

- (I) there will be exempted from liability to income tax 600 Marks per year of the income of all persons in Tax Classes II and III;
- (II) there will also be exempted from liability to income tax 400 Marks per year of the income of all persons in Tax Class III in respect of each child for which a reduction is allowable under Article II above. ^
- (c) Where the introduction of the provisions of sub-paragraph (b) operates in any instance to reduce instead of increase a taxpayer's liability, his liability shall be computed as a rule by adding 25 % or 35% (as respectively provided in sub-paragraph (a) to the liability which would have existed had the provisions of this Law (other than Article I hereof) not been enacted.

5. These general principles apply to the determination of the wage tax.

- 3. The detailed application of these general principles is contained in Appendices 'A' and 'B' to this Law. These Appendices supersede the tables contained in Anlagen 1 and 2 to the Einkommensteuergesetz.
- 4. Section 40 of the Einkommensteuergesetz, which establishes special rates of wage tax for the various miscellaneous receipts (sonstige Bezüge) of employees, is repealed. Such receipts will be taxable at the rates applicable to other income.
- 5. Income tax assessments will be made upon all persons who are required to file an annual return of income by paragraph 4 of Article XVI of this Law. Such persons will continue to receive the appropriate credit for the amounts deducted as tax from wages and other income. Section 46 of the Einkommensteuergesetz (as amended by Section 7 of the Steuervereinfachungs - Verordnung of 14th September 1944 is amended accordingly.

ARTICLE IV

Corporation Tax — Increase in Tax Rates

- 1. The rates of corporation tax (Section 19 (1) of the Körperschaftsteuergesetz) will be as follows: —

(a) On Incomes up to 50,000 Marks	# — 35 %
(b) " " from 50,000 to 100,000 Marks	—45%
(c) " " " 100,000 to 500,000 Marks	—60 %
■(d) " " above 500,000 Marks	—65%