Corporate Tax

A European Comparison - - 2004

Country	Austria	Belgium	Cyprus	Czech Republic	France	Germany	Gibraltar	Greece	Hungary	Ireland	Italy	Luxembourg	Netherlands	Portugal	Russia	Slovenia	Spain	Sweden	United Kingdom
Information up-to-date as at:	**Consultatio Austria, Jan 1 2004**	**Belgian Audit and Tax Network, Jan. 1, 2004**	**AGN Joannides, Jan. 1, 2004**	**Schaffer & Partner, Jan. 1, 2004**	**Caderas Martin, Jan. 1, 2004**	**Wirtschaftstreuhand Group, Jan. 1, 2004**	**Knights, Jan. 1, 2004**	**Orion, Jan. 1, 2004**	**Consultatio Hungary, Jan. 1, 2004**	**Duignan Carthy ONeill, Jan. 1, 2004**	**Studio Legale Carnelutti, Jan. 1, 2004**	**AGN Horsburgh & Co, Jan. 1, 2004**	**DRV Accountants and Tax Advisers, Jan. 1, 2004**	**AGN Auditum, Jan. 1, 2004**	**FinEscort**	**Consultatio GSd.o.o., Jan. 1, 2004**	**AGN Satorra Y Planas SL, Jan. 1, 2004**	**Frejs Revisionsbyrå AB, Jan. 1, 2004**	**AGN Shipleys / Dixon Wilson, Feb. 20, 2004**
Tax declaration deadline	**September**	**June**	**December**	**March**	**April**	**1) September**	**June**	**May**	**May**	**September**	**1) October**	**May**	**June**	**May**	**March**	**March**	**July**	**May**	**December**
Standard Corporate Tax Rate	**34.00 %**	**34.00 %**	**10.00 %**	**28.00 %**	**34.33 %**	**38.65 %**	**35.00 %**	**35.00 %**	**16.00 %**	**12.50 %**	**2) 33.00 %**	**23.00 %**	**34.50 %**	**25.00 %**	**24.00 %**	**25.00 %**	**35.00 %**	**28.00 %**	**30.00 %**
Accounting profit before tax	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €	1,000,000.00 €
Effective Corporate Tax Payable	372,682.50 €	399,755.00 €	123,341.70 €	331,016.00 €	417,940.28 €	505,606.41 €	313,337.50 €	421,120.00 €	160,240.00 €	176,250.00 €	431,784.34 €	370,370.00 €	343,752.00 €	465,158.06 €	402,510.97 €	278,781.25 €	361,760.00 €	445,312.00 €	344,460.00 €
Profit after Tax	627,317.50 €	600,245.00 €	876,658.31 €	668,984.00 €	582,059.75 €	494,393.59 €	686,662.50 €	578,880.00 €	839,760.00 €	823,750.00 €	568,215.62 €	629,630.00 €	656,248.00 €	534,841.94 €	597,489.00 €	721,218.75 €	638,240.00 €	554,688.00 €	655,540.00 €
Withholding tax (Company, non-treaty country)	156,829.38 €	90,036.75 €	00.00 €	100,347.60 €	145,514.94 €	128,542.33 €	240,331.88 €	00.00 €	167,952.00 €	164,750.00 €	153,418.22 €	125,926.00 €	164,062.00 €	133,710.48 €	89,623.35 €	108,182.81 €	95,736.00 €	166,406.41 €	00.00 €
Dividend Distributed	470,488.12 €	510,208.25 €	876,658.31 €	568,636.38 €	436,544.81 €	365,851.25 €	446,330.62 €	578,880.00 €	671,808.00 €	659,000.00 €	414,797.41 €	503,704.00 €	492,186.00 €	401,131.44 €	507,865.66 €	613,035.94 €	542,504.00 €	388,281.59 €	655,540.00 €
Accounting profit before tax	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Effective Tax Payable	37.27 %	39.98 %	12.33 %	33.10 %	41.79 %	50.56 %	31.33 %	42.11 %	16.02 %	17.63 %	43.18 %	37.04 %	34.38 %	46.52 %	40.25 %	27.88 %	36.18 %	44.53 %	34.45 %
Profit after Tax	62.73 %	60.02 %	87.67 %	66.90 %	58.21 %	49.44 %	68.67 %	57.89 %	83.98 %	82.38 %	56.82 %	62.96 %	65.62 %	53.48 %	59.75 %	72.12 %	63.82 %	55.47 %	65.55 %
Withholding tax (Company, non-treaty country)	15.68 %	9.00 %	0.00 %	10.03 %	14.55 %	12.85 %	24.03 %	0.00 %	16.80 %	16.48 %	15.34 %	12.59 %	16.41 %	13.37 %	8.96 %	10.82 %	9.57 %	16.64 %	0.00 %
Dividend Distributed	47.05 %	51.02 %	87.67 %	56.86 %	43.65 %	36.59 %	44.63 %	57.89 %	67.18 %	65.90 %	41.48 %	50.37 %	49.22 %	40.11 %	50.79 %	61.30 %	54.25 %	38.83 %	65.55 %
Percentage of accounting profit received																			

