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Fiscal systems are complex matters that require detailed analysis. This study must be understood as a summary of the main fiscal policies and does not exclude the examination of specific legislation on each country.

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FOREWORD

EBAN is proud to present the results of the EBAN collaboration with BDO on fiscal incentives available to business angels in Europe. EBAN, the European Trade Association for Business Angels, Seed Funds, and other Early Stage Market Players and BDO, the 5th largest accountancy network in the world, joined efforts to develop an annual survey and analysis on topics of interest to business angels and early stage investors in all European countries where EBAN has members.

The compendium focuses on fiscal incentives available to early stage investors in Europe. Fiscal incentives have an important role in stimulating the activity of business angels in a country by encouraging private investors to diversify their portfolio towards unquoted investments in high growth innovative companies.

The publication has been shaped by BDO, who produced the initial survey and coordinated data analysis received from EBAN members and other sources of information, and is based on previous documents of this kind published by EBAN in 2006 and 2008. The results of this research were presented for the first time at EBAN’s 8th Winter University on November 10th 2009 in Sweden.

EBAN would like to thank Pedro Aleixo Dias and Cristina Dias, Senior Partner and Senior Manager at BDO in Lisbon, for their efforts in collecting and organizing all the information, as well as Paulo Andrez and Francisco Banha from FNABA and the EBAN Board members for having started the collaboration between EBAN and BDO. We would also like to thank all EBAN members and colleagues who have proactively contributed to the publication by sharing their valuable expertise and knowledge in this field.

Brigitte Baumann
President – the European Trade Association for Business Angels, Seed Funds, and other Early Stage Market Players (EBAN)
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EXECUTIVE SUMMARY

➤ Goals and Contents

This compendium of the year 2009 is intended to assist business angels, entrepreneurs and other readers interested in early stage activities, by mapping the different types of incentives available to business angels across Europe. Favourable fiscal regimes for private investors are an important incentive to attract new investors to the market and orient their portfolio of investment towards unquoted investments in companies.

The compendium includes a summary of the main fiscal policies in 31 European countries (corporate and personal taxes on income, capital gains and dividends), as well as an explanation of the fiscal incentives generally applied or specifically available for business angels. It also integrates a brief overview of the tax policy and fiscal incentives for business angels in the United States of America which are a regular benchmark for business angel activity.

A complementary compendium regarding angel investment funds and co-investment funds with business angels has been published by EBAN and BDO, which are another important incentive to stimulate the activity of business angels and early stage investors. Indeed they attract business angels to business angel networks and enable them to invest in companies at further stages of development and different sectors than they would be able on an individual basis.

➤ Methodology

This compendium is based on information provided by EBAN members that have shared the experience and knowledge from their countries in terms of fiscal regime. BDO collected and organized the received information, cross-checking the information with its local offices.

Fiscal systems are complex matters that require detailed analysis. This study must be understood as a summary of the main fiscal policies, and does not exclude the examination of specific legislation on each country.

➤ Fiscal Incentives

An overview of the tax conditions and benefits for private investors in each country is provided followed by a description of the characteristics of the tax. General Taxes

The fiscal policy of each country illustrates a specific strategy towards support to investments. A large discrepancy of the tax rates applied is noticed, especially with regards to the income tax and capital gains tax rates. Eastern European countries have the lowest rates in Europe, both at the individual and corporate level, indicating a strategy of economic development through a competitive tax regime in order to stimulate foreign investment in their countries. The general corporate rate on income of the Western European countries ranges between 25% and 30%. Only five of the analysed countries have tax on income equal or upper to 30%: Belgium, France, Germany, Luxembourg (depending on the tax rate at municipal level) and Spain; despite the presence of some reductions, Ireland stands out with a corporate tax on income of 12.5% for trading income.
Capital gains are normally incorporated on global income but in many countries reductions and exemptions could be applied. Dividends received by residents from residents sales? are exempt in most of the countries, under certain conditions (participation conditions, among others). Capital gains realised by and dividends paid to non-residents are normally exempt (total or partial) under treaty or the EC parent-subsidiary directive.

**Fiscal incentives specifically available for business angels**

Fiscal incentives specifically available for venture capital, private equity and start-ups are found in eight countries of Western/Central Europe (Belgium, France, Ireland, Italy, Germany, Luxemburg, Portugal and United Kingdom), where this type of investment seems to benefit from more attention from the government. These incentives include government guarantees, reductions on tax rates or tax credit.

**Benchmarking with the United States**

The business angel market in the United States is more developed than in Europe. Business angels associations were born in the United States in the 80’s. It is estimated that circa 250,000 angels are active today. The government, the investors, the entrepreneurs and related players are very well aware of the importance of the risk activities to improve the innovation, competitiveness and economic and social development.

The fiscal policy is however less developed in the United States than in Europe. There is no policy at federal level, only at state level. Circa 25 states provide tax credits for angel investors.

**Opportunities**

It is commonly accepted that sustainable growth requires innovation. Business angels and early stage investors have been supporting the innovation through the development of their risk capital activities by financing young innovative companies. Fiscal incentives are being used as an attraction for investment. Furthermore, governments and policy-makers Europe wide are increasingly conscious of the importance of incentives to unleash the potential of innovation. At the moment we can find some of Europe’s most developed economies providing fiscal incentives specifically to business angel and venture capital.

This compendium is intended to make available valuable information to business angels and entrepreneurs, as well as to provide comparative information across Europe, especially useful to policy-makers, by comparing one of the most important incentives to stimulate business angel activity – fiscal incentives.
FISCAL INCENTIVES AVAILABLE TO BUSINESS ANGELS IN EUROPE

1. General overview

![Map of Europe showing countries with and without fiscal incentives for venture capital, private equity and start-ups. The map uses different colors to indicate the presence or absence of fiscal incentives.]

- **Countries without fiscal incentives for venture capital, private equity and start-ups**
- **Countries with fiscal incentives for venture capital, private equity and start-ups**
<table>
<thead>
<tr>
<th>Country</th>
<th>Income Tax Individual</th>
<th>Income Tax Corporate</th>
<th>Capital Gains Individual</th>
<th>Capital Gains Corporate</th>
<th>Dividends Individual (1)</th>
<th>Dividends Corporate (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andorra</td>
<td>No taxation</td>
<td>No taxation</td>
<td>No taxation</td>
<td>No taxation</td>
<td>No taxation</td>
<td>No taxation</td>
</tr>
<tr>
<td>Austria</td>
<td>Up to 50%</td>
<td>25%</td>
<td>Up to 25%</td>
<td>Subject to corporate income tax</td>
<td>Up to 25%</td>
<td>Tax free</td>
</tr>
<tr>
<td>Belgium</td>
<td>Up to 50%</td>
<td>33% plus surtax of 3%</td>
<td>Generally not taxed</td>
<td>33% plus surtax of 3%</td>
<td>25%</td>
<td>95% exempt*</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>Tax free</td>
</tr>
<tr>
<td>Croatia</td>
<td>Up to 45%</td>
<td>20%</td>
<td>2% - 4%</td>
<td>20%</td>
<td>2% - 4%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Up to 30%</td>
<td>10%</td>
<td>Exempt</td>
<td>Subject to corporate income tax</td>
<td>15%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>15%</td>
<td>20%</td>
<td>15%</td>
<td>20%</td>
<td>15%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Denmark</td>
<td>Up to 59%</td>
<td>25%</td>
<td>28% to 45%</td>
<td>25% exempt*</td>
<td>Up to 45%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Finland</td>
<td>Up to 30.5% + municipal 16.5%-21% + surtax up to 2%</td>
<td>26%</td>
<td>28%</td>
<td>26% exempt*</td>
<td>30% exempt*</td>
<td>Exempt*</td>
</tr>
<tr>
<td>France</td>
<td>Up to 40%</td>
<td>34.43%</td>
<td>27%</td>
<td>(34.43%) 95% exempt*</td>
<td>(34.43%) 95% exempt*</td>
<td>(34.43%) 95% exempt*</td>
</tr>
<tr>
<td>Germany</td>
<td>47.475%</td>
<td>30%-33%</td>
<td>Taxed at individual tax rate (applied only to 50% or 60% of profit) or 28.375%</td>
<td>95% exempt*</td>
<td>Taxed at individual rate (applied only to 60% of profit) or 28.375%</td>
<td>95% exempt*</td>
</tr>
<tr>
<td>Greece</td>
<td>Up to 40%</td>
<td>25%</td>
<td>10%</td>
<td>25%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Hungary</td>
<td>Up to 36%</td>
<td>16% plus a surtax of 4%</td>
<td>25%</td>
<td>20%</td>
<td>25%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Ireland</td>
<td>Up to 41%</td>
<td>12.5% (trading) or 25% (non trading)</td>
<td>22%</td>
<td>25% with exemptions*</td>
<td>20%</td>
<td>Exempt</td>
</tr>
<tr>
<td>Italy</td>
<td>Up to 43% plus regional / municipal tax rates</td>
<td>27.5% plus the regional tax (3.9%)</td>
<td>Taxed at individual tax rate. Exemption*</td>
<td>95% exempt*</td>
<td>Taxed as ordinary individual Income. Exemptions*</td>
<td>95% exempt*</td>
</tr>
<tr>
<td>Latvia</td>
<td>15%</td>
<td>15%</td>
<td>15% or 23%</td>
<td>15%</td>
<td>15%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Lithuania</td>
<td>15%</td>
<td>20%</td>
<td>15%</td>
<td>20%</td>
<td>20%</td>
<td>Exempt*</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Up to 38.95% (including surtax)</td>
<td>20.8% or 20.84%+ 6%-12% municipality</td>
<td>Up to 38.95%</td>
<td>Subject to corporate income tax, exemptions*</td>
<td>Taxed as ordinary individual, with 50% exempt*</td>
<td>Exempt*</td>
</tr>
</tbody>
</table>

Note: This table shows the general tax rate. Some exemption or reductions could be applied as summarized in the profile of each country.
(1) Dividends received by residents from residents
* Under certain conditions
<table>
<thead>
<tr>
<th>Country</th>
<th>Income Tax</th>
<th>Capital Gains</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individual</td>
<td>Corporate</td>
<td>Individual</td>
</tr>
<tr>
<td>Norway</td>
<td>28%* plus a marginal tax of 9% or 12%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Poland</td>
<td>Up to 32%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Portugal</td>
<td>Up to 42%</td>
<td>25% plus municipal tax (1,5%)</td>
<td>10%</td>
</tr>
<tr>
<td>Romania</td>
<td>16%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Russia</td>
<td>13% (residents) or 30% (non-residents)</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Up to 41%</td>
<td>21%</td>
<td>20%-0% depending on holding period</td>
</tr>
<tr>
<td>Spain</td>
<td>Up to 43%</td>
<td>Up to 30%</td>
<td>18%</td>
</tr>
<tr>
<td>Sweden</td>
<td>Up to 57%</td>
<td>26.3%</td>
<td>30%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Up to 40%</td>
<td>13%-22%</td>
<td>Taxed at individual tax rate</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Up to 52%</td>
<td>Up to 25.5%</td>
<td>25% or 1.2% of the fair market value</td>
</tr>
<tr>
<td>Turkey</td>
<td>Up to 35%</td>
<td>20%</td>
<td>Up to 35%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Up to 40%</td>
<td>28%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Note: This table shows the general tax rate. Some exemption or reductions could be applied as summarized in the profile of each country.
(1) Dividends received by residents from residents
* Under certain conditions
### 2. Country Profile

**ANDORRA**

<table>
<thead>
<tr>
<th><strong>Income tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong>: No taxation</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate</strong>: No taxation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capital Gain tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong>: No taxation</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate</strong>: No taxation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dividends tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong>: No taxation</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate</strong>: No taxation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Other tax incentives</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Andorran tax system is based on indirect taxation. There is no direct taxation on company profits or on personal wealth or income.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Situation for angels investing through a co-investment or angel fund</strong></th>
<th>N/a</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities/obstacles in the framework of a cross border investment</strong></td>
<td>N/a</td>
</tr>
<tr>
<td><strong>Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund</strong></td>
<td>N/a</td>
</tr>
<tr>
<td><strong>Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund</strong></td>
<td>N/a</td>
</tr>
<tr>
<td><strong>Are fiscal incentives available for investments outside the country? If yes, where does it apply?</strong></td>
<td>N/a</td>
</tr>
<tr>
<td><strong>Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?</strong></td>
<td>N/a</td>
</tr>
<tr>
<td><strong>Sources of information</strong></td>
<td>Andorra tax code</td>
</tr>
</tbody>
</table>
### Austria

#### Income tax rate

- **Individual**: Progressive rates up to 50% (for income exceeding EUR 60,000)
- **Corporate**: 25%

#### Capital Gain tax rate

- **Individual**: In general, capital gains are not included in taxable income except capital gains realized in the course of a business, speculative gains, and gains from the alienation of shares forming a substantial shareholding.
  
