

# studies

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

COMMISSION OF THE EUROPEAN COMMUNITIES

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specific measures taken by  
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## **1. BELGIUM**



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## CHAPTER I

**Rules on competition****A. RESTRICTIVE PRACTICES  
(GENERAL)**

The general rules on competition apply to the Distributive trades.

*1) Principle:*

The Act on protection against the abuse of economic power applies to firms occupying a dominant position as suppliers which is detrimental to the general interest.

*2) Dominant position:*

The only provisions or rules relating to dominant firms concern abuse of dominance.

*3) Mergers:*

No provisions.

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

*None.*

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

The general law governing civil liability applies. If a shopkeeper, a manufacturer or a tradesman is harmed by an unfair practice and lodges a complaint, the President of the Commercial Court may make a cease-and-desist order; legal proceedings may be taken if the order is not observed.

**2. Price-fixing**

There is no law prohibiting price-fixing.

**3. Display of prices**

The retail prices of all goods and services must be displayed. There are special measures for certain products and services.

**4. Price comparisons and reduction**

Price comparisons and reductions are governed by the law on commercial practices (Articles 4 and 32 of the Act of 14. 7. 1971, MB/BS 30. 7. 1971). Misleading advertising is prohibited.

**5. Gifts and discounts**

The Act of 14 July 1971 prohibits all combined offers of products, services or documents giving entitlement to goods, services or other favours.

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. Loss-leading**

Loss-leading is prohibited.

Loss-leading is taken to mean selling at a price which is not at least equivalent to the price at

which the article was invoiced to the seller or at which it would be invoiced when new stocks are laid in. Provision is made for exceptions (winding-up sales, clearance sales, perishable products or products of passing interest, etc.).

Any sale from which the seller derives an exceptionally small amount of profit, having regard to cost of obtaining supplies and to overheads is taken to constitute loss-leading.

## 7. Promotional prices

No provision.

## 8. Winding up sales and clearance sales

Regulated by the Trade Practices Act of 14 July 1971 and the Royal Order on clearance sales of 7 December 1973 (MB/BS 3. 4. 1974).

## 9. Sales against payment by instalments (¹)

Authorized. A minimum down payment of 15 % required. Maximum repayment period fixed for certain categories of goods; interest rates vary according to the amount and duration of credit.

## 10. Hours of business of shops

### *a. Weekly closing day*

The framework Act of 22 June 1960 (MB/BS of 24. 6. 1960) as amended by the Acts of 30 July 1963 (MB/BS of 30. 8. 1963), 6 March 1964

(MB/BS of 17. 3. 1964) and 5 July 1973 (MB/BS of 19. 9. 1973) provides that for trades that so request a weekly closing period of twenty-four hours may be imposed by Royal Order.

### *b. Evening closing*

The Act of 24 July 1973 (MB/BS of 1. 9. 1973) requires establishments for the sale of goods and the provision of artisanat and other services close from 2000 to 0500 hours or, on Fridays and working days preceding public holidays, from 2100 to 0500 hours.

Not applicable to the hotel and catering industry, motor fuel and heating oil, undertakers, florists, tobacconists, newsagents, shops in railway stations and ports and airports open for international passenger traffic, the sale of edible ices and emergency services.

## C. COOPERATION

### 1. Government measures

The National Cooperation Council set up by the Act 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 Order 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

None.

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(¹) Legal reference: Act of 9. 7. 1957, amended on 5. 3. 1965 and 8. 7. 1970.  
Basic implementing Order of 23. 12. 1957.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS**

In general, anyone is free to operate a wholesale business. However, since the introduction of the Act on the taking-up of activities of 15 December 1970 <sup>(1)</sup>, requirements as to knowledge of management methods may be set by Royal Order 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 consulted <sup>(2)</sup>.

The rules governing the various sectors under the old Act of 1958 were adapted by Royal Order 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 Act of 15 December 1970, rules are issued by Royal Order for the retail trade in liquid fuels, and the second-hand motor vehicle trade.

<sup>(1)</sup> Published in MB/BS of 20 March 1971 together with the Royal Order of 25 February 1971 implementing it.

<sup>(2)</sup> This provision has not been applied so far (Article 4).

In addition to the Act 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, spirits, precious metals, arms and munitions, meat and meat products, dairy produce, etc.

Useful information on this subject can be obtained 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 subparagraph 1 of Article 1 (2) of Royal Order No 185 of 9 July 1925 (Crédit Communal / Gemeentekrediet, CNCP / NKB, CGER / ASLK, etc.).

## CHAPTER III

## Legal provisions concerning building and rental of business premises

### A. PROVISIONS CONCERNING THE BUILDING OF NEW BUSINESS PREMISES

Under the Town and Country Planning Act of 29 March 1962 (MB/BS of 12. 4. 1962), as amended by the Act of 22 December 1970 (MB/BS of 5. 2. 1971) all new buildings, including business premises, require prior authorization; authorization is given by municipal authorities subject to the approval of the official delegated for the purpose by the Administration de l'Urbanisme et de l'Aménagement du Territoire (Ministry of Public Works).

Under the Business Premises Act of 29 June 1975 (MB/BS of 1. 7. 1975) every application for authorization of new retail premises (new building, extension, establishment in existing premises, substantial change in nature of business) with a surface area exceeding 1000 m<sup>2</sup> gross or 750 m<sup>2</sup> net outside Zone I (3000 m<sup>2</sup> gross and 1500 m<sup>2</sup> net in Zone I) requires the prior approval of the Social and Economic Committee for Distribution (interdepartmental committee of civil servants), and the Provincial Committee for Distribution must be consulted before authorization may be given by the municipal

authorities. The economic and social criteria on which their opinions must be based and the limits of Zone I are determined by Royal Orders of 8 August 1975 (MB/BS of 30. 8. 1975).

The Act of 9 July 1976, amending the Business Premises Act of 29 June 1975, abolished the right to appeal against the rejection of an application by the Social and Economic Committee for Distribution.

### B. PROVISIONS CONCERNING THE RENTAL OF BUSINESS PREMISES

#### 1. Business property

Business Leases generally run for 9 years. Thereafter the lessee has the right to renew his lease twice and alternatively to compensation for eviction.

#### 2. Rules governing business rents

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

## CHAPTER IV

**Taxation****A. GENERAL INCOME TAX**

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 foreign income.

*2) Rate:*

Total profits for the financial year: 30 %, but with the following increases or reductions:

- increase of 5 points (giving 35 %) in the tax on fractions of undistributed profits in excess of BFR 5 Mio;
- reduction of 5 points (giving 25 %) in the tax on fractions of undistributed profits and of non-allowable expenditure not exceeding BFR 1 Mio;
- a surcharge on corporation tax on a company when the total taxable income exceeds BFR 3 Mio.

**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 %.
- 95 % of the net amount of dividends received by a company (90 % in the case of certain investment companies) are excluded from the basis of assessment.

**C. VALUE ADDED TAX (VAT)**

Rate: 6 % (reduced)  
14 % (intermediate);  
18 % (standard);  
25 % (higher).

**D. WEALTH TAX**

None.

**E. LOCAL TAXES**

None.

## CHAPTER V

## Financial aids

Recipients	Purpose of loans	Amounts granted	Duration interest rates	Guarantees	References
Craftsmen and traders with no more than 40 employees	<p>A. General aids</p> <p>I — 1) Setting-up, extension, fitting-out</p> <p>2) Working funds loans</p> <p>II — 1) General aids for the setting up, extension and modernization of firms in the general economic interest.</p> <p>2) Special aids to firms in respect of international competition.</p>	No limit.	<p>The interest rates applied are those of the public credit institutions. They vary according to duration. 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 benefits 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.</p> <p>No individual aids.</p>	<p>Guarantee fund set up by the Act of 24 May 1959 (in the CNCP/NKB) which is consulted on the grant of loans by the banks, the CNCP/NKB, the SNCI/NMKN and the CGER/ASLK. In the first instance personal and in the second real security.</p>	Act of 24 May 1959 (MB/BS of 6. 6. 1959).
Craftsmen	1) Normal business loan (financing of realizable assets and of medium and long term debts).		10.25 % regardless of duration.	<p>Government guarantee for the total or partial repayment of capital, interest and costs; does not cover more than 50 % if the loan has not been granted by a public credit body.</p> <p>Guarantee fund set up by the Act of 24 May 1959 (in the CNCP/NKB) which is consulted on the grant of loans by the banks, the CNCP/NKB, the SNCI/NMKN and the CGER/ASLK. In the first instance personal and in the second real security.</p>	Act of 17 July 1959 (MB/BS of 29. 8. 1959).
Small and medium-sized firms craftsmen, liberal professions					Act of 24 May 1959 (MB/BS of 6. 6. 1959).

Recipients	Purpose of loans	Amounts granted	Duration interest rates	Guarantees	References
	<p>2) Loans from the OCCH/CBHK, CGER/ASLK and the CNCP/NKB for the purchase, construction or alteration of buildings.</p> <p>B. Regional aids for operations in the development areas indicated in the Royal Decree of 15 July 1970</p> <p>C. Recruitment premiums</p>		<p>10.25 % regardless of duration.</p> <p>Government-financed interest relief grant of 7 % (1) on 75 % of assisted investments during a maximum of 5 years.</p> <p>BFR 15000 for 3 — 5 years per employee recruited by firms with no more than 10 employees in one of the areas listed in the Royal Order of 27 November 1959 and 17 February 1967.</p>	<p>Government guarantee for the part beyond 60 % or 50 % of the cost of purchase, construction or alterations.</p> <p>Same guarantee Act of 17 July 1959.</p>	<p>Act of 8 March 1954 (2) (MB/BS of 5.-6. 4. 1954).</p> <p>Act of 30 December 1970 (MB/BS of 1. 1. 1971).</p> <p>Act of 30 December 1970 Royal Order of 23 January 1975 (MB/BS of 5. 2. 1975).</p>

(1) 2 % of which is cyclical aid.

(2) Articles 51 — 56 of the Housing Code.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY****1. Persons employed in distributive trades**

No specific measures in the general social security schemes for persons employed in distributive trades.

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

**2. Self-employed entrepreneurs****a. Sickness Insurance****1) System:**

Compulsory, but limited to major risks <sup>(1)</sup>. (Act of 9 August 1963, MB/BS of 1 and 2 November 1963, Royal Order 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 earned income, 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. On 1 January 1977 it stood at 13.40 % for all benefits (7.03 % for pensions, 3.51 % for family allowances, 2.86 % for sickness insurance).

<sup>(1)</sup> As defined in Belgian law.

The percentage is lower in the case of supplementary activities exercised by self-employed persons and in the case of persons of pensionable age who continue to work (Royal Order No. 38 of 27. 7. 1967, MB/BS of 29. 7. 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.

**b. Invalidity and Old Age**

Compulsory Royal Order of 20. 7. 1971, MB/BS of 7. 8. 1971).

Flat-rate daily allowance for those unable to work.

**c. Old Age and Survivors**

Compulsory (see sickness insurance: single contribution).

Contribution from the State:

Annual subsidy (Royal Order No. 72 of 10. 11. 1967, MB/BS of 14. 11. 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 (Act of 29. 3. 1976, MB/BS of 6. 5. 1976 — Royal Order of 8. 4. 1976, MB/BS of 6. 5. 1976).

### B. OTHER FORMS OF SOCIAL SECURITY

Act introducing a social advancement allowance (1. 7. 1963).

This law provides for the payment of social advancement allowances to wage- and salary-earners. Article 5 extends the scope of the Act to self-employed persons and assistants. Social advancement allowances are paid by the Ministries of Agriculture and Small Firms and Traders:

- 1) To self-employed persons and assistants aged less than 40 who are following further education courses.

The courses must be organized by an approved youth organization, an approved agricultural organization or a trade association satisfying the requirements for admission to the Conseil Supérieur des Classes Moyennes.

The allowance is BFR 60 per hour with a maximum of BFR 3600 per year for persons aged less than 21, and BFR 75 per hour with a maximum of BFR 4500 per year for persons aged from 21 to 40.

- 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 to apprentices who have completed their apprenticeship (but only for years in which no family allowance are paid for them).

Approved courses are technical vocational courses given by the technical education authorities, group courses in the plastic arts, vocational and management training (small trades and distribution) and training and further training courses in agriculture.

The allowance is BFR 800 per year, with an aggregate maximum of BFR 4000.

## 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 distributive trades section in the upper secondary-technical stage); alternatively, pupils may attend a vocational training school (*école professionnelle / beroepschool*) (as regards commerce, there is a section for clerical work).

These schools come under the Ministries of Education.

**2. Vocational training beyond the minimum school-leaving age***1) In a firm:*

Another path may be followed after the period of compulsory education, namely vocational training proper <sup>(1)</sup>. This consists of practical training in a firm, general studies classes and vocational training, with an end-of-course examination (the certificates are countersigned by the Minister for Small Firms and Traders).

The training is in two stages:

*a) Occupational qualification:*

This is the usual method of gaining access to business (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, but sometimes less). In addition, they follow general courses and vocational training courses.

The apprenticeship secretariats act as intermediaries regarding contracts and take responsi-

<sup>(1)</sup> There is at the moment a process of general reform in vocational training, centred on the notion of permanent training and aiming to adapt the existing arrangements and their organization to modern needs.

lity 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.

Benefits are granted to the employer (exemption from social security obligations, no obligation to pay a wage <sup>(1)</sup>, 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 training:***

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

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 minimum school leaving age. Lower and higher secondary education both last three years.

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<sup>(1)</sup> 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. The amount can be adjusted in line with the consumer price index (Ministerial Order of 4. 4. 1974 amending that of 15. 1. 1960 MB/BS of 17. 4. 1974).

## **B. FURTHER VOCATIONAL TRAINING FOR ADULTS**

### **1. Further training for self-employed persons <sup>(1)</sup>**

**1) *Full-time courses:***

None.

**2) *Part-time evening classes:***

Vocational training is provided to help self-employed persons with 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. Retraining and refresher courses can also be organized.

### **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.

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<sup>(1)</sup> See comment at footnote on page 16.



## **2. DENMARK**



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## CHAPTER I

**Rules on competition****A. RESTRICTIVE PRACTICES  
(GENERAL)**

Trade and industry are subject to the general legislation on monopolies and restrictive practices.

*1) Principle:*

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

*2) Dominant positions:*

Agreements and decisions must be notified to the Monopolies Control Authority where they exert or may exert a substantial influence on prices, production, distribution or transport throughout the country or on local markets.

Steps may be taken against agreements and decisions which restrict competition where they result in or may be assumed to result in unreasonable prices or terms of business, unreasonable restriction of the freedom of trade or unreasonable inequality in the conditions of trade.

Individual firms may be required to register with the Monopolies Control Authority where they exert or may exert a substantial influence on prices, production, distribution or transport throughout the country or on local markets.

Steps may be taken against restrictive practices engaged in by such firms where they result in or may be assumed to result in unreasonable prices or terms of business, unreasonable restric-

tion of the freedom of trade or unreasonable inequality in the conditions of trade.

*3) Mergers:*

There are no special rules on mergers. The Monopolies Control Authority may take action against restrictive practices arising from mergers (decisions, agreements, or market dominance) where they result in or may be assumed to result in unreasonable prices or terms of business, unreasonable restriction of the freedom of trade or unreasonable inequality in the conditions of trade.

*4) Special rules for small and medium-sized firms:*

None.

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

The Marketing Practices Act, which on 1 May 1975 replaced the former law on unfair marketing, contains a general clause prohibiting activities contrary to proper marketing practice. The Act gives certain examples of the application of this clause. Discounts in the form of stamps, coupons and so on, to be redeemed at a later date, may only be given under certain conditions. Free gifts and the like given with goods sold to the consumer are banned unless they are of negligible value. (Under antitrust legislation, the Monopolies Control Authority may, where a restrictive practice exists, take direct action

against the granting of discounts and free gifts with discrimination between individual customers or groups of customers.) Extra guarantees may be given only where they afford the consumer a better legal position than otherwise provided by existing legislation. Finally, prizes for raffles and competitions where the results are totally or partly dependent on chance are not allowed, except in the case of publishers of periodicals, who may arrange draws for the distribution of prizes awarded following a competition. 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 institutes the office of consumers' ombudsman; the ombudsman is to examine trade practices and prevent action contrary to good commercial practice.

