



## FISCAL INCENTIVES AVAILABLE TO BUSINESS ANGELS IN EUROPE

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## AUSTRIA

<b>Income tax rate</b>	<p>The maximum income tax rate is 50% for annual income exceeding €50,870.</p> <p>Income generated from the disposal of shares, provided the vendor has held more than 1% of the share capital at any point of time within the last five years, is subject to income tax.</p>
<b>Capital Gain tax rate</b>	<p>Capital Gains tax rate of 25%.</p> <p>Income received by a corporation resident in Austria from participations (shareholdings) in domestic corporations is tax-free. Therefore, profit-shares of any kind resulting from participations (shareholdings) in domestic corporations and co-operative societies are exempted from tax liability.</p> <p>Such income is basically tax free, but the distributing corporation usually has to withhold 25% of any investment income as income tax, up to participation (shareholding) of 25%.</p>
<b>Other Tax incentives</b>	None
<b>Situation for angels investing through a co-investment or angel fund</b>	N/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	<p>Non-resident corporations are taxed only on their income from Austrian sources.</p> <p>The taxation on Non-resident corporations may be reduced under a double taxation treaty between Austria and other state or Country.</p> <p>The following income is tax free under certain conditions:</p> <ul style="list-style-type: none"> <li>-profit shares of any kind resulting from participations (shareholdings) in foreign corporations</li> <li>-capital gains resulting from the disposal of shares</li> </ul> <p>In such cases the distribution of profit shares is, in addition, exempt from withholding tax if the distributing company is located in another EU member country.</p>
<b>Sources of information</b>	N/a

## BELGIUM

<b>Income tax rate</b>	The maximum income tax rate is 54%.
<b>Capital Gain tax rate</b>	No capital gains tax.
<b>Other Tax incentives</b>	<p>Mechanisms available in Flanders:</p> <ul style="list-style-type: none"> <li>-For individuals investing in professional and selected VC funds, ARKIVs, through the ARKImedes mechanism: 90% government guarantee, 8.75% tax credit/year, maximum 2500€/tax payer.</li> <li>-Winwin-loan: encourages the public to provide loans to friends starting a business: Tax credit of 2.5% /year, maximum 1250/tax payer; unique tax credit 30%. Loan amount: max. 50.000€/SME/tax payer.</li> </ul> <p>Notional interest deduction unique in Europe:</p> <ul style="list-style-type: none"> <li>-Reduce tax discrimination between debt and equity financing</li> <li>-Lower the effective corporate tax for all companies</li> <li>-Yearly deduction from taxable income, equal to the amount of interest paid on the capital in case of long-term debt financing.</li> </ul> <p>Indirect incentive for Business Angels who want to group in a fund: the PRICAF</p>

	regime gives a tax transparency to its shareholders, which means that they pay practically no tax on the capital gains made.
<b>Situation for angels investing through a co-investment or angel fund</b>	The ARK Angels Fund operated by BAN Vlaanderen is a private pricaf which also falls under the mentioned pricaf-system.
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	<a href="http://www.minfin.fgov.be">www.minfin.fgov.be</a>

## BULGARIA

<b>Income tax rate</b>	<p>The corporate income tax stands at 10%.</p> <p>A flat rate of 10% has been introduced in January 2008 for the personal income tax which applies to the income of employees, self-employed individuals (notaries, freelancers, etc.), individuals working under service agreements and others.</p> <p>A rate of 15% applies to the income of sole traders.</p> <p>There is a maximum cap for monthly (social security and health insurance contributions) of BGN 2,000 (1 022 EUR)</p> <p>Management services agreements have been made equal to the employment ones. However, from a purely legal point of view the relations between the individuals working under management services agreements and their assignors are not employment but a mandate ones, hence, no contribution for employee's receivables guarantee fund is due in such a case.</p>
<b>Capital Gain tax rate</b>	<p>Capital gains from non-listed companies are taxed at 10%. There is a 0% tax on gains from trading on the regulated markets (stock-exchange).</p> <p>Tax rates of the income tax on dividends and liquidation quotas of 5%.</p>
<b>Other Tax incentives</b>	<p>10% flat deduction for the rental income</p> <p>25% flat deduction for the non-employment services income;</p> <p>40% statutory deduction for royalty payments, income of craftsmen which are not subject to lump-sum (presumption) taxation, income from sale of agricultural products and others.</p> <p>Corporate tax incentives are divided into General tax incentives, Regional incentives and Employment incentives.</p> <p>The General incentives on their part include: 1) tax incentives upon hiring of long-term unemployed persons (such legal entities are entitled to debit the financial result with the amounts paid for remuneration and contributions during to first 12 months)</p> <p>2) Incentives for enterprises hiring people with disabilities (these taxable persons are allowed to retain 100 % of the corporation tax under certain conditions);</p> <p>3) Incentives for agricultural producers (they are allowed to retain 60 % of the corporation tax under specific conditions) etc.</p> <p>Special regional tax incentives apply for investments in certain regions. For example if the taxable person is to perform its manufacturing activity only in municipalities where the rate of unemployment for the previous year was 35% higher than the national average, the company would be entitled to retain 100 % of the corporate tax.</p> <p>Annual depreciation rate of 30% for machinery &amp; equipment, 50% for new</p>