  Speculative gains are derived from the sale of immovable property within 10 years after acquisition or the sale of other property, especially securities (with some exceptions), within 1 year after acquisition and are subject to progressive rates up to 50%.
  
  Gains arising from the disposal of shares in a company in which the shareholder owns, or owned at any time during the preceding 5 years, directly or indirectly, a substantial shareholding, consisting of at least 1% of the company’s share capital are subject to income tax at a rate of one-half of the taxpayer’s average tax rate, up to a maximum of 25%.
- **Corporate**: Capital gains are taxable as ordinary corporate income (25%). Exemption for the sale of a non-resident participation could be applied under certain conditions.

#### Dividends tax rate

- **Individual**: Dividends tax is imposed at a rate of one-half of the taxpayer’s average tax rate, up to a maximum of 25%.
- **Corporate**: Dividends received by residents from residents are tax-free. Dividends received from non-residents are exempt in certain conditions. Dividends paid to non-residents are subject to 25% withholding tax unless a reduction is applied under tax treaty or an exemption under EC parent-subsidiary directive.

#### Other tax incentives

- N/a

#### Situation for angels investing through a co-investment or angel fund

- N/a

#### Opportunities/obstacles in the framework of a cross border investment

- Non-resident corporations are taxed only on their income from Austrian sources. The taxation on non-resident corporations may be reduced under a double taxation treaty between Austria and other state or country.
  
  The following income is tax free under certain conditions:
  - profit shares of any kind resulting from participations (shareholdings) in resident and non-resident corporations
  - capital gains resulting from the disposal of shares in non-resident corporations
  
  The distribution of profit shares is, in addition, exempt from withholding tax if the distributing company is located in another EU member country.

#### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

- Austria offers foreign investors a broad spectrum of investment incentives, grants and subsidies, for example to assist small and medium-sized enterprises, support research and development, the launching of company start-ups, as well as investment and technological promotion measures. The type of funding ranges from cash grants and interest subsidies to loan guarantees. This extraordinarily extensive portfolio of incentives enable companies to take advantage of incentive programs tailored to their individual requirements. Furthermore, there are various tax incentives (eg R&D allowances and premium, Education allowance and premium, tax allowance for invested earnings) granted to investors in Austria.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund</td>
<td>See above</td>
</tr>
<tr>
<td>Are fiscal incentives available for investments outside the country? If yes, where does it apply?</td>
<td>See above</td>
</tr>
<tr>
<td>Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?</td>
<td>N/a</td>
</tr>
<tr>
<td>Sources of information</td>
<td>Austria tax code</td>
</tr>
</tbody>
</table>
**Income tax rate**

**Individual**: Progressive rates up to 50%

**Corporate**: General rate of 33% plus a surtax of 3% on income tax. Small and medium-sized companies with income of less than EUR 322,500 are subject to reduced rates under some conditions.

**Capital Gain tax rate**

**Individual**: Capital gains derived by individuals not engaged in business activities are generally not taxable, otherwise they are taxed at an income tax rate of 33%. Capital gains derived from shares are normally tax exempt. The capital gains on the sale of real estate acquired more than 5 years ago is also tax exempt.

**Corporate**: Taxed at the ordinary corporate tax rate. Capital gains on shares are tax exempt.

**Dividends tax rate**

**Individual**: Dividends received by a Belgian resident from a company are subject to a taxation of 25%. Under certain conditions, the tax rate amounts to 15%.

**Corporate**: 95% of dividends received by a Belgian company, from local or foreign companies, are exempt from tax under certain conditions (most important the participation at least of 10% or an investment of at least EUR 1.2 million and for at least 1 year). The remaining 5% is subject to tax at the normal rate. Dividends paid to non-residents are subject to a 25% withholding tax but reductions can be applied under certain categories of shares, as well as exemptions under the EC parent-subsidiary or under tax treaty countries.

**Other tax incentives**

Mechanisms available in Flanders:
- For individuals investing in professional and selected VC funds, ARKIVs, through the ARKImedes mechanism gives 90% government guarantee, 8.75% tax credit/year, maximum EUR 2,500/tax payer;
- Winwin-loan: encourages the public to provide loans to friends starting a business: Tax credit of 2.5%/year, maximum EUR 1,250/tax payer; unique tax credit 30%. Loan amount: maximum EUR 50,000/SME/tax payer;
- National interest deduction unique in Europe;
- Reduce tax discrimination between debt and equity financing;
- Lower the effective corporate tax for all companies;
- Yearly deduction from taxable income, equal to the amount of interest paid on the capital in case of long-term debt financing.

Indirect incentive for business angels who want to group in a fund: the PRICAF regime gives a tax transparency, which means that shareholders pay practically no tax on the capital gains made.

**Situation for angels investing through a co-investment or angel fund**

The ARK Angels Fund operated by BAN Vlaanderen is a private PRICAF which also falls under the mentioned PRICAF regime.

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

www.minfin.fgov.be
**Income tax rate**

**Individual:** 10% (some deductions and allowances are available).

**Corporate:** 10% (some reductions are available if the company carries out its manufacturing activities in municipalities with high unemployment). Agricultural producers are also entitled to a 60% corporate tax rebate for profits derived directly from the sale of raw agricultural products. The corporate income tax incentives are granted in two forms – a corporate income tax exemption and/or a tax reduction. As of 1 January 2009, a 100% Corporate Income Tax exemption applies for companies who have invested more than EUR 5 million annually to acquire new equipment.

**Capital Gain tax rate**

**Individual:** Are normally taxed at ordinary individual income tax rate.

**Corporate:** Generally subject to corporate income tax, except in the following cases:

- capital gains realised by non-resident taxpayers from the sale of real estate property situated in Bulgaria or from the sale of shares, securities and other long-term financial assets sourced in Bulgaria, that are in turn subject to 10% withholding tax;
- liquidation proceeds attributable to non-resident taxpayers and local individuals exceeding the value of their initial investment, that are taxed at the rate of 0% for residents of EU member states under certain conditions or 5% for all other non-residents;
- capital gains realised from the sale of shares in public companies traded on the Bulgarian stock exchange, which are not subject to taxation. Dividends and liquidation proceeds payable by residents to foreign legal entities as well as to local non-merchant entities are subject to a 5% final withholding tax.

**Dividends tax rate**

**Individual:** A one-off tax of 5% is levied on Bulgarian individuals receiving dividends from foreign entities; dividends received from local or EU companies are exempt.

**Corporate:** Dividends received by a Bulgarian company from another Bulgarian company are not subject to taxation. Dividends received from tax residents in the EU or the EEA are excluded from taxable income. Non-exempt dividends are taxed as part of overall taxable profits and are subject to a 5% withholding tax, unless a lower rate applies under a tax treaty. As per the “Parent-Subsidiary Directive” no withholding tax is due on dividends when distributed to residents of an EU member state if certain conditions are met. The Bulgarian Corporate Income Tax Act do not require such conditions in order no withholding tax to be due on dividends distributed by the respective Bulgarian subsidiary to its EU parent company.

Dividends distributed by local legal and unincorporated entities to local legal entities are tax-exempt except when they fall under the Law on Special Investment Purpose Entities. In the case of dividends received as a result of a profit distribution made by such companies, for example a real estate investment trust, the dividend is taxed at the shareholder level in the same way as any other revenue received – at the corporate income tax rate of 10%.

**Other tax incentives**

Large investments: The Law on Encouragement of Investment envisages different incentive measures and privileges for local and foreign investors that undertake significant investments in certain economic activities within the territory of Bulgaria. However, the aim of these measures is to promote large investments (certificates are issued for investments of over EUR 15 million for category A investments and over EUR 8 million for category B investments) and do not yet target the typical level of angel investments.

Applicable for Angels: The only available mentioning of “angels” in the legal regulations in Bulgaria can be found in the SME ACT. An SME would be considered autonomous in case no other company owns more than 25% of its capital. The act acknowledges the existence of venture capital investments made by legal entities or individuals in non-listed companies and states that companies will be considered autonomous (non-affiliated) when such investments are within the limit of EUR 1,250,000 even when the share is over 25%. The status of an SME provides major benefits, especially in relation to state aid and access to government and international finance, including EU Funds.

**Situation for angels investing through a co-investment or angel fund**

N/a
Opportunities/obstacles in the framework of a cross border investment

Ownership: In Bulgaria foreign citizens and foreign companies can directly acquire buildings, premises within a building and limited property rights (e.g., a construction right, right of use), but not land. Special rules are provided for the citizens and entities of the member states of the European Union and the European Economic Area. According to the Accession Act of Bulgaria to the EU, Bulgaria can keep the restrictions for acquisition of land by citizens and entities from the member states: (i) for five years starting from 1 January 2007 – for the land provided for second residence, and (ii) for seven years starting from 1 January 2007 – for agricultural land, forests and forest land. The restrictions on the acquisition of land by foreigners do not apply to Bulgarian legal entities involving foreign participation. Therefore, foreign legal entities and individuals can effectively acquire ownership rights over land through the acquisition of shares or an interest in existing Bulgarian companies, or through the establishment of such companies under Bulgarian law. It is possible for such a company to be 100% owned by a foreign investor.

Currency: The official currency in Bulgaria is the Bulgarian Lev (BGN). In July 1997, a currency board was introduced and the BGN was pegged to the DEM at the rate of BGN 1 to DEM 1. Presently, the BGN is pegged to the Euro at a fixed rate of BGN 1.95583 to EUR 1.

Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

The Bulgarian Business Angels Network has conducted several meetings with local authorities and government officials to promote the concept and importance of BAs. There are two major issues where the focus of the Network will fall next:

- Capital gains from transactions with shares in public companies and traded rights in such shares realised on a regulated Bulgarian stock market are not subject to a withholding tax. The Bulgarian Business Angels Network is currently examining the prospects of increasing the scope of the regulation to include BA and VC investments in private entities and capital gains thereof.
- Need of clarification of the MIFID regulations as far as the local regulations and implementations are concerned.

Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

N/a

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

It depends on the country as well as on the availability of DTTs

Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

Sources of information

Bulgarian Business Angels Network, www.bban.eu
Bulgarian Investment Agency, Laws
CROATIA

**Income tax rate**

*Individual:* Progressive rates up to 45%. In 2009 a new temporary tax law was introduced to help Croatian economy enter crisis. It should be valid only until 31 December 2010. According to the new law, additional income tax is levied at the rate of 2% if a person gets income of more than HRK 3,000 (approx. EUR 410) and less than HRK 6,000 (approx. EUR 820) per month. For income exceeding HRK 6,000 a rate of 4% is levied.

*Corporate:* 20%.

**Capital Gain tax rate**

*Individual:* 2% or 4%. If a property in private ownership gets sold within three years, capital gains tax is levied at 20%.

*Corporate:* Capital gain is treated as income and is taxed together with other income at 20% rate.

**Dividends tax rate**

Dividends are taxed according to the new temporary tax law at the same rates i.e. 2% to 4% depending on the income.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

General rules apply, according to the type and structure of co-investment.

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

In 2006 Croatia enacted the Law on investment promotion that give investors incentives for investing in Croatia. In general, those could be tax incentives, custom incentives, incentives for creating new jobs or for education in relation with the investment etc.

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

[www.porezna-uprava.hr](http://www.porezna-uprava.hr)
**Cyprus**

**Income tax rate**

*Individual*: Up to 30%

*Corporate*: 10%.

**Capital Gain tax rate**

*Individual*: Capital gains realized on the sale of shares are exempt from taxation. Gains in respect of the sale of immovable property situated in Cyprus are subject to a 20% tax rate. Capital gains in respect of foreign property are exempt from tax.

*Corporate*: Taxed as individual capital gains.

**Dividends tax rate**

*Individual*: 15% for dividends received by a Cyprus resident individual (Special Contribution for Defence - SDC) and 0% for dividend payments to non-Cyprus tax resident persons.

