



Europe, Middle East & Africa Tax Facts 2012

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ANGOLA

INCOME TAX RATES 2012

Employment Income Tax (IRT)

IRT is withheld on a monthly basis by the employer or payer at the rates shown below:

Income (KZ)	Tax Rate
0 – 25.000	exempt
25.001 – 30.000	5% over the excess of 25.000
30.001 – 35.000	fixed amount 250 + 6% over the excess of 30.000
35.001 – 40.000	fixed amount 550 + 7% over the excess of 35.000
40.001 – 45.000	fixed amount 900 + 8% over the excess of 40.000
45.001 – 50.000	fixed amount 1.300 + 9% over the excess of 45.000
50.001 – 70.000	fixed amount 1.750 + 10% over the excess of 50.000
70.001 – 90.000	fixed amount 3.750 + 11% over the excess of 70.000
90.001 – 110.000	fixed amount 5.950 + 12% over the excess of 90.000
110.001 – 140.000	fixed amount 8.350 + 13% over the excess of 110.000
140.001 – 170.000	fixed amount 12.250 + 14% over the excess of 140.000
170.001 – 200.000	fixed amount 16.450 + 15% over the excess of 170.000
200.001 – 230.000	fixed amount 20.950 + 16% over the excess of 200.000
> 230.001	fixed amount 25.750 + 17% over the excess of 230.000

Business Income Tax (Imposto Industrial)

Resident companies (and permanent establishments of non-resident entities) - 35%.

Non-resident companies – “turn key contracts” and services contracts (ie. technical assistance, management and other contracts with similar nature) are subject to withholding tax at rates of 3.5% (contracts related to buildings) or 5.25% (other services).

Losses - deductible from taxable income and may be carried forward (not back) for companies for 3 years.

Capital Income Tax

- Dividends and royalties – 10%;
- Interest derived from deposits in financial institutions – 10%;
- Interest derived from Public Bonds and Central Bank titles – 10% (5% when maturity date is more than 3 years);
- Interest from bonds and shareholders loans – 10%;
- Capital gains on shares obtained by individuals and not taxed in IRT or Business Income tax (see below) – 10%;
- Winnings from (un)lucky games, raffle tickets, lotteries or bets – 15%.

CAPITAL GAINS TAX

There is no separate capital gains tax. For corporate income tax purposes, worldwide capital gains are treated as ordinary business income and taxed at the standard rate of 35%.

Capital gains obtained by individuals are only taxable when realized as part of a business activity and are taxed as business income.

VALUE ADDED TAX (VAT)

There is no VAT in Angola.

There is a consumption tax (Imposto de Consumo) which is levied on the production and importation of goods, consumption of water and energy, and some services for example: telecommunication services, hotel services and related activities, lease of machines and other equipment, advisory services, tourism services, vehicles rental, maritime and aero transports.

Normal consumption tax rate is 10%, but there are special rates (2% to 30%) for several goods. Services are taxed at 5% or 10%.

TREATY NETWORK

Angola has not signed any double tax treaties yet.

WITHHOLDING TAX

Dividends: 10%; **Interest:** 15%; and **royalties:** 10%.

TAX REFORM

Angola is implementing a tax reform to be in force in 2012, therefore some changes namely in Business Income Tax and in IRT will occur soon.

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AUSTRIA

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 11,000	0
From 11,001 – 25,000	36.5
From 25,001 – 60,000	43.2
Over 60,000	50

The above tax rates basically apply to all income, except income from capital investments (dividend income, most savings income etc). The same rates apply to both residents and non-residents. However, non-residents have to add EUR 9,000 to their tax base (especially for income that has not been taxed by way of withholding tax).

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%. The same rates apply to both resident and non-resident companies. Resident corporations are obliged to pay annual minimum income tax (AG: EUR 3,500; GmbH: EUR 1,750) even when making losses. Companies linked in a financial hierarchy can constitute a group for tax purposes under specified circumstances. 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 of resident companies.

VALUE ADDED TAX (VAT)

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

CAPITAL GAINS TAX (CGT)

Individuals

In principle capital gains of residents from the disposal of capital investments (shares in a company, investment funds, bonds, futures etc.) are taxed at 25%.

Companies

Holding companies are privileged under certain circumstances, interest rates are mostly deductible (special restrictions on interest rates for acquisitions within a group of companies).

LOSSES

In principle losses may be carried forward without time limit. As a rule, losses carried forward 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 90 countries.

WITHHOLDING TAX (non-residents)

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

Interest: 35% from 1/7/2011, particularly if paid to non-resident EU individuals

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

Capital Gains: 25% from 1/4/2012

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AZERBAIJAN

INCOME TAX RATES 2012

Individuals

Monthly Taxable Income (AZN)	Tax Rate (%)
Up to 2,000	14%
Over 2,000	280 plus 30% of the amount exceeding 2,000

Companies

Taxable Income (AZN)	Tax Rate (%)
Taxable profit of resident and non-resident enterprises	20%

Legal entities incorporated in Azerbaijan are normally treated as residents and are taxable on their worldwide income. Legal entities incorporated abroad are normally treated as non-residents and are taxable on income from sources in Azerbaijan, subject to the terms of any relevant double tax treaties. Taxable income shall be defined as gross income from economic activities less allowable deductions. Normal business expenses may be deducted in computing taxable income.

SIMPLIFIED TAX

Legal entities not registered for the VAT purposes, which have the volume of taxable operations for the previous 12 months period at AZN 150000 and less, and individuals engaged in entrepreneur activities without creation of a legal entity, which have the volume of taxable operations at AZN 90000 and less, shall be entitled to be taxpayers under simplified regime. The simplified tax is 4% and 2% of gross revenue for Baku, the capital, and the surrounding regions, respectively. Individual entrepreneurs that pay the simplified tax are exempt from profit tax, VAT, assets tax and personal income tax.

VALUE ADDED TAX (VAT)

Standard rate: 18%

VAT in Azerbaijan is similar to most European VAT systems, with tax levied on the supply of most goods and services, and the import of goods. VAT payers are entitled to recover the amount of VAT paid on purchases (input VAT) that exceeds the VAT received from their taxable supplies (output VAT). Some transactions are exempt (including export of goods and provision of financial services) or zero-rated.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are treated as normal income and taxed at the ordinary personal tax rate.

Companies

Capital gains are taxed at the same rates as other profits.

LOSSES

The Tax Code provides the opportunity to taxpayers for net operating loss carry-forward. Losses can be carried forward for relief against future profits for up to five years without any limitation. Loss carryback is not permitted.

TREATY NETWORK

40 countries

WITHHOLDING TAX

Dividends: 10%

Interest: 10%

Royalties: 14%

Unless otherwise specified in effective double tax treaties, the above withholding tax rates normally apply to the income from sources in Azerbaijan payable to non-residents, provided that such income is not attributable to a non-resident's permanent establishment in Azerbaijan.

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BAHRAIN

INCOME TAX RATES 2012

Individuals

Not applicable.

Companies

No income tax is payable, except on profits derived from extraction of petrochemical products.

VALUE ADDED TAX (VAT)

Not applicable.

CAPITAL GAINS TAX (CGT)

Not applicable. See note on sale of property below

LOSSES

Not applicable.

TREATY NETWORK

Not applicable.

WITHHOLDING TAX

Dividends: 0%

Interest: 0%

Royalties: 0%

OTHER LOCAL TAXES

Tourism Levy

Hotels pay 5% of turnover to Government as a Tourism Levy.

Municipal Taxes

Tenants (Business or Individuals) pay 10% of the monthly rent of rented property to Municipal Authorities as Municipal tax.

Social Insurance

Social Insurance contribution is payable by Employers to the General Organisation for Social Insurance as follows:

- 3% of total monthly salaries of foreign workers
- 12% of total monthly salaries of Bahraini workers

Property

Land registration tax is payable by the buyer of a property (land, buildings, houses, apartments, etc.) to the Survey and Land Registration Bureau. Land Registration Tax is calculated as a percentage of property sale price as follows:

- From BD 1 to BD 70,000: 1.5% (conditional discounted to 1.25%)
- From BD 70,001 to BD 120,000: 2% (conditional discounted to 1.8%)
- From BD 120,001 and above: 3% (conditional discounted to 2.7%)

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BELGIUM

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 8,350	25 %
From 8,350.01 – 11,890	30 %
From 11,890.01 – 19,810	40 %
From 19,810.01 – 36,300	45 %
Over 36,300	50 %

Tax rates applicable for residents and non-residents. Supplemented by a municipal surcharge (+/- 7% on federal taxes); some items of income are taxed at a separate rate.

Companies

Taxable Income (EUR)	Tax Rate (%)
Basic tax rate	33.99 (*)
Lowered tax rate (**):	
0 – 25,000	24.98 (*)
25,000.01 – 90,000	31.93 (*)
90,000.01 – 322,500	35.54 (*)

(*) includes 3% crisis tax

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

Tax rates applicable for residents and non-residents (no additional branch tax).

VALUE ADDED TAX (VAT)

21% as standard rate on majority of sales of goods/services; reduced rates (6% / 12%) applicable to certain specific items (medicines, food, books, restaurant meals, ...).

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 from the acquisition.

Companies

Tax paid on capital gains at corporate 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) but subject to a 1-year holding period. The shares must have been held in full ownership during an uninterrupted period of 1 year. If the exemption condition of 1 year is not met, a separate CGT of 25.75% is due.

LOSSES

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

TREATY NETWORK

90 countries.

WITHHOLDING TAX (for income paid or attributed as of January 1st, 2012)

Dividends: 1) 25% or 21%(*)

2) 10% on liquidation boni

3) 0% when distributed to companies:

- located in Belgium, in EU or in a country with whom Belgium has concluded a Tax Treaty which provides in exchange of information; and
- holding a participation of at least 10% during one year.

Interest: normal rate of 21%, with possible exemption for non-residents

Royalties: normal rate of 15%, with possible exemption for non-residents

(*): An additional 4% surcharge tax is due for individuals on the amount exceeding the threshold when their interest and dividend income exceeds € 20,020 per year.

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BULGARIA

INCOME TAX RATES 2012

Individuals

Taxable Income (BGN)	Tax Rate (%)
All income – flat rate	10

Companies

Taxable Income (BGN)	Tax Rate (%)
All income – flat rate	10

VALUE ADDED TAX (VAT)

Standard rate - 20%

Reduced rate - 9% for accommodation provided by hotels and similar establishments

Zero rate – export, international transport of goods and passengers, other supplies listed in the VAT Act.

