KPMG's Corporate and Indirect Tax Rate Survey 2009

TAX

AUDIT ▪ TAX ▪ ADVISORY

Contents

Introduction

KPMG's international tax practice has been tracking the movements of corporate tax rates around the world since 1993.

Up until this year, the long term trends have been strong and consistent. Against a background of international tax competition, corporate taxes have been driven steadily down. Indirect taxes, though generally stable, have extended their reach into many areas of the modern economy, to become an increasingly important component of many governments revenues.

But now, the reduction in corporate taxes has slowed. In some parts of the world it has stopped altogether. While indirect tax remains a potent tool, with a broader base and higher rates still high on government agendas, the effects of recession are forcing many governments to reassess their long term revenue policies.

It is not clear where the next move in global corporate taxes might lead. If the trend for annual reductions resumes in 2010, it is likely that indirect taxes will not be the only counter-balancing revenue raiser. It is likely that future reductions in headline corporate tax rates will have to be largely (possibly entirely) self-funding.

There may be short term revenue windfalls from tightening rules on tax havens. But it is more likely that there will be a broadening of the tax base, through interest restrictions, the removal of start up incentives such as tax holidays, reductions in broad based incentives and a strengthening of transfer pricing regimes.

These are largely shifts in onshore policy. The real uncertainties are the extent to which policy changes will be directed at offshore profits. There is a difficult balance to be struck between, on the one hand, incentivizing repatriation of profits and, on the other, the temptation to nationalize overseas profits by making them subject to home country taxation.

As governments re-shape their tax policies it is important that corporates engage in the debate. Policymakers need encouragement to look beyond their current fiscal needs to the long term global value to be derived from globalization and sympathetic tax regimes.

Corporates should be prepared to demonstrate their own commitment to governance principles that recognize the impact their activities have on multiple countries, including their tax contributions. Equally, governments should recognize that fair tax competition includes not only fairness between countries, but also fairness to taxpayers. A fair tax policy takes account of both the overall costs of tax (including administration) and companies' needs for certainty and consistency when making the long term investments that help create and sustain a country's wealth.

Loughlin Hickey
Global Head of Tax
KPMG in the United Kingdom

The rise of indirect taxation

While headline corporate tax rates have been declining globally, average VAT/GST rates have remained very stable. For the 115 countries included in our indirect tax survey this year, up from 90 last year, the average VAT/GST rate has risen very marginally to 15.25 percent. The global average VAT/GST rate has moved very little in the past 6 years, remaining within the 15.2 percent to 15.85 percent range.

This stability is evidence of the long-term shift towards increased reliance by many governments on indirect taxation. This is an understandable policy change as governments seek to achieve the difficult balance between creating long term sustainable tax revenues while at the same time accelerating short term cash collections.

Although this shift towards indirect taxation has been happening over a number of years, its importance has become clearer in the last year as governments come to terms with the global economic crisis and its effect on their tax revenues.

Why is this shift towards indirect taxation happening?
Indirect taxes such as VAT are charged on consumption of goods and services, which is significantly less mobile and less volatile than corporate profits or labor. They are also levied on the gross value added of an economy rather than on net profits. Accordingly, they present a more sustainable long term source of tax revenue which is less prone to avoidance and cyclical economic changes. In addition, as VAT and similar taxes are generally payable to the tax authorities throughout the year as transactions occur, they give rise to more real-time collection of tax.

This has become particularly important in the last year as governments face major cash crunches due to falling tax receipts and increasing public expenditure. There is also clear evidence that VAT/GST is a very efficient tax from a government perspective due to the relatively low collection cost to the tax authorities compared with other taxes.

How is the shift towards indirect tax occurring?
The shift towards indirect tax is occurring in a number of ways. Firstly, as demonstrated by the results of this survey series, average VAT/GST rates are remaining very stable, and in some case beginning to trend upwards, while headline corporate tax rates fall. As the economy grows, the net effect is that the proportion of tax being collected from indirect tax is increasing.

Secondly, new indirect tax regimes are being introduced throughout the world (e.g. the Gulf region, India and China) as these jurisdictions modernize their tax systems – the number of countries with national VAT/GST systems is now over 150 and rising annually.

Thirdly, there is significant reform of existing indirect regimes with a view to protecting and broadening the base to which the tax is applied. The actions being taken by the EU Commission, EU governments and tax authorities in combating VAT fraud and broadening the charge to VAT on services supplied from outside the EU is clear evidence in this regard.

What evidence has there been in the last 12 months?
As noted above, the average VAT/GST rate across 115 countries in 2009 now stands at 15.25 percent. This marginal increase from 15.22 percent in 2008 is largely driven by increases in VAT rates in Estonia, Hungary, Ireland, Israel and Venezuela.

At a regional level, the average VAT rate in the European Union has increased from 19.5 percent in 2008 to 19.8 percent in 2009. This increase would have been greater but for the temporary cut of 2.5 percent in the UK (scheduled to be reversed in January 2010) and one percent in Portugal.

While both of these reductions are intended as measures to stimulate spending, it is anticipated that the UK VAT rate will revert to 17.5 percent on 1 January 2010, with a further increase possible within the following 12 to 18 months. The net effect is that we are likely to see the average VAT rate in the EU hit 20 percent during 2010 or 2011.

In Asia-Pacific, the small increases in the average VAT/GST rates since 2006 have effectively been reversed by a cut of three percent in Sri Lanka. However, the general trend is still that the average VAT/GST rate in Asia-Pacific remains stable within a very narrow range; 10.6 percent to 10.9 percent for the last 6 years.

The rate for 2009 is 10.8 percent, giving the Asia-Pacific region the lowest average regional indirect tax rate. This is not surprising given the relative newness of many of the regimes compared, for example, with the EU. However, given the evidence from other countries which shows that VAT/GST rates tend to increase over time after being initially introduced at more modest levels, combined with the need for governments to collect more tax revenues, it would be surprising if the average VAT/GST rate in Asia-Pacific didn't increase more towards the current global average over the coming years.

The picture in Latin America is very similar, with rates remaining stable within a narrow 15.9 percent to 16.6 percent range over the last 6 years. In 2009, a mid-year increase from Venezuela, which increased the standard rate from 9 percent to 12 percent, took the Latin America average back up to 16.2 percent from 15.9 per cent in 2008.

Taking the OECD countries together, a similar level of stability in VAT/GST rates is evident. The material changes in the last year were the VAT rate increases in Hungary and Ireland and the decreases in Portugal and the UK. The net result is a very minor reduction in the average rate from 17.7 percent in 2008 to 17.6 percent in 2009. However, as the UK's temporary 2.5 percent cut will expire on 1 January 2010, the average OECD rate will likely return to at least 17.7 percent, if not higher, during 2010.

It is worth noting that the US remains the only OECD country without a national VAT/GST system. During 2009, however, there were a number of signs that the US could now be seriously considering the introduction of a VAT/GST system. If this were to occur, it would be one of the most significant global tax events of this generation.

While there are a growing number of economic and academic reports which explain the need for a VAT/GST system in the US, the decision now is a political one. We believe that it is only a matter of time before it happens, but this could still be four or five years away due to the serious political challenges which its introduction would pose. That said, given the significant gap in the US public finances, US policy makers may decide that now is the time.

Commentary

What is 2010 and beyond likely to bring?

In the short term, we are likely to see many governments and tax authorities globally using indirect taxation in a range of ways when dealing with the current economic situation. Depending on the jurisdiction, we are likely to see a mixed bag of fiscal stimulus measures (such as temporary rate reductions, exemptions, payment holidays etc) as well as tax raising or tax acceleration measures (limiting scope of reduced VAT rates, accelerated payment arrangements etc). Any resulting changes in the recently observed global trends should probably be treated as temporary blips which do not alter the general medium to long term trends.

In the medium to longer term, global trends that are likely to continue, include,

- More jurisdictions will adopt new VAT/GST systems,
- There will be further increases in standard and reduced VAT/GST rates,
- The average EU VAT rate will hit 20 percent,
- The average VAT rate in Asia Pacific will trend closer to the global average,
- There will be greater focus on fraud, anti-avoidance and broadening the indirect tax base to bring new forms of trade into the indirect tax net,
- There will be more systems-based tax audit activity focused on identification of systematic indirect tax errors or avoidance, and
- There will be tougher penalty regimes

What does this shift to indirect tax mean for global businesses?

The shift towards indirect tax is creating new challenges for many global businesses, particularly in the areas of compliance, risk management and value creation. As a result, global businesses should ask themselves seriously whether their systems, processes and resources are adequate to manage the increasing risks adequately and effectively while realizing the genuine opportunities which exist. This requires an ongoing assessment of the entire process by which indirect taxes are reported, managed and resourced within the business.

Based on our analysis of global trends and on our member firms' experiences, KPMG has developed an approach, *Driving Indirect Tax Performance*, designed to assist global businesses in this assessment. This approach offers a practical framework within which the twin objectives of managing risk and creating value can be achieved. For more information, go to **http://www.kpmg.com/Global/IssuesAndInsights/ArticlesAndPublications/Pages/Driving-indirect-tax-performance.aspx**

Niall Campbell
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Corporate Income Tax - the story behind the rate

The decline of statutory corporate income tax rates is a development that cannot be seen in isolation. Other global trends have an impact on corporate tax payers and also governments. It is the net result of these trends that helps to determine the global tax climate.

Protecting the tax base

One of these trends is the protection of the taxable base. Clearly, the statutory rate is just one element that determines the effective tax rate on companies' profits. The tax base is another.

The current economic crisis will obviously have had an adverse impact on almost all governments tax revenue. This seems likely to continue at least for the short to medium term. Governments will therefore be keen to prevent further erosion of the tax take.

One possible way to do this is, of course, by raising the statutory rate, but there are long term competitive pressures which can make it difficult for countries to do this in an increasingly globalized economy. Another, perhaps more effective, approach is to focus on preserving the tax base.

This approach manifests itself in different ways, including:

- Limitations on deductibility of interest expenses. In many jurisdictions around the globe debt-equity ratios, earnings stripping rules and specific anti abuse rules, such as those aimed at debt push down restructurings, have been introduced.
- Restrictions on the utilization of losses, either in time or in amount.
- Specific transfer pricing rules: many of these involve documentation, but tax authorities seem also to take a more aggressive approach in challenging intercompany transfer pricing.
- Introduction of generic anti-abuse rules and treaty override policies. A good example of this can be found in the new draft tax code for India that has recently been published.
- Specific clauses in bilateral tax treaties that limit treaty benefits on the basis of requirements regarding substance or qualification of certain entities.

A key concern - for businesses as well as governments - is that these rules should not 'cut off the oxygen supply' to recovering businesses. That aside, these measures may remain in force for a long time - perhaps with short term relaxations - independent of any economic recovery.

Fiscal incentives for companies

Another trend is in quite the opposite direction. Partly driven by the current economic downturn, many jurisdictions are likely to continue to use fiscal incentives to attract businesses and stimulate companies to invest.

Accelerated depreciation, R&D credits, and investment grants are clear examples of this. This trend is only partly driven by the current crisis. Globalization and mobility of capital and intangible property, all of which have stimulated competition between states, are also responsible.

Commentary

Transparency and co-operation

Greater demands for transparency and cooperation are also driving changes to the corporate tax landscape, which in turn are having an important impact on both corporate tax payers and tax authorities.

The call for transparency is one of the main drivers for tax authorities in creating platforms for cooperation with corporate tax payers. Taxpayers are being asked today to disclose much more data than in the past. Many tax authorities are moving away from vertical control to a model where companies have to carry out a kind of self-audit, a ´horizontal audit', even in a time when deregulation is no longer the key word. This requires companies to be more transparent with regard to their tax strategy and internal systems.

Tax authorities and governments themselves are also being affected by the call for transparency, affecting their tax systems, specific rules and the way tax administrations actually work.

This is happening across the world, so not withstanding the closer co-operation between tax authorities and taxpayers, co-operation between tax authorities seems likely to continue to grow.

Governmental co-operation

The recent attention paid to tax havens by the OECD, G-20, the European Union and individual states has resulted in significantly increased pressure on those jurisdictions with low tax rates, a limited exchange of information, a lack of transparency in their tax systems/execution and little in the way of requirements as to substance.

Once the current round of tailor-made information exchange agreements has run its course many larger economies are likely to return their focus to controlled foreign company regulations.

In the long term, if the degree of international co-operation continues that has been apparent throughout the financial crisis, there may be pressure for lower but more closely harmonized rates. Headline corporate rates could fall, but overall effective tax rates for global companies would rise, due to the broadening of the tax base. There may also be pressure on some countries to raise rates as others reduce them.

These pressures could be exerted by a combination of three forces. First, renewed discussion around worldwide rather than territorial taxation. Second, more co-ordinated action on rates by governments in an attempt to limit tax arbitrage, and third the hurdles for "white listing" of tax havens being moved from information exchange to consideration of the rate of tax on profits.

These are likely to be very significant developments for companies everywhere, and tax people should ensure that their voice is heard in the debates that will take place on this globally important subject.

