

International Real Estate

2006



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Introduction

As the world becomes more globalised, many investors, both corporate and individual, are looking for opportunities internationally. While one of many investment options, real estate is unique in that it cannot be physically moved as most other assets can. Consequently, investors must conform to the rules and regulations of the country where the property is situated. Similar to other major investments, proper planning is needed to avoid any pitfalls that may lie along the way and to minimise tax exposure.

The purpose of this publication is to make readers aware of different rules (e.g. deduction of expenses and interests) and tax rates (e.g. VAT, wealth tax and inheritance tax) of various countries that may affect property investments. It also touches upon some tax planning techniques. The scope and complexity of each individual country's tax laws mean this publication should not be considered a definitive guide to international real estate, but instead be viewed as a tool by which readers may first become familiar with the issues involved. Where more authoritative advice is needed, readers are encouraged to contact the local UHY member firm.

The contents of this publication have been carefully compiled and intended for general guidance only. As the information contained in this booklet, by its very nature, is expected to change, reference should be made to the appropriate UHY source or professional adviser for current or specific information.

Every effort has been made to ensure the facts in the publication are correct at the time of going to press. However, no responsibility can be accepted for loss occasioned to any person acting, or refraining from acting, as a result of any material it contains.

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UHY International

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Argentina

Argentina	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for a foreign investor to invest in real estate in Argentina.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition		A 1.25% stamp duty is payable on the transfer by sale or exchange of real estate.
Value Added Tax on acquisition		VAT is chargeable (at 10.5%) only on building land and on the first sale of a building.
Capital allowances / tax depreciation	Commercial Residential	Capital allowances are available for commercial property at a rate of 2% per annum straight line. Machinery and equipment is depreciated at various rates, usually between 10% and 20% per annum. No allowances are available for residential property.
Taxation of rents		Resident companies pay corporation tax at the rate of 35% on income from real property after deduction of expenses. Non-residents (companies and individuals) suffer a withholding tax of 21% from the rental income. This represents a presumed profit of 60% taxed at 35%.
Deduction of expenses		Residents of Argentina (individuals and companies) are permitted to deduct expenses relating to the property. Expenses are not deductible for non-resident companies and individuals (see taxation of rents).
Deduction of interest		All interest on loans to acquire real estate is deductible whether the lender is resident or non-resident. There is a withholding tax of 14% on interest paid to a non-resident lender. Certain restrictions apply.
Wealth taxes		Wealth tax is charged on-resident and non-resident individuals. The rate for residents is 1% on assets exceeding AR\$ 102,000. For non-residents the tax rate is 1.5% with no deductible amount. However, if the tax calculated does not exceed AR\$ 255.75 no payment is due.
Inheritance and gift taxes		There is no gift or inheritance taxes in Argentina.

Other taxes on property		There are various provincial taxes on real estate. The rates of tax vary from province to province, but the amounts are not material.
Taxation of profit on disposal		Companies are taxed at the regular 35% rate on profit from disposal of real estate property. For individuals the tax rate on disposition is 1.5% on the gross amount which is withheld at the time of closing.
Special companies for property investment		There are no special companies for holding property investment. However, for liability purposes and tax planning purposes corporations are commonly used by non-resident owners.
Tax planning tips		Investing in Argentina by a non-resident company or individual may lead to different alternative structures which are worth exploring specifically for each transaction. The structure used may result in tax inefficiencies that could be avoided.
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Australia

Australia	Property type	Requirements
Permissions required by a foreign investor		Permission may be required from the Foreign Investment Review Board (FIRB), although developed non-residential commercial real estate valued at less than A\$5m does not require approval.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition Duty taxes on acquisition	Freehold/ Leasehold	Stamp duty is levied by each State ranging up to 5.5%.
Value Added Tax on acquisition Goods and Services Tax on acquisition	Residential -Existing -New -Commercial Non-residential Part of going concern Farm Land	There is a GST similar to VAT in Australia. The GST status of real estate sales depends on whether the premises are new, residential or commercial. GST is currently levied at 10% in Australia. Input taxed (No tax) Taxable Taxable i.e. Sale of Business, GST free i.e. Sale to intending farmer, GST free i.e. Sale to intending farmer, GST free
Capital allowances/tax depreciation	Commercial /Residential	Capital allowances are available on the following assets (from 26 February 1992): <ul style="list-style-type: none"> • Commercial buildings manufacturing – 4% • Other commercial – 2.5% • Residential income producing properties – 2.5% • Short term traveller accommodation – 4% • Plant and equipment – from 10% (reducing balance) to 100%
Taxation of rents	All property	Rents arising on Australian property are taxed as follows: <ul style="list-style-type: none"> • Companies (resident and non-resident) – company tax at 34%

		<ul style="list-style-type: none"> • Non-resident individuals – income tax from 29% to 47% • Non-resident pension funds – liable to tax at 47% <p>Tax is not normally deducted at source by the tenant, but a tax return must be filed by a non-resident owner.</p>
Deduction of expenses	All property	<p>Repair and maintenance expenditure is deductible unless it is of a capital nature.</p> <p>Administration expenses relating to the property are also deductible.</p>
Deduction of interest	All property	<p>In general, interest paid on borrowings to acquire property is deductible against rental income from the property whether the lender is resident or non-resident. A 10% withholding tax applies to interest paid to a non-resident by an Australian resident.</p>
Wealth taxes	All property	<p>Australia does not have an annual wealth tax</p>
Inheritance and gift taxes	All property	<p>Australia does not have inheritance or gift taxes.</p>
Other taxes on property	All property	<p>State land tax is levied on the value of land held within each state except Northern Territory. Rates range up to 3%. Local council rates are levied annually by each municipality.</p>
Taxation of profit on disposal	All property	<p>Profit on disposal of land in Australia is taxed at the following rates:</p> <ul style="list-style-type: none"> • Companies (resident and non-resident) – 34% • Non-resident individuals – graduated rates from 29% to 47%. <p>Where a property is held as a capital asset in an individual or trusts name for more than 12 months, a discount of 50% of the gain applies. A 33.3% discount applies to superannuation (pension) funds with gains on assets held for 12 months or more.</p>
Special companies for property investment		<p>There are no special companies for property investment in Australia</p>
Tax planning tips		<p>If part of the purchase price of real estate can be attributed to plant and equipment, increased depreciation allowances are available.</p> <p>Capital allowances on buildings are calculated on a prime cost basis on the historical cost of the building (not on its acquisition cost to the subsequent purchaser).</p> <p>Deductions for interest on debt owed to a foreign controlling</p>

		person (or associates) are only allowable to the extent that the debt does not exceed a ratio of foreign debt to foreign equity of 3:1.
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Austria

Austria	Property type	Requirements
Permissions required by a foreign investor		There is no restriction in general on foreign investors acquiring Austrian real estate.
Types of tenure		Freehold Leasehold Buildings on third party land
Transfer taxes on acquisition	All property	A 3.5% transfer tax is payable on any obligation to transfer, sell or exchange Austrian real estate.
Value Added Tax on acquisition	All property	VAT is not normally payable on sale of real estate, but the seller may choose to charge VAT at 20% if the supply is to another business.
Capital allowances / tax depreciation	Commercial Residential	Commercial buildings may be depreciated at rates from 2 - 3% on a straight line basis without proof of useful life. Plant and equipment may be depreciated at rates from 10 to 20%. Buildings let for residential purposes qualify for a fixed depreciation rate of 1.5%.
Taxation of rents	All property	Resident and non-resident corporations are liable to corporation tax at the rate of 25%. Individuals are liable to income tax at progressive rates up to a maximum of 50%. There is no withholding tax on rents paid to a non-resident.
Deduction of expenses	All property	Repairs and maintenance expenditure and expenses of management and administration are tax deductible.
Deduction of interest	All property	In general, interest payable on loans to acquire real estate is deductible from rental income. Interest is deductible on an accruals basis for companies (resident and non-resident) and on a paid basis for individuals. There is no withholding tax on interest payments to a non-resident lender.
Wealth taxes	All property	Austria does not have an annual wealth tax.
Inheritance and gift taxes	All property	Gift and inheritance tax is payable on agricultural land and woodland, domestic real property and business property on the standard rateable value. Rates of tax vary from 2 to 60% depending on the size of the gift or inheritance and the relationship between the parties.

Other taxes on property	All property	There are local taxes based on the assessed value of real property, whether developed or undeveloped. The rates of tax vary according to the community, but are typically 0.8% to 1% of the assessed value. There are also local taxes on agricultural and forestry enterprises.
Taxation of profit on disposal	All property	Corporations (resident and non-resident) are liable to corporation tax at 25%. Profits on disposal are treated as business income. Non-resident individuals are taxed at income tax rates if the disposal is part of a business and gains are only taxable if the disposal occurs within 10 years of acquisition.
Special companies for property investment		There are no special companies for investment in Austrian real estate.
Tax planning tips		* If an individual is planning to dispose of the property within 10 years, the use of a company reduces the rate of tax on the profit.
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Brazil

Brazil	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for a foreign investor to invest in real estate in Brazil other than registering the amount at Brazilian Central Bank
Types of tenure		Freehold and Leasehold
Transfer taxes on acquisition		15% tax over the profit on the sale of a real estate
Value Added Tax on acquisition		None
Capital allowances / tax depreciation		Buildings are depreciated at 4% per annum straight line. Machinery and equipment is depreciated at various rates between 10% and 20%. All those depreciation are tax deductible. No allowances are available for residential property.
Taxation of rents		Corporations tax at the rate up to 32% after deduction of expenses Residential – Tax up to 27,5% of the rental revenue
Deduction of expenses		Non deductible for residents Deductible for regular corporations
Deduction of interest		All interest on loans regarding acquisition of real estate is deductible. Certain restriction are apply
Wealth taxes		No taxation
Inheritance and gift taxes		Inheritance and gift regarding real estate is subject to taxation up to 5%
Other taxes on property		Some state taxes apply
Taxation of profit on disposal		Resident corporations are liable to corporation tax up to 33%.
Special companies for property investment		There are ways of establishing a special purpose corporation related to real estate
Tax planning		There are many ways of planning in order to have tax

tips		deductions depending upon the length of the investment and the use of the real estate
Further information		
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Canada

Canada	Property type	Requirements
Permissions required by a foreign investor	Commercial	Investment Canada Act reviews any transaction by non-residents in excess of \$5 million (Canadian funds); if non-resident is in a World Trade Organization country the transaction is reviewable if it is in excess of \$265 million (Canadian funds)
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	All property	Provincial rates range from 0.0% to 2.0% of the value of the property purchased
Value Added Tax on acquisition	Most property	None for used residential; 6% on new residential; 6% on commercial property; in some provinces an additional 8% provincial value added tax; tax may be recoverable by businesses registered for the VAT (referred to as Goods & Services Tax in Canada)
Capital allowances / tax depreciation	Commercial	Per annum 4% declining balance on buildings (none allowed on land)
Taxation of rents	All property	Treated as regular income for Canadian resident entities; 25% withholding tax if owner of real property is a non-resident
Deduction of expenses	Commercial	Allowed against income from the property
Deduction of interest	Commercial	Allowed against income from the property – non-residents may be subject to thin capitalization rules
Wealth taxes	All property	None, but deemed disposition on death (with resulting realization of accrued gains) at fair market value
Inheritance and gift taxes	All property	None but gift treated as a disposition at fair market value
Other taxes on property	All property	Capital tax in some provinces; municipal property taxes
Taxation of profit on disposal	All property	If capital property ½ taxable as income; if non-capital property regular income
Special companies for property investment		Real estate investment trusts (“REIT’s”) used as public investment vehicles; special corporations can be formed to hold mortgages

Tax planning tips		Flow-through entities (e.g. partnerships, Unlimited Liability Corporations) should be considered to maximize tax benefits in home country
Further information		
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Channel Islands

Channel Islands	Property type	Requirements
Permissions required by a foreign investor		In Guernsey there are two housing markets, open and local. To occupy a local market dwelling then you must be considered a Guernsey citizen either by birth or marriage, alternatively under some circumstances you and your family may be given permission to live in a local market house if you have been provided with a housing licence and a valid working permit. In Jersey, permission is required from the Housing Control and housing is divided into various categories dependent on whether you are considered to be an essentially employed person.
Types of tenure		Freehold Leasehold Flying freehold (Jersey only)
Transfer taxes on acquisition	All property	In Guernsey conge and document duty are payable to the States at 3.5% of the value of the property. In Jersey, there is a single tax of 1% of the value of the property. Taxes in both islands are payable in total by the purchaser
Value Added Tax on acquisition	All property	There is no VAT in any of the Channel Islands
Capital allowances / tax depreciation		In Guernsey industrial buildings allowance is available at between 1% and 10% No capital allowances are available on freehold land and buildings for private residence
Taxation of rents	All property	Income tax at 20% is payable on net rental income both by companies and individuals either resident or non-resident
Deduction of expenses	All property	Administration costs relating to the property are normally deductible, as are repairs and maintenance costs, provided they are not making an improvement to the property.
Deduction of interest	All property	Interest paid on loans is normally deductible by all companies and individuals both resident and non-resident. If a bank has provided the loan then it is paid gross, however a 20% withholding tax applies to other lenders.
Wealth taxes	All property	There is no wealth tax in the Channel Islands

Inheritance and gift taxes	All property	There are no inheritance or gift taxes in the Channel Islands
Other taxes on property	All property	Annual local taxes (rates) are levied at a rate of approximately 1% to 5% based on the rental value of the property
Taxation of profit on disposal	All property	In Guernsey, if an owner occupied property is resold within one year, any gain thereon will be subject to 20% income tax. For any other property there will be a similar income tax charge if resale is within 5 years. In Jersey, provided the property is not held for resale within a short period, no taxes will be raised on any gain, there are no specific rules with regard to the length of time that a property must be held to avoid an income tax charge.
Special companies for property investment		There are no special companies for property investment into the Channel Islands
Tax planning tips		<ul style="list-style-type: none"> • The use of back to back loans by non-residents, thereby creating an interest charge against rental income • The allocation of part of the purchase price of the property to furniture, fittings and equipment reduces stamp duty
Further information	All the Channel Islands have strict immigration rules that, makes it difficult to relocate to the islands. In general however, there are no rules prohibiting the purchase of property purely for investment	
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Chile

Chile	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in real estate in Chile
Types of tenure		Freehold Leasehold (up to 5 years, renewable)
Transfer taxes on acquisition		There is no transfer tax, but a tax is payable to the Conservador de Bienes Raices on the real estate value for registration of the transfer
Value Added Tax on acquisition	Commercial Residential	New commercial buildings are subject to VAT at 19%. New residential buildings are subject to VAT at 19% with a discount of 65%. Used building and land are not subject to VAT.
Capital allowances / tax depreciation	Commercial Residential	An allowance of 4% is available on the costs of the construction of commercial property. No allowances are available on the cost of construction of residential property.
Taxation of rents	All property	Stock companies, other companies and resident or non-resident individuals are always liable to 17% income tax less expenses. When profit is distributed to a non-resident, it will be subject to a withholding tax of 35%. A rate of 17% will be discounted and paid by the company. For the residents the rate will be from 0% to 40% (according to the amount). Regarding residential real estate rents, they can pay these taxes on an assumed rent of 7% over the fiscal value of the property provided that the annual rent does not exceed the 11% of the property value.
Deduction of expenses	All property	Expenses of repair, maintenance and management are generally deductible for corporations and individuals.
Deduction of interest	All property	In general, interest paid on loans for the acquisition of real estate in Chile is deductible from rental income.
Wealth taxes	All property	There is no annual wealth tax in Chile.
Inheritance and gift taxes	All property	Non-resident individuals are liable to taxes on gifts and inheritances on the value of real estate in Chile. Rates vary from 1% to 25% depending on the value of the property and the relationship between the parties.
Other taxes on property	All property	In general, all residential and commercial property is subjects to an annual tax of 1.425% payable in quarterly instalments on an

		amount assessed by the Servicio sde Impuestos Internos.
Taxation of profit on disposal	All property	<p>The income obtained by a public limited company, any another company or individual will be always liable to rate tax of 17%. If the income is determined without accounting for tax purposes, it immediately pays an additional tax rate of 35 %, deducting the 17%, in case not to be resident. If it is resident, it pays the global tax rate from 0% to 40%, deducting the 17%.</p> <p>If the income is determined through accounting for tax purposes, it pays 17%. When it is received by the partners or by resident or non-resident individual, it will be subject to the additional or global tax.</p>
Special companies for property investment		<p>Real estate investment corporations</p> <p>Real estate and investment stock companies</p>
Tax planning tips		<ul style="list-style-type: none"> • For non-resident stock companies is convenient to invest through a company (stock company, limited company, etc), because it allows: <ul style="list-style-type: none"> - The profits obtained pay a 17%. - Profits that are not remitted do not pay an additional tax of 35% - The profits can be reinvested in new real estate or another kind of investment and they do not pay the 35%. It allows to plan the taxation. • For non-resident individuals is convenient: <ul style="list-style-type: none"> - Not constitute a company but take advantage as a person because he/she will pay 17% and 35% of additional tax anyway. However the advantage is when he/she sells the property due to the added value obtained though this property does not pay tax. - In case the profits were too high, it would advisable to evaluate the creation of a company.
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China

Foreign investment in real estate in China is very complex and varies between each individual city. If you are interested in investing in real estate in China you are advised to contact Qi Yu (with contact details) who will be able to direct you to the most appropriate office for further, specific advice.

