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OECD TAX DATABASE

EXPLANATORY ANNEX

PART II
TAXATION OF CORPORATE AND CAPITAL INCOME

(Document updated October 2016)

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PART II. TAXATION OF CORPORATE AND CAPITAL INCOME

PART II, TABLE 1
CORPORATE INCOME TAX RATES

II.1. BELGIUM

The effective CIT rate can be substantially reduced by an allowance for corporate equity (ACE). The amount of this allowance is neither related to the behaviour nor to the results of the company, but depends only upon the amount of qualifying corporate equity and the yield on long term government bonds. There is however an upper limit. The original upper limit (of 6.5 % for non-SMEs) was first temporarily reduced to 3.8% in 2010 and 2011 and then permanently lowed to 3% from 2012 onwards. The effectively applied ACE-rates are listed in the table below. Stricter carry forward rules concerning unused ACE-deductible amounts were implemented from 2013 onwards.

Notional interest rate (ACE-rate)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Non-SMEs	3.442%	3.781%	4.307%	4.473%	3.8%	3.425%	3%	2.742%	2.63%	1.63%	1.131%
Small and medium enterprises (SMEs)	3.942%	4.281%	4.807%	4.973%	4.3%	3.925%	3.5%	3.242%	3.13%	2.13%	1.631%

The lower the return on equity before tax, the lower the effective tax rate due to this allowance for corporate equity. E.g. the effective tax rate is only half the nominal tax rate when the return on equity before tax is twice the notional interest rate. The following table illustrates the impact of the ACE on the effective tax rate when the gross return on equity equals respectively 2, 3 or 4 times the notional interest rate.

non-SMEs 2016	without ACE	gROE = 2 ACE-rate	gROE = 3 ACE-rate	gROE = 4 ACE-rate
Gross return on equity (gROE)	2.262	2.262	3.393	4.524
gROE / ACE-rate	2	2	3	4
ACE-rate 2016	0	1.131	1.131	1.131
Tax base	2.262	1.131	2.262	3.393
Nominal CIT rate	33.99%	33.99%	33.99%	33.99%
CIT	0.769	0.384	0.769	1.153
Net profit	1.493	1.878	2.624	3.371

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Effective CIT rate	33.990%	16.995%	22.660%	25.493%

II.1. CANADA

The representative sub-central government tax rate is an average of provincial corporate income tax rates, weighted by the provincial distribution of the federal corporate taxable income.

A federal surtax increased the general federal corporate income tax rate by 1.12 % between 1995 and 2007. Budget 2006 eliminated this surtax for all corporations as of January 1, 2008.

II.1. CHILE

Business profits made by individuals or legal entities resident or domiciled in Chile are taxed via the First Category Tax (FCT) levied at a tax rate of 24% in 2016 (in the case of taxpayers adhered to the totally integrated with income attribution tax regime, an income tax rate of 25% will apply from 2017 onwards; for taxpayers adhered to the partially integrated income tax system, a tax rate of 25.5% will apply in 2017 and 27% will apply from 2018 onwards). It applies to profits from any commercial activity whether the enterprise is a legal entity, a branch, a permanent establishment of a foreign company, sole proprietorship or an individual. The tax base is defined as total income less the costs and expenses required to produce it taking into account inflation adjustments. A loss incurred may be carried back and/or forward and deducted against profits without time limit. - It may also be offset against previous retained earnings in a kind of carry-back.

Individuals and legal entities that are not resident or domiciled in Chile are generally taxed on any income derived from Chilean sources at a standard tax rate of 35% (lower rates apply for some types of income and are available under double taxation agreements).

II.1. FRANCE

The rates in Table II.1 include surcharges, but do not include the local business tax (*Contribution économique territoriale*, which replaced the former local business tax, the *Taxe professionnelle* from January 1st 2010), the 3 % additional contribution on distributed profits, the temporary surtax applied to the standard corporate income tax liability for large companies with a turnover exceeding € 250 million (rate of 5% in 2011 and 2012 and 10,7% onwards) abolished in 2016, and the turnover-based solidarity tax (*Contribution de Sociale de Solidarité sur les Sociétés*). The *Contribution Sociale de Solidarité sur les Sociétés* is levied at a rate of 0.16% (0.13% plus a surcharge of 0.03%) of the turnover of companies, excluding VAT and is deductible for income tax purposes.[1]

The standard corporate income tax rate is 33.33%[2]. It is increased by a 3.3% surcharge (Contribution Sociale sur les Bénéfices) for companies with a turnover of at least EUR 7,630,000 on the part of their liable tax payments in excess of EUR 763,000 - resulting in an effective tax rate of 34.43% for companies that have profits above EUR 2,289,000. Since 2011, many reforms have broadened the corporate tax base. The carry-back of losses has been reduced from three to one year and the carry-forward of losses limited to 60 % of the income above EUR 1 million taxable profit, and eventually to 50 % as from 2012. Furthermore, the deduction of net financial expenses has been limited to 85 % of net interest charges for

[1] The French government has recently announced that both the temporary surtax and the turnover-based solidarity tax will be phased out by 2017

[2] The French government has recently announced that the standard corporate income tax rate will be gradually lowered to 28% by 2020, starting in 2017

2012 and 2013 fiscal years (only when they exceed EUR 3 000 000) and 75 % since 2014. Finally, exemptions on capital gains on sale of affiliates have been reduced.

The C*ontribution économique territoriale (CET)* is composed of two separate taxes, the corporate property contribution (*cotisation foncière des entreprises*, or CFE) and the contribution for value added (*cotisation sur la valeur ajoutée des entreprises*, or CVAE). Like the former local business tax (the *Taxe professionnelle,* abolished in 2010), this tax applies to branches and subsidiaries established in France. The tax is capped at 3% of the company's value added (the former local business tax was capped at 3.5% of value added).

The CFE is based on the value of owned or leased office premises. The productive investments are no longer taxed, as it was with the previous local business tax, i.e. equipment and movable property which include machines, tools, movable property and equipment. The CFE is calculated by multiplying the cadastral value of the premises by a certain coefficient, assessed annually by the local authorities. The local authorities also set the minimum contribution payable by the companies in their jurisdiction.

The contribution for value added by businesses (CVAE) is assessed on the value added companies realize during the previous calendar year or the last 12-month financial year if this does not coincide with the calendar year. It applies to firms concerned by the CFE with turnover exceeding EUR 152,500. Only companies with annual pre-tax turnover of over EUR 500,000 must pay the CVAE, but all have to declare the value added created during the fiscal year. The CVAE rate is theoretically 1.5% for companies with an annual pre-tax turnover of over EUR 50 million. Below this amount, companies are subject to a reduced CVAE rate, adjusted according to the level of the company turnover. The assessed value added is itself capped, depending on the case, at 80% or 85% of turnover (depending on whether the company's turnover is below or above EUR 7,600,000).

II.1. GERMANY

The representative sub-central government corporate income tax rate is for Berlin. In the years between 2000 and 2007 this rate was 0.05 (general rate) * 410 % (local multiplier ("Hebesatz") = 20.5 %. As the local business tax was deductible from its own base, the effective rate was 20.5 / 120.5 = 17 %.

This implies that the effective central government corporate income tax rate in 2007 was 26.375 % * (1-0.17) = 21.9 %. The combined corporate income tax rate in 2007 was therefore 38.9 %, as it also was in 2006, 2005, 2004, 2002 and 2001. In 2003, the effective central government corporate income tax rate was 27.96 % * (1-0.17) = 23.2 % due to a temporary increase in the tax rate in order to finance the repair of the damages caused by the major floods in 2002. The combined corporate income tax rate in 2003 was therefore 40.2 %. In 2000, the effective central government corporate income tax rate was 42.2 % * (1-0.17) = 35 %. The combined corporate income tax rate was therefore 52 %.

With the Corporate Tax Reform in 2008 the representative sub-central government corporate income tax rate was changed to 14.35 % (0.035 general rate * 410 % multiplier ("Hebesatz"). Local business tax is no longer deductible from its own base. The central government corporate income tax rate was reduced to 15 %. The combined corporate income tax rate is now at a level of 30.18 %.

II.1. GREECE

Corporate Taxation

According to the Greek Income Tax Code in force, which was enacted with the Law 4172/2013 and replaced the previous Code (Law 2238/1994), the tax rate imposed on the worldwide income acquired by

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legal persons and legal entities is 26%. This rate applies to income derived during the tax years beginning on or after 1.1.2014. *For additional information concerning previous years, see explanatory notes for table II.4.*

According to the Law 4334/2015 (Art. 1), the corporate income tax rate was increased to 29%. This rate applies to profits derived during the tax years beginning on or after 1.1.2015.

Legal persons and entities that are subject to CIT include:

a. Capital companies that were established in Greece or abroad (SA's, LLCs, PCCs)

b. Private companies that were established in Greece or abroad (partnerships) and keep double-entry books

c. Non-profit legal persons governed by public or private law and established in Greece or abroad, that keep single-entry books, including all types of associations and foundations, except any income derived in pursuit of the fulfillment of their mission, which is not subject to tax,

d. Cooperatives and Associations that keep double-entry books,

e. Civil law societies, civil profit or non-profit companies, joint-stock or silent companies, that keep double-entry books, provided that they are engaged in business activities,

f. Joint ventures that keep double-entry books

g. Legal entities (as defined in Art. 2 of the Income Tax Code) that keep double-entry books and are not included in the previous cases.

Profits from business activity derived by Agricultural Cooperatives and producer groups are subject to a 13% tax rate.

The Law provides certain tax exemptions. For instance, the Greek State, the Bank of Greece, as well as the Holding Companies, the **Undertakings for collective investment in transferable securities (UCITS) established in Greece or in another EU or EEA member-state and the Hellenic Republic Asset Development Fund** are fully exempt from taxation.. Government bodies are only liable to tax in respect of income from capital and surplus from capital transactions. A special tax regime (tonnage tax) applies for the operation of ships under Greek flag. Additionally, tax exemption applies in any income derived in Greece by foreign legal persons or individuals according to the special provisions of a Double Taxation Convention or a Multilateral International Convention or reciprocity conditions (NATO, UN, diplomatic missions etc.).

Distributed profits are subject to a withholding tax of 10%. In case of a parent-subsidiary relationship, dividend payments and profit distributions paid by subsidiary permanent establishment companies to their parent companies established in another EU Member-State shall be exempt from withholding tax provided that the conditions set forth in Art. 63 ITC are fulfilled (application of the EU Parent-Subsidiary Directive).

Partnerships, joint ventures - other legal entities

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(2000-2012)

TAX RATES FOR LEGAL ENTITIES (except for those subject to corporate income taxation)						
Type of legal person	1/1/2000 – 31/12/2004	1/1/2005-31/12/2005	1/1/2006-31/12/2006	1/1/2007-31/12/2007	1/1/2008 - 31/12/2009	1/1/2010-31/12/12
Limited partnership (EE) & Unlimited general partnership (OE), Civil law communities	25%	24%	22%	20%	20%	20%
Joint ventures, Civil companies, , Silent partnerships and Participation companies	35%	32%	29%	25%	25%	25%
Legal services companies of L.518/89, Notary companies of L.284/93	25%	25%	25%	25%	25%	25%

Partnerships under the Greek Law may be either general or limited partnerships. From 2010 to 2012 the above mentioned tax rate of 20% was imposed on the profits relating to partners who were individuals, following the deduction of their entrepreneurial fee, whereas the profits corresponding to legal entities partners were taxed at a 25% rate.

