

# European and Middle Eastern Tax facts 2008



Austria - Belgium - Bulgaria - Croatia - Cyprus -  
Czech Republic - Denmark - France - Germany -  
Hungary - Republic of Ireland - Israel - Italy -  
Liechtenstein - Luxembourg - Malta - Netherlands -  
Norway - Poland - Portugal - Romania - Russia -  
Slovakia - Slovenia - Spain - Sweden - Switzerland -  
Turkey - United Kingdom



# AUSTRIA

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 10,000	0
from 10,000 – 25,000	38.3
from 25,000 – 51,000	43.6
over 51,000	50

The above tax rates apply to all income (including capital gains realised in the course of a business, speculative gains etc.), except dividend income and most savings income. The same rates apply to both residents and non-residents. However, non-residents have to add EUR 8,000 to their tax base (especially for income that has not been taxed by way of withholding).

### Companies

Corporations are taxed on their gross income at the corporate level and are subject to Austrian corporate income tax at a flat rate of 25%. Corporations are obliged to pay annual minimum income tax (AG: EUR 3,500; GmbH: EUR 1,750) even when making losses. The same rates apply to both resident and non-resident companies. Companies linked in a financial hierarchy can under specified circumstances constitute a group for tax purposes. The taxable profits or losses of the members of a group are added to those of the taxable company in the group. Losses of non resident-companies can be deducted as well as goodwill amortisation.

### VALUE ADDED TAX (VAT)

VAT covers any entrepreneur who independently carries out their business in Austria. The standard VAT rate is 20%. A reduced rate of 10% is imposed on e.g. rents of land and buildings for residential purposes (including hotel accommodation), transport of passengers, etc. Zero rate (0%) is applied for certain specific items (i.e. exported goods and services).

### CAPITAL GAINS TAX (CGT)

Gains arising from the sale of shares in a company (shareholding of at least 1% during the preceding five years) are taxed at one half of the effective rate on the taxpayer's total income.

### LOSSES

In principle losses may be carried forward without time limit. As a rule, loss carry forwards can only be set off against 75% of the income of the current year. Excess losses may be carried forward to subsequent tax years. Losses carried forward may be lost after a substantial change in ownership.

### TREATY NETWORK

More than 70 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 25% (unless reduced/exempt under Parent-Subsidiary Directive or the relevant treaty)

**Interest:** 20% (15% until 30/6/2008, particularly if paid to non-resident EU individuals)

**Royalties:** 20% (unless reduced/exempt under Interest-Royalty Directive or the relevant treaty)

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# BELGIUM

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 7,560	25
from 7,560 – 10,760	30
from 10,760 – 17,920	40
from 17,920 – 32,860	45
over 32,860	50

Increased with a municipal surcharge; some items of income are taxed at a separate rate.

### Companies

Taxable income (EUR)	Tax rate (%)
basic tax rate	33.99

Progressive lower rates for companies with taxable income up to EUR 322,500; not applicable to financial companies, or for companies whose shares are at least 50% owned by one or more companies.

### VALUE ADDED TAX (VAT)

21% on majority of sales of goods/services; reduced rates on certain specific items.

### CAPITAL GAINS TAX (CGT)

#### Individuals

No taxation if not engaged in business activities, with some exceptions, e.g. speculative transactions, sale of immovable property within five years of the acquisition, etc.

#### Companies

Tax paid at company tax rate. Rollover relief for gains on fixed assets held for more than five years and subject to reinvestment. Capital gains on shares are exempt if the dividends relating to such shares qualify for the participation exemption.

### LOSSES

Carry forward of losses is unlimited. No carry forward if there is a change in ownership which does not meet justified financial and economic needs.

### TREATY NETWORK

88 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 25%/15%/0% (when distributed to companies located in Belgium, EU or in a country with double tax treaty and holding a participation of at least 15% during one year)

**Interest:** 15%

**Royalties:** 15%

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# BULGARIA

## INCOME TAX RATES 2008

### Individuals - Taxable Income (BGN) Standard Income Tax Rate

A flat rate of 10% applies to income paid to resident and non-resident individuals. The income generated in the capacity of an individual as an entrepreneur will be taxed with 15%.

### Companies - Taxable Income (BGN) tax rate

All corporations (capital companies and partnerships) are taxed on their taxable profits at the corporate level and are subject to the Bulgarian Corporate Income Tax Act (CITA) at a flat rate of 10%.

## VALUE ADDED TAX (VAT)

The standard VAT rate is 20%, except for supplies explicitly specified in the Value Added Tax Act (VATA) as subject to the zero rate. The rate of tax, applicable to hotel accommodation as part of a package tour is 7%.

## CAPITAL GAINS TAX (CGT)

There is no capital gains tax in Bulgaria.

## LOSSES

May be carried forward and deducted from future taxable income for a limited period of five years. Losses cannot be carried back. No provision regarding groups: each entity is taxed as a separate taxpayer.

## TREATY NETWORK

61 countries.

## WITHHOLDING TAX

**Dividends:** 5% (unless reduced/exempt under EC Directive or the relevant treaty)

**Interest:** 10% (unless reduced /exempt under EC Directive or unless exempt under EC Directive as of 1 January 2015)

**Royalties:** 10% (unless reduced /exempt under EC Directive or unless exempt under EC Directive as of 1 January 2015)

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# CROATIA

## INCOME TAX RATES 2008

### Individuals

Taxable income (HRK)	Tax rate (%)
up to 35,400	15
from 35,401 – 96,000	25
from 96,001 – 268,800	35
over 268,800	45

### Companies

Taxable income (HRK)	Tax rate (%)
regardless of income	20%

### VALUE ADDED TAX (VAT)

22% on majority of goods and services; 10% on tourism and accommodation services, certain magazines and newspapers; 0% on certain specific items and exports.

### CAPITAL GAINS TAX (CGT)

There is no separate capital gains tax. Capital gains are included in the taxable base of the income of the resident. Gains on non-business assets of individuals are exempt. Capital gains of non-residents are exempt from taxation.

### LOSSES

Both individual and company tax losses can be offset against income. Losses can be carried forward for five years. Losses cannot be carried back.

### TREATY NETWORK

47 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 0%

**Interest:** 15%

**Royalties:** 15%

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# CYPRUS

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 19,500	0
from 19,501 – 28,000	20
from 28,001 – 36,300	25
over 36,301	30

### Companies

Taxable income (EUR)	Tax rate (%)
Taxable income	10

### VALUE ADDED TAX (VAT)

15% on majority of sales of goods/services; reduced or zero rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

20% is imposed only on gains on disposal of immovable property located in Cyprus or on disposal of shares of companies with immovable property located in Cyprus.