Cyprus

Cyprus	Property type	Requirements
Permissions required by a foreign investor		Government approval required for non EU citizens but purchaser can take possession immediately.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	All property	Land-Registry duty at progressive rate 3-5%.
Value Added Tax on acquisition	All property	Real property except "New Buildings" (Planning Permission Application after 1.5.04)
Capital allowances / tax depreciation	Hotels Industrial buildings Commercial buildings	Capital allowances on buildings: Hotels, Industrial (incl. Agricultural) buildings 4% Other commercial building 3% (10% on plant & machinery)
Taxation of rents	All property	Income tax: Companies – corporation tax, 10% Individuals – income tax, 20 to 30% Defence Tax: 3%
Deduction of expenses	All property	Income Tax: Companies: Actual costs (repair / maintenance, etc) Individuals: 20% of Rents + Interest + Capital Allowances Defence Tax: 25% of gross rents (companies & individuals)
Deduction of interest	All property	Deductible fully from Rents.
Wealth taxes	All property	Immovable Property Tax at progressive rate. 2-4 per thousand on value over C£100,000, annually, using 1980 values (4% over 500,000).
Inheritance and gift taxes	All property	Inheritance Tax abolished 1/1/2000.

Other taxes on property	All property	Municipal taxes up to 1.5% p/a.
Taxation of profit on disposal	All property	Capital Gains Tax 20% on profit, using inflation-indexed purchase cost and deducting incidental purchase/sale expenses.
Special companies for property investment		No such companies.
Tax planning tips		If part of the purchase price is stated to be for plant and equipment, increased depreciation allowances are available.
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Czech Republic

Czech Republic	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in Czech republic real estate with the exception of farmland and forests.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	All property Company share	A 3 % real estate transfer tax is payable on any obligation to transfer, sell or exchange Czech Republic real estate. There is no transfer tax for transfer of company shares. Often a company owns only one property and even these shares could be sold without any real estate transfer tax.
Value Added Tax on acquisition	Buildings Plot of land Building plot of land	Transfer of building is VAT-exempt after expiry of 3 years from its acquisition or from its approbation. Till expiry of 3 years 19 % VAT is charged. Transfer of plots of land is VAT-exempt, with the exception of building plot of land 19 % VAT is charged
Capital allowances / tax depreciation	Office buildings, hotels, shopping centres, cultural centres Other buildings Machinery	Period of depreciation 50 years Period of depreciation 30 years Period of depreciation 3 – 10 years
Taxation of		Companies – profit is taxed by 24 % corporate income tax from

rents		2006. Individuals - profit is taxed by 12 – 32 % personal income tax.
Deduction of expenses		Repairs and maintenance expenditure and expenses of management and administration are tax deductible. A reserve for future repairs is possible. Individuals can claim a lump sum of 30 % of its income or the real expenses.
Deduction of interest		Interest payable on loans is deductible from rental income. But there are some exceptions: - Interest charged from individuals must be paid to be deductible. - Interest rate between related parties must be arranged as between independent parties - For loans between related companies a debt-equity ratio of 1:4 is applicable. There is a withholding tax of 15% (or lower according to double tax treaties) on interest paid to a non-resident lender.
Wealth taxes		Czech Republic does not have an wealth tax.
Inheritance and gift taxes		Rates of gift tax vary from 1 to 40% depending on the value of the gift or inheritance and the relationship between the parties. Inheritance tax rate is half of the gift tax rate.
Other taxes on property		Real property tax is a tax based on the size of building and land. This is not based on the assessed value.
Taxation of profit on disposal		Resident and non-resident companies – profits from real estate are treated as taxable business income.
Special companies for property investment		There are no special companies for investment in Czech real estate.
Tax planning tips		Czech residents (physical person) can sell company shares after 5 years without any taxation of the profit. This instrument could be used also for avoid taxes on real estate profit. For further tax planning tips contact us.
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Denmark

Denmark	Property type	Requirements
Permissions required by a foreign investor		Permission is required from the Ministry of Justice for foreign investment in real estate in Denmark. EC resident companies may purchase real estate for permanent residence or for carrying on a business. Usually permission is granted to non-EC residents to buy industrial property, but it is difficult to obtain permission to buy residential property.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition		Stamp duty is payable at 0.6% on the transfer by sale or exchange of real estate for industrial or business purposes and owner-occupied houses. Stamp duty is payable on mortgages at 1.5%. Leasing contracts for real property are not subject to stamp duty.
Value Added Tax on acquisition	All property	Transfer of real estate is normally not subject to VAT
Capital allowances / tax depreciation	Commercial	Tax depreciation is available as follows: Industrial building, intensive farming and market gardening, hotels and cinema – 5% per annum, No tax depreciation is available for office buildings. Plant and machinery – 25% per annum.
Taxation of rents	All property	Companies (resident and non-resident) are liable to corporate income tax at 28% on rental income. Non-resident individuals are liable to Danish income tax at progressive rates from 28% to 62%. There is no withholding tax on rents paid to a non-resident owner.
Deduction of expenses	All property	Repairs and maintenance expenditure and costs of administration are normally deductible from rental income for tax purposes.
Deduction of interest	All property	In general, all interest incurred to acquire real estate in Denmark is deductible from the rental income for tax purposes whether or not the lender is resident in Denmark. No Withholding tax imposed on interest payment to a non-resident lender unless the lender has been resident in Denmark for at least 5 of the last 10

		years, or if the payment of interest is to a resident outside EU and in a country without a double tax treaty. Denmark also have rules regarding thin capitalization.
Wealth taxes	All property	There are no wealth taxes.
Inheritance and gift taxes	All property	Inheritance tax is payable by a non-resident on the value of real estate after deduction of loans. Rates vary from 0% to 59% depending on the size of the inheritance and the relationship between the parties. Gift tax applies to lifetime gifts.
Other taxes on property	All property	There are local taxes based on the value of land at rates varying from 1.6% to 3.4%.
Taxation of profit on disposal	All property	Gains on disposal of property by companies (resident and non-resident) are liable to corporate income tax at 28%. Capital gains realised by non-resident individuals on commercial real estate are taxed at 28% to 62%. For real estate acquired before January 1 st 1999 and owned more than 3 years only 76% - 98% of the gain is taxed. If the owner is carrying on a real estate business the full trading profit will be liable to income tax from between 45% and 64%.
Special companies for property investment		There are no special companies for real estate investment in Denmark.
Tax planning tips		if part of the purchase price is stated to be for plant and equipment, increased depreciation allowances may be available. the transfer of shares in a company is not subject to a rate of stamp duty.
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France

France	Property type	Requirements
Permissions required by a foreign investor		No permission is required for foreign investment in French real estate
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold	Registration duty payable amounts to 5.09% of the acquisition amount. This rate is applicable to all property sales which are not liable to VAT or to a more favourable tax system. For example, the rate for rural properties amounts to 0.715%.
Value Added Tax on acquisition	All property, but only for the sales made by a real estate professional	In this case, VAT rate amounts to 19.6% of the purchase.
Capital allowances / tax depreciation	Commercial and residential	Depreciation allowances are available for buildings at the following rates : - commercial buildings : 2 to 5%, - Industrial buildings : 5%, - Plant and machinery : 10 to 20%. Residential depreciation allowances are available for residential buildings at the rate of 2.5% per year.
Taxation of rents	All property	For non-resident individuals, the income tax rate ranks between 6.83% and 48.09%. For non-resident corporations, the income tax rate amounts to 33 1/3% (15% within the limit of tax basis of 38120 €)..
Deduction of expenses	All property	Repairs and maintenance expenditure and expenses of management and administration are tax deductible.
Deduction of interest	All property	Non-resident corporations : interests are deductible on an accrual basis. Non-resident individuals : interests are deductible on a paid basis.
Wealth taxes	All property	Wealth tax is payable by non-resident individuals with net assets in France exceeding € (euros) 750.000. The rate of tax is

		between 0.55% and 1.80%.
Inheritance and gift taxes		Non-resident individuals are liable to gift and inheritance taxes on property in France. These taxes are payable on the monetary value (after deduction of borrowings) of French real estate. Rates vary from 5% to 60% depending on the value of the inheritance and the relationship between the parties. The gift tax is increased by 0.60% (publicity tenure tax).
Other taxes on property	All property and guarantees on property	In certain cases, French or non-resident corporations possessing one or several properties are liable to an annual tax amounting to 3% of monetary value of these properties.
Taxation of profit on disposal	All property	For non-resident corporations the tax rate on capital gains amounts to 33 1/3% (15% within the limit of € - euros - 38 120). An amount of 33 1/3% which is chargeable to capital gains tax; this is due as withholding tax. For non-resident individuals, capital gains are liable to personal income tax with some particularities. The tax rate for non-resident individuals amounts to 16%.
Special companies for property investment		The following special companies for real estate investment in France may be used : - Civil corporation, - Real estate professional, - Corporations whose total assets are composed of at least 50% real estate ("société à prépondérance immobilière").
Further information		
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Germany

Germany	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in German real estate.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold Grant of lease	A 3.5% transfer tax is payable on any obligation to transfer, sell or exchange of German real estate. It must be paid in order to register the property in the name of the new owner. Normally no real estate transfer tax is payable.
Value Added Tax on acquisition	All property	Normally VAT is not payable on sale and income from rent of real estate, but an entrepreneur may elect to charge VAT if the supply is to another business. The VAT rate is 16%. The VAT rate will rise from 1.1.2007 to 19%.
Capital allowances / tax depreciation	Commercial Residential	In General depreciation is at the rate of 3% per annum (straight line) on newly constructed (from 01.04.1985) commercial buildings. Otherwise the depreciation rate is reduced to 2.0/2.5% per annum (straight line). The former declining depreciation was abolished for investments as of 1.1.2006 Otherwise the depreciation rate is reduced to 2% per annum (straight line) The exact rate has to be determined individually.
Taxation of rents	All property	<u>Corporations</u> : 25% on undistributed profits, plus trade tax depending on tax rate of municipality. <u>Partnerships and individuals</u> : Rents are subject to income tax at individual rate between 15% and 42% (2005). <u>Non-resident individuals</u> : Rates up to 42%, with a minimum of 25%. A solidarity surcharge of 5.5% on income and corporation tax is levied. It is in dispute if a solidarity surcharge is in compliance

		with German constitutional law for fiscal years from 2002.
Deduction of expenses	All property	Repair and maintenance expenses are deductible for tax purposes unless they are capital in nature. Costs of management and administration are also deductible.
Deduction of interest	All property	German resident company - interest is deductible on an accruals basis. For corporations with foreign shareholders there are some restrictions regarding thin capitalization. Non-resident company or individual - interest is deductible on a paid basis. Interest for property with owner occupation is not deductible.
Wealth taxes	All property	Wealth taxes are no longer levied in Germany.
Inheritance and gift taxes	All property	Gift and inheritance tax is payable by a resident or non-resident on an adjusted value which is usually much lower than the fair value of German real estate. Rates vary from 7% to 50% after the deduction of tax allowances and depending on the value of the inheritance and the relationship between the parties.
Other taxes on property	All property	Real property tax is a local tax based upon the assessed value of land and buildings. The rate of tax is set by each municipality. If the property will be rented out the real property tax will usually be allocated to the tenant. It is in dispute if real property tax is in compliance with German constitutional law.
Taxation of profit on disposal	All property	<u>Companies:</u> Profits from real estate are treated as taxable business income and subject to corporation and trade tax respectively to income and trade tax. <u>Individuals:</u> If part of a business, profits are in general taxable as business income. Otherwise, gains are taxable only if the disposal occurs within ten years of acquisition. <u>Property dealer:</u> If individuals or certain partnerships sell more than 3 property units within a shorter period of time they are considered as property dealers and have to pay trade tax in addition to income tax.
Special companies for property investment	All property	There are special provisions for special structured property companies (KAGG and InvStG).
Tax planning tips		* Special allowances for certain investments are available in the new federal states of Berlin, Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt and Thuringia.

		<p>* There are some governmental grants for new investments under special pre-requisites.</p> <p>* Trade tax may be avoidable for income from renting out property.</p>
Further information		
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Greece

Greece	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in Greece real estate.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Land and buildings	1% on acquisition cost Exclusions: - Public sector - Initial acquisition of residence - Mergers, conversions
Value Added Tax on acquisition	Land and buildings	VAT 19% on acquisition cost for construction licences after 1.1.2006 and transfer tax 9 - 11% for construction licences up to 31.12.05
Capital allowances / tax depreciation	- Private property, schools, cinemas, theatres, hotels, hospitals - Other uses of land and buildings	8% depreciation deducted 5% depreciation deducted
Taxation of rents	Land and buildings	9% income tax on profit (various entities per legal form) % income tax (individual tax scale) additional tax on gross income (individuals) <ul style="list-style-type: none"> • 3% additional tax on gross income (individuals if more than 300 square meters residence) • 3% additional tax on income (corporate) • 3,6% stamp duty (individuals and corporate)
Deduction of expenses	- Private property,	15% of insurance coverage, repairs and maintenance deducted for individuals

	schools, cinemas, theatres, hotels, hospitals - Other uses of land and buildings	Full amount deducted for corporate 5% of insurance coverage, repairs and maintenance deducted for individuals Full amount deducted for corporate
Deduction of interest	Initial acquisition of residence	15% deduction on loans for individuals Full amount on loans deducted for corporate
Wealth taxes	Land and buildings	Immovable property tax 0,3 - 0,8% (individuals) Immovable property tax 0,7% (corporate)
Inheritance and gift taxes	Land and buildings	Percentage on cost not subject to other taxes and also 5-40% tax scale
Other taxes on property	Land and buildings	3% municipality tax on transfer tax (as above) 3% municipality tax on inheritance tax
Taxation of profit on disposal	Land and buildings	Taxation for disposals after 1.1.2006: 20% if sold within 5 years 10% if sold within 5 to 15 years 5% if sold within 15 to 25 years 0% if sold after 25 years
Special companies for property investment		No such companies
Tax planning tips	Land and buildings	- For property possessed by 31.12.05 and are sold after 1.1.06 the unearned increment tax is avoided - Non-taxable amount up to € 75.000 for single individuals and up to € 100.000 for married individuals for acquisition of initial residence on transfer tax. - For property acquired after 1.1.2006 and are sold thereafter the transfer tax is up to 1%. - Tax deduction for land and buildings acquired in various sites with limited growth in country.
Further		

information		
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Hong Kong

Hong Kong	Property type	Requirements
Permissions required by a foreign investor		There is no restriction on foreign investors acquiring real estate in Hong Kong.
Types of tenure		All leasehold, with right of renewal to 2047.
Transfer taxes on acquisition		Stamp duty on transfers, at rates vary from 0.75% to 3.75%, payable on the sale consideration, or market value – by valuation, if greater.
Value Added Tax on acquisition		None
Capital allowances / tax depreciation	Industrial and commercial Residential	The following tax depreciation allowances apply : Industrial buildings – initial allowance 20%, annual allowance 4% on the cost of construction. Hotels, offices and other commercial buildings – 4% annual allowance on the cost of construction. Residential property, if used for commercial purposes, qualifies for the same allowances as commercial buildings.
Taxation of rents	All property	(1) Rents received by companies (resident and non-resident) are subject to profits tax at 17.5%. (2) Individuals (resident and non-resident) are liable to H. K. property tax at the rate of 16% on the rental income, after an allowance of 20% for repairs and outgoings. Individuals may make an election for personal assessment, whereby all personal income are aggregated to enable tax payers to better utilize personal allowances, loss from other sources and mortgage interest.
Deduction of expenses	All property	(1) For companies (resident and non-resident), all operating expenses (including repairs, maintenance and directors' remuneration) are deductible to the extent that they are incurred for the income earned. (2) For individuals, no expenses are allowed except the allowance of 20% for repairs and outgoings.
Deduction of interest	All property	(1) Interest paid by companies (resident and non-resident), on borrowings from approved financial institutions for generating

		taxable profits is deductible. (2) Interest paid by individuals is not deductible for the purposes of property tax unless an election is made for personal assessment.
Wealth taxes		None
Inheritance and gift taxes	All property	Estate duty is now waived.
Other taxes on property	All property	Local government levies rates annually on all types of property.
Taxation of profit on disposal	All property	Gains on disposal of capital assets are not subject to tax. Whereas, profit from the sale of properties as trading activity is subject to tax.
Special companies for property investment		Profits tax is charged at 17.5%, with all related expenses deductible.
Tax planning tips		It is advisable to hold properties by using a company. The transfer of ownership is merely done by transfer of shares, subject to a stamp duty of 0.2% on net assets of the company, as compared to 0.75% to 3.75% , payable on the sale consideration. As compared to property held by individual, all expenses are deductible in arriving at the company profit.
Further information		
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Hungary

Hungary	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in Hungarian real estate
Types of tenure		
Transfer taxes on acquisition		Stamp duty must be paid after acquisition of real estate at general rate of 10%. Reduced rates are available for certain residential property. Sum of duty is calculated based on commercial value.
Value Added Tax on acquisition		Value Added Tax at 20% rate is payable after sale of non-residential or first time sale of residential real estate.
Capital allowances / tax depreciation		Tax depreciation is 2-6% based on useful life of real estate (5% if leased).
Taxation of rents		Resident/non-resident individuals are liable to Hungarian Income Tax at straight 25% rate or progressive 18/36% rates based on decision of deducting costs against rental income. 4% social security tax is payable by individuals with no state health insurance.
Deduction of expenses		Related expenses are deductible by companies unless they amount to improvement. Individuals may deduct expenses if rental income is declared under progressive personal income tax rules.
Deduction of interest		Deduction of interest by companies after real estate loans are subject to general interest deduction rules. Individuals may receive a personal income tax allowance after paid real estate interest.
Wealth taxes		Luxury tax is payable after real estate owned by individuals for value exceeding 100 million HUF at 0.5% rate.
Inheritance and gift taxes		Rates are calculated based on value of real estate and (family) relation of parties. Inheritance tax general rates are 11-40%, reduced rates 5-30% are applied to residential real estate. Gift tax general rates are 11-40%, reduced rates 2.5-21% are applied to residential real estate.
Other taxes on		Individuals/companies may be liable to local real estate taxes

property		(based on local authority decision): 1. Building tax (maximum sum 900HUF/m ² /year) 2. Land tax (maximum sum 200HUF/m ² /year) 3. Communal tax (maximum sum 12,000HUF/year for individuals, 2,000HUF/employee/year for companies)
Taxation of profit on disposal		25% personal income tax is payable by individuals after profit on disposal. Tax rate may be reduced after length of period real estate was owned.
Special companies for property investment		
Tax planning tips		Stamp duty may be avoided if shares of company (or following transformation part of company) owing real estate is sold.
Further information		
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India

