRL 3.2.9.**Transfer duty****Legal base**

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Instruments effecting transfers of any stocks, shares or marketable securities of companies registered in the State. The duty is also payable on transfers of such stocks,

shares or marketable securities transferred in the CREST system.

Tax payable by

The purchaser of the stocks or shares.

Basis of assessment

Duty payable at the rate of 1 % on the consideration paid for the stocks or shares. In the case of gifts, or where the consideration is deemed to be inadequate, the duty is

IRL 3.2.9.

charged by reference to the value of the stocks or shares being transferred.

Exemptions

Duty is not chargeable on:

- an instrument effecting a transfer of the stocks, shares or marketable securities of a company registered outside the State;
- an instrument effecting a transfer of Irish or foreign government stocks;
- an instrument effecting a transfer of shares between companies in the course of a reconstruction or amalgamation transaction;

- an instrument effecting a transfer of shares between associated companies;
- an instrument effecting a transfer of certain financial services instruments.

Collection

Tax to be submitted with instrument presented for stamping. Alternatively, where stocks or shares are transferred through the CREST system, bulk payments of duty are made by the operating company, CRESTCo., which acts as a collection agent for the revenue commissioners.

IRL 3.2.10.

Security duty

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Mortgages, bonds and other instruments which are securities for the payment or repayment of money and which are charged on property situated in the State.

Tax payable by

The borrower.

Basis of assessment

The sum secured.

Rate

Duty at the rate of 0.1 % is charged where the amount secured exceeds IEP 20 000. The stamp duty liability is capped at IEP 500. No stamp duty is payable where the sum secured is less than IEP 20 000.

Collection

Tax to be submitted with instrument presented for stamping.

IRL 3.2.11.

Fixed stamp duties

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Certain instruments not otherwise chargeable with *ad valorem* duty attract a fixed charge of IEP 10. Cheques,

bills of exchange and promissory notes attract a fixed charge of IEP 0.07 if they are drawn on an account in the State.

Collection

Duty to be submitted with instrument presented for stamping. The duty on cheques is collected in bulk under the terms of a composition agreement between the revenue commissioners and the taxpayer.

Duty on policies of life insurance

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.

Beneficiary

The central government.

Tax payable on

Policies of life insurance where the insured has his or her habitual residence in the State.

Tax payable by

Any of the parties to the policy — but normally the assured person.

Basis of assessment

The life sum assured.

Rate

- On policies not exceeding two years: IEP 0.10.
- On policies exceeding two years, sum assured exceeds: IEP 50, 0.1 % of the sum assured.
- Non-life policies: IEP 1.

Collection

Tax to be submitted with an instrument presented for stamping. Alternatively, bulk payments of duty can be made by the insurance company, acting as a collection agent, under the terms of a composition agreement between it and the revenue commissioners.

IRL 3.2.13.

Stamp duty on certain statements of interest

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.
Section 94 of the Finance Act, 1986.

Beneficiary

The central government.

Tax payable on

Self-assessed statements of the interest received by lenders in respect of loans made to companies resident in the State.

Basis of assessment

The duty is charged by reference to the interest received by a lender in a specified period.

Rate

12 % (but reduced to 8 % if the interest yield from the loan is less than 6 %).

Collection

Duty to be submitted with a biannual self-assessed return made by the lender.

IRL 3.2.14.

Stamp duty on capital companies

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.

Sections 67–75 of the Finance Act, 1973.

Beneficiary

The central government.

Tax payable on

Certain transactions carried out by capital companies, for example:

- 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;

IRL 3.2.14.

- an increase in the capital of a capital company by the contribution of assets;
- the transfer of the effective centre of management or the registered office of a capital company in certain circumstances.

Tax payable by

The capital company.

Basis of assessment

The amount of the actual value of the assets contributed, or the actual value of the assets of any kind of the capital company, after the deduction of liabilities and expenses.

Exemptions

Contributions of assets to capital companies which provide public services — for example, public transport,

supply of electricity, gas, etc., where the State or a local authority owns at least 50 % of the issued share capital.

Rate

1 % of the value of the assets contributed or of the assets of the capital company, rounded up to the nearest IEP 1.

The duty is charged at 0 % where a capital company acquires either the undertaking or part of the undertaking of another capital company or where it acquires at least 75 % of the issued share capital of another capital company.

Collection

Duty to be submitted with a mandatory return showing details of the chargeable transaction.

IRL 3.2.15.

Stamp duty on credit and charge cards

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.
Section 17 of the Finance (No 2) Act, 1981.

Beneficiary

The central government.

Tax payable on

Credit and charge cards issued by a bank or other promoter and expressed to be valid for a period that includes 1 April in any year.

Tax payable by

The promoter of the card.

Basis of assessment

In the case of credit cards, the duty is charged by reference to the number of credit card accounts which are open on 1 April in any year. In the case of charge cards, the duty is charged by reference to the number of cards which are valid on 1 April in any year.

Rate

- Credit cards: IEP 15 per account.
- Charge cards: IEP 15 per card.

Collection

Duty to be submitted with a mandatory annual self-assessment return.

IRL 3.2.16.

Stamp duty on cash cards

Legal base

Stamp Act, 1891, as amended by subsequent Finance Acts.
Section 203 of the Finance Act, 1992.

Beneficiary

The central government.

Tax payable on

Cash cards issued by a promoter and expressed to be valid at any time during an accounting year of the promoter.

Tax payable by

The promoter of the card.

Basis of assessment

Duty is payable on cash cards issued by a promoter which are valid at any time during that promoter's accounting year. Cards which are not used during an accounting year or cards where the average of the daily positive balances in the account does not exceed IEP 10 in an accounting

year are excluded from the charge. Replacement cards are also excluded from the charge.

Collection

Duty to be submitted with a mandatory annual self-assessment return.

Levy on non-life insurance premiums (collected as a stamp duty)**Legal base**

Stamp Act, 1891, as amended by subsequent Finance Acts.
Section 92 of the Finance Act, 1982.

Beneficiary

The central government.

Tax payable on

The premiums received by an insurer in respect of certain classes of non-life business. Premiums received in respect of marine, aviation, transit and health insurance business are excluded from the charge.

Tax payable by

Insurance companies.

Basis of assessment

The duty is payable on relevant premiums received by an insurer in respect of policies relating to risks located in the State. Payments are made on a quarterly basis in respect of premiums received in the preceding quarter.

Rate

2 % of the relevant premium amount received in a quarter.

Collection

Duty to be submitted with a mandatory quarterly self-assessment return.

Taxes abolished or repealed

Excise duty on motor vehicles and excise duty on motorcycles, repealed by Section 144A Finance Act, 1992 as inserted by Finance (No 2) Act 1992 with effect from 1 January 1993.

Reason for abolition: EC harmonisation.

ITALY

Italia

Personal income tax

(Imposta sul reddito delle persone fisiche)

Legal base

DPR No 597 of 29 September 1973 (GU No 268 of 16 October 1973); DPR No 917 of 22 December 1986; DL No 241 (Article 1) of 9 July 1997; DL No 314 of 2 September 1997; DL No 358 (articles 1–6) of 8 October 1997; DL No 446 (articles 1, 2, 3, 4, 10, 40, 46–50) of 15 December 1997; DL No 360 (Article 1) of 28 September 1998.

Beneficiary

The State (and the regions).

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.

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.

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 costs that affect the capacity to pay tax such as social insurance contributions, contributions and gifts to religious institutions and developing countries, and medical and attendance expenses of handicapped persons. For other costs (interest, medical expenses, life assurance, etc.), a deduction of 22 % of the amount is allowed.

A reduction in the amount of tax is allowed for a dependant spouse at the following rates:

1. ITL 1 057 552 on taxable income not exceeding ITL 30 million;
2. ITL 961 552 on taxable income above ITL 30 million but not exceeding ITL 60 million;
3. ITL 889 552 on taxable income above ITL 60 million but not exceeding ITL 100 million;
4. ITL 817 552 on taxable income above ITL 100 million.

A reduction in the amount of tax is also allowed for other dependants (DPCM of 18 May 1995 and 26 July 1996):

Dependent children			Dependent children with spouse absent (for taxable income not exceeding ITL 30 million)		
One child	ITL	94 437	One child	ITL	1 057 552
Two children	ITL	188 874	Two children (including first child)	ITL	1 246 426
Three children	ITL	283 311	Three children (including first child)	ITL	1 435 300
Four children	ITL	377 748	Four children (including first child)	ITL	1 624 174
Five children	ITL	472 185	Five children (including first child)	ITL	1 813 048
Six children	ITL	566 622	Six children (including first child)	ITL	2 001 922
Seven children	ITL	661 059	Seven children (including first child)	ITL	2 190 796
Eight children	ITL	755 496	Eight children (including first child)	ITL	2 379 670
Per additional child	ITL	94 437	Per additional child	ITL	188 874

For income from employment a reduction in the amount of tax of ITL 784 634 is allowed; a further reduction of ITL 244 996 is allowed for income from employment not exceeding ITL 15 million

This additional reduction is on a sliding scale as follows:

1. ITL 207 309 on income from employment above ITL 15 000 000 but not exceeding ITL 15 100 000;
2. ITL 131 904 on income from employment above ITL 15 100 000 but not exceeding ITL 15 200 000;
3. ITL 47 085 on income from employment above ITL 15 200 000 but not exceeding ITL 15 300 000.

If total income includes income from self-employment or business, a reduction in gross tax (not to be aggregated with those mentioned above) is allowed at the following rates:

- up to ITL 8 600 000: ITL 213 570;
- above 8 600 000 to ITL 8 700 000: ITL 169 500;
- above 8 700 000 to ITL 8 900 000: ITL 81 360;
- over ITL 8 900 000: ITL 0.

Married couples

Incomes are taxed separately, unless a joint declaration is made.

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.

Additionally, upon the transfer abroad of the residence or registered office of a taxpayer engaged in commercial activities, the parts or the whole of the undertaking are charged to tax at their normal value.

Certain categories of income (some types of investment income and interest) are subject to irrecoverable withholding tax.

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 not later than 31 May in each year at an approved bank, a post office or the appropriate tax-collection office.

Where tax is above ITL 100 000, a provisional payment for the current year is also provided, at 98 % of the tax due, by the same date and using the same methods.

The provisional payment is to be made:

1. where the amount is below ITL 502 000, as a single payment in November;
2. where the amount is ITL 502 000 or more, in two instalments:
 - the first instalment, of 40 % of the provisional payment due (98 %), by 31 May;
 - the second instalment, of the balance of 60 %, in the November following.

Rate

Progressive by income bracket according to the following table:

Income (in million ITL)	% rate
— up to 15	19
— from 15 to 30	27
— from 30 to 60	34
— from 60 to 135	40
— from 135	46

Losses

Losses made in a commercial business using simplified accounts, from the pursuit of an artistic or a professional activity, can be set off against other items of income within the same tax year.

Losses made in a commercial business using ordinary accounts may be set off only against income of the same kind; carry-over is allowed up to the fifth tax year.

Special features

1. The taxpayer's total income also includes up to 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.
2. Income from property is normally assessed according to the cadastral system.
3. Tax credits are available in respect of:
 - tax paid abroad;
 - dividends distributed to residents by companies in Italy, to the extent of 9/16 of the profits taken into account when assessing the member's liability;
 - cash registers in the case of traders required to purchase such machines.
4. 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.

5. Substitutive taxation (*Regime della tassazione sostitutiva*):

For resident natural persons, 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 27 %. In the case of interest owed by aliens, withholding tax is applied at the same rate.

Proceeds other than from securities; winnings from games of chance or skill, prizes from competitions, winnings from football pools and betting.

6. 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.

Tax on incomes of legal persons

(*Imposta sul reddito delle persone giuridiche*)

Legal base

DPR No 598 of 29 September 1973 (GU No 268 of 16 October 1973); DPR No 917 of 22 December 1986 (GU No 302 of 31 December 1986); DL No 460 of 4 December 1997; DL No 466 of 18 December 1997; DL 467 of 18 December 1997.

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 authorised by law, on certain conditions, to keep simplified accounts.

Exemptions

The following items are exempt:

- income from buildings belonging to the Holy See and used for worship;

- 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.

Reliefs

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-residents

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.

Collection may be by means of assessment books on certain conditions.

Rate

37 % on total taxable income.

Losses

Up to five years.

Imputation system/tax on distributed profits

Profits distributed by companies are subject to the following deductions at source:

1. 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 co-operatives, 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. 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. Profits on savings shares: withholding is made for tax purposes.
3. Profits on foreign securities, on which the allocation depends not on the date of the resolution (the companies distributing them are established abroad) but on the date at which the banks are in physical possession of the foreign profits for distribution (date of release for payment), are subject to withholding on account.

The members of companies with share capital (private companies, limited liability partnerships, limited liability companies, cooperative societies and mutual insurance societies) which have their registered office or their head office or their principal business within Italian territory, are allowed a tax credit of 9/16 of the profits included in the taxable base of the legal person as shareholder.

Special features

1. A tax credit in respect of income accruing abroad is granted for the purposes of this tax as well.
2. Accommodation companies (*Società di comodo*): for resident and non-resident companies with share capital and partnerships which have a permanent establishment in Italy and regarded as not actually trading, estimated taxation based on certain parameters has been introduced. The undertaking can provide evidence to the contrary as proof of its trading by making reference to extraordinary circumstances which have made it impossible to make sales and to other positive items of income.

Regional tax on productive activities

(Imposta Regionale sulle attività produttive — IRAP)

Legal base

DL No 446 of 15 December 1997 (GU No 298 of 23 December 1997, ordinary supplement 252/L).

Beneficiary

The tax revenue is distributed among the State, Regions, Provinces and Communes.

Tax payable by

Those engaged in commercial business (commercial entities, natural persons receiving business income, companies and partnerships of the types commercial company, general partnership, limited partnership, shipping company and de facto company), self-employed workers engaged in arts, crafts and professions in partnership, agricultural producers receiving income from agriculture but with a turnover of more than ITL 5 000 000, or ITL 15 000 000 for those operating in mountain communes (and also those whose turnover is below those limits but have not claimed the special arrangement for exemption from compliance with VAT), bodies and administrations of the State, the regions, provinces and communes, mountain communities, public and private entities other than companies and partnerships whose sole or main object is not the conduct of a commercial business and also companies, partnerships and entities of any kind, whether or not with separate legal identity, not resident in Italian territory.

The tax is also payable by persons in voluntary liquidation or subject to insolvency proceedings (insolvency and compulsory liquidation) trading on a provisional basis.

Exemptions

The following are exempt from tax:

- unit trusts (under Law No 77 of 23 March 1983, Law No 344 of 14 August 1993 and Law No 86 of 25 January 1994);
- pension funds (under Legislative Decree No 124 of 21 April 1993);
- EEIGs (European Economic Interest Groupings) under Legislative Decree No 240 of 23 July 1991 (except as provided in Article 13).

Basis of assessment

IRAP is charged on the value of net production resulting from the business pursued within the region.

Tax payable when

Tax is due by tax periods, during which a separate tax liability is incurred. The tax period is determined in accordance with the parameters established for the purposes of income tax.

Rate

The rate of tax is set at 4.25 % for taxpayers generally but may be increased by up to one percentage point by individual regions, as from the third year following that in which the legislative decree comes into force.

Declaration

For the purposes of IRAP, taxpayers must comply with the requirements on documents and accounts which they are subject to for income tax and value added tax.

Collection

The tax declared due to each region is collected as a payment from the taxpayer to be made under the procedures and conditions as established for income tax.

Communal tax on appreciation of immovable property

(Imposta comunale sull'incremento di valore degli immobili)

Legal base

DPR No 643 of 26 October 1972 (ordinary supplement No 3 to GU No 292 of 11 November 1972).

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.

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 organisations, 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

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, as regards communes from 1 January 1993, to all taxpayers;
- lands transferred *mortis causa* or by deed *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 recognised 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 ITL 250 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 recognised national organisations, the activities of the trade unions represented in the Council for the Economy and Employment and the institutional activities of mutual benefit societies.

Rate

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 (years or part-years exceeding six months elapsing between the purchase or reference date and the date of disposal or transfer of the property or the end of a period of 10 years), 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:

- 3 to 5 % on capital gains of up to 20 % of the reference parameter;
- 5 to 10 % on capital gains between 20 and 50 % of the reference parameter;
- 10 to 15 % on capital gains between 50 and 100 % of the reference parameter;
- 15 to 20 % on capital gains between 100 and 150 % of the reference parameter;
- 20 to 25 % on capital gains between 150 and 200 % of the reference parameter;
- 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.

Finally it has to be remembered that, although the communal tax on appreciation of immovable property was abolished as from 1 January 1993, upon the introduction of ICI, it continues to be applied on a transitional basis to transactions on immovable property commenced up to 10 years after that date.

Tax on motor vehicles

(Tassa sulla circolazione degli autoveicoli)

Legal base

Consolidated law on motor-vehicle taxes by DPR No 39 of 5 February 1953 (supplement to GU No 33 of 10 February 1953) and subsequent amendments.

Beneficiary

The State and, in the case of Sicily from 1 January 1992, the region (Article 23 of Dlgs No 504 of 30 December 1992).

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 by 50 % in the regions governed by ordinary statute. The regional tax is subject to the same rules as the State tax on motor vehicles.

Tax payable by

Owners of motor vehicles, whether or not they use them. For bicycles with auxiliary motor the tax is due only for the tax periods during which they are used.

Basis of assessment

The basis of assessment depends on type of vehicle and cylinder capacity in cc (bicycles with auxiliary motor, light motorcycles, light motorcycle and side-car combinations, and 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 authorised laden weight (motor vehicles and trailers used for goods transport); number of persons the vehicle can carry, and authorised weight (lorries authorised 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.

Exemption for the disabled.

Reliefs

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 directly to the collecting offices of the Automobile Club of Italy or into a post-office account held by that body.

Rate

From 1 January 1998, the minimum motor-vehicle tax is ITL 37 000. For motorcycles of above 11 kW, ITL 1 700 is payable per kW in addition to the amount above. The increase is applied to tax falling due after 31 December 1997.

From 1 January 1998, motor vehicles are liable to tax on the basis of actual power instead of fiscal horsepower, except those charged on the basis of capacity and those specified in DL No 43 of 24 February 1997.

For certain motor cars and diesel-powered motor vehicles, an additional annual surtax is due to the State. The surtax is reduced by 50 % for hire cars and taxis and for vans of a net capacity of 600 kg or more owned by firms and registered for goods transport. Motor cars and vehicles used for mixed passenger and goods transport are not subject to the surtax. Vehicles first put on the road after 3 February 1992 are not subject to the surtax (Law No 549 of 28 December 1995, Article 3). Where payments fall due after 31 December 1998, the diesel surtax is reduced (DPR No 54 of 22 February 1999, in GU No 57 of 10 March 1999).

The annual rate of tax for motor cars can be calculated by multiplying the figure stamped on the log book (beside the abbreviation 'kW') by ITL 5 000. For example, a car of power 55 kW will pay ITL 275 000 a year. This figure is found by multiplying the 55 kW shown on page 2 of the log book by ITL 5 000.

On log books issued earlier than the years 82-83, the actual power is not given as kW but as horsepower, shown with the abbreviation 'CV'. This is seen where, beside the item 'pot. max' (maximum power) the symbol CV is found instead of kW. In these cases, the figure printed beside (or above) the abbreviation CV (generally on the third page of the old books) is to be multiplied by ITL 3 680 instead of 5 000.

For example, a car with a log book showing the following details: 'pot. max CV 71' will pay ITL 261 000, which is calculated as follows: 71 CV x ITL 3 680 = ITL 261 280, rounded to 261 000.

I 1.5.

For top-of-the-range motorcycles, that is from 12 kW upwards (or 16 CV upwards), the calculation is to multiply the total in kW or CV by the scale unit amount and then to add the fixed amount of ITL 37 000. For example, a motorcycle with power of 15 kW will pay the (rounded) amount of ITL 62 000, calculated as follows: ITL 1 700 x 15 kW = ITL 25 500 + ITL 37 000 = ITL 62 500, rounded to ITL 62 000.

If there are decimals in the kW or CV figure, they are to be ignored (even if over five tenths), always rounding down to the whole unit below.

The amount payable is rounded to the thousand lire below if the odd amount is ITL 500 or less, and to the thousand lire above where it is more than ITL 500.

It must be remembered that errors in rounding or slightly short payments never affect the validity of the payment.

The minimum amount of motor-vehicle tax is ITL 37 000, and the minimum-payment rule therefore applies to reduced rates on the basis of the steps shown in Scale G annexed to Law No 463 of 21 May 1955.

The scales are determined from the amounts in force at 31 December 1994 (plus a percentage under Article 3(154) of Law No 549 of 28 December 1995). However, it has to be

remembered that the reliefs providing a 50 % or 30 % reduction for lorries or road tractors with a 'hire or reward' authorisation and trailers or semi-trailers for these (reliefs extended for 1997 only, in DL No 1 of 2 January 1997, which was amended and converted by Law No 38 of 5 March 1997) cease to apply from 1998.

It should also be stressed that, unlike the power-based scales, the scales on capacity and seating are not uniform throughout Italian territory but vary on a regional basis, having regard for the scale variations occurring up to 10 November 1997 under Article 24 of DLgs No 504 of 1992.

Motor-vehicle taxes on goods vehicles with a total laden weight of 12 tonnes or more are based on the total weight, the number of axles and the type of suspension on the drive axle.

The tax chargeable on lorries is divided into scale groups which differ according to the region of registration of the lorry.

There are unified rates nationally for tractor-trailer combinations.

The tax is reduced by 20 % on goods vehicles of 12 tonnes or more fitted with a pneumatic suspension on the drive axle or axles or with a suspension recognised as equivalent.

I 1.6.

Tax on net company assets

(Imposta sul patrimonio netto delle imprese)

Legal base

DL No 394 of 30 September 1992; Law No 461 of 26 November 1992 (GU No 281 of 28 November 1992); Law No 549 of 28 December 1995.

Beneficiary

The State.

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 or-

ganisations 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. (Deferred until 30 September 1997.)

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 infor-

mation taken from accounting documents. Various procedures are used to determine the net assets of credit institutions, cooperative societies and associations of such societies.

Rate

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 persons subject to the extraordinary administration procedure referred to in Law No 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 ITL 100 000.

Regional motor-vehicle taxes

(Tasse automobilistiche regionali)

Legal base

Dlgs No 504 of 30 December 1992 and the instruments specified therein.

Beneficiary

Regions governed by ordinary statute.

Tax payable by

The keepers of vehicles shown in the motor-vehicle registers.

Rate

Established by regional law, at not less than 90 % nor more than 110 % of the amount established the previous year.

Collection

Payment by postal giro to the ACI, which then pays the regions.

Succession and gift duty

(Imposta sulle successioni e donazioni)

Legal base

Dlgs No 346 of 31 October 1990 (ordinary supplement No 75 to GU No 277 of 27 November 1990); DL No 460 of 4 December 1997.

Beneficiary

The State.

Tax 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.

I 2.1.

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 ITL 250 million or less. Each share of up to ITL 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. (Succession Duty only, since gifts of such securities are no longer exempt.)
- Compulsory social insurance benefits.
- Transfers to social-utility non-profit organisations (DL No 460 of 4 December 1997).

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.

Rate

(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 ITL 10 million and ITL 100 million) ranges from 3 to 33 %.

I 3.1.1.

Value added tax

(*Imposta sul valore aggiunto*)

Legal base

DPR No 633 of 26 October 1972; Dlgs No 313 of 2 September 1997; Dlgs No 460 of 4 December 1997.

Beneficiary

The State.

Tax payable by

All persons whether or not organised 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.

Chargeable event

Supply of goods and provision of services on Community territory. Only transactions involving third countries are considered to be exports or imports. Intra-community purchases and 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

Inter alia: credit and financing transactions, insurance transactions, transactions concerning foreign currency, transactions in shares and bonds, the leasing and letting of immovable property, agency, mediation and intermediary services, supplies of gold, supplies without charge to public bodies and associations, urban public passenger transport services, transport services provided by ambulances, services relating to the postal services, hospitalisation and treatment by hospitals and authorised clinics, educational services, services provided by libraries, record libraries and museums; welfare and assistance services for employees, 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).

Declaration

Records are kept in VAT ledgers instead of periodic returns.

The only return is an annual one, to be made between 1 January and 5 March each year; tax has to be paid by 5 March.

Collection

The tax is payable monthly, quarterly or annually.

Rate

- Super-reduced rate: 4 %.
(Charged on basic necessities and mass-market items, such as certain food products and pharmaceuticals, etc.)
- Reduced rate: 10 %.
(Charged on certain services and products, such as certain food products, water, gas, electricity, admission to cultural services, use of sports installations, etc.)
- Standard rate: 20 %.

Duty on mineral oils

(*Imposta di fabbricazione sugli oli minerali*)

Legal base

Dlgs No 504 of 26 October 1995 (consolidated excise law).

Beneficiary

The State.

Exemptions

Exemption is provided for the petroleum products used for the purposes specified in the table below. The following are given for guidance: mineral oils, used otherwise than as engine or heating fuel, used as fuel for air navigation other than private tourist aviation and for training flights, used as fuel for shipping in community waters (including fishing), except on private pleasure craft, used as fuel for

shipping in inland waters, but for freight transport only, and for dredging of navigable routes and ports, etc.

Rate

- Leaded petrol: ITL 1 111 490/10 hl.
- Unleaded petrol: ITL 1 022 280/10 hl.
- Gas oils or diesel oil: ITL 747 470/10 hl.
- Paraffin or kerosene:
 - for motor propulsion: ITL 625 620/10 hl;
 - for combustion ITL: 625 620/10 hl.
- Fuel oil with a sulphur content of over 1 % (high sulphur content):
 - heavy: ITL 90 000/t;
 - medium viscosity: ITL 291 293/t;
 - low viscosity: ITL 331 552/t;
 - very low viscosity: ITL 854 915/t.

13.1.2.

- Fuel oil with a sulphur content of 1 % or less (low sulphur content):
 - heavy: ITL 45 000/t;
 - medium viscosity: ITL 257 343/t;
 - low viscosity: ITL 300 052/t;
 - very low viscosity: ITL 852 665/t.
- Biodiesel: excise duty is not charged on up to 125 000 tonnes per annum of the product known as biodiesel, obtained from the esterification of vegetable oils and their derivatives.
- Other non-harmonised taxes on products chargeable as mineral oils:
 - lubricating oils: ITL 1 260 000/t;
 - recovered lubricating oils: ITL 630 000/t;
 - petroleum tar: ITL 60 000/t.

Reliefs

Subject to regulations in force, reduced rates are granted for petroleum products used for the purposes listed in Table A annexed to Dlgs No 504 of 26 October 1995 as amended.

The following rates (as percentages of the standard rates) as shown for guidance.

1. Carriage of passengers and freight by rail 30 %.
2. Agriculture, horticulture, forestry and fish farming:
 - gas oils or diesel oil: 30 %.
 - petrol: 55 %.
3. Development, testing and maintenance of aircraft and ship engines: 30 %.
4. Taxis and ambulances, petrol with quantity restrictions: 50 %
5. Generation of electricity:
 - gas oils and diesel oil: ITL 23 800/10 hl;
 - fuel oil: ITL 28 400/t.

Imports

Rates are the same as on mineral oils manufactured in Italy. The tax on imports is called a 'frontier surcharge' (*sovraimposta di confine*).

Exports

An allowance or a refund is given. Refunds are granted only on petroleum products used in the manufacture of certain exported goods.

13.1.3.

Duty on liquefied petroleum gases

(*Imposta sui gas di petrolio liquefatti*)

Legal base

DL No 1071 of 24 November 1954 (GU No 270 of 24 November 1954), which became Law No 1167 of 10 December 1954 and subsequent amendments; DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); Dlgs No 504 of 26 October 1995 (Consolidated excise law) (ordinary supplement No 143 of 29 November 1995 to GU).

Beneficiary

The State.

Rate

- LPG, in cylinders, used as fuel: ITL 359 220/t.
- LPG used as fuel for motor propulsion: ITL 591 640/t.

Reliefs

The reduced rates (50 % of the rate for motor propulsion) are charged on LPG used for taxis and ambulances as shown in Table A annexed to Dlgs No 504 of 26 October 1995, subject to compliance with the relevant provisions. A reduction of 90 % of the excise duty provided for use as heating fuel is allowed on LPG used for industrial purposes in central plant.

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)

Legal base

DL No 46 of 18 March 1976 (GU No 73 of 18 March 1976), which became, with amendments, Law No 249 of 10 May 1976; DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); Dlgs No 504 of 26 October 1995; DL No 669 of 31 December 1996, article 4 (GU No 305 of 31 December 1996), which became, with amendments, L No 30 of 28 February 1997 (GU No 50 of 1 March 1997).

Beneficiary

The State.

Tax 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.

Exemptions

Exemption from excise duty is allowed on methane gas used for the purposes specified in Table A annexed to

Dlgs No 504 of 26 October 1995 (as amended). The following are given for guidance: gas used for generating electricity, in civil engineering, etc.

Rate

- For motor propulsion: ITL 0.
- For fuel in civilian uses:
 - domestic purposes (cooking, etc.): ITL 86/m³;
 - individual heating (consumption up to 250 m³): ITL 151/m³;
 - other civilian uses: ITL 332/m³.
- For heating fuel in industrial uses: ITL 20/m³.

Reliefs

Consumption of methane gas for civilian uses in the Mezzogiorno is subject to reduced rates.

Collection

By monthly instalments on account, based on the previous year's consumption, with final adjustment.

Imports

Duty at the same rate as on methane produced in Italy.

Duty on electricity

(Imposta sull' energia elettrica)

Legal base

DEM (TU) of 8 July 1924 (GU No 198 of 20 August 1924) as amended; Dlgs No 504 of 26 October 1995 (Consolidated excise law) (Ordinary supplement No 143 to the GU of 29 November 1995); DL No 669 of 29 December 1996, article 4 (GU No 305 of 31 December 1996) which became, with amendments, L No 30 of 28 February 1997 (GU No 50 of 1 March 1997).

Beneficiary

The State.

Basis of assessment

The quantity of electric energy consumed as measured by meters.

Exemptions

Electricity to be used as provided in Article 52 of Dlgs No

504 of 26 October 1995 (consolidated excise law) is exempt from duty.

The following are shown for guidance: electricity for lighting of public areas, of motorways and airports and used for the safety of motorway traffic, air traffic, shipping and navigable waterways; that used for the railway-line installation and service; that used for the installation and service on urban and inter-urban transport routes, for conversion into other electrical power; that used otherwise than for lighting, in telegraph, telephone and sound-radio communications, for the operation of television installations; that used by the State and other bodies for lighting the outside of buildings and other urban monuments; that used for the ventilation of motorway tunnels; that consumed for any purpose in household dwellings with an employed power up to 3 kW up to a monthly consumption of 3 kWh, etc.

I 3.1.5.

Rate

Electric energy:

1. ITL 9.10/kWh for dwellings;
2. In places other than dwellings:
 - (a) ITL 4.10/kWh for 200 000 kWh or less per month;
 - (b) ITL 2.45/kWh for monthly consumption in excess of 200 000 kWh.

Collection

Duty is calculated and collected by the relevant finance offices on the basis of an annual return of consumption submitted by manufacturers. Manufacturers pay the duty as two-monthly payments on the basis of the consumption of the preceding year, with final adjustment.

I 3.1.6.

Regional surcharge on methane-gas excise duty and substitute tax for exempt uses

(Addizionale regionale all'imposta erariale sul consumo del gas metano e relativa imposta sostitutiva per le utenze esenti)

Legal base

Dlgs No 398 of 21 December 1990; DL No 8 of 18 January 1993, enacted as Law No 68 of 19 March 1993, Law No 662 of 23 December 1996 (ordinary supplement No 303 to the GU of 28 December 1996).

Beneficiary

Regions governed by ordinary statute.

Tax payable by

Persons and entities paying methane-gas duty to the State.

The surcharge on exempt uses is chargeable in proportion to the volume (in m³) of fuel consumed.

Rate

From ITL 10 to 60 per m³ of gas.

Collection

Paid by transfer to the distributing companies, which pay the amount to the regional administration.

I 3.1.7.

Regional excise on motor spirit

(Imposta regionale sulla benzina per autotrazione)

Legal base

Dlgs No 398/1990, Law No 549 of 28 December 1995, Law No 662 of 23 December 1996 (ordinary supplement No 303 to the GU of 28 December 1996).

Beneficiary

Regions governed by ordinary statute.

Tax payable by

Consumers pay the distributor the amount on the quantity of petrol dispensed, which includes national and

regional excise. The franchisees of the installations or the oil companies pay the amount of duty to the regions on the basis of the registers kept for that purpose.

Rate

Set by regional law, at up to ITL 50 per litre of petrol.

Collection

The oil companies or the franchisees pay the duty direct to the region.

Provincial electricity-consumption surcharge

(Addizionale provinciale sul consumo di energia elettrica)

Legal base

DL No 511 of 28 November 1988, amended and enacted as Law No 20 of 27 January 1989; DL No 151 of 13 May 1991, amended and enacted as Law No 202 of 12 July 1991; Dlgs No 504 of 26 October 1995.

Beneficiary

The provinces.

Chargeable event

Consumption of electricity.

Basis of assessment

Number of kWh of electricity consumed for any purpose in places and premises other than dwellings, up to 200 000

kWh per month.

Tax payable by

Users.

Rate

ITL 11.5 per kWh.

Collection

The procedure for assessment and collection is the same as for the national electricity excise. The surcharge is paid directly to the local authority within whose area consumption takes place. However, where customers have arranged for power in excess of 200 kW, duty is paid to the State budget.

Communal surcharge on electricity

(Addizionale comunale sul consumo di energia elettrica)

Legal base

DL No 511 of 28 November 1988, amended and enacted as Law No 20 of 27 January 1989; DL No 151 of 13 May 1991, amended and enacted as Law No 202 of 12 July 1991; Dlgs No 504 of 26 October 1995.

Beneficiary

The communes.

Chargeable event

Consumption of electricity.

Basis of assessment

Number of kWh of electricity consumed:

- on all household use, excluding supplies at an arranged power of 3 kW or less made to dwellings declared by the user as a residence, but not more than the first two monthly tariff steps of consumption;

- on all use in premises and places other than dwellings, with a ceiling of 200 000 kWh per month.

Tax payable by

Users.

Rate

- ITL 28 per kWh consumed in dwellings, excluding consumption as described above.
- ITL 6.5 per kWh consumed in premises and places other than dwellings, excluding consumption as described above.

Collection

The procedure for assessment and collection is the same as for the national electricity excise. The surcharge is paid directly to the consumer's local authority except that, for premises and places other than dwellings, with arranged power in excess of 200 kW, duty is paid to the State budget.

I 3.1.10.

Consumption tax on manufactured tobacco

(Imposta sul consumo dei tabacchi lavorati)

Legal base

Law No 825 of 13 July 1965, subsequently amended by Law No 724 of 10 December 1975 (GU No 4 of 7 January 1976), by Law No 198 of 13 May 1983 (GU 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 (GU No 37 of 14 February 1992); DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); MD of 28 February 1997 (GU No 50 of 1 March 1997); L No 448 of 23 December 1998 (GU No 302 of 29 December 1998).

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 State tax warehouses.

Rate

Cigarettes (Law No 427 of 1993): the rate is 57 % of the retail price of the most popular cigarettes.

The rates on other tobacco products, based on the retail price, are as follows:

- | | |
|--|----------|
| 1. Natural cigars and cigarillos: | 23 %. |
| 2. Other cigars and cigarillos: | 23 %. |
| 3. Pipe tobacco (and fine-cut tobacco for rolling cigarettes): | 58 %. |
| 4. Chewing tobacco: | 24.78 %. |
| 5. Snuffs: | 24.78 %. |

I 3.1.11.

Duty on spirits

(Imposta sugli spiriti)

Legal base

MD of 8 July 1924 (GU No 195 of 20 August 1924) and subsequent amendments; DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); Dlgs No 504 of 26 October 1995 (consolidated excise law) (ordinary supplement No 143 to the GU of 29 November 1995).

Beneficiary

The State.

Basis of assessment

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 27(3) of Dlgs No 504 of 26 October 1996. The following are given for guidance: alcohol and alcoholic beverages denatured by a general denaturant and intended for sale; denatured by a

special denaturant as approved by the finance administration and used in the manufacture of products not intended for human consumption as food, used in the manufacture of medicines; used in the production of flavourings intended for the preparation of food products; used directly in the manufacture of food products, etc.

Rate

(ITL/hl of pure alcohol)

- | | |
|---|------------|
| 1. Ethyl alcohol: | 1 249 600. |
| 2. Intermediate alcoholic products: | 96 000. |
| 3. Fermented drinks other than beer and wine: | zero. |
| 4. Wine: | zero. |

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)****Legal base**

MD (consolidated law) of 8 July 1924 (GU No 195 of 20 August 1924) as amended; DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); Dlgs No 504 of 26 October 1995 (consolidated excise law) (ordinary supplement No 143 to the GU of 29 October 1995).

Beneficiary

The State.

Tax payable on

The finished product, released for home use.

Collection

The duty is payable by the brewer on the basis of his declaration.

Rate

ITL 2710 per hl/degree of finished product at 20 °C.

Exemptions

Beer produced by any private person for consumption by himself, members of his family or his guests as home is exempt from duty, provided that it is not sold in any way.

Exports

Full refunds are granted on the basis of the inland rate. Application for this refund must be received within two years.

Government stamps — spirits**(Contrassegni di Stato — Spiriti)****Legal base**

DL No 611 of 29 July 1964 (GU No 186 of 29 July 1964), which became, with amendments, Law No 762 of 15 September 1964 (GU No 234 of 23 September 1964); L No 415 of 28 March 1968 and DL No 745 of 26 October 1970, which became Law No 1034 of 18 December 1970 (GU No 323 of 23 December 1970); Law No 307 of 9 July 1975 (GU No 194 of 23 July 1975); DL No 451 of 3 July 1976 (GU No

175 of 6 July 1976), which became, with amendments, Law No 614 of 19 August 1976 (GU 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 (GU No 292 of 12 December 1985).

Beneficiary

The State.

I 3.1.13.

Rate

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 aromatised wines for retail sale are fixed as follows.

		Non-denatured spirit	Liqueurs and potable spirits	Vermouths and aromatised wines	Dessert wines
Capacity of containers (in litres) and price of government stamps (in ITL)	< 0.04	—	10		25
	0.100	30	30	10	25
	0.200	75	35		25
	0.250	75	35		25
	0.350	150	45		25
	0.375	150	45	15	25
	0.500	150	60	15	25
	0.700	225	75		25
	0.750	225	75	25	25
	1.000	300	100	30	30
	1.500	450	150	45	45
	2.000	600	200	60	60
	2.500	750	250		150
	3.000	900	300		150
	5.000				150
	5–10				300
	10–30				900
	30–60				1 800

Liqueur extracts and essences: ITL 25.

I 3.1.14.

Duty on matches

(Imposta di fabbricazione sui fiammiferi)

Legal base

DL No 560 of 11 March 1923 (GU No 72 of 27 March 1923) and subsequent amendments; Law No 198 of 13 May 1983 (GU 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 (GU No 197 of 24 August 1989) for the period from 13 July 1989; MD of 21 June 1991 (GU No 152 of 1 July 1991) for the period from 1 July 1991; MD of 21 May 1992 (GU No 129 of 3 June 1992); MD of 26 June 1992 (GU No 154 of 2 July 1992); MD of 28 June 1993 (GU No 152 of 1 July 1993); DL No 331 of 30 August 1993 (GU No 203 of 30 August 1993), which became Law No 427 of 29 October 1993 (GU No 255 of 29 October 1993); MD of 15 July 1994 (GU No 189 of 13 August 1994); MD of 4 July 1994 (GU No 216 of 15 September 1994); DEM of 20 July 1998 (GU No 178 of 1 August 1998).

Beneficiary

The State.

Tax payable by

Consumers of matches.

Basis of assessment

The retail price fixed for each type of product.

Collection

For products manufactured in Italy, duty is paid by the Association of Match Manufacturing Industries in the month after the products leave the factory; for products of Community origin, duty is paid by the Italian operator in the month after the goods are received.

Rate

Depending on the product. Rates are governed by the current ministerial decree published each July. At pres-

ent this means Article 1 of the DEM of 20 July 1998, published in GU No 178 of 1 August 1998 (max. 25 %).

I 3.1.15.**Consumption tax on certain types of equipment**

(Imposta erariale di consumo su alcuni apparecchi)

Legal base

DL No 953 of 30 December 1982, which became, with amendments, Law No 53 of 28 February 1983.

Beneficiary

The State.

Tax payable on

- Assembled high-fidelity loudspeakers, high-fidelity sound amplifiers, semi-professional.
- Stereophonic radio receivers; television reception apparatus without image tube; television cameras.
- Interchangeable lenses for photographic cameras and for other cinematographic and television cameras.
- Refracting telescopes (monocular and binocular).
- Photographic cameras, semi-professional.
- Cinematographic cameras, projectors, sound recorders and sound reproducers, semi-professional.
- Slide projectors, semi-professional.
- Stereophonic sound and television image recorders and reproducers, non-professional.

- Magnetic tapes for recording equipment for the reproduction of television images.
- Sound-heads for records, semi-professional.
- Television games.
- Television reception apparatus, with image tube incorporated.

Chargeable event

The supply of equipment to the home market or the importation of such equipment.

Basis of assessment

The ex-factory or the free-at-frontier value.

Rate

- For the equipment described in points 1 to 11: 16 %.
- For the equipment described in point 12: 8 %.

Exports

Exemption or reimbursement.

I 3.2.1.**Duty on State-controlled betting**

(Tributo di gioco relativo ai concorsi pronostici esercitati dallo Stato)

Legal base

DL No 496 of 14 April 1948 (GU No 118 of 22 May 1948); Law No 849 of 28 July 1961 (GU No 216 of 1 September 1961); Law No 1117 of 29 September 1965 (GU No 254 of 9 October 1965); DPR No 1074 of 26 July 1965 (GU No 235 of 18 September 1965); DPR No 600 of 29 September 1973 (GU 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 the region.

Tax payable by

Persons placing bets. Winners receive an amount less than that to which they would be entitled if the duty did not exist.

I 3.2.1.

Collection

By means of assessment books. The net yield is paid weekly by the Ministry of Finance to the Rome provincial office of the State Treasury, except for the portion due to the region of Sicily which is paid to the region.

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.

I 3.2.2.

Duty on betting controlled by CONI and UNIRE

(Imposta unica sui concorsi pronostici esercitati dal CONI e dall'UNIRE)

Legal base

DL No 496 of 14 April 1948 (GU No 118 of 22 May 1948); DPR No 581 of 18 April 1951 (GU No 173 of 31 July 1951); Law No 1379 of 22 December 1951 (GU No 297 of 28 December 1951); Law No 1117 of 29 September 1965 (GU No 254 of 9 October 1965); Law No 764 of 15 November 1973 (GU No 310 of 1 December 1973); DPR No 600 of 29 September 1973 (GU 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 the region.

Tax 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.

Rate

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 realised by the State after deduction of organisation costs and winnings paid out (38 %) and of the 18 % paid to the organisers.

Special features

The duty replaces all taxes connected with the organisation and running of betting payable by CONI and UNIRE as well as income tax on winnings paid out to bettors.

I 3.2.3.

Entertainments tax

(Imposta sugli spettacoli)

Legal base

DPR No 640 of 26 October 1972 (ordinary supplement to GU No 292 of 11 November 1972).

Beneficiary

The State.

Tax payable by

All persons organising entertainments and events, including the organisers 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 authorised to collect it.

Rate

The rates range from 1 % to 60 % depending on the nature of the entertainment, plus value added tax.

State lotteries

(*Lotterie nazionali*)

Legal base

Law No 722 of 4 August 1955 (GU No 191 of 20 August 1955); DPR No 1143 of 30 December 1970 (GU No 111 of 5 May 1971); DPR No 600 of 27 September 1973 (GU No 268 of 16 October 1973); Law No 66 of 22 February 1974; Law No 105 of 26 March 1977 (GU No 97 of 9 April 1977); Law No 528 of 2 August 1982 (GU No 222 of 13 August 1982); Law No 117 of 2 May 1984 (GU No 125 of 8 May 1984); Law No 357 of 10 August 1988 (GU No 195 of 20 August 1988); DPR No 562 of 16 December 1988 (GU No 6 of 9 January 1989); MD of 11 January 1989 (GU No 8 of 23 January 1989); L No 62 of 26 March 1990 (GU of 28 March 1990).

Beneficiary

Lotteries are a State monopoly.

Tax payable by

Lottery ticket purchasers.

Collection

Ordinary accounting.

Special features

The net value of the lotteries is calculated in accordance with the lotteries (general) regulations. After deduction of organisational and management costs, the profit is divided as follows: 50 % is set aside as winnings; of the 50 % balance, two thirds is paid to the treasury and one third to the organiser (organisation or Commune) of the event with which the lottery is linked.

Duty on lotto

(*Tributo di gioco relativo al lotto*)

Legal base

RDL No 1933 of 19 October 1938 (GU No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (GU No 164 of 15 July 1939) and subsequent amendments; DPR No 600 of 27 September 1973 (GU No 268 of 16 October 1973); Law No 528 of 2 August 1982 (GU No 222 of 13 August 1982); Law No 101 of 14 March 1985 (GU No 76 of 29 March 1985); DL No

310 of 30 June 1986 (GU No 149 of 30 June 1986), which became Law No 494 of 9 August 1986 (GU No 198 of 27 August 1986); Law No 123 of 16 March 1987 (GU No 74 of 30 March 1987); L No 85/1990; DPR 303 as amended.

Beneficiary

Lotteries are a State monopoly.

I 3.2.5.

Tax payable by

Those playing: the winners receive smaller amounts than they would if there were no duty.

Collection

The gross takings from lotto are paid weekly by the receivers to the provincial tax offices.

Special feature

Since Lotto essentially does not have a pre-set total value of prizes, the corresponding tax revenue varies according to the number of winners.

I 3.2.6.

Lottery duty and licence for events carrying prizes

(Tassa di lotteria e tassa di licenza sulle manifestazioni a premio)

Legal base

RDL No 1933 of 19 October 1938 (GU No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (GU 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 (GU No 97 of 10 April 1963); DPR No 600 of 29 September 1973 (GU No 268 of 16 October 1973); DL No 332 of 30 September 1989 (GU No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (GU No 279 of 29 November 1989).

Beneficiary

The State.

Tax payable by

Commercial and industrial firms.

Basis of assessment

The total value of the prizes.

Collection

Paid to the treasury.

Rate

Competitions involving chance and those involving skill have been assimilated for tax purposes: lottery duty is 30 % of the total value of prizes. The same rules are applied to competitions of a hybrid nature (competitions and events carrying prizes).

For events carrying prizes duty is 20 % of the total value of prizes with a minimum of ITL 1 000 000 if the event takes place in one province only, and ITL 3 000 000 if it covers two or more provinces. When events carrying prizes are organised by two or more taxpayers in association, duty is payable by each one, including the promoter, at a flat rate of ITL 500 000 for events in one province only and of ITL 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.

I 3.2.7.

Lottery duty on local raffles and similar events

(Tassa di lotteria sulle manifestazioni di sorte locali)

Legal base

RDL No 1933 of 19 October 1938 (GU No 298 of 30 December 1938), which became Law No 973 of 5 June 1939

(GU No 164 of 15 June 1939); Law No 585 of 15 July 1950 (GU No 585 of 17 August 1950); DPR No 600 of 29 September 1973 (GU No 268 of 15 October 1973); DL No

332 of 30 September 1989 (GU No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (GU No 279 of 29 November 1989).

Beneficiary

The State.

Tax 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 ITL 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 organising committees concerned.

I 3.2.8.

Duty on official concessions

(Tassa sulle concessioni governative)

Legal base

DPR No 641 of 26 October 1972 (GU No 292 of 11 November 1972, ordinary supplement No 3); DL No 669 of 31 December 1996, which became Law No 30 of 28 February 1997 (GU No 50 of 1 March 1997).

Beneficiary

The State.

Tax 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

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

By payment to the postal giro account of the registry office for taxes on official concessions in Rome, or, when expressly provided, by means of revenue stamps.

Rate

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 28 December 1995 issued in accordance with the provisions of Law No 549 of 28 December 1995.

I 3.2.9.

Insurance tax

(Imposta sulle assicurazioni)

Legal base

Law No 1216 of 29 October 1961 (GU No 299 of 2 December 1961).

Beneficiary

The State, and in the case of Sicily, the region.

I 3.2.9.

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.

Rate

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.

I 3.2.10.

Communal tax on advertising and duty on bill-posting — communal tax on advertising

(*Imposta comunale sulla pubblicità e diritti sulle pubbliche affissioni —
Imposta comunale sulla pubblicità*)

Legal base

Dlgs No 507 of 15 November 1993 (GU No 288 of 9 December 1993).

Beneficiary

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 authori-

ties, international organisations, assistance boards and charities, hospitals, religious, cultural or recreational associations and clubs, and any other non-profit-making body, association or organisation.

- 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

By payment to the municipality's postal giro account.

I 3.2.11.

Communal tax on advertising and duty on bill-posting — duty on bill-posting

(Imposta comunale sulla pubblicità e diritti sulle pubbliche affissioni — Diritti sulle pubbliche affissioni)

Legal base

Dlgs No 507 of 15 November 1993 (GU No 288 of 9 December 1993).

Beneficiary

The municipalities.

Tax 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.

Tax payable by

Persons requesting the service and persons on behalf of whom the service is rendered.

Rate

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

By payment to the municipality's postal giro account.

I 3.3.1.

Stamp duty

(Imposta di bollo)

Legal base

DPR No 642 of 26 October 1972.

Beneficiary

The State and, in the case of Sicily, the region.

I 3.3.1.

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 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 authorised offices.

Rate

Rates are fixed or proportional:

- fixed rates range from ITL 500 to 80 000; the majority of deeds and documents are subject to the fixed rate of ITL 20 000;
- proportional rates range from 0.10 to 12 ‰.

I 3.3.2.

Stock exchange turnover tax

(Imposta sui contratti di borsa)

Legal base

RD No 3278 of 30 December 1923 (ordinary supplement to GU No 117 of 17 May 1924) and subsequent amendments.

Beneficiary

The State and, in the case of Sicily, the region.

Tax payable by

Persons effecting stock exchange transactions, except transactions with non-residents.

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 authorised to make periodic payments, public service institutions and property intermediation companies.

Rate

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 ITL 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 ITL 2 500.

I 3.3.3.

Registration tax

(Imposta di registro)

Legal base

DPR No 634 of 26 October 1972 (ordinary supplement No 1 to GU No 292 of 11 November 1972); DPR No 131 of 26 April 1986 (ordinary supplement No 34 to GU No 99 of 30 April 1986) as amended.

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 person (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:

- the market value of the property or rights transferred; for buildings registered at an estimated rent, a system of multipliers is used for the income concerned (Article 52 of DPR No 131 of 26 April 1986);
- the price or consideration agreed between the parties.

Collection

The tax is normally payable upon registration of the deed, which is obligatory within a fixed time limit of 20 days for deeds received in Italy and 60 days for deeds received abroad or where the deed is to be used in a procedure (DPR No 131, 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.

Rate

As a rule, 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) ranging from a minimum of 0.5 % to a maximum of 15 %. 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 ITL 250 000.

The rate applied to the purchase of a first house is 4 %.

Mergers, de-mergers and the assignment of assets as between one company and another, whether already incorporated or not, and equivalent operations effected by other entities are subject to a flat rate of ITL 250 000.

Reliefs

Accorded under DPR No 634, Article 80(2), and DPR No 601 of 29 September 1973.

Special arrangements and reliefs are provided in DPR No 131 of 26 April 1986 and also in a number of laws governing specific cases of imposition of the tax. The latter include Law No 604 of 6 August 1954 ((sic) DPR No 601 of 29 September 1973; Law No 74 of 6 March 1987; Law No 218 of 30 July 1990; Law No 266 of 11 August 1991; Law No 374 of 21 November 1991; DL No 333 of 11 July 1992, converted by (sic) Law No 359 of 8 August 1992; DL No 15 of 23 January 1993, converted from (sic) Law No 75 of 24 March 1993; DL No 564 of 30 September 1999, converted by (sic) Law No 65 of 30 December 1999; Law No 662 of 23 December 1996; Law No 448 of 23 December 1998; Law No 441 of 15 December 1998.