### LOSSES

- Can be offset against other sources of income.
- Can be carried forward indefinitely.
- Losses of a company can be set off against profits of another company of the same group (Group of Cyprus tax-resident companies).
- World-wide losses can be set off against taxable income of the same year or carried forward.

### TREATY NETWORK

44 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 0%

**Interest:** 0%

**Royalties:** 0% (10% on royalties used in Cyprus. 5% on film and TV royalties)

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# CZECH REPUBLIC

## INCOME TAX RATES 2008

### Individuals

There is a flat rate of 15% applicable for 2008. However, the low tax rate is compensated by an increase in the tax base (tax base includes the amount of social and health insurance paid from gross salary by an employer). On the other hand, a cap for income for social and health insurance calculation was introduced in 2008 (the cap for 2008 is CZK 1,034,880).

The above tax rate applies to both resident and non-resident individuals and covers the majority of income.

### Companies

Companies are subject to a flat corporate income tax rate of 21%. The same rate applies to both resident and non-resident companies. Tax rates to be reduced to 20% for 2009 and 19% for 2010.

A Czech limited partnership (k.s. in Czech) is treated like a company with regard to the proportional income of its limited partners. The limited partners pro rata income is therefore first subject to the corporate income tax on the level of the partnership with subsequent profit distribution subject to a 15% withholding tax (unless the rate of withholding tax is further reduced under the applicable tax treaty). The unlimited partners pro rata income is taxed at the level of the partners only i.e. similarly as in a general partnership.

For certain investment funds and mutual funds a special corporate income tax of 5% applies.

### VALUE ADDED TAX (VAT)

The standard VAT rate is 19%. A reduced rate of 9% or a zero rate is applied on specific goods and services. Turnover exceeding CZK 1,000,000 (EUR 40,000) in the preceding 12 months is the threshold for obligatory registration for VAT.

### CAPITAL GAINS TAX (CGT)

#### Individuals

- Capital gains are generally taxed at standard rate (flat rate of 15% in 2008 – see above).
- Disposal of real estate is tax free after five years (if used as a residence, the time test is reduced to two years).
- Shares are tax free after five years with the exception of shares traded on public stock exchanges that are tax free after six months.

#### Companies

- Capital gains are taxed at the standard corporate tax.
- Capital gains from a sale of an EU resident subsidiary and a double tax agreement country resident subsidiary are exempt provided conditions similar to Parent Sub Directive conditions are met (10%, 12 months, etc.).

### LOSSES

Losses of individuals and companies may be carried forward and utilised for a limited period of five years provided general conditions are met (e.g. the 'same business' test). No loss carry backs available.

### TREATY NETWORK

73 countries.

### WITHHOLDING TAX (non-residents)

- Dividends:** 15% (unless reduced/exempt under EC Directive or the relevant tax treaty)  
**Interest:** 15% (unless reduced/exempt under EC Directive or the relevant tax treaty)  
**Royalties:** 15% (unless reduced/exempt under the relevant tax treaty) 5% for the case of finance leasing (unless reduced/exempt under the relevant tax treaty)

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# DENMARK

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 5,500	0
from 5,500 – 37,500	37.50
from 37,500 – 45,000	43.50
over 45,000	58.50

In addition a social contribution (a duty) in the amount of 8% is levied. However, this amount is deductible.

### Companies

Taxable income (EUR)	Tax rate (%)
Taxable income	25

### VALUE ADDED TAX (VAT)

25% unless specially exempted (as e.g. insurance, banking and certain financial activities).

### CAPITAL GAINS TAX (CGT)

#### Individuals

Generally included in the aggregate income subject to progressive rates ('income from capital' or 'other income' as the case may be). No indexation applies.

#### Companies

Tax paid at company tax rate, i.e. there is no separate capital gains taxation. Income and capital gains are generally pooled and taxed together.

### LOSSES

Losses may be carried forward indefinitely. No carry back is permitted. For companies, the carry forward may be restricted upon changes in ownership or settlement with creditors.

### TREATY NETWORK

84 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 28% or 0% when paid to a company, which owns at least 15%

**Interest:** 30% or 0% when paid to a company/individual

**Royalties:** 30%

Various domestic exemptions and relief under either EU Directive or tax treaties apply.

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# FRANCE

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 5,687	0
from 5,687 – 11,344	5.50
from 11,344 – 25,195	14
from 25,195 – 67,546	30
over 67,546	40

### Companies

Taxable income (EUR)	Tax rate (%)
up to 38,120	15
from 38,120 – 2,289,228	33.33
over 2,289,228	34.33
2,289,228	34.33

### VALUE ADDED TAX (VAT)

19.6% on majority of sales of goods/services; reduced or zero rate on certain specific items.

### SOCIAL TAXES

All income is subject to Contribution Sociale Généralisée (CSG) and Contribution au Remboursement de la Dette Sociale (CRDS).

- Salary income: 8%.
- Capital gains and other capital revenues: 11%.

### CAPITAL GAINS TAX (CGT)

#### Individuals

Capital gains are taxable at the rate of 27% (basic 16% and social taxes of 11%) for individuals, provided that the annual amount of sales exceeds EUR 20,000.

#### Companies

In principle, capital gains are subject to corporate income tax at the standard rate (33.33%). However, as from 1 January 2007, capital gains on shares may be exempt from corporate income tax (except for a 5% lump sum subject to corporate income tax at the standard rate) if the shares qualify as 'a participation' for accounting purposes, or for the participation exemption regime (i.e. the company holds at least 5% of the share capital), and are held for at least two years (i.e. the company holds or undertakes to hold them for at least two years).

### LOSSES

French tax losses can be carried forward without time limit; they can be carried back three years.

