

**DOING
BUSINESS
IN**

Hungary



HLB Hungary

*doing business in
Hungary*

foreword

This booklet has been prepared for the use of clients, partners and staff of HLB International member firms. It is designed to give some general information to those contemplating doing business in Hungary and is not intended to be a comprehensive document. You should consult us, therefore, before taking further action. HLB Klient Plusz Kft and HLB International cannot be held liable for any action or business decision taken on the basis of information in this booklet.

HLB Klient Plusz Kft
1062 Budapest
Andrássy út 100
Hungary

Telephone	+36 1 887 3700
Fax	+36 1 887 3799
E-mail	klient@klient.hu
Web site	www.klient.hu

© HLB Klient Plusz Kft 2006. A member of HLB International, a worldwide organisation of accounting firms and business advisors.

about HLB International

HLB International is a worldwide organisation of professional accounting firms and business advisers, each providing clients with a comprehensive and personal service relating to auditing, taxation, accounting and general and financial management advice.

Formed in 1969, HLB can assist clients to do business in over 100 countries, with more than 1800 partners and over 11,600 staff in over 450 offices.

Up-to-date information and general assistance on international matters can be obtained from any of the partners of HLB Klient Plusz Kft listed in this booklet or from the Executive Office in London:

HLB International
Executive Office
21 Ebury Street
London SW1W 0LD
UK

Telephone +44 (0)20 7881 1100

Fax +44 (0)20 7881 1109

Email: mailbox@hlbi.com

Website: www.hlbi.com

HLB International is a world-wide organisation of professional accounting firms and business advisers, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International organisation but provides no professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International organisation, and vice versa.

contents

FOREWORD ABOUT HLB INTERNATIONAL

INTRODUCTION TO HUNGARY Geography Language and Currency Constitution and Legal System International Relations

INVESTING IN HUNGARY Government Policy and Incentives The Banking System Foreign Exchange Controls Real Estates

TYPES OF BUSINESS ORGANIZATION General Provisions Unlimited Partnership Limited partnership Joint Enterprise Limited liability company Company Limited by Shares

ACCOUNTING AND AUDIT Accounting Principles Auditing Requirements Reporting Requirements

SOCIAL SECURITY Health and Pension Insurance Private Pension Funds Unemployed and Training Fund Contributions Social Security Treaties

TAXATION General Structure Corporate income Tax Withholding Taxes Value Added Tax Personal Income Tax Local Business Tax Property Transfer Tax Other Taxes and Charges

introduction to hungary

Geography

Hungary is located in the centre of Europe. The country covers 93,030 square kilometres. It shares borders with Austria to the west, Slovenia, Croatia and Serbia-Montenegro to the south, Slovakia to the north, and Ukraine and Romania to the east. The population of Hungary is about 10.2 million people. The capital is Budapest, with about 2 million inhabitants, and is the commercial, industrial and cultural centre of the country. Two large rivers, the Danube and the Tisza, flow from north to south and divide the country roughly into thirds. The climate is temperate but continental, with colder winters and warmer summers than in Western Europe.

Language and Currency

Hungarian is the spoken language of the people. In most Hungarian schools, English and German are taught as foreign languages. People engaged in business normally speak English or German.

The unit of currency in Hungary is the Hungarian forint, denoted as Ft, and sometimes as HUF in English.

Constitution and Legal System

The Republic of Hungary is a parliamentary democracy. The laws of the country are based on a constitution that was adopted in 1990. Any amendments to the constitution must have a two-thirds parliamentary majority. Parliament is the supreme organ of power in Hungary and is comprised of the people's elected representatives. The president is the head of state. He is elected by parliament for a term of five years. The government is comprised of the prime minister and his ministers. The prime minister is elected by a simple majority of the members of parliament.

The Constitutional Court has the primary obligation to uphold, enforce and interpret the constitution. It has the power to annul any law passed by parliament if it considers that it violates any rule or principle of the constitution. The judges of the Supreme Court, the county courts and the local courts are professional judges who are independent and must not take part in any political activity outside their judicial role.

Hungarian law is based upon the continental civil law system and is therefore codified. The Hungarian Civil Code covers the principal rules of civil relations, including property law and contract law, and is the basis of all civil law. However, there are many statutes and ministerial regulations that explain the specific rules of the Civil Code.

Hungarian law declares itself to be subject to the recognised rules of international law, and the legal system undertakes to harmonise itself with the obligations imposed on Hungary by its participation in international treaties.

