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Henry T. King Jr.

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Host Country Tax Aspects of Joint Ventures and Other Ways of Doing Business with the Soviet Bloc Countries and Yugoslavia

First—a disclaimer—the views I am expressing here today are my own and not necessarily those of TRW Inc.

Next a word about the division of labor between Mr. Cole and myself. I shall deal with the host country aspects of this subject and Mr. Cole will deal with the United States aspects including the matter of possible tax treaties between these countries and the United States.

The matter of host country tax aspects of doing business with the Soviet Bloc Countries and Yugoslavia assumes special importance at this time because this area represents a new frontier for American business. However, the styles of participation for the foreign trader or investor within it can be quite different from those he employs in other areas. There are at least two styles of participation worthy of special note—namely, the joint cooperation agreement or co-production agreement and the joint venture agreement—Eastern European model.

A joint cooperation agreement is an agreement whereby a United States firm or a subsidiary thereof transfers, sells, or licenses its technology and sophisticated equipment (if such is required) to an Eastern European country which contributes buildings, raw materials, and inexpensive labor that can be used to cut production costs, and where the United States party generally receives in return compensation an “offtake” in goods which can then be used or marketed in Western Europe or other areas of the developed world. The joint cooperation agreement is a deferred barter deal in which the United States investor barter his technology for goods yet to be produced by the East European enterprise.

Through the co-production agreement one of the partners provides component parts for a product or performs preliminary operations on a product which

*Henry T. King, Jr., Chief Corporate International Counsel for TRW Inc., Cleveland, Ohio, was Chairman of the ABA Institute on Current Legal Aspects of Doing Business with Sino-Soviet Nations in 1972.

is then shipped to the other partner for finishing and sale. Here again the Eastern country partner will receive technical assistance from its Western partner in performing its part of the bargain in manufacturing or assembly operations. Arrangements between the partners may include partial repayment in kind from the output.

In these transactions, the foreign partner may not always be paid for his technology *per se* but its value will be included in the gross value of the goods received, and hence it will be up to him to establish, for United States purposes, the basis for the goods as such and to establish the value attributable to the portion he receives for technology. Also, because the royalty is built into the value of what he receives, he will not normally be subject to withholding tax since withholding tax applies only to money payments under straight license agreements.

A joint venture agreement, Eastern European style, can be quite a unique animal. Here the United States party makes a contribution of his technology or a capital contribution but receives for it an interest in a newly created Eastern European entity—which may in fact be no more than a claim against his host country partner. In Yugoslavia, for example, if a United States firm contributes its technology to a newly created Yugoslav entity it can get a 49 percent pseudo-equity interest in the operation. Its liability in the joint venture will be limited to its original contribution.

The contribution of this know-how might be a tax-free transfer if it were the subject of a favorable Section 367 ruling. There might also have to be an additional ruling concerning the status for United States tax purposes of the United States partner's interest in the entity created. Here again it would be necessary to look very carefully at the definition of what constitutes intangible industrial property under the IRS regulations and to see whether what you were contributing could be made to fit the definition. But getting back to the situation in Yugoslavia—the United States party, after he makes his contribution of know-how or capital to the Yugoslav entity, will not have an equity interest in the entity itself in the pristine sense. Such interest will be merely a claim against his partner for the amount of his capital contribution, whether in cash, equipment, or technology, and for a share of the profits generated by the venture. This presents some problems as to just what kind of an entity has been created for United States tax purposes, or more specifically, whether it is a partnership where the United States investor's share of the income is immediately considered as received by the United States party for United States tax purposes or whether it is a corporation and income from this entity will only be taxed as received by the United States party. Despite the Yugoslav characterization of the United States investor's status, it is apparently still possible to obtain a favorable ruling for United States tax purposes, to the effect that the entity is a corporation for United States tax purposes and that the United States investor's

role is that of a shareholder, and accordingly that income from the venture will only be taxed in the United States as received and will carry with it a credit for income taxes paid in Yugoslavia. I understand that such rulings can be obtained but that they are not easy to obtain and that they take time.

A very important factor in setting up a joint venture is the careful delineation at the outset of the accounting system to be used by the venture. The United States investor must be sure that the accounting system used will produce satisfactory results for both United States accounting and tax purposes, or alternatively, know what adjustments must be made to the joint venture's financial statements to produce such results. Statutory requirements in the host country regarding computation of profit for tax and other purposes will have to be kept in mind.