	equipment used in new investments and 50% for software and hardware.
<b>Situation for angels investing through a co-investment or angel fund</b>	There is no "group" taxation in Bulgaria. Each entity / individual is taxed as a separate taxpayer.  Real estate investment trusts (REITs) are also not liable for corporate income taxation.
<b>Opportunities/obstacles in the framework of a cross border investment</b>	CURRENCY BOARD: The Bulgarian lev has been tied to the Euro at a fixed exchange rate of BGN 1.9558 / EUR 1. The Investment Encouragement Act also introduced two classes of investments depending on their value. Their threshold amount is BGN 40 mln (EUR 20.4 mln), though if the investment is in a single establishment in the high technology activities of the services sector the lower Class (B) threshold stands at BGN 14 million. Such investments (Class A or B) receive personalized administrative services, financial support (investment and personnel expenses) Foreign personal statutory insurance contributions paid at the expense of the individuals are deductible for Bulgarian tax purposes. VAT exemption on equipment imports for investment projects over EUR 5 million
<b>Sources of information</b>	Bulgarian Business Angels Network <a href="http://www.bban.eu">http://www.bban.eu</a> Deloitte Touche Tohmatsu Bulgarian Investment Agency

## CZECH REPUBLIC

<b>Income tax rate</b>	The maximum income tax rate 15% rate.
<b>Capital Gain tax rate</b>	In general, capital gains in the Czech Republic are taxed as income for companies and individuals.
<b>Other Tax incentives</b>	n/a
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## DENMARK

<b>Income tax rate</b>	The maximum income tax rate is 59%.
<b>Capital Gain tax rate</b>	Capital Gains Tax in Denmark:  -Share income below DKK 46,700: 28%  -Share income between DKK 46,700 and DKK 102.600: 43%  -Share income above DKK 102.600: 45%  Since 1 January 2006, capital gains on quoted and unquoted shares have been taxed as income from shares at the rates of 28% for gains up to DKK 46.700, 43% for the exceeding amount up to DKK 100.000 and 45 % for the exceeding amount.  Capital gains on shares acquired before 1 January 2006 may be tax exempt, provided that the conditions mentioned below, are met.  For quoted shares held for at least 3 years, gains on any of the shares are not taxable and losses are not deductible, if the fair market value of all quoted shares held by an individual did not exceed DKK 136,600 per 31. December 2005. If the shareholder is married, shares of the spouse are also taken into

	account, and the threshold amount is DKK 273,200.  Quoted shares include shares quoted on a stock exchange located in an EU Member State or in a state that is a party to the European Economic Area Agreement. Shares quoted on a stock exchange that is a member or associated member of the International Federation of Stock Exchanges (FIBV) are also included.
<b>Other Tax incentives</b>	None
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	<a href="http://www.taxindenmark.com/">http://www.taxindenmark.com/</a>

## FINLAND

<b>Income tax rate</b>	The maximum income tax rate is 58%. Net wealth taxation abolished beginning 2006.
<b>Capital Gain tax rate</b>	Income from capital, e.g. dividends, capital gains or interest income, is taxed at a flat rate of 28%. Dividends from non-listed companies can be partially non-taxable, partially taxed at the capital tax rate, and partially taxed at the earned income progressive rate.
<b>Other Tax incentives</b>	None
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## FRANCE : see below

## GERMANY

<b>Income tax rate</b>	The maximum income tax rate ist 42% + 5.5% 'Solidarit�tzzuschlag' Total: 44.32 %  Since 2007, the „Reichensteuer“has been put in place, the new top tax bracket. If the taxable income exceeds 250.000� for singles and 500.000� for married couples, the exceeding part of income is tax paid at another 3% income tax. Consequently, the tax rate for the limit exceeding part of income is 45% plus 5.5% "Solidarit�tzzuschlag", which is a total of 47.48%.
<b>Capital Gain tax rate</b>	Selling shares of corporations of which the shareholder holds more than 1% is liable for taxation. If the shares are sold in 2008 50% of the capital gain is liable for taxation. (Halbeink�nfteverfahren = semi-income system) From 2009 onwards, 60% of the capital gain is liable for taxation.  If the amount of holding is less than 1 %, any capital gain is tax free if the share has been purchased before 2009 and if it has been hold for more than a year. If the share is purchased after the December 31 <sup>st</sup> 2008 the tax rate on capital gain is 26.38% Income-related taxes are disregarded.
<b>Other Tax incentives</b>	If the BA is acting through a corporation, 95% of the capital gain is not liable for

