

(II) The taxpayer is entitled to a reduction for children as defined by existing German Law who comply with the following two requirements: —

1. The children must have belonged to the household of the taxpayer for at least four months during the assessment period or have been supported and brought up principally at the expense of the taxpayer during the assessment period. In the latter case the taxpayer must have borne the expense of supporting and bringing them up for at least four months;
2. The children must not have completed their 16th year during this period.

(III) The taxpayer will, on application, be granted a reduction for children who have attained the age of 16 years, if they comply with the following two requirements: —

1. The children must for at least four months during the assessment period have been studying in an educational institution authorized by the Control Council or the appropriate Zone Commander and have been supported principally at the expense of the taxpayer during such time.
2. The children must not have completed their 21st year during the assessment period.

2. The provisions of this Article supersede Section 32 of the Einkommen-  
• Steuergesetz and all enactments amending such Section.

3. The provisions of this Article will apply to the determination of the wage tax. Section 39 of the Einkommensteuergesetz is accordingly amended.

### ARTICLE III

#### 1 Income Tax — General Increase of Rates

% The rates of income tax which existed on 8 May 1945 are increased in accordance with the following general principles: —

(a) \* For persons in Tax Class I the rates of income tax are increased: —

- (I) by 25% on salaries, wages and professional earnings;
- (II) \* by 35% on other types<sup>^</sup>of income.

(b) For persons in Tax Classes II and III, the increases set out in sub-paragraph (a) will apply, except that: —