

Tax Brochure

Self Employed | 2015



A European Comparison

The AGN European Region conducts annual surveys of corporate taxes, parent companies, self employed, value added (VAT), salary and social security and inheritance taxes. These surveys have been produced for a number of years and provide interesting comparisons from year to year and from country to country and give an insight into trends.

Introduction: Changes in our society over several years have led to a reorganisation of work, especially in the development of self-employed activities, which favour flexibility, entrepreneurial skills and mobility. In this context, it seems important to make comparisons among countries and also to highlight differences in treatment between self employed individuals and employees by comparing this survey with the Salary Taxes Survey.

The objective of the survey is to establish how much of a self employed person's gross salary is left after income tax and social security charges. In addition the survey considers what deductions the self employed person is allowed to make when calculating taxable profits. The survey is based on a married individual with two children, annual gross turnover of €130,000, a new car costing €40,000, a new computer costing €2,000, travel expenses of €10,000 and other business expenses of €8,000 leaving net turnover of €100,000.

Countries Covered: The 2015 survey covers 22 countries, 17 EU Member States (including Isle of Man) as well as, Liechtenstein, Russia, Switzerland, Ukraine, and Turkey.

Results of the 2015 Survey

Income Tax and Social Security: As almost every country surveyed requires self employed persons to pay social security contributions it is clear that in order to make the best comparison it is necessary to consider both tax and social security contributions.

Taking the two of them together shows that Germany leaves the least amount of money in the hands of the individual (35.6%) followed by Belgium (35.7%) and Portugal (45%). The best results are offered by Russia (94%), Isle of Man (82%) and Czech Republic (81%).

VAT Registration is required except in Russia with a registration threshold for majority of the countries.

Depreciation is allowed as a deduction except for the UK (the UK has a capital allowances system rather than a deduction for depreciation).

The allowable depreciation periods vary quite widely. Most countries apply much shorter periods with 6 years being the average for cars and 4 years for computers.

Mortgage Payments are allowed as a deduction in 13 countries. The exceptions being, Cyprus, Germany, Ireland, Liechtenstein, Russia, Slovakia, Sweden, Turkey and the UK.

Social Security Contributions are also a deductible expense in most countries with only the Czech Republic, Ireland, Isle of Man, the UK and Ukraine not allowing a deduction.

Travel Expenses are allowed as a deduction except in Russia.

Entertaining Expenses on the other hand are only allowed as a deduction in 12 countries. They are not allowable in Czech Republic, Greece, Ireland, Poland, Portugal, Russia, Slovakia, Turkey, the UK and Ukraine.

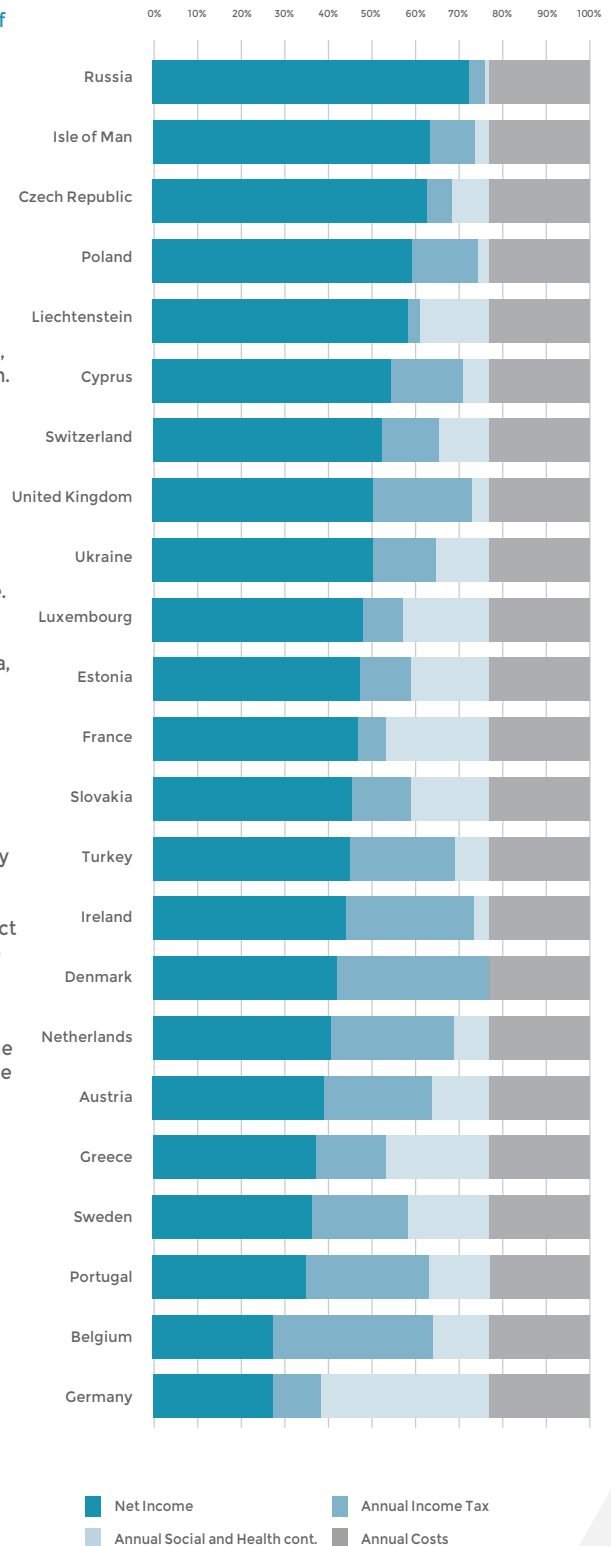
Flat Rate Deductions are allowable in only 8 countries surveyed (Czech Republic, Estonia, Germany, Liechtenstein, Netherlands, Portugal, Slovakia, and Ukraine).