CAPITAL GAINS TAX (CGT)

Individuals

Tax rate 10% - gains from immovable property, sale of financial assets.

Exempt capital gains – disposal of shares quoted in a regulated stock market in the EU/EEA, one residential property per year (for BG residents and EU/EEA nationals), up to two immovable properties per year (at least five years holding).

Companies

Tax rate 10% - gains from immovable property, sale of financial assets.

Gains or losses from the disposal of shares quoted in a regulated stock market in the EU/EEA are not taxable.

LOSSES

Loss set-off is possible. The losses can be carried forward for a maximum of five years.

TREATY NETWORK

68 countries.

WITHHOLDING TAX

Dividends: exempt for companies resident in Bulgaria, EU or EEA

5% elsewhere unless reduced with relevant treaty

Interest: 10% unless reduced with relevant treaty; 5% (following the provisions of EC Interest and Royalties Directive (2003/49/EC))

Royalties: 10% unless reduced with relevant treaty; 5% (following the provisions of EC Interest and Royalties Directive (2003/49/EC))

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CROATIA

INCOME TAX RATES 2012

Individuals

Taxable Income (HRK)	Tax Rate (%)
Up to 26,400	12
From 26,400 - 105,600	25
Over 105,600	40

Companies

Taxable Income (HRK)	Tax Rate (%)
Regardless of income	20

VALUE ADDED TAX (VAT)

25% on majority of goods and services; 10% on tourism and accommodation services, certain magazines and newspapers, edible oils and fats, children's food, sugar, water except bottled water; 0% on certain 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

55 countries.

WITHHOLDING TAX

Dividends: 12%

Interest: 15%

Royalties: 15%

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CYPRUS

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 19,500	0
From 19,501 - 28,000	20
From 28,001 - 36,300	25
From 36,301 - 60,000	30
Over 60,000	35

Companies

Taxable Income (EUR)	Tax Rate (%)
All income	10

VALUE ADDED TAX (VAT)

17% 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, and can be carried forward indefinitely. Losses of a company can be set off against profits of another company in the same group (group of Cyprus tax-resident companies). Worldwide losses can be set off against taxable income of the same year or carried forward.

TREATY NETWORK

45 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 2012

Individuals

Taxable Income (CZK)	Tax Rate (%)
All income	15

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).

Companies

Category	Tax Rate (%)
Companies	19
Certain investment funds and mutual funds	5

A Czech limited partnership is treated like a company with regard to the proportional income of its limited partners. In an unlimited partnership, a partner's pro rata income is subject to income tax at the individual's rate (if a partner is a corporation then the pro rata income is subject to corporate income tax at the corporate rate).

VALUE ADDED TAX (VAT)

The standard VAT rate is 20%. A reduced rate of 14% or a zero rate is applied on specific goods and services. The threshold for obligatory registration for VAT is turnover exceeding CZK 1,000,000 (EUR 40,000) in the preceding 12 months.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are generally taxed at a standard flat rate (15%). Disposal of real estate or shares is tax free provided that certain conditions are met.

Companies

Capital gains are taxed at the standard corporate tax rate. Certain capital gains are exempt provided conditions similar to Parent Subsidiary 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 back available.

TREATY NETWORK

77 countries

WITHHOLDING TAX

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%, 5% for finance lease (unless reduced/exempt under EC Directive or the relevant tax treaty)

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DENMARK

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 5,700	0
From 5,701 - 52,300	37.3
Over 52,300	52.2

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

Companies

Taxable Income (EUR)	Tax Rate (%)
All taxable income	25

VALUE ADDED TAX (VAT)

25% unless specifically exempted (eg. 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 CGT. Income and capital gains are generally pooled and taxed together.

LOSSES

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

TREATY NETWORK

75 countries.

WITHHOLDING TAX

Dividends: 27% or 0% when paid to a company, which owns at least 10%

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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EGYPT

INCOME TAX RATES 2012

Individuals

Taxable Income (LE)	Tax Rate (%)
1 to 5,000	0
From 5,001 – 20,000	10
From 20,001 – 40,000	15
From 40,001 – 10,000,000	20
Over 10,000,000	25

Resident foreigners (i.e. staying in Egypt for more than 183 days in a calendar year) get same tax treatment as locals. Non-resident foreign employees are taxed at a rate of 10% without any deductions in accordance with Article 11 of the Tax Law. Foreign branches get same local corporate tax treatment.

Companies

Taxable Income (LE)	Tax Rate (%)
1 – 10,000,000	20
Over 10,000,000	25
Oil exploration and production companies	40.55

VALUE ADDED TAX (VAT) *Not applicable.*

Sales Tax: General Sales Tax (GST) shall be levied on locally manufactured goods or imported goods with rates varying from 5% to 10% on most goods except goods exempted by a special provision. Sales Tax Authority website: www.salestax.gov.eg (Arabic/English)

CAPITAL GAINS TAX (CGT) *Not applicable.*

LOSSES

Carry Forward Losses: In accordance with Article Nos. 29 and 37 of the Executive Regulation tax losses can be carried forward for a period of five years, however, no carry back losses is allowed as per article 55.

TREATY NETWORK Over 45 countries.

WITHHOLDING TAX

Withholding tax is applied to any "onshore" payments such as commissions, brokerage, purchases, supplies, contracting or services over LE300 paid to private sector entities in Egypt. In accordance with Article 59 of the Tax Law, the withholding tax rate applied is as follows:

Nature of Activity	Withholding Tax Rate %
Contracting and supplies	0.5
Services	2
Professional fees and commissions	5

Withholding Taxes at Source: (Offshore Payments) A tax rate of 20% shall be applied to the amounts paid by the individual companies or any legal entities resident in Egypt to non-residents without any deductions. These amounts include interests, royalties (except those related to manufacturing), services, payments for athletic activity and for artists.

Stamp Tax: Stamp Tax Law 111 of 1980 is applied on several items. The most common items which the companies may deal with as follows:

- Bank facilities are subject to annual stamp tax of 0.02% deducted on a quarterly basis by the bank on the facilities balance at the end of each quarter. The stamp tax is borne equally between the bank and the company.
- The advertising costs are subject to stamp tax at 15% of the advertising costs. The stamp tax must be deducted before the payment is made to the advertising agency.
- Insurance premiums are subject to stamp tax as follows:
 - Life, health and disability 1%.
 - Other kinds of insurance 10%.

The above is borne equally between the insurance company and customer.

Tax Authority Website: www.incometax.gov.eg (Arabic)

Royalties: Royalty Payments to non-resident entities or individuals are subject to tax at the rate of 20% without any deductions and subject to any preferential treaty allowed under any treaty for the Avoidance of Double Taxation.

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ESTONIA

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 1,728	0
Over 1,728	21

Companies

Taxable Income (EUR)	Tax Rate (%)
Profit distributed to owners	21

Corporate profit is taxed when it is distributed to shareholders. Income tax (21/79 of net payment) is payable from amounts paid out as dividends, on decrease of share capital, redemption of shares and on liquidation of a business in an amount which exceeds contributions made to share capital.

VALUE ADDED TAX (VAT)

Standard rate: 20%

Reduced rate of 9% is applicable for:

- books
- medical equipment and pharmaceutical goods
- periodical publications, excluding erotic pornographic and advertising
- accommodation fees

CAPITAL GAINS TAX (CGT)

Individuals

Estonian residents: 21%

Companies

Resident company: 0%

Non-resident company: 21% from profit received on sale of real estate and shares of Estonian companies if more than 50% of the company assets comprise real estate properties located in Estonia, and non-resident owns 10% or more of shares.
0% in other cases.

LOSSES

Estonian residents can deduct losses incurred on sales of securities from taxable capital gains in the following taxation periods and individual entrepreneurs can deduct losses from business income within the next seven years.

TREATY NETWORK

49 countries.

WITHHOLDING TAX (non-residents)

Dividends: 0%

Interest: 21% on gap between actually paid and market interest rates

Royalties: 10%

Or reduced/exempt under relevant treaty and royalty and interest payment directive.

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FRANCE

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 5,963	0
From 5,963 - 11,896	5.50
From 11,896 - 26,420	14
From 26,420 - 70,830	30
Over 70,830	41

Companies

Taxable Income (EUR)	Tax Rate (%)
Up to 38,120	15
Over 38,120	33.33*

* +1% for large companies (turnover over € 7.3M and CIT due at 33.33% over € 763.000).

Annual flat rate tax from € 20.500 up to € 110.000 (turnover > € 15M)

VALUE ADDED TAX (VAT)

Standard rate: 19.6%

Lowered rates: eg. restaurants (meals only): 5.5%; Press, drug: 2.10%

SOCIAL TAXES

- All income are subject to CSG (Contribution Sociale Généralisée) and CRDS (Contribution au Remboursement de la Dette Sociale).
- Capital incomes are in addition subject to 'Prélèvement Social' and RSA (Revenu de Solidarité Active).
 - Salary income: 8%
 - Capital gains and other capital revenues: 12.3%

CAPITAL GAINS TAX (CGT)

Individuals

All income: 12.3% (social) + 19% (tax) = 31.3%

Companies

- 95% exempted if holding for at least 24 months (100% exempted in a tax consolidation group)
- Non controlling interests or controlling interests holding for a period less than 24 month: standard CIT rate
- Special rules for Real Estate entities

LOSSES

French tax losses can be carried forward without time limit; they can be carried back 3 years. Corresponding CIT can be deducted from CIT to pay within the following 5 years. After this period, the corresponding CIT is reimbursed. In some cases, this receivable can be compensated with other taxes to pay. In some cases, this receivable can be compensated with other tax to pay.

TREATY NETWORK

115 countries.

WITHHOLDING TAX

Dividends: Maximum rate at 25%, reduced rates applicable (European Union) according to international conventions between the countries.

Interest: Maximum rate at 18%, reduced rates applicable (European Union) according to international conventions between the countries.

Royalties: Tax rate between 0% - 33.33% according to international conventions between the countries.

