Annex 25

- *General summary table of responses from Tax Advisors*

Austria (AT); The Czech Republic (CZ); Denmark (DK); Estonia (EE); Finland (FI); France (FR); Ireland (IE); Italy (IT); Lithuania (LT); Luxembourg (LU); The Netherlands (NL); Norway (NO); Poland (PL); Portugal (PT); Romania (RO); Slovakia (SK); Slovenia (SI); Spain (ES); Sweden (SE).

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
1. What is the size of undertakings that you generally represent or provide services to?																				
Micro enterprise:	31,47	49	31	39	21	10	49	24	7	35	57	30	25	58	9	32	31	35	24	32
Small enterprise:	37,47	25	37	39	59	52	29	40	55	37	38	19	42	25	37	46	40	43	40	9
Medium-sized enterprise:	31,05	26	32	22	20	38	22	36	38	28	5	51	33	17	54	22	29	22	36	59
2. Do you represent or provide services to?																				
Sole trader	10,89	19	68	15	2	4	8	9	2	1	22	8	11	2	1	3	18	11	1	2
General partnership	6,58	16	3	10	2	10	10	7	2	9	1	12	7	2	12	0	8	7	5	2
Limited partnership	21,00	33	3	26	11	29	9	20	3	8	1	17	28	18	33	49	8	28	30	45
Corporation	52,00	29	24	36	77	51	56	56	74	74	74	40	39	73	52	42	60	39	62	30
Others	9,53	3	2	13	8	6	17	8	19	8	2	23	15	5	2	6	6	15	2	21
2.1. In the corporations																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
that you represent, which proportion is?																				
Closely held (one or only few active shareholders)	78,42	97	68	92	83	80	65	72	37	89	82	54	86	94	90	91	73	86	84	67
Widely held	21,58	3	32	8	17	20	35	28	63	11	18	46	14	6	10	9	27	14	16	33
3. What are the main non-tax reasons that motivate business owners to distribute earnings?																				
to build up an old age pension, funds for retirement	1,63	2	1	2	1	2	2	3	4	0	1	2	2	2	2	1	1	0	1	2
limiting your financial risk	2,32	2	2	4	2	2	2	2	2	1	2	4	4	2	3	2	2	3	1	2
financing of your other business activities	3,47	3	4	3	3	4	2	3	2	4	5	3	3	3	4	4	4	4	4	4
financing of your cost of living, private use	3,68	4	4	3	4	4	4	5	4	4	3	5	3	5	3	4	4	2	1	4
reducing	2,11	2	2	2	2	2	2	2	2	1	3	3	3	2	2	2	2	3	1	2

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
surplus capital of your enterprise																				
no investment possibilities left	1,00	2	1	1	1	0	1	1	1	1	2	1	0	1	1	1	1	2	1	0
others …	0,95	1	0	1	5	1	3	2	0		0	0	1	1	0	1	0	0	1	1
4. Has taxation been in previous years an important factor in business owners' decision to distribute earnings?																				
YES	73,79	75	91	40	70	0	90	82	80	80	100	100	58	91	80	64	91	70	80	60
NO	26,21	25	9	60	30	100	10	18	20	20	0	0	42	9	20	36	9	30	20	40
5. Has taxation been in previous years an important factor in business owners' decision to retain earnings?																				
YES	66,79	62	73	70	100	40	90	27	80	80	50	40	75	27	90	82	73	70	80	60
NO	33,21	38	27	30	0	60	10	73	20	20	50	60	25	73	10	18	27	30	20	40

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
6. Are you asked advice by business owners on whether to retain or distribute earnings?																				
YES	77,84	75	100	90	67	60	90	82	100	30	90	90	92	82	70	91	100	30	40	100
NO	22,16	25	0	10	33	40	10	18	0	70	10	10	8	18	30	9	0	70	60	0
Part 2 - Retained vs. distributed earnings and payment of wages																				
8. Taking only taxes into consideration, is it more advantageous for business owners to retain or to distribute earnings?																				
Retain earnings	47,84	22	45	60	100	90	25	0	70	10	50	50	46	82	90	70	46	0	33	20
Distribute earnings	29,11	33	19	10	0	10	50	33	30	90	0	20	39	9	10	30	18	56	56	40