Deductions in respect of the Taxpayer's Children are allowed in 11 of the countries surveyed but are not allowed in Cyprus, Denmark, Greece, Isle of Man, Ireland, Netherlands, Poland, Russia, Sweden, Turkey and the UK.

Non-Working Spouse: A deduction in respect of the taxpayer's non working spouse is also available in 10 countries, the exceptions being Cyprus, Denmark, Germany, Greece, Netherlands, Poland, Portugal, Russia, Sweden, Switzerland, Turkey, and the UK. The most generous jurisdiction appears to be the Isle of Man where €12,183 is allowed.

Conclusion: The survey shows that the rules for taxing the self employed vary widely across Europe making it difficult to determine the most favourable place for a self employed person to live. However, what is clear is that the allowable deductions available to the self employed are considerably more generous than those available to employees.

Before taking or refraining from action in relation to the above, specific professional advice should be taken in the countries concerned.



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Published by AGN International – Europe Limited, a UK Registered Company (No. 4619314)

The European regional organisation of AGN International Ltd, a worldwide association of separate and independent accounting and consulting firms with 684 locations in 90 countries and 13,500 total partners and staff
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Country	Annual tax declaration deadline	Annual social and health contribution	Annual income tax	Net income	Is there an obligation to make Social Security Contributions (Y/N)?	Is there an obligation to make separate Health Insurance Contributions (Y/N)?	Is there an obligation to register for VAT (Y/N)?	Tax Rates and Filing: What is the highest tax rate applicable [%]?	1. Is depreciation allowed as a deduction?			2. Are mortgage payments allowed as a deduction ?		3.Are Social Security & Health Contributions allowed as a deduction (Y/N)?	4.Are travel expenses allowed as a deduction (Y/N)?	5.Are entertaining expenses allowed as a deduction (Y/N)?	11.Are any flat rate deductions allowed (Y/N)?	12. Are deductions allowed in respect of the taxpayer's children (Y/N)?	13. Are deductions allowed in respect of the taxpayer's non working spouse (Y/N)?
