



INTERNATIONAL

COMPARISON

TAX BURDEN OF A CORPORATION (INCLUDING TAXATION OF THE DIVIDENDS ON THE OWNER'S PART)

UPDATED INFORMATION
JULY 2011

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Argentina

CORPORATION

	Tax rate in %	Basis	Tax
Total revenue		420.000	
less:			
Costs and expenses		(300.000)	
less:			
Results exempt from income tax law		(20.000)	
Taxable net income for income tax		100.000	
Results exempt from income tax		20.000	
Income tax	35%		35.000
Turnover tax	estimated rate* x 3,5% (1)		14.700
Tax on bank debits and credits	(2)		4.183
Total tax burden of the corporation		-53.883	53.883

Dividend distribution 66.117

OWNER

	Tax rate in %	Basis	Tax
Dividend distribution		66.117	
Income tax on taxable income	(3)		0
Equalization tax	35% (4)		7.000
Total tax burden of the owner		-7.000	7.000
Total earnings on the owner's part		59.117	

Total tax burden as % of the annual profit: 50,74%

Explanation and special rules:

(1) This tax applies to sales and services. The rate depends on the activity and the place where it is exercised. These aliquots ranging from 1% to 6%.

(2) The tax rate is 0.6% by bank credit and another 0.6% for debit. 34% tax generated by bank credit can be applied as a prepayment against other taxes.

(3) Not taxed at the head of the local or foreign shareholders the distribution of dividends which the company paid income tax

(4) The company made a withholding tax of 35% for the distribution of dividends which the company no paid tax, relying on exemptions provided by the law of income tax. (equalization tax). This withholding is not applied if the exemption is provided for by other laws.


Austria
CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	25,0%		25.000
Total tax burden of the corporation		-25.000	25.000
Dividend distribution		75.000	

OWNER

	Tax rate in %	Basis	Tax
Gross dividend		75.000	
Income tax	25%*		18.750
Total tax burden of the owner		-18.750	18.750
Total earnings on the owner's part		56.250	

Total tax burden as % of the annual profit:**43,75%****Explanation and special rules:**

* option to tax at 1/2 of personal progressive tax rate (max. progressive tax rate 50 % if income exceeds EUR 60.000); generally relevant if no other income or other negative income;

tax rate regarding EUR 75.000 dividend if option is used and owner has no other income: 18,49 %; tax: EUR 13.868,-; total tax burden as % of annual profit: 38,87 %




Bulgaria

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	10,0%		10.000
Total tax burden of the corporation		-10.000	10.000
Dividend distribution		90.000	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		90.000	
Income tax	5%		4.500
Total tax burden of the owner		-4.500	4.500
Total earnings on the owner's part		85.500	
Total tax burden as % of the annual profit:			14,50%

Explanation and special rules:

* Tax on dividends does not apply to the payment of dividends to a Bulgarian company or to another company member of EU. In this case the total tax burden is only 10% of the annual profit.


Chile

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	17,0%		17.000
Total tax burden of the corporation		17.000	17.000
Profit after tax		83.000	
OWNER			
	Tax rate in %	Basis	Tax
Dividend distribution		83.000	
Tax calculation of not-resident shareholder			
Dividend		83.000	
Credit tax increase		17.000	
Gross dividend	35%	100.000	
Income tax	35%		35.500
Credit in favour of shareholder			-17.000
Total tax burden of owner		-18.000	18.000
Total income of owner		65.000	

Total tax burden as % of the annual profit:**35,00%****Explanation:**

* The rate of 17% is permanent, however, temporary for 2011 will be 20% and for 2012, 18,5%, subsequently it will return to 17

** Tax rate fluctuates among 0% and 40% as minimum rate for national residents. Therefore, the effective rate may oscillate depending on global income level of maximum of 40%. The calculation form is equal to not-residents tax, but always providing as credit at personal tax, that tax paid by corporation (17%).