I 3.3.4.

Replacement tax for registration tax, stamp duty, mortgage tax, cadastral tax and duty on official concessions in relation to medium- and long-term loans

(Imposta sostitutiva delle imposte di registro, di bollo ipotecaria, catastale e della tassa sulle concessioni governative per le operazioni relative ai finanziamenti a medio e lungo termine)

Legal base

DPR No 601 of 29 September 1973 as amended (Articles 15–20).

Beneficiary

The State.

Tax payable by

Medium- and long-term financing operations as specified by law and effected by banking institutions.

Basis of assessment

This substitute tax is determined in accordance with the amount of financing granted within the relevant year.

Collection

Payment is made on the periodical return from the taxpayers liable.

Rate

Tax is due at a rate of 0.25 % of the finance granted.

I 3.3.5.

Mortgage tax and cadastral duty

(Imposte ipotecarie e catastali)

Legal base

DPR No 635 of 26 October 1972.

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.

Rate

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 ITL 150 000. Law No 243 of 19 July 1993 increased the fixed-rate amount by 50 %.

I 3.3.6.

Communal tax on immovable property

(Imposta comunale immobiliare)

Legal base

Law No 421 of 23 October 1992; DL No 504 of 30 December 1992 (ordinary supplement to GU No 305 of 30 December 1992).

Beneficiary

Municipality where immovable property is situated.

Chargeable event

The tax 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.

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 value 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 April 1986). The multipliers are 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;
- agricultural land in hill areas;
- places of religious worship, property belonging to the Holy See or to foreign States and interregional organisations which are exempt from payment of local income tax under international conventions operative in Italy;
- properties listed in land-registry categories between E/1 and E/9;
- properties intended for the use of non-profit legal persons, for activities of assistance, health care, etc.

Collection

The authority responsible for collection in the district where the property is situated, by payment through a postal giro account.

Rate

The rate is fixed by the municipality and may not be less than 4 ‰ nor more than 7 ‰.

Tax on regional concessions

(Tassa sulle concessioni regionali)

Legal base

Law No 281 of 16 May 1970, article 3, replaced by article 4 of Law No 158 of 14 June 1990; Dlgs No 230 of 22 June 1991.

Beneficiary

Regions governed by ordinary statute.

In accordance with Article 55 of DL No 446 of 15 December 1997, this tax has been made optional since 1998.

Tax payable by

Persons applying to regions governed by ordinary statute

for authorisations or licences as listed in the tariff annexed to Dlgs No 230/1991.

Rate

Varies from one region to another; since Dlgs No 230/1991 has prescribed only the minimum amount of tax, each region may legislate to establish a higher amount.

Collection

Under the procedures established by each region (generally by postal giro)

I 3.3.8.

University matriculation tax

(Tassa per il diritto allo studio universitario)

Legal base

Law No 549/95.

Beneficiary

The regions and autonomous provinces.

Tax payable by

Those registering or matriculating for the first time at a university or a university-level higher-education institution.

Rate

Established by regional law, between ITL 120 000 and 200 000.

Collection

Paid directly to the regions or autonomous provinces at the same time as university-attendance tax, by postal giro.

I 3.3.9.

Regional tax on concessions of property and inalienable assets of the State

(Imposta regionale sulle concessioni di beni del demanio e del patrimonio indisponibile dello Stato)

Legal base

Law No 281 of 16 May 1970.

Beneficiary

Regions governed by ordinary statute.

Tax payable by

Those seeking concessions from the State for the use of property and inalienable assets.

Rate

Up to 300 % of the national charge.

Collection

Payment to the tax offices collecting the charge; these then pay the amount of the regional tax to the relevant regions.

I 3.3.10.

Tax for the occupation of public areas subject to the authority of the regions

(Tassa per l'occupazione di spazi ed aree pubbliche regionali)

Legal base

Law No 281 of 16 May 1970.

Beneficiary

Regions governed by ordinary statute.

Tax payable by

Those seeking authorisation from the regions to occupy areas of the property or inalienable assets which are under their authority.

Rate

The regions may set the amount of tax at between 50 % and 150 % of the amount of tax provided by the State for the occupation of public areas belonging to the provinces.

Collection

Payment to the regional administration, generally by postal giro.

Tax on tipping of waste**(Tassa per il deposito in discarica dei rifiuti)****Legal base**

Law No 549 of 28 December 1995.

Rate

Rates vary according to the type of waste.

Beneficiary

The regions and autonomous provinces.

Collection

Tip operators pay the tax direct to the regions.

Tax payable by

Operators of tips, based on the quantity of waste tipped and waste incinerated in a plant without energy recovery.

I 3.3.12.**Regional surcharge on charges for the use of public water****(Addizionale regionale ai canoni per le utenze di acqua pubblica)****Legal base**

Law No 36 of 5 January 1994.

Rate

Set by regional law, at not more than 10 % of charges.

Beneficiary

Regions governed by ordinary statute.

Collection

The law makes no provision on collection. The wording of the law appears to indicate that the tax has to be paid direct to the regions.

Tax payable by

Those paying the charges set by national law for the use of public water.

I 3.3.13.**Tax on qualification to practise a profession****(Tassa per l'abilitazione all'esercizio professionale)****Legal base**

GRD No 1592/1933; DPR No 616/1977.

Rate

Set by regional law. The national law prescribes no maximum or minimum, but the rates vary between ITL 150 000 and 200 000 approximately.

Beneficiary

Regions governed by ordinary statute.

Collection

Paid direct to the region by postal giro.

Tax payable by

Those successfully applying for entry in the professional-qualification register.

I 3.3.14.

Provincial environmental-protection tax

(Tributo provinciale per l'esercizio delle funzioni di tutela, protezione e igiene dell'ambiente)

Legal base

Dlgs No 504 of 30 December 1992.

Beneficiary

The provinces.

Basis of assessment

Tax is payable for buildings on which Communes charge the tax for disposal of urban solid waste (*tassa per lo smaltimento dei rifiuti solidi urbani* – TARSU).

Tax payable by

Those liable to TARSU.

Rate

In proportion to the area of buildings subject to TARSU; the rate is set by provinces and ranges from 1 % to 5 % of the amounts per unit of area as set for TARSU.

Collection

Tax is assessed and entered in the tax roll by communes at the same time as TARSU.

I 3.3.15.

Tax on occupation of public areas under provincial authority

(Tassa per l'occupazione di spazi ed aree pubbliche delle province)

Legal base

Dlgs No 507 of 15 November 1993; Dlgs No 566 of 28 December 1993; Law No 549 of 28 December 1995.

Beneficiary

The provinces.

Chargeable event

Occupation of public areas (forming part of the property or inalienable assets of the provinces) which are removed from public use.

Basis of assessment

Occupation of ground- or underground-level areas, roads, yards, squares (excluding balconies, verandas, etc.) and moorings on canals carrying urban traffic (Venice and Chioggia). Occupation may be permanent (minimum one year) or temporary.

Tax payable by

The recipient of the instrument of concession or authorisation or the *de facto* occupant (including unlawful occupants), in proportion to the area removed from public use.

Rate

The province adopts regulations prescribing the criteria for implementing the tax; the amount is in proportion to the area and actual occupation of the area, shown in square or linear metres. Where occupation is permanent, tax is payable by calendar years on the basis of the area occupied and ranges from ITL 34 000 to 51 000 per square metre; it may be reduced by one third for ground- or underground-level areas.

Where occupation is temporary, the rate is based on the area occupied and the length and type of occupation and ranges from ITL 750 to 4 000 per square metre; it may be reduced by one third for ground- or underground-level areas. These amounts may be increased by 50 % for fairs. Where the occupation of ground- or underground-level areas includes conduits, cables, pipes, etc., the tax is a flat rate and varies according to the length of route actually occupied (on provincial roads, this amount ranges from ITL 150 000 to 300 000 per linear kilometre or fraction). For service stations and their underground tanks, and for tobacco-vending automats, the annual rate ranges from ITL 10 000 to 15 000.

Declaration

Declaration not more than 30 days after the concession, using the form specified.

Collection

Paid direct to the province's postal giro account as a single payment in January, or as four interest-free payments (January, April, July and October) where the amount of tax exceeds ITL 500 000.

Exemptions

Exemptions are provided for various types of occupation, including occupation by the State, regions, provinces or communes, or groupings of these, or non-profit organisations with specific objects (assistance, welfare, etc); exemptions also for station signboards, public-transport stops and timetables, road signs and vehicle access points for the handicapped.

Tax on occupation of public areas under commune authority

(Tassa per l'occupazione di spazi ed aree pubbliche dei comuni)

Legal base

Dlgs No 507 of 15 November 1993.

Beneficiary

The communes.

Chargeable event

Occupation of public areas (forming part of the property or inalienable assets of the communes) which are removed from public use.

Basis of assessment

Occupation of ground- or underground-level areas, roads, yards, squares (excluding balconies, verandas, etc.) and moorings on canals carrying urban traffic (Venice and Chioggia). Occupation may be permanent (minimum one year) or temporary.

Tax payable by

The recipient of the instrument of concession or authorisation or the *de facto* occupant (including unlawful occupants), in proportion to the area removed from public use.

Rate

The commune adopts regulations prescribing the criteria for implementing the tax; the amount is proportional to the area and effective occupation of the area, shown in square or linear metres. Where occupation is permanent, tax is payable by calendar years on the basis of the area occu-

ried; where occupation is temporary, the tax is based on the duration. Where the occupation of ground- or underground-level areas includes conduits, cables, pipes, etc., the tax is a flat rate and varies according to the length of route.

The tax may be reduced for vehicle accesses and increased for fairs.

The law prescribes the minimum and maximum between which the commune may set the tax payable.

Declaration

Declaration not more than 30 days after the concession, using the form specified.

Collection

Paid directly to the Commune's postal giro account as a single payment in January, or as four interest-free payments (January, April, July and October) where the amount of tax exceeds ITL 500 000.

Exemptions

Exemptions are provided for various types of occupation, including occupation by the State, regions, provinces or communes, or groupings of these, or non-profit organisations with specific objects (assistance, welfare, etc.); exemption also for station signboards, public-transport stops and timetables, road signs and vehicle access points for the handicapped.

Tax for disposal of domestic urban solid waste

(Tassa per lo smaltimento dei rifiuti solidi urbani interni)

Legal base

Dlgs No 507 of 15 November 1993.

Beneficiary

The communes.

Chargeable event

Occupation within the area of the Commune of premises and open spaces used for any purpose operating the urban solid waste disposal service.

Basis of assessment

Premises and open spaces within the area of the Commune operating the waste disposal service

Tax payable by

Tax is payable by any person occupying or operating the chargeable premises and spaces.

Rate

The tax can be in proportion to the nature and average quantity, per chargeable unit of area of waste normally produced or, within the premises or spaces concerned, according to the use to which they are put and the cost of disposal.

For small communes, the tax may be calculated on the basis of the nature of the waste and the quantity actually produced, and the cost of disposal.

I 3.3.17.

Scales are set by the communes in accordance with the statutory requirements. They may be reduced according to custom, use, number of inhabitants, seasonality, etc.

Declaration

Declaration to the commune by the 20th January following occupation.

Collection

By means of registers of names.

I 3.3.18.

Charge for collection and treatment of wastewater

(Canone o diritto per la raccolta e la depurazione delle acque di rifiuto)

Legal base

Law No 319 of 10 May 1976; DL No 38 of 28 February 1981, amended and enacted as Law No 153 of 23 April 1981; DL No 79 of 17 March 1995, amended and enacted as Law No 172 of 17 May 1995.

Beneficiary

The communes.

Chargeable event

Collection, treatment and discharge of wastewater from public and private lands and buildings by the public sewerage system.

Basis of assessment

The quantity of water collected by the sewerage service;

the nature and quantity of the water treated by the treatment service.

Tax payable by

All users of any sewer connection.

Rate

The charge is divided into two portions: one for the sewerage service and one for the treatment service.

Declaration

For users with water supply only from the public service (*pubblico acquedotto*), the charge is levied like that for the supply of water (on 80 % of the quantity of water consumed). Those taking supplies from other sources are required to declare this.

I 3.3.19.

Taxes on concessions by communes

(Tasse sulle concessioni comunali)

Legal base

DL No 702 of 10 November 1978, amended and enacted as Law No 153 of 23 April 1981; MD of 29 November 1978 (GU No 348 of 14 December 1978).

Beneficiary

The communes.

Tax payable by

Tax is payable by the applicant when the instrument is made or the action taken.

Basis of assessment

The instruments and measures specified in the MD of 29 November 1978.

Rate

According to the base tariff, which each commune may increase by 100 %.

Collection

Paid direct to the commune by postal giro account.

Tax on emissions of sulphur dioxide (SO₂) and nitrogen oxides (NO_x)

(Tassa sulle emissioni di anidride solforosa e di ossidi di azoto)

Legal base

Law No 449 of 27 December 1997 (ordinary supplement No 302 to the GU of 30 December 1997).

Beneficiary

The State.

Basis of assessment

Tonnage of sulphur dioxide and nitrogen oxide emitted by major combustion establishments as defined in Council Directive 88/609/EEC of 24 November 1988.

Tax payable by

Operators of the above major combustion establishments, on an annual return of emissions.

Rate

ITL 103 000 per t/year of sulphur dioxide,

ITL 203 000 per t/year of nitrogen oxides.

Collection

By quarters on account, on the basis of the emissions in the previous year, with final adjustment.

Taxes abolished or revoked

Local income tax

(Imposta locale sui redditi)

Abolished by Dlgs No 446 of 15 December 1997.

Municipal tax on the practice of businesses, crafts and professions

(Imposta comunale per l'esercizio di imprese, arti e professioni)

Replaced by IRAP, abolished by Dlgs No 446 of 15 December 1997.

Provincial surcharge on registration tax

(Addizionale provinciale all'imposta erariale di trascrizione)

Abolished by DL No 446/97.

Charge for collection and treatment of wastewater

(Canone o diritto per la raccolta e la depurazione delle acque di rifiuto)

LUXEMBOURG

Personal income tax

(Impôt sur le revenu des personnes physiques)

(Fixed by assessment)

Legal base

Law of 4 December 1967 on income tax, Title 1, Articles 1–157 (*Mémorial A*, 1967, pp. 1228–1275), as amended by successive laws and implementing regulations, the most recent of which are:

Law of 17 November 1997 amending the rate of personal income tax (*Mémorial A*, 1997, p. 2704), law of 27 December 1997 amending income tax and other provisions (*Mémorial A*, 1997, p. 3328), law of 19 June 1998 introducing dependency insurance (*Mémorial A*, 1998, p. 710), Grand Ducal regulation of 18 December 1998 implementing Article 151 of the law on income tax (*Mémorial A*, 1998, p. 3009), Grand Ducal regulation of 18 December 1998 implementing Articles 155 and 178 of the law on income tax (*Mémorial A*, 1998, p. 3031), Grand Ducal regulation of 18 December 1998 implementing Article 155, subparagraph 6 of the law on income tax (*Mémorial A*, 1998, p. 3032), budget law of 21 December 1998 (*Mémorial A*, 1998, p. 2723), Grand Ducal regulations of 23 December 1998 implementing Articles 46, Nos 8 and 111, subparagraph 8, Nos 1 and 2 of the law on income tax (*Mémorial A*, 1998, p. 3395), Grand Ducal regulation of 31 December 1998 implementing Article 127, subparagraph 6 of the law on income tax (*Mémorial A*, 1998, p. 3420), law of 12 February 1999 on the implementation of the 1998 national action plan for employment (*Mémorial A*, 1999, p. 190), Grand Ducal regulations of 28 February 1999 implementing Articles 46, Nos 9 and 104, subparagraph 3 of the law on income tax (*Mémorial A*, 1999, p. 629)

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 realised in immovable property in the case of an inheritance, and for certain types of extraordinary income.

Exemptions

These include:

- certain 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: LUF 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:

- special expenses covered by the flat-rate minimum (mainly interest on debts, insurance premiums); a personal allowance of LUF 18 000 is granted, where special expenses are no higher than this amount;
- 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;
- reduction for trade;
- reduction for single parents.

Married couples

Incomes of married couples are treated as a single income for tax purposes and tax due is determined by the 'splitting' system.

Non-residents

In general the method of assessing and collecting the tax due is the same as for resident taxpayers except that only income accruing in Luxembourg is taxable, and no deduction is made for certain special expenses or for extraordinary costs.

L 1.1.

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.

Rate

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 46 %; application of the rates varies according to the class to which the taxpayer belongs.

For the first band from 0 to LUF 270 000, the rate is 0 %; for the second band from LUF 270 000 to LUF 354 000, the rate is 6 %. Thereafter the rate is 16 %, subsequently increasing by 2 % per band. For income exceeding LUF 2 640 000, there is a uniform rate of 46 %. This basic scale is adjusted periodically to variations in the weighted consumer price index.

As regards extraordinary income, the rates applied range from 0 to 27.6 %.

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.

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.

L 1.2.

Withholding tax on wages and salaries

(Retenue d'impôt sur les revenus de capitaux) (Special method of collection of personal income tax)

Legal base

Law of 4 December 1967 on income tax, Title I, Articles 136–145 (*Mémorial A*, 1967, pp. 1268–1270), as amended by successive laws and implementing regulations, most recently by the law of 19 June 1998 introducing dependency insurance (*Mémorial A*, 1998, p. 710).

Beneficiary

The State.

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.

Basis of assessment

Income tax due on wages, salaries and pensions is withheld at source.

Collection

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 (LUF 15 600 a year) and other costs of acquisition (LUF 21 000 per year for workers in paid employment and LUF 12 000 per year for persons in receipt of pensions), for special expenses (LUF 18 000 per year), the compensatory reduction for wage-earners (LUF 24 000) and the reduction for retired persons (LUF 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

(Retenue d'impôt sur les revenus de capitaux) (Special method of collection of personal income tax)

Legal base

Law of 4 December 1967 on income tax, Title I, Articles 136–145 (*Mémorial A*, 1967, pp. 1268–1270), as amended by successive laws and implementing regulations, most recently by the law of 22 December 1993 designed to revive investment in the interests of economic development (*Mémorial A*, 1993, p. 2020).

Beneficiary

The State.

Tax payable by

Natural persons who receive dividends from a debtor in Luxembourg.

Basis of assessment

- Dividends, profit shares and other proceeds allocated by joint-stock companies.
- Profit shares which a fund provider, paid in proportion to the profits, receives from his investment in a company.

Collection

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.

Rate

25 % of gross dividends (or one third if the debtor pays the tax).

Corporation tax

(Impôt sur le revenu des collectivités)

Legal base

Law of 4 December 1967 on income tax, Title II, Articles 158–174 (*Mémorial A*, 1967, pp. 1276–1281), as amended by successive laws and implementing regulations, most recently by the law of 27 December 1997 amending income tax and other provisions (*Mémorial A*, 1997, p. 3328).

Beneficiary

The State.

Tax payable by

Joint-stock companies, cooperative societies, religious associations, non-profit-making organisations, 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 in-

L 1.4.

vested 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 — *Schachtelprivileg*):

- where the conditions for applying the privilege of parent companies and subsidiaries are not met, 50 % of the income from a holding in a resident joint-stock company which is fully liable to tax is exempt;
- 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 LUF 50 million in the capital of another joint-stock company is exempted wholly if the other company is fully liable to tax.

L 1.5.

Special tax on company directors' fees

(*Impôt spécial sur les tantièmes*)

Legal base

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.

Deductions

In addition to the deductions as for personal income tax, 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 insofar 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.

Rate

- 20 % when taxable income does not exceed LUF 400 000.
- LUF 80 000 plus 50 % of income in excess of LUF 400 000 when taxable income is between LUF 400 000 and LUF 600 001.
- 30 % when taxable income is in excess of LUF 600 000.
- To provide resources for the unemployment fund, corporation tax liability has been set at 104 % of the liability under the above rules.

Losses

Unlimited, subject to the same conditions as for natural persons.

Basis of assessment

All fees.

Non-residents

As for residents.

Collection

The tax is withheld at source by the company concerned.

Rate

- Residents: 20 % (or 25 % where the company pays the tax).
- Non-residents: 28.20 % (or 39.27 % where the company pays the tax). The increased rate of 28.2 % on directors' fees received by non-residents includes an income tax deduction of 8.2 % applicable to non-resident taxpayers.

Special features

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)

Legal base

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

Organisers of betting on sporting events.

Basis of assessment

Gross sums involved (stakes).

Collection

By means of tax returns.

Rate

15 %.

Wealth tax

(Impôt sur la fortune)

Legal base

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 of 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: LUF 500 000.

For private limited companies: LUF 200 000.

L 1.7.

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 LUF 100 000 is granted from the basis of assessment for the taxpayer himself (plus LUF 100 000 for the spouse and for each child).

Married couples

Tax is aggregated.

Non-residents

Only assets located in Luxembourg are taxed.

Collection

General assessment every three years: a part of the tax is fixed annually and collected quarterly.

Rate

0.5 %.

L 1.8.

Tax on motor vehicles

(Taxe sur les véhicules automoteurs)

Legal base

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, 4 July 1988 and 29 November 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; law of 23 December 1994 (*Mé-morial A No 114 of 23 December 1994, p. 2488*).

Beneficiary

The State.

Tax payable on

- The holding of a motor vehicle for use on the public highway.
- The illegal use of a motor vehicle on the public highway.
- The issue of a special number plate (red plate).
- Vehicles without an engine, designed and produced to be towed by motor vehicles, in particular the semi-trailers of articulated vehicles and trailers, are treated as motor vehicles for the application of this legislation.

Tax payable by

The person in whose name the vehicle is registered.

Basis of assessment

- The cylinder capacity of the engine:
 - for two- or three-wheeled vehicles;
 - for motor vehicles equipped to transport not more than eight persons excluding the driver (passenger vehicles), when these vehicles are propelled by a piston engine — excluding rotary piston engines — fuelled by a liquid or gaseous fuel.
- The unladen weight of the vehicle in working order:
 - for motor vehicles not referred to above, in particular tractors and truck tractors, buses, coaches, vans and lorries and the trailers and semi-trailers of articulated vehicles;
 - for all heavy commercial vehicles with a maximum load allowed equal to or greater than 12 tonnes in relation to the number of axles and the type of suspension (pneumatic or other).

Exemptions

The following may be eligible for exemption from the tax on motor vehicles: vehicles exclusively used by the central government, the municipalities or public enterprises, or for public benefit; ambulances; vehicles used for agriculture, forestry and viticulture; self-propelled machines; taxis and hire cars; private cars used as means of personal locomotion by invalids and the infirm.

Collection

Returns and payments are made annually or by instalments; proof of payment of tax is shown by means of a special tax label.

Rate

Motor-vehicle tax, payable annually, varies as follows:

- two- or three-wheeled vehicles: LUF 105 per 100 cc or part thereof;
- private cars:
 - where the engine cylinder capacity does not exceed 1 000 cc: LUF 151 per 100 cc or part thereof;

- where the engine cylinder capacity is between 1 001 cc and 1 500 cc: LUF 158 per 100 cc or part thereof;
- where the engine cylinder capacity is between 1 501 cc and 2 000 cc: LUF 164 per 100 cc or part thereof;
- where the engine cylinder capacity exceeds 2 000 cc: LUF 170 cc or part thereof;
- for each special registration plate number: LUF 3 125;
- camping caravans, trailers specially designed to transport boats, cars more than 30 years old: LUF 250.

Vehicle category	Annual amount of tax	
	Up to 2 400 kg	Above 2 400 kg
Buses, coaches and camping vehicles	LUF 394 per 200 kg of unladen weight	
Lorries, vans and all vehicles with an authorised total loaded weight of less than 12 tonnes	LUF 400 per 200 kg of unladen weight	<p>Maximum load allowed between 2 410 and 4 600 kg: LUF 4 800 + LUF 500 per 200 kg or part thereof in excess of 2 400 kg</p> <p>Maximum load allowed between 4 601 kg and 12 tonnes for lorries and vans: LUF 10 300</p> <p>Maximum load allowed between 2 801 kg and 12 tonnes for trailers: LUF 5 070</p>
Trailers and semi-trailers	LUF 350 per 200 kg of unladen weight	
Lorries, road trains and articulated vehicles with an Mma equal to or over 12 tonnes		Ranging from LUF 10 300 to LUF 14 820 on a scale

Inheritance tax

(Droits de succession)

Legal base

Law of 27 December 1817 on estate duty; laws of 18 August 1916, 7 August 1920 and 31 January 1921 increasing the es-

tate 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.

L 2.1.

Beneficiary

The State.

Tax payable by

- Residents: heirs and legatees of persons domiciled in Luxembourg.
- 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

- Residents: market value at the time of death 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.
- Non-residents: market value of real estate located in Luxembourg at the time of death.

Exemptions

Residents: 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 LUF 50 000.

Collection

By means of assessment books.

Rate

Residents:

- 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 LUF 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 LUF 400 000, the portion payable on the basis of the above rates is increased progressively by 1/10 to 22/10 (portion in excess of LUF 70 million);
- legacies left to municipalities, public undertakings, charitable institutions and relief committees: 4 % whatever the sum;
- legacies left to non-profit-making organisations, undertakings for public purposes, bishoprics, consistories, synagogues and church funds: 6 % whatever the sum.

Non-residents:

- in direct line: 2 % of the 'legal portion';
- to spouse with children or common descendants: 5 %;
- other rates are the same as in the case of estate duty;
- as in the case of estate duty, the rate is increased progressively by 1/10 to 22/10 (see above).

L 3.1.1.

Value added tax

(Taxe sur la valeur ajoutée)

Legal base

Law of 12 February 1979 on value added tax (*Mémorial A 1979*, p. 451) as subsequently amended, most recently by the law of 29 June 1997 (*Mémorial A 1997*, p. 1543); various Grand Ducal regulations and administrative circulars.

Beneficiary

The State.

Tax payable by

Any natural or legal person who habitually performs independent activities connected with an economic activity.

Any person who occasionally supplies a new means of transport.

Tax payable on

- 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.
- 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 purposes other than those of the business: 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 of goods: the customs value 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 (see 'Exemptions', first indent) 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

1. No tax is due, and tax paid at earlier stages is deducted, on exports outside the Community and transactions of a similar nature, intra-Community supplies of goods, international passenger transport, transport of goods to third countries or territories, and certain intra-Community acquisitions of goods.
2. 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, financial and banking transactions, except where they are directly linked to goods intended for export to a third country or where the person to whom the services are supplied is based or lives in a third country; the supply and letting of real property, except where taxation is opted for; insurance and re-insurance transactions, except where they are directly linked to goods for export to a third country or where the person to whom the service is supplied is based or lives in a third country; and certain social, health, educational and cultural activities.

Collection

Monthly, quarterly or annual tax returns and payments.

Rate

3 % (super-reduced), 6 % (reduced), 12 % (parking) and 15 %.

Exports

See under 'Exemptions'.

Excise duty on mineral oils

(Accise sur les huiles minérales)

Legal base

Common excise duty

Belgian royal decree of 20 November 1963 coordinating the legal provisions on the excise system for mineral oils, as implemented by the ministerial regulation of 7 February 1964 (*Mémorial A* 1964, p. 438). Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on excise duty (*Mémorial A* No 107 of 31 December 1992, p. 3173). Ministerial regulation of 30 De-

ember 1992 publishing Belgian royal decree of 29 December 1992 on the structure and rates of excise duty on mineral oils (*Mémorial A* No 107 of 31 December 1992, p. 3180). Ministerial regulation of 16 February 1994 publishing Belgian ministerial decree of 28 December 1993 on the excise-duty system for mineral oils (*Mémorial A* No 15 of 25 February 1994, p. 251), as amended by ministerial regulation of 18 October 1996 (*Mémorial A* No 75 of 5 November 1996, p. 2192). Ministerial regulation of 30 June 1995 publishing Belgian royal decree of 30 June

1995 on excise duty (*Mémorial* A No 61 of 31 July 1995, p. 1486). Ministerial regulation of 17 January 1996 publishing Belgian royal decree of 22 December 1995 amending the royal decree of 29 December 1992 on the structure and rates of excise duty on mineral oils (*Mémorial* A No 4 of 29 January 1996, p. 39). Ministerial regulation of 18 October 1996 publishing Belgian ministerial decree of 12 September 1996 amending ministerial decree of 28 December 1993 on the excise-duty system for mineral oils (*Mémorial* A No 75 of 5 November 1996, p. 2192). Ministerial regulation of 31 December 1996 publishing Belgian ministerial decree of 24 December 1996 amending ministerial decree of 28 December 1993 on the excise-duty system for mineral oils (*Mémorial* A No 96 of 31 December 1996, p. 2932). Ministerial regulation of 22 December 1997 publishing the Belgian law of 22 October 1997 on the structure and rates of excise duty on mineral oils (*Mémorial* A No 104 of 30 December 1997, p. 3322).

Autonomous excise duty

Law of 20 December 1996 on the budget of public receipts and expenditure for the 1997 fiscal year — Article 3/4 (*Mémorial* A No 89 of 20 December 1996, p. 2515). Grand Ducal regulation of 28 March 1995 setting the autonomous excise duty on mineral oils and gas oils for fuel for engines of vehicles using the public highway (*Mémorial* A No 25 of 31 March 1995, p. 833).

Monitoring charge on domestic fuel

Law of 20 December 1996 on the budget of public receipts and expenditure for the 1997 fiscal year — Article 5 (*Mémorial* A No 89 of 20 December 1996, p. 2516).

Additional autonomous excise duty

Law of 17 June 1994 laying down measures to ensure the maintenance of employment, price stability and business competitiveness — Article 10 (*Mémorial* A No 53 of 29 June 1994, p. 1023). Grand Ducal regulation of 30 September 1994 setting the additional autonomous excise duty on light mineral oils and gas oils for fuel for engines of vehicles using the public highway, known as the social contribution (*Mémorial* A No 90 of 7 October 1994, p. 1712). Law of 12 February 1999 on the implementation

of the 1998 national action plan for employment (*Mémorial* A No 13 of 23 February 1999, p. 189).

Beneficiary

The State.

Tax payable on

- The dutiable products 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

An exemption has been granted in respect of liquefied petroleum gas, natural gas and methane and in respect of local public transport vehicles.

The following products are exempt from the harmonised excise duty:

- products used for purposes other than as heating fuel or motor fuel;
- mineral oils supplied for use as motor fuel for commercial aircraft;
- mineral oils supplied for use as motor fuel for navigation in Community waters (including fishing);
- mineral oils used for navigation on internal waterways;
- mineral oils used in agricultural and horticultural works, in forestry and in inland fisheries;
- mineral oils used in railway passenger and goods transport;
- mineral oils used in pilot schemes for the technological development of more environmentally-friendly products, in particular fuels from renewable energy resources;
- oils used in the field of the manufacture, development, testing and maintenance of aircraft and ships.

Reliefs

An excise-duty reduction, specifically linked to their sulphur content, has been granted in respect of heavy fuel oils.

Rate			
Nature of product	Common excise duty (LUF)	Autonomous excise duty (LUF)	Additional autonomous excise duty (LUF)
Petrol (per 10 hl)			
• leaded	11 900	2 460	2 750
• unleaded	9 900	2 360	2 750
Kerosene (per 10 hl)			
• fuel	11 900		
• industrial or commercial use	750		
• heating	0		
Gas oil (per 10 hl)			
• fuel	8 000	1 950	250
• industrial or commercial use	750		
• heating(*)	0		
LPG/methane (per t)			
• fuel	0		
• industrial or commercial use	1 500		
• heating	0		
Heavy fuel (per t)			
• < 1 % sulphur	250		
• > 1 % sulphur	750		

(*) Monitoring charge: LUF 210.

Tax payable when

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

(Accises sur les tabacs manufacturés)

Legal base

Common excise duty

Ministerial decree of 31 December 1947 publishing the law of 31 December 1947 on the tax system for tobacco (*Mémorial* A 1948, p. 82). Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on the tax system for manufactured tobacco (*Mémorial* A No 107 of 31 December 1992, p. 3183). Ministerial regulation of 4 January 1994 publishing Bel-

gian royal decree of 21 December 1993 amending royal decree of 29 December 1992 on the tax system for manufactured tobacco (*Mémorial* A No 2 of 15 January 1995, p. 10). Ministerial regulation of 4 January 1994 publishing Belgian ministerial decree of 30 December 1992 on the tax system for manufactured tobacco (*Mémorial* A of 15 January 1995, p. 11). Ministerial regulation of 31 August 1994 publishing Belgian ministerial decree of 1 August 1994 on the tax system for manufactured tobacco (*Mémorial* A No 84 of 23 September 1994, p. 1553). Ministerial

regulation of 30 January 1995 publishing Belgian ministerial decree of 27 December 1994 on the tax system for manufactured tobacco (*Mémorial A* No 13 of 22 February 1995, p. 630). Ministerial regulation of 20 April 1995 publishing Belgian ministerial decree of 10 April 1995 on the tax system for manufactured tobacco (*Mémorial A* No 33 of 28 April 1995, p. 939). Ministerial regulation of 8 December 1995 publishing Belgian royal decree of 6 November 1995 amending the royal decree of 29 December 1992 on the tax system for manufactured tobacco (*Mémorial A* No 97 of 22 December 1995, p. 2297). Ministerial regulation of 27 December 1995 publishing Belgian ministerial decree of 21 December 1995 on the tax system for manufactured tobacco (*Mémorial A* No 102 of 29 December 1995, p. 2570). Ministerial decree of 27 December 1995 on the tax system for manufactured tobacco (*Mémorial A* No 102 of 29 December 1995, p. 2588). Ministerial regulation of 24 May 1996 publishing Belgian ministerial decree of 26 April 1996 on the tax system for manufactured tobacco (*Mémorial A* No 38 of 7 June 1996, p. 1257). Ministerial regulation of 24 May 1996 on the tax system for manufactured tobacco (*Mémorial A* No 38 of 7 June 1996, p. 1257). Ministerial regulation of 16 August 1996 publishing Belgian ministerial decree of 30 July 1996 on the tax system for manufactured tobacco (*Mémorial A* No 60 of 4 September 1996, p. 1879). Ministerial regulation of 16 August 1996 on the tax system for manufactured tobacco (*Mémorial A* No 60 of 4 September 1996, p. 1880). Ministerial regulation of 18 October 1996 publishing Belgian ministerial decree of 25 September 1996 on the tax system for manufactured tobacco (*Mémorial A* No 75 of 5 November 1996, p. 2194). Ministerial regulation of 18 October 1996 on the tax system for manufactured tobacco (*Mémorial A* No 75 of 5 November 1996, p. 2196). Ministerial regulation of 17 January 1997 publishing Belgian ministerial decree of 2 January 1997 on the tax system for manufactured tobacco (*Mémorial A* No 3 of 29 January 1997, p. 28). Ministerial decree of 17 January 1997 on the tax system for manufactured tobacco (*Mémorial A* No 3 of 29 January 1997, p. 34). Ministerial regulation of 16 May 1997 publishing Belgian ministerial decree of 23 April 1997 on the tax system for manufactured tobacco (*Mémorial A* No 42 of 13 June 1997,

p. 1446). Ministerial regulation of 25 July 1997 publishing the Belgian law of 3 April 1997 on the tax system for manufactured tobacco (*Mémorial A* No 56 of 11 August 1997, p. 1708). Ministerial regulation of 2 August 1997 publishing Belgian ministerial decree of 31 July 1997 on the tax system for manufactured tobacco (*Mémorial A* No 56 of 11 August 1997, p. 1713). Ministerial regulation of 23 December 1997 publishing Belgian ministerial decree of 30 October 1997 on the tax system for manufactured tobacco (*Mémorial A* No 101 of 27 December 1997, p. 3290). Ministerial regulation of 30 April 1998 publishing Belgian ministerial decree of 17 February 1998 on the tax system for manufactured tobacco (*Mémorial A* of 14 May 1998, p. 498). Ministerial regulation of 10 September 1998 on the tax system for manufactured tobacco (*Mémorial A* No 79 of 22 September 1998, p. 1574).

Autonomous excise duty

Law of 20 December 1996 on the budget of public receipts and expenditure for the 1997 fiscal year — Article 6 (*Mémorial A* No 89 of 20 December 1996, p. 2516). Grand Ducal regulation of 1 October 1995 on the tax system for manufactured tobacco (*Mémorial A* No 86 of 13 October 1995, p. 2001). Ministerial regulation of 1 October 1995 fixing the autonomous excise duty on manufactured tobacco (*Mémorial A* No 86 of 13 October 1995, p. 2001). Ministerial regulation of 16 May 1997 on the tax system for manufactured tobacco (*Mémorial A* No 42 of 13 June 1997, p. 1450). Grand Ducal regulation of 2 August 1997 fixing the autonomous excise duty on manufactured tobacco (*Mémorial A*–56 of 11 August 1997, p. 1713). Ministerial regulation of 2 August 1997 on the tax system for manufactured tobacco (*Mémorial A* No 56 of 11 August 1997, p. 1714). Ministerial regulation of 30 April 1998 on the tax system for manufactured tobacco (*Mémorial A* of 14 May 1998, p. 503).

Tax 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 arrangements as tobacco.

Rate

Nature of product	Excise duty	Autonomous excise duty
Cigars	10 %	
Cigarillos	10 %	
Cigarettes		
1. <i>Ad valorem</i> excise duty	47.36 %	1.21 %
2. Specific excise duty	LUF 0.214 per item	LUF 0.130 per item
Tobacco for rolling cigarettes and other smoking tobacco	31.5 %	

Tax payable when

Payment may be deferred until the 15th day of the second month following that in which the form for ordering the tax bands or stamps reaches the tax authorities.

sumption 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.

Special reliefs

Subject to certain conditions, a manufacturer who is in possession of manufactured tobacco that is unfit for con-

Excise duty and consumption tax on ethyl alcohol

(*Accise et taxe de consommation sur l'alcool éthylique*)

Legal base*Non-domestic ethyl alcohol*

Ministerial regulation of 30 July 1993 publishing Belgian royal decree of 12 July 1978 coordinating the legislation governing the excise-duty arrangements for alcohol and the Belgian law of 22 December 1989 laying down tax provisions in the customs and excise-duty fields (*Mémorial A No 71 of 10 September 1993, p. 1392*). Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages (*Mémorial A No 107 of 31 December 1992, p. 3176*). Ministerial regulation of 29 July 1994 publishing Belgian ministerial decree of 10 June 1994 on the excise-duty arrangements for ethyl alcohol (*Mémorial A No 82 of 12 September 1994, p. 1480*).

Domestic ethyl alcohol

Law of 27 July 1925 on the tax arrangements applying to spirits (*Mémorial 1925, p. 481*). Law of 15 July 1935 ap-

proving the convention concluded in Brussels on 23 May 1935 and establishing between the Grand Duchy of Luxembourg and Belgium a special community of receipts as regards the excise duty levied on alcohol (*Mémorial 1935, p. 661*). Grand Ducal decree of 29 July 1926 regulating the levying of excise duties laid down by the law of 27 July 1925 on the tax arrangements applying to spirits (*Mémorial 1926, p. 549*). Grand Ducal decree of 29 July 1926 on the use of alcohol under total or partial exemption of duties and refund of duties on exports of spirits (*Mémorial 1926, p. 558*). Law of 23 December 1992 on the budget of public receipts and expenditure for the 1993 fiscal year — Article 10 (*Mémorial A No 100 of 23 December 1992, p. 2797*).

Consumption tax on alcohol

Law of 20 December 1996 on the budget of public receipts and expenditure for the 1997 fiscal year — Article 7 (*Mémorial A No 89 of 20 December 1996, p. 2516*).

Beneficiary

The State.

L 3.1.4.

Tax 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.

Rate

- Excise duty: LUF 9 000 per hl and per degree of alcohol at 20 °C.
- Autonomous excise duty: LUF 33 000 per hl and per degree of alcohol at 20 °C.

Tax payable when

Payment may be deferred until the 15th day of the second month following that in which the declaration for release for consumption was submitted.

Alcohol and spirits manufactured on the basis of flat-rate tax arrangements benefit from the following credit terms:

1. Flat-rate distillers
 - Not using a warehouse: credit period of not more than six months from the declaration (origin of the tax debt).
 - Using a warehouse: unlimited credit period until validation of the customs permit covering the removal of the alcohol from the warehouse; credit period of not more than two months from validation of the customs permit covering the removal of alcohol from the warehouse.
2. Industrial distillers and rectifiers

An unlimited credit period may be granted to industrial distillers and rectifiers for phlegmas purchased and warehoused. A credit period of not more than six months as from the transcription of duties and tax to their account may be granted to the same persons for the payment of duties and tax charged on phlegmas purchased but not warehoused.

L 3.1.5.

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

(*Accise sur les vins et les autres boissons fermentées, mousseuses ou non*)

Legal base

Still wine

Belgian law of 15 July 1938 on the tax system for wine and similar beverages and certain alcoholic liquors, implemented by the ministerial decree of 8 July 1939 — Articles 1 and 8 (*Mémorial* 1939, p. 566). Ministerial regulation of 26 March 1990 publishing the Belgian law of 15 July 1938 on the tax system for wines and similar beverages and certain alcoholic liquors (*Mémorial* A 1990, p. 249). Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on the structure and rates of excise duty on alcohol and alcoholic beverages (*Mémorial* A No 107 of 31 December 1992, p. 3176). Ministerial regulation of 29 July 1994 publishing

Belgian ministerial decree of 10 June 1994 on the excise-duty system for wines, other fermented beverages and intermediate products (*Mémorial* A No 82 of 12 September 1994, p. 1516).

Sparkling wine

Belgian law of 12 February 1937 amending the tax system for sparkling fermented beverages, as implemented by the ministerial decree of 10 March 1937 (*Mémorial* 1937, p. 157). Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages (*Mémorial* A No 107 of 31 December 1992, p. 3176). Ministerial regulation of 29 July 1994 publishing the Belgian ministerial decree of 10 June 1994 on

the excise-duty system for wines, other fermented beverages and intermediate products (*Mémorial A No 82 of 12 September 1994, p. 1516*).

Beneficiary

The State.

Tax 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.

Rate

<i>Nature of product</i>	<i>Excise duty</i>
Grape wines and sparkling wines	0
Other fermented beverages, whether sparkling or not	0

Excise duty on beer

(*Accise sur les bières*)

Legal base

Belgian law of 11 May 1967 on the excise system for beer. Ministerial regulation of 30 December 1992 publishing the Belgian royal decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages (*Mémorial A No 107 of 31 December 1992, p. 3176*). Ministerial regulation of 7 March 1994 publishing the 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 (*Mémorial A No 23 of 28 March 1994, p. 391*). Ministerial regulation of 7 March 1994 publishing the Belgian ministerial decree of 1 February 1994 on the excise system for beer (*Mémorial A No 23 of 28 March 1994, p. 392*). Ministerial regulation of 29 July 1996 publishing the Belgian ministerial decree of 15 July 1996 amending the ministerial decree of 1 February 1994 on the excise system for beer (*Mémorial A No 54 of 23 August 1996, p. 1676*).

Beneficiary

The State.

Tax payable on

Beers and mixtures of beer and non-alcoholic beverages having an actual alcoholic strength by volume of more than 0.5 %.

Rate

LUF 32 per hectolitre/degrees Plato.

There are reduced rates for small breweries:

- LUF 16 per hectolitre/degrees Plato if annual production is less than 50 000 hectolitres;
- LUF 18 per hectolitre/degrees Plato if annual production is between 50 001 and 200 000 hectolitres.

Tax payable when

Payment may be deferred until the 15th day of the month following that in which the declaration for release for consumption was submitted.

Excise duties on intermediate products

(*Accises sur les produits intermédiaires*)

Legal base

Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on the struc-

ture and rates of excise duties on alcohol and alcoholic beverages (*Mémorial A No 107 of 31 December 1992, p. 3176*). Ministerial regulation of 7 March 1994 publish-

L 3.1.7.

ing Belgian royal decree of 21 January 1994 amending royal decree of 29 December 1992 on the structure and rates of excise duties on alcohol and alcoholic beverages (*Mémorial* A No 23 of 28 March 1994, p. 391). Ministerial regulation of 29 July 1994 publishing Belgian ministerial decree of 10 June 1994 on the excise duty arrangements for wine, other fermented beverages and intermediate products (*Mémorial* A No 82 of 12 September 1994, p. 1516).

Beneficiary

The State.

Tax payable on

Beverages with an alcoholic strength by volume of less

than 22 %, except for beer and sparkling and non-sparkling fermented beverages.

Rate

- Intermediate products with an alcoholic strength by volume of less than 15 %: LUF 1 900 per hl of finished product.
- Intermediate products with an alcoholic strength by volume of between 15 and 22 %: LUF 2 700 per hl of finished product.

Tax payable when

Payment may be deferred until the 15th day of the month following that in which the declaration of release for consumption was submitted.

L 3.1.8.

General arrangements applicable to products subject to excise duty

(*Dispositions générales relatives aux produits soumis à accises*)

Legal base

Ministerial regulation of 30 December 1992 publishing 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 (*Mémorial* A No 107 of 31 December 1992, p. 3166).

Ministerial regulation of 30 December 1992 publishing Belgian royal decree of 29 December 1992 on excise duties (*Mémorial* A No 107 of 31 December 1992, p. 3173).

Ministerial regulation of 16 February 1994 publishing 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 (*Mémorial* A 15, 25 February 1994, p. 259), as amended by Belgian ministerial decree of 5 March 1996 (*Mémorial* A No 22 of 3 April 1996, p. 856). Ministerial regulation of 2 June 1995 publishing Belgian ministerial decree of 5 April 1995 on the conditions for recognition of the status of authorised warehousekeeper (*Mémorial* A No 47 of 15 June 1995, p. 1272).

Ministerial regulation of 30 June 1995 publishing Belgian royal decree of 30 June 1995 on excise duty (*Mémorial* A No 61 of 31 July 1995, p. 1486).

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

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 authorised warehouse-keeper or the registered trader.

The excise duty becomes due on release for consumption or on detection of shortages.

Exemptions

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.

L 3.2.1.**Tax on lotto**

(Taxe sur le loto)

Legal base

Law of 30 July 1983 introducing a tax on lotto (*Mémorial* A. 1983, p. 1350).

Beneficiary

The State.

Tax payable by

The organiser of the game of lotto.

Basis of assessment

Gross sums involved
(amounts collected from players).

Collection

By means of tax returns.

Rate

15 %.

L 3.2.2.**Fire service tax**

(Impôt dans l'intérêt du service d'incendie)

Legal base

Law on fire-protection tax of 1 February 1939 (RGBI I, p. 113); provisions of 1 February 1939 implementing the law on fire-protection tax (RGBI 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); law of 21 February 1985 amending the law on fire-protection tax of 1 February 1939 (*Mémorial* A 1985, p. 169).

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

6 %.

L 3.2.3.

Insurance tax

(Impôt sur les assurances)

Legal base

Law on insurance tax of 9 July 1937 (RGBI I, p. 793), provisions implementing the law on insurance tax of 13 July 1937 (RGBI 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), law of 6 December 1990 reforming certain provisions concerning direct and indirect taxation (Articles 10 and 15); law of 8 December 1994 amending and supplementing, *inter alia*, the amended law of 9 July 1937 on insurance tax.

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, capitalisation contracts, etc.).

Basis of assessment

Generally, the premium including incidental expenses.

Exemptions

Reinsurance, life assurance and like contracts, and compulsory contracts with social insurance institutions.

Collection

Returns and payments are made on a quarterly basis by the underwriter.

Rate

Insurance tax is levied at a rate of 4 % for all branches of insurance and for all risks covered.

L 3.2.4.

Entertainments tax

(Taxe sur les amusements publics)

Legal base

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.

Beneficiary

The municipalities.

Tax payable by

Organisers of public entertainments.

Tax payable on

Cinema shows, fairs, lotteries, fancy-dress balls, skittles, juke-boxes, etc.

Collection

By means of tax returns.

Rate

There is a fixed duty varying from LUF 200 to LUF 300 annually in the case of skittles and from LUF 200 to LUF 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.

L 3.2.5.

Tax on gross proceeds from casino gambling

(Prélèvement sur le produit brut des jeux de casino)

Legal base

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 12 February 1979 (*Mémorial* A, 1979, p. 145), as amended by Grand Ducal regulation of 17 December 1986 (*Mémorial* A, 1986,

p. 2297) and by Grand Ducal regulation of 8 May 1991 (*Mémorial A*, 1991, p. 618) and by the Grand Ducal regulation of 24 December 1997 (*Mémorial A*, 1997, p. 3335).

Beneficiary

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.

Rate

Rates vary between 10 % and 80 %.

Tax on land and buildings

(*Impôt foncier*)

Legal base

Law on tax on land and buildings of 1 December 1936, amended by the regulation of 20 April 1943 (RGTBI, 1943, p. 267 — RSTBI 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).

Beneficiary

The municipalities.

Tax payable by

Owners of real estate located in the municipalities.

Basis of assessment

Standard value of all real estate, whether buildings or land without buildings, assessed on the basis of the valuation law.

Exemptions

Real estate belonging to public corporations and used for public purposes; real estate assigned by the owner or by a

public corporation for charitable, sporting, religious or scientific purposes; land and buildings belonging to hospitals; public roads and waterways; cemeteries; real estate belonging to a foreign State, used by embassies and legations under the condition of reciprocity.

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.

Rate

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 2 and 7.5, depending on the nature of the building.

In the case of farms, this factor varies from 2 to 5.

Special features

The tax may be deducted from taxable income or profits.

L 3.3.2.

Stamp duty

(Droit de timbre)

Legal base

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; law of 22 December 1994 on the budget of public receipts and expenditure for the 1995 fiscal year.

Beneficiary

The State.

Basis of assessment

Stamp duty ranging from LUF 75 to LUF 400, depending on the size of the paper, is payable on all public and pri-

vate documents intended to have probative force between the parties concerned.

Fixed stamp duty ranging from LUF 5 to LUF 50 000 is payable on certain documents (passports, permits, certificates, legalisations, authorisations, 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.

L 3.3.3.

Registration taxes

(Droits d'enregistrement)

Legal base

Laws 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 18 January 1948 and 13 July 1949; 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; law of 23 December 1994 on the budget of public receipts and expenditure for the 1995 fiscal year.

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.

Rate

1. Fixed rates ranging from LUF 500 (the standard rate) to LUF 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.

2. 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 LUF 500.
3. 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 %;
 - new capital invested in family companies: 0.5 %;
 - capitalisation of reserves: fixed duty of LUF 500.
4. 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): exempt because the assets invested are the contributor's total assets;
 - transfer of shares of associates: fixed duty of LUF 500.
5. 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 LUF 2 000 a year). The rates for the annual duty are payable by investment bodies.

L 3.3.4.

Mortgage tax (registration of mortgage, renewal of registration and transfer)

(Droits d'hypothèque — Droits d'inscription, de renouvellement d'inscription et de transcription)

Legal base

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 (Banque et Caisse d'Épargne de l'État), 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.

Rate

- 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 features

A special duty (registrar's fee) ranging from LUF 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.

L 3.3.5.

User charge for commercial vehicles

(Droit d'usage pour véhicules utilitaires)

Legal base

Law of 24 February 1995 approving and applying the agreement on the collection of a user charge for the use of certain roads by heavy commercial vehicles, done at Brussels, 9 February 1994 (*Mémorial A* No 15 of 24 February 1995, p. 714).

Beneficiary

The State.

Chargeable event

The use by a vehicle of a motorway, or similar road or another highway (of the principal road network to be included for reasons of safety and convenience of road users and of the quality of life of the frontage residents) on the territory of Luxembourg is subject to the levying of the user charge.

Exemptions

The following are exempt from the user charge:

- vehicles of the army, gendarmerie, police, civil defence, fire services and other emergency services;
- vehicles belonging to legal persons governed by public law and used to maintain and operate the road system;

- vehicles used exclusively to transport equipment and machinery to or from places of work and building sites;
- vehicles used exclusively for agricultural, viticultural or forestry purposes.