by shareholder if it is:																				
An Individual who is:																				
Country Resident	47.05 %	51.02 %	74.52 %	56.86 %	58.21 %	39.06 %	44.63 %	57.89 %	67.18 %	65.90 % (3)	56.82 %	50.37 %	49.22 %	45.46 %	56.16 %	54.09 %	54.25 %	38.83 %	65.55 %
Treaty country resident	53.32 %	51.02 %	87.67 %	56.86 %	49.48 %	42.02 %	44.63 %	57.89 %	75.58 %	82.38 %	48.30 %	56.67 %	55.78 %	45.46 %	41.82 %	54.09 %	54.25 %	38.83 %	65.55 %
Non-treaty country resident	47.05 %	45.02 %	87.67 %	56.86 %	43.65 %	36.59 %	44.63 %	57.89 %	67.18 %	65.90 %	41.48 %	50.37 %	49.22 %	40.11 %	41.82 %	54.09 %	54.25 %	38.83 %	65.55 %
A company which is:																			
EU-resident	62.73 €	60.02 €	87.67 €	56.86 €	58.21 €	49.44 €	44.63 €	57.89 €	83.98 €	82.38 €	56.82 €	62.96 €	65.62 €	53.48 €	50.79 €	72.12 €	63.82 €	55.47 €	65.55 €
Treaty country resident	56.46 %	51.02 %	87.67 %	56.86 %	49.48 %	46.97 %	44.63 %	57.89 %	75.58 %	82.38 %	48.30 %	56.67 %	55.78 %	45.46 %	50.79 %	61.30 %	54.25 %	55.47 %	65.55 %
Non-treaty country resident	47.05 %	51.02 %	87.67 %	56.86 %	43.65 %	36.59 %	44.63 %	57.89 %	67.18 %	65.90 %	41.48 %	50.37 %	49.22 %	40.11 %	50.79 %	61.30 %	54.25 %	38.83 %	65.55 %
Adjustments-Add backs																			
Bad debts																			
general provision	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	0.00 %	0.00 %	100.00 %	0.00 %	100.00 %	100.00 %	100.00 %	0.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
specific provision	0.00 %	0.00 %	0.00 %	20.00 %	0.00 %	0.00 %	0.00 %	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 % (1)	0.00 %	0.00 %
Pension contributions																			
complimentary provision (not state)	0.00 %	100.00 %	0.00 %	0.00 %	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100.00 % (4)	0.00 %	20.00 % (1)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %
withholding tax	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	20.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Non Executive Directors Fees																			
add back	50.00 %	0.00 %	0.00 %	100.00 %	0.00 % (2)	50.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %	0.00 %	0.00 %	0.00 %	30.00 %	0.00 %	0.00 %	0.00 %
withholding tax (max)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 % (5)	0.00 %	20.00 %	0.00 %	0.00 %	0.00 %	0.00 %	35.00 %	0.00 %	0.00 %
Depreciation																			
acceptable for tax purposes	Y	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Y	Y	Y	N	Y	Y	Y	N
legal rates for tax purposes	Y (1)	Y (1)	Y (1)	Y	Y (3)	Y (1)	Y (1)	Y (1)	Y (1)	Y (6)	Y (1)	Y (2)	Y	Y (1)	N	Y (1)	Y	Y (1)	Y (2)
Entertainment	**50.00 %**	**50.00 %**	**0.00 %**	**100.00 %**	**0.00 %**	**30.00 %**	**0.00 %**	**100.00 %**	**0.00 %**	**100.00 %**	**80.00 % (2)**	**0.00 %**	**10.00 % (1)**	**6.00 %**	**0.00 %**	**30.00 %**	**100.00 % (2)**	**0.00 % (2)**	**100.00 %**
Cars - depreciation																			
max purchase costs	34,000.00 €	00.00 € (2)	00.00 €	27,000.00 €	18,300.00 €	00.00 €	00.00 €	00.00 €	00.00 €	22,500.00 €	00.00 €	00.00 €	00.00 €	29,928.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €
max depreciation rate	12.50 %	20.00 %	20.00 %	25.00 %	25.00 %	16.67 %	25.00 %	20.00 %	20.00 %	12.50 %	20.00 %	0.00 %	0.00 %	25.00 %	20.00 %	12.50 %	16.00 %	30.00 %	25.00 %
max amount of depreciation	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 % (3)
Cars - expenses																			
max purchase costs	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €	00.00 €
non-deductible percentage	0.00 %	25.00 %	0.00 % (2)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 % (2)	0.00 %	0.00 %