Under 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 speedy and inexpensive treatment of consumer complaints about goods and services, including those supplied by public authorities.

## 2. Resale price maintenance

Resale price maintenance is unlawful.

The Monopolies Control Authority may give special permission for resale price maintenance where there are important reasons for it. This authorization has been given in the case of tobacco, books, sheet music, newspapers, periodicals, and steel covered by Article 63 of the ECSC Treaty.

## 3. Display of prices

On 1 January 1978 the Price Marking and Display Act 1977, Statute No 252 of 8 June 1977, came into force. It is administered by the Monopolies Control Authority.

The Act requires the seller to mark or display the prices of all goods commercially offered for retail sale in shops or other premises to which the general public has access.

Where goods are offered for sale against payment by instalments, the information marked or displayed must show the total purchase price, including interest and all other charges, the amount of the down payment and the amount of each instalment, the number of instalments, and the periods of payment. The alternative cash price must also be indicated.

The Monopolies Control Authority may grant exemptions from these rules. It is also empowered to lay down rules on the display of prices for services, and rules prescribing that certain goods may be offered for sale only in fixed units of number, measure or weight.

## 4. Information on prices

The Monopolies Control Authority may inform the public on prices and price differentials for important consumer goods, but without specifying the name of the shops concerned. The rules governing this power are laid down in the Prices and Profits Act 1974, Statute No 59 of 15 February 1974.

## 5. Gifts and discounts

Free gifts and similar inducements given with purchases by the consumer are banned, unless they are of negligible value.

Discounts in the form of stamps, coupons and so on, for redemption at a later date, may only be given under certain conditions.

Other discounts are permitted.

Where a restriction of competition exists, the Monopolies Control Authority may take direct action against the granting of discounts and free gifts involving discrimination between individual customers or groups of customers.

## 6. Selling below cost

No special regulations.

## 7. Loss-leading

No special regulations. Under the general legislation on monopolies and restrictive practices,

the Monopolies Control Authority may investigate whether loss-leading is taking place, and what action if any should be taken. In practice such cases have only arisen in connection with complaints about refusals to supply.

### **8. Sale against payment by instalments**

Minimum deposit of 20 % of total price. Special rules for books. No rules about maximum rates of interest or duration of credit.

The Price Marking and Display Act 1977 requires that where goods are offered for sale against payment by instalments, the information marked or displayed must show the total purchase price including interest and all other charges, the amount of the down payment and the amount of each instalment, the number of instalments, and the periods of payment. The alternative cash price must also be indicated.

### **9. Shop hours**

the regulations on retail hours are laid down in the legislation on shop hours, Statute No 218 of 28 April 1976. The main rule is that shops may

remain open on weekdays between 06.00 hours and 17.30 hours, and on Saturdays until 12.00 hours.

A retail shop may remain open a further six hours a week, at any time, except on Sundays, holidays and Saturdays after 14.00 hours. The extra hours must be divided between not more than three days.

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

The local authority may lay down longer opening times; this would be common in holiday resorts, for example.

Working hours are fixed every two years by agreement between employers' and employees' representatives. At the moment they stand at 40 hours a week.

### **C. COOPERATION BETWEEN FIRMS**

Cooperation between producers or between consumers is subject to the general legislation on monopolies and restrictive practices.

CHAPTER II

**Rules on establishment**

**A. TAKING UP BUSINESS**

The regulations on self-employed occupations like shopkeeper, craftsman or industrialist are contained in the Trade Act, Statute No 601 of 10 December 1975.

As a rule, persons are entitled to take up one of these occupations if they

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

Public and private limited companies registered in Denmark are entitled to carry on such activities. The same is true, under certain conditions, for other associations with limited liability based in the country and for branches of foreign companies. The Minister of Commerce may grant exceptions to these conditions.

Applications for Danish citizenship are covered by various international agreements and regulations laid down by the Minister of Commerce.

The restrictions under 1) and 2), in the case of individuals, and the need to be based in Den-

mark in the case of companies or branches of companies and so on, do not apply if they are covered by EC rules on the right of establishment and the supply of services.

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

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

**B. GENERAL OBLIGATIONS**

Partnerships, limited partnerships and cooperative societies (partnerships with limited liability) are to be entered on the trade register if they supply the same services as tradesmen or craftsmen or manufacture goods; all public and private limited companies are recorded on a special register. The establishment of one-man businesses may be entered on the trade register, though this is not compulsory.

## CHAPTER III

**Legal provisions concerning building  
and rental of business premises****A. NEW BUSINESS PREMISES**

Commercial centres may only be established on sites reserved for this purpose under town planning by-laws.

The use of a particular area is regulated by local plans, drawn up by the appropriate local authority, in accordance with a structural plan regulating the overall structure of the municipality. Town planning by-laws are administered by the local authorities and must conform to the regional plan.

Anyone wishing to establish himself in the distributive trades may perform construction work, in accordance with the provisions of the by-laws on location, size, etc. and other regulations applying to the construction of buildings.

**B. RENTAL OF BUSINESS PREMISES**

No special regulations.

## CHAPTER IV

**Taxation****A. GENERAL INCOME TAX**

Income tax applies to all incomes, apart from the incomes of legal persons (corporations) subject to corporation tax.

**B. TAXATION ON PROFITS — CORPORATION TAX**

The basis of assessment is the company's total income. The current rate is 37 % of the taxable income.

Exemptions:

*1) Exemption for activities abroad:*

This exemption applies where a firm can show that a certain proportion of its taxable income results from net income realized from activities abroad, calculated according to Danish rules. The calculated income tax is then reduced by half that proportion of the total which corresponds to this proportion of the income.

*2) Exemption for subsidiaries:*

Where taxable income includes dividends from a foreign subsidiary, an exemption may be granted, on application, if the parent company has owned at least 25 % of the subsidiary's capital during the whole of the financial year in which the dividends were received. It takes the form of a remission of that part of the parent company's tax which corresponds to the ratio

between the profits received from the subsidiary and the total taxable income. But the amount remitted may not exceed the amount which the subsidiary is obliged to pay in tax on the dividends it has made over to the parent company.

Where a limited company and its subsidiary are both based in Denmark, dividends received by the parent company from the subsidiary are not taxed on condition that the parent company has owned at least 25 % of the capital of the subsidiary during the whole of the financial year in which the dividends were received.

Shareholders who receive dividends from a limited company based in Denmark receive a tax credit equal to 15 % of the dividends. The company pays a compensatory tax, which roughly corresponds to the tax credit, to the extent that the income of the company is not fully subject to tax.

**C. VALUE ADDED TAX (VAT)**

Rate: 18 %.

**D. WEALTH TAX**

None.

**E. LOCAL TAXES**

None.

## CHAPTER V

**Financial aids****A. LOANS FOR MODERNIZING AND RATIONALIZING RETAIL FOOD SHOPS**

Section 3 (3) of Statute No 85 of 31 March 1953, the act establishing a productivity fund, states that the Minister of Commerce can grant up to DKR 4 Mio (interest and capital repayments collected being reloanable) from the productivity fund for loans to modernize and rationalize retail food shops, following proposals by

the Committee referred to in Section 4 (2) of the Act.

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 will be granted to cover part of the expenditure incurred in converting a shop into a wholly or partly self-service store. Loans will not be gran-

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	Legal basis
Retail food shops	To partially cover the expenditure of converting a shop into a wholly or partly self-service store	Maximum of DKR 100 000	3 years or 5 years in special conditions. Interest instalments waived for a maximum of six months.	5 % p.a.	—	Statute No 85 of 31 March 1953 and the Ministry of Commerce's Regulations Nos 219, 257 and 283 of 21 July 1953, 20 July 1954 and 20 July 1966 respectively.

ted 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 is a reasonable proposition. Loans will not normally ex-

ceed DKR 100 000, and are normally granted for up to three years, or in exceptional cases up to five years.

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

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B. *STATUTE NO 565 OF 1 DECEMBER  
1976 ON GUARANTEES FOR CREDIT  
INSTITUTIONS OPERATING WITHIN  
THE CRAFT AND SMALL INDUSTRY,  
DISTRIBUTIVE TRADES,  
TRANSPORT AND SERVICES  
SECTORS*

This aid system is recorded here for the sake of completeness, but cannot be included on the table above. It is not a form of direct public assistance for trade ventures; it merely makes provision for the guarantee by the State of commitments made by credit institutions in the retail and wholesale trade sectors.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY**

There are no special welfare regulations for persons employed in distributive trades; the general welfare regulations cover the whole of the population.

Self-employed persons may, however, be insured in a different way from other groups.

The self-employed must be insured for daily benefit in case of illness lasting more than five weeks. A self-employed person who wishes to receive daily benefit during the first five weeks of sickness must join the voluntary daily benefit insurance fund, and pay a separate contribution. Wage and salary earners must be insured for daily benefit from the first day of absence from work.

On the birth or adoption of a child, the self-employed are entitled to daily benefit for four weeks after the birth or after taking over responsibility for the child, while wage and salary earners are entitled to daily benefit for fourteen weeks.

An amendment to the Labour Exchanges and Unemployment Insurance Act, made in 1976, introduced an unemployment insurance scheme for the self-employed. This scheme in the main comprises the same rules as for wage and salary earners, but entitlement to daily benefit only arises after one year's membership of a recognized unemployment fund, while wage and salary ear-

ners are entitled to daily benefit after six month's membership.

A self-employed person is regarded as out of work when his own personal work in his business has ceased for more than a temporary period.

Annual membership contributions amount to 2.25 times the size of the daily benefit.

Daily benefit is paid for up to six days a week, at a rate equal to  $\frac{9}{10}$  of the sum of the member's previous earnings from his business and any amounts by which earnings in that business have since been changed in accordance with the price index, up to a maximum of DKR 215 per day (rate applying on 1. 10. 1977).

Previous earnings are calculated at  $\frac{1}{310}$  of the member's annual income from his own business.

The member's annual income is calculated as the average of his income in the two best of the last five calendar years.

There are at present two unemployment insurance funds for the self-employed, with a total of about 17 000 members.

**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 for Primary and Lower Secondary Education and Teacher Training has made no provision for vocational training courses for children of school age (9 years' compulsory attendance).

**2. Vocational training beyond the minimum school leaving age**

There are vocational training courses in industry, commerce and business, under the Act of 4 June 1964 on the recognition of commercial schools and technical schools and on subsidies and other aid for the schools. The Folketing has since passed the Act of 8 June 1977 on basic vocational training in industry, commerce and trade, which sets up a system parallel to the one under the 1964 Act.

**B. FURTHER VOCATIONAL TRAINING FOR ADULTS****1. Further education for the self-employed**

Course to train members of craft professions; special state-supervised courses conducted by commercial schools in accordance with circulars and regulations issued by the Ministry of Education.

*1) Full time:*

None.

*2) Part time:*

A large number of trade organizations arrange daytime and evening courses, seminars, conferences, etc.; these are mainly of short duration, though some last several weeks. Most of the courses deal with various questions connected with the organization and management of retail shops. Many trade organizations have appointed consultants to help with the running of these courses, along with other duties, and a subsidy of approximately 50 % of the consultant's fees and travel expenses is paid from public funds, under the Technological Services Act of 21 March 1973.

**2. Further training of employed staff***1) Full time:*

None.

*2) Part time:*

Most of the courses arranged for the distributive trades are open to both the self-employed and to wage and salary earners. But there are a number of courses aimed more specifically at particular groups, such as staff responsible for sales or finance.

In certain cases, the Ministry of Labour awards a subsidy of 85 % of the expense of approved further education courses conducted by trained staff, including those engaged in distributive trades.

## 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 Act of 21 March 1973, trade organizations and other bodies hiring the services of a consultant may obtain a subsidy to cover part of the cost. The subsidy amounts to approximately 50 % of the consultant's fees and travel expenses.

At present there are approximately 100 trade consultants for whose services grants can be awarded under the Act. The consultants' duties cover both individual consultation and assistance with courses, publications, examinations and so on.

### 2. Comparative business studies

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



### **3. FR GERMANY**



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## CHAPTER I

**Rules on competition****A. RESTRICTIVE PRACTICES  
(GENERAL)**

The general rules on competition apply to the distributive trader. The Act against Restraints of Competition ("Cartel Act") was extensively amended on 3 August 1973 to deal more effectively with the acquisition and abuse of dominant positions and to facilitate cooperation between small and medium-sized firms.

*1) Principle:*

General ban on restrictive practices, concerted practices and recommendations. The following may be authorized by the antitrust authorities: agreements on terms of sale, discounts and exports, specialization and rationalization agreements and agreements between small firms. The antitrust authorities may also authorize rules on competition established by business and trade associations to promote effective competition. Recommendations by small firms and non-binding price recommendations are allowed.

*2) Recommended prices:*

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

*3) Recommendations by small firms:*

Associations of small and medium-sized firms may issue recommendations as to general business policy, e. g. advertising, including informa-

tion on prices, if the recommendations aim to enhance the ability of these firms to compete with large firms. The recommendations need not be notified.

*4) Control of abuse, ban on discrimination, merger control:*

Dominant firms are supervised to prevent abuse and are not allowed to discriminate. The second Cartel Act amendment of 1973 extends this anti-discrimination rule to firms whose suppliers or customers 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 Mio. Under the Cartel Act amendment of 1973 merger control is mandatory where the merging firms' combined turnover is DM 500 Mio or more. For distribution companies, disclosure and vetting are mandatory where the turnover totals DM 666 Mio or more.

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

There is an Unfair Competition Act designed to guarantee fair competition.

In the event of unfair practices, e. g. misleading advertisements, an action may be brought for injunction and/or damages. Arbitration bodies are set up in the chambers of industry and commerce to settle disputes on an amicable basis.

## 2. Resale price maintenance

See A.2).

## 3. Display of prices

Prices of all goods for sale to the ultimate 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 ultimate consumer must contain information on prices (Price Information Order of 10. 5. 1973). In the event of misleading information on the calculation of prices or concerning price lists, an injunction may be sought under Section 3 or criminal sanctuary under Section 4 of the Unfair Competition Act (UWG) as last amended by the Act to Introduce the Penal Code of 2 March 1974 (EGStGB) and the Relaxation of Jurisdiction Act of 10 March 1975 (Zuständigkeitslockerungsgesetz).

## 5. Gifts and discounts

### 1) Gifts:

(Reichspräsidential Protection of the Economy Order. Part One: Gifts. Last amended on 2. 3. 1974 by the EGStGB).

Gifts are prohibited as a general rule; exceptions include advertising gifts and trinkets of small value and accessories which are customary in the trade.

### 2) Discounts:

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

The ultimate consumer may be given a cash discount (3 % maximum).

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

## 6. Loss-leading

No rules.

## 7. Promotional prices

In general, promotional prices are authorized, but they must be consistent with the Unfair Competition Act.

## 8. Clearance sales

Governed by the Unfair Competition Act and by the relevant implementing orders.

### 1) Ordinary clearance sales:

Allowed only when the business is dissolved or a particular line of business is dropped.

### 2) Clearance sales in urgent circumstances:

Authorized only under certain conditions (Section 7 (a) of the UWG).

### 3) Special offers

Authorized for specified products normally sold by the firm; no restrictions on duration.

### 4) End-of-season sales:

Authorized for 12 working days for certain categories of goods, pursuant to the Order on End-of-season Sales of 13 July 1950 (as amended by the Order of 28. 7. 1969).

## 9. Sale against payment by instalments

The Payment by Instalments Act of 16 May 1894 as it stood at 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 regulates the conditions and consequences of rescission. It lays down neither the amount of the deposit, nor the rate of interest, nor the duration of credit.