International Relations

In 1982 Hungary joined the IMF. This was the first step towards the economic liberalisation that took place in 1989. Furthermore, Hungary is a signatory to the General Agreement on Tariffs and Trade (GATT), and is a member of the OECD as well as of the United Nations and NATO.

In 2003 the people of Hungary decided by a large majority to apply for membership of the European Union. From 1 May 2004, Hungary is a full member of the EU.

Hungary's foreign trade is highly oriented towards the EU, where more than 80% of all its exports are sold. Due to its political stability, rising productivity and healthy GDP growth, Hungary is a favourable target for foreign direct investment

investing in hungary

Government Policy and Incentives

Since its first free elections in 1990, Hungary has had a multiparty system. The most recent elections were in 2002, after which the Social Democrat/Liberal coalition formed a government. The new government is committed to privatisation and to foreign investment.

The Banking System

The National Bank of Hungary (NBH) is Hungary's central bank. The NBH performs its duties and carries out its obligations independently from the Government or any other institution or body. The major objective of the NBH is to achieve and maintain price stability, and at the same time to support the economic policy of the Government through monetary control.

The following types of bank are distinguished based on their financial activities: commercial bank, specialised credit institution and co-operative credit institution (savings or credit co-operatives). Banks may be founded with a minimum of HUF 2 billion in initial capital.

The Organisation for Economic Co-operation and Development now views Hungary's banking sector as among the healthiest in the region; one that is supported by a strong regulatory framework that broadly meets international standards. Nowadays, more than 40 banks are operating in the country.

Foreign Exchange Controls

The authority for the enforcement of foreign exchange regulations is vested in the minister of finance, who exercises related functions through the central bank. Importers have an automatic right to purchase foreign exchange through the banking system for all bona fide imports. Foreigners may freely repatriate profits and dividends in foreign currency.

Commercial banks may enter into deferred payment arrangements on behalf of their clients, without restriction, for up to one year. These arrangements need to be secured by bank commitments. In January 1996 parliament passed a foreign exchange bill allowing the free exchange of forint into foreign currencies for any transactions for Hungarians and foreigners alike.

The forint currency basket is 100% linked to the euro. The intervention band was broadened to +/- 15% either side of parity on May 4, 2003.

Real Estate

Land in Hungary is subject to a system of registration. Ownership of property, and each transfer of property, must be entered in the Land Register.

Visas

Unless otherwise provided by law or international conventions, permits are required for foreign nationals in order to enter the Republic of Hungary, and stay in the country.

Types of permits:

- Visa
- Residence permit
- Domicile permit
- Work permit

Visa regime is not applicable for EEA citizens. However, if the length of stay in Hungary exceeds 90 days, a residence card is required. Hungary has entered into bilateral agreements that remove visa requirements from individuals from Canada, the United States and most other European countries. Individuals from these countries, who do not want to work in or derive income from Hungary, may enter Hungary without obtaining visas and stay in Hungary without obtaining residence permits (provided that the stay in Hungary does not exceed 90 days within a period of six months).

types of business organisations

General Provision Relevant to all Business Organisations

A company which is formed and registered in accordance with Hungarian law has the right to acquire property and conclude contracts, as well as to file lawsuits and have lawsuits filed against it. In addition, it may engage in a wide range of activities. For certain activities, special permission is needed from the relevant authority. Companies with foreign participation may be founded in any form listed in the Companies Act.

Unlimited Partnership (Kkt.)

In an unlimited partnership, the liabilities of the members are joint and unlimited, and no minimum initial capital is required. Members do not have to contribute to the activities of the partnership.

Limited Partnership (Bt.)

In a limited partnership, the liability of at least one of the partners is unlimited and, if there is more than one general partner, the general partners are liable jointly and severally. The liability of at least one of the partners is limited to the extent of his or her capital contribution. No minimum initial capital is required.

Limited Liability Company (Kft.)

A private company limited by equity is founded with a predetermined amount of initial capital provided by its founder(s). The liability of each member in relation to the company extends to the provision of their initial contributions, beyond which they are not responsible for the company's liabilities. The rights of the members and the stake due to them from the assets of the company are represented in the quota. A limited liability company is managed by one or more managing directors. The minimum capital requirement is HUF 3 million.

Company Limited by Shares (Rt.)

