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COUNCIL DIRECTIVE
of 17 July 1969
concerning indirect taxes on the raising of capital
(69/335/EEC)

(OJ No L 249, 3. 10. 1969, p. 25)

Amended by:

	Official Journal		
	No	page	date
Council Directive of 9 April 1973 (73/79/EEC)	L 103	13	18. 4. 1973
Council Directive of 7 November 1974 (74/553/EEC)	L 303	9	13. 11. 1974
Council Directive of 10 June 1985 (85/303/EEC)	L 156	23	15. 6. 1985

Amended by:

Act concerning the Conditions of Accession and Adjustments to the Treaties – Accession of the Kingdom of Denmark, Ireland and the United Kingdom of Great Britain and Northern Ireland (172 B)	L 73	93	27. 3. 1972
Council Decision of the European Communities of 1 January 1973 adjusting the documents concerning the accession of the new Member States to the European Communities (373 D 0101(01))	L 2	20	1. 1. 1973
Act concerning the Conditions of Accession and Adjustments to the Treaties – Accession of the Hellenic Republic (179 H)	L 291	95	19. 11. 1979
Act concerning the Conditions of Accession and Adjustments to the Treaties – Accession to the European Communities of the Kingdom of Spain and the Portuguese Republic (185 I)	L 302	167	15. 11. 1985

COUNCIL DIRECTIVE
of 17 July 1969
concerning indirect taxes on the raising of capital
(69/335/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 99 and 100 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament ⁽¹⁾;

Having regard to the Opinion of the Economic and Social Committee ⁽²⁾;

Whereas the objective of the Treaty is to create an economic union whose characteristics are similar to those of a domestic market and whereas one of the essential conditions for achieving this is the promotion of the free movement of capital;

Whereas the indirect taxes on the raising of capital, in force in the Member States at the present time, namely the duty chargeable on contribution of capital to companies and firms and the stamp duty on securities, give rise to discrimination, double taxation and disparities which interfere with the free movement of capital and which, consequently, must be eliminated by harmonisation

Whereas the harmonisation of such taxes on the raising of capital must be arranged in such a way as to minimise the budgetary repercussions for Member States;

Whereas the charging of stamp duty by a Member State on securities from other Member States introduced into or issued within its territory is contrary to the concept of a common market whose characteristics are those of a domestic market; whereas, in addition, it has become evident that the retention of stamp duty on the issue of securities in respect of internal loans and on the introduction or issue on the market of a Member State of foreign securities is both undesirable from the economic point of view and inconsistent with current developments in the tax laws of the Member States in this field;

Whereas, in these circumstances, it is advisable to abolish the stamp duty on securities, regardless of the origin of such securities, and regardless of whether they represent a company's own capital or its loan capital;

Whereas it is inherent in the concept of a common market whose characteristics are those of a domestic market that duty on the raising of capital within the common market by a company or firm should be charged only once and that the level of this duty should be the same in all Member States so as not to interfere with the movement of capital;

Whereas, therefore, this duty should be harmonised, with regard both to its structures and to its rates;

Whereas the retention of other indirect taxes with the same characteristics as the capital duty or the stamp duty

⁽¹⁾ OJ No 119, 3. 7. 1965, p. 2057.

⁽²⁾ OJ No 134, 23. 7. 1965, p. 2227.

on securities might frustrate the purpose of the measures provided for in this Directive and those taxes should therefore be abolished;

HAS ADOPTED THIS DIRECTIVE:

Article 1

Member States shall charge on contributions of capital to capital companies a duty harmonised in accordance with the provisions of Articles 2 to 9 and hereinafter called 'capital duty'.

Article 2

1. Transactions subject to capital duty shall only be taxable in the Member State in whose territory the effective centre of management of a capital company is situated at the time when such transactions take place.
2. When the effective centre of management of a capital company is situated in a third country and its registered office is situated in a Member State, transactions subject to capital duty shall be taxable in the Member State where the registered office is situated.
3. When the registered office and the effective centre of management of a capital company are situated in a third country, the supplying of fixed or working capital to a branch situated in a Member State may be taxed in the Member State in whose territory the branch is situated.