## 10. Shop hours

Shop hours are laid down in the Shops Closing Time Act of 28 November 1956 as last amended by the EGStGB of 2 March 1974 and the Relaxation of Jurisdiction Act of 10 March 1975. They are:

Monday to Friday:	0700 hours	to
	1830 hours	
Saturday:	0700 hours	to
	1400 hours,	

except on the first Saturday of each month and the last four Saturdays before 24 December (0700 hours to 1800 hours). Exceptions are provided for in the Act and in various Federal and Land regulations.

## C. COOPERATION BETWEEN FIRMS

### 1. Government measures

#### 1) Measures taken by the Federal Government:

— Publication of guidelines (*Kooperations-fibel*)

— “Cooperation Exchange” run by the Board for Rationalization of the German Economy (RKW).

— Discussion group on cooperation, comprising members of the central trade and industry federations, 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:

— Grants to promote productivity in small and medium-sized businesses

— In certain Länder the Landesgewerbeämter organize discussions on experience of inter-firm cooperation.

— The system of interest relief grants 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.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS***1) In general anyone is free to run a wholesale business.*

A licence is required to trade in scrap metal, waste metal or scrap metal tools within the meaning of Section I of the Act 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 (Section 2 (4)). Businesses regularly dealing in wholesale quantities of the articles specified in Section 1 may in certain circumstances need no more than a certificate from the relevant authority (Section II. (I)).

*2) The operation of a retail business is governed by the following rules:*

- a) The basic provisions are in the Operation of Retail Businesses Act (EHG) of 5 August 1957. Section 3 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 Judgments of 14. 12. 1965 and 11. 10. 1972, BVerFGE 19, 330, 336 et seq. and 34, 71, 78). Consequently, evidence of expertise is now required only for the dispensing of ethical and non-ethical drugs.

- 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 Section 7 of the Weapons Act as it stood at 8 March 1976. It is issued to persons providing proof of the necessary good character and expertise (Section 8).
- d) Under the Explosives Act of 13 September 1976 (Section 7) a licence is required for the sale of explosive substances. Licences are issued to persons providing the requisite evidence of good character and expertise (Section 8).
- e) Pursuant to the Act 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 only to persons providing the requisite evidence of good character and expertise (Section 2 (4)).
- f) Special evidence of qualification is required for trade in milk (Milk Act of 30. 6. 1930, BGBl III, p. 7842—2, Section 14, and Milk Qualification Order of 22. 12. 1972, BGBl I, p. 2555, Sections 5 and 6).

**1. Itinerant traders**

Itinerant traders are covered by Title 3 of the Industrial Code. They must have an itinerant

traders' card (Section 55 (1)), which may be withheld if, for instance, good character is not proved (Sections 57, 57 (a)).

The Order on Itinerant Traders with Foreign Nationality, as it stood at 1 June 1976, does not apply to nationals of the Member States of the EC (Section 1 (2)).

## B. GENERAL REQUIREMENTS

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

## CHAPTER III

## Legal provisions concerning building and rental of business premises

### A. PROVISIONS CONCERNING THE BUILDING OF NEW BUSINESS PREMISES

New business premises must comply with construction planning law. The main provisions are embodied in the Federal Building Act (BBauG) of 23 June 1960 (last amended by the Waste Disposal Act of 7. 6. 1972, the Act to take pressure off the regional courts etc., of 20. 12. 1974, the Relaxation of Jurisdiction Act (Zuständigkeitslockerungsgesetz) of 10. 3. 1975 and the Federal Forestry Act of 2. 5. 1975), together with the Use of Land for Building Order of 15 September 1977, the Municipal Development Act of 27 July 1971 as amended by the EGstGB of 2 March 1974 and the Adaptation, of Jurisdiction Act 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 (Section 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 (Section 35 of the BBauG).

The appearance of individual buildings must comply with current architectural requirements, notably those imposed by the Länder.

In the amended Use of Land for Building Order of 15 September 1977, there was a new version of Section 2 (3) on the siting of shopping centres and large-scale shops in mixed, commercial and industrial estates. Section 2 (3) allows for closer adaption into the local setting, by means of specific planning requirements. Large-scale shops that have specified implications in planning terms may be constructed only in central areas or in specially reserved zones. There is a presumption that there will be implications in planning terms wherever the surface area exceeds 1500 m<sup>2</sup>.

### B. PROVISIONS CONCERNING THE RENTAL OF BUSINESS PREMISES

#### 1. Protection of business tenants

The provisions of the Civil Code (BGB) governing landlord and tenant relations apply to business premises. No provision for protection of business tenants. Accordingly, a lease ends on expiry (Section 564 (1) of the BGB) or with three months' notice of the (Section 564 (2) and Section 564 (1) subparagraph 3, of the BGB). The amount of rent is determined by private treaty (Section 535 (2) of the BGB).

#### 2. Cancellation of lease by municipalities (Gemeinde)

Sections 27, 28 and 30 of the Municipal Development Act empower municipalities to cancel leases for the purpose of carrying out improvement or modernization projects. Compensation is payable.

## CHAPTER IV

## Taxation

## A. GENERAL INCOME TAX

(The tax provisions described apply generally, not just to the distributive trades.)

Levied on the taxpayer's total income, including that from industrial and commercial activities. In partnerships, each partner's profits are taxed separately.

## 1) Tax-free amount 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 "asset—formation payments" (*vermögenswirksame Leistungen*) to employees (current limit = DM 6 000 per tax year) for firms employing less than 51 persons ("Save-as-you-earn" scheme).

## 3) Progressive tax:

(22—56 %; amended by the Income Tax Act of 5. 8. 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) Limited companies (*Kapitalgesellschaften*)

— distributed profits: 36 %

(Domestic shareholders fully liable to tax can impute this tax in full against their own income or corporation tax liability).

— retained profits: 56 %

For certain credit establishments: 46 %

## b) Reduced rate of 50 % for mutual insurance associations, associations, clubs and foundations, and public-sector industrial enterprises.

## c) Reduction

of 30 % in respect of corporation tax for "asset-formation 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 %, increase to 12 % planned for 1 January 1978.

Reduced rate: currently 5.5 %, increase to 6 % planned for 1 January 1978.

## D. WEALTH TAX

1) *Basis of assessment:*

Net assets.

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2) *Rate:*

1 % for corporations, 0.7 % for individuals (amended from 1975 by the Income Tax Reform Act of 5. 8. 1974).

Tax exemptions for certain amounts laid down by law for individuals. Amendments planned for 1 January 1978: 0.7 % for corporations, 0.5 % for individuals.

E. LOCAL TAXES

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

1) *Tax on trading profits*

(*Gewerbeertragssteuer*):

a) Basis of assessment:

The firm's profits.

b) Rates:

— one-man firms and partnerships, tax-free allowance for the first DM 15 000 (from 1 January 1978: DM 24 000) of the trading profits.  
from DM 15 000 to DM 29 400 1—4 % (sliding scale)

in excess of DM 29 400 5 %  
— other firms 5 %  
(amended by the Wealth Tax Reform Act of 17. 4. 1974 BGBl. I, p. 949).

2) *Tax on trading capital*  
(*Gewerbekapitalsteuer*):

a) Basis of assessment: working capital

b) Basic rates: 2 %. From 1 January 1978, initial tax-free amount of DM 60 000.

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. From 1 January 1978, tax-free amount of DM 60 000.

b) Rate: 2 %

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

## Financial aids

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Small and medium-sized firms	A. Financial aids from the Federal Government	Up to DM 200 000  ditto  ditto	Up to 10 years for plant and machinery, up to 15 years for building projects  ditto  ditto	5.5 %  4.5 % in zonal border areas, 100 % payment (period of grace of at most 2 years)	Usual bank security with guarantee from Länder credit guarantee associations.  ditto  ditto	Resources from ERP special fund
	1) General loans					
	a) ERP loans to small and medium-sized firms in regional development areas (ERP regional programme)					
	b) ERP loans for setting up new businesses (ERP new business programme) Setting-up in self-employed capacity, takeover of existing firms, securing of working partnerships (loans to young, prospective self-employed persons)					
	c) ERP loans for establishing firms in new districts (ERP location programme) Establishment of firms in new housing estates or in localities affected by local government reorganization					
	d) ERP loans to promote firms belonging to expellees, refugees and persons who suffered material war damage (ERP refugee programme)	Up to DM 100 000 for small firms; up to DM 200 000 for medium-sized firms	ditto	ditto	Usual bank security and/or Länder deficiency guarantee of up to 60 %	ditto

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Small and medium-sized firms	<p>Establishment, expansion, rationalization and conversion of firms belonging to expellees, refugees and persons who suffered war damage</p> <p>B. Financial aid from the Länder Governments</p> <p>1) Baden-Württemberg</p> <p>Loan programme of the Landeskreditbank Baden-Württemberg to promote small-scale trade and industry</p> <p>a) Establishing a business</p> <p>b) Establishment and installation of trading firms in new housing estates, restored districts and industrial and trading estates</p> <p>c) Conversion adaptation and rationalization projects in distributive trades.</p> <p>Capital expenditure by small and medium-sized firms to reorganize stockkeeping, marketing and sales methods. Where particularly well justified, also relocation of businesses</p>	<p>Up to 1/3 of the costs, up to DM 250 000 for building projects, otherwise up to DW 150 000</p> <p>ditto</p> <p>ditto</p> <p>Capital costs not to exceed DM 2.5 million. Loan usually amounts to 1/3 of costs.</p>	<p>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</p> <p>ditto</p> <p>Up to 12 years including a period of grace of up to 2 years</p>	<p>Set by the Landesbank</p> <p>ditto</p> <p>ditto</p>	<p>—</p> <p>—</p> <p>—</p>	<p>—</p> <p>—</p> <p>—</p>

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Small and medium-sized firms	<p>because of fundamental changes in the local structure.</p> <p>d) Capital projects by distributive firms in less prosperous areas and other structurally important projects</p> <p>2) Berlin (Federal loans, not Land loans)</p> <p>a) Establishment, expansion, rationalization or conversion of firms in Berlin (ERP Berlin investment programme)</p> <p>b) Establishment of self-employed activities by young people (ERP new business programme)</p> <p>3) Bremen Interest relief grants to promote distributive trades — Reducing the cost of loans guaranteed or partially guaranteed by (credit) guarantee associations</p>	<p>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</p> <p>No maximum</p> <p>Up to DM 200 000</p> <p>Up to DM 150 000</p>	<p>10-20 years, depending on the project, including a period of grace of up to 4 years</p> <p>Up to 10 years</p> <p>Up to 10 years for plant and machinery; up to 15 years for building projects</p> <p>3 % reduction for 4-year period</p>	<p>ditto</p> <p>4 %</p> <p>100 % payment, period of grace of at most 2 years)</p>	<p>—</p> <p>Usual bank security, sometimes with guarantee from credit guarantee associations or Land Berlin</p> <p>ditto</p> <p>Counter-guarantees to credit guarantee associations</p>	<p>—</p> <p>Funds from ERP special fund</p> <p>ditto</p>

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Small and medium-sized firms	<p>— Reducing the cost of loans for rationalization or modernization projects to maintain competitiveness, as well as the cost of loans for setting up new businesses</p> <p>4) Hamburg Interest relief grants for small and medium-sized distributive firms to improve structure and consolidate existing or new employment and training facilities</p> <p>Expansion projects, conversion investments, establishment in self-employed business, transfer plants for town-planning considerations, relocation</p> <p>5) Hesse</p> <p>b) Capital expenditure in development areas</p> <p>b) Capital and working fund loans for small and medium-sized firms belonging to expellees, refugees, persecuted persons and late-returning prisoners of war</p> <p>6) Lower Saxony Interest relief grants on interest of loans to small and medium-sized firms.</p>	<p>Up to DM 20 000</p>	<p>ditto</p> <p>3 % interest relief grant for a maximum of 3 years, up to 2 years extension, up to 5 years where new self-employed business or new training facilities are established</p> <p>Up to 10 years, with 2-year period of grace</p> <p>5 years</p>	<p>3.5 — 5 %</p> <p>4 %</p>	<p>ditto</p> <p>Counterguarantees to credit guarantee associations</p> <p>Counterguarantees to credit guarantee associations</p>	

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Small and medium-sized firms	<p>Establishment in business, takeover of firms, extension of firms, rationalization, relocation of businesses</p> <p>7) North Rhine-Westphalia</p> <p>a) Small firm assistance programme Establishment in business, capital expenditure to boost productivity establishment and installation of small-scale businesses in new housing estates, localities affected by local government reorganization, town development areas, and improvement areas</p> <p>b) Loans for expellees and Germans from the GDR Establishing and consolidating business</p>	<p>Loans must be between DM 30 000 and 150 000</p> <p>Establishment in business — DM 100 000; improved productivity, 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</p> <p>Up to DM 50 000</p>	<p>5 years</p> <p>10 years (period of grace of 2 years)</p> <p>Working funds, up to 6 years (period of grace up to 2 years). Capital expenditure up to 13 years (period of grace up to 3 years)</p>	<p>3 % interest relief grant</p> <p>5.5 %</p> <p>3 %</p>	<p>Land guarantees in certain cases. Land guarantees to credit guarantee associations</p> <p>Land guarantees in certain cases. Land counter-guarantees to credit guarantee associations</p>	

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Guarantees	References
Small and medium-sized firms	<p>8) Rhineland Palatinate Interest relief grant for new businesses established in new residential areas</p> <p>9) Saarland Small-firms assistance programme. Development and extension of firms, rationalization and modernization.</p> <p>10) Schleswig-Holstein Small-firm structure programme Capital investment and rationalization loans</p>	<p>Amount of loan qualifying for grant not to exceed 50 % of total eligible investment (current maximum DM 100 000)</p> <p>Up to DM 100 000 for firms with 100 or fewer employees and annual sales of DM 6 million or less; from DM 100 000 to DM 500 000 for firms with up to 500 employees and sales of up to DM 50 Mio.</p> <p>Up to DM 600 000</p>	<p>Up to 5 years for building projects and up to 3 years for other capital outlays; in the case of new businesses and establishment of firms in new residential areas, up to 10 years for building projects and up to 6 years for other capital outlays</p> <p>Up to 15 years, period of grace up to 2 years</p> <p>10 years, exceptionally 15 years, period of grace of 2 years.</p>	<p>Up to 3 %</p> <p>6 %, 99 % payment where duration is 5 years or less, 98.5 % where duration is 10 years or less, 98 % if over 15 years</p> <p>6 %</p>	<p>Land guarantees in certain cases. Land counter-guarantees to credit guarantee associations</p> <p>Land guarantee for loans to expellees, refugees or persons who suffered material war damage</p> <p>Deficiency guarantee by the Land for up to 100 % of the loan</p>	

## 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 entrepreneurs are also partially protected, on a voluntary basis, by social security institutions.

**1. Persons employed in distributive trades**

The general social security arrangements do not contain any specific measures for persons employed in the distributive trades, who are covered in the same way as persons employed in the other sectors of the economy.

**2. Self-employed entrepreneurs**

Here too there are no special provisions for the distributive trades. 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**

Since 1972 self-employed persons have been able to obtain statutory pension cover, on application, under the statutory pension insurance scheme.

Contribution from the State:

General subsidies to the pension insurance scheme.

**c. Old age and survivors**

See (b).

**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.

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*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:*

State financed scheme.

**B. OTHER FORMS OF SOCIAL  
SECURITY**

None.

## CHAPTER VII

**Vocational training and further training****A. VOCATIONAL TRAINING**

Not compulsory.

Legal basis: Vocational Training Act of 14 August 1969

**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 assistants (first phase)**

Duration: two years.

The course is in two parts:

- practical training in a firm, 3 or 4 days per week;
- training at a vocational training school (theoretical and practical training and further general education), compulsory attendance one or two days a week; an end-of-course examination is set by the Chamber of Industry and Commerce.

**b) Training of retail sales managers (second phase)**

Duration: one year, following on from the training course for sales assistants.

Successful candidates in the examination referred to at (a) automatically qualify for training as retail sales manager. The course is in two parts (in a firm and at school), with an end-of-course examination set by the chamber of Industry and Commerce.

