

# Simplified Tax Compliance Procedures for SMEs

Final Report of the Expert Group





**EUROPEAN COMMISSION**  
ENTERPRISE AND INDUSTRY DIRECTORATE-GENERAL

Promotion of SMEs' competitiveness

## **FINAL REPORT OF THE EXPERT GROUP**

### **SIMPLIFIED TAX COMPLIANCE PROCEDURES FOR SMES**

**(PERSONAL INCOME TAX, CORPORATE INCOME TAX, PAYROLL TAX)**

**June 2007**

## **Legal Notice**

This project has been conducted by the European Commission and experts in the field of taxation appointed by the national authorities, under the Multiannual Programme for Enterprise and Entrepreneurship coordinated by the European Commission's Directorate-General for Enterprise and Industry.

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## EXECUTIVE SUMMARY

In order to achieve the goals of the re-launched **Lisbon Strategy**, Europe must improve European and national regulation. Better regulation has a significant positive impact on the framework conditions for economic growth, employment and productivity. This is particularly important for the 23 million SMEs in Europe, which often have only limited resources and insufficient expertise to comply with complex rules and procedures.

Compliance with tax rules in particular can be challenging for small businesses. **Tax legislation** is in many cases rather **complex**. Tax laws are drafted in a way that allows their application to businesses of all sizes and to all types of economic transactions, even for operations that are only carried out by large corporations.

This report describes the various measures that the participating countries have taken to reduce tax compliance costs for SMEs. Its aim is to facilitate an exchange of **best practices** among countries and support the distribution of tested methods to improve the business environment for European SMEs. The report concentrates on **income taxes** (personal and corporate) and **payroll taxes** (wage taxes). Value added tax is not included. Unlike the direct taxes, VAT is largely regulated by European law so that an exchange of good practices has only limited relevance. Moreover, there are already several initiatives to simplify the VAT regime at European level (especially the recast of the Sixth VAT directive launched in 2004, which brings together various provisions for VAT in a single piece of legislation and provides a clearer overview of current VAT law).

In relative terms (e.g. measured per employee or compared to turnover), small companies bear a **disproportionate regulatory burden**. On average, a company with fewer than ten employees has to face a regulatory burden that is roughly twice as high as the burden of a company with more than ten but fewer than twenty employees and about three times as high as the burden of companies with more than twenty but fewer than fifty employees. For bigger companies, the burden per employee is only one fifth or one tenth of that of small enterprises.

This effect of a disproportionate regulatory burden can also be observed in the tax area. The European Tax Survey (2004) finds that European SMEs have a **cost to tax revenue ratio** (i.e. the ratio between total tax-related compliance costs and paid taxes) of 30.9%. Large companies on the other hand have a cost to tax revenue ratio of only 1.9%.

Two factors are responsible for this imbalance. First, **compliance costs** are to some extent **fixed**. Tax accounting and filing does not become more expensive just because larger figures have to be entered in the forms. Second, larger companies are more efficient in dealing with tax compliance. The higher absolute costs justify the employment of specialists (internal or external) and also the investment in systems to increase efficiency (e.g. software).

In detail, the main reasons for the high tax compliance costs of small businesses are:

- 1) Frequent changes of tax laws
- 2) Complexity of tax systems (tax systems are more geared to large enterprises)
- 3) Existence of different tax administrations
- 4) Incomprehensible language of tax laws, including incomprehensible forms
- 5) Short and inflexible deadlines for tax payments (resulting in cash flow problems)
- 6) Costs of tax consultants
- 7) Registration procedures

Although tax compliance procedures vary to some degree in the participating countries, there are also numerous similarities as regards information, registration procedures, tax accounting, filing and payments.

The main **information** channels of tax administrations are brochures and websites. In some cases, small enterprises can also receive information via e-mail services, at training sessions and seminars and from the help desk and call centres of the tax administration.

In many countries, **registration** for tax purposes is not an isolated procedure but is included in the general registration process for start-ups. The concept of one-stop shops is implemented in some countries, facilitating the registration of a business by providing all necessary information at one point and thus reducing time and costs. In some countries, registration is now also possible electronically.

Some countries try to reduce the complexity of **tax accounting** by providing for simplified accounting systems such as presumptive tax systems or cash accounting, applying standard deductions instead of itemised deductions, and applying thresholds for exemption from certain tax obligations. The room for simplification where corporations are concerned is more limited, since these companies have to comply with the Fourth Company Law Directive.

In many countries, income tax returns and payroll tax returns can be **filed electronically**. Programmes to help with filling in declarations can be adapted to the needs of SMEs. The number of returns to be filed varies from country to country, and small enterprises with a small number of employees do benefit from certain filing exemptions in some countries.

The number of **payments** to be made by SMEs can also have an impact on their administrative burden. As with the filing of tax returns, there are less stringent rules depending on the size of enterprises in some of the reporting countries. The

introduction of thresholds can avoid the frequent payment of small amounts and contribute to simplification for small enterprises.

On the basis of the discussion of the numerous best practice cases presented in the report, the experts have formulated some more **general lessons** that could be taken up by the Member States, who of course have sovereignty regarding tax matters:

- 1) A stable and predictable regulatory environment is one way to implement the “think small first” principle in taxation.
- 2) The integration of registration for tax purposes within general business registration and one-stop shops can help to reduce information and compliance costs.
- 3) Tailor-made information on taxation can reduce compliance costs for small businesses.
- 4) Small businesses need information and assistance on changes in tax laws.
- 5) Binding interpretations of existing tax laws and rulings reduce uncertainty.
- 6) Simplified methods for tax accounting and for establishing the tax base can reduce compliance costs for small businesses.
- 7) Tax forms and reporting requirements can be adjusted to the business reality of small enterprises.
- 8) The electronic filing of tax returns can speed up procedures and reduce compliance costs.
- 9) Payment reminders and individual tax accounts can speed up payment and refund procedures.
- 10) Penalty procedures can be avoided or reduced by special information for young enterprises.



## 1. INTRODUCTION

### 1.1. Background

Small and medium-sized enterprises (SMEs)<sup>1</sup> constitute the backbone of the European economy: There are approximately **23 million SMEs** in the European Union, which account for 99% of all enterprises and provide around 75 million jobs. It has been recognised that an SME-friendly business environment, both at Community level and in the Member States, is crucial for growth and jobs in Europe.

One of the most common complaints by business and their organisations is the amount and complexity of the various regulatory and administrative obligations that have to be observed by enterprises. SMEs suffer **disproportionately** from the regulatory burden compared to larger companies, since the smaller enterprises often do not have sufficient financial and human resources to manage their obligations in the most efficient way.

Tax obligations (which comprise not only the actual payment of taxes, but also activities such as registration, documentation, reporting and recording) constitute some of the most important obligations enterprises have to comply with. For the various tax compliance procedures, enterprises require either internal resources and/or need to call in external resources, e.g. tax consultants and accountants. Thus, tax compliance represents an important **cost factor** that must not be underestimated. The regulatory and administrative burden in general and tax compliance in particular represent a significant cost element in relation to the turnover of enterprises and also the taxes they pay, especially for SMEs.<sup>2</sup>

It is recognised that entrepreneurship is a major driver of innovation, competitiveness and growth. Europe needs a more entrepreneurial climate. The conclusions of the **Lisbon Council**<sup>3</sup> in 2000 emphasised the dependence of business competitiveness and dynamism on the regulatory environment.

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<sup>1</sup> Commission recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, Official Journal of the European Union L124/36, 20.5.2003. Further information at: [http://ec.europa.eu/enterprise/enterprise\\_policy/sme\\_definition/index\\_en.htm](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm).

<sup>2</sup> For empirical data see chapter 2.

<sup>3</sup> Lisbon European Council, 23 and 24 March 2000. Conclusions available at: [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/00100-r1.en0.htm](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm).

With the **European Charter for Small Enterprises**<sup>4</sup>, the participating countries have committed themselves to better legislation and regulation and to simplifying national and EU rules wherever possible.

Recognising the need for dynamic change in Europe to promote entrepreneurship, the Commission launched a wide debate on entrepreneurship with its **Green Paper on Entrepreneurship in Europe**.<sup>5</sup> The responses received after the publication of the Green Paper clearly highlighted the need for effective reduction and simplification of the administrative and regulatory burden, especially in the tax area.

As a follow-up to the Green Paper and on the basis of a wide public consultation, an **Entrepreneurship Action Plan**<sup>6</sup> was adopted by the Commission in February 2004. The Action Plan suggested horizontal measures for the Commission and the Member States to create a supportive framework for entrepreneurship policy, and focuses on five strategic policy areas, one being the “creation of a more SME-friendly regulatory and administrative framework”.

In 2005 the **Partnership for Growth and Jobs**<sup>7</sup> reaffirmed the objective of making Europe a more attractive place to invest and work by improving European and national regulation. Better regulation will help to create more conducive conditions for economic growth, comprising measures such as simplification, well shaped legislation and efforts to reduce administrative costs.<sup>8</sup> This is crucial especially for SMEs, which are disproportionately affected by regulatory and administrative obligations.

## 1.2. Aim and method of the project

The regulatory and administrative burden on enterprises represents one of the main obstacles to more growth and more jobs in Europe. One important element of this burden is compliance with tax obligations. While businesses

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<sup>4</sup> The European Charter for Small Enterprises, Santa Maria da Feira, 19-20 June 2000. Available online at: [http://ec.europa.eu/enterprise/enterprise\\_policy/charter/docs/charter\\_en.pdf](http://ec.europa.eu/enterprise/enterprise_policy/charter/docs/charter_en.pdf).

<sup>5</sup> Available at: [http://ec.europa.eu/enterprise/entrepreneurship/green\\_paper/index.htm](http://ec.europa.eu/enterprise/entrepreneurship/green_paper/index.htm).

<sup>6</sup> More information at: [http://ec.europa.eu/enterprise/entrepreneurship/action\\_plan/index.htm](http://ec.europa.eu/enterprise/entrepreneurship/action_plan/index.htm).

<sup>7</sup> Communication to the Spring Council, Working together for growth and jobs, A new start for the Lisbon Strategy, COM(2005) 24 final.

<sup>8</sup> Communication from the Commission to the European Parliament and the Council on “Better Regulation for Growth and Jobs in the European Union”, 16 March 2005, COM(2005) 97 final.

acknowledge the legitimate purpose and necessity of taxation, they are suffering from the increasing **complexity of tax laws**.

The increasing regulatory and administrative burden not only results in significant problems for enterprises themselves, but may also have a negative impact on the tax compliance of taxpayers in general and on the cost of the tax system for the tax administration. Policymakers have recognised the importance of reducing the compliance burden and already addressed this problem. A number of countries have e.g. implemented systems for assessing the impact of current or proposed legislation in order to limit and reduce the administrative burden for enterprises.

National tax legislations do not, at least in principle, distinguish between SMEs and larger enterprises. This means that tax laws are drafted so that they can be applied to enterprises of all sizes — distinctions between small and large enterprises are rare. Since **tax provisions** need to cover all kinds of transactions that are carried out by enterprises, they need to be **comprehensive** enough to cover even the very complex business transactions of larger multinational enterprises. As a consequence, small enterprises often struggle to apply such provisions.

The main reason for the problems with tax compliance is the complexity of tax laws. A thorough **simplification** of tax laws would certainly be the most efficient way to reduce tax compliance costs. However, experience shows that genuine simplifications in tax legislation are difficult to achieve. For this reason, the present report focuses on a less ambitious yet more tangible and concrete subject, i.e. the simplification of tax compliance as such.

In order to reconcile the need for comprehensive tax regulations with the capacity of smaller companies to comply with them, special measures are needed. Such measures can include exemptions, special help, tailor-made information, etc. This project aims to gather together the various measures that the participating countries have taken to reduce compliance costs for SMEs.

The project follows the open method of coordination in the field of enterprise policy. Its purpose is to focus high-level political attention on key issues, agreed with experts of national administrations and in consultation with business organisations, in order to bring about concrete changes in national policies and to thereby improve the business environment. The focus of this project will be the identification and exchange of good practices in participating countries in the field of tax compliance procedures in order to support the distribution of tested and workable methods to improve the business environment for European SMEs.

### **1.3. Definitions and scope of the analysis**

Taxpayers have to meet a variety of tax obligations. For the purpose of this report, tax compliance procedures include all formal procedures and related activities that taxpayers have to observe to comply with tax obligations. Although tax obligations may vary depending on the country and the taxpayer, four broad categories of obligations have been identified by the OECD<sup>9</sup>:

1. Registration in the system,
2. Timely filing or lodging of the required taxation information,
3. Reporting of complete and accurate information (including good record-keeping),
4. Payment of taxes on time.

The expert group agreed to add a fifth point:

5. Becoming and remaining informed on tax obligations and tax procedures.

The discussion and analysis of taxes in this project is limited to tax compliance procedures for personal and corporate income taxes and wage taxes (payroll taxes, i.e. prepayment of income tax on wages). As an indirect tax, value added tax has been excluded from the scope of this project. Unlike the direct taxes, VAT is largely regulated by European law so that an exchange of good practices has only limited relevance. Moreover, there are already several initiatives to simplify the VAT regime at European level (especially the recast of the Sixth VAT directive launched in 2004, which brings together various provisions for VAT in a single piece of legislation and provides a clearer overview of current VAT law).

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<sup>9</sup> OECD Guidance Note, Managing and improving tax compliance OECD 2004, p. 7.

## 2. TAX COMPLIANCE COSTS FOR SMES

### 2.1. Regulatory burden and tax compliance – empirical results

In absolute terms, larger companies bear a higher regulatory burden than smaller enterprises. However, when the total regulatory burden is measured relative to the number of employees, the turnover, the profit or a similar variable, small companies bear a **disproportionate regulatory burden**. On average, a company with fewer than ten employees has to face a regulatory burden (measured per employee) that is roughly twice as high as the burden of a company with more than ten but fewer than twenty employees and about three times as high as the burden of companies with more than twenty but fewer than fifty employees. For bigger companies, the burden per employee is only one fifth or one tenth of that of small enterprises.<sup>10</sup>

Tax compliance costs constitute one of the most important elements in general regulatory compliance costs.<sup>11</sup> The disparity in the regulatory burden borne by small and large companies can also be seen with tax-related compliance costs. The European Tax Survey<sup>12</sup> finds that European SMEs have a **cost to tax revenue ratio** (i.e. the ratio between total tax-related compliance costs and all paid taxes) of 30.9%. Large companies on the other hand have a cost to tax revenue ratio of only 1.9%.

The distribution of compliance costs between large companies and small businesses is disproportionate despite the fact that small businesses are usually not affected by many tax rules designed for large companies and companies that operate on an international scale (e.g. transfer pricing documentation). Moreover, several tax rules already provide simplification or exemptions for smaller businesses.

Two general reasons can be identified for the relative disadvantage of smaller companies as regards compliance costs. First, **compliance costs** are to some extent **fixed**. Tax accounting and filing does not become more expensive just because larger figures have to be entered in the forms. Consequently, the average compliance costs per employee decrease with the increasing size of the business. Second, larger companies are, as a rule,

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<sup>10</sup> Report of the expert group “Models to reduce the disproportionate regulatory burden on SMEs”, forthcoming.

<sup>11</sup> Empirical data suggest that the costs of fiscal obligations and labour-related obligations amount to 50% or more of all compliance costs. See the Commission working document “Measuring administrative costs and reducing administrative burdens in the European Union”, 14.11.2006, COM(2006) 691 final. The paper also contains a discussion of methods for measuring administrative burdens.

<sup>12</sup> European Tax Survey (2004), Commission Staff Working Document, 10.9.2004, SEC(2004) 1128/2.

more efficient in dealing with tax compliance. The higher absolute compliance costs justify the employment of specialists (internal or external) for tax compliance and also the investment in systems to increase efficiency (e.g. software).

## **2.2. The main driving factors of tax compliance costs**

According to the expert group, the main reasons for the high tax compliance costs of smaller companies are the following:

1. Frequent changes of tax laws
2. Complexity of tax systems
3. Existence of different tax administrations
4. Incomprehensible language of tax laws, including incomprehensible forms,
5. Strict deadlines for tax payments (resulting in cash flow problems),
6. Costs of tax consultants,
7. Registration procedures.

The following reasons were also mentioned:

- Anticipation of tax problems and tax avoidance,
- Insufficient knowledge of business owners,
- Refunds complicated,
- Long documentation period,
- Discretionary power of authorities,
- No understanding of business by tax authorities,
- Lack of software solutions,
- Need for external help, outsourcing necessary,
- High administrative burden even if no tax payable,
- High cost of preparing accounts.

### 3. TAX COMPLIANCE PROCEDURES – GENERAL DESCRIPTION AND GOOD PRACTICE CASES

#### 3.1. Overview and criteria for the selection of good practices

Although tax compliance procedures vary in the participating countries, there are also some similarities, e.g. as regards information procedures, tax accounting, filing, and payment and refund procedures.

The main **information** channels of tax administrations are brochures and their internet websites. In addition, small enterprises can also receive more detailed or specific information via e-mail services that the tax administration provides to certain customer groups, at training sessions and seminars, from help desks and call centres or sometimes even following a visit by an official explaining the relevant tax obligations to start-ups.

**Registration** for tax purposes is often the first contact that a new business has with the tax administration. It is important that the entrepreneur should at the same time receive a full overview of the tax obligations that he or she will have to fulfil. In many countries, registration for tax purposes is included in the general registration process for start-ups. The concept of one-stop shops is implemented in some countries, facilitating the registration of businesses by providing all necessary information and reducing the time and cost of the registration procedure. In some countries, registration is now also possible electronically.

The complexity of tax procedures for SMEs can be reduced in the area of **tax accounting** by providing for simplified accounting systems such as presumptive tax systems or cash accounting, applying standard deductions instead of itemised deductions, and applying thresholds for exemption from certain tax obligations. The room for simplification where corporations are concerned is more limited, since these companies have to comply with the Fourth Company Law Directive.

In many countries, income tax returns and payroll tax returns can be **filed electronically**. Programmes to help with filling in tax declarations can be adapted to the needs of SMEs. The number of returns to be filed varies from country to country, and small enterprises with a small number of employees do benefit from certain filing exemptions in some countries.

The number of **payments** to be made by SMEs can also have an impact on their administrative burden. As with the filing of tax returns, some countries have less stringent rules depending on the size of enterprises. The introduction of thresholds can avoid the frequent payment of small amounts and contribute to simplification for small enterprises.

Apart from a general description of compliance procedures, the following chapters will also present some **good practice cases** from the countries participating in the project. The selection of these good practices was made by the group of experts. Some general criteria guided their choice: Ideally, a measure should have a clear focus on smaller businesses. Moreover, a measure should be well established and tested in practice; political intentions and pilot projects were, as a rule, not considered. Naturally, a selected measure should also have a sizable effect on small businesses and should not only apply to special cases. The most interesting measures are those that are adaptable and transferable to other countries, since the idea of this project was to give countries the opportunity to learn from each other in order to improve their own framework conditions for small businesses.

It should be noted, however, that the good practices presented in this report are only examples of what can be done by the lawmakers and the public administrations to simplify tax compliance for small businesses. The presentation is **not exhaustive**: it might well be that a certain model selected for this report from country A also exists (maybe with some modifications) in countries B and C. Moreover, the group could not make an in-depth evaluation of all different models. This means that the group does not necessarily think that the chosen model from country A is “better” than similar models in other countries. It should also be noted that the selection of examples in this report **cannot be used to establish a ranking** of countries. If there are more examples from country X than from country Y in this report, this does not mean that the situation in country X is better.

### **3.2. Income tax (personal and corporate)**

In most countries there are differences between the tax on the income of natural persons and the tax on the income of corporations (e.g. regarding the definition of taxable income, the rates, the compliance procedures, etc.). Yet it is convenient for the present purpose to discuss personal and corporate income taxes together. The emphasis of the presentation will however be on personal income taxes.

There are clearly fewer special rules and special instruments for small businesses in the area of corporation tax. One reason for this is that small businesses are, as a rule, not incorporated — although it has to be noted that there are sizable differences in the degree of incorporation of businesses in the various countries. Secondly, the status of an incorporated business conveys certain advantages, e.g. as regards the personal liability of business owners. These advantages are balanced by special responsibilities that do not square well with privileges and special assistance for small businesses.



### 3.2.1. *Income tax information upon the registration of start-ups*

Almost all of the reporting countries provide tailored information on the registration of start-ups for income tax purposes (personal and corporate). Tax administrations primarily use their websites for the dissemination of this kind of information.

Often the information provided covers not only income tax but also other taxes relevant for a new business. In some countries, the information on registration for income tax purposes is part of the information for the whole registration process. In addition, SMEs can usually receive information from brochures, call centres of the tax administration/other public services, etc.

#### **Germany – Start-up information on taxes from Chambers of Crafts and Chambers of Commerce**

The Chambers of Crafts and the Chambers of Commerce organise seminars (often free of charge) for persons planning to establish a business. An important topic of these seminars is the taxation of businesses, especially income and corporation tax, trade tax and VAT, including practical applications, presentation of forms and procedures, etc. Apart from the seminars, potential entrepreneurs can request individual information sessions to discuss special problems, e.g. in relation to certain business sectors, transfer of business etc.

Further sources of information provided by the Chambers are comprehensive brochures on tax issues and mail and e-mail updates on changes in the tax law and their effects on businesses.

#### **Sweden – Information sessions and seminars for new entrepreneurs**

The Swedish Tax Agency organises free information seminars for newly started businesses in all Swedish regions. Entrepreneurs can choose between different kinds of information. There are five different types of seminars (for which reservations can be made via the internet):

1. General information to citizens planning to start a new business.
2. Special information for start-ups given by six different authorities in a joined-up government exercise over the course of one day. (This exercise involves not only the Tax Agency but also the National Labour Market Administration, the Companies

Registration Office, the Social Insurance Administration, the Customs Service and Nutek, the Swedish Agency for Economic and Regional Growth.)

3. Tax information for start-ups that are already registered at the Tax Agency. (When a business is registered at the Tax Agency, the business owner is sent a written invitation. This service is also available on the Internet).
4. Special tax information for owners of limited companies.
5. Information for new employers on how to fill in and file their first income statement for employees.

In 2005, 80 information seminars were held within the Stockholm region. About 9 000 individuals attended these meetings. The seminars lasted (with the exception of the joint seminars) about 2 to 3 hours and took place both in the afternoons and in the evenings.

### 3.2.2. *Information on recurring income tax procedures*

In most countries, the information on recurring income tax procedures is made available with no distinction between small and large enterprises. However, some tax administrations organise their tax departments based on a classification of customer groups. **Finland** organises its eight Regional Tax Offices in this way, with the classification based on the size of companies, their age and the business branch.

The most important media for the dissemination of information on recurring income tax procedures are brochures and the websites of the tax administrations. In some countries, reminders for filing tax returns and payments are sent directly to taxpayers or are published in newspapers, broadcast on the radio, etc. **Spain** has a personalised tax calendar for enterprises to help SMEs file and pay in time. Moreover, the Spanish tax authorities send a special mail after the registration of a company containing all necessary information on corporate tax obligations. In **Ireland**, new enterprises can request a “New Business visit” from their local district office.

#### **Belgium – Database**

On [www.fisconet.be](http://www.fisconet.be), the database of the Federal Public Service of Finances, Taxes and Recovery, all tax laws, circular letters, jurisprudence, commentaries, tax rulings and points of view of the tax administration are published. Other legislation relevant for tax

law (e.g. accounting, company law, etc.) is also available at fisconet. The database is accessible to all and is free of charge.

In addition to the complete commentaries on tax laws, the Belgian tax administration has drafted courses of instruction in a clear and accessible yet accurate language. These courses are regularly updated and are also available on fisconet in French and Dutch. The advantage of the courses is that law (theory) and practical application (examples) are presented together.

Courses exist for the following topics:

- Personal income tax (PIT),
- Corporation tax,
- Taxation of legal entities (other than corporations),
- Taxation of non-residents (individuals and legal entities),
- Procedural aspects and recovery of taxes,
- VAT.