The Law 4110 /2013, as replaced by the Law 4172/2013 brought significant changes to the tax regime of partnerships, civil law societies, silent partnerships, participation companies, joint-ventures, legal services and notary companies, which from 1/1/2013 onwards are taxed with the following tax schedule:

Partnerships, joint ventures – and other legal entities keeping single entry accounting books
(2013-2016)

Income bracket (€)	Tax rate (%)	Tax bracket (€)	Total amount of	
			Income (€)	Tax (€)
50.000	26%	13.000	50.000	13.000
Excess	33%			

The tax treatment of the legal entities that keep double-entry books is now aligned with that of corporations (SAs, LLCs and PCCs), which means that the total amount of their net profits is taxable at the level of the entity (taxation at the level of the entrepreneur is abolished), whereas a 10% withholding tax is imposed on distributed profits.

All the above rates are decreased by 40% for income earned from business activities in Greek islands with less than 3.100 inhabitants.

II.1. HUNGARY

The rates do not include a turnover-based local business tax. Local governments are entitled to levy a local business tax on corporations in their jurisdiction, which is generally levied on the net sales revenue less the revised total sum of the acquisition costs of goods sold and the value of mediated services, subcontractor fees, material costs and costs directly related to R&D activities. The maximum rate is 2 %. Some local governments grant exemptions for small businesses.

The rates do not include the innovation tax as well. This tax is levied on the same basis as the local business tax. The innovation tax rate was 0.2 % in 2004, 0.25 % in 2005, and is 0.3 % from 2006. Small and micro enterprises are exempted from this tax.

As from 2007 credit institutions are obliged to pay 5 % surtax on interest income from loans associated with state subsidies. This tax is excluded from the table.

As from 2009 corporations supplying energy products are obliged to pay a surtax of 8 % on the basis of (adjusted) profit before taxation. As of 1 January 2013 the rate of this surtax is 31%. This tax is excluded from the table.

In 2005 and 2006 credit institutions and financial enterprises were obliged to pay a special tax on their interest income (tax rate was 6 %) or on the profit before corporate income tax (tax rate was 8 %). This tax is excluded from the table.

In the period of 1 September 2006-31 December 2009, taxpayers were obliged to pay a surtax of 4 % on the basis of (adjusted) profit before taxation.

As from September 2010, financial corporations are obliged to pay an extra levy. Different rules have been applicable to institutions engaged in different activities.

A temporary sectoral crisis tax was levied in years 2010-12 the energy, telecommunications and consumer goods retail sectors. The crisis tax was levied on the net sales turnover realized by corporations in the specific taxable sectors.

II.1. ISRAEL

The following table shows the historical tax rates for tax on the combination of wages and salaries and profits that the Financial Institutions pay in lieu of VAT.

Period	**Tax rate (percent)**
1 January 2000 -14 June 2002	17
15 June 2002- 29 February 2004	18
1 March 2004- 30 June 2006	17
1 July 2006- 30 June 2009	15.5
1 July 2009 – 31 Dec 2009	16.5
1 January 2010 – 31 Aug 2012	16.0
1 Sept 2012-31 May 2013	17.0
1 June 2013-30 September 2015	18.0
1 October 2015	17.0

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II.1. ITALY

Italian Local Income Tax – ILOR

Law no.825 of 1971 introduced local income tax.

This tax was applied:

- in the case of individuals wherever resident, on income accrued within the territory of the State, excluding income from employment calculated for personal income tax purposes;

- In the case of legal persons, on the overall net income calculated for the purposes of corporate income tax.

Although initially the revenue was allocated to local authorities, starting from 1974 the income was included in the State budget and the tax was no longer considered as local.

The tax was deductible for the purposes of personal income tax, while for the purposes of corporate income tax, it was deductible from 1971 to 1990, partially deductible in 1991 and non-deductible until its abolition in 1998.

This tax was abolished with the introduction of IRAP (Regional Tax on Productive Activities).

The Dual Income Tax (DIT)

The Dual Income Tax (DIT) is a special regime for the taxation of business income introduced with legislative decree n. 446/1997 and aimed at creating incentives for companies to increase self-capitalization thereby boosting economic activities.

With the DIT, the taxable business income is divided into two segments:

The first segment is a hypothetical return calculated by multiplying any qualifying increase in the net equity of the company by a nominal interest rate provided by the State, in excess of the net equity at the end of the taxable year which includes 30th September 1996. This income benefits from a reduced rate for personal income tax or corporate income tax (IRPEG or IRPEF), generally of 19% (7% for newly-listed companies).

The second segment, which is the difference between taxable business income and the amount included in the first segment, is subject to the standard tax rates. Anti-avoidance rules have been introduced in order to prevent the practice of multiplying the basis for calculating the DIT by introducing several times the same new investments. A special anti-avoidance regime has also been provided for in the case of groups of companies.

The Super-DIT

The so-called super-DIT regime, which was introduced with Legislative decree 18 January 2000 no. 9, extends the DIT benefit also to smaller enterprises which wish to be quoted on the Stock Exchange. It provides for even stronger incentives with a reduced tax rate which can be as low as to 7%.

Art. 2, paragraph 1, letter a) of Legislative decree no.9 of 18th January 2000 provides that the qualifying increases in the net equity are multiplied by 1.2 for the taxable period following that which includes 30th September 1999, and by 1.4 for subsequent taxable periods. In each taxable period, however,

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the increases in the equity capital, as adjusted by the above factors, cannot go as far as creating a sort of "virtual" net worth, that is to say an amount exceeding the threshold of the total year-end equity capital of the company which appears in the financial statements.

Moreover, this regime does not apply if the net equity of a quoted company at the end of the tax year preceding the relevant tax year exceeds € 258,228,450 before taking in account the profits for the tax year.

The DIT incentives have been "frozen" at 30.06.2001; only those companies that had deliberated qualifying increases in net equity before 30.06.2001 have continued to benefit from DIT incentives until the introduction of the new Corporate Income Tax (IRES).

Substitute tax on income from alienation and contributions of businesses, mergers, de-mergers and exchange of shares.

In 1997 an optional taxation regime of capital gains derived from corporate reorganizations, such as alienation of businesses owned for at least three years, the alienation of qualified or associated participations if the participations were classified as fixed financial assets at least in the last three balance sheets, mergers and de-mergers. Such regime provided for the application of a substitute tax with a 27% rate replacing both corporate and local income taxes. The regime gave the option to pay the tax due in up to five equal annual instalments.

This tax was abolished in 2004.

The regional tax on production activities - IRAP

In Italy the most relevant tax mix change concerned the introduction of the so-called IRAP in 1998, a regional tax on business activities paid by corporations and unincorporated entities which main characteristics is a wide tax base and a relative low tax rate. IRAP represents the basic source of revenue for the National Health System, nevertheless with its introduction other 6 taxes have been abolished, ILOR among others.

IRAP is charged on the value of net production resulting from the business pursued within the region.

The rate of tax is set at 4.25 % for tax payers generally but may be increased by up to one percentage point by individual regions.

The 2008 Budgetary Law has reduced the standard tax rate to 3.9% and in 2009 a deduction, from PIT and CIT, of IRAP concerning interests and labour costs (that is a 10% quota of IRAP paid in the previous year) has been introduced.

Furthermore, a reduced tax rate of 1.90% is charged on taxpayers operating in the agricultural sector and on cooperatives of the fishing sector; various special IRAP regimes apply as well.

Law Decree 98/2011 later introduced increased tax rate for banks (4.65%), insurance companies (5.90%) and concessionary companies outside the motorway sector (4.20%).

As regards in detail IRAP standard tax rates, the standard tax rate of 3,9% can be reduced or augmented up to a maximum of 0,92%, plus an optional increase of 0,15% for the Regions with health budget deficit.

As a result, the actual range for standard tax rates is 2.68%- 4.97%

The following table confirms the widespread variation of IRAP standard tax rates applied among Regions. The tax rates in the table are updated to 2015-2016 (only Regions identified by a "*" have currently updated their tax rates to 2016 at the date of 17th Feb 2016. The other Regions display the rates as updated to 2015):

Region	**Standard tax rate**
Abruzzo	4.82 %
Basilicata	3.90 %
Bolzano*	2.68%
Calabria	4.82 %
Campania	4.97 %
Emilia Romagna	3.90 %
Friuli Venezia Giulia*	3.90 %
Lazio*	4.82%
Liguria	3.90%
Lombardia	3.90%
Marche*	4.73%
Molise	4.97%
Piemonte	3.90 %
Puglia*	4.82%
Sardegna*	3.90%
Sicilia	4.82%
Toscana	3.90%
Trento	2.30%
Umbria	3.90%
Valle d'Aosta	3.90%
Veneto	3,90%

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In addition to this, the Italian tax system provides a set of IRAP lump-sum deductions concerning dependent workers hired with an open-end contract, dependent workers hired in disadvantaged Regions and taxpayers of minor dimensions[1].

Law Decree 201/2011 (later converted by Law 214/2011) raised all these deductions, and also introduced the possibility, for Regions, to apply for a full deduction, from PIT and CIT tax base, of IRAP concerning labour costs. In addition, a further deduction from PIT and CIT tax base was introduced; equal to 10% of the total amount of IRAP paid (this deduction is granted in the presence of passive interests and similar charges).

Later Law 208/2012 deferred the increases of IRAP deductions until 2014.

As a result, these are the IRAP deductions in force for 2012 and 2013:

- dependent workers hired with an open-end contract: 4,600 euros, increased up to 10,600 euros for women and people under 35 years old

- dependent workers hired with an open-end contract in a group of Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna e Sicilia): 9,200 euros, increased up to 15,200 euros for women and people under 35 years old

- deductions for taxpayers of minor dimensions:

Tax base (amount in euros)	**IRAP deductions (amount in euros)**
Up to 180,759.91	7,350
From 180,759.91 and up to 180,839.91	5,500
From 180,839.91 and up to 180,919.91	3,700
From 180,919.91 and up to 180,999.91	1,850

Starting from 2014, the IRAP deductions mentioned above will be augmented as follows:

- dependent workers hired with an open-end contract: 7,500 euros, increased up to 13,500 euros for women and people under 35 years old

- dependent workers hired with an open-end contract in a group of Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna e Sicilia): 15,000 euros, increased up to 21,000 euros for women and people under 35 years old

- deductions for taxpayers of minor dimensions:

Tax base (amount in euros)	**IRAP deductions (amount in euros)**

[1] There are some exceptions related to the Public Administration, banks, insurance companies and firms operating in the financial sector, firms operating under the system of legal concession, etc.,

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Up to 180,759.91	8,000
From 180,759.91 and up to 180,839.91	6,000
From 180,839.91 and up to 180,919.91	4,000
From 180,919.91 and up to 180,999.91	2,000

The Stability Law for 2014 (Law n. 147/2013) confirmed the increased IRAP deductions for dependent workers hired with an open-end contract: the IRAP deductions can be claimed up to a maximum of 15,000 euros (annual limit per worker), and are granted for the year of employment and for the two subsequent years.

In the calculation of the IRAP tax base the following items are also deductible: social insurance and security contributions, compulsory contributions for industrial accident insurance, in addition to a fixed annual deduction of 7,500 euros for each worker.

