



cutting through complexity

TAX

Corporate and Indirect Tax Survey 2012

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Each year KPMG International strives to make this Corporate and Indirect Tax Survey a better product for all our stakeholders. As such, year-over-year you will note that we have many improvements.

Please note the following when reviewing the information in this report. As always, for a more detailed analysis and information, please contact your local KPMG Corporate or Indirect Tax professional.

- Information is current as of 15 December 2012 and is intended only to be a snapshot in a particular time frame.
- For the latest rates please visit the new online rate tool www.kpmg.com/taxrates.
- Footnote and rates are provided by KPMG member firms. All charts and graphs are produced by KPMG International, 2012.

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Introduction

2012 corporate and indirect tax rates — indirect tax surge continues

Mirroring the trends seen in past years, corporate and indirect tax rates around the world are in constant flux as governments seek to hike indirect tax rates to raise revenue while cutting corporate tax rates to attract investment. As companies struggle to keep up with new and expanding corporate indirect tax regimes, they face rising pressures to manage aggressive tax audits and disputes and new social imperatives to pay an appropriate amount of tax back to the communities in which they operate. In this environment, international businesses need to have appropriate strategies in place, including the right mix of income tax and VAT/GST management resources, to stay ahead of these trends.



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Trends in tax rate movement

Since January 2012, the average global indirect tax rate increased by 0.17 percent to 15.50 percent and the average global corporate tax rate fell marginally by 0.09 percent to 24.43 percent. Indirect tax rates in the African and Asian regions saw the highest level of change, with average rates moving up 0.40 percent in both regions. Europe's average indirect tax rate also climbed from 19.71 percent to 20 percent. Meanwhile, Latin America saw a slight average indirect tax rate increase of 0.01 percent to 12.79 percent, while rates in North

America (5 percent) and Oceania (12.92 percent) remained unchanged.

Looking at corporate tax rates, all regions experienced declines except Africa, whose average corporate tax rate increased by 0.47 percent to 29.02 percent. In North America, Canada saw the largest decrease, with its corporate tax rate dropping by 1 percent to 33 percent. Latin America followed close behind with a 0.72 percent drop in its average rate to 28.3 percent. Europe's average corporate income tax rate fell by 0.38 percent to 20.5 percent, Asia's by 0.21 percent to 22.89 percent, while the Oceania region remained unchanged at 28.6 percent.

Global highs and lows

The United Arab Emirates claimed the highest corporate tax rate in 2012 (55 percent), followed by the US (40 percent) and Japan (38.01 percent). Of those countries that impose a corporate income tax, Montenegro had the lowest rate (9 percent), followed

by a number of countries at 10 percent, including Serbia, Cyprus, Paraguay and Qatar.

On the indirect tax side, Hungary (27 percent), Iceland (25.5 percent), Sweden, Denmark, Norway and Croatia (25 percent) had the highest rates.

Corporate income tax rates fall as complexity and risk rises

Corporate tax rates have been in a state of decline for more than a decade, and this trend will continue in 2013 – albeit at a slower pace. Many countries will use corporate tax and other tax incentives to remain competitive and attract foreign investment. Corporate tax rate cuts have lowered in recent years, indicating that many countries believe they have achieved their targeted rates and that steeper reductions would have only nominal effects on their competitiveness.

Further, the global downturn has taken its toll on government finances, and tax authorities in most developed countries are being pressed to raise more revenue from their tax bases with fewer resources. To that end, even as corporate tax rates are falling, tax authorities are getting more aggressive in tax audits and investigations, resulting in larger adjustments, more potential for penalties and interest, and escalating tax controversy. In many markets, disputes have become both more common and more acrimonious, leading to increased costs and greater uncertainty for companies.

In particular, six specific trends are emerging from tax authorities that

are profoundly affecting today's tax environment:

1. Broadening of the tax base, for example by limitation of deductions and loss carry forward.
2. Increasing scrutiny in areas such as transfer pricing.
3. Greater collaboration with other jurisdictions to identify and pursue tax evasion.
4. Growing discomfort with aggressive corporate tax strategies.
5. Expansion and application of anti-abuse regulations, both domestic and international.
6. Increasing use of penalties as a source of revenue.

A further outcome of the financial crisis is a new focus on the link between taxation and morality. As fiscally challenged governments impose austerity programs and attempt to boost their tax revenues, the general public is growing more intolerant of companies and high net worth individuals who are perceived as not paying their "fair share." In many countries, populations are now keenly aware of the importance

of tax within their national economies, and there is a growing sense that taxes must be shouldered collectively.

In this environment, managing reputational risk and proper communication has become a key responsibility of the tax director. Tax directors will need to gain a clear understanding of their company's risk appetite.

To build trust with their stakeholders and society at large, companies are likely to become more transparent about the amounts of tax that they pay within each jurisdiction on a fully consolidated

basis. Companies have become more aware that it is important to understand and to be able to communicate the "total tax contribution," which goes beyond corporate income taxes but also includes labor taxes, social security contributions and, in certain cases, even indirect taxes and customs duties.

At the same time, tax directors need to pay close attention to their relationships with tax authorities around the world. When disputes do occur, tax directors should take a direct role in reviewing their dispute responses before they are submitted.

Shifting toward indirect taxes

Over the last two decades, we've seen a significant increase in the number of countries and jurisdictions using indirect tax to fund government finances. According to the Organisation for Economic Cooperation and Development (OECD), VAT/GSTs are now imposed in over 150 countries, including 33 out of 34 OECD member countries (with the US being the lone exception). And while VAT/GSTs are relatively new taxation methods, they are clearly the way of the future. The OECD observes that consumption taxes now account for 31 percent of all revenue collected by governments of OECD member countries and 20 percent of taxation revenues worldwide¹. VAT/GST is now globally the third most important source of revenue for governments, second to social security contributions and personal income taxes and well ahead of corporate income taxes, specific consumption taxes and property taxes.

As the world's governments seek new ways to generate revenues, VAT/GST rates will increase, more jurisdictions

will adopt these taxes, and the scope of many of those already in place will broaden. In 2013, we expect indirect tax reforms to continue to develop in China, India and countries in the Middle East. In some countries, such as China, there are already extremely short indirect tax reform timeframes under which companies are expected to adapt systems and achieve proper compliance.

At the same time, other types of indirect taxes are taking hold. For example, several countries have or intend to levy financial transaction taxes (FTT), and others are set to follow suit. In August 2012, France introduced an FTT at the rate of 0.2 percent on certain types of stock purchases, while countries including Spain, Italy and Germany are pursuing similar taxes. Hungary has proposed to expand its existing FTT to cover its Central Bank transactions. In the US, the proposed "Wall Street Trading and Speculators Act" would impose a 0.03 percent tax on trading transactions (although this tax is unlikely to make its way into law).

¹ OECD report, "Consumption Tax Trends 2012"

Meanwhile, governments continue to experiment with new forms of excise taxes to finance certain programs or serve social ends. To help fund its national health care program, the US government enacted a controversial new 2.3 percent excise tax on the sale of “taxable medical devices” as of 1 January 2013. The tax would apply to the medical device’s manufacturer or importer, and many critics claim it would negatively affect US jobs and medical innovation for years to come. In fact, according to a March 2012 KPMG LLP survey² of medical device manufacturers, 40 percent of respondents said their companies were already contemplating actions such as price increases and cost reductions (e.g., in head count, manufacturing processes, and research and development) in order to remain competitive.

Despite the potentially harmful impacts and added complexity of these new indirect taxes, the pressing need of governments to increase revenues means the trend will likely continue. For the large global companies forced to deal with the everyday realities of managing compliance, the implications can be significant. Even the process of managing a company’s supply chain with respect to these various types of taxes can be incredibly complicated. Consider the example of a company that processes USD10 billion in annual sales with an indirect tax throughput of USD2 billion. In this case, an error of just 1.0 percent would translate into USD20 million annually, and the financial penalties can increase these costs even more.

Preparing for the challenges to come

With increasing complexity in corporate income taxes and international tax law, and tax controversy and reputational

risk continuing to mount, companies will have to put more effort in keeping up with changes in the multiple jurisdictions in which they operate. Managing the effective tax rate and managing financial risks will require more expertise than ever.

As the global shift toward indirect taxation continues, companies will encounter more challenges in achieving full compliance and more pressure on their resources and cash flow. Forward-thinking companies are investing in tax department transformation projects to meet the challenges to come.

For example, many companies are opting to outsource income and/or indirect tax activities. For many of them, keeping up with rising compliance needs in-house can mean an ever-growing head count. Companies are centralizing the management of their tax departments so they can maintain better insight and oversight of the function across the entire organization. Work is also being done to standardize and automate tax processes to ease the management of complex data flows, streamline the performance of routine tasks, improve the accuracy of tax data and foster a better understanding and communication of tax matters across the company.

With an additional strategic focus and investment in a company-wide framework for managing tax, it is possible to realize opportunities to reduce the total business cost associated with compliance while improving bottom lines. Those companies that get the balance right stand to reduce their risk, add more value, and gain competitive advantage.

² The KPMG in the US survey was conducted in March, 2012 during a KPMG LLP Tax practice-sponsored event focused on the impact of the medical device excise tax. <http://www.kpmg.com/us/en/issuesandinsights/articlespublications/press-releases/pages/kpmg-survey-medical-device-execs-say-new-excise-tax-will-hit-their-company-bottom-lines-hard.aspx>

Corporate and Indirect Tax Rates 2012

Country	Region	Corporate tax rate	Regional average	Indirect tax rate	Regional average
Afghanistan	Asia	20	22.89	N/A	12.24
Albania	Europe	10	20.5	20	20
Angola	Africa	35	29.02	N/A	14.57
Argentina	Latin America	35	28.3	21	12.79
Armenia	Asia	20	22.89	20	12.24
Aruba	Latin America	28	28.3	1.5	12.79
Australia	Oceania	30	28.6	10	12.92
Austria	Europe	25	20.5	20	20
Bahamas	Latin America	0	28.3	N/A	12.79
Bahrain	Asia	0	22.89	N/A	12.24
Bangladesh	Asia	27.5	22.89	15	12.24
Barbados	Latin America	25	28.3	17.5	12.79
Belarus	Europe	18	20.5	20	20
Belgium	Europe	33.99	20.5	21	20
Bermuda	North America	0	33	N/A	5
Bolivia	Latin America	25	28.3	13	12.79
Bonaire	Latin America	0	28.3	8	12.79
Bosnia and Herzegovina	Europe	10	20.5	17	20
Botswana	Africa	22	29.02	12	14.57
Brazil	Latin America	34	28.3	19	12.79
Bulgaria	Europe	10	20.5	20	20
Cambodia	Asia	20	22.89	10	12.24
Canada	North America	26	33	5	5
Cayman Islands	Latin America	0	28.3	N/A	12.79
Chile	Latin America	18.5	28.3	19	12.79
China	Asia	25	22.89	17	12.24
Colombia	Latin America	33	28.3	16	12.79
Costa Rica	Latin America	30	28.3	13	12.79
Croatia	Europe	20	20.5	25	20
Curaçao	Latin America	27.5	28.3	6	12.79
Cyprus	Asia	10	22.89	17	12.24
Czech Republic	Europe	19	20.5	20	20
Denmark	Europe	25	20.5	25	20
Dominican Republic	Latin America	29	28.3	16	12.79
Ecuador	Latin America	23	28.3	12	12.79
Egypt	Africa	25	29.02	10	14.17
Estonia	Europe	21	20.5	20	20
El Salvador	Latin America	30	28.3	13	12.79
Fiji	Oceania	28	28.6	15	12.92
Finland	Europe	24.5	20.5	23	20
France	Europe	33.33	20.5	19.6	20
Georgia	Asia	0	22.89	18	12.24
Germany	Europe	29.48	20.5	19	20
Gibraltar	Europe	10	20.5	N/A	20

Country	Region	Corporate tax rate	Regional average	Indirect tax rate	Regional average
Greece	Europe	20	20.5	23	20
Guatemala	Latin America	31	28.3	12	12.79
Guernsey	Europe	0	20.5	N/A	20
Honduras	Latin America	35	28.3	12	12.79
Hong Kong	Asia	16.5	22.89	N/A	12.24
Hungary	Europe	19	20.5	27	20
Iceland	Europe	20	20.5	25.5	20
India	Asia	32.45	22.89	12.5	12.24
Indonesia	Asia	25	22.89	10	12.24
Ireland	Europe	12.5	20.5	23	20
Isle of Man	Europe	0	20.5	20	20
Israel	Asia	25	22.89	17	12.24
Italy	Europe	31.4	20.5	21	20
Jamaica	Latin America	33.33	28.3	16.5	12.79
Japan	Asia	38.01	22.89	5	12.24
Jersey	Europe	0	20.5	5	20
Jordan	Asia	14	22.89	16	12.24
Kazakhstan	Asia	20	22.89	12	12.24
Kenya	Africa	30	29.02	16	14.57
Korea, Republic of	Asia	24.2	22.89	10	12.24
Kuwait	Asia	15	22.89	N/A	12.24
Latvia	Europe	15	20.5	21	20
Libya	Africa	20	29.02	N/A	14.57
Liechtenstein	Europe	12.5	20.5	8	20
Lithuania	Europe	15	20.5	21	20
Luxembourg	Europe	28.8	20.5	15	20
Macau	Asia	12	22.89	N/A	12.24
Macedonia	Europe	10	20.5	18	20
Malawi	Africa	30	29.02	N/A	14.57
Malaysia	Asia	25	22.89	10	12.24
Malta	Europe	35	20.5	18	20
Mauritius	Africa	15	29.02	15	14.57
Mexico	Latin America	30	28.3	16	12.79
Montenegro	Europe	9	20.5	17	20
Mozambique	Africa	32	29.02	17	14.57
Namibia	Africa	34	29.02	15	14.57
Netherlands	Europe	25	20.5	21	20
New Zealand	Oceania	28	28.6	15	12.92
Nigeria	Africa	30	29.02	5	14.57
Norway	Europe	28	20.5	25	20
Oman	Asia	12	22.89	N/A	12.24
Pakistan	Asia	35	22.89	16	12.24
Panama	Latin America	25	28.3	7	12.79
Papua New Guinea	Oceania	30	28.6	10	12.92
Paraguay	Latin America	10	28.3	10	12.79

Country	Region	Corporate tax rate	Regional average	Indirect tax rate	Regional average
Peru	Latin America	30	28.3	18	12.79
Philippines	Asia	30	22.89	12	12.24
Poland	Europe	19	20.5	23	20
Portugal	Europe	25	20.5	23	20
Qatar	Asia	10	22.89	N/A	12.24
Romania	Europe	16	20.5	24	20
Russia	Europe	20	20.5	18	20
Saba	Latin America	0	28.3	6	12.79
Samoa	Oceania	27	28.6	15	12.92
Saudi Arabia	Asia	20	22.89	N/A	12.24
Serbia	Europe	10	20.5	20	20
Singapore	Asia	17	22.89	7	12.24
Slovak Republic	Europe	19	20.5	20	20
Slovenia	Europe	18	20.5	20	20
South Africa	Africa	34.55	29.02	14	14.57
Spain	Europe	30	20.5	21	20
Sri Lanka	Asia	28	22.89	12	12.24
St. Eustatius	Latin America	0	28.3	6	12.79
St. Maarten	Latin America	34.5	28.3	5	12.79
Sudan	Africa	35	29.02	15	14.57
Sweden	Europe	26.3	20.5	25	20
Switzerland	Europe	21.17	20.5	8	20
Syria	Asia	28	22.89	N/A	12.24
Taiwan	Asia	17	22.89	5	12.24
Tanzania	Africa	30	29.02	18	14.57
Thailand	Asia	23	22.89	7	12.24
Trinidad and Tobago	Latin America	25	28.3	15	12.79
Tunisia	Africa	30	29.02	18	14.57
Turkey	Asia	20	22.89	18	12.24
Uganda	Africa	30	29.02	18	14.57
Ukraine	Europe	21	20.5	20	20
United Arab Emirates	Asia	55	22.89	N/A	12.24
United Kingdom	Europe	24	20.5	20	20
United States	North America	40	33	N/A	5
Uruguay	Latin America	25	28.3	22	12.79
Vanuatu	Oceania	0	12.92	12.5	12.92
Venezuela	Latin America	34	28.3	12	12.79
Vietnam	Asia	25	22.89	10	12.24
Yemen	Asia	20	22.89	5	12.24
Zambia	Africa	35	29.02	16	14.57
Zimbabwe	Africa	25.75	29.02	15	14.57

Footnotes

Afghanistan

Corporate tax

The corporate tax rate is 20 percent. Generally, two types of taxes are payable by corporate entities. The corporate income tax rate is 20 percent and is applied to the taxable income. Whereas the business receipt tax (ranging from 2 percent to 10 percent) is applied to the gross revenue. Qualifying extractive industries (mines and hydrocarbons) are exempt from the business receipt tax. Taxable income is determined by deducting all business-related tax deductible expenses from gross revenue. The tax deductible expenses also include dividends paid by the corporation and business receipt tax. Expenses which are subject to withholding tax are not tax deductible if the taxpayer fails to withhold withholding tax and to pay it to the tax authorities. Under a tax incentive scheme, so-called approved enterprises (that is, enterprises registered with the Afghanistan Investment Support Agency according to the Investment Law) are eligible for accelerated depreciation (four years for buildings and two years for other assets) and full carry forward losses.

