DOING BUSINESS IN EUROPE

By Globalaw Limited

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*As Greek legislation is currently subject to massive amendments in many aspects (e.g. tax legislation, labour legislation, etc.), due to the well known financial situation, please contact the local firm in Greece directly for guidelines and advice on doing business in their country.*
Dear Friends and Colleagues,

As the President of Globalaw Limited, a network of more than 100 law firms serving key market jurisdictions around the world, it is my distinct pleasure to welcome you to the Doing Business in Europe Guide written and produced by member firms representing global regions which serves as an immediate resource to provide valuable and critical information about legal requirements to operate in their respective countries.

Thus far, Globalaw has produced Doing Business Guides in Asia Pacific, Europe and Latin America. These Guides represent the individual and collaborative expertise of the law firms contributing to these publications, further demonstrating the regional strength of the attorneys who comprise the Globalaw network. In fact, the total population of the lawyers within Globalaw exceeds 4,500 practitioners who bring and offer a universe of practice areas to these key markets.

The Guides serve not only to demonstrate this expertise but also to provide an immediate roadmap to learn more about doing business fundamentals in a concise, informative and “desktop” format for your ready reference.

In addition to the contributing firms, I would also like to acknowledge the folks at MCI for their time and efforts to making this Guide a reality.

If you would like to learn more about the global resources of Globalaw, please visit our website at globalaw.net

Best regards,

Bryan C. Birkeland
Globalaw President
AUSTRIA

- Located in the heart of Europe with an area of 83,855 km² and a population of about 8.5 million people.
- Austria is a federal parliamentary republic and member state of the European Union.
- Official languages are German (prevalent) and regional – Croatian, Slovenian and Hungarian.
- Currency: Euro (€).
- Race/religion: Multicultural; prevalent: Roman Catholic.
- Investment growth areas include, research and development, tourism, environmental technology, industry and agriculture. Due to its strategic location, excellent infrastructure, high quality of life and historic relations Austria is used as headquarters of many companies in the CEE region.

BUSINESS PRESENCE

- There are several types of corporate forms available in Austria. Main types are: limited liability companies ("GmbH"); stock corporations ("AG"); open partnerships ("OG"); limited partnerships ("KG"); sole proprietorships ("eU"); and registered branches of foreign companies. According to the case law of the European Court of Justice, corporate forms of other EU member states may also be used in Austria.
- Registration to the firm register is required; the firm register is administrated by civil courts.
- For some corporate forms certain formal requirements apply (for instance: notarial deed for LLCs).
- Minimum stated capital of an LLC is €35,000 (reduction possible) and €70,000 for a stock corporation.
- Some types of businesses are reserved to certain corporate forms (for instance banking).

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions in Real Property Acquisitions
- Real property acquisitions by foreigners are subject to approval (except EU and EEA citizens). The requirements depend on local regulations.

Restrictions in Equity Participation
- Generally, there are no restrictions for foreigners in owning equity in Austrian companies.

Approvals and Licensing
- Most types of business activities require a trade license, which can be obtained from local authorities. Fees for trade licenses are moderate. Some business activities require proof of qualification (foreign qualifications can be considered if an equivalency is proved).
- Some types of business activities require specific licenses and permits (banking, gambling, attorneys, medical services, auditing, architects, etc.).

EXCHANGE CONTROL

- Austria is a member of the eurozone; therefore EU policies applies.
- To fight money laundering and the financing of terrorism, travelers entering or leaving the EU and carrying €10,000 or more in cash (or its equivalent in other currencies or easily convertible assets, such as cheques drawn on a third party) have to make a declaration to the customs authorities.
- Money laundering rules might require banks (but also other professionals) to report suspicious transactions.

TAXATION

Corporate Tax
- Incorporations seated in Austria are subject to corporate tax.
- Incorporations having neither its seat nor its management in Austria are subject to non-resident corporate tax with respect to income in Austria.
- Austria’s corporate tax rate is 25%.

Individual Income Tax
- Individuals residing in Austria are subject to resident tax.
- Non-residents tax (their income in Austria) are subject to a non-resident tax.
- Austria’s individual income tax rates are progressive at 0%–50% (four tax bands).

Capital Gains Tax
- Domestic capital income is subject to capital gains tax (particularly dividend income and interest income).
AUSTRIA

• Domestic capital gains are taxed at 25%.
• Foreign capital gains are subject to a specific income tax (also 25%).

VAT
• The VAT rate in Austria is basically 20%. A reduced VAT rate of 10% applies for specific goods and services (for instance food, rent for residential purposes, books, passenger transportation).

Other Taxes and Fees
• Real estate transfer tax: 3.5%.
• Gift taxes and inheritance taxes do not apply.
• Stamp duties for certain kinds of transactions.

Double Taxation Agreements (DTA)
• Austria has concluded many DTAs that provide specific regulations.

TAX AND INVESTMENT INCENTIVES
• Austria provides a rather diversified system of benefits at a federal, regional and local level, particularly for start-ups (such as remission of fees and charges).
• Tax reliefs might apply, particularly for investments in research and development, and qualification of employees.
• Compared on an international level the taxation of foundations in Austria seems favourable.

EMPLOYMENT LAW
• Regular working time is 40 hours per week or eight hours per day (five-day week). This limit may be exceeded under certain circumstances. Overtime is permissible to a certain extent.
• For termination of employment contracts, certain notice periods and termination dates have to be observed.
• Employees are entitled to 25 days annual leave per year (based on a five-day week).
• For most branches, minimum wages are stated in collective agreements.
• Work councils apply for businesses with five or more employees.
• Strikes are rare in Austria.
• Both employer and employee have to contribute to the social security system, which includes retirement insurance, health insurance, casualty insurance and unemployment insurance.

INTELLECTUAL PROPERTY
• Intellectual property protection in Austria includes patents, utility models, trademarks (national and European), industrial design and copyrights.
• Registered patents, utility models, trademarks and industrial design are granted exclusive rights/protection for specific periods of time.
• Unregistered trademarks may also be protected, particularly by unfair competition laws.
• Copyright protection applies to literature, musical art, plastic arts, films or performing arts.
• Austria is a member of the World Intellectual Property Organization (WIPO) and a signatory to the Paris Convention, the Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).
• Austria’s intellectual property laws conform to international standards and provide adequate protection to both local and foreign investors.

DISPUTE RESOLUTION
• Civil disputes at first instance may be heard at District Courts or Regional Courts (depending on the amount in dispute). Cases may go on appeal to the Appellate Courts and then to the Austrian Supreme Court.
• Employment disputes are heard at Labour Courts.
• Alternative dispute resolution (ADR) is available, among others, through the International Arbitral Centre of the Austrian Federal Economic Chamber (fees depend on the amount in dispute).

IMMIGRATION PROCEDURES

EU Citizens
• In general, there are no restrictions for EU citizens (formal requirements, such as registration duties may apply).

Non-EU Citizens
• Temporary Residency (up to 90 days within six months—Schengen visa C).
• Austria is part of the Schengen area. A valid passport and a Schengen visa are required (citizens of specific countries are exempt from visa requirements).
• Such visas are usually issued by the Austrian Embassies/Consulates.

Long-Term Business Visit
• Long-term visas (91 days up to six months) are available. A valid passport is required.
• Long-term visas are usually issued by the Austrian Embassies/Consulates and entitles a stay of up to three months in other Schengen member states also.

Permanent Residency
• Requires a residence permit; several kinds of residence permits are available (depending on requirements, such as qualifications, language knowledge, guaranteed job, near relatives in Austria, etc.).
• For instance: EU blue card “Rot-Weiss-Rot-Karte” (points-based programme with a catalogue of criteria—qualifications, language knowledge, etc.).
• Highly-qualified persons and qualified persons in a shortage occupation might have good prospects of obtaining a residence permit.
• Some types of residence permits include access (full or restricted) to the job market; others require a working permit
(depending on the current job market) to be included in their visa application to live as permanent residents in Austria.

- Streamlined arrangements are in place when an Austrian employer is using the ENS to nominate a person on a temporary residence visa who has already been working for the employer in Austria. Nominees in this category will generally not be required to undergo a formal skills assessment before qualifying for a permanent residence visa.
BELGIUM

- Belgium has an open economy and offers a reliable socio-economic environment for investors. Economic activity is favoured by Belgium’s geographical position and easy access to the Continent’s largest markets. Because of its federal structure and its central location in the heart of Europe, decisions affecting potential investors are taken at a variety of levels.
- We hope that you will find this information of interest and we are at your disposal to answer any questions you may have, or to assist you in effectively setting up or expanding your business in Belgium.

BUSINESS PRESENCE

- Belgian law provides for a variety of corporate entities, depending on the nature of the business, the objectives of the investor(s) and the size of the investment. Belgian company law distinguishes the following main types of business models: the incorporation of a Belgian company, the opening of a branch office or the opening of a Belgian representation office.
- The most common forms of companies are the public limited liability company (NV/SA) and the private limited liability company (BVBA/SPRL), with both offering the advantage of limited liability to their shareholders. The minimum share capital upon incorporation is €61,500 and €18,550 respectively.
- A branch of a foreign company does not have a distinct legal personality and its assets and liabilities are thus directly owned by the foreign company. The branch is subject to company law obligations (a.o. file and publish some corporate documents and the company’s annual financial statements) and must keep its books.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restriction In Equity Participation

- There are no restrictions imposed on foreigners owning equity in Belgian companies. Foreign capital may be brought into Belgium without restriction. Income and operation profits may be repatriated without limit.

Business – Regulation

- In small and medium-sized companies, at least one of the directors or members of management needs to submit evidence of basic knowledge of business management prior to starting trading.
- Some business activities require additional approvals and licences. Regulated business activities in Belgium are mainly related to insurance, banking, leasing, transportation, pharmaceuticals, foodstuffs, drugs and construction.

- The Economic Law Code fully implements EU Directive 2011/83/EU on consumer rights, laying down standard rules for consumer information and common aspects of distance and off-premises contracts with consumers (especially in the context of online contracts). Objectives include, among others, the elimination of hidden charges and costs on the internet, increased price transparency, a banning of pre-ticked boxes on websites, a better right of withdrawal and refund right, and a better consumer protection in relation to digital products.
- The financing of small and medium-sized enterprises is regulated in Belgium by specific legislation seeking to mitigate pre-contractual information between borrowing SME’s and creditors, as well as promoting contractual fairness.
- Regarding regulation of competition, the Belgian Competition Act provides that companies can be convicted without a trial before a court and following accelerated procedures. In the case of serious infringements, management can also be fined. A new Price Monitoring Act allows temporary intervention at sector level in relation to prices and/or margins.

Public Procurement

- In public procurement matters, Belgian awarding authorities can, for contracts not subject to European procurement regulations (contracts with a value below €5,225,000 (works) and €209,000 or €418,000 (supplies and services), request that the bidder has a legal personality recognised as such under Belgian law or that the bidder has an establishment (office/branch) within the EU or EEA.
- For all procurement contracts, a system of reciprocity is installed towards bidders from EU or EEA countries. These foreign bidders cannot be treated less favourably than Belgian bidders are treated. This is also the case for non-EU or non-EEA bidders from countries party to the General Procurement Agreement on WTO/GATT level or other international treaties or international agreements (for those types of contract governed by the GPA, or by an international treaty or international agreement).
- The current Public Procurement Act of 15 June 2006 and related implementation measures’ have entered into force on 1 July 2013.
EXCHANGE CONTROL

• There are currently no exchange controls in Belgium.
• The National Bank of Belgium compiles information on cross-border transactions and transactions with non-residents (including direct investments, securities trades and commercial credits) solely for balance-of-payment reporting purposes.

TAXATION

Corporate Tax

• Companies are taxed for the year 2017 at a rate of 33.99% on their worldwide income. Under certain conditions, small companies may benefit from a reduced tax rate.
• Permanent establishments of foreign companies are also taxed at the rate of 33.99%, but only on the income attributable to the Belgian permanent establishment.
• The nominal corporate income tax rate is applied to the company’s taxable income, which differs from its Belgian GAAP statutory net profit (the company’s net profit is adjusted with, for example, disallowed expenses, increase/decrease of taxable reserves, specific tax deductions, exempt capital gains on qualifying shares, etc.).

Real Property Acquisition

• No restriction is imposed on the acquisition of real property in Belgium by foreigners. Belgians and foreigners are treated equally nationally.
Personal Income Tax

- Individuals resident in Belgium are subject to income tax rates ranging from 25% to 50% (plus additional municipal charges) on their worldwide income. The income is determined in accordance with Belgian tax law provisions.

Withholding Tax

- The withholding tax rates, in principle, amount to 30% for dividend income and interest payments. In certain circumstances, dividend or interest payments can be exempt from withholding tax or can benefit from a reduced rate (by virtue of international and domestic legislation, such as exemptions resulting from the EU directives or double tax treaties).

- For small and medium-sized companies (SMEs), a reduced withholding tax rate on dividends of 20% or 15% (instead of the general withholding tax rate of 30%) has been introduced. The 20% or 15% withholding tax is only applicable on dividend distributions for new ordinary shares originating from cash contributions made as from 1 July 2013.

Real Property Gains Tax (RPGT)

- Companies are taxable on their global income including capital gains on real property, at the standard corporate income tax rate.

- Individuals are only taxable on capital gains on real property if they A) Qualify as professional income, taxable at the normal personal income tax rates; or B) Qualify as miscellaneous income, taxable at a rate of 33% or 16.5%, depending on the nature of the income.

VAT

- The standard Value Added Tax (VAT) rate amounts to 21%. In some cases a lower rate of 6% or 12% applies. VAT is due on the delivery of goods and the rendering of services in Belgium by taxpayers in the exercise of their business activities, the import of goods from a non E.U.-country and the intra community acquisition of goods from an E.U.-country.

- As of January 2014, lawyers are subject to VAT. Hence, lawyers’ fees are subject to 21% VAT, while these were previously not subject to VAT.

Taxation In Real Property Acquisition

- Real property and building plots are subject to registration duties. The registration fees (droit d’enregistrement / registrierecht) are collected by the regions. They are currently at 12.50% of the sale price in Brussels and Wallonia, and at 10% in Flanders. There are specific systems within the different regions to encourage property purchase in order to reduce this rate.

- VAT is charged on new properties only. A property is regarded as new until 31 December of the second year following the year in which it was first occupied. An old building undergoing substantial renovation works may, under certain conditions, also qualify as a new building (for instance, a conversion of a storage building into apartments). The VAT for new properties is charged on the price of the building and on the price of the plot of land. Where VAT is charged, no registration fees are due. The standard VAT rate in Belgium is 21%.

Immovable Withholding Tax

- Immovable withholding tax on immovable property is levied on the cadastral value (which is a fiscal value attributed by the tax authorities) of the property and amounts to 1.25% or 2.5% (depending on the region in Belgium) of the deemed rental income as indexed on 1 January of the relevant tax assessment year. Under certain conditions reductions exist.

- Additional provincial and municipal surcharges are levied on top of the (regional) immovable withholding tax and increase the effective tax rate depending on the province and municipality where the property is located.

- Belgian immovable withholding tax is fully deductible from a company's taxable profit.

TAX AND INVESTMENT INCENTIVES

General

- The Belgian federal and regional governments offer various tax incentives for investing in Belgium.

Notional Interest Deduction

- The most well known tax incentive Belgium offers is the notional interest deduction. Through the notional interest deduction, Belgium aims for equal treatment between finance raised through venture capital and finance raised through borrowed capital. It allows companies to deduct a notional charge (not stated in the accounts) from their tax base that corresponds to a specific percentage of their adjusted equity. The rate of the notional interest is 0.237% for tax year 2018 (or 0.737% in case of a SME).

Dividend Withholding Tax Exemption

- The domestic dividend withholding tax exemption is also very popular among investors. It provides for a tax deduction of 95% on qualifying dividends, leaving an effective tax burden of approximately 1.7% (i.e., 5% taxable dividend income subject to a corporate tax rate of 33.99%).

Expat Regime

- Belgian personal income taxes are very high and act as a major disincentive for the recruitment of foreign employees. The government has therefore granted a special expatriate fiscal regime for foreign executives with a specialist skill, an academic background and management expertise. The purpose of these incentives is to encourage multinationals to invest in Belgium by substantially reducing salary costs for foreign executives. Although in theory the assignment given to the foreign employee must be temporary, in practice the special tax regulations apply for an unlimited time period. The employees that qualify as expats are treated as non-residents so that the portion of their income that relates to activities conducted outside Belgium is not taxable in Belgium. Moreover, expats are not taxable on the expenses paid by their employer for the additional costs arising from the position created in Belgium, so overall a very beneficial tax regime is created.
R&D Incentives

- **R&D projects also benefit from tax incentives, such as environmentally friendly investments.**
- **The new innovation deduction regime allows an 85% corporate income tax deduction of the net income resulting from innovation investments.**

EMPLOYMENT LAW

- **Maximum average working time is eight hours per day and 38/40 hours per week (subject to exceptions resulting of Collective Bargaining Agreements).** Working at night, on Sundays and during public holidays is only allowed in a few limited cases. Overtime work is, in principle, prohibited. However, there are statutory exceptions to this rule.
- **Foreign workers benefit from most statutory employment rights (working time, annual leave, well-being at work) as a minimum level of protection guaranteed by imperative labour law. If employment rules of their home country are more favourable, the latter apply.**
- **Employees are well protected in Belgium. All employees are entitled to 20 working days of annual leave and there are 10 official public holidays. They are entitled to sick leave, maternity/paternity leave, have parental and carer’s rights, rest breaks, termination benefits, severance payments, etc.**
- **Parties are free to negotiate their remuneration package. However, minimum wages are compulsory in Collective Bargaining Agreements at industry level.**
- **Trade unions are recognised under certain conditions and have substantial powers.**
- **An employer with, on average, 100/50 or more employees must organise social elections in order to establish a works council (WC)/health and safety committee (HSC).** Both the WC and the HSC have essentially information and advisory powers (WC: economic and financial information; HSC: well-being at work). They do not, in principle, interfere with business decisions. Employers must accept a trade union delegation in their company if a certain threshold number of employees is reached. Trade union delegations negotiate collective bargaining agreements at company level. Belgian Constitution makes no explicit reference to the right to strike but the “freedom to strike” is acknowledged in several international instruments, which Belgium has ratified. The procedure to be followed is not regulated by the Belgian legislator, but left to unions and employers’ associations in accordance with the principle of subsidiarity. Negotiation and settlement are crucial and all possibilities must be exhausted before strike action is taken.
- **Every employee has the right to strike.**
- **Social security contributions are compulsory for employees working in Belgium for either A) A Belgian employer or B) The Belgian branch of a foreign employer. The employer deducts the entire social security contributions at source. These are made up of the employees’ contributions (13.07% of their gross salary) together with the employer’s own contributions (about 38% of a blue-collar employee’s gross salary and about 33% of a white-collar employee’s gross salary). The employer must pay the contributions to the National Office of Social Security.**
- **Income tax is calculated on employees’ gross remuneration after social security contributions and professional expenses have been deducted. A provisional amount of income tax is withheld from employees’ remuneration and paid to the tax authorities. Belgium is known for its high income taxation (income above €37,870, 01 is taxed at 50%).**
- **A new law on the harmonization of the status of blue and white collar workers has been enacted in Belgium on 26 December 2013 and entered into force on 1 January 2014. Both categories will have the same legal treatment especially regarding the notice periods. Essentially, the Belgian legislator revised the notice system and periods for both workers’ categories. Another noticeable innovation is the legal obligation of the employer to give the underlying motivation of a dismissal decision.**

INTELLECTUAL PROPERTY

- **Belgian IP rights derive from several separate acts relating to the different IP rights. Most of them are grouped together in Book XI of the Belgian Code of Economic Law.**
- **Copyrights are treated in in Title 5 of Book XI of the Code of Economic Law. Copyrights include economic rights and moral rights. Any work that is original is protected, without registration being necessary. Original works are protected during the lifetime of the author and until 70 years after his or her death. The economic rights of the author may be transferred and licensed in a written agreement. Moral rights cannot be assigned as such.**
- **Patent rights are granted under Title 1 of Book XI of the Code of Economic Law. A patent is granted for any invention that is new, inventive and eligible for industrial application. A patent is granted for 20 years as from the date of the request. With regard to medicines and plant protection products, the protection may be prolonged for a maximum period of 5 years upon request of a supplementary protection certificate. This additional protection was introduced by European Regulations 469/2009 and 1610/96. The transfer or license of a patent is not subject to any restrictions, provided that this is done in writing.**
- **Plant breeders’ rights are granted under Title 3 of Book XI of the Code of Economic Law for any breed that is new, homogenous and steady. These rights are granted for 20 or 25 years. Plant breeders’ rights may be transferred and licensed in a written agreement.**
- **Trademarks and designs are regulated in the Benelux Convention of 25 February 2005 relating to intellectual property rights (the Benelux Convention). Trademark protection is granted for any sign that is distinctive and registered. Protection is granted for 10 years, renewable an infinite number of times.**
Belgium is a member of the World Intellectual Property Organization (WIPO) and has ratified the Paris Convention, Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The rights provided in Belgian legislation often exceed the minimum requirements of the TRIPS Agreement.

Dispute Resolution

- Depending on the value and the type of dispute, civil disputes are in first instance introduced before the Peace Judge or the Court of First Instance (civil section), and criminal disputes are introduced before the Police Court or the Court of First Instance (criminal section). Commercial disputes are in first instance decided by the Commercial Court.
- Appeal is generally introduced before one the five Courts of Appeal. There are two Dutch Courts of Appeal (Antwerp and Ghent) and two French Courts of Appeal (Mons and Liège). The Court of Appeal of Brussels is bilingual and files are handled by a Dutch or French chamber depending on the language of the case. In the (small) German-speaking part of east Belgium, courts handle disputes in German.
- Disputes that concern employment law are in first instance handled by the Labour Court, and on appeal by the Labour Court of Appeal.
- Cases may finally go the Supreme Court (similar to the French “Cour de Cassation”), which will only make an interpretation of a rule of law, rather than a judgment on the facts.
- The Belgian Arbitration Act is based on the UNCITRAL Model Law while keeping at the same time some specific characteristics of Belgian arbitration practice. By introducing this new Act, Belgium contributed to the harmonization of international arbitration rules and became a more attractive domestic arbitration forum.
- Settlement of disputes by means of arbitration is therefore possible under the Belgian Arbitration Act and Belgium is also a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 10 June 1958.
- Both the CEPINA (Belgian Centre for Arbitration and Mediation - http://www.cepina.be) as the BBMC (Brussels Business Mediation Centre - http://www.bmediation.eu) are a well recognized arbitration centres.
- Belgium also facilitates mediation by providing for an uncomplicated court homologation of mediation settlements conducted in the presence of recognised mediators.
- As a member state of the EU, uniform European rules of conflict of law are applicable, for example, for civil and commercial disputes (including rules on competent jurisdiction, applicable law and enforceability of judgments rendered in other European member states).
- Upon initiative of the Minister of Justice, Belgium conducted in 2016 and will continue in 2017 important reforms of judicial proceedings, adapting some old-dated principles to a modern world of dispute resolution.

Immigration Procedures

Passport and Visa Requirements

- All persons entering Belgium must possess valid national passports or other internationally recognised travel documents valid for travel to Belgium. These passports or travel documents must be valid for at least six months beyond the date of entry into Belgium.
- No visa is required for EEA nationals (including Malta and Cyprus). For all other foreign workers, a visa is necessary. Short-term visas (those with less than three months) only permit short business trips. For longer stays, a long-term visa of more than three months’ duration is required (type-D visa).

Work Permits/Professional Card

- No specific documents are required to be self-employed or to employ nationals of an EEA member state (including Malta and Cyprus).
- For all other foreign nationals, the Belgian employer must apply for employment authorisation with the regional authorities. In practice, only specific categories of persons are granted the necessary documents to work in Belgium, for example, highly qualified personnel, management executives with a sufficiently high salary, trainees and researchers. Granting this automatically results in a type-B work permit being granted to the foreign national. This allows him to work in Belgium for a definite but renewable period (usually 12 months) for the relevant employer.
- For all other foreign nationals, a professional card is needed to be self-employed in Belgium.
- It is necessary to submit a mandatory Limosa declaration (http://www.limosa.be) in relation to self-employed persons and employees that are temporarily or partially employed in Belgium by a non-Belgian employer, who are, in principle, not subject to the Belgian social security system.
Nationality

- The law of 4 December 2012 “modifying the Code of Belgian Nationality in order to make the acquisition of the Belgian nationality neutral from the point of view of immigration” was published in the Belgian Official Gazette on 14 December 2012. It entered into force on 1 January 2013.

- Globally speaking, things will be easier and quicker for business immigrants (such as people who have a company and a professional card), insofar as they can easily prove their economic integration.
**BUSINESS PRESENCE**

- Six types of legal entities are known under the Bulgarian legislation: general partnership; limited liability company; joint stock company; partnership limited by shares; and Societa Europea (SE).
- Two additional types can exist: sole owner limited liability company and sole-owner joint stock company.
- Companies can have corporate members.
- The minimal registered capital required is as follows.
  - For Limited Liability Company—BGN 2;
  - For Joint Stock Company—BGN 50 000.
- Usually the incorporation process takes between one and two weeks.
- The company comes into being as from the day of the registration with the Commercial Register, but business activity can start earlier. Legal actions performed by the founders on behalf of the company in process of registration are treated as performed by the founders themselves on the principle of solidarity, and such actions are transferred to the company once the incorporation is completed.

**FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS**

**Restrictions In Equity Participation**

- Foreign individuals or legal entities are free to invest in equity of Bulgarian companies. There are no restrictions as to the foreign participation in the capital of Bulgarian companies.

**Restrictions In Real Property Acquisition**

- Foreigners and foreign legal entities can acquire real estate, subject to certain restrictions set forth in the international conventions duly executed and ratified by the competent Bulgarian authority. EU citizens and EEA citizens may acquire real estate in accordance with the requirements of the Treaty of Accession of Bulgaria to EU. Foreigners have the right to acquire the property of buildings, unless it is expressly prohibited by a particular legal act.
  - As of 1 January 2012 EU and EEA citizens and legal entities may acquire regulated land plots in Bulgaria. All limitations to the acquisition of land from EU and EEA citizens and entities was abolished on 1 January 2014.
  - As of May 2014 certain restrictions are in place regarding the acquisition of agricultural land in Bulgaria. Pursuant to the new legislation only natural or legal persons who have been residents or have been established in Bulgaria for more than 5 years are eligible to acquire agricultural land. In addition legal entities, whose partners or shareholders are directly or indirectly companies registered under jurisdictions with preferential tax regimes. Certain exemptions are in place for citizens and legal entities of the EU and EEA.

**Approvals and Licensing**

- Subject to license or approval are:
  - Gambling.
  - Banking.
  - Trade and distribution of drugs and medical practice.
  - Radio and television broadcasting.
  - Insurance.

**BULGARIA**

- Strategically located on the crossroad between Europe and Asia with an area of 110,993.6 km$^2$.
- Practices parliamentary democracy.
- Population comprises Bulgarians (84.8%), Turks (8.8%), Roma (4.9%), others (1.5%) and people who confirmed no self-identification. Religious composition of the country consists of Orthodox Christian (the official religion) (82.6%), Islam (12.2%), Roman Catholicism (0.6%) and Protestantism (0.5%), with other religions (0.2%), and with "not stated" totalling approximately 4%.
- Bulgarian is the national language; English is widely written and spoken especially in urban areas and for business.
- Currency: Bulgarian lev (BGN).
- Investment growth areas include tourism (developing golf clubs and ski resorts), energy from natural resources, light industry, development of new technologies, trade centres and retail chains, agriculture, media and telecommunication, food processing.
BULGARIA

- Gas and oil extraction and sale.
- Energy from natural resources and energy distribution.
- Food supplements production and distribution, etc.

EXCHANGE CONTROL

Currency and Exchange Control

- Each foreigner or Bulgarian may open and hold an unlimited number of bank accounts, in any kind of currency, with any bank in Bulgaria. No restrictions whatsoever apply to the repatriation of profits, capital, royalties and interest.
- Exchange control regulations are based on the principle of freedom to act, transact and pay. Transfers are effected in accordance with the Foreign Exchange Act (effective 1 January 2000) and Ordinance No. 10 dated 16 December 2003 on the export and import of Bulgarian Lev and foreign currency cash in hand, precious metals, precious stones and articles thereof and on keeping of the customs registers under Article 10a of the Foreign Exchange Act.
- Resident and non-resident natural persons may export and import sums of up to BGN 19,558.30 (€10,000) inclusive or their equivalent in a foreign currency freely, without declaring such sums in writing to the customs authorities. Any sums in excess of BGN 19,558.30 (€10,000) or their equivalent in a foreign currency must be declared to the customs authorities regarding their type and amount. Upon export of sums in excess of BGN 30,000.00 or their equivalent in a foreign currency, the origin of the financial resources which are being exported must be declared in addition to the type and amount of the currency exported. A certificate from the National Revenue Agency for lack of public liabilities must be also presented by national residents when exporting sums exceeding BGN 30,000. Foreigners have the right to export as much currency in excess of the limit set by the Bulgarian law as they have declared upon entry into the country. Any sums exceeding EUR 10,000 when imported or exported within the European Union have to be declared only upon request by the customs authorities.
- Restriction on cash payments: according to the Act on the Restriction of Cash Payments, all payments exceeding the amount of BGN 15,000.00 (approximately €7,500.00) are to be made through a bank transfer. The act also concerns payments below BGN 15,000.00 if they are part of a monetary performance, that exceeds the said amount. The penalty for not complying with the restriction is a fine equal to 25% of the total amount of the payment for individuals and 50% of the total amount of the payment if it concerns a legal entity.
- Restriction on cash payment for notary conveyance: as of 1 July 2011 there are new rules applicable to real estate conveyances. When the price under the transfer exceeds BGN 10,000.00, the money should be transferred to a special bank account of the notary or to an escrow account with a bank specifically chosen by the seller and the buyer.

TAXATION

- Taxes are withheld on: incomes (both corporate and individual ones, exceptions exists), alcohol and alcohol drinks, tobacco products, energy products and electric energy, coffee and coffee extracts, cars, import of goods, taxable supplies of articles or services if the taxes for these supplies of articles or services are not chargeable from recipient.
- Significant number of treaties about avoidance of double taxation, mutual agreement procedures, etc.
- All the companies registered in Bulgaria are subject to taxation by the Bulgarian tax authorities for the income derived out of economic activities on the territory of Bulgaria.
- Bulgaria’s corporate income tax rate is 10%.
- A special tax rate is applicable for companies dealing in shipping as well as companies engaged in games of chance and gambling.
- VAT is 20%. Compulsory (when the annual turnover is of BGN 50,000 or more) and optional VAT registration exist.
- Withholding tax over the dividends paid to the foreign corporate shareholders is 5% and for the EU resident companies is 0%.
- Fees and taxes over real estate conveyance:
  - Municipality tax due is in the amount of 2–2.5%
  - Notary fee is approximately 1%
  - Registration fee is in the amount of 0.1%
  - The powers of attorney and declarations to be certified and apostiled, translation of the apostille, registration in the Registry Agency after the purchase will generally accrue additional expenses in the amount of approximately and not more than 0.1%
- As of 1 January 2012 the Bulgarian VAT on hotel accommodation is 9%.
- As of 1 January 2014 a tax of 8% shall be imposed on the gross amount of the personal income of local tax residents from interest on deposit accounts in commercial banks.

TAX AND INVESTMENT INCENTIVES

Investment Incentives Under The Investment Promotion Act

- There are two classes of eligible investment for investment support depending on the investment amount – Class A and Class B. In 2013 in order to further encourage investment these amounts were significantly lowered and vary in different industries:
  - Investment in manufacturing industry:
    - Class A: minimum BGN 10 million (€ 5 million)
    - Class B: minimum BGN 5 million (€ 2.5 million)
  - Investment in manufacturing with guaranteed permanent employment:
    - Class A: minimum BGN 4 million (€ 2 million) and 150 workplaces
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- Class B: minimum BGN 2 million (€ 1 million) and 100 workplaces
- Investment in high-tech industries in disadvantaged regions:
  - Class A: minimum BGN 2 million (€ 1 million)
  - Class B: minimum BGN 1 million (€ 500 000)
- Investment in high-tech industries with guaranteed permanent employment:
  - Class A: minimum BGN 1 million (€ 500 000) and 150 workplaces
  - Class B: minimum BGN 0.5 million (€ 250 000) and 100 workplaces
- Investment in transport industry, administration, office and business support:
  - Class A: BGN 3 million (€ 1.5 million)
  - Class B: BGN 1.5 million (€ 750 000)
- Investment in transport industry, administration, office and business support with guaranteed permanent employment:
  - Class A: minimum BGN 1 million (€ 500 000) and 150 workplaces
  - Class B: minimum BGN 0.5 million (€ 250 000) and 100 workplaces

The incentives, which depend on the investment class obtained, include:
- Financial aid for construction of physical infrastructure elements for Class A.
- Personalized administrative services for Class A.
- Financial aid for training aimed at attainment of professional qualification by the hired staff for both Class A and Class B.
- Faster administrative services for both Class A and Class B.
- Sale or establishing against consideration of limited real rights on private state or municipal property, without a tender or an auction both Class A and Class B.
- Investment incentives for priority investment projects:
  - Opportunities for other forms of state aid, institutional support, public-private partnerships or joint-ventures.
- Investment incentives for industrial zones:
  - Different type of transactions between the investor and the legal entity established for the purposes of construction and development of industrial zones.

**Tax Incentives**
- Incentive for manufacturing activities in municipalities with a high rate of unemployment.
  - The amount of the annual corporate income tax due by entities on their profits from manufacturing may be partly or fully reduced if the activities are carried out in municipalities with high unemployment.
  - There are a number of specific eligibility conditions for applying the incentive (including conditions imposed under the EU state aid rules).
- VAT incentive for large investment projects:
  - Entities investing in a large investment project can benefit from a faster recovery of VAT and self-charge of VAT on importation of certain goods.
  - There are a number of specific requirements for applying the VAT incentive, including the need of obtaining authorization from the Bulgarian Ministry of Finance.

**Renewable Energy Sources (Res) Projects**
- Certain measures to promote production still remain:
  - Preferential prices under several conditions.
  - Long term contracts in accordance with the Energy from Renewable Sources Act for the purchase of electricity produced from renewable sources.
  - Guaranteed access for electricity produced from renewable sources to transmission and distribution networks.
  - Guarantee of the transmission and distribution of electricity.
  - Priority dispatching of electricity produced from renewable source.
  - Providing of the necessary infrastructure and electricity power to regulate the power system.
- 47 agreements with other countries to promote and protect foreign investments. Among companies that have invested in Bulgaria are Microsoft, Siemens, IBM and Carlsberg.

**EMPLOYMENT LAW**
- No preliminary work permits or visas required for workers from the European Economic Area.
- From 1st of January 2015 until 31st of June 2015 the minimal monthly salary shall be BGN 360 or approximately EUR 180. Another increase shall come into force as of 1st of July 2015, by which the minimal monthly salary shall become BGN 380 or approximately EUR 190 – still one of the cheapest labour forces in Europe.
- Significant number of on-going projects and programmes initiated by the Ministry of Labour and Social Policy dedicated to starting new businesses, opening new work places, creating opportunities for working of different social groups, supporting regions with high level of unemployment, etc.
- Trilateral cooperation on national and municipal level between the state, workers’ organisations and employers’ organisations on issues regarding the standard of life, labour and insurance conditions.
- Legal opportunities for establishing of trade unions.
- Individual and collective labour agreements (CCA) exist, as well as labour agreements with definite term (of not more than three years) and with indefinite term.
- Work week of 40 hours in the span of five days, with the possibility for its prolongation subject to special conditions.
- Obligatory break of 30 minutes per work day for lunch, 12 hours of break between two consecutive work days, work break of two consecutive days, one of them shall be Sunday.
BULGARIA

- Obligatory full-pay leave of at least 20 work days per year, not including the national holidays.
- Termination of work contracts on mutual agreement or on the initiative of one of the parties, with preliminary notification or not, including as a disciplinary sanction—strict regulation depending on the case.
- Compulsory state social insurance and additional compulsory and free social insurance. Payments for the compulsory insurance are on the base of the gross salary decreased with certain expenses, but the base shall not be less than certain minimum levels, with percentages distributed between the employer and the employee according to a scheme. Some of the risks covered by the compulsory state insurance are: motherhood, retirement, unemployment, work accident, industrial disease, etc.
- Compulsory health insurance in payments are evaluated in accordance with the principles of the compulsory social insurance, percentages distributed between the employer and the employee according to a scheme.
- Termination of work contracts on mutual agreement or on the initiative of one of the parties, with preliminary notification or not, including as a disciplinary sanction—strict regulation depending on the case.

INTELLECTUAL PROPERTY

- Bulgarian law recognises both national and international protection and enforceability of intellectual property rights (including industrial property rights like patents, marks, geographical indications, industrial design, copyrights and neighbouring rights, etc.).
- Bulgaria is a member of the following international conventions in the field of industrial property:
  - Paris Conventions for the Protection of Industrial Property – since 13 June 1921.
  - Hague Agreement Concerning the International Deposit of Industrial Designs – since 11 December 1996.
  - Madrid Agreement Concerning the International Registration of Trade Marks – since 1 August 1985.
  - Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods – since 12 August 1975.
  - Convention on the Grant of European Patents (European Patent Convention) – since 1 July 2002.
  - After becoming member of the WTO on 1 December 1996, Bulgaria became a party to the TRIPS Agreement as well.
  - Beijing Treaty on Audiovisual Performances – since 24 June 2012.
- Bulgaria is also a member of the Patent Cooperation Treaty, as well as a party to the European Patent Convention.
- Bulgarian national legislation in the area of intellectual property protection is modern and provides protection to a broad range of intellectual property rights. Protection of objects such as industrial designs, new plant varieties, animal breeds and topographies of integrated circuits, is governed by separate laws.

DISPUTE RESOLUTION

- Three-instance court proceedings on civil cases, two-instance court proceedings on civil cases.
- Three-instance court proceedings on criminal cases.
- Two-instance court proceedings on administrative cases.
- Separate commerce, civil and criminal departments have been established in most of the district and all the appellate courts, and commerce, civil and criminal chambers have been created in the Supreme Court of Cassation.
- Supreme Court of Cassation operates as the highest instance on civil, commerce and criminal cases.
- Separate administrative courts together with a Supreme Administrative Court operate on the territory of the country.
- Alternative opportunities exist for dispute resolution:
  - Arbitration Court before the Bulgarian Chamber of Commerce and Industry (BCCI), the Bulgarian Industrial Association (BIA), mediation, etc.

IMMIGRATION PROCEDURES

Passport and Visa Requirements

Business Passes and Work Permits

- Since 1 January 2007 the Republic of Bulgaria has been applying the European Union’s Common Visa Policy, subject to the terms of the Accession Treaty. According to Article 4 of the Act concerning the conditions of accession of the Republic of Bulgaria and Romania, the provisions of the Schengen acquis specified in Annex II to that Act shall be binding and applicable.
in the Republic of Bulgaria from the date of accession (1 January 2007), while the rest shall be applicable from the date of the Council's decision on Bulgaria's accession to the Schengen area.

- After Bulgaria's accession to the EU as a full member, one of our country's main priorities is the accession to the Schengen area. Acceptance in Schengen area is expected in the end of 2013.

- Regulation (EC) No 539/2001 of 15 March 2001 lists the countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement.

- Nationals of certain countries do not require a visa in order to enter Bulgaria for a stay of 90 days within a 180-day period. If a visitor intends to stay for more than 90 days within a 180-day period residence permit must be obtained.

  - EEA citizens (including Switzerland) may enter the territory of Bulgaria with valid ID card or passport issued by the competent authorities of the concerning countries.

  - Foreigners may also enter Bulgaria without a visa if they have a permanent residence in EU or if they possess a valid multiple entry Schengen C type visa.

  - A complete list of visa exempt countries can be found on the website of the Ministry of Foreign Affairs of Bulgaria, examples:

    - Visa-obliged citizens need to obtain a Bulgarian short stay type C visa for business purposes before entering Bulgaria. No continuous stay, or the total duration of several consecutive stays may last for more than 90 days within a 180-day period, commencing from the date of first entry.

- Authorities may grant single/double/multiple entry business visas. Single and double visas are valid up to 180 days and multiple entry visas may be valid up to 365 days, with exceptions of up to 5 years. Business visas are issued based on an invitation letter from the host company in Bulgaria, typewritten on the company letterhead and endorsed by the Bulgarian Chamber of Commerce. Bulgaria issues national visas only, which do not allow entry into the Schengen area.

**Standard Documents Required**

- Passport.
- 1 Photo.
- Application form.
- Copy of round trip ticket or itinerary, or proof of financial coverage for leave from Bulgaria.
- Proof of financial means amounting to a minimum of €50 per day.
- Health insurance.
- Letter from employer explaining purpose of trip.
- Verified invitation letter.
- Consular fee.

For specific requirements, visitors should contact the consulate where application is to be lodged. A list of Bulgarian consulates is available on the website of the Ministry of Foreign Affairs of Bulgaria.
BUSINESS PRESENCE

- Main types of business entities in Cyprus: limited liability business companies (by shares or by guarantee), sole proprietorships, partnerships, registered branches of foreign companies, and Cyprus International trusts.
- Limited liability business companies are the most popular business models. These may be incorporated or purchased “off the shelf”.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- As a member of the EU, Cyprus has lifted all restrictions in relation to foreign investments both from EU member states and from third countries. Its investment policy is very liberal allowing, in some cases, even 100% foreign participation not only of EU citizens but also of investors from third countries.
- The aforementioned policy provides that: A) Limitations related to the minimum level of investment and foreign participation percentage have been abolished, in most sectors of the economy, allowing for up to 100% equity participation in registering companies or acquiring shares in existing companies; B) Administrative procedures have been simplified and measures have been taken to streamline the infrastructure regarding foreign investment, thus reducing the level of bureaucratic intervention and fostering improved economic activity.
- Consequently, foreign companies now have the opportunity of investing and establishing business in Cyprus on equal terms with local investors.

EXCHANGE CONTROL

- There are no exchange control regulations. Thus, the island is an ideal location for the maintenance, transfer and conversion of funds, which is facilitated by excellent telecommunications and efficient international banking services.

TAXATION

Corporate Tax

- Cyprus companies and branches are taxed on the basis of their income at a rate of 12.5%, one of the lowest in Europe.
- A company is tax resident in Cyprus if its effective management and control is exercised from Cyprus. For purposes of definition, usually the country of residence of the company’s majority of directors is considered to be the country where the effective management and control of the company is exercised.
- Where a company is a tax resident of Cyprus, tax is imposed on income accruing or arising on its worldwide income.
- Where a company is not a tax resident of Cyprus, tax is imposed only on its income accruing or arising from Cyprus.
- There are many benefits accruing to the shipping industry in general. Shipping companies owning Cyprus-flag Vessels pay no tax on income, but they are subject to tonnage tax.

Personal Income Tax

- An individual is a tax resident in Cyprus if he spends more than 183 days in Cyprus in any one calendar year.
- The tax system in Cyprus is progressive. As such, individuals who are tax residents of Cyprus may be subject to gradual tax rates from 0% (for annual income up to €19,500) to 35% (for annual income of over €60,000) on income accrued in or derived from Cyprus.

Withholding Tax

- Under Cyprus legislation there is no withholding tax on dividends, interests and royalties paid to non-residents of Cyprus. In cases where royalties are earned on rights used within Cyprus there is a withholding tax of 10% (reduced to 5% on film and television royalties).
- Any withholding tax suffered abroad on income that is subject to tax, in Cyprus will be credited against Cypriot tax payable on such income irrespective of the existence of a double taxation treaty.
Capital Gains Tax
• Capital gains tax is imposed at the rate of 20% on gains from the disposal of immovable property situated in Cyprus, including gains from the disposal of shares in companies that own such immovable property, excluding shares listed in any recognised stock exchange (when the disposal is not subject to income tax).

TAX AND INVESTMENT INCENTIVES
• Long history of positive approach by tax authorities towards helping foreign investors.
• Payments to offshore companies are not subject to any withholding tax.
• There are no strict transfer pricing rules.
• There are no specific substance requirements.
• No tax on profit from sale of shares, bonds and other securities even if the profits form part of a company’s trading activity.
• No tax on profits from operations of permanent establishments maintained outside Cyprus.
• No capital gains tax on profits arising from the disposal of immovable property situated outside Cyprus.
• No withholding tax on interest payable to non-Cypriot tax residents.
• No tax on dividends payable to non-Cypriot tax residents irrespective of whether companies or individuals.
• Beneficial use of EU Directives that have been transposed into the Cyprus Tax Legislation.
• Wide and exceptionally beneficial Double Tax Treaty Network.
• Mergers, takeovers and other reorganisations can take place within groups without tax implications.
• Unilateral tax-relief is granted to all Cyprus companies for foreign tax suffered, irrespective of the absence of a double tax treaty.
• Activity in the free trade zone of Larnaca is exempt from customs duties.
• 20% of salaries of non-residents are tax exempt for the first three years, up to an annual exemption of EUR 8,550.
• 50% of salaries of non-residents earning more than 100,000 p.a. are tax exempt for the first five years

NON-DOM CONCEPT
Prior to the law change:
• An individual who would spend > 183 days in Cyprus during the tax year (Cyprus Tax Resident - CTR) would be subject to both Income Tax and Defence Tax.

Law change
• Introduction of “domicile” (dom.) concept in the Defence Tax Law.

• An individual will be subject to Defence Tax only if:
  o he/she is spends more than 183 days in Cyprus AND
  o he/she is domiciled in Cyprus.

Tax effect of law change for Non-dom. Individuals:
• A non-dom. will be exempt from Defence Tax even if he/she spends more than 183 days in Cyprus.

Benefits
Where a person is non-domiciled in Cyprus, but is a Cyprus tax resident, the following consequences arise:
• no Cyprus tax is payable on receipt of dividend income from any company anywhere in the world (although on foreign dividends, the source country may withhold taxes);
• the provisions whereby a Cyprus tax-resident company must declare at least 70% of its after-tax accounting profits within two years (known as the “deemed distribution rules”), will not apply to that proportion of shareholding beneficially owned by a non-Cyprus domiciled individual;
• no Cyprus tax is payable on receipt of interest income from anywhere in the world (although on foreign interest, the source country may withhold taxes);
• no Special Defence Contribution is payable on rental income.

EMPLOYMENT LAW
• Nationals of EU member states have the right to enter Cyprus by simply showing a valid EU passport or ID Card without having to register upon arrival. No work permit is required, although EU nationals would have to be registered with the Civil Registry and Migration Department within three months of their arrival.
• Non-EU nationals may be employed as directors, managers etc., in foreign investment companies that have invested a sum of more than €171,000 in Cyprus, provided that the foreign investment company applies for the employment of the specific nationals.
• Lawyers, accountants and doctors are regulated professions. They need to apply directly to the professional body and obtain recognition to undertake employment in Cyprus.

INTELLECTUAL PROPERTY
• Intellectual Property protection in Cyprus comprises of industrial design, patents, trademarks and copyrights.
• It is regulated by statutory legislation and the general principles of Common Law. The most important statutes are: A) The Patents Law, 16(1)/98; B) The Trade Marks Laws CAP. 268 as amended by Law 63/62, Law 69/71 and Law 206/90; C) The Partnerships and Trade Names Law, CAP 116; D) The UK Designs (Protection) Law, CAP. 269; and E) The Intellectual Property Law 59/76 as amended by Law 63/77 and Law 18/93.

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• Capital gains tax is imposed at the rate of 20% on gains from the disposal of immovable property situated in Cyprus, including gains from the disposal of shares in companies that own such immovable property, excluding shares listed in any recognised stock exchange (when the disposal is not subject to income tax).

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These laws are, to a large extent, modelled on their English counterparts and are tailored to promote and provide sufficient protection to proprietors.

- Registered patents, trademarks/service marks, industrial design and geographical marks enjoy monopoly rights/protection for specific periods of time.
- Unregistered trademarks are protected by the Cyprus courts under the tort of passing off.
- Copyright protection is afforded to literary, musical or artistic works, sound recordings, broadcasts and films.
- Cyprus is a member of the World Intellectual Property Organization (WIPO) and a signatory to the Paris Convention, Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).
- Cyprus’ intellectual property laws conform to international standards and provide adequate protection to both local and foreign investors.

