

Part II Taxation of corporate and capital income

Table of contents

Part II Taxation of corporate and capital income	1
1 Table 2.1. Corporate income tax rates	4
II.1. BELGIUM	4
II.1. CANADA	5
II.1. CHILE	5
II.1. ESTONIA	5
II.1. FRANCE	6
II.1. GERMANY	7
II.1. GREECE	8
II.1. ISRAEL	11
II.1. ITALY	11
II.1. KOREA	17
II.1. LATVIA	17
II.1. LITHUANIA	18
II.1. LUXEMBOURG	18
II.1. MEXICO	18
II.1. NETHERLANDS	19
II.1. NORWAY	19
II.1. POLAND	19
II.1. SLOVAK REPUBLIC	20
II.1. SLOVENIA	20
II.1. SWITZERLAND	21
II.1. TURKEY	21
II.1. UNITED STATES	21
2 Table 2.2. Targeted corporate income tax rates	22
II.2. BELGIUM	22
II.2. CANADA	24
II.2. CHILE	24
II.2. CZECH REPUBLIC	25
II.2. FRANCE	25
II.2. GREECE	26
II.2. HUNGARY	26
II.2. ISRAEL	26
II.2. IRELAND	27
II.2. ITALY	27
II.2. KOREA	27
II.2. LATVIA	27
II.2. LITHUANIA	27
II.2. MEXICO	29

II.2. NETHERLANDS	30
II.2. NORWAY	30
II.2. POLAND	31
II.2. PORTUGAL	31
II.2. SLOVAK REPUBLIC	31
II.2. SPAIN	32
II.2. UNITED KINGDOM	32
II.2. UNITED STATES	33

3 Table 2.3. Sub-central corporate income tax rates 34

II.3. CANADA	34
II.3. GERMANY	35
II.3. KOREA	35
II.3. LUXEMBOURG	36
II.3. NORWAY	36
II.3. PORTUGAL	36
II.3. SWITZERLAND	36
II.3. UNITED STATES	37

4 Table 2.4. Overall statutory tax rates on dividend income 39

II.4. AUSTRIA	39
II.4. BELGIUM	39
II.4. CANADA	39
II.4. CHILE	40
II.4. ESTONIA	40
II.4. FINLAND	41
II.4. FRANCE	41
II.4. GERMANY	42
II.4. GREECE	42
II.4. HUNGARY	44
II.4. IRELAND	45
II.4. ISRAEL	46
II.4. ITALY	46
II.4. JAPAN	47
II.4. KOREA	47
II.4. LATVIA	48
II.4. LITHUANIA	48
II.4. MEXICO	49
II.4. NETHERLANDS	49
II.4. NORWAY	50
II.4. POLAND	50
II.4. PORTUGAL	50
II.4. SLOVAK REPUBLIC	50
II.4. SLOVENIA	51
II.4. SWITZERLAND	51
II.4. UNITED STATES	51

1

Table 2.1.

Corporate income tax rates

II.1. BELGIUM

Starting from 2018 the allowance for corporate equity (ACE) only applies to the increase of corporate equity compared to the average size of equity in the previous 5 years. More specifically, the base of the ACE is the difference between two moving averages: the average equity of periods “t-4” to “t” minus the average of periods “t-5” to “t-1”.

For income year 2018 the standard ACE-rate is 0.746% for non-SMEs and 1.246% for SMEs. However, in the years 2006-2017 the ACE applied to the size of equity itself, hence it could substantially lower the effective CIT rate. The amount of this allowance was neither related to the behaviour nor to the results of the company, but depended only upon the amount of qualifying corporate equity and the yield on long term government bonds. There was 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 lowered 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)	Size of qualifying equity	Non-SMEs	Small and medium enterprises (SMEs)
2006	stock of equity	3.442%	3.942%
2007	stock of equity	3.781%	4.281%
2008	stock of equity	4.307%	4.807%
2009	stock of equity	4.473%	4.973%
2010	stock of equity	3.8%	4.3%
2011	stock of equity	3.425%	3.925%
2012	stock of equity	3%	3.5%
2013	stock of equity	2.742%	3.242%
2014	stock of equity	2.63%	3.13%
2015	stock of equity	1.63%	2.13%
2016	stock of equity	1.131%	1.631%
2017	stock of equity	0.237%	0.737%
2018	increase to 5 year moving average	0.746%	1.246%
2019	increase to 5 year moving average	0.726%	1.226%
2020	increase to 5 year moving average	-0.0923%	0.4077%

When applied to the outstanding stock of capital, then 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 was only half the nominal tax rate when the return on equity before tax was twice the notional interest rate.

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 25% in the case of taxpayers adhered to the totally integrated with income attribution tax regime; and an income tax rate of 27% for taxpayers adhered to the partially integrated income tax system. 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 forward and deducted against profits without time limit.

Tax Modernization Law enacted in February 2020, simplified the existing tax regimes:

Businesses with average income in the previous 3 years lower or equal to 75.000 UF (approx. US\$ 2,6 million), have a full imputation tax system (upon a distribution a full credit for the corporate tax paid is offset against personal income or withholding tax), with a reduced rate of 25%. This special tax regime provides flexible accounting records and instantaneous depreciation. Furthermore, owned by individuals or nonresident taxpayers can opt for a "transparency" regime, in which owners pay the final personal income or withholding tax directly, being released of corporate tax. Businesses with average income in the previous 3 years over 75.000 UF, have a partially imputation tax system (upon a distribution a partial credit for the corporate tax paid may be offset against the individual personal income or withholding tax), with a corporate tax rate of 27%. Tax burden for an individual or nonresident shareholder upon a profit distribution may reach up to 44,45%, with a cap of 35% for shareholders resident on a jurisdiction with a tax treaty on income and capital with Chile.

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. ESTONIA

From January 1st 2000, the corporate income tax is levied on distributed profits.

From January 1st 2018, the new tax rate for companies who distribute profits regularly was introduced. The rate falls to 14% in three years. The first year with lower rate was 2019, when 2/3 of the distributed profits was taxed with 20% and 1/3 with 14%. In 2020 1/3 is taxed with 20% and 2/3 with 14%. In 2021 all with 14%.

The lower rate in 2019 was applied only on the amount which did not exceed the amount distributed in 2018. The 14% in 2021 is applied on the lowest amount of distributed profits in the four-year period 2018-2021. For example if the distributed profits are 2018 – 30 mil, 2019 – 31 mil, 2020 – 18 mil, 2021 – 40 mil, then the rate of 14% in 2021 is applied on 18 mil.

From 2018 the credit institutions pay advance income tax with rate of 14% from profit earned in previous quarter. The first payment was in September 2018 from the 2018 II quarter earned profits. It can be subtracted from next year's CIT on distributed profits.

II.1. FRANCE

The rates in Table II.1 include surcharges, but do not include the local business tax (*Contribution économique territoriale*^[1]), or the turnover-based solidarity tax (*Contribution de Sociale de Solidarité sur les Sociétés*) as they have very different tax bases and purposes.