Rate

For the use of certain roads by heavy vehicles, the amounts of the user charge are as follows:

	Standard rate (LUF)		Reduced rate (LUF)	
Number of axles:	≤ 3	≥ 4	≤ 3	≥ 4
Per day	238	238	119	119
Per week	791	1 305	396	653
Per month	2 965	4 941	1 483	2 471
Per year	29 629	49 381	14 815	24 691

Collection

Proof of payment of the user charge is shown by means of a certificate issued to the debtor.

Refunds

The user charge paid for a period of one year may be refunded if there is no road use.

L 3.3.6.

Trade tax

(Impôt commercial)

Legal base

Law on trade tax of 1 December 1936, amended by the laws of 29 November 1973 (*Mémorial A*, 1973, p. 1545–1546), 27 December 1973 (*Mémorial A*, 1973, p. 1949–1964), 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), 6 December 1990 (*Mémorial A*, 1990, p. 1013) and 24 December 1996 (*Mémorial A*, 1996, p. 2911); regulations of 31 March 1943 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); law of 12 February 1999 on the implementation

of the 1998 national action plan for employment (*Mémorial A*, 1999, p. 190); various Grand Ducal and ministerial regulations.

Beneficiary

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).

Deductions

An allowance of LUF 1 200 000 is granted on profits made by natural persons and partnerships (*sociétés de personnes*) and of LUF 700 000 on profits made by companies limited by shares (*sociétés de capitaux*).

Exemptions

As a general rule, those persons or companies are exempted which are also exempted from corporation tax.

Non-residents

The same as for residents, since the tax is levied on the enterprise by virtue of the fact that it is located in Luxembourg, regardless of who the owner is.

Collection

Annually by means of tax returns.

Rate

- 4 % of profits.
- A municipal factor varying between 1.8 and 3 is then applied.

Losses

Without limit for losses incurred in 1991 and thereafter.

Special features

This tax may be deducted from taxable income or profits.

Tax on licensed premises

(Taxe sur les débits de boissons alcooliques)

Legal base

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 when

1. Single tax payable when an establishment is opened or taken over.
2. An annual tax payable thereafter.

Rate

1. The tax payable on the opening of a bar or café is between LUF 2 500 and LUF 10 000.
2. The annual tax ranges from LUF 1 000 to LUF 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.

THE NETHERLANDS

Nederland

Personal income tax

(Inkomstenbelasting)

Legal base

Income Tax Law, 1964 (Stb. 1990, 103) as last amended by the Laws of 17 December 1998 (Stb. 724, 725, 726 and 727), and by Ministerial Regulation (the 'Bijstellingsregeling 1999') WDB98/423M (Stcrt. 244) of 16 December 1998.

Beneficiary

The State.

Tax payable by

All individuals resident in the Netherlands, and non-residents deriving income from Dutch sources (see '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), plus personal liabilities which are received back and the imputed rental value for the residence inhabited by the owner/taxpayer, 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. Certain costs also with a private aspect are not deductible or are deductible only in part, for example 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 out 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 insofar 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, plus negative personal liabilities and the imputed rental value for the residence inhabited by the owner/taxpayer, less the assisting-spouse deduction, allowances on dividends and de-

ductible losses from certain other years. Certain costs also with a private aspect are not deductible or are deductible only in part, for example food and drink, entertainment.

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.
- Reorganisation profits resulting from creditors abandoning unsatisfied claims, insofar 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 NLG 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, for example, private companies; 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 NLG 61 000 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 NLG 207 000 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 NLG 7 000.
 - 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.
 - Income from investments in appointed green institutions, whether received direct or through an appointed intermediary company.
- Allowances/exemptions
- Interest allowance to a maximum of NLG 1 000 (NLG 2 000 for married couples) for the amount by which interest received exceeds interest paid in connection with income sources and personal liabilities, and NLG 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.
 - Interest allowance, or in the case of an investment through an appointed intermediary company, a dividend allowance, of up to NLG 5 000 (NLG 10 000 for married couples) on loans, or in the case of an investment through an appointed intermediary company, investment in enterprises starting up.
 - Dividend allowance to a maximum of NLG 1 000 (NLG 2 000 for married couples) in respect of dividends subject to Dutch dividend tax. The dividend allowance is not applicable in respect of dividends derived from a substantial interest in a company.

Reliefs

1. Investment

There is an investment allowance (deduction of profits) in respect of investments in business assets of up to NLG 556 000. Investments are divided into nine bands, with the percentage of the allowance declining as the investment increases. For investments of up to NLG 64 000 the allowance is 21 %. 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.

Furthermore, there is an allowance in respect of investments in energy-saving business assets placed on an

energy list (*Milieulijst*). For investments up to NLG 64 000 the allowance is 50.5 %. The percentage of the allowance decreases as the investment increases. The maximum allowance is 40 % of NLG 205 million.

Accelerated depreciation is permitted with regard to certain fixed assets, the most important of which are: environmental investment schemes, seagoing vessels and intangible assets (if they belong to an enterprise which has been purchased and was not established in the Netherlands).

Equity allowance: in 1999, the equity allowance is equivalent to 1 % of business assets.

2. 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 1999 is not more than NLG 21 009, and the reserve may not exceed the book value of business assets. For 1999, 12 % of profits 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 %.

3. Relief for self-employed persons

In 1999, the amount of the relief is NLG 11 815 for profits up to NLG 94 560 and falls progressively to NLG 7 515 for profits over NLG 106 575.

Individuals starting up in business qualify for extra relief amounting to NLG 3 775 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 NLG 16 760. ‘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.

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:

- 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;
- 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 (NLG 8 380 in 1999), and the tax-free allowance is transferred to the partner.

Children's own income

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.

Rate

1. Four income bands

For residents and non-residents whose world income is earned entirely or almost entirely in the Netherlands, there are four income bands over which the taxable amount, i.e. taxable income less the personal allowance, is spread. World income is taxed in 1999 at the following rates with

the following income tax brackets (the first two rates include both tax and social security contributions; the upper two rates consist solely of tax):

Rate	Income
35.75 %	up to NLG 15 000
37.05 %	NLG 15 000–48 175
50 %	NLG 48 175–105 954
60 %	NLG 105 954 and more

For individuals aged 65 or over, the first two rates are different, because social security contributions are not due any more. They are respective 0 % and 19.15 %.

As a rule, every taxpayer qualifies for the tax-free allowance of NLG 8 380, which may be increased by the single-parent allowance of NLG 6 704. This 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. The single-parent allowance may be increased by the supplementary single-parent allowance (ceiling of NLG 6 704) if work (other than housework) is carried out and if there is a child at home who is under 12.

The tax-free allowance of NLG 8 380 may be increased by the allowance for individuals aged at least 65. The basic elderly allowance is NLG 511. For individuals with an income of less than NLG 56 974 this allowance is increased to NLG 2 152. This basic allowance may be increased by the supplementary elderly allowance of NLG 511 (NLG 3 057 for individuals with an income less than NLG 56 974) which is intended for individuals who have a general old-age pension for a single person or single-parent.

Married taxpayers or unmarried taxpayers who live with their partners may, on certain conditions, transfer their tax-free allowance of NLG 8 380 to their spouses or partners where they have an income of less than NLG 8 380. The persons to whom the tax-free allowance is transferred then qualify for a tax-free allowance of NLG 16 760, 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 1999. Indexation takes place each year.

2. 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);

NL 1.1.

- 25 % in the case of income from a substantial interest in a company;
- 20 % in the case of profits deemed to be made on an entrepreneur's death;
- 10 % in the case of bonus shares obtained when an officially-quoted limited company issues new capital.

The above proportional rates apply only where income exceeds the first income band.

Losses

Losses may be offset against income in the preceding three and following eight calendar years.

As regard the losses of an enterprise the period of eight years is extended indefinitely.

Collection

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.

The following taxes are offset against the final assessment:

- tax on wages (deducted at source by employer);
- dividend tax (deducted at source by paying company);
- tax on games of chance where the winnings form part of income.

Provisional assessments are also offset against the final assessments.

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Tax on wages

(Loonbelasting)

Legal base

Act on wages tax, 1964 (Stb. 1990, 104) as last amended by the Bill of 17 December 1998 (Stb. 725), and by Ministerial Regulation ('Bijstellingsregeling 1999') WDB98/423M (Stcrt. 244) of 16 December 1998.

Beneficiary

The State.

Tax payable by

- 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.
- 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.
- 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.
- Persons resident abroad receiving a wage or salary from a Dutch public corporation for work they are doing or have done.

- 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.

Tax payable on

The tax on wages or salaries tax is an advance levy on the personal income tax. The salaries tax and the social security contributions are levied jointly on earned income or benefits.

Collection

The employer or body paying the benefit deducts the tax and contributions directly from the salary or benefit, and pays these to the tax department. Many persons pay only salaries tax, and are not subject to income tax. For persons with a high income or many tax-deductible items, the salaries tax serves as an advance levy, and they are subsequently issued with an income tax return and an assessment.

Dividend tax

(Dividendbelasting)

Legal base

Dividend Tax Law, 1965 (Stb. 621) as last amended by the Law of 17 December 1998 (Stb. 724).

Beneficiary

The State.

Tax payable by

Persons holding — directly or in the form of certificates — shares and profit-participation bonds of Dutch joint-stock companies, private limited companies with limited liability, open limited partnerships and other companies with capital wholly or partly divided in shares.

Exemptions

- Withholding of dividend tax is not obligatory insofar 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.
- 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 'Corporation tax').

cial regime for investment funds (see 'Corporation tax').

Tax payable on

The dividend tax is an advance levy on the personal income tax.

The tax is 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 %.

Collection

Deduction at source. The paying companies withhold the tax at source and pay the tax immediately on declaration to the tax department, insofar as the tax is payable by the pertinent companies.

Corporation tax

(Vennootschapsbelasting)

Legal base

Corporation Tax Law 1969 (Stb. 445) as last amended by the Law of 17 December 1998 (Stb. 726).

Beneficiary

The State.

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. (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.)

lands or having sources of income analogous to those subject to the income tax applicable to non-residents. (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.)

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

Legal persons whose activities are of a social or charitable nature or otherwise in the public interest are exempted from corporation tax.

Exempted categories of profit are those corresponding to the relevant exemptions under personal income tax; furthermore the participation exemption applies to 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. The loss related to the winding-up of a subsidiary is, under certain conditions, deductible by the parent company. The deductibility of interest paid on non-functional loans and loans related to a reshuffle of participations within the group is restricted to certain circumstances. A regulation offers groups of multinational enterprises (MNE-groups) the possibility of setting aside a reserve for risks relating to their finance and holding activities.

Another amendment permits companies to depreciate loss-making participations of 25 % or more during the first five years after acquisition.

Reliefs

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. Under certain circumstances interest paid to a group company in respect of the acquisition of shares in Dutch operating companies cannot be set off against the profit of these operating 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.

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.

Rate

35 %

Losses

See 'Personal income tax'.

Tax on games of chance

(Kansspelbelasting)

Legal base

Law governing the tax on games on chance, 14 September 1961 (Stb. 313) as last amended by the Law of 29 June 1994 (Stb. 499).

Beneficiary

The State.

Tax payable by

In the case of casino games organised in the Netherlands: the organiser of such casino games.

In the case of other games of chance: winners of games of chance organised in the Netherlands, beneficiaries of lotteries organised in the Netherlands, beneficiaries resident or domiciled in the Netherlands of games of chance organised abroad.

Basis of assessment

In the case of casino games organised in the Netherlands: the gross takings which the organiser realises 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 organised in the Netherlands, prizes to a maximum amount of NLG 1 000 and prizes not exceeding the participants' outlay are tax-free.

Collection

In the case of casino games organised in the Netherlands, the tax is paid by the organiser 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 organised in the Netherlands. For prizes won in games of chance organised abroad, the tax must be paid by the prize-winner on the basis of a declaration made by the prize-winner himself.

Rate

In the case of casino games organised in the Netherlands: one third.

In the case of other games of chance: 25 %.

Commuter tax**(Forensenbelasting)****Legal base**

Municipal by-laws based on Article 223 of the Law on Municipalities ('Gemeentewet').

Beneficiary

The municipalities. (Tax payable in some 200 municipalities.)

Tax payable by

Individuals whose main residence is not in the municipality in question but who spend more than 90 nights of the tax year in that municipality, or keep 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 they normally live in.

Reductions

The municipalities may lay down reductions.

Non-residents

As for residents.

Collection

The tax is assessed and collected by the municipalities.

Rate

As the municipalities are competent to determine the rates of this tax, rates differ according to municipality.

Wealth tax**(Vermogensbelasting)****Legal base**

Wealth Tax Law, 1964 (Stb. 520) as last amended by the Law of 18 December 1997 (Stb. 652 and 736) and

by Ministerial Regulation ('Bijstellingsregeling 1999') WDB 98/423M (Stct.244) of 16 December 1998.

NL 1.7.

Beneficiary

The State.

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 (not in case of temporary usufruct);
- net wealth invested in own business:
 - up to and including NLG 216 000: 100 % exemption;
 - from NLG 216 000: NLG 216 000 plus 68 % of the assets in excess of that amount;
- pension rights;
- the following, provided they do not form part of business assets:
 - furniture and works of art;
 - goldsmiths' and silversmiths' wares; articles of jewellery: exemption up to a value of NLG 8 500;
 - income from certain periodical payments;
 - certain life insurances;

- certain payments of capital from insurances in connection with illness, death, disability and accident;
- estates and woods, marked out by virtue of the Nature Protection Act (Natuurschoonwet 1928, Stb. 63).

Deductions

An additional allowance is granted to persons with inadequate pension, life assurance policy or life annuity (minimum allowance of NLG 8 000 and maximum allowance of NLG 287 000).

Rate

7 % 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.

NL 1.8.

Tax on passenger cars and motor bicycles (BPM)

(Belasting van personenauto's en motorrijwielen — BPM)

Legal base

Law on the Tax on Passenger Cars and Motor Bicycles, 1992 (Stb. 709), as last amended by the Law of 18 December 1997 (Stb. 732).

Beneficiary

The State.

Tax payable by

The person who applies for registration of a passenger car or a motor bicycle.

Chargeable event

- 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.

Rate

- Passenger cars:

45.2 % of the list price exclusive of VAT and BPM. The result is to be reduced by NLG 3 394 or, for passenger cars with diesel engines, NLG 2 116.

- Motor bicycles:

- up to a list price exclusive of VAT and BPM of NLG 4 700: 10.2 %
- for higher list prices: 20.7 %. In this case the result is to be reduced by NLG 494.

Succession duties

(**Successierechten**)

Legal base

Law on Succession Duties, 1956 of 28 June 1956 (Stb. 1984, 546), as last amended by the Law of 24 December 1997 (Stb. 773), and by the Ministerial Regulation ('Bi-jstellingsregeling 1999') WDB98/423M (Stcrt. 244) of 16 December 1998.

Beneficiary

The State.

Tax payable by

Persons receiving inheritances, legacies and gifts.

Basis of assessment

Value of all property received by the beneficiary:

- as an inheritance from a person residing in the Netherlands at the time of his or her death;
- 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 State, provinces, municipalities and certain museums 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 NLG 16 507 (1 January 1999); certain al-

lowances, 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 State, provinces, municipalities and certain museums in the case of gifts made in the public interest; Dutch legal persons carrying on activities in the public interest provided the gift does not have a value exceeding NLG 8 254 (1 January 1999); 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'.

Collection

On the basis of returns by the taxpayers.

On request is possible extension of time for the payment of and/or remission of (a part of) the duties payable on gifts, inheritance and legacies with regard to enterprise-assets.

Rate

Rates 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 %.

NL 3.1.1.

Turnover tax — value added tax

(Omzetbelasting — Belasting over de toegevoegde waarde)

Legal base

Law on Turnover Tax, 1968 (Stb. 329), as last amended by the Law of 17 June 1998 (Stb. 350)

Beneficiary

The State.

Tax payable by

- The entrepreneur who supplies goods and/or renders services.
- The entrepreneur or legal body other than an entrepreneur who acquires goods by a transaction within the European Union.
- Anyone who imports goods into the Netherlands from non-EU countries.

Tax payable on

- Supplies of goods effected in the Netherlands by an entrepreneur in the course of his business.
- Supplies of services effected in the Netherlands by an entrepreneur in the course of his business.
- The acquisition of goods from EU countries by an entrepreneur or legal body other than an entrepreneur in the course of his/its business.
- The importation of goods from non-EU countries.
- The acquisition of new means of transport from Union countries.

Basis of assessment

The total amount of the consideration charged for the taxable event except the VAT itself. If the amount paid exceeds the amount charged, the former is the basis of assessment.

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 to zero-base export transactions.

- VAT due on acquisition of goods.
- VAT due on the importation of goods.
- Prepaid VAT that can be allocated to exempt supplies and services is not deductible.

Exemptions

- The delivery of real estate except the delivery of constructed real estate within two years after first use and except the delivery of real estate when supplier and recipient have opted for taxation and the real estate is used for purposes for which a (nearly) full right to deduct VAT is granted.
- Rent of real estate — except private homes — when the lessor and lessee have opted for taxation and the real estate is issued for purposes for which a (nearly) full right to deduct VAT is granted.
- Certain supplies of services by banks, insurance companies, postal services and medical services.
- The activities of youth organisations, sports clubs, non-profit-making institutions of a social or cultural nature, (most) education, composing and writing.

Collection

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).

In the case of import from non-EU countries as import duties or, when the entrepreneur is authorised to do so, as above.

Rate

The standard rate is 17.5 %.

A reduced rate of 6 % applies to goods and services which can, in general, be regarded as necessities.

Exports

A rate of 0 % applies to goods exported by an entrepreneur to non-EU countries.

NL 3.1.2.

Duty on mineral oils

(Accijns van minerale oliën)

Legal base

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and

by Ministerial Regulation WV 98/498 (Stcrt. 240) of 4 December 1998.

Beneficiary

The State.

Tax payable on

Light oils (petrols), medium oils (petroleum), diesel oil, light fuel oil, heavy fuel oil, liquefied petroleum gas (LPG) 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.

Chargeable event

Release of the products for consumption or importation 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.

Rate

Products	Rate (NLG)
1. Light oils, liquid at a temperature of 15 °C and under atmospheric pressure, per 1 000 litres at 15 °C:	
• Unleaded	1 256.60
• Leaded	1 402.30
2. Gas oil used as a propellant, per hl at 15 °C	723.20
3. Gas oil used for industrial and commercial purposes and for heating purposes, per 1 000 litres at 15 °C	102.60
4. Liquefied petroleum gas, used as propellant, per 1 000 kg	228.66
5. Heavy fuel oil and other mineral oils, per 1 000 kg net weight	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 L 76, 23.3.1992).

Tax on stocks of petroleum products

(Voorraadheffing aardolieprodukten)

Legal base

Law on the Storage of Petroleum Products (Wet voorraadvorming aardolieprodukten) of 21 October 1976 (Trb. 1976, 569), as last amended by the Law of 9 May 1996 (Stb. 273).

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.

Rate

- Light oils: NLG 1.10 per hectolitre.
- Medium oils: NLG 1.10 per hectolitre.
- Diesel oil: NLG 1.10 per hectolitre.
- Heavy fuel oil and the like: Zero.

Collection

As for the duty on mineral oils.

NL 3.1.4.

Fuel tax

(Brandstoffenbelasting)

Legal base

Law on environmental taxes (Wet belastingen op milieu-grondslag — Wbm)(Stb. 1994, 923) as last amended on 17 December 1998 (Stb. 725).

Beneficiary

The State.

Tax payable on

Fuel tax is levied on mineral oils, coal, natural gas, blast furnace gas, coke oven gas, coal gas, refinery gas, coal

gassification gas and residuals which are used in the chemical and petroleum industries (petroleum coke, liquid and gaseous fuels). Mineral oils are petrol, diesel, heating gasoil and heavy fuel oil.

Tax payable by

Mainly manufactures and importers. The fuel tax on mineral oils is levied together with the excise duty on mineral oils. The fuel tax on the other above-mentioned fuels is due by persons who extract, produce or import these fuels and subsequently use them as fuels or transfer them to others for use as fuels.

Rate

Light oils

• Leaded	Per 1 000 l	NLG 25.63
• Unleaded	Per 1 000 l	NLG 25.63
Medium oils	Per 1 000 l	NLG 28.08
Diesel oil and the like	Per 1 000 l	NLG 28.28
Heavy fuel oil	Per 1 000 kg	NLG 33.01
Coal	Per 1 000 kg	NLG 23.87
LPG	Per 1 000 kg	NLG 33.77
Natural gas:		
• 0–10 million m ³	Per 1 000 m ³	NLG 22
• > 10 million m ³	Per 1 000 m ³	NLG 14.40
Blast-furnace gas and the like	Per 1 000 gigajoules	NLG 241.79
Coal gassification gas	Per 1 000 gigajoules	NLG 954.83
Petrocoke	Per 1 000 kg	NLG 33.15
Liquid fuels	Per 1 000 kg	NLG 33.01
Gaseous fuels	Per 1 000 gigajoules	NLG 241.79

Exemptions

All usage, other than as fuel, is exempt.

Mineral oils: as for excise duty on mineral oils.

Other fuels: payment on declaration at the end of each tax period.

Collection

Collection is made by the Tax and Customs administration.

NL 3.1.5.

Regulatory energy tax

(Regulerende energiebelasting)

Legal base

Law on environmental taxes (Wet belastingen op milieu-grondslag — Wbm) (Stb. 1994, 923) as last amended by the Law of 17 December 1998, Stb. 725.

Beneficiary

The State.

Tax payable on

The regulatory energy tax is levied on natural gas and electricity. Mineral oil products when used as substitutes for gas by domestic users or commercial establishments are also taxed (heating oils, non-transport applications of LPG). A zero rate applies to mineral oils used for transport purposes.

Tax payable by

The energy tax on mineral oils is levied together with the excise duty on mineral oils.

The tax on natural gas and electricity is payable by the energy distribution companies.

Rate

Medium oils	Per 1 000 l	NLG 126.80
Heating oil	Per 1 000 l	NLG 127.85
LPG	Per 1 000 kg	NLG 151.25
Natural gas*	Per 1 000 m ³	NLG 159.80 =< 5 000 m ³ NLG 104.40 > 5 000 m ³ to =<170 000 m ³ NLG 7.10 > 170 000 m ³ to =<1 000 000 m ³
Electricity**	Per 1 000 kWh	NLG 49.50 =< 10 000 kWh NLG 32.50 > 10 000 kWh to =< 50 000 kWh NLG 2.20 > 50 000 kWh to =< 10 000 000 kWh

* Natural gas is taxed to a maximum of 1 000 000 m³ per year, with a tax-free allowance of 800 m³ per year.

** Electricity is taxed to a maximum of 10 000 000 kWh per year, with a tax-free allowance of 800 kWh.

Exemptions

- All usage, other than as fuel, is exempt.
- Natural gas used to produce electricity is exempt.
- Various tax-incentives have been introduced for environmental reasons in support of energy saving and renewable energy.

Collection

Mineral oils: as for the excise duty on mineral oils. Natural gas and electricity: payment on declaration at the end of each tax period. The tax is collected by Tax and Customs Administration.

Tax on ²³⁵uranium

(Belasting op ²³⁵uranium)

Legal base

Law on environmental taxes (Wet belastingen op milieu-grondslag — Wbm) (Stb. 1994, 923) as last amended by the Law of 17 December 1998, Stb. 725

Beneficiary

The State.

Tax payable on

The tax is levied on ²³⁵uranium (so that nuclear-generated electricity is taxed in the same way as fuel-based electricity).

Tax payable by

The tax is due by the nuclear energy company.

Rate

NLG 32.62 per gram of ²³⁵uranium.

Collection

Payment on declaration at the end of each tax period. The tax is collected by the Tax and Customs Administration.

NL 3.1.7.

Duty on tobacco

(Tabaksaccijns)

Legal base

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and by Ministerial Regulation of 4 December 1998. nr. WV 98/498 (Stcrt. 240).

Beneficiary

The State.

Tax payable on

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.

Chargeable event

The release for consumption or import.

Collection

The duty is settled by affixing tax bands supplied by the central government against payment of the appropriate amount of duty.

Rate

In percentages of the retail price:

- cigars: 5 %;
- cigarettes: 21.05 % plus NLG 96.35 per 1 000;
- smoking tobacco: 16.01 % plus NLG 42.35 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.

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.

NL 3.1.8.

Duty on wine

(Wijnaccijns)

Legal base

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and by Ministerial Regulation WV 98/498 (Stcrt. 240) of 4 December 1998.

Beneficiary

The State.

Tax payable on

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 harmonisation of the structures of excise duties on alcohol and alcoholic beverages.

Chargeable event

The release for consumption or import.

Declaration

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.

Rate

- Excise duty on *non-sparkling wine* (per hectolitre)
 - if the wine has a strength not exceeding 8.5 % volume: NLG 53.75;
 - if the wine has a strength of more than 8.5 % volume and not more than 15 % volume: NLG 107.50;
 - if the wine has a strength of more than 15 % volume: NLG 187.00.
- Excise duty on *sparkling wine* (per hectolitre)
 - if the wine has a strength not exceeding 8.5 % volume: NLG 69.50;
 - if the wine has a strength of more than 8.5 % volume: NLG 366.50.

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 five 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.

Duty on beer**(Bieraccijns)****Legal base**

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and by Ministerial Regulation WV 98/498 (Stcrt. 240) of 4 December 1998.

Beneficiary

The State.

Basis of assessment

Excise duty is levied on beer to the number of hectolitre-degrees Plato.

Chargeable event

Release of goods for consumption or importation for release for consumption.

Declaration

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.

Rate

Rates are given per hectolitre, according to the category of beer expressed in degrees Plato:

- less than 7: NLG 20.00;
- 7 to 11: NLG 35.20;
- 11 to 15: NLG 46.90;
- exceeding 15: NLG 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.

Duty on spirits**(Alcoholaccijns)****Legal base**

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and by Ministerial Regulation WV 98/498 (Stcrt. 240) of 4 December 1998.

Beneficiary

The State.

Tax payable on

Ethyl alcohol and products containing ethyl alcohol (except beer, non-sparkling wine and sparkling wine).

NL 3.1.10.

Chargeable event

Release for consumption and import into the Netherlands of products containing alcohol.

Declaration

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.

Rate

NLG 33.15 per degree of alcohol strength.

Exemptions

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.

NL 3.1.11.

Consumer tax on non-alcoholic beverages and on some other products

(Verbruiksbelasting van alcoholvrije dranken en van enkele andere produkten)

Legal base

Law on consumer taxes on non-alcoholic beverages and some other products of 24 December 1992 (Stb. 683), as last amended by the Law of 17 December 1998 (Stb. 725).

Beneficiary

The State.

Tax payable on

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.

Chargeable event

The release for consumption and import into the Netherlands of non-alcoholic beverages, chewing tobacco and snuff.

Declaration

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.

Rate

- Fruit juice and mineral water: NLG 15.00 per 100 litres.
- Soft drinks: NLG 20.00 per 100 litres.
- Chewing tobacco and snuff: NLG 52.97 per kilogram.

Exports

Tax on exports is remitted or refunded.

NL 3.1.12.

Duty on intermediate products

(Accijns van tussenprodukten)

Legal base

Law on Excise Duty of 31 October 1991 (Stb. 561), as last amended by the Law of 17 December 1998 (Stb. 725) and

by Ministerial Regulation WV 98/498 (Stcrt. 240) of 4 December 1998.

Law on Excise Duty of 31 October 1991 (Stb. 561).

Beneficiary

The State.

Tax payable on

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 harmonisation of the structures of excise duties on alcohol and alcoholic beverages.

Chargeable event

The release for consumption and import into the Netherlands of the abovementioned products.

Declaration

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.

Rate

Excise duty on non-sparkling intermediate products is levied per hectolitre:

- if the intermediate product has a strength not exceeding 15 % volume: NLG 132.75;
- if the intermediate product has a strength of more than 15 % volume: NLG 187.00.

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 L 76, 23.3.1992).

NL 3.3.1.

Municipal tax on immovable property

(Gemeentelijke belastingen op onroerende zaken)

Legal base

Municipal by-laws based on Article 220 of the Law on Municipalities ('Gemeentewet').

Beneficiary

The municipalities.

Tax payable by

- Persons holding rights *in rem* over immovable property.
- Users of immovable property.

Basis of assessment

The tax on immovable property is assessed 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 if this value is higher than the value in economic transactions. The value is laid down in a decision (WOZ-beschikking).

Exemptions

The following are usually exempt:

- church buildings;
- land which forms part of property listed in the Nature Conservation Act;
- tracts of land managed by legal persons whose aim is the conservation of nature;
- public roads, waterways and railroads;
- water defence and water control works managed by public legal persons;
- 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.

Rate

The rates differ from municipality to municipality.

Tax on legal transactions

(Belastingen van rechtsverkeer)

Legal base

Law governing the tax on legal transactions of 24 December 1970 (Stb. 1970, 611), as last amended by the Law of 17 June 1998 (Stb. 350).

Under this law, the three following taxes are levied: (1) tax on transfers; (2) tax on insurances; (3) capital duty.

Beneficiary

The State.

Chargeable event

1. The acquisition of real estate and realty rights attached, the economic ownership of both included, 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).
2. The taking-out of insurance.
3. The raising of capital represented by shares.

Basis of assessment

1. The value, or the compensation, if higher.
2. The premium.
3. The value of the contribution after deduction of expenses. At least the nominal value of the shares issued.

Exemptions

1. In the case of acquisition of real estate, exemptions include an acquisition:
 - by a delivery already subject to VAT (unless the entrepreneur can declare it for deduction);
 - by children, of the enterprise of their parents;
 - by a public organisation;
 - 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 splitting up or an internal reorganisation of a limited company or of a private company with limited liability;
 - as the result of a re-allotment;

- of monuments, by a specialised legal person;
 - of agricultural land realty;
 - by exchange of agricultural land;
 - as the result of moving of agricultural business as a result of environmental planning;
 - as the result of mixing a business of cultivation under glass.
2. In the case of taking out of insurance, exemptions include: 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.
 3. In the case of raising of capital represented by shares exemptions are granted:
 - If the capital, represented by shares, is raised by an organisation, having an objective of general interest, and in which only public organisations can hold shares.
 - For certain types of mergers, splittings up or internal reorganisations.

Tax payable by

Tax is levied on:

- the acquirer;
- the insurer or the broker, the insurance broker or the legal representative, the policyholder;
- the company.

Rate

- 6 %.
- 7 %.
- 1 %.

Collection

- Payment on declaration; the declaration is made by presenting the notarised deed for registering;
- Payment on quarterly declaration, or monthly declaration when the amount exceeds NLG 6 000 per quarter;
- Payment on declaration during the month following that in which the tax became payable.

Road tax

(Motorrijtuigenbelasting)

Legal base

Law governing vehicle excise duties of 16 December 1993 (Stb. 1994, 17, 'Verbeterblad'), as last amended by the Law of 12 July 1997 (Stb. 245).

Beneficiary

Partly the State, partly the provinces.

Tax payable by

The person, whose name is transferred to the vehicle registration certificate.

Chargeable event

The possession of passenger cars, delivery vans and motor bicycles.

A delivery van is a vehicle with cargo space and also a maximum permitted loaded weight of 3 500 kilos.

For trucks the tax is payable on the road use and, as from 1 July 1997, it may be payable on the keeping of the vehicle.

Basis of assessment

The unladen weight of the vehicle (including the weight of the trailer attached to the vehicle).

Exemptions

Electric vehicles; 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, and a State car registration.

Rate

The rates vary according to the kind of vehicle, the unladen weight of the vehicle and the kind of fuel used. The rates include provincial surcharges. Examples of rates: in the province South Holland the tax amounts per annum are:

Car and fuel		Net vehicle weight	
1. Passenger cars	851 to 950 kg	951 to 1 050 kg	1 051 to 1 150 kg
• petrol	NLG 516	NLG 676	NLG 832
• diesel	NLG 1 204	NLG 1 432	NLG 1 660
• other	NLG 1 316	NLG 1 556	NLG 1 800
2. Buses (all kind of fuel, except electricity)	1 951 to 2 050 kg	6 951 to 7 050 kg	10 000 kg
	NLG 480	NLG 1 064	NLG 1 336
3. Motorcycles (all kind of fuel, except electricity)	Irrespective of weight: NLG 126		
Car and fuel		Gross vehicle weight	
Trucks	12 tonnes	20 tonnes	36 tonnes
	NLG 748	NLG 1 136	NLG 1 908

NL 3.3.4.

Waterschap levies

(Waterschapsbelastingen)

Legal base

Levied under *Waterschap* by-laws based on the *Waterschap* Law of 6 June 1991 (Stb. 444), as last amended by the Law of 4 December 1997 (Stb. 580).

Beneficiary

The *Waterschappen* (i.e. public corporations with local authority, responsible for drainage, dykes, roads, bridges, etc. in a particular area).

Tax payable by

- Owners of property within the area of jurisdiction of the *Waterschap* concerned.
- All the inhabitants within the area of jurisdiction of the *Waterschap* concerned.

Basis of assessment

The tax on immovable property, not consisting of buildings, is assessed on the basis of the value of the surface area. The value is laid down in a decision (*WOZ-beschikking*).

The tax on immovable property, consisting of buildings, is assessed on the basis of the replacement value (with some depreciations). The value is laid down in a decision (*WOZ-beschikking*).

For inhabitants within the area of jurisdiction of the *Waterschap* concerned, the tax is assessed on the basis of a fixed amount per household; there is no relation with the surface of the property.

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.

Rate

The rates for immovable property, not consisting of buildings, are based on surface area and the value (a certain amount per unity of value).

The rates for immovable property, consisting of buildings, is based on the value (a certain amount per unity of value).

For inhabitants the tax is a fixed amount per household.

Rates vary with the *Waterschap* concerned.

NL 3.3.5.

Administrative levy for the benefit of public professional organisations

(Administratieve heffingen krachtens verordeningsbesluiten van publiekrechtelijke bedrijfsorganen)

Legal base

Based on Article 126 of the Law relating to the organisation of businesses ('Wet op de bedrijfsorganisatie', Law of 27 January 1950 (Stb. K 22.), as last amended by the law of 6 February 1997 (Stb. 63)).

Beneficiary

Public professional organisations.

Tax 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 organisations.

Rate

The rates vary very widely with the professional organisations concerned.

Tax on dogs

(Hondenbelasting)

Legal base

Municipal by-laws based on Article 226 of the Law on Municipalities ('Gemeentewet') of 14 February 1992 (Stb. 1994, 762), as last amended by the Law of 25 June 1998 (Stb. 446).

Beneficiary

The municipalities. (Tax payable in some 590 municipalities.)

Tax payable by

Owners of one or more dogs.

Basis of assessment

The number of dogs owned.

Exemptions

No tax is due on young dogs, police dogs, and guide dogs for the blind.

Non-residents

As for residents.

Collection

The tax due is assessed and collected by the municipalities.

Rate

The rates vary with the municipality concerned, ranging from NLG 20 to NLG 60 per annum for one dog.

They are often progressive, if several dogs are owned.

Tax on the pollution of surface waters

(Verontreinigingsheffing oppervlaktewateren)

Legal base

Law on the Pollution of Surface Waters of 13 November 1969 (Stb. 536), as last amended by the Law of 21 April 1994 (Stb. 311). Implementing Decree on the Pollution of State Waters (1970). Tax by-laws of the province of Groningen/water boards/unions of water boards/waste-water treatment authorities mostly aligned on the Model pollution tax by-law drawn up by the union of water boards (1985).

Beneficiary

The tax is levied in two forms:

1. tax on the pollution of State waters (State waters pollution tax or State tax); beneficiary is the State;
2. tax on the pollution of non-State waters; beneficiaries are the waste water treatment authorities (e.g. the Province Groningen, the water boards, etc.).

The tax under point 1 is generally referred to as the State tax and the tax described under point 2 is generally referred to as a non-State tax.

Chargeable event

Direct or indirect discharging of waste matter, pollutants or noxious matter into surface waters or direct or indirect connection to a purification plant.

Tax payable by

The discharger: anyone discharging waste matter, pollutants or noxious matter directly or indirectly into surface waters.

Basis of assessment

The quantity and/or the nature of the waste matter pollutants or noxious matter discharged.

In the case of waste matter that combines with oxygen, the average quantity of such matter discharged per 24-hour period into surface waters or a purification plant, expressed in inhabitant-equivalents, is used. One inhabitant-equivalent is the average quantity of material that combines with 136 g of oxygen which is discharged into surface water by one inhabitant per 24-hour period.

In the case of other waste matter that does not combine with oxygen (e.g. heavy metals) 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, is used. One pollution unit equates with 0.1 kg for mercury, cadmium and arsenic or with 1 kg for lead, copper, chrome, nickel and zinc.

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 one inhabitant-equivalent.

NL 3.3.7.

In the case of small industrial premises with a pollution value of less than five inhabitant-equivalents, a flat-rate pollution value of three inhabitant-equivalents applies. In the case of a pollution value of less than one inhabitant-equivalent, a pollution value of one inhabitant-equivalent applies.

In the case of industrial firms, the pollution value is in principle established by measuring and sampling the effluent discharged. In certain circumstances, the pollution value in respect of biodegradable matter may be calculated using the table of effluent coefficients.

Rate

The rate is determined by the cost of measures to counter and prevent pollution of surface waters.

In the case of the State tax, the rate is NLG 65 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 province Groningen and the water boards, etc., pursue an active and passive form of management.

Collection

State tax: by means of assessment established by the Office for the Tax on the Pollution of State Waters, The Hague. The tax is collected by the Ministry of Transport and Waterways.

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. The non-State tax is generally levied and collected by the relevant public body as laid down in the law: water boards, unions of water boards and wastewater treatment authorities.

In the province of Groningen, the provincial authority levies the tax itself.

NL 3.3.8.

Tax on noise pollution caused by civilian aircraft (Geluidsheffing burgerluchtvaart)

Legal base

Aviation Law of 15 January 1958 (Stb. 47), as last amended by the Law of 25 May 1998 (Stb. 393)

Beneficiary

The State.

Chargeable event

The landing of a civilian aircraft on an airport in the Netherlands serving for civilian air traffic.

Tax payable by

The owner or holder of the aircraft.

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.

Rate

The rate is determined on basis of the Articles 77, 78 and 79 of the Aviation Law.

Collection

The tax is collected by means of a surcharge on the landing fee due by the user of the aircraft, by the Minister for Transport and Waterways through the intermediary of the operator of the airport.

Levy on groundwater

(Grondwaterheffing)

Legal base

Law on Groundwater of 22 May 1981 (Stb. 1981, 392), as last amended by the Law of 6 November 1997 (Stb. 510) and provincial by-laws.

Beneficiary

The provinces. (The territory of the Netherlands is divided into 12 provinces.)

Chargeable event

The extraction of groundwater.

Tax payable by

The holder, to be designated by provincial by-laws, of registered equipment or plant intended for the extraction of groundwater.

Basis of assessment

The quantity of groundwater extracted.

Rate

The rate is determined by the costs of investigations for groundwater management purposes and of compensation for certain caused damage by the extraction of groundwater pursuant to the Articles 34, 40 and 41(1) of the Law on Groundwater) and by provincial by-laws, based on Article 48(1) of the Law on Groundwater.

The rates differ from province to province.

Collection

By or on behalf of the province.

NL 3.3.10.

Levy on waste

(Afvalstoffenheffing)

Legal base

Municipal by-laws based on the Environmental Protection Act, 'Wet Milieubeheer', Law of 15 October 1992 (Stb. 1992, 551), as last amended by the Law of 18 December 1997 (Stb. 730). These by-laws are generally aligned on the model by-laws on refuse-collection taxes drawn up by the Association of Dutch Municipalities. (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 229 of the Law on Municipalities.)

Beneficiary

Municipalities.

Chargeable event

The actual use of premises in respect of which the municipality is obliged to provide periodical collection of household refuse.

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.

Basis of assessment

The premises.

Rate

A fixed amount per set of premises. Possibility of differentiation according to the volume of waste (e.g. by taking into account the composition of the household).

Collection

By means of assessment, by the municipal tax authorities.

Special features

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).

NL 3.3.11.

Levy on mineral surplus

(Heffing op het mineralenoverschot)

Legal base

The Fertiliser Act ('Meststoffenwet', Stb. 1986, 598); chapter IV, system on regulating mineral levies; Regulation implementing the mineral levies and for offsetting future surpluses ('Regeling uitvoering heffingen en verrekening Meststoffenwet', Stcrt, 1997, 247).

Beneficiary

The State.

Tax payable on

Losses of minerals (phosphate and nitrogen).

Tax payable by

Persons on whose farm minerals are used.

Basis of assessment

The losses of minerals, expressed in kilograms of phosphate and nitrogen, per hectare, per period of time.

Levy surplus for phosphor and nitrogen per hectare per year (kg)

	Phosphate	Nitrogen grassland	Nitrogen arable land
1998-99	40	300	175
2000-01	35	250	125
2002-04	30	220	110
2005-07	25	190	100
2008 and on	20	180/140*	100/60*

* The more stringent standards will apply to sandy soils where groundwater tables are low.

Rate

Levies for exceeding the levy fee surplus (NLG/kg)

Kg per hectare	1998	2000	2005
Phosphate			
0-5	2.50	5.00	5.00
0-10	2.50	5.00	20.00
> 10	10.00	20.00	20.00
Nitrogen	1.50	1.50	1.50

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 Man-

agement and Fisheries (Article 3). Collection: by the collector of taxes at the tax office in Assen. Warrants are served and enforced by the State tax authorities.

NL 3.3.12.

Tax on the right of user

(Baatbelasting)

Legal base

Municipal by-laws based on Article 222 of the Law on Municipalities ('Gemeentewet') of 14 February 1992 (Stb. 1994, 762), as last amended by the Law of 25 June 1998 (Stb. 446).

Beneficiary

The municipalities. (Applicable in a number of 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.

Rate

The rates differ from municipality to municipality.

Collection

By way of assessment or by payment on declaration. The tax due is collected by the municipalities.

NL 3.3.13.**Tax on public advertisements**

(Belasting op openbare aankondigingen)

Legal base

Municipal by-laws based on Article 227 of the Law on Municipalities ('Gemeentewet') of 14 February 1992 (Stb. 1994, 762), as last amended by the Law of 25 June 1998 (Stb. 446).

Beneficiary

The municipalities. (Applicable in a number of 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.

Rate

The rates differ from municipality to municipality.

Collection

By way of assessment or by way of payment on declaration. The tax due is collected by the municipalities.

NL 3.3.14.**Tax on tourists**

(Toeristenbelasting)

Legal base

Municipal by-laws based on Article 225 of the Law on Municipalities ('Gemeentewet') of 14 February 1992 (Stb. 1994, 762), as last amended by the Law of 25 June 1998 (Stb. 446).

Beneficiary

The municipalities. (Applicable in some 275 municipalities)

Chargeable event

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 authorised 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.

Rate

The rates differ from municipality to municipality; in the case of camp sites, the tax is often levied on a flat-rate basis.

Collection

By way of assessment or by way of payment on declaration. The tax due is collected by the municipalities.

NL 3.3.15.

Parking tax

(Parkeerbelasting)

Legal base

Municipal by-laws based on Article 225, 234 and 235 of the Law on Municipalities ('Gemeentewet') of 14 February 1992 (Stb. 1994, 762), as last amended by the Law of 25 June 1998 (Stb. 446).

Beneficiary

The municipalities.

Chargeable event

Parking a vehicle.

Tax payable by

Persons parking a vehicle or requesting a license 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.

Rate

The rates differ from municipality to municipality.

Collection

By way of assessment or by way of payment on declaration. The tax due is collected by the municipalities.

NL 3.3.16.

Tax for installations on public land

(Precariobelasting)

Legal base

Levied under municipal by-laws and based on Article 228 of the Law on Municipalities ('Gemeentewet').

Beneficiary

The municipalities.

Tax payable on

Objects on, under or above public land, except for cables or wire used for broadcasting or telecom.

Tax payable by

The owner of objects on, under or above public land.

Basis of assessment

For example, an amount per metre of cable or wire in the ground or an amount per square metre of ground in use.

Rate

The rates differ from municipality to municipality.

Collection

The tax is collected by way of assessment. The tax due is collected by the municipalities.

NL 3.3.17.

Tax on heavy vehicles

(Belasting zware motorrijtuigen)

Legal base

Law governing tax on heavy vehicles of 29 November 1995 (Stb. 563), as last amended by the Laws of 17 December 1998 (Stb. 724 and 725), and by Ministerial Regulation (the 'Bijstellingsregeling 1999') WV98/495M (Stcrt. 244) of 17 December 1998.

Beneficiary

The State.

Tax payable by

The keeper of the vehicle, i.e. either the actual user of the vehicle in the case of a foreign vehicle or a non-registered

vehicle, or the person in whose name the vehicle is registered in the Netherlands.

Chargeable event

The use of a motorway in the Netherlands with a vehicle of a gross maximum weight of 12 000 kg or more.

Exemptions

Vehicles used by certain public services, vehicles used, for example, in roadmaking, vehicles in business-stock, vehicles commonly used for short distances on motorways and vehicles used for the transport of equipment for fairs and circuses.

Non-residents

No distinction is made between residents and non-residents.

Collection

Daily, weekly, monthly or annually. This is optional to the keeper of the vehicle.

Rate

The rates vary according to the number of axles of the vehicle and the period for which the tax is paid (one day, one week, one month or one year).

Period	Vehicle with:	
	3 axles or less	4 axles or more
One year	NLG 1 658	NLG 2 763
One month	NLG 166	NLG 276
One week	NLG 44	NLG 73
One day	NLG 13.25	

Tax on groundwater
(Grondwaterbelasting)

Legal base

Law on environmental taxes (Wet belastingen op milieu-grondslag – Wbm) (Stb. 1994, 923) as last amended by the Law of 17 December 1998, Stb. 725.

Beneficiary

The State.

Chargeable event

The groundwater tax is levied on the extraction of sweet groundwater.

Tax payable by

The tax is levied from the proprietor of the establishment extracting groundwater. For instance drinking water companies, farmers and industries.

Rate

NLG 0.3471 per m³ for drinking water companies.

NLG 0.1736 per m³ for others.

If water is infiltrated and extracted as groundwater, there is a rebate of NLG 0.2910 per m³ of infiltrated water for drinking water companies and of NLG 0.1174 per m³ of infiltrated water for others.

Exemptions

Exemptions are granted, amongst others, for:

- groundwater used for sprinkling and irrigating land, if less than 40 000 m³ per year is extracted;
- groundwater extracted for draining a building site as well as test-extraction, if less than 50 000 m³ per month is extracted for no more than four successive months;
- small pum capacity, if the capacity is equal to or less than 10 m³ per hour.

Collection

Payment on monthly declaration.

Tax on waste

(Afvalstoffenbelasting)

Legal base

Law on environmental taxes (Wet belastingen op Milieu-grondslag — Wbm) (Stb. 1994, 923) as last amended by the Law (stb. 725) of 17 December 1998.

Beneficiary

The State.

Tax payable on

The tax on waste is levied on waste which is delivered to dumps and incinerators.

Tax payable by

The proprietor of the establishment where waste is delivered for processing.

Rate

- The tariff is NLG 29.81 per ton for landfill.
- The tariff for incineration is zero.

Exemptions

- Exemptions are granted, amongst others, for:
 - vegetable, fruit and garden waste offered separately to a landfill site for composting;
 - non-purifiable polluted dredging sludge and soil;
 - de-inking residue and waste from plastic recycling;
 - waste dumped on generator-owning premises.

Collection

Payment on monthly declaration.

AUSTRIA
Österreich

Income tax

(Einkommensteuer)

Legal base

1988 Income Tax Law, BGBl. (federal gazette) No 400/1988, as last amended by BGBl. No 28/1999.

Beneficiary

The federal government (46.847 %), the provincial (*Länder*) governments (29.738 %) and the local authorities (24.415 %).

Tax payable by

Individuals resident or ordinarily resident in Austria (unlimited tax liability); Austrian citizens who are neither resident nor ordinarily resident in Austria but who work for Austrian bodies governed by public law (unlimited tax liability); individuals not resident or ordinarily resident in Austria in respect of income accruing to them in Austria (limited tax liability).

Basis of assessment

The tax is payable on income — the total amount of income from the seven types after offsetting losses arising from the individual types, deducting special expenditure and making certain other income-reducing deductions. Losses arising from the application of certain investment concessions (in particular the investment allowance) may be offset only against later business profits.

Exemptions

The following are excluded from the basis of assessment as being exempt:

- payments from public funds (in particular pension payments to the war-disabled and other victims; aid for the needy; aid for promoting the arts, science and research; educational grants; unemployment benefit; unpaid leave allowance; assistance under the Labour-Market Promotion Law; payments under the Invalid Recruitment Law; public subsidies for the purchase or repair of business assets; family allowances; certain components of the pay of officials working abroad; certain payments to military personnel and civil servants; compensation paid to victims of crime; legal costs compensation on acquittal; probation service payments to persons released from custody; compensation paid under the Adverse Vaccination Effects Law);
- certain parts of income from employment (see 'Wages tax');
- other exemptions (foreign students doing periods of practical training in the holidays, allocation of free shares in companies limited by shares).

Deductions

- Special expenditure: pensions and permanent expenses; voluntary insurance of persons (subject to a maximum amount and only up to a certain level of income); expenditure relating to preferentially taxed housing provision within certain ceilings (subject to a maximum amount and only up to a certain level of income); purchase of dividend-right certificates and new shares (subject to a maximum amount and only up to a certain level of income); tax advice costs; church contributions (subject to a maximum amount); donations eligible for concessions (subject to a maximum amount); loss carry-over.
- Extraordinary expenses: subject to certain conditions, these may include sickness costs, repair of disaster damage, funeral expenses and vocational training for children abroad.
- Other deductions: farm worker allowance, reorganisation profits (up to and including 1997).

Married couples

Individual taxation: where one spouse's income does not exceed ATS 30 000 per annum (ATS 60 000 where there is a child), the other spouse is entitled to the sole-earner allowance of ATS 5 000 (which reduces the amount of tax directly).

Children's own income

Tax on such income is assessed individually.

Non-residents

The tax arrangements are generally the same as for residents; however, non-residents are taxed only on certain types of income arising in Austria. Furthermore, special expenditure is deductible only if there is a sufficient connection with Austria; extraordinary expenses are not deductible; non-residents are subject to a special tax-deduction procedure in respect of certain types of income (especially royalties, performance fees, income from artistic and sporting activities, and payments received for providing employment). EU citizens may opt for unlimited tax liability if at least 90 % of their income is subject to Austrian income tax.

Collection

Tax is assessed annually. In the case of income from paid employment, tax is withheld at source by the employer (see 'Wages tax'); in the case of certain kinds of income from capital assets (in particular dividends, bond and bank interest), tax is withheld at source at a rate of 25 % (see 'Capital yields tax'); income that has been taxed under the

A 1.1.

wages and capital yields tax arrangements is generally included in the annual income to be assessed, in which case the wages and capital yields tax paid is credited against the assessed income tax.

Rate

Income tax is payable as follows:

— on the first ATS 50 000	10 %;
— on the next ATS 100 000	22 %;
— on the next ATS 150 000	32 %;
— on the next ATS 400 000	42 %;
— on additional amounts	50 %.

The tax calculated in this way is reduced by tax allowances: the combination of a general allowance of ATS 8 840 and the tax threshold means that tax liability does not commence until the annual income reaches approximately ATS 113 800; there is a (further) sole-earner allowance of ATS 5 000 for sole earners; there are (fur-

ther) allowances totalling ATS 5 500 for persons in employment and pensioners. The general allowance of ATS 8 840 is tapered down for those earning over ATS 200 000 and does not apply for incomes of ATS 500 000 or more.

Losses

Business losses which are not set against positive income when the total amount of income is calculated may be carried forward as special expenditure in the succeeding seven financial years. These loss deductions were suspended for 1996 and 1997 and special rules apply for losses in 1989 and 1990. Since 1998, the carrying forward of losses has not been subject to time limits (this applies from 1991 onwards).

