
OECD TAX DATABASE
EXPLANATORY ANNEX

Part II Taxation of corporate and capital income

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Table 2.1.

Corporate income tax rates

II.1. BELGIUM

For income year 2021 the standard ACE-rate is -0,16%% for non-SMEs and 0,34%% for SMEs.

In order to avoid an effect contrary to the legislator's intention, the Minister of Finance will propose to the legislator to adapt the law so that the risk capital allowance is not applicable when the rate for the risk capital allowance is negative.

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".

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% |

| | | | |
|------|-----------------------------------|----------|---------|
| 2021 | increase to 5 year moving average | -0,160% | 0,34% |
| 2022 | increase to 5 year moving average | -0.0567% | 0.4433% |
| 2023 | increase to 5 year moving average | 0.943% | 1.443% |

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 Income Tax (FCT). 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.

All businesses can access a partial imputation tax system (upon 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 individual¹ or non-resident 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.

II.1. COLOMBIA

For years 2020 – 2021:

Law 1943, known as Financing Law that was enacted in December 2018, established a gradual reduction of CIT tax rate until 2022. The general income tax rate for corporations and other legal entities is 33% for 2019. Then, the CIT tax rate will be 32% in 2020; 31% in 2021; and 30% as from 2022 onwards. Law 2010 of 2019 approved in December 2019 kept the adjustments introduced by Law 1943 on the income tax.

For year 2022:

Law 2155 of 2021 established an increase in the corporate income tax rate from 31% in taxable year 2021 to 35% as of taxable year 2022 onwards.

For year 2023:

Law 2277 of 2022 kept 35% statutory corporate income tax rate that Law 2155 of 2021 established for 2022 onwards.

¹ A tax credit is granted to individuals subject to the Global Complementary Tax (GCT), equal to 5% on the part of the total of withdrawals plus dividends subject to GCT that are entitled to the FCIT credit subject to restitution, which exceeds 310 UTA (approx. USD 290 thousand), which implies a maximum tax burden of 44.45%.

II.1. COSTA RICA

The tax of Corporate and Capital Income falls on legal entities and collective entities without legal personality, domiciled in Costa Rica, who carry out lucrative activities from a Costa Rican source.

- Tax unit

The tax base is determined by subtracting from the gross income the useful, necessary and pertinent costs and expenses to produce the profit or benefit, duly supported by receipts and recorded in the accounting.

When authorized costs, expenses or disbursements are made to produce taxable or exempt income indistinctly, only the proportion that corresponds to the taxable income must be deducted.

- Tax schedule

Gross income greater than ₡112,070,000, the CIT rate will be 30% of the taxable income.

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^[2]*), or the turnover-based solidarity tax (*Contribution Sociale Solidarité sur les Sociétés*) as they have very different tax bases and purposes.

The top standard corporate income tax rate for 2022 is 25 %^{[3][4]}. 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 25.825 % for companies that have profits above EUR 3,052,000.

^[2] which replaced the former local business tax (the *Taxe professionnelle*) from January 1st 2010

^[3] The top rate was 33.½ % between 1993 and 2019.

^[4] The standard corporate income tax rate was gradually lowered to 25 % by 2022. The decrease started in 2017, but only applicable to a fraction of the profit.

Between 2017 and 2022, the standard corporate income tax rate has been gradually lowered from 33,33 % to 25 %.

In 2017, two one-off surcharges were included: an exceptional surcharge for companies with a turnover over EUR 1 billion (15 % of the due amount of CIT) and an additional surcharge for companies with a turnover over EUR 3 billion (15 % of the due amount of CIT). The latter and the former were put in place in the amended finance bill for 2017 in order to partly offset the loss in revenues due to the decision of the French Constitutional Court that held the 3 % tax on dividend distributions was unconstitutional. Consequently, the top marginal corporate income tax rate reached 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 year⁵ and the carry-forward of losses limited to 50 % of the income above EUR 1 million taxable profit⁶. 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 charges⁷. 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. In 2023 the tax is capped at 1.625 % of the company's value added (the former local business tax was capped at 3.5 % of value added). In 2021, this cap was lowered from 3 % to 2 % of the company's value added, This cap was lowered from 2 % in 2022 to 1,625 % in 2023, but the measure is effective for companies starting from 2024, when they will submit their refund claim.

The CFE is based on the value of owned or leased office premises. The productive investments are no longer taxed, as it was with the previous local business tax, i.e. equipment and movable property which include machines, tools, movable property and equipment. The CFE is calculated by multiplying the cadastral value of the premises by a certain coefficient, assessed annually by the local authorities. Starting January 1st 2021, the coefficient used for industrial sites is reduced, which halves the contribution owed by industrial companies. 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 realized 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. Since 2023, the CVAE rate is theoretically 0.375 % for companies with an annual pre-tax turnover of over EUR 50 million. Over the period 2021-2022, the theoretical CVAE rate was 0.75 %. Below an annual pre-tax turnover of EUR 50 million, 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). Between 2010 and 2020, the effective CVAE rate was quadruple the rate of 2023 (with a theoretical rate of 1.5%).

