



**EBAN SURVEY OF TAX INCENTIVES AVAILABLE TO PRIVATE  
INFORMAL INVESTORS OR BUSINESS ANGELS  
IN EUROPE**

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Country	Income tax rate	Capital Gain tax rate	Tax incentives
<b>AUSTRIA</b>	The maximum income tax rate is 50%.	Capital Gains tax rate of 25%.	None.
<b>BELGIUM</b>	The maximum income tax rate is 54%.	No capital gains tax.	<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 regime gives a tax transparency to its shareholders, which means that they pay practically no tax on the capital gains made.</p>
<b>CZECH REPUBLIC</b>	The maximum income tax rate is 32%.	No specific capital gain tax. Capital gain on the sale of shares is generally taxable at the standard corporate income tax rate of 24%.	None.
<b>DENMARK</b>	The maximum income tax rate is 59%.	These are subject to income tax up to a maximum rate of 43%.	None.

Country	Income tax rate	Capital Gain tax rate	Tax incentives
<b>FINLAND</b>	The maximum income tax rate is 58%. Net wealth taxation abolished beginning 2006.	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.	None.
<b>FRANCE</b>	See below.		
<b>GERMANY</b>	The maximum income tax rate is 42%, plus applicable church tax, approximately 9%, plus 5.5% 'Solidarit�tzuschlag'. Total: 48.09%.	There is no capital gains tax. There is currently a political discussion underway to introduce a capital gains tax with rates between 25 and 30%.  The sale of shares is taxed following the "half-income system". That means that the income tax (left column) has to be paid only for half of the profit. For non-residents taxation under consideration of withholding taxes between 5% and 25%, depending on the respective double tax treaty (potential tax credit in the respective resident countries).  For business angels: if the participation rate in the investee company is less than 1%, there is no taxation on the gain. Otherwise the applicable tax is personal income tax.	None.
<b>GREECE</b>	The maximum income tax rate is 40%.	The sale or transfer of non-listed shares by Greek residents is taxed at the rate of 5% on the transaction value.	There are tax incentives for private individuals if they invest through the special purpose vehicle AKES.
<b>HUNGARY</b>	The maximum income tax rate is 38%. This rate applies generally to direct income. Investment income is taxed at the lower rate of 20%.	Capital gains tax of 20%.	None.
<b>IRELAND</b>	The maximum income tax rate is 42%.	Capital gains tax of 20%.	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

			<p>tax year to 2006. The Scheme will continue until 31st December 2006.</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 €31,750 per annum in each tax year up to 2006</li> <li>• available at the investor's highest rate of income tax</li> <li>• 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, up to an including 2006, subject to the normal limit of €31,750 on the amount of investment that can be relieved in any one year.</li> </ul>
ITALY	See below.		

Country	Income tax rate	Capital Gain tax rate	Tax incentives
<b>LUXEMBURG</b>	The maximum income tax rate is 38.95%.	Capital gain is tax-free, if the securities are held for more than 6 months and are less than a substantial amount.	<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>NORWAY</b>	The maximum income tax rate is 55.3%.	Capital gain tax of 28%.	None.
<b>POLAND</b>	The maximum income tax rate is 40%. If registered as an entrepreneur, flat tax rate of 19%.	Capital gains earned on shares (listed or not) are subject to a flat tax rate of 19%. There are not municipal taxes on capital gain.	None.
<b>PORTUGAL</b>	The maximum income tax rate is 40%.	Capital gains are tax exempted.	There are tax incentives for private individuals investing in private equity funds (50% of the income from the units will be tax exempted).
<b>RUSSIA</b>	Personal income tax of the 12% flat.	0% if hold >3 years 12% if hold < 3 years	None.
<b>SLOVAK REPUBLIC</b>	A flat tax rate of 19% applies for corporate, personal income tax and VAT.	Equivalent to the income tax rate of 19%.	None.