The standard corporate income tax rate for 2019 is 31%^{[2][3]}. 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 32,02% for companies that have profits above EUR 2,509,677^[4].

Various surcharges had been in place. In the recent years:

There was a temporary surcharge between 2011 and 2016 for companies with a turnover above EUR 250 million. The rate was 5,0 % in 2011 and 2012 and 10,7 % between 2013 and 2015.

In 2017, two one-off surcharges are included: the 15 % surcharge for companies with a turnover over €1 billion; the 15 % surcharge for companies with a turnover over € 3 billion. The latter and the former were put in place in the amended finance bill for 2017 in order to partly offset the lost in revenues due to the decision of the French Constitutional Court that held the 3 % tax on dividend distributions was unconstitutional. The top marginal corporate income tax rate reaches 44.43 % in 2017.

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 50 % of the income above EUR 1 million taxable profit^[5]. Since 2019, the deduction of net financial expenses is limited to 30 % of the EBITDA when they exceed EUR 3 000 000, as provided in the ATAD directive. A different limitation mechanism was in place between 2012 and 2018, which used to cap the deduction of net financial expenses to 75 % of net interest charges^[6]. Finally, exemptions on capital gains on sale of affiliates have been reduced.

The *Contribution 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

^[1] which replaced the former local business tax (the *Taxe professionnelle*) from January 1st 2010

^[2] The top rate was 33,33 % between 1993 and 2018.

^[3] The standard corporate income tax rate will be gradually lowered to 25 % by 2022. The decrease started in 2017, but only applicable to a fraction of the profit.

^[4] For a company to have to pay the CSB it has to pay at least 760 000 € of CIT. In 2019 the first 500 000 € of profits are taxed at 28 % (see infra) (so 140 000 € of CIT), the remaining 623 000 € at 31 % amount to 2 009 677 € of profits.

^[5] 60 % in 2011

^[6] 85 % in 2012 and 2013

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).

The Contribution Sociale de Solidarité sur les Sociétés is levied at a rate of 0.16 % of the turnover of companies, excluding VAT and is deductible for income tax purposes.

II.1. GERMANY

For comparison purposes the representative sub-central government corporate income tax rate consists of a general rate and a local multiplier on weighted average which changes every year. As a consequence, the effective central government corporate income tax rate and the combined corporate income tax rate vary from year to year.

In the years between 2000 and 2007 the general rate was 5.0 % which had to be multiplied by the local multiplier on weighted average. For the year 2007, the method of calculation was performed as follows: 0.05 (general rate) * 389 % (local multiplier on weighted average) = 19.45 %. As the local business tax was deductible from its own base, the effective rate was $19.45 / 119.45 = 16.28$ % in 2007.

This implies that the effective central government corporate income tax rate in 2007 was 26.375 % * $(1 - 0.1628) = 22.08$ %. The combined corporate income tax rate in 2007 was therefore 38.36 %.. In 2003, the effective central government corporate income tax rate was 27.96 % * $(1 - 0.1621) = 23.42$ % 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 39.64 %. In 2000, the effective central government corporate income tax rate was 42.2 % * $(1 - 0.1628) = 35.33$ %. The combined corporate income tax rate was therefore 51.61 %.

With the Corporate Tax Reform in 2008 the general rate as part of the representative sub-central government corporate income tax rate was decreased to 3.5 % whereas the system of local multipliers did not change. Local business tax is no longer deductible from its own base. The central government corporate income tax rate was reduced to 15 % (effective rate of 15.83 % including solidarity surcharge). As for 2008, the representative sub-central government corporate income tax rate added up to 13.58 % (0.035 * 388 % local multiplier on weighted average). The combined corporate income tax rate was then at a level of 29.41 %.

In 2018, the unrounded weighted average municipal multiplier equalled $402,058816693371\%$ (0.035 * $402,058816693371\%$ = rounded representative sub-central government corporate income tax rate of 14.07%). Due to the slightly rising local multipliers on weighted average the combined corporate income tax rate amounted to 29.90 % in 2018. As final data for local multipliers in 2019 are not available yet, the preliminary combined corporate income tax rate totals 29.90 % by now.

II.1. GREECE

Corporate Taxation

Over the last twenty years, Greece has changed 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, which amended the Law 2238/1994 the statutory Corporate Income Tax for 2013 onwards was 26% and the withholding tax rate on profit distributions approved as of 1.1.2014 was 10%.

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 legal persons and legal entities was 26%. This rate was applied to profits earned during the tax year 2014.

Under the same Law, Profits from business activity derived by Agricultural Cooperatives and producer groups were subject to a 13% tax rate for profits earned during the tax years 2014-2019.

According to the Law 4334/2015 (Art. 1), the corporate income tax rate was increased to 29% for profits derived earned during the tax years 2015-2018.

For additional information concerning previous years, see explanatory notes for table II.4.

According to Law 4646/2019 (article 22.par..1a) and 1b)): a) profits from business activity acquired by legal persons and legal entities, with the exception of credit institutions falling under subparagraph (b) of this paragraph, shall be taxed at the rate of twenty-four percent (24%) for the income of tax years 2019 onwards. (b) Credit institutions referred to in Article 3 (1) (1) of Law 4261/2014 are taxed at a rate of twenty-nine percent (29%), provided that they are subject to the specific provisions of Article 27A of Income Tax Code (L.4172/2013) and only for the tax years for which they are subject to these provisions.

Under the same Law 4646/2019 (art. 22 par. 2) business profits acquired by agricultural cooperatives of Law 4384/2016 and legal entities recognized by the Ministry of Rural Development and Food as Producer Groups and Organizations of Article 27 of Regulation (EU) 1305/2013 and are included in the Registry of Producers and Groups Organizations (MOPOs) kept pursuant to Article 7 (1) of No. Decision 397/18235/2017 are taxed at the rate of ten percent (10%) for the tax years 2020 onwards.

Legal persons and entities that are subject to CIT include:

- Capital companies - established in Greece or abroad (SA's, LLCs, PCCs)
- Partnerships - established in Greece or abroad
- non-profit legal entities governed by public or private law established in the country or abroad, including all types of associations and foundations, with the only exception of any income generated in pursuit of their purpose which is not subject to tax,
- Cooperatives and their Associations,
- Civil law societies, civil profit or non-profit companies, joint-stock or silent companies, engaged in business activities,
- Joint ventures,
- Legal entities (as defined in Art. 2 of the Income Tax Code) and are not included in one of the previous cases.

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, the school boards and boards of primary and secondary education of minority schools 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.).

TAX RATES FOR LEGAL ENTITIES (2000-2019)

Corporations (SAs), Limited Liability Companies (LLCs) & Private Capital Companies (PCCs)										
2000	2001	2002 - 2004	2005	2006	2007- 2009	2010	2011- 2012	2013- 2014	2015- 2018	2019
40%	37.5%	35%	32%	29%	25%	24%	20%	26%	29%	24%

Partnerships, joint ventures and other legal entities (except for those subject to corporate income taxation)							
Type of legal person	2000-2004	2005	2006	2007 -2012	2013-2014	2015-2018	2019
Limited partnership (EE) & Unlimited general partnership (OE), Civil law communities	25%	24%	22%	20%	26%	29%	24%
Joint ventures, Civil companies, , Silent partnerships and Participation companies	35%	32%	29%	25%	26%	29%	24%
Legal services companies of L.518/89, Notary companies of L.284/93	25%	25%	25%	25%	26%	29%	24%

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.

