Crowe Horwath International

Comparison of Holding Regimes in Europe, Middle East and Africa

As per 1 January 2012

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Countries Included

Topics Covered

- Tax rate (effective)
- Treatment of dividends received from domestic shareholdings
- Treatment of dividends received from foreign shareholdings
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- Deductibility of capital losses resulting from the disposal of domestic shareholdings
- Deductibility of capital losses resulting from the disposal of foreign shareholdings

	Austria	Belgium
Tax rate (effective)	25% - Group taxation (also for foreign shareholdings with losses) - Goodwill amortization (acquisition of domestic shareholdings)	33% + 3% surtax (33,99%)
Treatment of dividends from domestic shareholdings	Exempt	95% exempt if: - Holding of at least 10% of subsidiary's share capital or with an acquisition value € 2.500.000,00 and - Owned for interrupted period of 12 months
Treatment of dividends from foreign shareholdings	Exempt if: - At least 10% shareholding - For 12 months - Subsidiary's income taxation at least 15% or special types of income (from switch-over-rule) Special rules for dividends <10% shareholding	95% exempt if: - Holding of at least 10% of subsidiary's share capital or with an acquisition value € 2.500.000,00 - Owned for interrupted period of 12 months; and - Subsidiary subjected to income tax similar to corporate tax
Treatment of capital gains resulting from the disposal of domestic shareholdings	Taxable (25%)	Exempt, if: - the dividends relating to such shares qualify for the participation exemption; and - shares are held in full ownership during an uninterrupted period of 12 months. If the condition of 12 months is not met, a separate tax of 25.75% is due.
Treatment of capital gains resulting from the disposal of foreign shareholdings	Exempt if: - At least 10% shareholding - For 12 months - Subsidiary's income taxation at least 15% or special types of income (switch-over-rule) - No option for taxation of capital gains	Exempt, if: - the dividends relating to such shares qualify for the participation exemption; and - shares are held in full ownership during an uninterrupted period of 12 months. If the condition of 12 months is not met, a separate tax of 25.75% is due.
Capital duty on cash contributions	1% (generally) Capital duty on loans abolished since 01/01/2011.	Nil
Capital duty on contributions of shares in a foreign subsidiary	1%, exemptions for mergers under certain circumstances	Nil
Deductibility of interest expenses linked to foreign shareholdings	Deductible (generally) Not deductible if shareholding is acquired from related party.	Deductible (exceptions with tax havens)
Debt-to-equity limitations	No specific thin capitalization rules (arm's length principle)	No general debt-to-equity ratio rules; specific rule: interest payment in excess of debt/ equity ratio is not tax deductible - 5 to 1 debt to equity for intra-group loans or if beneficial owner is taxhaven based; - 1 to 1 if director mandate (exceptional)
Double tax treaties	More than 90	90
CFC / Subpart F provisions	No	No
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	0% if at least 10% holding for at least 12 months and substance requirements are fulfilled	0% if holding at least 10% and more than 12 months
WHT on dividends paid to US parent company	5% if at least 10% holding (not for partnerships) and substance requirements are fulfilled	0% if holding at least 10% and more than 12 months
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Deductible (generally over 7 years)	Not deductible, unless liquidation scenario
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Not deductible unless: - Opted for taxation of capital gains - Liquidation scenario Deductible generally over 7 years.	Not deductible, unless liquidation scenario

Bulgaria	Croatia	Cyprus
10%	20%	10%
- Tax exempt for EU/EEA resident companies or unless reduced/exempt in the relevant treaty for non EU/EEA resident	12% (plus city tax) for physical persons	Exempt Except dividends that derive indirectly from profits generated more than 4 years earlier. In such cases a 20% withholding applies.
- Tax exempt if distributed from EU/EEA resident companies. - Taxable in any other cases.	12% (plus city tax) for physical persons	Exempt Exemption not applicable if the paying company is: - Directly or indirectly engaged in more than 50% activities that result in investment income; and - Subject to tax at a rate substantially lower than in Cyprus (i.e. lower than 5%)
Taxable - Tax exempt for share deals on a regulated market (local or in the EU (e.g. stock exchange))	Capital gains are included in the tax base as revenue: subject to 20% of corporate profit tax. Exempt, if gained by foreign legal entities or if resulting from sale of own stocks and shares.	Exempt (If company has land and buildings situated in Cyprus, realised gains are subject to capital gains tax at 20%)
Taxable - Unless reduced/exempt in the relevant treaty. - Tax exempt for share deals on a regulated market in the EU, but this is N/A when "progression method" deduction is applied in the respective treaty	Capital gains are included in the tax base as revenue: subject to 20% of corporate profit tax	Exempt (If company has land and buildings situated in Cyprus, realised gains are subject to capital gains tax at 20%)
Nil	Nil	0,6% on authorized share capital (no capital duty on share premium)
Nil	Nil	0,6% on authorized share capital (no capital duty on share premium)
Deductible, but thin capitalization rules are applicable	Deductible up to the discount rate of the Croatian National Bank: at the moment 7% p.a.	Not deductible (as income on disposal of foreign shareholdings is exempt from tax)
Debt-to-equity 3:1; deductible up to 75% of EBIT	Debt-to-equity ratio 4:1	None
69	52	44
No	No	No
Tax exempt	12%; EU Parent-Subsidiary Directive will become effective as of the day of joining Croatia to the European Union (planned 1 july 2013)	Nil
5%	12% (no Double Tax Treaty)	Nil
Deductible - Non deductible for share deals on a regulated market - Local or in the EU	In general: deductible Non deductible: capital losses resulting from the disposal of own stocks and shares	Not deductible (as income on disposal of domestic shareholdings is exempt from tax)
Deductible up to 5 years only from capital gains. - non deductible for share deals on a regulated market in the EU	Deductible	Not deductible (as income on disposal of foreign shareholdings is exempt from tax)