- c) In addition, specialized training courses are available for the pharmacy and musical instruments trade, for example.

**2) Wholesale trade:**

Training in the wholesale business

Duration: three years.

The course is in two parts:

- practical training in a firm, 3 or 4 days per week,
- training in a vocational training school (practical and theoretical training and further general education), one or two days a week.

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

**2. Vocational training beyond the minimum school-leaving age**

See the preliminary remark at A. 1 and the remarks at B.

## B. FURTHER VOCATIONAL TRAINING FOR ADULTS

### 1. Further training of self-employed persons

a. *Training of managerial staff at universities, colleges of technology and business schools (e.g., the universities of Cologne, Erlangen and Berlin have special chairs and departments for business management)*

b. *Central technical schools (Überregionale Fachschulen)*

- Come under the trade organizations
- Receive State subsidies when setting up and expanding their operations (investment promotion) and to cover the teaching staff and teaching aids.
- Current expenditure is borne by the trade organizations.

c. *Lectures, courses and group discussions on business management*

(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 vocational training centres.

## C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

### 1. Business management advisory services

There are advisory offices (*betriebswirtschaftliche Beratungstellen*) 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 firms.
- Sliding scale of State subsidies towards advisory services for small and medium-sized firms amounting to 75, 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 Business School).

Duration: two years.

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

Free inspections in certain Länder.

- Short-duration consultancy projects available at reduced prices in certain Länder.

### 2. Comparative business studies

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

These comparisons provide 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. RESTRICTIVE PRACTICES  
(GENERAL)**

The general rules on competition apply to the distributive trades.

*Principle:*

The following are prohibited: concerted practices, trading pacts, express or tacit agreements or combinations in any form or for any purpose with the object or effect of preventing, curbing or distorting the interplay of the forces of competition, particularly by:

- inhibiting reductions in cost, selling or resale prices;
- preventing technical progress;
- limiting the freedom of other undertakings to compete.

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

Provision is made for exemptions where the parties concerned can show that the effect of their practices will be to promote economic progress, particularly by improving productivity.

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

- Refusal to sell

Refusal to meet an order from a customer for goods or services on terms in accordance with general trading practice is treated as an unlawful pricing practice, which is settled either by means of a compromise settlement or criminal punishment, except where:

- the sale would be contrary to the law;
- the products or services requested are unavailable;
- the customer's order is not placed in good faith;
- the request is unusual;
- the buyer has systematically been practising loss-leading.
- Discrimination in respect of prices and conditions of sale

Article 37 of the Act of 27 December 1973 prohibits producers, tradesmen, manufacturers or craftsmen from:

- applying discriminatory prices or conditions of sale which are not justified by the difference in the cost of the goods or services as supplied;
- making direct or indirect gifts in cash or kind or in the form of free services to any person reselling their goods, in such a way as to contravene the provisions of the preceding paragraph.

*b) Restrictive practices*

- Price-fixing

Except by special derogation, the practice of describing, maintaining or fixing of a specified price or mark-up as the minimum price for determined goods or services by means of tariffs and price lists or through agreements is treated as unlawful pricing practice.

— Recommended prices

A supplier may recommend that his customers resell a product at a given price as long as that price does not constitute a minimum price.

*c) Promotional practices*

— Total prohibition

1. Making a spontaneous public announcement to sell new goods in a retail outlet (Act of 25. 6. 1841) by auction, by selling at a discount or an advertised fixed price;
2. Pyramid selling (Act of 5. 11. 1951);
3. Sale by unsolicited consignment (Decree 61—138 of 9. 2. 1961).

To ensure compliance with these prohibitions, all producers must furnish price lists and conditions of sale to any reseller who so requests (Act of 27. 12. 1973).

— Regulations

a) Promotional pricing techniques:

1. Seasonal sales and winding-up sales

Such seasonal sales, winding-up sales, compulsory sales and clearance sales as are genuinely or apparently occasional or exceptional occurrences, are subject to authorization by the municipal authorities of 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 (Act of December 1906 — Decree of 26 November 1962) are not subject to this authorization.

2. Decoy pricing

This practice is lawful but suppliers may refuse to sell to retailers who systematically

sell goods at prices or margins that are low, having regard to the nature of the product and the type of trade, with the sole purpose of attracting customers who are then encouraged to buy other goods sold at a normal profit margin.

3. Loss-leading

It is prohibited to resell any product in its original state for less than the actual cost price (purchase price + turnover tax – discounts recognized at the time of invoice + cost of carriage if any) plus the appropriate turnover tax.

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, at the end of the usual sales period, and during the interval between two sales seasons;
- products no longer indemand as a result of a change in fashion or technological progress.

4. *Advertising discounts*

The Decree of 2 September 1977 requires the advertiser to specify outside the premises the amount of discount in absolute value or as a percentage, and inside the premises the reference price and the resulting net price.

b) Other promotional sales techniques:

1. Lotteries and competitions

These are prohibited if participation is subject to acquiring a ticket or an object or accepting a service, when there is an element of chance, however small, in the outcome.

The law concerning lotteries does not apply where the lotteries or competitions are free, and the question of whether or not these incentives are legal has never been decided by the courts.

## 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 educational or cultural societies.

— The following are authorized:

- giving a specimen of the product on sale;
- giving Christmas gifts on behalf of the firm (this practice is merely tolerated);
- giving articles of no commercial value by way of samples or advertising material indelibly and visibly marked as such;
- giving small services of no commercial value free of charge;
- providing parking facilities.

## 3. Gifts linked to a sale or service but consisting of goods or services different from those involved in the principal transaction.

These are prohibited, even where they are “self-paying” (where the purchaser pays for part of the gift).

Articles may be given for advertising purposes as long as their value does not exceed either FF 10 or 5 % of the net price inclusive of all taxes of the products or services provided by the donor.

the following are not considered as gifts:

- wrappings or containers of the sort commonly provided;
- identical articles as long as the act of giving them does not lower the average price of these products or services below the actual purchase price, due allowance being made for the free items (see also under loss-leading);
- ancillary products or services normally provided along with those supplied for valuable consideration, or the provision of parking facilities;

- services of no commercial value.

The following are not prohibited:

- cash discounts or refunds;
- articles specially designed for advertising purposes (see above);
- samples;
- after-sales service;
- parking facilities.

## 4. “Package” deals

— These are prohibited unless the purchaser is allowed to acquire the relevant products separately.

## II. Other types of sale

— Sale by correspondence

Regulated by the Act of 22 December 1972.

- Written contract mandatory.
- The purchaser must be allowed a cooling-off period of seven days.

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

— Direct sales by the manufacturer to the consumer

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

These sales require the 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 disposing of stocks of articles manufactured by the undertaking.

The following are exempted:

- sales in company shops normally open to the public;
- mail-order and doorstep 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

Products, publications, printed matter or objects sold for charitable purposes must bear a mark consisting of a design surrounding the serial number of the authorization to use that mark.

### III Advertising of prices

This is carried out by marking, labelling or displaying selling prices inclusive of all taxes.

#### 1) Price marking

The price of any product offered for sale must be so marked that it is visible and legible to the consumer. The composition of certain products (foodstuffs, textiles, shoes, etc.) must be marked and displayed.

#### 2) Price labelling

Mandatory for all products not on view to the public but available for retail sale.

The following are exempted:

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

#### 3) Display of prices

The listing on a single legible document of all services offered and the price of each.

The law also requires all producers to furnish price lists and conditions of sale to any reseller who so requests (Act of 27. 12. 1973).

### IV. Regulation of a special case

- Sales against payment by instalments
  - authorized: 20 % down payment whatever the purchase.
  - maximum repayment period: 30 months for cars;  
24 months for other items.

These provisions can be amended as required by the economic situation.

- Anybody making inquiries must be given a price list specifying the amount, duration and total cost of the credit.
- The purchaser must be given an acknowledgement or invoice.
- A duplicate of the acknowledgement or invoice must be retained for three years.

### C. COOPERATION BETWEEN FIRMS

#### 1. Mergers

Submission of reports on the planned merger and notification of all relevant documents for the protection of shareholders and creditors of the merged company.

The “COB” (“Commission des Opérations de Bourse”) checks all the information published.

#### 2. Cooperation

New legal forms have been established to encourage, particularly, associations of small and medium-sized undertakings;

- associations constituted by agreement;
- commercial interest groupings;
- stores run collectively by independent traders;
- retailers’ cooperatives;
- voluntary chains, franchise systems.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS**

Freedom of trade is the governing principle (Acts of 2 to 17. 3. 1971). However, a limited number of activities are covered by a scheme requiring either government authorization or registration with a government authority; these include arms and ammunition, gunpowder and explosives, motorized shops, one-price shops, bars, dispensing chemists, precious metals and agricultural and dietetic products. Products subject to a State monopoly are governed by a special scheme.

The dealer must not have committed any of the offences specified in the Act of 30 August 1947 on the reorganization of commercial and industrial trades.

**1. Itinerant trading**

Itinerant trading is subject to Act No 69-3 of 3 January 1969 by which, in order to exercise or secure the exercise of an itinerant activity outside the municipality where he has his home or registered office, any natural or legal person domiciled in France or having had a permanent residence there for more than six months or having his registered office in France must submit a statement at the prefecture in order to obtain a special document known as "carte de commerçant non sédentaire" (itinerant trader's identity card), which is valid for ten years.

Nationals of Community countries are subject to the same provisions as French nationals (Circular of 1. 8. 1975).

**B. GENERAL OBLIGATIONS**

- registration in the "Registre du Commerce" (Trade Register) within two months of commencing business;
- opening a bank account or 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 business gazette).

**C. SHOP CLOSING HOURS**

Shopkeepers who employ no salaried staff are entirely free to choose their hours. Otherwise shop opening and closing times are not subject to specific regulations but are governed by certain rules concerning the employment of wage-earning personnel:

- 1) All employed staff must be allowed a weekly rest period, generally on Sunday; as regards timing there are a few exceptions allowed by law or private agreement (other than agreements between the shop owners' and workers' representatives, authorized by the prefect, who by Order can make them mandatory for all establishments in the same branch of trade, whether or not they employ staff).

2) The legal working period of 40 hours per week is extended to 46 hours in the case of food shops and 42 hours for non-food shops, but the requirement of equivalent standards has been waived by a large number of collective agreements. There are provisions regulating the distribution of this period over the

week and the length of an employee's working day. By the combined operation of these rules establishments that operate overlapping or consecutive shifts can organize night work.

Maximum working week: 48 hours (54 or 50 hours where applicable).

## CHAPTER III

## Legal provisions concerning building and rental of business premises

### A. PROVISIONS CONCERNING THE BUILDING OF NEW BUSINESS PREMISES

The Act of 27 December 1973 makes the establishment of new, retail premises subject to authorization by a departmental town planning committee comprising elected local councillors, traders and consumers' representatives, under the chairmanship of the prefect assisted by two officials. The committee is given four months to examine:

- all plans for new buildings having an overall outside measurement of more than 3000 m<sup>2</sup> or total sales surface area of more than 1500 m<sup>2</sup> (2000 and 1000 m<sup>2</sup> in the case of towns with fewer than 40 000 inhabitants);
- plans to build extensions or increase sales areas already having reached the above-mentioned dimensions by more than 200 m<sup>2</sup>;
- plans which would result in surfaces as large as, or larger than, those referred to above;
- plans for converting existing buildings if the surface area is not less 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 must give his decision within three months and after hearing the opinion of a national committee.

Building permission is subject to such authorization, which is valid for two years.

### B. PROVISIONS CONCERNING THE RENTAL OF BUSINESS PREMISES

#### 1. Ownership of business premises

Operators of businesses have two forms of protection:

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

#### 2. Regulation of business rents

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

This may be changed:

- 1) At the three-yearly review, by no more than the amount of variation of the quarterly building costs index, unless the local business situation has changed substantially and caused a variation of over 10 % in the rental value.
- 2) When the lease is renewed, but by no more than the rate published each year in the Official Journal.

Rent restrictions do not apply:

- to leases for more than 9 years;

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

The premises must be used for the purposes of the business or businesses specified in the lease. Where the trader wishes to use the premises for any other business and the owner withholds his consent, the trader may apply to the court for authorization.

## CHAPTER IV

**Taxation****A. NATIONAL TAXES****1. General income tax**

This applies to the taxpayer's whole income, including income from the industrial and commercial activities of:

- sole traders;
- members of a "société de personnes" (partnership firm);
- members of an undisclosed partnership (associés en participation).

Gradual alignment of tax schemes for tradesmen and craftsmen on those applying to wage-earners (by January 1978). Already introduced: the 5 % abatement for which wage-earners formerly qualified has been abolished.

Accounts must be kept, but there is a more flexible system of tax returns

Setting-up of approved management centres

Act of 27 December 1974 — Decree 75-911 of 6 September 1975 in favour of manufacturers, tradesmen, craftsmen and farmers subject to the ordinary or simplified actual earnings system and wishing to obtain management assistance. Their taxable profits are reduced by 10 % if their turnover does not exceed twice the maximum figure referred to in A. 1.2 (FF 1 000 000 or FF 300 000, as appropriate).

If the 1978 Finance Bill is passed:

- the reduction would be raised to 20 %;

- the maximum turnover figures (see A. 1.2) would be increased to FF 1 500 000 and FF 450 000.

Method of raising taxes on industrial and commercial profits:

- 1) The actual profits scheme is the normal method of raising taxes: the amount of profit is taken to be that which appears in the accounts (after any requisite adjustments have been made).

- 2) The simplified actual profits scheme:

Where turnover lies between:

- FF 1 million and FF 500 000 for sales of goods;
- FF 300 000 and FF 150 000 for services;

or where turnover falls below these limits but the trader opts for this.

There are certain records that the taxpayer need not keep if this scheme is applicable.

- 3) Flat rate scheme:

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 revenue authorities determine a flat 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 department.

## 2. Taxation on Profits — Corporation Tax

### 1) *Basis of assessment:*

All types of profits made by companies having a share capital. Partnerships, whose profits are normally taxable as the partners' income, may opt to pay corporation tax.

### 2) *Rate:*

50 % of profits, whether distributed or not.

Reduced rates:

10 % for certain capital gains on disposal of assets;

24 % for income from real estate or farming or certain types of income from movable assets received by non-profit making corporate bodies.

## 3. Value Added Tax (VAT)

Legal rates:     7 %;  
                  17.6 %;  
                  33.33 %.

VAT is added to the price net of tax.

## 4. Wealth tax

None. But certain capital gains on the disposal of assets may be liable to income tax. Capital transfers are subject to a number of formalities and registration charges.

## B. LOCAL TAXES

The trading licence fee has been replaced by a professional tax.

Act of 29 July 1975; Decree 75-975 of 23 October 1975, which has been in force since 1 January 1976.

### 1) *Base:*

— rental value of the premises and (except for small concerns that do not keep an inventory) equipment;

—  $\frac{1}{5}$  of the wages paid, or  $\frac{1}{8}$  of the income earned by a non-trading, profit-making concern employing fewer than five employees.

### 2) *Rate:*

Set by each local authority.

## CHAPTER V

## Financial aids

## A. SPECIAL FINANCIAL ESTABLISHMENTS

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
Any natural or legal person engaging in an industrial or commercial activity.	— modernization loan — fitting-out loan — loan for setting up sales units.	unlimited	8 — 15 years	11 %	Real and personal guarantees	Crédit National
Any natural or legal person engaging in an industrial or commercial activity.	— modernization loan — fitting-out loan — purchase of premises — building	50 % of cost in respect of new establishments (all taxes included). 70 % of cost of repairing and decorating (all taxes included).	8 — 12 years	11 % on funds granted 13 % on own resources Hotel trade: 9.75 %	Real or personal guarantees	Caisse Centrale de Crédit Hôteiler Commercial et Industriel.
Cooperative type undertakings — consumer cooperatives — joint-buying groupings of retailers	— modernization loan — fitting-out loan — setting up/fitting out — sales points	Up to 75 % of pre-tax expenditure, maximum limit: $\frac{2}{3}$ of net assets or (of security) provided	2 — 15 years	13 % purchase of a business and company shares 11 % for miscellaneous investments.	Real and personal securities. Subscription to a suretyship fund. — transfer to a suretyship fund.	Caisse Centrale de Crédit Coopératif.
Shopkeepers (wholesalers, retailers)	— purchasing equipment — repairing and decorating — building equipment	Limited to 70 % of expenditure (all taxes included).	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.	set by the concern's own bankers.	— capital subscription to the mutual suretyship company — real and personal securities	Caisse Nationale des Marchés with support from mutual guarantee bodies or regional development companies.