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
Neither	23,05	45	36	30	0	0	25	67	0	0	50	30	15	9	0	0	36	44	11	40
9. Is there a tax advantage to earnings being directly distributed to the business owner through dividends rather than being retained and then realised as capital gain when the business owner sells shares or the business?																				
Tax advantage to distribution	19,37	50	18	30	10	0	45	11	20	10	0	0	17	0	10	9	18	89	11	20
Tax advantage to retain in order to generate capital gain at later stage	33,21	25	18	0	30	73	33	56	80	10	40	70	0	36	0	91	18	0	11	40
No tax is neutral	47,42	25	64	70	60	27	22	33	0	80	60	30	83	64	90	0	64	11	78	40
10. Is wage amount or annual bonus																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
amount considered by business owners a way of distributing earnings?																				
YES	67,26	89	18	60	0	100	90	82	90	80	80	50	69	82	100	90	18	60	60	60
NO	32,74	11	82	40	100	0	10	18	10	20	20	50	31	18	0	10	82	40	40	40
11. Do business owners generally consider a tax planning issue the choice between wages, annual bonus, the level of retained and that of distributed earnings?																				
YES	73,21	57	91	78	80	90	100	73	100	40	22	70	85	91	100	73	91	70	20	60
NO	26,79	43	9	22	20	10	0	27	0	60	78	30	15	9	0	27	9	30	80	40
12. Do business owners consider borrowing from their																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
Undertaking for their private short-term finance needs rather than distributing earnings?																				
YES	37,05	50	36	20	44	30	40	20	25	0	80	20	83	30	25	55	36	40	50	20
NO	62,95	50	64	80	56	70	60	80	75	100	20	80	17	70	75	45	64	60	50	80
13. Are there tax incentives promoting the retention of earnings?																				
YES	34,47	100	9	10	100	20	80	18	60	10	0	60	15	58	0	18	9	11	10	67
NO	65,53	0	91	90	0	80	20	82	40	90	100	40	85	42	100	82	91	89	90	33
14. Are there tax disincentives deterring the retention of earnings?																				
YES	16,74	33	9	10	0	10	30	0	80	10	0	20	38	9	0	0	9	10	0	50
NO	83,26	67	91	90	100	90	70	100	20	90	100	80	62	91	100	100	91	90	100	50
15. Are there tax sanctions to deter the retention of																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
earnings?																				
YES	15,00	30	0	10	0	10	20	0	56	50	0	10	0	0	0	9	0	0	50	40
NO	85,00	70	100	90	100	90	80	100	44	50	100	90	100	100	100	91	100	100	50	60
16. Are there tax incentives to promote the distribution of earnings?																				
YES	25,21	50	9	30	33	0	11	27	40	60	0	20	33	9	0	18	9	30	60	40
NO	74,79	50	91	70	67	100	89	73	60	40	100	80	67	91	100	82	91	70	40	60
17. Are there tax disincentives to deter the distribution of earnings?																				
YES	26,74	50	20	10	67	10	70	9	40	20	0	10	17	82	0	30	20	0	20	33
NO	73,26	50	80	90	33	90	30	91	60	80	100	90	83	18	100	70	80	100	80	67
18. Are there tax sanctions to deter the distribution of earnings?																				
YES	15,47	89	0	22	33	10	11	0	30	0	0	0	15	64	0	0	0	0	0	20
NO	84,53	11	100	78	67	90	89	100	70	100	100	100	85	36	100	100	100	100	100	80
19. Does the current tax treatment on																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
retained and distribution of earnings have a direct impact on business owners' decision to retain or distribute earnings?																				
Yes has an important impact in favour of retention	27,26	33	9	30	90	20	12	9	40	0	0	30	39	82	10	55	9	0	0	50
Yes has an important impact in favour of distribution	23,32	45	27	0	0	0	38	18	40	60	0	10	23	0	0	18	27	60	60	17
NO	49,42	22	64	70	10	80	50	73	20	40	100	60	38	18	90	27	64	40	40	33
Part 3 - Tax Aspects of Retained Earnings Financing vs. Debt Financing																				
20. Taking only taxes into consideration																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
do business owners consider retained earnings financing or debt financing more advantageous for the Undertaking?																				
Retained earnings financing	26,05	0	45	60	11	0	35	27	30	0	40	0	31	18	100	30	46	22	0	0
Debt financing	54,37	78	36	30	0	100	24	37	70	100	60	90	61	55	0	60	36	56	100	40
Tax is neutral	19,58	22	19	10	89	0	41	36	0	0	0	10	8	27	0	10	18	22	0	60
21. Are accelerated depreciation, reinvestment reserves and provisions considered important alternatives to financing by means of retained earnings?																				
YES	49,53	87	45	30	22	100	78	55	56	40	10	50	62	64	30	27	45	30	30	80
NO	50,47	13	55	70	78	0	22	45	44	60	90	50	38	36	70	73	55	70	70	20

