

INVENTORY OF TAXES

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

14th edition



**COMMISSION
OF THE EUROPEAN
COMMUNITIES**

COMMISSION
OF THE EUROPEAN COMMUNITIES

DIRECTORATE-GENERAL XXI
CUSTOMS UNION AND
INDIRECT TAXATION

DIRECTORATE-GENERAL XV
FINANCIAL INSTITUTIONS
AND COMPANY LAW

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

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

14TH EDITION

DOCUMENT

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Introductory note

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

The present edition reflects the situation on 1 January 1990 and replaces the previous edition which was based on the situation on 1 September 1987.

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

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

Rue de la Loi 200
B-1040 Brussels

Abbreviations

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

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BELGIUM
Belgique/België

Personal income tax

(Impôt des personnes physiques/Personenbelasting)

Articles 3 to 93a of the Income Taxes Code.

Beneficiary:

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

Tax payable by:

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

Basis of assessment:

Income subject to personal income tax consists of the total net income, of Belgian or overseas origin, in the following four categories: income from property, income from securities, earned income, miscellaneous.

Capital gains and benefits or allowances of a social or cultural nature are in certain cases exempt from personal income tax.

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

Deductions:

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

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

Under certain conditions and within certain limits, the following items are deductible from net earned income:

- amounts spent by the taxpayer on purchasing shares or interests in Belgian companies in which they are employed as workers;
- life assurance premiums;
- amortization of mortgage loans contracted with a view to the construction or purchase of residential accommodation, backed by an insurance policy covering the balance remaining.

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

- interest on certain mortgage loans contracted after 1 May 1986 to purchase or renovate residential property, which could not be deducted from income from property;
- 80 % of certain maintenance allowances;
- amounts used to purchase new nominative securities not used in the taxpayer's business activity;

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

B 1

- fees or similar charges paid on the acquisition of a long lease of land or buildings thereon or on similar rights relating to real estate, whether situated in Belgium or abroad;
- gifts of BFR 1 000 and over to approved bodies or State museums;
- certain expenditure on maintaining and restoring listed buildings and sites;
- sums used to open a savings account or to enter into an insurance-linked savings contract;
- 80 % of the amounts spent on childcare for one or more children under the age of three;
- sums payable to the Treasury by civil servants holding multiple jobs;
- special social security contributions;
- remuneration of domestic servants.

Married couples:

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

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

Non-residents:

See under Tax on non-residents.

Collection:

By means of assessment books.

Advance payments which count towards the tax due (within certain limits for real estate) are required in the case of income from immovable property and capital and certain types of earned incomes, etc.

The advance payment constitutes full discharge in the case of certain income from immovable property (temporarily) and in the case of income from capital, declaration of which is optional.

The advance payment is usually 1.25 % in the case of immovable property (0.8 % in some cases), plus a surcharge due to the local authorities. The advance payment in the case of income from capital is normally 25 %. From 1 March 1990, the rate is reduced to 10 % for income from securities other than shares or units and invested capital. The advance payment for wages, salaries, pensions etc. is calculated from tax scales.

Rates:

There are seven rate bands:

<i>Rate (%)</i>	<i>Income (BFR)</i>
25	1 to 237 000
30	237 000 to 314 000
40	314 000 to 449 000
45	449 000 to 1 031 000
50	1 031 000 to 1 547 000
52.5	1 547 000 to 2 268 000
55	over 2 268 000

Within each household, these rates apply separately to each spouse for his or her own taxable income.

The schedule of rates does not take account of local taxes, or of personal allowances.

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:

single person	BFR 170 000
married couples	BFR 134 000 each.

They are increased by the following amounts for dependent children:

one child	BFR 36 000
two children	BFR 93 000
three children	BFR 209 000
four children	BFR 338 000
five or more children	BFR 338 000

plus BFR 129 000 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. A surcharge set by the municipalities and a tax in favour of the agglomeration of Brussels may also be imposed.

The proportion of the tax corresponding to earnings, profits or gains from self-employed business is, as a rule, subject to a surcharge. However, no surcharge is applied in the case of advance payments of a quarter of the amount of annual tax made by 10 April, 10 July, 10 October and 20 December of the year preceding the tax year.

A rebate is allowed on advance overpayments.

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

Certain incomes are taxed separately at special rates.

Special features:

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

- for property which is not rented: normally the income according to the land register;
- for property which is rented to a natural person who uses it for his work; the income according to the land register, plus the fraction of the net rent¹ over and above that income;²
- for property which is rented to Belgian or foreign societies, associations and groups without legal personality, or to legal persons under public or private law: the income according to the land register plus the part of the net rent¹ over and above that income.

Income from immovable property also includes sums obtained on the acquisition or transfer of a long lease of land or buildings thereon or of similar rights relating to real estate, whether situated in Belgium or abroad.

Tax on foreign income from immovable property, foreign earned income and certain other forms of foreign income is reduced by half, sometimes on condition that the income has been effectively taxed abroad.

Carry-over of losses:

There is not time limit for carrying over business losses.

¹ The net amount is taken to be the gross amount of rent and associated charges less maintenance and repair costs not exceeding 10 % for land and 40 % for buildings. The 40 % reduction may not exceed $\frac{2}{3}$ of the income according to the land register, adjusted upwards on the basis of a coefficient which is fixed annually (2.60 % for the 1990 tax year – 1989 income).

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

Corporation tax

(Impôt des sociétés/Vennootschapsbelasting)

Articles 94 to 135 of the Income Taxes Code.

Beneficiary:

The State.

Tax payable by:

Companies, associations, establishments or bodies with legal personality which have their registered office or principal establishment in Belgium or are managed or administered from headquarters in Belgium and are engaged in an activity for pecuniary reward. Some, however, are expressly exempt from corporation tax (intercommunal associations, etc., which are liable for the tax on legal persons).

Basis of assessment:

All expenses not allowed for tax purposes, all distributed and undistributed profits. Tax paid is not, in principle, an allowable expense.

Exemptions and allowances:

Either 90 % or 85 % of certain net distributed profits accruing to companies from permanent shareholdings (i.e. those owned by the taxpayer throughout the taxable period), 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.

Collection:

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

Rates:

Standard rate: 41 %. (See under Personal income tax for the application of an increase where advance payments are not made or are insufficient).¹

Except for certain holding companies, companies at least half of whose shares are held by one or more other companies and companies whose income distributed to shareholders exceeds 13 %

¹ As from the 1992 tax year (financial years ending on or after 31 December 1991), the standard rate of corporation tax is 39 %; the amount BFR 14 800 000 and the rates 29 %, 37 % and 43 % are replaced by BFR 13 000 000 and 28 %, 36 % and 41 % respectively.

of the capital actually paid up and remaining to be paid back, the tax is as follows where the taxable income does not exceed BFR 14 800 000:¹

- (i) 29 % for the portion from BFR 0 to BFR 1 000 000;¹
- (ii) 37 % for the portion from BFR 1 000 000 to BFR 3 600 000;¹
- (iii) 43 % for the portion from BFR 3 600 000 to BFR 14 800 000.¹

Special features:

The tax is reduced to a quarter in the case of profits made and taxed abroad, and in the case of income from property situated abroad. In the case of distributed profits not arising from permanent holdings and in the case of foreign interest and licence fees which have in fact been taxed abroad, the tax is reduced by 15/85 of the amount of these incomes before deduction of any advance payment that may be due in Belgium. Special rules apply to income from claims and loans. If the profits are distributed, the shareholder company receives a tax credit of 50 % (46 % for the 1991 tax year, and 43 % from the 1992 tax year) when the distributed profits do not arise from permanent holdings.

Carry-over of losses:

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

¹ As from the 1992 tax year (financial years ending on or after 31 December 1991), the standard rate of corporation tax is 39 %; the amount BFR 14 800 000 and the rates 29 %, 37 % and 43 % are replaced by BFR 13 000 000 and 28 %, 36 % and 41 % respectively.

Tax on legal persons

(Impôt des personnes morales/Rechtspersonenbelasting)

Articles 136 to 138 of the Income Taxes Code.

Beneficiaries:

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

Tax payable by:

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

Basis of assessment:

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

Collection:

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

By means of assessment books in the case of the tax on certain income from immovable property (does not apply to central government or the local authorities), certain dividends distributed by the intercommunal associations, certain capital gains, and secret commissions and unjustified payments and awards.

Rates:

- The amount of tax is equivalent to the advance payments and the tax credit in the case of income from immovable property and capital; however, certain income from immovable property is taxed at a rate of 20 %.
- The rates of tax payable on certain capital gains are 33 % and 16.5 % depending on the case in question or the period during which the goods disposed of were held.

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

- The rate of tax payable on secret commissions and unjustified payments and awards is 200 %.
- The rate of tax payable on non-deductible pensions and pension contributions is 41 % (39 % from the 1992 tax year).
- The rate of tax payable on certain dividends distributed by intercommunal associations is 20 % (see under Personal income tax for increases imposed when advance payments are not made in full).

Tax on non-residents

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

Articles 139 to 152 of the Income Taxes Code.

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

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

Deductions:

For natural persons who have maintained a residence in Belgium throughout the taxable period, the same items of expenditure as for personal income tax payers are deductible, with certain limitations, from total net income. For other taxpayers, the following items are deductible from total net income:

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

Married couples:

For married couples who have maintained a residence in Belgium throughout the taxable period, total income is taxed according to the same rules as those applied to personal income tax. In other cases no share is allowed for the spouse.

Collection:

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

Rates:

Tax on non-residents is based on the personal income tax schedule in force, with no reductions being granted for family situations. However, if the taxpayer has maintained a residence in Belgium, the reductions are granted. A surtax of six additional hundredths is applied. For non-resident legal persons, the tax rate is a flat 43 %.

Special features:

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

Carry-over of losses:

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

Succession duty and transfer duty

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

Royal Decree No 308 of 31 March 1936 establishing the Succession Duty Code, confirmed by the Law of 4 May 1936 (M.b., 7 April 1936) and modified in particular by the provisions of the first chapter of Royal Decree No 12 of 18 April 1967 amending the Succession Duty Code (M.b., 20 April 1967), of Chapter I, Section 7, of the Law of 22 December 1977 concerning the 1977-78 budget proposals (M.b., 24 December 1977), of Chapter I, Section 2, Sub-section 3, of the Law of 8 August 1980 concerning the 1979-80 budget proposals (M.b., 15 August 1980), of Chapter 1 of the Law of 1 August 1985 concerning tax and other measures (M.b., 6 August 1985), of Chapter 3, Section 1, of the Law of 4 August 1986 relating to taxation (M.b., 20 August 1986), of the Law of 12 January 1987 amending Article 18 of the Law of 1 August 1985 concerning tax and other measures, of Title VI, Chapter III, Section B, of the programming Law of 30 December 1988 (M.b., 5 January 1989), and of Title I, Chapter 5, of the Law of 22 December 1989 concerning tax measures (M.b., 29 December 1989).

Beneficiary:

The regions.

Duty payable by:

Heirs, legatees and donees.

Basis of assessment:

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

Exemptions:

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

Payment:

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

Rates:

The rate of duty is progressive according to the share of succession:¹

- 3 to 30 % in direct line or to spouse;
- 20 to 65 % to brother or sister;
- 25 to 70 % to uncles, aunts, nephews or nieces;
- 30 to 80 % to all other persons.

Gifts:

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

Gifts made in the three years preceding death are taken into account for the purpose of determining either the taxable amount or the progressive increase in the succession duty charged.

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

Compensatory tax for succession duty

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

Royal Decree No 308 of 31 March 1936 (M. b., 7 April 1936), Articles 147 to 163.

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

Total property in Belgium.

Rates:

Annual rate of 0.17 %.

Value-added tax (VAT)

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

Law of 3 July 1969 (M.b., 17 July 1969) amended in particular by the Laws of 19 December 1969 (M.b., 20 December 1969), 26 March 1971 (M.b., 31 March 1971), 22 June 1972 (M.b., 7 July 1972), 28 December 1973 (M.b., 29 December 1973), 23 December 1974 (M.b., 31 December 1974), 5 January 1976 (M.b., 6 January 1976), 24 December 1976 (M.b., 28 December 1976), 29 November 1977 (M.b., 2 December 1977), 22 December 1977 (M.b., 24 December 1977), 27 December 1977 (M.b., 30 December 1977), 4 August 1978 (M.b., 17 August 1978), 29 November 1978 (M.b., 14 December 1978), 24 February 1979 (M.b., 28 February 1979), 8 August 1980 (M.b., 15 August 1980), 24 December 1980 (M.b., 31 December 1980), 10 February 1981 (M.b., 14 February 1981), 2 July 1981 (M.b., 8 July 1981), 23 July 1981 (M.b., 31 July 1981), 11 April 1983 (M.b., 16 April 1983), 1 July 1983 (M.b., 9 July 1983), 28 December 1983 (M.b., 30 December 1983), 27 December 1984 (M.b., 29 December 1984), 4 July 1986 (M.b., 1 August 1986), 4 August 1986 (M.b., 20 August 1986), 4 November 1986 (M.b., 5 December 1986), 30 December 1988 (M.b., 5 January 1989), and 22 December 1989 (M.b., 29 December 1989), as well as various implementing Decrees (41 Royal Decrees and 14 Ministerial Decrees still in force).

Beneficiary:

The State.

Tax payable by:

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

Tax payable on:

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

Basis of assessment:

- Generally, the tax is based on everything that the supplier of the goods or services receives or is to receive in payment from the persons to whom the goods or services are supplied or from a third party, including subsidies directly linked to the price paid in respect of those transactions.
- In the case of imported goods, the taxable amount must include the duties, levies and other taxes payable abroad, the duties, levies and other taxes payable in Belgium in respect of im-

portation (excluding the VAT due), and ancillary costs such as costs relating to commission, customs formalities, packaging, transport and insurance to the place of destination within Belgium.

Special provisions:

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

Deductions:

A taxable person may deduct from the tax for which he is liable on goods and services supplied by him the tax charged on goods and services supplied to him and on goods imported by him where he uses those goods and services in connection with:

1. Transactions liable to VAT;
2. Transactions exempted because they relate to exports or international transport;
3. Transactions which are carried out abroad and in respect of which an entitlement to deduction would arise if they were carried out in Belgium;
4. Insurance and reinsurance transactions, exempt banking and financial transactions, foreign exchange transactions, issue of securities, and stock exchange transactions and carry-over transactions, provided the other party is established outside the European Economic Community or, subject to conditions to be laid down by the Minister for Finance, the said transactions relate directly to goods intended for export to a country outside the Community;
5. Brokerage and agency services in connection with the transactions listed in point 4 above.

Limitation of deductions:

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

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

Exemptions:

Without deduction of input tax:

This applies in particular to

- lawyers (*notaires* and *avocats*) and bailiffs (*huissiers de justice*);

- doctors and the exercise of certain paramedical professions;
- hospitals, clinics, old people's homes that are regarded as serving a social purpose;
- school or university education, vocational training and retraining at establishments recognized by the authorities;
- museums and similar establishments;
- services which, subject to certain conditions, are provided to their members by non-profit institutions with aims of a political, trade union, religious, philosophical, patriotic, philanthropic or civic nature or which are engaged in a sporting or physical recreational activity.

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

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

With deduction of input taxes:

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

Collection:

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

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

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

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

Rates:

The current rates are:

- 1 % for gold as an investment medium;
- 6 % for foodstuffs (excluding beverages other than milk), slaughter animals, poultry; fish, crustaceans and molluscs; fertilizers; vegetable products; feedingstuffs other than pet food; water; tobacco; industrial ore, scrap and waste; solid fuels; pharmaceuticals; soap and detergent; printed material; unspun textile materials; original works of art, collectors' items and antiques; orthopaedic appliances, artificial limbs and the like; agricultural services; transport of

persons; driving lessons; the repair and maintenance of goods charged at 6% and of shoes; certain work carried out on private residential property occupied for at least 20 years; the granting of admission to cultural, sporting or recreational establishments; the hiring of cinematographic films and the assignment of copyright over such films; the supply of accommodation and the provision of camping sites; the hiring of orthopaedic appliances, artificial limbs and the like; services supplied by undertakers and the publication of obituaries;

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

Special systems:

There are four special systems of applying VAT:

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

Registration tax

(Taxe à l'immatriculation/Inschrijvingstaks)

- Code of taxes with equivalent effect to stamp duty, as amended by the Law of 27 December 1977 (M.b., 30 December 1977), the Law of 8 August 1980 (M.b., 15 August 1980), the Royal Decree of 17 October 1980 (M.b., 30 October 1980), the Laws of 23 July 1981 (M.b., 31 July 1981), 28 December 1983 (M.b., 30 December 1983), 31 July 1984 (M.b., 3 January 1985), 4 August 1986 (M.b., 20 August 1986), 22 December 1988 (M.b., 29 December 1988) and 17 January 1990 (M.b., 6 February 1990).
- General Regulation on taxes with equivalent effect to stamp duty, as amended by the Royal Decrees of 27 December 1977 (M.b., 31 December 1977), 17 October 1980 (M.b., 30 October 1980), 11 August 1981 (M.b., 12 August 1981), 29 December 1983 (M.b., 30 December 1983), 20 December 1984 (M.b., 3 January 1985), 30 January 1987 (M.b., 7 February 1987) and 24 January 1990 (M.b., 6 February 1990).

Beneficiary:

The State.

Tax payable on:

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

Basis of assessment:

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

Rates:

25 %.

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

Exemptions:

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

B 8

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

Payment:

Upon presentation of a return that must be made prior to registration or use for the first time.

Methods of payment:

- Affixing fiscal stamps to the return.
- Transfer to or payment into the post office account of a collection office.

Tax on stock exchange and carry-over transactions

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

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

Beneficiary:

The State.

Tax payable on:

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

Basis of assessment:

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

Rates:

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

Annual tax on securities quoted on the stock exchange

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

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

Beneficiary:

The State.

Tax payable by:

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

Tax payable on:

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

Basis of assessment:

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

Exemptions:

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

Declaration and payment:

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

Rates:

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

Annual tax on insurance contracts

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

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

Beneficiary:

The State.

Tax payable on:

Insurance contracts.

Basis of assessment:

Premiums and charges to be borne by the insured party during the year the tax is due.

Exemptions:

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

Payment:

Annual payment.

Rates:

The standard rate: 9.25 %.

The reduced rate: 4.40 % in the case of life assurance and annuities;
1.40 % for insurance against risks in international transport.

Annual tax on profit sharing

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

Article 43 of the Law of 7 December 1988, reforming income tax and amending taxes with equivalent effect to stamp duty (M.b., 16 December 1988), by inserting Title XII bis of the Code of taxes with equivalent effect to stamp duty.

Beneficiary:

The State.

Tax payable on:

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

Basis of assessment:

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

Payment:

Annual.

Rates:

9.25 %.

Hunting tax

(Taxe sur la chasse/Taks op de jacht)

Title XIII of the Code of taxes with equivalent effect to stamp duty, Articles 131, 241, 242 and 245 of the Law of 22 December 1989 concerning tax measures (M.b., 29 December 1989).

Beneficiary:

The State.

Tax payable by:

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

Tax payable on:

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

Rates:

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

NB: Hunting tax discontinued from 1 June 1990.

Tax on bills

(Taxe d'affichage/Aanplakkingstaks)

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

Beneficiary:

The State.

Tax payable by:

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

Tax payable on:

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

Basis of assessment:

Size of the bill.

Exemptions:

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

Collection:

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

Rates:

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

Excise duty on mineral oils

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

Royal Decree of 20 November 1963 coordinating the legal provision on the excise system for mineral oils (M.b., 19 December 1963); Amending Law of 8 April 1965 (M.b., 9 July 1965); Amending Law of 12 July 1966 (M.b., 6 August 1966); Amending Law of 9 July 1969 (M.b., 1 August 1969); Amending Law of 16 June 1973 (M.b., 20 June 1973); Amending Law of 22 December 1989 (M.b., 29 December 1989); Royal Decree of 21 December 1989 (M.b., 30 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

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

Exemption:

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

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

Declaration and date for submission:

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

Collection:

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

B 15**Rates:** per hl at 15°C

Type of mineral oil	Excise duty	Special excise duty ¹
1. (a) lead-free petrol	BFR 896	BFR 344
1. (b) other light and medium mineral oils	BFR 896	BFR 489
2. Gas oil	BFR 430	BFR 380
3. Other mineral oils	BFR 0	BFR 0

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

Period for payment:

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

Exports:

Mineral oils exported or sent to a destination equivalent to exportation are exempted from all excise duty and special excise duty.

Exports of mineral oils from Belgium to the Grand Duchy of Luxembourg are exempted from the special excise duty.

Excise duty on benzol and similar products

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

Law of 7 February 1961 on the excise system for benzol and similar products (M.b., 19 December 1963); Amending Law of 29 June 1966 (M.b., 6 August 1966); Amending Law of 26 January 1976 (M.b., 13 August 1976); Amending Law of 22 December 1989 (M.b., 29 December 1989); Royal Decree of 21 December 1989 (M.b., 30 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

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

Exemption:

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

Declaration and date for submission:

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

Collection:

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

Rates:

Excise duty ¹	BFR 896 per hl at 15°C
Special excise duty ²	BFR 489 per hl at 15°C

Period for payment:

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

Imports:

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

Exports:

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

¹ Levied in the Belgo-Luxembourg Economic Union (BLEU).

² Levied in Belgium only and also due on imports of benzol products into Belgium from Luxembourg.

Excise duty on manufactured tobacco

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

Law of 31 December 1947 on the tax system for tobacco (M.b., 1 January 1948); Law of 4 April 1963 (M.b., 30 April 1963); Amending Law of 31 March 1965 (M.b., 9 July 1965); Amending Law of 2 July 1969 (M.b., 1 August 1969); Law of 16 June 1973 (M.b., 20 June 1973); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

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

Declaration and date for submission:

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

Collection:

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

Basis and rates:

Types of products	Excise duty ¹	Special excise duty ²
A. Cigars weighing 3 kg or more per 1 000	11.5 % of the retail sales price	5 % of the retail sales price
B. Other cigars (cigarillos)	16 % of the retail sales price	5 % of the retail sales price
C. Cigarettes		
(a) <i>ad valorem</i> duty	55.55 % of the retail sales price	4.98 % of the retail sales price
(b) specific duty	BFR 0.048 each	BFR 0.146 each
D. Smoking tobacco, snuff and dry chewing tobacco		
excise duty	31.5 % of the retail sales price	6.05 % of the retail sales price

For cigarettes, the specific excise duty plus the *ad valorem* excise duty may not total less than BFR 0.42 each. The excise duty plus the special excise duty calculated in accordance with the above table may not total less than BFR 2.005 each.

Period for payment:

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

Replacement of tax bands or stamps:

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

Imports:

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

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied only in Belgium.

Exports:

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

Excise duty on ethyl alcohol

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

Coordination Law of 12 July 1978 (M.b., 21 September 1978); Royal Decree of 16 May 1980 amending the Coordination Law (M.b., 31 May 1989); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due upon:

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

Exemptions:

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

Declaration and date for submission:

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

Collection:

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

Rates:

- A. Excise duty¹ BFR 90 per hl and per degree of alcohol at 20°C
- B. Special excise duty² BFR 545 per hl and per degree of alcohol at 20°C

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied in Belgium only.

Imports:

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

Period for payment:

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

Exports:

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

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

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

A. Non-sparkling beverages:

Law of 15 July 1938 (M.b., 27 July 1938) on the tax system for wines and similar beverages and certain alcoholic liquors; Amending Law of 10 June 1947 (M.b., 25 June 1947); Amending Law of 31 December 1947 (M.b., 1 January 1948); Amending Law of 19 March 1969 (M.b., 1 August 1969); Amending Law of 5 January 1986 (M.b., 6 January 1986); Amending Law of 22 December 1989 (M.b., 29 December 1989).

B. Sparkling beverages:

Law of 12 February 1937 (M.b., 5 March 1937) on the tax system for fermented sparkling beverages; Amending Law of 31 December 1947 (M.b., 1 January 1948); Amending Law of 19 March 1951 (M.b., 5 April 1951); Amending Law of 5 January 1976 (M.b., 6 January 1976); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

Dutiable beverages are manufactured or imported.

Exemptions:

Under certain conditions relating to packing and labelling, beverages fermented from fruit other than fresh or dried grapes and similar beverages of an alcoholic strength by volume not exceeding 15 % are exempt from excise duties.

Where beverages fermented from grapes or any other fruit have not been manufactured, have suffered loss or destruction or have been used for industrial purposes, an exemption from excise duty may be obtained.

Declaration and date for submission:

- Manufacture of beverages fermented from fruit:
A declaration of work to be carried out is required. This declaration must reach the excise officer not later than the second working day before the date fixed for beginning work.
- Manufacture of sparkling fermented beverages:
Depending on his working methods, the manufacturer must submit one or two declarations of work to be carried out which must reach the excise officer at least 48 hours before the commencement of work.

Collection:

The duties are payable by the manufacturer.

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

Rates:1. *Beverages fermented from fruit*

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

(a) excise duty: BFR 600 per hl¹

(b) special excise duty: BFR 871 per hl²

If these beverages are of an alcoholic strength by volume exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12%, as follows:

(i) BFR 13.30 per hl, if their alcohol strength by volume does not exceed 15% vol.,

(ii) BFR 21.00 per hl, if their alcohol strength by volume exceeds 15% vol.,

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

(a) excise duty: BFR 600 per hl¹

(b) special excise duty: BFR 871 per hl²

If these beverages are of an alcoholic strength by volume exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12% vol. at BFR 13.30 per hl.

The fermented beverages referred to under A of an alcoholic strength by volume exceeding 22% vol. and those referred to under B of an alcoholic strength by volume exceeding 15% vol. at 20°C are subject to excise duty and special excise duty on ethyl alcohol.

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied in Belgium only and also due on imports of beverages into Belgium from Luxembourg.

2. Fermented sparkling beverages

- A. Beverages of an alcoholic strength by volume not exceeding 6 % vol. at a temperature of 20°C:
- (a) excise duty: BFR 150 per hl¹
 - (b) special excise duty: BFR 34 per hl²
- B. Beverages of an alcoholic strength exceeding 6 % vol. at a temperature of 20°C:
- (i) manufactured from fresh or dried grapes
 - (a) excise duty: BFR 1500 per hl¹
 - (b) special excise duty: BFR 2178 per hl²
 - (ii) other
 - (a) excise duty: BFR 750 per hl¹
 - (b) special excise duty: BFR 169 per hl²

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

Imports:

The above duties also apply to domestic and imported products.

Period for payment:

Provided sufficient security is available, the manufacturer may obtain the following periods of grace for the payment of excise duties:

- beverages fermented from fruit: 6 months,
- fermented sparkling beverages: from the final day of the month during which the duty fell due (see 'Collection'):
 - 'Champenois' method: 5 months.
 - other methods: 2 months.

Exports:

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

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied in Belgium only and also due on imports of beverages into Belgium from Luxembourg.

Excise duty on beer

(*Accise sur les bières/Bieraccijns*)

Law of 11 May 1967 on the excise system for beer (M.b., 22 December 1968); Law of 16 June 1973 (M.b., 20 June 1973); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

Beverages, in the preparation of which the amount of malt and other farinaceous substances which the brewer uses for each brewing is not less than $\frac{5}{7}$ of all the raw materials used; the proportion of sugar substance in this total is calculated as the quantity of dry extract that they contain.

Excise duty due when:

Brewing is carried out or on importation.

Exemptions:

Under certain conditions the brewer may obtain the refund of any payments made, or will not be liable for the excise duty and special excise duty on:

- declared brewings which, for reasons of *force majeure*, did not take place;
- wort which is lost accidentally or destroyed during a brewing;
- beer which is lost or becomes unfit for human consumption before it leaves the brewery.

Declaration and date for submission:

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

Collection:

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

Rates:

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

	Excise duty ¹	Special excise duty ²
– For the first 10 000 hl degrees	BFR 31.90	BFR 36.10
– From 10 001 to 50 000 hl degrees	BFR 38.10	BFR 43.20
– From 50 001 to 300 000 hl degrees	BFR 46.00	BFR 52.30
– From 300 001 to 1 250 000 hl degrees	BFR 46.00	BFR 54.20
– More than 1 250 000 hl degrees	BFR 52.20	BFR 55.00

Imports:

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

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

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

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied in Belgium only and also due on imports of beer into Belgium from Luxembourg.

Period for payment:

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

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

Exports:

No excise duty or special excise duty is due on beer exported or sent to a destination equivalent to exportation.

Beer sent to Luxembourg is exempted in Belgium from the special excise duty.

Excise duty on non-alcoholic beverages

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

Royal Decree No 44 of 28 September 1939 on the tax system for mineral waters and gaseous or sparkling lemonade (M.b., 4 October 1939); Law of 29 June 1966 (M.b., 6 August 1966); Law of 24 November 1972 (M.b., 16 December 1972); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due upon:

Release for consumption from the factory or for importation.

Declaration and date for submission:

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

Collection:

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

On importation, the excise duty is payable when the declaration of release for consumption is made.

Rates:

- Mineral waters BFR 200 per hectolitre
- Lemonade. BFR 300 per hectolitre

Period for payment:

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

Imports:

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

Exports:

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

Excise duty on sugar

(Accise sur les sucres/Accijns op suiker)

Law of 21 August 1903 on the manufacture and import of sugar (M.b., 26 August 1903); Amending Law of 24 February 1971 (M.b., 19 March 1971); Amending Law of 22 December 1989 (M.b., 29 December 1989).

Beneficiary:

The State.

Excise duty payable on:

Cane or beet sucrose sugar.

Excise duty payable upon:

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

Exemptions:

The manufacturer or refiner need not pay excise duty on sugar which is denatured and which is intended for:

- feeding bees;
- feeding cattle;
- industrial uses.

Declaration and date for submission:

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

Collection:

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

Rates:

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

Imports:

Imports of sugar are subject to the same excise duty as that applying to domestically produced sugar.

Excise duty is payable as shown below on products containing added sucrose sugar, caramel, invert sugar or artificial honey in the following proportions:

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

per 100 kg net.

Period for payment:

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

Exports:

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

Excise duty on coffee

(Accise sur le café/Accijns op koffie)

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

Beneficiary:

The State.

Excise duty payable on:

Coffee (decaffeinated or not).

Excise duty payable upon:

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

Exemptions:

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

Rates:

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

Betting and gaming tax

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

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

Beneficiary:

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

Tax payable by:

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

Basis of assessment:

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

Exemptions:

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

Payment:

The first and the 15th day of each month.

Rates:

(a) In general: 11 % of the gross sums involved.

(b) Special cases:

- Bets (on horse races run in Belgium) entered into in the Flemish region and the bilingual region of Brussels:
 1. One-fifth of the gross sum placed with the 'Pari Mutuel' is levied as tax;
 2. 5 % of the gross sum placed on 'straight bets' (i. e. on the winner, only);
- Bets entered into in the Walloon region on horse races:
 1. 10 % of the gross sum placed either with the 'Pari Mutuel' on races run in Belgium or in bets on races run abroad;
 2. 6 % of the gross sum placed on 'straight bets' on races in Belgium;

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- 4.80 % on the winnings of bankers in baccarat/chemin de fer;
- 2.75 % on the winnings of players in roulette without zero;
- 30 % on that part of the gross gains from casino games (other than baccarat/chemin de fer and roulette without zero) which does not exceed BFR 35 million per year and 40 % on the rest;
- BFR 10 for a pigeon ring sold by the associations and federations approved by the Ministry of Finance.

Tax on automatic amusement machines

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

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

Beneficiary:

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

Tax payable on:

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

Tax payable by:

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

Basis of assessment:

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

Payment:

Annual or by instalments.

Rates:

From BFR 3 000 (Cat. E) to BFR 36 000 (Cat. A).

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

Registration duty, mortgage duty and court duties

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

Royal Decree No 64 of 30 November 1939 containing the Code of the Registration Taxes, Mortgage Duty and Court Dues (M.b., 1 December 1939), confirmed by the Law of 16 June 1947 (M.b., 14 August 1947), and modified in particular by the provisions of Chapter II of Royal Decree No 12 of 18 April 1967 (M.b., 20 April 1967) and by the Laws of 14 April 1965 (M.b., 20 April 1965), of 3 July 1972 (M.b., 1 August 1972), of 1 March 1977 (M.b., 31 March 1977), of 19 July 1979 (M.b., 22 August 1979), of 14 May 1981 (M.b., 27 May 1981), of 1 July 1983 (M.b., 8 July 1983), of 28 June 1984 (M.b., 12 July 1984), of 31 July 1984 (M.b., 10 August 1984), of 17 July 1985 (M.b., 12 September 1985), of 12 August 1985 (M.b., 12 September 1985), of 19 June 1986 (M.b., 24 July 1986), of 4 August 1986 (M.b., 20 August 1986), 15 May 1987 (M.b., 10 July 1987), 12 and 17 July 1989 (M.b., 22 August 1989) and 22 December 1989 (M.b., 29 December 1989).

I – Main registration taxes

(Principaux droits d'enregistrement/Voornaamste registratierechten)

Beneficiary:

The State and the regions.

Rates:

Transfer for a consideration of land and buildings located in Belgium (except for buildings to be constructed, under construction or recently constructed, if value-added tax is due on them).

– Standard rate	12.5%
– Sales to building societies linked with public services	6%
– Sales to purchasers receiving government subsidies	1.5%
– Sales of small rural property and of modest dwellings	6%
– Sales to persons engaged professionally in buying land and buildings for resale	5%
Partition of land or buildings located in Belgium (for buildings, the same reservation as for sales: see above)	1%
Sale by public auction of tangible movable goods	5%
Leases, sub-leases, transfer of leases on land and buildings located in Belgium	0.2%
Establishment of mortgages, commercial mortgages and preferential agricultural claims	1% or 0.5%
Sentences and judgments (fines over BFR 500 000)	2% (+ 0.5% until 31 December 1995)

Gifts:

See under Succession duty and transfer duty.

Companies:

- A. Companies actually managed from headquarters in Belgium or with their statutory seat in Belgium but actually managed from headquarters outside EEC territory:
- movable assets or real estate invested in Belgian companies, in general 0.5%
 - assets contributed to Belgian companies, either by way of mergers, takeovers or split-ups, in one or more forms of activity:
 - (a) by companies with a statutory seat or a seat of effective management in EEC territory exempt
 - (b) by other companies 0.5%
 - increase of capital without further assets being invested (e.g. by incorporation of reserves, profits or deposits): normally 0.5%
 - any other corporate acts amending memorandum or articles of association (extension, conversion of a company into another of a different type, change of object, etc.): fixed duty of BFR 750 (from 1 January 1990)
- B. Other companies:
no registration tax (apart from the fixed duty of BFR 750 where applicable).

Basis of assessment:

Generally, price or value of assets.

Collection:

The tax is levied at the time of registration.

II – Court duties

(Droits de greffe/Griffierechten)

Beneficiary:

The State.

Rates:

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

- entry of causes on the court list and registration of suits;
- drawing up clerk's acts and certain acts of judges and of officials in the public prosecutor's office;
- provision of copies or extracts of acts and judgments;
- 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/Hypothekrechten)

Beneficiary:

The State.

Rates:

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

Stamp duty

(Droits de timbre/Zegelrecht)

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

Beneficiary:

The State.

Rates:

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

Tax on motor vehicles

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

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

Beneficiary:

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

Tax payable on:

Motor vehicles and their trailers using the public highway.

Basis of assessment:

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

Exemptions:

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

Payment:

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

Rates (as from 1 July 1989):

- Motor cars, estate cars and minibuses; from BFR 1 680 to BFR 42 804 per year; for vehicles over 20 hp: BFR 42 804 + BFR 2 340 per hp; if such vehicles are fitted to run on LPG: an additional BFR 3 600, BFR 6 000 or BFR 8 400 per year, depending on whether the taxable power amounts to 7 hp or less, 8 hp to 13 hp or more than 13 hp;
- Motor cycles of a cylinder capacity exceeding 250 cc: BFR 1 188;
- Lorries, vans, tractors, trailers and semi-trailers: graduated scale ranging from BFR 150 to BFR 346 per 100 kg of weight (minimum: BFR 761);
- Other road vehicles: BFR 180 per hp when the power does not exceed 10 hp (minimum: BFR 1 679). When the power exceeds 10 hp, the rate per hp, applicable to the entire taxable power, is BFR 180 + BFR 13 per hp above 10, with a maximum of BFR 505 per hp.

Special features:

Provinces may levy tax on boats, motorboats and on motor cycles with a cylinder capacity not exceeding 250 cc.

Agglomerations of municipalities and municipalities benefit from the yield of the 10 % surcharge on the regional tax.

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

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

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

Beneficiary:

The State.

Tax payable by:

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

Scope:

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

Collection:

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

Rates:

The tax is fixed at three times the real or presumed annual rental value of the premises used for the sale of beverages, but may not be lower than:

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

A uniform tax is fixed at:

1. BFR 5 000 for travelling establishments;
2. BFR 200 per working day for occasional establishments.

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

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

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

Beneficiary:

The State.

Tax payable by:

Operators with legal personality (companies).

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

Scope:

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

Rates:

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

Annual tax payable by retailers of spirituous beverages

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

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

Beneficiary:

The State.

Tax payable by:

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

Collection:

Annual tax.

Rates:

The tax is equal to one-fifth of the real or presumed rental value of the premises concerned, but may not fall below $\frac{1}{15}$ of the amount fixed for the tax on the opening of establishments for the sale of fermented beverages.

For travelling sales the tax is fixed at a flat rate of BFR 300.

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

Licensing tax on establishments for the sale of spirituous beverages

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

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

Beneficiary:

The State.

Tax payable by:

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

Scope:

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

Collection:

Annual tax.

Rates:

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

The tax is fixed at a standard amount of

1. BFR 12 000 per calendar year for travelling establishments;
2. BFR 500 per working day for occasional establishments.

Taxes abolished or repealed

- B 16** **Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons**
(Accise sur les gaz de pétrole et autres hydrocarbures gazeux liquéfiés/Accijns op vloeibaar aardgas en andere vloeibare koolwaterstoffen)

DENMAR
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State income tax

(Indkomstskat til staten)

Statutory Notice No 660 of 19 October 1989 (Tax Assessment Act), Statutory Notice No 661 of 19 October 1989 (Personal Tax Act) and Statutory Notice No 662 of 19 October 1989 (Act on tax at source).

Beneficiaries:

Tax on individuals: the State.

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

Tax payable by:

Individuals resident and estates administered in Denmark.

Basis of assessment:

The ordinary taxable income including income from foreign sources.

Exemptions:

Estates which are administered immediately following a person's decease are exempted from income tax, provided the following conditions are fulfilled:

- the value of the estate's assets at the time of decease must not exceed DKR 650 000;
- the net value of the estate at the time of decease must not exceed DKR 500 000;
- the value at which assets are paid out to heirs, etc. must not exceed DKR 600 000.

Deductions:

The tax liability on the net income is reduced by a percentage of a personal allowance. In 1990 the general personal allowance was DKR 30 200. The personal allowance for married pensioners was DKR 30 200. For single pensioners the allowance was DKR 53 600.

Estates

The tax liability is reduced by a monthly allowance of DKR 3 900.

Married couples:

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

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Non-residents:

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

Collection:

The employer or employing authority is required to withhold from the remuneration paid for personal work of a service nature and from certain other types of income, such as pensions, a provisional tax known as A-Tax.

Distributed dividends are subject to a provisional dividend tax of 30 %. Royalty payments to non-residents are subject to a provisional tax of 30 % or to the tax due under double taxation agreements. Other income, primarily from self-employment and capital normally pays a provisional tax according to a demand note, known as B-Tax.

Tax at source:

A-Tax is withheld from every person who receives a salaried income in Denmark from employment there or who receives a pension or allowance from Denmark.

The basis of assessment of tax is the taxpayer's gross income minus all deductions other than the personal allowance. However, a further deduction is made of a sum equal to the figure which would be obtained if the personal allowance were taxed at the lowest rate.

The provisional taxation of married couples is levied on each of them separately. If one of the spouses has no income or otherwise cannot make full use of his or her allowances (general deductions on assessment + personal allowance), it is transferred to the other spouse.

Rates:

Individuals

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

State income tax of 22 % (and local income taxes) are payable on the whole of the taxable income. An additional 12 % in State income tax is payable on the portion of personal income exceeding DKR 222 800. A further 6 % in State income tax is payable on the sum of personal income and any positive net investment income, after deduction of a basic allowance of DKR 144 900 (DKR 260 000 for married couples).

The thresholds are adjusted in line with a factor laid down annually by law. The adjustment factor for 1990 was 111.4.

If the combined total of a taxpayer's State, county and municipal income taxes exceeds 68 % of a specified proportion of the personal income, the State income tax is reduced by the amount in excess.

If, following that reduction, the combined total of the taxpayer's State, county and municipal income taxes (after deduction of the personal allowance) and any wealth tax due exceeds 68 % of his taxable income, the tax is reduced. The wealth tax is reduced in the first place, and State income tax in the second place, to bring the total to 68 % of the taxable income. The wealth tax may not be reduced by more than 60 %. The total reduction in wealth tax and State income tax may not exceed the total wealth tax.

Estates

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

Carry-over of losses:

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

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

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

County income tax

(Amtskommunal indkomstskat)

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

Beneficiary:

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

Tax payable by:

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

Basis of assessment:

The taxable income for State income tax.

Deductions:

The tax liability is reduced by a percentage of a personal allowance (tax credit). In 1990 the general personal allowance was DKR 23 700. However, this corresponds to the total allowance for county and municipal income tax and church tax combined.

Collection:

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

Rates:

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

Municipal income tax

(Kommunal indkomstskat)

Statutory Notice No 620 of 25 September 1987.

Beneficiaries:

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

Persons who are only partly liable to tax usually pay income tax to the municipality in which they receive their income.

Tax payable by:

All persons liable to State income tax.

Basis of assessment:

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

Deductions:

The tax liability is reduced by a percentage of a personal allowance (tax credit). In 1990 the general personal allowance was DKR 23 700. However, this corresponds to the total allowance for county and municipal income tax and church tax combined.

Collection:

See under State income tax.

Rates:

The municipal authorities fix the percentage of the levy for one calendar year at a time. Non-residents pay municipal income tax on the limited income.

The levy on this income corresponds to the total average levy for the municipal and county income tax (28 % in 1990).

Dividend tax

(Udbytteskat)

Sections 65 to 67 A of Statutory Notice No 662 of 19 October 1989 (Act on tax at source).

Beneficiaries:

See under State income tax and Corporation tax.

Tax payable by:

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

Non-residents:

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

Collection:

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

Rates:

30 %.

Tax on employee bonds

(Afgift af medarbejderobligationer)

Paragraph 16 of Statutory Notice No 900 of 21 December 1987 (Act on tax on special income).

Beneficiaries:

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

Tax payable by:

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

Basis of assessment:

The value of the bonds.

Collection:

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

Rates:

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

Special circumstances:

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

Church tax

(Kirkeskat)

Law No 645 of 19 December 1984.

Beneficiaries:

The churches in each municipality.

Tax payable by:

The members of the Established Church of Denmark.

Rates, basis of assessment and collection:

The rate varies from 0.4 to 1.6 % in the different municipalities and is levied on the same basis as municipal income tax. The tax liability is reduced by a percentage (equal to the tax rate) of a personal allowance. In 1990 the personal allowance was DKR 23700. This corresponds to the total allowance for county and municipal income tax and church tax combined. Collection takes place jointly with municipal income tax.

Special income tax

(*Særlig indkomstskat*)

Statutory Notice No 900 of 21 December 1987.

Beneficiaries:

The State and municipalities.

One-third of the special income tax devolves to the municipality.

Tax payable by:

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

Basis of assessment:

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

Exemptions:

Profit realized on the disposal of property is not included under special income, where such disposal attracts disposal tax under the rules of the law on property derestriction tax, etc.

Profit realized on the receiving of damages or insurance amounts is exempt from special income tax, if rebuilding is undertaken.

Compensation for expropriations of real property which have taken place since 15 May 1979.

Deductions:

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

Married couples:

The wife is taxed separately from the husband.

Non-residents:

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

Collection:

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

Rates:

Special income tax is calculated at 50 %.

Where real property is sold more than three years after acquisition, the gain is reduced by 20 % for each year. Thus in effect the rate changes, falling from year to year until no tax is due.

In the case of shares held by a principal shareholder the gain is reduced by 10 % for each year after the third. Thus the rate falls here too. But as the basis is simply reduced by half after seven years the effective rate of taxation only drops to 25 %.

Supplementary tax:

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

Special circumstances:

When a person's liability to tax in Denmark ceases, because of his departure abroad etc., he is required, before the end of the month following the date on which his tax liability ceases, to submit a declaration of special income during the current income year. Persons concerned are required, before the end of the month following the date on which their tax liability ceases, to calculate and pay the special income tax.

Regarding merger of joint-stock companies and cooperative societies etc., special regulations are provided in Statutory Notice No 495 of 24 September 1981. Special income tax is not levied on disposals of property which are subject to real property disposal tax.

Carry-over of losses:

In certain cases it is permitted to calculate special income so as to produce a negative amount, in so far as the rules of calculation show a loss.

In so far as the special taxable income is negative, an amount equal to the negative special income may be deducted when calculating the ordinary taxable income.

If the ordinary taxable income shows a shortfall the taxpayer may, rather than carrying it forward in accordance with the rules in the Personal Income Tax Law, deduct it from his own and thereafter from his spouse's special income for the same year. If corporate income under the Corporation Tax Law shows a shortfall it may likewise be deducted from special income rather than carried forward under the Corporation Tax Law. Any remaining shortfall can be carried forward under the Personal Income Tax Law or the Corporation Tax Law as the case may be.

Corporation tax

(Selskabsskat)

Statutory Notice No 593 of 30 September 1988, as amended by Law No 889 of 29 December 1989.

Beneficiaries:

The State and municipalities.

^{3/25} of the tax goes to the municipality.

Tax payable by:

- I. Companies resident in Denmark:
 - (a) registered joint-stock companies and similar companies,
 - (b) cooperatives,
 - (c) buying associations and production and sales associations,
 - (d) mutual insurance associations and the State Life Assurance Institute,
 - (e) other associations, foundations, trusts or self-owned institutions,
 - (f) savings banks,
 - (g) passing investment associations issuing negotiable certificates for the shares of the members.
- II. Companies mentioned above, but resident in Greenland, The Faeroes or abroad in so far as they:
 - (a) carry on business from a permanent establishment in Denmark or participate in a trading activity from a permanent establishment in Denmark or are otherwise entitled to payments from such undertakings or deriving from the cession of such undertakings (provided those payments are not dividends, debt repayments, interest or royalties), or rents;
 - (b) in their capacity as owner, co-owner, or beneficiary of the use or income thereof, they derive income from real property situated in Denmark;
 - (c) derive income from dividends;
 - (d) receive a tax credit in respect of dividend income under a double taxation agreement;
 - (e) receive payment for holding themselves available for work in Denmark;
 - (f) receive consultancy fees;
 - (g) receive royalties.
- III. The following are exempted from liability to the tax:
 - (a) the State and its institutions,
 - (b) municipal authorities and institutions,
 - (c) recognized religious communities, and church institutions, connected with the national church,
 - (d) harbours, airports, and power stations providing public services,
 - (e) the National Bank of Denmark,
 - (f) the labour market's supplementary pension fund,
 - (g) the Central Securities Office,
 - (h) the Wage-earners' Cost-of-living Fund.

The following institutions etc. listed under (i) to (r) are wholly or partially exempt from tax liability:

- (i) schools, hospitals, convalescent and children's homes, libraries and museums,
- (j) the Building Societies Guarantee Fund, the Rural Building Fund for house building and building associations for the benefit of the general public,
- (k) pension funds,
- (l) auctions held by agricultural or smallholder associations covered by Law No 80 of 4 March 1949,
- (m) reconstruction companies covered by the law on reconstruction,
- (n) industrial health services,
- (o) urban renewal companies,
- (p) TV 2,
- (q) the Developing Countries Industrialization Fund,
- (r) the Copenhagen Stock Exchange.

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

Basis of assessment:

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

The income is calculated as 6 % of that part of the capital corresponding to the ratio between turnover with non-members and members, plus 4 % of the balance.

Exemptions:

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

Dividends paid by foreign-based subsidiaries to Danish parent companies.

See also heading IV above.

Deductions:

See 'Basis of assessment'.

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Non-residents:

See 'Tax payable by'.

Collection:

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

Rates:

1. The companies and associations etc. mentioned in heading I a, b, d and e, and foreign companies etc. mentioned in heading II pay income tax at 40 %.
2. Buying associations and production or sales associations (heading I c) pay income tax at 16 % of the taxable income.
3. Passing investment associations (heading I g) pay income tax at 50 %.

Special features:

Part-owners and partners are taxed according to the same rules as individuals. If the profits are distributed, the shareholder (if resident in Denmark) receives a tax credit (representing part of the corporation tax paid by the company) equal to 25 % of the dividend. This credit is set off against personal income tax, any excess being paid to the shareholder.

The credit can be obtained by foreigners where there is a double taxation agreement with their country and that country also grants tax credits. The tax credit is then taxed in the same way as a dividend, i. e. at 30 %.

Carry-over of losses:

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

Tax on lottery winnings

(Afgift af gevinster ved lotterispil)

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

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

The market value of prizes.

Collection:

The tax is settled following each lottery draw or competition.

Rates:

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

Supplementary tax:

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

Special circumstances:

Income tax is not payable on paid-out prizes.

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

Levy on hunting licences

(Jagttegnsafgift)

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

Beneficiary:

The State.

Rates:

Hunting licence: DKR 150.

Wealth tax

(Formueskat)

Paragraphs 18 and 19 of Statutory Notice No 661 of 19 October 1989.

Beneficiary:

The State.

Tax payable by:

Individuals resident and estates administered in Denmark.

Basis of assessment:

The taxable capital at the end of the income year.

Deductions:

See 'Basis of assessment'.

Married couples:

The wife is taxed separately.
Children are taxed separately.

Non-residents:

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

Collection:

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

Rates:

The tax amounts in 1990 to 1.2% on the part of the capital which exceeds DKR 1 424 500 for single persons and DKR 1 002 600 for married persons.

Delayed payment:

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

Inheritance and gift tax

(Afgift af arv og gave)

1. Inheritance tax

(Afgift af arv)

Statutory Notice No 62 of 6 February 1987, as amended by Law No 360 of 1 July 1988 and Law No 373 of 6 June 1989.

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

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

Exemptions:

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

Deductions:

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

Non-residents:

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

Collection:

Via the probate courts or district tax inspectorates.

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Rates:

Vary according to the family or marriage relationship between deceased and heir and to the size of the inheritance. The scales are progressive.

Minimum tax of 1.2% on amounts between DKR 8 000 and 10 000. Maximum tax of approximately 70% on DKR 1 million, 90% on the balance.

Supplementary tax:

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

2. Tax on gifts

(Afgift af gave)

Statutory Notice No 62 of 6 February 1987.

Beneficiary:

The State.

Tax payable on:

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

Basis of assessment:

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

Exemptions:

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

Non-residents:

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

Collection:

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

Rates:

The tax rates vary depending on the family relationship between giver and receiver and the size of the gift. Scales are progressive. The minimum rate is $\frac{1}{2}$ %, on gifts of more than DKR 8 000 to issue. The maximum rates are approximately 24 % on DKR 1 000 000 and 32 % on the balance.

State income tax on estates of deceased persons

(Beskatning af dødsboer)

Law No 151 of 19 March 1986, abolished and replaced by Statutory Notice No 661 of 19 October 1989, paragraph 15 (Personal Income Tax Act).

Beneficiaries:

The State and local authorities.

Tax payable on:

Estates which pass in Denmark.

Basis of assessment:

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

Exemptions:

Estates with assets of not more than DKR 742 100 in 1990 (in 1989: DKR 703 300) and net value not exceeding DKR 557 000 in 1990 (in 1989: DKR 541 000) are tax-free. However, this freedom from tax ceases if, for example, the sum of the net values paid as inheritance (legacies) etc. exceeds DKR 668 400 in 1990 (in 1989: DKR 649 200).

Deduction:

Estate allowance of DKR 84 000 per annum for 1990, and DKR 91 200 in 1989 (equal to DKR 3 900 for 1990 and DKR 3 800 per month in the tax liability).

Non-residents:

The law only covers estates which pass in Denmark.

Collection:

As arranged by the tax commissions.

Rates:

- Income tax: 50 %.
- Capital tax: 1.2 % on capital exceeding DKR 1 278 700 for 1987
 DKR 1 329 900 for 1988
 DKR 1 424 500 for 1990

(see Wealth tax).

The threshold is adjusted in line with a factor laid down each year by law.

Carry-over of losses:

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

Hydrocarbon tax

(Kulbrinteskatt)

Laws No 175 and No 176, both of 28 April 1982, as amended by Law No 276 of 6 June 1984 and Law No 926 of 19 December 1986, as amended by Law No 739 of 20 November 1987.

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

Persons or companies which derive income from the extraction of hydrocarbons pay personal income tax or corporation tax to the State, and hydrocarbon tax as a supplement to that tax.

Personal income tax or corporation tax are assessed under the general rules of tax legislation. The following special rules apply, however:

- Hydrocarbon income (defined by a 'ring fence') is calculated separately.
- The law allows other prices to be set.
- Production installations and the like are depreciated in accordance with the rules on machinery, equipment and similar assets.
- Expenditure on exploration is always deductible.
- Losses on hydrocarbon extraction activities may be carried forward for up to 15 years.

The basis of assessment for the hydrocarbon tax is calculated separately and is basically independent of the basis of assessment for personal income tax or corporation tax. The same rules are applied as those used in calculating the personal income tax or corporation tax due on hydrocarbon income. The following exceptions are made, however:

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

Individuals or companies doing business carrying on activities in connection with hydrocarbon extraction calculate their income in accordance with the ordinary rules of tax legislation.

Persons earning wages or salaries in connection with hydrocarbon extraction pay tax on the basis of their wage or salary income, without any deductions.

Deductions:

See 'Basis of assessment'.

Non-residents:

See 'Tax payable by'.

Collection:

The hydrocarbon tax is collected on a provisional basis in two yearly instalments to be paid by 1 October in the income year and 1 June the year following.

- In the case of the individuals, companies, etc. referred to under:
'Tax payable by' (a); personal income tax or corporation tax are collected in accordance with the ordinary rules of tax legislation.
- In the case of individuals and companies referred to under:
'Tax payable by' (b); taxes are also collected in accordance with the ordinary procedure, except in the case of wage and salary incomes, where 30 % of income is withheld at source.

Rates:

Hydrocarbon tax is set at 70 %.

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

Carry-over losses:

Losses in fields which have been abandoned can be deducted from the total taxable hydrocarbon income from fields making gains before the tax is charged.

Losses recorded in the statement of total taxable hydrocarbon income can be carried forward up to 15 years.

Value-added tax

(Merværdiafgift)

Law on value-added tax (VAT Law), see Statutory Notice No 629 of 20 October 1988, as amended by Section 2 of Law No 700 of 22 November 1988, Law No 822 of 19 December 1989 and Section 4 of Law No 825 of 19 December 1989.

Beneficiary:

The State.

Tax payable on:

Liability to this tax covers all new and second-hand goods. Gas, water, electricity, heating, etc. are regarded as goods. Liability to the tax also covers all services, unless exempted as for example:

- hospital treatment, medical practice, dentistry, etc.;
- public assistance, kindergartens, etc.;
- school and university teaching, etc.;
- cultural activities, except performances etc.;
- sports activities, except professional games;
- passenger transport; except commercial passenger transport by bus other than by regular service;
- postal services;
- renting, letting, leasing and administration of real property, except rooms in hotels, etc.;
- insurance activities;
- banking and savings banking;
- lotteries etc.;
- artistic activities;
- services of travel agencies and tourist offices;
- services of undertakers.

Tax payable by:

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

Basis of assessment:

The price charged excluding value-added tax.

Exemptions:

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

Collection:

Registered businesses are required within one month and 20 days following the end of each tax period to declare to the Customs service the amount of the business' output and input tax (see below) during the period.

Registered businesses are required for each tax period to pay to the Treasury the difference between the output tax (tax on the business' taxable turnover during the period) and the input tax (tax on the business' purchases of goods and taxable services for the business' use).

The tax period corresponds to the quarter year, and the tax must be paid within one month and 20 days at the end of the quarter.

For businesses engaged in agriculture, fishing, etc. the tax period is the half-year. One half of the tax due for a tax period is payable not later than by the 20th day of the sixth calendar month and the other half not later than by the 20th day of the ninth calendar month following the end of the tax period.

Rates:

22 % of the taxable value.

Imports:

Taxable on entry.

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

Excise duty on petrol

(Benzinafgift)

Law on tax on petrol, Statutory Notice No 612 of 14 October 1988 as amended by paragraph 21 of Law No 700 of 22 November 1988, paragraph 1 of Law No 361 of 31 May 1989 and Law No 834 of 19 December 1989.

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty payable when:

Goods are delivered from registered businesses.

Exemptions:

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

Declaration and payment:

Producers, importers and wholesalers of taxable goods are required to register with the Customs service.

Registered businesses are required, not later than the 15th day of each month, to declare to the Customs service the quantity liable to tax for the previous month.

Payment of tax must be made not later than the last day of the month following the month of declaration.

Rates:

Unleaded as of 1 July 1990	225 øre per litre
Leaded as of 1 July 1990	290 øre per litre

Excise duty on certain petroleum products

(Afgift af visse olieprodukter)

Law on tax on certain petroleum products, see Statutory Notice No 621 of 14 October 1988, as amended by Law No 709 of 30 November 1988, and Law No 842 of 21 December 1988.

Beneficiary:

The State.

Excise duty payable on:

Gas, diesel and fuel oil, kerosene.

Excise duty payable when:

Goods leave the manufacturer or wholesaler.

Exemptions:

Oil used for the production of electricity in power stations and combined power and district heating stations which sell electricity.

Oil used for public transport.

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

Duty will not be repaid to district heating stations and the like.

Declaration and payment:

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

Rates:

Gas and diesel oil	176 øre per litre
Fuel oil	198 øre per kg
Fuel tar	178 øre per kg
Kerosene in 10-litre containers and kerosene sold to middlemen for resale in 10-litre containers	0 øre per litre
Kerosene in tank	176 øre per litre

Tax on gas

(Afgift af gas)

Law on tax on gas, see Statutory Notice No 620 of 14 October 1988, as amended by paragraph 24 of Law No 700 of 22 November 1988. See also Statutory Notice No 628 of 20 October 1988.

Beneficiary:

The State.

Tax payable on:

Gas (LPG).

Tax payable upon:

Delivery from registered producer.

Exemptions:

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

Declaration and payment:

Producers of taxable gas are required to register with the customs service. They are required to declare on the 15th of each month at the latest the quantity of gas delivered during the previous month.

The tax must be paid before the end of the month following the month of delivery.

Rates:

Autogas (LPG)	124 øre per litre
Bottled gas (LPG)	230 øre per kg

Tax on electricity

(Afgift af elektricitet)

Law on tax on electricity, see Statutory Notice No 611 of 14 October 1988, as amended by paragraph 22 of Law No 700 of 22 November 1988 and paragraph 3 of Law No 361 of 31 May 1989. See also Statutory Notice No 628 of 20 October 1988.

Beneficiary:

The State.

Tax payable on:

Electricity consumed in Denmark.

Tax payable when:

Power is supplied from its place of origin.

Exemptions:

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

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

Declaration and payment:

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

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

Rates:

Electricity exceeding 4 000 kWh per year consumed in dwelling houses heated by electricity	29.5 øre per kWh
other electricity	33.0 øre per kWh

Registration tax on motor vehicles

(Registreringsafgift af motorkøretøjer)

Law relating to registration tax on motor vehicles, see Statutory Notice No 81 of 12 February 1990.

Beneficiary:

The State.

Tax payable on:

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

Tax payable when:

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

Basis of assessment:

The value of a new vehicle on which tax is payable is the usual consumer selling price, including value-added tax, but excluding registration tax.

In the case of passenger motor cars and vans with a permitted total weight not exceeding 2 tonnes, which are imported secondhand and which are not considered as part of a personal removal of household goods, the taxable value is 90 % (or 100 %) of the price of a corresponding motor vehicle when new.

Exemptions:

Among others:

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

Declaration and payment:

The tax is normally payable by motor-dealers registered with the Customs service. Registered businesses are required to declare not later than the 15th day in any month the tax due for the previous month.

The tax for any month must be paid not later than by the 20th day of the following month. The Customs service is empowered to grant up to three months' respite for payment of tax due against security.

Rates:

The tax on ordinary passenger motorcars amounts to the following:

Price excluding the tax:

not exceeding DKR 19 750 105 % of the value
 over DKR 19 750 105 % of 19 750 DKR and 180 % on the remainder

The tax on motor cycles amounts to the following:

Price excluding the tax:

not exceeding DKR 12 500 DKR 0 on DKR 1 500 and 120 % on the remainder
 over DKR 12 500 DKR 13 200 on DKR 12 500 and 180 % on the remainder

Caravans not exceeding 2 tonnes permitted total weight 60 % of the taxable value

In the case of commercial lorries and vans not exceeding 4 tonnes permitted total weight and specifically built and equipped for the transport of goods, the scale of tax is as follows:

- permitted total weight not exceeding 2 tonnes 95 % of the taxable value
- permitted total weight over 2 tonnes but not exceeding 3 tonnes DKR 12 000
- permitted total weight over 3 tonnes DKR 7 500

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

In the case of motorcars fitted with road-safety equipment, such as anti-skid brakes (ABS), the amount of tax is reduced slightly. Likewise, motorcars which meet US emission standards are subject to reduced tax.

Excise duty on tobacco

(Tobaksafgift)

Law on taxes on tobacco, see Statutory Notice No 614 of 14 October 1988, as amended by paragraph 7 of Law No 700 of 22 November 1988.

1. Excise duty on cigarettes, smoking tobacco, chewing tobacco and snuff *(Punktafgift af cigaretter, røgtobak, skrå og snus)*

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty payable:

Before the goods leave the factory.

Collection:

Businesses which import or manufacture tobacco are required to register with the Customs service.

The tax is payable by means of a stamp affixed to the packet by the manufacturer. The stamps are bought from the Customs service at a price equal to the tax on the goods in question.

By providing a security, however, businesses may be granted 2 months and five days' credit for the purchase of these stamps as regards cigarettes and 3 months' as regards the other goods.

Rates:

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

The tax on cigarette paper for one cigarette amounts to 2 øre.

For smoking tobacco the tax is also based on the tax and VAT inclusive retail selling price in accordance with the following scale:

The tax on sliced tobacco, granulated and similar tobacco and also for other smoking tobacco with width of cut of at least 1.5 mm, amounts to DKR 128.90 per kg.

For smoking tobacco other than that mentioned above, i. e. fine cut (cigarette tobacco): DKR 531.00 per kg.

The tax on chewing tobacco and snuff is calculated on the retail price less value-added tax. For packeted chewing tobacco and snuff the tax amounts to 39% of this price. For other chewing tobacco it amounts to 23%.

Imports:

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

2. Excise duty on cigars, cheroots and cigarillos
*(Punktafgift på cigarer, cerutter og cigarillos)***Beneficiary:**

The State.

Excise duty payable on:

Cigars, cheroots and cigarillos.

Basis of assessment:

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

Excise duty payable when:

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

Declaration and payment:

Importers, manufacturers and wholesalers of cigars, cheroots and cigarillos are required to register with the Customs service.

Businesses which pay tax on these goods are required to declare to the Customs service, not later than the 15th of each month, their total taxable turnover during the previous month.

The tax payable on taxable turnover during any month must be paid before the end of the following month. By providing security, however, the business may be allowed to defer payment for two months. In such cases, therefore, the tax on any month's taxable turnover must be paid not later than by the end of the third month thereafter.

Rates:

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

Imports:

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

Excise duty on spirits

(Afgift af spiritus)

Law on tax on spirits etc., see Statutory Notice No 634 of 20 October 1988, as amended by paragraph 3 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty payable upon:

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

Declaration and payment:

Businesses which manufacture or import taxable goods are required to register with the Customs service.

Registered businesses are required to declare to the Customs service at the end of the tax month and at the latest by the 15th of each month the quantity of taxable goods delivered during the previous month.

The tax on the taxable quantity for any month must be paid before the end of the following month.

Exemptions:

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

Rates:

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

Imports:

The spirits tax is payable on entry. Registered businesses are, however, allowed to take the goods into stock without payment of tax at the time of entry.

Various edible or potable imports which contain spirits are chargeable with tax in proportion to their spirit content.

Excise duty on wine and fruit-wine

(*Afgift af vin og frugtvin*)

Law on tax on wine and fruit-wine, etc., see Statutory Notice No 635 of 20 October 1988, as amended by paragraph 4 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on, and rates:

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

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

	<i>per litre</i>
1. Goods containing less than 8.5 % ethyl alcohol (volume)	DKR 8.15
2. Goods containing at least 8.5 % but less than 15 % ethyl alcohol (volume)	DKR 12.60
3. Goods containing at least 15 % ethyl alcohol (volume)	DKR 23.40
Sparkling wines are levied by an additional amount of	DKR 10.80

Excise duty payable when:

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

Declaration and payment:

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

Registered businesses are required to declare to the Customs service no later than by the 15th of any month the quantity for the previous month on which duty is payable.

The duty due for any month is payable at the end of the following month and must be paid within 20 days maximum thereafter.

Exemptions:

Exemptions from the tax applies to goods, *inter alia*, with an ethyl alcohol content of 2.5% maximum (volume). Goods which, because they contain bitter or aromatic substances, sugar etc., have the character of spirits, are taxable as spirits.

Due regard being paid to the control regulations, exemption from tax may be granted in the case of goods used for technical, scientific, medical purposes, etc., or for the commercial production of goods which are not liable to tax under the law on tax on wine and fruit-wine, etc. Permission for tax exemption can be given provided that the goods are added to substances which render them unsuitable for drinking or for the production of drinks.

Imports:

The same rates of tax apply to imported goods as to goods produced in this country.

The tax is paid on entry. Registered businesses are, however, allowed to take the goods into stock without tax being paid at the time of entry.

On goods imported bottled etc. an equalization supplement is levied which amounts to 1.5% of the tax mentioned above.

On imported lemonade, mineral waters, etc., which are added to taxable goods and on various imported articles of food which contain taxable goods there is a financial levy on entry. The levy is paid at the abovementioned rates and in proportion to the quantity of taxable goods used in the manufacture.

Excise duty on beer

(Afgift af øl)

Law on tax on beer, see Law No 633 of 20 October 1988, as amended by paragraph 6 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on, and rates:

Beers with an alcohol content of 2¹/₄% by weight or over (known as strong beers):

- beer brewed with an extract content of 10³/₄° Balling or less (tax class I) is taxable at the rate of DKR 481.95 per hl;
- beer brewed with an extract content of more than 10³/₄° Balling but not more than 13° Balling (luxury beer, class A) is taxable at the rate of DKR 602.15 per hl;
- beer brewed with an extract content of more than 13° Balling (luxury beer, class B) is taxable at the rate of DKR 714.40 per hl.

Beers with an alcohol content of less than 2¹/₄% by weight (known as weak beers, tax class II) are taxable at the rate of DKR 41.80 per hl.

Reductions:

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

Excise duty payable upon:

Delivery from the place of production.

Exemptions:

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

Declaration and payment:

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

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

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

Imports:

Imported beer is taxed on entry at the same rates as beer produced in Denmark.

The tax on goods imported during any month is payable before the end of the following month.

Excise duty on mineral waters and the like

(Afgift af mineralvand mv.)

See Statutory Notice No 632 of 20 October 1988 on excise duty on mineral waters and the like, as amended by paragraph 16 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on, and rates:

DKR 1.60 per litre:

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

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

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

DKR 0.40 per litre of the fruit-wine produced:

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

Excise duty payable upon:

Delivery of the goods from the registered business.

Exemptions:

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

Declaration and payment:

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

The businesses are required, following the end of a tax period of one month and not later than by the 15th of the following month to declare to the Customs service the taxable quantity delivered during the month.

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

Reduction of duty:

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

Imports:

The tax on imported goods falls due on entry.

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

Excise duty on tea and tea extracts

(Afgift af te og teekstrakter)

Law on sundry consumption taxes, see Statutory Notice No 617 of 14 October 1988, as amended by paragraph 12 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on, and rates:

The following goods attract a tax on entry amounting to:

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

Excise payable upon:

Importation of the goods.

Payment:

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

Excise duty on coffee, coffee extracts and coffee-substitute

(Afgift af kaffe, kaffeekstrakt og kaffeerstatning)

Law on sundry consumption taxes, see Statutory Notice No 617 of 14 October 1988, as amended by paragraph 12 of Law No 700 of 22 November 1988.

1. Excise duty on coffee and coffee extracts

(Afgift af kaffe og kaffeekstrakt)

Beneficiary:

The State.

Excise duty payable on, and rates:

The following goods attract a tax on entry amounting to:

	<i>per kg net weight</i>
1. Raw coffee (Tariff No 09.01.A I)	DKR 4.35
2. Roasted coffee (Tariff No 09.01.A II)	DKR 5.22
3. Coffee extracts not containing ingredients other than coffee (Tariff No 21.02.A)	DKR 13.05

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

Excise duty payable upon:

Importation of the goods.

Payment:

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

2. Excise duty on coffee-substitute

(Afgift af kaffeerstatning)

Beneficiary:

The State.

Excise payable on:

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

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Excise duty payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

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

The businesses are required, after the end of a tax period of one month but not later than the 15th of the following month, to declare to the Customs service the quantity delivered during the month.

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

Rates:

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

Imports:

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

Excise duty on chocolate and sweets

(Afgift af chokolade og sukkervarer)

Law on tax on chocolate and sweets, see Statutory Notice No 636 of 20 October 1988, as amended by paragraph 8 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty payable upon:

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

Declaration and payment:

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

Wholesale businesses are not bound, but are entitled to register.

Registered businesses are required, after the end of a tax period of one month but not later than by the 8th of the following month, to declare to the Customs service the weight of the goods on which the business is required to pay tax.

Producers calculate the tax on the basis of the weight of goods delivered by the business in any month, and the tax must be paid before the end of the following month. Wholesale businesses calculate the tax on the basis of the weight of goods taken into stock by the business during any month, and the tax must be paid before the end of the second month following receipt of the goods.

Both producer and wholesale businesses may, by providing security, obtain two months' grace on the abovementioned payment time-limits.

Rates:

DKR 12.50 per kg net weight of the goods.

Imports:

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

Duty on raw materials:

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

Financial levy:

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

Tax on ice-cream

(Afgift af konsumis)

Law on tax on ice-cream, see Statutory Notice No 630 of 20 October 1988, as amended by paragraph 9 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

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

Tax payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

Businesses are required to register with the Customs service.

The businesses are obliged, after the end of a tax period of one month and not later than the 15th of the following month, to declare to the Customs service the quantity of goods delivered during the month.

The tax on goods delivered during any month must be paid before the end of the following month. The businesses may, however, by providing security obtain a two-month extension of this payment time-limit.

Rates:

DKR 3.00 per litre.

Imports:

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

Tax on perfumes, toiletries

(Afgift af parfumer, toiletmidler mv.)

Law on tax on perfumes, toiletries etc., see Statutory Notice No 631 of 20 October 1988, as amended by paragraph 13 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

Perfumes, cosmetics and toiletries.

Tax payable upon:

Delivery of the goods from registered businesses.

Assessment of the tax:

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

Exemptions:

Amongst others, soap and toothpaste.

Declaration and payment:

The businesses are required, at the end of a tax period of one month and not later than by the 15th of the following month, to declare to the Customs service their delivery of taxable goods during the tax period.

Tax on the goods delivered during the tax period must be paid before the end of the following month. The businesses may, by providing security, obtain a 2-month extension of this time limit.

Rates:

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

Tax on radio receivers, etc.

(Afgift af radiomodtagere mv.)

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

Beneficiary:

The State.

Tax payable on:

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

Tax payable upon:

Sale to retailers by registered businesses.

Declaration and payment:

Any businesses producing or wholesaling taxable goods are required to register with the Customs service.

The businesses are required, after the end of a tax period of one month and not later than by the 15th day in the following month to declare to the Customs service the taxable turnover during the tax period and the amount of the tax.

The tax due on taxable turnover from the goods listed under 1, 2 and 3 in any month must be paid before the end of the following month.

Rates:

For goods listed under 1: $\frac{3}{23}$ of the wholesale value, including this tax but excluding value-added tax.

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

Imports:

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

Exemptions:

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

Tax on incandescent lamps and electric fuses

(Afgift af glødelamper og sikringer)

Law on sundry consumption taxes, see Statutory Notice No 617 of 14 October 1988, as amended by paragraph 12 of Law No 700 of 22 November 1988 and paragraph 4 of Law No 361 of 31 May 1989.

Beneficiary:

The State.

Tax payable on, and rates:

Electric light bulbs with a maximum width of over 19 mm or a maximum length of over 35 mm	DKR 2.50 each
Other electric light bulbs	DKR 0.50 each
Vapour lamps including luminescent lamps	DKR 7.50 each
Neon tubes and similar lighting tubes	DKR 7.50 each
Fuses for power current appliances	DKR 0.50 each
Fuses for high tension appliances and single-cap low-energy fluorescent lamps (bulbs) are exempt from the tax.	

Tax payable upon:

Delivery of the goods from the registered businesses.

Declaration and payment:

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

The businesses are required, after the end of a tax period of one month but not later than the 15th of the following month, to declare to the Customs service the quantity of taxable goods delivered during the month.

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

Imports:

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

Tax on certain retail packaging

(Afgift af visse detailsalgspakninger)

Law on tax on certain retail packaging, see Statutory Notice No 616 of 14 October 1988, as amended by paragraph 15 of Law No 700 of 22 November 1988 and Law No 833 of 21 December 1988.

Beneficiary:

The State.

Tax payable on:

The tax is payable on retail packaging for:

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

Tax payable when:

The goods leave a registered business.

Registration, declaration and payment:

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

Rates:

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

	<i>per item</i>
1. containers with a capacity of not less than 10 cl and not more than 60 cl	DKR 0.50
2. containers with a capacity of over 60 cl but not more than 106 cl	DKR 1.62
3. containers with a capacity of over 106 cl	DKR 2.24
- The tax on metal containers amounts to DKR 0.80
- The tax on containers (packaging) made of cardboard or laminates of various materials amounts to:

1. containers with a capacity not less than 10 cl and not more than 60 cl	DKR 0.38
2. containers with a capacity of over 60 cl but not more than 106 cl	DKR 0.70
3. containers with a capacity of over 106 cl	DKR 1.90
- Tax on disposable containers for milk products
with a capacity of not less than 10 cl DKR 0.10

Tax on totalizator betting

(Lov om totalisatorspil)

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

Beneficiary:

The State.

Tax payable by:

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

Basis of assessment:

Total stakes paid for the bets.

Collection:

The tax is settled after each race meeting.

Rates:

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

From the tax calculated as per the above rules various deductions are allowed according to the type of racing.

Special feature:

Income tax is payable on winnings.

Tax on football-pool betting

(Afgift af tipning)

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

Beneficiaries:

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

Tax payable by:

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

Basis of assessment:

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

Collection:

Settlement is made with each pool that takes place.

Rates:

16 % is paid on the total stakes.

For the period 1 July to 31 December 1986 this was reduced to 14.5 % and thereafter until 31 December 1988 it is reduced to 13.5 %; the deduction goes to Team Denmark, a society organizing Danish participation in the Olympic Games.

Winnings are taxed at 15 % of the amount in excess of DKR 200.

Special circumstances:

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

County land tax

(Amtskommunal grundskyld)

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

Beneficiary:

The county in which the property is situated.

Tax payable on:

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

Basis of assessment:

See Municipal land tax.

Exemptions:

See Municipal land tax.

Collection:

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

Rates:

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

Municipal land tax

(Kommunal grundskyld)

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

Beneficiary:

The municipality in which the property is situated.

Tax payable on:

Real property situated in Denmark with certain exceptions mentioned below.

Basis of assessment:

The land value after deducting an allowance for improvements.

Exemptions:

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

- (a) Properties which are exempted from public assessment (cemeteries, public streets and roads, squares, railways, etc.) receive obligatory exemption from municipal land tax, as well as property owned by the State or the municipalities, with the exception of those which are used commercially, the embassies and consulates of foreign States and property belonging to certain international organizations.
- (b) The municipal council may give partial or full exemption from land tax to private or other non-profit-making institutions and to power stations, gasworks, waterworks and district heating stations.

Collection:

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

Rates:

1⁰/₁₀₀ of the land value multiplied by a factor fixed in accordance with the municipality's estimated levy requirements. The factor may vary from 6 to 24.

Financial levy on public property

(Dækningsafgift af offentlige ejendomme)

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

Beneficiaries:

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

Levy payable by:

See 'Beneficiaries'.

Basis of assessment:

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

Exemptions:

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

Collection:

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

Rates:

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

Financial levy on commercial premises

(Dækningsafgift af forretningsejendomme)

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

Beneficiary:

The municipality in which the premises are situated.

Levy payable on:

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

Basis of assessment:

The abovementioned differential value.

Exemptions:

Properties which are exempted from land tax.

Collection:

The financial levy is collected by the municipality.

Rates:

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

State institutions' income tax

(Statsinstitutioners indkomstskat)

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

Beneficiaries:

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

Tax payable by:

The State and its institutions.

Basis of assessment:

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

Collection:

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

Rates:

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

Tax on rents released from Landlords' Investment Fund

(Afgift på leje frigivet fra Grundejernes Investeringsfond)

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

Beneficiaries:

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

Tax payable by:

The person entitled to the released rent.

Basis of assessment:

Owners of rented properties are obliged to pay part of any rent increases into a blocked account in the Landlords' Investment Fund. These amounts plus accrued interest are normally released after being blocked for a 20-year period or to meet additional expenditure on upkeep, in which event they are included as part of taxable income. The amounts paid in are deductible when calculating ordinary taxable income.

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

The tax is calculated on the amount freed.

Collection:

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

Rates:

The tax amounts to 40 % of the amount released.

Stamp duty

(Stempelafgifter)

Statutory Notice No 805 of 1 December 1986.

Beneficiary:

The State.

Duty payable by:

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

Basis of assessment:

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

Exemptions:

Numerous, e.g.:

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

Non-residents:

The documents are subject to stamp duty only when either

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

Collection:

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

Rates:

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

Share transfer duty

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

Law No 228 of 22 April 1987.

Beneficiary:

The State.

Duty payable by:

Buyers and sellers of shares and the like.

Basis of assessment:

The market value of the shares transferred.

Exemptions:

Where the transferee is a dealer in securities.

The first transfer by the issuer.

Exchange by the issuer.

Transfer as part of a merger operation.

Transfer under a contract between a stockbroking firm and a foreign stockbroker.

Non-residents:

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

Collection:

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

Rates:

1% of the market value of the shares transferred.

Weight tax on motor vehicles

(*Vægtafgift af motorkøretøjer*)

Law relating to weight tax on motor vehicles etc., see Statutory Notice No 606 of 14 October 1988, as amended by Law No 831 of 19 December 1989.

Beneficiary:

The State.

Tax payable on:

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

Basis of assessment:

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

Payment:

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

Exemptions:

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

Rates:

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

<i>Weight</i>	
Motor cycles – 600 kg	DKR 452.00
Other passenger motor vehicles	
up to 600 kg	DKR 1 356.00
601– 800 kg	DKR 1 657.20
801–1100 kg	DKR 2 260.00

DK 53

1101–1300 kg	DKR 3 013.20
1301–1500 kg	DKR 3 917.20
1501–2000 kg	DKR 5 423.80
2001 and over	DKR 301.40

per 100 kg own weight.

Special scales on tax apply to motor coaches.

The tax on vans and lorries increases with the vehicle's permitted total weight. The tax is lower than that applying to private motor cars.

Diesel-driven vehicles, the fuel for which is taxed at a lower rate than petrol, are liable to an equalization tax as specified earlier. In the case of motor coaches and vans and lorries as a general rule the equalization tax is equal to two to three times the weight tax.

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

(Afgift af ansvarsforsikringer for motorkøretøjer mv.)

Law on tax on third-party insurance for motor vehicles, etc., see Statutory Notice No 608 of 14 October 1988 and paragraph 19 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

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

Rates:

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

However, the tax on insurance for commercial or delivery vehicles having a permissible total weight exceeding 6000 kg, and for trailers used for road haulage purposes amounts to 25 % of the premium.

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

Declaration and payment:

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

Tax on pleasure-craft insurance

(Afgift af lystfartøjsforsikringer)

Law on tax on pleasure-craft insurance, see Statutory Notice No 609 of 14 October 1988, as amended by paragraph 20 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

Insurance on pleasure craft registered in Denmark.

Exemptions:

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

Declaration and payment:

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

Tax on the insured value in each month is to be paid before the end of the following month.

Rates:

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

Levy on banks and savings banks

(Afgift af banker og sparekasser mv.)

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

Beneficiary:

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

Basis of assessment:

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

Rates:

0.02 ‰ of the total debts.

Levy on insurance businesses

(Afgift af forsikringselskaber mv.)

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

Beneficiary:

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

Basis of assessment:

Non-life business:

The gross sum of insurance premiums received by the insurance company from direct insurance in Denmark.

Life business and pension funds:

The gross sum of assurance premiums/contributions from direct insurance in Denmark and interest earnings.

Rates:

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

but in neither case less than DKR 500.

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

Special features:

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

Fund income tax

(Fondsbeskatning)

Law No 145 of 19 March 1986.

Beneficiaries:

The State and municipalities.

³/₂₅ of the tax goes to the municipality.

Tax payable by:

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

Basis of assessment:

The funds, associations, etc. covered by the Fund Income Tax Law are to return their taxable income in the same way as companies covered by the Corporation Tax Law.

Non-commercial income is taxed only if it exceeds DKR 25 000, or DKR 200 000 in the case of associations.

Funds, associations, etc. may deduct money they distribute or allocate for purposes of public utility or other benevolent purposes. They may also deduct any money distributed pursuant to their statutes, provided the recipient is taxable on what he receives.

Funds may upon application be exempted from tax on certain gifts.

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

Exemptions:

As for corporation tax.

Collection:

As for corporation tax.

DK 58

Rates:

The tax amounts to 50 % of the taxable income.

Special features:

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

The Fund Income Tax Law applies with effect from the 1987 income year.

Legal action tax, including estate administration tax *(Retsafgifter inkl. afgifter på ejendomsadministration)*

Statutory Notice No 534 of 18 August 1986.

Beneficiaries:

The State.

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

Tax payable by:

The person issuing the writ.

Basis of assessment:

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

Exemptions:

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

Collection:

The courts collect these taxes.

Rates:

These vary according to the type of action and the amount involved. Civil cases are, for example, taxed at the rate of DKR 300 + 1 % of the amount in excess of DKR 3 000.

With particular regard to estate administration tax, this is paid at the rate of:

2 % on amounts dealt with by the probate courts;

1 % on amounts dealt with by executors.

Capital duty

(*Kapitaltilførselsafgift*)

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

Beneficiary:

The State.

Duty payable by:

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

Duty payable on:

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

Basis of assessment:

The actual value of the contribution, after the deduction of liabilities assumed and of expenses borne by the company in connection with the contribution. A contribution made by a member with unlimited liability for the obligations of the company is not included in the basis of assessment.

Where capital is increased by an incorporation of profits, reserves or reserve funds, the basis of assessment is the nominal amount of the increase.

Exemptions:

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

Declaration and date of payment:

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

Rates:

1.0%

Real property derestriction tax

(Frigørelsesafgift på fast ejendom)

Statutory Notice No 441 of 26 September 1985.

Beneficiaries:

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

Tax payable by:

The owner of the property.

Basis of assessment:

The derestriction value of property used for agriculture, market gardening, nurseries or orchards. The derestriction value arises when the properties in question are, pursuant to law on urban and rural zones, transferred to an urban zone or weekend cottage district.

The derestriction value is the amount by which a final amount exceeds a basic amount.

The final amount is the value of the property at the time of its first valuation following transfer to the urban zone or weekend cottage district.

The basic amount is the value of the property at the time of the last valuation prior to transfer, less any difference arising pursuant to the law on valuation, paragraph 14, subparagraph 6 increased by 50 %.

The value of the property at the time of the 13th general valuation as at 1 August 1965 may be used as the basic amount.

It is possible when calculating the derestriction value to deduct certain expenses incurred for improvements to the property and any loss in the value of the buildings.

Collection:

The derestriction tax is payable one month following the taxpayer's receipt of notice of calculation of the tax.

Respite until sale of the property can be applied for.

The tax is collected by the local authorities in which the property is situated.

Rates:

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

Special circumstances:

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

Charter flight tax

(Afgift af charterflyvning)

Law on tax on charter flights, see Statutory Notice No 637 of 20 October 1988, as amended by paragraph 14 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

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

Declaration and payments:

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

The tax due on the number of passengers carried in one month is to be paid to the Customs service before the end of the following month.

Rates:

Flights to European and Mediterranean countries	DKR 300 per passenger
Flights to other countries	DKR 400 per passenger

Tax on coal, lignite and coke, etc.

(Afgift af stenkul, brunkul og koks mv.)

Law on tax on coal, lignite and coke, etc., see Statutory Notice No 613 of 14 October 1988, as amended by paragraph 2 of Law No 361 of 31 May 1989.

Beneficiary:

The State.

Tax payable on:

Coal (including coal briquettes), coke, furnace coke, coke breeze, lignite briquettes and lignite.

Tax payable when:

Coal is delivered or consumed by registered businesses or imported by non-registered businesses.

Exemptions:

Coal used to produce electricity or gas. Businesses registered under the VAT Law, other than those which supply heating, may obtain a full rebate of tax paid on quantities of coal consumed.

Declaration and payment:

Businesses which mine or produce coal are required to register with the customs service. Businesses which sell, store or consume coal may register with the customs service if their storage capacity exceeds 1 000 tonnes. At the end of each month, and not later than by the 15th day of the following month, registered businesses must declare the taxable quantity of coal. The tax payable for each month must be paid before the end of the next 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.

Rates:

Coal (including coal briquettes), coke, furnace coke and coke breeze DKR 765 per tonne
Lignite briquettes and lignite DKR 550 per tonne

Environmental taxes

(Miljøafgifter)

Law on certain environmental taxes, see Statutory Notice No 834 of 21 December 1988.

Beneficiary:

The State.

Tax payable on:

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

Tax payable upon:

Sale to retailers by registered businesses.

Declaration and payment:

Any businesses producing or wholesaling taxable goods are required to register with the customs service.

The businesses are required, after the end of the tax period of one month and not later than by the 15th day of the following month, to declare to the customs service the taxable turnover during the tax period and the amount of the tax.

The tax due on taxable turnover from the goods referred to under 1 and 2 in any month must be paid before the end of the following month.

Rates:

For goods referred to under 1: $\frac{1}{3}$ of the wholesale value, including the tax, but excluding value-added tax. Where the tax is paid in connection with import, the rate is 50 %.

For goods referred to under 2: $\frac{1}{6}$ of the wholesale value, including the tax, but excluding value-added tax. Where the tax is paid in connection with import, the rate is 20 %.

Imports:

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

Exemptions:

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

Tax on certain chlorofluorocarbons and halons (CFC tax)

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

Law No 832 of 21 December 1988.

Beneficiary:

The State.

Tax payable on:

Certain CFC gases and halons.

Tax payable when:

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

Declaration and payment:

Businesses which commercially manufacture or import taxable substances are required to register with the customs service. Registered businesses are entitled to import or receive taxable substances without the tax having been paid. At the end of each quarter, and not later than by the 15th day of the following month, registered businesses must declare the quantity of taxable substances concerned. CFC tax must be paid for each quarter not later than by the end 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.

Rates:

DKR 30 per kilogram net weight of substances.

Tax on refuse and raw materials

(Afgift af affald og råstoffer)

Law No 838 of 19 December 1989.

Beneficiary:

The State.

Tax payable on:

1. Raw materials (stone, gravel, sand, clay, lime, chalk, lignite and in some cases top soil and similar deposits).
2. Refuse.

Tax payable when:

- Re 1: The abovementioned raw materials are extracted or imported for commercial purposes. An equalization tax is also payable on imported goods containing taxable raw materials. This tax is calculated on a pro rata basis.
- Re 2: When refuse is supplied to a business which takes refuse from municipal refuse collection services and the like.

Declaration and payment:

Businesses which commercially extract or import taxable materials and/or take refuse from municipal refuse collection services and the like are required to register with the customs service. At the end of each quarter, and not later than by the 15th day of the following month, registered businesses must declare the taxable quantity. The tax for each quarter must be paid before the end of the following month. Where raw materials are imported by non-registered businesses, the tax must be declared at the time of customs clearance and be paid together with any customs duties due.

Rates:

- Re 1: DKR 5 per m³ of raw material.
Re 2: DKR 130 per tonne of refuse.