B. STATE INTERVENTION

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	References
<p>Undertakings that can contribute to the economic development of a region.</p>	<ul style="list-style-type: none"> <li>— modernization loan</li> <li>— loan for equipment acquired with a view to easing management.</li> </ul>	<ul style="list-style-type: none"> <li>— direct loan based on own funds</li> <li>— loan on loan funds: about 60 % of programme — acquisition of shares: 35 % of capital</li> <li>— leasing facilities (credit bail) (SICO MD): 75 % of pre-tax expenditure.</li> </ul>	<p>2 — 8 years 12 — 15 years</p>	<p>Market rates: approx 11 %</p>	<p>Guarantee funds State guarantees</p>	<p>Société de Développement Régional.</p>
<p>Small and medium-sized undertakings.</p>	<p>Investment in premises of the following type:</p> <ul style="list-style-type: none"> <li>• urban renewal establishments</li> <li>• of shops jointly owned by independent shopkeepers</li> <li>• investments made by members of a partnership</li> </ul>	<ul style="list-style-type: none"> <li>— partial financing to supplement the aid given by specialist credit agencies: 25 % of pre-tax expenditure.</li> </ul>	<p>Varies according to the term of the main loan: between 10 and 15 years.</p>	<p>9.5 %</p>	<p>Usual guarantees.</p>	<p>FDES (economic and social development fund)</p>
<p>Small and medium-sized industrial, commercial and agricultural undertakings employing less than 500 wage-earners and whose capital and resources are less than FF 10 000 000.</p>	<ul style="list-style-type: none"> <li>— encouraging exports</li> <li>— joint investment ventures (jointly owned warehouses).</li> </ul>	<p>Tax advantages:</p> <ul style="list-style-type: none"> <li>— investment facilities</li> <li>— exemption from capital gains</li> </ul>			<p>Signature of an agreement with the State. Programme must be completed within 3 years.</p>	<p>Authorized companies.</p>

**C. STATE ACTION IN RESPECT OF CERTAIN ACTIVITIES**

— Premiums to the hotel industry  
 — Special aid provided under the Guidance and Trade Act of 27 December 1973

Recipients	Purpose of loans	Amounts granted	Duration and interest rates	Security	References
Shopkeepers	Installation. Equipment.	75 % of expenditure (all taxes included) Ceiling: FF 400 000 for young people; FF 500 000 for conversions.	Maximum duration: 12 years at 10.5 %	Applicants must have: — relevant qualifications — practical experience (3 years)	Financed by the "Caisse Centrale de Crédit Hôtellerie"
Category loans (young craftsmen — 18 to 35 years of age)	Installation. Equipment. Conversion. Purchase of businesses, rights on leases, premises, equipment, building work, repairing and decorating, etc.)	Ceiling: — FF 50 000 qualifications: 1 year's practical experience AND: EITHER a certificate of technical secondary studies (CAP, EFAA or equivalent) OR continuous training course OR engaged in artistic/creative craft — FF 200 000 qualification: 5 years' practical experience AND proof of basic management training. — FF 50 000 (unconditional) — FF 100 000: technical ability and basic management training — FF 200 000 conditions: managerial ability + EITHER market expansion OR promotion to general management function OR conversions, group concerns. — FF 250 000 for setting up commercial or craft centres or communities	Maximum duration: 15 years at 6 %		Advances from the FDES (economic and social development fund). Establishment of a tradesmen's credit advisory body.
Category loans	ditto		Maximum duration: 15 years at 8 %		Annual allocation from the FDES.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY**

Wage-earners in distributive trades are covered by the general social security scheme.

Independent tradespeople have a special scheme. The Act of 24 December 1974 provides for a basic scheme of social security cover for all French nationals, which implies progressive alignment of the existing basic schemes (final date: 1 January 1978).

**1. Persons employed in distributive trades**

No specific measures of the general social security scheme cover persons employed in distributive trades.

Legislation in the social fields is designed to provide persons employed in undertakings of all sizes with the same social benefits without placing an excessive burden on the labour costs of small and medium-sized undertakings as a result of expenditure in the social field.

**2. Self-employed entrepreneurs****a. Sickness/Maternity 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 scheme and the general scheme. Harmonization with the general

scheme is almost complete for major risks (hospitalization and long and expensive illnesses) and maternity.

**2) Contributions:**

Contributions fixed as a percentage of income from trade. Same ceiling as for the general scheme. Payable six-monthly.

Rates: 7.65 % where a ceiling is applied;  
4 % up to four times the ceiling.

**3) Contribution by the State:**

The State pays sickness insurance contributions for recipients of benefits from the "Fonds National de Solidarité."

Until the general social security scheme covering all French nationals is introduced (Act of 24. 12. 1974) the State will compensate the employed persons' scheme for losses incurred by reason of persons in other schemes.

**b. Invalidity and death insurance**

Supplementary compulsory scheme set up on 1 January 1975.

Annual contribution fixed at a flat rate of FF 150.

**c. Pension scheme**

— compulsory;

— aligned on wage-earners' scheme 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 six-monthly.
- a supplementary compulsory scheme for spouses has been set up with retroactive effect from 1 January 1973.

Contribution by the State:

Additional allocation to the “Fonds National de Solidarité”.

The State subsidises 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: 3.25 % on income up to FF 10 000;  
9 % on income from FF 10 000 up to the social security ceiling.

A provisional measure to be applied until 1 January 1978, when alignment with the wage-earners' scheme will be complete.

Exemption:

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

## **B. OTHER FORMS OF SOCIAL SECURITY**

The Act of 13 July 1972 instituted a scheme of assistance for certain categories of older busi-

nessmen and craftsmen, which was substantially improved by the Act of 26 May 1977. The following distinction should be made:

1) Special supplementary aid solely for shopkeepers and craftsmen aged over 60 (or certified before that age as being unable to work), who are still pursuing an occupation which they have practised for at least fifteen years, the last five years in the same business. The applicant's income may not exceed twice the income ceiling entitling him to supplementary assistance from the “Fonds National de Solidarité” (“FNS”).

The amount of this assistance is the total declared or flat-rate income received by the applicant from the Fund or business during the preceding five years.

2) assistance from welfare funds to former shopkeepers and craftsmen who ceased activity before 1 January 1973 and who at that time fulfilled all the other conditions for the grant of special supplementary assistance. The average amount is FF 8 000 for a single person and FF 12 000 for a household. The amounts may be as high as FF 13 500 and FF 20 000 respectively.

This scheme is financed from two taxes:

- a mutual aid tax introduced on 1 January 1976 of 0.01 ‰ of the pre-tax turnover of companies and one-man businesses whose turnover exceeds FF 500 000;
- an additional tax paid by shops opened after 1960 and having a sales area exceeding 400 m<sup>2</sup>.

Applications are examined by the Pension Fund to which the applicant is affiliated. The system will continue to apply until 31 December 1980.

— the Act of 27 December 1973 regulating trade and crafts instituted assistance for shopkeepers and small tradesmen whose position has been irreparably damaged by a public works project which allows no rights to compensation.

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The assistance 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 assistance is given in the form of degressive income support.

## CHAPTER VII

**Vocational training and further training****A. PRELIMINARY VOCATIONAL TRAINING**

There is no basic requirement that a person wishing to pursue a business activity must hold a formal qualification for it. But in order to provide people who set up in business with a basic grasp of management techniques, Article 59 of Act No 73—1193 of 27 December 1973 regulating trade and crafts requires Chambers of Commerce and Industry to offer training courses totalling between 25 and 50 hours. This provides a strong incentive to people setting up in business to acquire a basic professional training, especially as the concessionary loans to independent businessmen cannot be granted unless the applicant can produce evidence that he has attended one of these courses.

**1. Vocational training during the period of compulsory schooling (up to 16 years of age).****1) In a firm:**

In exceptional cases young people of fifteen may apprentice themselves to a firm and prepare for the "CAP" ("*Certificat d'Aptitude Professionnelle*") by receiving on-the-job training and attending theoretical classes in a "Centre de Formation d'Apprentis".

**2) At school:**

Before they have finished their compulsory schooling pupils may receive basic guidance in classes preparing them for apprenticeship. This means that from the age of fourteen onwards

they may receive vocational instruction, part of it in the form of training periods spent in the working environment.

**2. Vocational training after leaving school****1) In a firm:**

Strictly speaking, from the age of sixteen onwards young people may prepare for the "*Certificat d'Aptitude Professionnelle*" by apprenticing themselves and receiving on-the-job training and attending theoretical classes.

Those who began working without a certificate and are no longer eligible for the apprenticeship system (wage-earners aged eighteen and over) can still study for the "CAP" in specific trades (bookshops, hardware shops, pork butchers, florists, etc.) by taking either publicly- or commercially-sponsored evening classes.

Unqualified young workers are also entitled to special leave for training.

**2) At school:**

a) After the first stage of secondary education students can take a short technical course in a "*Lycée d'Enseignement Professionnel*", leading up to the "*Brevets d'Etudes Professionnelles*" ("BEP" in management and "BEP" in marketing techniques).

b) Training of technicians and middle management staff:

**— State-run courses:**

After the second stage of advanced secondary education students may sit for the Bac-

calauréate in business and management studies (Bac G).

Two further years of study in a "*Lycée Technique*" lead to the "*Brevet de Technicien Supérieur*" ("BTS") in accountancy and management or marketing. Alternatively two years in an "*Institut Universitaire de Technologie*" ("IUT") lead to the "*Diplôme Universitaire de Technologie*" ("DUT"). About 30 of the "*Instituts Universitaires de Technologie*" offer courses in marketing.

Various business centres and institutions run by professional associations or groups offer one- or two-year courses in specialist or multi-disciplinary studies (e. g. the "*Centre de Décorateurs Etalagistes*" (window-dressing) in Roubaix and the "*Ecole de Vente*" (Sales techniques) in the rue de l'Abbé Grégoire, Paris).

c) Training of managerial staff:

This usually lasts three years, and takes place immediately after the Baccalauréate

— in Universities (e. g. "*Licence d'Economie Appliquée*"; *University of Paris-Dauphine* — "*Instituts d'Administration des Entreprises*").

— in the "*grandes écoles commerciales*" directed by Chambers of Commerce and Industry (e. g. "*Ecole des Hautes Etudes Commerciales*" ("HEC") or any of the "*Ecoles Supérieures de Commerce et d'Administration des Entreprises*" ("ESCAE"), one of which is in Paris and sixteen elsewhere.

— in private establishments (e. g. "*Ecole Supérieure des Sciences Economiques et Commerciales*" ("ESSEC") and the "*Institut Supérieur de Commerce*", both in Paris, etc . . .)

B. FURTHER TRAINING FOR ADULTS AND IN-SERVICE TRAINING

1. Further training for self-employed persons

1) *full-time courses:*

Self employed persons may take any of the full-time courses run by various institutions, notably some thirty "*Instituts de Promotion Commerciale*" ("IPCs") which are usually run by a Chamber of Commerce and Industry and are to be found in many parts of the country. At these places they can spend a year taking either a multi-disciplinary course (e. g. "IPC" in Lyons or Marseilles) or a specialist course (e. g. "IPC" in Avignon (fruit and vegetables centre) and "IPC" in Lorient (centre for the sea-food trade). These training courses carry a grade III qualification (middle management).

2) *Part-time courses:*

Self-employed tradesmen usually find it easier to take short courses: symposiums, meetings or teach-ins, evening classes etc. These are generally organized by Chambers of Commerce and Industry and presented by technical assistants ("*Assistants Techniques du Commerce* — ATC"). Chambers of Commerce and other trade organizations receive State subsidies from the "Fonds d'Assurance-Formation" (insurance and training fund) to run these courses.

2. In-service training for workers and managers

Act No 71—575 of 16 July 1971 entitles all staff to take time off at regular intervals for further training or refresher courses. They can use this leave to follow courses run by their firms using funds raised from the pay roll tax instituted by the Act, or to enrol in a course of their choice; all the possibilities available to self-employed tradesmen (see above) are also open to workers and managerial staff.

## C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES

### 1. Technical assistance to commerce ("Assistance technique au commerce")

Chambers of Commerce and Industry and various other trade organizations provide technical assistance services by sending modernization instructors to offer information, training and advice to entrepreneurs.

These modernization instructors — known as "*Assistants Techniques du Commerce*" ("ATCs") — are trained in a special centre ("*Centre de Formation des Assistants Techniques du commerce — CEFAC*") financed, like the "ATCs" salaries, from a special budget. Training takes two years, one of which consists of theoretical studies at the "CEFAC" in Paris, while the other is spent in practical training on the job with interludes in Paris for further instruction.

### 2. Approved management centres

The Finance (Amendment) Act 1974 set up approved management centres for tradesmen and

craftmen, whose purpose is to offer help with management, accounting or tax problems.

In order to encourage tradesmen to work with these centres it was decided that all entrepreneurs who agreed to let a management centre take over the management of their accounts would be entitled to the same flat-rate reduction on the trade earnings declared in their tax returns as wage-earners (20 % from 1978 onwards). There were 78 of these approved management centres in France on 1 October 1977.

### 3. Comparative business studies

The "*Centre d'Etudes du Commerce et de la Distribution*" ("CECOD") publishes for each branch of trade the statistics and other figures that are essential for efficient business management.

The first regional centre for comparative business studies was set up under commercial sponsorship in the Poitou-Charentes region.



## **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 business premises**

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

The construction of new premises for business 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 BUSINESS PREMISES**

Almost all business tenancies are governed by the Landlord and Tenants Act, 1931. If a tenan-

cy 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 to individuals, partnerships and unincorporated bodies. Non-resident companies are liable to income tax in respect of any income arising in the State which is not charged to corporation tax.

**B. TAXATION ON PROFITS —  
CORPORATION TAX**

The Corporation Tax Act, 1976, provides for the taxation, subject to certain exemptions, of all the profits, wherever arising, of companies resident in the State and on the profits arising in the State of non-resident companies insofar as those profits are attributable to an Irish branch or agency. Profits include capital gains and these gains are charged to corporation tax in effect at the capital gains tax rate of 26 per cent.

The general rate of corporation tax for the financial year 1977 is 45 per cent for companies with profits exceeding IRL 10 000. For companies with profits not exceeding IRL 10 000 the rate of tax is 35 per cent and companies with profits between IRL 10 000 and IRL 15 000 receive marginal relief. A special corporation tax rate of 25 per cent is payable for the financial year 1977 by certain manufacturing companies which achieve certain specified increases in volume of sales and employment.

**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 IRL 100 000 for a married couple, IRL 90 000 for a widow or widower and IRL 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.

#### F. CAPITAL ACQUISITIONS TAX (GIFT TAX AND INHERITANCE TAX)

Gift Tax is charged on gifts taken during the life of the disponent and Inheritance Tax on property taken by a beneficiary from the disponent on the latter's death. The Gift Tax rates are 75 % of the Inheritance Tax rates. The rates of tax vary according to the value of the benefit and the relationships of the beneficiary to the disponent, the first IRL 150 000 being free of tax where the beneficiary is the spouse or child of the disponent. The rates of tax run from 25 % to 5 % in the case of a spouse or child, and from 20 % to 60 % in the case of a beneficiary not related to the disponent.

## 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 organization offers commercial loans to wholesalers and retailers excluding members of the licensed trade.

**B. TECHNICAL ASSISTANCE GRANTS**

In order to improve efficiency in distribution the State considers applications for technical assi-

stance grants of up to one third of the cost of an approved scheme subject to a maximum of IRL 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 1976 was 20 %.