India	Property type	Requirements
Permissions required by a foreign investor	Commercial / Residential Commercial	<p>Foreign citizens of non-Indian origin require permission of Reserve Bank of India (RBI) to acquire Indian real estate. Currently such permission is not given. Such foreign nationals can acquire property in India by way of inheritance from a person-resident in India or a person of Indian origin with specific approval of RBI.</p> <p>Foreign nationals of non-Indian origin can acquire residential accommodation on lease for a period not exceeding five years without prior approval of RBI.</p> <p>Foreign citizens of Indian origin and non-resident Indian citizens do not require permission except for acquisition of agricultural land / plantation property / farm house.</p> <p>Foreign companies and branch offices of foreign companies do not require prior permission of RBI to acquire real estate provided such acquisition is necessary and incidental to their permitted activities and provided that.</p> <p>all applicable laws, rules, regulation or directions for the time being in force are duly complied with; and</p> <p>the foreign companies / branch office files with RBI a declaration in the form IPI within 90 days of the acquisition of immovable property</p>
Types of tenure	All Property	There are two types of tenure viz. Freehold (ownership) and Leasehold.
Transfer taxes on acquisition	All Property	<p>Stamp duty is payable on purchase at the rates in force in the state in which the property is situated. Stamp duty must be paid in order to register the transfer of ownership. The rates of stamp duty vary from one state to another.</p> <p>Property transaction is also subject to registration charges on registration of the instrument of sale. The rate varies from one state to another.</p>
Value Added Tax on acquisition	All Property	There is no value added tax payable on the acquisition of Indian real estate.
Capital allowances / tax depreciation	Commercial	<p>Tax Depreciation on property acquired for business purposes (eg. office premises and employee residences) is allowed at following rates:</p> <p>Building used mainly for residential purposes except any</p>

	Residential	<p>specific rates for this category – 5%</p> <p>Building other than those used mainly for residential purposes – 10%</p> <p>Depreciation cannot be claimed on property acquired for residential purpose.</p>
Taxation of rents	All property	<p>Rents arising on property are taxed as follows:</p> <p>Indian company 33.66%</p> <p>Non-resident company 41.82%</p> <p>Non-resident individuals 33.66%</p> <p>Resident individuals 33.66%</p> <p>Tax is required to be deducted at source from rents.</p>
Deduction of expenses	All property	<p>If the property is used for the business purpose then maintenance expenses and interest is deductible under the Income-Tax Act. However if the property is used for personal use then maintenance charges is not a deductible expenditure but interest paid is allowed up to a specified limit.</p>
Deduction of interest		
Wealth taxes	All property	<p>If the property acquired on ownership basis is used for business purpose then, Wealth tax is leviable in certain circumstances. Wealth tax is charged at 1% on the properties located in India and exceeding in value in aggregate INR 1.5 million subject to specified exemptions.</p>
Inheritance and gift taxes	All property	<p>Real estate is not subject inheritance or gift taxes</p>
Other taxes on property	All property	<p>Properties are subject to various municipal taxes that are levied by the respective municipalities.</p>
Taxation of profit on disposal	All property	<p>Capital gains arising on the disposal of real property held for 3 years or more are liable to tax at the following rates:</p> <p>Indian company 22.44%</p> <p>Non-resident company 20.91%</p> <p>Non-resident individual 22.44%</p>

		<p>Resident individuals</p> <p>22.44%</p> <p>Capital gains on the sale of real property held for less than 3 years are taxed at the normal rates of tax applicable to relevant income threshold.</p>
Special companies for property investment		<p>There are no special companies for real estate investment in India.</p>
Tax planning tips		<p>If the property acquired (for residence or investment) is held for more than 3 years, then surplus arising on sale of such property is considered as Long Term Capital Gain which attracts tax at a lower rate.</p> <p>Long-term capital gains are exempted from income tax if the profit on sale is reinvested in certain tax savings bonds.</p> <p>Long term capital gain arising from sale of residential property is exempt from Income Tax if the capital gains amount is reinvested in acquiring another residential property.</p> <p>Surplus arising from sale of commercial property (used for business purpose) and on which depreciation is claimed is treated as Short-term Capital gain. Short-term Capital Gain is not subject to income tax if the surplus amount is invested in property.</p>
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Indonesia

Indonesia	Property Type	Requirements
Permissions required by a foreign investor		No permission is required. However, a non-resident is not allowed to acquire property with Ownership Right (“Hak Milik”), only allowed for Building Utility Right (“Hak Guna Bangunan”), Business Utility Right (“Hak Guna Usaha”) and Usage Right (“Hak Pakai”).
Types of tenure		Freehold and leasehold.
Transfer taxes on acquisition	Freehold	For seller: Income Tax rate is 5% of acquisition price. For buyer: Fee for Acquisition of Rights to Land and Buildings (“BPHTB/Bea Pengalihan Hak Atas Tanah dan atau Bangunan”) rate is 5% of acquisition price.
Value Added Tax on acquisition	Freehold/ leasehold	VAT rate 10% of acquisition price.
Capital allowances / tax depreciation	Permanent property Non-permanent property	Claimable expenses, 5% per year. Claimable expenses, 10% per year. Not applicable for land.
Taxation of rents	Landlord Tenant	Subject to property rent withholding tax rate 10% of acquisition price, Final Withholding Tax (cannot be claimed as prepaid tax). Tenant is obliged to withhold and deposit the above withholding tax.
Deduction of expenses	Freehold/ leasehold	Deduction of expenses is allowable.
Deduction of interest	Freehold /leasehold	Deduction of interest is allowable.
Wealth taxes		No wealth taxes.
Inheritance and gift taxes		No inheritance and gift taxes.
Other taxes on property	Freehold/ leasehold	Land and Building Tax, based on Selling Value of Tax Object (“NJOP/Nilai Jual Objek Pajak”) issued by tax authority.
Taxation of profit on disposal	Freehold	Profit on disposal is taxable income.

Special companies for property investment		No special company requirement for property investment.
Tax planning tips	Freehold	For agreed (by state tax authority) common control company restructuring, Fee for Acquisition of Rights to Land and Buildings can be reduced up to 50%.
Further information		
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Ireland

Ireland	Property type	Requirements
Permissions required by a foreign investor		No permission required by a foreign investor
Types of tenure	Freehold/ Leasehold	
Transfer taxes on acquisition	Residential freehold Commercial Freehold Residential leasehold Commercial leasehold	Stamp Duty applies on acquisition of property. Rates of Stamp Duty vary depending on whether property is new or second hand and whether property is purchased by an owner-occupier or an investor. Rates vary up to 9% depending on the purchaser's status and property values. Stamp Duty applies on acquisition of commercial property. Stamp Duty rates increase on a scale. Stamp Duty of 9% applies on commercial property in excess of €150,000. Residential leases with rent of less than €19,050 are not liable to Stamp Duty 1% of average annual rent where term is less than 35 years or is indefinite 6% of average annual rent where term exceeds 35 years but is less than 100 years 12% of average annual rent where term exceeds 100 years
Value Added Tax on acquisition	Freehold Residential and Commercial Leasehold residential Leasehold commercial	VAT at 15.5% applies on supply of a taxable interest in the course of a business of a property developed for VAT purposes by a person entitled to reclaim VAT on acquisition/development costs. Complex rules apply on VAT on leasehold residential property and depend on whether property being leased is a taxable property or not. Complex rules apply on VAT on leasehold commercial property and depend on whether property being leased is a taxable property or not.
Capital allowances / tax depreciation	Commercial property Residential	If property is deemed to be an industrial building then allowance of 4% per annum. Hotels, nursing homes, childcare facilities 15% per annum for yrs 1-6, 10% yr 7 Special allowances available on residential properties in

	property	designated areas Whole area of allowances is currently being reviewed and allowances are being phased out with no allowances available on new residential property after 31 July 2008
Taxation of rents	Residential and Commercial	Irish resident individual- liable to Income Tax at 20%/ 42% Non Irish resident individual- liable to Irish Income Tax 20%/42% Rent payable directly to non-resident is paid subject to deduction of tax at standard rate of tax 20%. Irish resident company- liable to Corporation Tax at 25%. Any undistributed profits of property company also liable to a surcharge of 20%. Irish Branch of non-resident company- liable to Corporation Tax at 25%
Deduction of expenses	Residential and Commercial	All expenses incurred in connection with provision of the accommodation are deductible from the rental income, including mortgage interest paid, rates payable, rent payable, repairs, insurance, maintenance and management of the property. A deduction for expenditure on fit out is allowed over an 8 year period from year of acquisition
Deduction of interest	Residential and Commercial	Interest on money borrowed to purchase, improve or repair the property
Wealth taxes	Residential and Commercial	No annual wealth tax in Ireland.
Inheritance and gift taxes	Residential and Commercial	Capital Acquisitions Tax (CAT) applies on the transfer of property by gift/inheritance. Tax free threshold levels apply depending on the relationship between the disponent and the beneficiary. Tax applies at 20% for gifts/inheritances in excess of threshold. Full exemption from CAT on gifts/inheritances between spouses.
Other taxes on property	Commercial Properties	Local taxes (rates) may apply on commercial properties in certain locations. Rates are local to the area in which the property is situated
Taxation of profit on disposal	Residential/ Commercial	Irish resident companies- Corporation Tax applies at 20% on disposal of properties. This rate applies where property has formed part of the assets of the company and is not a property

	Properties	that the company has developed for re-sale. Irish resident individual- Capital Gains Tax (CGT) applies at 20% on profit on disposal of individuals. This rate applies where property has formed part of the assets of the individual and is not a property that the individual has developed for re-sale.
Special companies for property investment		No special companies for property investment
Tax planning tips		Tax planning for property investment can be availed of in advance of purchase of property such as advising whether to purchase in personal name or company name VAT planning on purchase of properties may take the property out of the VAT net for future sales of the property
Further information		
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Isle of Man

Isle of Man	Property type	Requirements
Permission required by a foreign investor		No permission is required for foreign investment in Isle of Man real estate, although non-residents should register with the Isle of Man Treasury Income Tax Division and file non-resident income tax returns.
Types of tenure		Freehold/Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold/ Grant of lease	No stamp duty is payable on the transfer of Manx property.
Value Added Tax on acquisition	Commercial	VAT is payable on the purchase of a freehold commercial building in the three year period following practical completion or if the vendor formally elects to charge VAT, except in the case of certain rented property. Anti-avoidance rules can invalidate such elections.
	Residential	VAT is not charged on the acquisition of residential property. Conversion relief is available where commercial property is converted to residential use and sold on.
Capital allowances/tax depreciation	Commercial	Capital allowances are available on commercial property as follows: Industrial and agricultural buildings – 100% First year allowance Plant and machinery – 100 % First year allowance Part or all of the first year allowance may be disclaimed if beneficial. Commercial buildings allowance in certain designated zones.
Taxation of rents	All property	Rent is taxable on an accruals basis at 10% if commercial or 18% if resident Capital allowances are available on fixtures and fittings in residential property at 10% straight line. Plant and machinery allowances may be available on commercial property.
Deduction of expenses	All property	Repair and maintenance expenses are deductible unless they are capital in nature. Costs of administration and other costs incurred relating directly to the management of the property are also deductible. Relief for bad debts may be allowed.
Deduction of Interest	All Property	In general all loan interest to purchase or improve let Manx property incurred will be deductible from rental income

		provided paid to a Manx lender.
Wealth taxes		There is no wealth tax in the Isle of Man.
Inheritance and gift taxes	All property	None
Other taxes on property	All property	Rates and water rates are charged on property by the local authority.
Taxation of profit on disposal	All Property	Not taxable unless a trading transaction.
Special companies for property investment		There are no special types of company for investment in Manx real estate.
<p>For further information contact:</p> <p>Andrew Pennington Crossleys PO Box 1, Portland House Station Road Ballasalla Isle of Man IM99 6AB British Isles</p> <p>phone +44 1624 822816 fax +44 1624 824570 email mail@crossleys.com website www.crossleys.com</p>		

Israel

Israel	Property type	Requirements
Permissions required by a foreign investor	All property	Declaration form, sometime resident approval signed by the state of origin
Types of tenure	All property	Freehold, Leasehold;
Transfer taxes on acquisition	All property	Purchase tax 3.5% up to 5%.
Value Added Tax on acquisition	All property	VAT is chargeable at 16.5%.
Capital allowances / tax depreciation	All property	Buildings excluding ground 4% depreciation. Other equipment 6% up to 20%.
Taxation of rents	All property	Income tax on Individual- up to 49%. 1. Progressive tax 2. Resident rental- 2.1. Exemption on monthly rental income up to \$800. 2.2. 10% on any amount, expenses are not deductible. 2.3. Progressive tax up to 49%. Companies – 31%.
Deduction of expenses	All property	Allowed
Deduction of interest	All property	Deductible against current income or while sailing the property.
Wealth taxes	All property	-None-
Inheritance and gift taxes	All property	-None-
Other taxes on property	All property	Municipal tax
Taxation of profit on disposal	All property	Individual- 20% Companies- 25%
Special companies for property	All property	REIT fund.

investment		
Tax planning tips	All property	Betterment tax exemption on sales of residential apartments under restrictions of freehold periods (between one year to 4 years).
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Italy

Italy	Property type	Requirements
Permissions required by a foreign investor		No permissions are required by a foreign investor to acquire real estate in Italy.
Types of tenure	Freehold	Usufruct – maximum duration 30 years for legal persons, natural life for physical persons.
Transfer taxes on acquisition		A registration tax of 15% is payable on agricultural land. In the case of a private vendor, registration tax of 8% is payable. In the case of a resident individual purchaser who is acquiring his first home, registration tax of 3% is payable. A cadastral registration tax of 3% is payable in all cases except for the purchase of first home when the cadastral registration tax is payable in a fix amount, equal to euro 168.
Value Added Tax on acquisition	All property	VAT is payable if the vendor is an entrepreneur at the following rates: -General rates – 20% -Purchaser's first home – 4% -Non-luxury home – 10%
Capital allowances / tax depreciation		Annual allowance equal to 3% is available for commercial and residential buildings owned by enterprises. Plant and equipment may be depreciated from 6% to 20% per annum depending on the carried on activities.
Taxation of rents	All property	Resident companies are liable to corporation taxes at the rate of 37.25%. Non-resident company, without permanent establishment, are liable to income taxes at rate of 33% Individuals (resident and non-resident) are liable to income tax at progressive rates from 23% to 39%.
Deduction of expenses	All property	If the building is rented the taxable income for individuals (resident and non-resident) and non-resident companies is generally equal to 85% of the rental income without any deduction for actual expenses. If the building is rented and it is not destined for the company main business the taxable income for a resident company is equal to the agreed rent less the sustained expenses to be deductible in an amount at maximum equal to the 15% of the

		rent.
Deduction of interest	All property	Interest on loans paid by a resident company is deductible from income only if the building is necessary for the main business of the company. Interest is not deductible for non-resident individual or company.
Wealth taxes	All property	There are no wealth taxes in Italy.
Inheritance and gift taxes	All property	Non-resident individuals are liable to gift and inheritance tax on property in Italy. The rates of tax change from 3% to 15% depending on the nature and the size of the gift and the relationship between the parties. A cadastral registration tax of 3% is payable in all cases.
Other taxes on property	All property	Municipal tax is payable annually on the cadastral value of the property. Rates of tax change from 0.4% to 0.7% depending on the municipality. Payment is by two six-monthly instalments.
Taxation of profit on disposal	All property	Resident companies are liable to corporation taxes at the rate of 37.25%. For the resident partnerships, the rate of income tax is payable from 23% to 39%, levied on each partner. The 2006 financial law introduces for individuals (resident and non-resident) and for non-resident companies a substitutive tax equal to 12.5% to be applied on profit arising from disposal. Individuals (resident and non-resident) and non-resident companies are not liable to tax if the disposal is made after more than 5 years after purchase.
Special companies for property investment		Special Companies exist for the purpose of time-sharing.
Tax planning tips		<ul style="list-style-type: none"> • The use of a non-resident company to hold Italian real estate avoids gift and inheritance taxes. • If part of the purchase price is stated to be plant and equipment, increased depreciation allowances are available. • If part of the purchase price is stated to be plant and equipment, registration duty may be reduced. • If an individual holds property for less than 5 years, profit on disposal may be subject to a substitutive tax. • If an individual holds property for more than 5 years, profit on disposal may be free of income tax.
Further information		

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Kenya

Kenya	Property type	Requirements
Permissions required by a foreign investor	Agricultural, commercial and residential	No
Types of tenure	As above	
Transfer taxes on acquisition	As above	Stamp Duty- currently at 4% of the value of the land
Value Added Tax on acquisition	As above	None
Capital allowances / tax depreciation	As above	None on rental property, yes on hotels, industrial and farmworks
Taxation of rents	As above	Yes, on net taxable rent if in profit. If losses, carried forward and offset against future taxes.
Deduction of expenses	As above	Yes, to the extent that the expense supports the generation of income.
Deduction of interest	As above	Yes
Wealth taxes	As above	Not Applicable
Inheritance and gift taxes	As above	
Other taxes on property	As above	Land Rent and Rates- Designated per area.
Taxation of profit on disposal	As above	Capital Gains Tax. Reintroduced in June 2006, effective date is 1 January 2007.
Special companies for property investment	As above	None
Tax planning tips	As above	Decisions on type of land i.e. Industrial, hotel, farm properties attracts some allowances
Further information	As above	The actual location of the land and use determine the expected tax treatment

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Korea (Republic of)

Korea (Republic of)	Property type	Requirements
Permissions required by a foreign investor		No permissions are required, but acquisition land should be reported to government.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold Leasehold	Ordinarily, Land: 4.6% of acquisition price of land. Building: 2.85% of acquisition price of building.
Value Added Tax on acquisition	All property	VAT is assessed (at 10%) on the transaction of building of Corporation or individual business purpose. But no VAT on-residential house. No VAT on land.
Capital allowances / tax depreciation	Commercial Residential	Depreciation is at the rate from 2% to 3.3% per annum (straight line) on newly constructed buildings. Allowances for new residential purpose buildings are as follows. Years 3 to 5 = 10% of profit on disposal Years 5 to 10 = 15% of profit on disposal More than 10 years = 30% of profit on disposal
Taxation of rents	All property	Rents arising on real estate are taxed as follows: - Corporation Corporation tax rate is 14.3%~27.5%. (Tax base is net income) - Individual Income tax from 8.8% to 38.5%. (Tax base is net income from rent)
Deduction of expenses	All property	Repairs and maintenance expenditure and expenses of management and administration are tax deductible.
Deduction of interest	All property	Interest related with business purpose building is deductible.
Wealth taxes	Land,	No wealth tax in Korea.