	<p>the corporate income tax (Körperschaftsteuer). The remaining 5% are liable at a tax rate of approximately 30% (the exact rate depends on the municipal rate which is fixed by the municipality).</p> <p>In the case of a capital gain distribution for BAs the following cases occur: - Capital gain distributions collected before December 31<sup>st</sup> 2008 are liable to the Halb-einkünfteverfahren, meaning 50% of the capital gain distribution are liable for taxation at the individual income tax rate. -Capital gain distributions collected after December 31<sup>st</sup> 2008, are liable to the "Abzugssteuer" at a tax rate of 26, 38%</p>
<b>Situation for angels investing through a co-investment or angel fund</b>	<p>The taxation of co-investments depends on the fund's legal form.</p> <p>If the fund is a non-incorporated firm (GmbH &amp; Co.KG), all statements given to the income tax rate apply.</p> <p>If the fund is a corporate enterprise (GmbH or AG), all statements given to the capital gain tax rate apply.</p>
<b>Opportunities/obstacles in the framework of a cross border investment</b>	<p>In the case of restricted tax liability the tax rate is 20% (for sole proprietors) or 15 % (for legal entities). This tax has to be withheld and paid over, due to deduction in tax Germany. Due to double taxation agreements between Germany and other countries, the tax rate can be reduced to 0%.</p>
<b>Sources of information</b>	<p>Guido Holler: Unternehmenssteuerreform benachteiligt Business Angels, <a href="http://www.business-angels.de/DWD/111327/upload/media_5751.pdf">http://www.business-angels.de/DWD/111327/upload/media_5751.pdf</a></p>

## GREECE

<b>Income tax rate</b>	<p>The maximum income tax rate is 39% for natural entities who declare income 23,000.00€ and above annually.</p>
<b>Capital Gain tax rate</b>	<p>The sale or transfer of non-listed shares by Greek residents is taxed at the rate of 5% on the transaction value.</p> <p>The maximum capital gain tax rate is 20%.</p>
<b>Other Tax incentives</b>	<p>There are tax incentives for private individuals if they invest through the special purpose vehicle AKES. - A legal entity has a reduction on the tax forepayment, for the first three years of its establishment. A legal entity does not face the consequences of certain tax violations, for the first three years of its establishment.</p>
<b>Situation for angels investing through a co-investment or angel fund</b>	<p>Taxes will depend on the income.</p>
<b>Opportunities/obstacles in the framework of a cross border investment</b>	<p>It depends on the contacts that exist between countries and they refer to cross border investments.</p>
<b>Sources of information</b>	<p><a href="http://www.statistics.gr">www.statistics.gr</a> National Statistical service of Greece</p>

**HUNGARY**

<b>Income tax rate</b>	The maximum income tax rate is 36%. It applies generally to direct income. Investment income is taxed at 20%.
<b>Capital Gain tax rate</b>	Individuals pay 25% for capital gains and other investment income.
<b>Other Tax incentives</b>	None
<b>Situation for angels investing through a co-investment or angel fund</b>	20% tax rate is paid on capital gains from sale of shares in EU and OECD markets.
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

**IRELAND**

<b>Income tax rate</b>	The maximum income tax rate is 42%.
<b>Capital Gain tax rate</b>	Capital gains tax of 20%. Corporation tax of 12.5%
<b>Other Tax incentives</b>	<p>There are tax incentives for private individuals who invest in private equity and venture capital funds through the Business Expansion Scheme (SES). It allows individual investors to obtain income tax relief on investments in each tax year. Companies can receive up to €2m of BES and SCS investment however no more than €1.5m can be raised in one year.</p> <p>A qualifying company is one which:</p> <ul style="list-style-type: none"> <li>• is an unquoted company (except in the case of companies listed on the Developing Companies market)</li> <li>• is engaged in a qualifying trade</li> <li>• has its issued share capital, fully paid up and</li> <li>• is not intending to wind up within 3 years of receiving BES investment unless it is for bona fide commercial reasons</li> <li>• Internationally traded services, manufacturing and companies carrying out research and development with a view to carrying out a qualifying trade are eligible to apply</li> </ul> <p><u>Maximum Limits</u></p> <ul style="list-style-type: none"> <li>• an individual may obtain tax relief on investments up to a maximum of €150,000 per annum under BES and €100,000 under</li> </ul> <p>where an investor cannot obtain relief on all of the investment in a year of assessment, the unrelieved amount can be carried forward to the following years subject to the normal limits.</p>
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

**ITALY: see below**

## LUXEMBOURG

<b>Income tax rate</b>	The maximum income tax rate is 38%.
<b>Capital Gain tax rate</b>	Capital gain is tax-free, if the securities are held for more than 6 months and are less than a substantial amount.
<b>Other Tax incentives</b>	<p>Tax credit for investment in VC certificates for up to 30% of the nominal value of the certificates, with a maximum of 30% of the holder's taxable income.</p> <p>The SICAR (Société d'investissement en capital à risque) benefits from an advantageous tax regime. It can benefit from tax transparency -with taxation at the level of the shareholders- or for a specific regime whereby it is taxed at an ordinary rate but on a narrow base.</p>
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## NORWAY

<b>Income tax rate</b>	The maximum income tax rate is 55.3%.
<b>Capital Gain tax rate</b>	Capital gain tax of 28%.
<b>Other Tax incentives</b>	None
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## POLAND

<b>Income tax rate</b>	<p>The maximum income tax rate is 40%.</p> <p>If registered as an entrepreneur, flat tax rate of 19%.</p>
<b>Capital Gain tax rate</b>	Currently two capital gains taxes exist in Poland: withholding tax 19% (called Belka tax), which applies mainly to the dividends' and yearly income tax (also 19%) calculated as a income minus cost and applies to gains from the selling of shares.
<b>Other Tax incentives</b>	There is a special deduction for the purchase of new technology. Entrepreneur can deduct 50% of all expenses related to the purchase of this new technology.
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## PORTUGAL

