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# INTERNATIONAL TAX SCOREBOARD

By Liz Carver and Michael Churchill

The tax-cutting plans now being introduced across continental Europe and in Canada reflect a new fact of life in the Global economy. Many entrepreneurs -- and the vast majority of tech sector entrepreneurs -- *can put their businesses anywhere*. Factors of production are becoming more mobile with each passing year, forcing governments to compete more aggressively to attract new business and retain the enterprises they have. As a result, the relative importance of tax codes is growing. The Tax Scoreboard is a quarterly publication aimed at detailing, monitoring, and updating tax changes and the relative tax burdens of the world's top 44 economies. *(continued on page 2)*

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The table below displays our overall rating for the tax codes of each country in our survey. Scores represent an average of ratings in six categories: top personal income tax rate, average personal income tax rate, corporate, capital gains, value-added, and social tax rates. For each category, we have assigned a score from 1.0 (lowest tax burden) to 4.0 (very high tax burden). All categories receive equal weighting in the calculation.

### Master Ranking of Countries By Tax Code Attractiveness

1 Hong Kong	1.00	16 Australia	2.58	31 Portugal	2.92
2 Singapore	1.57	17 South Africa	2.58	32 Spain	2.95
3 Taiwan	1.58	18 Mexico	2.58	33 Switzerland	2.99
4 Saudi Arabia	1.60	19 Czech Republic	2.59	34 Russia	3.07
5 Indonesia	1.80	20 China	2.63	35 Norway	3.08
6 New Zealand	1.97	21 Poland	2.66	36 Italy	3.10
7 Korea	2.02	22 Chile**	2.67	37 Denmark	3.23
8 Philippines	2.03	23 Israel	2.68	38 Finland	3.30
9 Malaysia	2.09	24 Brazil*	2.70	39 Belgium	3.38
10 Venezuela*	2.13	25 Japan	2.71	40 France	3.41
11 Thailand	2.23	26 Ireland**	2.73	41 Austria	3.43
12 United States	2.27	27 Argentina	2.73	42 Netherlands	3.52
13 Turkey	2.43	28 Greece	2.74	43 Germany	3.55
14 Canada	2.45	29 Hungary**	2.88	44 Sweden	3.87
15 India	2.47	30 United Kingdom	2.90		

\* Scores for Venezuela and Brazil would be materially worse if the full impact of non-headline, "other"-category taxes were factored in.

\*\*Chile, Hungary and Ireland have very low corporate tax rates, allowing solid growth despite high personal income tax and/or VAT rates.

As the table illustrates, each of the 17 highest-tax countries in the survey is located in Europe. Fortunately for the future of the European economy, that also is where the vast bulk of material tax code changes are occurring at present. European policymakers are becoming increasingly aware that their tax codes leave them uncompetitive, particularly when it comes to attracting "new economy" firms. There is not much tax reform occurring in Asia at the moment. Nearly all Asian countries, with the exception of Japan, already have generally pro-growth tax systems in place, leaving limited pressure for change. Latin America's major countries desperately are in need of tax reform, but nothing substantive is in the offing.

### Major Tax Changes - Recent and Proposed

	Status	Effective	Tax Change
Germany	Proposed	2002	Eliminate capgains tax on cross-shareholding sales
	Proposed	2001	Cut top personal tax rate 3 percentage points/year
	Proposed	2001	Cut top corporate tax rate to 37% from 52%
U.K.	Proposed	2001	Chancellor of the Exchequer Brown likely to propose cutting the capgains rate to 22% from 40% in 2001 budget
Ireland	Enacted	2005	Institution of 12.5% flat corporate tax
Spain	Enacted	1999	Cut top personal tax rate to 48% from 56%
	Proposed	2001	Further cut in personal tax rates. Top rate would fall to 46%
Italy	Enacted	2000	Cut top personal tax rate 3 percentage points
	Proposed	2001	Cut top personal rate a further 3 points/year in coming budgets
	Proposed	2001	Cut corporate rate an amount to be determined
France	Enacted	2001	\$17.8 billion in reduced residency and targeted VAT cuts
Australia	Enacted	2000	Raise threshold for top personal rate to A\$75,000 from A\$50,000
	Enacted	2000	Cut corporate rate to 30% from 36%
	Enacted	2000	Cut capgains rate to 24% from 48%
	Enacted	2000	Replace disparate wholesale taxes with 10% GST (net tax hike)
Canada	Proposed	2002	Opposition parties propose: 17% flat tax; cut in corporate rate to 21% from 28%; cut in capgains tax to 20% from 40%; significant increases in the threshold for individual rates
Russia	Enacted	2000	Top individual tax rate cut to 30% from 45%
	Proposed	2002	Reduce top individual tax rate to 20% from 30%
Portugal	Enacted	2000	Top corporate tax rate cut to 32% from 34%
Czech Rep.	Enacted	2000	Top corporate rate cut to 31% from 35%
Argentina	Enacted	2000	Top individual tax rate raised to 39% from 35%
Mexico	Enacted	2000	Corporate tax rate reduced 2 percentage points to 30%