Law 4110/2013, which amended Law 2238/1994 (previous Income Tax Code) and the New Income Tax Code afterwards (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, and for the which from 1/1/2013 until 31/12/2015 were taxed with the following tax schedule:

Partnerships, joint ventures and other legal entities keeping single-entry accounting books (2013-2015)

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 above entities that keep double-entry books was then 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 15% withholding tax is imposed on distributed profits.

Law 4387/2016 amended Law 4172/2013, changing the above schedule and for the Tax Years 2016-2018 partnerships, civil law societies, silent partnerships, participation companies, joint-ventures, legal services and notary companies were taxed at a rate of 29%.

Finally According to Law 4646/2019 which amended Law 4172/2013, profits from partnerships, civil law societies, silent partnerships, participation companies, joint-ventures, that keep single-entry accounting books are taxed at the corporate income tax rate of twenty four per cent (24%) for income earned in tax year 2019 onwards.

Up to 31/12/2015 all the above rates were 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.

in period 2007-2016 credit institutions were 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. This tax is excluded from the table.

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. This tax is excluded from the table.

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

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, 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 10% deduction, from PIT and CIT, of IRAP concerning interests and labour costs 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 2019 (only Regions identified by a “*” have currently updated their tax rates to tax period 2020 at the date of 16th March 2020).

Region	Standard tax rate
Abruzzo	4.82 %
Basilicata	3.90 %
Bolzano	2.68%
Calabria	4.97 %
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	2.93%
Sicilia	3.90%
Toscana	3.90%
Trento	2.68%
Umbria	3.90%
Valle d'Aosta	3.10%
Veneto	3,90%

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 dimensions⁷.

Law Decree 201/2011 raised all these labour cost related deductions. In addition, all firms having at least 1 euro of payable interests can deduct 10% of IRAP paid from CIT tax base.

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

⁷ 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.,

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)
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, a full deduction from IRAP of labour costs relating to dependent workers hired with a permanent contract has been introduced⁸.

⁸ 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 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). , whereas the percentage of exemption for capital gains from qualified participations are, respectively, 100% and 60%)

For taxpayers subject to IRPEF dividends and capital gains 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%, i.e. taxed for 49.72% of their amount (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, as well as capital gains, 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 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.

As from 1st January 2017, the statutory CIT tax rate was cut from 27.5% to 24%.

Following this reduction, the ministerial Decree issued on 26th May 2017 redefined the percentage of taxation of dividends and capital gains arising from qualified participations, increased from the previous 49.72% to 58.14%. The increased taxation is applied from 1st January 2017 (1st January 2018 for capital gains).

Lastly, the Stability Law for 2018 levelled the taxation of dividends and capital gains arising from non-qualified and qualified participations that are now all taxed at 26% as from 1st January 2018 (1st January 2019 for capital gains).

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.

The Budget law for 2017 and Law Decree 50/2017 later implemented the reduction of ACE notional return rate to:

- 1.6% for the tax period in progress on 31st December 2017.
- 1.5% for the tax period in progress on 31st December 2018.

As of 1st January 2019 the ACE system of taxation is abolished, substituted by a new tax incentive targeted at the reinvestment of profits in productive investments. This new tax incentive reduces the tax burden on business companies through a reduction of 9 percentage points (from 24% to 15%) of the tax rate charged on the share of business income corresponding to the profits reinvested in the company, targeted at the increase of the investments in new instrumental goods (excluding buildings and non-instrumental vehicles) and at incremental employment (for the new open-ended contracts and fixed-term contracts).

The Budget Law for 2020 has reintroduced the ACE system as of 1.1.2019 (previously abolished by the Budget Law for 2019 as of 31.12.2018) and has repealed the tax incentive on reinvested profits (introduced by the Budget Law for 2019).

II.1. KOREA

As for corporate income tax, maximum tax bracket, which imposes 25% rate for tax base exceeding 300 billion Won, has been newly established starting 2018.

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 until 2004 and remained till 2017. From 2018 corporate income tax system has been significantly changed - tax is payable on distributed profits (including deemed profit distributions).

The rate is 20% on the gross distributed amount or 20/80 on the net income.

Corporate income tax payers are the performers of economic activity:

- domestic undertakings,
- institutions financed from the State or local government budget, whose income from economic activity is not provided for in the State budget or local government;
- permanent establishments;

Foreign commercial companies and other persons (non-residents).

Main corporate income tax reliefs and exemptions:

- large investment projects;
- special economic zones;
- accumulated losses; donations to Public Benefit Organisations, budgetary institution or to the State capital company, carrying out the state culture functions delegated by the Ministry of Culture is entitled to use one of three alternative incentive models allowance for purchasing of new production technology equipment;
- tax relief for donors subsidies for agriculture. - farmers, who are CIT payers: taxpayers are entitled to decrease CIT taxable income for the amounts received as as State aid for agriculture or European Union aid for agriculture and rural development (50% of the amounts received);
- Corporate income tax is paid to the central government budget. The taxation period is an accounting year of a taxpayer one month.

II.1. LITHUANIA

CIT was introduced in Lithuania in 1991. The general CIT rate was reduced from 29% to 24 % in 2000 and to 15 % in 2002 and remained constant with the exception of 2009, when the general CIT rate was temporarily increased to 20 % with a view to support revenue-based measures implied in response to global economic crisis.

Also the temporary Social tax was applied for the periods 2006 and 2007. This temporary tax was intended to offset the revenue loss from abolition of the road tax and cuts in the individual income tax. The social tax has been construed on the basis of the corporate income tax. The taxpayers, tax base, tax period were generally the same as in case of the normal corporate income tax. The rate of the social tax for the year 2006 was 4% and for the year 2007 – 3 %.

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 %.

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 % was 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 acronym (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 provisions 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. Tax payers' 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 € 200,000 is still 25% in 2019, but will be reduced to 22.55% in 2020 and 20.5% in 2021 and later. 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 € 200,000 a reduced rate of 20% applies. This rate will be lowered to 19% in 2019, to 16,5% in 2020 and to 15% in 2021. The top statutory rate will be lowered to 21,7% in 2021.

II.1. NORWAY

The corporate tax rate (22%) is the same as the personal income tax rate on ordinary income.

II.1. POLAND

The payers of corporate income tax are taxed with flat rate tax. The CIT rate had been gradually reduced from 40% in 1996 to 30% in 2000 as well as to 19% in 2004. This 19 % tax rate is still in force in 2020. Since 1 January 2017 a new 15% tax rate has been introduced for small and for new taxpayers and from 2019 this tax rate has been reduced to 9%.