⁵ As an exceptional measure in view of the Covid crisis, the carry back is allowed without limit of amount and on the possible profits of the three previous years, for the deficits recorded on the fiscal years closed between mid-2020 and mid-2021.

⁶ 60 % in 2011

⁷ 85 % in 2012 and 2013

The *Contribution Sociale de Solidarité sur les Sociétés* (C3S) is levied at a rate of 0.16 % of the turnover of companies, excluding VAT and is deductible for income tax purposes. Since 2016, a EUR 19 million tax rebate is applied to the tax base, therefore the C3S is only paid by companies with a turnover of over EUR 19 million.

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 2021, the unrounded weighted average municipal multiplier equalled 403.320230293926 % (0.035 * 403.320230293926 % = rounded representative sub-central government corporate income tax rate of 14.12%). Due to the slightly increasing local multipliers on weighted average the combined corporate income tax rate amounted to 29.94 % in 2021. As final data for local multipliers in 2022 are not available yet, the preliminary combined corporate income tax rate totals 29.94 % 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 undisclosed partnerships, 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 (2000-2023)

| |
|--|
| 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 | 2019-2020 | 2021-22-23 |
| 40% | 37.5% | 35% | 32% | 29% | 25% | 24% | 20% | 26% | 29% | 24% | 22% |

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 | 2019-2020 | 2021-22-23 |
|--|-----------|------|------|-------------|-----------|-----------|-----------|------------|
| Limited partnership (EE) & Unlimited general partnership (OE), Civil law communities | 25% | 24% | 22% | 20% | 26% | 29% | 24% | 22% |
| Joint ventures, Civil companies, , Silent partnerships and Participation companies | 35% | 32% | 29% | 25% | 26% | 29% | 24% | 22% |
| Legal services companies of L.518/89, Notary companies of L.284/93 | 25% | 25% | 25% | 25% | 26% | 29% | 24% | 22% |

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, undisclosed 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, undisclosed partnerships, participation companies, joint-ventures, legal services and notary companies were taxed at a rate of 29%.

According to Law 4646/2019 which amended Law 4172/2013, profits from partnerships, civil law societies, undisclosed 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 years 2019 and 2020. For income earned in tax years 2021 onwards, the tax rate is reduced to twenty-two percent (22%), by virtue of Law 4799/2021.

Finally, according to Law 4799/2021, profits from business activity acquired by legal persons and legal entities that keep double-entry books, are taxed at a rate of twenty four percent (24%) for income earned in tax years 2019 and 2020. For the income earned in tax year 2021 onwards the previous tax rate is reduced to twenty-two percent (22%).

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.

For income earned in tax years starting from 01.01.2020 onwards, and especially for the legal persons and legal entities producing electric vehicles and goods or items related to electric vehicles in the Region of Western Macedonia and in the regional unit of Arcadia of the Region of Peloponnese, the tax rates of 24% and 22%, respectively, are reduced by five (5) percentage points, as long as the profits relate to this production, starting from the tax year in which profits from this production were made for the first time and until the completion five (5) profitable tax years.

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. In tax year ending in 2021 and in 2022, the maximum rate is 1 % for the SMEs with lower than HUF 4 Bn turnover or balance sheet total.

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. In 2020 the levy for credit institutions was increased temporarily, that can be deducted in equal parts in the next 5 years from the tax obligations. From 2022 the venture capital firms, stock exchanges and commodity exchanges are exempt from bank levy. 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.

As from April 2020, a turnover based retail tax was introduced, and the tax rate of upper band increased in 2022. This tax is excluded from the table.

As from April 2020, a turnover based retail tax was introduced, and the tax rate of upper band increased in 2022. An extraordinary tax is levied on the retail sector to mitigate the effects of the energy crisis. The extraordinary retail tax in 2022 is equal to the 80% of retail tax paid in 2021. In 2023 the tax rates temporarily increased as follows: HUF 0.5- 30 Bn. from 0.1% to 0.15%, HUF 30-100 Bn. from 0.4% to 1% and above HUF 100 Bn. from 2.7% to 4.1%. This tax is excluded from the table.

