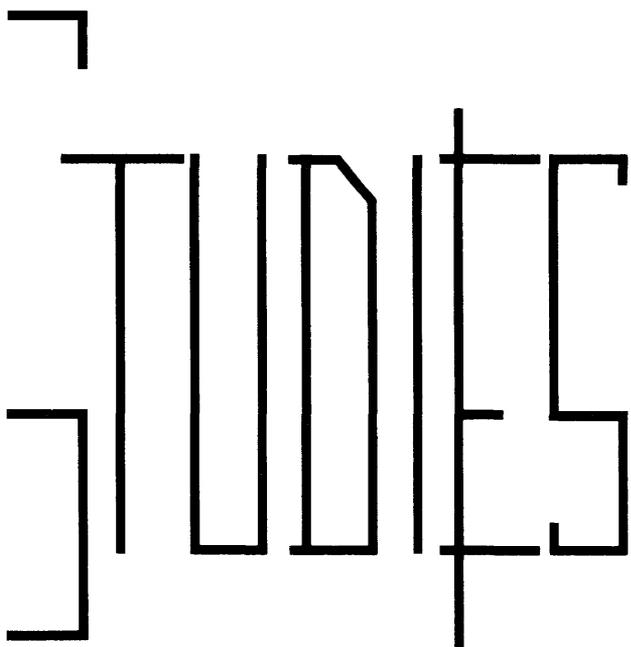




COMMISSION OF THE EUROPEAN COMMUNITIES



*Synoptic tables of the
specific measures taken by
the Member States of the
European Communities
in the field of commerce*

This publication reviews specific provisions relating to commercial activities in the Member States of the European Communities. The tables reflect the situation during the first quarter of 1976. The information collated was supplied to the Commerce and Distribution Division of the Commission of the European Communities by government experts.

Supplements will be published as fresh information becomes available and will be distributed through the same channels.

The publication is available in Dutch, English, French, German and Italian.

Synoptic tables of the
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1. BELGIUM

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

Commerce is governed by the general rules on competition.

1) Principle :

The law on protection against the abuse of economic power applies to undertakings which have a dominant position as regards supplying a market, which is detrimental to the general interest.

2) Dominant position :

No special provisions or rules relating to undertakings having a dominant position on the market, save in case of abuse of that position.

3) Mergers :

No provisions.

4) Special rules applicable to small and medium-sized undertakings :

No provisions.

B. OTHER RULES ON COMPETITION**1. UNFAIR COMPETITION**

Application of the common law of responsibility.

If a shopkeeper, a manufacturer or a tradesman has been put at a disadvantage and lodges a complaint, the Chairman of the Commercial Tribunal orders the discontinuation of the unfair practices ; legal proceedings where the order is not observed.

2. PRICE FIXING

There is no law prohibiting price fixing.

3. POSTING UP PRICES

Applies to products at the retail stage.
Special measures are required for certain products and services.

4. ADVERTISING PRICES

References to other prices or price reductions are subject to the law on commercial practices (Articles 4 and 32 to 34 of the Law of 14 July 1971, MB 30.7.1971).
Misleading publicity is prohibited.

5. BONUSES AND DISCOUNTS

The Law of 14 July 1971 prohibits all joint promotions of products, services or shares, either free or charged, even where both constituents of the offer are of the same category.
The expression "vente avec primes" (gifts with purchases) has disappeared from legal terminology.
However, the law does provide for specific exceptions which are very strictly interpreted.
There are no regulations on price reductions. Discounts have to be genuine.

6. SELLING AT A LOSS

Selling at a loss is prohibited.
Selling at a loss is understood to mean selling at a price which is not at least equivalent to the price at which the article was invoiced or at which it would be invoiced when stocks are laid in. Provision is made for exceptions (winding-up, sales, products likely to deteriorate or products of passing interest, etc.).
Any sale where the result is an exceptionally low yield to the seller is taken to be a sale at a loss.

7. PROMOTION PRICES

No provision.

8. SALES AND WINDING UP

Authorized twice a year in the case of retailers registered in the Trading Register ; winding up sales permitted as laid down by law. False declarations prohibited.

9. HIRE PURCHASE SALES *

Authorized. A minimum down payment of 15 % required. Maximum repayment period fixed for certain categories of goods ; interest rates vary depending on the sum to be financed.

* Legal reference : Law of 9 July 1957 amended on 3 March 1965 and 8 July 1970.
Basic executive decision of 23 December 1957.

10. HOURS OF BUSINESS OF SHOPS

a. Weekly closing day

The Outline Law of 22 June 1960 (MB/BS of 24 June 1960) as amended by the laws of 30 July 1963 (MB/BS of 30 August 1963), 6 March 1964 (MB/BS of 17 March 1964) and 5 July 1973 (MB/BS of 19 September 1973) provides that those sectors wishing to close for twenty-four hours once a week may do so by virtue of a Royal Decree.

b. Evening closing

The Law of 24 July 1973 (MB/BS of 1 September 1973) lays down the times when shops must be closed (before 5 a.m. and after 8 p.m. – 9 p.m. on Fridays and the eve of public holidays) in the case of traders, craftsmen and services.

Not applicable to the hotel and catering industry, fuel trade for vehicles, undertakers, florists, tobacconists, newsagents, railway stations and ports and airports open for international passenger traffic.

Provision is made for exceptions, especially tourist centres and seaside and health resorts.

C. COOPERATION

1. GOVERNMENT MEASURES

The National Cooperation Council set up by the Law of 20 July 1955 (MB/BS of 10 August 1955) encourages measures to promote cooperation and is the official representative of recognized cooperative societies (Royal Decree of 8 January 1962) in their dealings with the public authorities.

This Council operates under the auspices of the Ministry of Economic Affairs and groups cooperative societies of consumers, farmers, producers and the distributive and service trades.

2. OTHER MEASURES

No information.

*Chapter II***RULES ON ESTABLISHMENT****A. TAKING-UP OF ACTIVITIES**

In general, anyone is free to operate a wholesale business. However, since the introduction of the Law on the taking-up of activities of 15 December 1970 (1), requirements as to knowledge of management methods may be set by Royal Decree for commerce as a whole, for a particular sector or for a particular branch. Additional knowledge of the field concerned may be required, but only at the instance of a trade association for the branch concerned. The Conseil Supérieur des Classes Moyennes / Hoge Raad voor de Middenstand (Council for Small Firms and Traders) is also asked to give its opinion (2).

The rules governing the various sectors under the old Law of 1958 were adapted by Royal Decree to the Law of 15 December 1970. The sectors concerned are the trade in cereals produced in Belgium, the wholesale meat trade, the retail trade in solid fuels, bicycles, motorcycles and motorized bicycles, cameras and films and the sale by opticians of optical appliances to improve vision, and trade in fodder and straw.

In addition, under the new Law of 15 December 1970, rules are issued by R.D. for the following branches : the retail trade in liquid fuels, and the second-hand motor vehicle trade.

In addition to the above-mentioned Law of 15 December 1970 on the taking-up of activities – which applies in general to small and medium-sized firms, i.e. those with no more than 20 employees – there are also special rules within the province of various departments, e.g. the sale of poisonous or radioactive products, medicines, alcohol, precious metals, arms and munitions, meat and meat products, dairy produce, etc.

Useful information on this subject can be gleaned from the Circular issued by the Minister for Small Firms and Traders on 25 April 1969 (MB/BS of 8 July 1969).

1. ITINERANT TRADERS

Itinerant traders require an authorization from the Ministry for Small Firms and Traders (itinerant traders card). The applicant must meet the requirements as to character.

B. GENERAL REQUIREMENTS

- Entry in the trade register.
- Must have an account with the Office des Chèques postaux / Bestuur der Postchecks, or with a bank established in Belgium or with one of the institutions referred to in Article 1, sub-paragraph 2, 1^o, of Royal Decree No 185 of 9 July 1925 (Crédit Communal / Gemeentekrediet, CNCP / NKB, CGER / ASLK, etc.).

(1) Published in MB/BS of 20 March 1971 together with the Royal Decree of 25 February 1971 implementing the Law.
 (2) This provision has not been applied so far (Article 4).

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING AND
RENTAL OF COMMERCIAL PREMISES**

A. PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS

In addition to requiring building permission, the building of commercial premises is subject to the issuing of a socio-economic authorization as prescribed by the Law of 29 June 1975 in the case of buildings having a net surface of 750 m² or buildings exceeding 1 000 m² gross (1).

This authorization is issued by the Collège des bourgmestre et échevins (Board consisting of the Mayor and Aldermen) of the municipality in which the premises are to be built, after consultation with two bodies :

- a national socio-economic committee made up of officials, and
- a provincial committee made up of representatives of employers and employees.

These bodies assess the building proposal from four points of view :

- appropriateness from the viewpoint of town planning (balance between the size of the building and the size of the town in which it is to be built – balance between the city centre and outskirts) ;
- the consumer (accessibility, influence on prices, risk of local or regional monopoly, increase in the range of choice) ;
- employment (creation of new jobs for the region, stability of the jobs created, type of jobs, effect on existing jobs) ;
- effects on existing trade (measuring the competitive or complementary effect compared with existing trade).

The procedure lasts 160 days including any appeals which may be made to a joint ministry committee.

Chief references :

- Law of 29 June 1975 ;
- Royal Decree of 8 August 1975 concerning criteria to be considered when examining applications.

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES

1. COMMERCIAL PROPERTY

Leases for commercial premises generally run for 9 years. After 9 years the lessee has a right to renew his lease twice unless he receives compensation for eviction.

2. RULES GOVERNING RENT FOR COMMERCIAL PREMISES

No provision for the freezing of rents for commercial premises, except in the case of special measures of short-term economic policy.

(1) In medium-sized and large urban centres the standard is 1 500 m² net or 3 000 m² gross.

Chapter IV
TAXATION

A. GENERAL TAXATION ON INCOME

Levied on all the taxpayer's income, including income from industrial and commercial activities.

B. TAXATION ON PROFITS – CORPORATION TAX

1) Basis of assessment :

Income of companies, including income from abroad.

2) Rate :

Total profits for the financial year : 30 0/o, but with the following increases or reductions :

- increase of 5 points in the tax on fractions of undistributed profits in excess of FB. 5 million (i.e. 35 0/o) ;
- reduction of 5 points in the tax on fractions of undistributed profits and of non-allowable expenditure not exceeding FB. 1 million (i.e. 25 0/o) ;
- a surcharge on corporation tax on a company when the total taxable income is in excess of FB. 3 million.

Special conditions :

In the case of increases in taxable assets :

- non-exempt capital gains resulting from the sale, during the financial year, of buildings, equipment, shares and investment securities, which belonged to the company for more than 5 years before being sold, and which were invested in Belgium : 15 0/o.
- 95 0/o of the net amount of dividends collected by a company (90 0/o in the case of certain investment companies) are excluded from the basis for assessing tax.

C. VALUE ADDED TAX (VAT)

Rate : 6 0/o (reduced)
14 0/o (intermediate)
18 0/o (standard)
25 0/o (higher).

D. WEALTH TAX

None.

E. LOCAL TAXES

None.

Chapter V
FINANCIAL AIDS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS INTEREST RATES	GUARANTEES	REFERENCES
Craftsmen and traders with no more than 20 employees	A. I - 1) Settling-up, extension, fitting-out loans 2) Working funds II - 1) General aids for the setting up, extension and modernization of undertakings in the general economic interest. 2) Special aids to firms in respect of international competition.	No limit	The interest rates applied are those of the public credit institutions. They vary depending on the term of the loan. The amount of the aid is determined by the state secretaries for regional economy and differs considerably from region to region. It is impossible to list all the advantages granted in a short survey as too many different cases arise. The guidelines for applying the interest subsidy can be obtained for the three regions at the Economic Expansion Department of the Ministry for Small Firms and Trades. No individual aids	Guarantee fund set up by the Law of 24 May 1959 (in the CNCP/NKKB) which is consulted on the grant of loans by the banks, the CNCP/NKB, the SNCI/NMKKN and the CGER/ASLK. In the first instance personal and in the second material security.	Law of 24 May 1959 (MB/BS of 6 June 1959)
Craftsmen			9.75 %/o regardless of term	Government guarantee for the total or partial repayment of capital, interests and costs, does not cover more than 75 %/o if the loan has not been granted by a public credit body.	Law of 17 July 1959 (MB/BS of 29 August 1959)
Small and medium-sized undertakings, craftsmen, liberal professions	1) Normal professional loan (financing of realizable assets and of medium and long-term debts). 2) Loans from the OCCH/CBHK, CGER/ASLK and the CNCP/NKB for the purchase, construction or alteration of buildings. B. Regional aids for operations in the development areas indicated in the Royal Decree of 15 July 1970 C. Recruitment premiums			Guarantee fund set up by the Law of 24 May 1959 (in the CNCP/NKB) which is consulted on the grant of loans by the banks, the CNCP/NKB, the SNCI/NMKKN and the CGER/ASLK. In the first instance personal and in the second material security. Government guarantee for the part beyond 60 %/o or 50 %/o of the cost of purchase, construction or alterations	Law of 24 May 1959 (MB/BS of 6 June 1959) Law of 8 March 1954 (MB/BS of 5-6 April 1954)
			Reduction of 5 %/o in the interest rate, this reduction being financed by the Government, on 75 %/o of investments encouraged during a maximum of 5 years.		Law of 30 December 1970 (MB/BS of 1 January 1971)
			FB. 15 000 for 3-5 years per employee recruited by firms with no more than 10 employees in one of the areas listed in the Royal Decrees of 27 November 1959 and 17 February 1967.		Law of 30 December 1970 R.D. of 23 January 1975 (MB/BS of 5 February 1975)

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

1. PERSONS EMPLOYED IN COMMERCE

No specific measures for persons employed in commerce within the framework of the general social security schemes.

Legislation in the social field is designed to provide persons employed in undertakings of all sizes with the same social benefits, while avoiding an excessive burden on the wages costs of small and medium-sized undertakings as a result of expenditure in the social field.

2. SELF-EMPLOYED HEADS OF BUSINESSES

a. Sickness Insurance

1) System :

Compulsory, but limited to major risks (1). (Law of 9 August 1963, MB/BS of 1 and 2 November 1963, R.D. of 30 July 1964, MB/BS of 13 August 1964).

2) Contributions :

A contribution to cover all social benefits is fixed according to the level of income from occupational activities, such income being linked to the price index, with a lower and upper limit.

The percentage used as a basis for calculating the amount to be repaid varies. As at 1 January 1975 it stood at 13.40 % for all benefits (7.03 % for pensions, 3.51 % for family allowances, 2.86 % for sickness insurance).

The percentage is lower in the case of supplementary activities such as those exercised by self-employed persons and in the case of persons of pensionable age who continue to work (Royal Decree No 38 of 27 July 1967, MB/BS of 29 July 1967).

3) Contribution from the State :

The State pays :

95 % of the cost of treating social diseases ;

25 % of daily hospitalization costs + contribution of 27 % of the expenditure.

(1) Definitions to be found in the national provisions.

b. Disability and Old Age

Compulsory (R.D. of 20 July 1971, MB/BS of 7 August 1971).
Flat-rate daily allowance for those unfit to work.

c. Old Age and Survivors

Compulsory (see Sickness Insurance : single contribution).

Contribution from the State :

Annual contribution from the State (R.D. No 72 of 10 November 1967, MB/BS of 14 November 1967).

d. Industrial Accidents

None.

e. Unemployment Insurance

None.

f. Family Allowances

1) System :

Compulsory.

2) Contributions :

See sickness insurance ; single contribution.

3) Contribution from the State :

Annual subsidy (Law of 10 June 1937, MB/BS of 13 June 1937 – R.D. of 22 December 1938, MB/BS of 4 February 1939).

B. OTHER FORMS OF SOCIAL SECURITY

Law allocating a social advancement allowance (Law of 1 July 1963).

This law provides for the payment of social advancement allowances to paid employees. Article 5 extends the application of the law to self-employed persons and assistants. Social advancement allowances are allocated by the Ministries of Agriculture and for Small Firms and Traders.

- 1) To young self-employed persons and assistants (aged 16-25) in the agricultural, craft, commercial and industrial sectors and in the liberal professions and public services, who, in order to continue their intellectual, moral and social training, follow courses relating to professional economic, social and civic life and vocational training courses. Courses given by the following organizations are approved : recognized youth organizations, recognized agricultural organizations or national associations of one or more trades. The allowance is FB. 40 per hour, with a maximum of FB. 1 200 per annum.

- 2) To self-employed persons and assistants in the agricultural, craft, commercial and industrial sectors and in the liberal professions and public services, holding a certificate or a diploma proving that they have successfully completed a full course of study, and, for the years of study during which they no longer receive a family allowance, to apprentices who have finished their apprenticeship and who are following courses to improve their professional qualifications.
 Approved courses are technical courses for a particular trade given by the technical education authorities, courses in the plastic arts, training and management courses and training and further training courses (agricultural sector). For the first three years of the course the allowance is FB. 800 per year with an overall ceiling of FB. 4 000.
 In the final year the allowance is FB. 5.35 per hour of course, with a ceiling of FB. 800 per year and an overall ceiling of FB. 4 000.

Chapter VII

VOCATIONAL TRAINING AND FURTHER TRAINING

A. VOCATIONAL TRAINING

Not compulsory.

Vocational training can take one of two forms :

- 1) State-organized or State-subsidized secondary-technical and vocational education.
- 2) Vocational training on completion of the period of compulsory education.

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

1) In a firm :

Training may not be given in a firm during the period of compulsory education.

2) At school :

The first stage in the period of compulsory education (to the age of fourteen) consists of primary education (usual age on completion of primary education 12 years) ; subsequently, secondary, secondary-technical or vocational education is provided.

Vocational training courses including technical training courses, may be followed as part of the secondary stage (there is a commerce or sales section in the lower secondary-technical stage and a commerce, accounting or distributory trades section in the upper secondary-technical stage) ; alternatively, pupils may attend a vocational training school (école professionnelle / beroepsschool) (as regards commerce, there is a section for clerical work).

These schools come under the Ministries of Education.

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

1) In a firm :

Another path may be followed after the period of compulsory education i.e. “vocational training” proper. This consists of practical training in a firm, general studies classes and vocational training, with an end-of-course examination (the certificates are recognized by the Minister for Small Firms and Traders).

The training is in two stages :

a) Professional Qualification :

This is the usual method of gaining access to business management (i.e. becoming an employer). It is based on the apprenticeship contract. Under the terms of this contract apprentices undertake to follow a practical course of training in a firm for a specified length of time and subject to certain conditions, under the guidance of the contracting employer (usually for four years, less in certain circumstances). In addition, they follow general courses and vocational training courses.

The apprenticeship secretariats act as intermediaries regarding contracts and take responsibility for the apprentices' moral and social guidance and their teaching.

Regional committees supervise the apprenticeship secretariats.

The apprenticeship secretariats and trade associations organize the vocational training courses.

Examinations are organized by the Regional Committees.

The National Committee co-ordinates and helps to organize the courses. The course organizers are grouped together in a non-profit making organization (ASBL/VZW) "Vocational training and further training centres".

Advantages are granted to the employer (exemption from social security obligations, no obligation to pay a wage (1), exemption from the provincial tax on staff), and to the apprentice (training allowance, annual holidays, regarded as a dependent person for sickness-invalidity insurance schemes, entitlement to family allowances until the age of 21, suspension of military obligations, State grant towards textbooks and travelling expenses entailed in following the courses).

b) Business management training :

The principle remains the same but training is slanted towards business management, economics and sales promotion, for the training of future managers.

Unlike the situation in a) above, there is no contract involved and no responsibility is assumed. The training course lasts two or three years.

Vocational training comes within the province of the Minister with responsibility for Small Firms and Traders.

2) At school :

See 1.2). Vocational training given at school follows on after the compulsory school leaving age. Lower secondary education lasts three years, as does the higher secondary stage.

(1) However, the employer is required to pay the apprentice a minimum allowance, which is fixed on a monthly basis and raised for each six months of training. By Ministerial Decree this sum can be adjusted in line with the consumer price index (M.D. of 4 April 1974 amending that of 15 January 1960, MB/BS of 17 April 1974).