### **Italy – Database**

On the websites [www.agenziaentate.it](http://www.agenziaentate.it) and [www.finanze.it](http://www.finanze.it), taxpayers can find links to a tax database (called “Tax documentation”) managed by the Ministry of Economy and Finance where they can consult tax laws, decrees, administrative provisions, circular letters that explain how to apply new tax laws, tax rulings on specific topics, the main jurisprudence of the Italian courts (from tax courts to the Supreme Court and Constitutional Court) and the European Court of Justice. The database also includes laws, decrees, and other jurisprudence relating to tax matters.

A search engine makes it easy to find documents (search options: news, keywords, topics, publication dates, source, etc.). Every taxpayer can freely consult the database and download documents. Documents issued by the Revenue Agency are also available.

### *3.2.3. Interpretation of income tax laws and rulings*

Written confirmation and interpretation of tax laws is provided in various forms. They include information on how taxpayers should treat transactions already completed for tax purposes, but also advance tax rulings for transactions not yet started.

While such advance rulings are often not legally binding, they do nevertheless provide additional sources of information for

enterprises and give an indication as to how certain transactions are currently treated by the tax administration. In some countries, there are time limits within which the tax administration has to reply to requests. They range from 3 working days (for simple questions) to 6 months.

### **Belgium – Binding rulings**

With the law of 24 December 2002, Belgium introduced a new legal framework for advance decisions on taxation, i.e. decisions whereby the Federal Public Service (FPS) Finance determines, in accordance with the provisions in force, how the law will apply to a particular situation or operation (transaction) that has not yet had an outcome for tax purposes. Its aim is to guarantee legal certainty for bona fide taxpayers.

An advance decision may not result in a tax exemption or tax reduction not obtainable under the normal application of the law. There is an exhaustive list of cases where an advance ruling may not be delivered, e.g. where an identical transaction is the object of a dispute between the tax administration and the taxpayer or where an advance ruling is considered inappropriate (rulings concerning investigation, audits, use of evidence, etc.)

An application for an advance ruling must be made in writing and must contain the identity of the applicant, a description of his or her activities, a comprehensive description of the situation or operation for which the application is being made and a reference to the legal or regulatory provisions concerned.

In principle, the advance ruling will be issued within three months, but FPS Finance and the applicant can agree on a shorter or longer period. A ruling may cover a five-year period, unless another time limit is justified.

Once a decision has been taken, FPS Finance is bound by it, except when the actual situation turns out to be different from what the taxpayer presented to obtain the ruling (e.g. where essential elements of the transaction have not been realised in the way the applicant has described them.)

### **Italy – Binding rulings**

Tax Law No 212/2000, section 11, gives taxpayers the right to know in advance the opinion of the Italian Revenue Agency when, with reference to specific personal and factual issues, there are “objective conditions of uncertainty” as to the correct interpretation of the applicable legislation (e.g. where the legislation is equivocal and the Italian Revenue Agency has not yet issued an official interpretation).

Taxpayers are entitled to receive a ruling on all direct and indirect taxes but not on local taxes. The service is free. The tax ruling request must be submitted in writing before the queried tax provision is to be applied, even if the business transaction to which it relates has already been carried out (i.e. before filing the income tax return or drawing up an invoice).

There is no standard application form, but the request must always contain the following information:

- Name and domicile of the taxpayer or his or her legal representative;
- Detailed specific and personal description of the issue;
- Indication of the provision considered to be uncertain;
- The taxpayer’s opinion regarding the correct interpretation of the provision;
- Signature of the taxpayer or of his or her legal representative.

The Revenue Agency has to give a binding answer within 120 days. If the agency does not answer, it automatically agrees with the taxpayer’s opinion (“affirmative silence”). Legally, the interpretation by the Revenue Agency only applies to the individual case, but it has also effects for similar cases in the future. The most important answers are published on the Italian Revenue Agency’s website.

Non-residents must submit their ruling requests through a representative or appointee to whom a special power of attorney has been granted. The Italian Revenue Agency then replies directly to the representative or appointee indicated in the power of attorney.

Rulings may also be issued with respect to a number of specific issues. The most important are:

- Rulings for companies doing international business in relation to transfer pricing or payment of dividends, interests and royalties to or by non-residents.

- |  |
|--|
| <ul style="list-style-type: none"><li>• Rulings regarding the application of the anti-avoidance rule to fictitious ownership, business combinations (M&amp;A etc.), recognition of certain cost categories (e.g. congresses, gadgets).</li><li>• Rulings as to the possibility of anti-avoidance legislation not applying to companies resident in tax havens.</li></ul> |
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#### 3.2.4. *Information and assistance upon income tax changes*

Frequent changes in tax laws are identified by the experts as one of the greatest difficulties for enterprises to comply with tax laws. Information and assistance on changes in tax laws are given in all the reporting countries regardless of the size of enterprises.

In almost all of the reporting countries the internet is the most important tool for disseminating information about tax changes. In addition, some countries hold seminars and training courses (**Denmark, Estonia, Lithuania, Spain and Sweden**) or videoconferences (**Italy**) to inform about and explain tax changes. **Denmark** has also introduced the possibility to subscribe to e-mail newsletters on all types of changes in tax law or on specific topics based on individualised user profiles. An email alert service is also available in **Austria**.

#### 3.2.5. *Income tax registration for start-ups*

In almost all countries, entrepreneurs registering their business for personal income tax purposes communicate with only one tax administration. In the course of this registration procedure, it is usually possible to register for other taxes as well, i.e. wage tax, local taxes, VAT.

Registration for personal income tax is included in a general registration process for business activities in some of the reporting countries (one-stop shop). In **Denmark**, for example, there is one central point for tax and business registration. Electronic registration is available in **Hungary, Iceland, Italy, Spain and Sweden**. The time lag between the start of a business and registration for tax purposes is not longer than one month. In some countries, registration has to be undertaken before starting any business activities. In **Bulgaria** and in **Germany**, the registration of a business leads to a change in the entrepreneur's tax number.

The tax registration of corporations differs from that of sole traders for income tax purposes, since a deed by a notary is compulsory. In

almost all cases, tax registration is done with only one tax administration. In some countries, there are one-stop shops for corporations and businesses with no separate tax registration necessary (e.g. **Latvia**). In **Denmark**, there is one entry point for the whole registration process.

Electronic registration is available in **Denmark, Hungary, Italy, Spain** and **Sweden**. In **Ireland**, a new company may receive a visit shortly after registration or may request a visit from a revenue official to assist with the tax system. Any difficulties or queries are dealt with and general assistance is given. In **Spain**, there is an electronic link between the tax administration and the notaries, who exchange in this way documents and tax identification numbers.

### 3.2.6. *Filing of income tax returns and other reporting requirements*

Income tax returns have to be filed once a year in most countries and in others up to 12 times a year (i.e. monthly). For small enterprises, there are only few exemptions for filing tax returns. Depending on the size of the enterprise, standard monthly returns can sometimes be replaced by an annual tax return (e.g. **Poland**).

Either self-assessment or administrative assessment is carried out for income tax purposes in the reporting countries. The deadlines for filing the annual tax return vary between 3 to 10 months after the end of the accounting year. In the filing process, there are only few simplifications for small enterprises (e.g. sometimes annual accounts need not be attached).

In general, no special support is given by the tax administration for the first tax return of an enterprise or to small enterprises filing their income tax returns. In **Italy**, however, smaller enterprises (including start-ups) may ask for special assistance from mentors, while **Ireland** and **Sweden** have simpler forms for smaller businesses compared to the standard forms. Explanatory notes are attached to forms in almost all the countries. Postponing the filing of tax returns is often only possible if there are serious reasons such as illness or if the tax returns are prepared by tax consultants.

Corporate income tax returns have to be filed annually; however, if tax advances depend on estimated profits for the current year additional declarations have to be filed. Deadlines for filing corporate income tax returns vary from country to country, between three months up to one year after the end of the accounting year. In **Austria** the deadline for filing a tax return is extended from 4 to 6

months after the end of accounting year if the return is filed electronically.

There is no special assistance from the tax administration for the first corporate tax return, although **Finland** classifies start-ups in a special customer group that receives more guidance than companies with experience in complying with tax obligations. **Sweden** has simplified tax forms for small corporations.

Dividend distributions have to be recorded in many countries on single returns, but can also form part of the annual tax return as is the case in **Hungary** and **Latvia**.

### 3.2.7. *Electronic filing of income tax returns*

Electronic filing of personal income tax returns is possible in all reporting countries. However, it is not always possible to link the filing of tax returns to the accounting system. Electronic filing of corporate tax returns is possible in all the countries with the exception of **Germany** and **Slovenia** (as a pilot action **Germany** will make electronic filing available in 2008 for the 2007 tax year). In **Italy**, electronic filing of personal income (entrepreneurs) and corporate tax returns is mandatory.

The electronic filing of income tax returns almost always requires an electronic signature, otherwise the return form has to be signed and sent by mail. It can be assumed that these procedural problems have a negative impact on the acceptance of electronic filing. Only a few countries provide for accelerated processing of tax declarations filed electronically.

Help with filling in income tax declarations electronically is provided by special software, explanations on websites, call centres, etc.

The experts have identified possible improvements in the following areas: the pre-registration of data by the tax department and the sending out of pre-filled tax returns, the introduction of electronic signatures, better presentation and handling of electronic filing, electronic tax assessment notices, electronic tax accounts, automatic tax computation and the development of tax accounts and linking of accounting software with electronic filing.



### **Austria – E balance sheet**

In addition to filing their tax returns electronically, businesses in Austria can also send their annual balance sheets in electronic form to the revenue boards. The Ministry of Finance has published a description of the format for such electronic information. Enterprises can generate an electronic balance for tax purposes automatically from their electronic book-keeping programmes. The same software can be used to generate balance sheets for tax purposes and for the company register (“Firmenbuch”).

### **Malta – Tax index of financial data (TIFD)**

In 2002 Malta introduced a fully electronic process for the filing of company tax returns. (Paper copies of the company tax return and audited financial statements need be submitted only if specifically demanded by the Inland Revenue Department.) The major challenge for such an electronic filing service was the submission of the audited financial statements accompanying the tax returns.

After consultation with the main stakeholders a unique and uniform classification of financial statement information, the Tax Index of Financial Data (TIFD), was developed on the basis of the most commonly used financial statement items. A four-digit number was assigned to each selected item to create a unique financial statement combination. The TIFD ensures that a great level of detail is preserved without increasing reporting requirements.

The Inland Revenue Department (IRD) provided a tool to import values from extended trial balances (in free format) that automatically updated the corresponding TIFD component. This facility removed the need for duplicate data entry. To facilitate electronic filing for companies, the IRD strived to keep text data to a minimum. The directors’ report, the audit report and the notes to the accounts are not directly available with electronic filing. However, key issues regarding the audit report and the preparation of and the notes to the financial statements were resolved by a questionnaire included in the tax return. Other specific questions in the tax return ensured full compliance with the statutory requirements and procedures.

The TIFD is an integral part of the company electronic tax return and is presented in spreadsheet format, the medium most commonly used by tax practitioners. The tax return is updated each year to reflect all legislative changes. The personalised e-return provided by the IRD has features ranging from pre-filled data fields, built-in

input validations, interlinks between the various sheets and complex automated calculations. The success of the company e-return service can be gauged by the 83% take-up among all filers.

### 3.2.8. *Income tax accounting*

As regards personal income tax, there are various simplifications in the reporting countries depending on the size of enterprises. For start-ups there are simplified procedures for advance payments (**Belgium**) and loss separation (**Hungary**), along with simplified accounting rules for SMEs in many other countries. For smaller enterprises, different presumptive tax schemes are available in e.g. **Austria, Belgium, Bulgaria, Hungary, Poland, and Spain**, providing for lump-sum determination of taxes or deductible expenses.

#### **Belgium – Simplified calculation of profits**

Instead of an individual detailed profit calculation on the basis of an enterprise's turnover and costs, the Belgian tax code (Article 342) provides for the profit of a small enterprise to be estimated on the basis of similar enterprises. Small businesses are thus not required to keep records of their sales and expenses.

The application of Article 342 requires prior consultation of the professional associations. The Belgian tax administration has concluded collective agreements with numerous sectors (e.g. bakeries, groceries, butchers, pharmacists, bars, hairdressers).

Profit estimation is based on simple indicators that provide a sector-specific relationship between profit and economic activity. For example, for bakers the profit is estimated on the basis of the quantity of flour and packaging purchased, for hairdressers on the basis of the staff employed and for butchers on the basis of the weight of purchased meat.

The system is applied on a voluntary basis; enterprises can opt for determination of their actual profits if this is more beneficial for them. On the other hand, if the tax administration can show that the real profit is considerably higher than the result of the lump-sum calculation, it can tax the actual profit.

## **The Czech Republic – Lump-sum deductions and estimated tax liability**

Small businesses may opt for the **lump-sum deduction of expenses** in order to determine their taxable income. The lump sum equals 50% of gross income (for some trades such as agriculture the lump sum is even 80%). Taxpayers opting for lump-sum deduction are not obliged to keep specific records of their expenses, which saves time (opportunity cost), energy and expense in tax compliance. On the other hand, the tax administration does not need to spend resources on tax audits for these individual entrepreneurs.

Taxpayers deriving income from a business or farm (other than exempt income or income subject to a special tax rate) may request an **estimated assessment** at the beginning of the taxable period, provided that they:

- do not engage any employees or other collaborating persons;
- had an annual income below CZK 1 million in the three preceding periods,
- do not participate in an association without legal personality,
- are not taxable persons for VAT purposes.

The request must include the expected income and expenses, along with other relevant facts. On the basis of the request, the tax authority estimates the taxable base and the tax due according to progressive rates. The taxable base may not be less than it would be if the optional lump-sum deduction were to be applied and the tax due may not be lower than CZK 600 per taxable period. The estimated tax is the final tax for the taxable period. The scheme generally applies to individuals and not to companies.

Apart from presumptive schemes, another way to facilitate income tax accounting for small enterprises is cash accounting, which means that enterprises record income and expenses based on actual payments. Fixed assets generally have to be recorded and only the depreciation of these assets is recognised as an expense within cash accounting. The thresholds for cash accounting differ, ranging from turnovers of €50 000 up to €400 000/600 000.

### **Germany – Income-expense calculation**

Self-employed persons and small enterprises with an annual turnover below 500 000 euros and/or an annual profit of less than 35 000 euros are entitled to use a simplified income-expense calculation (Einnahmen-Überschußrechnung) to determine their taxable profit.

Apart from the fact that small businesses are thus exempt from the duty to keep complete tax accounts and to draw up an inventory and a balance sheet, the income-expense calculation offers the advantage that revenues are only taxed when they materialise. For investment expenditure, special rules apply. Moreover, for an income-expense calculation only few formal requirements have to be observed.

The profit threshold will be increased to 50 000 euros in 2007.

In the case of accrual accounting, simplifications such as “fixed values”, simplified depreciation, first-year depreciation and low-value assets are reported by only a few countries. These simplifications are sometimes not even limited to SMEs, but can make life much easier for such enterprises.

Problems may arise where assets or services can be used for both business and private purposes. A typical example is the private use of a company car. The taxable benefit in kind for the private use of business cars is calculated in many countries by applying a percentage of the value of the car, including all costs such as maintenance and repair. A more sophisticated approach, though still using a percentage of the value, is applied in **Ireland**. This simplification eliminates the separation of costs based on the actual use of the car for business and non-business purposes. For travel expenses there is often a system of daily allowances. Entertainment expenses are either fully or partially deductible.

As regards tax accounting for corporations, corporations in the EU are obliged to prepare company accounts in accordance with the Fourth Company Law Directive. National simplifications comparable to those for unincorporated businesses (presumptive tax systems and cash accounting) would thus not offer real benefits for small corporations since they are already obliged to draft accounts on the basis of double-entry bookkeeping.

Simplifications for start-ups include the exemption from tax prepayments in **Belgium** and **Lithuania**. In **Spain**, the starting time for applying investment deductions can be deferred until the company makes a profit.

Tax depreciation (capital allowances) often does not correspond to the depreciation for accounting purposes and is one of the main elements requiring modification in order to calculate the taxable profit of corporations. The experts found the following modifications especially time-consuming: tax credits and investment reserves (**Austria**) and the calculation of capital allowances in the case of **Ireland**.

Simplifications in tax accounting are nevertheless available especially for SMEs. **Belgium** allows certain SMEs to claim full depreciation of assets in the year of acquisition instead of *pro rata temporis* and to assign a “fixed value” to certain groups of low-value assets. Bulgaria provides 50% depreciation for assets with acquisition costs lower than 2 550 euros. **Spain** allows enterprises a free choice of the rate of depreciation for new fixed assets that generate employment and for low-value assets, a global provision for bad debts and the deduction of leasing payments within certain limits.

### 3.2.9. *Record-keeping requirements for income tax*

Record-keeping requirements for SMEs generally do not differ from those for large enterprises. Companies have to keep all relevant documents regarding their tax accounts for 5 (e.g. in Belgium) to 10 years. They can be stored in electronic format.<sup>13</sup>

However, the simplified accounting systems available for SMEs require less documentation compared to double-entry bookkeeping.

As from January 2007, all entrepreneurs and companies in **Luxembourg** have to submit their annual accounts and annexes to a central service for accounts, where all branches of the public administration have access to the data. This avoids the need for a company to submit the same data to several public administrations.

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<sup>13</sup> In special cases, e.g. for businesses that use simplified accounting methods, periods can be shorter, while in other special cases, e.g. where real-estate transactions are concerned, periods can also be longer.

### 3.2.10. Payment and refund procedures for income tax

Advance payments for personal income taxes have to be made in all countries. The number of prepayments in the reporting countries ranges from 1 to 12 times per year. The prepayments are often based on the tax paid in preceding year(s), but a monthly estimated profit for the current year is also possible (**Poland**).

In most countries, there is no minimum amount for advance payments below which no payments have to be made by the entrepreneur. Prepayments can be reduced in most countries following a written request giving evidence of a corresponding reduction in profits.

There are various deadlines for tax payments, depending among other things on the system used (self-assessment or administrative assessment). In some countries, there is an automatic reminder for payments (**Austria, Germany, Hungary, Ireland and Luxembourg**). The form of payment varies from country to country, whereby direct debit authorisation can avoid delays in the payment of taxes.

Automatic offsetting of taxes payable and receivable can reduce the administrative work of enterprises. While this is available in many countries, it is usually limited to taxes receivable and payable by the same tax administration. In **Italy**, it is possible to offset payable and receivable taxes and contributions even if different administrations are responsible for them. In **Sweden**, there is one tax account per taxpayer, which is reconciled every month; in most cases, the taxpayer receives an account statement after reconciliation.

#### **Sweden – Unified personal tax accounts**

Since 1998, Swedish taxpayers have had a single unified personal tax account with the tax authority. In this account, all tax transactions are registered, e.g. deducted taxes, final taxes, VAT and tax payments by the taxpayer him- or herself. If the taxpayer has an electronic identification, this can be used to log in to the tax account on the internet to check the current balance and transactions. The tax account is somewhat similar to a bank account. The tax payer can view taxes paid and taxes that are due in the future.

Currently, the electronic tax account allows taxpayers to:

- view the actual balance on an account (including interest)

- search among recorded transactions (at the moment not further than 2½ years back, but from the end of October 2006 it will be possible to search all transactions recorded on the tax account since 1998).
- view taxes and fees that have been determined but are not yet due for payment
- view and indicate the bank account for the tax return
- ask for payment of the surplus on the tax account
- ask for money to be kept on the account in order to cover taxes due to be paid.

It is also possible to grant a representative access to the account. For the future, an extension of the e-service is planned (e.g. to have the account statement via the electronic tax account instead of a statement on paper).

With the exception of Estonia, advance payments for corporate income tax have to be made in all countries. The tax advances are based either on the profit of the preceding year(s) or the estimated profit of the current year. In **Poland**, companies have to calculate the profit on a monthly basis or use the profit of the preceding year.

The number of tax payments varies from 1 (**Ireland**) to 12 (**Poland** and **Bulgaria**). In **Slovenia** and the **Czech Republic**, the number of prepayments depends on the amount to be paid. Prepayments are quarterly if less than 200 euros and otherwise monthly. In most countries, there is no minimum amount below which no prepayments have to be made. A threshold for advance payments could reduce the number of transactions to be carried out by small and medium-sized enterprises.

In most countries, prepayments cannot be postponed or only if a severe cash flow problem can be proven. In **Belgium**, taxpayers who encounter temporary cash flow problems can opt to make one advance payment for the whole year.

Bank transfer is the most frequent form of payment, besides cash, postal orders and debit cards. Direct debit authorisation may be useful in order to avoid late payment of taxes.

The offsetting of tax payables and receivables is possible in most of the countries, but is limited to the taxes of one tax administration (an exception is **Italy**, where offsetting is possible even if different administrations are involved). In **Sweden**, as noted above, each taxpayer has one tax account, which is reconciled every month.

### **Italy – Offsetting of taxes payable and receivable**

One form is used for the payment of different taxes and contributions. It allows tax payables and receivables to be offset for:

- the same tax (i.e. income tax) without limit, or
- different taxes or contributions (i.e. income tax, withholding tax, VAT, social contributions, social security, regional tax, excise duty, local taxes for the some municipality) up to the current limit of EUR 516 456.90 for every tax year.

Tax receivables must result from the annual income tax return or VAT return. Tax credits resulting from tax benefits or aids can be offset without any limit.

Until 2006, use of the electronic payment form was optional. Since 1 October 2006 for corporations, and since 2007 for entrepreneurs and partnerships (with a VAT code), the electronic payment form has to be used together with direct debit authorisation from a bank account. Payment (and offsetting) can be made directly using the same electronic services (“Fisconline” or “Entratel”) for filing the tax return, through the bank system (both home banking and remote banking) or via intermediaries (i.e. professionals). Electronic payments are debited on the last day before the deadline. The Revenue Agency provides software free of charge. There is a specific guide to electronic payment as well as software assistance.

#### *3.2.11. Income tax penalty procedures*

Penalty procedures are very similar in the various countries, where the late payment of taxes will lead to the imposition of interest or even fines or penalties.

The size of enterprises is not taken into account in fixing the fines or penalties, but in many countries a past record of good behaviour does have an influence.

### **Sweden – Special assistance for new businesses**

A couple of years ago, the Swedish Tax Agency set up special units throughout Sweden for start-ups. The aim is to inform them of their tax obligations and rights so that they can avoid mistakes and subsequent penalties.



From the tax administration's point of view, the best solution is for everyone's tax to be right or correct from the very start. Accordingly, every start-up is looked after in these special units for between 2 - 3 years, with support provided in the form of information and even meetings with the Agency to discuss their situation.

This is part of the Swedish aim to get everything "right from the beginning" so that when the business is transferred to the normal procedures, it will be better prepared in future. It also provides an opportunity for the Swedish Tax Agency to learn more about the difficulties that SMEs experience as starts-ups.

### **Finland – Special assistance for new businesses**

In order to reduce the risk that new and inexperienced business owners will fail to comply with tax requirements, the Finnish Tax Administration classifies such businesses in a special customer group. Members of this group receive more guidance from the tax authorities. Moreover, the tax authorities use "softer" methods in order to ensure compliance. However, they also react faster to compliance failures.

### **Italy – facilities for start-ups and smaller enterprises**

Law No 388/2000 (Articles 13 and 14) introduced optional simplified regimes for small start-ups (for up to 3 years, with an annual revenue threshold of €30 987.41 for service enterprises or € 61 974.83 for others) and smaller enterprises (valid until revoked, with a maximum threshold of €25 822.84). These regimes have three advantages:

1. Simplified procedures: entrepreneurs are not obliged to keep records or make prepayments for income tax or VAT purposes. They simply have to draw up and keep invoices and to file annual income tax and VAT returns. If they have employees, they must apply withholding tax on wages and file withholding tax returns.
2. Tax assistance on request: special assistance from mentors at a local office and pre-filled tax returns. From the 2007 tax year, entrepreneurs have to use a new procedure (RFA Web) that does not require software to be downloaded to process data and to transfer data quarterly. Data are directly sent to the Revenue Agency's servers via the web. The Agency then fills in directly the payment form, tax return form and VAT tax refund form.