Indirect tax

There is no indirect tax.

Albania

Corporate tax

The corporate tax rate is 10 percent. The corporate income tax rate is applied to the taxable profit of the fiscal year (1 January to 31 December). Taxable profit is defined as gross income generated minus related tax deductible expenses. There are certain expenses that are not deductible for tax purposes, such as business expenses unsupported by a regular invoice, interest accrued up to a certain limit, interest paid on loans and pre-payments which exceed four times the amount of net equity during the period, representation expenses over a certain limit, cost of fringe benefits and voluntary pension contributions. Setting up reserves does not lead to tax deductible expenses, except for banks and insurance companies. Dividends derived by qualifying companies are tax exempt.

Indirect tax

The standard rate of VAT (tatimi mbi vleren e shtuar; TVSH) is 20 percent. There is a reduced rate of 0 percent applicable to exports of goods, supply of services and goods connected to maritime commercial or industrial activities, and supplies related to international transport. The export of services and the supplies of certain goods and services are exempt from VAT, for example lease and sale of land (under certain conditions subject to 20 percent VAT), sale of real estate, financial services, and certain supplies in connection with oil exploration. The supply of drugs and medical services offered by private or public health institutions is subject to 10 percent VAT.

Angola

Corporate tax

The corporate tax rate is 35 percent. There is no VAT system in Angola at this time. However, there is a consumption tax which to some extent substitutes VAT. Consumption tax is levied on: importation of goods, local production of goods and a range of services (e.g. consultancy services,

tourism services). The rate for goods varies from 2 percent to 30 percent with the general rate being 10 percent. The rate for services is either 5 percent or 10 percent.

Argentina

Corporate tax

The corporate tax rate is 35 percent. A minimum income tax at a rate of 1 percent is applied to the tax value of the company's assets (liabilities cannot be deducted). Some assets, such as stocks, shares in other entities that are subject to taxation, and assets of mining companies are exempt from minimum income tax. The acquisition of new goods, except for automobiles, as well as the investment in newly constructed or refurbished buildings (for the first two years) are also excluded from minimum income tax. The minimum income tax only applies to the extent it exceeds the (regular) income tax calculated as a percent of the taxable income. The minimum income tax paid in any given year reduces the (regular) income tax of subsequent years (maximum carry forward of 10 years).

Indirect tax

The standard rate of VAT (impuesto al valor agregado; IVA) is 21 percent. There is a reduced rate of 10.5 percent for certain goods and services, including, sales or imports of cattle, sheep, camels, goats, and derivatives which are fresh or frozen under certain conditions, imports of certain capital goods included in the tariffs list of the Common Nomenclature of Mercosur (Southern Cone Common Market), certain supplies of services related to the soil (such as preparation) and farming activities (such as sowing and harvest), certain constructions related to dwelling houses, interest on loans from foreign banks located in a country where the central bank has adopted the international supervision standards of the base Banks Committee, the processing and manufacturing of movable goods in Argentina by a third party, even if the movable property is fixed to immovable property. Such supplies do not include tax-free services supplied through the delivery of movable goods representing simply the material support in relation to a supply, subject to certain restrictions, sales, hiring, and imports of live animals or their meat, fruits, vegetable, honey, grains, dried vegetable, common bread, bakery products, and wheat flour, provision of certain services including sowing, plantation, harvesting, use of chemicals to enrich the soil, building, installation, repairing, maintenance, and preservation of properties destined for housing, sales and imports of newspapers and periodicals, transport services supplied by taxis and other means of transport if the distance traveled is more than 100 km, medical services in specific cases, sales and services provided by certain cooperatives, sales, hiring, and imports of certain gases, and production and distribution of programs, films, and records of any type to be transmitted by radio or television. There is an increased rate of 27 percent for certain services if they are rendered outside properties exclusively used as a dwelling, entertainment, summer homes or vacant land and the beneficiary of the services is a registered or a small taxpayer, telecommunication services (except services rendered by the national telecommunications agency or news agencies), the supply of gas or electrical power (except public illumination), certain supplies of water, and sewage services. Exports of goods and services are zero-rated. Exempt goods include, among others, imports and sales of books, retail distribution of newspapers, and periodicals, shares, bonds, and securities,

stamps, gold and metallic currency, and airplanes constructed and destined for the transportation of passengers and/or freight and ships for the exclusive use in commercial activities or for defense and security. Exempt services include: services rendered by the state, provinces, municipalities, and institutions belonging thereto, specified medical services, transportation of persons and freight, including international transportation, financial placements and services in those cases listed in the law, services proper of directors, controllers and members of boards of stock corporations and those of managers and members of managing boards of other companies, the letting of immovable property relating to dwelling houses and to farming and the letting of immovable property with monthly rents less than ARG1,500.

Armenia

Corporate tax

The corporate tax rate is 20 percent.

Indirect tax

The standard rate of VAT is 20 percent. There is also a 0 percent rate which applies to, for example, the export of goods from Armenia, the provision of services, the place of supply for which is outside Armenia, the maintenance of aircraft serving international flights, and the sale of goods in duty free shops in airports. Certain supplies of goods and services are exempt from VAT, for example the sale of magazines and newspapers, scientific research work, the provision of most types of financial services, insurance, and reinsurance activity.

Aruba

Corporate tax

The corporate tax rate is 28 percent.

Indirect tax

The standard rate of turnover tax (Belasting op Bedrijfsomzetten; BBO) is 1.5 percent. In certain cases the law provides for tariffs which deviate from the aforementioned and other exemptions.

Australia

Corporate tax

The corporate tax rate is 30 percent. The corporate income tax rate applies to both resident and non-resident companies. A resident company is liable to corporate income tax on its worldwide income and capital gains. A non-resident company is liable to corporate income tax on its Australian-source income only, and on capital gains from the disposal of an asset that is taxable Australian real property (TARP). Broadly, TARP will include Australian real property and certain indirect interests in Australian real property. The Australian tax system provides taxation relief against international double taxation by granting foreign tax offsets in some circumstances and in others, by exempting the foreign income from Australian tax. The corporate income tax rate applies to income earned during the period from 1 July to 30

June of the following year. If a company has approval to use a different year-end for tax purposes, the approved period must still relate to a 30 June year-end (that is, the year ended 31 December 2009 in lieu of 30 June 2010).

Austria

Corporate tax

The corporate tax rate is 25 percent. There are no trade income or net worth taxes. Austrian corporations may benefit from the participation exemption and the group taxation (including cross-border loss utilization and goodwill depreciation for the acquisition of qualifying Austrian subsidiaries).

Indirect tax

The standard rate of VAT is 20 percent. VAT reduced rates of 10 percent and 12 percent are applicable on some supplies.

Bahamas

Corporate tax

The corporate tax rate is 0 percent. No taxes based on corporate earnings are assessed in the Bahamas. Effective 1 January 2011 the general rate of the Business License tax is 0.75 percent of turnover exceeding \$500,000.

Indirect tax

No indirect taxes such as VAT, GST etc. are levied in the Bahamas. However, there are significant import duties and excise taxes on goods brought into the country. Such import duties and excise taxes range from 0 percent on certain essential items up to 85 percent on certain luxury vehicles.

Bahrain

Corporate tax

The corporate tax rate is 0 percent. Bahrain is an income tax-free country; there is no corporate or personal income tax in Bahrain (except for oil related activities). Accordingly, all profits, dividends, or any other income is tax free. Bahrain taxes oil and gas companies in the drilling and exploration sector at a rate of 46 percent. There are no exchange control regulations and accordingly there is no restriction on repatriation of capital, profits, royalties, or wages.

Indirect tax

There is no VAT or sales tax. Bahrain follows the GCC Unified Customs Duty law and imposes 5 percent on most imports.

Bangladesh

Corporate tax

The corporate tax rate is 27.5 percent. The corporate income tax rate is 27.5 percent for corporations (except banks and other financial institutions) listed at a stock exchange. If such listed corporation pays a dividend that exceeds 20 percent of the paid-up capital for a taxable year, it receives a 10 percent rebate on the tax payable. In cases where the dividend is lower than

10 percent of the paid-up capital, the corporate income tax rate is increased to 37.5 percent. Should the dividend amount be less than 15 percent in spite of having sufficient distributable profits, the company is subject to an additional 5 percent tax on the undistributed profits. Banks, insurance companies and other financial institutions are taxed at 42.5 percent, and mobile phone operators are taxed at 45 percent. All other companies including branches of foreign companies are taxed at 37.5 percent. However if a mobile phone operator company converts itself into a publicly traded company by offering a minimum of 10 percent of its shares on the stock exchange through initial public offer, then applicable tax rate for such organization will be 35 percent. A rebate in the amount of 50 percent of the income derived from export business will be granted to companies registered in Bangladesh. Textile/jute industries are subject to 15 percent but these industries will not qualify for an export rebate. Tax at 0.4 percent deducted by a bank from export proceeds received by export-oriented knitwear and woven garment industries is treated as final tax. If the profit earned by a bank exceeds 50 percent of its capital and reserves, the bank is subject to a 15 percent excess profits tax on the additional profit. The aforesaid rates will remain valid for companies whose accounting year ends on any date up to 30 June 2010.

Indirect tax

The standard rate of VAT is 15 percent. There are reduced rates of 6 percent, 5.5 percent, 5.0025 percent, 4.5 percent, 4 percent, 3 percent, 2.25 percent, 1.5 percent, and 0 percent which apply to, for example certain categories of restaurants (without AC), retailer of furniture (Production stage) (6 percent); construction firm (5.5 percent); air conditioned bus service, electricity distributor, own branded readymade garments retailers (5.0025 percent); motor garage, photo producer, security services, legal advisers, carriers without petroleum, rent a car service, immigration advisers, coaching centers, English medium schools, non-government medical and engineering colleges, event management organizations, human resources supply and maintenance organizations (4.5 percent); supplies of goods and services through participation in a tender/quotation (4 percent); retailer of furniture without production stage, buyer of auction goods (3 percent); pathological laboratory work, supplies of goods and services by hospitals and maintenance and cleaning of building floors/premises, dental medical centers, petroleum carriers (2.25 percent); land development, construction of apartments, goldsmith or silversmith and gold and silver retailer (1.5 percent); VAT exemptions include: for example certain food items (such as meat, fish, potatoes, vegetable, and fruits); jute and jute goods; social welfare, culture, training, and rehabilitation services; and agricultural development.

Barbados

Corporate tax

The corporate tax rate is 25 percent. The corporate income tax rate may be reduced, on a sliding scale to 1.75 percent, by a foreign currency tax credit granted for qualifying foreign currency generating activities. Special rates apply for small

business, manufacturing, or certain insurance concessions. An international financial service center tax regime provides for exemption from tax for certain insurance companies, a 1.75 percent rate for qualifying insurance companies and a variable rate of 1 percent to 2.5 percent for other qualifying international business activities.

Indirect tax

The standard rate of VAT is 17.50 percent. There is a 7.5 percent rate which currently applies to the provision of hotel and condo-hotel accommodations. Zero-rated supplies include exports of goods and services, basic food items, printed matter, certain agricultural machinery, and international transport of passengers and freight, as well as importations by approved educational institutions and companies in the international financial services sector, among others. Exempt supplies include certain financial services, health and educational services, and specific supplies of real property. Companies in the international business sector are not required to register for VAT and any VAT which they suffer may be refunded on application to the VAT Division on the prescribed form.

Belarus

Corporate tax

The corporate tax rate is 18 percent (effective 1 Jan 2012). Reduced rates are 12 percent (applied for dividends); 10 percent (for residents of science and technology parks; for sales of self-produced high-tech goods); 50 percent of basic CPT rate (for disposal of shares; for producers of laser and optical equipment); 5 percent (for registered members of Science and Technology Association established by the State University selling informational technologies and services). For special economical zones the CPT rate may be reduced to 50 percent of the standard tax rate if certain special requirements are met.

Indirect tax

The standard VAT rate is 20 percent. Reduced rates are 10 percent (applied for clothes for children and some social products, such as grain, milk, butter, fish, flesh and other products included in a list approved by the president), and 0.5 percent (for diamonds and other precious stones delivered from the Member States of the Customs Union for production purposes), and 0 percent (export). Some goods and services are exempt from VAT application, such as medical equipment, medicines and other goods and services indicated in the Tax Code.

Belgium

Corporate tax

The corporate tax rate in Belgium 33.99 percent. A lower (progressive) tax rate may apply to companies that are more than 50 percent owned by individuals. All companies subject to resident or non-resident corporate tax benefit from the risk capital or notional interest deduction that is computed on the companies' adjusted equity capital (including retained

earnings). The deduction equals 3 percent (3.5 percent for small companies) for fiscal year 2013 (taxable years starting 1 January 2012 or later). The notional interest deduction reduces the effective tax rate to an average range from 24 percent to 27 percent (or lower depending on the equity capital).

Indirect tax

The standard rate of VAT (taxe sur la valeur ajoutée: TVA/ belasting over de toegevoegde waarde: BTW) is 21 percent. There are reduced rates of 12 percent, 6 percent and 0 percent. The 12 percent rate applies to, for example social housing (as from 1 January 2007, 6 percent in certain circumstances), restaurant and catering services (not drinks), fytofarmacie, margarine. Most food and drinks, books, pharmaceuticals, hotel and camping accommodations, passenger transportation, refurbishment works to private dwellings (under certain conditions) and agricultural services are charged at a 6 percent rate. Newspapers and periodicals published (under certain conditions) are charged with 0 percent. Supplies of certain goods and services are exempt from VAT, for example financial services, letting of immovable property, hospital services, medical care and cultural activities.

Bermuda

Corporate tax

The corporate tax rate is 0 percent. There are no notes for 2011.

Indirect tax

There is no indirect tax.

Bolivia

Corporate tax

The corporate tax rate is 25 percent. The Bolivian corporate income tax is based on the territoriality principle, whereby tax is due only on business income derived from activities performed, property situated, or economic rights used in Bolivia, regardless of the nationality, domicile or residence of those who take part in the operations. Accordingly, business income realized through operating companies outside Bolivia is not taken into account for Bolivian tax purposes nor are losses pertaining to such companies.

Indirect tax

The standard rate of VAT (impuesto al valor agregado; IVA) is 13 percent of the total price of the service rendered for an effective rate of 14.943 percent. Exports of goods and services are zero-rated. Exempt services include: financing transactions generating interest income, purchase and sales of shares, debentures, securities and credit title transactions, sales or transfers resulting from companies' reorganizations, capital contributions, imports made by country-accredited diplomats.

Bonaire

Corporate tax

The profit tax regime in the BES islands (Bonaire, St. Eustatius and Saba) was abolished in 2011. Instead, a property tax rate of 25 percent (levied on 4 percent of the value of a company's real estate located in the BES islands) and a distribution tax rate of 5 percent (levied on proceeds derived from shares in companies established in the BES islands) apply. In order to prevent abuse of the absence of a profit tax regime, passive (investment) companies established in the BES islands are considered to be residents of the Netherlands for tax purposes. Consequently, such companies will be subject to Dutch corporate income tax levied at a rate of 20 percent on profits up to EUR200,000 and a rate of 25 percent for profits exceeding that amount.

Indirect tax

Standard rate applicable to services reduced to 6 percent (1 October 2011).

Bosnia and Herzegovina

Corporate tax

The corporate tax rate is 10 percent. Bosnia and Herzegovina consist of two separately administered territorial entities: Federation of Bosnia and Herzegovina (FBiH) and Republic of Srpska (RS) with different corporate profit tax laws and regulations. In both entities, dividends received are generally not subject to corporate profit tax. Tax incentives envisaged in the FBiH include allowing for a tax holiday for the year in which more than 30 percent of a taxpayer's total income is realized through export as well as tax incentives related to investment as per the FBiH corporate profit tax legislation.

Indirect tax

The standard rate of VAT (porez na dodanu vrijednost; PDV) is 17 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods and certain related services. Supplies of certain goods and services are exempt from VAT, for example, financial services, insurance and reinsurance services, education, health care, rent of residential property for a period longer than 60 days, certain supplies of immovable property, dealing in shares, management of investment funds and stamps.

Botswana

Corporate tax

The corporate tax rate is 22 percent. The current rate is primarily as a result of the change in the system of taxation of corporates in Botswana. Previously, the corporate tax rate was made up of a 15 percent company tax plus a 10 percent company tax (known as ACT). Both taxes were payable as one corporate tax, however where companies declared and paid dividends, the requisite withholding tax deducted from such dividends (generally 15 percent) could be offset against ACT paid. Under this process, the dividend withholding tax

would not be paid over to the authorities, and would be recycled back into retained earnings. The effect was to keep the overall effective tax on the corporate and shareholder to a maximum of 27.75 percent. This system was considered complex in the current environment, so was abolished and replaced with a flat rate corporate tax of 22 percent, and a reduced withholding tax on dividends to shareholders of 7.5 percent. The overall impact of the taxes borne between the corporate and its shareholders is minimal.