									(Y/N)?	a.Cars	b.Computers	(Y/N)?	a.Amount allowed (€) per year						
Austria	31-Dec	€ 17,130.00	€ 31,967.00	€ 50,903.00	Y	Y	Y	50.00%	Y	8	3	N	€ 0.00	Y/N	Y/N	Y	Y	Y	Y
Belgium	30-Jun	€ 16,704.00	€ 47,578.00	€ 35,718.00	Y	N	Y	50.00%	Y	5	3	Y	€ 5,464.00	Y	Y	Y	N	Y	Y
Cyprus	40 days	€ 7,941.00	€ 21,164.00	€ 70,895.00	Y	N	Y	19.00%	Y	5	5	N	€ 0.00	Y	Y	Y	N	N	N
Czech Republic	01-Apr	€ 11,102.00	€ 7,315.00	€ 81,583.00	Y	Y	Y	22.00%	Y	5	3	Y	€ 10,830.00	N	Y	N	Y	Y	Y
Denmark	June	€ 0.00	€ 45,300.00	€ 54,700.00	Y	N	Y	56.00%	Y	4	3	Y	€ 0.00	Y	Y	Y	N	N	N
Estonia	31 March	€ 23,166.00	€ 15,367.00	€ 61,467.00	Y	N	Y	20.00%	Y	4	4	Y	€ 0.00	Y	Y	Y	Y	Y	Y
France	02-May	€ 30,575.00	€ 8,505.00	€ 60,920.00	Y	Y	Y	45.00%	Y	4	3	Y	€ 0.00	Y	Y	Y	N	Y	Y
Germany	31-May	€ 49,944.00	€ 14,450.00	€ 35,606.00	N	Y	Y	44.00%	Y	6	3	N	€ 0.00	Y	Y	Y	Y	Y	N
Greece	30-Jun	€ 30,575.00	€ 21,038.00	€ 48,387.00	Y	N	Y	33.00%	Y	6.66	3.33	Y	€ 0.00	Y	Y	N	N	N	N
Ireland	31-Oct	€ 4,480.00	€ 38,237.00	€ 57,283.00	Y	Y	Y	55.00%	Y	8	8	N	€ 0.00	N	Y	N	N	N	Y
Isle of Man	06-Oct	€ 4,092.00	€ 13,664.00	€ 82,244.00	Y	N	Y	20.00%	Y	15	1	Y	€ 1,924.00	N	Y	Y	N	N	Y
Liechtenstein	15-Apr	€ 20,732.00	€ 3,359.00	€ 75,909.00	Y	Y	Y	24.00%	Y	5.7	4	N	€ 0.00	Y	Y	Y	Y	Y	Y
Luxembourg	31-Mar	€ 25,610.00	€ 11,929.00	€ 62,461.00	Y	Y	Y	43.00%	Y	4	3	Y	€ 1,500.00	Y	Y	Y	N	Y	Y
Netherlands	30-Mar	€ 10,392.00	€ 36,694.00	€ 52,914.00	Y	Y	Y	52.00%	Y	5	5	Y	€ 0.00	Y	Y	Y	Y	N	N
Poland	30-Apr	€ 3,428.00	€ 19,425.00	€ 77,147.00	Y	N	Y	19.00%	Y	5	3	Y	€ 0.00	Y	Y	N	N	N	N
Portugal	31-May	€ 17,869.00	€ 36,568.00	€ 45,563.00	Y	N	Y	54.00%	Y	4	3	Y	€ 296.00	Y	Y	N	Y	Y	N
Russia	4 months	€ 1,257.00	€ 4,743.00	€ 94,000.00	Y	Y	N	13.00%	N	0	0	N	€ 0.00	Y	N	N	N	N	N
Slovakia	31-Mar	€ 23,311.00	€ 17,580.00	€ 59,109.00	Y	Y	Y	25.00%	Y	4	4	N	€ 0.00	Y	Y	N	Y	Y	Y
Sweden	02-May	€ 24,327.00	€ 28,300.00	€ 47,373.00	Y	N	Y	50.00%	Y	5	3	N	€ 0.00	Y	Y	Y	N	N	N
Switzerland	30-Apr	€ 15,000.00	€ 17,000.00	€ 68,000.00	Y	Y	Y	40.00%	Y	4	1	Y	€ 40,000.00	Y	Y	Y	N	Y	N
Turkey	31-Mar	€ 10,000.00	€ 31,500.00	€ 58,500.00	Y	N	Y	35.00%	Y	5	3	N	€ 0.00	Y	Y	N	N	N	N
Ukraine	31-Mar	€ 16,002.00	€ 18,540.00	€ 65,458.00	Y	N	Y	18.00%		5	2	Y	€ 0.00	N	Y	N	Y	Y	Y
United Kingdom	31-Jan	€ 5,174.00	€ 29,353.00	€ 65,473.00	Y	Y	Y	45.00%	N	8	18	N	€ 0.00	N	Y	N	N	N	N