

2. To avoid anomalies in marginal cases the following adjustment will be made. Where the income of a corporation falls within one of the income brackets specified in (b), (c) or (d) of paragraph 1 above, the amount of tax payable shall not exceed: —
  - (a) the tax chargeable on the income at the top of the bracket next below that within which the income actually falls, plus
  - (b) 90 % of the amount by which the actual income exceeds that at the top of the bracket next below.
3. A detailed application of these provisions is contained in Appendix C.

## ARTICLE V

### Deduction of Tax from Capital Yields

1. The rate of tax deduction as specified in Section 3 of the Kapitalertragsteuerverordnung (as amended) is fixed at 25% of the total capital yield.
2. Where a bank or insurance company' receives on its own behalf capital yields from which tax has been deducted at source and the tax so deducted is in excess of the correct tax liability of such company, a refund of the amount overpaid shall be repayable to such company.

## ARTICLE VI

### Excess Profits Tax

The taxation of excess profits under the Gewinnabführungsverordnung will be subject to the following rule, namely: — that the aggregate sum of income tax, corporation tax and excess profits tax does not exceed 90% of the total net income.

## ARTICLE VII

### Tax on Directors' Fees

1. The special tax on the fees of members of Boards of Directors imposed by the Gesetz über die Erhebung einer Abgabe der Aufsichtsratsmitglieder of 28th March 1934 (as amended by the Law of 17th February 1939) is abolished.
2. Directors' fees which would have been subject to such special tax had this Law not been enacted, shall be subject to income tax at 65 % which shall be payable by deduction at source.