### TREATY NETWORK

110 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** maximum rate at 25%, reduced to 15% or 0% (European Union) according to international conventions between the countries

**Interest:** maximum rate at 25%, reduced to 15% or 0% (European Union) according to international conventions between the countries

**Royalties:** tax rate between 0% - 33.331/3% according to international conventions between the countries

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# GERMANY

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Standard income Tax rate (%)	Solidarity surcharge	Total tax Rate (%)
up to 7,664	0 (tax free allowance)	0	0
from 7,665 – 52,151	15 - 42	0.825 – 2.31	15.825 – 44.31
from 52,152 – 250,000	42	2.31	44.31
over 250,000	45	2.475	47.475

### Companies (nominal Corporation tax rate 25% plus solidarity surcharge)

Companies	Corporation Tax rate (Solidarity surcharge incl.)(%)	Trade Tax rate (%)	Total (%)
multiplier 200	15.83	7	22.83
multiplier 240	15.83	14	29.83
multiplier 490	15.83	17.15	32.98

The trade tax multiplier varies from 240 to 490%. It depends on where the company is located. Partnerships such as GbR or KG are not subject to corporation tax (but to trade tax). Instead the company's income is assigned to the shareholders.

### VALUE ADDED TAX (VAT)

Regular VAT – rate	19
Reduced VAT – rate (e.g. food, newspaper, local transportation)	7
Some services such as banking services or non-profit making work	0

### CAPITAL GAINS TAX (CGT)

	Shares in corporations	Shares in partnerships	Real Estate
Individuals	Tax-free after one year; if a person has held at least 1% within five years prior to the selling, the profit is taxable income	Taxable income but some allowances	After ten years tax-free, otherwise taxable income
Companies	Profit on disposal of shares is generally 95% tax exempt	Taxable income	Taxable income

### LOSSES

Tax losses can be offset against other income in the current year, or carried back and offset against income of the former year to a certain extent. They can also be carried forward indefinitely and offset against income of upcoming years to a certain extent.

### TREATY NETWORK

87 countries.

### WITHHOLDING TAX (non-residents)

Income	Tax rate (%)	Solidarity surcharge (%)	Total tax rate (%)
Dividends	20 (0)	1.1 (0)	21.1 (0)
Interest	30	1.65	31.65
Royalties	20	1.1	21.1

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# HUNGARY

## INCOME TAX RATES 2008

### Individuals

Taxable income (HUF)	Tax rate (%)
up to 1,700,000	18
from 1,700,000 – 6,748,850	36
over 6,748,850	40

The above tax rates basically apply to income from employment. Other income (e.g. capital gains, gains on transfer of property, rent, income from securities trading, dividends) is taxed at specified rates, generally at 25%. The same rates apply to both residents and non-residents.

Dividend income of individuals is subject to tax at a rate of 25-35%. Gains of individuals arising from the selling of shares in a company are taxed at a rate of 25%. Interest income of individuals is taxed at a rate of 20%.

### Companies

Corporations are taxed on their income at the corporate level and are subject to the Hungarian corporate income tax at a flat rate of 16% and to the Hungarian solidarity tax at a flat rate of 4%. The same rates apply to both resident and non-resident companies.

### VALUE ADDED TAX (VAT)

VAT applies to any entrepreneur who carries on their business in Hungary. The standard VAT rate is 20%. A reduced rate of 5% is imposed on e.g. medicines, books etc. Zero rate (0%) is applied for certain specific items (e.g. exported goods and services).

### CAPITAL GAINS TAX (CGT)

There is no separate capital gains tax for companies. Capital gains are included in the corporate income tax (and solidarity tax) base and taxed at the regular rates. Dividend income of companies is not subject to a corporate income tax and solidarity tax. Interest income and gains of companies arising from the selling of shares in a company are taxed at 16% corporate income tax and 4% solidarity tax.

### LOSSES

In principle losses can be carried forward without time limit. Start-up losses of the first three years can be carried forward. From the fourth tax year onwards losses can be carried forward only with permission of the tax authority, if revenues represent less than 50% of the expenses, or the tax base is also negative in the two preceding tax years.

### TREATY NETWORK

More than 60 countries.

### WITHHOLDING TAX (non-residents)

<b>Dividends:</b>	<b>Individuals:</b> 25-35% (unless reduced/exempt under the relevant treaty)
	<b>Companies:</b> none
<b>Interest:</b>	<b>Individuals:</b> 20% (unless reduced/exempt under the relevant treaty)
	<b>Companies:</b> none
<b>Royalties:</b>	<b>Individuals:</b> 36% (unless reduced/exempt under the relevant treaty)
	<b>Companies:</b> none

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# REPUBLIC OF IRELAND

## INCOME TAX RATES 2008

### Individuals

Single Taxable Income (EUR)	Married one income taxable income (EUR)	Married two incomes taxable Income (EUR)	Tax rate (%)
35,400	44,400	70,800	20
balance	balance	balance	41

Individuals aged over 65 are exempt from tax if their income is less than EUR 20,000.

### Companies

Taxable income (EUR)	Tax rate (%)
All trading income	12.5
Non-trading income	25

### VALUE ADDED TAX (VAT)

The standard rate of VAT is 21%. A reduced rate of 13.5% applies to some goods and services including real property and services relating to property. A zero rating applies to exported goods, fertilisers, books, food, oral medicine, children's clothing and footwear.

### CAPITAL GAINS TAX (CGT)

The tax rate applicable to capital gains is 20%. Indexation relief is available for the period of ownership of the asset but only up to 31 December 2002. Non-residents are subject to Irish capital gains tax on the disposal of land assets.

### LOSSES

#### Individuals

Individual tax losses can be offset against other income in the current year. Losses can be carried forward indefinitely and offset against similar profits/from the same source. Terminal loss relief can be claimed in respect of a loss incurred in the last 12 months. These terminal losses can be offset against profits arising in the three preceding tax years.

#### Companies

Company tax losses can be offset against other income in the current year, carried back and offset against income of the previous year or carried forward indefinitely and offset against similar profits from the same source.

### TREATY NETWORK

44 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 20%

**Interest:** 20%

**Royalties:** 20%

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# ISRAEL

## INCOME TAX RATES 2008

### Individuals

Taxable income (NIS)	Tax rate (%)
up to 52,860	10
from 52,861 – 93,720	16
from 93,721 – 140,640	26
from 140,641 – 202,080	33
from 202,081 – 435,130	35
over 435,130	47

### Companies

Taxable income (NIS)	Tax rate (%)
2008	27
2009	26
2010 and there after	25

### VALUE ADDED TAX (VAT)

15.5% on the majority of sales of goods/services; zero rate on certain specific items.

### SOCIAL TAXES

All individual income is subject to National Social Security and Health Security. The total rates are between 6.72% - 16.23%.

### CAPITAL GAINS TAX (CGT)

#### Individuals

Capital gains are taxable at the rate of 20%.