(Entrepreneurs may ask for a tax credit to buy a personal computer).

3. Substitute tax on income calculated in a simplified way (10% for start-ups, 15% for smaller enterprises).

### 3.3. Wage tax (payroll tax)

#### 3.3.1. Wage tax information upon the registration of start-ups

For information on registering as an employer for payroll tax purposes, the main channels are brochures and websites of the tax administrations. In all countries, the websites of the tax administration now play a major role in providing employers with the relevant information. Information on obligations for payroll or wage tax is often combined with information on personal or corporate income tax. In **Slovenia**, however, no registration is necessary for payroll tax purposes.

#### **Sweden – Special brochures on wage and payroll tax**

All the information needed for wage and payroll tax and the responsibilities of an employer in this area are set out in three special brochures:

- Wage Tax and Payroll Tax (SKV 401). The information in this brochure is not related to a specific year. Instead, registered employers get a page of specific information every January for the current year together with the first tax return form.
- How to fill in your wage and payroll tax record (SKV 418). The aim of this brochure is to make it easier for those starting a new business. It comes together with two forms.
- Starting your own business (SKV 462). This brochure provides start-ups with important information for starting a business. It is translated into seven languages including English.

The brochures are available on the website of the Tax Agency, but it is also possible to order them by phone. They are distributed along with other brochures to those attending the organised information sessions for start-ups.

#### 3.3.2. Information on recurring wage tax procedures

There is tailored information on wage tax procedures for start-ups and small enterprises: in **Sweden**, there are regular seminars for newly started enterprises; in **Spain** and **Italy**, special software is available for filling in withholding tax returns. In other countries, reminders are sent to enterprises to get them to file declarations in time. In **Belgium**, ‘social secretariats’ handle the obligations and formalities to be met by employers in the field of social regulations.

### 3.3.3. *Interpretation of wage tax laws and rulings*

In almost all reporting countries, written interpretations regarding payroll tax are provided to employers on request. The majority of these interpretations are non-binding. In **Italy**, however, employers, as withholding agents, can submit a request to the Italian Revenue Agency for a binding interpretation regarding the correct application of the withholding of taxes. The procedure is similar to those for income tax, although employers are only obliged to withhold tax for their employees.

In addition to official requests, informal inquiries can also be made e.g. in **Ireland**. There are deadlines for the tax administrations to reply in some of the reporting countries, which are similar to those for personal or corporate income tax. In **Denmark** and **Austria**, no such written interpretations or confirmations are provided for wage or payroll tax.

#### **Italy – Binding rulings**

As with personal and corporate income tax, rulings are also available on wage tax: employers, as withholding agents, can submit to the Italian Revenue Agency a specific request regarding the correct application of the withholding tax on wages.

Other rulings are also available on the correct application of labour laws and social contribution laws under Law No 124/2004, Article 9. Employer associations, professional associations and public administrations may submit a request by email to a provincial office of Ministry of Labour or the INPS (national institute for social provisions). No penal or administrative sanctions are applied to employers that respect these rulings.

### 3.3.4. *Information and assistance upon changes in wage tax*

In most of the reporting countries, information on changes in payroll or wage tax in general is provided by the tax administrations. The main information channel is the website, but seminars and training courses are also provided in various countries. Questions can also be put to the help desks of the tax administrations. In **Lithuania**, employers can subscribe to a tax news service on the State Tax Inspectorate website. In **Denmark**, employers can subscribe to an email newsletter on all types of changes in tax law. In **Latvia**, special call centres have been

established to provide taxpayers (employers) with the necessary information quickly.

### 3.3.5. *Wage tax registration for start-ups*

In some countries, special registration for wage or payroll tax is not required or is included in the process for the registration of start-ups. Electronic registration for wage or payroll tax purposes is available only in a few countries such as **Belgium, Iceland, Spain** and **Sweden**.

#### **Sweden – Single registration for tax and social security**

As from 2004, new enterprises can register simultaneously with the Swedish Companies Registration Office and the Swedish Tax Agency. At the Swedish Companies Registration Office, they will find e.g.:

- application for registering the business enterprise
- Articles of association
- application for receiving and sending messages on a registration matter
- application for de-registering a business enterprise
- application for reporting VAT registration
- application for reporting the registration of wage tax and employer's contributions.

### 3.3.6. *Filing of wage tax returns and other reporting requirements*

In almost all countries, employers have to file wage tax returns on a monthly basis to the tax administrations. Depending on the amount of taxes withheld, wage tax returns in **Luxembourg** can be filed monthly, quarterly or even yearly. Small enterprises in **Spain** can also file a return on a quarterly basis. In almost all reporting countries, employers also have to file annual returns.

In some countries, the reporting of wage tax and social security contributions is unified and done at the same time and on the same form. In **Iceland**, only one tax is levied and a percentage of this goes to social security.

### **Belgium – Annual filing of returns**

In general, wage tax returns and wage tax payments have to be filed on a monthly basis. However, if the wages paid during a quarter are below 25 000 euros, the wage tax return may be filed and the wage tax paid on a quarterly basis. Nevertheless, such taxpayers still have to pay an advance (66% of the 2<sup>nd</sup> quarter) on or before 15 December.

New taxpayers may pay wage tax on a quarterly basis for the first year of their activity.

For members of a ‘social secretariat’ other rules apply. Social secretariats have to pay the wage tax by the last but one working day of the month following the month during which the wages were paid. If a member of a social secretariat pays wage tax on a quarterly basis, the wage tax is due on the last but one working day of the month following the quarter during which the wages were paid.

### **Italy – Annual filing of returns**

Entrepreneurs and corporations must pay withholding tax on a monthly basis using the electronic payment form, but the withholding tax return must be filed once a year and also contains social contribution data (however, monthly reports are required by the INPS for social contribution purposes). The electronic filing of withholding tax returns is mandatory. The software is provided by the Revenue Agency free of charge.

#### *3.3.7. Electronic filing of wage tax returns*

In all countries apart from **Slovenia**, **Cyprus** and the **Czech Republic**, wage tax returns can be filed electronically. In **Italy**, electronic filing is mandatory. There is no link between payroll software and the filing of tax returns in any of the countries. Improvements could be brought about by more streamlined and thus time-saving procedures (**Cyprus**), improved handling of electronic filing (**Germany**), corrections to previous declarations (**Iceland**) and links between accounting software and PAYE returns.

### 3.3.8. *Wage tax accounting*

Simplified ways of calculating wage or payroll tax are not provided in the reporting countries. The number of elements to be included in the wage tax calculation has an impact on the complexity and administrative burden of the wage/payroll tax procedure for the employer. In the reporting countries, it is common to include the legal status and number of children in the wage tax calculation. Schemes for overtime, working on public holidays etc. can also require time-consuming procedures since these figures are likely to change frequently. However, such schemes exist only in some of the reporting countries.

The taxation of benefits in kind can also be burdensome: The private use of company cars by employees is calculated in most countries by adding a certain percentage of the value of the car to the salary or wages of the employee in order to calculate the tax to be withheld.

### 3.3.9. *Record-keeping requirements for wage tax*

Besides wage accounts, employers have to keep the tax cards of their employees stating their personal allowances, together with other documents giving evidence of personal allowances or even a second occupation of the employee to be considered in calculating the withholding tax. The retention period for these records ranges from 4 years up to 20 years in the **Czech Republic**.

In most countries, employers have to provide employees with documents stating their gross income, the taxes withheld and other information at the end of the year or upon termination of the work contract.

### 3.3.10. *Payment and refund procedures for wage tax*

Deadlines for paying payroll or wage tax to the tax administration differ from country to country: In **Slovenia**, the withholding tax has to be paid to the tax administration on the same date as wages or salaries, in Poland on the 20<sup>th</sup> of the following month. Payroll withholding tax has to be paid 12 times a year in most of the reporting countries. As with the number of wage/payroll tax returns, the number of payments can also be reduced in **Luxembourg** and **Belgium**. In Italy, it is possible to offset payable withholding tax against receivable income tax, corporation tax or VAT.

### *3.3.11. Wage tax penalty procedures*

The employer is liable for the correct declaration and withholding of payroll/wage tax. If the employer does not receive or keep all the necessary information and evidence (e.g. tax card), the maximum withholding tax rates are applied (**Finland, Spain and Luxembourg**).

The consequences of failure to file tax returns and late payment are comparable to those for personal and corporate income tax.

The size of the enterprise or the number of employees has no direct influence on the penalties or fines. However, a past record of good behaviour is taken into account in the majority of the reporting countries.



#### **4. LESSONS LEARNED FROM THE GOOD PRACTICE CASES**

The best practice cases described already show what can be done to facilitate tax compliance procedures for small enterprises. On the basis of these examples, the expert group also formulated some more general lessons as to how the tax environment for small businesses could be further improved. It should be noted that these lessons are in no way intended to encroach upon the sovereignty of the Member States in tax matters.

##### **1) A stable and predictable regulatory environment is one way to implement the “think small first” principle in taxation.**

Naturally, businesses will always welcome changes in the tax law that are in their favour. However, one of the main reasons for high compliance costs is frequent changes in taxation. Changes in tax laws and tax procedures should therefore be kept to a minimum.

Annual statements on the planned dates and content of changes could be made available to businesses at the start of each year to reduce the costs of obtaining information on changes. Such statements could contain links to further guidance to ensure that businesses are informed well in advance of new regulation, e.g. by a “regulatory pipeline website” that shows which rules are being prepared and the stage they are at.

Some Member States have also had positive experiences with limiting the introduction of new regulation to only one or two occasions per year (with exceptions for cases that require immediate action). However, experts from some other Member States indicated that such a rule for tax laws would not be compatible with their legislative system and its procedures.

##### **2) The integration of registration for tax purposes within general business registration and the introduction of one-stop shops can help to reduce information and compliance costs.**

The costs that businesses incur in obtaining information on tax matters can be reduced by providing information on all taxes at one-stop shops. Apart from providing information, such one-stop shops (which could e.g. be part of local or regional revenue boards, but could also in principle be hosted in other institutions such as Chambers of Commerce) could also be used for the registration of businesses for tax purposes.

Generally, tax registration could be considered to be part of the general registration process for a new business. The one-stop shop for tax registration should also be available as an online service.

In order to ensure the correct application of tax rules by new businesses, tax administrations can send mail shots after enterprises have been registered for tax purposes. Some Member States also provide for personal visits by tax officials to new businesses that need further advice.

### **3) Tailor-made information on tax issues helps to reduce compliance costs for small businesses**

Tax laws try to cover all kinds of economic transactions, so many provisions are not actually applicable to small enterprises. It is important for small businesses to be given information that is clear and straightforward and does not encumber them with facts they do not need to know for their own purposes.

In drafting information, tax administrations are well advised to seek the help of communication professionals. Apart from websites and brochures, a wide range of information channels can be considered (e.g. multipliers such as chambers of commerce and trade, seminars, call centres, visits from tax officials etc.).

The one-stop-shop principle can also be used for the distribution of information once a business is registered. Even if several administrations are responsible for different taxes, single interfaces that direct queries from businesses to the appropriate administrations will help to lower information costs for businesses.

### **4) Small businesses need information and assistance on changes in tax laws**

One of the most important challenges perceived by businesses are frequent changes in the tax laws, leading to uncertainty regarding the future tax treatment of transactions. When changes occur, timely information on tax changes will help businesses to adjust.

The information will be most useful if it is tailored to the needs of small businesses and if it is distributed via a variety of channels. Tax administrations could for example provide a free-of-charge email alert service for businesses. The value of such a service to businesses can be further increased by filtering the information based on a user profile so that businesses do not receive information that does not apply to them.

### **5) Binding interpretations of existing tax laws and rulings reduce uncertainty**

The interpretation of existing tax laws is often difficult for enterprises and even for tax practitioners. Besides a general interpretation of the existing law, there are often situations where businesses need clarity on the tax treatment of certain transactions.

If businesses are entitled to receive a binding written interpretation of tax laws from the tax administration for specific circumstances within a relatively short time, the costs and risks resulting from uncertainties and misunderstandings can be considerably reduced.

Rulings are more useful when businesses are able to file requests without the help of a lawyer or tax specialist, i.e. where businesses are allowed to file a request directly and the procedure is not too complicated. If there are fees or similar charges for an interpretation or ruling, they should be set appropriately to deter obviously unnecessary applications or abuse of the system but not so high as to deter genuine requests.

#### **6) Simplified methods for tax accounting and for establishing the tax base can reduce compliance costs for small businesses**

For small businesses (especially micro businesses), the availability of simplified forms of tax accounting and establishing the taxable base as options alongside the “full” or “standard” methods presents a great advantage. Such simplified methods include e.g. presumptive systems for the tax base itself or for important elements needed to establish the tax base (e.g. costs, turnover). Another option that can be considered is lump sum systems for income taxes. In general, the requirements for tax accounting should be less complicated for small businesses.

#### **7) Filing of tax returns and other reporting requirements**

Small enterprises are usually structured and operated in a simpler way than large companies and do not engage in complicated transactions. This can be reflected in the tax forms that these businesses have to use. Good tax forms have a user-friendly layout and avoid complicated technical terms or abbreviations. It is helpful if forms are accompanied by a short explanatory leaflet (naturally the best leaflet in the world will not compensate for an overly complicated form). In addition, tax administrations can assist small enterprises in filing tax returns (e.g. via call centres).

To the extent possible and in conformity with the risk management for revenues, deadlines for SMEs should be handled in a way that takes into account the special problems that small businesses often have with the complexities of tax law.

The frequency of filing tax returns has to take into account the limited resources that small businesses have to deal with administrative obligations and should not be more than once a year (except for justified cases).

## **8) Electronic filing of tax returns speeds up procedures and reduces compliance costs**

Electronic filing systems offer numerous advantages and help to reduce tax compliance errors. When electronic filing systems are introduced, it should not be forgotten that small businesses might have special technical and financial problems with installing the new technology and adapting to it. Incentives such as more flexible deadlines or quicker re-payment of taxes could be offered to businesses that use electronic filing systems.

Electronic filing systems are especially useful if they are linked with electronic help programmes and plausibility checks.

## **9) Payment reminders and individual tax accounts speed up payment and refund procedures**

Automatic payment reminders by tax authorities (e.g. per email) that inform and remind businesses well in advance of payment dates can help avoid late payments and penalty procedures.

For each taxpayer (business), the tax authority should have one tax account for different taxes. This account should be accessible via the internet.

## **10) Penalty procedures can be avoided or reduced by special information for young enterprises**

Special information and advice from the tax administration for young businesses (e.g. seminars, personal visits by tax officers, etc.) can help to ensure that these enterprises are fully informed about their obligations and understand them.

Some tax administrations also find it useful to set up special departments to deal with young enterprises.

## **OVERVIEW TABLES: TAX PROCEDURES IN PARTICIPATING COUNTRIES (ONLY IN ENGLISH)**

The following tables summarise the main features of personal income tax (tables A), corporate income tax (tables B) and payroll tax (tables C) for the countries participating in the project: Austria, Belgium, Bulgaria, the Czech Republic, Cyprus, Denmark, Estonia, Finland, Germany, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Slovenia, Spain and Sweden.

For each of the three taxes, the tables are as follows:

Table 1 – Information for start-ups upon registration

Table 2 – Information on recurring tax procedures

Table 3 – Interpretation of existing laws and rulings

Table 4 – Information and assistance on changes in tax laws

Table 5 – Registration of start-ups

Table 6 – Filing of tax returns and other reporting requirements

Table 7 – Electronic filing of tax returns

Table 8 – Tax accounting

Table 9 – Record-keeping requirements

Table 10 – Payments and refunds

Table 11 – Penalty procedures

**Table A1: Income Tax – Information for start-ups upon registration**

Country	TAILORED INFORMATION ON REGISTERING OF START-UPS	MAIN SOURCES OF INFORMATION ON REGISTRATION	INFORMATION ON IN-COME TAX OR ALSO OTHER TAXES	REGISTRATION IS PART OF INFORMATION ON GENERAL REGISTRATION
Austria	YES	B, W	O	NO
Belgium	YES	B, W, O,C	O	YES
Bulgaria	NO	B, W,	O	NO
Czech Republic	YES	B, W, Co	O	YES
Cyprus	YES	B, W; Co	I	NO
Denmark	YES	B, W, C, O Co	O	YES
Estonia	Tax registration part of general business registration.	B, W, C	O	If registerered in commercial register no tax registration necessary
Finland <sup>1)</sup>	YES	B, W, C	O	NO
Germany	YES	B, W, C,Co	O	NO
Hungary	YES	B,W,C,O	O	NO
Iceland	YES	W, Co	O	YES
Ireland	YES	B,W, Local Revenue Office	O	YES
Italy	YES	B, W, C, Co	O	NO, but chambers of commerce give registration
Latvia	YES	B, W, C, O Co	O	YES
Lithuania	YES	B, W, Co	O	YES
Luxembourg	NO	N/A	N/A	NO
Malta	NO	Co	I	NO
Poland	YES	W, C, Co	O	Yes as regards web site; call centres are only for tax information
Slovenia	YES	B, W, Co	O	NO
Spain	YES	B, W, C, O Co	O	No, but there are coordinated programmes with other public administrations on start-ups
Sweden	YES	B, W, C, O Co	O	YES

B - Brochures  
W - Web Sites  
C - Call centers  
O - One stop shops  
Co - Competent official in tax administration

I - Income tax  
O - Income tax and other relevant taxes

**Table A2: Income Tax – Information on recurring tax procedures**

Country	TAILORED INFORMATION FOR SMALLER ENTERPRISES ON RECURRENT TAX PROCEDURES	MAIN SOURCES OF INFORMATION	INFORMATION ON INCOME TAX OR ALSO ON OTHER TAXES	EARLY WARNING TOOLS ON DEADLINES	PERSONALISED TAX CALENDAR	OTHERS
Austria	NO	N/A	O	NO	NO	NO
Belgium	YES	B,W, O, C	I	YES, but not on personalised basis	NO	
Bulgaria	YES, to all enterprises	B,W	O	YES, general tax calendar for all taxpayers	NO	If taxpayer does not define the tax base himself: Notice for a tax liability
Czech Republic	NO	N/A	O	NO	NO	
Cyprus	NO	N/A	N/A	NO	NO	NO
Denmark	YES	B,W,C,O,Co	O	NO	NO	NO
Estonia	YES	B, W; C	O	NO	NO, but general tax calendar	NO
Finland	NO, detailed information for enterprises irrespective of size	B,W,C,Co	O	NO	NO, but general tax calendar	NO
Germany	NO	N/A	O	NO	NO	/
Hungary	NO	B, W, C	O	YES, tax calendars	NO	/
Iceland	YES	B,W	O	YES, the owner is notified of the prepayments of income tax	NO	NO
Ireland	YES	B,W	I	NO, deadlines stated in income tax returns	NO	
Italy	YES	B, W, C, Co	O	YES, web site, newsletter	YES	tutor program for smaller enterprises who ask for tax assistance
Latvia	NO	B, W, C, Co	O	NO	NO	NO
Lithuania	NO	N/A	N/A	YES, personalised tax calendar	YES	NO
Luxembourg	NO	N/A	N/A	YES, in newspapers tax calendar	YES	Information on the web site
Malta	NO	Co	I	NO	There is a general tax calendar	Malta Enterprise
Poland	NO	N/A	N/A	NO	NO	NO
Slovenia	YES	W,Co	O	Notice to file tax returns in newspapers, web	NO	Small business development centre Chamber of Commerce and Industry Chamber of Craft of Slovenia
Spain	YES	B,W,C,O,Co customized timing of tax liabilities ; mailing shot after registration on taxes	O	YES, general timings and customized timings of tax liabilities	YES	
Sweden	YES	B,W,Co meetings	O	YES sending of pre-printed tax returns 1 month before	NO	NO

B - Brochures  
 W - Web Sites  
 C - Call centers  
 O - One stop shops  
 Co - Competent official in tax administration  
 I - Income tax  
 O - Income tax and other relevant taxes

**Table A3: Income Tax – Interpretation of existing laws and rulings**

Country	WRITTEN CONFIRMATION/ INTERPRETATION TO SMALLER ENTERPRISES	RULINGS FOR WHAT KIND OF TRANSACTIONS	PROCEDURE FORM	CONDITIONS PROCEDURE	LEGAL EFFECT ADVANCED RULING	TIME LIMIT FOR RULING
Austria	NO	not yet started			non-binding	8 weeks
Belgium	YES, subject to some limitations	all transactions that not yet produced fiscal effects (not started, not accomplished)	advance rulings: number of specifications others:written request	advance rulings: no fiscally effects yet	binding	Advanced rulings tentative 3 months
Bulgaria	YES, answering inquiries made by certain taxpayers	not started, not accomplished already accomplished	file a written request	no interest, if interpretation is changed later	non-binding	no time limits
Czech Republic	Yes non binding on tax issues		informal	/	/	/
Cyprus	Yes, but on informal basis	not started not accomplished	informal procedure written application	NO	non-binding	NO, no obligation to respond to an inquiry
Denmark	Yes; advance ruling costs 40 €	not started, not accomplished already accomplished	no special procedure	no special procedure	binding	Yes, if possible within 30 days
Estonia	Yes, interpretation of tax laws not binding	not started, not accomplished already accomplished	written request	No tax ruling	non-binding	YES, 30 days upon receiving the request
Finland	Yes, by Central Tax Board or local tax office	all mentioned transactions	written request with possible interpretations	several, but ruling can be refused	binding	request should be filed before due date of submission of tax return, no time limit (goal 8 weeks)
Germany	YES	not yet started	informal application	written application additional requirements	binding	NO
Hungary	YES, taxpayer can request	transaction not started	/	prescribed form endorsed by attorney or consultant; fee	binding	YES, 60 days
Iceland	YES, ruling, legal consequences are determined in advance	transaction not started	written request; detailed description of tax issue; fee	Written application in advance	binding	YES, 3 months
Ireland	Yes, if transaction is complex and existing info are not clear	transaction not started	See section B	See section B	non-binding	NO see Section B
Italy	YES, ruling in case of objective conditions of uncertainty	not started, not accomplished already accomplished	written request to revenue agency before applying tax provision	description of the personal issue taxpayer's interpretation of tax law	binding	120 days
Latvia	YES, laid down in law; two different forms of requests	not started, not accomplished already accomplished	ordinary letter or special form statement		non-binding	YES, in most cases one month, possibly up to 4 months, in urgent cases less than 1 month
Lithuania	YES	not started, not accomplished already accomplished	written request for confirmation/ interpretation		non-binding	YES, simple requests 3 working days, else within 30 days
Luxembourg	NO	N/A	N/A	no tax ruling in LUX	N/A	N/A
Malta	NO - only general opinions are provided on request and are not binding on the department	not started, not accomplished already accomplished	written request - not binding	no special conditions	non-binding	N/A
Poland	YES	not started, not accomplished already accomplished	written application, lack of pending tax control proceedings; stamp duty	the same as in the previous point: (i.e. written application, lack of pending tax control)	binding	3-4 months, 6 months in case of rulings issued by Minister of Finance, No answer in due time means position of taxpayer (application) is binding
Slovenia	NO, but on general opinions regarding tax obligations, no legal value for tax assessment or in court	not started, not accomplished already accomplished	tax administration issue opinion on general topics	no advanced tax ruling	N/A	N/A
Spain	Yes, Articles 88 and 89 of the General Tax law	transactions not accomplished	written consultation, filed before end of deadline for exercise rights or discharge tax liabilities	no special conditions	binding	6 months
Sweden	Yes from the tax agency, but no commitment of tax administration	transactions not started	Yes at the Council for tax rulings Written request	Rulings can be refused	binding	YES