*Corporate*: The dividend tax rate applicable to non-exempt dividends is 15%. Dividends received by a Cyprus company from another Cyprus resident company are exempt from tax. Dividends received from a foreign company in which the receiver owns more than 1% of the share capital are exempt from taxation if the foreign company does not earn more than 50% of its income from investment activities or if its profits are taxed at an effective rate of tax exceeding 5%.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

N/a

**Opportunities/obstacles in the framework of a cross border investment**

There are no withholding taxes on dividend/interest payments outside Cyprus. See taxation of dividends and gains explained above.

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

Only the dividends tax rate for individuals which is determined by virtue of tax residency (see above). A person is considered to be a Cyprus tax resident in any given financial (calendar) year where he/she spends more than 183 days in Cyprus in that year.

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

Cyprus Tax Code
CZECH REPUBLIC

**Income tax rate**

**Individual:** 15%

**Corporate:** 20% for 2009 and 19% as from 2010.

**Capital Gain tax rate**

**Individual:** Generally taxed at 15% (exemptions in certain conditions)

**Corporate:** Capital gains are taxed as corporate income (20%). An exemption applies when the seller is an EU company that holds for a 1-year period. Further, the participations exemption for capital gains is applicable under the same requirements as apply to the participation exemption for dividends.

**Dividends tax rate**

**Individual:** Dividends received from residents are taxed separately under a lump-sum withholding system.

**Corporate:** 20%. Dividends received by residents from residents companies are exempt from tax if the parent company holds at least 10% of the distributing company for an uninterrupted period of at least 12 months. Dividends paid by a subsidiary in an EU member state and the parent holds at least 10% for an uninterrupted period of at least 12 months are also exempt from tax. Dividends paid by a subsidiary in non-EU countries with a tax treaty could be exempt under certain conditions. Dividends paid to non-residents are normally subject to a 15% withholding tax. Dividends paid to companies located in other EU member state are exempt if the parent company maintains a holding of at least 10% of the distributing company for an uninterrupted period of at least 12 months. As from 2009, the exemption also applies to dividends paid to parent companies in Norway, Iceland and Switzerland.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

N/a.

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

Czech Republic tax code
DENMARK

**Income tax rate**

*Individual*: Progressive rates up to 59%.

*Corporate*: 25%.

**Capital Gain tax rate**

*Individual*: Capital gains are taxed at progressive rates between 28% (for income up to DKK 48,300) and 43% (thereafter). Share income exceeding DKK 106,100 is taxed at 45%.

*Corporate*: Capital gains are normally included in corporate income tax and are subject to 25%. If the gains are derived from shares held for more than 3 years, they are normally tax exempt.

**Dividends tax rate**

*Individual*: Dividends are taxed at progressive rates between 28% (for income up to DKK 48,300) and 43% (thereafter). Share income exceeding DKK 106,100 is taxed at 45%.

*Corporate*: 66% of the dividends must be included in taxable income and taxed at the normal corporate income tax rate (25%). Dividends received by a Danish company from a Danish or non-resident company are exempt if the parent company owns at least 15% of the share capital of the subsidiary (for 2007-2008, and 10% thereafter) for at least 1 year; and the subsidiary must be resident in Denmark, the EU/EEA or a country that has concluded a tax treaty with Denmark and be covered by international tax consolidation or have the parent company control more than 50% of the voting power of the subsidiary. Dividends paid to non-residents are subject to 28% withholding. It can be reduced to 15% or be exempt under certain conditions.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

New rules for partners in funds (direct taxation): carried interest is taxed 59% (individuals).

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

www.taxindenmark.com/
## FINLAND

**Income tax rate**

*Individual*: Progressive rates up to 30.5%. Municipal rates range from 16.5% and 21% and potential church rate is 1% to 2%.

*Corporate*: 26%

**Capital Gain tax rate**

*Individual*: 28%

*Corporate*: Generally 26%, some gains are exempt under certain conditions.

**Dividends tax rate**

*Individual*: 70% of the amount of the dividends, received from listed companies, are taxed at the standard investment income rate of 28% and the remaining 30% are tax exempt. If it is a non-listed company to distribute dividends, they are exempt from tax up to EUR 90,000, from this value they are taxed at the 70/30 per cent rule.

*Corporate*: Dividends traded between Finnish companies are generally exempt, as well as dividends received from abroad.

**Other tax incentives**

For small and medium-sized enterprises with new investments or significant extensions, founded between 1998-2011, the ordinary maximum depreciation rate can be increased by 50% for the year in which the investment is put into use and the following two years. This incentive will be applicable for the last time in assessment for 2014 and it is applied to such lines of activities as production and tourism (excluding some activity sectors).

**Situation for angels investing through a co-investment or angel fund**

N/a

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

[www.worldwide-tax.com](http://www.worldwide-tax.com)

[www.vero.fi](http://www.vero.fi)
### Income tax rate

**Individual:** progressives rates up to 40%.

**Corporate:** 33.3% plus the surcharge tax rate applicable if the latter exceeds EUR 763,000, resulting in an effective rate of 34.43% (small or new businesses may benefit from lower rates).

### Capital Gain tax rate

**Individual:** 18% of gains derived from sales of real property (plus social security surcharges, amounting to about 12.1%); capital gain is exempted if it not exceeds EUR 25,730.

**Corporate:** 34.43% (including social surtax); the gain is 95% exempt if derived from the sales of shares that are viewed as all or part of a substantial investment, resulting in an effective rate of 1.7% (5% x 34.43%).

### Dividends tax rate

**Individual:** taxed as general taxable income or if option 18% plus social security. Surcharges amounting to about 12.1%.

**Corporate:** 34.43% unless the recipient owns at least 5% of the shares and has held the shares for at least 2 years; in this case, the dividends are 95% exempt, resulting in an effective rate of 1.7%. Dividends paid to a non-resident are subject to 25% withholding tax, except application of EU Directive or Tax treaties.

### Other tax incentives

See table below

### Situation for angels investing through a co-investment or angel fund

See table below

### Opportunities/obstacles in the framework of a cross border investment

See table below

### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

See table below

### Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

All tax incentives concern French citizens.

### Are fiscal incentives available for investments outside the country? If yes, where does it apply?

Tax incentives concerning the “wealth tax” are available for investments in the EU.

### Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

### Sources of information

- [www.franceangels.org](http://www.franceangels.org)
- [www.afic.fr](http://www.afic.fr)
### FRANCE: Comparative table of investment methods proposed to Business Angels

**Source:** France-Angels - [www.franceangels.org](http://www.franceangels.org)

<table>
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<th>Tax break/tax system</th>
<th>Main restrictions</th>
<th>Investment channel</th>
<th>Investment target</th>
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</thead>
</table>
| **Direct investments by a private individual** | • Tax reduction: 25% of the total amount invested within the limit of EUR 20,000 (private individual) or EUR 40,000 (couple)  
• In case of disposal of shares with gain: 30.1% tax of income tax from the first euro earned  
• Tax on dividends: maximum effective tax 35.8%  
• Exit through buy-out from management: gain is assimilated to a dividend (35.8% maximum) and not a capital gain (27% tax) | Keeping of shares for at least 5 years (in case of disposal of the equity investment before 5 years time: repayment of the tax deduction).  
A minimum of 50% must be held by physical persons.  
Target must fit with the European definition of an SME | • Business angels network  
• Professional or private network. | Unquoted companies | No restrictions (except to benefit from the tax reduction). |
| **Investment as an individual in an SME: issues linked to the wealth tax** | • Wealth Tax reduction: 75% of the total amount invested within the limit of EUR 50,000. | Target must fit with the European definition of an SME.  
No more than EUR 2.5 million invested in each company per year and 50 partners | Unquoted companies | | |
| **Investments with equity-linked savings plans (Plan d’Epargne en Actions PEA)** | No capital gain tax provided the gain is blocked in the PEA for a duration of 5 years.  
If withdrawal within the 5 years, no income tax but payment of social tax if the funds are invested within 3 months in the capital of a transmitted company. However, social contributions must be paid. | • Deposit with a fixed ceiling  
• Not simultaneously with the tax reduction for DI  
• Shareholder must not hold more than 25% of the shares of the company | Quote and unquoted companies. | Deposit with a fixed ceiling: the equity-limited saving plans has a limit of EUR 132,000 (private individual) or EUR 264,000 (couple). | Capital gains exempt from taxes if remain in the equity-limited saving plan for 5 years. |
| **Investment through a holding company (SARL, SA and SAS)** | • Tax reduction: 25% of the total amount invested within the limit of EUR 20,000 (private individual) or EUR 40,000 (couple)  
• Wealth Tax reduction: 75% of the total amount invested within the limit of EUR 50,000. | • Target must fit with the European definition of an SME.  
No more than EUR 2.5 million invested in each company per year and 50 partners  
• Investment in the holding and in the SME must appear within the same fiscal year | • Business angels network  
• Professional or private network  
• Stock exchange. | Unquoted companies. | |
<table>
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<tr>
<th>Tax break/tax system</th>
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<th>Investment target</th>
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</tr>
</thead>
</table>
| **Investment through Capital Risk Company (SCR)** | • For the company itself: no corporate income tax or portfolio capital gain from quoted or unquoted shares  
   • For the members: no income tax on capital gain or on dividend distributed provided the revenues are injected immediately back into the SCR, provided that the shareholders keeps the shares for at least 5 years and that their family does not own more than 25% of the portfolio of the SCR. Social contributions always due if condition not met income tax at progressive rate or 18% plus 12.1%   | • Constitution of a Limited company, Joint-stock company or a non-trading company compulsory to benefit from the statutes  
   • A family group cannot detain more than 30% of the rights to benefits  
   • No commitments above 25% of the SCR net accounting result  
   • The SCR has 2 years to reach 50% of unquoted shares (distinction about specific corporate purpose between a small SCR with under EUR 10 million in revenues, or the large SCR with over EUR 10 million in revenues).  | • Business angels network  
• Professional or private network  
• Stock exchange. | Quoted and unquoted companies (securities of unquoted companies must represent at least 50% of the net assets of the risk capital company). | Minimum initial share capital EUR 37,000. | Period of share holding: 5 years. |
| **Investment club**                      | If the club subscribes to the capital of an unquoted company, the members (i.e. individuals) have the right, in proportion to their participation to the club, to a tax reduction for a direct investment by a physical individual (see case above). Tax on net gains in case of withdrawal or dissolution of the company.  | • 2 legal options: partnership of joint ownership  
• At least 5 members, maxi 20  
• Maximum duration of the club is 10 years  
• Limited annual contribution to under EUR 5,500 per member.  | • Business angels network  
• Professional or private network  
• Stock exchange. | Usually for investment in quoted companies but possible to invest in unquoted companies too. | Maximum Annual contribution limited to EUR 5,500 per member. | Life of the club: 10 years maximum. |
### Additional Information:

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<th>Investment Type</th>
<th>Tax break/tax system</th>
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<tbody>
<tr>
<td>Investment in Venture Capital Mutual Funds</td>
<td>For the subscriber, the revenues and the portfolio capital gain benefit from tax exemption.</td>
<td>It is not an active investment: the investment choice is done by the fund’s portfolio managers.</td>
<td>Organisation of collective investments in transferable values (banks, specific companies).</td>
<td>Investment in share of funds: which have to invest 50% in unquoted companies.</td>
<td>Minimum purchase of a share in a venture capital mutual fund (amount depending on each fund).</td>
<td>Savings frozen for a minimum of 5 years in order to benefit from the fiscal advantages.</td>
</tr>
<tr>
<td>Investment in Innovation Mutual Funds</td>
<td>• Cash subscription of shares in the FCPI give the right of a tax reduction : 25% of the amount invested in the limit of EUR 12,000 (individuals) or EUR 24,000 (couple) • For the subscriber, the revenues and the portfolio capital gain, benefit of a tax exemption. • Wealth Tax reduction: 50% of the total amount invested within the limit of EUR 20,000.</td>
<td>It is not an active investment: the investment choice is done by the fund’s portfolio managers.</td>
<td>Organisation of collective investments in transferable values (banks, specific companies).</td>
<td>Investment in shares part of funds which have to invest 60% in innovative companies (conditions of expenses in R&amp;D or Anvar Certification).</td>
<td>Minimum purchase of shares of the fund (amount depending on fund).</td>
<td>Savings frozen for a minimum of 5 years in order to benefit than the fiscal advantages.</td>
</tr>
<tr>
<td>Investment in Local Investment Funds</td>
<td>• A cash subscription of shares in the FIP gives the right of a tax reduction: 25% of the amount invested in the limit of EUR 12,000 (individuals) or EUR 24,000 (couple). • For the subscriber, the revenues and the portfolio capital gain, benefit from a tax exemption • Wealth Tax reduction: 50% of the total amount invested within the limit of EUR 20,000.</td>
<td>It is not an active investment: the investment choice is done by the fund’s portfolio managers.</td>
<td>Organisation of collective investments in transferable values (banks, specific companies).</td>
<td>Investment share of funds • a minimum of 10% of the funds invested in unquoted companies less than 5 years old • investments in limited and determined to geographical zones.</td>
<td>Minimum purchase shares of the fund.</td>
<td>Savings frozen for 5 years from minimum in order to benefit of the fiscal advantages.</td>
</tr>
</tbody>
</table>

### Situation for angels investing through a co-investment or angel fund

- "Tax on wealth" incentive available if the investment is made through a holding.