**DISPUTE RESOLUTION**

- The Cyprus legal system is mainly based upon the English common law. The English case law is closely followed and all Cypriot statutes regulating business affairs are based on, or copy, English law.
- Litigation is the predominant method for resolving disputes. However, arbitration is becoming more and more popular, particularly in disputes relating to construction, insurance, shipping and trade.
- The District Courts hear all commercial disputes, except admiralty disputes which fall within the admiralty division of the Supreme Court.
- Cases may proceed on appeal at the Supreme Court. There is just one Supreme/Appellate court (no right of second Appeal).
- Litigation does not preclude the parties from achieving settlement. The courts favour settlement to reduce their heavy workload, and encourage the parties to exhaust settlement possibilities before a case is scheduled for hearing.
- Alternative Dispute Resolution (ADR) is available and includes mediation, conciliation and arbitration. ADR is most frequently used in the construction industry. Arbitration is also used to some degree in the shipping and energy related sectors.
- Lastly, ADR law has recently been introduced, enabling consumer disputes to be settled out of court by an arbitration system.

**IMMIGRATION PROCEDURES**

**Passport and Visa Requirements**

- A valid passport is required by all, except nationals of EU countries who hold a valid national identity card with the bearer’s photograph. Passports must be valid for three months after the day of departure for visitors not requiring visas. Those requiring visas must have passports valid for six months from date of application.

**Visas**

- Required by all except the following:
  - Nationals of: Britain, Australia, Canada, USA, EU and Japan
  - for a stay of up to 90 days.
  - Nationals of Argentina, Andorra, Bahrain, Bolivia, Brazil, Brunei, Colombia, Costa Rica, Chile, Croatia, Czech Republic, Ecuador, El Salvador, Estonia, Grenada, Guatemala, Honduras, Hungary, Iceland, Israel, Korea (Rep of), Kuwait, Latvia, Liechtenstein, Lithuania, Malaysia, Malta, Mexico, Monaco, New Zealand, Nicaragua, Norway, Oman, Panama, Paraguay, Poland, Qatar, Romania, Russian Federation, San Marino, Saudi Arabia, Slovak Republic, Slovenia, Switzerland, United Arab Emirates, Uruguay, Vatican City, Venezuela, Yugoslavia (Serbia and Montenegro) and Zimbabwe for a stay of up to 90 days.
  - Transit passengers continuing their onward journey by the same or first connecting aircraft within 24 hours provided they are holding valid onward or return documentation and not leaving the airport.

**Business Passes and Work Permits**

- Travel to the Republic of Cyprus for reasons other than immigration, with a visit that does not exceed three months, might need a travel visa. A travel visa provides the right for a continuous visit or several visits to Cyprus. The duration of visits in total should not exceed three months in any half of a year from the date of the first visit. In case a visitor needs to come to Cyprus often (business trips, etc.) it is possible to get a multiple-entry visa for several visits. The total duration of the visits should not exceed three months in any half of a year from the date of the first entry. The multiple-entry Cyprus visa is valid for one year. In exceptional cases it might be valid for more than a year, but no more than five years for certain categories of persons.
- Work permits are awarded depending on the nationality of the applicant, his/her personal achievements or his/her status as a foreign investor.

**Permanent Residency for Foreign Investors**

- Cyprus has welcomed investment to its country from third country nationals and to facilitate this has made clear terms and conditions for permanent residency, while Cyprus has one of the fastest immigration services into Europe where most cases are completed within a period of two to three months. To qualify to begin the application process to get Permanent Residency in Cyprus, there are a number of options, including, inter alia, investing a minimum amount of 300,000EUR in one or two properties in Cyprus.

**Cyprus Nationality - Gateway to EU**

- On the basis of a Council of Ministers’ Decision (dated 24 May 2013), non-Cypriot Investors, can acquire the Cyprus Citizenship by Naturalization (by Exception on the basis of the Civil Registry Laws 2002 –2013 provided the make an investment in Cyprus (government bonds, assets in local enterprises organisations, real estate or development projects) of €5 million if investing alone, or of €2.5 million for those participating in a collective investment worth more than €12.5 million.
CYPRUS

Key benefits include:

- Freely travel and reside (and work) within the EU
- All family can obtain Cyprus citizenship i.e. spouse of applicant, children under 18 years, and adult dependent children (over 18 years and up to 28 years)
- Free Movement of Capital
- Free Movement of Services
- Free Movement of Goods from any Member State to another
- No requirement to physically reside in Cyprus
CZECH REPUBLIC

- One of the most stable and prosperous of the post-communist states of Central and Eastern Europe (CEE).
- A strategic location in the heart of Europe with good access to both western and eastern markets.
- Parliamentary democracy.
- First CEE country admitted into the OECD.
- Member of EU, WTO, IMF, EBRD, WIPO, MIGA, NATO.
- National language: Czech, English is widely written and spoken for business.
- Currency: Czech crown (CZK), fully convertible.
- Current business environment:
  - Attractive environment for private equity.
  - Educated and skilled workforce.
  - Favourable labour costs.
  - Price and monetary stability.
  - Stable political, economical and social system.

BUSINESS PRESENCE

- Main types of legal entities used for doing business: limited liability company, Joint Stock Company.
- Other possible options for doing business: registered branches of foreign companies, Societas Europaea, European Economic Interest Grouping.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- Same conditions for investments into Czech companies exist for Czech citizens as well as foreigners in most areas.
- Foreigners may acquire real estate in the Czech Republic without any restrictions.

EXCHANGE CONTROL

- No restrictions are imposed on import or export of capital. Repatriation payments can be made in any currency. Both Czech residents as well as non-residents can hold bank accounts in any currency.

TAXATION

Corporate Income Tax

- Taxpayers that have their registered office or place of their management in the Czech Republic are taxed at a rate of 19% on income generated in the Czech Republic as well as from abroad.
- Taxpayers that do not have their registered office in the Czech Republic are taxed at a rate of 19% on income generated in the Czech Republic only.
- Only certain investment funds are taxed at a rate of 5%. Selected entities (such as pension companies funds) are taxed at a rate of 0%.
- Law on income taxes contains a number of tax allowances and deductible items.

Personal Income Tax

- Individuals are subject to tax rate of 15%. Individuals with high income are subject to additional tax of 7%.
- Law on income taxes contains a number of tax allowances and deductible items.

Withholding Tax

- Certain types of income (dividends, interests etc.) are subject to withholding tax.

VAT

- VAT is applied on most items and services as well as on selected transactions. Currently there are three rates of VAT in the Czech Republic (the basic rate 21%, the first reduced rate 15% and the second reduced rate 10%).

Other Taxes

- Real Property Tax consists of tax from buildings and from plots. The calculation of tax is complicated due to a number of inputs.
- Road Tax is applied on all road motor vehicles and trailers registered and operated in the Czech Republic if used for
CZECH REPUBLIC

business purposes. The tax rate is dependent on cylinder capacity, maximum permissible weight or number of axles.

• Inheritance and Gift Taxes were incorporated into the Income Tax law, the same rates would be applied for income relating with gifts as for taxation of their economic activity (15% in case of individuals and additional tax of 7% for individuals with high income, 19% in case of corporate persons). All income gained by inheritance are tax exempted, gifts are tax exempted for certain persons (generally relatives).

• Real Estate Transfer Tax: applied at flat rate of 4% of the tax base. The taxpayer of the Real Estate Transfer Tax is the acquirer of a real estate.

• Excise Taxes are applied on selected products such as petrol, alcohol, tobacco products at various rates.

• Environmental Taxes: applied on selected products such as electricity, natural gas, coal at various rates.

TAX AND INVESTMENT INCENTIVES

• The Ministry of Industry and Trade established a foreign direct investment promotion agency “CzechInvest” in 1992, whose mission is inter alia to attract foreign investments and provide comprehensive service for all investors.

• Czech Republic introduced investment incentives in 1998, and this step attracted a massive inflow of foreign direct investments.

• Next step was represented by a new Law on Investment Incentives that was adopted in 2000.

• Investment incentives comprise, for example, tax incentives (tax reliefs), grants for job creation, training and re-training.

• Currently the Czech Republic prioritizes higher-added-value projects (technology centres, ICT Services etc.).

EMPLOYMENT LAW

• Statutory working hours of 40 per week. This may be less under specific circumstances. Maximum overtime hours per calendar year are 150, but may be extended with employee’s consent up to total of 416 overtime hours in a year.

• Unilateral termination of employment by the employer is possible only on specific grounds (e.g. redundancy, health related reasons, breach of working discipline). Employee may terminate employment at any time without having to state any reason. Termination period is two months in all cases and may be prolonged only by an individual written agreement, under the condition that the termination period must be the same for both employer and employee. Statutory minimum severance pay in case of termination by the employer on redundancy grounds is one to three times the average monthly salary of the employee depending on the length of employment. In the case of certain health-related termination reasons, the statutory minimum severance pay amounts to 12 times the average monthly salary of the employee. For gross breach of working discipline, employment may be terminated by employer with immediate effect.

• Probationary period may be agreed between the employer and employee for a maximum period of three months (six months for management positions) starting at the commencement of the employment relationship. During the probationary period, either party may terminate at will with immediate effect.

• Employees are entitled to various statutory benefits, such as overtime compensation, annual leave, sick leave, maternity and parental leave. Statutory minimum annual holiday entitlement is four weeks for full-time employees.

• Fixed-term employment is possible for a maximum period of 36 months and may be repeated only twice (i.e., the fixed-term employment cannot last more than nine years). Exceptions are possible in case of serious operational reasons.

• Statutory minimum monthly wage for full-time employees equals to approximately € 407.

• Formation of trade unions is regulated by law, but is not subject to employer’s consent. Collective bargaining agreement may only be entered into with a trade union organization. Collective bargaining agreement may be entered into either for fixed term or for indefinite period of time, in which case it can be terminated with six months’ notice. There are binding countrywide collective bargaining agreements for some industries.

• Strike actions are allowed primarily, but not exclusively, in support of negotiations of a collective bargaining agreements.

INTELLECTUAL PROPERTY

• Czech Republic is a member of World Intellectual Property Organization (WIPO), European Patent Organization (EPO) and a contractual party of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

• The system of legal protection of intellectual property in the Czech Republic is consistent with the principles of market economy and is harmonised with EU law, (i.e., Czech intellectual property laws conform to international and European standards and provide suitable protection to all entities.)

• The protection of industrial property rights is provided primarily by the Industrial Property Office, which performs a function of a patent and trademark office in the Czech matters and European Union Intellectual Property Office (EUIPO) in EU matters.

DISPUTE RESOLUTION

• The system of courts in the Czech Republic is: District Courts, Regional Courts, High Courts, The Supreme Court and The Supreme Administrative Court. Besides this system of courts there is the Constitutional Court, whose mission is to protect the constitutionality.

• Generally, disputes (including business related disputes) at first instance are heard at District Courts, unless stated otherwise. Regional Courts and High Courts usually operate as courts of appeal.
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• The Czech Republic also has arbitration courts. The arbitration court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic is widely used.

IMMIGRATION PROCEDURES

• Czech Republic as a member of the EU (since 1 May 2004) is part of Schengen area (since 21 December 2007). It means that customs checks of goods/persons have been moved across international borders. Because the Czech Republic has no external EU border, most checks are conducted at the international airports only.

• In May 2014, the law regulating permanent residency of foreign nationals (not citizens of the EU/EEA Member States and Switzerland and their family members) seeking work in the Czech Republic was simplified in line with the EU law. The Green Card has been replaced by the Employee’s card. This Employee’s card is issued by the Ministry of Interior in relation to job vacancy inserted in the central register of job vacancies that can be filled by holders of employee cards. The employee who receives such card does not need to apply individually for residence permit anymore.

• Foreign nationals mentioned above may also apply for a Blue Card, which is also an integrated residency and work permit. The Blue Card is issued to workers with higher professional or university education who have an employment contract for at least one year, for the statutory weekly working hours, and who have an agreed gross monthly or annual salary amounting to at least a 1.5 multiple of the gross annual salary in the Czech Republic.
DENMARK

• Located in Northern Scandinavia between the Baltic Sea and the North Sea on a peninsula north of Germany with several islands.
• Greenland and the Faroe Islands are parts of the Kingdom of Denmark, both with home rule.
• The capital is Copenhagen located on the island Sjaelland.
• Democratic constitutional monarchy.
• Member of the European Union.
• Educated workforce.
• High standard of living.
• The population is approximately 5.7 million.
• Evangelical Lutheran (the official religion) 81%, other Christian 1%, Muslim 4%.
• Currency: Danish Kroner (DKK) (pegged to the Euro (€)).
• Investment growth areas are shipping and the transportation industry, oil, biotechnology, medical research and development, green energy, communication services, agriculture, design solutions and food manufacturing.

BUSINESS PRESENCE
• The most common business form in Denmark for foreign companies is public limited companies (Aktieselskab, A/S) or private limited companies (Anpartsselskab, ApS). The Danish Companies Act regulates the public and the private limited companies.
• Partnerships (Interessentskab, I/S) and limited partnerships (Kommanditselskab, K/S) are also used.
• All companies, regardless of the company form, must register at the Danish Business Authority (formerly known as the Danish Commerce and Companies Agency).

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS
• There are no general restrictions on foreigners owning equity in Danish companies and foreign investments are encouraged. However, investment in a few sectors, including apartment buildings and other living accommodations and farming, is restricted.
• Foreigners’ acquisition of real property is restricted by law and requires permission from the Ministry of Justice. Certain exceptions are made for EU and EEA companies.
• Individuals without regular residence in Denmark and who have not previously had regular residence here for a total period of five years, can only acquire real property in Denmark with permission from the Ministry of Justice.
• Permission can be made conditional, and given for a fixed period of time.
• To learn more about the conditions for permission visit the Ministry of Justice homepage: www.justitsministeriet.dk.
• Acquiring qualified interests in companies in the banking and insurance sector requires permission from the Danish Financial Supervisory Authority (Finanstilsynet).

EXCHANGE CONTROL
• There is no exchange control in Denmark. Foreign currencies can be bought and sold without restrictions. One modification is that a bank may only transfer money to a foreign account belonging to a fully tax liable individual when documented that the account has been reported to the tax authorities.

TAXATION
Corporate Tax
• In general, companies are tax liable if they are incorporated in Denmark. However, if a foreign incorporated company has its effective management in Denmark, the company may also be tax resident in Denmark.
• Companies with limited liability are taxed at a rate of 22% on income. The effective rate is less as business expenses and depreciations are deductible.

Limited Tax Liability
• Certain types of income are subject to limited tax liability in Denmark, such as payment of dividend generally subject to withholding tax at a rate of 27% or 42% (2016). Royalty payments are subject to withholding tax at a rate of 22%. However, in some cases, the tax may be reduced or even eliminated.
Doing Business in Europe

DENMARK

VAT
• The sale of goods and services are subject to VAT.
• VAT is imposed on imports and deliveries of goods and services at a single uniform rate of 25%.

TAX AND INVESTMENT INCENTIVES
• There are several programmes for funding and financial incentives. Generally, all companies, both Danish and international, are free to apply for the funding and incentives available, as long as they are registered in Denmark.

EMPLOYMENT LAW
• The legal status of the relationship between the employer and the employee is regulated by legislation and/or collective bargaining agreements and the individual employment contract between the parties.
• The Danish Act on Salaried Employees stipulates the minimum rights of the employees.
• The articles of the Danish Act on Salaried Employees are mandatory, entailing that they cannot be deviated from to the employees’ disadvantage.
• The Danish Act on Salaried Employees covers most workers as the term “salaried employees,” and encompasses shop assistants and office workers employed in buying and selling activities, in office work or equivalent warehouse operations, persons whose work takes the form of technical or clinical services (except handicraft work or factory work) and other assistants who carry out comparable work functions, persons whose work is wholly or mainly to manage or supervise the work of other persons on behalf of the employer.
• It is a precondition for an employee being protected by the Danish Act on Salaried Employees that the employee is employed to work more than eight hours per week on average.
• The EU directive on working hours, which stipulates that employees may not on average work more than 48 hours (including overtime work) during a seven-day week calculated over a period of four months, has been incorporated in the Danish Act on Working Hours and incorporated in collective bargaining agreements.

INTELLECTUAL PROPERTY
• Intellectual property is a generic term for intellectual creations such as art, pictures, literature, inventions, business trademarks etc.
• Intellectual property protection in Denmark is regulated in a variety of Danish laws. These laws mainly include “Ophavsretsloven”, “Patentloven”, “Designloven” and “Varemærkeloven”. “Markedsføringsloven” also provides some protection of intellectual properties.
• Copyright protection applies for 70 years after the creator’s death.
• Registered patents, trademarks and designs enjoy protection for specific periods of time.
• Unregistered trademarks enjoy equal rights to the registered.
• Denmark is a member of the World Intellectual Property Organization (WIPO).
• Enforcement of IP rights appear from the Danish Administration of Justice Act (“Retsplejeloven”).

DISPUTE RESOLUTION
• There are three levels in the Danish court system: 24 District Courts, two High Courts, and one Supreme Court. In addition, there is a separate tax tribunal for tax disputes (Landsskatteretten) and a separate court for certain categories of maritime, business and insolvency cases (The Maritime and Commercial Court/Sø – og Handelsretten).
• As a rule, all civil disputes start in the District Court as first instance and can be appealed to the High Court. Only special cases can be granted appeal to the Supreme Court.
• Arbitration and mediation is possible and well developed.
• The Danish Institute of Arbitration assists in resolving different types of civil disputes through arbitration and mediation.

IMMIGRATION PROCEDURES

Passport and Visa Requirements
• All persons entering Denmark must possess valid passports or other recognized travel documents valid for travel to Denmark. Passports need to be valid for at least three months beyond length of stay for citizens coming from Australia, USA, Britain and other EU countries. Exceptions are Nordic and EU nationals holding a valid national ID card.
• A visa is not required by the nationals referred to above for the following durations:
  o Nationals of Nordic and EU countries who may stay for an unlimited period.
  o Nationals of Australia, Canada and the USA for stays of up to three months (no paid or self-employed work allowed).
• Denmark is a member of Schengen.

Business Passes and Work Permits
• EU citizens can work in Denmark without a work permit. Citizens from EU states will need to apply for a registration certificate within the first three months of their stay.
• Family members of an EU citizen working in Denmark have the right to stay in Denmark. This includes third country citizens.
• Foreigners outside the EU—the so-called third country citizens—will need to obtain a work permit. The application for a work permit will be handled at the Ministry of Integration in Denmark.
• The demands required for obtaining a residence and work permit are different, depending on the given situation and the given type of work. Detailed information can be found on www.nyidanmark.dk/en-us.
Faroe Islands and Greenland are parts of the Kingdom of Denmark with home rule.
FINLAND

- Finland is a Nordic country situated in the Fennoscandian region of Northern Europe. It is bordered by Sweden in the west, Norway in the north and Russia in the east, while Estonia lies to its south across the Gulf of Finland.
- Finland is a Parliamentary Republic with a central government based in Helsinki.
- Finland’s capital is Helsinki.
- Around 5.4 million people reside in Finland, with the majority concentrated in the southern region.
- Member of the European Union since 1995.
- Currency: Euro (€).
- Finnish and Swedish are the official languages. English is an important business language.
- Religion: Lutheran 79.9%, Orthodox 1.1%, other 1.3% (17.7% have no religious affiliation).
- The largest industries are electronics (22%), machinery, vehicles and other engineered metal products (21.1%), forest industry (13%) and chemicals (11%).

BUSINESS PRESENCE

- All businesses operating in Finland must be listed on the Trade Register maintained by the National Board of Patents and Registration (NBPR). This requires the submission of a document containing basic information about the company. Registration automatically protects the business’ trade name.
- A company may choose five forms of business organisation in Finland: limited company, limited partnership, general partnership, cooperative or branch.
- Foreign-owned businesses usually opt for the limited company model, which requires entry in the Trade Registry, a process that takes about one week to complete. Under the 2006 Limited Liability Act, the founders, whether or not EEA (European Economic Area) residents do not need to apply for permission.
- The basic requirement for establishing a limited liability company is a memorandum of association signed by all shareholders. The articles of association need only to consist of the company name, industry and place of registered office.
- Limited companies are legally established by entry into the Trade Register held by the NBPR.
- Licenses are required for foreigners from outside the EEA to set-up branches in Finland.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- As an EU member, Finland has removed nearly all restrictions on foreign direct investment.
- In some cases it is easier for EEA members from elsewhere to set up in Finland, particularly in banking, insurance and asset management, where the EU’s “single passport” rules apply.
- Foreign investments do not require prior approval, but the government retains the right to reject acquisitions of defence-related enterprises and acquisitions of major Finnish companies by companies based outside the OECD.
- Takeovers may require notification to the Finnish Competition Authority (FCA) or the European Commission because of their implications for competition.
- Non-EEA investors must apply for a license to invest in a number of monitored industries, including national security related sectors, banking and insurance, mining, travel agencies and restaurants.

EXCHANGE CONTROL

- There are no exchange controls.

TAXATION

- Finland levies a corporate income tax of 20% on all Finnish corporate entities, irrespective of whether owned by a Finnish or foreign resident. The corporate income tax rate of 20% also applies to rental income. The capital gains tax is 30% up to €30,000 and 33% thereafter.
- Finland’s dividend taxation follows a classical system, under which corporate income is taxed in the hands of the company and then as dividends in the hands of the shareholders at the appropriate rates.
- Profit remittances from a Finnish branch to a foreign parent are not subject to withholding tax.
- There are no excess of profits or alternative minimum taxes in Finland.
FINLAND

- Entities treated as partnerships for Finnish tax purposes are regarded as transparent when assessing income. Losses stay within the partnership and are carried forward under general rules.
- A Finnish partnership’s total (domestic and foreign source) income is divided between the partners and taxed as their income. Partnership income is split into investment income (flat tax rate of 30%, over 30,000 euro rate 34%) and earned income (progressive tax rate) in the hands of individual (resident or non-resident) partners.
- The amount of investment income is calculated up to a maximum of 20% (annual) return on the net assets of the business activity. Capital gains on real estate and securities included in the partnership income are always taxed as investment income. The remainder is taxed as earned income. For corporate partners, partnership income is regular business income and taxed at the flat rate of 20%.
- Finnish companies are taxed on their worldwide income; non-resident companies are taxed only on income sourced in Finland. A company is resident if it is registered (incorporated) or otherwise established under Finnish law.
- The activities or branches in Finland of a foreign company could give rise to a permanent establishment in Finland. A Finnish branch of a foreign company is, in principle, treated as a Finnish company for corporate income tax purposes.
- Taxable income is determined based on the audited annual income statements. Some adjustments are made, that is non-taxable income will be deducted and non-tax deductible expenses will be added when calculating the taxable income. In addition to business income, capital gains and foreign exchange gains are treated as ordinary taxable business income.
- Dividends received by corporate entities are generally tax exempt. However, under Finnish legislation, 75% of dividends is considered taxable income in certain cases, for instance, where the dividends are paid on shares accounted for as investment assets (only a financial institution, an insurance company or a pension institution can have investment assets), unless the distributing company is an entity falling within the scope of the EC Parent-Subsidiary Directive and 10% of its share capital is owned by the recipient company. If the Parent-Subsidiary Directive applies, no tax on that dividend is levied in Finland.
- Dividends paid to non-resident companies are subject to a 20% withholding tax, unless the rate is reduced or eliminated under an applicable tax treaty or if the dividends qualify for exemption under the EC Parent-Subsidiary Directive. Further, the tax at source is not withheld if dividends paid to a domestic shareholder in comparable circumstances would be tax exempt. For the tax exemption, the shareholder must be resident in the EEA (except Liechtenstein) and the tax at source cannot be wholly credited in the state of residence of the shareholder.
- Finland has concluded tax treaties with more than 65 countries, which are generally based on the OECD Model Treaty. Domestic relief from double taxation is granted by way of a unilateral tax credit or under the terms of an applicable treaty. Some of Finland’s treaties, however, still use the exemption method to relieve double taxation.

TAX AND INVESTMENT INCENTIVES

- Many parts of Finland are eligible for EU-financed incentives in some form. The more northerly regions are eligible for the most generous aid. Finnish programmes focus on assistance for small- and medium-sized enterprises (SMEs) and for technology. There is no discrimination between foreign and Finnish firms.
- Business aid to companies is coordinated by one of the 15 Employment and Economic Development Centres (T&E Centres), which are joint regional service centres of the Ministry of Employment and the Economy, the Ministry of Agriculture and Forestry and the Ministry of the Interior. The business department of these centres manages the Finnish Funding Agency for Technology and Innovation (Tekes) and the regional unit of Finpro, the export promotion agency.
- The Technology Development Departments at 15 regional T&E Centres also offer Tekes services throughout Finland. Tekes provides grants and risk loans to research and development (R&D) that leads to internationally competitive products, production processes or services. The size and nationality of the company applying is immaterial, although Tekes will expect the R&D to be carried out in Finland, either within the company or at Finnish research institutes. Tekes judges projects on whether they will help the company’s competitiveness and growth.
- Tekes funding may be a low-interest loan or a grant, depending on the stage of the innovation and the nature of the proposed project. Tekes offers companies grants and loans. Industrial R&D grants run from 25% to 65% of the eligible costs; R&D loans run from 25% to 70% of the eligible costs. Differing funding measures can be combined in a single project. Grants are also available for research work at universities and research institutes.
- Finnvera provides venture capital and export guarantees for SMEs. It is also a minority shareholder in the Finnish Fund for Industrial Co-operation (Finnfund). Finnfund provides long term risk capital for private projects in developing countries. Venture capital is available through several regional funds, through Sitra (the Finnish Innovation Fund) and Teollisuusijoitus (the Finnish Industry Investment Ltd).

EMPLOYMENT LAW

- Finnish national labour legislation is similar to that in other Nordic countries and has been adapted in various ways to conform to EU rules.
- The employment contract can be made in writing, in electronic form and as a verbal agreement. Employees have the right to require a written statement with written information on the principal terms of the employment. In many cases, the terms of collective agreements, in which the main employer organisations and trade unions agree on wage rates, pay increases, working hours, holidays and other working conditions, will act as a contract.
- The framework for collective labour contracts is specified in the Collective Agreement Act.
FINLAND


• The Co-operation Act grants to employees of companies with at least 20 workers the right to take part in any decision-making process that may affect them. These include, among others, decisions on temporary layoffs, terminations and the use of company funds for employee welfare.

• The Equality Act promotes equality between the sexes in the workplace by forbidding certain types of discrimination. Companies employing 30 people or more must also draw up equality-based personnel and training plans each year.

• Finnish regulations on work time comply with EU rules. Normal working hours may not exceed eight hours per day and 40 hours per week.

• Minimum wages are not set by law in Finland. The main unions and employers’ organisations usually negotiate national collective labour agreements. Employers functioning within these industries are bound by these collective agreements under the Employment Contracts Act. If a particular industry does not have a labour agreement, the law requires that employers pay a reasonable wage for the job.

• Employers and employees contribute to the cost of employer contributions. The amount paid out under the NPS depends on the employee’s entitlement to the earnings-related employment pension, marital status and area of residence.

• Employers and employees contribute to the cost of healthcare, sickness allowance and family benefits.

• Employers must insure employees against accidents as defined in the Accident Insurance Act.

• Employers may write a trial period into an employment contract, which normally may not exceed four months. Employers may dismiss an employee with immediate effect during that period, but the reasons must be fair.

• The Finnish labour market is highly unionised, with about 80% of the labour force belonging to trade unions. Employees typically belong to a local union, which in turn belongs to the central union federation in its sector. The central union belongs to one of the three central labour organisations: the Central Organisation of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals. The largest private-sector organisation for employers and industry is the Confederation of Finnish Industry (EK).

• Finland’s collective agreement system has two main functions. Agreements define employees’ minimum benefits and guard against industrial disputes during the period to which they apply. The system also acts as a mechanism for negotiating and settling conflicts.

• Citizens of other countries require both work and residence permits to work in Finland. Work permits are not required for EU/EEA citizens, regardless of the duration of the assignment in Finland.

• The Finnish labour legislation covers worker safety and occupational health. These requirements are set out in the Employment Contracts Act, Occupational Safety Act and Occupational Health Care Act.

• The Co-operation Act grants to employees of companies with at least 20 workers the right to take part in any decision-making process that may affect them. These include, among others, decisions on temporary layoffs, terminations and the use of company funds for employee welfare.

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• Copyright is protected without registration, although copyright holders may decide that their rights are better protected by belonging to a copyright association. A patent or trademark holder may obtain an injunction to prevent the continuance of alleged abuse of a patent or trademark.

• Finland’s intellectual property legislation is driven by that of the EU, except in the area of patents, since the EU has yet to create a fully-fledged European Community Patent.

• Currently, it is possible to apply for a European patent that is valid in Finland, but such patents are only effective if also filed in Finland. Finland is a party to all major international agreements on intellectual property, including the European Patent Convention, the Patent Co-operation Treaty of the World Intellectual Property Organisation, the GATT/WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) and the Madrid Protocol on Trademarks.

• A dispute may, if desired, be submitted for consideration by a court regardless of whether an out-of-court service is used to resolve it. The use of out-of-court services is not compulsory in any situation. Use of such services can, however, be advantageous in obtaining prompt resolution of a matter.

• One of the requirements of judicial proceedings in civil matters is that courts must establish whether a matter can be resolved amicably. That requirement is provided for in Chapter 5, Section 26 of the Code of Procedure.

• In Finland, the parties may conduct all their legal matters themselves without a lawyer or counsel. That is true of the following alternative methods of resolution, advisory services, arbitration, and recommendations and of legal proceedings in court. Nevertheless, the nature of a matter may mean that a lawyer or counsel needs to be used in order to obtain expert legal knowledge.

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• Citizens of the EU/EEA are entitled to reside and work without a residence permit in Finland for up to three months. However, if the assignment lasts for a longer period, EU/EEA citizens must obtain a residence permit.

• Work permits are not required for EU/EEA citizens, regardless of the length of the assignment.

• Citizens from other Nordic countries do not need residence or work permits, regardless of the duration of the assignment in Finland.

• Citizens of other countries require both work and residence permits and work may not start until the permits have been issued. The first work permit is normally issued for one year, during which the holder can change jobs within the same sector. After three years, a permanent residence permit can normally be obtained. A permanent residence permit exempts the holder from the need for a work permit.
FRANCE

- Geographic location: strategic position at the heart of Europe, the largest market in the world with 500 million consumers.
- French Republic – democratic, unitary semi-presidential system.
- Language: French.
- Currency: Euro (€).
- Race/religion: secular state respecting all denominations.

Current business environment:
- Liberal economy.
- Member of the European Union and of the Eurozone, which offers the advantages of a single currency (the Euro (€)) in 19 different countries (1 January 2015).
- Second largest consumer market in Europe with 67.59 million inhabitants (1 January 2016).
- Sixth largest economy in the world with a GDP of US $2.9 trillion in 2015.
- Twentieth leading recipient of foreign direct investment in Europe in 2015, according to UNCTAD, receiving US $43 billion in foreign investment flows.
- 23,463 foreign companies currently with a base in France, employing over 2.5 million people, double the figure of only 10 years ago.
- Foreign companies in France producing 31% of French exports and performing more than 30% of R&D conducted in France.
- 42.4% of the equity of companies listed on the CAC 40, the French stock exchange benchmark index, held by foreign investors as of the end of 2010.
- April 2007: merger of Euro (€) (the pan-European stock exchange including the Paris stock market) with the New York Stock Exchange to create NYSE Euronext, the leading financial marketplace group in the world.
- High quality transportation network (extensive network of motorways, high speed trains and airports).

BUSINESS PRESENECE

- Main types of business for profit structure in France:
  - Limited liability companies (SARL) and simplified joint stock companies (SAS) with at least one shareholder;
  - Joint stock companies (SA) with a minimum of €37,000 share capital and seven shareholders, but with no limited number of employees.

- Administrative formalities have been streamlined considerably and the lead time for setting up a business in France is now among the quickest in the world. The possibility of completing all the required formalities online has been operating for several years, making it possible to register a company in a matter of hours. More than 1.6 million companies have been set up over the past three years and 554,000 in 2016.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- Foreign investment in France is free of any administrative restrictions. Investors are able to buy or rent property, acquire French companies or create their own legal entity, without having to invest a minimum amount or create a minimum number of jobs.
- The selected legal structure may be implemented on a temporary or permanent basis without running any legal risks and investors are free to amend their plans once they have been submitted, subject to some simple and inexpensive procedures.

EXCHANGE CONTROL

- The 2009 Economic Freedom of the World Annual Report by Gwartney et al., assigns a score of 10 for the factor "Freedom to own foreign currency" to France, which implies that foreign currency accounts are authorised both domestically and abroad. The U.S. Department of Commerce notes that the use of foreign bank accounts by residents is permitted.
For exchange control purposes, the French government considers foreigners as residents from the time they arrive in France. French and foreign citizens are subject to the same rules. Residents are entitled to open an account in a foreign currency with a bank established in France and to establish accounts abroad.

**TAXATION**

Any foreign entity doing business for profit in France is liable to pay French tax on its earnings in France (principle of territoriality). This rule applies regardless of the types of entities: subsidiaries, branches or permanent establishments. If a branch or a permanent establishment is not a separate legal entity producing its own financial statements, its earnings from activities in France are reconstituted using the financial statements of the foreign company.

VAT: 20%, 10% or 5.5% in the case of companies providing services.

Local economic contribution (CET): comprises the corporate property contribution and the contribution for value added by businesses. Tax is no longer levied on investment classified as productive.

Corporate income tax (CIT): tax on a company’s profits. CIT rates as follow:
- Standard rate at 33.33%.
- From 1st January 2017, reduced rate at 15% up to €38,120, then 28% from €38 120 to €75 000 and 33,33% for the remainder.
- Reduced rate at 15% on total proceeds of intellectual property.
- Additional social contribution of 3.3% for companies with taxable profits at the standard rate of over €7,630,000.

French tax system provides flexible rules for groups of companies for tax consolidations.

**TAX AND INVESTMENT INCENTIVES**

There are a variety of financial incentives for business investment and job creation. Subsidies are available for either investment outlays (buildings, land and equipment) over three years or the cost of job creation arising from the investment over three years (estimated wages and social security contributions over two years).

Investment and job creation incentives: the amount of subsidies and the intervention rates depends on location in EU recognised areas for regional funding. The limit on aid ranges from to 15% of the investment for large business and from 20% to 35% for small to medium sized companies.

Government support within regional aid zones: to obtain the maximum amount of subsidies available in a given area (10% to 15% of the investment for large companies) companies may receive various types of subsidies simultaneously. This aid comes in the form of subsidies (from the State or from local authorities), or in the form of tax/social security contribution exemptions. Each of these measures comes with its own set of conditions:

- Grants for industry and services (Prime d’aménagement du territoire or PAT): PAT grants are based on the number of jobs created. Grants are made on a case-by-case basis and take into account the features of each project (number of jobs created and total amount of investment). The ceiling is €15,000 per job created.
- Local government aid: local authorities may grant various forms of aid to business investment projects in regional aid zones. These may include subsidies or supplements to PAT grants and aid to finance business premises (land and buildings) such as reduced purchase prices, within the limits applying to regional aid for the area concerned. Rent support is limited to €200,000 per business over three years (de minimis).
- Main tax and social security contribution exemptions: the advantage of tax and social security contribution exemptions is that they can be triggered automatically by the company as soon as the required conditions are met. Tax exemptions apply to the local economic contribution (CET) and/or corporate tax, as well as property tax. Exemptions from the CET and/or corporate tax are generally subject to authorization by the local authorities. Their decision stipulates the duration (between two and five years) and the extent of the exemption being granted. Some exemptions do not require authorization by the local authorities and apply automatically for a five-year period.
- Several public sector redevelopment companies provide support to new investors in the form of medium- and long-term loans, submarket rates, unsecured lending and equity funding through the acquisition of temporary minority interests.
- Aid for SMEs (Small and Medium-size Enterprises), FDPMI–government fund for the development of small- and medium-sized businesses: France’s central government and regional authorities may grant subsidies to small- and medium-sized companies to help them purchase technology rich equipment. Such support is available throughout France, and it is particularly focused on designated regional aid zones:
  - Real-estate support for SMEs (except for Ile de France excluding Deprived Urban Zones (ZUS) or Rural Revitalization Zones (ZRR)).
  - Support can also be provided through the European Regional Development Fund (ERDF) if the Operational Program, negotiated region by region, has been approved by the European Commission.
  - Loans and guarantees for SMEs depending on the company’s project: some measures may be extended to large companies by the European Recovery Plan.
- Funding for training and recruitment:
  - Funding for job creation through government employment funding and employment incentives.
  - Funding for employee training:
    - Local authorities may provide support for initiatives providing between 50 and 1,200 hours of theoretical and practical training and for those helping employees to adapt to a new position requiring the equivalent of at least 120 hours in lost work time.
FRANCE

- Receiving aid for innovation, research and development:
  - English is widely spoken in France.
  - Skilled and productive workforce.
  - New highly attractive markets yet to be developed.

Other incentives:
- Support for environmental investments being developed.
- The research tax credit: 30% of annual research expenditure on R&D operations carried out in France until €100 million (50% in France Overseas Department) and 5% beyond €100 million.
- Existing government support for R&D support:
  - Regional development grants for research, development and innovation ("prime d’aménagement du territoire").
  - OSEO support.
  - National Research Agency support.
  - Local authority support.
  - Environment and Energy Management support.
  - Support for innovation in service sector processes and organisations.

- State funding tools for R&D projects within the EU framework.

Support for environmental investments being developed.

EMPLOYMENT LAW

- A freely negotiated employment contract:
  - The most common form of employment contract is an open-ended contract (contrat à durée indéterminée or CDI), which is always written in French (although the CDI does not necessarily have to be a written document). In principle, parties are free to write their own contracts and have a great deal of liberty with regard to content. Contractual clauses must not be contrary to the French Labour Code or to any industry specific collective bargaining agreement that governs the employer’s area of activity. The company’s actual activity, as stated in its articles, determines which collective bargaining agreement is applicable.
  - An employment contract must stipulate the employee’s pay and job description, along with the working hours and place of work. The contract may also provide for a probationary period, which may be as long as four months for a managerial post (renewable once if the collective applicable agreement allows this). The employee’s pay must be at least equal to the minimum wage stipulated by the applicable collective bargaining agreement and the statutory minimum wage (SMIC), which was set at €9,76 gross per hour on 1 January 2016, i.e., €1,480.25 gross a month on the basis of a 35-hour working week including a 25% increase for overtime hours. The contract may also provide for additional benefits and a profit-sharing scheme.

- Extra employees can also be hired to meet temporary needs. However, the law restricts the use of fixed-term contracts and temporary agency employees to specific situations and generally sets an upper limit of 18 months on such arrangements.

- Simple hiring procedures that may also be completed online:
  - A company may start hiring as soon as it has been registered. France’s national employment agency (Pôle emploi) can help companies by advertising their vacancies. The administrative formalities involved in hiring employees have been streamlined with the introduction of a single reporting form for newly hired employees (DUE – Déclaration Unique d’Embauche). The employer must fill in the form in the eight-day period before a new employee starts work and send it to the local URSSAF office. The form can also be submitted online.
  - In this way, the following can be carried out in a single procedure: the pre-hiring declaration, registration of the employee with the social security system (unless on secondment), affiliation with the occupational health and the organization of the mandatory medical checkup (during the probationary period) as well as affiliation to the unemployment insurance body (Pôle Emploi). In addition to the DUE, the following is also required: A) Declaring the first employee hired to the labour inspection; B) Affiliation to the complementary retirement funds within three months of setting up the business; and C) Carrying out the necessary procedures for hiring a foreign employee (excluding European nationals).

- Layoffs on personal or business grounds:
  - Employment contracts can be terminated at the initiative of the employee (resignation) or the employer (dismissal). Except during probationary periods, employers must provide genuine and serious reasons for dismissal and comply with the legally prescribed procedures, which vary according to the reason for termination, the number of employees concerned and the number of people employed by the business.

- The law of 25 June 2008 on modernizing the labour market establishes a new way of terminating an employment contract: ‘rupture conventionnelle’ or termination by mutual consent.

- Retirement at 62 since the new law 2010–1330 of 9 November 2010: in principle, employees cannot be forced by their employer to retire before they are 70 (the employer may propose retirement to the employee once they are 65). Employees pay into the statutory retirement scheme for a minimum of 40 years (recently changed to 42 years with the new law) and may retire at 60 (now 62) if they have made enough contributions. This requirement will be progressively increased to 42 years by 2020. Retirement pension benefits are paid by specific pension offices.
• Labour Courts specialised in the resolution of disputes between employees and employers.
• Administrative Courts: courts specialized in administrative law; hear disputes between the state/government authorities and citizens.

**IMMIGRATION PROCEDURES**

**Conditions of Entry Into France**

• Citizens of the European Economic Area and of Switzerland, as well as their families, benefit from freedom of movement in France.
• For all other foreigners the entry conditions differ according to whether their stay is considered short or long.

**Documents necessary for a short stay (three months max.):**
- Valid passport.
- Visa.
- If the person is coming to France for a personal visit, proof of accommodation is required.
- If the person is coming to France for leisure/tourism/business/medical reasons/research work, the documents explaining the purpose of the person’s visit and their living conditions while in France are required.
- In all cases, the person will have to be able to show proof of means of existence (cash, travellers’ cheques, international credit cards etc.) and of repatriation (e.g., a return plane ticket), as well as insurance covering the medical and hospital expenses, including social security, for the care they may receive in France (minimum coverage expected is €30,000).
- If the person interested wishes to work in France, they also have to provide the necessary documents in order to carry out a professional activity in France.

**Documents necessary for a long stay vary according to the purpose of the stay:**
- Temporary resident card.
- Permanent resident card.
- Competence and talent residence permit.
- Retirement residence permit.

**INTELLECTUAL PROPERTY**

• Industrial property and literary or artistic property are governed by the general principles of property law as set out in the French Civil Code, the French Intellectual Property Code and in the specific applicable laws.
• Existence of patents, copyright and authors’ rights.
• The French Industrial Property Institute (INPI) specializes in this field.

**DISPUTE RESOLUTION**

• First instance court: private disputes involving moveable property and real property; specialized branch for criminal matters.
• Commercial Court: disputes between traders/companies.
• Court of Appeal: criminal and civil appeals.
GERMANY

- Federal Republic of Germany — a democratic federal parliamentary republic located in Central Europe, consisting of 16 federal states with Berlin as federal capital.
- Inhabitants: about 82 million and therefore most populous member state of the European Union 21% of the population are immigrants (immigration after 1955).
- Language: German.
- Currency: Euro (€).
- Useful internet site: www.deutschland.de (a central, non-commercial access to Germany on the internet).
- Strong and growing economy.
- After the U.S.A., China, India and Japan, the world’s fifth largest national economy and the largest and the most important market in the EU.
- Corporate and trade tax amount to below 30%.
- The total of foreign direct investments in Germany until 2015 amounts to €460 billion.
- Labour force is highly qualified.
- "Made in Germany" is a seal of quality.
- In the business world English is spoken as a second language.

INCENTIVES TO INVEST
- Numerous subsidy programs are available, granted by the European Union, the Federal Republic and the States.
- Local administration offers all kinds of assistance to the different programs.
- Due to the policy of the European Central Bank interest rates are at a historical low.

INVESTMENT GROWTH AREAS
- Mechanical Engineering.
- Metal Industry.
- Chemical Industry.
- Electrical Engineering.
- Car Industry.
- Medical Engineering.
- Recycling.
- Renewable Energies (Solar, Onshore and Offshore Wind Energy).
- Logistics.
- IT.
- R&D.
- Consulting Services.
GERMANY

BUSINESS PRESENCE

- There are three types of limited liability companies under German law, the "Unternehmergesellschaft" (haftungsbeschrankt) (short: UG [haftungsbeschrankt] – entrepreneurial company (limited liability)); the "Gesellschaft mit beschränkter Haftung" (short: GmbH – private limited company); and the "Aktiengesellschaft" (short: AG – public limited company or joint stock company).
- Incorporation requires the involvement of a Civil Law Notary; minimum contributions to the share capital are required.
- Other structures/legal forms are also in use, e.g. branches, commercial partnerships ("Personengesellschaften") and private limited partnerships ("Kommanditgesellschaften" – short: KG). Private limited partnerships can have corporate members.
- Companies are registered with the (de-centralized) commercial registers. Access to the registers is easily possible via www.handelsregister.de.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

General

- Germany traditionally has an open foreign investment policy with very few limitations, e.g., undertakings that manufacture certain armaments and weapons or cryptographic systems for conveying national classified matters, as well as undertakings that operate high grade remote earth sensing systems (see the Satellite Data Security Act 2007 – Satellitendatensicherheitsgesetz). The acquisition by a foreigner of a domestic company producing or developing war weapons can be prohibited by the Federal Ministry of Economics and Technology. The same applies if the foreigner intends to acquire shares in such company granting more than 25 percent of the voting rights. The acquisition has to be reported to the Federal Ministry of Economics and Technology and can be prohibited within one month after the receipt of the complete documents to be submitted together with the notification.
- In 2009, however, certain amendments to the Foreign Trade and Payments Act and the Foreign Trade and Payments Regulation (Außenwirtschaftsverordnung – short: AWV) came into force, expanding the possibilities of monitoring and also potentially prohibiting foreign investments in Germany. Therefore, it is at least possible to prohibit non-EU-resident investors from acquiring directly or indirectly a German enterprise, or from acquiring directly or indirectly more than 25% of the voting rights in a German company if the acquisition could "endanger the public policy or security of the Federal Republic of Germany" (see Sections 55 to 59 AWV). The emphasis is on investments in the area of energy supply and strategic telecommunications. However, the Act does not contain any explicit limitations with regard to particular business sectors. Nevertheless, according to the European Court of Justice (ECJ), this concept calls for a narrow interpretation and likewise the German government stated that it is by no means intended to isolate Germany from foreign investments. In September 2013 several amendments concerning foreign trade registration came into effect.

Procedure

- If a non-EU-resident investor purchases a German enterprise or a relevant participation (other than entities producing or developing war weapons), within three months of the conclusion of the purchase agreement the Federal Ministry of Economics and Technology (Bundesministerium für Wirtschaft und Technologie – short: BMWi) can begin an examination on whether the acquisition infringes upon public policy and security in Germany.
- Notification to the investor of its decision to begin the examination is necessary. The BMWi can only render a decision to prohibit the acquisition within two months from the date notification on the beginning of the examination was given to the investor.
- After expiry of that time period the acquisition is deemed to be cleared.
- Investors do not have to register the acquisition with the BMWi. The BMWi receives its information from public sources and through notifications from the Federal Cartel Office – FCO (Bundeskartellamt – short: BKartA) in merger control proceedings (see below). In addition the Federal Financial Supervisory Authority (Bundesananstalt für Finanzdienstleistungsaufsicht – short: BaFin) informs the BMWi of any knowledge it gains through reviewing public takeover bids.
- Finally, decisions made by the BMWi can be contested before German courts.

Merger Control

- Although the merger control is not a restriction specifically applying to foreign investments, it should be taken into consideration whenever a major investment in Germany is at issue.

German Merger Control

- Notification of any merger project (not falling within the EU jurisdiction) has to be given to the FCO, if, inter alia, the following thresholds are exceeded: A) All the companies participating in a merger (including group companies jointly) achieve consolidated worldwide sales of more than €500 million; and B) At least two of the companies both achieve substantial turnover in Germany, one of them achieving a turnover of more than €25 million and another company achieving a turnover of more than €5 million.
- Until a notified merger is cleared by the FCO, the participating companies may not merge with one another (so called prohibition of putting a concentration into effect (Vollzugsverbot)). Violations of the prohibition of putting a concentration into effect constitute an administrative offence, which can be punished by a fine.
- If the investigation reveals that a concentration would significantly impede competition, in particular by creating or strengthening an individual or collective dominant position, the transaction generally has to be prohibited. Clearance is formally granted if the competition concerns are dispelled during the main examination proceedings.
GERMANY

- In some cases a merger can be cleared, subject to certain obligations or conditions, e.g., an otherwise dominant company can be obliged to sell parts of the company or business divisions to competitors or other parties.

**European Merger Control**

- Any merger project with a community dimension is examined by the European Commission in Brussels. A merger has a community dimension if certain turnover thresholds are exceeded that lie well above those of the German Restraints of Competition Act. These are specified in the European Merger Control Regulation.

**EXCHANGE CONTROL**

- Pursuant to Article 63 of the Treaty on the Functioning of the European Union ("TFEU") all restrictions on the movement of capital are prohibited. Only in exceptional circumstances the Council may take safeguard measures with regard to third countries for a period not exceeding six months (Article 66 TFEU).
- Anti-money laundering legislation includes the control of cash entering or leaving the Union. Any person carrying cash of a value of €10,000 or more has to declare that sum when entering or leaving the European Union. Further, Germany has implemented EU Directive 2005/60 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing in particular.