Let me now turn to some more general comments. East Europe is itself a sizeable market of 750 million people. It should also be looked at currently in terms of its potential as an export base for sales to Western Europe particularly to countries where domestic costs are excessive and where deliveries domestically are unsatisfactory. The lower manufacturing costs of Eastern European goods can still overcome freight costs and import duties.

In some countries the tax picture has not crystalized as much as might have been anticipated. This is perhaps not only because of the long isolation of Eastern Europe but also because the contractual picture is unique in this area (where the party on the other side of the business transaction is the state itself or one of its agents or corporate entities and in effect the taxing body and the contracting entity are one and the same).

In the past in many instances it was possible to secure the state's agreement to a contract price or other income base free of taxes or net after taxes. But this is no longer as easy to obtain as it was in the past because host governments in the area are aware that income taxes paid in the Eastern European area are usually creditable in the West. They naturally want to get their share of the total tax bite. Thus, host country taxes of all types are a factor which have increasingly to be reckoned with in the Soviet Bloc and Yugoslavia.

The types of taxes which are a matter of concern here, and which the Western businessman has to be mindful of, include corporate and personal income taxes and withholding taxes on returned income, turnover taxes, customs duties, and a *potpourri* of miscellaneous taxes which probably don't apply in the normal business situation such as, for example, the "bachelor's tax," in the U.S.S.R.

Incidence of Tax

Questions which will arise in some instances are:

1. On whom is the tax imposed, and
2. Who pays the tax?

For United States tax purposes, a credit for taxes under Section 901 of the Internal Revenue Code may only be claimed if the tax is levied on the United States person. The tax may, however, be paid by the foreign party. The United States person may still claim a credit for the tax but he will have to "gross up" the payment received by the amount of credit claimed.

For example, in East Germany, since the licensee pays the tax, although the tax is actually imposed on the foreign party, the latter would have to gross up his royalties and then claim a credit for the tax, while in Bulgaria, since the tax is neither paid by nor the responsibility of the licensor, no credit or gross up would be applicable to the licensor.

Apart from the questions of corporate taxes there is also the question of personal taxes for the people charged with running the representative office or with carrying out the United States partner's technical support obligations under the joint venture; and this will come to the forefront more and more as the United States personnel remain for longer and longer periods in Eastern bloc countries and in Yugoslavia. In some cases this will be covered by the proposed tax treaties, at least up to a 183-day stay in the Eastern European country.

As for the types of income that are involved in doing business with Eastern Europe, proper characterization of the income and of the taxes which are applied to this income will frequently present a problem. Suffice it to say that it includes (a) income from a joint venture by way of dividends or profit remittances to the United States participant, (b) royalty income whether in a lump sum or on a continuing royalty basis and whether it be for patents, know-how, trademarks, or copyrights, (c) income received in kind or through reduced prices on goods either directly or indirectly by a firm through United States participation in a joint cooperation agreement, and (d) interest income paid from Eastern Europe or Yugoslavia to a United States party. Payments to Western sellers on straight sales agreements where the seller does not maintain an office are not taxable in Eastern Europe. In this respect they are no different from income similarly derived in any other area of the world. As for representative offices the only way these currently could have income is by way of artificial attribution, as is the case in Poland.

On the personal level the types of income with which we are concerned are personal service income and capital gains income.

With this introduction we can now look at the situation in particular countries.

1. *Yugoslavia.* Yugoslavia has had more exposure to the West than the Iron Curtain countries and its domestic tax structure is more developed. It has no tax treaty with the United States currently in effect although one has been proposed. Its tax structure is colored by the fact that it is actually a federation of republics, some of which, such as Macedonia and Montenegro, are basically undeveloped, and taxes will sometimes vary from republic to republic (since by

a constitutional amendment in 1972 the republics were given greater authority in the area of taxation). Generally speaking the tax impact will depend on where the investment is made and whether any of the profits are reinvested in Yugoslavia.

Yugoslavia has had investment joint ventures in effect with Western firms longer than any other Eastern European country. If a United States firm contributes cash, equipment, or technology to a newly-formed Yugoslav entity, it can get a 49 percent pseudo-equity interest in the operation.