#### Companies

In principal, capital gains are subject to corporate income tax at the standard rate of 25%.

For assets purchased before 2003, the tax should be calculated relatively: for the period from purchase date to 1 January 2003 according to regular tax rates, and for the period between 1 January 2003 and the sale date; 20% for individuals and 25% for companies.

### LOSSES

Losses can be carried forward without time limit. Capital losses can be deducted only from capital gains.

### TREATY NETWORK

43 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 25% (unless reduced/exempt under special circumstances)

**Interest:** 15%

**Royalties:** 15%

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# ITALY

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Progressive tax rate (%)	Average tax rate (%)
15,000	23	23
from 15,001 – 28,000	27	25
from 28,001 – 55,000	38	31
from 55,001 – 75,000	41	34
over 75,000	43	from 34 - 43

### Companies

27.5% standard corporate income tax rate for resident companies. A local tax (IRAP) generally at a 3.9% rate is applicable on a tax basis approximately coinciding with added value.

### Non-residents

Non-resident companies and individuals: same income tax rates as resident ones.

### VALUE ADDED TAX (VAT)

20% standard rate; reduced rates (10%, 4% or 0%) are provided for certain goods, services and business transactions.

### CAPITAL GAINS TAX

#### Individuals

The rate of tax payable on capital gains from shareholding is 12.5% for non-qualifying shareholding of up to 20% in a company. Min 9.2% - max. 17,2% on transfer of majority shareholdings.

#### Companies

**Resident:** 27.5% in principle on transfer of shareholdings. In sale of participation, 95% is tax exempt, subject to certain conditions.

Reduced tax rate of 1.38% may apply if certain conditions are met.

**Non-resident:** 14.2% effective tax rate on transfer of shareholdings.

### CORPORATE TAX LOSSES

Tax losses can be carried forward for 5 years; no carry back is allowed. If incurred in the first 3 years of activity and certain conditions are met, they may be carried forward indefinitely.

### TREATY NETWORK

78 countries.

### WITHHOLDING TAX (Payment to companies)

**Dividends:** resident and qualified EU resident: 0%; other European Economic Area resident: 1.375%; other foreign resident: 27%

**Interest:** resident and qualified EU resident: 0%; other non resident: 12.5%; tax haven: 27%

**Royalties:** resident and qualified EU resident: 0%; other non resident: 22.5%; tax haven 22.5%.

Above withholding tax rates can be reduced on the basis of applicable Tax Treaties (excluding tax haven).

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# LIECHTENSTEIN

## INCOME TAX RATES 2008

### Individuals

Assuming a municipal tax surcharge of 200%, the minimum tax rates are as follows: at least 0.162% and at most 0.8505% for asset tax; at least 3.24% option and at most 17.01% for income tax. Under certain conditions there is a lump sum taxation possible for foreigners.

### Companies

Corporations are subject to a profit tax at the rate between 7.5% to 15% and a capital tax of 0.2%. Holding and Domiciliary companies are subject to a capital tax of 0.1% but at least CHF 1,000 per year.

## VALUE ADDED TAX (VAT)

7.6% calculated on the price of goods and services.  
2.4% applies to items such as medicine, newspapers etc.  
3.6% on hotel accommodation.

Certain transactions are exempt from VAT, especially charitable, cultural, educational and religious transactions.

## CAPITAL GAINS TAX (CGT)

### Individuals

Capital gains are taxed in the same way as ordinary income tax for individuals.

### Companies

Capital gains are taxed the same way as ordinary profit tax for corporations.

Profits attained through the sale of real property located in Liechtenstein are subject to a special tax (real estate profit tax), not to general asset and income or capital and profit taxes.

## LOSSES

Losses can be carried forward for five years and be offset against 100% of the income of the current year.

## TREATY NETWORK

2 countries (Austria and Switzerland).

## WITHHOLDING TAX

**Dividends:** 4%  
**Interest:** 0%  
**Royalties:** 0%

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# LUXEMBOURG

## INCOME TAX RATES 2008

### Individuals

Families with children: possible tax relief of EUR 9,000. Three tax groups: Class 1 (one person household); Class 1A (one person household with children, widows and people exceeding 65); Class 2 (married couples). Highest tax bracket: 38% (Class 1: > EUR 34,500 and Class 2: > EUR 69,000) plus a 3.5% contribution to the unemployment fund. No net wealth tax for resident and non resident individuals.

### Companies

The corporate income tax is 22% if the income exceeds €15000 plus a contribution to the unemployment fund of 4%. A municipal income tax is also due which varies per municipality and amounts to some 7.5% (6.75% in Luxembourg City). Exemptions for qualifying participations available. Net wealth tax: 0.5% calculated on the company's world wide net wealth as per 31 December of each year. Exemptions from this tax are available.

### Non-residents

Non-residents (including their permanent establishments) are taxed on their Luxembourg source income at the same income and net wealth tax rates as residents.

## VALUE ADDED TAX (VAT)

The standard rate is 15%; reduced rates (12%, 6% and 3%) on some goods and services. 0% - exports and some services (i.e. some banking activities). Imports are not exempt from VAT.

## CAPITAL GAINS TAX (CGT)

### Individuals

Gains are exempted on:

- sale of a shareholding of less than 10% held for more than six months
- sale of principal private residence
- sale of movable property, other than shareholding, owned for more than six months
- lower than EUR 500 per annum
- Short term gains: Tax rate applicable depend on the Tax Class and level of income
- Long term gains: Rate applicable of 50% of the total tax rate and reduction of EUR 50,000 reduction on taxable basis (for married couples 100,000)

### Companies

**Resident:** Normal IRC rate on capital gains realised by a resident company. 0% if the gain realised on alienation of at least 10% or EUR 6 million acquisition value of the shares held for an uninterrupted period of at least 12 months of:

- resident fully taxable company
- EU resident company or
- a company subject to a comparable foreign income tax.

**Non-resident:** Capital gain realised by a non-resident company on the alienation of a Luxembourg company in which the alienator held at least 10% for a period of at least six months, is liable to Luxembourg IRC. Note: Applicable tax treaty may grant the right to taxation to the state of the alienator.

## LOSSES

Corporate tax losses can be carried forward indefinitely.

## TREATY NETWORK

51 countries.