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
22. Have business owners experienced problems with competing tax advantages such as the ones above?																				
YES	34,37	33	40	20	12	10	50	55	40	10	40	0	50	36	70	40	40	30	10	67
NO	65,63	67	60	80	88	90	50	45	60	90	60	100	50	64	30	60	60	70	90	33
23..Are there special tax incentives triggered by the level of increase in own equity aimed at promoting the retention of earnings?																				
YES	18,00	62	30	20	11	0	22	0	10	10	10	40	8	18	0	0	30	11	0	60
NO	82,00	38	70	80	89	100	78	100	90	90	90	60	92	82	100	100	70	89	100	40
24. Are there tax provisions that depending on the debt/equity ratio limit the deductibility																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
of interest?																				
YES	48,79	25	82	50	0	20	40	82	10	60	10	100	85	0	100	60	82	11	60	50
NO	51,21	75	18	50	100	80	60	18	90	40	90	0	15	100	0	40	18	89	40	50
24.1. If Yes, does this have an impact on business owners' decision to distribute earnings?																				
YES	40,67	100	67	14	0	50	75	0	50	0	0	80	73	NA	0	56	67	0	0	100
NO	59,33	0	33	86	100	50	25	100	50	100	100	20	27	NA	100	44	33	100	100	0
25. Are there any net worth (own equity) taxes which have an impact on business owners' decision to distribute or to retain earnings?																				
YES	24,16	33	27	0	0	10	20	0	30	10	0	100	25	91	10	9	27	0	0	67
NO	75,84	67	73	100	100	90	80	100	70	90	100	0	75	9	90	91	73	100	100	33

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
26. Does the current tax treatment on retained earnings in comparison to debt financing have a direct impact on business owners' decision to retain or distribute earnings?																				
Yes has an important impact in favour of retention	17,89	43	30	10	60	0	0	18	22	0	0	40	31	9	0	27	30	0	0	20
Yes has an important impact in favour of distribution	12,05	29	0	20	0	0	11	0	33	10	0	20	15	0	10	18	0	33	10	20
NO	70,05	28	70	70	40	100	89	82	45	90	100	40	54	91	90	55	70	67	90	60
Part 4 – Tax Aspects of Business Income vs. Private Income																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
27. Based exclusively on tax considerations, is it more advantageous for business owners to earn income from business activities or from private investments (e.g. interest)?																				
Business income	28,32	25	18	11	60	10	56	18	67	0	50	70	17	9	10	9	18	70	0	20
Private (investment) income	47,11	75	64	22	0	90	22	55	11	70	50	10	83	64	0	55	64	10	70	80
Neutral	24,58	0	18	67	40	0	22	27	22	30	0	20	0	27	90	36	18	20	30	0
28. Does the corporate income taxation encourage business owners to invest as an individual in private assets which they subsequently																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
rent or lease to their own Undertaking																				
YES	31,74	75	60	10	0	20	78	55	100	0	0	40	0	45	10	0	60	30	0	20
NO	68,26	25	40	90	100	80	22	45	0	100	100	60	100	55	90	100	40	70	100	80
29. Does the corporate income taxation encourage undertakings to invest in business assets, which are rented or leased to the business owner?																				
YES	19,11	12	55	10	0	10	11	0	40	10	90	0	8	0	10	9	55	10	0	33
NO	80,89	88	45	90	100	90	89	100	60	90	10	100	92	100	90	91	45	90	100	67
30. Does capital gains taxation favour ownership of private assets or business assets?																				
Private assets	63,63	100	91	67	0	90	50	27	100	70	50	89	69	92	0	36	91	67	70	50
Business assets	36,37	0	9	33	100	10	50	73	0	30	50	11	31	8	100	64	9	33	30	50