	House (including land which the house belongs to)	<p>As to comprehensive real estate holding tax</p> <p>1. Tax payer</p> <p>1) a tax payer who is liable to property tax on-residential house and whose aggregate tax base for property tax on exceeds 600 million KRW.</p> <p>2) a tax payer who is liable to property tax on land</p> <p>a) Land subject to comprehensive aggregation tax : a tax payer whose tax base for property tax on land exceeds 300 million KRW</p> <p>b) Land subject to separate aggregation tax: a tax payer whose tax base for property tax on land exceeds 2 billion KRW</p> <p>c) Farm land, forests pasture lots, factory sites within the standards area.</p> <p>d) Land for golf course and luxury amusement etc.</p> <p>2. Tax base</p> <p>1) Residential houses whose aggregation of tax base held by one tax payer across the nation is over 600 million KRW (tax base for property tax :50% of residential price which is disclosed by NTS or Construction Ministry)</p> <p>2) Land</p> <p>a) land subject to comprehensive aggregation of tax base for property tax – 300 million KRW</p> <p>b) land subject to separate aggregation tax : aggregation of tax base for property tax -2 billion KRW</p> <p>* Tax payer : 50% of disclosed price</p> <p>3. Tax rate</p> <p>1) Residential house: 1%~3% of tax base</p> <p>2) Land</p> <p>a) land subject to comprehensive aggregation of tax : 1%~4% of tax base</p> <p>b) land subject to separate aggregation tax : 0.6%~1.6% of tax base</p>
Inheritance and gift taxes	All property	Rates vary from 10%~50% depending on the value of the inheritance and the relationship between the parties.
Other taxes on		The property tax rate is as follows;

property		<p>Land : from 0.2% to 0.5% of tax basis</p> <p>House: from 0.15% to 0.5% of tax basis</p> <p>Building: 0.25% of tax basis</p> <p>(tax basis is 50% of real estate value estimated by government)</p> <p>In Korea, Property tax is applied diversely depending on location and types of real estate.</p>
Taxation of profit on disposal		<p>Tax burden is as follows</p> <p>1. Individual</p> <p>Possession more than 2 year: 9.9%~39.6% of profit on disposal.(progressive tax, including residence tax)</p> <p>Possession 1~2 year:</p> <p>44% of profit on disposal.(including residence tax)</p> <p>Possession less than 1 year:</p> <p>55% of profit on disposal.(including residence tax)</p> <p>2. Corporation</p> <p>Profit on disposal is included to corporation taxable income.</p> <p>Then, it is imposed to corporation tax.</p> <p>In case of disposal house and land is closed by the house, corporation have special tax burden additionally.</p> <p>The tax burden is 30% of disposal profit.</p>
Special companies for property investment		There are no special companies for investment.
Tax planning tips		<p>In Korea, tax on possession and transference influenced by location and state of real estate.</p> <p>The trend of Korean tax law is to regulate possession of excessive real estate and vacant land.</p>
Further information		
<p>For further information contact:</p> <p>Sam-Won Hyun Seil Accounting Corp. Room 407, Poongsung Building 392-2 Poongnap-dong, Songpa-gu Seoul</p>		

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Kuwait

Kuwait	Property type	Requirements
Permissions required by a foreign investor		As per Kuwaiti law the foreign investor is not permitted to buy or register a real estate in his name.
Types of tenure		
Transfer taxes on acquisition		
Value Added Tax on acquisition		
Capital allowances / tax depreciation		
Taxation of rents		
Deduction of expenses		
Deduction of interest		
Wealth taxes		
Inheritance and gift taxes		
Other taxes on property		
Taxation of profit on disposal		
Special companies for property investment		
Tax planning tips		
Further information		

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Lithuania

Lithuania	Property type	Requirements
Permissions required by a foreign investor	Land	<p>“Article 7. Foreign Subjects which May be Permitted to Acquire Non-agricultural Land Plots into Ownership</p> <p>1. Under this Chapter foreign subjects which meet the criteria established in Article 4 of this Law may be permitted to acquire into ownership non-agricultural land plots required for the construction of buildings and facilities, and operation thereof.</p> <p>2. Foreign subjects which do not meet the criteria established in Article 4 of this Law shall be prohibited to acquire into ownership non-agricultural land plots required for the construction of buildings and facilities and operation thereof, however, they may manage or use such property in accordance with the procedure established by laws of the Republic of Lithuania.</p> <p>Article 8. Land which May be Acquired into Ownership by the Foreign Subjects which Meet the Criteria Established in Article 4 of this Law</p> <p>Under the procedure and terms and conditions established in the present Chapter, foreign subjects which meet the criteria established in Article 4 of this Law may acquire into ownership non-agricultural land plots required for the operation of existing buildings and facilities designated for the activities specified in the foundation documents, as well as land plots required for the construction and operation of such buildings and facilities, with the exception of land referred to in Article 9 of this Law.</p> <p>Article 9. Land which May not be Acquired by the Subjects Specified in this Law</p> <p>Foreign subjects may not acquire into ownership the following land:</p> <ol style="list-style-type: none"> 1) land under the objects belonging to the Republic of Lithuania by the right of exclusive ownership; 2) land of national parks, reserves, reservations, protective areas of the territory of biosphere monitoring; 3) agricultural land; 4) forestry land, with the exception of plots necessary for operation of buildings and facilities designated for economic activities which have been provided for in the approved planning documents; 5) land of recreational forests and protective forests, rivers and

	<p>other water bodies exceeding 1 hectare in size as well as their protective bank area;</p> <p>6) land of resorts and public recreational territories, separate public recreational objects;</p> <p>7) land of state-protected monuments of nature, history, archaeology and other monuments of culture, as well as the surrounding protective areas;</p> <p>8) land of territories reserved, according to design projects, under public roads and engineering service lines, objects of infrastructure of public use in towns or other localities, and for other common needs of the society;</p> <p>9) land under public roads, railway lines, airports, sea or river ports, main pipe-lines and other engineering service lines of public use, as well as land necessary for their operation;</p> <p>10) land allotted, in accordance with the procedure established by law, under the free economic zone territory;</p> <p>11) land of territories where deposits of mineral resources and other natural resources have been found, with the exception of land plots which, according to planning documents, have been directly allotted for the construction of buildings and facilities required for the mining or use of the said mineral resources;</p> <p>12) land of the Curonian Spit, a 7-km-wide strip of the coast of the Baltic Sea and the Curonian Lagoon, with the exception of land of towns without the status of resort;</p> <p>13) land assigned to the frontier;</p> <p>14) land of the territories assigned or reserved for the needs of the national defence, as well as territories where land acquisition restrictions are established by law or Government resolutions for security reasons.</p> <p>Article 10. Determining the Size of the Land Plot Being Acquired</p> <p>The size of the land plot, required for the operation, according to their direct functional requirements, of buildings and facilities designated for economic activities, including land for the facilities appurtenant to the buildings shall be determined according to the plan of the land plot with the buildings and facilities located thereon, approved by an institution authorised by the Government and drawn up in compliance with the design standards and technical conditions, as well as rational land use requirements valid or recognised in the Republic of Lithuania.</p> <p>Article 11. Procedure for the Issue of Permits to Acquire a Land Plot</p> <p>1. Foreign subjects complying with the criteria established by Article 4 of this Law, which desire to acquire a plot of non-</p>
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		<p>agricultural land, shall file a written application for the permit with the Government of the Republic of Lithuania or an institution authorised by it.</p> <p>2. Foreign subjects that apply for the permit for the acquisition into ownership a land plot must, along with the application, submit documents specified by the Government or an institution authorised by it. If the permit is requested for the acquisition of a land plot for the construction of buildings and facilities necessary for economic activities, the investing subjects must also furnish required documents as to the capital being invested, specific investments and the plans of economic activities in Lithuania, creation of new jobs, and ecological safety guarantees.</p> <p>3. Foreign subject that applies for the permit for the acquisition into its ownership a land plot for the investment associated with the construction of buildings and facilities, must make a written obligation to the Government of the Republic of Lithuania or an institution authorised by it to complete the construction of buildings and facilities by a certain deadline and to start economic activities as provided by the documents of foundation.</p> <p>4. The keeper of the real property register must issue to a foreign subject applying for the permit for the acquisition of a land plot the necessary documents related to such plot of land.</p> <p>5. The Government or an institution authorised by it shall set the form of application, specify the documents and information that must be submitted, as well as establish the procedure for filing and consideration of applications and the issue of permits.</p> <p>6. Upon receipt of an application for the acquisition of a land plot into their ownership, the Government or an institution authorised by it shall consider such application and, being ascertained that the foreign subject which desires to acquire a land plot and the said plot meet the terms and conditions established by this Law, shall adopt the decision relative to the issue of permit.</p> <p>7. The permit to acquire a land plot into the ownership may not be granted if the requested activity is subject to restrictions or prohibitions established by laws or other legal acts.</p> <p>8. The refusal of the Government or an institution authorised by it to issue a permit to acquire a land plot into the ownership in accordance with the procedure established by law may be appealed to court. “</p>
Types of tenure		<p>Freehold</p> <p>Leasehold</p>
Transfer taxes on acquisition		<p>"Standard rate of VAT" shall be 18 %.</p> <p>“Article 32. Sale or Other Transfer of Property Immovable by its Nature</p>

	<p>1. The sale or other transfer of buildings, structures or sections thereof (with the exception of new buildings and structures, new sections of buildings and structures) shall be exempt from VAT where under the conditions of the contract the person to whom the property is transferred or a third party acquires the right to dispose thereof as its owner. It shall be considered that:</p> <p>1) a new building or structure is an unfinished building or structure, also a finished building or structure for a period of 24 months following its completion (after it has been found fit for use) or following its material improvement;</p> <p>2) a new section of a building or structure is a section of a new building or structure within the meaning of subparagraph 1 of this paragraph, also a newly built section of an old building or structure - for a period of 24 months following its completion.</p> <p>2. Exemption from VAT shall be granted to the sale or any other transfer of land where under the contract conditions the person to whom the land is transferred or a third party acquires the right to dispose thereof as its owner, with the exception of the land transferred together with a new buildings or structures or sections thereof as well as building land. Within the meaning of this Article, building land means a plot of land assigned for construction works regardless of whether or not any development of the plot has been undertaken.</p> <p>3. A taxable person shall have the right of option to calculate VAT in the manner prescribed by this Law on the property immovable by its nature which is exempt from VAT under paragraph 1 or 2 of this Article, however, only in the case where the property is sold or otherwise transferred to the VAT payer.</p>
Value Added Tax on acquisition	<p>"Standard rate of VAT" shall be 18 %.</p> <p>"Article 32. Sale or Other Transfer of Property Immovable by its Nature</p> <p>1. The sale or other transfer of buildings, structures or sections thereof (with the exception of new buildings and structures, new sections of buildings and structures) shall be exempt from VAT where under the conditions of the contract the person to whom the property is transferred or a third party acquires the right to dispose thereof as its owner. It shall be considered that:</p> <p>1) a new building or structure is an unfinished building or structure, also a finished building or structure for a period of 24 months following its completion (after it has been found fit for use) or following its material improvement;</p> <p>2) a new section of a building or structure is a section of a new building or structure within the meaning of subparagraph 1 of this paragraph, also a newly built section of an old building or structure - for a period of 24 months following its completion.</p>

		<p>2. Exemption from VAT shall be granted to the sale or any other transfer of land where under the contract conditions the person to whom the land is transferred or a third party acquires the right to dispose thereof as its owner, with the exception of the land transferred together with a new buildings or structures or sections thereof as well as building land. Within the meaning of this Article, building land means a plot of land assigned for construction works regardless of whether or not any development of the plot has been undertaken.</p> <p>3. A taxable person shall have the right of option to calculate VAT in the manner prescribed by this Law on the property immovable by its nature which is exempt from VAT under paragraph 1 or 2 of this Article, however, only in the case where the property is sold or otherwise transferred to the VAT payer.</p>
Capital allowances / tax depreciation	<p>TANGIBLE ASSETS</p> <p>New buildings used for business and renovations of buildings listed in the Register of Immovable Cultural Property of the Republic of Lithuania where such buildings were constructed or renovated after 1 January 2002.</p> <p>Residential buildings</p> <p>Buildings other than listed above</p>	<p>“Classes of long-term assets and their maximum depreciation or amortisation rates (in years) are set out in Appendix 1 to this Law. The entity itself shall determine (select) the depreciation or amortisation periods for its long-term assets, which may not be less than the depreciation or amortisation rates (in years) for long-term assets set out in Appendix 1 to this Law, and their liquidation value, which may not be lower than LTL 1 and which may not exceed 10% of the acquisition price.”:</p> <p>Period of deprecation 8 Years</p> <p>Period of deprecation 20 Years</p> <p>Period of deprecation 15 Years</p>
Taxation of rents	Companies	“a 15% tax rate shall be imposed on the taxable profits of Lithuanian entities and permanent establishments, unless Law provides otherwise;”

	Individuals:	<p>“2. The 15% rate of income tax shall be applied to the following income:</p> <p>“.....income derived from the rent of property (including income derived in exercising individual activities of such nature if, by the decision of an individual, no allowable deductions specified in Article 18 of this Law are made);”</p>
Deduction of expenses		Repairs and maintenance expenditure and reasonable expenses of management and administration are tax deductible
Deduction of interest		Interest paid is tax deductible cost for legal person
Wealth taxes		N/A
Inheritance and gift taxes		<p>The tax rate shall be 5 per cent of the tax value of inheritance less than 500 000 LTL</p> <p>The tax rate shall be 10 per cent of the tax value of inheritance higher than 500 000LTL</p>
Other taxes on property	<p>Land</p> <p>Immovable property</p>	<p>The tax rate shall be 1.5% of the tax value of Land.</p> <p>The tax rate shall be 1% of the tax value of immovable property.</p>
Taxation of profit on disposal	Companies	<p>“Tax Rates for Companies</p> <p>1. The following tax rates shall be imposed:</p> <p>1) a 15% tax rate shall be imposed on the taxable profits of Lithuanian entities and permanent establishments, unless this Law provides otherwise;</p> <p>Subparagraph 2 of paragraph 1 (version before the expiry of four calendar years from the beginning of the application of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments):</p> <p>*2) a 10% tax rate shall be imposed on income (without any deductions) listed in paragraph 4 of Article 4, which is sourced in the Republic of Lithuania and received by foreign entities otherwise than through their permanent establishments situated in the Republic of Lithuania;</p> <p>Subparagraph 2 of paragraph 1 (version after the expiry of four calendar years from the beginning of the application of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments):</p> <p>*2) a 10% tax rate shall be imposed on income (without any deductions) listed in paragraph 4 of Article 4, which is sourced in the Republic of Lithuania and received by foreign entities otherwise than through their permanent establishments situated in the Republic of Lithuania, unless this Law provides otherwise;</p>

	Individuals	<p>*Note: Member States shall apply the provisions of Council Directive 2003/48/EC from 1 January 2005 (given specific conditions).</p> <p>3) a 15% tax rate shall be imposed on income from distributed profits.</p> <p>.....”</p> <p>Paragraph 4 of Article 4 “. Income sourced in Lithuania and received by a foreign entity otherwise than through a permanent establishment situated in the territory of the Republic of Lithuania shall include:</p> <p>1) interest, except for interest on securities issued by the Government on international financial markets, interest accrued and paid on deposits, and interest on subordinated loans which meet the criteria set down by the legal acts of the Bank of Lithuania;</p> <p>2) income from distributed profits;</p> <p>3) royalties, including remuneration for the neighbouring rights granted and also including the cases specified in paragraph 5 of this Article;</p> <p>4) income received as remuneration for the right to use an object of industrial property or franchise under a license agreement;</p> <p>5) remuneration for information concerning industrial, commercial or scientific experience (know-how);</p> <p>6) income from the sale, other transfer into ownership or lease of property immovable by nature located in the territory of the Republic of Lithuania;</p> <p>7) compensations for violation of copyright or neighbouring rights.”</p> <p>From 1 July 2006 to 31 December 2007, income tax rates shall be 15 and 27%; from 1 January 2008, income tax rates shall be 15 and 24%, unless LAW ON PERSONAL INCOME TAX provides otherwise.</p>
Special companies for property investment		N/A
Tax planning tips		
Further information		