This type of company is established through the issuing of shares in a predetermined total nominal value. The liability of its members is limited to their contribution to the total nominal value of the shares. The shares of a company limited by shares are securities embodying membership rights. The minimum capital requirement is HUF 20 million. A company limited by shares is managed by the board of directors and must have a supervisory board.

Branch Office

A foreign investor may decide to establish a presence in Hungary as a foreign private entrepreneur, through a commercial agent, as a commercial representative office or a branch of a foreign company.

A branch is an organizational unit of a foreign enterprise having no separate legal entity. The branch is authorized to pursue business activities independently. The foreign company must continuously provide the assets needed for the operation of the branch and settle its debts. The foreign founder and the branch bear joint and several, unlimited liability for debts incurred in the course of the activities of the branch. The branch comes into existence and may start its operation when it is registered by the Court of Registration.

accounting and audit

Accounting Principles

Hungarian accounting principles are regulated by the modified Act on Accounting, which took effect on January 1, 2001. This act is intended to move Hungarian financial reporting practices closer to International Financial Reporting Standards (IFRS) and to EU practices. The Act applies to all entities (with the exception of sole traders, civil law associations, building co-operatives and the Hungarian commercial-representation offices of foreign-registered companies).

Auditing Requirements

Pursuant to the Hungarian Companies Act, an auditor is obligatory for companies limited by shares (Rt.), for limited liability companies (Kft.) whose share capital exceeds HUF 50 million, for solely-owned limited liability companies, and if other statutory provisions so require. According to the Hungarian Accounting Act, an audit is not required for enterprises whose annual turnover is less than HUF 50 million as an average for the two financial years preceding the current reporting year. In any other cases in which the auditing of accounts is not compulsory, the enterprise may choose whether to appoint an auditor. Audits must be carried out in accordance with the National Standards on Auditing, which have been applicable since January 1, 2001 and are similar to the International Standards on Auditing.

Reporting Requirements

The minimum reporting requirements for a business entity depend on the nature of the entity's operations, its size, ownership control and its form, and on whether the company has a controlling interest in other companies. The various forms of statutory reporting are as follows: simplified report, simplified annual report, annual report and consolidated annual report. An annual report consists of a balance sheet, a profit and loss account, supplementary notes and a business report. In case of a simplified annual report, a business report is not required and the content of supplementary notes is limited also. School co-operative groups, working groups with legal entity and unincorporated business associations are allowed to file simplified reports if they were subject to simplified reporting as at the date of entry into force of the Act on Accounting in 2001 and provided their annual net revenue from business activity has not exceeded HUF 50 million in the last two business years, regardless of the number of persons employed by them or their balance sheet total. A simplified annual report is permitted for entities that over the previous two consecutive years have fulfilled at least two of the following criteria: less than HUF 500 million in total assets, up to HUF 1000 million in turnover and an annual average number of employees of less than 50. Entities not meeting these criteria must prepare a normal annual report. A parent company that has at least one subsidiary must, depending on the size of the group, prepare a consolidated annual report. If the Hungarian parent company has a parent company within the EU, which prepares a consolidated report in which the Hungarian subsidiaries are included, the Hungarian parent company will be exempted from the preparation of a consolidated report. Separate guidelines apply to financial institutions and insurance companies.

social security

Health and Pension Insurance

Participation in the Hungarian social security system, which consists of health and pension insurance, is mandatory for all Hungarian citizens who work in Hungary and for all foreign nationals who work in Hungary for companies wholly owned by Hungarians. Special rules are applicable for assignments in Hungary from another EU Member State. The social security contribution base, in most cases, is the same as the personal income tax base. An employer is obliged to pay 11% health insurance and 18% pension insurance contribution on the gross salary. Each employee is subject to 8.5% pension contribution and 4% health contribution on earnings from his or her principal employment.

Private Pension Funds

Besides the above-mentioned state social security system, there is also a system of regulations for private pension funds in Hungary. According to this system, individuals who began their first job after June 30, 1998 and who are younger than 42 years of age are obliged to contribute to such private funds. The members of private pension funds must share their 8.5% pension contributions between private and state pension funds.

Unemployment and Training Fund Contributions

Employers and employees also pay Unemployment Fund contributions. Employers must contribute an amount equal to 3% of employees' total incomes, while employees must contribute 1% of their income from their principal employment. Besides the above contributions, employers must pay a 1.5% Training Fund Contribution on the annual gross wage cost.