Tax on gramophone records and compact discs

(Afgift af grammofonplader og CD'ere)

Law on measures to limit consumption, see Statutory Notice No 618 of 14 October 1988, as amended by paragraph 11 of Law No 700 of 22 November 1988.

Beneficiary:

The State.

Tax payable on:

Gramophone records and compact discs.

Tax payable upon:

Sale to retailers by registered businesses.

Declaration and payment:

Any businesses producing or wholesaling taxable goods are required to register with the customs service.

The businesses are required, after the end of the tax period of one month and not later than by the 15th day in the following month, to declare to the customs service the taxable turnover during the tax period and the amount of tax.

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

Rates:

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

Imports:

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

Labour market contribution

(Arbejdsmarkedsbidrag)

Labour Market Contributions Law, see Statutory Notice No 795 of 19 December 1988, as amended by Section 26 of Law No 825 of 19 December 1989, and by Section 7 of Law No 899 of 29 December 1989.

Beneficiary:

The State.

Contribution payable on:

All goods and services in respect of which turnover is liable to VAT under the VAT Law. The contribution is also payable on all services in respect of which turnover is exempt from VAT, except in the following cases which are exempt from the contribution:

- public welfare services, kindergartens, etc;
- amateur sports facilities;
- the hire or leasing of real property;
- artistic activities;
- passenger transport services operating directly to or from foreign countries.

Registration:

All VAT-registered businesses and other businesses with an annual basis of assessment for the purposes of this contribution of not less than DKR 3000 are required to register. This also applies to VAT-registered public enterprises.

Basis of assessment:

In the case of activities liable to the contribution which are also liable to VAT, the contribution is assessed on the basis of the business's sales excluding VAT minus the business's purchases excluding VAT (VAT method). Imports are not included in purchases.

In the case of activities liable to the contribution but not liable to VAT, the contribution is assessed on the basis of the business's sales minus its purchases including VAT (purchases-sales method). Imports are not included in purchases.

The businesses referred to in the Annex to the Law must calculate the contribution payable on the basis of their labour costs plus a supplement of 90 % (labour costs method). These include, for example, insurance companies, credit and finance companies, lotteries, tourist information offices and organizations, funds, etc. In these cases, the contribution is calculated solely on the basis of the labour costs method.

Exemptions:

- Exports.
- Sale and hire of aircraft or ships of 5 GRT and over, except sports aircraft or pleasure boats.

Collection:

Where the contribution is calculated according to the VAT method, it is payable on a quarterly basis. Businesses are required to pay the contribution not later than by the 20th day of the fourth month after the end of the quarter concerned. In the case of businesses engaged in agriculture or fishing, etc., the contribution is payable on a half-yearly basis, and businesses must pay the contribution not later than by the 20th day of the sixth calendar month after the end of the half-year period concerned.

Where the contribution is calculated according to the purchases-sales method, it is payable on an annual basis (calendar year). Businesses are required to pay the contribution not later than by the 20th day of the fourth month after the end of the year concerned.

Where the contribution is calculated according to the labour costs method, it is payable on a quarterly basis. Businesses are required to pay the contribution not later than by the 20th day of the fourth month after the end of the year concerned.

Where the contribution is calculated according to the labour costs method, it is payable on a quarterly basis. Businesses are required to pay the contribution not later than by the 20th day of the fourth month after the end of the quarter concerned.

Rates:

2.5 % of the basis of assessment. Personally owned businesses are granted an annual deduction of DKR 6 000. This amount is reduced by DKR 2 000 for each full-time employee in the business. The deduction may not exceed the contribution payable by the business. Other businesses are required to pay the contribution only if the amount payable is greater than DKR 2 000 per annum.

Imports:

No contribution is payable on goods in connection with import.

Tax on labour costs in the financial sector

(Lønsumsafgift i den finansielle sektor)

Law on tax on the labour costs of businesses within the financial sector, Law No 830 of 19 December 1989. This law entered into force on 1 July 1990.

Beneficiary:

The State.

Taxable businesses:

Businesses engaged in activities relating to insurance, borrowing and lending, credit brokerage, pension savings, administration of investments, payments and trading in securities and/or foreign exchange. Taxable businesses are those which are required under the Labour Market Contributions Law to pay labour market contributions according to the labour costs method.

Basis of assessment:

The business's total labour costs plus a supplement of 90 %.

Collection:

The tax is payable on a quarterly basis. Businesses shall pay the tax not later than by the 20th day of the fourth month after the end of the quarter concerned.

Rates:

2 % of the basis of assessment.

Taxes abolished or repealed

- DK 6** **Seamen's tax**
(Sømandsskat)
Abolished by Law No 361 of 1 July 1988.
- DK 7** **Pensions contribution**
(Folkepensionsbidrag)
Abolished by Law No 351 of 4 June 1986 on pensions.
- DK 8** **Contribution to the sickness per diem fund**
(Bidrag til Dagpengefonden)
Abolished by Law No 351 of 4 June 1986 concerning the Danish Cash Benefit Act.
- DK 25** **Duty on matches and lighters**
(Afgift af tændstikker og cigar- og cigarettændere)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 36** **Tax on television receivers and TV video-recorders and players, and certain household appliances**
(Afgift af fjernsynsmodtagere og videoptagere og -gengivere til fjernsyn samt visse husholdningsapparater)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 39** **Tax on playing cards**
(Afgift af spillekort)
Abolished as of 1 January 1990 by Law No 835 of 19 December 1989.
- DK 40** **Tax on sugar**
(Afgift af sukker)
Law repealed as of 1 January 1990 by Law No 836 of 19 December 1989.
- DK 45** **Fixed State property tax**
(Fikseret ejendomsskyld til staten)
Abolished with effect from 1987 by Law No 313 of 4 June 1986.

- DK 46 Fixed real property municipal tax**
(Fikseret ejendomsskyld til kommunen)
Abolished with effect from 1987 by Law No 313 of 4 June 1986.
- DK 62 Tax on interest on consumer loans**
(Afgift på renter af forbrugslån)
Law repealed as of 1 January 1988 by Law No 833 of 19 December 1989.
- DK 70 Supplementary land tax**
(Tillægsgrundskyld)
Abolished from 1980 by Law No 255 of 8 June 1979.
- DK 71 State tax on agricultural land**
(Grundskyld til staten af landbrugsejendomme)
This law was only applicable in 1980.
- DK 72 Special pensions contribution**
(Særligt folkepensionsbidrag)
Abolished by Law No 521 of 28 October 1981 concerning the Social Pension Fund.
- DK 73 Real property disposal tax**
(Afståelsesafgift)
Abolished by Law No 246 of 9 June 1982.
- DK 74 Stock exchange stamp duty**
(Børsstempelafgift)
This duty was abolished with effect from 1 June 1987 and was replaced by Law No 228 of 22 April 1987 which introduced share transfer duty (Afgift ved overdragelse af aktier mv. (aktieaftgiftsloven)).
- DK 75 Duty on video-cassette tapes**
(Afgift af videokassetebånd)

FR of GERMANY
BR Deutschland

Income tax

(*Einkommensteuer*)

Income Tax Law as promulgated on 27 February 1987 (BGBl I, p. 657), as last amended by Article II of the Law of 25 June 1990 (BGBl II, p. 518); Income Tax Implementing Regulation 1986 as promulgated on 24 July 1986 (BGBl I, p. 1235), as last amended by Article 4 of the Law of 18 December 1989 (BGBl I, p. 2212).

Beneficiaries:

The Federal Government, the *Länder* governments and the municipalities. For the 1990 budgetary year: Federal Government and *Länder* governments 42.5% each, local authorities 15%.

Tax payable by:

Individuals domiciled or ordinarily resident in Germany (unlimited tax liability). Individuals of German nationality, who are neither domiciled nor ordinarily resident in Germany, but who work for domestic bodies governed by public law (unlimited tax liability). Individuals to whom income accrues in Germany, but who are not domiciled or ordinarily resident in Germany (limited tax liability).

Basis of assessment:

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

Exemptions:

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

Deductions:

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

Married couples:

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

Children's own income:

Tax on such income is assessed individually.

Non-residents (limited tax liability):

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

Collection:

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

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

Rates:

In the standard-rate band up to DM 8153 (DM 16306 in the case of married couples assessed jointly), including a basic personal allowance of DM 5616 (DM 11232 for married couples), tax is payable at 19 %. The marginal rates, applying between DM 8154 (DM 16308) and DM 120000 (DM 240000), range from 19 % to 53 %. The top marginal rate above DM 120000 (DM 240000) is 53 %.

Special features:

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

Deduction of losses:

Losses which are not offset by positive income when the total amount of income is determined may be deducted in the two preceding years, and if a deduction in that period cannot be made, in the succeeding years.

Wages tax

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

Income Tax Law of 27 February 1987 (BGBl I, p. 657), Articles 38 to 42 F, as last amended by the Law of 22 December 1989 (BGBl I, p. 2408); Wages Tax Implementing Regulation of 10 October 1989 (BGBl I, p. 1848).

Beneficiaries:

See under Income tax.

Tax payable by:

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

Basis of assessment:

Wages less expenses, special expenditure and certain other deductions.

Exemptions:

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

Deductions:

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

Married couples:

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

Non-residents:

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

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Collection:

Tax is withheld by the employer on the basis of a wages-tax card and wages-tax tables for daily, weekly or monthly wage payments. These tables incorporate a personal allowance of DM 5 616, the allowance for head of household, the lump sums for income-related expenses and certain special expenses, and the flat-rate allowance for social insurance and provident expenditure. The grounds for tax relief in the case of an employed person can be allowed at the outset in the current deduction procedure by recording an individual tax-free amount on his wages-tax card. At the end of the calendar year, the adjustment of wages tax will be made. Any wages tax withheld in excess may thus be refunded. In certain cases, an income tax assessment may be found necessary after the end of the year, and additional tax payments may be required.

Rates:

As for income tax.

Capital yields tax

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

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

Beneficiaries:

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

Basis of assessment and tax deductions:

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

1. Normal capital yield tax (25 %)

This comprises: profits from shares in domestic joint stock companies, cooperative societies, mining associations, sleeping partners' holdings and interest on domestic loans in the form of convertible bonds and participating debentures.

Tax deducted at source is taken into account on assessment. In the case of non-residents, capital yields tax constitutes settlement of income tax/corporation tax. However, it is in part refunded, if there is a tax treaty applicable and provided the capital yields do not constitute operating receipts of a domestic permanent establishment; in the latter case, the tax is set off against income tax/corporation tax.

2. Old-type coupon tax (30 %)

This covers: interest on certain fixed-interest-bearing securities (mortgage bonds for social purposes) issued prior to 1 January 1955:

- (a) the amount withheld constitutes settlement of income tax for residents in Germany;
- (b) refund to non-residents, if there is a tax treaty applicable and provided the interest does not constitute operating receipts of a domestic permanent establishment; in the latter case, the tax is set off against domestic income tax/corporation tax.

Disclaimers/refunds:

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

Collection:

Deduction at source.

Corporation tax

(*Körperschaftsteuer*)

Corporation Tax Law of 10 February 1984 (BGBl I, p. 217), as last amended by Article 2 of the Law of 22 December 1989 (BGBl I, p. 2408).

Beneficiaries:

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

Tax payable by:

Unrestricted tax liability:

The following are liable to corporation tax without restriction in respect of all income: joint stock companies, cooperatives, mutual insurance associations, other legal persons incorporated under private law, associations not possessing legal personality, institutions, foundations and other private special-purpose funds, enterprises of an industrial and commercial nature run by legal persons incorporated under public law whose management or head office is in Germany (domestic corporations).

Restricted tax liability:

The following are liable to corporation tax with restrictions: corporations, associations and funds which have neither their management nor head office in Germany, on their domestic income within the meaning of Article 49 of the Income Tax Law (foreign corporations); other corporations, associations and funds which are not liable to tax without restriction, on the domestic income from which tax may be deducted at source.

Basis of assessment:

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

Tax is calculated on total income received during the year.

Exemptions:

The bodies exempted include the Federal postal administration; the Federal railway; the Bundesbank, corporations, associations, trusts and funds which, according to their charters, statutes or memoranda of association and their actual management, are conducted for non-profit-making, charitable or religious purposes; housing and settlement associations 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, objects of national policy (donations to political parties) and other objects which are recognized as being ventures of general benefit to the community and worth promoting.

Special features:

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

Deduction of losses:

Deduction of losses as for income tax.

For corporations taxable under the imputation system the right to carry back losses to the two preceding assessment periods is limited in certain cases.

Collection:

By annual assessment.

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

Rates:

1. *Standard rate* 50 %
(Article 23, paragraph 1, of the Corporation Tax Law)
 - (a) joint-stock companies and other corporations within the meaning of Article 43 of the Corporation Tax Law, i. e. corporations taxable under the imputation system;
 - (b) foundations within the meaning of Article 1, paragraph 1, points 4 and 5, of the Corporation Tax Law, with the exception of income derived from the commercial business of a foundation exempt from corporation tax.
2. *Reduced rate* 46 %
(Article 23, paragraphs 2 and 3, of the Corporation Tax Law)
 - (a) corporations, associations, trusts and funds within the meaning of Article 1, paragraph 1, points 3 to 6, of the Corporation Tax Law, i. e. those with unrestricted liability which are in principle not taxable under the imputation system;
Exceptions:
 - (aa) where one such corporation or association is taxable under the imputation system (e. g. a commercial association), the rate of 50 % applies in accordance with Article 23, paragraph 1, of the Corporation Tax Law;
 - (bb) for foundations within the meaning of Article 1, paragraph 1, points 4 and 5, of the Corporation Tax Law, the rate of 50 % also applies in accordance with Article 23, paragraph 1, of the Corporation Tax Law, unless the income is derived from the commercial business of a foundation exempt from corporation tax;
 - (b) persons with limited liability of corporation tax.

3. *Special rate for the Zweites Deutsches Fernsehen (second German television channel)*
(Article 23, paragraph 6, of the Corporation Tax Law)
8 % of the remuneration (Article 10, paragraph 1, of the Turnover Tax Law) received for television advertising.

Tax on distributed profits:

For distributed profits of joint-stock companies with unlimited tax liability and certain other corporations with unlimited tax liability (in particular, trading and business cooperatives), corporation tax amounts to a uniform rate of 36 % of profits calculated before deduction of corporation tax. Where the corporation tax to be calculated according to the tax rate provisions is more than 36 % (e. g. where the abovementioned tax rate of 50 % is applicable), the distribution of profits entails a reduction in corporation tax. Where the corporation tax to be calculated in accordance with the tax rate provisions is lower than 36 % (e. g. in the case of tax-free incomes), the corporation tax is raised in the event of distribution of profits.

In order to determine the tax on the distribution of profits, corporations must give a breakdown of their capital resources which can be used for the distribution of profits, in accordance with the taxation of such capital resources under the tax rate provisions. The breakdown is to be calculated in a continuously adjusted basis separate from the balance sheet.

Tax on dogs

(Hundesteuer)

For Baden-Württemberg: Tax on Dogs Law of 15 February 1982 (GBl, p. 63).

For Bavaria: Municipal Tax Law as promulgated on 4 February 1977 (GVBl, p. 83).

For Berlin: Tax on Dogs Order of 31 March 1939, as last amended by the Law of 10 May 1977 (GVBl, p. 922).

For Bremen: Tax on Dogs Law, as amended on 17 December 1984 (GBl 1985, p. 3).

For Hamburg: Tax on Dogs Law of 9 January 1973, as amended by the amending Law of 22 December 1983 (GVBl, p. 346), as last amended by the Law of 21 January 1987 (GVBl, p. 10).

For Hesse: Tax on Dogs Law of 9 March 1957 (GVBl 1970, p. 225) as last amended by the Law of 17 December 1973 (GVBl, p. 467).

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

For Lower Saxony: Lower Saxony Municipal Tax Law of 5 March 1986 (Nieders. GVBl, p. 79).

For Rhineland-Palatinate: *Land* Law of 27 March 1987 enabling municipalities to levy the tax on dogs and entertainment tax (GVBl, p. 75).

For the Saar: Municipal Tax Law, as amended on 15 June 1985 (ABl, p. 729).

For Schleswig-Holstein: Municipal Tax Law as promulgated on 17 March 1978 (GVBl, p. 71), as last amended by the Law of 18 December 1979 (GVBl, p. 526).

Beneficiaries:

The municipalities.

Tax payable in:

All *Länder* of the Federal Republic.

Tax payable on:

The possession of a dog.

Basis of assessment:

The number of dogs.

Exemptions:

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

Collection:

Monthly, quarterly or annually.

Rates:

Between DM 3 and DM 240 per year.

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

Hunting and fishing tax

(*Jagd- und Fischereisteuer*)

For Baden-Württemberg: Municipal Tax Law of 15 February 1982 (GBl, p. 57).

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

For Lower Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41), revised version of 5 March 1986 (GVBl, p. 79).

For Rhineland-Palatinate: Municipal Tax Law in the version of 5 May 1986 (GVBl, p. 1037).

For the Saar: Municipal Tax Law as amended on 15 June 1985 (ABl, p. 729).

For Schleswig-Holstein: Municipal Tax Law revised version of 29 January 1990 (GVBl, p.51).

Beneficiaries:

City boroughs and districts (*Landkreise*).

Tax payable in:

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

Tax payable on:

Exercise of hunting and fishing rights.

Basis of assessment:

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

Exemption:

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

Collection:

Quarterly, half-yearly or annually.

Rates:

Determined by individual municipalities and hence variable. Generally, up to 10 %, sometimes up to 15 %, of the annual value of the hunting rights.

Wealth tax

(*Vermögensteuer*)

Wealth Tax Law of 14 March 1985 (BGBl I, p. 558), as last amended by Article 6 of the Law of 22 December 1989 (BGBl I, p. 2408).

Beneficiaries:

The *Länder* governments.

Tax payable by:

All natural and legal persons.

Basis of assessment:

Residents: total assets (working assets, farm and forestry holdings, real estate and other property), less debts.

Non-residents: assets situated in Germany (certain assets only).

Exemptions:

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

Deductions:

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

Married couples:

Married couples are assessed jointly.

Collection:

By means of assessment books.

ates (with effect from 1 January 1984):

for natural persons the rate is 0.5%.

for legal persons the rate is 0.6%.

Succession and gift tax

(*Erbschaft- und Schenkungsteuer*)

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

Beneficiaries:

The *Länder* governments.

Tax payable by:

Persons receiving assets by inheritance or gift.

Tax payable on:

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

Basis of assessment:

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

Exemptions:

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

Deductions:

For inheritances: certain charges on the estate, such as the debts of the deceased, funeral expenses, etc.

For gifts: debts taken over with the gift; allowances which vary according to the beneficiary's tax category (see Rates).

Non-residents:

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

Collection:

By means of assessment books.

Rates:

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

Turnover tax – Value-added tax

(*Umsatzsteuer – Mehrwertsteuer*)

Turnover Tax Law (UStG 1980) of 26 November 1979 (BGBl I, p. 1953), as last amended by the Law of 22 December 1989 on tax incentives for residential construction and on additions to the 1990 Tax Reform Law (BGBl I, p. 2408); Turnover Tax Implementing Regulation (UStDV 1980) of 29 December 1979 (BGBl I, p. 2359), as last amended by the sixth Regulation amending the Turnover Tax Implementing Regulation of 22 December 1989 (BGBl I, p. 2561).

Beneficiaries:

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

Tax payable by:

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

Tax payable on:

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

Basis of assessment:

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

Exemptions:

Without input tax deduction:

- certain cultural and social services (e.g. schools, theatres, social insurance institutions, doctors, hospitals and welfare organizations);
- other (e.g. postal services, banks and insurance companies, etc.);

With input tax deduction:

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

Deductions:

Input tax paid.

Collection:

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

Rates:

- Standard rate 14%
- Reduced rate 7%.

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

Special features:

- Tax waived in the case of small traders whose turnover in the preceding year did not exceed DM 25 000.
- Average rates for agricultural and forestry enterprises.

Exports:

Exempt, with input tax deduction.

Excise duty on mineral oils

(Mineralölsteuer)

Mineral Oil Tax Law as promulgated on 20 December 1988 (BGBl I, p. 2277).

Beneficiary:

The Federal Government.

Duty payable on:

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

Duty payable when (home-produced):

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

Chargeable event (imports):

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

Duty payable by:

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

Exemptions:

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

Period for submission of declaration:

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

Rates:

1.	<i>Light oils with a content of lead compounds, evaluated as lead, of not more than 0.013 g per litre</i>		
1.1.	1 January 1989 – 31 December 1990	DM	57.00/hl
1.2.	From 1 January 1991	DM	60.00/hl
2.	<i>Light oils with a content of lead compounds, evaluated as lead, of more than 0.013 g per litre</i>		
2.1.	1 January 1989 – 31 December 1990	DM	65.00/hl
2.2.	From 1 January 1991	DM	67.00/hl
3.	<i>Medium oils</i>		
3.1.	1 January 1989 – 31 December 1990	DM	57.00/hl
3.2.	From 1 January 1991	DM	60.00/hl
4.	<i>Heavy oils (gas oils, lubricating oils) and cleansing oils</i>		
4.1.	Standard rate	DM	53.25/100 kg
4.2.	When used for heating:		
4.2.1.	Gas oils and mineral oils having a similar boiling point	DM	6.85/100 kg
4.2.2.	Other heavy oils:		
4.2.2.1.	For the generation of heat, other than heat for the production of electricity	DM	3.00/100 kg
4.2.2.2.	For the generation of heat for the production of electricity	DM	5.50/100 kg
5.	<i>Natural gas, liquid gas and other gaseous hydrocarbons coming under CCT headings Nos 27.11 and 29.01</i>		
5.1.	Standard rate:		
5.1.1.	1 January 1989 – 31 December 1990	DM	112.10/100 kg
5.1.2.	From 1 January 1991	DM	115.60/100 kg
5.2.	When used as motor fuel, not mixed with other mineral oil	DM	61.25/100 kg
5.3.	When used as heating fuel:		
5.3.1.	Natural gas and other gaseous hydrocarbons other than liquid gases		
5.3.1.1.	Until 31 December 1992	DM	0.26/100 kWh
5.3.1.2.	From 1 January 1993		not taxed
5.3.2.	Liquid gases		
5.3.2.1.	Until 31 December 1992	DM	3.60/100 kg
5.3.2.2.	From 1 January 1993		not taxed
6.	<i>Goods coming under CCT subheadings 2712.10, 2712.20 and 2712.9031 – 2712.9090 and headings Nos 27.13 and 27.15</i>	DM	1.50/100 kg

Duty is also payable on the proportion of mineral oil contained in some preparations listed under heading No 27.10, lubricating oils listed under heading No 34.03, graphites listed under subheading 3801 2010 and additives listed under subheadings 381121 and 381190 of the Common Customs Tariff.

Payment:

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

Refund:

Allowed on dutiable products which the manufacturer or operator of a bonded warehouse can prove he has taken back into his enterprise.

Duty on tobacco

(Tabaksteuer)

Tobacco Tax Law of 13 December 1979 (BGBl I, p. 2118), as last amended by the Law of 20 December 1988 (BGBl I, p. 2270).

Regulation of 21 December 1979 implementing the Tobacco Tax Law (BGBl I, p. 2297), as last amended by the Regulation of 5 April 1989 (BGBl I, p. 824).

Beneficiary:

The Federal Government.

Duty payable on:

- Cigars and cigarillos,
 - Cigarettes,
 - Smoking tobacco,
 - Snuff,
 - Chewing tobacco,
 - Cigarette paper in the form of sheets for hand-rolling or of shells for filling by hand cigarettes which are manufactured in the area to which the tobacco tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or imported into the collection area,
 - Unmanufactured tobacco,
 - Tobacco substitute materials,
 - Cigarette paper
- which are withheld or withdrawn from tax control.

Rates:

1. Cigars and cigarillos:
13% of the retail price, at least 3.1 Pf. per unit.
2. Cigarettes:
6.18 Pf. per unit and 31.5% of the retail price, at least 10.0 Pf. per unit.
3. Smoking tobacco:
 - (a) where more than 10% in weight of the tobacco parts are less than 1.4 mm long or wide (fine cut):
DM 16.00 per kg and 30% of the retail price, at least DM 37.00 per kg;
 - (b) where at least 90% in weight of the tobacco parts are at least 1.4 mm long and wide (pipe tobacco):
DM 5.50 per kg and 22% of the retail price, at least DM 21.00 per kg;
 - (c) pipe tobacco with at least 30% in weight consisting of cut rolled stems and a retail price of up to DM 40.00:
DM 6.60 per kg;
 - (d) twisted pipe tobacco:
DM 5.00 per kg;

- (e) pipe tobacco made only of cut rolled stems, where at least 60 % in weight of the tobacco parts are at least 1.4 mm long and wide:
DM 2.20 per kg.
- 4. Snuff:
DM 0.65 per kg.
- 5. Chewing tobacco:
 - (a) fine-cut chewing tobacco:
DM 5.30 per kg;
 - (b) other chewing tobacco:
DM 0.65 per kg.
- 6. Cigarette paper in form of sheets or of shells:
DM 2.60 per 1 000.
- 7. Unmanufactured tobacco and tobacco substitute materials:
DM 8.80 per kg.
- 8. Cigarette paper:
DM 0.65 per m².

Duty payable when and parties liable for duty:

The chargeable event occurs when the tobacco products or cigarette paper in form of sheets or of shells leave a manufacturing enterprise registered with the customs authority or when they are withdrawn for consumption in the enterprise. Duty is payable by the proprietor of the manufacturing enterprise (producer).

In the case of tobacco products and cigarette paper in form of sheets or of shells produced outside a registered manufacturing enterprise, the chargeable event occurs at production. Duty is payable by whoever was involved in the production.

In the case of unmanufactured tobacco, tobacco substitute materials and cigarette paper withheld or withdrawn from tax control, the chargeable event occurs at the time of withholding or withdrawal. Duty is payable by the person who has to place or maintain unmanufactured tobacco, tobacco substitute materials or cigarette paper under tax control.

Use of revenue stamps and liability:

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

Producers and importers buy the revenue stamps from special customs offices (revenue stamp offices).

Payment dates:

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

Where the revenue stamps are dispatched to the purchaser, the second working day following dispatch is regarded as the date of purchase. Payment cannot be postponed or deferred.

Tobacco duty which becomes due in any month in respect of twisted tobacco, snuff and chewing tobacco must be paid by the 10th day of the next month but one. Payment cannot be postponed or deferred.

Tobacco duty which becomes due on the production of tobacco products and cigarette paper in form of sheets or of shells and tobacco duty on unmanufactured tobacco, tobacco substitute materials and cigarette paper is payable immediately.

Payment cannot be deferred.

Rules relating to imports, customs procedures and inward processing:

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

Exemptions:

Exemption from tobacco duty is granted on:

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

Concessions:

Tobacco products and cigarette paper in form of sheets or of shells may, without liability for duty and under the control of the tax authorities:

1. be supplied to a manufacturing enterprise;
2. be exported from the collection area or placed under a special customs procedure or declared for inward processing;
3. be designated for destruction or denaturing and be destroyed or denatured;
4. with the permission of the customs authorities, be used for:
 - industrial purposes, apart from smoking and the manufacturing of tobacco products,
 - scientific experiments and research.

Refunds:

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

- are supplied to a registered manufacturing enterprise,

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

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

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

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

Duty on spirits

(*Alkoholsteuer*)

Spirits Monopoly Law of 8 April 1922 (BGBl I, pp. 335, 405), as last amended by the Third Regulation amending the Foodstuffs Labelling Regulation of 9 December 1988 (BGBl I, p. 2231).

Beneficiary:

The Federal Government.

Duty payable on:

- Alcohol (ethyl alcohol C₂H₅OH) obtained from the Federal Monopoly Administration. The duty on spirits is included in the administration's sales price.
- Spirits which are not delivered to the Federal Monopoly Administration but are disposed of by the manufacturer himself. The duty is, in this case, called the spirits surcharge.
- Spirits which are imported, as well as alcohol and spirits contained in imported products. In this case, the duty is called the monopoly equalization charge.
- Alcohol substitutes used in toilet articles.

Duty payable upon:

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

Duty payable by:

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

Rates:

Per hl of ethyl alcohol

- | | | |
|--|-------|-------|
| 1. <i>Spirits duty on alcohol</i> | | DM |
| – for drinking and all other purposes not specifically referred to | | 2 550 |
| – undenatured for use in pharmaceutical preparations and for
medical purposes by physicians and hospitals | | 1 200 |

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– for the preparation of medicaments for external use and of toilet articles (as well as alcohol substitutes)	600
– for exports, for the manufacture of fuel, for cleaning, heating and lighting, for special industrial uses and for the manufacture of table vinegar	0
2. <i>Spirits surcharge</i>	2 000–2 175–2 550
3. <i>Monopoly equalization charge</i>	
– for spirits and alcoholic beverages	2 550
– for medicaments for internal use	1 200
– for medicaments for external use and for toilet articles (as well as for alcohol substitutes)	600
– for other products	0

Duty payable when:

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

Deferment of payment:

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

Refund:

On export.

Excise duty on sparkling wines

(Schaumweinsteuer)

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

Beneficiary:

The Federal Government.

Duty payable on:

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

Duty payable when:

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

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates:

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

Period for submission of declaration:

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

Payment:

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

Exemptions:

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

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

Refund:

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

Imports:

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

Imported sparkling wines etc. may, on a duty-free basis, be supplied to a manufacturing enterprise.

Imported sparkling wines etc. are generally exempt from the duty if imported in circumstances under which, according to the relevant customs regulations, no customs duty would be payable on them upon entry into the customs area.

Excise duty on beer

(*Biersteuer*)

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

Beneficiaries:

The *Länder* governments.

Duty payable on:

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

Duty payable when:

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

Duty payable by:

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

Rates:

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

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

Period for submission of declaration:

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

Payment:

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

Exemptions:

No duty is payable on beer and beverages similar to beer:

- exported from a brewery or export depot or placed under a special customs procedure or used as a substitute under inward processing arrangements;
- distributed against payment or free by a brewery to its workers as the firm's drinks;
- consumed by a brewery for the requisite technical tests or withdrawn for purposes of fiscal control or brewery inspection.

Refund:

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

Imports:

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

Strong beerDM 14.80/hl

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

Beer other than strong beer and beverages similar to beer:

Medium strong beer75% of the rate for strong beer

Small beer50% of the rate for strong beer

Extra-strong beer150% of the rate for strong beer

Beverages similar to beer75% of the maximum rate for beer
with equivalent wort content

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

Duty on beverages

(Getränkesteuer)

For Lower Saxony: Lower Saxony Municipal Tax Law of 8 February 1973 (Nieders. GVBl, p. 41), as amended on 5 March 1976 (GVBl, p. 79).

Beneficiaries:

City boroughs.

Duty payable in:

Lower Saxony only.

Duty payable on:

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

Basis of assessment:

The retail price of the beverages sold.

Exemptions:

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

Collection:

Monthly.

Rates:

Rates vary from municipality to municipality.

Excise duty on sugar

(Zuckersteuer)

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

Beneficiary:

The Federal Government.

Duty payable on:

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

Duty payable when:

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

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates:

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

Period for submission of declaration:

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

Payment:

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

Exemptions:

No duty is payable on sugar:

- exported from a manufacturing enterprise or export depot, or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used inside or outside the manufacturing enterprise for investigations and tests required for industrial purposes, or removed for reasons of tax control or factory inspection;
- used for the feeding of animals or for the production of feedingstuffs;
- used for industrial purposes, or for public benefit, other than the production of food, of goods under heading 24.02 of the Common Customs Tariff, of goods for the production of goods under heading 24.02 of the Common Customs Tariff or of feedingstuffs;
- used in the manufacture of products for export.

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

Refund:

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

Imports:

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

Certain goods containing sugar are also subject to the excise duty on sugar.

No duty is payable on imported sugar:

- supplied to a manufacturing enterprise;
- used for industrial purposes, or for public benefit other than the production of food, of goods under heading 24.02 of the Common Customs Tariff, of goods for the production of goods under heading 24.02 of the Common Customs Tariff or of feedingstuffs;
- used for the feeding of animals or for the production of feedingstuffs;
- used in the manufacture of products for export.

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

Excise duty on coffee and tea

(Kaffee- und Teesteuer)

Coffee and Tea Tax Law of 5 May 1980 (BGBl I, p. 497); Implementing Regulation of 2 June 1980 (BGBl I, p. 651), as amended by the Regulation adapting the rules on excise duty on coffee and tea to the Customs Tariff of 15 October 1987 (BGBl I, p. 2303).

Beneficiary:

The Federal Government.

Duty payable on:

- Coffee (unroasted, roasted, whether or not decaffeinated).
- Coffee extracts or essences (solid, liquid, whether or not freed from caffeine).
- Tea.
- Tea extracts (solid or liquid) or essences of tea.
- Products containing coffee or tea which are imported into the area to which the coffee and tea tax law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area).

Imports:

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

Rates:

Coffee:	<i>per kg net weight</i>
- Unroasted, undecaffeinated coffee	DM 3.60
- Unroasted, decaffeinated coffee	DM 3.80
- Roasted, undecaffeinated coffee	DM 4.30
- Roasted, decaffeinated coffee	DM 4.55
- Solid extracts of undecaffeinated coffee	DM 9.35
- Solid extracts of decaffeinated coffee	DM 9.90
	<i>per kg of content of dry matter</i>
- Liquid extracts or essences of undecaffeinated coffee	DM 9.35
- Liquid extracts or essences of decaffeinated coffee	DM 9.90
Coffee preparations are taxed according to the percentage of coffee.	
Tea:	
- Tea	DM 4.15/kg net weight
- Solid extracts of tea	DM 10.40/kg net weight
- Liquid extracts or essences of tea	DM 10.40/kg of content of dry matter
Products containing tea are taxed according to the percentage of tea.	

Exemptions:

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

Refund:

On application, manufacturers of products containing coffee or tea are reimbursed or compensated for the duty on the quantity of coffee or tea employed in manufacture if they can prove that the products have been exported under customs control.

Excise duty on salt

(Salzsteuer)

Salt Tax Law of 25 January 1960 (BGBl I, p. 50), as last amended by Article 3, paragraph 7, of the Law of 12 September 1980 (BGBl I, p. 1695).

Beneficiary:

The Federal Government.

Duty payable on:

- Rock salt, salt obtained chemically, salt obtained by the evaporation of the water of salt marshes and salt springs, sea salt;
- Salt obtained as a by-product in the chemical industry and containing at least 75% by weight of sodium chloride;
- Unrefined potassium salts and potassium-magnesium salts containing at least 85% by weight of sodium chloride;
- Salt waste and bath salts containing at least 75% by weight of sodium chloride;
- Salt liquors, unless used as smelling salts, beverages or bath salts, which are manufactured in the area to which the Salt Tax Law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area.

Duty payable when:

The dutiable products leave the manufacturing enterprise or are set aside for consumption within the enterprise, or when denatured (duty-free) salt is purified.

Duty payable by:

The owner of the manufacturing enterprise (producer) and any person who, outside the manufacturing enterprise, completely or partially removes the denaturing agent from denatured salt or adds to the denatured salt substances which reduce the effect of the denaturing agent on the taste, odour or appearance of the salt.

Rate:

DM 12 per 100 kg net weight.

Period for submission of declaration:

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

Payment:

On the 20th day of the month following the month in which the chargeable event occurred. Payment cannot be deferred.

Exemptions:

No duty is payable on salt:

- exported from a manufacturing enterprise or export depot or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used for the salting of herrings and similar fish, or for purposes other than the preparation of foodstuffs and condiments, provided the relevant stipulations of the Salt Tax Law are observed.

Refund:

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

Imports:

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

No duty is payable on imported salt:

- supplied to a manufacturing enterprise,
- used for the salting of herrings and similar fish, or for purposes other than the preparation of foodstuffs and condiments.

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

Excise duty on lamps

(Leuchtmittelsteuer)

Lamps Tax Law of 22 July 1959 (BGBl I, p. 613), as last amended by Article 3, paragraph 3, of the Law of 12 September 1980 (BGBl I, p. 1695).

Beneficiary:

The Federal Government.

Duty payable on:

- Electric filament lamps and tubes;
 - Electric discharge lamps and tubes;
- which are manufactured in the area to which the Lamps Tax Law applies, apart from foreign customs enclaves on German territory and customs-free zones (collection area), or are imported into the collection area, if they are designed, by character and purpose, to serve for illumination.

Duty payable when:

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

Duty payable by:

The owner of the manufacturing enterprise (producer).

Rates per lamp:

- A. Electric filament lamps except those to be used in motor vehicles: DM 0.13 to DM 20.
- B. Lamps for use in motor vehicles: DM 0.45 to DM 2.
- C. Discharge lamps: DM 0.60 to DM 30.

Period for submission of declaration:

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

Payment:

On the 15th day of the third month following the month when liability arose. Payment cannot be deferred.

Exemptions:

No duty is payable on lamps:

- exported from a manufacturing enterprise or export depot or placed under a special customs procedure;
- supplied to a manufacturing enterprise;
- used, under customs control, in the fitting out, building, conversion or improvement of ships or aircraft.

The following products in particular are exempt from duty:

- high-voltage discharge lamps subject to certain conditions;
- lamps with a luminous flux of not more than 100 lumens;
- electric metallic filament lamps for voltages up to and including 42 Volt, provided their power consumption does not exceed 15 Watt;
- carbon filament lamps and carbon arc lamps;
- lamps used inside or outside the manufacturing enterprise for investigations and tests required for industrial purposes or removed for reasons of tax control or factory inspection.

Refund:

Allowed on dutiable products which the manufacturer can prove he has taken back into his enterprise, or which have been destroyed under customs control.

Imports:

The rates are the same as for domestic products.

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

No duty is payable on imported lamps:

- supplied to a manufacturing enterprise for further processing,
- used, under customs control, in the fitting out, building, conversion or improvement of ships or aircraft.

The exemptions are the same as for domestic products.

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

Insurance tax

(Versicherungsteuer)

Insurance Tax Law of 24 July 1959 (BGBl I, p. 539); 1968 Taxation Amendment Law of 20 February 1969 (BGBl I, p. 141); Law providing for continued wage payments of 27 July 1969 (BGBl I, p. 946); Law of 19 December 1974 improving private firms' retirement schemes (BGBl I, p. 3610); Introductory Law 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); Regulation of 20 April 1960 implementing the Insurance Tax Law (BGBl I, p. 278), as last amended by the Law of 25 July 1988 (BGBl I, p. 1093).

Beneficiary:

The Federal Government.

Tax payable on:

The payment of insurance premiums.

Basis of assessment:

The amount of the premium, including certain duties and expenses; in the case of insurance against damage caused by hail, the sum insured.

Exemptions:

Certain kinds of insurance are tax-free.

Payment:

Tax returns and payment are made at regular intervals.

Rates:

7%, 2% for insurance of hull of ships; the rate in the case of hail insurance against damage caused by hail is DM 0.20 per DM 1 000 of the sum insured.

For accident insurance with return of premium the rate is 1.4% of the premium.

Fire insurance tax

(Feuerschutzsteuer)

Fire Protection Tax Law of 21 December 1979 (BGBl I, p. 2353), as last amended by the Law of 25 July 1988 (BGBl I, p. 1093).

Beneficiaries:

The *Länder* governments.

Chargeable event:

Receipt by the insurer of premiums for fire insurance, certain building insurance and certain house contents insurance.

Basis of assessment:

In the case of fire insurance: the total premiums.

In the case of building insurance: 25% of the total premiums.

In the case of house contents insurance: 20% of the total premiums.

Payment:

Tax returns and payment are made at regular intervals.

Rates:

12% for compulsory insurance or in the case of insurers with a monopoly;

5% in all other cases.

Entertainments tax

(*Vergnügungssteuer*)

For Baden-Württemberg: Municipal Tax Law, as amended on 15 February 1982 (GVBl, p. 57), and municipal by-laws.

For Bavaria: the Entertainments Tax Law was repealed by the Law of 21 December 1979 (GVBl, p. 436).

For Berlin: Law of 28 October 1988 (GVBl, p. 1961) (amusement and gambling machines).

For Bremen: Law of 13 June 1989 (GVBl, p. 229).

For Hamburg: Law of 29 June 1988 (GVBl, p. 97).

For Hesse: the Entertainments Tax Law was repealed by the Law of 25 September 1987 (GVBl, p. 174).

For Lower Saxony: Municipal Tax Law, as amended on 5 March 1986 (GVBl, p. 79), and municipal by-laws.

For North Rhine-Westphalia: Law of 14 June 1988 (GVBl, p. 216).

For Rhineland-Palatinate: Law of 6 March 1987 (GVBl, p. 75) (amusement and gambling machines).

For Saarland: Law, as amended on 19 June 1984 (ABl, p. 649).

For Schleswig-Holstein: Law of 21 March 1989 (GVBl, p. 44).

Beneficiaries:

Cities and municipalities.

Tax payable in:

All *Länder* with the exception of Bavaria and Hesse.

Tax payable on:

Entertainments tax is charged mainly on amusement and gambling machines.

Exemptions:

Possession of machines not used by way of trade.

Collection:

Monthly.

Rates:

Between DM 6 and DM 250 per machine.

Betting and gaming tax

(*Rennwett- und Lotteriesteuer*)

Betting and Gaming Law of 8 April 1922 (BGBl I, p. 393) and Amending Laws of 19 March 1964 (BGBl I, p. 213) and 16 December 1974 (BGBl I, p. 3561); other amendments by Laws of 25 June 1969 (BGBl I, p. 645), of 2 March 1974 (BGBl I, p. 469) and of 21 May 1976 (BGBl I, p. 1249), by the Introductory Law to the Tax Code of 14 December 1976 (BGBl I, p. 3341), by the 1985 Tax Updating Law of 14 December 1984 (BGBl I, p. 1493) and by the second legislative Updating Law of 16 December 1986 (BGBl I, p. 2441); Regulations of 16 June 1922 implementing the Betting and Gaming Law (printed in the *Sammlung des Bundesrechts* – BGBl III, 611-14-1), as last amended by the Law of 16 December 1986 (BGBl I, p. 2441).

Beneficiaries:

The *Länder* governments.

Tax payable on:

Bets on the results of horse and greyhound races (either by the totalizator system or through bookmakers), lotteries, bingo and similar games of chance and football pools.

Basis of assessment:

The amount of bets or prizes.

Collection:

Tax returns and payment at regular intervals, or by assessment.

Rate:

16 $\frac{2}{3}$ %.

Tax on real estate

(Grundsteuer)

Real Estate Tax Law of 7 August 1973 (BGBl I, p. 965), as amended by Article 15 of the Introductory Law to the Tax Code of 14 December 1976 (BGBl I, p. 3341).

Beneficiaries:

The municipalities.

Tax payable on:

Real estate situated in the municipality concerned.

Basis of assessment:

Standard value (*Einheitswert*).

Exemptions:

Real estate belonging to the public authorities and used for municipal purposes; real estate used for public, charitable or religious purposes; land used for sports, etc.

Collection:

By means of assessment books.

Rates:

The rates range from 0.26 % to 0.6 % multiplied by the municipal factor fixed by the municipality.

Special feature:

Real estate tax payments are generally an allowable expense for the calculation of taxable profits or income.

Real estate transfer tax

(Grunderwerbsteuer)

Real Estate Transfer Tax Law of 17 December 1982 (BGBl I, p. 1777).

Beneficiaries:

The *Länder* governments.

Tax payable on:

Sales of real estate, investment of assets in a company, etc.

Basis of assessment:

Purchase price or equivalent value, or standard value.

Exemptions:

Several exemptions.

Collection:

By assessment.

Rate:

2%.

Capital duty

(Gesellschaftsteuer)

Capital Transactions Tax Law as amended on 17 November 1972 (BGBl I, p. 2129); Law of 11 May 1976 amending the Capital Transactions Tax Law (BGBl I, p. 1184); 1977 Tax Amendment Law of 16 August 1977 (BGBl I, p. 1586); 1986 Tax Updating Law of 19 December 1985 (BGBl I, p. 2436); Building Code of 8 December 1986 (BGBl I, p. 2191); Law of 22 December 1989 (BGBl I, p. 2408); Regulation of 20 April 1960 implementing the Capital Transactions Tax Law (BGBl I, p. 243), amended by Article 11 of the Law of 4 July 1980 (BGBl I, p. 836).

Beneficiary:

The Federal Government.

Tax payable on:

The first acquisition of shares in joint-stock companies situated in Germany and other capital contributions to companies situated in Germany.

Basis of assessment:

Purchase price or equivalent value, or (normal) value of shares.

Exemptions:

Legal acts concerning:

- charitable institutions serving the public interest;
- public utilities providing gas, water, electricity or heating and public transport and port authorities, in cases where their shares are held by public authorities and at least 90 % of their profits accrue to them.

Collection:

By assessment.

Rate:

1 %.

Stock exchange turnover tax

(*Börsenumsatzsteuer*)

Capital Transactions Tax and
Regulation implementing the Capital
Transactions Tax Law } see under Capital duty.

Beneficiary:

The Federal Government.

Tax payable on:

Stock exchange transfers of securities in Germany, or abroad, when at least one party is a person having his domicile, ordinary residence or a permanent representative in Germany.

Basis of assessment:

The agreed price, stock exchange price or market price; occasionally, the value.

Exemptions:

Transactions between banks, dealers or brokers, and certain other kinds of transaction.

Collection:

By periodical tax returns and payment, by assessment or by affixing tax stamps.

Rates:

The rates range from 0.1 to 0.25 %. The rate is halved if the transaction takes place abroad and one of the two parties is a non-resident.

Bills of exchange tax

(Wechselsteuer)

Law on the Bills of Exchange Tax, as amended on 24 July 1959 (BGBl I, p. 536); Introductory Law of 14 December 1976 to the Tax Code (BGBl I, p. 3341); Law of 17 July 1985 (BGBl, I, p. 1507); Regulation as amended on 20 April 1960, implementing the Bills of Exchange Tax (BGBl I, p. 274).

Beneficiary:

The Federal Government.

Tax payable on:

The issue of bills of exchange.

Basis of assessment:

Face value of the bill.

Exemptions:

Bills drawn abroad, cheques, etc.

Collection:

By the use of tax stamps or authorized machines with registering device.

Rates:

DM 0.15 for each DM 100, or part thereof, of face value; in certain cases, the rate is reduced by 50%.

Tax on motor vehicles

(Kraftfahrzeugsteuer)

Motor Vehicles Tax Law, as amended on 1 February 1979 (BGBl I, p. 132); 1984 Tax Relief Law of 22 December 1983 (BGBl I, p. 1583); Law on tax measures to encourage the use of low-polluting passenger cars of 22 May 1985 (BGBl I, p. 784); 1986 Tax Updating Law of 19 December 1985 (BGBl I, p. 2436); Law of 24 July 1986 (BGBl I, p. 1110); Law on measures to relieve public budgets (1989 Law) accompanying the budget of 20 December 1988 (BGBl I, p. 2262); Law improving tax incentives for low-polluting passenger cars of 22 December 1989 (BGBl I, p. 2436); Motor Vehicles Tax Implementing Regulation of 3 July 1979 (BGBl I, p. 901), as last amended by Article 2 of the Law improving tax incentives for low-polluting passenger cars of 22 December 1989 (BGBl I, p. 2436).

Beneficiaries:

The *Länder* governments.

Tax payable on:

The keeping of motor vehicles and their trailers for use on public roads.
Illegal use of such vehicles.

Basis of assessment:

The cylinder capacity or maximum permissible total weight.

Exemptions:

Certain vehicles and vehicles for certain uses.

Non-residents:

The tax is payable by residents using vehicles not registered in the collection area.

Payment:

Registration and, normally, payment on an annual basis. Where the annual tax exceeds DM 1 000, it may be paid on a half-yearly basis; where it exceeds DM 2 000, it may also be paid on a quarterly basis.

Payment for vehicles not registered in the collection area is made on a day-to-day basis.

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Rates:

DM 3.60 per 25 cc, i.e. DM 14.40 per 100 cc for motor cycles, between DM 13.20 and DM 21.60 per 100 cc for passenger cars, depending on pollution level and time of registration. For passenger cars with diesel engines there is an extra DM 8.40 per 100 cc or part thereof. In the case of all other vehicles with a total weight of:

- up to 2 000 kg DM 22.00/200 kg
 - between 2 000 kg and 3 000 kg DM 23.50/200 kg
 - between 3 001 kg and 4 000 kg DM 25.00/200 kg
- etc.

Reduced tariff for vehicles with more than two axles of a total weight of over 7 000 kg and reductions for certain types of vehicles.

Tax on industry and trade

(Gewerbesteuer)

1984 Trade Tax Law of 14 May 1984 (BGBl I, p. 657), as last amended by Article 3 of the Law of 22 December 1989 (BGBl I, p. 2408).

Beneficiaries:

The municipalities about 86 %, the Federal Government and the *Länder* governments about 7 % each.

Tax payable by:

All industrial or commercial undertakings, provided their activities are carried on in Germany.

Basis of assessment:

Trading profit (profits together with certain additions or deductions, as appropriate) and trading capital (taxable value of trading capital with certain additions or deductions, as appropriate).

Exemptions:

In the main, the same as those granted in the case of corporation tax.

Collection:

The tax on industry and trade is levied by assessment based on trading profit and trading capital. The tax offices are responsible for fixing the basis of assessment and establishing and breaking down the standard basic amounts; as a rule, the municipalities are responsible for fixing and collecting the tax and for specifying periods of grace, reductions and remissions.

Rates:

(a) Trading profits:

- tax-free allowance of DM 36 000 in the case of natural persons and partnerships;
- tax is levied at a rate of 5 % on profits in excess of DM 36 000 (in the case of other undertakings, in particular limited companies, 5 % of all trading profits).

(b) Trading capital:

- tax-free allowance of DM 120 000;
- tax is levied at a rate of 2⁰/₀₀ on trading capital in excess of DM 120 000.

These rates are multiplied by the municipal factor fixed by the municipality (e. g. municipal factor 300 %; rate for the tax on trading profits: 5 % x 3 = 15 %).

Special feature:

The tax on industry and trade is considered as operating expenditure for the purpose of calculating trading profit.

Tax on the licence to sell beverages

(*Schankerlaubnissteuer*)

For Baden-Württemberg: Municipal Tax Law, as amended on 15 February 1982 (GVBl, p. 57).

For Hesse: Municipal Tax Law of 17 March 1970 (GVBl, p. 225).

For Rhineland-Palatinate: Municipal Tax Law of 5 May 1986 GVBl, p. 103).

Beneficiary:

The municipalities; in Hesse and Rhineland-Palatinate: the districts (*Landkreise*) and the city boroughs (*kreisfreie Städte*).

Tax payable in:

Baden-Württemberg, Hesse and Rhineland-Palatinate.

Tax payable on:

The acquisition of a licence to manage a public house, or the management of such an establishment that does not require the aforementioned licence for a period of more than six months.

Basis of assessment:

The annual attainable leasing value or the turnover of the first financial year, account sometimes being taken of the surface area of the premises.

Exemptions:

Include cases where the licence is granted to the surviving spouse of the late holder, or to the new spouse, the children or the parents of the holder.

Collection:

Upon issue of the licence.

Rates:

Between 2 and 30% of the attainable leasing value or turnover – in special cases (e.g. where the retail of spirits is predominant, cabarets, etc.) the rate is higher – and between DM 1 and DM 8 for every square metre of the premises.

GREECE
Ελλάδα

Tax on the incomes of natural persons

(Φόρος εισοδήματος φυσικών προσώπων)

Legislative Decree No 3323/1955 on the taxation of the incomes of natural persons; Articles 1 to 48 of the Administrative Code.

Beneficiary:

The State.

Tax payable on:

- (a) Incomes arising in Greece, irrespective of the nationality, domicile or residence of the recipient. Income arising abroad when the recipient, irrespective of nationality, is domiciled in Greece. Due consideration is given to bilateral conventions designed to obviate double taxation.
- (b) Income accruing to undistributed estates.

Basis of assessment:

In order to determine the tax to be paid by each taxable person, a first calculation is made of the tax payable on his total income, on the basis of the scale. The scale is then used to determine the tax corresponding to total allowances (with and without supporting documents), which is then deducted from total income tax. The tax to be paid is the remainder.

Allowances:

1. *With supporting documents*

Tax allowances with supporting documents are determined on the taxable person's family situation.

- without spouse, up to DR 228 000;
- with spouse, up to DR 342 000, plus DR 114 000 for each child. The total is divided between the spouses in proportion to the taxable income of each of them. Legal certification is required.

The expenditure which may be offset against tax allowances, in some cases in its entirety, include the purchase of furniture, electric or solar water-heaters, electric cookers, refrigerators, deep-freezers, washing machines, vacuum cleaners, fans, heaters and radiators, small electrical appliances, gas appliances and gas, oil or solid-fuel heaters for the taxable person's home, footwear, bags and travel goods, linen, made-up garments, fabrics and payment for the making-up of men's/women's/children's garments (not of fur) and books and school equipment of all kinds. Also tax-deductible is expenditure on repair and maintenance work on principal and secondary residences (whether owned or rented), repair and maintenance and spare parts and accessories for privately used passenger cars, motorcycles and mopeds, provided they are not owned, held or used for the exercise of a trade or liberal profession, on the installation, connection, repair and maintenance of electrical or electronic appliances at the taxable person's residence, with accessories (power, aerial and sound cables, sockets and plugs for television aerials, television aerials, cables for connecting video recorders to television, etc.).

Tax allowances also cover expenditure on premiums for life assurance and personal injury or sickness insurance, if such expenditure is supplementary to premiums on life assurance for the

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taxable person or his/her spouse or their dependent children. An allowance of up to DR 80 000 will be granted on such expenditure.

Also tax-deductible is expenditure on renting a main residence (50 % up to DR 137 000 and 20 % from DR 137 000 to 570 000). These percentages are increased by five percentage points for each dependent child. Relief is also granted for expenditure on renting accommodation for each dependent child studying at a recognized educational establishment in Greece (50 % up to DR 137 000), provided that the accommodation is in the same locality as the educational establishment and that neither the taxable person nor the child owns or rents any accommodation in the same area.

For expenditure on renting a summer residence or accommodation at a holiday centre for the taxable person and his/her family, an allowance of 50 % of amounts up to DR 114 000, plus DR 11 000 per dependent child is granted.

Deductions may also be claimed for expenditure on kindergarten and child-care centres and tuition fees for attending foreign language institutes and courses at any level of State education, music schools, ballet schools and gymnasiums (50 % of amounts up to DR 137 000).

In addition to the above, and whether or not the limit for allowances with supporting documents has been exceeded, tax relief is granted on such personal expenditure as:

- the cost of medical and hospital treatment for the person liable to tax and his/her dependants;
- maintenance awarded by court decision or agreed in a document authenticated by a notary and paid to spouse or child;
- compulsory contributions to social security funds;
- the value of any real estate or sums of money donated to the State, to municipalities, to universities, to State or municipal nursing homes and hospitals which are legal persons governed by private law and are subsidized under the State budget, and to the Archaeological Resources Fund;
- sums of money donated to philanthropic institutions, non-profit-making bodies which provide educational services or grant scholarships, churches, monasteries on Mount Athos, Greek legal persons governed by public law, Greek legal persons governed by private law which have been or are being legally constituted for philanthropic purposes and any legally constituted sports clubs recognized by the Secretariat-General for Sport, provided that such donations are intended to promote the enhancement and development of amateur sections of such clubs. Should such donations exceed DR 80 000 in a year, they are regarded as deductible only if deposited with the Consignments and Loans Fund, while the year the donation is made is considered to be that in which it is so deposited and not that in which it is received by the beneficiary;
- deductions from salary or pension paid to legally constituted trade union organizations and amounts paid to banks operating in Greece, the Post Office Savings Bank and the Consignments and Loans Fund, provided they are made available in Greece, in cooperation with official services, to help earthquake and flood victims or are handed over, in cash or in kind, to the State, to legal persons governed by public law or to churches for the same purpose;
- interest payments on loans, debts and advances in respect of the following:
 - (a) mortgages on buildings and land taken out by the person who took the loan or owes the debt and owns the buildings or land,
 - (b) advances granted by the Soldiers' Mutual Assistance Fund, etc., in accordance with Article 18 of Decree-Law No 398/1974,
 - (c) building loans granted by banks, the Consignment and Loans Fund and the Post Office Savings Banks, secured by a mortgage on real estate belonging to the person receiving the loan;
- interest payments on loans from banks, other credit institutions and the EOT (Greek Tourist Board);
- interest payments on housing loans granted by banks, the Consignments and Loans Fund, the Post Office Savings Banks and other credit institutions for the purchase of a first home;

- interest payments on debts, loans or advances as follows:
 - (a) debts to the State as regards tax on inheritance, gifts and parental provision,
 - (b) advances granted by the Soldiers' Mutual Assistance Fund, etc., in accordance with Decree-Law No 398/1974 (Article 18),
 - (c) other housing loans (secondary residence) granted by banks, the Consignment and Loans Fund and the Post Office Savings Banks;
- interest payments made in 1989 on loans contracted with banks, other credit institutions or the EOT for the purchase of property;
- funeral expenses in respect of the person liable for tax or his/her spouse or a dependant dying without assets;
- subscriptions or membership fees to professional associations or chambers and subscriptions to professional periodicals.

2. *Without supporting documents* (in accordance with family situation)

- (a) up to DR 342 000 for the taxable person;
- (b) DR 114 000 for a spouse with no taxable income;
- (c) DR 114 000 for the first and second child, DR 183 000 for the third, DR 285 000 for the fourth and DR 342 000 for the fifth and any further children;
- (d) DR 46 000 for each child doing military service and any other dependent person;
- (e) DR 342 000 for handicapped (67 % or more) or blind persons, handicapped officers and enlisted men, and auxiliary personnel who are war victims;
- (f) DR 456 000 for those with farming as their main occupation;
- (g) an additional amount of up to DR 342 000 for handicapped (67 % or more) or blind persons earning an income from salaried work or a pension, from individual commercial activity or a liberal profession.

Family income:

Husband and wife must submit a joint tax return except in certain cases specified in the law. Tax, duties and levies attributable to the income declared in the joint return are calculated without any provision for offsetting losses by one spouse against the income of the other.

The income of one spouse is added to that of the other and the total taxed as if it were the latter's if it accrues from a business that is financially dependent on the other spouse.

The income of one spouse from a civil or commercial partnership, a private limited company or an association or society engaged in a business activity in which the other also participates is added for assessment purposes to the income of the spouse with the larger aggregate income.

If the income of the two spouses is equal, the wife's income from such companies etc. is added for assessment purposes to her husband's income and taxed in his name.

The previous paragraph does not apply to income of the spouses from companies in which they have holdings if:

- the company was set up under Law No 328/1976,
- the holding of either spouse derives from inheritance,
- both spouses had holdings in the company for at least the two years directly preceding the dissolution of their marriage,
- the company was formed by merger of the spouses' individual enterprises, which operated independently for at least the two years preceding the dissolution of their marriage.

In the event of the marriage being dissolved, the income of each spouse from the above types of company etc. shall be declared separately by each of them. Conversely, in the event of separation, i.e. if the couple are living apart, such income shall continue to be added for assessment purposes to that of the spouse with the larger aggregate income even if separate tax returns are submitted.

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The income of minor children is added to that of the parent with the larger aggregate income before addition of that income and taxed in that parent's name. If the latter does not have custody of the child, the minor's income is added to that of the other parent and taxed in that parent's name.

Where the parent's aggregate income is equal, the income of their minor children is added to the father's income where he has custody.

If the parents have divorced or separated and do not have custody, the children's income from parental contributions or gifts of assets made by the parents is added to the income of the parent who made the contribution or gift of assets.

In certain cases specified in the law, the minor child has a personal tax obligation in respect of any income.

Non-residents:

Non-residents are taxed in the same way as permanent residents subject to provisions of any bilateral conventions between Greece and other countries designed to obviate double taxation.

Rates:

(a) Income tax tariff on natural persons, 1990

<i>Step</i>	<i>Rate (%)</i>	<i>Tax</i>	<i>Total</i>	
			<i>income</i>	<i>tax</i>
342 000	18	61 560	342 000	61 560
456 000	21	95 760	798 000	157 320
456 000	24	109 440	1 254 000	266 760
456 000	28	127 680	1 710 000	394 440
571 000	33	188 430	2 281 000	582 870
571 000	38	216 980	2 852 000	799 850
1 027 000	43	441 610	3 879 000	1 241 460
1 483 000	49	726 670	5 362 000	1 968 130
Above	50			

(b) Income from buildings and land in excess of DR 100 000 is subject to a supplementary rate of tax on a sliding scale. The rate starts at 2% and reaches 3% on DR 400 000.

The supplementary rate is 4% on income above this level.

(c) If the taxable income includes income from movable assets and from dividends on shares in joint-stock companies or profits from partnerships, it is subject to an additional tax of 3%.

Carry-over of losses:

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

Tax on the incomes of legal persons

(Φόρος εισοδήματος νομικών προσώπων)

Legislative Decree No 3843/1958 on the taxation of the incomes of legal persons.

Beneficiary:

The State.

Tax payable by:

Greek companies with share capital, State and municipal undertakings and profit-making enterprises, cooperatives and associations thereof, foreign undertakings operating in Greece in whatever company form, non-profit-making Greek and foreign legal persons governed by public or private law.

Basis of assessment and rates:

Tax is assessed on the taxable income of the legal person liable, at different rates per category of person liable, as follows:

1. 46 % for Greek limited companies, foreign companies and other bodies operating for financial profit and for State and municipal enterprises, including those operating for profit;
On dividends from ordinary or preference shares, whether the shareholder is a Greek or foreign, natural or legal person, tax is charged as follows:

- (a) 42 % on dividends from shares quoted on the stock exchange for at least four months before the end of the financial year for which the dividend is paid provided the shares became nominal before the end of the financial year for which the dividend is paid, and 45 % on dividends from bearer shares, to the exclusion of any further charge.

Recipients of dividends as above are granted a tax-free allowance of DR 50 000 per year on dividends from any given company. When dividends are received from more than one company, this allowance may not exceed DR 200 000.

For the purpose of assessing the tax to be paid in accordance with the above, the deduction of the tax-free allowance for dividends from nominal shares is carried out by the company when the dividend is paid or credited to the shareholder, provided the shareholder provides the company with a sworn statement to the effect that he has not been exempted from prepayment of the tax under this provision when receiving dividends on nominal shares from other companies for the same period, for dividends amounting to more than DR 200 000, including the tax-free allowance for which he is submitting the declaration. For dividends on bearer shares, the tax withheld by the company is assessed without any allowance being deducted.

Deduction of the tax-free allowances of DR 50 000 and DR 200 000, as the case may be, is effected by the government financial service responsible when it processes the income tax declaration submitted by the person liable for tax, who is obliged to include in the declaration any dividends he receives for the same period on quoted nominal shares, in order for his tax-free allowance on dividends from bearer shares to be calculated.

The above tax-free allowance is deducted in all cases, regardless of whether the person liable wishes to be taxed under the general rules on taxation of the income of natural and legal persons.

- (b) Dividends from shares not quoted on the stock exchange are taxed at 47 %, without any tax-free allowance, if the shares became nominal before the end of the period for which the dividend is paid, and at 50 % if they are on bearer shares, to the exclusion of any further charge.
- (c) Holders of quoted shares and unquoted nominal shares, as referred to in (a) and (b) above are entitled to request that all their income from dividends on those shares be added to their other income as shown in their income tax declarations and taxed under the general rules on income tax, otherwise they are considered to have fulfilled their obligations as taxpayers once the tax on those dividends has been paid. Recipients of income from unquoted bearer shares have no further tax obligation after the tax due on this income has been withheld at source and may not combine this income with their income from other sources for tax purposes.
- (d) Tax on the fees and percentage share-outs paid to board members and on bonuses on top of salary and percentage share-outs paid to working directors and managers is withheld at source according to the scale for natural persons without any portion being exempt. Subsequently, the recipient is obliged to include this income in his annual tax return so that it can be assessed for income tax in the normal way.

By way of exception, undistributed profits of certain categories of Greek joint-stock company are taxed at lower rates, as follows:

- 2. 40 % for Greek industrial, craft, mining and quarrying enterprises.
- 3. 35 % for Greek industrial, craft, mining and quarrying companies whose shares are quoted on the stock exchange or which, from 1 January 1987, carried out productive investments under the system of State subsidies provided for in Law No 1262/1982 (*Government Gazette* 70/A), amounting to more than DR 50 million, together with those subject to that system up to 31 December 1986, whatever the amount of the investment.

For mixed enterprises covered by points 2 and 3 above, the reduced rates of 40 % and 35 % apply only to such undistributed profits as derive from industrial, craft, mining or quarrying activity.

If it is not possible to distinguish in the accounts between profits from each source, the undistributed profits to be taxed at the reduced rate are determined by breaking down the company's total undistributed profits in proportion to gross income from each source.

- 4. 40 % for other Greek companies which, from 1 January 1987, carried out productive investments under the system of State subsidies provided for in Law No 1262/1982, amounting to more than DR 50 million, together with those subject to that system up to 31 December 1986, whatever the amount of the investment.

For mixed enterprises, the reduced rate applies only to such undistributed profits as derive from the activities concerned by the productive investment.

In order to assess the amount of undistributed profits to be taxed at the reduced rate of 40 %, the rule set out in the last paragraph of point 3 above is followed.

For joint-stock companies as referred to in points 3 and 4 above, embarking from 1 January 1987 on investments under the system of State subsidies provided for in Law No 1262/1982, the first year in which undistributed profits are taxed at the reduced rate is the year in which total investment of at least DR 50 million is made, as demonstrated by the company's record. For companies which were subject to the same rules up to 31 December 1986, the year taken is that in which the investment was completed.

For Greek first-, second- and third-tier cooperatives and associations thereof, the rate is 33 %, and for agricultural and craft cooperatives 28 %.

For Greek and foreign legal persons of a non-profit nature, the rate is 23 %.

- 5. Foreign businesses and organizations not permanently established in Greece are subject to tax on income accruing from the use or granting of the use in Greece of:
 - technical production methods,
 - technical assistance,
 - patent rights,

- trade or industrial marks and patents,
- plans or prototypes in general relating to research findings,
- films,
- intellectual property,
- republication of articles and studies, and
- similar rights.

Tax is withheld at source on the gross amount of the fees received as follows:

(a) 10 % for fees received by foreign undertakings from the projection in Greece of their own film productions, irrespective of whether a flat rate is charged per film.

(b) 25 % in all other cases, and specifically for fees and charges received by foreign undertakings and organizations which are not permanently established in Greece for the hiring of machinery, installations and movable items in general to third parties in Greece, and for fees received for the repair of machinery and other equipment, the organization of undertakings and the training of personnel in Greece in various artistic presentations. The rate of taxation applicable to the gross amount of the fees referred to above is 25 %.

6. Foreign undertakings and bodies carrying out studies or drafting plans or conducting technical, financial or scientific research in Greece or abroad pay income tax on net profits accruing from those services. The tax is withheld at source and handed over to the State.

7. Foreign companies and bodies undertaking public or private technical construction contracts in Greece pay income tax on net profits accruing from such work as follows:

(a) 5 % on total gross value of work carried out on behalf of:

- the State,
- municipalities,
- State undertakings,
- public utility bodies or enterprises and legal persons governed by public law.

Where the contractor does not use his own materials, the abovementioned rate applies to the total net value of the works excluding the value of the materials,

(b) 6 % on total gross value of private works,

(c) 12 % on the total gross value of works excluding the value of materials for private technical works for which the contractor does not use his own materials.

This method of taxation is applied to foreign contracting companies and organizations which have contracts with the State and other persons referred to above.

The tax is withheld at source by the employer and handed over to the State.

In all the above cases, tax obligation ceases once the tax has been withheld by the person responsible for payment of the fees.

Collection:

The tax is collected on an annual basis.

Carry-over of losses:

The rules applying to income tax paid by natural persons also applies to legal persons.

Incentives:

1. The following are exempted from tax:

- (a) Income of all kinds of the Greek State, including decentralized public services operating as special funds, urban and rural municipalities, municipal foundations and other municipal legal persons, associations of municipalities, purely municipal undertakings, the Central Union of Greek Municipalities, and local unions of municipalities.

- (b) Income, from property in general and the renting of land, of churches, cathedrals, monasteries, the holy mission, the Holy Sepulchre of Mount Athos, and the monasteries of Sinai and Patmos.
 - (c) Presumptive income from property belonging to educational institutions, other than private ones, for their accommodation and operation.
 - (d) Income, from property in general and the renting of land, of Greek legal persons, legally constituted for purposes demonstrated to be in the public interest. By way of exception, Greek public-interest bodies are also free of tax on income from dividends on shares in Greek and foreign limited companies, and from interest on bonds.
 - (e) Presumptive income from immovable property belonging to recognized foreign religions and sects, provided it is used for purposes of worship and the provision of religious services and provided there is reciprocity.
 - (f) Presumptive income from immovable property belonging to foreign States, used to house their embassies and consulates, provided there is reciprocity.
 - (g) Profits from the operation of ships under foreign flags by Greek joint-stock companies, cooperatives or unions of cooperatives, where such profits are subject to the specific taxation on shipowners' profits.
 - (h) Profits made in Greece by foreign enterprises from the operation of ships under foreign flag and aircraft, provided there is reciprocity.
 - (i) Income derived by first-, second- and third-tier cooperatives which are regarded by the law as agricultural cooperatives from activities for the purposes set out in their articles of association. This exemption does not cover:
 - income from the renting of immovable property and from movable assets, apart from interest on bills of exchange and notes, if derived from commercial transactions, and interest on loans and credit to members of the cooperative;
 - profits on the sale of produce after such processing or alteration as to make them industrial products. This does not include sorting, refining, crushing, husking and shelling, juice extraction, peeling and pasteurization, the manufacture of dairy products and simple packaging for storing and transporting produce to the point of consumption, whatever the means employed;
 - profits from the retail sale of the cooperative's or its members' agricultural produce from its/their own outlets, or through third parties acting on its/their account;
 - profits on the sales to persons who are not members of the cooperative of goods not produced by the cooperative or its members, and profits on the provision of services to persons who are not members of the cooperative. Any losses from activities in which the cooperative is not liable for tax may be set off against such income.
 - (j) Interest on any deposits with Greek banks or branches of foreign banks operating legally in Greece.
 - (k) Interest on credits and remittances from abroad to banks and other financial institutions. The rate of tax-free interest may not exceed the official discount rate of the country of origin. By way of exception, this restriction does not apply to credits and remittances covered by Decree-Law No 2687/53 (*Government Gazette* 317/A).
 - (l) Income from movable assets, as referred to in Article 6(3), of legal persons subject to taxation herunder.
 - (m) Income exempted from taxation by contract ratified by law.
2. 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 the cooperative concerned. 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.

Tax on shipowner's profits:

Since 1983 there has been no payment of income tax on the profits made by shipowners from the operation of Greek-registered ships (Law No 27/1975, Law No 438/1976).

Law No 814/1978 introduced a special tax on the catches of foreign-registered fishing boats with interests in Greece involving payment of 1 % income tax on their gross revenues from the sale in Greece of their catch provided that it is sold at the quayside or at the cold stores on land.

Payment of this tax releases the undertaking and its partners or shareholders from all further tax liability in respect of net profits accrued through the sale of the catches of such vessels in Greece.

Tax on the profit income of owners of Greek-registered ships

(Φόρος εισοδήματος για τα κέρδη του πλοιοκτήτη)

I. For all ships excluding tourist ships and boats (Law No 27/1975)

Νόμος 27/1975 (όλα τα πλοία, πλην των τουριστικών)

Ships are classified into 2 categories, A and B.

Payment of this tax releases private shipowners and shareholders and partners in Greek or foreign shipowning companies from all further tax liability in respect of profits accrued through the operation of Greek-registered ships.

Basis of assessment:

The tax is calculated on the basis of the ship's gross volume and age.

Method of payment and liable parties:

For ships in category A the tax is payable in United States dollars or pounds sterling at the official rate of exchange pertaining at the time of payment. For ships in category B the tax is payable in drachmas.

Parties liable in respect of the tax are:

1. The shipowner (natural or private person) as listed in the register of ships on the first day of each calendar year, irrespective of nationality and domicile.
2. The following parties incur co-liability with the shipowner:
 - (a) any party with delegated responsibility for directing the ongoing trading function of a ship and for levying charges, whether by mandate of the shipowner or for any other reason;
 - (b) the shipowner's attorney, given written acceptance of this appointment;
 - (c) any new owner of a ship, given that ownership is transferred voluntarily, for tax chargeable at the time of transfer.

Reliefs:

If a ship is laid up or otherwise out of functional service the tax is reduced accordingly.

Exemptions:

Full exemption, or partial exemption for a number of years, is granted on the profit income of ships as follows:

- (1) on ships built in Greece;
- (2) on ships repaired or rebuilt in Greece if payment is made in foreign exchange;
- (3) on ships which ply regular services between Greek ports or between Greek ports and foreign ports.

II. For tourist ships and boats (Law No 438/1976)

Νόμος 438/1976 (τουριστικά πλοία)

The tax is payable on tourist ships and boats as follows:

- (a) Privately registered tourist ships and boats on which the tax is five times that calculable for ships in category B.
- (b) Professionally registered tourist ships and boats on which the tax is 10 times that calculable for ships in category B.

Professionally registered ships built in Greece are eligible for exemption for a number of years.

Tax on inheritances, gifts and parental provisions

(Φόρος κληρονομιών, δωρεών και γονικών παροχών)

I. Tax on inheritances

(Φόρος κληρονομιών)

Inheritance is governed by Decree-Law No 118/1973 (*Government Gazette 202/A*), as subsequently amended.

1. Inheritance tax is charged on:
any transfer of any asset by reason of death, i.e.:
 - (a) bequeathal inheritance;
 - (b) usufruct;
 - (c) life assurance policy on the deceased, not specifying the beneficiaries;
 - (d) self-insurance by the deceased, when this is not provided for by law.
2. The tax is charged on:
 - (a) any asset transferred by reason of death which is located in Greece at the time of death, whether it is movable or immovable, tangible or intangible (rights, claims, etc);
 - (b) movable assets located abroad and belonging to a Greek national, if he was domiciled abroad for less than 10 years before his death;
 - (c) movable assets located abroad and belonging to a foreign national domiciled in Greece.
3. It is the heir or legatee who is liable to the tax, in proportion to the net value of his share in the inheritance and his degree of relatedness to the deceased.
On the basis of their degree of relatedness, heirs are classed in five categories, for each of which there is a specific tax-free allowance and a specific sliding scale of rates.
4. The time at which tax is charged is normally the time of death (or the time of publication of a court decision declaring a person as presumed dead).
By way of exception, the time of taxation may be put back until later than the real time of death, either as of right in the cases set out in Article 7 of the Law (suspensive option, dispute as to the right to inherit or the inheritance, separation of usufruct from ownership, compulsory expropriation, etc.) or by decision of the local tax office in the cases set out in Article 8.
5. The value of an asset for tax purposes is its market value or taxable value (where the objective assessment system applies) at the time the liability to tax arises.
A special method of assessment is laid down for certain kinds of assets, such as outstanding claims, shares (whether quoted or not), furniture and other movable assets (articles of value, works of art, coins, stamps, etc.) and services.
Where a distinction is made between usufruct (to which use and residence, but not joint use or residence, are regarded as equivalent for tax purposes) and ownership, usufruct is taxed directly and taxation of bare ownership is postponed until such time as usufruct is entered into.
By way of exception, bare ownership is automatically subject to taxation directly when:
 - (a) it devolves upon someone who already has usufruct;
 - (b) through renunciation it devolves upon another heir or legatee;
 - (c) the bare owner transfers it for a consideration;
 - (d) the bare owner buys the usufruct;
 - (e) the bare owner so requests in his tax declaration.
6. In order to determine the net taxable value of an inheritance, the following are deducted:
 - (a) established debts which are cleared;
 - (b) dowry obligations;
 - (c) final obligations of the deceased as regards taxes, duties and other moneys owed to the State;

- (d) medical fees for the six months preceding death, to the extent that these are outstanding at the time of death and are paid by the heir;
- (e) such other debts, and the amounts thereof, as the local Tax Inspector may justifiably accept.

In addition to debts, certain other charges are also deducted:

- (a) the costs of publishing the will,
 - (b) the costs of the legal process of having a person declared presumed to be dead (costs recognized by court decision),
 - (c) funeral expenses,
 - (d) charitable bequests.
7. The following are not liable to tax:
- (a) the State and municipalities,
 - (b) non-profit-making charitable institutions, provided they are, or are to become, legally constituted in Greece, and foreign ones, provided there is reciprocity;
 - (c) foreign nationals where exemption is provided for by international agreement, provided there is reciprocity;
 - (d) Greek political parties;
 - (e) any person expressly exempted by specific legal provisions.
8. It is the heir or his legal representative who is responsible for submitting the tax declaration. Where there is liability, the heir or his legal representative must submit an original or new tax declaration within six months, if death took place in Greece, or one year, if either the deceased or his heir or heirs resided abroad at the time of death.
- The time-limit runs from one of the following:
- (a) the time of death;
 - (b) the publication of the will;
 - (c) the final decision declaring a person to be presumed dead;
 - (d) the times referred to in Articles 7 and 8 (point 4 above);
 - (e) the death of a person liable to submit a declaration, if he has not done so;
 - (f) the appointment of guardians of unclaimed estates, executors of wills and trustees of bankrupt estates;
 - (g) the recognition of heirs to unclaimed estates.
- The six-month and one-year time-limits referred to above may be extended by not more than three months by decision of the local Tax Inspector if there are serious and reasonable grounds.
9. In the event of failure to submit a declaration, or if one is submitted after the time-limit, additional tax is charged at a rate of:
- (a) 5% for each month by which the declaration is late, up to a maximum of 50%, of the tax resulting from the declaration;
 - (b) 75 to 150% of the difference as compared with the tax as assessed by the Tax Inspector.
10. The Tax Inspector responsible is the one of the place of residence of the deceased, or of the First Division, Athens, if the deceased lived abroad. However, if the deceased lived abroad but died in Greece, the Inspector responsible is the one of the place of death.
11. The Revenue Office responsible is informed of the tax, which is paid in 12 monthly instalments, without interest, if it does not exceed DR 60 000, or eight six-monthly instalments, with interest, if it exceeds that sum. If all the tax is paid when the first monthly or second six-monthly instalment is due, a reduction of 10% is made.
- The tax cannot be paid in instalments unless the inherited asset or gift is in the possession of the heir or recipient.
- No notarial document may be drawn up transferring ownership or conferring real rights on movable or immovable property acquired by way of inheritance or gift unless a certificate is produced to the effect that the appropriate tax has been paid.

II. Tax on gifts and parental provision

(Φόρος δωρεών και γονικών παροχών)

Decree-Law No 118/1973 (*Government Gazette 202/A*) as subsequently amended.

1. Tax is charged on all property acquired by way of gift or parental provision. It is assessed on the market value (or taxable value, where the objective system applies) of the property, whether or not any document is drawn up concerning the gift or parental provision.
2. The person liable for tax is the recipient or beneficiary of the gift or provision, and tax becomes due at the time the formal gift deed is drawn up. If there is no notarial document, tax becomes due at the time the gift is transferred to the recipient.
By way of exception, tax liability may be put back in time, automatically in the case of suspensive option, dispute concerning the object of the gift, combination of usufruct with ownership, compulsory expropriation, or if a document of receipt of the gift is drawn up. The time of taxation may also be put back by decision of the local Tax Inspector in cases specifically provided for by law.
3. The following are not liable to tax:
 - (a) the State and municipalities;
 - (b) non-profit-making charitable institutions, including foreign ones provided there is reciprocity;
 - (c) foreign nationals where exemption is provided for by international agreement, provided there is reciprocity;
 - (d) transfers by the State, municipalities or legal persons governed by public law, without consideration, to any other party;
 - (e) assistance or compensation paid by insurance organizations or funds to the widow, children, parents or unmarried sisters of a deceased insured person.
4. The person responsible for submitting the declaration, to be signed by both parties, is the recipient. The Tax Inspector responsible is the one for the place where the donor lives.
The declaration is to be submitted before the deed is drawn up or, in the case of informal gifts, within six months of transfer to the recipient.
5. The rules on payment of the tax are as for inheritance (see I.10 above). In the case of parental provisions of up to DR 8 000 000, the tax is halved.

III. Special exemptions (Inheritance and gifts)

(Ειδικές απαλλαγές [ισχύουν στις κληρονομίες και δωρεές])

In addition to the general exemptions applying to inheritance, gifts and parental provisions (see I.7 and II.3 above), the law provides for additional exemptions for certain categories of taxpayer.

1. Transfers of crop and livestock farming land up to 40 stremmata (four hectares) in area are completely free of tax, whatever the value of the land if:
 - (a) the heir or recipient is a child, spouse, parent or sibling of the deceased or donor,
 - (b) the heirs or recipients practise crop or livestock farming as their main occupation, and
 - (c) the land is to be used continuously and exclusively for farming for 15 years.
 Over and above this exemption, when at least half the value of an inheritance is made up of farming assets, the deceased practised farming as his main occupation, the heir is a minor and practises farming as his main occupation, and the inheritance devolves upon ascendants or descendants or the spouse of the deceased, the tax allowance of DR 120 000 or 90 000 (for heirs of Class I and Class II respectively) which is deducted from the tax to be paid, is doubled, i.e. the allowance for Class I heirs (parents, children) is DR 240 000 (instead of DR 120 000) and for Class II heirs (descendants of the second degree or more, ascendants, children recognized by court decision or voluntarily) DR 180 000 (instead of DR 90 000). This special exemption applies to gifts and parental provisions.

2. When a house or an apartment is inherited in full ownership as a main residence by the spouse or children of the deceased, they may be granted an allowance of DR 3 000 000 each, if they have no right of full ownership, usufruct or residence in respect of any other house or apartment to meet their family's housing needs, or full ownership of any building land in a town of over 3 000 inhabitants or in a tourist area.

If only one house or apartment devolves in full ownership on the heir, the allowance of DR 3 000 000 is increased by DR 1 500 000 for each of the other members of his family. In no case, however, may the allowance be less than that for a house or apartment meeting, in accordance with the law, the family's housing needs.

3. When a whole house, apartment or building plot is transferred by way of parental provision with right of full ownership, the tax credit of DR 120 000 is increased by DR 40 000 for the recipient himself and by the same amount for each other member of his family.
4. If the heir or recipient is 67 % or more handicapped, the amount of the tax credit is:
- (a) for category 1, DR 375 000 (instead of DR 120 000)
 - (b) for category 2, DR 270 000 (instead of DR 90 000)
 - (c) for category 3, DR 120 000 (instead of DR 60 000)
 - (d) for category 4, DR 90 000 (instead of DR 45 000)
 - (e) for category 5, DR 60 000 (instead of DR 30 000)

IV. Prescription

(Παραγραφή)

The State's right to levy tax on inheritances, gifts and parental provisions lapses after:

- (a) 10 years, if a tax declaration was submitted;
- (b) 15 years, if no tax declaration was submitted.

The 10 or 15 years begin to run from the end of the year during which the tax declaration was submitted or the time-limit for its submission expired.

Should no tax declaration have been submitted, then no inheritance certificate will be issued for the subsequent 15 years after the 15-year limit has passed, unless a declaration is submitted and the inheritance tax is paid.

Irrespective of the above, however, the State's right to levy tax has lapsed in all cases in which tax liability arose on or before 31 December 1971.

Real estate transfer tax

(Φόρος μεταβίβασης ακινήτων)

Emergency Law No 1521/1950, as ratified by Law No 1587/1950.

Beneficiary:

The State (less a small portion payable to the municipality involved).

Tax payable on:

Transfer of title or effective title to real estate or Greek-registered ships, for a consideration. The following are considered to constitute transfer:

- (a) the expropriation of full or restricted title, whether with the suspensive or annulling option or subject to repurchase;
- (b) the establishment of a usufruct or other servitude;
- (c) the transfer of the real estate of a company or partnership to its members;
- (d) the relinquishment of the property in real estate or of a right over real estate, or of the title to a ship;
- (e) the expropriation of real estate in the public interest;
- (f) the restitution of a dowry consisting of real estate;
- (g) the division of real estate between its joint owners.

Tax payable by:

Transfer tax calculated on a contracted sale price is levied on:

- (a) the purchaser, where the vendor is one of the legal persons referred to in Article 4 (1) B (f) of Emergency Law No 1521/1950 (municipalities, churches, monasteries, religious, charitable, philanthropic and educational institutions);
- (b) the vendor in all other cases.

Transfer tax on the difference between value and sale price, and increases under Article 9, are charged to the purchaser. In the case of transfer by auction, the highest bidder is considered to be the purchaser. 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 calculated on the basis of the market value of the real estate or ships, or of the right over the real estate or ship, in the year of assessment.

Immovable property situated in the municipalities of the Athens administration, in the municipalities of Zefirio, Drosia, Vari-Varkiza and in the municipality of Ano Liosia (Attica) is subject on transfer to a tax based on the taxable value of such property worked out on the basis of the objective system in force from 1 January 1985.

This objective system for determining the value of immovable property also applies to transfers of immovable property and real estate throughout the territory of Greece.

Exemptions from real estate transfer tax under Article 6 of Emergency Law No 1521/1950:

Vendor and purchaser are exempted from real estate transfer tax on:

- (a) transfers to refugees in accordance with the Royal Decree of 15/28 July 1938, and transfers of State-owned real estate in accordance with the Rural Code;
- (b) compulsory expropriation of land in accordance with the Rural Code;
- (c) transfers where both the vendor and the purchaser are legal persons as referred to in Article 4(1)B(f) of Emergency Law No 1521/1950;
- (d) the return of expropriated property;
- (e) the part of the value of real estate transferred from a non-profit-making cooperative to its members which was subject to tax when the real estate was purchased by the cooperative;
- (f) the compulsory purchase of real estate in the public interest by the State or by legal persons governed by public law;
- (g) transfers of real estate between the State and legal persons governed by public law.

Exemptions from real estate transfer tax under specific provisions:

1. Introduction of foreign exchange (Article 4(1)B(d) of Emergency Law No 1521/1950 and Article 3 of Decree-Law No 1084/1971)

The above provide for exemption from real estate transfer tax for the purchase of real estate, to the extent that it is purchased with funds which are shown to have been brought in from abroad and are converted into drachmas in the name of the holder of the exchange, provided that he is an ethnic Greek who was resident abroad for at least three years, a Greek sailor having completed at least three years' service on ocean-going vessels or a Greek worker having worked a total of three years abroad.

2. Purchase of first residence (Law No 1078/1990)

The present text of Article 1 of the above exempts from real estate transfer tax contracts for the outright purchase of full title of real estate (house, apartment, building plot) by a natural person (married, unmarried), if neither that person nor his dependent children possess other real estate which could meet their housing needs. The exempted amounts are:

- (a) for married persons: up to DR 4 500 000 for the couple and DR 1 500 000 for each of their first three children and DR 2 250 000 for each further child, for the purchase of a house or apartment. For the purchase of building land, the exemption is up to DR 1 500 000, throughout Greece with the exception of the prefectures of Attiki and Thessaloniki, where the amount exempted is DR 1 200 000. The above amounts are increased by 10% for transfers outside the prefectures of Attiki and Thessaloniki;
- (b) for unmarried persons: up to DR 3 300 000 for purchase of a house or apartment and DR 1 200 000 for purchase of a building plot.

3. Agricultural land (Law No 634/1977)

The present text of Article 12 of Law No 634/1977 provides that contracts for the purchase of crop and livestock farming land of a value not exceeding DR 300 000 per stremma (1 stremma = 0.1 ha) are exempted from real estate transfer tax on the first DR 150 000 of its market value, up to a total area of 40 stremmas per buyer, subject to certain conditions. In the case of land adjoining land belonging to the buyer, the area exempted is increased to 80 stremmas.

4. Decree-Law No 1297/1972

Article 3(1) of Decree-Law No 1297/1972 provides that no tax or duty is to be levied on mergers and transformations of undertakings, the contribution or transfer of the assets of undertakings which are being merged or transformed, or any instrument or agreement concerning the contribution or transfer of assets or liabilities. Subject to certain conditions, the contribution of real estate to undertakings resulting from mergers or transformations is exempted from real estate transfer tax.

Prescription:

The State's right to levy real estate transfer tax lapses after 15 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 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.

Submission of declaration/payment of tax:

In areas where predetermined, objective valuation applies, the person liable to real estate transfer tax is obliged, when submitting his declaration, to enter in it the objective value of the real estate transferred, on which he pays the corresponding tax in one payment. If he disputes this predetermined value, he has 20 days from when he submitted his declaration to appeal to the administrative courts, which will give a ruling on the value on the basis of comparative data.

In other areas (where objective evaluation does not apply) the person liable to tax pays, when he submits his declaration, the full amount of tax corresponding to the value he declares. Subsequently, the Tax Inspector makes a provisional assessment of the market value of the real estate, whereupon the buyer has the right, within a strict time-limit of two months from the date of reception of his declaration, to submit a supplementary declaration accepting the Tax Inspector's assessment and to pay, without any increase or fine, one half of the tax corresponding and the other half in the following month. If he does not submit such a supplementary declaration, then the Tax Inspector carries out a check to ascertain the value of the real estate, without being bound by his provisional assessment, and then issues the appropriate certificate. Upon being informed thereof, the buyer has 20 days to either agree to it or appeal to the administrative courts.

