

## **TAX RATES AND ALLOWANCES**

### **TO BE USED IN ANSWERING THE QUESTIONS**

#### **Individual income tax rates**

##### **Resident individual tax rates**

**Married couples – joint computation:    Other individuals:**

<b>Euro</b>		<b>Euro</b>	
0 – 11,400	0%	0 – 8,150	0%
Next 9,100	15%	Next 5,850	15%
Next 7,500	25%	Next 5,000	25%
Remainder	35%	Remainder	35%

##### **Non -resident individuals**

<b>Euro</b>	
0 – 700	0%
Next 2,400	20%
Next 4,700	30%
Remainder	35%

##### **Residence permit holders (pre 1988) and returned migrants**

<b>Married</b>		<b>Others</b>	
<b>Euro</b>		<b>Euro</b>	
0 – 5,900	0%	0 – 4,200	0%
Remainder	15%	Remainder	15%

### **Capital allowances – Income Tax Act rates**

#### **Industrial buildings and structures:**

Initial allowance	10%
Wear and tear allowance	2%

#### **Plant and machinery:**

Wear and tear allowance as indicated in question where applicable

### **Capital allowances – Business Promotion Act rates**

#### **Investment allowances:**

Industrial buildings and structures	20%
Plant and Machinery	50%

## Car fringe benefit calculation

Annual value of benefit = (vehicle use + fuel value + maintenance value) X private use percentage

<b>Vehicle use:</b>	<b>% of vehicle value</b>
Vehicle not more than six years old	17%
Vehicle more than six years old	10%

<b>Fuel value:</b>	<b>% of vehicle value</b>
Vehicle value not exceeding Euro28,000	3%
Vehicle value exceeding Euro28,000	5%

<b>Maintenance value:</b>	<b>% of vehicle value</b>
Vehicle value not exceeding Euro28,000	3%
Vehicle value exceeding Euro28,000	5%

<b>Car Value</b>	<b>Private use percentage</b>
Not exceeding Euro16,310	30%
Exceeding Euro16,310 but not Euro21,000	40%
Exceeding Euro21,000 but not Euro32,620	50%
Exceeding Euro32,620 but not Euro46,600	55%
Exceeding Euro46,600	60%

## **Capital gains**

### Index of inflation

1987	435.47
1988	439.62
1989	443.39
1990	456.61
1991	468.21
1992	475.89
1993	495.60
1994	516.06
1995	536.61
1996	549.95
1997	567.95
1998	580.61
1999	593.00
2000	607.07
2001	624.85
2002	638.54
2003	646.84
2004	664.88
2005	684.88
2006	703.88
2007	712.68

**Applicability of increase for inflation:**

$$\frac{\text{Cost of acquisition/improvements}}{1} \times \frac{\text{index(yd)} - \text{index(ya)}}{\text{index(ya)}}$$

Where:

index(yd) is the index for the year immediately preceding that in which the transfer is made;  
index(ya) is the index for the year immediately preceding that in which the property in question had been acquired or completed, whichever is the later, or, when it relates to improvements, for the year immediately preceding that in which the cost of carrying out the improvements was incurred.

**Business Promotion Act incentives**

**Value Added Incentive Scheme:**

$$\left( \frac{\frac{V_c - V_b}{V_b}}{\frac{S_c - S_b}{S_b}} \right) \times (P_c - P_b)$$

Where:

Vc = value added in relevant accounting period

Vb = average value added in base period

Sc = sales in relevant accounting period

Sb = average sales in base period

### Definition of medium sized enterprise

An enterprise which is not a small enterprise and:

- Has fewer than 250 employees; and
- Has annual turnover not exceeding 40 million Euro or total assets not exceeding 27 million Euro; and
- It is to be treated as being independent

### Definition of small enterprise

An enterprise which:

- Has fewer than 50 employees; and
- Has annual turnover not exceeding 7 million Euro or total assets not exceeding 5 million Euro; and
- It is to be treated as being independent