## Breaking Tax News By Country

### ASIA

**Hong Kong:** It now appears very unlikely a 3% sales tax will be included in the 2000-01 budget.

**Indonesia:** Batam Island, a major site for foreign direct investment, especially from Singapore, may impose a 10% VAT in April as part of Indonesia's IMF agreement.

**Japan:** Tokyo governor Shintaro Ishihara has proposed a 3% tax on profits of banks (before bad loan write-offs) with assets above 5 trillion Yen as of April 2001.

**Malaysia:** The top personal income-tax rate should fall one point, to 29%, for the year 2000. Though the change was approved last fall, before parliament was dissolved ahead of the general elections, it must be approved again by the re-constituted parliament.

**Philippines:** January tax collection was 7.7% below forecast. Manila is under IMF pressure to reduce fiscal deficits. Thus, the government may hike tobacco and liquor taxes by 12-30%.

**Singapore:** The budget for fiscal 2000 (begins April) will see the elimination of an important tax rebate program that had been in effect for 1998 and 1999. The rebates had been equal to 10% of tax payments (\$100 per \$1,000 paid) for both individuals and corporations. Instead, corporations will see their tax rate decline to 25.5% from 26% as of 2001, while individuals will see their rebate reduced to 5% of taxes paid.

### LATIN AMERICA

**Argentina:** Tax collection rose 5.7% MoM in January in the wake of a major January 1 tax-rate increase. But this higher collection rate may not last as the higher tax burden is weighing on the economy.

**Peru:** January tax collections rose an inflation-adjusted 7% YoY. The central bank expects faster economic growth to generate a 13% full-year increase in tax collections for 2000.

**Venezuela:** The 0.5% financial transactions tax on equity trades -- which has been disastrous for the Caracas bolsa -- may be eliminated ahead of its scheduled May 1 expiration date. Venezuela also announced on February 2 a cut in the VAT by one point to 14.5% effective March 1.

### EUROPE

**Czech Republic:** Czech newspaper *Mlada Fronta Dnes* reports that Prague has slated the top corporate tax rate for reduction to a level as low as 25%, perhaps by 2001. The corporate income tax was cut this year to 31% from 35%. The trade-off for the corporate tax rate cut may be an increase to 35% in the top individual tax rate. The top individual rate was cut to 32% in 2000 from 39% in 1999.

**Greece:** The finance ministry announces plans for a tax cut equal to \$1.5 billion over the next four years. No specifics have been announced. A new parliament will be elected April 9, with the fate of this cut depending on the fortunes of the ruling coalition in the elections.

**Italy:** The D'Alema administration plans to extend to small businesses and new firms its special 19% tax rate on reinvested corporate profits this year. Firms that go public would pay 7% tax on reinvested income for the first three years.

**Ireland:** January tax revenues were up an incredible 22% YoY, due to a 23% increase in personal tax revenues and a 21% rise in VAT revenues.

## **NORTH AMERICA**

**Canada:** The Finance Ministry is expected to propose reduction in tax rates on employee stock options as part of the 2001 budget in an effort to prevent high-tech firms and employees from moving to the U.S.