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KPMG in the Netherlands

Source for all rates: **KPMG member firms**

OECD	European Union	Asia - Pacific	Latin America	Country	1 Jan 99 (%)	1 Jan 00 (%)	1 Jan 01 (%)	1 Jan 02 (%)
				Afghanistan	20			
				Albania				
				Angola	35	35	35	35
			■	Argentina	35	35	35	35
				Armenia				
			■	Aruba				
■		■		Australia	36	36	34	30
■	■			Austria	34	34	34	34
				Bahamas	0	0	0	0
				Bahrain	0	0	0	0
		■		Bangladesh	35	35	35	35
			■	Barbados	40	40	40	37.5
				Belarus				
■	■			Belgium	40.17	40.17	40.17	40.17
				Bermuda				
			■	Bolivia	25	25	25	25
				Bosnia and Herzegovina				
				Botswana	25	25	25	25
			■	Brazil	33	37	34	34
	■			Bulgaria				
■				Canada	44.6	44.6	42.1	38.6
			■	Cayman Islands	0	0	0	0
			■	Chile	15	15	15	16
		■		China	33	33	33	33
			■	Colombia	35	35	35	35
			■	Costa Rica	30	30	30	30
				Croatia	35	35	20	20
	■			Cyprus			28	28
■	■			Czech Republic	35	31	31	31
■	■			Denmark	32	32	30	30
			■	Dominican Republic	25	25	25	25
			■	Ecuador	15	25	25	25
				Egypt				
	■			Estonia				
		■		Fiji	35	35	34	32
■	■			Finland	28	29	29	29
■	■			France	40	36.66	35.33	34.33
■	■			Germany	52.3	51.6	38.36	38.36
				Gibraltar				
■	■			Greece	40	40	37.5	35
				Guatemala	27.5	25	31	31
				Guernsey				
			■	Honduras	25	25	25	25
		■		Hong Kong	16	16	16	16
■	■			Hungary	18	18	18	18
■				Iceland	30	30	30	18
		■		India	35	38.5	39.55	35.7
		■		Indonesia	30	30	30	39
				Iran	54	54	54	54
■	■			Ireland	28	24	20	16
				Isle of Man				
				Israel	36	36	36	36
■	■			Italy	41.25	41.25	40.25	40.25
			■	Jamaica	33 1/3	33 1/3	33 1/3	33 1/3
■		■		Japan	48	42	42	42
				Jordan	25	25	25	25
				Kazakhstan	30	30	30	30
■		■		Korea, Republic of	30.8	30.8	30.8	29.7

Corporate Tax Rates 1999 - 2009

1 Jan 03 (%)	1 Jan 04 (%)	1 Jan 05 (%)	1 Jan 06 (%)	1 Jan 07 (%)	1 April 08 (%)	1 Jan 09 (%)	Country
				20	20	20	Afghanistan
		23	20	20	10	10	Albania
35	35	35	35	35	35	35	Angola
35	35	35	35	35	35	35	Argentina
20	20	20	20	20	20	20	Armenia
		35	35	28	28	28	Aruba
30	30	30	30	30	30	30	Australia
34	34	25	25	25	25	25	Austria
0	0	0	0	0	0	0	Bahamas
0	0	0	0	0	0	0	Bahrain
30	30	30	30	30	30	27.5	Bangladesh
36	33	30	25	25	25	25	Barbados
				24	24	24	Belarus
33.99	33.99	33.99	33.99	33.99	33.99	33.99	Belgium
						0	Bermuda
25	25	25	25	25	25	25	Bolivia
				30	10	10	Bosnia and Herzegovina
25	25	25	25	25	25	25	Botswana
34	34	34	34	34	34	34	Brazil
		15	15	10	10	10	Bulgaria
36.6	36.1	36.1	36.1	36.1	33.5	33	Canada
0	0	0	0	0	0	0	Cayman Islands
16.5	17	17	17	17	17	17	Chile
33	33	33	33	33	25	25	China
35	35	35	35	34	33	33	Colombia
36	30	30	30	30	30	30	Costa Rica
20	20	20	20	20	20	20	Croatia
15	15	10	10	10	10	10	Cyprus
31	28	26	24	24	21	20	Czech Republic
30	30	28	28	28	25	25	Denmark
25	25	25	30	25	25	25	Dominican Republic
25	25	25	25	25	25	25	Ecuador
			20	20	20	20	Egypt
		24	23	22	21	21	Estonia
32	31	31	31	31	31	29	Fiji
29	29	26	26	26	26	26	Finland
34.33	34.33	33.83	33.33	33.33	33.33	33.33	France
39.58	38.29	38.31	38.34	38.36	29.51	29.44	Germany
				35	33	27	Gibraltar
35	35	32	29	25	25	25	Greece
31	31	31	31	31	31	31	Guatemala
						0	Guernsey
25	25	30	30	30	30	30	Honduras
16	17.5	17.5	17.5	17.5	16.5	16.5	Hong Kong
18	16	16	16	16	16	16	Hungary
18	18	18	18	18	15	15	Iceland
36.75	35.875	36.5925	33.66	33.99	33.99	33.99	India
30	30	30	30	30	30	28	Indonesia
25	25	25	25	25	25	25	Iran
12.5	12.5	12.5	12.5	12.5	12.5	12.5	Ireland
						0	Isle of Man
36	36	34	31	29	27	26	Israel
38.25	37.25	37.25	37.25	37.25	31.4	31.4	Italy
33 1/3	33 1/3	33 1/3	33 1/3	33 1/3	33 1/3	33 1/3	Jamaica
42	42	40.69	40.69	40.69	40.69	40.69	Japan
25	25	25	25	25	25	25	Jordan
30	30	30	30	30	30	20	Kazakhstan
29.7	29.7	27.5	27.5	27.5	27.5	24.2	Korea, Republic of

Source for all rates: **KPMG member firms**

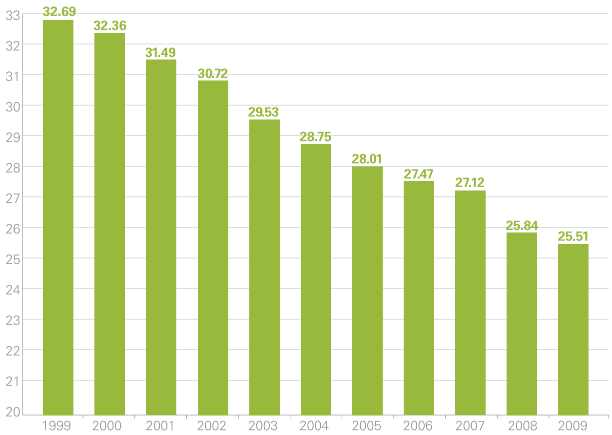
OECD	European Union	Asia - Pacific	Latin America	Country	1 Jan 99 (%)	1 Jan 00 (%)	1 Jan 01 (%)	1 Jan 02 (%)
				Kuwait	55	55	55	55
	■			Latvia	25	25	25	22
				Libya				
	■			Lithuania				
■	■			Luxembourg	37.45	37.45	37.45	30.38
		■		Macau				
				Macedonia	15	15	15	15
		■		Malaysia	28	28	28	28
	■			Malta				
				Mauritius	35	35	25	25
■			■	Mexico	35	35	35	35
				Montenegro				
				Mozambique	50	35	35	35
■	■			Netherlands	35	35	35	34.5
			■	Netherlands Antilles				
■		■		New Zealand	33	33	33	33
				Nigeria	30	30	30	30
■				Norway	28	28	28	28
				Oman	12	12	12	12
		■		Pakistan	33	34.65	34.65	35
				Palestine				
			■	Panama	37	37	37	37
		■		Papua New Guinea	25	25	25	25
			■	Paraguay	30	30	30	30
			■	Peru	30	30	30	30
		■		Philippines	33	32	32	32
■	■			Poland	34	30	28	28
■	■			Portugal	37.4	37.4	35.2	33
				Qatar	35	35	35	35
	■			Romania			25	25
				Russia			43	24
				Saudi Arabia	45	45	30	30
				Serbia				20
		■		Singapore	26	26	25.5	24.5
■	■			Slovak Republic	40	29	29	25
	■			Slovenia	25	25	25	25
				South Africa	42.22	37.8	37.8	37.8
■	■			Spain	35	35	35	35
		■		Sri Lanka	35	35	35	42
				Sudan				
■	■			Sweden	28	28	28	28
■				Switzerland	25.1	25.1	24.7	24.5
				Syria	45	45	45	45
		■		Taiwan	25	25	25	25
				Tanzania				
		■		Thailand	30	30	30	30
				Tunisia				
■				Turkey	33	33	33	33
				Ukraine			30	30
				United Arab Emirates				
■	■			United Kingdom	31	30	30	30
■				United States	40	40	40	40
			■	Uruguay	30	30	30	30
			■	Venezuela	34	34	34	34
		■		Vietnam	35	32.5	32	32
				Yemen				
				Zambia	35	35	35	35
				Zimbabwe			30.9	30.9
				Average	**32.69**	**32.36**	**31.49**	**30.72**

The 2009 rate is estimated

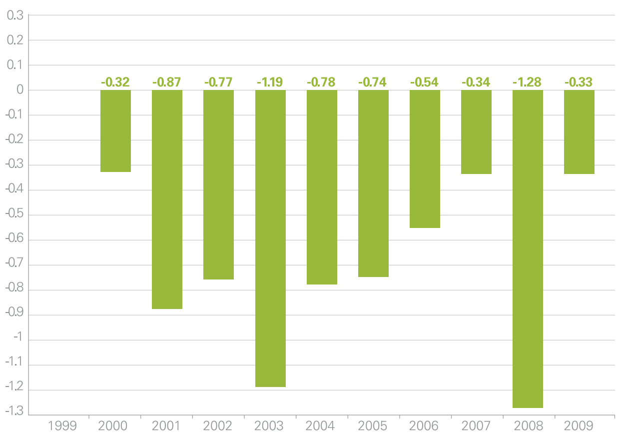
Corporate Tax Rates 1999 - 2009

1 Jan 03 (%)	1 Jan 04 (%)	1 Jan 05 (%)	1 Jan 06 (%)	1 Jan 07 (%)	1 April 08 (%)	1 Jan 09 (%)	Country
55	55	55	55	55	15	15	Kuwait
19	15	15	15	15	15	15	Latvia
				40	40	40	Libya
		15	15	15	15	20	Lithuania
30.38	30.38	30.38	29.63	29.63	29.63	28.59	Luxembourg
		12	12	12	12	12	Macau
15	15	15	15	12	10	10	Macedonia
25	28	28	28	27	26	25	Malaysia
34		35	35	35	35	35	Malta
25	25	25	25	22.5	15	15	Mauritius
34	33	30	29	28	28	28	Mexico
		9	9	9	9	9	Montenegro
32	32	32	32	32	32	32	Mozambique
34.5	34.5	31.5	29.6	25.5	25.5	25.5	Netherlands
28		34.5	34.5	34.5	34.5	34.5	Netherlands Antilles
33	33	33	33	33	30	30	New Zealand
30	30	30	30	30	30	30	Nigeria
28	28	28	28	28	28	28	Norway
12	12	12	12	12	12	12	Oman
35	35	35	35	35	35	35	Pakistan
				16	16	16	Palestine
30	30	30	30	30	30	30	Panama
27	30	30	30	30	30	30	Papua New Guinea
30	30	20	10	10	10	10	Paraguay
27	30	30	30	30	30	30	Peru
32	32	32	35	35	35	30	Philippines
27	19	19	19	19	19	19	Poland
33	27.5	27.5	27.5	25	25	25	Portugal
35	35	35	35	35	35	35	Qatar
25	25	16	16	16	16	16	Romania
24	24	24	24	24	24	20	Russia
30	30	30	20	20	20	20	Saudi Arabia
14	12.33	10	10	10	10	10	Serbia
22	22	20	20	20	18	18	Singapore
25	19	19	19	19	19	19	Slovak Republic
25	25	25	25	23	22	21	Slovenia
37.8	37.8	37.8	36.9	36.9	34.55	34.55	South Africa
35	35	35	35	32.5	30	30	Spain
32.5	35	32.5	32.5	35	35	35	Sri Lanka
24.1				35	35	35	Sudan
28	28	28	28	28	28	26.3	Sweden
25	24.1	21.3	21.3	21.32	21.17	21.17	Switzerland
35	35	35	35	28	28	28	Syria
25	25	25	25	25	25	25	Taiwan
						30	Tanzania
30	30	30	30	30	30	30	Thailand
30	33	35	35	30	30	30	Tunisia
33	33	30	20	20	20	20	Turkey
30	30	25	25	25	25	25	Ukraine
34	40	55	55	55	55	55	United Arab Emirates
30	30	30	30	30	28	28	United Kingdom
40	40	40	40	40	40	40	United States
35	30	30	30	30	25	25	Uruguay
34	34	34	34	34	34	34	Venezuela
32	28	28	28	28	28	25	Vietnam
				35	35	35	Yemen
35	35	35	35	35	35	35	Zambia
30.9	30.9	30.9	30.9	30.9	30.9	30.9	Zimbabwe
29.53	**28.75**	**28.01**	**27.47**	**27.12**	**25.84**	**25.51**	