Country	Income tax rate	Capital Gain tax rate	Tax incentives									
<b>SPAIN</b>	<p>The maximum Income Tax Rate is 45%</p> <p>Rate Tax of Dividends = <math>(1,4 \times (\text{ITR}\% / 100)) - 0,4</math></p> <p>Example 1: If Dividends = 1.000€ and Income Tax Rate = 45% Rate Tax of Dividends = 23% Tax of Dividends = 230€</p> <p>Example 2: If Dividends = 1.000€ and Income Tax Rate = 28,57 % Rate Tax of Dividends = 0% Tax of Dividends = 0€</p> <p>Example 3: If Dividends = 1.000€ and Income Tax Rate = 15% Rate Tax of Dividends = -19% Tax of Dividends = -19€</p>	<table border="1"> <thead> <tr> <th data-bbox="691 349 778 383">Time</th> <th data-bbox="778 349 938 383">Gains</th> <th data-bbox="938 349 1131 383">Losses</th> </tr> </thead> <tbody> <tr> <td data-bbox="691 383 778 539">&lt; = 1 year</td> <td data-bbox="778 383 938 539">CGTR = Income Tax Rate (maximum 45 %)</td> <td data-bbox="938 383 1131 539">4 years for compensating with capital gains</td> </tr> <tr> <td data-bbox="691 539 778 663">&gt; 1 year</td> <td data-bbox="778 539 938 663">CGTR = 15 %</td> <td data-bbox="938 539 1131 663">4 years for compensating with capital gains</td> </tr> </tbody> </table>	Time	Gains	Losses	< = 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	There are not specific fiscal incentives for private investors in unquoted companies
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<b>SWEDEN</b>	The maximum income tax rate is 58%	30% (above the average).	None.									
<b>SWITZERLAND</b>	The maximum income tax rate is approximately 45%, with considerable differences depending on the exact place of residence.	Tax exempted with a number of conditions.	May be available in special cases, depending on the canton of residence.									
<b>THE NETHERLANDS</b>	The maximum income tax rate is 52%.	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.	<p>-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.</p> <p>-Individuals can write off their capital loss when investing in start-ups.</p>									

			<p>-“Durfkapitaal regeling”. This fiscal facility 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.</p>
UK	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	<p>For a married couple investing 60.000€</p> <ul style="list-style-type: none"> <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>	No wealth tax on shares received against investment in an SME.	-Employ less than 250 employees -Turnover less than 40 million € or total balance sheet less than 27million € -More than 50% of the capital should be owned by physical persons.				
<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 LLC. (Limited liability company) SARL</b>	- Normal taxation regulation - Responsibility limited to the capital invested.	-At least 1 partner and 50 maximum, who responsibilities are limited according to the size of their investment - Costs and formalities of the set-up-very limited flexibility in the drafting of the statutes -Registration fees: 4.80% after fiscal deduction.	- Business angels network - Professional or private network - Stock exchange.	Quoted and unquoted companies.	Not fixed Share capital for each associated No minimum amount of investment.	No particular restrictions.
<b>Investment through Stock corporation</b>	- Normal taxation regulation - Limited responsibility for the capital invested - It can benefit from the capital risk	- Costs and formalities of the set-up - Limited flexibility in drafting the statutes	- Business angels network - Professional	Quoted and unquoted companies.	Minimum Capital 37.000 €.	No particular restrictions.

	company's status.	- Bureaucracy border - 7 shareholders minimum (no maximum number).	or private network - Stock exchange.			
<b>Investment through Joint-stock company</b>	- Normal taxation regulation - Responsibility limited to the capital invested - Can benefit of the risk capital company's status - Statutory rules very flexible.	- Costs and formalities of the set-up - Not possibility of issue for general subscription status - Bureaucracy border - 1 member minimum (no maximum number).	- Business angels network - Professional or private network - Stock exchange.	Quoted and unquoted companies.	Minimum Capital of 37.000€	No particular restrictions.
<b>Investment through Non-trading company</b>	- Taxation regulation : no particular rules - High flexibility for the drafting of the statutes.	- Costs and formalities of the set-up - Unlimited responsibility of the members - Risk of fiscal re-qualification into commercial business - Formalities in operations and running - Minimum of 1 shareholder	- Business angels network - Professional or private network - Stock exchange.	Quoted and unquoted companies.	Minimum Capital of 37.000€	No particular restrictions.
<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 does not own more than 25% of the portfolio of the SCR. If not, there is a 26% tax on revenues and gain.	- Constitution of a Limited company , Joint-stock company or a non-trading company compulsory to benefit from the statutes - A family group cannot detain more than 30% of the rights to benefits - No commitments above 25% of the net accountable of the risk capital company - The SCR has 2 years	- 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.