Intercompany interest																																
arm´s length principle	Y		Y		Y		N	Y		Y		Y		Y		N		Y		Y		Y		N		Y		Y		Y		Y
debt/equity ratio (thin cap. rules)	N		7 : 1	3)	N		Y	1,5 : 1	4)	Y	2)	Y		N		3 : 1		N		5 : 1		6 : 1		3 : 1		2 : 1	2)	N		N	3)	3 : 1	3)	N		Y	4)
withholding tax	0.00 %		15.00 %		0.00 %		15.00 %	15.00 %	5)	0.00 %		35.00 %		20.00 %		0.00 %		0.00 %		12.50 %		0.00 %		0.00 %		15.00 %		0.00 %		0.00 %		0.00 %		0.00 %		15.00 %	
Royalties (withholding tax max)	**10.00 %**		**15.00 %**		**10.00 %**		**25.00 %**	**5.00 %**	**6)**	**0.00 %**		**35.00 %**		**20.00 %**		**0.00 %**		**0.00 %**		**10.00 %**		**10.00 %**		**0.00 %**		**15.00 %**		**0.00 %**		**15.00 %**		**10.00 %**	**4)**	**0.00 %**		**10.00 %**
Company formation costs	**0.00 %**		**100.00 %**		**100.00 %**		**0.00 %**	**0.00 %**		**0.00 %**		**0.00 %**		**0.00 %**		**0.00 %**		**100.00 %**		**0.00 %**		**0.00 %**		**0.00 %**		**0.00 %**		**0.00 %**		**0.00 %**	**4)**	**0.00 %**		**100.00 %**		**100.00 %**

Notes:

Austria 1) max. 3% annual depreciation for buildings, 6,67% for goodwill, 12,5% for cars, no legal rates for other fixed assests

Belgium 1) 3-33% 2) 75% of cost 3) Applies to borrowings from tax exempt companies only

Cyprus 1) 3-4% buildings, 20% vehicles and computers, 10 % machinery and furniture 2) 100% for saloon cars

France 1) Generally 3 months after balance sheet date; end of April for December statements. 2) The amount is limited to the average of the five best salaries multiplicated by the number of directors 3) Bulding :2%to 5% Material : 10%to 20% Cars :20% to 25% Furnitures :10% Fixtures 5% to 10% 4) Recent court decision invalidate the french debt/equity ratio. 5) No withholding tax in most international tax treaties. 6) No withholding tax in most international tax treaties.

Germany 1) depends on the assets invested: e.g. buildings: 3,0 % or useful life cars: 16,67 % hardware: 33,33 % 2) Debt/Equity ratio: 1,5 : 1

Gibraltar 1) buildings: allowance of 4% pa on cost; cars, equipment, computer and software: 25%

Greece 1) Buildings 5-8%, Machinery 11-15%, Cars 11-20%, Equipment 15-20%, Computers 24-30%

Hungary 1) Long-life structures 2%, Medium-life structures 3%, Short-life structures 6%, Assets installed on land other than own (leased) 6%, Computer assets 33%, Car and vehicle assets 20%, Other intangible assets 14,5%

Ireland 1) 9 months after year ends 2) 12.5% for Trading income 20% for Capital Gains 25% for Passive Income 3) Resident Shareholder may have personal liability in addition to withholding tax 4) Pension payment is not added back, pension accruals are added back 5) Salary Tax of 42% may be due plus 5% Social Insurance 6) Standard Rate for Plant and Machinery: 12.5% Industrial Buildings e.g. Factories & Hotels may be 4%