## Country-by-Country Breakdown of Tax Burden Ratings

*(1.0 = lowest tax burden; 4.0 = highest tax burden)*

	Top Personal	Average Personal	Corporate	Capgains	VAT	Social	Average
<b>Asia Pacific</b>							
Australia	3.5	2.5	2.5	3.0	3.0	1.0	<b>2.58</b>
China	3.8	2.5	2.0	2.8	3.2	1.5	<b>2.63</b>
Hong Kong	1.0	1.0	1.0	1.0	1.0	1.0	<b>1.00</b>
India	2.3	2.0	3.0	2.0	2.5	3.0	<b>2.47</b>
Indonesia	2.3	1.0	1.5	1.6	2.9	1.5	<b>1.80</b>
Japan	3.5	3.0	3.4	2.8	1.8	1.8	<b>2.71</b>
Korea	2.5	1.2	2.7	1.9	2.8	1.0	<b>2.02</b>
Malaysia	1.8	1.9	2.3	1.0	2.8	2.8	<b>2.09</b>
New Zealand	2.3	1.5	2.8	1.0	3.2	1.0	<b>1.97</b>
Philippines	2.3	2.0	2.7	1.2	2.8	1.2	<b>2.03</b>
Singapore	1.0	1.0	2.0	1.0	1.0	3.4	<b>1.57</b>
Taiwan	1.9	1.0	2.0	1.3	1.8	1.5	<b>1.58</b>
Thailand	3.3	1.1	3.0	2.2	2.8	1.0	<b>2.23</b>
<b>Western Europe</b>							
Austria	3.8	3.6	3.2	2.9	3.5	3.6	<b>3.43</b>
Belgium	3.5	4.0	3.5	3.0	3.0	3.3	<b>3.38</b>
Denmark	4.0	4.0	2.7	3.2	3.0	2.5	<b>3.23</b>
Finland	3.9	3.5	4.0	2.3	3.3	2.8	<b>3.30</b>
France	3.3	3.2	4.0	3.0	3.0	4.0	<b>3.41</b>
Germany	4.0	4.0	4.0	3.3	3.0	3.0	<b>3.55</b>
Greece	3.0	1.9	3.3	3.0	3.0	2.3	<b>2.74</b>
Ireland	3.8	4.0	1.5	2.0	3.1	2.0	<b>2.73</b>
Italy	3.0	2.4	3.7	3.3	2.2	4.0	<b>3.10</b>
Netherlands	4.0	4.0	3.0	4.0	3.1	3.0	<b>3.52</b>
Norway	4.0	4.0	2.3	2.3	3.6	2.3	<b>3.08</b>
Portugal	2.8	3.0	2.7	2.5	3.0	3.6	<b>2.92</b>
Spain	3.0	2.2	3.5	2.7	2.8	3.5	<b>2.95</b>
Sweden	4.0	4.0	4.0	4.0	4.0	3.2	<b>3.87</b>
Switzerland	3.5	3.2	3.0	3.5	1.8	3.0	<b>2.99</b>
Turkey	2.3	2.0	2.7	2.2	3.0	2.3	<b>2.43</b>
United Kingdom	3.0	3.1	2.7	2.9	4.0	1.7	<b>2.90</b>

	Top Personal	Average Personal	Corporate	Capgains	VAT	Social	Average
<b>Eastern Europe</b>							
Czech Republic	2.0	1.8	2.6	2.0	3.2	4.0	<b>2.59</b>
Hungary	3.3	3.4	1.3	1.4	4.0	4.0	<b>2.88</b>
Poland	2.9	2.3	2.7	2.3	3.5	2.3	<b>2.66</b>
Russia	2.3	2.8	3.2	2.8	3.6	3.8	<b>3.07</b>
<b>Mideast/Africa</b>							
Israel	3.5	1.8	3.1	3.0	3.2	1.5	<b>2.68</b>
Saudi Arabia	1.0	1.0	3.0	2.0	1.0	1.6	<b>1.60</b>
South Africa	3.5	4.0	2.5	1.0	3.5	1.0	<b>2.58</b>
<b>North America</b>							
Canada	2.0	2.9	3.3	2.0	3.0	1.5	<b>2.45</b>
United States	2.6	2.1	3.8	1.5	2.0	1.6	<b>2.27</b>
<b>Latin America</b>							
Argentina	2.3	1.0	3.0	2.1	4.0	4.0	<b>2.73</b>
Brazil	2.4	2.0	2.5	2.1	4.0	3.2	<b>2.70</b>
Chile	3.5	3.0	1.5	2.5	4.0	1.5	<b>2.67</b>
Mexico	2.8	2.2	2.8	2.0	3.0	2.8	<b>2.58</b>
Venezuela	2.6	1.0	2.5	2.1	3.3	1.3	<b>2.13</b>