Indirect tax

The standard VAT rate is 12 percent. There is a reduced rate of 0 percent which applies to exports of goods and services, international transport services, disposal of businesses as going concerns, certain food products not mixed with other products, some pesticides, fertilizers, farming tractors, supplies to the head of state etc. Certain supplies of goods and services are exempt from VAT, for example prescription drugs, residential accommodations, education at approved institutions, public medical facilities and services, non-fee based financial services, and passenger transportation (excluding the transportation of tourists).

Brazil

Corporate tax

The corporate income tax (IRPJ) rate is 25 percent. The rate is a combination of a 15 percent basic rate and a 10 percent surtax on income that exceeds BRL 240,000 per year. In addition, Brazilian tax legislation imposes a social contribution on net profits (CSLL) at a rate of 9 percent. Thus, corporate income taxation should be charged at a combined rate of 34 percent (IRPJ and CSLL). Note that as of 1 May 2008, the tax rate of the mentioned social contribution (CSLL) has been increased from 9 percent to 15 percent in case the taxpayer is a financial institution, a private insurance company, or a capitalization company. There are two main methods to calculate corporate income tax: (i) actual profit, where the taxable basis for both taxes should correspond to the company's net book profit, which is determined by applying Brazilian GAAP (adjusted by certain inclusions and deductions allowed under the Brazilian legislation); and (ii) presumed profit, wherein taxpayers shall calculate their corporate income taxes (at the same rate applied to the actual profit system) based on the application of a deemed profit margin. Brazilian entities may elect to compute corporate taxes based on this 'presumed profit' provided they (a) do not have total gross revenues in the preceding year higher than R\$48 million; (b) are not financial institutions, similar entities or factoring companies; (c) do not earn foreign profits, income or gains (i.e. directly or through foreign subsidiaries) and (d) do not qualify for an exemption or reduction of the corporate income tax.

Indirect tax

There are two types of VAT in Brazil: a state sales tax (imposto sobre circulação de mercadorias e serviços; ICMS) and a federal excise tax (imposto sobre produtos industrializados; IPI). There are other taxes on supplies of goods or services: a services tax (imposto sobre serviços; ISS), a social contribution for social security financing (contribuição para o financiamento da seguridade social; COFINS) and an employees' profit participation program (programa de integração social; PIS). The standard rate of ICMS is 17 percent (in São Paulo, Minas Gerais, and Paraná the standard rate is 18 percent and in Rio de Janeiro it is 19 percent). IPI is normally charged at an ad valorem (value) rate according to the classification of the product based upon the international Harmonized Commodity Description and Coding System, administered by the World Customs Organization in Brussels. Rates range from 0 percent to a maximum of 330 percent and average about 10 percent. The standard rate of ISS is ranges from 2 percent to 5 percent. The standard rates of PIS and COFINS under the so-called non-cumulative regime are 1.65 percent and 7.6 percent, respectively. There are reduced rates of 7 percent and 12 percent ICMS which apply to inter-state supplies within Brazil depending on the region into which goods are sold and to certain intra-state supplies, for example to diesel oil and hydrated ethyl alcohol fuel, motor vehicles and transport services (12 percent), products that are part of the basic food basket and products from the electronic data processing industry (7 percent). Certain supplies are exempt from ICMS, for example supplies of books, newspapers, periodicals, and the paper consumed in the printing of such products, sale of fixed assets, fruits, vegetables, and farm and garden produce and preservatives. The reduced IPI rate of 0 percent applies to, for example live animals and animal products, plant products, chemical products, textile products, and shoes. Certain supplies are exempt from IPI, for example supplies of vessels (except sporting or pleasure boats), exports, books, newspapers, periodicals, and paper consumed in the printing of such products, electric energy, petroleum products, fuel, and minerals belonging to the country. There are reduced rates of ISS which vary from one municipality to another. Certain supplies are exempt from ISS, for example exports of services, amounts intermediated in the bonds and securities market, the amount of bank deposits, the capital, interests, and default interests regarding credit operations performed by financial institutions. Reduced rates of 0.65 percent PIS and 3 percent COFINS apply under a so-called cumulative regime. Unlike the non-cumulative regime there is no recognition of any tax credits under the cumulative regime. Certain supplies are exempt from PIS and COFINS, for example the exportation of goods, the exportation of services with payment in convertible currency, sales of products to a commercial export company for export purpose specifically and sales of fixed assets.

Bulgaria
Corporate tax

The corporate income tax rate is 10 percent.

Indirect tax

The standard rate of VAT is 20 percent. On 1 April 2011 the reduced rate of 7 percent was replaced by a reduced rate of 9 percent which has applied not only to hotel accommodation where part of a package tour but to any type of hotel accommodation. From January 2012, the 9 percent rate applied to accommodation in hotels, sheltered housing and other places for accommodation.

Cambodia
Corporate tax

The corporate tax rate is 20 percent.

Indirect tax

The standard VAT rate is 10 percent.

Canada
Corporate tax

The corporate income tax rate is 26.3 percent. It comprises a 15.0 percent federal tax component and an 11.3 percent provincial tax component. Depending on the province, the combined general corporate income tax rate ranges from 25 percent to 31 percent. Lower corporate income tax rates are available to Canadian-controlled private corporations (CCPCs) on their first CAD\$500,000 (CAD\$400,000 for certain provinces) of taxable active business income. A 2012 representative tax rate for a CCPC on its first CAD\$500,000 of active business income is 15.5 percent (an 11 percent federal tax component and a 4.5 percent provincial tax component). Depending on the province, the 2012 combined active business income tax rate ranges from 11 percent to 19 percent.

Indirect tax

The standard rate of the federal GST is 5 percent. There is a reduced rate of 0 percent which applies to zero-rated supplies, for example exports of certain goods, prescription drugs, and basic groceries. Also, certain goods and services are exempt from GST, for example some supplies of residential property, financial services, educational services, and health care services. In addition, all provinces, except for Alberta, impose a value-added tax or a retail sales tax on the sales of taxable goods and services. The provinces of Ontario, British Columbia, New Brunswick, Nova Scotia, and Newfoundland and Labrador apply a harmonized value-added tax known as the harmonized sales tax (HST). The rates of the HST vary from 12 percent to 15 percent which include a federal component of 5 percent and a provincial component (7 percent to 10 percent). There is a reduced rate of 0 percent which applies to zero-rated supplies. The HST applies to the same base of goods and services as the GST. The province of Québec applies its own value-added tax, the Québec sales

tax (QST), at a rate of 9.5 percent or 0 percent to generally the same base of goods and services as the GST, except for financial services which are zero-rated. The QST applies to the GST-included price of taxable supplies made in Québec. The provinces of Saskatchewan, Manitoba, and Prince Edward Island levy retail sales taxes in their respective jurisdictions. The retail sales tax rates vary from 5 percent to 10 percent. British Columbia proposes to transition back to the 5 percent GST and a 7 percent PST effective 1 April 2013. Quebec proposes to harmonize the QST to the GST effective 1 January 2013 including making financial services exempt from QST. Further information to be released at a later date.

Cayman Islands
Corporate tax

There is no corporate tax.

Indirect tax

There is no indirect tax.

Chile
Corporate tax

The corporate tax rate is 18.5 percent. A return to a 17 percent tax rate is scheduled to phase in starting on 1 January 2013. Dividend tax rates on resident individuals and non-residents have remained unchanged, and dividends paid out of 2012 earnings will carry a 18.5 percent imputation credit respectively. Chilean corporate income tax (named first category tax) applies to all types of taxable income realized by a taxpayer, individual, or legal entity, regardless of its nationality, residence, or domicile, with the exception of income from dependent employee's and independent personal services. The tax base is the accrued net taxable income after allowable deductions and expenses. First category tax paid can be credited against final taxes, which are a personal income tax with a progressive rate schedule in case of Chilean resident individuals and withholding tax with a 35 percent flat rate in case of non-residents. Even though the Chilean corporate tax rate is currently 18.5 percent and it is scheduled to return to 17 percent as mentioned before, government statements indicate that the corporate tax rate could be maintained at 20 percent (the rate in effect for calendar year 2011). If this change is approved by Congress during 2012, the 20 percent rate may be applicable not only from 2013 but also for the entire calendar year 2012. At this stage (March, 2012) the Chilean market is expecting some amendments to the tax law, without knowledge and certainty about its extent.

Indirect tax

The standard rate of VAT (impuesto al valor agregado; IVA) is 19 percent. Locally registered taxpayers can deduct Input VAT as a credit against output VAT. Exports of goods are zero-rated. However exporters can recover the input VAT in cash. Exempt supplies include capital goods imported by foreign investors or companies receiving foreign

investment that have subscribed an investment agreement with state of Chile under Decree Law 600; international transportation of cargo or people; certain types of insurance premiums; payments for services provided by persons who are neither domiciled non-resident in Chile and who are subject to income withholding tax; interests on financial and credit transactions and instruments; services provided to persons neither domiciled nor resident in Chile and which are qualified as export services by the National Customs Service; educational establishments and universities on educational activities, among others. Consulting, advisory and professional services in general are not subject to VAT.

China

Corporate tax

The corporate tax rate is 25 percent.

Indirect tax

The standard rate of VAT is 17 percent. There are three types of indirect taxes in China: value-added tax, consumption tax, and business tax. There are reduced rates of 13 percent and 0 percent which apply to, for example, basic necessities, agricultural products, utility services (13 percent), and exports of goods (0 percent). Exports of various goods are not wholly zero-rated and all the associated input tax is not refundable in full to the exporters. The VAT rate for small-scale VAT payers is 3 percent. Certain supplies of goods and services are exempt from VAT, for example, agricultural products self-produced for the purpose of sale, ancient and antiquated books, and imported equipment for scientific research and experiment. Business tax rates are: 3 percent, 5 percent, and a range of 5 percent to 20 percent. For example, services of transportation, construction, post and telecommunication, cultural activities, and sports (3 percent), services of finance and insurance, hotels, restaurants, catering, tourist, rental, leasing, advertising, the sale of intangible assets, transferring immovable property (5 percent), and entertainment (5 percent to 20 percent). There are 14 categories of goods that are subject to consumption tax, including tobacco, liquor, cosmetics, jewelers, firecrackers, refined oil, motor vehicle tires, motorcycles, motor vehicles, golf balls and clubs, luxury watches, yachts, disposable wooden chopsticks, and wooden floor panels. Normally, consumption tax is charged at an ad valorem (value) rate that ranges from 1 percent to 56 percent, while exports are zero-rated. Some goods such as refined oil are levied at quantum (unit/volume) basis. As for tobacco and some types of liquor, compound rate calculations, at both an ad valorem and quantum rate are applied.

Colombia

Corporate tax

The corporate tax rate is 33 percent. No surcharge is levied. Colombian companies and foreign branches qualifying as industrial users established in Colombian Free Trade Zones are subject to a reduced corporate income tax rate

of 15 percent. In addition to the corporate income tax, there is a municipal industry and commerce tax levied on industrial, commercial, and service activities carried out within a municipality. The rate depends on the municipality and ranges between 4.14 and 13.8 per thousand. Deductible expenses include industry and commerce tax, advertisement tax and real state tax. Further, as of 2013, 50 percent of the financial transactions tax (GMF) effectively paid is deductible for corporate income tax purposes (currently 25 percent).

Indirect tax

The standard rate of VAT (impuesto sobre las ventas) is 16 percent. The reduced rate of 1.6 percent applies to certain cleaning and surveillance services, certain services rendered by the cooperatives and pre-cooperatives of associated work, and to services rendered by temporary services enterprises. The reduced rate of 10 percent applies to coffee, cereals, chocolate, prepaid health services, accommodation services in hotels, and commercial real property leasing, among others. The increased rate of 20 percent applies to mobile telephone services and certain motor vehicles and ships. The increased rates 25 percent and 35 percent apply to certain motor vehicles and motorcycles. Zero-rated supplies (referred to as exempt supplies in Colombia) include exports of goods, certain foods items, school notebooks, fuel alcohol destined to be mixed with gasoline, books and magazines of a scientific and cultural nature, and services that are rendered within the country and used exclusively abroad by enterprises or individuals without business or activities in Colombia (exports of services). Exempt supplies (referred to as non-taxable or excluded supplies in Colombia) include basic food items, passenger public transportation to some municipalities within Colombia, cargo transportation, certain financial transactions, public services of energy, water, sewer, public cleaning, garbage collection, and domestic gas, building rental service used for residential purposes, certain agricultural services; certain life, health, and education insurances and items; medicines, chemical and mineral fertilizers; crude oil for its refining; natural gas; butanes and natural gasoline; wood; newspapers; certain arms of war; and purchase of goods for human and animal consumption from specific neighboring states.

Costa Rica

Corporate tax

The corporate tax rate is 30 percent. This income tax rate is applicable to entities whose gross income exceeds ¢91.573.000. Entities with gross income up to ¢45.525.000 are subject to a 10 percent corporate income tax rate, entities with income exceeding ¢45.525.000, and up to ¢91.573.000 are subject to a corporate income tax rate of 20 percent.

Indirect tax

The indirect tax rate is 13 percent.

Croatia

Corporate tax

The corporate tax rate is 20 percent. Taxable income is determined by adjusting accounting profit in accordance with the provisions of the Corporate Income Tax Law. Dividends received are not subject to corporate income tax. A company can reduce its tax base by the amount of declared after tax profit used to increase the company's share capital. In addition, a company can reduce its tax base if it qualifies under the Investment Promotion Law, Special State Care Areas Law, Hill and Mountain Areas Law, Free Trade Zones Law, Law on Renewal and Development of the City of Vukovar, Law on Scientific Activities and Higher Education and Training and Education Incentives Law. Tourist tax, forestry tax, monumental protection fees, and Croatian Chamber of Commerce fees are taxes based on turnover.

Indirect tax

The standard rate of VAT (Porez na dodanu vrijednost; PDV) is 25 percent (since 1 March 2012).

There are reduced rates of 10 percent and 0 percent which apply to, for example, tourist accommodations; full or half board services and tourist agents' commission with regards to those services; daily and periodic newspapers and magazines (10 percent). Since 1 March 2012 the reduced VAT rate of 10 percent also applies to edible oils and fats, baby food, supply of water (except bottled or otherwise packaged drinking water) and refined (white) sugar and, as of 1 January 2013, to certain hospitality service.

Export of goods is zero-rated. Bread, milk, certain books, certain medicines, medical implants, and orthopedic devices and scientific magazines are zero-rated; however, as of 1 January 2013 these will be subject to the reduced VAT rate of 5 percent.

Certain supplies of goods and services are exempt from VAT, for example, financial and insurance services; health and welfare services; education services; deliveries by charitable organizations; deliveries by museums, libraries, theatres, orchestras and other cultural services; betting and gambling; rent of residential property, etc.

Curaçao

Corporate tax

The corporate tax rate is 27.5 percent.

Indirect tax

Indirect rate increased from 5 percent to 6 percent on 1 January 2012.

Cyprus

Corporate tax

The corporate tax rate is 10 percent. The rate is applicable on business income derived by a company (defined as "any

body with or without legal personality, or public corporate body, as well as every company," but it does not include a partnership). Dividends received are tax exempt. Income deriving from the sale of securities is also tax exempt. Only expenses wholly and exclusively related to the business activity are deductible.

Indirect tax

The standard rate of VAT (Foros prostithemenis axis; FPA) is 17 percent (the standard VAT rule is to be increased to 19 percent and the reduced rate to 9 percent effective 14 January 2014). There are reduced rates of 8 percent, 5 percent and 0 percent. For example 8 percent is applicable for certain passengers transportation services; hotel accommodation; restaurant and similar catering services including alcohol drinks, since 1 January 2011; 5 percent is applicable for bottled and non-bottled water; books; newspapers, magazines and similar publications; gas; aid to disabled persons; animal feed; fertilizers and insecticides; waste treatment; drugs and medicines; food items for human consumption. Export of goods remain to 0 percent. Supplies of certain goods and services are exempt from VAT, for example financial services; postal services; education and health care and welfare services; and cultural services by public bodies of non-profit organizations.

Czech Republic

Corporate tax

The corporate tax rate is 19 percent. A special rate of 5 percent applies to profits of qualifying investment, mutual and pension funds. Dividend income is, in principle, taxed at 15 percent. However, dividend received from a subsidiary in which the parent has held at least 10 percent for at least 12 months and which is resident in the EU, Norway, Iceland, Switzerland or a country with which the Czech Republic has signed a double tax treaty is taxed at 0 percent, as long as the corporate tax rate of the subsidiary is at least 12 percent. Income tax relief for a period up to 5 years is available under special investment incentive schemes.

Indirect tax

The standard rate of VAT (dan z pridané hodnoty; DPH) is 20 percent which will increase to 21 percent as of 1 January 2013. The reduced rate of 14 percent will also increase to 15 percent on 1 January 2013 which applies to, for example, food products, books, brochures, newspapers and magazines, public transport services, social residential housing construction, and transfer of residential houses unless exempt. Exports and intra-community supplies of goods, international transport of goods relating to exports or imports of goods are zero-rated. Certain supplies of goods and services are exempt from VAT, for example insurance and financial services; postal services; education; health and welfare services; transfer of land including financial leasing of land; transfer and financial leasing of immovable property in certain conditions; and renting of land and immovable property.