B. VOCATIONAL FURTHER TRAINING FOR ADULTS

1. FURTHER TRAINING FOR SELF-EMPLOYED PERSONS

1) Full-time courses :

None.

2) Part-time evening classes :

Vocational training is provided to help self-employed workers in the field of business management. Conferences, symposia, and seminars (dealing with economics and technical matters) are organized by trade associations. The regional committees and the National Committee for Vocational Training may help to organize and plan these conferences.

2. VOCATIONAL FURTHER TRAINING FOR PAID EMPLOYEES AND MANAGERIAL STAFF

1) Full-time courses :

None.

2) Part-time evening classes :

Managerial staff may follow the vocational further training courses organized for self-employed persons. The Ministry of Employment and Labour organizes further training courses for paid employees.

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

1. BUSINESS MANAGEMENT ADVISORY SERVICES

Technical assistance for firms is provided by the business advisory service of the Institut économique et social des classes moyennes / Economisch en sociaal instituut voor de middenstand.

2. COMPARATIVE BUSINESS STUDIES

None.

2. DENMARK

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*Chapter I***RULES ON COMPETITION****1. PROCEDURE FOR AGREEMENTS (GENERAL)**

Commerce is subject to general legislation as regards monopolies and restrictions on competition.

1) Principle :

To prevent unfair prices and conditions of business and to ensure the best possible conditions for the freedom of trade, by means of public supervision.

2) Dominant positions :

Arrangements and agreements must be reported to the monopolies commission when they exert or could exert a considerable influence on prices, production, business conditions or transport in the country as a whole or on local markets.

Steps may be taken against arrangements and agreements which restrict competition when they cause or may be considered to cause unfair prices or business conditions, excessive restriction of the freedom of trade or excessive inequality in the conditions of trade.

Individual companies can be required to register with the monopolies commission when they exert or could exert a considerable influence on prices, production, business conditions or transport in the country as a whole or on local markets.

Steps may be taken against restrictions on competition on the part of these companies when they cause or may be considered to cause unfair prices or business conditions, excessive restriction of the freedom of trade or excessive inequality in the conditions of trade.

3) Mergers :

There are no special rules on mergers. The monopolies commission can take action against restrictions on competition (arrangements, agreements or market dominance) arising from financial mergers when these cause or may be considered to cause unfair prices or business conditions, excessive restriction of the freedom of trade or excessive inequality in the conditions of trade.

4) Special rules applicable to small and medium-sized undertakings :

No special regulations.

B. OTHER RULES ON COMPETITION

1. UNFAIR COMPETITION

The Marketing Practices Act, which on 1st May, 1975 replaced the former law on unfair competition contains a general clause prohibiting activities contrary to fair marketing practice. The act gives certain examples of the use of this clause. The rendering of discounts is thus only allowed under certain conditions. Free gifts or similar bonuses granted on purchases by the consumer are banned unless the free gift is of negligible value. (The monopolies commission can according to the monopoly legislation in the event of a restriction on competition, take direct action against the granting of discounts and free gifts which involves different treatment of individual customers or groups of customers). Further guarantees shall be given only when such guarantee affords the consumer a better legal position than otherwise provided for by existing legislation. Finally the distribution of prizes by the drawing of lot, prize competition etc. is not allowed where the results are totally or partly dependent on chance.

Another important change in relation to previous law is that the detailed conditions for sales have been abolished.

Violations of the act can be penalized.

The act sets up a consumers' ombudsman to examine trade practices and impose a ban on action contrary to good commercial practice.

According to the Consumer Complaints Board Act, which came into force on 1 June, 1975, a general complaints board has been established. The aim is to provide for a speedy and inexpensive treatment of consumer complaints with regard to goods and services (also public).

2. RESALE PRICE MAINTENANCE

Resale price maintenance is illegal.

The monopolies commission may give special permission for resale price maintenance where there are important reasons for it. This dispensation is granted in the case of tobacco, books, music, daily and weekly newspapers, periodicals and steel covered by the authorization provided in Article 63 of the ECSC Treaty.

3. PRICE-MARKING

The monopolies commission can lay down rules on price-marking, on invoicing and on documenting price calculations when these measures are considered to be a suitable means of encouraging competition. The regulations applying to this sector are laid down in the general legislation on monopolies and restrictions of competition and in Law No. 59 of 15 February 1974 on prices and profits.

These provisions are applied to the following goods and services : spirits (served in restaurants), fruit, vegetables and potatoes, fish, meat, poultry and salads etc., hotels (room prices), bread and cakes, radio and television, certain rough linens and hairdressing establishments.

4. PUBLICATION OF PRICES

The monopolies commission can advise the public about prices and price differences for important consumer goods without specifying the name of the concerns. The regulations governing this are laid down in Law No. 59 of 15 February 1974 on prices and profits.

5. GIFTS AND DISCOUNTS

Free gifts or similar bonuses granted on purchases by the consumer are banned unless the free gift is of negligible value. This applies irrespective of whether the free gift is of the same type as the main article or not.

Arranging discounts is only permitted after receiving permission from the Minister of Commerce.

The granting of discounts is otherwise permitted.

The monopolies commission can, in the event of a restriction on competition, take direct action against the granting of discounts and free gifts which involves different treatment of individual customers or groups of customers.

6. LOSS SELLING

No special regulations.

7. LOSS LEADER PRICES

No special regulations. Under the general legislation relating to monopolies and restrictions on competition, the monopolies commission can, if the case arises, examine whether loss leader sales are taking place and the extent to which this should be taken into account. In practice, these cases have only arisen in connection with complaints about refusals to deliver goods. Delivery orders cannot be carried out where loss leader sales are taking place.

8. CLEARANCE SALES AND LIQUIDATION

End-of-season sales can only be held for specific periods and can take place either twice a year for a maximum of one month each time or once a year for a maximum of two months.

Apart from this clearance sales may only be held for the following reasons :

- 1) complete closure of the store
- 2) takeover of a store
- 3) change of premises
- 4) conversion, that can be compared with a change of premises
- 5) clearance of damaged goods
- 6) clearance of goods purchased from bankrupt companies, companies in liquidation or a deceased person's estate.

9. HIRE PURCHASE

Minimum deposit of 20 % of the hire-purchase prices. Special rules for books. No rules about maximum rates of interest or credit period.

10. HOURS OF BUSINESS OF SHOPS

The regulations on retail hours are laid down in the legislation on closing, Law No. 264 of 10 June 1970.

The main rule is that shops may remain open on weekdays in the period between 06.00 and 17.30 hours, on Fridays until 20.00 and on Saturdays until 14.00.

Some types of shop are not covered by the law and can remain open round the clock.

DK-8

The local authority can lay down longer opening times, e.g. in holiday resorts.

Working hours are fixed every two years by agreement between employer and employee representatives.
At the moment they are 40 hours a week.

C. *COOPERATION*

Both producer and consumer cooperatives are subject to the general legislation on monopolies and restrictions of competition.

Chapter II

RULES ON ESTABLISHMENT

A. *TAKING-UP OF ACTIVITIES*

The regulations on self-employed occupations like shopkeeper, craftsman or industrialist are contained in the trade act, Law No. 212 of 8 June 1966.

Anyone carrying on one of these trades shall have a licence issued by the appropriate police official on Copenhagen corporation.

As a rule, persons have a right to this licence when they

- 1) have Danish nationality,
- 2) are resident in the country,
- 3) have reached the age of majority.

The Minister of Commerce can grant exceptions to these conditions.

Joint-stock companies registered in Denmark are entitled to a licence. The same is true in certain conditions for other limited companies based in the country, along with branches of foreign companies.

The request for Danish citizenship is subject to various international agreements and to regulations laid down by the Minister of Commerce.

The special restrictions on foreign citizens, companies, branches etc. forbidding them to carry on trading, artisanal and industrial activities do not apply to persons, companies etc. which enjoy the benefit of the EEC rules on the right of establishment and the provision of services.

Personal solicitation for orders for goods to be delivered subsequently from permanent business premises or for the performance of artisanal or industrial tasks as a rule may take place only at the customer's previous request.

Only natural products of agriculture, animal husbandry and fisheries along with a number of other goods may be sold by means of hawking.

B. *GENERAL OBLIGATIONS*

Partnerships, limited partnerships and limited companies are to be recorded on the trade register while joint-stock companies are recorded on a special register. The establishment of one-man concerns may be recorded on the trade register though this is not compulsory.

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES**

A. *PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS*

Commercial centres can only be established on sites reserved for this purpose under town planning regulations.

Town planning regulations must conform to the regional plan, are drawn up by the appropriate local authority, are based on the town planning law and must be approved by the Ministry of the Environment.

Anyone wishing to establish himself in the commercial sector can perform construction work in accordance with the provisions of the town planning laws dealing with location, size etc. and other provisions applying to the construction of buildings for commercial purposes.

B. *PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES*

No special regulations.

*Chapter IV***TAXATION****A. GENERAL TAXATION ON INCOME**

Income tax applies to all taxpayers' incomes except in the case of legal persons (corporations) subject to corporation tax.

B. TAXATION ON PROFITS – CORPORATION TAX

The assessment basis is the company's total income. The current rate is 36 % of the amount by which the taxable income exceeds deductions.

Deductions make up half the company's taxable income to a maximum of 2,5 % a year of the company's paid-up capital.

Rules of exemption :

1) Exemption for activities abroad :

This exemption is conditional on the company proving that a certain proportion of its taxable income results from net income realized from activities abroad and calculated according to Danish rules. If the company can prove this, the calculated income tax is reduced by half the tax total, which corresponds to the specified proportion of income.

2) Exemption for subsidiaries :

When taxable income contains proceeds from other firms, either Danish or foreign, a subsidiary company exemption can be granted on application subject to certain conditions. This is granted to the parent company in the form of a remission of the part of the tax corresponding to the ratio between the proceeds received and the taxable income. But the amount granted may not exceed the amount which the subsidiary is obliged to pay in tax on the proceeds to the parent company. Exemption can only be granted when the parent company has owned at least 25 % of the subsidiary's share capital during the whole of the financial year in which the proceeds were received.

In special circumstances, the subsidiary company exemption can be granted for more than the amount specified above on condition that the parent company's only activity is to own and administer the subsidiary's shares and that the parent company has owned at least 25 % of the subsidiary's share capital during the whole of the financial year in which the proceeds were received.

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C. VALUE ADDED TAX (VAT)

Rate : 15 %/o.

D. WEALTH TAX

None.

E. LOCAL TAXES

None.

Chapter V

FINANCIAL AIDS

A. LOANS FOR MODERNIZING AND RATIONALIZING RETAIL FOOD SHOPS

Paragraph 3 (3) of Law No. 85 of 31 March 1953 on the establishment of a productivity fund states that the Minister of Commerce can grant up to 4 million kroner (on a revolving basis) from the productivity fund for loans to modernize and rationalize retail food shops following nomination by the committee referred to in Paragraph 4 (2) of the same law.

The Ministry of Commerce's regulation No. 219 of 21 July 1953 on loans for specific commercial activities, as amended by its regulations Nos. 257 and 283 of 20 July 1954 and 20 July 1966 respectively, states that loans are granted to cover part of the expenditure incurred in converting a shop into a wholly or partly self-service store. Loans will not be granted for expenditure connected with considerable extension of a shop's floor space or with important changes in its technical installations. The shop must therefore already be so large that conversion into a self-service store appears reasonable. Loans will not normally exceed 100.000 kroner and are normally granted for up to three years, or up to five years in exceptional cases.

The rate of interest on the loans is 5 0/o per annum though instalments may be waived in the first six months.

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	LEGAL BASIS
Retail food shops.	Partial cover of expenditure converting a shop into a wholly or partly self-service store.	Maximum of 100 000 kroner.	3 years, or 5 years in special conditions. Interest instalments waived for a maximum of six months.	5 0/o p.a.	—	Law No.85 of 31 March 1953 and the Ministry of Commerce's regulations No 219, 257 and 283 of 21 July 1953, 20 July 1954 and 20 July 1966 respectively.

B. LAW No. 224 OF 8 JUNE 1966 ON GUARANTEES FOR CREDIT INSTITUTES WITHIN THE RETAIL TRADE SECTOR

This aid system should be recorded here for completeness, but cannot be entered on the form as no mention is made of direct public assistance for retail trade ventures, only of issuing guarantees for commitments made by credit institutes in the retail trade sector.

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

There are no special welfare regulations for persons employed in commerce, as Denmark has general welfare regulations covering the whole of the population.

However, attention should be drawn to the fact that the self-employed businessmen do not always have the same social security as other sections of the population; reference may be made in this connection to the EEC Commission's investigation into social security in the new Member States.

B. OTHER MEASURES

None.

*Chapter VII***VOCATIONAL TRAINING AND FURTHER TRAINING****A. VOCATIONAL TRAINING****1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION**

The directorate of private education has no education courses for children of school age (nine years compulsory attendance).

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

Vocational training courses in industry, commerce and trade in accordance with the law of 4 June 1964 on the authorization of schools of commerce, technical schools and schools of engineering and on subsidies etc. to these schools.

B. VOCATIONAL FURTHER TRAINING FOR ADULTS**1. FURTHER EDUCATION FOR THE SELF-EMPLOYED**

Course to train members of craft professions and special basic courses for the special State-supervised courses conducted by schools of commerce in accordance with the Education Ministry's circulars and regulations on this type of education.

1) Full-time:

None.

2) Part-time:

A large number of commercial trading organizations arrange day-time and evening courses, seminars, conferences etc., mainly of short duration, though some courses last several weeks. Most of these courses deal with various questions connected with the organization and management of retail shops. Many of the commercial trading organizations have appointed consultants to help with the conduct of these courses, along with other duties, and a subsidy of approximately 50 % of the consultants's wages and travelling expenses is paid from public funds in accordance with the technological services law of 21 March 1973.

2. FURTHER TRAINING OF EMPLOYED STAFF**1) Full-time :**

None.

2) Part-time :

Most of the courses arranged within the commercial sector are open to both the self-employed and the employed. But a number of courses aim more specifically at various groups, such as staff responsible for selling, finance etc.

In certain cases the Ministry of Labour awards a subsidy of 85 0/o of the expenses of approved further education courses conducted by trained staff, including those engaged in commerce.

C. *BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES*

The technological institutes in Copenhagen and Århus are responsible for the administration of this sector.

1. FINANCIAL ASSISTANCE FOR CONSULTANCY SERVICES

Under the technological services law of 21 March 1973, commercial trading organizations and other bodies hiring the services of a consultant can obtain a subsidy to cover part of the consultancy costs. The subsidy amounts to approximately 50 0/o of the consultant's fees and travelling expenses.

At present there are approximately 90 trade consultants for whose services grants can be awarded under the above-mentioned law. The consultants' duties cover both individual consultation and collective assistance in the form of courses, publications, examinations etc.

2. COMPARATIVE BUSINESS STUDIES

Many of the trade consultant services conduct examinations which aim both at giving individual company-owners a standard of comparison for improving the position of their companies and providing a basis for the consultants' advice.

3. GERMANY

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

Commerce is governed by the general rules on competition. The Law prohibiting restraints of competition was fundamentally changed on 3 August 1973 to deal more effectively with the genesis and abuse of dominant positions and to facilitate cooperation between small and medium-sized firms.

1) Principle:

General ban on cartels, concerted practices, recommendations. The following may be authorized by the cartel authority: agreements on terms of sale, discounts and exports, specialization, rationalization and middle-class agreements. The cartel authority may also authorize rules on competition established by business and trade associations to promote competition based on relative efficiency (*Leistungswettbewerb*). Recommendations by small firms ("*Mittelstandsempfehlungen*") and non-binding recommended prices are allowed.

2) Recommended prices:

Resale price maintenance for branded goods has been banned since 1 January 1974. However, producers of branded goods may recommend non-binding prices for the resale of these goods without notifying the cartel authority.

3) Recommendations by small firms: (*Mittelstandsempfehlung*)

Associations of small- and medium-sized firms may issue recommendations as to general business policy, e.g. advertising, including information on prices, if the recommendations serve to promote these firms' competitiveness with large firms. The recommendations need not be notified.

4) Supervision to prevent abuse, ban on discrimination, merger control:

Firms with a dominant position in the market are supervised to prevent abuse and are not allowed to discriminate. The Second Cartel Law Amendment of 1973 extends this anti-discrimination rule to firms whose suppliers or clients are so dependent on them that they do not have sufficient and reasonable opportunities to trade with other firms.

Mergers must be registered if the firms concerned control 20 % or more of the market, have 10 000 or more employees or a turnover of at least DM.500 million. Under the Cartel Law Amendment of 1973 merger control is compulsory where the merging firms' combined turnover is at least DM.500 million. For trading companies, publication and vetting are compulsory where the turnover amounts to at least DM.666 million.

B. OTHER RULES ON COMPETITION

1. UNFAIR COMPETITION

There is a law to guarantee fair competition (Law prohibiting unfair competition).

In the event of unfair practices, e.g. misleading advertisements, it is possible to petition for a restraining injunction and to sue for damages. The Law provides for the setting up of arbitration bodies in the chambers of industry and commerce to settle disputes and thus reduce the number of legal proceedings.

2. RECOMMENDED PRICES

See A. 2).

3. DISPLAY OF PRICES

Prices of all goods for sale to the final consumer must be displayed. There are exceptions as regards a few goods. Prices of certain services must also be displayed.

4. ADVERTISING OF PRICES

Regular offers to the final consumer must contain information on prices (Order concerning price information of 10 May 1973). In the event of misleading information on the calculation of prices or concerning price lists, there is the possibility of a petition for a restraining injunction under Paragraph 3 or punishment under Paragraph 4 of the Law prohibiting unfair competition (UWG) as last amended by the Law to introduce the penal code of 2 March 1974 (EGStGB) and the Law on the relaxation of jurisdiction of 10 March 1975 (Zuständigkeitslockerungsgesetz).

5. BONUSES AND DISCOUNTS

1) Rules on bonuses :

(Reichspräsident Order for the protection of the economy. Part one : Gifts. Last amended on 2 March 1974 by the EGStGB).

Gifts are prohibited as a general rule except for, among other things, advertising gifts and trinkets of small value, accessories which are customary in the trade concerned, as well as discounts for cash and bulk-buying.

2) Law on discounts :

Law on discounts, as last amended on 2 March 1974 by the EGStGB, and the Implementing Order of 21 February 1934.

The final consumer may be given a discount for cash payment (3 % maximum).

Discounts may also be granted for purchases of large quantities in accordance with the practice in the trade concerned, special (functional) discounts to trade users, and special discounts for large-scale consumers and the personal requirements of staff.

6. SALES BELOW COST

No rules.

7. PROMOTIONAL PRICES

In general, promotional prices are authorized, but they must comply with the provisions of the Law prohibiting unfair competition.

8. CLEARANCE SALES AND LIQUIDATION

Governed by the Law prohibiting unfair competition and by the relevant implementing orders.

1) Clearance sales :

Only closing-down sales or clearance sales for certain categories of goods.

2) Liquidations :

Authorized only under certain conditions (Paragraph 9 (a) of the UWG, Decree to regulate special trade events of 4 July 1935).

3) Special offers :

Authorized for specified products normally sold by the firm ; no time limit allowed.

4) End-of-season sales :

Authorized for 12 days for certain categories of goods, pursuant to the Order on end-of-season sales of 13 July 1950 (Amended by the Order of 28 July 1969).

9. SALE ON HIRE PURCHASE

The Law on payment by instalments of 16 May 1894 as amended on 15 May 1974 (right of rescission) requires the purchaser to make a written declaration of intent, lays down its minimum contents, gives the purchaser the right to rescind within a week without penalty, and the conditions and consequences of rescission. It lays down neither the amount of the deposit, the rate of interest nor the period of the loan.

10. HOURS OF BUSINESS OF SHOPS

1) Hours of shops :

These are laid down in the Shops Closing Time Law of 28 November 1956 as last amended by the EGStGB of 2 March 1974 and the Law on the relaxation of jurisdiction of 10 March 1975.

2) Hours of business :

Monday to Friday : 07.00 hours to 18.30 hours
Saturday : 07.00 hours to 14.00 hours,

except on the first Saturday of each month and the last four Saturdays before 24 December (07.00 hours to 18.00 hours). Exceptions are provided for in the Law and various national and regional regulations.