**PERSONAL INCOME TAX RATES AND THRESHOLDS**

	<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
<b>Asia Pacific</b>							
<i>Australia</i>	20	3,428	34	13,139	47	31,736	28,200
<i>New rates 07/00</i>	17	3,808	30	31,735	47	47,603	
<i>China</i>	5	0	25	2,416	45	12,079	3,733
<i>Hong Kong</i>	2	4,505	7	9,009	17	13,514	24,075
<i>India</i>	12	0			30	3,441	2,688
<i>Indonesia</i>	10	0	15	3,399	30	6,798	3,100
<i>Proposed</i>					35	27,000	
<i>Japan</i>	10	30,195	30	164,699	50	274,499	47,525
<i>Korea</i>	10	8,868	20	35,470	40	70,941	21,275

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<i>Malaysia</i>	21	13,158	26	18,421	30	39,474	16,725
<i>Proposed 2000</i>					29	39,474	
<i>New Zealand</i>	21.5	0			33	16,758	17,072**
<i>New rate 04/00</i>					39	29,400	
<i>Philippines</i>	5	247	20	3,455	32	12,340	4,700
<i>Singapore</i>	12	20,649	22	88,496	28	235,988	18,450
<i>Taiwan</i>	6	0	21	32,216	40	121,054	21,375
<i>Thailand</i>	5	0	20	13,298	37	106,383	10,075

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<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
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**Western Europe**

<i>Austria</i>	10	3,595	31	21,567	50	50,324	31,000
<i>Belgium</i>	25	6,203	45	26,967	55	59,328	32,900
<i>Denmark</i>	38.5	0	44.5	20,067	59	34,339	36,200
<i>Finland</i>	5.5	10,481	19.5	18,633	38	51,905	23,405
<i>France</i>	15	30,851	25	68,398	32.5	126,387	28,825
<i>Germany</i>	23.9	6,610	33.5	33,569	53	60,719	40,350
<i>Greece</i>	5	8,030	15	12,848	45	48,181	17,775

**PERSONAL INCOME TAX RATES AND THRESHOLDS**

	<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
<i>Ireland</i>	24	1		0	46	12,560	25,500
<i>Italy</i>	19	7,661	34	30,644	46	68,948	23,400
<i>Netherlands</i>	6.2	6,732	50	21,623	60	47,556	26,350
<i>Norway</i>	n/a		n/a		41.7	n/a	30,150
<i>Portugal</i>	1	0	25	5,400	40	31,400	16,300
<i>Spain</i>	15	3,567	23.57	24,371	39.6	65,387	19,625
<i>Sweden</i>	31	0	31	25,613	31	42,038	26,150
<i>Switzerland</i>	3.77	7,995	14.94	38,745	26.2	137,946	44,838

**PERSONAL INCOME TAX RATES AND THRESHOLDS**

	<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
<i>Turkey</i>	15	0	25	8,930	40	89,302	8,750
<i>United Kingdom</i>	10	2	23	2,409	40	44,968	26,113

**Eastern Europe**

<i>Czech Republic</i>	15	2,829	25	8,655	32	30,624	7,738
<i>Hungary</i>	20	0	30	1,548	40	3,870	4,075
<i>Poland</i>	19	0	30	7,156	40	14,311	5,825
<i>Russia</i>	12	1,044	20	3,133	30	10,442	3,790

**PERSONAL INCOME TAX RATES AND THRESHOLDS**

	<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
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**Mideast/Africa**

<i>Israel</i>	10	5,661	30	29,730	50	53,956	22,688
<i>Saudi Arabia</i>	nil		nil		nil		n/a
<i>South Africa</i>	19	0	35	8,117	45	19,481	16,600
<i>FY2001</i>	18	0	32	7,305	42	32,468	

**North America**

<i>Canada</i>	17	1	26	20,641	29	40,786	30,500
<i>United States</i>	15	1	31	62,450	39.6	283,150	36,550