Social Security Treaties

Hungary has concluded several social security treaties to provide relief from double social security payments and to assure a certain level of benefits coverage. Most of these agreements apply for an indefinite period, and have been concluded with Austria, Bulgaria, the Commonwealth of Independent States (CIS), Croatia, the Czech Republic, Germany, the Netherlands, Poland, Romania, the Slovak Republic and Switzerland. EU Regulations regarding Social Security are applicable from May 1, 2004 and override Hungarian rules.

taxation

General Structure

The Hungarian parliament adopted a number of wide-ranging tax reforms in its 1987 sessions, which effectively set the seal on a change to a free market economy and the abandonment of central planning in most spheres of economic activity. By now Hungary has a complex and developing system of taxation to accommodate the increasingly sophisticated business environment. Hungary has concluded tax treaties with almost 60 countries (Please see Appendix 1 for the list of countries.).

Hungarian taxation operates under a self-assessment system. Taxpayers are required to register, determine their tax obligation, make advance tax payments, file tax returns on their own behalf, make corrections to the tax returns as needed, keep records and supply information as required by the law. Normally, individuals are assessed once a year, but corporations are subject to continuous assessment throughout the year. The authorities randomly examine tax returns to enforce the self-assessment system. The statute of limitations for tax liabilities in Hungary is five years from the end of the accounting period in which returns must be submitted.

Corporate income tax

A company, which is domiciled in Hungary, is obliged to pay corporate income tax on its worldwide income. A non-resident company is taxable on its Hungarian source income, as well as income taxable in Hungary based on double taxation treaties. State companies, companies limited by shares (Rt.), limited liability companies (Kft.), partnerships (Bt. and Kkt.), and branch offices of foreign enterprises are subject to corporate income tax. In addition, permanent establishments of foreign enterprises and foreign organisations may also, under certain circumstances, be liable to pay corporate income tax in Hungary. The standard rate of income tax for Hungarian and foreign companies is 16%

Up to the tax base of HUF 5 million, the corporate income tax rate is reduced to 10% for companies meeting certain conditions. The most important condition is that the taxpayer cannot benefit from corporate income tax allowances.

Hungarian offshore companies were allowed to continue their operation until 31 December 2005. From 2006, the former offshore companies are subject to the general corporate income tax rate of 16% as well. However, companies engaged in financing activities can benefit from an effective 8% corporate income tax rate on this activity.

Companies are assessed on a calendar-year basis or on a business-year basis. The business year may only differ from the calendar year if the Hungarian company is a fully consolidated subsidiary or branch of a foreign parent company that uses a business year different from the calendar year. Taxable income is based on financial statements prepared in accordance with Hungarian accounting standards. Some items are tax deductible, such as dividends received (with the exception of dividends from controlled foreign corporations). The taxable profit is determined by adjusting the

profits shown in the annual accounts by items specified in the Act on Corporate Income Tax.

Companies must file their corporate income tax returns and pay any balance of tax due by 31 May of the year following the tax year concerned, or by the 150th day following the end of the business year if different from the calendar year. Based on the actual corporate income tax liability indicated in the tax return, the company calculates its corporate income tax advance payments for the next 12-month period. If the base amount is more than HUF 5 million, then the advance payments are payable monthly in 12 equal instalments, otherwise the tax advances are payable quarterly.

Companies must estimate their annual corporate income tax liability and pay the difference relative to their advance payments by the 20th day of the last month of the current business year. If 90% of the actual corporate income tax liability (which is finalised only five months later) exceeds the tax-advance payments, then a 20% default penalty is levied on the difference.

Losses may be carried forward for an unlimited period of time to relieve the company's profits. However, when offsetting the current tax year's positive taxable income by losses brought forward, the earliest losses must be used first (according to the FIFO principle). Tax losses may be carried forward from the fifth tax year only based on a request from the Tax Authority if:

- the company generated losses in one of the last two tax years or
- the company's income does not reach 50% of the accounted costs/expenditures in the tax year in question.

The thin capitalisation rule is even more stringent than the limitations contained in the OECD model. If a Hungarian company or branch takes out a loan that exceeds its equity by a factor of more than three during any given business year, the interest charged on the excess is non tax-deductible. A further limitation is that these provisions are applicable for all loans (except for those from financial institutions), including non-public bonds and certain notes. The provisions are also extended to interest paid by companies in a cash pool structure.

Transfer pricing documentation has to be prepared regarding contracts between related parties to support the market price.