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
31. Is there an advantage for capital gain tax purposes to rent or lease private assets (real estate, buildings, machinery) to the Undertaking?																				
YES	31,05	62	60	40	0	20	60	36	70	30	20	50	0	18	0	9	60	38	0	17
NO	68,95	38	40	60	100	80	40	64	30	70	80	50	100	82	100	91	40	62	100	83
32. If interest expenses on private debts were not tax deductible would this encourage business owners to distribute earnings?																				
YES	47,05	86	45	80	50	10	67	20	67	10	100	30	67	91	11	20	45	25	20	50
NO	52,95	14	55	20	50	90	33	80	33	90	0	70	33	9	89	80	55	75	80	50
33. Is the current tax treatment of																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
business income vs. private investment income an important aspect for business owners' decision to either retain or distribute earnings?																				
Yes has an important impact in favour of retention	19,47	14	27	10	67	10	22	0	30	10	0	30	46	18	0	9	27	0	10	40
Yes has an important impact in favour of distribution	25,42	43	18	20	11	10	0	22	40	60	30	10	23	0	50	18	18	30	60	20
NO	55,11	43	55	70	22	80	78	78	30	30	70	60	31	82	50	73	55	70	30	40
34. Does the current tax system constitute for business owners an obstacle to the retention of																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
earnings and stronger equity?																				
YES	14,21	22	18	0	0	0	50	0	10	60	0	0	15	0	0	27	18	0	0	50
NO	85,79	78	82	100	100	100	50	100	90	40	100	100	85	100	100	73	82	100	100	50
34.1. If so, what tax provisions lead business owners to not retain earnings?																				
Retention of earnings is less advantageous than distribution and payment of wages	4,18	5	7	NA	2	7	3	4	6	1	na	3	5	NA	2	4	7	7	0	8
Retention of earnings is less advantageous than payment of wages	3,24	0	3	NA	0	9	3	2	6	1	na	5	6	NA	2	4	3	7	0	4
Retained earnings financing is less advantageous than debt financing	5,35	10	5	NA	0	8	5	5	6	7	na	7	6	NA	4	5	5	8	5	5

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
Investment in business assets is less advantageous than investment in private assets	4,12	0	5	NA	1	5	4	3	8	5	na	5	8	NA	3	3	5	5	5	5
Financing by amortisation, depreciation, reinvestment reserves and provisions is more advantageous than financing by retained earnings	4,06	5	4	NA	1	8	5	3	3	5	na	4	6	NA	2	2	4	4	5	8
Uncertainty of future tax legislation	5,12	2	6	NA	6	8	8	6	1	8	na	7	4	NA	9	4	6	6	0	6
Complexity of tax system	3,94	0	2	NA	4	3	7	4	2	8	na	7	3	NA	9	3	2	5	0	8
Other reasons please specify	1,29	0	8	NA	0	0	0	0	0	0	na	0	0	NA	4	2	8	0	0	0
35. What kind of tax incentives would likely influence business owners'																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
decision to retain earnings?																				
Reduced taxation on undistributed earnings, if earnings are retained for a minimum period of time	6,84	9	8	7	3	10	6	8	6	7	6	7	8	7	0	6	8	10	7	7
Reduced taxation on undistributed earnings, if earnings are retained for an unlimited period of time	5,21	6	6	6	6	7	5	7	7	6	5	4	6	3	1	3	6	5	5	5
Reduced taxation for SMEs in general	5,79	7	2	6	6	9	7	4	6	8	8	9	5	3	5	4	2	3	7	9
Deduction of deemed interest expenses based on the total equity	5,68	6	5	5	6	7	5	4	6	5	6	8	7	6	4	6	5	5	6	6
Deduction of deemed interest expenses	4,95	6	5	5	4	6	5	3	5	5	4	6	7	7	2	5	5	5	3	6

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
based on the increase of equity																				
Increase of the imputation rate of capital income (only in case of Dual	4,95	6	3	2	3	4	3	2	3	7	5	3	6	5	1	3	3	2	1	4
Income Tax)																				
No taxation on capital gains on sale of Undertaking	6,42	7	5	8	6	5	6	3	8	6	7	8	7	8	8	6	5	5	6	8
Incentives for capital gains tax purposes if the enterprise is sold	6,00	7	6	6	7	5	6	7	6	7	5	7	7	5	6	4	6	5	6	6
Other please specify	0,58	0	0	0	0	0	10	0	0	0	1	0	0	0		0	0	0	0	0
36. Should the preferred tax incentives as described above be introduced, what would be the effect on business owners'																				

Questions	Aver.	AT	CZ	DK	EE	ES	FI	FR	IE	IT	LT	LU	NL	NO	PL	PT	RO	SK	SI	SE
decision in respect to retained earnings?																				
Strong increase in retained earnings	29,63	11	45	50	28	30	0	0	60	20	50	10	31	55	20	18	45	10	0	80
Moderate increase in retained earnings	61,00	78	55	50	29	70	80	100	30	80	50	80	61	36	80	82	55	80	43	20