Most employees pay a flat rate contribution of IRL 7.18 in the case of males and IRL 7.06 in the case of females of which the employer normally pays IRL 4.31 and IRL 4.26 respectively.

In addition, pay related contribution of 3 % (employer 2 %, employee 1 %) is charged on the first IRL 2500 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 IRL 3 000 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. RESTRICTIVE PRACTICES  
(GENERAL)****1) Principle:**

The general rules on competition apply to the distributive trades.

**2) Dominant positions:**

No rules.

**3) Mergers:**

No rules.

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

No rules.

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

Unfair competition, as defined by the Civil Code (Article 2598), is prohibited.

A judgment finding acts of unfair competition is to prohibit their continuation and make provision to eliminate their effects. If the acts involve fraud or fault, the person who performed them is liable for damages. In such cases an order may be made for the judgment to be published. When acts of unfair competition are ascertained, fault is presumed.

Actions against unfair competition may also be initiated by trade associations if their interests are prejudiced.

**2. Resale price maintenance**

There is no statutory prohibition of resale price maintenance.

**3. Display of prices**

Goods displayed for retail sale in shop windows, in the entrance of a shop or immediately outside it, in the street or on stalls anywhere must clearly display the retail price (Article 38 of Act No 426 of 11. 6. 1971 and Article 55 of the Ministerial Decree of 14. 1. 1972 as amended by Article 39 of the Ministerial Decree of 28. 4. 1976).

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

Compulsory price display also applies to all goods on public view in shops or in parts of shops organized on self-service basis.

Itinerant retail traders must also display prices on foodstuffs and ready-to-wear clothes displayed on stalls.

Prices do not have to be displayed on newspapers, magazines and books provided the price is indicated on the cover or in a catalogue.

**4. Advertising of prices**

Infringements of the rules concerning the display of prices are punishable. Misleading advertisements concerning prices may be treated as unfair competition.

## 5. Gifts and discounts

Gift schemes come under Royal Decree Law No 1933 of 19 October 1938, amended in part by Act 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 are open to abuse, or if they concern goods of wide general consumption — a list of these is drawn up yearly by interdepartmental order. Authorization for gift schemes can also be refused if they are felt to harm the public interest 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 gift schemes, provided they are neither habitual nor fortuitous, but are granted according to a previously determined system.

The present law has been under review in Parliament for some time now.

## 6. Loss-leading

No rules.

## 7. Promotional 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 against payment by instalments

The rules which previously restricted sales of particular products against payment by instalments for economic reasons have been repealed (Act No 843 of 27. 12. 1973).

Sale on these terms is still governed by the Civil Code.

## 10. Shop hours

Shop hours are governed by Act No 558 of 28 July 1971, conferring discretion upon the regional governments according to the following criteria:

- 1) All shops must close on Sundays and public holidays. Shops selling bread may be allowed to open in the morning on public holidays which fall in the week, but they will not be allowed to sell other foodstuffs.
- 2) Shops may not open for a total of more than 44 hours a week.
- 3) Shops must close for one half-day a week, except in weeks in which at least one day is a public holiday.
- 4) When holidays fall on consecutive days, the Region authority may authorize 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.

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

These rules do not apply in tourist areas.

On the basis of rules drawn up by the Regions, local municipalities have responsibility for administrative procedures concerning actual opening and closing times of shops, cafés, restaurants, etc., and enforcement (Article 54 of the Decree of the President of the Republic No 616 of 24. 7. 1977).

## C. COOPERATION BETWEEN FIRMS

### 1. Government measures

Act No 426 of 11 June 1971 on rules for the distributive trades provides for preferential treatment for trading associations as it lays down that applications to transfer a business or to extend sales premises presented by not less than five undertakings have priority over applications to open new business.

Act No 517 of 10 October 1975 on financial aids to the distributive trades extended financial aid to any form of association, giving such

businesses some priority over single ones (see Chapter V).

The Ministry of Industry, Trade and Craft Trades has set up a Committee to study the distributive trades, trading associations and problems in this area specific to the Mezzogiorno.

### 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 trading 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 trading associations.

Industrial organizations have also taken steps in this direction.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS**

Freedom to operate a business is governed by Act 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 whatever form or supplying foodstuffs and beverages to the public;
- all those wishing to engage in one or more types of business activity must be entered on this register which is valid throughout the country and presupposes that those listed meet general requirements (i. e. are all of age and have completed the period of compulsory education) and have the necessary ability and good standing;
- an applicant is considered to meet the requirements as to ability if he has passed a proficiency test, organized by the relevant Chamber of Commerce, or if he has been employed for at least two out of the previous five years in a skilled job with a wholesaler or retailer or has successfully completed a vocational course organized or recognized by the Regions;
- 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 municipalities, 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 issues the administrative licence 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;
- a licence from 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 1500 m<sup>2</sup>, unless they are warehouses or depots;
- the licence 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 Act No 426 of 11 June 1971 are contained in the Ministerial Decree of 30 August 1971, in the implementing regulation adopted by the Ministerial Decree of 14 January 1972, as amended by the Ministerial Decree of 28 April 1976.

**1. Itinerant traders**

Pursuant to Act No 398 of 19 May 1976 an itinerant trader is any person selling goods retail

or foodstuffs and beverages to the public, with the assistance of members of his family and not more than two employees only, either at the purchaser's home or in areas open to the public, provided he does not use equipment permanently fixed to the ground.

The following rules apply:

- the names of itinerant traders must be entered in the special section of the register provided for by Act No 426 of 11 June 1971 and have a licence issued by the mayor in the relevant municipality of residence;
- to be entered in the register, which applies to the whole country, the itinerant trader must meet the same requirements as to civil status, ability and good standing as for trading in a permanent establishment;
- the licence is issued, suspended or withdrawn by the mayor, after consultation of the appropriate committee, pursuant to regional directives and municipal programmes;
- the licence is issued for a certain category of goods; it must be renewed every year and is deemed to have expired if renewal is not granted for two successive years;
- the licence entitles its holder to carry on itinerant trading in the municipality of residence and six neighbouring provinces indicated by the applicant;

- the municipalities must supplement the programme provided for under Act No 426 of 11 June 1971 with rules and guidelines designed to ensure sufficient balance between trading in a permanent establishment and itinerant trading;

- after consulting the relevant committees, the Regions prepare material on future plans and the commercial aspects of town planning to provide guidance for drawing up and renewing municipal programmes;

- the above rules do not apply to farmers hawking their own produce whose farms are not larger than four hectares.

The procedures giving effect to Act No 398 of 19 May 1978 are contained in the implementing rules adopted by the Ministerial Decree of 15 January 1977.

## B. GENERAL REQUIREMENTS

- Entry in the trade register.
- Municipal authorization, not required for wholesaling and certain types of sales (mail order, staff shops, etc.).
- Entry in the register of firms beginning trading activities.

CHAPTER III

**Legal provisions concerning building and rental of business premises**

**A. REQUIREMENTS RELATING TO THE BUILDING OF NEW BUSINESS UNITS**

Authorization must be given for the construction of business 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 business 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 1500 m<sup>2</sup> (apart from warehouses and depots) are given in detailed plans and allotment agreements.

**B. REQUIREMENTS CONCERNING THE RENTAL OF BUSINESS PREMISES**

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

New requirements have, however, been tabled in Parliament.

## CHAPTER IV

**Taxation****A. GENERAL TAXATION ON INCOME****1. Personal income tax**

The tax is payable by resident natural persons, members of limited or unlimited partnerships which have their registered office or administrative headquarters or their main activities in Italy, in proportion to their share of the business including members of “*de facto*” companies, and by non-residents in respect of income arising in Italy.

For foreign commercial undertakings, all income accruing as a result of permanent arrangements is taxable.

The basis of assessment is total net income of natural persons from all sources. However, while non-residents are taxed on income arising in Italy only, residents are taxed on world income.

Solely for the purposes of determining the taxable amount, incomes are classified in the following categories:

- 1) income from property (land and buildings);
- 2) investment income, including that from loans; interest and other income from deposit and current accounts; income from shareholdings in corporations, associations or other organizations; interest, bonuses and other income from bonds and similar securities other than shares, etc.;
- 3) income from employment or self-employment and similar income;
- 4) business income;

- 5) miscellaneous income (various types of income not covered by above categories).

Costs or charges borne by the taxpayer or by those persons whose incomes are imputable to him by law are deducted from total income if they are not already deductible when determining the individual items of income making up the total income. Deductible costs or charges include: local income tax; certain charges levied on property income; interest paid on all types of borrowings or loans for agricultural purposes or for mortgages (there is an interest ceiling for mortgages of LIT 3 Mio) in respect of which the beneficiary is identified and in cases where the tax is deducted at source; social insurance contributions; life assurance premiums (contracted at least five years previously), or sickness and accident insurance premiums up to a maximum of LIT 5 Mio; expenses for medical care and surgery and for the nursing of sick or disabled persons excluding certain amounts; regular payments to a spouse following legal separation or dissolution of marriage, etc.

The tax rates are progressive and are applied to successive “slices” of income (from a minimum of 10 % on the first LIT 3 Mio up to a maximum of 72 % for all income excluding LIT 550 Mio).

The taxpayer’s personal circumstances and family responsibilities are taken into consideration by deduction from the liability, not from the taxable income.

Income is assessed analytically i. e. by calculation of the various sources of income. Only in cases where in the course of assessment definite

and important information is available giving reason to believe that income is greater than the revenue officers make an overall assessment of total net income, without providing detailed proof.

Taxable income from land, agricultural income and income from buildings are assessed on the basis of land-register tariffs so devised as to ensure, as far as possible, that the assessments are in line with actual incomes.

The other incomes are determined as far as possible on the basis of accounts, examination of which also provides information and data which may be directly or indirectly used to estimate the income of other taxpayers.

A unilateral measure under the current system intended to prevent international double taxation lays down that if income from outside Italy is included in taxable income, taxes already paid may be deducted from personal income tax in accordance with procedures partly dependent on reciprocal treatment in the other country.

## 2. Corporate income tax

The corporate income tax is payable by:

- 1) legal persons, established in Italy or else where having their administrative headquarters or their main activities in Italy;
- 2) other public or private bodies wholly or mainly engaged in commercial activities, having their administrative headquarters or their main activities in Italy, and also unrecognized associations and other organizations of persons or goods not having legal personality (excluding limited and unlimited partnerships and *de facto* companies);
- 3) the bodies at 2) not wholly or mainly engaged in commercial activities having their administrative headquarters or main activities in Italy;
- 4) all types of companies and organizations of persons and goods, with or without legal personality, which have neither their administrative headquarters nor their main activities in Italy.

Total income includes:

- income from land (estates and farmland);
- income from buildings;
- business income;
- capital gains realized, distributed and recorded in the balance sheet;
- non-operating profits;
- income from shares and claims ranking as such, and other income, excluding bonuses and winnings paid by public and private legal persons, firms, unrecognized associations and other organizations of persons and goods not having legal personality.

This tax is also levied on a world basis for residents but only on income arising in Italy for non-residents.

The corporate income tax is 25 %.

Taxable income is assessed analytically on the basis of balance sheet or annual report results, except in the case of income from land, agriculture or buildings, which is assessed on the basis of land-register tariffs so devised as to ensure, as far as possible, that the assessments are in line with actual incomes, provided the immovable property in question does not constitute capital goods used operationally by commercial undertakings, in which case this income is not considered as income from property but as part of business income.

Certain categories of firms considered of minor importance and very small in size are covered by a recent Decree Law, now being given permanent statutory status, which provides for simplified accounting procedures in cases where firms have not opted for the normal accounting system. The simplified accounting is based on the application of certain profitability ratios.

If analytical assessment cannot be carried out for reasons attributable to the person liable or in cases of "*force majeure*", a summary assessment of income is made.

As in the case of personal income arising abroad, tax already paid abroad on legal persons' in-

come arising abroad is deductible under certain circumstances.

### 3. Profits distributed by companies

Tax is deducted at source from the following profits distributed by companies:

- 1) profits paid on "savings shares":
  - persons opting for the withholding tax: 10 % <sup>(1)</sup>;
  - persons not opting for the withholding tax: 15 % <sup>(2)</sup>.
- 2) profits distributed by certain cooperative societies to their members: 10 % <sup>(2)</sup>.
- 3) profits however distributed, other than those under <sup>(1)</sup> and <sup>(2)</sup>, paid to:
  - residents: 10 % <sup>(1)</sup>;
  - non-residents or residents exempt from the tax on incomes of legal persons: 30 % <sup>(2)</sup>;
  - residents claiming withholding tax at time of tax payment: 30 % <sup>(2)</sup>.

When the tax withheld has the character of an advance payment, it is deducted from the amount of tax owed by the person receiving the dividend. If too much tax is withheld or if there is no liability, the person concerned can claim a refund.

An important innovation in this field has been introduced in a new law, the purpose and effect of which is to eliminate previous cases of economic double taxation of dividends first in the hands of the distributing company and then in the hands of the shareholder.

Thus, shareholders in limited companies (public companies, private companies, cooperative societies and friendly societies) having their regi-

stered office or administrative headquarters or their main activities in Italy may claim, for tax periods current at 18 December 1977, a tax credit of one-third of the dividend distributed, which is added to the dividend itself for the purposes of determining the shareholder's taxable income and may be deducted from the liability, any excess being recoverable.

Also under the new law, local income tax and tax on appreciation of immovable property may be deducted when assessing the corporate liability.

#### *a. Interest from bonds and other income from capital*

There is a withholding tax on interest on bank and post-office deposits and current accounts and from bonds and similar securities:

- 1) 20 % standard rate;
- 2) 16 % (raised to 18 % by the Decree Law now being given permanent statutory status on interest from bank and post-office deposits and current accounts;
- 3) 10 % on interest from bonds and similar securities issued by credit institutions (mainly banks) or by sections or departments of credit enterprises or institutions engaged in medium- and long-term lending.

For incomes from capital other than those referred to above, the interest-paying person or agency must pay a withholding tax to the revenue authorities, which must be an actual deduction from the amount paid to the beneficiary, for whom it ranks as an advance on tax due. In the case of non-residents, the deduction is also made, as irrecoverable tax, on interest not constituting income from capital, excluding that paid to organizations permanently established in Italy.

The withholding tax, which must actually be deducted from the amount paid to the beneficiary, is irrecoverable in the case of natural persons and partnerships, but for those subject to the corporate income tax it ranks as an advance, in which case the interest is taken into account for

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<sup>(1)</sup> The amount withheld constitutes an advance only.  
<sup>(2)</sup> The amount withheld constitutes actual tax. However, a decision has been taken to abolish this tax from 1. 1. 1979 onwards in respect of profits distributed — even if only as interim dividend — on the basis of resolutions adopted on or after 18. 12. 1977.

the purposes of assessing the liability. The amounts deducted are irrecoverable by those exempt from the corporate income tax and in all other cases.

The following are exempt from income taxes and local income tax:

- 1) interest, bonuses and other income arising from public-debt securities, postal savings bonds, municipal and provincial loan certificates issued by the Cassa Depositi e Prestiti;
- 2) interest from bonds and similar securities issued by state agencies, including autonomous agencies, and by the regions, provinces and municipalities and by public bodies established exclusively for public purposes or for the direct provision of public services on a monopoly basis (e. g. the State Electricity Authority ("ENEL").

## B. VALUE ADDED TAX (VAT)

### *Rates:*

- 6 % (reduced) essential and agricultural products;
- 14 % (standard);
- 35 % (increased) luxury goods.

### *Other rates:*

- 1 % (until 31. 12. 1977) on foodstuffs already exempt from turnover tax at 31 December 1972;
- 1 % on fertilizers until 31 December 1977;
- 3 % until 31 December 1977 on foodstuffs which on 31 December 1972 qualified for a discount on turnover tax at a rate not exceeding 3 %;
- 6 % on sales of political or cultural periodicals;
- 3 % on public authority housing;
- 6 % (from 9. 7. 1974) on buildings as specified in Article 13 of Act No 408 of 2 July 1949 (low-cost housing);
- 9 % on textiles subject to 12 % VAT;
- 18 % (from 1. 5. 1975) on live bovine animals including buffaloes;

18 % (from 9. 7. 1974) on bovine meat including offal;

18 % on processed tobacco.