The further deduction of 7,500 euros is increased up to 15,000 euros for dependent workers hired with an open-end contract in a group of Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and Sicilia): in addition to this, the Stability Law for 2014 provides a further deduction of 6,000 euros (i.e. the deduction of 15,000 euros is augmented up to 21,000 euros) for women and people under 35 years old.

The increased IRAP deductions for taxpayers of minor dimensions (see above) fall within the measure introduced by the Stability Law for 2014 to reduce the tax wedge.

The Stability Law for 2015 (Law n. 190/2014) introduced the following measures related to IRAP:

- The standard IRAP rate was retroactively brought back from 3.5% to 3.9% (from 1st January 2014 onwards). Regions can decide to increase/decrease the IRAP tax rate by 0.92% at the most;

- As of 1st January 2015, for dependent workers hired with a permanent contract, employers can deduct from the IRAP tax base an amount equal to the difference (if positive) between the total labour cost and the sum of all the applicable IRAP deductions (the analytical and lump-sum deductions described above);

In addition to this, the Stability Law for 2015 (Law n. 190/2014) introduced a 10% IRAP tax credit: taxpayers that do not employ dependent workers to carry out their activity can benefit from an IRAP tax credit equal to 10% of the gross amount of IRAP due.

The Stability Law for 2016 (Law n.208/2015) introduced the following measures related to IRAP:

- Starting from 1st January 2016 the subjects carrying on a business activity in the agricultural and small-scale fishing. sectors (including cooperatives and their consortia) are excluded from the scope of IRAP

- The possibility to deduct labour costs (but, in this case, only up to 70% of their amount) from the IRAP tax base is extended to seasonal workers that are employed for at least 120 days in

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the tax year, starting from the second contract concluded with the same employer within a two-year period.

The new corporate income tax - IRES

At the end of the year 2003 the IRPEG, together with the DIT incentives, was abolished. As of 1 January 2004 a new corporate income tax, IRES, was introduced with a statutory tax rate of 33%.

The 2008 Budgetary Law has cut the tax rate from 33% to 27.5%.

The 2004 reform of corporate taxation provides for a general system of capital gains exemption with no deductibility of the corresponding capital losses. Starting from 2008, the exemption is granted on 95%, of the total amount of capital gains.

Furthermore, the imputation method previously used to eliminate dividend double taxation has been replaced with the exemption method (dividends are exempted for up to 95% for taxpayers subject to IRES and up to 60% for taxpayers subject to IRPEF).

For taxpayers subject to IRPEF dividends arising from non-qualified participations are taxed separately at a rate of 20%. Starting from 2008 dividends arising from qualified participations are exempt for up to 50.28% (previously the exemption was 60%).

In the same year, 'thin capitalization' rules has been abolished as well as some depreciation allowances and anticipated depreciation and new rules has been introduced in order to limit the deduction of interest expenses:

- full deduction of interest expenses up to the value of interest revenues;
- possibility to deduct the interest expenses exceeding the amount of interest revenues up to 30% of Gross Operating Profit;
- possibility to increase with the unused portion of Gross Operating Profit of a given tax period, the Gross Operating Profit of the subsequent tax periods (starting from 2010).

As of 1st July 2014, for taxpayers subject to IRPEF the tax rate applied to dividends arising from non-qualified participations was increased from 20% to 26%.

Starting from 2004 group consolidation for tax purpose has been introduced, both at the domestic level and worldwide, on condition that the parent company controls at least 50% of the subsidiary. At domestic level the option for tax consolidation is bilateral and can be exercised by some or all the companies belonging to the group; the consolidated tax base is given by the algebraic sum of the taxable incomes of the consolidated companies regardless of the percentage of shareholding held by the parent company. The minimum period for tax consolidation is 3 years and the option can be renewed for a period of the same length. The option for worldwide consolidation can be exercised only by the parent company of the highest level and requires consolidation of all companies belonging to the group. The option cannot be exercised if one of the subsidiaries is resident in a tax haven or benefits from a privileged tax regime. The consolidated tax base is given by the algebraic sum of the percentage of taxable income of each consolidated company corresponding to the shareholding held by the parent company. The minimum period for tax consolidation is 5 years and the option can be renewed for a period of 3 years.

In addition, corporations participated by other corporations (each with a shareholding of at least 10% and not higher than 50%) and limited liability companies with no more than 10 shareholders that are

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natural persons can impute *pro-quota* their taxable income to the shareholders (the company is 'transparent' for tax purposes).

The so-called 'Robin tax'

An additional CIT rate of 5.5% was introduced during 2008 charged on oil, gas and electricity industries in relation to extra profit generated from exceptional high oil prices. It is explicitly forbidden for those firms to shift the tax on prices, under the surveillance of the Energy Authority.

Since 2009 the rate was increased to 6.5%.

Law Decree 138/2011 further increased the rate from 6.5% to 10.5% for the tax periods from 2011 to 2013. The Robin tax is now charged also on companies that produce electricity through the use of renewable sources of energy.

Starting from 2014, the Robin tax is charged, as before, at 6.5% on all taxpayers.

Starting from 12th February 2015, the Robin Tax is no longer applied, having been declared unconstitutional by the Italian Constitutional Court.

The new Allowance for Corporate Equity (ACE) system of taxation

Starting from 1st January 2012, Italy introduced a variant on the Italian corporate income tax that is the allowance for corporate equity (ACE) system of taxation, now applied to new injections of equity funds in Italian enterprises (both in the form of money given by shareholders and as accumulated profits). According to the new system, firms are allowed to deduct a notional return on their new injections of equity, defined as the product of the amount of new equity funds (with reference to the equity stock at 31st December 2010), with a notional interest rate that, according to Italian rules, is equal to 3% for the years from 2011 to 2013 (after that term, the notional interest rate to be applied to the injections of new equity will be determined each year by the Ministry of Economy and Finance).

The tax benefits provided by the ACE system of taxation were augmented by Law n. 147/2013 (taking effect from 1st January 2014), in the form of an increase of the notional interest rate applied to the amount of new injections of equity funds;

- 4% for the tax period in progress on 31st December 2014;
- 4.5% for the tax period in progress on 31st December 2015;
- 4.75% for the tax period in progress on 31st December 2016.

After 2016, the notional interest rate to be applied to the injections of new equity will be determined each year by the Ministry of Economy and Finance, always within 31st January of the year of reference.

II.1. LATVIA

Corporate income tax is paid by legal entities and non-resident permanent establishments for their income. The corporate income is taxed at a flat rate. The tax rate was 25 per cent until 2001 and then it gradually decreased to 15 per cent in 2004 where it has remained ever since.

Tax Rates	**2016**

Basic rate	15%
Withholding tax (payments made by residents and non-resident permanent establishments)	2%-30%

Corporate income tax payers are the performers of economic activity (residents):

- domestic undertakings,
- institutions financed from the State budget, whose income from economic activity is not provided for in the State budget,
- institutions financed from local government budgets whose income from economic activity is not provided for in the State budget.
- foreign commercial companies, natural persons and other persons (non-residents) and permanent establishments of non-residents.

Main corporate income tax reliefs and exemptions in 2014 were:

- losses carried forward from previous years;
- applying increased rate of depreciation for tax purposes;
- amount of dividends receivable from another payer or paid to non-residents (except low-tax or tax-free state or territory);
- allowance for purchasing of new production technology equipment;
- tax relief for donors.

Corporate income tax is paid to the central government budget. The taxation period is an accounting year of a taxpayer.

II.1. LUXEMBOURG

The representative sub-central government corporate income tax rate is for Luxembourg City. The rate is 0.03 (general rate) * 225 % (taux communal) = 6.75 %.

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II.1. MEXICO

Corporate Income Tax Table for the years 1981 to 1986:

Taxable income		Fixed Quota (MXN)	Tax on the amount in excess of lower limit (%)
Lower Limit (MXN)	Upper Limit (MXN)		
0.01	2,000.00	-	Exent
2,000.01	3,500.00	-	5.00
3,500.01	5,000.00	75.00	6.00
5,000.01	8,000.00	165.00	7.00
8,000.01	11,000.00	375.00	8.00
11,000.01	14,000.00	615.00	9.00
14,000.01	20,000.00	885.00	10.00
20,000.01	26,000.00	1,485.00	11.00
26,000.01	32,000.00	2,145.00	13.00
32,000.01	38,000.00	2,925.00	16.00
38,000.01	50,000.00	3,885.00	18.00
50,000.01	62,000.00	6,045.00	19.00
62,000.01	74,000.00	8,325.00	20.00
74,000.01	86,000.00	10,725.00	21.50
86,000.01	100,000.00	13,305.00	22.50
100,000.01	150,000.00	16,455.00	24.10
150,000.01	200,000.00	28,505.00	26.76
200,000.01	300,000.00	41,885.00	29.64
300,000.01	400,000.00	71,525.00	34.00
400,000.01	500,000.00	105,525.00	38.00
500,000.01	And over	210,000.00	42.00

In 2000 and 2001, all firms could defer 5 % of their corporate income tax on reinvested profits. These profits were taxed at a 30 % rate; the deferred 5 % were paid when the profits were distributed.

In 2008 a minimum complementary tax to the income tax was introduced, the Business Flat Rate Tax or IETU by its Spanish sigla (the taxpayer only pays the excess of the IETU over his/her income tax). This tax substituted the Assets Tax and has a rate of 17.5%. The IETU taxed the income generated by the transfer of goods, the rendering of independent services and the granting of temporary use or enjoyment of goods, allowed the deduction of expenses corresponding to the purchase of goods, independent services or the temporary use or enjoyment of goods used in those activities, and the investments in fixed assets. Ttaxpayers' could also obtain a credit for the taxed wages and salaries paid. In January 1st, 2014 the IETU was derogated.

II.1. NETHERLANDS

Since 2000 the corporate tax rate has been gradually reduced from 35% to 25% in 2011. The corporate tax rate above €200000 is still 25% in 2015. The basic tax rate applies to taxable income over € 60.000 in 2007, € 275.000 in 2008 and € 200.000 from 2009. To taxable income below that limit a reduced rate of 20% applies. In 2015 and in 2016 the rate below €200.000 remains 20%.

II.1. NORWAY

The corporate tax rate (27 %) is the same as the personal income tax rate on ordinary income.

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II.1. POLAND

The payers of corporate income tax are taxed with flat rate tax. In recent years, the rate of this tax base has been gradually reduced from 40% in 1996 to 30% in 2000 as well as to 19% in 2004. This 19 % tax rate is still at present.

The corporate income tax encompasses all revenue of legal persons, partnerships limited by shares, organisational units without the status of a legal person, with the exception of companies without the status of a legal person and tax capital groups, excluding revenues from:

- agricultural activity (except special sections of agricultural production),
- forest economy.
- activities which cannot be a subject matter of a legally binding contract,,
- ship owner's activity which is subject to tonnage tax.