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GEORGIA

INCOME TAX RATES 2012

Individuals

Taxable Income (GEL)	Tax Rate (%)
Income of Micro Business	Exempt
Income of Small Business	3 or 5
Other Income	20

Status of Micro Business can be assigned to an individual who conducts economic activities independently without hiring employees; receives annual gross income up to GEL 30 000; maintains inventory balance up to GEL 45 000; undertakes activities that are not banned for Micro Business as defined by the Government. (1USD=1.65GEL). Status of Small Business can be assigned to an individual entrepreneur who receives annual gross income from economic activities up to GEL 100 000; maintains an inventory balance up to GEL 150 000; is not a registered VAT payer; undertakes activities that are not banned for Small Business as defined by the Government; uses a cash machine and has not been penalized for not using the latter more than 3 times during a calendar year.

Companies

Taxable Income (GEL)	Tax Rate (%)
All income	15

VALUE ADDED TAX (VAT)

VAT rate is 18% for all taxable transactions and imports unless a specific provision allows an exemption. Transactions exempted include the following: Conduct of financial operations and/or supply of financial services; Import and/or supply of goods and services under the Law of Georgia on Oil and Gas; Supply of educational and medical services and other.

CAPITAL GAINS TAX (CGT)

Not applicable.

LOSSES

Losses can be carried forward for up to 5 years against future profits. Further, a taxpayer can elect a 10-year loss carry forward period. In the latter case, the statute of limitation is 11 years. A 10-year carry forward period can still be changed to a 5-year carry forward period when the losses carried forward are used up. No carry back is allowed.

TREATY NETWORK

35 countries.

WITHHOLDING TAX

Dividends: 5%

Interest: 5%

Royalties: paid to resident individuals 20%

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GERMANY

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Standard income tax rate (%)	Solidarity surcharge (%)	Total tax rate (%)
Up to 8,004	0 (tax free allowance)	0	0
From 8,005 - 52,881	14 to 42	0.77 to 2.31	14.77 to 44.31
From 52,882 - 250,730	42	2.31	44.31
Over 250,730	45	2.475	47.475

Interest and dividend income is flat taxed at a 26.375% rate (25% +1.375% solidarity surcharge)

Companies (nominal corporate tax rate 15% plus Solidarity Surcharge)

Corporations	Corporation Tax rate (%) (Solidarity surcharge incl.)	Trade tax rate (%)	Total (%)
Multiplier 200	15.83	7	22.83
Multiplier 400 (average)	15.83	14	29.83
Multiplier 490	15.83	17.15	32.98

The trade tax multiplier varies from 200-490%. It depends on where the company is located. Partnerships such as GbR or KG are not subject to corporation tax (but may be subject to trade tax). Instead the company's income is assigned to the shareholders.

VALUE ADDED TAX (VAT)

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

CAPITAL GAINS TAX (CGT)

Individuals

Shares in corporation	Shares in partnerships	Real Estate
Flat taxation at 26.37% (25% + 1.375% Solidarity Surcharge), exemptions for shareholdings of more than 1%	Taxable income but some allowances.	After ten years tax-free, otherwise taxable income

Companies

Shares in corporation	Shares in partnerships	Real Estate
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

92 countries.

WITHHOLDING TAX

Income	Tax rate (%)	Solidarity surcharge (%)	Total tax rate (%)
Dividends	25	1.375	26.375
Interest	25	1.375	26.375
Royalties	25	1.100	21.100

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GREECE

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 5.000	0
Up to 12.000	10
Up to 16.000	18
Up to 26.000	25
Up to 40.000	35
Up to 60.000	38
Up to 100.000	40
Over 100.000	45

Companies

Type	Tax Rate (%)
a) S.A., LTD, JVs	20
b) G.P., L.P.	<ul style="list-style-type: none">■ 25 for limited partners & corporate shareholders■ 20 on 50% of profits for general partners■ Personal tax rate for remaining 50%

Interest income is taxed at 10% for individuals.

Dividends

Type	Tax Rate (%)
a) Domestic payable to domestic shareholder * **	25
b) Domestic payable to foreign shareholder * ***	25
c) Foreign payable to domestic shareholder *	25

* Conditions apply

** Dividend tax withheld can be offset against dividend tax of parent co.

*** Except to companies qualified under the EU parent – subsidiary directive.

VALUE ADDED TAX (VAT)

The standard rate is 23%. A reduced rate of 13% is applied on specific goods and services and 6.5% is applied on hotels.

CAPITAL GAINS TAX (CGT)

- From disposal of shares listed on a Stock Exchange (SE): 0% if not distributed as dividends.
- From disposal of shares not listed on a Stock Exchange: 5% on transaction value payable upon completion of the sale. For companies capital gains are subject to normal income tax against which the 5% already paid is offset.
- From disposal of holdings in non SA companies: 20% of capital gains.
- In all cases special conditions, limitations and minimum tax values apply.

LOSSES

Companies can carry losses forward for a maximum of five taxable periods following the year in which the losses were incurred. Losses incurred abroad in the current tax year can be offset by profit gained abroad for the same tax year.

TREATY NETWORK

47 countries.

WITHHOLDING TAX

Dividends: 25%, None to EU shareholders, subject to certain conditions.

Interest: 10%, Special conditions apply for interest from bonds.

Royalties: 20%, None to domestic companies.

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HUNGARY

INCOME TAX RATES 2012

Individuals

Taxable Income (HUF)	Tax Rate (%)
All income	16

The above flat tax rate applies to all kinds of income of individuals. In case of income from self-employment, from employment and other income, the tax base is the income increased by 27% regarding the part of income exceeding HUF 2.4 million p.a. In case of other categories of income, especially gains on transfer of property, capital gains etc. no increasing of 27% has to be considered.

Companies

Taxable Income (HUF)	Tax Rate (%)
Up to 500 million	10
Over 500 million	19

Dividend income of companies is not subject to corporate income tax. Interest income and gains of companies arising from the selling of shares in a company are taxed at 10/19% corporate income tax.

VALUE ADDED TAX (VAT)

VAT applies to any entrepreneur who carries on business in Hungary. The standard VAT rate is 27%. A flat rate of 18% is imposed on milk, corn, flour and the products from these. Also 18% flat rate is imposed on central heating and accommodation. A flat rate of 5% is imposed on medicines, books etc. Zero rate (0%) is applied to certain specific items (e.g. exported goods and services).

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are subject to 16% tax.

Companies

There is no separate CGT for companies. Capital gains are included in the corporate income tax base and taxed at the regular rates.

LOSSES

In case of transformations and change in the major shareholder certain restrictions have to be considered regarding carrying forward losses.

TREATY NETWORK

More than 60 countries.

WITHHOLDING TAX

Dividends: individuals: 16% (unless reduced/exempt by relevant treaty)
companies: none

Interest: individuals: 16% (unless reduced/exempt by relevant treaty)
companies: none

Royalties: individuals: 16% - tax base is the amount of royalties increased by 27% (unless reduced/exempt by relevant treaty)
companies: none

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IRAN

INCOME TAX RATES 2012

Individuals

Taxable Income - monthly (IRR)	Tax Rate (%)
0 - 9,000,000	10
From 9,000,000 - 13,833,333	20
From 13,833,333 - 26,333,333	25
From 26,333,333 - 88,833,333	30
Over 88,833,333	35

The basic salary subject to tax exemption is announced at the beginning of each financial year (starting March 21st). At the time of printing, the 2012 exemption is at the proposal stage. It will become final by June 2012. Single or married individuals are subject to the same tax rate. Dividend received by an individual is not subject to the above mentioned tax.

Companies and registered Branch offices of foreign Companies

Taxable Income	Tax Rate (%)
All income	25

Dividend paid from net income (income after 25% corporate tax) is not subject to further tax.

VALUE ADDED TAX (VAT)

5% on sales of most goods and services (last year 3%).

Cigarettes 15%, fuel 7.9% to 30%.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are taxed for individuals who are legally enforced to file an annual tax return. There is no need to file a return for individuals whose only income is salary. Fixed low tax rate apply for capital gain on property (4%) of deemed value (rather than actual market price) and on transfer of shares/capital (for listed companies 0.05% of transaction value and 4% on nominal value for other companies).

Companies

Companies (legal entity) pay corporate tax at 25% rate on net profit. By taking disallowed expense into consideration (as stated in Tax Law and regulations), taxable income is determined. Listed companies enjoy a 10% discount on above mentioned tax rate.

LOSSES

Carried forward losses (amount approved by tax office) can be deducted from following years' profit.

TREATY NETWORK

38 countries.

WITHHOLDING TAX

Dividends: Zero base

Interest: 5%

Royalties: 5% to 7.5%

Rent: 10%-35% on 75% of rent amount

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IRELAND, REPUBLIC OF

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 10,036	22
From 10,037 to 16,016	24
From 16,017 to 32,800	27
Over 32,800	48

The rates above include both income tax rates and the universal social charge (USC). Individuals are entitled to a tax credit of €1,650 against their tax bill and additional credits may be available to reduce the liability further. Self employed individuals are liable to an additional surcharge of 3% on income over €100,000.

Companies

Taxable Income (EUR)	Tax Rate (%)
Trading income	12.5
Non-trading income	25

VALUE ADDED TAX (VAT)

The standard rate of VAT is 23%. A reduced rate of 13.5% applies to certain fuels, property, building services, repair, cleaning and maintenance services, and certain photographic supplies. A second reduced rate of 9% rate applies to restaurant and catering services; hotel and holiday accommodation; admissions to cinemas, theatres, etc. the use of sporting facilities; hairdressing services; printed matter such as brochures, maps, programmes, leaflets, catalogues and newspapers. A zero rating applies to exported goods, fertilisers, books, food, oral medicine, children's clothing and footwear.

CAPITAL GAINS TAX (CGT)

Individuals and Companies

The tax rate applicable to capital gains is 30%. 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 situated in Ireland.

LOSSES

Individuals

Individual tax losses from trading activities 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.

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

59 in effect (65 signed).

WITHHOLDING TAX

Dividends: 20%

Interest: 20%

Royalties: 20%

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ISLE OF MAN

INCOME TAX RATES 2012

Individuals

Taxable Income (GBP)	Tax Rate (%)
Up to 9,300	0 (tax-free allowance)
From 9,301 - 19,800	10
From 19,801	20

Companies

Category	Tax Rate (%)
Companies with banking business income or Isle of Man land and property income	10
Companies may opt to pay tax	10
All other companies	0

VALUE ADDED TAX (VAT)

20% on majority of sales of goods and services; reduced 5% or 0% rate on certain items.