In response to the energy crisis in the year 2022 and 2023 temporary sector specific extra profit taxes were introduced as follow:

Energy sector: The wide spread between Ural and Brent oil prices generates windfall profit. The new temporary the tax base is the product of refined oil quantity and the price spread with a 25 % flat rate from 1st of January to 31st of July and with a 40% tax rate from the 1st of August 2022 to the 7th of December 2022. Furthermore the tax rate changed to 95% from 8th of December 2022 to the end of 2023. The mining tax was also increased and the income tax of energy suppliers (Robin Hood tax) is extended to bioethanol, starch and sunflower oil production. An extraordinary temporary tax was also introduced for electricity producers in the year 2022 and 2023. The tax is levied on those green producers who was eligible for regulatory price (set by the Hungarian Energy and Public Utility Regulatory Authority), but decided to leave this system temporarily. The tax base is the spread between turnover after the amount of electricity fed into the electricity network and the product of quantity and the regulatory price, and the tax rate is 65%. The Government introduced an other new tax that apply to power plants providing balancing power. The tax base is the yearly revenue from this service, and the tax rate is 13% in 2022 and 10% in 2023. The tax rate of the income tax of energy suppliers is changing from 31% to 41% in the tax year 2023. The tax payers have to calculate the tax advance payment with the higher tax rate from 1st of January 2023. These taxes are excluded from the table.

An extraordinary tax was introduced for banking sector on the base of the net income (interest and fee) with a 10% rate in 2022 and 8% in 2023. This tax is excluded from the table.

A temporary windfall tax was introduced on pharmaceutical producers whose revenue from this activity exceeds the 33.3% of the revenue. The tax rate is 1% for revenues below HUF 50 Bn, 3% in the bracket between HUF 50- 150 Bn and 8% for revenues above HUF 150 Bn. This tax is also 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 2021 at the date of 1st March 2023:.

| Region | Standard tax rate |
|-----------------------|-------------------|
| Abruzzo | 4.82 % |
| Basilicata | 3.90 % |
| Bolzano* | 3.30% |
| Calabria* | 4.82 % |
| Campania | 4.97 % |
| Emilia Romagna | 3.90 % |
| Friuli Venezia Giulia | 3.90 % |
| Lazio* | 4.82% |
| Liguria | 3.90% |
| Lombardia | 3.90% |
| Marche* | 4.73% |
| Molise* | 4.82% |
| Piemonte | 3.90 % |
| Puglia* | 4.82% |
| Sardegna | 2.93% |
| Sicilia | 3.90% |
| Toscana | 3.90% |
| Trento* | 2.68% |
| Umbria | 3.90% |
| Valle d'Aosta | 3.90% |
| Veneto | 3.90% |

- * 2023 update

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 dimensions⁸.

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
- dependent workers hired with an open-end contract in a group of Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and 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 |

⁸ 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.,

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 and 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 introduced⁹.

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.

⁹ 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)

To contain the negative economic effects of the COVID-19 outbreak, Law Decree 34/2020 waives the obligation of taxpayers - enterprises and self-employed workers with a volume of revenues and fees up to 250 € million in 2019 - to pay the IRAP balance payment for 2019 as well as the first instalment of the advance payment for 2020, both of which are in principle due by 30 June 2020. Banks and other financial institutions, insurance companies, public administrations and public bodies are excluded by the measure.

With effect from 1st January 2022 (Budget Law for 2022 i.e. Law n. 234/2021), all entities carrying out a commercial, art or professional activity in an individual form are no longer subject to the payment of IRAP.

The regional tax on production activities will continue to be charged on all collective subjects (e.g. partnerships, corporations, non-commercial entities, associations of artists and professionals).

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 (with effect from 1st January 2014), through 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 n.50/2017 later implemented the reduction of the 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 was abolished, , although any excess of ACE eventually reported in 2018 tax returns could be carried forward and deducted from the total net income of the following tax years.

However, the Budget Law for 2020 has reintroduced the ACE system of taxation as of 1st January.2019, itself at the notional return of 1.3%).

To prevent and contain the negative economic effects of the COVID-19 outbreak, numerous non-standard contingency measures targeted at supporting families, workers and business companies have been recently introduced, in compliance with the " EU Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak"

Within the aid schemes for business companies, those measures aimed at boosting the liquidity and capitalization of businesses, as well as the non-refundable grants to those subjects experiencing a sharp drop in revenue, are of particular importance.

With regard to direct taxation, the ACE transitional tax regime is particularly relevant: with regard to the new injections of equity funds up to 5 million euros, the related ACE tax benefit can be converted into a countervailed tax credit for 2021. Furthermore, the capital increase realized in comparison to the existing capital stock at the end of the previous tax year, can benefit from the application of a notional interest rate of 15%, instead of the ordinary notional interest rate of 1.3%

More broadly, the recent contingency law decrees introduced numerous tax measures in the form of tax credits, tax liabilities suspension/deferral or rescheduling that, being targeted at specific sectors, fall outside the scope of the OECD Tax Database.