**TAXATION**

- The tax administration deals with all tax matters, such as (corporate) income tax, dividend (withholding) tax, (local) trade tax, VAT, import and excise duties, inheritance and gift tax, real estate tax and real estate transfer tax.
- A German resident company is subject to corporation tax on all its profits, wherever realized. Foreign withholding taxes can (as a rule) be credited, while the general method of the avoidance of double taxation is the exemption (with progression) method.
- A non-resident company that has a branch or dependant agency in Germany is taxed on income arising in Germany if such income is attributable to such branch or agency.
- Germany has, as of 1 January 2017, concluded 96 tax treaties (in the areas of income and capital tax) that mitigate, e.g., withholding tax on dividends and provision for attribution rules, mutual agreement procedures and exchange of information rules.
- The taxable profits of a company can be reduced by capital allowances, losses (carry back of one year and indefinitely carry forward for corporation income tax) and fiscal consolidation.
- The tax treatment of certain arrangements can be confirmed in advance with the tax administration by way of an advance tax ruling.
- There are rules relating to thin capitalization.
- Small income is exempted from income tax. Above the exemption limit (€8,820 for singles and €17,640 for married couples) the personal income tax rate increases from 14%–42% (45% for taxable income exceeding €256,304).
- Since 1995 a solidarity surcharge of 5.5% is charged on the income tax. In July 2011 the Federal Supreme Court in Tax Matters confirmed that the arrangements of the solidarity surcharge to the personal income tax and the corporate tax at least until 2007, were constitutional.
- Since 2008 the combined corporation and (local) trade tax is just below 30% of companies’ profit.
- Real estate tax is defined by the municipalities and is usually between 1% and 2% of the defined real property value (usually below market value).
- When real estate is sold or changes owner, a real estate acquisition tax between 3.5% and 6.5% (depending on the location) of the purchase price is levied as of a consideration of over €2,500.
- The normal VAT rate is 19% (since 1 January 2007). A lower rate of 7% is charged for goods and services needed on a day-to-day basis, such as food, newspapers, public transport or overnight stays at hotels.
- Goods imported from non-EU states are liable to VAT. The rates of the import turnover tax are also 19% and 7% (see above) and are paid to the customs authority.

**EMPLOYMENT LAW**

- No visas or work permits needed for workers from the EEA. No work permit is required for managing directors of companies.
- Written employment contracts reflecting the key aspects of the employment relationship are required.
- All weekdays, excluding Sundays and public holidays, are considered to be working days. However, German employees normally work from Monday to Friday (five-day week).
- The average working time is between 35 and 40 hours per five-day working week. The daily productive working time generally may not exceed eight hours. A daily working time of up to 10 hours productive working time is possible if, over a period of six months, the average daily working time does not exceed eight hours.
- A claim for 24 working days vacation per calendar year for a six-day working week for employees is granted by statute. However, it is more typical for an employee to receive between 25 and 30 vacation days per calendar year, depending on seniority and the type of business.
- German labour and employment law requires the continuation of full salary payments for a period of six weeks in case of sickness of an employee (under certain circumstances the employer has to continue payments for up to 12 weeks).
- The mandatory Social Security System in Germany consists of health insurance, home care and nursing insurance, pension insurance and unemployment insurance. Generally, it is
mandatory that all employees are insured by the German Social Security System. Health, home care and nursing, unemployment and pension insurance premiums are paid by the employer and by the employee (50% each except for the health insurance where the employer pays between 47% and 50%). Premiums amount to approximately 22% of the employees’ gross salary for each the employer and the employee.

- In companies with more than five employees, the employees may elect a works council.
- The German Employment Protection Act (Kündigungsschutzgesetz) establishes certain rules for dismissals. A distinction is made between dismissals for personal reasons, for conduct related reasons and for business reasons.
- The Employment Protection Act only applies to companies employing more than 10 employees and only to employees being continuously employed for a period of more than six months. In practice employees to be dismissed are often offered severance packages in order to avoid litigation on the legal effectiveness of the dismissal.

**INTELLECTUAL PROPERTY**

- Intellectual property (IP) in Germany includes patents, trademarks, copyrights in design and utility, and other copyrights.
- There is no specialized governmental authority monitoring the market for IP right infringements.
- Civil remedies include injunctions against the infringer to stop the infringement. If the infringement was intentional or the result of negligence, the infringer may be sued for damages.
- The damage is calculated—at the choice of the copyright holder—as follows: the copyright holder may claim A) His actual loss; B) A license fee he would have agreed to or; C) The full profit the infringer made with the infringing goods.
- The German custom is entitled by EU law to seize goods moved from outside into the EU, if the German custom entertains suspicion of an IP infringement. In the case that the seizure was objected, court proceedings are to be initiated by the IP right holder to determine whether or not the seized goods violate IP rights.

**DISPUTE RESOLUTION**

- The courts of first instance and the appellate courts are state courts. Only the courts of last resort are federal.
- The Federal courts assure the uniform application of national law by the state courts.
- In addition to the courts of general jurisdiction for civil and criminal cases, the highest of which is the Federal Supreme Court, there are four court systems with specialized jurisdictions in administrative, labour, social security and tax matters.
- Only the Federal Constitutional Court may ultimately declare legislation unconstitutional. Other courts must suspend proceedings if they find a statute unconstitutional and must submit the question of constitutionality to the Federal Constitutional Court for decision.
- Monetary claims may also be subject to arbitration, provided the parties have agreed on arbitration in writing. Arbitration awards are enforced, upon application, by the courts of general jurisdiction.

**IMMIGRATION PROCEDURES**

**General**

- EU nationals do not require a visa to enter the Federal Republic of Germany. However, principally all other foreigners, i.e. non-EU Nationals, require a visa for stays in Germany. A visa is not required for semi-annual visits of up to three months for nationals of those countries for which the European Community has abolished the visa requirement.
- No visas or work permits are needed for workers from the European Economic Area. No work permits are required for managing directors of companies.
- As Germany does not allow immigration without cause, it is necessary to be either enrolled with a school or university, have a specific job offer that fits the requirements of one of the work permit categories or intend to reunify with close family (spouse or minors) already within Germany (family reunification visa).
- For an overview on visa requirements, see: http://www.auswaertiges-amt.de/EN/EinreiseUndAufenthalt/Visabestimmungen_node.html

**Requirements for Short-Term Stay Visas**

- Regulation (EC) No. 810/2009 forms the statutory basis under European law in all Schengen states for the issuing of visas for transit through the Schengen area or for short-term stays in the Schengen area not exceeding 90 days in any six-month period.
- The Visa Code standardizes the visa requirements which must be examined by the embassy (diplomatic representation) in the course of the visa procedure. The embassy (diplomatic representation) must ensure that the following requirements have been met in each individual case:
  o The purpose of the trip to Germany must be plausible and comprehensible.
  o The applicant must be in a position to finance his/her living and travel costs from his/her own funds or income.
  o The visa holder must be prepared to leave the Schengen area before the visa expires.
  o Documentary evidence must be provided of travel health insurance with a minimum coverage of €30,000 valid for the entire Schengen area.
Requirements for Long-Term Stay Visas and/or Stays Entitling to Take Up Gainful Employment

- As a rule all foreigners require visas for stays of more than three months or stays leading to gainful employment. Exemptions apply to EU and EEA (European Economic Area) citizens and Swiss nationals.
- Furthermore, citizens of Australia, Canada, Israel, Japan, New Zealand, the Republic of Korea and the USA may obtain any residence permit that may be required after entering Germany.
- Citizens of all other countries planning a longer stay in Germany must apply for visas at the competent mission before arriving in the country.
- Visa applications must be approved by the relevant foreigners’ authority in Germany, i.e., the alien’s authority in the place where the applicant intends to take up residence. The approval procedure usually takes up to three months, in some cases longer.
GIBRALTAR

- Premier self-governing and well regulated European Finance Centre located on the eye-catching Rock located at the Southernmost tip of the EU.
- Part of the European Union as a self governing UK Overseas Territory distinct from other competitors such as Jersey, Guernsey or Isle of Man.
- Population of approximately 30,000 with a total land area of approximately 7 km² although this is subject to land reclamation.
- Official currency is Sterling.
- Official language is English (although Spanish is also widely spoken).
- Attractive jurisdiction for high net worth individuals, companies, financial services and funds given the combination of EU passporting rights, a competitive low tax environment and an enviable climate, lifestyle and location.
- Investment growth areas include Financial Services (including insurance ILS and funds), technology including e-gaming (limited to established blue chip companies), tourism, relocation of high net worth individuals and businesses seeking to offer financial services through the EU.

BUSINESS PRESENCE
- Gibraltar is an excellent hub for the establishment of international business. The leading activities in Gibraltar are Financial Services and E-Commerce, Insurance, Bunkering, Property, Tourism and Transport, as well as maritime related services given Gibraltar’s location.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS
- Appropriate approvals and licenses are required for the operation of business activities subject to the requirements of local and applicable European legislation.
- Financial services are regulated by the gibraltar financial services commission.

EXCHANGE CONTROL
- There are no exchange controls in Gibraltar.

Legal System
- Gibraltar’s legal system is widely based on that of England and Wales.

TAXATION
- Low tax environment:

Corporate Tax
- The standard rate of taxation is a flat rate of 10% on defined taxable income for all companies and branches in Gibraltar, except for certain categories of companies: telecommunications, petroleum, electricity, sewage and companies that abuse a dominant position where tax is levied at 20% of taxable income.
- Territorial basis for taxation of companies: tax is payable on income/profits and gains from a trade or business profession or vocation accruing in, or derived from, Gibraltar. That means that any income not accrued in or derived in Gibraltar constitutes exempt income for the purpose of the computation of corporation tax.
- Expenses wholly and exclusively incurred in the production of income constitute allowed deductions.

Capital Gains Tax
- There is no capital gains tax in Gibraltar. However, it should be noted that in appropriate trading circumstances, gains which are deemed as trading gains may be liable to income tax subject to the provisions of the Income Tax Act.

Inheritance Tax
- No inheritance tax.

Parent-Subsidiary Rules/Dividends
- No charge to tax on the receipt of dividends by a Gibraltar company from any other company, regardless of where it is incorporated.
- No tax payable on dividends paid by one Gibraltar company to another Gibraltar company.
- No withholding tax on dividends paid, although if a dividend is declared in respect of a Gibraltar resident individual or company it must submit a return of dividends.

Interest
- Interest, except in cases where it is an integral part of the company’s revenue stream (e.g. banks or money lending companies), is not taxable in Gibraltar.
• No withholding taxes.
• No tax on income from royalties.

VAT
• There is no VAT payable in Gibraltar

Estate Duty
• There is no estate duty in Gibraltar

Income Tax
• Low personal taxation and the ability for certain employees with specialist skills to seek HEPSS status (High Executive Possessing Special Skills) and thereby cap income tax at a max of circa £30,000 per annum irrespective of their total employment income.

High Net Worth Individuals (HNWI)
• Individuals granted HNWI status (or Category 2 status as it is commonly known) are only liable on the first £80,000 of assessable income and subject to a minimum tax payable of £22,000 and a maximum of approximately £30,000.

Transparency
• Gibraltar has exchange of information relationships with 79 jurisdictions
• Gibraltar has entered into a FATCA intergovernmental agreement with United States and a similar agreement with the United Kingdom
• Gibraltar forms part of the early adopters group of the OECD's standard for automatic exchange of information in tax matters
• On 24 June 2013 it was announced that the European Council of Economic and Finance Ministers of the 27 EU Members States (ECOFIN) endorsed Gibraltar's Income Tax Act as being compliant with the EU Code of Conduct for business taxation.

Personal Income Tax
• Individuals ordinarily resident in Gibraltar are liable to tax in Gibraltar on their worldwide income. An individual is deemed to be ordinarily resident in Gibraltar if they visit Gibraltar for either 183 days or more in a tax year or they visit Gibraltar for more than 300 days in any three consecutive tax years.
• Individuals can opt to be taxed under an Allowance Based System or Gross Income Based System and will pay in accordance with whichever system results in lower tax.
• Individuals are subject to graduated tax rates at the applicable rates of 17% to 40% and 6% to 28% under the Allowance Based System and the Gross Income Based system respectively. The maximum effective tax rate is 24.99%.

Double Tax Arrangement
• There are currently no double taxation arrangements.
• A Gibraltar resident who is in receipt of income which is liable to tax in Gibraltar that is derived from and has already suffered tax in any other jurisdiction, shall be entitled to double taxation relief in Gibraltar in respect of that income of an amount equal to the tax already deducted or the Gibraltar tax, whichever is the less.

TAX AND INVESTMENT INCENTIVES
• The Government of Gibraltar has entered into Tax Information Exchange Agreements (TIEA) with 20 countries, including the USA and the UK.

High Net Worth Individuals
• An individual who has applied to the Finance Director and obtained a Category 2 certificate under the Qualifying (category 2) Individuals Rules shall be liable to income tax on the first £80,000 of his assessable income only, and the amount of tax due and payable in any year of assessment shall not be less than £22,000. To qualify for Category 2 status an individual must fulfil the following conditions:
  o Has available to him for his exclusive use approved residential accommodation in Gibraltar for the whole of the year of assessment.
  o Has not been resident in Gibraltar for the previous five years.
  o Has not been engaged for the previous five years, and will not be engaged in the future whilst a Category 2 Individual, in a trade, business or employment in Gibraltar (other than, in general, duties which are incidental to any trade, business or employment based outside Gibraltar or providing consultancy services from Gibraltar in certain circumstances).
  o Has applied to the Finance Centre Director and has been issued with a certificate qualifying him as a Category 2 individual.
  o In practice, an individual must also demonstrate a financial standing in excess of £2 million.
• Individuals possessing skills or experience that are not available in Gibraltar and that are deemed to be necessary to promote and sustain economic activity of particular economic value to Gibraltar, can apply for High Executive Possessing Specialist Skills (HEPSS) status, provided he will earn more than £120,000. Under this status the individual shall be charged to tax limited to the first £120,000 of his assessable income under the Gross Income Based System.

Deposit Guarantee Scheme
• Gibraltar has implemented the European Union Directive on Deposit Guarantee Schemes. This ensures that there is a level of deposit protection for depositors with credit institutions in Gibraltar, and covers 100% of a bank's total liability to a depositor in respect of qualifying deposits subject to a maximum payment of €100,000.

Investor Compensation Scheme
• The European Union Directive on Investor Compensation schemes has also been implemented in Gibraltar. This scheme covers 90% of all eligible investments held by the claimant with the investments firm subject to a maximum payment to any one individual of €20,000.

EMPLOYMENT LAW

Working Conditions
• The maximum amount of working hours in Gibraltar is 48 hours per week, unless otherwise agreed with an employer in writing.
• There is a policy of equal pay for women and a minimum wage protection for certain industries. The statutory minimum wage is currently £5.40 per hour.

Trade Unions
• Whilst trade unions are recognised in Gibraltar, it is not compulsory for workers to join a trade union. All trade unions in Gibraltar must be registered.

Insolvency Fund Claims
• This fund provides for claims of employees of insolvent employers that may have found themselves being owed wages or salaries, accrued holiday pay, notice periods, etc., on their termination of employment.

INTELLECTUAL PROPERTY
• Applications to register a trade mark or patent cannot originate in Gibraltar.
• The Patents Act 1924 provides that patents duly granted and registered in the UK will be extended to Gibraltar upon application, production of the appropriate documents and the payment of the requisite fee.
• Such certificate of registration shall confer on the applicant privileges and rights subject to all conditions established by the law of Gibraltar as though the patent had been issued in the United Kingdom with an extension to Gibraltar.

Trademarks
• The Trademarks Act 1948 provides that any person being the registered proprietor of a trade mark in the United Kingdom may apply at any time during the existence of the registration in the United Kingdom to have such trade mark registered in Gibraltar in respect of some or all of the goods comprised in the United Kingdom registration.
• Upon the registration of such a trademark a registered proprietor in Gibraltar shall have the privileges and rights in the use of the trade mark in respect of the goods entered in the register as would be conferred on him by the law for the time being in force in the United Kingdom.

DISPUTE RESOLUTION
• The legal system in Gibraltar is largely based and derived from English law principles of equity and common law as well as applicable European law.
• The Courts of Gibraltar are as follows:
  o The Magistrates’ Court: The Magistrates’ Court’s Jurisdiction is broadly comparable to that of the Magistrates’ Court of England and Wales.
  o The Supreme Court: The Supreme Court of Gibraltar deals with the vast majority of civil matters in Gibraltar and as such is broadly comparable to the High Court of England and Wales. The Supreme Court of Gibraltar also deals with criminal matters with the equivalent jurisdiction of the Crown Court in England and Wales.
  o The Court of Appeal: Appeals in Gibraltar are heard by a local Court of Appeal, which normally has around three sittings each year and is comprised of recently retired leading judges from the UK as well as the local Chief Justice who sits in an ex-officio capacity.
  o The Judicial Committee of the Privy Council: The right of final appeal is to the Judicial Committee of the Privy Council which is the highest Court and final court of appeal. The Privy Council usually sits in London.
• Alternative dispute resolution (ADR) is available and includes mediation and arbitration.

IMMIGRATION PROCEDURES
Passport and Visa Requirements
• Passports are required by all visitors to Gibraltar, except EU nationals who are in possession of a valid national identity card.
• Only citizens of countries that appear on the EU Common Visa List require visas to enter Gibraltar.

Residency
• EEA nationals are entitled to enter or remain in Gibraltar in any case where they are entitled to do so by virtue of an enforceable European Community right.
• Other nationals require both residency permits and work permits.

Work Permits
• A national of an EU state may work in Gibraltar and enjoy all the benefits and protections of the European legislation relating to the free movement of workers.
• Non-EU nationals may also be able to obtain employment in Gibraltar, but they are required to obtain a work permit.
• In the case of non-EEA nationals, a work permit will only be granted if there are no workers in Gibraltar who are able and willing to take up the particular employment.
HUNGARY

- Hungary (capital Budapest) has a strategic position in Central Europe, bordering with Slovak Republic, Ukraine, Romania, Croatia, Serbia, Austria and Slovenia with a total area of 93,030 km².
- Hungary has a parliamentary representative democratic republic with the prime minister as the head of government of a pluriform multi-party system.
- Currency: Hungarian Forint (HUF).
- Is a member of the EU, WTO, NATO, IMF, WB, OECD, Visegrad group, and continues to solidify its position as an emerging economic power.
- The official language is Hungarian; English and German are widely spoken in urban and rural areas.
- The population was 9.94 million in 2013, around 68% live in urban areas. The majority religion is Roman Catholic (37%), followed by Calvinist (11.1%), Lutheran (2.2%), Greek Catholic (1.8%), Jehovah’s Witness (0.3%), Jewish (0.1%) and Athiest (1.5%).
- Population is predominantly ethnic Hungarian (83.7 %), with others including Roma (Gypsies 3.1%), Germans (1.3%), Serbs (2%), Slovaks (0.3%) and Romanians (0.3%), and Croats (0.2%).
- Advanced and diversified free-market economy, pioneered numerous reforms since 1989 including privatization, reform of state-supports sectors like health care, pensions and social security.

BUSINESS PRESENCE

- Private sector accounts for more than 80% of GDP.
- The cummulative foreign direct investment is worth over $70 billion.
- Foreign ownership of and investment in Hungarian firms is widespread: Hungary attracts nearly a third of Central Europe’s foreign direct investment. Investment is especially active in the areas of information technology equipment, motor vehicle manufacturing, pharmaceuticals, renewable energy systems, publishing and tourism.
- Companies as of 15 March 2014 following companies existing with legal entity, general partnership, limited partnership, limited liability company as well as companies with a legal entity, including limited liability companies and joint-stock companies.
- To establish a company, at least two members are required, with the exception of limited liability companies and joint stock companies levied on dividends, interest and royalties paid to nonresident legal entity. Dividends paid to a nonresident individual may be subject to withholding tax at 16% the rate is reduced under an applicable tax treaty. Limited liability companies can be set up with a minimum, while private joint stock companies require share capital of at least 5,000,000 forints and public joint stock companies require least 20,000,000 forints.
- Any foreigner with a residence permit (as well as Hungarian citizens) can also pursue a business activity after obtaining a sole trader’s license. The applications for registration of a company are handled by the Registration Court, and simplified electronic registration is possible.

FOREIGN INVESTMENT AND CONDITIONS

General Information

- The Hungarian government is aiming at integrating foreign companies investing in Hungary to the national economy and therefore enhance business between foreign OEMs and Hungarian suppliers. One of the actions taken was the initiation of the supplier program coordinated by HITA (Hungarian Investment and Trade Agency). Hungarian regulation aims to simplify the obtaining of the information regarding the legal, tax and financial conditions regarding the investment.

Acquisition of Real Estate

- Foreign individuals and legal entities may acquire Hungarian real estate provided they obtain a permit granted by the local director of the regional governmental/government office (certain exemptions apply for EU nationals). No permit is needed if the acquisition occurs through succession.

Restrictions In Ownership

- Hungary restricts foreign ownership to varying degrees in civil aviation, television and broadcasting.
Several business activities (e.g., banking) require a permit regardless of whether the owners of the entity are residents in Hungary or abroad.

**Returns Payable to Foreign Investors**
- There are no legal restrictions on the payment of returns on investment (e.g., dividends, interest, repayment of loans) to foreign shareholders. This provides important protection to foreign investors.

**EXCHANGE CONTROL**
- There are no restrictions on repatriation of capital, profits, dividends and interest by foreign investors.
- In 1995, Hungary’s currency became convertible for all current account transactions, and, subsequent to Organization for Economic Cooperation and Development (OECD) membership in 1996, for almost all capital account transactions. In 2001 the government extinguished the remaining currency controls.

**TAXATION**

**Corporate Tax**
- The corporate income tax rate is a uniform flat rate of 10% up to HUF 500 million, and 19% of the remaining portion of the tax base.

**Personal Income Tax**
- The personal income tax rate is a flat rate of 16%, applicable to income in the consolidated tax base and, separately, taxable income (for instance, interest income and income from the transfer of property, exchange rate gains, dividends).
- Subject to certain limitations, taxes paid abroad are generally deductible in the scarcity of a tax treaty.

**Withholding Tax**
In Hungary there is no withholding tax levied on dividends, interest and royalties paid to nonresident legal entity. Dividends paid to a nonresident individual may be subject to withholding tax at 16% the rate is reduced under an applicable tax treaty.

**VAT**
- The rate of value added tax (VAT) 27%, with reduced rates of 18% and 5%.

**Local Taxes**
- In some cases, such as in the case of the local business tax, the rate of the tax actually levied is also decided by the local municipality. The maximum rate of tax is set by legislation in effect throughout Hungary.
  - Communal tax: maximum HUF 17,000 (approx. €7)/employee/year.
  - Land tax: The land tax is payable by the registered owner of the lot as of 1 January. The maximum rate of the tax is HUF 317/ sq m, or 3% of the adjusted market value. The annual land tax is due in two installments: by 15 March and 15 September.
  - Building tax: to be paid based on the floor space of buildings Maximum HUF 17.22/m2/year or a maximum of 3.6% of the adjusted market value of the building (as determined by the local government).
- Local business tax: business activity of a permanent or temporary nature performed in the area of jurisdiction of the local government is subject to taxation. The subject of the tax is the entrepreneur.
- Any private individual who spends at least one tourist night within the jurisdiction of the municipality and is not a permanent resident is subject to the tourist tax. The maximum amount of the tax is HUF 469 per person per tourist night, or 9% of the accommodation fee. The tourist tax is to be collected by the host. The deadline for payment of the tourist tax is the 15th day of the month following the month of collection.

**EMPLOYMENT LAW**
- The work time for a full-time employee cannot exceed 40 hours per week or eight hours per day. Some exceptional cases are tolerated, but it cannot exceed 60 hours per week or 12 hours per day.
- For the period of time during which an employment relationship is suspended, the employee shall be entitled to vacation time in cases as follows: illness, maternity leave, first year of leave without pay for caring for or nursing a child under 14, military service and duration of leave without pay of thirty days or less.
- The minimum wage is around HUF 115,000 (€345). The minimal wage for skilled workers is HUF 122.00 (€401).
- As of 1 July 2012 the Act I of 2012 on the Labor Code governs the trade unions. Trade unions shall have the right to inform their members of their rights and obligations concerning their financial, social, cultural, living and working conditions, and to represent their members against the employers.
- The employer is obligated to deduct tax at source from a salaried worker and to allocate an additional sum for social insurance including pension, healthcare and unemployment. The rates of tax are as follows: employer 28.5%; employee 18.5%.

**INTELLECTUAL PROPERTY LAWS**
- The protection of Intellectual Property rights in Hungary can be granted for the followings: patents, plant variety protection, utility model protection, trademarks, geographical indications, design protection, topography protection and copyright. Proceedings in connection with the above protections fall under the competence of National Office for the Protection of Intellectual Property.
• Patent: Hungarian patent may be obtained by national or European application or by an application submitted in the framework of the Patent Cooperation Treaty (PCT) provided that the application and the invention comply with requirements set out in laws and regulations. Foreign applications are supported by a Financial Support System.

• Plant variety protection: the owner of the plant variety protection has exclusive right to utilize the plant variety or to give permission for it to others. The application for national plant variety protection can be filed with the Hungarian Intellectual Property Office, while the application for a Community plant variety right can be submitted directly in the Community Plant Variety Office (CPVO).

• Utility model protection: the utility model protection is a legal protection for the new technical solutions not reaching the level of a patentable invention. A Utility Model application started in the Republic of Hungary can be turned into a European patent application within union priority range of time (12 months) if the Utility Model application fits to the requirements of the European patent application.

• Trademark: registered trademark can be obtained in Hungary by filing a national trade mark application to the Hungarian Intellectual Property Office or an international trade mark application governed by the Madrid Agreement and/or the Madrid Protocol on the International Registration of Trade Marks.

• Geographical Indications: from the aspect of Hungarian presence in the domestic and international markets, the legal protection of geographical indications and their use such as designations of origin and geographical indications play an increasing role. Internationally renowned denominations such as Szegedi paprika, Gyulai kolbász (sausage), Makói hagyma (onion), Tokaj wine or Egri bikavér (red wine) not only contribute to improving the country’s image but constitute a significant added value in the form of collective protection while maintaining the quality requirements of these products.

• Design: law in force: Act XLVIII of 2001 on the legal protection of designs. In the case of applications filed prior to that date, Decree-Law No. 28 of 1978 on the Protection of Industrial Designs shall continue to apply, on the basis of which industrial design protection can be obtained.

• Copyrights: on the ground of the Act on copyrights, the Hungarian Intellectual Property Office is responsible for the following: administrative proceedings, national and international legislation, coordination of the Council of Copyright Experts.

**DISPUTE RESOLUTION**

• Hungary has a very stable judicial system with a long traditional background. Beside the ordinary courts, arbitration courts and other alternative dispute resolution (e.g. mediation) are also available. Although arbitration courts seem to be the most efficient way to any dispute resolutions, the ordinary courts show an increasing efficiency with regard to costs and time spent during the proceedings. However, the settlement reached by the parties does not possess the same binding force as the judgement of the court, only the will of the parties stands behind it.

• There is a trend that courts accelerate the legal proceedings.

• Hungary’s legal system provides for the better known types of alternative dispute resolution (ADR), so parties can try to settle disputes via arbitration or mediation instead of going to court. The law as it stands does not make it compulsory for parties to use alternative dispute resolution mechanisms to settle disputes.

• The ADR proceedings are regulated by high level legal instruments, parliamentary acts and government decrees, which contain rigorous provisions concerning the system of procedures and the requirement of confidentiality. These provisions provide adequate guarantees that ADR proceedings are as reliable as court proceedings.

**IMMIGRATION PROCEDURES**

**Passport and Visa Requirements**

• Every person entering Hungary shall be provided with a passport for citizens of the Schengen area countries, or, for others (where applicable), a Schengen visa and a passport valid for at least three months after the date of entry.

• The Schengen visa can be delivered by any country of the Schengen area.

**Business Passes and Work Permits**

• EU citizens do not need visa or work permit.

• All non-EU citizens require a work visa and permit to be able to enter and work legally in Hungary. Normally, most of the necessary bureaucracy is handled by the employer (who is required to provide various documents to the immigration authorities, such as proof of qualifications and health certification).

• To obtain a working visa a foreigner needs a valid work permit, labour agreement and proof of accommodation.

**Residency Bond Program – Non-Residency for Lifetime**

• The new Hungarian residency bonds program offers a lawful and lifetime Hungarian residence under preferential conditions for non-EU nationals, who are willing to invest into government residency bonds. The program allows free movement and relocation in the Schengen countries and there is no need to travel to Hungary in order to make an application (the applicants can apply at the local Embassy, Consulate of Hungary, or in Budapest at the Office of Immigration and Nationality of Hungary). Furthermore the applicant’s family is also included in the Program as a joint part of the investment. The two options for the financing of the participation in the Program:

  • buying the dematerialized government bonds worth at least EUR 300,000 for a duration of five years – which can be prolonged – and the administration fee of EUR 60,000 for the procedure;
How to Become A Hungarian Citizen

- The application for Hungarian citizenship has to be submitted in person to the National Office of Immigration and Nationality. Dividends, interest, and royalties paid to nonresident legal entities are subject to withholding tax at 16%. The rate is reduced under an applicable tax treaty. An individual living outside of Hungary is required to submit an application to the Hungarian Consulate in their country of residence.

- The requirements are a valid immigration card, a clean criminal record, a certificate of legal, valid accommodation, an exam on constitutional fundamentals (in Hungarian language).

- A person can normally make an application for Hungarian citizenship when they have completed eight years of continuous residence in Hungary (with several exceptions).

- Foreign citizens who have or had at least one ancestor who previously was a Hungarian citizen may apply for Hungarian citizenship by simplified nationalization procedure, which takes approximately six to six months.
ICELAND

- Strategically located in north Europe with an area of 103,001 km².
- Iceland is a representative democracy and a parliamentary republic.
- Population comprises Icelanders (93%), Scandinavians (2%), others (5%).
- Religious composition of the country consists of 81% the National Church of Iceland (a Lutheran church). The rest of the population are mostly members of other Christian organisations (free Lutheran Churches and Roman Catholic).
- Icelandic is the national language; English is widely written and spoken. Danish is also mandatory in school and is also widely understood and spoken.
- Currency: Icelandic Króna (ISK).
- Investment growth areas include fisheries, aluminum, ferrosilicon, as well as tourism, shipping, transportation industry, software production, biotechnology and financial services.

BUSINESS PRESENCE

- The main types of business models in Iceland: locally incorporated companies (may be limited by shares or by guarantee), sole proprietorships; partnerships; and registered branches of foreign companies.
- Use of locally incorporated companies is by far the most prevalent. These may be incorporated or purchased “off the shelf”.
- Quick and simple procedure for incorporating companies – forms to be submitted to the Icelandic Company Registry.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Equity Participation

- Restrictions on foreign investments are worded in the Act on Investment by Non-resident in Business Enterprises. According to the act, restrictions can especially be found in certain sectors, for example in fisheries, energy industry and aviation.

Restrictions In Real Property Acquisition

- For residents of the European Economic Area, there are no restrictions on buying property in Iceland.
- For other foreign nationals, permission from the Ministry of the Interior is required. There is no formal application. Real estate agents handle the process by writing a letter to the department and providing information, such as a signed contract, regarding the deal.

Approvals and Licensing

- Appropriate approvals and licenses are required for the operation of any business activity. These may be obtained from the relevant ministry, government agencies and/or local councils.
- Application process and prescribed fees payable vary depending on the prescribed condition for the application and geographical location where the activity is proposed.

EXCHANGE CONTROL

- Foreign exchange transactions have been subject to capital controls ever since the banking system collapsed in the autumn of 2008. From November 2008—September 2011 the exchange control was put into effect in Rules on Foreign Exchange, issued by the Central Bank. In September 2011, the rules where adopted into Act. No. 87/1992 on Foreign Exchange.
- The aim of the rules is to maintain restrictions on capital outflows that could have a negative impact on the reconstruction of the foreign exchange market and cause instability in foreign exchange.

- Those who acquire foreign currency must submit it to a domestic financial institution. Such foreign currency may be deposited to a foreign currency account in such an institution. Restrictions are placed on movement of capital by parties intending to exchange Icelandic krónur for foreign currency.
- Furthermore, the rules prohibit trading between domestic and foreign parties in domestic securities and other króna-denominated financial instruments. Foreign parties are prohibited from purchasing króna-denominated securities from domestic parties, unless through a certain “new investment route”.
- Domestic parties are prohibited from investing in foreign securities and investment of foreign parties in securities in Iceland have to be made through either new investment route or the Central Bank’s currency auctions.
- Foreign borrowings, excluding intra-group loans provision of guarantees to foreign parties, and derivatives transactions unrelated to trading of goods and services are restricted or prohibited, as are loans granted by domestic parties to foreign parties.
- The Act on Foreign Exchange provides for unrestricted new investment from foreign entities if the new inflow of foreign currency is converted to domestic currency-króna at an Icelandic financial institution, and announced to the Central Bank of Iceland.
ICELAND

Doing Business in Europe

TAXATION

• An Icelandic resident company is subject to corporation tax on all its profits, income and gain wherever realized, except profits from real estate and branches abroad.
• The present tax rate on corporation is 20%. Foreign withholding taxes can generally be credited against the Icelandic tax. The method of avoidance of double taxation depends on the various tax treaties.
• Iceland has concluded several agreements on tax matters with other countries for the avoidance of double taxation.
• Parties with a permanent residence, with full and unlimited tax liability in either one of the contracting countries may be entitled to exemption from taxation or reduced tax rate according to provisions of the respective agreement, in absence of which the income would otherwise be subject to double taxation.
• Each agreement is different, and it is therefore necessary to check the respective agreement to ascertain where the tax liability lies and which taxes the agreement stipulates. Provisions of tax agreements with other countries may restrict Iceland’s right to tax.
• The standard rate of value added tax is 24%, with a reduced rate of 11%.

EMPLOYMENT LAW

• A maximum working limit of 48 hours per week, calculated on the basis of an average of a four-month reference period, applies in Iceland.
• Workers (blue collar as well as white collar and part time as well as full time) are entitled to a minimum of two working days’ holiday for each month in employment during the past holiday allowance year. The minimum paid holiday for each year is therefore 24 working days plus additional public holidays.
• Mandatory contributions to pension funds according to the collective agreements. Law and collective agreements provide for a framework of supplementary pension contributions. Final arrangements are, however, made on an individual basis as part of the contract of employment.
• No mandatory contribution to healthcare insurance.
• The Employment Law is fairly employee friendly: for example, employee favorable rights with respect to maternity, paternity and adoption leave, specific protection of employee in case of dismissal during maternity, paternity or adoption leave, clear rights for employees in cases of unfair dismissal, unlawful dismissal or constructive dismissal and special rules applying in case of large-scaled dismissal.

INTELLECTUAL PROPERTY

• Intellectual Property protection in Iceland comprises patents, trademarks, industrial design and copyright.
• Trademark protection can be established by use or registration.
• Registered patents, trademarks/service marks, industrial design and geographical marks enjoy monopoly rights/protection for specific periods of time.
• Copyright protection for literary, musical or artistic works, sound recordings, broadcast, films, etc.
• The legal framework of Intellectual Property Rights in Iceland is in all respects equivalent to that of other industrialized countries in Europe.
• As a member of the WTO, Icelandic legislation must comply with the requirements under the TRIPS agreement. As an EFTA state and member of the European Economic Area, Iceland has implemented all relevant EU regulations and directives in the field of IPRs.
• Iceland is a member of the European Patent Organization.
• Iceland is a member of the World Intellectual Property Organization (WIPO) and a signatory to a number of international treaties administered by WIPO, including the Paris Convention, Berne Convention, WIPO Convention, Rome Convention, Nice Agreement, Locarno Agreement, Patent Cooperation Treaty, Budapest Treaty and the Madrid Protocol.
Doing Business in Europe

DISPUTE RESOLUTION
• Civil disputes at first instance may be heard at the District Court. There are eight districts courts in Iceland, of which the Reykjavik District Court is by far the largest. Cases may than go on appeal to the Supreme Court.
• Additionally there are two special courts:
  o The Labour Court (is. Félagsdómur); which deals with trade union matters and industrial disputes according to the Act on Trade Unions and Industrial Disputes.
  o The Court of Impeachment (is. Landsdómur); which has competence if ministers, in pursuance of their official tasks, are impeached.

IMMIGRATION PROCEDURES
Passport and Visa Requirements
• All persons entering Iceland must possess valid national passports or other internationally recognized travel documents. These passports or travel documents must be valid for at least three months beyond the date of entry into Iceland.
• All persons requiring visas, not holding a valid Schengen visa in their travel documents, must apply for a visa at the applicable embassy/consulate before travelling to Iceland. Embassies/consulates representing Iceland handle applications.
• A foreigner whose entry into Iceland is dependent on a visa may not remain in Iceland any longer than stated in the visa, unless this is specially permitted. Other foreigners may not, in the absence of special permission, stay in Iceland for more than three months. A stay in the territory of a state taking part in the Schengen cooperation shall have the same effect as a stay in Iceland.

Residence and Work Permits
• A foreigner wishing to accept employment, with or without remuneration, or to work as a self-employed person in Iceland, must, in addition to a work permit when this is required by law, possess a permit to stay in Iceland.
• In order to be issued a work and residence permit as a qualified professional, the applicant must have signed an employment contract with an employer for specified employment requiring specialized skills, not a short-term project. Work permits are generally valid for two years.
• A foreigner applying for a temporary residence permit for the first time shall file an application for the permit prior to his/her arrival in Iceland and may not enter Iceland before the application has been accepted. This requirement may be waived if cogent considerations of fairness so demand, or in accordance with rules set by the minister.
• A temporary residence permit may not be issued until the application for a temporary residence permit has been approved, the foreign national has arrived in Iceland, has undergone a medical examination as attested by a certificate issued by a health institution and has completed the registration of his address in Iceland.
• A foreign national may be granted a temporary residence permit if he meets the following basic requirements:
  o His support, health insurance and accommodation are secure in accordance with further rules set by the Minister.
  o He meets the requirements for a temporary residence permit as set forth in the Act on Foreigners.
  o He gives his consent to undergo a medical examination within two weeks of his arrival in Iceland in accordance with current legislation and the instructions of the health authorities.
  o No circumstances obtain which could result in his being refused entry into Iceland or residence in the country under other articles of the Act on Foreigners.
• Foreign nationals may be granted permanent residence permits if they have lived in Iceland continuously for the previous four years on the basis of temporary residence permits.
• The Immigration Office may revoke a permit to stay in Iceland or a residence permit if the foreigner in question has willfully provided incorrect information or concealed facts that may have been of material significance for the issue of the permit, if the conditions set for such permits are no longer fulfilled, or if this otherwise follows from the general principles of administrative law.
IRELAND

- The Republic of Ireland ("Ireland") is located in Western Europe in the North Atlantic Ocean, to the west of Great Britain, and covers an area of 70,280 km². Ireland is a member of the European Union (EU) and the European Economic Area (EEA).
- Currency: Euro (€).
- Ireland is a common law country and, as an EU member state, recognises European Community law. If there is a conflict between the two systems, the latter takes precedence.
- Irish is the national language of Ireland, but English is more commonly spoken. In general, all business is conducted through English.
- Ireland is a small, open, knowledge-led economy with export-led economic growth. Government policies have made it an ideal location to undertake research and development, and/or host company headquarters.
- It has become a hub for knowledge-based industries, particularly in the information and communication technology, life sciences, medical devices and agrifood sectors.

BUSINESS PRESENCE

- There are various types of business entities available in Ireland, depending on the needs of the business involved. Business structures include public or private limited companies; partnerships; limited partnerships; a sole proprietorship; a place of business/branch of a foreign corporation or a Societas Europaea ("SE").
- Companies in Ireland may be limited by shares, by guarantee or be unlimited and are either public or private. A private company with a limited share capital is the most popular and regularly used form.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- There are no direct restrictions on foreign investment in Ireland, other than counter-terrorist statutory measures.

Anti-Money Laundering Provisions

- The Criminal Justice (Money Laundering and Terror Financing) Act 2010 (as amended) implements EU anti-money laundering and counter-terrorist financing requirements. It provides safeguards to prevent the use of the financial system for the purposes of money laundering and terror financing, both inside and outside Ireland. The act requires businesses to be satisfied as to the identity of all clients, maintain proper records and report suspicious transactions. Beneficial owners of a 25% interest in a partnership, trust or company must also be identified.

Licensing

- Licence requirements will depend on the type and scope of the business activity to be carried out within Ireland. Authorisations are required in regulated industries, such as financial services and professional services. There is some scope to passport into Ireland if an entity has authorisation in another EU member state.

- Other licences may be required in other activities, for example, hoteliers, restaurateurs and public houses will need to have a valid licence to carry on business within the state.

TAXATION

- Ireland's tax system collects tax by both direct and indirect means. Liability to direct taxation in Ireland is generally based on residence, whereas indirect taxation is usually referable to the value of the chargeable item. Corporate taxpayers and the self-employed must calculate their tax liability on a self-assessment basis and then submit tax returns to the Revenue Commissioners, who administer the tax code and have general legislative provisions to counter tax avoidance. Where income is liable to be taxed in both Ireland and another country, relief may be available.
- Direct tax, stamp duty, value-added tax (VAT) and capital acquisitions tax legislation have been consolidated by the Taxes Consolidation Act, 1997 (TCA), the Stamp Duties Consolidation Act, 1999 (SDCA), the Value Added Tax Consolidation Act, 2010 (VATCA) and the Capital Acquisitions Tax and Consolidation Act, 2003 (CATCA) respectively. The legislation has been constantly updated and amended by subsequent legislation, most notably the Finance Act, which follows the budget passed by the Irish Parliament every year.
- Whilst limited transfer pricing rules have been introduced in Ireland, there are no CFC or thin capitalization rules.

Corporation Tax

- At 12.5%, Ireland’s corporation tax rate ranks as one of the lowest in the world. The rate of 12.5% applies on trading income on an Irish resident company; a higher rate of 25% will apply to a company trading wholly outside Ireland. The higher rate will also be fixed upon non-trading income, chargeable capital gains and dealings in undeveloped non-residential land.
• Save for small and start-up companies, preliminary tax is due in the month prior to the company’s accounting period for companies with a tax liability less than €200,000 in the previous accounting period. Where tax is due, a company must submit the balance of tax and its return of profits, chargeable gains and other particulars nine months after the end of the accounting period of the company. Late filing may be subject to a surcharge, penalty and interest, and/or restrictions on allowances and reliefs ordinarily applicable.

• Companies that have a tax liability of over €200,000 in the preceding accounting period must pay preliminary tax in two installments. The first payment is to be made in the sixth month of the accounting period, and the amount due will be 50% of the corporate tax liability for the preceding accounting period or 45% of the corporation tax liability of the current accounting period. The second installment will be payable in the eleventh month of the accounting period, and the amount payable will bring the total preliminary tax paid to 90% of the corporate tax liability for the current accounting period. Different tax payment methods are applicable to start-up and small companies. Start-up companies with a first year liability of €200,000 are not required to pay tax in their first accounting period. A small company, that is a company with a corporate tax liability threshold of less than €200,000, has the option of paying at the lower of 90% of the final liability of the current period or 100% of the liability of the previous period.

Capital Gains Tax (CGT)

• CGT is currently taxed at a rate of 33% and is applicable to both companies and individuals on gain made on the disposal of chargeable assets. Rezoned development land is treated differently.

• Irish resident companies will be liable for CGT on the disposal of chargeable assets, irrespective of where this asset is located. A non-resident company trading through Ireland will be required to pay corporation tax on the disposal of assets situated in Ireland that are held for the purposes of trade to that branch or agency. A non-resident company not carrying on a trade in Ireland through a branch or agency is subject to CGT on the disposal of certain specified assets relating to real estate, minerals or exploration rights, or unquoted shares deriving their value therefrom.

• An individual’s liability to CGT depends on if he/she is domiciled in Ireland. If an individual is resident or ordinarily resident in Ireland and domiciled in Ireland during the year of assessment, he/she will be required to pay CGT on any gain arising from the disposal of assets wherever situated. An individual not so ordinarily resident and domiciled in Ireland is liable to CGT on the disposal of assets outside Ireland and to the UK, only to the extent that the proceeds are remitted to Ireland.

• In general, companies will calculate a chargeable gain and complete it as part of their corporate tax returns. In the case of an individual, returns must be made by the following 31 October. Individuals must pay any CGT liability in respect of a disposal made between 1 January and 30 November in a given tax year by 15 December of that year. Any CGT liability arising after 1 December and before 31 December is payable by 31 January of the following tax year.

Income Tax

• Persons resident in Ireland are liable to pay income tax on any world-wide income or gain, whereas non-residents are usually liable to income tax on Irish-sourced income. In addition to income tax, employee pay related social insurance (PRSIs) and a universal social charge (USC) are also charged on income. These deductions are made at the source and are remitted monthly for employees under the pay as you earn system (PAYE). Tax credits, reliefs, deductions and exemptions are available in certain situations, depending on the circumstances of the employee.

• For self-employed persons, payment of preliminary tax is due on 31 October in the year of assessment with the balance due on 31 October following the year of assessment.

Withholding Taxes

• Irish resident companies must withhold tax at a standard rate of increase on interest paid to foreign corporation shareholders and on dividends paid to shareholders. However, certain exemptions exist, such as where the recipient is a resident of the EU or a country with which Ireland has a double tax treaty.

• Where there is a disposal of specified assets or assets of a business carried on in Ireland in excess of €500,000, it is necessary for a purchaser to withhold 15% of the purchase price for payment to the Revenue Commissioners, unless the Revenue Commissioners have issued a CGT clearance certificate in advance of the sale.

• Payments that are to be made for professional services by a range of government departments and state-funded bodies are also subject to a withholding tax, which can ultimately be credited against the payee’s tax liability.

• A (sub) contractor may be subject to withholding tax unless it has the necessary up to date Revenue certification.

Stamp Duty

• Stamp duty is chargeable on certain instruments (documents) and transactions and is affixed onto the instruments. Normally, it is calculated as a percentage of the consideration of the transaction, but in some cases a fixed rate of stamp duty will apply.

• Stamp duty is payable by the transferee of the transaction and is due no later than 30 days from the date of the execution of the relevant document. A document is required to be stamped if:
  o The instrument of transfer is executed in Ireland.
  o No matter where the instrument is executed if it relates to Irish property or to matters or things done in Ireland.

Capital Acquisitions Tax (CAT)

• CAT is tax payable on the market value of a gift or inheritance where the donor and the donee are ordinarily resident in Ireland and the gift is situated in Ireland.

• There are tax-free thresholds that determine the amount a donee can receive before tax will become due. These thresholds are determined by the relationship of the donee to the donor. The taxable excess is then charged at 33%. Certain reliefs, deductions and exemptions apply in some situations.
IRELAND

VAT
• VAT is levied on goods and services supplied in Ireland in the course of business and/or on goods imported into the state from outside the EU. VAT is also chargeable on intra-European acquisition of goods by VAT registered persons and is levied on the total consideration that the taxable person supplying the goods is entitled to receive. VAT is normally charged at 23%, but lower rates may apply.

TAX AND INVESTMENT INCENTIVES

Holding Companies
• Ireland has become a key location for holding companies. There is a CGT tax exemption for the disposal of shares in subsidiary companies and an improved tax credit system for dividends and interest received from foreign subsidiaries.

Research and Development (“R&D”) Tax Credit
• Businesses in Ireland can avail of a 25% tax credit for research and development spend. This tax incentive is available to Irish businesses and branches within the charge to Irish corporation tax, on the incremental cost of in-house qualifying research and development undertaken within the EEA.
• The R&D tax credit is in addition to a tax deduction of 12.5% for R&D expenditure within Ireland. Thus the cumulative tax deduction is 37.5%.
• In order to avail of this tax saving, the R&D expenditure must be carried out in a scientific or technological field. The Revenue Commissioners provide guidelines on what is considered to be R&D activity. If the R&D tax relief is not completely used in a given year it may be possible to:
  o Claim the relief as a cash refund from the Revenue Commissioners, spread over three accounting periods.
  o Carry the benefit back against the preceding period’s corporation tax liability.
  o Carry the deduction forward indefinitely against corporation tax.

Intellectual Property Tax Benefits
• In Ireland there is a capital allowance for expenditure incurred on the acquisition of intangible assets, which includes various forms of intellectual property. The cost of the asset acquired and its protection can be written off in line with the accounting treatment of the profit and loss account of the business, or evenly over a fixed period of 15 years. There is a clawback period of 10 years when availing of this tax incentive. There is no stamp duty on the transfer of intellectual property.

EMPLOYMENT LAW
• Irish employment law is comprised of both common law and statute and also reflects EU Directives that have been implemented into Irish law. Ireland has a “voluntarist” system of trade union recognition, thus employers are not obliged to recognise or negotiate with trade unions. However, in certain industries it is commonplace to engage in a relationship with a trade union. The National Employment Rights Agency (NERA) monitors employment conditions and can enforce compliance and seek redress.