The most important corporate tax base-decreasing items are as follows:

Companies are able to establish a tax-deductible reserve of up to 25% of their pre-tax profit, up to a maximum of HUF 500 million. This development reserve must then be used for investment in tangible assets. Assets acquired using this reserve do not then qualify for tax depreciation up to the value of the reserve used, so this is, in effect, a form of accelerated depreciation. The reserve established must be applied within four years or repaid with default interest.

The pre-tax profit may be decreased by the research and development costs incurred during the tax year. Companies may choose to decrease their pre-tax profit by depreciating the capitalised value of research and development. However, this rule applies neither to research and development costs financed by subsidies, nor to research and development services received. Under this provision, the accounting profit may be decreased by twice the amount of the research and development cost or the depreciation related to its capitalised value.

The pre-tax profit may be decreased by 50% of royalty income, and if the interest income from affiliated enterprises exceeds interest expense to related parties, 50% of this "profit" is tax deductible. On the other hand, if there is a "loss" from affiliated-enterprise interest transactions, this is a tax-base increasing item.

100% of local business tax accounted for as expenditure may also be deducted from the corporate income tax base provided that the taxpayer has no tax liability due on the last day of the tax year.

Withholding Tax

Hungary has developed an extensive network of tax treaties, which closely follows the OECD model.

With effect from January 2004, royalties and interest paid to an entity abroad are free of withholding tax.

From 1 January 2006, no dividend tax should be withheld from dividends paid to foreign organisations.

Value added tax (AFA)

Value added tax is the general sales tax in Hungary (known as *ÁFA*), and is based upon the framework of European Union directives. VAT must be charged by all individuals as well as legal entities or foreign enterprises that supply goods or services on a regular basis within the territory of Hungary. The standard rate of VAT is 20% (from 1 January 2006), the preferential rates are 5% and 15%. The tax base is the net sales price. Imports (excluding intra-Community acquisitions) are also subject to VAT at a taxable base calculated as the sum of the customs value, customs duties and other charges.

Transactions such as financial services, insurance, and the transfer of shares and loans are exempt from VAT.

The procedures for filing VAT returns depend on the amount of income constituting the base for VAT calculation. As a general rule, VAT-registered taxpayers are required to file a VAT return quarterly, but those VAT-registered taxpayers with low taxable incomes have the option to file their tax returns annually or quarterly. If the net VAT liability in the previous tax year exceeds HUF 1 million, the taxpayer is obliged to file monthly tax returns.

Personal Income Tax

Personal income tax is an obligation imposed on all private persons in relation to income derived from sources within Hungary as well as to any foreign-source income of private persons resident in Hungary. In Hungary there is a two-band system, i.e. there are two income tax brackets: 18% and 36% (from 1 January 2006). Dividend withholding tax rates are: 20% and 35%.

For further information on applicable withholding tax rates on dividends, interest and royalties regarding personal income tax, see Appendix 1.

Local Business Tax

A company may be subject to local business tax within the territory of a given municipality if it has its registered seat or a permanent establishment there. The maximum rate of the local business tax is 2% of the tax base (this being net revenue – royalty income – cost of materials – purchase price of goods sold – subcontractor services). From 2006, it is possible to offset 100% of the local business tax against the corporate income tax base.

The local business tax will be abolished as of 1 January 2008.

Property Transfer Tax

In general, the sale of real estate is subject to a 10% transfer tax, which is charged on the basis of the purchase price of the property. The base of this tax also includes VAT. The transfer tax should be paid by the buyer. Companies purchasing and then selling or leasing out real estate as part of their ordinary business are charged a transfer tax of just 2% on the purchase price of the property, provided that the resale is completed within 2 years.

Other Taxes and Charges

Tax on company cars

Companies must pay tax on the cars owned or leased by them if the company car concerned is used for private purposes. The amount of the tax is based on the value and date of purchase/lease of the car.

Innovation contribution

Companies that do not qualify as SMEs (small and medium sized enterprises) have to pay an innovation contribution. From 2006, the payment liability is 0.3% on their local business tax base (this being net revenue – royalty income – cost of materials – purchase price of goods sold – subcontractor services).

Pollution charge

This type of tax must be paid by consumers who emit certain materials into the air, water or soil. The base of the tax depends on the type and amount of material that is emitted. Taxpayers are obliged to file quarterly returns.

Energy tax

Certain companies will be required to pay tax on natural gas and electric power that they buy, sell and use.