**Table A4: Income Tax – Information and assistance on changes in tax laws**

Country	INFORMATION ABOUT TAX CHANGES	WHICH MEANS COMMUNICATION	SPECIAL ASSISTANCE TO TAXPAYERS AND TAX CONSULTANTS	PROGRESS	FURTHER IMPROVEMENTS
Austria	regular information in general	web-site	only information from web site		
Belgium	regular information in general	Web Site, help desk, call centre, press releases	taxpayers, consultants	Creation of internet site	structure of internet site: individuals/SMEs/other Co.
Bulgaria	no regular information	Web Site, help desk newspaper and magazines	taxpayers, consultants seminars	website with information seminars of tax admin.	better informations/seminars also in smaller towns
Czech Republic	regular information	Web Site	taxpayers, consultants information leaflets sessions with tax advisors	website	Taxpayer Service focused on communication with taxpayers
Cyprus	no particular information	N/A	N/A	No	up to date web site with information for taxpayers
Denmark	regular information in general	mail , e-mail, web site, seminars help desk	taxpayers, consultants	subscribe e-mail on changes or specific topics individualised profile	Improvement of guidelines for non-tax professionals on web-sites, Call-center
Estonia	regular information in general	Web site, seminars and training Help desk	No	/	/
Finland	see under A I	see under A II	information from website,leaflets customer classification	interactive services information for tax payers on different channels	YES
Germany	no particular information	N/A	/	/	/
Hungary	regular information in general	web site, help desk	/	/	/
Iceland	regular information on changes of income tax in general	mail, web-site	to taxpayers	advance rulings in tax cases law in 1998	web site, e-mail to notify certain groups of taxpayers
Ireland	no particular information	Web site, Media report budget changes, Local Revenue office	general queries of tax payers and consultants		NO
Italy	regular information on changes of income tax in general	web site, web magazines, call centre newsletter,explanatory circular letters videoconference, local office	advanced ruling for taxpayers, tax advice to enterprise association	tax data base, web site, binding tax ruling	personalized information
Latvia	regular information on changes of income tax in general	web site, seminars and training Help desk	to taxpayers	informative booklets for registration, accounting of income and expenses, etc	YES
Lithuania	regular information in general	web site, seminars and training help desk, news subscription	to taxpayers to tax consultants	changes within 5 work days in the Web; seminars for taxpayers by local admin.	
Luxembourg	regular information in general	e-mail, web site, circular of tax administration	NO		request for information from the public seldom
Malta	regular information in general	e-mail, web-site, help desk, seminars circulars	to taxpayers to tax consultants	/	YES - content & structure of the official website, taxpayer service
Poland	regular information on changes in general	Web site, call centres	NO	improvement of website	more brochures, content in official website
Slovenia	regular information in general	web site, help desk	to taxpayers	automatic data transfer for sole trader to tax auth. for tax registration	automatic data transfer for other enterprises to tax auth. for tax registration
Spain	regular information in general	mail, e-mail, website, seminars, helpdesk, software and guides	to taxpayers to tax consultants	electronic income tax guide introduced in 2005	Development of assistance software to fill tax records
Sweden	regular information in general regular information for SMEs	web site, seminars and training help desk	to taxpayers to tax consultants	Futher development of e-services and cooperation with other agencies	improvement of information systems

**Table A5: Income Tax – Registration of start-ups**

Country	TO REGISTER WITH DIFFERENT TAX AUTHORITIES	WHICH OTHER TAXES ARE CONCERNED	ENCOMPASSED IN GENERAL REGISTRATION	DOCUMENTS TO BE ATTACHED	ELECTRONIC REGISTRATION	ELECTRONIC SIGNATURE	TIME LAG BETWEEN START AND REGISTRATION	CHANGE OF TAX NUMBERS	TIME FOR NEW TAX NUMBER	PROGRESS	POSSIBLE IMPROVEMENT
Austria	NO	Wage tax, capital tax, local tax if there are employees	NO	notification sheet; ID	NO	N/A	30 days after start	not any more	N/A		
Belgium	NO	/	YES, request for ID number one stop shop for enterprises	/	/	/	/	/	/	/	/
Bulgaria	NO	Wage tax , local property tax	No	YES, copy of court registration, BulStat regist.	NO	/	registration 14 days after court registration	YES	within 7 days	income tax number = VAT number	single identification number +Bulstat
Czech Republic	NO	Wage tax, VAT Road tax	YES, centralised register under Trades Licensing Offices	Yes Sec. 33 Administration Act	NO	/	30 days after start of business	NO	/	centralised register	
Cyprus	Yes, if VAT applicable: Income tax office and VAT office	Wage tax, VAT	NO	copy of identity card or passport & Form IR 163	NO	N/A	registration before filing the tax return	NO	N/A	None	application on line and receive tax identification code instantly
Denmark	No specific registration for income tax necessary	Wwage tax, regional and municipal income taxes	N/A	N/A	N/A	N/A		NO	3 days	central entry point for tax and business registration	/
Estonia	No special registration for income tax purposes	Social tax, wage tax, pension insurance	YES, commercial register	NO	NO	/	Date of submission of application	NO	N/A		Electronic registration via single access point
Finnland	Only one Tax administration Customs & Excise separate	VAT register, employer register withholding tax register	YES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Germany	NO	Wage tax trade tax on income, VAT	NO	manual for the registration forms /NO	NO		/	YES	14 days	/	electronic registration
Hungary	NO	Wage tax , trade tax on income	NO	NO	YES, optional	obligatory	no time lag	NO	(30 days)	/	/
Iceland	NO	Wage tax	YES, register electronically and for income tax at the same time	/	YES, optional	not obligatory	registration 8 days before start of business	NO	N/A	Registering VAT and payroll tax at the same time	making registration through web possible
Ireland	NO	Wage tax, VAT	NO	NO	NO	N/A	2 weeks	NO		visit from Revenue official	Registration online
Italy	NO	VAT, withholding tax, regional tax	Chambers of commerce give VAT code at the moment of reg.	NO	YES, optional	pin code or 2 keys cryptographic system	30 days	NO	VAT code is assigned at the moment of reg.	electronic registration	one on line registration for business, tax, social contr.
Latvia	NO	Wage tax	YES, registration in commercial register		NO	N/A	within 10 days after starting business	NO	N/A	automatic registration of legal persons for tax	electronic registration
Lithuania	NO	wage tax		different documents for business certificate or individual activity	NO	/	No time lag is accepted	NO			
Luxembourg	YES, three	wage tax trade tax, capital tax municipal commercial tax,	NO	NO	NO	N/A	/	NO	N/A		Centralised fiscal info as of 01.07.2007
Malta	YES -VAT office, employer registration - No specific registration for income tax necessary	VAT, Wage tax	NO	NO	NO	N/A	N/A	NO	N/A	Automated procedure based on data from other departments/entities	/
Poland	NO	wage tax, VAT	NO	YES, extract from business register, REGON document partnership agreement	NO	N/A	No time lag	NO	30 days	/	there are works on one -stop shops pending
Slovenia	no tax registration, transfer of data from municipality	trade tax on income	Yes income tax registration is automatic, VAT not	NO	NO	N/A	before business starts	NO	-		
Spain	NO	trade tax on income, business local tax	Yes, when the registration through one stop shop programme	NO	YES, optional	obligatory, or hard copy printed and signed	during the first month of the activity	NO	N/A		
Sweden	NO	wage tax, trade tax on income capital tax, regional tax	YES	NO	YES, optional	obligatory	30 days	NO	N/A	Further development of existing e-services	user interfaces new one stop shop

**Table A6: Income Tax – Filing of tax returns and other reporting requirements**

Country	GENERAL OVERVIEW	EXEMPTION FROM FILING TAX RETURNS	ADMINISTRATIVE OR SELF ASSESSMENT	FREQUENCY OF TAX RETURNS	DEADLINE FOR FILING	SIMPLIFICATIONS FOR SME	ASSISTANCE FOR THE FIRST TAX RETURN	SPECIAL ASSISTANCE FOR SMES	SEPERATE FORMS FOR SIMPLE CASES	LAYOUT	EXPLANATORY NOTES	OTHER DOCUMENTS	POSTPONEMENT OF FILING
Austria	hard copy on 30.04.n+1 e-return on 30.06.n+1	YES, if profit < €8887 and no double entry bookkeeping.	ADMINISTRATIVE	1	hard copy on 30.04.n+1 e-return on 30.06.n+1	YES, annual accounts not to be sent	NO	NO	NO	NO	NO	annual statements of accounts	by tax accountant or by justified request
Belgium	option for paper and electronic filing (through tax on web)	NO	ADMINISTRATIVE	1	at least one month after forwarding the tax return to the taxpayer	NO	NO, however enterprise may ask local tax audit office	NO, however enterprise may ask local tax audit office	NO	NO	YES	YES, proofs/evidence for certain expenses, annual accounts	YES, by written request
Bulgaria	annual tax declaration including income with flat tax (patent tax)	No, if business activity	SELF- ASSESSMENT	1	15.04 n+1	patent tax is easier	NO	NO	NO	YES	YES	annual financial report	not possible
Czech Republic	hard copy must be filed	up to taxable income € 500 p.a.	SELF- ASSESSMENT	1	31.03 n+1	NO	NO	NO	NO	YES	YES	Yes, various documents listed in instruction form	Yes, 3 months at maximum
Cyprus	pre-printed income tax returns are sent to tax payers	NO	ADMINISTRATIVE	2	31.12.n+1 (IR1) 01.08.n (IR5)	NO	NO	NO	NO	limited	YES	YES, certain certificates	not possible
Denmark	Filing date 1 July at the latest	NO	ADMINISTRATIVE	1-2	01.07 n+1	NO	NO	NO	NO	YES	YES	tax accounts not required from 2006	special circumstances: sickness, etc.
Estonia	annual income tax return	NO	SELF- ASSESSMENT	1	31.03 n+1	NO, but general assistance available	NO, but general assistance available	NO	NO	YES different parts	YES	NO	special circumstances: sickness, absence
Finland	pre-populated tax return	NO	administrative self-assessment	1	pre-populated tax return sent in May to taxpayer	NO	NO	NO	NO	NO	YES	/	/
Germany	/	/	/	/	/	NO	NO	NO	NO	NO	YES	/	/
Hungary	/	NO	SELF- ASSESSMENT	1-10	different deadlines	NO	NO	NO	NO	YES	YES	NO	not possible
Iceland	option for paper and electronic filing	NO	ADMINISTRATIVE	1	late March or beginning of April	NO	NO	NO	YES	NO	YES	YES, in certain cases annual accounts	YES, if filing is done electronically
Ireland	pay and file before 31.10 n+1, prepaym. for current year: 31.10 90% of final tax payable for the year or 100% of previous year	NO	SELF- ASSESSMENT	1	31.10. n+1	NO	NO	filing until 31.08 n+1 Revenue will assist in paying correct amount by the due date	simplified tax return for small unincorporated businesses	forms easy to be followed	YES	NO	not possible
Italy	annual tax return electronic filing is mandatory	NO	self-assessment	1	31.07 n+1	NO	general assistance, special assistance for small start-up	special assistance for smaller enterprises	NO	sections, boxes with marginal notes	YES, detailed	no documents attached	not possible
Latvia	annual tax return not be submitted to the State Revenue Service	NO	SELF- ASSESSMENT	1 annual return 1 advanced payment form	01.04. n+1	NO	NO	NO	NO	NO	NO	NO	not possible
Lithuania	individual activity: filing before 1 May of the following year	NO	SELF- ASSESSMENT	1	30.04. n+1	NO	NO	NO	NO	NO	YES	YES, for foreign tax credits	not possible
Luxembourg	the annual declaration with necessary additional information	NO	ADMINISTRATIVE	1	31.03.n+1	NO	NO	NO	NO	YES	NO	YES, annual accounts & specifications	Yes, delay may be accepted
Malta	returns can be filed in paper or electronic format by the return due date	NO	SELF- ASSESSMENT	1	30th June	NO	NO	NO	NO	YES structured return	YES	YES a simple P & L Account	NONE
Poland	annual tax returns, paper forms works pending on the possibility of electronic filing	NO	SELF- ASSESSMENT	once a year	30.04 n+1	tax card, lump sum of recorded revenues, "tax holidays" for start-ups	NO	NO	NO	YES	YES	YES, for certain cases financial statements	NO
Slovenia	tax returns filed to tax office; notification of final tax	NO	ADMINISTRATIVE	1	31.03 n+1	NO	NO	NO	NO	NO	YES	NO	None
Spain	strong use of electronic help programmes, prepopulated forms and telematic procedures	Not for entrepreneurs	SELF- ASSESSMENT	1	between 01.05 and 30.6 n+1	less documentation, flat rate tax schemes and simplify accountancy	NO	YES: assistance software letters, guides, brochures	NO	YES	YES	NO	Only due to superiore force
Sweden	Prepopulated tax returns, electronic filing in year 2006 was 40%	YES, if private houses or tenant ownership have been sold	SELF- ASSESSMENT	1	02.05 n+1	YES, simplified	YES, tax agency inform in April each year SMEs at special occasions	special information brochures and website	YES, simplified	YES, different boxes with headlines	YES	YES, different types of documents	Yes filing can be postponed until 15th of June

**Table A7: Income Tax – Electronic filing of tax returns**

Country	ELECTRONIC FILING AVAILABLE	LINK BETWEEN ACCOUNTING AND FILING TAX RETURN	ELECTRONIC SIGNATURE MANDATORY	HARD COPY IF NO ELECTRONIC SIGNATURE	FILING DATE OF HARD COPY OR E-RETURN	ELECTRONIC FILING ACCELERATED PROCESSING	ELECTRONIC FILING WITH OTHER DOCUMENTS	ASSISTANCE HELP FOR SMEs	FURTHER IMPROVEMENTS
Austria	YES	YES	NO	NO	HARD COPY	YES	NO	detailed information on website	
Belgium	YES	NO	YES	YES, SHORT FORM	HARD COPY	NO	NO	Call Centre	Link of accounting software and electronic filing
Bulgaria	YES	YES?	YES	/	/	YES	NO, hard copy	Seminars	e-signature
Czech Republic	YES	YES	NO	YES, SHORT FORM	ELECTRONIC VERSION	NO	mandatory annexes to income tax returns	interactive guide through filling forms	better presentation of electronic filling no mandatory annexes access to e.f. from main web side administration information by email Introduction of tax gateway and personalized tax calendar
Cyprus	YES, only individuals	NO	NO	NO	N/A	N/A	NO	web site or helpdesk	Electronic filing of any accompanying documents
Denmark	YES	NO	NO, if authorised via bank portal YES, if authorised via personal identification card	YES, LONG FORM	HARD COPY	YES	NO	Web- guidelines and call center	/
Estonia	YES	YES	Mandatory if authorization via e-taxboard system. Not mandatory if authorisation via bank portal.	NO	N/A	YES	NO, usually not	help by phone, e-mail or at the tax office	/
Finnland	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Web site and call centers	N/A
Germany	YES	YES	NO, but available	YES, SHORT FORM	HARD COPY	YES	NO	automatic hints	Improving the handle of electronic filling, providing prefilled tax returns, safe e-mail exchange; electronic tax assessment notices, electronic tax accounts, electronic registration
Hungary	YES	YES	YES	(NO)	/	YES	NO	/	/
Iceland	YES	YES	YES	NO	/	NO	YES, annual accounts in certain cases	Phone service	to have the tax return pre-filled to a greater extent
Ireland	YES	NO	digital certificate reference number and password	NO	/	no but extension of deadline	NO	information from Revenue, mail or internet	none
Italy	electronic filing is mandatory	NO	PIN Code or 2 keys asymmetric cryptographic system	/	/	YES	NO	general software assistance, special for smaller enterprises	pre filled in tax return
Latvia	YES	NO	YES	NO	NO	NO	NO	detailed info web site and when agreement is signed on filing tax ret. via Internet	none
Lithuania	YES	NO	not mandatory	NO		NO	NO	tax admin. organize seminars, assist on phone and e-mail	
Luxembourg	YES	NO	NOT existing in LUX	YES	HARD COPY	NO	NO	NO	electronic signature
Malta	YES	NO - for individuals	NO - but filing is tied to digital certificates, export keys or e-id	NO - hard copy submitted only on demand	Electronic version	YES	NO	Interactive return with specific item web help	links to accounting software
Poland	YES, but only for lump sum taxpayers	NO	mandatory	N/A	N/A	NO	NO	NO	extension of the possibility of electronic filing on other taxpayers
Slovenia	YES	NO	YES	YES	HARD COPY	NO	NO	instruction for correct filling on the web site of the tax administration	more easily accessible instructions by phone and in person
Spain	YES	YES	YES	YES, filled in with the help of assistance software	HARD COPY	Yes, no recording necessary	NO	see before	development of help programs for tax records, connected with the help programs for filing tax returns
Sweden	YES	YES	YES	NO		NO	NO	Brochures, web site, phone-services, sample of excercises and ordinary instructions	wider application of e-filing one security solution for all all enclosures to be filed by Internet

**Table A8 (I): Income Tax – Tax accounting (I)**

Country	SPECIAL PROVISIONS FOR START UPS	PRESUMPTIVE TAX	EXPERIENCE WITH PRESUMPTIVE TAX	CASH ACCOUNTING POSSIBLE	THRESHOLDS FOR CASH ACCOUNTING	CAPITALISATION OF ASSETS IN CASH ACCOUNTING	OTHER PROVISIONS CASH ACCOUNTING	CASH ACCOUNTING DOCUMENTATION
Austria	NO	YES, if supplies ≤ €220.000 full lump sum taxation and partial (expenses)	/	YES	turnover < 400/600 k€ if bookkeeping not mandatory under commercial law	YES	deduction of depreciation, fixed asset register	purchase book, fixed asset register, other books
Belgium	no tax increase because of non-payment of advance in first 3 years	YES, lump sum determination of tax base, income tax	/	Simplified accounting	Turnover < 500,000 €	Yes	/	Purchase book, Sales book Cash and bank account book
Bulgaria	advance payments only quarterly instead of monthly	YES, patent tax if turnover < 26k€ Scheme for freelancer, expenses = % of income	Revenues are insignificant	NO	/	/	/	
Czech Republic	/	NO	/	YES, individuals, tax records kept on cash basis	turnover less than 507k€ in the pre-ceeding year	Yes	-	records about income and expenses records about property and obligations
Cyprus	NO	NO	N/A	Yes for accountants, lawyers architects etc.	no thresholds	YES	NO	same as accrual accounting
Denmark	/	NO	N/A	NO	N/A	N/A	N/A	N/A
Estonia	NO	NO	N/A	tax system is based on cash accounting	NO	No	Mostly not	No special requirements
Finland	NO	NO	N/A	income tax is based on cash accounting	N/A	N/A	N/A	N/A
Germany	NO	NO	NO	YES	No obligation to keep books, §§ 140, 141 AO	YES	NO	list of assets, storage of documents
Hungary	unlimited separation of losses	YES, instead of income tax	/	NO	/	/	/	/
Iceland	NO	YES, presumptive employment income, deducted from profits	difficult to enforce	YES, gross income on Cash accounting, expenses on accrual basis	service sector; wages account for 70% of income	YES	NO	No special documentation
Ireland	books of account: all purchases and sales, amounts received and paid out	NO	/	NO				
Italy	Start-ups < 30.987,41€ (services), < 61.974,83€ (goods): 3 years option no pre-payments, no books, 10% tax rate	NO	/	NO	/	/	/	/
Latvia	NO	NO	N/A	YES, reflecting all income and expenses	individuals, turnover < € 284.600	YES	NO	/
Lithuania	/	NO		YES, mandatory for individuals engaged in individual activity		YES	NO	income tax law : income and expenditure books
Luxembourg	Double entry bookkeeping for all enterprises	NO		NO	N/A	N/A	N/A	N/A
Malta	fiscal incentives available depending on sector	NO	N/A	NO	N/A	N/A	N/A	N/A
Poland	NO	YES, lump sum tax or tax card, instead of income tax	/	YES	turnover < 800.000€	YES	NO	inter alia: purchase book, fixed assets register
Slovenia	NO	NO	N/A	N/A	N/A			
Spain	deferment of investment deductions until the enterprise make profit	flat rate schemes for individuals who operate in a large range of activities	Positive; increase of the tax revenues	but simplified bookkeeping NO, accrual accounting is mandatory for enterprises	N/A	N/A	N/A	N/A
Sweden	NO	YES, income tax wage and VAT	good experience	YES	Turnover < 794 000 SEK no an. closure. From year 2008 < 3 million SEK	N/A	N/A	N/A

**Table A8 (II): Income Tax – Tax accounting (II)**

Country	ACCRUAL ACCOUNTING DIFFERENCES	SIMPLIFICATIONS FOR SMEs	OTHER SIMPLIFICATIONS	MODIFICATIONS ACCOUNTING - TAX	TAX BALANCE SHEET OBLIGATORY	TIME CONSUMING MODIFICATIONS	SIMPLIFICATION PRIVATE USE OF BUSINESS ASSETS	PRIVATE USE COMPANY CAR	PRIVATE USE TRAVEL EXPENSES	PRIVATE ENTERTAINMENT
Austria	provisions and prepayments are not obligated; property		NO	costs in connection with cars, real estate, entertainment expenses	NO			private use must be deducted	lump sum or actual costs	expenses for business meals
Belgium	NO	fixed value for small equipment; asset of low value accounting provisions	/	/	NO	/		Advantage in kind	Advantage in kind	Advantage in kind
Bulgaria	No tax balance sheet	50% depreciation for new assets low value assets< €2557	NO	depreciation for accounting /tax non business expense interest in case of thin capitalisation	NO	re-assessment reserves	NO	not deductible final tax		taxed with final tax on those expenses
Czech Republic	capital allowances no revaluation no provision for doubtful receivables	/	NO	100% reduction on R&D expenses	NO	-	not deductible	?	actual costs incurred for business purposes	in total not tax- deductible
Cyprus	revaluations depreciation	N/A	NO	non-taxable income non-deductible expenses	NO	vagueness of many provision power of administration	NO	expenses for saloon car not deductible	private not deductible	restricted using a formula based on turnover
Denmark	/	NONE	NO	N/A	YES	N/A	YES	reduced depreciation	actual costs deductible	25 % of actual cost deductible
Estonia	no tax balance exists	NO	NO	NO	no tax balance exists	N/A	NO	self-employed with employees pays tax on fringe benefits	self-employed with employees pays tax on fringe benefits	self-employed with employees pays tax on fringe benefits
Finland	N/A	N/A	N/A	N/A	N/A	N/A	N/A	tax on fringe benefits	N/A	N/A
Germany	several adjustments	Special depreciation § 7 g Income Tax Act	NO	/	NO	/	NO	§ 4 V Nr.6 Income Tax Act	§ 4 V Nr.6 Income Tax Act	§ 4 Nr.6 Income Tax Act
Hungary	no tax balance sheet	no simplification	simplification in accounting based on 4th accounting directive	allowances for smaller enterprises	NO	/		taxation per item not depending on the using person	expenses of official travel can be accounted	up to determined sum above the tax is linear
Iceland	depreciation and recording of bad debts	First year depreciation	NO	deferred sales profits special depreciation bad debt, valuat. of stock	NO	Tax related corrections of deferred sales profits and depreciation	private use of a car by employee percentage of price, can limit deductible expenses	a percentage of a new similar car: < 3 years 26%;>3 years=>21%	business owner: actual expenses; employee per diem allowances	No special rules
Ireland	tax computation based on income not balance sheet	no simplifications	NO	depreciation, entertainment expenses, bad debt provisions, donations, dividends fines, penalties, etc	NO	calculation of capital allowances	appropriation based on actual use	appropriation based on actual use	/	/
Italy	no tax balance sheet	simplified calculation of tax base for "minor" enterprises	smaller enterprises simplified system: no pre-payments no books, 15% tax rate	depreciation and amortisation, provisions, allowances, dividends, capital gains or losses on stocks	NO	the all set of tax related modifications	YES	50% cost (up to €18.075) 80% for business agent	deductible only if related to business	33% deductible only if related to business
Latvia	tax computation based on profit using adjustments	no simplifications	NO	depreciation and expenses not directly related to business activity	NO	reconciliation profit - tax able profit	no standardised expenses	no standardised expenses	no standardised expenses	no standardised expenses
Lithuania	N/A	N/A	N/A	tax exempt income and non-deductible expenses		NONE	for individuals no business assets	for individuals no business assets		
Luxembourg	NO special simplifications	NO		Non- deductible expenses	NO	NONE	NO	There is a estimation on the base of the reality. If this is not possible the expense in total is not deductible	There is a estimation on the base of the reality If this is not possible the expense in total is not deductible	There is a estimation on the base of the reality If this is not possible the expense in total is not deductible
Malta	tax deductible expenditure must be incurred in the production of the income. Provisions are not allowed except for depreciation of tangible assets.	N/A	NO	non-deductible expenses, and provisions	NO	NONE	apportionment on the basis of actual use	apportionment on the basis of actual use to eliminate private use	apportionment on the basis of actual use to eliminate private use	apportionment on the basis of actual use to eliminate private use
Poland	Depreciation/capital allowances revenue earning costs	non-deductible expenses	book of revenues and expenditure lump sum taxation		NO	N/A	NO	Cost deductible if incurred for the purpose of making the revenue	Cost deductible if incurred for the purpose of making the revenue	Cost deductible if incurred for the purpose of making the revenue
Slovenia	operational costs. depreciation	NO VAT if turnover < 21.000 €	only for freelancers	tax benefits: accelerated depreciation	NO	NONE	no limitation of deduction	percentage of the car value	Taxable travel expenses and daily allowance	50% taxable
Spain	Depreciation of goodwill provision for bad debts depreciation of fixed assets	free depreciation of new assets, low value assets, accelerated depreciation, global provision for bad debts, leasing payments deductible	NO	dividends, penalties, gifts, provisions for internal retirement funds, expenses related to offshore companies	NO		NO	Non-deductible related expenses	deductible only if proved connection to business evidence	non-deductible, unless PR for customers and suppliers documentary evidence must be provided
Sweden	Tax adjustments	Turnover<794 000 SEK no an. closure	Simplified form of an. account if net turnover >3 million SEK from year 2008		YES		Yes	Tax on benefits	Private cost not deductible	Private cost not deductible