Additional taxes (Article 9 of the Emergency Law No 1521/1950).

When the amount of tax corresponding to the value declared exceeds one fifth of the amount of tax finally assessed, an additional tax for inaccuracy of 75 % is imposed.

If no declaration is submitted, an additional tax of 150 % of the value assessed is levied.

If a declaration is submitted outside the time-limit, an additional 3 % of the tax owed under the declaration is charged for each month by which the declaration is late, up to a maximum of 50 %.

If the Tax Inspector finds the description of the real estate to be inaccurate, even if the declaration was made in good faith, an additional tax for inaccuracy of 300 % is imposed.

In areas where objective assessment applies, the above additional tax for inaccuracy is 240 %.

Rates:

When real estate is transferred for a consideration, the tax is assessed on the market or objective value, not on the contract price paid by the buyer. The rates are 9 % on that part of the value up to DR 4 000 000 and 11 % for the part in excess. These rates are increased by 2 %, i.e. to 11 % and 13 % respectively, in areas covered by a fire station. A tax in favour of the municipality is also levied, at a rate of 3 % of the principal tax.

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.

Tax on real estate

(Φόρος ακίνητης περιουσίας)

Under Articles 19 to 35 of Law No 1249/1982, tax is levied on real estate situated in Greece.

Beneficiaries:

Municipalities and communities which receive the tax after it has been collected by the State.

Tax payable on:

Tax is charged on the full value of real estate belonging to natural or legal persons and consisting of real estate situated in Greece or effective title thereto, except that which is a mortgage.

Tax payable by:

The tax is payable by all natural and legal persons, irrespective of their nationality or place of residence or registration.

The tax has to be paid by:

- (a) every natural person in possession of real estate the value of which is more than DR 30 000 000. A declaration also has to be submitted if a wife has extradotal real estate and the total value of the two spouses' real estate is more than DR 30 000 000;
- (b) every legal person submitting an income tax declaration, regardless of whether it owns real estate and whether that real estate is taxed. Legal persons not submitting income tax declarations have to do so for tax on real estate if they own real estate of a value which is more than half the taxable minimum;
- (c) any natural or legal person designated by the Tax Inspector.

Real estate of under-age unmarried children is included with that of the father. If there is no father, it is included with that of the mother.

Extradotal real estate of the wife and real estate of married under-age children are taxed separately.

The total value of the real estate is reduced by any debts existing at 1 January of the year of taxation for which a mortgage or memorandum of mortgage on the real estate has been drawn up, provided the debts are on loans from the Post Office Savings Bank, the Consignment and Loans Fund or banks, and are shown to be used for the construction, extension or repair of buildings belonging to the person concerned.

After the above debts have been subtracted from the total value of the real estate, there is a further tax-free allowance of DR 40 000 000 for legal persons and DR 35 000 000 for natural persons.

If both spouses have real estate which is taxed, the tax-free allowance of DR 35 000 000 is subtracted from that of their estates which is the greater, with DR 15 000 000 being subtracted from the estate of the other.

If the total value of the real estate of both spouses together is smaller than DR 35 000 000, it is not taxed.

The remainder is taxed at 1.5% in the case of legal persons.

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For natural persons, the scale is as follows:

<i>Bracket</i>	<i>Tax rates per 10 % bracket</i>	<i>Amount of tax per bracket</i>	<i>Total taxable estate</i>	<i>Total tax</i>
10 000 000	0.5	50 000	10 000 000	50 000
10 000 000	1	100 000	20 000 000	150 000
10 000 000	1.5	150 000	30 000 000	300 000
Above	2			

Article 21 provides for exemptions for certain categories of real estate and certain categories of persons.

The tax is assessed on the market value of the real estate and on the actual title to them at 1 January of the year of taxation.

The value is assessed by the Tax Inspector on the basis of comparative figures concerning transfers of similar assets, derived from contracts and estimates made for the purposes of tax on transfers of real estate, inheritance and gifts, and other estimates.

The declaration form is submitted in one copy to the Tax Inspector dealing with income tax, by 25 February. The tax is paid in 10 equal monthly instalments, from March to December. If the person liable wishes to pay all the tax at once, 10% is deducted.

If the declaration is submitted late, an additional tax of 5% per month (but not more than 50% of the tax) is charged.

If an inaccurate declaration is submitted, an additional tax is charged of 90% of the tax which would have been avoided.

If no declaration is submitted, then 150% of the tax assessed by the Tax Inspector is charged. Revenue from the tax is transferred to (rural and urban) municipalities, by joint decisions of the Ministers for the Interior and for Finance, after the Central Union of Urban and Rural Municipalities has been consulted.

Turnover tax

(Φόρος κύκλου εργασιών)

On international transactions

Emergency Law No 660/1937, Emergency Law No 1524/1950, Legislative Decree No 4242/1962, Emergency Law No 236/1967, Legislative Decree No 1980/1971, Law No 12/1975, Law No 1249/1982, Law No 1473/1984 and Law No 1477/1984

With the application in Greece of value-added tax, as from 1 January 1987, the provisions for the levying of turnover tax on gross revenue of industrial and craft undertakings and on the gross revenue of certain service industry undertakings were repealed, with the exception of the provisions, in Article 14 of Law No 1620/1951, covering the imposition of turnover tax on the revenues of insurance companies.

Beneficiary:

The State.

Tax payable by:

Insurance companies.

Tax payable on:

Insurance premiums and all charges accruing from insurance contracts without any reduction of discounts allowed to clients, and likewise without any reduction of brokerage fees and commission paid to third parties.

Exemptions:

- (a) Insurance premiums on vessels and merchandise.
- (b) Life insurance premiums, subject to the period of insurance being not less than 10 years.
- (c) Insurance premiums rendered for the insurance of the crews of ships and aircraft.
- (d) Insurance premiums for the insurance of tobacco in leaf form.
- (e) The insurance business revenues of the Agricultural Bank of Greece.
- (f) Insurance premiums paid by Olympic Airways SA.
- (g) Insurance premiums covering certain risks incurred by undertakings, as governed by Legislative Decree No 2687/1953.
- (h) Reinsurance premiums collected by insurance and reinsurance companies.

Rates:

The rate of tax varies according to the sector of insurance as follows:

- (a) fire insurance premiums 20 %

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- (b) life insurance premiums 4 %
(subject to the period of insurance being not less than 10 years)
- (c) premiums in all other sectors 10 %

Assessment and collection:

The tax is payable to the State by insurance companies on a quarterly basis.

Value-added tax

(Φόρος προστιθέμενης αξίας)

Law No 1642/1986 (*Government Gazette* 125/86), as amended and augmented by Law No 1676/1986 (*Government Gazette* 204/86) and Law No 1684/1987 (*Government Gazette* 18/87) and by various administrative pronouncements.

Beneficiary:

The State.

Tax payable by:

Every natural and legal person, and association of persons, Greek or foreign, who or which independently carries out in any place an economic activity, whatever the purposes or results of that activity.

The Greek State is not considered a taxable person in its transactions involving the supply of goods and services except in certain circumstances specified in Annex I of Law No 1642/1986.

Tax payable on:

- (i) The supply of goods and services carried out for gain in the territory of Greece by a taxable person acting in that capacity, and also certain transactions which are considered in law to constitute supplies of goods or services even though no consideration is involved.
- (ii) The importation of goods into the territory of Greece.

Taxable amount:

- (i) In the case of the supply of goods and services the taxable amount is the consideration obtained by the supplier from the purchaser. The taxable amount includes interest and incidental expenses, such as commission, brokerage fees, packing and transport, etc., charged to the purchaser or customer, and also taxes, duties, levies and charges in favour of the State or a third party, with the exception of value-added tax and the regulatory tax.
- (ii) In the case of the importation of goods the taxable amount is the customs value of the imported goods augmented by the payable taxes, duties, levies and other charges in favour of the State etc., and by the incidental expenses incurred in the importation of the goods.

Deductions:

The taxable person may deduct from his output tax the amount of tax charged on goods and services supplied to him where he uses those goods and services in connection with transactions liable to VAT or transactions exempted with deduction of input taxes. There is no entitlement to deduction in the following cases:

- the purchase or importation of tobacco industry products;
- the purchase or importation of alcoholic beverages;

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- receptions, recreation and hospitality generally;
- the provision of accommodation, food, drinks, transport and recreation for the personnel or representatives of a company;
- the purchase or importation of passenger vehicles with up to 9 seats intended for private use, motor cycles, motorized pedal cycles, water-borne craft and aircraft for pleasure or sporting purposes and the costs of fuel and maintenance for such conveyances;
- the purchase and importation of types of packaging covered by delivery guarantee.

Exemptions:

Exemptions without the right to deduct:

The services of the Greek Post Office (EL.TA); Greek Radio and Television (ERT); the supply of non-bottled water; the services of hospitals and medical care; the services of lawyers, notaries and unpaid mortgage trustees and court registrars; the services of the medical and paramedical professions, of general education and vocational training, of museums and similar establishments, and, under certain conditions and circumstances, of profit-making legal persons with aims of a political, trade-union, religious, philosophical, philanthropic, patriotic, sporting or scientific nature; insurance and reinsurance transactions, and also various banking services such as the granting of credit, collections and payments, and foreign exchange transactions, etc.

Exemptions with the right to deduct:

- the export of goods by or on behalf of the vendor;
- the export of goods by a purchaser not established within the territory of Greece;
- the provision of services directly connected with the export of goods;
- international transport and its supporting services;
- the purchase of ships and aircraft and their importation for breaking;
- the supply of goods and services for the requirements of ships and aircraft, of the embassies and consulates of international organizations and of the North Atlantic Treaty Organization.

Assessment and collection:

The tax is paid over to the State by the taxable person on a monthly, two-monthly or quarterly basis, depending on the category of Tax Code books kept by the taxable person and on the area in which its registered office is situated.

Rates:

A low rate of 6% on the goods and services listed in Annex II of Law No 1642/1986.

A high rate of 36% on the goods and services listed in Annex III of Law No 1642/1986.

A standard rate of 16% on all other goods (Ministerial Regulation No 8499/4941 of 28 December 1988).

The low rate is applied mainly on basic foodstuffs, primary products, agricultural machinery and vehicles.

A very low rate of 3% is envisaged for newspapers, books, periodicals and theatre productions. The above rates will be reduced by 30 or 15% in respect of deliveries of goods effected in the Dodecanese area.

Special systems:

Exemption from the tax is granted to undertakings engaged in the supply of goods with an annual turnover of less than DR 1 million and to undertakings engaged in the supply of services with an annual gross revenue of less than DR 250 000.

Special systems are also envisaged for:

- (a) undertakings engaged in the supply of goods which keep a purchases book (annual turnover up to DR 10 million);
- (b) farmers;
- (c) travel agents who deal with customers in their own name and use the services of other taxable persons in the provision of travel facilities;
- (d) undertakings engaged in the sale of tobacco industry products;
- (e) undertakings engaged in the sale of petroleum products.

I. Value-added tax on tobacco products

(Φόρος προστιθέμενης αξίας καπνοβιομηχανικών προϊόντων)

Articles 2 and 36 of Law No 1642/1986; Article 1 of Law No 1676/1986.

Beneficiary:

The State.

Tax payable by:

Manufacturers and importers of tobacco products.

When payable:

At the same time as the duty on tobacco products.

Basis of assessment:

- (a) For cigarettes, their retail price per 1 000.
- (b) For all other tobacco products, their retail price per kg.

Deductions:

The amount of VAT payable is reduced by the amount of VAT which has been paid on inflows.

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Exemptions:

Those which apply in the case of duty on tobacco products.

Assessment and collection:

The tax payable is assessed by the competent tobacco tax department and paid over to the State.

Rates:

In accordance with Article 36 of Law No 1642/1986 the value-added tax on tobacco products is calculated on the pre-VAT retail price. The rate levied on this price is 36 %, giving a VAT portion of 26.47 % of the final retail price.

II. Value-added tax on petroleum products

(Φόρος προστιθέμενης αξίας πετρελαιοειδών προϊόντων)

VAT:

For prepared petroleum products the rates are as follows:

- (a) 36%: Petrols in general (Customs Tariff classification ex 27.10 AIII).
- (b) 6%: Petroleum and mineral asphalt oils (other than unprocessed oils); Preparations which are not classified or included elsewhere, and which by weight contain 70 % or over of petroleum or mineral asphalt oils as their principal constituent; Petrols in general and lubricating oils are excepted (Customs Tariff class. ex 27.10); Petroleum gases and other hydrocarbon gases except those sold in non-returnable containers (Customs Tariff class. ex 27.11).
- (c) 16%: All petroleum products not specifically cited in the above customs tariff classes.

Stamp duties

(Φορολογία χαρτοσήμου)

Law No 4755/1930 as codified by the Presidential Decree of 28 July 1931 (*Government Gazette* 239 of 28 July 1931), and since amended by various laws.

Since the application of value-added tax in Greece, as from 1 January 1987, certain transactions and dealings, such as contracts for the sale of goods and the provision of services, entered into by persons who are taxable under VAT legislation are no longer subject to stamp duties.

Beneficiary:

The State.

Duty payable by:

The contracting parties involved in transactions and dealings which:

- (a) are not subject to value-added tax, or
- (b) are carried out by persons who are not subject to value-added tax.

Duty payable on:

- (a) Fees for hired services.
- (b) Rents from the letting of buildings and land.
- (c) Loan contracts.
- (d) The sale of movable goods by a natural person to any party.
- (e) Insurance premiums and insurance pay-outs.
- (f) Bills of exchange and promissory notes.
- (g) Contracts between private persons, etc.

Basis of assessment:

- (a) The total fee received for the provision of a service.
- (b) The total rent received for the letting of buildings and land.
- (c) The amount of the loan for which a contract is being concluded.
- (d) The full sale price of a sale of movable goods by a natural person.
- (e) The amount of the insurance premium or insurance pay-out.
- (f) The nominal value of bills of exchange and promissory notes.
- (g) In the case of a contract between natural persons, the value of the contract.
- (h) The fixed duties range according to the category of the document.

Exemptions:

- (a) 'Personal': In these cases it is one of the contracting parties which is exempt and not the contract itself. The duty is then payable by the other contracting party. Exempt parties include the State, municipalities, associations and unions of municipalities, municipal establishments, foreign embassies, university-level institutions and State hospitals and treatment centres, etc.

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- (b) 'Real': In these cases the contract or document itself is exempt from stamp duty.
- (c) 'Formal' exemptions granted on contracts which have been ratified in law. These may be 'personal' or 'real'.

Assessment and collection:

- (a) Within five days of the drawing-up of the document or,
- (b) in circumstances governed by Article 30 of the Tax Code, on the basis of quarterly statements.
- (c) On the basis of quarterly statements in the cases of salaries and daily wages.
- (d) On the basis of the annual income tax return in the case of rents from buildings and land.
- (e) At the time of drawing up the document in the case of fixed duties.

Rates:

- (a) Transactions between natural persons and the State, municipalities, communes, legal persons governed by public law and any other party. 3%
- (b) Commercial scale (contracts between traders, between firms and between private or public companies and any other party. 2%
- (c) Salaries and wages 1%
- (d) Rents from buildings and land 3%
- (e) Insurance premiums. 2%
- (f) Insurance services 3%
- (g) Draft and promissory notes. 0.5%

The above rates are subject to a supplementary charge equal to 20% of each rate levied on behalf of the OGA.

Tax on the movement of capital

(Φόρος κίνησης κεφαλαίων)

Law No 1676/1986, third part (Articles 17 to 31). The tax came into effect on 1 January 1987.

Beneficiary:

The State.

Tax payable by:

- (a) Commercial companies and professional joint ventures.
- (b) Cooperative organizations of every grade, other companies of whatever form, legal persons, unions and communities of persons, with profit-making intent.
- (c) Branches in Greece of foreign companies whose registered place of business is not in an EEC Member State.

Tax payable on:

- (a) The formation of persons taxable under this law.
- (b) Increases in the capital and assets of the taxable persons.
- (c) The transformation or merger of a person not taxable under this law into or with a person of the taxable category.
- (d) Loans of a special nature granted to the taxable persons in certain circumstances.
- (e) The provision of fixed capital or working capital by a foreign parent company to its branch in Greece.

Exemptions:

- (a) Agricultural cooperative organizations of every grade and all unions and joint ventures thereof.
- (b) Co-ownerships of ships, shipping joint ventures and every form of shipping company.
- (c) Persons in the taxable person category which provide public utility services (water and electricity supply, telecommunications, etc.) and in which the State or local authorities have at least a 50 % financial stake.
- (d) Persons in the taxable person category pursuing educational, philanthropic, mutual help or training objectives.
- (e) Increases in the capital of persons in the taxable person category effected through the capitalization or profits, reserves or allowances.

Rate:

1 % of the value of the taxable event.

Assessment and collection:

The taxable person makes a declaration and pays over the sum due to the State within 15 days of effecting the taxable event.

Special tax on bank transactions

(Ειδικός φόρος τραπεζικών εργασιών)

Law No 1676/1986, second part (Articles 6 to 16). Special tax on bank transactions came into effect on 1 January 1987.

Beneficiary:

The State.

Tax payable by:

Greek banks, the Bank of Greece, foreign banks registered in Greece.

Tax payable on:

Loan and credit contracts (other than credit guarantees) granted by banks and all other forms of bank revenue (interest, commission and brokerage fees, etc.).

Exemptions:

- (a) Loan and credit contracts granted by banks to the State, municipalities and legal persons governed by public law when, subject to the existing provisions, these parties enjoy exemption from stamp duties, and likewise the commission charged by and the interest accruing to banks in respect of loans and credit arrangements granted to these parties.
- (b) Loan and credit contracts which are exempt from stamp duties by virtue of specific legal provision.
- (c) Bank revenues which are exempt from stamp duties or turnover tax by virtue of specific legal provision.
- (d) Bank revenues accruing from the sale or letting of real estate.
- (e) Bank revenues which are subject to value-added tax.

Rates:

- (a) On loan and credit contracts 3 %.
- (b) On bank revenues. 8 %.

Assessment and collection:

The tax is payable to the State on the basis of quarterly statements.

Duty on tobacco products

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων)

Law No 1439/1984 of 15 May 1984 on the taxation of tobacco products and other provisions, and Article 42 of Law No 1676/1986, both as amended by Article 13 of Law No 1802/1988, Article 1 of Law No 1798/1988 and Article 6 of Law No 1870/1989 (*Government Gazette* 250, 28 December 1989)

Beneficiary:

The State.

Duty payable by:

Manufacturers and importers of tobacco products.

When payable:

On receipt of the duty bonding tapes from the State.

Basis of assessment:

- (a) For cigarettes, their retail price per 1 000.
- (b) For other tobacco products, their retail price per kg.

Reliefs:

None.

Exemptions:

Tobacco products destined for export. Cigarettes provided for the personal use of the working employees of the producing factory and those made available for the diplomatic staffs of the embassies in Greece of countries with which there are reciprocal arrangements.

Assessment and collection:

The duty payable is assessed by the competent tobacco tax department and paid over to the State.

Rates:

(a) Duty on cigarettes	44.53 %
(b) Duty on cigars	10.00 %
(c) Duty on tobacco	41.00 %

Current taxation on tobacco products:

I. *Cigarettes*

1. Duty	44.53 %
2. VAT	<u>26.47 %</u>
Total	71.00 %

Price in 1989: DR 5 500 for taxable unit of 1 000 items, or DR 110 for a packet of 20.

Flat-rate tax (at 5 %):

$5\,500 \times 71\% (44.53 + 26.47) \times 5\% = \text{DR } 195.25$ on 1 000 items.

Proportional tax: $(5\,500 \times 44.53) - 19.25/5\,500 = 40.98\%$.

II. *Cigars*

1. Duty	10.00 %
2. VAT	<u>26.47 %</u>
Total	36.47 %

on the retail price per kilogram

III. *Tobacco*

1. Duty	41.00 %
2. VAT	<u>26.47 %</u>
Total	67.47 %

on the retail price per kilogram

Duty on purchases of manufacturing tobacco in leaf form

(Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα)

Article 10 of Legislative Decree No 3758/1957.

Beneficiary:

The National Tobacco Organization (EOK).

Duty payable by:

Purchasers of manufacturing tobacco.

Exemptions:

None.

Method of collection:

The duty payable is assessed and collected by the regional offices of the National Tobacco Organization.

Rate:

2 %.

Circulation duty on motor vehicles

(Τέλη κυκλοφορίας)

Law No 2367/1953, as amended; Law No 490/1976; Articles 31 and 57 of Law No 1731/1987 and Article 16 of Law No 1798/1988 extending the categories of handicapped persons exempted; Article 12 of Law No 1870/1989 increasing by 25 %, from 1 January 1990, circulation duties on certain categories of private vehicles, but not passenger cars using new anti-pollution technology.

Beneficiary:

The State.

Duty payable on:

Since 1 March 1953: motor vehicles used on public roads.

Duty payable by:

The owners or possessors of motor vehicles.

Basis of assessment:

Horsepower (hp) rating for private cars and motor cycles, for all tractors, and for goods vehicles registered privately. Seating capacity for buses and maximum loading capacity for commercially registered goods vehicles including three-wheeled motor-cycle trucks.

Deductions:

After five years of registration the duty is reduced by 5 %, and by a further 5 % for each succeeding year up to a maximum of 35 %.

Exemptions:

The following vehicles are exempt from duty: vehicles belonging to the State and the heads of diplomatic missions; water-carrying and cleansing department vehicles, etc., belonging to the Greek Red Cross; vehicles belonging to ambulance centres, the Social Security Foundation (IKA), non-profit-making hospital institutions, etc., the Public Power Corporation (DEH), war-disabled persons and persons who fought in the National Resistance and handicapped Greek citizens over the age of four suffering from:

- (a) complete paralysis, or loss, of both legs;
- (b) 67 % disability in the lower limbs or more than 67 % disability in the upper and lower limbs including at least 40 % in one lower limb;
- (c) 100 % blindness in both eyes.

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Collection:

The duty is levied on an annual basis and is payable in two six-monthly instalments.

Rates:

I – Private motor vehicles:

Passenger vehicles of:	(a)	1 to 5 hp	DR	2 250 per hp
	(b)	6 to 10 hp	DR	2 500 per hp
	(c)	11 to 13 hp	DR	5 000 per hp
	(d)	14 to 17 hp	DR	10 625 per hp
	(e)	18 hp and above	DR	16 875 per hp
Passenger vehicles using new anti-pollution technology, of:				
	(a)	1 to 5 hp	DR	1 800 per hp
	(b)	6 to 10 hp	DR	2 000 per hp
	(c)	11 to 13 hp	DR	4 000 per hp
	(d)	14 to 17 hp	DR	8 500 per hp
	(e)	18 hp and above	DR	13 500 per hp
Lorries, trailers, semi-trailers and cement-mixers			DR	12.5 per kg payload
Passenger trailers and semi-trailers (caravans)			DR	6 250
Hearses			DR	400 per hp
Tractors			DR	200 per hp
Buses and coaches			DR	1 000 per seat
Motor vehicles not belonging to any of the above categories			DR	700 per hp
Passenger motor bicycles and tricycles of:				
	(a)	1 to 3 hp	DR	1 200 per hp
	(b)	4 to 6 hp	DR	1 500 per hp
	(c)	7 hp and above	DR	2 000 per hp
Three-wheeled motor-cycle trucks			DR	10 per kg payload

Note: Where for three-wheeled motor-cycle trucks the payload is not fixed, the tax is calculated on the same horsepower scale as for motor cycles.

II – Public service vehicles:

Passenger (with or without odometer)			DR	10 000
Lorries, trailers, semi-trailers, cement-mixers			DR	3 per kg payload
Trailers			DR	50 per hp
Buses			DR	70 per seat
Buses, goods and passenger			DR	70 per seat
and			DR	0.85 per kg payload
Buses, goods and passenger			DR	115 per seat
and			DR	0.70 per kg payload

Single payment additional duty on motor vehicles

(Εφάπαξ πρόσθετο ειδικό τέλος)

Law No 2367/1953.

Beneficiary:

The State.

Duty payable on:

Since 1. 3. 1953, a single payment additional on motor vehicles is applicable on motor vehicles classified for use on public roads.

Basis of assessment:

Engine cubic capacity for private cars and motor cycles, and the equivalent of one six-monthly instalment of the respective standard vehicle excise duty for other vehicles.

Duty payable by:

The owners or possessors of motor vehicles.

Payment:

One single payment at the time the vehicle is classified.

Exemptions:

Vehicles belonging to parties exempted from standard vehicle excise duty and from import duties.

Rates:

For motor vehicles other than private cars and motor cycles the duty is equivalent to one six-monthly instalment of the respective standard vehicle excise duty according to classification. For private cars and motor cycles the following rates apply:

A. Private cars

(a) *Up to 1 800 cc*

For the first 1 200 cc, DR 100 per cc. For the remaining cubic capacity, DR 200 per cc.

(b) *Above 1 800 cc*

For the first 1 200 cc, DR 180 000. For the remaining cubic capacity, DR 300 per cc.

The minimum amount of duty payable is DR 25 000.

Motor cycles

) *Up to 400 cc*

DR 40 per cc, and not less than DR 2 500.

) *Over 400 cc*

DR 24 000. For the remaining cubic capacity, DR 80 per cc.

Special passenger vehicle tax

(Ειδικός φόρος κατανάλωσης επιβατικών αυτοκινήτων)

Law No 363/1976; Law No 1003/1979 and Article 43 of Law No 1676/1986 (FEK 204/9 of 9 December 1987). Law No 1573/1985 in respect of Greek motor-vehicle production planned under customs supervision procedure.

Beneficiary:

The State.

Tax payable on:

Passenger vehicles manufactured or assembled in Greece, and likewise those imported with the Customs Tariff classification 87.02 A 2 (transport of persons).

Payment:

In the case of passenger vehicles manufactured in Greece the responsibility for collecting the tax and rendering it to the State lies with the manufacturer. Payment is made in a single sum on production of a monthly return listing the numbers of vehicles sold in the preceding month together with their sale prices and all other details necessary for determining the amount of tax payable. In the case of imported vehicles payment is made at the customs.

Basis of assessment:

For vehicles manufactured in Greece the amount of tax payable is assessed on engine cubic capacity and sale price. For imported vehicles it is assessed on engine cubic capacity and the assumed taxable value.

Exemptions:

Ambulances and hearses, and of jeep-type vehicles provided these are destined exclusively for agricultural use and are thus classified.

Rates:

- (a) For vehicles up to 1 200 cc, DR 20 per cc.
- (b) For vehicles up to 1 800 cc, DR 26 per cc.
- (c) For vehicles over 1 800 cc, DR 38 per cc. but not exceeding DR 100 000.

The tax determined on the above criteria is increased by 4% for every DR 1 000 of taxable value subject to a deduction of DR 25 000.

The above rates are raised by 50 % in the case of vehicles equipped with a Wankel-type engine. This very complex calculation gives a real rate of between:

80 % of the selling price (1 000 cc engine) to
400 % of the selling price (2 500 cc and over).

As regards conventional-technology vehicles, the rates given in the inventory of taxes continue to apply.

However, so far (2 March 1990) new vehicles using new technology are subject to the reduced rates provided for in Law No 1858/1989 (*Government Gazette*, 148/A/89).

These rates are:

<i>Engine capacity in cc</i>	<i>Tax rate</i>
up to 600.....	30%
601 to 700.....	35%
701 to 800.....	40%
801 to 900.....	45%
901 to 1000.....	55%
1001 to 1100.....	65%
1101 to 1200.....	75%
1201 to 1300.....	90%
1301 to 1400.....	100%
1401 to 1500.....	110%
1501 to 1600.....	120%
1601 to 1700.....	140%
1701 to 1800.....	160%
1801 to 1900.....	210%
1901 to 2000.....	260%
2001 to 2500.....	310%
2501	370%

These rates are increased by 50% for vehicles with rotary-piston (Wankel) engines.

Special tax on certain items pursuant to Legislative Decree No 3829/1958 (Special tax on the hire of race horses)

(Ειδικός φόρος κατανάλωσης – Ν.Δ. 3829/1958 – Ειδικός φόρος κατανάλωσης στα μισθώματα δρομώνων ίππων)

Decree-Law No 3829/1958; Law No 1249/1982; Law No 1326/1983.

Beneficiary:

The State.

Basis of assessment:

The amount paid for hire.

Ascertainment and collection:

By the public financial authorities responsible.

Tax payable by:

The person hiring out the horses.

Rates:

20% of the amount paid for hire.

Tax on lubricating oils

(Φόρος κατανάλωσης λιπαντικών ελαίων)

Article 57(1) and (3) of Law No 12/1975 (*Government Gazette* 34/A), as last amended by Article 2 of Law No 1870/1989 (*Government Gazette* 250/A, 28 December 1989).

Beneficiary:

The State.

Tax payable by:

The producer or importer.

Tax payable on:

Home-produced and imported lubricating oils and other oils belonging to Customs Tariff classification 27.1053, and likewise reconstituted lubricating oils.

Ascertainment and collection:

In the case of home-produced oils the producer submits a monthly statement to the local tax office listing the quantities sold in the preceding month together with the amount of tax due. In the case of imported oils the tax is collected by the customs authorities.

Basis of assessment and rates:

The tax on lubricating oils under tariff heading 27.10 is DR 19 per kg net weight for prepared and DR 15 for reconstituted oils. The tax on preparations and other products under heading 38.11 of the Combined Nomenclature is DR 19 per kg net weight, provided they are customs-cleared and are to be used to improve lubricating oils as referred to in the previous paragraph.

Special tax on petroleum products

(Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων)

Law No 216/1975 and Law No 1038/1980, both as subsequently amended.

Beneficiary:

The State.

Tax payable on:

Home-produced and imported light and medium oils, with the Customs Tariff classifications 27.10 A and 27.10 B 1 and 3, which are produced from paraffin.

Basis of assessment and rates:

The taxable unit is the tonne or the kilolitre. The rate differs for each product and is fixed by decision of the Minister for Finance.

Ascertainment and collection:

In most cases these products, with the exception of white spirit, are produced in customs controlled areas, and thus the tax payable on them is collected by the customs authorities.

Rates:

Under Law No 1571/1985 (*Government Gazette* 192/A/85), basic prices for petroleum products are set at regular intervals. The tax is adjusted so as to keep retail prices of the products steady.

Duty on alcohol

(Φόρος κατανάλωσης οινοπνεύματος)

The duty on alcohol is levied in accordance with Articles 1 and 2 of the legal Code on the taxation of alcohol, as last amended by Article 3 of Law No 1870/1989 (*Government Gazette* 250/A, 28 December 1989).

Beneficiary:

The State.

Tax payable by:

The tax is payable on the consumption of the alcohol and is paid by the producer or importer of the alcohol or the beverage.

Basis of assessment:

Per kilogram of absolute alcohol.

Ascertainment and collection:

The tax is administered and collected by the General State Chemical Laboratory.

Rates:

The duty on alcohol and alcohol products etc. is calculated per kilogram of absolute alcohol, as follows:

- (a) for Greek-produced alcohol and distillates containing alcohol, DR 250;
- (b) for Greek-produced alcohol in wines with a registered designation of origin, DR 125;
- (c) for alcohol which, under the Code on the taxation of alcohol, is denatured in such a way as to prevent its use in beverages, perfumes or medicines and which is consumed in Greece, DR 20;
- (d) for imported alcohol of any strength and distillates containing alcohol, DR 250;
- (e) for imported alcoholic beverages and pharmaceutical or industrial chemical products, DR 250.

Tax on lift equipment

(Φόρος κατανάλωσης επί των ανυψωτικών συσκευών)

Article 1 of Legislative Decree No 3829/1958 and Article 65 of Law No 542/1977.

Beneficiary:

The State.

Tax payable on:

The machinery, equipment and other materials required for the installation and operation of lifts, excluding:

- (a) entrance doors;
- (b) the lift-well metal trellises.

Tax payable by:

The site-owner when the construction of the building is supervised by him personally. In all other cases the official contractor.

Basis of assessment:

The total value of the machinery and equipment, etc.

Ascertainment and collection:

The party responsible submits a statement to his local tax office together with a lump sum payment of the requisite tax.

Exemptions:

- (a) Lift constructions intended for industrial and other non-personnel use, and likewise special lifts in hospital institutions;
- (b) Lifts with more than a four-person capacity installed by undertakings covered by Law No 4171/ 1961.

Rate:

15%.

Tax on television advertisements

(Φόρος τηλεοπτικών διαφημίσεων)

Article 15 of Law No 1326/1983.

Beneficiary:

The State.

Tax payable on:

Television advertisements.

Tax payable by:

Television undertakings.

Exemptions:

Television advertisements put out by offices of the State.

Basis of assessment and rate:

30% of the fixed tariff.

Duty on malt

(Φόρος κατανάλωσης βύνης)

Article 2 of the Decree-Law of 29 December 1923 (*Government Gazette* 384), and Article 3(2), (3) and (4) of Law No 2963/1922 (*Government Gazette* 134), as amended by Articles 1, 2 and 3 of Law No 1839/1989 (*Government Gazette* 90/A).

Beneficiary:

The State.

Tax payable by:

Importers of malt and other raw materials (starch or sugar) for the production of beer, maltsters, brewers, and those selling beer wholesale or retail for consumption.

Tax payable on:

Home-produced or imported malt or raw material for malt (starch or sugar) used in Greece for the production of beer.

Basis of assessment:

Per kilogram of extract of raw material. The average extract yield, for the purposes of the tax, is 75.5 %.

Rates:

DR 102 per kg of extract of raw material. Imported beer pays a special duty of DR 111 per kg of extract.

Ascertainment and collection:

The duty is collected by the customs authorities on imports and the competent public financial departments in the case of home production.

Duty on isopropyl alcohol

(Φόρος κατανάλωσης ισοπροπυλικής αλκοόλης)

Article 4 of Legislative Decree No 4358/1964. This duty was incorporated into the special consumption tax by virtue of Article 3(1)(i) of Law No 1477/1984.

Beneficiary:

The State.

Basis of assessment:

Net weight.

Collection:

The customs authorities.

Rate:

DR 18 per kilogram.

Special duty under Law No 1477/1984

(Ειδικός φόρος κατανάλωσης και πολυτελείας του Ν. 1477/1984)

In accordance with Article 3 of Law No 1477/1984 bringing indirect taxes into line with European Community law, the following taxes were consolidated into a single special tax on consumption:

- (a) the tax on luxury items under Law No 1480/1945 (Decision of Minister for Finance);
- (b) the tax on luxury items under Article 4 of Emergency Law No 652/1945;
- (c) article on luxury tax of Legislative Decree No 141/1969;
- (d) the special consumption tax under Article 1 of Legislative Decree No 3829/1958;
- (e) the special consumption tax under Law No 1223/1981.

The following taxes and levies are also included in this tax:

- (a) the levy on behalf of the OGA under Article 11 of Law No 4169/1961 and the levy tax on luxury items under Law No 141/1969;
- (b) the consumption tax under Article 2 of Law No 2963/1922;
- (c) the consumption tax under Article 4 of Legislative Decree No 4358/1964.

The following were not consolidated in the abovementioned law and continue to apply in parallel to it:

- (a) the special consumption tax under Law No 363/1976;
- (b) the consumption tax under Article 57 of Law No 12/1975 and Law No 216/1975;
- (c) the consumption tax under Article 65 of Law No 542/1977;
- (d) the special tax under paragraph 1 of Article 58 of Law No 1249/1982 in conjunction with Article 15 of Law No 1326/1983;
- (e) the consumption tax under Article 58(1) of Law No 1249/1982. Incorporated under (d);
- (f) the special consumption tax on playing cards and refined salt under Article 24 of Law No 1591/1986.

Beneficiary:

The State.

Tax payable by:

The manufacturer, producer or importer.

Tax payable on:

The selling price, by the producer, manufacturer or processor before any other charge (turnover tax, stamp duty, etc.).

Assessment and collection:

For home-produced items payment is in one sum. The relevant declaration is submitted to the collection office for the region where the goods are produced. The statement must be submitted within 40 days of the end of the month in which the product was sold or marketed.

The statement must include all gross takings for the previous month and the tax applying to them. In the case of imported goods the tax is assessed on the taxable value.

Exemptions:

The Law specifies (Article 3 (6)) that once it comes into effect all exemptions from the tax on luxury items and consumption tax adopted by special provisions and concerning certain products designed for special purposes shall continue to apply.

Goods manufactured in Greece for export are exempt. As regards the special tax on the items referred to in Decision M. 1480/95 by the Minister for Finance, the taxable value in accordance with Article 3 of Law No 1477/1984 is taken to be the price at which they are sold to consumers by the producers or processors without any reduction.

There is also a progressive reduction in the percentage reduction referred to in Article 2 of Law No 363/1976 and Article 5 of Law No 1223/1981 concerning the basis of assessment of the tax (selling price) for passenger and goods vehicles (Article 11 (2)).

Rates:

As provided for in Article 3(1) of Law No 1477/1984, for both home-produced and imported goods, in accordance with Annex III to that Law.

Income tax levy on behalf of the Agricultural Insurance Organization (OGA)

(Εισφορά υπέρ ΟΓΑ επί του φόρου εισοδήματος)

Law No 4169/1961; Article 11, paragraph 1, subparagraphs (a) and (b).

Beneficiary:

The Agricultural Insurance Organization (OGA).

Levy payable by:

Natural and legal persons liable for income tax.

Basis of assessment:

The amount of chargeable income tax according to the case.

Exemptions:

Natural persons with an annual income of less than DR 40 000.

Collection:

The levy is collected together with income tax.

Rates:

1. For natural persons who pay up to DR 60 000 income tax, 10 % of the amount of chargeable income tax. For natural persons who pay more than DR 60 000 income tax, 15 % of the chargeable amount.
2. For all legal persons, irrespective of category, 15 % of the amount of chargeable income tax.

Remark:

The OGA levy provided for in subparagraphs (a) and (b) of Article 11 (1) of Law No 4169/1961 has been incorporated as it stands into income tax. OGA receives 12% of the income tax collected from natural and legal persons in respect of income earned from 1 January 1984 onwards (Article 47 (c) and (d) of Law No 1473/1984 on behalf of the OGA).

Exceptionally the levy is still raised as an additional percentage on top of income tax of natural and legal persons in the following cases based on Article 11(1) (a) and (b) of Law No 4169/1961:

- (a) the pay of merchant navy officers and flight crews in civil aviation where the income tax due is calculated according to the first subparagraph of Article 9(3) or of Article 9(4) of Legislative Decree No 3323/1955;
- (b) for undertakings subject to the provisions of Legislative Decree No 2687/1953 (*Government Gazette Part A, 317*) and in cases not provided for in Law No 1473/1984, adjustment of the rate of tax applying to gross profits before publication of that Law;
- (c) for income of the legal persons referred to in Article 11 of Law No 1473/1984 obliged by the income tax rules in force to submit returns by 31 December 1984.

Special 3% duty to fund water supply and sewerage projects undertaken in 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988 and 1989 pursuant to Law No 1069/1980

(Ειδικό τέλος 3% υπέρ των επιχειρήσεων ύδρευσης και αποχέτευσης που συστήθηκαν το 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988 και 1989, σύμφωνα με το Ν. 1069/1980)

Law No 1069/1980.

Beneficiaries:

The municipalities and parish community councils in whose areas the water supply and sewerage projects were undertaken.

Duty payable by:

Owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3%.

Additional 0.5 % tax on the value of all imported goods

(Πρόσθετος φόρος 0,50% επί της αξίας όλων των εισαγομένων ειδών από το εξωτερικό)

Article 17 of Law No 3341/1925; Presidential Decree No 3883/1958; Article 15 of Presidential Decree No 3999/1959.

Note: In accordance with Greece's Act of Accession to the Community, this tax on imported goods is no longer levied, except on goods from non-Community countries with no preferential tariff status. It applies to goods under headings 25 to 97 of the Combined Nomenclature (Article 7 of Law No 1382/1983).

Beneficiaries:

The amount of tax raised is divided into three parts and is distributed as follows:

1. One-third is distributed thus: $\frac{9}{10}$ to the University of Athens and the Athens Polytechnic: $\frac{1}{10}$ to the Athens Academy.
2. One-third to the University of Thessaloniki.
3. One-third is used to promote Greek exports. Of this portion $\frac{1}{3}$ goes to the Greek National Handicrafts Organization and $\frac{2}{3}$ is distributed by decisions of the Minister for Trade.

Tax payable by:

Importers.

Tax payable on:

The excisable value of all imported goods wherever they enter the country.

Exemptions:

Under Article 7 of Law No 1382/1983, the tax is not levied on goods under headings 1 to 24 of the Combined Nomenclature. Nor is it levied on goods imported from outside the Community under any preferential tariff regime.

Collection:

The tax is collected by the customs authorities.

Rate:

0.50 % of the excisable value of the imported goods.

Port use tax on petroleum products (including imported products)

(Δικαίωμα χρήσεως λιμένων επί των πετρελαιοειδών)

Legislative Decree No 357/1969.

Beneficiaries:

The harbour authorities.

Basis of assessment:

Per tonne net weight.

Collections:

The duty is collected by the customs authorities.

Rates:

1. Diesel and mazout, DR 8 per tonne.
2. Petrol, DR 16 per tonne.
3. Paraffin, DR 2 per tonne.

Special duty on goods imported into islands of the Dodecanese group from countries abroad and from the rest of Greece

(Ειδικός φόρος στα εισαγόμενα στη Δωδεκάνησο εμπορεύματα από το εξωτερικό και εσωτερικό)

Government Decree No 132/1931, which is maintained in force by virtue of Article 76 of Legislative Decree No 3033/1954.

Beneficiaries:

Municipal and parish community councils in islands of the Dodecanese group.

Basis of assessment:

The value of the goods.

Collection:

The special duty is collected by the municipal councils.

Rate:

4%.

Central bank levy

(Εισφορά Τράπεζας)

Joint Ministerial Decision No 25323/1960 (*Government Gazette* 494/B/60), confirmed by Article 64 of Law No 1249/1982.

Levy payable on:

Imports from outside the Community of goods falling within Chapters 25 to 97 of the Combined Nomenclature and not qualifying for any preferential tariff treatment. There is no levy on goods of Chapters 1 to 24.

Basis of assessment:

Taxable value.

Collection:

The levy is collected by the customs authorities.

Exemptions:

There is no levy on imports from outside the Community coming under any preferential tariff regime.

Rate:

From 1 January 1982, 1.5⁰/₀₀ of the taxable value.

Special 3 % duty on income from buildings in the municipalities of Elefsis, Mandra, Aspropyrgou, Ano Liossia, Acharnai (Menidi), and in the community of Varkiza, all of which are situated in the former administrative area of the capital city, to fund water supply and sewerage link-ups with the Yliki and the capital city respectively

(Ειδικό τέλος 3% στο εισόδημα από οικοδομές περιφέρειας τώως διοίκησης πρωτεύουσας των Δήμων Ελευσίνας, Μάνδρας κλπ. για την ύδρευση και αποχέτευση της πρωτεύουσας)

Legislative Decree No 2916/1954; Article 3 of Legislative Decree No 3777/1957; Article 1 of Law No 4129/1961; Article 12 of Law No 323/1976; Article 67 of Law No 814/1978; Article 20, paragraph 20, of Legislative Decree No 3843/1958; Article 12 of Law No 1069/1980; Article 5(8) of Law No 1799/1988, under which the duty has been extended, for the same purpose of financing water supply and sewerage works, and starting in the financial year 1989, to gross income from buildings in the urban municipalities of Salamina, Koropio, Pieria, Markopoulo, Keratea, Spata and Lavrio and the rural municipalities (communities) of Thrakomakedona, Vari, Geraka, Kantza, Glika Nera, Magonia Kalivia, Kouvaras, Artemida, Zefirio, Ambelakia Salaminas, Anixi Attikis and the approved town plans in the rural municipalities of Drosia, Balla Dionisov, and in the rural municipalities of Pallini, Saronida, Anavisso P. Fokea, Agios Konstantinos, Rafina, Nea Makri, Marathonas, Agios Stefanos, Anthousa, Villia, Erithra Markopoulo Oropov, N. Peramos, Oinoi, Pikermio, Fili, Aianteio and Selinia Salaminas, and all areas covered by the EVDAP or the water supply network.

Beneficiaries:

The abovementioned municipalities and community.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments as with income tax.

Rate:

3%.

Special 3% duty on income from buildings in the Thessaloniki area to fund sewerage projects

(Ειδικό τέλος 3% στα εισοδήματα από οικοδομές περιοχής Θεσσαλονίκης)

Article 10 of Presidential Decree No 787/1970; Article 12 of Law No 1069/1980.

Beneficiary:

The municipal council of Thessaloniki.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Exemptions:

None.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3%.

Special 3 % duty on income from buildings in the Volos area to fund water supply and sewerage projects in that area

(Ειδικό τέλος 3 % στα εισοδήματα από οικοδομές περιοχής Βόλου)

Articles 1 and 12 of Law No 820/1979; Presidential Decree No 990/1979; Article 12 of Law No 1069/1980.

Beneficiaries:

The municipal councils of Volos and N. Ionia, and the community council of Diminiou in the prefecture of Magnisia.

Duty payable by:

The owners of buildings.

Duty payable on:

Income from the said buildings.

Basis of assessment:

The amount of income thus accrued.

Ascertainment and collection:

The amount of duty payable is ascertained by the tax authorities when assessing income tax and is payable in a lump sum or by instalments.

Rate:

3 %.

Levy on behalf of the Merchant Marine Pensions Fund (NAT)

(Εισφορά υπέρ του Ναυτικού Απομαχικού Ταμείου [NAT])

Law No 29/1975.

Beneficiary:

The Merchant Marine Pensions Fund (NAT).

Levy payable on:

Greek-controlled ships under foreign flags (i.e. ships with at least 51 % Greek ownership) covenanted to the NAT.

Basis of assessment and rate:

The levy is assessed in United States dollars and the rate varies according to the ship's gross tonnage and age.

Payment:

Payment is made in United States dollars or pounds sterling. The levy is collected by the NAT and credited to the State through the Bank of Greece within three days of receipt.

Reliefs:

If a ship is laid up or otherwise out of functional service the levy is reduced accordingly.

Duty on the purchase of temporary residence in short-stay accommodation

(Τέλος διαμονής παρεπιδημούντων)

Law No 339/1976; Law No 658/1977; Law No 1080/1980.

Beneficiaries:

Municipal and parish community councils.

Duty payable by:

Purchasers of temporary residence in short-stay accommodation.

Assessment:

From 21 February 1984, by the competent tax inspector, but paid to the competent State or municipal collection office. Relevant statements are submitted to the competent municipality where checks may be carried out (Article 53 of Law No 1416/1984).

Special duty on alcoholic beverages

(Ειδικός φόρος κατανάλωσης οινοπνευματωδών ποτών)

Article 5 of Law No 1870/1989 (*Government Gazette* 250/A, 28 December 1989).

Beneficiary:

The State.

Tax payable by:

The duty is on the consumption of alcoholic beverages, and is paid by the manufacturer, bottler or importer.

Tax payable on:

Distillates, liqueurs and other alcoholic beverages and composite preparations containing alcohol used for making beverages falling within heading 22.08 of the Combined Nomenclature.

Basis of assessment:

- (a) For home-produced (home-bottled or home-prepared) beverages, the producer's selling price.
- (b) For imported drinks, the tax value under Article 3(3)(b) of Law No 1477/1984, as amended, plus duty and any other taxation, minus VAT.

Rates:

10% on both home-produced and imported drinks.

Special duty on bananas

(Ειδικός φόρος κατανάλωσης στις μπανάνες)

Law No 1798/1988 (*Government Gazette* 166/A, 11 August 1988), Article 7.

Beneficiary:

The State.

Duty payable on:

Bananas falling within headings 08030010 and 08030090 of the Combined Nomenclature, whether imported or home-grown.

Duty payable by:

- (a) For imported bananas, the legal or natural person importing them.
- (b) For home-produced bananas, traders as referred to in Decree-Law No 99/1977 (*Government Gazette* 34) and anyone buying bananas directly from producers and selling them on their account.

Basis of assessment:

In accordance with Law No 1477/1984.

Rate:

DR 150 per kg.

Special duty on playing cards and salt

(Ειδικός φόρος κατανάλωσης στα παιγνιόχαρτα και στο αλάτι)

Law No 1591/1986 (*Government Gazette* 50); Law No 1798/1988 (*Government Gazette* 166/A, 11 August 1988), Article 10.

Beneficiary:

The State.

Duty payable on:

Playing cards and salt of any kind, home-produced or imported. Any kind of processing or packing shall be regarded as production.

Basis of assessment:

In order to determine this, those provisions are applied, *mutatis mutandis*, on the basis of which is determined the value on which the special duty provided for in Article 3 of Law No 1477/1984 (*Government Gazette* 144/A/1984) is levied.

Rates:

- | | |
|---|--------|
| 1. Playing cards of Combined Nomenclature heading 9504.4.00 | |
| (a) of cardboard | 120 % |
| (b) of other materials | 150 %. |
| 2. Salt of Combined Nomenclature headings 25.01.0091 and 2501.00.99 | 15 %. |

Taxes abolished or repealed

- GR 17 Tax on light and medium oils**
(Φόρος κατανάλωσης ελαφρών και μέσων ελαίων)
Replaced by: Special tax on petroleum products (Ειδικός φόρος κατανάλωσης πετρελαιοειδών προϊόντων).
- GR 24 Duty on sugar**
(Φόρος κατανάλωσης ζάχαρης)
Abolished by Article 57(1)(k) of Law No 1642/1986.
- GR 31 Levy on behalf of OGA on certain imported or home-produced goods**
(Εισφορά υπέρ ΟΓΑ επί ειδών εισαγομένων από το εξωτερικό ή παραγομένων στην Ελλάδα)
- GR 32 Levy on beer on behalf of OGA**
(Εισφορά υπέρ ΟΓΑ επί του ζύθου)
- GR 36 Levy on imported vehicle tyres**
(Εισφορά επί των εισαγομένων ελαστικών αυτοκινήτων)
- GR 40 Special levies and duties on manufacturing tobacco in leaf form**
(Ειδικές εισφορές και τέλη στα παραγωγικά καπνά σε φύλλα)
The only duty still in force now is the special duty in favour of the National Tobacco Organization.
Duty on purchases of manufacturing tobacco in leaf form (Φόρος κατανάλωσης καπνοβιομηχανικών προϊόντων σε φύλλα).
- GR 43 Tax on imports**
(Φόρος εισαγωγής)
There is nothing in Greek legislation known as a 'tax on imports'.
- I - Turnover tax**
(Φόρος κύκλου εργασιών)
The turnover tax was replaced by value-added tax on 1 January 1987 and the importation of goods into Greece is now governed for purpose of taxation by Law No 1642/1986 on VAT and other related provisions.
- II - Stamp duty**
(Τέλη χαρτοσήμου)
The stamp duty, which also applied before the common system of VAT came into effect in Greece to certain taxable transactions including the import of goods, was abolished as soon as such import became subject to VAT.

III – Special consumption tax

(Ειδικός φόρος κατανάλωσης)

The special consumption tax under Article 3 of Law No 1477/1984 applies without distinction to the goods, whether imported or home-produced, set out in Annex III to the Law (see special duty under Law No 1477/1984).

IV – Regulatory tax

(Ρυθμιστικός φόρος)

The regulatory tax was abolished from 1 January 1989, in accordance with Article 6 of Law No 1477/1984.

GR 46 Turnover tax on tobacco products

(Φόρος κύκλου εργασιών καπνοβιομηχανικών προϊόντων)

Replaced by the value-added tax (Φόρος προστιθέμενης αξίας)

GR 47 Special goods vehicle tax

(Ειδικός φόρος κατανάλωσης φορτηγών αυτοκινήτων)

GR 48 Tax on wax materials

(Φόρος κατανάλωσης κηρωδών υλών)

GR 49 Tax on detergents

(Φόρος κατανάλωσης απορρυπαντικών)

GR 50 Duty on home-produced and imported caramel

(Φόρος κατανάλωσης αμυλοσιροπίου)

GR 51 Tax on public entertainments

(Φόρος δημόσιων θεαμάτων)

(Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under c).

GR 52 Tax on public entertainment centres and luxury establishments

(Φόρος κέντρων διασκέδασης και κέντρων πολυτελείας)

(Note: This tax was abolished by Law No 1642/1986, Article 57, paragraph 1, under h).

GR 53 Payroll tax

(Φορολογία άρθρου 5 Α.Ν. 843/1948)

GR 54 Levy on behalf of OGA and municipal and parish community councils

(Εισφορά υπέρ ΟΓΑ, δήμων και κοινοτήτων)

SPAIN
España

Corporation tax

(*Impuesto sobre sociedades*)

Law No 61 of 27 December 1978, on corporation tax; Law No 34 of 21 June 1980, on the reform of taxation procedure; Law No 18 of 26 May 1982, on the tax arrangements for groups, temporary associations of companies and regional industrial development corporations; Royal Decree No 2631 of 15 October 1982, approving the tax rules; Law No 5 of 29 June 1983, on urgent budgetary, financial and taxation measures; Law No 14 of 29 May 1985, on the tax arrangements for certain financial assets; Royal Decree-Law No 7 of 29 December 1989, on urgent budgetary, financial and taxation measures.

Beneficiary:

The central government.

Tax payable by:

All taxpayers with rights and obligations who have legal personality but are not subject to personal income tax.

Liability can arise:

- (a) through obligations *in personam* in the case of taxable persons resident in Spain (entities incorporated under Spanish law, with their domicile or place of management in Spanish territory, or
- (b) through obligations *in rem* in the case of taxable persons not resident in Spanish territory who obtain income or capital gains in that territory or receive income from an entity resident therein.

Basis of assessment:

As a basic principle, net profits earned plus the changes in assets recorded in the financial year. In addition, the difference between equity capital at the beginning and end of the tax period less additional capital contributions, plus sums withdrawn by members.

In certain cases, indexing methods may be used to determine the basis of the charge.

Exemptions:

Essentially, the central government, the autonomous communities, public corporations, the Bank of Spain, social security entities, the Catholic Church and other legally recognized denominational associations, the Spanish Red Cross, charity foundations and associations, political parties, trade unions, etc.

Also exempt are capital gains arising from the disposal of physical elements of companies' fixed assets if the total proceeds are reinvested in assets of a similar type and certain conditions are fulfilled.

Deductions:

The law allows various deductions for profits such as those earned by public administrations other than central government and by the autonomous communities in providing municipal or provincial services; profits arising from the export of books; profits and capital gains accruing to entities operating in Ceuta and Melilla; profits arising from loans received from foreign organizations and banks, without a permanent establishment in Spain, for financing physical investment by Spanish firms, etc.

Arrangements for foreign-based companies:

- Permanent establishments are subject to corporation tax in respect of profits earned in Spain but are allowed to deduct part of the company's management and administrative costs which are attributable to the said establishment.
- Legal persons not resident in Spanish territory which, without a permanent establishment therein, earn taxable income will generally be taxed at a rate of 25 %, except for certain sums made over to the parent company by a Spanish subsidiary, taxed at 14 %, profits from the performance of cinematographic works, taxed at 10 % and reinsurance transactions, which are taxed at 4 %.

Capital gains accruing to non-residents are taxed at 35 %.

Payment:

Payment of 60 % in three instalments of 20 % on account, with final settlement and refund of any excess where appropriate on the filing of the return, due in the first six months of the year following the company's accounting year.

Rates:

Standard rate: 35 %.

There are other, reduced rates for non-profit-making organizations (25 %), cooperatives (20 %), and non-resident legal persons with no permanent establishment (25 %, 14 %, 10 % and 4 %).

Special features:

- Consolidated profits scheme for parent companies and subsidiaries, with tax applied to total profits earned by the group of companies.
- Special scheme for associations, temporary associations and companies whose capital is held by other companies.
- Cooperatives.
- Securities investment companies.
- Securities investment funds.
- Collective investment institutions.
- Tax incentives: a tax credit of 5 % of the value of investments made in certain assets; job-creation allowance of PTA 500 000 for each man-year added to the workforce under the terms of a contract of unspecified duration. The allowance is increased to PTA 600 000 in the case of disabled workers entitled by law. If the investments are made in assets connected with R&D, the tax credit is 15 % for intangibles and 30 % for fixed assets intended for R&D programmes.

NB: Further deductions from corporation tax liability are possible in the form of:

- relief for double taxation of dividends;
- relief for international double taxation.
- Companies subject to the imputation system whose profits are imputed to shareholders or partners for income tax purposes are not liable corporation tax, but taxable income is computed applying the corporation tax method.

Carry-over of losses:

Tax losses may be carried forward to the following five financial years.

Personal income tax

(*Impuesto sobre la renta de las personas físicas*)

Law No 44 of 8 September 1978; Royal Decree No 2384 of 3 August 1981; Regulation; Law No 5 of 29 June 1983, on urgent budgetary, financial and taxation measures; Law No 48 of 27 December 1985, on the partial reform of income tax; Law No 20 of 28 July 1989, adjusting personal income tax and wealth tax.

Beneficiary:

The central government.

Tax payable by:

Individuals and certain firms (portfolio companies, securities investment companies not listed on the stock exchange, simple asset holding companies, partnerships in the professions, etc.) whose profits are attributable to members, even if undistributed.

Liability arises in one of two ways:

- *in personam*: in the case of those residents in Spanish territory for 183 days or more;
- *in rem*: in the case of non-residents to whom income accrues in Spanish territory.

Basis of assessment:

- Liability *in personam*: all income earned by the person liable, plus net changes in assets (world income); the latter are included only if the difference is positive.
The income earned by a family unit, generally defined as the spouses and minors, is aggregated and taxed as one income.
- Liability *in rem*: all income and changes in assets arising in Spanish territory.

Exemptions:

There are no exemptions for particular groups of persons.

The following are deemed not to constitute income of taxable persons: prizes in the national lottery and those run by the Patronato de Apuestas Mutuas Deportivo-Benéficas and the National Organization for the Blind; scientific, artistic and literary prizes, and certain damages.

Deductions:

Certain deductions from either the base or the tax due are allowed:

1. The costs necessarily incurred in earning the taxable income can be deducted in computing the base. There is a general earned income deduction of 2%, or 10% in the case of disabled persons.
2. Various kinds of deduction can be made from the tax due, either to allow for a person's family status, number of children, sickness costs, life insurance premiums, etc., or to encourage home-ownership, saving, reduce double taxation of dividends (foreign taxes), allow for income from Ceuta and Melilla and for income from employment, etc.

Married couples:

Family incomes are aggregated and taxed as one income where both spouses or minors have income. Where the relevant income arises from employment, a deduction from tax due is allowed in accordance with a formula which helps to reduce the progressivity of the tax.

Non-residents:

The following are liable to tax as a result of an obligation *in rem*: non-resident natural persons who, without maintaining a permanent establishment in Spain, earn taxable income. Reduced rates (20 %, 10 % or 9 %) apply to such persons, depending on the origin of the income.

Collection:

The person liable must make his own assessment, working out the tax debt to be paid in May and June of the financial year following that in which it is incurred.

Deductions at source are made in the case of employment income (table), professional income (10 %) and investment income (25 %).

Firms must make payments on account (quarterly or half-yearly).

Rates:

These are on a progressive scale, with 17 bands from 25 % to 56 %, the top rate applying to income in excess of PTA 8 652 000. Liability may not exceed 70 % of the taxable amount when combined with liability under wealth tax.

The first PTA 900 000 are exempt.

Special features:

Capital gains and losses resulting from disposals for valuable consideration are offset against each other and positive balances only are included in the taxable amount – inflation adjustment coefficients having been applied to the acquisition price of the assets; negative balances can be offset against future gains accruing in the succeeding five years.

The same system applies to changes in assets resulting from valuable transfers, but positive balances are charged at a fixed rate of 8 %.

There is a special scheme – ‘estimación objetiva singular’ – the taxable amount in the case of the business and professional activities of natural persons with annual transactions not exceeding PTA 50 million and PTA 1 500 000 respectively.

The scheme is voluntary and applies only to taxable persons electing to be assessed under it. Since 1988, taxpayers who are married or who have dependent children may opt to have their income taxed separately or combined with that of other members of the family unit.

Wealth tax

(Impuesto extraordinario sobre el patrimonio de las personas físicas)

Law No 50 of 14 November 1977; Article 14 of Law No 5 of 29 June 1983; Law No 20 of 28 July 1989, adjusting the IRPF (impuesto sobre la renta de las personas físicas) personal income tax and wealth tax.

Beneficiary:

The central government or the autonomous communities.

Tax payable by:

The following natural persons:

- (a) liability *in personam*: residents on Spanish territory, in respect of all assets and rights;
- (b) liability *in rem*: non-residents, in respect of assets situated in Spanish territory and rights which can be exercised therein.

Basis of assessment:

The difference between the value of the assets and rights of the taxable persons and the value of their liabilities and obligations (net wealth).

Valuation is as per 31 December of each year.

Deductions:

There is a minimum tax-free allowance of PTA 9 000 000 per taxpayer.

For each child under 25 not obliged to file a tax return: PTA 750 000.

For each disabled child: PTA 1 500 000.

Married couples:

Since 1988, tax returns must be made out and tax paid individually by every liable person earning more than the above minimum allowance, irrespective of marital status.

Return and payment:

Self-assessment; return to be filed annually. Tax paid at the same time as personal income tax.

Rates:

Progressive scale, with a minimum rate of 0.20% applied to amounts up to PTA 25 million and a maximum rate of 2% to the portion in excess of PTA 2 500 million.

Value-added tax

(Impuesto sobre el valor añadido)

Law No 30 of 2 August 1985; Royal Decree No 2028 of 30 October 1985; Royal Decree-Law No 7 of 29 December 1989.

Pursuant to Article 395 of the Treaty of Accession, the common system of VAT is fully applicable in Spain from 1 January 1986.

Beneficiary:

The central government.

Tax payable by:

- Natural or legal persons who exercise business or professional activities and make taxable supplies of goods or services.
- Traders or professional persons for whom taxable transactions are carried out where this is done by persons or entities not established in Spain.
- Imports, whether or not by traders or members of the professions.
- Undivided estates, persons owning goods in community and other economic units without legal personality where these carry out taxable transactions.

Taxable transactions:

- (i) Supplies of goods and services carried out by traders or professional persons in the course of business in mainland Spain or the Balearic Islands.
- (a) The following are regarded as business activities:
- manufacturing,
 - distribution (wholesale or resale),
 - the supply of services,
 - agriculture,
 - stock farming,
 - fishing,
 - forestry activities,
 - extractive activities,
 - construction,
 - development of land and promotion or construction of buildings for transfer (even if only on an occasional basis),
 - the leasing of business premises.
- Professional activities only comprise activities carried out by members of the professions and self-employed artists.
- (b) Supplies of goods are defined as:
- transactions involving the transfer of physical assets (sale, exchange, contributions of assets to companies, etc.).
 - other specifically designated transactions which may, economically, have a similar effect (creation of rights in immovable property, own consumption of goods, etc.).

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Supplies of services means all transactions subject to VAT which do not amount to a supply of goods (supply of professional services, leasing, transport, own consumption of services, etc.).

- (c) All transactions carried out by traders and professional persons in the course of their activities are subject to tax irrespective of whether they are habitual (e.g. the sale of goods) or occasional (e.g. the sale of a firm's machinery).
- (ii) Also subject to VAT are imports of goods, irrespective of the destination of the goods imported and the status of the importer (even if he is not a trader or professional person).

Non-taxable transactions:

1. Complete or partial transfer of business or professional assets, where the transferee continues to exercise the same activities as the transferor, whether for consideration or not.
2. The transfer of money by way of consideration or payment.
3. The supply of free samples or publicity objects of little value.
4. Services supplied by natural persons under contracts of employment.

Exempt transactions:

These are three categories:

- (a) Domestic transactions:
 - health,
 - social security,
 - education,
 - non-profit-making bodies,
 - welfare work,
 - insurance and reinsurance,
 - finance,
 - supplies of non-building land,
 - second and subsequent supplies of buildings,
 - certain leases of property,
 - betting and gaming,
 - public postal services.
- (b) Exports and like transactions. These include:
 - supplies of goods sent definitively to the Canary Islands, Ceuta or Melilla or definitively exported;
 - supplies of services, including transport, directly linked to the above transactions.
- (c) Transactions relating to exempt areas (free zones, bonded and customs warehouses), and suspensive customs procedures.
- (d) Certain transactions in accordance with international treaties acceded to by Spain (Catholic Church, NATO, Vienna Convention).

Chargeable event:

Supplies of goods and services made by traders or professional persons for consideration, habitually or occasionally, in the course of their business or professional activity.

Taxable amount:

This consists of the total value of the consideration for the taxable transactions, including packaging, wrapping, transport, insurance, commissions, taxes and other levies (except for VAT itself), interest for deferred payment, etc., and excluding discounts allowed after the transaction has been carried out, packaging returned, etc.

The taxable amount for imports is obtained by adding to the value for customs purposes:

- customs duties and any other taxes levied on imports, excluding VAT itself;
- ancillary costs (transport, insurance, etc.) arising after entry into the mainland or the Balearic Islands, up to the first place of destination within the said territories.

Deductions:

The amount of VAT paid on the acquisition of goods or services directly linked to the business or professional activity of the taxable person is generally deductible from the amount due in respect of that person's activity.

Payment:

Quarterly or monthly returns, with self-assessment. (Large firms and exporters must make monthly returns.)

Rates:

- (a) Standard rate of 12 %.
- (b) Reduced rate of 6 %, applicable to transactions in goods or services regarded as basic necessities, such as:
 - food for human consumption and animal feedingstuffs;
 - products intended for plant and animal reproduction;
 - dwellings;
 - books, journals and periodicals;
 - medicines and medical equipment and appliances;
 - inland transport of passengers and their luggage;
 - non-luxury hotel, restaurant and camping services;
 - activities entertainment.
- (c) Higher rate of 33 % applicable to luxury products such as:
 - motor vehicles, except industrial vehicles and those owned by disabled persons;
 - sport (not Olympic) or pleasure vessels with a length of over 7.5 m;
 - aircraft (several exceptions);
 - jewellery and fine imitation jewellery;
 - luxury furs;
 - X-rated films (adult films).

Special features:

The following special schemes exist:

- simplified scheme, applicable to natural persons with an annual turnover not exceeding PTA 50 million, who perform certain activities;

E 4

- agriculture, stock farming and fishing;
- second-hand goods;
- works of art, antiques and collectors' items;
- travel agencies;
- retailers (proportional determination of taxable amounts and flat-rate charge).

Excise duty on spirits and alcoholic beverages

(Impuesto especial sobre el alcohol y bebidas derivadas)

Law No 45 of 23 December 1985; Article 54 and Additional Provision 22 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree No 2442 of 27 December 1985, Regulation; Royal Decree No 154 of 23 January 1987, amending the Regulation; Royal Decree-Law No 7 of 29 September 1989, on urgent budgetary, financial and taxation measures.

Beneficiary:

The central government.

Chargeable event:

- The manufacture of alcohol.
- The manufacture of alcoholic beverages.
- The importation of such products and of other beverages with an alcoholic content exceeding 3 % by volume.

Duty payable by:

Essentially manufacturers of alcohol and alcoholic beverages, and importers.

Basis of assessment:

The volume of pure alcohol contained in the dutiable products.

Rates:

PTA 550 per litre of pure alcohol.

Excise duty on beer

(Impuesto sobre la cerveza)

Law No 45 of 23 December 1985; Royal Decree No 2442 of 27 December 1985, Regulation; Article 54 and Additional Provision 22 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree No 154 of 23 January 1987, amending the Regulation; Royal Decree-Law No 7 of 29 September 1989, on urgent budgetary, financial and taxation measures.

Beneficiary:

The central government.

Chargeable event:

The manufacture and importation of beer.

Duty payable by:

Brewers and importers.

Basis of assessment:

The volume of beer, expressed in litres.

Rates:

- Beer obtained from worts with a dry extract of less than 11 % by weight: PTA 2.70 per litre.
- Beer obtained from worts with a dry extract of not less than 11 % and not more than 13.5 % by weight: PTA 3.80 per litre.
- Beer obtained from worts with a dry extract of more than 13.5 % by weight: PTA 5.50 per litre.

Excise duty on hydrocarbons

(Impuesto sobre hidrocarburos)

Law No 45 of 23 December 1985; Article 54 and Additional Provision 22 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree No 2442 of 27 December 1985, Regulation; Royal Decree No 154 of 23 January 1987, amending the Regulation; Royal Decree-Law No 7 of 29 September 1989, on urgent budgetary, financial and taxation measures.

Beneficiary:

The central government.

Chargeable event:

The manufacture and import of specified categories of propane, butane, petroleum oils or oils obtained from bituminous minerals other than crude oils; oils and other products deriving from the distillation of tars of high-temperature coal, and from certain hydrocarbons.

Duty payable by:

Persons carrying out dutiable operations.

Basis of assessment:

Quantities of dutiable products, expressed as appropriate in units by weight or volume.

Rates:

There are four tariffs, with indication of the amounts due on each of the dutiable products in the relevant categories.

Excise on manufactured tobacco

(Impuesto sobre las labores del tabaco)

Law No 45 of 23 December 1985; Royal Decree No 2442 of 27 December 1985, Regulation; Additional Provision 22 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree-Law No 7 of 29 September 1989, on urgent budgetary, financial and taxation measures.

Beneficiary:

The central government.

Chargeable event:

The manufacture and import of tobacco produced (cigars, cigarillos, cigarettes, snuff, smoking and chewing tobacco, etc.).

Duty payable by:

Persons carrying out dutiable operations.

Basis of assessment:

- *Ad valorem* duty applied to: the maximum retail sales price, inclusive of all tax.
- Specific duty: applied to the number of units manufactured or imported.

Rates:

- Cigars and cigarillos: 10 %.
- Cigarettes: *ad valorem*: 42 %; specific: PTA 100 per 1 000 units.
- Cut tobacco: 20 %.
- Snuff: 25 %.
- Chewing tobacco: 25 %.
- Other: 25 %.

Tax on capital transfers and documented legal acts

(*Impuesto sobre transmisiones patrimoniales y actos jurídicos documentados*)

Law No 32 of 21 June 1980; Royal Decree No 3050 of 30 December 1980, revised version; Law No 14 of 29 May 1985, on the tax arrangements for certain financial assets; Law No 30 of 2 August 1985, on value-added tax – additional provision; Articles 52 and 53 of Law No 21 of 23 December 1986, on the general budget for 1987; Royal Decree-Law No 7 of 29 December 1989.

Nature:

This is a residual duty charged where VAT is not applicable and levied on:

- capital transfers;
- corporate transactions;
- documented legal acts.

Chargeable event:

The duty is payable on the following capital transfers:

- *inter vivos* transfers, for consideration, of all classes of assets and rights held by natural or legal persons not subject to value-added tax;
- the creation of rights *in rem*, the provision of loans, the provision of guarantees, leases, pensions and government concessions.

The term 'corporate transactions' covers the formation, increase and reduction of capital, and the merger, conversion and dissolution of companies except increases in capital out of reserves built up exclusively from share premiums.

'Documented legal acts' means:

- notarial deeds;
- commercial transfer and transaction documents;
- the acquisition, transfer and recovery of peerages and titles.

Duty payable by:

In the case of capital transfers: the recipient. Thus:

- creation of rights *in rem*: the beneficiary;
- provision of loans: the borrower;
- guarantees: the creditor;
- leases: the lessee;
- pensions: the pensioner;
- government concessions: the concessionaire.

In the case of corporate transactions:

- the company, except where it is dissolved or its capital is reduced, in which case the members.

In the case of documented legal acts:

- the recipient of the asset or right, or the persons requiring or requesting the documents, or those on whose behalf they are sent.

Basis of assessment:

Capital transfers:

- the real value of the asset transferred or of the right created or assigned, subject to special rules in certain cases.

Corporate transactions:

- formation 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.

Documented legal acts:

- the value declared, the sum drawn, the nominal value, the value of the right guaranteed or established, subject to special rules as appropriate.

Exemptions:

Entity: central and regional government, public institutions, charities, public-benefit associations, the Spanish Red Cross, etc.

Subject matter: transactions specified in international conventions, certain mortgage market transactions, certain transactions by cooperative societies with special tax status, transfers and other acts and contracts arising from the consolidation of land and various other transactions in respect of certain categories.

Rates:

- Transfer of immovable property: 6%.
- Transfer of movables: 4%.
- Contracting of rights and leases: 1%.
- Corporate transactions: 1%.
- Notarial deeds on quantity or value, in certain circumstances: 0.5%; use of stamped paper in certain circumstances: PTA 10 per standard sheet, PTA 5 per folio.
- Bills of exchange and commercial documents are taxed on a graduated scale.
- Special rules apply in specific circumstances.

Succession duty

(*Impuesto sobre sucesiones*)

Law No 29 of 18 December 1987; Royal Decree No 422 of 29 April 1988; Royal Decree-Law No 7 of 29 December 1989.

Duty payable on:

Inheritances or legacies, *inter vivos* gifts, and other valuable transfers of assets and rights.

Duty payable by:

- The successors (heirs and legatees) in the case of transfers on death.
- The beneficiary in the case of life insurance policies.
- The donee or person receiving the benefit in the case of gifts and other valuable transfers.

Basis of assessment:

- Transfers on death: the true or actual value of each successor's share.
- *Inter vivos* gifts: the value.
- Gifts made by a donor to the same donee within a period of three years are regarded as a single transfer for tax purposes.

Deductions:

- Perpetual charges on assets which diminish their real value.
- Final illness, burial and funeral expenses.
- Debts contracted by the deceased, subject to adequate justification.
- Amounts owed by the deceased to the central government or local authorities in the form of tax.
- Legal costs arising where an estate is disputed.
- An amount depending on the family link between the deceased and the heir or legatee is always deducted from the basis of assessment.

Rates:

- Progressive, with 16 bands. The first PTA 1 081 500 are taxed at 7.65%; the maximum rate is 34% for amounts above PTA 108 150 000.
- The effective tax liability is obtained by multiplying that based on the above rates by a variable coefficient depending on the successor's existing wealth and his family relationship with the deceased.

Exemptions:

Special formulas for payment of tax in the case of transfers of a person's habitual home and of one-man businesses of an industrial, agricultural or professional nature.

The transfer of certain securities of industrial banks acquired before 19 January 1987.

Life insurance policies contracted before the above date also qualify for various types of relief.

Local taxes

(Impuestos locales)

The local tax system has been thoroughly overhauled by Law No 39 of 28 December 1988 on local finances (Boletín Oficial del Estado No 313 of 30 December 1988).

The basic structure of local taxation is now as follows:

- local charges;
- local special contributions;
- surcharges on taxes levied by the autonomous communities or other local authorities. Law No 39 regulates the provincial surcharge on the economic activities tax and the metropolitan area surcharge on the real estate tax;
- local taxes. The law regulates municipal taxes only, distinguishing between:
 - mandatory establishment taxes: real estate tax,
economic activities tax,
mechanically-powered vehicles tax;
 - optional establishment taxes: tax on construction, installation and works,
tax on the increase in the value of urban land.

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 will come into force on 1 January 1991.

Special tax systems apply in the Basque Country, Navarre, the Canary Islands and Ceuta and Melilla.

Real estate tax

(Impuesto sobre bienes inmuebles)

Law No 39 of 28 December 1988 (Boletín Oficial del Estado No 313 of 30 December 1988). Entered into force on 1 January 1990, replacing the taxes on urban and country property (contribuciones territoriales urbana, 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.

Rates:

0.4% (urban property) and 0.3% (rural property), but municipalities may increase or decrease these rates within the limits and in accordance with the circumstances laid down in the law.

Business licence tax

(Licencia fiscal de actividades comerciales e industriales)

Royal Decree No 791 of 27 May 1981, approving the rules and tariffs for this particular tax; Royal Decree No 1274 of 19 June 1982; Ministerial Order of 7 September 1981; Ministerial Order of 17 November 1981; Royal Decree No 3197 of 7 December 1983; Royal Decree No 883 of 19 April 1985; Legislative Royal Decree No 781 of 18 April 1986, approving the revised version of the current provisions on the local tax system.

Note: To be replaced from 1 January 1991 by the Economic Activities Tax (impuesto sobre actividades económicas).

Beneficiary:

Local authorities.

Tax payable on:

The exercise for own account or under agency arrangements, of the commercial and industrial activities coming under the following generic heads, whether or not classified in the tariffs, and not expressly exempt:

1. Extraction
2. Manufacture
3. Craft activities
4. Construction
5. Domestic distributive trade
6. External trade
7. Disposal of lands and buildings
8. Services.

Tax payable by:

Natural or legal persons performing any of the above activities in the national territory.

Tax debt:

All licence tax payers are obliged to pay the sums set out in the tariffs and determined with due regard to: size of population; whether the establishment is located in a densely populated town or city; number of employees; installed capacity.

Exemptions:

The Catholic Church, regional and local authorities, agencies covered by international conventions, the Spanish Red Cross and other institutions.

Relief:

Certain activities qualify for relief (95 %, 50 % and 25 %).

Licence tax for professional and artistic activities

(Licencia fiscal de actividades profesionales y de artistas)

Royal Decree No 830 of 27 March 1981, approving the rules and new tariffs for the licence; Legislative Royal Decree No 781 of 18 April 1986, approving the revised version of the current provisions on the local tax system.

Note: To be replaced from 1 January 1991 by the Economic Activities Tax (impuesto sobre actividades económicas).

Beneficiary:

Local authorities.

Tax payable on:

The exercise of any professional or artistic activity in a self-employed capacity.

Tax payable by:

Spanish and foreign natural and legal persons carrying on in Spanish territory any of the activities on which this tax is payable, and persons exercising or practising an artistic, sporting or recreational activity liable to this tax.

Tax debt:

The liability is determined on the basis of the average economic return on each of the activities involved and specified in the tariffs.

The tax liability is obtained by applying the tax rates.

Exemptions:

Professions carrying out charity work and receiving no personal remuneration at all; teaching devoted entirely to elementary education.

There are three other local taxes:

(a) Tax on location

(Impuesto municipal sobre radicación)

Note: To be replaced from 1 January 1991 by the Economic Activities Tax (impuesto sobre actividades económicas).

This is levied on the use or enjoyment, for industrial or commercial purposes and for the exercise of professional activities, of premises of whatever kind situated in the municipality.

(b) **Tax on the increase in the value of urban land**

(Impuesto sobre el incremento del valor de los terrenos de naturaleza urbana)

Replaces the tax on the increase in the value of land (impuesto sobre el incremento del valor de los terrenos) as from 1 January 1990.

Applies to the increase in value during the tax period of land whose ownership is transferred by whatever method, or land in which any real right of enjoyment is created or transferred which restricts the rights of ownership.

(c) **Tax on construction, installation and works**

(Impuesto sobre construcciones, instalaciones y obras)

Newly created. Came into force in 1989. An optional tax on establishment.

The tax is payable on all categories of construction, installation and works for which a municipal works or town planning licence is required, irrespective of whether or not such a licence has been applied for.

Tax on mechanically powered vehicles

(Impuesto sobre vehículos de tracción mecánica)

Replaces as from 1 January 1990 the Municipal road tax (Impuesto municipal sobre la circulación de vehículos).

This tax is applied to all classes and categories of mechanically powered vehicles suitable for use on the public highway.

Tax on economic activities

(Impuesto sobre actividades económicas)

Law No 39 of 28 December 1988 (Boletín Oficial del Estado No 313 of 20 December 1988). This tax will enter into force on 1 January 1991, replacing the current 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.

Chargeable event:

The exercise on national territory of business activities (agriculture, livestock farming, forestry, mining, fishing, commercial, industrial and services), professional or artistic activities whether or not carried out on given premises and whether or not specified in the scale of rates.

Tax payable by:

Natural or legal persons and entities without legal personality covered by the law, provided that they carry out on national territory one of the activities constituting the chargeable event.

Effective liability:

This is obtained by applying the tax rates, made up of minimum municipal rates, provincial rates and national rates. Municipalities may increase minimum municipal rates by applying a single coefficient to all activities carried out within their boundaries and/or a scale of indices weighting the physical location of the establishment within the municipal boundary according to the street in which it is situated.

Exemptions:

Local authorities and their autonomous administrative bodies, taxable persons who qualify under international treaties, the Spanish Red Cross and other institutions.

Taxes abolished or repealed

- E 11 Tax on the assets of legal persons**
(Impuesto sobre los bienes de las personas jurídicas)
Abolished as from 1 January 1988.
- E 13 Tax on country property**
(Contribución territorial rústica y pecuaria)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles).
- E 14 Tax on urban property**
(Contribución territorial urbana)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles).
- E 17 Licence tax for professional and artistic activities**
(Licencia fiscal de actividades profesionales y de artistas)
- (a) **Tax on building land**
(Impuesto sobre solares)
Abolished as from 1 January 1990. Replaced by the real estate tax (impuesto sobre bienes inmuebles).
- (b) **Tax on the increase in the value of land**
(Impuesto sobre el incremento del valor de los terrenos)
Abolished as from 1 January 1990. Replaced by the tax on the increase in the value of urban land (impuesto sobre el incremento del valor de los terrenos de naturaleza urbana).
- E 18 Municipal road tax**
(Impuesto municipal sobre la circulación de vehículos)
Replaced as from 1 January 1990 by the tax on mechanically powered vehicles (impuesto sobre vehículos de tracción mecánica).

FRANCE

Personal income tax

(Impôt sur le revenu)

Article 1 of Law No 59–1472 of 28 December 1959; Law No 76–660 of 19 July 1976; Law No 76–1234 of 29 December 1976; Law No 78–688 of 6 July 1978; Law No 78–741 of 13 July 1978; 1984, 1985, 1986, 1987, 1988, 1989 and 1990 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Individuals.

In the case of partnerships (*sociétés de personnes*) which have not opted to pay corporation tax, tax is payable by each partner.

Basis of assessment:

Total net income, determined according to the arrangements applicable to each type of income (including income from foreign sources in cases where taxpayers are resident in France), less any legally deductible expenses (e.g. interest on money borrowed to purchase a principal residence, expenditure on energy saving).

Exemptions:

- Individuals whose income net of expenses does not exceed FF 38 000 or FF 41 400 where the individuals are over 65 years of age.
- Interest on certain government loans.
- Certain pensions, benefits and allowances (war pensions, family allowances, for example).
- Capital gains.

However, Law No 76–660 of 19 July 1976 makes capital gains realized by individuals from 1 January 1977 subject to personal income tax, where assets or rights of any kind are transferred for valuable consideration (this law provides for numerous exemptions). The same law also creates a flat-rate tax on sales of precious metals and objects. Finally Law No 78–688 of 6 July 1978 provides for the taxation of net capital gains realized from the transfer of securities for consideration.

Deductions:

- All expenses involved in earning or maintaining income. In the case of employed persons, expenses of employment are fixed, as a general rule, at 10% of the wage or salary.
- An allowance of 10% is granted for pensions and free life annuities; this allowance may not exceed FF 27 500 for total pensions received by a household.

- In the case of salaries, wages, pensions and free life annuities, a general allowance of 20 % is granted. This allowance is, however, limited to 10 % for amounts in excess of FF 413 200 for persons who hold over 35 % of the shares in the company which employs them and for persons who have joined approved management centres and approved associations. This allowance is no longer available on amounts in excess of FF 588 000.
- Craftsmen, tradesmen, industrialists and farmers who have joined approved management centres and persons who have joined approved associations open to members of the professions (including, in particular, certain legal professions) are entitled, on certain conditions, to an allowance on their taxable profit (20 % for the fraction of profit which does not exceed FF 413 200; 10 % for the fraction between FF 413 200 and FF 588 000).
- In the case of individuals of more than 65 years of age or the disabled whose total net income is less than FF 51 400, an allowance of FF 8 300 is granted. This allowance is FF 4 150 for individuals of more than 65 years of age or disabled persons with a total net income of between FF 51 400 and FF 83 000.

Married couples:

Family incomes are aggregated, but the aggregate income is divided into a number of parts, according to the taxpayer's family responsibilities; family quotient (quotient familial). The advantage gained is subject to an upper limit.

Persons not resident in France for tax purposes:

Tax is payable on income derived from French sources, subject to the provisions of the relevant international conventions.

Collection:

As a general rule, by means of assessment books. Certain types of investment income, however, are compulsorily subject to a withholding tax of 10 %, 12 % or 25 %, ¹ which is deductible from personal income tax or may be refunded in the case of resident persons. Alternatively, persons to whom income accrues in France from fixed-interest investments (interest on negotiable bonds, interest on deposit certificates and miscellaneous claims) may opt to be subject to a final levy of:

- 26 % on the interest on negotiable bonds received before 1 January 1990; 16 % if received after that date (25 % and 15 % respectively if non-resident);
- 35 % on the interest on securities issued as from 1 January 1990;
- 46 % if the recipient states his name;
- 51 % if the recipient does not state his name, on the interest on Treasury bills and equivalent and medium-term certificates ('bons de caisse'), with effect from 1 January 1983;
- 36 % on interest accrued as from 1 January 1990;
- 46 % (45 % if non-resident) on the interest on claims, deposits, indemnity bonds and current accounts accrued as from 1 January 1983.

Tax amounting to 33 $\frac{1}{3}$ % is also withheld at source in the case of non-commercial and similar income accruing to persons not maintaining permanent business premises in France.

¹ 10 or 12%: rates applicable to interest on negotiable loans issued by French companies or other bodies, according to the date of issue; interest on securities issued after 1 January 1987 is exempt.

25%: rate applicable to dividends of French companies paid to non-residents and to distributions of profits made by foreign companies operating in France.

Non-commercial wages and income received by artists or sportspeople are, as from 1 January 1990, subject to a 16% withholding tax.

Wages, pensions and life annuities derived from French sources and paid to persons not resident in France for tax purposes are, as from 1 January 1977, subject to a withholding tax with a maximum rate of 25%.

Profits made by natural or legal persons not established in France are, as from 1 January 1987, subject to a levy of 50%.

Rates:

0-56.8%, graduated.

Reduction:

Taxpayers whose tax is less than FF 4 670 are entitled to a reduction.

Special features:

Unless farmers are subject to the simplified normal system, agricultural profits are determined on a flat-rate basis where average annual receipts calculated over two consecutive years are between FF 500 000 and FF 1 800 000. Farmers whose receipts average more than FF 1 800 000 must be taxed under the normal system of taxing actual profits.

Industrial and commercial enterprises are taxed under a flat-rate system where their turnover is less than FF 150 000 (supplies of services) or FF 500 000 (buying/selling). They are taxed under the simplified normal system where their turnover is between FF 150 000 and FF 900 000 (supplies of services) or FF 500 000 and FF 3 000 000 (buying/selling). They are taxed under the normal system where their turnover exceeds FF 900 000 (supplies of services) or FF 3 000 000 (buying/selling).

Taxable income may in certain cases be determined according to external evidence (life-style). Persons not domiciled in France but owning, in whatever capacity, one or more dwellings there may be taxed on the basis of an income equal to three times the actual rental value of that (those) dwelling(s).

Tax not deductible.

Carryover of losses:

Five years.

Flat-rate corporation tax

(Imposition forfaitaire sur les sociétés)

Article 22 of Law No 73-1150 of 27 December 1973 (Article 223, points 7 to 10, of the General Tax Code); Article 11 of the 1977 Finance Law; Article 11 of the 1980 Finance Law; 1990 Finance Law.

Beneficiary:

The State.

Tax payable by:

All companies and public corporations whatever their nationality which are covered by the rules for corporation tax under the provisions of Articles 206-1 to 206-4 of the General Tax Code.

Exemptions:

- Legal persons whose aim is to transfer possession of movable or immovable property to their members free of charge.
- Companies exempt from corporation tax under Article 44, points 4 and 6, of the General Tax Code.
- Legal persons subject to corporation tax but set up in enterprise zones.
- Approved management centres or associations.

Rates:

The following five flat rates are applied according to turnover inclusive of all taxes (since 1984);

- | | |
|---|-----------|
| - turnover less than FF 1 000 000 | FF 5 000 |
| - turnover between FF 1 000 000 and FF 2 000 000 | FF 7 500 |
| - turnover between FF 2 000 000 and FF 5 000 000 | FF 10 500 |
| - turnover between FF 5 000 000 and FF 10 000 000 | FF 14 500 |
| - turnover equal to or more than FF 10 000 000 | FF 21 500 |

Deductions:

The amount of the flat-rate taxation is deductible from corporation tax payable during the year in which the flat-rate tax is due and the two following years.

Special features:

Where 95 % of the capital of a French company is held directly or indirectly by another French company, and the former comes under the special rules laid down in Article 209, point 6, of the General Tax Code, the flat-rate taxation must be paid, in the name of the subsidiary, by the parent company.

Tax on furnished accommodation

(Taxe d'habitation)

Articles 1407 to 1416 and 1641 of the General Tax Code; Law No 80–10 of 10 January 1980; 1990 Finance Law.