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		<p>rate of 6.75% for the local trade tax rate, which in total adds to an aggregate Luxembourg corporate income tax rate of 29.63%.</p> <p>For non-resident individuals on rental income the tax rates for residents are applicable. They vary between 0% and 38,95%.</p>
Deduction of expenses		Deductible expenses on rental income include maintenance costs and all expenses directly related to the property.
Deduction of interest		In general interests on borrowings to acquire luxemburgish property are deductible
Wealth taxes		<p>Since 1st January 2006 there is no more wealth tax for resident individuals.</p> <p>Companies are levied a wealth tax of 0.5% p.a. on the net assets. Non-resident companies are liable of the wealth tax only upon assets located in Luxembourg such as on property. No more wealth tax for non-resident individuals since 1st January 2006.</p> <p>As the taxable basis for the wealth tax the concept of the "Unitary Value" (Valeur Unitaire) is being used. The value basis being used is the market value of the 1st January 1941 which explains why the unitary value in Luxembourg is only a few percent of the actual market value.</p>
Inheritance and gift taxes		Inheritance tax is payable by non-resident individuals on the net value of the Luxembourg real estate. The rates vary from 5% to 15% depending on the size of the inheritance and the relationship between the parties. The tax rates for gifts vary between 1.8% and 14.5%.
Other taxes on property		Property Tax (impôts foncier) is a local property tax on the unitary value (valeur unitaire) - (see point 9) of the property. The top rate is 7.5% p.a. depending on the location and classification of the property.
Taxation of profit on disposal		Capital gains realised by companies are taxed as mentioned in point 6. Under certain circumstances resident companies can postpone taxation of the gain.
Special companies for property investment		<p>Société Civile Immobilière - tax transparent Société Anonyme investing in real estate</p> <p>SICAF investing in real estate</p>

<p>Tax planning tips</p>		<p>Buying real estate certificates for investment. They are bearer certificates representing a debt which can easily be transferred. Further they can be listed on the Luxembourg Stock Exchange (LSE) where they have to be in conformity with the applicable security rules. If a resident holder sells his certificates the taxation depends on the time they have been held:</p> <p>less then 6 month: the capital gain is subject to the normal tax rates.</p> <p>more then 6 month: but holding less then 25% of the share capital - no taxation.</p> <p>more then 25% - reduced rate which is half of the normal rate.</p> <p>Using SICAVs for investing in real estate with a relatively secure and tax-favourable environment. These SICAVs fall under the regulation of the "Undertakings for Collective Investments" (UCIs) with the main activity of investing in immovable property.</p> <p>Generally they are exempt from Luxembourg tax. Except for a EUR 50,000 - registration duty and a 0.06% p.a. subscription tax (0.01% if not issued to the public) based on the net asset value of the fund.</p>
<p>For further information contact:</p> <p>Jürgen Fischer UHY Fibetrust S.à.r.l. 38 boulevard Napoléon 1er L-2210 Luxembourg</p> <p>Boîte postale 777 L-2017 Luxembourg</p> <p>phone +352 45 45 49 1 fax +352 45 45 41 email j.fischer@fibetrust.lu website www.fibetrust.lu</p>		

Malaysia

Malaysia	Property type	Requirements
Permissions required by a foreign investor		Prior approval is required from the Foreign Investment Committee for the purchase by a non-resident of Malaysian real estate and shares in companies which own Malaysian real estate. Generally, foreigners are limited to purchase residential property costing RM250,000 or above per unit. In some states the minimum has been raised to as much as RM750,000 per unit.
Types of tenure		Free hold/Leasehold
Transfer taxes on acquisition	Freehold / Leasehold Grant of lease	Stamp duty is payable on the transfer by sale of Malaysian real estate. Duty must be paid in order to register the property in the name of the new owner. The maximum rate of duty is 4% which applies to transfers of property in excess of RM 2 million. Any premium payable is liable to the same duty as for conveyance on sale. Rent payable is liable to duty at a rate of up to 1.6%.
Value Added Tax on acquisition	All property	There is no Value Added Tax in Malaysia.
Capital allowances / tax depreciation	Industrial building Residential / Commercial	Capital allowances are given in respect of the following assets: New industrial buildings – initial allowance 10%, annual allowance 3%. The above allowances are also available for the purchase or construction of building used as living accommodation for employees of a person engaged in manufacturing activities. No allowances are available for offices and retail premises.
Taxation of rents		Companies (resident and non-resident) are liable to corporate tax at the rate of 28%. Non-resident individuals are liable to income tax at the rate of 28%. There is no requirement to deduct withholding tax from rents paid to a non-resident owner.
Deduction of expenses	All property	Repair and maintenance expenses are deductible unless they amount to an improvement. Administration expenses incurred in managing real estate are also deductible if the owner is engaged in the business of renting out properties. Other expenses allowable for deduction: Assessments

		Quit rent Insurance Service charges
Deduction of interest	All property	Companies (resident and non-resident) and non-resident individuals are generally able to deduct interest on borrowings to acquire Malaysian real estate. However, interest on borrowings from a lender outside Malaysia is deductible only if withholding tax has been deducted and paid to the tax authorities within 30 days. A 15% withholding tax applies to Malaysian source interest paid to a non-resident, subject to treaty relief.
Wealth taxes	All property	There is no annual wealth tax in Malaysia.
Inheritance and gift taxes	All property	There are no estate or gift taxes in Malaysia.
Other taxes on property	All property	The state government imposes an annual rent (quit rent) based on the annual value of land. Local authorities (local council) impose annual taxes (assessment) based on the annual rateable value of the property.
Taxation of profit on disposal	All property	Capital gains realised by companies (resident and non-resident) are liable to real property gains tax. The rate of tax for companies and individuals who are Malaysian citizens or permanent residents depends on the period of ownership. The tax rate will be 30% if sold within 2 years. Capital gains from the disposal of any real property by non-citizen individuals and non-permanent residents are subject to a flat tax rate of 30% if disposed within 5 years and 5% in the 6 th year and thereafter. Gains from disposal of real estate held for development are assessable under income tax at scale rate of 28%.
Special companies for property investment		Real Estate Investment Trusts (REITS) are special corporations for owning real estate.
Tax planning tips		Identify all items of plant and machinery in office and retail premises to maximise capital allowances. For non-resident individuals: * Incorporate a company in Malaysia for the purchase of Malaysian real estate * To obtain financing from Malaysian banks and thus avoid withholding tax on interest payments.

For further information contact:

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Mauritius

The recent Mauritian budget has brought several changes regarding the ownership of real estate in Mauritius by foreigners. However, the Act has not yet been voted by Parliament and several important issues remain unclear as yet. For the most up-to-date information, contact:

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Mexico

Mexico	Property type	Requirements
Permissions required by a foreign investor	All Property	No permission are required for a foreign investor to invest in real state in Mexico
Types of tenure	Freehold Leasehold	Freehold Leasehold
Transfer taxes on acquisition	shares or securities representing property located in Mexico, fixed assets, securities, or shares of Mexican companies	are taxed at a flat rate of 20% of the gross proceeds of the sale. However, the nonresident may elect to pay tax at the rate of 25% on the net taxable gain realized, provided that the nonresident has a legal representative in Mexico, who will calculate and pay the corresponding tax to the tax authorities. If the seller is a resident of a low-tax jurisdiction (tax haven), such seller can only apply the 25% rate.
Value Added Tax on acquisition	All property	This tax shall be calculated by applying the general rate of 15%. If residents in defined Border Areas of Mexico (North America and Central America) perform the foregoing activities, the applicable rate will be 10%.
Capital allowances / tax depreciation	All property	Properties are depreciated over 20 years (straight line)
Taxation of rents	All property railroad cars, containers, airplanes, and ships for commercial transportation	Non-residents income derived from the lease of real or personal property is taxed at a flat rate of 25% with no deductions is taxed at 5%.
Deduction of expenses		Repair and maintenance, salaries, local property taxes, and other expenditure related with rental income are deductible in the period in which they are incurred.
Deduction of interest		Interest payable on borrowings to acquire Mexico Real estate deductible against rental income Interest payments derived from loans granted by foreign banks

		<p>registered before the Mexican Ministry of Finance, interest payments from loans by foreign States financial entities, interest payments to foreign entities derived from debt quoted in a stock exchange are all subject to a withholding rate of 10%.</p> <p>The interest payments from negotiable instruments, bonds, debentures, real state certificates, loan of securities, provided that these ones are placed in a stock exchange, are subject to a withholding rate of 4.9%.</p>
Wealth taxes		Mexico does not impose a wealth tax
Inheritance and gift taxes	<p>Inheritance</p> <p>Gift taxes</p>	<p>Mexico does not impose an inheritance tax.</p> <p>The tax is impose by calculating the 1% above the value of the price of each bill or entire ticket without deduction, except when the local government do not levied with a special local tax the earnings originated by obtaining any prize or that the established levied does not exceeded the 6%.</p> <p>The tax rate will be of 21% in the localities where the applied tax is of 6% over the prizes.</p>
Other taxes on property		Taxes on real estate (annual) usually based on an assessed value. Or in the rental amount
Taxation of profit on disposal		The tax for the Profit Disposal 28%.
Special companies for property investment		There a no special companies for Real State Investments in Mexico.
Tax planning tips		
Further information		
<p>For further information contact:</p> <p>Oscar Gutiérrez Esquivel UHY Glassman Esquivel Díaz Covarrubias No. 5 Piso 2 Col. San Rafael C.P. 06470 Mexico D.F.</p> <p>phone +52 55 5566 1888 fax as above then dial extension 11 email oge@uhy-mx.com website www.uhy-mx.com</p>		

The Netherlands

The Netherlands	Property type	Requirements
Permissions required by a foreign investor		No permission is required for foreign investment in Netherlands real estate
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold	Transfer tax of 6% is normally payable on transfers of real estate. The tax has to be paid before the property can be registered in the name of the owner. Transfer tax is not due if the VAT on the real estate can not (partially) be recovered (see 4. below) Transfer tax is also payable at 6% on the grant of a new (long) lease.
Value Added Tax on acquisition		VAT is charged if a commercial building is sold within two years of its first use, or if both seller and buyer (both VAT subject) elect to treat the transfer as taxable. Otherwise the transfer of real estate is exempt from VAT.
Capital allowances / tax depreciation		Depreciation for tax purposes reflects the economic life of the asset: All types of commercial buildings - 2% to 4% per annum (straight line) Plant and machinery - 10% to 20% per annum (straight line)
Taxation of rents		No allowances are available for the cost of residential property.
Deduction of expenses		Resident and non-resident companies are liable to corporation tax at the rate of 25,5 % or 29,6 %. Foreign foundations under certain conditions are exempt from corporation taxes on real estate. Non-resident individuals are liable to income tax on real estate. Since 2001 private ownership of real estate is taxed at an effective rate of 1,2 % of the value of the property. For foreign owners double taxation relief is given in the many bilateral Tax Treaties. There is no withholding tax on rents paid to a non- resident.

Deduction of interest		For enterprises interest are deductible from rental income There is no withholding tax on rents paid to a non- resident. In case of private ownership, no expenses are deductible (see 7.)
Wealth taxes		For private ownership: see 7 and 8. There are no more wealth taxes, other than local taxes.
Inheritance and gift taxes		Non-resident individuals are liable to Netherlands gift and estate taxes on Dutch real estate. The amount of tax depends on the value of the property and the relationship between the parties. Progressive rates up to 68% can apply. The amount of borrowings is deductible in arriving at the amount of tax payable by the beneficiary. Inheritance and gift taxes on the transfer of real estate are due by non-residents, even if the emigration took place more than ten years before the event.
Other taxes on property		Local government bodies levy an annual municipal tax based on the value and size of commercial and residential properties.
Taxation of profit on disposal		Capital gains realised by companies (resident and non- resident) are liable to corporation tax at the rate of 25,5 % or 29,6 %. Capital gains realised by non-resident individuals are not liable to tax in the Netherlands. However, if the individual has purchased the property with the intention of resale in the short term, any gain on sale may be treated as a trading profit taxable as income at progressive rates.
Special companies for property investment		There are no special types of companies or special rules applicable for the investment by non-residents in Netherlands real estate
Tax planning tips		Before investing in Dutch real estate or Dutch real estate companies, first contact a Dutch tax specialist.
<p>For further information contact:</p> <p>Dick Boers Govers Accountants/Consultants Beemdstraat 25 P.O. Box 657 5600 AR Eindhoven The Netherlands</p> <p>phone +31 40 2 504 504 fax +31 40 2 504 599 email boers@govers.nl website www.govers.nl</p>		

New Zealand

New Zealand	Property type	Requirements
Permissions required by a foreign investor	Residential & Commercial	Consent is required from the Ministers of Land Information and Finance to purchase land, either directly or by purchase of shares in a company which owns land which exceeds 5 hectares, or has an unimproved land value exceeding NZ\$10 million; or subject to certain size criteria is part of an island or includes or adjoins a foreshore or lake; or is part of certain recreational, heritage or historic locations.
Types of tenure	Residential & Commercial	Freehold, Leasehold, Unit Titles, Cross-lease
Transfer taxes on acquisition	Residential & Commercial	None
Value Added Tax (GST) on acquisition	Residential Commercial	For new buildings GST is charged at 12.5% on the sale by the GST registered vendor such as a builder. Note that residential properties and residential rentals are an exempt supply for GST. Any GST paid on acquisition or residential rental expenses can <u>not</u> be claimed by the purchaser, unless the purchaser is conducting a taxable activity that includes the trading in, development of or subdivision of land or building for resale. For GST registered individuals and entities GST is at 12.5%. A commercial property investment may however be sold as a "going concern" free of GST if both parties are GST registered. Generally GST must be charged on the rent of commercial properties and may be claimed on most expenses, but not on financial services such as interest.
Capital allowances / tax depreciation	Residential & Commercial	Depreciation rates on buildings are 4%DV but are currently under review and will probably be about half the present rates. Land 0%.
Taxation of rents	Residential & Commercial	All net rental income must be returned annually and is taxed; for companies and trusts at 33%, for individuals at their respective marginal rates between 19.5 & 39.0%
Deduction of expenses	Residential & Commercial	All expenses incurred in producing the rental income (except fines and penalties) are deductible. Any costs incurred in acquiring or disposing of a property are treated as capital transactions and are either added to the cost of purchase or deducted from the sale proceeds.
Deduction of interest	Residential & Commercial	The costs of borrowing funds to invest in the rental property are deductible.

Wealth taxes	Residential & Commercial	There are no wealth taxes in New Zealand.
Inheritance and gift taxes	Residential & Commercial	There are no inheritance taxes. Any gift in a 12 month period which exceeds \$27000 attracts gift duty at a progressive rate of 5% to 25%.
Other taxes on property	Residential & Commercial Commercial	Local government bodies annually levy rates on each property within their jurisdiction. The amount varies from approximately 0.6% of Land Value for a single dwelling residential property to approximately 3% for commercial properties. Any changes by the local authority of the zoning of the land between categories of residential and commercial will affect the amount rates levied on the property. The rates form part of the operating expenses and for commercial properties practice is to recover these from the tenants in addition to the rentals.
Taxation of profit on disposal	Residential & Commercial	There is no Capital Gains tax in New Zealand. Depreciation recovered on sale is taxable. Any loss on sale of a building where the net proceeds are less than the book value are treated as a Capital Loss. Buildings are depreciated right up to the date of sale. Profits on any property purchased with the intention of reselling are taxable, as are profits on a sale within 10 years of acquisition if the seller or an "associated person" is a property dealer or developer or builder. In addition where the purchaser is not buying a residence or a business of farming or agriculture and the land increases in value by 20% or more due to re-zoning (eg residential to commercial) or granting consents or removal of a restriction or because of the likelihood of these betterment factors, then the gains made within 10 years of purchase are taxable. A deduction is allowed against these gains being the greater of an amount of \$1000 or 10% of the gain for every complete year the land was held.
Special companies for property investment	Residential & Commercial	There are no special types of companies for property investment in New Zealand. However some NZ investors apply for Loss Attributing Qualifying Company (LAQC) status which enables losses to be directly attributed to shareholders in New Zealand.
Tax planning tips	Residential & Commercial	Higher depreciation allowances are available for plant & equipment and chattels if these are separated in the purchase.
Further information	Commercial	Many larger properties are required to obtain an annual Building Warrant of Fitness (WOF). Any investor should establish if a WOF is required for the building and if the building is currently compliant. Prospective purchasers should

	Residential & Commercial	<p>also ensure that any modification made to the building complies to the building code and that a compliance certificate has been issued by local government.</p> <p>Before any development work is carried out on the property a Resource Consent may be required from the local authority.</p> <p>A recent Government announcement regarding building standards in relation to earthquake risks may affect some property owners causing significant compliance and building structure enhancement costs. It is anticipated that the NZ Government will launch a website providing information on this matter by the end of March 2006.</p>
<p>For further information contact:</p> <p>Grant Brownlee PO Box 21 143 Henderson Auckland New Zealand</p> <p>phone +64 9 839 0297 fax +64 9 837 2992 email grantb@bbw.co.nz website www.bbw.co.nz</p>		