## C. WEALTH TAX

None

## D. LOCAL TAXES

### *1. Local income tax*

The tax is payable by natural persons wherever resident, partnerships, limited or unlimited, *de facto* companies, legal persons and unrecognized associations or organizations of persons and goods without legal personality established in Italy and abroad.

The tax is levied on incomes from capital, land and buildings, agricultural incomes, income arising from commercial businesses and from the work of the self-employed, including artists and professional people.

Local income tax is not levied on wages or salaries, income from partnerships of any type or from shares in associations subject to the tax on legal persons, or incomes subject to irrecoverable, withholding tax.

Only income accruing in Italy attracts this tax, but non-residents are also liable. A deduction of an amount up to 30 % of aggregate income is allowed on agricultural income and business income of natural persons, provided that the taxpayer works in the firm and this constitutes his main occupation, and on income from professional work.

The deduction may not be less than LIT 6 Mio or over LIT 12 Mio. All partners of limited or unlimited partnerships and "*de facto*" companies are entitled to the above deduction, which is calculated on the basis of income in each individual case.

Assessment of incomes liable for local tax is carried out in the same way as for personal and corporate income tax. Assessment is carried out by government tax offices. The proceeds are al-

located to the municipalities, provinces, regions, chambers of commerce and tourism associations within whose districts the income arises.

Overall, the rate may vary from a minimum of 9.40 % to a maximum of 14.70 % and is established each year by the bodies concerned, each one in relation to its respective share.

The Decree Law mentioned above, shortly to become a permanent statute, fixes the rate at 15 % until 31 December 1980.

The amount of the tax is deductible for the purposes of the personal income tax and the corporate income tax (the latter from the tax period current at 18. 12. 1977).

— Tax on appreciation of immovable property <sup>(1)</sup> minimum rate of from 3 % to 5 % for

each 10 % “slice” of gain in value over the original value; maximum rate of from 25 % to 30 % for appreciation of over 200 % of the initial value;

- Tax on the occupation of public spaces and areas;
- Urban garbage tax;
- Tax on advertising and public notices;
- Visitors' tax;
- Dog Tax;
- Public weighing tax.

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<sup>(1)</sup> Government revenue offices are responsible for assessment, but all proceeds are made over to local bodies.

## CHAPTER V

## Financial aids

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	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 Lit. 500 million for shops or warehouses	15 years for areas covered by the Cassa per il Mezzogiorno and upland areas  10 years for remaining areas (1)	50 % of the reference rate established by Decree of the Minister of the Treasury, on the advice of the Interdepartmental Committee on Credit and Saving  65 % of reference rate	Actual or personal. Subsidiary guarantee from the State	Act No 517 of 10 October 1975 on financial aids to the distributive trades
Consumers' cooperatives and their consortia	ditto	ditto	7 years for all areas when replacing or extending equipment  ditto	50 % or 65 % according to area  ditto	ditto	
Small and medium businesses — retail	ditto	Lit. 150 million for shops or warehouses	ditto	ditto	ditto	
Small and medium businesses — wholesale	ditto	Lit. 250 million for shops or warehouses	ditto	ditto	ditto	

Appropriations: Lit. 95000 million, of which Lit. 10000 million are earmarked for the Guarantee Fund, spread out over ten years starting in 1975.

(1) See Article 1 of Consolidation Act No 1523 of 30. 6. 1967 and Act No 991 of 25. 7. 1952.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY****1. Persons employed in distributive trades**

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

**2. Self-employed entrepreneurs***a. Sickness insurance**1) System:*

Compulsory.

The system applies to proprietors of distributive and tourist businesses and to persons employed in the distributive trades, with no income limits, providing the business depends mainly on the work of the proprietor and members of his family (Act No 1397 of 27. 11. 1960 and implementing rules — Decree of President of the Republic No 184 of 28. 2. 1961, and subsequent amendments and additions — Act No 1088 of 25. 11. 1971 and Act No 160 of 3. 6. 1975).

*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 of distribution and tourist businesses and to persons employed in the distribution trades and members of their family who help them (Act No 613 of 22. 7. 1966).

*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*

No rules.

*d. Unemployment insurance*

No rules.

*e. Family allowances*

No rules.

**B. OTHER FORMS OF SOCIAL SECURITY**

No rules.

## 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).
- Suitable courses of instruction — all those who complete these courses successfully are qualified to undertake business activities (in some special cases, however, the proficiency 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 minimum school-leaving age**

- On-the-job training.
- Tests at Chambers of Commerce.
- Vocational courses for the distributive trades organized by the Regions or public bodies with the approval of the relevant Region (Articles 36 and 41 of the Decree of the President of the Republic No 616 of 24. 7. 1977); these courses are, however, not generally available.

**B. FURTHER VOCATIONAL TRAINING FOR ADULTS****1. Further training of self-employed persons**

- Vocational courses for butchers organized by the Chambers of Commerce (about sixty courses from 1970 to 1977 with an estimated 1400 passes).
- Vocational courses for shopkeepers dealing in foodstuffs at Chambers of Commerce (less than ten with an estimated 200 participants).

**2. Training of paid employees and managerial staff**

- Apprenticeship (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 providing training for the professions.
- Business organizations for those engaged in the distributive trades (private).
- Courses given under B. 1.

## **7. LUXEMBOURG**



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## CHAPTER I

**Rules on competition****A. RESTRICTIVE PRACTICES  
(GENERAL)**

Rules prohibiting resale price maintenance, refusal to sell and discriminatory practices.

Act of 17 June 1970 on restrictive commercial practices.

*1) Principle:*

Restrictive practices which are contrary to the public interest are in general forbidden unless they result from a legal provision. An exception is made for practices which can be shown to have beneficial effects.

*2) Dominant Position:*

Control of abuse by firms holding a dominant position on the market.

*3) Mergers:*

The ECSC Treaty is applied.

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

No provisions.

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

Special rules. Conduct in breach of the new norms in distributive and craft trades and industry may be ended by Court Order. There

is provision for fines where the Court Order is not observed.

**2. Resale price maintenance**

Resale price maintenance is prohibited with certain exceptions.

**3. Display of prices**

Applicable to all products at the retail stage, with certain exceptions.

**4. Advertising of prices**

Any misleading advertising infringes the rules on unfair competition.

**5. Gifts and discounts**

The regulations on unfair competition contain a general prohibition on gifts, with certain exceptions. A discount of 3 %, not considered as a gift, is authorized for foodstuffs.

**6. Selling below cost**

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

**7. Loss-leading**

Special rules under the regulations on unfair competition.

**8. Clearance sales**

End-of-season sales are permitted; closing-down sales require individual authorization.

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January and July sales are also permitted, as are annual clearance sales held on the pavement outside the premises.

### **9. Sales against payment by instalments**

Authorized for goods valued at LFR 4000—150 000. First payment 20 % (30 % in certain cases). Time allowed 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, with certain exceptions.

## **C. COOPERATION**

### **1. Government measures**

There is no special governmental encouragement of cooperation between firms.

### **2. Other measures**

The Act of 10 May 1974 introduces economic and social reorganization measures in agriculture and the distributive and craft trades.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS**

Under the Acts of 2 June 1962 and 26 August 1975 a permit is needed to engage in any distributive trade. A permit is also required for a transfer of premises from one place to another, for an extension of a company's objects, and for changes in the administrative organs of a company in the distributive trades.

Good character is required for all kinds of trade; so is a professional qualification, except in the case of itinerant traders, sales representatives, persons leasing mechanical equipment, and travelling stallholders. In exceptional cases the Minister may grant exemption from the requirement of a professional qualification for businesses requiring only limited equipment.

Stores dealing in more than one type of product and employing more than six staff are prohibited. Special authorization is needed to set up, extend or convert any retail sales unit, whether consisting of a single shop or a number of shops grouped together, whose sales area exceeds 600 m<sup>2</sup>. Authorization may be refused where the operation might undermine the overall regional balance of the retail trade.

A businessman may apply for permission to open a subsidiary or branch only if he has been established for at least three years at his principal place of business. This restriction does not apply to credit institutions, travel agents, hoteliers, cinemas, petrol stations, or newspaper and book sellers.

Consumer cooperatives may not be opened or transferred to new ownership unless they undertake not to make refunds to their members.

Trading permits are issued by the minister responsible for the department of small firms and traders.

Several trades are excluded from the scope of the laws on establishment and are subject to authorizations issued by other ministries; these include pharmacists and droguistes (hardware shops selling paint, household cleaning products, etc.) who must apply to the Ministry of Public Health, and distillers and insurance firms and their agents, who must apply to the Ministry of Finance.

For reasons of health and public order, a further permit in addition to the trading permit is required for trade in a number of products, such as meat, poultry, game, fish, dairy produce, agricultural produce, arms and ammunition, and pesticides.

**1. Itinerant traders**

Itinerant trading and hawking are regulated by the Act of 5 March 1970. This prohibits the sale or offer for sale of goods, stocks or securities by hawking or door-to-door selling without a special permit. This permit is never issued for the sale of articles of precious metals, gems, costume jewelry, fabrics and hosiery, pharmaceutical products, paints and cleaning products, tobacco, groceries, shares and securities, or goods whose sale is regulated by health legislation.

The sale on a public thoroughfare of raw vegetables, garden and orchard produce or of newspapers is not, however, regarded as hawking.

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The display of goods, whether for immediate sale or not, outside an established place of business is also prohibited. Orders may not be solicited from private persons. Goods may not be carried for sale to resellers, except in the case of foodstuffs.

**B. GENERAL OBLIGATIONS**

Entry in the trade register.

## CHAPTER III

**Legal provisions concerning building  
and rental of business premises****A. NEW BUSINESS PREMISES**

The laws on town and country planning do not yet cover the location of business premises.

**B. RENTAL OF BUSINESS PREMISES****1. Commercial property**

Where a tenant of a building designed for use as business premises who has himself been running

a business there for more than three years either himself or through his dependents or agents, he is entitled to have his lease renewed before a lease is offered to anyone else.

This right expires after the fifteenth year of the tenancy (Grand-Ducal Decree of 31. 10. 1936 on the security of business leases).

**2. Rents for business premises**

Rent freezes do not apply to business rents.

CHAPTER IV

**Taxation**

**A. GENERAL INCOME TAX**

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

In partnerships, each partner's share of the profit is taxed as the partner's own income.

**B. TAXATION ON PROFITS — CORPORATION TAX**

*1) Basis of assessment:*

Profits, whether distributed or not.

*2) Rates:*

Corporation tax:

- a) 20 % for profits up to LFR 400 000.
- b) LFR 80 000, plus 50 % of profits in excess of LFR 400 000, for profits between LFR 400 000 and LFR 600 000.
- c) 30 % on profits between LFR 600 000 and LFR 1 Mio.
- d) LFR 300 000 plus 72 % of profits in excess of LFR 1 Mio, where profits are between LFR 1 Mio and LFR 1 312 400.
- e) 40 % if profits exceed LFR 1 312 400.

**C. VALUE ADDED TAX (VAT)**

Maximum rate: 10 %

Minimum rate: 5 %

This rate may be increased by 1 % or lowered by 2 %.

**D. WEALTH TAX**

*1) Basis of assessment:*

Net wealth.

*2) Rate: 0.5 %*

Deductions:

There is a personal allowance of LFR 100 000. Companies are taxed on a minimum wealth of LFR 500 000 in the case of public limited companies and LFR 200 000 in the case of private limited companies.

**E. LOCAL TAXES**

Trade tax

Basis of assessment:

Profits from the business and net value of the operating capital. The tax is made up of three components:

*1) Tax on business profits*

Rate:

- a) Basic rate: 2 %
- b) For natural persons and partnerships:
  - 0 % up to LFR 250 000
  - 4 % of profits in excess of LFR 250 000.
- c) Limited companies
  - 4 %, with an allowance of LFR 100 000.

2) *Tax on operating capital*

Rate:

2 ‰ with an allowance of LFR 500 000 for natural persons and partnerships.

Rate:

2 % of the total wages, paid, multiplied by a municipal factor which is usually 6.

Allowance of LFR 400 000.

3) *Payroll tax.*

Basis of assessment:

Wage bill.

If the total wage bill amounts to between LFR 400 000 and LFR 1 200 000, it is reduced by half the amount by which it falls short of LFR 1 200 000.

## CHAPTER V

**Financial aids**

Recipients	Purpose of loans	Amounts granted	Duration	Interest rates	Security	Legal basis
Small and medium-sized hotel firms	Fittings	Unlimited	10 years	4.5 %	State surety fund set up	Various orders by the Minister for Finance

**General observations:**

Other direct aid to the distributive trades is based on the Act of 29 July 1968 on the structural improvement of firms in distributive and craft trades:

## — capital grant:

ceilings of 15 % and 25 % of capital costs (up to LFR 5 Mio); 45 % for cooperative societies.

## — interest relief grants:

the State will bear up to 4 %; the applicant must bear at least 1 %.

## — initial expenses savings premium:

15 % of the cost of setting up a new business, up to a maximum of LFR 150 000.

## — apprenticeship premium:

maximum LFR 25 000.

Hotels may receive cash grants and interest relief grants from the Ministry of Tourism's budgetary appropriations.

## — technical assistance:

50 % of cost, up to LFR 100 000.

— provision of contingency capital for mutual suretyship societies.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY****1. Persons employed in distributive trades**

The general social security schemes make no specific provision for persons employed in the distributive trades.

Social legislation is designed to provide the same benefits for persons employed in undertakings of all sizes, while avoiding an excessive burden of social expenditure on the labour costs of small and medium-sized firms.

**2. Self-employed entrepreneurs***a. Sickness insurance**1) Scheme:*

Compulsory.

*2) Contributions:***a) Insured persons who are working:**

Contributions are assessed on the basis of income from the business; they may not exceed three times the minimum wage. The minimum wage is also the minimum basis of assessment; where a businessman's income is below this level, however, partial exemption may be obtained.

**b) Persons drawing a pension:**

Contributions are assessed on the basis of income from the pension or pensions and, where applicable, from any business carried

on. The maximum income on which contributions are payable may not exceed 2.75 times the minimum wage. The minimum on which contributions are payable is the minimum wage plus 20 %.

*3) State Participation:*

The main claims which the state covers in their entirety are those in respect of maternity, road accidents where no third party is responsible, accidents suffered while pursuing school sports or competitive sports, and any costs arising out of major risks. The state also pays half the administrative costs.

*b. Disability and old-age*

Compulsory.

*c. Old-age and survivors**1) System:*

Compulsory.

*2) Contributions:*

10 % of taxable income from the business  
6 % of taxable income from the business  
to cover part of the cost of adjusting pensions to general changes in incomes. There is a minimum and a maximum basis of assessment for contributions.

*3) State participation:*

The state pays a fixed share of the pension, amounting to LFR 15 000 a year; this is

indexed, 1948 being the reference year (1948 = 100). The state also pays any supplements needed to bring this up to the minimum, and supplementary pensions to war casualties; it also makes up the effects on pensions of increases in the cost of living. It pays half the administrative cost of pension insurance, and bears some charges in their entirety.

*d. Industrial accidents*

No insurance.

*e. Unemployment insurance*

No insurance.

*f. Family allowances*

*1) System:*

Compulsory.

*2) Contributions:*

Based on taxable income. The amount is laid down by public administrative regulation; it may not exceed 1 % of the taxable income, and provision may be made for exempting incomes below a certain level.

*3) State participation:*

State subsidy.

**B. OTHER MEASURES**

The Act of 10 May 1977 introduces economic and social reconstruction measures (compensation and grants for closure, and tideover allowances) to benefit businessmen whose firms are not viable and who wish to close down.