Beneficiaries:

The departments, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Any person having furnished accommodation at his disposal.

Basis of assessment:

The rentable cadastral value assessed on 1 January 1980 and calculated in the same way as the property tax on buildings.

Exemptions:

- Premises subject to the application of business tax and buildings used by rural enterprises.
- Public, scientific and public assistance establishments, schools and universities.
- The diplomatic corps.
- The old or disabled in the lower-income group.¹

Deductions:

Allowances must be granted for family expenses and basic allowances may be granted to all taxpayers or only to those who do not pay income tax. Allowances are accorded only in respect of the principal residence.

Collection:

By means of assessment books.

Rates:

Fixed by the recipient local authorities subject to the ceiling on municipal rates.

¹ The 1990 Finance Law provides for automatic partial relief for certain low-income taxpayers. On the other hand, a levy on second homes based on their rentable value is to be charged. The rate of this levy will vary (0.2%; 1.2%; 1.7%) according to the rentable value.

Corporation tax

(Impôt des sociétés)

Article 205 *et seq.* of the General Tax Code; Article 70 of the 1980 Finance Law; 1983, 1984, 1985, 1986, 1987, 1988, 1989 and 1990 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Companies limited by shares and companies having the same status, and certain public undertakings, public corporations and associations not specifically exempted from payment; partnerships (*sociétés de personnes*) may opt to pay corporation tax.

Basis of assessment:

The profits of businesses carried on in France. These profits are made up of the difference between net assets at the beginning and end of a financial year less additional capital contributions, plus sums withdrawn by members.

Exemptions:

The bodies exempted from payment include, in certain circumstances, departments, municipalities and ancillary publicly-owned enterprises, agricultural trade unions and cooperatives (subsidized-housing bodies), investment companies, companies whose aim is to put goods at the disposal of their members.

Non-residents:

These companies pay tax on profits made in France.

Payment:

Four quarterly instalments followed by settlement.

Rate:

37 % for financial years as from 1 January 1990;

42 % for profits distributed in financial years as from 1 January 1990.

Rate reduced to 15 %, 19 % or 25 % for certain capital gains on disposal of assets.

Special arrangements for building profits.

Rate of 24 % for income from land or farming or certain types of income from movable property accruing to public institutions and non-profit-making associations and bodies.
The tax credit or 'avoir fiscal' allowed on companies' income from movable property is deductible in full from corporation tax, but cannot be refunded as a rule.

Special features:

- Arrangements applicable to groups of companies: subject to certain conditions, a parent company may alone assume liability for the corporation tax payable by the entire group comprising itself and its subsidiaries.
- World profits system: determination of the taxable profits of French companies taking into account the results, calculated according to French tax rules, of their direct operations abroad.
- Consolidated profits system: taxation of parent companies on the basis of the overall results, calculated according to French tax rules, of their direct and indirect operations in France and abroad.
- Integrated profits system: the results of French companies, 95 % of whose capital is held by another French company, are included entirely in the results of the latter company.
Application of these three systems is subject to approval by the Minister for the Budget.
- As from 1 January 1980, French companies holding at least 25 % of the capital of companies established in tax havens may be made subject to corporation tax on their share in the profits of foreign companies.
- Special arrangements applicable to parent companies and their subsidiaries. Receipts from the subsidiary company, less 5 % of gross expenses and charges, are deducted from the parent company's net profit.

Carry-over of losses:

Losses may be carried over for a period of five years, except for depreciation postponed during a loss-making period, which may be carried over indefinitely.
With effect from 1 January 1984, losses may be carried back three years subject to certain conditions.

Tax on the removal of household refuse

(Taxe d'enlèvement des ordures ménagères)

Articles 1520 to 1526 of the General Tax Code.

Beneficiaries:

The municipalities.

Tax payable by:

The tax is in respect of all properties subject to the property tax on buildings or those which are temporarily exempt, in municipalities operating a service for the removal of household refuse.

Exemptions:

- Factories.
- Non-industrial or non-commercial premises rented by the central government, the departments or the municipalities and public, scientific, educational and public assistance establishments and those occupied by a public department.
- The municipalities are entitled to grant other exemptions.

Basis of assessment and rate:

The tax is charged on the net income serving as a basis for the property tax on buildings. The rate is fixed by the municipalities.

Collection:

By means of assessment books.

Advance payment to be made by companies on distributed profits

(Précompte dû par les sociétés au titre des bénéfices distribués)

Articles 3-1, 3 and 44-I of Law No 65-566 of 12 July 1965 (Article 223, point 6, of the General Tax Code).

Beneficiary:

The State.

Payable by:

Companies which distribute dividends drawn from sums on which the companies did not pay corporation tax at the normal rate or when the dividends distributed are drawn from the results of financial years closed more than five years previously.

Basis of assessment:

The amount of distributed profits which gives shareholders the right to 'avoir fiscal' tax credits and which fall into the above categories. To determine this basis, companies are subject to certain rules as regards the way in which their distributed profits are charged.

Exemptions:

- Companies whose shareholders are not entitled to benefit from the 'avoir fiscal' system for distributed profits: foreign companies, investment companies and like bodies, real estate companies for trade and industry, agricultural cooperatives, mutual agricultural credit funds, subsidized-housing cooperatives or limited companies, building societies and mutual credit funds, approved associations engaged in financing telecommunications.
- Companies which are exclusively engaged in managing a portfolio of participating interests, have at least two thirds of their fixed assets in the form of holdings in companies with registered offices outside France which qualify them for the arrangements applicable to parent companies and derive two thirds of the profits shown in their accounts from those holdings.

Non-residents:

The advance payment is due even if those receiving the distributed profits have neither their domicile nor headquarters in France and are not entitled to benefit from the 'avoir fiscal' system. However, the advance payment is refunded if a convention has been concluded with France.

Collection:

The tax must be paid within one month from when the distributed profits are released for payment.

Rates:

50 % of the net dividend paid to the shareholders in respect of the distributed profits involved (advance payment equal to the amount of 'avoir fiscal' tax credit attached to the distributed profits). In practice the advance payment is equal to one-third of the overall sum (including 'avoir fiscal') which the company decides to count as items which, when distributed, give rise to the advance payment.

Special features:

The 'avoir fiscal' to which shareholders are entitled for dividends distributed by French subsidiaries and the tax credits attached to the proceeds of foreign subsidiaries are counted for the advance payment which might be due when these proceeds are distributed.

Succession (gift) duty

(Droit de mutation par décès – Succession)

Article 750, point 3 *et seq.*, of the General Tax Code; Law No 68–1172 of 27 December 1968; Law No 73–1150 of 27 December 1973; Article 61 of Law No 75–1278 of 30 December 1975; 1984 Finance Law.

Beneficiary:

The State.

Duty payable by:

Heirs and legatees.

Basis of assessment:

Net share received by each beneficiary.

Exemptions:

- Estates of war victims.
- Gifts and legacies, made to the State, to certain public bodies, to low-rent housing organizations and to local authorities.
- Woodlands and forests, parks partially and under certain conditions.
- Shares in forestry groups, under certain conditions.
- Agricultural property rented on a long-term lease, under certain conditions.
- Reversion of life annuities.
- Deferred-wage work contracts in farming.
- Shares issued by legal persons subject to property tax.
- Works of art, books, collectors' items; listed buildings.

Deductions:

- An allowance of FF 275 000 is granted on the surviving spouse's share, on that of each ascendant and on that of each child living or represented;
- An allowance of FF 300 000 is granted to physically or mentally handicapped persons;
- An allowance of FF 100 000 is granted on shares inherited by unmarried, widowed, divorced or separated brothers or sisters if they are at least 50 years of age on the date the succession takes effect or if they are disabled and if they have lived continuously with the deceased during the five years preceding his/her decease.

Reductions:

Reductions are granted to heirs or donees having three or more children; a tax reduction of FF 2 000 maximum is granted per child after the second child (FF 4 000 in the case of heirs in direct line and spouses).

Collection:

Normally the duty is payable when the declaration is made. In some cases and under certain conditions, payment may be made by instalments or deferred.

Rates:

- In the case of heirs in direct line:
 - where the net share does not exceed FF 50 000 5 %
 - where the net share is between FF 50 000 and 75 000 10 %
 - where the net share is between FF 75 000 and 100 000 15 %
 - where the net share is between FF 100 000 and 3 400 000 20 %
 - where the net share is between FF 3 400 000 and 5 600 000 30 %
 - where the net share is between FF 5 600 000 and 11 200 000 35 %
 - where the net share is more than FF 11 200 000 40 %
- Between spouses:
 - where the net share does not exceed FF 50 000 5 %
 - where the net share is between FF 50 000 and 100 000 10 %
 - where the net share is between FF 100 000 and 200 000 15 %
 - where the net share is between FF 200 000 and 3 400 000 20 %
 - where the net share is between FF 3 400 000 and 5 600 000 30 %
 - where the net share is between FF 5 600 000 and 11 200 000 35 %
 - where the net share is more than FF 11 200 000 40 %
- Between brothers and sisters:
 - up to FF 150 000 35 %
 - more than FF 150 000 45 %
- Between uncles and nephews, great-uncles and great-nephews, first cousins. 55 %
- Between others. 60 %

Gifts:

Normally the same system is applicable as for estate, but costs are not deductible. An allowance of FF 10 000 per share is granted for gifts of title made to all the staff of an enterprise, after approval by the Minister for the Budget (General Tax Code, Article 790 A). The duty payable in respect of a gift is reduced by 25 % where the donor is below the age of 65 and by 15 % where he is below the age of 75.

Capital payments resulting from a divorce:

Article 61 of Law No 75-1278 of 30 December 1975.
Capital payments made after a divorce for the support of a child are only subject to gift duty on that part which amounts to more than FF 18 000 for each year remaining before the beneficiary attains his or her majority. Capital payments between ex-spouses are subject to gift duty when they are made from property belonging to one of them.

Value-added tax

(Taxe sur la valeur ajoutée)

Article 256 *et seq.* of the General Tax Code (Sixth Council Directive (77/388/EEC) of 17 May 1977).

Beneficiary:

The State. A contribution of 0.60 %, the proceeds of which accrue to the supplementary budget for agricultural social benefits, is included in each of the rates of value-added tax.

Tax payable by:

- Persons who independently carry out, on an habitual or occasional basis, an economic activity involving the supply of goods or services, whatever their legal status, their position as regards other taxes and the form or nature of their involvement: manufacturers, wholesalers, retailers, commission processors, craftsmen, building contractors and builders, commercial intermediaries, persons letting furnished accommodation, organizers of entertainment which is not subject to the special local tax and other suppliers of services, such as architects, accountants, etc.
- Importers.
- Persons buying certain specified products from other persons not liable to the tax.

Tax payable on:

- All supplies of movable goods and services effected by taxable persons as part of an economic activity (industrial, commercial, craft, professional, agricultural or civic).
- Transactions specifically designated by law, such as those carried out by cooperatives, those connected with the construction of buildings, self-deliveries and purchases of certain products from persons not liable to the tax.
- Transactions which are not caught by the tax or are exempted but may be taxed under an option:
 - persons who previously were or would have been liable to the special tax on banking and financial activities and who carry out transactions which would formerly have been subject to that tax;
 - certain persons engaged in non-commercial activities (authors, artists, lawyers, etc.);
 - persons who let premises which are used for an economic activity;
 - local authorities in respect of certain services.

Exemptions:

Relate in particular to:

- exports and similar;
- certain banking and financial transactions;
- non-daily press publications up to 1 January 1982;
- activities subject to local entertainment tax (sporting events, gambling clubs and houses, automatic machines);

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- certain activities of non-profit-making bodies, the management of which is totally disinterested;
- certain transactions carried out by central government bodies or local authorities;
- repayments of expenses incurred by legal persons in putting goods at the disposal of their members;
- certain real estate transactions;
- medical, paramedical, teaching, literary, artistic or sporting activities;
- certain judicial activities;
- agriculture and fisheries;
- certain imports.

Tax payable on:

Delivery, receipt of payment, transfer, import or purchase according to the circumstances of taxation.

Basis of assessment:

Price or payment, including all charges and taxes (other than value-added tax).

Deductions:

Apart from some exceptions, tax paid on the acquisition of goods or services used for the requirements of the enterprise is deductible from the tax due on business done.

Taxable persons can obtain a refund of any excess input tax in their favour by quarter or by year.

Payment:

By monthly or quarterly payment on the basis of a tax return. Medium-sized firms may, if they wish, pay value-added tax by a simplified system which involves submitting a shortened return and making an advance payment followed by an annual settlement on the basis of a special return.

Small firms may pay the tax under this system or at a flat-rate fixed by the administration. In the latter case, the tax due is paid monthly or quarterly without any tax return.

The tax may be waived, either wholly or partially, for firms which would normally pay a relatively small amount of tax.

Rates:

- Standard and intermediate rate: 18.6 %;
- Reduced rate: Special low rate: 5.5 % (agricultural products and almost all solid foodstuffs);
- Higher rate: 25 % (luxury goods, consumer durables of a certain value);
- A rate of 2.1 % on medicines.

Special feature:

Flat-rate refund scheme for agriculture.

Domestic duty on petroleum products and products treated as such

(Taxe intérieure de consommation frappant les produits pétroliers et assimilés)

Article 25 I of the 1982 Finance Law (No 81-1160 of 30 December 1981); Article 23 V of the 1983 Finance Law (No 82-1126 of 29 December 1982). Decree of 31 January 1990; Article 265 of the Customs Code.

Beneficiary:

The State.

Taxable products and rates:

Customs tariff heading	Description of products	Rates applicable
27.06	Tar distilled from coal, from lignite or from peat for use as heating fuel ¹	FF 6.31 per 100 kg net
27.09	Petroleum oils and oils obtained from bituminous minerals, crude	Domestic duty applicable to petroleum oils other than crude oils (tariff heading 27 – 10) according to the characteristics of the product
27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude ²	
	A. Light oils ³	
	Spirits	
	– aviation	FF 166.99 per hl
	– premium grade, leaded	FF 310.42 per hl
	– premium grade, unleaded	FF 274.81 per hl
	– other	FF 295.31 per hl
	– light fractions for specific uses	exempt

¹ Domestic duty on tar distilled from coal for use as heating fuel was introduced by Article 25 II of the 1982 Finance Law.

² Domestic duty is levied on the entire product including additives, when used as fuel.

³ The total volume of products of this kind used as jet fuel, under specific conditions, is subject to domestic duty at a rate of FF 8.18 per hl.

Customs tariff heading	Description of products	Rates applicable
27.14	A – Petroleum bitumen	exempt
	B – Petroleum coke	exempt
	C – Other residues of petroleum oils or of oils obtained from bituminous minerals	exempt
ex 27.16 B	Cutbacks, emulsions of petroleum bitumen and the like	exempt
34.03	Lubricating preparations containing less than 70% of petroleum oils or of oils obtained from bituminous minerals	exempt
ex 34.04	Prepared waxes, not emulsified or containing solvents based on products of heading 27.13 B	exempt
38.14 B I (a)	Prepared additives for lubricants containing petroleum oils or oils obtained from bituminous minerals	exempt

Duty payable on goods produced in the territory in which the duty is levied and on imports:

Domestic consumption duty is levied on petroleum products and products treated as such when the products leave establishments placed under a system of suspension of customs duties; on import; and when they are released for consumption on the domestic market.

Dues accruing to support fund for hydrocarbons

(Redevance perçue au profit du Fonds de soutien aux hydrocarbures)

Article 9 of the 1982 Finance Law; Articles 266, point 3, and 267 of the Customs Code.

Beneficiary:

The State (Support Fund for Hydrocarbons – Fonds de soutien aux hydrocarbures).

Tax payable on:

The Support Fund for Hydrocarbons is financed by dues levied on certain petroleum fuel products. These dues are considered to be equivalent to domestic consumption taxes, and are levied when petroleum products subject to the dues are consigned to distributors, both on import and on leaving establishments where suspensive customs arrangements apply.

Rates:

Customs tariff heading	Description of products	Rates applicable
Ex 27.10 A	Petroleum spirits ^{1,2} – Aviation spirit – Premium grade – Other	– FF 0.90 per hl FF 0.90 per hl

¹ The due is levied on the entire product, including additives.

² The due is not levied on fuel for jet or turbine engines to which the reduced rate of domestic consumption duty applies.

Duty on tobacco

(Imposition du tabac)

Articles 564, point 10, to 575 M of the General Tax Code; Law No 76-448 of 24 May 1976; Decree No 76-1324 of 31 December 1976; Order of 31 December 1976; Article 25 of the 1979 Finance Law; Decree No 80-262 of 3 April 1980; 1983 and 1986 Finance Laws.

Beneficiary:

The State.

Duty payable on:

Consignment of tobacco to distributors.

The Monopoly Administration of Tobacco and Matches (SEITA) has exclusive production, import and wholesale marketing rights for products directly originating from non-Member States (cigars, cigarettes, smoking tobacco, chewing tobacco and snuff). The retail sales monopoly is held by the revenue authorities which exercise it through retailers designated as their agents and required to pay royalties.

The importation and wholesale marketing of manufactured tobacco from Member States of the European Economic Community may be carried out by any natural or legal person who has obtained an identification entitling him to exercise such activities.

Rates and basis of assessment:

Manufactured tobacco is subject to a consumption duty based on the retail sales prices which are fixed by ministerial decree, the rates of which vary according to the category of tobacco. As far as cigarettes are concerned, this duty is calculated in accordance with Article 8 of Council Directive 72/464/EEC of 19 December 1972.

For cigarettes in the most popular price category within the meaning of this directive, the consumption duty is calculated by, applying the standard rate to the retail sales price. The amount obtained in this way is called 'basic duty'.

For other cigarettes the consumption duty is calculated by applying to their retail sales price a rate equal to 95 % of the standard rate and by adding to the amount obtained in this way a specific fixed share equal to 5 % of the basic duty. The total amount calculated in this way may not be lower than a minimum levy fixed per thousand units.

Manufactured tobacco other than cigarettes is subject to a standard rate applicable to its retail sales price, subject to a minimum levy fixed per thousand units or per thousand grams. Where the duty calculated in this way, for cigars and smoking tobacco, exceeds an amount called the 'threshold duty', the part of the retail price exceeding the part corresponding to the threshold duty is taxed at a reduced rate and the amount determined in this way is added to the threshold duty.

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For the different groups of products set out in Article 575, the standard rate, the minimum levy, the threshold duty and the reduced rate are fixed in accordance with the following table:

Groups of products	Standard rate	Minimum levy (FF)	Amount of threshold duty (FF)	Reduced rate
	%	per thousand units or per thousand grams		%
Cigarettes	51.14	30	-	-
Cigars	26.74	34	112	14.70
Smoking tobacco	42.73	12	35	27.80
Snuff	36.25	8	-	-
Chewing tobacco	23.65	7	-	-

Imports:

Same system as for French production.

Duty on manufactured tobaccos

(Taxe sur les tabacs fabriqués)

Article 1618, point 6, of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits) (Bapsa).

Duty payable on:

Sales of manufactured or imported tobaccos (cigarettes, cigars, cigarillos, smoking tobacco, snuff, etc.).

Duty payable by:

The Monopoly Administration (SEITA) or any other wholesale supplier of manufactured tobaccos.

Territory of application:

Continental France and Corsica.

Exemptions:

None.

Payment:

Upon presentation of monthly returns. Flat-rate and simplified system of taxation not applicable.

Rate and basis of assessment:

0.781 % of the selling price exclusive of taxes.

Duties on spirits: consumption duty and production duty

(Taxe sur les alcools: droit de consommation et droit de fabrication)

Articles 403 to 406 of the General Tax Code; Articles 3 and 13 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable by:

Producers or holders of stocks of alcohol who have not yet paid the duty on spirits.

Duty payable on:

1. Consumption duty:
Ethyl alcohol and preparations with a basis of undenatured ethyl alcohol; substances belonging to the alcohol group used to replace ethyl alcohol (such as methyl, propyl and isopropyl alcohols).
2. Production duty:
 - Alcoholic perfumery and toilet articles;
 - Alcohol-based medicaments or products not to be taken orally.

Chargeable event in the case of production in the territory in which the duty is levied:

The consumption duty is payable when the taxable products are made available for consumption or when deficiencies are established.

The production duty is payable as soon as the taxable products leave the place of manufacture either in bulk or in bottles. It is also payable when deficiencies are established at the factory.

Chargeable event in the case of importation into the territory in which the duty is levied:

The consumption duty is payable when the taxable products are made available for consumption.

The production duty is payable on receipt of the taxable products in the importer's warehouse.

Rates:

1. Consumption duty:
The alcoholic liquid is taxed on the basis of its pure alcohol content, the minimum taxable content being 15% vol. The rates charged are as follows:

- | | |
|---|-----------------------------------|
| | <i>per hl
of pure alcohol</i> |
| - Alcohols used in the preparation of sparkling wines and of natural sweet wines taxed as wines | FF 2 595 |

- Rums and crème de cassis FF 4 495
 - Wine-based aperitifs, vermouths, liqueur wines and similar products FF 6 930
 - All other alcoholic products except those subject to the production duty FF 7 810
2. Production duty:
- Duty is calculated on the basis of the pure alcohol content. The rates are as follows:
- Perfumes and toilet articles FF 790
 - Medicaments or products not to be taken orally FF 300
 - Products, for spirits and alcohol-based products unfit for consumption as such,
which are used for products intended for human consumption after
processing FF 405

Imports:

The tariff is applicable to all taxable liquids regardless of their origin.

Exports:

Exports are duty-free.

Specific duty on beer and certain non-alcoholic beverages

(Droit spécifique sur les bières et sur certaines boissons non alcoolisées)

Article 520 A of the General Tax Code; Articles 3 and 13 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable by:

- Manufacturers (or sometimes, in the case of beers, firms carrying out the final packaging).
- Importers.
- Owners of springs.

Taxable products:

The duty is payable on the following beverages:

- beer of all kinds;
- waters intended for drinking:
 - natural or artificial mineral waters;
 - table or spa waters having none of the characteristics of mineral water but sold under the same conditions;
 - other non-alcoholic beverages (with an alcoholic content not exceeding 1°).

Chargeable event:

The duty is payable on the basis of volume (hectolitre) put on the home market.

Exemptions:

- Syrups and fruit or vegetable juices and fruit essences.
- Milk, in a natural state or flavoured.
- Beverages on which duty is normally payable but which are consumed by the staff of firms liable to the duty, and also mineral waters given to people taking cures at the springs.

Payment:

Payments are made monthly on the basis of a return submitted before the 25th of the month following deliveries.

Rates:

- FF 11.00 per hl for beers with an alcoholic strength of 4.6% or less and packed in containers of 65 centilitres to one litre;
- FF 19.50 per hl for beers other than those mentioned above.
- FF 3.50 for mineral waters.

Imports:

The duty is applied to imported beverages.

Exports:

Exports are duty-free.

Optional surcharge on mineral waters

(Surtaxe facultative sur les eaux minérales)

Articles 1582 and 1697–4° of the General Tax Code; Article 19 of the 1981 Finance Law.

Beneficiaries:

Municipalities in which the mineral springs are to be found and which have introduced the surcharge.

When the proceeds of the surcharge exceed the amount of the municipality's ordinary resources, the surplus is allotted, with certain restrictions, to the department.

Products and operations liable to the surcharge:

Sales of mineral waters having therapeutic properties and coming from a spring in a municipality which has introduced the surcharge.

Exemptions:

- Table waters, ordinary spring waters, laboratory waters.
- Mineral waters consumed where they emerge, or exported.

Payment:

On the basis of special monthly or quarterly returns; as in the case of value-added tax. But, payment at a flat-rate or on the basis of a simplified system is not provided for.

Rate:

A maximum of FF 0.020 per litre or fraction of a litre.

Consumption duty on wines and other fermented beverages

(Droit de circulation sur les vins et les autres boissons fermentées)

Article 438 of the General Tax Code.

Beneficiary:

The State.

Duty payable on:

Wine and other fermented beverages: wine, cider, perry, mead and slightly fermented, semi-sparkling grape juices (pétillants de raisin).

Chargeable event in the case of production in the territory in which the duty is levied and also in the case of importation into the territory where the duty is levied:

As a rule, the duty is payable when the taxable products are made available for consumption and also (in the event of production in the territory in which the duty is levied) when deficiencies are established.

Rates:

per hl

- | | |
|--|----------|
| – Sparkling wines with registered designation of origin (appellation contrôlée), champagne, natural sweet wines (tax system for wines) | FF 54.80 |
| – Other wines | FF 22.00 |
| – Cider, perry, mead and semi-sparkling grape juice | FF 7.60 |

Exports:

Exports are duty-free.

Duty on sugar beet

(Taxe sur les betteraves)

Article 1617 of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits) (Bapsa).

Tax payable on:

Sugar beet supplied to sugar refineries or distilleries. Tax paid by the manufacturers on behalf of the beet-growers.

Rates and basis of assessment:

10% of the basis price for beet production as fixed by order for each year, with a possible reduction by decree, limited to 60%.

Imports:

The origin of the products is of no importance, the tax being based solely on the particular use for which they are intended.

Exports:

No exemption.

Duty on sugar

(Taxe sur le sucre)

Articles 422, 563 and 564 of the General Tax Code.

Beneficiary:

The State (general budget).

Tax payable on:

- Sugar used to sweeten wine.
- Sugar and glucose used in the preparation of wine-based aperitifs and similar products.

Rates and basis of assessment:

- FF 80 per 100 kg of sugar used to sweeten wine.
- FF 140 per 100 kg of sugar or glucose used in the manufacture of wine-based aperitifs and similar products.

Imports:

The origin of the products is of no importance, the tax being based solely on the particular use for which they are intended.

Exports:

- Sugar used to sweeten wine is not exempt.
- Sugar and glucose used in the manufacture of aperitifs is exempt.

Duty on flour

(Taxe sur les farines)

Law No 77–1466 of 30 December 1977; Decrees No 78–524 and 78–525 of 20 March 1978; Article 1618, points 7 to 9, of the General Tax Code.

Beneficiary:

The State (supplementary budget for agricultural social benefits) (Bapsa).

Duty payable by:

Millers, importers, approved collectors and grain producers.

Tax payable on:

- Quantities of flour, groats and common wheat meal supplied or processed for human consumption.
- Imported quantities of flour, groats and common wheat meal.

Rates:

1988/89 marketing year: average rate of FF 94.30 per tonne.

Exemption:

- Exported flour, groats and meal.
- Flour used for producing starch.

Special duty on oils intended for human consumption

(Taxe spéciale sur les huiles destinées à l'alimentation humaine)

Article 1618, point 5, of the General Tax Code and 333-0 A to 333 G of Annex III; 1981 Finance Law; Law of 30 December 1986.

Beneficiary:

The State (supplementary budget for agricultural social benefits) (Bapsa).

Tax payable in:

Continental France and Corsica.

Tax payable by:

Producers (harvesters, mill operators, refiners), importers.

Taxable operations and products:

Sales, supplies to oneself and imports of:

- vegetable oils, liquid or solid, intended for human consumption (groundnut, olive, nut, colza, poppy, flax, soya, corn, copra, palm nut, palm)
- marine animal oils intended for human consumption (whale, sperm-whale, herring, halibut, etc.).

Exemptions:

Exports, family consumption.

Collection:

- Upon presentation of special monthly or quarterly (duty amounting to less than FF 500 per month) returns. Flat rate and simplified system of taxation not applicable.
- On filing of import declarations.

Rates and basis of assessment:

As from 1 January 1983 the following rates apply per kilogram:

- Olive oil	FF 0.816
- Groundnut and corn oil	FF 0.735
- Colza and rape oil	FF 0.376

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- Other fluid marine animal and vegetable oils (other than whale) FF 0.641
- Copra and palm nut oils. FF 0.489
- Palm oil and whale oil FF 0.447

In the case of imported foodstuffs containing taxable oils, taxation is based on the quantities and types of oil involved. In the case of products other than margarine, however, the person liable to pay the tax may elect to have a flat rate applied, fixed by order of the Minister for the Budget on bases equivalent to those for similar products manufactured in France.

Insurance tax

(Taxe sur les conventions d'assurance)

Article 991 *et seq.* of the General Tax Code; 1981 Finance Law.

Beneficiary:

The State.

Tax payable on:

Premiums falling due.

Basis of assessment:

Amount of premiums.

Exemptions:

Industrial accidents, certain types of life insurance (including insurance-linked savings plans), agricultural insurance by mutual associations, insurance against the risk of frost to harvests, marine insurance, reinsurance.

Rates:

The rate of tax ranges from 2.40 to 30 % according to contingencies insured against. The rate of tax on fire insurance, normally 30 %, is reduced to 7 % on property used permanently and exclusively for industrial, commercial, craft or agricultural purposes, and for operating losses resulting from fire involving such property.

Tax on precious metals, jewellery, works of art, collectors' items and antiques

(Taxe sur les métaux précieux, les bijoux, les objets d'art, de collection et d'antiquité)

Article 302 bis A to bis E of the General Tax Code; Article 19 of the 1980 Finance Law; 1982 Finance Law.

Beneficiary:

The State.

Tax payable by:

Individuals and associations resident in France.

Scope:

- Sales of precious metals.
- Sales of jewellery, works of art, collectors' items and antiques worth more than FF 20 000.
- Exports other than temporary exports.

Exemptions:

- Industrial or commercial firms which sell precious metals or objects.
- Persons not habitually resident in France who export precious metals or objects.
- Sales of precious objects at public auctions, where the owner is not resident in France for tax purposes.
- Sales of precious objects worth less than FF 20 000.
- Sales to museums and public libraries.

Basis of assessment:

- The all-inclusive selling price in the case of domestic sales.
- The value for customs purposes in the case of exports.

Rates:

- 7 % for precious metals.
- 6 % for jewellery and precious objects.
- 4 % for jewellery and precious objects sold at public auctions.

Payment:

The tax is borne by the seller, but payment is made either by the intermediary involved in the transaction or by the buyer or by the exporter.

Payment is made in the same way as for turnover tax in the case of domestic sales and in the same way as for customs duties in the case of exports.

Special surcharge on the price of cinema seats

(Taxe spéciale additionnelle au prix des places dans les cinémas)

Article 1621 of the General Tax Code; 1979 Finance Law.

Beneficiary:

The State (Support Fund for Film Production).

Tax payable on:

Cinemas in Metropolitan France which give at least two performances a week.

Basis of assessment and rates:

The surcharge is levied on the actual price of the ticket, not including the special surcharge itself.

The rate of the surcharge varies from FF 0.20 to FF 3.30 on tickets sold at prices between FF 1.55 and FF 30.99. The surcharge is increased by FF 0.10 on each price increase of FF 1 above this amount.

Where pornographic or violent films are shown, these rates are increased by 50 %.

Exemption:

Small operations, whose exhibitors waive, under certain conditions, the right to financial support from the State.

Entertainments tax

(Impôts sur les spectacles, jeux et divertissements)

Articles 1559 to 1566 of the General Tax Code; Article 44 of the 1989 Amending Finance Law.

Beneficiary:

The municipalities.

Tax payable on:

Sporting events, gambling clubs and houses, automatic machines installed in public places.¹

Basis of assessment:

- For sporting events, takings.
- For gambling clubs and houses, proceeds from play.
- For automatic machines, annual specific tax based on the population of the municipality concerned.

Exemptions and taxation at half-rate:

As from 1 January 1990, the municipal council may decide that all sporting events organized in the municipality during the year should be exempt.

Certain sporting meetings are totally exempted (restrictive list of sports laid down by order: athletics, swimming, gymnastics, basketball, volleyball, etc.). Others are exempted up to a maximum of FF 20 000 per event (meetings organized by approved sports associations governed by the Law of 1 July 1901) or up to a maximum of FF 5 000 (four first annual events organized solely for the benefit of public institutions or legally constituted non-profit associations). Lastly, certain events are taxed at half-rate, on certain conditions.

Collection:

The tax is collected on the spot by a tax officer; the annual tax is payable when automatic machines come into operation or in January of each year for machines which were already operating the previous year.

Rates:

- Progressive rates graduated according to monthly takings for sporting events, and according to annual takings for gambling clubs and houses.
- The rate of the annual tax on automatic machines varies from one municipality to another. The rates can be increased by a decision of the municipal council (50 % maximum for sporting meetings – coefficient of 2 to 4 for automatic machines).

¹ Other spectacles are not subject to entertainments tax. They are, however, subject to value-added tax.

Tax on electromechanically controlled bowling alleys

(Taxe sur les jeux de boules et de quilles comportant des dispositifs électromécaniques)

Article 1582 bis of the General Tax Code.

Beneficiary:

The municipalities (optional tax adopted after consideration by the municipal council).

Tax payable on:

Electromechanically controlled bowling alleys.

Collection:

Tax due in advance when the alley comes into operation, or in January of each year.

Rate:

Annual tax on each alley, varying from FF 120 to FF 480 according to the number of inhabitants in the municipality.

Duty on leases

(Droit de bail)

Article 736 *et seq.* of the General Tax Code; Article 1635 A of the General Tax Code; Article 83 of the 1980 Finance Law; Article 7 of Law No 82-540 of 28 June 1982.

Beneficiary:

The State.¹

Duty payable on:

Leases, subleases and extensions by law or agreement of leases of buildings, where such leases are for a limited period; generally all kinds of letting or subletting of buildings agreed in writing or by word of mouth. Leasing of fishing and hunting rights, for whatever period of time.

Exemptions:

- (a) General:
 - leases to the State;
 - leases for an annual rent not exceeding FF 2 500;
 - leases giving rise to the actual payment of value-added tax. Duty on leases is also not payable where the lessor is exempt from value-added tax.
- (b) From the 18% duty, in which case duty is charged at 2.5%:
 - leases of fishing rights granted by the State to anglers' associations which undertake not to use nets and other prohibited tackle;
 - leases of fishing rights by cooperatives of professional fishermen;
 - leases of hunting or fishing rights to the tenant of the land on which these rights are exercised;
 - leases of hunting rights on land intended to constitute approved hunting reserves.

Rates:

- (a) Standard rate: 2.5% of the rent involved.
- (b) Increased rate: 18% on the leases of fishing and hunting rights.

¹ A surcharge of 3.5% is collected on premises rented for residential or professional use and on certain commercial premises situated in buildings finished before 1 September 1948. It is reduced to 0.5% on such premises situated in buildings finished between 1 September 1948 and 31 December 1975 and on premises situated in the same buildings which are transformed from residential to commercial premises. This surcharge is for the benefit of the Treasury.

Property tax on land without buildings

(Taxe foncière sur les propriétés non bâties)

(Ex-property contribution of land without buildings – ex-contribution foncière des propriétés non bâties)

Articles 1393 to 1406 and 1641 of the General Tax Code; Law No 80-10 of 10 January 1980.

Beneficiaries:

Départements, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner or usufructuary.

Tax payable on:

Land without buildings (except certain kinds of land taxed as buildings and the like: see under Property tax on buildings).

Basis of assessment:

Rentable cadastral value on 1 January 1979 assessed by comparison with the valuation tariffs. Municipalities may increase the basis of assessment of some building land.

Exemptions:

- All public land, land belonging to certain associations and land subject to the property tax on buildings are permanently exempt.
- Certain types of land, such as woodland, are exempted from payment for periods of 15, 20 or 30 years.

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates.

Property tax on buildings

(Taxe foncière sur les propriétés bâties)

Articles 1380 to 1392, 1399 to 1406 and 1641 of the General Tax Code; Law No 80-10 of 10 January 1980.

Beneficiaries:

Départements, municipalities and groups of municipalities (districts, urban communities, associations of municipalities).

Tax payable by:

Owner or usufructuary.

Tax payable on:

Buildings and the like (in particular, certain kinds of land and premises).

Basis of assessment:

The net income from land equal to half the rentable cadastral value assessed on 1 January 1970, by comparison with similar premises or by a direct valuation.

On premises subject to the rent regulations the rentable value is based on the amount of rent collected on 1 January 1970, plus an amount based on increases in controlled rents since that date.

Exemptions:

- The tax is not payable on public buildings and the like, or on farm buildings.
- There is a basic two-year exemption for all buildings.
- The tax is not payable for 15 years on subsidized housing.
- The tax is not payable for 10 years on housing financed principally through State-assisted loans, provided that the loan application is dated after 1 January 1984.
- Old people in the lower-income group in respect of their principal residence.

Collection:

By means of assessment books.

Rates:

Fixed directly by the local authorities subject to the ceiling on municipal rates.

Flat-rate tax on certain pylons

(Imposition forfaitaire sur certains pylônes)

This tax, which is updated each year, was fixed for 1990 at:

- FF 3 723 per pylon supporting power lines with a voltage of between 200 and 350 kilovolts.
- FF 7 450 per pylon supporting power lines with a voltage of more than 350 kilovolts.

Stamp duties

(Droit de timbre)

Article 886 *et seq.* of the General Tax Code.

1. Size stamp

(Timbre de dimension)

Article 899 *et seq.* of the General Tax Code; 1984, 1985 and 1986 Finance Laws.

Beneficiary:

The State.

Duty payable on:

Authenticated deeds other than court orders, deeds submitted voluntarily for registration, deeds pledging the payment or repayment of sums of money or securities, share allotment letters and proxies issued by shareholders for their representation at general meetings.

Exemptions:

- Certain conveyancing of buildings for payment (price below FF 5 000).
- Bailiff's deeds, pleadings, court decisions, general documents concerning public order.
- Prior offer of loans.

Rates:

- Half-sheet of paper, 29.7 by 21 cm FF 32
 - Sheet of normal paper, 29.7 by 42 cm FF 64
 - Sheet of register paper, 42 by 59.4 cm FF 128
 - Minimum charge FF 30
- Rates reduced by half when only one side is used.

2. Bills of exchange stamp

(Timbre des effets de commerce)

Articles 910 to 916 of the General Tax Code; Article 2 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable on:

Negotiable instruments (bills of exchange, promissory notes, bills payable to bearer, warrants, etc.).

Exemptions:

- Cheques and transfer orders.
- Bills created in connection with banking or financial transactions exempt from value-added tax.

Rates:

- Standard rate (non-domiciled) FF 11.00
- Reduced rate (domiciled bills) FF 3.50

2. (a) Cheque form stamp
(Timbre des formules de chèques)

Article 916 A of the General Tax Code; Article 2 of the 1981 Finance Law.

Beneficiary:

The State.

Duty payable on:

Cheque forms which are not pre-crossed and are transferable by endorsement.

Rate:

FF 5.00.

3. Receipt stamp
(Timbre de quittances)

Articles 919 A to 919 B of the General Tax Code; 1980 and 1990 Finance Laws.
As from 1 January 1990, stamp duty is charged at a rate of:

- 3.70 % of the total sums spent on totalizator tickets in respect of a given race;
- 3.70 % of the total sums spent on national lotto and sports lotto tickets;
- 0.50 % of the total sums spent on national lottery tickets by participants in the *loterie instantanée* and *tapis verts* games of chance.

4. Transport contract stamp*(Timbre des contrats de transport)*

Articles 925 to 943 of the General Tax Code; 1986 Finance Law.

Beneficiary:

The State.

Duty payable on:

Consignment notes, luggage tickets.

Exemptions:

Bills of lading, transport of agricultural parcels weighing less than 50 kg, parcels of newspapers.

Rate:

FF 4.00

5. Stamp duty on the issue of certain documents*(Timbre afférent à la délivrance de certains documents)*

Articles 945 to 968 of the General Tax Code; 1980 and 1981 Finance Laws.

Beneficiary:

The State (or regions other than the Paris region for the duty on driving licences).

Basis of assessment and rates:

As from 15 January 1981:

1. Tickets for entrance to clubs and casinos:
 - Ticket valid for the day FF 50
 - Ticket valid for the week FF 200
 - Ticket valid for the month FF 500
 - Ticket valid for the season FF 1000
2. Identity and residence cards:
 - (a) Professional identity cards for commercial travellers and representatives FF 60
 - (b) National identity cards FF 115
 - (c) Residence cards for foreigners (first card exempt) FF 160
 - Residence cards for nationals of a Member State of the EEC FF 115
 - Residence cards for Algerian nationals FF 115

(d) Special cards for foreigners working in commerce or industry:		
– Valid for more than 3 years	FF	620
– Valid for more than one year but no more than 3 years	FF	310
Valid for up to one year, per month	FF	20
– Rates reduced to half for people classed as small traders and the like for tax purposes		
(e) Special cards for foreigners working in agriculture	FF	310
– work permits for foreigners (renewal – general tariff)	FF	224
– nationals of countries which are signatories to the European Social Charter . .	FF	12
3. Police record:		
– Issue of ‘Bulletin No 3’		exempt
4. Administrative formalities:		
(a) Endorsement of registers kept in certain professions (lodging-house keepers, innkeepers, hoteliers, second-hand dealers, chemists, jewellers, etc.)		exempt
(b) Certificates of residence (in addition to the size stamp)		exempt
(c) Receipt for the professional declaration by dealers in poisons, second-hand dealers, persons wishing to deal in arms and ammunition.	FF	220
(d) Issue of the authorization or of the receipt of declarations on the opening of establishments for the sale of beverages of categories 3 and 4, and also on the transferring or changing of these establishments	FF	1 770
Temporary establishments	FF	355
(e) Authentication by the Ministry of Justice, Ministry of Foreign Affairs or Secretariat of State responsible for the Overseas Departments and Territories. . .		exempt
(f) Inland waterways:		
– Registration certificates	FF	35
– Tonnage certificates	FF	70
– Navigation licence.	FF	40
– Examination fee	FF	95
– Certificates of capacity	FF	240
(g) Sea transport:		
– Examination fee	FF	95
– Certificates of capacity	FF	240
5. Passports – <i>laissez-passer</i> – travel documents:		
– Ordinary passports (valid five years)	FF	350
– <i>Laissez-passer</i> for abroad (valid two days)	FF	30
– Travel documents for refugees and stateless persons (valid two years)	FF	55
– Visas on foreign passports and travel documents for refugees:		
valid for exit and re-entry	FF	50
valid for exit only	FF	25
6. Duty on documents relating to cars:		
– International certificates for cars	FF	17
– International driving licence	FF	17
– For the test to obtain a driving licence for cars, motor cycles with cylinder capacity exceeding 125 cc and any other motor vehicles	FF	160

- Driving licence for the above vehicles Rates fixed by
(duty also due on duplicates) the regional council
 - Registration certificates:¹ "
 - Standard rate: per hp "
 - Rate reduced by half: per hp for vehicles more than 10 years old "
 - Rate reduced by half: per hp for commercial vehicles with
 a carrying capacity of two tonnes or more; "
 - for non-agricultural tractors; for motor cycles "
 - These two reductions may be applied to the same vehicle. "
 - Fixed rates:
 - Trailers, agricultural tractors, vehicles registered in the TT series. "
 - Mopeds with a cylinder capacity of 50 to 125 cc "
 - Vehicles registered in the W series. "
 - Vehicles registered in the WW series "
 - Duplicates: mopeds with a cylinder capacity of
 50 to 125 cc. "
 - other vehicles "
- The rate for duplicates is applied to first copies issued when the holder of the registration certificate changes his or her place of residence to a new *département*, or changes marital status or style without, however, becoming a legal entity.

Exemptions:

Demonstration vehicles used by dealers and agents when the total permissible laden weight of the vehicles does not exceed 3.5 tonnes.

6. Hunting licences (*Permis de chasse*)

Beneficiary:

The State.

Rates:

- Examination enrolment fee FF 44
- Issue of the hunting licence FF 55
- Annual visa
- for the State FF 22
- for the municipality FF 22
- Issue of duplicates (municipal tax) FF 10

¹ The regions have introduced a surcharge on the proportional duty, applying the same reductions in rates as for the main duty.

Main registration taxes

(Principaux droits d'enregistrement)

Article 634 *et seq.* of the General Tax Code; 1984 and 1985 Finance Laws.

Beneficiaries:

The State, local authorities (departments and municipalities) and the regions for the surcharges.

1. Conveyancing tax

(Ventes d'immeubles)

Buildings completed more than five years before, or buildings which, in the five years following their completion, have already been transferred for the benefit of a person other than a dealer in real estate.

Basis of assessment:

Price plus costs, or actual market value of the property if this is higher.

Collection:

The tax is collected when the deed is registered.

Rate:

– Departmental duty	15.40 %
– Additional local tax (municipalities)	1.20 %
– Regional tax: rate fixed by the regions (ceiling of 1.60%)	varying
– Charge to cover assessment costs of the departmental duty of 15.40 %	2.50 %

2. Registration tax payable by companies

(Droits applicables aux sociétés)

Special rates (Article 27-III of Law No 89-935 of 29 December 1989). As from 1 January 1990, the rate of transfer tax is reduced to 3.80% on transfers of goodwill, custom and lease or lease promise rights where the transferor undertakes to retain for five years the documents given over in return for the transfer. This rate reduction is applicable under the same conditions to buildings or property rights included in the transfer of all fixed asset items used in the exercise of a business or professional activity.

In addition, the rate of the additional departmental tax (Article 1595 of the General Tax Code) is reduced to 0.60% and that of the tax levied for the benefit of the municipality (or the departmental equalization fund: Articles 1584 and 1595 bis of the General Tax Code) is set at 0.40%. In the event of failure to abide by the undertaking to retain the documents, the difference between the tax rates of 8.60% and 3.80% is payable immediately. However, the difference is not reclaimed in the case of a gift if the donee gives a undertaking in the deed, and abides by that undertaking, to retain the documents until the end of the fifth year following the transfer.

(a) Formation of companies (*Constitution des sociétés*):

- Transfers for valuable consideration: same taxation as for the sale of the same assets.
- Transfers of movable and immovable property: 1% (standard rate).
- Transfers of buildings, custom and goodwill: if the transfer is made to a legal person liable to corporation tax by a person, whether natural or legal, not subject to such tax, the following are payable:
 - registration tax or cadastral tax 8.6%¹
 - local taxes 2.8%¹
 - a regional tax, the rate of which varies according to region;
 - special arrangements for certain companies, e.g. registration at the fixed rate of FF 1 220 for deeds recording the formation of investment companies, real estate companies for trade and industry and certain agricultural companies (cadastral tax of 0.6% in the case of transfers of land and buildings, except in the case of building sites).

(b) Capital increases (*Augmentation de capital*):

1. Capital increases through new contributions:
 - cash contributions: registration is free;
 - other contributions: arrangements as for setting-up of companies.
2. Capital increases through capitalization of profits
Companies referred to in Article 108 of the General Tax Code:
 - rate of 3%;
 - exemption where the capitalization correlates to a capital increase in cash and subject to certain conditions;
 - rate of 1% for capitalizations deemed to be contributions; allowances;
 - fixed rate of FF 1 220 in the event of capitalization of:
 - the revaluation reserve revealed on revision of the non-depreciable items shown in the balance sheet for the first financial year ending on or after 31 December 1976;
 - capital gains on assets of the same kind revealed on the occasion of free revaluations taking place between 1 January 1959 and 31 December 1976;
 - fixed rate of FF 610 in the event of capitalization of additions to stocks and special reserves;
 - exemption for capital increases reserved for employees of workers' production cooperatives.

¹ Where it is lower, the rate applicable to ordinary sales of property replaces the rate of 8.6%.
If the transfer is subject to value-added tax, it is exempt from registration tax, and cadastral tax is charged at the rate of 0.6% (except in the case of land for building purposes and land treated in the same way).

(c) Mergers (*Fusion de sociétés*):

- On transfers: fixed rate of FF 1 220.
- The increased capital duty reduced to 1.2%, calculated on the value of the net assets of the acquired company, less the paid-up and not redeemed amount of its registered capital.
- Same arrangements applicable to the splitting of companies and to partial contributions of capital. However, where partial contributions of capital are concerned, the increased duty of 1.2% is levied only if the securities received in payment for the contribution are distributed between the members of the contributing company within one year of the contribution being made. Furthermore, the basis of assessment for this duty is equal to the excess in the face value of the securities distributed in this way over the amount of any possible reduction in capital made by the contributing company when the distribution takes place.

(d) Dissolution and distribution of assets (*Dissolution et partage*):

- Deed or performance of dissolution: fixed rate of FF 1 220.
- Instrument or performance of distribution: 1%, in general.

(e) Transfer of shares (*Cession de droits sociaux*):

- Standard rate: 4.8%.
For transfers of company shares, the tax is payable only if a transfer deed is executed.
- For transfers of partnership shares it is payable irrespective of whether a transfer deed is executed or not.

Basis of assessment:

Actual value of the assets.

Collection:

The tax is collected when the deed is registered, but an application can be made to effect the payment by instalments of the following duties: 8.6% and local taxes; 12% and exceptionally, 13.8%.

3. Transfer of goodwill, custom, lease rights and the holding of an office
(*Cession de fonds de commerce, de clientèle, de droits à un bail ou d'office*)

Rates:

1. Transfers before 1 October 1989

(a) State tax: 11.8%

(b) Departmental tax: 1.4%

(c) Municipal tax: 1%

When the basis of the registration tax does not exceed FF 250 000, the calculation of the 11.8% tax is made after granting an allowance of FF 100 000.

When the basis is between FF 250 000 and FF 350 000, the allowance is FF 50 000.

2. Transfers since 1 October 1989

Fraction of taxable value	Rate applicable (as %)			Total tax charge
	Registration tax	Departmental tax	Municipal tax	
Not exceeding 100000	0	0	0	0
Between 100000 and 300000	6	0.6	0.4	70
Exceeding 300000	11.8	1.4	1	14.2

Basis of assessment:

Price plus costs, or actual market value of the property if this is higher.

Collection:

The tax is collected when the deed or a verbal declaration of transfer is registered.

4. Fixed registration duty
(Droits fixé d'enregistrement)

Article 680 of the General Tax Code, 1980 Finance Law.

Duty payable on:

All deeds which are not exempt or for which the rates are not laid down in the General Tax Code and which cannot be taxed on a proportional or progressive basis.

Rate:

FF 430.

Hallmark duty on gold, silver and platinum articles

(Droit de garantie sur les ouvrages d'or, d'argent et de platine)

Articles 521 to 553 bis of the General Tax Code; 1985 Finance Law.

Beneficiary:

The State.

Duty payable by:

Manufacturers and importers.

Rules of application:

Gold, silver and platinum articles marketed in France must conform to the specifications prescribed by law.

Hallmarks are stamped on each gold, silver and platinum article after it has been assayed by the hallmarking authorities.

Exemptions:

Certain articles may, under certain conditions, be exempted from hallmarking and payment of duties.

Where articles are exported, the hallmark duties may be refunded.

Basis of assessment and rates:

The hallmark duty is fixed per hectogram of alloy at:

FF 530 for platinum articles;

FF 270 for gold articles;

FF 13 for silver articles.

Payment:

Payment is made when the articles are stamped by the hallmarking authorities.

Surcharges on registration duties or on the cadastral tax

(Taxes additionnelles aux droits d'enregistrement ou à la taxe de publicité foncière)

Legal basis: see Registration duties.

Beneficiaries:

- (a) Departmental tax: the department where the property sold is located.
- (b) Municipal tax: the municipality where the property sold is located, when it has more than 5 000 inhabitants; the equalization fund of the department when the property is located in municipalities with fewer than 5 000 inhabitants.
- (c) Regional tax: the regions other than the Paris region.

Tax payable on:

Transactions subject to the duty on transfers for valuable consideration, registration duty or cadastral tax, i. e.:

- (a) transfers for valuable consideration of buildings, real property rights, goodwill, custom, lease rights;
- (b) contribution of the above to a company liable to corporation tax by an individual or a company not liable to this tax; and for departmental and municipal taxes only;
- (c) transfers of the holding of a public office;
- (d) public sales of movable property.

Exemptions:

- (a) Transfers of buildings subject to the cadastral tax or the registration duty at 0.6 % are exempted from this duty or tax.
- (b) Public sales of:
 - intangible movable assets;
 - equipment on a farm or motor vehicles, where these are second-hand.

Rates:

- (a) Municipal tax 1.2 %
- (b) Regional tax 1.6 %
- (c) Tax allocated to a departmental equalization fund where the municipality has fewer than 5 000 inhabitants and is not a seaside resort or a spa 1.2 %.

Stock exchange turnover tax

(Impôt sur les opérations de Bourse)

Articles 978 to 985 of the General Tax Code; Article 10 of Law No 79-1102 of 21 December 1979.

Beneficiary:

The State.

Chargeable event:

For each securities transaction, tax is payable both on the purchase and the sale. Two separate taxes are therefore payable for the same transaction.

Basis of assessment:

Negotiated price.

Exemptions:

- Purchases and sales of participatory certificates.
- Transactions with professionals acting as counterparties.
- Transactions carried out on provincial stock exchanges.
- Transactions concerning bonds listed on the Paris State Exchange or traded on the junior market.
- Carry-over transactions.
- Purchases and sales of shares issued by mutual receivable funds.

Rate:

- Securities: fraction of each transaction under or equalling FF 1 million 3.00‰
in excess of this sum 1.50‰

Differential tax on motor vehicles

(Taxe différentielle sur les véhicules à moteur)

Articles 1599 C to 1599 J, 1599, point 9, to 1599, point 12, 1647 V – Annex II, Article 317, point 9 *et seq.* of the General Tax Code; Article 16 – 1 of the 1980 Finance Law; Article 17 of the 1984 Finance Law; Law of 11 July 1985.

Beneficiary:

- Departments.
- Region in the case of Corsica.

Tax payable on:

Motor vehicles with more than two wheels.

Exemptions:

- Vehicles over 25 years old and certain other vehicles.
- Taxis and vehicles used to transport groups of persons.
- Others.

Payment:

The tax is payable annually (windscreen sticker).

Rates:

Fixed by:

- the general council of the department of registration;
- the regional assembly in the case of Corsica.

Annual tax on company cars

(Taxe annuelle sur les voitures de sociétés)

Article 1010 of the General Tax Code; Article 5-II of the 1975 Finance Law; Article 4-III of Law No 76-978 of 29 October 1976; Article 17-IV of the 1982 Finance Law.

Beneficiary:

The State.

Tax payable on:

All private cars, owned or used by companies, except those whose use is the business activity of the company (sale, short-term hire, public transport).

Exemptions:

Cars over 10 years old.

Collection:

By annual tax returns.

Rates:

FF 5 700 for company cars of 7 hp or less.

FF 12 500 for company cars over 7 hp.

Special feature:

The tax may not be deducted from profits liable to corporation tax; it is payable in addition to the differential tax on motor vehicles.

Payroll tax

(Taxe sur les salaires)

Article 231 to 231 bis J of the General Tax Code; Article 24 of the 1980 Finance Law.

Beneficiary:

The State (sole beneficiary since 1 January 1969).

Tax payable by:

All employers¹ except:

- farmers and rural craftsmen;
- local authorities and departmental fire-fighting services;
- those subject to value-added tax in respect of more than 90% of their business.

Basis of assessment:

Total remunerations paid and benefits in kind, except, in particular, compensation for expenses, pensions, and certain benefits and allowances (e. g. family allowances).

Payment:

Monthly or quarterly payments with final settlement once a year.

Rates:

- Of personal annual wage where this is less than FF 34 780 4.25 %
- For portion of personal annual wage between FF 34 780 and 69 540 8.50 %
- For portion of personal annual wage exceeding FF 69 540 13.60 %

¹ Including firms which fall within the field of application of value-added tax but which have not actually been liable to this tax by virtue of an interpretation formally accepted by the authorities.

Employers' participation in the building effort

(Participation des employeurs à l'effort de construction)

Laws of 11 July 1953, 7 August 1957, 28 June 1963, 3 July 1970, 16 July 1971 and 30 December 1974; Decrees of 7 November 1966, 30 December 1971, 27 December 1975, 28 March 1977 and 10 November 1977.

Beneficiary:

The State.

Payable by:

Employers with at least 10 workers and not in the agricultural sector. The State, local authorities and their public administrative establishments are not liable for the tax.

Principle of application:

Employers are required to invest in house-building each year a sum equal to 0.65% of wages paid the year before. Those who do not fulfil this requirement are liable to a payment of 2% of the sum of these wages.

Basis of assessment:

Gross wages including benefits in kind paid during the year preceding that in which the investment is made.

Collection:

The 2% payment is established by means of assessment books, on presentation of the return.

Apprenticeship tax

(Taxe d'apprentissage)

Articles 224 to 230 G of the General Tax Code; Article 140 A to N of Annex II to the General Tax Code; Article 21 of the 1980 Finance Law.

Beneficiary:

The State.

Tax payable by:

Individuals carrying on a business, industrial or craft activity, and companies operating a business for profit, and agricultural cooperatives. Craftsmen (under certain conditions) and training institutions are not liable for the tax.

Principle of application:

Employers, as a rule, are liable for a sum representing 0.50% of wages paid during the current year. However, they can, under certain conditions, deduct from the tax required expenditure incurred for training for beginners (premières formations), on condition that an application for exemption is presented to the Departmental Committee for Vocational Training, Social Advancement and Employment (Comité départemental de la formation professionnelle, de la promotion sociale et de l'emploi). An additional payment, fixed at 0.1% of wages, must be made to the Treasury by 6 April.

Basis of assessment:

Gross wages including payments in kind.

Collection:

By means of returns and payments under the same arrangements as for turnover taxes. 7% of the tax must be paid to the National Equalization Fund (Fonds national de compensation).

Business tax

(Taxe professionnelle)

Articles 1447 to 1478 bis and 1647 A to 1648 A of the General Tax Code; Law No 80-10 of 10 January 1980; 1981 and 1982 Finance Laws; 1982 Amending Finance Law; 1990 Finance Law.

Beneficiaries:

Local authorities and their groupings (*départements*, municipalities, urban communities, districts, associations of municipalities).

Tax payable by:

Any natural or legal person carrying on a commercial, industrial or other professional activity in France.

Basis of assessment:

The sum of the rental value of the fixed assets used for the business activity and 18% of the wages paid by the enterprise (or a tenth of the receipts for those whose profits are non-commercial and who have fewer than five employees).

This basis is reduced, on the one hand, for craftsmen with fewer than three employees, agricultural cooperatives and unions of agricultural cooperatives and firms registered with the 'Chambre nationale de la batellerie artisanale' and, on the other, in the case of recruitment or investment. The rental value of certain particular types of premises (airports, nuclear power-stations) is reduced by a third. This also applies to the calculation of other local taxes.

A permanent general reduction of 16% was made in the overall net basis with effect from 1987.

Exemptions:

- Non-profit-making activities run by the State, the local authorities and public institutions for subsidized housing.
- Farmers, craftsmen working alone or with their families, artists.
- Publishing enterprises, mine concessionaries, persons engaged in letting furnished accommodation, itinerant traders and workers' production cooperatives.
- Temporary exemptions are granted by the municipal or general councils under regional planning policy (industrial or research establishments created or extended).
- Private educational establishments.
- Artists.
- Mutual insurance companies.

Collection:

By means of assessment books.

Rates:

Fixed directly by the recipient local authorities subject to the ceiling on municipal rates.
No individual contribution may exceed 4 % of value added during the period used for determining the basis of assessment.

Special tax on certain aircraft

(Taxe spéciale sur certains aéronefs)

Article 14 of the 1980 Finance Law; Article 32 of the 1982 Finance Law.

Beneficiary:

The State.

Tax payable on:

Civil aircraft and helicopters which belong to natural or legal persons of any nationality who have their principal residence or registered office in France, or which are at the disposal of these same persons in France.

Basis of assessment:

1. All but jet aircraft: total maximum continuous power of the engines or propulsion system with the rate of tax fixed according to this power and according to whether the aircraft is equipped with piston engines or with turboprop or turboshaft engines.
2. Jet aircraft: the presence of one or more jet engines with a single rate of tax.

Exemptions:

- Aircraft used for public transport;
- Aircraft belonging to the State;
- Aircraft which belong to the manufacturers and are used for test and demonstration flights;
- Private single-seater and two-seater¹ aircraft for which a restricted certificate of airworthiness (CNRA) has been issued;
- Aircraft with an engine rating of less than 300 hp belonging to flying schools or clubs which are members of associations approved by the Minister for Transport.
- Aircraft which are more than 25 years old.

Payment:

The tax is payable per calendar year between 1 January and 1 March.

¹ Two-seater aircraft are dealt with in Article 32 of the 1982 Finance Law.

Rates:

The different rates are as follows:

1. Aircraft with piston engines:

less than 100 hp	FF 1 000
100 to 199 hp	FF 1 200
200 to 274 hp	FF 2 000
275 to 299 hp	FF 4 000
300 to 399 hp	FF 6 000
400 to 599 hp	FF 10 000
600 hp or more	FF 15 000
2. Aircraft with turboprop or turboshaft engines:

Total continuous engine power of less than 275 hp	FF 5 000
Total continuous engine power of 275 to 499 hp	FF 10 000
Total continuous engine power of 500 to 999 hp	FF 15 000
Total continuous engine power of 1 000 to 1 499 hp	FF 20 000
Total continuous engine power of 1 500 hp or more	FF 30 000
Jet aircraft	FF 60 000

3. The rates are reduced by 50 % for aircraft which are more than 10 years old.

Where aircraft are registered or made available during the course of a year, the tax payable is based on the number of months remaining until the end of the year, with any incomplete month being treated as a complete month.

Collection:

The tax is collected by the Directorate-General for Customs.

Special tax on establishments for the sale of beverages

(Taxe spéciale sur les débits de boissons)

Article 562 bis of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Persons running second-, third- or fourth-category establishments for the sale of beverages.

Exemptions:

Retailers of non-alcoholic beverages (first-category establishments).

Payment:

At the same time as the licence duty.

Rates:

For third- or fourth-category establishments: 30 % of the licence duty actually applicable.
For second-category establishments: 15 % of the third-category licence duty applicable in the municipality concerned.

Transfer duty on establishments for the sale of beverages

(Droit de transfert des débits de boissons)

Article 562 of the General Tax Code.

Beneficiary:

The State.

Duty payable on:

Transfers of establishments for the sale of beverages authorized by Articles L 36, L 37, L 39 and L 40 of the Code concerning these establishments.

Exemptions:

Establishments for the sale of non-alcoholic beverages. (*De facto* exemption, since the opening of establishments of the first category – selling non-alcoholic beverages – is free. The problem of transfers does not therefore arise with regard to these establishments.)

Payment:

The duty is collected by the purchaser of the business at the time of transfer.

Rate:

FF 1 770 is charged for issue of the receipt. This is reduced to FF 355 if the establishment is opened temporarily.

Francization and navigation duty and sea pass duty

(Droit de francisation et de navigation et droit de passeport)

Law No 67-1175 of 28 December 1967; Article 21 of the 1971 Finance Law; Article 15 of the 1977 Finance Law; Article 14 of the 1980 Finance Law; Article 18 of the 1981 Finance Law; Articles 216 to 240 of the Customs Code.

Beneficiary:

The State.

Scope:

1. Francization and navigation duty
 - Commercial, fishing and pleasure vessels which have obtained the right to fly the French flag in accordance with Article 219 of the Customs Code.
 - Engines of pleasure vessels.
2. Sea pass duty
 - Pleasure vessels which fly a foreign flag and either belong to natural or legal persons of any nationality who have their principal residence or registered office in France or are at the disposal of such persons.
 - Engines of these vessels.

Basis of assessment:

Gross tonnage (except for pleasure craft, where the basis of assessment is the engine rating for administrative purposes).

Exemptions:

Commercial and fishing vessels laid up for a full calendar year, pleasure craft with a gross tonnage of not more than two tonnes; engines of pleasure craft with an engine rating of not more than 5 hp; pleasure craft belonging to schools of nautical sport.

Payment:

The duties are payable when the francization certificate or sea pass is issued and before 1 June in subsequent years.

Rates:

- | | | |
|--|---|---------------------------------------|
| <ol style="list-style-type: none">1. Commercial vessels2. Fishing vessels | } | duties abolished since 1 January 1986 |
|--|---|---------------------------------------|

3. Craft used for pleasure or sport:

(a) Duty on the hull

<i>Gross tonnage</i>	<i>Amount of duty payable</i>
Up to 3 tonnes	Exempt
Between 3 and 5 tonnes	FF 165 per vessel plus FF 112.20 per tonne or fraction of a tonne above 3 tonnes
Between 5 and 8 tonnes	FF 165 per vessel plus FF 79.20 per tonne or fraction of a tonne above 3 tonnes
Between 8 and 10 tonnes:	
– more than 10 years old	FF 165 per vessel plus FF 79.20 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes
Between 10 and 20 tonnes:	
– more than 10 years old	FF 165 per vessel plus FF 72.60 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes
More than 20 tonnes:	
– more than 10 years old	FF 165 per vessel plus FF 69.30 per tonne or fraction of a tonne above 3 tonnes
– 10 years old or less	FF 165 per vessel plus FF 154 per tonne or fraction of a tonne above 3 tonnes

(b) Duty on the engine (rating for administrative purposes)

Up to 5 hp	exempt
6 to 8 hp	FF 40.70 per hp above 5
9 to 10 hp	FF 50.60 per hp above 5
11 to 20 hp	FF 101.20 per hp above 5
21 to 25 hp	FF 112.20 per hp above 5
26 to 50 hp	FF 127.60 per hp above 5
51 to 99 hp	FF 140.80 per hp above 5

(c) Special tax

For engines with a rating of 100 hp or more, the duty shown under (b) above is replaced by a special tax of FF 220 per hp, with no 5 hp exemption applying.

In the case of pleasure craft flying the flag of a country or territory which has not concluded with France an administrative assistance agreement designed to combat tax and customs duty avoidance and evasion, the sea pass duty is charged at triple the normal rate for vessels with a gross tonnage of less than 20 tonnes and at five times the normal rate for vessels with a gross tonnage of 20 or more tonnes.

Tax threshold:

The francization and navigation duty and the sea pass duty are not levied where they amount to less than FF 30.

Licence duty on establishments for the sale of beverages

(Droit de licence sur les débits de boissons)

Articles 1568 to 1572 of the General Tax Code.

Beneficiaries:

Municipalities.

Duty payable by:

Retailers of alcohol (establishments for the sale of beverages, restaurants, etc.).

Exemptions:

- Retailers of non-alcoholic beverages.
- Retailers of 'hygienic' beverages (wine, beer, cider, etc.), other than spirits.

Payment:

Duty payable in advance in January of each year.

Rate:

Annual rate varies according to the population of the municipality concerned and the decisions of the municipal councils.

Paris and towns and cities with more than 100 000 inhabitants may introduce a graduated scale.

Special tax on certain road vehicles¹

(Taxe spéciale sur certains véhicules routiers)

Article 16 of Law No 67-1114 of 21 December 1967; Decree No 68-448 of 15 May 1968; Article 6 of Law No 70-601 of 9 July 1970; Article 25 of Law No 70-1199 of 21 December 1970; Decree No 70-1285 of 31 December 1970.

Beneficiary:

The State.

Tax payable on:

The tax is intended to meet the cost of maintaining and strengthening roads which arises from the passage of heavy vehicles whose total authorized loaded weight exceeds 16 tonnes. Vehicles with two or three axles, articulated units, semi-trailers and trailers.

Basis of assessment:

Total authorized loaded weight (as laid down in the French highway code) or actual total weight when permission has been given to exceed this figure.

Exemptions:

Passenger transport vehicles, agricultural and public works vehicles, and special mobile machines.

Collection:

Choice between quarterly or daily payments in advance.

Rates:

- Quarterly rates:
From FF 50 to FF 3 600 according to the class of vehicle, the number of axles and the total loaded weight.
- Daily rates:
 $\frac{1}{25}$ of the corresponding quarterly rate.

¹ With effect from 1 January 1971 this tax has become the responsibility of the Directorate-General for Customs and Indirect Duties.

The rates are increased by 15% for trailers or semi-trailers, and are reduced:

- when the carrier operates on his own account, by 10% if he is hiring the vehicle and by 20% if he is the owner;
- by 50% for vehicles operating within their home area;
- by 75% for vehicles operating to or from railway stations;
- by 5% per stretch of 3 500 km for vehicles using toll motorways.

The same vehicle may benefit from more than one reduction.

International transport:

The tax is collected by the Customs from vehicles registered abroad when they cross the frontier. Tax exemptions may be granted under international agreements provided they are reciprocal.

Employers' participation in financing continuous vocational training

(Participation des employeurs au financement de la formation professionnelle continue)

Article 235, points 3 C to 3 K, of the General Tax Code; Article 21 of the 1980 Finance Law.

Beneficiary:

The State.

Payable by:

All employers, including those in the agricultural sector, with at least 10 workers.¹

Principle of application:

Employers must devote sums representing at least 1.2 % of wages paid during the year to the financing of training programmes. When the expenditure which the employer can prove he has incurred is less than the fixed percentage, he must pay to the Treasury a sum equal to the difference involved. All employers covered by the system must each year pay the Treasury 0.3 % of the previous year's wages plus 3.8 %.² This payment counts in full against the participation owing in respect of the year in which it was made.

Basis of assessment:

Gross wages including payments in kind.

Collection:

By means of returns and payments under the same arrangements as for turnover taxes.

¹ Central government, local authorities and their public administrative establishments are not liable for the tax.

² For 1990.

Taxes on forestry products

(Taxes sur les produits forestiers)

Articles 1613 and 1618 bis of the General Tax Code, 332 and 332 bis of Annex III and 156 to 157 bis of Annex IV; Decree No 82-1162 of 30 December 1982.

Beneficiary:

The State.

- National Forestry Fund (FFN).
- Supplementary budget for agricultural social benefits.

Taxable products:

- Forestry products: round timbers (whether or not debarked, rough-cut or planed) and timbers simply squared.
- Sawmill products: undressed sawn timber (boards, facing and inner planks, beams, thick-board, etc.) and small timber (thin boards, laths, square-section timber, transoms, etc.).
- Planed, impregnated, injected or coated sawn timber.

Taxable operations and individuals:

- Sales and re-sales internally and for export by manufacturers, merchants and craftsmen.
- Use by the same individuals for the needs of their enterprises.
- Transfers of undressed sawmill products by merchant sawyers, to be stocked at their depot or retail shop separate from the sawmill.
- Supplies for abroad provided by sawn timber merchants.
- Purchases for export made from persons not liable to tax on forestry products.
- Imports.

Territory of application:

- FFN tax: Metropolitan France (including Corsica) and the Department of Réunion.
- Bapsa (Supplementary budget) tax: Metropolitan France (including Corsica).

Exemptions:

Total exemptions:

- firewood, wood intended for carbonization and distillation, wood for tanning extracts;
- bark, sawdust and wood charcoal;
- undressed sawmill products originating from purchases resold without treatment or after rough processing, sawn timber already taxed on being transferred to the separate depot or retail shop.

Exemptions pending a contrary decision:

- certain wood for trituration, wood and sawmill waste cuts intended for the manufacture of paper pulp, pressed panels and wood fibre for packing;
- imports of most forestry products and certain sawn timber;
- exports of pit-props, sawn timber, wooden sleepers (for railways) and unworked cask-wood (exempt only from FFN tax; Bapsa tax is levied).

Basis of assessment:

- Sales: price net of tax.
- Use and transfers: wholesale selling price net of tax for similar products.
- Imports and exports: customs value.
- Planed, impregnated, injected or coated sawn timber: value of the undressed sawn timber, without this resulting, within France, in the double taxation of these timbers.

Collection:

Same rules as for value-added tax (including possible deductions, possible application of the simplified taxation system or of the flat rate – except for relief arrangements).

Rates:

Nominal rates	4.45 % (FFN) and 1.15 % (Bapsa).
Real rates	4.70 % (FFN) and 1.20 % (Bapsa).

Tax on the clearing of woodland or forest

(Taxe sur le défrichement des surfaces en nature de bois ou de forêts)

Articles 1011, 1723, point 3 A, and 1840 N, point 5, of the General Tax Code; Law No 69-1160 of 24 December 1969 (Article 11).

Beneficiary:

The State.

Tax payable by:

Owners.

Tax payable on:

The clearing of woodland or forest.

Exemptions:

Subject to certain conditions, certain types of clearing listed by Law No 69-1160 of 24 December 1969 (Article 11).

Basis of assessment:

Area of woodland or forest cleared.

Rates:

FF 10 000 per hectare cleared for cultivation.
FF 30 000 per hectare in other cases.

Collection:

As for registration duties.
The tax may, under certain conditions, be refunded where an equivalent area is planted with trees within five years.

Local equipment tax and supplementary tax

(Taxe locale d'équipement et taxe complémentaire)

Article 1585 A to H of the General Tax Code; Decree No 81-620 of 20 May 1981; Articles R112 to R421 of the Town Planning Code.

Beneficiaries:

- Local equipment tax: municipalities or groups of municipalities (urban communities, urban districts, certain associations with multiple functions).
- Supplementary tax: district of the Paris region.
- The Savoie General Council to finance the roadworks necessary for the organization of the Olympic Games.

Scope:

1. Territorial scope:

- (a) local equipment tax: optional in the case of municipalities: the tax is applied by law in certain municipalities (municipalities with more than 10 000 inhabitants and municipalities in the Paris region designated by decree), but these may waive it; similarly, municipalities not within the legal scope of the tax may introduce it;
- (b) supplementary tax: compulsory; municipalities in the Paris region designated by ministerial order.

2. Scope as regards operations:

- (a) taxable operations: building, rebuilding and enlarging all kinds of buildings;
- (b) exempt operations:

- | | | |
|-----------------------------------|---|---|
| - by law | { | <ul style="list-style-type: none"> - buildings intended for a public department or a public welfare department, - buildings erected in concerted planning zones, - buildings erected in certain housing estates. |
| - optionally, by the municipality | { | <ul style="list-style-type: none"> - council houses and flats, - restoration of expropriated buildings, - buildings erected in zones which are not to be urbanized, - buildings for industrial, commercial or agricultural use. |

Tax payable on:

Issue of the building permit or filing of the statement replacing it.

Basis of assessment:

Fixed rate per square metre, varying according to the class of building.

Rates:

- Local equipment tax: rate varying from 1 to 5 %.
- Supplementary tax: invariable rate: 1 %.

Local equipment tax surcharge

(Taxe additionnelle à la taxe locale d'équipement)

Article 1599 B of the General Tax Code.

Beneficiary:

Department, for financing architectural, town planning and environmental consultancy services.

Basis of assessment:

Same bases as for the local equipment tax.

Rates:

Vary according to department, but may not exceed 0.3%.

Levy for failure to provide parking places

(Participations pour non-réalisation d'aires de stationnement)

Article 69 II of the Law of 31 December 1976.

Levy payable by:

Builders who are unable to comply with the parking standards laid down in the local development plans.

Exemptions:

Builders who comply with the standards.

Builders who can prove, in respect of the parking places they cannot provide, that they have obtained a long-term concession in an existing public car park or one which is under construction.

Basis of assessment and rates:

A lump sum for each parking place not provided. The amount is fixed by decision of the town council but may not exceed a given limit for each parking place not provided (that limit is fixed by reference to the building cost index calculated by the INSEE).

Collection:

The levy must be paid within one year following service of the collection notice.

Payment for exceeding the legal density limit

(Versement pour dépassement du plafond légal de densité)

Article 1723, points 8 to 14, of the General Tax Code; Law No 75-1328 of 31 December 1975.

Beneficiaries:

Local authorities for certain purposes, priority to be given to:

- establishing green spaces for the public;
- acquiring land for subsidized housing and public facilities.

Tax payable by:

The holder of a building permit.

Taxable operations:

New buildings whose density exceeds the legal limit (1.5 in Paris, 1 in the rest of France). The density is measured as the ratio between the surface area of the floor space of the building and the surface area of the land on which it is built.

Operations not taxable because of established rights:

Buildings already erected when Law No 75-1328 of 31 December 1975 came into force, or buildings for which an application for a building permit was lodged before 1 November 1975. Rebuilding, when the density does not exceed that of the demolished building.

Payment:

In two equal instalments: the first payable a year from the date on which the building permit was issued, the second payable two years after that date.

Basis of assessment and rate:

100% of the value of the extra surface area of land that it would be necessary to buy in order to respect the legal density limit.

Dues on book publishing

(Redevance sur l'édition des ouvrages de librairie)

Article 1609, point 10 A to E, Annex IV and Article 159 AA to AD of the General Tax Code.

Beneficiary:

The State (Centre national des lettres for the National Book Fund).

Tax payable by:

Any individual or legal person marketing books which he publishes.

Exemptions:

- Publishers whose turnover was not more than FF 500 000, all duties and taxes included, in the preceding year.
- Copies for export.
- Sales of educational, scientific, religious and critical works.

Basis of assessment and rate:

0.2% of the taxable turnover.

Collection:

The tax is paid in the same way as value-added tax, but half-yearly.

Dues on the use of reproduction and photocopying machines

(Redevance sur l'emploi de la reprographie)

Beneficiary:

The National Literary Centre (Centre national des lettres).

Scope:

- Sales and self-deliveries, in France, of reproduction and photocopying machines by the manufacturers.
- Importation of these machines (person making the customs declaration).

Exemptions:

Sales for export by manufacturers.

Basis of assessment and rates:

- 2.91 % of the taxable turnover, net of tax, for sales and self-deliveries.
- 2.91 % of the value defined in Article 292 of the General Tax Code, for imports.

Collection:

The dues are calculated and collected monthly or quarterly in the same way as VAT.

Tax on profits on contracts connected with the deterrent force

(Prélèvement sur les bénéfices des marchés relatifs à la force de dissuasion)

Article 235, Annex II, and Article 163, points 2 to 8, of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Sole proprietorships, firms or companies which make profits as contractors, licensees or subcontractors under public contracts concluded on the establishment of a deterrent force, where the turnover in respect of such contracts is more than FF 10 million.

Basis of assessment and rates:

Where the profit made in connection with the said contracts is over 3% of turnover, it is taxed at the rate of:

- 50% for the proportion of profit between 3 and 6% of the turnover;
- 75% for the proportion of profit in excess of 6% of the turnover.

Tax on pornographic or violent films and on pornographic theatrical performances

(Prélèvement sur les films pornographiques ou d'incitation à la violence et sur les représentations théâtrales à caractère pornographique)

Article 235, points 3 L and M, of the General Tax Code; 1990 Finance Law.

Beneficiary:

The State.

Tax payable by:

Enterprises making industrial and commercial profits, chargeable to corporation tax or income tax, from the production, distribution or showing of pornographic or violent films or from pornographic theatrical performances.

Basis of assessment:

The tax is calculated on the proportion of profit which corresponds to the aforesaid activities.

Rate:

25 %.

Collection:

For each taxable person, the tax period is identical with the one used to determine either the income tax owing in respect of industrial and commercial profits, or corporation tax.

No tax demand will be made: a return covering the relevant activities, together with the tax owing, must be submitted to the office by the date on which the annual return is due.

Local tax on automatic amusement machines

(Taxe locale sur les appareils automatiques)

Articles 1560 and 126 A to E, and Annex IV of the General Tax Code.

Beneficiaries:

The municipalities.

Tax payable on:

Automatic gaming machines and amusement machines which can be watched or listened to or which provide entertainment, operated by a mechanical, electric or other device installed in a public place.

Exemptions:

Machines equipped with individual earphones installed in halls where drinks are not served.

Rate:

The basic rate varies according to the number of inhabitants of the municipality in which the machines are installed.

Municipality of up to 1 000 inhabitants	FF 100
Municipality between 1 001 and 10 000 inhabitants	FF 200
Municipality between 10 001 and 50 000 inhabitants	FF 400
Municipality over 50 000 inhabitants	FF 600

The municipal councils may multiply the basic rate by a factor of between 2 and 4.

Obligation of taxable persons:

Owners of machines must affix to them a registration plate indicating their own name and address and the machine's serial number. They must keep a register of machines supplied to third parties.

The tax is payable by the machine operator. The operator must complete a declaration for the machine, for which he will be given a receipt, at least 24 hours before the machine is brought into service.

The annual tax is due by 1 January of each year.

Property tax on buildings owned in France by certain foreign companies

(Taxe patrimoniale sur les immeubles possédés en France par certaines sociétés étrangères)

Article 4 of the 1983 Finance Law; Articles 990 D to H of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

All legal persons of French or foreign nationality whose registered place of business is outside France and who, directly or through an intermediary, own immovable property situated in France or rights over such property.

Basis of assessment and rates:

Tax is payable at the rate of 3 % of the market value of the property assessed at 1 January of the year of taxation.

Exemption:

The tax is not applicable to:

- legal persons whose immovable property assets situated in France represent under 50 % of their French assets;
- legal persons whose registered place of business is in a country or territory which has concluded with France an administrative assistance agreement for the purpose of combating tax evasion and avoidance, and which each year declare the situation, the nature and the value of the immovable property owned at 1 January, the identity and the address of their associates at that date and the number of shares held by each of them;
- international organizations, foreign sovereign States and foreign public institutions;
- pension funds and other non-profit-making organizations engaged in a disinterested social, philanthropic, educational or cultural activity, provided that they prove that ownership of immovable property or rights over such property is justified by that activity.
- legal persons whose registered place of business is in the overseas territories and other bodies with special status;
- SICOMI certificates held by a company whose registered place of business is outside France.

Collection:

A return must be submitted to the tax collector's office and the tax paid by 15 May of each year.

Tax on the excess provisions of insurance companies

(Taxe sur les excédents des provisions des entreprises d'assurance)

1983 Finance Law; 1989 Amending Finance Law; Article 235 ter X of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

All kinds of non-life insurance companies and those engaged in providing assistance which carry over to a financial year's taxable results the excess provisions created for the settlement of claims arising during a previous year.

Basis of assessment:

The tax is based on the amount of corporation tax which would have been payable in the year the provisions were created had there not been any excess.

The excess provisions are reduced by:

- an allowance equal to 3% of each excess;
- additional provisions made to meet an increase in the cost of claims.

Rates:

0.75 % for each month which has passed since the provision was created.

Collection:

The tax must be paid within five months of the end of the financial year. The procedure for assessing, declaring and collecting it is the same as for VAT.

Solidarity tax on wealth

(Impôt de solidarité sur la fortune)

Articles 885 A to X of the General Tax Code; 1989 and 1990 Finance Laws.

Beneficiary:

The State.

Tax payable by:

Natural persons domiciled in France who own assets worth more than FF 4 130 000 on 1 January 1990.

Basis of assessment:

Net value, on 1 January of the year of taxation, of all assets, rights and securities belonging to the taxable person, to his or her spouse and to their children who have not attained their majority.

Exemptions (non-exhaustive list):

- business or professional assets;
- works of art;
- life assurance contracts during the savings phase;
- allowances paid in compensation for personal injury;
- annuities if they are comparable to retirement pensions;
- woodlands and forests, shares in forestry groups.

Deductions:

Debts incurred in respect of the assets.

Rates:

Proportion of net taxable value of assets	Rate %
Not exceeding FF 4 130 000	0
Between FF 4 130 000 and FF 6 170 000	0.5
Between FF 6 710 000 and FF 13 320 000	0.7
Between FF 13 320 000 and FF 20 660 000	0.9
Between FF 20 660 000 and FF 40 000 000	1.2
Exceeding FF 40 000 000	1.5

Allowance and ceiling:

- The tax resulting from the application of the above rate is reduced by FF 1 000 per dependent minor.
- The wealth tax and the income tax for the preceding year may not exceed 70% of such income.

Obligations on taxable persons:

The wealth tax is a tax assessed by means of a tax return submitted by the taxable persons themselves.

Payment is made either by normal means or by surrender of works of art.

Health dues on slaughtering and cutting

(Redevances sanitaires d'abattage et de découpage)

Article 55 of the 1989 Amending Finance Law.

Article 55 provides for the health protection and meat markets organization tax to be replaced by health dues on slaughtering and cutting.

Tax payable by:

- Any person who has an animal slaughtered in a slaughterhouse.
- Any person engaged in cutting operations involving meat containing bone.
- Importers.

Chargeable event:

- Slaughtering operation.
- Cutting operation.
- Importation (non-EEC countries).

Payment:

- Same rule as for VAT.
- When import declarations are submitted.

Rates:

- Slaughtering due: rate fixed each year per animal of each species.
- Cutting due: rate fixed each year per tonne of meat containing bone to be boned.

Tax on office premises in the Île-de-France region

(Taxe sur les locaux à usage de bureaux en Île-de-France)

Article 40 of Law No 89–936 of 29 December 1989 (1989 Finance Law).

Beneficiary:

Ile-de-France region.

Tax payable by:

Private or public owners on 1 January.

Tax payable on:

The tax is payable on premises used for offices.

Exemptions:

- Premises which belong to public utility foundations and associations and in which they carry out their activities.
- Premises with a total area of less than 100 m².

Rates:

The rates vary according to geographical area (three areas) and are FF 50, FF 30 and FF 15 per m².

Obligations on taxable persons:

Taxable persons are required to submit returns, accompanied by payment of the tax, before 1 March of each year to the public accounting officer of the place in which the taxable premises are situated.

Checks, collection, disputes, guarantees and penalties relating to this tax are governed by the rules applicable to corporation tax.

Departmental tax to preserve sensitive natural areas

(Taxe départementale des espaces naturels sensibles)

Law No 85-729 of 18 July 1985.

Beneficiary:

Department. Preservation of beauty spots.

Tax payable on:

The tax is payable on the construction, reconstruction and enlargement of buildings.

Exemptions:

Buildings for agricultural use; buildings used for providing public services, historic monuments, buildings reconstructed following damage or loss.

Chargeable event – Basis of assessment – Payment:

See arrangements for local equipment tax.

Rates:

1% of the notional value of the whole property.
The tax may be raised to 2%.

Tax on television advertising

(Taxe sur la publicité télévisée)

Article 564, point 9, of the General Tax Code.

Beneficiary:

The State.

Tax payable by:

Any person responsible for broadcasting television advertising in France.

Basis of assessment:

Price of the advertisement.

Rates:

- FF 10 per advertisement where the price does not exceed FF 1 000;
- FF 20 per advertisement where the price is between FF 1 000 and FF 10 000;
- FF 220 per advertisement where the price is between FF 10 000 and FF 60 000;
- FF 420 where the price exceeds FF 60 000.

Exemptions:

Advertisements broadcast in the public interest.

Obligations on taxable persons:

Taxable persons must provide, before the 25th day of each month, a detailed breakdown, based on the above scale, of the number of advertisements broadcast.
The tax is assessed and collected on the basis of those details.

Taxes abolished or repealed

- F 19** **Duty on tea**
(Taxe sur le thé)
- F 21** **State health tax on meat**
(Taxe sanitaire d'État sur les viandes)
Replaces the former State health tax (taxe sanitaire d'État) and the inspection and stamping tax (taxe de visite et de poinçonnage) (formerly levied in public slaughterhouses by the local authorities).
Replaced by health dues on slaughtering and cutting.
- F 29** **Annual tax on credit outstanding**
(Taxe annuelle sur les encours de crédits)
Abolished from 1 January 1989.
- F 54** **Departmental tax to preserve green spaces**
(Taxe départementale d'espaces verts)
Abolished from 1 June 1988.
- F 63** **Tax on certain types of overhead expenses**
(Taxe sur certains frais généraux)
Abolished from 1 January 1988.
- F 65** **Duty on cocoa and certain other tropical products**
(Taxe sur le cacao et certaines autres denrées tropicales)
- F 66** **Duty on coffee**
(Taxe sur le café)
- F 67** **Special tax on private cars with an engine rating for tax purposes exceeding 16 hp**
(Taxe spéciale sur les voitures d'une puissance fiscale supérieure à 16 CV)
Abolished by the Law of 11 July 1985.
- F 68** **Surcharge on registration certificates for motor vehicles**
(Taxe additionnelle sur les certificats d'immatriculation des véhicules à moteur)

- F 69** **Special surcharge on the price of entrance tickets to sporting events**
(Taxe spéciale additionnelle au prix des billets d'entrée dans les manifestations sportives)
- F 70** **State tax on automatic amusement machines**
(Taxe d'État sur les appareils automatiques)
- F 71** **Wealth tax**
(Impôt sur les grandes fortunes)

IRELAND

Income tax

Income Tax Act, 1967; Finance Acts for 1967 and succeeding years.

Beneficiary:

The central government.

Tax payable by:

All persons (whether individuals, legal persons, members of partnerships, bodies corporate or not corporate) resident in Ireland and persons not resident in Ireland but deriving income from Irish sources. In the case of a body corporate, income which is chargeable to corporation tax is not chargeable to income tax.

Taxable income:

Total net income divided into four categories:

Schedule C: Interest, etc., payable out of any public revenue;

Schedule D: Profits or income from property, trades, professions or vocations and all other annual profits or gains not charged under any other schedule and not specially exempted from tax;

Schedule E: Income from employment, including pensions;

Schedule F: Income from distributions.

Exemption thresholds:

Individuals are exempt from income tax if their gross income, before deductions, does not exceed the following limits:

- single and widowed persons IRL 3 000
- married persons IRL 6 000
- single and widowed persons aged 65 years and over IRL 3 400
- married persons aged 65 years and over IRL 6 800
- single and widowed persons aged 75 years and over IRL 4 000
- married persons aged 75 years and over IRL 8 000

Marginal relief at the rate of 60% is available where the income does not greatly exceed these limits.