C. COOPERATION

1. GOVERNMENT MEASURES

1) Measures taken by the Federal Government :

- Publication of a cooperation handbook.
- "Cooperation Exchange" run by the RKW.
- Discussion Group on cooperation ("Gesprächskreis Kooperation") comprising members of the central associations for trade and industry, the RKW, and representatives of the public authorities.
- Wherever possible, loans from ERP resources are granted for cooperation projects.

2) Measures taken by the Länder :

- North Rhine-Westphalia :
 - subsidies to the "RKW Land Group" for the development and implementation of an action programme designed to promote cooperation.
 - Aids for basic surveys in the field of cooperation.
 - Aids for surveys on cooperation in certain branches.
 - Aids for lectures in the economics faculties of universities.
- Discussion within the Working Party on Cooperation on experience in the field of cooperation between associations, management consultants and public authorities.
- In certain Länder the "Landesgewerbämter" organize discussions on experience of inter-firm cooperation.
- The system of interest rate subsidies applied in Rhineland-Palatinate is designed to promote cooperation.

3) Joint measures by the Federal Government and the Länder :

Aids in respect of special advisory services in the field of inter-firm cooperation.

2. OTHER MEASURES

None.

Chapter II

RULES ON ESTABLISHMENT

A. TAKING-UP OF ACTIVITIES

- 1) In general, anyone is free to operate a wholesale business; a licence is required only to trade in scrap metal, waste metal or scrap metal tools within the meaning of Paragraph 1 of the Law on trade in base metals of 23 July 1926. Licences are issued only to persons who can show proof of the requisite expertise and good character (Paragraph 2, subparagraph 4).

- 2) The operation of a retail business is governed by the following rules:
 - a) The basic regulation is the Law on the operation of retail businesses (EHG) of 5 August 1957. Paragraph 3 of the EHG provides that anyone wishing to operate a retail business must obtain a licence, which is granted only to persons providing evidence of expertise and good character. However, the Federal Constitutional Court has ruled the expertise requirement unconstitutional as regards the retail trade in general goods and foods. (Decisions of 14 December 1965 and 11 October 1972, BVerFGE 19, 330, 336 et seq. and 34, 71, 78). Consequently, evidence of expertise is now required only for the dispensing of medicines on doctors' prescriptions and freely-available medicines.

 - b) Länder rules provide that a special licence, in addition to that required to operate a retail business, is required for the sale of poisonous substances and plant protectives. This licence is issued to persons with the necessary skills (e.g. a pass in an examination in toxicology) and character references.

 - c) A licence is required for the sale of arms and ammunition pursuant to Paragraph 7 of the Federal Law on weapons of 19 September 1972. It is issued to persons providing proof of the necessary good character and expertise (Paragraph 8).

 - d) Under the Law on explosives of 25 August 1969 (Paragraph 6), a licence is required for the sale of explosive substances. Licences are issued to persons providing the requisite evidence of good character and expertise (Paragraph 7).

 - e) Pursuant to the Law on trade in base metals of 23 July 1926 a licence is required to trade in scrap metal, waste metal or scrap metal tools (retail trade). Licences are granted to persons providing the requisite evidence of good character and expertise (Paragraph 2, subparagraph 4).

As regards A 1) and 2), with the exception of b), special rules apply to nationals of the Member States of the EC providing proof of expertise.

This allows them to operate a business subject to certain conditions.

1. ITINERANT TRADERS

Itinerant traders come under Title 3 of the Industrial Code. They must have an itinerant traders' card (Paragraph 55), issued subject to the provision of the requisite character references, among other things (Paragraphs 57, 57 (a)).

Special rules are set out in the Decree of 30 November 1960 on itinerant traders with foreign nationality, amended by the Order of 3 August 1969.

In practice these rules no longer apply to nationals of the Member States of the EC. The formal amendment of the Decree is under way.

B. GENERAL REQUIREMENTS

- Registration with the competent administrative authority.
- Entry in the trade register as provided for in the HGB (Commercial Code).

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES**

A. PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL PREMISES

New commercial premises must be built in accordance with construction planning law. The main provisions are embodied in the Federal Building Law (BBauG) of 23 June 1960 (last amended by the Law on waste disposal of 7 June 1972, the Law to take pressure off the regional courts etc., of 20 December 1974, the Law on the relaxation of jurisdiction (Zuständigkeitslockerungsgesetz) of 10 March 1975 and the Federal Forestry Law of 2 May 1975), as well as the Order on the use of land for building of 26 November 1968 and the Law on improvements and development through town and country planning of 27 July 1971 as amended by the EGstGB of 2 March 1974 and the Law on the adaptation of jurisdiction of 18 March 1975 (Zuständigkeitsanpassungsgesetz).

- Projects must comply with the provisions of the local zoning plan, where there is one.
- Projects are permissible in areas already built up but which do not yet have a "qualified" zoning plan only if they are unobjectionable given the existing buildings and access facilities (Paragraph 34 of the BBauG).
- Building is allowed in the "external" zone only where it is not against the public interest and where access is assured (Paragraph 35 of the BBauG).

The appearance of individual buildings must comply with the architectural provisions in force, i.e., especially those of the Länder.

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES

1. PROTECTION OF BUSINESS TENANTS

The provisions regarding rental contained in the Civil Code (BGB) apply to business premises. No provision for protection of business tenants. Accordingly, a lease ends on expiry of the period for which it was concluded (Paragraph 564, subparagraph 1 of the BGB) or with three months' notice (Paragraph 564, subparagraph 2, paragraph 565, subparagraph 1 (3) of the BGB). The amount of rent is determined by private treaty (Paragraph 535, subparagraph 2 of the BGB).

2. CANCELLATION OF LEASE BY MUNICIPALITIES (GEMEINDE)

Under Paragraphs 27, 28 and 30 of the Law on the promotion of town planning, a municipality may cancel leases for the purpose of carrying out improvement or modernization projects. Compensation is payable in such cases.

Chapter IV

TAXATION

A. GENERAL TAXATION ON INCOME

(The tax provisions described apply to all sectors, not just commerce).

Levied on the taxpayer's total income, including that from industrial and commercial activities.

In partnerships, each partner's profits are taxed separately.

1) Allowance in respect of capital gains on the disposal of assets :

DM.30 000 in the case of capital gains not exceeding DM.100 000, (doubled if the taxpayer disposes of his assets after his 55th birthday or because of permanent incapacity) for the rest, the rate is reduced to only one-half.

2) Reduction :

In income tax for "capital-forming payments" (Vermögenswirksame Leistungen) to employees (current limit = DM.6 000 per tax year) for firms employing a maximum of 51 persons. ("Save-as-you-earn" scheme).

3) Progressive tax :

(22–56 % ; amended by the Income Tax Law of 5 August 1974, BGBl. I. p. 1769).

B. TAXATION ON PROFITS – CORPORATION TAX

1) Basis of assessment :

Company profits are taxable, whether retained or distributed.

2) Rate :

a) Joint stock companies (Kapitalgesellschaften)

- distributed profits :

effective rate	23.44 %
nominal rate	15.00 %
- retained profits : 51.00 %

b) Partnerships or personally-conducted joint stock companies with business assets not exceeding DM.5 million.

- retained profits :
 - progressive sliding scale 39-49 0/o.
- distributed profits : 26,5 0/o.

c) Reduction

of 30 0/o in respect of corporation tax for "capital-forming payments" to employees (current limit = DM.6 000 per assessment period) for undertakings with less than 51 employees. ("Save-as-you-earn" scheme).

C. *VALUE ADDED TAX (VAT)*

Standard rate : currently 11 0/o, increase to 13 0/o proposed for 1 January 1977.

Reduced rate : currently 5.5 0/o, increase to 6.5 0/o proposed for 1 January 1977.

D. *WEALTH TAX*

1) Basis of assessment :

Net assets.

2) Rate :

1 0/o for corporation, 0.7 0/o for individuals (amended as from 1975 by the Income Tax Reform Law of 5 August 1974).

Tax exemptions for certain amounts laid down by law for individuals.

E. *LOCAL TAXES*

Taxes on industry and trade. These include the following taxes :

1) Tax on trading profits (Gewerbeertragsteuer):

a) Basis of assessment :

The firm's profits.

b) Rates :

- one-man firms and partnerships, tax-free allowance for the first DM.15 000 of the trading profits.
 - from DM.15 000 to DM. 29 400 1-4 0/o
 (sliding scale)
 - in excess of DM.29 400 5 0/o
 - other firms 5 0/o
- (amended by the Wealth Tax Reform Law of 17 April 1974 BGBI. I p. 949).

2) Tax on trading capital (Gewerbekapitalsteuer):

a) Basis of assessment : working capital

b) Basic rates : 2 0/o .

3) Payroll tax (Lohnsummensteuer):

a) Basis of assessment :

Wage bill.

Tax-free allowance of DM.9 000 for small and medium-sized firms whose wage bill does not exceed DM.24 000 over the year.

b) Rate : 2 0/o

The basis of assessment determined by applying the appropriate basic rate is multiplied by the municipal factor fixed by the municipality (Gemeinde) concerned. This factor varies but is generally 300 0/o.

Chapter V

FINANCIAL AIDS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms	<p>A. Financial aids from the Federal Government</p> <p>1) General loans</p> <p>a) ERP loans to small and medium-sized firms in regional development areas (ERP regional programme) Establishment and expansion of firms in designated development areas (ERP regional programme)</p> <p>b) ERP livelihood-establishing loans (ERP livelihood-establishing programme) Setting-up in self-employed capacity, take-over of existing firms, securing of working partnerships (loans to young, prospective self-employed persons)</p> <p>c) ERP loans for establishing firms in new districts (ERP housing estate programme) Establishment of firms in new housing estates, restored districts and industrial and trading estates</p>	Up to DM.200 000	Up to 10 years for plant and for machinery, up to 15 years for building projects	<p>7 0/0</p> <p>6 0/0 in zonal border areas</p> <p>98 0/0 payment (10-year period)</p> <p>97.5 0/0 payment (15-year period)</p> <p>(period of grace of at most 2 years)</p>	<p>Federal and L�nder Government counter-guarantees plus ERP guarantee fund loan to credit guarantee associations, underwriting not more than 80 0/0</p> <p>ditto</p> <p>ditto</p>	<p>Resources from ERP special fund</p> <p>ditto</p> <p>ditto</p>

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms	d) ERP loans to promote firms belonging to expellees, refugees and persons who suffered material war damage (ERP expellees programme) Establishment, expansion, rationalization and conversion of firms of expellees, refugees and persons who suffered war damage	Up to DM.100 000 for small firms ; up to DM.200 000 for medium-sized firms	ditto	ditto	Länder deficiency guarantee of up to 60 0/0	
	2) Special loans Development loan for trade and industry and the liberal professions Development projects for eligible groups of individuals	Varies	Up to 13 years	3 0/0, period of grace of at most 3 years		Loans from Federal and other resources
	B. Financial aid from the Länder Governments					
	1) Baden-Württemberg Loan programme of the Landeskreditbank Baden-Württemberg to promote small-scale trade and industry					
	a) Establishing a livelihood in commerce	Up to 1/3 of the costs, up to DM.250 000 for building projects, otherwise up to DM.150 000	Up to 15 years, exceptionally 20 years, for the acquisition of business property and building projects. Period of grace of at most 4 years. Up to 10 years for other capital expenditure, including a period of grace of at most 2 years	Set by the Landesbank	—	—

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms						
b)	Establishment and installation of trading firms in new housing estates, restored districts and industrial and trading estates	ditto	ditto	ditto	—	—
c)	Conversion, adaptation and rationalization projects in commerce Capital expenditure by small and medium-sized firms to reorganize stockkeeping, marketing and sales methods. Where particularly well justified, also relocation of businesses because of fundamental changes in the local structure.	Capital costs not to exceed DM.2.5 million. Loan usually amounts to 1/3 of costs.	Up to 12 years, including a period of grace of 2 years	ditto	—	—
d)	Capital projects by trading firms in less prosperous areas and other structurally-important projects	Capital costs not to exceed DM.2.5 million. The amount and conditions of the loan are to be determined in such a way that the total public subsidy does not exceed 10 % (or alternatively 15 %) of the capital costs	10-20 years, depending on the project, including a period of grace of 4 years	ditto	—	—
2)	Bavaria 1975/76 Bavarian refinancing programme to promote small-scale trade and industry For capital expenditure to set up or consolidate self-employed activities. Take-over of firms, rationalization, modernization and expansion projects	DM.15 000 (min.) DM.150 000 (max.)	Acquisition of business property and building projects - up to 12 years, including a period of grace of 4 years. For other capital outlays - up to 7 years, including a period of grace of 2 years	6 % ; 5 % in zonal border areas	Sometimes state guarantee	

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms	3) Berlin (Federal loans, not Land loans)					
	a) Rationalization of firms	Maximum figure varies	Up to 10 years	4.0 %/o	Guarantees from the Land of Berlin	Funds from ERP programme
	b) Establishment of self-employed activities by young people	Up to DM.200 000	Up to 10 years for plant and machinery; up to 15 years for building projects	5 %/o, 98 %/o payment (10-year period), 97.5 %/o payment (15-year period), period of grace of at most 2 years	ditto	ditto
	c) Establishment of small and medium-sized firms in new residential areas	ditto	ditto	ditto	ditto	ditto
	4) Bremen Interest subsidies to promote commerce					
	- Reducing the cost of loans guaranteed or partially guaranteed by credit guarantee companies, or guarantee companies	Up to DM.150 000	3 %/o reduction for 4-year period. Possible extension of 1 year		Counterguarantees to credit guarantee companies	
	- Reducing the cost of loans for rationalization or modernization projects to maintain competitiveness, as well as the cost of livelihood-establishing loans		ditto		ditto	
	5) Hamburg Interest subsidies for small and medium-sized firms in commerce					
	Capital expenditure of small and medium-sized firms which lose their livelihood as a result of urban development, and for housing facilities in new housing estates and new districts		3 %/o interest subsidy for a maximum of 3 years		Counterguarantees to credit guarantee companies	

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms	6) Hesse a) Capital expenditure in development areas b) Capital and working funds loans for small and medium-sized firms of expellees, refugees, persecuted persons and late returning prisoners of war c) Interest subsidies for small and medium-sized firms, establishment of livelihoods, adaptation and conversion measures	Up to DM.20 000	Up to 10 years 5 years Subsidy of 8 % of the loan spread over 4 years	3.5 - 5 % 4 %	Counter-guarantees to credit guarantee companies Guarantee of the Land of Hesse	
	7) Lower Saxony Interest subsidies to reduce the cost of loans to small and medium-sized firms Establishment of livelihoods, takeover of firms, extension of firms, rationalization, relocation of businesses	Loans at reduced interest rates, from DM.30 000 (min.) to DM.150 000 (max.)	5 years	3 % interest subsidy	Land guarantees in certain cases. Land guarantees to credit guarantee companies	
	8) North Rhine-Westphalia a) Small firm assistance programme Establishment of livelihoods, capital expenditure to boost efficiency, establishment and installation of small-scale businesses in new housing estates, restored districts, town development areas, and improvement areas	Establishment of livelihoods – DM.100 000 ; improved efficiency, specialization – DM.100 000 ; new residential areas, improvements, building projects – DM.100 000 ; installation – DM.50 000 ; both – DM.150 000 ; regional economic development – DM.200 000 ; including up to 1/3 of capital outlays	10 years (period of grace of 2 years)	6 %	Land guarantees in certain cases. Land counter-guarantees to credit guarantee companies	

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized firms	b) Loans for expellees and Germans from the GDR Establishing and consolidating livelihoods	Up to DM.50 000	Working funds, up to 6 years (period of grace of 2 years). Capital expenditure up to 13 years (period of grace of 3 years)	3 0/0		
9)	Rhineland Palatinate Interest subsidies to reduce the cost of loans		Up to 5 years for building projects and up to 3 years for other capital outlays, in the case of livelihood-establishing projects and establishment of firms in new residential areas ; up to 10 years for building projects and up to 6 years for other capital outlays.	Up to 3 0/0	Land guarantees in certain cases. Land counter-guarantees to credit guarantee companies	
10)	Saarland Small-firms assistance programme Development and extension of firms, rationalization and modernization	Up to DM.50 000	Up to 15 years	7 0/0	Land guarantee for loans to expellees, refugees or persons who suffered material war damage	
11)	Schleswig-Holstein Small-firm structure programme Capital investment and rationalization loans	Up to DM.600 000	10 years, exceptionally 15 years, period of grace of 2 years	6 0/0	Deficiency guarantee by the Land for up to 100 0/0 of the loan	

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

Social legislation is designed mainly to provide wage and salary earners with comprehensive social security in the event of sickness, disability and old age.

Self-employed heads of businesses are also partially protected, on a voluntary basis, by social security institutions.

1. PERSONS EMPLOYED IN COMMERCE

The general social security arrangements do not contain any specific measures for persons employed in commerce. The social security provisions apply to persons employed in commerce in the same way as to those employed in the other sectors of the economy.

2. SELF-EMPLOYED HEADS OF BUSINESSES

Here too there are no special provisions for commerce. The general provisions apply to self-employed persons.

a. Sickness Insurance

1) System :

Voluntary insurance possible in the social insurance scheme for heads of small firms whose regular income does not exceed a certain limit (income limit up to which contributions are chargeable).

2) Contributions :

A specified percentage of gross income.

3) Contributions from the State :

None.

b. Old age

As from 1972 self-employed persons can obtain statutory insurance cover, on application, under the statutory pension insurance fund.

Contribution from the State :

None.

c. *Old age and survivors*

None.

d. *Industrial accidents*

1) Insurance agency :

Trade associations.

No statutory insurance for self-employed heads of businesses. However, trade associations may make provision in their rules for statutory insurance for them. If not, they may voluntarily join the accident insurance scheme.

The basis of assessment for benefits and contributions is the annual income : current maximum DM.36 000 per annum. Higher limits may be laid down in the rules.

2) Contributions :

Redistribution system.

3) Contribution from the State :

None.

e. *Unemployment Insurance*

None.

f. *Family benefits*

1) System :

Same conditions as for wage and salary earners (e.g. child allowances, housing allowance).

2) Contributions :

None.

3) Contribution from the State :

Financed by the State.

B. *OTHER FORMS OF SOCIAL SECURITY*

None.

Chapter VII

VOCATIONAL TRAINING AND FURTHER TRAINING

A. VOCATIONAL TRAINING

Not compulsory.

Legal basis for vocational training: "Berufsbildungsgesetz" (Law on Vocational Training) of 14 August 1969. A government proposal for a new Law on Vocational Training is before Parliament.

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

Compulsory education for at least twelve years including nine years in schools providing full-time general education (not usually providing vocational training) ; the remaining three years in schools providing part-time vocational training (Berufsschule).

1) Retail trade:

Phased training.

a) Training of sales staff

Duration: two years.

The course is in two parts:

- practical training in a firm;
- training at a vocational training school (theoretical and general training and further general education), compulsory attendance one or two days a week; an end-of-course examination is set, organized by the Chamber of Commerce and Industry.

b) Training of retail sales staff

Duration: one year longer than the training course for sales staff.

Successful candidates in the examination referred to in (a) automatically qualify for training as retail sales staff. The course is in two parts, with an end-of-course examination. There are special additional provisions regarding the retail grocery trade, and ironmongery, for example. In addition, specialized training courses are available for the pharmacy and musical instrument trade, for example.

2) Wholesale trade:

Training of wholesalers

Duration: three years.

The course is in two parts:

- practical training in a firm;
- training in a vocational training school (theoretical and general training and further general education) one or two days a week.

An end-of-course examination is organized by the Chamber of Commerce and Industry.

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

See the preliminary remark in A. 1 and the remarks under point B.

B. FURTHER VOCATIONAL TRAINING FOR ADULTS

1. FURTHER TRAINING OF SELF-EMPLOYED PERSONS

a. *Training of managerial staff at university (faculty of business administration/management)*

(e.g., the universities of Cologne, Erlangen and Berlin have special chairs and institutes for commercial management theory).