Denmark

Corporate tax

The corporate tax rate is 25 percent. Two prepayments of corporate income tax during the taxable year are mandatory. If the final tax liability exceeds the prepayments a surcharge of 4.3 percent (2012) of the outstanding tax liability is payable. There are no local taxes on corporate income.

Indirect tax

The standard rate of VAT (merværdiafgift; MOMS) is 25 percent. There is a reduced rate of 0 percent which applies to, for example exports of goods, newspapers, sale and leasing of ships and sale and leasing of aircrafts used by airlines predominantly operating internationally. Supplies of certain goods and services are exempt from VAT, for example health and welfare services, education, certain sport and cultural activities, land, financial and insurance services, postal services by Post Denmark, passenger transport services (excluding transport of tourists by bus).

Dominican Republic

Corporate tax

The corporate tax rate is 29 percent (as of June 2011). The corporate tax rate was increased from 24 percent to 29 percent on June 2011 for a period of 24 months. After the 24 month period finish, the corporate tax rate will decrease to 25 percent.

Indirect tax

The standard rate of VAT (impuesto sobre transferencia de bienes industrializados y servicios; ITBIS) is 16 percent. Exports of goods and services are zero-rated. Exempt supplies include basic consumption items, educational materials, medicines, services of health, utilities, non-conventional or renewable energy equipment and supply, and inland transport of persons and cargo.

Ecuador

Corporate tax

The 2012 corporate tax rate is 23 percent. **From 2013 onwards the corporate tax rate will be 22 percent.** The rate is reduced to 13 percent when the taxpayer decides to reinvest its profits. This reinvestment needs to be used for i) the acquisition of new machinery or equipment or assets related to research and technology to improve productivity; ii) the acquisition of fixed assets and all goods used for agricultural production, forestry, livestock and flower-growing; iii) the grant of loans to the productive sector in the case of financial institutions. The reduced rate only applies to the amount of profit reinvested. The company's capital must be increased by the reinvested amount. Exemptions from income tax for five years from the first year may apply in cases where income attributed directly to new and productive investments.

Indirect tax

The standard rates of VAT (impuesto al valor agregado – IVA) are 12 percent and 0 percent. The following items are charged with 0 percent of VAT: natural food such as: milk, bread, butter, sugar, salt, noodles, etc; seeds; bulbs; plants; live roots; fertilizers; insecticides; pesticides; herbicides; veterinarian products; tractors with tires up to 200 HP and other agricultural implements; medicines and drugs for human use; bond paper and books; exports; electric energy; aircraft, light aircraft and helicopters for commercial passenger transport, freight and services. The following services are charged with 0 percent of VAT: Local transportation: by land, sea transport of passengers and cargo; international transportation of cargo; national transportation of cargo from and to Galapagos province; transportation of oil and natural gas by pipeline; services of medicines manufacturing; lease of housing; utilities; exportation services; inbound tour packages; crop-dusting; services provided by craftsmen; insurance and life and health reinsurance, healthcare and medical assistance.

Egypt

Corporate tax

The corporate tax rate is 20 percent/25 percent. The 20 percent rate applies to annual taxable income up to EGP10 M and the 25 percent rate applies to income in excess of the EGP10 M. The new upper bracket at 25 percent tax rate will apply on taxable income ending after 1 July 2011.

Indirect tax

The standard rate of general sales tax (GST) is 10 percent. There are other rates that vary from 0 percent to 45 percent. The reduced rates apply to, for example coffee; all products made of flour, soap, fertilizers, gypsum, and iron bars (5 percent); and exports of goods (0 percent). The increased rates apply to, for example national and international telecommunication services using mobile phones; motor vehicles of a cylinder capacity less than 1600 cc (15 percent); some colored televisions; refrigerators or deep freezers; sound recorders; air-conditioning units; cameras; perfumery; cosmetics or toilet preparations and products prepared for the care of hair and skin (25 percent); motor vehicles of a cylinder capacity of 1600 cc up to 2000 cc; motor vehicles for the transport of goods and persons; jeep motor vehicles; camping trailers (30 percent); motor vehicles of a capacity of more than 2000 cc; and vehicles for trips and camping (45 percent). GST is imposed on some commodities according to their collection unit (ton, liter, or value) for example tea; beet and cane sugar; soda water; petroleum products; medicaments; and water cement. Certain supplies of commodities are exempt from GST, for example dairy products; vegetable oils (subsidized); preserves; processed or prepared meat and fish items (with some exceptions); natural and butane gas; newsprint; paper; and macaroni made of ordinary flour.

Estonia

Corporate tax

The corporate tax rate is 21 percent.

Indirect tax

The standard rate of VAT (käibemaks) is 20 percent. There are reduced rates of 9 percent and 0 percent which apply to, for example, books; certain printed periodicals; medicines; accommodations (9 percent); international and passenger transport; exports of goods; supply of aircraft and provision thereof used by air-carrier operating mostly on international routes; supply of sea-going vessels for navigation on high seas; services on board of such vessels or aircrafts; and goods placed in free zone, free warehouse, or VAT warehouse, (0 percent). Supplies of certain goods and services are exempt from VAT, for example immovable property, financial and insurance services, postal services, education, and health and welfare.

El Salvador

Corporate tax

The corporate income tax rate is 30 percent (this increased from 25 percent on 1 Jan 2012). A 25 percent corporate income tax rate applies to taxpayers with less than US\$150,000 taxable income. Distributions of profits (e.g. dividends) to individuals or legal persons derived from domiciled corporations will be subject to additional tax at a rate of 5 percent. In case the shareholder is a non-domiciled person withholding shall be performed. Distribution of profits from prior years to the tax year 2011 shall be exempt from tax on dividends. Distribution of profits to low tax jurisdictions are subject to 25 percent withholding tax. The 5 percent withholding rate is also applicable in the case of loans granted to non-domiciled shareholders, parent companies, or branches or agencies, etc. related to their parent companies. However this withholding tax will not be applicable provided that certain requirements are met (i.e. interest rate agreed is at a fair market value or loan agreement executed between financial institutions regulated by the Superintendent of Financial Services etc). A minimum income tax has been implemented. It is calculated over the taxpayer's gross income and the applicable rate is 1 percent. Corporations that obtain tax losses during one fiscal year will be exempt. An increase on advanced income tax payments from 1.5 percent to 1.75 percent rate, applicable to gross monthly income.

Indirect tax

The standard rate of VAT is 13 percent. There are no applicable reduced rates. A zero rate is applicable on exports.

Fiji

Corporate tax

The corporate tax rate is 28 percent. The corporate income tax rate applies to companies incorporated in Fiji and branches of non-resident companies. Dividend distribution from profits which have been fully subjected to income tax shall not be further subject to tax. The repatriation of after-tax branch profits (if earned in 2010 and subsequent years) shall not be subject to further tax.

Indirect tax

The indirect tax rate is 15 percent.

Finland

Corporate tax

The corporate tax rate is 24.5 percent.

Indirect tax

The standard rate of VAT (arvonlisävero (ALV)) is 23 percent. The reduced rate of 13 percent is applicable, for example to food and animal feed and restaurant and catering services. The reduced rate of 9 percent applies, for example to accommodations, books, pharmaceuticals, passenger transport, and cultural and sporting services. The rate of 0 percent applies to newspaper subscriptions and the sale and hire of certain vessels and exports of goods. On January 2012 newspaper and magazines sold by subscription became subject to 9 percent VAT rate.

France

Corporate tax

The corporate tax rate is 33.33 percent. A 3.3 percent social contribution is levied on the part of the corporate income tax that exceeds EUR 763,000, resulting in an overall maximum tax rate of 34.43 percent. Specific categories of income can benefit from a reduced corporate tax rate under conditions. In particular, licensing fees relating to certain IP rights can benefit from a 15 percent corporate tax rate. Small and medium size companies with a turnover of EUR 7.63 million or less owned at least 75 percent by individuals (or owned by companies meeting the same conditions) are subject to a corporate income tax rate of 15 percent. This reduced rate applies to taxable profits up to EUR 38,120. These small and medium size companies are not subject to the above-mentioned social contribution. Fidal is an independent legal entity that is separate from KPMG International and KPMG member firms.

Indirect tax

The standard rate of VAT (taxe sur la valeur ajoutée (TVA)) is 19.6 percent. There are reduced rates of 7 percent, 5.5 percent, 2.1 percent, and 0 percent which apply to, for example food, water, passenger transportation, some pharmaceutical products, books, hotel accommodations (5.5 percent), newspapers, and medicines for human health when reimbursed by social security (2.1 percent), and exports of goods and intra-Community supplies (0 percent). The reduced rate of 7 percent was introduced in January 2012. The scope of the new reduced rate includes most of the goods/services currently covered by the 5.5 percent rate. However this rate remains applicable to some items. From 1 January 2013, books and live performance will be covered by this rate. Certain supplies of goods and services are exempt from VAT, for example certain medical supplies, postal services, education, certain financial transactions, and insurance services. Under a proposal submitted in November, the VAT rates would increase as follows effective 1 January 2014: from 19.6 percent to 20 percent (standard rate), from 7 to 10 percent (intermediate rate). The reduced VAT rate would decrease from 5.5 percent to 5 percent.

Georgia

Corporate tax

There is no corporate tax.

Indirect tax

The standard rate of VAT is 18 percent which applies to all transactions except for:

- exempted transactions with the right to offset input VAT (i.e. similar to zero rated transactions)
 - exempted transactions without the right to offset input VAT
 - transactions not carried out on the territory of Georgia.
-

Germany

Corporate tax

The corporate tax rate is 29.48 percent. The overall income tax rate for corporations includes corporate income tax at a rate of 15 percent, solidarity surcharge at a rate of 0.825 percent (5.5 percent of the corporate income tax), and local trade tax. The local trade tax generally varies between 7 percent and 17.15 percent, assuming a municipality multiplier (Hebesatz) ranging normally from 200 percent to 490 percent (the average multiplier for 2010 was 390 percent). The local trade tax is not deductible as a business expense.

Indirect tax

The standard rate of VAT (Umsatzsteuer (USt)) is 19 percent. Reduced rates apply to certain items; 7 percent (e.g. food, plants, animals, books/newspapers, short term accommodation including certain connected services and short distance passenger transport) and 0 percent (e.g. cross-border air passenger transport, financial services to non-EU recipients, exports, and certain transactions involving ships and aircrafts). Special rates (5.5 percent and 10.7 percent) apply under the farmers' flat-rate scheme. VAT exempt transactions include financial services to EU recipients, insurance services, certain supplies of land, health, welfare, education, specific public postal services, and supplies within the Real Estate Acquisition Law.

Gibraltar

Corporate tax

The corporate tax rate is 10 percent. Companies pay tax on income that is accrued and derived in Gibraltar. If it can be shown that income is not accrued and derived in Gibraltar, the income is not taxable in Gibraltar. The company can apply to the Commissioner of Income Tax to have this confirmed in an advance tax ruling (subject to certain conditions and restrictions).

Indirect tax

There is no VAT in Gibraltar.

Greece

Corporate tax

The corporate tax rate is 20 percent. The dividends/profits distributed in 2012 are subject to withholding tax at 25 percent rate. General partnerships (OE) and limited partnerships (EE) are considered legal entities in Greece and are subject to corporate tax rate at a rate of 25 percent for fiscal year 2012 (the profits corresponding to unlimited partners who are individuals are taxed at 20 percent). A 3 percent surcharge applies to gross rental income, but it may not exceed the primary corporate tax.

Indirect tax

The standard rate of VAT (foros prostithemenis axis (FPA)) is 23 percent. There are reduced rates of 13 percent, 6.5 percent, and 0 percent which apply to, for example, passenger transport services, electricity, natural gas, and certain professional services such as those which are provided by medical and healthcare by private hospitals/clinics (13 percent), pharmaceuticals, newspapers, periodicals, books, theatre tickets and hotels (6.5 percent); export transactions, international transit of goods and transactions in relation to shipping (0 percent). VAT rates are further reduced by 30 percent if goods or services are supplied to or by taxpayers established in the Dodecanese Islands and other Aegean Islands (that is 16 percent, 9 percent, and 5 percent, respectively). Certain supplies of goods and services are exempt from VAT, for example used immovable property; medical (except from private hospitals/clinics), educational and cultural services; and insurance, financing, and most banking activities provided to EU residents. Note: Between 15 March and 30 June 2010, the VAT rate was 21 percent.

Guatemala

Corporate tax

The corporate tax rate is 31 percent or 5 percent. The Guatemalan corporate income tax system is based on the territoriality principle; all Guatemalan-source income is taxed. It is the choice of the taxpayer to be taxed at a 5 percent rate on gross income (the general system) or 31 percent rate on taxable income (the optional system). Under the optional system, corporate income tax is paid annually but quarterly advance payments are required. Under the general system, corporate income tax is paid on a monthly basis.

Indirect tax

The standard rate of VAT (Impuesto al Valor Agregado (IVA)) is 12 percent. Exports are zero-rated. Exempt supplies include certain imports, certain medicines, specified financial services, and specified supplies of real property.

Guernsey

Corporate tax

The corporate tax rate is 0 percent. Banks are taxable at a 10 percent rate. Furthermore, income derived from regulated utility activities and Guernsey real estate is taxable at 20 percent.

Indirect tax

Guernsey does not levy VAT or any similar indirect tax.

Honduras

Corporate tax

The corporate tax rate is 35 percent. The overall income tax rate for corporations comprises of a 25 percent corporate income tax rate and a temporary solidarity surcharge of 6 percent for 2012 that applies if the taxable income exceeds HNL1 million. In addition, there is a net assets tax of 1 percent of the value of the assets of the company (less allowances for certain accounts and accumulated tax depreciation). Net assets tax is payable only to the extent it exceeds the corporate income tax.

Indirect tax

The standard rate of sales tax (impuesto sobre ventas (ISV)) is 12 percent. An increased rate of 15 percent applies to imports and national supplies of alcoholic beverages and tobacco products also the airplane tickets in first class and executive class are taxed with an 18 percent and the telecommunication services will be taxed with a 15 percent also in the excess consumption of 750 kw/h of electricity the tax establish is of a 12 percent. The goods and services exported abroad are subject to 0 percent. Exempt supplies include basic food items for human consumption; livestock and certain agricultural goods, and machinery; pharmaceutical products for humans and animals; books, magazines, newspapers, and school supplies; most financial services; educational services; the supply of water and electricity; professional and sports services; and terrestrial transportation of passengers.

Hong Kong

Corporate tax

The corporate tax rate is 16.5 percent. Hong Kong SAR is a special administrative region of the People's Republic of China. The 16.5 percent rate applies to Hong Kong-sourced profits that are derived from a business carried on in Hong Kong. Offshore profits, capital gains, dividends, and most Hong Kong bank deposit interest income are exempt from tax. Profits derived from certain securities or types of business (such as qualifying debt instruments or profits derived from the business of reinsurance of offshore risks by a professional re-insurer) are either exempt from tax or subject to a concessional rate of 8.25 percent (50 percent of the 16.5 percent standard rate).

Indirect tax

There is no VAT or GST in Hong Kong.

Hungary

Corporate tax

The corporate tax rate is 19 percent. A 10 percent corporate income tax rate applies for taxable income up to HUF 500 million (approximately USD2,500,000). The excess is taxed at 19 percent. These rates are expected to be applicable also in 2013. An additional local business tax (LBT) of up to 2 percent is applicable based on the adjusted net sales (certain expenses are deductible). This local business tax is deductible for corporate income tax purposes. From 1 July 2007, a minimum tax (AMT) applies. The AMT base amounts to 2 percent of total income, as decreased by the cost of goods sold and the value of intermediated services and some further adjustments.

Indirect tax

The standard rate of VAT is 27 percent (since 1 January 2012). There are reduced rates of 18 percent, relating to hotels and basic food, such goods as milk, certain dairy products, bread and other bakery products, and 5 percent that relates mainly to products and services such as books and medicines and the supply of heating to households.

Iceland

Corporate tax

The corporate tax rate is 20 percent. The income tax rate for other resident legal entities, such as limited partnerships, associations, private non-profit institutions, and trust funds, estates of deceased persons and bankrupt estates is 36 percent. Tax is imposed on net income after allowable deductions. A non-resident entity permanent establishment tax rate and deduction depends on the type of income and the entity legal form, the tax rate of the permanent establishment tax rate depends on what type of legal entity the head quarters correspond to in Iceland.

Indirect tax

The standard rate of VAT (virdisaukaskattur (VSK)) is 25.5 percent. There are reduced rates of 7 percent and 0 percent. The 7 percent rate applies to, for example accommodations, books and periodicals, licenses to use radio and television broadcasting services, and certain food intended for human consumption. The 0 percent rate applies to, for example exports of goods and services; international transportation; fuel and equipment delivered for use in ships and aircraft engaged in international traffic; sales and rentals of ships and aircraft; and repairs and maintenance services rendered to ships and aircraft. Certain supplies of goods and services are exempt from VAT, for example real estate and parking space leases, health services, social services, educational and sport activities, passenger transport, postal services, financial services, and services of travel agencies.