## WITHHOLDING TAX (non-residents)

<b>Dividends:</b>	15% (non-EU resident), 0% (Luxembourg and EU resident)
<b>Liquidation proceeds:</b>	0%
<b>Interest:</b>	0%. 15% if European Savings Directive is applicable
<b>Royalties:</b>	NIL

(Treaties may provide for more beneficial treatment)

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# MALTA

## INCOME TAX RATES 2008

### Individuals - residents

Taxable income (EUR) single/married couple (separate computation)	Taxable income (EUR) married couple (joint computation)	Tax rate (%)
up to 8,150	up to 11,400	0
from 8,151 – 14,000	from 11,401 – 20,500	15
from 14,001 - 19000	from 20,501 – 28,000	25
over 19,000	over 28,000	35

### Individuals - non-residents (married or single)

Taxable income (EUR)	Tax rate (%)
up to 700	0
from 701 – 3,100	20
from 3,101 – 7,800	30
over 7,801	35

### Companies

Taxable income (EUR)	Tax rate (%)
Any	35

Company tax is fully credited to shareholders on distribution of profits.

### VALUE ADDED TAX (VAT)

18% on majority of goods and services; reduced rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

#### Immovable property

The tax rate applicable to transfers of immovable property is 12% (Final Withholding Tax). In certain circumstances, the transferor may opt to be taxed at standard rates on the gain made on the transfer.

#### Securities

Standard rates apply in the case of resident persons. Capital gains on transfers of certain securities derived by non-resident persons are exempt from tax.

### LOSSES

Trading losses can be offset against any other income in the current year. Trading losses can be carried forward indefinitely and offset against any other income.

Capital losses can be offset against capital gains in the current year. Capital losses can be carried forward indefinitely and offset against future capital gains.

### TREATY NETWORK

47 countries.

### WITHHOLDING TAX - (Resident)

**Dividends:** 15% (on taxed income distributed to individual residents)

**Interest:** 15%

**Royalties:** -

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# NETHERLANDS

## INCOME TAX RATES 2008

### Individuals - box I-income

Taxable income (EUR)	Progressive tax rate (%)	Social Security Premiums (%)
up to 17,579	2.45	31.15 (13.25; 65 and older)
from 17,579 – 31,589	10.70	31.15 (13.25; 65 and older)
from 31,589 – 53,860	42	-
over 53,860	52	-

The same rates apply to both residents and non-residents.

### Individuals - box II-income

In case of a 'substantial interest' in a company (at least 5% of the total issued share capital) a flat rate of 25% is due on dividends, other income and capital gains arising from investments. The tax rate is for residents as well as for non-residents.

### Individuals - box III-income

On the balance of assets and debts higher than EUR 20,315 a deemed return on investment of 4% is taxed at a flat rate of 30% for residents and non-residents.

### Companies

Taxable income (EUR)	Tax rate (%)
up to 40,000	20
from 40,000 – 200,000	23
over 200,000	25.5

The same rates for resident companies and non-resident companies.

### VALUE ADDED TAX (VAT)

On supplies of most luxury goods: standard rate of 19%. For specified goods and services: 6%. Certain exported (and some incoming) goods and services: 0%.

### LOSSES

Tax losses can be carried back to be offset against income of the former year. Losses can be carried forward and offset against future income for nine years.

### TREATY NETWORK

86 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 15% (unless reduced under relevant treaty or EC directive)

**Interest:** 0%

**Royalties:** 0%

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# NORWAY

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate (%)
up to 52,320	35.80
from 52,320 – 85,020	44.80
over 85,020	47.80

Increased social security rates for self-employed individuals. Employers pay an amount equal to 14.1% of payroll without any limit.

### Companies

Taxable income (EUR)	Tax rate (%)
All income	28

### VALUE ADDED TAX (VAT)

25% on majority of sales of goods/services. Reduced rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

**Individuals:** 28%

**Companies:** 28%. Foreign companies are not liable to tax on gains from disposal of shares in Norway.

### LOSSES

Both individual and company tax losses are normally deductible from other income and gains in the current year. They can also be carried forward indefinitely and offset against similar profits/from the same source.

### TREATY NETWORK

87 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** Companies: 0% for shareholders which are limited companies resident in European Economic Area (EEA).

**Individuals:** 25%. However this tax rate is normally reduced to 15% by a tax treaty.

**Interest:** 0%

**Royalties:** 0%

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# POLAND

## INCOME TAX RATES 2008

### Individuals (general rules)

Taxable income (PLN)	Tax rate
up to 44,490	19% minus the tax reduction amount of 586.85
from 44,490 – 85,528	7866.25 + 30% of the surplus over 44,490
over 85,528	20,177.65 + 40% of surplus over 85,528

The above tax rates basically apply to both residents and non-residents for all income. Nevertheless some exceptions are provided e.g. income of non-residents being management board members appointed under resolution of shareholders are taxed at 20% flat rate. Taxpayers who earn non-agricultural business activity income can choose between taxation at the flat rate of 19% or taxation on the basis of the general rules.

### Companies

Corporations (legal persons) are subjected to a 19% flat tax rate on their profit. This applies to both residents and non-residents.

### VALUE ADDED TAX (VAT)

- 22% is for most goods and services
- 7% is for sale of new flats, certain foodstuffs, medicinal products, hotel services and passenger transportation
- 3% is applied to most foodstuffs
- 0% to export and intra-community supply of goods

Tax exemptions for e.g. educational services, scientific and research services, health care services.

### CAPITAL GAINS TAX (CGT)

Since 2004 there is one flat tax rate of 19% on capital gains for individuals subject to PIT. Corporations subject to CIT add capital gains to their regular profits and pay regular CIT at the rate of 19%.

### LOSSES

Both individuals and companies losses may be carried forward up to five years. A maximum of 50% of the loss can be utilised in a single year within the five year period.

### TREATY NETWORK

81 countries.

### WITHHOLDING TAX (non-residents)

For income earned in Poland by taxpayers who do not have a registered office or place of management in Poland.

**Dividends:** 19%

**Interest:** 20%

**Royalties:** 20%

**Performance of e.g. advisory, accounting, legal services:** 20%

Provisions of Double Tax Treaties may decrease the above rates or exempt from taxation.

### Directive on taxation of interest and royalties (2003/49/EC)

In accordance with the implementation of the Interest/Royalties Directive, Poland has been granted the following transitional periods:

- until 30 June 2009 – Poland may impose WHT on interest and royalties at the maximum rate of 10%
- from 1 July 2009 to 30 June 2013 – Poland may impose WHT on interest and royalties at the maximum rate of 5%.