CAPITAL GAINS TAX (CGT)

Individuals

Not applicable.

Companies

Not applicable.

LOSSES

Unlimited carry forward of unrelieved trading loss against subsequent profits from the same trade, together with terminal loss relief provisions and relief against other income for individuals.

TREATY NETWORK

Full double tax agreements with 5 countries;
Information exchange agreements with 23 countries.

WITHHOLDING TAX

Dividends: 0%

Interest: 0%

Royalties: 0%

Rent: 20% for payments to an individual or 10% for payments to a company

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ISRAEL

INCOME TAX RATES 2012

Individuals

Taxable Income (NIS)	Tax Rate (%)
Up to 62,400	10%
From 62,400 to 103,920	14%
From 106,560 to 173,160	23%
From 173,160 to 261,360	30%
From 261,360 to 501,960	33%
Over 501,960	48%

Companies

Taxable Income (NIS)	Tax Rate (%)
All taxable income	25%

VALUE ADDED TAX (VAT)

16% tax rate for most of goods and services. Zero tax rate for exporting (under certain conditions, for fruits and vegetables, and other specific items. Free Tax Zone around the city of Eilat.

CAPITAL GAINS TAX (CGT)

Individuals

The tax rate for the real capital gain for individual is usually 25%. Tax rate for disposal of securities where the seller held more than 10% of the controlling means of the target corporation would be 30%.

Companies

There is no separate tax rate for companies. Upon disposal of securities, the sum equal to the target company's distributable profits would be exempt from tax.

LOSSES

During the tax year, business losses would be offset against all sources of income. Losses may be carried forward indefinitely, but they may be offset only against business income.

Capital losses can be offset against capital gain, and under certain provisions may also be offset against interest and dividend. Capital losses are carried forward indefinitely.

TREATY NETWORK

50 countries.

WITHHOLDING TAX

Dividends: 25% or 30% if the recipient holds at least 10% of the controlling means of the payers securities.

Interest: 25%.

Royalties: 25% for foreign residents. Normal rate for Israeli residents.

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ITALY

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 15,000	23
From 15,001 – 28,000	27
From 28,001 – 55,000	38
From 55,001 – 75,000	41
Over 75,000	43

Companies

27.5% standard corporate income tax rate for resident companies (IRES). A local tax (IRAP) at a rate ranging from 3.9% to 4.97% applies on a taxable basis approximately coinciding with the value of production; employment costs and interest expenses are generally not deductible.

Non-residents

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

VALUE ADDED TAX (VAT)

21% standard rate; reduced rates (10% or 4%) apply to certain transactions (e.g. food products); 0% rate applies on certain transactions (e.g. medical services). From 1st October 2012 the 10% and 21% VAT rates could increase by 2 percentage points.

CAPITAL GAINS TAX (CGT)

Individuals

20% tax applies to capital gains on financial instruments such as securities, mutual funds, currencies and non-qualifying shareholdings. For majority shareholdings a minimum of 11.4% and a maximum of 21.4% applies. Gains are not taxable when reinvested in shares of companies involved in the same business, provided that certain conditions are met.

Companies

Residents: 27.5% ordinary rate. Sales qualifying for participation exemption (e.g. 12 months holding period in non black listed resident company and the like) are 95% tax exempt (effective tax rate 1.38%).

Non-residents: 13.7% effective rate on transfer of shareholdings.

LOSSES

Tax losses can be carried forward indefinitely up to a limit of 80% of the future taxable income; no carry back is allowed. Tax losses incurred in the first three years of activity can be carried forward indefinitely and without any limit of amount, subject to certain conditions.

TREATY NETWORK

90 countries.

WITHHOLDING TAX

Dividends: residents and EU residents qualifying for Parent/Subsidiary Directive: 0%; other European Economic Area residents: 1.38%; other foreign residents: 20%

Interest: residents and EU resident qualifying shareholders: 0%; other non-residents: 20 %; tax haven residents: 20%

Royalties: residents and EU resident qualifying shareholders: 0%; other non-residents: 22.5%; tax haven residents: 22.5%

Above withholding tax rates can be reduced on the basis of applicable tax treaties.

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JORDAN

INCOME TAX RATES 2012

Individuals

Taxable Income (JOD)	Tax Rate (%)
Up to 12,000	0
From 12,001 - 24,000	7
Over 24,000	14

* Additional JOD 12,000 at a 0% tax are added for a person with dependents

Companies

Sector	Tax Rate (%)
Insurance, Telecommunication, Exchange, Financial Services, Leasing firms	24
Banks	30
Other	14

VALUE ADDED TAX (VAT)

Jordan operates a sales tax which is similar to VAT.

Sales tax ranges from: exempted goods and services, zero rated goods and services, goods and services subject to 4% tax, goods and services subject to special tax depending on the type of good (i.e. alcohol, cigarettes), goods and services subject to the general sales tax at the rate of 16%. Finally there is an 8% sales tax for hotel accommodation and home use internet.

Certain entities are exempt from tax by Prime Ministerial decree.

CAPITAL GAINS TAX (CGT)

Capital gains realised by shareholders when selling their share in a company are not subject to income tax (excluding goodwill which is taxable).

Capital gains realised by a company when selling immovable property are subject to income tax, but the losses from selling immovable assets are not deductible.

LOSSES

Losses from one source of taxable income can be offset against total income in the same year. If losses exceed total income they can be carried forward indefinitely.

TREATY NETWORK

Over 22 countries.

WITHHOLDING TAX

Dividends: 0%

Interest: 5%

Royalties: 14%, 24% or 30%

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KENYA

INCOME TAX RATES 2012

Individuals

Taxable Income (KES)	Tax Rate (%)
Up to 121,968	10
From 121,969 - 236,880	15
From 236,881 - 351,792	20
From 351,793 - 466,704	25
Over 466,704	30

Companies

Category	Tax Rate (%)
Resident Companies	30
Non-resident Companies	37.5
Export Processing Zone Enterprises – First ten years	No Tax
Export Processing Zone Enterprises – Next ten years	25
Newly listed companies subject to conditions	20, 25 or 27

VALUE ADDED TAX (VAT)

Standard rate of 16%. Special rate of 12% on imported electrical energy and fuel oils. Zero-rate applied on exports and on specified goods and services. Certain goods and services exempt from VAT including raw farm produce, specified services provided by public organisations, specified financial and insurance services.

CAPITAL GAINS TAX (CGT)

Individuals - Not applicable. Suspended in 1985.

Companies - Not applicable. Suspended in 1985.

LOSSES

Tax losses may be carried forward for offset against future taxable profits for a period of up to 5 years. Concession may be obtained to extend the period beyond 5 years upon application where circumstances warrant.

TREATY NETWORK

8 countries.

Resident in	Dividends (%)	Interest (%)	Royalty/Consultancy (%)
Canada	15	15	15
Denmark	20	20(a)	20
Germany	15	15(a)	15
India	15	15	20(d)
Norway	15	20(a)	20
Sweden	15	15	20
United Kingdom	15	15(a)	15(b)
Zambia	0(c)	15	20

WITHHOLDING TAX

	Resident (%)	Non-resident (%)
Dividends:	5 (exempt for shareholding >12.5)	10 (5 for citizens of EAC)
Interest:	10, 20 or 25 (special rates) 15 (standard)	15 Government bearer bonds 25 Other bearer instruments 20
Royalties:	5	20 (15 for citizens of EAC)
Consultancy:	10	5
Pension:	10-30	15-30
Lease Rentals:	0	

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KUWAIT

INCOME TAX RATES 2012

Individuals

Taxable Income (KWD)	Tax Rate (%)
All income	0

Companies

Taxable Income (KWD)	Tax Rate (%)
Foreign corporate bodies carrying on a trade, business or service	15
All other companies	0

The following are chargeable to tax:

- Profits of a foreign company operating within or outside Kuwait to the extent that they are connected with, or related to its operations within Kuwait.
- The proportion of the profit of a Kuwaiti joint venture attributable to foreign corporate partners.
- The proportion of the profit of a Kuwaiti corporate entity attributable to foreign corporate shareholders.

There is no taxation for local companies.

VALUE ADDED TAX (VAT)

There is no VAT.

CAPITAL GAINS TAX (CGT)

Individuals

There is no CGT.

Companies

Foreign Companies only – Tax rate 15%

LOSSES

Losses can be carried forward for three years and offset against profits.

TREATY NETWORK

Certain Countries

WITHHOLDING TAX

A system of 'holdback' of 5% of the contract value / payments is followed except for dividends and royalties. This is payable when tax assessment is done and a tax clearance certificate is furnished. Investment companies and banks that manage portfolios and funds are required to deduct 15% of dividends and profits of foreign companies and deposit them with the tax department.

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LATVIA

INCOME TAX RATES 2012

Individuals

Category	Tax Rate (%)
General flat rate	25
Capital gains (shares, real estate)	15
Dividends, interest	10

Companies

Category	Tax Rate (%)
All income	15

VALUE ADDED TAX (VAT)

Standard rate – 22%. Reduced rate – 12%.

CAPITAL GAINS TAX (CGT)

Individuals

See above for individuals.

Companies

For companies capital gains are treated as an ordinary income subject to the Corporate Income Tax.

LOSSES

Latvia allows carry forward losses originated until 2008 for up to 8 years. Tax losses from the year 2008 and earlier will be carried forward without time limitation. Transfer of losses within a group is limited.

TREATY NETWORK

Over 50 countries.

WITHHOLDING TAX

Dividends: 0% – mostly to EU, EEA and Latvian residents; in other cases – 10%.

Interest: 0% – on payments to unrelated parties; for related parties – 10% (5% for EU and EEA companies).

Royalties: 15% – on literature or art; 5% – in other cases.

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LEBANON

INCOME TAX RATES 2012

Individuals

Taxable Income (LBP)	Tax Rate (%)
Up to 6,000,000	2
From 6,000,001 – 15,000,000	4
From 15,000,001 – 30,000,000	7
From 30,000,001 – 60,000,000	11
From 60,000,001 – 120,000,000	15
Over 120,000,000	20

Lump sum remunerations = 3%

Companies

The profits of stock companies (Joint Stock companies, Limited Liability companies, Partnerships limited by shares) are subject to tax at 15%. Rates of taxation on the profits of commercial, industrial and non-commercial professions (Individual Professions, Partnership Companies, etc) are as follows:

Taxable Income (LBP)	Tax Rate (%)
Up to 9,000,000	4
From 9,000,001 – 24,000,000	7
From 24,000,001 – 54,000,000	12
From 54,000,001 – 104,000,000	16
Over 104,000,000	21

Offshore Companies are exempt from income tax on their profits and are instead assessed as flat annual tax that amounts to LBP 1,000,000 regardless of the amount of profit.