India

Corporate tax

The corporate tax rate is 30 percent for domestic companies. Profits from life insurance business in India are taxed at a rate of 12.5 percent. Foreign companies are taxed at a rate of 40 percent. A minimum alternate tax (MAT) is levied at

18.5 percent of the adjusted profits of companies where the tax payable is less than 18.5 percent of their book profits. Dividend distribution tax (DDT) is levied at 15 percent on dividends distributed by a domestic company. Surcharge and education cess is applicable on the above taxes. A 5 percent surcharge in case of domestic companies and a 2 percent surcharge in case of foreign companies is applicable if the total income is in excess of INR 10 million. Education cess of 3 percent is applicable on income tax plus surcharge, if any. Wealth tax is imposed at a rate of 1 percent on the value of specified assets held by the taxpayer in excess of the basic exemption of INR 3 million. Securities transaction tax (STT) is levied on the value of taxable securities transactions in equity shares and units of equity oriented funds.

Indirect tax

The standard rate of VAT is currently 12.5 percent. India has a federal structure with both federal and state-specific indirect tax. Intra-state sale of goods is subject to VAT and sale of goods occasioning movement across states is subject to central sales tax (CST). In addition, there is another indirect tax on supply of services, service tax. Prior to introduction of State-specific VAT regime in April 2005, the average state sales tax rate was 16 percent. Until March 2010, around 14 to 17 states have increased the basic slab rates of 4 percent (up to 5 percent) and 12.5 percent (up to 15 percent). There are reduced rates of 4 percent, 1 percent, and 0 percent which apply to, for example IT products, intangible goods (such as patents and copyrights), capital goods, chemical fertilizers, cotton, drugs and medicines, iron and steel, industrial inputs, sports goods, tractors (4 percent); gold, silver, precious stones (for example diamonds), articles or ornaments made of the aforementioned (1 percent); and exports of goods (zero rated). There are increased rates of 20 percent and above, applicable to petroleum products (such as diesel, petrol, lubricants, and aviation turbine fuel), natural and other gases used as fuel, liquor and beer. Certain supplies of goods are exempt from VAT, for example books, periodicals and journals, electric energy, milk, fresh plants, flowers, vegetables and fruits, meat, fish, prawn, rice, and wheat. CST is charged at the rate of 2 percent or alternatively at the VAT rate applicable in the originating state. The standard rate of service tax with effect from 1 April 2012 will be 12.36 percent (currently, the same is 10.3 percent). Currently, more than 100 notified categories of services are subject to Service tax, for example advertising services, financial and insurance services, business auxiliary and support services, telecommunication, cargo handling, intellectual property services, maintenance and repair services, certain IT services, management consultation, scientific and technical consultancy, renting of immovable property service, information technology software services, supply of tangible goods for use service, works contract services, etc. Having stated as above, it may be noted that the Government, vide Union Budget 2012, has proposed to completely revamp the Service tax law through the introduction of negative list regime (from a date to be notified later). Broadly, in a 'Negative List' regime, all service transactions except 17 specified services would be liable to Service tax.

Indonesia

Corporate tax

The corporate income tax rate is 25 percent.

Indirect tax

The standard rate of a VAT (pajak pertambahan Nilai (PPN)) is 10 percent. There are two types of indirect tax in Indonesia: a VAT (pajak pertambahan Nilai (PPN)) and a sales tax on luxury goods (pajak penjualan atas barang mewah (PPnBM)). The rates of PPnBM range from 10 percent to a possible 200 percent. The reduced PPN and PPnBM rates of 0 percent apply to exports of goods. Certain supplies of goods and services are exempt from PPN, for example unprocessed minerals, agricultural products, basic necessities, banking and insurance services, finance leasing, hotel and restaurant activities, employment and manpower services, various social services, and the supply of electric power and potable water.

Ireland

Corporate tax

The corporate income tax rate is 12.5 percent for active income of new operations. A corporate income tax rate of 25 percent applies to passive income and income from certain land dealing activities, mining, and petroleum activities. Capital gains are taxed at 30 percent with a participation exemption for gains on disposals of certain shareholdings of 5 percent or more of companies resident in EU or income tax treaty states.

Indirect tax

The standard rate of Irish VAT is 23 percent (since 1 January 2012). There are reduced rates of 13.5 percent, 4.8 percent, and 0 percent which apply to, for example immovable goods, building services, hotel and holiday accommodations, hotel and restaurant meals, newspapers and repair, and maintenance services (13.5 percent); supply of livestock, live greyhounds, and hire of horses (4.8 percent); exports of goods, most food and drink suitable for human consumption, oral medicines, medical equipment, and appliances (0 percent). There is also a special farmer's flat rate addition of 5.2 percent which applies to certain sales by unregistered farmers. A new temporary second reduced rate of VAT at 9 percent was introduced in July 2011 for a range of goods and services (e.g. restaurant meals and hotel accommodation). Supplies of certain goods and services are exempt from VAT, for example certain lettings of immovable property, financial and insurance services, passenger transport, education, and health and welfare services.

Isle of Man

Corporate tax

The corporate tax rate is 0 percent. A rate of 10 percent applies to certain profits of licensed banks and to profits derived from Isle of Man land or property. The attribution regime for individuals (ARI) attributes income of IoM companies (other than those paying 10 percent tax) to IoM resident shareholders, except where the company is trading and distributes 55 percent or more of its income. However, ARI's future is in doubt after concerns expressed by EU Code of Conduct Group.

Indirect tax

The rate of VAT follows that of the United Kingdom.

Israel

Corporate tax

The corporate tax rate is 25 percent. The expected reduction over the coming years to a final rate of 18 percent in 2016 was canceled. Financial institutions are subject to a deductible profit tax and payroll tax at 16 percent. Companies with a beneficial or approved enterprise are taxed at a reduced tax rate that varies depending on the circumstances. Capital gains are subject to the standard corporate tax rate. Dividends from foreign sources are subject to a 25 percent tax with a credit for foreign withholding tax, and in certain circumstances, at the standard corporate tax rate on the "grossed up dividend" with a credit granted on all foreign taxes paid by the direct and second tier subsidiary on the dividend and the income from which it is distributed.

Indirect tax

The standard rate of VAT is 17 percent effective 1 September 2012.

Italy

Corporate tax

The corporate tax rate is 31.4 percent. IRES of companies producing and distributing energy, including renewable energy, is increased to 38 percent (for 2011 through 2013). The same increased rate (38 percent versus the ordinary 27.5 percent) applies to those entities that either are considered "dormant" or declared tax losses for three consecutive years. IRAP can be increased on a region by region basis up to 4.97 percent.

Indirect tax

The standard VAT rate is 21 percent. Reduced rates of 4 percent and 10 percent are applicable on some supplies. The standard rate should increase to 22 percent and the reduced rate from 10 percent to 11 percent on 1 July 2013.

Jamaica

Corporate tax

The corporate tax rate is 33.3 percent. Companies must declare their income and make prepayments of the corporate tax in four installments (15 March, 15 June, 15 September and 15 December) during the taxable year. If the final tax exceeds the prepayments, the balance is payable by the due date of filing the income tax return (15 March of the year following the year of assessment).

Indirect tax

The standard rate of VAT (general consumption tax) is 16.5 percent (reduced from 17.5 percent on 1 June 2012). The rate of 10 percent applies to certain tourism services and, up

to 31 May 2012, to the supply of electricity to the public with certain restrictions. Effective 1 June 2012, the rate applicable to electricity services to the public (with certain restrictions) is 16.5 percent. The rate of 25 percent applies to the supply of telephone services and instruments. Commercial importers pay an advanced GCT payment of 5 percent on the importation of certain goods in addition to the standard GCT rate applicable on imports. Zero rated supplies include exports, certain agricultural equipment and material, certain books, certain health supplies and medications and goods purchased by or services rendered to government entities. Exempt supplies include certain medical supplies and equipment, certain books and educational supplies, energy-saving devices and miscellaneous services including construction, health, public utilities and financial services.

Japan

Corporate tax

The corporate tax rate is 38.01 percent (as of 1 April 2012). This rate will remain for the next three fiscal years for a company (beginning on or after 1 April 2012) and then reduce to 35.64 percent. Japanese corporate income taxes consist of corporation tax (national tax), special local corporate tax (national tax), business tax (local tax), and prefectural and municipal inhabitant taxes (local tax). The corporation tax rate is 25.5 percent except for small and medium-sized companies and there is a 10 percent surtax on the corporation tax payable for fiscal years between 1 April 2012 to 31 March 2015 in order to increase tax revenue to finance recovery from the March 2011 earthquake. This gives a rate of 28.05 percent including surtax. Local tax rates vary depending, for instance, on the local government and the amount of paid-in capital of the company. The tax rate shown is the illustrative effective tax rate on income for a company in Tokyo with paid-in capital of more than JPY100 million after taking into account a deduction for special local corporate tax and business tax. Size-based business tax is also levied on a company with paid-in capital of more than JPY100 million, in addition to the income-based business tax. The size-based business tax rates in Tokyo are 0.504 percent on the added-value component tax base (total of labor costs, net interest payments, net rent payments, and income/loss of the current year) and 0.21 percent on the capital component tax base (total paid-in capital and capital surplus).

Indirect tax

The standard rate of consumption tax is 5 percent. The rate will be raised to 8 percent on 1 April 2014 and to 10 percent on 1 October 2015. There is a reduced rate of 0 percent, which applies to, for example, sales or leasing of goods as export transactions; sales or leasing of foreign cargoes; international transportation services; and services provided to non-residents (except for transport or storage of assets in Japan; provision of accommodations and food in Japan; and provision of services of a similar nature in Japan). Supplies of certain goods and services are exempt from consumption

tax, for example, sale leasing of land; rental of housing; sales of securities, and similar instruments; medical treatment under public medical insurance laws; social welfare activities; school tuition; and examination services.

Jersey

Corporate tax

There is no corporate income tax in Jersey.

Indirect tax

The standard rate of VAT is 5 percent.

Jordan

Corporate tax

The corporate tax rate is 14 percent/24 percent/30 percent). The corporate tax rate of 14 percent applies to all companies except the below: a 24 percent rate applies on Main Telecom Companies, insurance companies, financial mediators and financial companies and finance leasing activities companies. A 30 percent rate applies to banks.

Indirect tax

The indirect tax rate is 16 percent.

Kazakhstan

Corporate tax

The corporate tax rate is 20 percent. Branches of foreign companies operating in Kazakhstan are subject to an additional branch profits tax of 15 percent on their after-tax income, resulting in an overall tax rate of 32 percent for branch offices. Income tax treaties may reduce the branch profits tax.

Indirect tax

The standard VAT rate is 12 percent. A 0 percent VAT rate applies to exports of goods and international transportation of passengers, baggage, and goods into or out of Kazakhstan. Certain supplies of goods and services are exempt from VAT, including leases or sales of residential buildings; leases or sales of land plots; financial and insurance services by companies licensed in Kazakhstan; contributions to the charter capital of legal entities; medical and veterinary services; and sale of refined gold to National Bank.

Kenya

Corporate tax

The corporate tax rate is 30 percent. The corporate tax rate for branches is 37.5 percent. Profits after tax are subject to 5 percent or 10 percent withholding tax, for residents and non-residents respectively, when distributed as dividend.

Export processing zone enterprises are exempt from corporate tax for the first 10 years and subsequently enjoy a reduced tax rate of 25 percent for the next 10 years. Newly listed companies, approved under the Capital Markets Authority have reduced corporation tax rates depending on the percentage of shares floated to the public. Informal businesses with turnover above KES500,000 but not exceeding KES5 million in a year of income pay a turnover tax of 3 percent as final tax.

Indirect tax

The standard rate of VAT is 16 percent. There is a special rate of 12 percent which applies to diesel oil, residual fuel oils and electrical energy. A reduced rate of 0 percent applies to exports of goods and services, supply of taxable services in respect of goods in transit, transportation of passengers by air carriers on international flight, certain food products, medicines, computer and peripherals and special persons such as the Head of State and designated foreign aid funded capital investment projects amongst others. Examples of VAT exemptions include medical services, financial services, passenger transportation and rent on residential accommodations and mobile phones and aircrafts.

Korea, Republic of

Corporate tax

The corporate tax rate is 11 percent up to KRW200 million, 22 percent over 200 million to KRW20 billion and 24.2 percent over KRW20 billion.

Indirect tax

The standard rate of VAT is 10 percent. Each business person is entitled to credit input taxes paid, except for those in connection with entertainment expenses, non-business related expenses, input VAT paid before the entity is registered under the VAT Law, etc., against output taxes collected. Certain taxable transactions are subject to zero-rate VAT. The following categories of taxable transactions are zero-rated: (1) the export of goods and services, (2) services supplied outside of Korea, (3) the supply of international transportation services by vessel or aircraft, and (4) the supply of certain goods or services in Korea where the compensation is received in foreign, non-KRW currency. The supply of certain designated goods and services are non-taxable and therefore exempt from VAT. VAT is not collected by the supplier of these designated goods or services, so the supplier is in a position to charge their supply without VAT to the purchaser. In turn, the supplier should deduct their input VAT associated with such goods and services. The input tax is thus borne by the supplier as if they were the ultimate consumer. The following supplies of goods or services are treated as VAT exempt: unprocessed basic foodstuffs, medical and health services, educational services, passenger transport services, books, newspapers and magazines, postage stamps, land and banking/insurance services etc.

Kuwait**Corporate tax**

The corporate tax rate is 15 percent. A flat rate of 15 percent was introduced effective for fiscal periods commencing after 3 February 2008. Prior to this date, the tax rates ranged from 0 percent to 55 percent and were based on taxable income.

Indirect tax

There are currently no indirect taxes in Kuwait. There is a customs duty that is charged at 5 percent of the value of the imported goods.

Latvia**Corporate tax**

The corporate tax rate is 15 percent. There are four regions in Latvia called Special Economic Zones (SEZ). Companies operating in these zones are subject to a corporate income tax rate of 25 percent, but are granted an 80 percent corporate income tax relief. Very small companies with an annual turnover less than EUR100,000 may elect to pay tax of 9 percent of turnover.

Indirect tax

The standard rate of VAT (pievienotās vertības nodoklis (PVN)) is 21 percent. There are reduced rates of 12 percent and 0 percent which apply to, for example, pharmaceuticals, passenger transport, and heating for inhabitants (12 percent); supply, import, repair and maintenance of certain ships and aircraft, passenger transport by air or sea, financial transactions outside the EU and exports (0 percent). Supplies of certain goods and services are exempt from VAT, for example, land and used immovable property, financial and insurance services, education, and health and welfare services.

Libya**Corporate tax**

The corporate tax rate is 20 percent. In addition to the 20 percent tax rate, a Jihad tax is levied (4 percent of profits).

Indirect tax

There is no indirect tax regime in Libya.

Liechtenstein**Corporate tax**

The corporate income tax rate is 12.5 percent.

Indirect tax

The standard rate of VAT (Mehrwertsteuer (MWST) / taxe sur la valeur ajoutée (TVA) / imposta sul valore aggiunto (IVA)) is 8 percent. There are reduced rates of 3.8 percent, 2.5 percent, and 0 percent which apply to, for example hotel accommodations (3.8 percent); water in conduits, medications, books, newspapers, food and non-alcoholic beverages (2.5 percent); and exports of goods (0 percent).

Supplies of certain goods and services are exempt from VAT, for example official postal services, health and welfare, education, insurance, finance, and supply of certain immovable property.

Lithuania**Corporate tax**

The corporate tax rate is 15 percent. A reduced rate of 5 percent applies for agricultural companies, including cooperatives, and for small companies, if, among other conditions, i) their average number of employees does not exceed 10 and ii) the income does not exceed LTL1,000,000 (EUR289,620). A 0 percent tax rate may be applied for companies established in free economic zones and for social companies. Currently, corporate income tax incentives are available for manufacturing companies employing people with disabilities, companies implementing investment or scientific research and experimental development projects. All incentives are applied only if certain conditions are satisfied and their impact varies depending on the specific facts and circumstances.

Indirect tax

The standard rate of VAT (Pridėtinės vertės mokestis (PVM)) is 21 percent. The reduced rate of 9 percent is applicable for books and non-periodicals. Starting from 1 January 2013, the reduced rate of 9 percent will apply to newspapers and other qualifying periodicals, as well as public transportation. Until 31 December 2012 the reduced rate of 9 percent is also applicable for heating energy supplied to dwellings. A 5 percent reduced VAT rate is applicable to certain drugs and medicine (applicable until 31 December 2012) and starting 1 January 2013 will apply to technical assistance devices to persons with disabilities and repair services of these devices. There is a compensational rate of 6 percent for supplies of goods and services under the farmer's flat-rate scheme. Zero-rate applies to exports of goods outside the EU; intra-Community supplies and supply, modification, modernization, and hiring of seagoing ships and aircrafts. Supplies of certain goods and services are exempt from VAT, such as health and welfare, educational, cultural, sports, postal, financial, and insurance services; land (except for building purposes); sale of real estate (older than 24 months); and leasing of real estate.

Luxembourg**Corporate tax**

The corporate income tax rate of 22.05 percent includes a 5 percent employment fund contribution. Additionally, a municipal business tax is levied. The rate for the city of Luxembourg is 6.75 percent but it varies depending on the location.