Peru

Peru	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in real estate in Peru.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition		A 7% duty is payable on the transfer by sale or exchange of real estate.
Value Added Tax on acquisition	Commercial Residential	New commercial buildings are subject to VAT at 19%. New residential buildings are subject to VAT at 19%. Used building and land are not subject to VAT.
Capital allowances / tax depreciation	Commercial Residential	An allowance of 3% is available on the costs of the construction of commercial property per annum straight line. Machinery and equipment is depreciated at various rates, usually between 10% and 20% per annum. No allowances are available for residential property.
Taxation of rents	All property	Companies (resident and non-resident) are liable to corporate income tax rate of 30% after deduction of expenses.
Deduction of expenses	All property	Expenses of repair and maintenance are generally deductible for corporations and individuals.
Deduction of interest	All property	In general, interest paid on loans for the acquisition of real estate in Chile is deductible from rental income.
Wealth taxes	All property	There is no annual wealth tax in Peru.
Inheritance and gift taxes	All property	There are no gift or inheritance taxes in Peru.
Other taxes on property	All property	There are various provincial taxes on real estate. The rates of tax vary from province to province, but the amounts are not material.
Taxation of profit on disposal	All property	Companies (resident and non-resident) are liable to corporate income tax rate of 30%.
Special companies for property investment		Real estate investment corporations Real estate and investment stock companies

Tax planning tips		No request to realize investments in the Peru. Companies are liable to corporate income tax rate of 30%.
Further information		
<p>For further information contact:</p> <p>Rafael Sandoval Zapata UHY Montalvo, Ramirez y Asociados S.C. Cura Muñecas 181 San Isidro Lima 27 Peru</p> <p>phone +51 1 422 3884 fax +51 1 442 9085 email rasandoval@uhyperu.com website www.uhyperu.com</p>		

Philippines

The Philippines	Property type	Requirements
Permissions required by a foreign investor		40% foreign equity is permitted for land ownership.
Types of tenure	Leasehold	<p>A foreign national and or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years.</p> <p>Foreigners are allowed to lease private land for a period of up to 75 years. They can also purchase condominium units and townhouses up to 40% of the total available in a single proprietary block. It is generally necessary to obtain permission from the local government for new construction, renovations or changes in land use.</p>
Transfer taxes on acquisition		<ul style="list-style-type: none"> ➤ Capital gains tax - 6% of actual sale price or zonal value whichever is higher. ➤ Document stamp tax - 1.5% of the actual sale price or zonal value whichever is higher. ➤ Transfer tax - 0.5% of the actual sale price or zonal value whichever is higher. ➤ Registration fee - 0.25% of the actual sale price or zonal value whichever is higher.
Value Added Tax on acquisition		Sale of real properties is subject to VAT of 12%
Capital allowances / tax depreciation	All property in the Philippine	Corporations may deduct a reasonable allowance for the exhaustion, wear-and-tear or obsolescence of property used in trade or business. This allowance may be computed using the straight-line method, declining-balance method, sum of years' digits method or any other method that may be prescribed by the Department of Finance on the recommendation of the Commissioner of Internal Revenue.
Taxation of rents	All property in the Philippines	Rents received by lessor-companies are included in the determination of income subject to corporate tax at 35%. Rent paid by lessee are subject to 5 % with holding tax.
Deduction of expenses		Corporations may deduct all ordinary and necessary expenses paid or incurred during the tax year in carrying on their trade or business. These expenses include reasonable salaries or other compensation paid for the benefit of the corporation, and

		rentals and other payments necessary to conduct a trade or business.
Deduction of interest	All property	In general, interest paid or accrued on indebtedness within a taxable year in connection with the taxpayers' professions, trade or business is deductible from gross income. However, the allowable deduction for interest expense is reduced to thirty-eight percent (38%) of interest income subject to final tax.
Wealth taxes	All property	There is no wealth tax in Philippines
Inheritance and gift taxes	All property	Estate tax is levied on the value of the deceased's net estate in the Philippines. The first 200,000 is exempt and the excess is subject to estate tax on a graduated scale from 5% to 20%.
Other taxes on property	All property	Local government units impose tax on real property. A basic tax is imposed by provinces and cities on the assessed value of the property located in their jurisdiction. Owners of real property pay the tax at the following basic rates: for real property located in the provinces, up to 1%; for a real property located in a city or municipality within Metro Manila, up to 2%. An additional 1% tax for the Special Education Fund is also imposed on real property.
Taxation of profit on disposal	All property	Gain on sale of real property by companies engaged in the real estate business is included as part of income and is subject to 35 %. Gain on sale of real property by companies not engaged in the real estate business is subject to final withholding tax of 6% plus 1.5 % Documentary Stamp Tax
Special companies for property investment		There is no special legal requirements governing companies engaged in real estate investment in the Philippines.
Tax planning tips		To own land, set up a domestic company with 40% foreign equity or invest in condominium units where 100 % ownership is allowed
Further information		
<p>For further information contact:</p> <p>Restituto T. Lopez Lopez & Co CPAs LAC Center 2518 Leiva Street, Sta. Ana Manila, 1009 Philippines</p> <p>phone +63 (2) 564 6472 /6475</p>		

fax +63 (2) 564 6498
email rtl_holdings@yahoo.com
website www.lfccpa.com

Poland

Poland	Property type	Requirements
Permissions required by a foreign investor		<p>The foreigners except those from the territory of European Union +Iceland, Norway and Lichtenstein, require a permit from the Minister of Internal Affairs and Administration to buy real estate or shares in companies which are legal owners or perpetual usufructuaries of real estate.</p> <p>Nationals and entrepreneurs from EU must obtain a permit only in cases:</p> <ul style="list-style-type: none"> • to purchase agricultural and forest land for 12 years after Poland became a member of the EU (i.e. until 2 May 2016), • to purchase a second home (i.e. the real estate which is intended to be developed for residential or recreational purposes and which will not be used by a foreigner as the habitual residence) - for five years after Poland became a member of the EU (i.e. until 1 May 2009). <p>There are exemptions from the obligation to obtain a permit.</p>
Types of tenure		<p>Freehold</p> <p>Leasehold</p>
Transfer taxes on acquisition		<p>Tax on civil law transactions (TCLT)</p> <p>Payable on civil law transactions e.g.: purchase contracts, mortgage institution. Rates differing depending on the type of transaction. Its maximum percentage rate is 2%.</p>
Value Added Tax on acquisition		<p>The basic tax rate is 22%</p> <p>As of May 1, 2004 transfer of ownership of land is subject to taxation. Development estates are subject to taxation while other types of estates are exempt from this duty according to legal regulations of the Act.</p> <p>In case of a building that is permanently attached to the ground, the value of the land is included</p> <p>as subject of taxation. This means, that in case of the transfer of a building ownership – the properly</p> <p>taxed amount also includes the value of the land on which the building is located. This also applies</p> <p>to establishing tenant rights or ownership rights to premises in a building association.</p> <p>The transfer for the development of a land parcel (that which</p>

		<p>has not yet been developed) is subject to taxation at the tax base equal to the goods and services tax of 22%.</p> <p>According to the provisions of the Act the transfer of a used building with the land to which the building is attached will be exempt from goods and service tax.</p>
Capital allowances / tax depreciation	Commercial buildings Residential	<p>New legal regulations that pertain to goods and services tax collection introduce a general rule that a taxpayer has the right to tax allowance for the tax due only to the degree in which goods and services that they have acquired are used for the operations that are subject to taxation.</p> <p>Annual depreciation – 2,5%</p> <p>Annual depreciation 1,5%</p>
Taxation of rents		<p>Corporate income tax - 19%</p> <p>Personal income tax (PIT) Progressive scale - 19%, 30%, 40%</p>
Deduction of expenses		Repairs and maintenance expenditure and reasonable expenses of management and administration are tax deductible.
Deduction of interest		Interest paid is tax deductible cost for legal person
Wealth taxes		No wealth taxes in Poland
Inheritance and gift taxes		<p>Inheritance and gift taxes are payable on the assessed value of the estate (or ownership) after deduction of debts.</p> <p>Various thresholds apply to transfers depending on the relationship between the beneficiaries and person from whom the benefit is received. The rates of tax on gifts and inheritance in excess of the tax free threshold amount is from 3% 12%..</p>
Other taxes on property	Land, Buildings and their parts, Building structures and their parts connected with conducting business activities.	<p>Real estate tax</p> <p>Tax rates are established by the council of commune (gmina) by resolution. However, in a given tax year they may not exceed the amounts specified in the Act regulating real estate tax. The rates are differentiated as regards objects of taxation, and as regards their use for business purposes. The commune (gmina) council may differentiate the tax rates taking into account e.g. location of the object of taxation, type of building, its condition and destination.</p>
Taxation of profit on		<p>Corporate income tax 19%</p> <p>Personal income tax 19%, 30%, 40%</p>

disposal		
Special companies for property investment		N/A
Tax planning tips		
Further information		Biuro Audytorskie Sadren
<p>For further information contact:</p> <p>Wieslaw Leśniewski Biuro Audytorskie Sadren Sp. z o.o. ul. Śniadeckich 10 00-656 Warszawa Poland</p> <p>phone + 48 22 621 72 16 fax + 48 22 625 11 31 email biuro@sadren.com.pl website www.sadren.com.pl</p>		

Portugal

Portugal	Property type	Requirements
Permissions required by a foreign investor		No permissions are required for foreign investment in Portugal real estate.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold Leasehold	Transfer tax (IMT) of 6,5% is normally payable on transfers of urban property and 5% of rural property. Offshore entities who buy property are subject to a tax of 15%. It is necessary to pay the tax before the property can be acquired by the new owner. Transfer tax is payable at 6,5% or 5% on the grant of a new lease. Companies who buy immovable property for resale, under certain conditions, are exempt.
Value Added Tax on acquisition	All properties	Acquisition and renting of real estate in Portugal is generally VAT exempt, although, in some cases, exempt may be waived under some conditions.
Capital allowances / tax depreciation	All properties	Tax depreciation is available for resident companies at the following rates: Commercial and administrative buildings 2% Industrial buildings 5%
Taxation of rents	All properties	Residents and non-residents companies (with permanent establishment) – maximum rate of 27,5% (Continent), or 22,5% (Madeira Island), or 17,5% (Azores), depending on the regime where is taxed and the Municipal surcharge. Non-resident companies (without permanent establishment) - 15%; Withholding tax of 15% to the rents paid to the owners if the renter is a taxpayer.
Deduction of expenses		Repair, maintenance and management expenses are generally deductible for resident and non-resident companies on the rental income in the period in which it is incurred.
Deduction of interest		Interest paid by Portuguese resident companies on loans to acquire real estate is deductible for corporate tax purposes. Interest paid by non- resident companies may not be deducted. Interest is deductible on a paid basis for individuals.

Wealth taxes		There is no annual wealth tax in Portugal.
Inheritance and gift taxes	All properties	Inheritance and gift tax (ISD) was replaced by stamp duty tax only for individuals (donations to companies are subject to corporate tax at the general rate). The rate is 10%. The non-onerous transmissions between direct kin (grandfathers, fathers, sons) are tax exempt.
Other taxes on property	All properties	Residents and non- residents properties owners are liable to Municipal property tax (IMI). The following tax rates are applicable to the property value: - rural properties -> 0.8% - urban properties and land for construction -> 0.2% to 0.5% - If the property was not yet revaluated on its taxable value, under the rules of the new Code -> 0,4% and 0,8%. - real estate owned by entities resident in countries deemed tax havens -> 5%
Taxation of profit on disposal	All properties	After January 2002, gains on disposal of properties (fixed asset) owned for a period upper than one year by resident companies are liable to corporate income tax at 27.5%, if they don't reinvest all the sale value. If the company reinvest all the value in another fixed asset that the company needs to her activity during the previous year, the year of the sale and until the end of the second following year, only 50% of the gains are taxed at 27.5%. Capital gains realised by non- resident individuals and companies on real estate are taxed at 25%.
Special companies for property investment		There are no special companies for real estate investment in Portugal. However, companies which activity is buying immovable property for resale have some special tax conditions.
Tax planning		The renounce of VAT exemption can bring some tax advantages
<p>For further information contact:</p> <p>António Trábulo UH Y, A Paredes e Associados, SROC, Limitada Campo Grande, 28- 8º C 1700-093 Lisboa Portugal</p> <p>phone +351 217 613 330 fax +351 217 613 339 email atrabulo@uhy-portugal.pt website www.uhy-portugal.pt</p>		

Singapore

Singapore	Property type	Requirements
Permissions required by a foreign investor		No permission is required for a foreign investor to acquire commercial or industrial property. However, approval is required from the Controller of Residential Property of the Land Development Unit should a non-resident wish to acquire residential property other than that of condominium status
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/Leasehold	Stamp duty is payable on the sale of Singapore real estate. Duty must be paid to register the property in the name of the new owner. Rate of duty is payable as follows:- Up to S\$180,000: 1% From S\$180,001 to S\$360,000: 2% Above S\$360,000: 3% Any premium is liable to the same duty as for a conveyance on sale.
Value Added Tax on acquisition	Commercial Residential	The sale of industrial or commercial real estate is subject to Goods and Services Tax (GST) at the rate of 5%. The sale of residential properties is exempt from GST.
Capital allowances / tax depreciation	Commercial Residential	Capital allowances are given in respect of the following assets:- Industrial buildings – initial allowance 25%, annual allowance 3%. No allowances are available for offices and retail premises. Plant and machinery – 33.3% straight line, 100% for computerised/automation and other prescribed equipment. No allowances are available for the construction of residential property.
Taxation of rents	All property	With effect from the assessment year of 2006, companies (resident and non-resident) are liable to corporation tax at the rate of 20%. Non-resident individuals are liable to income tax at a flat rate of 20%. There is no requirement to deduct tax on rents paid to a non-resident owner.
Deduction of expenses	All property	Repair and maintenance expenses are deductible unless they amount to improvements. Administration expenses are also normally deductible if the renting of property amounts to a

		trade or business. If not, only direct expenses will be allowable.
Deduction of interest	All property	<p>Singapore resident companies are generally able to deduct interest on borrowings to acquire Singapore real estate whether or not the lender is resident in Singapore. A 15% withholding tax applies to interest paid to a non-resident lender, subject to treaty relief.</p> <p>Non-resident companies and individuals within Singapore can deduct interest paid to Singapore lenders. Interest paid by a person outside Singapore is not deductible unless withholding tax has been deducted and accounted for to the Inland Revenue Authority of Singapore.</p>
Wealth taxes	All property	There is no annual wealth tax in Singapore.
Inheritance and gift taxes	All property	<p>Estate duty is levied on the value of a deceased's property in Singapore at the following rates: First S\$ 12 million - 5% Above S\$ 12 million - 10%</p> <p>The total value (up to S\$9 million) of any number of dwelling houses is exempt.</p> <p>The market value of all other assets (including CPF balance) up to S\$600,000 is also exempt. If the CPF balance exceeds S\$600,000 the excess of S\$600,000 will also be exempt. Where the deceased died domiciled outside Singapore on or after 1.1.2002, no estate duty is payable on his movable property in Singapore. Only his immovable property is liable to estate duty.</p>
Other taxes on property	All Property	Property tax is payable at 10% on the gross annual value of industrial, commercial and let residential property. The rate of tax for an owner-occupier of a dwelling house is 4%.
Taxation of profit on disposal	All property	There is no tax on capital gains in Singapore. However, if the gain is a trading receipt it is taxable at 20% for a company and at up to 21% for an individual with effect from the assessment year 2006. It is for the investor to prove that the gain was capital in nature. This depends upon the intention of the owner when the property was acquired and on the owner's business activities
Special companies for property investment		Real Estate Investment Trusts (REITS) are special corporations for owning real estate.
Tax planning tips		<p>* frequent buying and selling of properties may indicate that a trade or business is being carried on which is taxable at full income tax rates.</p> <p>* for office and retail premises especially, items of plant and</p>

		<p>machinery should be identified to maximise capital allowances.</p> <p>* estate duty can be minimised or avoided if the property is held by a company.</p> <p>* borrowing from a Singapore bank (or Singapore branch of a foreign bank) avoids withholding tax on interest payments.</p>
Further information		
<p>For further information contact:</p> <p>Lee Seng Chan Lee Seng Chan & Co 6001 Beach Road #14-01 Golden Mile Tower Singapore 199589</p> <p>Phone +65 6395 5100 fax +65 6298 6263 email sengchan.lee@lscpa.com.sg website www.lscpa.com.sg</p> <p>Diong Tai Pew UHY Diong 210 Middle Road #08-03 IOI Plaza Singapore 188994</p> <p>phone +65 6235 1633 fax +65 6333 1633 email dtp@uhydiong.com.sg website www.uhydiong.com</p>		