### Parent-Subsidiary Directive (90/435/EEC)

Income earned in Poland by entities from the EU in respect of dividends as well as other income in respect of a share in profits of legal persons is CIT exempt, provided that foreign entity has held the following percentages of shares of the Polish company for an uninterrupted period of two years:

- to the end of 2008 – no less than 15%
- from 1 January 2009 – no less than 10%.

The above mentioned rule applies also to dividends paid to entities from the EEA and Switzerland (in the case of Switzerland, the minimum shareholding is 25%).

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# PORTUGAL

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Normal Rate (%) [A]	Medium Rate (%) [B]
up to 4,639	10.5	10.500
from 4,639 – 7,017	13	11.3472
from 7,017 – 17,401	23.5	18.5994
from 17,401 – 40,020	34	27.3037
from 40,020 – 58,000	26.5	30.1545
from 58,000 – 62,546	40	30.8701
over 62,546	42	-

The amount of taxable income if higher than EUR 4,639 is divided into two parts: one equal to the limit of the highest bracket comprised therein, to which the rate of column B corresponding to such bracket applies; the other equal to the exceeding fraction to which the rate of the column A corresponding to the next highest bracket applies.

The joint income of a married couple or people living together as a married couple for at least two years is divided by two for purposes of the tax tables application.

### Companies

The normal income tax rate (IRC) for resident companies whose main activity is of a commercial, industrial, or agricultural nature, or for permanent establishments of non resident companies who carry out such activities, is 25%. To this is added, in most municipalities, a 1.5% municipal rate, resulting in a maximum combined rate of 26.5%. The IRC rate for resident companies subject to the simplified regime (applicable only to companies with annual turnover up to EUR 150,000) is 20%.

### VALUE ADDED TAX (VAT)

21% on majority of sales of goods/services, reduced to 12% and 5% or zero rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

#### Individuals

There is no tax on capital gains on the disposal of:

- shares owned by the respective owner for more than 12 months
- bonds and debentures.

#### Companies

50% of the capital gains on the disposal of fixed assets and the disposal of share capital (shares or quotas) are tax exempt, if the reinvestment of the corresponding sales values occurs in the year prior to the disposal, in the year of the disposal or in the two following years.

### LOSSES

Individual (carrying out a commercial or industrial activity as self-employment) and company tax losses can be carried forward against the income earned in the following six years.

### TREATY NETWORK

50 countries.

### WITHHOLDING TAX

**Dividends:** 20%

**Interest:** 20%

**Royalties:** 15%

**Income from bonds and other financial investments:** 20%

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# ROMANIA

## INCOME TAX RATES 2008

### Individuals

Taxable income (RON)	Standard Income tax rate (%)
no brackets	16

The above tax rate applies to both resident and non-resident individuals.

Personal deductions: ranging from RON 250 to RON 650 are available against gross salaries (i.e. from the base jobs) of up to RON 1,000, depending on the number of dependants. The personal deductions will decrease for gross salaries higher than RON 1,000. No deductions for gross salaries of more than RON 3,000.

### Companies

All corporations (capital companies and partnerships) are taxed on their taxable profits at the corporate level and are subject to the Romanian corporate income tax at a flat rate of 16%.

### VALUE ADDED TAX (VAT)

The standard VAT rate is 19%. A reduced rate of 9% or zero rate is applied on specific goods and services.

### CAPITAL GAINS TAX (CGT)

#### Individuals

- Gains from selling shares in a S.R.L.: 16% of income tax.
- Disposal of real estate: progressive rate of up to 2% or 3% depending on the ownership period.
- For real estate owned for less than three years:
  - for values up to RON 200,000, the income tax is 3%
  - for values exceeding RON 200,000, the income tax is RON 6,000 + 2% of the amount exceeding RON 200,000.
- For real estate owned for more than three years:
  - for values up to RON 200,000, the income tax is 2%
  - for values exceeding RON 200,000, the income tax is RON 4,000 + 1% of the amount exceeding RON 200,000.

#### Companies

Capital gains are subject to 16% tax (inclusive of capital gains derived from the disposal of investments in corporations).

### LOSSES

May be carried forward and deducted from future taxable income for a limited period of five years. No loss carry backs. No provisions regarding groups.

### TREATY NETWORK

77 countries.

### WITHHOLDING TAX (non-residents)

- Dividends:** 16% (unless reduced/exempt under EC Directive or the relevant treaty)
- Interest:** 16% (unless reduced under EC Directive or unless exempt under EC Directive as of 1 January 2011) for companies. 0% for individuals resident in an EU member state - starting with Romania accession date.
- Royalties:** 16% (unless reduced under EC Directive or unless exempt under EC Directive as of 1 January 2011)

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# RUSSIA

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax rate
Income over 130	For residents: 13%
	For non-residents: 30%
	Both residents and non-residents for some kinds of income: 35%

### Companies

Taxable income	Tax rate
Income less expenses	For residents: 24% excluding dividends (for dividends – 9%)
	For non-residents: 10% on income gained from use, keeping or lease out of ships, aircrafts, liners, trailers and other movable transportation; 20% on other income, excluding dividends.

### VALUE ADDED TAX (VAT)

0% applies on sales of goods for export, as well as work and services directly connected with production and sale of such goods, work (services) connected with transportation of goods to the Russian customs territory, services in transportation of passengers and baggage. A complete list of transactions taxable at the rate of 0% is set out in paragraph 1 art 164 of the Russian Tax Code.

It is necessary to confirm the right to apply the rate of 0%, for which purpose a tax declaration and a set of documents indicated in art 165 of the Russian Tax Code are filed with the tax authorities.

Taxation of food products, goods for children, periodical printed media, books, medical products are taxed at the rate of 10%. A detailed list of such goods taxed at the rate of 10% is set out in paragraph 2 art 164 of the Russian Tax Code and is approved by the Russian government. In all other cases VAT tax rate is 18%.

There is a list of transactions that are not VAT taxable (for instance, sale of medical goods (a list is established by the Russian government), some medical services, banking transactions conducted by banks, rendering insurance services, sale of shares in share capital, securities and instruments of time transactions (including forward, futures contracts and options), transactions for providing loans in money form, as well as rendering financial services for granting loans in money form, sale of exclusive rights for inventions, useful models, industrial prototypes, computer programs, databases, integrated circuit topology, know-how, rights for use of intellectual activity results on the basis of a license agreement and so on).