(a) *Joint Venture Income*. This is calculated by relating it to net income after ordinary and necessary expenses, including depreciation, have been deducted. A reference point in this connection is the Federal Law on Establishment and Distribution of Income which defines the profit. But this law sets forth only the lowest depreciation rates and enterprises are free to increase these if they desire to do so. Consequently it would be well to spell out depreciation rates in the joint venture contract. Basically there is a 35 percent tax on the profits of the foreign investor; but where the investment is made in the underdeveloped republics of Macedonia and Montenegro, the rates are, respectively, 14 percent and 11 percent. This tax is not on the entity itself but is rendered on the share of the profits allocated to the United States investor. The Yugoslav investor is separately taxed under general tax legislation in force for all Yugoslav enterprises. The Yugoslav partner is responsible for the payment of the profits tax by the foreign investor.

If the foreign investor reinvests at least 25 percent of his annual profit, the tax on the amount reinvested is reduced by 15 percent. If the foreign investor reinvests between 25 percent and 50 percent, the tax on the first 25 percent is reduced by 15 percent and the tax on any additional amount up to 50 percent of the profits is reduced by 30 percent. Finally if he reinvests over 50 percent the foregoing reductions apply to the first 50 percent reinvested and the tax on any amount over 50 percent is reduced by 50 percent.

All of the above reductions apply only in the event that reinvested funds remain reinvested for at least ten years. Reductions are reduced by 50 percent of the quoted figure if the reinvestment is for less than ten years but more than five years.

Should the foreign partner deposit at least 20 percent of his profit in a local bank he may be exempted from payment of Yugoslav tax on interest earned on these deposited funds.

(b) *Royalty Income*. Yugoslavia has imposed a withholding tax at graduated rates of 10-25 percent on net royalties. Net royalties are determined by the deduction either of actual costs or presumed costs equal to 15 percent of the gross royalty.

(c) *Interest Income*. Yugoslavia does not currently withhold tax on interest income.

(d) *Personal Service Income.* For foreigners rendering services in Yugoslavia the tax on this income may run as high as 70 percent if salaries are sufficiently high.

(e) *Tax on Agents' Commissions.* The federal government of Yugoslavia recently ended its 60 percent tax on agents' commissions on direct sales in Yugoslavia. Now the Yugoslav republics will handle this tax and the rates will range from 20 percent to 30 percent. Yugoslav agents will now have a strong incentive to promote sales for foreign companies.

(f) *Customs Duties.* In 1973 customs duties for equipment not produced locally and intended for modernization of industry were reduced from 10 percent to 5 percent, to be in effect through 1975. In addition, imports into Yugoslavia are currently subject to three taxes levied on the dutiable value of the import. The first, the 1 percent "customs evidence tax," is intended to offset customs costs and to provide funds for the modernization of the Yugoslav Customs Service. A 3 percent "equalization tax" is designated to compensate for certain international taxes paid by domestic manufacturers, the proceeds of which are used for assistance to the underdeveloped regions of Yugoslavia. The import surcharge instituted in 1970 was increased to 6 percent in 1971 but was reduced to 2 percent for a selected number of items in 1972.

2. *Romania.* Romania also is another Eastern European country in the Soviet bloc in which joint ventures with Western firms are currently functioning. Its first investment joint venture was with Control Data in 1973.

(a) *Joint Venture Income.* Romania now taxes joint ventures at a basic 30 percent rate (with some reductions) and imposes a 10 percent withholding tax on distributions to non-residents which amounts to a combined effective rate of 37 percent. But if profits are reinvested for a period of five years, the basic rate is reduced from 30 percent to 24 percent. Partial or full tax holidays are possible for up to two years where specially authorized.

(b) *Royalty Income.* Romania's regular tax rate as applied to this type of income is 20 percent, which rate became effective on January 1, 1974, and which applies to royalties or lump sum payments for the sale of patent or know-how license rights or to the license of trademarks or other similar property rights. The rate is 15 percent on technical service income.

(c) *Interest Income.* Romania's regular tax rate is 15 percent, which became effective January 1, 1974.

(d) *Personal Service Income.* There is no income tax on payments to foreign personnel outside Romania for work done in Romania. However a 15 percent tax will normally apply to payments originating in Romania.

3. *U.S.S.R.* The U.S.S.R. does not have a highly structured income tax system covering the taxation of income derived by non-resident businesses from

operations in the U.S.S.R. or of income resulting from the performance of personal services rendered by non-residents.