Italy 1) 3% for building; 20% for vehicles, etc 2) deductible 1/5 in 5 years

Luxembourg 1) 20% of payroll 2) 2-33,3%

Netherlands 1) 10% or 1.600

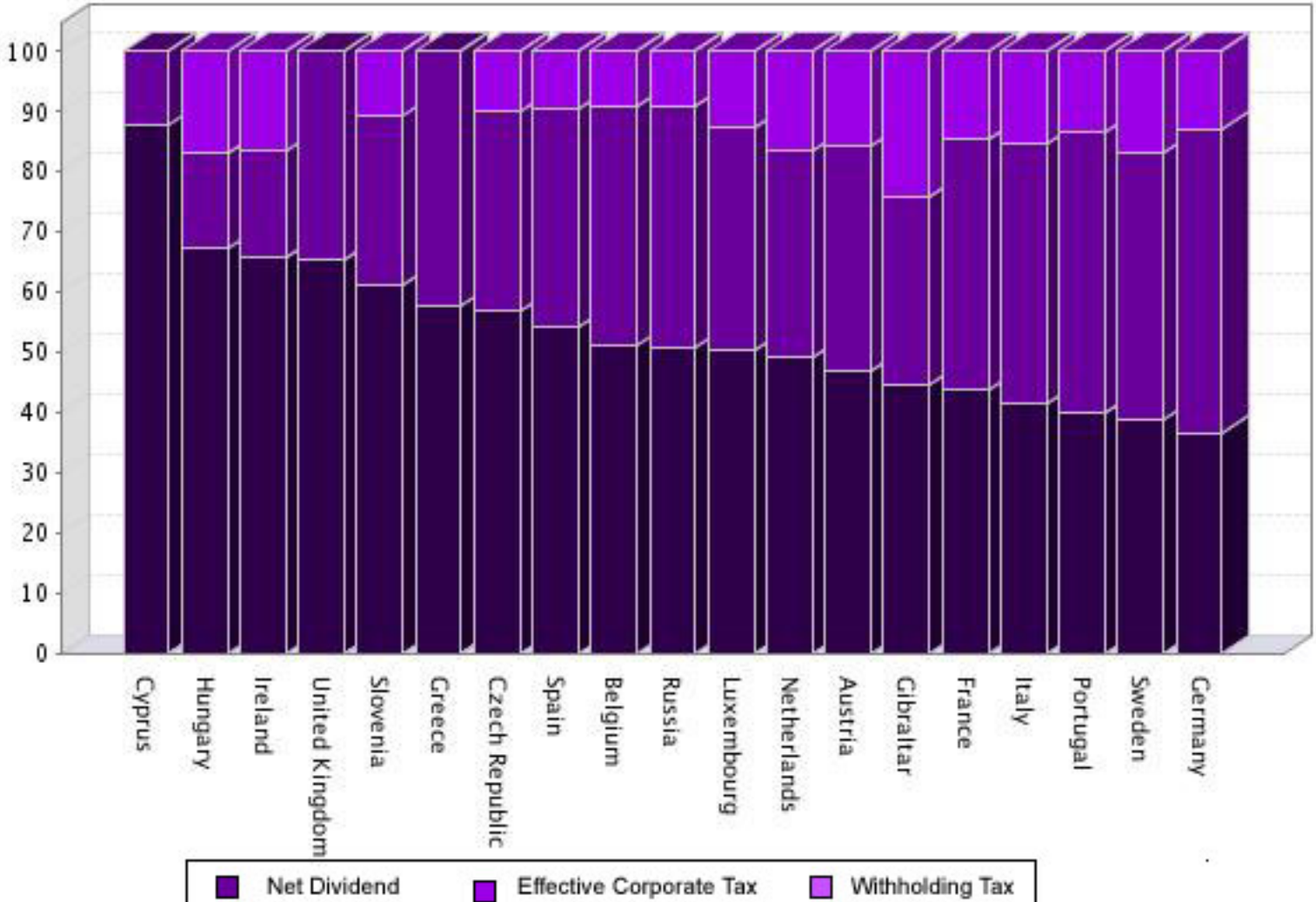
Portugal 1) 2% annual depreciation for buildings, 25% for cars, 25% for computers, there is legal rates for all fixed assets 2) Interest not deductible as far as related party loans exceed 2 times the companys share capital

Slovenia 1) Buildings 5%, equipment and trucks 25%, cars 12,5%, computers and software 50%. 2) Kilometer evidence required. 3) Max. interest rate = average market rate when entering into the loan agreement. 4) Costs to be depreciated over five years.

Spain 1) maturity >6 months 2) If justified and invoice existing 3) For no EU parent company. Agreement possible for the rest 4) Tax Treaties with EU countries:5 to 10%, from 1-1-2005 10% standard rate

Sweden 1) equipment 30%, buildings 3% 2) Allowed amount: less 10 euro/pers in case of lunch or dinner and less 20 euro if entertainment of clients

United Kingdom 1) 12 months 2) 25% on reducing balance for plant (long life assets 6&), 4% straight line for agricultural/hotel buildings. First year allowances of 40% or 100% in some cases. 3) 4.500 4) Subject to case by case negotiation.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Russia
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Netherlands
Austria
Gibraltar
France
Italy
Portugal
Sweden
Germany
Net Dividend
Effective Corporate Tax
Withholding Tax