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.

From 1 Jan 2023, Central government statutory corporate income tax rates have been reduced by 1% across all tax brackets.

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 (as from 2018):

- large investments projects;
- special economic zones;
- losses accumulated till 2017 (for the period as from 2018 till 2022);
- 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;
- 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.

Since 2014 only income tax is levied as the sole tax on corporate earnings and profits. The income tax integrated the main elements of the IETU that were eliminated, such as the limit on the deduction of payments for exempt employee compensation.

II.1. NETHERLANDS

Since 2000 the corporate tax rate has been gradually reduced from 35% to 25% in 2011. The 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 and 2022. Besides this, the threshold will increase to € 245,000 in 2021 and € 395,000 in 2022.

II.1. NORWAY

The corporate tax rate (22%) is the same as the maximum 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 2023. 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%.

From January 1, 2021, there is an alternative and optional form of corporate income taxation – distributed profit tax. Taxation of profits is deferred until they are distributed, regardless of the form that distribution takes. In order to be able to use the new form of taxation, taxpayers must meet the conditions specified in the CIT Act. Currently, the tax rate is 10 percent for small taxpayers and taxpayers starting a business activity and 20 percent for the remaining eligible taxpayers.

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. TÜRKIYE

Corporate income tax is applied at 20% on corporate earnings. As for 2018, 2019 and 2020 the rate is 22%. The President is authorized to reduce the rate of 22% to 20%. This rate is applied as 25% for the taxation period 2021 and 23% for the taxation period 2022. As of January 1, 2022, the corporate income tax rate is 25% for financial sector companies.

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.

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 |
| 2021 | 20 | 100 000 | 25 | | | | Euro |
| 2022 | 20 | 100 000 | 25 | | | | Euro |
| 2023 | 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. I Small businesses

Businesses with an average income in the last 3 years lower than or equal to 75,000 UF (approx. US\$ 3.3 million), can apply for a full imputation tax regime (upon distribution, a full credit for the corporate tax paid is offset against personal income or withholding tax), with a tax rate of 25%. This special tax regime provides flexible accounting records and instantaneous depreciation. It is named Pro Pyme regime. Furthermore, if the business is only owned by individuals or non-resident taxpayers, it can opt for a "transparent" Pro Pyme regime, in which owners pay the final personal income or withholding tax directly, being released of corporate tax. The statutory tax rate of 25% applied in the Pro Pyme tax regime, was temporarily reduced to 10% for years 2020, 2021 and 2022.

Smallest businesses 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.

2. 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.

3. Specific tax on mining activities

The specific tax on mining activities is levied on income derived from the operational income of metal mining activity 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.

II.2. COLOMBIA

For year 2020 - 2021:

Law 2101 of 2019 reproduced almost entirely the comprehensive tax reform of December 2018 we described for the year 2019 related to the income tax. However, this new tax reform introduced some adjustments to the tax regime of "megainversiones", increasing the minimum number of jobs that must be generated to apply to this regime, from 250 to 400 new direct jobs, for sectors other than those with a high technological component or e-commerce. Furthermore, this law allows this regime to be applied within the Free Economic Zones.

Regarding on the Simple Tax Regime, Law 2101 raised the tax rates applicable to professional, consulting, and scientific services in which the intellectual factor prevails over the material, including the services of liberal professions. Before this law, the range of tax rates was between 4.9% and 8.5%; since January 2020, the tax rates are between 5.9% and 14.5%.

For year 2022:

Law 2155 of 2021 introduced a temporary surcharge for companies belonging to the financial sector whose taxable income exceeds 120.000 TVU (Taxable Value Unit) (COP \$4 560 480 000 for 2022). The surcharge is 3% for taxable years 2023-2025 and it will be paid in advance.

In addition, Law 2155 of 2021 increased the gross income threshold to belong to the Simple Tax Regime from 80.000 to 100.000 TVU (Tax Value Units). For taxable year 2022, 1 TVU = \$38.004 COP.

For year 2023:

Law 2277 of 2022 increased in two percentage points the current surtax on financial institutions (from 3% to 5% as of taxable year 2023) as well as its extension for two more years, until taxable year 2027. In addition, the law included more companies from the financial sector to pay this surtax such as insurance companies and stockbroker companies. It must be paid in advance.

In addition, the last tax reform introduced three new surtaxes, as follows:

1. 3% new surtax for hydroelectric plants, whose taxable income is equal or exceeds 30.000 TVU (Taxable Value Unit) (COP 1.272 million for 2023), that will apply until taxable year 2026. It must be paid in advance.
2. A new surtax for companies belonging to crude oil extraction economic activity, whose taxable income is equal or exceeds 50.000 TVU (Taxable Value Unit) (COP 2.120 million for 2023). The surcharge would be 0%, 5%, 10% or 15%, depending on the average international price of the product and its comparison with that of the last 10 years.
3. A new surtax for companies belonging to coal extraction economic activity, whose taxable income is equal or exceeds 50.000 TVU (Taxable Value Unit) (COP 2.120 million for 2023). The surcharge would be 0%, 5% or 10%, depending on the average international price of the product and its comparison with that of the last 10 years.