Article 3

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| 1. For the purposes of this Directive the expression capital 'company means': | 172 B |
| (a) companies under Belgian, Danish, German, <u>Spanish</u> , French, <u>Hellenic</u> , Irish, Italian, Luxembourg, Netherlands, <u>Portuguese</u> and United Kingdom law known respectively as: | 185 I
179 H
185 I |
| — société anonyme/naamloze vennootschap, aktieselskab, Aktiengesellschaft, <u>sociedad anónima</u> , société anonyme, <u>Ανώνυμος Εταιρεία</u> , companies incorporated with limited liability, società per azioni, société anonyme, naamloze vennootschap, <u>sociedade anónima</u> , companies incorporated with limited liability; | 185 I
179 H
185 I |
| — société en commandite par actions/commanditaire vennootschap op aandelen, kommandit-aktieselskab, Kommanditgesellschaft auf Aktien, <u>sociedad comanditaria por acciones</u> , société en commandite par actions, <u>Ετεροόρουθμος κατά μετοχές Εταιρεία</u> , società in accomandita per azioni, société en commandite par actions, commanditaire vennootschap op aandelen, <u>sociedade em comandita por accões</u> ; | 185 I
179 H
185 I |
| — société de personnes à responsabilité limitée/personenvennootschap met beperkte aansprakelijkheid, Gesellschaft mit beschränkter Haftung, <u>sociedad de responsabilidad limitada</u> , société à responsabilité limitée, <u>Εταιρεία Περιορισμένης Ευθύνης</u> , società a responsabilità limitata, société à responsabilité limitée, <u>sociedade por quotas</u> ; | 185 I
179 H
185 I |

- (b) any company, firm, association or legal person the shares in whose capital or assets can be dealt in on a stock exchange;
 - (c) any company, firm, association or legal person operating for profit, whose members have the right to dispose of their shares to third parties without prior authorisation and are only responsible for the debts of the company, firm, association or legal person to the extent of their shares.
2. For the purposes of the application of this Directive, any other company, firm, association or legal person operating for profit shall be deemed to be a capital company. However, a Member State shall have the right not to consider it as such for the purpose of charging capital duty.

69/335/EEC

Article 4

1. The following transactions shall be subject to capital duty:
- (a) the formation of a capital company;
 - (b) the conversion into a capital company of a company, firm, association or legal person which is not a capital company;
 - (c) an increase in the capital of a capital company by contribution of assets of any kind;
 - (d) an increase in the assets of a capital company by contribution of assets of any kind, in consideration, not of shares in the capital or assets of the company, but of rights of the same kind as those of members, such as voting rights, a share in the profits or a share in the surplus upon liquidation;
 - (e) the transfer from a third country to a Member State of the effective centre of management of a company, firm, association or legal person, whose registered office is in a third country and which is considered in that Member State, for the purposes of charging capital duty, as a capital company;
 - (f) the transfer from a third country to a Member State of the registered office of a company, firm, association or legal person, whose effective centre of management is in a third country and which is considered in that Member State, for the purposes of charging capital duty, as a capital company;