• The national minimum wage for an experienced adult employee is €8.65 per hour. Full-time employees are entitled to 20 days holidays per year and nine public holidays. Employees may not work more than an average maximum working week of 48 hours (exclusive of rest breaks). There are various forms of employment legislation in force in Ireland, including:
  • This act provides minimum periods of notice to be given by employers and employees when terminating a contract of employment.

  Protection of Employees (Fixed-Term Work) Act 2003
  • Less favourable treatment for fixed-term workers as compared to comparable permanent employees is generally prohibited by this act, unless such treatment can be objectively justified. The act also regulates the use of successive fixed-term contracts by employers.

  Protection of Employees (Part-Time Work) Act 2001
  • This act implements Directive 97/81/EC concerning the framework agreement on part-time work and prohibits less favourable treatment of part-time workers compared to full-time workers, unless this treatment can be objectively justified.

  Maternity Protection Acts 1994 and 2004
  • Under the maternity legislation, workers are entitled to up to 42 weeks maternity leave. The worker is entitled to social welfare payments during the first 26 weeks, following which 16 weeks of unpaid leave may be taken. In Ireland there is no statutory obligation on the employer to pay the employee while on maternity leave. The employee is entitled to the same or similar job on return to work after maternity leave.

  • These acts prohibit discrimination on the following grounds: gender, age race, civil status, disability, family status, religion, membership of the traveling community and/or sexual orientation.

  • These acts protect employees from being unfairly dismissed and give employees an entitlement to redress in such a case. The act provides that a dismissal will be deemed to be unfair if the employer cannot prove the contrary.

INTELLECTUAL PROPERTY
• Combined with tax benefits and a skilled workforce Ireland’s secure regulatory environment makes it a central hub for the creation and exploitation of intellectual property.
• Intellectual property protection in Ireland includes the following:
  o Copyright: the Copyright and Related Rights Act 2000 (“2000 Act”) sets out the law relating to copyright in Ireland. Under the 2000 Act copyright can subsist in original literary, dramatic, musical or artistic works; in sound recordings, films, broadcasts or cable programs; in the typographical arrangement of published editions; and in original databases.
It should be noted that copyright arises automatically and no registration of the work is required. The term of protection of copyright varies depending on the work. The term of protection for original literary, dramatic, musical or artistic works and for original databases is the life of the author plus 70 years. The 2000 Act implements the EC directive on databases (96/9/EC) which creates the sui generis database right which gives protection to databases (whether or not they are a copyright work) where there has been a substantial investment in obtaining, verifying or presenting the contents of the database. The duration of the database right is 15 years from the end of the calendar year in which the making of the database was completed.

- **Designs**: the Industrial Designs Act 2001 provides for the registration and protection of industrial designs. Registration of a design gives the proprietor the exclusive right to use the design and authorise others to use it. The design right lasts for a maximum period of 25 years subject to renewal every 5 years. It is also possible to register a Community design right which applies throughout the EU. Ireland also offers protection in respect of unregistered community designs. No registration of these designs is required but they offer more limited protection. The term of protection is 3 years from the date on which the design is first made available to the public.

- **Patents**: under the Patents Act 1992 (“1992 Act”) (as amended) an invention is patentable if it is new, involves an inventive step and is capable of industrial application. An invention is considered as capable of industrial application if it can be made or used in any kind of industry including agriculture. The granting of patent confers a monopoly on the owner in respect of its invention. Subject to the payment of renewal fees, patents are granted for a term of 20 years, in the case of long-term patents, and 10 years, in the case of short-term patents. Ireland is a party to the Patent Cooperation Treaty and the European Patent Convention.

- **Trade Marks**: trade marks are protected by statute through an action for trade mark infringement and at common law through an action in passing off. Statutory protection is provided by the Trade Marks Act 1996 which provides a system of registration for signs which are capable of being represented graphically and of distinguishing goods or services of one undertaking from those of another. The registration of a national trade mark gives its proprietor the exclusive right to use the trade mark in Ireland in respect of the goods and services for which it is registered. Registered trade marks are registered initially for a 10 year period and this term can be renewed indefinitely for successive 10 year terms on payment of a renewal fee. In addition, protection of a trade mark can be obtained by applying for a Community Trade Mark which gives protection throughout the EU. Ireland is also a party to the Madrid Protocol which provides a system for making a single application designating the member states in which protection is sought. Passing off is a common law action which protects the goodwill in a business. It provides a cause of action in respect of trade marks that have acquired reputation and goodwill. An action may arise where one trader makes a misrepresentation to customers that is calculated to injure the business or goodwill of another trader and which causes such damage or will probably do so.

**DISPUTE RESOLUTION**

**Legal System**
- Ireland operates a common law system. Sources of law are the Constitution, which provides for fundamental rights for the citizens of Ireland; domestic legislation, usually in the form of acts or statutory instruments; case law; European law imposed by membership of the European Union; and international conventions.

**The Courts**
- Courts in Ireland are comprised of courts of limited jurisdiction, which include the District Court and the Circuit Court, organised on a regional basis; the courts of first instance, which include the High Court with full jurisdiction in all civil and criminal matters; the Court of Appeal; and a court of final instance, the Supreme Court.

**Legal Representation**
- Legal representation in Ireland is divided into two professions: barristers, who are either senior counsel or junior counsel; and solicitors. Although both professionals are entitled to appear in court on behalf of a client, this role is normally undertaken by barristers.

**Alternative Dispute Resolution**
- Methods of ADR such as arbitration, mediation, conciliation, mini trial, dispute boards and MedArb are becoming more popular in Ireland, with arbitration clauses included in most commercial contracts. Irish arbitration law is governed by the Arbitration Act, 2010, which adopts the UNCITRAL (United Nations Commission on International Trade Law) Model Law. This model law was drafted by UNCITRAL in order to bring harmony to the settlement of trade disputes and has many advantages over traditional litigation, including: privacy; the specialist knowledge of the arbitrator; the flexibility involved in the procedure; control of the parties over the costs of the arbitration proceedings; speed; finality of the arbitrator’s award; and the ease in which an arbitrator’s decision can be recognised abroad.

**IMMIGRATION PROCEDURES**
- Immigration procedures are dealt with by the immigration section of the Department of Justice and Equality. Entry requirements for Ireland depend on nationality. Persons born in Great Britain or Northern Ireland do not need residence or employment permits.
- EEA and Swiss nationals are not obliged to apply for a residence permit to live in Ireland, but are entitled to apply. These individuals must be in a position to support themselves without seeking state assistance. EEA and Swiss nationals are not required to seek an employment permit in order to engage in employment in Ireland but are advised to apply for a Personal Public Service Number (PPS Number).
• All other non-EEA nationals must seek leave to land and must report to the Garda National Immigration Bureau in the event that they stay in excess of three months. Certain non-EEA nationals require a visa to enter Ireland. If they intend to stay in Ireland for more than three months a residence permit is required, and if they wish to engage in economic activity they will further require an employment permit.

• The Department of Jobs, Enterprise and Innovation deals with the issue of employment permissions and must first be satisfied that the position cannot first be filled by an EEA national.

• The Department of Justice and Equality has established two residence programmes: the Immigrant Investor Programme and the Start-Up Entrepreneur Programme. The initiatives are aimed at facilitating and encouraging non-EEA migrant entrepreneurs and investors to invest in Ireland. In return, successful applicants to the new Immigration Programmes, and their families, will be given permission to reside in Ireland for an initial period of two years, renewable thereafter.
BUSINESS PRESENCE

- Foreign investors who intend to conduct commercial activities in Italy can choose from a wide range of legal entities. Personal companies without limited liability status include the S.n.c. (società in nome collettivo – general partnership), and the S.a.s. (società in accomandita semplice – limited partnership) while companies with legal personality and limited liability status include the S.p.A. (Società per Azioni – company limited by shares), the S.r.l. (società a responsabilità limitata – limited liability company), and the simplified S.r.l. The S.p.A. and the S.r.l. are, however, by far the most utilised by foreign investors.

- The minimum corporate capital for an S.p.A. is €120,000 and is divided into shares, for an S.r.l. it is €10,000 and is divided into quotas. The “simplified” S.r.l. can have a corporate capital in a minimum amount of €1.00 to a maximum amount of €10,000.00. After the 2013 reform an ordinary S.r.l. can be incorporated with stock capital under €10,000. In this case, contributions are made only in cash and must be paid-in to directors appointed at the date of incorporation. It must be underlined that the new S.r.l. shall set aside as reserve an amount equals to 1/5 (one fifth) of the annual net income (post tax income) until the algebraic sum of the initial stock capital and the reserve equal € 10,000. The reserve is non-distributable to the members/stockholders and can only be used to cover losses.

- With regards to the simplified S.r.l., the members/stockholders are natural persons, without age limits, the directors do not necessarily have to be stockholders and the by-laws are standard and cannot be amended or modified.

- The shares of an S.p.A. may be quoted on the stock exchange, while the quotas of an S.r.l. may not.

- The incorporation process always requires the involvement of a Notary Public.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- Investors that are citizens/entities of the EEA or have refugee or stateless person status have no restrictions and will be treated as citizens/entities of Italy.

- Foreign investors wishing to invest in Italy may operate subject to conditions of reciprocity (when a similar right is granted to Italian investors operating in the state of origin of the concerned foreign investor), therefore, before planning any investments it is advisable to check if the condition of reciprocity stands, in particular in strategic or sensitive markets (for example, USA investors shall not hold a majority stake in media/television companies).

EXCHANGE CONTROL

- Italy is part of the Eurosystem, therefore there is no specific exchange control activity in Italy. The Italian Central Bank, as of 1 January 2008, assumed all the tasks performed by the Ufficio Italiano Cambi (Foreign Exchange Office), in particular those relating to the prevention and contrast of money laundering and financing of terrorism.

TAXATION

- Income taxes applicable to a limited liability company in Italy include the following taxes (which are calculated on a different basis): IRES (Imposta sul Reddito delle Società – national corporate income tax) at 27.5%, charged on the "net value production" in commerce and manufacturing and IRAP (Imposta sul Reddito delle Attività Produttive – regional tax on production activities) at a general rate of 3.90% (varying in some regions and/or for some activities), charged on a different and higher taxable basis than IRES.

- A branch of a foreign corporation (sede secondaria) is subject to IRES and IRAP on all income arising or deemed to have arisen within Italy.

- Taxes are often subject to changes due to the government’s attempt to combat the economic crisis.

TAX AND INVESTMENT INCENTIVES

- The numerous and varied incentives are generally aimed at enhancing the economic development of the country and, in particular, to accelerate the industrialization/development
ITALY

of Southern Italy, including Sicily and Sardinia (so-called Mezzogiorno area). Incentives available in other regions are not as extensive as those in the Mezzogiorno. Incentives are also available to encourage technological innovation and to assist in the development of exports.

- Incentives take the form of subsidized loans, cash grants, leasing assistance, tax credits and subsidized labour costs.
- Industrial enterprises, trading companies, service businesses and artisans are eligible for incentives to invest in the construction of new plants, the expansion of existing plants, the development of abandoned factories, plant modernisation, industrial conversions, services research projects, reinvestment of the company's profits in the company's activities and innovative initiatives.
- From 2015 to 2019, companies investing in research and development may be entitled to a 25% tax credit on the excess of yearly R&D investment over the average yearly R&D investment carried out in the three preceding years.

EMPLOYMENT LAW

- The level of employment varies significantly between regions, although official statistics do not reflect the situation accurately due to the high level of unofficial employment.
- Employees are classified by law in four categories: workers (operai); non-executive white collar workers (impiegati); executive white collar workers (quadri); and executives (dirigenti).
- Minimum wages are fixed by national collective bargaining agreements (NCBA) between Trade Unions and the Italian Enterprises Associations.
- Compulsory workers compensation shall be paid for workers and employees and is managed by INAIL (Istituto Nazionale Assicurazioni Infortuni sul Lavoro). Rates normally applicable to a trading company vary from 0.5% to 1.3% of the gross annual salaries, depending on the degree of risk incurred by the employee.
- Compulsory social security contributions shall be paid for employees and rates vary depending on the type of business and the category of the employee. The ordinary pension system is managed by the National Institute for Social Security (INPS). The average contribution is approximately between 36% and 42%, depending on the type of business. Approximately 9% of such amount is paid by the employee.
- From 2007 employees may request their employers to pay their pension and severance pay contributions to private pension funds, usually managed by banks or insurance companies, in alternative to INPS.
- The employer retains approximately 1/13 of the employees’ annual wage as severance pay, which, depending on the size of the employer's company and the decision of the employees may be alternatively (i) kept by the employer company, (ii) paid to INPS or private pension funds or, since March 2015, (iii) paid to the employee as part of the salary.
- The employer may terminate the employment relationship in the cases provided by law. Written form and a proper justification are essential elements of termination. Moreover, the employer shall give a statutory notice of termination, which is fixed by the applicable NCBA and varies considerably depending on seniority and the relevant category.
- The termination of the employment relationship may be based on: (i) just cause (giusta causa) or (ii) justified reason (giustificato motivo) which may be subjective (related to a breach of the employment contract by the employee) or objective (related to the organization and to the needs of the employer: company crisis, reorganization, suppression of job positions, etc.).
- In case of unlawful termination, the employee may be entitled to reinstatement or a termination indemnity, save in any case the right to damages (if any).
- At the end of the relationship all workers, white collar workers and executives receive the severance pay if and to the extent the relevant amount was kept by the employer company.

INTELLECTUAL PROPERTY

- Through the Central Patent Office (Ufficio Italiano Brevetti e Marchi), Italian law provides patent protection for novel innovations, such as creative inventions and utility models, which are suitable for industrial application.
- Foreign individuals may obtain patents for industrial inventions or utility models on the same term as Italian citizens.

DISPUTE RESOLUTION

- Civil claims have three instances: Civil Court (Tribunale Civile), Court of Appeal (Corte d’Appello), Supreme Court (Corte di Cassazione).
- Criminal law proceedings also have three instances: Criminal Court (Tribunale Penale), Court of Appeal and Supreme Court.
- Administrative claims are dealt with in two instances: Regional Administrative Court (T.A.R.) and State Council (Consiglio di Stato).
- There is a special proceeding for labour disputes, which is speedier process than the ordinary court proceedings.
- One of the other innovations is to refer civil, administrative and labour disputes to an arbitration panel in order to attempt out of court settlements.

IMMIGRATION PROCEDURES

- No visas or work permits are required if the employee is a citizen of any EU member state.
- A foreign worker who is not a citizen of the EU and lives outside of Italy, may only be hired after the submission of an application for a work visa before entering Italy.
- Before the employee applies for a work visa, the future employer must request a formal hiring clearance declaration (nulla osta) before the Sportello Unico dell’Immigrazione.
- Visa applications must be filed with the Italian Embassy or Consulate having jurisdiction over the applicant’s place of residence, with a copy of the official "nulla osta".
• After accessing the Italian territory, any non-EU worker must sign the residence agreement (Contratto di Soggiorno) and the employment agreement (Contratto di Lavoro).
LATVIA

- Location: Strategically located in Eastern Europe at the external EU border with Russia and Belarus. Riga is the largest city in the Baltic States and is conveniently located in the centre of the Baltics. Riga International Airport is a fast growing capital. There are three major ice-free international ports connected to infrastructure by road, rail and pipeline.
- Area: 64,589 km².
- Population density: 32 per km².
- Population: 2,070,371: 62.9% Latvians with Russians (26.9%) being the largest minority.
- Dominant religion: Christianity.
- Political system: Parliamentary democracy.
- National language: Latvian. Russian and English are widely spoken.
- Currency: Euro (€).
- Current business environment: Investment growth areas include transport, financial sector, renewable energy, woodworking, industrial real estate and other.
- EU member state since 2004.

BUSINESS PRESENCE

- The common form of carrying on a business in Latvia is through a company. The most popular form of incorporation in Latvia is limited liability company or a joint-stock company (SIA and AS in Latvian).
- A company is relatively easy and fast to establish, and there are no restrictions in terms of nationality of shareholders. Minimum share capital for SIA is €2,800 and €35,000 for AS.
- Branch and representative offices of foreign companies may be opened in Latvia subject to registration in an Enterprise register. As opposed to branch offices, representative offices are not permitted to conduct business.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Equity Participation

- Generally there are no restrictions imposed in regard to nationality of the equity holders in Latvian companies. However, in certain regulated sectors, like banking and insurance, general restrictions are extended equally to foreign and domestic shareholders and change in shareholding is subject to approval by the relevant authorities.
- From 13 July 2011, there is a beneficial owner’s identification and disclosure duty imposed on the certain categories of shareholders of the companies and partnerships. The relevant information about beneficial owners should be reported to the company management and subsequently submitted to, and kept by, the Enterprise Register but is not available to the general public.

Restrictions In Real Property Acquisition

- General restrictions in regard to purchasing agricultural land aiming to eradicate the high percentage of speculative deals with agricultural land are in place from 1 November 2014.
- Private individual may acquire agricultural land, if he/she fulfils the following criteria:
  1. Carries out registered economic activity in Latvia; and
  2. Has received payments under the EU Regulation No.73/2009 for minimum one year during the last 3 year period; or shall be a recipient of direct payments under the EU Regulation No. 1307/2013 as from 1 July 2015; or at least 1/3 of his income for the last 3 years has been derived from activities related to agriculture (applicable as from 1 July 2015); or is a professional farmer (has a respective education); and
  3. Has submitted a written confirmation that he/she is going to commence agricultural activity involving the acquired land within a year (or three years depending on specific conditions); and
  4. Has no tax debt (in Latvia or in the country state of permanent residence).
- A legal entity may acquire agricultural land if it fulfils the following criteria:
  1. Has received payments under the EU Regulation No.73/2009 for minimum one year during the last 3 year period; or shall be a recipient of direct payments under the EU Regulation No. 1307/2013 from 1 July 2015; or at least 1/3 of his income for the last 3 years has been derived from activities related to agriculture (applicable as from 1 July 2015); and
  2. Has submitted a written confirmation that he/she is going to commence agricultural activity involving the acquired land within a year (or three years depending on specific conditions); and
3. At least one of shareholders or employees is a professional farmer (has respective education), or during the previous 3 years, at least 1/3 of the income of at least one of the shareholders has been derived from agricultural activities; and

4. All the beneficial owners are citizens of either Latvia, EU, EEA or Swiss Confederation; and

5. Has no tax debt (in Latvia or in the state of permanent residence).

- In addition, a single individual or a legal entity is not allowed to acquire more than 2,000 hectares of agricultural land in total. Plus, the local municipalities are entitled to set this threshold at a lower level.
- In order to acquire agricultural land, an application form together with the relevant documents shall be filed with the local municipality.
- The above restrictions on acquisition of the agricultural land are not applicable if in case of a private individual: 1) the land is inherited; or 2) the land plot does not exceed 10 hectares; or in case of a legal entity, the land plot is no bigger than 5 hectares.
- As from 1 November 2014 minimum term of the agricultural land lease agreements is 5 years and the municipality shall be notified accordingly, which shall keep the lease agreements registry.
- Other kinds of immovable property, like apartments, can be freely acquired by non-residents.
- Rights of first refusal in case any immovable property is alienated pertain to the respective municipality except for apartment properties.

### Approvals and Licensing

- Absolute majority of business activities are not subject to licensing and can be freely pursued. However certain specific business activities like banking, insurance, gambling, air carriage are subject to licensing by the relevant authorities.
- Application process and the fees payable vary depending on the relevant activity to be pursued.

### EXCHANGE CONTROL

- Generally no restrictions on repatriation of capital, profits, dividends, interest and rental income by foreign investors.
- Anti-money laundering legislation is in place and the respective measures include client identification and reporting of unusual transactions as required by the applicable EU legislation, Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing in particular.

### TAXATION

#### VAT

- The applicable standard rate of VAT is 21%.
- Reduced rate of 12% applies to certain goods and services (e.g. drugs and medical equipment, children’s food, books, magazines newspapers, etc.). VAT rate of 0% is applied to export of goods and to intra-community supplies, international passenger transportation services, etc.

### Corporate Income Tax

- Standard tax rate is 15%.
- Corporate income tax is charged on worldwide profits of Latvian residents (companies and other entities subject to corporate income tax) and those profits that non-resident entities derive through a permanent establishment in Latvia (including the branch offices).
- Non-resident entities not having a permanent establishment in Latvia are taxed on their income derived in Latvia, see the section on withholding tax for more details.

### Personal Income Tax

- Individuals who reside in Latvia are subject to personal income tax on their worldwide income. Non-residents are subject to Latvian personal income tax on income accrued in, or derived from, Latvia.
- Individuals are considered to be resident for tax purposes in Latvia if at least one of the following criteria is met: A) they are domiciled in Latvia; or B) they are present in Latvia for more than 183 days in a 12-month period; or C) they are Latvian citizens employed abroad in the service of the Latvian government.
- The main categories of personal income tax are:
  - Payroll tax on the income of employees (wages, salaries, bonuses, etc.) at the rate of 23% in 2015.
  - Tax on revenue from economic activities of a private individual not subject to corporate income tax (flat rate of 23%).
  - Tax on other sources of personal income like dividends and interest (rate of 10%), capital gains (including proceeds from alienation of real estate) (rate of 15%) licence fees, etc.
  - There are various categories and thresholds of tax exempt income for tax residents in certain cases applicable also to non-residents.

### Withholding Tax

- Withholding tax is imposed on non-residents income:
  - Income of non-resident entities from participation in partnerships, management and consulting services is taxed at the rate of 10%, income generated by use of immovable property – at the 5% rate, income from alienation of immovable property – at the 2% rate of the generated income. Dividends, interest and royalties paid to non-resident entities are tax exempt as from 1 January 2014, thus, establishing a holding favourable regime.
  - Payments made directly or indirectly to entities located off shore (tax heavens) are subject to withholding flat rate tax of 15% and in case of extraordinary dividends increases rate of 30% applies. No withholding duty applies in case of payments made in consideration for goods or EEZ securities, provided that the respective transaction is made on the arm’s length basis and market prices were applied.
  - Double tax treaties may reduce or eliminate the withholding tax.
LATVIA

OTHER TAXES

Direct Taxes
- Mandatory Social Insurance Contributions: applicable standard rate is 34.09% and are shared by an employee and an employer. Resident employee pays contributions from their salary payments at the rate of 10.5% of the gross salary and the employer pays 23.59%.
- Real Estate Tax: levied on individuals and companies owning real estate. Rates vary from 0.2% to 3% of the cadastral value of land and buildings, depending on their function and status.
- Micro-Company Tax: for more, see below the section Tax and Investment incentives.
- Company Car Tax: payable in case the companies owning cars allow also their private use by employees. It is a lump sum amount depending on the engine size of the car.

Indirect Taxes
- Excise Duties: at various rates on alcohol, tobacco, petrol, electricity, coffee, certain soft drinks, etc.
- Customs Duties: on import from outside the EU at various rates. Car And Motorcycle Tax: levied upon the first registration of the vehicle in Latvia and depends on the carbon dioxide emissions level in case of cars and engine size in case of motorcycles.
- Vehicle Operation Tax: paid annually by a vehicle owner. The rate depends on the engine size and vehicle weight.

Other Taxes
- Natural Resources Tax: imposed on businesses operating in certain industries (extracting resources, selling harmful resources) and selling environmentally unfriendly goods, as well as on packaging. Rates vary according to the respective goods or resources being sold.
- Lottery And Gambling Tax: imposed on the companies licensed for gambling activities. Different rates apply depending on the type of gambling activity operated and number of participants.

TAX AND INVESTMENT INCENTIVES

General
- There are several general incentives for investors in Latvia like free ports, special economic zones, special depreciation rules for new technology equipment, and investment in agriculture and availability of the EU structural funds between 2014 and 2020.

Special Economic Zones
- There are four separate special economic zones (three ports and one inland zone) in Latvia and companies established in the zones may qualify for real estate and corporate income tax rebates (up to 80%). Companies may also benefit from 0% VAT rate on goods transported to special zones (qualified as export), as well as an 80% rebate on withholding tax for dividends, management fees and licence fees.

Tax Incentives
- As from 1 January 2014, participation exemption regime is introduced and income derived by Latvian companies from sales of shares held in local or foreign companies, as well as received and distributed dividends are tax exempt. In addition, no preconditions regarding holding period, percentage of capital or other restrictions apply. Taking into account the tax incentives, as well as relatively low maintenance costs, Latvia is a friendly jurisdiction for establishing and operating holding companies.
- The law provides tax incentives for the depreciation of trademark or patent acquisition costs. Increased depreciation rates are applicable to new technological manufacturing equipment acquired or developed after 31 December 2005. Tax rebates for investment within the scope of certain investment projects (agriculture, chemicals, pharmaceuticals, electronic equipment, etc.) are also available.
- As from 1 July 2014, a new tax incentive for companies involved in research and development applies. As a result, companies may multiply and deduct their R&D costs by applying coefficient of 3.

Micro-Company Tax
- Micro-company tax regimen is applicable to small businesses only (limited liability companies, individual merchants, professionals, farmers etc.) and is a complex payment replacing the following tax payments: a) social insurance contributions, 2) personal income tax, 3) business risk duty for employees; and 4) corporate income tax.

It shall be noted that the employees of a micro-company tax payer have limited social guarantees and may participate in the social contributions by making additional payments individually. The eligibility criteria to apply for a micro-company tax regimen are as follows:
  - Shareholders (if any) are private individuals;
  - Annual turnover of the company does not exceed € 100 000;
  - Number of employees does not exceed five;
  - Board members (of a limited liability company) may not be employed in other companies;
  - Subject applying for the micro-company tax regimen is not a partner in any partnership.
- As from 1 January 2015, the micro-company tax rate is linked to the annual turnover. Micro-companies with annual turnover up to 7000 EUR are charged at the tax rate of 9%, and micro-companies with annual turnover from 7001 EUR up to 100 000 EUR are charged at the tax rate of 11% (N.B. At the moment new amendments are in the process, which would provide for 3 year transitional period where 9% rate is applied and 12% would apply only for the forth year of activity).

Investment Protection
- Latvia has signed bilateral investments protection agreements with more than 40 countries. The agreements cover real estate, intellectual property, shares or any other form of investment, preventing application of unreasonable, discriminatory or arbitrary measures to investments made by the contracting state nationals and direct or indirect expropriation or nationalization.
LATVIA

EMPLOYMENT LAW

- Latvian Labour law of 2001 is the principal source of Employment law in Latvia. Latvian Labour law provides for the general norms regulating relationship between the employer and an employee covering such areas as formation of an employment agreement, form (it shall be in writing) and content thereof, working hours, holidays, overtime, termination, notice and probation period, collective agreements, employees’ rights in case of layouts, as well as exhaustive list of the grounds for dismissal etc.
- One of the main principles to be kept in mind that no provisions of an employment agreement may worsen the situation of an employee if compared to the norms of the Labour law, as such provisions of an employment agreement would be considered null and void.
  - Normal working hours are eight hours per day and 40 hours a week with a five-day working week.
  - Minimum number of paid annual holidays is four calendar weeks.
  - Minimum wage in 2015 is €360.
  - Overtime hours are allowed and shall be paid in double but on average must not exceed 8 hours within a 7 day period calculated within a reference period not exceeding four months.
- Although trade unions are present in Latvia, the traditions and influence is not as noteworthy as in Scandinavia or other European countries.
- Employee shall pay 23% personal income tax and both, employer and employee shall make mandatory social contribution payments (for more details please refer to the taxation section).

INTELLECTUAL PROPERTY

- The protection of intellectual property in the Republic of Latvia is based on laws and regulations harmonised with the respective EU legislation, as well as number of international conventions.
- Latvia is a party to principal intellectual property conventions, including World Intellectual Property Organization (WIPO), the Paris Convention, the Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).
- Intellectual Property protection in Latvia comprises patents, trademarks, industrial design, copyright, indications of geographical origin, topographies of semiconductor products and plant varieties.
- Registered patents, trademarks/service marks, industrial design and geographical marks enjoy exclusive rights/protection for specific periods of time set forth in applicable legislation.

DISPUTE RESOLUTION

- Latvia operates a three-tier court system providing for a possibility to resolve disputes in local courts, appeal the decisions in district courts and subsequently challenge the appeal instance decisions according to the cassation procedure, where the decisions may only be reviewed on the points of law, not substance.
- There are specialised administrative courts with an exclusive competence to decide on any disputes related to and arising out of administrative law and relationship between state institutions, authorities and private individuals.
- In order to promote alternative dispute resolution, a new law on Mediation was adopted (in force from 18 June 2014), as from 1 January 2015, certified mediators operate in Latvia.
- In addition, a recast law On Arbitration entered into force on 1 January 2015 providing for arbitration courts reform and more strict requirements for operation of institutional arbitration courts; as a result, the number of arbitration courts went down from over 200 to 125.

IMMIGRATION PROCEDURES

General Passport and Visa Requirements

- Latvia is an EU member state from 1 May 2004 and is a part of the Schengen area as from 21 December 2007. The respective travel/residency regimes apply.
- General requirements for third country nationals entering Latvia are:
  - Valid travel document (passport or other internationally recognized travel documents valid for travel).
  - Valid visa, if required.
  - Valid health insurance.
  - Sufficient means of existence (currently it is €14 per day).
- Passports or travel documents must be valid for at least three months beyond the date of the end of the planned visit in Latvia or another Schengen area country.
- Any third country national with a valid long term (category D) Schengen area visa can enter, travel and stay for 90 days within any 180-day period, unless special travel/visa regimen applies.

Work Permits

- As a general rule, to be employed in Latvia non-EU nationals need to obtain a work permit (certain exceptions apply), and in general cases EU nationals have a priority right to take a position over third country nationals.
- If employment involves residence in Latvia on a regular basis and exceeds 90 days in a six-month period, the respective foreign nation needs to apply for a temporary residence permit and work permit.

Temporary Residence Permits for Investors

- Latvia has a special regimen in place under which non-European Union investors (certain countries are excluded from the list), who invest in real estate, business and/or banking sector, as well as purchase zero-interest state bonds may apply for a temporary residence permits (up to 5 years) in Latvia, provided certain thresholds and preconditions are met.
**Investment in equity**
- In order to be able to apply for a residence permit, the investor shall invest in an equity of a Latvian company and his/her investment is at least:
  - €35 000 in case the investment has been made to a company, which employs no less than 50 employees, its annual turnover or a balance sheet value does not exceed €10 million and which has contributed at least €40 000 in taxes to the state budget. No more than three investor residence permits per company may be issued;
  - €150 000 in case the investment has been made to a company, which employs more than 50 employees, annual turnover or a balance sheet value exceeds €10 million (no tax contribution criteria applies in this case).

**Investment in a financial institution**
- In order to be able to apply for a residence permit, the investor shall invest in subordinated capital of a Latvian credit institution in the amount no less than €280 000 for no less than 5 years, as well as has made a single lump sum payment of €25 000 into a state budget.

**Investment in State Bonds**
- As from 1 January 2015 a new category of investors has been added - investors into specific zero-interest state bonds in the amount of at least 250 000 EUR. Such investors may apply for a temporary residence permit, and it is subject to a one time lump sum payment of 25 000 EUR into Latvian budget.

**Investment in Real Estate**
- Since 1 September 2014 more stringent set of rules regarding residence permits for investors who invest in real estate are in place.
  - In 2015, residence permits are available to the real estate investors who:
    - Have acquired real estate, which is functionally bounded with buildings (land plots do not qualify) worth at least 250 000 EUR per property (agricultural and forestland does not qualify!) with minimum cadastre value of 80 000 EUR.
  - Additional criteria applied are: 1) for those who apply for the residence permit for the first time, additional payment into a state budget of 5 percent of the transaction value needs to be made; 2) only the real estate acquired from Latvian legal entities, Latvian citizens, noncitizens, EU citizen, or a person with the residence permit of Latvia qualifies; 3) the respective individual does not have and has no history of real estate tax debt; 4) the purchase price is paid by means of wire transfer (no cash deals would qualify).
  - Exceptions and transitional periods apply to those who already have a valid residence permit issued on the basis of the criteria in force before the new, more stricter rules entered into force.
LIECHTENSTEIN

- The Principality of Liechtenstein was established within the Holy Roman Empire in 1719.
- Occupied by both French and Russian troops during the Napoleonic wars, it became a sovereign state in 1806 and joined the Germanic Confederation in 1815.
- Liechtenstein became fully independent in 1866 when the Confederation dissolved. Until the end of World War I, it was closely tied to Austria.
- In 1920 it entered into a post service treaty, on 29 March 1923 a customs treaty and in 1924 a currency treaty with Switzerland.
- Since World War II (in which Liechtenstein remained neutral), the country's low taxes (based on the old tax act 1961) have spurred outstanding economic growth.
- In 2011 Liechtenstein introduced a new tax law, abolishing the "offshore tax system" and now offers a 12.5% flat tax rate for companies. This is one of the lowest tax rates worldwide.
- Geographic location: Central Europe, between Austria and Switzerland
- Language: German, Alemannic dialect
- Currency: Swiss Franc
- Area: 160 km²

BUSINESS PRESENCE

Main types of legal entities:
- Aktiengesellschaft (company limited by shares); Anstalt (establishments); and foundations.
  - Since 1928 Liechtenstein has offered the Anglo Saxon Trust.
  - All other European types of entities are also available.
  - Liechtenstein used to be one of the largest offshore centres worldwide.
  - There are more than 50,000 entities registered. Many of them use the very advantageous low tax tax regime, which has been accepted by the EU since 2011.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Equity Participation
- Generally, there is no restriction for foreigners investing in equity in Liechtenstein. Certain sectors that are regarded of national interest, such as banking, insurance, trust services, asset management, funds, law firms and medical service companies are protected and some restrictions may apply. Some of these companies need a governmental licence.

Restrictions In Real Property Participation
- There are restrictions in investing in real property and owning real property in Liechtenstein. This applies for nationals and foreigners.
- Any acquisition of real property or companies owning substantial real property is subject to the approval of the authorities.

EXCHANGE CONTROL

- Liechtenstein’s currency is the franc, and Swiss laws apply. Therefore, an exchange control does not exist and all currencies can be traded freely.
- Under money laundering legislation, exporting currency of more than €10,000 has to be reported in the third country.

TAXATION

- Taxable legal entities that are commercially active are only subject to tax on earnings.
- The new regulations on earnings fixed a flat rate of 12.5%.
- This rate is an incentive for high-return industries and small- and medium-sized companies to be established in Liechtenstein.
- This low tax rate on earnings is combined with an extensive exemption of returns on investments and equity profits.

Attractive Asset Management
- The attractiveness of asset managed structures is a key element for Liechtenstein’s new tax regime.

TAX AND INVESTMENT INCENTIVES

- Legal entities may be recognised under the new tax law as private asset companies (Privatvermögensgesellschaften “PVG”).
- They may be recognized by the Liechtenstein Inland Revenue upon request, on a yearly basis, if they are solely used for asset management of natural persons and do not exercise any commercial activity.
LIECHTENSTEIN

• The Liechtenstein tax regime is internationally attractive and competitive and is also a European-wide recognised tax system that is conforming to European Law.

• Companies which are not commercially active but manage assets of individuals, may be placed under the newly created private asset companies (PVGs) and are regulated by a modern tax system.

• Liechtenstein has entered into many tax information exchange agreements (TIEA) and double tax treaties (DTT).

According to official information provided by the Liechtenstein Government at: www.regierung.li/index.php?id=306, 15 April 2012, the following treaties and agreements are in place:

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TIEA= Tax Information Exchange Agreement
DBA= Double Tax Treaty_Doppelbesteuerungsabkommen
OECD-Standard= referring to the model contract 2001, published by the OECD regarding the TIEA.

EMployment Law

Working Hours

• Working hours (arbeitsstunden - horaire de travail) depend on the employer, the job and the industry. They are usually stated in the employment contract (arbeitsvertrag - contrat de travail).

• Liechtenstein law fixes the maximum work time to 45 hours per week for industrial workers, office personnel, technical personnel and other employees, including sales personnel in large-scale retail. For all other workers, the limit is fixed at 50 hours.

• Overtime (überstunden - heures supplémentaires) is defined as the hours exceeding the agreed amount of working hours (while remaining below the maximum weekly amount of work determined by the Labour Act). It is normally paid at 125% of the normal rate or compensated in the form of time off in lieu.

• Liechtenstein law guarantees workers the right to holiday leave. The minimum amount required by law is:
  - Four weeks for workers and apprentices over 20 years old.
  - Five weeks for workers and apprentices up to 20 years old and older than 55.
  - This minimum length of holiday may be extended through contractual agreements.

Employment for EU Citizens

• Liechtenstein is known for restrictive immigration policies and work permit quotas. Since 2007, a European citizen has complete freedom of employment in Liechtenstein. At the same time, requirements for non-EU citizens wishing to work in Liechtenstein have become very strict.

• For job searches that take up to three months, EU citizens do not need a residence or work permit.

• If the search lasts longer, a residence permit for another three months is necessary.

• These permits for EU citizens are not subject to quotas and provide no access to the Liechtenstein social security system.

• Foreign workers have to be employed under the same salaries and work conditions as Liechtenstein citizens.
INTELLECTUAL PROPERTY

Trademark

- The representational law of 12 December 1996 on the protection of trademarks and the indications of source (trademark law), in force since 31 March 1997, replaces the law of 26 October 1928 concerning the protection of manufacturer trademarks and brand names, the indication of source of goods, and commercial labelling (MSchG; LGBl. 1928, No. 13, in the version of the law from 9 January 1964; LGBl. 1964, No. 12 and from 19 December 1985; LGBl. 1986, No. 19).

- The complete revision was necessary because the old trademark law could no longer satisfy economic and industry requirements. The significance of the trademark, particularly from a material standpoint, is substantially greater today than ever before, when the earlier trademark law was issued.

- Furthermore, Liechtenstein's joining of the EEA in 1992 necessitated the specifications of the EU Trademark Directive 89/104/EEA of 21 December 1988, for the alignment of legislation of member states on trademarks from 21 December 1988 (ABl.No.L40 of 11.2.1989, P.1), for example, to comply with the conversion from the use to the priority of filing (see Art. 6). The joining of Liechtenstein of the WTO made additional changes in the area of trademark law necessary due to the TRIPS Agreement.

- In the scope of the Swiss-Liechtenstein Customs Treaty of 1923, Switzerland and Liechtenstein already came to an agreement on possibilities to achieve unified standards in the areas of industrial, literary, and artistic property (Art. 5 ZV).

- With the law of 26 October 1928, (LGBl. 1928 No. 13), Liechtenstein received the Swiss trademark law in the 1890 edition. At that time, only some organisational adaptations to the Liechtenstein court system were made. In the end, this trademark law was analogously changed to the Swiss model in the revision of the Paris Convention in the Hague and in London in 1964. In 1985, independently from the Swiss, Liechtenstein introduced the service trademark and also regulated the cancellation of requirements for filing authority and the blocking period, as well as the disassociation of the trademark from business operations.

- The applicable Liechtenstein trademark law of 12 December 1996, in force since 31 March 1997, (LGBl. 1997 No. 60) received, in large part, the completely revised Swiss trademark law in force since 1 April 1993. Adjustments were only made where specific Liechtenstein special interests had to be considered (e.g., no objection in the representative regulation, etc.).

- Due to the EU Trademark Directive (89/104/EEA), the new trademark law aims for an alignment of the trademark system of the EU, not only concerning the Liechtenstein market, but the entire European economy (e.g., Art. 13 para. 4 and 5), where the owner of a trademark does not have the right to prevent others from using the trademark for goods which were brought into commerce under such trademark, in Liechtenstein or in a member state of the European Economic Area (the principle of EEA-wide exhaustion).

- The position of the trademark owner was substantially strengthened, and the trademark enhanced in value in the interest of industry, commerce and service companies. The authorised owner has an expanded instrumentality with which he can fight against trademark rights infringement. The interests of the trader and the consumer are considered. In the scope of the law revision, the protection of the geographic origin was set upon a new legal basis. With the new trademark law, a conformation to foreign legal regulation (in particular to the EU directives) was essentially achieved.

Relationship of the Trademark Law to Other Laws

- In addition to the provisions of the trademark law, other laws have influence the trademark. These can restrict the registration of a trademark, completely exclude it, or impact or strengthen the protection of the trademark in relation to other signs.

Public Law

- Public law provisions have priority over trademark law, particularly legal regulations regarding name, official seal, goods and identification.

Law Against Unfair Competition (UWG)

- Dominant opinion under the old law was that the UWG should be brought into use cumulatively with the trademark law. The infringed party could base the suit upon any law that guaranteed him the better protection.

- The present trademark law from now on protects distinctive signs to an extended degree. The shape trademark, the three-dimensional trademark and the trademark of wide repute are newly protected. Additionally, a comprehensive civil law and criminal law protection will be guaranteed, and additional responsible positions will be brought in, namely the organisation of Customs Administration, for the import and export of goods.

- It is to be assumed that the trademark law primarily applies to use. The law against unfair competition is only to be used if elements of unfair competition ensue, which in and of themselves are not infringing according to the trademark law, i.e., although it could be punishable, it does not constitute trademark infringement.

Pattern and Model Law (MMG)

- In principle, a pattern or a shape trademark (model) could later be protected as a figurative trademark. Generally, the trademark protection offers an elevated protection in relation to the pattern and model protection. Further, no novelty requirement exists with trademark protection.

Company Protection

- The obligations law, specifically the commercial law protection, aims to prevent the illegitimate company use regarding registry rights. Whoever has an interest in the elimination of misuse of a company can seek an injunction of unauthorised use. The risk of confusion in company law is in most cases less strictly judged than in trademark law. Texts and judicature have increasingly restricted the use of one's own name in economic life and participation in business. The trademark often has priority over the name (OGH, 30.3. 1002, 5C 261/89-57).
• The use of one’s own name should not result in such that the trademark rights owner may not use his trademark, or that older and protectable rights would be infringed. There must be a balance of interests, namely between the protectable rights of the trademark owner and the name bearer. The name bearer who wants to use his name as a trademark can, at any time during trade, give his trademark a distinctive version. For this purpose all possibilities of design are open, so that the name bearer would not be prevented from being able to use his own name. This applied and still applies to the well known names like Bally, Pernod, Bolla, Nestle, Suchard, Jacobs, Lindt, Gucci and many others.

Person and Corporate Law (PGR)
• A trademark can be asserted as a keyword short description of a company or a part thereof. The owner of such trademark would then also be entitled to the name rights protection. Whether name rights protection exists is not easy to judge. Generally, this protection is given if, in the public view, a good’s description has become a company’s description, meaning that in the perception of the trade circles without the need of the sign’s owner to do anything the trademark is understood to be the name of the company.
• In the past, the company of a sole proprietor would only be name rights protected if it matched the civil name of the proprietor. This was the case for personal companies if the company name was formed from the name of a personally liable shareholder.
• A well known trademark can also be entitled to name rights protection. Protection will be granted if the risk of dilution of the superb characterisation and advertising appeal is threatened.

DISPUTE RESOLUTION
• Civil disputes at first instance are to be heard at the Princely Court of Liechtenstein (Landgericht).
• Appeal is granted to the Princely High Court (Obergericht) and thereafter to the Supreme Court (Oberste Gerichtshof).
• In rare cases, disputes may be heard before the Constitutional Court (Verfassungsgerichtshof).
• Alternative Disputes Resolutions (ADR) are available, including arbitration and mediation.
• On 7 July 2011, Liechtenstein acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award. Liechtenstein became party as the 146th Country to the Convention.

IMMIGRATION PROCEDURES
General
• The passport and visa requirements for persons visiting Liechtenstein are the same as for Switzerland.
• All foreign nationals must hold a valid travel document to enter Liechtenstein.
• An ID card is usually accepted for EU nationals, while other nationals must hold a valid passport and may also require a visa.
• Evidence of adequate funds is required to support your stay in Liechtenstein.
• A stay for up to three months is permitted without requiring a residence permit.
• Anyone not holding a residence permit or being Liechtenstein national, must leave the country for at least one month before returning, and cannot spend more than a total of six months in Liechtenstein within a year.
• Documentation for Visa:
  o Completed application form.
  o One recent passport-size photo.
  o Passport or travel document valid for at least three months after intended visit.
  o Fee payable in cash or by postal order.
  o Return/onward ticket and visa for next country of destination if required.
  o Proof of sufficient funds in the form of a recent bank statement.
• Business Visa:
  o Proof of existing business connections or an invitation from a Liechtensteiner company or business partner is required for a business visa.
  o The requirements for non-EU citizens are very restrictive. They are granted by Ausländer- und Passamt (APA).
  o The Ausländer- und Passamt (APA) states as follows (http://www.llv.li/amtstellen/llv-apa-summary__in_english_/llv-apa-overview_of_necessary_documents_respectively_conditions.html): Due to its small size and a regulatory environment that is attractive for foreigners, the Principality of Liechtenstein has, for a considerable time, been obliged to regulate the entry of foreign citizens. In the framework of this country’s joining the European Economic Area (EEA) on 1 May 1995 Liechtenstein was granted a period of transition, after which improved opportunities for establishing domicile had to be granted to citizens of the EEA. With the desision of the EEA Joint Committee of 17 December 1999 and the approval of the Liechtenstein Landtag (parliament) on 16 March 2000, Liechtenstein was allowed to keep in force measures for restricting settlement in this country, although at the same time certain relaxation for EEA citizens had to be guaranteed. Consequently, on 1 June 2000 the law on the procedure for the issuing of residence permits (ABVG)3; and the Ordinance on the Movement of Persons (PVO)4; came into force.

1 Decision of the EEA Joint Committee No. 191/1999 of 17 December 1999 on the amendment to Appendix VII (Right to Establish Domicile) and V (Free Movement of workers) of the EEA Agreement.
EEA citizenship applies to persons from: Norway, Iceland, Portugal, Spain, France, Germany, Netherlands, Belgium, Luxembourg, Greece, Denmark, Italy, Austria, United Kingdom, Sweden, Finland and the Irish Republic.

Law of 12 April 2000 on the Procedure for the Issuing of Residence Permits (Gesetz über das Verfahren zur Erteilung von Aufenthaltsbewilligungen, ABVG), LGBl. 2000 No 98, LR 152.21

Ordinance on the Movement of Persons of 16 May 2000 (Personenverkehrsverordnung, PVO), LGBl. 2000 No 99, LR 152.22

**Documentation**

Necessary documents respectively conditions for B residence consent governed by the PZFG and for balloting procedure in an overview (only for EEA citizens):

### B residence consent for economically active persons:
- Application form.
- Copy of passport.
- Contract of employment.
- Written justification.

### B residence for economically non-active persons:
- Application form.
- Copy of passport.
- Evidence of financial resources.
- Confirmation that the applicant is no longer economically active.
- Confirmation of sickness insurance and accident insurance.
- Written justification.

### Balloting procedure
- Payment of fee by the due date.
- Submission of an application form by the due date in addition to either employment in Liechtenstein (this applies to a non-independent economically active person).
  
or
- A already sanctioned permanent business activity involving cross-border commuting or fulfilment of the requirements applicable to the proposed independent activity (in the case of independent economically active persons).
  
or
- Pensionable age or financially independent (non-employed domicile).
LITHUANIA

• Geographic location: strategically located in Central and Eastern Europe with an area of 65,300 km².
• Political system: Lithuania is an independent democratic republic.
• Language: the official state language is Lithuanian.
• Currency: Lithuania’s local currency is the Litas (LTL), equal to 100 Lithuanian cents. On 2 February 2002, Lithuania re-pegged the Litas to the Euro (€) at the rate of LTL3.4528/€.
• The population is 2.979 million. The population’s ethnic composition is 84.2% Lithuanians, 6.6% Poles, 5.8% Russian, 3.4% people of other nationalities (Belorussians, Ukrainians, Latvians, etc.).
• Investment growth areas: Information and communication technology (ICT), biotechnology, metal processing, machinery and electrical equipment, plastics, furniture, wood processing and paper industry, textile and clothing. Apart from these, the country of Lithuania has tremendous opportunities for investors in sectors such as real estate and construction, business process outsourcing (BPO) and shared services, biotechnology and lasers.

BUSINESS PRESENCE

• Main types of business models in Lithuania: the most popular form of company is the private limited company. Other commonly used types of business: public limited company and personal enterprise. Societas Europaea might be an option as well.
• Foreign companies may operate in Lithuania through establishing a local subsidiary (separate entity from the foreign company), a representative office (is not a separate entity from the foreign company) or a branch (is not separate entity from the foreign company). Cross border services (subject to some exception, for instance in financial services) on a temporary basis may be provided in another EU member state without having to be established.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Equity Participation
• As a general rule, there are no restrictions imposed on foreigners owning equity in Lithuanian companies. Foreign investors are free to access all sectors of the economy, with the exception of the activities of national interest in sectors such as state security and defence. Foreign investment in regulated markets such as banking, insurance, etc., generally requires proof verifying the legitimacy of the foreign capital being invested in Lithuania.