**Table A9: Income Tax – Record-keeping requirements**

Country	WHICH RECORDS MUST BE KEPT	STANDARD RETENTION PERIOD FOR SMALLER ENTERPRISES	RECORDS IN ELECTRONIC FORMAT PERMITTED	DOCUMENTATION REQUIREMENTS FOR SMALLER ENTERPRISES
Austria	invoices, commercial documents official documents, deeds internal documents if there is no external document	7 years for all enterprises 12 years for documents concerning real estate, other: pending court case		NO less stringent requirements
Belgium	Belgium Income Tax Code Art 315- 321: books and documents necessary to establish taxable income	5 years	YES	NO less stringent requirements
Bulgaria	Article 42 of Accounting Act: accounting registers and financial reports; documents tax control	10 years for accounting registers 5 years for documents for tax control, others : 3 years	YES	NO
Czech Republic	Accounting Act/ Administration of Taxes Act: accounting documents	10 years for tax purposes	YES	NO
Cyprus	All ledgers and all documents such as invoices, receipts, bank statements, etc. supporting the ledgers	7 years	YES	NO
Denmark	General book keeping, wage records etc. according to tax law	5 years	YES	NO
Estonia	preserve documents related to transactions payments and other relevant documents	7 years	YES	NO
Finland	preserve documents related to transactions payments and other relevant documents	6 years	N/A	N/A
Germany	§ 147 General Tax Code	10 years	YES	cash accounting requires less documentation
Hungary		8-10 years	YES, but only documents issued in electronic format	NO
Iceland	laws on bookkeeping and laws on annual accounts	7 years for bookkeeping records 3 years for cash register	YES	NO
Ireland	all records, supporting records required by both tax and company law	6 years without exception	YES	NO
Italy	books required by commercial and labour laws, depreciable assets, inventories, VAT registers	10 years for commercial law, 5 years deadline for tax-assessments	YES	"minor" enterprises may opt for a simplified system
Latvia	preserving documents to prove the correctness of the tax assessments	5 years in general	YES	NO
Lithuania	original documents, income and expenditure book	10 years	cash accounting	NO
Luxembourg	Same for sole traders as for companies	10 years, no exception for SMEs	YES	NO
Malta	commercial accounting records	9 years	YES	NO
Poland	bookkeeping, wage records etc.; Tax Ordinance Act	5 years	YES	NO
Slovenia	bills used to prove tax benefits and exemptions claimed; documents kept according the tax act and Slovene accounting standards	5 years	YES	NONE
Spain	commercial bookkeeping , tax records (sales and purchases) Invoices and complementary documentation	4 years for all types of tax payers	YES	simplified rules related to auxiliary book of sales, of purchases and of non current assets
Sweden	special commercial law for record keep. tax laws	tax laws:7 years (individuals), tax and commercial law:10 years (business)	YES	NO

**Table A10 (I): Income Tax – Payments and refunds (I)**

Country	PREPAYMENTS	BASIS OF CALCULATION OF PREPAYMENTS	FREQUENCY OF PREPAYMENTS	PREPAYMENTS ARE ASSESSED	MINIMUM AMOUNT PREPAYMENTS	REDUCTION OF PREPAYMENTS IN CURRENT YEAR	DOCUMENTS TO BE PROVIDED
Austria	YES	profit of the preceeding year with 3-4-% surcharge	4 times mid. Feb, May, Aug., Nov	reminder of the tax office two weeks before time limit for payment	NO	YES, until 30.09	Request
Belgium	YES in order to avoid increase of tax	profit of the current year	1-4 in the discretion of the taxpayer	by taxpayer and competent service	NO	NO not for payments already made	
Bulgaria	YES	on realised income	4 times		NO	YES, for all enterprises	only written application
Czech Republic	YES	last known tax liability nil , 80 % or 100% of last known tax liability	0, 2 or 4 depending on last tax liability	by tax administration	Yes, at minimum 200 €	YES	well justified application
Cyprus	YES	estimated net profit of the year	3 times a year	computed by tax payer based on form IR 5	NO	YES	revised form IR 5
Denmark	YES	Estimated income	10 times a year	A form is sent to tax payer, who can change figures to be accepted by the administration	NO	YES	reassessment of expect. income by taxpayer to be accepted by tax adm. request
Estonia	YES	1/4 of income tax of previous period	3 time p.a. (by 15th day of 3rd month of quarter)	Self-assessment	Yes, at minimum 88.50 €	Partly YES, based on estimated business income	
Finland	YES	profit of taxable transactions withholding on wages	N/A	N/A	N/A	Possible	N/A
Germany	YES	/	4 times	See § 37 Income tax act	YES, 200€	YES	informal application provisional profit ascertainment
Hungary	YES	The income in fact	3 times	Self-assessment	NO	NO	/
Iceland	YES	Tax amount of previous year	9 times	by mail	Yes, 25€	YES	request after filing tax return of previous year
Ireland	YES	90% of the final tax payable or 100% of previous year	Once	Self-assessment	NO	NO	N/A
Italy	YES	percentage of the tax payable of the previous year	2	self-assessment	€ 51.56	YES, based on estimated business income	NO, but penalty applied in case of difference
Latvia	YES	annual tax of year n-1, adjusted	12 or 4	Self-assessment	NO	YES	written application
Lithuania	NO	/	/	/	/	/	/
Luxembourg	YES	Tax amount of previous year	4 times	assessment by tax authorities	NO	YES	written request
Malta	YES	Tax liability for previous base year	3 times at most	Provisional Tax form	NO	YES	Provisional Tax reduction form prepared by taxpayer
Poland	YES	Monthly or quarterly calculated profit or on base of the profit derived 1 or 2 years before	11 times and 1 final payment or 4 times (every quarter) in case of some small taxpayers	assessment by tax payer or based on previous year	NO	NO	N/A
Slovenia	YES	the paid income decreased by the withholding tax rate of 25%	every time the sole proprietor receives taxable income	As withholding tax on taxable income	NO	YES	written request after 6 months
Spain	YES	determined percentage of net profit less withholding taxes	4 times	fixed on income tax regulation exemption: income of activity is subject to withholding tax > 70%	NO	NO	
Sweden	YES	taxpayers send a special form or a preliminary tax income statement	12	every month before the 12th of the month	NO	YES	preliminary income statement



**Table A10 (II): Income Tax – Payments and refunds (II)**

Country	PROCEDURE OF FINAL PAYMENT	POSTPONMENT POSSIBLE OF PRE- AND FINAL PAYMENT	DEADLINES OF PREPAYMENTS AND FINAL PAYMENT	AUTOMATIC RE-MINDER FOR PAYMENT	FORM OF PAYMENT	OFFSET OF TAX RECEIVABLES AGAINST	AUTOMATIC OFFSETTING	RULES FOR OFFSETTING	STEPS FOR REIMBURSEMENT
Austria	assessment of the tax office after filing the income tax return	YES, in case the payment would mean a hardship for taxpayer	Final: 1 month after the final assessment	YES	Bank remittance, checks cash, direct debit. author.	YES	Yes, for the same tax administration	Automatic offsetting	submit a repayment claim, also electronically
Belgium	assessment of the tax office after filing the income tax return	prepayments can be postponed to the 4th quarter	advance: 10th April, July Oct., 20th Dec. final: two months after final assessment	YES	Bank remittance, check postal order	YES	No		
Bulgaria	Final tax assessment	YES, postponement and installement plan possible	15 days after end of quarter	NO	Bank remittance, Cash	YES	Yes, for the same tax administration	on initiative of administration or tax payer	in course of tax assessment
Czech Republic	final tax payment under consideration of prepayments	Yes, well justified application	15th of the last month of quarter or half-year	NO	Bank remittance, Cash Direct debit authorisation	YES	Yes, for the same tax administration		Application for refund
Cyprus	ITO issues a final assessment	NO	1. .08, 30.09, 31.12 final:01.08 n+1	NO	Checks, Cash, Debit Cards, Bank remittance	YES	Yes, for the same tax administration	No set rules	application for refund
Denmark	Filing of tax return	NO	pre:20th of every month (not June and Dec.) final: 20th of Sept, Oct. Nov. n+1.	NO	Bank remittance, checks, cash	YES	Yes, for different tax administration (under development)	/	Paid automatically to taxpayers account
Estonia	Self-assessment, tax authority verifies the amount	Generally NO	Pre: 15th of June, Sept and Dec Final: 1st of Oct n+1	Pre: NO Final: YES	Bank remittance	YES	Yes, for same tax administration	Overpaid tax within 3 year. to be off set or refunded	application in writing indicating refund or offsetting
Finland	assessment is based on information of prepopulated tax return	Possible	Final: Dec and Feb of assessment year	NO	Bank remittance	YES	YES	N/A	N/A
Germany	/	delay of payment, payment of instalments	one month after the announcement of the formal decision	YES	Bank remittance, checks Cash, direct debit authorisation	YES	Yes, for the same tax administration	First within the same tax then offsetting with other taxes	informal reimbursement
Hungary	self assessment	/	/	YES	Bank remittance, direct debit authorisation	YES	NO	ON REQUEST	Request is necessary existence of public debts excludes the reimbursement
Iceland	final assessment around 31. August	NO	15 days after the payment is due	NO	Bank remittance, Checks Cash and Debit cards	YES	YES, for the same and different tax admin.	On the day the tax is due : electronic comparison	No special steps necessary
Ireland	taxpayer must complete income tax return and pay final balance	NO	31.October of the following year	announced in radio/TV	Checks, Revenue online service	NO	NO	checked N/A	overpayment is refunded based on taxpayer's tax return
Italy	self-assessment based on income tax return	payment by instalments with interests	pre:16 june; 30 november final: 16 june n+1	YES, web site	telematic payment with direct debit authorisation	YES	yes, income, VAT, social contr., withholding, ecc.	offset of tax credit and debt with payment form	request on income tax return
Latvia	taxpayer must complete income tax return and pay final balance	NO	15th of March, May, August, November	NO	Bank remittance	YES	Yes, for the same tax administration	tax administration is obliged to automatic offsetting	within 15 days on the request of taxpayer
Lithuania	tax return before 1 May of the following year with tax calculated	NO	final: before 1 May of the following year		Bank remittance, checks debit cards	YES		tax administration or on request by the taxpayer	within 30 days to be refunded after the written request
Luxembourg	final assessment based on the tax return	YES	10.03/10.06/10.09.10.12 (prepayment) 1 month after assessment (final)	YES	Bank remittance, Checks Cash and Debit cards	YES	Yes, for the same tax administration	automatic	automatic reimbursement to the bank account
Malta	The actual tax liability for any particular year is determined on the basis of the self-assessment return	NO	April 30, August 31, December 21 Any balance must be paid by the return date i.e. 30 June of the following year	YES	Cheques, cash, internet banking, government electronic payment gateway	NO	NO	N/A	Refund must be claimed in tax return, reimbursed within 6 months of the return due date
Poland	final payment based on tax declaration and self assessment	Yes, well justified application	30.04 for final payment 20th of the following month (pre-pay.)	NO	Bank remittance	YES, on application	Yes, for the same tax administration	Automatic offsetting in case of liabilities due or on application in case of future liabilities and refund	application; overpayment is refunded within 14 days up to 3 months period
Slovenia	by 28.2.of each year sole traders prepare a balance sheet base for taxable profit assessed by tax office	only if payment would constitute a hardship; taxpayer becomes insolvent	every time a sole trader receive income final. 30 days after receiving the assessment of the tax administration	NO	Bank remittance	YES	NO	offsetting is automatic only for physical persons once a year	reimbursement of taxes 30 days after assessment
Spain	It is made in the annual tax return	general rules for requesting tax deferrals	1-20.04; 1-20.07;1-20.10;1-20.01 monthly for large enterprises; final payment 1 May- 30 June	NO	Bank remittance, direct debit authorisation/ internet	YES	YES for the same tax administration		Fill in return; recording, computerized control debt checking, banking transfer
Sweden	Assessment is based on information of prepopulated tax return. Final tax is compared with preliminary tax. Refund if preliminary tax is higher than final tax	NO	Every month on the 12th of the month Final payment in December the assessment year	NO	Bank remittance	YES	Yes, for different tax administration	one tax account, which is reconciled every month	automatic repayment if excess to VAT, reduction of tax previously imposed, surplus on final tax or written application

**Table A11: Income Tax – Penalty procedures**

Country	CONSEQUENCES OF FAILURE TO FILE RETURNS IN TIME	CONSEQUENCES OF FAILURE TO PAY IN TIME	CONSEQUENCES OF FAILURE TO CORRECTLY REPORT	CONSEQUENCES OF INCORRECT BOOKKEEPING	SIZE TAKEN INTO ACCOUNT	PAST RECORD TAKEN INTO ACCOUNT
Austria		1-3 late payment penalties of 2% or 4% of the tax			NO	YES
Belgium	procedure assessment ex officio fine, administrative and / or penal sanctions	interest for late payment	administrative and / or penal sanction	penal sanction (Infraction on accounting law)	NO	Yes (tax assessment) NO (recovery)
Bulgaria	Yes, fine 250 €	interest according law on interest	as question 1	see 1, accountant	NO	YES
Czech Republic	up to 10 % fine of the finally assessed tax	0,1% per each day of delay= 36% p.a.	tax administrator shall ask for clarification	a fine up to 3% of the total assets value	NO	YES
Cyprus	£30 flat penalty	5% of tax payable if delay exceeds 30 days plus 8% p.a interest from due date	- fines and penalties of up to C£200 plus 8% interest from due date icted in court fine may reach up to C£10.000	NO	NO	NO
Denmark	Additional tax up to 670 €	interest of 0,6% per month, which is not deductible	criminal prosecution possible	N/A	YES, depend on amount evaded	NO
Estonia	YES 1. failure fine: up to 1280 € 2 failure fine up to 1920€	0,06% per day= 1,8% per month	YES 1. failure fine up to 1280€ 2. failure fine up to 1920 €	malicious=> consequences	NO	YES
Finland	tax penalty for late filing	penalty interest	tax penalty depending on the severity of the failure	N/A	N/A	N/A
Germany	Fines, estimation of tax payable additional payments for late paym.	additional payments for late payment	official estimation of the tax payable	tax penalties	the amount of payments depends on the size of enterprise	YES
Hungary	Default penalty	Default penalty, in case of tax insufficiency- tax penalty	Default penalty; estimation of income	Default penalty	NO	YES
Iceland	estimation of income	interests are laid on unpaid sums	depending on gravity of the case penalties	administrative penalties	NO	YES
Ireland	penalties up to k€ 127 up to the double of tax in question	interest on late payment of tax 0.332% per day	penalties up to k€ 127 up to the double of tax in question	penalties up to k€ 127 up to the double of tax in question	NO	NO
Italy	administrative penalties	administrative penalties interest on late payment	administrative penalties, tax assessment, interests	penalties, interests, tax assessment on presuntive basis (unreliable book)	NO	YES
Latvia	assessment by tax administration and fine	finest between 01%- 1% of the total amount declared		penalties or fines	NO	YES
Lithuania	penalties or fines	interests	penalties or fines	penalties or fines	NO	YES
Luxembourg	up to 10% of the tax as surcharge	interest for late payment: 0,6% per month	penalties fixed by the court	estimation of the tax base	NO	YES
Malta	Additional Tax	Interest	Omission Tax and interest	Omission tax and interest	NO	NO
Poland	penalty	penalty, interest	depending on facts	depending on facts	NO	YES
Slovenia	penalty for not filing 420€	interest	penalty and interest	administrative penalty for incorrect bookkeeping	NO	NO
Spain	Penalty and interest	interest and also penalty, if the tax administration discovered the omission	penalty and interest	Yes; indirect evaluation of the tax base	NO, but for the selection of enterprises to be audited	YES
Sweden	Tax penalty for late filing	Cost of interest	Penalty	Penalty	NO	NO

**Table B1: Corporate Income Tax – Information for start-ups upon registration**

Country	TAILORED INFORMATION ON REGISTERING OF START-UPS	MAIN SOURCES OF INFORMATION ON REGISTRATION	INFORMATION ON INCOME TAX OR ALSO ON OTHER TAXES	INFO INCOME TAX REG. IS PART OF INFORMATION ON GENERAL REGISTRATION
Austria	YES	B, W	O	YES
Belgium	YES	B, W, O, Co	O	YES
Bulgaria	No	B, W,	O	NO
Czech Republic	YES	B, W, Co	O	YES
Cyprus	YES	B, W; Co	I	NO
Denmark	YES	B, W, C, O Co	O	YES
Estonia	In case of legal entities no special registration for tax purposes	In case of legal entities no special registration for tax purposes	In case of legal entities no special registration for tax purposes	No registration for tax purposes exists in case of legal entities
Finland	NO	B,W,C,O, Co	O	YES
Germany	YES	B, W, C, Co	O	NO
Hungary	YES	B,W,C,O	O	YES
Iceland	YES	W, Co	O	YES
Ireland	YES	B,W, Local Revenue Office	O	YES
Italy	YES	B, W, C, Co	O	NO, but chambers of commerce give tax code at the moment of registration
Latvia	YES	B, W, C, Co	O	YES
Lithuania	YES	B, W, Co	O	YES
Luxembourg	No	N/A	N/A	NO
Malta	NO (Registration is automated based on official data obtained from the Registrar of Companies)	Co	I	No
Poland	YES	W, C, Co	O	YES as regards website; call centres are only for tax information
Slovenia	YES	B, W, Co	O	YES
Spain	YES	B, W, C, O Co	O	No, but there are coordinated programmes with other public administrations on start ups
Sweden	YES	B, W, C, O Co	O	YES

B = Brochures  
W = Web Sites  
C = call centers  
O = one stop shops  
Co = official in tax administration

I = income tax  
O = income tax and other relevant taxes

**Table B2: Corporate Income Tax – Information on recurring tax procedures**

Country	TAILORED INFORMATION FOR SMALLER ENTERPRISES ON RECURRENT TAX PROCEDURES	MAIN SOURCES OF INFORMATION	INFORMATION ON INCOME TAX OR ALSO ON OTHER TAXES	EARLY WARNING TOOLS ON DEADLINES	PERSONALISED TAX CALENDAR	OTHERS
Austria	NO	B,W	O	YES	NO	NO
Belgium	YES	B, W, C, Co	O	Yes, website	NO	-
Bulgaria	Yes to all enterprises	B,W	O	Yes, general tax calendar for all taxpayer.	NO	Explanatory notice for tax base
Czech Republic	NO	N/A	N/A	NO	NO	/
Cyprus	NO, same information for all	N/A	N/A	NO	NO	NO
Denmark	YES	B;W;C;O;Co	O	NO	NO	/
Estonia	NO, same information for all	B, W, C	O	NO	NO, but general tax calendar	NO
Finland	NO, detailed information for enterprises irrespective the size	B;W;C;Co	O	YES	NO, but general tax calendar	NO
Germany	NO	N/A	O	NO	NO	/
Hungary	YES	B, W, C	O	YES	YES	/
Iceland	YES	W	O	NO	NO	Information on tax changes on Internal Revenue website
Ireland	NO, same forms for companies of all size			NO, deadlines stated on the necessary forms	NO	NO
Italy	YES	B, W, C, Co	O	YES, web site, newsletter	YES	web-mail, web-magazines
Latvia	NO	B, W, C, Co	O	NO	NO	NO
Lithuania	NO	N/A	N/A	Yes tax calendar with weekly/monthly info.	YES	NO
Luxembourg	NO	N/A	N/A	YES, in newspapers and table of advance pay.	YES	Information on the web site
Malta	NO	Co	I	YES Request for returns and payment	Tax calendar Not personalised	NO
Poland	YES	W, C	O	NO	NO	NO
Slovenia	YES	W,Co	O	NO	NO	Small business development centre Chamber of Commerce and Industry Chamber of Craft of Slovenia
Spain	YES	B;W;C;O;Co customized timing of tax liabilities ; mailing shot after registration on taxes	O	YES, general timings and customized timings of tax liabilities	YES	
Sweden	YES	B, W , Co	O	YES	NO	NO

B = Brochures  
 W = Website  
 C = call centers  
 O = one stop shops  
 Co = official in tax administration  
 I = income tax  
 O = income tax and other relevant taxes