Regarding the reduced rates, Law 2277 of 2022 adjusted some of them, such as the income tax rate for Free Trade Zones. 20% reduced CIT rate will apply to the income coming from exports of goods and services, subject to compliance with maximum net income ceilings other than those of its approved activity. And 35% statutory tax rate will apply for the rest of the FTZ' income. Otherwise, the 35% general tax rate will apply to the total taxable income, regardless of income source. This measure will begin in taxable year 2024.

Other reduced rates related to the income from hotel services, ecotourism parks, agro-tourism theme parks, and publication industry, increased from 9% to 15%. Law 2277 of 2022 kept 9% tax rate for state-owned alcohol production and gambling but it removed both, 9% tax rate for old age tourism and the whole mega-investments regime.

On the other hand, Law 2277 of 2022 established 15% minimum income tax rate that is applicable to CIT taxpayers, other than non-resident companies. Based on the calculation of the adjusted rate (TTD), if it is less than 15%, the taxpayer must determine a higher value of income tax to reach the minimum rate.

Finally, non-resident individuals or corporations with significant economic presence will be subject to the income tax through the new provision introduced by Law 2277 of 2022. The tax rate is 3% on income derived from sale of goods and/or digital services provided from abroad to users located in Colombia. It

will start on January 1, 2024 and it will cease to have effect when the international agreement signed by Colombia prohibiting this taxation enters into force.

As regards to the Simple Regime, the last tax reform reduced the most of its tax rates: for example, the top tax rate decreased from 14.5% to 8.3%. Also, it included education, human health and social assistance services, and recycling, as new activities that will be part of this regime.

II.2. COSTA RICA

The annual income tax schedule for small business is determined on the taxable income according to the following schedule for 2022:

| From | Up to | Rate |
|----------------|----------------|------|
| 0 | CRC 5.286.000 | 5% |
| CRC 5.286.000 | CRC 7.930.000 | 10% |
| CRC 7.930.000 | CRC 10.573.000 | 15% |
| CRC 10.573.000 | Onwards | 20% |

II.2. CZECH REPUBLIC

These are the following income tax rates on special activity:

| | 2000 | 2001-2003 | 2004 | 2005-2014 | 2015-2023 |
|-----------------------|------|-----------|------|-----------|-----------|
| 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) |
|----------------------|----------------------------------|--------------|---------------------------|
| Until 2020 | Company turnover < €7.63 million | 15 % | € 38,120 |
| From 2021 until 2022 | Company turnover < €10 million | 15 % | € 38,120 |
| From 2023 | Company turnover < €10 million | 15 % | € 42,500 |

In 2022, the small business rate of 15 % is applicable where turnover does not exceed EUR 10 million, and on the part of the profit that does not exceed EUR 38,120. From 2023, this rate is applicable on the part of the profit that does not exceed EUR 42,500 instead of EUR 38,120 previously.

In order to benefit from the small business rate of 15 %, the company's capital must be completely redistributed and at least owned for 75 % by a natural person (or a company meeting this criteria).

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 exports at least 25% of annual sales

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 1.0 billion LIS
2. The combined balance sheet of the company is at least 10 billion LIS.

The company must demonstrate that it will greatly contribute to the Israeli economy, and receive the approval of the Israeli Tax Authority, the Ministry of Finance and the Ministry of Industry, Trade and Employment.

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

- a) Investment in productive equipment of at least 800 million LIS in the centre of the country or 400 million LIS in the Priority Area over a 3 year period.
- b) Investment in R&D of at least 150 million NIS in the centre of the country or 100 million LIS in the Priority Area
- c) Employing at least 500 employees in the centre of the country or 250 employees in the Priority Area

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

Before 2008 applicable on the first KRW100 million.

From 2009 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 for turnover of up to 25 000 euro is 25%, but for the share of turnover, which exceeds 25 000 euro – 40%. This tax replaces state social contributions and personal income tax. If a natural person is the owner of a farm or fishing enterprise and a sole proprietorship, or an individual undertaking, or a performer of economic activity registered with the State Revenue Service, the right to opt for the payment of micro-enterprise tax shall only apply to one of these forms of economic activity.