Restrictions In Real Estate Acquisition
• There are no restrictions applicable to acquisition of buildings. However, acquisition of land is a subject to certain restrictions. A foreign investor wishing to acquire land has to meet requirements of European and Transatlantic Integration. A legal person has to be established either in an EU member state, EU accession country or an OECD member state, NATO member state or EEA member state. In a case of a natural person the requirement of holding the citizenship or a permanent residency of the aforementioned states is applicable. Moreover, land may be acquired by non-Lithuanian citizens having permanent residence in Lithuania. There are no restrictions imposed on foreign investors to acquire interests in Lithuanian entities that own real estate.

Approvals and Licensing
• Certain types of economic areas require registration or licensing in Lithuania. These may be obtained from the relevant governmental authority. Application processes and prescribed fees payable vary depending on the field of activity. When a licence or permit is required for a certain type of activity, licensing requirements apply equally to entities owned by foreign and domestic investors.

EXCHANGE CONTROL
• Foreign investors are entitled, upon paying the taxes due, to convert their profit and income into foreign currency (the transfer of funds can be made both in local and foreign currency) and/or repatriate them without any restrictions. No restriction on repatriation of capital applies. Some capital transactions have to be registered with the central bank. Dividends paid to foreign shareholders, which control for an uninterrupted period of at least 12 months (at least 10% of voting shares in the Lithuanian entity) shall not be subject to taxation, except for the cases where the foreign entity receiving the dividends is located or domiciled in an offshore territory (certain conditions apply).
LITHUANIA

TAXATION

Corporate Income Tax
Corporate profits are subject to a 15% corporate tax. A reduced rate of 5% is applicable if particular requirements established by the law are met.

Personal Income Tax
• Dividends are subject to a tax rate of 15%.
• All other taxable income is subject to a tax rate of 15%.
• Fixed amount of tax applies to income earned under a business certificate.

Social Tax
• There are social insurance and health insurance taxes in Lithuania. The tax rate depends on the type of income.

VAT
• Standard tax rate of 21% applies in Lithuania. Reduced rates of 5% and 9% are applicable for particular goods.

Other Taxes
• Selected products: excise duties on alcohol, tobacco, fuel and energy at various tax rates apply.
• Municipal taxes: road and street closure tax, motor vehicle tax, animal tax, entertainment tax. Parking charges may be imposed. Each municipality has a right to decide to levy such taxes. Tax rates may vary.
• Customs duty: European Union common customs tariff duties apply to all goods imported into the European Union.
• Gambling tax: tax rates depend on the type of gambling.

TAX AND INVESTMENT INCENTIVES

General
• Legal entities owned by both citizens and non-national shareholders are subject to the same grants, subsidies and guarantees in Lithuania. Lithuania has encouraged foreign investment by signing bilateral agreements on the promotion and protection of investment and on the avoidance of double taxation with more than 50 states.

Special Economic Zones
• The income of non-residents is a subject to taxation solely if it is received through the permanent establishment in Lithuania, or if the particular type of income is listed in law (when not received through the permanent establishment in Lithuania).
• Enterprise in the free economic zone in which capital investment has reached €1,000,000 during six taxable periods (commencing with the taxable period during which this sum of investment was reached) is exempted from the payment of profit tax. During the other 10 taxable periods a 50% reduction of tax applies. The latter tax incentive is applicable solely where not less than 75% of the income of the zone enterprise for the appropriate taxable period is made up of income from the manufacturing, production and recycling of goods, storing activities, wholesale in goods stored in the zone, and/or the provision of services related to the aforementioned types of activities carried out in the zone.

• Enterprises registered in foreign countries are subject to 10% withholding tax on certain types of Lithuanian-source income not generated through the permanent establishment of the foreign enterprise.
• The Law on Corporate Income Tax envisages that enterprises (subject to some restrictions) are free to transfer their tax losses accrued within a taxation period to another company of the group for the purpose of reducing the taxable profit of the group company over the same tax period by the amount of the loss transferred to it.
• Depreciation is allowed for long-term assets and prestige.
• Certain types of goods and services are exempted from VAT.

EMPLOYMENT LAW

• Standard working hours in Lithuania are eight hours per day and 40 hours per week. The maximum working hours are 12 hours per day and 48 hours per week.
• The minimum monthly salary amounts to EUR 300 (before deduction of tax approx. €182) and gross per hour.
• Employees are entitled to statutory benefits such as rest time, public holidays, annual leave (minimum 28 calendar days), sick leave, maternity leave and termination benefits.
• Trade unions are not strong in Lithuania.
• The resident market test applies. Therefore, a vacancy needs to be advertised on the website of the State Labour Exchange as regards the employees who are to be employed in the Lithuanian entity. The State Labour Exchange must give a priority to the Lithuanian and EU nationals against non-EU candidates applying to the same advertised position.

INTELLECTUAL PROPERTY

• Contrary to copyright protection that applies automatically upon creation of the work, industrial property rights (patents, trademarks, utility models, industrial design and geographical marks, etc.) are subject to prior registration in order to obtain legal protection.
• Registered patents, trademarks, utility models, industrial design and geographical marks enjoy legal protection for specific periods of time—10 years for trademark and 20 years for patent. The period of validity of copyrights is the life time of the author and 70 years after his or her death.
• Intellectual property laws provide adequate protection to both local and foreign investors.
Doing Business in Europe

LITHUANIA

DISPUTE RESOLUTION

• The Lithuanian Court system consists of first instance courts (local courts and district courts, depending on subject matter and value of the dispute), appellate courts in the second instance (district courts hearing appeals against the judgement of local courts, and the Court of Appeals of Lithuania hearing appeals against the judgement of district courts) and cassation court in the third instance (the Supreme Court of Lithuania hearing cassation appeals against the appellate judgments of district courts and the Court of Appeals of Lithuania).

• Alternative dispute resolution is available, encompassing mediation and arbitration.
  o Vilnius Court of Commercial Arbitration settles all arbitrable civil disputes in accordance with its rules, and is the main arbitration institution in Lithuania. Arbitration fees: registration fee of EUR 400 plus 21% VAT. An administration fee shall be calculated according to the claimed (counterclaimed) sum in dispute, based on the set indices and a compensatory fee that is fixed on the basis of the documents supporting the incurred costs.
  o Vilnius Court of Commercial Arbitration also offers mediation services. Mediation fees: MEDIATION FEE 15 EUR 1,300 which covers registration fee (excluded VAT) and 3 hours of mediation fee.

• Certain types of disputes may be solved by pre-court dispute resolution commissions voluntarily. Referral to specific commission in some types of disputes is prerequisite for the parties to bring suit in court.

IMMIGRATION PROCEDURES

• All persons entering Lithuania should possess valid national passports or other internationally recognized travel documents valid for travel to Lithuania. Passports or travel documents of non-EU citizens have to be valid for at least three months beyond the date of entry into Lithuania (subject to exceptions).

Short-Term Transfers

• Non-EU citizens need to obtain visas for entering Lithuania, unless the respective visa-free regime is established by an international agreement. A third country national to whom visa-free regime is applicable shall be entitled to stay in Lithuania without a visa for up to 90 days within each half a year.

• The application for visas should be submitted in person to the Lithuanian embassies or consulates in the country of permanent residence of the applicant. In the absence of the embassy or consulate in the country of permanent residence, the application for a visa should be submitted to the diplomatic mission or consular post of the Schengen state representing Lithuania.

• A Schengen visa itself does not entitle a person to work in Lithuania and a work permit is required, unless certain statutory exemptions of this requirement apply.

• A work permit must be obtained by the foreigner before he arrives in Lithuania. Usually the permit is issued within one month after submission of all required documents to the State Labour Exchange.

Long-Term Transfers

• In case a short-term visa is not sufficient, the foreigner may seek to obtain work and temporary residence permits. A work permit alone does not entitle legal residence in Lithuania, and a temporary residence permit has to be obtained. A work permit is issued for a maximum period of two years for the employed personnel. After a one-month period a foreigner may apply for the issuance of a new work permit. Regarding seconded employees, the work permits may be issued for the maximum period of one year with the possibility to extend it for another year.

• Based on the work permit (or in case the exemption from applying for a work permit applies), the foreigner has to file a personal application for a temporary residence permit in the immigration office (if he or she is in Lithuania), or at the Lithuanian embassy or a consulate in the country of permanent residence of the applicant. The fact that the foreigner has applied for a temporary residence permit does not give a legal ground to stay in Lithuania. The residence permit is issued within six months of application. The temporary residence permit is issued for the maximum period of one year with the possibility to extend it each year, provided the individual retains the legal ground for residency in Lithuania.
BUSINESS PRESENCE

- The main company structures are the public limited company (société anonyme or SA), the private limited company (société à responsabilité limitée or SARL), which may qualify for the US “check-the-box” elections and the S.C.A. – partnership, limited by shares (société en commandite par actions), which is commonly used for funds structuring.
- It is also possible to establish two kinds of tax transparent partnerships in Luxembourg, including the common limited partnership (société en commandite simple or SCS) and the special limited partnership (société en commandite spéciale or SCSp), which are commonly used as investment vehicles.
- Since 2016, the law of 10 August 1915 on commercial companies was reformed and modernised. Among others, there are two new types of commercial companies:
  - a simplified private limited company (société à responsabilité limitée simplifiée or S.à r.l.-S): this new type of company is reserved to physical persons and intended to ease the commencement and development of new commercial business activities requiring a business license (with a starting share capital ranging between EUR 1 and EUR 12,000);
  - a simplified joint stock companies (société par actions simplifiée): inspired from the French SAS, an SAS is similar to an SA but with more contractual flexibility of an SARL. One of the main features of an SAS is that it can be managed and be represented by one “Président” instead of a board of directors.

Regulated undertakings for collective investment (UCIs)

- Regulated UCIs are subject to the supervision of the Luxembourg supervisory authority of the financial centre, the Commission de Surveillance du Secteur Financier (the “CSSF”).

The different kinds of funds are:

- The UCITS (undertaking for collective investment in transferrable securities), which benefit from the UCITS EU marketing passport to retail investors. They need to be invested in transferrable securities. They can be funds for equity funds, debt securities funds, money market funds, index tracking funds, ETF, funds of funds, etc.;
- The so-called part II funds, which are also regulated funds, can be distributed to retail investors but do not benefit from the UCITS EU marketing passport to retail investors. They do not necessarily need to be invested in transferrable securities and in this respect can also be used as real estate funds (i.e., directly invested in real estate assets);
- The specialised investment funds, or SIF, are UCIs reserved to qualified investors and more softly regulated. The SIF can be used for hedge funds, real estate and infrastructure funds, debt funds, private equity and venture capital funds and other types of alternative asset classes (for wine, works of arts, etc.). They can be close-ended or open-ended.
- A Luxembourg regulated UCIs can be structured as a fonds commun de placement (FCP), which is a civil law unit trust managed by a management company or as investment companies.
- Luxembourg UCIs can be structured as stand-alone funds or as umbrella funds (i.e. one fund legal structure with one or several segregated compartments/sub-funds).

Other Investment Vehicles

- Luxembourg has created a specific private equity/venture capital company, the SICAR (société d’investissement en capital risque), which can be set up as a company or as a limited partnership. The SICAR is supervised by the CSSF. It can be
established as an umbrella structure. The SICAR is reserved to qualified investors.

- In July 2016, a new type of unregulated investment fund was introduced, the reserved alternative investment fund (RAIF). An RAIF must be managed by an authorised AIFM and therefore benefits from the EU marketing passport for professional investors. An RAIF can be set up as an FCP or as an investment company (with fixed or variable share capital) or partnerships. It can be set up as a stand-alone fund or as an umbrella fund with one or several segregated compartments. RAIFs are reserved to qualified investors.

- Securitization vehicles: securitization vehicles can be established as an FCP or under a corporate form, and can be regulated or not.

**AIFMD**

- The alternative investment fund directive was transposed into Luxembourg law in July 2013 and applies to managers. Luxembourg investment vehicles qualifying as alternative investment funds within the meaning of the AIFMD which are managed by an authorised alternative investment fund manager established in the European Economic Area (EEA) benefit from a marketing passport to professional investors in the EEA.

**FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS**

- There are no restrictions for foreign investments in Luxembourg. Foreign investors may hold 100% of Luxembourg companies.

**LUXEMBOURG EXCHANGE CONTROL**

- There are 110 exchange controls in Luxembourg. Luxembourg implemented anti-money laundering rules, which require compliance with identification duties before entering into certain transactions starting from EUR 15,000 in value. In addition, there is a reporting requirement for statistical purposes to the Central Bank of Luxembourg and National Institute of Statistics and Economic Studies of Luxembourg. This declaration is required for any transaction exceeding €50,000.

**TAXATION**

**Direct Taxes**

- Personal Taxation: personal income is taxed following a progressive tax scale. The rates vary from 0% to 42% (45.78% if you include the surcharge on employment) respectively. There is no net wealth tax for individuals. From 2017, interest is generally subject to a 20% tax rate. Capital gains are only taxable on so-called speculative gains, disposal of a substantial shareholding (i.e., representing more than 10% of the share capital of a company) or real estate gains. Progressive tax rates also apply to employment income.

- Corporate taxation: Luxembourg taxation of corporate income is based on a composite tax, including the corporate income tax per se (rate of 19%), the contribution to the employment fund (being 7% of the corporate income tax due) and the municipal business tax (at a rate of 6.75% established in each municipality in Luxembourg). The total rate of taxation is 27.08% in Luxembourg-city.

- Capital gains are normally fully subject to tax. However, the capital gains taxation may be avoided in certain circumstances, which are described below under Tax and Investment Incentives.

- Companies are subject to tax on their taxable net wealth (i.e., after deduction of their liabilities) at a rate of 0.5% on a yearly basis. It is possible to neutralise all or part of the amount of net wealth tax due by creating a reserve account blocked for five years in the amount corresponding to five times the amount of tax to be neutralized. Some assets are excluded from the taxable basis.

**Withholding Taxes**

- Royalties: there is no withholding tax on royalties.

- Interest: Withholding tax exists in the following situations:
  - Payment of interest to a resident individual: the withholding tax on interest payments from Luxembourg tax-payers increased from 10 to 20% on 1 January 2017;
  - Cross-border payment of interest to an individual residing in another EU member state: withholding tax at a rate of 35% used to apply, but there is now an automatic exchange of information instead.

- The interest is re-characterised as a hidden distribution and is then fully subject to the rules applicable to dividends.

- Dividends paid by a fully taxable Luxembourg company are subject to a withholding tax of 15%. No withholding tax applies to the payment of dividends in the context of the participation exemption regime.

**Indirect Taxes**

- VAT: the EU VAT system applies. The general VAT tax rate is 17%. There are reduced rates, the lowest being 3%.

- Registration duties apply on real estate transactions at the rate of 7% of the purchase price (10% in Luxembourg-city), except for the rental contract subject to VAT (fixed fee of EUR 12).

- No capital duty applies to the capital of companies nor to the transfer of shares of a Luxembourg company.

**Tax Treaties**

- Luxembourg has an extensive treaty network with 77 treaties in force with various countries on 1 January 2017, including the USA, the five BRICS countries and several Asian countries. It is one of the very few countries to have a treaty in force with Hong Kong.

**Other Taxes**

- Selected products: excise duties on alcohol, tobacco, fuel and energy applied at various tax rates.

- Municipal taxes list: road and street closure tax, motor vehicle tax, animal tax, entertainment tax, parking charge may be imposed. Each municipality has a right to decide to levy such taxes. Tax rates vary.
• Customs duty: EU common customs tariff duties apply to all goods imported into the EU.
• Gambling tax: tax rates depend on the type of gambling.

TAX AND INVESTMENT INCENTIVES

Participation Exemption Regime
• Under the participation exemption regime, income and gains realized by a fully taxable Luxembourg resident company and deriving from qualifying shareholdings are exempt from corporate income taxation, and the qualifying participants are not subject to net wealth tax.

The Preferred Tax Regime for Intellectual Property Rights
• Income and gains deriving from qualifying intellectual property rights are 80% tax exempt, bringing the tax rate down to 5.42%. Qualifying rights are also exempt from net wealth tax. The qualifying rights are: patent, registered trademark, copyrights on software, design or model, and domain name.

The SICAR
• The SICAR is fully subject to tax, but it benefits from an objective exemption on all its income and gains deriving from risk capital investments. No withholding tax applies on distributions made by a SICAR. SICARs are exempt from net wealth tax.

UCI
• Luxembourg UCIs are not subject to tax on their income or gains. However, they are generally subject to annual subscription tax (taxe d’abonnement) of 0.05% of their net asset value (UCITS) and 0.01% (SIF). Under certain conditions, a reduced tax rate equal to 0.01%, or exemptions, applies.

RAIF
• RAIF are not subject to tax on their income or gains. They are generally subject to an annual subscription tax (taxe d’abonnement) of 0.01%. Under certain conditions, exemptions apply. RAIF investing exclusively in risk capital can choose to be subject to a tax regime similar to that of the SICAR.

The Private Wealth Economy
• Family wealth management companies (société de gestion patrimoine familiale) are Luxembourg companies whose sole object is to invest in financial assets (acquisition, holding and sale) and which can only be held in the context of private wealth management. These companies are not subject to tax on either gains or income and are not subject to net wealth tax. These companies are subject to a subscription tax equal to 0.25% of their equity per annum. No withholding tax applies on their distributions.

EMPLOYMENT LAW
• The relevant statutes and regulations in Luxembourg are contained in the Labour Code and certain other specific laws.
• Employment Contract: An employment contract is valid on the informal consent of capable parties on the main aspects of the contract (nature of job, hours of work, and salary), but the law requires a written form for at least both the employee and the employer.
• Collective Agreements: These are contracts mainly used in the banking, insurance, building, hotel and catering industries sectors between trade unions, one representing the employees, the others representing the employer and companies operating in the same or a similar field.

Termination
• Fixed-term employment contract: This expires on the date stated in the contract or when a specific event occurs or earlier if either party has committed a serious fault.
• Indefinite-term employment contract: The notice period for terminating an indefinite-term employment contract depends on both the employee’s seniority and who initiates the termination.
• Termination without notice: Both the employer and the employee may terminate their relationship without notice by a registered letter in the event of a serious misconduct by the other party.
• Dismissal: An employee can challenge the reasons for the dismissal and file a lawsuit against the employer to claim material and moral damages for wrongful or unfair dismissal. In addition, special rules cover collective dismissals and the transfer of employees.
• Social security contributions: All employees must be registered with the Social Security Services.

INTELLECTUAL PROPERTY
• Luxembourg offers a safe IP environment and can be regarded as an attractive IP destination.
• Luxembourg is prompt to implement EU directives and is party to all the major IP treaties and conventions, including the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), the Bern Convention, the Patent Cooperation Treaty (PCT), the Paris Convention, the Patent Law Treaty (PLT), and the Madrid Agreement and Protocol.
• Patents, trademarks, industrial design, copyright, related rights and databases are protected under Luxembourg law for specific periods of time during which IP owners enjoy monopoly rights entitling them to prevent unauthorized use by third parties.
• Unregistered patents and trademarks as well as domain names and company names may also be protected in practice, under specific circumstances, through unfair competition or passing-off actions.
• Luxembourg developed a very rewarding tax environment in the field of IP since 2008. The applicable tax regime consisted mainly of an exemption of 80% of the income and gains realised yearly by the Luxembourg taxpayers for the use of any software copyright, any patent, trademark, design, model or domain name (see above under T and Investment Incentives). In accordance with the OECD’s actions to prevent harmful tax practices, the Luxembourg preferential tax regime
was repealed on 1st July 2016. Until Luxembourg sets up a new tax regime implementing the “nexus approach” of the OECD, the previous tax regime remains in effect for a transitional period. This transitional period allows taxpayers to benefit from the Luxembourg IP Tax regime until 30 June 2021 for IP rights created or acquired before 1st July 2016. The application of the transitional period ended on 31 December 2016, if the IP rights were acquired after 31st December 2015 directly or indirectly from a related company. Luxembourg remains attractive for IP rights, as a new IP tax regime in line with the OECD’s approach is expected allowing the LuxIPCo to benefit from a favourable tax regime if, for example, the R&D costs are also supported by the LuxIPCo.

**DISPUTE RESOLUTION**

- Luxembourg’s legal system is separated into three jurisdictions: judicial, administrative and social.
- In first instance, depending on the value and the type of dispute, civil cases are brought before the Magistrates Court or the District Court (civil chambers) while criminal cases are handled by either the Police Court or the District Court (criminal chamber) and commercial disputes are heard by the District Court (commercial chamber).
- Disputes concerning employment law are always settled in first instance by the Labour Court.
- There are three Magistrates Courts in Luxembourg (Diekirch, Luxembourg-City and Esch-sur-Alzette). Magistrates Courts house the Labour and Police Courts, though the three Courts are separate entities with different internal organisations.
- There are two District Courts (Diekirch and Luxembourg-City), which also house Youth and Guardianship Courts. Each District Court has chambers sitting in civil, commercial, divorce and criminal matters.
- Luxembourg-City hosts the single Court of Appeal and Supreme Court (similar to the French « Cour de Cassation »). Together, the Court of Appeal and the Supreme Court form the Superior Court of Justice.
- Appeals of decisions from the District Court are introduced before the chamber of the Court of Appeal relevant to the nature of the dispute (civil, criminal or commercial).
- Decisions rendered by the Magistrates and Police Courts are appealed before the District Court while decisions handed down by the Labour Court are directly handled by the Court of Appeal. Once decided by the District Court, Magistrates and Police Court decisions can be referred to the Supreme Court for a final verdict, but not to the Court of Appeal.
- Cases may finally go to the Supreme Court, which may only make an interpretation of a rule of law, rather than a judgment on the facts.
- Summary proceedings exist for every type of dispute before all of the courts of the judicial jurisdiction, save for the Supreme Court.

- Luxembourg also has a separate social jurisdiction (Social Security Arbitration Board in first instance, Social Security Superior Council in appeal, then Supreme Court).
- There is also a separate administrative jurisdiction (Administrative Tribunal in first instance and Administrative Court in appeal), over which the Supreme Court has no authority.
- All Courts in Luxembourg are supervised by the Constitutional Court.

**IMMIGRATION PROCEDURES**

**Entrance Requirements**

- EU, EEA and Swiss citizens only need an ID or passport identification in order to be authorised to enter Luxembourg territory and to stay in Luxembourg for less than three months. For more than three months, those citizens must apply for a residence certificate (“attestation d’enregistrement”).
- All other third-country nationals who want to stay longer than three months in Luxembourg must apply for a temporary residence authorisation (“autorisation de séjour temporaire”) before entering Luxembourg. A request for the authorisation of residence must be filed with the minister in charge of immigration issues before entering Luxembourg territory. A temporary residence permit can be granted by the minister in charge of immigration issues for seven different categories of persons (employee, independent, sportsperson, student, researcher, family member or for personal reasons). Within three months (90 days) following entry into the country, the person must apply for a definitive residence permit (“autorisation de séjour”).

- Highly-skilled worker (i.e. third country nationals with highly qualified skills) can benefit from a facilitating process in Luxembourg to carry out a professional activity, under certain conditions, with a blue card.
- Draft bill n° 6992 aiming at transposing two directives (n° 2014/36/EU and 2014/66/UE) should lead to a major modification of entry and residence conditions for third country nationals. In particular, Luxembourg may shortly adopt a new residence permit for “investor” or “entrepreneur” (also called golden visa) in direct competition with the US and UK. New measures may also be adopted allowing managing directors who have an employment contract to apply for a highly skilled salaried residence permit.
NETHERLANDS

• The Netherlands is located in the heart of Europe, between Germany, Belgium and the UK. Historically it has been a crossroad for trade due to its strategic location and regarded as the "Gateway to Europe."

• The port of Rotterdam is the largest in Europe, and Schiphol (Amsterdam) Airport has been voted the best airport in Europe.

• The area consists of 41,528 km² and has a population of approximately 16.7 million people.

• The Netherlands is a parliamentary democracy under a constitutional monarchy. It is a civil law country where laws are written down and case law is used to explain its effects.

• The Netherlands is a kingdom, since 30 April 2013 having a king; Willem Alexander.

• Currency: Euro (€).

• The Netherlands is internationally orientated as the import and export of merchandise and services accounts for more than two-thirds of the GDP. The Netherlands has one of the lowest unemployment rates in the EU and a highly productive and well educated workforce. Services comprise primarily: transportation, distribution, storage and communication, financial and business services. Industry comprises primarily: petroleum refining, metalworking, electrical machinery and equipment, chemicals and food processing.

• The Netherlands is one of the most competitive countries in the EU as a result of factors such as: macro-economic stability, infrastructure, quality of education, innovation and entrepreneurship.

BUSINESS PRESENCE

Local Incorporation

• In the Netherlands, various types of legal entities are available such as the private limited liability company in the form of a BV (besloten vennootschap) or a public limited liability company in the form of a NV (naamloze vennootschap). There is also the foundation, the association, the cooperative and several partnerships. The most commonly used partnerships are the VoF (vennootschap onder firma) and the CV (commanditaire vennootschap).

• Dutch corporate law, especially with regard to the BV, has been subject to some major legislative changes. Per October 2012 the Netherlands has enhanced the business climate for entrepreneurs and introduced a more simplified and flexible private limited liability company which is known as "the Flex BV". The recent changes have simplified the statutory rules governing Dutch private limited liability companies and offer a large degree of flexibility in the governance structure of this type of company. In general the incorporation of a legal entity is a swift procedure and might require the involvement of a civil law notary, depending on the kind of entity.

Branch of Foreign Corporations

• The incorporation procedure of a foreign branch consists of the registration with Chamber of Commerce and tax authorities. There are no further costs involved and no particular regulations to comply with.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Shareholdings

• There are no screening requirements regarding foreign direct investment and no regulatory restrictions in those sectors that allow foreign direct investment. Foreign companies may hold 100% of most Dutch enterprises, borrow locally and on international markets, freely repatriate capital, profits, royalties and fees, and make all types of trade-related payments.

EXCHANGE CONTROL

• No exchange controls and few restrictions exist on foreign investment in the Netherlands. Foreign companies from EU or European Economic Area (EEA) countries must receive national treatment under EU regulation. The Dutch central bank operates a survey approach to the collection of balance of payments data. Approximately 2,200 companies are required to report all transactions between resident and non-resident bank accounts.

TAXATION

Corporate Income Tax

• The Dutch Corporate Income Tax Act distinguishes between resident and non-resident taxpayers. A company incorporated
under the laws of the Netherlands is deemed a resident of the Netherlands for corporate tax purposes and is in principle subject to corporate tax on its worldwide income. A Dutch branch of a non-resident company is regarded as a non-resident taxpayer for corporate tax purposes. Non-resident taxpayers are subject to corporate tax only on their domestic source income. As of 1 January 2012, income derived from a permanent establishment in a foreign country is exempt from the Dutch tax base unless the foreign PE is a low-taxed investment company (in which case a tax credit will be granted for the foreign tax). The corporate tax rate (2014) is 20% for profits up to €200,000, and a tax rate of 25% applies to the excess.

- Participation Exemption: the Dutch Corporate Income Tax Act also provides for a tax exemption for dividends and capital gains from the sale of shares in subsidiaries, the participation exemption. Liquidation losses from a subsidiary may, under certain circumstances, be deducted. However, costs relating to the acquisition and alienation of subsidiaries do not qualify under the participation exemption. There are some exemptions to the participation exemption, most of which relate to low taxed portfolio investments.

- Fiscal Unity: the Dutch Corporate Income Tax Act provides for a fiscal unity regime that, subject to certain conditions, permits companies that are members of a fiscal unity to file a consolidated tax return. The main advantages of the fiscal unity regime are that profits and losses may be freely set off among members of the fiscal unity and members can avoid the realisation of income on transactions between them.

- Tax Ruling: in the Netherlands, rulings in principle can be obtained for each issue. Under the current policy, no rulings are issued for some very aggressive structures. To obtain a ruling, current Dutch policy requires the taxpayer to disclose its entire structure (i.e., including its beneficial owners). Furthermore, the taxpayer need to have substance in the Netherlands. In the Netherlands, there is no governmental fee for issuing a tax ruling.

- Losses: any losses may be carried forward for nine years and carried back for one year. Special restrictions apply to losses incurred by a company whose activities are at least 90% finance and holding activities.

**Individual Income Tax**

- Every individual who lives in the Netherlands is subject to taxation on his or her worldwide income. A non-resident individual (who does not live in the Netherlands) is subject to taxation only for certain Dutch sources of income, for example, income obtained from a substantial shareholding in a company located in the Netherlands or income obtained from Dutch real estate. For personal income tax purposes, three types of taxable income are distinguished. These income types have been classified into three boxes:
  - Box 1: taxable income from employment (including pensions/life annuities), profits, income from other activities and home ownership is taxed at a progressive rate in 2014 of 5.10% up to a maximum of 52%
  - Box 2: taxable income from a substantial interest of 5% or more in shares is taxed at a flat rate of 25%. In 2014, a temporary lower rate of 22% went into effect for income up to €250,000.
  - Box 3: taxable income from savings and investments is taxed at a rate of 30%. The taxable income in Box 3 is calculated at 4% of the fair market value of the taxpayer's property, minus the amount of his or her outstanding debts and minus a basic allowance of EUR 21,139. In other words, the tax burden on savings and investments that fall within the scope of Box 3, minus debt and the basic allowance is 1.2% (4% of income x 30% tax rate).

- If and to the extent any income does not fall under the scope of the above-mentioned three boxes, this income is exempt from Dutch income tax or not regarded as income.

- Losses: in the Netherlands losses in one box cannot be set off against positive income in another box. However, losses from one source in Box 1 may be set off against the positive income from another source in the same box. In the event a part of the loss cannot be set off against other sources of income, the surplus may be carried back to be set off against the taxable income of the same box for the three preceding years or may be carried forward for nine years.

- Inheritance/estate tax: Residents and non-residents are subject to inheritance and gift taxes if they acquire a property by inheritance or a gift and the deceased or the donor was a resident of the Netherlands at the time of death or the gift. In the case of a merger, any gains that arise from a company are exempt from corporate income tax if the participation exemption applies. In the case of a merger, any gains that arise from a company are, in principle, exempt from corporate income tax. Other types and mergers can also be tax exempt if certain conditions are met and prior approval from the tax inspector has been obtained.

**Capital Gains Tax**

- Capital gains are included in taxable profits and subject to the normal corporate income tax rate. The basis for calculating a capital gain or loss is the difference between the book value of an asset (original cost minus depreciation) and the amount for which the asset is sold (under certain circumstances; this is the fair market value). Capital gains derived from the sale of shares in a company are exempt from corporate income tax if the participation exemption applies. In the case of a merger, any gains that arise from a company are, in principle, exempt from corporate income tax. Other types and mergers can also be tax exempt if certain conditions are met and prior approval from the tax inspector has been obtained.

**Withholding Tax**

- There is no withholding tax on interest and royalties in the Netherlands. Dividends and other distributions of profits are subject to 15% dividend withholding tax in the Netherlands. The rate can be reduced to a lower rate (even to zero) due to the EU Parent Subsidiary Directive and bilateral tax treaties.
NETHERLANDS

Indirect Tax

- The Netherlands does not levy any kind of capital tax, stamp duties or other registration charges in respect of the issuance or transfer of shares in a Dutch resident company.
- Real Estate Transfer Tax: the acquisition of Dutch immovable property is subject to a real estate transfer tax (RETT) of 6%. (For non-commercial real estate, this tax rate is 2%.
- RETT is calculated on the higher of the purchase price or the market value of the real estate located in the Netherlands. RETT is also levied if a purchaser acquires a 1/3 or more interest in a “real estate company”. A company is considered a real estate company if its assets consist or consisted one year prior to the acquisition of more than 50% of real estate (located anywhere) and 30% of the assets consist of Dutch real estate. 70% of the real estate held should be held for the acquisition, the disposition or exploitation of such real estate.
- VAT: in general, VAT taxable persons are all entities or individuals that perform supplies of goods and services, or intra-community acquisitions, in the course of a business, in the Netherlands. If a foreign business supplies goods and services within the Netherlands, it is considered a taxable person for Dutch VAT purposes. The general Dutch VAT rate is currently 21%. A reduced rate of 6% applies to a number of essential goods and services.
- Double Taxation Treaties: the Netherlands has one of the most extensive tax treaty networks in the world. In general, the treaties provide for substantial reductions of withholding tax on dividends, interest and royalties.

TAX AND INVESTMENT INCENTIVES

Pioneer Status

- Entrepreneurs can claim a tax allowance of €12,310 if more than 500 hours per year were spent on research and development activities. The allowance can be raised €6,157 if the entrepreneur is considered starting.

Innovation Box

- Under the so-called innovation box regime, income derived from self-developed intellectual property (R&D) is effectively taxed at a rate of 5% or lump sum: 25% of €100,000.

Research And Development Allowance (RDA)

- As from 1 January 2012, a RDA applies for costs and expenditure directly related to a taxpayer’s R&D activities (except for wage costs). The RDA reduces taxable income. For 2012 the RDA percentage is 60%. Under a marginal Corporate Income Tax rate of 25%, the net benefit will be 15%.

Tax-Free Reserves

- A tax-free allocation of profits to a reserve is permitted in two instances, provided that proper accounting records are maintained:
- For the purpose of spreading intermittently recurring costs (so called equalization reserve).
- For replacing (in)angible capital assets in case of voluntary or involuntary disposition (so-called reinvestment reserve).

Investment Allowance (Investeringsaftrek)

- The investment allowance in the Netherlands is limited to small investments (€2,300 to €306,931). An investment allowance of 41.5% is available for energy saving investments (EIA) (€2,200 to €118,000,000), and an investment allowance of 35%, 50% or 60% is available for certain qualified environment investments (MIA).

EMPLOYMENT LAW

Collective Labour Agreement

- Most workers in the Netherlands are covered by a collective labour agreement (CLA). In the event the CLA is regularly declared binding for the entire industry, the CLA is binding for all within the scope of the CLA and may very well derive from the below (otherwise mandatory) standards.

Minimum Wage

- As of 1 January 2014, the gross minimum monthly wage for employees 23 to 65 years of age is €68.57 gross per day (excluding holiday allowance based on a 40-hour work week). Adjustment of minimum wages takes place every half year. The gross minimum youth wage for employees 22 years of age is calculated at 85% of the adult minimum wage, for employees 15 years of age at 30% and the ages in between each have their own percentage of the adult minimum wage. All amounts are pro-rated for part-time workers.

Holiday Allowance

- The Netherlands operates a minimum holiday allowance of at least 8% gross, calculated over the gross salary. Insofar as the salary of the employee may be in excess of three times the minimum wage, the employee is not entitled by law to holiday allowance on the excess amount. However, the employer and employee may agree otherwise and this is market practice.

Salary Payment During Illness

- The Netherlands operates a mandatory salary payment during incapacity for work due to illness of at least 70% of the gross salary during the first 104 weeks of illness, insofar as the gross salary does not exceed the income cap as is laid down in Article 17, paragraph 1 of the Social Insurance (Funding) Act (Wet financiering sociale verzekeringen). During the first 52 weeks of incapacity for work, the employee is entitled to at least the applicable minimum wage. Periods of incapacity for work are deemed to be one and the same period, if such periods are uninterrupted by a period of less than four weeks. Employers often supplement the minimum salary payment to some extent for the first 52 weeks.

Maximum Working Hours

- The maximum working time, including overtime, is fixed to 12 hours per shift and 60 hours per week. Measured over a four-week period, the maximum average working time may not exceed 55 hours per week. Measured over a 16-week period, the maximum average working time may not exceed 48 hours per week. Employees must have 11 contiguous hours of rest every day (which can be limited once every week to eight hours) and 36 contiguous hours of rest every week (or 72 hours every two weeks). Employees are entitled to short breaks.

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The rules apply to all employees working in the Netherlands, no matter their nationality.

Holiday Entitlement
• The statutory minimum holiday entitlement per year is four times the agreed period of work per week. An employee that works 40 hours per week (full-time) will have an entitlement of a minimum of 160 vacation hours per year (these hours are prorated in the event of part-time employment). Often, employers allow three to five extra days (or even more). The employee will receive full (normal) pay during the vacation period from their employer. The employer must allow the employee to take a vacation of at least two full consecutive weeks or two complete but separate weeks, each year. The remaining vacation can be taken in days or hours. Since 1 January 2012, new regulations regarding the holiday entitlement have taken effect, which includes, among other things, a shorter expiry period of the statutory minimum amount of vacation days.

Mandatory Contributions
• There are mandatory contributions to industry pension funds when applicable. Otherwise, there is no obligation for pension contribution, although common and considered an important benefit by employees.

Works Council
• Mandatory Works Council at a company with 50 or more employees.

Terminating Employment Agreement
• Under Dutch law, there are five options to terminate an employment agreement: A) Instant dismissal; B) Notification of termination of the employment agreement after consent has been granted by the UWV; C) Dissolution of the employment agreement by the (Sub-)District Court; D) settlement agreement followed by a termination by way of a) Mutual consent; or b) A so-called formal (non-contentious) dissolution proceedings at the (Sub-)District Court; and c) Resignation by the employee. The Dutch employment law system — including the ways to terminate an employment agreement — will most likely be subject to reorganisation.

Fixed-Term Contracts
• Fixed-term contracts are commonly used but strictly regulated. A fixed-term employment contract may not be extended ad infinitum. The fourth successive fixed-term contract entered into in consecutive periods with intervals of no more than three months, is considered by law to be an employment contract for an indefinite term. A fixed-term employment contract that has been continued once or several times, with a total duration exceeding a period of three years will also be considered an indefinite-term employment contract. If the first employment contract is entered into for a fixed-term of three years or more, it may subsequently be renewed only once and for a maximum period of three months. Possibilities for protective clauses include non-competition clause plus penalty in employment agreement. Due to the expected changes of the Dutch employment laws, we expect that the rules regarding fixed-term contracts will change at short notice.

DISPUTE RESOLUTION

General Legal Framework
• The Netherlands is a country with a civil law system (as opposed to common law). The statute law, which is passed by the parliament, serves as the legal basis. Case law is used to explain how it should be applied in practice.

Court System
• The judiciary comprises 11 District Courts, which is the court of first instance. Depending on the nature of the case, it will be handled by one of the following sectors: private, administrative, criminal or canton. If not satisfied by the District Courts rulings, parties can appeal before four courts of appeal. Appeal against certain rulings regarding administrative law has to be done before specific courts of appeal (Centrale Raad van Beroep, College van Beroep voor het Bedrijfsleven, Afdeling Bestuursrechtspraak van de Raad van State). The highest court in The Netherlands is the Supreme Court, which solely examines whether the lower courts have applied the law correctly.

Alternative Dispute Resolution
• For parties that do not wish to litigate, the following types of alternative dispute resolution are available in the Netherlands: arbitration, mediation, conciliation in disciplinary court.

IMMIGRATION PROCEDURES

Residence Permit
• Each foreign national employee who wants to work and reside in the Netherlands for more than three months, needs to obtain a residence permit. A residence permit is not required for workers from the EU, EEA or Switzerland. The first step is to obtain a special entry visa, a so called temporary resident permit (Machtiging tot Voorlopig Verblijf).

Work Permit
• Under Dutch law – especially the Dutch Foreign Nationals Employment ActWet arbeid vreemdelingen and relevant schemes – each employer in the Netherlands is required to have a work permit for each foreign national employee. If the employer and/or the employee do(es) not have the correct permits, the Dutch Inspectorate SZW may fine the employer for each illegal employee. According to the policy rules based on the Foreign Nationals Employment Act (Beleidsregels boeteoplegging WAV), an average fine for this breach is €12,000 per illegal employee. The maximum fine is €78,000. As of January 2014 the work permit is valid for a period of one year.

Highly Skilled Migrants
• A work permit is not required for workers from the EU (with the exception of Croatia), the EEA or Switzerland. In addition, no work permit is required for highly skilled migrants from third countries, e.g., employees that:
  o Meet a certain determined salary.
  o Are employed by the Dutch company or branch office of a foreign company in the Netherlands.
Blue Card

- As of 19 June 2011, the EU directive 2009/50 has been implemented in the Netherlands. In this EU directive, the EU blue card was introduced. The rules to obtain a blue card in the Netherlands are more stringent than the requirements regarding highly-skilled migrants. However, with an EU blue card it is easier for the blue card holder and his/her family to settle in another EU country.

- More useful information on investment in the Netherlands can be found at the website of the Netherlands Foreign Investment Agency: www.nfia.nl.
Location and economic fundamentals:
- Strategic location in continental Europe with an area of 322,575 km²
- Part of trans-European transportation corridor
- 38.5 million consumers

Labor force:
- Young, well-educated work force
- Approximately 10% of university students in the EU
- More universities and institutions of higher education than in all of China
- Increasing labour productivity

Investment incentives:
- 14 Special Economic Zones
- Grants co-financed from the EU (€87 billion in 2014-2020 budget)

Stable economic situation:
- GDP growth in 2016: 2.8%
- Inflation rate 2016: -0.6% (negative inflation rate)

Poland’s 38 million strong consumer market is one of the biggest in Europe. The country’s favourable localisation, in the centre of Europe, where the main communication routes intersect, makes it possible to export goods to all European countries and thus reach over 500 million consumers.

BUSINESS PRESENCE
- Poland is a perfect place for investment and business expansion. It is one of the top potential investment destinations for FDI projects in Europe. Against the backdrop of other West European countries, Poland has been developing rapidly both in terms of job creation and foreign investment.
- Tourists, in turn, are enchanted by Polish hospitality and friendliness, Poland’s cultural heritage and the country’s natural landscape.
- The country offers a wide range of investment incentives. Investors are invited to locate their projects in 14 Special Economic Zones (SEZ), i.e., special zones where economic activity may be run in favourable conditions. Polish SEZs offer attractive tax exemptions, employment incentives and well-prepared investment lots.
- Poland offers a variety of models for conducting business. There are six main types of business entities for local incorporation, including partnerships: general partnership; professional partnership (for individual professionals such as attorneys, accountants, doctors of medicine); limited partnership; limited partnership with shares; and corporations: limited liability companies; and joint-stock companies. Specific provisions apply to companies quoted on the stock market. Polish law allows incorporation of EU-specific European companies and European economic interest grouping. Companies can have natural persons and corporate entities as members.
- For the establishment of most types of companies, involvement of a notary and registration in the relevant District Court is mandatory, however, since 2012 the limited liability company can be established in a day with standard template of articles of association and electronic procedure. Furthermore, since 2015 in the same manner general partnerships and limited partnerships may be established.
- Foreign companies may also establish local branches in Poland, as well as agency offices. These require registration in the entrepreneur register of the National Court Register (for branches) or in agencies register maintained by the Minister of Economy (for agencies). Agencies may only conduct advertisement and promotion of a foreign company establishing an agency.
FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Equity Participation
• Foreigners can freely acquire equity shares in Polish companies. Restrictions may arise whenever company owns real property. Permission is required for foreigners who are not current shareholders or when a company in question will become a foreign controlled company. However, those restrictions do not apply to companies listed on regulated market or, generally, if the acquiring company is an entrepreneur residing in the EEA or Switzerland. Further restrictions apply in respect of the purchase of the shares of the company which owns agricultural property. In such cases the State’s Authority i.e. Agricultural Property Agency (hereinafter referred to as the “APA”) is vested with the preemptive rights in respect of such shares. The APA performs its preemptive rights by sending a statement in the form of notarial deed to the obligor concerning the said performance. Afterwards, the APA publishes abovementioned statement in the Public Information Bulletin (in Polish: Biuletyn Informacji Publicznej). The restriction concerning purchase of the shares of the company which owns agricultural property do not apply to shares admitted to stock exchange trading and disposal of shares for the benefit of certain natural persons (i.e. parents, spouse, children, grandchildren and siblings), as well as disposal of shares by the Treasury of the Republic of Poland. If the price of said shares is blatantly different from their regular market price, the APA is entitled, within 14 days after the day of filing a statement concerning performance of the preemption right, to ask the relevant court to ascertain the said price to be correct. Basically, as the date of 1 January 2017, the unlimited disposal of such shares even within the same capital group remains impossible.
• A limited liability company cannot be established solely by another limited liability company with just one shareholder. A joint-stock company may not be established solely by a limited liability company with just one shareholder. This restriction does not apply to acquiring 100% shares in an existing limited liability company or an existing joint-stock company.

Restrictions In Real Property Acquisition
• Acquiring real property by foreigners (non-EU citizens) requires permission issued by the Minister of Internal Affairs. This general rule is not applied to acquisition of premises, citizens or entrepreneurs of members of EEA or Switzerland, nor foreigners living in Poland with a residence permit for at least five years. However, since 2016 restrictions in respect of acquiring agricultural real estate are applicable regardless whether the person acquiring such real estate is a Polish citizen or a foreigner. The purchase agricultural property requires permission issued by the Ministry of Agriculture and Rural Development.

Approvals and Licensing
• Any business activity requires registration request addressed to proper authorities. Register of entrepreneurs is maintained within an ICT system by the Minister of Economy (individuals) and District Courts (corporate bodies recorded in the National Court Register).
• Establishing a company requires obtaining a tax identity number (NIP), a statistical number (REGON) and a bank account.
• Conducting business in some key areas is subject to licensing (e.g. fuel production, weaponry, energy production, etc.).
• In some cases (e.g. restaurateurs, food production plants, hospitals) sanitary or other approvals from relevant authorities concerning work or production conditions may be required.

EXCHANGE CONTROL
• There are no restrictions on the exchange of the Polish zloty.
• Polish stock exchange is supervised by Financial Supervision Authority.
• The main stock exchange is the Warsaw Stock Exchange, a local leader in equity exchange quoting companies located in CEE countries as well as many international companies from the USA, Canada, Germany, the Netherlands, Italy, United Kingdom, Sweden and Cyprus. Other regulated security markets are NewConnect and Catalyst (bonds).
• Foreign investors are not restricted in executing corporate rights from shares. However acquisition of control of a public company is subject to public disclosure and tender requirements.
• In case of mergers or acquisitions of companies with significant position on the local or European market, the consent of Polish Office for Competition and Consumer Protection or a procedure conducted by the European Commission (in case of “concentrations with a Community dimension”) may be necessary.

TAXATION

Corporate Income Tax
• Corporations (not applicable in case of partnerships) having their registered office or having their managing bodies located in Poland are subject to corporate income tax (CIT) on total income at a 19% rate.
• Companies located outside Poland that conduct business activity in the country (i.e., registered branches), are taxed at a 19% rate on income derived from Poland, unless specified otherwise in a treaty concerning the avoidance of double taxation.
• All expenses incurred in order to earn income, and which are not listed as non-deductible costs and are properly documented, can be deducted. The same applies to depreciation write-offs made in accordance with tax regulations.

Personal Income Tax
• Individuals considered residents are taxed at a graduated rate 18% or 32% on total income, regardless of whether it is deemed earned in the territory of Poland or elsewhere.
Doing Business in Europe

• A person is regarded as a resident if he/she has his/her personal or economic interests focused in Poland or stays in Poland for at least 183 days total during a fiscal year.
• Individual entrepreneurs may choose a flat tax rate of 19% on income derived from business activity.
• There are specific provisions for particular categories of income, e.g., dividends are taxed with a 19% rate regardless of the magnitude of the income.

**VAT**
• Sale of goods and performance of services are taxed with VAT. Every purchaser of a product who is not an end-consumer can deduct input VAT. Therefore, economically, the total fiscal burden is imposed on end-consumers.
• Basic VAT rate is 23%. Preferential rate applied to supplies of certain food items, medical products, hospitality services and community housing is set at 8%. The 5% rate is applied to supplies of certain food items, such as bread, dairy products, meats, and selected publications.
• Taxpayers selling goods to buyers in EU states may apply the 0% VAT rate as part of the intra-Community acquisitions of goods.
• The 0% VAT rate also applies to exports of goods defined as the export of goods from Poland outside of the European Union in performance of taxable activities. In order for the 0% rate to be applied, the taxpayer must have appropriate customs forms stating that the goods have exited the territory of the European Union.

**Civil Law Transactions Tax**
• If not subject to VAT, sale transactions of movables valued over PLN 1,000, as well as other legal actions (e.g. establishment of a partnership / corporation or executing a loan agreement) are subject to Civil Law Transactions Tax (CTT).
• Establishment of a company is subject to 0.5% CTT based on the amount of share capital (or contribution value, in case of partnerships).
• Sale of shares in Polish companies is subject to 1% CTT. Taxation base is the share price.
• The sale of shares in a joint-stock company via brokerage houses or on stock exchange are exempt from CTT.

**Other Taxes**
• Import duty (from outside the EU): ad valorem duty at various rates.
• Selected products manufactured in Poland (e.g., alcohol, cigarettes): excise duty at various rates.
• Real estate tax: various rates depending on the area and usage of the premises.