Special features

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

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Wages tax

(Lohnsteuer)

(Special method of calculation of income tax chargeable on income from paid employment)

Legal base

Articles 47 to 92 and 102 of the 1988 Income Tax Law, BGBl. No 400/1988, as last amended by BGBl. No 28/1998.

Beneficiary

The federal government (63.596 %), the provincial governments (20.405 %) and the local authorities (15.999 %).

Tax payable by

Employees resident or ordinarily resident in Austria (unlimited tax liability); employees of Austrian nationality who are neither resident nor ordinarily resident in Austria but who work for Austrian bodies governed by public law (unlimited tax liability); employees to whom income ac-

crues in Austria but who are not resident or ordinarily resident there (limited tax liability).

Basis of assessment

Wage less occupational expenses, special expenditure, extraordinary expenses and, where appropriate, the farm worker allowance.

Exemptions

Payments to delegations abroad in respect of favourably treated activities there; payments to aid workers; free use of facilities provided by employers, such as tennis courts and rest homes; free participation in company events; employer provident payments up to a maximum of ATS 4 000 per employee per year; granting of employee participating interests up to a maximum of ATS 10 000 per year; voluntary welfare benefits provided by employers; free food provided at work; free beverages provided at work; free beer provided by breweries; tobacco allowances granted in tobacco factories; free travel provided by transport enterprises.

Capital yields tax

(Kapitalertragsteuer)

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

Legal base

Articles 93 to 97 of the 1988 Income Tax Law, BGBl. No 400/1988, as last amended by BGBl. No 28/1999.

Beneficiary

- Capital yields tax I: the federal government (20.825 %), the provincial governments (13.193 %) and the local authorities (65.982 %).
- Capital yields tax II: the federal government (53 %), the provincial governments (27 %) and the local authorities (20 %).

Basis of assessment

- Capital yields tax I: profit distributions arising from capital holdings in corporations (especially dividends) and from sleeping partners' holdings.
- Capital yields tax II: bank and bond interest.

Exemptions

Capital yields tax I: especially dividend distributions to corporations with holdings of at least 25 %.

Capital yields tax II: for example interbank interest, interest paid to businesses organised as corporations where there is an exemption declaration.

Collection

Tax deducted at source.

Rate

25 % (on interest due from 01. 07. 1996; 22 % on that due before).

Special features

Where dividends or interest are paid to individuals, the capital yields tax deducted is a definitive tax charge.

Corporation tax

(Körperschaftsteuer)

Legal base

1988 Corporation Tax Law, BGBl. No 401/1988, as last amended by BGBl. No 28/1999.

Beneficiary

The federal government.

Tax payable by

The following have unlimited corporation tax liability in respect of all domestic and foreign income: companies limited by shares, cooperatives, mutual insurance associations, associations, foundations, other legal persons incorporated under private law, associations not possessing legal personality, institutions, foundations and other special-purpose funds governed by private law, whose management or head office is in Austria; in addition, enterprises of a commercial nature run by domestic corporations incorporated under public law (domestic corporations).

The following have limited corporation tax liability: corporations, associations and funds with neither their management nor their head office in Austria, in respect of their domestic income within the meaning of Article 98 of the Income Tax Law (foreign corporations); other corporations, associations and funds which do not have unlimited tax liability (incorporated under public law) or which are exempt, in respect of domestic income from which tax is deducted at source.

Basis of assessment

The subject of taxation is income calculated in accordance with the Income Tax Law. 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 the basis. As regards taxpayers required to keep accounts by commercial law, all income is treated as income from industrial or commercial activities.

A 1.4.

Corporation tax is calculated on total income received during the year.

Exemptions

The bodies exempted include the Austrian Federal Railways, non-profit-making, charitable or religious associations, pension and benevolent funds, certain associations in the agricultural sphere, and professional or occupational associations with collective contractual capacity.

Deductions

For the calculation of income, the following amounts, among others, may be deducted provided that they do not already constitute deductible expenditure under the Income Tax Law: pensions and permanent expenses, tax advice costs, eligible donations (special expenditure).

Losses

Losses are deducted in the same way as for income tax.

Collection

By annual assessment.

Rate

34 %.

Special features

- Where a company limited by shares whose management and head office are in Austria (subsidiary company) is required by an agreement for the transfer of profits to remit its total profits to another company limited by shares in Austria, the income of the subsidiary company must, under certain conditions, be imputed to the institution responsible for it (parent company).
- Regardless of actual profits, public companies (*Aktiengesellschaften*) with unlimited liability must pay a minimum tax of ATS 50 000 a year and private companies (*GmbH*) with unlimited liability a minimum of ATS 25 000; for newly-established companies, the minimum tax is ATS 15 000 a year and for banks and insurance companies ATS 74 000.

A 1.5.

Tax on motor vehicles

(Kraftfahrzeugsteuer)

Legal base

1992 Motor Vehicles Tax Law, BGBl. No 449/1992, as last amended by BGBl. No 798/1996.

Beneficiary

The federal government (82.833 %) and the provincial governments (17.167 %).

Tax payable on

Motor vehicles registered under an Austrian registration procedure (which are not subject to the engine-related insurance tax); motor vehicles not registered under an Austrian registration procedure which use public roads in Austria.

Basis of assessment

- Motorcycles: cylinder capacity.
- Vehicles up to a maximum of 3.5 tonnes: engine rating.
- Other vehicles: actual total weight.

Tax payable by

The registration certificate holder in the case of domestic

motor vehicles; normally the driver in the case of foreign vehicles.

Exemptions

Exemptions include police vehicles, fire engines, ambulances, military vehicles, buses, cars attached to rail-borne vehicles, and motor vehicles with foreign registration plates where there are reciprocal arrangements.

Collection

Quarterly self-calculation procedure.

Rate

Commercial vehicles up to 3.5 tonnes: monthly payment of ATS 5.50 per kilowatt of the engine rating reduced by 24 kilowatts.

Heavy vehicles: ATS 70 to ATS 85 per month per tonne or part-tonne of total weight (minimum ATS 600, maximum ATS 3 230); reduction for trailers.

Succession and gift tax

(Erbschaft- und Schenkungsteuer)

Legal base

Succession Duty and Gift Tax Law, BGBl. No 141/1955, as last amended by BGBl. No 797/1996.

Beneficiary

The federal government (70 %) and the provincial governments (30 %).

Tax payable by

Persons receiving assets by inheritance or gift (in the case of gifts, the person making the gift is also liable).

Tax payable on

Inheritances, legacies, legal portions, credits from insurance, gifts *inter vivos*, and specific donations.

Basis of assessment

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

Exemptions

Certain kinds of gifts, in particular those made for religious or charitable objectives or for the public benefit.

Deductions

Certain charges on the estate, such as the debts of the deceased, costs arising from the death, funeral expenses, and debts taken over; allowances, which may vary according to the beneficiary's tax category and the nature of the asset.

Non-residents

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

Collection

By assessment.

Rate

It varies between 2 % and 60 %. The scale contains five classes depending on the degree of relationship between the deceased person (donor) and the beneficiary. The rates are progressive within each class.

A 3.1.1.

Turnover tax — value added tax

(Umsatzsteuer — Mehrwertsteuer)

Legal base

1994 Turnover Tax Law, BGBl. No 663/1994, as last amended by BGBl. No 28/1999.

Beneficiary

The federal government (69.05 %), the provincial governments (18.577 %) and the local authorities (12.373 %).

Tax payable by

Traders effecting taxable supplies. Persons liable to customs duty (on imports).

Tax payable on

- Supplies of goods and services effected for consideration by a trader in the collection area in the course of his business.
- Own consumption.
- Imports of goods into Austria, except for the Jungholz and Mittelberg areas.
- Intra-Community acquisitions.

Basis of assessment

- In the case of sales of goods or services: the consideration (before tax).
- In the case of own consumption: normally the purchase price plus incidental costs, or the prime or production cost (excluding tax).
- In the case of imports: the customs value plus import duties (excluding import turnover tax) and certain other additions.
- In the case of intra-Community acquisitions: the consideration (in the case of importation, the purchase price plus incidental costs or the prime cost).

Exemptions

Without input tax deduction:

- certain cultural and social services (e.g. schools, theatres);
- other (e.g. banks, insurance companies, property transactions, small businesses).

A 3.1.1.

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

Advance payments on a monthly or quarterly basis; annual final assessment.

Rate

- Standard rate: 20 % (16 % in the Jungholz and Mittelberg areas).
- Reduced rate: 10 %.
- Special reduced rate: 12 % (wine sales by farmers).

Special features

Average rates for agricultural and forestry enterprises.

A 3.1.2.

Association dues

(Kammerumlage)

Legal base

Chamber of Commerce Law, BGBl. No 182/1946, as last amended by BGBl. No 680/1994.

Beneficiary

Chambers of commerce.

Tax payable by

Enterprises which are members of chambers of commerce.

Basis of assessment

Input tax deduction according to the Turnover Tax Law.

Exemptions

Chamber of commerce members with an annual turnover not exceeding ATS 2 million.

Collection

Quarterly self-calculation procedure.

Rate

Maximum 0.43 %.

A 3.1.3.

Excise duty on mineral oils

(Mineralölsteuer)

Legal base

1995 Mineral Oil Tax Law, BGBl. No 630/1994, as last amended by BGBl. No 427/1996.

Beneficiary

The federal government (91.291 %), the provincial governments (6.575 %) and the local authorities (2.134 %).

Tax payable on

Mineral oil, motor fuels (e.g. biodiesel) and heating fuels.

Basis of assessment

1 000 litres or 1 000 kilograms (heating oils, gaseous hydrocarbons and liquid gases).

Tax payable by

Generally, owners of tax warehouses (authorised manufacturing enterprises and warehouses), authorised recipients (registered and non-registered traders), users, buyers or producers.

Exemptions

The following, in particular, are exempt: mineral oil not intended for use as motor or heating fuel, commercial air transport, commercial vessels operating on the Danube and Lake Constance, diplomatic and consular missions of foreign States in Austria, liquid gas used as fuel for local regular transport services, biogenic fuels produced in agriculture for own consumption, mineral oil used for the maintenance of manufacturing enterprises, chemical reduction processes in blast furnaces, waste gases and used oil.

Collection

In principle, by means of a monthly self-calculation procedure.

Rate

The rates per 1 000 litres or 1 000 kilograms are as follows:

- unleaded petrol: ATS 5610;
- leaded petrol: ATS 6600;
- medium oils: ATS 3890;
- gas oil: ATS 3890;
- furnace heating oil (marked gas oil): ATS 950;
- heating oil (per 1 000 kilograms): ATS 500;
- liquid gas and gaseous hydrocarbons used as fuel (per 1 000 kilograms): ATS 3600.

A 3.1.4.**Duty on tobacco****(Tabaksteuer)****Legal base**

1995 Tobacco Duty Law, BGBl. No 704/1994, as last amended by BGBl. No 186/1998.

Beneficiary

The federal government.

Tax payable on

Cigarettes, cigars, cigarillos, and smoking tobacco (fine-cut, other smoking tobacco).

Basis of assessment

- Cigarettes: mixed basis of assessment (per unit and in proportion to retail price).
- Other: retail price.

Tax payable by

Generally, owners of tax warehouses (authorised manufacturing enterprises and warehouses), authorised recipients

(registered and non-registered traders), users, buyers or producers.

Exemptions

Exemptions include, in particular, enterprises using tobacco products (e.g. use for commercial purposes other than smoking and manufacture of tobacco products) and allowances for employees of manufacturing enterprises.

Collection

In principle, by means of a monthly self-calculation procedure.

Rate

- Cigarettes: ATS 246 per 1 000 units and 42 % of the retail price, at least ATS 825 per 1 000 units.
- Cigars, cigarillos: 13 % of the retail price.
- Fine-cut tobacco: 47 % of the retail price.
- Other smoking tobacco: 34 % of the retail price.

A 3.1.5.**Excise duty on beer****(Biersteuer)****Legal base**

1995 Beer Tax Law, BGBl. No 701/1994, as last amended by BGBl. No 427/1996.

Beneficiary

The federal government (38.601 %), the provincial governments (33.887 %) and the local authorities (27.512 %).

A 3.1.5.

Tax payable on

Beer and certain beverages containing beer.

Basis of assessment

Wort content (degree Plato) and hectolitre.

Tax payable by

Generally, the owners of tax warehouses (authorised production enterprises and warehouses), authorised recipients (registered and non-registered traders), users, buyers or producers.

Exemptions

Enterprises using beer (e.g. in the production of vinegar or medicines).

Collection

In principle, by means of a monthly self-calculation procedure.

Rate

ATS 20 per hectolitre and degree Plato; reductions for small breweries.

A 3.1.6.

Duty on spirits

(Alkoholsteuer)

Legal base

Spirits Tax and Monopoly Law, BGBl. No 703/1994, as last amended by BGBl. No 427/1996.

Beneficiary

The federal government (38.601 %), the provincial governments (33.887 %) and the local authorities (27.512 %).

Tax payable on

Alcohol (in particular ethyl alcohol, whether denatured or not, distillates, liqueurs and other spirits with an alcohol content of more than 1.2 % volume) and products containing alcohol (e.g. liqueur sweets, perfume, frost-protection products).

Basis of assessment

Amount of alcohol contained in the product (= litres of pure ethyl alcohol measured at 20 °C).

Tax payable by

Generally, the owners of tax warehouses (bonded distilleries and alcohol warehouses), authorised recipients (registered and non-registered traders), users, buyers or producers.

Exemptions

The following, in particular, are exempt: products used in producing medicines and vinegar; denatured alcohol for producing foodstuffs no longer containing alcohol; alcohol in the form of flavours for flavouring 'alcohol-free' beverages and other foodstuffs; denatured alcohol for producing goods which are neither medicines nor foodstuffs (e.g. cosmetics); denatured alcohol used for heating or cleaning purposes or other purposes unrelated to the production of goods; completely denatured alcohol; samplings; domestic production under compensation arrangements.

Collection

Generally, by means of a monthly self-calculation procedure; special arrangements for distillers for which production is estimated at a standard level for tax purposes.

Rate

ATS 10 000 per 100 litres of pure alcohol; reductions for distilleries for which production is estimated at a standard level for tax purposes and for small bonded distilleries.

Excise duty on sparkling wines and intermediate products and wine procedure**(Schaumweinsteuer, Zwischenerzeugnissteuer und Weinverfahren)****Legal base**

1995 Sparkling Wine Tax Law, BGBl. No 702/1994, as last amended by BGBl. No 427/1996.

Beneficiary

The federal government (38.601 %), the provincial governments (33.887 %) and the local authorities (27.512 %).

Tax payable on

- Sparkling wine (made from grapes and fruit).
- Intermediate products.
- Wine (still wine made from grapes and fruit).

Tax payable by

Generally, owners of tax warehouses (authorised production enterprises and warehouses), authorised recipients (registered and non-registered traders), buyers or producers.

Exemptions

- Industries using sparkling wine and intermediate products (e.g. to produce medicines).

- Wine (still wine made from grapes and fruit) is subject to the rules governing intra-Community trade (in particular the duty-suspension procedure) but not to duty.

Collection

In principle, by means of a monthly self-calculation procedure.

Rate

Per hectolitre:

- sparkling wine (general): ATS 2 000;
- sparkling wine made from fruit with an alcohol content of up to 8.5 %: ATS 1 000;
- intermediate products (general): ATS 700;
- intermediate products meeting the sparkling wine criteria: ATS 2 000;
- wine: ATS 0.

Standard consumption levy**(Normverbrauchsabgabe)****Legal base**

Standard Consumption Levy Law, BGBl. No 695/1991, as last amended by BGBl. No 9/1998.

Beneficiary

The federal government.

Tax payable on

The sale and leasing of new vehicles (cars, estate cars, motorcycles, caravans) and additional circumstances; first registration in Austria of vehicles purchased abroad.

Basis of assessment

The consideration; market value.

Tax payable by

Motor vehicle dealers and leasing enterprises.

Exemptions

Exports, electric vehicles, taxis, driving-school vehicles, hire vehicles and ambulances.

Collection

Self-calculation procedure.

Rate

Standard consumption-related rates (maximum 16 %); in the case of motorcycles, a cylinder capacity related rate is applied.

A 3.1.9.

Electricity levy

(Elektrizitätsabgabe)

Legal base

BGBI. No 201/1996, as last amended by BGBI. No 797/1996.

Beneficiary

The federal government.

Tax payable on

The provision of electrical energy in the tax territory (except to electricity generating companies).

Basis of assessment

Consumption of electrical energy by electricity companies; consumption of energy, including energy that is self-generated or imported into the tax territory.

Tax payable by

The supplier or consumer of electrical energy.

Exemptions

Electricity producers producing electrical energy for their own use, provided that annual production and consumption does not exceed 5 000 kWh; the electrical energy used in the production and transmission of electrical energy.

Collection

Self-calculation procedure.

Rate

10 Groschen (ATS 0.10) per kWh.

A 3.1.10.

Natural gas levy

(Erdgasabgabe)

Legal base

BGBI. No 201/1996, as last amended by BGBI. No 797/1996.

Beneficiary

The federal government.

Tax payable on

Supplying natural gas in the tax territory (except to natural gas companies).

Basis of assessment

The consumption of natural gas by gas-supply companies; the consumption of self-transported or self-imported natural gas; natural gas (goods under CN heading 2711 21 00).

Tax payable by

Natural gas suppliers or consumers.

Exemptions

Natural gas used in the production, transport or storage of natural gas, or used to transport and process mineral oil; natural gas used for non-energy purposes; natural gas used to generate electricity.

Collection

Self-calculation procedure.

Rate

60 Groschen (ATS 0.60) per standard cubic metre (= m³ at a temperature of 0 °C and a pressure of 1.01325 bar).

A 3.1.11.

Energy levy allowance

(Energieabgabevergütung)

Legal base

BGBI. No 201/1996, as last amended by BGBI. No 10/1998. Production plants qualify for an allowance,

deducting ATS 5 000 themselves, if the electricity and natural gas levies they have paid exceed 0.35 % of the net value of their production.

Insurance tax**(Versicherungssteuer)****Legal base**

Insurance Tax Law, BGBl. No 133/1953, as last amended by BGBl. No 130/1997.

Beneficiary

- Insurance tax I: the federal government.
- Insurance tax II: the federal government (50 %) and the provincial governments (50 %).

Tax payable on

The payment of insurance premiums (insurance tax I). For motor vehicles with a total weight of up to 3.5 tonnes registered in Austria, an engine-related insurance tax is levied within the framework of liability insurance (insurance tax II).

Basis of assessment

Insurance premium in the case of insurance tax I and engine rating in the case of insurance tax II.

Tax payable by

The person insured.

Exemptions

- Insurance tax I: for example social security insurance, export insurance, reinsurance.
- Insurance tax II: police vehicles, fire engines, ambulances, taxis, hire vehicles, invalid vehicles, electric vehicles and mopeds.

Collection

Monthly self-calculation by insurance companies.

Rate

- Insurance tax I: generally and with certain life insurance schemes with one-off payments, 11 %; life and invalidity insurance, 4 %; pension fund contributions, 2.5 %; sickness insurance, 1 %.
- Insurance tax II: monthly payment of ATS 5 to 5.50 per kilowatt of the engine rating reduced by 24 kilowatts; special arrangements for motorcycles.

A 3.2.2.**Fire insurance tax****(Feuerschutzsteuer)****Legal base**

1952 Fire Protection Tax Law, BGBl. No 198/1952, as last amended by BGBl. No 797/1996.

Beneficiary

The provincial governments.

Tax payable on

Premiums for fire insurance for objects in Austria.

Basis of assessment

The total premiums collected.

Tax payable by

Insurance companies.

Collection

Self-calculation procedure.

Rate

8 %.

A 3.2.3.**Casino levy and licence levy****(Spielbankabgabe und Konzessionsabgabe)****Legal base**

1989 Gambling Law, BGBl. No 620/1989, as last amended by BGBl. No 747/1996.

Beneficiary

The federal government.

A 3.2.3.

Tax payable on

- Licence levy: licence to organise games of chance (e.g. lotto, football pools).
- Casino levy: licence to run a casino.

Basis of assessment

- Licence levy: total bets placed.
- Casino levy: gross annual receipts.

Tax payable by

Licensee.

Collection

Monthly self-calculation procedure.

Rate

- Licence levy: 2 % to 27.5 %, according to the type of game of chance.
- Casino levy: progressive scale.

A 3.2.4.

Publicity levy

(Ankündigungsabgabe)

Legal base

Carinthia: Publicity Levy Law (*Ankündigungsabgabegesetz*) 1983, LGBl. No 46/1983 and 107/1994 (latest version).

Lower Austria: Publicity Levy Law 1979, LGBl. No 3704.

Upper Austria: Publicity Levy Law, LGBl. No 18/1950 and 30/1984 (latest version).

Salzburg: Publicity Levy Law 1972, LGBl. No 49/1972 and 56/1998 (latest version).

Styria: Law on publicity levy in Graz.

Vienna: Publicity Levy Law 1983, LGBl. No 19/1983 and 73/1990 (latest version).

Beneficiary

The local authority concerned.

Tax territory

The province/local authority area concerned.

Tax payable on

Publicity in the local authority area in the form of text, pictures or lighting effects for the purposes of commercial advertising (except advertisements in newspapers or other publications).

Basis of assessment

The consideration, or the surface area used and period of exposure of the publicity.

Exemptions

Various exemptions (e.g. publicity by public bodies).

Collection

Before publicity appears, or in the case of exposure over a longer period, at the start of the month.

Rate

Maximum rates vary, according to the type and duration of the publicity, between 10 % and 30 % (20 % of the consideration for radio publicity, 30 % for publicity that is printed and distributed publicly).

A 3.2.5.

Advertising levy

(Anzeigenabgabe)

Legal base

Carinthia: Carinthian Advertising Levy Law, LGBl. No 19/1997.

Lower Austria: Lower Austrian Advertising Levy Law, LGBl. No 3705.

Upper Austria: Advertising Levy Law, LGBl. No 17/1952 and 30/1984 (latest version).

Salzburg: Advertising Levy Law 1964, LGBl. No 102/1964 and 21/1995 (latest version).

Styria: Provincial Advertising Levy Law 1980, LGBl. No 56/1980.

Vorarlberg: Advertising Levy Law, LGBl. No 60/1998.

Vienna: Advertising Levy Law 1983, LGBl. No 22/1983 and 1/1995 (latest version).

Beneficiary

Carinthia, Styria: the province.

Lower Austria, Upper Austria, Salzburg and Vienna: the local authority concerned.

Vorarlberg: split equally between the province and the local authority.

Tax payable on

Advertisements carried by publications in the province concerned, and those broadcast by radio or television stations, in return for a consideration.

Basis of assessment

The whole consideration; rebates, commissions or lease charges for advertisements carried at fixed prices are to be added to the basis of assessment.

Exemptions

Various exemptions, e.g. advertisements:

- with a religious content from officially recognised churches or religious communities;
- for non-profit-making and charitable purposes;
- issued by the federal government, the province or its local authorities;
- purely seeking employment;
- those promoting tourism predominantly outside the province concerned (brochures, etc.);
- parties seeking election to public representative bodies;
- to meet legal obligations, etc.

Collection

Monthly.

Rate

Between 5 % and 20 % of the consideration.

Temporary residence levy/local, health cure and seasonal taxes — tourism levy

(Aufenthaltsabgabe/Orts-, Kur- und Saisontaxen — Fremdenverkehrsabgabe)

Legal base

Burgenland: 1963 Convalescence and Health Resorts Law, LGBl. No 15/1963 and 2/1998 (latest version), Tourism Law 1992, LGBl. No 36/1992 and 62/1998 (latest version), Tourism Levy Regulation, LGBl. No 69/1995, Local Taxes Regulation, LGBl. No 71/1992.

Carinthia: Convalescence and Health Resorts Law, LGBl. No 157/1962 and 104/1997 (latest version), 1970 Local and Overnight Stay Tax Law, LGBl. No 144/1970 and 35/1998 (latest version), 1992 Tourism Law, LGBl. No 43/1992 and 6/1993 (latest version), 1994 Tourism Levy Law, LGBl. No 59/1994 and 84/1998 (latest version).

Lower Austria: 1991 Lower Austrian Tourism Law, LGBl. No 7400.

Upper Austria: Upper Austrian Convalescence and Health Resorts Law, LGBl. No 47/1961 and 15/1997 (latest version), Upper Austrian Health Cure Tax Law, LGBl. No 43/1970 and 88/1995 (latest version), 1990 Upper Austrian Tourism Law, LGBl. No 81/1989 and 15/1997 (latest version), 1991 Upper Austrian Tourism Levy Law, LGBl. No 53/1991 and 88/1995 (latest version).

Salzburg: Convalescence and Health Resorts Law 1997, LGBl. No 43/1998, Visitors' Tax Law 1993, LGBl. No 41/1993 and 99/1997 (latest version), Local Taxes Law 1992, LGBl. No 62/1992 and 78/1997 (latest version), Tourism Law, LGBl. No 94/1985 and 106/1998 (latest version).

Styria: Convalescence and Health Resorts Law, LGBl. No 161/1962 and 168/1969 (latest version), Health Cure Levy Law 1980, LGBl. No 55/1980 and 42/1983 (latest

A 3.2.6.

version), Provincial Health Cure Levy Regulation 1983 and 99/1998 (latest version), Tourism Law 1992, LGBl. No 55/1992 and 46/1998 (latest version), Overnight Stay and Holiday Home Levy Law 1980, LGBl. No 54/1980 and 39/1998 (latest version).

Tyrol: Convalescence and Health Resorts Law, LGBl. No 55/1961 and 5/1996 (latest version), Residence Levy Law 1991, LGBl. No 35/1991 and 140/1998 (latest version), Tourism Law 1992, LGBl. No 55/1992 and 52/1998 (latest version).

Vorarlberg: Tourism Law, LGBl. No 86/1997, Provincial Government Regulation limiting visitors' taxes, LGBl. No 79/1998.

Vienna: Tourism Promotion Law, LGBl. No 13/1955 and 10/1998 (latest version).

Beneficiary

Burgenland: visitors' tax, local tax and tourism promotion contribution — the province.

Carinthia: overnight stay tax — the province, local tax — the local authority.

Lower Austria: regional tax — the province, local tax and interested party contribution — the local authority.

Upper Austria: visitors' tax to the health resort fund, tourism levy — the local authority.

Salzburg: local tax — the local authority, visitors' tax split equally between the province and the local authority.

Styria: tourism levy — the province.

Tyrol: residence levy — the province.

Vorarlberg: visitors' tax and tourism contribution — the local authority.

Vienna: tourism levy — the local authority.

Tax territory

The province/local authority area concerned.

Tax payable on

- Overnight stays in commercial accommodation, in caravans parked on a campsite for more than two months during the holiday season, in tents pitched away from campsites and in holiday homes.
- Overnight stays in apartments in the area of a health resort that are not permanent residences (general visitors' tax) and in holiday apartments or fixed-site caravans (special visitors' tax).
- The economic benefit derived by self-employed providers of accommodation.
- The benefit derived directly or indirectly from tourism by means of a particular activity in a local authority area (= interested party contribution).

Basis of assessment

The general visitors' tax is set at different levels depending on the type, location and equipment level of the accommodation; the special visitors' tax is a flat-rate annual charge.

Exemptions

- Various exemptions (e.g. children and young people under 14 or 15; school or college groups; hospital patients).
- Various exemptions (e.g. children and young people under 15; people visiting spouses, close relatives, siblings or immediate in-laws permanently resident in the area of the health resort, etc.).
- Turnover from certain activities.

Collection

At the end of the stay, or yearly; general visitors' tax monthly, special visitors' tax annually.

Rate

Between ATS 2 and ATS 30 per person per night (varies widely according to the levy applied and the region).

A 3.2.7.

Provincial supplements on totalisator and bookmaker betting charges (betting charge supplements)

(Landeszuschläge zu den Totalisateur- und Buchmacherwettgebühren (Wettgebührensuschläge))

Legal base

Burgenland: Totalisator and Bookmaker Betting Charges (Law), LGBl. No 13/1993.

Lower Austria: Law on imposing provincial supplements on federal totalisator and bookmaker betting charges, LGBl. No 3650.

Styria: Totalisator and Bookmaker Betting Charges (Law), LGBl. No 13/1993.

Tyrol: Totalisator and Bookmaker Betting Charges (Law), StGBI. No 388/1919 and 193/1920 (latest version).

Vorarlberg: Totalisator and Bookmaker Betting Charges (Law), StGBI. No 388/1919 and 193/1920 (latest version).

Vienna: Totalisator and Bookmaker Betting Charges (Law), LGBl. No 5/1997; Totalisator and Bookmaker Betting, Provincial Supplements (Law), LGBl. No 23/1983.

Beneficiary

50 % to the province, 50 % to the local authority concerned (Lower Austria); the local authority (Vienna).

Tax territory

The province/local authority area concerned.

Basis of assessment

Supplements are levied on federal charges applying to all kinds of sports event.

Rate

- 60 % of the charge on bets placed and 20 % of the charge on winnings (Lower Austria).
- 90 % of the charge on bets placed and 30 % of the charge on winnings (Vienna).

A 3.2.8.

Entertainment levy, proceeds earmarked, television, radio and culture fee

(Lustbarkeitsabgabe mit Zweckwidmung des Ertrages, Fernseh-, Radio- und Kulturschilling)

Legal base

Burgenland: Culture Fee Law, LGBl. No 18/1979.

Carinthia: Culture Fee Law, LGBl. No 57/1968 and 7/1986 (latest version), Setting of Culture Fee (Regulation), LGBl. No 98/1996.

Lower Austria: Lower Austrian Culture and Sport Fee Law, LGBl. No 3610.

Upper Austria: Upper Austrian Entertainment Levy Law 1979, (proceeds not earmarked), LGBl. No 74/1979 and 93/1996 (latest version).

Salzburg: TV and Radio Fee Law, LGBl. No 7/1971 and 95/1984 (latest version).

Styria: TV and Radio Fee Law, LGBl. No 11/1976 and 62/1996 (latest version).

Tyrol: Culture Fee Law 1987, LGBl. No 20/1987.

Vienna: Culture Fee Law, LGBl. No 5/1972 and 1/1989 (latest version).

Beneficiary

The province concerned.

Tax territory

The province concerned.

Tax payable on

Ownership of a general radio or TV/radio licence in the province concerned.

Basis of assessment

The fee for the general TV/radio or radio licence, if the receiver concerned, or in the case of car radios the residence of the licence holder, is in the province.

Exemptions

Free licences.

Collection

Quarterly, or on payment of licence fees.

Rate

Between 10 % and 20 % of the basis of assessment; flat rate (Carinthia).

A 3.2.9.

Entertainment levy, proceeds earmarked, war victims and handicapped persons' levy

(Lustbarkeitsabgabe mit Zweckwidmung des Ertrages, Kriegsoffer- und Behindertenabgabe)

Legal base

Upper Austria: Upper Austrian Entertainment Levy Law 1979, (proceeds not earmarked), LGBl. No 74/1979 and 93/1996 (latest version).

Tyrol: War Victims and Handicapped Persons' Levy Law, LGBl. No 27/1992.

Vorarlberg: War Victims Levy Law, LGBl. No 40/1989 and 60/1994 (latest version).

Beneficiary

The province concerned.

Tax territory

The province concerned.

Tax payable on

Basically, public events (e.g. exhibitions to entertain or educate visitors or participants; non-public slide shows; services and amusements (e.g. games machines) accessible to those not personally invited by the organiser, or for a consideration, or run for commercial advantage).

Basis of assessment

- Ticket tax: the consideration received in return for an entry ticket or other proof of payment.
- Flat rate tax: generally dependent on the type and number of games machines.

Exemptions

Generally, events of a cultural or artistic nature; amateur sport and circus displays; dancing galas held exclusively for non-profit-making or charitable purposes or by churches; public film shows; dance events with live music; etc.

Collection

On handing over an entry ticket or other proof of payment, or on a general monthly basis.

Rate

Between 5 % and 10 % of the basis of assessment; fixed amounts generally between ATS 50 and ATS 100 (doubled in certain circumstances).

A 3.2.10.

Entertainment levy, proceeds earmarked, leisure events tax

(Lustbarkeitsabgabe mit Zweckwidmung des Ertrages, Vergnügungssteuer)

Legal base

Burgenland: Entertainment Levy Law 1969, LGBl. No 40/1969 and 29/1983 (latest version).

Carinthia: Leisure Events Tax Law 1982, LGBl. No 63/1982 and 71/1997 (latest version), Provincial Leisure Events Tax (Law), LGBl. No 70/1997.

Lower Austria: Lower Austrian Entertainment Levy Law, LGBl. No 3703.

Upper Austria: Upper Austrian Entertainment Levy Law 1979, without earmarking, LGBl. No 74/1979 and 93/1996 (latest version).

Salzburg: Leisure Events Tax Law, LGBl. No 24/1953 and 22/1992 (latest version).

Styria: Entertainment Levy Law, LGBl. No 37/1950 and 34/1986 (latest version), Provincial Entertainment Levy Law, LGBl. No 27/1995 and 63/1996 (latest version).

Tyrol: Leisure Events Tax Law 1982, LGBl. No 60/1982 and 31/1986 (latest version).

Vorarlberg: Local Authority Leisure Events Tax Law, LGBl. No 49/1969 and 59/1994 (latest version).

Vienna: Leisure Events Tax Law 1987, LGBl. No 43/1987 and 1/1995 (latest version).

Beneficiary

The province/local authority concerned.

Tax territory

The province/local authority concerned.

Tax payable on

Presentations and performances, entertainment, exhibitions and competitions.

Basis of assessment

Ticket tax: the price of the ticket; flat rate tax: varies according to the nature of the event.

Exemptions

Productions by theatres in receipt of regular federal, province or local authority subsidies; events to educate young people.

Collection

Varies according to the nature of the event.

Rate

- Ticket tax: between 10 % and 30 % of the consideration excluding the levy.
- Flat rate tax: rate varies.

A 3.3.1.**Tax on real estate**

(Grundsteuergesetz)

Legal base

Real Estate Tax Law, BGBl. No 149/1955, as last amended by BGBl. No 28/1999.

Beneficiary

The local authorities.

Tax payable on

Agricultural and forested land in the local authority area (real estate tax A); developed and undeveloped land, building leases, buildings abroad and business areas (real estate tax B).

Basis of assessment

The standard value calculated according to the Valuation Law.

Tax payable by

Owners of real estate.

Exemptions

Real estate used by the public, the Austrian Federal Railways, non-profit-making, charitable or religious institutions, sports clubs, hospitals, public transport, cemeteries, diplomatic and consular missions where there are reciprocal arrangements; numerous exemptions under provincial law, particularly in the context of home ownership.

Collection

Local authority assessment.

Rate

The combination of basic rates of tax (as a rule 2.7 %) and multipliers (which vary between local authorities) generally results in a tax charge of the order of 0.8 % of the standard value.

A 3.3.2.**Land value levy**

(Bodenwertabgabe)

Legal base

Land Value Levy Law, BGBl. No 285/1960, as last amended by BGBl. No 383/1973.

Beneficiary

The federal government (4 %) and the local authorities (96 %).

Tax payable on

Undeveloped land in Austria.

Basis of assessment

The standard value.

Tax payable by

Landowners.

Exemptions

Allowance of ATS 200 000.

Collection

Official assessment.

Rate

1 % of the standard value in excess of ATS 200 000.

A 3.3.3.

Levy on agricultural and forestry enterprises

(Abgabe von land- und forstwirtschaftlichen Betrieben)

Legal base

Federal Law, BGBl. No 166/1960, as last amended by BGBl. No 486/1984.

Beneficiary

The federal government.

Tax payable on

Agricultural and forestry enterprises.

Basis of assessment

Basic amount of real estate tax.

Tax payable by

Persons liable to real estate tax.

Exemptions

None.

Collection

Official assessment.

Rate

400 % of certain basic amounts laid down for the real estate tax.

A 3.3.4.

Real estate transfer tax

(Grunderwerbsteuer)

Legal base

Real Estate Transfer Tax Law, BGBl. No 309/1987, as last amended by BGBl. No 28/1999.

Beneficiary

The federal government (4 %) and the local authorities (96 %).

Tax payable on

Sales of real estate, investment of assets in a company, etc.

Tax payable by

Those involved in the acquisition.

Basis of assessment

Purchase price; in special cases, the standard value of the real estate.

Exemptions

Various exemptions, for example values not exceeding ATS 15 000, improvements to building land.

Collection

Official assessment; self-calculation is possible where solicitors and notaries are involved.

Rate

Normally 3.5 %; 2 % in the case of transactions between close relatives.

A 3.3.5.

Road-use levy

(Strassenbenutzungsabgabe)

Legal base

Road-Use Levy Law, BGBl. No 629/1994, as last amended by BGBl. No 798/1996.

Beneficiary

The federal government.

Tax payable on

Use of Austrian roads by lorries and trailers with a total registered weight of at least 12 tonnes.

Basis of assessment

Calendar day, week, month, year.

Tax payable by

Normally the registration certificate holder.

Exemptions

Exemptions include military vehicles, street-cleaning vehicles, tractors and trailers, emergency transport, and cars attached to rail-borne vehicles using the roads.

Collection

Self-calculation procedure with options for monthly or annual payment (for vehicles registered in Austria); vignettes (for foreign vehicles).

Rate

Annual rate for 1997: ATS 16 700; increased rates where the taxpayer opts for shorter tax periods.

Capital transactions taxes

(Kapitalverkehrssteuern)

Legal base

Capital Transactions Tax Law, DRGBl. 1934, p. 1058, as last amended by BGBl. No 28/1999.

Beneficiary

The federal government.

Tax payable on

First acquisition of shares in an Austrian company limited by shares and equivalent transactions (capital duty). Transfers of securities (stock exchange turnover tax).

Basis of assessment

In the case of capital duty, the capital transferred to the company (consideration for the acquisition of the shares); in the case of stock exchange turnover tax, the consideration (purchase price).

Tax payable by

In the case of capital duty, the company limited by shares

(the shareholder is liable); in the case of stock exchange turnover tax, generally the contracting parties (jointly).

Exemptions

Capital duty: companies limited by shares serving non-profit-making, charitable or religious purposes; public utilities; conversions, mergers and business asset transfers. Stock exchange turnover tax: transactions between traders (both contracting parties must be banks, dealing rooms or authorised unofficial brokers).

Collection

Official assessment in the case of capital duty; self-assessment procedure generally used in the case of stock exchange turnover tax.

Rate

- Capital duty: 1 %.
- Stock exchange turnover tax: 0.04 to 0.15 %; 2.5 % in the case of shares of limited companies.

Waste-disposal levy

(Altlastenbeitrag)

Legal base

Waste-Disposal Law, BGBl. No 299/1989, as last amended by BGBl. No 185/1993.

Beneficiary

The federal government.

Tax payable on

Disposal of waste in Austria and the export of waste.

Basis of assessment

Gross weight of waste.

A 3.3.7.

Tax payable by

Waste-disposal firms, exporters.

Rate

ATS 90 to ATS 700 per tonne.

Collection

Quarterly self-calculation procedure.

A 3.3.8.

Safety levy

(Sicherheitsabgabe)

Legal base

Federal Law on protection against criminal offences which undermine the safety of civil aircraft, BGBl. No 824/1992, as last amended by BGBl. No 201/1996.

Tax payable by

Airport owners.

Beneficiary

The federal government.

Exemptions

Exemptions include children under the age of two, passengers with government request tickets and transit passengers.

Tax payable on

Journeys commenced by passengers at civil airports.

Collection

Quarterly self-calculation procedure.

Basis of assessment

Number of passengers.

Rate

ATS 60 per passenger.

A 3.3.9.

Stamp and legal duties

(Stempel- und Rechtsgebühren)

Legal base

Duties Law, BGBl. No 267/1957, as last amended by BGBl. No 28/1999.

Basis of assessment

- Stamp duties: the document (in many cases, the individual sheets of the document).
- Legal duties: generally, the value of the legal transaction.

Beneficiary

The federal government.

Tax payable on

- Stamp duties: specifically listed documents (e.g. petitions, proxy forms, certificates, passports).
- Legal duties: specifically listed legal transactions, normally only in written form (e.g. tenancy agreements, surety declarations, marriage contracts, aleatory contracts, credit agreements, assignments, bills).

Tax payable by

- Stamp duties: generally, the person in whose interest the document is drawn up.
- Legal duties: in the case of unilateral legal transactions, the person in whose interest the contract document has been issued; in the case of multilateral legal transactions, the contracting parties jointly.

Exemptions

A wide range of exemptions, to a large extent provided for outside the framework of the Duties Law.

— Legal duties: generally, through official assessment (approval may be given for self-calculation, for example in the case of banks and car-hire firms).

Collection

— Stamp duties: generally, through the affixing of official stamps.

Rate

The duty levels laid down in the Duties Law vary according to the document or legal transaction subject to duty.

A 3.3.10.**Local authority tax
(Kommunalsteuer)****Legal base**

Local Authority Tax Law, BGBl. No 819/1993, as last amended by BGBl. No 680/1994.

Exemptions

Austrian Federal Railways, health and social welfare services; allowance of ATS 15 000 up to a basis of assessment of ATS 20 000.

Beneficiary

The local authorities.

Collection

Monthly self-assessment procedure.

Tax payable on

Payment of wages by employers.

Rate

3 % of the monthly wage bill.

Tax payable by

Enterprises.

A 3.3.11.**Employer's contribution
(Dienstgeberbeitrag)****Legal base**

Equalisation of Family Burdens Law, BGBl. No 376/1967, as last amended by BGBl. No I/14/1997.

Tax payable by

Employers.

Beneficiary

The federal government (Family Burdens Equalisation Fund).

Exemptions

The federal government, the provincial governments, the local authorities and public hospitals; allowance of ATS 15 000 up to a wage bill of ATS 20 000.

Tax payable on

Payment of wages by employers.

Collection

Monthly self-assessment procedure.

Basis of assessment

Monthly wage bill.

Rate

4.5 % of the monthly wage bill.

A 3.3.12.

Donation levy

(Zuwendungsagabe)

Legal base

Article 11 of the Income Tax Law Amendments, BGBl. No 391/1975, as last amended by BGBl. No 739/1988.

Beneficiary

The federal government.

Tax payable on

Donations by professional, trade and other associations to political parties and to organisations closely connected with a political party.

Tax payable by

The association in question.

Exemptions

None.

Collection

Self-calculation procedure.

Rate

15 % of the donation.

A 3.3.13.

Levy on voluntary sales

(Abgabe von freiwilligen Feilbietungen)

Legal base

Styria: Auction Levy (Law) (*Versteigerungsabgabegesetz*), LGBl. No (provincial gazette) No 10/1928. Vorarlberg: Auction Law (*Versteigerungsgesetz*), LGBl. No 28/1967 and 19/1994 (latest version). Vienna: Auction Levy Law, LGBl. No 45/1983 and 73/1990 (latest version).

Beneficiary

The local authority concerned.

Tax territory

The province/local authority area concerned.

Tax payable on

The voluntary sale of movable or immovable property.

Basis of assessment

Auction proceeds.

Rate

Varies widely.

A 3.3.14.

Employers' levy

(Dienstgeberabgabe)

Legal base

Vienna: Employers' Levy Law, LGBl. No 17/1970 and 15/1994 (latest version).

Beneficiary

The local authority.

Tax territory

The local authority/the province.

Tax payable on

Employer/employee relationship.

Fishing levy — fishing licence fee**(Fischereiabgabe — Fischereikartenabgabe)****Legal base**

Burgenland: Fishing Law 1949, LGBl. No 1/1949 and 20/1958 (latest version), Fishing Regulation, LGBl. No 9/1953 and 26/1973 (latest version).

Carinthia: Fishing Law 1951, LGBl. No 43/1951 and 7/1960 (latest version), Fishing Leases Regulation, LGBl. No 53/1935, Temporary Fishing Licence Regulation, LGBl. No 22/1954.

Lower Austria: Lower Austrian Fishing Law 1988, LGBl. No 6550, Lower Austrian Fishing Regulation 1988, LGBl. No 6550/1.

Upper Austria: Upper Austrian Fishing Law, LGBl. No 60/1983 and 92/1998 (latest version), Upper Austrian Fishing Regulation, LGBl. No 97/1983 and 76/1998 (latest version).

Salzburg: Fishing Law 1969, LGBl. No 15/1970 and 81/1989 (latest version), Fishing Regulation, LGBl. No 65/1981 and 93/1995 (latest version).

Styria: Fishing Law 1983, LGBl. No 33/1983 and 46/1993 (latest version).

Tyrol: Fishing Law, LGBl. No 16/1993, Fishing Levy Law, LGBl. No 81/1996.

Vorarlberg: Fishing Law, LGBl. No 27/1891 and 34/1976 (latest version), Lake Constance Fishing Law, LGBl. No 34/1976 and 22/1990 (latest version).

Vienna: Fishing in Lease Areas (Leasing) Regulation, LGBl. No 9/1949.

Beneficiary

- Tyrol and Vorarlberg: the province.
- Otherwise: the province/the local authority concerned.

Tax territory

The province concerned.

Tax payable on

The right to exploit the fishing areas (subject to nature protection provisions).

Basis of assessment

The lease value or rent (Tyrol).

Rate

Between ATS 50 and ATS 300; 20 % of the basis of assessment (Tyrol); between ATS 9 and ATS 1 000, depending on the period of validity of the licence (Vorarlberg).

Beverage and ice cream tax**(Getränke- und Speiseeissteuer)****Legal base**

Burgenland: Beverage and Ice Cream Levy Law 1994, LGBl. No 11/1995.

Carinthia: Beverage Levy Law 1992, LGBl. No 94/1992 and 3/1996 (latest version).

Lower Austria: Lower Austrian Beverage and Ice Cream Tax Law 1992, LGBl. No 3701.

Upper Austria: Local Authority Beverage Tax Law, LGBl. No 15/1950 and 4/1998 (latest version).

Salzburg: Beverage Tax Law 1992, LGBl. No 44/1992 and 48/1998 (latest version).

Styria: Beverage and Ice Cream Levy Law 1993, LGBl. No 19/1994.

Tyrol: Beverage and Ice Cream Tax Law 1993, LGBl. No 88/1993 and 53/1998 (latest version).

Vorarlberg: Beverage Tax Law, LGBl. No 51/1993 and 61/1994 (latest version).

Vienna: Beverage Tax Law 1992, LGBl. No 3/1992.

Beneficiary

The local authority concerned.

Tax territory

The province/local authority concerned.

Tax payable on

The delivery against payment of beverages and ice cream, except in the context of ongoing retail activity; deliveries

A 3.3.16.

are services placing the beverages at the full disposal of another person.

Basis of assessment

Generally the consideration.

Exemptions

Generally the delivery of milk.

Collection

Monthly.

Rate

For alcoholic beverages and ice cream 10 %, for non-alcoholic beverages (with a maximum of 0.5 % by volume) 5 % of the basis of assessment.

A 3.3.17.

Dog tax

(Hundesteuer)

Legal base

Burgenland: Dog Levy Law, LGBl. No 5/1950 and 4/1994 (latest version).

Carinthia: Dog Levy Law, LGBl. No 18/1970 and 60/1998 (latest version).

Lower Austria: Lower Austrian Dog Levy Law 1979, LGBl. No 3702.

Upper Austria: Upper Austrian Dog Levy Law, LGBl. No 14/1950 and 83/1984 (latest version).

Styria: Dog Levy Law, LGBl. No 24/1950 and 51/1969 (latest version).

Tyrol: Dog Tax Law, LGBl. No 3/1980.

Vorarlberg: Dog Tax (Law), LGBl. No 33/1875 and 7/1923 (latest version).

Vienna: Dog Levy Law, LGBl. No 38/1984 and 73/1990 (latest version).

Beneficiary

The local authority concerned.

Tax territory

The province/local authority concerned.

Tax payable on

Keeping a dog.

Basis of assessment

The number of dogs kept.

Exemptions

Guide dogs, guard dogs and dogs kept for professional or commercial purposes.

Collection

Once a year.

Rate

Up to ATS 600 per dog per year.

A 3.3.18.

Hunting levies — hunting licence levy

(Jagdabgaben — Jagdkartenabgabe)

Legal base

Burgenland: Hunting Law 1988, LGBl. No 11/1989 and 55/1997 (latest version), Hunting Regulation, LGBl. No 24/1989 and 17/1992 (latest version), Hunting Licence Levy (Regulation), LGBl. No 82/1996.

Carinthia: Hunting Law 1978, LGBl. No 76/1978 and 108/1996 (latest version), Hunting Law 1978 Implementing Regulation, LGBl. No 132/1991 and 90/1997 (latest version), Hunting Levy Law, LGBl. No 53/1971 and 59/1993 (latest version), Hunting Licence Levy (Regulation), LGBl. No 9/1995.

Lower Austria: Lower Austrian Hunting Law 1974, LGBl. No 6500, Lower Austrian Hunting Regulation, LGBl. No 6500/1.

Upper Austria: Upper Austrian Hunting Law, LGBl. No 32/1964 and 28/1993 (latest version), Upper Austrian Hunting Levy Law, LGBl. No 10/1967.

Salzburg: Hunting Law 1993, LGBl. No 100/1993 and 69/1998 (latest version), Hunting Licence Regulation, LGBl. No 94/1995, Hunting Rights Levy Law, LGBl. No 77/1997.

Styria: Hunting Law 1986, LGBl. No 23/1986 and 72/1994 (latest version), Hunting Licence Levy Law, LGBl. No 5/1983 and 51/1987 (latest version).

Tyrol: Hunting Law 1983, LGBl. No 60/1983 and 68/1993 (latest version), Hunting Levy Law, LGBl. No 20/1991.

Vorarlberg: Hunting Law, LGBl. No 32/1988 and 21/1998 (latest version), Hunting Regulation, LGBl. No 24/1995, Hunting Levy Law, LGBl. No 43/1949 and 29/1994 (latest version).

Vienna: (see administrative levies).

Beneficiary

The province/local authority concerned (e.g. Salzburg).

Tax territory

The province concerned.

Tax payable on

Ownership or leasehold of hunting rights; exclusive rights within a certain hunting area to track, catch, shoot game animals and to take the carcasses of game animals and shed antlers found in the wild, and eggs of game birds.

Basis of assessment

Hunting value: size of the hunting area; lease value or rent; hunting lease including the value of additional services such as hunting lodges, etc. (Vorarlberg).

Collection

Once a year; on issue of a licences (Vorarlberg).

Rate

Hunting areas up to 300 hectares: ATS 400; for further 300 hectares ATS 200; between 20 % and 30 % of the basis of assessment; domestic residents: 15 % of hunting lease — others 35 %.

Countryside protection levy and nature protection levy

(Landschaftsschutzabgabe und Naturschutzabgabe)

Legal base

Burgenland: Nature Protection and Country Stewardship Law, LGBl. No 27/1991 and 86/1996 (latest version), General Nature Protection Regulation, LGBl. No 24/1992.

Lower Austria: Lower Austrian Countryside Protection Levy Law 1994, LGBl. No 3630.

Salzburg: Nature Protection Law 1993, LGBl. No 1/1993 and 74/1998 (latest version), General Countryside Protection Regulation 1995, LGBl. No 89/1995 and 27/1998 (latest version).

Styria: Nature Protection Law 1976, LGBl. No 65/1976 and 79/1985 (latest version), Nature Protection Regulation, LGBl. No 52/1987.

Tyrol: Nature Protection Law 1997, LGBl. No 33/1997 and 78/1998 (latest version), Nature Protection Regulation 1997, LGBl. No 95/1997.

Vorarlberg: Nature Protection and Rural Development Law, LGBl. No 22/1997, Nature Protection Regulation, LGBl. No 8/1998.

Beneficiary

The province concerned; proceeds earmarked for countryside fund support measures (Lower Austria); 65 % to the country stewardship fund and 35 % to the local authority (Vienna).

Tax territory

The province concerned.

Tax payable on

The use of machines to extract mineral raw materials; new cable car runs, tow lifts and other sports facilities; snow-making equipment; channelling or removing water to generate power; new fish farms.

A 3.3.19.

Basis of assessment

Extraction of stones, sand, gravel or any kind of rubble in an authorised quarrying operation.