	Czech Republic	Denmark
Tax rate (effective)	19%	25%
Treatment of dividends from domestic shareholdings	- At source - exempt if conditions met (10% share, 12 months, listed types of companies), otherwise 15% withholding tax; - Recipient - exempt if conditions met (10% share, 12 months, listed types of companies)	Exempt if: - At least 10% holding
Treatment of dividends from foreign shareholdings	Exempt if conditions met (10% share, 12 months, listed types of companies), otherwise taxed in separate tax basket at rate of 15% Dividends from non EU-states: exempt if conditions met (10% share, 12 months, listed types of companies, CIT in third state not lower than 12%, valid DTT), otherwise 15% withholding tax	Exempt if: - At least 10% holding
Treatment of capital gains resulting from the disposal of domestic shareholdings	Exempt if conditions met (10% share, 12 months, listed types of companies), otherwise standard 19% CIT Capital gains from non EU-states: exempt if conditions met (10% share, 12 months, listed types of companies, CIT in third state not lower than 12%, valid DTT), otherwise 15% withholding tax	Exempt if: - At least 10% holding
Treatment of capital gains resulting from the disposal of foreign shareholdings	Exempt if conditions met (10% share, 12 months, listed types of companies), otherwise standard 19% CIT	Exempt if: - At least 10% holding
Capital duty on cash contributions	Nil	Nil
Capital duty on contributions of shares in a foreign subsidiary	Nil	Nil
Deductibility of interest expenses linked to foreign shareholdings	If dividends/capital gains are exempt, related cost are non deductible and vice versa.	Deductible, if total interest exceeds DKK 21.300.000,00 then there are rules which can reduce the possibility for deduction.
Debt-to-equity limitations	4:1 debt-to-equity ratio for related party loans and "back-to-back" loans, non-deductibility of interest derived from profit	4:1 debt-to-equity ratio based on fair market value. limitation does not apply if tax payer can document that the loan is at arm's length.
Double tax treaties	79	75
CFC / Subpart F provisions	No	Yes
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	Exempt if conditions met (10% share, and 12 months, listed types of companies), otherwise 15% withholding tax; DTT can lower the WHT	0% if holding at least 10%
WHT on dividends paid to U.S. parent company	5% to beneficial owner with more than 10% share, otherwise 15%	Nil if holding at least 10% and eligible for U.S. - DK Treaty benefits
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Capital losses resulting from the disposal of domestic shareholdings are not tax deductible	Both realized and unrealized will be offset if ownership is less than 10%
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Capital losses resulting from the disposal of foreign shareholdings are not tax deductible	Both realized and unrealized will be offset if ownership is less than 10%