Holding Companies are subject to an annual lump sum of 6% on the total value of its capital reserve funds if the total does not exceed LBP 50 million. The rate of tax is reduced to 4% for amounts between LBP 50 million to 80 million and 2% for amounts exceeding LBP 80 million. This is capped at LBP five million per year.

The following are not subject to Income tax:

Hospitals, orphanages, asylums, consumers' cooperative companies, trade unions, agricultural cooperatives of a non-commercial nature and some kinds of industrial establishments. (Employees of these entities are subject to Salaries Tax)

VALUE ADDED TAX (VAT)

A standard rate of 10% applies to the supply of goods and services. There are however many goods and services that are exempt from VAT. The VAT on jewelry is different than 10%.

CAPITAL GAINS TAX (CGT)

Re-evaluations of fixed assets are subject to tax at 10%. Profits from the disposal of fixed assets are subject to tax at 10%.

LOSSES

Net operating losses can be carried forward for up to three years.

TREATY NETWORK

More than 20 countries.

WITHHOLDING TAX

Dividends: 10%

Interest: 5 -15%

Royalties: 10%

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LIECHTENSTEIN

INCOME TAX RATES 2012

Individuals

Taxable Income (CHF)	Tax Rate (%)
Up to 15,000	0
From 15,001 to 25,000	3
From 25,001 to 50,000	9
From 50,001 to 80,000	12
From 80,001 to 110,000	15
From 110,001 to 140,000	18
From 140,001 to 170,000	19.5
Over 170,000	21

Companies

Taxable Income (CHF)	Tax Rate (%)
All income	12.5

VALUE ADDED TAX (VAT)

- 8% calculated on the price of goods and services.
- 2.5% applies to a specific range of goods such as food, medicine, newspapers etc.
- 3.8% on hotel accommodation.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are exempt from taxation except gains on domestic real estate (capital gains on domestic real estate are taxed with the rates applicable for individuals as mentioned above).

Companies

Capital gains are exempt from taxation except gains on domestic real estate (capital gains on domestic real estate are taxed with the rates applicable for companies as mentioned above).

LOSSES

Losses can be compensated in full with no time limit (perpetual loss carried forward).

TREATY NETWORK

26 countries.

WITHHOLDING TAX

Dividends: Not applicable

Interest: Not applicable

Royalties: Not applicable

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LITHUANIA

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 136, if monthly income doesn't exceed 869	0
Over 136, if monthly income exceeds 869	15

Companies

Taxable Income (EUR)	Tax Rate (%)
On all profit for commercial organisations	15
On all profit for small-sized organizations	5
Over 7,240 for non-profit organisations	15

VALUE ADDED TAX (VAT)

- Standard rate 21%.
- 9% on heating for residential premises until 31 December 2012.
- 5% on pharmaceuticals until 31 December 2012.

CAPITAL GAINS TAX (CGT)

- General income tax rate 15%
- 0% if shares were owned for more than 366 days (or three years for holders of less than 10%).
- The first EUR 2,320 of gain is exempt.

LOSSES

- Losses, except for the losses incurred on trading in securities and/or derivative financial instruments, may be carried forward for an unlimited period of time.
- Losses incurred on trading in securities and/or derivative financial instruments can be carried forward for no more than five consecutive tax periods.

TREATY NETWORK

42 countries.

WITHHOLDING TAX

Dividends: Individuals – 20%

Legal entities – 15% and 0% for holders of 10% and more voting shares during uninterrupted period of at least 12 months before distribution of the dividends

Interest: 10% paid for foreign companies only

Royalties: 10% paid for foreign companies only

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LUXEMBOURG

INCOME TAX RATES 2012

Individuals

Income tax rates are progressive (from 0% up to 39%). The first EUR 11,450 are tax free. Three tax classes (1, 1a, 2) are available depending upon civil status. The marginal tax rate applies on income exceeding EUR 41,793 for class 1. An unemployment fund contribution comes in addition (4% for income of less than EUR 150,000 and 6% for income exceeding this amount). The marginal aggregate tax income rate amounts to 42.14%. Under certain conditions expatriates may deduct relocation expenses of up to € 50,000 or 30% of their annual salary with effect January 1, 2011.

Companies

The global corporate tax (of 28.80% in Luxembourg-City) consists of:

- Corporate Income Tax (CIT): 22.05% (includes 5% unemployment fund contribution)
- Municipal Business Tax (MBT): The rate ranges from 6% up to 12% depending on the municipality (6.75% for Luxembourg-City).

Exemptions are available e.g. in relation to substantial shareholdings, income derived from intellectual property (IP). Various tax credits and incentives also exist. A minimum taxation of EUR 1,575 has been introduced for entities mainly holding financial assets. A Net Wealth Tax (NWT) is also due on 0.50% of the adjusted net asset value for which certain exemptions are available. Under certain conditions, profits and losses of Luxembourg group companies may be compensated (tax consolidation).

Besides the fully taxable companies, various vehicles are available for minimizing tax burden on revenue flow. These are: the investment company in risk capital (SICAR), the private wealth management company (SPF), the specialized investment fund (SIF) and the securitization vehicle (SV).

VALUE ADDED TAX (VAT)

Luxembourg applies the lowest VAT rates in the European Union. Standard rate: 15%. Parking rate: 12% (unleaded petrol, solid combustibles, fuel, wines, custody and management of securities). Reduced rate: 6% (gas, electricity, plants). Super reduced rate: 3% (food, pharmaceutical products, public transport, hotel and restaurant services, books, water). Reduced VAT rate (or VAT refund) may apply on the acquisition / renovation of construction made by individuals.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains may benefit from reduced tax rates and exemptions. An analysis on a case-by-case basis is however required.

Companies

Normal global corporate tax rate applies; exemptions (e.g. on sale of substantial holdings) and roll over reliefs are available in some cases.

LOSSES

Losses on business, agricultural and independent activities can be carried forward indefinitely.

TREATY NETWORK

64 countries

WITHHOLDING TAX

Dividends: 15%; exemptions available in relation to income derived by companies from substantial shareholdings

Interest: Individuals: 10% (under certain conditions for resident individuals), 35% if European Savings Directive applies for non-resident individuals
Corporate: Nil

Royalties: Abolished.

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MALTA

INCOME TAX RATES 2012

Individuals - residents

Taxable Income (EUR) single/married couple (separate computation)	Taxable Income (EUR) parent rates (separate computation)	Taxable income (EUR) married couple (joint computation)	Tax Rate (%)
Up to 8,500	Up to 9,300	Up to 11,900	0
From 8,501 - 14,500	From 9,301 - 15,800	From 11,901 - 21,200	15
From 14,501 - 19,500	From 15,801 - 21,200	From 21,201 - 28,700	25
Over 19,500	Over 21,200	over 28,700	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 7,800	35

Companies

Taxable Income (EUR)	Tax Rate (%)
All income	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) on the transfer value. 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

57 countries.

WITHHOLDING TAX

Dividends: Non-residents - Nil / Residents - 15% on distribution of untaxed income

Interest: Non-residents - Nil / Residents - 15% Final Withholding Tax

Royalties: Nil

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MAURITIUS

INCOME TAX RATES 2012

Individuals

Category	Tax Rate (%)
Basic tax rate	15

Companies

Category	Tax Rate (%)
Domestic and Category 1 Global	15
Category 2 Global	0

In addition companies are required to set up a Corporate Social Responsibility (CSR) fund equal to 2% of prior year book profits from 1 July 2009.

VALUE ADDED TAX (VAT)

Standard rate 15%.

CAPITAL GAINS TAX (CGT)

Gains or profits derived from sale of units or securities are exempt.

TAX LOSSES

Tax losses can be carried forward for up to five years. Annual allowances for capital expenditure cannot form part of the loss carry forward.

The time limit of 5 years under paragraph (b) shall not apply to the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006.

TREATY NETWORK

36 countries.

WITHHOLDING TAX (non-residents)

Interest: 10%

Royalties: 15%

Rent: 5%

Payments to contractors and sub-contractors: 0.75%

Payments to specific service providers: 3%

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MOROCCO

INCOME TAX RATES 2012

Individuals

Taxable Income (MAD)	Tax Rate (%)
Up to 30 000	0
From 30 001 – 50 000	10
From 50 001 – 60 000	20
From 60 001 – 80 000	30
From 80 001 – 180 000	34
Over 180 000	38

Companies

Taxable Income (MAD)	Tax Rate (%)
Companies with a turnover less than 3 000 000	15
Basic tax rate	30
Financial and insurance companies	37

VALUE ADDED TAX (VAT)

20% on majority of sales of goods/services; reduced rates on certain specific items.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains are generally taxed at the rate of 20%.

Companies

Capital gains are taxed in the same way as ordinary profits for corporations.

LOSSES

Carry forward losses:

- Tax losses (Amortization tax losses excluded) can be carried forward for a period of four years.
- Amortization tax losses can be carried forward without time limit.

No carry back of losses is allowed.

TREATY NETWORK

38 countries.

WITHHOLDING TAX

Dividends: 10%

Interest: 10%

Royalties: 10%

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THE NETHERLANDS

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)	Social Security Premiums (%)
Up to 18,945	1.95	31.15 (13.25: 65 and older)
From 18,945 – 33,863	10.80	31.15 (13.25: 65 and older)
From 33,863 – 56,491	42	-
Over 56,491	52	-

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

Individuals – income from substantial interests

In the 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 applies to residents and non-residents.

Individuals – income from savings and investments

On the balance of assets and debts higher than EUR 21.139 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 200,000	20
Over 200,000	25

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

VALUE ADDED TAX (VAT)

- Supplies of most luxury goods: standard rate of 19%.
- Specific goods and services: 6%.
- Certain exported (and some incoming) goods and services: 0%.

CAPITAL GAINS TAX (CGT)

Individuals

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

Companies

Capital gains are taxed in the same way as ordinary income for corporations. However, capital gains realised on the sale of shares may under certain conditions be exempt.