**TAX AND INVESTMENT INCENTIVES**
• Government incentives and guarantees for foreign investors include the following:
  o Full profit and dividend repatriation (after taxation)
  o Funds from the liquidation of a company or from the sale of stock or shares may be repatriated
  o In certain situations, delivery of goods and performance of services to the benefit of entrepreneurs residing in EU may be taxed in Poland with 0% rate. In this case, VAT is imposed against the purchaser of the goods or services with the rate applicable in its country.
  o Treaties for avoidance of double taxation have been signed between Poland and many countries e.g., USA, United Kingdom, Cyprus, etc. Full list of such treaties has been published by Polish Ministry of Finance.
  o Certain additional guarantees and incentives may be obtained through negotiations with local authorities or by investing in certain areas of the country like investments in the designated Special Economic Zones as well as in the Industrial and Technology Parks. Moreover, various incentives may be obtained, for example:
    – Income tax and real estate tax exemptions in SEZs amounting up to 50% of the qualified costs.
    – Grants and tax exemptions for R&D activities.
    – Brownfield and greenfield locations for an attractive price.
    – Scientific, technological and sci-tech parks with EU co-financing, which offer infrastructure for high-tech and R&D companies.
    – Preferential and technological loans.
    – Technological tax incentives.
• EU funds are available for regional development, infrastructure and human capital.
• Poland offers one of the best protections of the rights of investors and is ranked as one of the best for trading across borders procedures and regulations among CEE countries.

**EMPLOYMENT LAW**
• Admissibility of foreigners to work in Poland is subject to obtaining a permit, unless the person is:
  A) A citizen of an EU member state or EEA;
  B) A member of the family of a citizen of an EU member state;
  C) A foreigner with a settlement permit;
  D) A foreigner who has long-term EU resident status in Poland; or
  E) A refugee or a person granted with status of tolerated stay in Poland.
• The employment relationship is established by three different types of contract:
  A) Indefinite term;
  B) Fixed term;
  C) Probationary period.
There is also a possibility of self-employment.
• A general rule of Polish labour code states that after the conclusion of a fourth subsequent fixed-term contract or when the fixed term contract exceeds the period of 33 months, it is deemed to have become an indefinite term contract.

• Any employment contract can be terminated with the agreement of both parties (possibility of severance pay) or following a notice of intention (an employer has to give specific, genuine reasons for the termination). The notice period will vary in function with the type and the duration of the contract:
  A) Between three working days and two weeks for a probation contract (depending on the length of the contract);
  B) Between two weeks and three months (depending on the employment period) for a contract with an indefinite term;
  C) Three working days for a replacement contract, if such contract was signed on 21 February 2016 at the latest. From 22 February 2016, notice period for termination of replacement contracts shall be calculated as set out in point B) above;
  D) Two weeks for a fixed term contract if its duration was at least six months, the termination notice was made mandatory by the contract itself and such contract was signed on 21 February 2016 at the latest. From 22 February 2016, notice period for termination of fixed term contract shall be calculated as set out in point B) above.

• According to the Central Statistical Office (GUS) a monthly gross minimal wage is PLN 2,000.00 (approx. US $487). An average monthly gross wage in the private sector reached PLN 4,277.00 (approx. US $1,043) before tax.

• Normal working hours cannot exceed eight hours in a 24-hour period and an average of 40 hours in an average five-day working week. Overtime refers to hours which the employee works over and above normal working hours and cannot exceed an average of 48 hours per week. Overtime cannot exceed 150 hours in a calendar year, unless stated otherwise by contract. Overtime pay, on top of the regular pay is:
  A) 100% of pay for working nights, Sundays and bank holidays if not regular working day or compensated by a day-off;
  B) 50% of pay in any other working overtime.

INTTELLECTUAL PROPERTY

• The Industrial Property Law Act of 30 June 2000 combined with the Act on Patent Agents of 11 April 2001 and are the legal corpus of the intellectual property rights. Their provisions cover inventions, usage formulas, industrial formulas, designs and trademarks, down to the geographical and topographical markings of chips.

• Registered patents are valid for 20 years from the date of filing. The protection right of a utility model is valid for 10 years. Supplementary Protection Certificates can be obtained for patented medical inventions and pesticides.

• A registered trademark is valid for 10 years from the date of filing, unless it is proved that for five consecutive years the mark has not been used. The registration may be renewed for subsequent 10-year periods.

• The scope of Copyright and Neighbouring Rights Act of 4 February 1994 covers author’s copyrights, as well as related rights of performers and producers of audio and video recordings.

• Intellectual property related to individuals is protected upon its creation. No filing or copyright reservation is necessary. Health, freedom, secrecy of correspondence, artistic and scientific performance are protected by the Polish Civil Code.

• Intellectual property cases can be brought before the Civil Court or the Patent Office of the Republic of Poland (Polish Patent Office).

• Along with the national system of intellectual property protection, EU protection for community trademarks and community designs is executed by the European Union Intellectual Property Office (Alicante).

DISPUTE RESOLUTION

• General rules state that first instance cases may be heard before District Courts. More complex cases or cases with higher subject matter value (PLN 75,000) are heard at Regional Courts. Cases may go on appeal to the Regional Courts or Courts of Appeal, depending on the court in the first instance.

• The Supreme Court supervises adjudication by hearing cassation appeals and passing resolutions concerning disputable matters.

• Civil procedure provides also alternative dispute resolution procedures such as mediation and arbitration. The arbitration award, after being recognised by the common court of law, has the power and authority of the award of such court.

• The most important arbitration institutions in Poland are the Court of Arbitration at the Polish Chamber of Commerce in Warsaw and the Court of Arbitration at the “Lewiatan” Polish Confederation of Private Employers.

• Administrative procedure generally provides for two instances. Moreover, administrative decisions, as well as many other actions or inactions of administration entities, may be challenged in a court’s administrative procedure.

• The court administrative judiciary is conducted by 16 Voivodeship Administrative Courts (one for each Voivodeship) and the Supreme Administrative Court.

IMMIGRATION PROCEDURES

Passport and Visa Requirements

• Poland is a member of the Schengen Area; therefore, each foreigner must comply with general rules similar for other members. All individuals from non-parties of Schengen Agreement must possess valid travel documents and a visa, if required. A standard Schengen visa is required for most Asian and African countries and allows its holders to enter Schengen Area for 90 days in a 180-day period.

• Foreigners may apply for a Schengen Visa in any embassy of a member of the Schengen Area.

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• Apart from a Schengen visa, foreigners may be granted a national visa. A national visa allows its holder to stay in Poland for a maximum period of one year. Application for a national visa may be made at the Polish Embassy. Foreigners applying for a national visa must define the purpose of his/her visit and provide further documents.

• Additionally, a visa for the purpose of carrying out employment may be issued if the foreigner presents a work permit in the territory of the Republic of Poland or a written statement of the employer about the intention to employ the foreigner, if the employment permit is not required.

Business Passes and Work Permits

• Admissibility of foreigners to work in Poland is subject to obtaining a permit, unless the person is a citizen of an EU member state or a member of the family of a citizen of an EU member state.

• Businessmen applying for a visa pursuant to a written invitation issued by a Polish citizen must present that invitation.

• Foreigners taking up employment must present a promise for work permit in order to receive a visa. The application for work permit must be submitted by the employer inviting the foreigner.
BUSINESS PRESENCE
- Corporations in Portugal generally assume one of the two most common forms: public limited corporation or joint-stock corporation ("SA" or "Sociedade Anónima") and private limited corporation ("Limitada" or "Lda" or "Sociedade por Quotas"). These forms basically correspond to the German figures of the AG (Aktiengesellschaft) and the GmbH (Gesellschaft mit beschränkter Haftung).
- There is a quick and simple procedure for incorporating companies and branches of foreign companies. The “Spot Firm” and the “Spot Branch” services (in Portuguese “Serviço Empresa na Hora”) are available in most of the Commercial Register Office and allow a company to be fully operational within 24 hours. There is also the online method for incorporating companies, which is cheaper than the previous one.
- Other structures: joint venture, agency, etc.
- A venture capital market is already well established in Portugal and may be a good vehicle for financing corporations operating in emerging sectors that are at a high risk stage of their development or do not have direct access to capital markets.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS
- Foreign corporations, just like Portuguese corporations, may invest in any sectors they wish. Specific restrictions may appear when applying for concession contracts for private investors who want to operate in sectors under public administration or regulated sectors.
- There is no legal restriction to the entry of foreign capitals and foreign investors are not required to have a Portuguese partner. However, foreign investment projects have to comply with special legal requirements if there is a chance that these projects may affect public order, safety or public health. Projects of this nature require an assessment of their compliance with the legal conditions and requirements set out in Portuguese Law.

TAXATION
- The most important taxes in Portugal are corporate income tax, with a 17% tax rate applicable to the first €15,000 of the taxable income of the small and medium-size enterprises and 21% tax rate applicable to the remaining income and companies, personal income tax with rates from 14.5% to 48% plus a solidarity levy up to 5% and VAT with rates from 6% to 23%, real estate transfer tax, with rates up to 6.5%, real estate municipal
TAX AND INVESTMENT INCENTIVES

- Holding participation exemption regime — one of the world’s most competitive holding regime. According to this new regime, dividends and capital gains that a Portuguese holding receives from its affiliates will be fully exempt from taxation for as long as it holds at least 10% of the share capital or voting rights and if some requirements are met.
- The patent box new regime — income arising from the disposal or temporary use of patents and industrial designs, registered after 1 January 2014, is only taxed at half of its value.
- In 2009 a new and more favorable tax regime was approved, named non-habitual Resident Tax Regime.
- In order to be applied it is necessary that the taxpayer is considered as resident for tax purposes and has not been taxed as a tax resident in Portugal in the five preceding years.
- According to this regime, the income of employment or business and professional income considered as obtained in Portugal arising from high added value activities is taxable at a flat tax rate of 20% over its net amount.
- In what concerns to the income obtained abroad, the exemption method shall apply if some requirements are met.

EMPLOYMENT LAW

- A normal workday is eight hours and the maximum allowed for a week is 40 hours excluding supplementary work due to unforeseeable reasons. However, individual employment contracts or collective trade union agreements may raise these limits up to 12 and 60 hours per day and week as long as in average within a determined period, the maximum of 40 hours per week are completed, the period of more hours of work may be compensated with fewer hours of work.
- For any employment contract, the law establishes an initial probation period during which either party can terminate the contract without prior notice and without requiring any justification. The usual probation period is 90 days but, in some cases, it can be extended to 180 days or more.
- Every employee has the constitutional right to strike.
- Employees have the right to at least one day rest per week and, as a general rule, to a minimum of eleven hours of uninterrupted rest between two successive daily work periods.
- Employees have the right to holidays, that is, the right to a certain period of paid leave. This period may last at least 22 workdays per year. If the employment contract is less than six months the worker has the right to a holiday period equivalent to two workdays for every completed month of the contract.
- The Portuguese contribution system consists of a general contribution scheme for employers and employees, as well as special contributions schemes. Under the general contribution scheme, social security contributions are payable on all wages, regular bonuses and other regular income. The rates are: A) 11% of an employee’s wages is deducted at source by the
Doing Business in Europe

• The resolution of commercial disputes is often solved through arbitration. In these cases, arbitration court is set up to solve a specific case. It is usually composed of by a minimum of three arbitrators. The current arbitration law was published in December 2011.

• Portugal is a well-known hub for arbitrations in the Portuguese speaking world.

• Other alternative means for dispute resolution are being implemented, especially in what concerns the project for the optimization of the Judges of Peace regime, in order to increase its capacity to handle small claims cases so citizens and companies have access to a quick and less bureaucratic solution for their matters.

IMMIGRATION PROCEDURES

• No visas or work permits are needed if the employee is a citizen of any part of the EU.

• A foreign worker who is not a citizen of the EU and lives outside of Portugal may only be hired after the submission of an application for a work visa before entering Portugal.

• Before the employee applies for a work visa, the future employer must request a formal declaration before the Portuguese Employment and Professional Training Institute (Instituto de Emprego e Formação Profissional) for that purpose.

• Visa applications must be made at a Portuguese Embassy, Portuguese Consulate or consular representative, with a copy of the signed formal work offer in Portugal and the ruling of the Portuguese General Inspectorate for Labor (Autoridade para as Condições de Trabalho).

• Recent changes to the legal rules on entry and residence of foreign nationals in Portugal, especially interesting to South Americans, Chinese, Arabian and African citizens, have introduced a new mechanism that allows foreigners to obtain a Portuguese residence permit by the means of making investments in Portugal for the minimum duration of five years from the moment the residence permit is granted (“Golden Visa Programme”).

• For this purpose, and amongst others, the law considers as an investment:
  o Capital transfer in the amount of 1,000,000.00€ or more; or
  o Creation of at least 10 job positions; or
  o Acquisition of real estate with a value equal to or higher than 500,000.00€

INTELLECTUAL PROPERTY

• Trademarks, patents, designs and industrial models may be registered with the Industrial Property National Institute (INPI).

• Copyright: Continental European system.

• Portugal is a member of the most important conventions and international agreements in intellectual property, such as the Bern Convention for the protection of literary and artistic works, the Universal Convention about Copyright Law, Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Paris Convention for the Protection of Industrial Property and the Agreement about the aspects of the intellectual property law related with commerce (ADPIC/TRIPS), regulated by World Trade Organization (WTO).

• A specific court for intellectual property matters has been established in Lisbon.

• Arbitration of patent disputes and other disputes associated to IP rights is well developed.

DISPUTE RESOLUTION

• In Portugal, courts have been preferred over other means (among others arbitration, mediation) of solving disputes and enforcing property and contractual rights. Many foreign companies and investors routinely seek assistance from lawyers and include arbitration clauses in their contracts. They also draft contracts aimed at preventing disputes, whenever possible.

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employer—the employee’s social security contribution; and B) The employer pays a further 23.75% of the employee’s gross salary—the employer’s social security contribution.

• Social security contributions of Board Directors (“Administradores”), Registered Managers (“Gerentes”) and other members of corporate bodies are based on their respective monthly salaries, with a maximum limit of 12 times the national minimum monthly wage as follows: A) Board Directors, Registered Managers and other members of corporate bodies 11% of their salary (deducted at source by the employer); and B) The employer contributes 23.75% of the Directors’, Managers’ (etc.) gross salary.

• Foreigners working temporarily in Portugal and contributing to a compulsory social security scheme in their home countries are exempt from Portuguese social security systems if some requirements are met.

• The Portuguese Labour Legislation has undergone several changes. Mainly to facilitate regarding dismissal and to reduce severance packages given to employees.

• The duration of unemployment insurance depends on the beneficiary age and on the number of months of contributions for the social security since the last unemployment situation.
BUSINESS PRESENCE

- Romania offers significant opportunities to international businesses for infrastructure projects, production, services, for technologies that meet the growing private demand and contribute to the country’s development priorities. All investors irrespective of whether they are Romanian or foreign citizens, resident or non-resident, enjoy the same rights (other than ownership of land) and incur the same obligations.

- The first step in developing a business in Romania is normally to incorporate a company. Investors only need to file all the company formation documents with one institution, the Office of the Trade Registry, in the area where the headquarters of company will be located. Certain types of companies, such as banks and insurance companies, must obtain additional consents and licenses.

- The normal business organizations are:
  - A Sole trader.
  - Joint-stock company – whose obligations are guaranteed with the company’s assets. Shareholders are liable only up to the value of their shares.
  - Limited liability company – whose obligations are guaranteed with its assets. Social part holders are liable only for the payment of their contribution to the share capital.

- According to Law no. 31/1990 on Trading Companies, a limited liability company (S.R.L.) may be set up by one or more persons known as social part holders. The number cannot exceed fifty. An individual and or a legal entity cannot be a sole social part holder in more than one S.R.L. A S.R.L. with one social part holder, cannot be the sole social part holder in another S.R.L. Under Romanian law, unanimity of social part holders is required for certain decisions in a SRL. If there is a dispute in a SRL the minority can obtain a ransom or blackmail position against the majority. Choose your minority sole social part holder with care. The minimum share capital of a S.R.L. is RON 200 with each social part being at least RON 10. There is no maximum capital requirement.

- A joint-stock company must be set up by at least two persons. The share capital cannot be less than RON 90,000, (equivalent to €25,000) divided into shares. The minimum value of each share cannot be less than RON 0.1.

- All companies require at least one administrator. The administrator of a company may be a Romanian or a foreign citizen, resident or non-resident. An administrator cannot be the administrator in more than one company without the prior consent of the shareholders of the company. All companies have to comply with reporting requirements to the Trade Registry. These include annual and bi-annual financial statements, details of the directors, financial auditors and internal auditors. The articles of incorporation after any amendment must also be lodged.
ROMANIA

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- Shares in Romanian companies can be owned by non-resident persons. There are no specific restrictions in the legislation regarding trading companies. The exception is for land ownership by foreigners in Romania.

- Foreign natural persons or companies cannot directly own land in Romania. If an investor owns a Romanian legal person, that company being a Romanian legal entity, can own land. There are no restrictions as to the ownership of the capital or the management of such a company.

- The most common method to own agriculture land in Romania is to own or set up a Romanian company, or to open a subsidiary. In Romania, a subsidiary is considered a Romanian company.

- All contracts concerning the buying or selling of land must be executed in front of a notary public. Failure to do so causes the nullity of the contract. Since 1 October 2011, the registration of the sale/purchase agreement with the local cadastral office is now the proof of ownership of land. The taxes for owning agricultural land depend upon its location. Land can be designated by the local authority as either outside the town boundaries or inside the town boundaries, and this will affect the tax payable.

- According Law No. 17/2014, Romanian citizens, EU citizens, citizens of EEA states and Switzerland can own agricultural land in Romania on the basis that the rules concerning the acquisition of agricultural land applicable to all persons have been fulfilled.

EXCHANGE CONTROL

- There are no exchange control regulations. Regulations are issued by the Romanian National Bank, which takes measures related to the monetary capital operations. In certain circumstances, there is an obligation to notify the Romanian National Bank before the conclusion of capital operations.

- All payments between resident companies and businesses that concern the trading of goods and services, must be performed only in RON. According to Regulation no. 4/2005 regarding foreign exchange, several operations can also be performed in foreign currency by Romanians inside Romania.

- According article 5, paragraph 7 of Law no. 656/2002 regarding the prevention and control of money laundry as well as on measures to prevent and combat terrorism financing, cash operations, in lei or other currency, which exceed the equivalent of 15,000 euro must be notified to the National Office for Prevention and Control of Money Laundering within 10 working days of such operation.

TAXATION

- The main taxes applied in Romania are as follows: profit tax; income tax; tax on micro-enterprises; income in Romania of non-residents; tax on representative offices; VAT; custom duties and excise; and local taxes.

- Corporate income tax is payable by Romanian companies, companies using a permanent establishment in Romania, companies and non-resident individuals who are parties to a joint venture. Tax is also payable on profit from real estate transactions or from transactions with shares arising in Romania as well as on profit from joint ventures derived in/ or outside Romania. The standard corporate income tax rate is 16%. Nightclubs and gambling operations, are liable to a corporate income tax rate no lower than 5% of the revenues obtained from such activities. Companies with an annual turnover of less than the lei equivalent of € 500,000 and who are not involved in management and/or consultancy are taxed at the reduced rate of 3% on their annual turnover if they have no employees, and 1% if they have at least one employee. Voluntary registration for VAT is in certain cases permitted. If the turnover exceeds €65,000 VAT registration is mandatory.

- Any foreign legal person who obtains an income from real estate located in Romania or from the sale of land and securities has the obligation to pay profit tax of 16% on the realised profit and to submit a profit tax statement.

- There is a flat rate tax for individuals of 16% on all their income. Income includes salaries and profit from professions; the use of goods; investment income (i.e. dividends, and interest) and other income from sale/purchases of property and securities, pensions, agricultural activities, prizes and gambling, sale of properties, and from intellectual property rights. In certain circumstances, the payer of sums of money is required to retain and pay the tax to the relevant authorities.

- An individual is considered resident in Romania for tax purposes if they stay in Romania for at least 183 days total during a fiscal year (1st January to 31st December).

- The VAT regime in Romania is generally in line with the EU VAT Directive 2006/112/EC. VAT applies to the import, domestic supply of goods and services and transfer of real estate properties. As of January 1st 2017, the standard VAT rate is 19%. There are two reduced rates of VAT, 9% for tourism and drugs and 5% for constructions, but certain conditions apply. Romanian companies must register as VAT payers if their annual turnover exceeds €65,000. Registration as a VAT payer where turnover is under this threshold is optional.

TAX AND INVESTMENT INCENTIVES

- The general framework was established by Government Ordinance no. 85/2008 regulating stimulation of investments, types of incentives and subsidies available, and general eligibility conditions. State aid can be granted to large, small and medium sized enterprises, depending on the type of investment, and the provisions of the applicable state aid scheme.

- To benefit from the incentives, the investments must fulfil conditions concerning the amount, duration, objectives and eligibility criteria stipulated in the investment law. Incentives are not granted for investments made in the fields expressly...
excluded from the regulations issued by the Competition Council, irrespective of their value.

- The facility of tax exemption on reinvested profits in technological equipment and other eligible assets including computers, peripheral equipment, tax registers and software was extended through 2017.

- As of January 2017, another key investment incentive was introduced by way of exempting the companies currently engaged exclusively in innovation, research and development activities from paying corporate profit tax during the first 10 years of their operation.

- Other incentives are provided by the Romanian Government through Government Decision no. 718/2008 approving horizontal state aid scheme for regional sustainable development and reduction of emissions; Order no. 479/2008 issued by the Minister of Economy and Finance approving state aid granting support for the consolidation and development of the Romanian productive sector through investments of big enterprises; Government Decision no. 1165/2007 on stimulating economic growth by supporting investments and Government Decision no. 1680/2008 implementing a state aid scheme for ensuring sustainable economic development as well as Government Decision no. 753/2008 regulating a state aid scheme on supporting regional development by stimulating investment.

**EMPLOYMENT LAW**

- Foreign individuals working in Romania can conclude local employment agreements with Romanian companies, or they can work in Romania on the basis of foreign employment agreements concluded with foreign employers (i.e. as a secondee).

- The conditions of employment are regulated by the Romanian labour law. The labour legislation as comprised in the labour Code is quite strict with limitations on working hours and overtime. The relationship between the employee and employer is governed by an Individual labour contract, which includes the rules of the Code.

- Any contract must be concluded in a written form and can be for a limited or unlimited period. A working week is normally of eight hours per day/five days per week with two free days, normally Saturdays and Sundays. The working time may be varied but the maximum number of hours cannot exceed 48 hours per week, including overtime. Employees have the right to legal holidays as follows: 1st and 2nd January; 1st and 2nd day of Easter; 1st May; 1st and 2nd day of Whitsun; 15th August (Assumption of Mary); 30 November; 1st December and 1st and 2nd days of Christmas. The minimum number of paid days for vacation is 20 days per year. Employees are also entitled to receive, upon request, vacation time for training.

- There is a minimum wage guaranteed by the law. Employers are to calculate and withhold salary contributions and tax of employees when paying salaries. The state budget contributions are payable by the 25th of the month following their payment. Withholding and non-payment of the social contributions is a criminal offence and are sanctioned accordingly.

- Employers’ are also required to make contributions towards the social security fund, unemployment fund, redundancy fund contribution, health fund, work accidents insurance, and labour office commission.

**FOREIGN EMPLOYEES AND IMMIGRATION PROCEDURES**

- Foreign individuals (depending on nationality/country of residence) may be restricted from entering Romania. Foreign individuals are non-EU and non-EEA country nationals. As a general rule, foreign employees require work visas, work authorizations and residence permits to enter, work and stay in Romania, which in some cases must be applied for before entry in to Romania.

- Foreign individuals working in Romania may be able to do so based on a foreign employment agreement, a foreign and a local employment agreement or a local employment agreement. As a general rule, foreign individuals working in Romania need to apply for a work authorization (before obtaining their residence here).

- There are certain exceptions to this rule, namely EU individuals working in Romania as local employees; EU and non-EU national seconded to Romania by companies located in EU/EEA member states but whose secondment notification should be undertaken with the immigration and labour authorities; EU individuals seconded to Romania by companies located in third party countries can perform their activities in Romania without any restriction as they obtain rights through being a citizen of an EU country.

- Following Romania’s accession to the EU in January 2007, provisions were implemented for residence for EU/EEA nationals. EU nationals can legally stay in Romania for up to three months following their entry into Romania. To extend their stay over the 90 days, an EU national is required to obtain a certificate of registration. When the certificate of registration is issued, the individual is allocated a personal numerical code that enables them pay monthly taxes. Non-EU individuals whose stay in Romania exceeds 90 days within a six-month period need to apply for a temporary residency permit, unless a relevant international agreement or special laws stipulate otherwise. The application procedure depends on the expatriate’s purpose of stay in Romania and their nationality.

**INTELLECTUAL PROPERTY**

- The Romanian State Office for Inventions and Trademarks is the authority that ensures that intellectual property protection is complied with according to the legislation and international conventions and treaties to which Romania is a party.

- Intellectual property is protected in Romania by Law 8 /1996 and regulates two main components: A) Industrial property and B) Copyright and related rights.
In 2001, Romania ratified the latest international regulations in the field of copyright and related rights in the digital environment, namely the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty signed in 1996 in Geneva. In accordance with the obligations in the EU Accession treaty, Romania became a member of the European Patent Organization 1 March 2003.

DISPUTE RESOLUTION

- Romania has a developed court system as well as arbitration and mediation procedures. As well as through the normal Courts the parties can resolve their business conflicts through the Court of International Commercial Arbitration attached to the Chamber of Commerce and Industry of Romania.
- Disputes can also be resolved in a mediation procedure. The parties reach a consensus upon the object of the claim through mutual concessions. If the procedure is concluded during a trial, the agreement is made a part of the decision and the case is closed. The mediation procedure can also be used in the criminal trial. This procedure is used for minor offenses, and gives the possibility to reach a consent and either not go to trial or end the criminal trial.
- All decisions of the court of first instance are appealable to the next higher court which acts as a court of appeal. This decision can then itself be appealed to the next higher court. Thus, there are two appeals allowed on any court decision. Appeals are often appeals on both fact and law. Appeals from the Court of Appeal are to the Supreme Court on a point of law. Disputes in relation to the constitution are to the Constitutional Court, whose decisions are final and binding.
RUSSIAN FEDERATION

• Strategically located in Eastern Europe and Western Asia with an area of 17,125,187 km².
• Practices federal semi-presidential republic.
• Population is about 143,000,000 and comprises Russians (75%); others represent about 160 nations (25%). Religious composition of the country consists of Christianity (Orthodox), Islam, Buddhism and others.
• Russian is the national language; English is widely written and spoken, especially in urban areas and for business.
• Currency: Russian Ruble.
• GDP of Russia is composed of service sector (60%) and productive sector (40%). Most valuable sub-sectors of service sector are:
  o Commerce 18,2%
  o Business with real estate, rental and rendering of services 12%
  o Transport and communication 8,5%
  o Financial activity 4,9%
  o Others 16,4%
  o Most valuable sub-sectors of productive sector are:
    o Manufacturing 13,6%
    o Extractive industry 9,1%
    o Construction 7,2%
    o Agriculture 3,8%
• Investment growth areas include energy industry (extract and manufacture of oil, gas and coal), cellulose, chemical and electrical device production, metallurgical production and manufacture of finished metal products, construction, and means of transport and rolling stock production.

BUSINESS PRESENCE

• Most companies operating in Russia are incorporated in the form of PJSC, JSC and LLC. Offshore holders have the same rights as residents. There are no limits to equity value for foreign individuals or juridical persons.
• Subsidiaries of foreign companies may be opened in Russia. These require registration with the Russian Tax Administration (part of the Ministry of Taxation and Internal revenue). A subsidiary may act on behalf of a parent company using all its functions, provided that aims and acting of the parent company incorporation are within commercial area and the parent company is directly liable for the subsidiary’s obligations.
• Foreign individuals have the same capacity for rights as residents and may do any type of business, except business that connects with mass media, national defence, etc.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

• Generally, no restrictions are imposed on foreigners owning equity in Russian companies. Russian legislation imposes restrictions only in several cases:
  o Restrictions in Mass Media Company: foreign juridical person, as well as Russian juridical person with an equity in authorized capital, where 20% or more belongs to a foreign investor, as well as an individual with a dual citizenship may not be a founder of a mass media company.
  o Restrictions in Fishing Activity: it is not allowed to do fishing business for anyone using ships belonging to foreign persons.
  o Restriction in Transportation: it is prohibited to carry out freight and passenger traffic within the territory of Russia by the vehicles belonging to a foreign carrier.
  o Restriction in National Defence: international organisations, as well as organisations under their control, including organizations incorporated in Russia, may not conclude agreements that create control over companies that have strategic importance for the country’s defence and security.
  o Restrictions in Land Relations: there are two cases where foreigners may not own land plots: A) When such land
Corporate Tax
- A company that conducts educational or medical activity is taxed at a rate of 0%.
- In general, an offshore company that acts directly (without its permanent subsidiary in Russia) is taxed at a rate of 20% on income derived from Russia. Exceptions are:
  - A company that derives income from using, holding or letting on lease ships, planes or other vehicles (including containers) when conducting international carriage is taxed at a rate of 10% of income.
  - A company that derives dividends on shares of a Russian company, as well as dividends on state and municipal emissive funds is taxed at a rate of 15%.
- In general an offshore company that acts through its permanent subsidiary in Russia is taxed at a rate of 20% on income derived from Russia. Exceptions are:
  - Dividends on a Russian company shares.
  - Income derived from distribution of profit of another company (including its winding up).
  - Dividends on state and municipal emissive funds.
  - In such cases a company is taxed at a rate of 15%.

Personal Income Tax
- Individuals resident in Russia are subject to a flat-sum tax that is 13% on income derived from Russia.
- A person is resident in Russia if he/she stays for at least 183 days in a calendar year.
- In general, individual non-residents in Russia are subject to flat-sum tax of 30% of income derived from Russia. There are some exceptions; for example:
  - Individuals that receive dividends from a Russian company shares are taxed at a rate of 15%.
  - Highly-skilled professionals are taxed at a rate of 13%, and other exceptions.

Regional Tax
Corporate Property Tax
- Precise tax rate is established by a constituent entity of Russia, but may not exceed 2.2%.

Objects of taxation
- Property and real property of a permanent subsidiary (including property gained due to concession agreement) of the company.
- Real property of a company that acts directly (without permanent subsidiary) in Russia (including real property due to concession agreement).

TAX AND INVESTMENT INCENTIVES
- If during three months a raw profit of a company does not exceed 2,000,000 rubles, than 0% of VAT is applied.
RUSSIAN FEDERATION

- Sum of money expended upon capital investments for manufacturing purpose, as well as credit payments linked with such investments, is out of taxation.

- Small enterprises that:
  - Produce and manufacture agricultural goods, produce food products, consumer package goods, constructional materials, medical devices, drugs.
  - Construct social, industrial, residential and environmental protection facilities. These small enterprises do not pay corporate taxes for the first two years. In the third year, such enterprises pay 25% from the established tax rate and in the 4th year 50%, relatively.

- Corporate tax does not apply if a company fulfills building and assembly activity and consultation services within the limits of the state housing programme.

- A newly created industry with a cost of not less than 20,000,000 rubles does not pay corporate tax for the first three years.

- A company with a status “member of Skolkovo project,” that exclusively deals with researches does not pay corporate tax for 10 years.

EMPLOYMENT LAW

- Russia ratified over 50 conventions of ILO and Declaration of Human Rights.

- The maximum working hours are 40 hours per week. This limit may be exceeded under certain specified circumstances. Maximum overtime permissible is four hours during two consecutive days and 120 hours in a year.

- A work contract must be in place before employment commences. A work contract includes personal data of an employee and employer, work functions, remuneration of labour, work place, the beginning work date and other conditions. The work contract may be for an uncertain term or a term that may not exceed five years.

- Minimum wage is 5965 rubles.

- Legal defense of workers’ rights is conducted by self measures, trade unions, state control and courts.

- Trade unions in Russia are regulated by the Federal Law on Trade Unions 1996. Membership in a trade union is not obligatory and depends on the individual employee.

- Strike action is not prohibited. It is allowed if healing measures do not lead to resolution of collective employment disputes or if an employer shifts off the healing measures, or does not act according to approved resolution or court judgement.

- An employer must pay income tax of an employee at a rate of 13% of the wage.

INTELLECTUAL PROPERTY

- Russia ratified WIPO Convention and the Berne Convention for the Protection of Literary and Artistic Works.

- Intellectual property protection in Russia comprises works of science, computer software programmes, innovations, trademarks, copyright, brands, etc.

- Registered patents, trademarks/service marks and copyrights enjoy monopoly rights/protection for a specific period of time.

- Russia’s intellectual property laws conform to international standards and provide adequate protection to both local and foreign investors.

DISPUTE RESOLUTION

- Disputes in business activity and other economic activity are heard by arbitration courts. Disputes are heard at the court of original jurisdiction. If a Party does not agree with the court judgement, the case may be sent to appeal then to cassation instance. Then the court judgement becomes effective in law. Such judgements, in some cases, may be reviewed by the Supreme Court of Russian Federation.

- Individual work disputes in the first instance should be heard in the Labour Disputes Commission. If the dispute is not treated within 10 days it may be sent to court.

- Collective work disputes should be treated in the first instance at a conciliatory commission, then with the participation of conciliator and then at labour arbitration.

IMMIGRATION PROCEDURES

- Period of sojournment without visa may not exceed 90 days within 180-days period. Such period may be prolonged by work permission, but not much than one year from the date of arrival.

- Period of sojournment for a high-skilled specialist without visa is specified by the period of work permission. The period of sojournment may be prolonged by prolonging the work contract.

- Decision on prolongation sojournment is taken by The Federal Migration Service of Russia.

- Free movement for personal or business purposes is established within the borders of Russia.

- Foreign resident may file application for part-time residence. Immigration service must issue a permit within six months or dismiss the permit. In case of a dismissal, a subsequent application may be filed after one year from the date of dismissal.

- The period for part-time residence may not exceed three years.

- Within the period of part-time residence, an individual may receive a residence permit. Before filing an application an individual must live in Russia for one year in virtue of part-time residence. The period of a residence permit is five years and may be renewed without limitation.
SCOTLAND

- Scotland has a strong and growing economy, and attracts investment from leading global companies.
- Key sectors include aerospace and defence, oil and gas, chemical sciences, creative industries, business process outsourcing (BPO), education, renewable energy, financial services, food and drink, ICT and electronic technologies, textiles and tourism.
- A useful website on investment in Scotland is www.sdi.co.uk (Scottish Development International).
- Scotland is one of Europe’s leading financial centres and the Capital city, Edinburgh, is the second largest financial hub in the UK next to London.
- Edinburgh is ranked as one of the largest financial centres in Europe in terms of the management of equity assets.
- Scotland has a business friendly tax system, including low corporate tax rates.
- Scotland has a pool of relatively inexpensive skilled labour.
- English is the main language of the business speaking world.
- Investment growth areas include technology, life sciences, retail and renewable energy.
- Generous incentives to encourage inward investment.

BUSINESS PRESENCE
- The main types of business structure in Scotland are sole trader, partnership, limited liability company and limited liability partnership (LLP).
- Other possible options for doing business in Scotland are joint venture, agency arrangement, limited partnership (LP), distribution arrangement, franchise agreement, setting up a branch.
- Quick, simple and inexpensive procedure for incorporating limited companies.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS
- Generally, no restrictions imposed on foreign investment or foreign ownership.
- All investors with a connection to the UK must comply with the Bribery Act 2010.

EXCHANGE CONTROL
- There are no restrictions on the repatriation of capital, profits, dividends, interest and rental income by foreign investors.

TAXATION
- The Commissioners for Her Majesty’s Revenue and Customs (“HMRC”) deal with administering income tax, corporation tax, petroleum revenue tax, capital gains tax, inheritance tax and stamp duties.
- The Commissioners for HMRC also administer VAT, car tax, customs duties and excise taxes on oil, tobacco, alcohol and gaming.
- A UK resident limited company is subject to corporation tax on all its profits, and chargeable gains that accrue to it.
- If a non-resident limited company has a permanent establishment in the UK it is taxed on income arising in the UK.
- Any tax payable may be mitigated by the provisions of any relevant double tax treaty between the UK and the relevant overseas country.
- The taxable profits of a limited company can be reduced by capital allowances, trading losses and group reliefs.

TAX AND INVESTMENT INCENTIVES
- There are various grants and incentives provided by the Scottish Executive, Scottish Development International, local government and the EU.
- Scottish Development International is the key agency responsible for administering numerous business grant schemes that are available to assist businesses in locating in Scotland.
- Some of the special business grants available in Scotland cover research and development assistance and financial incentive schemes.
- R&D Tax Credits (administered by HMRC) offer very generous tax breaks to UK limited companies engaged in eligible research and development activities.
- European Community aid is often targeted at specific industries, but is available more generally through the European Investment Bank in the form of low interest loans. The funding must be used within the EU, but it does not matter what country the borrower comes from.
SCOTLAND

EMPLOYMENT LAW
• No visas or work permits needed if employees are from within the European Economic Area.
• UK operates national minimum wage for workers aged under 25 years – from April 2017 the minimum wage is £7.05 per hour (less for employees under 21).
• UK operates national living wage for workers aged 25 years or more - from April 2017 this is £7.50 per hour.
• Maximum 48-hour working week limit in place although employees can contract out.
• Employees are entitled to a minimum 28 days paid annual holidays (pro-rata for part-time workers).
• Employees are taxed on their income and also pay National Insurance (NI) contributions, a levy based on their salary which, amongst other things, pays employees their State Pension on retirement.
• An employer’s contribution to NI varies according to bands based on the employee’s salary up to a maximum of 13.8%.
• Employees are entitled to a statutory minimum period of notice of dismissal (essentially a week for every year worked up to a maximum of 12 weeks after 12 or more years of employment) except in cases of gross misconduct. Contracts of employment often impose greater notice periods.
• All employees starting a new job on or after 6 April 2012 have statutory protection against unfair dismissal after two years of employment.
• There are strict employment laws prohibiting discrimination on various grounds, including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnic or national origin, nationality and colour), religion or belief, sex and sexual orientation.
• From 29 July 2013 all employees are required to pay an issue fee to bring an employment tribunal claim against their employer or former employer. Employees will also be required to pay a separate hearing fee to take their claim to a final hearing. The issue fee and hearing fee will vary in the amount depending upon the type of claim brought by an employee.

INTELLECTUAL PROPERTY
• Copyright is an automatic right, which does not need to be registered, and is a right that protects creative or artistic works such as literature, art and music.
• Trademarks can be registered both in the UK or EU to protect a logo or mark that can distinguish the goods and services of one trader from another and provides protection against third parties using the logo. The common law of “passing off” also protects the goodwill associated with a logo, mark or brand name.
• Design rights cover the outward appearance of a product. Design rights can be protected through a combination of unregistered design rights (which arise automatically), registered design rights (rights registered with the UK Intellectual Property Office) and copyright. It is possible to register a Registered Community Design, which protects a design in the EU.
• Patents can be used to protect inventions that are new, inventive and capable of industrial application. Patents can be applied for in the UK, the EU or in individual countries worldwide. Once a patent is granted, it protects an invention from being used by others for a specific period of time.
• Confidentiality agreements or non-disclosure agreements should be considered prior to entering into any agreements with third parties or disclosing any IP rights.
• A combination of patents, trademarks, copyright and design rights may be required to provide methods of protection to intellectual property rights under Scottish law.

DISPUTE RESOLUTION
• When commercial rights are to be protected or enforced, there are a number of options to achieve the required outcome and businesses can rely on Scotland’s internationally respected court system and legal profession to resolve matters. Dispute resolution options include litigation and arbitration.

IMMIGRATION PROCEDURES
• Certain immigration procedures are in place for non-European nationals.
• Useful website: ukba.homeoffice.gov.uk.
BUSINESS PRESENCE

- Since the onset of economic reforms in 2001, Serbia has grown into one of the premier emerging investment locations in Central and Eastern Europe. Up to now, foreign direct investments inflow into the country has exceeded US$28 billion, while Serbia has attracted over US$14 billion of FDI in just the past four years.
- Externally, Serbia can serve as a base for duty-free exports to a market of 1.1 billion people. It includes the EU, USA, Russia, Kazakhstan, Belarus, Turkey, Southeast Europe and The European Free Trade Agreement states. This customs-free regime covers most key industrial products, with a small number of exceptions and annual quotas. Internally, with 9.5 million people, the Serbian market is the 2nd largest in Southeast Europe.
- Company types in Serbia are: joint stock company, limited liability company, general partnership; or limited partnership. The minimum capital required is as low as RSD 3,000,000,00 (approx. €27,500) for a joint stock company and approx. €1 for a limited liability company.
- The entire business registration process is simple and tailored to meet the requirements of the type of a company established. Transparency and low registration costs add to the efficient institutional and legal frameworks for business registration.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions in Equity Participation

- Foreign companies in Serbia are guaranteed equal legal treatment as domestic companies. They are allowed to invest in any industry and freely transfer all financial and other assets, including profits and dividends. Investment projects in Serbia are insured by all major national and international investment and export insurance agencies. Bilateral investment treaties signed between Serbia and 54 other countries further safeguard the protection of foreign capital.
- Certain business restrictions are imposed in sectors deemed of national interest, such as public sector, infrastructure, energy and telecommunications.

Restrictions in Real Property Acquisition

- Real property acquisition is based on the principle of reciprocity: foreign citizens and legal entities may purchase real estate in Serbia under condition that their country of origin recognises such right for Serbian citizens and legal entities in their country.
- Certain restrictions are imposed for military locations or strategically important positions.
- Once obtained, ownership rights are treated equally for domestic and foreign persons and legal entities.
Doing Business in Europe

Social Security Contributions
- The total social security contributions, including pension and disability insurance, health insurance, as well as unemployment insurance amounts to 65% of net salary.

TAX AND INVESTMENT INCENTIVES

Corporate Income Tax Holiday
- Companies are exempt from corporate income tax for a period of 10 years starting from the first year in which they report taxable profit if they invest in fixed assets in an amount exceeding approximately €8,000,000, and throughout the investment period they employ at least 100 additional employees.

Corporate Income Tax Credits
- If not used entirely in the course of one year, this tax credit can be carried forward for a maximum period of 10 years.

Carrying Forward of Losses
- The tax loss stated in the tax return can be carried forward and offset against future profits over a period up to five years.

Avoiding Double Taxation
- If a taxpayer already paid tax on the profit generated abroad, he is entitled to a corporate income tax credit in Serbia to the amount already paid.
- The same right is enjoyed by a taxpayer who earns revenue and pays personal income tax in another country, provided there is a double taxation treaty with that country.

Salary Tax Social Insurance Charges Exemptions
- The employer who hires persons with disability on a permanent basis is exempt from paying salary tax over the period of three years.

Annual Income Tax Deductions
- For non-Serbian citizens, the annual income is taxed if it exceeds the amount of three times the average annual salary in Serbia.
- The tax rate is 10% for annual income below the amount of six times the average annual salary in Serbia, and 10% on the amount up to six times the average salary plus 15% on amount over six times the average salary in Serbia.

Free Zones
- Free zones are specially demarcated zones in which commercial, industrial and service activities can take advantage of various benefits: A) Companies with production facilities located within the free zones are exempt from paying VAT; B) Fixed assets, machines and construction materials can also be imported duty free into free zones; and C) Raw materials used for production of finished goods that are meant for export can be imported duty-free.

EXCHANGE CONTROL
- The National Bank of Serbia (NBS), Serbia’s central bank, pursues a managed floating exchange rate regime with no pre-determined path for the exchange rate.
- When necessary, the NBS intervenes in order to limit excessive daily oscillations in the foreign exchange market, contain threats to financial and price stability, and safeguard an adequate level of foreign exchange reserves.
- Foreign currency transactions between legal entities are controlled by the NBS, foreign currency inspection, customs directorate or other authorities.

TAXATION

Corporate Tax
- The corporate income tax rate in Serbia is 15%.
- Non-residents are only taxed on income generated from business activities conducted in Serbia.
- The tax base is the pre-tax profit in the company’s income statement.

Personal Income Tax
- Salary tax: the employee is taxed, but the employer is responsible for calculating and paying personal income tax on the employee’s behalf.
- The taxable base is the gross salary, which is comprised of the net salary and social security contributions. Salaries are taxed at a rate of 10%, while other personal income is taxed between 15% and 20%.
- Non-residents are taxed on income generated on the territory of Serbia, while taxpayers are entitled to tax credits equal to the amount of tax already paid on income earned abroad.

Withholding Tax
- 20% withholding tax is calculated and paid on certain payments such as dividends, shares in profit, royalties, interest, capital gains, lease payments for real estate and other assets.
- For non-residents, the withholding tax rate may be lower than 20% if a double taxation treaty is applicable.

Value Added Tax
- The standard VAT rate in Serbia is 20%, which is the most competitive rate in the region.
- VAT is applied on all supplies of goods and services that are not zero-rated or do not qualify for a reduced rate or exemption – 10% (basic foods, supply of drinking water, natural gas, computers, teaching aids, etc.).
SERbia

- Free zone business makers are supplied with office space, workshops or warehouses on a rental basis and superior terms.
- The zones can be founded and governed by either domestic or foreign companies.
- Earnings and revenues created within a zone can be transferred to any country, including Serbia, freely without any prior approval, and are not subject to any kind of taxes, duties or fees.
- Goods imported from a free zone into the Serbian market are subject to standard foreign trade regime and customs regulations. However, if the goods are produced from at least 50% domestic components, they would be considered domestic goods and would not be subject to customs duties.
- Currently there are 14 free zones in Serbia: Pirot, Subotica, Zrenjanin, Novi Sad, Kragujevac, Šabac, Užice, Smederevo, Kruševac and Svilajnac, Apatin and Vranje, Priboj and Belgrade.

Other Field Incentives

Customs-Free Imports of Raw Materials and Semi-Finished Goods
- Foreign investors in Serbia can enjoy the benefit of customs-free import of raw material and semi-finished goods for export oriented production.
- Benefit can be achieved either by operating in one of the free zones in Serbia or by a permit from the customs office for outward processing production. In both cases, the finished products must be 100% designated for export.

Customs-Free Imports of Machinery and Equipment
- Foreign investors are exempt from paying customs duty on imported equipment and machinery that represents the share of a foreign investor in a capital of a company in Serbia.

Local Incentives
- A wide array of incentives are available at the local level, varying in scope and size from one city to another. The major ones are:
  - City construction land lease fee exemptions or deductions, including the option of paying in installments with the prior consent of the Serbian government.
  - City construction land development fee relief, such as fee exemptions or discounts for one-off payments.
  - Other local fees exemptions or deductions (e.g., the fee for displaying the company’s name).

EMPLOYMENT LAW

- The maximum working hours are 40 hours per week i.e. five working days, eight hours per day. An employee may work overtime in case of a sudden increase in the scope of work and in other cases necessitating completion of unplanned work within a specific time period. An employee may not work more than four hours of overtime in a single day, and no more than eight hours of overtime in a single week (up to 48 hours per week).
- Reduction in the number of working hours may not be lower than 36 hours per week.
- Employees are entitled to benefits, such as rest days, public holidays, annual leave, sick leave, maternity leave and termination benefits.
- Salaries are determined through market, with a minimum salary requirement prescribed. An employee is entitled to a minimum salary for performing standard work duties and working full-time hours. Minimum salary is established by mutual consent of the government, a representative of the trade union and the representative of the employer’s association, bearing in mind the living costs, social requirements of employee and its family, rate of unemployment, etc.
- Formation of employee unions is guaranteed by the Serbian Constitution and Labour law and is generally free, under condition of registration before the relevant authority.
- Both direct and indirect discriminations are prohibited against persons seeking employment and employees in respect to their sex, origin, language, race, color of skin, age, pregnancy, health status or disability, nationality, religion, marital status, familial commitments, sexual orientation, political or other belief, social background, financial status, membership in political organizations, trade unions or any other personal quality.
- Average salaries in Serbia are low enough to ensure cost-effective operating. Total costs for employers stand at merely 50% of the level in EU countries from Eastern Europe.
- Social insurance charges and salary tax amount to roughly 65% of the net salary, but the tax burden for employers can be reduced through a variety of financial and tax incentives available.

INTELLECTUAL PROPERTY

- Intellectual property protection in Serbia comprises copyright, trademarks, patents, industrial design, geographical indications and layout designs of integrated circuits.
- Registered patents, trademarks/service marks, industrial design and geographical marks enjoy monopoly rights/protection for specific periods of time.
- Copyright protection for literary, musical or artistic works, sound recordings, broadcasts and films.
- Serbia is a member of the World Intellectual Property Organization (WIPO) and a signatory to the Paris Convention, the Berne Convention, Madrid Agreement, Madrid Protocol and other international treaties.
- Serbia’s intellectual property laws conform to international standards and provide adequate protection to both local and foreign investors.