<p>(g) the transfer from a Member State to another Member State of the effective centre of management of a company, firm, association or legal person which is considered in the latter Member State, for the purposes of charging capital duty, as a capital company, but is not so considered in the other Member State;</p> <p>(h) the transfer from a Member State to another Member State of the registered office of a company, firm, association or legal person, whose effective centre of management is in a third country and which is considered in the latter Member State, for the purposes of charging capital duty, as a capital company, but is not so considered in the other Member State.</p>	69/335/EEC
<p>2. The following transactions may, to the extent that they were taxed at the rate of 1 % as at 1 July 1984, continue to be subject to capital duty:</p>	85/303/EEC
<p>(a) an increase in the capital of a capital company by capitalisation of profits or of permanent or temporary reserves;</p> <p>(b) an increase in the assets of a capital company through the provision of services by a member which do not entail an increase in the company's capital, but which do result in variation in the rights in the company or which may increase the value of the company's shares;</p> <p>(c) a loan taken up by a capital company, if the creditor is entitled to a share in the profits of the company;</p> <p>(d) a loan taken up by a capital company with a member or a member's spouse or child, or a loan taken up with a third party, if it is guaranteed by a member, on condition that such loans have the same function as an increase in the company's capital.</p>	69/335/EEC
<p>However, the Hellenic Republic shall determine which of the transactions listed above it will subject to capital duty.</p>	85/303/EEC
<p>3. Formation, within the meaning of paragraph 1 (a), shall not include any alteration of the constituent instrument or regulations of a capital company, and in particular:</p> <p>(a) the conversion of a capital company into a different type of capital company;</p> <p>(b) the transfer from a Member State to another Member State of the effective centre of management or of the registered office of a company, firm, association or legal person which is considered in both Member States, for the purposes of charging capital duty, as a capital company;</p>	69/335/EEC

- (c) a change in the objects of a capital company;
- (d) the extension of the period of existence of a capital company.

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Article 5

1. The duty shall be charged:
 - (a) in the case of formation of a capital company or of an increase in its capital or assets, as referred to in Article 4 (1) (a), (c) and (d): on the actual value of assets of any kind contributed or to be contributed by the members, after the deduction of liabilities assumed and of expenses borne by the company as a result of each contribution. Member States may postpone the charging of capital duty until the contributions have been effected;
 - (b) in the case of conversion into a capital company or of the transfer of the effective centre of management or of the registered office of a capital company, as referred to in Article 4 (1) (b), (e), (f), (g) and (h); on the actual value of the assets of any kind belonging to the company at the time of the conversion or transfer, after the deduction of liabilities and expenses for which the company is responsible at that time;
 - (c) in the case of an increase in the capital by capitalisation of profits reserves, or provisions, as referred to in Article 4 (2) (a): on the nominal amount of such increase;
 - (d) in the case of an increase in the assets, as referred to in Article 4 (2) (b): on the actual value of the services provided, after deduction of the liabilities assumed and the expenses borne by the company as a result of the provision of such services;
 - (e) in the case of loans referred to in Article 4 (2) (c) and (d): on the nominal amount of the loan taken up.

2. In the cases referred to in paragraph 1 (a) and (b), Member States may base the amount on which to charge capital duty on the actual value of the shares in the company allotted or belonging to each member. This does not apply, to those cases in which contributions are made only in cash. The amount on which duty is charged shall in no circumstances be less than the nominal amount of the shares in the company allotted or belonging to each member.

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3. The amount on which the duty is charged in the case of an increase in capital shall not include:

- the amount of the assets belonging to the capital company which are allocated to the increase in capital and which have already been subjected to capital duty;
- the amount of the loans taken up by the capital company which are converted into shares in the company and which have already been subjected to capital duty.

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Article 6

1. Each Member State may exclude from the basis of assessment, as determined in accordance with Article 5, the amount of the capital contributed by a member with unlimited liability for the obligations of a capital company as well as the share of such a member in the company's assets.

2. Where a Member State exercises the power provided for in paragraph 1, the following shall be subject to capital duty:

- the transfer of the effective centre of management of a capital company to another Member State which does not exercise that power;
- the transfer of the registered office of a capital company whose effective centre of management is in a third country to another Member State which does not exercise that power;
- any transaction as a result of which the liability of a member is limited to his share in the company's capital, in particular when the limitation of liability results from the conversion of a capital company into a different type of capital company.

Capital duty shall be charged in all such cases on the value of the share in the company's assets belonging to members with unlimited liability for the company's obligations.

Article 7

1. Member States shall exempt from capital duty transactions, other than those referred to in Article 9, which were, as at 1 July 1984, exempted or taxed at a rate of 0,50 % or less.