### Opportunities/obstacles in the framework of a cross border investment

- Fiscal incentives also apply in the case of an investment in a foreign based company.

### Sources of information on fiscal environment or efficiency of fiscal incentives for angels

- [www.franceangels.org](http://www.franceangels.org)
- [www.afic.fr](http://www.afic.fr)
**Income tax rate**

*Individual:* In 2007, the Reichensteuer has been put in place, i.e. a new top tax bracket for taxable income exceeding EUR 250,000 for individuals and EUR 500,000 for married couples at a rate increased by 3%. Consequently, the new maximum tax rate is 45% plus 5.5% solidarity surcharge, which is a total of 47.475%.

*Corporate:* Effective corporate rate (including the solidarity surcharge and municipal trade tax) ranges between 30% and 33%; the solidarity surcharge is 5.5%

**Capital Gain tax rate**

*Individual:*  
Shares **sold after 31 December 2008 but acquired before 1 January 2009:**
- 60% of capital gains taxed at individual income tax rate if investor (i) held shares as business asset, or (ii) held 1 % or more of the shares in the target company at any time during the five-year period preceding the sale.
- 50% of capital gains taxed at individual income tax rate if investor held shares as non-business (personal) asset and held shares for not more than one year.
- tax-free if investor held shares as non-business (personal) asset and did not hold 1% or more of the shares in the target company at any time during the five-year period preceding the sale and held shares for more than one year.

Shares **acquired and sold after 31 December 2008:**
- 60% of capital gains taxed at individual income tax rate if investor (i) held shares as business asset, or (ii) held 1 % or more of the shares in the target company at any time during the five-year period preceding the sale.
- Total capital gains taxed at a flat rate withholding tax (Abgeltungssteuer) of 26.375% if investor held shares as non-business (personal) asset and did not hold 1 % or more of the shares in the target company at any time during the five-year period preceding the sale.

*Corporate:* Gains derived from the sale of a domestic or foreign corporate subsidiary are 95% exempt.

**Dividends tax rate**

*Individual:* dividends are subject to flat rate withholding tax (Abgeltungssteuer) of 26.375% unless the shares are held as business assets. If the shares are held as business assets, 60 % of the dividend income will then be subject to tax at the individual income tax rate.

*Corporate:* dividends received by a German company (from resident or foreign companies) are 95% exempt. Dividends paid to non-residents are subject to a 26.375% withholding (40% refund can be applied) unless exemption.
Other tax incentives

In July 2008 a new law was enacted: The Venture Capital Act (Wagniskapitalbeteiligungsgesetz - "WKBG") recognises the activities of business angels as venture capital actors by providing an increased capital gains exemption in certain cases:
• Special tax exemption for capital gains of up to the pro rata share of EUR 200,000 corresponding to the sold share in the target company. The exemption is reduced by any amount of capital gain which exceeds the pro rata share of EUR 800,000 (Abschmelzungsgrenze) corresponding to the sold share in the target company.
• Calculation of the tax exemption: as the investor is only allowed to hold up to 25% of the shares in the target company, the maximum tax exemption is EUR 50,000 (in the case that the total capital gain for all shares in the target company is between EUR 200,000 and EUR 800,000). The exemption is reduced to EUR 0 if the capital gain for all shares in the target company is EUR 1,000,000 or more.
• Requirements:
  (i) Minimum share of 3% within the last five years, maximum share of 25%
  (ii) Maximum holding period of 10 years
  (iii) Target company with registered office in the EU, equity capital up to EUR 20 million, not older than 10 years, not publicly owned (listed).
• Effective for all capital gains realised after 31 December 2007

Situation for angels investing through a co-investment or angel fund

The taxation of co-investments depends on the fund’s legal form.
If the fund is a non-incorporated enterprise (GmbH & Co.KG), all statements regarding personal income tax apply.
If the fund is a corporate entity (GmbH or AG), 95% of the capital gains are neither subject to corporate income tax (Körperschaftsteuer) nor trade tax (Gewerbesteuer). The remaining 5% are taxed at a rate of approximately 30% (the exact rate depends on the multiplier for the trade tax, which is fixed individually by each municipality).

Opportunities/obstacles in the framework of a cross border investment

Due to double taxation agreements between Germany and other countries, the German tax for foreign investors may be reduced to 0%.
CFC-rules (Hinzurechnungsbesteuerung) may apply in the case of outbound investments.

Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

N/a

Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

N/a

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

N/a

Impact of the fiscal incentives for angels? Has the impact been measured? What are the main results?

N/a

Sources of information

### Greece

**Income tax rate**

- **Individual**: Between EUR 12,001 and EUR 30,000 is at 25%, between EUR 30,001 and EUR 75,000 is at 35% and 40% for over EUR 75,000
- **Corporate**: 25% (will be reduced by 1% point per year until 2014) and the rate for partnership is 20% and will not be affected.

**Capital Gain tax rate**

- **Individual**: Capital gains on stocks that were acquired after 1 January 2009 are taxed at 10%. For shares that were acquired before 31 December 2008 the tax is 1.5 per thousand on the revenue from the sale
- **Corporate**: Subject to corporate income tax but if derived from the sale of listed shares acquired after 1 April 2009 will be taxed at 10%.

**Dividends tax rate**

- **Individual**: 10%
- **Corporate**: Dividends between two Greek companies are subject to corporate income tax. Dividends received from a foreign company are subject to corporate tax, but a foreign tax credit is available for tax paid on the dividends.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

Typically there are tax incentives for private individuals or legal entities that invest through the special purpose government fund "AKES". In practice no individual is able to invest to this "fund of funds" that is targeting VC co-investments.

**Opportunities/obstacles in the framework of a cross border investment**

The main obstacle is the limited interest from Greek angels to invest away from their residence. On the other hand, a series of cross-border EU funded programs will be implemented till 2013 with an objective to stimulate business relations with neighbouring countries (Bulgaria, Albania, Serbia etc.). There is no indication at the moment whether these programs will encourage angel investments.

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

National Statistical service of Greece at [www.statistics.gr](http://www.statistics.gr)
HUNGARY

**Income tax rate**

*Individual*: 36% for annual income exceeding HUF 1,900,000; 18% for annual income between HUF 1,250,000 and HUF 1,900,000; 0% for annual income under HUF 1,250,000 (a surtax of 4% applies to income over a specified amount).

*Corporate*: 16% plus a surtax of 4%. Companies having income under HUF 50 million can be taxed at the rate of 10%.

**Capital Gain tax rate**

*Individual*: 25% (if realised on shares traded on an EU or OECD stock exchange is taxable at 20%)

*Corporate*: 20%. Exemption for gains derived from the sale of an investment if the taxpayer holds at least 30% of a subsidiary for at least 1 year and the subsidiary is not a CFC (it must be incorporated or have a PE in an EU or OECD member state or in a country that has concluded a tax treaty with Hungary or it should be subject to an effective tax rate of at least 10.6%)

**Dividends tax rate**

*Individual*: 25%. Dividends derived from shares traded on an EU stock exchange are taxed at 10%. Dividends paid to a non-resident individual may be subject to withholding tax at 10% or 25% unless the rate is reduced by a relevant treaty.

*Corporate*: Dividends received by a Hungarian company are generally exempt from corporation tax.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

N/a

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

New Hungary Venture Capital Programme will be lunched in October. Private investors (including business angels) can invest in VC funds which will be leveraged by public funds. The ratio of private-public money is 30:70. The public investor expects only a capped return equal to the EU reference rate and applies a 5%-downside protection against losses. VC funds can invest only in Hungarian early stage companies.

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

www.Adozona.hu
IRELAND

Income tax rate

Individual: Up to 41%
Corporate: 12.5% for trading income and 25% for non-trading income.

Capital Gain tax rate

Individual: 22%
Corporate: 25% (gains on the sale of substantial shareholdings in companies resident in EU member states or a tax treaty country are exempt if certain condition are satisfied)

Dividends tax rate

Individual: 20%
Corporate: Dividends received by an Irish company from an Irish company are exempt from taxes; dividends received from a foreign company are subject to corporation tax; certain dividends received from EU are taxed at 12.5%; dividends paid to a non-resident are subject to a 20% tax (reduction under tax treats or exemption under EC parent-subsidiary directive are applicable)

Other tax incentives

There are tax incentives for private individuals who invest in private equity and venture capital funds through the Business Expansion Scheme (BES). It allows individual investors to obtain income tax relief on investments in each tax year. Companies can receive up to EUR 2 million of BES and SCS investment however no more than EUR 1.5 million can be raised in one year.

A qualifying company is one which:
- is an unquoted company (except in the case of companies listed on the Developing Companies market)
- is engaged in a qualifying trade
- has its issued share capital fully paid up and
- is not intending to wind up within 3 years of receiving BES investment unless it is for bona fide commercial reasons.

Internationally traded services, manufacturing and companies carrying out research and development with a view to carrying out a qualifying trade are eligible to apply

Maximum Limits

An individual may obtain tax relief on investments up to a maximum of EUR 150,000 per annum under BES. Where an investor cannot obtain relief on all of the investment in a year of assessment, the unrelieved amount can be carried forward to the following years subject to the normal limits.

Situation for angels investing through a co-investment or angel fund

An investment undertaking (fund) is exempt from Irish tax and its non-Irish resident investors are also exempt from Irish income tax and capital gains tax on income/gains arising from the fund. A declaration needs to be completed.

Opportunities/obstacles in the framework of a cross border investment

N/a

Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

The IDA and Enterprise Ireland provide financial assistance through grants and aids. The grants and aids are given to start up companies which meet certain criteria, including a minimum level of employees, development of knowledge or manufacturing, etc.
Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

There is no difference from the point of view of the recipient of the BA investment. The tax treatment of the angel does depend on the angel being Irish tax resident and non-Irish tax resident.

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

N/a

Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

Sources of information

Irish tax law.
**ITALY**

*Income tax rate*

**Individual:** progressive rate up to 43%. Additionally, there is a regional tax which ranges from 0.9% from 1.4% and a municipal tax which ranges from 0% to 0,8%.