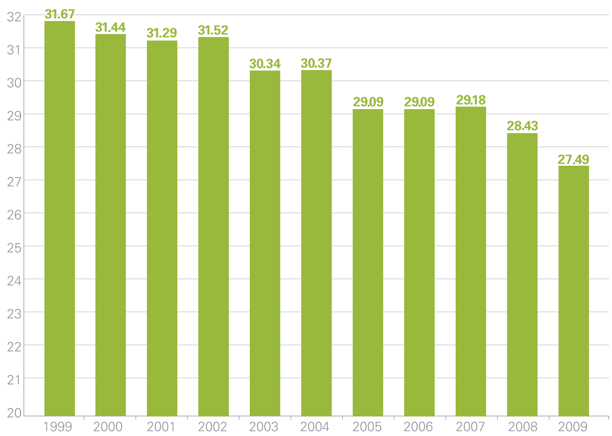
Global Average Corporate Tax Rate



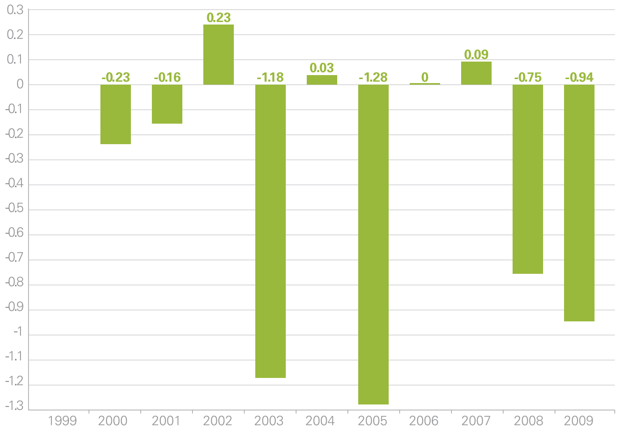
Global Average Corporate Tax Rate, year-on-year change



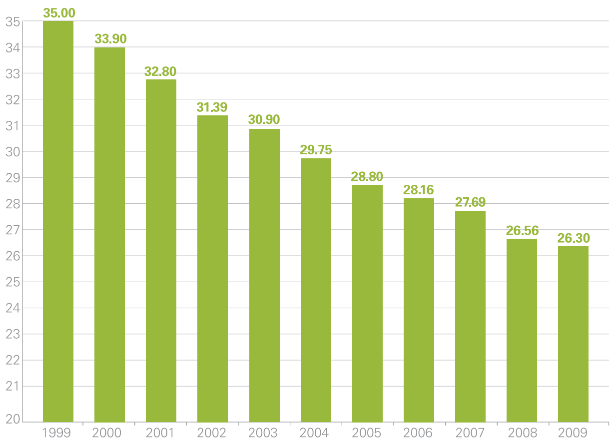
ASPAC Average Corporate Tax Rate



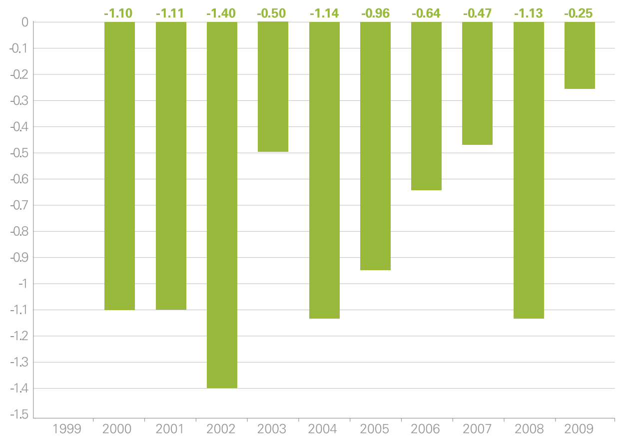
ASPAC Average Corporate Tax Rate, year-on-year change



OECD Average Corporate Tax Rate

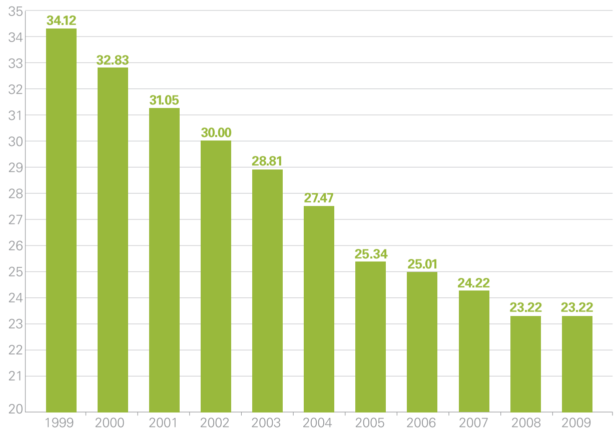


OECD Average Corporate Tax Rate, year-on-year change

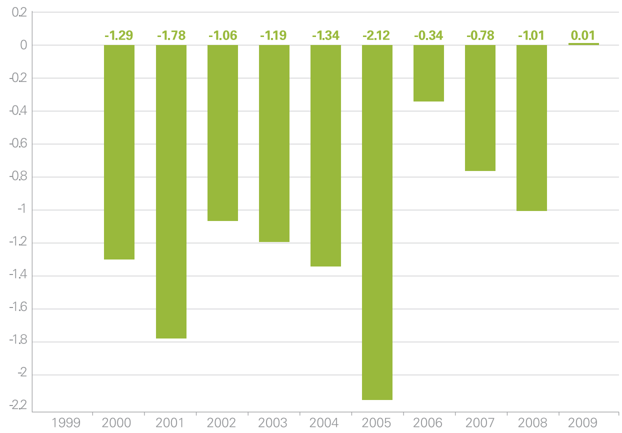


Corporate Tax Rates 1999 - 2009

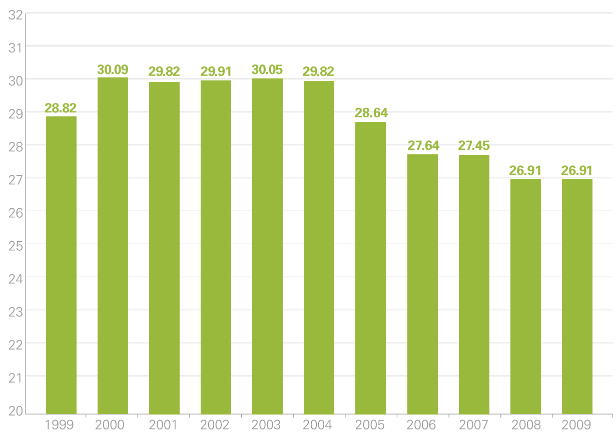
EU Average Corporate Tax Rate



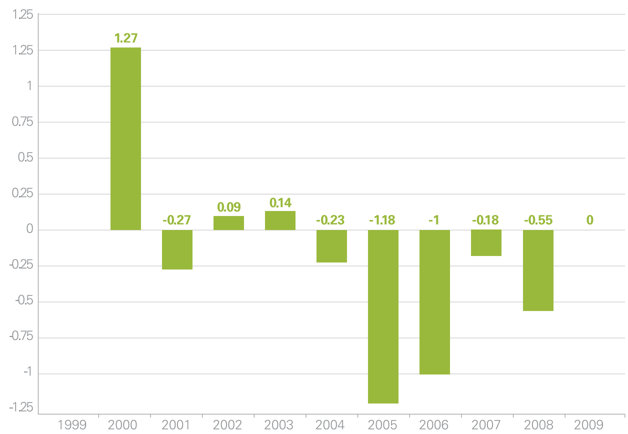
EU Average Corporate Tax Rate, year-on-year change



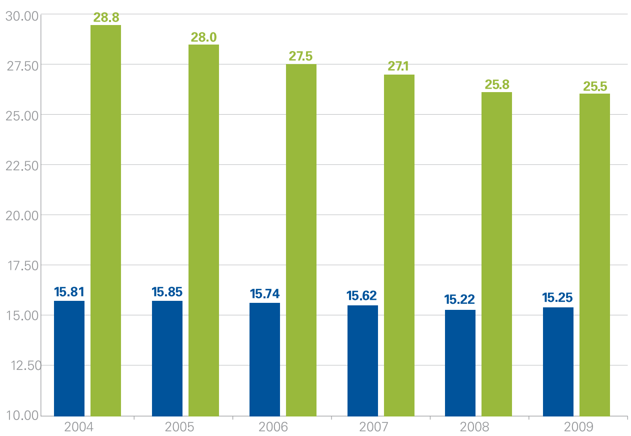
Latin America Average Corporate Tax Rate



Latin America Average Corporate Tax Rate, year-on-year change



Changes in Tax Rates Compared



Afghanistan (2009 rate = 20%)

Generally, two types of taxes are payable by corporations. The corporate income tax rate is 20 percent and is applied to taxable income, whereas business receipt tax (ranging from 2 percent to 10 percent) is applied to gross revenue. Qualifying extractive industries (mines and hydrocarbons) are exempt from business receipt tax. Taxable income is determined by deducting all business-related tax deductible expenses from gross revenue. Tax deductible expenses 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 the 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).

Albania (2009 rate = 10%)

The corporate income tax rate is applied to the taxable profit for the fiscal year (1 January to 31 December). Taxable profit is defined as gross income generated minus related tax deductible expenses. There are certain non-tax deductible expenses, for instance, 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 owned equity during the period, representation expenses over a certain limit, cost of fringe benefits, voluntary pension contributions. Setting up reserves does not lead to tax deductible expenses, except for banks and insurance companies. Dividends from an Albanian resident entity which is subject to corporate income tax, paid to Albanian resident taxpayers who own more than 25 percent of the capital of such entity, are tax exempt.

Angola (2009 rate = 35%)

Corporate taxpayers may fall under Group A, Group B, or Group C. Group A is taxed at 35 percent on taxable income, Group B is taxed at 25 percent on turnover, and Group C is taxed at 35 percent on specified amounts. Group A generally includes state companies, financial and credit institutions, insurance companies, foreign exchange houses, and all properly registered companies and permanent establishments. Group B comprises taxpayers that do not fall under Groups A or C, as well as those who carry out a one-off activity of a commercial or industrial nature. Group C comprises any individual that cumulatively fulfils the following conditions: works for himself/herself and does not have more than three employees; does not keep a set of accounts; does not make use of more than two vehicles; and whose annual gross turnover is below 13 UCFs (UCF=inflation adjustment unit currently at 1UCF=53Kz). Effectively all taxpayers fall into Group A.

Argentina (2009 rate = 35%)

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 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 investment in newly constructed or refurbished buildings (for the first two years) are also excluded from minimum income tax. Minimum income tax only applies to the extent it exceeds the (regular) income tax calculated as a percentage of the taxable income. Minimum income tax paid in any given year reduces the (regular) income tax of subsequent years (maximum carry-forward of 10 years).

Armenia (2009 rate = 20%)

The standard rate of profits tax (shahutahark) is 20 percent. Taxable profit is the positive difference between gross income and the deductions specified by law. For taxation purposes, only necessary expenses supported by documentation and related to the receipt of income are allowed. Also, only occasional losses (resulting from force-majeure) and waste and spoilage losses (in amounts established by the Armenian government) are allowed as deductions from gross income. The deduction of some types of expenses, for example business trip expenses, representative expenses and interest payments, is limited. The legislation allows carrying forward of any tax loss for five years from the year of origination.

Aruba (2009 rate = 28%)

Companies operating in the Free Zone are taxed at a rate of 2 percent. An imputation payment company (IPC) is subject to an effective corporate tax rate of 2 percent; an IPC pays 28 percent corporate income tax while the shareholder is entitled to an imputation payment of 26 percent from the Aruban government upon distribution of a dividend by the IPC

Australia (2009 rate = 30%)

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 an indirect interest in Australian real property. The Australian tax system provides taxation relief against international double taxation by granting foreign tax credits 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, year ended 31 December 2009 in lieu of 30 June 2008). For the year 1 July 2001 to 30 June 2002 and later taxable years, the corporate income tax rate has been 30 percent.

Austria (2009 rate = 25%)

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

Bahamas (2009 rate = 0%)

No taxes based on corporate earnings are assessed in the Bahamas.

Bahrain (2009 rate = 0%)

Bahrain is an income tax-free country; there is no corporate or personal income taxes in Bahrain (except for oil related activities). Accordingly, all profits, dividends, or any other income are 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. Free movement of foreign exchange is permitted.

Bangladesh (2009 rate = 27.5%)

The corporate income tax rate is 27.5 percent for corporations (except banks and other financial institutions) listed on a stock exchange. If a 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. If 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, leasing companies, and other financial institutions, 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 the applicable tax rate for this 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 tax but these industries will not qualify for an export rebate. Tax at 0.25 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.

Barbados (2009 rate = 25%)

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. For small business, manufacturing, or certain insurance concessions special rates apply. An international financial service center tax regime provides for exemption 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. Recent changes to note in domestic legislation include an exemption from tax in Barbados for certain dividends received by companies resident in Barbados from non-resident companies, as well as an exemption from withholding tax in Barbados on certain dividends paid by companies resident in Barbados out of foreign-source income to non-resident shareholders. These changes are applicable from the taxable year 2007 onwards.