Exemptions

Plans of public bodies acting within their areas of competence, except for plans for the guidance of commercial enterprises (not in Salzburg); extraction limited to 500 tonnes a year (Lower Austria).

Collection

In principle, after implementation of the plan has begun; monthly; yearly, with quarterly advance (Lower Austria).

Rate

Varies according to the subject of taxation.

A 3.3.20.

Motor boat levy

(Motorbootabgabe)

Legal base

Carinthia: Motor Boat Levy Law 1992, LGBl. No 10/1993 and 31/1997 (latest version).

Beneficiary

The province concerned.

Tax territory

The province concerned.

Tax payable on

Motorised vessels licensed by the relevant authorities and used on public waterways and in other public or private waters.

Basis of assessment

Engine capacity.

Exemptions

River-police launches, waterway management, army, State security service, customs and justice officials, recognised rescue organisations, etc.

Collection

Annual.

Rate

ATS 13 per kW capacity.

A 3.3.21.

Sports payment

(Sportgroschen)

Legal base

Vienna: Sports Payment Law, LGBl. No 27/1983 and 73/1990 (latest version).

Beneficiary

The local authority concerned.

Tax territory

The province/local authority area concerned.

Tax payable on

Sports events to which access is given in return for a consideration.

Exemptions

Possible 5 % reduction in special cases.

Rate

10 % of the consideration (excluding turnover tax).

Contribution to the fund to combat animal epidemics

(Tierseuchenfondsbeitrag)

Legal base

Burgenland: Cattle and Meat Inspection Charges (Regulation), LGBl. No 66/1973 and 35/1982 (latest version), Veterinary Examinations for Animal Transports (Regulation), LGBl. No 3/1959 and 36/1982 (latest version).

Carinthia: Animal Epidemics Fund Law 1995, LGBl. No 58/1995 and 56/1998 (latest version), Animal Epidemics Fund Contributions (Regulation), LGBl. No 86/1998, Transport of Animals (Regulation), LGBl. No 35/1955 and 24/1984 (latest version).

Upper Austria: Veterinary Examinations for Animal Transports (Regulation), LGBl. No 10/1957 and 28/1975 (latest version).

Salzburg: Veterinary Examinations for Animal Transports (Regulation), LGBl. No 2/1951 and 36/1982 (latest version).

Styria: Transport Inspection Charges Regulation, LGBl. No 35/1976 and 10/1982 (latest version), Animal Epidemics Fund Law, LGBl. No 38/1949 and 80/1995 (latest version).

Tyrol: Animal Epidemics Fund Law, LGBl. No 17/1949 and 65/1988 (latest version), Animal Epidemics Fund, Level of Contributions (Regulation), LGBl. No 11/1998, Examination Charges Regulation, LGBl. No 62/1994 and 59/1996 (latest version).

Vorarlberg: Animal Epidemics Fund Law, LGBl. No 37/1967 and 57/1976 (latest version), Setting of Animal Epidemics Fund Contributions (Regulation), LGBl. No 40/1997.

Vienna: Veterinary Examinations for Animal Transports (Regulation), LGBl. No 11/1946 and 31/1975 (latest version).

Beneficiary

The province concerned.

Tax territory

The province concerned.

Tax payable on

Commercial keeping of cattle over three months old and solipeds over one year old.

Basis of assessment

Number of animals

Collection

Annually.

Rate

ATS 21 per animal; ATS 28 per animal (Vorarlberg).

A 3.3.23.

Video levy

(Videoabgabe)

Legal base

Lower Austria: Lower Austrian Entertainment Levy Law, LGBl. No 3703.

Salzburg: Video Levy Law, LGBl. No 14/1992 and 16/1996 (latest version).

Vienna: Leisure Events Tax Law, LGBl. No 43/1987 and 1/1995 (latest version).

Beneficiary

The province concerned.

Tax territory

The province concerned.

Tax payable on

Rental of videos in return for a consideration.

Basis of assessment

The consideration less the levy and any turnover tax.

Exemptions

Lending of videos by official bodies within their legal competence to cinemas, schools (for teaching purposes) or persons renting or selling videos on a commercial basis; lending of videos classified as *sehenswert* (recommended), *wertvoll* (high quality) or *besonders wertvoll* (very high quality).

Collection

Monthly.

Rate

10 % of the consideration.

A 3.3.24.

Second home levy

(Zweitwohnsitzabgabe)

Legal base

Vorarlberg: Second Home Levy Law, LGBl. No 87/1997.

Beneficiary

The local authority concerned.

Tax territory

The province/local authority area concerned.

Tax payable on

Holiday homes.

Basis of assessment

Floor space of the holiday home.

Exemptions

Permanent residences, private letting of rooms (up to 10 beds), commercial accommodation (hotels, guest houses).

Collection

At the start of the year.

Rate

Varies according to type of location.

A 3.3.25.

Supplementary charges and late payments

(Nebenansprüche und Resteingänge)

Legal base

Burgenland: Provincial Levy Arrangements (Law), LGBl. No 2/1963 and 47/1995 (latest version).

Carinthia: Provincial Levy Arrangements 1991 (Law), LGBl. No 128/1991 and 44/1997 (latest version).

Lower Austria: Lower Austrian Levy Arrangements 1977 (Law), LGBl. No 3400.

Upper Austria: Upper Austrian Provincial Levy Arrangements 1996 (Law), LGBl. No 107/1996.

Salzburg: Provincial Levy Arrangements (Law), LGBl. No 58/1963 and 67/1994 (latest version).

Styria: Provincial Levy Arrangements (Law), LGBl. No 158/1963 and 29/1994 (latest version).

Tyrol: Provincial Levy Arrangements (Law), LGBl. No 34/1984 and 13/1994 (latest version).

Vorarlberg: Levy Procedure Law, LGBl. No 23/1984 and 84/1998 (latest version).

Vienna: Vienna Levy Arrangements, LGBl. No 21/1962 and 60/1998 (latest version).

Beneficiary

The province/local authority concerned; for supplementary charges on purely provincial levies, or in proportion to the province's share of national levies (Salzburg); the district

body bearing the costs of the first instance levy authority (Tyrol).

Tax territory

The province/local authority concerned.

Tax payable on

1. Late-payment supplement for non-excusable failure to meet a deadline for submitting a levy declaration.
2. Penalty for providing an illicit service.
3. Penalty for disturbing official business and committing indecent acts or libel.
4. Interest on authorised rescheduling of payment.
5. Interest on authorised delays in the collection of a levy, the level of which is directly or indirectly subject to appeal.
6. Supplement on levies not paid by their due date.
7. Reminder charges for levy payments that have become due.

Basis of assessment

1. Fixed levy.
2. Fixed upper limit (with a scale of penalties).
3. Part of the levy for which payment is postponed under authorised rescheduling.
4. Part of the levy for which postponed payment is authorised.
5. Levies not paid on time.
6. Outstanding amount of the levy in question.

Exemptions

Payment of outstanding amounts under ATS 100 not to be enforced (Tyrol).

Collection

Varies according to circumstances.

Rate

1. Up to 10 % of the fixed levy.
2. Between ATS 10 000 and ATS 20 000.
3. Between ATS 1 000 and ATS 2 000.
4. Between 8.4 % and 9 % per annum of the levy owed, if this exceeds ATS 15 000.
5. 6.4 % per annum; between 8.4 % and 9 % per annum for amounts over ATS 100 000.
6. 2 % of the amount not paid on time.
7. 0.5 % of the amount in question; with a minimum of ATS 35 and a maximum of ATS 1 000.

PORTUGAL

Tax on personal income

(Imposto sobre o rendimento das pessoas singulares — IRS)

Legal base

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; Law No 39-B/94 of 27 December 1994; DL No 37/95 of 14 February 1995; Law No 29/95 of 18 August 1995; Law No 31/95 of 18 August 1995; DL No 280/95 of 26 October 1995; DL No 7/96 of 7 February 1996; Law No 10-B/96 of 23 March 1996; Law No 52-C/96 of 27 December 1996; DL No 257-B/96 of 31 December 1996; DL No 18/97 of 21 January 1997; DL No 3/97 of 8 January 1997; Law No 127-B/97 of 20 December 1997; DL No 25/98 of 10 February 1998; DL No 45/98 of 3 March 1998; DL No 366/98 of 23 November 1998; Law No 87-B/98 of 31 December 1998; DL No 67/99 of 11 March 99; Regional Legislative Decree No 2/99/A of 20 January 1999.

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.

Tax payable on

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.

Exemptions

- Family allowances and supplementary social security benefits within the limits prescribed by law.
- Meal allowances, up to the legal limit increased by 50 %.
- Allowances to provide cover for errors, for persons who have to handle cash, up to a limit of 5 % of the fixed monthly remuneration.
- Expense allowances, up to the limit laid down by law.
- Employers' contributions to compulsory social security schemes which, though private, provide retirement, invalidity or survivors' benefits exclusively.
- Prizes awarded to top sportsmen and women, and their trainers, finishing among the winners in major sporting events.
- Capital gains on the sale of bonds and other debt securities and shares held for more than 12 months.
- Capital gains from the sale of residential property, provided the proceeds of the sale are re-invested within 24 months in the purchase, construction, extension or improvement of other residential property on Portuguese territory for the use of the taxable person and his family.
- 50 % of the income from artistic or scientific property (Category B) received by authors resident in Portugal.
- 50 % of the income from activity as an employed person (Category A) or as a self-employed person (Category B) up to PTE 2 512 000, and 30 % of income from pensions (Category H) up to PTE 1 418 000 (PTE 1 886 000 in the case of former members of the Armed Forces), received by persons with 60 % or more disability.

Non-taxable limits

Persons whose sole income is from pensions (Category H) and does not exceed PTE 1 825 000 (for married taxpayers) or PTE 1 645 000 (in other cases) are exempt from the obligation to submit a tax return.

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 120 % of the national minimum annual wage nor in the taxation of such income if, after deducting the dependent spouse allowance, the taxable amount is PTE 300 000 or less.

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.

Deductions

Deductions are specific to each income category:

- Category A: 65 % of income up to a ceiling of PTE 522 000, 72 % of twelve times the highest minimum wage (given the current highest minimum wage, this deduction currently amounts to PTE 529 632) or total social security contributions, whichever is greater; this deduction is increased by 50 % in the case of income earned by persons with 60 % or more disability. However, where compulsory contributions to social security schemes and official health subsystems exceed this limit, the total of these contributions will be deductible.
- 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. Only 50 % of the balance of capital gains and losses other than from the sale of shares or other transferable securities may be deducted.
- Category H: PTE 1 445 000 for each recipient of income; this deduction is increased by 30 % in the case of persons with 60 % or more disability.

In addition to the specific deductions, the following are also deducted from total net income:

- the cost of maintenance payments imposed on the taxpayer by a court ruling or a legal settlement;
- 10 % of the sum used to buy or construct, without recourse to borrowing, residential buildings for permanent occupation by the investor or a tenant, up to a ceiling of PTE 305 000.

The amount of the IRS assessment basis accounted for by net income in Category F can be deducted from the local real estate tax levied on the value of buildings or part of buildings.

The following are also deductible from the IRS assessment basis (tax credits):

- 30 % of health expenses (unlimited);
- 30 % of education expenses, up to a limit of PTE 101 500; for households incurring education expenses for three or more dependants, this limit is increased by PTE 10 000 per dependent;
- 25 % of payments, up to a limit of PTE 56 400, to retirement homes or similar institutions on behalf of taxpayers, their relatives in the ascending line and other relatives no more than three times removed whose incomes do not exceed the national minimum wage;
- 30 % of interest and capital payments on debt incurred through the purchase, construction or improvement of the taxpayer's permanent residence and rent paid by a tenant permanently resident in a building or part of building, up to a limit of PTE 94 300;
- 25 % of premiums on personal accident and life assurance policies exclusively providing death, invalidity or retirement benefits, and contributions to pension funds or other supplementary social security schemes, up to a limit of PTE 10 000 for single taxpayers and 20 000 for married taxpayers;
- 25 % of insurance premiums on policies exclusively providing health cover for the taxpayer or their dependants, up to a limit of PTE 10 000 for single taxpayers and 20 000 for married taxpayers;
- 25 % of the sums invested in personal pension plans, up to the lower of the following amounts: 5 % of gross taxable income or PTE 107 000 for single taxpayers and PTE 214 000 for married couples;
- 7.5 % of the sums invested in personal equity plans, up to a limit of PTE 37 500 for single taxpayers and PTE 75 000 for married couples;
- 5 % of sums invested in shares in firms privatised in the period to the end of 2002, up to a limit of PTE 32 500 for single taxpayers and PTE 65 000 for married couples;
- 7.5 % of sums invested in shares by employees of firms privatised in the period to the end of 2002, up to a limit of PTE 49 000 for single taxpayers and PTE 98 000 for married couples;
- 20 % of the purchase price of new computers, software, modems, ISDN cards and monitors for the taxpayer's private use, up to a limit of PTE 30 000;

- 20 % of the purchase price of new equipment for the use of renewable energy sources, up to a limit of PTE 25 000;
- 20 % of expenses incurred through legal advice or judicial patronage, up to a limit of PTE 20 000;
- 25 % of deposits in a housing savings scheme, up to a limit of PTE 105 000;
- 25 % of donations in cash or kind to central, regional or local government or departments, establishments and bodies thereof, foundations for which the central government, autonomous regions or local authorities provided at least 50 % of the initial funding, churches, museums; libraries, schools, teaching, educational or research institutes and associations, and other bodies, under the conditions laid down by the law.

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).

Rate

Marginal rates range from 14 % to 40 %.

Income band	Rate
Up to PTE 700 000	14 %
PTE 700 000 to PTE 1 105 000	15 %
PTE 1 105 000 to PTE 2 750 000	25 %
PTE 2 750 000 to PTE 6 405 000	35 %
Over PTE 6 405 000	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 debt, registered or bearer securities, contango, the assignment of leases and similar operations: 20 %;
- income from registered or bearer shares: 25 %;
- winnings from betting and gaming, lotteries and totalisator 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').

If not awarded by the employer, bonuses received for or by virtue of services rendered are taxed separately at a rate of 15 %.

Reliefs

Tax credits:

- PTE 36 000 per single taxpayer;
- PTE 27 400 per married taxpayer;
- PTE 19 800 per dependant; tax credits are increased by 50 % in the case of taxpayers and children with 60 % or more disability;
- PTE 19 800 per relative in the ascending line whose income does not exceed the minimum social pension.

Shareholders resident on Portuguese territory are entitled to a tax credit of 60 % of the corporation tax corresponding to dividends on shares and other interests 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).

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 overpayments are reimbursed.

Special features

Sportspeople, fishers and miners are subject to special tax arrangements. No tax is payable on capital gains that were not liable for the old capital gains tax (approved by DL

46373 of 9 June 1965 and 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.

Only 50 % of the balance in a given year of capital gains and losses other than from the sale of shares or other transferable securities is liable for tax.

Natural persons resident in the Azores are eligible for a 15 % reduction in the national IRS rates.

Tax on corporate income

(Imposto sobre o rendimento das pessoas colectivas — IRC)

Legal base

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; DL No 166/94 of 9 June 1994; Law No 39-B/94 of 27 December 1994; DL No 37/95 of 14 February 1995; DL No 121/95 of 31 May 1995; DL No 280/95 of 26 October 1995; DL No 5/96 of 29 January 1996; DL No 7/96 of 7 February 1996; Law No 10-B/96 of 23 March 1996; Law No 52-C/96 of 27 December 1996; DL No 257-B/96 of 31 December 1996; DL No 3/97 of 8 January 1997; DL No 18/97 of 21 January 1997; Law No 127-B/97 of 20 December 1997; DL No 25/98 of 10 February 1998; DL No 42/98 of 3 March 1998; DL No 44/98 of 3 March 98; DL No 45/98 of 3 March 1998; DL No 159/98 of 24 June 1998; Law No 31/98 of 13 July 1998; Law No 72/98 of 3 November 1998; DL No 366/98 of 23 November 1998; Law No 87-B/98 of 31 December 1998; Regional Legislative Decree No 2/99/A of 20 January 1999.

Beneficiary

Central government and the municipalities to which a tax known as the 'Derrama' is payable.

Tax payable by

- Resident business entities with 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

- Except for their income from capital, the central government, autonomous regions and local authorities, municipal associations and federations, and parish associations exercising no commercial, industrial or agricultural activity.
- Income from capital accruing to central government from 'swap' and forward-exchange transactions is also exempt from the IRC.

- Social security institutions, except for their income from capital.
- Entities of public interest and charitable bodies, under certain conditions.
- Agricultural cooperatives, housing and building associations, educational associations, craft production associations and other cooperative associations subject to the conditions laid down by law.
- Companies and other bodies covered by the tax transparency arrangements.
- Income accruing directly from activities liable to gaming tax.
- Pension funds set up in accordance with the law and retirement saving funds pursuant to the law.
- Income from equity-linked savings funds, funds of funds and units held in funds of funds.
- Political parties.
- Income accruing directly from the exercise of a cultural, recreational or sporting activity, subject to certain conditions.
- 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.

Profits earned by non-resident entities from the operation of vessels or aircraft are exempt under certain conditions.

Income from units in investment funds held by non-resident entities and capital gains on the sale of shares and other transferable securities made by non-resident entities are exempt from tax, as long as such income cannot be attributed to a permanent establishment in Portugal.

As long as they cannot be attributed to a permanent establishment in Portugal, the following are also exempt:

- interest from loans accorded by non-resident financial institutions to resident credit institutions;
- institutions' earnings from swap transactions with resident credit institutions or the central government.

Deductions

Expenses actually incurred in the exercise of the activity engaged in, adjusted where appropriate in accordance with the relevant tax rules.

Rate

- 34 % (plus a local tax — the 'Derrama' — levied at a rate of up to 3.4 %) 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:
 - (a) 15 % for income from intellectual or industrial property, technical assistance and the hiring-out of movable property;
 - (b) 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
 - (c) 20 % for income from government securities and other income from the investment of capital, with the exception of profits distributed by bodies liable to tax, for which the rate is 25 %;
 - (d) 35 % of winnings from lotteries, tombolas, totalisator bets, lotto or bingo, prize draws and competitions;
 - (e) 15 % of agents' commissions on the conclusion of contracts and income from services rendered or used on Portuguese territory, with the exception of transport, communications and financial services.

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, covering the period up to the deadline for submission of the periodic tax return, represents the total tax calculated in the return minus the advance payments.

A further advance payment is required: it represents 1 % of turnover, with a minimum of PTE 100 000 and a maximum of PTE 300 000, minus the sums paid in advance the previous year. This payment is not due in the first year of activity.

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 May of the year following that in which income from real estate was earned, save where real estate is sold;
- within a period of 30 days in the case of capital gains resulting from the sale of real estate;
- the tax is deducted at source, in full discharge, by the body owing the income.

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.

Losses

Losses made in a given financial year may be deducted from taxable profits in one or more of the following six 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 within the three years following the year of the sale. This period may be extended for one year.

Where one resident company has held 25 % or more of another resident company's capital for at least two consecutive years (or since that company's formation), it may exclude from its taxable income 95 % of the dividends received from the distributing company.

Where the interest in the company distributing the dividends is less than 25 % or has been held for less than two years, a tax credit of 60 % 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 authorisation, where a resident company holds, alone or with other companies of a group, at least 90 % of the share capital of the group's other 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 one or more companies from other Member States of the European Union have a holding.

Micro-enterprises meeting the conditions laid down by the law are eligible for a 20 % reduction in the IRC rate for the financial years 1999 to 2001.

Micro-, small- and medium-sized enterprises meeting the conditions laid down by the law are eligible for a tax credit of 10 % of any relevant additional investment in the years 1998 to 2000. This credit may not exceed 30 % of the tax payable.

Taxpayers incurring research and development costs in the period 1998–2000 are eligible, under the terms of the law, for a tax credit calculated at a dual rate:

- 8 % of the expenditure incurred in each financial year;
- 30 % of any expenditure in a financial year in excess of the simple arithmetic average for the previous two financial years, up to a limit of PTE 50 000 000.

Legal persons or the like with their registered office, effective centre of management or a permanent establishment in the Azores are eligible for a 30 % reduction in the national IRC rates.

IRC taxpayers may deduct, up to the taxable amount, commercial, industrial and agricultural profits reinvested at the following rates:

- 20 % for investment on the islands of São Miguel and Terceira, increased by 25 % in the municipalities of Nordeste and Povoção;
- 30 % for investment on the islands of São Jorge, Faial and Pico;
- 40 % for investment in the islands of Santa Maria, Graciosa, Flores and Corvo.

Municipal tax

(Contribuição autárquica)

Legal base

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 140/92 of 17 July 1992. Law No 39-B/94 of 27 December 1994; DL No 172/95 of 18 July 1995; Law No 10-B/96 of 23 March 1996; DL No 186/96 of 27 September 1996; Law No 52-C/96 of 27 December 1996; Law No 127-B/97 of 20 December 1997; Law No 87-B/98 of 31 December 1998

Beneficiary

Municipalities.

Tax payable by

Natural or legal persons who own real estate on Portuguese territory, whether or not they are resident in the country. Not subject to tax are 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, parish associations, administrative and tourist regions, and the metropolitan areas of Lisbon and Oporto.

Basis of assessment

Value of the real estate, determined in accordance with the Valuation Code (see 'Special features' and 'Not subject to tax').

Exemptions

- 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.
- Foreign governments in respect of real estate acquired as premises for diplomatic or consular representation, where there is reciprocity.
- Social security and provident institutions in respect of property or parts of property directly serving their objectives.
- Religious or confessional groupings or associations of any persuasion with recognised legal personality.

- 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.
- Special charitable or welfare bodies and entities regarded as such in law, private educational establishments forming part of the education system, sports associations and youth associations in respect of property or parts of property directly serving their objectives.
- Almshouses.
- Property or parts of property given or lent, free of charge, by the owners or usufructuaries to public bodies not liable to municipal tax, in accordance with the applicable legislation.
- Urban property acquired or built as a permanent residence for the taxpayer or his dependants, in accordance with the applicable legislation (temporary exemption).
- Residential property rented out for variable periods of time depending on the value of the property.
- Rural and urban property belonging to taxpayers whose gross taxable income for IRS purposes is no more than twice the national minimum salary and whose estate does not exceed PTE 1 345 000 in value.

Rate

- Rural real estate: 0.8 %.
- Urban real estate: between 0.7 % and 1.3 % (set annually by the municipalities).

Collection

If the amount of tax payable is less than PTE 30 000, the whole amount must be paid in April. If it is more than PTE 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 capitalising the income entered in the property registers, such values having been automatically updated to the reference date of 31 December 1988.

P 1.4.

Capital gains surcharge

(Encargo de mais-valias)

Legal base

Law No 2030 of 22 June 1948; DL No 41616 of 10 May 1958; GRD No 4/1983 of 25 January 1983; DL No 51/95 of 20 March 1995; DL No 54/95 of 20 March 1995; DL No 27/97 of 23 January 1997.

Beneficiary

- Municipalities.
- Highways Authority (Junta Autónoma das Estradas).

Tax 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.

Tax payable on

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.

This capital gains surcharge does not apply to increases in the value of land for urban construction arising from the

construction of the new Vasco da Gama bridge over the Tagus or the 'EXPO'98' World Exhibition in Lisbon (see P 3.1.6.).

Basis of assessment

- 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.
- The difference between the value of the property at the date on which the building permit was applied for and its value, in accordance with the economic use to be made of it, at the date on which the building of roads or other transport infrastructure under the jurisdiction of the 'Junta Autónoma das Estradas' was announced.

Rate

- 50 % of the amount determined by arbitration.
- 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.

P 1.5.

Tax on the use, carrying and possession of weapons

(Imposto do uso, porte e detenção de armas)

Legal base

DL No 37313 of 21 February 1949; DL No 328/76 of 6 May 1976; DL No 432/83 of 14 December 1983; Law No 22/97 of 27 June 1997.

Beneficiary

Central government and municipalities.

Tax payable by

Owners of weapons.

Tax payable on

Target-shooting, sporting and hunting weapons.

Rate

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).

Road taxes — road licence and road haulage tax

(Impostos rodoviários — Imposto de circulação e imposto de camionagem)

Legal base

DL No 477/71 of 6 November 1971; Article 45 of Law No 75/93 of 20 December 1993, as last amended by DL No 116/94 of 3 May 1994 and Law No 10-B/96 of 23 June 1996; Law No 52-C/96 of 27 December 1996; DL No 89/98 of 6 April 1998.

Beneficiary

- Highways Authority (Junta Autónoma das Estradas).
- Autonomous regions of Madeira and the Azores.

Tax payable by

Vehicle owners.

Tax payable on

- Motorised goods vehicles.
- Composite vehicles with a gross weight of more than 2 500 kg.
- Other motor vehicles not considered to be passenger or composite vehicles with a gross weight of 2 500 kg or more or farm tractors.

Road licence tax is levied on vehicles used or hired out on a self-drive basis for the carriage of goods for one's own account.

Road haulage tax is levied on vehicles used or hired out on a self-drive basis for the carriage of goods for public hire and reward.

Rate

Rates of gross weight not exceeding 12 tonnes

Weight brackets (kg)	Road licence tax (ESC)	Road haulage tax (ESC)
Up to 2 500	4 900	3 300
2 501 to 3 500	8 200	5 500
3 501 to 7 500	19 500	12 500
7 501 to 12 000	32 000	21 000

- The rates for motor vehicles of a gross weight exceeding 12 tonnes, articulated vehicles and combined vehicles vary according to the number of axles, gross weight and the type of suspension.

- The autonomous regions of Madeira and the Azores benefit from a 50 % reduction in these rates.
- Vehicles subject to road haulage tax and used for the carriage of large objects are subject to 20 % of the annual rates.

Exemptions

- Road licence:
 - 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;
 - the autonomous regions;
 - local authorities and their federations and associations governed by public law;
 - public utilities;
 - foreign States where there is reciprocity of treatment;
 - the staff of diplomatic and consular missions, in accordance with the relevant agreements;
 - international organisations, in accordance with the agreements concluded by the Portuguese Government;
 - vehicles over 20 years old in collections in public museums;
 - in the year of acquisition, new vehicles acquired after 31 October;
 - in the year of scrapping, vehicles deregistered before 30 June.
- Road haulage tax:
 - in the year of acquisition, new vehicles acquired after 31 October;
 - in the year of scrapping, vehicles deregistered before 30 June.

Collection

Annual.

Special features

Non-resident carriers are liable to a special rate depending on the capacity, the number of days of continuous presence on Portuguese territory, the journey, the gross weight and the type of vehicle (passenger — whether for tourism or not — or goods).

P 1.7.

Municipal tax on vehicles

(Imposto municipal sobre veículos)

Legal base

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; Law No 10-B/96 of 23 March 1996; Law No 127-B/97 of 20 December 1997; DL No 144/99 of 30 April 1999.

Beneficiary

Municipalities.

Tax payable by

Vehicle owners: in principle, those in whose name vehicles are registered.

Tax payable on

Use of:

- light-duty passenger and composite motor vehicles;
- motorcycles for personal transport;
- aircraft for private use;
- pleasure craft for private use.

Basis of assessment

The tax is based on the following factors:

- motor vehicles: fuel used, cylinder capacity, voltage (for electrically propelled vehicles), age;
- motorcycles: cylinder capacity and age;
- aircraft: maximum authorised weight at take-off;

- pleasure craft: engine rating, gross registered tonnage and age.

Exemptions

They include:

- the central government and any government department, establishment or agency, even if it has legal personality;
- local authorities and federations thereof, federations of municipalities and parish associations;
- public utilities within the meaning of the applicable legislation;
- foreign States where there is reciprocity of treatment;
- foreign or international organisations, under the terms of agreements concluded by Portugal;
- the staff of diplomatic and consular missions under the relevant agreements;
- handicapped persons with 60 % or more disability;
- motor vehicles used to provide a public service;
- motor vehicles that are the property of driving schools and are used for driving instruction;
- aircraft that are used for instruction and training and are the property of flying schools and clubs (operating with the authorisation of the Directorate-General for Civil Aviation);
- motorless aircraft and boats of up to seven gross registered tonnes, without an engine or with an engine not exceeding 25 hp.

Rate

1. Light-duty passenger and composite motor vehicles

Class	Motor vehicles		Annual tax according to the age of the vehicle (ESC)			
	Fuel used		Electric	Up to 6 years	6 to 12 years	12 to 25 years
	Petrol	Other				
	Cylinder capacity (cc)		Total voltage	First band	Second band	Third band
A	Up to 1 000	Up to 1 500	Up to 100	2 700	1 500	900
B	1 001 to 1 300	1 501 to 2 000	Over 100	5 400	2 700	1 400
C	1 301 to 1 750	2 001 to 3 000	—	8 400	4 200	1 900
D	1 751 to 2 600	Over 3 000	—	21 200	10 200	4 000
E	2 601 to 3 500	—	—	33 700	16 200	7 700
F	Over 3 500	—	—	59 700	27 600	11 500

2. Motorcycles

Class	Motorcycles	Annual tax according to the age of the motorcycle (ESC)		
	Cylinder capacity (cc)	Up to 5 years First band	5 to 10 years Second band	10 to 15 years Third band
G	180 to 250	800	—	—
H	251 to 350	1 100	800	—
I	351 to 500	2 700	1 500	900
J	501 to 750	8 400	4 200	1 900
K	Over 750	17 000	8 200	4 000

3. Aircraft for private use

Class	Aircraft	Annual tax (ESC)
	Maximum authorised weight on take-off (kg)	
L	Up to 600	7 900
M	601 to 1 000	25 500
N	1 001 to 1 400	63 500
O	1 401 to 1 800	114 100
P	1 801 to 2 500	177 200
Q	2 501 to 4 200	316 400
R	4 201 to 5 700	632 400
S	Over 5 700	1 580 700

4. Pleasure craft for private use

Class	Pleasure craft		Annual tax according to the age of the vessel (ESC)			
	Indicators		Up to 15 years First band		Over 15 years Second band	
	Gross registered tonnage (GRT)	Propulsion power (HP)	Per ton or fraction thereof of GRT	Per 10 HP or fraction thereof of total propulsion power	Per ton or fraction thereof of GRT	Per 10 HP or fraction thereof of total propulsion power
T	Up to 2	Over 25	1 400	800	900	600
U	Over 2 and up to 5	Up to 50	1 800	900	1 100	700
		Over 50	2 000	1 000	1 200	700
V	Over 5 and up to 10	Up to 100	2 200	1 000	1 300	700
		Over 100	2 600	1 200	1 400	800
X	Over 10 and up to 20	Up to 100	2 700	1 200	1 500	800
		Over 100	3 200	1 400	1 700	900
Y	Over 20 and up to 50 ⁽¹⁾	Up to 100	3 300	1 400	1 700	900
		Over 100	3 800	1 500	1 900	1 000
Z	Over 50	Over 100	3 900	1 500	2 000	1 000
		Up to 100	4 400	1 900	2 200	1 200

⁽¹⁾ The rates corresponding to category Y are reduced to 50 % for converted fishing boats, commercial boats, life boats or wrecks, provided article 6, paragraph 4 of Decree No 143/78 of 12. 6. 1978 had been respected.

P 2.1.

Inheritance tax and gift tax

(Imposto sobre as sucessões e doações)

Legal base

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; Law No 10-B/966; Law No 52-C, 27 December 1996; Law No 87-B/98 of 31 December 1998.

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.

Non-taxable limits

- Transfer between spouses: PTE 700 000.
- Transfer to relatives in the descending line: PTE 700 000.
- Transfer to parents: PTE 350 000.

Rate

All the property received, albeit at different times, from the legator or donor, must be considered as a whole for the purpose of determining the rate applicable.

	Percentages						
	Up to PTE	From PTE	From PTE	From PTE	From PTE	From PTE	Over PTE
Transfers	700 000	700 001	2 750 001	7 000 001	13 750 001	34 500 001	68 500 001
		to PTE	to PTE	to PTE	to PTE	to PTE	
		2 750 001	7 000 000	34 500 000	68 500 000	68 500 000	
To minors	—	4	7	10	14	18	23
To spouses	—	6	9	12	16	20	25
To relatives in the ascending line or between brothers and sisters	7	10	13	16	21	26	32
Between relatives three times removed	13	17	21	25	31	38	45
Between other persons	16	20	25	30	36	43	50

Reliefs

Where the same property is bequeathed twice within a five-year period, the rates applicable to the second transfer are reduced by half.

- All transfers, effected free of charge or as a result of death, of a value not exceeding: PTE 70 000.

Exemptions

- 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.
- The central government and any government departments, even if they have legal personality; local authorities and federations and associations thereof.
- Transfers of copyright, death grants, gifts from philanthropic establishments and family allowances due on the date of death.
- Transfers to the surviving spouse and children or, in the event of their death, to relatives in the ascending line, of units in securities investment funds up to a limit of PTE 500 000 each and of units in property investment funds also up to PTE 500 000 each.
- Transfers to the surviving spouse or relatives in the ascending line of deposits on retirement savings accounts up to a limit of PTE 1 740 000.

Collection

The tax is paid in six-monthly instalments. The smaller the instalments, the greater their number, up to a maximum of 16. Taxpayers may choose, in certain circumstances, to

pay the entire amount of the tax, in which case they qualify for a reduced rate.

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 2002 inclusive are exempt from tax.

P 3.1.1.**Value added tax**

(Imposto sobre o valor acrescentado)

Legal base

DL No 394-B/84 of 26 December 1984; DL No 290/92 of 28 December 1992 (transitional arrangements for taxation of intra-Community acquisitions). Both instruments have been amended many times, most recently by Law No 52-C/96 of 27 December 1996; DL No 204/97 of 9 August 1997; Law No 127-B/97 of 20 December 1997; DL No 114/98 of 6 May 1998; DL No 323/98 of 30 October 1998; Law No 87-B/98 of 31 December 1998.

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, 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.

Tax payable on

Supplies of goods or services by taxable persons and imports of goods, whoever the importer.

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 (PTE 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 purchases of goods 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 (PTE 1 800 000).

Basis of assessment

The basis of assessment for operations under the internal system is as a rule the amount obtained or to be obtained in exchange for goods or services from the purchaser, recipient or third party, including taxes, dues and charges, with the exception of VAT, and allied expenses charged to the customer, such as commission, packaging, transport and insurance, if not included in the price.

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 not included in the price are taxed separately.

P 3.1.1.

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.

Exemptions

Exemptions without the right to deduct include the following:

- services supplied by doctors;
- 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 organisations;
- 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 private motor cars, petrol, expenditure on entertainment or luxuries cannot be deducted.

Rate

- Standard rate: 17 %
All supplies of goods and services and all imports which are not subject to reduced or intermediate rates, and which are not exempt.

- Intermediate rate: 12 %
Cheese, yoghurt, fats and oils for human consumption, canned meat, fish and seafoods, fruit and nuts, coffee, mineral oils and restaurant services (food and drink).
- Reduced rate: 5 %
Essential foodstuffs; hotel accommodation; passenger transport; the supply of water and electricity, public entertainments; producer goods for agriculture.

Collection

Monthly or quarterly.

The monthly declaration must be posted to the VAT administration (Serviço de Administração do IVA) by the 10th day of the month following each tax period.

The quarterly declaration must be sent to the VAT administration no later than the 15th day of the second month following each quarter of the calendar year in the case of taxpayers whose turnover in the preceding calendar year was less than PTE 40 million.

Special features

In the case of small taxable retailers whose volume of purchases in the preceding calendar year amounted to less than PTE 10 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, motorcycles, etc.).

Taxable persons with a turnover during the previous financial year of less than PTE 2 million 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.

P 3.1.2.

Tax on petroleum products (Imposto sobre produtos petrolíferos)

Legal base

DL No 123/94 of 18 May 1994; DL No 124/94 of 18 April 1994; Order No 157/96 of 16 May 1996; Law No 52-C/96

of 27 December 1996; Law No 127-B/97 of 20 December 1997; Law No 87-B/98 of 31 December 1998.

Beneficiary

Central government.

Tax payable by

Natural or legal persons in whose name the goods subject to the tax have been declared for home use.

Tax payable on

- Petrol (leaded or otherwise).
- Diesel.
- Paraffin.
- Fuel oils.
- LPG etc.
- Mineral oils sold or used as fuel.

Basis of assessment

Petrol, medium oils, heavy oils, fuel oil: 1 000 litres (after conversion at a reference temperature of 15 °C);

LPG, town gas: 1 000 kg of air.

Rate

The unit rate of the tax varies according to 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 petrol, diesel and fuel oil on the mainland and in the autonomous region of Madeira are as follows:

- leaded petrol: minimum PTE 75 000, maximum PTE 110 000;
- unleaded petrol: minimum PTE 70 000, maximum PTE 104 000;
- paraffin: minimum PTE 48 000, maximum PTE 68 000;

- dyed paraffin: minimum PTE 15 000, maximum PTE 30 000;
- diesel: minimum PTE 48 000, maximum PTE 68 000;
- dyed diesel: minimum PTE 15 000, maximum PTE 30 000;
- fuel oil with more than 1 % sulphur: minimum PTE 1 000, maximum PTE 7 000;
- fuel oil with up to 1 % sulphur: minimum PTE 0, maximum PTE 6 000;
- LPG etc: PTE 1 500 per 1 000 kg.

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:

- for the use of diplomatic and consular missions and their staff, where there is reciprocity of treatment;
- for the supply of fishing vessels and coasters, with the exception of sporting and pleasure craft;
- as an input either for electricity generation or for town-gas production, by bodies engaging in such activities, provided it is their principal activity;
- for technical purposes, in accordance with the procedures applied to goods imported for specific purposes, except for use as fuel or propellant;
- for use as aviation spirit.

Collection

Monthly; payments to be made by the 15th.

Excise duty on tobacco products

(Imposto sobre las labores del tabaco)

Legal base

DL No 444/86 of 31 December 1986; DL No 231/91 of 26 June 1991; DL No 325/93 of 25 September 1993; DL No 75/94 of 7 March 1994; DL No 221/94 of 23 August 1994; Law No 39-B/94 of 27 December 1994; Law No 10-B/96 of 23 March 1996; DL No 103/96 of 31 July 1996; DL No 197/97 of 2 August 1997; DL No 221/98 of 17 July 1998.

Beneficiary

Central government.

Tax payable on

Manufactured tobacco and other tobacco products, for consumption on national territory.

P 3.1.3.

Tax 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 or 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 warehouse-keeper 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).

Rate

Cigarettes:

- specific component: PTE 4 400 per 1 000 cigarettes;
- *ad valorem* component: 40 % 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: PTE 250 per 1 000 cigarettes;
- *ad valorem* component: 37 % of the retail price.

Other products of manufactured tobacco:

	% of retail price
— cigars:	26.21;
— cigarillos:	26.21;
— cut tobacco:	30.00;
— 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 and Excise (DGAIEC).

The duty thus determined is payable during the month following that to which it relates.

P 3.1.4.

Excise duty on alcohol

(Imposto especial sobre o álcool- ISA)

Legal base

DL No 59/93 of 2 February 1993; DL No 104/93 of 5 April 1993; Law No 75 of 20 December 1993; Law No 52-C/96 of 27 December 1996; DL No 324/98 of 30 October 1998.

Beneficiary

Central government.

Tax payable by

- Natural or legal persons who own, on any basis, ethyl alcohol production plants or bonded warehouses.
- Importers.
- 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.

- Entities which market or transport the alcohol in breach of current legal provisions.

Tax payable on

Non-vinous ethyl alcohol produced on national territory or imported into it.

Exemptions

- 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 and Excise (DGAIEC).
- Alcohol intended for use in public or private hospitals and other health care establishments.
- Alcohol intended for laboratory tests and for scientific research purposes.
- Alcohol intended for export and similar ends.
- 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.
- 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.
- 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.

- Alcohol used in the production of vinegar.
- Alcohol used in the manufacture of medicinal products.
- Alcohol intended for therapeutic and health-care purposes (in which case it must be denatured).

Rate

The rate is PTE 500 per litre of alcohol, at 100 % volume and 20 °C.

In the autonomous regions of Madeira and the Azores the rate is reduced by 60 %.

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.

Special features

Breweries with only one tax warehouse and output of no more than 200 000 hl, which are legally and economically independent of other brewers, maintain separate accounts and operate neither under licence from nor contract to another firm, are eligible for a 50 % reduction in rates for the beer they produce and declare for domestic consumption.

Special consumption duty on alcoholic beverages

(Imposto especial sobre o consumo de bebidas alcoólicas)

Legal base

DL No 52/93 of 2 February 1993; DL No 104/93 of 5 April 1993; Law No 75/93 of 20 December 1993. Last amended by Law No 127-B/97 of 20 December 1997.

Beneficiary

Central government.

Tax payable by

Authorised 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 authorised warehouse-keeper.

P 3.1.5.

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.

Tax payable on

Beer, still and sparkling wine, other fermented beverages, intermediate products and spirituous beverages.

Exemptions

- Alcoholic beverages for the manufacture of products not intended for human consumption, provided they have been denatured in accordance with the law in force.
- Wine produced by individuals and consumed by them, their households or guests, provided it is not sold.
- Unused alcoholic beverages under customs supervision.
- Alcoholic beverages dispatched to another Member State or exported.

Rate

- 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:

- | | (PTE per hl) |
|--|--------------|
| • more than 0.5 ° and less than 1.2 ° of acquired alcohol: | 1 125; |

- up to 8 ° Plato: 1 410;
- from 8 ° to 11 ° Plato: 2 250;
- from 11 ° to 13 ° Plato: 2 820;
- from 13 ° to 15 ° Plato: 3 380;
- more than 15 ° Plato: 3 950.

- Wine

The duty is calculated per hectolitre of still or sparkling wine.

The rate applicable is PTE 0/hl.

- Other still or sparkling fermented beverages

The duty is calculated per hectolitre of finished product.

The rate applicable is PTE 0/hl.

- Intermediate products

The duty is calculated per hectolitre of finished product.

The rate applicable is PTE 9 500/hl.

- Spirituous beverages

The duty is calculated per hectolitre of pure alcohol contained in the beverage, measured at a temperature of 20 °C.

The rate applicable is PTE 163 200/hl.

Special features

In the autonomous regions of Madeira and the Azores, rates are halved for 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.

P 3.1.6.

Special levies

(Contribuições especiais)

Legal base

DL No 51/95 of 20 March 1995; DL No 54/95 of 22 March 1995; Law No 10-B/96 of 23 March 1996; DL N 27/97 of 23 January 1997.

Beneficiary

Central government and municipalities.

Tax payable by

Natural and legal persons owning land for urban construction that has increased in value owing to the construction of the new bridge over the Tagus and the holding of the 'EXPO'98' World Exhibition in Lisbon.

Tax payable on

Increases in the value of land for urban construction in certain areas arising from the construction of the new Vasco da Gama bridge over the Tagus or the 'EXPO'98' World Exhibition in Lisbon.

This increase in value is exempt from the Capital Gains Surcharge (see P 1.4.).

Basis of assessment

The difference between the land's value when planning permission was granted and its value on 1 January 1992, adjusted by the coefficient for currency devaluation.

Rate

30 % or 20 %, according to the location of the land in the specified area.

Collection

After planning permission is granted. Payment may be made in up to 24 monthly instalments.

Motor vehicle tax

(Imposto automóvel)

Legal base

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; Law No 39-B/94 of 27 December 1994; Law No 10-B/96 of 23 March 1996; Law No 52-C/96 of 27 December 1996; Law No 87-B/98 of 31 December 1998.

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.
- The tax also applies to off-road vehicles, light-duty goods vehicles derived from light-duty passenger vehicles and people movers.

Beneficiary

Central government.

Basis of assessment

The tax is levied once and varies according to the vehicle's cylinder capacity.

Tax payable by

Manufacturers or importers.

Rate

Light-duty passenger and composite motor vehicles

Cylinder capacity (cc)	Tax (PTE per cc)	Amount deductible (PTE)
Up to 1 250	652	421 446
From 1 251 to 2 500	1 546	1 537 838
Over 2 500	2 275	3 361 538

Light-duty off-road vehicles, people movers and light-duty goods vehicles derived from light-duty passenger vehicles

Cylinder capacity (cc)	Tax (PTE per cc)	Amount deductible (PTE)
Up to 1 250	131	84 370
From 1 251 to 2 500	310	307 567
Over 2 500	456	672 308

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).

Exemptions

- Vehicles imported by persons moving to Portugal, in accordance with the conditions laid down in the relevant Community directives.
- Vehicles manufactured before 1945 and classified as vintage vehicles by the Fédération Internationale des Véhicules Anciens (FIVA) or the affiliated Portuguese

P 3.1.7.

- club, where they are deemed important to the national cultural heritage.
- Ambulances and fire service vehicles imported by fire brigades and associations.
 - 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.
 - Vehicles assigned for personal use on the transfer of residence to Portugal in accordance with the conditions laid down by law.
 - Motor vehicles purchased by the armed, paramilitary or security forces exclusively for the exercise of the powers of the State.
 - Motor vehicles lost or abandoned to central government or acquired by the Directorate-General for State Property.
 - Entities of public utility and charitable bodies in accordance with the conditions laid down by law.
 - Diplomatic, consular or equivalent officials of Portuguese nationality in accordance with the conditions laid down by law.
 - Adult Portuguese nationals holding a driving licence, who have been resident outside the customs territory of the European Union for at least 24 consecutive months, who have regularly exercised a professional activity remunerated in the host country, in accordance with the conditions laid down by law.

- Physically disabled civilians or members of the armed forces over 18 years of age.
- People with severe multiple disabilities or a physical disability of 90 % or more, regardless of their age.

Reliefs

- 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 to carry disabled persons;
- 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 the vehicle (in years of use)	% of reduction in the tax
1–2	18
2–3	24
3–4	32
4–5	41
5–6	49
6–7	55
7–8	61
More than 8	67

P 3.2.1.

Real estate transfer tax

(Sisa — Imposto sobre a transferência onerosa da propriedade imobiliária)

Legal base

DL No 41969 of 24 November 1958, as last amended by Law No 75/93 of 20 December 1993; DL No 119/94 of 7 May 1994; Law No 39–B/94; DL No 7/96 of 7 February 1996; Law No 10–B/96 of 23 March 1996; Law No 52–C/96 of 27 December 1996; Law No 123–B/97 of 20 December 1997; Law No 87–B/88 of 31 December 1998.

Beneficiary

Municipalities.

Tax payable by

Natural or legal persons purchasing immovable property.

Tax payable on

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.

Basis of assessment

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:

- purchases of real estate for resale under certain conditions;

- the purchase of property for residential use, provided that the value on which the tax is to be levied does not exceed PTE 11 170 000.

Rate

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 residential use, the rates are as follows:

Basis of assessment for the transfer tax (Sisa) (1 000 PTE)	Marginal rate (%)	Average*
Up to 11 170	0	0
From 11 170 to 15 300	5	1.3497
From 15 300 to 20 400	11	3.7623
From 20 400 to 25 500	18	6.6098
From 25 500 to 30 900	26	—
Over 30 900	Flat rate of 10 %	

(*) Within the limits of the highest band.

Reliefs

Reduced rate of 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.

Gaming tax

(Imposto sobre os jogos)

Legal base

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.

Beneficiary

- Central government.
- Tourism Fund.

Tax payable by

Concession-holders for the operation of games of chance, the tax representing a special duty on gaming activities.

Basis of assessment

- Percentage of the capital initially staked.
- Percentage of the bank's gross earnings.
- Non-betting games, slot machines and bingo are taxed differently.

Rate

Variable according to the type of gaming.

Collection

Monthly.

P 3.2.3.

Entertainments tax

(Imposto e taxas sobre espectáculos e divertimentos públicos)

Legal base

DL No 315/95 of 28 November 1995 and Order No 510/96 of 25 September 1996, which replaces earlier legislation on the operation of sites or premises for public entertainment.

Beneficiary

Central government.

Tax payable by

- Persons applying to the competent authorities for the licensing of places of public entertainment.
- Persons publishing, copying, distributing, selling or hiring out video recordings.
- Persons importing, exporting, manufacturing, publishing and distributing sound recordings.

Tax payable on

- Places of public entertainment.
- Licence to carry on the business of producing shows, publishing, copying, distributing, selling or hiring out video recordings, or importing, exporting, manufacturing, publishing and distributing sound recordings.

Exemptions

- Recreational, cultural and sporting associations.
- Charity centres.

(Exemption from having to obtain and renew the licence to carry on the business and a one third reduction in the inspection fee for premises of the category concerned).

Rate

- Inspection for licensing purposes of technical and safety conditions of places of public entertainment:
 - variable, depending on the premises.
- Carrying on the business of producing shows, publishing, copying, distributing, selling or hiring out video recordings, or importing, exporting, manufacturing, publishing and distributing sound recordings:
 - for each license or renewal thereof: PTE 30 000.

Collection

Every three years (inspection fee and licence renewal).

P 3.2.4.

Tax on insurance premiums

(Imposto sobre prémios de seguro)

Legal base

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; Order 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; Order No 102/96 of 31 July 1996, Order No 40/97 of 22 January 1997; Order No 1081-A/97 of 30 December 1997.

Beneficiary

- 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.

Rate

- For the Instituto de Seguros de Portugal:
 - 0.08 % of the revenue actually received from direct life assurance;
 - 0.33 % of the revenue actually received from other types of direct insurance;
 - 0.08 % of the sum of contributions to pension funds by members and contributors;
- For the Serviço Nacional de Bombeiros:
 - 13 % of fire insurance premiums;
 - 6 % of 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.

Stamp duty

(Imposto de selo)

Legal base

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), most recently by Law No 87-B/98 of 31 December 1993.

Beneficiary

Central government.

Tax 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.

Rate

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:

1. Lines of credit (‰ of the sum concerned): 5 ‰.
2. Insurance policies (premiums):
 - (a) suretyship insurance: 3 ‰;
 - (b) accident, health and agricultural insurance: 5 ‰;
 - (c) cargo insurance: 6 ‰;
 - (d) all other kinds of insurance: 9 ‰.

The following are, however, exempt from stamp duty:

- export credit insurance and guarantees;
 - reinsurance premiums received by firms operating lawfully in Portugal;
 - life assurance premiums.
3. Purchase and sale of real estate: 8 ‰.
 4. Bills of exchange:
 - (a) up to PTE 3 033 750: variable, according to the value of the bill;
 - (b) over PTE 3 033 750: 4 ‰;
 - (c) bills of exchange drawn abroad: 4 ‰;
 - (d) promissory notes: 5 ‰:
 - where accepted or paid in Portuguese territory: 4 ‰;
 - where intended for payment abroad but negotiated in Portuguese territory: 4 ‰.
 5. Bills and all kinds of documents payable or receivable, including correspondence, other than cheques drawn on national territory: 4 ‰.
 6. Bank transactions:
 - (a) 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: 4 ‰;
 - (b) premiums and interest on bills drawn, bills receivable on another party's account, national drafts or transfers, and in general on all commission charged, save commission on the provision of guarantees: 4 ‰;
 - (c) commission on the provision of guarantees (‰ of the guarantee): 3 ‰.

A large number of other documents, books, papers, deeds or products are subject to stamp duty, notably lines of credit, advertisements, insurance policies, leases, certificates, deeds, cheques, contracts in general, job-processing contracts, wills, invoices, guarantees, mortgages, financial leasing, power of attorney, official papers, acceptance of signatures, registers, articles of association 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.

Taxes abolished or repealed

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.

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.

Domestic consumption duty on coffee

(Imposto interno sobre o consumo de café)

Abolished by DL No 290/92 of 28 December 1992.

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.

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 motorcycles, pleasure craft and aircraft (*Imposto especial sobre motociclos, barcos de recreio e aeronaves*).

Special domestic consumption duty on petrol, 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.

Compensation tax

(Imposto de compensação)

Repealed by Article 43 of Law No 65/90 of 28 December 1990.

Tax on nightclubs, discotheques and like establishments open after midnight

(Imposto sobre boites, nightclubs, discotecas, cabarés, dancings e locais nocturnos congêneros abertos depois de meia-noite)

Abolished by Article 37 of Law No 30-C/92 of 28 December 1992.

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.

Abolished by Law No 87-B/98 of 31 December 1998.

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*).

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*).