(a) *Joint Venture Income.* This is not applicable since the U.S.S.R. does not permit or authorize joint ventures with Western firms in the U.S.S.R. There are indications, however, that the Soviets are taking a fresh look at such joint ventures feeling that Western investment may replace money borrowed from the West.

(b) *Royalty Income.* For copyright royalties there is a 30 percent withholding tax. For other types of royalties, no tax is applicable.

(c) *Interest Income.* Currently there is no withholding on interest payments to a United States resident from the U.S.S.R.

(d) *Representative Office.* The representative office of a United States firm in the U.S.S.R. is not subject to tax in the U.S.S.R.

(e) *Personal Service Income.* Currently foreigners working in the U.S.S.R. are exempt from tax if they are paid by the foreign employer.

(f) *Import Duties.* The Soviet Foreign Trading Organization (FTO) which imports dutiable goods usually pays the customs duties, since prices are always F.O.B. or C.I.F. point of manufacture or other foreign point of shipment.

4. *Hungary.* As pointed out previously, foreign capital investment in Hungary is permitted on a joint venture basis, either in the form of joint stock companies, share companies, limited liability companies, or joint enterprises, with guaranteed hard currency repatriation of profits and capital. However, no joint ventures with United States firms have as yet materialized although Hungary now has in effect some joint venture agreements with Western European firms. According to the law joint ventures should deal mainly with "technical development". To my knowledge, they do not own the means of production. Comparatively speaking, joint ventures in Hungary have a number of tax advantages over purely Hungarian enterprises. A large number of joint cooperation agreements do exist between Hungarian state entities and Western firms—in fact there are more such agreements currently in effect than with any other COMECON country.

(a) *Joint Venture Income.* Taxes are payable at the rate of 40 percent on profits of up to 20 percent of the capital of the joint venture and 60 percent on additional profits. Ordinarily profit taxes are due as soon as the balance sheet has been drawn up annually. But joint ventures may request a reimbursement of part of the profit tax if they are going to reinvest the amount in the enterprise and not distribute it to the partners. Deductions from the profits of a joint venture which are placed in reserve or share funds are not taxed. For tax purposes, potential investors may be able to negotiate some kind of accelerated depreciation. It has been reported that Siemens and Vol-

vo, both of whom have Hungarian joint ventures, have been granted a 20 percent accelerated depreciation for investments of rapid obsolescence.

(b) *Royalty Income.* Generally, in practice it is stipulated that any taxes which might be levied on payments to the Western party are payable by the Hungarian party and that payments to the Western party are net after taxes.

(c) *Representative Office.* You can now set up an office in Hungary to promote research, technology, production, or export sales. A filing fee of 10,000 forints (\$500) must accompany your application to set up an office for general commercial representation purposes. A lesser fee would be required if the office is a joint office with a Hungarian entity. Such offices are not currently taxed but a modest tax is being considered.

(d) It is interesting to note that in Hungary customs duties on imports from the United States vary from 1 percent for raw materials, 10-40 percent for semi-finished products, and 80-100 percent for machinery, finished products, and consumer goods. Presumably, if these goods are not available in Hungary and are essential to the completion of a project which is in the national interest these duties could be waived, although I have no confirmed information to such effect.

(e) *Export Tax.* Exporters will pay a tax based on the export price of specified goods when it exceeds the domestic price and when the difference has become permanent, using January 1, 1975 as the base date; but this tax will not have to be paid if the shipment is to fulfill an export obligation on the basis of a fixed quota between Hungary and another foreign government.

5. *Poland.* Poland's tax structure, as it affects foreign entrepreneurs, is in the process of revision. Poland is currently seeking Western technology through license agreements and is particularly active in pursuing cooperation programs with Western firms.

(a) *Joint Venture Income.* There are no joint ventures between Poland and Western entities currently operating in Poland but there are no Polish laws forbidding such joint ventures and reportedly talks are going on with several major Western firms with a view to the possible establishment of such joint ventures. There are, however, I believe currently in effect some joint marketing entities set up outside Poland by Polish entities and Western firms to market the offtake of joint cooperation agreements between the parties. But Polish taxes would not apply to such joint marketing entities.

(b) *Dividend, Royalty, and Interest Income.* Withholding tax at graduated rates up to a maximum 30 percent applies to such income.

(c) *Sales and Technical Offices.* Poland's new regulations will subject net income to a tax of up to 50 percent of net income, imputed on the basis of 5 percent of gross sales where necessary. Thus if net income is calculated at 5 percent of sales and the 50 percent rate is applied, the result is a tax at the 2-1/2 percent of gross sales level.