**PERSONAL INCOME TAX RATES AND THRESHOLDS**

<b>Asia Pacific</b>	<i>Minimum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Middle Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Maximum Rate (%)</i>	<i>On income above (in US\$)</i>	<i>Average Income (US\$)*</i>
<i>Argentina</i>	6	10,000	18	60,000	35	200,000	22,025
<i>Brazil</i>	15	5,672		0	27.5	12,252	10,938
<i>Chile</i>	5	500	25	3,502	45	6,004	6,250
<i>Mexico</i>	3	436	32	9,046	40	212,766	6,260
<i>Venezuela</i>	6	1	16	29,336	34	88,009	5,018

\*Represents estimated annual gross income for the average of secretaries, engineers, bank credit clerks, and construction workers

\*\*Average annual earnings, total

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<b>Asia Pacific</b>					
<i>Australia</i>	36% (30% effective 07/00) 48.5% fringe benefits tax	Regular income Indexed vs. CPI	10-25%	10-30%	0-25%
<i>China</i>	20-33%, depending on domicile	33%	7-20%	5-20%	6-25%
<i>Hong Kong</i>	16% 8% for some financial operations	None			1.60% (effective)
<i>India</i>	35%	Regular income for assets held up to 3 years. 20% for assets held more than 3 years	10-20%	10-20%	10-30%
<i>Indonesia</i>	10-30%, depending on income (top rate applies at Rps 50m-plus)	Regular income Shares exempt	5-15%	10-20%	5-20%
<i>Proposed</i>	Top rate applies at Rps 100m-plus				
<i>Japan</i>	25-34.5%, depending on amount of paid-in capital 10-20% family companies	Regular income	10-20%	5-35%	10-20%
<i>Korea</i>	16-28% + 10% resident surcharge Rate depends on amount Excess retained earnings 15%	Regular income Shares exempt	20%	20%	2-25%



## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<i>Malaysia</i>	28% 38% on petroleum operations	Generally none, but real property may be subject to 0-30%	5-15%	0%	5-10%
<i>New Zealand</i>	33% 33-49% fringe benefits	None	10-19%	15-33%	10-30%
<i>Philippines</i>	32% income, fringe benefits 10% insurers, offshore banks 2.5% internat'l carriers' billings	20% Some shares exempt	10-15%	10-33%	7.5-25%
<i>Singapore</i>	26% (10% rebate for 1999) 10% for offshore financial activity fund mgmnt, some other finance	None	5-15%	None	5-15%
<i>Taiwan</i>	15-50% (depends on amount) 20% for specified hi-tech firms	Regular income Shares 0.3%	10-20%	15-30%	10-20%
<i>Thailand</i>	30% 3% of gross receipts in some financial sector operations	Regular income shares exempt	3-15%	10%	5-15%

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<b>Western Europe</b>					
<i>Austria</i>	34% Payments to foreign affils max. 33.3%	34%	5-25%	5-25%	0-20%
<i>Belgium</i>	40.17%	Bonds as corporate income Shares vary	10-15%	5-25%	5-15%
<i>Denmark</i>	32%; locally extracted oil & gas 70%	Regular income Shares held 3 years exempt		5-25%	5-30%
<i>Finland</i>	28%	28%	5-28%	5-28%	1-60%
<i>France</i>	33.33% + 10% surcharge	Regular income Shares taxed at 16%	2-35%	5-50%	5-33.3%
<i>Germany</i>	30-40% + 5.5% solidarity surchg. Rate depends on domicile and whether profits are distributed	Regular income Shares held 1 year exempt for individuals	2-42%	5-25%	5-25%
<i>Greece</i>	35-40%, depending on stock market status	35%	8-40%	15-47%	5-10%

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<i>Ireland</i>	25-32% Lower rate for small companies 10% on some mfg activity	20% for individuals 20-40% for companies All indexed for inflation	10-24%	None	10-24%
<i>Italy</i>	37%	Regular income	10-30%	5-27%	4-30%
<i>Netherlands</i>	35%	Regular income	None	5-25%	None
<i>Norway</i>	28% 50% for oil	28%	None	5-25%	None
<i>Portugal</i>	32%	Regular income shares taxed at 10%	10-15%	10-15%	5-15%
<i>Spain</i>	30-35% (lower rate for small companies)	Regular income assets held more than 2 years taxed at 20%	5-25%	5-25%	5-25%
<i>Sweden</i>	28% 33% on benefits	Regular income	30% resident individuals	5-30%	5-25%
<i>Switzerland</i>	14.42-44.98% incl. local taxes 12.6-31.02% effective rate	Regular income except local real estate and "substantial" shareholding	5-35%	5-35%	None