### Income tax rate/Capital Gains Tax/Other incentives

<u>ICR - Venture Capital Investor (single person company) (Investidor em Capital de Risco – ICR)</u>		
Company income tax of 25% over taxable income;  Municipality tax of 1,5% over taxable income;  Special Payment on Account of 1250€/ year.	Capital gains are tax exempted if: o Shareholder owns 10% or more of the company; o And investment period is longer than 1 year.	Shareholder's profits are: o retained at 20% by withholding tax; o or added in the amount of 50% to its personal income taxation.  Shareholder's loan: o Retained at 20% by withholding tax.
<u>Individual Investor</u>		
Dividends: o retained at 20% by withholding tax; o Or added in the amount of 50% to the investor's personal income taxation.	Capital gains are tax exempted if: - Investment period is longer than 1 year.	Shareholder's loan: o retained at 20% by withholding tax; Or added in the amount of 100% to the investor's personal income taxation.
<u>Venture Capital Fund Investors (Resident in Portugal)</u>		
Income: o retained at 10% by withholding tax; o Or added in the amount of 50% to the investor's personal income taxation.	-	
<u>Venture Capital Fund Investors (Not resident in Portugal)</u>		
Tax Exempted or retained at 10% by withholding tax.	-	
<b>Situation for angels investing through a co-investment or angel fund</b>	<u>FINICIA - Micro Venture Capital Fund (€50.000 – €250.000)</u>	
	Business Angels, in partnership with the entrepreneur, can invest 10%-55% with the remaining 90%-45% being supported by the public VC. (limit of public capital - 45.000€)	
<b>Opportunities/obstacles in the framework of a cross border investment</b>	<u>FINICIA Venture Capital Fund (€250.000-€2.500.000)</u>	
	Business Angels, in partnership with the entrepreneur, can invest 15% with the remaining 85% being supported by the public VC.	
<b>Sources of information</b>	The Portuguese legal framework for Venture Capital and Business Angels was updated by the Law – <i>Decreto-Lei n.º 375/2007 of 8<sup>th</sup> November</i> .  The FINICIA co-Investment fund can be accessed through the Public Development Agency IAPMEI.	

## RUSSIA

<b>Income tax rate</b>	<p>The normal rate of personal income is 13% flat.</p> <p>The tax rate is fixed at 35 % of income from:</p> <ul style="list-style-type: none"> <li>• the value of any winnings and prizes received in the ongoing competitions, games and other activities in order to advertise goods, works and services;</li> <li>• interest income on deposits in banks;</li> <li>• savings amount to a percentage in obtaining loan (credit) funds.</li> </ul> <p>The tax rate is fixed at 30 % for all income earned by individuals, non-tax resident of Russian Federation.</p> <p>The tax rate is fixed at 9 % from income from equity participation in the activities of companies, in the form of dividends received by individuals who are tax residents of the Russian Federation.</p> <p>The tax rate is fixed at 9 % from income from interest on bonds to cover the mortgage, issued before 01/01/2007, as well as from income founders of trust management mortgage coated obtained by acquiring mortgage participation certificates issued by the Governor of mortgage-coated before 01/01/2007.</p>
<b>Capital Gain tax rate</b>	<p>No capital gains tax.</p> <p>Tax on profit of companies is 24%.</p> <p>By the tax base, defined by income received in the form of dividends, tax rates apply from 0 to 15 %.</p> <p>By the tax base, determined on transactions with certain types of debt, tax rates apply from 0 to 15%.</p>
<b>Other Tax incentives</b>	<p>Operations of direct investment are exempt from VAT tax.</p> <p>Proceeds received by investor in the form of contributions (deposits) in charter capital of companies or property, received by the investor in the trust fund are not taken into account in determining the tax base.</p> <p>Providing investment tax credit.</p>
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	n/a

## SLOVAK REPUBLIC

<b>Income tax rate</b>	A flat tax rate of 19% applies for corporate, personal income tax and VAT.
<b>Capital Gain tax rate</b>	Equivalent to the income tax rate of 19%.
<b>Other Tax incentives</b>	n/a
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	<a href="http://www.finance.gov.sk">www.finance.gov.sk</a>

## SPAIN

<b>Income tax rate</b>	The maximum Income Tax Rate is 45%		
<b>Capital Gain tax rate</b>	<b>Time</b>	<b>Gains</b>	<b>Losses</b>
	< = 1 year	CGTR = Income Tax Rate (maximum 45 %)	4 years for compensating with capital gains
	> 1 year	CGTR = 15 %	4 years for compensating with capital gains
<b>Other Tax incentives</b>	There are not specific fiscal incentives for private investors in unquoted companies		
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a		
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a		
<b>Sources of information</b>	n/a		

## SWEDEN

<b>Income tax rate</b>	The maximum income tax rate is 58%.		
<b>Capital Gain tax rate</b>	30%		
<b>Other Tax incentives</b>	None		
<b>Situation for angels investing through a co-investment or angel fund</b>	Fund investment is usually made through a limited liability company. For the company/fund, capital gain and dividend from investments in unquoted shares, or quoted shares if the holding represents at least 10 % of the total votes, is tax free.		
<b>Opportunities/obstacles in the framework of a cross border investment</b>	<p>With the exception of the certain CFC-rules, capital gain and dividend are taxed the same way regardless of whether the investment is made in a Swedish company or a foreign equivalent to a Swedish limited liability company. CFC-rules can apply to investments in foreign companies if the local effective business tax rate is lower than 15.4 %.</p> <p>No Swedish tax effects on investments in Swedish companies from investors located abroad.</p>		
<b>Sources of information</b>	<a href="http://www.skatteverket.se">www.skatteverket.se</a> <a href="http://www.svca.se">www.svca.se</a>		