Merchant marine taxes

(Impostos sobre a marinha mercante)

Abolished by Law No 49/86 of 31 December 1986.

Tax on trade in arms and munitions

(Imposto do comércio de armamento e munições)

Abolished by Law No 49/86 of 31 December 1986.

Forestry development tax

(Imposto de desenvolvimento florestal)

Abolished by Law N 49/86 of 31 December 1986.

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*).

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*).

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*).

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*).

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*).

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*).

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*).

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*).

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*).

Special taxes
(*Impostos extraordinários*)

Temporary taxes that were discontinued after expiry of the period for which they were originally introduced under the relevant laws.

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*).

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 an annual tax of PTE 2 500.

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.

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.

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*).

Abolished by DL No 104/93 of 5 April 1993.

Consumption duty on beer
(*Imposto de consumo sobre a cerveja*)

Full title: Special consumption duty on beer (*Imposto especial sobre o consumo de cerveja*).

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.

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*).

Abolished by DL No 290/92 of 28 December 1993.

Fiscal stamps and stamp duty

(Estampilhas fiscais e imposto de selo)

Full title for Stamp duty (*Imposto de selo*).

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*).

Abolished by DL No 209/90 of 27 June 1990 and DL
No 214/91 of 17 June 1991.

Domestic consumption tax

(Imposto interno de consumo)

Full title: Special domestic consumption duty on petrol,

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.

Road taxes

(Impostas rodoviárias)

Full title: Road taxes — road licence, compensation tax
and road haulage tax (*Impostos rodoviários — Imposto de
circulação, imposto de compensação, imposto de camion-
agem*).

Compensation tax abolished by Article 43 of Law
No 65/90 of 28 December 1990.

**Special tax on light passenger vehicles,
motorcycles, pleasure boats and aircraft**

**(Imposto especial sobre veículos ligeiros de passageiros, mo-
tociclos, barcos de recreio e aeronaves)**

Abolished by DL No 214/91 of 17 June 1991.

FINLAND

Suomi/Finland

[The following text is extremely faint and largely illegible. It appears to be a list of entries or a detailed report, possibly containing names, dates, and locations. The text is organized into several columns and rows, but the individual characters are too light to transcribe accurately.]

State income taxes on earned income

(Valtion tulovero)

Legal base

Income Tax Act of 30 December 1992 (1535/1992).

Beneficiary

The State.

Tax payable by

Residents individuals and estates of deceased persons.

Basis of assessment

The ordinary taxable earned income: salaries, wages and pensions, social benefits, unemployment benefits, earned income share of business income and income from agriculture as well as the earned income share of income from partnerships, the earned income share of dividends distributed by non-listed companies, scholarships and awards and 80 % of the distributions from employee investment funds.

Exemptions

The State is liable to pay tax on certain income to municipalities and religious communities. A municipality is liable to pay tax to other municipalities (a municipality does not pay tax on profits accrued from business activities in its own area) and to religious communities but not to the State. A religious community pays tax to municipalities.

Certain pensions and social benefits, inheritances and gifts, amounts received as maintenance for a child, major national and international awards, most scholarships, most part of income derived by a resident individual from employment abroad lasting at least six months, certain compensation for specific expenses paid to persons serving at Finnish diplomatic missions or consular posts, indemnification in certain cases, daily allowances and travelling

allowances, certain benefits provided by the employer for the personnel, income from certain natural products.

Deductions

All expenses incurred in acquiring and maintaining chargeable income (natural deductions) and also the following deductions:

- employees' obligatory pension insurance contributions and the unemployment insurance contribution;
- subject to certain restrictions, premiums paid by a taxpayer for voluntary pension insurance up to FIM 50 000;
- a standard deduction for work-related expenses;
- a deduction granted to sailors and deductions granted to forestry workers;
- an adaptability allowance for farmers;
- a discretionary allowance for circumstantial incapacity to pay taxes;
- pension income allowance.

Married couples

Married persons are taxed separately both on earned income and investment income. Minors are taxed on their own income, separately from their parents.

Non-residents

Non-residents are taxed on the income in Finland, according to the Act on Withholding Tax on Non-residents Income or the Act on Withholding Tax for Foreign Employees.

Collection

The employer, or any other person or agency paying a salary or other income or benefit is obliged to withhold an advance payment on salaries, wages and other sums paid.

Rate

The tax on earned income is levied according to a progressive tax scale decided annually by Parliament.

The rates of tax for the year 1999 are as follows:

Taxable income (FIM)	Basic tax amount (FIM)	Rates within brackets (%)
47 000–63 000	50	5.5
63 000–80 000	930	15.5
80 000–112 000	3 565	19.5
112 000–176 000	9 805	25.5
176 000–312 000	26 125	31.5
312 000–	68 965	38.0

FIN 1.1.

The taxable person is entitled to make the following deductions from his/her State income tax:

- FIM 660 disabled persons' deduction;
- FIM 450 for persons obliged to pay a regular alimony;
- not more than FIM 5 000 household deduction. This deduction is applied on an experimental basis and it is granted in respect of salaries and other remunerations paid for domestic household work.

Losses

Losses in the category of earned income are deductible from the earned income during the 10 years following the tax year.

Deficit in the category of investment income is also deductible from the earned income.

Special features

Partnerships are not taxed separately. Their income is divided among the partners and is taxed as their income.

Income spreading is applied in certain cases.

FIN 1.2.

Tax on investment income

(Pääomavero)

Legal base

Income Tax Act of 30 December 1992 (1535/1992).

Beneficiary

The State.

Tax payable by

Residents individuals and estates of deceased persons.

Basis of assessment

The proceeds from capital, capital gains and other income yielded by assets: interest and rental income, dividends from companies listed on a stock exchange, benefit from a life insurance policy, income from forestry (if the taxpayer has opted for taxation on the basis of net income), distributions by investment funds, income from patents or copyrights if the patents or rights have been inherited or received under a will or acquired for a financial consideration, income from the sale of materials taken from the ground. A loan granted by a limited company to its shareholder is taxed as the shareholder's capital income.

In addition, the category of investment income includes the investment income share of certain types of income, such as dividends from companies not listed on a stock exchange, profits from business (income from a partnership or the income of a sole proprietor), agricultural income. The share is calculated annually on the basis of the net

wealth of an enterprise and is 13.5 % (for shareholders) or 18 % (for partners and sole proprietors) of the net wealth.

Exemptions

- Interest income on many bank accounts and certain bonds.
- A capital gain derived from the sale of the taxpayer's own flat or house, if it has served uninterrupted as the taxpayer's or his family's permanent home for at least two years prior to the sale.
- The annual gain from the disposal of household effects, if it does not exceed FIM 30 000.
- Exchange rate gains, if they do not exceed FIM 3 000 per annum.
(See also the list of persons mentioned in the exemptions in 'Tax on earned income')

Deductions

The taxpayer is entitled to deduct from investment income all expenses incurred in acquiring and maintaining such income (natural deductions).

The taxpayer has a right to deduct his interest expenses only from investment income. The interest expenses are deductible if the debt is related to the acquisition of taxable income or the acquisition or repair of the taxpayer's or his family's permanent dwelling. The interest on study loans guaranteed by the Finnish State is also deductible.

The amount of deductible interest is unlimited.

However, that part of the interest corresponding to the entrepreneur's private use (in partnerships and sole proprietorships) which exceeds profits derived from business activities (calculated on the basis of detailed rules), is not deductible.

Salaries, wages, pensions and other remuneration paid by a sole proprietor to a spouse or other family member under the age of fourteen are not deductible when calculating the taxable business income of a sole proprietor.

The repayment by a shareholder of a limited company of the loan he/she has received from the company is deductible, provided that the repayment takes place within five years.

The taxpayer has a right to deduct exchange losses on foreign currency debts taken for acquiring or maintaining income as natural deductions. Exchange losses relating to debts taken for acquiring income which is subject to the tax withheld at source from interest is not deductible.

The taxable capital gain is calculated by deducting the acquisition costs and sales costs from the sales price. A minimum deduction of 30 % of the sales price is applied. If the property has been acquired not less than 10 years before the sale the minimum deduction is 50 %. If the property has been received without financial consideration, the acquisition cost is the value that has been used in determining inheritance and gift tax.

Losses

The concept of loss in the current tax system has several meanings. The loss of earlier tax years in the category of investment income is deducted from the investment income of the tax year according to the carry forward principle during the 10 years following the loss year. Losses from business profits or agricultural income sources are

deducted from the investment income of the same tax year if the taxpayer or, in the case of spouses, both spouses so demand; otherwise the losses are carried forward for 10 years and set off against income from the same source.

Capital losses may only be set off against capital gains arising in the same year and the following three years. Unlike capital gains, they are not taken into account when calculating the deficit in the category of investment income. Losses arising from the disposal of the permanent home and household effects are not deductible.

Collection

By annual assessment.

Rate

The tax on investment income is levied at a flat rate of 28 %.

Special features

If the amount of natural deductions, deductible interests, earlier losses and losses for the tax year from business profits and sources of agricultural income which the taxpayer demands to be deducted, exceeds the amount of investment proceeds for the tax year, the excess is the deficit in the category of investment income.

A taxpayer is entitled to a credit for the deficit against his income tax on earned income. The amount of the deficit for which credit cannot be given is converted into a loss for the tax year and, as such, can be carried forward and deducted from investment income over the next 10 years.

The net business income from sole proprietors and partnerships is divided into investment income and earned income. Partnerships are not separate tax entities and taxable income is allocated to partners and taxed in their hands. Investment income is taxed at a flat rate of 28 % and earned income is subject to progressive income tax.

Communal tax on earned income

(Kunnallisvero/Kommunalskatt)

Legal base

Income Tax Act of 30 December 1992 (1535/1992).

Beneficiary

The municipalities.

FIN 1.3.

Tax payable by

Individuals and estates of deceased persons who are residents of the municipality in question.

Basis of assessment

The earned income of individuals and the estates of deceased persons (see 'State tax on earned income').

Exemptions

See 'State tax on earned income'.

Deductions

All expenses incurred in acquiring and maintaining income (natural deductions).

Other deductions include: employees' obligatory pension insurance contributions and the unemployment insurance contribution; subject to certain restrictions, premiums paid by a taxpayer for voluntary pension insurance up to FIM 50 000; a standard deduction for work-related expenses; a deduction granted to sailors and deductions granted to forestry workers; an adaptability allowance for farmers; a discretionary allowance for circumstantial incapacity to pay taxes; earned income allowance (not granted

in respect of social security benefits and pensions); pension income allowance; disabled person's allowance; student grant allowance and a basic allowance for taxpayers with a small income.

In the municipal taxation the taxable person is entitled to deduct students' grants within certain limits, to make a deduction from earned income within certain limits and to make a deduction of the totality of very small income.

Collection

The employer or other payer of benefits and other payments is obliged to withhold an advance payment on salaries, wages and other kinds of income.

Rate

Communal (municipal income) tax is levied at flat rates. The tax rate is set annually in advance for the following year in each municipality by the municipal council on the basis of the municipal budget.

For 1999 the tax rate varies between 15.5 and 19.75 % according to the municipality, with an average rate of 17.63 %.

FIN 1.4.

Church tax

(Kirkollisvero/Kyrkoskatt)

Legal base

Income Tax Act of 30 December 1992 (1535/1992).

Beneficiary

The local communities of the Evangelical Lutheran or the Orthodox Church.

Tax payable by

Individuals who are members of the local communities of the Evangelical Lutheran or the Orthodox Church.

Basis of assessment

The church tax is levied on the same taxable income as determined for communal tax purposes.

Rate

The rates vary between 1 and 2 %, the average rate for 1997 being 1.3 %.

Collection

The tax is collected jointly with communal income tax.

Corporate income tax

(Yhteisöjen tulovero/Samfundets inkomstskatt)

Legal base

Income Tax Act of 30 December 1992 and Act on the Taxation of Business Profits and Income from Professional Activities of 24 June 1968 (360/1968).

Beneficiary

The State (58 %), the municipalities (40 %) and the local communities of Evangelical Lutheran and the Orthodox Church (2 %).

Tax payable by

All resident corporate bodies.

Basis of assessment

Annual business profits.

Exemptions

- Capital paid up by shareholders and refunds of income taxes (but not interest on the tax refunded).
- Connection charges collected by companies that maintain electricity, telephone, water, sewage or district heating systems, provided that these charges are refundable to the payer or entitle the payer to benefits which are transferable to a third party.
- Interest accrued but not received on bad debts in savings banks and credit institutions is temporarily exempt (from 1992 to 1999).

Deductions

- In general, expenses incurred for acquiring or maintaining income. The fact that it was the taxpayer's intention to incur a particular expense for this purpose is usually the decisive test for deductibility.
- 50 % of entertainment expenses.
- Interest paid on loans obtained for business purposes.

The following expenses are not deductible: income and capital (net wealth) taxes; connection charges collected by companies which maintain electricity, telephone, water, sewage or district heating systems provided that the charges are refundable to the payer or entitle the payer to benefits which are transferable to a third party; expenses incurred for the purpose of acquiring or main-

taining tax exempt income (the part which exceeds the tax exempt income is deductible); expenses incurred for the purpose of acquiring or maintaining income which is exempt in Finland under a double taxation agreement; this rule also applies when the expenses would otherwise be deductible under the Income Tax Act, the Act on the Taxation of Farm Income or the Act on the Taxation of Business Profits and Income from Professional Activities.

Losses

Losses are carried forward and set off against income from the same source in the subsequent 10 tax years. Losses are deducted in the order in which they are incurred. The right to deduct losses is limited in cases where more than 50 % of the shares of a company are sold during the year in which a loss is recorded or thereafter. A similar rule is applied to mergers.

In certain cases the transfer of shares in a company which is a shareholder in another company is taken into account.

Collection

By annual assessment and advance payments.

Rate

28 %.

Special features

Avoir fiscal system (imputation credit system) with a compensatory tax is applied. The tax refund of the imputation credit is allowed if the shareholder is a resident individual or a domestic estate of a deceased person.

Contributions between affiliated companies are allowed under certain conditions.

In most cases reorganisations can be done without tax consequences.

Legislation concerning controlled foreign corporate bodies is applied.

Net wealth tax (capital tax)**(Varallisuusvero/Förmögenhetsskatt)****Legal base**

Act on Tax on Net Wealth of 30 December 1992 (1537/1992).

Beneficiary

The State.

Tax payable by

Individuals who are resident in Finland at the close of the calendar year and deceased residents' estates are subject to capital tax in Finland on their worldwide net wealth.

Corporate bodies in those cases when the members' or owners' share or interest in the corporate body is not included in the member's or owner's taxable net wealth. Such corporate bodies are, for example, mutual insurance companies and mutual relief funds, in case they do not have any guarantee funds constituting taxable net wealth of the members or owners.

Basis of assessment

The taxpayer's total wealth. The taxpayer's liabilities are deducted from his gross assets. Although taxation of total wealth is the general principle, several concessions are made by granting tax exemption for certain types of assets.

Chargeable assets include, *inter alia*, the following items: the right to possession or use of real property, the right to the earnings from forest land or any other right to use another person's real property, rights to pensions or annuities payable for life or a predetermined period of time, or the right to the earnings from real property (provided that the annual earnings exceed FIM 2 500), intangibles, (e.g. patents, copyrights and trademarks), under certain conditions, a partner's share in the net wealth of resident and non-resident partnerships.

Capital tax is assessed annually on the basis of net wealth at the end of the calendar year. The taxpayer's assets are valued at the current prices that they had in the hands of the owner and at the place where they were located. Specific valuation criteria are applied to certain assets (building agricultural land, shares in limited companies).

Joint taxation

Spouses are taxed separately whereas the taxation of minors is based on the principle of joint taxation. The assets of minors and assets of the parent with higher taxable assets are aggregated and their total liabilities deducted.

Exemptions

The following persons, *inter alia*, are exempt from tax:

The most important exemption in practice concerns companies and other corporations. Limited companies, cooperatives and other corporate bodies are exempt from tax when the shares or interest in the corporation are included in the taxable net wealth of the owner. Furthermore, the corporation is not separately subject to the net wealth tax. The assets of the corporation are divided between the shareholders or other owners as their taxable property.

Further exempt bodies and institutions are the State and its institutions; the Bank of Finland; the Social Insurance Institution; the Regional Development Fund Ltd, the Fund for Industrial Cooperation Ltd (Finnfund), the Nordic Investment Bank (NIB), the Nordic Project Export Fund (NOPEF), the Nordic Development Fund, the Nordic Environment Finance Corporation (NEFCO), Government Guarantee Fund (fund for securing stability and depositors' claims in the deposit banks), Finnish National Fund for Research and Development and Ekokem Ltd (a company for treating hazardous waste); the University of Helsinki; municipalities and joint municipal authorities; the Evangelical Lutheran and the Orthodox churches and other registered religious communities; State-supported pension institutions; organisations for promoting the public good (e.g. charitable, philanthropic and sporting associations); savings banks, branches of foreign credit institutions (concerning their assets situated in Finland) and employee and other investment funds.

The following assets, *inter alia*, are exempt from tax: furniture and household effects and other belongings exclusively intended for the personal use of the taxpayer or his family (excluding certain items such as boats, cars and valuables of exceptionally high value); the right to the most common pensions (specified by the law); the right to alimony payments; interest from the assets of the domestic estate of a deceased person which is taxed as a separate entity; interest in the assets of a non-resident partnership or a non-resident estate of a deceased person if the assets are situated in Finland; livestock, farm produce, seeds, fertilisers and other similar supplies belonging to the taxpayer's farm; ordinary bank accounts and certain bonds; bank accounts and bonds the income from which is subject to the tax withheld at source from interest — both those belonging to individuals and those belonging to the domestic estates of deceased persons.

Deductions

- The taxpayer's debts are deducted from his assets when computing taxable net wealth. The deductible amounts are not affected by the existence of exempt assets.
- Resident individuals are granted a deduction of FIM 10 000 for every child under 17 years of age. The

deduction is granted only to the parent with the greater net wealth.

- A deduction of FIM 50 000 is granted for owner-occupied dwellings.

Collection

By means of annual assessment.

Rate

Capital (net wealth) tax is levied according to a tax table set annually by Parliament. The rates of tax applicable for the tax year 1997 are as follows.

For individuals and estates of deceased persons:

Taxable net wealth	Basic tax amount	Rate in respect of taxable net wealth in excess of FIM 1 100 000 (%)
1 100 000	500	0.9

Those corporate bodies which pay net wealth tax are subject to a flat rate of 1 %.

Taxation of non-residents' income

(Rajoitetusti verovelvollisen tulovero)

Legal base

Act on Taxation of Non-residents' Income and Net Wealth of 11 August 1978 (627/1978).

Beneficiary

The State.

Tax payable by

Non-residents; both individuals and corporate bodies.

Basis of assessment

Income from investments in Finland and on other income derived from Finland.

The following items, *inter alia*, are considered as income derived from Finland: income from real property situated in Finland; income from letting a flat held by virtue of shares in a Finnish residential housing company; capital gains on the sale of real property situated in Finland and on the sale of shares in a Finnish residential housing company or in any other company, if more than half of the company's total assets consist of real property situated in Finland; profits from a business, agriculture and forestry carried on in Finland and income from professional activ-

ities performed in Finland: wages, salaries and pensions remuneration paid to sportsmen or artists in respect of their activities exercised in Finland or on board a Finnish vessel; directors' fees; dividends from Finnish limited companies and cooperative societies, including imputation credits, and shares in the income of Finnish partnerships; interest in cases where the debtor is a resident individual or a Finnish corporate body, partnership or undistributed estate of a deceased person; royalties in cases where the property or right in respect of which the royalties are paid is used in a business carried on in Finland or where the person liable to pay the royalties is a resident individual or a Finnish corporate body, partnership or undistributed estate of a deceased person; distributions by investment funds and employee investment funds.

Exemptions

- Interest derived by non-residents on: Finnish bonds; debentures and other mass instruments of debt; loans from abroad not considered as capital investment assimilated to the debtor's own capital; deposits in banks or other financial institutions; foreign trade credit accounts owned by non-residents.

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- Survivor's pension on the basis of the Act on Survivor's Pension and national pension paid by the Social Insurance Institution.
- Dividends paid to a company resident in a Member State of the European Union if the company is not entitled to the Finnish imputation credit and if it directly owns at least 25 % of the capital of the distributing company. This rule applies only if the recipient of the dividend is liable to a tax mentioned in sub-paragraph c of Article 2 of the Council directive on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (90/435/EEC).

Deductions

In the case of students and trainees, special deductions are granted in respect of their income from employment in Finland.

Collection

Final withholding tax in respect of dividends, distributions by investment funds, distributions by employee investment funds, interest, certain kinds of royalties and income from employment, pensions and certain benefits. Tax is withheld by the payer of the dividends, etc.

Dividends, interest and interest effectively connected with a permanent establishment situated in Finland, as well as any income not subject to the withholding tax, earned by

non-resident taxpayers are taxed on the basis of assessment. These taxpayers have to file tax returns in respect of each income.

Rate

Unless lower rates of tax are provided for in a double taxation agreement, the rate of final withholding tax is 28 % for distributions from investment funds, dividends, imputation credit, interest (which is exempt in most cases) and royalties, and 35 % for income from employment, pensions, distributions from employee investment funds, sickness and maternity allowances and any compensation for loss of income paid under the Health Insurance Act, a compulsory employment accident insurance scheme or third-party motor insurance. The tax is always computed on the gross amount of the income in the case of dividends, interest, royalties and pensions.

For foreign artists and sportsmen the rate is 15 % and for income from the selling of timber 18 %.

In the case of corporate income subject to income tax on the basis of assessment the income tax rate is the ordinary 28 %. In the case of individuals deriving income subject to income tax assessment, the tax rate is also 28 %.

The income of individuals is apportioned to investment income and earned income. The corresponding State income tax rates are 28 % and 35 %.

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Taxation of non-residents' net wealth (Rajoitetusti verovelvollisen varallisuusvero)

Legal base

Act on Taxation of Non-residents' Income and Net Wealth of 11 August 1978 (627/1978).

Beneficiary

The State.

Tax payable by

Non-resident individuals.

Basis of assessment

The net value of investments and other assets situated in Finland.

The following items, *inter alia*, are regarded as investments in Finland: real property situated in Finland; assets invested in a business carried on or pertaining to a fixed base available for the purpose of performing professional services in Finland; shares in Finnish residential housing companies and participation in Finnish partnerships; debts when the debtor is a resident individual or a Finnish corporate body, partnership or undistributed estate of a deceased person; property or rights forming the basis for the payment of royalties, where the property or rights are used in a business carried on in Finland or where the person liable to pay the royalties is a resident individual or a Finnish corporate body, partnership or undistributed estate of a deceased person.

Exemptions

Finnish bonds, debentures and other mass instruments of debt; loans from abroad not considered as capital investment assimilated to the debtor's own capital; deposits in banks or other financial institutions and foreign trade credit accounts owned by non-residents, as well as the interest derived by non-residents on such bonds, debentures, loans, deposits and accounts.

Shares in Finnish companies (except for shares in residential housing companies); claims in respect of which interest is paid; rights forming the basis for the payment of royalties belonging to a non-resident are, exempt from capital tax, unless these assets are attributable to a per-

manent establishment which the non-resident has in Finland.

Deductions

Non-residents have a right to deduct debts related to assets situated in Finland.

Collection

By assessment.

Rate

The assessed capital tax payable by non-resident individuals is levied at a flat rate of 0.9 % of taxable net wealth in excess of FIM 800 000.

FIN 1.9.

Withholding tax for foreign employees

(Ulkomailta tulevan palkansaajan lähdevero/Källskatt för löntagare från utlandet)

Legal base

The Act on Withholding Tax for Foreign Employees of 18 December 1995 (1551/1995).

Beneficiary

The State.

Tax payable by

Foreign employees under the following conditions:

1. the individual becomes resident in Finland at the beginning of the employment to which the Act is applied;
2. the monthly salary is at least FIM 35 000, during the whole period of employment;
3. the work requires special expertise;
4. he is not a Finnish national and he has not been resident in Finland during five years preceding the year of beginning of the employment to which the Act is applied.

If the individual works as teacher in a Finnish university or other establishment for higher education or if he pursues scientific research for the public good and not for a private purpose the conditions set out in items 2 and 3 are not applied.

A taxpayer is deemed to be a foreign employee 24 months at the maximum calculated from the beginning of the employment to which the Act is applied and as long as the employment is not interrupted.

Basis of assessment

The monthly salary of a foreign employee.

Collection

By withholding.

Rate

35 %. If a foreign employee is liable to pay communal tax to a municipality of the province of Åland the tax rate is 17.5 %.

Special features

This tax regime is applied to employment that began in 1996, 1997, 1998 or 1999. In order to be taxed under the Act on Withholding Tax on Foreign Employees a foreign employee must file an application within 30 days from the beginning of the employment at the latest. If withholding tax has been levied, although the conditions for its application have not been fulfilled, ordinary assessment is applied to the total period of employment. The withholding tax levied will be set off against the taxes otherwise due.

In the taxation of other earned income the income subject to withholding tax is added to the other earned income. Allowances which are deducted after deducting expenses incurred in acquiring and maintaining earned income are made from this aggregate amount. The income tax is then calculated on the basis of the subsequent aggregate

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amount. The tax that corresponds to the relation of other earned income to the aggregate amount is deemed to be tax on other earned income. In calculating this relation al-

lowances which are deducted after deducting expenses incurred in acquiring and maintaining earned income are not taken into account.

FIN 1.10.

Withholding tax at source on interest

(Korkotulon lähdevero/Källskatt på ränteinkomst)

Legal base

Act on Tax Withheld at Source from Interest of 28 December 1990 (1341/1990).

Beneficiary

The State.

Tax payable by

Resident individuals and the domestic estates of deceased persons.

Basis of assessment

The gross amount of the interest from domestic bank deposits and from bonds offered for subscription by the public.

Exemptions

— Interest paid by a person other than a bank or an issuer of bonds.

— Interest which is exempt from taxation under special legislation (certain bank accounts, whose interest rate is not more than 2 %).

Deductions

No deductions are allowed.

Non-residents

Non-residents are not liable to the tax.

Collection

The tax is collected mainly by the banks that pay the interest.

Rate

28 %.

Special features

Interest income subject to this tax is not subject to income tax or to net wealth tax.

FIN 1.11.

Tax on dogs

(Koiraverot/Hundskatt)

Legal base

Act on Dog Tax of 29 June 1979 (590/1979).

Beneficiary

Any municipality that has decided to levy dog tax.

Tax payable by

The owners of dogs.

Rate

Determined by the municipal council, but not more than FIM 300 per year.

Inheritance tax

(Perintövero/Arvsskatt)

Legal base

Inheritance and Gift Tax Act of 12 July 1940 (378/1940).

Beneficiary

The State.

Tax payable by

Heirs (and other beneficiaries).

Basis of assessment

Inheritance tax is levied on the individual share of each beneficiary, not on the estate of the deceased as a whole.

Inheritance tax is levied on the following property received as an inheritance or a bequest:

1. any property, if the deceased or the person who receives the property as an inheritance or a bequest was resident in Finland at the time of death;
2. real property situated in Finland and shares or other rights in a corporate body where more than 50 % of the total gross assets of the company consist of real property situated in Finland.

Insurance benefits which are paid under a personal insurance schemes in case of death of the person leaving an inheritance to a beneficiary or death estate and similar economic subsidy paid by the State, a municipality or any other statutory body or a pension institute are subject to inheritance tax only if they are not subject to income tax and the benefit or subsidy of a beneficiary or heir for one case of death exceeds FIM 200 000. Half of the aggregate amount of such benefits or economic subsidies and always at least FIM 200 000 is tax exempt for widowers and widows.

The tax is levied on the market value of the individual share of each heir (beneficiary). The value of the inheritance or bequest is computed at current prices according to the principles applied in capital (net wealth) taxation. The value of any inheritance advancement or any gift received during the last three years before the death of the person leaving an inheritance is included in the value subject to inheritance tax. Gift tax paid on inheritance advancements, or gifts falling into this category, is credited against inheritance tax.

Exemptions

The following persons are exempt from inheritance tax when they receive an inheritance or a bequest:

1. the State and its institutions, municipalities, joint municipal authorities, religious communities and non-profit-making organisations;
2. persons serving in Finland at foreign diplomatic missions, other similar representations or consular posts

headed by career consular officers and persons serving in Finland and employed by the United Nations, its special organisations and the International Atomic Energy Association as well as members of their families and their private servants who are not Finnish nationals; however these persons are liable to pay inheritance tax on real property situated in Finland and shares or other rights in a corporate body where more than 50 % of the total gross assets of the company consist of real property situated in Finland.

No inheritance tax is payable when a widower or widow is entitled by law to keep the estate of the deceased spouse undistributed in his or her possession.

No inheritance tax is assessed on the value of a right to annual income or on the value of a usufruct. Instead, the annual value of such rights is included in computing the beneficiary's income for income tax purposes during all the tax years in which he is entitled to the income. No inheritance tax is payable when, on being dissolved, the property of an association is transferred in accordance with its articles of association

If the inheritance tax should be levied on the same property on the basis of two or more cases of death which have taken place during two years, the inheritance tax is levied only once and on the basis of the most remote relationship.

Deductions

Deductions are allowed for all debts, including, *inter alia*, taxes relating to the lifetime of the deceased (but excluding inheritance tax) as well as funeral and tombstone costs and expenses incurred on estate inventory proceedings, up to reasonable amounts. Expenses incurred on estate distribution are not allowed as deductions.

The spouse or a person to whom the regulations of the Income Tax Act concerning spouses are applicable for the year of death is allowed to deduct FIM 40 000 from the chargeable share of the inheritance. Minors under 18 years of age are allowed to deduct FIM 20 000.

Inheritance tax is not levied on the personal belongings of the deceased or his family for the part that does not exceed FIM 20 000.

Non-residents

For the purposes of the Inheritance and Gift Tax Act, a person is deemed resident in Finland if he has his main abode in Finland.

Collection

The tax is assessed by the provincial tax offices.

FIN 2.1.

Rate

Taxable inheritance	Basic tax amount	Rate within brackets (%)
20 000–100 000	500	10
100 000–300 000	8 500	13
300 000–	34 500	16

These are the rates for tax class I. Such tax class implies the following relationship between the beneficiary (correspondingly the donee) and or the deceased (correspondingly the donor): spouse, child (also the child of the surviving spouse), adopted child, father, mother, adoptive parents and direct heir of a child or an adopted child. Class I rates are also applied if the regulations of the Income Tax Act concerning spouses are applicable for the year of death to the deceased and an individual who has lived with the deceased in free union, i.e. class I rates are applied to spouses who have been married to each other previously and who have had or are having a child together.

The above tax rates are double in tax class II, which applies to the following relationship: brother, sister, half-sister, half-brother and their descendants; and triple in tax class III, which applies to other relatives and all non-related persons.

Special features

The tax paid by a person who is resident in Finland to a foreign State on property mentioned in item 1 under the heading 'Basis of assessment' above is credited against the inheritance tax due in Finland on the same property. The maximum credit is the lesser of either the amount of the foreign inheritance tax or an amount equal to such a proportion of the total inheritance tax (as the value of the property derived from the foreign State bears to the value of the property which is situated in Finland and which forms the basis of the Finnish inheritance tax — ordinary credit).

A taxpayer may demand that part of the inheritance or gift tax is not charged under the following conditions: the chargeable inheritance or gift contains a farm or a business

or a part of them, the descendant or donee continues to run a farm or a business on such a farm or in such a business unit using the assets which he has received as an inheritance or gift and that part of the tax corresponding to the abovementioned property is more than FIM 5 000.

In case of a transfer of an agricultural or other enterprise, if the consideration amounts to more than 50 % of the current value of the enterprise, no inheritance tax is charged.

In addition, an interest-free extension of the period of payment may be granted.

That part of the tax not charged and an additional 20 % is imposed if the taxpayer disposes of the main part of the farm or enterprise before five years have elapsed from the date of the assessment.

FIN 2.2.

Gift tax

(Lahjaverot/Gåvoskatt)

Legal base

Inheritance and Gift Tax Act of 12 July 1940 (378/1940).

Beneficiary

The State

Tax payable by

Donees.

Basis of assessment

Gift tax is levied on the following property (received as gift):

1. any property, if the donor or the beneficiary was resident in Finland at the time when the gift was made;
2. real property situated in Finland and shares or other rights in a corporate body where more than 50 % of the

total gross assets of the company consist of real property situated in Finland.

Insurance benefits which are paid without consideration under a beneficiary clause and which are not subject to income tax are also treated as gifts. However, they are exempt if their aggregate amount during three years does not exceed FIM 50 000.

The tax is levied on the market value of the gift. In cases where the financial consideration in a contract of sale or exchange does not exceed three-quarters of the current price of the property sold or exchanged the difference between the current price and the consideration is regarded as a gift.

Non-residents

See 'Inheritance tax'.

Collection

By the provincial tax offices on the basis of gift declarations submitted by the receiver.

Exemptions

Gift tax is not levied on household effects received as gifts and intended for the beneficiary's or his family's personal

use and with a value not exceeding FIM 20 000, on gifts received for the beneficiary's education or maintenance in a form which prevents him from using them for other purposes and on other gifts with a value less than FIM 20 000. If a person receives such gifts from the same donor within a period of three years, the gifts are aggregated for the purpose of computing the FIM 20 000 limit and the gift tax liability. If a person has, within three years before his tax liability has begun, received one or more taxable gifts from the same donor, they must be taken into account when the tax calculated. The gift tax paid earlier is credited.

Rate

Rates are the same as for inheritance tax.

Special features

In the following matters the gift tax is similar to the inheritance tax (besides applying the same rates): credit given for foreign gift tax, exempt persons mentioned in items 1 and 2 under the exemptions heading in 'Inheritance tax', class I rates applied if the regulations of the Income Tax Act concerning spouses (see Inheritance tax) are applicable to the donor and the donee and the valuation of the property.

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Value added tax

(Arvonlisävero/Mervärdesskatt)

Legal base

VAT Act of 30 December 1993 (1501/1993).

Beneficiary

The State.

Tax payable on

- The sale of goods and services in the course of business.
- The importation of goods.
- The intra-Community acquisition of goods.
- The removal from warehousing arrangements.
- Own consumption of purchased or self-provided goods and services.

Tax payable by

- All individuals and legal persons who sell goods or services in the course of their business. The seller is

not liable to tax if the annual turnover of the business does not exceed FIM 50 000 and he has not opted for taxation. If the seller is a foreign enterprise that has neither a fixed establishment in Finland nor has opted for taxation, the purchaser is usually liable to pay tax on the goods and services sold in Finland.

- The importer of goods.
- The person who effects the intra-Community acquisition.
- The person who causes the good to cease to be covered by the warehousing arrangements or the removal from such arrangements.

Basis of assessment

- In the case of sale and intra-community acquisition: the total consideration excluding VAT. The considera-

tion means the price agreed by the seller and buyer, including all surcharges.

- In the case of importation of goods: normally the customs value.
- In the case of own consumption of purchased goods or services: either the purchase price or, if lower, the market value. The taxable amount of self-provided goods or services is the full cost of production.
- In the case of removal from warehousing arrangements: the value of the taxable amount of, under these arrangements, exempted sale, intra-Community acquisition or importation of goods as well as the value of exempted services relating to these goods and supplied during these arrangements.

Rate

Standard rate: 22 %.

A reduced rate of 8 % is applied, *inter alia*, to medicines, books, domestic passenger transport, admission to cultural services and entertainment events, sporting facilities.

A reduced rate of 17 % is applied, *inter alia*, to foodstuffs and animal feedingstuffs.

Exemptions

Without the right to deduction of input tax:

- hospital and medical care, social welfare services, educational services, financial and insurance services;
- royalties due to performing artists or athletes, the sale of performances intended to be sold to the arrangers and the transfer of copyrights, the sale of certain works of art by the artist and the mediation of such works;
- as a main rule, the sale and rental of real property;
- other (lotteries, cemetery services, etc.).

With the right to refund of input tax

- the sale of subscribed newspapers, printing of membership publications for corporate bodies for the public good;
- the sale, lease, chartering, repair and maintenance of vessels (excluding those for mainly pleasure purposes);
- the supply of gold to the Central Bank;
- transactions associated with the international trade (the sale of goods transported outside the Community, the intra-Community supply of goods; certain services related to the international trade; the sale, lease, chartering or work on aircraft used by enterprises operating for reward on international routes, etc.).

The importation and the intra-Community acquisition of goods are in certain cases exempted, i.e., if the domestic sale

is exempted. The intra-Community acquisition made by enterprises which are not at all entitled to a deduction or by non-taxable legal persons is exempted if they do not acquire goods (excluding goods subject to excise duties and new means of transport) for a value exceeding FIM 50 000 in the same calendar year or the preceding year. The removal from warehousing arrangements is not in certain cases taxable if the sale, importation or intra-Community acquisition of the good has not been exempted under these arrangements or the good is transferred outside the Community.

Deductions

- The tax included in the prices of goods or services purchased from another person liable to tax.
- The tax payable on the purchase from foreign enterprises.
- The tax payable on imported goods.
- The tax payable on the intra-Community acquisition of goods.
- The tax payable on the removal from the warehousing arrangements.

The restrictions in deductions concern, among others, commodities related to housing provided by employers and to recreational facilities, travelling costs of personnel between home and the workplace, representation and entertainment expenses. Certain means of transport can only be deducted if they are to be resold, hired out or used for purposes of professional passenger transport or driving lessons. Passenger cars are always deductible if they have been acquired exclusively for deductible purposes.

Collection

The normal tax period is one month. For primary producers the tax period is one year, but they may opt for application of the normal tax period. The tax payable is the difference between taxes on supplies and deductions attributed to each tax period. The VAT due is to be paid monthly, at latest on the 15th of the second month following the tax period.

Recapitulative statements have to be submitted for each calendar quarter at latest on the 15th of the second month following the calendar quarter.

Special features

- The distance selling threshold is FIM 200 000.
- Special schemes are applied to travel agencies and second-hand goods.
- The enterprises mainly supplying exempted financial or insurance services as well as other enterprises controlled by them are subject to the group registration scheme.

The European Union Act of Accession provides for the exemption of the Province of Åland from the regime for the harmonisation of indirect taxation. Consequently, the

Province is considered to be a third country as regards the transactions between the Province and EU Member States, including the mainland Finland.

FIN 3.1.2.**Excise duty on liquid fuels**

(Nestemäisten polttoaineiden valmistevero/Accis på flytande bränslen)

Legal base

Act on Excise Duty on Liquid Fuels of 29 December 1994 (1472/1994).

Beneficiary

The State.

Tax payable on

Unleaded and leaded petrol and blending leaded and unleaded petrol, all these three products both as normal grade and as reformulated. Gas oil used as propellant (diesel oil) as normal grade and sulphur-free, gas oil for commercial, industrial and heating purposes (light heating oil) and heavy fuel oil.

A duty corresponding to the duty on motor petrol or gas oil used as a propellant is also levied on other than the abovementioned products if they are used as motor fuels. Correspondingly, the duty on light or heavy fuel oil is levied on all mineral oils and hydrocarbons used as heating fuel.

Additives and extenders in fuels are subject to the excise duty under the same principles as the fuel in question.

Tax payable by

- Persons who import these products from outside the European Community or receive them from another Member State as well as warehouse-keepers (e.g. manufacturers) of these products.
- Recipients of fuel from the State emergency stock.

- Any person to whom fuel has been conveyed free of tax unless the fuel has been used for tax-free purposes.
- Companies carrying on trade in liquid fuel are liable to pay excise duty on the auxiliary products they add to liquid fuel.

Tax payable when

The goods are released for consumption from a warehouse, imported from outside the Community or received from another Member State.

Collection

1. Warehouse-keepers, registered receivers and importers
The declaration has to be filed not later than the 18th day of the calendar month following the tax period, which is the month when the products were released for consumption or received in Finland. The duty has to be paid on or before the 27th day of each calendar month following the tax period.
2. Non-registered receivers
The declaration has to be filed not later than the second and duty has to be paid not later than the 10th day following the day when the products were received in Finland.
3. Importers
The duty on importation is usually levied on the taxpayers mentioned above in this paragraph. Only exceptionally is the duty payable in the same way as customs duties.
The excise duty is collected by the regional customs offices.

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Rate

(pennies per litre):

	Basic duty	Additional duty	Strategic stockpile fee
Unleaded petrol:			
— normal grade	309.4	23.9	4.0
— reformulated	304.4	23.9	4.0
Leaded petrol:			
— normal grade	354.4	23.9	4.0
— reformulated	349.4	23.9	4.0
Blending leaded/unleaded:			
— normal grade	331.9	23.9	4.0
— reformulated	326.9	23.9	4.0
Gas oil:			
(a) used as propellant			
— normal grade	166.6	26.9	2.1
— extremely low sulphur content	151.6	26.9	2.1
(b) for commercial, industrial and heating purposes	10.9	27.0	2.1
Heavy fuel oil:	—	32.1 p/kg	1.7 p/kg

The strategic stockpile fee is levied separately on these fuels.

Exemptions

Exempt from the excise duty are:

- coal, lignite, milled peat and any other similar solid hydrocarbons and natural gas. Aviation spirit and aviation kerosene, methane and liquid petroleum gas;
- waste oil, which is reused as a fuel directly after recovery or after a process of recycling waste oil;
- fuels which are sold, delivered or imported to State emergency supply;
- fuels used as a source of energy in an oil refining process;
- fuels used in industrial production as a raw material or auxiliary material or consumed as immediate inputs in the manufacturing goods;
- fuels used in vessels used for commercial purposes inside the territorial waters of Finland or on inland waterways;
- fuels used in electricity production except fuels for generating:
 - electricity which is produced by using a generator

with a capacity of less than 2 MVA if the electricity is not transmitted to an electric network;

- electricity produced in a vessel, train, car or other transport vehicle if the electricity is used for own need of the vessel or vehicle;
- electricity used in electricity production in small power plants.

A person who carries on professional hothouse cultivation may apply for a refund of 20.0 p/l for gas oil and 8.0 p/kg for heavy fuel oil used in such cultivation.

Special features

In the Accession Treaty, Finland has been given — for environmental reasons — a derogation under which it may differentiate the duty on leaded and unleaded petrol and gas oil used as a propellant.

Gas oil, motor petroleum and paraffin oil used for heating purposes must contain a reactive reagent for revealing unauthorised use.

Excise duty on electricity and certain fuels

(Sähkö ja eräiden polttoaineiden valmistevero/Accis på elström och vissa bränslen)

Legal base

Act on Excise Duty on Electricity and Certain Fuels of 30 December 1996 (1260/1996).

Beneficiary

The State.

Tax payable on

Coal, electricity, milled peat, natural gas and pine oil.

Rate

Product	Basic duty	Additional duty	Strategic stockpile fee
Electricity (penni/kWh)			
— category I	—	4.1	0.075
— category II	—	2.5	0.075
Coal, lignite (FIM/tonne)	—	246	7
Milled peat (FIM/MWh)	—	9.0	—
Natural gas (penni/nm ³)	—	10.3	0.5
Pine oil (penni/kg)	32.1	—	—

Electricity is taxed on the basis of category II if it is used in mining of minerals, industrial manufacturing and processing of goods or professional hothouse cultivation and if the amount of electricity can be measured by delivery. All other cases fall under category I. See also the paragraph concerning tax period below.

Tax payable by

Electricity

Possessors of electric networks; producers; producers or buyers of electricity taxed at the rate of category II. If the electricity has been used or delivered for the purposes of category I; persons other than possessors of electric networks, who receive electricity from another Member State or import electricity from outside the Community, if the electricity does not flow through a network in Finland.

Milled peat and pine oil

A person who uses peat more than 15 000 MWh/year for heating purposes or a person who carries on industrial production and uses pine oil for heating purposes.

Coal

The warehouse-keeper, registered or non-registered trader or the importer.

Natural gas

Persons who import natural gas from areas outside the Community, and persons to whom natural gas has been transferred tax exempt under the Act on Excise Duty on Electricity and Certain Other Fuels, if the gas has been used for other than tax exempt purposes.

Basis of assessment

The tax period is one calendar month. The duty must be paid for the amount of electricity which:

- the possessor of electric networks delivers for consumption;
- is produced by a person who produces electricity in the course of his business;
- is used by persons who have produced or bought electricity taxed at the rate of category II, if the electricity has been used or delivered for the purposes of category I; the tax is then calculated as a difference between duties in the categories I and II;
- persons other than possessors of electric networks receive in the course of business activity from another Member State or import from outside the Community.

As an exception to items 1 and 3 the amount of electricity can be based on the amount that has been invoiced by the possessor of the networks and some elasticity in respect of tax periods is also written in the law.

If the annual use of milled peat in heat production is more than 15 000 MWh the producer is liable to pay the duty for the whole amount of the milled peat.

Collection

1. Warehouse-keepers and registered traders

The declaration has to be filed not later than the 18th day of the calendar month following the tax period, which is one calendar month. The duty has to be paid on or before the 27th day of each calendar month following the tax period.

2. Non-registered traders and some other taxpayers

The declaration has to be filed and duty paid not later than the second day and the duty has to be paid not later than the 10th day following the day when the products were received in Finland.

FIN 3.1.3.

3. Imports

The duty on imports is usually levied on the taxpayers mentioned above in this paragraph. In the case of natural gas, the excise duty is payable in the same manner as customs duties.

The excise duty is collected by the regional customs offices.

Exemptions

1. Electricity which:

- a possessor of an electricity network transmits to another possessor of an electricity network;
- is delivered to an electric network by persons who produce electricity in the course of their business;
- is delivered to an electric network by persons other than possessors of electric networks who in their business activity receive electricity from another Member State or import electricity from an area outside the Community;
- is delivered to an area outside of the Community, or is delivered to an area in the Community to be consumed outside Finland;
- is delivered for use directly in rail traffic;
- electricity which is produced by using a generator with a capacity of less than 2 MVA if the electricity is not transmitted to an electric network;
- electricity produced in a vessel, train, car or other transport vehicle if the electricity is used for own needs of the vessel or vehicle;
- electricity used in electricity production in small power plants (defined below).

If the electricity is produced using wind power, using a generator with a nominal maximum capacity of 1 MVA or using a combined heat and power plant with a nominal maximum capacity of 40 MVA which generates electricity using wood or peat as in-

puts, the producer of the electricity may apply for a refund for electricity delivered to the network. The refund is 4.1 p/kWh for electricity produced using wind power and 2.5 p/kWh in other cases.

If the electricity is produced using wood, wood-based fuels or exhaust gases from metallurgical processes the producer may apply for a refund of 2.5 p/kWh for electricity delivered to the network. If the electricity is not delivered to the network, no excise duty is levied.

If the electricity is produced in a combined heat and power plant, the duty is levied on the fuels used for producing heat. The duty rate is calculated according to the tax table, assuming that the heat has been produced by a breeding ratio of 100 %. A combined heat and power plant is defined as a plant that produces electricity and heat, either simultaneously or both separately for further consumption.

2. Coal which is used in industrial production as a raw material or auxiliary material or consumed as immediate inputs in the manufacturing goods, which is delivered by an authorised warehouse-keeper for consumption in an area of the Community other than Finland, and coal which is used in the production of electricity. However, the latter exemption does not apply to coal used in electricity production in small power plants. In certain cases the authorised warehouse-keeper is entitled to a deduction for coal for which the duty has been paid and which is used by him or delivered to used in a taxable or non-taxable use.
3. Natural gas which is used: in industrial production as a raw material or auxiliary material or consumed as immediate input in the manufacturing goods, as a source of energy in an oil refining process, and in the production of electricity, under certain conditions (same as for coal, reported above).

FIN 3.1.4.

Oil waste duty

(Ölryjätemaksu/Oljeavfallsavgift)

Legal base

Act on Oil Waste Duty of 5 December 1986 (894/1986).

Beneficiary

The State. The revenue yielded by the duty is used to cover the expenses caused by treatment of oil waste.

Tax payable on

Lubricating oils and solid lubricants (greases) falling under CN-codes 27100081–27100098. Lubricating preparations falling under CN-codes 34031910–34031999 and 34039910–34039990.

Tax payable when

The goods are released for consumption from a warehouse, imported from outside the Community or received from another Member State.

Collection

1. Warehouse-keepers and registered traders

The declaration has to be filed not later than the 18th day of the calendar month following the tax period, which is the month when the products were released for consumption or received in Finland. The duty has to be paid on or before the 27th day of each calendar month following the tax period.

2. Non-registered receivers

The declaration has to be filed not later than the second day and the duty has to be paid not later than 10th day following the day when the products were received in Finland.

3. Other importers

The duty on imported goods is usually levied on the taxpayers mentioned above in this paragraph. Only ex-

ceptionally is the duty payable according to the same procedure as customs duties.

The excise duty is collected by customs districts.

Rate

The duty is levied at a rate of FIM 0.25 per kilogram.

Exemptions

- Products transferred by an authorised warehouse-keeper to be consumed outside Finland, on the territory of the European Community.
- Products used in the manufacture of products subject to the oil waste duty.
- Products which are manufactured by using products for which the oil waste duty has been paid.
- Products used in the manufacture of export goods, except for lubricating purposes.
- Products used as raw material for manufacturing products which are not subject to the oil waste duty, if the use of such products does not produce any oil waste.

Oil damage duty

(Öljysuojamaksu/Oljeskyddsavgift)

Legal base

Act on the Oil Pollution Compensation Fund (379/74).

Beneficiary

The National Oil Pollution Compensation Fund.

The fund is outside the State budget. It is administered by the Ministry of the Environment. The decisions regarding the compensation to be paid from the fund are made by the board of directors or the fund. The board consists of representatives of the national authorities, the municipal central organisation, environmental and conservation organisations and the oil business.

The revenue from the duty is used to cover the expenses from oil accidents. The fund also compensates the expenses for creating and maintaining the necessary infrastructure to prevent and to fight oil accidents.

Tax payable on

Oils falling under Customs Tariff headings 27.07, 27.09 and 27.10.

Tax payable by

The oil importer and the holder of oil in transit through Finnish customs territory.

Tax payable when

The goods are declared for importation or passed through the customs territory of Finland.

Exemptions

Rules applied to customs taxation are also applied to the oil damage duty.

Rate

The duty is levied at a rate of 2.20 FIM/ton. The duty is levied at a rate of 4.40 FIM/ton, if oil is transported by a tanker, which does not have a double bottom.

FIN 3.1.6.

Excise duty on manufactured tobacco

(Tupakkavero/Tobaksaccis)

Legal base

The Act on Excise Duty on Manufactured Tobacco of 29 December 1994 (1470/1994).

Beneficiary

The State.

Tax payable by

Persons who import tobacco products from outside the European Community or receive them in the course of their business activity from another Member State. Warehouse-keepers.

Tax payable when

The goods are released for consumption from a warehouse, imported from outside the Community or received from another Member State.

Basis of assessment

Cigarettes, cigars and cigarillos, fine-cut tobacco for the rolling of cigarettes and other smoking tobacco. Other products containing tobacco and cigarette paper in retail form (Combined Nomenclature Code 4813). Products manufactured in whole or in part of substances other than tobacco ('substituting products').

Rate

Product	FIM per unit	% of the retail price
1. cigarettes	90/1 000 pcs	50.0
2. cigars and cigarillos	—	22.0
3. pipe and smoking tobacco	12/kg	48.0
4. fine-cut tobacco for rolling of cigarettes	12/kg	50.0
5. cigarette paper	—	60.0
6. other products containing tobacco	—	60.0

A minimum excise duty is levied on cigarettes and fine-cut tobacco for the rolling of cigarettes. It is 90 % of the excise duty on the product in question in the price class most in demand.

Exemptions

Products used for medical purposes (which do not contain tobacco), products supplied to the authorities as samples, and products used in the manufacture of other products subject to the same excise duty are exempt from excise duty.

Collection

1. Warehouse-keepers, registered traders and tax representatives
The declaration has to be filed not later than the 18th day of the calendar month following the month when the products were released for consumption or received in Finland. The duty has to be paid on or before the 27th day of each calendar month following the tax period of one month.
2. Non-registered traders and other receivers
The declaration has to be filed within two days of the reception of goods. The duty has to be paid within 10 days of the reception of goods.
3. Travellers:
Travellers can pay taxes immediately. However, they have to pay taxes not later than on the 10th day of receiving the bill from the customs.