**Cyprus****CORPORATION**

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	10,0%		10.000
Total tax burden of the corporation		-10.000	10.000
Dividend distribution		90.000	

OWNER

	Tax rate in %	Basis	Tax
Gross dividend		90.000	
Special Contribution to Defence Tax (SDC)*	15%		13.500
Total tax burden of the owner		-13.500	13.500
Total earnings on the owner's part		76.500	

Total tax burden as % of the annual profit:**23,50%****Explanation and special rules:**

* SDC does not apply to the payment of dividends to a Cypriot company or to a non-resident shareholder. In this case the total tax burden is only 10% of the annual profit.



CORPORATION			
	Tax rate in %	Basis	Tax
Annual Turnover		3.000.000	
Value of the Real Estate		200.000	
Added value		500.000	
Tax on Turnover*	0,16% of the turnover		4.800
Trade tax based on added value and price of the real estate			
Tax on value of the real estate (headquarters)	collection rate** x 22,5%		7.200
Tax on Added Value	collection rate*** x 1,5%		7.500
Annual profit after deductible tax ahead		100.000	
Corporation tax****	33,3%		33.333
Total tax burden of the corporation		-33.333	33.333
Dividend distribution		66.667	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		66.667	
discount*****		-28.192	
Income tax (flat rate)	19% regarding tax benefit		7.310
welfare tax	12,3% of the gross dividend		8.200
Total tax burden of the owner		-15.510	15.510
Total earnings on the owner's part		51.156	
Total tax burden as % of the annual profit:			48,84%

Explanation and special rules:

* Tax applicable only if the turnover is more than 760000€.

** Collection rate of the trade tax is determined by the city where the headquarter or the branch is established; the average collection rate (as used here) is 21,5% of the rental value of headquarters

*** There are exemptions for Small and Medium-Size Enterprises (SME) with a variation of the rate between 1,5% and 0%

**** There is a special reduce rate for SME if the turnover is lower than 7 630 000€ and 75% of the capital is held by human persons. Then, this tax is 15% up to 38120€ of profit. Beyond, normal rate is 33,3%

***** A flat discount of 40% + the flat discount for a couple is 3050€ and for a single is 1525€ (as used is this case)



Germany

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
corporation tax	15,0%		15.000
solidarity surcharge	5,5% of the corporation tax		825
trade tax	collection rate* x 3,5%		14.000
total tax burden of the corporation		-29.825	29.825
dividend distribution		70.175	

OWNER

	Tax rate in %	Basis	Tax
gross dividend	**	70.175	
income tax	25% regarding tax benefit ***		17.344
solidarity surcharge	5,5% of the income tax		954
church tax (if member of church)	8% or 9% of the income tax****		1.387
total tax burden of the owner		-19.685	19.685
total earnings on the owner's part		50.490	

Total tax burden as % of the annual profit:

49,51%

Explanation and special rules:

* collection rate of the trade tax is determined by the city where the headquarter or the branch is established; the average collection rate (as used here) is 400%.

** Saver's Standard Exemption of 801 Euro could be deducted from the tax basis, but only once for the whole income from capital investments.

*** option for partial-income rule: tax-free portion of 40% of the gross dividend and taxation with the individual tax rate; this only makes sense, if the individual tax rate is lower than 25%.

**** church tax rate depends on the state the owner is living in; no church tax, if the owner is not a member of the church.



Greece

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	20,0%		20.000
Statutory reserve	5,0%		5.000
Total tax burden of the corporation		-25.000	25.000
Dividend distribution		75.000	

OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		75.000	
Dividend tax	25,0%		18.750
Total tax burden of the owner		-18.750	18.750
Total earnings on the owner's part		56.250	
Total tax burden as % of the annual profit:			43,75%

**India**

DOMESTIC COMPANY			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Domestic Company	30		30.000
Surcharge (Threshold Limit - Rs. 10 millions)	7,5		2.250
Education Cess	3		968
Total tax burden of the corporation		-33.218	33.218
Dividend distribution		66.783	

COMPANY OTHER THAN DOMESTIC COMPANY			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Domestic Company	40		40.000
Surcharge (Threshold Limit - Rs. 10 millions)	2		800
Education Cess	3		1.224
Total tax burden of the corporation		-42.024	42.024
Dividend distribution		57.976	

OWNER			
	Tax rate in %	Basis	Tax
Gross dividend	**	66.783	
Income tax*	As per slab rate		0
Surcharge	Nil		0
Education Cess	3		0
Total tax burden of the owner		0	0
Total earnings on the owner's part		66.783	
Total tax burden as % of the annual profit:			49,51%