**Corporate:** 27.5% plus the regional tax on the production of “net added value” which is generally 3.9%.

*Capital Gain tax rate*

See table below

*Dividends tax rate*

See table below

*Other tax incentives*

See table below

*Situation for angels investing through a co-investment or angel fund*

N/a

*Opportunities/obstacles in the framework of a cross border investment*

N/a

*Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund*

See table below

*Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund*

No

*Are fiscal incentives available for investments outside the country? If yes, where does it apply?*

N/a

*Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?*

N/a

*Sources of information*

Italian Tax code
### Direct investments by a private individual resident for tax purposes in Italy

<table>
<thead>
<tr>
<th>Tax break/tax system</th>
<th>Main restrictions</th>
</tr>
</thead>
</table>
| **Dividends:** Dividends coming from non qualified participations are subject to a final withholding tax levied at the rate of 12.5%. When the dividends come from a foreign company the withholding tax, if any, suffered in the source country (i.e. the country of fiscal residence of the foreign company) can never be recovered in Italy. Starting from 1.1.2009 (D.M. 2.4.2008), dividends coming from qualified participations are tax-exempt for 50.28% of their amount. The remaining 49.72% is included in the taxable income of the shareholder-individual subject to IRPEF levied at progressive rates. | A participation (shares other than the azioni di risparmio, preferential shares which do not carry voting rights but entitle the shareholder to e.g. higher dividends than the ordinary shares or to other economic advantages) is defined as "non-qualified" if:  
- it entitles the shareholders to less than 20% (2% in the case of listed companies) of the voting rights at the ordinary shareholders’ meeting; and  
- it represents less than 25% (5% in the case of listed companies) of the share capital. The participation is defined as "qualified" if it amounts to, or is higher than, one of the thresholds set out above. |
| **Capital Gains:** Capital gains realised on non qualified participations are subject to a final withholding/substitute tax levied at the rate of 12.5%. Starting from 1.1.2009, capital gains realised on qualified participations are tax-exempt for 50.28% of their amount. The remaining 49.72% is included in the taxable income of the shareholder-individual subject to IRPEF levied at progressive rates. It is possible to offset such gains with the losses realised on the selling of participations of the same category. Starting from July 2008 (D.L. 112/2008), capital gains realised on both qualified and non qualified participations by private individual investors, not in a business capacity, are tax-exempt if  
- Participations have been owned at least for three years;  
- Companies, of the referred participations, have been established for no longer than seven years;  
- Companies, of the referred participations, have to have realised "productive" investments;  
- Capital gains must be reinvested into “start-up” companies within 2 years in which the gain has been accrued. **All requirements mentioned above must occur** The disposition is also extended to non-Italian private individuals investing in Italy under the same conditions as residents, although there are some specific dispositions deriving from bilateral agreements against double taxation. | |

Information provided by IBAN with the support of TMF Garlati & Gentili - Milan
<table>
<thead>
<tr>
<th>Tax break/tax system</th>
<th>Main restrictions</th>
<th>Length of the investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment through Public Limited Company and Private Limited Company resident for tax purposes in Italy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends: Dividends distributed to resident companies are exempt from any withholding tax, substitute tax or other deduction at source. Such dividends are included for 5% of their amount in the taxable income of the companies subject to the corporation tax (IRES - levied at the ordinary rate of 27.5%). The effective tax burden connected with the dividend is therefore equal to 1.375% of the gross amount (5 x 27.5%). In this case as well no dividend tax credit is available in order to offset that tax.</td>
<td>To benefit from the &quot;participation exemption&quot; regime it is necessary that: 1. the participation must be owned, without interruption, from the first day of the twelfth month preceding the one in which the disposal takes place; 2. the participation is classified in the fixed financial assets category in the first financial statement closed after its acquisition; 3. the participation refers to a company resident in a country other than that with a privileged tax regime (if can also refers to a company resident in a privileged tax country but in this case the resident company must obtain a positive ruling from the Italian tax authorities); and 4. at the date of disposal, the company to which the participation is referred must carry out a business activity. The third and the fourth requirements must be fulfilled by the participated company at least from the third financial year preceding the one in which the disposal takes place.</td>
<td>At least 12 months.</td>
</tr>
<tr>
<td>Capital Gain: Capital gains realised by resident corporate entities upon disposal of domestic or foreign participation could be partially exempt (95%) from corporation tax according to the &quot;participation exemption&quot; regime. Such regime needs the fulfillment of specific requirements. If, upon the disposal of the participation, one or more of the requirements set out above are not satisfied, the capital gain is totally subject to corporation tax levied at its ordinary rate (actually 27.5%). Whether the participation exemption regime does not apply and the participation is classified in the fixed financial assets category and is, upon its disposal, held for at least three years, the gain could be taxed in five year (20% per year) starting from the disposal.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments by private individual in business capacity resident for tax purposes in Italy</td>
<td>Dividends: Starting from 1.1.2009, dividends are tax-exempt for 50.28% of their amount. The remaining 49.72% is included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates.</td>
<td>Capital Gain: Capital gains realised on the disposal of participation could take benefit of the participation exemption regime if all the requirements described above are satisfied. In such a case, starting from 1.1.2009, the gains are tax-exempt for 50.28% of their amount. The remaining 49.72% is included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates. Whether the participation exemption regime does not apply capital gains are totally included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates. It is possible to tax the gain in five years as the requirements above described are satisfied.</td>
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<tr>
<td>---</td>
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</tr>
<tr>
<td>Partnership resident for tax purposes in Italy</td>
<td>Dividends: Starting from 1.1.2009, dividends are tax-exempt for 50.28% of their amount. The remaining 49.72% is attributed (together with the overall taxable income of the partnership) and taxed in the hands of its shareholders.</td>
<td>Capital Gain: Capital gains realised on the disposal of participation could take benefit of the participation exemption regime if all the requirements described above are satisfied. In such a case, starting from 1.1.2009, the gains are tax-exempt for 50.28% of their amount. The remaining 49.72% is attributed (together with the overall taxable income of the partnership) and taxed in the hands of its shareholders.</td>
</tr>
</tbody>
</table>
### LATVIA

<table>
<thead>
<tr>
<th><strong>Income tax rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual:</strong> 15% on business income and 23% on employment income</td>
</tr>
<tr>
<td><strong>Corporate:</strong> 15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capital Gain tax rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual:</strong> 23% for gains derived from sale of real estate property (if not treated as “property used as a habitual residence for personal purposes”) and shares in a real estate property company; 15% for entrepreneurs (a 2% tax must be withheld by a Latvia legal entity from the sales price if the seller is a non-resident individual).</td>
</tr>
<tr>
<td><strong>Corporate:</strong> 15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dividends tax rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt from tax if received from domestic subsidiaries or EEA countries and from non-residents in third countries (if the Latvian recipients hold more than 25% of the capital and voting power of the payer and the payer is not located in a “black list” country). Other dividends are taxed at a 15% rate (with a credit for foreign tax withheld).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Other tax incentives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>No special tax incentives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Situation for angels investing through a co-investment or angel fund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities/obstacles in the framework of a cross border investment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>High tax incentives in special economic zones (3 SEZ in Latvia)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Are fiscal incentives available for investments outside the country? If yes, where does it apply?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Sources of information</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia Tax Code</td>
</tr>
</tbody>
</table>
## Lithuania

### Income tax rate

- **Individual**: 15%
- **Corporate**: 20% (some companies may be entitled to reduced of 13% under incentive legislation)

### Capital Gain tax rate

- **Individual**: 15% (with some exemptions related to the holding period of the shares).
- **Corporate**: Taxed as general taxable income at 20%, with some exemptions.

### Dividends tax rate

- **Individual**: 20%
- **Corporate**: Generally 20%. Dividends are exempt if a parent company holds at least 10% of shares for at least 12 months. If the profits of the Lithuanian entity or the foreign entity distributing dividends are subject to a 0% corporate income tax rate, or if the foreign entity is established in a specific territory, the exemption is not applicable. Dividends paid to non-resident are subject to 20% withholding tax (reduction under tax treaties or exemption under EC parent-subsidiary directive are applicable)

### Other tax incentives

N/a

### Situation for angels investing through a co-investment or angel fund

N/a

### Opportunities/obstacles in the framework of a cross border investment

- **Free economic zones**: Lithuanian and foreign enterprises may develop their business in free economic zones (FEZ). FEZ enterprises may enjoy the following incentives: If investments reach the amount of EUR 1 million, and at least 75% of the company’s income during the tax period that the limit of EUR 1 million was reached in consisted of income from manufacturing, processing, warehousing activities performed within the zone, from wholesale of goods warehoused within the zone or provision of services related to the activities carried out on the territory of the zone, the company is granted exemption from profit tax for the first 6 tax periods (years), whereas in the subsequent 10 tax periods (years) it is subject to a 50% reduction in profit tax. Exemption from VAT and real estate tax may be applicable irrespective of the amount of the investment in an FEZ. Small enterprises with an annual income not exceeding LTL 500,000 and an average number of employees not exceeding 10 are subject to a 13% profit tax rate, moreover, a company (individual company or partnership) with an average number of employees not exceeding 10 and the income not exceeding LTL 1 million (approx. EUR 289,620) per tax year has a right to apply zero income tax rate to the amount of LTL 25,000 (approx. EUR 7,240) and a 20% profit tax rate to the remaining amount of profit.

In the period from 1 July 2009 to 30 June 2011 interest paid to a foreign entity – resident of an EU Member State – shall be taxed with a 5% withholding tax and starting from 30 June 2011 both interest and royalty payments made to the above-mentioned foreign entities will not be taxed.
Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

| N/a |

Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA Investment and BA investment through a fund

| N/a |

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

| N/a |

Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

| N/a |

Sources of information

Lithuania Tax Code
**LUXEMBOURG**

<table>
<thead>
<tr>
<th>Income tax rate</th>
</tr>
</thead>
</table>
| **Individual**: Progressive rate up to 38.95%.
| **Corporate**: For income lower than EUR 15,000 the tax rate is 20%, income beyond EUR 15,000 is taxed at 21%, plus 4% of corporate income for the unemployment fund and it can be levied a municipal business tax which ranges from 6% to 12%, according to the place in which the undertaking is located. |

<table>
<thead>
<tr>
<th>Capital Gain tax rate</th>
</tr>
</thead>
</table>
| **Individual**: Tax free allowance of up to EUR 100,000; if the individual has held <10% of share capital for more than 6 months the capital gain is tax free, if >10% is held for more than 6 months max 19% and if shares are held for less than 6 months max 38.95%.
| **Corporate**: Subject to tax on income. Exemptions for participations held of at least 10% for an uninterrupted period of at least 1 year or below an acquisition price of EUR 1.2 million (EUR 6 million for capital gains) throughout that period. |

<table>
<thead>
<tr>
<th>Dividends tax rate</th>
</tr>
</thead>
</table>
| **Individual**: Tax free allowance of EUR 3,000 then dividends received from a European Union company are 50% tax free. The taxable 50% is taxed at marginal tax up to a maximum of 38.95% with a tax credit for any withholding tax suffered. Dividends from non EU companies suffers full marginal rate up to 38.95% with a tax credit for any withholding tax suffered.
| **Corporate**: Subject to tax on income. Exemptions for participations held of at least 10% for an uninterrupted period of at least 1 year or below an acquisition price of EUR 1.2 million (EUR 6 million for capital gains) throughout that period. |

<table>
<thead>
<tr>
<th>Other tax incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>An angel investing in a Luxembourg company can apply for a venture capital certificate which allows him to deduct up to 30% of the value of the certificate from his taxable income up to a maximum of 30% of his taxable income. Non Luxembourg residents can sell their certificates to Luxembourg companies who can then claim the deduction from their taxable income.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Situation for angels investing through a co-investment or angel fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angels can invest collectively through a SOPARFI (Société Participation Financière) or a SICAR (Société Investissement en Capital-Risque) both of which offer tax free capital gains and dividend income under certain conditions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities/obstacles in the framework of a cross border investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no obstacles to cross border investment except perhaps withholding taxes of 15% on dividends. However, using certain holding company structures for cross border investments can bring some tax advantages.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently, other than the venture capital incentives there are no other fiscal incentives for the individual business angel. It is proposed to introduce a deduction for interest on borrowings used to make angel investments. However there are corporate structures SOPARFI and SICAR which can make the investment more tax efficient.</td>
</tr>
</tbody>
</table>
**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

There is no difference between nationals and foreigners except that residents are taxed in accordance with Luxembourg tax rules as above and non-residents need to look at their countries tax rules.

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

There are no special incentives for residents investing outside the country except for the tax benefits of using a SOPARFI or SICAR for their investments.

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

The venture capital certificate scheme has not been very successful as it is relatively restricted.
**Norway**

**Income tax rate**

- **Individual**: 28% (combined municipal and national rate) plus a marginal tax of 9% on the portion of personal income between NOK 441,000 and NOK 716,000 or 12% marginal tax on the part of personal income in excess of NOK 716,000.
- **Corporate**: 28%

**Capital Gain tax rate**

- **Individual**: 28%
- **Corporate**: 28%; exemption for capital gains on the disposal of shares (identical to the exemption applicable to dividends)

**Dividends tax rate**

- **Individual**: 28%
- **Corporate**: Dividends received from companies resident in Norway or in EEA are 97% exempt from tax (remaining 3% is taxed at 28%). Dividends received from a low-tax jurisdiction within the EEA, the 97% exemption applies only if the real business activities are conducted in that jurisdiction. Dividends received from companies in non-EEA countries are 97% exempt if the Norwegian company has held at least 10% of the shares at least during 2 years and the foreign country is not a low-tax jurisdiction.