Since 1 January 2019 preferential taxation with 5% tax rate has been introduced for qualified income, separated from the taxpayer's entire income, derived from intellectual property rights (such as patents, protection right for utility model, right from industrial design registration, copyright to computer programs), that are subject to legal protection under separate regulations or ratified international agreements to which the Republic of Poland is a party, and other international agreements to which the European Union is a party.

The necessary requirement for the taxpayer to benefit from the preferential tax rate is to undertake the R&D activity that is directly linked to the creation, development or improvement of the intellectual property right. Moreover, the costs incurred in connection with R&D activity should have the direct impact on the amount of qualified income eligible for the allowance.

Since 1 January 2018 the Corporate Income Tax Act imposes separation of sources of revenues into revenues from capital transactions and revenues from operational activity. Revenues and costs from each source must be settled separately and loss from one source cannot be offset against income from another source.

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 (does not apply to State and municipal enterprises, cooperatives and companies) whose statutory aim is: scientific activity, technical research, educational or cultural activity, environmental protection, 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 designated 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 designated 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 2,880 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.

Since 2017, the rate was further reduced to 21 %. Since 2018, the minimum tax, called tax license has been abolished.

II.1. SLOVENIA

From 2017 corporate income tax is paid at the rate of 19 %. 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. This rate was valued till the end of the year 2016. A special rate of 0% applies to investment funds, pension funds and insurance undertakings for pension plans, under certain conditions. 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 flat rate deduction regime as of 1st of January 2013. The tax base was firstly determined based on the flat rate costs accounting for 70 % of income. For taxpayers who determine their tax base by using the flat ratededuction 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 flat ratecosts increased to 80 % of income. From 2017, the tax rate is 19%.

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: $t_{cr} = \text{base rate} * M$. 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. TURKEY

It is applied as 22% for corporate earnings of the taxation periods of the institutions in 2018, 2019 and 2020. The President is authorized to reduce the rate of 22% to 20%.

II.1. UNITED STATES

Beginning in 2018, federal corporate taxable income is taxed at a flat tax rate of 21 percent. Special rules are provided for certain taxpayers, such as public utilities.

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.

Through 2017, taxpayers were permitted a deduction for a portion of income from US production activities. Beginning in 2010, the deduction was nine percent of the lesser of (1) qualified production activities, or (2) taxable income. The deduction was limited to 50 percent of wages paid by the employer. The deduction for income attributable to domestic production activities is repealed starting in 2018.

2

Table 2.2.

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
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
2017	24.98 (24.25)	25 000	31.93 (31)	90 000	35.535 (34.5)	322 500	Euro
2018	20.40 (20)	100 000	29.58 (29)				Euro
2019	20.40 (20)	100 000	29.58 (29)				Euro
2020	20	100 000	25				Euro

(*) rate including surtax, when applicable (rate excluding surtax in brackets), 3% surtax from 1993 to 2017, 2% in 2018 and 2019. From 2020, this surcharge is abolished.

Since income year 2018 one single reduced rate applies to the first 100 000 EUR of taxable profit for companies recognised as small companies according to the corporation code and that pay a minimal remuneration to at least one manager. The minimal remuneration must equal at least half of the taxable profit if the taxable profit is inferior to 90°000 EUR and at least 45°000 EUR when the taxable profit exceeds that profit threshold. The minimal manager remuneration rules do not apply to start-ups in the first four financial years.

In order to be recognised as a small company according to the corporation code, not more than one of the following caps may be exceeded in the last approved accounting period:

- The number of employees must be lower than 50 (annual work force average);
- The turnover must be lower than 9 million euro (VAT excluded);
- The balance sheet total must be lower than 4.5 million euro.

Previously several reduced rates applied when the taxable profit did not exceed a threshold.

Threshold from income year 2003 to 2017: 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%

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%

In order to qualify for these reduced rates, a company had to 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 was also denied when the dividend payments exceeds 13% of equity capital effectively paid up at the beginning of the tax period.

As from 1 January 2016, in order to qualify for the increased ACE-rate, a company must be recognised as small company according to the company code.

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 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

1. 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.

2. 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.

3. 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	2015-2017
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%.

II.2. FRANCE

		Applied rate	Upper Threshold (profits)
	Company turnover < €7.63 million	15%	€ 38 120
2017	Company turnover < €50 million and < 250 employees	28%	€ 75 000
2018	All companies subjected to CIT	28%	€ 500 000

The rate of 15 % is applicable where turnover does not exceed EUR 7.63 million, and on the part of the profit that does not exceed EUR 38 120.

The standard corporate income tax rate will be gradually lowered to 28% by 2020, starting in 2017. During the transition, it consists in an additional targeted tax rate of 28 %.

In 2017, the rate of 28% is applicable on the part of the profit that does not exceed EUR 75 000 for SME (with less than 250 employees and with annual turnover of less than EUR 50 million or a balance sheet total of less than EUR 43 million).

In 2018, the 28 % - rate is applicable on the part of the profit that does not exceed EUR 500 000 for all companies subjected to the corporate income tax.

II.2. GREECE

Credit institutions referred to in Article 3 (1) (1) of Law 4261/2014 are taxed at a rate of **29%**, provided that they are subject to the specific provisions of Article 27A of Income Tax Code (Law 4172/2013) and only for the tax years for which they are subject to these provisions for profits earned as of 01/01/2019 onwards,.

Business profits earned by agricultural cooperatives of Law 4384/2016 and legal entities recognized by the Ministry of Rural Development and Food as Producer Groups and Organizations of Article 27 of Regulation (EU) 1305/2013 and are included in the Registry of Producers and Groups Organizations (MOPOs) kept pursuant to Article 7 (1) of No. Decision 397/18235/2017 are taxed at the rate of **10%** for the tax years 2020 onwards.

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 1/1/2017.

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 - 2016	16%	9%	20%	20%
2017 onwards	16%/12% or 6% for High Tech companies with turnover lower or higher than 10 billion ILS	7.5%	20%/4% for foreign high tech companies	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 LIS 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

II.2. IRELAND

Ireland had a targeted rate of 10% for manufacturing profits up to 2003 for new claimants (but still available up to end 2010 for those who had been availing of it before 2003)

A similar 10% rate applied to companies operating within the Irish International Financial Services Centre, but was phased out between 2003 and 2005 depending on the date that companies had initially received certification to use that rate.

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. KOREA

From 2000 - 2008 applicable on the first W100 million.

From 2009 - 2018 applicable on the first KRW 200 million.

II.2. LATVIA

Microenterprise (small business) tax was introduced in 1st September 2010. Microenterprise tax is set up with a purpose encouraging business activity and reduce administrative burden for small entrepreneurs. The tax rate is 15% (- for turnover up to 4 000 euros). 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.

II.2. LITHUANIA

Taxable profits of small companies whose average number of employees on the staff list does not exceed 10 (50 for the period 2000-2001) and whose income during the tax period does not exceed EUR 300 000 (LTL 1 000 000 for the periods 2000-2001 and 2012-2014; LTL 500 000 for the period 2002-2011) may be taxed at a rate of 5% (15% for the period 2000-2001; 13% for the period 2002-2009) (additional participation or economic activity condition is applied) (applicable for the whole period). Since 2018 a one-year corporate income, "tax holiday" (0 % tax rate) for small businesses (meeting the aforementioned criteria) start-ups has been introduced.

