



Invest in Iceland Agency

ICELAND – THE COMPETITIVE LOCATION FOR BUSINESSES

Positive business environment with a simple and efficient tax system and low tax rates.

COMPARISON

 ICELAND	 INDIA
Corporate income tax 18%	Corporate income tax will be reduced from 35% to 30%
No surcharge	A surcharge of 10% will be applicable, increased from 2.5%
No Alternative Minimum Tax	Alternative Minimum Tax applies (7.5%, a surcharge and education cess in addition)
No education cess	Education cess of 2% on tax and surcharge
Net wealth tax has been abolished as of December 31st, 2005	Net wealth tax is levied and is 1% on net wealth exceeding INR 1.5 M
Received domestic dividends are tax-free with a corporate shareholder (by being deductible). No requirements relating to percentage of stock ownership in the corporate payer apply.	Dividends subject to Dividend Distribution Tax are exempt from tax on the shareholder level.
Received foreign dividends of corporations incorporated abroad are also deductible from tax if the recipient corporation can demonstrate that the relevant dividends are received from a corporation whose profits have been taxed under provisions, which do not substantially deviate from those prevailing in Iceland. Furthermore, it is required that the profits of the corporate-payor have been subject to income tax rate, which is not lower than the general income tax rate in some of the OECD countries.	Dividends subject to Dividend Distribution Tax are exempt from tax on the shareholder level. If not, the dividends are taxable in the hands of the recipient shareholder.
Distributed dividends are subject to 10% withholding tax, which is considered to be prepayment of taxes. If no taxes are levied on the company the withholding tax will be refunded in the tax assignment.	Dividend Distribution Tax (DDT) is levied at the rate of 12.5% plus 10% surcharge plus education cess of 2% (i.e. effective rate 14.025%) on the dividends distributed by a domestic company
No restrictions on repatriation of capital investment in Iceland.	Repatriation of capital invested in India requires approval of the Reserve Bank of India.
Taxation of realized capital gain deriving from the sales of shares may be deferred for two years and avoided by reinvesting in other shares within the two years period.	Long term capital gains arising on transfer of listed securities is exempt from tax when the sale is effected in a recognized stock exchange. Other capital gains are taxed at 20% rate if they are long-term and 30% rate if they are short-term.



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