**Other tax incentives**

Not available

**Situation for angels investing through a co-investment or angel fund**

Not available

**Opportunities/obstacles in the framework of a cross border investment**

Not available

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

Not available

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

Not available

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

Not available

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

Not available

**Sources of information**

Norway Tax Code
**POLAND**

### Income tax rate

| **Individual:** | Progressive rates (18% and 32%), although individuals carrying out economic activities may opt for special rules under which a 19% tax rate generally applies without any allowances |
| **Corporate:** | 19% |

### Capital Gain tax rate

| **Individual:** | A 19% rate applies to capital gains from sale of shares and to capital gains from sales of real estate (within 5 years of its purchase), with some exemptions available. |
| **Corporate:** | 19% |

### Dividends tax rate

| **Individual:** | 19% |
| **Corporate:** | In case the dividend is received from another resident company or an EU/EEA company there is no taxation if certain holding and participation requirements are met (the company has held at least 10% of the shares of the distributing company for an uninterrupted period of at least 2 years). If the exemption doesn’t apply, dividends received are subject to taxation (19% rate), but any foreign withholding tax is creditable against Polish tax on the same profits but the credit is limited to the amount of Polish tax payable on the foreign income. |

### Other tax incentives

There is a special deduction for the purchase of new technology: entrepreneur can deduct 50% of all expenses related to the purchase.

### Situation for angels investing through a co-investment or angel fund

N/a

### Opportunities/obstacles in the framework of a cross border investment

N/a

### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

N/a

### Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

As a general rule, Polish law does not discriminate between local and foreign ownership. Nevertheless, in certain tenders there is an advantage to local businesses over competition from foreign residents that allows them a price tolerance of up to 20% more. There are also restrictions in tenders in that at least 50% of the labour force and 50% of the materials will be local. Despite that stated, almost the entire market is open to foreign investors. There are still restrictions as regards the prior approval of foreign investments. Also for example, not even minimal ownership is permitted in the construction of airfields and the erection of casinos. In certain sectors foreign ownership is restricted to less than 49%. These sectors include, among others, radio and television broadcasting, air transport, fishing and more. To encourage foreign investments, in 1992 the State set up PAIZ - "Foreign Investments Agency" that provides information and services to foreign investors.

### Are fiscal incentives available for investments outside the country? If yes, where does it apply?

N/a

### Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

### Sources of information

Polish Information and Foreign Investment Agency
**PORTUGAL**

**Income tax rate**

*Individual:* Up to 42%

*Corporate:* 25% or 12.5% for profit up to EUR 12,500, plus up to 1.5% municipal surtax

**Capital Gain tax rate**

*Individual:* 10%

*Corporate:* Subject to corporate income tax. If the proceeds of the sales are reinvested in other fixed assets (in the preceding year, in the year of sale and in the two subsequent years), 50% of the gain obtained (net of the related losses) will be excluded from taxation. Exemption (0%) subject to conditions for Portuguese pure holding company under legal status of a Sociedade Gestora de Participações Sociais (most important condition – SGPS must hold the participation for an uninterrupted period of at least one year)

**Dividends tax rate**

*Individual – resident:* (more than 183 days) 20% or from 10.5% to 42% over 50% of the amount if choose to be taxed on world wide income

*Individual – non-resident:* (less than 183 days) 20%

*Corporate – Portuguese company:* 20%. Exemption (0%) for dividends received from a resident company by another resident company, which has held directly at least 10% of the payer company (or the acquisition value of the share participation is higher than EUR 20 million) for 1 year before the payment (similar conditions for subsidiaries resident in EU countries, African countries with Portuguese as official language and Timor. Exemption (0%) subject to conditions for Portuguese pure holding company under legal status of a Sociedade Gestora de Participações Sociais (most important condition – SGPS must hold the participation for an uninterrupted period of at least one year)

*Corporate – non Portuguese Company:* 20% (can be avoided or reduced under EC parent-subsidiary directive or through Double Taxation Agreements)

**Other tax incentives**

Portugal has a special tax regime to venture capital investors and risk capital companies and risk capital funds. However, to benefit from this regime, these entities have to be registered in the Portuguese Securities Market Commission (CMVM). This regime establishes an exemption (0%) for dividends and from sale of share participations owned over a year. Also establishes a deduction on taxation in the amount of net profits (after tax) of the last 5 years if the profits were invested in growing business.

**Situation for angels investing through a co-investment or angel fund**

FINICIA - Micro Venture Capital Fund (EUR 50,000-EUR 250,000):

Business angels, in partnership with the entrepreneur, can invest 10%-55% with the remaining 90%-45% being supported by the public VC. (limit of public capital - EUR 45,000)

FINICIA Venture Capital Fund (EUR 250,000-EUR 2,500,000)

Business angels, in partnership with the entrepreneur, can invest 15% with the remaining 85% being supported by the public VC.

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

No fiscal incentives exist. Business angels can be taxed in Portugal for dividends or capital gains with the sale of shareholding.
Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

N/a

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

N/a

Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

Sources of information

The Portuguese legal framework for venture capital and business angels was updated by the Law – Decreto-Lei n.º 375/2007 of 8th November.

Information about FINICIA co-Investment fund can be accessed through the Public Development Agency IAPMEI.

www.min-financas.pt/
**Romania**

**Income tax rate**

- **Individuals:** 16%
- **Corporate:** 16%

**Capital Gain tax rate**

- **Individuals:** 16%
- **Corporate:** 16%, unless the applicable double tax treaty provides for more favorable rates. A reduced tax rate of 1% applies to the net gain obtained from the sale of shares listed on the stock exchange market held for a period over 365 days from the acquisition date. By exception, between 1 January 2009 and 31 December 2009, the gain obtained from the sale of shares held in a listed Romanian legal entity, is non-taxable.

**Dividends tax rate**

- **Individuals:** 16%, unless the applicable double tax treaty provides for more favorable rates
- **Corporate:** 16%, unless the applicable double tax treaty provides for more favorable rates. By exception, a reduced rate of 10% is applicable for dividends paid to companies resident in Romania, EU or AELS countries (excluding Switzerland) which hold less than 10% of the share capital. An exemption is applicable for dividends received under conditions set by parent-subsidiary directive (similar provisions are applicable for Romanian companies holding more than 10% of the share capital).

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

N/a

**Opportunities/obstacles in the framework of a cross border investment**

Since 1998 Romanian law has reinforced the same treatment for direct investment for both Romanian and foreign investors. Therefore, there is no limitation regarding non-resident participation in Romanian companies (a non-resident may establish a wholly owned company in Romania on the same conditions as a Romanian resident).

Outside investment can be made in different forms, including cash contributions, contributions in kind of goods (transportation means, spare parts) or services (industrial property rights, know-how and management expertise), to the extent permitted by company law, as well as loans financed from profits or capital of other business in Romania or abroad. This capitalisation rules postpone the deductibility of interest until debt equity ratio exceeds 3:1 and an interest cap of 8% (for 2009).

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

There are certain state aid schemes applicable in case of small and medium enterprises, which may be used to reduce the level of investment.

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

Romanian Tax Code (Law no. 571/2003) and Methodological Norms for the application of the Romanian Tax Code (Government Decision no 44/2004).
**RUSSIA**

**Income tax rate**

**Individuals – residents:** 13% excluding the following cases:

- The tax rate is fixed at 35% on income derived from:
  - Value of any winnings and prizes received in competitions, games and other activities in order to advertise goods, works and services if the value is more than RUB 4,000.
  - Extra interest income on bank deposits
  - Economies of low loan interest rate
- The tax rate is fixed at 9% on income derived from:
  - Yield of mortgage bonds issued before 1 January 2007
  - Yield of mortgage participation certificates received by mortgage trustors. The certificates must be issued by a manager of a mortgage pool before 1 January 2007.

**Individuals – non-residents:** 30% (excluding dividends paid by Russian companies).

**Corporate:** 20%

**Capital Gain tax rate**

**Individuals:** 13%

**Corporate:** Taxed as ordinary income at the normal corporate rate

**Dividends tax rate**

**Individuals:** 9% paid to residents and 15% to non-residents

**Corporate:** 9% paid to Russian legal entities and 15% to foreign companies. Exemption (0%) for dividends received by a resident company, which hold a participation of at least 50% for at least 1 year before the payment and with a cost of participation of more than RUB 500 million.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

N/a

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

There are some general fiscal incentives which can be applied for BA investment:

1) Investment tax credit is provided;
2) Operations of direct investment are exempted from VAT;
3) The following types of income are excluded from taxable company's income liable to profit tax:
   a) Proceeds received by a company in the form of contributions to charter capital;
   b) Target financing, in particular, foreign capital investments received by a company for production use if the company uses them during a year after received.

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

Concerning BA investment, there are no differences between nationals and foreigners in terms of fiscal treatment. There are some differences in general fiscal treatment for nationals and foreigners (see the information about income tax rate and dividend tax rate).

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

Russian Tax Code
**SLOVAK REPUBLIC**

**Income tax rate**
A flat tax rate of 19% applies for corporate, personal income tax and VAT.

**Capital Gain tax rate**
Equivalent to the income tax rate of 19%.

**Dividends tax rate**
Generally is not subject to tax

**Other tax incentives**
N/a

**Situation for angels investing through a co-investment or angel fund**
N/a

**Opportunities/obstacles in the framework of a cross border investment**
N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**
N/a

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**
N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**
N/a

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**
N/a

**Sources of information**
www.finance.gov.sk
<table>
<thead>
<tr>
<th><strong>Income tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual:</strong></td>
<td>Progressives rates from 16% to 41%</td>
</tr>
<tr>
<td><strong>Corporate:</strong></td>
<td>21% for 2009 and 20% for 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capital Gain tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual:</strong></td>
<td>20% (reduction of 5 percentage points for each 5 years the capital is held)</td>
</tr>
<tr>
<td><strong>Corporate:</strong></td>
<td>Subject to corporate income tax. Exemption of 50% of gains under certain conditions (the most important: participation of at least 8% and held for more than 6 month)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dividends tax rate</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20% for individuals, 15% withholding for legal entities. Exemption if dividends are received from another Slovene taxpayer, an EU subsidiary or a non-EU subsidiary of a country not listed on the “black list” of the Ministry of Finance.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Other tax incentives</strong></th>
<th>N/a</th>
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<tr>
<th><strong>Situation for angels investing through a co-investment or angel fund</strong></th>
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<tbody>
<tr>
<td>Up to 20%</td>
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<tr>
<th><strong>Opportunities/obstacles in the framework of a cross border investment</strong></th>
<th>N/a</th>
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<table>
<thead>
<tr>
<th><strong>Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund</strong></th>
<th>N/a</th>
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</table>

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<tr>
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<th>N/a</th>
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<tr>
<th><strong>Are fiscal incentives available for investments outside the country? If yes, where does it apply?</strong></th>
<th>N/a</th>
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</table>

<table>
<thead>
<tr>
<th><strong>Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?</strong></th>
<th>N/a</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Sources of information</strong></th>
<th>Slovenia Tax Code</th>
</tr>
</thead>
</table>
## SPAIN

### Income tax rate

**Individual:** Up to 43%

**Corporate:** 30% in general terms. In case of small size entities (i) 25% for the first EUR 120,202 of taxable income; and (ii) 30% for the rest.

### Capital Gain tax rate

**Individual:** 18%

**Corporate:** Subject to corporate income tax. Exemption, subject to conditions, for capital gains derived from a holding in a non-resident company, except tax havens (main important condition is that the Spanish company must hold a participation of at least 5% for at least 1 year).

### Dividends tax rate

**Individual:** 18% (exception for the first EUR 1,500)

**Corporate:** Subject to corporate income tax (available double tax relief)

Note: The General State Budget for 2010 in Spain includes important tax changes that affect the Income tax rate, the Capital Gain tax rate, and the Dividends tax rate (Capital Gain tax rate: Individual: 19-21%, Dividends tax rate: Individual: 19-21%). These changes and others can be followed on www.business-angel.es

### Other tax incentives

“Law 4/2008, of December 23th, took off the Wealth Tax and introduced some amendments in tax regulations. The third additional provision of the aforementioned Law named ‘Analysis of new figures to promote the creation of small and medium companies’ foresees that the Spanish Government will examine the existing systems in the comparative Law to encourage the creation of small and medium companies and support entrepreneurs responding to the name of ‘business angels’ analyzing its feasibility in Spain and the legal and tax regime that would be applicable.