Indirect tax

The standard rate of VAT (taxe sur la valeur ajoutée (TVA)) is 15 percent. There are reduced rates of 12 percent, 6 percent, 3 percent, applicable for example to certain wines, safekeeping and management of securities, management of credit by persons not granting it (12 percent); electricity

and gas (6 percent); food (except drinks containing alcohol), animal feed, books (including ebooks from January 2012), newspapers and periodicals, passenger transport, hotel accommodations, certain sporting and cultural services, and certain pharmaceutical products (3 percent). Exports and intra-Community supplies of goods, supplies of goods and services used by airlines operating mainly on international routes, and services supplied for the needs of high-seagoing vessels and international passenger transport services are VAT exempt. Luxembourg also provides other exemptions for VAT, for example, banking and financial services, management of investments funds, SICAR, some pension funds and securitization vehicles, insurance and reinsurance operations, supply and letting of immovable property, postal services, education, and certain medical supplies.

Macau

Corporate tax

The corporate tax rate is 12 percent. The government announced an exemption on taxable income up to MOP200,000 in 2010. Income between MOP200,000 and MOP300,000 is taxable at 9 percent. The excess is taxed at 12 percent.

Indirect tax

There is no indirect tax regime in Macau.

Macedonia

Corporate tax

The corporate tax rate is 10 percent. A resident company is subject to corporate income tax on its worldwide income. No profit tax is due on undistributed profits, i.e. profit tax becomes due at the moment of payment of dividends or other distributions of profit (except for distribution to resident legal entities). However, at each year end, profit tax is due separately on the base consisting of unrecognized expenses reduced for temporary differences. There are no local taxes on corporate income. Companies investing in technological industrial zones are exempt from corporate income tax for a period of 10 years.

Indirect tax

The standard rate of VAT (danok na dodadena vrednost (DDV)) is 18 percent. The reduced rate of 5 percent applies to some supplies such as supply of food products, publications, seeds and planting materials, agricultural machines, pharmaceutical and medical devices, computers, thermal-sun systems, passenger transport, accommodation services provided by hotels, motels etc, software and supply of apartments used for residential purposes if performed within five years from construction (the preferential rate is deemed to apply until 31 December 2015, after which these supplies would be taxable under the general rate of 18 percent). Supplies of certain goods and services are exempt from VAT, for example financial and insurance services, education, health, and supplies and rental of buildings and apartments used for residential purposes, except for their first sale if performed within five years from their construction.

Malawi

Corporate tax

The Corporate Income tax rate is 30 percent for locally incorporated companies. For foreign and those operating as branches, the rate is 35 percent. For mobile phone operators the tax rate is 33 percent.

Indirect tax

There is no indirect tax regime in Malawi.

Malaysia

Corporate tax

The corporate tax rate is 25 percent. Resident companies with a paid up capital of MYR2.5 million and below (as defined) at the beginning of the basis period for a Year of Assessment (YA) are subject to a corporate income tax rate of 20 percent on the first MYR500,000 of chargeable income. For chargeable income in excess of MYR500,000, the corporate income tax rate is 25 percent. Leasing income (from moveable property) derived by a permanent establishment in Malaysia is taxed against a rate of 25 percent whereas a non-resident corporation with no Malaysian permanent establishment is taxed against a rate of 10 percent. A special 5 percent rate applies to corporations involved in qualified insurance businesses. Income generated by a life fund of an insurance company is taxed against a rate of 8 percent. A non-resident corporation with shipping or air transport income may also benefit from a special tax regime. Income of resident corporations derived from the transportation of passengers or cargo on Malaysian ships is exempt. Companies engaged in petroleum operations are subject to a rate of 38 percent.

Indirect tax

VAT or GST has been proposed but the implementation has been postponed. In its place, Malaysia has sales tax and service tax. Sales tax is imposed on taxable goods manufactured locally/imported, unless exempted. The standard rate of sales tax is 10 percent. A reduced sales tax rate of 5 percent is applicable to certain items such as foodstuffs, alcoholic beverages, and tobacco products. Service tax is charged on specific types of services (taxable services) provided by taxable persons. The rate of service tax is 6 percent (effective 1 January 2011). Prior to that, the rate was 5 percent. In addition, certain taxable services provided within a group and services relating to goods or matters outside Malaysia are not subject to service tax.

Malta

Corporate tax

The corporate tax rate is 35 percent. Malta operates a full imputation system of taxation for both residents and non-residents, which ensures the full relief of economic double taxation upon the distribution of taxed profits by companies resident in Malta. On the distribution of taxed profits, the shareholders may opt to claim a partial/full refund of the tax paid by the distributing company. As a general rule, the tax refund amounts to six-sevenths of the tax paid.

The refund will be reduced to two-thirds if the shareholder claims double-taxation relief and five-sevenths in those cases where the distributed profits are derived from passive interest or royalty income being subject to foreign tax at less than 5 percent. Dividends and capital gains derived from participation holdings will qualify for a full refund. The Malta tax suffered on distributed profits hence ranges between 0 percent and 10 percent. The tax paid on profits derived, directly or indirectly, from immovable property situated in Malta is not available for refund.

Indirect tax

The standard rate of VAT (taxxa fuq il-valur miżjud) is 18 percent. There are reduced rates of 5 percent and 0 percent which apply to, for example, the supply of electricity, medical accessories, printed matter, and items for the exclusive use of the disabled (5 percent); and exports of goods, international transport and ancillary services, supplies of certain qualifying vessels and aircraft, the chartering thereof and certain services provided thereto, food, and pharmaceutical goods (0 percent). Furthermore, with effect from 2011, there is a special reduced VAT rate for the letting or provision of hotel and private accommodation (including related services up to full board basis) of 7 percent (formerly 5 percent). Supplies of certain goods and services are exempt from VAT, for example immovable property (with some exceptions); insurance services; credit, banking, and other related services; cultural, sporting and religious services; postal services; education; and health and welfare.

Mauritius

Corporate tax

The corporate tax rate is 15 percent.

Indirect tax

The standard rate of VAT is 15 percent. There is a reduced rate of 0 percent which applies to, for example exports of goods other than exempt goods, sugar, sugar cane, wheat flour, books, booklets, brochures of specific customs headings, the supply of electricity, water, international transport of passengers and goods, certain pharmaceutical products and supplies of services to non-residents. Supplies of certain goods and services are exempt from VAT, for example rice, wheat, bread, butter, milk and cream, medical, hospital and dental services other than cosmetic surgery services, certain medical and dental equipment, educational and training services, postal services, cargo handling, and certain residential buildings.

Mexico

Corporate tax

The corporate tax rate is 30 percent. The corporate income tax rate should be reduced to 29 percent in 2013 and to 28 percent from 2014 onwards. Effective 1 January 2008, a new business flat tax (IETU) came into force. This tax is paid at the rate of 17.5 percent for 2011 on a cash flow basis. The IETU applies to income on the sale of goods, rendering of independent services, and the granting of temporary use or enjoyment of goods, less specific deductions. The IETU is

a direct tax that operates as a minimum tax and it is only due if it exceeds the income tax (IT) in the same tax year. There are some expenses that are tax deductible for IT purposes that are not deductible for IETU purposes.

Indirect tax

The indirect tax rate is 16 percent.

Montenegro

Corporate tax

The corporate tax rate is 9 percent. Taxable profit is calculated by adjusting the company's profit or loss declared in the P&L account according to the provisions of the Corporate Income Tax Law. Adjustments include certain disallowed costs, transfer pricing as well as depreciation. Operating losses stated in the tax balance may be carried forward for five years and offset against operating profit declared in the tax balance. Capital losses could be carried forward and offset against capital gains up to five years.

Indirect tax

The standard rate of VAT (porez na dodatu vrijednost; PDV) is 17 percent. There are reduced rates which apply to, for example basic foodstuffs, medicines not listed on the Health Fund list, textbooks and teaching aids, books and serial publications, daily and periodic press (with some exceptions), hotel and other accommodations, public transportation of passengers and their personal baggage (7 percent); exports of goods, transport, and other services in relation to export, goods and services used in international air and maritime traffic, and medicines and medical devices listed on Health Insurance Fund list (0 percent). Supplies of certain goods and services are exempt from VAT, for example financial and banking services, insurance and reinsurance services, the supply of immovable property (except the first transfer), health and social security services, cultural, sport, and religious services.

Mozambique

Corporate tax

The corporate tax rate is 32 percent. Agricultural companies are taxed at a rate of 10 percent until 31 December 2010. Furthermore, agricultural, cultural, and artisan cooperatives may benefit from a 50 percent reduction in the tax rate.

Indirect tax

The standard rate of VAT (imposto sobre o valor acrescentado (IVA)) is 17 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods, services linked to exports of goods, international passenger transportation, and some basic foodstuffs. Supplies of certain goods and services are exempt from VAT, for example medical and health services, goods and services linked to welfare and social security, education (with some exceptions), banking and financial transactions, insurance and reinsurance transactions, leasing of immovable property for residence or commercial and industry in rural zones, goods and services related to agricultural, forestry, livestock and fishing activities, and importation of certain goods approved for mining and industrial free-zone operations.

Namibia

Corporate tax

The corporate tax rate is 34 percent.

Indirect tax

Namibia has two rates for VAT: 0 percent and 15 percent. For imports, VAT is charged at 16.5 percent, unless the service or goods imported is considered an exempt or zero rated activity, if obtained from Namibian supplier.

Netherlands

Corporate tax

The corporate tax rate is 20 percent/25 percent. The first EUR200,000 of taxable profit is taxed at 20 percent.

Indirect tax

The standard rate of VAT (omzetbelasting (BTW)) is 21 percent (as of 1 Oct 2012). There are reduced rates of 6 percent and 0 percent. The reduced rate of 6 percent applies to, for example, the supply of foods, drinks (excluding alcoholic beverages), medicines, books, daily newspapers and magazines, passenger transport, some labor intensive services, sports events and since 1 July 2012, performing arts. The zero rate applies to for example export of goods, intra-Community supplies, services regarding goods not yet imported and supplies of sea-going vessels or aircrafts. Supplies of certain goods and services are exempt from VAT, for example immovable property (with some major exceptions), financial and insurance services, education, and health and welfare.

New Zealand

Corporate tax

The corporate tax rate is 28 percent. The 28 percent corporate tax rate applies from the 2012 income tax year. The effective date depends on the taxpayer's book year. For example, a book year-end of 31 December will have the 28 percent rate effective 1 January 2011, whereas a taxpayer with a standard 31 March year-end will apply the new rate effective from 1 April 2011. 10 percent of general insurance premiums and film hire payments, paid to non-residents, are deemed to have a New Zealand source and are therefore taxable.

Indirect tax

The standard rate of GST is 15 percent. The rate is reduced to 0 percent in certain situations such as the export of goods and services, the supply of a business as a going concern, the supply of land on or after 1 April 2011, and the supply of financial services under the "business-to-business" regime. Supplies of certain goods and services are exempt from GST unless the supplies can be zero-rated. Exempt supplies include the supply of financial services, the supply by non-profit bodies of donated goods and services, the supply of residential accommodation, and the supply of fine metals. New Zealand also operates a GST reverse charge for imported services.

Nigeria

Corporate tax

The corporate tax rate is 30 percent.

Indirect tax

The indirect tax rate is 5 percent.

Norway

Corporate tax

The corporate tax rate is 28 percent.

Indirect tax

The standard rate of VAT (merververdiavgift (MVA)) is 25 percent. There are reduced rates of 15 percent (on 1 January 2012 the 14 percent reduced rate was increased to 15 percent), 8 percent, and 0 percent which apply to, for example food (14 percent); hotel accommodations, passenger transportation, communication of such services, the right to attend museums, cinemas etc. (8 percent); and exports of goods, supplies relating to ships and aircrafts, books, magazines, newspapers, and construction services relating to public roads (0 percent). Supplies of certain goods and services are exempt from VAT, for example financial services, real estate (with some major exceptions), education, health services, and social services.

Oman

Corporate tax

The corporate tax rate is 12 percent. This rate is based on taxable profits exceeding OMR30,000 and it applies to all companies irrespective of the form of the company or the nationality.

Indirect tax

Currently there is no VAT or GST in Oman.

Pakistan

Corporate tax

The corporate tax rate is 35 percent. Small companies may be taxed at a rate of 25 percent, subject to specified conditions.

Indirect tax

The standard level of sales tax is 16 percent on supply of taxable goods and specified services. Indirect taxes in Pakistan include sales tax, federal excise duty (FED) and provincial sales tax. Zero-percent sales tax is applicable on all exports from Pakistan, whereas local supply of major export sectors is subject to levy of sales tax at 5 percent. Certain supplies of goods and services are exempt from sales tax, for example agricultural products, unprocessed food items, animals and their meat, fisheries, dairy products, construction materials, computer software, ships, navigation equipments, and the sale to hospitals and educational non-profit organizations. FED applies to the import and

manufacturing of specified goods and provision of specified services at different rates. The rate of FED or Provincial sales tax on specified services is generally applicable at standard rate of 16 percent, however on franchise services and telecommunication services, the rates are 10 percent and 19.5 percent respectively.

Panama

Corporate tax

The corporate tax rate is 25 percent. An increased tax rate of 27.5 percent from 2012 onwards applies to certain companies, included banks, electricity generation and distribution companies, telecommunication companies, insurance and reinsurance companies, qualified financial companies, producers of cement, gambling operators, mining companies, subsidiaries and affiliates of those companies and entities in which the State owns more than 40 percent of the shares. From 2014 onwards this rate will drop to 25 percent equalizing to the general corporate tax rate. For entities in which the State is the owner of more than 40 percent of the shares the corporate tax rate will remain 30 percent.

Indirect tax

The standard rate of VAT (impuestos sobre la transferencia de bienes corporales muebles y la prestación de servicios (ITBMS)) is 7 percent. A special increased rate of 10 percent applies to the import, wholesale, and retail of alcoholic beverages. A special increased rate of 10 percent applies to hotel accommodation services. A special increased rate of 15 percent applies to the import, wholesale, and retail of all kinds of cigarettes, cigars and other tobacco products. Zero-rate supplies include exports and re-exports of goods and the sales of pharmaceutical and food products when certain conditions are met (that is, the taxable person is engaged exclusively in such activities and its total output is sold within Panamanian territory). Exempt supplies include (among others) the sale of food; sales of oil fuel and similar products; newspapers; magazines, educative magnetic media, notebooks, pencils, and other items for school purposes; medicines and pharmaceutical products; and interest payments (other than commissions or fees) arising from financial services and financial leasing contracts defined by law.

Papua New Guinea

Corporate tax

The corporate tax rate is 30 percent. For mining and gas companies, the corporate income tax rate is also 30 percent. Petroleum projects commenced prior to 1 January 2001 are subject to a 50 percent tax rate while petroleum projects commenced on or after 1 January 2001 are taxed at either 45 percent or 30 percent depending on when the license was issued. Non-resident mining companies pay tax at 40 percent. A branch of a foreign company is taxed at

48 percent. Non-resident companies are taxed on a deemed profit basis (shipping at 5 percent, that is an effective tax rate of 2.4 percent of gross income; insurance at 10 percent, that is an effective tax rate of 4.8 percent of gross income). Foreign contractors can elect to be taxed on a deemed profit basis of 25 percent (that is an effective tax rate of 12 percent of gross income).

Indirect tax

The standard rate of GST is 10 percent. There is a reduced rate of 0 percent which applies to, for example exports of goods and services, medical supplies, supplies of goods and services to prescribed foreign aid providers, supplies of goods, and services to a non-profit body, supplies of goods and services to resource companies. Supplies of certain goods and services are exempt from GST, for example financial, medical, and educational services, public road transport, postage stamps, and the retail supply of newspapers.

Paraguay

Corporate tax

The corporate tax rate is 10 percent. A 5 percent tax on dividends applies upon distribution to domestic shareholders. Dividend distributions to non-resident shareholders are subject to a 15 percent withholding tax, resulting in an effective rate of 25.46 percent. Different tax rates apply to different activities performed by non-resident entities in certain cases: 3 percent for qualified insurance premiums; 3 percent for qualified freight and transport; 3 percent for communications (phone, internet, and similar); 4.5 percent for news agencies; 12 percent for distributors of movies, cinema/television, and similar; and 4.5 percent for transfer of the use of containers. For financings received from external banks, current effective rate is 6 percent. Corporate income earned by individuals/foreign entities for their activities carried out in Paraguay (e.g. through a branch or permanent establishment) is currently taxed at an effective rate of 15 percent.

Indirect tax

The standard rate of VAT (impuesto al valor agregado (IVA)) is 10 percent. The 5 percent rate applies to transfers of real state, transfers of the right to use goods, certain basic food items (cesta básica), loans and financial interests, commissions and surcharges, and supplies of pharmaceutical products. Exports are zero-rated. Exempt supplies include certain diplomatic and investment imports; farm products in their natural state; foreign currencies; governmental or private securities including shares of stock; goods received through inheritance; transfer of credits; books, magazines, and others of scientific, educational, and general interest media; interest on public or private shares and securities; deposits in financial entities authorized by the Central Bank of Paraguay; services of cooperatives; home savings; and loans under the Sistema de Ahorro y Préstamo para la Vivienda.