Estonia	France	Germany
21% tax postponed until profit distribution	33,33% (15% up to € 38.120 for SME's) + for large companies: - Social contribution of 3,3% (turnover > € 7,3 Mio and CIT due at 33,33% over € 763.000) - Annual flat-rate tax from € 20 500 up to € 110 000 (turnover over € 15 Mio) - Special contribution equal to 5% of corporate tax (turnover > € 250 Mio).	15% + 0,83% corporate tax 7% - 17,15% trade tax (22,83% - 32,98% overall effective)
Exempt	- 95% exempt if holding at least 5% of subsidiary capital for 24 months and both parent and subsidiary subject to CIT - 100% exempt if the subsidiary and the holding belong to the same tax consolidation group	95% exempt if the shares are long-term assets; otherwise 0% exempt
Exempt if: - At least 10% shareholding - Subsidiary is subject to tax (not less than 1/3 of Estonian rate) - Dividends from EU, EEA and Switzerland, or - From other countries if underlying profits subject to tax or subject to foreign withholding tax	- 95% exempt (generally) if holding at least 5% of subsidiary capital for 24 months, excluding dividends from black listed countries. If a tax credit is attached, specific rules apply.	95% exempt if the shares are long-term assets; otherwise 0% exempt
Exempt until profit distribution.	- 90% 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	95% exempt (generally) if the shares are long-term assets; otherwise 0% exempt
Exempt until profit distribution.	- 90% 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	95% exempt if the shares are long-term assets; otherwise 0% exempt
Nil	Nil at the setting up; € 375,00 up to € 500,00 afterwards	Nil
Nil	Nil at the setting up, € 375,00 up to € 500,00 afterwards.	Nil
Deductible	- If expenses in the interest of the company business. - Deductible up to 4,09% interest for 12 months FY ending December 31, 2011. - Limitation does not apply if tax payer documents that the loan is at arm's length and if existing commercial relationships.	Deductible within interest deduction Ceiling Rule. (interest stripping rule) No restrictions for interest balances (interest rates less interest yields) up to € 2.999.000,00
None	1) Deductible up to the highest of the 3 following thresholds: - (Interest paid / average indebtedness ratio) x (1,5 x net equity). - 25% Adjusted earning before tax limitation. - Interest received from related companies limitation. 2) Potential non deductible interests below € 150.000 are fully deductible. 3) Additional tax deduction of interest possible in a tax consolidation group.	General interest deduction Ceiling Rule tightened for shareholder debt financing.
49	121	92
No (but special provisions in case of tax haven companies)	Yes (for EU entities only if artificial structures)	Yes (for EU/EEA entities only if artificial structures)
Nil	Nil if holding at least 10% of shared capital and at least 24 months.	0% if holding at least 10% and substance requirements are fulfilled.
Nil	- 15% - 5% if holding minimum 10% share capital - nil if at least 80% shareholding (some conditions have to be fulfilled)	- 5% if holding at least 10%, - Nil if at least 80% shareholding for the last 12 months and specific limitations on Benefits (LOB) clause conditions fulfilled.
N/A (profits are not taxable)	- Capital losses resulting from the disposal of controlling interests held for at least 24 months are not tax deductible - Specific rules apply for Real Estate Companies - Otherwise deductible at standard CIT rate	Not deductible if the shares are long-term assets; otherwise deductible
N/A (profits are not taxable)	- Capital losses resulting from the disposal of controlling interests held for at least 24 months are not tax deductible - Specific rules apply for Real Estate Companies - Otherwise deductible at standard CIT rate	Not deductible if the shares are long-term assets; otherwise deductible

	Ghana	Greece*
Tax rate (effective)	- Individual residents (GHS) - up to 1,200.00 (Free, from 1,201.00 - 1,620.00 – 5% from 1,621.00 - 2,724.00 – 10% from 2,725.00 - 25,920.00 – 17,5% and over 25,920.00 – 25%) - Corporate (general) 25% - Hotels - 22% (Proposed 20% for 2012) - Mining - 25% (Proposed 35% for 2012) - Non - residents (Management and Technical fees 15%)	The rates for the corresponding years are: 2011 and beyond: 20%
Treatment of dividends from domestic shareholdings	- Exempt if controls directly or indirectly ≥ 25% - If < 25%, 8% final tax	Payable to domestic companies (*): - Retention of 25% dividend withholding tax. Payable to foreign companies (*): - Tax retention at the most favourable rate between the one provided for by the relevant Double Taxation Treaty (DTT) and Greek legislation (25%). - Nil in cases of EU parent - subsidiary
Treatment of dividends from foreign shareholdings	Dividend paid to a resident person is taxed at 8% final.	- Income tax at the currently applicable tax rate (see above) - Offsetting of tax withheld by the intermediary bank (25%) or by the foreign company, depending on the legislation of the foreign country and the Double Taxation Treaty. Offsetting applies for amounts up to tax applicable to the dividends received in Greece. - No tax withheld from intermediary bank in case of EU parent -subsidiary.
Treatment of capital gains resulting from the disposal of domestic shareholdings	- Shares traded on the Ghana Stock Exchange during the 20 years after its establishment (Est. 1990). (Proposed 25 years for 2012) is exempt. - Disposal on liquidation is exempt. - If used to purchase shares within 1 year of realization - Else 15%	- Shares not listed on the Athens Stock Exchange. A 5% tax calculated on the transaction value is applied upon completion. If seller is a domestic company, capital gains are taxed at the normal corporate income tax rate (currently 20% for 2011), and the tax of 5% already paid is deducted. In all cases a minimum transaction value is applicable. The calculation of this minimum transaction value is set out by law. - Shares listed on the Athens Stock Exchange. Capital gains remain tax free if not distributed. Otherwise normal corporate and dividend tax apply. 5% transaction tax does not apply.
Treatment of capital gains resulting from the disposal of foreign shareholdings	- Taxable at 15% - But exempt if used to purchase shares within 1 year of realization.	The seller is a domestic company: - Shares not listed on a Stock Exchange: as for 4a above. - Shares listed on foreign Stock Exchange: as for 4b above.
Capital duty on cash contributions	Nil	1%. Does not apply to the value of shares sold above par.
Capital duty on contributions of shares in a foreign subsidiary	Nil	Not applicable
Deductibility of interest expenses linked to foreign shareholdings	Interest on the debt exceeding 2:1 (debt-to-equity) in not deductible for tax purposes.	Interest expenses on loans for the establishment or the acquisition of domestic or foreign subsidiaries are tax deductible. (See also 9 below)
Debt-to-equity limitations	Exempt debt-to-exempt equity 2:1	Applicable only to related companies. Interest charged to Greek subsidiaries in relation to loans or other credit provided from other group companies, is deductible for taxation purposes only to the extend it corresponds to a debt : equity ratio of 3:1.
Double tax treaties	8 (Britain, France, Italy, Germany, South Africa, Belgium, The Netherlands and Switzerland)	47
CFC / Subpart F provisions	Not deductible	/
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	- Non Treaty country 8% - If there is a treaty, the lesser of the treaty rate and 8%	Nil, if holding at least 10%, and for at least 2 years.
WHT on dividends paid to U.S. parent company	8%	Tax retention at the most favourable rate between the one provided for by the relevant Double Taxation Treaty and Greek legislation (25%).
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Not deductible	- Loss from sale of shares of a domestic subsidiary not listed on the Athens Stock Exchange: The loss is not deductible from the taxable income of the parent company. Instead it is carried forward for future offsetting against gains arising from the sale of shares listed on the Athens Stock Exchange. The 5% tax on the transaction value is not deductible either. - Loss from sale of shares of a domestic subsidiary listed on the Athens Stock Exchange: 5% transaction tax does not apply. Otherwise as above.
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Not deductible	- Loss from sale of shares not-listed on a foreign Stock Exchange: The loss is not deductible from the taxable income of the parent company. Instead it is carried forward for future offsetting against gains arising from the sale of shares listed on a foreign Stock Exchange. - Loss from sale of shares listed on a Stock Exchange: As for above.