Schools of economics (Wirtschaftshochschulen), (soon to become technical universities, Technische Hochschulen).

b. *Central technical schools (Überregionale Fachschulen)*

- Come under the trade organizations .
- Receive State subsidies for setting-up and expansion of operations (investment promotion) and for the teaching staff and teaching aids.
- Current expenditure is borne by the trade organizations.

c. *Business management lectures, courses and group discussions*

(Organized locally and regionally by the trade organizations).

- State subsidies to cover part of the lecturers' fees and travelling expenses .
- Other expenditure is borne by the trade organizations themselves.
- State subsidies for the setting-up and expansion of technical schools and training centres for vocational training.

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

1. BUSINESS MANAGEMENT ADVISORY SERVICES

There are advisory offices (Betriebswirtschaftliche Beratungstellen – BBE) at the headquarters of the trade associations in : Cologne, for the retail trade ; Bonn, for the wholesale trade ; and Berlin, for intermediaries ;

- Individual advisory services for trading firms .
- Sliding scale of State subsidies towards advisory services for small and medium-sized firms amounting to 70, 50 or 25 % of the expenses entailed, depending on the firm's turnover .

Training courses for management consultants usually take place on completion of a course of higher education (University or School of Economics).

Duration : two years.

The State pays a lump-sum amount towards part of the study expenses.

Free inspections in certain Länder.

- Cut-price "crash courses" in certain Länder.

2. COMPARATIVE BUSINESS STUDIES

The Institute for Commercial Research of the University of Cologne and the Research Centre for Commerce in Berlin carry out inter-firm comparisons for the wholesale and retail trade.

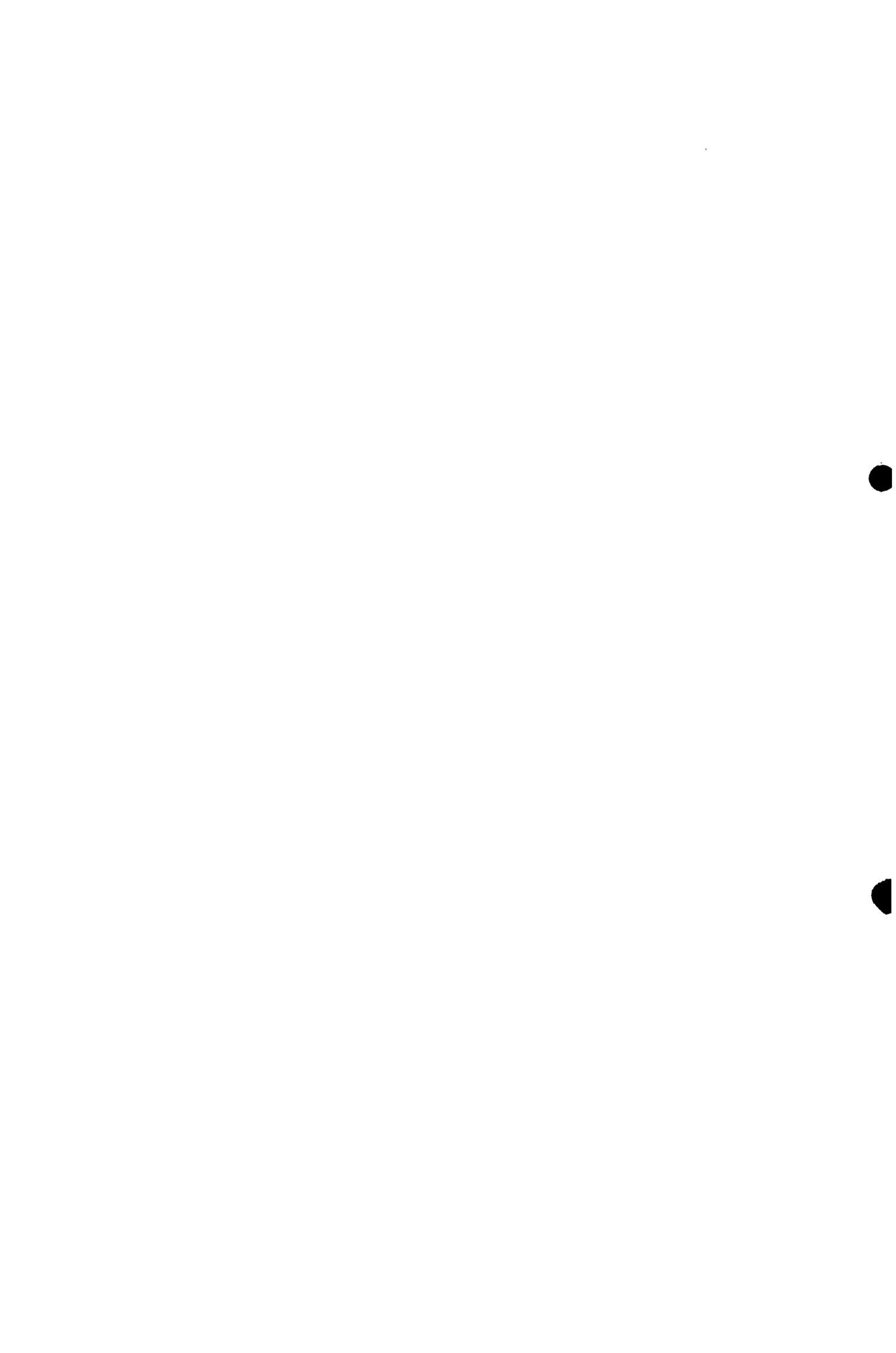
These comparisons provide in particular the background information for the business advisory services and are important for individual firms and the national economy as a whole.

State and private subsidies are awarded.

4. FRANCE

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

Trade is subject to the general rules on competition.

Principle :

The following are prohibited : concerted action, trading pacts, express or tacit agreements or combining with other businesses in any form or for any purpose where the object is, or the effect might be, to prevent, curb or distort the interplay of the forces of competition, particularly by :

- inhibiting reductions in cost, selling or resale prices ;
- preventing technological progress ;
- limiting the freedom of other undertakings in respect of competition.

Activities of companies or groups of companies occupying a dominant position in the internal market, and of the type likely to inhibit the normal functioning of the market, are also prohibited.

Provision is made for exemptions where the parties concerned can show that the effect of their activities will be to ensure economic growth, particularly through greater productivity.

B. OTHER RULES ON COMPETITION**1. INDIVIDUAL PRACTICES****a) Discriminatory practices**

- Refusal to sell

Refusal to accede to the request of a customer making a purchase or requesting price quotations or a service in accordance with general trading practice is treated in the same way as the application of unlawful prices which is settled either by means of a agreed compromise or imprisonment, except where :

- the request is unusual or the customers' intentions are not serious ;
- the sale, processing or installation of the products concerned imply having knowledge of the appropriate technique ;
- the goods involved are luxury goods which have to be presented in appropriate circumstances by qualified staff.

- Discrimination in respect of prices and conditions of sale

The law of 27 December 1973 :

- prohibits producers, shopkeepers, manufacturers or tradesmen from applying discriminatory prices or conditions of sale, or making direct or indirect gifts in kind or in the form of free services to those persons reselling their goods, when such advantages are not justified by the difference in the cost price for the supply of goods or the service ;

- . prohibits any person reselling goods from seeking to obtain or knowingly accept unlawful discriminatory advantages from a supplier.

b) Restrictive practices

- Price fixing

Except by special derogation, the awarding, maintaining or fixing of a minimum price level for goods or services, or of trading margins, by means of tariffs and pricelists or through agreements is treated in the same way as the practice of unlawful prices.

- Recommended prices

A supplier may recommend that his customers resell a product at a given price as long as there is no implication of a minimum price.

c) Promotional practices

- Total prohibition

- 1- Making a spontaneous public announcement to sell new goods in a retail outlet (Law of 25 June 1841) by auction, by selling at a discount or an advertised fixed price ;
- 2- The practice known as “pyramid selling” (Law of 5 November 1951) ;
- 3- Sale by unsolicited consignment (Decree 61-138 of 9 February 1961).

- Regulations

a) Promotional techniques with regard to prices :

1- Seasonal sales and winding-up sales

Such seasonal sales, winding-up sales, the compulsory selling of goods and clearance sales as are clearly occasional or exceptional occurrences, are subject to the issuing of a municipal authorization by the town where the sale takes place.

Seasonal sales (where it is permitted to sell below the purchase price), or sales carried out by professional dealers in clearance lines (Law of December 1906 – Decree of 26 November 1962) are not subject to this authorization.

2- Promotional price

A lawful practice but one which makes it possible for suppliers to refuse to sell to retailers who reduce the price of certain brand products, by increasing the normal margin of profit on other products.

3- Reselling at a loss

It is prohibited to resell any product in its original state for less than the effective cost price (purchase price + cost of transport – discounts) including any tax on the turnover figure relevant to the resale.

Exceptions :

- perishable products ;
- voluntary sales or compulsory sales caused by giving up or changing a trading activity ;
- products whose sale has a marked seasonal character, during the end of the usual sale period, and during the interval between two sales seasons ;
- products no longer in demand as a result of change of fashion or technological progress.

4- Advertising discounts

The decision of 30 May 1970 requires the retailer to specify :

- * the amount of the discount in absolute value or as a percentage ;
- * the resulting net price ;
- * the previous price.

b) Other promotional sales techniques :

1- Lotteries or competitions

These are prohibited if joining in is subject to acquiring a ticket or an object or accepting a service. Because of lack of precedents the situation is undecided where the lotteries or competitions are free and not linked to a sale.

2- Gifts not linked to a sale

- These are prohibited if they have a commercial value, except where the benefit goes to charitable institutions, or to non-profit making associations or societies of an educational or cultural nature.
- The following are authorized :
 - * giving an additional specimen of the same type as the product on sale ;
 - * end-of-year promotional gifts ;
 - * giving articles of no commercial value which are samples or publicity material indelibly and obviously marked as such ;
 - * giving small services free of charge ;
 - * parking facilities.

3- Gifts linked to a sale

- Prohibited :
 - * gifts on products other than products of the type involved in the transaction ;
 - * self-paying gifts (where the purchaser pays a part of the gift offered).
- Permitted :
 - * offering the usual sort of packaging ;
 - * giving identical articles as long as this does not lower the average price of these products or services below the actual purchase price, due allowance being made for the free items ;
 - * after-sales service or parking facilities ;
 - * discounts or gifts in kind ;
 - * samples ;
 - * articles specially designed for publicity - the value of this premium may not exceed either FF. 10, or 5 0/0 of the price of the article sold.

4- "Package" deals

- These are prohibited unless the purchaser is allowed to acquire the products so "twinned", separately.

II. OTHER TYPES OF SALE

- Sale by correspondence

Regulated by the Law of 22 December 1972.

. Written contract compulsory.

. The purchaser must be allowed seven days for considering the purchase and refusing the sale.

Car sales, sales by travelling salesmen and several other categories are exempted.

- Direct factory-to-consumer sales

Regulated by the Law of 27 December 1973 and Decree No 74-429 of 15 May 1974.

These sales are subject to a prior authorization by the mayor of the municipality where the sale is to take place. Such sales must be exceptional and undertaken with a view to marketing stocks or articles manufactured by the undertaking.

The following are exempted from this regulation :

- sales in company shops normally open to the public ;
 - sale by correspondence or door-to-door sales ;
 - internal sales open to the members of the staff only ;
 - sales on behalf of the undertaking made by shopkeepers or commercial agents ;
 - sales by undertakings registered in the trades directory.
- Sales for charitable purposes

Articles, publications, printed matter or objects sold for charitable purposes must bear a mark consisting of a design surrounding the number of the order authorizing the use of that mark.

III. ADVERTISING PRICES

This is carried out by marking, labelling or posting selling prices which include all taxes.

1- Marking prices

The prices of all products intended for sale must be marked visibly and legibly for the consumer. Marking and posting-up of the composition of some products (food products, textiles, shoes . . .).

2- Price labelling

Compulsory in the case of all products not on view to the public but available for retail sale.

The following are exempted from labelling :

- . perishable food products ;
- . products whose price is indicated in writing on a sample on view to the public ;
- . non-perishable products sold loose, where the price is posted up.

3- Posting-up of prices

The listing on a single legible document of all services offered and their cost.

IV. SPECIAL REGULATION

- Hire purchase sale

- . authorized : 20 % down payment whatever the purchase.
- . maximum repayment period : 30 months for cars
24 months for other equipment.

These provisions are likely to be amended as a result of the economic situation.

- . Anybody making inquiries must be given a price list specifying the sum, duration of the repayment period and the cost of the credit.

- . It is compulsory to give the purchaser a certificate or an invoice.
- . It is compulsory to retain a duplicate of the certificate or invoice for three years.

C. COOPERATION

1. MERGERS

Submission of reports on the planned operation and communication of all relevant documents with a view to protecting the shareholders and creditors of the company created by the merger.

The COB “Commission des Opérations des Bourses” (stock exchange monitoring committee) checks all the information published.

2. COOPERATION

New legal forms have been specially created in order to benefit associations of small and medium-sized undertakings :

- * associations constituted by agreement ;
- * commercial interest group ;
- * cooperatives of independent shopkeepers.

3. OTHER MEASURES

TOP operations (technique, organization, productivity).

Regional groupings to enable small and medium-sized undertakings to obtain the assistance of the large companies in their sector (production, expansion, management) as well as the help of their office and technical staff.

*Chapter II***RULES ON ESTABLISHMENT****A. TAKING-UP OF ACTIVITIES**

The principle is freedom of trade (Laws of 2 to 17 March 1971). However, a few activities are subject to a regulation requiring either government authorization or a statement submitted to a government authority (arms and ammunition, gunpowder and explosives, motorized shops, one-price stores, public houses, pharmacies, precious-metal dealers, dealers in agricultural and dietetic products). Monopoly products are subject to a special regulation.

In addition the would-be shopkeeper must not have incurred any of the sentences referred to in the Law of 30 August 1947 on the reorganization of commercial and industrial trades.

1. ITINERANT TRADING

Itinerant trading is subject to the provisions of law No 69-3 of 3 January 1969 by which, in order to exercise or have exercised on his behalf an itinerant activity outside the municipality where his home or head office is established, any natural or legal person domiciled in France or having had a permanent address for more than six months or having his head office in France must submit a statement at the prefecture in order to obtain a special receipt known as "carte de commerçant non sédentaire" (itinerant traders identity card), which is valid for ten years.

Nationals of EEC countries are subject to the same provisions as French nationals (circular of 1 August 1975).

B. GENERAL OBLIGATIONS

- registration in the Registre du Commerce (Trade Register) at the Greffe du Tribunal de Commerce (Office of the Trade Tribunal) within two months of commencing activities ;
- opening current bank account or a post-office giro account ;
- keeping books (ledger and stock lists) ;
- registration with the Institut National de la Statistique et des Etudes Economiques (national institute for statistics and economic studies) ;
- placing an announcement in the Bulletin Officiel des Annonces Commerciales (official journal for business announcements).

C. SHOP CLOSING HOURS

Where shopkeepers not employing any salaried staff are concerned, they are entirely free to choose their hours. As regards the rest, opening and closing times for shops are not directly subject to a regulation but are governed by the implementation of certain rules concerning wage-earning personnel :

- 1) All shopkeepers employing staff must allow a weekly period of rest, generally on Sunday ; as regards the day of rest, there are a few legal exceptions or exceptions based on individual decisions (other than agreements between the shop owners' and workers' representatives, authorized by the prefect, who thus makes the decision compulsory for all establishments in the same field, whether or not they employ staff).

- 2) The legal weekly working period is 46 hours in the food trade and 42 hours in non-food shops. There are provisions to regulate the distribution of this legal period over the week as well as the length of an employee's working day.
A combination of these rules makes it possible for establishments employing overlapping or succeeding shifts to organize night work.
Maximum working hours per week : 52 hours.

*Chapter III***LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES****A. PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS**

The law of 27 December 1973 makes the siting of new business premises subject to authorization by a departmental town planning committee comprising elected local officials, traders and consumers' representatives, under the chairmanship of the prefect assisted by two paid officials. The committee examines :

- all plans for new buildings having an overall outside measurement of 3 000 m² or total sales surface of 1 500 m² (2 000 and 1 000 m² in the case of towns with fewer than 40 000 inhabitants) ;
- plans to build extensions or increase sales surfaces already having reached the above-mentioned sizes, where the plans involve a sales surface of over 200 m² ;
- plans which would result in surfaces as large as, or larger than, those referred to above ;
- plans for converting existing buildings if the surface is equal to, or larger than, the above-mentioned surface.

The prefect, one-third of the members of the committee, or the persons submitting the application may appeal within two months to the Minister for Trade who hands down his decision after hearing the opinion of a national committee.

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES**1. COMMERCIAL PROPERTY**

Operators of commercial undertakings have two forms of protection :

- 1) Right to assign their lease to anyone to whom their business is transferred, any provision to the contrary being invalid by law .
- 2) Right to renew the lease or, failing this, to receive compensation from the owner for eviction.

2. REGULATING BUSINESS LEASES

Pursuant to the decree of 30 September 1953 (amended), the rent paid in a business lease must be equivalent to the rental value.

This may be changed :

- 1) At the three-yearly review, by applying the three-yearly building cost index except when local factors affecting trade have been subject to significant changes resulting in a variation of over 10 % in the rental value .
- 2) When the lease is renewed, but only up to the limit of the coefficient published each year in the Official Journal.

Rent stops may be applied :

- to leases of over 9 years ;
- to leases of premises to be used exclusively as offices ;
- to leases of premises purpose-built for a single use (garage, cinema, hotel, restaurant . . .) ;
- to leases where the factors used to fix the rental value have undergone significant changes.

Chapter IV

TAXATION

A. GENERAL INCOME TAX

This includes all of a taxpayer's income, including industrial and commercial income collected by :

- individual business operators ;
- the members of a "société de personnes" (firm or private company) ;
- the persons associated with the participators.

Gradual alignment of taxation systems for tradesmen and craftsmen (by January 1978). Already introduced : the 5 % tax reduction from which wage-earners used to benefit has been eliminated ; the 10 % allowance from which wage-earners benefit has been extended to tradesmen.

Method of raising taxes :

Tax on actual earnings may be replaced by :

1) Flat rate system :

Where the annual turnover of a business is less than :

- . FF. 500 000 for sales of goods ;
- . FF. 150 000 for services.

Each calendar year the Tax Authorities fix a rate which approximately corresponds to the earnings of the undertaking, for a period of two years.

Where this rate is contested, it is fixed by the tax committee of the département.

2) Simplified actual earnings system :

Where turnover lies between :

- . FF. 1 500 000 for sales of goods ;
- . FF. 250 000 and 125 000 for services.

Keeping of accounts obligatory but methods of declaring tax more flexible.

- Creation of authorized management centres

Law of 27 December 1974 – decree 75-911 of 6 September 1975 in favour of manufacturers, shopkeepers, tradesmen, and farmers subject to the ordinary or simplified actual earnings system and wishing to obtain assistance with regard to management.

These will benefit from a 10 % reduction on their taxable profits.

B. TAXATION ON PROFITS – CORPORATION TAX

1) Basis of assessment :

All types of profits obtained by limited companies. Partnerships, the profits of which are normally subject to tax on the income of natural persons and to the supplementary (see A. above) may opt to pay corporation tax.

2) Rate :

50 % of profits, whether distributed or not.

Reduction :

Rate of 10 % for certain capital gains on disposal of assets .

Rate of 24 % for income from land or farming or certain types of income from movable property levied by non-profit making legal persons.

3) Comments :

As indicated under A, profits from industrial, commercial and craft activities obtained by individual operators or partnerships which have not opted to pay corporation tax, are not subject to the latter tax, but are subject to a progressive rate of tax on the income of the natural persons.

C. VALUE ADDED TAX (VAT)

Legal rates : 7 %
 17.6 %
 20 %
 33.33 %

VAT is added to the net amount of tax but is not charged on itself.

D. WEALTH TAX

None.

E. LOCAL TAXES

The trading licence tax has been replaced by a professional tax.
Law of 29 July 1975 – decree 75-975 of 23 October 1975 which has been in force since 1 January 1976.