(d) *Individuals.* At present United States persons employed in Poland by United States or other foreign firms for less than six months are taxable (at rates up to 15 percent) on earnings received in Poland. United States persons self-employed in Poland who are not permanent residents of Poland are taxable at up to a maximum of 50 percent plus a turnover tax in certain circumstances where the person is a commission agent and with a surcharge in some cases for taxpayers without children.

But the tax under Polish law can be reduced by provisions in government contracts with the non-resident enterprise in Poland.

(e) *Import Duties.* Poland does not have customs tariffs for commercial imports. Its tariff schedules apply only to a certain number of non-commercial imports by residents and tourists.

6. *Czechoslovakia.* Czechoslovakia does not currently have a provision authorizing joint venture agreements which would function in Czechoslovakia, although joint cooperation agreements are possible. Joint equity investments between Western firms and Czechoslovak entities are currently possible in third countries.

A number of licensing arrangements exist between Western firms and Czech state entities. Royalties payable under these arrangements are taxed at a standard rate of 42 percent. But this royalty tax may be a negotiable item, and the Ministry of Finance is authorized by law to reduce the tax rate on the basis of reciprocity or for reasons of the national economy. Additionally the tax rate on royalties can be lowered if the royalty income does not exceed \$15,000, in which case the tax rate can be reduced to 20 percent. Finally, it may be possible to conclude sales of technology to Czechoslovakia which provide for payments net of any Czech taxes.

Copyright royalties are taxed at the rate of 25 percent, but this can be reduced retroactively to 20 percent if the royalties do not exceed \$15,000.

Interest income is taxed at 20 percent.

Czechoslovakia's import duties are relatively low, averaging 5 percent to 6 percent of value. The foreign trade organizations which are responsible for foreign purchases usually buy on F.O.B. terms and do not request price quotations which include duty.

7. *East Germany.* In September 1974 the United States and the German Democratic Republic signed a treaty giving each other full diplomatic recognition. The GDR is rapidly expanding its ties with Western firms and pursuing an especially active licensing policy.

(a) *Joint Venture Income.* This is not applicable since East Germany does not permit or authorize joint ventures with Western firms.

(b) *Royalty Income.* A 25 percent tax applies to royalties paid from East Germany but this is normally paid by the East German party. Agreement on payment of the tax by the East German Foreign Trading Organization

(FTO) will naturally cause it to reduce the amounts payable or at least to compensate partially for the taxes it must pay.

(c) *Representative Offices*. There are no East German taxes on offices of Western firms.

(d) *Import Duties*. East Germany does not levy duties on commercial imports.

(e) *Personal Services*. To my knowledge, East Germany does not tax foreigners working in East Germany. I believe they are paid from outside East Germany customarily.

8. *Bulgaria* enacted new legal rules governing cooperation with Western firms in 1974 which permit the Western partner to station experts in Bulgaria, exercise production controls and share profits. A number of such deals have already been concluded.

(a) *Joint Venture Income*. This is not applicable since Bulgaria does not permit or authorize joint ventures with Western firms.

(b) *Royalty Income*. This tax is not paid by the foreign licensor. Payments are the responsibility of the Bulgarian licensee.

Conclusion

It is certainly essential that the Western businessman who wishes to tackle ventures in Eastern Europe have a good knowledge of the tax structures in this area so that he can anticipate these taxes. In many instances taxes are and should be a negotiable item between the Western businessman and the governmental entities of the East with whom he is dealing. This is because sometimes the taxing entity and the negotiating entity will in fact be different offshoots of the same host government. In license transactions, for example, he should face the question of taxes, which may vary with the size of the license fee, when he makes his contract. He should specify then who is going to pay the taxes. Certainly, taxes which are ignored or are unanticipated can wipe out the Western businessman's profit on a transaction or materially reduce it, as was the case with one reported sale of technology to Czechoslovakia, where a licensor reportedly found out after negotiating a deal that a 42 percent Czechoslovakia tax was applicable to the royalties it was receiving.

The United States businessman will want to keep the local taxes to a minimum, for several reasons: (1) they may be difficult to characterize for United States tax credit purposes and (2) because of proposed IRC Section 861 regulations presently being considered in Washington which seek to reduce the use of foreign income taxes as credits against United States income taxes.