Peru

Corporate tax

The corporate tax rate is 30 percent.

Indirect tax

The standard rate of VAT (impuesto general a las ventas (IGV)) is 16 percent (since 1 March 2011). The municipal promotion tax (impuesto de promoción municipal (IPM)) of 2 percent is also added to the value of goods or services used to determine the IGV, which results in a 18 percent sales tax overall.

Philippines

Corporate tax

The corporate tax rate is 30 percent. Corporations and resident foreign corporations are subject to a 2 percent minimum corporate income tax (MCIT) starting their fourth year of operation. The MCIT is based on gross income and it is paid in lieu of the 30 percent corporate tax on net income whenever it is greater than the latter. A 10 percent improperly accumulated earnings tax (IAET) is imposed on undistributed earnings of closely-held corporations. The branch of a foreign corporation, as well as a Philippine Economic Zone Authority (PEZA) registered corporation that is paying the special tax on gross income earned in lieu of all taxes, are exempt from the IAET.

Indirect tax

The indirect tax rate is 12 percent.

Poland

Corporate tax

The corporate tax rate is 19 percent.

Indirect tax

The standard VAT rates are: 23 percent, 8 percent, 5 percent and 0 percent. The rates were increased on 1 January 2011. Some of the goods (mostly food products) formerly taxed with 7 percent VAT rate are now taxed at a 5 percent VAT rate in order to minimize the impact of the increase of VAT rates on the poorest. The new increased rates are introduced for a period of three years, till the end of 2013. Certain supplies of goods and services are exempt from VAT, for example: financial services, healthcare or education services.

Portugal

Corporate tax

The corporate tax rate is 25 percent. The general corporate tax rate of 25 percent is increased by (i) a municipal surcharge (Derrama Municipal) varying from 0 percent to 1.5 percent to be levied over the taxable profit and (ii) a State surcharge (Derrama Estadual) of 3 percent to be levied over the taxable profit between EUR1,500,000 and EUR10,000,000 and 5 percent to be levied over the taxable profit exceeding EUR10,000,000.

Indirect tax

In mainland Portugal the standard rate of VAT is 23 percent. There are reduced rates of 13 percent and 6 percent. Meanwhile, Madeira has a standard VAT rate of 22 percent (as of 1 April 2012) with a reduced rate of 12 percent (as of 1 April 2012) and 5 percent (as of 1 April 2012). Azores islands has a standard VAT rate of 16 percent (as of 1 January 2011) with reduced rates of 4 percent and 9 percent).

Qatar

Corporate tax

The corporate tax rate is 10 percent.

Indirect tax

No indirect tax regime exists in Qatar. However, Qatar does apply a customs duty rate of 5 percent on most imports to Qatar.

Romania

Corporate tax

The corporate tax rate is 16 percent. Profits earned from nightclubs, casinos, discotheques, and sport-betting organizers are subject to tax at the general rate of 16 percent, although the tax payable cannot be lower than 5 percent of the taxpayer's qualifying gross revenue earnings. The simplified taxation system for companies that qualify as microenterprises, that was applied prior to 2010, has been reintroduced. This allows microenterprises to opt for a 3 percent tax on their total income (as compared to the general 16 percent corporate tax rate applicable on the amount of taxable profit), with some exceptions.

Indirect tax

The standard rate of VAT is 24 percent. VAT reduced rates of 5 and 9 percent are applicable on some supplies.

Russia

Corporate tax

The corporate tax rate is 20 percent. Tax payments are split into federal (2 percent) and regional (18 percent that can be reduced to 13.5 percent for some categories of taxpayers). Dividends are taxed at 15 percent, 9 percent or 0 percent. Interest income on state securities is taxed at 15 percent or 0 percent.

Indirect tax

The standard rate of VAT (nalog na dabavlennuyu stoimosty (NDS)) is 18 percent. There are reduced rates of 10 percent and 0 percent which apply to, for example for example food products, specific goods intended for children, books and periodicals, pharmaceutical and other medical products (10 percent); and exports of goods, transportation and related services, services related to transit of goods through Russia, international passenger transportation, and fuel for ships and aircraft (0 percent). Supplies of certain goods and services are exempt from VAT, for example lease of

premises to foreign companies accredited in Russia, medical services and certain medical products, educational services, public transportation, the sale of securities, banking and insurance services, the rental of apartments, and the sale of apartments and residential property. There is a specific rate of 15.25 percent which is applicable to the sale of the whole enterprise (plant). There are also computed VAT rates (18/118 and 10/110) for specific cases when VAT is applicable to the VAT inclusive amount of revenue (e.g., receipt of advance payments and other payments connected with settlements for suppliers).

Saba

Corporate tax

The profit tax regime in the BES islands (Bonaire, St. Eustatius and Saba) was abolished in 2011. Instead, a property tax rate of 25 percent (levied on 4 percent of the value of a company's real estate located in the BES islands) and a distribution tax rate of 5 percent (levied on proceeds derived from shares in companies established in the BES islands) apply. In order to prevent abuse of the absence of a profit tax regime, passive (investment) companies established in the BES islands are considered to be residents of the Netherlands for tax purposes. Consequently, such companies will be subject to Dutch corporate income tax levied at a rate of 20 percent on profits up to EUR 200,000 and a rate of 25 percent for profits exceeding that amount.

Indirect tax

The indirect tax rate is 6 percent.

Samoa

Corporate tax

The corporate tax rate is 27 percent.

Indirect tax

The standard rate of VAT is 15 percent. This rate applies to ordinary businesses, trade and professionals, public authorities, non profit bodies, clubs, societies and associations. There is a reduced rate of 0 percent ('zero-rated') for exported goods and certain exported services, duty free goods, goods not in Samoa at the time of supply and educational services provided by approved institutions. Medical goods and services supplied by the hospital and water supply provided by the Samoa Water Authority are also zero-rated. Those supplies exempt from VAT are locally produced raw and unprocessed food, financial services, donated goods and services sold by non-profit bodies, bus and taxi fares, electricity and inter-island passenger fares in Samoa.

Saudi Arabia

Corporate tax

The corporate tax rate is 20 percent. Corporate income tax is payable by non-Saudi shareholders only. Zakat (a

religious tax) at 2.5 percent is levied on Saudi and the Gulf Cooperation Council (GCC) shareholders, the GCC countries consist of Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, and Oman. In addition, withholding tax of 5 percent is payable on dividends distributed to non-resident shareholders.

Indirect tax

There is no indirect tax regime in Saudi Arabia.

Serbia

Corporate tax

The corporate tax rate is 10 percent. Taxable profit is calculated by adjusting the company's profit or loss declared in the P&L account according to the provisions of the Corporate Income Tax Law. Adjustments include certain disallowed costs, adjustment of certain revenues, transfer pricing as well as depreciation.

Indirect tax

The standard rate of VAT (porez na dodatu vrednost (PDV)) is 20 percent (effective 1 October 2012). There are reduced rates of 8 percent and 0 percent which apply to, for example basic foodstuffs, medicines, textbooks and daily newspapers, hotel services, public utility services, gas, and first transfer of ownership on residential buildings (8 percent); and exports of goods, transport and other services in relation to export, supply, repair, maintenance, charter and lease of aircraft and river vessels predominantly operating in international traffic, and international air and river transport of passengers under a reciprocity rule (0 percent). Supplies of certain goods and services are exempt from VAT, for example financial and banking services, insurance and reinsurance services, supplies and renting of land, transfer of shares and securities, transfer of immovable property (except first transfer), medical and welfare services, education and professional retraining, cultural, scientific, sport, and religious services.

Singapore

Corporate tax

The corporate tax rate is 17 percent. There is a partial exemption of 75 percent on the first SGD10,000 and 50 percent on the next SGD290,000 of the company's income. Full tax exemption can be granted on the regular income of a qualifying company up to SGD100,000, for any of its first three consecutive years of assessment. A 50 percent partial tax exemption applies to the next SGD200,000. A concessionary tax rate of 10 percent or lower applies to qualified entities.

Indirect tax

The standard rate of GST is 7 percent. There is a reduced rate of 0 percent which generally applies to export of goods and international services. Supplies of certain financial services and sale or lease of residential properties are exempt from GST.

Slovak Republic

Corporate tax

The corporate tax rate is 19 percent.

Indirect tax

The standard rate of VAT (dan z pridanej hodnoty (DPH)) is 20 percent. There is a reduced rate of 10 percent which applies to medicaments; certain other medical and pharmaceutical products; contact and spectacle lenses; certain hygienic products; books and other printed products where advertisement does not exceed 50 percent of the content. International passenger transportation, exports of goods, intra-community supply of goods, supply, rental, repair, and maintenance of sea craft and aircraft and some other supplies are VAT exempt with the entitlement for input VAT deduction. Supplies of certain goods and services are exempt from VAT with no entitlement for input VAT deduction, for example postal services; financial and insurance services; education and training; health and welfare; cultural services, supply and rental of immovable property (under certain conditions), etc.

Slovenia

Corporate tax

The corporate tax rate is 18 percent. Taxable persons performing non-profit activities are exempt. There is also a special rate of 0 percent which, subject to certain conditions, may apply to investment funds, pension funds, insurance undertakings for pension plans, and qualified venture capital companies. Please note that the Slovenian Government amended the Corporate Income Tax Act in 2012, consequently the following Corporate Income Tax rates will apply: 17 percent for 2013, 16 percent for 2014 and 15 percent for 2015 and onwards.

Indirect tax

The standard rate of VAT is 20 percent. VAT reduced rate of 8.5 percent is applicable on some supplies.

South Africa

Corporate tax

As of 1 April 2012, the corporate tax rate for a non-resident company was reduced to 28 percent (previously 33 percent). The corporate tax rate for resident companies remains at 28 percent with the effective corporate tax rate still at 34.55 percent due to the 10 percent Secondary Tax on Companies that applies to a company declaring a dividend. As from 1 April 2012, Secondary Tax on Companies at a rate of 10 percent will be abolished and will be replaced by a dividend withholding tax at a rate of 15 percent. This moves the dividend tax to a shareholder tax. This means that the effective corporate tax rate will be 28 percent going forward.

Indirect tax

The indirect tax rate is 14 percent.

Spain

Corporate tax

The corporate tax rate is 30 percent. Where a company's turnover (alone or combined with other group companies) in the immediately preceding tax period is less than EUR10 million, it is taxed on the first EUR300,000 of taxable income at 25 percent and the excess being taxed at 30 percent. Where a company's turnover in 2012 was less than EUR5 million and the average labor force from 2008 to 2012 tax year is less than 25 employees, it is taxed on the first EUR300,000 of taxable income at 20 percent and the remaining at 25 percent. Certain specific requirements need to be met. Entities taxed at 25 percent include general mutual insurance companies; social welfare institutions and qualified social security mutual and guarantee entities; credit and rural credit co-operatives; and qualified non-profit organizations. Tax protected co-operatives are taxed at 20 percent, except in respect of results not related to their corporate purpose, which will be taxed at the general rate. Qualified non-profit organizations are taxed at a rate of 10 percent and collective investment institutions at 1 percent.

Indirect tax

The standard rate of VAT is 21 percent (effective 1 September 2012). The reduced rates are 8 percent and 4 percent. Examples of reduced rates – 10 percent: Food and drink used for human or animal consumption (excluding tobacco and alcoholic beverages), animals, substances to be ordinarily used in agricultural activities, pharmaceutical products for animals, prescription glasses, contact lenses, aid implements, material and equipment for prevention, flowers, etc. On November 2010 the European Commission made an official request to Spain considering that according to the Directive the medical equipment, aids and any other appliances are not entitled to a reduced VAT rate, unless they are for the exclusive and personal use of handicapped people. Reduced rate of 4 percent applies to newspapers, magazines and books that do not contain mainly advertisements, ordinary bread, flour, milk, eggs, cheese, vegetables and fruit, medicines and pharmaceutical products (excluding products for hygiene purposes), etc.

Sri Lanka

Corporate tax

The corporate income tax rate is 28 percent (effective 1 April 2011). Small companies (with taxable income not exceeding LKR5 million and not belonging to a group of companies) are taxed at 12 percent. Certain sectors enjoy concessionary rates, such as exports (other than traditional products), tourism and construction are taxed at 12 percent, and agriculture which is taxed at 10 percent, with an exemption on offshore services. Companies engaged in liquor or tobacco products are taxed at a higher rate of 4 percent. The social responsibility levy of 1.5 percent on income tax was rescinded effective 1 April 2011. A deemed dividend tax at 15 percent is applicable for non-declaration of at least 10 percent of distributable profits.

Indirect tax

The standard rate of VAT is 12 percent (effective 1 January 2011). The reduced rate of 0 percent remains unchanged. The luxury rate of 20 percent has been removed, thus the Sri Lankan VAT system consists only two rates of 0 percent and 12 percent.

St. Eustatius**Corporate tax**

The profit tax regime in the BES islands (Bonaire, St. Eustatius and Saba) was abolished in 2011. Instead, a property tax rate of 25 percent (levied on 4 percent of the value of a company's real estate located in the BES islands) and a distribution tax rate of 5 percent (levied on proceeds derived from shares in companies established in the BES islands) apply. In order to prevent abuse of the absence of a profit tax regime, passive (investment) companies established in the BES islands are considered to be residents of the Netherlands for tax purposes. Consequently, such companies will be subject to Dutch corporate income tax levied at a rate of 20 percent on profits up to EUR200,000 and a rate of 25 percent for profits exceeding that amount.

Indirect tax

Standard rate applicable to services is 4 percent.

St. Maarten**Corporate tax**

The corporate tax rate is 34.5 percent (incl. 15 percent surcharges).

Indirect tax

The standard rate of VAT is 5 percent.

Sudan**Corporate tax**

The corporate tax rate is 10 percent, 15 percent, 30 percent, 35 percent). Industrial companies are subject to corporate income tax at a rate of 10 percent. Trading, real estate, and banks service companies are subject to corporate income tax at a rate of 15 percent. Tobacco companies are subject to corporate income tax at a rate of 30 percent. Oil companies are subject to corporate income tax at a rate of 35 percent. Entities that are exempt from corporate income tax are subject to a social development tax at a rate of 3 percent of the exempt taxable profit.

Indirect tax

The standard rate of VAT is 15 percent. This rate applies for all services and commodities except for telecommunication services, which is 20 percent.

Sweden**Corporate tax**

The corporate tax rate is 26.30 percent.

Indirect tax

The standard rate of VAT (mervärdesskatt (MOMS)) is 25 percent. There are reduced rates of 12 percent, 6 percent, and 0 percent which apply to, for example, restaurant services (from 1 January 2012), food and hotel accommodations (12 percent); domestic passenger transportation including ski lifts, books and newspapers, certain sporting and cultural events (6 percent); and exports of goods, fuel to aircrafts, ships and aircrafts for commercial transport and related services and prescription pharmaceuticals (0 percent). Supplies of certain goods and services are exempt from VAT, for example health and welfare; education, financial, and insurance services; and the sale and letting of real property.

Switzerland**Corporate tax**

The maximum effective corporate income tax rate ranges from 11.32 percent to 24.43 percent depending on canton and commune. The rate comprises federal, cantonal, and communal taxes. The corporate tax rate in the city of Zurich is 21.17 percent. All 26 cantons apply different tax rates and in most of them the statutory tax rate needs to be multiplied with the communal and/or cantonal coefficients that may vary from tax period to tax period. As all taxes including corporate income taxes are deductible when computing the tax basis, the effective corporate income tax rates are lower than the statutory rates published in the tax codes. In 2012, the community of Meggen in the canton of Lucerne has the lowest corporate income tax rate (11.32 percent) while some communities in the canton of Geneva have the highest (24.43 percent). However, if a company qualifies for a holding, principal, or mixed company ruling, the effective tax rate can be reduced to a minimum of 5 percent. Additionally, full tax holiday up to 10 years might be available in some regions.

Indirect tax

The standard rate of VAT (Mehrwertsteuer (MWST)/taxe sur la valeur ajoutée (TVA)/imposta sul valore aggiunto (IVA))

is 8 percent. There are reduced rates of 3.8 percent, 2.5 percent, and 0 percent which apply to, for example hotel accommodations (3.8 percent); water in conduits, medications, books, newspapers, food and non-alcoholic beverages (2.5 percent); and exports of goods (0 percent). Supplies of certain goods and services are exempt from VAT, for example official postal services, health and welfare, education, insurance, finance, and the supply of certain immovable property.

Syria

Corporate tax

The corporate tax rate is 28 percent. The lower progressive rates are on the first SYP 3 million of taxable profit. Investment law entities, LLCs and closed JSCs are taxed at a flat rate of 22 percent; private banks at a flat rate of 25 percent; and public majority joint stock companies at a flat rate of 14 percent. Local administration surcharges vary from 4 percent to 10 percent of the tax amounts, depending upon location. Branches of foreign companies are subject to withholding taxes on cash payments received in lieu of corporate income tax and tax on salaries and wages, at rates that vary from 3 percent to 10 percent depending on their activities. Tourism entities of the luxury and international class are subject to tourism tax at 3 percent of gross monthly turnover in lieu of income tax and tax on salaries and wages.