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) 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 since 2020).
- Companies implementing large projects under large project investment agreements (concluded during the period 2021 - 2025) may benefit from a tax relief (for maximum period of 20 years) Applicable if the average number of employees of such a company required to implement a large project during the tax year is not less than 150 (when investing in Vilnius - not less than 200) and private capital investments in the large project are not less than EUR 20 million (EUR 30 million when investing in Vilnius). The relief would be applied only if at least 75 per cent of income of the company in the relevant tax period consists of income from data processing, web server services (hosting) and related activities or income from manufacturing, and only if income is obtained from a large project.

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 – 2023

| 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. |
| 2021 | | 30.0% | N.A. |
| 2022 | | 30.0% | N.A. |
| 2023 | | 30.0% | N.A. |

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

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

Source: Mexican Income Tax Law, 2000 to 2023.

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 and will increase to € 245,000 in 2021 and € 395,000 in 2022. From 2019 the rate below the threshold will be reduced step by step to 15% of taxable income. 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 – 245,000 | 15.0% |
| 200,000 – over | 25% | 245,000 – over | 25,0% |

| 2022 | |
|----------------|----------------|
| threshold | statutory rate |
| 0 – 395,000 | 15.0% |
| 395,000 – over | 25.8% |
| | |

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 (37,84 % effectively) applies (dividends paid to corporations are tax exempt in Norway). The resource rent from hydroelectric power production and petroleum production is subject to an extra resource rent tax in addition to the normal 22 % corporate tax rate. The effective resource rent tax rate is 45 % for hydroelectric power production and 56 % for petroleum production, on the respective resource rent tax bases. ~~For hydropower the effective tax rate is 37 % due to the deduction of resource rent related corporate income tax.~~ As from 2017, the financial services industry is subject to a financial activity tax, consisting of a special tax on wages and an elevated tax rate on corporate income of 25 pct.

II.2. POLAND

on 1 January 2017 a new 15% corporate income tax rate was 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%. On 1 January 2021 the limit was raised from EUR 1,200,000 to EUR 2,000,000.

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.

As of 2021, the sales turnover EUR 100 thousand per year was reduced to EUR 49 790 for incorporated business to employ 15% tax rate.

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

As from 2022, minimum taxation of 15% of the tax base applies for corporate income taxpayers with an annual net turnover of at least EUR 20 million (or consolidated groups regardless of the net turnover amount). However, a 10% minimum CIT rate applies for newly created entities and an 18% minimum CIT rate for credit and hydrocarbon entities.

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.

Since January 2023, a reduced CIT rate of 23% is introduced for entities whose net turnover of the immediately preceding tax period is less than EUR 1 million. In addition, a reduced 15% CIT rate (up to four years) applies for start-up companies.

II.2. UNITED KINGDOM

The unified corporate tax rate for companies is 19 % for the year commencing 1 April 2022.

From 1 April 2023 there is no longer a unified corporate tax rate. The main rate for companies is 25% and a small profits rate of 19% applies for companies with smaller profits.

- As with earlier years companies with profits below a lower limit (now £50,000) pay Corporation Tax at the small profits rate. Companies with profits above an upper limit (now £250,000) pay at the main rate of Corporation Tax. Those with profits between the lower and upper limit can 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 is in a group or associated with other companies by virtue of ownership or control the thresholds are 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 from 2015-16 to 2022-23. The tax rates are set for the year commencing 1 April. In all years up to and including 2014-15 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 | - | - | - |
| 2021-22 | 19 | - | - | - |
| 2022-23 | 19 | - | - | - |
| 2023-24 | - | 25 | 19 | 3/200 |

- 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 dropped steadily from 40% in 1981-82 to 20% in 1999-2000. Likewise the main rate was been lowered from 52 % in 1981-82 to 30 % in 1999-2000. The small companies' rate applied up to £90,000 in 1981-82 and £300,000 in 1999-2000. The main rate applied from £225,000 in 1981-82. In 1999-2000 it was £1.5 million. Tax was charged between the two limits for a specific tax year in a fashion similar to that described 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. The main rate of Ring Fence Corporation Tax (RFCT) is 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% in January 2006 and 32% in March 2011. In January 2015 the SC rate was reduced to 20% and in 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.