Vehicle registration charge

Following accession to the EU, a charge has to be paid by the owner of a car or a motorcycle at the time of its initial registration. The rate of the registration charge will depend on the size and the environmental category of the vehicle.

Environmental protection contribution

An environmental protection contribution is payable on products that may damage or pollute the environment (e.g. petroleum products, batteries, tyres, electronic appliances and equipments as well as packaging material) calculated mainly based on their net weight. This contribution is due upon importation, domestic sale of goods and intra-Community acquisitions if certain conditions are met.

hbl in hungary

We established our first firm in the HLB Klient Group in Hungary in 1998 to provide tax, audit, legal and other financial services based on domestic and international rules. In our opinion, our experience in Hungarian and international taxation and in other financial services can add value to our Clients. Our partners and managers gained experience at big four companies e.g. PWC, Ernst & Young, KPMG.

At present, our group consists of four companies and provides complex advisory and compliance services to our Clients. Our main services are auditing, tax consulting, bookkeeping, payroll services, legal services and other financial services.

The HLB Klient Group is the representative in Hungary of HLB International from January 2003, the world's 12th largest accounting and management consultancy network. This network allows our clients to establish contacts in more than 100 countries around the world, while at the same time we are able to answer questions from any of these 100-plus countries in relation to Hungary based on our intimate knowledge of the country's specific regulatory environment and the business opportunities it offers. This co-operation between HLB Klient group and HLB International ensures the possibility to provide our Clients with professional services at an international level.

MEMBERS OF THE HLB KLIENT GROUP

HLB Klient Plusz Auditing and Consulting Ltd.

- auditing
- authentication of transformation balance sheets
- due diligence audits

HLB Klient Accounting and Consulting Ltd.

- tax consulting
- accounting
- payroll accounting
- other accounting services

Szopkóné Dr. Horváth Ildikó Law Office

- services related to the establishment of companies
- employment law consultation and representation
- other legal advice

LDA Services Ltd.

- comprehensive representation of off-shore companies
- accounting and payroll services for off-shore companies
- other accounting advisory services

appendix 1.1

Treaty Withholding Tax Rates

	Dividends	Interest	Royalties
	%	%	%
Albania	5/10	0	5
Australia	15	10	10
Austria	10	0	0
Belgium	10	15	0
Belarus	5/15	5	5
Brazil	15	10/15	15/25
Bulgaria	10	10	10
Canada	5/15	10	0/10
China	10	10	10
Croatia	5/10	0	0
Cyprus	5/15	10	0
Czech Republic	5/15	0	10
Denmark	5/15	0	0
Egypt	5/20	15	15
Estonia	5/15	10	5/15
Finland	5/15	0	0/5
France	5/15	0	0
Germany	5/15	0	0
Greece	10/45	10	0/10
India	15	15	20/40
Indonesia	15	15	15
Ireland	5/15	0	0
Israel	5/15	0	0
Italy	10	0	0
Japan	10	10	0/10
Kazakhstan	5/15	10	10
Korea	5/10	0	0
Kuwait	0	0	10
Latvia	5/10	10	5/10
Lithuania	5/15	10	5/10
Luxembourg	5/15	0	0

appendix 1.2

Treaty Withholding Tax Rates

Dividends	Interest	Royalties	
	%	%	%
Macedonia	5/15	0	0
Malaysia	0/10	15	15
Malta	5/15	10	10
Moldova	5/15	10	0
Mongolia	5/15	10	5
Morocco	12	10	10
Netherlands	5/15	0	0
Norway	10	0	0
Pakistan	15/20	15	15
Philippines	15/20	15	15
Poland	10	10	10
Portugal	10/15	10	10
Romania	5/15	15	10
Russian Federation	10	0	0
Serbia & Montenegro	5/15	10	10
Singapore	5/10	5	5
Slovakia	5/15	0	10
South Africa	5/15	0	0
Spain	5/15	0	0
Sweden	5/15	0	0
Switzerland	10	10	0
Thailand	15/20	15/20	15
Tunisia	10/12	12	12
Turkey	10/15	10	10
Ukraine	5/15	10	5
United Kingdom	5/15	0	0
United States	5/15	0	0
Uruguay	15	15	10/15
Vietnam	10	10	10
Nontreaty countries	20	0	0

Explanation:

If there are two different rates, then the lower rate has to be applied if the receiving party owns directly at least 25% of the payer (according to the OECD model). For special cases please check the detailed double tax treaty.