**Table B3: Corporate Income Tax - Interpretation of existing laws and rulings**

Country	WRITTEN CONFIRMATION/ INTERPRETATION TO SMALLER ENTERPRISES	RULINGS FOR WHAT KIND OF TRANSACTIONS	PROCEDURE TO GET SUCH A CONFIRMATION	CONDITIONS PROCEDURE ADVANCE RULING	LEGAL EFFECT ADVANCED RULING	TIME LIMIT FOR RULING
Austria	YES	/	/		non-binding	YES
Belgium	YES, subject to some limitations	all transactions that not yet produced fiscal effects (not started, not accomplished)	request filed to a centralised service, containing some specifications	transaction has not yet fiscally effects	binding	Advanced rulings tentative 3 months;
Bulgaria	Yes, with limited effect	not started, not accomplished already accomplished	file a written request		non-binding but no interest	no time limits
Czech Republic	non-binding on general tax issues, binding on tax losses and change of control and transfer pricing	non binding: all three options binding: not yet started not yet accomplished	file a written request	complete request and complete underlying documents; fee: 1700€	binding effect on losses and transfer pricing	for losses:15 th day before expiry of the time limit for filing the tax return; for transfer pricing and non-binding general issues: no time limit
Cyprus	Yes, but the procedure is informal	not yet started not yet accomplished	informal procedure written application	no set conditions exists not provided by law	non-binding	NO, no obligation to respond
Denmark	YES	not started, not accomplished already accomplished	no special procedure	no special procedure	binding	Yes, when possible within one month
Estonia	YES, assistance on interpretation, no advanced ruling	all mentioned transactions	written request	No advance ruling	non-binding	YES, 30 days from receiving the request
Finland	Yes, by Central tax board or local tax office	all mentioned transactions	written request with possible interpretations	several; but ruling can be refused	binding	before due date of submission of tax return no time limit in legislation (goal 8 weeks)
Germany	Yes	not yet started	informal application	written application additional requirements	binding	NO
Hungary	YES, on request	transaction not yet started	taxpayer get a concrete information on request	prescribed form endorsed by attorney or consultant; fee	binding	YES, 60 days
Iceland	YES, ruling, legal consequences are determined in advance	transaction not started	written request; detailed description of tax issue	Written application in advance	binding	YES, 3 months
Ireland	Only if the transaction is complex and existing info is not clear	transaction not started	written request; all facts+ circumstances, business purpose	confirmation of the corp. to have disclosed all facts	non-binding	NO, but IR make effort to reply in due time Application should be sent at least 6 weeks before
Italy	YES, ruling in case of objective conditions of uncertainty	not started, not accomplished already accomplished	written request to revenue agency before applying tax provision	description of the personal issue, taxpayer's interpretation of tax law	binding	120 days
Latvia	YES, laid down in law two different forms of requests	not started, not accomplished already accomplished	ordinary letter or special form statement	no advanced ruling	non-binding	YES, in most cases one month, possibly up to four months and in urgent cases less than 1 month
Lithuania	Yes	not started, not accomplished already accomplished	written request for confirmation/ interpretation		non-binding	YES, simple questions in 3 working days, others within 30 days
Luxembourg	NO	N/A	N/A	no tax ruling in LUX	N/A	N/A
Malta	NO - only general opinions are provided on request and are not binding on the department	not started, not accomplished already accomplished	written request - not binding	no special conditions	non-binding	N/A
Poland	YES	not started, not accomplished already accomplished	written application, lack of pending tax control, stamp duty	the same as in previous point: i.e. written application, lack of pending tax control	binding	3-4 months, 6 months in case of rulings issued by Minister of Finance, no answer in due time means that taxpayer's position is binding
Slovenia	NO, but general opinions regarding tax obligations, no legal value for tax assessment or in court	not started, not accomplished already accomplished	tax administration issue opinion on general topics	no advanced tax ruling	N/A	NO
Spain	Yes , Articles 88 and 89 of the General Tax law	transactions not yet accomplished	written consultation, filed before end of deadline for rights or discharge tax liabilities	no special conditions	binding	six months
Sweden	Yes, but tax agency is not committed to follow interpretation	transactions not started	Yes at the Council for tax rulings		binding	YES, there is a special law

**Table B4: Corporate Income Tax – Information and assistance on changes in tax laws**

Country	INFORMATION ABOUT TAX CHANGES	WHICH MEANS COMMUNICATION	SPECIAL ASSISTANCE TO TAXPAYER AND CONSULTANTS	PROGRESS	FURTHER IMPROVEMENTS
Austria	regular information in general	web-site, e-mail	taxpayers	-	YES
Belgium	regular information in general	Web Site, help desk, press releases	taxpayers tax consultants	Creation of internet site	structure of internet site
Bulgaria	regular information	Web Site, help desk newspaper and magazines	taxpayers, consultant seminars publications	website with information seminars of tax admin.	better information in smaller towns
Czech Republic	regular information	Web Site	taxpayers, consultant information leaflets sessions with tax advisors	website	New division Taxpayer Service for better communication
Cyprus	N/A	N/A	N/A	NO	web site with up-dated information for taxpayers on legislation, interpretation circulars etc.
Denmark	regular information in general	mail , e-mail, web site, seminars help desk	taxpayers, consultant	subscribe e-mail on changes or specific topics individualised profile	Improvement of guidelines for non-tax professionals on web-sites, call-center
Estonia	regular information in general	web site, seminars, training help desk	NO	N/A	N/A
Finnland	see under B II	see under B II	start up enterprises classified to a special customer group more info and service offered	publications for taxpayers on different info channels interactive services	YES
Germany	no particular information	N/A	/	/	/
Hungary	regular information in general	web site, help desk	NO	/	/
Iceland	/	web-site	NO	web has replaced letters to inform on changes no distinction is made based on the size of enterpr.	web site, e-mail to notify certain groups of taxpayers
Ireland	Others	Web site, Media report budget changes	general queries of tax payers and consultants		NO
Italy	regular information on changes of corporate income tax in general	web site, web magazines, newsletter, call centre, local office, circular letters	advanced ruling for taxpayers, tax advice to enterprises association	tax data base, web site, binding tax ruling	personalized information
Latvia	regular information on changes of income tax in general	web-site , seminars and trainings	to taxpayers		electronic plausibility controls for forms filled by taxpayers
Lithuania	regular information in general	web site, seminars and training help desk, news subscription	to taxpayers to tax consultants		
Luxembourg	regular information in general	e-mail, web site, circular of tax administration	NO		No request for information from the public
Malta	regular information in general	e-mail, web-site, help desk, seminars and circulars	to taxpayers to tax consultants	All changes are reflected in the electronic tax return	YES - content & structure of the official website, taxpayer service more brochures, content in official website
Poland	regular information on changes in general	Website	NO	NO	
Slovenia	regular information in general	web site, help desk	to taxpayers	all relevant forms and information on the web site of tax administration	training of staff, to provide better service to taxpayers
Spain	regular information in general	mail, email, web-site, seminars help desk, software and guides	to taxpayers to tax consultants		Development of assistance software to fill tax records
Sweden	regular information in general regular information for SMEs	web site, seminars and training help desk	to taxpayers to tax consultants		improvement of information systems

**Table B5: Corporate Income Tax – Registration of start-ups**

Country	TO REGISTER WITH DIFFERENT TAX AUTHORITIES	WHICH OTHER TAXES ARE CONCERNED	ENCOMPASSED IN GENERAL REGISTRATION	DOCUMENTS TO BE ATTACHED	ELECTRONIC REGISTRATION	ELECTRONIC SIGNATURE	PROGRESS	POSSIBLE IMPROVEMENT
Austria	No	wage tax, capital tax, local tax 2 administrations concerned	NO	YES	NO	N/A		/
Belgium	No	/	YES, request for ID number one stop shop for enterprises	/	/	/	/	/
Bulgaria	NO	wage tax , local tax	YES	YES, copy of court registration, BulStat regist.	NO	/	income tax number= VAT number	single identification number +Bulstat
Czech Republic	NO	wage tax, VAT Road tax	NO	YES, Sec. 33 Admin .Act stipulates a list of documents	NO	/		
Cyprus	Yes, with VAT	wage tax, VAT	NO	Certification of incorporation, of registered office, Director's and shareholder's certificate Memor. and articles of assoc.	NO	N/A	None	electronical registration of companies
Denmark	NO	wage tax, trade tax on income capital tax, duties	Yes one entypoint for corporations	YES; declaration of capital	YES	obligatory	/	/
Estonia	No special registration for tax purposes exists	/	YES, registration in Commercial register	See previous answer	NO	/	N/A	N/A
Finnland	No, filing a joint form Customs and Excise is se- parated from TA	VAT register, employer register withholding tax register	YES	joint form	in preparation	/	establishmtn of the Business Information system (BIS)	totally electronic registration process
Germany	NO	Wage tax trade tax on income, VAT	NO	manual for the registration forms /NO	NO	N/A	/	/
Hungary	NO	VAT	Yes, data not registered at Registry Court are registered	NO	YES	obligatory	one- stop -shop	/
Iceland	NO	wage tax	YES	NO	NO	/	Registering VAT and payroll tax at the same time	making registration through web possible
Ireland	NO	wage tax , VAT	No, companies registration office and local tax office	NO	NO	N/A	visit from Revenue official	Registration online
Italy	NO	VAT, withholding tax, regional tax	Chambers of commerce give VAT code at the moment of reg.	NO	YES, optional	pin code or 2 keys cryptographic system	electronic registration	one on line reg. for tax, business, social contr.
Latvia	NO, registration process in Commercial register includes registration for tax purposes	wage tax	YES, in registration in Commercial register	NO	NO	N/A	no seperate registration for tax purposes necessary	
Lithuania	NO		Company register submit data to tax office	tax office send form to be filled by company ( FR 0791)	NO	/		
Luxembourg	YES, three	wage tax, trade tax, capital tax municipal commercial tax,	NO	act of constitution	NO	N/A		Centralised fiscal info as of 01.07.2007
Malta	YES -VAT office, employer registration No specific registration for income tax (automated)	VAT, Wage tax	YES	NO	NO (Registration is automated)	N/A	Fully automated registration process in place	NO
Poland	NO	wage tax, VAT	NO	YES, extract from business register, REGON document	NO	N/A	/	
Slovenia	NO	trade tax on income	NO	special tax number	NO	N/A	None	electronic registration shorten time of registration
Spain	NO	trade tax on income, business local tax	Yes, when the registration is made via one stop shop with other public administrations	certificate of incorporation certificate of registry in mercantile register office	YES	YES	telematic connection with notaries;Tax agency gives assigned TIN by telem. reply	
Sweden	YES?	wage tax, trade tax on income capital tax, regional tax	YES	NO	YES	YES	e-services	user interfaces new one stop shop

**Table B6: Corporate Income Tax – Filing of tax returns and other reporting requirements**

Country	GENERAL OVERVIEW	EXEMPTION FROM FILING TAX RETURNS	ADMINISTRATIVE OR SELF ASSESSMENT	FREQUENCY OF TAX RETURNS	DEADLINE FOR FILING	SIMPLIFICATIONS FOR SME	ASSISTANCE FOR THE FIRST TAX RETURN	SPECIAL ASSISTANCE FOR SMES	SEPERATE FORMS FOR SIMPLE CASES	LAYOUT	OTHER DOCUMENTS	REPORTING REQUIREMENTS FOR DIVIDEND DISTRIBUTIONS	POSTPONEMENT OF FILING
Austria	hard copy on 30.04 n+1 e-return on 30.06 n+1	NO	ADMINISTRATIVE	1	hard copy on 30.04 n+1 e-return on 30.06 n+1	NO	NO	NO	NO	/	annual accounts	withholding tax to paid to tax administration	by tax accountant or on application
Belgium	option for paper and electronic filing	NO	ADMINISTRATIVE	1	one month after approval of accounts but not later than 6 month after end of accounting year	NO	NO, however every company can ask for advice	NO, however every company can ask for advice	NO	NO	annual accounts report shareholder document 267 for investment deductions	return with 15 days after attribution of the dividend	YES, by written request, or if tax advisor file the return
Bulgaria	tax declaration with annual accounts SMEs have nop obligation for financial audit	NO	SELF- ASSESSMENT	1	31.03. n+1	patent tax is easier		NO, general obligation of tax admin. to assist taxpayer	NO	YES	annual financial accounts	reporting and paying until the end of the month follow. the shareholder resolution	not possible
Czech Republic	original tax form or computer print out identically in content and layout; appendices	NO	SELF- ASSESSMENT	1	31.03 n+1, taxpayer 30.06 n+1, tax consultant	NO	NO	NO	NO	YES, also for electronic filing	Yes, as mentioned in form i.e. financial statements	NO	Yes., 3 months at maximum, on application
Cyprus	ITO sends out tax returns to be filled and submitted by taxpayer	NO	ADMINISTRATIVE SELF-ASSESSMENT	1	31.12. n+1	NO	NO	NO	NO	grey and white coloured arrows and references	Yes, IR 4A	several information on distributions	no application on postponement
Denmark	Filing dates varies depending on accounting year	NO	ADMINISTRATIVE	1	6 months after the end of accounting year	NO	NO	NO	NO	layout adapted to help filing	tax accounts required until 2006	special form	special circumstances
Estonia	Submission of tax return on paper OR electronically	NO	SELF-ASSESSMENT	once a month	10th day of the month	NO	NO	NO, but general assistance available	NO	YES, different boxes, notes	NO	part of the tax return	special circumstances sickness, illness
Finland	filing date depending on accounting period	NO	ADMINISTRATIVE Self assessment	1	depends on account. year end of January or of March months after closing of account	for self employed entrepreneurs, single entry bookkeeping	customer classification booklets, leaflets	customer classification booklets, leaflets	No, but self employed entrepreneur's accounting	Yes, different boxes	auditors annual report	memorandum and special notification of the company	only on exceptional reasons
Germany		NO	ADMINISTRATIVE	1	31.05. n+1	NO	NO	NO	NO	NO	balance sheets, contracts accounts	tax balance sheet financial balance sheet	matter of discretion
Hungary	accounting reporting based on Company law directives	NO	SELF- ASSESSMENT	1	31.05 n+1	NO	NO	NO	NO	YES	Yes transformation documents	part of the tax return	not possible
Iceland	option for paper and electronic filing; via web or in a XML file	NO	ADMINISTRATIVE	1	5 months after end of accounting year	NO	NO	NO	NO	NO	annual accounts	withholding of the dividend payments in January	YES, if filing is done electronically by consult
Ireland	annual income tax return + preliminary corporation tax with different instalments	NO	SELF- ASSESSMENT	1	9 months after end of accounting year	NO	NO	NO	NO	explanatory notes available online	if company's turnover >13 m€ annual accounts with computations	within the CIT return date, gross value of distr. + withholding tax deducted	Not possible
Italy	annual tax return electronic filing is mandatory	NO	self-assessment	1	within seventh month by the end of tax period	NO	general assistance	general assistance	NO	sections, boxes with marginal notes	no documents attached	section of withholding tax form (if withholding tax is due)	not possible
Latvia	tax declaration based on p&l statement using adjustments	NO	SELF- ASSESSMENT	1 annual return 1 advance payment form	< 1month after approval of accounts + <4 months after end of account. year	NO	NO	NO	NO	refer to tax act; formulas	NO	no special report for dividend distributions required	Not possible
Lithuania	annual profit tax declaration	NO	SELF- ASSESSMENT	annual return:1 advance return: 1-2	<10 months after end of accounting year	NO	NO	NO	NO	NO	Financial statements; doc. for foreign taxes	declaration on 10th of the following month	Not possible
Luxembourg	the annual declaration with necessary additional information	NO	ADMINISTRATIVE	1	31 May of the following calendar year	NO	NO	NO	NO	Yes	YES, annual accounts & specifications	declaration	Yes, delay may be accepted
Malta	Income tax return and audited financial statements are statutorily required	NO	SELF- ASSESSMENT	1	Nine months or 31 March after the accounting year end, whichever is the earlier	NO	NO	NO	NO	yes - colour coding, input validations, automatic calculations and links, etc.	Audited financial statements	YES space provided within the tax return	Start-ups can apply to extend the first accounting period
Poland	annual tax return, option for paper and electronic filing	NO	SELF- ASSESSMENT	once a year	three months following the end of tax year	NO	NO	NO	NO	YES	Yes, for certain cases financial statements	seperate return	NO
Slovenia	taxable income less taxable costs	NO	ADMINISTRATIVE	1	31.03 of each year	NO	NO	NO	NO	NO	annual accounts notes to the accounts	return by 31.03, if recipients are individuals	None
Spain	strong use of electronic help programs and telematic procedures	No, but certain limited partnerships can defer the payment for 2 years	SELF- ASSESSMENT	1	between 01.05 and 25 .7 if accounting =calendar year	less documentation, flat rate tax schemes and simplify accountancy	NO	assistance software letters, guides, brochures	NO	YES	NO	deposit of dividend withholding tax	Only due to superiøre force
Sweden		NO	SELF- ASSESSMENT	1	02.05. n+1	YES, simplified income tax form total income< 77 k€	Tax agency inform SME at special occasions each April	Brochures and information on website	YES, simplified income tax form total income< 77 k€	YES, different boxes with headlines	YES, different types of documents	different types of documents	Yes filing can be postponed until 15 of June



**Table B7: Corporate Income Tax – Electronic filing of tax returns**

Country	ELECTRONIC FILING POSSIBLE	LINK BETWEEN ACCOUNTING AND FILING TAX RETURN	ELECTRONIC SIGNATURE MANDATORY	HARD COPY IF NO ELECTRONIC SIGNATURE	FILING DATE OF HARD COPY OR E-RETURN	ELECTRONIC FILING ACCELERATED PROCESSING	ASSISTANCE HELP FOR SMEs	ELECTRONIC FILING WITH OTHER DOCUMENTS	FURTHER IMPROVEMENTS
Austria	YES	YES	NO	/	electronic version	YES	Information sheet	annual accounts	/
Belgium	YES	NO	YES	/	/	NO	/	NO	the pre-registry of data by the tax department on the basis of the data that are already in its possession
Bulgaria	YES	YES	YES	/	-	YES	Seminars	NO, hard copy	e-signature
Czech Republic	YES	YES	NO	YES, SHORT FORM	electronic version	NO	interactive guide through filling forms	NO	better presentation of electronic filing access to electronic filing of tax returns from main web sites, admin. Information via e-mail, introduction of tax gateway with personalized tax calendar
Cyprus	NO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Electronic filing
Denmark	YES, from 2005	NO	YES	/	HARD COPY	NO	Web- guidelines and call center	tax accounts	standardised reporting of key account data replace tax accounts from 2006; XBRL
Estonia	YES	YES	NO, if authorized via bank system YES, if authorized with personal identity card	NO	N/A	YES	Phone, e-mail, at the tax office	NO	N/A
Finland	YES	YES	YES	YES, SHORT FORM	/	NO	special e-mail address and phone number for questions	auditors annual report	marketing and co-operation with software developers
Germany	NO	NO	N/A	N/A	N/A	N/A	N/A	N/A	Improving the handle of electronic filing, providing prefilled tax returns, safe e-mail exchange; electronic tax assessment notices, electronic tax accounts, electronic registration
Hungary	YES	YES	YES	NO	/	YES	/	NO	/
Iceland	YES	YES	YES	NO, electronic filing requires electronic signature	/	NO	Phone service	YES, annual accounts	more detailed information and fewer additional documents
Ireland	YES	NO	NO	NO	/	YES	information available in person, mail or via internet	NO	None
Italy	electronic filing is mandatory	NO	PIN Code or 2 keys asymmetric cryptographic system	/	/	YES	general software assistance	NO	pre filled in tax return
Latvia	YES	NO	YES	NO	NO	NO	detailed info web site	NO	none
Lithuania	YES	NO	not mandatory	NO		NO	tax admin. organize seminars, provide consult	NO	
Luxembourg	YES	NO	NOT existing in LUX	YES	HARD COPY	NO	NO	NO	electronic signature
Malta	YES	YES - Link between Trial Balance extracted from software and tax return	NO - but filing is tied to digital certificates, export keys or e-id mandatory	NO - Hard copy of Tax return submitted only upon request by department	electronic version	YES	information on web site, the tax return itself,	NO	/
Poland	YES	NO		N/A	N/A	NO	NO	NO	improvement of electronic filing process
Slovenia	NO	NO	N/A	N/A	N/A	N/A	N/A	NO	electronic filing, notices regarding the changes of the tax act and their consequences.
Spain	YES	YES	YES	YES, filled in with the help of the assistance software	HARD COPY	Yes, no recording necessary	see before	NO	development of help programs for tax records, connected with the help programs for filing tax returns
Sweden	YES	YES	YES	YES	HARD COPY	NO		NO	

**Table B8: Corporate Income Tax – Tax accounting**

Country	SPECIAL PROVISIONS FOR START UPS	PRESUMPTIVE TAX	EXPERIENCE WITH PRE SUMPTIVE TAX	CASH ACCOUNTING POSSIBLE	ACCRUAL ACCOUNTING DIFFERENCES	SIMPLIFICATIONS FOR SMEs	OTHER SIMPLIFICATIONS	MODIFICATIONS ACCOUNTING - TAX	TAX BALANCE SHEET OBLIGATORY	TIME CONSUMING MODIFICATIONS	SIMPLIFICATIONS PRIVATE USE OF BUSINESS ASSETS
Austria	NO	NO	/	NO	provisions and prepayments are not obligated real estate	NO	NO	Expenses relating (partly) to private life of shareholder, unreasonable high costs etc.	YES	/	/
Belgium	no tax increase because of non-payment of advances in first 3 years	NO	/	NO, except for partnerships (turnover < 500,000 €)	6 operations for reconciliation to taxable profit	full annual depreciation instead of pro rata temporis fixed value		6 operations for reconciliation to taxable profit	NO	tax credits, investment reserve	/
Bulgaria	advance payments only quarterly instead of monthly	YES, patent tax scheme for SMEs turnover < 25.000€	Revenues are insignificant	NO	No tax balance sheet	50% depreciation for new assets low value assets < € 2557	NO	depreciation non business expense interest thin capitalisation	NO	re-assessment reserves	NO
Czech Republic	/	NO	/	NO	capital allowances no revaluation no provision for doubtful receivables	/	/	see before, R&D expenses	NO	-	NO
Cyprus	NO	NO	N/A	YES, for companies in the real estate development sector	revaluations, depreciations in general	N/A	NO	non-taxable income non-deductible expenses	NO	vagueness of many provision power of administration	NO
Denmark	/	NO	N/A	NO	/	NONE	NO	N/A	YES	N/A	/
Estonia	NO	NO	NO	YES, tax system is based on cash accounting	No tax balance	N/A	N/A	Non-deductible expenses Non-taxable income	NO	/	NO
Finland	for self employed entrepreneurs simplified accounting	NO	N/A	only self employed enterprises simplified accounting	depreciation on machinery and equipment	NO, accounting for self-employed entrepreneurs	NO	half of the entertainment costs, criminal sanctions, loss of alienation of shares liquidation loss, subsidy to affiliated co.	YES, special balance sheet forms		NO
Germany	NONE	NO	NO	Possible in parts	several adjustments	Special depreciation § 7 g Income Tax Act only based on accounting rules	NO	non-deductible expenses	NO	/	NO
Hungary	no advance payments	NO	/	NO	no tax balance sheet			allowances for small enterprises, depreciation losses	NO	/	
Iceland	NONE	No	/	YES, gross income on Cash accounting, expenses on accrual basis	/	/	NO	deferred sales profits, tax related correction of depreciation, bad debt valuation of stocks	NO	Tax related corrections of deferred sales profits and depreciation	private use of a car by employee percentage of price; deductible expense can be limited
Ireland	None	NO	/	NO	capital allowances, bad debt depreciation	no simplifications	NO	depreciation, entertainment expense bad debt provision donations dividends fines, penalties, etc	NO	calculation of capital allowances	appropriation based on actual use
Italy	NO	NO	/	NO	no tax balance sheet	NO	/	depreciation and amortisation, provisions, allowances, dividends, capital gains or losses on stocks	NO	the all set of tax related modifications	YES (i.e. company cars, mobiles)
Latvia	NO	NO	N/A	NO	tax computation based on income not balance sheet	no simplifications	NO	depreciation and expenses not directly related to business activity	YES	reconciliation account-profit - taxable profit	private use of business assets must be calculated
Lithuania	1. year: no advanced profit tax 2. year: advanced payment postponed	NO		YES, income < 30,000 € if cash account. was used in the past gross income on cash acc. expenses on accrual basis	enterprises < 10 employees + income < 145,000€, fix the rate of depreciation themselves	NO	N/A	tax exempt income and non-deductible expenses	NO	transfer pricing methods	cost maintenance and repair of private assets used for business purposes can be deducted
Luxembourg	None	NO	N/A	NO	NO special simplifications	NO		Non-deductible expenses	NO	NONE	NO
Malta	fiscal incentives available depending on sector	NO	N/A	NO	tax deductible expenditure must be incurred in the production of the income. Provisions are not allowed except for depreciation of tangible assets.	Full year depreciation allowed on assets acquired during the year (applies to all)	NO	Mainly expenses not incurred in the production of the income & provisions	YES - accounting profit adjustments for tax purposes	Perhaps depreciation where this differs from capital allowances - only timing differences arise	NO
Poland	tax holidays for start-ups	YES	/	NO	no tax balance sheet	YES, immediate write-off for new assets of value not exceeding 50,000 euros	NO	Non-deductible expenses	YES		NO
Slovenia	NONE	None	N/A	NO	depreciation, travel and entertainment expenses	NONE	NO	tax benefits investing in fixed assets, depreciation, employment incentives dividends, penalties, gifts, provisions for internal retirement funds expenses related to offshore companies	NO	NONE	tax charge to the users
Spain	It is possible to defer the start time for applying investment deductions until the enterprise make a profit	NO	N/A	Accrual accounting is mandatory for enterprises	Depreciation of goodwill provision for bad debts depreciation of fixed assets	free depreciation of new assets, low value assets, accelerated depreciation, global provision for bad debts, leasing payments deductible	NO		NO		NO
Sweden	tax holidays EU-base 2002, standardized extraction of financial accounts (SRU) systems are connected to the tax system.	YES, income tax wage and VAT			Yes, from income year 2007 it is possible for small businesses to use cash accounting. The new rulings concerns self-employed with a net turnover below SEK 3 mio.	YES, as of income year 2007	NO		YES		YES, for business cars and other things