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 | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Newfoundland and Labrador | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 | 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 | 16.0 | 16.0 | 16.0 |
| Nova Scotia | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 14.0 | 14.0 | 14.0 | 14.0 |
| New Brunswick | 10.0 | 12.0 | 12.0 | 12.0 | 14.0 | 14.0 | 14.0 | 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 | 11.5 | 11.5 | 11.5 |
| Ontario | 11.5 | 11.5 | 11.5 | 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 | 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 | 12.0 | 12.0 | 12.0 |
| Alberta | 10.0 | 10.0 | 10.0 | 12.0 | 12.0 | 12.0 | 12.0 | 11.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| British Columbia | 10.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 12.0 | 12.0 | 12.0 | 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 | 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 | 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 | 12.0 | 12.0 | 12.0 |

M&P Statutory Corporate Income Tax Rates

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Newfoundland and Labrador | 5.0 | 5.0 | 5.0 | 5.0 | 15.0 | 15.0 | 15.0 | 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 | 16.0 | 16.0 | 16.0 |
| Nova Scotia | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 14.0 | 14.0 | 14.0 | 14.0 |
| New Brunswick | 10.0 | 12.0 | 12.0 | 12.0 | 14.0 | 14.0 | 14.0 | 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 | 11.5 | 11.5 | 11.5 |

| | | | | | | | | | | | | |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Ontario | 10.0 | 10.0 | 10.0 | 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 | 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 | 10.0 | 10.0 | 10.0 |
| Alberta | 10.0 | 10.0 | 10.0 | 12.0 | 12.0 | 12.0 | 12.0 | 11.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| British Columbia | 10.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 12.0 | 12.0 | 12.0 | 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 | 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 | 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 | 12.0 | 12.0 | 12.0 |

Small Business Statutory Corporate Income Tax Rates

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Newfoundland and Labrador | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 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 | 2.0 | 1.0 | 1.0 |
| Nova Scotia | 4.0 | 3.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 |
| New Brunswick | 4.5 | 4.5 | 4.5 | 4.0 | 3.5 | 3.0 | 2.5 | 2.5 | 2.5 | 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 | 3.2 | 3.2 | 3.2 |
| Ontario | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 | 3.2 | 3.2 | 3.2 | 3.2 |
| Manitoba | 0.0 | 0.0 | 0.0 | 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 | 0.0 | 0.0 | 0.0 | 1.0 |
| Alberta | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 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 | 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 | 0.0 | 0.0 | 0.0 |
| Northwest Territories | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 2.0 | 2.0 | 2.0 |
| Nunavut | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 43.0 | 3.0 | 3.0 | 3.0 | 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 (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 $19.45 / 119.45 = 16.28$ %.

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 (Enforcement is scheduled from 1 Jan 2018). The local government can adjust the rate between a lower limit of 50% and an upper limit of 150% of basic tax rate. However, in practice all use the basic tax rate.

A uniform sub-central government tax rate of 1%~2.5% (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 2018). However, in practice all use the basic tax rate.

II.3. LUXEMBOURG

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

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 separate 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

The treatment of dividends taxed under the partially integrated income tax regime, is described in Table II.4. The owners of the enterprises under this regime and the Pro Pyme regime, 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. 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 partially integrated regime only 65% of the First Category Income Tax shall be credit deductible from final taxes. The maximum rate¹⁰ payable for withdrawals, distributions or remittances in the case of taxpayers with a tax rate for Complementary Global Tax of 40% or Additional Tax of 35%, reaches a 44.45%, except in the case of owners resident on a jurisdiction with a tax treaty on income and capital with Chile, with a cap of 35%.

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.4. COLOMBIA

For year 2020 - 2021:

Law 2010 kept the tax rate on dividends established for Law 1943 regarding on Colombian companies and for the profits that are being distributed as dividends that were not taxed at the level of the company. However, the most recent law changed some tax rates on dividends as follows:

- a progressive rate of 0% or 10% will apply when distributed to individuals deemed as residents for Colombian tax purposes. It involved a decrease in the tax rate, from 15% to 10%.
- For non-resident aliens, either companies or individuals, and permanent establishments in Colombia of non-resident aliens, either companies or individuals, a 10% rate will be levied. It involved an increase in the tax rate, from 7.5% to 10%.

For year 2022:

Law 2155 of 2021 did not introduce any changes to the tax rates on dividend income. In summary, distributions of dividends to non-residents are subject to dividends tax at a rate of 10%. The dividends tax rate for resident individuals is 0% or 10%, depending on the amount of the distribution (see table below). As of January 1, 2019, a 7.5% dividend withholding tax applies to distributions between Colombian companies. This dividend tax is charged only on the first distribution of dividends between Colombian entities and may be credited against the dividend tax due once the ultimate Colombian company (the last

¹⁰ A tax credit is granted to individuals subject to the Global Complementary Tax (GCT), equal to 5% on the part of the total of withdrawals plus dividends subject to GCT that are entitled to the FCIT credit subject to restitution, which exceeds 310 UTA (approx. USD 290 thousand), which implies a maximum tax burden of 44.45%.

