

Forms of Establishing a Business in Iceland

Legislation requires that most businesses be licenced and normally only Icelandic nationals qualify for registration.

Corporate Taxes

Resident corporations are taxed on world income. The tax rate is a flat 65 per cent of taxable income. There is also a State Property Tax of 1.2 per cent of the net worth of the corporation, and there may be a municipal tax payable.

Government Monopolies

The State Wine, Spirit and Tobacco Authority
The State Fertilizer Plant
Iceland State Cement Works

(Vegetables Trading Centre is a producers co-operative with a monopoly on the import of: potatoes, turnips, carrots and onions).

Customs and Exchange Regulations

i) Customs Duties

Icelandic tariff classifications are based on the Customs Co-operation Council Nomenclature (formerly Brussels Nomenclature) system. Nearly all duties are on an ad valorem basis. Iceland is reducing her protective tariffs on industrial products from EEC and EFTA. Free trade was reached on January 1, 1980.

All goods, except foodstuffs, whatever the source, are subject to a Retail Sales Tax of 23.5 per cent.

Goods imported direct by end-users, however, are subject to a Sales Tax of 25.85 per cent levied on import.

A Special Goods Tax of 24 per cent of the duty-paid value is also levied on many imported and locally produced goods.

ii) Exchange Control

For liberalized goods, foreign currency is normally automatically supplied on production of the shipping documents. For goods subject to licensing, the issue of an import licence generally carries with it authority to purchase foreign exchange for payment of the