Ireland	Israel	Italy
Trading income 12,5%; Investment income / non-trading income 25%; 30% on capital gains	25%	31,4% min - 32,47% max - combined rate Corporate tax - IRES 27,5% Regional tax - IRAP min. 3,9%, max 4,97% depending on Regions
Exempt	Excluded from taxable income	Corporate tax: 95% exempt Regional tax: 100% exempt
Generally taxable at 25%. This rate can be reduced to 12,5% if the dividends are paid out of trading profits by a company resident in the EU; in a treatycountry or in a territory with wich Ireland has ratified the Convention on Mutual Assistance in Tax matters. The 12,5% rate can also apply to dividends received from a company whose principle class of shares or its 75% parent are substantially and regularly traded on a recognised stock exchange. Foreign tax credit relief is available to reduce Irish tax payable on dividends received. In the case of dividends received from a non-treaty country, there must be 5% common ownership between the Irish company and the payer of the dividend. Onshore pooling of excess credits with indefinite carry forward.	Taxable at same tax rate (25%). Where the Israeli company holds at least 25% of the foreign company, a credit for "underlying" foreign tax payable on the profit from which the dividend was distributed, is available. Relief for underlying tax is limited to the Israeli corporation tax liability on that income.	Corporate tax: 95% exempt, excluding dividend sourcing from black-listed countries Regional tax: 100% exempt
Exempt if: - Holding of 5% for 12 months, - Subsidiary is trading company / member of trading group	Taxable at same tax rate (25%), but accumulated earnings are exempt in certain circumstances.	Corporate tax: 95% exempt, provided that conditions for participation exemption are met Regional tax: 100% exempt
Exempt if: - Holding of 5% for 12 months (not necessarily before sale date), - Subsidiary is trading company/member of trading group, - Subsidiary is treaty or EU resident	Taxable (25%)	Corporate tax: 95% exempt, provided that conditions for participation exemptions are met, excluding shareholdings in black-listed countries Regional tax: 100% exempt
Nil	Nil	Nil
Nil	Nil	Nil
Generally deductible	Usually non-deductible	Deductible within general interest deduction rules: see below "Debt-to-equity limitations" question
No thin capitalization rules, but interest paid to non treaty resident affiliate generally non-deductible.	No special limitations (Arm's length)	Corporate tax: no debt/equity ratios - interest expenses net of interest income deductible up to 30% of EBITDA. Regional tax: 96% deductible
65 (59 in effect)	50	90
No	Yes	Yes
Nil (Generally)	25% unless treaty in force	0% if at least holding 10% for at least 12 months
Nil (Generally)	If the parent company holds at least 10% of the voting power of the Israeli company - 12,5%. Otherwise -25%.	- 5% if more than 25% shareholdings with voting rights and 12 month holding period; - 15% in other cases
Where the disposal is not exempt from tax any loss is deductible only from capital gains	Deductible only from capital gain and with certain limitations can be offset against interest and taxable dividends.	Corporate tax: non deductible if conditions for participation exemption are met, deductible in other cases Regional tax: non deductible
Where the disposal is not exempt from tax any loss is deductible only from capital gains	Deductible only from capital gain and with certain limitations can be offset against interest and taxable dividends	Corporate tax: non deductible if conditions for participation exemption are met, deductible in other cases; Regional tax: non deductible