**Table B9: Corporate Income Tax – Record-keeping requirements**

COUNTRY	WHICH RECORDS MUST BE KEPT	STANDARD RETENTION PERIOD FOR SMALLER ENTERPRISES	RECORDS IN ELECTRONIC FORMAT PERMITTED	DOCUMENTATION REQUIREMENTS FOR SMES
Austria	all book keeping documents and records accounts, documents, business papers statement of income and expenses, etc.	7 years for all enterprises 12 years for real estate other: pending court case	NO, but use of scanners film and data carriers allowed	NO, less stringent requirements
Belgium	all book keeping documents and records accounts, documents, business papers statement of income and expenses, etc. necessary to establish income	5 years	YES	NO derogation
Bulgaria	salary records, accounting registers and financial reports	for tax control: 5 years accounting: 10 years	YES	NO
Czech Republic	Accounting act: accounting documents 10 years; Tax act : 10 years	10 years; no divergent period for SMEs	YES	NO
Cyprus	All ledgers and all documents such as (sales & purchase) receipts, bank statements etc. supporting the ledgers	in practice 7 years	YES	No, same for all corporations irrespective of size
Denmark	General book keeping, wage records etc according to tax law	five years, no difference	YES	NO
Estonia	documents related to transactions and payments and other relevant docum.	seven years	YES	NO
Finland	balance sheet, annual report, general ledger and journal, income and expense vouchers	10 years for balance sheet, etc. Six years income, expense vouchers	YES, for income and expense vouchers	NO, except for self-employed entrepreneurs
Germany	§ 147 General Tax Code	10 Years	YES	N/A
Hungary	annual accounts, inventory , general ledger, supporting documents double entry bookkeeping mandatory but	inventory and general ledger: 10 years, others: 8 years 7 years bookkeeping records	YES	only based on accounting directives
Iceland	small enterp.+self-empolyed single entry	3 years internal cash receipt	YES	NO
Ireland	all records, supporting records required by both tax and company law	6 years without exception	YES	NO
Italy	books required by commercial and labour laws, depreciable assets, inventories, VAT registers	10 years for commercial law, 5years deadline for tax-assessments	YES	NO
Latvia	preserving documents to prove the correctness of the tax assessments	5 years in general	YES	NO
Lithuania	Law on Profit tax : financial accounts	10 Years	NO	NO
Luxembourg	Based on accounting law	10 Years,	YES	NO
Malta	commercial accounting records	9 years	YES	NO
Poland	bookkeeping documents, wage records etc., according to the Tax Ordinance Act	5 Years	YES	NO
Slovenia	Business books, invoices, wage bills. Tax act and Slovene accounting standards	10 Years 5 years for supporting documents based on Accounting Standards	YES	NONE
Spain	commercial bookkeeping , tax records (sales and purchases), invoices and complementary documentation	4 Years for all types of taxpayers	YES	NO
Sweden	special commercial law for record keeping, tax laws	tax laws: 6 years, commercial laws: 10 years	YES	NO

**Table B10 (I): Corporate Income Tax – Payments and refunds (I)**

Country	PREPAYMENTS	BASIS OF CALCULATION OF PREPAYMENTS	FREQUENCY OF PREPAYMENTS	PREPAYMENTS ARE ASSESSED	MINIMUM AMOUNT PREPAYMENTS	REDUCTION OF PREPAYMENTS IN CURRENT YEAR	PROCEDURE FOR ADAPT PREPAYMENTS
Austria	YES	profit of preceeding year with 3-4 % surcharge	4 times mid Feb, May, Aug, Nov	reminder of the tax office two weeks before time limit for payment	YES, by alternative minimum tax for corp.	YES	based on the annual return of previous year
Belgium	YES	profit of the current year increase of CIT if not sufficient advances are made	"1-4"	by the company	NO	NO	request filed with the Advance Payment Service
Bulgaria	YES	based on previous year adjusted official coefficient	4-12	on the basis of taxable profit of n-1 or n-2	NO	YES, for all enterprises	only on written application
Czech Republic	YES	last known tax liability	0-4 depending on last known ; if this <1000€ no advance <5000 € 40% twice a year >5000€ 25% four times	by the tax administration	see before	YES	well justified request
Cyprus	YES	estimated net profit of the year	3 times a year	computed by taxpayer by form IR 6 to be submitted by the 1 August	NO	YES, for all companies irrespective of size	revised form IR 6 by 31.12. refund not accepted
Denmark	YES	based on previous years	two	payment slip by mail	YES	YES	Documentation for change in income
Estonia	NO	N/A	N/A	N/A	N/A	N/A	N/A
Finland	YES	profit of previous year increased by a reasonable percentage, first tax year estimation	0, 2 or 12 times depending on the amount	system of pre-assessment by taxpayer	YES, 170 €	Yes, on the request of the corporation	written request stating reasons; decision of adm.
Germany	YES	N/A	N/A	N/A	N/A	N/A	N/A
Hungary	YES	tax of previous year	4 to 12	Self-assessment	NO	YES	on request
Iceland	YES	corporate income tax of last year	up to 8 times	taxpayer is notified by mail	YES, 25€	YES	request after having delivered tax form for the tax year
Ireland	YES	≥90% of the final tax liability of the accounting period	1	Self-assessment	Yes, 90 % of the final tax liability	YES option for small entr: 100% of last years	no formal procedure
Italy	YES	percentage of the tax payable of the previous year	2	self-assessment	€ 20.66	YES, based on estimated business income	NO, but penalty applied in case of difference
Latvia	YES	annual tax of year n-1, adjusted for inflation	12 or 4	Self-assessment	NO	YES	written request stating reasons; decision of adm.
Lithuania	YES	option: profit of previous year or current year	4 times	Self-assessment	If profit of previous year < 29.000 => no advance	NO	/
Luxembourg	YES	Tax amount of previous year	4 times	assessment by tax authorities sent by post	NO	YES, by all enterprises	written request
Malta	YES	Tax liability for previous base year	3 times at most	Provisional Tax form	NO	YES	Provisional Tax reduction form prepared by taxpayer
Poland	YES	monthly or quarterly calculated profit or on based of profit one or two years before	11 pre-payments and one final payment or four times (quarterly) in case of small businesses	assessment by taxpayer or based on previous year	NO	NO	N/A
Slovenia	YES				NO	YES, after 6 months	written request with explanation and proof
Spain	YES	net profit of the preceeding taxation year	3 times	fixed on corporate income tax regulations	NO	NO	
Sweden	YES	preliminary income tax statement	12 times		NO	YES	preliminary income statement

**Table B10 (II): Corporate Income Tax – Payments and refunds (II)**

Country	DEADLINES OF PREPAYMENTS AND FINAL PAYMENT	POSTPONMENT POSSIBLE OF PRE- AND FINAL PAYMENT	FORM OF PAYMENT	OFFSET OF TAX RECEIVABLES AGAINST LIABILITIES	AUTOMATIC OFFSETTING	RULES FOR OFFSETTING	STEPS FOR REIMBURSEMENT
Austria	final payment : one month after assessment	YES, in case the payment would mean a hardship for taxpayer	Bank remittance, Checks	YES	Yes, for the same tax administration	Automatic offsetting like bank account	submit a repayment claim, also electronically
Belgium	prepayments : 10th day of the fourth, seventh, tenth and 20th of the 12th month of the accounting period final : 2 months after assessment bill	prepayments can be postponed to 4th quarter	postal account of tax collector postal order or certified cheque	YES, under certain circumstances		compensation between VAT and direct tax liabilities possible	
Bulgaria		YES, postponement and installement plan possible under special procedure	Bank remittance Cash	YES	Yes, for the same tax administration	on initiative of administration or tax payer	in course of tax assessment
Czech Republic	15th of the last month of the quarter or half-year	Yes, well justified application (due to serious reasons)	Bank remittance , Cash, direct debit authorisation	YES	Yes, for the same tax administration	overpaid tax shall be used for other liabilities and advances	Application for refund and there is no other tax liability outstanding
Cyprus	1. Aug, 30 Sept and 31. Dec. final: 01.08. n+1	NO, for all compnies	Checks , Cash , Debit Cards, Bank remittance	YES	Yes, for the same tax administration	No set rules	application for refund
Denmark	March and November	NO	Bank remittance, checks, postal service cash debit cards	YES	Yes, for different tax administration (under development)	no specific tax rules	Application with documentation of expected tax liability before tax return deadline
Estonia	Final payment: 10th day of the month following the payment was made	YES, by reasoned application. Installment plan possible	Bank remittance	YES	YES, for same tax administration	on request	after 30 days of the receipt of the application
Finland	deadlines depending on amount; final: 25 days after finalising the assessment	Yes by separete agreement between local tax office and tax payer	Bank remittance	No, only in exceptional cases	NO	N/A	After final assessment credit is paid to the tax payer
Germany	N/A	N/A	Bank remittance, checks, cash direct debit authorisation	N/A	N/A	N/A	N/A
Hungary	different deadlines	only the final payment can be postponed	Bank remittance	YES	NO	ON REQUEST	Request is necessary, existence of public debts exclude the reimbursement
Iceland	one month after each payment is due	not possible in such cases	Bank remittance, checks, postal service,Cash and Debit cards	YES	YES, for the same and different tax admin.	tax credits and tax payable for the same periods	automatic refund
Ireland	preliminary CIT: 1 month before acc. year end ; balance 9 months after accounting year end	NO	Checks, Revenue online service, direct debt authorisation	NO	Yes, for the same tax administration		overpayment is refunded based on taxpayer's tax return
Italy	pre:16 june; 30 november final: 16 june n+1	payment by instalments with interests	telematic payment with direct debit authorisation	offset of tax credit and debt with payment form	yes,income,VAT,social contr.,withholding, ecc.	limit of € 516.456 per year to offset tax, contribution, ecc., of different authorities	request on income tax return
Latvia	15th day of each month or of month following quarter;	NO	Bank remittance	YES	Yes, for the same tax administration	tax administration must automatically off-set	within 15 days on the request of taxpayer
Lithuania	quarter: 25th of last month of quarter final. < 1 October of the follow. year	NO	Bank remittance, checks debit cards	YES		tax administration or on request by the tax payer	within 30 day to be refunded after the written request
Luxembourg	10.03/10.06/10.09.10.12/ prepay. 1 month after assessment (final)	YES	Bank remittance, Checks Cash, Postal service and debit cards	YES	Yes, for the same tax administration	automatic	automatic reimbursement to the bank account
Malta	Prepayments : April, August and December; Settlement tax on the return due date	NO	Cheques, cash, internet banking	NO	NO	N/A	Refund must be claimed in the tax return and is reimbursed within 6 months of the return due date
Poland	3 months following the end of tax year for final payment; for pre-payments: 20th of the following month or 20 days following the end of the quarter	Yes, well justified application	Bank remittance	YES	Yes, for the same tax administration	automatic offsetting in case of due liabilities or on application in case of future liabilities and refund	application; overpayment is refunded within 14 days to 3 months period reimbursement of taxes 30 days after assessment
Slovenia		NO	Bank remittance	NO	N/A	N/A	
Spain	prepayments : Feb, Oct, Dec final return 1-25 July n+1	general rules for requesting tax deferrals	Bank remittance, direct debit authorisation/internet (fill in through internet)	YES	YES for the same tax administration		Fill in return; recording, computerized control debt checking, banking transfer
Sweden	Every month on the 12th	NO	Bank remittance	YES	Yes, for different tax administration	one tax account, which is reconciled every month	automatic repayment if excess to VAT, reduction of tax previously imposed, surplus on final tax or written application

**Table B11: Corporate Income Tax – Penalty procedures**

Country	CONSEQUENCES OF FAILURE TO FILE RETURNS IN TIME	CONSEQUENCES OF FAILURE TO PAY IN TIME	CONSEQUENCES OF FAILURE TO COORECTLY REPORT	CONSEQUENCES OF INCORRECT BOOKKEEPING	SIZE TAKEN INTO ACCOUNT	PAST RECORD TAKEN INTO ACCOUNT
Austria		1-3-late payment penalties of 1% or 2 % of the tax		estimation of the tax base by tax administration	YES	NO
Belgium	procedure assessment ex officio fine, administrative and / or penal sanctions	interest on late payment	administrative and / or penal sanction tax increase of 10% to 200%,	prolongation for tax assessment tax increase of 10% to 200%, Penal sanction	NO	Yes (tax assessment) No (the recovery)
Bulgaria	Yes fines up to 500€	interest according law on interest	as question 1	see 1, accountant	NO	YES
Czech Republic	up to 10 % fine of the finally assessed tax	0,1% per each day of delay	tax administrator shall ask for clarification	a fine up to 3% of the assets's value	NO	YES
Cyprus	£30 flat penalty	5% of tax payable if delay exceeds 30 days plus 8% p.a interest from due date	- fines and penalties of up to C£200 plus 8% interest from due date icted in court fine may reach up to C£10.000	no administrative penalty	NO	NO
Denmark	Additional tax up to 670 €	interest of 0,6% per month, which is not deductible	criminal prosecution possible	N/A	YES, depend on amount evaded	NO
Estonia	YES 1. failure fine: up to 1280 € 2 failure fine up to 1920€	0,06% per day= 1,8% per month	YES 1. failure fine up to 1280€ 2. failure fine up tp 1920€	malicious=> consequences	NO	YES
Finnland	tax penalty for late filing	penalty interest	tax penalty depending on the severity of the failure	correct bookkeeping is investigated only during tax audit procedure.	NO	NO
Germany	Fines, estimation of tax payable additional payments for late paym.	additional payments for late payment	official estimation of the tax payable	tax penalties	the amount of payments depends on the size of enterprise	YES
Hungary	Default penalty	Default penalty	Default penalty; in case of tax insufficiency: tax penalty	Default penalty	NO	YES
Iceland	penalties up to 15 % of the tax base	interest on late payment	penalties up to 15 % of the tax base	not for incorrect bookkeeping	NO	YES, in a small way
Ireland	surcharge of 5 % -10% of tax due certain reliefs and allowances not possible if submit of return is late		fines up to €126,970 up to the double of tax in question/ imprisonment	fines up to €126,970 up to the double of tax in question/ imprisonment	NO	NO
Italy	administrative penalties	administrative penalties interest on late payment	administrative penalties, tax assessment, interests	penalties, interests, tax assessment on presuntive basis (unreliable book)	NO	YES
Latvia	penalties or fines	fines between 01%- 1% of the total amount declared but < 712 €	monetary penalty	administrative penalty	NO	YES
Lithuania	penalties or fines	interests	penalties or fines	penalties or fines	NO	YES
Luxembourg	up to 10% of the tax as surcharge	interest for late payment: 0,6% per month	penalties fixed by the court	estimate of the tax base	NO	YES
Malta	Additional Tax	Interest	Omission Tax and interest	Omission Tax and interest	NO	NO
Poland	penalty	penalty interest	depending on facts	estimation of the tax base by tax administration	NO	YES
Slovenia	peanlity for not filing up to T 87,000 €	interest	penalty and interest increased prepayments	administrative penalty for incorrect bookkeeping	NO	NO
Spain	Penalty and interest	interest and also penalty, if the tax administration discovered the omission	penalty and interest	Yes; indirect evaluation of the tax base	NO, but for the selection of enterprises to be audited	YES
Sweden	N/A	N/A	N/A		NO	NO

**Table C1: Payroll Tax – Information for start-ups upon registration**

Country	TAILORED INFORMATION ON REGISTERING START UPS FOR WAGE TAX PURPOSES	MAIN SOURCE OF INFORMATION ON REGISTRATION
Austria	YES	B, W
Belgium	YES	B, W,O, Co
Bulgaria	not any special	B, W
Czech Republic	YES	B, W, Co
Cyprus	YES	Co
Denmark	YES	B, W,C, O, Co
Estonia	NO no special registration	/
Finland	YES	B, W, C, Co
Germany	YES	B,W, C,Co
Hungary		
Iceland	YES	W, Co
Ireland	YES	B,W
Italy	YES (there is only one reg. for tax purposes)	B, W, C, Co
Latvia	YES	B,W, C,Co
Lithuania	YES	B, W, Co
Luxembourg	NO	
Malta	YES	Co
Poland	YES	W, C, Co
Slovenia	NO no registration required	
Spain	YES	B, W,C, Co public entities help them to fill in returns on withholding taxes
Sweden	YES	B, W, Co

B = Brochures  
 W = Web Sites  
 C = Call centers  
 O = One stop shops  
 Co = Official in tax administration

**Table C2: Payroll Tax - Information on recurring tax procedures**

Country	TAILORED INFORMATION ON RECURRENT TAX PROCEDURES	MAIN SOURCES OF INFORMATION	EARLY WARNING TOOLS ON DEADLINES	PERSONALISED TAX CALENDAR	OTHER EXAMPLES OF INFORMATION
Austria	NO	B,W	NO	NO	NO
Belgium	YES	B, W,C, O	NO	NO	Social secretariats
Bulgaria	YES, general information	B, W	YES, general tax calendar for all taxpayers	NO	NO
Czech Republic	YES	B,W	NO	NO	form of instructions
Cyprus	NO	B,W	NO	NO	NO
Denmark	NO		NO	NO	NO
Estonia	NO, general information not depending on size	W, C	NO	NO, general tax calendar for all taxpayers	
Finland	NO but detailed information on web	B, W, C, Co	YES general tax calendar	Yes general tax calendar	NO
Germany	NO	/	NO	NO	/
Hungary					
Iceland	YES	W	YES, reminder is sent to employer	NO	information on website on tax changes
Ireland	NO, same information for companies of all sizes	B,W	YES	NO	NO
Italy	YES	B, W, C, Co	YES, web site, newsletter	YES	web-mail, web-magazines
Latvia	NO	B, W, C	NO	NO	/
Lithuania	NO		YES	YES	
Luxembourg	NO		press release in newspapers info on website	NO	NO
Malta	NO - same information for all employers	B, Co	NO	A general events calendar	NO
Poland	YES	W, C, Co	NO	NO	NO
Slovenia	YES	W, Co	YES	NO	other institutions Chamber of Commerce
Spain	YES	B, specific software to fill in withholding tax returns	NO	YES	
Sweden	YES	B,W,regular seminars with new started enterprises	NO	NO	regular seminars with new enterprises

B = Brochures  
 W = Web Sites  
 C = Call centers  
 O = One stop shops  
 Co = Official in tax administration



**Table C3: Payroll Tax - Interpretation of existing laws and rulings**

Country	WRITTEN CONFIRMATION/APPLICATION TO SMALLER ENTERPRISES	RULINGS FOR WHAT KIND OF TRANSACTIONS	PROCEDURE	CONDITIONS ADVANCED RULING	LEGAL EFFECT ADVANCED RULING	TIME LIMITS FOR RULINGS
Austria	NO	N/A			non-binding	NO
Belgium	YES, falling under the responsibility of the Federal Public Service Finance	all transactions that not yet produced fiscal effects (not started, not accomplished)	to be filed with a centralised service including several information	The transaction must not have fiscal effects yet	binding	advanced rulings: 3 months after the request is complete
Bulgaria	YES	not started, not yet accomplished, already accomplished	written request to tax administration	written request for advanced instructions	non-binding	NO
Czech Republic	/	/	/	/	non-binding	/
Cyprus	YES, but not obligatory for tax administration	not started, not yet accomplished	informal, written request, no obligation of tax administration to reply	no set conditions	non-binding	No, in fact the tax administration many times do not reply
Denmark	NO	N/A	N/A	N/A	N/A	N/A
Estonia	YES, enterprises are entitled to ask an interpretation but given opinion is not binding	not started, not yet accomplished, already accomplished	written request to the Central Tax Board or local tax office	No advanced tax ruling	non-binding	within 30 days
Finnland	YES, but Central Tax Board or local tax office may refuse to give ruling	not started, not yet accomplished, already accomplished	written request to the Central Tax Board or local tax office	several, but ruling can be refused	in principal binding	no time limits in legislation goal response in 8 weeks
Germany	YES	not yet started	informal application		binding	NO
Hungary						
Iceland	YES	not yet started	written request with details; administration charge	transaction must not have started	binding	within three months
Ireland	NO, but if the information is not available, employer may obtain it by contacting IR	/	/	/	/	/
Italy	YES, ruling in case of objective conditions of uncertainty	not started, not accomplished already accomplished	written request to revenue agency before applying tax provision	description of the personal issue, taxpayer's interpretation of tax law	binding	120 days
Latvia	YES, two different types of requests ordinary letter or special form statement	not started, not yet accomplished, already accomplished	written request with details; specific questions and the employer's interpret.		non-binding	2-4 weeks for ordinary letter 1-4 months in case of a statement
Lithuania	YES	not started, not yet accomplished, already accomplished	written request	/	non-binding	simple questions: 3 working days others within 30 days or inform taxpayer
Luxembourg	YES, written advice may be asked	transactions not yet started	written request including all necessary information to take a decision	No advanced ruling is possible		NO
Malta	YES - not binding	not started, not yet accomplished, already accomplished	written request	No advanced rulings	non-binding	N/A
Poland	YES	not started, not yet accomplished, already accomplished	written application, lack of pending tax control proceedings, stamp duty which however is not binding	the same as in the previous point: i.e. written application, lack of pending tax control	binding	3-4 months, 6 months in case of rulings issued by Minister of Finance, no answer means that taxpayer's position is binding
Spain	YES, general right of tax consultation	not yet accomplished	written consultation is compulsory	no special conditions	binding	6 months
Sweden	Yes, employer can apply for an advanced ruling at Council for tax ruling	not yet started			binding	

**Table C4: Payroll Tax - Information and assistance on changes in tax laws**

Country	INFORMATION REGARDING TAX CHANGES	WHICH MEANS/COMMUNIC. CHANNELS	SPECIAL ASSISTANCE TO TAXPAYER/. CONSULTANTS	PROGRESS	FURTHER IMPROVEMENT
Austria	no particular information	mail, e-mail web site seminars- trainings	tax consultants		YES
Belgium	regular information in general	mail , E-mail, web site, regular consultation with social secretary	tax payers, consultants	key formulas, notices to empl. Category of income	specific brochures
Bulgaria	regular information in general		tax payers, consultants	web site of tax administration and fince ministry; seminars	seminars and workshops also in smaller towns
Czech Republic	regular information in general	web site	tax payers, consultants	/	/
Cyprus	N/A	N/A	N/A	NO	up to date web site with current legislation,interpretation circulars deadlines for payments etc.
Denmark	regular information in general	mail, e-mail web site seminars- trainings, help desk	/	>Possibility to subscribe for e-mail newsletter on changes	improved guidelines for non-tax professionals on web-site, call center
Estonia	regular information in general	web-site, seminars, trainings, help desk	NO	/	/
Finnland	regular information in general	web site seminars, training	tax payers, consultants	interactive services to customers	more interactive services
Germany	no particular information	/	/	/	/
Hungary					
Iceland	others: taxpayers are informed on changes on webste of IR	web site	/	the Web is now the primary tool to inform of changes	improve content in web and e-mail to notify special groups
Ireland	information on web-site	web site , publications	/	/	/
Italy	regular information on changes of payroll tax in general	web site,web magazines, newsletter,call centre,local office, circular letter	advanced ruling for employers, tax advice to enterprises association	tax data base, web site, binding tax ruling	personalized information
Latvia	regular information in general	website , seminars helpdesk	taxpayers	user friendly website, special call centers	YES
Lithuania	regular information in general	website, seminar,helpdesk, news subsription	tax payers, consultants	/	/
Luxembourg	regular information in general	e-mail, website, public internal written instruction of ACD	NO	website	YES
Malta	regular information in general	mail, e-mail, website, helpdesk publications, information circulars	Taxpayers, software houses, practitioners	/	more structured personal communication over the web
Poland	regular information in general	web site	/	/	
Slovenia	regular information in general	website, help desk	taxpayers	not special for small enter- prises but for all: website	16 different accounts for ech employee for different taxes and other charges
Spain	regular information in general	mail, e-mail, website, seminars helpdesk, help programme income tax return guide	/	/	/
Sweden	regular information in general	mail, web-site, seminars + training Help desk, Brochures and regular meetings	tax payers, consultants	tax agency send a final tax card to the tax payer other information	more specified target group to provide direct information