*Other targeted provisions***ACT (business activity):**

- Taxable profit of agricultural entities may be taxed at a rate of 5% (10 % for the period 2000-2001 and for 2018; 0% for the period 2002-2008) if more than 50% of its income is derived from agricultural activities (applicable until 2018);
- Income of cooperative agriculture societies (cooperatives) may be taxed at a rate of 5 % (0% until 2009) (applicable for the whole period);
- Entities engaged in international transportation by ships or in a directly related activity can elect to be taxed on a special tax base related to the net tonnage of their fleet. The tax on such entities is calculated by applying the 15% corporation tax to the net tonnage instead of the taxable profit of the entities (applicable since 2007 until now).
- Reduced CIT rate of 5 % is applicable to taxable profits earned from the use, sale or other type of disposal of patented assets and copyrighted software created while being engaged in R&D activities (applicable since 2018).
- Additional (in addition to general CIT rate) temporary CIT rate of 5 % is applied to taxable profits of credit institutions (non-taxable amount of EUR 2 000 000 is applied) (applicable for the period 2020-2022).
- Credit unions were exempted from corporate income tax until 2002. Since 2003 the tax rate is reduced by 70 per cent (till 2008). Since 2009 no special incentives to credit unions have been applied;
- The taxable profit of creative unions (architects, painters, designers, etc.) was taxed at a rate of 5% if not less than 29% of its taxable profit is used for activities of creative unions (applicable for the periods 2000-2001).

LOC (geographical location):

- Entities registered and operating in a free economic zone benefit from 80% exemption from profit tax for 5 years and a further 50% reduction in profit tax for an additional 5 years. If a foreign investor acquires not less than 30 per cent of equity capital of an entity registered and operating in a free economic zone and the foreign source investment to that company is not less than USD 1 000 000, an entity may benefit from 100% exemption from profit tax for 5 years and a further 50% reduction in profit tax for an additional 10 years (applicable until 30 April 2004);
- Entities registered and operating in a free economic zone benefit from 100% exemption from profit tax for 10 years (6 years for the period 2004-2017) and a further 50% reduction in profit tax for an additional 6 years (10 years for the period 2004-2017) if they make investments in fixed assets of at least EUR 1 000 000 and if at least 75% of the entity's income is derived from activities carried out in free economic zone except for trading activities and activities excluded under Commission Regulation (EU) No 651/2014 of 17 June (until 2017 – income derived from certain listed activities) (applicable since 1 May 2004 until now);
- Entities registered and operating in a free economic zone benefit from 100% exemption from profit tax for 10 years (6 years for 2017) and a further 50% reduction in profit tax for an additional 6 years (10 years for 2017) if they make investments in fixed assets of at least EUR 100 000, the average number of the employees is not less than 20 and if at least 75% of the entity's income is derived from the services provided in free economic zone except for activities excluded under Commission Regulation (EU) No 651/2014 of 17 June (for 2017 – income derived from certain listed activities) (applicable since 2017 until now).

OTH (other): Not related to business activity or geographical location:

- If an average number of employees in the individual (personal) enterprises, general partnerships and limited partnerships does not exceed 10 and income of such an entity over the tax period does not exceed LTL 1 000 000, the part of taxable profits which amounts to LTL 25 000 may be taxed at a rate of 0% and the remaining part of taxable profits may be taxed at a rate of 15% (20% for 2009) (additional participation condition is applied) (applicable for the periods 2004-2009);
- If the annual business income of a nonprofit entity does not exceed EUR 300 000 (LTL 1 000 000 for the period 2005-2014), a 0% tax rate applies to the first EUR 7 250 (LTL 25 000 for the period 2005-2014) of taxable profit. The remaining part of the taxable profit is subject to tax at a rate of 15% (20% for 2009) (applicable for the periods 2005-2018). Tax rate for the whole profit of nonprofit entities for the period of 2000-2001 is 5%.
- Social enterprises, which have 40% or more employees included in target groups (for example, disabled individuals and long-term unemployed), are eligible for a 0% tax rate. In addition, the entity may not perform the activities included in the list of unsupported activities (for example, hunting, and alcohol and tobacco production) of social enterprises (applicable for the period 2005 -2017);
- Legal persons whose income from own production exceeds 50% of the total income received and which employ persons with limited capacity for work can reduce the calculated corporate income tax from 25% to 100 % (applicable for the whole period);
- Entities may benefit from 100% exemption from profit tax for 3 years and a further 50% reduction in profit tax for an additional 3 years if a foreign sourced investment to that entity is not less than USD 2 000 000 (applicable for the periods 2000-2001);

II.2. MEXICO**Special Tax Treatment by Sector and Targeted Activities 2000 – 2020**

Year	Income tax reduction for non-exempt income from agricultural activities, cattle raising, forestry or fishing (corporations) ^{1/}	Income 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.
2017	30.0%	N.A.
2018	30.0%	N.A.
2019	30.0%	N.A.

2020	30.0%	N.A.
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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 2020.

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. From 2019 the rates will be reduced step by step to 15% for taxable income below € 200,000 and 20.5% for income above the threshold. 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	25.5%	200000 – over	25,5%

2011 - 2018		2019	
threshold	statutory rate	Threshold	statutory rate
0 – 200,000	20.0%	0 – 200,000	19.0%
200,000 – over	25.0%	200,000 – over	24.0%

2020		2021 – later	
threshold	statutory rate	Threshold	statutory rate
0 – 200,000	16.5%	0 – 200,000	15.0%
200,000 – over	25%	200,000 – over	21.7%

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 personal dividend tax rate (31.68 % effectively) 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 22 % corporate tax rate. The resource rent tax rate is 37 % for hydroelectric production and 56 % for petroleum production, on the estimated resource rent.

II.2. POLAND

Since 1 January 2017 a new 15% corporate income tax rate has been introduced for small taxpayers, i.e. taxpayers with sales revenues not exceeding the equivalent of 1.2 million euro in the previous tax year and for taxpayers beginning to carry their activity (in the tax year of such a beginning). From 2019 this tax rate has been reduced to 9%.

II.2. PORTUGAL

Since the 1988 direct taxation reform, the general corporate tax rate has been gradually reduced from 36,5% to 21%. Two general tax rates are applied at a Central Government Level. A general tax rate of 17% is applied to the first € 15000 of taxable income and a 21% tax rate is applied to the remaining amount of taxable income (when the total taxable income exceeds € 15000). Since 2011 there is a State surtax. In 2018 it is 3% for taxable profit above 1,500,000 euros, 5% for taxable profit above 7,500,000 and 9% for taxable profit above 35,000,000 euros.

From 2001 to 2010, small companies with annual revenues not exceeding € 149.639,37 were 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 was taxed at a rate of 20% (those who so desired could 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).

The simplified regime applies to small companies with annual revenue not exceeding €200000 and total assets not exceeding €500000.