An additional exemption of IRL 200 per dependent child is also given.

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.

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- Certain stallion fees.
- Income from patented Irish inventions where the work leading to the grant of the patent was carried out in Ireland.
- Subject to limitations, income derived from certain leasing of farm land.
- Capital received from life assurance policies.
- Payments to thalidomide children and the interest on the investment of such payments.
- Bonus or interest payable under instalment savings schemes and interest on savings certificates.
- Income from scholarships.
- Premiums payable on certain government and other securities.
- Statutory redundancy payments.
- Shares issued under approved profit-sharing schemes.
- Shares issued under approved share-option schemes.
- Subject to limitation, certain income derived from dividends out of profits which qualify for the 10% rate of corporation tax.

Deductions:

- In the case of income from trades and professions: all expenses wholly and exclusively incurred for the purpose of the trade or profession, depreciation, losses, etc. generally. Subject to conditions, a double rent allowance as an expense in computing trading profits for tax purposes may be available to persons engaged in a trade or profession in certain areas.
- In the case of employed persons: only expenses wholly, necessarily and exclusively incurred in the performance of the employment.
- There are also certain personal allowances, namely the single, widowed, married and incapacitated child allowances, single parent allowance, dependent relative allowance, allowance to blind persons and an allowance in respect of a person employed to take care of an incapacitated individual.
- A special employment allowance is, in general, granted to taxpayers chargeable to tax under the PAYE (Pay As You Earn) system.
- There is a special allowance for employees who pay the higher rates of pay-related social insurance. Persons aged 65 years or over are entitled to an additional personal allowance. Persons aged 55 years or over may claim an allowance for rent paid in respect of private tenancies.
- Subject to certain conditions, deductions may be made by individuals in respect of medical insurance premiums, life assurance premiums, permanent health insurance premiums, retirement annuity premiums, superannuation contributions, health expenses, and interest paid on certain mortgage loans and other loans.
- Relief from tax may be granted in certain circumstances in respect of expenditure incurred on:
 1. the provision of rented residential accommodation,
 2. the conversion of a building to a dwelling, or
 3. the maintenance and repair of significant buildings.
- Relief from income tax is available, subject to conditions, to individuals who invest:
 1. long-term risk capital in ordinary shares of certain unquoted companies.
 2. capital in ordinary shares in certain companies engaged in research and development, and
 3. in new ordinary shares issued by their employing companies.
- Tax relief may be available to a person who makes a gift of money:
 1. to an approved body in the State for promoting the advancement of education in the Arts,
or
 2. to the National Sports Council.
- Relief from income tax may also be available, subject to conditions, to owner-occupiers in respect of expenditure incurred on the construction or refurbishment of a dwelling in certain areas.

Married couples:

Married couples may opt to be assessed in any of the following three ways:

- (a) assessment of each spouse as a single person;
- (b) assessment of the husband in respect of the combined incomes of the husband and wife;
or
- (c) separate assessment where the tax payable as at (b) is apportioned between the spouses.

Non-residents:

Non-resident persons are liable to income tax in respect of income arising or accruing in Ireland including the profits of business carried on in Ireland, subject to the provisions of any tax conventions in force between Ireland and the country in which the taxpayer resides.

The interest on certain government and government-approved securities, in the beneficial ownership of persons not ordinarily resident in the State, is exempt from income tax.

Basis of assessment:

Income tax on salaries, wages and pensions is deducted under PAYE on a current year basis. On other personal income, income tax is generally charged on a preceding year basis. The income tax year commences on 6 April.

Collection:

Weekly or monthly deduction at source from emoluments (wages, salaries, etc.) within the scope of PAYE, and direct collection from the individual in one instalment by way of annual voluntary self-assessment.

Rates:

The tax is a graduated personal tax which applies to single and widowed persons at the following rates:

- on the first IRL 6 100 of taxable income 32 %
- on the next IRL 3 100 of taxable income 48 %
- on the balance of taxable income 56 %

Double rate bands apply for married couples, where the husband is assessed to tax on his own and on his wife's income (if any) as follows:

- on the first IRL 12 200 of taxable income 32 %
- on the next IRL 6 200 of taxable income 48 %
- on the balance of taxable income 56 %

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 that year.

On cessation of a trade or profession, terminal losses may be carried back over the preceding 3 years.

Special features:

Withholding tax on professional fees

A withholding tax, at the standard rate of 32%, is deducted at source from payments made by certain State and semi-State bodies (government departments, local authorities, health boards, etc.) for professional services provided by accountants, architects, dentists, doctors, etc.

Deposit interest retention tax

A retention tax, at the standard rate of 32%, 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 persons over 65 years of age are not subject to the tax.

Corporation tax

Corporation Tax Act, 1976 (incorporating, as necessary, various provisions of the Income Tax Act, 1967, as amended by the Finance Act 1967 and subsequent Finance Acts).

Beneficiary:

The central government.

Tax payable by:

Companies. For this purpose a company is defined as any corporate body but does not include a local authority, health board or vocational education committee.

Basis of assessment:

All profits (including income and chargeable capital gains other than gains from disposals of development land), with the exception of dividends and other distributions received from other resident companies, arising in a company's accounting period.

A company not resident in Ireland is charged corporation tax only if it carries on a trade in Ireland through a branch or agency and then only, broadly speaking, on any income or chargeable gains (other than gains from disposals of development land) attributable to the branch or agency.

Exemptions:

Credit unions, lotteries, the Custom House Docks Development Authority and the voluntary health insurance board are exempt on all of their profits. Charitable companies, companies promoting amateur or athletic games or sports, friendly societies, agricultural and fishery societies, harbour authorities, trade unions, trustee savings banks, agricultural and fishery cooperatives, approved superannuation funds, mutual trading companies, Nitrigin Éireann Teoranta and non-trading companies are all exempt from corporation tax on income which fulfils certain statutory requirements.

Special reliefs:

Companies which export certain manufactured goods and provide certain services related to exporting are entitled to relief from corporation tax in respect of the income from such business. Companies which export goods manufactured or packaged or handled at Shannon Airport or which provide certain services connected with the use or development of Shannon Airport are relieved from corporation tax in respect of the income from such operations.

These reliefs ceased to be available after 31 December 1980, on the introduction of the '10% scheme' of relief from corporation tax, except to companies which had established entitlement to the relief before 1 January 1981, and which may accordingly continue to benefit therefrom until their period of entitlement expires.

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With effect from 1 January 1981, until 31 December 2000, profits from manufacturing carried on within the State are charged to corporation tax at an effective rate of 10%. This relief (known as the '10% scheme') extends also:

- to profits of certain service activities carried on at Shannon Airport;
 - with effect from 13 April 1984, to profits from the provision of certain computer services eligible for a grant from the Industrial Development Authority;
 - with effect from 1 January 1987, to profits from certain shipping activities;
 - with effect from the date specified in the certificate, to profits of companies certified by the Minister for Finance to be providing certain international financial services in the Custom House Docks Area of Dublin;
 - with effect from a date to be appointed by the Minister for Finance, to the profits of companies licensed as Special Trading Houses in respect of the export of goods manufactured in the State;
 - with effect from 9 July 1987, to profits from the cultivation of plants by micro-propagation.
- Relief for increases in stock values is available in respect of the trade of farming. The relief consists broadly of allowing a deduction in computing trading profits of 110% of the amount of the increases in value of trading stock and work in progress at the end of an accounting period over and above the opening value.

Deductions:

Expenses incurred for the purpose of the business. Capital allowances on the depreciation of certain assets (for example, certain industrial buildings and items of plant and machinery) are given.

Collection:

Annual assessment of profits arising in a company's accounting period.

Corporation tax is payable in a single instalment six months after the end of the accounting period where such period ends on or after 28 February 1985.

On payment of a dividend on or after 9 February 1983, an Irish resident company is required to pay an amount of corporation tax, known as advance corporation tax, equal to the amount of the tax credit in respect of the dividend. Full advance corporation tax is payable in respect of dividends paid on or after 1 January 1986. A payment of advance corporation tax can be set off against the company's main corporation tax liability on its income.

Rates:

The normal rate is 43%.

A special temporary rate of 10% applies to manufacturing industry in general.

Capital gains (except gains from disposals of development land) are effectively chargeable to corporation tax at the rates appropriate to such gains.

Special features:

A surcharge at the rate of 20% is levied on the undistributed investment or estate income of a close company (broadly a company under the control of not more than five persons or under the control of directors) or on the income from any source of a close company which provides professional services or engages in certain other types of activities.

The losses of a member of a group may be set off against the profits of another member. Where payments of dividends are made between members of a group the company receiving the dividends and the company paying them may jointly elect not to make a payment of advance corporation tax. Subject to certain exceptions a resident shareholder is entitled to a tax credit (representing part of the corporation tax paid by the company). This tax credit may be set against his income tax liability.

Inheritance and gift tax

Capital Acquisitions Tax Act, 1976, and amendments thereto by subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable on:

Gifts and inheritances taken by the same donee/successor from any disponent.

Tax payable by:

Donees, successors, trustees, personal representatives.

Basis of assessment:

Where the disponent, in relation to gifts, is domiciled in Ireland at the date of the disposition, or in certain cases, at the date of the gift, or, in relation to inheritances, was so domiciled at his death, or where, in relation to both, the proper law of the settlement is Irish, the taxable gift or taxable inheritance consists of the whole of the property taken by the donee/successor. In any other case, only the property situated in Ireland is liable to tax.

In general, the taxable value of property comprised in a taxable gift or a taxable inheritance is its market value, after deducting liabilities, costs and expenses. Rules are provided for valuing limited interests, that is, interests less than absolute interests.

The tax chargeable on the taxable value of the latest taxable gift or taxable inheritance taken by a beneficiary is as follows:

- (a) the tax computed under the table of rates on the aggregate of the taxable values of that latest taxable gift or taxable inheritance plus the taxable values of all taxable gifts and taxable inheritances (if any) previously taken by that beneficiary from any source on or after 2 June 1982, less, if any;
- (b) the tax computed under that table on the aggregate of the taxable values of all taxable gifts and taxable inheritances taken by that beneficiary from any source on or after 2 June 1982, but excluding the taxable value of that latest taxable gift or taxable inheritance.

Deductions:

- 50 %, up to a maximum of IRL 200 000, of the market value of agricultural land and buildings taken by a donee/successor who is a farmer.
- 50 %, up to a maximum of IRL 200 000, of the market value of growing trees taken by any donee/successor.

Exemptions:

These include:

- the first IRL 500 of the taxable value of gifts from any one donor in any one year;
- normal and reasonable expenditure by a disponent on his immediate family;
- property taken by charities;
- heritage property, that is, houses, gardens, articles of national scientific, historic or artistic interest which fulfil certain conditions;
- payments and pensions to retired employees;
- certain government securities taken by foreigners;
- inheritances (but not gifts) taken by one spouse from the other.

Collection:

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

Rates:

The table of rates is as follows:

Portion of aggregate of taxable values	Rate of tax (%)
The threshold amount	Nil
The next IRL 10 000	20
The next IRL 40 000	30
The next IRL 50 000	35
The next IRL 50 000	40
The next IRL 50 000	45
The balance	55

The threshold amount is determined by the relationship of the beneficiary to each disponent from whom he takes a taxable gift or taxable inheritance included in any aggregate. It cannot be less than IRL 10 000 or more than IRL 150 000.

Discretionary trust tax

Finance Acts, 1984 and 1986.

Beneficiary:

The central government.

Tax payable on:

Property subject to a discretionary trust on 25 January 1984, or becoming subject to such a trust on or after that date. However, the charge to tax will not arise until the disponent is dead and, if the objects of the trust include the disponent's spouse, children and certain grandchildren, until none of these objects is under the age of 25 years.

Tax payable by:

The trustees of the trust.

Basis of assessment:

The property subject to a discretionary trust on 25 January 1984, or becoming subject to such a trust on or after that date, is liable to a one-off charge of 3% on the market value of such property. In addition, there is an annual charge of 1% on the market value of property contained in such a trust on 5 April in each year commencing with the year 1986.

Exemptions:

Discretionary trusts created exclusively, *inter alia*:

- for Irish charitable purposes;
- for the benefit of improvident or incapable individuals;
- for the upkeep of heritage houses or gardens.

Capital gains tax

Capital Gains Tax Act, 1975, as amended by the Corporation Tax Act, 1976, and the Capital Gains Tax (Amendment) Act, 1978, and amendments thereto by the Finance Act, 1977, and subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable by:

Persons, including companies, resident or ordinarily resident in Ireland on chargeable assets wherever situated.

Persons neither resident nor ordinarily resident in respect of chargeable gains accruing from the disposal of the following assets situated in Ireland:

1. land in the State;
2. minerals in the State or rights, interests or other assets related to minerals or to the searching therefor;
3. assets of a business carried on in the State;
4. rights in the Irish part of the Continental Shelf area.

Persons wholly or partially exempted include local authorities and certain other public bodies, charities, superannuation funds, registered trade unions, friendly societies, etc.

Tax payable on:

Gains on the disposal of chargeable assets. Chargeable assets, subject to certain exemptions, comprise all forms of property including incorporeal property such as debts, options, copyright, goodwill and interests in or rights over any property real or incorporeal. 'Disposal' includes part-disposal and also includes a transfer by sale, exchange or gift. 'Disposal' does not include the passing of assets on death.

An individual not domiciled in Ireland is liable on gains on assets situated outside Ireland and the United Kingdom only to the extent that the gains are remitted to Ireland.

Basis of assessment:

Chargeable gains less allowable losses in a year of assessment or in an accounting period in the case of a company.

Exemptions:

The main exemptions are:

- (a) an individual's principal private residence with restricted relief where the gain is inflated due to development potential of the property;

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- (b) wasting chattels, that is, tangible movable property, excluding currency, with a predictable life of less than 50 years;
- (c) life assurance policies;
- (d) Irish government securities;
- (e) securities of local authorities and certain State-sponsored bodies;
- (f) betting, lotteries and sweepstakes.

Special reliefs:

The first IRL 2 000 of an individual's net gains in any year of assessment are not chargeable. In the case of a married couple living together, the first IRL 4 000 of net gains is exempt. A chattel disposed of by an individual for a consideration not exceeding IRL 2 000 is not chargeable and where the consideration exceeds IRL 2 000 the liability is not to exceed half the difference between the consideration and IRL 2 000.

With respect to an individual aged 55 years or more who disposes of the whole or part of his farm or business:

- (a) if the disposal is to his child it is not chargeable;
- (b) if the disposal is outside his family and the consideration does not exceed IRL 50 000 it is also not chargeable;
- (c) if the disposal is outside the family and the consideration exceeds IRL 50 000 the liability shall not exceed half the difference between the consideration and IRL 50 000.

Where a person disposes of business assets and reinvests the proceeds in other business assets the charge is deferred.

Computation of gains:

In general capital gains or losses are computed on the basis of the consideration received on the disposal or part disposal of the asset (or the market value if there is no consideration or the transaction is not at arm's length) less the base cost of the asset (or a portion thereof if a part-disposal) together with expenses incidental to the disposal. The base cost, that is, the cost of the asset and any incidental acquisition expenses, is adjusted upwards by reference to the increase in the consumer price index between the year of assessment in which the asset was acquired and the year in which it was disposed of. This adjustment will not operate to convert a monetary gain into an allowable loss or to inflate a monetary loss.

Where an asset was already owned on 6 April 1974 (the date of commencement of capital gains tax) the base cost is deemed to be the market value allowable on that date. In the case of disposals of development land the inflation adjustment is subject to certain restrictions. Any part of the consideration which is already chargeable to income tax is excluded and, similarly, the allowable expenditure is reduced by any amount which is or would be allowable as a deduction for income tax.

Where a disposal of an asset which was acquired on death is made by the successor the base cost of the asset is deemed to be its market value as at the date of death.

Collection:

By assessment.

Rates:

Gains realized on the disposal of assets are charged at the following rates:

- (a) 60 % where the period of ownership of the asset is not more than one year;
- (b) 50 % where the period of ownership of the asset is more than one year but not more than three years;
- (c) 35 % where the period of ownership of the asset is more than three years but not more than six years;
or
- (d) in any other case, 30 %.

The 30 % rate also applies, irrespective of the period of ownership to gains realized in the three-year period commencing 4 April 1986, on the disposal of shares which are dealt in on the Smaller Companies Market of the Irish Stock Exchange or which are ordinary shares of public companies which have raised capital under the schemes for Relief for Investment in Corporate Trades or Relief for Investment in Research and Development.

Gains from the disposal of development land are chargeable at 50 % and the 60 % rate applies to gains from disposals of development land made within one year of acquisition.

Companies are charged corporation tax on their capital gains effectively at the rates appropriate to the gains. However, gains by companies from disposals of development land are chargeable to capital gains tax and not to corporation tax.

A unit trust is not liable to capital gains tax if all the units are held by exempt persons (excluding persons exempt by reason of non-residence only) or all the investments held by the trust are exempt assets. Provided certain conditions are fulfilled, a unit trust is chargeable at a reduced rate on its capital gains.

Carry-over of losses:

Normally allowable if a gain on the same transaction would have been chargeable. Losses are set primarily against gains of the same year. The excess, if any, is carried forward and set off against any gains of a future year. Losses cannot be carried back to an earlier year except those accruing to an individual in the year of his death which may be carried back and set off against the gains of the 3 preceding years.

Special cases:

Special rules apply in the following cases:

- (a) disposals to the State, charities and certain other bodies;
- (b) disposal of property subject to a lease and the grant of a lease at a premium;
- (c) bonus and rights issues and other reorganizations of share capital;
- (d) company amalgamations and conversion of securities;
- (e) transfer of business to a company;
- (f) capital distributions by a company to a shareholder.

Value-added tax

Value-added Tax Act, 1972; Finance Acts, 1973, 1975, No 2 of 1975, 1976 and 1978; Value-added Tax (Amendment) Act, 1978, Value-added Tax Regulations, 1979; Finance Acts, 1979, 1980, 1981, No 2 of 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988 and 1989.

Beneficiary:

The central government.

Tax payable by:

- Taxable persons who supply goods or services within the country in the course or furtherance of business.
- Persons importing goods.
- Persons who opt to be taxable (farmers, traders with turnover not exceeding specified limits, persons letting property and veterinary surgeons).

Tax payable on:

- Supplies of goods and services.
- Importation of goods.
- Self-supplies of goods.
- Self-services (catering only).

Basis of assessment:

- On the consideration excluding value-added tax in the case of goods or services supplied within the country.
- In the case of importations, on the value for customs purposes plus any customs or excise duty payable.
- In the case of self-supplies, on the cost of acquiring or producing the goods.
- In the case of self-services (catering only), on the cost of providing the service.

Exemptions:

Stocks and shares, national broadcasting service (excluding advertising), passenger transport, funeral undertaking, education, medical services, insurance and banking, promotion of and admission to sporting events, services of veterinary surgeons, lotteries, betting, letting of immovable goods, supply of live horses and greyhounds, etc.

Excise duty on hydrocarbons

Paragraphs 11 (1) and 12 (1) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended; Sections 40 to 42 of the Finance Act, 1976, as amended; Imposition of Duties (No 232) (Hydrocarbon Oils) Order, 1977, as amended; Section 35 (5) of the Finance Act, 1981, as amended; Imposition of Duties (No 256) (Excise Duty on Hydrocarbon Oils) Order, 1981, as amended; Imposition of Duties (No 265) (Excise Duty on Hydrocarbon Oils) Order, 1983; Section 73 of the Finance Act, 1984; Section 36 of the Finance Act, 1987; Section 56 (3) of the Finance Act, 1988, as amended.

Beneficiary:

The central government.

Duty payable on:

Hydrocarbon oils and gaseous hydrocarbons in liquid form (LPG).

Duty due when:

The oil is delivered for home consumption. There is no provision for deferring payment of duty.

Rates:

The rates of excise duty are:

- mineral hydrocarbon light oil IRL 30.35 per hl
- hydrocarbon oil, other sorts IRL 22.31 per hl
- gaseous hydrocarbons in liquid form IRL 0.785 per gallon

Exemptions:

Light oils such as xylene, tolyene and benzene are delivered for industrial purposes on payment of duty at a reduced rate of IRL 3.73 per hectolitre. Unleaded mineral hydrocarbon light oil (other than aviation gasoline) is allowed a rebate which reduces the level of the duty to IRL 28.67.

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:

- aviation gasoline IRL 15.175 per hl
- oil used by horticultural producers IRL 0.44 per hl
- oil used by fishermen nil
- fuel oil used in, or in connection with, the manufacture of alumina nil
- fuel oil used for the generation of electricity for sale IRL 1.53 per hl
- fuel oil used for other purposes IRL 0.76 per hl
- certain processed used oils used as fuel oil for industrial purposes IRL 0.76 per hl
- all other oils IRL 3.73 per hl
- LPG IRL 0.17 per gallon

A special rate of IRL 1.79 per hectolitre is payable on 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.

Excise duty on tobacco products

Finance (Excise Duty on Tobacco Products) Act, 1977; Imposition of Duties (No 233) (Excise Duty on Tobacco Products) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Tobacco products other than snuff.

Duty due when:

- For home-produced tobacco products, when they are removed from an approved warehouse (home-produced tobacco products must be deposited in an approved warehouse after manufacture).
- For imported tobacco, when they are imported or are removed from an approved warehouse.

Duty payable by:

The manufacturer, importer or warehousekeeper.

Rates:

The rates of excise duty on home-produced and imported tobacco products are:

- cigarettes IRL 40.70 per thousand + 13.56 %
of the retail price
 - cigars IRL 60.217 per kg
 - sweetened pipe tobacco IRL 60.851 per kg
- Other tobacco products:
- hard pressed tobacco IRL 38.914 per kg
 - other pipe tobacco IRL 48.916 per kg
 - other smoking or chewing tobacco IRL 50.814 per kg

Rebates:

A rebate is allowable to manufacturers of tobacco products as follows:

- where in any year commencing on 11 April the quantity of leaf tobacco received and used in the manufacture of tobacco products does not exceed 22 680 kg, rebate is allowable at the rate of IRL 1.97 per kg;
- where the quantity so received and used exceeds 22 680 kg, rebate is allowable at the rate of IRL 0.165 per kg for the first 22 680 kg.

Deferment of payment:

In general payment of duty on tobacco products may be deferred:

- for duty charged in December, to the end of the following month (January) for one half of the duty charged in December and to the end of December itself for the other half;
- for duty charged in any other month, to the end of the month following the month in which the duty is charged.

Reliefs:

Special provision exists for relieving tobacco products from duty in the following circumstances:

- where they are exported or shipped as stores;
- where they are destroyed or recycled by the manufacturer;
- where they are used for experimental, research or quality control purposes.

Excise duty on matches

Paragraph 13 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975.

Beneficiary:

The central government.

Duty payable on:

Matches.

Duty due when:

The matches are delivered from factory (or duty-free warehouse) or are imported.

Duty payable by:

The manufacturer or the importer.

Period for submission of declaration:

At the beginning of each week the manufacturer makes a declaration of the quantity of matches delivered during the previous week. If deferment is availed of (see below) returns are made on a monthly basis.

Rates:

The rate of excise duty is IRL 0.566 for every 7 200 matches (and in proportion for any less number).

Deferment of payment:

Deferment of payment of the duty on home-manufactured matches is allowed to the 15th day of the month following the month in which the matches are delivered for home consumption.

Excise duty on ethyl alcohol

Paragraph 4 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Spirits, i. e. ethyl alcohol in all forms, except wine, made-wines, beer, cider and perry.

Duty due when:

Excise duty on home-made alcohol is chargeable by reference to the alcohol present at the end of the distillation process and becomes payable when it is released for home consumption. Excise duty on imported alcohol becomes payable at the time of importation or, if warehoused, on delivery from the warehouse.

Duty payable by:

The distiller or the importer.

Declaration and date for submission:

An official account of the alcohol is taken at the end of the distillation process. This account is the basis for the charge to duty.

Rates:

The excise duty on spirits is chargeable by reference to its pure alcohol content at the rate of IRL 20.085 per litre of alcohol in the spirits. Provision is made, at the option of the importer, for charging duty on imported alcohol on the basis of the liquid (i.e. bulk) litre for liqueurs and certain other products; the rate of duty in these cases is calculated on assumed strengths.

Exemptions:

Alcohol may be used free of duty on certain premises of art or manufacture, e.g. for experimental laboratory purposes or as an ingredient of certain non-potable products such as toilet requisites and polishes. Generally, such spirits must be adulterated by methylation or other suitable methods before delivery for duty-free use. Relief from duty is also allowed in respect of alcohol contained in recognized medical preparations.

Deferment of payment:

Payment of duty on alcohol may be deferred to a date not later than the last day of the month succeeding the month in which the alcohol is released for home consumption, with the exception that:

- no deferment is allowed in the case of alcohol released in the period of 21 December to 31 December;
- in the case of alcohol released in the period 1 December to 20 December inclusive, the duty must be paid on the last day of that month.

Excise duty on wine

Paragraph 5 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Wine of fresh grapes or fresh grape must, whether or not fortified with spirits or flavoured with aromatic extracts, and grape must with fermentation arrested by the addition of alcohol.

Duty due when:

The wine is sent out from the premises of the manufacturer, or when it is imported, or on delivery from warehouse.

Duty payable by:

The manufacturer or the importer.

Rates:

Still wine:	<i>per litre</i>
– of an actual alcoholic strength by volume not exceeding 15 % vol.	IRL 2.04
– of an actual alcoholic strength by volume exceeding 15 % vol. but not exceeding 22 % vol.	IRL 2.96
Sparkling wine:	IRL 4.08
Wine, whether still or sparkling, of an actual alcoholic strength by volume exceeding 22 % vol., is liable to an additional duty of IRL 0.23 per litre for every 1 % vol. or fraction of 1 % vol. above 22 % vol.	

Deferment of payment:

Payment of duty on wine may be deferred to a date not later than the 15th day of the month succeeding the month in which the wine is released for home consumption, with the exception that:

- no deferment is allowed in the case of wine released in the period of 21 December to 31 December;
- in the case of wine released in the period 1 December to 20 December inclusive, the duty must be paid on the last day of that month.

Repayment of duty:

Subject to compliance with certain conditions the duty paid on wine used as an ingredient in the production or manufacture of a beverage containing not more than 1.2 % alcohol by volume may be repaid.

Excise duty on made-wine

Paragraph 6 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Any liquor which is made from fruit and sugar, or fruit or sugar mixed with any other material and which has undergone a process of fermentation in the manufacture thereof and includes mead but does not include beer, wine, grape must in fermentation or with fermentation arrested otherwise than by the addition of alcohol, cider, perry, piquette, spirits or table waters.

Duty due when:

The made-wine is sent out from the premises of the manufacturer, or when it is imported, or on delivery from warehouse.

Duty payable by:

The manufacturer or the importer.

Rates:

Still:	<i>per litre</i>
– of an actual alcoholic strength by volume not exceeding 15 % vol.	IRL 2.04
– of an actual alcoholic strength by volume exceeding 15 % vol. but not exceeding 22 % vol.	IRL 2.96
Sparkling:	IRL 4.08
Made-wine, whether still or sparkling, of an actual alcoholic strength by volume exceeding 22 % vol., is liable to an additional duty of IRL 0.23 per litre for every 1 % vol. or fraction of 1 % vol. above 22 % vol.	

Deferment of payment:

Payment of the duty on made-wine may be deferred to a date not later than the 15th day of the month succeeding the month in which the made-wine is delivered for home consumption.

Repayment of duty:

Subject to compliance with certain conditions the duty paid on made-wine used as an ingredient in the production or manufacture of a beverage containing not more than 1.2% alcohol by volume may be repaid.

Excise duty on beer

Paragraph 7 (1) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended; Imposition of Duties (No 258) (Beer) (No 2) Order, 1982.

Beneficiary:

The central government.

Duty payable on:

- (i) Beer, including ale, stout, porter, spruce beer and black beer, and any other description of beer, and
- (ii) any liquor which is made or sold as a description of beer or a substitute for beer, and which on analysis of a sample thereof at any time is found to contain more than 1.2 % of alcohol by volume.

Duty due when:

The duty is calculated by reference to the specific gravity of the worts before fermentation, and becomes chargeable on home-brewed beer at that stage: duty becomes due on imported beer at the time of importation.

Duty payable by:

The brewer or importer.

Declaration and date for submission:

The brewer makes an entry in a 'brewing book' of the day and hour of intended brewing. He must also enter in the brewing book details of the materials intended to be used, the hour when all the worts will be drawn off and the quantity of worts produced together with their gravity. The duty is charged according to the brewer's entry in the brewing book or as ascertained by officials, whichever is the greater.

Rates:

The unit of charge is the 'standard barrel', i. e. 36 gallons of beer of which the worts were, before fermentation, of a specific gravity of 1 055^o.

Where the specific gravity of beer is different from the standard of 1 055^o the duty is varied proportionately.

The rate of excise duty on home-made and imported beer is IRL 152.595 per standard barrel. Beer containing not more than 0.5 % alcohol by volume is charged with a special volume-related rate of excise duty of IRL 0.372 per gallon.

Deferment of payment:

Deferment of payment on home-brewed beer is allowed as follows:

- for beer not dealt with below, to a date not later than the 8th day of the second month following that in which charged (however, duty must be paid not later than 28 December in respect of beer charged with duty in November);
- for beer requiring two months' storage in the brewery premises to a date not later than the 8th day of the third month following that in which charged (however, duty must be paid not later than 28 December in respect of beer charged with duty in October);
- in respect of lager beer requiring at least three months' storage in the brewery premises to a date not later than the 25th day of the fourth month after the month in which the duty was charged.

Deferment of payment on imported beer is allowed to a day not later than the 15th day of the month following that in which the duty is charged.

Repayment of duty:

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.

Excise duty on cider and perry

Paragraph 8 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Cider and perry.

Duty due when:

The cider or perry is removed from the premises of the manufacturer, or on importation, on delivery from warehouse.

Duty payable by:

The manufacturer or the importer.

Period for submission of 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 7th day of each month in respect of the quantity of cider or perry on which duty became payable in the preceding month.

Rates:

	<i>per gallon</i>
Of an actual alcoholic strength by volume not exceeding 6 % vol.	IRL 0.93
Of an actual alcoholic strength by volume exceeding 6 % vol. but not exceeding 8.7 % vol.	IRL 4.03
Of an actual alcoholic strength by volume exceeding 8.7 % vol.	IRL 9.27

Deferment of payment:

Payment of the duty on cider and perry may be deferred to a date not later than the last day of the month following that in which the duty is charged.

Repayment of duty:

Subject to compliance with certain conditions the duty paid on cider or perry used as an ingredient in the manufacture or production of a beverage containing not more than 1.2% alcohol by volume may be repaid.

Excise duty on table waters

Paragraph 9 (2) of the Imposition of Duties (No 221) (Excise Duties) Order, 1975, as amended.

Beneficiary:

The central government.

Duty payable on:

Soft drinks, including those intended to be diluted, and mineral waters (whether or not sparkling).

Duty due when:

The table waters are sent out on, or for, sale or otherwise from the premises of the manufacturer, or at importation.

Duty payable by:

The manufacturer or the importer.

Period for submission of declaration:

The manufacturer submits a declaration (not later than the first working day of each week) of the quantity of table waters manufactured by him and removed for sale or otherwise from his premises. If deferment is availed of (see below) declarations are made not later than the 7th day of each month in respect of the quantity of table waters manufactured by the manufacturer and removed for sale or otherwise from his premises during the previous month.

Rate:

The rate of excise duty is IRL 0.36 per gallon.

Deferment of payment:

Payment of duty on home-produced table waters may be deferred to a date not later than the last day of the month succeeding the month in which the table waters are removed for sale or otherwise from the premises of the manufacturer.

Excise duty on mechanical lighters

Section 75 of the Finance Act, 1980.

Beneficiary:

The central government.

Duty payable on:

Portable mechanical lighters, complete or substantially complete.

Duty due when:

In the case of mechanical lighters manufactured in the State, on delivery from the premises of the manufacturer. Imported mechanical lighters are chargeable with duty on importation, or if delivered to the warehouse or the licensed premises of a manufacturer, on their removal for home use.

Duty payable by:

The manufacturer or importer.

Period for submission of declaration:

The manufacturer submits a monthly return (not later than the 7th day of the following month) of mechanical lighters delivered from his manufactory. Duty is payable by the manufacturer at the time the return is submitted unless deferment arrangements apply (see below).

Rate:

The rate of excise duty is IRL 0.40 for each lighter.

Deferment of payment:

Payment of the duty on mechanical lighters may be deferred to a date not later than the 15th day of the month following that in which the duty is charged.

Excise duty on gramophone records

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Gramophone records.

Duty payable when:

The gramophone records are delivered from the premises of a manufacturer or approved importer or on importation.

Duty payable by:

The manufacturer or importer.

Rate:

40 % of the ex-factory or import value.

Deferment of payment:

Payment of each month's liability may be deferred until the last day of the month following the month of charge.

Excise duty on televisions

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Televisions.

Duty payable when:

The televisions are delivered from the premises of a manufacturer or an approved importer or on importation.

Duty payable by:

The manufacturer or importer.

Rates:

Colour televisions:

- with a screen the maximum dimension of which does not exceed 17 in. IRL 39
- with a screen the maximum dimension of which exceeds 17 in. and does not exceed 24 in. IRL 49
- with a screen the maximum dimension of which exceeds 24 in. IRL 60.50

Monochrome televisions:

- with a screen the maximum dimension of which does not exceed 17 in. IRL 12
- with a screen the maximum dimension of which exceeds 17 in. IRL 19

Deferment of payment:

There is provision for deferment of payment of excise duty to a day not later than the last day of the month following the month in which excise duty is charged.

Betting duty

Finance Act, 1926, Section 24, as amended;
Finance Act, 1931, Section 20.

Beneficiary:

The central government.

Duty payable on:

Bets entered into by a licensed bookmaker. (The amount of the bet is the sum of money the bookmaker is entitled to if the event is determined in his favour.)

Duty due when:

The bet is placed.

Duty payable by:

The bookmaker.

Exemptions:

Bets on horse races, or greyhound coursing (and racing) contests, made at the venue where the races or contests take place.

Payment:

Duty is payable in either of two ways:

- by the purchase of duty-paid official sheets in which the bets are recorded by the bookmaker; duty in this case is paid in advance;
- by furnishing certified returns of bets, by the Thursday of the week following that in which the bets took place; duty in this case accompanies the returns.

Rate:

10% of the amount of the bet.

Rates

A tax levied by local authorities on the occupiers of certain types of immovable property.

Beneficiaries:

Rates are an annual tax levied by county councils, county borough and borough corporations, and urban district councils to meet that part of current expenditure on their services which is not met by way of direct payments by State grants and subsidies.

Basis of assessment:

Rates are assessed on the valuation of immovable property such as buildings, factories, shops, railways, canals, mines, woods, rights of fishery, rights of easement over land and any land developed for purposes other than agriculture, horticulture, forestry or sport. The valuing of property for rating is carried out by the Commissioner of Valuation for the whole State. There is a right of appeal against decisions of the Commissioner to a Valuation Tribunal and a further right of appeal, on a point of law, to the High Court.

Exemptions:

- Domestic property and the domestic portion of 'mixed property' (i.e. property embodying a non-domestic as well as a domestic use).
- Land used for agriculture, horticulture, forestry or sport.
- Farm buildings.
- Buildings and properties used exclusively for public or charitable purposes or for the purpose of science, literature and the fine arts.
- Turf banks when no rents or other valuable consideration is payable.
- Fishery rights (though they are liable to fishery rates struck by Regional Fishery Boards).
- State property is deemed exempt but the Exchequer pays local authorities a bounty in lieu of rates.
- Lighthouses, beacons, buoys and hereditaments used or occupied solely to afford air raid protection.
- New buildings in designated areas for 10 years.

Partial remissions:

- Mines for seven years after they are opened.
- Oil wells for 20 years from the time oil is first extracted.
- Two-thirds of the rates for 10 years on premises provided for certain industrial undertakings by or with assistance from the State.
- Remission for 10 years on any increase in rates levied in respect of premises enlarged or improved in designated areas.

Collection:

The area of a rating authority is usually divided into collection districts with a rate collector for each district. Rates are normally payable in two moieties.

Rates-linked State grants:

State grants are paid to local authorities as a partial offset towards the cost of reliefs which apply to domestic and certain other properties and agricultural land.

Stamp duties

Stamp Act, 1891, and subsequent amendments, particularly Finance Act, 1970.

Beneficiary:

The central government.

1. Conveyance duty

Duty payable on:

Instruments of conveyance and transfer of land, houses and other property other than stocks and marketable securities.

Basis of assessment:

Consideration or price recited in instrument.

Exemptions:

Instruments relating to the purchase of property by a State department.

Rates:

Consideration not exceeding IRL 1 000	exempt of duty
Consideration exceeding IRL 1 000 and not exceeding IRL 2 000	0.5%
Consideration exceeding IRL 2 000 and not exceeding IRL 6 000	1%
Consideration exceeding IRL 6 000 and not exceeding IRL 7 500	1.12–1.60%
Consideration exceeding IRL 7 500 and not exceeding IRL 10 000	2%
Consideration exceeding IRL 10 000 and not exceeding IRL 20 000	3%
Consideration exceeding IRL 20 000 and not exceeding IRL 50 000	4%
Consideration exceeding IRL 50 000 and not exceeding IRL 60 000	5%
Consideration exceeding IRL 60 000	6%

2. Lease duty

Duty payable on:

Instruments whereby property is purchased by way of lease for a term of years.

Basis of assessment:

As in the case of conveyance duty on the consideration. Duty is also chargeable on the annual rent reserved at rates ranging from 1% to 12% by reference to the term of years.

3. Security duty

Duty payable on:

Mortgage charges, bonds and other instruments securing the payment or repayment of money.

Basis of assessment:

The sum guaranteed.

Rate:

Ad valorem duty at the rate of 0.125% on the instruments of mortgage, etc. where the amount secured exceeds IRL 10000.

No stamp duty is chargeable on instruments of security for amounts up to IRL 10000.

4. Transfer duty

Duty payable on:

Transfers of any stocks, shares or marketable securities.

Basis of assessment:

Duty at the rate of 1% chargeable on the consideration paid for the stocks or shares.

Exemptions:

Instruments transferring Irish government stocks.

5. Fixed stamp duties

Duty payable on:

Cheques, bills of exchange and promissory notes, charged with the fixed duty of 7 p.

Deeds of contracts, under seal, are chargeable with the fixed duty of IRL 5.

Collection:

In all cases stamps to the value of the duty are impressed on the instrument at the date of payment of the duty.

6. Stamp duty on life insurance policies

Duty payable by:

The proposer (in practice paid by the insurance companies).

Basis of assessment:

Capital sum assured.

Duty payable when:

Within 30 days of the date of the policy.

Rates:

On policies not exceeding two years	10 p
On policies exceeding two years, of less than IRL 1 000	10 p per IRL 100 or part thereof
On policies exceeding two years, of IRL 1 000 or over	IRL 1 per IRL 1 000 or part thereof

7. Stamp duty on interest payments received

Duty payable by:

Lending companies.

Basis of assessment:

Interest arising on certain types of loans made to companies resident in the State.

Duty payable when:

Half-yearly.

Rates:

12 % but reduced to 8 % if the interest yield from the loan is less than 6 %.

8. Stamp duty on capital companies

Finance Act, 1973.

IRL 21

Beneficiary:

The central government.

Duty payable by:

Capital companies.

Duty payable on:

- The formation of a capital company.
- The conversion into a capital company of a company, firm association or legal person which is not a capital company.
- An increase in the capital or the assets of a capital company.
- The transfer of a capital company under certain conditions.

Basis of assessment:

The amount of the actual value of assets contributed, or the amount of the actual value of the assets of any kind of the capital company, after deduction of liabilities and expenses.

Exemptions:

Public services, e.g. public transport, supply of electricity, gas, etc., where the State or the local authority owns at least 50% of the issued capital.
Cultural, charitable or educational objects.

Rates:

1% of the amount.

0% where a capital company acquires either the undertaking or part of the undertaking or the share capital of another capital company to the extent that after that transaction the company owns at least 75% of that other company.

9. Stamp duty on credit cards

Duty payable by:

Bodies of persons promoting the cards.

Basis of assessment:

IRL 10 per card per annum.

Duty payable:

Within 2 months of the end of each quarter.

10. Levy on premiums of insurance (collected as a stamp duty)

Duty payable by:

Insurance companies.

Basis of assessment:

Premium received in respect of business in the State excluding marine, aviation and transit business.

Rate of duty:

1 % of premiums received in respect of non-life policies. In the case of life policies, 3 % of premiums received in the first year.

Duty payable:

Within 30 days of the end of each quarter.

11. Levy on banks (collected as a stamp duty)

Duty payable by:

Banks holding licences in the State.

Basis of assessment:

Average of net current and deposit accounts.

Rate of duty:

0.31 and 0.423 % to yield IRL 36 million.

Duty payable:

By 13 September 1989.

Residential property tax

Finance Act, 1983.

Beneficiary:

The central government.

Tax payable on:

Residential property owned and occupied by an individual on 5 April in each year.

Tax payable by:

The owner/occupier.

Basis of assessment:

Where the owner/occupier is domiciled in Ireland, the tax is payable on his residential property, no matter where it is situated. Where the owner/occupier is not domiciled in Ireland, the tax is payable on his Irish residential property only.

Residential property means a building or part of a building used or suitable for use as a dwelling, with its garden.

Irrespective of the tenure of interest of the owner/occupier in the residential property, the value of the property for tax purposes is the market value of a fee-simple interest in the property, without deduction for any encumbrances affecting the property.

Rate:

1.5% annually on 5 April on the excess over IRL 65 000 (see below) of the market values of all residential property of an individual.

Reliefs:

No tax is payable if the household income (that is, the income of the owner/occupier and of others residing with him) does not exceed IRL 20 000. The tax payable is reduced if the household income exceeds IRL 20 000 but does not exceed IRL 25 000.

Provision is made for the indexation of the market value threshold of IRL 65 000 and of the income limit of IRL 20 000. In 1989, these figures are IRL 82 772 and IRL 26 654.

Collection:

Tax to accompany a mandatory self-assessment of tax made by the taxpayer.

Exemptions:

Houses and gardens of scientific, historical, architectural or aesthetic interest which fulfil certain conditions.

Vehicle duties

Finance (Excise Duties) (Vehicles) Act, 1952, as amended by certain subsequent statutes: Road Vehicles (Registration and Licensing) Regulations, 1982, and amendments thereto.

Beneficiary:

The State.
From 1 January 1978 all proceeds accrue to the Exchequer.

Duty payable by:

Keeper of the vehicle.

Payment:

Payment can be made on an annual, half-yearly or quarterly basis; if yearly rate of duty is IRL 30 or less, on an annual basis only.

Rates of duty:

Motor cars:

Based on cubic centimetres (cc) of engine capacity.

	IRL (annually)
Up to and including 1 000 cc	70
1 001 cc to 1 100 cc	104.50
1 101 cc to 1 200 cc	114
1 201 cc to 1 300 cc	123.50
1 301 cc to 1 400 cc	133
2 001 cc to 2 100 cc	294
2 501 cc to 2 600 cc	390
Each additional 100 cc	15

Goods vehicles:

According to unladen weight.

	IRL (annually)
Not exceeding 610 kilos	28
Not exceeding 813 kilos	34
Not exceeding 1 016 kilos	41
Not exceeding 1 270 kilos	48
Not exceeding 1 524 kilos	55
Not exceeding 2 540 kilos	85
Not exceeding 3 556 kilos	121
Not exceeding 4 572 kilos	161
Not exceeding 6 096 kilos	249
Each additional 254 kilos	22

Motor cycles:

All categories.

	IRL (annually)
Not exceeding 75 cc	5
Not exceeding 150 cc	11
Not exceeding 200 cc	18
Not exceeding 250 cc	26
Exceeding 250 cc	33
Electric cycle	6
Tricycle	28
Pedestrian controlled vehicles	21
Additional for sidecar or trailer	7

Other vehicles:

Taxed in a number of different ways. A flat rate of IRL 30 per annum is payable for all agricultural tractors and vehicles used as excavators and trench diggers.

Exemptions:

Chiefly 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 life-boats and their gear, etc. and vehicles for invalids (subject to certain conditions).

Non-residents:

Exemption from tax for visitors for up to one year subject to compliance with international circulation orders.

Excise duty on motor vehicles

Imposition of Duties (No 236) (Excise Duties on Motor Vehicles, Televisions and Gramophone Records) Order, 1979, as amended.

Beneficiary:

The central government.

Duty payable on:

Motor vehicles (excluding motor cycles).

Duty payable when:

The motor vehicle is delivered from a warehouse or from the premises of a manufacturer or on importation.

Duty payable by:

The manufacturer, warehousekeeper or importer.

Exemptions:

Vehicles which are designed and constructed primarily for off-road use (except for racing vehicles, scrambling vehicles and other sporting vehicles), agricultural tractors, two-wheeled tractors, fire-engines, fire escapes, road sweepers, invalid carriages and armoured fighting vehicles.

Deferment of payment:

Payment of each month's liability may be deferred until the last day of the month following the month of charge.

Rates:

Category A motor vehicles (mainly private motor vehicles)	
Exceeding 2 012 cc cylinder capacity	24.7 % of the chargeable value
Other	21.7 % of the chargeable value
Category B motor vehicles (vehicles not included in Category A).	6.5 % of the chargeable value

Excise duty on motor cycles

Imposition of Duties (No 273) (Excise Duty on Motor Cycles) Order, 1984, as amended.

Beneficiary:

The central government.

Duty payable on:

Motor cycles.

Duty payable when:

The motor cycle is delivered from the warehouse or from the premises of a manufacturer or on importation.

Duty payable by:

The warehousekeeper, manufacturer or importer.

Exemptions:

Motor cycles which are designed and constructed primarily for off-road use, except for motor cycles designed and constructed for racing, scrambling or other sporting purposes.

Deferral of payment:

Payment of each month's liability may be deferred until the 23rd day of the month following the month of charge.

Rates:

Motor cycles with internal combustion engines of up to 350 cc	IRL 2.00 per cc
Motor cycles with internal combustion engines exceeding 350 cc	IRL 2.00 per cc for the first 350 cc <i>plus</i> IRL 1.00 per cc for every cc over 350 cc
Motor cycles propelled by means other than an internal combustion engine	an amount equal to that payable on a motor cycle propelled by an internal combustion engine with the same power output.

Licences

Apart from the excise duties set out on the foregoing pages, excise duties are collected on a substantial number of licences. These are essentially not fiscal in nature and their purpose is generally one of registration and control. Liquor licences (for manufacturers, dealers and retailers) form the bulk of these. The remaining licences relate principally to bookmaking, firearms, auctioneering, gaming and gaming machines.

Excise duty on certain licences, orders and authorizations

Section 78 of the Finance Act, 1980, as amended.

Beneficiary:

The central government.

Duty payable on:

Applications to the District Court in respect of

- public dancing licence, granted under Section 2, Public Dance Halls Act, 1935;
- occasional licence, granted under Section 11 or 13, Intoxicating Liquor Act, 1962;
- special exemption order, granted under Section 5, Intoxicating Liquor Act, 1927, or Section 13, Intoxicating Liquor Act, 1962;
- authorization to a club, granted under Section 21, Intoxicating Liquor (General) Act, 1924, or Section 14, Intoxicating Liquor Act, 1962.

Duty due when:

Date of application.

Duty payable by:

The applicant.

Rates:

Public dancing licence, annual: IRL 100;

Public dancing licence, for periods up to one month: IRL 15;

Occasional licence: IRL 70;

Club authorization: IRL 70.

Deferment of payment:

Not applicable.

Exemptions:

None.

Excise duty on video-players

Imposition of Duties (No 260) (Excise Duty on Video-players) Order 1982, as amended.

Beneficiary:

The central government.

Duty payable on:

Video-players.

Duty payable when:

The video-players are delivered from the premises of a manufacturer or on importation.

Duty payable by:

The manufacturer or importer.

Rate:

IRL 40 per video-player.

Deferment of payment:

Payment may be deferred to a day not later than the 15th day of the month following the month of charge.

Excise duty on foreign travel

Section 65 of the Finance Act, 1982, as amended.

Beneficiary:

The central government.

Duty payable on:

Passenger tickets issued in the State in respect of travel commencing in the State to destinations (other than destinations in Northern Ireland) outside the State.

Duty due when:

For scheduled services, not later than Friday of the week following the week of issue of the tickets.

For charter services, not later than the time at which the passengers embark for the journey.

Duty payable by:

The carrier.

Rate:

IRL 5 per person.

Deferment of payment:

Payment of the duty may be deferred to the last day of the month following that in which the ticket was issued. Where charter services are involved, the deferment allowable is to the last day of the month following that in which the charter service departed from the State.

Exemptions:

Certain categories of passengers (e. g. children under 2 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).

Taxes abolished or repealed

IRL 29 Excise duty on tyres and tubes

IRL 30 Excise duty on motor vehicle parts and accessories

Personal income tax

(Imposta sul reddito delle persone fisiche)

DPR No 597 of 29 September 1973 (ordinary supplement No 1 G.U. No 268 of 16 October 1973), supplemented and amended by DPR No 60 of 28 March 1975 (G.U. No 84 of 29 March 1975); DL No 259 of 6 July 1974, which, with amendments became Law No 384 of 17 August 1974 (G.U. No 224 of 28 August 1974); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 683 of 23 December 1975 (G.U. No. 341 of 21 December 1975); DPR No 447 of 30 June 1976 (G.U. No 172 of 2 July 1976); Law No 114 of 13 April 1977 (G.U. No 103 of 20 April 1977); DPR No 888 of 30 November 1977 (G.U. No 336 of 18 December 1977); DL No 936 of 23 December 1977 (G.U. No 354 of 30 December 1977), which became Law No 38 of 23 February 1978 (G.U. No. 57 of 27 February 1978); Law No 909 of 9 December 1977 (G.U. No 344 of 19 December 1977); Law No 31 of 29 February 1980 (G.U. No 59 of 29 February 1980); Law No 146 of 24 April 1980 (G.U. No 115 of 28 April 1980); DL No 693 of 31 October 1980, which, with amendments, became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); DPR No 897 of 30 December 1980; DL No 378 of 20 July 1981, which became Law No 490 of 10 August 1981 (G.U. No 238 of 31 August 1981); DL No 540 of 28 September 1981, which, with amendments, became Law No 676 of 27 November 1981 (G.U. No 328 of 28 November 1981); Law No 645 of 14 November 1981 (G.U. No 315 of 16 November 1981); DPR No 856 of 22 December 1981 (G.U. No 20 of 21 January 1982); DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); Law No 683 of 27 September 1982 (G.U. No 267 of 28 September 1982); Law No 835 of 3 November 1982 (G.U. No 315 of 16 November 1982); DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); DL No 953 of 30 December 1982, which, with amendments, became Law No 53 of 28 February 1983 (G.U. No 14 of 30 May 1983); DL No 55 of 28 February 1983, which, with amendments, became Law No 131 of 26 April 1983 (G.U. No 117 of 30 April 1983); Law No 72 of 19 March 1983 (G.U. No 80 of 23 March 1983); Law No 77 of 23 March 1983 (G.U. No 85 of 28 March 1983); DL No 512 of 30 September 1983, which, with amendments, became Law No 649 of 25 November 1983 (G.U. No 328 of 30 November 1983); DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985); Law No 476 of 13 August 1984 (G.U. No 229 of 21 August 1984); Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984); Law No 126 of 5 April 1985 (G.U. 89 of April 1985); Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985); Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985); Law No 482 of 26 September 1985 (G.U. No 230 of 30 September 1985); DL No 2 of 6 January 1986, which, with amendments, became Law No 60 of 7 March 1986 (G.U. No 56 of 8 March 1986); Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986); DL No 57 of 5 March 1986, which, with amendments, became Law No 120 of 18 April 1986 (G.U. No 96 of 26 April 1986); Law No 80 of 25 March 1986 (G.U. No 74 of 29 March 1986); DL No 556 of 19 September 1986, which, with amendments, became Law No 759 of 17 November 1986 (G.U. No 269 of 19 November 1986); DPR No 917 of 22 December 1986 (G.U. No 302 of 31 December 1986);¹ DL No 326 of 4 August 1987, which, with amendments, became Law No 403 of 3 October 1987 (G.U. No 231 of 3 October 1987); DPR No 42 of 4 February 1988 (G.U. No 49 of 29 February 1988); DL No 70 of 14 March 1988, which, with amendments, became Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988); DL No 69 of 2 March 1989, which, with amendments, became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

¹ Consolidated income tax code, which has been in force since 1 January 1988.

Beneficiary:

The State.

Tax payable by:

Natural persons, including non-residents.

Basis of assessment:

Total net income, comprising:

- for residents, world income; for non-residents, Italian income only;
- income of others but fully available to the taxpayer;
- income imputed to such persons as a result of family relationships;
- income arising from family businesses;
- income arising from shares in partnerships.

Exemptions:

- Emoluments of the President of the Republic.
- Sums constituting income paid by the Holy See and the central authorities of the Catholic Church to office-holders and office and manual staff.
- Incomes of ambassadors and accredited diplomatic staff and, subject to reciprocal treatment, of foreign consular representatives and their non-Italian staff.
- War pensions.
- Pensions and attendance allowances paid to blind civilians.
- University scholarships awarded by the State and the regions.¹
- Interest, bonuses and other income accruing on government securities, postal savings bonds, communal and provincial loan certificates issued by the 'Cassa Depositi e Prestiti' and from similar securities issued by central, regional, provincial and local authorities and by certain public bodies, provided that they were issued before 30 September 1986, and from those issued abroad.²

Deductions:

- From the amount of each category of income: all expenses incurred in obtaining such income are deductible.
- From total income, all or part of certain charges that affect the capacity to pay tax including local income taxes, rates, ground rent and charges on property (*canoni, censi, livelli*); interest payment; social insurance contributions; life insurance premiums; medical expenses within certain limits and expenses involved in attending certain courses of study, etc.
- LIT 600 000 is deductible from the total tax liability for a dependent spouse,³ plus additional sums for other dependent persons: LIT 48 000 for each dependent child and LIT 96 000 for each dependant other than a spouse or child.

¹ Law No 476 of 13 August 1984.

² DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

³ DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

In the absence of a spouse, LIT 600 000 is deductible for the first child and LIT 96 000 for each of the others. For income from employment, a deduction of LIT 576 000 is allowed. There is a further deduction of LIT 180 000 for income from employment not exceeding LIT 11 000 000. For income from self-employment or secondary employment (other than that assessed on a flat-rate basis), there is a deduction of LIT 150 000 for income up to LIT 6 000 000.¹

Married couples:

Incomes are taxed separately.

Non-residents:

Non-resident persons are taxed on income arising in Italy.

The following are considered to have arisen in Italy:

- income from property;
- investment income transmitted by the State or by persons resident in Italy;
- income from employment on Italian territory or employment abroad in the interests of the State or of a public body;
- income from self-employment deriving from activities carried out on Italian territory;
- business income arising from activities carried out on Italian territory by permanent establishments;
- income from speculative or occasional activities, etc., carried out on Italian territory;
- capital gains resulting from the winding up or transfer of businesses established on Italian territory;
- income from partnerships credited to the non-resident partner in accordance with his shares;
- pensions, allowances and life annuities;
- income from self-employment, and from the use of patents, registered trade marks, intellectual property, etc.

Certain categories of income (some types of investment income and interest) are subject to irrecoverable withholding tax and are not eligible for rebates in respect of dependent persons or deductions for expenses other than local income tax, fees, charges and interest payments.

Collection:

By deduction at source (except in respect of business income), the deduction constituting either payment on account or actual settlement of liability, or by means of direct payment, within the period for filing a return, to the provincial tax offices by means of irrevocable authorization to a bank or other credit institution (full settlement in place of the declaration of income).

By May of each year a payment on account must be made in respect of the tax due for the following year equal to 38 % of the tax due during the preceding period. A further payment on account of 57 % must be made by November. The balance must be paid by the final date set for filing returns.²

¹ DL No 57 of 5 March 1986 (Law No 121 of 16 April 1986).

² DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

Rates:

Progressive by income bracket according to the following table:

<i>Income (in million LIT)</i>	<i>% rate</i>
Up to 6	10
from 6-12	22
from 12-30	26
from 30-60	33
from 60-150	40
from 150-300	45
from 300	50 ¹

Special features:

The taxpayer's total income also includes 50 % of incomes from the property of minor children subject to a legal usufruct on the part of the parents (the other 50 % is attributed to the other spouse, where there is one), and incomes fully available to the taxpayer, or which the taxpayer is entitled to administer without rendering accounts.

Income from property is normally assessed according to the cadastral system.

Tax credits are available in respect of:

- tax paid abroad;
- dividends distributed to residents by companies in Italy, to the extent of $\frac{9}{16}$ of the profits taken into account when assessing the member's liability;
- cash registers in the case of traders required to purchase such machines.

System of separate taxation:

(Regime della tassazione separata)

The tax is applied separately to certain categories of income not comprising profits from business (capital gains resulting from the winding-up or sale of businesses; arrears of emoluments; payments of seniority or social insurance allowances due on termination of activity as representative or consultant on a continuing basis, etc.).

In general, the tax is assessed at the rate applicable to half the taxpayer's total net income for the two years preceding that in which it becomes payable.

For separation or redundancy payments, the taxable amount is calculated by deducting from the total amount LIT 500 000 for each year worked. The rate of tax to be applied is the figure obtained from dividing the said net amount by the number of years worked and multiplying the result by 12.²

System of substitutive taxation:

(Regime della tassazione sostitutiva)

For natural persons or partnerships whether resident or not, withholding tax is applied to the following items of income, in relation to which no further liability arises:

¹ DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

² Law No 482 of 26 September 1985.

- interest, bonuses and other forms of yield from bonds and similar securities. Rates: 6.25%, 10%, 10.8%, 12.5%, 20%, 21.6% or 25% according to category. In the case of interest owed by persons resident abroad, withholding tax is applied at the same rate.¹

Withholding tax is not applied to interest, bonuses and other income arising from bonds and similar securities which are exempt from income tax;

- interest, bonuses and other forms of yield arising from bank and post-office deposits and current accounts. Rate: 30%. In the case of debtors resident abroad, withholding tax is applied at the same rate;²
- proceeds other than from securities; winnings from games of chance or skill, prizes from competitions, winnings from football pools and betting. Rate: 10, 20 or 25% according to category.

A tax deduction at source of 18% (in settlement of liability) applies to income accruing from 'atypical securities', which are issued by non-residents and the certificates attaching to which are placed in the territory of the State.

System of deduction at source:

(Regime della ritenuta di acconto)

This system, in fairly general use, is applied to the following items: income from employment and earnings ranking as such; income from self-employment; and income from capital.

Carry-over of losses:

Not permitted for natural persons. However, losses from business, artistic and professional activities can be set off against other items of income within a given financial year.

¹ DL No 512 of 30 September 1983 (Law No 649 of 25 November 1983); Law No 41 of 28 February 1986; DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

² Law No 67 of 11 March 1988.

Tax on incomes of legal persons

(Imposta sul reddito delle persone giuridiche)

DPR No 598 of 29 September 1973 (ordinary supplement No 1, G.U. No 268 of 16 October 1973), amended by DPR No 60 of 28 March 1975 (G.U. No 84 of 28 March 1975), by Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975), by Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977) and by DL No 936 of 23 December 1977 (G.U. No 354 of 30 December 1977), which became Law No 38 of 23 February 1978 (G.U. No 57 of 27 February 1978); DPR No 897 of 30 December 1980 (G.U. No 355 of 30 December 1980); DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); DL No 680 of 30 September 1982 (G.U. No 328 of 29 November 1982); which, with amendments, became Law No 873 of 27 November 1982 (G.U. No 328 of 29 November 1982); DPR No 954 of 28 December 1982 (G.U. No 359 of 31 December 1982); DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); Law No 77 of 23 March 1983 (G.U. No 85 of 28 March 1983); Law No 169 of 4 May 1983 (G.U. No 127 of 11 May 1983); DL No 512 of 30 September 1983, which, with amendments, became Law No 649 of 25 November 1983 (G.U. No 328 of 30 November 1983); DL No 791 of 28 November 1984, which became Law No 6 of 25 January 1985 (G.U. No 22 of 26 January 1985); DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985); Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984); Law No 121 of 25 March 1985 (G.U. No 85 of 10 April 1985); Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985); Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985); Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986); Law No 64 of 1 March 1986 (G.U. No 61 of 14 March 1986); DL No 318 of 1 July 1986, which, with amendments, became Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986); DL No 556 of 19 September 1986, which, with amendments, became Law No 759 of 17 November 1986 (G.U. No 269 of 19 November 1986); DPR No 917 of 22 December 1986 (G.U. No 302 of 31 December 1986);¹ DL No 391 of 24 September 1987, which, with amendments, became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987); DL No 326 of 4 August 1987, which, with amendments, became Law No 403 of 3 October 1987 (G.U. No 231 of 3 October 1987); DPR No 42 of 4 February 1988 (G.U. No 49 of 29 February 1988); Law No 67 of 11 March 1988 (G.U. No 61 of 14 March 1988); Law No 491 of 4 November 1988 (G.U. No 271 of 18 November 1988); Law No 83 of 21 February 1989 (G.U. No 58 of 10 March 1989); DL No 69 of 2 March 1989, which, with amendments, became Law No 150 of 27 April 1989 (G.U. No 99 of 29 April 1989).

Beneficiary:

The State.

Tax payable by:

Companies with share capital, private companies (limited liability partnerships), limited liability companies, cooperative societies, mutual insurance societies and all other public or private associations whether or not exclusively or primarily engaged in a commercial activity.

¹ Consolidated income tax code, which has been in force since 1 January 1988.

Basis of assessment:

Total net income, comprising net profits as shown in the profit and loss account, or the statement of the company's income. Profits already subject to withholding tax are not included in the base of assessment. Non-commercial resident companies and non-resident companies with a permanent establishment in Italy which carry out commercial activities covered by separate accounts are authorized by law, on certain conditions, to keep simplified accounts.

Exemptions and concessions:

The following items are exempt:

- income from buildings belonging to the Holy See and used for worship;¹
- income from land and buildings belonging to local public bodies and reserved for communal use;
- income arising from commercial activities carried on in connection with party political campaigns;
- incomes of agricultural cooperatives, small-scale fisheries cooperatives, or labour and production cooperatives (*produzione e lavoro*), under certain conditions.

The tax on incomes of legal persons is reduced by half for regions, provinces, municipalities, chambers of commerce and their affiliates, State enterprises, land reclamation syndicates, charity and welfare institutions and educational institutions.

Non-resident companies and associations:

All companies and other associations of 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 5th 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 39% of the tax due for the preceding period. By the 11th month, a further payment on account of 59% must be made.²

Collection may be by means of assessment books on certain conditions.

Rate:

36% on total taxable income.

¹ Law No 121 of 25 March 1985.

² DL No 69 of 2 March 1989 (Law No 154 of 27 April 1989).

Special features:

A tax credit in respect of income accruing abroad is granted for the purposes of this tax as well.

Carry-over of losses:

Up to five years.

Profits distributed by companies:

Profits distributed by companies are subject to the following deductions at source:

- (a) Profits paid in any form and under any name by limited companies and limited partnerships by shareholding and by limited liability companies, whether or not cooperatives, including mutual insurance companies:

The withholding tax of 10 % constitutes payment on account of personal income tax and corporation tax. Bonus issues, scrip issues and free increases in the nominal value of shares are not subject to withholding tax. ¹ The tax deduction at source of 12.50 % applies to profits distributed by cooperative societies (limited guarantee rural and craft cooperatives) to individual shareholders, on whatever date the payment was decided, but there is no deduction at source on profits paid by popular cooperative banks.

In the case of non-residents, withholding tax is charged at a rate of 32.4 % of the profits distributed. However, non-residents are entitled to a refund of up to two-thirds of the withholding tax where tax has been paid abroad on the same profits and no further liability arises. ²

- (b) Profits paid on savings shares:

The deduction of 15 % constitutes settlement of liability; however, holders of registered savings shares may opt for deduction of a payment on account of 10 %. This option is open only to resident taxpayers holding savings shares registered in their own names; non-residents are subject to the 15 % deduction in settlement of liability.

- (c) Profits on foreign securities:

A deduction of 10 % constituting a payment on account is applied to profits from foreign securities; the application of the deduction depends on the date when the foreign dividends actually become available to an Italian bank for payment, not on the date when the dividends were agreed, as the company paying the dividends is established abroad.

Members of limited liability companies (companies limited by shares, limited partnerships, limited liability companies, cooperative societies and mutual insurance companies) which have their registered offices or administrative headquarters or their main activities in Italy, may claim a tax credit equal to ⁹/₁₆ of the profits taken into account when assessing the liability of the legal person in his capacity as a shareholder.

Local income tax and communal tax on appreciation of immovable property may be deducted when assessing the corporate liability.

¹ Law No 904 of 16 December 1977.

² Law No 41 of 28 February 1986.

Local income tax

(Imposta locale sui redditi)

DPR No 599 of 29 September 1973 (ordinary supplement No 1, G.U. No 268 of 16 October 1973); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 920 of 24 December 1975 (G.U. No 17 of 18 January 1975); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DL No 936 of 23 December 1977 (G.U. No 354 of 29 December 1977), which, with amendments, became Law No 38 of 23 February 1978 (G.U. No 57 of 27 February 1978); DL No 38 of 28 February 1981, which, with amendments, became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 786 of 22 December 1981, which, with amendments, became Law No 51 of 26 February 1982 (G.U. No 58 of 1 March 1982); DL No 787 of 22 December 1981, which, with amendments, became Law No 52 of 26 February 1982 (G.U. No 358 of 31 December 1982); DL No 923 of 21 December 1982, which, with amendments, became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); Law No 72 of 19 March 1983 (G.U. No 80 of 23 March 1983); DL No 853 of 19 December 1984, which, with amendments, became Law No 17 of 17 February 1985 (G.U. No 10 of 25 February 1985); Law No 476 of 13 August 1984 (G.U. No 229 of 21 August 1984); Law No 887 of 22 December 1984 (G.U. No 356 of 29 December 1984); Law No 121 of 25 March 1985 (G.U. No 85 of 10 April 1985); Law No 163 of 30 April 1985 (G.U. No 104 of 4 May 1985); Law No 222 of 20 May 1985 (G.U. No 129 of 3 June 1985); Law No 41 of 28 February 1986 (G.U. No 49 of 28 February 1986); Law No 64 of 1 March 1986 (G.U. No 61 of 14 March 1986); DL No 391 of 24 September 1987, which, with amendments, became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987); Law No 340 of 1 August 1988 (G.U. No 189 of 12 August 1988); DL No 69 of 2 March 1989, which, with amendments, became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

Beneficiaries:

Municipalities, provinces, regions; chambers of commerce, industrial, agricultural and 'artisan' associations; health, holiday and tourism associations within whose districts the income arises.

Tax payable by:

Natural persons, companies of every kind whether or not constituting legal persons, public and private associations and bodies including consortiums and unrecognized associations.

Basis of assessment:

Aggregate income, as for the taxes on natural and legal persons.

Exemptions:

The following items are exempt:

- Income from employment.
- Income from self-employment (artists, performers, members of the professions).

- Income from shares in companies or partnerships of any type or from shares in associations subject to the tax on legal persons.
- Income subject to deduction at source.

Also exempt are:

- Emoluments of the President of the Republic.
- Sums constituting income paid by the Holy See and the central authorities of the Catholic Church.
- Income of ambassadors and diplomatic staff.
- Income from property belonging to local public bodies and reserved for public use.
- Public assistance grants and scholarships awarded by the State or other public bodies.
- Income from buildings owned by the Holy See as provided for in the Lateran Treaty.
- Incomes of agricultural cooperatives or fishermen's cooperatives, and of labour and production cooperatives under certain conditions.
- Interest, bonuses and other forms of yield from government securities, postal savings bonds, municipal and provincial loan certificates issued by the Cassa Depositi e Prestiti and other similar securities issued by central, regional, provincial, or municipal authorities and by certain public bodies.¹

Collection:

By direct payment through a credit institution, or by payment to the tax collector's office, depending on whether the taxpayer is a natural person or a legal person.

The arrangements for payments on account are the same as those applying to personal income tax and corporation tax.

On certain conditions, collection may be by means of assessment books.

Rate:

The rate applied is 16.2%.

Special features:

Taxable income is determined on the basis of income arising in Italy; however, for taxpayers resident or having their registered offices or administrative headquarters or carrying on their principal activities in Italy, income accruing from activities abroad otherwise than through a permanent establishment with separate management and accounts, is taxed as if accruing in Italy.

¹ DL No 556 of 19 September 1986 (Law No 759 of 17 November 1986).

Communal tax on appreciation of immovable property

(*Imposta comunale sull'incremento di valore degli immobili*)

DPR No 643 of 26 October 1972 (G.U. No 292 of 11 November 1972); DPR No 688 of 23 December 1974 (G.U. No 338 of 28 December 1974); Law No 694 of 22 December 1975 (G.U. No 343 of 31 December 1975); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DPR No 959 of 13 December 1977 (G.U. No 1 of 2 January 1978); DL No 571 of 12 November 1979 (G.U. No 309 of 13 November 1979); Law No 2 of 12 January 1980 (G.U. No 10 of 11 January 1980); DL No 786 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became, with amendments, Law No 51 of 26 February 1982 (G.U. No 58 of 1 March 1982); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); DL No 55 of 28 February 1983 (G.U. No 59 of 2 March 1983); Law No 730 of 27 December 1983 (G.U. No 354 of 28 December 1983); Law No 887 of 22 December 1984 (G.U. No 7 of 9 January 1985); DL No 318 of 1 July 1986 (G.U. No 151 of 2 July 1986), which became, with amendments, Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986); Law No 880 of 17 December 1986 (G.U. No 296 of 22 December 1986); DL No 359 of 31 December 1987 (G.U. No 203 of 1 September 1987), which became, with amendments, Law No 440 of 29 October 1987 (G.U. No 255 of 31 October 1987); DL No 70 of 14 March 1988 (G.U. No 61 of 14 March 1988), which became, with amendments, Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988); DL No 66 of 2 March 1989 (G.U. No 51 of 2 March 1989) which became, with amendments, Law No 144 of 24 April 1989 (G.U. No 96 of 26 April 1989); DL No 69 of 2 March 1989 (G.U. No 51 of 2 March 1989), which became, with amendments, Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

Tax payable to:

The financial authorities through the registry offices which are responsible for assessment and collection of the tax.

Beneficiary:

Municipality where immovable property subject to the tax is situated.

Tax payable by:

Persons transferring against consideration or persons to whom is transferred free of charge, *inter vivos* or *mortis causa*, the ownership of or rights *in rem* to immovable property; also, companies, public service and private bodies, associations and organizations, for each period of 10 years from the date on which ownership, or other rights *in rem*, was acquired.

Basis of assessment:

The difference between the value of the property at the time of transfer or at the end of the 10-year period, on the one hand, and its value at the time of purchase or previous periodic taxation plus the costs incurred on purchase and the cost of any construction or conversion arising during the period taken as a basis for calculating the taxable appreciation in value, on the other.

Exemptions and reductions:

The tax is not applicable to appreciation in the value of:

- immovable property transferred free of charge, either *mortis causa* or *inter vivos* to the central government, regions, provinces, municipalities and their associations which possess legal personality;
- immovable property transferred against consideration between the above institutions and land transferred *mortis causa* or *inter vivos* within a family cultivating its own farm;
- immovable property transferred free of charge, either *mortis causa* or *inter vivos*, to public institutions, and recognized individuals, where the gift, legacy or inheritance is for a specific purpose involving welfare, education, study, scientific research or the public benefit;
- immovable property transferred *mortis causa*, where the total value of the inheritance for the purposes of succession duty on total value does not exceed LIT 30 million.

The tax is reduced by 75 % for any appreciation in the value of immovable property of artistic, historical and archaeological interest.

The tax is not applicable in the course of the decade to appreciation in the value of:

- immovable property owned by building societies with property held in common, and associations of such societies;
- immovable property belonging to property management companies and leased out, which at the time when the grounds for applying the tax are established, has been exclusively used for not less than eight years for the political activities of the parties represented in the national or regional parliaments, the cultural, recreational, sporting and educational activities of clubs belonging to legally recognized national organizations, the activities of the trade unions represented in the Council for the Economy and Employment and the institutional activities of mutual benefit societies.

Rates:¹

Tax is levied on scales of taxable appreciation established with reference to certain parameters. The reference parameter is an amount equal to the initial value of the property multiplied by the number of years in the appreciation period,² plus costs incurred on purchase and any construction costs multiplied by the number of years that have elapsed from the date on which such costs were incurred to the date of sale or transfer of the property, or to the end of the 10-year period. The actual rates are set by the municipalities within the following limits:

- (a) 3 to 5 % on capital gains of up to 20 % of the reference parameter;
- (b) 5 to 10 % on capital gains between 20 and 50 % of the reference parameter;
- (c) 10 to 15 % on capital gains between 50 and 100 % of the reference parameter;
- (d) 15 to 20 % on capital gains between 100 and 150 % of the reference parameter;
- (e) 20 to 25 % on capital gains between 150 and 200 % of the reference parameter;
- (f) 25 to 30 % on capital gains over 200 % of the reference parameter.

¹ For 1999, the top rate will continue to be applied in all municipalities and for each band in the scale of taxable capital gains.

² Years elapsing between the date of purchase or the reference date and the date of sale or transfer of the property, or the end of the 10-year period; fractions of years in excess of six months count as full years.

Duty on State-controlled betting

(Tributo di gioco relativo ai concorsi pronostici esercitati dallo Stato)

DL No 496 of 14 April 1948 (G.U. No 118 of 22 May 1948); Law No 849 of 28 July 1961 (G.U. No 216 of 1 September 1961); Law No 1117 of 29 September 1965 (G.U. No 254 of 9 October 1965); DPR No 1074 of 26 July 1965 (G.U. No 235 of 18 September 1965); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

The State, which controls betting through a monopoly (except betting on sporting events, which is controlled by Coni and Unire). A portion of the duty levied on betting in Sicily is allotted to that region.

Duty payable by:

Persons placing bets. Winners receive less than the amount to which they would be entitled if the duty did not exist.

Collection:

Net proceeds are paid weekly to the provincial tax offices in Rome for the account of the Finance Ministry, except the portion which is paid to Sicily.

Special features:

The net profit collected by the government, after deduction of administrative costs and sums paid out to winners (38%), allows for a portion (25% of receipts) which replaces income tax on winnings paid out to players.

Collection:

By means of assessment books.

Duty on betting controlled by Coni and Unire

(Imposta unica sui concorsi pronostici esercitati dal Coni e dall'Unire)

DL No 496 of 14 April 1948 (G.U. No 118 of 22 May 1948); DPR No 581 of 18 April 1951 (G.U. No 173 of 31 July 1951); Law No 1379 of 22 December 1951 (G.U. No 297 of 28 December 1951); Law No 1117 of 29 September 1965 (G.U. No 254 of 9 October 1965); Law No 764 of 15 November 1973 (G.U. No 310 of 1 December 1973); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973).

Beneficiary:

The State. By Presidential Decree No 1074 of 26 July 1965, a portion of the duty levied on betting in Sicily is allotted to that region.

Duty payable by:

Coni and Unire (Comitato olimpico nazionale italiano and Unione nazionale incremento razze equine), as the bodies which control betting and are responsible for Totocalcio (football matches and other sporting contests) and Totip (horse-racing), respectively.

Collection:

Coni and Unire pay the duty on each event to the provincial tax offices in Rome on a weekly basis.

Rates:

The duty is payable at a fixed rate of 26.8 % calculated on total bets. In the case of Totip betting, Unire is granted an allowance of 28.301886 % on paid-up duty; in practice, the duty is reduced to 19.22 % for this form of betting.

In the case of Enalotto, the net profit is realized by the state after deduction of organization costs and winnings paid out (38 %) and of the 18 % paid to the organizers.

Special feature:

The duty replaces all taxes connected with the organization and running of betting payable by Coni and Unire as well as income tax or winnings paid out to bettors.

Tax on dogs

(Imposta sui cani)

Consolidated Law on Local Finance, RD No 1175 of 14 September 1931 (ordinary supplement to G.U. No 214 of 16 September 1931) and subsequent amendments; article 26 of DL No 153 of 7 May 1980.

Beneficiaries:

The municipalities.

Tax payable by:

Persons owning or keeping one or more dogs.

Basis of assessment:

Dogs are classified in three categories for the purposes of the licence:

1. pets and show dogs;
2. hunting dogs and watchdogs;
3. working dogs.

Exemptions:

The following are exempt from the licence:

- dogs used exclusively as guide dogs for the blind, for transporting disabled poor persons, guarding rural building and herding livestock;
- dogs owned by persons temporarily resident in the municipality whose stay does not exceed two months or who already pay the licence in another municipality;
- puppies during the period strictly necessary until weaning, but not for more than two months;
- dogs used by the armed forces and police dogs.

Collection:

By means of assessment books.

Rates:

The licence is paid annually; the following rates apply from 1 January 1980, pursuant to the provisions of Article 26 of DL No 153 of 7 May 1980:

- dogs in category 1. LIT 25 000
- dogs in category 2. LIT 8 000
- dogs in category 3. LIT 3 000

Succession and gifts duty

(Imposta sulle successioni e donazioni)

DPR No 637 of 26 October 1972 (Supplement No 2 to G.U. No 292 of 11 November 1972); Law No 576 of 2 December 1975 (G.U. No 321 of 4 December 1975); DPR No 914 of 6 December 1977 (G.U. No 338 of 22 December 1977); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); Law No 880 of 17 December 1986 (G.U. No 296 of 22 December 1986); DL No 70 of 14 March 1988, which became Law No 154 of 13 May 1988 (G.U. No 112 of 14 May 1988).

Beneficiary:

The State.

Duty payable by:

The heirs jointly, for the entire amount of duty, subject to their right of appeal against co-heirs and legatees. Legatees pay estate duty on their portions only, donors and donees jointly.

Basis of assessment:

The total value and the various portions of inheritances and legacies. The subject of the gift.

Exemptions:

- Inheritances or gifts in direct line or between spouses, which amount to LIT 120 million or less.
- Certain goods of remarkable artistic, historic or documentary value.
- Gifts for charities, welfare services, religious bodies, scientific research, public services and educational institutions.
- Gifts to the State, regions, provinces and municipalities.
- Government securities guaranteed by the State and the like.
- Compulsory social insurance benefits.

Deductions:

Debts, liabilities and the cost of medical treatment during the last six months of the deceased person's life are deductible from taxable assets.

Collection:

The duty is payable direct to the registry offices.

Rates:

Rates range from a minimum of 3% on transfers between related persons (fourth degree) of sums of between LIT 5 million and LIT 60 million to a maximum rate of 33% on transfers between unrelated persons of sums exceeding LIT 3 000 million.

For inheritances in direct line, when the beneficiary is a spouse or a brother or sister, the duty is reduced by 40% on land not exceeding LIT 200 million in value, where the land will be owner-farmed.

The reduction applies also to direct-line inheritances of family businesses between husband and wife or relatives (third degree) in respect of the tax on buildings to be used for the activity in question.

Value-added tax

(Imposta sul valore aggiunto)

DPR No 633 of 26 October 1972 (Supplement No 1 to G.U. No 292 of 11 November 1972), amended by DPR No 687 of 23 December 1974, by Law No 383 of 17 August 1974 (G.U. No 224 of 17 August 1974) and Law No 493 of 16 October 1975 (G.U. No 276 of 17 October 1975); DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976), which became Law No 249 of 10 May 1976 (G.U. No 129 of 17 May 1976); Law No 751 of 12 November 1976 (G.U. No 304 of 15 November 1976); Law No 31 of 21 February 1977 (G.U. No 49 of 22 February 1977); Law No 102 of 7 April 1977 (G.U. No 96 of 8 April 1977); DPR No 24 of 29 January 1979, DPR No 34 of 31 January 1979 and Law No 889 of 12 December 1980 (G.U. No 355 of 30 December 1980); DL No 693 of 31 October 1980 (G.U. No 303 of 5 November 1980), which became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); Law No 889 of 22 December 1980 (G.U. No 355 of 30 December 1980); DPR No 897 of 30 December 1980 (G.U. No 355 of 30 December 1980); DPR No 793 of 30 December 1981 (G.U. No 358 of 31 December 1981); Law No 168 of 22 April 1982 (G.U. No 61 of 23 April 1982); DL No 495 of 4 August 1982 (G.U. No 214 of 5 August 1982); DL No 697 of 1 October 1982 (G.U. No 273 of 4 October 1982), which became Law No 887 of 29 November 1982 (G.U. No 333 of 3 December 1982); DPR No 954 of 28 December 1982 (G.U. No 359 of 31 December 1982); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (Supplement to G.U. No 58 of 1 March 1983); DL No 746 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 17 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 747 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 18 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 232 of 15 June 1984 (G.U. No 166 of 18 June 1984), which became Law No 408 of 28 July 1984 (G.U. No 212 of 2 August 1984); Law No 467 of 4 August 1984 (G.U. No 227 of 18 August 1984); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985); DL No 12 of 7 February 1984 (G.U. No 34 of 8 February 1985), which became Law No 118 of 5 April 1985 (G.U. No 84 of 9 April 1985); Law No 87 of 9 April 1986 (G.U. No 85 of 12 April 1986); Law No 119 of 18 April 1986 (G.U. No 96 of 26 April 1986); Law No 67 of 25 February 1987 (Supplement to G.U. No 56 of 9 March 1987); DL No 391 of 24 September 1987 (G.U. No 223 of 24 September 1987), which became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987); DL No 4 of 13 January 1988 (Article 5); DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989 (Articles 5, 12 (2) and (3), 22, 34, 35 and 36) (G.U. No 99 of 29 April 1989); DL No 40 of 1 March 1990 (Articles 3, 4 and 8) (G.U. No 50 of 1 March 1990).

Beneficiary:

The State.

Tax payable by:

All persons whether or not organized in a company, carrying on an industrial, commercial or craft activity; artists and professional persons; associations and bodies of whatever kind which are exclusively or primarily engaged in a commercial or agricultural activity; any person effecting import operations.

All persons supplying goods or services to which the tax applies are liable and must pay the cumulative amount due on all operations effected, net of deductions, to the tax collector's office.

Tax payable on:

Supply of goods and provision of services in Italy; imports.

Basis of assessment:

For supplies of goods and services, the tax is based on the total amount of the consideration due, under the terms of the contract, to the supplier, including the costs and expenses incurred in performing the contract and the debts or other liabilities owing to third parties which are assumed by the transferee or the customer.

For imports, the tax is assessed on the customs value of the goods.

Exemptions:

Exemptions are granted for services of considerable cultural and social value, insurance transactions, interest on financing and credit operations, leases and rents for immovable property, and urban public passenger transport services.

Exemptions are also granted for postal services and the national telegraphic service; medical services; convalescence and care supplied by hospitals, clinics and nursing homes to taxpayers entitled to social security benefits; donations of human organs, blood and milk and of blood plasma; the specific services of funeral undertakers.

Deductions:

Taxes paid by the taxpayer or taxes debited to his account in respect of goods and services imported or purchased for the purposes of his undertaking, trade or profession. The tax payable may be assessed on a flat-rate basis applying coefficients that differ between commercial sectors (DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989).

Returns:

Records are kept in VAT ledgers instead of periodic returns.

The only return is an annual one, to be made by 5 March of each year.

Collection:

The tax is payable monthly, quarterly or annually.

Rates:

Basic necessities and mass-market items	4 %
Certain services (services rendered with the aid of agricultural machinery to farms and certain specific products: coffee, whether roasted or not)	9 %
Certain agricultural products, sheep	9 %
Standard rate	18 %
Luxury products (precious stones, furs, cars exceeding 2 000 cc, etc.)	38 %

Duty on mineral oils

(Imposta di fabbricazione sugli oli minerali)

RDL No 334 of 28 February 1939, which became Law No 739 of 2 June 1939 (G.U. No 49 of 28 September 1939); Article 1 of DL No 989 of 23 October 1964 (Ordinary supplement, G.U. No 264 of 27 October 1964), which became Law No 1350 of 18 December 1964 (G.U. No 317 of 23 December 1964), with subsequent amendments (most recently, DL No 14 of 20 February 1974 (1), DL No 14 of 20 February 1974 (2) (G.U. No 49 of 20 February 1974), DL No 578 of 29 September 1973 (G.U. No 253 of 29 September 1973), which became Law No 733 of 15 November 1973 (3), DL No 251 of 6 July 1974 (G.U. No 176 of 6 July 1974), which became Law No 346 of 14 August 1974, with amendments (4); DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976), DL No 691 of 8 October 1976 (G.U. No 270 of 9 October 1976), which became, with amendments, Law No 786 of 30 November 1976 (G.U. No 326 of 7 December 1976); DL No 15 of 7 February 1977 (G.U. No 35 of 7 February 1977), which became, with amendments, Law No 102 of 7 April 1977 (G.U. No 96 of 8 April 1977); DL No 287 of 10 June 1977, which became, with amendments, Law No 492 of 1 August 1977; DL No 936 of 23 December 1977, which became, with amendments, Law No 38 of 23 February 1978; DM of 9 October 1979; DL No 660 of 30 December 1979, which became, with amendments, Law No 31 of 29 February 1980; DL No 693 of 31 October 1980, which became Law No 891 of 22 December 1980; DL No 827 of 11 December 1980, which became Law No 16 of 9 February 1981; DL No 8 of 13 January 1981, which became Law No 61 of 12 March 1981; Law No 22 of 10 February 1981; DL No 609 of 30 October 1981, which became Law No 777 of 26 December 1981; Law No 44 of 22 February 1982; DL No 69 of 12 March 1982, which became Law No 231 of 12 May 1982; DL No 688 of 30 September 1982, which became Law No 873 of 27 November 1982; DL No 770 of 21 October 1982, which became Law No 924 of 20 December 1982; DL No 923 of 21 December 1982, which became Law No 29 of 9 February 1983; DL No 925 of 22 December 1982, which became Law No 30 of 9 February 1983; DL No 7 of 12 January 1983, which became Law No 31 of 9 February 1983; DL No 9 of 21 January 1983, which became Law No 63 of 3 March 1983; DL No 13 of 26 January 1983, which became Law No 64 of 3 March 1983; DL No 58 of 11 March 1983, which became Law No 162 of 2 May 1983; DL No 88 of 21 March 1983, which became Law No 163 of 2 May 1983; DL No 125 of 21 April 1983, which became Law No 246 of 23 May 1983; DL No 372 of 12 August 1983, which became Law No 547 of 11 October 1983; DL No 734 of 28 December 1983, retabled unamended as DL No 15 of 27 February 1985, which became Law No 85 of 18 April 1984; DL No 643 of 5 October 1984, which became Law No 800 of 30 November 1984; DL No 864 of 22 December 1984; DL No 22 of 21 February 1985; DL No 43 of 1 March 1985, which became Law No 154 of 26 April 1985; DL No 159 of 3 May 1985, which became Law No 319 of 25 June 1985; DPR No 35 of 20 February 1987; DPR No 1 of 8 January 1988; DPR No 6 of 12 January 1988; DL No 57 of 23 March 1989, which became Law No 140 of 20 April 1989; DL No 228 of 13 June 1989, which became Law No 277 of 28 July 1989; DL No 4 of 20 January 1990 (G.U. No 16 of 20 January 1990); DL No 13 of 2 February 1990 (G.U. No 49 of 28 February 1990).

Beneficiary:

The State.

Exemptions:

Petroleum products used for the purposes specified in Table A annexed to Decree Law No 989 of 23 October 1964, which became Law No 1350 of 18 December 1964, with subsequent amendments are exempt.

Normal rates:

	<i>per quintal</i>	<i>per hl</i> (at 15°C)
1. Crude natural mineral oils	LIT 6 000	
2. Light oils and preparations:		
– white spirit (<i>acqua regia minerale</i>)		LIT 6 450
– special oils other than white spirit		LIT 86 178
– petrol		LIT 86 178
– lead-free petrol		LIT 79 875
3. Medium oils and preparations:		
– paraffin		LIT 25 000
– products other than paraffin		LIT 86 178
4. Heavy oils and preparations:		
– gas oils (intended for uses other than as fuel)		LIT 43 420
– special fuel oils (intended for uses other than as fuel)	LIT 52 000	
– fuel oils (intended for uses other than as fuel)	LIT 52 000	
– white lubricating oils	LIT 52 000	
– other lubricating oils	LIT 52 000	
5. Crude vaseline	LIT 2 500	
6. Vaseline other than crude	LIT 5 680	
7. Crude mineral wax (crude ozocerite)	LIT 180	
8. Refined mineral wax ceresin except that made with ozocerite on which duty has already been paid	LIT 680	
9. Paraffin wax, petrol wax, shale wax, residues of paraffin (crude or other)	LIT 680	
10. Aromatic extracts and similar products	LIT 52 000	

Reduced rates:

Subject to regulations in force, reduced rates granted for petroleum products used for the purposes listed in Table B annexed to Law No 32 of 19 March 1973, with subsequent amendments.