### CAPITAL GAINS TAX (CGT)

In the Russian Federation, capital gains in the form of dividends, interest on liabilities, interest on securities, sale of assets and other types of income gained is deemed to be income and is subject to income tax as usual.

### LOSSES

Entities that incurred losses in prior tax periods, are entitled to reduce the tax base of the current tax period by the complete loss amount or a part of that amount (carry the loss forward). The current losses can be offset by current profit for the current tax year. Losses can be carried forward for ten years following the year in which the losses were incurred. From 1 January 2007, an entity is given the right to carry forward the calculated loss to the current tax period in full. In case of restructuring, an assignee gets the right to reduce the tax base by the amount of losses incurred by restructuring entities.

### TREATY NETWORK

67 Countries.

### WITHHOLDING TAX

**Dividends:** 15 %

**Interest:** 20 %

**Royalties:** 20 %

The lower rate of dividend withholding tax is granted, under certain conditions provided in specific tax treaties, for substantial participation of the receiving company resident in one contracting state in the share capital of the distributing company resident in another contracting state.

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# SLOVAKIA

## INCOME TAX RATES 2008

### Individuals

Taxable income (SKK)	Flat Tax rate (%)
	19

The above stated tax rate applies to all income subject to tax. Dividend income is not subject to tax. This applies to both residents and non-residents.

### Companies

Taxable income (SKK)	Flat Tax rate (%)
	19

Slovakian corporate income tax is at a flat rate of 19%. Dividend income is not subject to tax. This applies to both resident and non-resident companies.

### VALUE ADDED TAX (VAT)

VAT covers any entrepreneur who independently carries on their business in Slovakia. There is a standard VAT rate of 19%. A reduced rate of 10% is imposed on certain specific items (e.g. certain medicaments, medical aids, books, brochures and alike).

### CAPITAL GAINS TAX (CGT)

Capital gains of resident individuals are subject to the standard flat tax rate of 19%. The sale of real estate is tax free after five years (two years if the real estate is the principal residence of the taxpayer). Capital gains of resident companies are subject to the standard flat tax rate of 19%, with no exceptions applicable.

Capital gains of non-resident individuals and companies are subject to tax – if not part of a permanent establishment – only if the payment is made by a taxpayer subject to unlimited tax liability. The applicable tax rate is 19%.

### LOSSES

In principle losses may be carried forward for a maximum of five taxable periods and be offset against 100% of the income of the current year. Losses in the case of a merger or a de-merger may be carried forward by the legal successor. Therefore, all companies involved must be subject to corporate income tax and merger/de-merger may not be made for tax avoidance purposes.

### TREATY NETWORK

over 50 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** are not subject to tax

**Interest:** individuals, 19% (unless reduced under DTT) companies, 19% (unless exempt or reduced under DTT)

**Royalties:** individuals, 19% (unless reduced under DTT) companies, 19% (unless exempt or reduced under DTT) EU Royalties and Interest Directive to be taken into account for group of companies (25% minimum interest and 24 months minimum holding period)

**Debt/Equity ratio:** To be reintroduced as of 1 January 2009 with ratio of 1:6. to be applied to loans of more than SKK 100 million (approx EUR 3.2m). Average loans to be compared with equity as of 31 December in the previous year; interest not deductible for all loans exceeding ratio when either lender or borrower holds 25% or more (directly or indirectly) in the other contracting party

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# SLOVENIA

## INCOME TAX RATES 2008

### Individuals

Taxable Income (EUR)	Tax rate %
to 7.187,60	16%
from 7.187,60 to 14.375,20	27%
over 14.375,20	41%

General tax relief (2.959,60 EUR)

### Companies

Taxable Income (EUR)	Tax rate %
Year 2007	23%
Year 2008	22%
Year 2009	21%
Year 2010	20%

Some of the tax reliefs have been abolished (e.g. Investment relief,...)

### VALUE ADDED TAX (VAT)

20%

8.5% (food, drugs, books, culture events etc.)

0% (export)

### CAPITAL GAINS TAX

20 % till five years of shareholding

15% from five to ten years of shareholding

10% from ten to 15 years of shareholding

5% from 15 to 20 years of shareholding

0% after 20 years of shareholding

### LOSSES

Losses can reduce the tax base, without the limitation.

### TREATY NETWORK

43 countries.

### WITHHOLDING TAX

**Dividends:** 15%, or per applicable DTA and applying the EU Parent-Subsidiary Directive for group purposes (participation at least 10% and holding period 24 months)

**Interest:** 15%, or per applicable DTA and applying the EU Parent-Subsidiary Directive for group purposes (participation at least 10% and holding period 24 months)

**Royalties:** 15%, or per applicable DTA and applying the EU Parent-Subsidiary Directive for group purposes (participation at least 10% and holding period 24 months)

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# SPAIN

## INCOME TAX RATES 2008

### Individuals

Taxable income (EUR)	Tax payable (EUR)	Rest of taxable income	Tax rate (%)
0	0	17,707.20	24
17,707.20	4,249.73	15,300	28
33,007.20	8,533.73	24,400	37
53,407.20	16,081.73	over 53,407.20	43

### Companies

Small-Size Companies Tax Regime 1		General Tax Regime
Net Profit (EUR)	tax rate (%)	tax rate %
up to 120,202.41	25	30
over 120,202.41	30	

1 Less than 8 million EUR of annual turnover.

### Non-residents

Permanent establishments: tax paid at 30% on net profit.

Non-permanent establishments: General tax rate 24% both for individuals and companies.

### VALUE ADDED TAX (VAT)

16% on majority of sales of goods/services; reduced (7%), super reduced (4%) or zero rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

#### Individuals

- Tax paid at 18% rate on capital gains both residents and non-residents.
- Special rules of exemption for goods acquired before the Tax Year 1996.

#### Companies

- Tax paid at company tax rate; 12% tax relief available in case of reinvestment on tangible, intangible or financial assets within three years when some conditions are met.

### LOSSES

Both individual and company tax losses can be offset against similar profits/from the same source in the current year, or carried forward and offset against income of the following year (up to four years for individuals and up to 15 years for companies).