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.

As of 2020, tax rate 15 % was introduced for taxpayers with sales turnover below EUR 100 thousand per year.

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 for 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
- 4% for Canary Islands Special Zone entities.
- 1% to UCITs
- 0% for Pension Funds

Small and Medium Incorporated Business.

In 2015, SME's (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%, which is the standard CIT rate, on their total tax base. However, they may reduce up to a 10% of their tax income, with a maximum amount of € 1 million, by setting up a non-distributable reserve; actually, this incentive is a tax deferral, because the aforementioned reduction has to add to the tax base during the subsequent five years. Moreover, a special regime of taxation, which contains several tax incentives, e.g.: an accelerated depreciation for assets, multiplied the normal linear depreciation coefficient in the tables by 2 and a free depreciation in case of job creation, is maintained.

II.2. UNITED KINGDOM

The unified corporate tax rate for companies is 19 %.

- In earlier years 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	-	-	-
2016-17	20	-	-	-
2017-18	19	-	-	-
2018-19	19	-	-	-
2019-20	19	-	-	-
2020-21	19	-	-	-

- 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.
- 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 deductible 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. In January 2015 the SC rate was reduced to 20% and from January 2016 the rate was reduced to 10%.

II.2. UNITED STATES

The representative sub-central rate is a weighted average state marginal income tax rate. It is 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.

Through 2017, taxpayers were permitted a deduction for a portion of income from US production activities. Beginning in 2010, the deduction was nine percent of the lesser of (1) qualified production activities, or (2) taxable income. The deduction was limited to 50 percent of wages paid by the employer. The deduction for income attributable to domestic production activities is repealed starting in 2018.

3

Table 2.3.

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 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 bases are not significant.

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

General Statutory Corporate Income Tax Rates

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Newfoundland and Labrador	14.0	14.0	14.0	14.0	15.0	15.0	15.0	15.0	15.0
Prince Edward Island	16.0	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	16.0
New Brunswick	10.0	12.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0
Quebec	11.9	11.9	11.9	11.9	11.9	11.8	11.7	11.6	11.5
Ontario	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Manitoba	12.0	12.0	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	11.5	12.0	12.0	12.0
Alberta	10.0	10.0	10.0	12.0	12.0	12.0	12.0	11.0	10.0
British Columbia	10.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0
Yukon	15.0	15.0	15.0	15.0	15.0	12.0	12.0	12.0	12.0
Northwest Territories	11.5	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	12.0

M&P Statutory Corporate Income Tax Rates

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Newfoundland and Labrador	5.0	5.0	5.0	5.0	15.0	15.0	15.0	15.0	15.0
Prince Edward Island	16.0	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	16.0
New Brunswick	10.0	12.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0
Quebec	11.9	11.9	11.9	11.9	11.9	11.8	11.7	11.6	11.5

Ontario	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Manitoba	12.0	12.0	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	9.5	10.0	10.0	10.0
Alberta	10.0	10.0	10.0	12.0	12.0	12.0	12.0	11.0	10.0
British Columbia	10.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0
Yukon	2.5	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	11.5
Nunavut	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

Small Business Statutory Corporate Income Tax Rates

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Newfoundland and Labrador	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Prince Edward Island	1.0	4.5	4.5	4.5	4.5	4.5	4.0	3.5	3.0
Nova Scotia	4.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
New Brunswick	4.5	4.5	4.5	4.0	3.5	3.0	2.5	2.5	2.5
Quebec	8.0	8.0	8.0	8.0	8.0	8.0	7.0	6.0	5.0
Ontario	4.5	4.5	4.5	4.5	4.5	4.5	3.5	3.5	3.2
Manitoba	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saskatchewan	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Alberta	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
British Columbia	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Yukon	4.0	4.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Northwest Territories	4.0	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	43.0	3.0

II.3. GERMANY

The sub-central government corporate income tax rate consists of a general rate and a local multiplier ("Hebesatz"). For comparison purposes the local multiplier as part of the representative sub-central government corporate income tax rate is a weighted average which changes every year.

In the years between 2000 and 2007 the general rate was 5.0 % which had to be multiplied by the local multiplier on weighted average. Regarding the year 2007, the method of calculation was performed as follows: $0.05 \text{ (general rate)} * 389 \% \text{ (local multiplier on weighted average)} = 19.45 \%$ As the local business tax was deductible from its own base, the effective rate was $19.45 / 119.45 = 16.28 \%$.

With the Corporate Tax Reform in 2008 the general rate as part of the representative sub-central government corporate income tax rate was reduced to 3.5 % whereas the system of local multipliers did not change. The local business tax is no longer deductible from its own base.

II.3. KOREA

From 2000 – 2014 the sub-central government rates are surtax rates - a given percentage of the central government tax rate. Local governments are free to set sub-central rates between 5 and 15 per cent of the central government rate, but in practice all adopt to levy a rate equivalent to 10 per cent of it.

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.

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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. 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% were 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) was 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 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 Zug. Maximum sub-central rate: Canton of Valais.

The combined communal and cantonal tax rates (on corporate income) are calculated as follows, using the example of Zurich:

- Basic rate Canton of Zurich 8% .
- Cantonal multiple: 100
- Zurich city communal multiple: 129.01, which includes the income tax multiple 119 and the church tax multiple 10.01

The percentage tax burden will then result from the calculation $8\% * (100/100+119/100+10.01/100)$

However, for companies taxes paid are deductible from the tax base. Therefore, we need to gross up in order to obtain the effective percentages:

- $100 + 8.5 + 8 * (100/100+119/100+10.01/100)$
- Where 8.5% is the federal corporate income tax rate.
- The final formula for the combined communal and cantonal tax then is: $100 * (8 * (100/100+119/100+10.01/100)) / (100+8.5+8 * (100/100+119/100+10.01/100))$, which equals 14.45%

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, which imposes a business and income receipts tax on taxable net income.

General note to Part II, Table 2.4

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 rationale 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.

4

Table 2.4. 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. In 2016 the rate increased to 27%. From 2017 onwards the rate increased to 30%. This withholding tax is final if the shareholder so chooses.

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.

Effective 2006, Canada introduced an enhanced gross-up and dividend tax credit regime for dividends distributed by large corporations, which are subject to a higher statutory rate than small businesses. As a

result, Canada is operating a dual rate gross up and dividend tax credit system that is providing full imputation at the federal level (a number of provinces responded to the federal initiative by adjusting their own DTC rates). Rates presented are those applicable to large corporation dividends.

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 case, Ontario's dividend tax credit rate is 10.0 %.

II.4. CHILE

2019

The treatment of dividends taxed under the fully integrated regime, with income attribution, is described in Table II.4. The owners of the enterprises under the partially integrated regime, which does not include income attribution, shall only pay taxes on withdrawals, remittances or dividends obtained from the enterprise. That is, they can defer the final payment of taxes on those enterprise profits that are retained and used to fund new investments or retained as savings.