The CIT Act exempts certain types of income from tax, e.g.:

- income from non-refundable assistance resources received by taxpayers from governments of foreign countries, international organizations or international financial institutions etc.,
- income from grants, subventions, subsidiary payments and other gratuitous performances received to cover costs or to refund expenses incurred in connection with receipt,
- direct payments applied within the Common Agricultural Policy of the European Union,
- income of taxpayers (not apply to State enterprises, cooperatives and companies) whose statutory aim is: scientific activity, technical research, supporting public projects in building roads and telecommunication networks and water supply system in rural areas, charity, health protection and social aid, religious practice – in the part designed for such purposes,
- income of churches legal persons or incomes of companies whose sole shareholders is a church legal person generated from statutory non-economic activity and from other activities in part used for the purposes of inter alia religious worship, science, culture, charity, educational.
- income from school activity – in part designed for schools' purpose.

The corporate income tax is the central government tax but revenue from this tax is split between central government and local governments.

II.1. SLOVAK REPUBLIC

The corporate incomes are taxed with flat tax rate. In recent years, the tax rate base has been gradually reduced from 40% in late 90s to 19% in 2004, which was effective until 2012. For 2013, the CIT rate increased to 23%. Since 2014, the rate was reduced to 22% as an accompanying measure of introduction of the minimum corporate tax.

The minimum tax, called tax license, has been introduced at three levels: EUR 480 for small corporations, not registered to VAT; EUR 960 for small corporations, registered to VAT and EUR 1,280 for large companies (turnover over EUR 500,000). These minimum amounts have to be paid if the tax calculated on the actual taxable income is lower. The minimum tax is paid as the ordinary CIT, i.e. when tax return is filed. The difference between the minimum tax and the tax calculated based on taxable income may be carried forward and deducted from tax liability up to 3 years. Companies in the first year of existence and non-profit organizations are exempt.

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II.1. SLOVENIA

Corporate income tax is levied on the taxable profit of private companies at a rate of 17% for the year 2015. In the years 2000 – 2006 there was a tax rate of 25 %. Over the next six years the corporate income tax rate was gradually reduced (from 25 % in 2006 to 20 % in 2010 and then from 20 to 18 % in 2012) until it reached the stage of 17 % in the year 2013. A special rate of 0% applies to investment funds, pension funds and insurance undertakings for pension plans, under certain conditions, as well as to venture capital companies which were set up by the Venture Capital Companies Act and prepare a separate tax statement just for that part of their activity. The Bank of Slovenia does not assess and pay corporate income tax.

A general research and development (R&D) investment incentive is represented as a deduction from the tax base of 100% of the amount invested in internal R&D activities and purchase of R&D services, but not exceeding the amount of the taxable base. There is also a tax incentive – a deduction from the tax base of 40% of the amount invested in equipment and intangibles, but only up to the amount of the taxable base. There are also further general tax incentives under certain conditions for entities that provide work for employees, trainees or disabled persons, as well as relief for donations and voluntary supplementary pension insurance.

Taxpayers may be taxed optional on a scheduler basis using a lump-sum deduction regime as of 1st of January 2013. The tax base is determined on the basis of lump-sum costs accounting for 70 % of income. The tax rate is 17 %. For taxpayers who are determining their tax base by using the lump-sum deduction regime no tax reliefs can be claimed or tax loss declared. With effect from 1st of January 2015, the upper limit for revenues was increased from 50 000 € to 100 000 €, and the lump-sum costs increased to 80 % of income.

Corporate income tax is payable for the tax period corresponding to the calendar year; however, corporate taxpayers may choose their tax period to be the same as their business year, which does not necessarily equal the calendar year. In that case the taxpayer must notify the tax authority of its choice and keep in mind that the tax period chosen may not exceed a period of 12 months. The taxpayer may not change the tax period for three years.

II.1. SWITZERLAND

In Switzerland, companies pay a tax on capital and a tax on profit. However, because the data in this table are limited to corporate income tax rates, effective tax rates for companies are computed here without factoring in the tax on capital. Calculation of the effective income tax rate therefore disregards the fact that the rate of tax on capital is deductible from the income tax. The nominal corporate tax rate (t_c) is the sum of the nominal federal tax rate (t_{cf}) and the cantonal (or regional) rate (t_{cr}). The overall effective tax rate taking deductions into account (t') is computed as follows: $t'_c = (t_{cf} + t_{cr})/(1+t_{cf}+t_{cr}) = t_c/(1+t_c)$. The effective federal profit tax rate is thus $t'_{cf} = t_{cf}(1-t') = t_{cf}/(1+t_c)$. The effective regional profit tax rate is: $t'_{cr} = t_{cr}(1-t') = t_{cr}/(1+t_c)$. The quantity t_{cr} is computed by multiplying the base rate by M: t_{cr} = base rate *M. The variable M is the sum of cantonal, communal and church multiples. In the case of companies, church taxes are included as businesses cannot avoid them. Information on rates excluding church taxes are included as comments in the table itself.

II.1. UNITED STATES

The federal income tax rate of 35 % generally applies to taxable income over $10 million.

The representative sub-central rate is a weighted average of state corporate income tax rates. It is calculated based on the methodology provided in King, Mervyn and Don Fullerton, eds., *The Taxation of Income from Capital*, Chicago: University of Chicago Press, 1984, p. 204. The weighted average rate is the sum for all states of the top corporate income tax rate for each state multiplied by the state's share in personal income.

Beginning in 2005 taxpayers are permitted a deduction for a portion of income from US production activities, which is phased in over six years. Beginning in 2010, the deduction is nine percent (three percent for 2005 and 2006 and six percent for 2007, 2008 and 2009) of the lesser of (1) qualified production activities, or (2) taxable income. The deduction is limited to 50 percent of wages paid by the employer.

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PART II, TABLE 2
TARGETED CORPORATE INCOME TAX RATES

II.2. BELGIUM

Small business income

Small business corporate tax rates (*)							
income	marginal		marginal		marginal		
year	rate	threshold	rate	threshold	rate	threshold	
1977	33.00	not available					bef
1978	33.00	not available					bef
1979	33.00	not available					bef
1980	33.00	not available					bef
1981	33.00	not available					bef
1982	33.00	1 000 000		3 600 000		14 400 000	bef
1983	31.00	1 000 000	40.00	3 600 000	47.50	14 400 000	bef
1984	31.00	1 000 000		3 600 000	not available		bef
1985	31.00	1 000 000		3 600 000	not available		bef
1986	31.00	1 000 000		3 600 000	not available		bef
1987	30.00	1 000 000		3 600 000	not available		bef
1988	30.00	1 000 000		3 600 000	not available		bef
1989	30.00	1 000 000		3 600 000	not available		bef
1990	29.00	1 000 000	37.00	3 600 000	43.00	14 800 000	bef
1991	28.00	1 000 000	36.00	3 600 000	41.00	13 000 000	bef
1992	28.00	1 000 000	36.00	3 600 000	41.00	13 000 000	bef
1993	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1994	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1995	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1996	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1997	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1998	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
1999	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
2000	28.84 (28.0)	1 000 000	37.08 (36)	3 600 000	42.23 (41)	13 000 000	bef
2001	28.84 (28.0)	25 000	37.08 (36)	89 500	42.23 (41)	323 750	euro
2002	28.84 (28.0)	25 000	37.08 (36)	89 500	42.23 (41)	323 750	euro
2003	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	euro
2004	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	euro
2005	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	euro
2006	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	euro
2007	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro

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2008	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2009	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2010	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2011	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2012	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2013	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2014	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2015	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2016	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro

(*) rate including 3% surtax, when applicable (rate excluding surtax in brackets)

Reduced rates can be applied when the taxable profit does not exceed a threshold.

Threshold starting from income year 2003: 322 500 euro.

Taxable net profit in euros	Rate applicable to this bracket	Rate applicable including 3% surtax
0 – 25 000	24.25%	24.9775%
25 000 – 90 000	31%	31.93%
90 000 – 322 500	34.50%	35.535%
322 500 and over	33%	33.99%

The lower the return on equity before tax, the lower the effective tax rate due to the allowance for corporate equity (ACE). The following table illustrates the impact of the ACE on the effective tax rate when the gross return on equity equals respectively 2, 3 or 4 times the notional interest rate and assuming that SMEs that qualify for reduced rates also qualify for the increased ACE-rate (3.942% in 2006, 4.281% in 2007, 4.807% in 2008, 4.973% in 2009, 4.3% in 2010, 3.925% in 2011, 3.5% in 2012 3.242% in in 2013, 3.13% in 2014,2.13% in 2015 and 1.631% in 2016).

SMEs 2016	*without ACE*	gROE = 2 ACE-rate	gROE = 3 ACE-rate	gROE = 4 ACE-rate
Gross return on equity (gROE)	3.262	3.262	4.893	6.524
gROE / ACE-rate	*2*	2	3	4
ACE-rate 2016	0	1.631	1.631	1.631
Tax base	3.262	1.631	3.262	4.893
Nominal CIT rate	*33.99%*	33.99%	33.99%	33.99%
CIT	1.109	0.554	1.109	1.663
Net profit	2.153	2.708	3.784	4.861
Effective CIT rate	*33.990%*	16.995%	22.660%	25.493%

Threshold for 2002 and 2001: 323 750 euro.

Taxable net profit	Rate applicable to this bracket	Rate applicable including 3% surtax
0 – 25 000	28%	28.84%
25 000 – 89 500	36%	37.08%
89 500 – 323 750	41%	42.23%
323 750 and over	39%	40.17%

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In order to qualify for these reduced rates, a company must fulfil a number of conditions.

- The company must not be an investment company and must not be part of a group to which belongs a co-ordination centre;

- Entitlement to the reduced rates is not granted to companies of which at least 50% of the shares are held by one or more other companies;

- At least one of the managers is granted a remuneration which, if it is less than a certain threshold, shall not be less than the company's taxable income. The threshold increased from +/- 24 500 euros (until 2003), to 36 000 (starting from income year 2007);

Threshold	2000	2001	2002	2003	2004	2005	2006	As from 2007
In euros	24 789.35	24 500	24 500	24 500	27 000	30 000	33 000	36 000

- Except for certain recognized co-operative companies, entitlement to the reduced rates is also denied when the dividend payments exceeds 13% of equity capital effectively paid up at the beginning of the tax period.

In order to qualify for the increased ACE-rate, the number of employees must be lower than 100 (annual average) and not more than one of the following caps may be exceeded in both the last and the last but one approved accounting periods:

- The number of employees must be lower than 50 (annual work force average);

- The turnover must be lower than 7.3 million euro (VAT excluded);

- The balance sheet total must be lower than 3.65 million euro.

II.2. CANADA

Small business income

Before 1982, the small business income tax rate applied to the first $150,000 of active business income of small Canadian-controlled private companies at the federal level. This threshold was raised to $200,000 in 1982, to $225,000 in 2003, to $250,000 in 2004, to $300,000 in 2005 to $400,000 in 2007 and to $500,000 as of January 1, 2009.

Most provinces provide reduced corporate income tax rates for small businesses. See note to Table II.3 for a summary of provincial corporate income tax rates on small business income.

The representative sub-central government small business tax rate is an average of provincial corporate income tax rates, weighted by the provincial distribution of the federal corporate taxable income taxed at the small business rate.

Manufacturing and processing income

Before 2004, corporate income on manufacturing and processing (M&P) activities, not otherwise eligible for the small business rate reduction, was taxed at a lower rate at the federal level. This tax rate differential was completely phased-out between 2000 and 2004 with the general corporate income tax rate

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being reduced at the M&P rate level.