In this regard, on April 22nd, 2009, the Commission on Science and Innovation of the Spanish Congress approved a non-legislative motion (number 161/000858) regarding the regulation of business angels as an instrument of enhancing innovation, which (in connection with the referred third additional provision of Law 4/2008) proposes to (i) create a regulation that recognizes the figure of the business angels, giving the Spanish Government a six months period to submit a study relating to comparative Law systems, in order to be able to establish a new legal and tax regime for business angels that should be in force by January 1st, 2010; (ii) initiate processes of collaboration between the administration and the business angels networks in order to define the future legal and tax regime for business angels, and to establish further mechanisms of information, promotion, monitoring and validation of projects, allowing the evaluation of its impact on the economy; and (iii) articulate the relevant financial and fiscal incentives for financing through the figure of business angels and applicable to individuals as well as to corporations.

### Situation for angels investing through a co-investment or angel fund

Empresa Nacional de Innovación, S.A. (ENISA), public body devoted to invest in creating and developing small and medium companies, is jointly investing with Spanish major business angels networks on a stable basis. AEBAN, the Spanish association of business angels networks, is trying to enlarge this cooperation to all its members.

### Opportunities/obstacles in the framework of a cross border investment

N/a

### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

N/a
Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

N/a

Are fiscal incentives available for investments outside the country? If yes, where does it apply?

ACC11Ó, public agency of the Catalan Government in charge of developing competitiveness of Catalan companies, gives investment grants and soft loans to companies domiciled in Catalonia that invest outside Spain

Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

Sources of information

www.ipyme.org/IPYME/es-ES/Publicaciones
www.esban.com
Asociación Española de Business Angels Networks (AEBAN), www.aeban.es
IESE Business School, www.iese.edu
www.business-angel.es
**SWEDEN**

**Income tax rate**

*Individual*: Up to 57%

*Corporate*: 26.3%

**Capital Gain tax rate**

Please note that the reduction “if you own the share a longer time”, which is allowed in many European countries, is not allowed in Sweden

*Individual*: 30%.

*Corporate*: Subject to corporate income tax. Exemption for capital gains from the sale of shares in a resident company provided the shareholding is business-related (in certain cases may be extended to sales of shares in non-resident companies)

**Dividends tax rate**

*Individual*: 30%

*Corporate*: Subject to corporate income tax.

**Other tax incentives**

N/a

**Situation for angels investing through a co-investment or angel fund**

No, but some funds can get benefits from the government (in special cases)

**Opportunities/obstacles in the framework of a cross border investment**

N/a

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

*Skatteincitamentsutredningen* SOU 2009:33 (Tax incentives Inquiry submits) suggests changes in the Swedish system, proposing the introduction of special fiscal incentives to stimulate individual investments in smaller companies. The study suggests that individuals who invest money in return for shares in non-listed Swedish limited liability companies or certain foreign companies can be subject to tax reductions under certain conditions (suggested tax reduction of 20% not exceeding SEK 100,000 per person per year). The study also suggests that limited liability companies will have the possibility to deduct dividends paid out in cash to individuals. The study proposes that the rules come into force on 1 January 2010 and applied at the 2011 assessment. Investments through a fund were not an opportunity in the tax incentives Inquiry submits.

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

No, but the investigator of the tax incentives inquiry submits, accentuated that people in EU should have the same benefits (taxes) regardless whether they invest in Sweden or in any other European country.

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

See above

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

This is not implemented yet. It is a proposal, but it aims at private persons and not companies.

**Sources of information**

Swedish Law, the Swedish Governments homepage and Swedish Tax Agency (Skatteverket)

www.svca.se; www.skatteverket.se; www.regeringen.se
**SWITZERLAND**

**Income tax rate**
- **Individual**: Up to approximately 40% (federal + cantonal/communal income taxes)
- **Corporate**: From 13% to 22%

**Capital Gain tax rate**
- **Individual**: Taxed at the ordinary individual tax rate
- **Corporate**: Taxed at the ordinary corporate tax rate. Relief for capital gains derived from the sale of participation of at least 20% held for more than 1 year

**Dividends tax rate**
- **Individual**: Taxed at the ordinary individual tax rate
- **Corporate**: Taxed at the ordinary corporate tax rate. Relief for dividends received from a participation of at least 20% or the value of the participation is at least CHF 2 million. Dividends are subject to 35% withholding but it can be reduced up to 0% under the Swiss-EU Savings Agreement.

**Other tax incentives**
- Not available

**Situation for angels investing through a co-investment or angel fund**
- Not available

**Opportunities/obstacles in the framework of a cross border investment**
- Not available

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**
- Not available

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**
- Not available

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**
- Not available

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**
- Not available

**Sources of information**
- Switzerland Tax Code
### The Netherlands

#### Income tax rate

**Individual:** The maximum income tax rate is 52% for annual income exceeding EUR 54,776.

**Corporate:** The Netherlands has progressive tax rates: EUR 0 to EUR 40,000: 20%; EUR 40,000 to EUR 200,000: 23.5%; income exceeding EUR 200,000: 25.5%.

#### Capital Gain tax rate

**Individual:** Generally taxed at 25% flat tax rate on the gain realised or at the annual 30% flat tax rate applied to deemed return equal to 4% of the average annual fair market value of shares, regardless of the actual amount of gains realised.

**Corporate:** Capital gains are taxed at an effective rate of approximately 25.5%. Capital gains derived from the sale of an active or non-low-taxed participation of at least 5% are exempt. Gains arising on a merger may be exempt if certain requirements are met.

#### Dividends tax rate

**Individual:** Income from dividends is fixed at 4% of the total net value (assets minus liabilities). Dividends are taxed at a fixed rate of 30%, so the effective rate is 1.2% (4%*30%).

**Corporate:** Dividends received by a Dutch resident company are exempt unless the subsidiary qualifies as a low-taxed portfolio company. Dividends paid to non-residents is subject to 15% withholding but non-low-taxed participation of at least 5% are exempt or can be reduced under tax treaty.

#### Other tax incentives

- Private individuals can claim a reduction of the tax base for purpose of determining the tax liability up to an amount of EUR 55,145 for investment in certain designed venture capital funds.
- Individuals can write off their capital loss when investing in start-up companies (max. EUR 46,984).
- There is a tax reduction for private investors granting subordinated loans (up to EUR 55,145 per taxpayer) to start-up companies.

#### Situation for angels investing through a co-investment or angel fund

The TechnoPartner Seed Facility stimulates and mobilises the Dutch early stage risk capital market by co-funding venture capital funds. These private funds finance high-tech start-up and small companies. Private parties, like business angels, can establish a venture fund and get their capital matched by government loans. The fund takes the investment decision (not the government/Ministry of Economic Affairs).

#### Opportunities/obstacles in the framework of a cross border investment

N/a

#### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

N/a

#### Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

N/a

#### Are fiscal incentives available for investments outside the country? If yes, where does it apply?

N/a

#### Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

N/a

#### Sources of information

[www.belastingdienst.nl/english/](http://www.belastingdienst.nl/english/)
## Turkey

### Income tax rate

- **Individual**: Progressive rate between 15% and 35%.
- **Corporate**: 20%.

### Capital Gain tax rate

- **Individual**: 15% up to 35% on a progressive basis, with some exemptions related to the holding period of the asset.
- **Corporate**: Subject to corporate income tax but 75% of capital gains derived from the sale of domestic participations are exempt from corporation tax if some conditions are satisfied.

### Dividends tax rate

- **Individual**: 15% up to 35% on a progressive basis.
- **Corporate**: Dividends received by resident companies from other Turkish companies are exempt. Dividends received from non-residents companies are exempt under certain conditions (most important for participations of at least 10% for at least 1 year and subject to a foreign income tax of at least 15% or 20%).

### Other tax incentives

**N/a**

### Situation for angels investing through a co-investment or angel fund

**N/a**

### Opportunities/obstacles in the framework of a cross border investment

Very open minded attitude about foreign direct investment.

### Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund

Several regulations are being drafted at the moment regarding investment portfolio companies and their administration. Many venture capital companies are already emerging, especially in the greater Istanbul area.

### Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund

**N/a**

### Are fiscal incentives available for investments outside the country? If yes, where does it apply?

Several incentive programmes exist. Incentives vary in size, duration and type depending on the sector (construction, IT and marketing have custom-made incentive programmes offered by different Government organizations).

### Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?

**N/a**

### Sources of information

- **KOSGEB** - (Gov. SME support Agency) :
**UNITED KINGDOM**

**Income tax rate**

*Individual:* Up to 40% (rising to 50% from 6 April 2010).

*Corporate:* Main rate of corporate income tax is 28%. There is a reduced rate for small companies (taxable profits less than GBP 300,000 of 21%).

**Capital Gain tax rate**

*Individual:* Capital gain tax is payable at a rate of 18% on all disposals after 5 April 2008, with a special rate of 10% on the first GBP 1 million of capital gains in restricted circumstances. Non-residents are not chargeable to UK capital gains tax. Details on table below.

*Corporate:* Generally subject to income corporate rate. Exemptions for companies with substantial shareholding.

**Dividends tax rate**

*Individual:* 32.5% (rising to a max. of 42.5% from 6 April 2010). Dividends from UK companies have a 10% tax credit, resulting in an effective tax rate of 25% (rising to a max. of 36% from 6 April 2010). Foreign dividends are taxed in the same way in most circumstances.

*Corporate:* Dividends received by a resident company from another UK company are exempt from corporation tax. Dividends received from a non-resident company after 1 July 2009 are generally exempt from UK tax subject to a number of conditions.

**Other tax incentives**

See table below

**Situation for angels investing through a co-investment or angel fund**

See table below

**Opportunities/obstacles in the framework of a cross border investment**

See table below

**Any other general fiscal incentive which can also be applied for direct BA investment and BA investment through a fund**

See table below

**Are there any differences in terms of fiscal treatment between nationals and foreigners: Direct BA investment and BA investment through a fund**

N/a

**Are fiscal incentives available for investments outside the country? If yes, where does it apply?**

The EIS is only available to UK companies,(although this is to be relaxed from April 2010 so that any company with a permanent establishment in the UK will qualify) and can only benefit individuals with a UK tax liability.

**Impact of the fiscal incentives for angels. Has the impact been measured? What are the main results?**

N/a

**Sources of information**

[www.hmrc.gov.uk/eis/](http://www.hmrc.gov.uk/eis/)