1) Base :

Depends either on the rental value of the premises, furniture, tools and wages ; or on one-eighth of the income accruing to a non-trading profit-sharer employing less than five staff.

2) Rate :

Fixed by local groups.

Chapter V

FINANCIAL AIDS

A. SPECIAL FINANCIAL ESTABLISHMENTS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Any natural or legal person carrying out an industrial or commercial activity.	- modernization loan - fitting-out loan - loan for setting up sales units.	between FF. 100 000 and FF. 10 000 000	8 - 15 years	10.5 %/o	Real and personal guarantees	Crédit National
Any natural or legal person carrying out an industrial or commercial activity.	- modernization loan - fitting-out loan - purchase of premises - building	maximum : FF. 1 000 000 50 %/o of cost in respect of new establishments (all taxes included). 70 %/o of cost of repairing and decorating (all taxes included).	8 - 12 years	10.5 %/o on own funds 12.5 %/o on own resources Hotel trade : 9.75 %/o	Real or personal guarantees	Caisse Centrale de Crédit Hôtelier Commercial et Industriel.
Cooperative type undertakings - consumer cooperatives - joint-buying groupings of retailers	- modernization loan - fitting-out loan - setting up / fitting-out sales points	75 - 85 %/o of expenditure (all taxes included) maximum limit : 2/3 of net assets or guarantees provided.	2 - 15 years	11.75 %/o purchase of lands and company shares 10.5 %/o for miscellaneous investments.	Real and personal securities. Subscription to a guarantee fund.	Caisse Centrale de Crédit Coopératif.
Shopkeepers (wholesalers, retailers)	- purchasing equipment - repairing and decorating - building - equipment	Limited to 70 %/o of expenditure (all taxes included). 50 %/o for second-hand equipment.	Medium-term credit rediscountable at the Banque de France. Maximum : 7 years Equipment : - vehicle fleet : 3 years if new - special : 4-5 years - fixed : 5 years if second-hand. Non-rediscountable medium-term credit : 2-12 years.	10.5 %/o	- transfer to a guarantee fund. - capital subscription to the mutual guarantee company - real and personal securities	Caisse Nationale des Marchés with support from mutual guarantee bodies or regional development companies.
		75 %/o of the programme.	2-5 years.	11.25-16.25 %/o for credit against mortgaging moveable property. 9.20-12.70 %/o for other types of credit.		The undertaking's usual bank.

B. STATE INTERVENTION

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Undertakings of interest from the point of view of the economic development of a region.	<ul style="list-style-type: none"> - modernization loan - loan for equipment acquired with a view to easing management. 	<ul style="list-style-type: none"> - direct loan based on own funds - loan on loan funds : about 60 % of programme - share holding : 35 % of capital - property credit sale (credit bail) (SICOMI) : 75 % of pre-tax expenditure. 	<p>2-8 years</p> <p>12-15 years</p>	Market rates : 10.5 % 12-15 years	Guarantee funds State guarantees	Société de Développement Régional.
Small and medium-sized undertakings.	<ul style="list-style-type: none"> - modernization loan - investment in premises of the following type : <ul style="list-style-type: none"> . urban renewal . creating shops jointly owned by independent shopkeepers . setting up shopping centres. - improving organization and management methods by calling in consultants. 	<ul style="list-style-type: none"> - partial financing to supplement the aid given by specialist credit agencies : 20 % of pre-tax expenditure. 	Varies according to the term of the main loan : between 10 and 15 years.	7.5 %	Usual guarantees.	F D E S (economic and social development fund)
Undertakings employing less than 250 persons and having a turnover of less than : - FF. 2 500 000 for a retail business ; - FF. 10 000 000 for a wholesale business.	<ul style="list-style-type: none"> - encouraging exports - joint investment ventures (jointly owned warehouses). 	<ul style="list-style-type: none"> - investment facilities - exemption from added value. 	4 years	4 %	Personal securities	<ul style="list-style-type: none"> - Regional productivity centre . - Economic expansion committee. - National centre for information to increase the productivity of undertakings.
Small and medium-sized industrial, commercial and agricultural undertakings employing less than 500 wage-earners and whose capital and resources together are less than FF. 10 000 000.					Signature of an agreement with the State. Programme must be completed within 3 years.	Authorized companies.

C. STATE ACTION IN RESPECT OF CERTAIN ACTIVITIES

- Premiums to the hotel industry
- Special aid provided under the Guidance and Trade law of 27 December 1973.

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM AND INTEREST RATES	GUARANTEES	REFERENCES
Shopkeepers.	Installation. Equipment.	75 % of expenditure (all taxes included) Ceiling : FF. 200 000 for young people FF. 300 000 for conversions.	Maximum term : 12 years at a rate of 10.5 %/o	Supported by : - diplomas - professional experience (3 years).	Financed by the Caisse Centrale de Cr�dit H�telier
Young craftsmen (21 - 35 years of age)	Installation. Equipment. Conversion.	Ceiling : - FF. 50 000 (no qualifications) - FF. 100 000 (professionally qualified - 5 years - knowledge of management) - FF. 200 000 (grouping - regional programme) - FF. 250 000 (exceptional cases).	15 years at a rate of 6 %/o.		FDES advances (economic and social development fund). Establishment of a trades- mens' credit advisory body.
Established craftsmen.		- FF. 50 000 (unconditional) - FF. 100 000 (subject to conditions as regards professional and management qualifications) - FF. 200 000 (groupings) - FF. 250 000 (exceptional cases).	15 years at a rate of 8 %/o.		Annual allocation from the FDES.

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

Wage-earners in commerce benefit from the general social security system.

Independent shopkeepers have a special system. The Law of 24 December 1974 provides for a basic system of social protection for all French nationals, which implies progressive alignment of the basic systems (final date : 1 January 1978).

1. PERSONS EMPLOYED IN COMMERCE

No specific measures for persons employed in commerce within the framework of the general social security schemes.

Legislation in the social field is designed to provide persons employed in undertakings of all sizes with the same social benefits, while avoiding an excessive burden on the wages costs of small and medium-sized undertakings as a result of expenditure in the social field.

2. SELF-EMPLOYED HEADS OF BUSINESSES

a. Health insurance

1) System :

Compulsory – major and minor risks (with proportion paid by the insured person).

No cash payments.

Alignment of the nomenclature for risks covered in the business system and the general system.

2) Contributions :

Contributions fixed as a percentage of income from trade. Same ceiling as for the general system. Payable in half-yearly instalments.

Subscriptions : 9.4 % where a ceiling is applied

2.5 % up to 4 times the ceiling.

3) Contribution by the State :

The State is taking over health insurance contributions for members of the Fonds National de Solidarité.

b. Invalidity and death insurance

Supplementary compulsory system set up on 1 January 1975.

Annual contribution fixed at a flat rate of FF. 150.

c. *Pension scheme*

- compulsory ;
- system aligned on wage-earners' system since 1 January 1973.
Rights acquired prior to this alignment continue to be calculated and paid out according to the former rules.
- contributions : 10.75 % based on the income from trade – payable in half-yearly instalments;
- a supplementary compulsory system for spouses has been set with retroactive effect to 1 January 1973.

Contribution by the State :

Additional allocation to the Fonds National de Solidarité.

The State pays a subsidy to the independent pension scheme for self-employed persons in trade and industry.

d. *Industrial accidents*

None.

e. *Unemployment insurance*

None.

f. *Family allowances*

Compulsory.

Rate of contribution : 9 % up to the social security ceiling

3.25 % on that proportion of the income below FF. 10 000.

A provisional measure until alignment with the wage-earners' system has been completed.

Exemption :

- for workers over 65 years of age
- for widows or divorced women of 60 years of age
- where they have had the responsibility for four children up to the age of 14 years.

B. *OTHER SOCIAL AID SYSTEMS*

A Law dated 13 July 1972 has instituted an aid system to benefit certain categories of old businessmen and tradesmen. The following distinction should be made :

- 1) special supplementary aid solely for shopkeepers and tradesmen of over 60 years of age (or certified before that age as being unable to work), who are still working and have exercised this activity for at least 15 years, the last five thereof in their present undertakings. The income of applicants may not exceed twice the income ceiling to give them the right to an additional allowance from the Fonds National de Solidarité (FNS). The allowance is equal to three times the average income from the trade pursued for the preceeding five years ; maximum and minimum sums are laid down.

- 2) aid granted from the Social Fund to former shopkeepers and tradesmen who ceased activity before 1 January 1973 and who at that time fulfilled the conditions required for allocating special supplementary aid. In this case the average sum is FF. 6 000 for a single person, and FF. 9 000 for a household. The sums may be increased to FF.10 000 and FF. 15 000 respectively.

This aid system is financed from two taxes :

- a mutual aid tax introduced on 1 January 1976 by which 0.01 ‰ of the pre-tax turnover of companies and individual undertakings whose turnover exceeds FF. 500 000 ;
- an additional tax paid by shops opened after 1960 and having a sales area exceeding 400 m².

Applications are examined by the Caisses d'Assurance Vieillesse (Pension Fund) with which applicants are registered. The system will continue in force until 31 December 1977.

The Guidance and Trade Law of 27 December 1973 instituted three types of aid for the benefit of shopkeepers and tradesmen affected by the economic situation :

- a) Aid in favour of shopkeepers and small tradesmen whose position has been irreparably damaged by a public works project which allows no rights to compensation.

The aid will be equal to the average annual income from trading activities for the previous three years, the maximum being FF. 40 000 for a single person and FF. 50 000 for a household, and the minimum FF. 5 000.

The amount of aid will decrease in proportion as income increases.

- b) Special aid in favour of small tradesmen operating subcontracting undertakings situated in specific regions who are forced to transfer their plant to zones or regions where a regional development premium may be allocated.
- c) A conversion premium for certain types of small trade undertakings if the applicant has exercised the activity for at least five years and is 45 years of age or over.

The premium is equivalent to 15 ‰ of the fixed capital invested in the reinstallation of the plant.

Chapter VII

VOCATIONAL TRAINING AND FURTHER TRAINING

A. VOCATIONAL TRAINING

Not compulsory for an occupation in commerce.

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

1) In a firm :

Preparation for the CAP (Certificat d'Aptitude Professionnelle) takes place simultaneously in the firm and in the training for apprentices (Centres de formation des apprentis – CFA).

2) At school :

After the first cycle of secondary education there is a short technical training course which prepares pupils in technical colleges (collèges d'enseignement technique) for the certificate of vocational training in commerce (brevet d'études professionnelles (BEP) du commerce).

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

1) In a firm :

Workers are encouraged to study for the CAP (Certificat d'Aptitude Professionnelle) in specialized sales (for bookshops, hardware stores, pork butchers, florists, etc.).

2) At school :

a) Training of technicians and middle management staff :

State-organized courses :

- “Baccalauréat de technicien économique” (training in commercial techniques) commercial studies in the last two years of the secondary cycle.
- “Brevet de technicien supérieur (BTS)” (buyers, sales inspectors, supermarket managers). Students spend two years preparing for the BTS after passing the “baccalauréat” B or G.
- “Diplôme des instituts universitaires de technologie”. Practical and technical training in marketing methods for students who have passed the “baccalauréat économique”.

Courses organized by Chambers of Commerce :

There are 22 “instituts de promotion commerciale” which provide training and further training courses for management staff in the distributory trades. Specialized or multi-discipline full-time practical training courses are provided (one or two years). In addition, certain Chambers of Commerce train young people in the art of selling and window-dressing in courses lasting several months.

b) Training of executive staff :

Training in the "grandes écoles commerciales" :

- "Ecoles consulaires" (managed by the Chambers of Commerce).
- "Ecoles des hautes études commerciales" (H.E.C.).
- "Ecole supérieure de commerce et d'administration des entreprises" (one in Paris, sixteen in the rest of France).
- "Ecole de haut enseignement commercial pour jeunes filles".

Private schools :

- "Ecole supérieure des sciences économiques et commerciales" (Paris).
- "Ecole des hautes études commerciales du Nord" (Lille).
- "Institut supérieur de commerce" (Paris).
- "Ecole supérieure des sciences commerciales d'Angers".
- "Ecole supérieure des sciences commerciales appliquées" (Paris, etc.).

Duration of training : usually three years.

B. VOCATIONAL FURTHER TRAINING FOR ADULTS

1. FURTHER TRAINING OF SELF-EMPLOYED PERSONS

1) Full-time courses :

Self-employed persons may follow full-time courses organized in particular by the "instituts de promotion commerciale" (see above) ;

2) Part-time courses :

More often than not it is easier for self-employed tradesmen to follow short courses : symposia, teach-ins, evening classes, etc..

These courses are usually organized by Chambers of Commerce and Industry and presented by technical assistants (assistants techniques du commerce – ATC).

Operating subsidies are granted by the State to the Chambers of Commerce and certain trade organizations for these activities. In addition, it provides a 95 0/o subsidy towards the "Centre de formation des assistants techniques du commerce " (CEFAC).

The study expenses of technical assistants are borne by the CEFAC ; 60 0/o of their salary during the period of study (ten months) is borne by the employer sending them to the course, and the remaining 40 0/o is borne by the State as the remuneration of trainees (Law of 31 December 1968).

The ATC organize :

- collective measures : conferences and seminars presented by the technical assistants under the auspices of the Chambers of Commerce, surveys for trade groupings ;
- individual measures : advisory services for small and medium-sized firms.

All paid employees are entitled to periodic leave for training purposes.

Many firms and trade organizations organize further training courses for their staff or for their members (e.g. the wholesale trade and department stores).

2. VOCATIONAL FURTHER TRAINING FOR PAID EMPLOYEES AND MANAGERIAL STAFF

1) Full-time courses

and

2) Part-time courses :

Paid employees and managerial staff may also follow the courses indicated above for self-employed tradesmen.

The State contributes, within certain limits, towards the remuneration of staff following further training courses.

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

1. BUSINESS MANAGEMENT ADVISORY SERVICES

Technical assistance to commerce is provided as follows :

- training of technical assistants (ATC) ;
- publication of commercial techniques and assistance to commercial centres ;
- assistance to groups of small and medium-sized firms.

2. COMPARATIVE BUSINESS STUDIES

None.

5. IRELAND

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

The legislation applies to the supply and distribution of goods and the provision of certain services (including professional services). It does not itself declare any type of restrictive or unfair practice to be illegal, but provides for making statutory orders in individual sectors following a public enquiry – such orders are in force at present (see B below for details of contents).

1) Principle :

To prevent any measures, agreements or acts by individuals or combinations, which unreasonably limit or restrain free and fair competition or which impose unreasonable conditions in regard to the supply or distribution of goods or the provision of services.

2) Dominant position :

There are no specific orders or regulations relating to market dominating enterprises or monopolies. They are however subject to the provisions of the orders relating to the sectors in which they operate.

3) Mergers :

The position is the same as that in the case of monopolies.
There is no system of registration for mergers or agreements.

4) Special rules applicable to small and medium-sized enterprises :

No special regulations.

B. OTHER RULES ON COMPETITION

The following practices which have the effect of restricting or distorting competition are prohibited in certain specified trades by the relevant statutory orders :

1) Agreements which restrict or limit entry to the trade .**2) Discrimination (including price discrimination) as to the terms and conditions of supply unless reasonable in the interest of efficiency and economy in production or distribution, or is necessary in the legitimate interests of the suppliers' business.**

- 3) Collective or individual resale price maintenance.
- 4) Collective fixing of suppliers' price.
- 5) Collective coercion of suppliers to withhold supplies or to discriminate in terms of supply.
- 6) Lists of approved traders prepared by associations, organizations or other combinations.
- 7) Refusal to sell unless justified by specified economic considerations.

C. *COOPERATION*

Cooperation between undertakings is regarded favourably provided it is aimed at increasing efficiency, reduction of costs and other desirable objectives and does not result in reducing or distorting competition. There is at present no statutory provision whereby undesirable mergers or amalgamations between firms can be prohibited but legislation for this purpose is pending.

However, where a merger, amalgamation or other form of association results in measures, rules or agreements which unfairly or unreasonably restrict competition, restrain trade or in any respect operate against the common good, such agreements etc. can be investigated and, if necessary, be prohibited under the Restrictive Practices Act, 1972.

*Chapter II***RULES ON ESTABLISHMENT**

There is no general restriction on the right of any person, national or non-national, to engage in a commercial activity.

Certain businesses, however, for example, those engaged in the sale of alcoholic beverages, require the issue of a licence before they can operate.

The activities of street traders, pedlars, and hawkers are governed by relevant legislation.

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES**

A. *PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS*

The construction of new premises for commercial purposes is governed by local town planning regulations drawn up by the local planning authorities. These regulations include compliance with zoning requirements, compulsory acquisition of property and land and emphasise design and safety features in the building.

B. *PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES*

Almost all business tenancies are governed by the Landlord and Tenants Act, 1931. If a tenancy under this Act terminates or a lease expires the tenant has the right, on giving notice under the requirements of the Act, to obtain a new tenancy on terms either agreed with the landlord or settled in a court of law. If the court fixes the terms of the new tenancy the period will not be less than 21 years and the rent will be the gross rent as the Act defines it.

A special Commission appointed to review landlord and tenant Law has recommended that where a new tenancy is granted under the 1931 Act the new tenancy should be for a period of 35 years instead of 21 years and that either the landlord or tenant or both should be entitled to apply for a review of the rent at 7 year intervals.

*Chapter IV***TAXATION****A. GENERAL TAXATION ON INCOME**

Subject to certain exemptions, income tax is chargeable on all income arising in Ireland whether to individuals, partnerships, unincorporated bodies, companies etc.

B. TAXATION ON PROFITS – CORPORATE TAX

Corporation profits tax is charged, in addition to income tax, on the profits of companies. The tax is allowable as a deduction in computing the profits chargeable to income tax.

A company incorporated in Ireland is liable to the tax in respect of all its profits. A company incorporated outside Ireland is liable to the tax on any profits arising in Ireland. There is, however, provision for relief from corporation profits tax, subject to conditions, in respect of certain profits.

Corporation profits tax is charged at the rate of 7.5 % on so much of the profits of a company as does not exceed £ 2,500 per annum and at 23 % on profits in excess of that figure.

C. VALUE ADDED TAX (VAT)

Value added tax is a general sales tax applied at all stages of production and distribution to sale of goods and to the rendering of taxable services. Persons engaged in these activities are required to register if their turnover is in excess of certain limits. Registered persons are liable for tax on all sales or services within the State. Imported articles are liable to the tax at the same rates as those applicable domestically, but registered persons may import most articles required for their business without payment of the tax.

The rates for VAT in force at present are zero per cent, 10 per cent, 20 per cent, 35 per cent, and 40 per cent according to the goods or services in question.

D. CAPITAL GAINS TAX

The Capital Gains Tax, 1975 provides for the taxation of capital gains on disposable assets. Any form of property, other than Irish currency or sterling, including an interest in property, as, for example, a lease wherever situated, is an asset for the purposes of capital gains tax.

Disposal of an asset includes a transfer by sale, exchange or gift of the asset.

Where there is a loss on the disposal of an asset it will normally be allowable if a gain on the same transaction would have been chargeable.

Capital gains tax is chargeable at the rate of 26 % on net gains (that is, gains of the year less any allowable losses of the year and losses brought forward from earlier years).

E. WEALTH TAX

Under the Wealth Tax Act, 1975 an annual wealth tax is payable at the rate of 1 % on the net wealth of individuals, some companies and discretionary trusts.

In the case of an individual there is a deduction from net wealth of £ 100,000 for a married couple, £ 90,000 for a widow or widower and £ 70,000 for a single person. Non-residential persons are taxed only on property situated in the State.

The principal exemptions are private dwelling houses together with furniture and effects, livestock owned by a farmer, bloodstock, pension rights and growing timber.

*Chapter V***FINANCIAL AIDS****A. LOANS**

There is no system for the provision of state loans for commercial activities but the Industrial Credit Company which is a semi-state organisation offers loans to wholesalers and retailers who have been in business for at least five years and have audited accounts showing a profitable record of trade, for

- acquisition of premises,
- extension or adaptation of premises,
- shop and warehouse equipment,
- forklift trucks and delivery vehicles,
- fixtures and fittings.