To maintain some degree of integration, the First Category Income Tax becomes a credit against the Complementary Global Tax or Additional Tax paid by the owners of these enterprises. However, in the new regime only 65% of the First Category Income Tax shall be credit deductible from the final taxes. Hence, the maximum rate payable for withdrawals, distributions or remittances in the case of taxpayers with a tax rate for Complementary Global Tax or Additional Tax of 35%, shall reach, as of 2018, an effective tax rate of 44.45%.

2020

Since the Tax Modernization Law was enacted in February 2020, and applicable since year 2020, only the "Transparent Pro Pyme Regime" has an income attribution system (new tax regimes are explained in II.1). The rest of businesses ("Pro Pyme Regime" and "General Regime") don't have income attribution, pay taxes on withdrawals, remittances or dividends obtained from the enterprise. That is, they can defer the final payment of taxes on those enterprise profits that are retained and used to fund new investments or retained as savings. And they maintain the 65%.

The integration system remains the same as before, with the correspondent particularities of the partially integrated system (General regime) in which the 65% of the First Category Income Tax is a credit deductible from the final taxes).

II.4. ESTONIA

From Jan 1, 2018 the CIT rate on regularly distributed profits came into force. The rate will be cut from 20 to 14 percent for only these firms, which distribute profits every year. The first year taken account is 2018, where the rate doesn't change. The first year of tax rate change (2019) 1/3 of dividends are taxed with new rate 14/86 and 2/3 with old rate 20/80. In second year of rate change 2/3 of dividends are taxed with new rate and 1/3 with old rate. In third year all the dividends are taxed with rate 14/86. But it applies only for the firms, which are distributing profits second/third/fourth year in a row. For example, if company has distributed three years 0,8 million euros of dividends and in fourth year distributes 1,0 million, then 0,8 million is taxed with rate 14/86 and 0,2 million is taxed with rate 20/80.

From Jan 1, 2018 the dividends PIT rate for physical persons is 7%. It is to prevent paying dividends instead of salary.

The calculation is the following in case of 1000€ distributed profits:

- Tax base (net dividend) $1000 \times 0,86 = 860\text{€}$

- CIT $860 \times 14/86 = 140\text{€}$
- PIT $860 \times 7\% = 60,2\text{€}$
- Total tax rate $(140 + 60,2)/1000 = 20,02\%$

II.4. FINLAND

From 2000 to 2008 part of the dividends from non-listed companies is taxed as earned income. Since the highest marginal tax rate is higher for earned income than for capital income, the net personal tax in this table would not be zero for such companies.

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).

From January 1st, 2018, the dividends received by taxpayers in 2018 are subject to:

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

Additional contribution on distributed profit (3 %);

- Social contributions (particularly CSG and CRDS) of 17.5%;
- 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 is a final withholding tax at a flat rate of 12.8%. Nonetheless, taxpayers can choose to have their dividends tax under the progressive tax schedule of PIT. The top PIT rate is 45% with a 40 % allowance on dividends to temper the effect of double taxation (CIT and PIT). When the tax payer opts for the progressive tax schedule, the tax base is further reduced by a part of the social contributions already paid (6.8 % of the gross dividends).

Between 2013 and 2017, the dividends were subject to:

- CIT at a rate of 34.43 % (cf. II-1);
- 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).
- A mandatory withholding tax of 21% levied at source, creditable against the personal income tax (the following year).
- 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), the progressive tax schedule being the default taxation procedure. It was rational for a high income tax payer to choose the final withholding tax. The other main changes in the taxation of the dividends between 2008 and 2013 were:

- The top PIT rate was 40% in 2008 and 2009, 41% from 2010 and 45% from 2012 ;
- The rate of 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 26.38 %.

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%.

Under the Law 4172/2013 as amended by the Law 4334/2015 the statutory Corporate Income Tax for 2015 onwards is 29%. Further the withholding tax rate on profit distributions approved as of 1.1.2017 is 15% provided for by the Law N.4387/2016 as amended by Law 4389/2016. 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).

Profits distributed during the Tax Year 2019 were subject to a withholding tax of 10%. (Law 4603/2019 Art.65 par.1).

Dividend rate and Profits distributed during the Tax Years 2020 onwards are subject to a withholding tax of 5%. (Law 4.646/2019, art 24 par.1.)

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, Notary companies of L.284/93	35%	30%	25%	25%	25%	25%	25%

TAX RATES FOR LEGAL ENTITIES (except for those subject to corporate income taxation)						
Type of legal person	1/1/2013 – 31/12/2013	1/1/2014– 31/12/2014	1/1/2015 31/12/2015	1/1/2016 31/12/2016	1/1/2017 31/12/2017	1/1/2018 31/12/2018
Limited partnership (EE) & Unlimited general partnership (OE), Civil law communities	26%	26%	29%	29%	29%	29%
Joint ventures, Civil companies, , Silent partnerships and Participation companies	26%	26%	29%	29%	29%	29%
Legal services companies of L.518/89,	26%	26%	29%	29%	29%	29%

II.4. HUNGARY

PIT on the dividends paid as from 2019 is generally 15% with additional 19.5% social contribution tax⁹ which base is capped at 24 times the amount of the monthly minimum wage per year. Dividends paid by companies registered at the stock exchange are exempt from the 19.5% social contribution tax.

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.

⁹ The health contribution was merged into social contribution tax; from 2019 the combined regulation moved into a new separate law act (Act LII of 2018 on Social Contribution Tax). The health contribution was phased out from the Hungarian tax system and from 2019 social contribution tax is payable on the dividends.

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:

- 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'. As a temporary measure, for the period 01 Jan 2017 – 30 Sept 2017, 'substantial shareholders' benefited from a 25% tax rate and were exempt from the supplementary levy.

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 went up to 27% for regular shareholders and to 32% for 'substantial shareholders'. In 2017 the levy was increased to 3% on total income above 640,000 ILS.

Therefore the average rate for a 'substantial shareholder' in 2017 is 27% - 25% for January-September and 33%, including the supplementary levy, for October-December.

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.

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 IRPEF 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.¹⁰

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
- 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%.

Following this reduction, the ministerial Decree issued on 26th May 2017 redefined the percentage of taxation of dividends and capital gains arising from qualified participations, increased from the previous 49.72% to 58.14%. The increased taxation is applied from 1st January 2017 (1st January 2018 for capital gains).

However, the Stability Law for 2018 levelled the taxation of dividends and capital gains arising from non-qualified and qualified participations, that are now all taxed at 26% as from 1st January 2018 (1st January 2019 for capital gains)

II.4. JAPAN

There are three methods of taxation on dividends;

- **Withholding** taxation at a rate of 20.315% (without a tax return). In this case, taxpayers *do not* include the dividend income in a tax return;
- **Self-assessment** taxation at the same rate as a withholding tax rate (with a tax return). Choosing this method, taxpayers can aggregate dividends and capital losses;
- **Aggregate taxation** (10%-55%) (with a tax return). When taxpayers choose this method, the Credit for Dividends (from income tax and local inhabitants' tax) is applicable.

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).

¹⁰ “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.