## CHAPTER VII

**Vocational training and further training****A. VOCATIONAL TRAINING****1. Vocational training during the period of compulsory education**

Vocational training leading up to a certificate of vocational proficiency (“certificat d’aptitude professionnelle — CAP”) is provided in business colleges. There are two options — business management and secretarial studies. These courses take four years after the sixth year of primary education; the business college examination completes the theoretical part of the CAP, and after an apprenticeship of one year in a business students take the practical part of the “CAP” examination.

Salesmanship is taught either by means of a three-year apprenticeship in a business, with compulsory vocational courses for one day a week, or in vocational school for one year followed by an apprenticeship in a business with part-time courses in the vocational school.

**2. Vocational training beyond the minimum school leaving age**

None.

**B. FURTHER VOCATIONAL TRAINING FOR ADULTS****1. Further education for the self-employed**

Courses for adults in accounting, taxation, and the like are organized by the Chamber of Com-

merce and by the Luxembourg Office for the Improvement of Productivity (“Office Luxembourgeois pour l’Accroissement de la Productivité — OLAP”).

**2. Further vocational training for paid employees and managerial staff**

None.

**C. BUSINESS ADVISORY BODIES AND COMPARATIVE BUSINESS STUDIES****1. Management consultancy office**

The technical assistance department of the Chamber of Commerce advises businessmen on social matters such as collective agreements. One of its main activities is to familiarize small and medium-sized firms with formalities and eligibility for export aids. The department also advises businessmen on new investment for the modernization and rationalization of their business.

As the possibilities opened up by the Small Firms and Traders Framework Act are only known to a minority of businessmen, the technical assistance department informs interested circles, advises businessmen seeking state aid, and draws up the papers to be submitted.

**2. Comparative business studies**

None.



## **8. NETHERLANDS**



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## CHAPTER I

**Rules on competition****A. RESTRICTIVE PRACTICES  
(GENERAL)**

The general rules on competition, apply to the distributive trades.

**1) Principle:**

Rules on abuse, with the obligation to register all agreements.

**2) Dominant position:**

The Minister may intervene if the consequences are against the public interest.

**3) Mergers:**

Procedural rules concerning conduct to be observed when:

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

**4) Special rules for small and medium-sized firms:**

None.

**B. OTHER RULES ON COMPETITION****1. Unfair competition**

The general law governing liability applies. No special law. Damage suits possible. At the re-

quest of a person whose interests have been damaged, the courts may order the cessation of unfair practices.

**2. Resale price maintenance**

Resale price maintenance is prohibited.

- 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**

Prices of all products for retail sale, except luxury articles, must be displayed.

**4. Advertising of prices**

No rules.

**5. Gifts 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-leading**

No rules.

## 7. Promotional 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 against payment by instalments

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. Shop hours

On working days, shops must close at 18.00 hours. Compulsory closing on Sundays. Shops must also close for one half-day per week, by municipal regulation. 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 BETWEEN FIRMS

### 1. Government measures

- Publicity to promote cooperation between small and medium-sized firms.
- Special form of credit guarantee to promote cooperation between small and medium-sized firms.
- Financial assistance to promote cooperation in the field of exports through the chamber for trade promotion.

### 2. Other measures

No special measures.

## CHAPTER II

**Rules on establishment****A. TAKING UP BUSINESS**

- 1) Apart from the provisions referred to at 5) and 6) below, there are no rules on establishment for the wholesale trade.
- 2) Under the Vestigingswet Detailhandel (Act of 27. 8. 1971, Stb 569) a licence is required, as a general rule, for any retail undertaking (i. e., 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, for all establishments (shops).
- 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 prepacked 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, firearms and ammunition.

**B. GENERAL REQUIREMENTS**

- Entry in the trade register of companies, their subsidiaries and commercial agents acting for them.

CHAPTER III

**Legal provisions concerning building  
and rental of business premises**

**A. PROVISIONS CONCERNING THE  
BUILDING OF NEW BUSINESS  
PREMISES**

New business premises may be set up only on ground reserved for that purpose in the local authorities' land-allocation plans, which are based on the "Wet op de Ruimtelijke Ordening" (Town and Country Planning Act). 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 (Housing Act)" and the "Hinderwet" (Public Nuisance Act).

**B. PROVISIONS CONCERNING THE  
RENTAL OF BUSINESS PREMISES**

**1. Protection of business tenants**

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

**2. Rules governing rent for business  
premises**

Leases cannot normally be terminated during the first ten years.

After that time has elapsed, the courts may reverse a termination 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. INCOME TAX**

This is not a tax specifically levied on business undertakings but is levied on:

- 1) business profits (except for companies subject to corporation tax);
- 2) net earned and unearned income;
- 3) capital gains on the sale of securities forming part of a large holding.

Business profits are taken to include any benefit derived from a business activity.

*Special measures:**1) Deduction of profits if investments exceed HFL 2000:*

- a) from 9 June 1976, buildings at 12 % for two consecutive years;
- b) from 9 June 1976, plant and machinery at 8 % for two consecutive years;
- c) certain aircraft at 8 % for two consecutive years;
- d) certain ships at 5 % for five consecutive years.

*2. Accelerated depreciation:*

Available for certain buildings in a number of determined areas: 25 % for two consecutive years since 22 April 1975.

*3) Special deductions for self-employed persons:*

In 1977: HFL 1600 if annual profits are less than HFL 50 000; above HFL 50 000 the deduction is reduced by HFL 160 for each full HFL 1000 of profit.

*4) Winding-up allowance:*

There is a tax-free allowance on the proceeds where a business is wholly or partly wound up or transferred:

- in 1975 and 1976 HFL 15 000;
- in 1977 HFL 20 000.

*5) Exemption for long-term rights:*

Under certain circumstances long-term rights may be stipulated when a business is terminated, and their value is not taxable.

Depending on the businessman's age and the dates on which payments are to begin the tax-free amounts are:

- until 1976 HFL 200 000, 100 000 or 50 000;
- in 1977 HFL 400 000, 200 000 or 100 000.

*6) Pension reserve*

The rules here are designed to enable an entrepreneur to set up a pension scheme within his business. The following may be deducted from profits:

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— in 1976: 11½% of profits up to HFL 35 000, and 10 % of profits above that, with a minimum of HFL 628 and a maximum of HFL 9933;

— in 1977: 11½% of profits up to HFL 38 395, and 10 % of profits above that, with a minimum of HFL 689 and a maximum of HFL 10 897.

#### 7) *Losses:*

Losses can be set off against profits in the preceding two years and the following six years.

There is no restriction on setting off initial losses (suffered in the first six years of the life of a business).

#### 8) *Rates of tax:*

The tax is progressive. In certain cases a proportional rate is applied.

### B. CORPORATION TAX

The tax is levied on all material benefits derived from the business. The rules set out at 1, 2 and 7 above apply here also.

Rates for 1976 and 1977:

— 45 % up to HFL 40 000;

— 60 % of the next HFL 10 000;

— 48 % of the remainder.

### C. VALUE ADDED TAX

Rate: 18 % (general);  
4 % (reduced).

Special rules for small businesses in 1977.

If the net amount payable by way of VAT by an unincorporated trader is less than HFL 2500, then HFL 2050 are not charged. There is a transitional arrangement for amounts between HFL 2500 and HFL 4150.

### D. WEALTH TAX

This tax is charged on the net assets minus liabilities of natural persons. The rate is 8 % of net wealth after abatements have been given depending on personal circumstances. Capital invested in an undertaking is exempt up to HFL 90 000 in 1977.

### E. LOCAL TAXES

#### 1) *Municipal tax on immovable property:*

This may be levied both on the occupier and on the actual owner. The rate varies from one municipality to another.

#### 2) *Betterment levy:*

This is charged where the owner of a piece of immovable property has the benefit of amenities provided by the municipality.

## CHAPTER V

**Financial aids**

The Loans to Small and Medium-sized Undertakings Order 1976 applies to small and medium-sized firms in commerce, crafts and services employing no more than 100 persons. For industrial firms the limit is either 100 employees (as above) or annual turnover not exceeding HFL 7 500 000. Interest is charged at the going market rate.

A bank loan or mortgage loan can be granted only if those running the business are fit and qualified persons and the loan can be expected to help the business achieve satisfactory results. Conditions may be attached.

Where an application is refused an appeal lies to the Minister.

Type of credit	Duration	State guarantee	Applications made to
Loans to undertakings	15 years	100 %	banks
Loans to increase capital	20 years	100 %	banks
Mortgage loans	15 years for 50 % of the loan	40 %	CIMK (1)
Economic cooperation loans	15 years	100 %	banks

(1) "Centraal Instituut voor het Midden- en Kleinbedrijf" (Central Small Business Institute).

Loans of more than HFL 250 000 to undertakings must be approved by the Minister of Economic Affairs. The same applies to loans of more than HFL 75 000 to increase capital. The

threshold for mortgage loans is HFL 625 000, while approval is always required for economic cooperation loans.

## CHAPTER VI

**Social measures****A. SOCIAL SECURITY****1. Persons employed in distributive trades**

Since the purpose of Dutch social security legislation is to provide persons employed in businesses of all sizes with the same social benefits, there are no specific measures for persons employed in the distributive trades.

**2. Self-employed entrepreneurs***a. National insurance*

- 1) *“Algemene Ouderdomswet” (General old Age Pensions Act — “AOW”): Provides for welfare pensions for persons reaching the age of 65.*

Premium: 10.4 % of reckonable income, with a maximum of HFL 38 800.

State contribution: structural.

- 2) *“Algemene Weduwen en Wezen Wet” (General Widows’ and Orphans’ Pensions Act — “AWW”):*

Welfare payments to widows and orphans.

Premium: 1.5 % of reckonable income, with a maximum of HFL 38 800.

No State contribution.

- 3) *“Algemene Arbeidsongeschiktheidswet” (Working Incapacity Insurance Act — “AAW”):*

Welfare payments in the event of protracted disability.

Premium: 1.9 % of reckonable income, with a maximum of HFL 38 800.

State contribution: structural.

Payments begin from the second year of disability.

- 4) *“Algemene Wet Bijzondere Ziektekosten” (General Special Sickness Expenses Act — “AWBZ”):*

insures against the risk of special expenses incurred for medical treatment for protracted sickness or serious accidents, both physical and mental.

Premium: 2.65 % of reckonable income, with a maximum of HFL 38 800.

State contribution: structural.

Payments for treatment in hospital, psychiatric establishments and sanatoriums from the second year of sickness.

- 5) *“Algemene Kinderbijslag Wet” (General Family Allowances Act — “AKW”):*

Provides for a flat-rate child allowance for the third and subsequent children.

Premium: 0.8 % of reckonable income, with a maximum of HFL 38 800.

No State contribution.

*b. Employed persons’ insurance:*

Self-employed operators of small businesses may in certain circumstances qualify for insu-

rance as employed persons under the “Ziekte-wet” (Health Insurance Act — “ZW”), the “Wet op de arbeidsongeschiktheidsverzekering” (Working Incapacity Insurance Act — “WAO”) and the Ziekenfondswet (Health Insurance Fund Act — ZFW):

- self-employed persons who have previously been insured for at least three years as employed persons can be covered by the “ZW” and the “WAO” (premiums average 8.6 % and 10.05 % respectively, reckoned on a maximum of HFL 197 per day, with a free allowance under the “WAO” of HFL 14 per day);
- self-employed persons with an annual income of less than HFL 33 650 can enter into voluntary insurance under the “ZFW” (average premium HFL 107.15 per month).

## B. SOCIAL SECURITY BENEFITS

### 1. “Kinderbijstap Wet kleine Zelfstandigen” (Self-Employed Persons Family Allowances Act):

Provides for a flat-rate child allowance for the first and second child of self-employed persons with annual incomes below a specified limit. No premiums: the full cost is borne by the State.

### 2) “Algemene Bijstandswet” (General Assistance Act — “ABW”):

Provides assistance for any Dutch citizen who is in the Netherlands and is or is likely to be in such circumstances that he will not have the financial means to support himself.

### 3. The following class schemes set up under the “ABW” apply to self-employed operators of small businesses:

- a) Class scheme for unemployed persons: assistance is given to unemployed persons who

do not have adequate means of support and for whom there is no other legal scheme in relation to their unemployment. This scheme also applies to former self-employed persons who received no assistance, or are no longer receiving it, upon terminating their business.

- b) Class scheme for self-employed persons: provides assistance for 26 weeks to self-employed persons in temporary difficulties, in the form of loans or periodic payments.
- c) Class scheme for elderly self-employed persons: supplements the income of self-employed persons aged between 58 and 65 whose business or occupation is no longer profitable, so that their purchasing power can be maintained at a level comparable with that of employed persons earning the minimum wage and they can continue their business or occupation until reaching retirement age.

### 4) Arrangements in case of closure of a business:

Self-employed operators of small businesses, aged less than 65 years, who close down their business may,

- if their recent income is (temporarily) lower than HFL 29 300 and if they have worked as self-employed persons for 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 business, the minimum amount being equal to the minimum wage.

If, after two years, they are still unemployed, they may — in the same way as employees who are unemployed for more than two years — receive an allowance under the “Algemene Bijstandswet” (General Assistance Act) 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. FURTHER VOCATIONAL 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. Further vocational 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 Business ("EIM").

- 2) The Central Small Business Institute ("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 Business.



## 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 distributive trades.

**1. Monopolies**

References may be made to the Monopolies and Mergers Commission in cases of monopolies (a quarter of the relevant market held by one party, or more than one acting in consent). Statutory powers exist to remedy adverse effects identified by the Commission, but voluntary undertakings are frequently negotiated with the parties concerned.

**2. Mergers**

Mergers may be referred to the Monopolies & Mergers Commission if they create or intensify a monopoly (defined as  $\frac{1}{4}$  of the relevant market) or if the value of gross assets taken over exceeds UKL 5 Mio.

**3. 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 Restrictive Practices Court that they are not against the public interest, in

which case they would be allowed to continue. Otherwise the Court must condemn them.

**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 and their enforcement by refusal to supply is unlawful for all goods except books and medicaments.

**3. Display of prices**

Powers exist to require that goods be marked with the price or unit price and these powers have been used as regards some food and drink and petrol.

**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.

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### **5. Bonuses and discounts**

No rules.

### **6. Loss-leader selling**

No general rules but resale prices legislation (see paragraph 2 above) does allow refusal to supply if the goods concerned have been used as loss-leaders.

### **7. Promotion prices**

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

### **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 wholesale and retail distribution.

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 business premises**

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

The construction of new and certain alterations of existing business 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 BUSINESS 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 twelve and a half 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 twelve and a half percent rate applies to petrol and certain less essential and luxury goods and services. There are also some exemptions (e. g. insurance).

**D. EXCISE DUTIES**

In addition to Value Added Tax excise duties are levied at varying rates on certain goods and services e. g. tobacco, petrol, alcoholic drink.

**E. 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).

**F. CAPITALS 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.

**G. 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 nationally available investment incentive is the provision of accelerated 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 or expanding 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 (this effectively excludes retail outlets — but not certain of their ancillary activities) and provide at least 10 additional jobs in those areas in the case of those projects being transferred and 25 additional jobs in the case of new or expanding projects.

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 including retailing.

**2. Vocational training beyond the compulsory school leaving age**

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

**B. FURTHER VOCATIONAL TRAINING FOR ADULTS**

**Staff Training**

The Distributive Industry 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 UKL 15 000 or who employ less than 10 people. Firms meeting certain training criteria will gain levy remission up to 70 % of total levy due, and subject to satisfactory Board review, may be eligible for levy exemption. Grants are also paid to companies undertaking to meet certain types of key training needs.

A number of large companies provide training courses for their employees especially in supervisory and management subjects. Some are offered in their own training centres and others held in hotels and educational establishments.

# studies

which have been published in English in the series "Commerce and Distribution" (1)

8714 — No. 1

**Market structures and conditions of competition in the wholesale trade in the countries of the EEC**

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1976, 166 pp. (DE, EN, FR, IT, NL) IRL-UKL 3,30; USD 7,80; BFR 270,—

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