	Liechtenstein	Lithuania
Tax rate (effective)	Profit tax of 12,5%, minimum profit tax of CHF 1.200,00 (calculatory interest on equity deductible, currently 4% on assets used for operating purposes)	15%
Treatment of dividends from domestic shareholdings	Tax exempt	15% exempt if holding of at least 10% of subsidiary capital for 12 months (only judicial persons) 20% - natural persons without any exemptions
Treatment of dividends from foreign shareholdings	Tax exempt	15% exempt if holding of at least 10% of subsidiary capital for 12 months (only judicial persons), 20% - natural persons without any exemptions
Treatment of capital gains resulting from the disposal of domestic shareholdings	Tax exempt	Exempt until profit distribution
Treatment of capital gains resulting from the disposal of foreign shareholdings	Tax exempt	Exempt until profit distribution
Capital duty on cash contributions	1% stamp duty on capital contributions above CHF 1 Mio	Nil
Capital duty on contributions of shares in a foreign subsidiary	Nil	Nil
Deductibility of interest expenses linked to foreign shareholdings	Deductible	Deductible
Debt-to-equity limitations	None	None
Double tax treaties	7	46
CFC / Subpart F provisions	No	No
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	No	Nil if at least 10% for 12 months
WHT on dividends paid to U.S. parent company	No	Nil if at least 10% for 12 months
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Realized capital gains and losses not deductible, unrealized are temporarily deductible	Not deductible
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Realized capital gains and losses not deductible, unrealized are temporarily deductible	Not deductible

Luxemburg*	Malta	Netherlands
Corporate Income Tax (22,05%) + Municipal Business Tax (6,75% for Luxembourg-City, this tax may vary per municipality from 6% up to 12%): 28,80%. A minimum lump-sum tax of EUR 1,575.- per annum is introduced for companies subject to C.I.T., exempt from any business license and owing financial assets, transferable securities and cash at banks exceeding more than 90% of their total assets.	0 - 6,25%	20% for profits up to € 200.000,00 25% for profits exceeding € 200.000,00
Exempt if: - Holding of at least 10% of capital or € 1.200.000,00 acquisition price - Uninterrupted holding period of (or commitment to hold) at least 12 months, - Subsidiary is a resident fully taxable share-capital company. if not, a 50% exemption may apply under certain conditions.	Exempt	Exempt if: Holding of at least 5% is held in a subsidiary unless such participation itself is held as a "portfolio investment". Whether a participation is deemed to be held as a portfolio investment depends on the taxpayer's aim. If, however, an investment is considered a portfolio investment, the participation exemption further applies if the subsidiary in its state of residence is subject to profit tax at a "sufficient rate" of at least 10% or the assets of the subsidiary do not consist for 50% or more of portfolio investments. Real estate and assets used for active group financing purposes do not qualify as "portfolio investments". For a shareholding that does not fall under the scope of the participation exemption, double taxation may still be avoided by applying a tax credit method, unless the portfolio investment shareholding is effectively not subject to tax at all. For EU shareholdings it is optional to credit the actual underlying tax.
Exempt if: - Holding of at least 10% of capital or € 1.200.000,00 acquisition price - Uninterrupted period of (or commitment to hold) at least 12 months, - Subsidiary is a non-resident fully taxable share-capital company or EU company listed in EU Parent-subsidiary directive (art 2). if not, a 50% exemption may apply under certain conditions.	Exempt if: - Dividends from a participating holding (company may declare such dividend for tax purposes, with non-resident shareholder entitled to 100% tax refund on distribution thereto) - Dividends derived from holdings not qualifying as participating holdings are taxable but full foreign tax credit relief available, and 2/3 (6/7 in some circumstances) of malta tax paid, is refundable to non-resident shareholder on distribution.	Idem as in treatment of dividends from domestic shareholdings
Exempt if: - 10% of capital or € 6.000.000,00 acquisition price, - Uninterrupted holding period of at least 12 months prior to sale, - Subsidiary is a resident fully taxable share-capital company or EU company listed in EU Parent-subsidiary directive	Taxable unless capital gains are derived from a non-resident or securities are listed on the malta stock Exchange	Idem as in treatment of dividends from domestic shareholdings
Exempt if: - Holding of at least 10% of capital or € 6.000.000,00 acquisition price, - Held for an uninterrupted period of at least 12 months prior to sale, - Subsidiary is a non-resident fully taxable share-capital company or EU company listed in the EU Parent-subsidiary directive	Exempt if: - Dividends from a participating holding (company may declare such dividend for tax purposes, with non-resident shareholder entitled to 100% tax refund on distribution thereto) - Dividends derived from holdings not qualifying as participating holdings are taxable but full foreign tax credit relief available, and 2/3 (6/7 in some circumstances) of malta tax paid, is refundable to non-resident shareholder on distribution.	Idem as in treatment of dividends from domestic shareholdings
Nil	Nil	Nil
Nil	Nil (generally)	Nil
Deductible to the extent they exceed exempt income.	Non-deductible if exempt dividend income	Generally deductible. However, specific limitations on the deductibility of interest exists.
No thin-capitalization rules, however the tax administration informally applies a 85/15 debt-to-equity ratio on the financing of participations on related parties debt; alternatives are available.	None	3:1 debt-to equity ratio; a surplus debt of € 500.000,00 over the 3:1 ratio is allowed. Alternatively, the higher commercial group debt-to equity ratio may be applied.
64	57	93
No	No	No general rules.
WHT rate: 15%. WHT exemption if: - Parent company is listed in the EU Parent-subsidiary directive (art 2) - Holding at least 10% of capital or € 1.200.000,00 acquisition price - Held for an uninterrupted period of at least 12 months or commitment to do so	Nil	Nil in case of a holding of at least 5%
WHT rate: 15% WHT exemption if: - Parent company is fully taxable entity - Holding at least 10% of capital or € 1.200.000,00 acquisition price - Held for an uninterrupted period of at least 12 months or commitment to do so.	Nil	5% or nil, subject to meeting the conditions of U.s. - NL double Tax Treaty.
Yes	Deductible only against capital gains, in current year or unlimited carry forward.	Not deductible
Yes	Deductible only against capital gains, in current year or unlimited carry forward.	Not deductible