Slovakia

Slovakia	Property type	Requirements
Permissions required by a foreign investor		No permission is required for foreign investment in Slovak republic real estate with the exception of farmland and forests if assignee is not: <ul style="list-style-type: none"> - Slovak citizen - Foreign descendent - Member of EU countries with temporary residency in Slovakia and fulfil any other legal requirements.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	All property	The transfer tax on acquisition was cancelled starting 1st of January 2005.
Value Added Tax on acquisition	Buildings Plot of land Building plot of land	Exempt from the tax is supply of a construction or a part thereof, including the supply of building land, on which the structure is constructed, provided that the supply is made five years after the first approval of the building based on which the building was approved for use; the taxpayer may decide not to have the supply of the said immovable property exempt from the tax. Exempt from the tax is supply of land. Supply of building land is subject for VAT tax.
Capital allowances / tax depreciation	Buildings and engineering buildings Small buildings and some small engineering buildings Machinery	Period of depreciation 20 years Period of depreciation 12 years Period of depreciation 4 – 12 years
Taxation of rents		Enterprises and individuals profit is taxed by 19 % income tax rate.
Deduction of		Repairs, maintenance, management and administration

expenses	From rent	expenses are tax deductible. Reserves for future repair are not possible to create. Individuals can claim a lump sum of 40 % of its income or the real expenses.
Deduction of interest	Business enterprises from EU countries Physical persons from EU countries Others	Exempt from tax are interests from loans, share accounts, bonds payable to business enterprises for EU countries under conditions: <ul style="list-style-type: none"> • registered capital of more than 25% of the payer is required in the receiving enterprise or, • registered capital of more than 25% of the receiver is required in the payer enterprise or, • other enterprise has more than 25% of registered capital in receiver and payer enterprises To apply the exemption of tax is obligation that the direct connection described in point a),b),c) must be more than 24 months before the payment of the interest. Interests from bank deposits, loans, share accounts, bonds payable to EU citizens (only physical persons) are exempt from tax. Withholding tax of 19% (or lower according to double tax treaties) on interest paid to a non-resident lender. Interest rate between related parties must be arranged as between independent parties.
Wealth taxes		In Slovak Republic not effective.
Inheritance and gift taxes		Slovak Republic cancelled these taxes beginning 1 st of January 2004
Other taxes on property		Real estate tax is applicable on lands, buildings, flats and other non-residential premises. Tax base is calculated according the size. Rates are different depending on the regional rules.
Taxation of profit on disposal		Residents and non-residents business enterprises – profits from real estate are treated as taxable business income.
Special companies for property investment		www.realestate.sk www.sario.sk The National Association of Real Estate Offices of Slovakia: www.narks-real.sk The Association of Real Estate Offices of Slovakia: www.cerean.com/country_slo.asp
Tax planning		Income from sale of flat or house with maximum 2 apartments is

tips		<p>exempt from tax after 2 years of permanent address of the seller.</p> <p>Income from sale of real estate is exempt from tax after 5 years from the date of acquisition.</p> <p>Exemption is effective only for physical person and on real estate which were not used for business purposes or real estate rejected from the assets of business enterprises after minimum of 5 years from sale.</p> <p>For further tax planning tips contact us.</p>
Further information		Georg Stöger, Dasa Strakova, Roman Kontelik
<p>For further information contact:</p> <p>Georg Stöger or Dáša Straková Auditor SK s.r.o. Sládkovicova 7 811 06 Bratislava Slovakia</p> <p>phone + 421 2 5441 4660/3 fax + 421 2 5441 4972 email strakova@auditor-eu.sk website www.auditor-eu.com</p>		

Slovenia

Slovenia	Property type	Requirements
Permissions required by a foreign investor	All property	No restrictions for EU residents (i.e. same regulations as for the locals) for others permitted via local subsidiary
Types of tenure	All property	Freehold, leasehold.
Transfer taxes on acquisition		2% transfer tax if old real estate is acquired, otherwise VAT has to be paid.
Value Added Tax on acquisition		VAT at 20% payable on sale of the new real estate for commercial purposes, residential buildings are taxed at 8,5%.
Capital allowances / tax depreciation		Tax-deductible depreciation rate is 5%. Straight-line depreciation is applied.
Taxation of rents	All property	Corporate tax rate is 25%, personal income tax up to 50%.
Deduction of expenses	All property	Repairs and maintenance expenses are tax deductible.
Deduction of interest	All property	Interest payable on loans to acquire real estate is tax deductible.
Wealth taxes	All property	None.
Inheritance and gift taxes	All property	The rate is 0% for close relatives.
Other taxes on property	All property	Local contributions depending upon type and size of the real estate.
Taxation of profit on disposal		Companies are liable to 25% corporate tax.
Special companies for property investment		None.
Tax planning tips		0% of purchase value of the real estate is deductible from the taxable profit.
Further information		

For further information contact:

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South Africa

South Africa	Property type	Requirements
Permissions required by a foreign investor	All	Only on loans to a local company if property owning company being acquired. Local borrowings subject to a formula.
Types of tenure	All	Leasehold and freehold
Transfer taxes on acquisition	All	Natural person – sliding scale up to 8%. Legal person 8%.
Value Added Tax on acquisition	All	Only if seller VAT registered - 14%. If purchaser VAT registered then refund received. Cannot have VAT and Transfer Duty. One or the other only
Capital allowances / tax depreciation	Industrial	5% p.a. on cost of building or if seller was entitled to the allowance - only on buildings used in the process of manufacture
Taxation of rents	All	Yes – corporate tax – 29% Individuals on a sliding scale – 40% max.
Deduction of expenses	All	Yes – if in the production of income.
Deduction of interest	All	Yes – if in the production of income.
Wealth taxes	All	Maximum rates: Individual-10% Company – 14.5% Trust – 20%
Inheritance and gift taxes	All	20%
Other taxes on property	Expect farming land	Assessment rates.
Taxation of profit on disposal	All	Depends if regarded as trading stock or capital asset. Wealth tax or normal tax will apply depending on circumstances
Special companies for property investment	Listed Investments	No, except for listed investments
Tax planning tips		Contact: Carlos Pedregal

Further information		Contact: Carlos Pedregal
For further information contact: Carlos Pedregal RA Hellmann & Company 1st Floor, Sturdee House 9 Sturdee Avenue Rosebank 2196 South Africa phone +27 11 447 8447 fax +27 11 447 8400 email pedregal@ibi.co.za website www.rahellman.co.za		

Spain

Spain	Property type	Requirements
Permissions required by a foreign investor		No permission is required. If the investment in property exceeds Ptas 500 million, or the investor is from a designated tax haven, the investor has to inform the Directorate General of Foreign Transactions.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold Leasehold	A transfer tax of 7% is payable on acquisition unless the transaction is liable to Value Added Tax (VAT). See 4.
Value Added Tax on acquisition	All property	If the transferor is within the VAT system, the transfer of Spanish real estate will be liable to VAT. Commercial properties are charged at 16%, residential properties at 7%.
Capital allowances / tax depreciation	Commercial	Tax depreciation is available for resident companies at the following rates: Industrial buildings – 1.47% to 3% (straight line) Non-industrial buildings – 1% to 2% (straight line) Depreciation on a declining balance may also be available.
Taxation of rents	All property	Resident Companies are subject to tax on net income at a rate of 30% on the first Euros 120.202,41 and of 35% on the rest net income, providing the company has a turnover under Euros 8 million. In all other cases the corporate tax rate is 35% on all net income. Non resident companies are subject to tax on gross income at a rate of 25%. Non-resident individuals are subject to tax on gross rental income at a rate of 25% Deemed income applies to non-resident individuals where the property is not let. Deemed income is calculated at 2% of the cadastral value, this deemed income is taxed at a rate of 25%.
Deduction of expenses	All property	Expenditure on repairs and maintenance and on necessary administration costs are deductible for resident companies and individuals. Non-residents are taxed on gross rental income, no expenses allowed.
Deduction of interest	All property	Interest paid by Spanish resident companies on loans to acquire real estate is deductible for corporate tax purposes. Interest paid by non-resident companies and individuals may not be deducted.

Wealth taxes	All property	Non-resident individuals are liable to wealth tax on Spanish real estate. The rates of tax are progressive from 0.2% to 2.5%, a loan secured by a mortgage on the property is deductible.
Inheritance and gift taxes	All property	Inheritance tax is payable by a non-resident individual on the net value (after deduction of borrowings) of Spanish real estate. Rates vary from 7.65% to 34% depending on the size of the inheritance, the relationship between the parties and the previous patrimony.
Other taxes on property		
Taxation of profit on disposal	All property	Non-resident Companies are liable to corporate income tax at 35% on the profit on disposal. Non-resident individuals are liable to capital gains tax at the rate of 35% on the profit after indexation allowance. A very important requirement of current tax legislation is that a purchaser of a property must withhold 5% of the purchase price if the seller is non-resident and pay it over to the tax authorities. The seller can reclaim the 5% or the part of it remaining after satisfying the tax liability. There is no capital gain if the vendor sells a property that on 31/12/1996 belonged to him for more than ten years
Special companies for property investment		Sociedad de inversion inmobiliaria Minimum of 100 shareholders and investment must be in Urban Property for rental and at least 50% of assets must be in property. The Corporation Tax rate for these companies is 1%. Sociedad Patrimonial (Mere Asset Holding Company). This company needs to meet certain requirements and it is taxed at 40% on ordinary income and at 15% on capital gains, providing the real estate asset has been held for more than one year.
Tax planning tips		*To declare a lower price than the real one in a purchase is illegal and will result in a higher capital gains tax. * A property can be purchased in the name of a Spanish Company which is in turn owned by a non-resident Company resident of a convenient jurisdiction, tax heavens should be avoided.
Further information		
For further information contact: Bernard Fay UHY Fay & Co Centro de Negocios Puerta de Banús Nueva Andalucía		

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Sweden

Sweden	Property type	Requirements
Permissions required by a foreign investor	Freehold	No permission is required, but the municipality has a first priority to buy the property on the same terms as the investor.
Types of tenure	Freehold Leasehold	
Transfer taxes on acquisition		Stamp duty is payable at 3.0% on transfer by sale or exchange of real estate when the buyer is a legal person. For natural persons the stamp duty is 1.5%. Leasing contracts are not subject to stamp duty. Stamp duty is payable on mortgages at 2.0%.
Value Added Tax on acquisition	All property	Buildings constructed and sold by a building contractor are subject to VAT at the rate of 25%. Otherwise the transfer of real estate is not subject to VAT.
Capital allowances / tax depreciation	Commercial	Tax depreciation varies between 2% and 5% per annum depending on type of estate. For machineries the allowance is 30% per annum on a declining balance basis.
Taxation of rents	All property	Companies (resident and non-resident) are liable to corporate income tax at 28% on rental income. Non-resident individuals are liable to Swedish income tax at progressive rates varying from 45% to 65%. There is no withholding tax on rents paid to a non-resident owner.
Deduction of expenses	Commercial Owner-occupied	Repairs and maintenance expenditure and cost of administration are deductible from rental income for tax purposes. No deductions are allowed
Deduction of interest	All property	All interest incurred to acquire real estate in Sweden is deductible from the rental income for tax purposes whether or not the lender is resident in Sweden. No withholding tax is imposed on interest payment to a non-resident lender.
Wealth taxes	Commercial Owner-occupied	Commercial real estate is not liable for wealth taxation. Owner-occupied houses are liable for 1.5% of an assessed value by the tax authorities, which should be 75% of the market value.
Inheritance and		

gift taxes		
Other taxes on property	All property	There is a national real estate tax based on the assessed value. The rate varies between 0,25% and 0,5% for commercial estate and between 0,5% and 1,0% for owner-occupied houses.
Taxation of profit on disposal	All property	Gains on disposal of property by companies (also non-resident ones) are liable to corporate tax at 28%. Capital gains realised by non-resident individuals are taxed at 30%. If the owner is an individual and carrying on a real estate business, the tax rate will vary between 45 and 65%.
Special companies for property investment		There are no special companies for real estate investment in Sweden.
Tax planning tips		The transfer of shares in a company holding real estate is not liable to stamp duty. A non-resident person holding shares in a Swedish company which owns real estate is not liable for taxation in Sweden for capital gains on the shares.
Further information		
<p>For further information contact:</p> <p>Rolf Nilsson Revisorerna Syd Storgatan 22A Box 17077 S-200 10 Malmö Sweden</p> <p>phone +46 40 39 67 90 fax +46 40 39 68 90 email rolf.nilsson@revisorernasyd.se website www.revisorernasyd.se</p>		

Switzerland

Switzerland	Property type	Requirements
Permissions required by a foreign investor		Permission is required for certain investment in Swiss real estate.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	All property	In most cantons and municipalities the sale or transfer of real estate is subject to a transfer tax on the consideration or estimated worth. Rates vary depending on the location (e.g. Zürich 0%, Zug 0.8%, Nidwalden and Schwyz 1%, Lucerne 1.5%).
Value Added Tax on acquisition	All property	The transfer of Swiss real estate property is VAT exempted (without credit). However, it is subject to VAT if the vendor has opted for the transfer.
Capital allowances / tax depreciation		The following depreciation rates apply to business assets on a declining basis (in some cantons special rates apply): Non-industrial commercial buildings - (including land) - 3% - (excluding land) - 4% Industrial building - (including land) - 7% - (excluding land) - 8% Residential buildings - (including land) - 1.5% - (excluding land) - 2 %
Taxation of rents	All property	Companies (resident and non-resident) are liable to federal tax at a rate of 8.5% on after-tax-profits and to cantonal/municipal taxes (e.g. Lucerne approx. 15% on after-tax-profits). The tax burden itself is tax-deductible. Individuals are liable to federal tax up to a maximum of 11.5% and to cantonal/municipal taxes (e.g. Lucerne about 23%).
Deduction of expenses	All property	Expenses for repairs and maintenance and administration expenses are usually deductible. Within a period of 5 years after the acquisition of a privately held real estate, deductions may not be possible.

Deduction of interest	All property	Interest is fully deductible from other income or profit. For individuals certain restrictions apply. There may be a withholding tax on interest paid to a non-resident lender where the loan is secured on Swiss property.
Wealth taxes	All property	All cantons levy a tax based on net wealth of individuals. The rates and deductions vary (e.g. Lucerne about 0.6%). Companies are subject to tax levied on the equity.
Inheritance and gift taxes	All property	Most cantons and municipalities levy gift and inheritance taxes. The rates vary according to the amount of the gift or inheritance, the relationship between the parties and the location of the real estate. There are no federal gift or inheritance taxes.
Other taxes on property	Residential	The rental value of self-occupied real estate is taxable as income.
Taxation of profit on disposal	All property	Companies (resident and non-resident) are liable to federal taxes at a rate of 8.5% and to cantonal/municipal taxes (e.g. Lucerne approx. 15%) on after-tax-profits. The tax burden itself is deductible. On cantonal/communal level two different systems of taxation apply: Capital gains are subject to a capital gains tax or to ordinary income tax. Individuals are liable to cantonal/municipal taxes (e.g. Lucerne max. 25% on commercial assets, between 19% and 40% on privately hold assets). Additionally, they are subject to federal tax up to 11.5% if the real estate is part of the business fortune.
Special companies for property investment		There are different types of companies for real estate investment in Switzerland (Real Estate Funds).
Tax planning tips		Some cantons do not levy gift and/or inheritance taxes. Based on double tax treaty regulations the transfer of Swiss real estate property is subject to tax in Switzerland and may be exempted from the taxable base abroad. A double deduction for interest may be possible as Switzerland allocates worldwide debt in the ratio of the location of the assets, not according to the purpose of the borrowing, as in most countries. For wealthy people large Swiss real estate property may be acquired by/through a Swiss real estate fund.

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Taiwan

Taiwan	Property type	Requirements
Permissions required by a foreign investor	All real estate.	Investment in real estate in Taiwan by a non-Taiwanese foreign investor is subject to central and local government approvals.
Types of tenure	All real estate.	Freehold in general. Land earmarked by government for agriculture, forest reservation, fishing and cattle raising purpose can only traded among farmers and fishermen; and the usage of land is limited to the earmarked purpose.
Transfer taxes on acquisition	All real estate transactions in addition to transfers during a merger or an acquisition.	For general real estate transaction: To be paid by the seller: a. Land incremental tax - ranging from 20% to 40% of land incremental value. b. Stamp tax - 0.1% of land value. To be paid by buyer: a. Deed tax - 6% of building value b. Stamp tax - 0.1% of building value
Value Added Tax on acquisition	All real estate.	VAT is charged at 5% on the value of the building if the seller is a profit seeking enterprise. Land transaction is VAT exempt.
Capital allowances / tax depreciation	All real estate.	1. Depreciation over the useful life of an asset (land is excluded) is income tax deductible for a profit seeking enterprise, as follows: a. Buildings – 3 to 50 years b. Plant and fixture – 3 to 15 years 2. Depreciation is non-deductible for individual income tax.
Taxation of rents	All real estate.	Rental income is taxable and subject to an income tax of 25% for profit seeking enterprises. Rental income is taxable for Taiwan residents and subject to individual income tax at progressive rates from 6% to 40%. Rental income of non-Taiwan residents or of foreign enterprises have no fixed operation premise in Taiwan is subject to a 20%-rate income tax withholding.
Deduction of	All real estate.	Rental expenses, repairs, maintenances and other expenses

expenses		<p>related to the leased or self-owned real estate of a profit seeking enterprise are deductible.</p> <p>For Taiwan resident, rental expenses are deductible up to NT\$120,000 per year per return; repairs, maintenances and other expenses related to the leased or self-owned real estate are not deductible.</p> <p>For non-Taiwan resident and foreign enterprises have no fixed operation premise in Taiwan, all the expenses referred to in above are non-deductible.</p>
Deduction of interest	All real estate except that the interest of a construction company on loans for acquiring land for selling purpose should be deferred for income tax purpose.	<p>Interest on loans to acquire real estate is deductible for profit seeking enterprises.</p> <p>Individuals may deduct interest up to a maximum of NT\$300,000 (net of interest income) per annum for interest loans for purchasing self-used residential building.</p> <p>Not applicable for non-Taiwan resident and foreign enterprises have no fixed operation premise in Taiwan.</p>
Wealth taxes	Not applicable.	Not applicable.
Inheritance and gift taxes	<p>All real estate except:</p> <p>Land for agricultural usage.</p> <p>Real estate donated to central or local governments.</p> <p>Real estate donated to organization for public welfare, charity, culture or education purpose.</p>	<p>Estate tax rates progressively range from 2% for amount less than NT\$ 600,000 to 50% for amount over NT\$ 100,000,000 after deductions and exemptions prescribed by Estate and Gift Tax Act. Estate tax applied only to individual.</p> <p>Gift tax rates range progressively from 4% for amount less than NT\$ 600,000 to 50% for amount over NT\$ 45,000,000 after deductions and exemptions prescribed by Estate and Gift Tax Act. Gift tax applied only to individual.</p> <p>Donation received by a profit seeking enterprise is subject to income tax at a rate of 25%.</p>
Other taxes on property	All real estate except Land	There is a "land value tax" imposed once every year based on the assessed land value prescribed by government:

	for agricultural usage.	<p>a. The land value tax rate on self-used residential land is 0.2%.</p> <p>b. The land value tax rate is 1% for land earmarked for industry, mining, private park, zoo, sports stadium, temple, church, or government-designated scenic spot or historical sites.</p> <p>c. For the other land, the land value tax rates progressively range from 1% to 5.5%.</p> <p>There is a “building tax” imposed once every year based on the assessed building value prescribed by government:</p> <p>a. The rate for self-used residential building is 1.2%.</p> <p>b. The rate for business purpose building range from 3% to 5%. The rate for private clinic and hospital range from 1.5%~2.5%.</p>
Taxation of profit on disposal	All real estate.	<p>The net gain on disposal of land (net of value incremental tax, commissions and charges) is exempt from both profit seeking enterprise and individual income taxes, but is subject to 10%-rate sur-tax for undistributed earning.</p> <p>The net gain on disposal of a building is subject to income tax as follows:</p> <p>a. Profit seeking enterprises are subject to income tax at a rate of 25%.</p> <p>b. Individuals are liable to income tax at progressive rates from 6% to 40%.</p> <p>Foreign enterprises have no fixed operation premise in Taiwan and non-Taiwan residents are subject to withholding income tax rate at 25% and 35%, respectively.</p>
Special companies for property investment	Not applicable.	Not applicable.
Tax planning tips	Land and buildings.	For Sales of land is both income tax and VAT exempt, the selling price of real estate should be allocated between land and buildings based on assessed value of land and buildings.
Further information --- Real estate acquired in a merger or an acquisition	Real estate acquired during a merger or an acquisition.	<p>According to Mergers and Acquisitions Act, in a merger or acquisition while the new shares issued by acquiring profit seeking enterprise consists of more than 65% of the total consideration for acquiring the shares or assets of the acquired entity, following exemptions apply:</p> <p>Stamp duty and deed tax incurred by contracting and real estate transfers are exempt.</p> <p>Land value increment tax incurred by land deeded to the acquiring entity is assumed by the acquiring entity and payment is procrastinated to next transfer.</p>