DISPUTE RESOLUTION

- Civil disputes, including employment disputes, may be resolved before Principal Courts, Higher Courts, Appelate Courts and the Supreme Court of Serbia, based on their competencies and criteria, which are prescribed by the law.
• Commercial disputes are resolved before Commercial Courts, as well as Commercial Appelate Courts.
• Alternative dispute resolution is available and include mediation and arbitration.
• Domestic or foreign arbitration decision is final, equally valid as domestic final court judgment and can be enforced according to enforcement procedure, which is prescribed by the law.
• The Foreign Trade Court of Arbitration is an institutional (permanent) international commercial arbitration established at the Serbian Chamber of Commerce. If the parties have agreed upon, or accepted jurisdiction, of Foreign Trade Court of Arbitration, it resolves all disputes arising out of international business relations.

**IMMIGRATION PROCEDURES**

**Passport and Visa Requirements**

• All persons entering Serbia must possess valid national passports or other internationally recognized and valid travel documents.
• EU citizens, as well as those from Switzerland, Norway and Iceland can enter Serbia with valid ID cards.
• Visas are no longer required for EU member countries, EU membership candidate countries and a number of other countries, if staying in Serbia less than 90 days in the period of six months from the day of first entry.
• For other countries, it is necessary to obtain invitation letters approved by the authorised institution in order for their citizens to obtain visas for Serbia.
• To start employment in Serbia, a foreigner must be granted approval for temporary residence, as well as approval for employment.

**Business Passes and Work Permits**

• Strangers wishing to reside in Serbia are required to obtain a temporary residence visa.
• Within 24 hours upon entering the country, they are obliged to register with the police station in the territory of residence.
• The temporary residence permit is issued for a period of up to one year, based on some of the following reasons:
  o Foundation of company, branch or bank (i.e., for authorised persons of such entity).
  o Ownership of independent business or agency.
  o Agreement on Business Cooperation, Agreement on Business-Technical Cooperation and Transfer of Technologies.
  o Setting up of the employment.
  o Carrying out of temporary and occasional jobs (up to 90 days).
  o Engagement at NGOs.
  o Possession of residential or business property.
  o Other reasons prescribed by the law.
• The temporary residence permit may be extended for one year after expiration. The holder of a residence permit is also obliged to notify the local police of any change of address.
• Work permits are necessary for foreign citizens to be employed in Serbia.
• An application for a work permit must be submitted to the to the National Employment Service. The applicant must prove that he/she can support his/her self financially, that he/she has valid health insurance and that he/she has proof of sponsorship from a host organization.
• Work permits are renewable.
• There are 2 types of work permits: personal work permit and work permit.
SLOVAKIA

• One of the fastest-growing economies in the region, Slovakia earned nickname of “Tiger” of Central and Eastern Europe due to far-reaching economic reforms and considerable amount of foreign investments.
• High-income advanced economy with large selection of industrial land and offices for purchase or lease, harmonized investment incentives and high innovation potential for R&D projects.
• EU, Schengen area, UN, OECD, WTO Member with good access to both Western and Eastern markets.
• Skilled and educated labour pool with highest labour productivity in CEE, available at competitive labour costs.
• English is widely written and spoken for business. Proficiency in Russian is re-emerging.
• Currency: Euro (€)
• Main industry sectors include car manufacturing and electrical engineering; Slovakia is the world's largest producer of cars per capita since 2007.
• Best investment opportunities are currently observed in R&D, Design & Innovation, Technology centres, ICT & SW development, BPO - Regional headquarters, High-tech sectors and Tourism centres.

BUSINESS PRESENCE

• Persons may do business as natural persons, on the basis of a trade license, entered or not entered in Commercial Register or via a branch office located in Slovak Republic, or may participate in founding of a Slovak legal entity or become a shareholder or member of an already existing Slovak legal entity.
• LLC and Joint Stock Company are most common vehicles for business activities.
• Incorporation of companies is straightforward and may be completed within five working days.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

• Foreigners may acquire almost any real estate in Slovakia, also the agricultural and forest land the acquisition of which was restricted until 1 May 2014 (exceptions apply); nevertheless, legal persons incorporated in Slovakia are considered as Slovak entities irrespective of the nationality of effective owner. In order to improve the status of local farmers, new amendment to the law on the purchase of agricultural and forest land was adopted. Its objective is to create especially for local farmers conditions favorable for the business of farming and promote the agricultural and/or rural employment.
• Establishing, owning and managing of companies by foreigners is not restricted nevertheless, the company executives from non-OECD states need to obtain a Slovak residence permit.

EXCHANGE CONTROL

• Being EU and WTO Member, Slovakia maintains as high degree of trade freedom as possible.
• No restrictions are imposed on import or export of capital; it should be however noted that as of 2013, the cash payments between entrepreneurs exceeding €5.000 are not permitted (exceptions apply).
• Import and export of limited number of products (e.g. arms and other military materials) is subject to license.

TAXATION

Corporate Income Tax

• Income of legal entities with unlimited tax liability (those with registered office/place of effective management in Slovakia) and of legal entities with limited tax liability which have a permanent establishment in Slovakia is subject to a corporate income tax amounting to 22% of the entity's tax base less any tax losses incurred within four years preceding the tax period.
• Besides the tax losses, the amount of the tax base may be reduced by amounts of various deductible items and tax allowances.
**Personal Income Tax**

- Tax base not exceeding 176.8 times of applicable subsistence minimum (generally € 35,022.31) is subject to income tax amounting to 19%. Tax base exceeding 176.8 times of applicable subsistence minimum is taxed at tax rate amounting to 25%.
- Tax base is reduced by amounts of various deductible items and tax allowances.

**Withholding Tax**

- Income from sources originating in Slovakia, accrued by legal entities with limited tax liability, which have no permanent establishment in Slovakia, is subject to withholding tax amounting to 19% of taxable income. The withholding tax is 35% provided the company is seated in country with no double tax treaty with Slovakia.
- Withholding tax of 19% is applicable to further categories of income of both taxpayers with unlimited and limited tax liability (e.g. interest and other income from funds on current accounts and deposit accounts), unless double tax treaty stipulates otherwise.
- No tax is levied on dividends paid out to the corporations or foreign natural persons.

**VAT**

- All taxable persons with a registered office, place of business or a permanent establishment in Slovakia shall register for VAT purposes if their aggregate turnover for 12 preceding consecutive calendar months reached € 49,790. Registration of taxable persons with lower turnover is voluntary.
- Foreign entity supplying the goods into Slovakia by mail-order shall register for VAT purposes if the aggregate value of supplied goods prior to taxes reaches within a calendar year €35,000.
- VAT applies to most items and services. Basic rate is 20% of the tax base, reduced rate amounting to 10% of the tax base applies to certain selected goods (e.g. pharmaceutical products, health-care products, books, food products, milk, butter, bread, meat).

**Local Taxes**

- **Real property tax**, consisting of tax on plots and on buildings and apartments; the rates and the tax base of these taxes vary depending on municipalities’ regulations. However the real property transfer tax has been cancelled long time ago and not been reinstated yet.
- **Charge for municipal waste** is payable by persons that use a real property located in Slovakia; charge varies depending on municipalities’ regulations.
- **Road tax** applies to all motor vehicles and trailers registered in Slovakia and used for the purpose of business activity; the rates vary depending on regulations of the self-governed regions.

**Consumption Taxes**

- Consumption taxes apply on selected products (e.g. spirits, tobacco products, electricity, natural gas).

**TAX AND INVESTMENT INCENTIVES**

- Investment incentives are provided in form of a subsidy for the acquisition of a long-term tangible and intangible property (e.g. acquisition costs of land, building, technology equipment and licences are considered eligible costs), income tax relief, a subsidy for creation of new jobs and a transfer of state/municipal immovable property or exchange of immovable property at a discounted price.
- Four types of projects are supported, i.e. industry, technology centres, shared service centres and tourism.
- Minimum investment amounts eligible for investment incentives depend on category of the project and region of its implementation. Similarly, the maximum amount of aid depends on locality; the available maximum incentives are higher for districts with higher unemployment rates (e.g. eastern and central southern regions — up to 40% / 50% of eligible costs).

**EMPLOYMENT LAW**

- Employment relationship is established by a written employment contract; other employment-like relations that are allowed, i.e. an agreement on performance of work (up to 350 hours per year), agreement on work (up to 10 hours per week), and agreement on student’s work (only with student up to 20 hours per week).
- Probationary period up to three months (six months for senior employees), during which the employment may be terminated with immediate effect, may be agreed upon.
- Employment for definitive time may be agreed upon only up to two years (exceptions apply).
- Termination of employment by the employer must be reasoned; only specified reasons are legally feasible.
- If the employment is terminated due to dissolution or transfer of employer or employee’s redundancy, the employee is entitled to severance payment amounting to one to five times his/her average salary depending on duration of his/her employment.
- Employees are entitled to four weeks of paid vacation per calendar year (five weeks from 33 years of age).
- Regular working hours may not exceed 40 hours per week, for employee working in two-shift operation the working hours may not exceed 38 ⅓ hours and for employee working in three shift operation 37 ½ hours per week.
- Average weekly working hours, including overtime work may not exceed 48 hours during four months.
- Employee may not perform overtime work exceeding 400 hours per calendar year.
- Minimum wage as of 1 January 2016 is €405.00 per month or €2,328 per hour.
INTELLECTUAL PROPERTY RIGHTS
• Protection of trademarks, patents, utility models and/or industrial designs requires registration with the Industrial Property Office.
• Registration of trademarks is valid for 10 years and is renewable upon request to be submitted within the last year of the duration of registration.
• Literary, musical and other artistic works are protected by copyright.
• Trade secret and trade name is protected under Commercial Code and does not require special registration.

DISPUTE RESOLUTION
• Judicial system in Slovakia consists of three levels of courts: District courts, Regional Courts and Supreme Court. Generally, District courts serve as first instance courts and Regional courts as appellate courts. Supreme Court has jurisdiction in third instance if such review is admissible.
• Above all, Constitutional Court addresses violations of human rights and freedoms as well as violations of the Constitution.
• Arbitration is used mainly to resolve commercial disputes provided that the arbitration clause has been agreed upon by parties to the contract. Arbitration is also available for civil disputes, but is rarely used due to higher costs.
• Mediation is available and supported by legislation, however not commonly used.

IMMIGRATION PROCEDURES
• Slovakia is EU Member State and part of the Schengen area thus the EU rules on free movement of workers and EU visa policy apply.
• There are no restrictions or particular requirements on entry and residency of EU citizens not exceeding three months (besides notification duty); in case of longer residency, residency registration duty applies and competent authorities might verify the purpose of residency (e.g. employment, business activities, education, etc.).
• Citizens of third countries with visa-free regime may stay in Slovakia without visa for a maximum period of 90 days within a half year. Citizens of third countries with visa regime must obtain either Schengen or National visa for entry and short-term stay for a maximum period of 90 days.
• For a stay longer than 90 days within a six-month period, a temporary residence permit is required. Workers with higher professional or university education might apply for EU Blue Card which integrates temporary residency and working permit.
SLOVENIA

• Slovenia is situated in Central Europe and borders with Italy, Austria, Croatia and Hungary. It covers an area of 20,273 km². It is situated on the edge of Central Europe, serving as a gateway to the Balkan Peninsula. The biggest city in Slovenia is the capital, Ljubljana.

• Slovenia has 2,064,241 inhabitants. Almost 80% of people live in urbanized areas.

• The most often taught foreign languages are English, German, Italian, French and Spanish. 67% of the population in Slovenia has practical skills in at least two foreign languages, which is the third best country in the EU right after Luxemburg and the Netherlands. 61% of citizens can speak Croatian, 59% English and 42% German. English and German are often used in business environment.

• Slovenia is a parliamentary democratic republic. Slovenia been a member of the EU since 1 May 2004. Since 1 January 2007 Slovenia has been a member of Economic and Monetary Union and uses the Euro (€) as its legal tender. Slovenia is a member of the OECD.

• Slovenia is a member of the Schengen area. As a result, there are no border controls with Italy, Austria and Hungary. Slovenia has built an advanced transport infrastructure. Ljubljana Airport is located 25 km from the capital and is easily and quickly accessible.

• The Port of Koper acts as the southern gateway to international commercial links between Europe and overseas. It provides the shortest route between Central and Eastern Europe, Mediterranean countries and countries in the area of the Suez Canal. It enables substantial time gains for goods coming from Asia to Europe. European transport corridors No. V (Barcelona-Kiev) and No. X (Salzburg-Thessalonica) intersect at Ljubljana. Ljubljana Airport is located 25 km from the capital and is the main Slovenian airport for passengers and cargo. There are flights to all important European destinations.

BUSINESS PRESENCE

• Possible types of business model (according to the Companies Act): public limited company/joint-stock company (d.d.), European public limited company/joint-stock company (SE), limited liability company (d.o.o.), unlimited liability company (d.n.o.), sole trader (s.p.), limited partnership (k.d.), limited partnership with share capital (k.d.d.) and branch, of a foreign company.

• The procedure of incorporation and registration is not complicated. However, assistance of a Slovenian law firm is advisable. The process of incorporation of a limited liability company can be completed within one week and should not last longer than one month. All documents must be submitted in Slovenian or translated into Slovenian by a certified translator. Entry into the court-lead companies’ registry is required to perfect incorporation and acquire legal capacity. Minimum required capital for a limited liability company is €7,500.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions In Relation To Incorporation Of An Entity In Slovenia

• There are no restrictions or conditions based on residency for founders of companies. All types of companies can be incorporated by any domestic or foreign legal or natural person. Founders have to obtain a Slovenian Tax ID from the tax administration office in order to be able to be entered into the companies’ registry.

• A foreign company has to establish a company or a branch if it wishes to pursue a profit-making activity through a legal entity with residence in Slovenia. Additionally, certain types of legal persons from EU (for instance banks or insurance companies) can, after they fulfil the notification requirements, pursue their mutually recognised profit-making activity directly, without establishing a company or a branch in Slovenia.

Restrictions In Relation to Real Estate

• Companies incorporated in Slovenia, even if established or purchased by foreign natural or legal persons, may freely invest in real estate (i.e., principle of national treatment).
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TAXATION

Corporate Income Tax

- Corporate Income Tax Act governs all questions related to corporate income tax. A resident is taxed for the entire income it generates (i.e., principle of taxation on worldwide income).
- A non-resident is taxed for income it generates in Slovenia through a business unit and for income sourced in Slovenia for which a withholding is prescribed.
- Corporate income tax rate currently amounts to 19% and a special 0% tax rate is applicable in certain specific cases. The withholding tax amounts to 15%.

Personal Income Tax

- Personal Income Tax Act governs all questions related to personal income tax. Residents are liable for payment of personal income tax for their worldwide income. Non-residents are liable for payment of income tax for the income they generate in Slovenia.
- Tax rates are progressive – they are higher for higher incomes, namely 16%, 27%, 34%, 39% and 50% (whereby the higher tax rate is only applied to the difference between the tax base, to which the previous tax rate is applied, and the surplus). Not all types of incomes are taxed.
- There are also various forms of tax relief available, such as family and allowances for voluntary additional pension insurance.

VAT

- VAT is payable on all supplies of goods or services performed by a taxable person.
- When importing goods into Slovenia from outside of EU, the customs will charge VAT and it will be, in the absence of a different agreement, paid by the buyer. When exporting goods from Slovenia to outside of EU, the Slovenian seller is not charged with VAT.
- Standard VAT rate is 22%, and VAT rate for certain goods and services is lowered to 9.5%. Some transactions are excused from VAT.

Other Taxes

- There are 58 treaties on avoidance of double-taxation in force. An updated list can be found on the website of the Ministry of Finance: [http://www.fu.gov.si/fileadmin/Internet/Davki_in_druge_dajatve/Podrocja/Mednarodno_obdavcenje/Zakonodaja/Seznam_veljavnih_MP.pdf](http://www.fu.gov.si/fileadmin/Internet/Davki_in_druge_dajatve/Podrocja/Mednarodno_obdavcenje/Zakonodaja/Seznam_veljavnih_MP.pdf)
- On top of personal income tax, social security contributions have to be paid. They are allocated among the employer and employee, 16,10% and 22,10% respectively.

1 Companies Act, Articles 675-676.
2 Article 3a of the Constitution of the Republic of Slovenia, Act on Accession to the EU.
3 Act governing conditions for the acquisition of title to property by natural persons and legal entities of European Union candidate countries, Reciprocity Act.
4 The Inheritance Act.
SLOVENIA

TAX AND INVESTMENT INCENTIVES

• There are different types of tax relief available. We only mention those that are relevant for companies and not tax relief for natural persons.

• Tax relief for investments in research and development reduces the tax base for corporate income tax for up to 100% of the invested value. Similar relief is available for investments in equipment or tangible assets in the amount of up to 40% of investment.

• There is also tax relief for employing people who have been previously registered as unemployed, for employing disabled people or trainees to perform practical work within professional education.

• Another tax relief is the one for voluntary additional pension insurance paid by the employer.

• Tax base for payment of corporate income tax can further be reduced by way of donations.

• Should a company in Slovenia incur loss in one fiscal year, it may under certain conditions carry forward loss.

Investment Incentives for the Region of Pomurje

• Act regulating development support for the Pomurje Region for the period 2010–2015 introduced special tax exemptions for both corporate income and personal income tax. The Government of RS decided to prolong the realization of the program for the period of 2016 - 2017, during which the remaining funds will be utilized.

• Investors may claim reduction of tax base in the amount of 70% of incurred costs if they employed an employee from the region for a period of at least 12 months.

• Investors may claim reduction of tax base in the amount of 70% of initial investment in certain types of equipment. Such investment has to be made in the Pomurje Region.

Other Incentives

• Foreign companies working on direct investment in Slovenia may apply for financial grants. SPIRIT Slovenia - Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism publishes public for grants every year.

• City municipalities frequently offer assistance in different forms. These incentives are normally publically published.

EMPLOYMENT LAW

• The relationship between employers and employees is governed by obligatory provision of the Employment Relationship ACT (ZDR-1) which provides for minimal standards that need to be respected by the employees and employers respectively. Additional or more favorable rights can be negotiated by the unions by concluding Collective Agreements with the employers. Employment, Self-employment and Work of Aliens Act provides for additional requirements in cases where employees are not citizens of Slovenia.

• The employment contract must be concluded in written form. ZDR-1 requires certain employee’s rights to be included in the contract, such as employer’s duty to provide work, remuneration and annual leave.

• Employment contract can be concluded for an unlimited or limited period of time, as full-time or part-time employment. Employment relationship for a limited period of time can be entered into in cases exhaustively listed by the ZDR-1 and can last for a maximum of two years. Should the employment contract for a limited period of time be concluded contrary to the law, it may convert into a full-time employment relationship by way of legal fiction. The new ZDR-1 (adopted in 2013) brings more flexibility to employment contracts for an unlimited period of time.

• Full-time working hours may not exceed 40 hours per week. Overtime work is allowed only in cases and under conditions provided by law (e.g. in cases of temporary and exceptional increase of work or if continuation of work is necessary to prevent damage to health and/or property). Overtime work is limited by law on a weekly, monthly and yearly level. The employer must always state a reason for termination of employment contract. Ordinary termination (termination with notice period) requires giving prior notice (or convocation to a defence session except in cases of termination due to business reasons). Valid reasons for ordinary termination are business reasons, reason of incapacity and fault reasons. The employees have the right to severance payment when their contract is terminated due to business reason or due to incapacity or if the employee gives his/her notice due to reasons on the employer’s side. In some cases ZDR-1 also allows for extraordinary termination of employment contract with no notice period.

• Employees are entitled to reimbursement of work-related costs, holiday allowance, social security contributions, 30 minutes break every working day, weekly rest period, annual leave, and right and duty to further education.

• Wages are determined based on union collective agreements and individual negotiations. In Slovenia, the Minimum Wage Act determines a minimum wage (currently 804,96 EUR gross per month).

• The vast majority of employees in Slovenia are organized in unions, which are governed by Representativeness of Trade Unions Act (union participation). The parallel way of employee participation is provided by voluntary inclusion of employees in workers’ councils (participation in management) and other ways of participation under Worker Participation in Management Act (workers’ director, workers’ members of supervisory board, etc.)
In 2013 a new Employment Relationship Act (ZDR-1) was passed, with a purpose to reduce segmentation and increase the flexibility of the labour market. The aim of the act was to establish an appropriate balance between adequate protection of employees and the ability of the companies to effectively adapt to market conditions. The new act reduced the costs of termination of employment for an indefinite period of time and introduced financial disincentives for the use of fixed-term contracts. The procedures relating to the conclusion and termination of an employment contract have been simplified by reducing administrative burdens and costs.

**INTELLECTUAL PROPERTY**

- Legislation in Slovenia provides for effective protection of Intellectual Property. Protection of copyrights, patents, supplementary protection certificates, industrial designs, trademarks, topographies of integrated circuits and geographical indications, with exception of agricultural products and foodstuffs.
- Industrial property rights (patents, trademarks, models, etc.) are acquired upon registration, while the copyright is established upon creation of the individual and original work.
- The registration procedures (for the rights of industrial property) are relatively straightforward. Several organisations for collective management of copyright and related rights are established in Slovenia (SAZAS, IPF, etc.). End users have to pay fixed fees to these organisations for certain use of works protected by copyright or related rights.
- Slovenian Intellectual Property Office (SIPO) implemented electronic filing of applications for the registration of national trademarks and designs through online application in 2014. Electronic filing system is currently available only in Slovenian language and is accessible at [http://www.uil-sipo.si/UIL/dejavnosti/e-vloge/](http://www.uil-sipo.si/UIL/dejavnosti/e-vloge/).
- Intellectual property rights are governed by a set of legislative acts. Slovenia is also party to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), Convention Establishing the World Intellectual Property Organization, the Berne Convention for the Protection of Literary and Artistic Works, Universal Copyright Convention, Paris Convention for the Protection of Industrial Property, Patent Law Treaty, Convention on the Grant of European Patents (and all consecutive protocols and implementing regulations) and others.

**DISPUTE RESOLUTION**

**Judicial System**

- Judicial system in Slovenia consists of regular and specialized (for labour law and administrative law) courts.
- The proceedings begin in the courts of the first instance where there are two types of courts: Local Courts and District Courts. Local courts handle criminal cases for crimes punishable by a maximum of three years imprisonment, civil and commercial disputes of value below €20,000, inheritance cases and some other matters that are deemed as less complex legal issues.
- District Courts handle criminal cases, civil and commercial disputes that exceed the limitations of Local Courts, criminal cases of minors, family law disputes, intellectual property disputes, damages and nullity claims related to public procurement. They also manage the Court Register (the company register).
- Higher Courts act as appellate courts (the appeal is considered an regular legal remedy) and in cases of jurisdiction disputes.
- The Supreme Court serves as the third instance whereby access to the third instance is restricted to questions of material law and important violations of procedural rules.
- The Constitutional Courts deals with constitutional appeals in case of infringement of basic human rights by regular courts. It can also review constitutionality of laws and constitutionality and legality of executive acts. Furthermore, it decides over the jurisdiction disputes between courts and other bearers of power.

**Possibilities of Alternative Dispute Resolution**

- The Arbitration Act governs questions related to arbitration. Outcome of arbitration proceedings (the arbitral award) in Slovenia is recognised and enforced by the courts. Slovenia is also a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.
- The Arbitration Act provides for ad hoc and institutional arbitration. The entire required infrastructure for arbitration proceedings is available in Slovenia. Mediation in Civil and Commercial Matters Act and Act on Alternative Dispute Resolution in Judicial Matters and Mediation govern mediation in Slovenia. As an option, mediation is also integrated in regular court proceedings. Court proceedings may be paused and parties can attempt to solve the dispute in mediation.
- Slovenian legislator adopted Out-of-Court Resolution of Consumer Disputes Act (ZIsRPS) in October 2015. ZIsRPS regulates out-of-court disputes (national and international as well) between providers of goods and/or services on one hand and consumers on the other. ZIsRPS also stipulates rules for procedure for the out-of-court consumer disputes resolution. All providers of services and/or goods have to modify and align their respective general terms and conditions of business with the provisions of ZIsRPS no later than 14th of May 2016.
- Ljubljana Arbitration Centre at Chamber of Commerce and Industry of Slovenia provides services of arbitration, conciliation and combined conciliation-arbitration proceedings. The European Centre for Dispute Resolution (ECDR), based in Ljubljana, offers a wide range of services and consultancy regarding dispute system design and dispute resolution, in particular mediation, arbitration, hybrid processes and rent-a-judge, in both domestic and cross border disputes. ECDR is currently the only registered provider of out-of-court consumer disputes resolution pursuant to ZIsRPS.
IMMIGRATION PROCEDURES

- Slovenia is a member of the Schengen Area. Schengen regime therefore applies to visitors travelling to Slovenia.

- A passport is required to enter Slovenia. A visa is normally required for non-EU citizens. For a list of countries of whose citizens do not need a visa, please see the list available at Ministry of Foreign Affairs website (http://www.mzz.gov.si/en).

- Citizen of a third country may enter and reside in Slovenia for such period of time as decreed in his/her visa, residency permit, government conclusion, law or international treaty. Citizens of third countries with visa-free regime may stay in Slovenia for a maximum period of 90 days within a 180 days period.

- For a stay longer than 90 days a residency permit is needed. Residency permit is issued only in justified cases, such as employment, education, family unification and other cases specified by Article 35 of Aliens Act.
BUSINESS PRESENCE

Main Types of Companies
- Companies with a share capital. The regulation for capital companies is the Royal Decree Act 1/2010, of 2 July, on capital companies.
  - Public limited company (“Sociedad Anónima” or “S.A.”). This is the most common form of company, used for investments in major projects. Its characteristics are:
    - The capital is divided into shares (“acciones”).
    - The liability of the shareholders is limited to their share capital contribution.
    - The minimum share capital is €60,000.
  - Private limited liability company (“Sociedad de Responsabilidad Limitada” or “S.L.”) is the most advisable form for a small or medium sized business:
    - The minimum share capital is €3,000.
    - The liability of the shareholders is limited to the share capital contribution.
    - New regulation in order to speed up the incorporation of companies makes possible the establishment of a private limited liability company within 24-48 hours.
  - Employee-owned companies. These include Labour Companies, that can be either S.A. or S.L., both of which are governed by Act 44/2015 of 14 October, and Co-operatives, governed by Act 27/1999, of 16 July. Depending on their geographical area of business, Cooperatives might be subject to specific regional regulations.

Formation of Branches
- Non-resident entities in Spain may carry out transactions through a branch (i.e., an organisation dependant on its parent company located abroad).
- As a rule, the requirements, procedural formalities, accounting and initial costs for a branch are very similar to those for the incorporation of a subsidiary, and the tax position of a branch is analogous to that of a Spanish company.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Regulations and Systems Applicable to Foreign Investment
- Foreign investment in Spain is currently regulated by Royal Decree 664/1999, of 23 April, on foreign investments, by Act 19/2003, of 4 July, on economic transactions with foreign countries and by ACT 10/2010, of 28 April, on money laundering prevention.

Foreign Investments In Spain May Be Carried Out Through:
- Holding companies.
- The setting up of a branch and the increase of its capital contribution, if any.
- The subscription to, and the acquisition of, trading securities in representation of debenture bonds issued by residents.
Personal Income Tax

• Personal income tax distinguishes two kinds of income: general income and savings income. Saving income includes, amongst others, dividends, interest and capital gains arising on transmission. The tax rates are the following:
  o General income: 19% to 45%. In certain Spanish regions, the maximum tax rate will be close to 50%.
  o Savings income: 19% to 23%.

• Meeting certain requirements, employees transferred to Spain who acquire tax residence in Spain as a result of such transfer may opt to pay non-resident income tax for the year in which the change of residence occurs and the five following years.

  • The tax rate applicable to earned income by virtue of said regime shall be 24% to the first €600,000 and 45% to the rest.

Value Added Tax

• VAT is harmonized with the EU directive and consistent with the laws of EU countries.

  • VAT General Tax rate is 21%, though there exist reduced tax rates of 4% and 10% for specific supply of goods and rendering of services.
  
  • Canary Islands are not considered EU territory for VAT purposes. A specific consumer tax applies to that territory known as IGIC (Impuesto General Indirecto Canario).

TAX AND INVESTMENT INCENTIVES

• General: certain investment incentives are in force to stimulate activities such as, among others: Research and development activities, technological innovation; and film production.

  • Tax regime for entities holding foreign securities (ETVE regime):
    o The main advantage of this regime, apart from the “participation exemption”, is that there is an exemption for non-residents for the income derived from the shares of the ETVE.
    o In order to qualify as an ETVE, the entity’s business purpose must include the supervision and management of securities issued by companies’ non-resident in Spain, throughout the correspondent organisation of human and material resources.
    o Combining these benefits with EU directives and the large number of double tax agreements in force, it makes Spain an excellent option for international investors.

  • Merger and Acquisition of business
    o A benefiting tax regime exist for those operations with valid economic reasons, under which income derived from such operations is not included in the base for Corporate Tax purposes, being the income deferred instead.

  • Residence visa and authorization for investors
    – Non-EU residents who make a significant economic financial investment may apply for a residence visa and authorization for investors. Among others, the following events are treated as a significant economic capital investment:

EXCHANGE CONTROL

• As a rule, there is no restriction on repatriation of capital, profits, dividends, interest and rental income by foreign investors.

  • Spanish exchange control legislation has been progressively liberalised, and exchange control is not an obstacle to doing business in Spain.

TAXATION

Corporate Tax

• Resident entities are liable to tax on the total income and capital gains obtained, irrespective of the place where they were earned.

• Resident companies are generally taxed at a rate of 25% companies with certain type of business are taxed with other rates (30%, 20%, 10%, 1% and 0%).

• Certain capital movements must be reported.

• Newly created companies which perform an economic activity will benefit of 15% tax rate during the first 2 years with profits.

• Spain has in force many agreements on tax matters with other countries in order to avoid double taxation.
INTELLECTUAL PROPERTY

- Spanish intellectual property legislation is consistent with the intellectual property laws of other EU member states and provides adequate protection to both local and foreign investors.
- Intellectual Property refers to creations of the mind: inventions, literary and artistic works; and symbols, names and images used in commerce. Intellectual property is divided into two categories:
  - Industrial Property includes patents and utility models for inventions, trademarks and trade names (distinctive signs), industrial designs and topographies of semiconductor products.
  - Copyright covers literary works, films, music, artistic works, computer software and architectural design. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs. So Spain also complies with copyright protection and other similar rights.
- Spain is a signatory to the Paris convention, the Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Spain is a member of the World Trade Organization.

DISPUTE RESOLUTION

- The state is organized on a territorial basis into municipalities, judicial districts, provinces and autonomous communities, in which the Justices of Peace, Lower Courts, Violence against Women Courts, Administrative Courts, Labor Courts, Criminal Courts, Appeal Courts and Higher Courts of Justice have jurisdiction. The Supreme Court and the National High Court (“Audiencia Nacional”) have jurisdiction over the entire national territory.
- Act 1/2000, of 7 January, of the Spanish Civil Procedure came into force on 8 January 2001. This law (as amended from time to time) sets the predominance of the oral proceeding in the Civil Procedure, what, among other things, reduces the average length of proceeding from two and a half years to twelve to fifteen months.
- Settlement of disputes by means of arbitration is allowed under Act 60/2003, of 23 December, on arbitration, as amended by Act 11/2011, of 20 May, being Spain a party to the New York Convention on the Recognition and Enforcement on Foreign Arbitral Awards of 10 June 1958. Finally, mediation is also available for civil and commercial law disputes, and well developed under Act 5/2012, of 6 July.
- Commercial Courts have been established in order to have specialized Judges solving commercial disputes.
• Outcome of arbitration proceedings (the arbitral award — “Laudo Arbitral”) is recognized and enforceable by the Courts.
• Agreement entered into as a result of mediation proceedings are also enforceable by the Courts, provided that they are formalized on a notarized public deed and unless a judicial proceeding between the parties has already started.
SWEDEN

- Sweden is a Nordic country located on the Scandinavian Peninsula in Northern Europe. Sweden borders with Norway and Finland and is connected to Denmark by a bridge-tunnel across the Öresund.
- Sweden is a constitutional monarchy with a parliamentary democracy of government.
- Sweden’s capital is Stockholm.
- Sweden is the third largest country in the European Union by area, with a total population of about 9.7 million.
- Member of the EU since 1995.
- Currency: Krona (SEK)
- The official language of Sweden is Swedish. English is widely spoken.
- Religion: Lutheran 87%, other (includes Roman Catholic, Orthodox, Baptist, Muslim, Jewish and Buddhist) 13%.
- Sweden is a wealthy country by international standards. The primary sectors – agriculture, forestry and fishing – have declined during the last decade and now play a minor role in the economy. Manufacturing, mining, utilities, construction Telecom, IT and services are more important.

BUSINESS PRESENCE

- The joint stock company (aktiebolag – AB), which can be public or private, is the organisational form recommended by local banks and government authorities. It is also possible to set up a European Company (Societas Europea – SE). An SE is subject to the laws of the country where it is registered.
- Forms to set up a (Bolags verket) are available on the Companies Registration Office website, and registration may be made over the internet. All new businesses must register with the local tax office and the VAT authorities, if their products or services qualify. If there are employees, social insurance registration will follow automatically.
- All ABs must issue annual reports, which they must file with the registration office no later than six months after the end of the fiscal year. Penalties may be imposed for late filings. When a company is formed, its share capital is checked closely to prevent tax evasion.
- Cash contributions to capital must be paid into a special bank account, and the attesting bank document is presented when the firm is registered. A document from an authorised accountant is required for shares or new issues paid for in property other than cash. An authorized accountant must review the books of an AB. Some exceptions apply for smaller firms.
- Swedish statutes require that all business maintain books and retain accounting materials for 7 years. It is not necessary to follow the calendar year for accounting purposes.
- In all firms (AB) employing more than 25 persons the employees have a right to appoint two employee representatives to the board of directors, the latter to be trained by the company if employees so demand. Where the committee fails to satisfy employees’ requirements on information and control, they may appoint someone from their ranks to be an employee consultant. The committee and the consultant have full access to accounts and company affairs, and they may require management to make investigations and forecasts. The information obtained may be passed on only to the works council and employee board representatives.
- Firms may go before the Labor Court to claim damages for any breach of confidence by employee representatives.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

- Foreign investors are generally treated the same as Swedish investors. However, some restrictions apply to foreign ownership of companies involved in producing defense material and in other sensitive areas.
- Non-Swedish businesses are expected to adopt Swedish rules and practices, including the annual submission of company accounts, employee representation on the board of directors and local labor co-determination (i.e., participation by workers in company management).
- Sweden has open markets in sectors particularly attractive to foreign investors, including energy, telecommunications and public transport, and, to a degree, healthcare.
SWEDEN

- Subject to certain reporting requirements, foreign companies are free to make direct investments in Sweden and in Swedish property without prior approval from the central bank. No approval is necessary from the Competition Authority to establish a subsidiary company in Sweden.
- Companies setting up in Sweden with foreign capital must notify the central bank for statistical purposes.
- Companies operating in Sweden have access to all EU investment incentives. There is no discrimination between Swedish and foreign-owned firms regarding access to Swedish incentive schemes. Investors must partially or wholly repay aid if grant conditions are not satisfied.
- Procedures for making a new investment in Sweden are straightforward. A local commercial bank, law or accounting firm can handle the formalities. Establishing a new company can take a week to several months, depending on the type of company and its complexity. Although commercial banks may approve applications for capital transfers into Sweden, approval also must be obtained from the Swedish Companies Registration Office for listing a new corporation and from the Companies and Registration Office if more than half the board members or the company's managing director and deputy are not residents of the EEA.
- Changes in corporate management are generally effective upon receipt of notification by the registration office. Companies must register with the National Labor Market Board, the Environmental Protection Agency and, if real property is involved, the country authorities. Acquisitions of Swedish companies sometimes require the approval of the Swedish Competition Authority.

EXCHANGE CONTROL

- Sweden does not impose any exchange controls, although there are certain reporting requirements. For example, companies based in Sweden that remit or borrow cross-border funds must report their transactions to the local tax authorities, and occasionally to the central bank for tax and statistical purposes. The bank handling the transaction must file a statement of income document for currency transactions of SEK 150,000 or more. This statement is forwarded to the tax authorities.
- Foreigners may invest in Swedish bonds and krona-denominated money market instruments, and they may hold interest-bearing krona deposits in Swedish banks. Bonds and krona-denominated instruments must be deposited with an authorised bank or a central bank-approved stockbrokerage firm.
- Swedish companies and individuals may invest in foreign securities, bonds and Treasury bills (again, as long as these are deposited or registered with an authorised institution). They may acquire an unlimited amount of real property abroad. All payments and securities transactions for foreigners and Swedes must be handled through a securities firm that have been authorized according to the Securities Market Act to conduct securities business. Foreign companies with a branch in Sweden can also be authorized to conduct securities business in Sweden.

TAXATION

- Sweden imposes a broad range of taxes, including corporate income tax, VAT and social taxes paid by employers, along with a variety of environmental taxes aimed at companies. There is no branch tax, excess profits or alternative minimum tax.
- For foreign companies, the tax system favours subsidiaries over branches because a branch is not a legal entity under Swedish law. A branch may not deduct interest paid on loans from its head office, and deductions on other interest payments are assessed on a case-by-case basis.
- Advance rulings are available from the Swedish National Board on Advance Rulings on the tax consequences of proposed transactions.
- The corporate income tax rate is a flat 22%, with no local or industry variations. However, companies in specific regions in Sweden, inter alia, the northern parts are to a certain extent entitled to a reduction of the payroll tax base. Swedish companies are taxed on their worldwide income, subject to provisions of tax treaties.
- Companies are resident in Sweden if they have been incorporated in accordance with the Swedish Companies Act.
- Non-resident companies are taxed on Swedish-source income, e.g., income attributable to a Swedish permanent establishment and real estate.
- Tax is levied on the worldwide corporate income, less expenses related to the earning of income. Certain exceptions are domestic and foreign-source dividends and capital gains on business related shares under the Swedish participation exemption regime. If a Swedish company markets abroad directly or through a branch office, the foreign profits are subject to Swedish tax.
- Tax treaties generally eliminate double taxation. Where a treaty does not exist, however, a Swedish company may claim a credit against Swedish national income tax for comparable taxes paid abroad.
- Under the Swedish participation exemption, no withholding tax is imposed on dividend distributions to a resident or foreign company on business-related shares if A) The foreign company is taxed in its country of residence and the taxation is similar to the Swedish company taxation; or B) The foreign company is resident and liable to tax in a state with which Sweden has concluded a tax treaty.
- The participation exemption rules provide that the shares in the company paying the dividend must be unlisted or, if listed, the shares held by the company receiving the dividend must represent 10% or more of the total number of votes for the company and be held for at least 12 months at the time the distribution is made.
- Sweden has an extensive tax treaty network, with most treaties following the OECD model treaty. The treaties generally provide for relief from double taxation on all types of income, limit the taxation by one country of companies resident in the
other and protect companies resident in one country from discriminatory taxation in the other. The treaties also generally contain OECD compliant exchange of information provisions.

- Sweden is also a signatory to the Nordic Income and Capital Tax Treaty (along with Denmark, the Faroe Islands, Finland, Iceland and Norway).

**TAX AND INVESTMENT INCENTIVES**

- Residents are taxed on worldwide income, with some exceptions for foreign-source income covered by double taxation agreements.
- All earned and unearned income is taxed separately for married couples, although returns are correlated by cross referencing personal security numbers. Spouses can balance each other’s income and deductions.
- Foreign experts, scientists and executives who work temporarily in Sweden and who are resident in Sweden for tax purposes may benefit from a special tax regime.
- An individual qualifying for tax relief is entitled to a 25% reduction of taxable income for the first three years of employment. Accordingly, the employer will receive a 25% reduction in the basis for calculating social security contributions. Furthermore, the reimbursement of expenses related to the assignment in Sweden for moving to and from Sweden, travels to the home country (a maximum two per calendar year and person) and school fees for children are exempt from taxation.
- The legislation applies to foreign experts, scientists and other key personnel if the work involves expert assignments at a position or competence level that would be difficult to recruit within Sweden and for qualified research or development assignments for a position or competence level that would be difficult to recruit within Sweden.

**EMPLOYMENT LAW**

- Swedish law does not mandate a minimum wage.
- Voluntary fringe benefits, which are well developed in Swedish companies (and usually negotiated collectively), include subsidised canteen meals, work clothes, occupational health and medical services, recreational facilities, company cars and mobile phones. Most traditional fringe benefits are taxed, including loans, use of a company car (even when leased), housing, telephone, insurance, spouse’s travel on overseas trips, holiday bonus, profit sharing and end-of-year gratuity or bonus (paid by one-third of major companies).
- There is no fixed retirement age in Sweden. Employees may decide to retire between the age of 61 and the age of 67. Employees can also delay their retirement after the age of 67 but only with the consent of the employer.
- All employees are entitled to 25 days of vacation per year, even in the first year of a new job or if working part-time. An agreement stipulating a shorter holiday is not valid.

**INTELLECTUAL PROPERTY**

- Swedish intellectual property legislation is consistent with the intellectual property laws of other EU member states and provides adequate protection to both local and foreign, investors.
- The different ways of protecting trademarks, patents, utility models, plant varieties, industrial designs, topographies of semiconductor products and computer software in Sweden, also focus on the legal remedies available against intellectual property infringements.
- Copyright protection.
- Sweden is a signatory to the Paris convention, the Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Sweden is a member of the World Intellectual Property Organization (WIPO).

**DISPUTE RESOLUTION**

- In Sweden there are various alternative methods for resolving disputes. Some of these are entirely extrajudicial. There are also
dispute resolution mechanisms that have extrajudicial features, but are purely a procedural part of the court’s examination of a dispute (conciliation and mediation).

- Some extrajudicial procedures are statutory, whilst others are founded on agreements between two or more private-law bodies/persons.

- The most important statutory procedure takes place at the National Board for Consumer Complaints. The National Board only examines disputes between businesses and consumers at the request of the consumer. The procedure, which also covers cross-border disputes, is written and free of charge to the parties. Decisions by the National Board for Consumer Complaints take the form of recommendations to the parties as to how their dispute should be resolved.

- For certain types of dispute there is a possibility of mediation. That is the case in employment disputes, tenancy disputes, disputes involving tenant-owners, rental disputes, copyright disputes and disagreements between spouses. See below for further information on these different cases of mediation.

- Disputes are resolved primarily through decisions that are of an advisory, non-binding nature (recommendations). In some cases, however, a business may give a prior undertaking to its trade organisation to comply with the recommendations.

- Unlike court judgments or orders, decisions cannot be enforced compulsorily. The fact that a business gives an undertaking to its trade organisation to comply with a decision does not therefore affect enforceability, because the business’s undertaking applies only with regard to the trade organisation. Even though the decisions cannot produce any particular legal consequences, a business that gives an undertaking to its trade organisation to comply with decisions can be subject to penalties under civil law, such as exclusion from the organisation.

- Because extrajudicial dispute resolution in Sweden is an alternative to normal judicial examination, appeals against the decisions cannot be made to courts. A decision by an extrajudicial dispute resolution body is not a procedural obstacle, and it is therefore possible to bring an action before an ordinary court on the same matter, both during and after an alternative dispute resolution procedure. If the action is brought after an extrajudicial dispute resolution body has delivered a decision on the matter, it is common for the pronouncement by the dispute resolution body to be introduced into the proceedings in some way.

IMMIGRATION PROCEDURES

- As an EU member state, Sweden is governed by EU rules. Citizens of the EEA may enter and work in Sweden without residence or work permits, or may enter Sweden and find employment within three months. Non-EEA nationals earning a living in Sweden must have work permits, which must be obtained before entering the country. Residence permits generally have to be obtained outside Sweden.

- The only significant exceptions for work permits are: A) Assembly personnel and technical instructors who can prove they have urgent work setting up machinery and who will leave within 14 days; B) Commercial travellers, drivers of tourist buses and others in certain service occupations, who may work in Sweden for up to three months without a permit, although they are advised to obtain one in advance if possible; and C) Foreigners married to Swedish residents. There are rules that make it easier for researchers to live and work in Sweden for a limited time.

- An application for a work permit is made through the local labour authority in OECD member countries and through the Swedish Embassy or Consulate elsewhere. The application must be accompanied by a job offer by an employer in Sweden, stating the wages to be paid (which must not be less than current Swedish rates) and other conditions of employment, and by a brief statement of arrangements made for accommodation.

- If an employee will be working for a foreign company in Sweden, the employer must provide a letter specifying the terms of employment. Foreign companies may be asked to specify why a Swedish national cannot do the job.

- Processing by the Swedish Migration Board and the National Labor Market Board can take as long as a year. The first work permit is valid for six months and is not tied to a particular employer. A combined permanent residence and work permit can be obtained after one year of residence in Sweden and is valid as long as the foreign national’s passport is valid.
SWITZERLAND

- Switzerland is known for its diverse topography. Its main geographical areas are the Jura, the Plateau and the Alps and its total surface amounts to 41,285 km² (15,940 square miles).
- Switzerland is a democratic and federal state with three government levels, i.e. a federal, a cantonal and a municipal level. Switzerland comprises 26 cantons and 2,408 municipalities. Each canton has its own constitution and its own parliament, executive government and courts. However, there are considerable disparities between the cantons, in terms of population, geographical surface, economic power and political traditions.
- The Swiss population amounts to about 8.11 million people. Foreigners account for around 23.6% of the resident population.
- In Switzerland there are four national languages. German (64.9%), French (22.6%), Italian (8.3%) and Rhaeto-Rumantsch (0.5%). 9% of the population speaks another language. English is spoken in business circles.
- The main religions in Switzerland are Roman Catholic (38.2%), Protestant (26.9%), Islam (4.9%), other Christian confessions (5.7%), Buddhist (0.3%) and Judaism (0.3%).
- Currency is the Swiss franc (CHF).
- Switzerland is ranked 29th out of 189 economies according to the World Bank 2014 Doing Business Report.
- Switzerland’s economy is based on a highly qualified labour force. The main sectors of the economy include the micro-, hi-, biotechnology and pharmaceutical sectors, as well as the banking and insurance sectors. The service sector employs the major part of the Swiss population.

BUSINESS PRESENCE

- The vast majority of businesses in Switzerland are organised as companies limited by shares ("Aktiengesellschaft"; "Société anonyme").
- Swiss law confers legal personality mainly to businesses which are organised as companies limited by shares, limited liability companies ("Gesellschaft mit beschränkter Haftung"; "Société à responsabilité limitée") and cooperatives ("Genossenschaft"; "Société cooperative").
- To be validly incorporated, a Swiss company limited by shares must have a registered seat in Switzerland. Having office facilities and/or staff in Switzerland is not necessary. It is sufficient that a mailing address in Switzerland be provided by a third party such as a local attorney or a trust company for an annual fee, and that at least one person is authorised to represent the company limited by shares be domiciled in Switzerland.
- Instead of incorporating a subsidiary in Switzerland, a foreign company may also establish one or several branch offices. Branch offices have a certain organisational and financial independence with regards to the principal office. Under Swiss law, a branch office can enter into contracts and execute and settle transactions in its own name, and can sue and be sued at its place of business.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

General Principles

- The Swiss government has an attitude of benevolent non-interference towards foreign investments and has entered into more than 120 bilateral international agreements for the promotion and mutual protection of investments. Switzerland offers favourable conditions for Swiss as well as foreign investments, such as economic and political stability, a transparent legal system, a reliable and extensive infrastructure and efficient capital markets. Moreover, there is no screening of foreign investments and there are few sectorial and geographic preferences and restrictions.
- Foreign and domestic companies may engage in various forms of remunerative activities and may, in particular, freely acquire, transfer or sell equity ownership in a Swiss company. Since 1 January 2014, governance in publicly quoted Swiss companies limited by shares has been strengthened; as shareholders now get to decide on the remuneration to be paid...
to board members and senior management, in order to avoid abusive compensation.

- The establishment of a business by natural persons or companies with no legal personality is subject to the grant of an establishment authorisation by the competent cantonal authority.

**Access to Markets**

- Switzerland is a contracting state to the WTO Agreement on Government Procurement (GPA) as well as to an Agreement with the European Community on certain aspects of government procurement dated 21 June 1999. Moreover, on the federal level, access to government procurement is governed by the Swiss Federal Act on Government Procurement dated 16 December 1994 (including Federal Ordinances relating thereto, in particular the Federal Ordinance on Government Procurement dated 11 December 1995), as well as the Swiss Federal Act relating to the internal market dated 6 October 1995. On the cantonal and local levels, an Intercantonal Agreement provides for non-discriminatory access to government procurement.

- Some former state monopolies have retained their dominance over certain markets (such as the electricity, telecom and postal services markets). Foreign investors can encounter difficulties entering these markets, due to high entry costs as well as the relatively small size of the Swiss market.