Explanation and special rules:

* For Individual male, Age less than 60 Years :

Up to 180000 : Nil

180001-500000 : 10%

500001-800000 : 20%

800001 & above : 30%



CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporate tax ("IRES")	27,5%		27.500
Local tax ("IRAP")	3,9%		3.900
Total tax burden of the corporation		-31.400	14.000
Dividend distribution		68.600	31.400
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		68.600	
A-Individual owner and participation > 20%	Income tax over the 49,72% of the dividend*		11.178
B-Individual owner and participation < 20%	12,5% of the dividend		8.575
C-Companies	5% of the dividend		3.430
Total earnings on the owner's part (individual > 20%)		57.422	
Total earnings on the owner's part (individual < 20%)		60.025	
Companies		65.170	
Total tax burden as % of the annual profit (hipotesis A):			42,58%
Total tax burden as % of the annual profit (hipotesis B):			39,98%
Total tax burden as % of the annual profit (hipotesis C):			34,83%

Explanation and special rules:

*Resident individuals are subject to a personal and progressive income tax,

Up to 15.000	23%
15.001 – 28.000	27%
28.001 – 55.000	38%
55.001 – 75.000	41%
Over 75.000	43%
Average rate: 33,16% over 68.000 €	


The Netherlands

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	20%		20.000
Corporation tax above 200.000 is 25,0%			
Total tax burden of the corporation		-20.000	20.000
Dividend distribution		80.000	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		80.000	
Income tax	25% regarding tax benefit *		20.000
Total tax burden of the owner		-20.000	20.000
Total earnings on the owner's part		60.000	
Total tax burden as % of the annual profit:			40,00%

Explanation and special rules:

*) the company withhold a dividend tax of 15%, the owner has to pay 25% and can settle the 15% already paid by the distributor.


Portugal

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax			1.563
Taxable income up to EUR 12.500	12,5%	12.500	21.875
Taxable income above EUR 12.500	25,0%	87.500	1.500
Municipal surtax (derrama)*	1,50%	100.000	
State surtax (derrama estadual)**	2,5%		
Total tax burden of the corporation		-24.938	24.938
Dividend distribution		75.063	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		75.063	
Income tax***	21,5%		16.138
Total tax burden of the owner		-16.138	16.138
Total earnings on the owner's part		58.924	
Total tax burden as % of the annual profit:			41,08%

Explanation and special rules:

* In addition to corporate income tax, municipalities may levy a municipal surcharge (derrama); the rate may go up to 1.5% of taxable profit before the deduction of losses; reduced rates may apply to companies with a turnover of less than EUR 150,000, with reference to the previous tax year.

** a State Surcharge (derrama estadual), introduced by the Stability and Growth Program, at a rate of 2,5% applies on taxable income above EUR 2.000.000.

*** option for partial-income rule: tax-free portion of 50% of the gross dividend and taxation with the individual tax rate; this only makes sense, if the individual tax rate is lower than 21,5%.



*Republica
Dominicana*

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	25,0%		25.000
Total tax burden of the corporation		-25.000	
Dividend distribution		75.000	

OWNER

	Tax rate in %	Basis	Tax
Gross dividend		75.000	
Income tax	25% regarding tax benefit *		18.750
Total tax burden of the owner		-18.750	18.750
Total earnings on the owner's part		56.250	

Total tax burden as % of the annual profit:**43,75%****Explanation and special rules:**

* This tax is a tax credit for the company when shareholders withheld

Studying a draft law which will be 10% from its approval, but will not be a tax credit for the company.

Additional paid 1% of total assets, provided that the assessed tax is less than 1% of assets, if greater only pay income tax.


Romania

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	16,0%		16.000
Total tax burden of the corporation		-16.000	16.000
Dividend distribution		84.000	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		84.000	
Income tax on dividends*	16,0%		13.312
Total tax burden of the owner		-13.312	13.312
Total earnings on the owner's part		70.688	
Total tax burden as % of the annual profit:			29,31%

Explanation and special rules:

* if there is the only one source of income, it will be subject of social contributions as well.