## UNITED KINGDOM: Comparative table of investment methods proposed to business angels

<table>
<thead>
<tr>
<th>Direct investments by a private individual</th>
<th>Tax break/tax system</th>
<th>Main restrictions</th>
<th>Investment channel</th>
<th>Investment target</th>
<th>Rules concerning the amount granted</th>
<th>Length of the investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs' Relief provides for the first £1m of gains on qualifying assets to be taxed at 10% rather than 18%.</td>
<td>Investors must hold at least 5% and must be employees or office holders of the company</td>
<td>Entrepreneurs' Relief</td>
<td>The company must be a trading company</td>
<td>No limit on sum invested, but only the first GBP £1m in gains can be relieved</td>
<td>There is a one year qualifying period.</td>
<td></td>
</tr>
<tr>
<td>Tax relief at 20% on amount invested in qualifying investments up to £500,000</td>
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<tr>
<td>Further tax relief at up to 40% for any losses (up to 50% from April 2010).</td>
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<td></td>
</tr>
<tr>
<td>Capital Gains Tax CGT deferral relief: if a capital gain from any asset is invested in shares of a company that qualifies under EIS then CGT on the gain is deferred until the EIS shares are disposed of. Any gain from the disposal of the shares in the EIS company is exempt from CGT after 3 yrs. Inheritance tax exemption after 2 years.</td>
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</tr>
<tr>
<td>• Investors must be UK tax payers to benefit from this.</td>
<td>Enterprise Investment Scheme</td>
<td>Gross Assets of the company cannot exceed £7m before any share issue and £8m after that issue. Qualifying trades: a specific list of non-qualifying trades has been drawn to ensure that the scheme targets companies likely to face a barrier to finance and meets State Aid rules.</td>
<td>Minimum investment of £500 per company per tax year. There is an annual investment limit of £2m.</td>
<td>All investments must remain in the company for a minimum period of 3 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax break/tax system</td>
<td>Main restrictions</td>
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<td>Investment target</td>
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<tr>
<td><strong>Investment through Public Limited Company</strong></td>
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<td></td>
</tr>
<tr>
<td>• Depending on the approach used the setting up costs: between £20-80 (for direct filings) or £500-550 (if an incorporate agent is used)</td>
<td></td>
<td></td>
<td>Minimum capital required £50,000 paid up to the least one-quarter of the nominal value plus any premiums.</td>
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</tr>
<tr>
<td>• Can be incorporated on a “same day” basis (less expensive in a standard incorporation system = 5-7 days).</td>
<td></td>
<td></td>
<td></td>
<td>No particular restrictions.</td>
<td></td>
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</tr>
<tr>
<td><strong>Investment through Private Limited company</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Setting up costs: between £20-80 (for direct filings) or £150-300 (if an incorporate agent is used)</td>
<td></td>
<td></td>
<td>No legal minimum capital (but at last 1 share of £1).</td>
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</tr>
<tr>
<td>• From 5 to 7 business days to be incorporated (if an incorporated agent is used it may takes 1 or 2 days).</td>
<td></td>
<td></td>
<td></td>
<td>No particular restrictions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Situation for angels investing through a co-investment or angel fund</td>
<td>Opportunities/obstacles in the framework of a cross border investment</td>
<td>Sources of information on fiscal environment or efficiency of fiscal incentives for angels</td>
<td></td>
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<td>---</td>
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</tr>
</tbody>
</table>
| EIS rules and benefits apply directly if the participation occurs in a syndicate as part of an Angel Co-investment Fund. | Currently EIS benefits only apply to investment made in Companies wholly or mainly operating in the UK. | www.hmrc.gov.uk.eis
Consultation on the working of the EIS scheme being implemented by UK HM Treasury to report in Autumn 2008 |
| EIS Approved Funds:  
Angels can participate in an approved EIS fund, which makes the investment on their behalf.  
All EIS shares acquired through the fund are treated as though they had been issued on the date when the fund closed.  
NB 90% of the fund must be invested within 12 months in order for the individual angel investor to qualify for EIS relief. The fund must also invest in at least 4 companies. The shares must be held in the qualifying companies for at least 3 years.  
For unapproved EIS funds: Minimum of investment per company of £500 in each EIS qualifying company and same 3 year share holding. |  |  |
| Venture Capital Trusts  
Venture Capital Trusts provide 30% income tax relief on investment of up to GBP 200k per year, exemption from tax on dividends, and exemption from Capital Gains Tax  
Investments are managed by a Fund Manager – there is minimal involvement on the part of the investor. |  |  |
3. Brief overview of American state tax policy

Taxation in the United States is a complex system which may involve payment to at least four different levels of government and many methods of taxation. United States taxation includes local government, possibly including one or more of municipal, township, district and county governments. It also includes regional entities such as school and utility, and transit districts as well as state and federal government.

The federal corporate income rate varies between 15% and 35% depending on taxable income and applies to the worldwide income of U.S. corporations and to such income of foreign corporations that is effectively connected with a U.S. trade or business. The U.S. individual income tax is rate progressively between 10% and 35%.

Gains derived by companies on assets held for investment are taxed at the same rate as ordinary income (a maximum 35%). Gains from the sale of depreciable property used in business are treated as ordinary income to the extent that they result in the recovery of past depreciation.

Fiscal Incentives for business angels in the United States of America

Accordingly to a study from NGA Center for Best Practices (“State Strategies to Promote Angel Investment for Economic Growth” – February, 2008), published by the Angel Capital Association, angel investors have typically investment portfolios in excess of USD 250,000 in multiple companies. The local businesses in which they invest create high-skill, high-wage jobs and make important contributions to states and their communities.

Some states have created state-wide networks to support the formation of business angels groups and are currently adopting policies to promote them by helping groups invest together in companies that require larger amounts of funding. Several options can be taken to promote early-stage investment by business angels: (i) expand investor education through seminars for accredited investors; (ii) invest in resources for entrepreneurs and ensure angel investors are included in an overall portfolio of services to support entrepreneurship; (iii) help establish and support state-wide angel networks; (iv) ensure that angel investors are represented on state economic development advisory boards; (v) provide financial incentives to encourage angel investment; and (vi) identify and collect metrics to monitor the impact on policies to encourage angel investment.

In the context of financial incentives, governors can determine promising practices to mobilize
local investment such as tax credits, conditional loans or matching grants for angel investment.

The most common incentive, and most controversial, is the personal tax credit. Eighteen states have early-stage investment tax credits with rates of 10% to 100%, several of which have been recently enacted. Those programs are very different by state, with a wide variety of details involved. Kentucky is trying a different model with the Kentucky Investment Fund Act, where professionally that managed funds with more than USD 500,000 invested in qualified companies are offered a 40% personal or corporate tax credit. Michigan has implemented the Angel Investor Incentive, a personal income tax deduction on reinvestment in qualified companies.

There are many different opinions among angels, policymakers, and the public about the impact of tax credits on angel investment and sustainable entrepreneurial start-ups. Many angel investors are enthusiastic about tax credits because credits increase angels’ return on investment. However, the economic benefits of the investment tax credit to states are unknown because of the lack of data and the difficulty of measuring economic impacts. Some believe credits likely increase the size of completed deals but that they are unlikely to increase the number of ventures funded because they do not improve deal quality. Recent studies also show that the benefits of investor tax credits also depend on a number of factors, such as whether the credit is temporary or permanent.

New investment tax credits reward not only new angels but also those already actively investing, lowering the benefit-cost ratio of tax credits. At the same time, tax credits can establish a political platform to spark interest in early-stage investment, create a mechanism by which to measure state angel investment, and attract new investors through marketing by attorneys and accountants.

The most important aspect of a tax credit is its credit rate. States with tax credit rates of 10% did not appear to experience significant increases in investment: Vermont’s 10% investment credit was enacted in 2004 and no credits were claimed. In Hawaii, only USD 162,000 were claimed by 23 taxpayers in its credit’s first year. In 2002, over USD 26 million were claimed in Hawaii after the state increased the rate from 10% to 100%. Programs can also be designed to allocate the following year’s credits if current credits are exhausted, as in Wisconsin where credits are capped at USD 3 million per year.
## State Angel Investment Tax Credits

<table>
<thead>
<tr>
<th>State</th>
<th>Tax Credit</th>
<th>Rate (%)</th>
<th>Requirements</th>
<th>Span (years)</th>
<th>Cap</th>
<th>Max</th>
<th>Carry (years)</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Angel Investment Tax Credit</td>
<td>30</td>
<td>Not available to those who hold &gt; 30% equity</td>
<td>3</td>
<td>$20 over 5 years</td>
<td>$250k aggregate investment per investor per year; $2M credit per business</td>
<td>3</td>
<td>Effective July 1, 2006</td>
</tr>
<tr>
<td>Hawaii</td>
<td>High Technology Investment Tax Credit</td>
<td>100</td>
<td>Research must be at least 50% of company activity</td>
<td>5</td>
<td>None</td>
<td>$2M credit per business per year</td>
<td>0</td>
<td>1999 to 2002, $36M in 887 claims with $114, 4M outstanding</td>
</tr>
<tr>
<td>Indiana</td>
<td>Venture Capital Investment Tax Credit</td>
<td>20</td>
<td>Qualified Business</td>
<td>1</td>
<td>$12.5M per year</td>
<td>$500K per years per company</td>
<td>5</td>
<td>Not yet recorded</td>
</tr>
<tr>
<td>Iowa</td>
<td>Qualified Business Investment and Seed Capital Tax Credit</td>
<td>20</td>
<td>Credit cannot be claimed until 3 years after investment</td>
<td>1</td>
<td>$10M over 3 years</td>
<td>$50K credit per investment; 5 investments per year</td>
<td>5</td>
<td>$1.8M claimed thru June 2005 since inception in 2002</td>
</tr>
<tr>
<td>Kansas</td>
<td>Angel Investor Tax Credit</td>
<td>50</td>
<td>Company &lt; $3M gross revenue and &lt; 5 years of operations</td>
<td>1</td>
<td>$23M per year and $20M over 12 years</td>
<td>$20M per year and $20M over 12 years</td>
<td>1</td>
<td>Not Transferable</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Angel Investor Tax Credit</td>
<td>50</td>
<td>More than 50% of company sales are outside the state</td>
<td>5</td>
<td>$5M per year</td>
<td>$1M investment per year per business; and $2M aggregate per business</td>
<td>11</td>
<td>Began January 1, 2005</td>
</tr>
<tr>
<td>Maine</td>
<td>Seed Capital Tax Credit</td>
<td>40</td>
<td>Investment at risk for 5 years</td>
<td>4</td>
<td>$20M aggregate</td>
<td>50% total liability; $200K credit per investment; aggregate $9M per business</td>
<td>15</td>
<td>1992-02 $6.7M claimed at 30 percent; 2003-05 $5.4M claimed at 40 percent</td>
</tr>
<tr>
<td>New Jersey</td>
<td>High Technology Investment Tax Credit</td>
<td>10</td>
<td>Company has &lt;225 jobs, &gt;75% of which are in the state</td>
<td>1</td>
<td>None</td>
<td>$1M credit per company; $500K credit per investor</td>
<td>15</td>
<td>Not available</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Angel Investment Credit</td>
<td>25</td>
<td>High-Tech manufacturing &lt;100 employees; &lt;5M in previous fiscal year</td>
<td>1</td>
<td>$750 000</td>
<td>25% up to $25 000 per company and 2 companies per year</td>
<td>3</td>
<td>Passed 2007</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Qualified Business Investment Tax Credit</td>
<td>25</td>
<td>Company gross revenues &lt; $5M in previous fiscal year</td>
<td>1</td>
<td>$6M per year; increased to $7M per year in 2004</td>
<td>$50k credit per year</td>
<td>5</td>
<td>$6M per year claimed in 2002 and 2003</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Seed Capital Investment Tax Credit</td>
<td>45</td>
<td>Qualified company is principally in state and engage in innovation or R&amp;D</td>
<td>3</td>
<td>$2.5M per year</td>
<td>$250K investment per year per investor; $500k investment per business</td>
<td>4</td>
<td>2002-2005; $24M invested in 1088 companies by 768 claimants, $9M in credits</td>
</tr>
<tr>
<td>Ohio</td>
<td>Technology Investment Tax Credit</td>
<td>25</td>
<td>Business has &lt;$2.5M in revenue</td>
<td>1</td>
<td>$20M aggregate</td>
<td>investment &lt;= $250K per year; $1.5M investment per company</td>
<td>15</td>
<td>Estimated $1.3M per year</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Small Business Capital Credits</td>
<td>20</td>
<td>Company spends 50% of investment within 18 months</td>
<td>1</td>
<td>None</td>
<td>$500k investment per year</td>
<td>10</td>
<td>Claims: 2002 $2M; 2003 $3M; 2004 $1M</td>
</tr>
<tr>
<td>Oregon</td>
<td>University Venture Capital Funds</td>
<td>60</td>
<td></td>
<td>3</td>
<td>$14M aggregate</td>
<td>$50k credit per year</td>
<td>None</td>
<td>Began in 2006</td>
</tr>
<tr>
<td>Vermont</td>
<td>Seed Capital Fund</td>
<td>10</td>
<td>50% firm revenue from out of state</td>
<td>1</td>
<td>$2M aggregate</td>
<td>50% of total liability</td>
<td>4</td>
<td>Began 2005</td>
</tr>
<tr>
<td>Virginia</td>
<td>Qualified Business Investment Credit</td>
<td>50</td>
<td>Must hold equity for 3 years</td>
<td>1</td>
<td>$3M per year prorated</td>
<td>$50k per investor annually</td>
<td>15</td>
<td>Over 5 years; $7.3M credited to 863 claims</td>
</tr>
<tr>
<td>West Virginia</td>
<td>High Growth Business Investment Tax Credit</td>
<td>50</td>
<td>Maintain investment for 5 years</td>
<td>1</td>
<td>$2M per year for 5 years</td>
<td>$50k per investor; $1M investment per company</td>
<td>4</td>
<td>Began, July 1, 2005</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Angel Investor Tax Credit</td>
<td>25</td>
<td>Up to $500K in equity purchases</td>
<td>2</td>
<td>$3M per year; $30M aggregate</td>
<td>$125k credit per investment</td>
<td>0</td>
<td>$3M in 2005; 290 investors</td>
</tr>
</tbody>
</table>