	Poland	Portugal
Tax rate (effective)	19%	25% (Corporate Income Tax) + 1,5% ("Derrama") + 3% / 5% ("Derrama Estadual" *) * "Derrama Estadual" consists of: - an additional 3% taxation levied on the share of 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.
Treatment of dividends from domestic shareholdings	19%; Exempt if: 1) Holding of at least 10% of subsidiary's capital for 2 years 2) The income of the holding company is not subjected to the tax exemption	Exempt if at least 10% of share capital is owned for at least 12 months (despite that minimum12 month owning period is reached after dividend's receipt). If not, no exemption is applicable. SGPS* do not benefit from any special dividend's taxation (since 1st january 2011)
Treatment of dividends from foreign shareholdings	19% Special rule for dividends from subsidiaries in EU, EEA and Switzerland: exempt if: 1) Holding at least 10% of subsidiary's capital for 2 years (25% in case of subsidiary in Switzerland); and 2) The income of the holding company is not the subject to the tax exemption."	Exempt if at least 10% of share capital is owned for at least 12 months (despite that minimum 12 month owning period is reached after dividend's receipt). If not, no exemption is applicable. SGPS do not benefit from any special dividend's taxation (since 1st january 2011)
Treatment of capital gains resulting from the disposal of domestic shareholdings	Taxable	Taxable at general rate but: - 50% exempt to the extent the proceeds are reinvested (subject to requirements) - SGPS benefit from a special exemption regime if certain cicumstances are met.
Treatment of capital gains resulting from the disposal of foreign shareholdings	Taxable	Taxable at general rate but: - 50% exempt to the extent the proceeds are reinvested (subject to requirements) - SGPS benefit from a special exemption regime if certain cicumstances are met.
Capital duty on cash contributions	0,5%	Exempt
Capital duty on contributions of shares in a foreign subsidiary	Exempt	Exempt
Deductibility of interest expenses linked to foreign shareholdings	Deductible	Interest expenses related to loans concerning the acquisitions of shares by Holding companies (SGPS) are, despite some exceptions, not deductible.
Debt-to-equity limitations	3 : 1 debt-to-equity ratio (applies to parent and sister companies)	2:1 debt-to-equity ratio. However, when the loan is not granted by an entity established in an territory where a clearly more favorable tax regime is in force (tax-haven), the arm`s length principle is applicable.
Double tax treaties	83	62 Double Tax Treaties signed, but only 53 already in force and 9 are signed and are waiting entry into force.
CFC / Subpart F provisions	No	Yes, if tax haven
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	Exempt if: 1) Holding of at least 10% of subsidiary's capital for 2 years, and 2) The income of the holding company is not the subject to the tax exemption	0%, if at least 10% holding for at least 12 months
WHT on dividends paid to U.S. parent company	5% if at least 10% holding, otherwise 15%	5%
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Deductible (5 years)	50% deductible. However, capital losses are totally non deductible if: - Shares were acquired by the seller to a related party and are owned (also by the seller) for less than 3 years; - If shares are sold to a related party SGPS`s Capital losses on shares disposal are totally non-deductible if shares are detained for at least 1 year.
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Deductible (5 years)	50% deductible. However, capital losses are totally non deductible if: - Shares were acquired by the seller to a related party and are owned (also by the seller) for less than 3 years; - If shares are sold to a related party SGPS`s Capital losses on shares disposal are totally non-deductible if shares are detained for at least 1 year.