B. TECHNICAL ASSISTANCE GRANTS

In order to improve efficiency in distribution the State considers applications for technical assistance grants of up to one third of the cost of an approved scheme subject to a maximum of £ 10,000 in respect of any one project in the case of the following activities:

- 1) Study visits abroad to enable representatives of the distributive trades to study aspects of distribution .
- 2) Consultancy services provided through the collective efforts of distributors to advise them on matters directed to the improvement of efficiency in distribution.

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

There is a unified system of social security covering all employees both in the industrial and commercial fields and in respect of normal contingencies e.g. unemployment, sickness, invalidity, old age, widowhood and occupational injury.

The benefits are financed by contributions from employers and employees and the annual deficit between income and expenditure is met by a State grant which in the past amounted to approximately one-third of the benefits paid. The Government intend to reduce the level of its financing of those benefits in future years by the appropriate adjustment of the employers' and employees' contributions.

Most employees pay a flat rate contribution of £ 4.67 in the case of males and £ 4.55 in the case of females of which the employer normally pays £ 2.72 and £ 2.67 respectively. In addition, pay related contribution of 3 % (employer 2 %, employee 1 %) is charged on the first £ 2,500 of annual earnings.

In the main, benefits are flat rate varying only with the number of the beneficiary's dependents. In the case of sickness, unemployment and work injury claims, however, the flat rate benefit is augmented by an earnings related supplement.

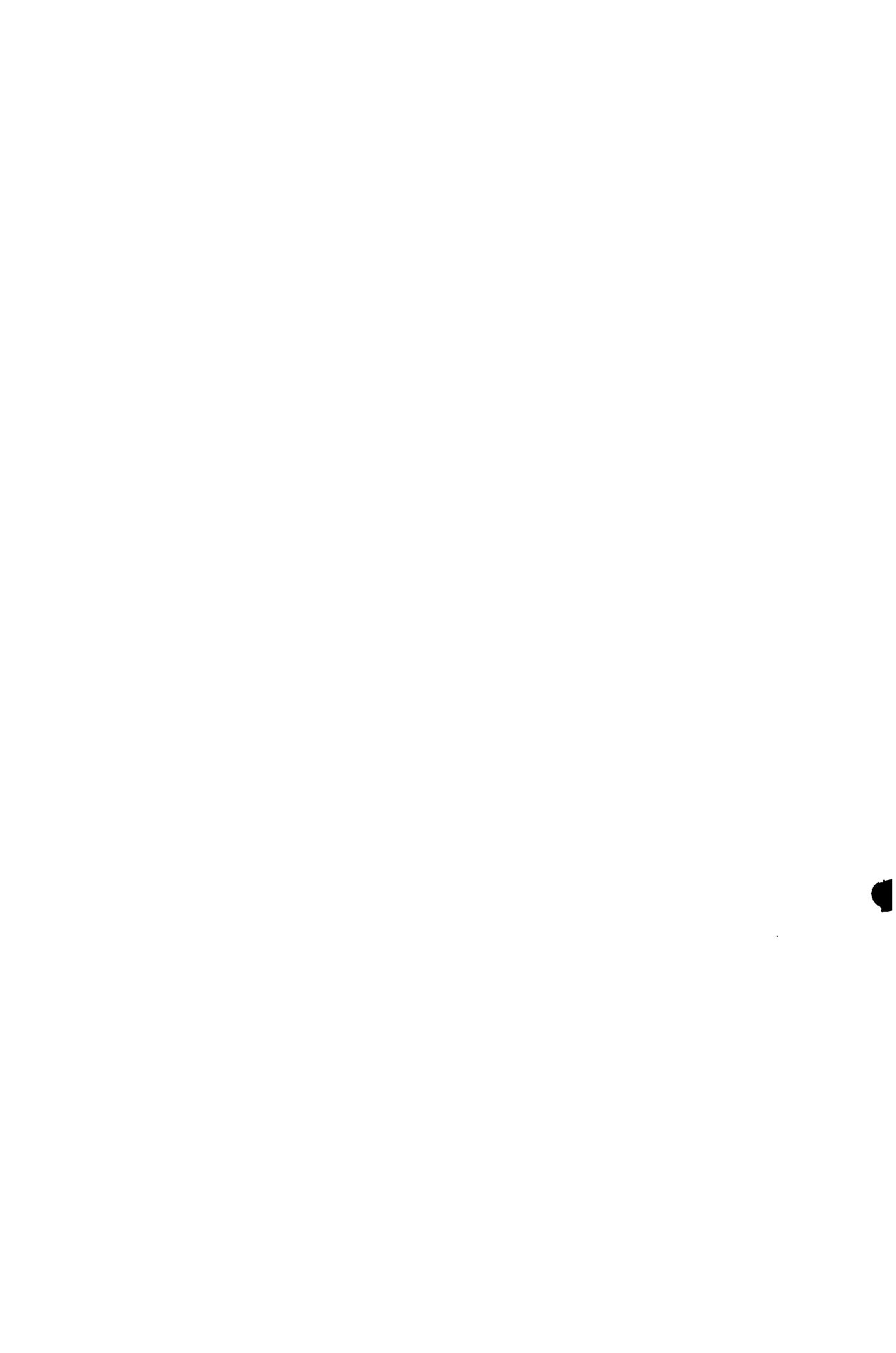
There is no scheme of social security for the self-employed. However, a self-employed person whose rate of earnings does not exceed £ 1,600 per annum is eligible for certain health services comprising mainly free hospital in-patient and out-patient services. (In general, free general practitioner services are available only to those on low incomes).

B. OTHER SOCIAL MEASURES

None.

*Chapter VII***VOCATIONAL TRAINING AND FURTHER TRAINING**

- 1) **Vocational training in relation to commerce is provided in a variety of state schools and state supported schools catering for pupils in the later years of compulsory school attendance. A considerable number of pupils take subjects, or groups of subjects, relating to commerce for the purposes of examinations and certificates.**
- 2) **Special post-certificate courses of shorter duration are also provided – normally in local vocational schools.**
- 3) **Various distributive trades provide for the part-time release of apprentices to attend courses in relevant aspects of retail distribution. Such attendance and the consequent certificates are accepted for the purposes of qualification for apprenticeship. The trades concerned are to a large extent involved in the organization of the courses.**
- 4) **Evening classes are provided for adults in various aspects of business studies, in second-level educational establishments.**
- 5) **Most of the higher-level educational institutions have Business Studies faculties and provide courses leading to either Certificate, Diploma or Degree qualifications.**
- 6) **Several state-sponsored or state-aided institutions catering for management training provide courses, seminars and similar activities for managerial and supervisory personnel in the field of commerce.**



6. ITALY

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)****1) System:**

Commerce is governed by the general rules on competition. The Government presented a draft bill in Parliament on the protection of free competition which confirms the ban on agreements.

2) Dominant Position:

The bill makes provision for banning practices tending to restrict competition and harm consumers' interests in order to control undertakings having a dominant position on the market.

3) Mergers:

None.

4) Special rules applicable to small and medium-sized undertakings:

None.

B. OTHER RULES ON COMPETITION**1. UNFAIR COMPETITION**

This is prohibited as defined by the Civil Code (Article 2598).

A judgement establishing acts of unfair competition prohibits its continuation and makes the necessary provisions to have its effects removed. If these acts involve criminal or fraudulent practice, the party responsible is required to make good the damage. In these cases, an order may be given that the sentence be published. When acts of unfair competition are ascertained, the perpetrator is assumed to be guilty.

Actions against unfair competition may also be initiated by professional associations if their interests have been prejudiced.

2. RESALE PRICE MAINTENANCE

There is no legal ban on resale price maintenance.

3. DISPLAY OF PRICES

Goods displayed for retail sale in shop windows, in the entrance of a shop, in the street or on stalls anywhere must clearly display the sale price.

For certain specific categories of goods, it is sufficient to provide customers with catalogues and lists from the suppliers or from the vendor showing the range of goods with their respective retail prices.

Provisions regarding price display apply equally to all products.

4. ADVERTISING OF PRICES

All advertisements which are misleading in respect of prices violate the provisions of the law on unfair competition and sanctions are provided for any violations regarding the advertising of prices.

5. BONUSES AND DISCOUNTS

Bonus schemes come under Royal Decree Law No 1933 of 19 October 1938, amended in part by Law No 585 of 15 July 1950.

Each year they must have the prior authorization of the Ministry of Finance and this can be refused if they work against the public good, or if they concern goods of wide general consumption – a list of these is drawn up yearly by interdepartmental order. Authorization for bonus schemes can also be refused if they are felt to harm public interests or disrupt the normal national production and business climate.

Lastly, authorization can be withdrawn if the conditions laid down are not fulfilled.

Discounts also come under the rules on bonus schemes, provided they are neither habitual nor fortuitous, but are granted according to a previously determined system.

The present Law has been with Parliament for review for some time now.

6. LOSS LEADER SELLING

No rules.

7. PROMOTION PRICES

No rules.

8. SALES AND CLEARANCE SALES

Special sales or clearance sales, including end-of-season sales, are governed by Royal Decree Law No 294 of 19 January 1939. Prior authorization must be obtained from the Chambers of Commerce but this can only be granted in the following cases :

- 1) termination of commercial activity ;
- 2) closing-down of a business ;
- 3) closing-down of a branch of a business ;
- 4) transfer of business to other premises ;
- 5) conversion or renovation of premises ;
- 6) withdrawal of a particular product.

Special end-of-season sales may also be allowed provided they include only seasonal products, fashion goods and products likely to depreciate considerably if not sold within a fairly short time.

The shopkeeper must prove that the special sale or clearance sale is due to one of these circumstances and must give the place of the sale, the opening and closing dates and details of the quality, quantity and value of goods included in the sale.

9. SALE ON HIRE-PURCHASE

The rules which previously restricted hire-purchase sales on particular products for economic reasons has been repealed (Law No 843 of 27 December 1973).

Sale on hire-purchase is still governed by the Civil Code.

10. HOURS OF BUSINESS OF SHOPS

The hours of business of shops are governed by Law No 558 of 28 July 1971, which leaves the decision to the regional governments according to the following criteria:

- 1) all shops must close on Sundays and holidays. Shops selling bread may be allowed to open in the morning on holidays which fall in the week, but they will not be allowed to sell other foodstuffs;
- 2) shops may not open more than 44 hours a week;
- 3) shops must close for one half day a week. This does not apply if a holiday other than a Sunday falls during the week;
- 4) when holidays fall on consecutive days, the regions may allow those shops which sell foodstuffs to open in the morning on the Sunday or holiday most convenient to allow the public to lay in provisions.

The hours of business of shops may vary depending on the town or area and the nature of business.

These rules do not apply in tourist areas.

C. COOPERATION

1. GOVERNMENT MEASURES

Law No 426 of 11 June 1971 on rules for commerce provides for preferential treatment for trade associations as it lays down that requests to transfer a business or to extend sales premises presented by not less than five undertakings have priority over requests to open new businesses.

Law No 517 of 10 October 1975 on financial aids to commerce extended financial aid to any form of association, giving associated businesses some priority over single ones (see Chapter V).

The Committee for Trade Integration and Association (Comitato per il commercio integrato e associato) has been set up by the Ministry for Industry, Trade and Craft Trades to study problems regarding the development of trade associations and corporate economic trade organizations.

2. OTHER MEASURES

The Regions and Chambers of Commerce have considered providing assistance on deposit or capital account to encourage financial operations tending to favour the development of trade associations.

Regional centres for internal trade have been set up in the regional associations of the Chambers of Commerce and these are responsible inter alia for promoting trade associations.

Industrial organizations have also taken steps in this direction.

Chapter II

RULES ON ESTABLISHMENT

A. TAKING-UP OF ACTIVITIES

Freedom to operate a business is governed by Law No 426 of 11 June 1971, which states that:

- each Chamber of commerce, industry, crafts and agriculture must keep a register of all persons carrying out wholesale or retail business activities in various forms or supplying foodstuffs and beverages to the public;
- all those who intend to practice one or more types of business activity must be entered on this register which is valid throughout the State and presupposes that those listed meet general requirements (i.e. are all over the age of majority and have completed the period of compulsory education) and have the necessary moral standing and professional ability;
- an applicant is considered to meet professional requirements if he has passed a proficiency test, or if he has worked in the business for at least two years or if he has attended a professional business course organized or recognized by the State;
- all those who are put in charge by the proprietor of any point of sale, of subsidiary or special branch of the undertaking must be included on a special list attached to the register;
- the communes in consultation with the relevant committees, draw up four-yearly plans on the development and improvement of the distribution network, and can decide on the minimum area of sales premises for each business category and when granting new authorizations, on the maximum total surface area devoted to the sale of goods for wide general consumption;
- the mayor shall issue the administrative authorization for the opening, transfer and extension of retail businesses after consulting a local committee and in line with the criteria laid down by the plan;
- the authorization of the regional council, in consultation with a committee, must be sought for the opening of retail businesses and shops with a surface area of over 1 500 m², unless they are warehouses or depots;
- authorization is withdrawn if the applicant does not start up the business, terminates sale activity or is struck off the register;
- the above rules do not apply to specific categories of sales activity, like wholesale market gardening, meat and fish businesses, the sale of pharmaceutical products and medicines, etc..

The provisions for implementing Law No 426 of 11 June 1971 are given in the implementing regulation adopted by the Ministerial Decree of 14 January 1972 and amended and completed by the Ministerial Decree of 28 April 1976.

1. ITINERANT TRADERS

Pedlars and other itinerant traders must be included in a special section of the trade register. Before they can be included in the register, these traders must have the certificate for inclusion provided for in Article 121 of the consolidation act of the law on public safety, must be over the age of majority and must pass a literacy test.

B. GENERAL REQUIREMENTS

- Entry in the trade register.
- Entry in the register of firms beginning trading activities.

*Chapter III***LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES****A. PROVISIONS RELATING TO THE BUILDING OF NEW COMMERCIAL UNITS**

Authorization must be given for the construction of commercial premises, as for any construction work. These must meet town planning requirements and must conform with local town planning policy regulations, food, hygiene and health regulations and the rules governing the use of buildings in urban areas.

Rules for the establishment of commercial premises are given in the general plans and building programmes, particularly regarding the minimum amount of parking space for each kind of shop.

Any spaces reserved for wholesale or retail businesses, including local markets and big sales businesses with surface areas of more than 1 500 m² (apart from warehouses and depots) are given in detailed plans and allotment agreements.

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES

Renting property in towns, including commercial property, is still subject to restrictions regarding the duration of the contract and the amount of rent payable.

New rules are currently under examination, and will be based on the following principles : |

- 1) a minimum lease lasting several years for business or hotel property ;
- 2) the tenant would have the right to extend the lease ;
- 3) the rent would be adjusted periodically to reflect changes in the price index ;
- 4) protection of business activity.

*Chapter IV***TAXATION****A. GENERAL TAXATION ON INCOME**

Tax on income from movable wealth payable on all income divided into four categories :

- A income from the use of capital ;
- B mixed (capital combined with labour) ;
- C₁ from self-employment ;
- C₂ from employment.

Rate :

Cat. A = 27 0/o

Cat. B = progressive, from 9 – 25 0/o

Abatement Lit. 240 000

Cat. C₁ = progressive, from 4 – 15 0/o

With effect from 1 January 1971 the abatement was raised from Lit. 240 000 to Lit. 360 000 for small businesses.

Cat. C₂ = progressive, from 4 – 15 0/o

Abatement for paid employees = Lit. 600 000.

An additional tax is added to each rate for each category and thus changes the final amount of tax to be paid.

In addition there is a supplementary progressive tax on income which is levied on all taxpayers.

- 1) Rate : progressive, from 2 – 65 0/o.
- 2) Abatement : Lit. 240 000.

Following the entry into force of the tax reform, the following taxes :

- tax on the income of natural persons ;
- tax on the income of legal persons ;
- local tax on income (ILOR) ;
- communal tax on appreciation of buildings (ICPVIM)

will replace the total yield of some 15 taxes previously levied on income.

B. TAXATION ON PROFITS – CORPORATION TAX

Following the entry into force of the tax reform, corporation tax was replaced by tax on the income of legal persons.

Tax payable by :

- companies set up in Italy ;
- companies set up abroad but whose administrative head office or principal obligation is on Italian territory ;
- non-recognized associations ;
- other organizations of persons or assets without legal personality (excluding ordinary private companies, ordinary and “di fatto” limited partnerships and firms) ;

- non-recognized associations and organizations of persons or assets without legal personality, set up abroad and having neither their administrative head office nor their principal obligation in Italy.

Total income composed of :

- income from land (real estate and agricultural land) ;
- income from buildings ;
- income from undertakings ;
- capital gains obtained, distributed and entered in the balance sheet ;
- exceptional profits ;
- income from shares and equivalent holdings ;
- other income which may now be subject to tax on movable wealth.

The rate of tax on the income of legal persons is proportional and fixed at 25 0/o.

It is reduced to 7.5 0/o for finance companies and bodies (i.e. particular partnerships, companies concerned with financing and the technical and financial coordination of other bodies and companies) and to 6.25 0/o for finance bodies and companies where the State has most of the shares.

The taxable income will be determined analytically on the basis of the balance sheet and returns, except in the case of income from land, agricultural income and income from buildings which will be determined on the basis of land tax in such a way that they correspond as far as possible to the real income.

An estimate of the aggregate income will be necessary if a breakdown is not possible because of the nature of the components or for reasons of force majeure.

Provision has been made for certain special taxes to be applied to the profits distributed by companies and to cooperatives and their groups.

C. *VALUE ADDED TAX (VAT)*

Rates :

- 6 0/o – reduced rate – certain essential and agricultural products
- 12 0/o – normal rate
- 30 0/o – higher rate – luxury goods.

Other Rates :

- 1 0/o (until 31 December 1976) on foodstuffs already exempt of turnover tax as at 31 December 1972 ;
- 1 0/o (from 19 August 1975 until 30 June 1976) on fertilizers ;
- 3 0/o (until 31 December 1976) on foodstuffs which, on 31 December 1972, were subject to a discount on turnover tax at a rate not exceeding 3 0/o ;
- 3 0/o (as from 25 June 1975) on delivery of periodicals ;
- 3 0/o on public residential buildings ;
- 6 0/o (from 9 July 1974) on real estate as described in Article 13 of Law No 408 of 2 July 1949 (economic and public buildings) ;
- 6 0/o (until 31 December 1976) on textiles subject to 12 0/o VAT ;
- 18 0/o (from 1 May 1975) on live bovine animals including animals of the buffalo species ;
- 18 0/o (from 9 July 1974) on bovine meat apart from offal ;
- 18 0/o on processed tobacco.

D. WEALTH TAX

None.

E. LOCAL TAXES

- local income tax (ILOR) (1)
rate from 13.2 % to 14.7 % ;
- tax on appreciation of immovable property (INVIM) (1)
minimum rate of from 3 % to 5 % for an appreciation of up to 10 % of the initial value ;
maximum rate of from 25 % to 30 % for an appreciation of over 200 % of the initial value ;
- rates on the occupation of public spaces and areas ;
- rates for the collection of solid waste within the city ;
- tax on advertising and public notices ;
- visitors' tax ;
- dog tax ;
- public weighing tax.

(1) The Financial Administration of the State is responsible for determining these rates, while the local corporations are entirely responsible for collecting the revenue.

Chapter V

FINANCIAL AIDS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Companies, cooperatives, purchasing groups and other trade associations made up of small and medium businesses	Buying, constructing, converting and extending premises, acquiring land - buying and renewing equipment Stocks : - 20 % of the amount invested when acquiring or constructing premises - 30 % in other cases	70 % of all recognized expenditure 500 million Lit. for shops or warehouses	10 years for Northern and Central Italy 15 years for Southern Italy 7 years for all regions when renovating and replacing equipment	65 % of the base rate for Northern and Central Italy - 8.25 % as at 10 April 1976 50 % of the base rate for Southern Italy - 6.35 % as at 16 April 1976 Base rate was fixed by Ministerial Decree at 12.70 % on 3 March 1976	Actual or personal. Subsidiary guarantee from the State	Law No 517 of 10 October 1975 on financial aids to commerce
Consumers' cooperatives and their consortia	ditto	ditto	ditto	ditto	ditto	
Small and medium businesses - retail	ditto	150 million Lit. for shops or warehouses	ditto	ditto	ditto	
Small and medium businesses - wholesale	ditto	250 million Lit. for shops or warehouses	ditto	ditto	ditto	

Appropriations : Lit. 95 000 million of which Lit. 10 000 million are earmarked for the Guarantee Fund, spread out over ten years starting in 1975.