In the case of joint ventures in Eastern Europe, the United States businessman may be able to minimize his taxes by reinvesting his profits, and his taxes may also be lower in certain areas of the host country which is the situs of his

joint venture. He will also want to see whether host country tax holidays such as that mentioned above in Romania are possible. Finally, where joint ventures are recognized and their profits are taxed, it will be important that the United States businessman be aware of how profit is to be computed, not only for United States accounting purposes but also for host country tax purposes.

In addition to his normal concern with income taxes, it will also be necessary for the United States businessman to be concerned with other taxes which may affect the profitability of his transactions with Eastern Europe. Such taxes would include, for example, customs duties applicable to imports of equipment into Eastern Europe and any other non-income taxes which may impact on a transaction, such as, for example, turnover or gross receipts taxes. Further, the "people problem" is omnipresent, and a careful check will have to be made in advance concerning the tax impact on the individuals involved in any transaction which requires extended stays of United States personnel in any Eastern European country.

In some cases tax treaty and other relationships between particular Western European countries and particular countries in the Soviet bloc and Yugoslavia may currently and in the near future be much more advanced than between the United States and the countries of this area. In such instances the United States investor will want to ascertain whether a proposed joint venture investment may be better structured through one of its European subsidiaries than through the United States company itself.

The level of taxes and their subsequent impact is generally lower in the Eastern bloc than in other areas in which the United States investor may be dealing. This represents opportunities, particularly at a time when the levels of taxes in the world are on the upswing. At the same time, the situation tax-wise has not crystallized as much as might be desired in some areas. This means that further developments and refinements will of necessity take place. Therefore, a continuing check of the host country tax situation must be undertaken so that the impact of the host country on a proposed project can be known with as much certainty as possible.

**Taxes on Various Types of Income in
Eastern European Countries**

Country	Joint Venture	Royalty, Technical Service	Interest	Personal Services
Czechoslovakia	Not applicable as joint ventures are not permitted.	42% but if royalty income does not exceed \$15,000 the tax rate can be reduced to 20%. Copyright royalties are taxed at rate of 25% but this can be reduced retroactively to 20% if the royalties do not exceed \$15,000. Royalty tax rate may be a negotiable item.	20%	Where from sources inside Czechoslovakia are subject to Czech taxes which may run up to 65%.
U.S.S.R.	Not applicable as joint ventures are not permitted.	No tax applicable except in case of copyright royalties where 30% tax applies.	None	Currently foreigners working in the U.S.S.R. are exempt from tax where they are paid by the foreign employer.
Poland	No joint venture currently in effect. Enabling legislation now under consideration.	Taxed at graduated rates up to a maximum of 30%.	Taxed at graduated rates up to a maximum of 30%.	Up to 15% tax on earnings of individuals less than 6 months in Poland on earnings received in Poland. Self-employed U.S. persons in Poland may incur tax at up to 50%.

Romania	<p>Effective rate of 30% but this rate is subject to reduction if profits are reinvested. Partial or full tax holidays are possible for up to 2 years where specially authorized. 10% withholding</p>	<p>20% on royalties. 15% on technical service income.</p>	<p>15%</p>	<p>15% (25% in the case of artistic entertainers).</p>
Hungary	<p>40% in profits up to 20% of the capital of the joint venture and 60% on additional profits. Special concessions on reinvested profits.</p>	<p>Normally Hungarian entity assumes tax by mutual stipulation.</p>		
Yugoslavia	<p>Basically 35%, but if investment is made in Macedonia or Montenegro, rates are 14% and 11% respectively. If profits are reinvested, lesser rates apply, depending on type of investment.</p>	<p>10%-25% graduated rates on net royalties. Net royalties by deduction of actual or presumed costs equal to 15% of the gross royalty.</p>	<p>No tax.</p>	<p>Can run as high as 70% for foreign personnel rendering personal services in Yugoslavia.</p>

(Continued on next page)

Taxes on Various Types of Income in
Eastern European Countries (Continued)

Country	Joint Venture	Royalty, Technical Service	Interest	Personal Services
East Germany	Not applicable as joint ventures are not permitted.	25% tax, but this is normally paid by the East German party, although imposed on licensor.		No tax on foreigners who are paid by employers from outside East Germany.
Bulgaria	Not applicable as joint ventures are not permitted.	Not paid by foreign licensor. Payments are responsibility of Bulgarian licensee.		