Romania	Slovakia	Slovenia
16%	19%	20%
Exempt	Not subject to tax	95% of received dividends are tax free
Exempt if: - At least 10% holding - For an uninterrupted two years period ending at the date of dividend payment	Not subject to tax	95% of received dividends are tax free. Dividends of low-tax country (12,5% income tax) are taxable
Taxable	Taxable	Taxable; reduction of tax basis of 50% for capital gains from the sale of business companies; min. shareholding 8%, holding period 6 months plus 2 full time employees
Taxable	Taxable	See above, treatment of capital gains resulting from the disposal of domestic shareholdings not applicable if a low-tax country
Nil	No	None
Nil	No	None
The Debt to equity ratio is 3:1 (arm's length principle)	Not deductible	5% of received non-taxable dividends are not tax decuctible. interest are tax deductible.
No specific thin capitalization rules (arm's length principle (3:1)	No	Ratio: - 2010 - 6:1 - 2011 - 5:1 - From 2012 on - 4:1
85	65 (63 in force)	44
No	No	No
0% if at least 10% holding - for an uninterrupted two years period ending at the date of dividend payment	N/A (dividends are not subject to tax)	0% if at least 10% holding, - 24 months holding period; instead of holding period, bank guarantee possible
16%; may be reduced to 10% under the double tax treaty with US	N/A (dividends are not subject to tax)	15%, due to the double Taxation Treaty reduction to 5% possible
Deductible over 7 years	Not deductible	Deductible
Deductible	Not deductible	Deductible

	South Africa	Spain
Tax rate (effective)	28%	30%
Treatment of dividends from domestic shareholdings	Exempt	100% credit if: - Holding of at least 5% and - 12 months holding
Treatment of dividends from foreign shareholdings	28%, but exempt if holding at least 10% of shares and voting rights	Exempt if: - At least 5% of holding for 12 months prior to or after receipt, or acquisition cost exceeds € 6.000.000,00 - Subsidiary's income tax system similar to spain's tax system or located in treaty country and no tax haven resident, - Subsidiary's business income equals at least 85% of total income.
Treatment of capital gains resulting from the disposal of domestic shareholdings	14%	Taxable at general rate; 100% credit on taxed accumulated reserves if: - Holding of at least 5% and - 12 months holding 12% deduction available if: sales proceed are reinvested on tangible, intangible or financial assets
Treatment of capital gains resulting from the disposal of foreign shareholdings	14%, but exempt if holding at least 10% of shares and voting rights	Exempt if: - At least 5% of holding for 12 months prior to or after receipt, or acquisition cost exceeds € 6.000.000,00 - Subsidiary's income tax system similar to spain's tax system or located in treaty country and no tax haven resident, - Subsidiary's business income equals at least 85% of total income
Capital duty on cash contributions	0,25% only for shares issued	Nil
Capital duty on contributions of shares in a foreign subsidiary	Nil	Nil, if business purpose test met (also applies to assets other than cash)
Deductibility of interest expenses linked to foreign shareholdings	Deductible unless related dividends received are exempt from tax	Deductible
Debt-to-equity limitations	No in respect of back-to-back cross-border loans.	EU: arm's length Non-EU: 3:1 debt-to-equity ratio or arm's length if higher
Double tax treaties	About 70	96
CFC / Subpart F provisions	Yes, but not applicable to headquarter companies	Yes No if: - EU - and not in tax haven.
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	10%, but not applicable to headquarter companies	0% if, - EU parent holds at least 5% for 12 months prior to or after dividend is declared
WHT on dividends paid to U.S. parent company	10%, but not applicable to headquarter companies	0% if ETVE distributing dividend out of exempt income or, 21% if distributed out of non-exempt income, or 10% when holding of at least 25% under double tax treaty.
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Deductible only from capital gains	Deductible
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Deductible only from capital gains	Deductible