Several provinces provide reduced corporate income tax rates on M&P income. See note to Table II.3 for a summary of provincial corporate income tax rates on M&P income.

II.2. CHILE

Income tax on state-owned enterprises

State owned enterprises have to pay a surtax rate of 40% in addition to the basic rate of FCT.

Specific tax on mining activities

The specific tax on mining activities was introduced in 2006 (and modified in 2010) and is levied on income derived from the operational income of metal mining activity when obtained by a mining exploiter. Mining exploiters are defined as individuals or legal entities that extract mineral substances and sell them in any state of production.

The tax is payable by those having annual sales that exceed the equivalent of the value of 12,000 metric tons of fine copper. If annual sales have an equivalent value of between 12,000 and 50,000 metric tons, the tax is paid at a progressive rate that varies between 0.5% and 4.5%.Where the annual sales are greater than the equivalent of 50,000 metric tons, and the mining operational margin obtained by the mining exploiter is equal or lower than 85, the progressive tax rate ranges from 5% to 34.5%; if the margin is greater than 85, the tax rate applicable is 14%.

The value of a metric ton of fine copper is calculated according to the average value at the London Metal Exchange. Certain amounts are either added or deducted from the FCT base to calculate the operational income for mining activity.

Small businesses

Small businesses do not have targeted income corporate taxes. However they can benefit from some special income tax regimes, where the general methodology to calculate the taxable income is modified, and some tax obligations are simplified or eliminated.

II.2. CZECH REPUBLIC

These are the following income tax rates on special activity:

	2000	2001-2003	2004	2005-2014	2015
pension funds	25%	15%	15%	5%	0%
shares fund	25%	15%	5%	5%	-
investment funds	25%	15%	5%	5%	-
basic investment fund	-	-	-	-	5%

Regular tax rate on corporate income is 19%.

As of 2015 tax rates on special activities has changed as follows: tax rate to pension funds is 0% (with certain exemption); in the tax legislation new so called “basic investment fund” is defined and only this specific fund can utilize lower tax rate of 5%. Other investment funds which do not fulfil conditions set for basic investment funds are subject to standard income tax rate of 19%.

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II.2. HUNGARY

In the case of a so-called party carrying out activities abroad - defined in the Act 81 of 1996 on Corporate Tax and Dividend Tax - the corporate tax rate was 3 % in the period 2000-2003 and was 4 % in the period 2004-2005. This regime has been ceased since 2006.

II.2. ISRAEL

The Law for the Encouragement of Capital Investments was amended as of 1/1/2011.

For the purposes of the law the country is divided into two areas: A Priority Area (far from the Centre) and The Centre of the country.

To qualify for any benefits the company has to be an industrial company registered in Israel and has to prove export capability.

Companies that qualify will be entitled to a lower company tax rates and, if located in the Priority Area, will also be entitled to an investment grant which will be calculated as a percentage of their approved investment as indicated below.

Years	**Company Tax rates**		**Dividend Tax rate**	**Investment Grant in Priority Area**
	Centre of the Country	**Priority Area**		
2011 & 2012	15%	10%	15%	20%
2013	12.5%	7%	15%	20%
2014 onwards	16%	9%	20%	20%

Super low company tax rate: Companies that meet the following criteria are taxed at an even lower tax rate: 8% in the centre and 5% in the Priority area.

Criteria:

1. Total annual income in Israel of at least 1.5 billion LIS

2. The combined balance sheet of the company is at least 20 billion LIS.

3. The business plan of the company will include one of the following:

a) Investment in productive equipment of at least 800 million LIS in the centre of the country or 400 million LIS in the Priority Area over a 3 year period.

b) Investment in R&D of at least 150 million NIS in the centre of the country or 100 million LIS in the Priority Area

c) Employing at least 500 employees in the centre of the country or 250 employees in the Priority Area

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II.2. ITALY

Targeted corporate income taxes refer to the DIT and the withholding taxes on corporate reorganizations as described in the explanatory notes of table II.1.

II.2. LATVIA

Microenterprise (small business) tax was introduced in 1st October 2010. Microenterprise tax is set up with a purpose encouraging business activity and reduce administrative burden for small entrepreneurs. The tax rate is 9% of turnover. This tax replaced state social contributions both for employees and proprietors, the business risk state fee as well as personal income tax or corporate income tax depending on legal form of taxpayer. The legal form of microenterprise could be an individual merchant, an individual undertaking, a farm or fishing enterprise, as well as a natural person registered as a performer of economic activity at the State Revenue Service, or a limited liability company. To qualify for the status of microenterprise taxpayer the following criteria shall be met: employee's income does not exceed EUR 720 per month, turnover does not exceed EUR 100 000 per year, and the number of employees does not exceed five. The revenue from microenterprise tax is transferred as follows: 23.7 per cent, 27.5 per cent or 27.6 per cent to the account of personal income tax (depending on legal type of microenterprise), 72.4 per cent to the account of social security contributions, 3.8 per cent to the account of corporate income tax and 0,1 per cent to the account of risk duty of business.

II.2. MEXICO

Special Tax Treatment by Sector and Targeted Activities 2000 – 2016

Year	Reduction in income tax for non-exempt income from agricultural activities, cattle raising, forestry or fishing (corporations)[1/]	Tax reduction for book publishers, individuals and corporations
	Applicable rate (%)	
2000	50.0%	50.0%
2001	50.0%	50.0%
2002	50.0%	50.0%
2003	50.0%	50.0%
2004	50.0%	40.0%
2005	46.7%	30.0%
2006	44.8%	20.0%
2007	32.1%	10.0%
2008	32.1%	N.A.
2009	32.1%	N.A.
2010	30.0%	N.A.
2011	30.0%	N.A.
2012	30.0%	N.A.
2013	30.0%	N.A.
2014	30.0%	N.A.
2015	30.0%	N.A.
2016	30.0%	N.A.

Notes: N.A. not applicable indicating that this disposition did not exist in the corresponding year,

1/In 2000 and 2001 the general reduction was 50%, and it was 25% if taxpayers industrialized their products.

Source: Mexican Income Tax Law, 2000 to 2016.

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II.2. NETHERLANDS

In 2000 a reduced rate was introduced for small and medium enterprises. In 2000-2006 the reduced rate applies to the first EUR 22 689 (NLG 50 000 in 2001 and 2000) of taxable corporate income. In 2007 an additional bracket was introduced. For that year, a reduced rate of 20% was levied on the first EUR 25 000 of taxable income. Between EUR 25 000 and EUR 60 000 of taxable income, the applicable rate was 23.5%. For the tax year 2008 new tax rates and threshold were set at 20% on the first € 275.000 of taxable income. This threshold was lowered in 2009 to € 200.000. The following tables show the thresholds and statutory rates from 2006 to present:

The following tables show the thresholds and statutory rates from 2006 to 2014:

2006			2007	
threshold	statutory rate		threshold	statutory rate
0 – 22689	25,5%		0 – 25000	20%
22689 - over	29,6%		25000 – 60000	23,5%
			60000 – over	25,5%

2008			2009 - 2010	
threshold	statutory rate		threshold	statutory rate
0 – 275000	20,0%		0 – 200000	20%
275000 – over	29,6%		200000 – over	25,5%

2011 - present	
threshold	statutory rate
0 – 200000	20,0%
200000 – over	25,0%

II.2. NORWAY

Norway has a special tax regime for the shipping industry. There is a zero rate corporate tax on earnings from shipping activities (a tax on net tonnage applies). When earnings are distributed to individuals, the normal 27 % personal dividend tax rate applies (dividends paid to corporations are tax exempt in Norway). The resource rent from hydroelectric power production and petroleum exploitation is subject to an extra resource rent tax in addition to the normal 27 % corporate tax rate. The resource rent tax rate is 31 % for hydroelectric production and 51 % for petroleum production, for profits above a certain level.

II.2. PORTUGAL

Since the 1988 direct taxation reform, the general corporate tax rate has been gradually reduced from 36,5% to 25%. From 2009 onwards, two general tax rates are applied at a Central Government Level. A general tax rate of 12,5% will be applied for the first € 12500 of taxable income and a 25% tax rate will be applied for the remaining amount of taxable income (when the total taxable income exceeds € 12500).

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From 2001 to 2010, small companies with annual revenues not exceeding € 149.639,37 are subject to an optional simplified tax regime based on coefficients fixed by law, with a minimum taxable income equivalent to the annual national minimum wage, and the resulting taxable income is taxed at a rate of 20% (those who so desire can opt for being subject to the general tax rules).

From 1999 to 2001, a reduced corporate tax rate of 20 % applied to small businesses with an average gross income in 1997 and 1998 (or, in the case of businesses created after 1st January of 1999, a gross income in the first year) lower or equal to € 149.639,37.

Until 2011 there was also a reduced corporate income tax rate of 15% which applies to companies located in less developed areas (10% for the first five years if it is a start-up). There are also reduced tax rates which apply to companies located in the Autonomous Region of the Azores..

From 2012 onwards there's only one general tax rate of 25% (excluding AR Azores).

Between 2014 and 2016 there's a gradual reduction of the general rate, to 23% in 2014, 21% in 2015 and for SMEs there's a 17% rate for taxable profit up to € 15000 (the 23% rate applying to taxable profit above € 15000). The new simplified regime applies to small companies with annual revenue not exceeding €200000.

II.2. SLOVAK REPUBLIC

In 1994 - 2003, a special tax regime applied to taxpayers whose revenue from agricultural production was more than 50% of their total revenue. From 1994 to 1999 the tax rate was reduced to the half of the statutory tax rate. From 2000 to 2003, the tax rate was 15%.

Moreover, in 1994 – 1999, if at least 60% (50% from 1997) of all employees were severely disabled (minimum 20 persons), the statutory corporate tax rate was reduced by 50%. From 2000 to 2003, the tax rate was 18%.

Since 2004, no special tax rates have been applied in the Slovak republic.

II.2. SPAIN

Since 1 January 2016, the general CIT rate is 25%(28% during 2015). Nevertheless, some other special CIT rates also apply:

30% for credit institutions and to companies involved in the exploration, investigation and exploitation of hydrocarbons deposits

20% for tax-privileged Cooperative Societies

15% for start-up entities (two first tax periods with a positive tax base)

10% for certain non-profits institutions

1% to UCITs

0% for Pension Funds

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In 2015, SME (any enterprise with a turnover, of the immediately preceding taxable period, less than € 10 million) were taxed at a rate of 25% up to € 300,000 tax base threshold and the remaining taxable income at a 28% tax rate.

Furthermore, those SME's with a turnover below € 5 million, and an average payroll lower than 25 employees were eligible for a reduced tax rate of 25%.

Since January 2016, SME are taxed at 25%.

II.2. UNITED KINGDOM

The unified corporate tax rate for companies is 20 %.

- In earlier year's companies with profits below a lower limit paid Corporation Tax at the small profits rate. Companies with profits above this limit paid at the main rate of Corporation Tax. Those with profits between the lower limit and an upper limit could reduce the tax due by an amount of marginal relief. The level of available relief is calculated by multiplying the profits on which marginal relief is allowed by the standard fraction.

- Where a company was in a group or associated with other companies by virtue of ownership or control the thresholds were divided by the total number of connected companies.