LOSSES

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

TREATY NETWORK

89 countries.

WITHHOLDING TAX

Dividends: 15% (unless reduced under relevant tax treaty or EU Directive)

Interest: 0%

Royalties: 0%

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OMAN, SULTANATE OF

INCOME TAX RATES 2012

Individuals

Not applicable.

Companies

Taxable Income (RO)	Tax Rate (%)
Up to 30,000	0
Over 30,000	12

Note: Foreign companies are treated at par with Omani companies and charged as above, after the introduction of the new tax law in Oman effective from 1st January, 2010.

VALUE ADDED TAX (VAT)

Not applicable.

CAPITAL GAINS TAX (CGT)

Individuals

Not applicable.

Companies

12% on capital gains wherever earned. Capital gains are added to the total income.

LOSSES

Losses are allowed to be carried forward for a period of five years.

TREATY NETWORK

29 countries.

WITHHOLDING TAX

Dividends: 0%

Interest: 0%

Royalties: 10%

Withholding tax is charged at 10% on the following categories of income accruing in Oman

- Royalties
- Consideration for research and development
- Consideration for the use of or right to use computer software
- Management fees

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PALESTINE

INCOME TAX RATES 2012

Individuals - Residents

Taxable Income (NIS)	Tax Rate (%)
Up to 40,000	5
From 40,001 - 80,000	10
From 80,001 - 125,000	15
Over 125,001	20

Non-residents are taxed at 10%.

Companies

Taxable Income (NIS)	Tax Rate (%)
Profit From 1 - 125,000	15
Over 125,001	20

VALUE ADDED TAX (VAT)

VAT is 14.5% on all goods and services provided in Palestine except for hotel accommodation for foreigners which is zero. Some international organisations in the course of providing assistance to Palestinians are authorised to buy at a zero percentage.

CAPITAL GAINS TAX (CGT)

25% of capital gains arising from the sale of securities are exempt, the other 75% are taxed based on the brackets shown above.

LOSSES

Losses can be carried forward for up to five years in certain circumstances.

TREATY NETWORK

0 countries.

WITHHOLDING TAX

Dividends: dividends distributed by a resident company in Palestine, on whose taxable income tax has been paid, are exempt

Interest: same as corporate and individual rates

Royalties: same as corporate and individual rates

Note: A new income tax law through a presidential decree carrying no. (8) for the year 2011 was issued and published in the official gazette on October 24, 2011 with a retroactive application on all incomes realized in 2011. Currently this law is under debate and review with final notes to be submitted to the Council of Ministers by the 15th of April, therefore the above figures and information may change later in 2012.

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POLAND

INCOME TAX RATES 2012

Individuals

Taxable Income (PLN)	Tax Rate (%)
Up to 85,528	18% minus the tax reduction amount of PLN 556.02
Over 85,528	PLN 14,839.02 + 32% of surplus over PLN 85,528

The above tax rates apply to both residents (for worldwide income) and non-residents (for income earned in Poland). Some exceptions are provided for, e.g. income of non-residents who are board members and who have been appointed under resolution of shareholders is taxed at 20% flat rate (upon a non-resident's request, income may be taxed at the progressive tax rates). 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

Taxable Income (PLN)	Tax Rate (%)
All income	19

VALUE ADDED TAX (VAT)

- 23% is for most goods and services,
- 8% is for sale of new flats, certain foodstuffs, hotel services,
- 5% is for certain foodstuffs, books,
- 0% to export and intra – community supply of goods.

VAT exempted, e.g. supply of buildings, structures and parts thereof (with exceptions), educational services, medical care services, selected services of financial brokerage.

CAPITAL GAINS TAX (CGT)

Individuals

There is generally one flat tax rate of 19% on capital income for individuals subject to personal income tax (PIT) (with some minor exceptions).

Companies

Corporations subject to Corporate Income Tax (CIT) add capital gains to their regular profits and pay regular CIT at the rate of 19%.

LOSSES

Both individuals and companies may carry forward losses to offset profits for five consecutive years. In each of these years, the offset may not exceed 50% of each year's loss. Losses cannot be carried back.

TREATY NETWORK

Treaties signed with 89 countries (83 in force and effect).

WITHHOLDING TAX

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%

Interest and Royalty Directive (2003/49/EC)

- from 1 July 2009 to 30 June 2013 – Poland may impose withholding tax on interest and royalties at the maximum rate of 5%,
- from 1 July 2013 – income derived from interest and royalties will be withholding tax exempt

The preferential rules of taxation apply, provided that (i) the minimum shareholding amounts to 25%, (ii) the shares have been held for an uninterrupted period of at least two years and (iii) the receiving entity does not benefit from the tax exemption on its total income.

Parent Subsidiary Directive (90/435/EEC)

Dividends as well as other income derived from a share in profits of legal persons is CIT exempt, provided that a shareholder, an entity from EEA, has held no less than 10% of shares of the Polish Company for an uninterrupted period of two years and the receiving entity does not benefit from the tax exemption on their total income (in the case of Switzerland the minimum shareholding amounts to 25%).

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PORTUGAL

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Normal Rate (%)	Medium Rate (%)
Up to 4,898	11.50	11.5000
From 4,898 – 7,410	14.00	12.3480
From 7,410 – 18,375	24.50	19.5990
From 18,375 – 42,259	35.50	28.5860
From 42,259 – 61,244	38.00	31.5040
From 61,244 – 66,045	41.50	32.2310
From 66,045 – 153,300	43.50	38.6450
Over 153,300	46.50	-

The amount of taxable income if higher than €4,898 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 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. An additional tax rate of 2.5% will be applied on the share of the taxable income above €153,300.

Companies

Taxable Income (EUR)	Tax Rate (%)
All taxable income	25

A 1.5% rate ("Derrama Municipal") is added to the federal rates resulting in combined effective rate of 26.5%. An additional 3% taxation (designated as "Derrama Estadual") is levied on the share of the taxable income between €1.500.000 and €10.000.000 and an additional 5% levied on the share of taxable income above €10.000.000.

VALUE ADDED TAX (VAT)

23% on majority of sales of goods/services, reduced (13% and 6%) or zero rate on certain specific items.

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains arising from the disposal of shares/quotas are taxed at a special flat rate of 25% whether made by residents or non-residents. (12.5% if the shares are in micro or small companies not listed on the stock exchange).

Companies

50% of the capital gains on the disposal of fixed assets and on 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 following two years.

LOSSES

- The deduction of tax losses is limited to 75% of the taxable profit.
- Both individual (carrying out a commercial or industrial activity as self-employment) and company tax losses can be carried forward against the income obtained in the following five years.

TREATY NETWORK

53 countries.

WITHHOLDING TAX

	Individuals (%)	Companies (%)
Dividends	25	25
Interest	25	25 / 5 EU ₂
Royalties	21.5 non-residents / 16.5 residents ₁	15 non-residents / 16.5 residents ₁ / 5 EU ₂

¹ This withholding tax has the character of an advanced payment.

² Members (Council Directive 2003/49/CE, of 3 June 2003)

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ROMANIA

INCOME TAX RATES 2012

Individuals

Taxable Income	Tax Rate (%)
All income	16%

Companies

Taxable Income	Tax Rate (%)
All income	16%

VALUE ADDED TAX (VAT)

The standard VAT rate is 24%. A reduced rate of 9% or zero rate is applied on specific goods and services. A VAT rate of 5% is applicable to the supply of social housing.

CAPITAL GAINS TAX (CGT)

Individuals

Gains from selling shares: 16% income tax.

Disposal of real estate: progressive rate of up to 2% or 3%.

Companies

Capital gains are subject to 16% corporate income tax.

LOSSES

Losses may be carried forward for a period of five years. Tax losses incurred starting from 2009 may be carried forward for the following seven years. The carry back of losses is not permitted. No provisions regarding group consolidation.

TREATY NETWORK

85 countries.

WITHHOLDING TAX

Dividends: 0% for UE/EFTA qualifying shareholders/10% (unless reduced/exempt under EC Directive or the relevant treaty) for residents in EU/EFTA member states/16% for other non-residents

Interest: 0% for interest paid to EU/EFTA resident companies that hold at least 25% of the shares in the Romanian company paying the interest for a continuous period of two years/16% for other non-residents

Royalties: 0% for interest paid to EU/EFTA resident companies that hold at least 25% of the shares in the Romanian company paying the royalties for a continuous period of two years/16% for other non-residents

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RUSSIA

INCOME TAX RATES 2012

Individuals

Taxable Income (RUB)	Tax Rate (%)
Residents on worldwide income	13
Non-residents on Russian-source income	30

Companies

Taxable Income	Tax Rate (%)
Flat rate	20

VALUE ADDED TAX (VAT)

Standard rate – 18%, with a reduced rate of 10% and 0% applicable to certain categories of goods.

CAPITAL GAINS TAX (CGT)

Capital gains are taxed at the ordinary income tax rates.

Individuals

Standard rate of 13% applied. Gains realised on sale of unquoted shares of Russian companies and quoted shares in high-tech Russian companies, provided they are acquired after January 1, 2011 and held for more than 5 years, are exempt. The sale of other kinds of property by a Russian resident is exempt after holding period of 3 years.

Companies

Standard rate of 20% applied. Gains realised on sale of unquoted shares of Russian companies and quoted shares in high-tech Russian companies, provided they are acquired after January 1, 2011 and held for more than 5 years, are exempt.

LOSSES

Losses may be carried forward for 10 years.

TREATY NETWORK

77 countries.

WITHHOLDING TAX

- Dividends:**
- 9% on dividends paid to Russian residents (tax base calculated as dividends paid net of dividends received in the same tax period).
 - 0% on dividends received by a Russian entity provided holding period is at least 1 year and participation is not less than 50% in the share capital.
 - 15% on dividends paid to non-residents (subject to reduced rates under a tax treaty).
- Interest:**
- 20% on interest paid to foreign entities (subject to reduced rates under a tax treaty).
- Royalties:**
- 20% on royalties paid to foreign entities (subject to reduced rates under a tax treaty).

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SAUDI ARABIA

INCOME TAX RATES 2012

Individuals

There is no direct personal taxation.