Belarus (2009 rate = 24%)

For special zones the corporate income tax rate may be reduced to 12 percent (50 percent of standard tax rate).

Belgium (2009 rate = 33.99%)

A lower tax rate applies 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 their adjusted equity capital (including retained earnings). The deduction equals 4.473 percent (4.973 percent for small companies) for fiscal year 2010 (taxable years starting 1 January 2009 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 calculation).

Bermuda (2009 rate = 0%)
There are no notes for 2009.

Bolivia (2009 rate = 25%)
The corporate income tax rate is 25 percent (annual profit tax IUE). Payments of this tax are considered an on-account payment for any subsequent year's 3-percent transactions tax. Certain foreign companies` activities performed in Bolivia through branches or agencies are subject to different tax rules. Such activities include transportation, international news agencies, foreign insurance companies, and distribution of movies and videotapes. An effective rate of 5.5 percent is applied to gross income arising from these activities. Up to 4 percent of this tax is considered an on-account payment for any subsequent year's 3-percent transactions tax

Bosnia and Herzegovina (2009 rate = 10%)
Bosnia and Herzegovina consists of two separately administered territorial entities: the Federation of Bosnia and Herzegovina (FBiH) and the Republic of Srpska (RS) with different corporate profit tax regulations. The tax rate in both the FBiH and RS corporate income tax regulations is 10 percent. New corporate income tax legislation has been recently adopted in the FBiH and became applicable as of 1 January 2008. 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.

Botswana (2009 rate = 25%)
The corporate income tax rate is split into a 15 percent company tax and a 10 percent additional company tax (ACT). The ACT can be used to offset any withholding tax payable on dividend distributions. ACT unused after a period of five years will be lost. This arrangement can limit the overall corporate income tax levied on both the company and the shareholder to 25 percent. Lower company tax rates are available for manufacturing entities (5 percent). An approved International Financial Service Center entity is only liable for company tax and not for ACT. Mining entities (with the exception of diamond mining) are taxed at a rate between 15 percent and 45 percent (excluding ACT). Diamond mining taxation is negotiated with the government.

Brazil (2009 rate = 34%)
The corporate income tax rate is 25 percent. In addition, social contribution on net profits at a rate of 9 percent are levied, leading to an overall rate of 34 percent. Please note that the social contribution on net profits tax rate has been increased from the current 9 percent to 15 percent for financial institutions, private insurance, and capitalization companies starting 1 May 2008. The 25 percent corporate income tax rate comprises a 15 percent basic rate and 10 percent surtax on income over BRL 240,000 per year. The tax base for corporate income tax is the adjusted net profits. Depending on the type of income and further conditions a social contribution on net profits tax credit (bônus de adimplência fiscal) may be granted to certain corporate income tax payers. A tax deferral of four years of social contribution on net profits tax may be available for companies that purchase certain industrial assets between 1 October 2004 and 31 December 2010 (MP 428/08). Deferral is equivalent to 25 percent of the depreciation of these assets. Reduced effective corporate tax rates may be applicable for companies qualifying for the election of the presumed profit system (such as those with gross revenues lower than BRL 48 million on the year preceding the election).

Bulgaria (2009 rate = 10%)
The corporate income tax rate is 10 percent of taxable profit. Taxable profit is determined by adjusting financial results using IFRS or Bulgarian National Accounting Standards. Corporate income tax returns should be filed and corresponding liabilities settled by 31 March of the following year.

Canada (2009 rate = 33%)
The 2009 corporate income tax rate of 33 percent includes federal tax of 19 percent plus provincial tax. Depending on the province, the total effective general corporate income tax rate for 2009 ranges from 29 percent to 35 percent (24 percent to 35 percent for manufacturers). Lower rates are available to Canadian-controlled private corporations (CCPC) on their first CAD 400,000 to CAD 500,000 of taxable active business income. A representative tax rate for 2009 for a CCPC on its first CAD 500,000 of eligible taxable income is approximately 16.5 percent (11 percent federal tax plus 5.5 percent provincial tax). Depending on the province, the total effective tax rate for 2009 for a CCPC on its eligible income ranges from 12 percent to 19 percent.

Cayman Islands (2009 rate = 0%)
There are no notes for 2009.

Chile (2009 rate = 17%)
Chilean corporate income tax (called first category tax) applies to all types of taxable income realized by a taxpayer, individual, or legal entity, regardless of nationality, residence, or domicile, with the exception of income from dependent employees 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 global complementary tax in the case of Chilean resident individuals and withholding tax in the case of non-residents.

China (2009 rate = 25%/20%/15%)

As of 1 January 2008, a new corporate income tax applies to resident enterprises and non-resident enterprises with establishments in China or having China-sourced income. The corporate income tax rate is 25 percent. The reduced rate applicable to small-scale enterprises with low profitability is 20 percent and to hi-tech enterprises eligible for key support from the state is 15 percent.

Colombia (2009 rate = 33%)

The corporate income tax rate is 33 percent from 2008 onwards and, unlike previous years, no surcharge is levied (there was a surcharge of 10 percent until 2008). 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 from 2007 onwards. In addition to the corporate income tax, there is a regional 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. For corporate income tax purposes, industry and commerce tax as well as advertisement tax and real estate tax are 100 percent deductible when paid. Further, 25 percent of the financial transactions tax paid is deductible for corporate income tax purposes.

Costa Rica (2009 rate = 30%)

Reduced rates are available for smaller companies. Corporate entities with a gross income under CRC 38.891 million are subject to a 10 percent corporate income tax rate; corporate entities with gross income of more than CRC 38.891 million but less than CRC 78.231 million are subject to a 20 percent corporate income tax rate. Corporate entities with gross income exceeding CRC 78.231 million are subject to the ordinary 30 percent rate.

Croatia (2009 rate = 20%)

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 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 in Higher Training and Education, and Training and Education Incentives Law. The tourist tax, forestry tax, monumental protection fee, and Croatian Chamber of Commerce fee are taxes based on turnover.

Cyprus (2009 rate = 10%/25%)

The corporate income tax is 10 percent applicable on business income whereas dividends received are tax exempt. Income deriving from the sale of securities is also tax exempt. In ascertaining a company's taxable income all outgoings and expenses wholly and exclusively incurred in the production of the income are deductable. The corporate income tax rate for public corporate bodies (meaning legal persons of public law or any other public corporate body established by law for the public interest) is 25 percent plus 3 percent special contribution for the defense of the republic.

Czech Republic (2009 rate = 20%)

A special rate of 5 percent applies to the profits of investment, mutual, and pension funds. Dividend income is taxed at 15 percent or at zero percent if received by a parent company from a subsidiary (currently defined as a company in which the parent has held at least 10 percent for at least 12 months and which is resident in the Czech Republic, EU, Switzerland, or a country with which the Czech Republic has signed a double tax treaty, as long as the corporate tax rate in that country is at least 12 percent). Income tax relief for up to five years is available under special investment incentive schemes.

Denmark (2009 rate = 25%)

Two prepayments of corporate income tax during the taxable year are mandatory. If the final tax liability exceeds the prepayments a surcharge of 6.1 percent (2009) of the outstanding tax liability is payable. There are no local taxes on corporate income.

Dominican Republic (2009 rate = 25%)

In July 2007, the tax rate reduction (Law 172-07) entered into force which reduces the corporate tax rate to 25 percent from 2007 onwards

Ecuador (2009 rate = 25%)

A corporate income tax rate of 15 percent applies if the taxpayer decides to reinvest profits. This reinvestment is intended to cover the acquisition of new machinery or equipment (loans to the productive sector in the case of financial institutions). The company's capital must be increased by the reinvested amount.

Egypt (2009 rate = 20%)

The corporate income tax rate is applicable for active income whereas dividends received are tax exempt. Income deriving from the sale of securities registered in the Egyptian stock market is also tax exempt. In ascertaining a company's taxable income all outgoings and expenses wholly and exclusively incurred in the production of the income are deducted as long as they are supported by external documents and related to business.

Estonia (2009 rate = 21%)

Only profit distributions are subject to taxation. Profits that are not distributed but are retained in the company and/ or reinvested are not subject to taxation. A 21 percent tax applies to profit distributions including dividend payments and other forms of profit transfers (transfer pricing items, non-business costs, payments to low-tax territories, fringe benefits, gifts, and donations etc.).

Fiji (2009 rate = 29%)

The corporate income tax rate applies to companies incorporated in Fiji and branches of non-resident companies. Dividend distribution out of full corporate tax paid retained earnings is not subject to any further income tax. With effect from 1 January 2008, an additional 15 percent normal tax is charged on remittance of branch profits on which full corporate income tax has not been paid.

Finland (2009 rate = 26%)

There are no notes for 2009.

France (2009 rate = 33 1/3%)

For fiscal years ending after 1 January 2007, the corporate tax rate is 33.33 percent. A 3.3 percent social contribution is applicable to the portion of corporate income tax exceeding EUR 763,000 resulting in an overall tax rate of 34.43 percent (for this portion). Companies which have a turnover of up to EUR 7.63 million and where individuals hold at least 75 percent of the share capital (or which are owned by companies meeting the same conditions) are subject to a corporate income tax rate of 15 percent. This applies to the part of the taxable profit up to EUR 38,120. These companies are exempted from the 3.3 percent contribution.

Germany (2009 rate = 29.44%)

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 is in a range between 7 percent and 17.15 percent, assuming a municipality multiplier (Hebesatz) ranging normally from 200 percent to 490 percent. (The average multiplier for 2007 was 389 percent. The minimum trade tax multiplier is 200 percent.) The local trade tax is not deductible as a business expense from 2008 onwards.

Gibraltar (2009 rate = 27%)

Small companies (those with taxable profits less than GBP 35,000 and whose income is at least 80 percent derived from trading) are taxed at 20 percent. With effect from 2010, the government of Gibraltar has announced that the corporate tax rate will be reduced to 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, that company can apply to the Commissioner of Income Tax to have that income exempt from tax in Gibraltar. This is subject to certain conditions and restrictions.

Greece (2009 rate = 20%/25%)

The 25 percent rate applies to listed AE companies (corporations) and to EPE entities (limited liability companies). The same rate applies to domestic unlisted AE companies, banks, and credit institutions operating as co-operatives and branches of foreign entities. General partnerships (OE) and limited partnerships (EE) are considered legal entities in Greece and are subject to a corporate tax rate of 20 percent for fiscal year 2009. A 3 percent surcharge applies to gross rental income, but the surcharge may not exceed the primary corporate tax.

Guatemala (2009 rate = 31% or 5%)

The Guatemalan corporate income tax system is based on the territoriality principle; all Guatemalan-source income is taxed. As of 1 July 2004, the taxpayer can choose either to be taxed at 5 percent on gross income (the general system) or at 31 percent rate on taxable income (the optional system). Under the 31 percent on taxable income system, corporate income tax is paid annually but advanced in quarterly instalments. Under the 5 percent on gross income system, corporate income tax is paid monthly.

Guernsey (2009 rate = 0%)

Banks are taxed at a corporate income tax rate of 10 percent and utility companies and companies with income from Guernsey real estate are taxed at 20 percent.

Honduras (2009 rate = 30%)

The overall income tax rate for corporations comprises a 25 percent corporate income tax rate and a temporary 5 percent solidarity surcharge that applies if the taxable income exceeds HNL 1 million. In addition, there is a net assets tax of 1 percent of the value of the assets

Corporate Tax Rates Footnotes

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.

Hong Kong (2009 rate = 16.5%)

Hong Kong SAR is a special administrative region of the People's Republic of China. The 16.5 percent rate (with effect from the assessment year 2008/09) 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 (half of the 16.5 percent standard rate).

Hungary (2009 rate = 16% plus 4%)

The corporate income tax rate is 16 percent, which can be reduced to 10 percent on the first HUF 50 million (approximately USD 250,000) of taxable income if the company meets certain requirements. (The excess is subject to tax at 16 percent). Effective from 1 September 2006, a so-called solidarity tax of 4 percent was introduced for all companies. This is based on pretax profit modified by certain items. An additional local business tax of up to 2 percent is applicable based on the total trading turnover (two times the local business tax is deductible for corporate income tax purposes). In addition effective from 1 July 2007, a minimum tax (AMT) was also introduced. The AMT base is calculated as 2 percent of total incomes less cost of goods sold (COGS) and value of mediated services, plus other adjustments. If it exceeds the greater of profit before tax or the normal corporate income tax base, then either a declaration needs to be attached to the tax return or tax needs to be paid on the minimum tax base.

Iceland (2009 rate = 15%)

The corporate income tax rate for resident limited liability companies is 15 percent. The income tax rate for other resident legal entities, such as limited partnerships, associations, private nonprofit institutions, trusts funds, estates of deceased persons, and bankrupt estates is 23.5 percent. Tax is imposed on net income, after allowable deductions. The tax rate and deduction regime for non-resident entities depends on the type of income and the entity's residence. Interest derived by non-residents from Icelandic sources is not subject to corporate income tax in Iceland.