- The table below sets out the main and small profits rates of Corporation Tax from 2006-07 to 2014-15, and the unified rate for 2015-16. The tax rates are set for the year commencing 1 April. In all years up to 2015-16 the lower limit for marginal relief was £300,000 and the upper limit was £1.5 million. The small profits rate was called the small companies rate in earlier years..

	Unified Rate	Main Rate	Small Profits Rate	Standard Fraction
2006-07	-	30	19	11/400
2007-08	-	30	20	1/40
2008-09	-	28	21	7/400
2009-10	-	28	21	7/400
2010-11	-	28	21	7/400
2011-12	-	26	20	3/200
2012-13	-	24	20	1/100
2013-14	-	23	20	3/400
2014-15	-	21	20	1/400
2015-16	20	-	-	-

- For the years 2000-01 to 2005-06 there was an additional starting rate of Corporation Tax. In 2000-01 and 2001-02 companies with profits of £10,000 or less paid at 10 %. Those with profits of £10,001 to £50,000 paid tax at the small companies' rate of 20 %, reduced by marginal relief.

- Between 2002-03 and 2005-06 , companies with profits of £10 000 or less paid no tax. Those with profits of between £10, 001 and £50, 000 paid at 19 %, and were able to claim marginal rate relief. This was subject to a minimum rate of 19 % on all distributed profits in 2004-05 and 2005-06.

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- Between 2002-03 and 2005-06, companies with profits between £50 001 and £300 000 paid at the small companies' rate of 19 % (20 % in 2000-01 and 2001-02).). Those with profits between 300,001 and £1.5m paid at the main rate of 30% and were able to claim marginal relief.

- Between 1981-82 and 1999-2000 the situation was simpler as there was no starting rate; there was only a small companies' rate and a main rate. The small companies' rate has dropped monotonically from 40 % in 1981-82 to 20 % in 1999-2000. Likewise the main rate has been lowered from 52 % in 1981-82 to 30 % in 1999-2000. The small companies' rate applied up to £90,000 in 1981-82 but had reached a limit of £300,000 by 1999-2000. The main rate applied from £225,000 in 1981-82. By 1999-2000 the main rate applied from £1.5 million. Tax was charged between the two limits for a specific tax year in a fashion similar to that described in the first bullet above.

Oil and Gas Mining Corporation Tax Ring Fence

Companies producing oil and gas from the UK and the UK Continental Shelf are subject to the normal Corporation Tax rules but with a number of modifications that treat any oil and gas extraction activities and/or the acquisition, enjoyment or exploitation of oil and gas rights as a separate trade. Since 1 April 2008 the main rate of Ring Fence Corporation Tax (RFCT) has been 30%. There is an additional Supplementary Charge (SC) on a company's ring fence profits (but unlike RFCT finance costs are not a deductable expense). There are allowances (field, cluster, investment) which remove SC from a slice of production income. The Supplementary Charge was introduced in April 2002 at 10%. It was increased to 20% from January 2006 and was 32% from March 2011. Since January 2015 the rate of SC has been 20%..

II.2. UNITED STATES

The federal income tax rate of 15 % applies to taxable income under $50,000; 25 % applies to taxable income over $50,000 and under $75,000; 34 % applies to taxable income over $75,000 and under $10 million; and 35 % applies to taxable income of $10 million or more. The benefit of lower rates is recaptured for taxable incomes between $100,000 and $18,333,333.

The representative sub-central rate is a weighted average state marginal income tax rate. It was calculated by summing for all states the lowest corporate income tax rate (or the flat rate) in each state weighted by the state's share in personal income.

Beginning in 2005 taxpayers are permitted a deduction for a portion of income from US production activities, which is phased in over six years. Beginning in 2010, the deduction is nine % (three % for 2005 and 2006 and six % for 2007, 2008 and 2009) of the lesser of (1) qualified production activities, or (2) taxable income. The deduction is limited to 50 % of wages paid by the employer.

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PART II, TABLE 3
SUB-CENTRAL CORPORATE INCOME TAX RATES

II.3. CANADA

The representative sub-central government tax rate is an average of provincial corporate income tax rates, weighted by the provincial distribution of the federal corporate taxable income.

The provincial tax base for most Canadian provinces is identical to the federal tax base. Provinces that administer their own corporate tax systems (Quebec and Alberta) are permitted to set their own base. However, for the most part, the differences between the federal and the provincial base are not significant.

Provincial corporate income tax rates as of December 31 of each year:

General Statutory Corporate Income Tax Rates

	2008	2009	2010	2011	2012	2013	2014	2015
Newfoundland and Labrador	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0
Prince Edward Island	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Nova Scotia	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
New Brunswick	13.0	12.0	11.0	10.0	10.0	12.0	12.0	12.0
Quebec	11.4	11.9	11.9	11.9	11.9	11.9	11.9	11.9
Ontario	14.0	14.0	12.0	11.5	11.5*	11.5	11.5	11.5
Manitoba	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Saskatchewan	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Alberta	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
British Columbia	11.0	11.0	10.5	10.0	10.0	11.0	11.0	11.0
Yukon	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Northwest Territories	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Nunavut	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

M&P Statutory Corporate Income Tax Rates

	2008	2009	2010	2011	2012	2013	2014	2015
Newfoundland and Labrador	5.0	5.0	5.0	5.0	5.0	5.0	5.0	15.0
Prince Edward Island	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Nova Scotia	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
New Brunswick	13.0	12.0	11.0	10.0	10.0	12.0	12.0	12.0
Quebec	11.4	11.9	11.9	11.9	11.9	11.9	11.9	11.9
Ontario	12.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0
Manitoba	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Saskatchewan	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Alberta	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
British Columbia	11.0	11.0	10.5	10.0	10.0	11.0	11.0	11.0
Yukon	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Northwest Territories	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Nunavut	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

Small Business Statutory Corporate Income Tax Rates

	2008	2009	2010	2011	2012	2013	2014	2015
Newfoundland and Labrador	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.0
Prince Edward Island	3.2	2.1	1.0	1.0	1.0	4.5	4.5	4.5
Nova Scotia	5.0	5.0	5.0	4.5	4.0	3.5	3.0	3.0
New Brunswick	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.0
Quebec	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Ontario	5.5	5.5	4.5	4.5	4.5	4.5	4.5	4.5
Manitoba	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Saskatchewan	4.5	4.5	4.5	2.0	2.0	2.0	2.0	2.0
Alberta	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
British Columbia	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Yukon	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Northwest Territories	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Nunavut	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

II.3. GERMANY

The representative sub-central government corporate income tax rate is for Berlin. In the years between 2000 and 2007 the rate was 0.05 (general rate) * 410 % (local multiplier ("Hebesatz")) = 20.5 %. As the local business tax was deductible from its own base, the effective rate was 20.5 / 120.5 = 17 %. With the Corporate Tax Reform in 2008 the representative sub-central government corporate income tax rate was changed to 14.35 % (0.035 general rate * 410 % multiplier ("Hebesatz")). The local business tax is no longer deductible from its own base.

II.3. LUXEMBOURG

The representative sub-central government corporate income tax rate is for Luxembourg City. The rate is 0.03 (general rate) * 225 % (taux communal) = 6.75 %.

II.3. KOREA

A uniform sub-central government tax rate of 1%~2.2% (progressive rate) of taxable income for central government tax purposes is used as a representative rate. The local government can adjust the rate between a lower limit of 50% and an upper limit of 150% of basic tax rate(Enforcement is scheduled from 1 Jan 2017). However, in practice all use the basic tax rate.II.3. NORWAY

From 2005 revenue-sharing between the central and local government of income tax from corporations was reintroduced (a similar system was abolished in 1999). Under this revenue-sharing arrangement, revenue equal to 4.25 percentage points of the overall corporate tax rate of 28 % are allocated to a sub-central government tax fund and distributed to local governments based on certain criteria (mainly based on the local share of employment). The rest (23.75 percentage points) is allocated to the central government. As from 2007, the corporate revenue-sharing between the central and local government was again abolished.

II.3. PORTUGAL

As from 2007, local authorities may levy a non-deductible surcharge of up to 1.5 % of the taxable profit before the deduction of tax losses and tax benefits. In previous years, the corporate income tax

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liability could be increased by a local surcharge, up to a limit of 10 % of the central government tax gross of tax credits.

II.3. SWITZERLAND

The representative sub-central adjusted rate: City of Zurich in the canton of Zurich corresponds to the calculation made in Table I.5. A church tax at the cantonal level is also applicable. Corporate taxes paid are deductible from their own bases and from the central, sub-central and local tax bases.

Minimum sub-central adjusted rate: Canton of Lucerne. Maximum sub-central rate: Canton of Geneva.

See also explanatory note to Table II.1 for Switzerland. For companies the church taxes are included, as business cannot avoid them. Information on the rates excluding the church tax is provided as a comment in the table itself.

II.3. UNITED STATES

The representative sub-central rate is a weighted average of state corporate income tax rates. See the explanatory notes to table II.1. Six states (and many localities) do not impose corporate income tax but may impose a gross receipts tax. The maximum sub-central rate applies to Philadelphia, Pennsylvania.

General note to Part II, Table 4

This table reports on the tax treatment of domestic dividend income by showing the effective tax rates on distribution of domestic source of income to a resident individual shareholder.

The pre-tax distributed profit (gross profits), shown in column 3, is income before corporate tax that a corporate firm must earn to pay out 100 in dividend. For example, a pre-tax distributed profit of 125 with a corporate tax rate of 20 % suffices to distribute a dividend of 100. The pre-tax distributed profits are equal to 100 / (1-X), where X is the corporate income tax rate on distributed profits.

The distributed profits (dividend), shown in column 4, is the amount of profits, net of corporate taxes, distributed by the corporate firm to its shareholders.

The grossed-up dividend (column 7) is the taxable amount of dividend for personal income tax purposes. For example when a company pays out a dividend of 100 and the shareholder is required to gross-up his dividend with a tax credit of 40, the base for the personal income tax becomes 140. Given a 40 % marginal tax rate the personal income tax becomes 56 (0.4*140), from which the imputation tax credit of 40 can be deducted, yielding a final individual income tax of 16.

Dividends can conform to one of a number of possible tax treatments:

A **classical system** treats corporations and investors as separated entities, taxing profits first at the corporate level, and then taxing after-corporate tax profits again at the shareholder level when that income is distributed to them as a dividend. A **modified classical system** implies that dividend income is taxed at lower rates than other forms for capital income at the shareholder level.

An **imputation system** is a system under which part or all of the corporate income tax paid by a company on its profits is credited against the personal income tax liability of the shareholders in receipt of dividends. The imputation reduces or eliminates the double taxation of distributed profits which arises under the classical system of taxation.

Many countries have adopted an imputation system in one form or another. The system may be a "full imputation system" where the shareholder is entitled to full credit for corporate income tax paid, or it may be a "partial imputation credit" where the shareholder is only granted a partial credit for corporate income tax paid.

A **partial inclusion system** implies that only a fraction of the dividend income is included as taxable income at the personal level. Several OECD countries have recently introduced such a system, in some countries replacing an imputation system and in others replacing some sort of a classical system. Partial inclusion is in practice similar to a modified classical system, but where there is a reduction in taxable income instead of a reduction in the tax rate for dividend income.

An **exemption system (no shareholder taxation)** implies that if gross profits of 166.67 are subject to a 40 % corporate tax rate, a net dividend of 100 is distributed to the shareholder, which is exempt from personal income tax.