Companies

Taxable Income (SAR)	Tax Rate (%)
Saudi and Gulf resident companies	2.5
Foreign companies and Non-resident companies	20
Gas sector	30
Oil and hydrocarbon sector	85

VALUE ADDED TAX (VAT)

Not applicable.

CAPITAL GAINS TAX (CGT)

Individuals

20%

Companies

20%

LOSSES

A taxpayer is entitled to carry forward adjusted operating losses indefinitely provided that the maximum deduction in each tax year does not exceed 25% of the annual profit per the tax return.

TREATY NETWORK

22 countries.

WITHHOLDING TAX

Any resident, whether a taxpayer or non-taxpayer, any permanent establishments and any person who pays any amounts to a non-resident from an in-kingdom source is required to withhold tax from the amount paid at the following rates:

	Tax Rate (%)
Rent	5
Royalty or Return	15
Management	20
Payments for airline tickets or air or sea or freight	5
Payments for international telephone communications	5
Any other payments specified by the By-Laws	Not more than 15

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SLOVAKIA

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
All income	19

Companies

Taxable Income (EUR)	Tax Rate (%)
All income	19

VALUE ADDED TAX (VAT)

Standard rate is 19%. A temporary standard rate of 20% is applicable from January 1, 2011 until the last day of the calendar year in which the European Commission (Eurostat) publishes data stating that the Slovakia's current Government Deficit is less than 3%. A reduced rate of 10% is imposed on certain specific items (e.g. certain medication, books etc.).

CAPITAL GAINS TAX (CGT)

Individuals

Capital gains of resident individuals are subject to the standard flat tax rate of 19%. The sale of real estate is tax free after being held for five years.

Companies

Capital gains of resident companies are subject to the standard flat tax rate of 19%.

LOSSES

Losses may be carried forward for a maximum of seven taxable periods (for five taxable periods in case of losses occurred before 2010). In case of individuals losses can be carried forward and deducted only from their active income tax base (business and self-employment activities) as from 2012 - until 2011 losses could be deducted from the total tax base. Losses in the case of a merger or a de-merger may be carried forward by the legal successor (merger/de-merger may not be made for tax avoidance purposes).

TREATY NETWORK

63 countries.

WITHHOLDING TAX

Dividends: 0%

Interest: 19% (unless exempt or reduced under relevant treaty), EU Royalties and Interest Directive may apply*

Royalties: 19% (unless exempt or reduced under relevant treaty), EU Royalties and Interest Directive may apply*

*Applicable to groups of companies with a minimum 25% interest held for at least 24 months

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SLOVENIA

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 7,840,53	16
From 7,840,53 - 15,681,03	27
From 15,681,03	41

Companies

Taxable Income (EUR)	Tax Rate (%)
Year 2012	20

VALUE ADDED TAX (VAT)

- 20%
- 8.5 % (food, drugs, books, culture events etc.)
- 0% (exports)

CAPITAL GAINS TAX (CGT)

Individuals

CGT applies to sale of shares, property and investment coupons.

- 20% from 0 to 5 years of holding
- 15% from 5 to 10 years of holding
- 10% from 10 to 15 years of holding
- 5% from 15 to 20 years of holding
- 0% after 20 years of holding

Companies

CGT applies to sale of shares.

Reduction of tax basis of 50% for capital gains from the sale of companies if the minimum shareholding is 8%, the shares have been held for at least 6 months and the company has at least 1 full time employee.

LOSSES

Losses can reduce the tax base, without limitation.

TREATY NETWORK

47 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 24 months; 24 months can be replaced with bank guarantee).

Interest: 15% - or per applicable DTA and applying the EU Directive on a common system of taxation applicable to interest and royalty payments (between associated companies of different Member States, participation at least 25%, holding 24 months).

Royalties: 15%* or per applicable DTA and applying the EU Directive on a common system of taxation applicable to interest and royalty payments (between associated companies of different Member States, participation at least 25%, holding 24 months).

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SOUTH AFRICA

INCOME TAX RATES 2012

Individuals (residents and non-residents)

Taxable Income (ZAR)	Tax Rate (%)
Up to 160 000	18
From 160 001 – 250 000	25
From 250 001 – 346 000	30
From 346 001 – 484 000	35
From 484 001 – 617 000	38
Over 617 000	40

Basic Tax Rebate – ZAR 11,440 (ZAR 17,830 if over age 65, ZAR 19,960 if over age 75).

Most trusts (resident and non-resident)

40% flat rate of tax.

Companies

Resident – 28% flat rate plus further 10% company secondary tax (to fall away on 1 April 2012 in favour of a 15% shareholder withholding tax) on the amount of dividends declared.

Non-resident – 28% flat rate with no tax on dividends declared.

VALUE ADDED TAX (VAT)

14% on the supply of virtually all goods and services. Very few exemptions (e.g. personal use assets). Exports and basic foods vatable at zero rate.

CAPITAL GAINS TAX (CGT) - only taxable in respect of periods after 1 October 2001

Individuals

33.3% of taxable capital gains added to other taxable income.

Companies

66.6% of taxable capital gains added to other taxable income.

Non-residents

Only liable in respect of disposals of South African real estate and business assets.

LOSSES

Deductible off taxable income and may be carried forward (not back) indefinitely for individuals and companies (if such companies do not interrupt their trading activities).

TREATY NETWORK

Currently 70 countries (approximately 20 more being negotiated) plus approximately 25 Tax Information Exchange Agreements finalised or in process.

WITHHOLDING TAX (if no treaty applicable)

Dividends: 15% (with effect from 1 April 2012)

Interest: 15% (with effect from 1 January 2013)

Royalties: 12% (15% with effect from 1 January 2013)

Remuneration of non-resident entertainers and sportspersons: 15%

Capital Gains on disposal of South African Real Estate by non-residents: 5-10% of gross proceeds

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SPAIN

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate
Up to 17,707.20	24.75%
From 17,707.21 – 33,007.20	EUR 4,382.52 plus 30% above 17,707.20
From 33,007.21 – 53,407.20	EUR 8,972.52 plus 40% above 33,007.20
From 53,407.21 – 120,000.20	EUR 17,132.52 plus 47% above 53,407.20
From 120,000.21 – 175,000.20	EUR 48,431.24 plus 50% above 120,000.20
From 175,000.21 – 300,000.20	EUR 75,931.24 plus 53% above 175,000.20
Over 300,000.21	EUR 83,431.24 plus 54% above 300,000.20

Companies

Small-Size Companies Tax Regime ¹		General Tax Regime
Net Profit (EUR)	Tax Rate (%)	Tax Rate (%)
Up to 300,000.00	25	30
Over 300,000.00	30	

¹Less than 10 Million Euros of annual turnover

Non-residents

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

Non-permanent establishments: General tax rate 24.75% both for individuals and companies.

VALUE ADDED TAX (VAT)

18% on majority of sales of goods/services; reduced (8%), super reduced (4%) or zero rate on certain specific items.

CAPITAL GAINS TAX (CGT)

Individuals

- Tax paid at 21% rate on capital gains for non-residents.
- Tax paid at 27% rate on capital gains tax for residents (21% for the first €6,000 and 25% up to €25,000).
- Special rules of exemption for goods acquired before the Tax Year 1996.

Companies

Tax paid at company tax rate; 12% tax relief available in cases of re-investment on tangible, intangible or financial assets within 3 years when certain conditions are met. Tax paid at 21% rate on capital gains for non-residents.

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 18 years for companies).

TREATY NETWORK

96 countries.

WITHHOLDING TAX

Dividends: 21% (residents), 0% (EU residents) and 21% (non-EU residents)

Interest: 21% (residents), 0% (EU residents) and 21% (non-EU residents)

Royalties: 21% (residents), 0% (EU associate resident company) and 24.75% (the rest)

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SWEDEN

INCOME TAX RATES 2012

Individuals

Taxable Income (EUR)	Tax Rate (%)
Up to 2,077	0
From 2,077 - 46,011	31 - 34
From 46,011 - 65,244	51 - 54
Over 65,244	56 - 58

Companies

Taxable Income (EUR)	Tax Rate (%)
All income	26.3

VALUE ADDED TAX (VAT)

The standard VAT rate is 25% but reduced to 12% on e.g. foods and hotel rooms, and 6% on e.g. newspapers, books, magazines, transfers of copyrights and personal transportation.

CAPITAL GAINS TAX (CGT)

Individuals

A 30% flat tax rate is levied on capital gains and 22% on personal dwellings. Capital gains on personal belongings are tax-free up to a limit of EUR 5,050.

Companies

The tax rate on capital gains is 26.3%. However, capital gains are tax-free on unquoted shares and if quoted and held for at least 12 months, the shareholding represents at least 10% of the voting power or the shares are held for sound business reasons.

LOSSES

Losses are normally fully deductible in companies except for losses on shares if capital gains on the particular shares would have been tax-free (see above). Losses on portfolio investment shares/certain real estate may only be offset against capital gains on such assets or carried forward indefinitely to be set off against such capital gains.

TREATY NETWORK

79 countries (complete treaties).

WITHHOLDING TAX

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 2012

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. administrative company, holding company).

VALUE ADDED TAX (VAT)

8.0% on majority of goods/services; 2.5% on specific items; 3.8% on hotel accommodation.

CAPITAL GAINS TAX (CGT)

Individuals

Generally no CGT, but real estate gains tax. 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 no taxation on sale of subsidiaries.

LOSSES

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

TREATY NETWORK

86 countries.

WITHHOLDING TAX

Dividends: 35%

Interest: 0% (banks 35%)

Royalties: 0%

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TANZANIA

INCOME TAX RATES 2012

Individuals

Taxable Income (TZS)	Tax Rate (%)
Up to 135,000	0
From 135,000 - 360,000	14
From 360,000 - 540,000	20
From 540,000 - 720,000	25
Over 720,000	30

Companies

Both resident and non-resident corporations are taxed at a flat rate of 30%. A newly listed company with Dar Es Salaam Stock Exchange (DSE) with at least 35% of its equity issued to the public is taxed at a concessionary rate of 25% for three consecutive years from the date of listing. Repatriated income of a resident branch of a non-resident person is taxed at 10%.

VALUE ADDED TAX (VAT)

The standard rate of VAT is 18%. A zero rating applies to export of goods and certain services, agriculture implements, fertilizers, fishing gears and human medicines.