II.4. LATVIA

From 2000-2017 grossed-up dividends are not applied with corporate income tax. But dividends are taxable with personal income tax (Tax rate - 10 per cent.)

From 2018 in case of dividends distributed to individuals, no personal income tax (PIT) applies (exception: dividend payments of the accumulated profit of the previous years of the companies within the transitional period from 2018 to 2019 is taxed at 10% PIT rate. After end of the transitional period such dividends will be taxed at PIT rate of 20%)

II.4. LITHUANIA

1. **Dividends distributed by Lithuanian entity to another Lithuanian or foreign entity** are subject to a 15 % CIT. However, the receiving Lithuanian entity may reduce its CIT payable for that period when dividends are received by the amount of CIT withheld from the received dividends.

2. **Dividends received from foreign entity** are subject to a 15% CIT that is to be paid by the receiving Lithuanian entity. However, Lithuanian entity may deduct the amount of CIT or equivalent tax paid in a foreign state on dividends from the amount of CIT to be paid on dividends by the receiving Lithuanian entity.

Exemptions:

- **Participation exemption rule** applies for the dividends distributed or received by Lithuanian entity. The dividends are exempt from CIT if the recipient entity has held not less than 10% of the voting shares in the distributing company for at least a 12-month period and the distributing company is subject to CIT. However this relief is not applied if the foreign entity (recipient or distributor) is registered or otherwise organized in blacklisted territories (List of Target territories, approved by Minister of Finance);
- Dividends distributed by a foreign entity to a Lithuanian entity are exempted if the distributing entity is established in the **European Economic Area** and related profit is properly taxed in the domiciled country.

Anti-avoidance rules:

1. **General anti-abuse rule on foreign dividend payments** - CIT exemptions on dividends may not apply to an arrangement or a series of arrangements for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States and, thus, they are not genuine taking into consideration all relevant facts and circumstances. An arrangement or a series of arrangements may be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

2. **Avoidance of double tax exemption** – CIT exemptions on dividends received from foreign entities may not apply to dividends whereby the foreign entities reduce their profit subject to corporate income tax or an equivalent tax.

3. **Hybrid mismatch rules** – comprehensive rules (corresponding the provisions of Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries and OECD BEPS Action 2 recommendations) eliminating, inter alia, double non-taxation of dividend payments are applied.

4. **General anti-abuse rule** – CIT exemptions or reliefs may not apply to an arrangement or a series of arrangements for the main purpose or one of the main purposes of obtaining a tax advantage and, thus, they are not genuine taking into consideration all relevant facts and circumstances. An arrangement may

comprise more than one step or part. An arrangement or a series of arrangements may be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Dividends distributed to individuals are subject to 15 % personal income tax.

II.4. MEXICO

In 2020, 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 of 35% for income over MXN 3.5 million. 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 2000 and 2001, 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. For 2007, the PIT rate applicable to taxable income from substantial interests was reduced for one year to 22% for the first € 250,000. From 2008 the rate of 25% returned into force. For 2014 again the PIT rate was temporary reduced for one year to 22% for the first € 250,000. From 2015 the rate of 25% returned into force again (without a threshold). The statutory tax rate on dividend income will be increased to 26.25% in 2020 and to 26.9% from 2021. Taxpayers are subject to a final withholding tax on dividends of 15% (dividend tax), which for domestic taxpayers is creditable in the personal income tax.

When shares do not qualify as a substantial interest, other rules apply for the income tax on capital income. Since 2001 a return of 4% was deemed to be received on the value of the underlying 'ordinary' shares and this deemed return was 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). From 2017 onwards a new system regarding the taxation of household savings is implemented.

From 2017 the previous deemed rate of return of 4% has been replaced by a rate that takes into account the average return on a mix between savings and investments. This mix changes as the amount of (total) wealth increases. As depicted in the following table, we assume the higher an individual's net wealth, the higher the deemed rate of return. The deemed rate of return on savings and investments will be reassessed yearly. Wealth up to € 30,846 (2020) per individual is exempted from the tax. A tax rate of 30% remains applicable.

The following tables show the deemed return of shares not qualifying as a substantial interest from 2016 to present:

2016		2017	
wealth per person	statutory rate of return	wealth per person	statutory rate of return

0 – 24,437	0%		0 – 25,000	0%
24,437 – 100,000	4.0%		25,000 – 100,000	2.871%
100,000 – 1,000,000	4.0%		100,000 – 1,000,000	4.60%
1,000,000 - over	4.0%		1,000,000 - over	5.39%

2018		2019	
wealth per person	statutory rate of return	wealth per person	statutory rate of return
0 – 30,000	0%	0 – 30,360	0%
30,000 – 100,800	2.017%	30,360 – 102,010	1.935%
100,800 – 1,008,000	4.326%	102,010 – 1,020,096	4.451%
1,008,000 - over	5.38%	1,020,096 - over	5.60%

2020			
wealth per person	statutory rate of return		
0 – 30,846	0%		
30,846 – 103,643	1.789%		
103,643 – 1,036,418	4.186%		
1,036,418 - over	5.280%		

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%, and the shareholder is allowed a deduction equal to the rate of return allowance times the cost price of the share. The rate of return allowance is equal to the risk free interest rate on short term government bonds plus 0,5 percentage points.

II.4. POLAND

Dividends paid by resident companies are subject to a fixed rate of 19%. This rate applies to the gross dividend amount. Dividends paid to Polish Company or a company operating in the EU/EAA area and Switzerland are exempt from the withholding tax if they fulfil certain conditions.

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.

As of 2017, dividend income related to distributed profit generated in 2017 is subject to withholding tax. The applied tax rate is 7 %. Dividend income related to distributed profit generated in period 2011 – 2016 is still subject to health contributions. The applied tax rate is 14 % up to maximum assessment base equal to 60-times of average wage per year.

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 (50% of dividend income is taxed at the marginal income tax rate at the shareholder level for participations exceeding 10%) as of 1.1.2020. The church tax is excluded, as individuals can avoid paying church taxes. For federal tax, a MCL system is employed as of 1.1. 2020, with 70% of dividend income from participations exceeding 10% 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 from participations exceeding 10% 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 from the Federation of Tax Administrators (<http://www.taxadmin.org/current-tax-rates>) and *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 qualified 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/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report>) for 1993 through 2017).¹¹

For 2018 through 2020, there is an increase in the top personal income tax rate on dividends because the Tax Cuts and Jobs Act (TCJA) caps the state and local tax (SALT) deduction at \$10,000 of income, sales, and property taxes. For 2018, the Tax Policy Center estimates that the TCJA should reduce the number of tax units with a benefit from the SALT deduction from 25.3 percent of all tax units (filing and non-filing) to 10.5 percent of all tax units (<http://www.taxpolicycenter.org/model-estimates/impact-itemized-deductions-tax-cuts-and-jobs-act-jan-2018/t18-0006-impact-tax>). For 2018 through 2020, the share of qualified dividends on itemized returns (calculated using 2017 SOI Publication 1304 data) is scaled down by the TPC estimated drop in the number of tax units with a benefit from the SALT deduction.

¹¹ 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.