Chapter VI
SOCIAL MEASURES

A. SOCIAL SECURITY

1. PERSONS EMPLOYED IN COMMERCE

There are no specific provisions for persons employed in commerce within the framework of the general social security scheme. The benefits of the statutory social security scheme are applicable equally to persons employed in commerce on whatever scale, but the salaries of persons employed in small and medium businesses are not overburdened with social charges.

2. SELF-EMPLOYED HEADS OF BUSINESSES

a. Sickness insurance

1) System:

Compulsory.

The system applies to proprietors in business and tourism and to persons employed in commerce, with no income limits, providing the business depends mainly on the work of the proprietor and members of his family.

2) Contributions:

An annual contribution is paid by those insured.

3) Contribution from the State:

The State makes a financial contribution.

b. Disability, old age and survivors

1) System:

Compulsory.

This system applies to proprietors in business and tourism and to persons employed in commerce and members of their family who help them.

2) Contributions:

A monthly contribution is paid by the person insured.

3) **Contribution from the State :**

The State makes a financial contribution.

c. *Industrial accidents*

None.

d. *Unemployment insurance*

None.

e. *Family allowances*

None.

B. OTHER FORMS OF SOCIAL SECURITY

None.

*Chapter VII***VOCATIONAL TRAINING AND FURTHER TRAINING****A. VOCATIONAL TRAINING**

- Compulsory.
- Qualification through commercial experience as sales assistant or employee or as business administrator.
- Aptitude test taken at the Chamber of Commerce (in some special cases this is not sufficient).
- Through suitable courses of instruction – all those who complete these courses successfully are qualified to undertake business activities (in some special cases however the aptitude test still has to be taken).

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

Compulsory education for at least eight years (usually from 6 to 14) – this is general education and does not include vocational training.

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

- on-the-job training ;
- or by means of a test at the Chamber of Commerce ;
- or through professional business courses organized or recognized by the State – these are relatively rare for the moment and are not available everywhere.

B. VOCATIONAL TRAINING FOR ADULTS**1. FURTHER TRAINING OF SELF-EMPLOYED PERSONS**

- Vocational courses for butchers at the Chamber of Commerce (about sixty courses from 1970 to 1975 with an estimated 2 400 passes);.
- Vocational courses for shopkeepers dealing in foodstuffs at the Chambers of Commerce (less than ten with an estimated 200 participants).

2. TRAINING OF SALARIED AND MANAGERIAL STAFF

- Apprenticeship Institute (practical training together with the opportunity to attend courses of instruction).
- Vocational training courses should be organized by local regional authorities.

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

- University courses to professionals.
- Professional business organizations (private).
- Courses given under B. 1.

7. LUXEMBOURG

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

Rules prohibiting resale price maintenance, refusal to sell and discriminatory practices.
Law of 17 June 1970 on restrictive trade practices.

1) System:

None.

2) Dominant Position:

Control of abuse by undertakings having a dominant position on the market.

3) Mergers:

No provisions.

4) Special rules applicable to small and medium-sized undertakings :

No provisions.

B. OTHER RULES ON COMPETITION**1. UNFAIR COMPETITION**

Application of the general law governing liability. Legal proceedings may be instituted in case of any action which is contrary to normal commercial practices.

2. RESALE PRICE MAINTENANCE

Prohibition of resale price maintenance, but exceptions possible in individual cases.

3. DISPLAY OF PRICES

Applicable to all products at the retail stage, except in certain cases.

4. ADVERTISING OF PRICES

Any misleading advertising violates the provisions of the rules on unfair competition.

5. BONUSES AND DISCOUNTS

In general, bonuses are prohibited. 3 % discount authorized for foodstuffs.

6. LOSS LEADER SELLING

Unfair competition if the intention is to damage the interests of competitors.

7. PROMOTION PRICES

No provision.

8. SALES AND CLEARANCE SALES

End-of-season sales authorized – clearance sales always governed by rules.

9. SALE ON HIRE PURCHASE

Authorized for goods valued at Flux. 4 000 – 150 000. First payment 20 % (30 % in certain cases).
Period of time for repayment : 24 months – interest 0.75 % per month.

10. HOURS OF BUSINESS OF SHOPS

Closing time :

spring-summer : 20.00 hours

autumn-winter : 19.00 hours.

Sundays and public holidays : 13.00 hours, except in certain cases.

C. COOPERATION

1. GOVERNMENT MEASURES

No special measures ; private steps.

2. OTHER MEASURES

No special measures.

Chapter II

RULES ON ESTABLISHMENT

A. *TAKING-UP OF ACTIVITIES*

Under the provisions of the Laws of 2 June 1962 and 26 August 1975 carrying out any business activities in any branch is subject to authorization.

Professional probity is required for all professions ; so is a professional qualification – except in the case of itinerant traders, sales representatives, persons leasing mechanical equipment, travelling stall-keepers, and trades requiring only limited equipment.

It is prohibited to open stores with more than one branch and employing more than six staff. Setting up, extending or converting any retail sales unit, whether separate from each other or grouped, and whose sales surface exceeds 600 m², is subject to special authorization ; this may be refused where the new venture is likely to undermine the overall or regional balance of the retail trade.

Any businessman may apply for permission to open a subsidiary or branch if he has been established for at least three years at his principal establishment.

However this limitation does not apply to credit establishments, travel agents, the hotel business, cinemas, petrol stations, or newspaper and book sales points.

Establishing or transferring consumer cooperatives is prohibited except where the latter bind themselves to forego the practice of making refunds to their members.

Trading permits are issued by the Ministry which is responsible for the Department for the Small Firms and Trades.

Several trades are excluded from the scope of the laws on establishment and are subject to authorizations issued by other Ministries ; this also applies to pharmacists and proprietors of hardware stores who are authorized by the Ministry of Public Health ; distillers and insurance agencies and their agents are authorized by the Ministry of Finance. For the rest, further permits in addition to the trading permit itself are, for reasons of health and public order, required for trade in a number of products (e.g. meat, poultry, game, fish, milk, milk products, agricultural products, arms and ammunition, pesticides).

1. *ITINERANT TRADERS*

Itinerant vending and door-to-door selling are regulated by the Law of 5 March 1970. Under the terms of the latter text the sale or offer of goods, shares or real estate by door-to-door selling methods is prohibited unless a special permit has been issued. However, this permit is never issued for the sale of articles in precious metals, gems, costume jewellery, fabrics and haberdashery, pharmaceutical products and perfumery, tobacco, grocery products, shares or real estate, or goods whose sale is regulated by health legislation.

The sale of garden and orchard produce and the sale of papers on a public thoroughfare are not, however, regarded as door-to-door selling.

B. *GENERAL REQUIREMENTS*

- Entry in the trade register.

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES**

A. PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS

The laws on town and country planning do not yet cover the problem of the location of commercial undertakings.

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES

1. COMMERCIAL PROPERTY

Any tenant of a building designed for use as commercial premises, who, either himself or through his assignees, has been operating a commercial undertaking there for more than three years, is entitled to have his lease renewed before a lease is offered to anyone else.

The lessee no longer has that right after the fifteenth year of his lease (Grand-Ducal Decree of 31 October 1936 on the protection of businesses as regards leases).

2. RULES GOVERNING RENT FOR COMMERCIAL PREMISES

No freezing of rents for commercial premises.

Chapter IV

TAXATION

A. GENERAL TAXATION ON INCOME

Levied on all the taxpayers' income, including the profits from industrial and commercial activities.

In partnerships, the profits received by each of the partners are taxed separately.

B. TAXATION ON PROFITS – CORPORATION TAX

1) Basis of assessment :

Profits, whether distributed or not.

2) Rate :

- 20 % if the profits do not exceed Flux. 400 000.
- Flux. 80 000 + 50 % of the profits in excess of Flux. 400 000 if the profits are between Flux. 400 000 and Flux. 600 000.
- 30 % if the profits are between Flux. 600 000 and Flux. 1 million.
- Flux. 300 000 + 72 % of the profits in excess of Flux. 1 million if the profits are between Flux. 1 million and Flux. 1 312 400.
- 40 % if the profits exceed Flux. 1 312 400.

C. VALUE ADDED TAX (VAT)

Maximum rate : 10 %

Minimum rate : 5 %

Possible to increase the rate by or reduce it by 2 %.

D. WEALTH TAX

1) Basis of assessment :

Net wealth.

2) Rate : 5 0/o

Deduction :

Flux. 100 000 per natural person.

Companies are taxed on a minimum wealth of Flux. 500 000 in the case of joint stock companies and Flux. 200 000 in the case of private limited companies.

E. LOCAL TAXES

Trade tax

Basis of assessment :

Trading profits and the net value of operating capital. This tax comprises three separate taxes :

1) Tax on trading profits (income tax system)

Rate :

- a) Basic rate : 2 0/o
- b) Natural persons and partnerships :
 - 0 0/o up to Flux. 250 000 ;
 - 4 0/o of the profits in excess of Flux 250 000.
- c) Limited companies :
 - 4 0/o with an abatement of Flux. 100 000.

2) Tax on capital

Rate :

2 0/oo, with an abatement of Flux. 500 000 for natural persons and partnerships.

3) Tax on the total wage bill

Basis of assessment :

Wage bill.

Rate :

2 0/oo of the total wage bill, to which an average communal coefficient of 600 0/o is applied.

No tax if the total wage bill is less than Flux. 400 000.

If the total wage bill amounts to between Flux. 400 000 and Flux. 1 200 000, it is reduced by half of the difference between that total and Flux. 1 200 000.

Chapter V

FINANCIAL AIDS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized commercial and craft undertakings	Fitting-out in the hotel trade	Unlimited	10 years	—	Government guarantee fund set up	Law of 29 July 1968 on the structural improvement of commercial and craft undertakings

General remarks :

Other aids to commerce are as follows :

- Capital grant : ceilings of 15 % and 25 % of capital costs (up to Flux. 5 million) ; 45 % for cooperative societies .
- Interest subsidy : maximum of 4 points with a minimum interest rate of 1 % .
- Savings premium for initial setting-up expenses : 15 % of setting-up expenses, up to Flux. 150 000 .
- Apprenticeship premium .
- Technical assistance : 50 % of cost, up to Flux. 100 000 .
- Provision of covering capital for mutual guarantee societies.

Chapter VI

SOCIAL MEASURES

A. SOCIAL SECURITY

1. PERSONS EMPLOYED IN COMMERCE

No specific measures for persons employed in commerce within the framework of the general social security schemes.

Legislation in the social field is designed to provide persons employed in undertakings of all sizes with the same social benefits, while avoiding an excessive burden on the wages costs of small and medium-sized undertakings as a result of expenditure in the social field.

2. SELF-EMPLOYED HEADS OF BUSINESSES

a. Sickness Insurance

1) System:

Compulsory.

2) Contributions:

a) Insured persons in employment :

Calculated on the basis of income from trading with a ceiling which may not exceed three times the minimum social wages.

b) Persons drawing a pension :

Calculated on the basis of income from pensions and, where appropriate, from professional activity. The maximum income on which contributions may be levied may not exceed 275 times the minimum social wage.

3) State participation:

The State takes responsibility in particular for costs arising out of maternity, traffic accidents where no third party is responsible, accidents suffered by school children while pursuing a sport or taking part in a sports competition, and any costs arising out of major risks.

b. Disability and Old age

Compulsory.

c. *Old age and survivors*

1) System :

Compulsory.

2) Contributions :

10 % of taxable income from trading activities

6 % of taxable income from trading activities

in order to cover in part the adjustment of pensions to development in income. There is a minimum and a maximum reference income.

3) State participation :

The State takes responsibility for a fixed proportion of a pension of 15 000 Flux. per year (index 100 in 1948), supplements in order to bring pension up to the minimum, and supplementary pensions for war veterans. It also makes up deficits resulting from the effects on pensions of the cost of living. Half of the administrative costs connected with old-age insurance is borne by the State.

d. *Industrial Accidents*

None.

e. *Unemployment Insurance*

None.

f. *Family Allowances*

1) System :

Compulsory.

2) Contributions :

Determined on the basis of the taxable income. The amount of the contribution is laid down in the public authorities' rules ; it may not exceed 1 % of the taxable income and provision may be made for a basic abatement.

3) Participation of the State :

Subsidy from the State.

B. OTHER FORMS OF SOCIAL SECURITY

A draft law is being drawn up. It provides for the setting-up of a system designed to facilitate the closure of commercial (and craft) undertakings which are not viable, and for the introduction of measures for the benefit of operators of commercial (and craft) undertakings who close their undertakings within the framework of this project.

*Chapter VII***VOCATIONAL TRAINING AND FURTHER TRAINING****A. VOCATIONAL TRAINING****1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION**

Vocational training at CAP level is provided in commercial schools for vocational training (*écoles de commerce de l'enseignement professionnel*) (four years after the sixth year of primary education) for secretarial and business management studies: the commercial school examination represents the theory part of the CAP. After a one-year practical course in a firm, candidates must take the practical part of the CAP.

The training of sales staff takes place either in the firm over three years with compulsory attendance at vocational training classes (one day a week), or at a vocational training school (*école professionnelle*) for one year followed by a one-year practical course in a firm with part-time training at a vocational training school.

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

None.

B. VOCATIONAL FURTHER TRAINING FOR ADULTS**1. FURTHER TRAINING FOR SELF-EMPLOYED PERSONS**

Classes for adults are organized by the Chamber of Commerce and by the OLAP (*Office Luxembourgeois pour l'Accroissement de la Productivité*): accounting, taxation, etc..

2. VOCATIONAL FURTHER TRAINING FOR PAID EMPLOYEES AND MANAGERIAL STAFF

None.

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES**1. BUSINESS MANAGEMENT ADVISORY SERVICES**

The technical assistance department (*service de l'assistance technique*) of the Chamber of Commerce advises tradesmen on social matters (e.g. collective agreements).

One of the main activities of the technical assistance department is to familiarize small and medium-sized firms with formalities and opportunities regarding export aid.

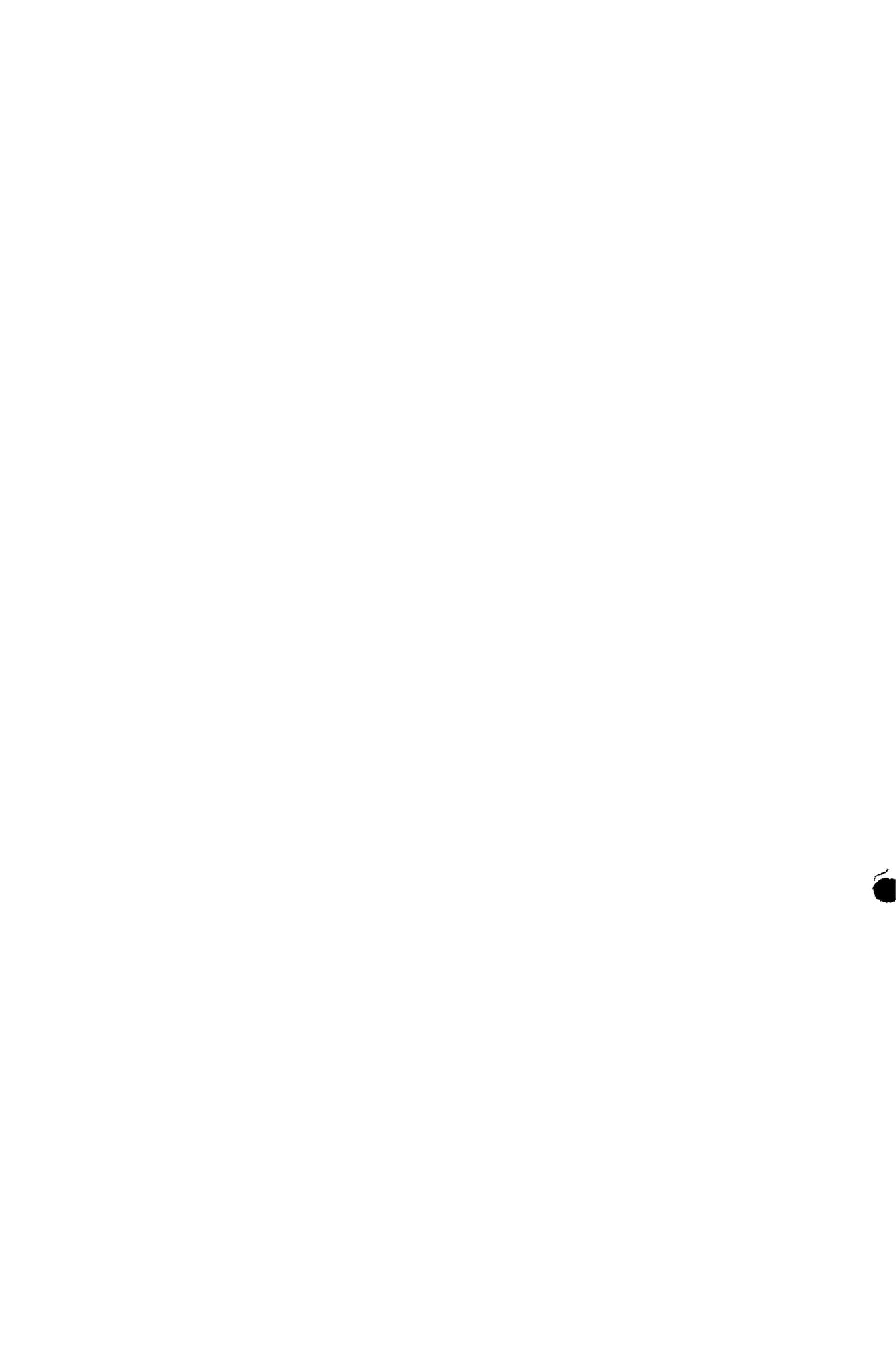
In addition, it advises tradesmen about new investments to modernize and rationalize their businesses.

As the advantages of the framework law on small and medium-sized firms and trades (loi des classes moyennes) are known by only a few tradesmen, the technical assistance department seeks to inform interested parties, advises and guides tradesmen regarding Government aid and instructs them how to prepare their application.

2. COMPARATIVE BUSINESS STUDIES

None.

8. NETHERLANDS



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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

Commerce is governed by the general rules on competition.

1) Principle:

Rules on abuses, with the obligation to declare all agreements.

2) Dominant position:

Intervention by the relevant Minister is possible if the consequences conflict with the public interest.

3) Mergers:

Rules of procedure concerning conduct when:

- making a public bid;
- completing a merger; prior consultation with workers' organizations;
- informing the authorities about a planned merger.

4) Special rules applicable to small and medium-sized undertakings:

No provisions.

B. OTHER RULES ON COMPETITION**1. UNFAIR COMPETITION**

Application of the general law governing liability. No special law. Damage suits possible.

At the request of a person whose interests have been damaged, the judge may order the cessation of unfair practices.

2. RESALE PRICE MAINTENANCE

Prohibition of vertical, collective resale price maintenance

- collective resale price maintenance:
prohibited, but exemptions may be made;
- individual resale price maintenance:
prohibition limited to radio and television sets, electrical household appliances, cars, cameras and records.

3. DISPLAY OF PRICES

Applicable to all products at the retail stage, except in the case of luxury articles.

4. ADVERTISING OF PRICES

No rules.

5. BONUSES AND DISCOUNTS

In general, it is forbidden, in connection with the exercise of a business, to offer or provide goods unrelated to the line of goods concerned.

This does not apply, however, to the offer or provision of cheap gifts, or of product-related articles indelibly marked to indicate a special offer.

6. LOSS LEADER SELLING

No rules.

7. PROMOTION PRICES

No rules.

8. SALES AND CLEARANCE SALES

End-of-season sales permitted twice a year for 19 days.

Authorization from the Chamber of Commerce required for sales outside these half-yearly sales periods.

9. SALE ON HIRE PURCHASE

Authorized for traders registered with the Chamber of Commerce.