Serbia

CORPORATION			
	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	10,0%		10.000
Total tax burden of the corporation		-10.000	10.000
Dividend distribution		90.000	
OWNER			
	Tax rate in %	Basis	Tax
Gross dividend		90.000	
Income tax on dividends*	10,0%		9.000
Total tax burden of the owner		-9.000	9.000
Total earnings on the owner's part		81.000	
Total tax burden as % of the annual profit:			19,00%

Explanation and special rules:

*Assuming that the individual is the owner of shares/stakes in the company



Spain

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	30,0%		30.000*
Total tax burden of the corporation		-30.000	30.000
Dividend distribution		70.000	

OWNER (INDIVIDUALS)**

	Tax rate in %	Basis	Tax
Gross dividend		70.000	
Income tax on dividends*	19-21%**		14.580
Total tax burden of the owner			14.580
Total earnings on the owner's part		55.420	

Total tax burden as % of the annual profit:

44,58%

Explanation and special rules:

* The Company should withhold the 19% of this amount before distributing the dividends. Afterwards, the individual can deduct the withholding Tax practiced by the Company.

** Tax rate: 19% until 6,000 euros / 21% from 6,001 euros.

*** Should the perceiver of the dividends be a Company, a deduction of 100% could be applied if it owns more than 5% of its shares for more than one year. Otherwise a 50% of deduction could be applied.



Uruguay

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	25,0%		25.000
Solidarity surcharge			
Trade tax			
Total tax burden of the corporation		-25.000	25.000
Dividend distribution		75.000	

OWNER			
	Tax rate in %	Basis	Tax
Gross dividend	**	75.000	
Income tax	7,0%		5.250 (1)
Solidarity surcharge			
Church tax (if member of a church)			
Total tax burden of the owner		-5.250	5.250
Total earnings on the owner's part		69.750	
Total tax burden as % of the annual profit:			30,25%

(1) This amount can not exceed 7% over taxable profit

Explanation and special rules:

* collection rate of the trade tax is determined by the city where the headquarter or the branch is established; the average collection rate (as used here) is 400%.

** Saver's Standard Exemption of 801 Euro could be deducted from the tax basis, but only once for the whole income from capital investments.

*** option for partial-income rule: tax-free portion of 40% of the gross dividend and taxation with the individual tax rate; this only makes sense, if the individual tax rate is lower than 25%.

**** church tax rate depends on the state the owner is living in; no church tax, if the owner is not a member of the church.





UK

CORPORATION

	Tax rate in %	Basis	Tax
Annual profit		100.000	
Corporation tax	20,0%*		20.000
Total tax burden of the corporation		-20.000	20.000
Dividend distribution		80.000	

OWNER (INDIVIDUALS)**

	Tax rate in %	Basis	Tax
Gross dividend	**	88.889	
Income tax on dividends*	22.5% regarding tax benefit ***		20.000
Total tax burden of the owner		-20.000	20.000
Total earnings on the owner's part - dividend distribution less income tax		60.000	

Total tax burden as % of the annual profit:**40,00%****Explanation and special rules:**

* the rate of tax depends on the level of profits. The limits and rates are:

Profits not exceeding £300,000 - Corporation tax rate 20%.

Profits exceeding £1,500,000 - Corporation tax rate 26%.

Profits exceeding £300,000 but not £1,500,000 - Corporation tax rate on £300,000 at 20%, on balance at 27.5%.

The above profit limits are divided by the total number of associated companies. Assumed that there are no associated companies.

**Dividends have a notional 10% tax credit attached and the dividends have to be grossed up by 100/90 to arrive at the taxable amount. The tax due on the dividend is then reduced by the tax credit, but this tax credit is not refundable if the tax liability is nil e.g. losses cover taxable dividend income.

*** tax rate depends on owner's other taxable income. The bands and the dividend tax rate after deduction of 10% notional tax credit are as follows:

Basic rate band £1 -£35,000, dividend rate nil.

Higher rate band £35,001 - £150,000, dividend rate 22.5%.

Additional higher rate on amounts exceeding £150,000, dividend rate 32.5%.

Assumption made that owner's other taxable income exceeds the basic rate band of £35,000, but total taxable income does not exceed additional higher rate band of £150,000.



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