	<i>per quintal</i>	<i>per hl</i>
1. Paraffin used for domestic lighting and heating		LIT 24 557
2. Diesel fuels and the like:		
– for use as power fuel (engine propulsion) and as heating fuel		LIT 45 781
3. Fuel oils other than special oils, for use directly as fuels in boilers and furnaces:		
– heavy	LIT 5 500	
– medium viscosity	LIT 17 832	
– low viscosity	LIT 20 298	
– very low viscosity	LIT 52 362	
– heavy fuel oils with a low sulphur content (less than 1 %)	LIT 2 000	

Imports:

Rates are the same as on mineral oils manufactured in Italy. The tax on imports is called a 'frontier surcharge'.

Exports:

An allowance or a refund is given. Refunds are granted only on petroleum products used in the manufacture of certain exported goods.

Duty on liquefied petroleum gases

(Imposta sui gas di petrolio liquefatti)

DL No 1071 of 24 November 1954 (G.U. No 270 of 24 November 1954), which became Law No 1167 of 10 December 1954 and subsequent amendments; Law No 1161 of 15 December 1971; DL No 14 of 20 February 1974 (G.U. No 49 of 20 February 1974); DL No 251 of 6 July 1974 (G.U. No 176 of 6 July 1974) which became Law No 251 of 14 August 1974; DL No 691 of 8 October 1976 (G.U. No 270), which became, with amendments, Law No 786 of 30 November 1976 (G.U. No 326); DL No 660 of 30 December 1979, which became, with amendments, Law No 31 of 29 February 1980; Law No 687 of 29 October 1980; DL No 827 of 11 December 1980, which became Law No 16 of 9 February 1981; DL No 8 of 13 January 1981, which became Law No 61 of 12 March 1981; DL No 688 of 30 September 1982, which became Law No 873 of 27 November 1982; DL No 15 of 27 February 1984, which became Law No 85 of 18 April 1984; DL No 362 of 21 July 1984; DL No 864 of 22 December 1984; DL No 22 of 21 February 1985; DL No 43 of 1 March 1985, which became Law No 154 of 26 April 1985; DL No 348 of 27 August 1987; DL No 391 of 24 September 1987, which became Law No 477 of 21 November 1987; DL No 129 of 14 April 1989, Article 2(g).

Beneficiary:

The State.

Rates:

- LPG, in cylinders, used as fuel LIT 90/kg
- LPG used as fuel for motor propulsion LIT 35 790/100 kg

Special features:

A tax equal to 10 % of the amount of manufacturing tax levied in the case of use as fuel is levied on liquefied petroleum gases used for certain purposes.

Imports:

Duty at the same rate as on petroleum gases produced in Italy.

Exports:

Exemption or repayment.

Duty on methane when used as fuel for non-industrial purposes

(Imposta di consumo sul gas metano per uso combustibile per impieghi diversi da quelli industriali)

DL No 46 of 18 March 1976 (G.U. No 73 of 18 March 1976) which became, with amendments, Law No 249 of 10 May 1976; DL No 21 of 27 January 1989 and subsequent amendments.

Beneficiary:

The State.

Duty payable by:

- Persons supplying the product directly to consumers.
- Importers.

Basis of assessment:

The cubic metre of methane at a temperature of 15 °C and at normal pressure.

Rate:

LIT 77 per m³.

Payment:

At the latest, by the 15th day of the month following the month in which production is declared for the uses mentioned above.

Imports:

Rates are the same as on methane manufactured in Italy.

Consumption tax on manufactured tobacco

(Imposta sul consumo dei tabacchi lavorati)

Law No 825 of 13 July 1965, subsequently amended by Law No 724 of 10 December 1975 (G.U. No 4 of 7 January 1976), by Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983) and by Law No 76 of 7 March 1985; DL No 202 of 29 May 1989 (2nd paragraph of Article 1), which became, with amendments, Law No 263 of 28 July 1989.

Beneficiary:

The State.

Tax payable by:

Consumers of tobacco.

Basis of assessment:

The retail price.

Collection:

The duty is paid when the products are removed from the manufacturing premises. For manufactured imported products, the customs authorities collect the frontier surcharge at the moment of importation.

Rates:

Up to 56.28 % of the retail price according to product. The rates are provided for in Law No 76 of 1985 and specified in the scales annexed to the MD of 28 January 1987, as amended by DL No 202 of 29 May 1989.

Duty on mechanical lighters

(Imposta di fabbricazione sugli apparecchi d'accensione)

DL No 163 of 20 April 1971 (G.U. No 98 of 21 April 1971), amended by Law No 376 of 18 June 1971 (G.U. No 154 of 19 June 1971); OPR No 1198 of 1 October 1971 (G.U. No 13 of 17 January 1972); DL No 19 of 20 February 1975 (G.U. No 50 of 21 February 1975), amended by Law No 109 of 14 April 1975 (G.U. No 105 of 21 April 1975); DL No 4 of 10 January 1983 (G.U. No 8 of 10 January 1983), amended by Law No 52 of 22 February 1983 (G.U. No 56 of 26 February 1983); Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983); Law No 25 of 29 January 1986.

Beneficiary:

The State.

Duty payable by:

Consumers of mechanical lighters.

Basis of assessment:

The number of times each category of product will give a light, related to the duty on matches.

Collection:

The duty is paid in advance by the manufacturer when the lighters leave the factory or by the importer at the time of importation.

Rates:

	<i>per lighter</i>
(a) Car lighters	LIT 15 000
(b) Non-refillable lighters	LIT 900
(c) Lighters made of precious metals or embellished or coated with precious metals	LIT 40 000
(d) Lighters made of base metal, gold- or silver-plated	LIT 15 000
(e) Other lighters not included in the above categories	LIT 3 500
(f) Each spare part for a lighter	LIT 250
(g) Sparking gas lighters for domestic use and lighters which are part of portable camping gas cookers	LIT 1 000
(h) Other gas lighters for domestic use, including flame-producing lighters	LIT 3 500
(i) Gas lighters for domestic use which are part of cookers or gas cooking ovens . . .	LIT 5 000
(j) Each spare part for a gas lighter for domestic use indicated under (h)	LIT 250

Duty on matches

(Imposta di fabbricazione sui fiammiferi)

DL No 560 of 11 March 1923 (G.U. No 72 of 27 March 1923) and subsequent amendments; Law No 198 of 13 May 1983 (G.U. No 138 of 21 May 1983); MD of 26 June 1987, fixing taxes for the period from 1 July 1987; MD of 13 July 1989 (G.U. No 197 of 24 August 1989) for the period from 13 July 1989.

Beneficiary:

The State.

Duty payable by:

Consumers of matches.

Basis of assessment:

The retail price fixed for each type of product.

Collection:

The duty is paid in advance by the Association of Match Manufacturing Industries when the matches leave the factories, or by importers at the moment of importation.

Rates:

Depending on the product. Current rates are laid down in Article 2 of the MD of 13 July 1989. Rates are usually fixed each year.

Duty on spirits

(Imposta sugli spiriti)

MD of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments; DL No 232 of 15 June 1984, which became Law No 408 of 28 July 1984; Law No 362 of 21 July 1984 (Article 8, paragraphs 19 and 20).

Beneficiary:

The State.

Scope:

Ethyl alcohol obtained by means of distillation or synthesis.

The tax is payable:

- (a) prior to the declaration of production to be carried out; or
- (b) when the goods leave the warehouses; or
- (c) where monthly accounts are effected by the fiscal administration at the end of each period of 15 days; or
- (d) when the goods leave the rectifier's premises.

Exemptions

Spirit denatured in accordance with current regulations may be exempted, attracting the special State duty.

Duty is payable when the products are denatured or, in the case of spirits, when they are removed from the distillery.

Rates:

	<i>Per hl of pure alcohol</i>
1. Manufactured tax:	
– Standard rate (at 20°C)	LIT 546000
2. Reduced rate (until 31 December 1992) for spirit obtained from the distillation of wine, slops, vinification waste, potatoes, sorghum, locust beans and cereals	LIT 442000
3. Special State duty:	
normally, for alcohol of the first class, denatured.	LIT 12000 or 1000

Imports:

Normally the same amount of duty applies as for alcohol produced in Italy.

Exports:

Duty-free. Duty paid is refunded.

Duty on beer

(Imposta sulla birra)

MD Consolidated Law of 8 July 1924 (G. U. No 195 of 20 August 1924) and subsequent amendments; DL No 478 of 1 October 1979, which became, with amendments, Law No 599 of 30 November 1979; DL No 688 of 30 September 1982, which became, with amendments, Law No 873 of 27 November 1982; Law No 67 of 11 March 1988 (Article 8 (6)).

Beneficiary:

The State.

Duty payable on:

The wort, i.e. the intermediate product in the manufacture of beer with flat-rate deductions of 10% for losses in manufacture.

Collection:

The duty is payable by the brewer, prior to the manufacturing process, on the basis of his declaration.

Rates:

LIT 2 600 per hl/degree of the wort as measured by the official saccharometer at 17.5° C.

Imports:

The same duty is levied on imported as on Italian beer.

Exports:

Full refunds are granted. Application for this refund must be received within two years.

Duty on sugars

(Imposta sugli zuccheri)

MD Consolidated Law of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments; DL No 694 of 20 November 1981, which became Law No 19 of 29 January 1982.

Beneficiary:

The State.

Duty payable on:

- First-category sugar, with a refined sugar yield of over 94 %.
- Second-category sugar, when the refined sugar yield does not exceed the abovementioned percentage.

Exemptions:

Denatured sugar used in animal feedingstuffs and in a special feed for bees.

Rates:

Standard rate:

- First category LIT 8 818/100 kg
- Second category LIT 8 465/100 kg
- Molasses having a purity coefficient of less than 63 %
and intended for human consumption LIT 1 585/100 kg

Imports:

Duty is levied at the same rate as on home-produced sugar.

Exports:

Exports are duty-free or a refund is granted.

Duty on sweeteners

(Imposta sulle materie edulcoranti)

MD Consolidated Law of 8 July 1924 (G.U. No 195 of 20 August 1924) and subsequent amendments.

Beneficiary:

The State.

Rates:

	<i>per 100 kg</i>
- Glucose and maltose in solid form	LIT 1 650
- Glucose and maltose in liquid form	LIT 825
- Glucose in solid form } to be used in the manufacture	LIT 1 045
of crystallized fruit and of	
Glucose in liquid form } 'mostarde de frutta'	LIT 525
- Invert sugar in liquid form obtained from grapejuice or locust beans	LIT 2 062
- Invert sugar in liquid form obtained from any other substance	LIT 2 475
- Invert sugar in solid form obtained from any substance	LIT 2 887
- Leavulose (see invert sugar)	

Special feature:

Saccharin used in the pharmaceutical industry (the only use allowed) is liable to duty at a rate of LIT 13 000/kg.

Imports:

The same amount of duty is payable on imported sweeteners as on home-produced products.

Exports:

Exports are duty-free or a refund is granted.

Duty on coffee

(Imposta sul caffè)

DL No 875 of 6 October 1955 (G.U. No 231 of 6 October 1955), which became Law No 1112 of 3 December 1955 (G.U. No 280 of 5 December 1955); DPR No 1208 of 31 December 1969 (G.U. No 69 of 17 March 1970).

Beneficiary:

The State.

Duty payable on:

Natural coffee in bean and pellicle form, and roasted coffee, whether ground or not.

Collection:

The duty is paid according to weight when the goods are cleared through customs.

Rates:

	<i>per 100 kg</i>
– Natural coffee, in bean or pellicle form	LIT 50 000
– Roasted coffee, whether ground or not	LIT 62 500
– Solid or liquid soluble coffee extracts (by content of dry matter)	LIT 150 000

Imports:

The duty is levied on importation.

Exports:

No refunds are given.

Duties on firearms, ammunition and explosives

(Imposta di fabbricazione sulle armi da sparo, sulle munizioni e sugli esplosivi)

DL No 258 of 6 July 1974 (G.U. No 178 of 9 July 1974), amended by Law No 393 of 14 August 1974 (G.U. No 227 of 31 August 1974).

Beneficiary:

The State.

Duties payable by:

Manufacturer or importer.

Basis of assessment and rates:

(a) Long-barrelled firearms for warfare, or of that type; each	LIT	100 000
(b) Short-barrelled firearms for warfare, or of that type; each	LIT	100 000
(c) Gun barrels, finished and ready for sale (for firearms referred to under (a) and (b)); per barrel	LIT	100 000
(d) ammunition for the firearms referred to under (a) and (b); per piece	LIT	5

Exemptions:

Products intended for use by the armed forces, the police and other services of the State.

Imports:

Duty is levied on imported products at the same rate as on home-produced products.

Exports:

Rebate or refund.

Duty on seed oils¹

(Imposta sugli oli di semi)

DPR No 1217 of 22 December 1954 (G.U. No 5 of 8 January 1955), last amended by Law No 417 of 4 August 1975 (G.U. No 230 of 29 August 1975).

Beneficiary:

The State.

Duty payable on:

Seed oils which are liquid at 15°C.

Rates:

Crude oils and refined oils: LIT 200/100 kg.

Imports:

Rates: Crude oils	LIT 200
Refined oils	LIT 250
	(to balance the cost of refinement in Italy, including excise supervision).

Exports:

Refund.

¹ The duty on olive oil was abolished by Law No 417 of 1975.

Duty on margarine

(Imposta sulla margarina)

Law No 417 of 4 August 1975 (G.U. No 230 of 29 August 1975).

Beneficiary:

The State.

Duty payable on:

Margarine.

Exemptions:

Margarine for use in the food industry is exempted; that intended for direct consumption is taxed.

Collection:

Duty is payable when margarine leaves the factory.

Rates:

LIT 1 000/100 kg net.

Imports:

Duty is levied on imported margarine at the same rate as on home-produced margarine.

Exports:

Margarine exported directly is duty-free.

Duty on cocoa

(Imposta sul cacao)

DL No 50 of 11 March 1950 (G.U. No 59 of 11 March 1950); Law No 684 of 1 October 1969 (G.U. No 267 of 21 October 1969).

Beneficiary:

The State.

Duty payable on:

Cocoa, cocoa butter and cocoa skins and husks.

Rates:

	<i>per 100 kg</i>
– Cocoa beans, unroasted, cocoa skins and husks	LIT 18 000
– Cocoa beans, roasted, unshelled	LIT 20 000
– Cocoa beans, roasted, shelled, crushed, as paste or powder	LIT 22 500
– Cocoa butter	LIT 28 000
– Cocoa powder whose cocoa butter content is less than 1%	LIT 17 000

Imports:

The duty is payable on importation since no cocoa is produced in Italy itself.

Exports:

No refunds are given.

Duty on bananas

(Imposta sulle banane)

Law No 986 of 9 October 1964 (G.U. No 264 of 27 October 1964) and subsequent amendments; DL No 478 of 1 October 1979, which became, with amendments, Law No 599 of 30 November 1979; DL No 688 of 30 September 1982, which became, with amendments, Law No 873 of 27 November 1982.

Beneficiary:

The State.

Duty payable on:

Bananas, fresh and dried and banana flour.

Collection:

The duty is payable according to weight when the goods are cleared through customs.

Rates:

Fresh bananas	LIT	525/kg net
Banana flour and dried bananas	LIT	1 500/kg net

Imports:

The duty is payable on importation.

Exports:

No refunds are given.

Duty on electricity

(Imposta sull'energia elettrica)

DL No 1199 of 6 October 1948 (G.U. No 233 of 6 October 1948) and subsequent amendments; Law No 391 of 17 July 1975 (G.U. No 224 of 23 August 1975); Law No 160 of 27 April 1981; DL No 173 of 30 May 1988 (Article 9).

Beneficiary:

The State.

Basis of assessment:

The quantity of electric energy consumed as measured by meters.

Rates:

- Electric energy:
- LIT 4.10/kWh for dwellings;
 - In places other than dwellings:
 - LIT 4.10/kWh for 200 000 kWh or less per month;
 - LIT 2.45/kWh for monthly consumption in excess of 200 000 kWh.

Government stamps – Spirits

(*Contrassegni di Stato – Spiriti*)

DL No 611 of 29 July 1964 (G.U. No 186 of 29 July 1964), which became, with amendments, Law No 762 of 15 September 1964 (G.U. No 234 of 23 September 1964); DL No 745 of 26 October 1970 (G.U. No 272 of 26 October 1970 – special issue), which became Law No 1034 of 18 December 1970 (G.U. No 323 of 23 December 1970); Law No 307 of 9 July 1975 (G.U. No 194 of 23 July 1975); DL No 451 of 3 July 1976 (G.U. No 175 of 6 July 1976), which became, with amendments, Law No 614 of 19 August 1976 (G.U. No 233 of 2 September 1976); DL No 693 of 31 October 1980, which became, with amendments, Law No 991 of 22 December 1980; Decree of 21 November 1985 (G.U. No 292 of 12 December 1985).

Beneficiary:

The State.

Rates:

The prices of government stamps to be affixed to containers of non-denatured spirits, liqueurs, potable spirits, extracts and essences used in the manufacture of liqueurs, vermouth and aromatized wines for retail sale are fixed as follows:

Products	Capacity of containers (in litres) and price of stamps (in LIT)																		
	up to 0.04	0.100	0.200	0.250	0.350	0.375	0.500	0.700	0.750	1.000	1.500	2.000	2.500	3.000	5.000	5-10	10- 30	30- 60	
Non-denatured spirits		30	75	75	150	150	150	225	225	300	450	600	750	900					
Liqueurs and potable spirits	10	30	35	35	45	45	60	75	75	100	150	200	250	300					
Vermouth and aromatized wines		10				15	15		25	30	45	60							
Liqueur wines	25	25	25	25	25	25	25	25	25	30	45	60	150	150	150	300	900	1800	

Liqueur extracts and essences: LIT 25.

Denaturing agents:

(*Denaturanti*)

Denaturing agents are supplied by the government, at a price equivalent to the cost of their preparation by the 'Laboratorio Chimico Denaturanti dello Stato di Milano'.

Entertainments tax

(Imposta sugli spettacoli)

DPR No 640 of 26 October 1972 (ordinary supplement to G.U. No 292 of 11 November 1972), amended by Law No 708 of 24 December 1974 and Law No 656 of 5 December 1975; Law No 20 of 1 February 1978; Law No 78 of 13 March 1980; DL No 697 of 1 October 1982 (G.U. No 273 of 4 October 1982), which became Law No 887 of 29 November 1982 (G.U. No 333 of 3 December 1982); DL No 326 of 4 October 1987, with subsequent amendments, which became Law No 40 of 3 October 1987, in force until 30 June 1989, the section concerning rates referred to in Article 1 of DL No 245 of 30 June 1989 which became, with amendments, Law No 288 of 4 August 1989; Law No 407 of 27 December 1989, Article 3 (2).

Beneficiary:

The State.

Tax payable by:

All persons organizing entertainments and events, including the organizers of gaming, in gaming houses and those accepting bets on races or competitions.

Basis of assessment:

The gross takings from each performance or event. For bets, the amount of wagers collected; for gaming, the positive difference between the amounts collected and those paid to gamblers.

Exemptions:

Certain kinds of free tickets or passes, educational film shows, admission to zoological gardens, itinerant menageries, film societies.

Collection:

The tax is levied by the representatives of SIAE (the Italian authors' and publishers' society), which has been officially authorized to collect it.

Rates:

The rates range from 1 to 60 % depending on the nature of the entertainment, plus value-added tax.

State lotteries

(Lotterie nazionali)

Law No 722 of 4 August 1955 (G.U. No 191 of 20 August 1955); DPR No 1143 of 30 December 1970 (G.U. No 111 of 5 May 1971); DPR No 600 of 27 September 1973 (G.U. No 268 of 16 October 1973); Law No 66 of 22 February 1974; Law No 105 of 26 March 1977 (G.U. No 97 of 9 April 1977); Law No 528 of 2 August 1982 (G.U. No 222 of 13 August 1982); Law No 117 of 2 May 1984 (G.U. No 125 of 8 May 1984); Law No 357 of 10 August 1988 (G.U. No 195 of 20 August 1988); DPR No 562 of 16 December 1988 (G.U. No 6 of 9 January 1989); MD of 11 January 1989 (G.U. No 8 of 23 January 1989).

Beneficiary:

Lotteries are a State monopoly.

Tax payable by:

Lottery ticket purchasers.

Collection:

Separate accounting.

Special features:

The net profit from lotteries is calculated on the basis of the relevant regulation. After deduction of organizational and operating costs, 50 % is set aside as winnings and the remaining 50 % constitutes the net profit of the State.

The net profit includes a portion (25 %), corresponding to income tax, from which winnings are otherwise exempt, since the tax is covered by the levy made by the State under the gaming rules.

Duty on lotto

(Tributo di gioco relativo al lotto)

RDL No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 July 1939) and subsequent amendments; DPR No 600 of 27 September 1973 (G.U. No 268 of 16 October 1973); Law No 528 of 2 August 1982 (G.U. No 222 of 13 August 1982); Law No 101 of 14 March 1985 (G.U. No 76 of 29 March 1985); DL No 310 of 30 June 1986 (G.U. No 149 of 30 June 1986), which became Law No 494 of 9 August 1986 (G.U. No 198 of 27 August 1986); Law No 123 of 16 March 1987 (G.U. No 74 of 30 March 1987).

Beneficiary:

Lotteries are a State monopoly.

Duty payable by:

Lotto players. Duty is deducted from winnings.

Collection:

The gross takings from lotto are paid weekly to the receivers at the provincial tax offices.

Special feature:

The net profit accruing to the State, after deduction of administrative costs and sums paid out to winners, includes a portion (25%) corresponding to income tax, from which winnings are otherwise exempt, since the tax is covered by the levy made by the State under the gaming rules.

Lottery duty and licence for events carrying prizes

(Tassa di lotteria e tassa di licenza sulle manifestazioni a premio)

RDL No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 July 1939); Law No 585 of 15 July 1950 (G.U. of 17 August 1950); Law No 67 of 18 February 1963 (G.U. No 97 of 10 April 1963); DPR No 600 of 29 September 1973 (G.U. No 268 of 16 October 1973); DL No 332 of 30 September 1989 (G.U. No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989).

Beneficiary:

The State.

Duty payable by:

Commercial and industrial firms.

Basis of assessment:

The total value of the prizes.

Collection:

Paid to the Treasury.

Rates:

Competitions involving chance and those involving skill have been assimilated for tax purposes, and are subject to lottery duty of 30% of the total value of prizes.

The same rules are applied to competitions of a hybrid nature (competitions and events carrying prizes).

Events carrying prizes:

Duty is payable at a proportional rate of 20% when the total value of prizes exceeds LIT 1 000 000 if the event takes place in one province only, and LIT 3 000 000 if it covers two or more provinces.

When events carrying prizes are organized by two or more taxpayers in association, duty is payable by each one, including the promoter, at a flat rate of LIT 50 000 for events in one province only and of LIT 1 000 000 for events covering two or more provinces.

Prizes are subject to a 25% withholding tax corresponding to income tax, which may be passed on to the winners by the firms concerned.

Exemptions:

Events are exempt from duty when the prizes consist of national lottery tickets or lotto cards.

Lottery duty on local raffles and similar events

(Tassa di lotteria sulle manifestazioni di sorte locali)

RDL No 1933 of 19 October 1938 (G.U. No 298 of 30 December 1938), which became Law No 973 of 5 June 1939 (G.U. No 164 of 15 June 1939); Law No 585 of 15 July 1950 (G.U. No 585 of 17 August 1950); DPR No 600 of 29 September 1973 (G.U. No 268 of 15 October 1973); DL No 332 of 30 September 1989 (G.U. No 229 of 30 September 1989), which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989).

Beneficiary:

The State.

Duty payable by:

Legal entities, welfare and charitable committees.

Basis of assessment:

Gross takings.

Exemptions:

Lotteries and lucky dips financed by municipalities, provinces and other legal bodies where the sum provided for prizes does not exceed LIT 100 000.

Collection:

Paid to the Treasury.

Rate:

30 %.

Prizes are subject to a 10 % withholding tax, corresponding to income tax, which may be refunded to winners by the bodies and organizing committees concerned.

Exemptions:

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.

Duty on official concessions

(Tassa sulle concessioni governative)

DPR No 641 of 26 October 1972 (G.U. No 292 of 11 November 1972, ordinary supplement No 3); DL No 46 of 18 March 1976, which became Law No 249 of 10 May 1976 (G.U. No 129 of 17 May 1976); DL No 854 of 23 December 1976, which became Law No 36 of 21 February 1977 (G.U. No 52 of 24 February 1977); DL No 11 of 1 February 1977, which became Law No 90 of 31 March 1977 (G.U. No 90 of 2 April 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978; DPR No 169 of 18 April 1979 (G.U. No 15 of 4 June 1979); DL No 38 of 28 February 1981 (G.U. No 60 of 2 March 1981), which became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 21 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); MD of 2 January 1982 (G.U. No 3 of 5 January 1982); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); DL No 176 of 11 May 1983 (G.U. No 129 of 12 May 1983); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 bis of 17 February 1985); DL No 69 of 2 March 1989, which became Law No 154 of 27 April 1989 (G.U. No 99 of 29 April 1989).

Beneficiary:

The State.

Duty payable by:

Persons who apply for the issue, renewal or authentication of administrative concessions, licences, deeds, certificates and other documents, or who in certain specific cases are already in possession of them.

Exemptions and reductions:

The exemptions and reductions in force on 31 December 1972 relating to cooperatives and their affiliates and friendly societies (Article 14, last paragraph) are unchanged.

Collection:

In the normal way, i. e. by payment to the current post office checking account of the registry office for taxes on official concessions in Rome, or, when expressly provided, by means of revenue stamps.

Rates:

The rates, of which there are a great number, are in general fixed separately for each type of document. Rates payable by companies depend on the legal form of the company (i. e. different rates are payable by limited companies and by partnerships).

Insurance tax

(Imposta sulle assicurazioni)

Law No 1216 of 29 October 1961 (G.U. No 299 of 2 December 1961); Law No 990 of 24 December 1969 (G.U. No 2 of 3 January 1970); DL No 216 of 26 May 1978, which became, with amendments, Law No 388 of 24 July 1978 (G.U. No 27 of 26 July 1978); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); Law No 67 of 11 March 1988.

Beneficiary:

The State.

Tax payable by:

The tax is payable by the insurer, but he is entitled to recover it from the policy holder. The latter pays the tax on insurance policies taken out abroad.

Tax payable on:

Insurance policies taken out on Italian territory by both Italian and foreign companies, societies or firms, however constituted, or by private individuals.

Insurance policies taken out abroad in cases where they are to apply on Italian territory, or where they cover movable or immovable goods situated on Italian territory, ships or aircraft of Italian nationality; goods transported to or from Italy, provided the policy was taken out on behalf of persons or firms domiciled or established in Italy, and provided that the insurance policy concerned was not taxed abroad; life, accident, sickness or civil liability insurance policies taken out on behalf of persons domiciled or resident in Italy; and civil liability involved in an economic activity carried on in Italy.

Life annuities, paid out in cash, taken out in Italy by the insurance companies referred to above and contracts concluded with foreign insurance companies by persons domiciled in Italy.

The tax is not payable on insurance policies covering movable or immovable goods situated abroad, or on ships or aircraft of foreign nationality, unless they are used in Italy.

The tax is not payable on reinsurance policies when they cover insurance for which the tax has already been paid or which is tax-free.

Basis of assessment:

The amount of the premium and any additional sum paid by the policy holder to the insurer or in the case of mutual benefit insurance, the sum, under whatever name, paid by the insured person to the mutual benefit society; contributions towards guarantee funds for the payment of indemnities are tax-free.

Collection:

Direct payment by the insurer to the registration office of the district in which the company, society or firm or any other insurer is domiciled, direct payment by the policy holder to the registry office in cases where the policy holder is responsible for payment of the tax.

Rates:

Range from 2 to 17%, according to type of insurance or of annuity contract (third-party insurance for motor vehicles and vessels: 7%).

Rates are increased by 25% for private insurance policies and annuity contracts.

Communal tax on advertising and duty on bill-posting

(Imposta comunale sulla pubblicità e diritti sulle pubbliche affissioni)

DPR No 639 of 26 October 1972 (ordinary supplement No 2 to G.U. of 11 November 1972), amended by Art. 26 of DL No 153 of 7 May 1980 (G.U. No 127 of 10 May 1980), which became, with amendments, Law No 299 of 7 July 1980 (G.U. No 185 of 8 July 1980); DL No 55 of 28 February 1983, which became, with amendments, Law No 131 of 26 April 1983 (G.U. No 117 of 30 April 1983); Law No 730 of 27 December 1983 (ordinary supplement No 1 to G.U. No 354 of 28 December 1983); Law No 887 of 22 December 1984 (ordinary supplement to G.U. No 356 of 29 December 1984); DL No 318 of 1 July 1986 (G.U. No 151 of 2 July 1986), which became Law No 488 of 9 August 1986 (G.U. No 190 of 18 August 1986; coordinated text in G.U. No 199 of 28 August 1986); DL No 359 of 31 August 1987 (G.U. No 203 of 1 September 1987), which became Law No 440 of 29 October 1987 (G.U. No 255 of 31 October 1987; coordinated text in G.U. No 272 of 20 November 1987).

(a) Communal tax on advertising

(Imposta comunale sulla pubblicità)

Beneficiaries:

The municipalities.

Tax payable by:

Persons advertising goods or services, within the municipality, by any visual or aural means other than those subject to the duty on bill-posting.

Basis of assessment:

The tax is levied on the basis of the duration of the advertising and, with a few exceptions, the surface area of the advertisement, according to a scale fixed by each municipality within the maximum limits laid down by law for the various types of advertising and for the category to which the municipality belongs in terms of population.

Exemptions:

- All types of advertising placed or posted up in suppliers' premises concerning the retail sale of products when the advertising relates to business conducted there and all types of advertising, excluding signs, displayed in the windows or entrances of such premises, provided such advertising relates to the business conducted there and has a surface area of not more than $\frac{1}{2}$ m² per window or entrance.
- All forms of advertising by the State and the regional and local authorities.
- All forms of election publicity at election times in accordance with Law No 212 of 4 April 1956.
- Signs, nameplates, placards and the like, designed to indicate the offices of diplomatic and consular authorities, international organizations, assistance boards and charities, hospitals, religious, cultural or recreational associations and clubs, and any other non-profit-making body, association or organization.

- Signs, nameplates, placards and the like which must be displayed by virtue of laws or regulations, provided they are not more than $\frac{1}{2}$ m² in area, even when this is not specifically laid down in the said laws or regulations.

Collection:

The tax is paid direct to the municipal tax office.

(b) Duty on bill-posting

(Diritti sulle pubbliche affissioni)

Beneficiaries:

The municipalities.

Duty payable on:

Bills, notices and photographs, of any material whatsoever, posted by the municipal authority in the special spaces it has reserved for this purpose within the municipality.

Duty payable by:

Persons requesting the service and persons on behalf of whom the service is rendered.

Rates:

The rates of duty on bill-posting, which are fixed by the municipality within the limits laid down by law, vary with the duration of the display and the size of the advertisement.

Exemptions:

Almost all cases of exemption relate to the bills and notices of public bodies and various authorities on specific subjects.

Collection:

The duty is paid direct to the municipal tax office.

Stamp duty

(Imposta di bollo)

DPR No 642 of 26 October 1972 (ordinary supplement No 3 to G.U. No 292 of 11 November 1972); DL No 254 of 6 July 1974, which became Law No 383 of 17 August 1974; DL No 854 of 23 December 1976, which became Law No 36 of 21 February 1977 (G.U. No 52 of 24 February 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978 (G.U. No 207 of 26 July 1978); Law No 59 of 7 February 1979 (G.U. No 56 of 26 February 1979); DPR No 169 of 18 April 1979 (G.U. No 151 of 4 June 1979); DL No 693 of 31 October 1980 (G.U. No 300 of 31 October 1980), which became Law No 891 of 22 December 1980 (G.U. No 355 of 30 December 1980); DL No 546 of 2 October 1981 (G.U. No 272 of 3 October 1981), which became Law No 692 of 1 December 1981 (G.U. No 331 of 2 December 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 59 of 1 March 1982); DPR No 955 of 30 December 1982 (G.U. No 359 of 31 December 1982); DL No 463 of 12 September 1983 (G.U. No 253 of 12 September 1983), which became Law No 638 of 11 November 1983 (G.U. No 310 of 11 November 1983); DL No 796 of 29 December 1983, which became Law No 17 of 27 February 1984 (G.U. No 59 of 29 February 1984); Law No 4 of 19 January 1985 (G.U. No 20 of 24 January 1985); DL No 391 of 24 September 1987 (G.U. No 223 of 29 September 1987), which became Law No 477 of 21 November 1987 (G.U. No 275 of 24 November 1987).

Beneficiary:

The State.

Basis of assessment:

The duty is payable on the deeds, documents and records listed in the official tariff.

Exemptions:

- Deeds and documents relating to the granting of agricultural loans and of Community and national aids to the agricultural sector.
- Deeds relating to the establishment, consolidation and amalgamation of small holdings (until 30 June 1988).
- Deeds and documents relating to patent applications and patents, including European and international patents.
- Deeds and records concerning disputes arising in connection with insurance, labour relations, public employment and pensions.

Collection:

The duty is collected when the taxpayer purchases the paper bearing the stamps or the stamps themselves, when the seals are affixed by the registration office, or by direct payment to the registration office or other authorized offices.

Rates:

Rates are fixed or proportional:

- fixed rates range from LIT 200 to 10 000;
- proportional rates range from 0.10 to 12‰.

Stock-exchange turnover tax

(Imposta sui contratti di borsa)

RD No 3278 of 30 December 1923 (ordinary supplement to G.U. No 117 of 17 May 1924) and subsequent amendments; DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983).

Beneficiary:

The State.

Tax payable by:

Persons effecting stock-exchange transactions.

Basis of assessment:

The sum involved in the transaction.

Collection:

When the taxpayer purchases the paper bearing stamps for stock-exchange transactions or the stamps themselves; or by direct payment to the registry office by banks, brokers authorized to make periodic payments, public service institutions and agents.

Rates:

- The rates of tax vary according to the persons concerned in the transaction and the nature and term of the contract; they are proportional for each portion of LIT 100 000 involved. The tax is reduced by half in the case of cash transactions involving State bonds or bonds guaranteed by the State.
- The minimum amount of tax is set at LIT 100.

Registration tax

(*Imposta di registro*)

DPR No 634 of 26 October 1972 (ordinary supplement No 1 to G.U. No 292 of 11 November 1972) and subsequent amendments; DPR No 601 of 29 September 1973 (ordinary supplement No 2 to G.U. No 268 of 16 September 1973); Law No 904 of 16 December 1977 (G.U. No 343 of 17 December 1977); DPR No 914 of 6 December 1977 (G.U. No 348 of 22 December 1977); Law No 952 of 23 December 1977; DPR No 953 of 23 December 1977 (G.U. No 356 of 31 December 1977); DL No 216 of 26 May 1978, which became Law No 388 of 24 July 1978 (G.U. No 145 of 27 May and No 207 of 26 July 1978); DL No 693 of 10 November 1978, which became Law No 841 of 23 December 1978 (G.U. No 318 of 14 November and No 361 of 29 December 1978); DL No 693 of 31 October 1980, which became Law No 891 of 22 December 1980 (G.U. No 300 of 31 October, No 303 of 5 November and No 355 of 30 December 1980); DL No 546 of 2 October 1981, which became Law No 692 of 1 December 1981 (G.U. No 272 of 3 October and No 331 of 2 December 1981); Law No 168 of 22 April 1982 (G.U. No 11 of 23 April 1982); Law No 512 of 2 August 1982 (G.U. No 216 of 7 August 1982); DL No 953 of 30 December 1982, which became Law No 53 of 28 February 1983 (G.U. No 359 of 31 December 1982 and ordinary supplement to G.U. No 58 of 1 March 1983); DL No 747 of 29 December 1983 (G.U. No 358 of 31 December 1983), which became Law No 18 of 27 February 1984 (G.U. No 59 of 29 February 1984); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 of 17 February 1985); DL No 12 of 7 February 1985 (G.U. No 34 of 8 February 1985), which became Law No 118 of 5 April 1985 (G.U. No 84 of 9 April 1985); Law No 41 of 28 February 1986 (ordinary supplement No 2 to G.U. No 49 of 28 February 1986); DL No 708 of 29 October 1986 (G.U. No 252 of 29 October 1986), which became Law No 899 of 23 December 1986 (G.U. No 299 of 27 December 1986); DPR No 131 of 26 April 1986 (ordinary supplement No 34 to G.U. No 99 of 30 April 1986); DL No 3 of 13 January 1988; DL No 70 of 14 March 1988, which became, with amendments, Law No 154 of 13 May 1988; Law No 349 of 10 August 1988; Law No 541 of 24 December 1988; Law No 122 of 24 March 1989, Law No 171 of 5 May 1989; DL No 202 of 29 May 1989, which became Law No 263 of 28 July 1989; MD of 11 November 1989; DL No 332 of 30 September 1989, which became, with amendments, Law No 384 of 27 November 1989.

Beneficiary:

The State.

Tax payable by:

The following are jointly and severally liable for payment of the tax: public officials (except for supplementary tax – *imposta complementare e suppletiva* – in cases of subsequent revaluation), the contracting parties, any other persons concerned and the signatories to the declaration. In contracts to which the State is a party, the tax is payable exclusively by the other party, provided that the tax does not relate to deeds voluntarily presented for registration by administrative departments of the State; for deeds relating to compulsory acquisition for public purposes, the expropriating authority is exclusively liable and may not charge it to any other person (Article 57 of DPR No 131); if the expropriating authority or purchaser is the State, the tax is not payable.

Basis of assessment:

Determined by two basic criteria:

- (i) the market value of the property or rights transferred; for buildings registered at an estimated rent, a system of multipliers is used, updated by applying the coefficients established for personal income tax (Article 52 of DPR No 131 of 26 April 1986);
- (ii) the price or consideration agreed between the parties; Ministerial Decree of 11 November 1989. Increases in multipliers provided for in Article 52, paragraph IV, of the Single Act on provisions concerning registration duty approved by DPR No 131 of 26 April 1986, Article 26, paragraph V, of DPR No 637 of 26 October 1972 combined with Article 8, paragraph 1, of Law No 880 of 17 December 1986 and Article 12, paragraph 1, of DL No 70 of 14 May 1988, which became, with amendments, Law No 154 of 13 May 1988.

Collection:

The tax is normally payable upon registration of the deed, which is obligatory within a fixed time-limit of 20 days for deeds received in Italy and 60 days for deeds received abroad or where the deed is to be used in a procedure (DPR No 131, Articles 5 and 6) – except for documents whose registration is not compulsory (annexed Table B of DPR No 131), or at the time of the declaration, unless there is an adjustment to the declared value of the property concerned, which must be made within two years from the payment of the main tax (DPR No 914).

Rates:

Rates are proportional, varying in accordance with the intrinsic nature of the document and the legal consequences of the clauses contained therein (DPR No 131, Article 20). The tariff is given in DPR No 131, Annex A, and subsequent amendments.

For certain types of documents, specified in the aforementioned tariff (for example, transfers of immovable property to the State, regions, provinces, or municipalities; sale of immovable property situated abroad; deeds relating to compulsory acquisition for public purposes other than the conveyance deeds following on the acquisitions themselves, contracts concerning the transfer of goods and the provision of services subject to VAT, etc.), the tax is levied at a flat rate of LIT 50 000.

Law No 952 of 23 December 1977 introduced a Treasury tax on registration.

The rate applied to the purchase of a first house was reduced to 2% for the period up to 31 December 1985, pursuant to Article 2 of Law No 118 of 5 April 1985. Article 5a of Law No 899 of 23 December 1986 increased the rate from 2% to 4% for the purchase of a first house for the periods up to 31 December 1986 and 31 December 1987 respectively. Article 2 (3) of Law No 541 of 24 December 1988 on measures for drawing up annual and multiannual budgets for central government extends until 31 December 1991 the application of the measures laid down in paragraphs 1 and 2 of Article 5 bis of DL No 708 of 29 October 1986, which became, with amendments, Law No 899 of 23 December 1986 on tax facilities for sales of residential buildings.

Concessions:

Accorded under DPR No 634, Article 80 (2), and DPR No 601 of 29 September 1973 in force since 1 January 1974; these measures lay down entirely new provisions governing concessions, replacing all those in force up to 31 December 1973.

Mortgage tax and cadastral duty

(Imposte ipotecarie e catastali)

DPR No 635 of 26 October 1972 (Supplement No 1 to G.U. No 292 of 11 November 1972) and subsequent amendments; DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); DL No 463 of 12 September 1983 (G.U. No 250 of 12 September 1983), which became Law No 638 of 11 November 1983 (G.U. No 310 of 11 November 1983); DL No 853 of 19 December 1984 (G.U. No 347 of 19 December 1984), which became Law No 17 of 17 February 1985 (G.U. No 41 bis of 17 February 1985).

Beneficiary:

The State.

Tax payable by:

In addition to public officials who have received or authenticated deeds subject to transcription, all persons applying for transcription, registration, renewal or cancellation and, jointly with them, any persons on whose behalf such application has been made; debtors in cases where their mortgages are registered or renewed.

Basis of assessment:

For registration or renewals, the basis of assessment is the capital and incidental expenses covered by the mortgage; for transcriptions, the basis of assessment is the value fixed for the purposes of registration tax or succession and gifts duty.

Collection:

The taxes on the transcription of deeds or of legal decisions concerning transfers of immovable property are payable to the registry office within the period laid down for the payment of registration tax or estate duty; other types of duty are payable to the real estate registries when an application is made for transcription, renewals, etc.

Rates:

From 0.50 to 1 % according to the nature of the application, with a minimum of LIT 50 000.

Tax on motor vehicles

(Tassa sulla circolazione degli autoveicoli)

Consolidated law on motor vehicle taxes passed by DPR No 39 of 5 February 1953 (supplement to G.U. No 33 of 10 February 1953) and subsequent amendments; DL No 691 of 8 October 1976 (G.U. No 270 of 9 October 1976), which became Law No 786 of 30 November 1976 (G.U. No 326 of 7 December 1976); DL No 38 of 28 February 1981 (G.U. No 60 of 2 March 1981), which became Law No 153 of 23 April 1981 (G.U. No 114 of 27 April 1981); DL No 787 of 22 December 1981 (G.U. No 358 of 31 December 1981), which became Law No 52 of 26 February 1982 (G.U. No 58 of 1 March 1982); DL No 923 of 21 December 1982 (G.U. No 349 of 21 December 1982), which became Law No 29 of 9 February 1983 (G.U. No 44 of 15 February 1983); DL No 953 of 30 December 1982 (G.U. No 359 of 31 December 1982), which became Law No 53 of 28 February 1983 (G.U. No 58 of 1 March 1983); Law No 730 of 27 December 1983 (supplement to G.U. No 354 of 28 December 1983); MD of 25 November 1985 (G.U. No 284 of 3 December 1985); Law No 41 of 28 February 1986 (supplement No 1 to G.U. No 49 of 28 February 1986); DL No 332 of 30 September 1989, which became Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989); DL No 415 of 28 December 1989, which became Law No 38 of 28 February 1990 (G.U. No 49 of 28 February 1990).

Beneficiary:

The State. The regions governed by ordinary statute apply a tax on vehicles and motor boats which are subject to the State tax on motor vehicles and are registered in the region, and on vehicles which do not require registration and belong to persons resident there. This tax is fixed at a rate not exceeding 110 % and not below 90 % of the State tax, which is reduced to 50 % in the regions governed by ordinary statute. The regional tax is subject to the same rules as the State tax on motor vehicles.

Tax payable by:

Owners of motor vehicles, whether or not they use them. For bicycles with auxiliary motor the tax is due only for the tax periods during which they are used.

Basis of assessment:

The basis of assessment depends on type of vehicle and cylinder capacity in cc (bicycles with auxiliary motor, light motorcycles and light motorcycle and side-car combinations, light motor vans); horsepower rating (for all other motor vehicles used for passenger transport and for mixed passenger and goods transport, and for motor boats); number of seats (trailers used for passenger transport); total authorized laden weight (motor vehicles and trailers used for goods transport); number of persons the vehicle can carry, and authorized weight (lorries authorized to carry both passengers and goods at different times).

Exemptions:

- Certain types of motor vehicles used for public services are exempt.
- Vehicles imported temporarily are exempt for a limited period.

Reductions:

Certain motor vehicles used for special kinds of transport or having certain specific characteristics.

Collection:

The tax is normally payable to the registration offices. However, under an agreement with the public authorities payment may at present be made either direct to the collecting offices of the Automobile Club of Italy or into a post office account held by that body.

Rates:

The amounts indicated below, which were applicable until 1980, were increased by 50 % for 1981 and by 80 % for the years 1982–85.

- Bicycles with auxiliary motor, based on cylinder capacity (up to 50 cc): the fixed annual tax is LIT 6 050.
- Light motor cycles and light motor cycle and side-car combinations, based on cylinder capacity (from 51 cc up to 125 cc): the fixed annual tax is LIT 16 095.
- Motor cycles and motor cycle and side-car combinations of 3 to 6 hp: between LIT 23 915 and LIT 52 315 depending on hp rating.
- Light motor vans based on cylinder capacity: annual tax of LIT 23 635.
- Three- and four-wheeled motor vans with cylinder capacity of 500 cc and over, based on the laden weight in quintals: annual tax of between LIT 73 960 and LIT 104 780.
- Three- and four-wheeled motor vans with a cylinder capacity of under 500 cc, based on the laden weight in quintals: annual tax of between LIT 29 950 and LIT 99 790.
- Motor cars used for passenger transport and for mixed passenger and goods transport of up to 9 hp: the annual tax is between LIT 20 545 and LIT 36 980 depending on hp rating; in the case of vehicles of over 9 hp, the annual tax is between LIT 43 145 and LIT 1 217 295 depending on hp rating; in the case of vehicles of over 45 hp the tax is LIT 43 660 for each hp in excess of 45.

For certain motor cars and other motor vehicles powered by diesel engines, an additional annual surtax is due to the State of LIT 33 750 for each hp, the minimum being LIT 375 000. The surtax is reduced by 50 % for hired cars and taxis and for vans of a net capacity of not less than 600 kg owned by firms and registered for goods transport.

Motor cars and vehicles of up to 15 hp used for mixed passenger and goods transport are not subject to the surtax of LIT 33 750 for each hp: for such vehicles the minimum surtax is set at LIT 375 000.

For certain vehicles with LPG engines, the additional annual surtax is LIT 18 000 for each hp, with a minimum of LIT 198 000.

For certain vehicles running on methane, the additional annual surtax is LIT 12 600 for each hp, with a minimum of LIT 126 000.

- Motor lorries, based on the total authorized laden weight of between 4 and 110 quintals and above: annual tax of LIT 30 820 to LIT 647 170; trailers: annual tax of LIT 8 405 to LIT 174 165.
- Motor coaches for public use: the annual tax ranges from LIT 24 655 to LIT 683 465 depending on hp rating; over 70 hp the tax is LIT 13 694 (between 4 and 100 quintals) for each additional hp.
- Trailers used for passenger transport: the annual tax ranges from LIT 38 195 to LIT 143 000 (for private use) and from LIT 25 060 to LIT 94 725 (for regular public service).

- Motor boats and outboard engines for private use (passenger transport): the annual tax ranges from LIT 19 910 to LIT 1 069 700 depending on hp rating; over 60 hp the tax is LIT 35 655 for each additional hp.

Other rates are applied for certain specific types of motor vehicles.

50 % of the amounts of tax indicated above goes to the State and 50 % to the ordinary-status regions as far as vehicles registered in the region are concerned (Law No 281 of 16 May 1970). Furthermore, the 5 % surcharge referred to in Law No 729 of 24 July 1971 is allocated to the State.

Special provisions are made for the regions with special status.

Consumption tax on certain types of equipment

(Imposta erariale di consumo su alcuni apparecchi)

DL No 953 of 30 December 1982, which became, with amendments, Law No 53 of 28 February 1983.

Beneficiary:

The State.

Chargeable event:

The supply of equipment to the home market or the importation of such equipment.

Tax payable on:

1. Assembled high-fidelity loudspeakers; high-fidelity sound amplifiers, semi-professional;
2. Stereophonic radio receivers; television reception apparatus without image tube; television cameras;
3. Interchangeable lenses for photographic cameras and for other cinematographic and television cameras;
4. Refracting telescopes (monocular and binocular);
5. Photographic cameras, semi-professional;
6. Cinematographic cameras, projectors, sound recorders and sound reproducers, semi-professional;
7. Slide projectors, semi-professional;
8. Stereophonic sound and television image recorders and reproducers, non-professional;
9. Magnetic tapes for recording equipment for the reproduction of television images;
10. Sound-heads for records, semi-professional;
11. Television games;
12. Television reception apparatus, with image tube incorporated.

Rates:

For the equipment described in points 1 to 11 16 %.
 For the equipment described in point 12 8 %.

Basis of assessment:

The ex-factory or the free-at-frontier value.

Exports:

Excise duty on plastic bags

(Imposta di fabbricazione sui sacchetti di plastica)

Law No 475 of 9 November 1988; Decree No 100 of 28 February 1989 (G.U. No 66 of 20 March 1989).

Beneficiary:

The State.

Tax payable on:

Non-biodegradable plastic carrier bags supplied by retailers to customers.

Collection:

The duty is based on production; it is due when the products are sold by the manufacturer to companies for introduction on the internal market.

Basis of assessment:

The manufacturer must supply the relevant tax office with a return, in duplicate, showing all the details necessary for application of the tax.

Imports:

Duty is payable by the importer.

Exemptions:

Biodegradable plastic bags.

Communal tax on the exercise of business, professional and artistic activities

(Imposta comunale per l'esercizio di imprese e di arte e professione)

DL No 66 of 2 March 1989 (G.U. No 51 of 2 March 1989), which became, with amendments, Law No 144 of 24 April 1989 (G.U. No 96 of 26 April 1989); DL No 332 of 30 September 1989 (G.U. No 229 of 30 September 1989), which became, with amendments, Law No 384 of 27 November 1989 (G.U. No 279 of 29 November 1989); DL No 414 of 28 December 1989 (G.U. No 303 of 30 December 1989), now becoming a Law.

Beneficiary:

Municipalities.

Tax payable by:

Individuals and other taxpayers who, on 1 January of the relevant year, exercise business, professional or artistic activities, even if only for a short period during the course of the year.

Basis of assessment:

Tax is due as laid down in a specific table, and varies with the type of business, art or profession concerned and with the area of the premises used; the full surface area of equipped premises covered by a roof is taken into account, while the basis for uncovered equipped premises is 10 % of the surface area.

Rates:

The basic tax is reduced by 50 % if income from the business, art or profession does not exceed LIT 12 million; it is doubled if such income exceeds LIT 50 million.

The municipality may decide to raise the lower limit from LIT 12 million to LIT 18 million, or to reduce it to LIT 6 million; it may increase the upper limit from LIT 50 million to LIT 70 million, or reduce it to LIT 30 million.

Taxes abolished or repealed

I 43 **Duty on methane used as fuel for motor propulsion**
(Imposta di consumo sul gas metano per l'autotrazione)

I 44 **Duty on olive oil**
(Tassa sull'olio d'oliva)

Abolished by Law No 417 of 1975

LUXEMBOURG

Personal income tax (fixed by assessment)

(Impôt sur le revenu des personnes physiques – Fixé par voie d'assiette)

Law of 4 December 1967 on income tax, Title I, Articles 1 to 157 (*Mémorial A*, 1967, pp. 1228-1275), as amended by the Laws of 20 July 1973 (*Mémorial A*, 1973, p. 1017), 27 December 1973 (*Mémorial A*, 1973, pp. 1959 and 1964), 23 December 1975 (*Mémorial A*, 1975, pp. 2166 and 2168), 27 July 1978 (*Mémorial A*, 1978, p. 1016), 30 November 1978 (*Mémorial A*, 1978, p. 1973), 14 March 1979 (*Mémorial A*, 1979, p. 434), 5 March 1980 (*Mémorial A*, 1980, p. 132), 15 July 1980 (*Mémorial A*, 1980, p. 1058), 4 March 1981 (*Mémorial A*, 1981, pp. 200 and 201), 1 July 1981 (*Mémorial A*, 1981, p. 989), 30 December 1981 (*Mémorial A*, 1981, p. 2662), 4 March 1982 (*Mémorial A*, 1982, p. 340), 31 July 1982 (*Mémorial A*, 1982, p. 1474), 7 December 1982 (*Mémorial A*, 1982, p. 2122), 24 December 1982 (*Mémorial A*, 1982, p. 2247); 23 July 1983 (*Mémorial A*, 1983, p. 1336), 29 December 1983 (*Mémorial A*, 1983, p. 2634), 24 February 1984 (*Mémorial A*, 1984, p. 98), 4 May 1984 (*Mémorial A*, 1984, p. 586), 4 December 1984 (*Mémorial A*, 1984, p. 1988), 17 December 1985 (*Mémorial A*, 1986, p. 727), 21 March 1986 (*Mémorial A*, 1986, p. 1104), 10 April 1986 (*Mémorial A*, 1986, p. 1158) 26 July 1986 (*Mémorial A*, 1986, p. 1723), 18 December 1986 (*Mémorial A*, 1986, p. 2309), 19 December 1986 (*Mémorial A*, 1986, p. 2330), 16 July 1987 (*Mémorial A*, 1987, p. 1539), 13 December 1988 (*Mémorial A*, 1988, p. 1247), 24 December 1988 (*Mémorial A*, 1988, p. 1503), 3 April 1989 (*Mémorial A*, 1989, p. 548), 7 June 1989 (*Mémorial A*, 1989, p. 744) and 13 July 1989 (*Mémorial A*, 1989, p. 946); Budget Laws of 17 December 1977 (*Mémorial A*, 1977, p. 2493), 22 December 1979 (*Mémorial A*, 1979, p. 1909), 23 December 1980 (*Mémorial A*, 1980, p. 2099), 21 December 1981 (*Mémorial A*, 1981, p. 2411), 20 December 1982 (*Mémorial A*, 1982, p. 2267), 19 December 1983 (*Mémorial A*, 1983, p. 2337), 24 December 1984 (*Mémorial A*, 1984, p. 2101), 23 December 1985 (*Mémorial A*, 1985, p. 1515), 22 December 1986 (*Mémorial A*, 1986, p. 2401), 22 December 1987 (*Mémorial A*, 1987, p. 2509), 24 December 1988 (*Mémorial A*, 1988, p. 1301) and 22 December 1989 (*Mémorial A*, 1989, p. 1447); 59 Grand Ducal implementing Regulations.

Beneficiary:

The State.

Tax payable by:

All individuals whose domicile for tax purposes or usual place of residence is in Luxembourg or who receive taxable income there.

Basis of assessment:

Total net income, less special expenses. Total net income is calculated by taking total net income, determined separately for each of eight categories of income; losses made in one category of income may be set off against net income from other categories. There is a special scheme for capital gains realized in immovable property in the case of an inheritance, and for certain types of extraordinary income.

Exemptions:

These include:

- Payments in cash from legal insurance against sickness and accidents.
- Certain allowances (e. g. family allowances).
- Certain types of pension (e. g. war pensions).
- Interest on certain types of government loan.
- Capital received from payment of a life insurance.
- Income from a savings bank account or from interest on bonds: LFR 60 000 per year.
- Extra payments of wages for overtime, work at nights, on Sundays and public holidays, under the conditions and within the limits prescribed by regulation.
- Gifts offered by employers to employees, under the conditions and within the limits prescribed by law.

Deductions:

- Special expenses:
 - (1) special expenses covered by the flat-rate minimum (mainly interest on debts, insurance premiums); a personal allowance of LFR 18 000 is granted, where special expenses are no higher than this amount;
 - (2) special expenses which may be deducted in addition to the personal allowance (mainly obligatory social insurance contributions, certain donations).
- Reduction for extraordinary costs.
- Reduction for income from farming.
- Reduction for retired persons.
- Reduction for non-business expenses.
- Reduction for a profit made in the transfer or termination of a one-man business.
- Compensatory reduction for wage-earners.
- Reduction for investment in securities (temporary: 1984-88).
- Reduction for income not subject to withholding tax.
- Reduction for audiovisual investment.
- Reduction for venture-capital investment.

Married couples:

Incomes of married couples are treated as a single income for tax purposes and tax due is determined by the 'splitting' system.

Non-residents:

In general the method of assessing and collecting the tax due is the same as for resident taxpayers except that only income accruing in Luxembourg is taxable, and no deduction is made for certain special expenses or for extraordinary costs.

Income tax, for non-residents only, is collected by deduction at source in the case of income from self-employed literary and artistic activities (10% of gross receipts), income derived from the leasing of licences and patents (12% of gross receipts), and company directors' fees (8.4% of gross fees).

Collection:

Tax is payable annually on the basis of tax returns. Tax is paid in quarterly instalments in advance and withheld at source on certain forms of income (income from employment, pensions and annuities, income from capital).

The advance payments and the tax withheld at source are deductible against final income tax liability.

Any overpayment of tax is refunded in some cases. Tax withheld on wages and pensions is adjusted annually, when the tax is not calculated by assessment.

If tax is not paid on time, interest is charged at a rate of 1 % per month.

Rates:

- Taxpayers are divided into three classes according to the number of their dependants.
- There is a graduated scale with 25 income bands, to each of which corresponds a rate of tax ranging from 0 to 56 %; application of the rates varies according to the class to which the taxpayer belongs. For the first band from 0 to LFR 170 400, the rate is 0 %; for the second band from LFR 170 400 to LFR 198 000, the rate is 12 %. The rate then increases by 2 % per band. For income exceeding LFR 1 321 200, there is a uniform rate of 56 %.
- This basic scale is adjusted periodically to variations in the weighted consumer price index.
- As regards extraordinary income, the rates applied range from 12 to 34 %.
- Non-residents, whose tax is calculated by assessment, are taxed under the Class II tariff (as married taxpayers without dependants) at a rate not less than 15 %.

To provide resources for the unemployment fund, the liability for personal income tax has been set at 105 % of the amount payable under the above rules.

Carry-over of losses:

Losses suffered by business firms, farmers, foresters or persons practising a liberal profession may be carried forward for a period of five years, provided the persons running the enterprise or other persons involved keep regular accounts. Firms belonging to an industry declared to be undergoing structural crisis may carry forward for an indefinite period 50 % of the depreciation charged in respect of deficit years which end during a period of crisis, but the amount carried forward must not exceed the loss incurred in the trading year in question.

Withholding tax on wages and salaries (Special method of collection of personal income tax)

(Retenue d'impôt sur les traitements et salaires – Mode de perception spéciale de l'impôt sur le revenu des personnes physiques)

Law of 4 December 1967 on income tax, Title I, Articles 136 to 145 (*Mémorial A*, 1967, pp. 1268–1270), as amended by the Laws of 27 December 1973 (*Mémorial A*, pp. 1959 and 1964), 30 June 1976 (*Mémorial A*, 1976, p. 591) and 27 July 1978 (*Mémorial A*, 1978, p. 1016) and the Grand Ducal implementing Regulations concerning the procedure for calculating the withholding tax and the annual adjustment.

Tax payable by:

- Workers receiving income from employment or former employment or non-exempted sickness, maternity, accident or unemployment payments.
- Persons in receipt of retirement or old-age pensions from an independent retirement fund.

Collection:

Income tax due on wages, salaries and pensions is withheld at source.

The tax is to be withheld by the employer or the pension fund for the account of the worker or the pensioner in accordance with tables of monthly or daily amounts which are drawn up on the basis of the general scale for personal income tax and allow for the standard deductions for costs of acquisition (LFR 30 000 per year for workers in paid employment and LFR 6 000 per year for persons in receipt of pensions), for special expenses (LFR 18 000 per year) and the compensatory reduction for wage-earners (LFR 24 000) or the reduction for retired persons.

The reduction for retired persons is fixed at LFR 30 000, if the taxable income does not exceed LFR 288 000; at LFR 24 000, increased by an eighth of the difference between LFR 366 000 and the taxable income, if the latter is more than LFR 288 000; at LFR 24 000 if the taxable income exceeds LFR 336 000.

There is an annual adjustment of tax withheld. When tax is calculated by assessment, tax withheld is deductible from tax liability (and normally refundable).

Withholding tax on income from capital (Special method of collection of personal income tax)

(Retenue d'impôt sur les revenus de capitaux – Mode de perception spéciale de l'impôt sur le revenu des personnes physiques)

Law of 4 December 1967 on income tax, Title I, Articles 146 to 151 (*Mémorial A*, 1967, pp. 1271-1273), as amended by the Laws of 30 November 1978 (*Mémorial A*, 1978, p. 1973) and 10 April 1986 (*Mémorial A*, 1986, p. 1158).

Tax payable on:

Dividends which are subject to income tax. The tax is withheld at source for the beneficiary's account by the distributor in Luxembourg.

Where tax is calculated by assessment, tax withheld is deductible from tax liability (not refundable).

Rates:

15% of gross dividends (or 17.65% if the debtor pays the tax).

Corporation tax

(*Impôt sur le revenu des collectivités*)

Law of 4 December 1967 on income tax, Title II, Articles 158 to 174 (*Mémorial A*, 1967, pp. 1276-1281), as amended by the Laws of 11 November 1968 (*Mémorial A*, 1968, p. 1210), 27 December 1973 (*Mémorial A*, 1973, p. 1959), 30 November 1978 (*Mémorial A*, 1978, p. 1973), 15 July 1980 (*Mémorial A*, 1980, p. 1058) and 19 December 1986 (*Mémorial A*, 1986, p. 2330), supplemented by the Laws of 1 July 1981 (*Mémorial A*, 1981, p. 991), 23 July 1983 (*Mémorial A*, 1983, p. 1336) 19 December 1986 (*Mémorial A*, 1986, p. 2330), 22 December 1987 (*Mémorial A*, 1987, p. 2509), 16 July 1987 (*Mémorial A*, 1987, p. 1539) and 24 December 1988 (*Mémorial A*, 1988, p. 1503); six Grand Ducal implementing Regulations.

Beneficiary:

The State.

Tax payable by:

Joint-stock companies, cooperative societies, religious associations, non-profit-making organizations, foundations and establishments for public utility, funds for special purposes, mutual insurance associations, industrial and commercial undertakings incorporated under public law.

Basis of assessment:

Trading profit. The profit is defined as the difference between the net invested assets at the end and the net invested assets at the beginning of the year, plus any withdrawals but minus any additions and contributions made during the year.

(The profit is determined according to the rules governing personal income tax.)

Exemptions:

'Personal' exemptions:

- Certain corporate bodies whose direct or exclusive objectives are religious, charitable or of general interest.
- Establishments supplying water, gas and electricity and belonging to the State, municipalities or groups of municipalities.
- National lottery, national low-cost housing corporation, independent employers' pension and provident funds.
- Holding companies.
- Exclusively occupational associations and agricultural cooperatives in which machines are used in common and by which the agricultural produce of the members is processed or sold.

'Real' exemptions (Privilege of parent companies and subsidiaries – *Schachtel privileg*):

The income of a resident joint-stock company which is fully liable to tax and which has a direct continuous holding of at least 10 % or at least LFR 50 million in the capital of another joint-stock company is exempted wholly if the other company is fully liable to tax.

Deductions:

In addition to the deductions as for personal income tax, the other expenses which may be deducted are:

- funds earmarked for the technical reserves of insurance companies;
- refunds made to members by cooperatives and certain agricultural associations in so far as the distributions of profits, other than the refunds, represent less than 5% of the net assets invested at the end of the financial year concerned;
- amounts due to partners in partnerships limited by shares for rent, interest on assets, or fees for an activity in the service of the company.

Non-residents:

Only income accruing in Luxembourg is taxable; there are no personal exemptions; tax may be withheld at source, and this extinguishes the tax debt.

Rates:

- 20 % when taxable income does not exceed LFR 400 000.
- LFR 80 000 plus 50 % of income in excess of LFR 400 000 when taxable income is between LFR 400 000 and LFR 600 001.
- 30 % when taxable income is between LFR 600 000 and LFR 1 000 001.
- LFR 300 000 plus 46.80 % of income in excess of LFR 1 000 000 when taxable income is between LFR 1 000 000 and LFR 1 313 000.
- 34 % when taxable income is in excess of LFR 1 312 000.

To provide resources for the unemployment fund, corporation tax liability has been set at 102 % of the liability under the above rules.

Carry-forward of losses:

Five years, and unlimited subject to the same conditions as for natural persons.

Special tax on company directors' fees

(Impôt spécial sur les tantièmes)

Regulation of 31 March 1939 on the tax on company directors' fees.

Beneficiary:

The State.

Tax payable by:

Members of boards of directors receiving fees.

Basis of assessment:

All fees.

Non-residents:

As for residents.

Collection:

The tax is withheld at source by the company concerned.

Rates:

Residents: 20 % (or 25 % where the company pays the tax).

Non-residents: 28.40 % (or 39.66 % where the company pays the tax).

Special feature:

This tax cannot be deducted from personal income tax itself, but may be deducted from the basis of assessment of personal income tax.

Tax on betting on sporting events

(Taxe sur les paris relatifs aux épreuves sportives)

Law of 20 April 1977 on the exploitation of games of chance and betting on sporting events (*Mémorial A*, 1977, p. 547) and Grand Ducal Regulation of 7 September 1987 (*Mémorial A*, 1987, p. 1739).

Beneficiary:

The State.

Tax payable by:

Organizers of betting on sporting events.

Basis of assessment:

Gross sums involved (stakes).

Collection:

By means of tax returns.

Rate:

15%.

Tax on lotto

(Taxe sur le loto)

Law of 30 July 1983 introducing a tax on lotto (*Mémorial A*, 1983, p. 1350).

Beneficiary:

The State.

Tax payable by:

The organizer of the game of lotto.

Basis of assessment:

Gross sums involved (amounts collected from players).

Collection:

By means of tax returns.

Rate:

15%.

Wealth tax

(*Impôt sur la fortune*)

Wealth Tax Law of 16 October 1934; Regulation of 31 October 1939 amending the Wealth Tax Law; Regulation implementing the Wealth Tax Law of 2 February 1935; Agricultural Law of 23 April 1965 (*Mémorial A*, 1965, pp. 383-390); Ministerial Regulation of 16 April 1969; Laws of 23 December 1975 amending certain provisions of the wealth tax (*Mémorial A*, 1975, p. 2167), of 31 July 1982 (*Mémorial A*, 1982, p. 1474) and of 14 June 1983 (*Mémorial A*, 1983, p. 1073).

Beneficiary:

The State.

Tax payable by:

Individuals and legal persons except partnerships (*sociétés de personnes*), members of which are taxed individually on the value of their participation.

Basis of assessment:

Total property, gross (farms and forestry holdings, all other movable and immovable, tangible and intangible property), less debts.

Minimum taxable amount for public limited companies and partnerships limited

by shares:	LFR 500 000;
for private limited companies:	LFR 200 000.

Exemptions:

Savings banks properly so-called, pension funds, employers' pension and provident funds with legal personality; non-profit-making institutions of a religious and/or charitable nature or such institutions serving the public interest; the national society for low-cost housing; public authority enterprises.

Deductions:

For individuals, an allowance of LFR 100 000 is granted from the basis of assessment for the taxpayer himself (plus LFR 100 000 for the spouse and for each child).

Married couples:

Tax is aggregated.

Non-residents:

Only assets located in Luxembourg are taxed.

Collection:

General assessment every three years: a part of the tax is fixed annually and collected quarterly.

Rate:

0.5%.

Estate duty

(Droits de succession)

Law of 27 December 1817 on the levy of estate duty; Laws of 18 August 1916, 7 August 1920 and 31 January 1921 increasing the estate duties; amending Law of 16 June 1950; Law of 13 May 1964, Law of 13 June 1984 amending certain legislative provisions; various other Grand Ducal laws and regulations.

Beneficiary:

The State.

Duty payable by:

Heirs and legatees of persons domiciled in Luxembourg.

Basis of assessment:

Market value at the time of decease of the entire net estate inherited from a person domiciled in Luxembourg, except for real estate located abroad.

Exemptions:

The 'legal portion' going to direct descendants is not taxed, nor is any estate going to a spouse with common descendants.

Estate duty is payable only if the net value inherited exceeds LFR 50 000.

Collection:

By means of assessment books.

Rates:

- In direct line: apart from the 'legal portion', 2.5 % in the case of the disposable share and 5 % for the remainder.
- To spouse without children or common descendants: 5 % (reduction of LFR 1 500 000).
- Between collateral relatives, according to the degree of relationship: 6 to 15 % of the 'legal portion' and 15 % of the remainder.

If the net sum accruing to an individual exceeds LFR 400 000, the portion payable on the basis of the above rates is increased progressively by $\frac{1}{10}$ to $\frac{22}{10}$ (portion in excess of LFR 70 million).

- Legacies left to municipalities, public undertakings, charitable institutions and relief committees: 4 % whatever the sum.
- Legacies left to non-profit-making organizations, undertakings for public purposes, bishoprics, consistories, synagogues and church funds: 6 % whatever the sum.

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Non-residents:

Where the deceased person was not domiciled in Luxembourg, transfer duty on death (*droit de mutation par décès*) and not estate duty is levied.

Basis of assessment:

Market value of real estate located in Luxembourg at the time of decease. There are no allowances or deductions, and debts are not deductible.

Rates:

- In direct line: 2% of the 'legal portion'.
- To spouse with children or common descendants: 5%.
- Other rates are the same as in the case of estate duty.
- As in the case of estate duty, the rate is increased progressively by $\frac{1}{10}$ to $\frac{22}{10}$ (see above).

Value-added tax

(Taxe sur la valeur ajoutée)

Law of 12 February 1979 on value-added tax (*Mémorial A*, 1979, p. 451 *et seq.*); Law of 22 December 1979 on the budget of public receipts and expenditure for the 1980 fiscal year (*Mémorial A*, 1979, p. 1913); Law of 23 December 1980 on the budget of public receipts and expenditure for the 1981 fiscal year (*Mémorial A*, 1980, p. 2106); Law of 21 December 1981 on the budget of public receipts and expenditure for the 1982 fiscal year (*Mémorial A*, 1981, p. 2416); Law of 20 December 1982 on the budget of public receipts and expenditure for the 1983 fiscal year (*Mémorial A*, 1982, p. 2268); Law of 1 July 1983 on measures to promote the restructuring and modernization of the steel industry and the maintenance of the general competitiveness of the economy, amending in particular Articles 39(2) and 58(2) and Annex A of the VAT Law of 12 February 1979 and Article 7 of the Budget Law of 20 December 1982; Law of 19 December 1983 on the budget of public receipts and expenditure for the 1984 fiscal year; Law of 24 December 1984 on the budget of public receipts and expenditure for the 1985 fiscal year; Law of 23 December 1985 on the budget of public receipts and expenditure for the 1986 fiscal year; Law of 22 December 1986 on the budget of public receipts and expenditure for the 1987 fiscal year; Law of 22 December 1987 on the budget of public receipts and expenditure for the 1988 fiscal year; Law of 24 December 1988 on the budget of public receipts and expenditure for the 1989 fiscal year; Law of 22 December 1989 on the budget of public receipts and expenditure for the 1990 fiscal year.

Beneficiary:

The State.

Tax payable by:

- Any natural or legal person who habitually performs independent activities connected with an economic activity.
- Importers.

Tax due when:

- Goods or services are supplied against payment within Luxembourg by a taxable person in the course of his business.
- Goods are used for purposes not connected with the running of a business.
- Goods assigned to business use are used for non-business purposes.
- Goods are imported.

Basis of assessment:

- For goods and services supplied: the remuneration received (exclusive of VAT).
- For goods used for private and business purposes: the normal value (exclusive of VAT).
- For services used privately and services supplied to oneself: the amount of expenditure incurred in supplying those services.

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- For imports: the purchase price or normal value (exclusive of VAT) plus all charges, duties, levies and taxes (other than VAT) and incidental expenses involved up to first point of destination of the goods within Luxembourg.

Deductions:

- The tax charged on goods and services used for business purposes may be deducted by the taxable person from the tax payable by him in respect of taxable transactions carried out by him.
- Value-added tax charged on goods and services used to carry supplies of goods and services which are exempt or not caught by the tax is not deductible.
- Value-added tax charged on expenditure which is not strictly business expenditure, such as that on luxuries, amusements or entertainment, is not deductible.

Exemptions:

- No tax is due, and tax paid at earlier stages is deducted, on international transport, exports and transactions of a like nature.
- No tax is due, but tax paid at earlier stages is not deducted, on postal and telecommunications services, the supply of water by public-law corporations, financial and banking transactions, the supply and letting of real property, insurance and re-insurance transactions, and certain social, health, educational and cultural activities.

Collection:

Monthly, quarterly or annual tax returns and payments.

Rates:

2%, 5% and 10% up to 30 June 1983; 3%, 6% and 12% as from 1 July 1983.

Exports:

See under 'Exemptions'.

Excise duty on mineral oils

(*Accise sur les huiles minérales*)

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

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

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

Exemption:

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

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

Declaration and date for submission:

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

Collection:

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

Rates:

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

Imports:

Imported mineral oils are subject to the same system as similar products manufactured within the country.

Imported products containing mineral oils are subject to an excise duty and a special excise duty fixed per hectolitre and per % of mineral oil.

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

Period for payment:

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

Exports:

Mineral oils exported or sent to a destination equivalent to exportation are exempted from all excise duty and special excise duty.

Exports of mineral oils from Belgium to the Grand Duchy of Luxembourg are exempted from the special excise duty.

Excise duty on liquefied petroleum gases and other liquefied gaseous hydrocarbons

(Accise sur les gaz de pétrole et autres hydrocarbures gazeux liquéfiés)

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

Collection:

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

Rates:

Autonomous duty LFR 90 per hl at 15°C

Period for payment:

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

Imports:

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

Exports:

Exports of liquefied gases are exempted from the autonomous duty.

Excise duty on benzol and similar products

(Accise sur le benzol et les produits analogues)

Law of 7 February 1961 on the excise system for benzol and similar products (M.b., 19 December 1963); Amending Law of 29 June 1966 (M.b., 6 August 1966); Amending Law of 26 January 1976 (M.b., 13 August 1976); Amending Law of 22 December 1989 (M.b. of 29 December 1989); R.D. of 21 December 1989 (M.b. of 30 December 1989). The Belgian rules were published in the *Mémorial* to introduce them in Luxembourg.

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

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

Exemption:

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

Declaration and date for submission:

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

Collection:

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

¹ Levied in the Belgo-Luxembourg Economic Union (BLEU).

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Rates:

Excise duty LFR 896 per hl at 15°C

Period for payment:

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

Imports:

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

Exports:

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

¹ Levied in the Belgo-Luxembourg Economic Union (BLEU).

Excise duty on manufactured tobacco

(*Accise sur les tabacs fabriqués*)

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

Beneficiary:

The State

Excise duty payable on:

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

Excise duty due when:

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

Declaration and date for submission:

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

Collection:

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

Basis and rates:

Types of products	Excise duty	Special excise duty
A. Cigars weighing 3 kg or more per 1000	11.5 % of the retail sales price	5 % of the retail sales price
B. Other cigars (cigarillos)	16 % of the retail sales price	5 % of the retail sales price
C. Cigarettes		
(a) <i>ad valorem</i> excise duty	55.55 % of the retail sales price	2 % of the retail sales price
(b) specific excise duty	LFR 0.048 each	LFR 0.013 each
D. Smoking tobacco, snuff and dry chewing tobacco	31.5 % of the retail sales price	

For cigarettes, the specific excise duty plus the *ad valorem* excise duty may not total less than LFR 0.42 each.

The excise duty plus the special excise duty calculated in accordance with the above table may not total less than LFR 1.472 each.

Period for payment:

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

Replacement of tax bands or stamps:

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

Exports:

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

Imports:

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

Excise duty and consumption tax on ethyl alcohol

(Accise et taxe de consommation sur l'alcool éthylique)

Law of 27 July 1925 on the tax arrangements applying to spirits (*Mémorial* 1925, p. 481); Grand Ducal Decree of 29 July 1926 on the collection of excise duties (*Mémorial* 1926, p. 549); Grand Ducal Decree of 29 July 1926 on the use of alcohol under total or partial exemption of duties and refund of duties on exports of spirits (*Mémorial* 1926, p. 588); Grand Ducal Decree of 11 December 1936 on the collection of a special consumption tax on alcohol and spirits produced in the Grand Duchy of Luxembourg (*Mémorial* 1936, p. 1327); Ministerial Decree of 1 August 1935 regulating the transport of and trade in alcohol and alcoholic beverages and the like (*Mémorial* 1935, p. 838); Grand Ducal Decree of 24 October 1949 on the credit periods for the excise duty and consumption tax charged on phlegmas, spirits and alcohol and the transcription of the duty and tax (*Mémorial* 1949, p. 10001); as subsequently supplemented and amended.

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due upon:

The distillation or importation of ethyl alcohol.

Exemptions:

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

Declaration and date for submission:

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

Collection:

The excise duty and consumption tax are levied on the basis of:

- the statement of work carried out in flat-rate distilleries;
- the delivery of alcohol in distilleries equipped with monitoring equipment;
- the import declaration in the case of imported alcohol.

Rates:

- A. Excise duty¹ LFR 90 per hl and per degree of alcohol at 20°C
- B. Consumption tax² LFR 290 per hl and per degree of alcohol at 20°C

Imports:

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

Period for payment:

Provided sufficient security is available, a credit period is granted:

- In the case of warehoused alcohol, the credit period is unlimited and the duty and tax are transcribed to the account of the purchaser.
- In the case of non-warehoused alcohol, the period is six months from the submission of the statement of work to be carried out.

Exports:

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

¹ Common to Belgium and the Grand Duchy of Luxembourg.

² Levied in the Grand Duchy of Luxembourg only.

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

(Accise sur les vins et autres boissons fermentées non mousseuses et mousseuses)

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

Beneficiary:

The State.

Excise duty payable on:

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

Excise duty due when:

Dutiable beverages are manufactured or imported.

Exemptions:

Under certain conditions relating to packing and labelling, beverages fermented from fruit other than fresh or dried grapes and similar beverages of an alcoholic strength not exceeding 15 % are exempt from excise duties.

Where beverages fermented from grapes or any other fruit have not been manufactured, have suffered loss or destruction or have been used for industrial purposes, an exemption from excise duty may be obtained.

Declaration and date for submission:

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

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

Collection:

The duties are payable by the manufacturer.

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

Rates:

1. *Beverages fermented from fruit*

- A. Beverages fermented from fresh or dried grapes, of an alcoholic strength not exceeding 22% vol. at a temperature of 20°C, are subject to an excise duty of LFR 600 per hl.¹
If these beverages are of an alcoholic strength exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12%, as follows:
(i) LFR 13.30 per hl, if their alcoholic strength does not exceed 15% vol.,
(ii) LFR 21.00 per hl, if their alcoholic strength exceeds 15% vol.
- B. Beverages fermented from fruit other than fresh or dried grapes and similar fermented beverages of an alcoholic strength not exceeding 15% vol. at a temperature of 20°C are subject to an excise duty of LFR 600 per hl.
If these beverages are of an alcoholic strength exceeding 12% vol., a supplementary excise duty is also charged on each tenth of a degree of alcohol exceeding 12% vol. at LFR 13.30 per hl.
The fermented beverages referred to under A of an alcoholic strength exceeding 22% vol. and those referred to under B of an alcoholic strength exceeding 15% vol. at 20°C are subject to excise duty and special excise duty on ethyl alcohol.

2. *Fermented sparkling beverages*

- A. Beverages of an alcoholic strength not exceeding 6% vol. at a temperature of 20°C are subject to an excise duty of LFR 150 per hl.
- B. Beverages of an alcoholic strength exceeding 6% vol. at a temperature of 20°C manufactured from fresh or dried grapes are subject to an excise duty of LFR 1500 per hl.
Beverages of an alcoholic strength exceeding 6% vol. at a temperature of 20°C manufactured other than from fresh or dried grapes are subject to an excise duty of LFR 750 per hl.

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

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

Imports:

The above duties also apply to domestic and imported products.

Period for payment:

Provided sufficient security is available, the manufacturer may obtain the following periods of grace for the payment of excise duties:

- beverages fermented from fruit: 6 months,
- fermented sparkling beverages: from the final day of the month during which the duty fell due (see 'Collection'):
 - 'Champenois' method: 5 months.
 - Other methods: 2 months.

Exports:

Beverages fermented from fruit and sparkling fermented beverages which are exported or sent to a destination equivalent to exportation are exempt from excise duty.

Where goods are sent from Belgium to Luxembourg, they are exempt in Belgium from special excise duty.

Luxembourg wines

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

Excise duty on beer

(Accise sur les bières)

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

Beneficiary:

The State.

Excise duty payable on:

Beverages, in the preparation of which the amount of malt and other farinaceous substances which the brewer uses for each brewing is not less than $\frac{5}{7}$ of all the raw materials used; the proportion of sugar substance in this total is calculated as the quantity of dry extract that they contain.

Excise duty due when:

Brewing is carried out or on importation.

Exemptions:

Under certain conditions the brewer may obtain the refund of any payments made, or will not be liable for the excise duty and special excise duty on:

- declared brewings which, for reasons of *force majeure*, did not take place;
- wort which is lost accidentally or destroyed during a brewing;
- beer which is lost or becomes unfit for human consumption before it leaves the brewery.

Declaration and date for submission:

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

Collection:

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

Rates:

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

	<i>Excise duty¹</i>
For the first 10 000 hl degrees.	LFR 31.90
From 10 001 to 50 000 hl degrees.	LFR 38.10
From 50 001 to 300 000 hl degrees	LFR 46.00
From 300 001 to 1 250 000 hl degrees	LFR 46.00
More than 1 250 000 hl degrees.	LFR 52.20

Imports:

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

	<i>Excise duty¹</i>
Not exceeding 20 000 hl ^o of wort	LFR 33.49
From 20 001 to 50 000 hl ^o of wort.	LFR 36.75
From 50 001 to 60 000 hl ^o of wort.	LFR 38.70
From 60 001 to 75 000 hl ^o of wort.	LFR 40.30
From 75 001 to 100 000 hl ^o of wort	LFR 41.90
From 100 001 to 150 000 hl ^o of wort	LFR 43.50
From 150 001 to 300 000 hl ^o of wort	LFR 45.10
From 300 001 to 700 000 hl ^o of wort	LFR 46.70
From 700 001 to 900 000 hl ^o of wort	LFR 47.61
From 900 001 to 1 200 000 hl ^o of wort	LFR 47.77
From 1 200 001 to 2 000 000 hl ^o of wort.	LFR 47.90
From 2 000 001 to 5 000 000 hl ^o of wort.	LFR 50.50
Exceeding 5 000 000 hl ^o of wort	LFR 53.09

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

¹ Common to Belgium and the Grand Duchy of Luxembourg.

Period for payment:

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

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

Exports:

No excise duty is due on beer exported or sent to a destination equivalent to exportation.

Excise duty on sugar

(*Accise sur les sucres*)

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

Beneficiary:

The State.

Excise duty payable on:

Cane or beet sucrose sugar.

Excise duty payable upon:

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

Exemptions:

The manufacturer or refiner need not pay excise duty on sugar which is denatured and which is intended for:

- feeding bees;
- feeding cattle;
- industrial uses.

Declaration and date for submission:

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

Collection:

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

Rates:

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

Imports:

Imports of sugar are subject to the same excise duty as that applying to domestically produced sugar.

Excise duty is payable as shown below on products containing added sucrose sugar, caramel, invert sugar or artificial honey in the following proportions:

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

per 100 kg net.

Period for payment:

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

Exports:

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

Fire service tax

(Impôt dans l'intérêt du service d'incendie)

Law on fire protection tax of 1 February 1939 (RGBl I, p. 113); Provisions of 1 February 1939 implementing the Law on fire protection tax (RGBl I, p. 116); Grand Ducal Decree of 26 October 1944 (*Mémorial* 1944, p. 80); Grand Ducal Decree of 23 July 1945 (*Mémorial* 1945, p. 422).

Beneficiary:

The State.

Tax payable by:

Fire insurance underwriters.

Basis of assessment:

Premiums, including incidental expenses, paid to the underwriter.

Collection:

Returns and payments are made on a quarterly basis.

Rate:

The rate of the fire service tax was raised to 6% under the Law of 21 February 1985 amending the Law on fire protection tax ('Feuerschutzsteuergesetz') of 1 February 1939.

Insurance tax

(Impôt sur les assurances)

Law on insurance tax of 9 July 1937 (RGBl I, p. 793); Provisions implementing the Law on insurance tax of 13 July 1937 (RGBl I, p. 797); Grand Ducal Decree of 26 October 1944 (*Mémorial* 1944, p. 80); Grand Ducal Decree of 23 July 1945 (*Mémorial* 1945, p. 422).

Beneficiary:

The State.

Tax payable by:

Insured persons, guaranteed by the underwriter.

Tax payable on:

Payments of premiums for certain types of insurance contracts (e.g. hail, theft, glass, civil liability, accident, fire, building, transport, marine, aircraft, motor, life, sickness, old age, disability, dowry, capitalization contracts, etc.).

Basis of assessment:

Generally, the premium including incidental expenses; for hail, the sum insured.

Exemptions:

Certain types of insurance contract, notably compulsory contracts with social insurance institutions.

Collection:

Returns and payments are made on a quarterly basis by the underwriter.

Rates:

- 0.2‰ of the insured sum in the case of hail insurance.
- In other cases: 2 to 10 % of the premium according to the contingency insured against.

Tax on land and buildings

(Impôt foncier)

Law on tax on land and buildings of 1 December 1936, amended by the Regulation of 20 April 1943 (RGI I, p. 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).

Beneficiary:

The municipalities.

Tax payable by:

Owners of real estate located in the municipalities.

Basis of assessment:

Standard value of all real estate, whether buildings or land without buildings, assessed on the basis of the valuation law.

Exemptions:

Real estate belonging to public corporations and used for public purposes; real estate used for charitable, sporting, religious, or scientific purposes; land and buildings belonging to hospitals; public roads and waterways; cemeteries.

Non-residents:

The same system is applied as in the case of resident persons and companies, since the tax, as a tax on material values, is payable on all real estate located in Luxembourg.

Collection:

The amount of tax is fixed annually without tax returns. Payment is quarterly, half-yearly or yearly according to the amount of tax.

L 21

Rates:

A basic taxable amount is first of all fixed, varying between 7 and 10‰ of the standard value. This basic taxable amount is then multiplied by a factor fixed by the municipal authorities between 1 and 3, depending on the nature of the building. In the case of farms, this factor varies from 0.9 to 5.

Special feature:

The tax may be deducted from taxable income or profits.

Stamp duty

(Droit de timbre)

Law of 23 December 1913 on registration; Laws of 7 August 1920 and 28 March 1938, increasing stamp duties; Ministerial Decrees of 19 April 1950 and 18 October 1950; Law of 13 June 1984 amending certain legislative provisions; various other laws and Grand Ducal Decrees; Law of 19 December 1986 reforming certain provisions governing direct and indirect taxation.

Beneficiary:

The State.

Basis of assessment and rates:

- Stamp duty ranging from LFR 25 to 160, depending on the size of the paper, is payable on all public and private documents intended to have probative force between the parties concerned.
- Fixed stamp duty ranging from LFR 10 to 6 000 is payable on certain documents (passports, permits, certificates, legalizations, authorizations, etc.) issued to individuals by government departments.

Exemptions:

Certain types of documents are exempt from stamp duty, because of their nature or purpose, or because of the status of the parties concerned.

Shares or bonds issued by companies are exempt from stamp duty.

Collection:

By affixing of stamps or by payment of the duty when it becomes due.

Registration taxes

(*Droits d'enregistrement*)

Law of 23 December 1913 and 7 August 1920 on registration; Law of 18 September 1933; Grand Ducal Decree of 12 May 1945 fixing certain duties and taxes; Laws of 28 January 1948 and 13 July 1949; Law of 13 May 1964; Law of 29 December 1971 concerning the tax on the assembling of capital in companies governed by civil law or commercial law (*sociétés civiles et commerciales*) and revising certain legal provisions on the collection of registration taxes; Law of 13 June 1984 amending certain legislative provisions; various other laws and Grand Ducal Decrees.

Beneficiary:

The State.

Basis of assessment:

Market value of property transferred or sums and securities for which legal acts are executed.

Exemptions:

Certain types of legal acts are exempt from registration taxes because of the nature or purpose of the legal procedure in question or of the status of the parties.

Collection:

As a general rule, the taxes are collected when civil, judicial or extra-judicial acts are registered.

Rates:

Fixed rates ranging from LFR 100 (the standard rate) to LFR 100 000 are applicable in the case of acts which do not involve any obligation, any payment in respect of sums and valuables, or the transfer of ownership, usufruct or enjoyment of real or personal property; this is a duty levied for the preparation of the legal act, which is payable when the acts are registered.