## SWITZERLAND

<b>Income tax rate</b>	The maximum income tax rate is approximately 45%, with considerable differences depending on the exact place of residence.		
<b>Capital Gain tax rate</b>	Tax exempted with a number of conditions.		
<b>Other Tax incentives</b>	May be available in special cases, depending on the canton of residence.		
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a		
<b>Opportunities/obstacles in the framework of a</b>	n/a		

<b>cross border investment</b>	
<b>Sources of information</b>	n/a

## THE NETHERLANDS

<b>Income tax rate</b>	The maximum income tax rate is 52%.
<b>Capital Gain tax rate</b>	Generally taxed at 25% flat tax rate on the gain realised or at the annual 30% flat tax rate applied to deemed return equal to 4% of the average annual fair market value of shares, regardless of the of the actual amount of gains realised.
<b>Other Tax incentives</b>	<ul style="list-style-type: none"> <li>- Private individuals can in some cases claim a reduction of the tax base for purpose of determining the tax liability up to an amount of 50.185€ for investment made by the taxpayer in certain designed VC funds.</li> <li>-Individuals can write off their capital loss when investing in start-ups.</li> <li>-There is a fiscal facility that provides a tax reduction for private investors granting subordinated loans (up to 50.000€ per taxpayer) to start-up companies. The instrument can also be used if a business is transferred, for instance within the family.</li> </ul>
<b>Situation for angels investing through a co-investment or angel fund</b>	The TechnoPartner Seed Facility stimulates and mobilises the Dutch early stage risk capital market by co-funding venture capital funds. These private funds finance high-tech starters and small companies. Private parties, like business angels, can establish a venture fund and get their capital matched by government loans. The fund takes the investment decision ( not the government/Ministry of Economic Affairs).
<b>Opportunities/obstacles in the framework of a cross border investment</b>	n/a
<b>Sources of information</b>	<a href="http://www.belastingdienst.nl/english/">http://www.belastingdienst.nl/english/</a>

## UKRAINE

<b>Income tax rate</b>	Maximum corporate income tax rate is 25%. maximum private income tax rate is 15%.
<b>Capital Gain tax rate</b>	There is a 15% income tax rate in case of buy-sell of shares.
<b>Other Tax incentives</b>	There are not specific fiscal incentives for private investors in unquoted companies
<b>Situation for angels investing through a co-investment or angel fund</b>	n/a
<b>Opportunities/obstacles in the framework of a cross border investment</b>	Still foreigners may be taxed double rate in some exceptions, and are subject to withholding tax if income paid outside Ukraine.
<b>Sources of information</b>	n/a

## UNITED KINGDOM: See below

**FRANCE: Comparative table of investment methods proposed to business angels**  
 Source: France Angels [www.franceangels.org](http://www.franceangels.org)

	Tax break/tax system	Main restrictions	Investment channel	Investment target	Rules concerning the amount granted	Duration of the investment
<b>Direct investments by a private individual</b>	<ul style="list-style-type: none"> <li>-Tax reduction : 25% of the total amount invested within the limit of 20.000€ (private individual) or 40.000€ (couple)</li> <li>-In case of disposal of shares with gain: 27% tax of income tax from the first euro earned</li> <li>-Tax on dividends: maximum effective tax 35.8%</li> <li>-Exit through buy-out from management: gain is assimilated to a dividend (35.8% maximum) and not a capital gain (27% tax)</li> <li>-Capital loss: if the suspension of payments occurs within the first 8 years of the creation of the company the deduction equals the amount invested</li> <li>-Loss following an increase of capital: deduction of the amount of the investment minus sums which have been recovered. Maximum deduction is 60.000€ for married couples and 30.000€ for other persons.</li> </ul>	<p>Keeping of shares for at least 5 years (in case of disposal of the equity investment before 5 years time: repayment of the tax deduction).</p> <p>A minimum of 50% must be held by physical persons.</p>	<ul style="list-style-type: none"> <li>-Business angels network</li> <li>-Professional or private network.</li> </ul>	Unquoted companies	<ul style="list-style-type: none"> <li>For a married couple investing 40.000€</li> <li>-deduction with a ceiling of 10.000€ in year 1</li> <li>-5000€ the following year.</li> </ul>	Not restrictions (except to benefit from the tax reduction).