CAPITAL GAINS TAX (CGT)

Individuals

Disposal of investment asset (includes interest in land): Resident 10%, non-resident 20%. Exemptions: gains on sale of private residence of TZS 15 million or less, Agriculture land with a market value of less than 10 million

Companies

Disposal of investment asset (includes interest in land): Both resident and non-resident is 30%. Exemptions: Dar Es salaam Stock Exchange (DSE) shares held by a person with shareholding of less than 25%; Shares in a resident company held by another resident company with shareholding of 25% or more.

LOSSES

In principle losses can be carried forward indefinitely and offset against profits from the same source. Corporations with unrelieved losses for three consecutive years (from July 2009) resulting from tax incentives are taxed at the rate of 0.3% of the turnover from the third year onwards.

TREATY NETWORK

9 countries.

WITHHOLDING TAX

	Residents	Non-residents
Dividends:		
▪ to company controlling 25% of shares or more	0%	10%
▪ from DSE-listed company	5%	5%
▪ from other companies	10%	10%
Interest:	10%	10%
Royalties:	15%	15%

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TUNISIA

INCOME TAX RATES 2012

Individuals

Taxable Income (TND)	Tax Rate (%)	Real Rate (%)
Up to 1,500	0	0
From 1,500 – 5,000	15	10.5
From 5,001 – 10,000	20	15.25
From 10,001 – 20,000	25	20.12
From 20,001 – 50,000	30	26.05
Over 50,000	35	-

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.

Companies

Corporation tax is payable at the general rate of 30% based on the income of the financial year. For financial, banking and gas companies the rate is 35% and for agricultural companies the rate is 10%. The same rates apply to both residents and non-residents and benefits from exportation activities paying no income tax.

VALUE ADDED TAX (VAT)

The standard rate of VAT is 18%. A reduced rate of 12, 10 and 6% applies to some goods and services and some others (agriculture, culture, petroleum services) are exempt. A zero rating is applied to exported goods and services.

CAPITAL GAINS TAX (CGT)

For the companies there is no separate CGT. Capital gains are included in the taxable base of the income of the resident. For individuals, the capital gains are taxable at rates 5% or 10% for the residents and 2.5% for non-residents.

LOSSES

May be carried forward and deducted from future taxable income for a limited period of four years. The part of losses representing amortisation can be forward and deducted for an unlimited period. Each member of a corporate group is treated as a separate entity.

TREATY NETWORK

49 countries.

WITHHOLDING TAX

Dividends: Exempt for resident and non-resident.

Interest: Resident: 20% / Non-resident: 2.5%

Royalties: Resident: 15% / Non-resident: 15%

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TURKEY

INCOME TAX RATES 2012

Individuals

Taxable Income (TRY)	Upper Bracket (TRY)	Tax on Lower (TRY)	Tax Rate (%)
0	10,000	-	15
10,000	25,000	1,500	20
25,000	58,000	4,500	27
58,000	-	13,410	35

Companies

Taxable Income (TRY)	Tax Rate (%)
All income	20

VALUE ADDED TAX (VAT)

The standard tax rate is 18%; reduced rates of 8% and 1% apply to specific goods and services.

CAPITAL GAINS TAX (CGT)

Individuals

Individuals are not taxed on gains arising from the sale of joint stock companies. Sales of shares in a limited company must be declared and are subject to progressive income tax. On the sale of real estate, if assets are held for more than five years the capital gain is exempt from tax. Capital gains arising from the sale of real estate which is held for five years or less is subject to progressive income tax with the first TRY 8,800 exempt.

Corporate

25% of the capital gains arising from the sale of participation shares and real estate which were held as an asset for more than two years are subject to corporate tax at the rate of 20%. (75% of capital gains are exempt from corporate tax).

LOSSES

Losses may be offset against other income and capital gains for the same accounting period for companies. Losses may be carried forward for five years.

TREATY NETWORK

75 countries.

WITHHOLDING TAX

Dividends: 15%

Interest: 15%

Royalties: 20%

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UGANDA

INCOME TAX RATES 2012

Individuals

Taxable Income (UGX)	Tax Rate (%)
Residents:	
Up to 130,000	0
From 130,000 - 235,000	10
From 235,000 - 410,000	20
Over 410,000	30
Non-residents:	
Up to 235,000	10
From 235,000 - 410,000	20
Over 410,000	30

Companies

Taxable Income (UGX)	Tax Rate (%)
Resident Companies	30
Non-resident Companies	30
Exporters of min 80% out of EAC	30
Agro-processing investors, education institutions*	No tax
Small Businesses <US\$50m	Presumptive Tax
Branch remittance tax	15%
Mining entities	25% - 45%

VALUE ADDED TAX (VAT)

Standard rate is 18%. Registration threshold is turnover of US\$ 50m. Professionals are required to register irrespective of turnover. Zero-rate applies to exports and specified goods and services. Certain goods and services exempt from VAT including rental income, computers, software, accommodation and real estate.

CAPITAL GAINS TAX (CGT)

Individuals

Applicable on gains on sale of shares in a private limited Liability Company with effect from 1st January, 2011. Taxed at 30%

Companies

Applicable on gains on disposal of business assets and taxed at 30%. Capital losses are deductible. Not applicable for gains prior to 1 April 1998.

LOSSES

Tax losses may be carried forward for offset against future taxable profits for an indefinite period.

TREATY NETWORK

8 countries.

WITHHOLDING TAX

	Resident (%)	Non-resident (%)
Dividends:	5/10 (exempt for shareholding >25%)	15
Interest:	15	15
Royalties:	n/a	15
Professional:	6	15
Contractual:	6	15
Management:	6	15

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UKRAINE

INCOME TAX RATES 2012

Individuals

Taxable Income (UAH)	Tax Rate (%)
Up to 10,730	15%
Over 10,730	17% (for income above 10 minimum salaries)

Companies

Taxable Income (UAH)	Tax Rate (%)
Income tax	21%

Income of companies (except publishing houses, mining, and merchandise and consulting companies) with annual revenue less than UAH 3 million and up to 20 employees is not taxable until the end of year 2015.

VALUE ADDED TAX (VAT)

- Standard rate is 20%.
- Consulting, accounting, auditing and engineering services, as well as revenue from sales of metal scrap, certain agriculture products and timber are exempt from VAT
- The 0% rate is applicable for export of goods and services rendered outside of Ukraine.

CAPITAL GAINS TAX (CGT)

Individuals

- Tax rate is 0% for the gains from sales of properties or cars, if the property (car) owned less than 12 months.
- Income derived from private investment funds is taxed at 15%

Companies

Capital gains are taxed in the same way as other income of corporations at standard tax rate.

LOSSES

Tax losses can be carried forward indefinitely.

TREATY NETWORK

56 countries.

WITHHOLDING TAX

Dividends: 5%

Interest: 5%

Royalties: 15%

Unless reduced/exempt under relevant tax treaty

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UNITED ARAB EMIRATES

INCOME TAX RATES 2012

Individuals

No direct personal taxation.

The UAE does not require social insurance contributions for expatriates. UAE and other GCC nationals working in the UAE contribute to retirement and pension funds in accordance with specific regulations.

Companies

There is no federal tax in the UAE. Each of the Emirates (Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain) have issued tax decrees but in practice these have not been applied. There is a risk that these laws may be applied more generally in future and there is a remote risk that they will be approved retroactively. Taxes are currently imposed at the Emirates level on:

- Oil and gas producing companies: as per specific government concession agreements; and
- Branches of foreign banks under specific tax decrees or regulations or agreements with the Rulers of the Emirates in which the branches operate.

Several free zones have been created across the UAE. These free zones provide tax exemptions for a guaranteed period, currently a maximum of 50 years.

MUNICIPALITY TAX

Municipal taxes are imposed on hotel services and cinema shows. Service charge percentages vary among the Emirates. A service charge of 5% to 10% is charged on food purchased in restaurants. Hotels charge a 10% to 15% service charge per night on room rates.

PROPERTY TAX

In most of the Emirates, property tax is payable by residential and commercial tenants by reference to the annual rent of residential property, generally at a rate of 5% and for commercial property at a rate of 5% to 10% payable to the local municipality.

SALE/PURCHASE FEE

A fee of 2% of the sale value is levied on transactions of sale/purchase of properties in Dubai. This is collected at the time of the registration of the transaction. This rate may vary for other Emirates.

CUSTOMS DUTY (Federal Customs Authority)

The member states of the Gulf Cooperation Council (GCC), which are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, approved regulations for the implementation of the GCC Customs Union on 22 December 2002. All of the states have adopted the unified customs duty generally calculated at **5%** of the invoice value on most goods (except those on the exempted list, which are allowed free of duties, and certain restricted items, such as alcohol and tobacco products, which are subject to duty at much higher rates) imported into the region. If goods are shipped directly from a non-GCC country to the customer, duty is payable at the first entry point. The duty is levied on the cost, insurance and freight (CIF) value. The duty is payable by the importer of record.

VALUE ADDED TAX (VAT)

There is no value added tax in the UAE at the moment, although the imposition of VAT is being considered by the government.

CAPITAL GAINS TAX (CGT)

No tax is imposed on capital gains earned in the UAE at present

TREATY NETWORK

Tax treaties with over 47 countries.

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UNITED KINGDOM

INCOME TAX RATES 2012

Individuals

Taxable Income (GBP)	Tax Rate (%)
Up to 8,105	0
From 8,106 – 42,475 (basic rate)	20
From 42,476 – 150,000 (higher rate)	40
Over 150,000	50

Companies

Taxable Income (GBP)	Tax Rate (%)
Up to 300,000	20
From 300,001 – 1,500,000	25
Over 1,500,000	24

VALUE ADDED TAX (VAT)

20% on majority of goods and services; reduced (5%) or zero rate on specific items.

CAPITAL GAINS TAX (CGT)

Individuals

For a basic rate tax payer (who pays income tax at 20%) the CGT is 18% on gains over GBP 10,600 per tax year. For a higher rate tax payer (income tax at 40 or 50%) the CGT rate is 28%. Capital gains are treated as the top slice of income.

Companies

CGT paid at company tax rate (see above); indexation based on retail price inflation is available.

LOSSES

Losses can be set against total income in the year or carried back against income in the previous year. Losses can be carried forward indefinitely, to be set off against similar profits from the same source.

TREATY NETWORK

115 countries.

WITHHOLDING TAX (non-residents)

Dividends: 0%

Interest: 20%

Royalties: 20%

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