A proportional duty, ranging from 0.24 to 14.4 % according to the nature and purpose of the legal procedure involved, is levied in respect of legal acts involving obligations, court orders, priority classification in bankruptcy proceedings, or payment in respect of sums and valuables, and for any transfers between living persons, of the ownership, usufruct or enjoyment of real or personal property. Legal acts on which proportional duty is payable are not liable to the fixed duty.

The transfers of personal estates and rights, giving rise to liability for value-added tax, are registered only for fiscal duties. This provision, however, does not apply to transfers to companies in consideration of shares.

Tax levied on sales of real property:

Standard rate: 6 %.

Reduced rate applicable to sales of real estate in cases of bankruptcy and, in certain circumstances, to rural properties and low-cost housing: 1.2 %.

Tax levied on companies:

- Real or personal estate invested: 1 %.
- In the case of assets transferred to a company for a valuable consideration: 0.24 % to 6 %, according to the nature of the assets invested.
- New capital invested: 1 %.
- Capitalization of reserves: fixed duty of LFR 100.
- Company mergers:
 - in the case of capital invested in a new company: exemption;
 - in the case of assets transferred to a company for a valuable consideration (assets with a liability counterpart): exempted because the assets invested are the contributor's total assets;
 - in the case of family companies (*sociétés familiales*) the duty is reduced to 0.5 %;
 - transfer of shares of associates: fixed duty of LFR 100.

Subscription tax on shares:

A compulsory annual duty (*droit d'abonnement*) is payable on shares issued by public limited companies and partnerships limited by shares and on shares in private limited companies, the minimum being LFR 500 a year and the rates being as follows:

- 0.36 % in the case of public limited companies and partnerships limited by shares;
- 0.18 % for private limited companies.

The compulsory annual duty is payable on the securities of holding companies at a rate of 0.20 % (minimum LFR 2 000 a year).

Mortgage tax (Registration of mortgage, renewal of registration and transfer)

(Droits d'hypothèque – Droits d'inscription, de renouvellement d'inscription et de transcription)

Law of 18 April 1910 and Grand Ducal Decree of 19 April 1910 on mortgage arrangements; Law of 7 August 1920 on the increase of duties; Law of 14 July 1966 and Grand Ducal Regulation on the registration and mortgaging of inland waterway vessels; Law of 29 March 1978 on the recognition of rights over aircraft; various other laws and Grand Ducal Decrees.

Beneficiary:

The State.

Basis of assessment:

- In the case of registration and renewal of registration: the principal amount of the debt registered.
- In the case of transfer: the price or market value of the property concerned (real property, inland waterway vessels and aircraft).

Exemptions:

- The following are exempt from mortgage registration tax: legal mortgages on property belonging to minors, persons under judicial disability and the central government, and mortgages guaranteeing municipal loans, loans made by the State savings bank, the land mortgage institution (*crédit foncier*) the subsidized housing department and social insurance institutions, etc.
- The following are exempt from mortgage transfer tax: as a general rule, all transfers of real property on which proportional registration tax is not payable, gifts shared between relatives in direct ascending line and, in certain circumstances, exchanges of rural property.

Collection:

Mortgage tax is collected when the relevant legal documents concerning the mortgage are presented.

Rates:

- Registration and renewal of registration (in principle every 10 years) 0.5‰.
- Transfer: as a general rule 1%; this rate is reduced to 0.5% in the case of some real property (rural property, low-cost housing) and in the case of certain legal acts (exchanges, sales of real property following bankruptcy).

Special feature:

A special duty (registrar's fee) ranging from LFR 50 to 500, depending on the value of the real property transferred or on the amount of the mortgage debt to be registered or cancelled, is levied by the central government; $\frac{1}{5}$ of this sum is paid to the mortgage registrars by way of compensation for their responsibility.

Tax on motor vehicles

(*Taxe sur les véhicules automoteurs*)

Law on motor vehicles tax of 23 March 1935; implementing provisions of 5 July 1935 for the Law on motor vehicle tax; Articles 4 and 5 of the Budget Law of 24 March 1967 (*Mémorial A*, 1967, p. 210 *et seq.*); Article 4 of the Budget Law of 23 December 1967 (*Mémorial A*, 1967, p. 1558); Article 3 of the Budget Law of 29 December 1970 (*Mémorial A*, 1970, p. 1480); Law of 4 August 1975 (*Mémorial A*, 1975, p. 1047); Article 5 of the Budget Law of 23 December 1980 (*Mémorial A*, 1980, p. 2099); Article 6 of the Budget Law of 20 December 1982 (*Mémorial A*, 1982, p. 2263); Law of 21 February 1985 (*Mémorial A*, 1985, p. 187); Law of 26 February 1988 (*Mémorial A*, 1988, p. 112); Law of 29 November 1988 (*Mémorial A*, 1988, p. 1218); Article 6 of the Budget Law of 22 December 1989 (*Mémorial A*, 1989, p. 1447); Grand Ducal Regulations of 19 June 1967 (*Mémorial A*, 1967, p. 636), 24 December 1969 (*Mémorial A*, 1969, p. 1918), 15 September 1975 (*Mémorial A*, 1975, p. 1317), 7 June 1980 (*Mémorial A*, 1980, p. 845), 22 December 1981 (*Mémorial A*, 1981, p. 2404), 13 May 1985 (*Mémorial A*, 1985, p. 426); 26 February 1988 (*Mémorial A*, 1988, p. 112); 4 July 1988 (*Mémorial A*, 1988, p. 680) and 29 November 1988 (*Mémorial A*, 1988, p. 1218), and various other Grand Ducal and ministerial regulations.

Beneficiary:

The State.

Tax payable on:

Motor vehicles, trailers and semi-trailers using the public highway, other than those running on rails.

Tax payable by:

The person in whose name the vehicle is registered.

Basis of assessment:

Tax is calculated on the basis of the cylinder capacity of the engine or the weight of the vehicle, depending on the class of the vehicle.

Exemptions:

Vehicles used by the central government, the municipalities or public enterprises or for public benefit; ambulances; tractors used exclusively for agricultural purposes; subject to certain conditions: vehicles used by private fire services, taxi firms or firms hiring out vehicles with driver, vehicles used by the diplomatic corps, invalid vehicles.

Collection:

Returns and payments are made annually or by instalments; proof of payment of tax is shown by means of a special tax label.

Rates:

I. On the basis of cylinder capacity:

Private cars driven by a piston engine – except rotary piston engines – running on liquid or gas fuel:

- (a) where the engine cylinder capacity does not exceed 1 000 cc: LFR 151 per 100 cc or part thereof;
- (b) where the engine cylinder capacity is between 1 001 cc and 1 500 cc: LFR 158 per 100 cc or part thereof;
- (c) where the engine cylinder capacity is between 1 501 cc and 2 000 cc: LFR 164 per 100 cc or part thereof;
- (d) where the engine cylinder capacity exceeds 2 000 cc: LFR 170 per 100 cc or part thereof.

II. On the basis of weight:

	<i>up to 2 400 kg</i>	<i>above 2 400 kg</i>
– Private cars driven by a rotary piston engine or an electric or turbine engine	LFR 394 per 200 kg of unladen weight	LFR 4 725 + LFR 131 per 200 kg in excess of 2 400 kg
– Buses and coaches	<i>idem</i>	<i>idem</i>
– Lorries, vans, tractors and truck tractors	LFR 400 per 200 kg of unladen weight	LFR 4 800 + LFR 500 per 200 kg in excess of 2 400 kg
– Trailers and semi-trailers	LFR 350 per 200 kg of unladen weight	LFR 4 200 + LFR 438 per 200 kg in excess of 2 400 kg

Trade tax

(*Impôt commercial*)

Law on trade tax of 1 December 1936, as amended by the Laws of 29 November 1973 (*Mémorial A*, 1973, pp. 1545 and 1546), 27 December 1973 (*Mémorial A*, 1973, pp. 1959–1964), 27 March 1981 (*Mémorial A*, 1981, p. 318), 1 July 1981 (*Mémorial A*, 1981, p. 989), 31 July 1982 (*Mémorial A*, 1982, p. 1474), 14 June 1984 (*Mémorial A*, 1984, p. 1073), 22 February 1986 (*Mémorial A*, 1986, p. 824) and 19 December 1986 (*Mémorial A*, 1986, p. 2330); Regulations of 31 March and 16 November 1943 on the levying of trade tax in simplified form; third Regulation of 31 January 1940 implementing the trade tax law; Amending Law of 11 December 1967 (*Mémorial A*, 1967, p. 1323); various Grand Ducal and ministerial regulations.

Beneficiaries:

The municipalities.

Tax payable by:

Business, industrial, mining or handicraft undertakings located in Luxembourg.

Basis of assessment:

- Trading profits, with certain increases (in particular, 40 % of the interest on long-term debts, permanent costs, half the rent paid for movable assets) and certain deductions (10 % of the standard value of buildings, the percentage of profits received from partnerships (*sociétés de personnes*) liable to trade tax).
- Operating capital with certain increases (in particular, 40 % of long-term debts) and certain deductions (standard value of buildings, value of holdings in partnerships (*sociétés de personnes*) liable to trade tax).

Deductions:

An allowance of LFR 900 000 is granted on profits made by natural persons and partnerships (*sociétés de personnes*) and of LFR 700 000 on profits made by companies limited by shares (*sociétés de capitaux*). An allowance of LFR 2 500 000 is granted on operating capital, the value of which is rounded off to the nearest LFR 10 000, of natural persons and partnerships, and one of LFR 1 800 000 on that of companies limited by shares.

Exemptions:

As a general rule, those persons or companies are exempted which are also exempted from corporation tax.

Non-residents:

The same as for residents, since the tax is levied on the enterprise by virtue of the fact that it is located in Luxembourg, regardless of who the owner is.

Collection:

Annually by means of tax returns.

Rates:

Trade tax:

- 4‰ of profits;
- 2‰ of operating capital.

A municipal factor varying between 1.8 and 3 is then applied.

Special feature:

This tax may be deducted from taxable income or profits.

Carry-over of losses:

Five years, and without limit subject to the same conditions as for income tax.

Tax on licensed premises

(Taxe sur les débits de boissons alcooliques)

Law of 29 June 1989 on the reform of the arrangements applicable to bars and cafés (*Mémorial* A, 1989, p. 801); various Grand Ducal and ministerial Decrees.

Beneficiary:

The State.

Tax payable by:

Persons running a bar or café.

Tax payable on:

The licence.

Collection:

- A once-and-for-all tax payable when a bar or café is opened or transferred.
- An annual tax payable thereafter.

Rates:

- The tax payable on the opening of a bar or café is between LFR 1500 and 10000.
- The annual tax ranges from LFR 1000 to LFR 3000.

Both the tax on the opening of bars and cafés and the annual tax vary according to the population of the municipality where the bar or café is located.

Entertainments tax

(Taxe sur les amusements publics)

Organic Regulation of charitable boards of 11 December 1846 (*Mémorial*, 1846, p. 694); Law of 28 May 1897 (*Mémorial*, 1897, p. 401); Grand Ducal Decree of 22 October 1923; various municipal regulations.

Beneficiaries:

The municipalities.

Tax payable by:

Organizers of public entertainments.

Tax payable on:

Cinema shows, fairs, lotteries, fancy-dress balls, skittles, juke-boxes, etc.

Collection:

By means of tax returns.

Rates:

There is a fixed duty varying from LFR 200 to 300 annually in the case of skittles and from LFR 200 to 600 in the case of juke-boxes, and a proportional duty varying from 5 to 15% of the entrance charge in the case of cinemas.

Tax on gross proceeds from casino gambling

(Prélèvement sur le produit brut des jeux de casino)

Law of 20 April 1977 on the exploitation of games of chance and betting on sporting events (*Mémorial A*, 1977, p. 547); Grand Ducal Regulation of 12 February 1979 (*Mémorial A*, 1979, p. 145).

Beneficiaries:

The State (the municipality in which the establishment is situated receives 20 % of the yield of the tax).

Tax payable by:

Gambling casinos.

Basis of assessment:

Gross proceeds from games of chance.

Collection:

By means of tax returns.

Rates:

Rates vary between 15 and 80 %.

Leaded light mineral oils (leaded petrol – special excise duty (autonomous))

(Huiles minérales légères avec plomb [essence avec plomb – droit d'accise spécial (autonome)])

Article 10 of the Budget Law of 22 December 1987.

Beneficiary:

The State.

Duty payable on:

Leaded light mineral oils (leaded petrol).

Duty payable by:

Persons reselling petroleum products.

Basis of assessment:

Per 100 litres at 15°C.

Exemptions:

As for other light mineral oils.

Collection:

Periodic excise-duty declaration.

Rate:

LFR 100 per hl at 15°C.

THE NETHERLANDS
Nederland

Personal income tax

(Inkomstenbelasting)

Income Tax Law 1964 (Stb. 519) as last amended by the Law of 20 December 1989.

Beneficiary:

The State.¹

Tax payable by:

All individuals resident in the Netherlands, and non-residents deriving income from Dutch sources (see under Corporation tax, under non-residents).

Basis of assessment:

For residents:

Total income from all sources (business profits with a number of additions or deductions plus net income from work, from capital or from certain periodical payments, plus capital gains on the sale of securities forming a substantial participation in a limited company) less amounts set aside for the 'old-age reserve' and plus amounts deducted from the 'old-age reserve', less the total amount of relief for the self-employed and any assisting-spouse deduction, personal liabilities, extraordinary expenses, deductible gifts, allowances on interest and on dividends and deductible losses from certain other years, plus negative personal liabilities and rental for the residence inhabited by the owner/taxpayer. Certain costs also with a private aspect are not deductible or are deductible only in part, e.g. food and drink, entertainment.

For non-residents:

Total income from Dutch sources (business profits made in the Netherlands plus net income from an occupation which is or was carried on in the Netherlands, from real estate located in the Netherlands, from mortgages secured on such real estate, from entitlements to profit (other than based on securities or occupation) and in particular from securities issued by limited companies located in the Netherlands in cases where the non-resident concerned has a substantial participation, plus capital gains on the sale of such securities forming a substantial participation, plus the right to periodical payments and allowances made by Dutch public corporation) less the assisting-spouse deduction, allowances on dividends and deductible losses from certain other years, plus negative personal liabilities and rental for the residence inhabited by the owner/taxpayer. Certain costs also with a private aspect are not deductible or are deductible only in part, e.g. food and drink, entertainment.

¹ Through the provincial fund, the provinces received 0.921 % of the revenue from almost all taxes in the Netherlands in 1990. Through the municipal fund, the municipalities received 11.46 % of the revenue in 1990.

Exemptions:

Income from the following sources is not deemed to form part of the basis of assessment:

- appreciation of farming land unless the appreciation has resulted from farming activities, or where the land will be used for purposes other than farming;
- profits from forestry undertakings;
- reorganization profits resulting from creditors abandoning unsatisfied claims, in so far as these profits exceed total losses incurred in the current year or carried over from preceding years;
- an allowance of HFL 20 000 in cases where businesses are partly or wholly transferred or wound up; an allowance of HFL 45 000 where businesses are wholly wound up by entrepreneurs aged 55 or over; in addition, in certain cases where businesses are wholly wound up, the remainder of the profits accruing from the winding-up operation may be converted into an 'old-age reserve' free from tax;
- benefits from savings premiums resulting from certain laws on savings applying to lower-income groups;
- benefits from certain pensions and certain indemnities arising on the termination of a profession.

Investment:

With effect from 1 January 1990, the Investment Account Law (WIR) was replaced by an investment allowance (deduction from profits) in respect of investments in business assets of up to HFL 448 000. For investments of up to HFL 50 000, the allowance is 18 %. For every additional HFL 50 000 in investment, the figure falls by 2 percentage points. Certain investments may be excluded from the scope of the allowance. If the business assets are disposed of within five years, part of the investment allowance is withdrawn

Equity allowance: in 1990, the equity allowance is equivalent to 1 % of business assets.

Reserve for old age for self-employed persons:

Self-employed resident taxpayers over 18 – under specific circumstances also those under 18 – and under 65 are allowed to deduct a certain percentage of their profits in order to set up an 'old-age reserve'. The contribution to this reserve in 1990 is not less than HFL 1 079 and not more than HFL 16 954, and the reserve may not exceed the book value of business assets. For 1990, 11.5 % of profits up to HFL 59 723 and 10 % of profits over HFL 59 723 may be added to the 'old-age reserve'. During the year when the taxpayer reaches 65, the 'old-age reserve' must be converted into an annuity or some other form of regular payment or tax must be paid on it at a proportional rate starting at 45 % or it must be added to profits in five annual instalments (see 'Rates' below).

Relief for self-employed persons

In 1990 the amount of the relief is HFL 5 915 for profits up to HFL 76 320 and falls progressively to HFL 3 815 for profits over HFL 86 010.

Individuals starting up in business qualify for extra relief amounting to HFL 2 152, as a rule for the first three years of operation.

Married couples:

As husband and wife are taxed separately on their 'personal earned income' and 'personal deductions and additions'.

'Personal earned income' is made up of business profit, income from work (not only present work but also previous work; pension and early-retirement payments) and certain periodic payments in connection with previous work or study. However, income earned by one spouse in assisting the other in the latter's business or activities is attributed to the latter unless both spouses request that the income accruing to the assisting spouse under a written agreement be attributed to the latter and the income amounts to at least HFL 9 136.

'Personal deductions and additions' include amounts set aside for and deducted from the 'old-age reserve', relief for the self-employed, the assisting-spouse deduction, social security premiums, and premiums in respect of 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 and extraordinary expenses) are assessed jointly and attributed to the partner with the higher level of personal earned income.

Where one spouse assists the other (the entrepreneur) in the latter's business 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 quite separately.

Unmarried persons:

Unmarried persons are assessed separately even where they maintain a common household. However, in two cases, one partner in such a household may have income expenditure components attributed to the other:

1. if one partner assists the other in the latter's business, the former's income may, on request, be attributed to the partner being assisted as business profits and the assisting-spouse deduction available for married couples may be claimed;
2. at the request of both partners, their extraordinary expenses may be attributed to one of them.

Children:

The net income of a child under 18 years of age derived from his capital, his personal liabilities and his negative personal liabilities, are added to the income and liabilities of the parent who has authority over the child.

Collection:

1. Personal income tax is levied annually by the tax department. It is assessed on the basis of the taxpayer's declaration. If no such declaration is submitted, taxable income is estimated by the Inspector of Taxes.
2. The following taxes are offset against the final assessment:
 - tax on wages (deducted at source by employer);
 - dividend tax (deducted at source by paying company);
 - tax on games of chance where the winnings form part of income;
3. Provisional assessments are also offset against the final assessments.

Rates:

For residents and non-residents whose world income is earned entirely or almost entirely in the Netherlands, there are three income bands over which the taxable amount, i.e. taxable income less the personal allowance, is spread. World income is taxed in 1990 at the following rates: 35.1 % (13 % tax and 22.1 % social security contributions), 50 % and 60 % (individuals aged 65 or over pay social security contributions totalling 5.4 % instead of 22.1 %).

For other non-residents the rates are 25 %, 50 % and 60 %. As a rule, every taxpayer qualifies for the tax-free allowance of HFL 4 568, which may be increased by:

- (i) the single-person allowance: only for 1990 HFL 1 125;
- (ii) the single-parent allowance: HFL 3 654.

The single-parent allowance may be increased by the supplementary single-parent allowance (ceiling of HFL 3 654) if work (other than housework) is carried out or if there is a child at home who is under 12.

The single-person allowance is intended for unmarried taxpayers living in the Netherlands and aged between 27 and 65 who live alone or with children under 27 and who have an income of HFL 35 000 or less. This allowance is available only in 1990.

The single-parent allowance is intended for unmarried taxpayers who have lived for more than six months in a household with no one else other than a child of their own, a child by marriage or a foster child who is under 27 and is maintained to a substantial extent at their expense.

Married taxpayers or unmarried taxpayers who live with their partners may, on certain conditions, transfer their tax-free allowance of HFL 4 568 to their spouses or partners where they have an income of less than HFL 4 568. The persons to whom the tax-free allowance is transferred then qualify for a tax-free allowance of HFL 9 136, 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 1990. Indexation takes place each year.

Proportional rates:

45% in the case of certain types of profit and income (e.g. profits made when a business is sold or wound up);

20% in the case of profits deemed to be made on an entrepreneur's death, capital gains on sales of securities forming part of a substantial participation in a limited company;

10% in the case of bonus shares obtained when a limited company issues new capital.

The above proportional rates apply only where income exceeds the first income band.

Carry-over of losses:

Losses may be offset against income in the preceding three and following eight calendar years. Under certain circumstances, the period of eight years may be extended indefinitely as regards the losses of an undertaking incurred during the first six years following the setting up of the undertaking (start-up losses).

Tax on wages

(Loonbelasting)

Wage Tax Law 1964 (Stb. 521) as last amended by the Law of 28 December 1989 (Stb. 602).

Beneficiary:

The State. (See Note 1, under Personal income tax).

Tax payable by:

- (i) Persons resident in the Netherlands receiving a wage or salary from an employer established in the Netherlands for work they are doing or have done;
- (ii) Persons resident abroad receiving a wage or salary from an employer established in the Netherlands for work they are doing or have done in the Netherlands;
- (iii) Persons resident abroad who are members of the board of management or the supervisory board of a company established in the Netherlands for work they are doing or have done;
- (iv) Persons resident abroad receiving a wage or salary from a Dutch public corporation for work they are doing or have done;
- (v) Artists practising their profession in the Netherlands, but resident abroad, except where the Netherlands has not been granted the right to collect taxes under an agreement to prevent double taxation. The rate applied is 25%, if the profession is based on an agreement of short duration.

Dividend tax

(Dividendbelasting)

Dividend Tax Law 1965 (Stb. 621) as last amended by the Law of 25 October 1989 (Stb. 491).

Beneficiary:

The State.
(See Note 1, under Personal income tax).

Tax payable by:

Statutory:

Persons holding – directly or in the form of certificates – shares and profit-participation bonds of Dutch joint-stock companies.

Deduction at source:

The paying companies are held to withhold the tax at source and to pay the tax immediately on declaration to the tax department, in so far as the tax is payable by the pertinent companies.

Exemptions:

1. Withholding of dividend tax is not obligatory in so far as the pertinent dividends are paid to legal entities entitled to the participation exemption under the Corporation Tax Law.
2. Restitution of dividend tax is given on demand to legal entities that are established in the Netherlands and are either a legal person not being subject to Dutch Corporation Tax, or a company or fund qualifying for the special regime for investment funds (see under Corporation tax).

Tax payable on:

Income from such securities, including the issue of bonus shares from profit reserves and liquidation dividends for the amount by which they exceed the paid-up capital.

Rate:

The rate is 25 %, except where it is lowered by virtue of an agreement to prevent double taxation. In most treaties it is stated that the rate on portfolio dividends will be lowered to 15 % and that if the foreign parent company being entitled to the dividend holds at least 25 % of the stock of the subsidiary in the Netherlands, the rate will generally be lowered to between zero and 10 %.

Municipal tax on immovable property

(*Gemeentelijke belasting op onroerend goed*)

Municipal by-laws based on Articles 272 (a), 273 and 302 of the Law in Municipalities (Gemeentewet).

Beneficiaries:

The municipalities.

Tax payable by:

- (a) Persons holding rights *in rem* over immovable property.
- (b) Users of immovable property.

Basis of assessment:

The tax on immovable property can be assessed in two ways:

- (a) on the basis of the value which can be put on the immovable property in economic transactions; for unmarketable immovable properties the basis is the replacement value;
- (b) on the basis of the surface area of the immovable property, adjusted by coefficients for type of property, location, quality and usage.

The municipalities are free to choose which basis of assessment to apply.

Exemptions:

The following are automatically exempt:

- (a) church buildings;
 - (b) land which forms part of property listed in the Nature Conservation Act;
 - (c) tracts of land managed by legal persons whose aim is the conservation of nature;
 - (d) public roads, waterways and railroads;
 - (e) water defence and water control works managed by public legal persons;
 - (f) immovable properties for purification of effluent water managed by public legal persons.
- The municipalities are free to grant other exemptions.

Non-residents:

As for residents.

Collection:

The tax is collected by way of assessment by the central government after it has received the necessary information from the municipalities.

Rates:

The rates differ according to whether the value or the surface area is taken as the basis assessment and also from municipality to municipality.

Corporation tax

(Vennootschapsbelasting)

Corporation Tax Law 1969 (Stb. 469) as last amended by the Law of 28 December 1989 (Stb. 1990, 25).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Joint-stock companies, cooperative societies, mutual insurance and credit companies, foundations and other legal persons incorporated under civil law, when they administer an enterprise, funds for common account, and most publicly controlled industrial and commercial undertakings (in all cases having their headquarters in the Netherlands); foreign legal persons established in the Netherlands or having sources of income analogous to those subject to the income tax applicable to non-residents.

Basis of assessment:

Profits in the widest sense, with a number of additions or deductions. The determination of the taxable profits corresponds largely to the determination of profits taxable under personal income tax, including the deductibility of losses from other years.

Exemptions:

Exempted from corporation tax are:

- legal persons whose activities are of a social or charitable nature or otherwise in the public interest;
- exempted categories of profit are those corresponding to the relevant exemptions under personal income tax; furthermore the participation exemption applies for all dividends, gains and losses related to the holding of at least 5% of the shares in a subsidiary. This rule, preventing economic double taxation, is in general equally applicable to domestic and foreign subsidiaries.

Exception: the loss related to the winding-up of a subsidiary is deductible by the parent company.

Investment:

The relevant rules for the corporation tax are largely corresponding to those for the Personal Income Tax Law.

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Special features:

- Fiscal unity: if a parent company holds all shares of one or more subsidiaries and certain conditions are met, they may form upon request a fiscal unity: the subsidiaries are considered to be absorbed by the parent. As a result, each year negative results of companies belonging to the unity can be compensated horizontally with positive results of the other ones. Under certain conditions, a fiscal unity may also be formed between a group of cooperative societies or natural insurance companies.
- Regime for investment funds: provided that all current income is distributed to share holders and a number of other conditions are met, an investment company or fund is entitled to add capital gains on securities and real property to a reinvestment reserve and to a rate of nil per cent on the (remaining) profit.

Non-residents:

See under 'Tax payable by' above.

As from 1 January 1990, the Netherlands extended its jurisdiction in tax matters to the Dutch part of the continental shelf with respect to income tax, corporation tax, the tax on wages and insurance tax. This extension, however, is limited to activities related to the exploration or exploitation of natural resources.

Collection:

Annual assessment by the tax department on the basis of the taxpayer's declaration. If no such declaration is submitted, the amount due is assessed directly by the tax department.

Rates:

The tax rate is 35%. However, a 40% rate is applied to that part of the taxable amount which does not exceed HFL 250 000.

Carry-over of losses:

See Personal income tax.

Tax on games of chance

(Kansspelbelasting)

Law governing the tax on games of chance, 14 September 1961 (Stb. 313) as last amended by the Law of 25 October 1989 (Stb. 491).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

In the case of casino games organized in the Netherlands: the organizer of such casino games.
In the case of other games of chance: winners of games of chance organized in the Netherlands, beneficiaries of lotteries organized in the Netherlands, beneficiaries resident or domiciled in the Netherlands of games of chance organized abroad.

Basis of assessment:

In the case of casino games organized in the Netherlands: the gross takings which the organizer realizes through such casino games.
In the case of other games of chance: all prizes distributed to participants (either in kind or in cash).

Exemptions:

Prizes won in casino games organized in the Netherlands, prizes to a maximum amount of HFL 1 000 and prizes not exceeding the participants' outlay are tax-free.

Collection:

In the case of casino games organized in the Netherlands, the tax is paid by the organizer on the basis of a declaration.
In the case of other games of chance, the tax is deducted at source on prizes won in games of chance organized in the Netherlands. For prizes won in games of chance organized abroad, the tax must be paid by the prize-winner on the basis of a declaration made by the prize-winner himself.

Rates:

In the case of casino games organized in the Netherlands: 33 $\frac{1}{3}$ %.
In the case of other games of chance: 25%.

Commuter tax

(Forenzenbelasting)

Municipal by-laws based on Articles 272 (F) and 275 of the Law on Municipalities (Gemeentewet).

Beneficiaries:

The municipalities.¹

Tax payable by:

Individuals whose main residence is not in the municipality in question but who spent more than 90 nights of the tax year in that municipality, or kept a furnished dwelling available for themselves or their family in that municipality for more than 90 days of the tax year.

Basis of assessment:

The duration of the stay, the rental value of the furnished dwelling, or another basis of assessment specified in the taxation by-laws; the amount of tax payable should in no case be dependent on income.

Exemptions:

Patients in hospitals, disabled persons, invalids or the elderly, and persons who, for the purpose of carrying out work for the government, are temporarily residing outside the municipality where they normally live.

Reductions:

The municipalities may lay down reductions.

Non-residents:

As for residents.

Collection:

The tax is assessed and collected by the municipalities.

¹ Tax payable in some 200 municipalities.

Rates:

As the municipalities are competent to determine the rates of this tax, rates differ according to municipality.

Wealth tax

(Vermogensbelasting)

Wealth Tax Law 1964 (Stb. 520) as last amended by the Law of 28 December 1989 (Stb. 601).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Individuals resident in the Netherlands and possessing assets there, and individuals resident abroad possessing certain types of asset in the Netherlands.

Basis of assessment:

Net wealth at the beginning of the year (= difference between assets and liabilities).

Exemptions:

Non-taxable items include:

- legal rights of usufruct;
- net wealth invested in own business:
 - (a) up to and including HFL 120 000: 100 % exemption;
 - (b) from HFL 120 000: HFL 120 000 plus 40 % of the assets in excess of that amount, subject to an overall ceiling of HFL 534 000;
- pension rights;
- the following, provided they do not form part of business assets:
 - (a) furniture and works of art;
 - (b) goldsmith's and silversmith's wares; articles of jewellery: exemption up to a value of HFL 6 500;
 - (c) life annuities other than accrued life annuities;
 - (d) accrued life annuities, up to certain ceilings;
 - (e) certain life assurance policies.

Deductions:

	<i>HFL</i>
Single persons under 27 years of age unless they are entitled to child allowance or a deduction for extraordinary expenses of a child under 27 years of age	57 000
Widowers, widows, and single persons not falling within the above category	90 000
Married men	115 000
Allowance for each child under 18 years of age	7 000
Allowance for each child between 18 and 27 years of age who is following a course of study	36 000

Additional allowances are granted to:

- persons with inadequate pension, life assurance policy or life annuity (minimum allowance of HFL 7 000 and maximum allowance of HFL 230 000);
- low-income earners younger than 65 (married men: not more than HFL 28 300; other: HFL 19 800) in the three preceding years (minimum allowance of HFL 45 000 and maximum allowance of HFL 367 000 for married men, and minimum of HFL 32 000 and maximum of HFL 257 000 for others).

Rate:

8‰ of net wealth.

Married couples:

Tax is levied on the combined wealth of married couples, unless they are living apart permanently.

Non-residents:

Persons resident abroad are liable to tax if they possess on Dutch territory developed or undeveloped real estate or property forming part of a Dutch enterprise managed through a fixed establishment located in the Netherlands.

Collection:

Annual assessment by the tax department on the basis of the taxpayer's declaration. If no such declaration is submitted, the amount due is assessed directly by the tax department.

Succession duties

(Successierechten)

Law on Succession Duties 1956 (28 June 1956) (Stb. 546) as last amended by the Law of July 1987 (Stb. 335).

Beneficiary:

The State.

(See Note 1, under Personal income tax.)

Duties payable by:

Persons receiving inheritances, legacies and gifts.

Basis of assessment:

Value of all property received by the beneficiary:

1. as an inheritance from a person residing in the Netherlands at the time of his or her death;
2. as a gift from a person residing in the Netherlands at the time the gift was made.

A Dutch citizen who has resided in the Netherlands, and who, within 10 years of leaving the country, died or made a gift is deemed to have resided in the Netherlands at the time of his or her death or at the time the gift was made.

Exemptions:

1. The following are exempt from succession duty:
the central government, provinces and municipalities in the case of legacies made in the public interest; Dutch legal persons carrying on activities in the public interest, provided that the property acquired does not exceed HFL 13 324 (1 January 1990); certain allowances, which vary according to whether the beneficiary is a widow, a widower, a child, the father, the mother, etc. or whether the beneficiary maintained a common household with the testator.
2. The following are exempt from gift duty:
the central government, provinces and municipalities in the case of legacies made in the public interest; Dutch legal persons carrying on activities in the public interest provided the gift does not have a value exceeding HFL 6 662 (1 January 1990); varying allowances are granted.

Non-residents:

Transfer duty payable on gifts, inheritance and legacies received from persons not resident in the Netherlands. This duty is assessed on the value of property located in the Netherlands as specified under Wealth tax – 'Non-residents'.

Collection:

On the basis of returns by the taxpayers.

Rates:

These vary according to the degree of relationship between the testator or donor and the beneficiary, according to whether or not the testator or donor maintained a common household with the beneficiary, and according to the size of the inheritance or gift. The maximum rate for children and spouses is 27 % and for unrelated persons 68 %.

Turnover tax – Value-added tax

(Omzetbelasting – Belasting over de toegevoegde waarde)

Law on Turnover Tax 1968 (Stb. 329).

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Tax payable by:

Traders (producers, dealers, and suppliers of services) and anyone importing goods into the Netherlands.

Tax payable on:

1. Supplies of goods effected in the Netherlands by a trader in the course of his business.
2. Supplies of services effected in the Netherlands by a trader in the course of his business.
3. The importation of goods.

Basis of assessment:

- The amount of the consideration charged for goods or services supplied in the Netherlands.
- In the case of imports the amount charged in respect of the supply of goods to the person for whom they are intended, the customs value where the goods are supplied or where this value exceeds the consideration.

Deductions:

Normally, input tax is deducted.

Exemptions:

- Certain supplies of goods and services with regard to real estate.
- Certain services supplied by banks, insurance companies and the post office, medical services, etc.
- The activities of youth organizations, sports clubs, non-profit-making institutions of a social nature, schools and universities, composers, writers, etc.

Collection:

Under the value-added tax system:

returns are submitted monthly, quarterly or annually; payments are made when the returns are submitted (within one month of the period concerned).

(a) Within the Netherlands: on the basis of taxpayers' returns;

(b) In the case of imports:

– as import duties;

– for certain traders and for most imports from Belgium and Luxembourg, as under (a) above.

Rates:

The normal rate is 18.5%. A rate of 6% is applicable to goods and services which can, in general, be regarded as necessities.

Exports:

A rate of 0% applies to goods exported by a trader, to services connected with such goods and to some services supplied to a person resident abroad.

Duty on mineral oils

(Accijns van minerale oliën)

Law governing duty on mineral oils (25 June 1964), Stb. 207.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Light oils (petrols), medium oils (petroleum), diesel oil, light fuel oil, heavy fuel oil and other mineral oils used as fuel. Excise duty is also levied on certain imported products which contain these mineral oils, according to the amount of mineral oil contained.

Duty payable on:

The manufacture in and import into the Netherlands of mineral oils.

Duty due when:

The products are released for consumption or imported for release for consumption.

Exemptions:

- Mineral oils used as raw materials.
- Light oils used for other purposes than as raw materials or fuel.
- Heavy fuel oils used for other purposes than as raw materials or fuel.
- Lubricating oils.

Collection:

The duty is paid at the latest on the 15th day of the month following that for which declaration is made.

Rates:

- Light oils, liquid at a temperature of 15°C and under atmospheric pressure, per hl at 15°C	unleaded	78.22	79.22
- Other light oils	HFL	00.00	
- Medium oils, per hl at 15°C	HFL	10.26	

- Diesel oil and light fuel oil, not intended for use in motor vehicles on public roads, as provided in Article 2 of the 1966 law on motor vehicles (Stb. 332), per hl at 15°C HFL 10.26
- Other diesel oil and light fuel oil, per hl at 15°C HFL 36.06
- Heavy fuel oil and other mineral oils, per 100 kg net HFL 3.424

Exports:

Duty on exports is remitted or refunded.

Duty on tobacco

(Tabaksaccijns)

Law governing duty on tobacco products (25 June 1964) (Stb. 208)*, as last amended by the Ministerial Regulation of 26 June 1990 (Stcrt. 119)*.

* Stb. = Staatsblad

Stcrt. = Staatscourant.

Beneficiary:

The State.

(See Note 1, under Personal income tax.)

Basis of assessment:

Cigars, cigarettes, smoking tobacco, chewing tobacco and snuff, regardless of the proportion of tobacco-like products or substitutes used in their manufacture. No duty is levied on cigarette paper in the Netherlands.

Duty payable on:

The manufacture in or import into the Netherlands of tobacco products.

Duty due when:

The products are released for consumption or imported for release for consumption.

Collection:

The duty is settled by affixing tax bands supplied by the central government against payment of the appropriate amount of duty.

Rates:

In percentages of the retail price:

1. Cigars weighing 3 kg or more per 1 000	2.93 %
2. Other cigars (cigarillos)	8.11 %
3. (a) Smoking tobacco, dry chewing tobacco, snuff	10.65 %
in addition HFL 19.95 per kg net weight	
(b) Wet chewing tobacco	0 %
4. Cigarettes	19.20 %
plus HFL 60.55 per 1 000	

Imports:

The same rate of duty, assessed on the same basis, is levied on imported manufactured tobacco as on home-grown tobacco. It is payable by the importer and settled by affixing tax bands on the imported goods.

Exports:

Duty on exports is refunded or remitted.

Duty on wine and duty on sparkling beverages

(Wijnaccijns en accijns van mousserende dranken)

Law governing duty on products containing alcohol (30 May 1963), Stb. 240.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

- Excise duty on wine is levied on non-sparkling beverages, manufactured by fermentation – with or without the addition of water or sugar – from:
 - juice or must from grapes, dried grapes or currants, if the beverages have a strength of less than 22 % vol.;
 - juice or must from other fruits than grapes, dried grapes or currants, if the beverages have a strength of less than 15 % vol.
- Excise duty on wine and excise duty on sparkling beverages are levied on the above fermented beverages, rendered sparkling in the Netherlands or naturally sparkling, and on such imported fermented sparkling beverages.

Duty payable on:

The manufacture in and import into the Netherlands of the above products.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

At the latest by the 15th day of the month following that in which the goods were released for consumption or imported.

Rates:

- Excise duty on wine, which applies to non-sparkling fermented beverages manufactured in the Netherlands or imported, is levied per hectolitre at: HFL 33.76
plus (a) if the beverages have a strength of more than 12 % vol. and not more than 15 % vol., on each tenth of a degree over 12 % vol., per hectolitre . . . HFL 0.75
(b) if the beverages have a strength of more than 15 % vol., on each tenth of a degree over 12 % vol., per hectolitre HFL 1.18

2. Excise duty on wine, which applies to sparkling imported fermented beverages, is levied per hectolitre at: HFL 33.76
 plus (a) for sparkling fermented beverages, manufactured from grapes, dried grapes or currants:
 (i) if the beverages have a strength of more than 12 % vol. but not more than 15 % vol., for each tenth of a degree over 12 % vol., per hectolitre HFL 0.75
 (ii) if the beverages have a strength of more than 15 % vol., for each tenth of a degree over 12 % vol., per hectolitre HFL 1.18
 (b) for other sparkling fermented beverages whose strength is over 12 % vol., for each tenth of a degree over 12 % vol., per hectolitre HFL 0.75
 Excise duty levied on sparkling wines, which applies to sparkling fermented beverages manufactured in the Netherlands or imported, is levied per hectolitre at:
 (a) for beverages of a strength less than 6 % vol. HFL 8.44
 (b) for beverages manufactured from other fruits than grapes, dried grapes or currants, which have a strength of more than 6 % vol. HFL 42.19
 (c) for other sparkling beverages HFL 84.39
3. A special duty of HFL 49 per hectolitre is levied on non-sparkling wine and imported sparkling wine and a special duty of HFL 122.49 per hectolitre is levied on sparkling beverages (the latter duty is applicable only to beverages manufactured from grapes, dried grapes or currants and having an alcoholic strength of more than 6 % vol.).

Exemptions:

- Non-sparkling fermented beverages from fruits other than grapes, dried grapes, or currants, in small packages and labelled.
- Non-sparkling fermented beverages used in the manufacture of products containing alcohol (these products are subject to the duty on spirits).

Exports:

The export of beverages from the manufacturing factory to Belgium or Luxembourg is considered as a release for consumption, and therefore the beverages remain taxed; for other exports a remission or refund of duty is granted.

Duty on non-alcoholic beverages

(Accijns van alcoholvrije dranken)

Law governing duty on non-alcoholic beverages (15 December 1971), Stb. 731.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Duty payable on:

Manufacture in and import into the Netherlands of non-alcoholic beverages.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Basis of assessment:

Non-alcoholic beverages, i.e. fruit juice, mineral water and soft drinks.

Fruit juice is understood to mean:

fruit juices and tomato juices listed under heading 20.09 of the Common Customs Tariff, with the exception of concentrated juices or juices in solid form other than packaged for use in retail trade.

Mineral water is understood to mean:

- (a) natural or artificial mineral water and sparkling water, listed under heading 2201 1000 of the Common Customs Tariff;
- (b) water listed under heading 2201 9000 of the Common Customs Tariff, on condition that it is packaged for use in retail trade and that writing or illustrations on the package show that the contents consist of water in the sense of point (a) above.

Soft drinks are understood to mean:

- (a) non-alcoholic beverages listed under heading 2202 1000 and 2202 9010 of the Common Customs Tariff;
- (b) beverages with a strength of less than 1.5 % vol. (alcohol), produced by mixing beer or wine with either raw materials of the above soft drinks, or the above soft drinks.

Declaration and payment:

In the case of manufacture in the Netherlands, the declaration and payment of the duty must take place at the latest on the 15th day of the month following that in which the goods were released for consumption. For imports, duty is paid at the latest on the 15th day of the month following that in which the import took place.

Rates:

per 100 litres

Fruit juice	HFL 10.25
Mineral water	HFL 18.80
Soft drinks	HFL 27.35

Imports:

Same rates.

Exports:

Remission of duty for the manufacturer; refund for the trader.

Duty on beer

(*Bieraccijns*)

Law governing duty on beer (30 May 1963), Stb. 241.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment:

Number of hectolitre/degrees of wort produced by the brewery during the calendar year; number of hectolitre/degrees = volume of wort in full hectolitres at 17.5°C multiplied by the difference between the density of wort and the density of pure water. The density is expressed in degrees and tenths of degrees. Each degree corresponds to $\frac{1}{100}$ of the density of pure water at 17.5°C. Duty on imported beer is levied according to the number of hectolitre/degrees of beer.

Duty payable on:

The manufacture in and import into the Netherlands of beer.

Duty due when:

The brewing process starts or beer is imported for release for consumption.

Declaration and payment:

After a brewing declaration is made duty is paid at the latest by the 20th day of the third month following that during which the declaration was made. When beer is imported, a declaration is made and the tax due is paid at the latest by the 15th of the month following that in which importation took place.

Rates:

Per hectolitre/degrees of wort:

(a) for the first 800 000 hectolitre/degrees	HFL 9.19
(b) over 800 000 hectolitre/degrees	HFL 10.28
If a brewery's final production does not exceed 90 000 hectolitre/degrees	HFL 8.69

Imports:

- The duty on imported bottled beer is HFL 10.50 per hectolitre/degree of beer.
- However, the duty on bottled beer from a brewery from which an amount of not more than 950 000 hectolitre/degrees was imported other than under an exemption in the previous calendar year is HFL 10.21 per hectolitre/degree of beer.
- The duty for imported beer other than bottled beer is HFL 9.90 per hectolitre/degree of beer. However, the duty on beer other than bottled beer from a brewery from which an amount of not more than 950 000 hectolitre/degrees was imported other than under an exemption in the previous calendar year is HFL 9.67 per hectolitre/degree of beer.
- The duty on beer from a brewery that had a total annual production of not more than 90 000 hectolitre/degrees of wort in the previous calendar year is as follows:
 - (a) for bottled beer, HFL 9.65 per hectolitre/degree of beer;
 - (b) for beer other than bottled beer, HFL 9.14 per hectolitre/degree of beer.

Exports:

For beers exported by a brewery there is a refund of excise duty based on the number of hectolitre/degrees of wort used in the manufacture of the exported beers.

Duty on spirits

(Alcoholaccijns)

Law governing duty on products containing alcohol (30 May 1963), Stb. 240.

Beneficiary:

The State.
(See Note 1. under Personal income tax.)

Basis of assessment:

- Ethyl alcohol and products containing ethyl alcohol (except: beer, non-sparkling fermented beverages and sparkling fermented beverages).
- Types of spirits arising as by-products in the manufacture of ethyl alcohol, which are classed as ethyl alcohol for the purposes of this duty.
- Propyl alcohol, isopropyl alcohol and products containing such alcohols.

Duty payable on:

The manufacture in and import into the Netherlands of products containing alcohol.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

A declaration is made at the time when the goods are released for consumption or imported. The tax due is paid at the latest by the 15th of the month following the month in which the declaration was made.

Rates:

- Per hectolitre of pure alcohol at a temperature of 20°C HFL 3 178
- Alcohol for industrial uses (in general,
all types of alcohol not intended for
human consumption) exempt
- Alcohol for the manufacture of perfumes
and toilet waters and cosmetics in general duty is levied at a reduced rate
(HFL 1 040 per hectolitre of pure
alcohol at 20°C)
- Alcohol for the manufacture of certain
kinds of cosmetics (deodorants, hairsprays
and anti-perspirants) exempt

ports:

duty of HFL 31.78 per hectolitre per degree of strength is levied on imported products containing alcohol.

ports:

mission of duty or refunds.

Duty on sugar

(*Suikeraccijns*)

Law governing the duty on sugar (25 June 1964), Stb. 206.

Beneficiary:

The State.
(See Note 1, under Personal income tax.)

Basis of assessment (for sugar):

The products deemed to be sugar are sucrose, invert sugar and isoglucose (isoglucose is understood to mean the product coming under Heading 17.02 Section D II of the Common Customs Tariff) in solid, liquid or paste form. Products coming under Heading 04.06 (natural honey), Section II (vegetable products) or Chapter 20 (preparations of vegetables, fruit or other parts of plants) of the Common Customs Tariff are not deemed to be sugar.

Duty payable on:

The manufacture in and importation into the Netherlands of sugar, and the importation of products containing sugar.

Duty due when:

The goods are released for consumption or imported for release for consumption.

Declaration and payment:

The declaration of release for consumption must be made at the latest by the 15th day of the month following the release of the goods. The excise duty must be paid at the latest by the 20th day of the second month following that in which the declaration was made. As far as the declaration of imports is concerned, duty is paid at the latest by the 15th day of the month following that in which the import was made.

Rates (for sugar):

	<i>per 100 kg net weight</i>
– Sugar in solid form	HFL 8.68
– Sugar in paste or liquid form lighter in colour than colour 6 of the 'Union scale' or whose purity factor is higher than 90 per unit of content	HFL 0.0868

Exports (for sugar):

Remission of duty or refunds.

Basis of assessment (for products containing sugar):

Products which contain sugar used at the time of manufacture or added sugar are considered as products containing sugar.

Beer and products whose content of sugar is less than 5 % are not considered as products containing sugar.

Rates (for products containing sugar):

For products containing sugar imported in the Netherlands an excise duty is levied on the portion of sugar content.

Imports (for products containing sugar):

Duty is levied according to the content of sugar:

	<i>per 100 kg net weight</i>
– Not less than 5 but not more than 15 %	HFL 0.87
– More than 15 and not more than 30 %	HFL 1.95
– More than 30 and not more than 45 %	HFL 3.26
– More than 45 and not more than 60 %	HFL 4.56
– More than 60 and not more than 75 %	HFL 5.86
– More than 75 and not more than 90 %	HFL 7.16
– More than 90 and not more than 105 %	HFL 8.46
– More than 105 and not more than 120 %	HFL 9.77
– More than 120 and not more than 135 %	HFL 11.07
– More than 135 and not more than 150 %	HFL 12.37
– More than 150 and not more than 165 %	HFL 13.67
– More than 165 %	HFL 15.41

Exports (for products containing sugar):

Duty is refunded.

Special tax on motor cars and motor bicycles (BVBP)

(Bijzondere verbruiksbelasting van personenauto's en motorrijwielen-BVBP)

Articles 50 and 50a of the Law on Turnover Tax 1968 (Wet op de omzetbelasting 1968).

Beneficiary:

The State.

Tax payable by:

Manufacturers and importers of motor cars and motor bicycles.

Tax payable on:

- Supply within the Netherlands by the manufacturer.
- Import.

Exemptions:

- Vehicles exported by an entrepreneur.
- Vehicles seating more than eight passengers.
- Special vehicles for the transport of sick persons or prisoners.
- Police vehicles, military vehicles and fire engines.
- Motor tricycles for disabled persons.

Collection:

The tax is payable only once; it is levied together with turnover tax on the sales price minus turnover tax of a new or imported used motor car/motor bicycle.

Rates:

Motor cars with a list price of:

- (a) not more than HFL 10 000: 18.1 %
- (b) more than HFL 10 000:
 - in respect of the part of the list price
up to 100/118.5 times HFL 10 000. 18.1 %
 - in respect of the remaining part of the list price 27.2 %

Motor bicycles with a list price of:

- (a) not more than HFL 6 000: 8 %
- (b) more than HFL 6 000:
 - in respect of the part of the list price
up to 100/118.5 times HFL 6 000 8 %
 - in respect of the remaining part of the list price 15 %

Tax on legal transactions

(Belastingen op rechtsverkeer)

Law governing the tax on legal transactions (24 December 1970), Stb. 611, replacing the legislation concerning registration and stamp duties by new regulations.

Under this law, the four following taxes are levied:

- (a) tax on transfers;
- (b) tax on insurances;
- (c) capital duty;
- (d) stock-exchange turnover tax.

Beneficiary:

The State.

(See Note 1, under Personal income tax.)

Tax payable on:

- (a) The acquisition of real estate and realty rights attached, as well as the acquisition of shares in real estate companies, unless they are acquired by a right of inheritance, a right to a community of goods through marriage, the ending of a period of limitation of rights, and certain types of accession.
- (b) The taking out of insurance.
- (c) The raising of capital represented by shares.
- (d) The purchase and sale of securities by a broker.

Basis of assessment:

- (a) The value, or the compensation, if higher.
- (b) The premium.
- (c) The value of the contribution after deduction of expenses. At least the nominal value of the shares issued.
- (d) The purchase or sale price.

Exemptions:

- (a) Exemptions are granted, amongst others, to an acquisition:
 - by a delivery already subject to value-added tax, unless the entrepreneur can declare this for deduction;
 - by children, of the enterprise of their parents;
 - by a public organization;
 - by gift;
 - by contribution to a company (on condition that the capital is not divided into shares, unless an entire company is the subject of the contribution);
 - by an internal reorganization of a limited company or of a private company with limited liability;

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- as the result of a re-allotment;
- of monuments by a specialized legal person.
- (b) Life insurances, accident insurances, insurances for disability and incapacity for work, insurances for illness and expenses for illness, unemployment insurances, insurances on ships and air-ships used for international deliveries of goods, transport insurances, reinsurances and export credit insurance.
- (c)
 1. If the shares can only be issued to Dutch nationals with an income of less than HFL 57 700 and if they are not transferable.
 2. If the capital, represented by shares, is raised by an organization, having an objective of general interest, and in which only public organizations can hold shares.
 3. Certain types of mergers or international reorganizations.
- (d) Purchases and sales between brokers, the purchase and sale of new shares, treasury bonds, and shares mentioned in point (c) 1 above.

Tax payable upon:

- (a) The acquisition of the property, or if a deed has to be transcribed in a public register, the time when the deed is made out.
- (b) The falling-due of the premium.
- (c) The date on which the capital is contributed.
- (d) The delivery of the invoice.

Tax payable by:

Tax is levied on:

- (a) the acquirer;
- (b) the insurer or the broker, the insurance broker or the legal representative;
- (c) the company;
- (d) the broker.

Rates:

- (a) 6 % (in the case of an exchange of agricultural land: 1 %)
- (b) 7 %
- (c) 1 %
- (d) 0.12 %

Collection:

- (a) Payment on declaration; the declaration is made by presenting the notarized deed for registering.
- (b) Payment on quarterly declaration, or monthly declaration when the amount exceeds HFL 6 000 per quarter.
- (c) Payment on declaration during the month following that in which the tax became payable.
- (d) Payment on quarterly declaration, or monthly declaration when the amount exceeds HFL 6 000 per quarter.

Vehicle excise duties

(Motorrijtuigenbelasting)

Law governing vehicle excise duties (21 July 1966), Stb. 332 (*Wet op de motorrijtuigenbelasting*).

Beneficiary:

Partly the State, partly the provinces.

Tax payable by:

The keeper of the vehicle.

Tax payable on:

Road use by motor vehicles.

Basis of assessment:

The unladen weight of the vehicle (including the weight of the trailer attached to the vehicle).

Exemptions:

Motor-assisted bicycles; vehicles running on rails, vehicles used by certain public services; farm tractors; motor and steam rollers used, for example, in roadmaking; ambulances; taxis; vehicles for aged invalids; cars used by car dealers and repair shops for specific routes; and vehicles used by non-residents if reciprocity is granted.

Non-residents:

Persons resident abroad are liable to taxation for the period during which they wish to use their vehicle in the Netherlands, provided they are not otherwise exempt.

Collection:

Annually or quarterly, on the basis of the taxpayer's returns.

Rates:

The rates vary according to the kind of vehicle, the weight of the vehicle and the kind of fuel used. The rates include provincial surcharges and, except in the case of trailers, surcharges accruing to the State road fund.

Examples of rates (surcharges included):

- Middle class passenger car with a petrol engine HFL 574 per annum
- Truck, weight 7 000 kilograms HFL 2 529 per annum
- Bus, weight 10 000 kilograms HFL 3 300 per annum

Fuel tax

(Brandstoffenheffingen – WABM)

Law setting out general provisions on environmental health (*Wet algemene bepalingen milieuhygiëne – WABM*) (Stb. 1986, 133), as last amended by the Law of 18 January 1990 (Stb. 45).

Beneficiary:

The State.

Tax payable on:

Mineral oils: as for the duty on mineral oils.

Coal: mined on national territory or imported.

Gas: produced on national territory or imported.

Tax payable when:

Mineral oils: at the same time as excise duty on mineral oils.

Coal and gas: on the use as fuel by the producer, or importer, or on delivery to third parties.

Basis of assessment:

Mineral oils, coal and gas.

All products on which the duty on mineral oils is payable are considered as 'mineral oils'.

Natural gas, gas from blast-furnace production, and gas from coke-furnace production are considered as 'gas'.

Exemptions:

All usage, other than as fuel, is exempt.

Reductions:

In the case of installations burning fuel oil, the tax is refunded in part provided the emission of sulphur dioxide is below a given threshold. Under certain circumstances, the tax payable on coal may be refunded in part.

Collection:

Mineral oils: as for the duty on mineral oils.

Coal and gas: payment on declaration at the end of each tax period.

Rates as at 1 February 1990:*WABM taxes*

Light oils			
– leaded	per hectolitre	HFL	5.73
– unleaded	per hectolitre	HFL	1.18
Medium oils	per hectolitre	HFL	0.72
Diesel oil and the like			
– for transport	per hectolitre	HFL	2.98
– for purposes other than transport	per hectolitre	HFL	0.75
Heavy fuel oil	per 1 000 kg	HFL	13.35
Coal	per 1 000 kg	HFL	13.37
LPG	per 1 000 kg	HFL	8.33
Natural gas			
– low consumption	per 1 000 m ³	HFL	4.56
– high consumption	per 1 000 m ³	HFL	5.71
Blast-furnace gas and the like	per gigajoule	HFL	0.10
Petrocoke	per 1 000 kg	HFL	14.90
Liquid fuel	per 1 000 kg	HFL	14.37
Gaseous fuel	per gigajoule	HFL	0.10
<i>Additional levy on leaded petrol</i>	per hectolitre	HFL	2.10

Imports:

The same rates as for manufacture or mining in the Netherlands.

Exports:

Remission of tax for producers. Refunds for traders.

‘Waterschap’ levies

(Waterschapslasten)

Levied under Waterschap by-laws based on Waterschap regulations issued by the provincial authorities.

Beneficiaries:

The *Waterschappen* (i.e. public corporations responsible for drainage, dykes, roads, bridges, etc. in a particular area).

Tax payable by:

Persons holding rights *in rem* as regards land and waters, and often built-up land, within the area of jurisdiction of the *Waterschap* concerned.

Basis of assessment:

Surface area of the property.

Exemptions:

None, except for a few traditional cases laid down in the statutes.

Reductions:

In some *Waterschappen*, the land is classified according to the amount of care it requires. Under this system, owners of high land pay less.

Collection:

The tax is collected on the basis of assessments made by the *Waterschap* authorities.

Rates:

Rates vary with the *Waterschap* concerned. Costs are apportioned per hectare.

Administrative levy for the benefit of public professional organizations

(Administratieve heffingen krachtens verordeningsbesluiten van publiekrechtelijke bedrijfsorganen)

Based on Article 126 of the 1950 Law relating to the organization of businesses.

Beneficiaries:

Professional organizations.

Levy payable by:

The entrepreneurs of the branch.

Basis of assessment:

After the application of a basic tax, the basis of assessment, depending on the branch and the purpose of the taxation, consists of:

- the turnover;
- the total wage-bill;
- the number of sales outlets;
- the value added;
- a combination of these elements.

Collection:

The tax is fixed and collected annually by the professional organizations.

Rates:

The rates vary very widely with the professional organizations concerned.

Tax on dogs

(Hondenbelasting)

Municipal by-laws based on Article 272 (d) of the Law on Municipalities (Gemeentewet).

Beneficiaries:

The municipalities.¹

Tax payable by:

Owners of one or more dogs.

Basis of assessment:

The number of dogs owned.

Exemptions:

No tax is due on young dogs, police dogs, and guide dogs for the blind.

Non-residents:

As for residents.

Collection:

The tax due is assessed and collected by the tax departments of the municipalities.

Rates:

The rates vary with the municipality concerned, ranging from HFL 20 to HFL 60 per annum for one dog.

They are often progressive, if several dogs are owned, and are sometimes related to the income level of the owner.

¹ Tax payable in some 590 municipalities.

Tax on the pollution of surface waters

(Verontreinigingsheffing oppervlaktewateren)

Law on the Pollution of Surface Waters (1969).

Implementing Decree on the Pollution of State Waters (1970).

Provincial and municipal tax by-laws.

Tax by-laws of provinces/polder-boards/unions of polder-boards/waste water treatment authorities mostly aligned on the Model pollution tax by-law drawn up by the union of polder-boards (1978).

This tax is levied in three forms:

- (a) tax on the pollution of State waters (Article 17 (1) of the Law on the Pollution of Surface Waters) (State waters pollution tax or State tax);
- (b) tax on the pollution of non-State waters (Article 17 (1) of the Law on the Pollution of Surface Waters);
- (c) contribution in respect of direct or indirect connection to a purification plant operated by a public body (Article 17 (2) of the Law on the Pollution of Surface Waters).

The tax under (a) is generally referred to as the State tax while the forms of tax described under (b) and (c) are generally referred to as non-State taxes.

Tax payable on:

Direct or indirect discharging of waste matter, pollutants or noxious matter into surface waters or direct or indirect connection to a purification plant (Article 17 of the Law on the Pollution of Surface Waters).

Tax payable by:

In the case of the tax: anyone discharging waste matter, pollutants or noxious matter directly or indirectly into surface waters (the discharger) (Article 17 (1) of the Law on the Pollution of Surface Waters).

In the case of the contribution: anyone directly or indirectly connected to a purification plant (Article 17 (2) of the Law on the Pollution of Surface Waters).

Basis of assessment:

The quantity and/or the nature of the waste matter pollutants or noxious matter discharged (Article 18 (1) of the Law on the Pollution of Surface Waters). Levies or contributions in respect of dwellings may be collected as a uniform amount per dwelling, as a sum calculated on the basis of the taxable income established or estimated for property tax purposes, or as a sum calculated in some other way notified to the authorities.

Criterion applied in levying the tax:

(a) In the case of matter that combines with oxygen, the criterion is the average quantity of such matter discharged per 24-hour period into surface waters or a purification plant, expressed in inhabitant-equivalents (Article 19 (1) (a) and (2) of the Law on the Pollution of Surface Waters, Article 6 (1) (a) of the Model By-law).

One inhabitant-equivalent is the average quantity of material that combines with oxygen which is discharged into surface water by one inhabitant per 24-hour period.

(b) In the case of other matter that does not combine with oxygen, such as heavy metals, the criterion is the number of units of weight released per unit of time (24-hour period) into surface water or a purification plant, expressed in pollution units (Article 19 (1) (b) of the Law on the Pollution of Surface Waters, Article 6 (1) (b) of the Model By-law).

1. No tax is imposed in respect of the discharge into State waters of matter that does not combine with oxygen.
2. In the case of dwellings or small industrial premises with a pollution value of less than 20 inhabitant-equivalents, a flat-rate pollution value of 3 or 3.5 inhabitant-equivalent applies. In the case of dwellings occupied by one person (single), the pollution value is set at one inhabitant-equivalent (Article 18 (2) of the Law on the Pollution of Surface Waters and Article 12 of the Implementing Decree on the Pollution of State Waters).
3. In the case of industrial firms, the pollution value is in principle established by measuring and sampling the effluent discharged (Articles 13 and 14 of the Implementing Decree on the Pollution of State Waters).

In certain circumstances, the pollution value may be calculated using the table of effluent coefficients (Article 15 of the Implementing Decree on the Pollution of State Waters).

Rates:

The rate is determined by the cost of measures to counter and prevent pollution of surface waters (Article 17 (1) and Article 23 of the Law on the Pollution of Surface Waters).

In the case of the State tax, the rate is as follows:

- discharge into fresh water: HFL 33.50 per inhabitant-equivalent;
- discharge into salt water: HFL 27.50 per inhabitant-equivalent.

In the case of the non-State tax, there are different rates for different administrative areas. The rates are higher than those of the State tax.

The difference in rate between the State tax and the non-State tax is due to the fact that the State exercises only passive water-quality control, while the provinces and polder-boards pursue an active and passive form of management.

Method of collection:

- (a) State tax: by means of assessment established by the Office for the Tax on the Pollution of State Waters, The Hague (Article 20 (1) of the Law on the Pollution of Surface Waters and Articles 18 and 20 of the Implementing Decree);
- (b) Non-State tax: in the case of industrial firms by means of assessment. In the case of dwellings by means of assessment or on the basis of consumption bills from the public utilities (Article 17 of the Model By-law).

The non-State tax is generally levied by polder-boards, unions of polder-boards and waste water treatment authorities. In three provinces (Groningen, Friesland and Utrecht), the provincial authorities levy the tax themselves.

Collection:

- (a) State tax: the Ministry of Transport and Waterways (Article 19 of the Implementing Decree).
- (b) Non-State tax: by the relevant public body in accordance with the provisions on collection laid down in the Law on the Provinces and the Law on Competency (Article 21 of the Law on the Pollution of Surface Waters.)

Tax on noise pollution caused by civilian aircraft

(Heffing geluidshinder burgerluchtvaartuigen)

Law on Aviation (1958).

Decree on the Taxation of Noise Pollution caused by Civilian Aircraft (1982).

Tax payable on:

The landing or taking off of a civilian aircraft on or from an airfield in the Netherlands serving for civilian air traffic (Article 26 (3) of the Law).

Tax payable by:

The user of the aircraft (Article 26 (3) of the Law and Article 2 (1) of the Taxation Decree).

Basis of assessment:

The proportion of the total noise nuisance within the noise area caused by the aircraft. This proportion is determined by the mass and noise level of the aircraft (Article 77 of the Law and Articles 8 to 10 of the Taxation Decree).

Rate:

The rate is determined by the costs of implementing the scheme for anti-noise devices and the additional costs to the municipalities of implementing the land-use plans. The factor (F) to be applied in calculating the tax due is established annually in the light of these costs (Article 26 (3) of the Law and Article 12 of the Taxation Decree).

Method of collection:

By means of a surcharge on the landing fee payable by the user of the aircraft (Article 3 of the Taxation Decree).

Collection:

By the Minister for Transport and Waterways through the intermediary of the operator of the airfield (Article 4 of the Taxation Decree).

Tax on ground water

(Grondwaterheffing)

Law on Ground Water (1981) and Provincial taxation by-laws.

Tax payable on:

The abstraction of ground water (Article 48 (1)).

Tax payable by:

The holder, to be designated by regulation, of equipment or plant registered pursuant to Article 13 and intended for the abstraction of ground water (Article 48 (2)).

Basis of assessment:

The quantity of ground water abstracted (Article 48 (3)).

Rate:

The rate is determined by the costs of investigations for ground water management purposes and of compensation for damage pursuant to Articles 34, 40 and 41 (1) of the Law on Ground Water.

Method of collection:

In accordance with Articles 152 (b) to 157 of the Law on the Provinces and with any further rules laid down by regulation (Article 152 (a) of the Law on the Provinces).

Collection:

By or on behalf of the province.

Tax on waste

(Afvalstoffenheffing)

Municipal by-laws based on the Law setting out general provisions on environmental health (Wet algemene bepalingen milieuhygiëne – WABM), Stb. 1988, 133. These by-laws are generally aligned on the Model By-laws on refuse-collection taxes drawn up by the Association of Dutch Municipalities.

Tax payable on:

The actual use of premises in respect of which the municipality is obliged to provide periodical collection of household refuse (Article 61-al of the Law and Article 4 of the Model By-law).

Tax payable by:

Anyone who, depending on the circumstances, whether or not by virtue of a right *in rem* or a right *in personam*, makes actual use of premises as referred to above (Article 62 of the Law and Article 4 of the Model By-law).

Basis of assessment:

The premises (Article 5 of the Model By-law).

Rate:

A fixed amount per premise, irrespective of the number of inhabitants or the amount of refuse produced (Article 5 of the Model By-law).

Method of collection:

By means of assessment determined by the municipal tax authorities (Article 6 (2) of the Model By-law).

Collection:

By the municipal tax authorities.

Notes:

1. Where municipalities have not yet implemented Article 61-al of the Law setting out general provisions on environmental health (WABM), the tax in respect of the periodic collection of household refuse is still based on Article 277 of the Law on Municipalities. In the near future, all the municipalities will introduce the tax on refuse.

2. In addition to the aforementioned tax, a refuse-collection charge is levied by the municipalities in respect of the periodic disposal of industrial waste of limited proportions and the disposal on request of waste (household waste, bulky household refuse or bulky industrial waste). The refuse-collection charge is payable in respect of refuse collected by the municipality. The periodic disposal of industrial waste is levied on the basis of assessments (Article 13 (1) of the Model By-law). Other collection charges are levied by means of a dated voucher, bill or other document or by means of giro payment forms issued by the postal cheque and giro office (Article 13 (1) and (2) of the Model By-law).

Tax on stocks of petroleum products

(Voorraadheffing aardolieprodukten)

Law on the storage of petroleum products 1976.

Beneficiary:

The State.

Tax payable on:

Petroleum products subject to the duty on mineral oils.

Tax payable by:

Persons liable for the duty on mineral oils.

Basis of assessment:

Quantity.

Rates:

Petrol	HFL 1.35 per hectolitre
Petroleum	HFL 1.35 per hectolitre
Diesel oil and light fuel oil	HFL 1.35 per hectolitre
Heavy fuel oil and the like	zero

Method of collection:

As for the duty on mineral oils.

Collection:

As for import duty.

Tax on manure surplus

(Mestoverschotheffing)

Law on manure (Meststoffenwet 1986); Regulation on the differentiation of the manure surplus tax (Regeling differentiatie overschotheffing 1987); Regulation implementing the manure surplus tax (Uitvoeringsregeling overschotheffing 1987).

Beneficiary:

The State.

Tax payable on:

The production of animal manure.

Tax payable by:

Persons on whose farm animal manure is produced.

Basis of assessment:

The quantity of animal manure, expressed in kg of phosphate, per period of time.

Rates:

- (a) For farms with land, the following rates are applicable per kg of phosphate where the annual production of phosphate per hectare is:
- | | |
|---------------------------------------|----------|
| 125 kg or less | zero |
| more than 125 kg but less than 200 kg | HFL 0.25 |
| more than 200 kg | HFL 0.50 |
- (b) In the case of farms without land, a rate of HFL 0.50 is applicable per kg of phosphate produced;
- (c) The rate for farms on which a total of 125 kg of phosphate or less per year is produced is zero.

In specific cases, another rate may be applied.

Method of collection:

By way of payment on declaration to the Inspector of Taxes at the Tax Office in Assen (Netherlands), who comes under the Minister for Agriculture and Fisheries.

Collection:

By the Collector of Taxes at the Tax Office. Warrants are served and enforced by the State tax authorities.

Tax on the right of user¹

(Baatbelasting)

Municipal by-laws concerning the tax on the right of user and based on Article 272 (b) of the Law on Municipalities (Gemeentewet).

Beneficiaries:

The municipalities.

Tax payable on:

Immovable property that benefits from facilities provided and paid for by the municipality.

Tax payable by:

Those who enjoy the right of user in respect of the immovable property under property law.

Basis of assessment:

The taxable revenue accruing from the surface area concerned, in some cases with classification according to the amount of that revenue.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by payment on declaration.

Collection:

By the municipal Collector of Taxes.

Tax on building land¹

(Bouwgrondbelasting)

Municipal by-laws concerning the tax on building land and based on Article 272 (c) of the Law on Municipalities (Gemeentewet).

Beneficiaries:

The municipalities.

Tax payable on:

Immovable property which benefits from public welfare facilities provided and paid for by the municipality and which is (better) arranged for construction or the location of which becomes more favourable.

Tax payable by:

Persons who enjoy the right of user in respect of the immovable property under the property law.

Basis of assessment:

The surface area or length (e. g. frontage) of the immovable property along the public highway.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

By the municipal Collector of Taxes.

¹ Applicable in a number of municipalities.

Tax on advertising¹

(Reclamebelasting)

Municipal by-laws concerning the tax on advertising and based on Article 272 (e) of the Law on municipalities (Gemeentewet).

Beneficiaries:

The municipalities.

Tax payable on:

Public advertisements other than in magazines or newspapers.

Tax payable by:

Persons responsible for the advertisement, the owner or user of the item to which it refers, etc.

Basis of assessment:

For example, the surface area of the announcement.

Rates:

The rates differ from municipality to municipality.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

By the municipal Collector of Taxes.

¹ Applicable in a number of municipalities.

Tax on tourists

(Toeristenbelasting)

Municipal by-laws concerning the tax on tourists and based on Article 272 (g) of the Law on Municipalities (Gemeentewet). In many cases, they are based on the model regulations concerning the tax on (water-based) tourism of the Association of Dutch Municipalities (Vereniging van Nederlandse Gemeenten – VNG).

Beneficiaries:

The municipalities.¹

Tax payable on:

Stays within the municipality by persons not on the population register.

Tax payable by:

Persons providing the necessary facilities for a stay; they are authorized to pass the tax on to the tourist.

Basis of assessment:

The duration of the stay. The tax can then be charged on the number of nights spent in the municipality or on the basis of the consideration paid per night.

Rates:

The rates differ from municipality to municipality; in the case of camp sites, the tax is often levied on a flat-rate basis.

Method of collection:

By way of assessment or by way of payment on declaration.

Collection:

By the municipal Collector of Taxes.

¹ Applicable in some 275 municipalities.

Taxes abolished or repealed

NL 34 Tax on the sale of spirits

(Belasting op het verstrekken van sterke drank)

Abolished pursuant to Article III of the Law of 15 December 1983 (Stb. 622)

NL 35 Tax on air pollution

(Heffingen luchtverontreiniging)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen) pursuant to the Law of 30 March 1988 (Stb. 1988, 113)

NL 36 Tax on mineral lubricating or hydraulic oil

(Heffing op minerale smeer- of systeemolie)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen) pursuant to the Law of 30 March 1988 (Stb. 1988, 113)

NL 37 Tax on chemical waste

(Heffing chemische afvalstoffen)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen) pursuant to the Law of 30 March 1988 (Stb. 1988, 113)

NL 38 Tax on noise pollution caused by road traffic

(Heffing geluidshinder wegverkeer)

Abolished and replaced by the Fuel Tax (Brandstoffenheffingen) pursuant to the Law of 30 March 1988 (Stb. 1988, 113)

PORTUGAL

Tax on personal income

(IRS – Imposto sobre o rendimento das pessoas singulares)

DL No 442-A/88 of 30 November 1988; DL No 354/89 of 17 October 1989; DL No 215/89 of 1 July 1989; Law No 101/89 of 29 December 1989; DL No 95/90 of 20 March 1990.

Beneficiary:

The central government.

Tax payable by:

Natural persons resident in Portugal and non-resident natural persons who receive income that is by law taxable in Portugal.

Basis of assessment:

Income falling within the following categories, net of any deductions 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.

Threshold:

Persons whose sole income is from pensions (Category H) and does not exceed ESC 1 150 000 (for married taxpayers) or ESC 900 000 (in other cases) are exempt.

There are no thresholds for the other income categories. However, application of the tax rates to persons whose income derives chiefly from paid employment (Category A) may not result in a disposable income after tax of less than the national minimum annual wage.

Exemptions:

- (i) Family allowances and supplementary social security benefits;
- (ii) Meal allowances, up to the limit fixed each year;
- (iii) Allowances to provide cover for errors, for persons who have to handle cash, up to a limit of 5% of the fixed monthly remuneration;

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- (iv) Expense allowances, up to the limit laid down by law;
- (v) Capital gains on the sale of bonds and other debt securities, units in investment funds and shares held for more than 24 months;
- (vi) Capital gains on the sale of shares held for less than 12 months (Temporary exemption until 1992);
- (vii) Capital gains from the sale of residential property, where the proceeds of the sale are reinvested within 24 months in the purchase or construction of other residential property for the taxpayer's use;
- (viii) 50% of the income from self-employment (Category B) earned by authors, artists and sculptors;
- (ix) 50% of the income from paid employment (Category A) earned by handicapped persons with 60% or more disability.

Deductions:

Deductions are specific to each income category:

- Category A: 65% of income up to a ceiling of ESC 300 000, or total social security contributions, whichever is greater;
- 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: 35% of income, to allow for the cost of maintaining or restoring the buildings, or the actual expenditure incurred, if greater, in which case documentary evidence must be produced;
- Category G: capital losses incurred and 50% of capital gains other than from the sale of shares or other transferable securities;
- Category H: not less than ESC 500 000 and not more than ESC 1 250 000.

In addition to the specific deductions, the following are also deducted from the total net income: health expenses (unlimited); education expenses, interest on loans taken out for the purchase, construction or improvement of residential property; and life assurance and sickness or personal accident insurance premiums up to a ceiling of ESC 210 000 for married couples and ESC 105 000 for unmarried taxpayers. The latter amounts may be increased to ESC 240 000 and ESC 120 000 respectively where the difference results from payment of life assurance or sickness or personal accident insurance premiums.

Married couples:

Aggregation of the couple's taxable income and that of their children where the parents have the legal right to administer it.

Tax is calculated according to the splitting system (division by 2, except where the income of one spouse accounts for 95% or more of the aggregate income, in which case division is by 1.85).

Tax credits:

The following are deducted from the amount of tax due:

- ESC 23 000 per single taxpayer;
- ESC 17 000 per married taxpayer;
- ESC 12 000 per dependant.

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, H and I (rate of 25%) and investment income (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 (paid employment) and Categories C and D (income from commercial and industrial activities and agriculture).

Deduction at source:

Deductions are made at source from income falling into Category A (paid employment), Category E (investment income) and, in certain cases provided for by law, Categories B and F (income from self-employment and real estate).

Tax deducted at source and advance payments count towards the tax due, and any overpayments are reimbursed.

Rates:

Rates vary between 16 and 40%.

Fixed rates are deducted at source, in full discharge of tax, on certain types of income, namely:

- interest on sight or term deposits: 20%
- income from registered or bearer securities: 25%
- winnings from betting and gaming, lotteries and totalizator bets: 25%

Taxpayers may opt to include 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').

Carry-over of losses:

Losses sustained in any income category 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. Nevertheless, where the taxpayer has opted to include investment income in his taxable income, capital losses sustained on the sale of shares and other transferable securities may be carried over for only two years and deducted from income in the same category.

Special features:

- Shareholders resident on Portuguese territory are entitled to a tax credit of 20 % of the tax on dividends paid out by companies established in Portugal.
- The taxable proportion of Category C income of taxpayers whose main activity is intensive livestock farming shall be 40 % in 1989, 60 % in 1990 and 80 % in 1991.

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- Until 1993, only 40 % of income in Category D shall be taken into consideration for tax purposes.
- Until 1993, income from agriculture, forestry or livestock farming amounting to less than ESC 3 million and earned on rural holdings worth less than ESC 1 500 000 shall not be liable to tax.
- Until 1991, special tax arrangements apply to sportsmen and sportswomen.
- No tax is payable on capital gains that were not liable to the old capital gains tax (DL No 46373 of 9 June 1965, which was repealed when the tax on the income of natural persons was introduced), namely the proceeds of the sale of real property rights and shares or other transferable securities, where these were purchased before 1 January 1989.

Tax on corporate income

(IRC – Imposto sobre o rendimento das pessoas colectivas)

DL No 442-B/88 of 30 November 1988; DL No 215/89 of 1 July 1989; Law No 101/89 of 29 December 1989; DL No 95/90 of 20 March 1990.

Beneficiary:

The central government.

Tax payable by:

Business entities resident on Portuguese territory, whether or not they have legal personality, and non-resident business entities which have a permanent establishment or earn taxable income in Portugal.

Business entities and other bodies that have their registered office or effective administrative headquarters on Portuguese territory are deemed resident.

Tax payable on:

Where entities liable to tax are resident in Portugal, the tax is payable on total income, including that earned outside national territory.

Non-resident entities are taxed only on income deemed by law to be earned on Portuguese territory.

Exemptions:

- (i) The central government, autonomous regions and local authorities, except in respect of investment income;
- (ii) Social security institutions;
- (iii) Entities of public interest and charitable bodies, under certain conditions;
- (iv) Agricultural cooperatives, housing and building associations, educational and craft associations and other cooperative associations subject to the restrictions laid down by law;
- (v) Companies and other bodies covered by the tax transparency arrangements;
- (vi) Income accruing directly from activities liable to gaming tax;
- (vii) Pension funds set up in accordance with the law;
- (viii) Political parties.

Non-residents:

Income earned on Portuguese territory by permanent establishments of non-resident entities is taxed in the same way as that of resident entities.

Income earned on Portuguese territory by entities that do not have a permanent establishment or by entities that do have a permanent establishment to which it cannot, however, be attributed is taxed in accordance with the rules laid down in respect of the corresponding categories of the tax on personal income.

Capital gains on the sale of shares and other transferable securities made by non-resident entities are exempt from tax.

Deductions:

Expenses actually incurred in the exercise of the activity engaged in, adjusted where appropriate in accordance with the relevant tax rules.

Collection:

The tax is collected annually and determined on the basis of the tax return.

The tax is paid in instalments: three advance payments in June, September and December of the year to which the taxable income relates or in the sixth, ninth and twelfth months of the taxation period where it differs from the calendar year. The fourth payment is made up to the date the tax return is submitted.

In the case of non-resident entities whose income cannot be attributed to a permanent establishment in Portugal, the tax is paid when the tax return is submitted:

- up to 31 January each year in respect of income from real estate;
- within a period of 30 days in the case of capital gains resulting from the sale of real estate.

Alternatively, the tax is deducted at source, in full discharge, by the body owing the income.

Rates:

36.5 % (plus a local tax levied at a rate of up to 3.65 %) for the income of resident entities and the permanent establishments of non-resident entities;

20 % for the total income of resident entities not mainly engaged in commercial, industrial or agricultural activities;

25 % for the income of non-resident entities that cannot be attributed to a permanent establishment in Portugal, except for the income mentioned below, to which the rates specified are applied:

- 15 % for income from intellectual or industrial property, technical assistance and the hiring-out of movable property;
- 20 % for other investment income, with the exception of income from any registered or bearer securities and profits distributed by bodies liable to tax, for which the rate is 25 %.

Deduction at source:

Deductions at source constitute advance payments against tax due and are made at the rates applicable to deductions at source from residents' personal income tax.

Deductions at source from the income of non-resident entities that cannot be attributed to permanent establishments in Portugal are made in full discharge at the rates applicable for tax on corporate income (see 'Rates'), with the exception of income from real estate, for which deduction at source constitutes an advance payment.

Carry-over of losses:

Losses made in a given financial year may be deducted from taxable profits in one or more of the following five years.

Special features:

Capital gains on the disposal of fixed assets subject to depreciation and financial assets held for at least 12 months may be exempted from tax where the proceeds of such disposal are reinvested within the following two years in the purchase of new tangible fixed assets, shares or other holdings in companies resident in Portugal, or Portuguese government stock. Where the proceeds are reinvested in shares or other holdings in resident companies or Portuguese government stock, such financial assets must be held for at least two years following their purchase. Where a company receives dividends from another company resident in Portugal in which it has held at least a 25% interest for not less than two consecutive years, or since the latter company was set up if it has held the interest for less than two years, 95% of those dividends are exempted from tax.

A tax credit of 20% is granted on the tax due on dividends distributed by companies resident in Portugal, where the interest in the capital of the company distributing the dividends is less than 25% or has been held for less than two years.

The income of entities whose main activity is agriculture, forestry or livestock farming or which are engaged in intensive livestock farming is temporarily taxed at reduced rates.

Municipal tax

(Contribuição autárquica)

DL No 442-C/88 of 30 November 1988; DL No 215/89 of 1 July 1989.

Beneficiaries:

Municipalities;

Tax payable by:

Natural or legal persons who own real estate in Portugal, whether or not they are resident in the country.

Basis of assessment:

Value of the real estate, determined in accordance with the Valuation Code (see 'Special features').

Exemptions:

- (i) The central government and any government department, establishment or agency, even if it has legal personality;
- (ii) Municipalities and federations and associations thereof;
- (iii) Real estate that has been classified as a national monument or as property in the public interest, in accordance with the applicable legislation;
- (iv) Foreign governments in respect of real estate acquired as premises for diplomatic or consular representation, where there is reciprocity;
- (v) Social security institutions;
- (vi) Religious or confessional groupings or associations of any persuasion with recognized legal personality;
- (vii) 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;
- (viii) Special charitable or welfare bodies and entities regarded as such and special educational establishments forming part of the education system;
- (ix) 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;
- (x) Urban property acquired or built as a permanent residence for the taxpayer or his dependants, in accordance with the applicable legislation (temporary exemption).

Rates:

Rural real estate: 0.8%.

Urban real estate: between 1.1% and 1.3% (set annually by the municipalities).

Collection:

If the amount of tax payable is less than ESC 20 000, the whole amount must be paid in April. If it is more than ESC 20 000, the tax may be paid in two equal instalments in April and September.

Special features:

Until the Valuation Code is published, the taxable value of urban and rural real estate shall be obtained by capitalizing the income entered in the property registers, such values having been automatically updated to the reference date of 31 December 1988.

Capital gains levy

(Encargo de mais-valias)

Law No 2030 of 22 June 1948; DL No 41616 of 10 May 1958 and DR No 4/83 of 25 January 1983.

Beneficiaries:

Municipalities;
'Junta Autónoma das Estradas' (Highway Authority);
The central government.

Levy payable by:

Natural or legal persons which apply for building permits.

Coverage:

Rural real estate which has not been expropriated is subject to the capital gains levy where, as a result of urban development, road building or the construction of other major transport links, its value increases considerably because of its potential as land for urban construction.

Levy payable on:

- (a) The value determined by arbitration if the building permit is applied for in respect of land which has already been marked out and the value of which has been enhanced by urban development works or the opening of major roads;
- (b) The difference between the value of the property at the date on which the building permit was applied for and its value, in accordance with the economic use to be made of it, at the date on which the building of roads or other transport infrastructure under the jurisdiction of the Junta Autónoma das Estradas was announced.

Rates:

- (a) 50 % of the amount determined by arbitration.
- (b) 50 % of the increase in the value of the real estate.

Collection:

After the granting of the building permit. Payment of the levy in instalments may be allowed.

Real estate transfer tax

(Sisa – Imposto sobre a transferência onerosa da propriedade imobiliária)

DL No 41 969 of 24 November 1958, as last amended by DL No 101/89 of 29 December 1989.

Beneficiaries:

Municipalities.

Tax payable by:

Natural or legal persons purchasing immovable property.

Coverage:

The tax is levied on transfers for consideration of the right of ownership, whether or not full ownership, of immovable property; for the purpose of this tax a specific concept of transfer of ownership of real estate is adopted.

Tax payable on:

The transfer value of the immovable property, as determined in accordance with rules laid down by law.

Exemptions:

There are different types of exemption, including the following:

- (i) purchases of real estate for resale under certain conditions;
- (ii) the purchase of a dwelling for permanent occupation by the purchaser, provided that the value on which the tax is to be levied does not exceed ESC 6 million.

Rates:

10% on transfers of urban buildings or building land and 8% in other cases.

In the case of transfers of buildings or of independent parts of urban buildings intended exclusively for use as residential premises, the rates are as follows:

Value to which the tax is applied (ESC)	Marginal rate (%)	Rebate (ESC)
Up to 6 million	0	–
6 million to 9 million	5	300 000
9 million to 12 million	11	840 000
12 million to 15 million	18	1 680 000
15 million to 18 million	26	2 880 000
More than 18 million	Single rate of 10%	

Reductions:

4% on purchases of buildings or land for buildings which are to be used to set up industries which will further the country's economic development, or intended for the expansion of companies to permit new lines of production, the reduction of costs or the improvement of product quality, or for the establishment of health facilities of major benefit to the country.

The code also provides for other situations in which reduced rates of tax apply.

Collection:

Generally prior to the act or deed of transfer of property.

Inheritance tax and gift tax

(Imposto sobre as sucessões e doações)

DL No 41969 of 24 November 1958, as last amended by DL No 252/89 of 9 August 1989 and Law No 101/89 of 29 December 1989.

Beneficiary:

The central government.

Tax payable by:

The persons to whom the goods are transferred (heirs and legatees).

Tax payable on:

The transfer free of charge of movable and immovable property.

Exemptions apply up to the following limits:

Transfer between spouses	ESC 500 000
Transfer to relatives in the descending line	ESC 500 000
Transfer to parents	ESC 250 000
All transfers, effected free of charge or as a result of death, of a value not exceeding	ESC 50 000

Exemptions:

- (i) Inheritances, legacies and gifts received by bodies of public interest and public utilities, and also by museums, libraries and schools and educational, scientific, literary, artistic, charitable, philanthropic and welfare institutions or associations.
- (ii) The central government and any government departments, even if they have legal personality; local authorities and federations and associations thereof.
- (iii) Transfers of copyright, death grants, gifts from philanthropic establishments and family allowances due on the date of death.

Rates:

All the property received, albeit at different times, from the legator or donor, must be considered as one whole for the purpose of determining the rate applicable.

For transfers	Percentage						
	Up to ESC 500 000	From ESC 500 000.01 to ESC 2 000 000	From ESC 2 000 000.01 to ESC 5 000 000	From ESC 5 000 000.01 to ESC 10 000 000	From ESC 10 000 000.01 to ESC 25 000 000	From ESC 25 000 000.01 to ESC 50 000 000	More than ESC 50 000 000
To offspring who are minors	–	4	7	10	14	18	23
To spouses or to descendants other than the above	–	6	9	12	16	20	25
To ascendants or between brothers and sisters	7	10	13	16	21	26	32
Between collaterals in the third degree	13	17	21	25	31	38	45
Between any other parties	16	20	25	30	36	43	50

Reductions:

Where the same property is bequeathed twice within a five-year period, the rates applicable to the second transfer are reduced by half.

Special features:

The coverage is not determined by the place of residence of the transferor or of the beneficiary, because the tax is levied only on property situated on Portuguese territory. The place of residence of the creditor is, however, the criterion used to determine the location of assets, including company shares.

It should be pointed out that there are special arrangements under which the tax may be paid at a fixed rate, by the deduction of 5 % from the income from certain securities, notably shares issued by commercial companies having their registered office on Portuguese territory and bonds issued by any public or private body (see 'Special features').

Collection:

The tax is paid in six-monthly instalments. The less the tax owed, the greater the number of instalments, which may not exceed 16. Taxpayers may choose, in certain circumstances, to pay the entire amount of the tax, in which case they qualify for a reduced rate of tax.

Special features:

Bonds issued from 1989 to 1992 inclusive are exempt from tax.

Value-added tax

(Imposto sobre o valor acrescentado)

DL No 394-B/84 of 26 December 1984, as last amended by DL No 195/89 of 12 June 1989.

Beneficiary:

The central government.

Tax payable by:

Natural or legal persons which are independently and habitually engaged in activities comprising production, trade or the supply of services, including mining and agriculture and the activities of the professions. If only one taxable operation is carried out, the tax is payable wherever the operation is linked with the conduct of these activities or fulfils the prerequisites for the application of tax on personal income (IRS) or tax on corporate income (IRC).