<b>Investment as an individual in an SME: issues linked to the wealth tax</b>	- "Wealth Tax reduction: 75% of the total amount invested within the limit of 50.000€	Target must meet with the European definition of an SME. No more than 1.5 million € invested in each company per year				
<b>Investments with equity-linked savings plans (Plan d'Epargne en Actions PEA)</b>	No capital gain tax provided the gain is blocked in the PEA for a duration of 5 years. If withdrawal within the 5 years, no income tax but payment of social tax if the funds are invested within 3 months in the capital of a transmitted company. However, social contributions must be paid.	- Deposit with a fixed ceiling - Not simultaneously with the tax reduction for DI - Shareholder must not hold more than 25% of the shares of the company	- Business angels network - Professional or private network - Stock exchange.	Quoted and unquoted companies.	Deposit with a fixed ceiling: the equity-limited saving plans has a limit of 132.000 € (private individual) or 264. 000 € (couple).	Capital gains exempt from taxes if remain in the equity-limited saving plan for 5 years.
<b>Investment through a holding company (SARL, SA and SAS)</b>	-Tax reduction : 25% of the total amount invested within the limit of 20.000€ (private individual) or 40.000€ (couple) - "Wealth Tax reduction: 75% of the total amount invested within the limit of 50.000€	- Target must meet with the European definition of an SME. No more than 1.5 million € invested in each company per year - Investment in the holding and in the SME must appear within the same fiscal year	- Business angels network - Professional or private network - Stock exchange.	Unquoted companies.		
<b>Investment through Capital Risk Company (SCR)</b>	- For the company itself : no corporate income tax or portfolio capital gain from quoted or unquoted shares - For the members : no income tax or dividend distributed provided the revenues are injected immediately back into the SCR, provided that the shareholders keeps the shares for at least 5 years and that its family	- Constitution of a Limited company , Joint-stock company or a non-trading company compulsory to benefit from the statutes - A family group cannot detain more than 30% of the rights to benefits - No commitments	- Business angels network - Professional or private network - Stock exchange.	Quoted and unquoted companies (securities of unquoted companies must represent at least 50% of the net assets of the risk capital company).	Minimum initial capital 37.000€.	Retain securities for 5 years.

	does not own more than 25% of the portfolio of the SCR. If not, there is a 26% tax on revenues and gain.	above 25% of the net accountable of the risk capital company - The SCR has 2 years to reach 50% of unquoted shares (Distinction between a small SCR with under 10 million€ in revenues, or the large SCR with over 10 million € in revenues).				
<b>Investment club</b>	If the club subscribes to the capital of an unquoted company, the members have the right, in proportion to their participation to the club, to a tax reduction for a direct investment by a physical individual (see case above) Tax on net gains in case of withdrawal or dissolution of the company.	- 2 legal options :the SC at variable capital or non-division agreement (more frequent) - At least 5 members - Resources must only be in the form of shares - Maximum duration of the club is 10 years - Limited annual contribution to under 5.500€ per member.	- Business angels network - Professional or private network - Stock exchange.	Usually for investment in quoted companies but possible to invest in unquoted companies too.	Maximum Annual contribution limitation to 5.500€ per member.	Life of the club: 10 years maximum.

Additional Information

	Tax break/tax system	Main restrictions	Investment channel	Investment target	Rules concerning the amount granted	Length of the investment
<b>Investment in Venture Capital Mutual Funds</b>	For the subscriber, the revenues and the portfolio capital gain, benefit from tax exemption.	It is not an active investment: the investment choice is done by the fund's portfolio managers.	Organisation of collective investments in transferable values (banks, specific companies).	Investment in share of funds: 50% of funds invest in unquoted companies.	Minimum purchase of a share in a venture capital mutual fund (amount depending on each fund).	Savings frozen for a minimum of 5 years in order to benefit from the fiscal advantages.
<b>Investment in Innovation Mutual Funds</b>	<ul style="list-style-type: none"> <li>- Cash subscription of shares in the FCPI give the right of a tax reduction : 25% of the amount invested in the limit of 12.000 € (private individuals) or 24.000 € (couple)</li> <li>- For the subscriber, the revenues and the portfolio capital gain, benefit of a tax exemption.</li> <li>- "Wealth Tax reduction: 75% of the total amount invested within the limit of 50.000€</li> </ul>	It is not an active investment: the investment choice is done by the fund's portfolio managers.	Organisation of collective investments in transferable values (banks, specific companies).	Investment in shares part of funds: 60% of funds invest in innovative companies (conditions of expenses in R&D or Anvar Certification).	Minimum purchase of shares of the Fund (amount depending on fund).	Savings frozen for a minimum of 5 years in order to benefit than the fiscal advantages.
<b>Investment in Local Investment Funds</b>	- A cash subscription of shares in the FCPI gives the right of a tax reduction: 25% of the amount invested in the limit of 12.000 € (private individuals) or 24.000 €	It is not an active investment: the investment choice is done by the fund's portfolio managers.	Organisation of collective investments in transferable values (banks, specific companies).	Investment share of funds - a minimum of 10% of the funds invested in unquoted companies less than 5 years old	Minimum purchase shares of the Fund.	Savings frozen for 5 years from minimum in order to benefit of the fiscal advantages.