<p>Further information --- Real estate revaluation</p>	<p>All real estate of a profit seeking enterprise</p>	<p>Profit-seeking enterprises in Taiwan are allowed to apply for revaluing their fixed assets, deletion assets and intangible assets upon when the price indexes become more than 125% of the ones prevailed at assets procurements or at previous revaluation.</p> <p>The revaluation should apply with authority for approval and recognition.</p> <p>The revaluation increments are added to the net book value of the revalued assets and recognized as a "Capital Surplus" under "Owner Equity" in credit side.</p>
<p>Further information --- Real estate transactions with people or organization of Mainland China</p>	<p>All real estate transactions with people or organization of Mainland China.</p>	<p>The inheritances, donations and transactions of real estate between the people or entities of Taiwan Area and of the people or entities of Mainland China Area are governed by "Act Governing Relations between Peoples of Taiwan Area and of the Mainland Area". The Act stipulates that afore-mentioned transactions should be approved by Taiwan government in advance.</p>
<p>For further information contact:</p> <p>Lawrence Lin or Vincent Yang, L&C Company, CPAs Suite 2, 2nd Floor 20 Peiping East Road Taipei 100 Taiwan</p> <p>phone +886 2 2391-5555 fax +886 2 2392-9699 email taipei@uhy-taiwan.com.tw website www.uhy-taiwan.com.tw</p>		

Turkey

Turkey	Property type	Requirements
Permissions required by a foreign investor		<p>Foreign-national real persons may, subject to reciprocity and compliance with legal restrictions, acquire immovables allocated and registered as place of business or dwelling-house within the implementation development plan or local development plan in order for the same to be used as a place of business or dwelling house. The same conditions shall apply to establishment of limited real rights. Total area of the immovables and of the independent limited real rights of continuous nature which may be acquired by a foreign-national real person within the territory of the country may not exceed 2.5 hectares.</p> <p>Commercial companies with legal personality, established in foreign countries according to the laws of their own countries may acquire title to immovables and limited real rights on immovables only within the framework of the provisions of special law.</p> <p>The aforementioned conditions and limitations are not sought in establishment of mortgage in Turkey in favor of foreign-national real persons and in favor of the commercial companies with legal personality, established according to the laws of their own countries.</p> <p>The Council of Ministers is authorized to determine the areas where foreign-national real persons and commercial companies with legal personality, established according to the laws of their own countries may not acquire any immovables and limited real rights in the areas that need to be protected due to irrigation, energy, agriculture, mining, monumental site, belief and cultural characteristics and in special protected areas and in the sensitive areas that need to be protected due to flora and fauna and at strategic places from the standpoint of public benefit and security of the country, and to determine the ratio of the immovables that may be acquired by foreign-national real persons on the basis of provinces (provided that such ratio does not exceed five per thousand relative to provincial area and provinces) upon the proposal including the maps and plans with coordinates taken as basis for registration of relevant public agencies and establishments.</p>
Types of tenure		<p>Freehold</p> <p>Leasehold</p>
Transfer taxes	Freehold	A 1.50 % transfer tax is payable on any obligation to transfer,

on acquisition		sell or exchange real estate. It must be paid in order to register the property in the name of the new owner.
Value Added Tax on acquisition		VAT is charged at 18% on the value of the building if the seller is a commercial enterprise or a building contractor. Otherwise the transfer of real estate is not subject to VAT.
Capital allowances / tax depreciation	Freehold	Depreciation may be calculated by applying either the straight-line or the declining-balance method, at the discretion of the taxpayer. The fiscal depreciation rate has been determined as 20%. Accordingly, the accelerated depreciation rate will be 40%. However, standard maximum rates for specific cases are published by the Ministry of Finance. Typical standard rates are as follows : Buildings : Factories 2% Others 2.5%
Taxation of rents		Resident and non-resident individuals are liable to income tax at progressive rates from 15% to 35%. There is withholding tax on rents paid to a resident and non-resident owner. Companies (resident and non-resident) are liable to corporate income tax at 20% on rental income.
Deduction of expenses	All property	Residents of Turkey are permitted to deduct expenses relating to the property. Expenses are deductible for non-resident companies and individuals.
Deduction of interest	All property	Interest paid on borrowings to acquire property is deductible against rental income from the property whether the lender is resident or non-resident.
Wealth taxes	All property	There is no annual wealth tax in Turkey
Inheritance and gift taxes		Recipients of property through inheritance or donation are subject to inheritance and gift tax at rates ranging from 1% to 30%. Tax paid in a foreign country on inherited property is deducted from the tax calculated on the value of the asset. Inheritance tax is payable in two instalments, in May and November each year over 3 years, whereas gift tax is payable in the following month
Other taxes on property		Property tax is calculated in respect of each property at the appropriate value declared to the tax office once every 4 years. The rate of the tax on the taxable values of land and buildings varies from 0.2%
Taxation of profit on disposal	All property	Capital gains realised by companies (resident and non-resident) are taxed at normal company rates-see 6 above. Resident and non-resident individuals are liable to income tax at progressive

		rates from 15% to 35% on disposal if property is sold within 4 years after acquisition.
Special companies for property investment		There are special types of companies for investment in real estate
Tax planning tips		It may be possible to avoid income tax by selling a property after 4 year ownership for resident and non-resident individuals. If Capital gains realised by companies are added to capital or decided to do so, it may be possible to avoid corporate income tax. Resident and non-resident individuals may prefer the lump sum basis for determining of expenses
Further information		
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United Arab Emirates

United Arab Emirates	Property type	Requirements
Permissions required by a foreign investor	All types	Only designated real estate developments are available to non UAE nationals for investment purposes.
Types of tenure	All types	Usually 99 years lease.
Transfer taxes on acquisition	All types	The Government of Dubai's Land Department levies fees for registering changes in ownership of property. Land registration fees, which are similar in nature to Stamp Duty charged in some other countries, are 2% of the purchase price (or valuation, if higher); 1.50% on the purchaser's account and 0.50% on the seller's account. In addition there could be brokerage charges if brokers are involved and these could be in the range of 2-5% of the transaction value.
Value Added Tax on acquisition	All types	There are no Value Added Taxes in the UAE.
Capital allowances / tax depreciation	All types	There is no income or capital gains tax in the UAE. Capital allowances / tax depreciation are based on international accounting norms.
Taxation of rents	All types	There is no tax on rental income in the UAE.
Deduction of expenses		Deductions are based on international accounting standards with no effect from a tax angle because of no incidence of taxes.
Deduction of interest		Deductions are based on international accounting standards with no effect from a tax angle because of no incidence of taxes.
Wealth taxes	All types	There is no incidence of wealth tax in the UAE.
Inheritance and gift taxes	All types	There are no inheritance or gift tax applicable in the UAE
Other taxes on property	Freehold Properties	There is no capital gains tax or any tax on rental income in Dubai, making real estate investment return net of tax quite attractive.
Taxation of profit on disposal	All types	There is no capital gains tax applicable in the UAE.
Special companies for	All types	It is recommended to invest in properties in the UAE through a SPV which can be a Jebel Ali, Dubai based offshore company.

property investment		
Tax planning tips	All types	There is no incidence of tax of any kind in the UAE.
Further information		
<p>For further information contact:</p> <p>Ms. Neeta Aidasani Suite 406, Atrium Centre, Khalid Bin Waleed Street Bur Dubai, P.O.Box 23271 Dubai UAE</p> <p>phone +971 4 3517007 fax +971 4 3517157 email neeta@uhyuae.com website www.uhyuae.com</p>		

United Kingdom

United Kingdom	Property type	Requirements
Permissions required by a foreign investor		No permission is required for foreign investment in UK real estate, although non-residents should register with the Inland Revenue to receive rent without withholding taxes.
Types of tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold Grant of Lease	Stamp Duty Land Tax (SDLT) is payable on the transfer by sale or exchange of UK real property at 1% for transfers between £125,000 and £250,000; 3% between £250,001 and £500,000, and 4% above. SDLT is payable on assignment of a lease as above. On the grant of a lease SDLT is charged on the Net Present Value of the rent payable over the whole term of the lease.
Value Added Tax on acquisition	Commercial Residential	VAT is payable on the purchase of a freehold commercial building in the three year period following practical completion or if the vendor formally elects to charge VAT, except in the case of certain rented property. Anti-avoidance rules can invalidate such elections. VAT is not charged on the acquisition of residential property. Conversion relief is available where commercial property is converted to residential use and sold on.
Capital allowances / tax depreciation	Commercial Residential	Capital allowances are available on commercial property as follows: <ul style="list-style-type: none"> • Industrial and agricultural buildings - 4% straight line • Qualifying hotels - 4% straight line • Enterprise zones (all commercial buildings) - 100% first year allowances • Plant and machinery - 25% reducing balance The latter two items may be disclaimed, if beneficial. There are no allowances given for the construction of residential property, although wear and tear allowances may be claimed for equipment provided.

Taxation of rents	All property	<p>Rent is taxable on an accruals basis.</p> <p>UK resident companies - liable to corporation tax at rates up to 30%</p> <p>Non-resident companies - liable to income tax at 22%, unless they are trading in the UK through a branch or agency. If so, they are liable to corporation tax at rates up to 30%.</p> <p>Non-resident individuals - liable to income tax at rates up to a maximum of 40%.</p> <p>Rent paid to a non-resident owner is subject to withholding tax at 22% (on the gross rent) unless the rent is retained by a UK agent or the owner elects to make payments on account under the self-assessment procedures.</p>
Deduction of expenses	All property	<p>Repair and maintenance expenses are deductible unless they are capital in nature. Costs of administration and other costs incurred relating directly to the management of the property are also deductible. Relief for bad debts may be allowed.</p>
Deduction of interest	All property	<p>In general, all interest on loans to purchase or improve let UK property will be deductible from rental income. Interest paid to a non-UK lender may be liable to withholding tax at 22%. Relief for interest payable to a connected party abroad may be restricted or timing delayed.</p>
Wealth taxes		<p>There is no wealth tax in the UK.</p>
Inheritance and gift taxes	All property	<p>A non-UK domiciled individual is liable to UK Inheritance tax (IHT) on certain lifetime gifts of UK property and on the value of UK property on death. Loans secured on the property are deductible in computing the IHT payable. Transfers between spouses are normally exempt (unless only one is non domiciled in the UK) and the first £234,000 of chargeable transfers is effectively exempt from IHT. UK domiciled individuals are liable to IHT on their world-wide estate.</p> <p>(i.e. a 0% rate applies).</p>
Other taxes on property	Commercial	<p>Local authorities levy annual taxes known as uniform business rates. Water rates may also be levied.</p> <p>Council Tax is charged on-residential property by the local authority, and water rates by the water company.</p>
Taxation of profit on disposal	All property	<p>UK resident companies are liable to corporation tax at rates up to 30%. Companies and individuals not resident in the UK are not normally liable to UK tax on disposal of UK real estate held</p>

		<p>as an investment. However, there are some important exceptions: - if the asset is part of a UK branch - if anti-avoidance provisions apply where the property was acquired wholly or mainly to realise a gain on disposal. If a non-resident company or individual is considered to be trading in UK property that person will be liable to UK tax on the trading profit as income.</p>
Special companies for property investment		<p>There are no special types of company for investment in UK real estate, although many investors will set up a separate company for each property held. Limited liability partnerships are also becoming popular vehicles in which to hold property, where the ownership is to be shared.</p>
Tax planning tips		<p>Use offshore companies for investment properties to avoid UK tax on disposal and IHT for non-UK domiciled individuals.</p> <p>Buying the shares of a company owning the property might reduce stamp duty to 0.5%.</p> <p>Non-domiciled individuals can reduce the liability to IHT by financing the property with a secured loan.</p> <p>If part of the purchase price for commercial property can be identified to be for plant and equipment tax depreciation may be increased.</p> <p>The commercial occupation of woodlands is not chargeable to income tax, nor are the proceeds liable to capital gains tax. Furthermore woodlands held as a business would qualify for 100% business property relief for IHT purposes.</p>
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Unites States of America

USA	Property Type	Requirements
Permissions required by a foreign investor		No federal government approvals are needed by a foreign investor, although certain investments need to be reported to the US Commerce Department. Investments in agricultural land should be reported to the US Secretary of Agriculture. Individual states may impose ownership restrictions and reporting requirements on foreign investors.
Types of Tenure		Freehold Leasehold
Transfer taxes on acquisition	Freehold/ Leasehold	There is no federal stamp duty payable on the acquisition of US real estate; however, certain states impose transfer taxes and/or mortgage recording taxes.
Value Added Tax on acquisition	All Property	The United States does not have a Value Added Tax.
Capital allowances/tax depreciation	Commercial	Commercial property is depreciated over 39 years (straight line). Single purpose agricultural and horticultural buildings are depreciated over 10 years and farm buildings over 20 years. The proportion of a building's cost which relates to personal property (fittings) can be depreciated over 5 to 7 years.
	Residential	Residential property for letting may be depreciated over a period of 27.5 years (straight line).
Taxation of rents	All property	US resident companies – liable for corporate income tax on net profit up to 35%. Nonresident companies – liable for corporate income tax on net profit up to 35% and, in addition, for branch profits tax unless protected by a double tax treaty. Nonresident individuals are liable for federal income tax on net profit up to 35%. State income taxes are normally payable in addition.
Deduction of expenses		Repair and maintenance expenditure is normally deductible from rental income in the period in which it is incurred. Expenses of management of the real estate itself and state and local property taxes are also deductible. Directors' remuneration is normally regarded as an expense of the company and is normally deductible to a US corporation and to a non-US corporation which has a US trade or business. A foreign investor's ability to deduct a net rental loss against other US course income may be restricted under the "passive activity"

		limitation.
Deduction of interest		Interest payable on borrowings to acquire US real estate is deductible against rental income if the owner is engaged in a US trade or business. Interest is deductible whether paid to a US or a non-US lender, but a withholding tax of 30% applies to interest paid to a non-US lender unless reduced by a tax treaty.
Wealth taxes		The United States does not impose a wealth tax.
Inheritance and gift taxes		Non-US domiciled individuals are liable for US Estate and Gift taxes on the value of gifts of US real estate and on US real estate passing on death. For 2006, the rates of tax are progressive, the maximum rate being 46% on taxable estates in excess of US \$2 million. Transfers to a US domiciled spouse are exempt from tax.
Other taxes on property		States and local authorities may impose annual taxes on real estate, usually based on an assessed value.
Taxation of profit on disposal		<p>US resident corporations are liable for corporate income tax at up to 35%. Nonresident corporations are liable for corporate income tax at up to 35% and to branch profits tax at 30% unless protected by a double tax treaty.</p> <p>The purchaser from a nonresident is generally required to withhold tax equal to 10% of the purchase price.</p> <p>Gain from sale by resident and nonresident individuals is subject to individual income taxation.</p> <p>Generally the tax rate is 15% of the appreciation (sales price minus original cost basis) and 25% on the unrecaptured depreciation.</p>
Special companies for property investment		Real Estate Investment Trusts (REITs) are special corporations suitable for owning US real estate and mortgages secured on it. However, the stock of a REIT must be widely owned (at least 100 shareholders) and must not be controlled by five or fewer stockholders.
Tax planning tips		<p>The use of a nonresident company to hold real estate or to own stock of a US corporation holding real estate, avoids US estate and gift taxes.</p> <p>For profitable properties, ownership by a US corporation avoids branch profits tax.</p> <p>Allocating part of the purchase price to fittings and equipment increases depreciation allowance, but may subject the purchase to state sales tax. A cost segregation study can be performed to provide a basis for accelerating income tax depreciation deductions.</p>

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