Natural or legal persons which, under customs legislation, import goods are also liable for tax.

Basis of assessment:

The basis of assessment for operations under the internal system is as a rule the amount obtained or to be obtained in exchange for goods or services from the purchaser, recipient or third party, including taxes, dues and charges, with the exception of VAT, and allied expenses charged to the customer, such as commission, packaging, transport and insurance, if not included in the price.

The taxable value of imports is determined in accordance with customs legislation and includes import duties and any other taxes or charges levied on import, with the exception of VAT, and allied expenses such as commission, packaging, transport and insurance incurred up to the first destination of the goods within Portugal.

There are specific rules for determining the taxable amount in certain situations, both for operations under the internal system and for imports.

Tax payable on:

The transfer of goods or the supply of services by taxable persons and imports of goods, irrespective of who the importer is.

Exemptions:

Exemptions without the right to deduct include the following:

Services supplied by doctors, translators and interpreters; most banking and financial transactions; insurance and reinsurance; lotteries and other forms of gambling; health services and cultural and sporting activities run by non-profit-making organizations; transfers of immovable property subject to the real estate transfer tax and the letting of immovable property.

Deductions:

The tax which must be paid for a given period is determined by subtracting from the amount of tax paid on taxable operations the amount of tax payable on purchases made during the same period.

The right to deduct is subject to a specific set of rules, and the tax paid on the purchase of certain goods and services cannot be deducted (e.g. private motor cars, motor spirit, expenditure on entertainment or luxuries).

Rates:

- (i) Standard rate: 17 %
All transfers of goods and the supply of all services and all imports which are not subject to reduced or increased rates, not exempt and not covered by the zero rate.
- (ii) Reduced rate: 8 %
Foodstuffs not covered by the zero rate; the serving of food and drink in hotels, restaurants, canteens and cafés, etc.; hotel accommodation; passenger transport; the supply of gas, electricity, motor spirit, gas oil, coal, etc.; the services of news agencies.
- (iii) Increased rate: 30 %
Luxury products such as alcoholic beverages, caviar, perfumes, furs, precious stones, articles made entirely or partially from precious metals; firearms; aircraft which cannot be used for public passenger transport or freight.
- (iv) Zero rate:
Essential non-manufactured foodstuffs for human consumption such as meat, fish, eggs, fruit, leguminous and other vegetables; inputs intended solely or mainly for crop and live-stock production and forestry, such as seeds, fertilizer and soil improvers; newspapers, books, periodicals and other publications; medicines.
Exports and transactions considered as equivalent to exports and international transport.

In the autonomous regions of Madeira and the Azores the rates are 12 %, 6 % and 21 % respectively, in addition to the zero rate.

Collection:

Monthly or quarterly.

The monthly declaration must be sent by post, no later than the end of the second month following each tax period, to the department which administers VAT (Serviço de Administração do IVA).

The quarterly declaration must be sent to the same department no later than the 15th day of the second month following each quarter of the calendar year in the case of taxpayers whose volume of business in the preceding calendar year was less than ESC 30 million.

Special arrangements:

In the case of small retailers, taxpayers whose volume of purchases in the preceding calendar year amounted to less than ESC 7.5 million, the tax due is calculated on a quarterly basis through the application of a 25 % coefficient to the amount of the tax paid on purchases of goods for resale which were effected in each quarter of the calendar year. From the amount determined in this way only the tax paid on plant and machinery and on goods not intended for sale may be deducted, with the exception of goods not covered by the right to deduct (private motor cars, pleasure-boats, motor cycles, etc.).

Small taxpayers whose volume of business in the preceding calendar year was less than ESC 800 000 may qualify for special VAT-exemption arrangements. They do not pay VAT in the conduct of their activities, but neither are they able to deduct the VAT which they pay on purchases.

Consumption duty on tobacco

(Imposto de consumo sobre o tabaco)

DL No 149-A/78 of 19 June 1978, as last amended by DL No 489/88 of 30 December 1988.

Beneficiary:

The central government.

Tax payable on:

Manufactured tobacco and other tobacco products.

Tax payable by:

- (a) The manufacturer, in the case of domestically manufactured tobacco intended for consumption in the particular national territory in which it has been manufactured, when the product leaves the bonded premises;
- (b) The importer or purchaser in the case of domestically manufactured tobacco intended for consumption outside the national territory of its manufacture and in the case of imported tobacco, at the time of numbering of the certificate of release for free movement and/or consumption.

Rates:

Cigarettes:

Specific component: ESC 452 per 1 000 cigarettes;
Ad valorem component: 54 % of the retail sale price.

Other products of manufactured tobacco:

	<i>% of retail sale price</i>
Cigars	26.21
Cigarillos	26.21
Cut tobacco	26.21
Snuff	16.21
Chewing tobacco	16.21

Popular 'Kentucky' brand cigarettes:

Specific component: ESC 452 per 1 000 cigarettes;
Ad valorem component: 40.5 % of the retail sale price.

Special consumption duty on certain spirituous beverages

(Imposto especial sobre o consumo de certas bebidas alcoólicas)

DL No 342/85 of 22 August 1985, as last amended by DL No 135/89 of 27 April 1989.

Beneficiary:

The central government.

Tax payable by:

Producers and importers.

Tax payable on:

- (a) spirits obtained by distilling grape wine, old or prepared;
- (b) spirits and other spirituous beverages, the composition or preparation of which incorporates ethyl alcohol not obtained by distilling grape wine (with the exception of spirits distilled from sugar cane, figs or other directly fermentable fruit and/or rum distilled from sugar cane);
- (c) aquavit;
- (d) brandy;
- (e) genever;
- (f) gin;
- (g) liqueurs;
- (h) vodka;
- (i) whisky.

Rates:

The amount of the duty is determined on the basis of the pure alcohol contained in the above beverages measured at a temperature of 15°C:

The duty payable is ESC 500 per litre of pure alcohol.

Exemptions:

Exports.

Special consumption duty on beer

(Imposto especial sobre o consumo de cerveja)

DL No 343/85 of 22 August 1985, as amended by DL No 164/89 of 15 May 1989 and DL No 165/90 of 23 May 1990.

Beneficiary:

The central government.

Tax payable by:

Producers and importers.

Tax payable on:

Beer.

Tax due when:

The product leaves the manufacturing premises or, in the case of imports, at the time of customs clearance.

Rate:

ESC 18 per litre.

Exemptions:

Exports or goods placed in bonded warehouses or duty-free shops, for as long as they have such status. The exemptions provided for in Articles 13 and 15 of the VAT Code also apply.

Collection:

Monthly, the duty being payable at the end of the second month following that in respect of which it is levied.

In the case of imports, the duty must be paid upon customs clearance.

Domestic consumption duty on coffee

(Imposto interno sobre o consumo de café)

DL No 82/86 of 6 May 1986, as last amended by DL No 94/88 of 21 March 1988.

Beneficiary:

The central government.

Tax payable on:

Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion (of heading No 09.01 in the customs tariff).

Collection:

The duty is collected upon customs clearance in the case of imported products.

Rate:

ESC 120 per kg.

Special features:

Where the duty is levied on green or unroasted coffee, the taxable weight is reduced by 20 %.

Stamp duty

(Imposto de selo)

DL No 12 700 of 20 November 1926, as last amended by DL No 387-F/87 of 30 December 1987 and Law No 2/88 of 26 January 1988.

Beneficiary:

The central government.

Tax payable on:

All documents, books, papers, deeds and products subject to this tax.

Exemptions:

These depend on each type of coverage and so vary considerably.

Rates:

The many documents and deeds subject to tax include the following:

- (i) Documents constituting proof of payment:
 - Receipts or any other documents constituting proof of payment for transactions or services rendered or any other operation involving the disbursement of money, securities or objects 4.5^{0/00}
 - The tax is not levied on documents constituting proof of payment of operations subject to VAT whether or not exempt from VAT.
- (ii) Bills of exchange drawn in Portuguese territory:
 - (a) Up to ESC 2 600 000 variable, according to the value of the bill
 - (b) More than ESC 2 600 000 4^{0/00}
- (iii) Bills of exchange drawn abroad:
 - (a) Where accepted or paid in Portuguese territory 4^{0/00}
 - (b) Where intended for payment abroad but negotiated in Portuguese territory 4^{0/00}
- (iv) Promissory notes:
 - (a) When discounted in banking establishments 2.5^{0/00}
 - (b) In the remaining cases 4^{0/00}
- (v) Banking operations:
 - (a) Draft on a foreign account, gold certificates issued, foreign coins and notes and public funds, or negotiable securities sold 9^{0/00}
 - (b) Interest charged by banking establishments, notably on discounting bills of exchange and treasury bills, loans, credit accounts and additional capital and on credit being paid off 9^{0/00}
 - (c) Premiums and interest on bills drawn, and bills to be received on another party's account, national drafts or any transfers and in general on all commission charged 9^{0/00}

A large number of other documents, deeds or situations are subject to stamp duty, notably lines of credit, sureties, announcements, advertisements or any other form of publicity, insurance policies, cheques, deeds, wills, lottery prizes, totalizator bets and other forms of gambling, official (State) diplomas and official literary or scientific attestations, car registration papers, etc.

Collection:

Stamp duty is payable by means of a fiscal stamp, a stamp known as 'selo de verba', an ink or oil stamp, or a special stamp, as provided for by law.

Motor vehicle tax

(Imposto automóvel)

DL No 405/87 of 31 December 1987, as amended by DL No 152/89 of 10 May 1989.

Beneficiary:

The central government.

Tax payable by:

Manufacturers or importers.

Tax payable on:

Light-duty passenger and composite motor vehicles, racing vehicles and vehicles designed chiefly for carrying passengers, with the exception of motor caravans, imported into Portugal in the new or used state, or assembled or manufactured in Portugal, and registered therein. Light-duty goods vehicles which, after having been released for free circulation, are converted into passenger or composite vehicles whose gross weight is less than 2 500 kg.

Basis of assessment:

The tax is levied once and varies according to the cylinder capacity group to which the vehicle belongs.

Rates:

Cylinder capacity (cm ³)	Rate	Rebate (ESC)
Up to 800	ESC 95 per cm ³	-
801 to 1 000	ESC 200 per cm ³	84 000
1 001 to 1 250	ESC 420 per cm ³	304 000
1 251 to 1 500	ESC 735 per cm ³	697 750
1 501 to 1 750	ESC 390 per cm ³	-
1 751 to 2 000	ESC 1 040 per cm ³	-
Over 2 000	ESC 1 700 per cm ³	-

Reductions and exemptions:

- (i) The amount of tax due is reduced by 70 % in the case of vehicles purchased for self-drive hire (categories A and T);
- (ii) Vehicles imported by persons moving to Portugal, in accordance with the conditions laid down in the relevant Community Directives;
- (iii) Vehicles manufactured before 1945 and classified as vintage vehicles by the International Federation of Vintage Automobiles (FIVA) or the affiliated Portuguese club, where they are deemed important to the national cultural heritage;
- (iv) Ambulances and fire service vehicles imported by fire brigades and associations.

Special features:

A 10 % reduction is granted on the tax payable on used motor vehicles imported more than two years after they were first registered.

Tax on vehicles

(Imposto sobre vehículos)

DL No 599/72 of 30 December 1972, as last amended by Law No 2/88 of 26 January 1988.

Beneficiary:

Municipalities.

Tax payable by:

Vehicle owners.

Tax payable on:

Use of:

- (a) light-duty passenger and composite motor vehicles not exceeding 2 500 kg gross weight;
- (b) aircraft for private use;
- (c) pleasure-boats for private use;
- (d) motor cycles.

Basis of assessment:

The tax is based on age and cylinder capacity in the case of motor vehicles and motor cycles, on maximum authorized weight at take-off in the case of aircraft and on gross registered tonnage, engine rating and age in the case of pleasure-boats.

Exemptions:

- (i) The central government and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; public utilities within the meaning of the applicable legislation;
- (ii) Foreign States where there is reciprocity of treatment;
- (iii) The staff of diplomatic and consular missions under the relevant agreements;
- (iv) Handicapped persons with 60 % or more disability;
- (v) Motor vehicles which are the property of driving schools and are used for driving instruction;
- (vi) Aircraft which are used for instruction and training and which are the property of flying schools and clubs (operating with the authorization of the Directorate-General for Civil Aviation);
- (vii) Motorless aircraft and boats of up to 2 gross registered tonnes, without a motor or with one not exceeding 25 hp.

Rates:

(a) Light-duty passenger and composite motor vehicles

(ESC)

Group	Motor vehicles			Annual tax based on age of motor vehicle		
	Fuel utilized		Electrically driven – Total voltage	Up to 6 years – Scale 1	Over 6 and up to 12 years – Scale 2	Over 12 and up to 25 years – Scale 3
	Motor spirit – Cylinder capacity (cubic centimetres)	Other – Cylinder capacity (cubic centimetres)				
A	up to 1 000	up to 1 500	up to 100	1 410	690	310
B	over 1 000 and up to 1 300	over 1 500 and up to 2 000	over 100	2 840	1 370	630
C	over 1 300 and up to 1 750	over 2 000 and up to 3 000	–	4 630	2 230	950
D	over 1 750 and up to 2 600	over 3 000	–	11 750	5 660	2 060
E	over 2 600 and up to 3 500	–	–	18 880	9 000	4 120
F	over 3 500	–	–	33 490	15 440	6 330

(b) Aircraft for private use

(ESC)

Group	Aircraft – Maximum authorized weight on take-off (kg)	Annual tax
L	Up to 600	4 260
M	Over 600 and up to 1 000	14 250
N	Over 1 000 and up to 1 400	35 640
O	Over 1 400 and up to 1 800	64 150
P	Over 1 800 and up to 2 500	99 790
Q	Over 2 500 and up to 4 200	178 200
R	Over 4 200 and up to 5 700	356 400
S	Over 5 700	891 000

(c) Pleasure-boats for private use

(ESC)

Group	Pleasure-boats – Specifications		Annual tax based on age of the boat			
			Up to 15 years Scale 1		Over 15 years Scale 2	
	Gross registered tonnage	Power rating	Per gross registered tonne or fraction thereof	Per 10 hp of total power rating or fraction thereof	Per gross registered tonne or fraction thereof	Per 10 hp of total power rating or fraction thereof
T	Up to 2 t	Over 25 hp	630	230	310	110
U	Over 2 t and up to 5 t	Up to 50 hp	890	270	420	130
		Over 50 hp	1 020	350	500	170
V	Over 5 t and up to 10 t	Up to 100 hp	1 130	350	550	170
		Over 100 hp	1 300	460	630	230
X	Over 10 t and up to 20 t	Up to 100 hp	1 410	460	690	230
		Over 100 hp	1 670	580	810	280
Y	Over 20 t and up to 50 t ¹	Up to 100 hp	1 700	580	820	280
		Over 100 hp	1 990	700	960	350
Z	Over 50 t	Up to 100 hp	2 020	700	970	350
		Over 100 hp	2 380	950	1 150	470

¹ The rates in respect of Group Y are reduced by 50 % in the case of craft converted from fishing vessels, merchant vessels, lifeboats or vessels destined for the breakers' yard, subject to compliance with Article 6(4) of DL No 143/78 of 12 June 1978.

(d) Motor cycles

(ESC)

Group	Motor cycles – Cylinder capacity (cubic centimetres)	Annual tax based on age of motor cycle		
		Up to 5 years – Scale 1	From 5 to 10 years – Scale 2	From 10 to 15 years – Scale 3
G	180 to 250	220	–	–
H	Over 250 and up to 350	440	220	–
I	Over 350 and up to 500	1 410	690	310
J	Over 500 and up to 750	4 630	2 230	950
K	Over 750	9 430	4 460	2 060

Special tax on vehicles, pleasure-boats and aircraft

(Imposto especial sobre veículos, barcos e aeronaves)

Law No 34/83 of 21 October 1983, as last amended by DL No 154/89 of 11 May 1989.

Beneficiary:

The central government.

Tax payable by:

The owners of motor vehicles, aircraft, pleasure-boats and motor cycles.

Coverage:

The use of:

- (a) Light-duty passenger vehicles and light-duty composite vehicles of a gross weight not exceeding 2500 kg, and of a cylinder capacity exceeding 1750 cc and 2500 cc respectively, in the case of vehicles which have petrol or diesel engines and are less than five years old;
- (b) Aircraft which weigh over 1400 kg on take-off and are less than 15 years old;
- (c) Pleasure-boats which exceed 2 gross registered tonnes and are less than 15 years old;
- (d) Motor cycles which have a cylinder capacity exceeding 500 cc and are less than 10 years old.

Basis of assessment:

The tax is paid on the basis of the age of the vehicles, vessels or aircraft, and account is also taken of the cylinder capacity of motor vehicles, and motor cycles, the maximum authorized weight on take-off of aircraft, and the gross registered tonnage and propelling power of pleasure-boats.

Exemptions:

- (i) The central government and any government department, establishment or agency, even if it has legal personality; local authorities and associations thereof; public utilities within the meaning of the applicable legislation.
- (ii) Foreign States where there is reciprocity of treatment.
- (iii) The staff of diplomatic and consular missions under the relevant agreements.
- (iv) Taxis (categories A and T);
- (v) Motor vehicles which are the property of driving schools and are used for driving instruction.
- (vi) Aircraft which are used for instruction and training and which are the property of flying schools and clubs operating with the authorization of the Directorate-General for Civil Aviation;
- (vii) Aircraft used solely for agricultural or forestry purposes.

Rates:

(a) Light-duty and passenger motor vehicles

Fuel		Annual rate
Motor spirit (cm ³)	Gas oil (cm ³)	ESC
From 1750 to 2600	From 2000 to 2600	40 000
Over 2600	Over 2600	60 000

(b) Motor cycles ESC 15 000

(c) Aircraft

Maximum authorized weight on take-off (kg)	Annual rate (ESC)
From 1 400 to 1 800	100 000
From 1 800 to 2 500	150 000
From 2 500 to 4 200	200 000
From 4 200 to 5 700	300 000
Over 5 700	500 000

(d) Pleasure-boats

- Over 2 tonnes and up to and including 5 tonnes:
ESC 600 per tonne or fraction of a tonne;
ESC 300 per unit of horsepower or fraction of horsepower;
- Over 5 tonnes and up to and including 10 tonnes:
ESC 800 per tonne or fraction of a tonne;
ESC 400 per horsepower or fraction of horsepower;
- Over 10 tonnes and up to and including 20 tonnes:
ESC 1 000 per tonne or fraction of a tonne;
ESC 500 per unit of horsepower or fraction of horsepower;
- Over 20 tonnes and up to and including 50 tonnes:
ESC 1 200 per tonne or fraction of a tonne;
ESC 600 per unit of horsepower or fraction of horsepower;
- Over 50 tonnes:
ESC 1 400 per tonne or fraction of a tonne;
ESC 700 per unit of horsepower or fraction of horsepower.

Collection:

Annual.

Special domestic consumption duty on motor spirit, ethers and oils not otherwise specified, mineral oils and lamp oils

(Imposto interno de consumo sobre a gasolina, éteres e essências não especificadas, óleos minerais e óleos próprios para iluminação)

DL No 133/82 of 23 April 1982, as last amended by DL No 448/89 of 30 December 1989.

Beneficiary:

The central government.

Tax payable by:

Producers and importers.

Tax payable on:

Motor spirit, ethers and oils not otherwise specified, mineral oils which are not flammable at normal temperature and distil completely at under 245°C, and lamp oils.

Rates:

Customs subheadings	Rates
27 10 00 11 and 27 10 00 15	ESC 4 per kg
27 10 00 21 to 27 10 00 39	ESC 4 per litre at 15°C
27 10 00 51 to 27 10 00 55	ESC 1 per litre at 15°C

Exemptions:

Mineral oils classified in subheadings 27 10 00 21 and 27 10 00 25 of the Harmonized Commodity Description and Coding System, where they are intended exclusively for industrial uses (except as fuel) and have not been assigned to any other purpose.

Tax on petroleum products

(Imposto sobre produtos petrolíferos)

Law No 9/86 of 30 April 1986, as last amended by Law No 101/89 of 29 December 1989.

Beneficiary:

The central government.

Tax payable by:

'Electricidade de Portugal' in the case of town gas; holders of the declaration of import for consumption in the case of the other products.

Coverage:

- Motor spirit, super and regular;
- Kerosene for lighting and for power;
- Gas oil;
- Fuel oils;
- Chemical naphtha;
- Liquefied petroleum gas;
- Bottled gas;
- Town gas.

Rates:

The rates are variable and correspond to the difference between the selling price to the public and the cost, which includes the tax charges resulting from the application of value-added tax, the domestic consumer tax on motor spirit and import duties.

Collection:

Monthly.

Road taxes – Road licence, compensation tax and road haulage tax

(Impostos rodoviários – Imposto de circulação, imposto de compensação e imposto de camionagem)

DL No 45 331 of 28 October 1963; DL No 46 066 of 7 December 1964; DL No 354-A/82 of 4 September 1982, as last amended by DL No 110/88 of 2 April 1988.

Beneficiary:

The central government.

Tax payable by:

Vehicle owners.

Tax payable on:

- (a) Road licence – motor vehicles (motor cycles, light-duty or heavy-duty vehicles and tractors) and trailers for private goods transport;
- (b) Road haulage tax – motor vehicles for public goods transport;
- (c) Compensation tax – private motor vehicles which operate on diesel.

Rates:

- (a) Road licence: variable, according to the area in which the vehicle is authorized to operate and to its gross weight;
- (b) Road haulage tax: variable, according to the area in which the vehicle is authorized to operate and its gross weight;
- (c) Compensation tax:

Light-duty passenger and composite motor vehicles up to 2500 kg gross weight:	ESC 42 000
Other	ESC 12 000

Exemptions:

Compensation tax:

- (i) The central government and any government department, establishment or agency, even if it has legal personality; local authorities and federations and associations thereof; bodies of public interest and public utilities;
- (ii) Foreign States where there is reciprocity of treatment;
- (iii) The staff of diplomatic and consular missions under the relevant agreements;
- (iv) Handicapped persons with 60% or more disability;
- (v) Heavy-duty passenger vehicles;

- (vi) Vehicles licensed for public transport, and for self-drive rental;
- (vii) Vehicles registered for driving instruction or for sale and vehicles in circulation bearing transit plates in compliance with the applicable legislation;
- (viii) Farm tractors.

Collection:

Annual.

Tax on night-clubs, discos and like establishments open after midnight

(Imposto sobre boites, night-clubs, discotecas, cabarés, dancings e locais nocturnos congéneres abertos depois da meia-noite)

Law No 36/83 of 21 October 1983.

Beneficiary:

The central government.

Tax payable by:

Owners of the above taxable establishments.

Rates:

(a) Luxury night-clubs	ESC 50 000
(b) Other night-clubs and like establishments restricted to card-carrying members, discos, etc.	ESC 30 000
(c) Like premises for night entertainment.	ESC 15 000

Collection:

Monthly.

Gaming tax

(Imposto sobre o jogo)

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:

- (i) The central government.
- (ii) Tourism Fund.

Tax payable by:

Concession-holders for the operation of games of chance, the tax representing a special duty on gaming activities.

Tax payable on:

Percentage on the capital initially staked;

Percentage on the gross bank profits.

The tax is paid differently in the case of non-bank games, automatic gaming machines and bingo.

Rates:

Variable according to the type of gaming.

Collection:

Monthly.

Tax on insurance premiums

(Imposto sobre os prémios de seguro)

DL No 17555 of 9 November 1929, as amended by DL No 171/87 of 20 April 1987; DL No 179/82 of 15 May 1982; DL No 418/80 of 29 September 1980; Ruling (dispacho normativo) No 3/87 of 23 January 1987; Law No 2/88 of 26 January 1988.

Beneficiaries:

The central government;
Instituto de Seguros de Portugal (Insurance Institute of Portugal);
Instituto Nacional de Emergência Médica (National Medical Emergencies Institute);
Serviço Nacional de Bombeiros (National Fire Brigade Service).

Basis of assessment:

The amount of the insurance premium.

Rates:

- For the central government:
 - 1.75% on the revenue actually received, net of rectifications or cancellations, from insurance premiums directly underwritten by undertakings, with the exception of life assurance.
- For the Instituto de Seguros de Portugal:
 - 0.25% on the revenue actually received from direct life assurance, except where pension funds are concerned;
 - 0.45% on the revenue actually received from other types of direct insurance.
- For the Serviço Nacional de Bombeiros:
 - 12% on fire insurance premiums;
 - 6% on agricultural and livestock insurance premiums.
- For the Instituto Nacional de Emergência Médica:
 - 1% of the premiums on the following types of cover in mainland Portugal: life assurance (in case of death) and related additional cover and insurance in respect of sickness, accidents, road vehicles and civil liability in connection with road motor vehicles.

Taxes abolished or repealed

- P 21 Cadastral tax**
(Imposto do cadastro)
Abolished upon the entry into force of Law 1/79 of 2 January 1979.
- P 22 Sales transaction tax**
(Imposto de transacções)
Abolished by DL No 394-B/84 of 26 December 1984, as from 1 January 1986.
- P 23 Stamp tax on pharmaceutical specialities**
(Imposto de selo sobre especialidades farmacêuticas)
Abolished by DL No 394-B/84 of 26 December 1984, as from 1 January 1986.
- P 24 Merchant marine taxes**
(Impostos sobre a marinha mercante)
Abolished by Law No 49/86 of 31 December 1986.
- P 25 Tax on trade in arms and munitions**
(Imposto do comércio de armamento e munições)
Abolished by Law No 49/86 of 31 December 1986.
- P 26 Forestry development tax**
(Imposto de desenvolvimento florestal)
Abolished by Law No 49/86 of 31 December 1986.
- P 27 Industrial tax**
(Contribuição industrial)
- P 28 Agricultural tax**
(Imposto sobre a indústria agrícola)
- P 29 Real estate tax**
(Contribuição predial)
- P 30 Withholding tax**
(Imposto de capitais)

- P 31** **Income tax**
(Imposto profissional)
- P 32** **Complementary tax (Category A) – Natural persons**
(Imposto complementar (Categoria A) – Pessoas singulares)
- P 33** **Complementary tax (Category B) – Legal persons**
(Imposto complementar (Categoria B) – Pessoas colectivas)
- P 34** **Capital gains tax**
(Imposto de mais-valias)
- P 35** **Petroleum revenue tax**
(Imposto sobre o rendimento do petróleo)
- P 36** **Special taxes**
(Impostos extraordinários)
- P 37** **Tax on the use, carrying and possession of weapons**
(Imposto do uso, porte e detenção de armas)
- P 38** **Tax on motor vehicle sales**
(Imposto sobre a venda de veículos automóveis)
- P 39** **Tax on mining activities**
(Imposto sobre minas)
- P 40** **Tax on fishing activities – Fixed-rate licence**
(Imposto sobre a pesca – Taxa de licença fixa)
- P 41** **Fire service tax**
(Imposto de serviço de incêndios)
- P 42** **Consumption duty on spirituous beverages**
(Imposto de consumo sobre bebidas alcoólicas)
- Replaced by the Special consumption duty on certain spirituous beverages (Imposto especial sobre o consumo de certas bebidas alcoólicas).
- P 43** **Consumption duty on beer**
(Imposto de consumo sobre a cerveja)
- Replaced by the Special consumption duty on beer (Imposto especial sobre o consumo de cerveja).

- P 44** **Consumption duty on coffee**
(Imposto de consumo sobre o café)
- Replaced by the Domestic consumption duty on coffee (Imposto interno sobre o consumo de café).
- P 45** **Fiscal stamps and stamp duty**
(Estampilhas fiscais e imposto de selo)
- Replaced by the Stamp duty (Imposto de selo).
- P 46** **Special tax on vehicles**
(Imposto especial sobre veículos)
- Replaced by Special tax on vehicles, pleasure-boats and aircraft (Imposto especial sobre veículos, barcos e aeronaves).
- P 47** **Domestic consumption tax**
(Imposto interno de consumo)
- Replaced by the Special domestic consumption duty on motor spirit, ethers and oils not otherwise specified, mineral oils and lamp oils (Imposto interno de consumo sobre a gasolina, éteres e essências não especificadas óleos minerais e óleos próprios para iluminação).
- P 48** **Road taxes**
(Impostas rodoviários)
- Replaced by the Road taxes – road licence, compensation tax and road haulage tax (Impostos rodoviários – Imposto de circulação, imposto de compensação, imposto de camionagem).
- P 49** **Entertainments tax**
(Imposto e taxas sobre espectáculos e divertimentos públicos)
- Replaced by the Tax on night-clubs, discos and like establishments open after mid-night (Imposto sobre boites, night-clubs, discotecas, cabarés, dancings e locais nocturnos congéneres abertos depois da meia-noite).

UNITED KINGDOM

Income tax

Income and Corporation Taxes Act 1988; Finance Acts 1988 to 1989.

Beneficiary:

The central government.

Tax payable by:

Persons resident or ordinarily resident in the United Kingdom and persons to whom income arises in the United Kingdom.

Basis of assessment:

Total income from all sources less allowable deductions. Certain losses and necessary work expenses may be offset against income, and allowances are granted for expenditure on certain capital equipment.

Exemptions:

Among others, certain social security benefits, wound and disability pensions of members of the armed forces, war widow's pensions, income from educational scholarships in the hands of the recipient. Dividends from investment in personal equity plans, interest on National Savings Certificates, the first UKL 70 interest on ordinary accounts with the National Savings Bank and gambling winnings. Charitable bodies are also generally exempt.

Deductions:

Tax allowances for single people and married couples. Higher allowances for people aged over 65 with modest incomes. Additional allowances for single parents, recently widowed women and registered blind people. Relief for interest paid on loans to purchase a main residence and on purchase of shares under Business Expansion Scheme. Also for premiums on insurance to provide a retirement annuity, contributions to approved pension schemes and private medical insurance schemes.

Married couples:

The income of married couples is aggregated and taxed as one income, but a higher tax allowance is given than for a single person and there is a separate allowance against the wife's earned income. A husband and wife may jointly elect that the wife shall be taxed on her earnings as if she were not married. In such cases each receives a single person's allowance. Children's own income: tax is assessed separately on such income.

UK 1

Independent taxation:

From April 1990 married couples' incomes will no longer be aggregated. Everyone will be entitled to an individual personal allowance to set against any kind of income. A husband will also be entitled to an additional married couples' allowance: he will be able to transfer any unused part of this allowance to his wife.

Non-residents:

Non-residents are subject to tax on income arising in the United Kingdom, with certain exceptions. There are special provisions regarding deductions for personal allowances for non-resident individuals.

Collection:

Tax is assessed annually. In the case of income from employment and occupational pensions, tax is deducted at source by the employer (see 'Income tax – Employment income'). Tax is deducted at source from some income from abroad paid through an agent in the United Kingdom, and from certain annual payments.

The tax year is from 6 April to the following 5 April, but for some sources income is computed by reference to the income of the previous year, and business profits of an accounting year are treated as being those of the tax year.

Rates:

Basic rate: 25%. Higher rate (charged on taxable income over a certain amount): 40%.

Special features:

Tax on partnership profits is assessed on the partnership, but the liability takes account of the shares and personal circumstances of the individual partners.

Income tax – Employment income

Income and Corporation Taxes Act 1988, Part V

Beneficiary:

The central government.

Tax payable by:

United Kingdom residents receiving payment for employment in the United Kingdom. Non-residents paid for work done in the United Kingdom.

From 6 April 1974 a person who is both resident and ordinarily resident in the United Kingdom is, in general, liable to income tax on the whole of his earnings wherever they arise. Over the period from 6 April 1974 special deductions have been available in certain circumstances when employment is carried out wholly or partly abroad. Currently there is a deduction of 100% available where there is a qualifying absence abroad of at least 365 days. A person who is not resident in the United Kingdom is liable to income tax on his earnings for duties performed in the United Kingdom (unless exempt under a double taxation agreement).

A person who is resident but not ordinarily resident in the United Kingdom is liable to tax on earnings outside the United Kingdom only to the extent that they are remitted to the United Kingdom. A person who is resident and ordinarily resident in the United Kingdom but domiciled outside the United Kingdom and employed by a non-resident concern is liable to tax on emoluments for duties performed abroad unless the duties are performed wholly outside the United Kingdom, in which case only those emoluments which are remitted to the United Kingdom are taxable.

Basis of assessment:

All earnings including most benefits in kind, less personal allowances and allowable deductions.

Exemptions:

Employees earning less than UKL 8500 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 an assessment is made.

Corporation tax

Income and Corporation Taxes Act 1988, as amended by the Finance Acts of 1988 and 1989.

Beneficiary:

The central government.

Tax payable by:

Companies, corporate bodies and unincorporated associations including members' clubs and trade associations, but not partnerships of individuals, local authorities or local authority associations. Non-resident companies with profits arising from operations in the United Kingdom. Special provisions apply to authorized unit and investment trusts, investment companies, life assurance companies, trusts, building societies, industrial and provident societies and mutual companies.

Basis of assessment:

All profits, (including income and capital gains) with the exemption of dividends and other distributions received from resident companies.

Exemptions:

Charitable bodies are generally exempt from corporation tax on their income.

Deductions:

Expenses incurred for the purpose of the business. Depreciation allowances are allowed on certain types of capital expenditure (e.g. plant and machinery).

Collection:

Annual assessment of profits arising in a financial year (1 April to 31 March) at a rate normally fixed in the budget at about the end of the company's accounting period. The tax rate applies to a previous financial year. An apportionment is made where an accounting period spans two financial years and tax rates differ. Tax is currently generally payable nine months after the end of the accounting period and this will invariably be true from about 1990 (depending on the circumstances). On payment of a dividend a company is required to make an advance payment of corporation tax proportionate to the amount of the dividend. This advance payment of corporation tax can be offset against the company's main corporation tax liability.

Rates:

Main rate is 25%.

The small companies rate does not apply to certain investment companies under the control of five or fewer individuals.

Carry-over of losses:

Trading losses may be offset against future income from the same trade or against other profits of the same or previous accounting period.

Special features:

The current losses of a member of a group of companies may be set against the current profits of other members. Where payments of dividends are made between members of a group, the group member paying the dividend may elect not to make an advance payment of corporation tax.

A resident shareholder is entitled to a tax credit (representing part of the corporation tax paid by the company) in respect of the dividends he receives. This tax credit may be set against his income tax liability.

Special rules for North Sea oil:

Under the Oil Taxation Act 1975, profits from oil extraction activities in the UK may not be reduced by losses from other activities. Any petroleum revenue tax liability arising in an accounting period is a deduction for corporation tax purposes.

Capital gains tax

Capital Gains Tax Act 1979 (with effect from 6 April 1979, this consolidated existing provisions); Income and Corporation Taxes Acts 1970 and 1988, as amended by Finance Acts 1980 to 1989.

Beneficiary:

The central government.

Tax payable by:

Persons, including companies, resident or ordinarily resident in the United Kingdom. Persons not resident or not ordinarily resident but carrying on a trade in the United Kingdom through a branch or agency on gains on the disposal of chargeable assets situated in the United Kingdom and used for the purpose of that trade branch or agency.

Tax payable on:

Gains on the disposal of chargeable assets¹ wherever situated. Disposal includes any occasion when the ownership of an asset is transferred in whole or in part (except on death), for example by sale, exchange or gift; or when the owner of an asset derives a capital sum from it. Disposal also includes certain deemed disposals, for example on a company ceasing to be resident in the United Kingdom or on a non-resident person ceasing to carry on a trade in the United Kingdom through a branch or agency.

An individual not of United Kingdom domicile is liable on gains on assets situated abroad only to the extent that the gains are remitted to the United Kingdom.

Basis of assessment:

Chargeable gains less allowable losses in a year of assessment or accounting period in the case of a company.

Exemptions:

- Persons wholly or partially exempted include local authorities, charities, approved pension schemes, friendly societies, registered trade unions, authorized unit and investment trusts and other persons qualifying for exemption from income tax.
- The first UKL 5 000 of an individual's gains in a year are exempt. This figure is index-linked.

¹ With certain exceptions all forms of property or interests or rights in or over property. The main exceptions are an individual's principal private residence; chattels worth UKL 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.

- Subject to certain conditions and limits, gains accruing to an individual who retires for reasons of ill health or over the age of 60 on the disposal of a business or of shares in a family trading company or group are exempt.

Reliefs:

- When the sale proceeds are reinvested in new business assets, gains on certain classes of business assets may be deducted from the cost of the new assets instead of being charged to tax.
- The tax on gains arising on gifts and transfers out of trust may in certain circumstances be deferred.
- Capital losses which arise to the original shareholder on disposals of new issues of unquoted shares in trading companies may, subject to certain conditions, be set against income.
- Transfers of assets between members of a group of companies are treated as giving rise to neither gain nor loss. A group of companies for this purpose comprises a principal company and its 75% subsidiaries all of which are resident in the United Kingdom.
- Special provisions apply where companies are amalgamated or acquired by an exchange of share capital or where a company acquires part of the business of another company by issuing shares or securities.
- Transfers of assets between spouses are treated as giving rise to neither a gain nor a loss.

Computation of gains:

In general, the consideration received for disposal (or the market value if there is no consideration or the transaction is not at arm's length) less the cost of acquisition together with expenses of acquisition and disposal and certain other allowable expenditure on the asset. Any amount charged to income tax or corporation tax as income or taken into account as a receipt in calculating income is excluded from the consideration.

In the case of assets owned on 31 March 1982 there are special rules to limit the tax charge to the gain arising since that date. In calculating gains, relief is generally given for the effects of inflation since 1982.

Collection:

By assessment.

Rates:

Individuals' gains are taxed at rates equivalent to income tax rates (25% to 40%).

Companies' gains are charged at normal corporation tax rates (25% and 35% as appropriate).

Trusts' gains are charged at 25% or 35%.

Carry-over of losses:

Usually allowable if a gain in the same transaction would have been chargeable. Losses are set primarily against gains of the same year and any excess may be carried forward without time-limit and set against gains of later years.

Capital transfer tax in the United Kingdom¹

Capital Transfer Tax Act 1984; Finance Act 1985.

Beneficiary:

The central government.

Tax payable on:

The cumulative total of a donor's chargeable transfers within 10 years of the transfer in question whether made during life or at death; this includes:

- (i) *inter vivos* gifts;
- (ii) sales for less than full consideration;
- (iii) property passing on death by will or intestacy;

and there are special provisions for the taxation of property held in settlement, both where there is an interest in possession in the property and where there is not.

All property situated in the United Kingdom is within the scope of capital transfer tax regardless of the domicile of the transferor; property outside the United Kingdom is liable to the tax if the transferor is domiciled within the United Kingdom at the time of the transfer or if certain statutory rules impose a deemed domicile in the United Kingdom on the taxpayer. Settled property situated outside the United Kingdom is chargeable to tax if the settlor was domiciled in the United Kingdom at the time when the settlement was made.

Tax payable by:

In respect of (i) above by the donor; in respect of (ii) above by the vendor; in respect of (iii) above, the legal personal representatives of the deceased; and, in respect of settled property, the trustees of the settled property, except where property is transferred into settlement, where the settlor is accountable.

Note:

Liability for tax on a transfer may rest with more than one person – for example, if tax on a gift is not paid by the due date, it may be recovered from the transferee.

Basis of assessment:

The loss to the transferor is the difference between the value of all the transferor's property immediately before the transfer and its value immediately after the transfer. Thus, if the transferor pays the tax, it is charged on the total of the gift and tax together.

¹ Finance Act 1986 replaced capital transfer tax with inheritance tax (see separate entry) with effect from 17 March 1986.

Exemptions:

These include: the first UKL 55 000 of transfers from a spouse domiciled in the UK to a spouse domiciled abroad; full exemption for transfers between other spouses, the first UKL 3 000 of a donor's total of gifts in a tax year; gifts a donor makes to any donee which in any tax year do not exceed UKL 250; gifts out of income, provided certain conditions are fulfilled; certain dispositions for the maintenance of the family; certain government securities if the holder is neither domiciled nor ordinarily resident in the United Kingdom; and transfers to charities or political parties (with a limit of UKL 100 000 on the total of gifts made to political parties on death or within one year of death). There are also heritage exemptions for historic properties, together with surrounding land essential for the protection of the character and amenities of such buildings and their historically associated contents, land of historic, scenic or scientific interest, and objects and collections of national, artistic, historic or scientific interest. Exemption is conditional on certain undertakings being secured to maintain, preserve and provide public access to, the property or objects in question. Exemptions also extend to maintenance funds established to maintain and preserve heritage property; and all property given or bequeathed to certain institutions concerned with preservation of the national heritage.

Reliefs:

These include reliefs from the capital transfer tax charge on agriculture, businesses, woodlands and trusts for the benefit of employees; reliefs from the capital transfer tax charge on death for quoted securities and immovable property, where the value has fallen since the date of death; and relief for transfers occurring in quick succession. There is a measure of relief for tax paid in other countries in respect of the same transfer. There are double taxation agreements with Ireland, the USA, South Africa, the Netherlands, Sweden, France, India, Italy, Pakistan and Switzerland.

Deductions:

Reasonable funeral expenses and bona fide debts and incumbrances.

Collection:

Tax is, in most circumstances, due six months after the end of the month in which the taxable event occurred. However, tax on certain types of property (including, for example, houses, land, business assets and certain holdings of unquoted securities) may be paid by instalments over 10 years, in some cases, free of interest. In other cases, interest is chargeable after the due date at a rate, currently 11 %, which may be varied from time to time.

Rates:

There are two scales of rates of tax charged on successive tranches of the cumulative total of chargeable transfers: one for lifetime transfers and the other for transfers on death or within three years before the death. No tax is charged in any event on the first UKL 67 000 of a person's cumulative total of chargeable transfers.

The rates on lifetime transfers are half the rates on transfers made on death or within three years of death. The lifetime (death) scale rises from 15 % (30 %) on the tranche from UKL 67 000 to UKL 89 000 to 30 % (60 %) on the tranche over UKL 299 000.

Inheritance tax in the United Kingdom

Inheritance Tax Act 1984 (formerly Capital Transfer Tax Act 1984); Finance Acts 1986, 1987, 1988 and 1989.

Beneficiary:

The central government.

Tax payable on:

The cumulative total of transfers of value (broadly, transfers which reduce the value of the transferor's estate) within the previous seven years, other than exempt transfers. The main charge arises on transfers made by an individual, by will or intestacy, or lifetime gifts made within seven years of death. Outright gifts between individuals (and gifts into accumulation and maintenance trusts, trusts for the disabled and most interest-in-possession trusts) become exempt from tax provided the transferor survives seven years from the date of the gift. During the seven-year period these gifts are known as potentially exempt transfers (PETs). Property given subject to a reservation (i.e. where the transferee does not enjoy it to the entire exclusion of the transferor) is given special treatment. If the reservation ceases during the transferor's lifetime the gift is treated as a PET made by that person at that date. If the reservation continues until the transferor's death the property is then treated as having remained a part of the transferor's estate.

The tax applies mainly to transfers by individuals or close companies. There are also special provisions covering the taxation of property held in settlement, mainly where there is no interest in possession in the property.

All property in the United Kingdom is within the scope of inheritance tax, regardless of the domicile of the transferor; property outside the United Kingdom is liable to the tax if the transferor is domiciled within the United Kingdom at the time of the transfer or if certain statutory rules impose a deemed domicile in the United Kingdom on the taxpayer. Settled property situated outside the United Kingdom is chargeable to tax if the settlor was domiciled in the United Kingdom at the time when the settlement was made.

Tax payable by:

The transferor is primarily liable for the tax on lifetime transfers which are chargeable when made.

The trustees of a settlement are liable for any tax arising from the transfer of settled property. The transferee is primarily liable for any tax arising from a PET which becomes chargeable by reason of the death of the transferor.

The legal personal representatives are liable for the tax attributable to property in the deceased's estate transferred by his will or intestacy.

Note:

Liability for tax on a transfer may rest with more than one person – for example, if tax payable on a transfer is not paid by the due date, it may be recovered from the transferee.

Basis of assessment:

The loss to the transferor is the difference between the value of all the transferor's property immediately before the transfer and its value immediately after the transfer. Thus, if the transferor pays the tax, it is charged on the total of the gift and tax together.

Exemptions:

These include:

- (i) The first UKL 55 000 of transfers from a spouse domiciled in the United Kingdom to a spouse domiciled abroad;
 - (ii) Full exemption for transfers between other spouses;
 - (iii) The first UKL 3 000 of a transferor's total of gifts in a tax year;
 - (iv) Gifts a transferor makes to any transferee which in any tax year do not exceed UKL 250;
 - (v) Gifts out of income, provided certain conditions are fulfilled;
 - (vi) Certain dispositions for the maintenance of the family;
 - (vii) Certain government securities if the holder is neither domiciled nor ordinarily resident in the United Kingdom;
 - (viii) Transfers to charities, political parties and of land to Registered Housing Associations.
- There are also heritage exemptions for historic properties, together with surrounding land essential for the protection of the character and amenities of such buildings and their historically associated contents, land of historic, scenic or scientific interest, and objects and collections of national artistic, historic or scientific interest conditional on certain undertakings being secured to maintain, preserve and provide public access to the property or objects in question and maintenance funds established to maintain and preserve such property; and all property given or bequeathed to certain institutions concerned with preservation of the national heritage.

Reliefs

These include:

- (i) Reliefs from the inheritance tax charge on agriculture, businesses, woodlands and trusts for the benefit of employees;
- (ii) Reliefs from the inheritance tax charge on death for quoted securities and immovable property, where the value has fallen since the date of death;
- (iii) Relief for transfers occurring in quick succession;
- (iv) There is a measure of unilateral relief for tax paid in other countries in respect of the same transfer of property situated in that other country.

Note:

The double taxation agreements referred to in the entry for capital transfer tax will need some modification to take account of inheritance tax. By a Protocol signed in 1989, the agreement with Sweden was extended to cover inheritance tax.

Collection:

Tax is, in most circumstances, due six months after the end of the month in which the taxable event occurred. However, tax on certain types of property (including, for example, houses, land, business assets and certain holdings of unquoted securities) may be paid by instalments over 10 years, in some cases, free of interest.

UK 6

In other cases, interest is chargeable after the due date at a rate, currently 11 %, which may be varied from time to time.

Rates:

There is a zero-rate band below which no tax is payable; thereafter tax is charged at a single rate of 40 % on transfers on death or within seven years before death. A degressive relief applies (to the amount of tax charged) for transfers made more than three years but less than seven years before death. Lifetime transfers chargeable when made are taxable at half the rate. No tax is charged in any event on the first UKL 118 000 (in 1989/90) of a person's cumulative total of chargeable transfers.

Development land tax¹

Development Land Tax Act 1976, as amended by Finance Acts 1977 to 1984.

Beneficiary:

The central government.

Tax payable by:

Persons not resident in the United Kingdom, as well as those who are resident. The term 'persons' includes individuals, companies, trustees and personal representatives acting in that capacity.

Tax payable on:

Development value realized on the disposal of an interest in land on or after 1 August 1976 and before 19 March 1985. Disposal includes any occasion when the ownership of an interest in land is transferred in whole or in part (except on death), for example by sale, grant of a lease, exchange, or gift; or when the owner of an interest in land receives any sum by virtue of his ownership even though the person paying that sum does not acquire any interest in the land. The commencement of a project of material development is a deemed disposal. Immediately before such a project is begun, every major interest in the land is treated as having been disposed of and immediately reacquired at its market value.

Basis of charge:

The development value on which the tax is charged is the difference between the disposal price (or market value where tax is chargeable on the carrying out of development) less any incidental expenses and whichever is the highest of three base values. The base values are:

Base A: The cost of acquiring the interest, together with any increase in its current use value over the period of ownership, and any expenditure on relevant improvements.

Base B: 115% of the current use value of the interest at the date of disposal, together with any expenditure on relevant improvements.

Base C: 115% of the sum of the cost of acquisition and expenditure on improvements.

Where Base A applies and the interest being disposed of was acquired before 1 May 1977, the acquisition cost together with any relevant improvements may be increased by a special addition. The Base C uplift can in some circumstances be 150% where a residential development project is commenced after 9 March 1981.

¹ The tax was abolished by Finance Act 1985 for disposals on or after 19 March 1985.

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Exemptions:

- (i) Local authorities and other similar bodies are totally exempt from the tax.
- (ii) Urban development corporations established under the Local Government Planning and Land Act 1980.
- (iii) The first UKL 75 000 of development value realized in a financial year is exempt.
- (iv) An individual's private residence is exempt and so also is not more than one residence occupied by a dependent relative; the building of a house on land owned at 12 September 1974 for occupation by the owner or a member of his family is also exempt.
- (v) Development authorized by planning permission to win or work minerals is exempt.
- (vi) A project of material development started within three years of the acquisition of the interest in land on which the development takes place, is exempt, if it can be shown that no significant amount of development value would have been realized had the project commenced immediately after the acquisition.
- (vii) The disposal of land by a charity after 25 March 1980 is exempt.
- (viii) Land held as stock in trade at 12 September 1984 is also exempt if planning permission was also held at that date.
- (ix) Liability to the tax on the commencement of a project of material development may in certain circumstances be deferred where, for example, the project is being carried out by an industrialist for his own use; a similar concession applies to statutory undertakers. Any deferred liability remaining 12 years after the development is extinguished.

Interaction with other taxes:

Provision is made to ensure that development value realized is not effectively charged both to development land tax and other taxes, for example capital gains tax, capital transfer tax or corporation tax.

Collection:

By assessment.

Special provisions apply where a person acquires an interest in land from a person who is not resident or ordinarily resident in the United Kingdom.

Rate:

The rate of tax is 60 %.

Excise duty on hydrocarbon oil

Hydrocarbon Oil Duties Act 1979, as amended by Finance (No 2) Act 1979 and the Finance Acts 1980 to 1989.

Beneficiary:

The central government.

Duty payable on:

Imported and indigenous petroleum oils, coal tar, oils produced from coal, shale, peat and most other bituminous and liquid hydrocarbons. Duties are also payable on petrol substitutes and gas used as fuel for the propulsion of road vehicles, but these have at present little fiscal significance.

Duty payable when:

The oil is delivered for home use in the United Kingdom, subject to arrangements for deferment.

Exemptions and reliefs:

Kerosene other than that intended for use in road vehicles, is relieved of all duty. Most lubricating oils are also relieved of duty. Gas oil not intended for use in road vehicles is liable at less than full rate of duty.

Both light and heavy oil are relieved of duty when used in lifeboats or fishing vessels, as refinery fuel, as raw material for gas-making or chemical synthesis or as ingredients, solvents or the like, in industrial processes. Heavy oil used for such horticultural purposes as heating greenhouses or used by coasting vessels (except pleasure-yachts) is also relieved of duty.

Where refinery use of energy from heavy oil fuel for the treatment or production of oil falls between one sixth and one third of the total energy so produced, relief is limited to one third of the heavy oil duty, while light oil burned in approved furnaces pays duty only at the rate for heavy oil not for use in road vehicles.

Collection:

If, at import, oil is delivered for home use, excise duty is paid to the collector's office at the port. If delivered for home use from a refinery, other production premises or warehouse, payment is normally made centrally. On provision of suitable financial security, duty at import on deliveries for home use made between the 15th of one month and the 14th of the next month may be deferred until the 29th of that next month, with payment centrally by direct debit (with special arrangements for February and Bank Holidays). Similar deferment arrangements are available for duty on deliveries for home use from a refinery, other production premises or warehouse.

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Rates:¹

<i>Light oil</i> ²	<i>per litre</i>
Aviation gasoline	UKL 0.1022
Furnace fuel	UKL 0.0077
Other (mainly motor spirit, leaded petrol ³ and petrol substitutes) ⁴	UKL 0.2044
Unleaded petrol ⁴	UKL 0.1772
 <i>Heavy oil</i> ⁵	
Road fuel (mainly gas oil)	UKL 0.1729
Other gas oil	UKL 0.0110
Fuel oil	UKL 0.0077
 <i>Other</i>	
Gas used as a road fuel	UKL 0.1022

¹ In law the duty applies to all oil whether refined or crude, but in practice it is paid only on refined oil. The rates are the same whether the oil is imported in a refined state or is refined in the UK from imported oil or other material.

² The distinction between light and heavy oil is based on definitions of physical properties.

³ The 1989 Finance Act introduced a rate of duty on leaded petrol other than four star of UKL 0.2122 per litre.

⁴ A duty differential of UKL 0.0096 per litre in favour of unleaded petrol was introduced by the 1987 Finance Act with effect from 17 March 1987, increased in the 1988 Finance Act to UKL 0.0202 and in the 1989 Finance Act to UKL 0.0272 per litre.

⁵ The duty on rebated aviation turbine fuel (AVTUR) and most lubricating oils was abolished by the 1986 Finance Act with effect from 18 March 1986.

Excise duty on tobacco products

Tobacco Products Duty Act 1979, as amended by the Finance Acts 1981 and 1988.

Beneficiary:

The central government.

Excise duty payable on:

Delivery of United Kingdom manufactured and imported tobacco products for home use.

Basis of assessment:

Cigarettes are chargeable with an *ad valorem* duty calculated on their retail price and a specific duty per 1 000 cigarettes. For the purpose of the *ad valorem* duty, the retail price is normally the price recommended by the importer or manufacturer for the retail sale of the cigarettes; where no price has been recommended, the highest price at which cigarettes of that description are normally sold by retail is used. For the purpose of the specific duty, cigarettes exceeding 9 cm in length excluding any filter or mouthpiece are treated as if each 9 cm or part thereof were a separate cigarette.

The duty on other chargeable tobacco products is based on their weight as determined before delivery for home use.

Collection:

United Kingdom manufacturers are required to keep a production account and make a return of all chargeable products manufactured each day. The products are normally deposited in an approved secure store and duty is chargeable on any removed for home use. Imported manufactured tobacco may be placed in a warehouse or approved secure store or charged at the port of importation. If satisfactory security is given, payment of the excise duty on both home-produced and imported products may be made on a monthly basis, 15 days after the end of each delivery period.

Rates:

Cigarettes	21 % of the retail price plus UKL 31.74 per 1 000
Cigars	UKL 48.79 per kg
Hand-rolling tobacco	UKL 51.48 per kg
Other smoking tobacco and chewing tobacco	UKL 24.95 per kg

Relief from duty:

Provision has been made for the remission or repayment of the duty on products exported or shipped as stores, and products used solely for the purposes of research or experiment. Certain other minor reliefs have been allowed by regulation, including products manufactured from tobacco grown in the United Kingdom by a person for his own consumption.

Excise duty on matches and mechanical lighters

Matches and Mechanical Lighters Duties Act 1979, as amended by the Finance Act 1981.

Beneficiary:

The central government.

Excise duty payable on:

The number of matches or portable mechanical lighters, including incomplete mechanical lighters, (other than those constructed solely for the purpose of igniting gas for domestic or industrial use) sent out from the premises of licensed manufacturers or imported.

Collection:

Each factory where matches or mechanical lighters are manufactured in the United Kingdom must hold a licence to manufacture. The excise duty on goods produced in the United Kingdom becomes payable when the goods are dispatched from the factory. The duty is paid to the local collector's office not later than the 15th day of the month following the month in which the goods were sent out. Imported matches or mechanical lighters are charged duty at the port of importation, or if they are delivered to a warehouse, or licensed premises in the case of mechanical lighters, on their removal for sale on the home market. Payment is made at the local collector's office, with arrangements for deferment similar to those for payment of duty on home-produced goods.

Rates:

Matches	UKL 1.1500 per 7 200 matches
Mechanical lighters	UKL 0.500 per lighter

Excise duty on spirits

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979 and the Isle of Man Act 1979 and the Customs and Excise Management Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Spirits made in the United Kingdom and imported spirits and goods containing spirits, delivered for home use.

Basis of assessment:

Duty is charged on spirits in accordance with their alcoholic strength. The strength of spirits is expressed in terms of percentage volume at 20°C. This represents the ratio of the volume of ethyl alcohol, measured at 20°C, contained in the mixture, to the total volume of the mixture measured at the same temperature.

Similarly, duty is charged on the volume of ethyl alcohol, measured at 20°C, contained in other goods.

Exemptions:

Spirits produced in the United Kingdom are generally relieved of excise duty if they are converted to methylated spirits to make them non-potable or if they are used for medical or scientific purposes. Similarly, spirits contained in imported products which are not for human consumption or which are used for medical purposes may generally be relieved from excise duty, subject to certain conditions. Spirits for industrial use may be generally relieved of duty without undergoing methylation provided they are denatured on receipt by the user and are not contained in goods produced for sale.

Collection:

All distillers, rectifiers and compounders are required to possess an excise licence. Excise duty becomes payable on clearance to home use at importation or on delivery from an excise warehouse; but a period of deferment of the duty is allowable. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rate:

Spirits, per litre of alcohol in the spirit: UKL 15.77

Excise duty on wines and made-wines

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurements) Order 1979 and the Isle of Man Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Wine and made-wine imported into the United Kingdom or produced for sale in the United Kingdom. 'Wine' means any liquor obtained from the alcoholic fermentation of fresh grapes or the must of fresh grapes, whether or not the liquor is fortified with spirits or flavoured with aromatic extracts; 'made-wine' means any liquor obtained from the alcoholic fermentation of any substance, or by mixing a liquor so obtained or derived from a liquor so obtained with any other liquor, but does not include wine, beer, black beer, spirits or cider.

Basis of assessment:

The rates of excise duty chargeable on wine and made-wine on their strength measured by reference to the percentage of alcohol by volume at 20°C.

For excise duty purposes, there are four strength categories, although for wines and made-wines of a strength not exceeding 15% there are two rates of duty depending on whether the product is still or sparkling.

Collection:

Producers of wine and made-wine in the United Kingdom are required to possess an excise licence. Wine and made-wine become liable to excise duty when they are produced but the duty is charged when the wine or made-wine is delivered from the winery and is paid to the local collector's office by the 15th day of the month following that in which the duty is incurred. In certain circumstances, wine and made-wine produced in the United Kingdom may alternatively be removed from the winery free of duty to a bonded warehouse. The duty on imported wine and made-wine becomes chargeable on importation or, if the wine or made-wine is warehoused, on delivery 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.

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Rates:

Wine or made-wine of an alcoholic strength ¹		Per hectolitre
exceeding	not exceeding	
15 %	15 % (still)	UKL 102.40
18 %	15 % (sparkling)	UKL 169.10
22 %	18 %	UKL 176.60
	22 %	UKL 203.70
		UKL 203.70 plus UKL 15.77 for every 1 % or part of 1 % in excess of 22 %

¹ Strengths are measured by reference to the percentage of alcohol by volume at a temperature of 20 °C.

Special cases:

Imported wine or made-wine which is rendered sparkling or effervescent whilst in a bonded warehouse is liable to the same duties as imported sparkling wine or made-wine.

Excise duty on cider and perry

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts, and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979.

Beneficiary:

The central government.

Excise duty payable on:

Cider (or perry) made in the United Kingdom by a person required to be registered as a maker of cider, or imported into the United Kingdom.

Basis of assessment:

The excise duty is payable on cider (or perry) of a strength less than 8.5 % of alcohol by volume (at a temperature of 20°C) obtained from the fermentation of apple or pear juice without the addition at any time of any alcoholic liquor or of any liquor or substance which communicates colour or flavour other than such as the Commissioners of Customs and Excise may allow as appearing to them to be necessary to make cider (or perry).

Collection:

Any person who, on premises in the United Kingdom, makes cider or perry for sale in excess of a certain limit must be registered in respect of his premises. Excise duty becomes chargeable on the production of the cider or perry: it is not, however, charged until the cider or perry is delivered from the producer's premises and payment is made to the local collector's office by the 15th of each month following that in which the duty is incurred. Excise duty on imported cider becomes chargeable on importation or, if it is warehoused, on delivery 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 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:

	<i>per hectolitre</i>
Cider (or perry) of a strength less than	
8.5 % of alcohol by volume at 20°C	UKL 17.33

Excise duty on beer

Alcoholic Liquor Duties Act 1979, as amended by subsequent Finance Acts and the Alcoholic Liquors (Amendment of Enactments Relating to Strength and to Units of Measurement) Order 1979 and the Isle of Man Act 1979.

Beneficiary:

The central government.

Excise duty payable on:

Beer, ale, porter, stout and any other liquor manufactured for sale that is described as beer or a beer substitute and which is of an alcoholic strength exceeding 1.2% by volume.

Basis of assessment:

The excise duty on beer is assessed by reference to the quantity and original gravity of the unfermented infusion from which the beer is produced (the worts).

Collection:

Brewers in the United Kingdom are required to possess an excise licence. The duty becomes due on production of the wort but the brewer may be allowed a period of credit, the aggregate net charge on all the brewings for each calendar month being payable by the 25th day of the following month; a longer period of credit may be allowed in respect of strong beer and lager. Excise duty on imported beer is chargeable either at importation (if the beer is entered for home use) or on delivery from a bonded warehouse, but again a period of credit is allowable. Duty chargeable on or after the 15th day of one month and not later than the 14th day of the next month becomes payable on the 29th day of that next month.

Rates:

For each degree of original gravity in excess of 1 000 ° UKL 0.90

Deductions:

In respect of beer produced in the United Kingdom a statutory deduction of 6% is made from the monthly assessment of the quantity of worts on which the excise duty is payable to allow for wastage and loss during the preparation of the beer for consumption. For beer imported in containers of a capacity of more than 10 litres, a 2% deduction is made from the quantity imported.

Special feature:

Where beer liable to excise duty is brewed solely for the purposes of research or of experiments in brewing, under certain conditions, the duty may be repaid or remitted and a licence to brew is not required.

Repayment of duty:

(a) Drawback:

Excise duty is repaid if the duty-paid beer is exported as merchandise removed to the Isle of Man, shipped as stores or deposited in a warehouse for exportation as merchandise, removal to the Isle of Man or shipment as stores.

(b) Spoilt beer:

Subject to certain conditions, excise duty may be repaid or remitted on any worts or beers which have been destroyed or become spoilt or otherwise unfit for use by unavoidable accident while on the premises of a brewer for sale, whether or not they were manufactured by that brewer. Excise duty may be repaid on beer which has become spoilt or unfit for use after it has been delivered by the brewer and which has been returned to the brewer subsequently.

(c) Beer used as an ingredient:

Subject to certain conditions, excise duty may be repaid on beer used in the production or manufacture of beverages and other articles of a low alcohol content.

Petroleum revenue tax

Oil Taxation Act 1975, Petroleum Revenue Act 1980 and Oil Taxation Act 1983, as amended by annual Finance Acts.

Beneficiary:

The central government.

Tax payable by:

Persons including companies, whether resident or non-resident, holding or participating in the holding of licences granted under the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964.

Tax payable on:

Profits from winning oil and gas under the authority of the abovementioned licences (except methane drained from mines for safety reasons). It is also charged on tariff receipts (less an allowance) for use of shared assets, and on disposal receipts.

Basis of assessment:

The participator's share of the assessable profit or allowable loss for the field in each chargeable period: each chargeable period being a period of six months ending at the end of June or December. Subject to the exceptions in 4 below, each field is assessed in isolation.

Special reliefs:

1. The 'uplift' – a supplement of 35% of, broadly, exploration and development expenditure – designed to compensate for the non-allowance of interest payments and to increase net of tax returns to companies early in the life of a field.
2. The 'oil allowance' provides PRT exemption of up to (currently) $\frac{1}{4}$ million tonnes for each chargeable period, to a fixed maximum amount (now 5 million tonnes) of production per field. This allowance has been doubled for offshore fields outside the Southern Basin of the North Sea approved after 1 April 1982, and halved for fields inside the Southern Basin approved after that date.
3. 'Safeguard' limits the PRT charge each calendar year to not more than 80% of the amount (if any) by which the profit (without deduction of 'upliftable' expenditure) exceeds 15% of the cumulative 'upliftable' (broadly capital) expenditure on historical cost basis.
4. Subject to various restrictions, relief can also be given for certain exploration and appraisal expenditure, unrelieved field losses, limited oilfield development and general research expenditure incurred elsewhere in the United Kingdom or United Kingdom continental shelf.

Computation of liability:

For PRT, revenues are, broadly, the price receivable for oil disposed of at arm's length, plus the market value of oil kept for refining or disposed of other than at arm's length plus half the increase in stock values. PRT is calculated on the revenues of the participator less:

- (i) royalty (12½%), where appropriate;
- (ii) field expenditure (including any 'uplift');
- (iii) operating costs for the field (but *not* interest payments).

This figure is subject to any relief under the 'safeguard'.

Collection:

By assessment and a system of instalments and advance payments.

Rate:

75 %.

Carry-over of losses:

Where a field shows a PRT loss for any period (as calculated from the paragraphs above) that loss may be carried forward and offset against PRT profits in later periods, or carried back against PRT profits in earlier years. However, if a field is eventually abandoned with unrelieved PRT losses, then any participator may set his share of those losses against his PRT profits on other fields.

General and pool betting duties

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1986 and 1987.

Beneficiary:

The central government.

Duty payable by:

The bookmaker, totalizator operator or pool promoter with whom the bet is made, or who provides facilities for betting.

Duty payable on:

All bets which are not on-course bets made in the United Kingdom with or by means of the facilities provided by a bookmaker or pool promoter.

Basis of assessment:

The full amount of stake money paid together with any additional payments in connection with the bet.

Collection:

Duty is due when the bet is made. General betting duty is paid by means of monthly returns to a central control point not later than the 15th day following the month to which the return relates. Pool betting duty is paid by means of weekly returns to a central control point by the Thursday following the week to which they relate.

Rates:

General betting duty: Off-course	8 %
Pool betting duty	42.5 %

Special features:

Off-course bookmakers are not liable for general betting duty on bets which they negotiate as agents and pass on to other bookmakers.

Bingo duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1983 and 1986.

Beneficiary:

The central government.

Duty payable by:

The promoter of the bingo.

Duty payable on:

The value of the stakes (and in certain cases the prizes).

Collection:

Bingo duty is paid by means of monthly returns to a central control point by the 15th day following the period to which they relate.

Rate:

10 % of the stakes plus $\frac{1}{9}$ of any amount by which the value of the prizes won in any week exceeds the duty-exclusive value of the stakes.

Exemption from duty:

Bingo promoted by organizations other than licensed bingo clubs is exempt from duty provided that neither stakes nor value of prizes exceed UKL 500 on any day or UKL 1 500 in any week.

Rates – England and Wales

General Rate Acts 1967 and 1970; Rating Act 1971; Local Government Act 1974; Rating Caravan Sites Act 1976; Rating Charity Shops Act 1976; Local Government Planning and Land Act 1980; Local Government Finance Act 1982; Social Security and Housing Benefit Act 1982; Rates Act 1984.

Beneficiary:

Local government.

Tax payable by:

Occupiers of non-agricultural land and buildings.

Tax payable on:

Occupied non-agricultural land and buildings, and at the discretion of individual local authorities, unoccupied non-agricultural land and buildings – domestic to a maximum of 100 % and non-domestic to a maximum of 50 % (except for industrial and storage properties which are exempt).

Basis of assessment:

The rateable value of property (related to its annual rental value which is assessed by the valuation officers of the Board of Inland Revenue) and the rate poundage fixed by the rating authority. The last general rating revaluation in which all properties were reassessed took place in 1973. The rate poundage, which is the number of pence in the pound which occupiers of property have to pay on the rateable value of their property, is calculated by dividing the total sum to be raised by the estimated yield of a penny rate in the area of the rating authority.

Exemptions:

The main exemptions are for agricultural land and buildings, places of public religious worship and, partly, charities; industrial and commercial premises in small areas known as 'enterprise zones' are also exempt from rates for a 10-year period. Under the Housing Benefit Scheme, rate rebates, largely funded by central government, are available to domestic ratepayers so as to adjust payments in accordance with income and needs.

Collection:

A single rate is fixed for each local government financial year (April to March) and becomes payable in advance within seven days of demand. All ratepayers have the right to pay rates in a minimum of 10 monthly instalments in each rating year.

Rates:

The rate poundages are fixed by rating/precepting authorities after making allowance for their estimated entitlement to central government grants and any other income for the year in question. The yield from rates currently finances about a third of local authorities' total revenue expenditure and amounted to UKL 13 900 million in 1986/87 at outturn prices exclusive of rate rebates. In the financial year beginning on 1 April 1987, the general rate poundages fixed by the 403 rating authorities in England and Wales ranged from 117 pence to 354 pence in the pound. This section describes the situation as of 1 January 1990. Domestic rates were replaced in England and Wales by the community charge (or 'poll tax') on 1 April 1990.

Community charge – Scotland

Abolition of Domestic Rates Etc. (Scotland) Act 1987; Local Government Finance Act 1988; Local Government and Housing Act 1989.

Beneficiary:

Local government.

Payable by:

People aged 18 years or over who are solely or mainly resident in Scotland.

Basis of assessment:

Personal and collective community charges

The level is set by each levying authority (regional and islands councils), based on the level of services it intends to provide for its area.

Standard community charge

Set by the levying authority, it is paid by the owner of empty domestic property as a multiple of the personal charge. Certain classes of property are excepted from the charge.

Exemptions:

Certain groups within the community have been exempted from the personal charge. There are no exemptions from the standard and collective charges.

The main exemptions are:

- People in detention.
- Visiting forces.
- International headquarters and defence organizations.
- The severely mentally impaired.
- Young adults in full-time education or for whom someone is in receipt of child benefit.
- Members of religious communities.
- Hospital patients.
- Patients in homes.
- Care workers.
- Residents of certain Crown buildings.
- Residents of some short-stay hostels.
- People without fixed abodes.

Collection:

The community charge is collected by levying authorities. All chargepayers have the right to pay in 12 monthly instalments.

Business rates – Scotland

Lands Valuation (Scotland) Act 1854; Local Government (Scotland) Act 1947; Valuation and Rating (Scotland) Act 1956; Local Government (Financial Provisions etc.) (Scotland) Act 1962; Local Government (Financial Provisions) (Scotland) Act 1963; Local Government (Scotland) Act 1966; Valuation for Rating (Scotland) Act 1970; Rating Act 1971; Local Government (Scotland) Act 1973; Local Government (Scotland) Act 1975; Rating (Caravan Sites) Act 1976; Rating (Charity Shops) Act 1976; Valuation and Rating (Exempted Classes) (Scotland) Act 1976; Local Government (Scotland) Act 1978; Rating (Disabled Persons) Act 1978; Water (Scotland) Act 1980; Local Government Planning and Land Act 1980; Local Government (Miscellaneous Provisions) (Scotland) Act 1981; Local Government and Planning (Scotland) Act 1982; Lands Valuation Amendment (Scotland) Act 1982; Rating and Valuation (Amendment) (Scotland) Act 1984; Rating (Re-valuation Rebates) (Scotland) Act 1985; Abolition of Domestic Rates Etc. (Scotland) Act 1987; Local Government Finance Act 1988; Local Government and Housing Act 1989.

Beneficiary:

Local government.

Tax payable by:

Occupiers of non-domestic property with the exception of agricultural land and buildings.

Tax payable on:

Occupied non-domestic property with the exception of agricultural land and buildings.

Basis of assessment:

The rateable value of property, and the rate poundage determined by the Secretary of State for Scotland. The rateable value which in most cases is related to a property's annual rental value is determined by assessors appointed by valuation authorities (regional and islands councils). Each rate poundage, which is the number of pence in the pound which occupiers of property have to pay on the rateable value of their property, is calculated by dividing the total sum to be raised by the estimated yield of a penny rate. In an islands area a general rate is determined and levied by the islands council, while in other areas separate rates are determined in respect of district councils and regional councils and the district rate and regional rate are levied together by the regional council.

Exemptions:

Agricultural land and buildings, offshore oil installations, properties occupied by religious bodies and, partly, charities. Industrial and freight transport property is derated to the extent of 35 % of its annual value.

UK 20

Collection:

Rate poundages are fixed by the Secretary of State before the end of the calendar year preceding the local authority financial year (commencing on 1 April) and are payable in 10 monthly instalments from May to February, or in a single sum on or before 30 September as the ratepayer prefers. Other *ad hoc* payment arrangements may be made with the agreement of the rating authority.

Rates:

The yield from rates in 1990–91 will finance around 25% of local government expenditure and amount to, at the latest estimate, UKL 1 189 million at outturn prices. In the financial year beginning in 1990, the combined district/region or general rate poundages range from 37.1 pence to 66.9 pence.

Rates – Northern Ireland

The Rates (Northern Ireland) Order 1977; the Rates Amendment (Northern Ireland) Order 1979; the Local Government, Planning and Land (Northern Ireland) Order 1981; the Enterprise Zones (Northern Ireland) Order 1981; the Rates Amendment (Northern Ireland) Order 1982; the Departments (Northern Ireland) Order 1982; the Rates (Amendment) (Northern Ireland) Order 1983; the Rates (Amendment No 2) (Northern Ireland) Order 1983; the Housing Benefits (Northern Ireland) Order 1983; Rates (Amendment) (Northern Ireland) Order 1986.

Beneficiaries:

Local and central government – on 1 October 1973 major functions formerly carried out by local government were transferred to central government. A proportion of the rates collected is therefore retained by central government as a contribution towards the cost of those services which have been transferred.

Tax payable by:

Occupiers of non-industrial premises and occupiers of non-agricultural land and buildings.

Tax payable on:

Occupied non-industrial premises and occupied non-agricultural land and buildings.

Basis of assessment:

District rate:

The rateable value of the property occupied and the rate poundage for the area. The rateable value is related to the annual rental value of the property and is assessed by central government valuation officers. The rate poundage (which is calculated separately in each district) is the number of pence per pound of rateable value to be paid by the occupiers of property. It is calculated by dividing the total revenue required by each district council by the total rateable valuation of the district. The rateable value is related to the level of rental values at the last general revaluation in 1976.

Regional rate:

The rateable value of the property and regional rate poundage for Northern Ireland. The rateable value is related to the annual rental value of the property and is assessed by central government valuation officers. The regional rate poundage which applies throughout Northern Ireland is the number of pence in the pound of rateable value to be paid by the occupiers of property. It is calculated by dividing the total revenue required by the total net annual valuation of Northern Ireland. The regional rate is a contribution towards the cost of those local authority type services which are now the responsibility of central government departments.

Exemptions:

The main exemptions are:

- Agricultural land and buildings, industrial premises, places of religious worship and charitable hereditaments used for charitable purposes are totally exempt.
- All non-domestic properties in 'Enterprise zones' are totally exempt.
- Freight transport premises are exempted from 75 % of the rate charge and certain sports and recreation facilities are exempted from 75 % of the rate charge.
- Housing benefit is available to domestic ratepayers so as to adjust payments in accordance with income and needs.

Collection:

The district rate and the regional rate are combined and collected as one charge by the Department of the Environment for Northern Ireland, a department of central government, and the product of each district rate passed on to each respective district council. Rate poundages are fixed in February in each financial year. The rate becomes due on 1 April and is payable in one single amount. Domestic rates can be paid by 10 monthly instalments. Enforcement for non-payment is by normal debt proceedings at the courts.

Yield:

The net collectable rate in Northern Ireland for the year ending 31 March 1989 was UKL 275.0 million, of which approximately 68 % is retained by central government.

Stamp duty

Stamp Act 1891; subsequent Finance Acts; corresponding legislation in Northern Ireland.

Beneficiary:

The central government.

Duty payable on:

A range of legal and commercial documents.

Basis of assessment:

Duties are at various fixed and *ad valorem* rates depending on the nature of the document, etc.

Exemptions:

- Transfers of property other than stocks or marketable securities if the sale price does not exceed UKL 30 000.
- Instruments of transfer or bearer instruments relating to British government and local authority securities.
- Transfers of loan capital which does not carry conversion rights.
- Mortgages, debentures, bonds, promissory notes and contract notes.
- Policies of life insurance and purchased life or superannuation annuities.
- Leases of land or property for a term not exceeding seven years or for an indefinite term for a yearly rent not exceeding UKL 500 for which no premium is paid.
- Transfers of shares in respect of certain company reconstructions.
- Trust instruments relating to unit trust schemes where the units are to be held for charitable purposes only.
- Transfers of stocks, marketable securities and property in favour of charities; leases to charities.
- Leases of furnished premises for any definite term of less than a year where the rent is not above UKL 500.
- Purchases of shares by market makers.
- Transfers of shares to a Stock Exchange nominee.

Collection:

By impressed stamps on the relevant documents etc. There are penalties for late stamping, and a document etc., not stamped or not adequately stamped is not admissible as evidence in legal proceedings.

Rates:

Principal duties are:

- Transfer of stocks or marketable securities: 0.5 % of the sale price;
- Transfer of property other than stocks or marketable securities, where the consideration exceeds UKL 30 000: 1 % of the sale price;
- Transfers of stocks or marketable securities to clearance systems or for conversion into depositary receipts: 1.5 % of the sale price or value.
- Takeovers, mergers, demergers and reconstructions: 0.5 %
- Lease of land and property: rates vary between 1 % and 24 % of the annual rent depending on the length of lease.
(Where a premium is paid an additional charge at 1 % is made on the amount of the premium; but in cases where the average yearly rent does not exceed UKL 300, and where the premium does not exceed UKL 30 000, no charge is made on the premiums. If the yearly rent exceeds UKL 300 the premium is chargeable with duty at the full 1 % rate.)
- Leases of furnished property for a term of less than a year and for a rent in excess of UKL 500 are liable to a fixed duty of UKL 1.
- 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.

Stamp duty reserve tax

Finance Act 1986, as amended by annual Finance Acts.

Beneficiary:

The central government.

Tax payable on:

Agreements to transfer chargeable securities (e.g. stocks and shares) for money or money's worth.

Tax payable by:

Buyers (although with the option in some cases for vendors to arrange to meet the liability).

Basis of assessment:

The tax is *ad valorem* on the price paid (or the market value of a non-cash consideration).

Exemptions:

- British Government and local authority securities.
- Loan capital which does not carry conversion rights.
- Non-UK securities (unless a register of the securities is kept in the UK).
- Purchases by a charity.
- Transfers of units in a foreign unit trust.
- Purchases by market makers.
- Purchases by broker-dealers if the securities are sold on within seven days.
- Bearer securities.
- The issue of new securities.
- Transactions outside the UK where neither buyer nor seller is resident in the UK.

Interaction with stamp duty:

Tax does not have to be paid where an agreement is followed within two months by a transfer which is stamped (or exempt from stamp duty). There are provisions to give credit for stamp duty.

Collection:

Buyers pay direct unless they buy from or through a dealer who would then be accountable. Payment is to be made three or four months after the agreement.

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Rates:

For agreements to transfer securities generally: 0.5% of the purchase price.

For securities converted into depository receipts: 1.5% of the purchase price.

For securities transferred to a clearance service operator or its nominee: 1.5% of the purchase price or value.

Vehicle excise duty

Vehicles (Excise) Act 1971,¹ as amended by subsequent Finance Acts.

Beneficiary:

The central government.

Duty payable by:

The keeper of a vehicle (who is not necessarily the legal owner).

Duty payable on:

Vehicles kept or used on a public road.

Basis of assessment:

Duty is payable according to type and use of vehicle. Private cars, light vans and haulage vehicles are liable to duty at a flat rate; motor cycles and three-wheelers according to engine capacity; heavier goods vehicles by gross weight; heavy lorries by gross weight and number of axles; taxis and buses by seating capacity; and haulage vehicles by unladen weight. Some heavy goods vehicles drawing trailers pay a trailer supplement.

Exemptions:

Certain vehicles including invalid carriages, road maintenance vehicles, ambulances and fire-engines, and electrically propelled vehicles are exempt from duty.

Collection:

Vehicle excise duty is collected by the sale of vehicle licences to the persons keeping the vehicles. Licences are issued by post offices, and by local offices of the Department of Transport, who administer the tax. The proceeds are paid direct to the exchequer.

Rates:

For a private car, the cost of a licence in Great Britain is UKL 100 a year. Motor cycles and three-wheelers, etc. pay UKL 10, UKL 20 and UKL 40 a year according to engine capacity. Rates of duty on goods vehicles rise on a scale which for an unladen weight of up to 1 525 kg is UKL 100

¹ In Northern Ireland, vehicle excise duty is charged under the Vehicle (Excise) Act (Northern Ireland) 1972 (as amended variously by the Finance Acts) and is levied at the same rate as in Great Britain.

UK 24

and for one of 38 tonnes¹ gross weight is UKL 3 100 a year. Goods vehicles exceeding 12 tonnes drawing a trailer exceeding 4 tonnes pay extra duty on a scale from UKL 130 to UKL 360. Certain vehicles including agricultural machines, digging machines, mobile cranes, works trucks and mowing machines, which make limited use of public roads, are charged a concessionary rate of UKL 16 per year. There are also concessionary rates of duty for farmers' and showmen's goods vehicles.

¹ 1 metric tonne = 1 000 kilograms = 0.984207 imperial tons.

Gaming licence duty

Betting and Gaming Duties Act 1981, as amended by the Finance Act 1984.

Beneficiary:

The central government.

Duty payable on:

A half-yearly licence for the premises valid from 1 April or 1 October each year.

Basis of assessment:

A flat-rate amount, payable on application, plus a further payment on a sliding scale based on the gross gaming yield of the premises.

Collection:

The flat-rate payment must be made to the local collector's office prior to the next licensing period. The sliding scale payment is made within five months after the end of the licensing period (when the gross yield is known).

Rates for the half-year:

UKL 250 per licence plus a duty assessed on the following sliding scale:

	<i>Rate</i>
part of gross gaming yield:	
– the first UKL 375 000	2½ %
– the next UKL 1 875 000	12½ %
– the next UKL 2 250 000	25 %
– the remainder	33⅓ %

Gaming machine licence duty

Betting and Gaming Duties Act 1981, as amended by the Finance Acts 1982, 1983, 1984, 1985 and 1987.

Beneficiary:

The central government.

Duty payable on:

Whole-year, half-year or quarter-year licences covering all gaming machines provided. Licences covering whole-, half- and quarter-year periods are available from the first day of any month.

Basis of assessment:

The charge depends on the type of premises, the duration of the licence, the number of machines it covers and the categories into which they fall. A machine is chargeable at the lower rate if the cost per play does not exceed 5p and otherwise at the higher rate. (When the cost per play does not exceed 2p no licence is required.)

Collection:

Payment must be made to a central control point before a licence is issued.

Rates:

- A. Small prize machines (maximum prize value UKL 4.80):
 - Lower rate UKL 150 per machine
 - Higher rate UKL 375 per machine
 - B. Other machines:
 - Lower rate UKL 375 per machine
 - Higher rate UKL 960 per machine
- Half-year licences are dutiable at $\frac{11}{20}$ and quarter-year licences at $\frac{6}{20}$ of these rates.

Value-added tax

Value-added Tax Act 1983, as amended by subsequent Finance Acts.

Beneficiary:

The central government.

Tax payable by:

- Anyone carrying on a business with a taxable turnover (including zero-rated goods and services) of more than UKL 23 600 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 excluding the sale of new commercial and industrial buildings and civil engineering works; hotel, holiday and similar accommodation; parking and mooring facilities; fishing and shooting rights; and some other minor categories); all forms of insurance; the letter and parcel posts; betting and gaming (other than by means of gaming machines); sports competitions; disposal of certain works of art; financial transactions; certain education and health services; burial and cremation; the membership services of trade unions and certain non-profit-making professional, learned and representative bodies, welfare services; one-off fund-raising events held by charities and other eligible bodies.

Collection:

At the end of each tax period (three months), the taxable person must make a return of VAT due to a central VAT control unit. Taxable persons who expect their input tax regularly to exceed their output tax, for example because most of their outputs are zero-rated, may choose to make returns monthly and so obtain earlier repayments.

Rates:

– Standard rate: 15%.

– Zero rate:

Food (except 'meals out', hot take-away food and drink, sweets, chocolates, ice-creams, soft drinks, potato crisps, roasted and salted nuts, and similar products and pet foods); young children's clothing and footwear; books, newspapers, periodicals and maps; the supply to charities catering for the blind of 'talking books' and wireless receiving sets for loan to the blind; water and sewerage services supplied to non-industrial users; fuel and power for domestic use and non-business charity use; 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; ship and aircraft stores; sale of donated goods by certain charities and charitable donations of certain medical and scientific equipment; protective boots and helmets (except supplies to a person for the use of his employees).

Car tax

Car Tax Act 1983.

Beneficiary:

The central government.

Tax payable on:

Cars, motor cycles and motor caravans made in or imported into the United Kingdom and registered for road use in the United Kingdom.

Basis of assessment:

For cars and motor cycles the wholesale value of the vehicle; for motor caravans 60% of the wholesale value which would otherwise apply.

Collection:

Any person who makes or imports 10 or more cars, motor cycles or motor caravans per year is liable to be registered. Registered traders pay the tax at three-monthly intervals. In other cases, the tax must be paid on importation; on conversion of a not-chargeable vehicle into a chargeable vehicle; or before the vehicle is registered for road use in the case of a vehicle made in the UK.

Rate:

10%.

Taxes abolished or repealed

UK 28 Supplementary petroleum duty

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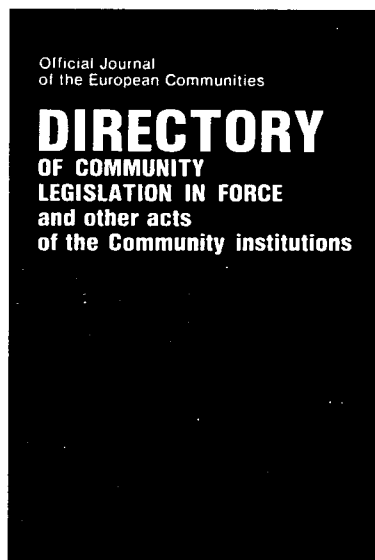
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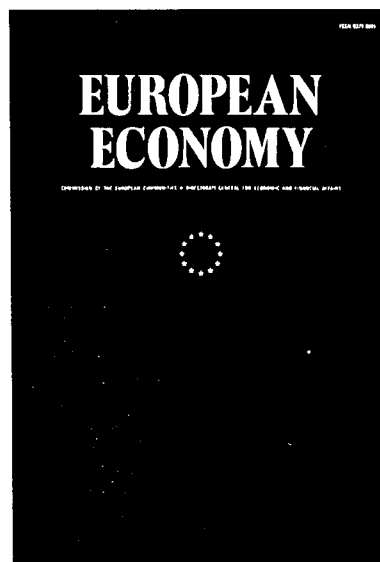
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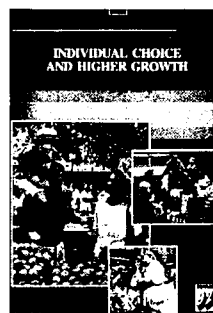
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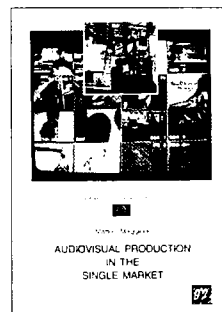


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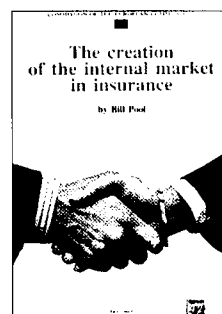


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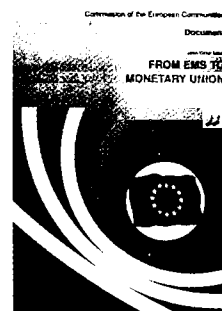


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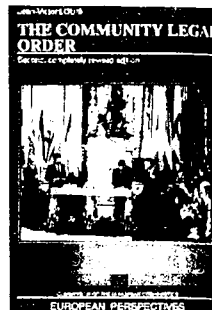
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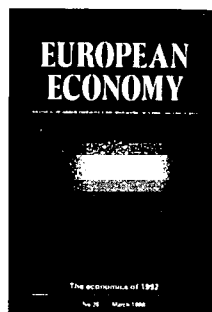
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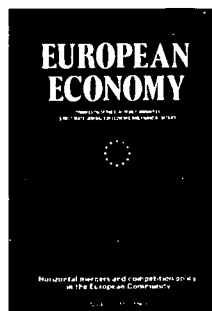
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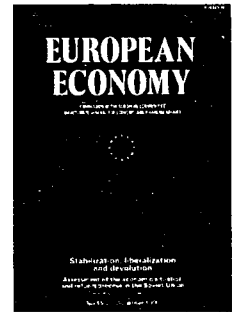
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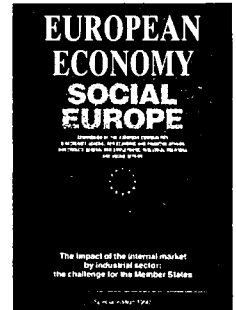
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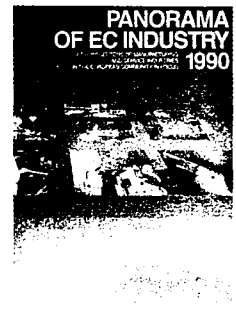


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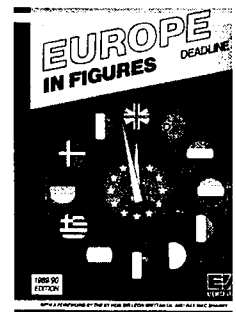


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