Colombian company in an ownership chain) makes a distribution to its shareholders (non-residents entity or individual shareholders or Colombian resident individual shareholders)

Dividends subject to tax at the corporate level will be subject to the following rates on the individual's tax return:

| Taxable income (TVU) | | Marginal rate (%) | Tax liability |
|----------------------|----------|-------------------|---|
| Over | Not over | | |
| 0 | 300 | 0 | 0 |
| 300 | And up | 10 | (Taxable income translated into TVU less 300 TVU) x 10% |

Dividends that were not subject to tax at the corporate level will be taxed at a 35% flat rate, and the net income resulting from subtracting such tax from the gross income will be subject to an additional tax according to the previous table.

For year 2023:

Law 2277 of 2022 changed the tax rates on dividend income for individuals deemed as residents for Colombian tax purposes, domestic companies, and non-resident aliens, either companies or individuals, as follows:

- i) For resident individuals, the last tax reform included dividend income as part of the PIT general basket, that contains labor, capital and non-labor income, and it will tax according to the PIT rate schedule (from 0% up to 39%), but a 19% marginal tax credit will be allowed only for dividend income. In the case of dividends that were not subject to tax at the corporate level will be taxed at a 35% flat rate, and the net income resulting from subtracting such tax from the gross income will be subject to an additional tax according to the PIT rate schedule.
- ii) The tax rate on dividend income for non-resident aliens, either companies or individuals, increased from 10% to 20%.

The tax rate on dividend income received by domestic companies increased from 7,5% to 10%, whereas the tax rate on dividends received by permanent establishments of foreign companies increased from 10% to 20% (Law 2277 of 2022).

II.4. COSTA RICA

Regarding the payment of income tax on dividends, according to Article 19 of the Income Tax Law in subsection a) clarifies that:

In the case of legal or de facto partnerships, trusts, joint accounts, professional activity partnerships, trust commissions (sic*) and undivided estates, for the purposes of this law, one hundred percent (100%) of the disposable income, in accordance with the provisions of article 16, corresponds to the partners, trustees or beneficiaries who are natural persons domiciled in the country. In these cases, the companies that obtain the disposable income must withhold and pay to the Treasury, on behalf of their partners, associates or beneficiaries, an amount equivalent to **fifteen percent (15%)** of the imputed sum as a share of the

disposable income. The withholding will not proceed when the taxpayers referred to in this subsection capitalize the disposable income, an act that will be expressed in accounting

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 are subject to:

- CIT (cf. II-1), only when the parent/subsidiary regime does not apply ;
- Social contributions (particularly CSG and CRDS) of 17.2 %;
- 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 2022 is generally 15% with additional 13% social contribution tax which base is capped at 24 times the amount of the monthly minimum wage per year. Dividends paid by companies registered at any EEA-member's stock exchange are exempt from the social contribution tax.

PIT on the dividends paid as from 2019 is generally 15% with additional 19.5% social contribution tax¹¹ 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.

¹¹ 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. However, in order to encourage substantial shareholders to distribute retained earnings accumulated over the past several years, the tax rate on dividend distributions in January-September 2017 was set at 25% and excluded from the supplementary levy. 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.¹²

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).

¹² “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 were taxed at 10% PIT rate. After end of the transitional period such dividends are 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 2023, 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 3.0 million. (for 2023 this amount remains at MXN 4.5 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. This rate was increased to 31% in 2021.

On December 24, 2021, the highest Dutch court ruled this tax to have been unlawful during the years 2017 and 2018, having violated the non-discrimination and freedom of property articles in the ECHR. Since the same system still applies in 2022, this forces the government to repay part of this tax for the years 2017 up to and including 2022. For the years 2021 and 2022, all taxpayers who are deemed to have paid too much of this tax will receive compensation. For the years 2017 up to 2020, it is at the time of writing not yet clear whether all taxpayers who are deemed to have paid too much have a right to receive

compensation, or only those who made a formal complaint. 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 | | | 2021 | |
|---------------------|--------------------------|--|---------------------|--------------------------|
| wealth per person | statutory rate of return | | wealth per person | statutory rate of return |
| 0 – 30,846 | 0% | | 0 – 50,000 | 0% |
| 30,846 – 103,643 | 1.789% | | 50,000 – 100,000 | 1.898% |
| 103,643 – 1,036,418 | 4.186% | | 100,000 – 1,000,000 | 4.501% |
| 1,036,418 - over | 5.280% | | 1,000,000 - over | 5.690% |

| 2022 | | | | |
|---------------------|--------------------------|--|--|--|
| wealth per person | statutory rate of return | | | |
| 0 – 50,650 | 0% | | | |
| 50,650 – 101,300 | 1.818% | | | |
| 101,301 – 1,013,000 | 4.366% | | | |
| 1,013,001 – over | 5.530% | | | |

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 49.5 per cent 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

Income from dividends received from a Polish company is a subject to a flat rate of 19%. 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 (<https://issuu.com/csg.publications/stacks/46495f12f95847e6935d331969ed650a>). 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 2020).¹³

¹³ 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.