The excise duty is collected by customs districts.

The retail price is freely chosen by the taxpayer, and it includes all taxes.

FIN 3.1.7.

Excise duty on alcohol and alcoholic beverages

(Alkoholi- ja alkoholijuomavero/Accis på alkohol och alkoholdrycker)

Legal base

Act on Excise Duty on Alcohol and Alcoholic Beverages of 29 December 1994 (1471/1994).

Beneficiary

The State.

Tax payable by

Persons who import alcoholic beverages from outside the European Community or receive them in the course of their business activity from another Member State. Warehouse-keepers.

Tax payable when

The goods are released for consumption from a warehouse, imported from outside the Community or received from another Member State.

Basis of assessment

Excise duty on alcohol and alcoholic beverages is levied on beer, wine, intermediate products (i.e. aperitifs) and ethyl alcohol.

Rate

Products and ethyl alcohol strength, % volume
(exceeding the lower but not the upper limit)

Rate

Beer

— 0.5–2.8	0.10	FIM/cl ethyl alcohol
— more than 2.8	1.70	FIM/cl ethyl alcohol

Wines

— 1.2–2.8	0.27	FIM/l of finished product
— 2.8–5.5	8.0	FIM/l of finished product
— 5.5–8.0	11.0	FIM/l of finished product
— more than 8.0	14.0	FIM/l of finished product

Intermediate products

— 1.2–15	25.5	FIM/l of finished product
— 15–22	42.0	FIM/l of finished product

Ethyl alcohol

CN-code 2208

— 1.2–2.8	0.10	FIM/cl ethyl alcohol
— 2.8–10	2.65	FIM/cl ethyl alcohol
— more than 10	3.00	FIM/cl ethyl alcohol

Others

3.00 FIM/cl ethyl alcohol

In the case of beer produced in legally and economically independent small breweries the rates are reduced respectively by:

1. 30 % if the annual production of the brewery does not exceed 200 000 litres;
2. 20 % if the annual production is more than 200 000 litres but less than 2 000 000 litres;
3. 10 % if the annual production is more than 2 000 000 litres but less than 5 500 000 litres. Packing of beer into retail containers is not considered as such production.

An additional duty is levied, at a rate of 4 FIM/litre of finished product, on retail containers of alcohol beverages. The additional duty is not levied if the taxpayer can show that the retail container is covered by the deposit-based return and recycling system approved by the Ministry of the Environment and that the container can be refilled. The additional duty is 1 FIM/litre if the container can be recycled as raw material.

Exemptions

Products used mainly for purposes other than drinking are exempted, for example for the production of medicines and foodstuffs.

2. Non-registered receivers and other receivers

The declaration has to be filed not later than the second day of receiving of products and duty paid not later than on the 10th day following the day when the products are received in Finland.

Collection

1. Warehouse-keepers, registered receivers and importers
The tax declaration has to be filed not later than the 18th day of the calendar month following the tax period, which is the month when the products are released for consumption or received in Finland. The duty has to be paid on or before the 27th day of each calendar month following the tax period.

3. Travellers

Travellers can pay taxes immediately. However, they have to pay taxes not later than on the 10th day of receiving the bill from the customs.

The excise duty is collected by the regional customs offices.

FIN 3.1.8.

Excise duty on sweets and soft drinks

(Makeis- ja virvoitusjuomavero/Sötsaks- och läskedrycksaccis)

Legal base

Act on Excise Duty on Sweets and Soft Drinks of 29 December 1994 (1474/1994). From 1 January 2000 the excise duty on sweets will be abolished and the name of the act will become Act on Excise Duty on Soft Drinks (according to Act 1092/1998).

Beneficiary

The State.

Tax payable on

Sweets and soft drinks, including fruit juices, spa water and lemonade.

Tax payable by

Persons who import taxable goods from outside the European Community or receive them in the course of business activity from another Member State. Warehouse-keepers.

Tax payable when

The goods are released for consumption from a warehouse, imported from outside the Community or received from another Member State.

Collection

1. Warehouse-keepers, registered traders and tax representatives
The declaration has to be filed not later than the 18th day of the calendar month following the month when the products were released for consumption or received in Finland.

The duty has to be paid on or before the 27th day of each calendar month following the tax period of one month.

2. Non-registered traders and other receivers

The declaration has to be filed within two days of the reception of goods. The duty has to be paid within 10 days of the reception of goods.

The excise duty is collected by customs districts.

Rate

The rate of excise duty is FIM 3.5 per kilogram for sweets and FIM 0.27 per litre for soft drinks. The duty on solid ingredients of soft drinks is FIM 2 per kilogram.

An additional duty is levied at a rate of FIM 4 per litre of product for retail containers of soft drinks. The additional duty is not levied if the taxpayer can show that the retail container is covered by the deposit-based return and recycling system approved by the Ministry of the Environment and that the container can be refilled. The additional duty is FIM 1 per litre if the container can be recycled as raw material.

Exemptions

- Sweets or soft drinks used in the manufacture of other products covered by the Act on Excise Duty on Sweets and Soft Drinks.
- Sweets regarded as medicaments.
- Sweets sweetened with xylitol in order to prevent tooth decay.

FIN 3.1.9.

Tax on lottery prizes

(Arpajaisvero/Lotteriskatt)

Legal base

Act on Tax on Lottery Prizes of 26 June 1992 (552/1992).

Beneficiary

The State.

Tax payable by

Persons who hold public lotteries and prize and guessing games in Finland.

Basis of assessment

The purchase value of the prizes or the proceeds of the lottery.

Collection

The tax must be paid during the one to two months following the month in which the lottery took place.

Rate

Rates vary between 1.5 and 30 % of the value of the prizes or the proceeds of the lottery depending on the type of the lottery.

Special features

Paid-out prizes are not subject to income tax.

Tax on insurance premiums

(Eräistä vakuutusmaksuista suoritettava vero/Skatt på vissa försäkringspremier)

Legal base

Act on Tax on Certain Insurance Premiums of 20 December 1966 (664/1966).

Beneficiary

The State.

Tax payable by

An insurer who runs its business in Finland. If the premium is paid to an insurer that does not carry on its business in Finland, the policyholder is liable to the tax.

Tax payable on

Insurance premiums when the insured property or other insured interest is situated in Finland or the insured interest is related to activity exercised in Finland.

Basis of assessment

The premium, net of tax.

Exemptions

Premiums related to a personal or credit insurance agreement or a reinsurance agreement or transport insurance for imported goods or goods in transit, premiums related to insurance against injury during medical treatment, as well as premiums related to insurance for transport equipment.

Collection

The tax is payable monthly.

Rate

22 %.

FIN 3.1.11.

Fire insurance levy

(Palonsuojelumaksu/Brandskyddsavgift)

Legal base

Act on Fire Insurance Levy of 20 July 1946 (586/1946).

Beneficiary

The Fire Protection Fund.

Tax payable by

An insurer who runs its business in Finland.

Basis of assessment

Total gross amount of annual premiums paid for fire insurance policies.

Rate

The rate is 3 %.

Special features

The levy is deductible in the insurer's income taxation.

FIN 3.1.12.

Car tax

(Autovero/Bilskatt)

Legal base

Car Tax Act of 29 December 1994 (1482/1994).

Beneficiary

The State.

Tax payable on

Passenger cars, delivery vans, other cars weighing less than 1 875 kg and motorcycles.

Tax payable by

Importers and manufacturers of cars.

Rate

The amount of tax payable is the taxable value of the car minus FIM 4 600. The tax is always at least 50 % of the taxation value of the car. The taxable value for imported vehicles is the acquisition value for the taxpayer; in the case of vehicles originating outside the European Union, it is the customs value, otherwise it is the value of vehicles that qualify as imported Community goods. Freight costs, etc., are also included in the taxation value. For vehicles manufactured in Finland the value is based on the manufacturing costs at the place of manufacture.

Motorcycles are taxed on the basis of engine capacity as follows:

Engine capacity in cubic centimetres (cc)	Rate of tax as a percentage of taxation value
up to 130	20
131–255	30
256–355	40
356–505	50
506–755	60
756 or more	70

The tax is recharged on earlier registered vehicles (cars or motorcycles) if at least 50 % of their parts have been changed. In the case of used vehicles which have been imported the share is 33 %.

If the vehicle has been used abroad, and registered for less than six months, it is taxed as if it were a new vehicle of similar kind. If, at the time of filing the car tax declaration, at least 25 years has elapsed from the end of the year of manufacture, the tax is 30 % of the taxation value.

For other used imported vehicles (i.e. registered for more than six months but which are not over 25 years old), the tax on a new vehicle of a similar kind is reduced by 0.6 % for each full calendar month calculated from the first registration to the time of filing the car tax declaration up to 100 months and after this 0.9 % for maximum 100 months calculated from the value of the tax at the end of the previous calendar month. After this the deduction will be 0.4 % calculated similarly from the rest value of the tax at the end of the previous month. If the date of first registra-

tion can not be established, the reduction is calculated from the end of the year of manufacture.

If the car tax declaration concerning a new, imported vehicle or a vehicle industrially manufactured in Finland is filed more than one year after manufacture, the car tax is increased by 20 %.

Deductions

The taxation value of passenger cars with low exhaust emissions is deducted by FIM 4 500.

Exemptions

The following vehicles, *inter alia*, are exempt: fire engines, ambulances and lorries, mobile homes with unladen weight of at least 1 875 kg, cars used by foreign diplomatic missions and consular posts headed by career consular officers, as well as members of their personnel who are not Finnish nationals, three-wheeled delivery cycles, cycles for disabled people and mopeds.

For delivery vans designed exclusively for the transport of goods, the tax is under certain conditions 35 %. The main conditions for this concern the room for goods (minimum 3 m³ and minimum capacity to carry goods 525 kg).

Cars for disabled people may be exempted on application. Cars used as taxi cabs are granted a reduction of up to FIM 57 000. Under certain conditions non-residents are entitled to import their vehicles for their own use tax-exempt for a period of six months (a customs district may extend the period up to 18 months).

When a person who has been abroad for at least one year moves into Finland, the car tax on the car that he imports as removal goods is lowered by FIM 80 000 if he has owned the car abroad for at least six months. In such a case the car is subject to certain restrictions concerning its disposal.

Collection

The car tax is paid before the registration of the vehicle (not in connection with imports). The tax is collected by customs districts. If the structure or classification of a registered car is changed or ownership of the car is transferred the tax is collected by the Vehicle Administration Centre.

Levy on pharmacy**(Apteekkimaksu/Apoteksavgift)****Legal base**

Act on Levies on Pharmacy of 21 February 1946 (148/1946).

Beneficiary

The State.

Tax payable by

Apothecaries.

Basis of assessment

The annual turnover (after deducting the VAT) of an apothecary's shop.

Deductions

One third of a branch shop may be deducted and if the turnover of the branch would be less than FIM 300 000, the whole amount of the turnover of the branch may be deducted.

Collection

The levy is assessed and collected (in one or several instalments) by the National Agency for Medicines.

Rate

Bracketed according to the annual turnover of the pharmacy.

FIN 3.1.14.

Plant breeding fee**(Kasvinjalostusmaksu/Växtförädlingsavgift)****Legal base**

Act on Promotion of Plant Breeding Activities of 8 December 1977 (896/1977).

Beneficiary

The State.

Tax payable by

Persons who wish to have their plant seeds inspected (certified). Plants that are not subject to legislation concerning plant breeders' rights (UPOV).

Basis of assessment

The seeds of plants mentioned below.

Collection

By the Plant Production Inspection Centre.

Rate

— Cereals and leguminous plants:	9.5 mk/100 kg.
— Grasses:	57.0 mk/100 kg.
— Oleiferous plants and fibre plants:	120.0 mk/100 kg.
— Potato:	3.5 mk/100 kg.

FIN 3.2.1.

Real property tax**(Kiinteistövero/Fastighetskatt)****Legal base**

Act on Real Property Tax of 20 July 1992 (654/1992).

Beneficiary

The municipality in which the real property is situated.

Tax payable on

Real property situated in Finland.

Tax payable by

Persons who own taxable property in the beginning of the calendar year.

Basis of assessment

The taxable value of each property is the value assessed for the wealth tax.

FIN 3.2.1.

Exemptions

- Forests and agricultural land.
- Public places, streets, cemeteries and similar premises. The municipalities are not liable to pay tax to themselves.
- Diplomatic and consular property to the extent provided for in international agreements.

In the case of residential housing companies and other corporations being the legal owners of their properties, the company or corporate body is liable for the tax.

Non-residents

Non-residents are liable to the real estate tax.

Collection

The tax is payable in two instalments if it is FIM 1 000 or more, otherwise it is payable in a lump sum.

Rate

Each municipal council determines annually the applicable tax rates within statutory limits.

Each council has to set at least two tax rates: a general property tax rate and a rate for buildings used primarily as permanent residences. The general rate may vary between 0.2 % and 2.0 % whereas the rate for permanent residences may vary between 0.1 % and 0.5 %.

Moreover, the municipal council can decide that the tax rate applied to buildings used as second residences (i.e. summer houses) can be not more than 0.6 % higher than the tax rate applied to permanent residences.

The municipal council can also decide upon separate tax rates to be applied to power plants; this rate cannot exceed 1.4 %, with the exception of nuclear power plants for which the maximum is 2.2 %.

A municipality can deviate from these percentage figures in respect of buildings and land owned by public utility corporations, provided that the building is used for public utility or for other public purposes. This rule will apply from the year 2000.

FIN 3.2.2.

Transfer tax

(Varainsiirtovero/Överlåtelseskatt)

Legal base

Transfer Tax Act of 29 November 1996 (931/1996).

Beneficiary

The State.

Tax payable by

Transferee.

Basis of assessment

- Transfer of ownership of real property and securities.
- Transfer of real property or securities to general or limited partnerships, limited companies or other corporate bodies if the consideration is a share or a part or if the transfer has been made as any other capital investment.
- Transfer made as a consequence of the dissolution of a corporate body and transfer based on taking into private use of an asset by a partner or any other distribution of assets.

- Transfer of securities issued by an unregistered corporate body.
- Where real property has been acquired on behalf of an unregistered company, a transfer of founders' shares in such a company is identified with a transfer of the real property.

If also the consideration which has been used in the transfer is real property or securities (the transfer is an exchange) the tax must be paid for both transfers.

Exemptions

- The State and its institutions excluding the State's business institutions, the Social Insurance Institution, Enterprise Development and Financing Ltd, the Bank of Finland, the Fund for Industrial Cooperation Ltd (Finnfund), the Finnish National Fund for Research and Development and the Government Guarantee Fund.
- Individuals aged between 18 and 39 years are not liable to pay the tax when they purchase their first

owner-occupied dwelling, whether by buying at least half of the shares carrying the right to the possession of a flat in a residential housing company or by buying real property and at least half of a building on it.

- Transfers of real property or securities to a corporate body which continues a previous activity in connection of a change in a corporate body's form, a merger or such a division, where the corporate body that is to be divided, dissolves; the reorganisation must be realised under the legislation concerning the type of corporate body in question.
- Transfers where the basis for the transfer is inheritance, bequest, gift, dissolution of joint ownership and, in most cases, distribution of matrimonial assets.
- Transfer of securities through stock exchange as well as the transfer of certain options and forward contracts.
- Transfers of securities issued by a foreign corporate body.
- Certain transfers based on the municipalities right of redemption.
- In the case of a transfer of assets, the tax levied on the transfer of real property or securities is refunded upon application to the recipient corporate body.
- The Province of Åland, municipalities, local communities of a church or a registered religious communities are not liable to pay tax on transfers of real property.

(The tax is refunded for transfers of real property situated in developing regions if the transfer is made between 1994 and 1997.)

Non-residents

If the transferee is a non-resident, or if the transferee is not a permanent establishment of a foreign credit institution or a branch of foreign investment service company, the transferor is obliged to recover the tax from the transferee.

If none of the parties to the transfer is a resident of Finland, a permanent establishment of a foreign credit institution or a branch of foreign investment service company, no tax is levied. However, the tax is always levied for the transfer of a share in a residential housing company or other real estate company or corresponding cooperative societies.

Collection

Largely based on one's own initiative. The transfer tax for real property must be paid at the latest when applying for the registration of the title to acquired real property. If the registration has not been applied for or if its application is not necessary, the tax must be paid within six months of

the date when the transfer contract was concluded. If the tax has not been paid for transfers that have been realised within the 10 years prior to the transfer in question, the transferee must also pay the tax for these transfers.

The transfer tax for securities must be paid within two months of the conclusion of the transfer contract. In the case of shares in certain residential housing companies (mainly companies which have let newly constructed dwellings) the tax must be paid within the two months following the transfer of ownership.

In other cases the tax must be paid at the time when the transfer contract is concluded if:

- one of the parties to the transfer is a dealer in securities (defined as an investment service company, a credit institution or a Finnish branch of a foreign investment service company or credit institution) or if such a dealer acts as a broker or commission agent for one of the parties of the transfer;
- the security is sold at an auction;
- the transfer is made through a real estate agent.

In all these cases the dealer in securities or the auctioneer is obliged to recover the tax from the transferee if the transferee has not paid the tax.

Besides the transferee the tax may also be recovered from a dealer in securities or real estate agent. When a security other than a security traded in the computerised trading system is reported for the entry into a register of a corporate body (e.g. a residential housing company), the transferee or other person liable to pay the tax must present evidence that the tax has been paid. If the transfer has been registered without the presentation of such evidence, the corporate body is liable to pay the tax.

Rate

The tax rate is 4 % for real property and 1.6 % for securities.

The tax is levied on the transfer price, the value of any other consideration or the market value, as the case may be.

Special features

Besides ordinary real property, real property also includes the following items:

- non-separated parcels and specified shares of real property;
- leasehold or usufruct of real property which must be registered under the Land Law Code;

FIN 3.2.2.

— buildings and constructions for the permanent use of the real property.

Securities are defined as shares and scrips, certificates of participation, bonds or other certificates of claim issued by

a corporate body if the interest is calculated on the basis of the debtor's dividend or annual result or if the bond or certificate carries right to participate in the debtor's profits, letters of right of subscription and electronic book entries in a computerised trading system.

FIN 3.2.3.

Stamp duty

(Leimavero/Stämpelskatt)

Legal base

Stamp Duty Act of 6 August 1943 (662/1943).

Beneficiary

The State.

Tax payable by

The parties of 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. Stamp duty is levied only on certain documents such as honorary titles and certain li-

cences that represent an interest that has a net asset value in the hands of the recipient.

Exemptions

Various documents, certifications of permits and judgments given by authorities were earlier subject to stamp duty but nowadays a cost-based fee is levied.

In respect of real property, shares and other securities, the stamp duty has been replaced by the transfer tax.

Collection

By stamping in specially authorised machines with adding mechanism. Paying the stamp duty on a specified bank account is possible, but not used in practice.

FIN 3.2.4.

Seamen's welfare and rescue levy

(Lästimaksu/Lästavgift)

Legal base

Act on Seamen's Welfare and Rescue Levy of 8 May 1936 (189/1936).

Beneficiary

The State.

Tax payable by

All Finnish vessels which are under registration duty and which are used in international shipping trade as well as foreign vessels which are used in shipping trade into Finland.

Exemptions

Certain cases of emergency.

Basis of assessment

The whole number that shows the tonnage of the vessel.

Rate

0.6 FIM/ton.

Collection

The levy is assessed annually by customs districts.

Landfill tax

(Jätevero/Avfallskatt)

Legal base

The Landfill Tax Act of 28 June 1996 (495/1996).

Beneficiary

The State.

Tax payable by

Municipal landfill site operators.

Tax payable when

As waste is delivered to a municipal landfill.

Basis of assessment

Waste, as defined in environmental legislation.

Exemptions

Contaminated soil, waste from de-inking of waste paper, fly ash and desulphurisation waste from power plants,

waste utilised in the construction of the landfill site not including glass waste and some concrete waste.

Municipal sites where only soil and stone are deposited are not in the scope of the tax. Sorted waste intended for recycling or disposition can be stored on a separate area tax-free for three years.

Collection

The tax is accounted for quarterly. The landfill operator has to file a tax declaration not later than on the 12th day following the tax period and the tax must be paid not later than on the 27th day.

The excise duty is collected by the regional customs offices.

Rate

FIM 90 per tonne of waste. A special conversion coefficient is applied when waste cannot be weighed.

FIN 3.2.6.

Tax on diesel-driven vehicles

(Moottoriajoneuvovero/Skatt på motorfordon)

Legal base

Act on Tax on Diesel-driven Vehicles of 30 December 1966 (722/1966).

Beneficiary

The State.

Tax payable by

The owner or possessor of the car for the period for which the tax is calculated.

Tax payable on

Vehicles registered in Finland and using fuel other than petrol, i.e. diesel oil, kerosene, liquefied petroleum gas or electricity, as well as vehicles equipped with gas-producing equipment.

Collection

The tax must be paid annually. If a vehicle is registered for only part of the year, the tax is reduced accordingly. Tax is collected by the Vehicle Administration Centre together with the customs administration (taxes levied on borders).

Exemptions

Certain vehicles owned by the State, fire-engines, ambulances, cars used by embassies and diplomats (under the condition of reciprocity) and buses are, *inter alia*, exempt.

The tax is refunded for lorries transported by rail in Finland. The transport has to be a part of an international transport and the minimum distance is at least 100 km as the crow flies. The refund is FIM 300 for each transport. If a toll has been paid in EU Member State (for the use of a motorway), 80 % of the toll is refunded as a refund of the tax on diesel-driven vehicles. In both cases the refund is granted on an application by the taxpayer.

Rate

- For passenger cars, 150 FIM/100 kg of the total weight or a fraction thereof.
- For mobile homes and delivery vans, 27 FIM/100 kg.
- For two-axled lorries and special-purpose vehicles 27 FIM/100 kg up to 14 000 kg, and FIM 54 for each additional 100 kg. Special rates apply to two-axled lorries approved and used for traction of semi-trailers (51 FIM/100 kg) and for two-axled lorries approved and used for traction of trailers proper (54 FIM/100 kg).

FIN 3.2.6.

- For lorries or special-purpose vehicles with bogie construction or with three or more axles 36 FIM/100 kg up to 19 000 kg and FIM 63 for each additional 100 kg. Special rates apply to lorries with bogie construction approved and used for traction of semi-trailers (48 FIM/100 kg), for lorries with bogie construction and for lorries with three or more axles approved and used for traction of trailers (54 FIM/100 kg).

An additional tax must be paid in cases where certain more lightly taxed fuels are substituted for highly taxed fuels. The amount of the additional tax is twenty times the amount of the regular yearly tax explained above. If it is detected on the road that fuel subject to a lower taxed fuel is used in the vehicle and if there is no forehand declaration of this to the Vehicle Administration Centre, the additional tax can be levied tripled.

FIN 3.2.7.

Road tax on motor vehicles registered abroad

(Ulkomailla rekisteröityjen moottoriajoneuvojen käyttömaksu)

Legal base

Act on Tax on Diesel-driven Vehicles of 30 December 1966 (722/1966) 34 §.

Beneficiary

The State.

Tax payable by

The owner or possessor of the motor vehicle or a person by order of whom the vehicle is used in Finland.

Tax payable on

Motor vehicles registered abroad and using fuel other than

petrol, if they are used temporarily in Finland.

Tax payable when

On the arrival to Finland.

Exemptions

Vehicles registered in a State which is a party to the Geneva Road Traffic conventions are exempt from the flat-rate tax. Vehicles registered in a Member State of the EU are exempt from the flat rate tax and kilometre tax. Reductions or exemptions have been granted through bilateral agreements with several States or through rulings made by the Ministry of Finance.

Rate

A flat rate tax for every day of use and a tax based on the number of kilometres travelled in Finland are due. Rates are as follows:

	Flat rate tax (FIM/day)	Kilometre tax (FIM/km)	Minimum kilometre tax (FIM/day)
Delivery van	80	0.50	200
Bus	90	0.90	360
Lorry	150	3.50	1 400
Trailer	90	1.30	500

Motor vehicles registered abroad and using fuel other than petrol are subject to a flat-rate tax for each day of use and

a tax based on the number of kilometres travelled in Finland, if they are used temporarily in Finland.

Fuel fee

(*Polttoainemaksu/Bränsleavgift*)

Legal base

Act on Fuel Fee of 13 April 1993 (337/1993).

Beneficiary

The State.

Tax payable on

Diesel-driven lorry, passenger car, van and bus using light fuel oil instead of gas oil (diesel oil).

Vehicles registered in Finland are liable to pay the fee, too, but if the additional tax is paid according to the Act on Tax on Motor Vehicles (722/1966), the amount these taxes will be is the higher of the two.

Tax payable by

The owner or possessor of the vehicle.

Collection

The Vehicle Administration Centre must be contacted before light heating oil is used in the vehicle. The fee has to be paid within 30 days from the assessment.

If the fee has not been paid, and it is detected that fuel subject to a lower taxed fuel is used in the vehicle, the charge is levied tripled, and the vehicle cannot be taken out of Finland before the fee has been paid or an acceptable security furnished.

Rate

Vehicle	Fee (FIM/day)
lorry	3 000
bus	2 000
van	1 500
passenger car	1 000

Vehicle tax

(*Ajoneuvovero/Fordonsskatt*)

Legal base

Vehicle Tax Act of 20 December 1996 (1111/1996).

Beneficiary

The State.

Tax payable by

Owners of passenger cars, vans and special purpose cars that have a maximum permitted total mass of 3 500 kg.

Basis of assessment

Cars, vans and special purpose cars which have a maximum permitted total mass of 3 500 kg and which have been or should have been registered in Finland.

Exemptions

Museum cars, vehicles for military purposes, under the condition of reciprocity certain vehicles used by foreign

embassies or consular posts, cars used by official EU organs in Finland and cars registered in the export register. If the vehicle is unregistered for part of the tax period, the proportional part of the tax paid for the whole tax period will be refunded.

Collection

Collected by the Vehicle Administration Centre.

Rate

For 1997, the tax is FIM 500 on vehicles taken into use before 1 January 1994; otherwise it is FIM 700.

If a car is registered in the middle of the tax period (a calendar year), only the amount corresponding to the remaining tax period is levied. However, a minimum tax of FIM 100 is always levied.

FIN 3.2.10.

Game management fee and hunting licence

(Riistanhoitomaksu ja pyyntilupamaksu/Jaktvårdsavgift och jaktlicensavgift)

Legal base

Act on Game Management Fee of 28 June 1993 (616/1993).

Beneficiary

The State.

Tax payable by

In the case of game management fee, all game hunters. As

for the deer hunting licence, all persons who hunt deer animals (Cervidae). The licence may be extended to include animals under the threat of extinction by a decision of authorities.

Rate

The annual game management fee is FIM 120. The price of hunting licences varies between FIM 50 and FIM 500 according to the age of the prey.

FIN 3.2.11.

Fishing management license

(Kalastuksenhoitomaksu/Fiskevårdsavgift)

Legal base

Act on Fishing of 16 April 1982 (286/82).

Beneficiary

The State.

Payable by

All persons who fish or catch crayfish.

Exemptions

Anglers (including ice anglers).

Persons under the age of eighteen and persons over the age of sixty-five.

Rate

The annual fish management fee is FIM 90. Alternatively it is FIM 25 for any period of seven days.

There is no separate fee for ice fishing.

FIN 3.2.12.

Forest management fee

(Metsänhoitomaksu/Skogsvårdsavgift)

Legal base

Act on Forest Management Associations of 17 November 1950 (558/1950).

Beneficiary

Forest management associations.

Tax payable by

Forest owners in the municipality where the forest is situated.

Basis of assessment

The annual increment of the forest. The deductions for taxation purposes are not taken into account.

Exemptions

Cases where the annual increment of the forest does not exceed twenty cubic metres.

Collection

Assessment and collection by the local tax offices.

Rate

The rate varies between 2 and 6 % of the annual increment. If the management of the forest is well organised by the owner, the rate is only one quarter of the ordinary rate.

Channel fee (Fairway fee)

(Väylämaksu/Farledsavgift)

Legal base

Act on Channel Due of 30 December 1980 (1028/1980).

Beneficiary

The State.

Tax payable by

Persons engaged in shipping in the Finnish territorial waters by using a registered Finnish or foreign vessel.

Basis of assessment

Tonnage of the vessel up to 70 000 tonnes.

Exemptions

Vessel used only in inland water transport, vessels owned by the State, certain emergency cases, etc.

Collection

Vessels in domestic traffic (cabotage) pay the fee annually. Vessels in foreign traffic pay the fee separately for each time the vessel arrives from abroad. The difference is related only to the kind of traffic and not to the flag of the vessel.

The fee is levied by the customs districts.

Rate

The basic rate, FIM 34.50 is multiplied by a figure indicating the tonnage of the vessel. If the tonnage figure is less than 1 000, the fee is half of the ordinary basic rate.

The fee is graduated according to the tonnage of the vessel (less than 2 000, 2 000, 9 999 and not less than 10 000) and according to its ice classification (I A Super, I A, I B, I C, II and III).

FIN 4.1.

Employers' social security contributions

(Työnantajan sosiaaliturvamaksut/Arbetsgivarens socialskyddavgifter)

Legal base

Act on Employers' Social Security Contributions of 4 July 1963 (366/1963), Act on National Pension of 8 June 1956 (347/1956), Act on Unemployment Contribution in 1994 of 3 December 1993 (1099/1993).

Beneficiary

Social Insurance Institution, Central Fund of the Unemployment Funds, Pension Security Centre, insurance companies.

Tax payable by

Employers.

Basis of assessment

Salaries and wages subject to withholding.

Collection

By withholding.

Rate

The private employers' health insurance contribution is

1.6 %, public employers' health insurance contribution varies between 1.6 % and 6.85 %. The average is 1.71 %.

The private employer's national pension contribution varies between 2.4 % and 4.9 % the average being 3.18 %. The public employers' national pension contribution varies between 3.15 % and 3.95 %. The average for all employers is 3.25 %. In the case of private employers and public utilities the national pension contribution varies according to the amount of depreciation allowances.

The unemployment insurance contribution is 0.9 % of the first FIM 5 million and 3.85 % of the exceeding amount.

The private employers' employment pension contribution is 16.8 % and the same contribution of the State and municipalities are 18.8 % and 21.4 %, correspondingly. The entrepreneurs' (farmers and sole proprietors) pension insurance contribution is 21.0 %.

Special features

The accident insurance contribution is 1.4 % and the group life insurance contribution 0.1 %.

Employees' social security contributions

(Työntekijän sosiaaliturvamaksut/Arbetsstagares socialskyddsavgifter)

Legal base

Act on Health Insurance of 4 July 1963 (364/1963), Act on National Pension of 8 June 1956 (347/1956), Act on Employees Unemployment Contribution in 1994 of 3 December 1993 (1097/1993).

Beneficiary

Central Fund of the Unemployment Funds, Social Insurance Institution, Pension Security Centre, Farmers' Pension Institution, Insurance Companies.

Tax payable by

Employees and retired persons.

Farmers, partners in partnerships, and sole proprietors are liable to the same contributions as employees.

Basis of assessment

The contributions are levied on the same taxable earned income as determined for the calculation of communal income tax.

In the case of farmers, partners and sole proprietors, contributions are calculated on the basis of earned income (in contrast to the investment income).

In the case of retired persons, contributions are calculated on the basis of the pension income.

Non-residents

Non-residents are in some cases exempted from these contributions.

Rate

The rate of the health insurance contribution is 1.5 %. If a person receives pension income in 1999, he has to pay an additional health insurance contribution of 3 % (and the total rate then varies between 4.9 % and 5.35 %). However, the maximum is 2.4 % of the chargeable pension income. Farmers, partners in partnerships, and sole proprietors are liable to the similar contributions as employees.

The employees' pension insurance contribution is 4.7 % and the unemployment insurance contribution 1.35 %. The contributions are deductible from the chargeable income when calculating the taxable income for State income tax on earned income, communal tax and church tax as well as for calculating social security contributions.

SWEDEN

Sverige

National income tax

(Inkomstskatt)

Legal base

National Income Tax Act (1947:576) last amended by SFS 1998:1606, Main Articles 1 § 2 mom., 2 § 1 mom., 3–6, 8–10, 14, 24–31 §§.

Beneficiary

The State.

Tax payable by

Resident individuals and individuals who have a habitual abode in Sweden.

Basis of assessment

National income tax is levied on earned income and on capital income.

Earned income consists of income from employment (salaries, wages, pensions and other similar kinds of remuneration) and on income from unincorporated business. The tax is based on total earned income, expenses deducted, received during the year (for business income see 'Special preferential tax treatment for means intended for expansion purposes').

Capital income consists of dividends, interests and realised capital gains.

Collection

— Earned income: the final tax is based on the tax return.

- Employment income: the employer withholds and delivers preliminary tax to the tax authorities.
- Capital income: the final tax is based on the tax return.
- Dividends and interests: the banks and Securities Register Centre withhold and deliver preliminary tax to the tax authorities.

Deductions

Old-age pension insurance premiums and other periodical allowances may, within certain limits, be deducted from the total earned income. Resident individuals are entitled to a basic deduction.

Rate

The tax on the earned income is SEK 200.

On the part of taxable earned income that exceeds a threshold of SEK 219 300 the income tax is levied at a rate of 20 % and on income that exceeds a threshold of SEK 360 000 the income tax is levied at a rate of 25 %.

Capital income is taxed at a flat rate of 30 %.

Special features

Non-resident individuals are, according to a separate Income Tax Act (1991:586), liable to a tax of 25 % at source (see below).

Local income tax

(Inkomstskatt)

Legal base

Municipal Income Tax Act (1928:370) last amended by SFS 1998:1767, Main Articles 1–3, 19, 20, 31–34, 42, 46–48, 56 §§.

Beneficiary

The municipalities.

Tax payable by

See 'National income tax'.

Basis of assessment

Local income tax is levied on earned income (see 'National income tax').

Collection

See 'National income tax' (earned income).

Deductions

See 'National income tax' (earned income).

Rate

The municipal income tax is around 31 % depending on the municipality.

S 1.3.

Income tax on non-residents

(Lag om särskild inkomstskatt för utomlands bosatta)

Legal base

Income Tax Act (1991:586), as last amended by SFS 1998:252.

Beneficiary

The State.

Tax payable by

Non-resident individuals.

Basis of assessment

Income from personal services (private or public) performed in Sweden, such as employment income, director's fees, management or consultancy fees, pensions, etc.

Exemptions

Non-residents are exempt from tax on income from private employment carried on in Sweden, provided:

- the recipient is present in Sweden for a period or periods not exceeding in the aggregate 183 days in any period of 12 months;
- the remuneration is paid by, or on behalf of, an employer who is not resident in Sweden;
- the remuneration is not borne by a permanent establishment which the employer has in Sweden.

Collection

Tax is withheld at source by the payer of the remuneration, unless the payer is a non-resident. In this case, the recipient of the remuneration is responsible for paying the tax.

Rate

Tax is levied at a flat rate of 25 % on the gross income.

S 1.4.

Income tax on non-resident artistes and others

(Lag (1991:591) om särskild inkomstskatt för utomlands bosatta artister m.fl.)

Legal base

Income Tax Act (1991:591), as last amended by SFS 1998:696 of 1 January 1999.

Beneficiary

The State.

Tax payable by

Non-resident individuals and non resident legal entities.

Basis of assessment

Remuneration derived from Sweden by a non-resident artiste, sportsman or management enterprise for artistic or athletic activities performed in Sweden or on board a Swedish ship.

Income from the sale of tickets, from advertising or any income from an entertainment in Sweden or on board a Swedish ship is taxable in the hands of an organiser whether it is an individual or a legal entity.

Exemptions

An artiste or a sportsman is not liable to tax on remuneration paid by an non-resident management enterprise.

Voluntary payment to street musicians and the like.

Business profits attributable to a permanent establishment.

Royalty payments for the use of tangible or intangible assets.

Consideration for travel or transport expenses, free board and lodging in connection with the performance.

Fringe benefits not exceeding SEK 1 100 (1999) per payer and accounting period.

Collection

Tax withheld at source by the payer of the remuneration.

Rate

Tax is levied at a flat rate of 15 % on the gross income.

Special preferential tax treatment for means intended for expansion purposes (tax on means intended for expansion purposes) (Expansionsmedelsskatt)

Legal base

Tax on Means Intended for Expansion Purposes Act (1993:1537), as promulgated on 16 December 1993, as last amended by the 1998 Tax Amendment Laws (1998:645).

Beneficiary

The State.

Tax payable by

- Unrestricted tax liability:
All individuals and Swedish estates with income from single proprietorships or partnerships.
- Restricted tax liability:
Individuals with income from single proprietorships or partnerships derived from a permanent establishment or immovable property in Sweden.

Basis of assessment

Income earned through single proprietorships or partnerships is taxed primarily through the personal income tax levied on the proprietor or the partner (at a marginal tax rate of approximately 42 % at an income of SEK 100 000, 48 % at an income of SEK 200 000 and 67 % at an income of SEK 389 500 and above — figures include social secu-

rity contributions). However, the taxpayer can choose to exclude business income from the normal taxation of income. The excluded amount, intended for expansion purposes, is taxed at a flat rate of 28 %. There is no liability to pay social security contributions on these means. If the excluded amount is reduced in a later year, the reduced amount will be subject to the regular taxation on income earned. The taxpayer will then receive a credit for the tax already paid. The total allocation is limited to 137 % of the corporate equity.

Exemptions

Foreign legal persons.

Losses

Losses which are not offset by positive income when the total amount of income is determined may be deducted in the succeeding years.

Collection

By annual assessment.

Rate

28 %.

Corporation tax (Inkomstskatt för juridiska personer)

Legal base

National Income Tax Act (1947:576), as promulgated on 26 July 1947, Articles 3, 7, 10 a and 27, as last amended by the 1998 Tax Amendment Laws (1998:1606) of 18 December 1998.

Beneficiary

The State.

Tax payable by

- Unrestricted tax liability:
All legal persons, except estates and legal persons mentioned below.
- Restricted tax liability:
Foreign companies and other foreign legal persons for income derived from a permanent establishment or immovable property in Sweden.

Basis of assessment

The tax is calculated on net income received during the year. A tax-free reserve of 20 % of the annual income is permitted for a period of five years.

Exemptions

The government, the municipalities, the National Pension Insurance Fund, pensions and similar social funds, foundations 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 and equivalent associations.

Losses

Losses which are not offset by positive income when the total amount of income is determined may be deducted in the succeeding years.

S 1.6.

Collection

By annual assessment.

Rate

- Standard rate: 28 %.
- Securities fund: 30 %.

Special features

Profits of a joint stock company not taxable when received by a company if that company holds 25 % or more of the voting power of the distributing company or which shows that its holdings are motivated by commercial reasons.

S 1.7.

Car-for-sale tax

(Saluvagnsskatt)

Legal base

Car-for-Sale Tax (SFS 1976:339), amended by SFS 1978:122, 1981:845, 1984:258, 1988:329, 1992:634, 1992:1647 and 1993:901.

Beneficiary

The State.

Tax payable on

Cars, motorcycles, tractors, motor-driven equipment and trailers with a car-for-sale number plate.

Tax payable when

Each calendar year.

Tax payable by

Person with a licence for selling cars.

Rate

- Cars: SEK 715.
- Motorcycles: SEK 125.
- Tractors, motor-driven equipment and trailers: SEK 200.

S 1.8.

Sales tax on motor vehicles

(Försäljningsskatt)

Legal base

Sales Tax on Motor Vehicles (SFS 1978:69), amended by SFS 1979:279, 1981:255, 1981:1031, 1983:969, 1984:159, 1985:495, 1986:260, 1987:400, 1987:1241, 1988:357, 1989:196, 1989:1031, 1991:161, 1991:608, 1992:1443, 1992:1444, 1993:471, 1993:1514, 1994:1789, 1995:915, 1995:1640, 1996:833, 1996:963, 1996:1321 and 1996:1410.

Beneficiary

The State.

Tax payable on

Buses, lorries and motorcycles.

Tax payable by

Any person who manufactures taxable vehicles inside Sweden on a commercial basis and any person who has been registered with the tax authorities as an importer is obliged to pay the tax. In all other cases the owner of the vehicle is obliged to pay the tax.

Tax payable when

The tax becomes payable when the vehicle is entered in the central car register. The tax is also payable when a vehicle not previously subject to taxation is re-registered after modification and becomes subject to tax.

Exemptions

Certain vehicles and vehicles for certain use.

Rate

Type of vehicle	Environmental class		
	1 (SEK)	2 (SEK)	3 (SEK)
1. Bus			
With a total weight of 3 500 kg	6.38 per kg of kerb weight	6.38 per kg of kerb weight	6.38 per kg of kerb weight plus SEK 1 993
With a total weight above 3 500 kg	—	—	5 978
2. Lorry (closed truck)			
With a total weight of 3 500 kg	6.38 per kg of kerb weight	6.38 per kg of kerb weight	6.38 per kg of kerb weight plus SEK 1 993
With a total weight above 3 500 kg	—	—	5 978
3. Lorry (open truck)			
With a total weight of 3 500 kg	3 986	3 986	5 978
With a total weight above 3 500	—	—	5 978
Motorcycles	Kerb weight	Tax (SEK)	
	Not exceeding 75 kg	1 335	
	Above 75 kg, but not exceeding 160 kg	1 754	
	Above 160 kg, but not exceeding 210 kg	2 690	
	Above 210 kg	4 464	

Motor vehicle tax**(Fordonsskatt)****Legal base**

Motor vehicle tax (SFS 1988:327), amended by SFS 1989:197, 1989:702, 1989:1030, 1990:403, 1990:1195, 1991:179, 1991:312, 1991:609, 1991:1911, 1992:644, 1992:883, 1992:1440, 1992:1441, 1992:1731, 1993:775, 1993:841, 1993:913, 1993:1707, 1994:303, 1994:1777, 1994:1792, 1995:1201, 1995:1641, 1996:672, 1996:834 and 1996:1409

Beneficiary

The State.

Tax payable on

Passenger cars, lorries, buses, motorcycles, tractors,

motor-driven equipment, heavy working equipment and trailers registered in the central car register.

Tax payable when

The tax has to be paid in advance for 12 calendar months (one fiscal year). The last digit of the vehicle's registration number determines which month the tax is due.

Tax payable by

The person who owns the vehicle at the beginning of the collection month.

Exemptions

Certain vehicles and vehicles for certain use.

S 1.9.

Rate

Type of vehicle	Weight (kg)	Tax (SEK)	
		Basic tax	Additional tax per whole unit of 100 kg above the lowest weight
A. Motorcycles			
1. Two wheeled, without side-car	0-75	100	0
	76-	137	0
2. Other motorcycles	0-	220	0
B. Passengers cars			
1. Petrol or liquefied-petroleum-gas-driven cars	0-900	585	0
	901-	734	149
2. Diesel-driven cars			
(a) Cars built before 1993 or 1993 models	0-900	1 172	0
	901-	1 468	297
(b) Other diesel cars	0-900	2 245	0
	901-	2 814	569
C. Buses			
1. Petrol or liquefied-petroleum-gas-driven buses	0-1 600	390	0
	1 601-3 000	430	40
	3 001-	984	0
2. Other buses	0-1 600	720	0
	1 601-3 000	775	55
	3 001-	1 545	0
D. Lorries			
1. Petrol or liquefied-petroleum-gas-driven lorries	0-1 600	390	0
	1 601-3 000	430	40
	3 001-	984	0
2. Other lorries			
(a) For use with semi-trailers			
• with two axles	0-1 600	869	0
	1 601-3 000	929	60
	3 001-6 000	1 776	55
	6 001-10 000	3 426	66
	10 001-14 000	6 066	169
	14 001-	12 842	298
• with three or more axles	0-1 600	869	0
	1 601-3 000	907	38
	3 001-6 000	1 446	69
	6 001-11 000	3 525	79
	11 001-15 000	7 485	101
	15 001-18 000	11 533	119
	18 001-23 000	15 097	217
	23 001-	25 932	185

Type of vehicle	Weight (kg)	Tax (SEK)	
		Basic tax	Additional tax per whole unit of 100 kg above the lowest weight
(b) For use with other trailers			
• with two axles	0–1 600	720	0
	1 601–3 000	775	55
	3 001–6 000	1545	4
	6 001–10 000	1677	29
	10 001–14 000	2821	98
	14 001–17 000	6 737	175
	17 001–	11 984	229
• with three or more axles	0–1 600	682	0
	1 601–3 000	731	49
	3 001–6 000	1 424	4
	6 001–11 000	1 556	14
	11 001–15 000	2 271	77
	15 001–18 000	5 351	136
	18 001–	9 443	172
E. Tractor			
1. Tractor class 1 (traffic-tractor)	0–1 300	370	0
	1 301–3 000	425	55
	3 001–7 000	1 360	95
	7 001–	5 160	168
2. Tractor class 2 (agriculture-tractor)	0–	225	0
3. Motor-driven equipment that is not taxed according to points 1 and 2	2 001–	1 000	0
4. Heavy-working equipment, that is not taxed according to point 2,			
• with two axles	2 001–6 000	300	35
	6 001–14 000	1 700	70
	14 001–	7 300	200
• with three or more axles	2 001–6 000	300	30
	6 001–14 000	1 500	50
	14 001–18 000	5 500	130
F. Trailers		10 700	170
1. Trailers with a total weight not over 3 000 kg	0–1 000	150	0
	1 001–3 000	170	21
2. Trailers with a total weight over 3 000 kg drawn only by petrol or liquefied-petroleum-gas-driven vehicles			
• with one axle	3 001–	580	11

S 1.9.

Type of vehicle	Weight (kg)	Tax (SEK)	
		Basic tax	Additional tax per whole unit of 100 kg above the lowest weight
• with two axles	3 001–13 000	580	9
	13 001–	1 480	0
• with three or more axles	3 001–13 000	580	6
	13 001–	1 180	0
3. Trailers with a total weight over 3 000 kg drawn by a diesel-driven car			
• Steering axle for semi-trailer	3 001–5 000	630	78
	5 001–8 000	2 190	107
	8 001–	5 400	198
➤ With two or more axles	3 001–8 000	610	42
	8 001–11 000	2 710	76
	11 001–14 000	4 990	114
	14 001–	8 410	160
• Other trailers	3 001–8 000	320	36
	8 001–	2 120	64
➤ With two axles	3 001–8 000	310	23
	8 001–11 000	1 460	38
	11 001–14 000	2 600	58
	14 001–17 000	4 340	76
	17 001–	6 620	84
➤ With three or more axles	3 001–11 000	300	14
	11 001–14 000	1 420	30
	14 001–17 000	3 220	50
	17 001–	7 220	65
4. Trailers with a total weight over 3 000 kg drawn by a traffic-tractor or motor-driven equipment that is taxed as a traffic tractor or by heavy working equipment that is taxed according to point E.4.			
• with one axle	3 001–8 000	550	45
	8 001–	2 800	120
• with two axles	3 001–8 000	550	20
	8 001–11 000	1 550	50
	11 001–17 000	3 050	170
	17 001–	13 250	250

Type of vehicle	Weight (kg)	Tax (SEK)	
		Basic tax	Additional tax per whole unit of 100 kg above the lowest weight
• with three or more axles	3 001–11 000	550	20
	11 001–14 000	2 150	40
	14 001–20 000	3 350	75
	20 001–25 000	7 850	105
	25 001–30 001	13 100	120
	30 001–	19 100	45

S 3.1.1.

Value added tax**(Mervärdesskatt)****Legal base**

Value Added Tax Act (1994:200) of 1 July 1994, as last amended by SFS 1998:1675 of 1 January 1999.

Beneficiary

The State.

Tax payable by

- Persons conducting business or business-like activities.
- Persons liable to VAT on intra-Community acquisitions regarding new means of transportation.
- Persons liable to custom duties on imports from countries outside the EU.

Tax payable on

- Supplies of goods and services.
- Intra-Community acquisitions.
- Import of goods into the customs territory.
- Supply of goods and services carried out free of charge by the taxable person for purposes other than those of his or her business.

Basis of assessment

- Supply of goods and services and intra-Community acquisitions: the consideration before tax.
- Import of goods: the customs value including import duties and freight and other similar costs.

- Goods and services supplied free of charge for other purposes than business: the purchase price or the cost price.

Exemptions

Without input tax deduction:

- in some cases: cultural and educational services;
- health care and social services;
- financial services, insurance transactions;
- supply and letting or leasing of immovable property (with an option to tax);
- admission to sporting events supplied by the State, local authorities or non-profit making organisations;
- supplies of human organs, blood and milk.

With input tax deduction:

- pharmaceutical products on prescription;
- certain ships and aircraft for commercial use including certain services relating to such ships;
- ships used for rescue at sea supplied to the Swedish Association for Rescue at Sea, including parts, equipment and fuel for such ships;
- supplies to diplomatic missions etc., and to international organisations in other EU-countries;
- supplies of fuel to aircraft;
- supply of gold to the Swedish National Bank.

S 3.1.1.

Deductions

Input tax paid in respect of goods and services used for taxable supplies except input tax paid on passenger cars and dwellings.

Collection

Annual return (VAT declared in the income declaration): small traders with annual turnover not exceeding SEK 1 million.

Tax period: one month.

Declaration

Annual turnover > SEK 40 000 000; at the latest 12th in the second month following tax period.

Annual turnover < SEK 40 000 000; at the latest 26th in the month following tax period.

Rate

1. Standard rate: 25 %.
2. Reduced rates:
 - 6 % (newspapers, cinema, concerts, theatres, etc., private museums, private libraries, supply of certain copyrights, admission to sporting events supplied by companies);
 - 12 % (passenger transportation, hotel accommodation, foodstuff, works of art supplied by the artist).

Special features

- Second hand goods, works of art, collection items.
- Travel agencies.
- Certain goods under warehouse arrangements.

Exports

Exempt, with input tax deduction.

S 3.1.2.

Excise duties on fuels

(Punktskatter på bränslen)

Legal base

Act on Excise Duties on Energy (SFS 1994:1776), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Energy tax, carbon dioxide tax and sulphur tax are to be paid on mineral oils and similar products as well as on coal, natural gas and petroleum coke. Sulphur tax is also levied on peat. Energy tax is levied on crude tall oil.

The taxes are also charged on products similar to mineral oils when such products are sold or used as motor fuels or heating fuels.

Chargeable event

- Petrol, gas oil, heavy fuel oil, kerosene, LPG and methane: when fuels leave the suspension arrangement.
- Other fuels: when they are delivered by a registered taxpayer to a consignee who is not a registered taxpayer or consumed by the taxpayer himself.

- For fuels which are imported from a country outside the EU by someone who is not an authorised warehousekeeper (fuels under point 1 above) or a registered taxpayer (other fuels): the duty is charged on the event of importation in accordance with customs regulations.

Tax payable by

- Petrol, gas oil, heavy fuel oil, kerosene, LPG and methane: in principle, authorised warehousekeepers.
- Other fuels: in principle, registered taxpayers.
- Fuels imported from a country outside the EU by someone who is not a registered warehousekeeper or a registered taxpayer: the importer.

Exemptions

Relief from energy tax and carbon dioxide tax is granted for:

- biologically produced methane;
- fuels being exported to a country outside the EU;
- fuels used for purposes other than motor fuel or heating fuel;
- fuels used in railbound means of transportation;
- fuels used for commercial navigation;

- aviation spirit and jet fuel used for all kinds of air navigation; other fuels used for commercial air navigation;
- coal and petroleum coke used in metallurgical processes;
- fuels used for the production of taxable products;
- fuels used for the production of electricity; relief from sulphur tax is granted for the purposes set out in points 1 to 8 above.

Declaration

In general, until the 20th day of the month following the month during which liability arose.

Rate

For energy tax and carbon dioxide tax, see Tables 1 and 2.

The sulphur tax on peat, coal, petroleum coke and other solid or gaseous products is set at SEK 30 per kilogram of sulphur in the fuel.

The sulphur tax on liquid fuels is SEK 27 per m³ of oil for each tenth of a per cent by weight of the sulphur content. However, oil products with a maximum sulphur content of 0.1 % by weight are exempted from the sulphur tax.