India (2009 rate = 33.99%)

Domestic companies are taxed at the rate of 30 percent; however 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 10 percent of the adjusted profits of companies where the tax payable is less than 10 percent of their book profits. Fringe benefit tax is levied at the rate of 30 percent on taxable fringe benefits. 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 10 percent surcharge is applicable in case of domestic companies if total income is in excess of INR 10 million and a 2.5 percent surcharge is applicable in case of foreign companies 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 1.5 million. Securities transaction tax (STT) is levied on the value of taxable securities transactions in equity shares and units of equity oriented funds.

Indonesia (2009 rate = 28%)

Certain income received by non-residents is taxed at 20 percent. An additional 20 percent branch profit tax is imposed on the after-tax profits of a permanent establishment (subject to income tax treaty relief).

Iran (2009 rate = 25%)

The corporate tax rate is a flat 25 percent. There are no other direct taxes imposed on the profit or the dividend distributions or reserves. All corporate entities engaged in any kind of commercial activity in the Free Trade and Industrial Zones are exempt from payment of corporate income tax for 15 years from the date of commencement of operations in the zones. There is no legislation regarding capital gains or losses. Except for the transfer of freehold property and stocks/shares in corporate entities which are subject to tax at fixed rates on transfer, gains/losses are aggregated with other corporate results. Transfer of freehold property is subject to tax at a rate of 5 percent of the taxable value. Transfer of shares and their right in the listed companies on the Tehran Stock Exchange is subject to tax at 0.5 percent of the sales price. Transfer of shares in other corporate entities is taxed at the rate of 4 percent of the par value.

Ireland (2009 rate = 12.5%)

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. A corporate income tax rate of 20 percent applies to dealing in undeveloped residential land in Ireland. A special corporate income tax rate of 10 percent applies to active trading income earned by certain existing manufacturing companies. This special corporate income tax rate will expire in 2010 and will be replaced by the standard corporate income tax rate of 12.5 percent. Capital gains are taxed at 22 percent with a participation exemption for gains on disposals of shareholdings of 5 percent or more of companies resident in EU or income tax treaty states.

Isle of Man (2009 rate = 0%)

A rate of 10 percent applies to certain profits of licensed banks and to profits derived from Isle of Man land or property. A distributable profits charge (DPC) applies to the profits of companies that are not considered to be distributing companies to the extent that they are owned by Isle of Man resident individuals. Distributing companies include those that are wholly owned by non-Manx resident individuals, are listed on a recognized stock exchange, and distribute a prescribed proportion of their distributable profits. The DPC does not apply to accounting periods commencing on or after 6 April 2008.

Israel (2009 rate = 26%)

The corporate income tax rate will be reduced to 25 percent from 2010. Financial institutions are subject to a profit tax and a payroll tax at a 15.5 percent rate; both of which are deductible for corporate income tax purposes. Companies with a beneficial enterprise are taxed at a reduced tax rate that varies depending on the national priority zone in which the company is located, the type of incentive scheme, and the level of foreign ownership in the company. Capital gains are subject to 25 percent tax although special terms apply to assets purchased prior to 31 December 2002. Dividends from foreign sources are subject to a 25 percent tax with a credit for foreign withholding tax, or in certain circumstances, the corporate income tax rate with an underlying tax credit for tax paid by the distributing company. According to a temporary provision which applies to 2009 only, dividends received in 2009 from foreign sources may be subject to 5 percent tax with a credit for foreign withholding tax.

Italy (2009 rate = 31.4%)

The overall income tax rate of 31.4 percent for corporations consists of a 27.5 percent corporate income tax (the IRES) and a basic 3.9 percent regional tax (the IRAP). The taxable basis differs as certain expenses are allowed for IRES purposes but not for IRAP. Italian regions have the right to vary the basic IRAP rate up to 1 percent. Starting from the tax year in progress as of 31 December 2008, it will be possible to deduct for IRES purposes an amount equal to 10 percent of the IRAP paid. This amount should in principle correspond to IRAP on interest and personnel expenses (usually disallowed items for IRAP purposes).

Jamaica (2009 rate = 33 1/3%)

Companies must declare their income and make prepayments of corporate tax in four instalments (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).

Japan (2009 rate = 40.69%)

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 30 percent (22 percent on the first JPY 8 million for companies with paid-in capital of JPY 100 million or less). Local tax rates vary depending, for instance, on the local government policy and the amount of paid-in capital of the company. The tax rate shown is the illustrative effective tax rate for a company in Tokyo with paid-in capital of more than JPY 100 million after taking into account a deduction for business tax. Since size-based business tax is also levied on a company with paid-in capital of more than JPY 100 million, in addition to the income-based business tax, the overall tax rate for such companies can be higher than 40.69 percent. 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). For companies with paid-in capital of JPY 100 million or less, the effective tax rate in Tokyo is 42.05 percent with no size-based business tax imposed.

Jordan (2009 rate = 15%/25%/35%)

The corporate income tax rate of 15 percent applies to industry, hotels, hospitals, transportation, contracting, and other sectors approved by the Council of Ministers. The corporate income tax rate of 35 percent applies to banks,

Corporate Tax Rates Footnotes

financial and finance companies, exchange companies, and brokerage companies. The corporate income tax rate of 25 percent applies to all other companies.

Kazakhstan (2009 rate = 20%)
Branches of foreign companies operating in Kazakhstan are subject to an additional branch profits tax of 15 percent of 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.

Korea, Republic of (2009 rate = 24.2%)
The corporate income tax rate is 24.2 percent (including resident surtax) if taxable income exceeds KRW 200 million. For taxable income below KRW 200 million a corporate income tax rate of 12.1 percent (including resident surtax) applies.

Kuwait (2009 rate = 15%)
A flat rate of 15 percent has been introduced effective for years commencing after 3 February 2008. Prior to this date the tax rate ranged from 0 percent to a maximum of 55 percent based on bands of taxable profit.

Latvia (2009 rate = 15%)
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.

Libya (2009 rate = 40%)
The annual corporate income tax rates are on a progressive rate structure as follows: the first LYD 200,000 at 15 percent; the following LYD 300,000 at 20 percent; the following LYD 500,000 at 25 percent; the following LYD 500,000 at 30 percent; the following LYD 500,000 at 35 percent; and more than LYD 2 million at 40 percent.

Lithuania (2009 rate = 20%/13%)
The general corporate income tax rate is 20 percent, however a rate of 13 percent applies if the average number of employees of an entity does not exceed 10 and the income does not exceed LTL 500,000 (EUR 144,810) (additional conditions have to be satisfied). Currently, corporate income tax reliefs are available for agricultural companies, free economic zone companies, manufacturing companies employing people with disabilities, social companies, and cooperatives. Furthermore, companies implementing investment projects can apply for corporate income tax relief. All reliefs are applied only if certain conditions are satisfied and their impact on corporate income tax varies with regard to the particular situation.

Additionally, the income of investment companies with variable capital and insurance companies' income from investments (except for dividends) are exempt from corporate income tax.

Luxembourg (2009 rate = 28.59%)
A corporate income tax rate of 21.84 percent includes a 4 percent employment fund contribution. The municipal business tax rate varies; for example the rate for the city of Luxembourg is 6.75 percent.

Macau (2009 rate = 12%)
An exemption on taxable income up to MOP 200,000 has been announced by the government in 2009 and was introduced retrospectively for 2008. Income between MOP 200,000 and MOP 300,000 is taxable at 9 percent; 12 percent is applicable to the portion of income over MOP 300,000.

Macedonia (2009 rate = 10%)
A resident company is liable for tax on its worldwide income. No tax is due on undistributed profits. Tax becomes due at the moment of payment for dividends or other distributions from profits. At the end of the year, a separate tax payment is due on unrecognized expenses. There are no local taxes on corporate income. There is a 10 year profits tax holiday covering investments in technological industrial zones

Malaysia (2009 rate = 25%)
Resident companies with paid up capital of MYR 2.5 million and below 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 MYR 500,000 of chargeable income. For chargeable income in excess of MYR 500,000, the corporate income tax rate is 25 percent. Leasing income (from moveable property) derived by a permanent establishment in Malaysia is taxed at a rate of 25 percent whereas a non-resident corporation with no Malaysian permanent establishment is taxed at a rate of 10 percent. A special 5 percent rate applies to corporations which conduct an inward reinsurance business or an offshore insurance business. Income generated by a life fund of an insurance company is taxed at a rate of 8 percent. A non-resident corporation with shipping or air transport income is taxed at a rate of 25 percent either on 5 percent of its gross shipping or air transport income derived from Malaysia or on that part of the Malaysian gross income computed as a proportion of worldwide profits to worldwide gross income. 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.

Malta (2009 rate = 35%)

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 tax paid by the distributing company. As a general rule, the tax refund amounts to six-sevenths of 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. Tax paid on profits derived, directly or indirectly, from immovable property situated in Malta is not available for refund.

Mauritius (2009 rate = 15%)

There are no notes for 2009.

Mexico (2009 rate = 28%)

Effective 1 January 2008, a new business flat tax (IETU) is in force. This flat tax is paid at the rate of 17 percent for 2009 on a cash flow basis. The IETU applies to income from the sale of goods, rendering of independent services, and temporary use or enjoyment of goods, with certain expenses being tax deductible. The IETU is a minimum tax in respect to income tax (IT), but with a wider taxable base as some tax deductions authorized for IT are not permissible for IETU. Both taxes must be computed and the excess IETU over IT is payable.

Montenegro (2009 rate = 9%)

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, 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 can be carried forward and offset against capital gains for up to five years.

Mozambique (2009 rate = 32%)

Contrary to the general rate, income of agricultural companies or organizations is taxed at 10 percent until 31 December 2010. Agricultural, cultural, and artisan cooperatives benefit from a 50 percent reduction in the tax rate, resulting in an effective tax rate of broadly 16 percent. Generally, certain investment projects approved by the government of Mozambique prior to 1 January 2003 are subject to lower tax rates, applicable until the end of the project. Those investment projects approved as of 1 January 2003 are, in general, subject to the standard tax rate of 32 percent but receive a tax credit of 5 percent of the investment made in the first five years of a project.

Netherlands (2009 rates = 20%/25.5%)

It has been proposed that 2009 taxable profits of up to EUR 200,000 will be taxed at 20 percent and profits over EUR 200,000 will be taxed at 25.5 percent. For 2008 the rates were changed retroactively so that taxable profits of up to EUR 275,000 are taxed at 20 percent and profits over EUR 275,000 are taxed at 25.5 percent. The rates originally applicable for 2008 were 20 percent on profits up to EUR 40,000, 23 percent on profits between EUR 40,000 and EUR 200,000, and 25.5 percent on profits over EUR 200,000.

Netherlands Antilles (2009 rate = 34.5%)

The corporate income tax rate of 34.5 percent includes a 15 percent surcharge although for certain activities, tax holidays are available which generally lower the corporate income tax rate to 2 percent. Companies operating in special economic zones are also taxed at a rate of 2 percent. The income of qualified limited liability companies engaged in certain financial activities is exempt.

New Zealand (2009 rate = 30%)

Ten 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. The New Zealand government has introduced the large budget screen production grant scheme which, provided certain requirements are met, allows for a rebate of 15 percent of qualifying New Zealand production expenditure on film and television production companies. A film or television company is eligible for the grant if it is a resident company or a foreign corporation operating with a permanent establishment in New Zealand.

Nigeria (2009 rate = 30%)

Nigerian companies are also required to pay education tax at 2 percent of their assessable profits for each tax year. Please note that this requirement is not applicable to non resident companies with a taxable presence in Nigeria.

Norway (2009 rate = 28%)

There are no notes for 2009.

Oman (2009 rate = 12%)

The corporate income tax rate is 12 percent on taxable profits exceeding OMR 30,000 and applies to all companies incorporated in Oman and branches and permanent establishments in Oman of companies incorporated in the other Gulf Co-operation Council (GCC) countries (Bahrain, Kuwait, Qatar, Saudi Arabia, and United Arab Emirates). In the case of branches and permanent establishments in Oman of non-GCC companies, the tax rates range from 0 percent to 30 percent depending upon the amount of taxable profits.

Pakistan (2009 rate = 35%)

From tax year 2007 onwards, a standard tax rate of 35 percent is applicable to all companies except small companies that were taxed at the rate of 20 percent up to tax year 2008 and at the rate of 20 percent to 35 percent, for tax year 2009, depending on their turnover. The rates mentioned in the table up to tax year 2006 were applicable to public companies. During the years 1999 to 2006, private companies paid rates ranging between 37 percent and 45.15 percent, and banking companies paid rates ranging between 38 percent and 58 percent.

Palestine (Estimated 2009 rate = 16%)

There are no notes for 2009.

Panama (2009 rate = 30%)

Corporate income tax due is the higher of 30 percent of net taxable income or 1.4 percent of Panamanian-source gross income (alternative minimum tax). Under certain circumstances, corporations may request a holiday from the application of alternative minimum tax. If there is no distribution of the after tax profit, or if the distributed amount is less than 40 percent of net earnings, a complementary tax of 4 percent is due as an advanced dividend tax.