A **split-rate system** is a system of corporate income tax under which different rates of corporate income tax are levied on retained and distributed profits (without applying the imputation system). A preferential treatment is generally granted to distributed profits in the form of a lower rate of tax, the rational being that distributed profits will be subject to additional tax in the hands of the shareholders. The purpose of a split-rate system is to reduce the double taxation of dividends. Germany is the only OECD country that has had this system, but it was abolished in 2001.

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PART II, TABLE 4
OVERALL STATUTORY TAX RATES ON DIVIDEND INCOME

II.4. AUSTRIA

Dividends received by a resident individual from a resident company are subject to a final withholding tax at a rate of 27.5 %.

II.4. BELGIUM

Up till 2011 the withholding tax was final if the shareholder so chose (and most shareholders did).The standard withholding and personal income tax rate was 25% although a reduced rate of 15% applied to Belgian shares issued after 1 January 1994.

In 2012, the tax treatment of dividend income differed according to several factors:

- the withholding tax paid at source. At source, the withholding tax rate was 25% for "old" shares and 21% for Belgian shares issued after 1/1/1994. In the latter case however, the investor could opt to pay an extra 4% at source.

- In the PIT return the taxpayer had to declare (upon honour) whether the annual threshold (EUR 20020) for qualifying interest and dividend income was exceeded or not. Not all dividend and interest income was taken into consideration; among the disregarded items were interest from ordinary saving accounts, as well as dividend and interest income for which the extra 4% had been paid at source.

- When 25% or 21%+4% was paid at source, the withholding tax was final if the shareholder so chose. When only 21% was paid at source, inclusion in PIT return was mandatory or optional depending whether the annual threshold was exceeded or not. When the income was included in the PIT-return, the tax administration selected the most beneficial treatment for the taxpayer: distinct taxation at the same rate as the withholding tax rate (21%, 21%+4% or 25%) or aggregation with other sources of income.

In 2013 this complex system was abolished and replaced by a single withholding tax rate of 25% for all dividends. From 2016 onwards the rate increased to 27%. This withholding tax is final if the shareholder so chooses.

The lower the return on equity before tax, the lower the effective CIT rate due to the allowance for corporate equity (ACE). E.g. the effective tax rate is only half the nominal tax rate when the return on equity before tax (gROE) is twice the notional interest rate (1.631.131% in 20152016, 2.131.631% for small and medium enterprises).

non-SMEs 2016	without ACE	gROE = 2 ACE-rate	gROE = 3 ACE-rate	gROE = 4 ACE-rate
gROE / ACE-rate	*2*	2	3	4
ACE-rate 2016	*0*	1.131	1.131	1.131

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Gross return on equity (gROE)	*2.262*	2.262	3.393	4.524
Type of dividend treatment	*CL*	CL	CL	CL
CIT rate on distributed profits	*34.0*	17.0	22.7	25.5
Pre-tax distributed profits	*151.5*	120.5	129.3	134.2
Distributed profits	*100*	100	100	100
Final withholding tax				
PIT rate on (grossed-up) dividend	*27*	27	27	27
Grossed up dividend				
Imputation rate				
Imputation / dividend tax credit				
Net personal tax	*27*	27	27	27
Overall PIT + CIT rate	*51.8*	39.4	43.5	45.6
CIT/PIT+CIT	*65.6*	43.1	52.0	55.9
PIT/PIT+CIT	*34.4*	56.9	48.0	44.1

II.4. CANADA

In column 6, the applied sub-central rate corresponds to the representative sub-central government tax rate as reported on table I.7.

The dividend credit rate reported reflects the federal dividend tax credit of 15.0198 % and the provincial dividend tax credit. Effective provincial dividend tax credits vary by province. For the representative city case, Ontario's dividend tax credit rate is 10.0 %.

II.4. CHILE

Intercompany dividends and profits distributed between domiciled companies are not liable to the First Category tax because the tax has already been paid on those profits by the company making the distribution.

II.4. FINLAND

Dividends from listed companies are 85% taxable capital income and 15% tax-exempt income. Dividends distributed from non-listed companies are treated as capital income up to an amount equal to 8% of the annual return calculated on the mathematical value of the shares of said companies. These capital income dividends are treated as 25% taxable capital income and 75% tax-exempt income up to a maximum amount of EUR 150 000. The amount of capital income dividends exceeding EUR 150 000 are 85% taxable capital income and 15% tax-exempt income. The amount of dividends exceeding the 8% annual return is treated as earned income. 75% of these earned income dividends are taxable income and 25% tax-exempt income. Capital income is taxed at a 30% rate up to EUR 30 000, a 34% rate is applied on income exceeding EUR 30 000.

II.4 FRANCE

The rates in Table II.4 and the following explanations are related to the situation in force in January 1st of the year of the income (the personal income taxation is usually one year later). The dividends are subject to:

- CIT at a rate of 34.43 % (cf. II-1);

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- Additional contribution on distributed profit (3 %);

- Social contributions (particularly CSG and CRDS) of 15.5%;

- Exceptional contribution on high incomes (top rate of 4% when total income is over 500 000 for single persons and 1 000 000 € for couples).

- Personal income tax: top PIT rate of 45% with a 40 % allowance on dividends to temper the double taxation (CIT and PIT). The tax base is further reduced by a part of the social contributions already paid (5.1 % of the gross dividends).

Between 2008 and 2012, the taxpayer could choose between the progressive income tax schedule and a final withholding tax (created in 2008). It was rational for a high income tax payer to choose the final withholding tax.

From January 1st 2013, distributed dividends become liable to progressive income tax schedule. Besides, a mandatory creditable withholding tax of 21% is applied on these revenues.

The other main changes in the taxation of the dividends between 2008 and 2013 were:

- top PIT rate was 40% in 2008 and 2009, 41% from 2010 and 45% from 2012 ;

- the final withholding tax rate was 18% from 2008 to 2010, 19 % in 2011; and 21 % in 2012.

- from 2011, an exceptional contribution on high incomes is applied. It is based on the reference taxable income ("revenu fiscal de référence"). The top rate is 4% over 500 000 € for single persons and 1 000 000 € for couples.

- social contributions rate was set at 11% in 2008, 12.10% in 2009, 12.3 % in January 2011, 13.5 % in October 2011 and 15.5% from July 2012.

II.4. GERMANY

The 2008 Corporate Tax Reform has fundamentally changed the taxation of corporate income. The central government corporate income tax rate has been lowered from 25 to 15 %. The reform also reduced the sub-central government corporate income tax, which is now no longer deductible. This part of the Reform came into force in the year 2008 and applies to corporate profits of this year onwards. The corporate profits of the year 2007 that were distributed as dividends in 2008 were subject to the old legislation, i.e. half of dividend income was included into tax assessment and taxed with a maximum income tax rate of 45 %.

The second part of the Corporate Tax Reform that came into force in 2009 changed the taxation of dividends. It refers to dividends distributed from corporate profits of the year 2008 already subject to the new legislation. The withholding tax is now final at a rate of 25 % with an option for including dividend income into income tax assessment. Together with a surtax of 5.5 %, the net personal tax rate amounts to 26.4 %.

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II.4. GREECE

1. Corporations (SAs)

Over the last decade, Greece has been reducing the statutory corporate tax rate, which was 40% in 2000. The tax reform of 2008 foresaw a gradual reduction by 1% per year of the rate for the years between 2010 and 2014 (from 25% to 20%).

In 2012, the statutory Corporate Income Tax was 20%, whereas a 25% withholding tax applied to distributed profits in the form of dividends, Board and Directors fees, additional compensation of directors and employees other than wages, as well as interim dividend payments.

Under the Law 4110/2013, as replaced by the Law 4172/2013, the statutory Corporate Income Tax for 2013 onwards is 26% and the withholding tax rate on profit distributions approved as of 1.1.2014 is 10%..

2. Limited Liability Companies (LLCs) & Private Capital Companies (PCCs)

In general, Limited Liability Companies and Private Capital Companies are treated the same way with Corporations.

3. Partnerships, civil law communities, joint ventures, and other entities.

From 2007 onward to 2012, the tax rate imposed on the profits corresponding to the shares of individual unlimited partners of OE and EE was 20%. and for all the other cases (profits of legal entities partners, limited partners of EE, joint ventures, civil, participation, nominee, legal services companies), the applicable tax rate was 25%.

From 2013 onwards, all legal entities are taxed at a rate of 26% for income up to 50.000€ and 33% for any exceeding amount. However, the entities which maintain double entry accounting books have the same tax treatment with Corporations (26% tax rate & 10% withholding tax rate on distributed profits).

For more details see explanatory notes to Table II.1.

General note to Part II, Table 4

TAX RATES FOR LEGAL ENTITIES (1993 – 2012)							
Type of legal person	1/1/1993–31/12/1998	1/1/1999-31/12/1999	1/1/2000 – 31/12/2004	1/1/2005-31/12/2005	1/1/2006-31/12/2006	1/1/2007-31/12/09	1/1/10-31/12/12
Limited & unlimited partnerships, Civil law communities	35%	30%	25%	24%	22%	20%	20%
Joint ventures, Civil companies, Participation and nominee companies	35%	35%	35%	32%	29%	25%	25%
Legal services companies of L.518/89,	35%	30%	25%	25%	25%	25%	25%

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Notary companies of L.284/93							

Partnerships, joint ventures - other legal entities maintaining single entry accounting books

(2013-2016)

Income bracket (€)	Tax rate (%)	Tax bracket (€)	Total amount of	
			Income (€)	Tax (€)
50.000	26%	13.000	50.000	13.000
Excess	33%			

II.4. HUNGARY

PIT on the dividends paid as from 2016 is generally 15 % with additional 14% health contribution which is capped at 450,000 HUF. Dividends paid by companies registered at the stock exchange are exempt from the health contribution.

PIT on the dividends paid in the period 2011-2015 was generally 16 % with additional 14% health contribution which is capped at 450,000 HUF. Dividends paid by companies registered at the stock exchange are exempt from the health contribution.

Tax on the dividends paid in the period 2009-2010 was 25 %, with additional 14% health contribution, which is capped at 450,000 HUF. From 2007 until 2011 dividends paid by companies registered at the stock exchange were taxed by a rate of 10 %.

PIT on the dividends paid in the period 2004-2008 was determined as follows:

1. the value falling on the private person in question from the part of the equity of the business association was calculated in proportion to the pecuniary stake (share, business quota, property note etc.) of the private person entitled to dividend;

2. the part of the amount indicated in paragraph a) was multiplied by 0.3; and

3. the rate of tax was 20 % (in the case of dividends paid in the period 2004-) and was 25 % (in the case of dividends paid in the period 2005-2008) on the part of the amount paid to the private person on grounds of dividend and not exceeding the amount determined in paragraph b), while the rate of the tax on the further part was 35 %.

4. In 2007-2008 with additional 14% health contribution which is capped at 450,000 HUF. In 2006 with additional 4% health contribution which is capped at 400,000 HUF.

Tax on the dividends paid in the period 2000-2003 was determined as follows:

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- the value falling on the private person in question from the part of the equity of the business association was calculated in proportion to the pecuniary stake (share, business quota, property note etc.) of the private person entitled to dividend;

- the part of the amount indicated in paragraph a) was calculated in accordance with double the basic rate of interest of the central bank valid on the first day of the year of establishment of the dividend; and

- the rate of tax was 20 % on the part of the amount paid to the private person on grounds of dividend and not exceeding the amount determined in paragraph b), while the rate of the tax on the further part was 46 % (= personal income tax of 35 + in 2000-2002 with additional 11% health contribution).