First payment : 20 – 25 %.

Maximum period for repayment: 12 – 24 months.

Interest: 12 - 13 % per annum.

10. HOURS OF BUSINESS OF SHOPS

On working days, shops must close at 18.00 hours. Compulsory closing on Sundays. In addition, compulsory closing for one half-day per week, as laid down by municipal law.

Exceptions authorized in tourist industry.

11. DOOR-TO-DOOR SELLING

As a general rule, door-to-door salesmen – particularly those engaged in selling goods on deferred terms – must be registered with a Chamber of Commerce. A deed of sale is formally required in the event of such agreements. There is a “cooling-off” period of eight days. Door-to-door (i.e. unsolicited) money-lending is completely forbidden.

C. COOPERATION

1. GOVERNMENT MEASURES

- Publicity to promote cooperation between small and medium-sized undertakings.
- Special form of credit guarantees to promote cooperation between small and medium-sized undertakings.
- Aid to promote cooperation in the field of exports through a chamber for the development of trade (financial aid).

2. OTHER MEASURES

No special measures.

Chapter II

RULES ON ESTABLISHMENT

A. TAKING-UP OF ACTIVITIES

- 1) Apart from the provisions referred to in 6) below, there are no rules on establishment for wholesale trade.
- 2) Under the Vestigingswet Detailhandel (law of 27 August 1971, Stb 569) a licence is required, as a general rule, for any retail undertaking (ie, not every branch). Under the licensing system the person in charge of the business must provide evidence of proficiency, usually in the shape of certificates or diplomas, etc., recognized by the authorities. Lists of such certificates are available for inspection in Chambers of Commerce.
- 3) The Vestigingswet Bedrijven 1954 contains rules on establishment for itinerant retail traders (market, street and river trade). Evidence of proficiency and financial solvency must be given before a licence is granted.
- 4) The Drank – en Horecawet (Stb 1964, 386) contains rules on licensed victuallers. Licences are compulsory.
- 5) Under the Wet op de Geneesmiddelenvoorziening (Stb 1958, 408) a licence is required for selling medicines wholesale. Only pharmacists (“apothekers”) are allowed to sell medicines retail, with the exception of a number of named medicines which qualified druggists (“drogisten”) are allowed to sell.
- 6) An additional licence or special authorization is required for the sale of antibiotics, agricultural pesticides, fire-arms and ammunition.

B. GENERAL REQUIREMENTS

- Entry in the trade register.

*Chapter III***LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES****A. PROVISIONS CONCERNING THE BUILDING OF NEW COMMERCIAL UNITS**

New business premises may be set up only on ground reserved for that purpose in the local authorities' lay-out plans. These plans, which are drawn up by the local authorities and which govern the use of the land, are based on the "Wet op de Ruimtelijke Ordening" (law on town and country planning). When building plans are implemented – and this also applies to plans for rebuilding or converting buildings – special rules applied by the local authorities must also be observed – e.g. rules relating to safety, pollution, aesthetic aspects. The local authorities' right to implement such rules is based on the "Woningwet" and the "Hinderwet" (law on dwellings and law on pollution).

B. PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES**1. COMMERCIAL PROPERTY**

Right to receive compensation in case of termination of a lease only in exceptional cases.

2. RULES GOVERNING RENT FOR COMMERCIAL PREMISES

Leases cannot normally be terminated during the first ten years.

After that time has elapsed, the judge may reverse the decision within one year, allowing the tenant to stay in the premises for the maximum of one year after the expiry of his lease, if the lessor can supply no important reasons for terminating the lease and if the termination would do serious damage to the lessee's interests.

Chapter IV

TAXATION

A. GENERAL TAXATION ON INCOME

Levied on all the taxpayer's income, including profits from industrial and commercial activities.

Special measures :

- 1) Deduction of profits if investments exceed Fl. 2 000
 - a) buildings 18.11.74 until 17.11.75 : 2 x 12 0/o, subsequently 2 x 8 0/o ;
 - b) tools 2 x 4 0/o ;
 - c) aircraft 2 x 8 0/o (2 years) ;
 - d) ships 2 x 5 0/o (2 years) except pleasure craft.
- 2) Accelerated depreciation in the case of buildings designed for economic activities limited to certain regions 2 x 16 2/3 0/o (2 years) ; 18.11.74 until 21.4.75 : 2 x 20 0/o ; 20.4.75 until 21.4.76 : 2 x 25 0/o ; proposal : until end 76 : 2 x 25 0/o.
- 3) Deduction in case of self-employed persons :

In 1975 : Fl. 1600, if profits do not exceed Fl. 50 000 ; above Fl. 50 000 : reduction of Fl. 120 for each Fl. 1000 profit ; proposal for 1976 : Fl. 1 200.
- 4) Wiebeltax (variable tax regulator) :

0-5 0/o increase or decrease in the rate, depending on the economic situation.
Not applied in 1975 ; no proposal for 1976.

B. TAXATION ON PROFITS – CORPORATION TAX

- 1) Basis of assessment :

Taxable profits in the widest sense as in the case of general taxation on income.
- 2) Rate :
 - profits in excess of Fl. 50 000 : 48 0/o ;
 - profits not exceeding Fl. 40 000 : 45 0/o ;
 - profits not exceeding Fl. 50 000 : 45 0/o + 15 0/o if profits are between Fl. 40 000 and Fl. 50 000.

For 1975 : 1 percentage point lower.

3) Special measures :

Same as those referred to in paragraphs 1 and 2 concerning taxation or income.

Wiebeltax (variable tax regulator) :

0–5 0/o increase or reduction in the rate, depending on the economic situation.

C. *VALUE ADDED TAX (VAT)*

Rate :

16 0/o (general)

4 0/o (reduced).

Deductions :

No tax if the net amount of tax is less than Fl. 1850 per annum.

In such cases no book-keeping is required in connection with this tax.

From :

– Fl. 1850 to Fl. 2300 per annum : deduction of Fl. 1850 ;

– Fl. 2300 to Fl. 3800 : deduct the difference between Fl. 3800 and the amount owed in theory (thereafter the standard rate).

Wiebeltax (variable tax regulator) :

0–5 0/o increase or reduction in the rate, depending on the economic situation.

D. *WEALTH TAX*

1) Basis of assessment :

Net wealth.

2) Rate :

8 0/oo with personal deductions. This tax is applicable only to natural persons.

Capital invested in an undertaking is exempt up to Fl. 50 000 (in 1975).

Proposal for 1976 : Fl. 90 000.

E. *LOCAL TAXES*

None.

Chapter V

FINANCIAL AIDS

RECIPIENTS	PURPOSE OF LOANS	AMOUNTS GRANTED	TERM OF LOANS	INTEREST RATES	GUARANTEES	REFERENCES
Small and medium-sized undertakings	Loans to undertakings (working capital)	Fl. 150 000 (1)	15 years	<p>Market rate</p>	Government guarantee : 100 %/o	Decree of 4 February 1965 on loans to small and medium-sized undertakings.
	Loans for initial setting-up expenses	Fl. 50 000	20 years		Guarantee for half of the loan given by a recognized legal person + guarantee given by the Government to cover 50 %/o	
	Loans for economic cooperation ; rationalization of 2 or more undertakings working together.	No ceiling	10 years		100 %/o Government guarantee	Decree of 4 February 1965 on loans to small and medium-sized undertakings.
	Loans for acquisition ; of an existing undertaking or part of an undertaking.	Fl. 100 000	10 years		Guarantee given by the Government to cover 50 %/o of the loan and by a guarantee fund, "Stichting Bijzonder Waarborgfonds", to cover the rest.	Decree of 4 February 1965 on loans to small and medium-sized undertakings.
	Loans for setting-up commercial premises (new buildings, and old buildings) if the head of the undertaking can obtain a loan for initial setting-up expenses.	Fl. 150 000 (1)	15 years		Government guarantee : 100 %/o	Decree of 4 February 1965 on loans to small and medium-sized undertakings.
	Loans for mortgages. Investments in land (purchase or construction of buildings).	Fl. 150 000 (1)	15 years for 50 %/o of the loan		Government guarantee given for 15 years to cover 40 %/o of the loan.	Decree of 4 February 1965 on loans to small and medium-sized undertakings.
	Industrial development loan (capital increase).	No ceiling	20 years max.		Government guarantee : 100 %/o	Decree of 15 September 1967 on loans to small and medium-sized undertakings.

(1) This maximum amount may be exceeded with the approval of the Ministry for Economic Affairs.

*Chapter VI***SOCIAL MEASURES****A. SOCIAL SECURITY****1. PERSONS EMPLOYED IN COMMERCE**

No specific measures for persons employed in commerce within the framework of the general social security schemes.

Legislation in the social field is designed to provide persons employed in undertakings of all sizes with the same social benefits.

2. SELF-EMPLOYED HEADS OF BUSINESS*a. Sickness Insurance***1) System :**

Compulsory, but limited to major risks (1).

2) Contributions :

2.7 % of income ; ceiling Fl. 31 750 per annum.

3) Contribution from the State :

Global contribution to the national insurance system.

b. Disability and Old Age

Algemene Arbeidsongeschiktheidswet (AAW) (general law on disability) comes into force on 1 October 1976.

*c. Old Age and Survivors***1) System :**

Compulsory.

(1) Definitions to be found in the national provisions.

2) Contributions :

10.4 0/0 of the income with a ceiling of Fl. 31 750.

3) Contribution from the State :

Structural contribution from the State.

d. *Industrial Accidents*

Algemene Arbeidsongeschiktheidswet (AAW) (general law on disability) comes into force on 1 October 1976.

e. *Unemployment Insurance*

None.

f. *Family Allowances*

1) System :

Compulsory.

- a) general system of family allowances ;
- b) family allowances for self-employed operators of small businesses.

2) Contributions :

- a) upper limit on income on which the contribution is levied : Fl. 31 750 ; rate : 1.2 0/0;
- b) none.

3) Participation of the State :

- a) yes ;
- b) financed by the State ;
 - a) allowance as from third child ;
 - b) allowance also for first and second child, for self-employed persons whose income is under Fl. 13 850.

B. OTHER FORMS OF SOCIAL SECURITY

Arrangements in case of the closure of an undertaking :

Self-employed operators of small undertakings, of no more than 65 years of age, who close their undertakings may

- if their recent income is (temporarily) lower than Fl. 24 300 and if they have worked as self-employed persons of at least five consecutive years, receive, inter alia, for two years, an allowance equivalent to 75 % of the most recent income obtained from the operation of their undertakings, the minimum amount being equal to the minimum wage.

If, after 2 years, they are still unemployed, they may – in the same way as employees who are unemployed for more than 2 years – receive an allowance under the “Algemene Bijstandswet (general law on aid) provided that their financial resources are less than a maximum amount laid down.

Chapter VII

VOCATIONAL TRAINING AND FURTHER TRAINING

A. VOCATIONAL TRAINING

Studies leading to a certificate of proficiency for the retail trade :

- 1) subsidized secondary and higher vocational training schools ;
- 2) (partially) subsidized trade-orientated courses ;
- 3) subsidized apprenticeships ;
- 4) private training institutes.

The Minister of Economic Affairs is empowered to decide whether or not diplomas meet the requirements set by the "Vestigingswet Detailhandel".

In special cases a certificate of proficiency for the retail trade can be obtained by passing an examination.

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

The period of compulsory education now lasts 10 years in the Netherlands. This is followed by a compulsory one-year period with training two days a week. A subsequent compulsory one-year period with training one day a week is planned.

In view of the educational structure in the Netherlands the secondary vocational training schools and the apprenticeships are the only ones of the above-mentioned forms of training which have pupils still subject to compulsory attendance at instructional or training courses for one or two years.

2. VOCATIONAL TRAINING AFTER LEAVING SCHOOL

After they have left school, pupils can attend evening classes to prepare themselves for the retail trade. Many courses are trade-orientated.

The Minister of Economic Affairs appoints a delegate to oversee the examinations for these courses.

Studies last a total of 2 – 3 years. Under the "Vestigingswet Detailhandel" these courses have now been remodelled into integrated studies, i.e., they cover both proficiency in the particular trade and commercial practice, and give an all-round insight into what a particular line of business entails. Successful students are entitled not only to engage in the line of business in question but also the entire retail trade if they so desire.

In view of this possibility, in all trade-orientated courses the accent is on the training of future entrepreneurs in business administration.

B. VOCATIONAL FURTHER TRAINING FOR ADULTS

1. FURTHER TRAINING OF SELF-EMPLOYED PERSONS

- 1) As far as is known, there are no full-time training courses.
- 2) Part-time training courses :

There are a number of trade-orientated evening classes. Examinations are usually organized under the supervision of a delegate from the Ministry of Economic Affairs.

2. VOCATIONAL FURTHER TRAINING FOR PAID EMPLOYEES AND MANAGERIAL STAFF

Same remarks as for section 1.

There are also complementary trade-orientated courses (e.g. foreign languages for sales purposes in certain sectors ; introductory courses on the wine trade and the luxury food trade for grocers).

C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

1. BUSINESS MANAGEMENT ADVISORY SERVICES

The following institutions provide technical assistance to businesses :

- 1) The Economic Institute for Small and Medium-sized Firms (EIM) .
- 2) The Central Institute for Small and Medium-sized Firms (CIMK) .
- 3) The regional centres .
- 4) Expert federal advisers .
- 5) The federal advisory services of the central employers' organizations.

These institutions were set up either by the public authorities alone or in conjunction with the organizations representing small and medium-sized firms.

2. COMPARATIVE BUSINESS STUDIES

The Economic Institute for Small and Medium-sized Firms.

9. UNITED KINGDOM

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*Chapter I***RULES ON COMPETITION****A. PROCEDURE FOR AGREEMENTS (GENERAL)**

The UK's competition legislation comprises measures for the control of monopolies, mergers and restrictive practices in the supply of goods and services. There are no rules of competition which apply solely to the commercial sector.

1. RESTRICTIVE TRADE PRACTICES

Restrictive agreements relating to the supply and acquisition of goods and commercial services are subject to registration and judicial investigation.

The parties to the agreements may attempt to demonstrate to the Court that they are not against the public interest, in which case they would be allowed to continue. Otherwise the Court must condemn them.

2. MERGERS

Mergers may be referred to the Monopolies & Mergers Commission if they create or intensify a monopoly (defined as 1/4 of the relevant market) or if the value of gross assets taken over exceeds £ 5 m.

B. OTHER RULES ON COMPETITION**1. UNFAIR COMPETITION**

Mis-description of goods or services provided in the course of trade is prohibited.

The Director-General of Fair Trading has powers to investigate any "consumer trade practice", and if necessary to recommend remedies, including the creation of new criminal offences.

2. RESALE PRICE MAINTENANCE

The maintenance of minimum resale prices is unlawful for all goods except books and medicaments.

3. DISPLAY OF PRICES

There is no general requirement for prices to be marked but there are certain specific requirements (e.g. some foods and drink).

4. ADVERTISING OF PRICES

When prices are shown they must be the prices at which the goods are available.

When a trader's former prices are shown for comparison purposes such prices must have been in force for a minimum period. False indications of reductions from previous prices and manufacturers' recommended retail selling prices are prohibited.

5. BONUSES AND DISCOUNTS

No rules.

6. LOSS LEADER SELLING

No rules.

7. PROMOTION PRICES

No rules.

8. SALES AND CLEARANCE SALES

No rules (but see "Advertising of Prices" above).

9. SALES ON CREDIT TERMS

Legislation is being implemented requiring, broadly, licensing of all those conducting sales on credit terms, the provision of certain information on the cost and terms of credit and a period of cancellation by the customer.

10. HOURS OF BUSINESS OF SHOPS

The general closing hours of shops are laid down by law which also contains provisions, with certain exceptions, for late closing on one day a week, for closing on one 1/2 day a week and for Sunday closing.

C. COOPERATION

Cooperative enterprises are subject to different legislation, concerning their formation, accountability and conduct, to other kinds of incorporated business.

There are no special Government measures specifically related to consumer cooperatives.

*Chapter II***RULES ON ESTABLISHMENT****A. *TAKING-UP OF ACTIVITIES***

There are no general restrictions on the freedom to take part in commercial activities.

Certain specific trades require a licence (e.g. alcoholic beverages) or are subject to registration (e.g. firearms).

1. *ITINERANT TRADES*

Itinerant traders require a licence issued by the police.

B. *GENERAL REQUIREMENTS*

There are no general requirements for registration, though some local authorities require certain categories of trader to register, e.g. for reasons of public health or public safety.

Chapter III

**LEGAL PROVISIONS CONCERNING BUILDING
AND RENTAL OF COMMERCIAL PREMISES**

A. *PROVISIONS RELATING TO THE BUILDING OF NEW COMMERCIAL UNITS*

The construction of new and certain alterations of existing commercial premises (as with any type of premises) are subject to the consent of the local authority to ensure satisfying planning requirements and compliance with building and safety regulations. The arrangements provide for rights of appeal against local authority decisions.

B. *PROVISIONS CONCERNING THE RENTAL OF COMMERCIAL PREMISES*

An existing tenant of a business has a right to renew his tenancy when the lease expires at a rental agreed by landlord and tenant subject in the case of a disagreement to determination by a Court. This right is subject to certain exceptions, e.g. where the landlord wishes to redevelop or use for his own purpose.

1. *COMPULSORY PURCHASE*

The acquiring authority is normally obliged to pay the open market price of properties it is acquiring together with compensation for reasonable expenses or losses incurred as a result. There is a statutory obligation on local authorities carrying out redevelopment schemes under the Town and Country Planning Act 1971, to secure, as far as is practicable, that reasonable alternative accommodation is offered to displaced businesses.

*Chapter IV***TAXATION****A. GENERAL TAXATION ON INCOME**

The profits of trades and professions carried on by individuals and partnerships are liable for income tax.

B. TAXATION ON PROFITS – CORPORATION TAX

Incorporated companies are liable for corporation tax on profits whether distributed or undistributed.

C. VALUE ADDED TAX (VAT)

Value Added Tax is payable on supplies of goods and services in the UK in the course of business. There are currently three rates, viz zero, eight percent and twenty five percent. The zero rate applies to certain essential goods (e.g. food) and certain services (e.g. passenger transport). Eight percent is the standard rate and the twenty five percent rate applies to petrol and certain non-essential and luxury goods and services. There are also some exemptions (e.g. insurance).

D. CAPITAL TRANSFER TAX

This tax applies to persons transferring assets to another person and has superseded estate duty (i.e. a charge on property passing on death).

E. CAPITAL GAINS TAX

Capital Gains Tax is levied on the disposal of most capital assets when the value of those assets is greater on disposal than on acquisition, the tax being levied on the difference in value.

F. LOCAL TAXATION

Local rates are levied by the Local Councils on the basis of the rateable value of property. The rate per pound of rateable value varies from area to area.

Chapter V

FINANCIAL AIDS

The principal investment incentive is depreciation allowances for tax purposes on plant and machinery.

1) Regional Aids:

Selective Financial Assistance linked to the number of jobs created is available for new service industry projects in, or existing projects moving to, the Assisted Areas. Normally projects must have a genuine choice of location between the Assisted Areas and elsewhere and provide at least 10 additional jobs in those areas.

Chapter VI

SOCIAL MEASURES

No special regulations are applicable to persons employed in commerce or distribution.

Chapter VII

VOCATIONAL TRAINING AND FURTHER TRAINING

A. VOCATIONAL TRAINING

1. VOCATIONAL TRAINING DURING THE PERIOD OF COMPULSORY EDUCATION

Compulsory education may include commercial subjects.

2. VOCATIONAL TRAINING BEYOND THE COMPULSORY SCHOOL LEAVING AGE

Available through further education colleges, business schools and trade associations.

B. VOCATIONAL FURTHER TRAINING FOR ADULTS

Staff Training

The Distributive Industries Training Board is a statutory body composed of representatives of employers, employees and educationalists. It raises a levy of 0.7 % of emoluments from firms within its scope, whilst excluding those with emoluments below £ 11,000 or who employ less than 10 people. Grants are paid to companies undertaking certain types of training and companies meeting exemption criteria for systematic training are exempt from payment of levy.

STUDIES

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