	(couple). - For the subscriber, the revenues and the portfolio capital gain, benefit from a tax exemption - "Wealth Tax reduction: 75% of the total amount invested within the limit of 50.000€			-investments in limited and determined geographical zones.		
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Situation for angels investing through a co-investment or angel fund	Opportunities/obstacles in the framework of a cross border investment	Sources of information on fiscal environment or efficiency of fiscal incentives for angels
"Tax on wealth" incentive available if the investment is made through a holding.	Fiscal incentives also apply in the case of an investment in a foreign based company.	<a href="http://www.franceangels.org">www.franceangels.org</a> <a href="http://www.afic.fr">www.afic.fr</a>

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

	Tax break/tax system	Main restrictions	Investment channel	Investment target	Rules concerning the amount granted	Length of the investment
<b>Direct investments by a private individual</b>	<p>-The maximum income tax rate is 40%</p> <p>-Capital gain tax of 10%. Entrepreneur Relief, which reduces the effective tax rate to 10%, is targeted at the first £1m of gains made after 6 April 2008 but in reality it is unlikely to apply to holdings in investee companies. The relief only applies to shares held for at least a year by officers or employees of the company with 5% of the ordinary share capital and 5% of the voting rights.</p> <p>Post 6 April 2008 gains not covered by a specific relief will be taxed at 18% irrespective of the type of asset or the period of ownership. This contrasts with the previous situation relating to taper relief where if assets had been held for two years the tax rate could be as low as 10%.</p> <p>- Tax incentives exist via taper relief, Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT).</p> <p>-via EIS: <u>tax relief</u> at 20% on a</p>	<p>-Investors must be UK tax payers</p> <p>-There is a 3-year qualifying period: Shares must be held at least 3 years</p> <p>-Dividends must be received as long as they are at the normal commercial rate and not deemed excessive.</p> <p>The investor cannot be connected to the company, cannot be a partner, director or employee of the qualifying company and must not have a financial interest, holding more than 30% of the share capital, nor an associate for the investor. However it is acceptable if it is a Business Angel and the only connection is a director who receives no remuneration.</p> <p>-Your spouse may be able to get EIS relief, but only if your combined stake in the company is less than 30%</p> <p>- Schemes that involve guarantee or exit arrangements will not attract</p>	<p>- Enterprise Investment Scheme</p>	<p>Gross Assets of the company cannot exceed £7m before any share issue and £8m after that issue</p> <p>Qualifying trades: a specific list has been drawn to ensure that the scheme targets companies likely to face a barrier to finance and meets State Aid rules.</p> <p>Must be an unquoted company when shares are issued (i.e. London Stock exchange of other stock exchange) however this does not include AIM or PLUS markets.</p> <p>The company must have less than 50 employees.</p> <p>Must not be controlled by another company.</p> <p>At least 80% of the</p>	<p>Minimum investment of £500 per company per tax year.</p> <p>There is an annual investment limit of £2m.</p>	<p>All investments must remain in the company for a minimum period of 3 years.</p>

	<p>amount invested in qualifying investments up to £400,000 to be raised to £500,000 in the tax year 2008/2009)- subject to state aid approval;</p> <p><u>Further tax relief at up to 20% for any losses.</u></p> <p>Capital Gains Tax CGT deferral relief: if a capital gain from any asset is invested in shares of a company that qualifies under EIS then CGT on the gain is deferred until the EIS shares are disposed of.</p> <p>Any gain from the disposal of the shares in the EIS company is exempt from CGT <u>gains</u> on the disposal of shares after 3 yrs are free from capital gains tax; <u>inheritance tax - deferral on capital gains</u> on any other assets, by reinvesting all or part of the gain into the EIS company within 1yr, or 3 yrs, the gain accrued.</p>	tax relief.		<p>money raised by the share issue must be employed within 12 months and the remainder within the next 12 months</p> <p>The trade must be carried on wholly or mainly within the UK.</p>		
	<b>Tax break/tax system</b>	<b>Main restrictions</b>	<b>Investment channel</b>	<b>Investment target</b>	<b>Rules concerning the amount granted</b>	<b>Length of the investment</b>
<b>Investment through Public Limited Company</b>		<p>-Depending on the approach used the setting up costs: between £ 20-80 (for direct filings) or £500-550 (if an incorporate agent is used</p> <p>-Can be incorporated on a "same day" basis (less expensive in a standard incorporation system = 5-7 days).</p>			Minimum capital required £50,000 paid up to the least one-quarter of the nominal value plus any premiums.	No particular restrictions.

<b>Investment through Private Limited company</b>		<ul style="list-style-type: none"> <li>- Setting up costs: between £20-80 (for direct filings) or £150-300 (if an incorporate agent is used)</li> <li>- From 5 to 7 business days to be incorporated (if an incorporated agent is used it may takes 1 or 2 days).</li> </ul>			No legal minimum capital (but at last 1 share of £1).	No particular restrictions.
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Situation for angels investing through a co-investment or angel fund	Opportunities/obstacles in the framework of a cross border investment	Sources of information on fiscal environment or efficiency of fiscal incentives for angels
EIS rules and benefits apply directly if the participation occurs in a syndicate as part of an Angel Co-investment Fund.	Currently EIS benefits only apply to investment made in Companies wholly or mainly operating in the UK.	<p><a href="http://www.hmrc.gov.uk/eis">www.hmrc.gov.uk/eis</a>  HMRC Report (2008) Study of th impact of th eEnterprise Investmetn Scheme and venture Capital trusts on company Performance.</p> <p>Consultation on the working of the EIS scheme being implemented by UK HM Treasury to report in Autumn 2008</p>