II.4. IRELAND

From 1999 Ireland moved from a partial imputation system to a classical system. Dividend tax credits are shown in the following table:

Period	Tax credit
3/12/1997 to 5/4/1999	11/89
6/4/1997 to 2/12/1997	21/79
6/4/1995 to 5/4/1997	23/77
6/4/1991 to 5/4/1995	25/75
6/4/1989 to 5/4/1991	28/72
6/4/1988 to 5/4/1989	32/68
6/4/1983 to 5/4/1988	35/65
6/4/1978 to 5/4/1983	30/70

The Irish tax year changed in 2001 from April-April to calendar year. Tax credits in Table II.4 have been weighted to express them in terms of calendar year in the calculations for years 1983, 1988, 1989, 1991, 1995 and 1997 as in the following example for the year 1983: tax credit = ((30/70)*3(35/65)*9)/12.

II.4. ISRAEL

From 1987 and until 2005 Israeli individuals paid a 25 percent tax on dividends received from Israeli companies. In 2006 the rate was lowered to 20 percent for regular shareholders but maintained at 25 percent for 'substantial shareholders' (i.e. those with an interest in the company of greater than 10 percent). In 2012 the rate was increased to 25% for regular shareholders and to 30% for 'substantial shareholders'

Note that since 2013, individuals are charged a supplementary levy of 2% on their total income (work income and passive income including dividends) above 811,560 ILS. For these high income earners, the tax rate on dividends goes up to 27% for regular shareholders and to 32% for 'substantial shareholders'.

Also from 2006, a Holding company is exempt from Israeli tax on

- dividends received and capital gains from the sale of Held Companies in which it has a 10 percent shareholding interest and

- interest dividends and capital gains from securities publicly traded in the Israeli Stock Exchange.

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Dividends paid from the Holding Company to foreign shareholders are subject to a 5 percent tax and a foreign shareholder will enjoy a capital gain exemption upon its sale of shares in the Holding Company.

II.4. ITALY

Up to 1998 the following rules applied: the company pays IRPEG in year t and distributes the dividends in year t+1. The shareholder pays IRFEF in year t+1 when he receives his dividend and receives an imputation tax credit for the IRPEG paid in year t (these rules applied under the imputation system in force until 2003). The data in table II.4 relates to the taxes in year t and does not consider that the tax credit is received only in year t+1.

For the years from 1981 to 1997, in which ILOR was in force, the rate shown in column 2 for CIT on distributed dividends is the result of the sum of the IRPEG and ILOR rates, adjusted, if necessary, to make allowance for the deductibility of ILOR from the IRPEG taxable base. The tax credit was nevertheless only allowed for the IRPEG paid on the dividend (column 8 only shows the IRPEG rate).

From 1998, taxpayers with "non-qualified" shareholdings could opt for a final withholding tax with a rate of 12.5% instead of having their dividends taxed under the ordinary personal income tax (IRPEF). The fixed withholding tax is always advantageous for taxpayers with "non-qualified" shareholdings paying the top marginal PIT rate. Also in case of capital gains from "non-qualified" shareholdings and interest income the taxpayer can opt for a final withholding tax at the rate of 12.5%.

After 1st January 2012 (Law Decree 201/2011), the tax rate applied to dividend income from non-qualified shareholdings and to capital gains realized on non-qualified shareholdings is equal to 20%.

From 1998 onwards, the tables report the dividends tax treatment for individual taxpayers with "non-qualified" shareholdings.[2]

The taxation of dividends for individual taxpayers with "qualified" shareholdings has changed as of 1 January 2004, when a new corporate income tax, IRES, was introduced with a statutory tax rate of 33%. The imputation method previously used to eliminate dividend double taxation has been replaced with the exemption method: dividends are exempted up to 60% for taxpayers subject to IRPEF.

Because the corporate income tax rate was reduced from 33% to 27.5% with effect from 1 January 2008, new percentages of exemption/taxation for dividends and capital gains from qualifying participations are implemented to match such reduction, while maintaining the level of the overall tax burden. Specifically, the new percentage of *taxation* is 49.72%, and the new percentage of *exemption* is correspondingly reduced from 60% to 50.28%. The new exemption/taxation percentage applies to:

- dividends paid out of profits realized on the tax period starting on or after 31 December 2007
- capital gains realized after 1 January 2009

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2 "Qualified" shareholdings refer to a percentage of voting rights greater than 2% or 20% depending on whether the company is respectively listed at the stock exchange or not; equivalently, a shareholding is "qualified" if it represents a holding in the capital greater than 5% or 25% depending on whether the company is respectively listed at the stock exchange or not.

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As of 1st July 2014, for taxpayers subject to IRPEF the tax rate applied to dividends arising from non-qualified participations was increased from 20% to 26%.

II.4. KOREA

There is a withholding tax rate on personal interests and dividends of 14 % (15 % prior to 2005). Income from interest and dividend exceeding 20 million Won is subject to global taxation (taxed as ordinary income under the personal income tax).

II.4. LATVIA

In Latvia grossed-up dividends are not applied with corporate income tax. But dividends are taxable with personal income tax (Tax rate - 10 per cent.)

II.4. MEXICO

In 2016, corporate profits are subject to the regular corporate income tax of 30 %. Individuals must consider the grossed-up dividend as part of their taxable income and may credit against their personal income tax liability the 30 % tax already paid by the firm. From 2002 to 2013 the corporate income tax rate was equal to the top marginal rate for individuals; however since 2014 three additional brackets were added with a top marginal rate for income over MXN 3 million of 35%. Starting 2014 individuals also pay a new 10% tax on the distributed profit (equivalent to 7% on the original profit), by means of a final withholding made by the corporation.

In 2001 and 2000, the distributed dividend income was subject to the regular corporate income tax rate of 35 %, plus a 5 % withholding tax calculated on the basis of the grossed-up dividend. For individuals, the 40 % tax was either final or creditable against personal income tax liabilities. Reinvested profits paid the deferred 5 % corporate income tax when they were distributed as dividends.

II.4. NETHERLANDS

A rate of 25% applies to all income from substantial interests in the hands of the shareholder. A taxpayer is regarded as having a substantial interest in a company if she/he, either alone or together with his partner, holds, directly or indirectly, at least 5% of the shares of that company. The table does not model the tax burden on distributed dividends when the shareholder does not have a substantial holding in the company. When shares do not qualify as a substantial interest, a return of 4% is deemed to be received on the value of the underlying 'ordinary' shares and (since 2001) this deemed return is taxed at a rate of 30%. This 'presumptive capital income tax' has been introduced as from January 2001 and applies (except in case of a substantial holding) to all personal income from savings and investments (e.g. interest, dividend, capital gain). For 2007, the PIT rate applicable to taxable income from substantial interests was reduced for one year to 22% for the first EUR 250 000. From 2008 the rate of 25% returned into force. Foreign taxpayers are subject to a final withholding tax on dividends of 15% (dividend tax).

For 2014 the PIT rate was temporary reduced for one year to 22% to the first EUR 250.000.

II.4. NORWAY

Norway abolished the full imputation system in 2006 and introduced personal taxation of dividends and gains (the Shareholder Model). The total effective tax rate (CIT + PIT) on dividends is 46.71 pct., and the shareholder is allowed a deduction equal to the risk-free market interest rate times the cost price of the share.

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II.4. PORTUGAL

As from 2013, the dividend income is subject to a 25% final withholding tax. However, the taxpayer may opt to include 50 % of the dividend income in his taxable income and be taxed at the general personal income tax rates.

From 2002 to 2005, 50 % of the dividend income is added to the taxable income and subject to the general personal income tax rates.

In 2000 and 2001, the dividend income could be included in the taxable income by option of the taxpayer in which case he was entitled to a tax credit in the amount of the withholding tax as well as to another tax credit corresponding to an amount equal to 60 % of the corporate income tax levied on the profits placed at the disposal of the beneficiaries.

II.4. SLOVAK REPUBLIC

Since tax reform in 2004 dividend income is not taxed at all.

As of 2011 dividend income in Slovak republic is subject to health insurance contribution (dividend income at the personal level is included in the health contributions tax base). The rate applied for health contribution from dividend for 2011 and 2012 was equal to 10% and the joint annual maximum assessment base (with other incomes) equalled to 36-times of average wage per year. The rate applied from 2013 was increased to 14% and the separate annual maximum assessment base (only for dividend income) equalled to 120-times of average wage per year. As of 2014, the joint annual maximum assessment base (with other incomes) equal to 60-times of average wage per year is effective.

As of 2016 healthcare contributions from dividends from shares of companies traded on regulated markets have been abolished. The aim of this measure is to support investment in the regulated capital market.

II.4. SLOVENIA

In the years 2000 - 2005 a partial inclusion system was in place with a proportion of dividend income being taxed progressively with the top marginal personal income tax rate of 50 %. In 2006 this was replaced by the classical system within the dual income approach. Under the new system, income from capital (i.e. interest, dividends and capital gains) has been taxed at proportionate rates on a scheduler basis. Dividends are taxed at a proportionate rate of 25% since 2013 (20 % till 2012).

II.4. SWITZERLAND

Combined (central and sub-central and local) top marginal personal income tax rate after applying the multiple for sub-central and local taxes where applicable, as reported in Tables I.5-I.7, imposed on dividend income in the city of Zurich, canton of Zurich. Zurich employs a MCL system (dividend income is taxed at 50% of the income tax rate at the shareholder level for participations exceeding 10%) as of 1.1.2008. The church tax is excluded, as individuals can avoid paying church taxes. For federal tax, a MCL system is employed as of 1.1. 2009, with 60% of dividend income taxed as income when the shareholding is held as private assets. In the less common case where the shareholdings are held as business assets, 50% of dividends are taxed as income.

II.4. UNITED STATES

The combined (central and sub-central) top personal income tax rate on dividend income includes a top federal statutory tax rate and a weighted average of top state statutory individual income tax rates. The weighted average rate is the sum for all states of the top statutory individual income tax rate for each state multiplied by the state's share in personal income. Individual income tax rate data are available for the current tax year from the Federation of Tax Administrators (http://www.taxadmin.org/current-tax-rates) and for prior tax years from *The Book of States* published by the Council of State Governments (http://knowledgecenter.csg.org/kc/category/content-type/content-type/book-states). The combined (central and sub-central) top personal income tax rate is a weighted average of the combined top personal income tax rate that would apply to returns with itemized deductions and the combined top personal income tax rate that would apply to returns without itemized deductions. Data on dividend income from all returns and from returns with itemized deductions are taken from Table 1.4 and Table 2.1 of the Statistics of Income (SOI) Individual Income Tax Returns Publication 1304 (Complete Report) (https://www.irs.gov/uac/SOI-Tax-Stats-Individual-Income-Tax-Returns-Publication-1304-(Complete-Report) for 1993 through 2013).[3]

[3] See https://www.irs.gov/uac/SOI-Tax-Stats-Archive-1954-to-1999-Individual-Income-Tax-Return-Reports for earlier releases of SOI Publication 1304.