**Table C5: Payroll Tax – Registration of start-ups**

Country	PROCEDURE	DOCUMENTS OF THE EMPLOYER	ELECTRONIC REGISTRATION AVAILABLE	ELECTRONIC SIGNATURE OBLIGATORY	HIGHLIGHTS IN REGISTRATION	POSSIBLE IMPROVEMENTS
Austria	No special registration essential		NO	N/A		NO
Belgium	reference number, return 274, payment, Form 281 recapitulative form 325	Return 274,recapitulative form 325, form 281	YES	YES	Finprof Belcotax	to give consultation through electronic filing
Bulgaria	Employer declare and pay the wage tax to the budget	all labour contracts are registered at national Employment Service => available for tax administration	NO	N/A	combined service for wage tax and social security contribution	harmonisation of wage tax and social security contributions
Czech Republic	Rgistration not later than 15 days after his liability to withhold	information on employer as address etc., bank accounts	NO	N/A	/	/
Cyprus	initial company & individual registration form as a taxpayer	None	N/A	N/A	None	to be able to register electronically
Denmark	application form mailed to one entry point of registration	None	NO	N/A	one entry point	electronic registration
Estonia	No special registration for for wages tax and other taxes (exception VAT)		NO	N/A	/	/
Finland	Form Y1, registration is encompassed in general registration	special appendix forms required	NO	N/A	establishment of the BIS system	totally electronic registration process
Germany	tax questionnaire to be filled in by the enterprise	/	NO	N/A	/	/
Hungary						
Iceland	self employed register at local tax office; companies: through web	general information on company estimate off total wages	YES, companies; individuals perhaps in the future	not obligatory	electronic registration for companies	electronic registration for self employed
Ireland	filling register form; IR sent registered number for PAYE and detailed information on PAYE	None	NO, but once registered, access to tax details and file returns on-line using ROS	/	/	registration facility online
Italy	No special registration for wage tax purposes	None	YES (one reg. process for tax purposes)	pin code or 2 keys cryptographic system	electronic registration	one on line reg. for tax, business, social contr.
Latvia	registration within 10 days after hiring the first employee, each employee must be registered	filled form for employer, identity card; filled form for each employee	NO	N/A	no developments	YES
Lithuania	No special registr. at the state tax inspectorate for wage tax	/	NO	N/A	/	/
Luxembourg	if employer is registered for taxes automatic registration for wage tax	no documents are required	NO	N/A	No progress	YES
Malta	Application on a prescribed form, Employer Identification number issued	registration form	Not yet	N/A	Joint project under way with the Employment and Training Corp	electronic registration
Poland	no special tax registration	/	/	/	/	/
Slovenia	no special registration for wage tax purposes	N/A	N/A	N/A	N/A	N/A
Spain	registration return	None	YES	obligatory		
Sweden	tax and payroll registration form to be sent to tax authorities	registration form	YES	obligatory	e-service, simplification of interaction between company and administr.	possibility for a representative to sign and file PAYE return

**Table C6: Payroll Tax - Filing of tax returns and other reporting requirements**

Country	GENERAL OVERVIEW	EXEMPTION OF FILING OF TAX RETURNS	FREQUENCY OF TAX RETURNS	YEARLY FORMS	SIMPLIFIED IF LESS EMPLOYEES	ASSISTANCE FOR THE FIRST TAX REPORT	WAGE TAX UNIFIED WITH SOCIAL SECURITY CONTRIBUTIONS	SEPERATE FORMS FOR STANDARD CASE	USER FRIENDLY LAYOUT	OTHER DOCUMENTS TO BE ATTACHED	POSTPONEMENT OF WAGE TAX RETURN
Austria	annually submitting wage sheets of employees electronically/by paper to tax office	NO	monthly	YES	NO	NO	YES	NO	NO	NO	NO
Belgium	comparison between several forms	NO	monthly	Yes recapitulative form 325	Yes, quarterly	No	YES	No	YES	No	NO
Bulgaria	employer does not file a tax return but withholds the tax	YES, if wage income < 130 BGN	monthly?	YES?	NO	NO	YES as from 01.01.2006	NO	NO, special wage tax returns	N/A	NO
Czech Republic	employer withhold taxes under consideration of tax allowances	NO	/	YES	NO	NO	Different base	NO	NO	NO	
Cyprus	Form IR 7 *employer's return annually tpo be sent	NO	monthly	Form IR 7 *employer's return annually to be sent	NO	NO	NO	NO	YES, by using different coloured boxes	NO	NO such conditions exist
Denmark	Returns have to be filed at the end of each month	NO	monthly	NO	NO	NO	NO	NO	NO	NO	special circumstances the company cannot be held accountable
Estonia	file a return monthly on paper, via e-Taxboard, or electronic data media	NO	monthly	NO	NO	NO	YES, the information is filed on the same form	NO	YES, different fonts boxes	NO	YES, in case of serious illness or being abroad
Finland	monthly tax returns to be filed to the regional tax office	NO, but employers that are not paying salary on a regular basis do not submit monthly returns	monthly	YES	if employees are not paid on a regular basis only annual report	prefilled forms and general guidance	reported on the same monthly return	NO	YES, different fonts	NO	serious illness
Germany		NO	monthly	NO	NO	NO	NO	NO	NO	NO	/
Hungary											
Iceland	With the payment of the taxes withhold a declaration has to be filed	NO	monthly	YES	Once a year for presumptive income	YES, short seminars are held for start ups	YES, only one tax is levied, high percentage goes to social security	NO	NO	declaration of wages paid to every employee and taxes withheld	NO
Ireland	Form P 30 to be completed monthly and returned with payment or direct debit scheme with annual return	NO	monthly	YES	NO	YES, revenue provide a HELPPDESK	YES, returns include tax (PAYE) and Social Insur. called PRSI	NO	YES, forms well designed		None
Italy	Employers must withhold wage tax and pay every month. Return is annual	NO	yearly tax return monthly payments	YES	NO	general assistance, tutor program. for small start-up	YES, (social contr. return are also monthly)	NO	sections, boxes with marginal notes	NO	not possible
Latvia	tax withholder has to declare on a monthly and annual basis	NO	monthly	YES	NO	NO	NO	reported on the same monthly return	NO	NO	None
Lithuania	tax withholder has to declare monthly and on an annually base	NO	monthly	YES	NO	NO	NO	YES	NO	NO	not possible
Luxembourg	One single sheet has to be filled	NO	monthly, quarterly yearly depending on the amount of taxes	NO	/	NO	NO	NO	NO	NO	not possible
Malta	Monthly summary payment advice covering FSS tax and Social security deducted from the gross wages/salaries; End of year documents - statement of earnings for each employee + a payments reconciliation statement	NO	monthly	YES	NO	NO	YES	NO	YES boxes, etc	NO	not possible
Poland	annual tax return, option for paper and electronic filing	NO	once a year	YES	NO	NO	NO	NO	YES, boxes, colours fonts	NO	not possible
Slovenia	filing a wage tax form every time salaries/wages are paid out	YES, if gross salary <690€	depending on payment of salaries	NO	NO	NO	special form including tax and insurance contri.	NO	NO	NO	not possible
Spain	quarterly: deposit of withholding taxes (monthly for large enterprises) yearly: information return with detailed info	NO	quarterly monthly (large enterprises)	YES	NO	NO	NO	NO	YES, special help software to fill in	NO	Only in case of superior force
Sweden	Company complete PAYE return and pay the taxes and contribution	NO	monthly	YES	NO	NO more than regular information	YES, payroll tax/wage tax are reported in the same form at the same time	NO	YES, different fonts and boxes to separate wage tax and social security	NO	YES, on special request made no later than the last day of filing

**Table C7: Payroll Tax – Electronic filing of tax returns**

Country	ELECTRONIC FILING AVAILABLE	LINK BETWEEN ACCOUNTING AND FILING TAX RETURN	ELECTRONIC SIGNATURE MANDATORY	HARD COPY IF NO ELECTRONIC SIGNATURE	WHICH FILING DATE	ASSISTANCE HELP FOR SMEs	FURTHER IMPROVEMENTS
Austria	YES	YES	NO	YES	hard copy	/	/
Belgium	YES	YES	YES	Yes, short form	electronic version	1.) call center 2..) matters with substance	
Bulgaria	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Czech Republic	NO	N/A	N/A	N/A	N/A	N/A	N/A
Cyprus	NO	NO	N/A	N/A	N/A	N/A	More streamlined and thus time saving procedures
Denmark	YES	NO	not mandatory	NO	/	web guidelines, call center	/
Estonia	YES	YES	not mandatory if authorisation is via bank portal, mandatory for authorisation with personal identity card	NO	/	many ways (phone, e-mail, consultation at tax office)	continue to develop electronic filing systems
Finnland	YES	YES	mandatory; User Id and password are needed	YES, if it is not possible to send information electronically	N/A	Brochures, informative publications, web-site, C, Co	No further information is provided
Germany	YES	YES	not mandatory	NO	/		improving the handle of electronic filling
Hungary							
Iceland	YES	YES	mandatory	No, electronic filing is not possible without electronic signature	N/A	Phone service	later filing dates, corrections of former declarations
Ireland	YES	NO	No, but "digital certificate"= number and password	NO	/	detailed info. on website, Help function of contact details of Liason officers, Helpdesk.	None
Italy	electronic filing is mandatory	NO	PIN Code or 2 keys asymmetric cryptographic system	/	/	general software assistance, special for smaller enterprises	pre filled in withholding tax return
Latvia	YES	NO	mandatory	NO	NO	General information on website	None
Lithuania	YES	NO	not mandatory	NO	/	seminars and consultations by phone and e-mail	/
Luxembourg	YES	NO	not existing	YES	hard copy	none	electronic signature
Malta	YES	Yes - Link between payroll and tax documents	not mandatory	No	same 15th February	General information on website, helpdesk	/
Poland	YES	NO	mandatory	N/A	N/A	General information on website,	improvement of electronic filing process
Slovenia	NO	N/A	N/A	N/A	N/A	N/A	electronic filing would be helpful
Spain	YES	YES	mandatory	/	/	Specific help programs developed by the Spanish Tax Agency	/
Sweden	YES	NO	mandatory	/	/	General information on website, FAQ, helpdesk	representative to sign returns link accounting software to the EAGE and PAYE return

**Table C8: Payroll Tax – Tax accounting**

Country	SIMPLIFIED WAGE TAX COMPUTATIONS	ELEMENTS TO BE INCLUDED	SPECIAL REGIME FOR OVERTIME, PUBLIC HOLIDAYS	FRINGE BENEFITS	TAX TREATMENT OF FRINGE BENEFITS	SIMPLIFIED CALCULATION FRINGE BENEFITS/ THRESHOLDS	MOST COMPLICATED ITEM	MAIN SIMPLIFICATION SO FAR
Austria	NO	basic amount, scaled child supplement, standardised employee and transportation deduction	YES	valued at mean price uniform values for personal use of a company car	company car: 1,5% of initial costs but < 600€ loans < €7500	Use of Laptop, mobile phone no remuneration		
Belgium	/	/	/	/	/	/	/	/
Bulgaria	NO	child tax credit, tax relief for donations, additional health and social security	certain social expenses are taxed by withholding tax	withholding tax	wiothholding tax	Coupons for food < 40 BGN are non-taxable		minimum non-taxable income, PAYE
Czech Republic	income less < 176 € => 15% withholding tax	tax status of spouse , children, disability	NO		car: monthly 1% of price discounts taxable ; specified travel expenses	NO	complicated but with the help of specialised software feasible	NONE
Cyprus	NO	Form IR 59 filled in by employee life insurance,health insurance pension contribution etc.	NO	part of the gross remuneration	all taxable as normal income	NO	NO	removal of a number of personal deductions & allowances
Denmark	NO	None	NO	some types included otherwise information must be reported in end of year statement	car: 25% of price is added to the wage	general thresholds for example: parking expenses, newspapers	N/A	Thresholds for fringe benefit electronic filing
Estonia	NO	None	NO	Fringe benefits are not taxed with wage tax	/	/	/	/
Finnland	NO	All information on employee is filled on the annual notification	for non-resident employees flat rate of 35%	some are considered as taxable income	car: part is taxable; discounts if moderate no tax	for private use of cars	/	/
Germany	NO		Sunday, night and public holiday allowances					
Hungary								
Iceland	NO	None	NO	taxed as paid wages,	car: percentage of value of new car, discounts taxed	NO	fringe benefit and minimum tax base	None
Ireland	NO	A certificate of tax credits and standard rate curt-off point of the employee is sent to employer	all income are taxed as part of gross income	value of benefits in kind included in normal wage/salary liable to PAYE and PRSI	car: 30% of original value entertainment+ travelling: actual cost reimbursement	benefits with a value less than 250 PAYE and PRSI is not applied	Benefit in kind calculations	None
Italy	NO	personal situations of employees that may reduce tax base or tax due (childs, loans, medical exp.)	arrears, leaving indemnity	increase wage tax base of employees	cars, discounts on goods produced by employer, house, ecc.	threshold of €258,23	Benefit in kind calculations	correct application of withhold. tax permits to employees not file their own tax return
Latvia	NO	children, spouse, disability group pension income	NO	taxed as paid wages/salary	taxable	no simplified expenses	NO	NO
Lithuania	NO	civil status and children	NO		employees income in kind	NO	NO	/
Luxembourg	NO	tax card: civil status, children	supplements are partly or totally tax exempt	no special taxation	cars: %of list price discounts no tax if not below costs	NO		None
Malta	NO	marital status, separate/joint computation rates	part-time rules	taxed as paid wages/salary	all taxable in general value of benefit added to wage/salary	General thresholds	Beneficial Loan arrangements	providing methods for measuring benefits in kind
Poland	NO, progressive scale (19%, 30%,40%) of income tax	on request: spouse and children	NO	in general taxable	in general taxable	/	/	system already simple
Slovenia	NO	NONE	NO	taxed as paid wages/salary	car: % of the car value, daily allowances	None		None
Spain	NO	civil status and children, others	NO	taxed as paid wages/salary	special rules to calculate the value	NO	NO	NO
Sweden	NO	/	YES, one time payments	taxed as paid wages/salary		NO	/	/

**Table C9: Payroll Tax – Record-keeping requirements**

Country	WHICH DOCUMENTS TO BE KEPT	DOCUMENTS FROM THE EMPLOYEE	RETENTION OF RECORDS	RETENTION OF RECORDS IN ELECTRONIC FORMAT PERMITTED	LESS DOCUMENTATION WITH FEWER EMPLOYEES	DOCUMENTS FOR EMPLOYEES	IMPROVEMENTS
Austria	/	/	/	NO	NO	wage sheet on request or termination	/
Belgium	/	/	/	/	/	/	/
Bulgaria	N/A	information on a second occupation of the employer	N/A	N/A	N/A		Harmonisation of wage tax and social security contributions
Czech Republic	Doc. relating to tax allowances; monthly wage slips, wage records	Doc. relating to tax allowances;	wage sheet 20 years others 10 years	NO	NO	within 10 days on request tax and taxable wages	/
Cyprus	Forms IR59, IR 63, monthly payroll details, receipts of monthly payments made to the authorities	Completion of form IR 59 stating the gross salary, benefits in kind and personal allowances	7 years	YES	NO	Form IR 63 annually providing all information on gross gross salary, deductions etc.	None
Denmark	wage and wage tax accounts	tax card	5 years	YES	NO	wage notice with tax calculation	
Estonia	documents related to transaction and payments	NONE	7 years	YES	NO	withheld premiums on request or termination, special forms	/
Finland	Annual accounts including salary payments	Tax card before the employer pays salary	annual accounting 10 years info on employees: 6 years	YES	NO	information on salaries paid	/
Germany	§ 41 Income tax Act	wage tax card	monthly	YES	NO	/	NONE
Hungary							
Iceland	employee tax credit card	tax credit card if personal tax credit	7 years	YES	NO	None	making the personal tax credit available online
Ireland	all wage records including backup documentation	employee PPS No, certificate of tax credits via tax administration	6 years	YES	NO	payslip, Form P60 before 15 February of the following year	
Italy	Labour law: payroll book, employers registration book	self-certifications regarding deductions requested	5 years	YES	NO	pay sheet, certificate of wage tax withheld	/
Latvia	source documents related to the calculation of wage/salary	optional: wage tax book including allowances	10 years	YES	NO	information on salaries/wages paid, special form	individuals: only one registration for all taxes
Lithuania	data about wages , paid income tax withheld in accounting register	a free-form request to apply tax amount exempt	10 years	NO	NO	a free-form document on wages paid and tax withheld	/
Luxembourg	salary account for each employee	a tax card	10 years	YES, a hard copy to be archived at the end of year	NO	extract of the employee's salary account	
Malta	Normal payroll records including tax and social security deductions for each employee	Tax registration number (normally the ID card number) and the Social Security number	9 years	YES	NO	annual statement of earnings	shift from monthly, to e.g. quarterly payment instalments
Poland	employment contract, evidence of wages and social security contributions paid	only statement containing the personal data	5 years	NO	NO	annual report on withholding tax, wages, contributions	
Slovenia	payroll, wage tax forms, wage calculation	Seniority statement, personal statement, children	5 years	YES	NO	collective list of all taxable income received	less payments on compulsory charges
Spain	Accountancy , payroll, receipts signed by employees, doc. Social security	Form with description of personal and familiar circumstances	4 years	YES	NO	annual certificate with totals of wage, withholding tax+ contribut.	
Sweden		NONE	/	/	NO	employer must file income statement to tax admin and employee	

**Table C10: Payroll Tax – Payments and refunds**

Country	DEADLINE FOR PAYMENTS	FREQUENCY OF PAYMENTS	KIND OF PAYMENT	OFFSETTING TAX RECEIVABLES AND LIABILITIES	UNIQUE TAX ACCOUNT
Austria	15th of a month	12 times	Bank remittance, checks debit cards	YES	same tax administration
Belgium	15 days after end of month or last day of the following month	monthly or quarterly	Bank remittance, checks, depo.or transfer postal accou.	NO	/
Bulgaria	with bank transfer of wages cash: 10th of the next month	12	Bank remittance, cash	YES	/
Czech Republic	annual account of tax advances 31 March of the following year	12	Bank remittance, cash Direct debit authorisation	NO	
Cyprus	by the end of the following month	12	checks, debit cards and cash	YES, but the offset is done with the employee	for the employee
Denmark	last day of current month small enterprises: by the 10th of the following month	12	Bank remittance checks debit cards, cash	YES	different tax administrations (under development)
Estonia	10th of the following month	12	Bank remittance	YES	same tax administration
Finland	10th of the following month	normally 12	Bank remittance	YES	NO
Germany	monthly	12	Bank remittance, checks cash, direct debit authorisation	NO	automatic reimbursement
Hungary					
Iceland	15th of the following month	12	Bank remittance, checks,debit cards, cash, direct debit author.	YES	same tax administration
Ireland	1st-14th of the following month	12	Bank remittance, checks, cash direct debit author.Revenue on line service	NO	NO
Italy	within the 16th day of the following month	12	Direct debit authorisation related to telematic payment	YES	YES
Latvia	the day following the payment of salary	12	Bank remittance	NO	NO
Lithuania	the day following the payment of salary	depends on the number of payments	Bank remittance, checks debitcards	NO	NO
Luxembourg	10th of the following month	1-12	Bank remittance, checks,cash, direct debit authorisation	YES	same tax administration
Malta	last day of the following month	12 times	cheque, cash, internet banking, government payment portal	NO	NO
Poland	20 th of the following month	12	Bank remittance	NO	
Slovenia	same day as the salary	every time salary is paid	Bank remittance	NO	N/A
Spain	each payroll	4 times a year 12 for large enterpr.	Bank remittance , direct debit authorisation (filled in Internet)	YES	same tax administration
Sweden	annual turnover < 4,4 m€ monthly; >4,4 m€ twice a month;	1 -12 times a year 24 times for large enterprises	must be recorded in the tax agency's post and bank giro account in due time; no cash		



**Table C11: Payroll Tax – Penalty procedures**

Country	CONSEQUENCES OF FAILING TO COLLECT RELEVANT DOCUMENT	CONSEQUENCES OF FAILING TO FILE TAX RETURN	LATE PAYMENT	FAILURE OF CORRECTLY COMPUTE+ WITHHOLD	SIZE DECISIVE FOR PENALTY	PAST RECORD BEHAVIOUR
Austria	/	/	late payment penalty of 2% amount of tax	the employer is liable	NO	NO
Belgium	Fines and penalties	Fines and penalties	interest for late payment	Fines and penalties	NO	NO
Bulgaria	NO		interest based on law	interest based on law	NO	NO
Czech Republic	fine up to a maximum of €70.000	fine up to a maximum of €70.000	penalty of 0,1% per day	the employer is liable	NO	YES
Cyprus	may lead to wrong estimation of PAYE by the employer	if correct payment is done on time no consequences	interest of 9% per annum and additional charge of 1% per month	the employer is liable interests and fines	NO	NO
Denmark		penalty of around 100€	interest	penalty, imprisonment	NO	YES
Estonia		sending a warning with penalty of max. €1.300 for the first time and €2000 for the 2 second time	interest of 0,06% per day= 21,9 % per year	see before the employer is liable	NO	YES
Finnland	without tax card the withholding rate is 60%	after reminder assesment by estimation of local tax office	penalty interest and other costs; or surtax levied by tax office	taxes can be collected afterwards from the employer with interest	NO but smaller companies have less employees	YES
Germany	/	Fines, estimation of tax payable	additional payments for late payment	official eastimation of the tax payable	YES	YES
Hungary						
Iceland	N/A	estrimation of wage tax interest on late payment	interest will be added	/	NO	NO
Ireland	liability for incorrect calculation of tax figures	estimated demand , enforcement procedures	interest of 0,0322% per day 11,6% p.a.	the employer is liable	NO	NO
Italy	administrative penalties, tax assesment, interests	administrative penalties	administrative penalties interest on late payment	penalties, interests, tax assesment	NO	YES
Latvia	penalties or fines	monetary penalty	0,05 % per day 18% p.a.	the employer is liable, fine	NO	NO
Lithuania	penalties or fines	penalties or fines	interests	penalties or fines	NO	YES
Luxembourg	application of the maximum rate	interest rate of 0,6 % per month	interest rate of 0,6 % per month	application of the maximum rate	NO	YES
Malta	Additional tax	additional tax	additional tax	additional tax	NO	NO
Poland	fines and penalties	fines and penalties	penalty and interest	fines and penalties	NO	YES
Slovenia	possible lawsuit	monetary penalty	penalty and interest	employer is liable, penalty and interest	NO	NO
Spain	higher percentage to be withheld	fine and interest	interest and penalties, if detected by tax administr.	employer is liable, penalty and interest	NO	YES
Sweden	/	/	/	/	/	/

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