The exemption shall be subject to the conditions which were applicable, on that date, for the grant of the exemption or, as the case may be, for imposition at a rate of 0,50 % or less.

The Hellenic Republic shall determine which transactions it shall exempt from capital duty.

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2. Member States may either exempt from capital duty all transactions other than those referred to in paragraph 1 or charge duty on them at a single rate not exceeding 1 %.	85/303/EEC
3. In the case of an increase in a company's capital in accordance with Article 4 (1) (c), following a reduction in the company's capital as a result of losses sustained, that part of the increase which corresponds to the reduction in capital may be exempted, provided this increase occurs within four years of the reduction in capital.	
<i>Article 8</i>	69/335/EEC
Subject to Article 7 (1), Member States may exempt from capital duty the transactions referred to in Article 4 (1) and (2) concerning:	85/303/EEC
<ul style="list-style-type: none"> — capital companies which supply public services, such as public transport undertakings, port authorities or undertakings supplying water, gas or electricity, in cases where the State or regional or local authorities own at least half of the company's capital; — capital companies which, in accordance with their regulations and in fact, pursue exclusively and directly cultural, charitable, relief or educational objectives. 	69/335/EEC
<i>Article 9</i>	
Certain types of transactions or of capital companies may be the subject of exemptions, reductions or increases in rates in order to achieve fairness in taxation, or for social considerations, or to enable a Member State to deal with special situations. The Member State which proposes to take such a measure shall refer the matter to the Commission in good time, having regard to the application of Article 102 of the Treaty.	
<i>Article 10</i>	
Apart from capital duty, Member States shall not charge, with regard to companies, firms, associations or legal persons operating for profit, any taxes whatsoever:	
<ul style="list-style-type: none"> (a) in respect of the transactions referred to in Article 4; (b) in respect of contributions, loans or the provision of services, occurring as part of the transactions referred to in Article 4; (c) in respect of registration or any other formality required before the commencement of business to which a company, firm, association or legal person operating for profit may be subject by reason of its legal form. 	

Article 11

69/335/EEC

Member States shall not subject to any form of taxation whatsoever:

- (a) the creation, issue, admission to quotation on a stock exchange, making available on the market or dealing in stocks, shares or other securities of the same type, or of the certificates representing such securities, by whomsoever issued;
- (b) loans, including government bonds, raised by the issue of debentures or other negotiable securities, by whomsoever issued, or any formalities relating thereto, or the creation, issue, admission to quotation on a stock exchange, making available on the market or dealing in such debentures or other negotiable securities.

Article 12

1. Notwithstanding Articles 10 and 11, Member States may charge:

- (a) duties on the transfer of securities, whether charged at a flat rate or not;
- (b) transfer duties, including land registration taxes, on the transfer, to a company, firm, association or legal person operating for profit, of businesses or immovable property situated within their territory;
- (c) transfer duties on assets of any kind transferred to a company, firm, association or legal person operating for profit, in so far as such property is transferred for a consideration other than shares in the company;
- (d) duties on the creation, registration or discharge of mortgages or other charges on land or other property;
- (e) duties paid by way of fees or dues;
- (f) value added tax.

2. The duties and taxes referred to in paragraph 1 (b), (c), (d) and (e) shall be the same, whether the effective centre of management or the registered office of the company, firm, association or legal person operating for profit is situated within the territory of the Member State charging the duties or taxes or not; nor may these duties and taxes exceed those which are applicable to like transactions in the Member State charging them.

Article 13

Member States shall bring into force by 1 January 1972 such provisions by way of law, regulation or administrative action as may be necessary to comply with the provisions of this Directive and shall forthwith inform the Commission thereof.

Article 14

Member States shall ensure that the texts of the main provisions of internal law which they subsequently adopt in the field covered by this Directive are forwarded to the Commission.

Article 15

This Directive is addressed to the Member States.

69/335/EEC