Table 1

CN Code	Type of product: unit	Energy tax (SEK)	Carbon dioxide tax (SEK)	Total excise duty rate (SEK)
Mineral oils				
2710 00 26	Unleaded petrol (per litre)			
2710 00 27	Environmental class 2	3.58	0.85	4.43
2710 00 29 or 2710 00 32	Environmental class 3	3.65	0.85	4.50
2710 00 26 2710 0034 or 2710 00 36	Leaded petrol (per litre)	4.23	0.85	5.08
2710 00 51, 2710 00 55, 2710 00 69 or 2710 00 74-78	Gas, oil, other kerosene than jet fuel, heavy fuel oil (per m ³)			
	(a) marked oil ⁽¹⁾	736	1 049	1 785
	(b) unmarked oil			
	environmental class 1	1 600	1 049	2 649
	environmental class 2	1 824	1 049	2 873
	environmental class 3	2 119	1 049	3 168
Within 2711 1211 and 2711 1900	Liquefied petroleum gas (LPG)			
	(a) used for the propulsion of motor-driven vehicles, vessels, aircraft (per litre)	1.00	0.55	1.55
	(b) other purposes (per 1 000 m ³)	144	1 102	1 246
2711 29 00	Methane (per 1 000 m ³)			
	(a) used for the propulsion of motor-driven vehicles, vessels, aircraft	1 663	785	2 448
	(b) other purposes	239	785	1 024

⁽¹⁾ Unmarked oil is used for the propulsion of cars, lorries, buses, traffic tractors and boats. Marked oil is used in other motors and for heating purposes. As for marked oil used in either the manufacturing industry or in commercial horticulture, tax rates are lower: no energy tax is paid for such consumption and only 50 % of the carbon dioxide rates listed in the table.

S 3.1.2.

CN Code	Type of product; unit	Energy tax (SEK)	Carbon dioxide tax (SEK)	Total excise duty rate (SEK)
Other fuels				
2711 00, 2711 21 00	Natural gas (per 1 000 m ³) (a) used for the propulsion of motor-driven vehicles, vessels, aircraft	1 663	785	2 448
	(b) other purposes	239	785	1 024
2701, 2702 or 2704	Coal (per 1 000 kg)	313	912	1 225
2713 11 00–2713 12 00	Petroleum coke (per 1 000 kg)	313	912	1 225
3803 00 10	Crude tall oil (per m ³)	1 785	—	1 785

Table 2: Rates of excise duties on fuels consumed by the manufacturing industry — 1 January 1999

CN Codes	Fuel	General excise duty rate (SEK)	Excise duty rate manufacturing industry (SEK)
2710 0051, 2710 0055, 2710 0069 or 271000 74–78	Heating gas, oil, heavy fuel oils (per m ³)	1 785	524.50
within 2711 12 11– 2711 19 00	Liquid petroleum gas (per 1 000 kg)	1 246	551
within 271129 00	Methane (per 1 000 m ³)	1 024	392.50
within 2711 11 00 and 2711 21 00	Natural gas (per 1 000 m ³)	1 024	392.50
within 2701, 2701 or 2704	Coal (per 1 000 kg)	1 225	456
within 2713 11 00– 2713 12 00	Petroleum coke (per 1 000 kg)	1 225	456
3803 00 10	Crude tall oil (per m ³)	1 785	524.50

Collection

At the same time as the declaration is to be submitted.

S 3.1.3.

Energy tax on electricity

(Energiskatt)

Legal base

Act on Excise Duties on Energy (SFS 1994:1776), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Electricity consumed in Sweden.

Chargeable event

Electricity is delivered to a consumer who is not a registered taxpayer or consumed by the taxpayer himself.

Tax payable by

A natural or legal person who, in the course of his business:

- delivers or consumes electricity which he has produced;
- delivers electricity which has been produced by a third party.

Exemptions

Relief from energy tax is granted if the electricity is produced in a certain manner or used for certain specific purposes, namely:

- produced in a wind power station;
- produced and consumed on board a ship or other means of transportation;
- used in connection with the production of electricity;
- produced in a reserve power station.

Declaration

In general, until the 20th day of the month following the month during which liability arose.

Rate

Types of consumption	SEK/kWh
1. Manufacturing industry and commercial greenhouse cultivation	0
2. Other consumption than that specified in point 1 in certain areas mainly in the northern parts of Sweden	0.095
3. Electricity, gas, heating or water supplies in other areas than those covered by point 2,	0.128
4. Other consumption	0.151

For electricity used in electric boilers, with certain specifications, during the period from November to March, the energy tax amounts to:

- SEK 0.118 per kWh for consumption in the above-mentioned areas, mainly in the north of Sweden, provided the electricity is not used in industrial manufacture or commercial greenhouse cultivation;
- SEK 0.151 per kWh for consumption in electric gas, district heating, and water utilities, in areas other than the abovementioned.

Collection

At the same time as the declaration is to be submitted.

Excise duty on electricity generated in nuclear power stations

(Särskild skatt på elektrisk kraft från kärnkraftverk)

Legal base

Act on Excise Duty on Electricity Generated in Nuclear Power Stations (SFS 1983:1104), which came into force on 1 January 1984. The Act has been amended by SFS 1984:165, 1986:503, 1993:483, 1995:914, 1996:688, and 1996:1222.

Beneficiary

The State.

Tax payable on

Electricity which is generated in a nuclear power station.

Tax payable when

The electricity is delivered from the station.

Tax payable by

Those being licensed to own and operate nuclear power reactors.

Declaration

Until the 25th day of the month following the month during which liability arose.

Rate

SEK 0.022 per kWh.

S 3.1.5.

Duty on tobacco

(Tobaksskatt)

Legal base

Tobacco Tax Law of 15 December 1994 (SFS 1994:1563), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Cigars and cigarillos. Cigarettes. Smoking tobacco. Snuff and moist snuff. Chewing tobacco.

Rate

- Cigars and cigarillos: SEK 0.56 per unit.
- Cigarettes: SEK 0.20 per unit and 39.2 % of retail price.
- Smoking tobacco: SEK 630 per kg.
- Snuff and moist snuff: SEK 123 per kg.
- Chewing tobacco: SEK 201 per kg.

Tax payable by

Cigars, cigarillos, cigarettes and smoking tobacco: in principle, the authorised warehouse-keepers. Snuff and chewing tobacco: in principle, the producer.

Tax payable when

Cigars, cigarillos, cigarettes and smoking tobacco: the products leave the suspension arrangement.

Snuff and chewing tobacco: the products leave the manufacturing enterprise or are set aside for consumption within the enterprise.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is submitted.

Exemptions

Exemption from tobacco duty is granted on products:

- consumed in tests in a registered tax warehouse;
- exported from a registered tax warehouse (snuff and chewing tobacco: manufacturing enterprise).

Refunds

Tobacco duty is, on request, refunded to other persons than warehouse-keepers who have exported duty-paid products.

S 3.1.6.

Duty on beer

(Alkoholskatt)

Legal base

Alcohol Tax Law of 15 December 1994 (SFS 1994:1564), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Beer (CN code 2203) and products containing a mixture of beer and non-alcoholic drinks (CN code 2206).

Rate

Alcoholic strength:

- not exceeding 2.8 % volume: SEK 0;
- exceeding 2.8 % volume: SEK 1.47 per litre/degree of alcohol.

Tax payable by

In principle, authorised warehouse-keepers.

Tax payable when

The products leave the suspension arrangement.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is submitted.

Exemptions

Exemption from alcohol duty is granted on products:

- consumed in tests in a registered tax warehouse;
- used for scientific purposes;

- used for medical purposes in hospitals and pharmacies;
- used in a manufacturing process provided that the final product does not contain alcohol;
- exported from a registered tax warehouse.

Refunds

Alcohol duty is, on request, refunded to other persons than warehouse-keepers who have exported duty-paid products.

Duty on wine**(Alkoholskatt)****Legal base**

Alcohol Tax Law of 15 December 1994 (SFS 1994:1564), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Wine within CN codes 2204 and 2205.

Rate

Alcoholic strength:

- not exceeding 2.25 % volume, SEK 0;
- exceeding 2.25 % volume but not exceeding 4.5 % volume: SEK 9.34 per litre;
- exceeding 4.5 % volume but not exceeding 7 % volume: SEK 13.80 per litre;
- exceeding 7 % volume but not exceeding 8.5 % volume: SEK 18.98 per litre;
- exceeding 8.5 % volume but not exceeding 15 % volume: SEK 27.20 per litre;
- exceeding 15 % volume but not exceeding 18 % volume: SEK 45.17 per litre.

Tax payable by

In principle, authorised warehouse-keepers.

Tax payable when

The products leave the suspension arrangement.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is to be submitted.

Exemptions

Exemption from alcohol duty is granted on products:

- consumed in tests in a registered tax warehouse;
- used for scientific purposes;
- used for medical purposes in hospitals and pharmacies;
- used in a manufacturing process provided that the final product does not contain alcohol;
- exported from a registered tax warehouse.

Refunds

Alcohol duty is, on request, refunded to other persons than warehousekeepers who have exported duty-paid products.

Duty on fermented beverages other than wine and beer**(Alkoholskatt)****Legal base**

Alcohol Tax Law of 15 December 1994 (SFS 1994:1564), which came into force on 1 January 1995.

Beneficiary

The State.

S 3.1.8.

Tax payable on

Fermented beverages other than wine and beer within CN code 2204, 2205 and 2206.

Rate

Alcoholic strength:

- not exceeding 2.25 % volume: SEK 0;
- exceeding 2.25 % volume but not exceeding 4.5 % volume: SEK 9.34 per litre;
- exceeding 4.5 % volume but not exceeding 7 % volume: SEK 13.80 per litre;
- exceeding 7 % volume but not exceeding 8.5 % volume: SEK 18.98 per litre;
- exceeding 8.5 % volume but not exceeding 15 % volume: SEK 27.20 per litre.

Tax payable by

In principle, authorised warehousekeepers.

Tax payable when

The products leave the suspension arrangement.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is to be submitted.

Exemptions

Exemption from alcohol duty is granted on products:

- consumed in tests in a registered tax warehouse;
- used for scientific purposes;
- used for medical purposes in hospitals and pharmacies;
- used in a manufacturing process provided that the final product does not contain alcohol;
- exported from a registered tax warehouse.

Refunds

Alcohol duty is, on request, refunded to other persons than warehouse-keepers who have exported duty-paid products.

S 3.1.9.

Duty on intermediate products (Alkoholskatt)

Legal base

Alcohol Tax Law of 15 December 1994 (SFS 1994:1564), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Intermediate products within CN codes 2204, 2205 and 2206.

Rate

Alcoholic strength:

- exceeding 1.2 % volume but not exceeding 15 % volume: SEK 27.20 per litre;
- exceeding 15 % volume but not exceeding 22 % volume: SEK 45.17 per litre.

Tax payable by

In principle, authorised warehousekeepers.

Tax payable when

The products leave the suspension arrangement.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is to be submitted.

Exemptions

Exemption from alcohol duty is granted on products:

- consumed in tests in a registered tax warehouse;
- used for scientific purposes;
- used for medical purposes in hospitals and pharmacies;
- used in a manufacturing process provided that the final product does not contain alcohol;
- exported from a registered tax warehouse.

Refunds

Alcohol duty is, on request, refunded to other persons than warehouse-keepers who have exported duty-paid products.

Duty on ethyl alcohol

(Alkoholskatt),

Legal base

Alcohol Tax Law of 15 December 1994 (SFS 1994:1564), which came into force on 1 January 1995.

Beneficiary

The State.

Tax payable on

Ethyl alcohol within CN code 2204, 2205, 2206, 2207 and 2208.

Rate

SEK 50141 per hectolitre of pure alcohol.

Tax payable by

In principle, authorised warehouse-keepers.

Tax payable when

The products leave the suspension arrangement.

Declaration

In general, until the 20th day of the month following the month when liability arose.

Collection

At the same time as the declaration is to be submitted.

Exemptions

Exemption from alcohol duty is granted on products:

- consumed in tests in a registered tax warehouse;
- used for scientific purposes;
- used for medical purposes in hospitals and pharmacies;
- used in a manufacturing process provided that the final product does not contain alcohol;
- exported from a registered tax warehouse.

Refunds

Alcohol duty is, on request, refunded to other persons than warehouse-keepers who have exported duty-paid products.

S 3.1.11.

Excise duty on fertilisers

(Gödselmedelsskatt)

Legal base

Act on Excise Duty on Fertilisers (SFS 1984:409), amended by SFS 1986:219, 1987:1298, 1988:639, 1991:399, 1991:732, 1991:913, 1993:1320, 1994:1707, 1995:57, 1995:616, 1995:1527, and 1998:1676.

Beneficiary

The State.

Tax payable on

Ammonia failing within CN code 28.14, potassium nitrate and calcium nitrate failing within CN code 28.34 and goods falling within CN codes 31.02, 31.03 and 31.05.

Tax payable when

Nitrogen: fertiliser is delivered to a non-registered buyer, fertiliser is used for a purpose other than sale, the entity liable to pay tax is de-registered and the liability is not thereby transferred to another entity.

Cadmium: fertiliser is manufactured or imported.

Tax payable by

Manufacturer, importer and registered retailer.

Rate

SEK 1.80 per kilogram of nitrogen if the fertiliser contains more than 2 % nitrogen;

SEK 30 per gram of cadmium in the fertiliser over 5 grams per 1 000 kilograms of phosphorus. (Thus, if the cadmium content is eleven grams per ton of phosphorus, tax should be paid on six grams per ton of phosphorus.)

Declaration

Until the 25th day of the month following the month when liability arose.

Collection

On the 25th day of the month following the month when liability arose.

Exemptions

- Fertiliser used for other purposes than cultivation.
- Fertiliser that has been exported.
- Fertiliser for which tax liability already has arisen.
- Fertiliser returned on annulment of sale.

S 3.1.12.

Gambling tax

(Spelskatt)

Legal base

Gambling Tax Act (SFS 1972:820); reprinted in SFS 1984:157; amended by SFS 1988:841, 1988:1571, 1993:473, 1994:1003 and 1994:1871..

Beneficiary

The State.

Chargeable event

The permission to arrange gambling with roulettes, cards and dices.

Basis of assessment

The number of gambling tables.

Collection

Monthly.

Rate

Every month:

- SEK 2 000 for one table;
- SEK 4 000 for two tables;
- SEK 9 000 for three tables;
- SEK 18 000 for four tables;
- SEK 25 000 for five tables and, for each table in excess of five, SEK 5 000.

S 3.1.13.

Tax on lottery

(Lotteriskatt)

Legal base

Lottery Tax Act (SFS 1991:1482); amended by SFS 1992:575.

Beneficiary

The State.

Tax payable on

Bets on lotteries, including the results of horse races.

Basis of assessment

The amount of bets.

Collection

Monthly.

Rate

36 % of what remains after the total amount of prizes of the lottery have been deducted from the total bets.

S 3.1.14.

Excise duty on biocides

(Bekämpningsmedelsskatt)

Legal base

Act on excise duty on biocides (SFS 1984:410), amended by SFS 1988:638, 1993:484, 1994:1706, 1995:617, 1998:824 and 1998:1677.

Beneficiary

The State.

Tax payable on

Biocides.

Tax payable when

- Biocide is delivered to a non-registered buyer.
- Biocide is used for a purpose other than sale.
- The entity liable to pay tax is de-registered and the liability is not thereby transferred to another entity.

Tax payable by

Manufacturer and importer.

Rate

SEK 20 per kilogram of effective elements of the biocide.

Declaration

Until the 25th day of the month following the month when liability arose.

Collection

On the 25th day of the month following the month when liability arose.

UNITED KINGDOM

Income tax

Legal base

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.

From 6 April 1996, under a system of self assessment, the taxpayer files a return of total income and capital gains and pays tax by reference to a fixed set of dates.

The trading income of the self employed is taxed along with their personal income under the UK's normal personal tax regime. Expenses incurred wholly and exclusively for the purposes of earning the trading income are deductible in arriving at taxable trading profits. Those profits are then added to their other taxable income, and they are allowed to deduct the normal personal allowances.

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 GBP 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, mainly for single parents and unmarried couples with children, recently widowed women and registered blind people. Relief for interest paid on loans to purchase a main residence and for subscriptions for shares under the Enterprise Investment Scheme. Also for premiums on insurance to provide a retirement annuity, contributions to approved pension schemes and private medical insurance schemes and vocational train-

ing. Some of these allowances and reliefs are restricted to giving relief at a specific rate.

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, and total income is computed on a current year basis, but business profits of an accounting year are treated as being those of the tax year. Under the recently introduced system of self assessment the responsibility for providing full details to establish the tax liability for the year rests with the taxpayer. This includes all sources of income, less allowable deductions, and capital gains. So that there will be a single tax bill for the year. The taxpayer can either carry out the calculation of liability and submit the return by 31 January following the year of assessment; or submit the return by 30 September and ask the Inland Revenue to do the calculation. Both constitute a self assessment.

Rate

- Lower rate: 20 % (on first GBP 4 300 of taxable income).
- Basic rate: 23 % (on taxable income between GBP 4 301 and GBP 27 100).
- Higher rate: 40 % (on taxable income over GBP 27 100).

The rates of tax on savings income are 20 % for income up to the basic rate limit of GBP 27 100 and 40 % above that limit.

Special features

Up to 1996/97 inclusive, for most long-established partnerships, tax on partnership profits is assessed on the partnership, but the liability takes account of the shares and personal circumstances of the individual partners. From 1997/98 for all partnerships the partnership will make a return to allocate the partnership income between the partners, and the individual partners will include those figures in their personal returns.

UK 1.2.

Income tax — employment income

Legal base

Income and Corporation Taxes Act 1988, Part V.

Beneficiary

The central government.

Tax payable by

Individuals, who are resident and ordinarily resident in the United Kingdom, are liable to tax on the whole of their earnings wherever they arise. This includes earnings for employment carried out in the United Kingdom as well as abroad. A special deduction is available to seafarers in certain circumstances when employment is carried out wholly or partly abroad.

(Individuals who are resident but not ordinarily resident in the United Kingdom are liable to tax on earnings for employment carried out outside the United Kingdom only to the extent that these earnings are remitted to the UK.)

Individuals who are not resident in the UK are liable to tax only in respect of employment carried out in the United Kingdom.

Basis of assessment

All earnings including most benefits in kind, less personal allowances and allowable deductions.

Warnings and any tax deducted at source form part of a self assessment.

Exemptions

Employees earning less than GBP 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.

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, the taxpayer is included in the self assessment regime and a self assessment mode.

UK 1.3.

Corporation tax

Legal base

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 authorised 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

For accounting periods ending on or after 1 July 1999 there are two systems. For the overwhelming majority of companies there will continue to be 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. But the largest 20 000 or so companies (broadly those with profits over GBP 1.5 million) pay their tax by instalments, two of which are in-year (in months seven and eleven). The new system is being phased in, with companies paying only 60 % of their tax by instalments in the first year. From 6 April 1999 the advance payment of corporation tax which a company is required to make on payment of a dividend will be abolished.

Rate

The standard rate is 31 %. This will fall to 30 % from 1 April 1999.

A reduced rate of 21 % applies to small companies (companies whose profits do not exceed GBP 300 000). This will fall to 20 % from 1 April 1999. 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.

Single companies with profits of less than GBP 1.5 million receive some relief from corporation tax.

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 year provided the trade was carried on at that time.

Special features

1. 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. From 6 April this tax credit will no longer be payable to the shareholder if he is exempt from, or not liable to, income tax.
2. Special rules for North Sea oil: all the standard corporation tax provisions apply to oil companies operating in the UK. However, there is in addition a 'ring fence' around North Sea profits. The basic premise of the ring fence, which was introduced by the Oil Taxation Act 1975, is that corporation tax on profits from oil extraction activities in the UK and on the UK continental shelf should be paid in full as the profits accrue, undiluted by any other business activities whether in the UK or elsewhere. The ring fence imposes restrictions to achieve this. Any petroleum revenue tax paid by a company is an allowable deduction against ring fence profits.

Petroleum revenue tax (PRT)**Legal base**

Oil Taxation Act 1975, Petroleum Revenue Tax Act 1980 and Oil Taxation Act 1983, as amended by annual finance acts.

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'). Any fields given development consent after this date are outside the scope of PRT.

Tax payable on

Assessments are made on the difference between

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incomings (known in the legislation as 'positive amounts') and expenditure (known as 'negative amounts') for a field.

Incomings include three main items: the gross profits arising from disposals of oil and gas produced by each participator in each chargeable period, tariff receipts and disposal receipts.

In addition to relief for field-related expenditure, various other reliefs and allowances are often available. Some of these are described below.

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 on 30 June or 31 December each year. PRT is a field-based tax and each field is assessed in isolation although certain 'cross-field' allowances are available.

Special reliefs

The following are the main reliefs available to set against participators' profits in a taxable field:

1. 'Uplift' — because interest and loan costs are not allowable for PRT, these costs are reflected in a relief known as 'uplift' or 'supplement', which is an addition of 35 % to, broadly, certain capital expenditure. In order to qualify for supplement, the expenditure must have been incurred for specific purposes, including bringing a field on-stream or substantially improving the rate of production or transportation.
2. 'Oil allowance' provides PRT exemption to each participator for a certain amount of oil from each field in a chargeable period. The allowance per period is 125 000, 250 000 or 500 000 metric tonnes depending on the location of the field and the date on which it

was given development consent. There is a cumulative limit over the life of the field of 20 times the allowance per period.

3. 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 fields.

Collection

By assessment and a system of instalments and advance payments.

Rate

50 %.

Losses

Where a taxable field shows a PRT loss for any period, 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 a participator may set his share of those losses against his PRT profits on other taxable fields.

Special features

If the chargeable period is one in which safeguard relief applies then, after PRT has been calculated in the normal way — taking account of all allowances and reliefs — a safeguard calculation is made.

'Safeguard' limits the PRT charge in each chargeable period to not more than 80 % of the amount (if any) by which field profit exceeds 15 % of the cumulative capital expenditure at the end of that period. 'Safeguard' applies up to break-even point and for half as many periods again.

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Taxes on capital gains

Legal base

Taxation of Chargeable Gains Act 1992, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable by

Persons, including companies and trustees resident or ordinarily resident in the United Kingdom and personal representatives of a deceased person who was resident or ordinarily resident in the UK when he or she died.

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. Individuals who are temporarily neither resident nor ordinarily resident in the UK.

Tax payable on

Gains on the disposal of chargeable assets wherever situated.

Chargeable assets are, with certain exceptions, all forms of property or interests or rights in or over property. The main exceptions are: chattels worth GBP 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.

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 (after any relief for inflation) less allowable losses and, for individuals and trustees, less any taper relief.

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 calculating gains for persons within the charge to capital gains tax on their gains, relief is generally given for the effects of inflation up to 5 April 1998. A more generous

taper applies for business assets than for non-business assets. Both tapers give their maximum benefit when the asset qualifies for 10 years of relief.

For companies and others who are within the charge to corporation tax on their gains, relief is given for the effect of inflation when calculating any chargeable gains.

Exemptions

Persons wholly or partially exempted include local authorities, charities, approved pension schemes, friendly societies, registered trade unions, authorised unit trusts, open-ended investment companies, approved investment trusts and certain other persons qualifying for exemption from income tax.

The first GBP 6 800 of an individual's gains in a year are exempt in 1998/99. This figure is updated annually in line with inflation unless a specific counter provision is made.

Reliefs

When the sale proceeds are reinvested in replacement 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 50 on the disposal of a business or of shares in a personal company. This relief is being phased out over a five year period from April 1998.

The tax on gains arising on gifts and transfers out of trust may in certain circumstances be deferred.

Allowable capital losses which arise to the original shareholder in disposals of new issues of unquoted shares in small high-risk trading companies may, subject to certain conditions, be set against income if not set against chargeable gains.

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 any asset and reinvests the

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gain in shares in a qualifying unquoted trading company under the Enterprise Investment Scheme, or invests in qualifying shares in a Venture Capital Trust.

Transfers of assets between spouses in a tax year for some part of which they are living together are treated as not giving rise to either a gain or a loss.

Gains arising from the disposal of an individual's principal private residence are usually exempted.

Collection

Taxpayers are responsible for assessing and accounting for their liability to CGT each year within the self assessment system.

Rate

- Individuals' gains are taxed at rates equivalent to income tax rates (20 % to 40 %).
- Companies' gains are charged at normal corporation tax rates (21 % and 31 %) as appropriate.
- Trusts' gains and gains of personal representatives of deceased persons are charged at 24 % or 34 %.

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.

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Vehicle excise duty (VED)

Legal base

Vehicle Excise and Registration Act 1994, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable by

The registered keeper of a vehicle (who is not necessarily the legal owner).

Tax payable on

Mechanically propelled vehicles kept or used on a public road.

Basis of assessment

Duty is payable according to construction and use of vehicle.

Motor cars, taxis, light vans and minibuses with eight or less passenger seats are liable to duty at a flat rate. However, this is set to change on 1 June 1999 when a system of graduated duty is to be introduced. Vehicles in this category which have an engine with a cylinder capacity of 1 100 or below will be subject to a reduced rate of duty. Motorcycles and tricycles are liable to duty according to engine capacity; heavier goods vehicles by revenue weight and number of axles; buses by seating capacity. Some heavy goods vehicles drawing trailers pay a trailer supple-

ment. There is also a distinction between articulated and rigid goods vehicles. For recovery vehicles VED is based on three weight bands. A number of other more specialised vehicles pay VED at a flat rate. On 1 January 1999 reduced rates of duty were introduced for lorries, buses and haulage vehicles which have been adapted to achieve a higher emission standard than that required by the EU directive at the time of manufacture. To achieve this standard vehicles must have been fitted either with a particulate trap or have been re-engined.

Exemptions

All vehicles constructed before 1 January 1973, except commercially-operated goods vehicles, buses and coaches are exempt from VED.

There are other exemptions for emergency vehicles (including police, fire and ambulance services), vehicles used by or on behalf of disabled persons, and for vehicles used for the purpose of agriculture, forestry or horticulture for a specified short distance on public roads.

Collection

VED is collected by the Driver and Vehicle Licensing Agency (DVLA). The duty is payable by the person keeping the vehicle and the revenue is paid to the Exchequer. Vehicle licences are issued (either by the post office or DVLA's Local Offices) as evidence that duty has been paid.

Rate

1. For a private car, the cost of a VED licence is GBP 155 a year. From 1 June 1999 vehicles with an engine capacity of 1 100 cc or below, GBP 100.
2. Motor cycles and tricycles pay GBP 15, GBP 40 and GBP 60 a year according to engine capacity.
3. Rates of duty on goods vehicles rise on a scale which for a revenue weight of up to 3 500 kg is GBP 155 and for over 3 500 kg revenue weight up to GBP 9 250 a year. Rates of duty for reduced pollution goods vehicles rise on a scale from GBP 155 to GBP 8 250.
4. Vehicles used for carrying or drawing exceptional loads pay a rate of duty of GBP 5 170. For the equivalent reduced pollution vehicles the rate of duty is GBP 4 170.
5. Rates of duty for buses are in four bands according to seating capacity, rising from GBP 160 to GBP 480. For reduced pollution buses there is a flat rate of duty of GBP 155.
6. Rates of duty for recovery vehicles range from GBP 160 to GBP 800 according to revenue weight.
7. There is a flat rate of duty for haulage vehicles of GBP 350. For reduced pollution haulage vehicles the rate is GBP 155.
8. Agricultural machines, electric vehicles, steam vehicles, snow ploughs, gritting vehicles and mowing machines, which make limited use of public roads, are charged a concessionary rate of GBP 40 per year.
9. Showman's goods and showman's haulage vehicles, mobile cranes, works trucks, digging machines and road rollers pay a concessionary rate of duty of GBP 160. Showman's goods vehicles having a revenue weight of over 12 000 kg which are used to draw laden trailers over 4 000 kg and 12 000 kg pay an additional rate of duty of GBP 155 and GBP 430 respectively.

UK 2.1.**Inheritance tax****Legal base**

Inheritance 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 on death, by will or intestacy, and 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). Special rules apply where property is given subject to a reservation (i.e. where the transferee does not enjoy it to the entire exclusion of the transferor). If the reservation ceases during the transferor's life-

time 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 treated as forming part of the transferor's estate at death.

The tax also applies to transfers by close companies. Special provisions govern 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 also 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 United Kingdom domicile 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 property was settled.

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 or by survivorship.

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 broadly 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:

- the first GBP 55 000 of transfers from a spouse domiciled in the United Kingdom to a spouse domiciled abroad;
- full exemption for transfers between other spouses;
- the first GBP 3 000 of a transferor's total of gifts in a tax year;
- gifts a transferor makes to any transferee which in any tax year do not exceed GBP 250;
- gifts out of income, provided certain conditions are fulfilled;
- certain dispositions for the maintenance of the family;
- certain government securities if the holder is not ordinarily resident in the United Kingdom;
- transfers to eligible charities, political parties, national institutions, and of land to eligible housing associations.

There are also heritage exemptions, conditional on certain undertakings being secured to maintain, preserve and provide reasonable public access to the property, for:

- buildings of outstanding historic or architectural interest (including surrounding land essential for the pro-

- tection of the character and amenity of such buildings) and their historically associated contents;
- land of outstanding scenic, historic or scientific interest;
- objects which are of pre-eminent national, scientific, historic or artistic interest;
- maintenance funds established to maintain and preserve certain heritage property.

Reliefs

These include:

- reliefs from the inheritance tax charge on agriculture, businesses, woodlands and trusts for the benefit of employees;
- reliefs from the inheritance tax charge on death for quoted securities and immovable property, where the value has fallen within the four years following the date of death;
- relief for transfers occurring in quick succession;
- 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; relief from double taxation is also available where there is an appropriate double taxation convention.

Collection

Tax is, in most circumstances, due six months after the end of the month in which the taxable event occurred. However, tax on certain types of property (including, for example, houses, land, business assets and certain holdings of unquoted securities) may be paid by instalments over 10 years, in some cases, free of interest.

In other cases, interest is chargeable after the due date at a rate, currently 5 %, which may vary from time to time.

Rate

There is a zero-rate band below which no tax is payable (the first GBP 223 000, in 1998/99). Above this threshold tax is charged at a single rate of 40 % on the cumulative total of transfers on death and within seven years before death.

A tapering 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 death rate.

Value added tax

Legal base

Value added Tax Act 1994, 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 GBP 50 000 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; culture; 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; supplied by charities; 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.

Rate

- Standard rate: 17.5 %.
- Reduced rate: 5 % (for domestic and charity fuel and power and the installation of energy saving materials).
- Zero rate applies, *inter alia*, to food (except certain items such as 'meals out', hot take-away food and drink, sweets, chocolates, ice-creams, soft drinks, and similar products and pet foods); young children's clothing and footwear; books, newspapers, periodicals, music and maps; 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.

Excise duty on hydrocarbon oil

Legal base

Hydrocarbon Oil Duties Act 1979, as amended by Finance (No 2) Act 1979 and subsequent finance acts.

Beneficiary

The central government.

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Tax 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.

Chargeable event

Delivery of the oil for home use in the United Kingdom, subject to arrangements for deferment.

Exemptions

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, unless deferred. 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.

Rate

	GBP per hectolitre
Leaded petrol	528.80
Unleaded petrol	472.10
Super-unleaded petrol*	523.30
Diesel gas oil	502.10
Ultra low sulphur diesel	472.10
Gas oil	30.30
LPG and methane (as road fuel)	150.00 (per 1 000 kg)

* This rate will reduce to GBP 492.10 per hectolitre from 1 October 1999.

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Excise duty on tobacco products

Legal base

Tobacco Products Duty Act 1979, as amended by the finance acts 1981, 1988, 1992 (No 2), and 1993.

Beneficiary

The central government.

Chargeable event

Delivery of United Kingdom manufactured and imported tobacco products for home use.

Basis of assessment

Cigarettes are chargeable with an *ad valorem* duty calcu-

lated 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.

Rate

– Cigarettes: 22 % of the retail price plus GBP 82.59 per 1 000

– Cigars: GBP 122.06 per kg
 – Hand-rolling tobacco: GBP 87.74 per kg
 – Other smoking tobacco and chewing tobacco: GBP 53.86 per kg

Reliefs

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.

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Excise duty on spirits**Legal base**

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.

Tax 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.

Rate

Spirits, per litre of alcohol in the spirit: GBP 19.56.

Refunds

1. Drawback: allowed on eligible dutiable goods on which duty has been paid for export to third countries or despatched to other Member States or warehoused for export or destroyed.
2. 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.

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Excise duty on wines and made-wines

Legal base

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.

Tax 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.

Rate

Wine or made-wine of an alcoholic strength	GBP per hectolitre
Still wine exceeding 1.2 % but not exceeding 4.0 % volume	46.01
Still wine exceeding 4 % but not exceeding 5.5 %	63.26
Still wine exceeding 5.5 % but not exceeding 15 %	149.28
Sparkling wine exceeding 5.5 % but not exceeding 8.5 %	161.20
Sparkling wine exceeding 8.5 % but not exceeding 15 %	213.27
Sparkling wine exceeding 15 % but not exceeding 22 %	199.03

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.

'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.

Refunds

1. 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.
2. Spoilt wine or made-wine: excise duty may be repaid on wine or made-wine which has become unmerchantable 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.
3. 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.

Special features

Imported wine or made-wine which is rendered sparkling or effervescent whilst in a bonded warehouse is liable to the same duties as imported sparkling wine or made-wine.

Excise duty on cider and perry

Legal base

Alcoholic Liquor Duties Act 1979, as amended by subsequent finance acts; Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979.

Beneficiary

The central government.

Tax payable on

Cider (and 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). There are two strength bands and a band for sparkling 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 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 no later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rate

	Per hectolitre
Cider (or perry) of a strength not exceeding 7.5 % of alcohol by volume at 20 °C	25.27
Cider (or perry) of a strength exceeding 7.5 % but less than 8.5 %	37.92
Sparkling cider (or sparkling perry) exceeding 5.5 % but not exceeding 8.5 %	45.05

Refunds

1. Drawback: EC countries only — subject to certain conditions, excise duty is repaid if duty-paid cider for perry is exported to another Member State or destroyed.
2. Spoilt cider or perry: excise duty may be repaid on cider or perry which has become unmerchantable 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.
3. 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

Legal base

Alcoholic Liquor Duties Act 1979, as amended by subsequent finance acts; Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979; Isle of Man Act 1979.

Beneficiary

The central government.

Tax payable on

Beer, ale, porter, stout and any other liquor manufactured

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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 charge due 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.

Rate

GBP 11.50 per hectolitre/alcohol by volume of finished product.

Special features

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.

Refunds

1. Drawback: excise duty is repaid if duty-paid beer is exported as merchandise or shipped as stores.
2. Spoilt beer: excise duty may be repaid on beer which has become unmerchantable after it has been delivered from registered premises on payment of duty and which has subsequently been destroyed under supervision or returned to registered premises.
3. 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.

UK 3.2.1.

General and pool betting duties

Legal base

Betting and Gaming Duties Act 1981, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable by

The bookmaker, totalisator operator or pool promoter with whom the bet is made, or who provides facilities for betting.

Tax 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. All bets taken by a pool promoter registered in the UK whether the bets were made within or outside the UK.

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. Both duties are 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.

Rate

- General betting duty (off-course): 6.75 %.
- Pool betting duty: 17.5 %.

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**Legal base**

Betting and Gaming Duties Act 1981, as amended by subsequent finance acts

Beneficiary

The central government.

Tax payable by

The promoter of the bingo.

Tax 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 cen-

tral control point by the 15th day following the period to which they relate.

Rate

10 % of the stakes plus one ninth of any amount by which the value of the prizes won in any week exceeds the duty-exclusive value of the stakes.

Exemptions

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 GBP 500 on any day or GBP 1 500 in any week.

Gaming duty**Legal base**

Finance Act 1997, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable on

The gross gaming yield (ggy) of the casino, i.e. money gambled minus winnings.

Basis of assessment

A sliding scale of duty based on ggy increments.

Collection

The duty must be paid to a central control point for six month accounting periods normally beginning on 1 April or 1 October. Two payments must be made for each accounting period. An interim payment must be paid after three months for the duty that is likely to be charged in

UK 3.2.3.

that time and a final calculation must be made after six months for the actual amount of duty due. The duty paid for the interim period should be deducted from the final calculation. Payment of duty must be made within one month of the end of the accounting period.

Rate

1. Interim payment — part of gross gaming yield
 - first GBP 231 250: 2.5 %;
 - next GBP 513 750: 12.5 %;

- next GBP 513 750: 20 %;
- next GBP 899 250: 30 %;
- remainder: 40 %.

2. Final payment — part of gross gaming yield
 - first GBP 442 500: 2.5 %;
 - next GBP 1 027 500: 12.5 %;
 - next GBP 1 027 500: 20 %;
 - next GBP 1 798 500: 30 %;
 - remainder: 40 %.

UK 3.2.4.

Air passenger duty

Legal base

Finance Act 1994.

Tax payable on

The carriage, from a UK airport, of chargeable passengers on chargeable aircraft.

Exemptions

- Aircraft certified (by the UK Civil Aviation Authority or equivalent body in other countries) as having an authorised take off weight of less than ten tonnes or fewer than twenty seats.
- Persons not defined (by the act) as passengers. These are: flight crew, cabin attendants, employees escorting passengers or goods, employees (of the aircraft operator) undertaking repair, maintenance, safety or security work and employees ensuring the hygienic preparation and handling of food and drink. These persons are also exempt if they carry out the above duties within 72 hours of a chargeable flight ending or if they begin a return journey within 72 hours after performing any of the above duties provided that they are returning to base (the place where they are normally stationed or from where they normally operate).
- Persons carried out free of charge under a statutory obligation (e.g. deportees) or to inspect aircraft or crew (e.g. flight operations instructors).
- Young children under the age of two years who are not allocated a separate seat before boarding the aircraft.
- Transit passengers — who do not change aircraft when an aircraft makes a stop en route.

- Connecting passengers on the second or subsequent flight of a journey provided that the two flights in question are connected according to the rules of the Connected Flights Order.
- Passengers on the return leg of a journey within the UK provided that the return journey is from the original airport of destination to the original airport of departure and the whole journey is specified on one ticket.
- Short pleasure flights not exceeding 60 minutes duration and which begin and end at the same airport.
- Passengers on a flight from the UK to the Isle of Man (IOM) which is the return leg of a journey which began in the IOM which was chargeable with IOM air passenger duty on the outward leg from IOM to the UK.
- Crown bodies where the Crown is the operator of the aircraft.
- Overseas military forces and NATO military headquarters and agencies personnel.

Collection

Aircraft operators are required to keep an account of air passenger duty. They are required to render a calendar monthly return to Customs and Excise by the 22nd day immediately following the period to which the return relates. Payment of duty is required on a monthly basis: by the 22nd day immediately following the accounting period to which the remittance relates for payments made by cash, cheque or postal order; and by the 29th day immediately following the accounting period to which the remittance relates for payments made by direct debit or credit transfer.

Rate

1. Lower rate (currently GBP 10) applies to flights beginning in the United Kingdom and ending in the UK or another Member State of the European Community (including all flights to Basle and Geneva), or to Iceland and Norway, which are contracting parties to the European Economic Area Agreement but not members of the Community, or to any territory for whose external relations the United Kingdom or any other

Member State is responsible and that place is in an area bounded by the meridians of longitude 32 West and 32 East and the parallels of latitude 26 North and 81 North (these are: the Azores, the Balearic Islands, the Canary Islands, Corsica, the Faeroe Islands, Madeira, Sardinia, Sicily, the Channel Islands and Gibraltar).

2. Higher rate (currently GBP 20) applies to all other destinations in the world.

Lottery duty**Legal base**

The Finance Act 1993 as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable by

The promoter of the lottery or a person specified in regulation who occupies or has occupied a position of responsibility in relation to the lottery.

Tax payable on

The taking in the United Kingdom of a ticket or chance in a lottery or, under regulations, on the taking outside the United Kingdom of a ticket or chance in a lottery promoted in the United Kingdom.

Basis of assessment

The consideration given for the ticket or chance, being the aggregate of everything paid or given by the person taking the ticket or chance on account of or in connection with the ticket or chance.

Collection

Lottery duty is paid by means of monthly return to a cen-

tral control point by the 15th day of the month following the month to which the return relates.

Rate

12 % of the value of the consideration given for the ticket or chance.

Exemptions

- A lottery promoted in the course of an exempt entertainment, for example a bazaar, a fete, sporting or athletic event, dinner, etc.
- Private lotteries where the sale of tickets is confined to either members of a society, persons on the society's premises, persons who all work or reside on the same premises, etc.
- Lotteries promoted by a society conducted wholly or mainly for charitable purposes, participation in or support of athletic sports or games or cultural activities, etc., which is not for the purpose of private gain or cultural undertaking. The lottery must comply with conditions set out in Section 5(3) of the Lotteries and Amusements Act 1976.
- Lotteries promoted and conducted in accordance with the Art Unions Act 1846.

UK 3.2.6.

Insurance premium tax (IPT)

Legal base

Finance Act 1994, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax payable by

Insurers receiving premiums, where the risk is located in the UK.

Tax payable on

General insurance premiums where the risk is located in the UK.

Basis of assessment

The chargeable amount is the amount the insurer is due to receive under the contract of insurance (including any commission retained by any insurance intermediary).

Exemptions

Insurance contracts that are not taxable are contracts:

1. constituting 'long-term' business (defined in Schedule 1 of the Insurance Companies Act 1982, excluding medical insurance);

2. of reinsurance;

3. relating to motor vehicles for use by handicapped persons (motability);

4. relating to commercial ships;

5. relating to lifeboats and lifeboat equipment;

6. relating to commercial aircraft;

7. relating to risks situated outside the UK;

8. relating to foreign or international railway rolling stock;

9. relating to the Channel Tunnel;

10. relating to goods in foreign or international transit;

11. relating to credit;

12. relating to exchange losses;

13. relating to the provision of financial facilities.

Collection

At the end of each tax period (three months), the taxable person (the insurer) must make a return of IPT due to a central IPT control unit.

Rate

— Standard rate: 4 % (5 % with effect from 1.7.99).

— A selective higher rate of 17.5 % applies to insurance relating to motor cars or motorcycles, domestic appliances when sold by a supplier of those goods or services; and all travel insurance.

UK 3.3.1.

Business rates — Scotland

Legal base

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 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; Local Government Planning and Land Act 1980; Local Government and Planning (Scotland) Act 1982; Lands Valuation Amendment (Scotland) Act 1982; Rating and Valuation (Amendment) (Scotland)

land) Act 1984; Local Government Finance and Valuation 1991; Local Government Finance Act 1992; Timeshare Act 1992; Local Government etc. (Scotland) Act 1994; Non-domestic Rating (information) Act 1996; Local Government and Rating Act 1997.

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. Since 1995 rate poundages in Scotland have been set at the same rate as in England and uprated each year since by increases in the Retail Price Index only.

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.

Rate

The yield from rates in 1998/99 will finance around 22 % of local government expenditure and amount to, at the latest estimate, GBP 1 390 million at outturn prices. In the financial year beginning in 1998, the rate poundage in Scotland was set at 47.4 pence for all Scottish councils.

Rates — Northern Ireland**Legal base**

The Rates (Northern Ireland) Order 1977 as amended.

Beneficiary

Central and local government. (A proportion of the rates collected is retained by central government as a contribution towards the cost of those services it provides.)

Tax payable by

Occupiers of all hereditaments except those distinguished as exempt or agricultural land and buildings.

Tax payable on

Occupied hereditaments except those distinguished as exempt or agricultural land and buildings.

Basis of assessment

1. Rateable value: the valuation of all rateable hereditaments is fixed on the basis of rental value which normally is the yearly rent which the hereditament could be let for assuming it was vacant and that the tenant agreed to pay the rates, keep the hereditament in good repair and be responsible for its insurance.
2. Regional rate: central government is responsible for functions such as education, personal social services, roads and planning and the regional rate is struck to raise revenue towards the cost of these services. Separate regional rates are struck at standard uniform amounts for the domestic and non-domestic sectors and applied throughout Northern Ireland. Both are calculated by dividing the total revenue required by the total net annual valuation of Northern Ireland.
3. District rate: each district council in Northern Ireland strikes a district rate to meet its own net expenditure on the services each provides. These rates vary from council to council reflecting the resources and spending policy of individual councils. Separate district rates are struck for the domestic and non-domestic sectors. Both are calculated by dividing the total revenue required by each district council by the total rateable valuation of the district.
4. Assessment of rates: the regional and district rates are added together to produce the rate in the pound. This is multiplied by the rateable value to give the rate account for the individual hereditament for the year or

UK 3.3.2.

the period of occupation if this is less than the full year.

Exemptions

- Agricultural land and buildings, industrial hereditaments, places of religious worship and charitable hereditaments used for charitable purposes are totally exempt.
- Freight transport hereditaments are exempted from 75 % of the rates assessment.
- Certain sports and recreation facilities are exempted from 65 % of the rates assessment
- Rebates are available for certain hereditaments used by institutions for the disabled.
- Rebates are available for certain domestic hereditaments where facilities are provided for a disabled person.

- Housing benefit is available to domestic ratepayers on low incomes.

Collection

The regional and district rates which are combined are 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. The product of each district rate is passed on to each respective district council. Rate poundages are fixed in February in each financial year and rates become due on 1 April of each year. They can be paid either as a single amount or by monthly instalments. Enforcement for non-payment is by normal debt proceedings through the courts.

UK 3.3.3.

Business rates — England and Wales

Legal base

Local Government Finance Act 1988; Local Government and Housing Act 1989.

Beneficiary

Local government.

Tax payable by

Occupiers of land and buildings used for non-domestic 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 Office Agency) and the national non-domestic rates multiplier set by the government. A rating revaluation took place in 1995; the next is due to take place on 1 April 2000. The

multiplier is adjusted annually by no more than the rate of inflation over the previous year. Special phasing arrangements are in place from 1995 to 2000 to smooth the effects of the revaluation.

Exemptions

The main exemptions are 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. Certain rural business may qualify for mandatory rural rate relief of 50 %. Local authorities may also grant relief to qualifying rural businesses at their discretion.

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 ratepayers have the right to pay in 10 instalments in a year.

Stamp duty reserve tax

Legal base

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

1. British Government and local authority securities.
2. Loan capital which does not carry conversion rights.
3. Non-UK securities (unless a register of the securities is kept in the UK).

4. Purchases by a charity.
5. Transfers of units in a foreign unit trust.
6. Purchases by recognised intermediaries.
7. Bearer securities.
8. The issue of new securities.

Refunds

Tax is repaid or the charge cancelled where an agreement is followed within six years by an instrument of transfer which is stamped (or exempt from stamp duty).

Collection

Payment to the authorities is generally made on behalf of the buyer by an operator of an electronic settlement service about one month after the deal is made.

Rate

- 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.

Amusement machine licence duty

Legal base

Betting and Gaming Duties Act 1981, as amended by subsequent finance acts.

Beneficiary

The central government.

Tax 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.

Rate

Amusement machines that are not prize machines or gaming machines — video machines and pinball tables costing more than 35 pence per play and skill with prizes machines costing more than 35 pence per play.

Duranton of licence (months)	1	2	3	4	5	6	7	8	9	10	11	12
Cost per machine (GBP)	30	50	75	95	120	140	160	185	205	225	240	250

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Small-prize (AWP) machines — payout not exceeding GBP 10. Cost per play more than 5 pence.

Lower rate jackpot machines — payout exceeding GBP 10. Cost per play not more than 5 pence.

Duranton of licence (months)	1	2	3	4	5	6	7	8	9	10	11	12
Cost per machine (GBP)	80	150	220	285	345	400	450	500	540	580	615	645

Higher-rate jackpot machines — payout exceeding GBP 15. Cost per play more than 5 pence.

Duranton of licence (months)	1	2	3	4	5	6	7	8	9	10	11	12
Cost per machine (GBP)	220	425	615	800	970	1 125	1 270	1 405	1 525	1 635	1 730	1 815

UK 3.3.6.

Stamp duty

Legal base

Stamp Act 1891: subsequent finance acts; corresponding legislation in Northern Ireland.

Beneficiary

The central government.

Tax 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 GBP 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 GBP 500 for which no premium is paid.

- Transfers of shares in respect of certain company reconstructions.
- 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 GBP 500.
- Purchases of shares by recognised intermediaries.
- 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 not (or not adequately) stamped is not admissible as evidence in legal proceedings.

Rate

- Transfer of stocks or marketable securities: 0.5 % of the sale price.
- Transfer of property other than stocks or marketable securities, where the consideration is over GBP 60 000 up to GBP 250 000 — 1 % of the sale price; over GBP 250 000 up to GBP 500 000 — 2 %; over GBP 500 000 — 3 %.
- 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: charges arise on rent and premium. On the rent, rates vary between 1 % and 24 % of the annual rent depending on the length of the lease. On the premium, the rates are as on a sale. But where the average annual rent exceeds a ceiling of GBP 600 per annum, any premium of GBP 60 000 or less is charged at 1 % — i.e. the exempt band for sales up to GBP 60 000 does not apply.
- Leases of furnished property for a term of less than a year and for a rent in excess of GBP 500 are liable to a fixed duty of GBP 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.

Council tax — Great Britain

Legal base

Local Government and Finance Act 1992. The council tax replaced the community charge from 1 April 1993.

Beneficiary

Local government.

Tax 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.

Reliefs

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;
- diplomats;
- carers.

Bills may also be reduced where the property has certain features to help meet the needs of a resident disabled person.

Exemptions

Some dwellings are exempt from council tax. These include dwellings which:

- all the occupants are students;
- all the occupants are severely mentally impaired people;
- a diplomat is resident;
- form part of a larger property and in which an elderly relative lives;
- 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;
- are left empty by a deceased person.

Collection

The council tax is collected by charging authorities. Tax-payers have the right to pay in monthly instalments.

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Landfill tax

Legal base

Finance Act 1996.

Beneficiary

The central government.

Tax payable on

Disposal of material as waste at a registered landfill site.

Basis of assessment

The tax is chargeable by weight and there are two rates: there is a lower rate which applies to those inactive (or inert) wastes listed in the Landfill Tax (Qualifying Material) Order 1996. A standard rate applies to all other taxable waste.

Exemptions

There are exemptions from tax for dredgings of waste from inland waterways and harbours, waste arising from mining and quarrying operations, the burial of pets and waste arising from clearance of contaminated land. There is also a scheme whereby landfill site operators can claim a tax credit of 90 % of any contribution they make to an

enrolled environmental body for spending on an approved object subject to a maximum credit of 20 % of their landfill tax liability during a contribution year. Credit may also be claimed for waste removed to another landfill site or for reuse, recycling or incineration. Landfill sites may also include a tax-free area where waste can be recycled, incinerated, sorted pending disposal or use at a place other than a landfill site, or used. There is also provision for an entitlement for credit where a bad debt arises.

Collection

Once a landfill site operator is registered for the tax, he is required to submit a landfill tax return and make payment of the tax liability established by that return. A return will normally cover a three month period however operators may apply to vary these. Payment will usually be required by the last working day of the month following the end of the return period. Payment may be by credit transfer or cheque.

Rate

- Waste taxable at the lower rate: GBP 2 per tonne.
- Waste taxable at the standard rate: GBP 7 per tonne.

Taxes abolished or repealed

Capital transfer tax in the United Kingdom

Finance Act 1986 replaced capital transfer tax with inheritance tax with effect from 25 July 1996.

Development land tax

The tax was abolished by Finance Act 1985 for disposals on or after 19 March 1985.

Excise duty on matches and mechanical lighters

The duty was abolished as from 1 January 1993.

Rates — England and Wales

Replaced on 1 April 1990 by the community charge in Great Britain (Poll tax) (UK 30).

Community charge — Scotland

Replaced by the community charge in Great Britain (UK 30).

Supplementary petroleum duty (SPD)

SPD applied for two years — 1981 and 1982. It was replaced by advance PRT (APRT). APRT was itself phased out from 1983, and was eliminated in 1987.

Car tax

The tax was abolished with effect from midnight on 12 November 1992.

Community charge — Great Britain

Replaced on 1 April 1993 by the council tax.

European Commission

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