### TREATY NETWORK

59 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 18% (residents), 0% (EU residents) and 18% (non-EU residents)

**Interest:** 18% (residents), 0% (EU residents) and 18% (non-EU residents)

**Royalties:** 18% (residents), 10% (EU residents) and 24% (non-EU residents)

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# SWEDEN

## INCOME TAX RATES 2008

### Individuals

Taxable Income (SEK)	Standard income Tax rates (%)		Dividend income tax rate (%)	Non-dividend saving income tax rate (%)
up to 18,000	0 <sup>2</sup>	0 <sup>3</sup>	30	30
from 18,000 – 340,800	0	31.55	30	30
from 340,900 – 507,000	20	31.55	30	30
over 507,100	25	31.55	30	30

■ The personal allowance on employment/business income ranges from SEK 11,900 to SEK 31,000 completed with a tax reduction.

<sup>2</sup> National income tax.

<sup>3</sup> Municipal tax as an average.

### Companies

Taxable income (SEK)	Tax rate (%)
All income	28

### VALUE ADDED TAX (VAT)

25% on majority of sales but 12% on e.g. foods and 6% on e.g. personal transport.

### CAPITAL GAINS TAX (CGT)

#### Individuals

A 30% flat tax is levied on capital gains and 20% on personal dwellings. Capital gains on personal belongings are tax-free.

#### Companies

The tax rate on capital gains is 28%. Capital gains on shares other than portfolio investments are tax-free.

### LOSSES

Individuals may offset losses on shares against capital gains on shares. 70% of other losses are treated as deductible costs. In a company, losses on shares in subsidiaries are not deductible and losses on portfolio investment shares/certain real estate may be offset only against capital gains on such assets or carried forward indefinitely to be set off against such capital gains. Other capital losses in a company may be offset against business income.

### TREATY NETWORK

79 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 30% but usually reduced to 0% on dividends from subsidiaries

**Interest:** 0%

**Royalties:** 0% but often taxed by direct assessment

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# SWITZERLAND

## INCOME TAX RATES 2008

### Individuals

Residents: 0% - 40% depending on location (26 cantons with different tax brackets). For foreigners lump sum taxation available under certain circumstances.

### Companies

9% - 25% depending on location (26 cantons with different tax brackets) and tax status (e.g. administration company, holding company).

## VALUE ADDED TAX (VAT)

7.6% on majority of goods/services; 2.4% on specific items; 3.6% on hotel accommodation.

## CAPITAL GAINS TAX (CGT)

### Individuals

Generally no CGT, real estate gains aggregated and taxed on ordinary income. The tax rate is usually progressive with respect to the gain realised and at reducing rates with respect to the holding period (26 cantons with different tax brackets).

### Companies

Generally CGT, generally no taxation on sale of subsidiaries.

## LOSSES

Losses can be carried forward for seven years; no loss carry back.

## TREATY NETWORK

79 countries.

## WITHHOLDING TAX (non-residents)

**Dividends:** 35%

**Interest:** 0% (banks 35%)

**Royalties:** 0%

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# TURKEY

## INCOME TAX RATES 2008

### Individuals

Lower Bracket (TRY)	Upper Bracket (TRY)	Tax On Lower (TRY)	Tax rate (%)
0	7,800	0	15
7,800	19,800	1,170	20
19,800	44,700	3,570	27
44,700	-	10,293	35

### Companies

Taxable Income (TRY)	Tax rate (%)
Taxable Income	20

### VALUE ADDED TAX (VAT)

The standard tax rate is 18%; 8% and 1% rates also applied on specific goods and services.

### CAPITAL GAINS TAX (CGT)

#### Capital taxes

Capital taxes are only property tax and motor vehicle tax in Turkey.

### PROPERTY TAXES

Property taxes are paid each year on the tax values of land and buildings at rates varying from 1%-4%.

### MOTOR VEHICLE TAX

The subject of the tax is the motor vehicle. The taxable event is registration of the motor vehicles in the traffic, municipality and docks. Vehicle owners have to pay an annual tax which is dependent on the cylindrical volume or horse power of engines and date of production of the vehicle.

### CAPITAL GAINS TAXES

#### Individuals

Individuals are not taxed on gains arising from the sale of Joint Stock companies, if shares not sold within two years of acquisition. On the sale of real estate, if the assets are held for more than five years the capital gain is exempt from tax. If shares both listed on stock markets and held for less than two years are sold, gains arising are subject to withholding tax at the rate of 15%. Sales of shares in a limited company must be declared and are subject to progressive income tax.

### CAPITAL GAINS TAXES

#### Corporate

Capital gains are subject to 25% rate of income tax at 25% on the sale of immovable properties and the sale of shares.

Exemptions for gains arising from non-resident companies' shares.

Holding shares must be at least 10%.

Holding shares must be at least 75% companies assets.

### TREATY NETWORK

68 countries.

### WITHHOLDING TAX

Dividends:	15%
Independent Professional services:	20%
Interest:	15%
Royalties:	20%

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# UNITED KINGDOM

## INCOME TAX RATES 2008

### Individuals

Taxable income (GBP)	Standard income tax rate (%)
up to 6,035	0 (tax free allowance)
from 6,036 – 40,835	20
40,836	40

Increased tax-free allowance for individuals over 65 and decreased social security rates for self-employed individuals are available.

Dividends receive a 10% tax credit. Higher rate (40%) taxpayers pay further tax of 22.5%. There is a 10% starting rate of up to £2,320 only for savings income.

### Companies

Taxable income (GBP)	Tax rate (%)
up to 300,000	21
from 300,001 – 1,500,000	29.75
over 1,500,000	28

The number of associated companies lowers the band limits of corporation tax.

### VALUE ADDED TAX (VAT)

17.5% on majority of sales of goods/services; reduced or zero rate on certain specific items.

### CAPITAL GAINS TAX (CGT)

#### Individuals

- First GBP 9,600 of gains per tax year are exempt from CGT.
- Tax paid at 18% on capital gains above exempt amount.
- A new 'entrepreneurs relief' is available on certain disposals relating to trading companies, reducing the CGT rate to 10% on the first GBP 1 million of qualifying gains.

#### Companies

- Tax paid at company tax rate; indexation relief available.

### LOSSES

Both individual and company tax losses can be offset against other income in the current year, or carried back and offset against income of the former year (up to three years if terminal losses in a company, or in the opening or final years of business if an individual). They can also be carried forward indefinitely and offset against similar profits/from the same source.

### TREATY NETWORK

109 countries.

### WITHHOLDING TAX (non-residents)

**Dividends:** 0%

**Interest:** 20%

**Royalties:** 22%

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The information given here is greatly simplified and is no substitute for professional advice.  
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