Indirect tax

Syria currently has no VAT.

Taiwan

Corporate tax

The corporate tax rate is 17 percent. The 17 percent rate is applicable to income in excess of TWD 120,000. However, the income tax payable shall not exceed half of the part of taxable income that exceeds TWD 120,000.

Indirect tax

The standard rate of VAT is 5 percent. Under the Taiwan value-added and non-value-added business tax act, there are two systems, one being a VAT system and the other being the gross business receipts tax (GBRT) system. There is a reduced rate of 0 percent which applies to, for example the export of goods; services rendered which relate to the export of goods; vessels and aircraft used for international transportation; and goods and repair services supplied to ships or aircraft used in international transactions or ocean-going fishing boats. Supplies of certain goods and services are exempt from VAT, for example the sale of land, supplies of medical services, medicine, education services, newspapers and magazines, insurance policies, financial derivative products, corporate bonds, currency call loans, and foreign exchange call loans. GBRT applies mainly to financial

institutions in banking, insurance, trust and investment, securities, futures, and short-term commercial papers industries. The GBRT rate is generally 2 percent applicable in respect of revenues generated from core business. The GBRT rate for revenue generated from non-core business is 5 percent.

Tanzania

Corporate tax

The corporate tax rate is 30 percent. Profits after tax are subject to 10 percent withholding tax when distributed as dividend, resulting in an effective tax rate of 37 percent for a profit-making and dividend-distributing business organization.

Indirect tax

The standard rate of VAT is 18 percent. Some supplies may be zero-rated or completely exempt. Other indirect taxes include stamp duty (1 percent to 4 percent) and levies such as skills and development levy (6 percent of payroll cost per month) and city service levy (0.3 percent of turnover).

Thailand

Corporate tax

The corporate tax rate is 23 percent. The CIT rate is reduced to from 30 percent to 23 percent for the tax year starting in 2012, and to 20 percent for the two subsequent tax years. It is expected that the 20 percent CIT rate will be effective post-2014. A progressive CIT rate applies to small and medium sized enterprises (SMEs), starting with a 0 percent tax bracket scaling up to a highest bracket of 23 percent for 2012 and 20 percent for 2013 and thereafter. An SME is a company with no more than THB5 million of paid-up capital and no more than THB30 million turnover. Remittances of dividends and branch profits are subject to 10 percent withholding tax (WHT). The Board of Investment (BOI) provides tax incentives for promoted businesses, including CIT exemptions and reductions, dividend WHT exemption, and import duty exemptions. Application must be made with the BOI to qualify. The CIT rate applicable to a company operating as a regional operating headquarters (ROH) company can range from 0 percent to 10 percent. No WHT is assessed on dividends paid from certain income earned by the ROH. A 50 percent petroleum income tax is imposed on profits earned from the sale of oil and gas. Foreign companies engaged in international transportation are taxable at the rate of 3 percent on gross income.

Indirect tax

The standard rate of VAT is 7 percent. The reduction of the VAT rates from 10 percent to 7 percent was extended for a two-year period starting 1 October 2012.

Trinidad and Tobago
Corporate tax

The corporate tax rate is 25 percent. For companies engaged in the liquefaction of natural gas, manufacturing of petrochemicals, physical separation of liquids from a natural gas stream and natural gas processing from a natural gas stream, transmission and distribution of natural gas or wholesale marketing and distributions of petroleum products a corporate tax rate of 35 percent applies.

Indirect tax

The indirect tax rate is 15 percent.

Tunisia
Corporate tax

The corporate tax rate is 30 percent. Fully export companies are taxable at the rate of 10 percent effective 1 January 2013. Such companies established and starting their activities before 1 January 2013 and for which the 10 years tax holidays did not expire, continue to benefit from a tax holiday for 10 years. A 35 percent rate applies to the financial, telecommunication and the service suppliers for the gas and oil operators; the latter are subject to a progressive tax rate ranging between 50 percent and 75 percent. A rate of 10 percent applies to the agriculture and fishing sectors. The corporate income tax rate applies to resident companies and to permanent establishments of non-resident companies with a minimum tax payable of 0.1 percent under certain conditions.

Indirect tax

The standard rate of VAT is 18 percent. There are reduced rates of 12 percent and 6 percent. The 12 percent rate is mainly applicable to supply of services for example services rendered by hotels; services rendered by lawyers, notaries, legal and tax counsels, and other experts; catering and IT services. The 6 percent rate applies to such services carried out by doctors, nurses, masseurs, veterinarians, and analytical laboratories; the transport of persons and agricultural products; the import, production, and sale of fertilizers; supplies of livestock concentrate food; soy beans; fish meal; and products and articles for the pharmaceutical industry (6 percent). Supplies of certain goods and services are exempt from VAT, for example school education; imports; the production and sale of aircrafts for public transport; services rendered by maritime transport and ship agencies; aircraft transport services; leasing of vessels and aircrafts for international maritime and air transport; the production and sale of flower, bread, pasta (normal quality), olive oil, soy and soy oil and the production, refining, and conditioning of vegetable oil.

Turkey
Corporate tax

The corporate tax rate is 20 percent. A resident company is liable to corporate income tax on its worldwide income.

A non-resident company is liable to corporate income tax on its Turkish-source income only.

Indirect tax

The standard rate of VAT (katma deger vergisi (KDV)) is 18 percent. There are reduced rates of 8 percent (e.g. on services/accommodations hotels, motels, holiday villages, and similar accommodation facilities) and 1 percent (e.g. on basic food products and magazines).

Uganda
Corporate tax

The corporate tax rate is 30 percent.

Indirect tax

The standard rate of VAT is 18 percent. There is however, a reduced rate of 0 percent which applies to supply of goods or services where the goods or services are exported from Uganda as part of the supply; supply of international transport of goods or passengers and tickets for their transport; certain food products produced in Uganda; supply of drugs and medicines; supply of seeds, fertilizers, pesticides and farm implements; the supply of aircraft, parts thereof and maintenance equipment; and the supply of some hygiene products. There is another category of supplies called exempt supplies which covers the supply of unprocessed agricultural products, postage stamps, insurance and financial services, unimproved land, supply by way of leasing immovable property, supply of education services and other specified supplies. Any supply that is neither exempt or zero rated is automatically considered standard rated.

Ukraine
Corporate tax

The corporate tax rate is 21 percent (effective from 1 Jan 2012). Note: The rate will decrease to 19 percent in 2013 and 16 percent in 2014. A 0 percent rate applies to profits of insurance companies (from long-term life and pension insurance) as well as eligible small and medium-size companies. Businesses operating in certain industries (e.g. hotelling, shipbuilding and aircraft manufacturing, agricultural machinery manufacturing, clean energy sector, light industry) can be temporarily exempt from corporate income tax (in full or in part).

Indirect tax

The standard rate of VAT (podatok na dodanu vartist (PDV)) is 20 percent. A reduced VAT rate of 0 percent applies to, among other things, exports of goods and related services, servicing or processing of goods temporarily imported to Ukraine (including goods temporarily imported to Ukraine pursuant to international tolling arrangements), supplies for airplanes and ships used in international traffic, international transportation of passengers and their luggage, and servicing of airplanes engaged in international traffic. The Tax Code became effective 1 January 2011 and had a major

impact on the VAT regime in Ukraine. In practice, most previously VAT-exempt supplies of goods and services retained the VAT-exempt status. These include, for example, supplies of certain financial services, insurance services, royalty and dividend payments, transactions with securities and corporate rights, subscriptions to and delivery of local newspapers, magazines and books, prescribed pharmaceuticals, certain transfers of immovable residential property and land, charitable donations, local passenger transportation (except for taxis), education, and prescribed health and welfare. Supplies of grain and industrial crops (except for the first supply transactions by the agricultural producers) have also been exempted from the VAT. A sale of business as a going concern is no longer a VAT-exempt transaction. A special VAT regime is available for the designated agricultural producers. Effective 3 August 2012, a law came into effect which envisages that for the period from 1 January 2013 to 1 January 2023, transactions on supply of software products will be VAT-exempt.

United Arab Emirates

Corporate tax

The corporate tax rate is 0 percent/20 percent/55 percent). The United Arab Emirates consists of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah, and Ras Al Khaimah. While there are no corporate income taxes at a federal level, some emirates have issued their own income tax decrees. Although in theory these emirate-level decrees impose tax on the income of all corporate entities, in practice tax is currently only enforced on foreign oil companies and branches of foreign banks. Although the tax rate applicable to oil companies is generally 55 percent of operating profits, the amount of tax actually paid by such companies is based on a rate agreed in individual concessions between the company and the respective emirate. This rate can range between 55 percent and 85 percent. Branches of foreign banks are taxed at 20 percent of their taxable income in the emirates of Abu Dhabi, Dubai, Sharjah, and Fujairah. Municipal taxes are also levied in some of the emirates. In Dubai, a 10 percent municipal tax is charged on hotel revenues (usually passed on to the consumer as a service charge), a 10 percent municipality fee is levied on the rent from commercial property, and a 5 percent fee is levied on the rent of residential property. Abu Dhabi does not levy a municipality tax on rented premises, but landlords are required to pay certain annual license fees (which they may pass on to tenants).

Indirect tax

There is no VAT or GST in the United Arab Emirates.

United Kingdom

Corporate tax

The corporate tax rate is 24 percent. The UK government has announced a staged reduction in the main rate of corporation tax to 23 percent from 1 April 2013 and 21 percent from

1 April 2014. A small companies rate applies to companies with taxable profits of up to GBP300,000 with marginal relief up to GBP1.5 million. The current rate of 20 percent has been in place since 1 April 2011. Companies with taxable profits of GBP1.5 million or more pay tax at the main rate. All these thresholds are reduced for accounting periods of less than 12 months and if there are associated companies. Bermuda, Gibraltar, Guernsey, Isle of Man, and Jersey are dependent territories or crown dependencies of the UK, but have their own tax systems.

Indirect tax

The standard rate of VAT is 20 percent (effective 4 January 2011). There are reduced rates of 5 percent and 0 percent which apply to, for example children's car seats, certain contraceptive products, domestic fuel and power, and renovations/conversions of residential properties (5 percent); and food and animal feed, books and newspapers, prescription drugs and medicines, children's clothes, passenger transport, and exports of goods (0 percent). Supplies of certain goods and services are exempt from VAT, for example financial and insurance services; education services supplied by eligible bodies; certain cultural services; betting, gaming, and lotteries; subscriptions; and health and welfare.

United States

Corporate tax

The corporate tax rate is 40 percent. The marginal federal corporate income tax rate on the highest income bracket of corporations (for 2011, USD18,333,333 and above) is 35 percent. State and local governments may also impose income taxes ranging from less than 1 percent to 12 percent, the top marginal rates averaging approximately 7.5 percent. A corporation may deduct its state and local income tax expense when computing its federal taxable income, generally resulting in a net effective rate of approximately 40 percent. The effective rate may vary significantly depending on the locality in which a corporation conducts business. The United States also has a parallel alternative minimum tax (AMT) system, which is generally characterized by a lower tax rate (20 percent) but a broader tax base.

Indirect tax

While the US does not impose a national VAT, most states, and some local governments impose transactional based taxes commonly referred to as sales and use taxes. Forty-five states and the District of Columbia impose a state level tax on the sale or use of goods and some services. Local governments in 34 states are authorized to impose local sales taxes. There are about 7,600 jurisdictions across the country that have chosen to impose a local sales tax. The state and local tax sales tax rate in the US may range from 5 percent to 11 percent. As an example, the combined state and local sales tax rate in Seattle, Washington is 9.5 percent and that is made of a 6.5 percent state sales tax, a 1.2 percent county sales tax, and a 1.8 percent special purpose district tax. Those goods and services that are subject to tax, along with the applicable

tax rates, vary according to the jurisdiction. All states and some localities with sales and use tax regimes possess broad powers to determine whether goods and services are fully taxable, taxable at a special rate, or are fully exempt.

Uruguay

Corporate tax

The corporate tax rate is 25 percent.

Indirect tax

The standard rate of VAT (impuesto al valor agregado (IVA)) is 22 percent. The reduced rate of 10 percent applies to specific consumer goods, lodging services, and medicines. Moreover, the standard rate is reduced to 20 percent when the consumer pays by debit or credit card. Exports are zero-rated as well as purchases where the consumer pays with the special aid card granted by the government to low-income taxpayers. Exempt supplies include certain agricultural goods and machinery, specified fuels, commissions, interests on specific financial transactions, and transport services.

Vanuatu

Corporate tax

Corporate income tax is not levied within the Republic of Vanuatu. Furthermore, there are no income taxes, estate duties, gift duties, capital gains taxes, tax treaties or withholding taxes.

Indirect tax

The standard VAT rate is 12.5 percent.

The rate applies to any entity with a turnover of at least VT\$4 million that carries on a taxable activity. There is reduced rate of 0 percent (zero-rated) which applies to goods which are exported, those not situated in Vanuatu at the time of supply, those sold as going concerns to registered persons and those internationally transported. Services supplied outside Vanuatu, to approved educational institutions and aid donors are also zero-rated. The supplies exempt from VAT include financial services, education supplied by an approved educational institution, donated goods and services sold by non-profit organizations, residential rental accommodation, the sale of a property which has been used for as such for at least five years and the activity of any company registered under the International Companies Act No.32 of 1992.

Venezuela

Corporate tax

The corporate tax rate is 34 percent. Corporations engaged in the exploitation of hydrocarbons and related activities are generally subject to corporate income tax at 50 percent (also applicable to income from any other sources). This rate does not include municipal business taxes which range from 0.3 percent to 9.4 percent of gross income, depending on the district, and the business activity. The 34 percent marginal income tax rate is triggered at net taxable income of USD62,800.

Indirect tax

The standard rate of VAT (impuesto al valor agregado (IVA)) is 12 percent. The increased rate of 19 percent (which results from adding 10 percent to the standard rate) applies to luxury goods. Certain goods and services (such as red meat, animal oil, or local plane tickets) have a temporary rate of 8 percent. Exports are zero-rated. Exempt supplies include basic food items, medicine, fertilizer, fuel, newspapers, books and magazines, education, intangible assets, loans, banks, and financial institutions operations except by leasing, insurance services, payroll, operations performed in specified duty free and tourist areas, national electricity, water, and natural gas.

Vietnam

Corporate tax

The corporate tax rate is 25 percent. The rate applies to resident companies with foreign investors (including joint ventures, 100 percent foreign-owned companies, and business co-operation contracts) licensed from 1 January 2004 (25 percent if licensed before 1 January 2004), and Vietnamese enterprises. However, incentive corporate income tax rates (10 percent and 20 percent) will apply for certain projects. Corporate income tax rates up to 50 percent apply to businesses conducting prospecting, exploration, and exploitation of petroleum and gas and other rare and precious natural resources.

Indirect tax

The standard rate of VAT (gia tri gia tang (GTGT)) is 10 percent. There are reduced rates of 5 percent and 0 percent which apply to, for example, medical equipment and instruments, fresh foodstuffs, scientific and technical services, manufacturing equipment and machinery for agriculture (5 percent); and the exports of goods and services (0 percent). Please note that export services are subject to a VAT registration and permanent establishment tests of the recipient and strict requirements. Supplies

of certain goods and services are exempt from VAT, for example life insurance, financial services (other than fees for services), transfer of land use rights, health care services, computer software, printing, publishing and distribution of newspapers, magazines, and certain books.

Yemen

Corporate tax

The corporate tax rate is 35 percent; reduced to 20 percent retroactive for the entire year). The corporate income tax rate applies to all categories of commercial activity. A tax rate of 15 percent is available to projects licensed under the investment law. Oil and mineral activities and telecommunications are subject to special rates of taxation, and agriculture is tax exempt.

Indirect tax

The standard indirect tax rate is 5 percent.

Zambia

Corporate tax

The corporate tax rate is 35 percent. Income earned by banking and telecommunication institutions are subject to 40 percent tax on profits in excess of ZMK250 million. Profits from farming, chemical fertilizer production, and export of non-traditional items are taxed at a rate of 15 percent. Companies with a turnover of ZMK200 million or less pay a turnover tax of 3 percent. Tax on foreign exchange earned by Sun hotel is subject to tax at 15 percent. Windfall tax on copper and cobalt remains abolished but variable tax is still in force to take care of any windfall profits that arise from mining. The tax rate for mining profits is 30 percent. The tax fiscal year runs from 1 April to 31 March.

Indirect tax

The standard rate of VAT is 16 percent. There is a reduced rate of 0 percent which applies to export of goods, supplies to privileged persons, books, medical and building supplies, agricultural equipment and accessories etc. Exempt goods and services include water supply, educational services, transport services, financial services, conveyance of real property among other products and services. With effect from 1 January 2011, VAT will apply on all non life insurance products. Previously, all insurance services were exempt from VAT. Hotel accommodation in Livingstone, which was zero rated in 2010 and prior will now, be standard rated.

Zimbabwe

Corporate tax

The corporate tax rate is 27.75 percent

Indirect tax

The standard rate of indirect tax is 15 percent.

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Designed by Evalueserve.

Publication name: Corporate and Indirect Tax Survey 2012

Publication number: 121331

Publication date: January 2013