Papua New Guinea (2009 rate = 30%)

For mining and gas companies, the corporate income tax rate is 30 percent. Existing petroleum projects are subject to a 50 percent tax rate while new petroleum projects are taxed at either 45 percent or 30 percent depending on when the license is issued. Non-resident mining companies pay tax at 40 percent. In case of other businesses, a branch of a foreign company is taxed at 48 percent. Non-residents are taxed on a deemed profit basis (shipping at 5 percent - an effective tax rate of 2.4 percent of gross income; insurance at 10 percent - 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 (an effective tax rate of 12 percent of gross income).

Paraguay (2009 rate = 10%)

If a company distributes dividends to shareholders domiciled in Paraguay, a 5 percent tax will be applied to the distributed dividends, resulting an effective rate of 14.5 percent. To dividends distributed to shareholders not domiciled in Paraguay, a 15 percent rate will be applied resulting in an effective rate of 27.33 percent. There are differential effective rates for the following services provided by non-domiciled entities: 3 percent for insurance premiums; 3 percent for people transportation fares/freight of goods; 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 finance received from external banks, the current effective rate is 6 percent. Corporate income earned by individuals/foreign entities for their activities carried out in Paraguay (independently of their branches, agencies, or permanent establishment) is currently taxed at an effective rate of 15 percent.

Peru (2009 rate = 30%)

Branches of foreign entities are subject to a 4.1 percent tax rate. A tax on net assets has been introduced with effect from 2005. For 2009 the rate is 0.4 percent and it will applied to corporate taxpayers with assets up to PEN 1 million (approximately USD 300,000). The tax is based on the net assets of domiciled corporate taxpayers after deducting certain balance sheet items specified in the legislation. This tax can be applied as a tax credit against corporate income tax.

Philippines (2009 rate = 30%)

Corporations and resident foreign corporations are subject to the 2 percent minimum corporate income tax (MCIT) starting in their fourth year of operation. The MCIT is based on gross income and 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. Branches of foreign corporations, as well as Philippine Economic Zone Authority (PEZA) registered corporations that are paying the special tax on gross income earned in lieu of all taxes, are exempt from the IAET.

Poland (2009 rate = 19%)

The corporate income tax rate is 19 percent, with no other taxes on corporate income. However, a 50 percent penalty rate applies for transfer pricing adjustments if a taxpayer is unable to provide, within seven days of a request by the tax authorities, transfer pricing documentation (as required under statute) in respect of transactions with related parties. Companies located in the special economic zones may benefit from tax exemptions.

Portugal (2009 rate = 25%)

There is a reduced corporate income tax rate of 12.5 percent applicable to the first EUR 12,500 of taxable income. The remaining income will be taxed at the general rate of 25 percent. These rates are increased by a municipal surcharge (Derrama) varying from 0 percent to 1.5 percent to be levied on taxable profit.

Qatar (2009 rate = 35%)

The 35 percent rate is the maximum rate in a progressive rate structure and is applicable to income in excess of QAR 5 million. However, tax is only imposed on foreign companies operating in Qatar or Qatari companies with foreign shareholders. Companies which are wholly owned by Qatari shareholders or GCC nationals are exempt. Certain companies established pursuant to an emiree decree may be subject to a specific flat tax rate rather than the standard progressive rates.

Romania (2009 rate = 16%)

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. A special relief is available for small companies.

Russia (2009 rate = 20%)

Federal tax authorities determine the applicable tax rates, however, tax payments are split into federal taxes (2 percent) and regional taxes (18 percent with the right to reduce to 13.5 percent). Interest income on state securities is taxed at 15 percent or 0 percent.

Saudi Arabia (2009 rate = 20%)

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 consisting 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.

Serbia (2009 rate = 10%)

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, as well as depreciation.

Singapore (2009 rate = 18%)

The corporate income tax rate for 2009 refers to the Year of Assessment (YA) 2009 and applies to income derived in the financial year ended 2008. It was proposed in Budget 2009 that with effect from YA 2010 (for income derived from the financial year ending 2009), the corporate tax rate be reduced to 17 percent. A partial tax exemption is granted on 75 percent of the first SGD 10,000 of regular income and 50 percent on the next SGD 290,000. For the first three assessment years for new companies, full tax exemption of regular income up to SGD 100,000 can be claimed provided certain conditions are met and a partial tax exemption of 50 percent on the next SGD 200,000 of regular income. A concessionary tax rate of 10 percent or lower applies to entities engaged in certain prescribed activities or granted tax incentives.

Slovak Republic (2009 rate = 19%)

There are no notes for 2009.

Slovenia (2009 rate = 21%)

The corporate income tax rate will be reduced to 20 percent in 2010. Taxable persons performing non-profit activities are exempt. There is also a special rate of 0 percent which under certain conditions applies to investment funds, pension funds, insurance undertakings for pension plans, and venture capital companies (only for activities based on venture capital).

South Africa (2009 rate = 34.55%)

The corporate income tax rate is 28 percent. However, South Africa imposes an additional secondary tax on companies (STC) at 10 percent on any net dividends declared by them. Therefore, if a company distributes 100 percent of its after-tax earnings as a dividend, an effective tax rate of 34.55 percent will apply. This does not apply to gold mining companies (which are taxed on a formula basis) or to South African branches of foreign entities which are taxed at a rate of 33 percent. It is proposed that STC will be replaced by a withholding tax from second half of 2010.

Spain (2009 rate = 30%)

Companies with tax years starting from 1 January 2008 are subject to tax at 30 percent. Where a company's turnover (alone or combined with other group companies) in the immediately preceding tax period is less than EUR 8 million, it is taxed on the first EUR 120,202 of taxable income at 25 percent with the balance of its taxable income being subject to tax at 30 percent. Entities taxed at 25 percent are general mutual insurance companies; social welfare institutions and qualified social security mutual entities for accidents at work and occupational diseases; mutual guarantee entities and guarantee underwriting companies regulated by Law 1/1994 of 11 March on the Legal Regime for Mutual Guarantee Societies Registered with the Bank of Spain; and credit and rural credit co-operatives. Tax protected co-operatives will be taxed at 20 percent, except in respect of results not related to their corporate purpose, which will be taxed at the general rate.

Sri Lanka (2009 rate = 35%)

For the assessment year 2009/10 (1 April 2009 to 31 March 2010), the corporate income tax rate is 35 percent. However, small companies (with taxable income not exceeding LKR 5 million and not being a holding, subsidiary, or any associate company of a group of companies) are taxed at 15 percent and companies in the first five years of listing are taxed at 33.33 percent. Certain identified sectors also enjoy concessionary rates, such as exports (other than traditional products), tourism, agriculture, and construction at 15 percent and venture capital companies/specialized housing banks at 20 percent. Dividends or the repatriation of profits by a non-resident company are taxed at 10 percent. An economic service charge (ESC) is 1 percent of turnover (although lower rates are applicable where companies benefit from tax holidays or concessionary rates) but can be set-off against corporate tax liability. The social responsibility levy is 1.5 percent on income tax for year 2009/2010. A deemed dividend tax at 15 percent is applicable for non-declaration of dividends.

Sudan (2009 rate = 10%/15%/30%/35%)

Industrial companies are subject to corporate income tax at 10 percent; trading, real estate, and banks service companies are subject to corporate income tax at 15 percent; tobacco companies are subject to corporate income tax of 30 percent; and oil companies are subject to 35 percent. Since 2007, entities which have corporate tax exemption have been subject to a 3 percent social development tax from the exempted net profit.

Sweden (2009 rate = 26.3%)

The corporate income tax rate is lowered from 28 percent to 26.3 percent from 2009. An optional provision for untaxed income is available. The provision must not exceed 25 percent of the tax base and must be dissolved within the following six years. Starting 1 January 2005, a taxable interest charge is levied on these provisions.

Switzerland (2009 rate = 21.17%)

The maximum effective corporate income tax rate depends on canton and commune, because 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. For example, the maximum effective rate (comprises federal, cantonal, and communal taxes) in the city of Zurich is 21.17 percent. In 2009, the cantons of Obwalden and Appenzell Ausserrhoden have the lowest corporate income tax rate (12.5 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 of up to 10 years may be available in some regions.

Syria (2009 rate = 28%)

The corporate income tax rate is 28 percent but lower progressive rates apply to the first SYP 3 million of net profit. Investment law entities are taxed at a flat rate of 22 percent; industrial entities and 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 amount, depending upon location. Foreign-controlled service sector entities are subject to withholding taxes on gross turnover in lieu of corporate income tax on their net profits, at rates that vary from 3 percent to 7 percent according to industry type and scope of work. Tourism entities (domestic or foreign) of the international class are subject to withholding tax at 2.5 percent of gross turnover.

Taiwan (2009 rate = 25%)

The corporate income tax rate for 2009 is 25 percent and is the maximum rate in a progressive rate structure. The 25 percent rate is applicable to income in excess of TWD 100,000. With effect from 2010 fiscal year, the corporate tax rate will be reduced to 20 percent which is applicable to income in excess of TWD 120,000.

Tanzania (2009 rate = 30%)

Profits after tax are subject to 10 percent withholding tax when distributed as dividend, which places the effective tax rate at 37 percent for a profit-making and dividend-distributing business organization.

Thailand (2009 rate = 30%)

The corporate income tax rate may be reduced to 20 percent or 25 percent for certain Thai companies which are listed on the Stock Exchange of Thailand prior to 31 December 2009. A tax rate of 10 percent applies to the remittance of dividends or branch profits abroad. For small- and medium-sized enterprises (SME) with less than THB 5 million paid-up capital, corporate income tax may be reduced to between 0 and 25 percent for net taxable profits not exceeding THB 3 million. Corporate income tax exemptions (tax holidays and corporate tax rate reductions) are granted to companies promoted by the board of investment (BOI), asset management companies (AMCs), and venture capital companies investing in SMEs subject to certain conditions. The corporate income tax rate for a regional operating headquarters is reduced to 10 percent on qualifying ROH service income, royalties, and interest and 0 percent on dividends received from associated enterprises. A rate of 3 percent applies to gross income of companies engaged in international transportation. A petroleum tax rate of 50 percent applies to the net taxable profits of companies with petroleum concessions.

Tunisia (2009 rate = 10%/30%/35%)

Companies are taxed at 10 percent, 30 percent, or 35 percent depending on industry. 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. Export-only companies are taxable at the rate of 10 percent effective 1 January 2011. Export-only companies established before 1 January 2011 continue to benefit from the exoneration for the period of 10 years. Financial institutions working with residents as well as banks for their transactions of the same nature with residents are taxable at the rate of 35 percent. For regional development projects, there is a tax holiday for 10 years and 50 percent tax base reduction for a further 10 years.

Turkey (2009 rate = 20%)

There are no notes for 2009.

Ukraine (2009 rate = 25%)

Special tax rates may apply depending on business activities. For instance, a 0 percent or a 3 percent rate is applied to insurance income earned by Ukrainian insurance companies. Also, small Ukrainian companies can elect to be taxed under a simplified taxation regime that exempts the eligible corporate taxpayer from the payment of virtually all other Ukrainian taxes. An eligible taxpayer can elect to be taxed at 6 percent or at 10 percent of all revenues from the sale of goods and services depending on their VAT status. An eligible corporate taxpayer is a Ukrainian company with annual revenues of less than UAH 1 million (approximately USD 125,000) and an annual average number of employees of less than 50, and which is predominantly (that is in excess of 75 percent) owned by individuals and/or small-size Ukrainian companies. No election is available for small Ukrainian companies that are engaged in manufacturing and trading of excise goods, gambling, and certain other businesses.

United Arab Emirates (2009 rate = 0%/20%/55%)

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).

United Kingdom (2009 rate = 28%)

A 21 percent rate applies to companies with taxable profits of up to GBP 300,000 with marginal relief up to GBP 1.5 million. Companies with taxable profits of GBP 1.5 million or more pay tax at the full rate of 28 percent. 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 United Kingdom, but have their own tax systems.

United States (2009 rate = 40%)

The marginal federal corporate income tax rate on the highest income bracket of corporations (for 2009, USD 18,333,333 and above) is 35 percent. State and local governments may also impose income taxes ranging from less than 1 percent to 12 percent, and the top marginal rates of which average approximately 7.5 percent. A corporation may deduct its state

Corporate Tax Rates Footnotes

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.

Uruguay (2009 rate = 25%)

There are no notes for 2009.

Venezuela (2009 rate = 34%)

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.

Vietnam (2009 rate = 25%)

The corporate income tax rate is 25 percent and 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.

Yemen (2009 rate = 35%)

The corporate income tax rate applies to all categories of commercial activity. Tax holidays of seven years or more are available to projects licensed under the investment law. Oil and mineral activities are subject to special regimes of taxation, and education and agriculture are tax exempt.

Zambia (2009 rate = 35%)

Income earned by banking institutions is subject to 40 percent tax on profits in excess of ZMK 250 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 ZMK 200 million or less pay a turnover tax of 3 percent. Windfall tax has been abolished with effect from 1 April 2009. Variable tax remains to take care of any windfall profits that arise in mining with a minimum tax rate of 30 percent. This rate may be higher. Please note that the tax fiscal year starts on 1 April and therefore the tax rates are effective from 1 April.