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<i>Turkey</i>	10-30% Depends on listed status	Regular income Shares exempt if held 1 year	10-15%	5-35%	5-22%
<i>U.K.</i>	20-30% (lower for small firms) 50% on petroleum revenues	Regular income indexed to CPI	5-20%	Usually none	5-23%
<b>Eastern Europe</b>					
<i>Czech Rep.</i>	31% (changes frequently) 5% net profit to statutory reserve	Regular income shares exempt if held 6 mths	5-25%	5-25%	1-25%
<i>Hungary</i>	18%	20% for individuals 18% for corporations	5-25%	5-20%	5-40%
<i>Poland</i>	32%	Regular income Shares exempt	5-20%	5-20%	5-20%
<i>Russia</i>	35% corporations 43% banks, insurance firms	Regular income	5-15%	5-20%	5-15%

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<b>Mideast/Africa</b>					
<i>Israel</i>	36%	Regular income			
<i>Saudi Arabia</i>	25-45%, depending on income	Corporate: regular income Individuals: exempt		None	
<i>South Africa</i> <i>FY2001</i>	30% general; 25-35% retirement funds as of FY2001, small firms may qualify for 15% reduced rate	Now none on capital assets Proposed effective rates of 6.25-15% starting in 2001	None	None	5.25-12% on "know-how"
<b>North America</b>					
<i>Canada</i>	38%, with abatement for state taxes of 2.5-17% (2.5-9.2% small firms); 0.225% large corp. surchg.	Regular income on first 75%	10-25%	5-25%	3-25%
<i>United States</i>	15-39%, depending on income 39.6% personal holding company	Regular income 20% if held more than 1 year	5-30%	5-30%	5-30%

## CORPORATE, CAPITAL GAINS, AND OTHER INVESTMENT TAXES

	<i>Corporate Income Tax</i>	<i>CapGains</i>	<i>Interest</i>	<i>Dividends</i>	<i>Royalties</i>
<b>Latin America</b>					
<i>Argentina</i>	35% (inflation indexing eliminated) or 1% tax on fixed+current assets	Regular income Shares exempt	12-35%	35%	10-27%
<i>Brazil</i>	15-25%	Regular income some exemptions	10-25%	12.5-25%	10-25%
<i>Chile</i>	15-35% (depends on industry and domicile)	Regular Income	4-35%	20-35%	30%
<i>Mexico</i>	30-35% (lower rate if profits are reinvested during the year), with cuts for primary ind. & publishers	20-40% shares exempt other exemptions	5-15%	5-25%	10-15%
<i>Venezuela</i>	15-34% 67.7% oil exploration tax	Regular income shares taxed at 1%	4.95-34%	None	5-34%

## VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES

<b>Asia Pacific</b>	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<i>Australia</i>	10% As of 07/00		7% compulsory superannuation (rises to 9% by 2002) 1.5% Medicaid Levy	No local incomes taxes; most local financial taxes to be replaced by GST
<i>China</i>	13-17%	30-60% land appreciation 0.1% capital transfer 3-45% luxury tax		1.2% urban real estate; 3-5% property transfer; local govt may require pensions
<i>Hong Kong</i>	0%		As of 12/00 mandatory provident (retirement) fund: 5% each employer/employee Requires illness/injury liability coverage	N/A
<i>India</i>		10-30% technical services 1% wealth tax on net assets of Rs 1.5m-plus	Pension/illness/unemployment: employee total 11.75-13.75%; employer 20.35-22.35%	Varies by state: e.g. Karnataka (Bangalore) rates range from 2-20%, with computers and peripherals at 8%
<i>Indonesia</i>	10%	0.1% share transfer 0.5% IPO founder shares	0.1-0.2% real estate value: 10-35% luxury tax Pension/illness/injury/unemployment; total for employer 7.5-13.5% total for employee 2%	N/A
<i>Japan</i>	5%	1.4% real property tax, 20% fml insts tax, 10-20% surcharge on corp. tax for family hldg cos	16.5% national retirement	5-20.7% local inhabitants tax 5.6-12.1% local enterprise tax
<i>Korea</i>	10%	15% excess retained earnings on large unlisted corporations	National pension: 4.5% each by employer and employee: illness 1-4% average by each side; injury 0.3-31.9% by employer, varies by industry	N/A

## VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES

	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<i>Malaysia</i>	5-15% (5% srvc)	5-30% real property gains 0.25% construction contracts	Provident fund/illness/injury: employee total is 12%; Employer's total is 14.25% ceiling 6%.	N/A
<i>New Zealand</i>	12.50%		33% on contributions to worker superannuation Insurance premiums on national workers' compensation plan; new gov't may alter scheme	N/A
<i>Philippines</i>	10%	7.5-20% financial instruments 1-4% IPO tax 0.5% share transaction tax	Age/disability/illness; employee's total is 3.3%, employer's total is 6.1%, self-employed 8.4%	N/A
<i>Singapore</i>	3%; fnc srvc exempt	12% real estate assessed value (55% rebate on industrial property through 06/00)	CPF (mandatory retirement fund) at 20% employee, 12% company (the latter will rise two points/yr to 20%)	N/A
<i>Taiwan</i>	5%	0.1-0.3% share, bond sales	1-2% unemployment insurance 6.5-11% labor insurance, 0.09-3% disability, 0.025% wage arrears fund	N/A
<i>Thailand</i>	10%		Age/illness/injury: employer and employee each pay 2%, additional 0.2-1% employer depending on industrial risk	10% municipal tax 12.5% household tax



## VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES

	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<b>Western Europe</b>				
<i>Austria</i>	10-20%	1% capital transfer tax	Total social security premiums are 21.65% employer, 17.65% worker Family tax 4.5%	Municipal tax 3% Chamber of commerce levy 0.53%
<i>Belgium</i>	6-21%	0.5% capital transfer 12.5% existing buildings transfer 309% on "secret commissions"	Pension/disability 8.86% of payroll by employer, 7.5% employee OECD study cites many other burdens	N/A
<i>Denmark</i>	5-25%		Soc. sec. 9% worker/0.28% company Age pension Kr 895/Kr1790 8.92% (employers' tax)	N/A
<i>Finland</i>	8-22%		Basic retirement fund 4.7% worker: employer adds 16.3-27.5%, varies by company size & worker earnings	0.1-1.1% Real estate 15.5-19.75% local income tax 1.5% health ins., 1-2.25% church
<i>France</i>	2.1-20.6%		Age, illness, injury, unemployment: Employee total 15.66% Employer total 34.23%	0.55-1.8% wealth tax (on global amounts of Fr4.7m and up). Also local income taxes.
<i>Germany</i>	7-16%		Age pension 9.75% by employer and employee Addl taxes: 12.35% by employer, 11.15% by employee. Self-employed 19.5%	12-20.5% local trade tax 8-9% church surcharge
<i>Greece</i>	4-18%	1% capital transfer 0.6% share transfer	Age pension: 6.67-8.87% employee 13.33-14.73% employer; Other totals 5.28% employee, 10.57% employer	N/A

## VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES

	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<i>Ireland</i>	3.6-21%	24% deposits by Irish residents 10-20% "special savings account"	6.75% social security to IR 24,200, 2.25% thereafter	N/A
<i>Italy</i>	4-10%		Age/illness/injury/unemployment: total for employee is 8.9-9.9%; total for employer is 30.9%-46.7%	4.25% local production tax 0.4-0.7% local property tax
<i>Netherlands</i>	6-17.5%	6% real property transfer 1% capital transfer 7% insurance premiums	Soc. sec. NLG 3,216 (avg) by worker; NLG 4,000/yr health ins. (20% paid by worker); wealth tax 0.7% net capital	N/A
<i>Norway</i>	7-23%		Age/illness/disability: employee's total 7.8%, Employer's total 14.1%; self-employed 10.7%	28% on taxable income over roughly \$6,500
<i>Portugal</i>	5-17%	30% surcharge on confidential payments	Age/illness/injury: employee total 11%, employer total 26.75%	0.7-1.3% local real estate tax
<i>Spain</i>	4-16%	3% rateable value of real property 0.2-2.5% wealth tax	Soc. sec. 6.4% for employee, 30.8% for employer	3-8.40%
<i>Sweden</i>	25%	0.5-1.5% real estate 30% withholding on interest 1.5% wealth tax over Skr900,000	Soc. security 33.06% by employer	26-33% municipal income tax (not deductible from national)
<i>Switzerland</i>	2.3-7.5%	Sfr 24-48 is charged as "personal tax" on every tax return	Soc. sec. 5.05%, unemp. 1.5% on first Sfr97,200. Both matched by employer. OECD study cites many other burdens	Local taxes range from 60% to 140% the weight of canton/federal taxes. On average, they are about equal.

**VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES**

	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<i>Turkey</i>	1-40%	5% bank/insurance transactions 0.12-0.6% stamp duties	Soc security 8.5-19.5% employer, 5-14% employee (rate depends on residence status)	N/A
<i>United Kingdom</i>	17.50%	5% insurance premiums tax 0.5-3.0% stamp duty	8.4-10%	Council taxes Scotland may charge up to 3% on residents as of 04/00
<b>Eastern Europe</b>				
<i>Czech Republic</i>	5-22%	0.5-40% gift/inheritance 5% real estate transfer	12.5% social security (employee) 35% (employer)	N/A
<i>Hungary</i>	12-25%	2-10% property 10-35% luxury tax	Age/Illness/Injury/Unemployment: employee total is 12.5%, employer total is 38%	up to 1.7%
<i>Poland</i>	7-22%		Pension 16.26% (rate paid by worker & employer); Sickness 2.45% worker; Other ins. total 4.15% by employer	
<i>Russia</i>	10-20%	2% property (0.1% foreign ctzns) 2.5% road users' tax 5-40% gift/inheritance	Social security 39.5% by employer 1% surcharge by employee	Sales tax 5%; about 200 others incl. asset tax 2%; road tax 1.25-3.75%; school tax 1% ad tax 5%; housing tax 1.5% (all max. rates)

**VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES**

	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<b>Mideast/Africa</b>				
<i>Israel</i>	8.5-17%	0.5-5% real estate by buyer 0.8-2.5% real estate by seller	Soc. sec. 2.66-4.9% (employee) and 4.93% (employer); national health 3.1-4.8%;	N/A
<i>S.A100 Arabia</i>	n/a		Age/illness/injury: employee total 5%, Employer total 10%	
<i>S. Africa</i>	14%	0.25% share transfers 10% land transfers 25% donations tax, 25% estate duty	Unemployment: employer/employee each pay 1%; mandatory work injury insurance	0.35-0.58% municipal taxes
<b>North America</b>				
<i>Canada</i>	7% food/exprts exempt		5.4% pension tax as of 1995, rising to 10.01% by 2016 Approx. C\$2100 soc. sec. (employee)	Local taxes added to VAT bring eff. rate as high as 15%
<i>U.S.</i>	sales tax varies avg 5-6%		Soc. sec./Medicare: 7.65% for employee and employer	0.36-12% state/municipal income taxes for individuals, 1-12% for corporations

## VALUE-ADDED, SOCIAL SECURITY, LOCAL, AND OTHER TAXES

<b>South America</b>	<i>VAT</i>	<i>Other</i>	<i>Social Taxes</i>	<i>Local Tax/Organizational Tax</i>
<i>Argentina</i>	21%		Soc. Sec. 32% (aggregate) employer 18% (aggregate) employee; 0.5% on world net wealth above \$102,300	N/A
<i>Brazil</i>	10-300%	various financial transactions taxes	Soc. sec. 8-11% employee, 20% employer; 20% self-employed Workers' comp. 1-3% employer	7-25% state sales and service
<i>Chile</i>	18%	13-70% luxury tax	Age pension: 10% minimum from employee; 3% disability	N/A
<i>Mexico</i>	10-15%	4.9-40% financial transactions, instruments, and real property	Age/illness/injury: employee's total is 4.875%; Employer's total ranges from 18.85%-29.65%	Varies
<i>Venezuela</i>	14.50% as of 3/1/00	0.5% bank transactions	Unemployment 1.7% employer, 0.5% employee; disability 4%; mandatory housing 2% employer, 1% worker	0.1-10.0% municipal taxes