Sweden	Switzerland	United Arab Emirates
26,3%	12,6% - 25% for ordinary companies; 7,83% with holding company privilege	- Personal Income Tax: Companies - sliding scale from 0 to 55% depending on income in the Emirates of Abu Dhabi, Dubai and Sharjah. However, in practice, only oil companies are being taxed at the rate of 55% in Dubai and 50% in other Emirates based on concession agreement; and Foreign Banks at the rate of 20% as per audited financial statements. - Customs Duty - minimum rate of 10% on luxury goods and 4% on the C.I.F. value of all other goods imported; and 50% on alcohol and 100% on cigarettes. In practice, however, exemptions are made for a wide range of goods. - Other Local Taxes - Municipal taxes are levied in most Emirates on residential premises at 5% and 10% for commercial premises. Other local taxes include a 5% to 10% on food purchased from restaurants, hotel services and entertainment.
Exempt if: - Unquoted shares, - Quoted shares at least 10% shareholding for 12 months or - Held for sound business reason for 12 months	Exempt if: - Holding of at least 10% of the domestic corporation's nominal share capital or fair market value of the participation is at least CHF 1.000.000 At cantonal level pure holding companies are fully exempt.	Nil
Exempt if: - Unquoted shares, - Quoted shares for 12 months and at least 10% shareholding or held for sound business reason	Exempt if: - Holding of at least 10% of the foreign corporation's nominal share capital or fair market value of the participation is at least CHF 1.000.000 At cantonal level pure holding companies are fully exempt.	Nil
Exempt if: - Unquoted shares, - Quoted shares at least 10% shareholding for 12 months or - Held for sound business reason for 12 months	Exempt if disposal of at least 10% held for at least 12 months. At cantonal level pure holding companies are fully exempt from income taxes.	Nil
Exempt if: - Unquoted shares, - Quoted shares for 12 months and at least 10% shareholding or held for sound business reason	Exempt if disposal of at least 10% held for at least 12 months. At cantonal level pure holding companies are fully exempt from income taxes.	Nil
Nil	1% on excess of capital of CHF 1.000.000. Contributions in kind are subject to capital duty as well	Nil
Nil	Nil	Nil
Deductible with some exceptions to prevent tax abuse	Deductible	Nil
None	Depends on asset mix: e.g. subsidiaries can be leveraged with 70% loan and 30% equity	Nil
79	73	47
Yes	No	Nil
Exempt if at least 10% holding	0% (based on bilateral agreements with the EU) if holding of at least 25% for a holding period of 24 months with a permission of the Federal Tax Authorities which is valid for 3 years (renewable).	Nil
Exempt if - Unquoted shares or - Quoted shares at least 10% shareholding for at least 12 months	5%	Nil
Not deductible	Deductible	Nil
Not deductible	Deductible	Nil

	United Kingdom
Tax rate (effective)	26% pre 1 April 2012, 25% post 31 March 2012
Treatment of dividends from domestic shareholdings	Dividend exemption introduced for dividends paid after 01.07.2009. Distribution of income profits generally exempt but advice recommended to ensure compliance with new exempt categories.
Treatment of dividends from foreign shareholdings	Dividend exemption introduced for dividends paid after 01.07.2009. Distribution of income profits generally exempt but advice recommended to ensure compliance with new exempt categories.
Treatment of capital gains resulting from the disposal of domestic shareholdings	Exempt (generally) if: - Minimum shareholding of 10%, - Held for at least 12 months, in an active trading company
Treatment of capital gains resulting from the disposal of foreign shareholdings	Exempt (generally) if: - Minimum shareholding of 10%, - Held for at least 12 months, in an active trading company
Capital duty on cash contributions	Nil
Capital duty on contributions of shares in a foreign subsidiary	Nil
Deductibility of interest expenses linked to foreign shareholdings	Generally deductible but limitation called "worldwide debt cap" to ensure UK bears no more than its share of worldwide interest costs. Seek advice on applicability of new regime before relying on interest deduction.
Debt-to-equity limitations	Arm's length test. No statutory safe harbours. See above regarding new debt cap limitation “Deductibility of interest expenses linked to foreign shareholdings”.
Double tax treaties	125
CFC / Subpart F provisions	Yes
WHT on dividends paid to EU parent company (EU Parent-Subsidiary Directive)	No domestic WHT on dividends
WHT on dividends paid to U.S. parent company	No domestic WHT on dividends
Deductibility of capital losses resulting from the disposal of domestic shareholdings	Generally not deductible (For limitations see “Treatment of capital gains resulting from the disposal of domestic/foreign shareholdings”)
Deductibility of capital losses resulting from the disposal of foreign shareholdings	Generally not deductible (For limitations see “Treatment of capital gains resulting from the disposal of domestic/foreign shareholdings”)

[*] **Greece**
Information deriving from draft legislation as of 4/02/2011, which is expected to be shortly voted for by parliament.

[*] **Luxemburg**
Various specialized holding vehicles are available for structuring financial investments in a tax efficient way. These are:
- The investment company in risk capital "SICAR";
- The private wealth management company "SPF";
- The specialized investment fund "SIF";
- The securitization vehicle "SV";

The "1929 holding companies" tax regime is abolished as of 1st January 2011.

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About Crowe Horwath International

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