Zimbabwe (2009 rate = 30.9%)

The standard rate is 30 percent, to which 3 percent (of the tax) is added, giving the effective rate of 30.9 percent.

Source for all rates: **KPMG member firms**

OECD	European Union	Asia - Pacific	Latin America	Country	1 Jan 04 (%)	1 Jan 05 (%)	1 Jan 06 (%)	1 Jan 07 (%)	1 April 08 (%)	1 Jan 09 (%)
				Afghanistan	15	15	15	15	15	15
				Albania	20	20	20	20	20	20
				Angola	n/a	n/a	n/a	n/a	n/a	n/a
			■	Argentina	21	21	21	21	21	21
				Armenia	20	20	20	20	20	20
			■	Aruba	n/a	n/a	n/a	3	3	3
■		■		Australia	10	10	10	10	10	10
■	■			Austria	20	20	20	20	20	20
				Bahamas	n/a	n/a	n/a	n/a	n/a	n/a
				Bahrain	n/a	n/a	n/a	n/a	n/a	n/a
		■		Bangladesh	15	15	15	15	15	15
			■	Barbados	15	15	15	15	15	15
				Belarus	18	18	18	18	18	18
■	■			Belgium	21	21	21	21	21	21
				Bermuda	n/a	n/a	n/a	n/a	n/a	n/a
			■	Bolivia	13	13	13	13	13	13
				Bosnia and Herzegovina	n/a	n/a	17	17	17	17
				Botswana	10	10	10	10	10	10
			■	Brazil	19	19	19	19	19	19
	■			Bulgaria	20	20	20	20	20	20
■				Canada	7	7	7	6	5	5
			■	Cayman Islands	n/a	n/a	n/a	n/a	n/a	n/a
			■	Chile	19	19	19	19	19	19
		■		China	17	17	17	17	17	17
			■	Colombia	16	16	16	16	16	16
			■	Costa Rica	13	13	13	13	13	13
				Croatia	22	22	22	22	22	22
	■			Cyprus	15	15	15	15	15	15
■	■			Czech Republic	22	19	19	19	19	19
■	■			Denmark	25	25	25	25	25	25
			■	Dominican Republic	12	16	16	16	16	16
			■	Ecuador	12	12	12	12	12	12
				Egypt	10	10	10	10	10	10
	■			Estonia	18	18	18	18	18	20
		■		Fiji	12.5	12.5	12.5	12.5	12.5	12.5
■	■			Finland	22	22	22	22	22	22
■	■			France	19.6	19.6	19.6	19.6	19.6	19.6
■	■			Germany	16	16	16	19	19	19
				Gibraltar	n/a	n/a	n/a	n/a	n/a	n/a
■	■			Greece	18	18	19	19	19	19
				Guatemala	12	12	12	12	12	12
				Guernsey	n/a	n/a	n/a	n/a	n/a	n/a
			■	Honduras	12	12	12	12	12	12
		■		Hong Kong	n/a	n/a	n/a	n/a	n/a	n/a
■	■			Hungary	25	25	20	20	20	*25
■				Iceland	24.5	24.5	24.5	24.5	24.5	24.5
■				India	16	16	12.5	12.5	12.5	12.5
		■		Indonesia	10	10	10	10	10	10
				Iran	n/a	n/a	n/a	n/a	3	3
■	■			Ireland	21	21	21	21	21	21.5
				Isle of Man	n/a	n/a	n/a	n/a	n/a	15
				Israel	17	18	16.5	15.5	15.5	*16.5
■	■			Italy	20	20	20	20	20	20
			■	Jamaica	15	15	16.5	16.5	16.5	16.5
■		■		Japan	5	5	5	5	5	5
				Jersey	n/a	n/a	n/a	n/a	3	3
				Jordan	16	16	16	16	16	16
				Kazakhstan	15	15	15	14	13	12

The 2009 rate is estimated

Indirect Tax Rates 2004 - 2009

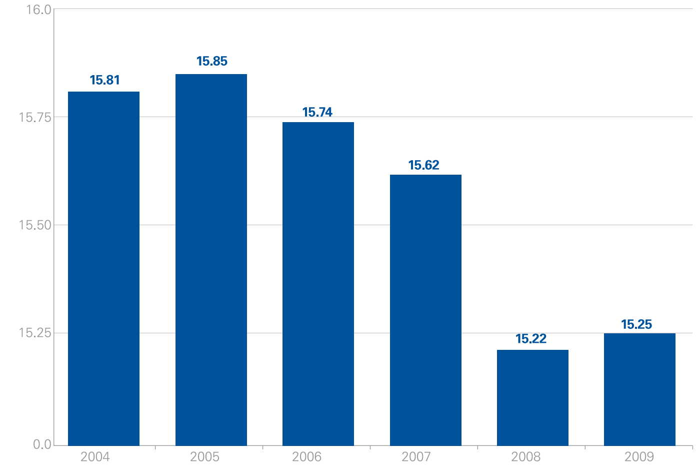
OECD	European Union	Asia - Pacific	Latin America	Country	1 Jan 04 (%)	1 Jan 05 (%)	1 Jan 06 (%)	1 Jan 07 (%)	1 April 08 (%)	1 Jan 09 (%)
■		■		Korea, Republic of	10	10	10	10	10	10
				Kuwait	n/a	n/a	n/a	n/a	n/a	n/a
	■			Latvia	18	18	18	18	18	21
				Libya	n/a	n/a	n/a	n/a	n/a	n/a
	■			Lithuania	18	18	18	18	18	19
■	■			Luxembourg	15	15	15	15	15	15
		■		Macau	n/a	n/a	n/a	n/a	n/a	n/a
				Macedonia	18	18	18	18	18	18
		■		Malaysia	10	10	10	10	10	10
	■			Malta	18	18	18	18	18	18
				Mauritius	25	25	25	22.5	15	15
■			■	Mexico	15	15	15	15	15	15
				Montenegro	17	17	17	17	17	17
■	■			Netherlands	19	19	19	19	19	19
			■	Netherlands Antilles	*n/a	*n/a	*n/a	*n/a	*n/a	5
■		■		New Zealand	12.5	12.5	12.5	12.5	12.5	12.5
				Nigeria	5	5	5	5	5	5
■				Norway	24	25	25	25	25	25
				Oman	n/a	n/a	n/a	n/a	n/a	n/a
		■		Pakistan	15	15	15	15	15	16
			■	Panama	5	5	5	5	5	5
		■		Papua New Guinea	10	10	10	10	10	10
			■	Paraguay	10	10	10	10	10	10
			■	Peru	19	19	19	19	19	19
		■		Philippines	10	10	10	12	12	12
■	■			Poland	22	22	22	22	22	22
■	■			Portugal	19	19	21	21	21	20
				Qatar	*n/a	*n/a	*n/a	*n/a	*n/a	*n/a
	■			Romania	19	19	19	19	19	19
				Russia	18	18	18	18	18	18
				Saudi Arabia	n/a	n/a	n/a	n/a	n/a	n/a
				Serbia	n/a	18	18	18	18	18
		■		Singapore	5	5	5	5	7	7
■	■			Slovak Republic	19	19	19	19	19	19
	■			Slovenia	20	20	20	20	20	20
				South Africa	14	14	14	14	14	14
■	■			Spain	16	16	16	16	16	16
		■		Sri Lanka	15	15	15	15	15	12
				Sudan	10	10	10	12	15	15
■	■			Sweden	25	25	25	25	25	25
■				Switzerland	7.6	7.6	7.6	7.6	7.6	7.6
				Syria	n/a	n/a	n/a	n/a	n/a	n/a
		■		Taiwan	5	5	5	5	5	5
				Tanzania	n/a	n/a	n/a	n/a	n/a	20
		■		Thailand	7	7	7	7	7	7
				Tunisia	18	18	18	18	18	18
■				Turkey	18	18	18	18	18	18
				Ukraine	20	20	20	20	20	20
				United Arab Emirates	**	**	n/a	n/a	n/a	n/a
■	■			United Kingdom	17.5	17.5	17.5	17.5	17.5	15
■				United States	*n/a	*n/a	*n/a	*n/a	*n/a	*n/a
			■	Uruguay	23	23	23	23	22	22
			■	Venezuela	16	15	14	14	9	*12
		■		Vietnam	10	10	10	10	10	10
				Yemen	10	10	5	5	5	5
				Zambia	17.5	17.5	17.5	17.5	16	16
				Zimbabwe	n/a	n/a	n/a	n/a	n/a	15
				Average	**15.81**	**15.85**	**15.74**	**15.62**	**15.22**	**15.25**

*See footnote

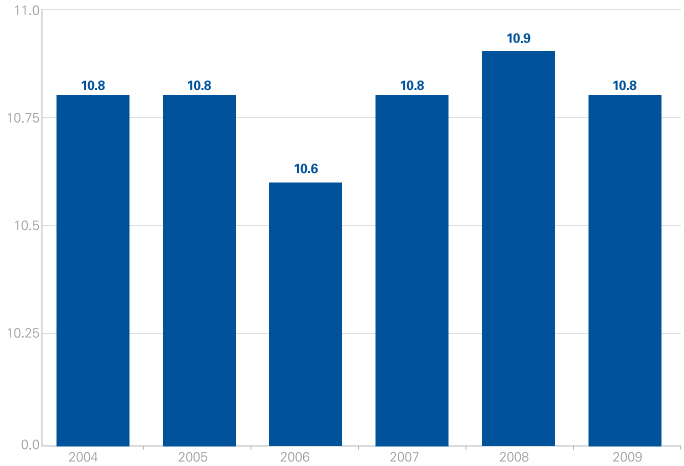
** No IBFD info

Indirect Tax Rates 2004 - 2009

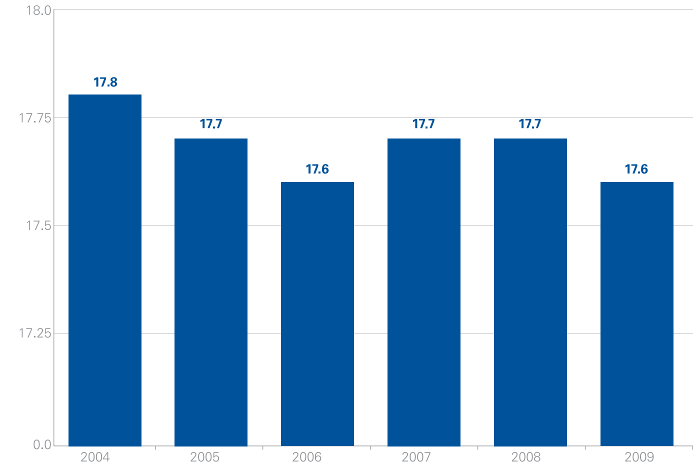
Global Average VAT/GST Rate



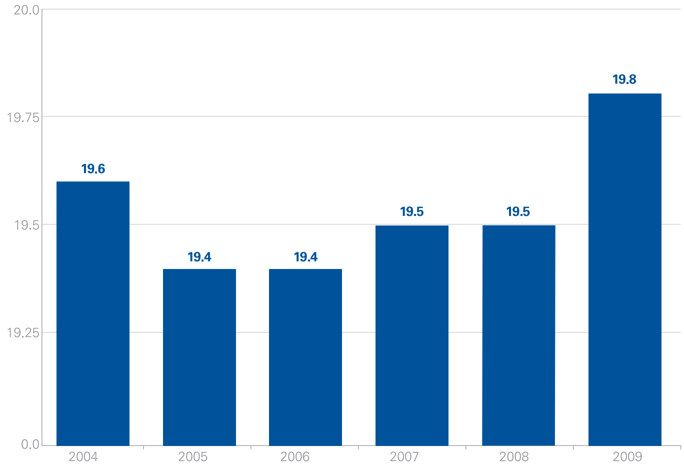
ASPAC Average VAT/GST Rate



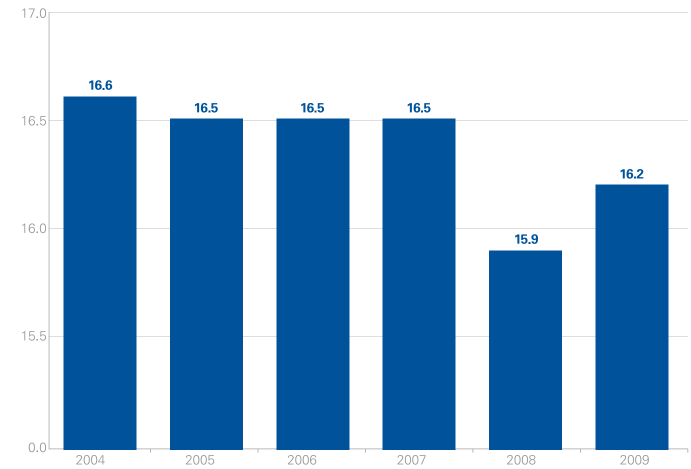
OECD Average VAT/GST Rate



EU Average VAT Rate



Latin America Average VAT/GST Rate



Afghanistan (2009 rate = 1-15%)

Consumption tax is charged (instead of VAT) with rates ranging from 1 percent to 15 percent. It is payable by corporations, partnerships, limited liability companies, and state owned enterprises that are engaged in manufacturing, processing, assembling, and mining. The tax is payable on a quarterly basis. Some essential items like flour, bread, stationery, books, pharmaceuticals, coal, chemical fertilizer, are tax exempt. The government has recommended to parliament that this tax be abolished, but a final decision has not yet been made.

