
REPUBLIC OF LYSMARK

MINISTRY OF FINANCE AND REVENUE

ACT No. 2025/61-FR

PROGRESSIVE INCOME TAX AND SURCHARGE ACT

Adopted: 2 July 2025

Effective: 1 September 2025

Legal Basis: Constitution of Lysmark, Article 33 (Fiscal Sovereignty); Tax Harmonization Directive 2018/44 of the Union of Northern States

Official Journal Reference: OJ FR 2025/61, p. 145-162

PREAMBLE

The Parliament of the Republic of Lysmark, acting under Article 33 of the Constitution and mindful of its obligation to ensure equitable distribution of fiscal burdens, hereby enacts the following rules governing the calculation, collection, and application of the personal income tax.

This Act codifies a progressive system of taxation to reflect ability to pay, introduces a surcharge mechanism to ensure adequate revenue in high-income segments, and establishes safeguards for transparency, fairness, and compliance.

Article 1 – Purpose and Scope

- This Act regulates the assessment of personal income tax on natural persons domiciled in the Republic of Lysmark.
 - The system applies progressive rates to defined taxable income brackets, with an additional surcharge applied where total calculated tax exceeds the statutory threshold.
 - This Act applies to all resident taxpayers; non-resident taxpayers remain subject to the Non-Residents Income Act.
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Article 2 – Income Brackets and Rates

1. Taxable income shall be divided into progressive brackets.
 2. Each bracket shall be subject to the following marginal rates:
 - First bracket: 10% on income up to **10000**
 - Second bracket: 20% on income exceeding **10000**
 3. Parliament may adjust bracket amounts annually by reference to the Consumer Price Index.
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Article 3 – Surcharge

1. Where the tax calculated pursuant to Article 2 exceeds **5000**, a surcharge of **2% of the total tax liability** shall be applied.
 2. The surcharge shall be collected concurrently with the principal tax liability and subject to the same enforcement and penalty provisions.
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Article 4 – Taxpayer Obligations

1. Every taxpayer shall file an annual income declaration no later than 31 March of the following year.
 2. The declaration shall include:
 - Gross income by source,
 - Deductible expenses,
 - Proof of residency, and
 - Any prior payments or withholdings.
 3. Failure to file shall result in administrative penalties as specified under the General Tax Code.
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Article 5 – Collection and Enforcement

1. The Ministry of Finance and Revenue shall issue collection notices within 90 days of filing.
 2. Taxpayers must settle liabilities within 30 days of notice unless enrolled in an authorized installment plan.
 3. Unpaid balances shall accrue statutory interest at 4% per annum until paid.
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Article 6 – Appeals

1. Taxpayers may contest assessments within 30 days of notice by filing an administrative appeal with the Directorate of Fiscal Review.

2. Final administrative decisions may be appealed to the Fiscal Chamber of the Supreme Court of Lysmark.
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Article 7 – Compatibility and Supremacy

1. This Act supersedes prior provisions on progressive taxation under the 2009 Income Act.
 2. Provisions of this Act are compatible with obligations under the Union of Northern States' Fiscal Harmonization Directive.
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Article 8 – Implementation

1. The Ministry of Finance and Revenue is tasked with issuing regulations necessary for the practical enforcement of this Act.
 2. This Act shall enter into force on **1 September 2025** and remain valid until amended or repealed by Parliament.
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Adopted by the Parliament of the Republic of Lysmark

Promulgated by the President of the Republic of Lysmark