<p>EIS Approved Funds:</p> <p>Angels can participate in an approved EIS fund which makes the investment on their behalf.</p> <p>All EIS shares acquired through the fund are treated as though they had been issued on the date when the fund closed.</p> <p>NB 90% of the fund must be invested within 12 months in order for the individual angel investor to qualify for EIS relief. The fund must also invest in 4 companies. The shares must be held in the qualifying companies for at least 3 years.</p> <p>For unapproved EIS funds: Minimum of investment per company of £500 in each EIS qualifying company and same 3 year share holding.</p>		
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**ITALY: Comparative table of investment methods proposed to business angels**  
**Information provided by IBAN with the support of TMF Garlati & Gentili - Milan**

	Tax break/tax system	Main restrictions	Length of the investment
Direct investments by a private individual resident for tax purposes in Italy	<p><u>Dividends:</u> Dividends coming from non qualified participations are subject to a final withholding tax levied at the rate of 12.5%. When the dividends come from a foreign company the withholding tax, if any, suffered in the source country (i.e. the country of fiscal residence of the foreign company) can never be recovered in Italy.</p> <p>Dividends coming from qualified participations are tax-exempt for 60% of their amount. The remaining 40% is included in the taxable income of the shareholder-individual subject to IRPEF levied at progressive rates.</p> <p><u>Capital Gains:</u> Capital gains realised on non qualified participations are subject to a final withholding/substitute tax levied at the rate of 12.5%.</p> <p>Capital gains realised on qualified participations are tax-exempt for 60% of their amount. The remaining 40% is included in the taxable income of the shareholder-individual subject to IRPEF levied at progressive rates. It is possible to offset such gains with the losses realised on the selling of participations of the same category.</p>	<p>A participation (shares other than the “<i>azioni di risparmio</i>”, preferential shares which do not carry voting rights but entitle the shareholder to e.g. higher dividends than the ordinary shares or to other economic advantages) is defined as "non-qualified" if:</p> <ul style="list-style-type: none"> <li>• it entitles the shareholders to less than 20% (2% in the case of listed companies) of the voting rights at the ordinary shareholders' meeting; and</li> <li>• It represents less than 25% (5% in the case of listed companies) of the share capital.</li> </ul> <p>The participation is defined as "qualified" if it amounts to, or is higher than, one of the thresholds set out above.</p>	
Investment through Public Limited Company and Private Limited Company resident for tax purposes in Italy	<p><u>Dividends:</u> Dividends distributed to resident companies are exempt from any withholding tax, substitute tax or other deduction at source in Italy. Such dividends are included for 5% of their amount in the taxable income of the companies subject to the corporation tax (IRES - levied at the ordinary rate of 27, 5%). The effective tax burden connected with the dividend is therefore equal to 1.375% of the gross amount (5 x 27, 5%). In this case as well</p>		

	<p>no dividend tax credit is available in order to offset that tax.</p> <p><u>Capital Gain:</u> Capital gains realised by resident corporate entities upon disposal of domestic or foreign participation could be partially exempt from corporation tax (84% of their amounts till the end of 2007 and 95% starting from 2008) according to the "participation exemption" regime. Such regime needs the fulfilment of specific requirements.</p> <p>If, upon the disposal of the participation, one or more of the requirements set out above are not satisfied the capital gain is totally subject to corporation tax levied at its ordinary rate (actually 27, 5%).</p> <p>Whether the participation exemption regime does not apply and the participation is classified in the fixed financial assets category and is, upon its disposal, held for at least three years the gain could be taxed in five year (20% per year) starting from the disposal.</p>	<p>To benefit from the "participation exemption" regime it is necessary that:</p> <ol style="list-style-type: none"> <li>1. the participation must be owned, without interruption, from the first day of the twelfth month preceding the one in which the disposal takes place;</li> <li>2. the participation is classified in the fixed financial assets category in the first financial statement closed after its acquisition;</li> <li>3. the participation refers to a company resident in a country other than that with a privileged tax regime (it can also refers to a company resident in a privileged tax country but in this case the resident company must obtain a positive ruling from the Italian tax authorities); and</li> <li>4. At the date of disposal, the company to which the participation is referred must carry out a business activity.</li> </ol> <p>The third and the fourth requirements must be fulfilled by the participated company at least from the third financial year preceding the one in which the disposal takes place.</p>	<p>At least 12 months.</p>
<p>Investments by private individual in business capacity resident for tax purposes in Italy</p>	<p><u>Dividends:</u> Dividends are tax-exempt for 60% of their amount. The remaining 40% is included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates.</p>		

	<p><u>Capital Gain:</u> Capital gains realised on the disposal of participation could take benefit of the participation exemption regime if all the requirements described above are satisfied. In such a case the gains are tax-exempt for 60% of their amount. The remaining 40% is included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates.</p> <p>Whether the participation exemption regime does not apply capital gains are totally included, as business income, in the taxable income of the individual subject to IRPEF levied at progressive rates. It is possible to tax the gain in five years as the requirements above described are satisfied.</p>		
Partnership resident for tax purposes in Italy	<p><u>Dividends:</u> Dividends are tax-exempt for 60% of their amount. The remaining 40% is attributed (together with the overall taxable income of the partnership) and taxed in the hands of its shareholders.</p> <p><u>Capital Gain:</u> Capital gains realised on the disposal of participation could take benefit of the participation exemption regime if all the requirements described above are satisfied. In such a case the gains are tax-exempt for 60% of their amount. The remaining 40% is attributed (together with the overall taxable income of the partnership) and taxed in the hands of its shareholders.</p>		