**Restrictions in Real Property Acquisition**

- Under Swiss law, the acquisition of real estate by persons living abroad, in particular nationals of EU/EFTA Member states who are not domiciled in Switzerland and nationals of non-EU/EFTA member states who have no right of establishment in Switzerland, is subject to several restrictions.

- Since 11 March 2012, all requests for authorisation to build a secondary residence situated in a commune compromising more than twenty percent (20%) of secondary residences are subject to strict legal requirements. As regards the acquisition of existing secondary residences situated in such municipalities, they could also be subjected to strict restrictions in a near future.

**Restrictions in Equity Participation**

- Private equity investments in Switzerland are subject to supervisory law restrictions. Various private equity investment activities can only be carried out by regulated and supervised companies. The carrying out of such activities by a person who does not hold the required license or who does not comply with the applicable legal requirements can lead to supervisory law and/or criminal law sanctions and statutory liability. The FINMA is the supervisory authority of banks, insurance companies, stock exchanges, securities firms as well as of collective investment schemes.

- Since 1 March 2012, and in order to ensure better protection to the Swiss economy and to investors in private equity, Swiss banks of systemic importance are subject to more stringent legal requirements as regards their capital equity, liquidities, risk diversification, remuneration systems and organization.

- A revised and EU-compatible version of the Swiss Federal Act on collective investment schemes took effect on 1 March 2013. Said Federal Act has in particular been revised so as to be applicable not only to Swiss but also foreign asset managers of collective investments schemes, as well as to ensure a better protection for collective investment schemes investors.

- The Swiss authorities are currently drafting a Federal Financial Services Act project, the aim of which is to improve protection of investors in financial products, as well as to harmonize financial markets regulation in Switzerland.

**EXCHANGE CONTROL**

- There is freedom of transfer for investment income, royalties and repatriation of capital. There are no Swiss government policies or laws that would regulate or limit the inflow or outflow of capital. Foreign exchange markets are free and access to foreign exchange is uncontrolled. Swiss foreign exchange markets are highly developed and efficient.

**TAXATION**

**General Principles**

- Taxation in Switzerland takes place at all levels of government: there are federal, cantonal as well as municipal taxes. Tax rates vary from one canton/municipality to another.

- Taxation of businesses depends on the legal form of the business. The profits and capital of companies limited by shares, limited liability companies, partnerships limited by shares (hereinafter collectively referred to as “Corporations”) and cooperatives are taxed directly, i.e., the tax liability is incurred by the company itself. Taxes on earnings generated by the operation of unincorporated businesses (i.e., sole proprietorships, general and limited partnerships), are deemed to be incurred by the proprietors of the business who are taxed on their income.

- The maximum tax rate on the income of the individual is of approximately 44%, and the maximum tax rate on corporate income is of approximately 24%. Both tax rates do not take into account potential privileged taxation.

**International Assistance in Tax Matters and Bilateral Tax Withholding Agreements**

- Switzerland uses two different channels for providing assistance through the exchange of information to foreign authorities in tax matters, namely assistance in tax matters or criminal judicial assistance. If the request for assistance is made by a foreign tax authority under tax proceedings, Switzerland offers administrative assistance through the exchange of information in compliance with the applicable double taxation bilateral agreement (DTA), if any. Since 2009, Switzerland has extended its administrative assistance in tax matters by revising existing DTAs, as well as by entering into new DTAs, so as to comply with the OECD standards. In compliance with international standards, said new and/or revised DTAs allow for administrative assistance by Swiss authorities irrespective of whether a crime, such as tax fraud, or misdemeanour, such
as tax evasion, is alleged. Moreover, since February 2013, group requests in accordance with international standards are also possible. However, so-called fishing expeditions are still prohibited.

- On 1 January 2013, Switzerland entered into withholding tax agreements with the United Kingdom and Austria. These agreements provide for the levying of withholding taxes as an alternative to mutual assistance through the exchange of information and aim at regularising untaxed assets held by Swiss banks and providing a system for the taxation of future income which preserve the right to privacy of account holders.

- Switzerland entered into a specific agreement in February 2013 with the United States of America aimed at fighting international tax evasion, i.e. the FATCA Agreement. The FATCA Agreement entered into force on 2 June 2014 and has been implemented through domestic legislation.

Federal Taxes

- Direct federal tax is levied on the income of natural persons and on the profits of companies. It is assessed and collected by the cantons on behalf and for the account of the federal state. Non-resident individuals having specific economic relations with Switzerland incur a limited tax liability, i.e., direct federal tax is levied on the items of their income which have their source in Switzerland.

- Federal withholding tax is levied on investment income, such as interest on securities and bank accounts, dividends and shares in profits (35%). The withholding tax may, subject to certain conditions, simply be reported to the federal tax authority (instead of being withheld and then refunded).

- VAT (8%) is a general consumption tax which is levied at all stages of production and distribution and on the import of goods, as well as on the provision services to end consumers located in Switzerland. A reduced tax rate of 2.5% applies to specific products such as food, newspaper and medication. A special rate of 3.8% applies to accommodation services.

- Stamp duties are taxes on specific legal transactions, such as the tax on the issue and the transfer of shares.

- Customs duties are levied on certain imported products (such as tobacco, beer, cars and petrol), depending on the quantity and origin of the goods.

Cantonal and Communal Taxes

- Income tax: all cantons and municipalities apply a system of general income tax, which is organised similarly to the direct federal income tax system. The income tax rates are progressive in most cantons. All cantons tax the earned income of foreigners temporarily working in Switzerland at the source.

- Expenditure-based taxation: most cantonal tax legislations provide for the possibility for natural persons who acquire a domicile or residence in Switzerland for the first time — or after an absence of at least ten years from Switzerland — without engaging in any gainful activity, to be taxed on estimated living expenses, rather than on actual income and net wealth. Expenditure-based taxation may however be subject to more stringent legal requirements on the federal and cantonal levels, as of 2016.

- Wealth tax: wealth tax is levied at the cantonal level on the net value of the taxpayer's assets, i.e., after deduction of the taxpayer's debts.

- Corporate income tax and tax on equity: in nearly all cantons, corporations and cooperatives are subject to corporate income tax and tax on equity (i.e., paid-up capital and reserves). Earnings acquired by corporations and cooperatives from domestic and foreign holdings are subject to a preferential taxation treatment in all cantons. The same applies with regards to domicile and auxiliary companies. All cantonal tax legislations provide for a tax relief for newly incorporated companies.

- Privileged tax status: according to cantonal laws, Corporations engaged in commercial activities abroad benefit from a quasi-tax exemption with regards to the income generated abroad. Furthermore, Corporations which do not undertake commercial activities in Switzerland and the actual activity of which is to durably hold financial participations in affiliated companies may be fully tax exempted as regards cantonal income tax and may benefit from reduced capital tax rates. Subject to negotiation, tax authorities may moreover provide for tax relief (tax holiday).

- Participations exemption: Both at the federal and cantonal level, a tax reduction is granted to qualified dividends and capital gains income.

- Real estate tax: a real estate tax is levied in more than half of the cantons, which apply proportional and varied taxation rates. In most cantons, the tax is assessed on the tax value of the property, without taking into account any related debts. The tax is levied at the location of the property, regardless of the taxpayer's domicile, whether said taxpayer is a natural person or a legal entity.

- Real estate transfer tax: the transfer of immovable property gives rise to a special tax. The tax is assessed based on the purchase price and is usually paid by the purchaser of the property.

- Stamp and registration duties: in addition to the federal stamp duties, some cantons levy stamp taxes on documents (such as court judgments, identity papers, extracts from public registers, etc.), issued to private persons by judicial or administrative authorities. Stamp duties are also levied on records and petitions (process papers, applications, appeals etc.), filed by private persons with the aforementioned authorities, as well as documents reflecting legal transactions of any kind (agreements, contracts, wills, receipts etc.).

- Real estate capital gains: all cantons levy a specific real estate capital gain tax, i.e., a tax on the difference existing between the sale price of the concerned immovable property and the purchase price initially paid by the seller. This tax is levied exclusively by canton and the tax rate is reduced to the extent of the period of ownership.

TAX AND INVESTMENT INCENTIVES

General

- The Swiss government offers large-scale incentives to prospective investors, which are open to both foreign and domestic investors.
SWITZERLAND

• Some cantons offer investment incentive programs for domestic as well as foreign investments, in rural areas in particular. Priority is often given to foreign businesses that bring new high-technology product lines or create jobs.

Most Common Incentives
• The most common tax and investment incentives comprise: subsidies or loans by cantons for the development of industrial sites; cantonal guarantees on bank loans; capital loans at below-market interest rates; grants for facilities conducting research and development projects; subsidies to defray certain investment costs and to finance staff training; exemptions from taxes on profits and capital gains for specific periods (tax holidays of up to 10 years); and liberal depreciation allowances.

No Performance or Other Requirements
• There are few performance requirements, whether linked to incentives or to other investment-related conditions. In particular, foreign companies are not required to source locally, export production or derive foreign exchange from production. There is moreover no requirement for nationals to own equity in foreign investments, for the share of foreign equity to be reduced over time or for technology to be transferred on certain terms.
• There are no conditions on permission to invest related to geographical area (with the exception of investment incentives noted above), percentage of local content or equity, import substitution, export requirements or targets, employment of nationals, technology transfer or local financing.

EMPLOYMENT LAW
• Under Swiss law, the maximum weekly working time for industrial workers, office personnel, technicians and other employees, including the sales staff of major retailers, is 45 hours. The statutory limit for all other workers is 50 hours per week. The average weekly working time in Swiss companies in 2012 was 41.7 hours.
• Overtime which exceeds the agreed working hours, but not the statutory maximum working time, must, in general, be remunerated at a rate of 25% higher than the ordinary rate or, if the employee agrees, be offset by a corresponding period of leave.
• Switzerland does not have a statutory minimum wage. Only certain collective labour agreements include binding provisions on remuneration. Even so, wage levels in Switzerland are overall higher than in other European countries.
• Swiss employment law is flexible in particular with regard to the parties’ respective rights to terminate the employment agreement.
• During the trial period (ranging from one to three months), each party may terminate the agreement by giving seven days’ notice. After the trial period, the employment agreement may be terminated by either party by giving one month’s notice during the first year of service; two months’ notice as of the second year of service; and, three months’ notice as of the tenth year of service. All such notices are to expire at the end of a calendar month.

INTELLECTUAL PROPERTY AND COMPETITION LAW
• Switzerland is a member of both the European Patent Convention (EPC) and the Patent Cooperation Treaty (PCT). If filed in Switzerland, patent applications must be made in one of the country’s three official languages (German, French or Italian), be accompanied by detailed specifications and, if necessary, by technical drawings. The duration of a patent is of 20 years. Patents are not renewable beyond the original 20-year term. However, patent term restoration is possible for products, such as pharmaceuticals, that require an extensive testing period prior to marketing.
• Swiss copyright law explicitly recognises computer software as literary works and provides for a remuneration scheme — by way of a distribution of the proceeds on the basis of national treatments — for private copying of audio as well as video works. Owners of television programming enjoy significant protection and are remunerated for the rebroadcast and satellite retransmission of their works, while right holders have exclusive rental rights. Collecting companies are well established. Infringement is considered a criminal offense. The term of protection is life of the author of the work, plus 70 years (or plus 50 years for computer software).
• Switzerland’s competition law is in many aspects similar to EU competition law, illicit agreements (cartels, hard core vertical restrictions) and the abuse of market dominance are subject to fines of up to 10% of the undertaking’s Swiss turnover during the three business years preceding the fine. Switzerland also has established a merger control procedure.
• Since 1 July 2012, Swiss unfair competition law has become — to a large extent — EU-compatible by offering better protection against unfair commercial practices, in particular for consumers.

DISPUTE RESOLUTION
• Since 1 January 2011 — i.e. the date of entry into force of the Swiss Civil Procedure Code (CPC) — proceedings in civil matters are regulated at the federal level, while the organisation of the judiciary lies within the competence of the cantons, unless the law provides otherwise.
• The CPC provides for a two-tier system of judicial review at the cantonal level. Therefore, the cantons are required to establish an appellate court with full judicial review.
• The highest court in Switzerland is the Federal Supreme Court. Proceedings before this Court are governed by the Federal Supreme Court Act (FSCA).
• Switzerland is one of the world’s main and preferred venues for hosting international arbitrations, not only for its renowned and highly qualified arbitration practitioners, but also for its neutral and arbitration-friendly legislation and case law.
• To further promote institutional arbitration in Switzerland and to harmonise the existing rules of arbitration, the Swiss Rules of
international Arbitration — which are based on the UNCITRAL Arbitration Rules — were adopted in 2006. The Rules were revised on 1 June 2012 in order to keep in line with the latest trends in international arbitration, including in particular the introduction of emergency arbitrator proceedings.

- Large commercial disputes are usually settled through litigation or arbitration. Other ADR methods play a limited role, although mediation has recently gained in importance, as illustrated by an increasing number of private organisations offering mediation services and training, or by the adoption of the Swiss Rules of Commercial Mediation of the Swiss Chambers of Commerce and Industry in 2007 as well as the introduction of provisions concerning mediation in civil matters in the CPC.

- The CPC now provides for both mandatory conciliation (subject to certain exceptions) and voluntary extrajudicial mediation, which can be linked to and have effect on pending civil proceedings. As a rule, Swiss courts cannot order the use of ADR. However, courts are free to facilitate a settlement during court proceedings or to encourage parties to resort to mediation.

**IMMIGRATION PROCEDURES**

**Passport and Visa Requirements**

- Foreign nationals must hold a valid identity document that is recognised by the Swiss authorities to enter Switzerland. A visa is required in certain cases. Foreign nationals must have sufficient funds — which are available or procurable by legal means — to cover the cost of living during the transit through or the stay in Switzerland.

- Foreign visitors who have entered Switzerland in compliance with the relevant regulations and are not taking up any form of employment need no residence permit if the duration of their stay does not exceed three months within a six-month period.

- Swiss representations abroad may condition the issue of a visa upon the submission of a declaration of sponsorship if the applicant does not have access to sufficient financial funds or if such an access seems doubtful.

**Business Passes and Work Permits**

- For an engagement period of more than 8 days but less than 90 days per calendar year, self-employed EU-25/EFTA nationals or companies based in these countries posting EU-25/EFTA resident workers (nationals or in possession of a permanent working permit in a EU-25/EFTA country) to Switzerland are not required to obtain a work permit but have to announce their arrival.

- If the duration of the employment contract is of more than 90 days but of less than one year, the candidate will be granted an L EC/EFTA residence permit valid for the duration of the contract.

- EFTA permit valid for five years. However, restrictions are temporarily applied by the Swiss government for the grant of B EC/EFTA permits to the nationals of certain EU States. Residence permits are valid for the entire territory of Switzerland. Since 15 May 2013, all EU/EFTA employers must communicate the salary of all seconded employees to Switzerland to the Swiss authorities.

- However, in accordance with the Swiss popular vote of 9 February 2014, the agreement on the freedom of movement between Switzerland and the EU/EFTA shall have to be revised within the next three years in order to introduce immigration quotas and ceilings.

- Gainful employment of nationals of non-EU/EFTA member states is subject to different requirements and is at the authorities’ discretion.

- Self-employment for EU-27/EFTA nationals is possible if they are granted a residence permit for self-employment. The residence permit is valid for a period of five years. Self-employment must be effective and permanent as well as secure livelihood.

- Subcontracting of labour from abroad to Switzerland is prohibited.

- To be engaged in a gainful activity, the employer must produce, at the cantonal employment office, the document used by the national of an EU/EFTA member state to enter Swiss territory (passport or identity card) as well as a written confirmation of engagement or a certificate of employment.

- No authorisation or any other administrative procedure is imposed to EU-25/EFTA nationals whose working activity in Switzerland is of less than eight days per year.
TUNISIA

• Tunisia has a geo-strategic position: it is a Maghreb country, located on the Mediterranean coast of North Africa with an area of 162,155km².
• Practised a unitary presidential constitutional republican regime until the revolution of 14 January 2011. Since then, Tunisia has been in a transitional phase. A new Constitution was adopted on 26 January 2014 promoting civil liberties and human rights and settling a mixed constitutional republican regime.
• Population is 10,886,526. The majority of Tunisia’s population is Muslim.
• Arabic is the national language; the first foreign language is French, which is widely used in education, the press and in business. English is becoming widespread, especially in the business area.
• Currency: Tunisian Dinar (TND).
• Investment areas include the manufacturing of food products, textile and wearing apparels, construction products, ceramic and glass, mechanicals and other manufactured goods, tourism, agriculture and IT.

BUSINESS PRESENCE

• The main legal economic entities in Tunisia are limited liability companies, one-man limited company and joint-stock companies (S.A).
• Tunisia’s industrial sector consists of 5,701 enterprises having 10 or more employees, of which 2,636 are exporting enterprises.
• The total number of industrial enterprises with foreign participation is about 1,844 of which 1,146 are 100% foreign owned. 1,550 of them are totally exporting enterprises.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions on Equity Participation

• Foreign investment to start up and expand businesses is free in Tunisia. It is however, restricted in certain sectors that are not export oriented, including domestic commercial activities, transport, communications, public works, real estate promotion, education and vocational training, cultural industries, publishing and advertising, etc.).
• The High Commission for Investment must approve certain non-totally exporting service activities for investment when foreign investors hold the majority interest in the company.
• Foreigners can invest in agricultural sectors and hold up to 66% of company capital, but only by means of exploitation of rented agricultural land.

Restrictions on Real Property Acquisition

• Under Tunisian law, the acquisition of real property by foreigners is subject to the prior approval of the governor according to the Decree of 4 June 1957 relating to real estate transactions. However, by virtue of a more recent regulation, foreigners are allowed to acquire lands and premises built in industrial tourism zones and for economic projects.
• Under law number 69-56 dated 22 September 1969 on the reform of agricultural structures, foreigners are not permitted to acquire agricultural lands.

EXCHANGE CONTROL

• Foreign capital transactions in Tunisia are governed by the law number 76-18 of 21 January 1976, recasting and coding the legislation on foreign exchange and foreign trade governing relations between Tunisia and foreign countries and by the exchange regulation of the Central Bank of Tunisia.
• Non-residents having made investments through foreign currency import, pursuant to the legislation in force, are free to transfer the net real proceeds and gains on transfer or clearance of their invested capitals.
• Any person or legal entity resident or established in Tunisia must surrender entire foreign currency it holds to an authorised intermediary.
• Any payment abroad in foreign currency, as well as any payment between residents and non-residents is subject to the approval of the Central Bank of Tunisia, with the exception of payments of day-to-day current operations. These operations are governed by the Decree of 16 August 1993.

TAXATION

General

• Tax revenues derive from direct and indirect taxes, registration duties and customs duties. The tax laws include two direct tax regimes: personal income tax and corporate tax.
• There are other customs regimes, which vary along the treaties concluded by Tunisia.
**TAX AND INVESTMENT INCENTIVES**

**Common Incentives**
- Reduction of the tax for shareholders up to 35% of profits or net revenue subject to corporate tax or personal income tax reinvested at the constitution or at capital increase operations.
- Reduction of the tax on profits reinvested back into the company up to a limit of 35% of taxable corporate profits.
- Reduction of customs duties and suspension of VAT and consumption duties on imported equipment that have no locally manufactured equivalent.

**Incentives on Exports**
- Exporting companies benefit from:
  - Free trade system.
  - A reduced tax rate (10%).
  - Tax reduction on profits or income reinvested in the initial capital or in the case of capital increase, subject to the minimum tax rate.
  - Tax reduction on profits reinvested back into the company subject to the minimum tax rate.
  - Free customs duties and tax exoneration on the import of equipment necessary for production.
  - Exoneration from registration duties, stamp duties and VAT on the activities of the enterprise.
  - Selling on the domestic market of up to 30% of turnover.
  - Recruiting up to four foreign management employees.

**Regional Development**
- Encouragement in regional development of investments made by companies located in such zones. Activities of this category are defined and listed by decree. They cover industry and handicraft, tourism and certain services (also set by decree).
- Such investments are subject to the following incentives:
  - Exemption from corporate income taxes and personal income taxes during the first ten years, and a deduction of 50% of the tax base during the next ten years.
  - Subscription to initial capital or capital increases at these companies provides for deduction of income or profits invested from net income or profits that are subject to tax on personal income or corporate tax.
  - Investment made by these companies gives rise to the deduction of profits invested in the same companies from net profits subject to corporate tax.
  - Benefit of a premium up to 25% of investment cost, including the project study costs.
  - Benefit of a premium pursuant to state’s participation in infrastructure expenses.
  - Assumption by the state of the employer’s contribution to the legal social security scheme up to a period of five years.

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**Personal Income Tax**
- Personal income tax is charged on:
  - Persons resident in Tunisia.
  - Persons not resident in Tunisia for all Tunisian income source, except income expressly exempted from income tax.
- Tax rates are marginal. These vary from 0% to 35%, depending on the income amount. A flat-rate scheme is applicable under certain conditions to small businesses.
- Foreign personnel recruited under the provisions of Article 18 of the Investments Incentives Code and foreign investors or their representatives in charge of the management of non-resident companies, enjoy the advantage of paying a flat tax on income set at 20% of gross remuneration.

**Corporate Tax**
- Subject to corporate tax:
  - Joint Stock companies and equivalent that operate under the status of companies resident in Tunisia.
  - Legal persons not established in Tunisia but that have Tunisian source income.
  - The corporate tax rate is generally 25%, 10% for totally exporting companies, agricultural and handicrafts companies, and 35% for financial, oil and telecommunications companies.

**VAT**
- VAT is an indirect tax applied to all industrial, handicraft and service businesses, except for agriculture and certain cultural activities. VAT paid on purchases is deductible from the VAT collected on sales turnover.
- VAT consists of two reduced rates of 6% and 12% for some capital goods and services. In general, its key rate is of 18%. Some operations are exempted from VAT.

**Real Property Gains Tax (RPGT)**
- The taxable capital gain on real estate is equal to the difference between the transfer price of the property and the related costs, plus 15% per year of ownership, if the sale takes place during the first five years of ownership, and 10% if the sale takes place after that period.

**Withholding Tax**
- Without prejudice to contrary provisions that may be provided for in non-double taxation treaties concluded by the Tunisian State and other states:
  - Income tax and corporation tax are subject to a withholding tax to 15% in fees, commissions, brokerage fees, rents and remuneration paid by non-commercial state and local governments, legal persons and natural persons subject to income tax according to the real regime.
  - Interests are subject to 20% withholding tax on income from capital, and 5% withholding tax when paid to a bank non-established in Tunisia.
Free Trade Zones

- Companies established in free trade zones are entitled to full tax exoneration on income and profits during the first ten years of activity and a 50% deduction thereafter.

DISPUTE RESOLUTION

- Civil disputes are heard by First Instance Courts, appealed at the Courts of Appeal and can be brought before The Supreme Court. The Supreme Court is not a third level of litigation. The Supreme Court controls conformity of lower court decisions to the law.
- Employment disputes are heard in the first instance by Industrial Tribunals.
- Arbitration is available under Tunisian law (Arbitration Code). It is either institutional or ad hoc.

IMMIGRATION PROCEDURES

Passport And Visa Requirements

- Most nationalities, including those from the USA, Canada, the UK and a number of listed countries, do not need a visa to enter Tunisia as a tourist. Nationalities that do not appear in the list should contact the Tunisian Embassy in their countries and apply for a visa.
- The immigrant’s passport must be valid for at least six months after entering Tunisia. A stamp must be affixed on the passport upon entry into the country, which will allow the immigrant to stay for three months.

EMPLOYMENT LAW

General

- Employment relations in Tunisia are governed by the Labor Code of 1956 and collective bargaining agreements. Labour contracts can be concluded for a definite or an indefinite period of time.
- The Tunisian National Social Security Fund (CNSS) provides social security protection to employees who are Tunisian, or permanent residents, and to their families. The employer and employee contribute 16.57% and 9.18% respectively, of the employee’s monthly wages.

Foreign Labour

- The law providing incentives to foreign investors has granted employment facilities for expatriate personnel. For instance, foreign managers acting in their capacity as employers are not required to hold a work contract, and an exporting enterprise may, with a simple declaration to the appropriate labour authorities, hire up to four expatriate technicians who may choose either a foreign social security system or the Tunisian system.

Trade Unions

- The right of workers to form unions is secured in Tunisia. The right of workers to strike is dependent upon the fulfilment of certain conditions, such as giving ten days advance notice and receiving the approval of the Central Labor Federation.

INTELLECTUAL PROPERTY

- Intellectual property protection in Tunisia comprises patents, trademarks and service marks, industrial design, author rights, layout designs of integrated circuits and on plant variety.
- Registered patents, trademarks/service marks, industrial design and lay-out designs of integrated circuits enjoy monopoly rights/protection for specific periods of time.
- Author rights protection covers literary, software, musical or artistic works, sound recordings, broadcasts and films.
- Civil and penal remedies are provided for cases involving counterfeit and pirated goods.
- Tunisia is a member of the World Intellectual Property Organization (WIPO) and a signatory to the Paris Convention, the Berne Convention and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).
- Tunisia’s intellectual property laws conform to international standards and provide adequate protection to both local and foreign investors.
TURKEY

- Currency: Turkish Lira TL
- Location: Eurasian crossroads; geostrategic center for international business.
- Still one of the fastest growing economies in the world.
- 3.00% real GDP growth rate through 2015; expectation for 2016 is also around 3.00%.
- Competitive and well educated workforce.
- Developed public infrastructure with modern industries.
- Dynamic market economy due to the size of the country, a young population and growth rates.
- Increasing role of the private sector in the economy due to the implementation of a revitalized privatization program.
- Intense economic relations with Turkey’s main trading partners (EU, USA, Russia and Japan).
- Land of opportunities for Foreign Direct Investment (FDI): Turkey attracted $16.8 billion of FDI in 2015.

BUSINESS PRESENCE
- Investment environment, banking, insurance, advanced manufacturing technologies and industrial production, transportation, telecommunications and aerospace. Opportunities in corporate and regional aircraft sales, agriculture and food products, construction sector, mining/minerals/oil, energy and healthcare system.

FOREIGN INVESTMENT RESTRICTIONS AND CONDITIONS

Restrictions on Equity Participation
- Generally there are no restrictions imposed on foreigners owning equity in Turkish companies. However, certain sectors may be deemed of national interest and subject to foreign ownership restrictions, such as education.
- Generally there are no restrictions imposed on foreigners attending to privatization matters. Certain specifications may restrict the involvement of a foreign investor.

Restrictions on Real Property Acquisition
- The provisions regarding acquisition of real estate or limited rights in rem by foreigners vary according to the following categories:
  
  (i) Foreign Real Persons
  - Foreign real persons from countries determined by the Council of Ministers in accordance with international bilateral relationships and interest of the country may acquire real estate or limited rights in rem. However, the total area of real estate and limited rights in rem (independent and continuous) that a foreign real person can acquire:
    - May not exceed 30 hectares in the whole country (can be increased by Council of Ministers up to twofolds), and
    - May not exceed 10% of the total surface area allocated to private ownership in a district.
  
  o The Council of Ministers announced the list of the countries that are allowed to purchase real estate however not to the public as it may subject to change any time. Therefore, when a foreign real person would like to purchase a real estate, it will communicate with the relevant land registry. Alternatively, initial information can be provided from the real estate department of Ministry of Foreign Affairs.

  (ii) Foreign Legal Persons
  - Companies having legal personality, on the other hand, can acquire real estate and limited rights in rem over a real estate only in accordance with certain laws such as Tourism Encouragement Law, Petroleum Law; and Industry Regions Law.
  - Apart from those companies having legal personality, no foreign institution, foundation etc. can acquire real estate or limited rights in rem in Turkey.
Doing Business in Europe

Regulations such as Controlled Foreign Company and Thin Capitalization are relatively well defined.

Anti-tax haven legislation is also in place but is defacto not applicable due to lack of secondary legislation.

Turkish VAT system is not integrated to EU VAT system.

TAX AND INVESTMENT INCENTIVES

The General Directorate of Foreign Investment provides various incentives that treat both domestic and foreign investors equally.

Effective as of January 1, 2012, the new investment incentives system has been comprised of four different schemes. Local and foreign investors have equal access to:

1. General Investment Incentives Scheme
2. Regional Investment Incentives Scheme
3. Large-Scale Investment Incentives Scheme
4. Strategic Investment Incentives Scheme

Depending on type of investment plan below some or all below incentives may be applicable:

- VAT exemption
- Customs Duty exemption
- Social Security Premium Support (Employer share)
- Social Security Premium Support (Employee share)
- Income Tax Withholding Allowance
- Interest Rate Support
- Land Allocation
- VAT refund

The investment schemes are designed mainly taking into consideration the geographical locations for development, the sectors to be promoted and the size of the investment.

The most comprehensive scheme in terms of incentives provided is the Strategic Investment Scheme which provides all the incentive possibilities mentioned above.

EMPLOYMENT LAW

Turkey implements a national gross minimum wages of 1,777.50 TL per month (approximately € 450.52) for the year 2017.

Maximum working hours are 45 hours per week. Severance payment is calculated with a cap set by the government and is currently maximum 4,426.16 TL (approximately € 1,121.84) until 30 June 2017.

Workers are entitled to annual paid leave from 14 to 26 days, depending on the employment term and additional public holidays (New Year’s Day, religious and national days).
INTELLECTUAL PROPERTY

- The core of the intellectual property system in Turkey is based on regulations, trade mark attorneys, specialized courts and the Turkish Patent Institute (TPI). In Turkish legislation, until now, the industrial property rights have been regulated by statutory decrees. The Code for Industrial Property numbered 6769 is published at the Official Gazette dated 10 January 2017. Pursuant to this Law, TPI changed its name to Turkish Patent and Trademark Office (“TPTO”). This Code aims to regulate and protect the rights related to trademarks, geographical signs, industrial designs, patents, utility models and conventional product names and by doing so, it envisages to technological, social and economic development.
- The TPTO provides effective protection and widespread usage of industrial property rights. It strives to be a leading institution in the world of industrial property.
- Turkey is a signatory to most of the international IP agreements and already absorbed most of the European acquis.
- Under TPTO patents and regulations, the following can be registered; trademark, useful model, industrial design, geographical signs, integrated circuit topography. IP rights are under the protection of Turkish Commercial Code before they are registered.
- Lawsuit types in IP are: nullity suits against the TPI verdicts, invalidity suits against the registered rights, civil and criminal lawsuits for trespassing the registered rights and determination suits.
- Some of the major innovations of the new Code are: (i) the patent without investigation has been cancelled (ii) TPTO shall have the right to cancel some unused trademarks, provided that the conditions of the Code are met. However, this right of cancellation of trademarks shall be valid as of 2024 (iii) from now on, voices/colors can be registered as trademarks, provided that the necessary conditions of TPTO are met.

DISPUTE RESOLUTION

- Court of First Instance and Peace Courts hear the disputes arising out of obligations and commercial relations. Jurisdiction of such courts is determined in conformity with provisions regarding competence subject matter and venue.
- Intermediate courts of appeal became effective as of 20 July 2016 and these courts examine the judgments of the first instance courts upon appeal, before the Supreme Court stage.
- The Supreme Court is entitled to review final awards of first instance courts and the intermediate courts of appeal. An appeal may be filed within a specified period of time starting from the date of the judgment. The limitation period to file an appeal may vary depending on the subject of the case.
- Under several circumstances, jurisdiction of foreign court may be acceptable, provided that existence of a foreign element is present.

ADR, especially arbitration, is on the rise in Turkey. A special law on international arbitration was enacted in 2001. Turkey is also a signatory of the New York Convention dated 10 June 1958 related to the recognition and enforceability of foreign awards granted by an arbitrator. The code of mediation in legal disputes, which was published on 22 June 2012, became effective as of 22 June 2013. In addition, Istanbul Arbitration Centre has been established in order to make Istanbul a finance and arbitration centre.

IMMIGRATION PROCEDURES

- For work and residence permits: individuals wishing to work in Turkey must secure an appropriate work permit (exemptions apply). Once a work permit card is issued, a separate residence card is not necessary. A foreign national shall not be involved in productive work in Turkey until the approval of the work permit and his/ her registration at the Turkish Social Security (exemptions apply) and entry on a work visa (exceptions apply). The work permit is workplace and employer specific and not transferable to another employer.
- The work permit application can be done from abroad (before the Turkish Consulate in the country of citizenship or country of legal residence) or domestically (by obtaining first a Short term residence permit valid for at least six months).
- Period of validity of employment authorization: a work permit for a definite period is initially granted for one year. After one year, an individual may apply for a two year and then a three year extension of the work permit with the same employer.
- Spouses of a foreigner holding a work permit in Turkey are restricted from obtaining a work permit for five years. However, the regulation specifies some exceptions for which an exceptional work permit can be granted (for EU citizens or their spouses, status of key personnel, etc.). Applying these exemptions is at the discretion of the Labor Ministry.
- For Business Visitors: allowable activities on business visit visas are not defined in Turkish regulations. Business visitors may attend meetings, conferences or training with colleagues, clients or customers, engage in data collection, etc.
- Tourist Visitor visa online: though foreign nationals of some countries are allowed entry into Turkey visa-free, as a general rule, foreign nationals require a visa (either to be obtained from Turkish Consulate or an e-visa as described below) to enter and remain in Turkey. The term and the fee for the visa depend on the nationality of the applicant. A more precise list of those nationalities that A) are visa free and B) require a visa is available on the website of the Ministry of Foreign Affairs of the Republic of Turkey: www.evisa.gov.tr.
- Those entering as a visitor (whether for tourism or business) may only be physically present in Turkey 90 days out of a 180-day period with the below mentioned considerations.
TURKEY

• The 90 out of 180 day rule will apply to foreign nationals, regardless if they hold a consular visitor visa, e-visa or are visa exempt.

• Foreign nationals in tourist visitor status, who wish to remain longer than the duration of stay available to them, will need to obtain an appropriate residence permit from the Migration Directorate.
The main types of business for profit structure in the UK are: Limited Liability Company; partnership; limited partnership; and limited liability partnership.

Other possible options for doing business in the UK for foreign corporations: appointing a UK representative; setting up a UK establishment; agency arrangement; distribution arrangement; and franchise or licensing arrangements.

Quick and simple procedure for incorporating companies. Forms can be submitted to Companies House online.

There are no specific laws (other than merger and competition laws) that restrict foreign investment or that impose conditions on foreign ownership.

There are a few areas that are government controlled, such as transport, energy and some defence sectors.

Both British and foreign investors must comply with merger and competition rules.

Specific government approval may be required for foreign ownership of an economically significant UK entity.

Both British and foreign investors with any UK business nexus must comply with the Bribery Act 2010, as well as Anti-Money Laundering rules.

No exchange controls affect inward or outward investment.

HM Revenue and Customs is generally responsible for administering state taxes in the UK.
UNITED KINGDOM

- The UK operates a controlled foreign companies regime and transfer pricing legislation.
- As the UK is a member of the EU, VAT is chargeable in relation to a range of supplies and goods and services that are made, or treated as being made, in the UK.
- Withholding taxes may apply to interest, royalties and rents paid to non-residents. There is no withholding on dividends.

TAX AND INVESTMENT INCENTIVES

- The UK has one of the lowest main corporate tax rates in the EU (from 1 April 2015 the main rate of corporation tax is to be 20%) and an extensive network of double taxation treaties. Personal income tax rates range from 20% to 45% on worldwide income. There are special provisions for those who are resident but not domiciled in the UK.
- Additionally generous tax relief is available to UK resident companies in respect of Research & Development, Film and Television Production etc. Relief is also available to UK resident individuals who invest in small and medium sized companies that qualify for Enterprise Investment Relief.

EMPLOYMENT LAW

- Employment law in the UK is largely based on two branches of law, contract law and statutory employment law. It is influenced significantly by European law.
- Contract law allows two parties to enter into a legally binding agreement with each other, provided that each party provides “consideration” to the other. In an employment contract, this means the employee agreeing to work for the employer and the employer agreeing to pay the employee.
- Statutory employment law governs the minimum terms of the employment contract and the employment relationship generally. For example, the contract must contain particulars of employment (set out in Employment Rights Act 1996) which the employee cannot waive, even if they wanted to. Employees have protection against discrimination and, in certain cases, against termination of employment.
- An individual can be an employee, a worker or self-employed. It is important to establish the correct employment status at the outset, in order to establish the applicable rights under employment law as well as for tax reasons.
- All employees (and workers) must be paid at least at the rate of the national minimum wage in the UK, which is currently £7.20 per hour for adults aged over 25 (as of October 2016).
- Income tax and national insurance contributions must be deducted from an employee's pay at source by the employer through a pay as you earn (“PAYE”) system. National insurance contributions (“NICS”) are payable by both employers and employees.
- Employees can be engaged full-time or part-time and on a permanent or a fixed term basis. Those engaged on a part-time or fixed term basis have the right not to be treated any less favourably than a comparable full-time or permanent employee (as applicable), unless the employer can objectively justify the difference in treatment.
- Employees are not generally permitted to work more than 48 hours per week (based on the average number of hours worked over any 17-week period). However, employees have the right to opt out of this limit (by giving notice of their intention to their employer in writing).
- Full-time employees and workers are entitled to 5.6 weeks’ paid holiday per annum including public holidays (in the UK, this is equivalent to 28 days holiday per annum for a full-time employee), paid at their normal rate of pay.
- Part-time and fixed term employees are entitled to the same level of holiday pro rata.
- An employee who is sick will be entitled to statutory sick pay from the fourth day of sickness up to 28 weeks (in any 12 month period) provided certain conditions are met (such as procuring a “Fit Note” from a doctor for any period of sickness that is over 7 days and providing it to their employer). Any additional payment for sickness depends on the contract of employment or the discretion of the employer.
- Currently the state pension age is 65 for men. For women born on or before 5 April 1950, state pension age is 60. For women born between April 1950 and 5 November 1953 the state pension age will increase gradually to 65 between now and 2018. From 2018, the state pension age will be 66 for both men and women.
- Employees who have 2 years’ service or over are given protection from summary dismissal. When dismissing an employee with over 2 years’ service, employers must ensure that they:
  o have a fair reason for dismissal which must be one of the five potentially reasons set out by statute which are conduct, capability, redundancy, illegality or “some other substantial reason” (for example an employer legitimately protecting its business interests);
  o follow a fair procedure and act fairly and reasonably; and
  o comply with the terms of the employment contract (particularly as regards to the employee’s notice period).
- If the employer does not have a fair reason for dismissal and/or does not follow a fair procedure, the dismissed employee has the right to bring a claim for unfair dismissal, provided they have two or more years’ continuous service (subject to some specific exceptions such as discrimination claims). If the employer dismisses an employee in breach of contract, the employee has the right to bring a claim for wrongful dismissal. There are certain types of dismissal that are unlawful regardless of how long the employee has been employed, such as dismissal arising from an employee’s pregnancy.
- Employees and job applicants are protected by the Equality Act 2010 from discrimination based on sex, marital or civil partnership status, race, gender reassignment, religion or belief, sexual orientation, pregnancy and maternity, age and disability.
UNITED KINGDOM

• There is protection against direct and indirect discrimination, harassment and victimisation. These have specific legal meanings and an employee does not need any minimum period of service to pursue such a claim.

• There are maternity, paternity and adoption leave rights for employees, time off for people with dependants and a new system of “shared parental leave”. Subject to meeting certain conditions, employees can take up to 52 weeks’ maternity, adoption leave or shared parental leave (in the case of shared parental leave, this will be shared between the two parents) and will be entitled to statutory minimum pay during this leave for up to 39 weeks.

• Since October 2012, all employers are required to automatically enrol eligible workers into a qualifying pension scheme by a certain date, depending on the number of employees (called a “staging date”). By 2018, all eligible workers will be enrolled into a pension scheme.

• Employers are entitled to protect their legitimate business interests by including provisions in the employment contract restricting the post-termination activities of former employees in certain limited respects (without any associated payment required). Common restrictions include non-compete (restricting the former employee from working for a competitor), non-poaching of key staff and non-solicitation and non-dealing with customers or clients. However, the courts will only enforce a post-employment restrictive covenant to the extent that the former employer can show that it:
  o Protects a legitimate business interest of the employer (e.g. trade secrets).
  o Goes no further than reasonably necessary to do so (in relation to general scope, geographic coverage and/or duration).

• In light of the above, restrictions are typically between three and twelve months in duration (depending on the role of the particular employee). Non-compete restrictions are the hardest to enforce because they essentially keep the employee out of the market for the period of the restriction. Therefore they are only appropriate in certain circumstances and would usually only be enforceable for a shorter duration e.g. six months. “Consideration” (usually a monetary payment) must be given to enforce restrictive covenants if they are not included in the employee’s original contract of employment.

• Trade unions in England & Wales are regulated by the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA). An employee is free to join or not to join a trade union, and cannot be discriminated against in either case. Formation of employee unions is subject to recognition by an employer. Upon formation, the union invites the employer to bargain collectively over the terms and conditions of employment.

• The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) applies:
  o If there is a transfer of a business (or part of a business) that retains its identity; or
  o There is a service provision change (e.g. a client engaging a contractor to do work on its behalf, reassigning such a contract or bringing the work “in-house”).

  – TUPE imposes separate obligations on both the transferor and the transferee in relation to information and consultation and there are penalties for failure to comply. The effect of TUPE is that the employment of the affected employees automatically transfers to the transferee (unless the employee objects to the transfer) on the same terms and conditions. All pre-transfer liabilities (for example, any failure to pay wages or claims of discrimination) also transfer. Changes can only be made to the transferring employees’ terms and conditions in limited circumstances. Any dismissals will be automatically unfair if the sole or principal reason for the dismissal is the transfer itself.

  – If the reason for dismissal is an economic, technical or organisation reason entailing changes in the workforce, then this may justify dismissal, subject to following a fair process.

• Settlement agreements (formerly known as “compromise agreements”) are commonly used in the UK where an employer wishes to terminate an employee’s employment and at the same time protect itself against any possible claims that the employee may bring against it. Generally under a settlement agreement the employer agrees to make an enhanced payment to the employee (tax free up to £30,000) in return for the employee agreeing to waive all actual and potential claims against the employer (apart from claims for personal injury, which cannot be waived). Certain conditions must be met for the agreement to be legally binding (such as the employee receiving independent legal advice on the effect of the terms of the agreement).

INTELLECTUAL PROPERTY

• UK or EU trademarks can be registered to obtain monopoly rights in a brand name or logo in respect of particular goods and services throughout the UK or EU (as appropriate).

• The UK courts also protect unregistered marks through the law of passing off where the use of a mark by a third party damages the goodwill in the brand owner’s business.

• Patents and design rights can be registered to obtain monopoly protection for novel inventions or designs for specific periods of time.

• There is also a system of unregistered UK and EU design rights, which arise automatically in certain instances and protect the owner against unauthorised copying for a limited period.

• Copyright arises automatically when an original work is created. This includes (among other things) literary, dramatic, artistic and musical works. Software is treated as a literary work. Databases enjoy a separate form of protection of their own, although non-EU persons and entities cannot benefit from these rights.

• Consider confidentiality agreements to protect against the disclosure of confidential information.
UNITED KINGDOM

DISPUTE RESOLUTION

- Three distinct jurisdictions make up the United Kingdom: England & Wales, Scotland and Northern Ireland. What follows relates to England & Wales.

- Civil disputes at first instance are heard in the County Court (for claims where the value does not exceed £100,000), the Intellectual Property Enterprise Court (for intellectual property claims heard by a specialist IP judge) or the High Court. The High Court, which is used for more high value or complex litigation or where the dispute gives rise to issues of general public importance, is divided into three main divisions: Queen’s Bench, Chancery and Family. Each division deals with a different type of dispute. There are separate parts of the High Court specialising in Admiralty and Commercial disputes, Technology and Construction disputes and company regulation matters and Insolvency in the Companies Court and the Bankruptcy Court.

- The stages in a civil action can be broken down as follows:
  - Pre-commencement of Court proceedings.
  - Commencement of formal Court proceedings.
  - The substantive stages of the litigation in preparation for trial, including Court directions, costs management, disclosure of documents, exchange of witness statements, provision for expert evidence (where appropriate) and third-party applications.
  - Trial.
  - Post-trial – appeals and enforcement.

- Since 1999, the procedure in civil proceedings, including pre-commencement of Court proceedings, has been governed by the Civil Procedure Rules (“CPR”). The Overriding Objective under the CPR states that cases should be dealt with not only justly but at proportionate cost.

- Under the CPR, parties are required to engage in pre-action correspondence to determine if the dispute can be resolved without the need for formal Court proceedings. Where a party fails to engage in pre-action correspondence without justification for doing so, the Court can impose cost sanctions upon that party.

- Formal Court proceedings are commenced by issuing a Claim Form at Court together with payment of the appropriate Court fee. The Court fee payable depends on the value of the claim and/or the relief being sought. Once a claim has been issued, the CPR sets out a timetable which the parties must comply with in serving and responding to the claim.

- Important changes to the CPR were brought into effect on 1 April 2013 by the implementation of the “Jackson Reforms”. At the heart of these reforms were issues relating to costs management by the Court to ensure that the costs of the proceedings are proportionate.

- The majority of cases in the High Court must comply with cost management rules, under which the Court exercises control over the costs that are to be incurred so as to ensure that they are proportionate to the claim in question. The parties must file and exchange costs budgets for the entire case in advance of a hearing, known as the Costs and Case Management Conference (CCMC). In advance of the CCMC, parties are encouraged to discuss and seek to agree each other’s budgets. Where this is not possible, the budgets will be reviewed and approved by the Court at the CCMC. If a party wishes to increase its budget following approval of the cost budget at the CCMC, this can be done with the agreement of the other side or by requesting a further CCMC. Any party that fails to file a budget when required to do so will likely be unable to recover their costs of the proceedings from the other side, if successful, beyond the applicable Court fees. The Court will also give directions to trial at the CCMC.

- Interim applications occur in proceedings when a party seeks an order or directions before trial. Examples of interim applications include applications for specific disclosure and applications for security for costs. Interim applications are often (although not always) determined at a hearing. Once the application has been determined, the Court will make an order which will include an order in respect of the costs of the application, usually in favour of the successful party.

- The general rule in civil proceedings is that the “loser pays” (save in matters which are deemed to be ‘small claims’, being claims for less than £10,000, where costs are not recoverable from the other side). At the end of the litigation, the recoverable costs of the winning party are assessed in accordance with the approved budget unless either party can demonstrate to the Court that there are exceptional circumstances that justify departing from the approved budget.

- Parties are expected, at all times, to consider using alternative dispute resolution methods (“ADR”), including arbitration, and mediation, to try and resolve disputes outside of the Court system. Any party who unreasonably refuses to participate in ADR is likely to face costs sanctions from the Court.

- Rules on cost budgets, ADR, disclosure and offers to settle increasingly make the costs of litigation front-loaded. Any failure to comply with the CPR, the practice directions to it, and Court Orders, is likely to result in serious costs sanctions.

- Where parties are unable to reach a settlement, the matter will ultimately be determined following a trial before an appropriate Judge. The length of the trial and the seniority of the Judge who hears it will depend on the facts of the case. Any witness who a party intends to rely on at trial is required to attend to be cross-examined.

- Decisions of the Court of first instance may be appealed. Appeals against decisions made in the County Court are made to the High Court and appeals against decisions made in the High Court are made to the Court of Appeal (Civil Division). Any final appeals are made to the Supreme Court. Independent judicial bodies, known as tribunals, deal with separate specific issues such as employment, data protection or competition matters.
UNITED KINGDOM

• A Damages Based Agreement ("DBA") is an agreement between a lawyer and a client under which the client agrees to pay the lawyer a percentage of any sums that are recovered either in settlement, or at trial. Since 1 April 2013, DBAs have been lawful in England & Wales for the first time, subject to certain controls limiting the proportion of fees/damages that a solicitor can charge.

• Success fees and after the event insurance ("ATE") premiums, which form an integral part of a Conditional Fee agreements with clients, were historically recoverable from the losing party. However, since 1 April 2013, any such success fees and premiums are no longer recoverable from the other side.

Funding Litigation

• There are various different ways of funding litigation. Examples include legal expense insurance, a litigation funder, or legal aid.

Litigation Funding

• A third party professional funder can pay some or all of the costs and expenses associated with a dispute in return for a share of the amount recovered in the event of success. If the case is lost, the funder bears the costs it has agreed to fund.

Legal expense insurance

• Many people have legal expense insurance as part of their home or building insurance policies, known as “Before the Event” insurance. Such a policy may cover a party’s own legal costs and expenses, and possibly even the opponent’s costs if the case is lost.

Legal Aid

• Provides funding for legal assistance for those who cannot afford to pay for legal advice, or representation in court. It is means tested and the category of law must come within the scope of the Legal Aid Sentencing and Punishment of Offenders Act 2012.