		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 through Uni-Personal Company of risk investment (SUIR)</b>	<ul style="list-style-type: none"> <li>- For the company itself : no corporate tax and capital gain tax (for 10 years)</li> <li>- For the members: no income tax.</li> </ul>	<ul style="list-style-type: none"> <li>- Creation of Simplified Shared Company, with 1 individual member to benefit for the statutes</li> <li>- Every acquisition of share has to be at least 5% of the capital and not more than 20%</li> <li>- The members and his family cannot hold more than the 25% of the rights of the company and cannot be hold any management position.</li> </ul>	<ul style="list-style-type: none"> <li>- Business angels network</li> <li>- Professional or private network.</li> </ul>	Company must not be more than 5 years old at the time of the investment.	Minimum Capital 37.000€	No particular restrictions (except a 10 years duration benefit from the tax break).
<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.	<ul style="list-style-type: none"> <li>- 2 legal options :the SC at variable capital or non-division agreement (more frequent)</li> <li>- At least 5 members</li> <li>- Resources must only be in the form of shares</li> <li>- Maximum duration of the club is 10 years</li> <li>- Limited annual contribution to under 5.500€ per member.</li> </ul>	<ul style="list-style-type: none"> <li>- Business angels network</li> <li>- Professional or private network</li> <li>- Stock exchange.</li> </ul>	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

	<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 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 funds 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 5 years minimum 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> </ul>	It is not an active investment: the investment choice is done by the funds 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 5 years minimum in order to benefit than the fiscal advantages.
<b>Investment in Local Investment Funds</b>	<ul style="list-style-type: none"> <li>- 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 € (couple).</li> <li>- For the subscriber, the revenues and the portfolio capital gain, benefit from a tax exemption</li> </ul>	It is not an active investment: the investment choice is done by the funds 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 - investments in limited and determined geographical zones.	Minimum purchase shares of the Fund.	Savings frozen for 5 years from minimum in order to benefit of the fiscal advantages.

## 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 of 10%</p> <p>- Tax incentives exist via taper relief, Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT).</p> <p><b>-via EIS:</b> <u>tax relief</u> at 20% on a amount invested in qualifying investments up to £400,000 in the tax year 2006/2007); <u>further tax relief at up to 40%</u> for any losses; any <u>gains</u> on the disposal of shares after 3 yrs are free from capital gains tax; <u>inheritance tax</u> and <u>deferral of 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>	<p>-Investors must be UK tax players</p> <p>-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>-An investor cannot own more than 30% of the shares, directly or not.</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>-individuals who are paid directors or employees of the EIS company at the time of the issue of shares are normally disqualified from claiming EIS relief.</p> <p>-Schemes that involve guarantee or exit arrangements will not attract tax relief.</p>	<p>-EIS</p> <p>-VCT.</p>			

<b>Investment through Public Limited Company</b>		<ul style="list-style-type: none"> <li>- Depending on the approach used the setting up costs: between £ 20-80 (for direct filings) or £500-550 (if an incorporate agent is used</li> <li>- Can be incorporated on a “same day” basis (less expensive in a standard incorporation system = 5-7 days).</li> </ul>			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.

## 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
<b>Direct investments by a private individual resident for tax purposes in Italy</b>	<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>	
<b>Investment through Public Limited Company and Private Limited Company resident for tax purposes in Italy</b>	<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 33%). The effective tax burden connected with the dividend is therefore equal to 1.65% of the gross amount (5 x 33%). In this case as well no dividend</p>		

	<p>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 (91% of their amounts till the end of 2006 and 84% starting from 2007) according to the cd. "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 33%).</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 eighteenth 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 18 months.</p>
<p><b>Investments by private individual in business capacity resident for tax purposes in Italy</b></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>		
<p><b>Partnership resident for tax purposes in Italy</b></p>	<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>		