Albania (2009 rate = 20%)

The standard rate of value-added tax (tatimi mbi vleren e shtuar; TVSH) is 20 percent. There is a reduced rate of 0 percent applicable to exports of goods and services (under certain conditions) and supplies related to international transport. Supplies of certain goods and services are exempt from VAT, for example, lease and sale of land, sale of real estates, financial services, medicines, medical equipment, and certain supplies in connection with oil exploration.

Angola (2009 rate = 0%)

There is no VAT system in Angola at this time. However, there is a consumption tax which to some extent substitutes for VAT. Consumption tax is levied on: importation of goods, local production of goods, and telecommunication, electricity, water, and tourism services. The rate for goods varies from 2 percent to 30 percent with the general rate being 10 percent. The rate for telecommunication, electricity and water services is 5 percent and for tourism is 10 percent.

Argentina (2009 rate = 21%)

The standard rate of value-added tax (impuesto al valor agregado; IVA) is 21 percent. There is a reduced rate of 10.5 percent for certain goods and services. There is an increased rate of 27 percent for certain other services if they are rendered outside properties exclusively used as a dwelling, for 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 use exclusively 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, the services 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 ARG 1,500.

Armenia (2009 rate = 20%)

The standard rate of value-added tax (avelatsvats arzheqi hark; AAH) 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 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 (2009 rate = 3%)

The standard rate of turnover tax (belasting op bedrijfsomzetten; BBO) is 3 percent. A reduced rate of 1 percent applies to goods sold and exported directly by the seller.

Australia (2009 rate = 10%)

The standard rate of goods and services tax (GST) is 10 percent. There is a reduced rate of 0 percent which applies to, for example, some food products, most medical and health services, drugs, medical aids and appliances, exports of goods and services, supply of a business as a going concern, eligible education, some religious and charitable activities, water, sewerage, and drainage services. Supplies of certain goods and services are exempt from GST, for example, financial services, residential rent, residential premises (not new), and some fund-raising events conducted by charitable institutions.

Austria (2009 rate = 20%)

The standard rate of value-added tax (Umsatzsteuer; USt) is 20 percent. There are reduced rates of 10 percent and 0 percent which apply to, for example, food, books and newspapers, passenger transport, hotel accommodation, letting of residential property, pharmaceuticals and cultural services (10 percent), exports of goods, supply, import, repair, and maintenance of certain ships and aircraft, and international passenger transport by air or sea (0 percent). There is a special rate under the farmer's flat rate scheme; a rate of 12 percent is applicable to supplies of typical agricultural goods and services. Certain supplies of goods and services are exempt from VAT, for example, financial services, insurance services, leasing or letting of immovable property (with some exceptions), education, and health and welfare.

Bahamas (2009 rate = 0%)

No indirect taxes such as value-added tax, good and services tax, 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 luxury vehicles.

Bahrain (2009 rate = 0%)

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

Bangladesh (2009 rate = 15%)

The standard rate of value-added tax is 15 percent. There are reduced rates of 9 percent, 5 percent, 4.5 percent, 2.25 percent, 1.5 percent, and 0 percent which apply to, for example, certain categories of advertisement (9 percent); the supply of electricity, air conditioned bus services (5 percent); engineering services, security services, services rendered by construction contractors, audit and accounting firms, consultants, printing presses, architects, interior and graphic designers, immigration advisers, coaching centers, English medium schools, non-government medical and engineering colleges, photo producers, courier and EMS services, specialized doctors, legal advisers (4.5 percent); supplies of goods and services through participation in a tender/quotation and for pathological laboratory work, supplies of goods and services by hospitals and petroleum carriers, maintenance and cleaning of building floors/premises, dental medical centers (2.25 percent); trading services, land development and construction of apartments, retail sales of furniture (1.5 percent); and exports of goods and services (0 percent). Supplies of certain goods and services are exempt from VAT, for example, certain food items (such as meat, fish, potatoes, vegetable, and fruits); jute and jute goods; social welfare, cultural, training, and rehabilitation services; and agricultural development.

Barbados (2009 rate = 15%)

The standard rate of value-added tax is 15 percent. There is a 7.5 percent rate which applies to the provision of hotel and condo-hotel accommodation. 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.

Belarus (2009 rate = 18%)

The standard value-added tax rate in Belarus is 18 percent. Reduced rates are 10 percent (applied for clothes for children and some social products such as milk, butter, horseflesh, and other products included in a list approved by the president), 24 percent (from 2008) for white sugar, 0.5 percent (from 2007) for diamonds delivered from Russia for processing in the territory of Belarus, and 0 percent (export). Some goods and services are exempt from VAT application such as medical equipment, remedy included, and other goods included in the list approved by the president.

Belgium (2009 rate = 21%)

The standard rate of value-added tax (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) and margarine. Most food and drinks, books, pharmaceuticals, hotel and camping accommodation, passenger transportation, and agricultural services are charged at a 6 percent rate. Newspapers and periodicals published (under certain conditions) are charged at 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 (2009 rate = 0%)

There are no notes for 2009.

Bolivia (2009 rate = 13%)

The standard rate of value-added tax (impuesto al valor agredado; 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: financial transactions such as insurance and reinsurance, interest, commissions on financial services and sales, and purchases of shares.

Bosnia and Herzegovina (2009 rate = 17%)

The standard rate of value-added tax (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 (2009 rate = 10%)

The standard rate of value-added tax is 10 percent. There is a reduced rate of 0 percent which applies to, for example, 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, and supplies to the head of state. Certain supplies of goods and services are exempt from VAT, for example, prescription drugs, residential accommodation, education at approved institutions, public medical facilities and services, non-fee based financial services, and passenger transportation (excluding the transportation of tourists).

Brazil (2009 rate = 19%)

There are two types of value-added tax 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 (2009 rate = 20%)

The standard rate of value-added tax (danak dobawena stoinost; DDS) is 20 percent. There are reduced rates of 7 percent and 0 percent which apply to, for example, hotel accommodation services where part of a package tour (7 percent), exports and intra-community supplies of goods, international transport of goods and passengers, transport processing of goods and passengers when part of international transport, supplies of goods for fuelling and provisioning of aircrafts and ships engaged in international transportation, construction, repair, modification, maintenance, assembly, equipment, transportation, and destruction of aircrafts and ships (0 percent). Supplies of certain goods and services are exempt from VAT, for example, health, social, education, and cultural services, transfer of property rights over land and old buildings under special conditions, financial, insurance, and postal services.

Canada (2009 rate = 5%)

The standard rate of goods and services tax (GST) is 5 percent (decreased from 6 percent as of 1 January 2008). 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 New Brunswick, Nova Scotia, and Newfoundland apply a harmonized value-added tax, the harmonized sales tax (HST), at a rate of 13 percent (decreased from 14 percent as of 1 January 2008) or 0 percent for 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 7.5 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 British Columbia, Saskatchewan, Manitoba, Ontario, and Prince Edward Island levy retail sales taxes in their respective jurisdictions. The retail sales tax rates vary from 5 percent to 10 percent.

Cayman Islands (2009 rate = 0%)

There is no value-added tax or goods and services tax in the Cayman Islands.

Chile (2009 rate = 19%)

The standard rate of value-added tax (impuesto al valor agregado; IVA) is 19 percent. Input VAT can be credited 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 the 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 nor 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.

China (2009 rate = 17%)

There are three types of indirect taxes in China: value-added tax, consumption tax, and business tax. The standard rate of value-added tax is 17 percent. 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 goods are not wholly zero-rated and the associated input tax is not refundable in full to the exporters. The special rate under the small-scale taxpayers' flat rate scheme 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. There is a special VAT regime for the sales of self-used fixed assets and other goods. There is also a secondhand goods scheme. Business tax rates are: 3 percent, 5 percent, and a range of 5 percent to 20 percent. For example, transportation, construction, post and telecommunication, cultural activities, and sports are all charged at 3 percent. Finance and insurance, hotels, restaurants, catering, tourist, rental, leasing, advertising, the sale of intangible assets, transferring immovable property are charged at 5 percent. Entertainment is charged at 5 percent to 20 percent. There are 14 categories of goods that are subject to consumption tax, including tobacco, liquor, cosmetics, jewelry, 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 45 percent, while exports are zero-rated. Some goods such as refined oil are levied on a 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 (2009 rate = 16%)

The standard rate of value-added tax (impuesto sobre las ventas) is 16 percent. A 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 provision of energy, water, sewer, public cleaning, garbage collection, and domestic gas; building rental services used for residential purposes; certain agricultural services; certain life, health, and education insurances and items; medicines, chemical and mineral fertilizers; crude oil for refining; natural gas; butanes and natural gasoline; wood; newspapers; certain war-fighting weapons; and purchase of goods for human and animal consumption from specific neighboring states.

Costa Rica (2009 rate = 13%)

The standard rate of value-added tax (impuesto general sobre las ventas; IGV) is 13 percent. There are two reduced rates: wood is subject to a 10 percent rate and residential electricity is subject to a 5 percent rate. Zero-rated supplies include basic food and other basic necessities (basic basket or canasta básica) and exports. Exempt goods are defined in Article 9 of the Sales Tax Law including tires for agricultural equipment, veterinary supplies defined by the Ministry of Agriculture and the Ministry of Finance, medicines, kerosene, diesel for fishing activities (others than sport fishing), books, musical compositions, paintings created within Costa Rica by Costa Rican or non-Costa Rican painters, coffins, the monthly consumption of electric energy when it does not exceed 250 kW/h, the re-importation of merchandise of Costa Rican origin, occurring within the three years following their exportation.

Croatia (2009 rate = 22%)

The standard rate of value-added tax (Porez na dodanu vrijednost; PDV) is 22 percent. There are reduced rates of 10 percent and 0 percent which apply to, for example, tourist accommodation; full or half board services and tourist agents' commission with regards to those services; daily and periodic newspapers and magazines (10 percent); exports of goods, bread, milk, certain books, certain medicines, medical implants, and orthopedic devices and scientific magazines (0 percent). Certain supplies of goods and services are exempt from VAT, for example, supplies of banks and insurance companies; rent of residential property; supplies by medical practices and institutions; supplies by social, children, and youth care institutions; supplies by schools and other educational institutions; supplies by cultural public institutions; and transfer of securities, shares, and receivables.

Cyprus (2009 rate = 15%)

The standard rate of value-added tax (Foros prostithemenis axias; FPA) is 15 percent. There are reduced rates of 8 percent, 5 percent, and 0 percent, which apply to, for example, certain passengers transportation services; hotel accommodation; restaurant and similar catering services excluding alcohol (8 percent); non-bottled water; books; newspapers, magazines, and similar publications; gas; aid to disabled persons; animal feed; fertilizers and insecticides; waste treatment (5 percent); exports of goods; drugs and medicines; and most food items for human consumption (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 or non-profit organizations.

Czech Republic (2009 rate = 19%)

The standard rate of value-added tax (dan z pridané hodnoty; DPH) is 19 percent. There is a reduced rate of 9 percent 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 (2009 rate = 25%)

The standard rate of value-added tax (merværdiafgift; MOMS) is 25 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods, newspapers, and sale and leasing of ships and aircrafts until 2010. 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), and travel agency services.

Dominican Republic (2009 rate = 16%)

The standard rate of value-added tax (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, health services, financial services, utilities, and inland transport of persons and cargo.

Ecuador (2009 rate = 12%)

The standard rate of value-added tax (impuesto al valor agregado; IVA) is 12 percent. Exports are zero-rated, with certain exceptions. Exempt supplies include natural food products, milk, and certain industrialized food products for human consumption; medicines and drugs for human use; seeds; bulbs; plants; live roots; fish flour; animal feed; fertilizers; insecticides; pesticides; herbicides; veterinarian products; tractors with tires up to 200 HP and other agricultural implements; paper; newspapers, magazines and books; fluvial, maritime, and terrestrial transportation of passengers and cargo as well as international air transportation of cargo and air cargo transportation from and to the province of Galapagos; financial and investment services for entities legally authorized to provide them; the transfer of securities; health and education services; public provision of electricity, water, sewer and trash collection; leasing of residential property; book printing; aerial fumigation services; services provided by artisans; health services and life insurance and reinsurance.

Egypt (2009 rate = 10%)

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 color 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); conserves; processed or prepared meat and fish items (with some exceptions); natural and butane gas; newsprint; paper; and macaroni made of ordinary flour.

Estonia (2009 rate = 20%)

The standard rate of value-added tax (käibemaks) is 20 percent. There are reduced rates of 9 percent and 0 percent which apply to, for example, books; certain periodicals; medicines; accommodation (9 percent); international and passenger transport; exports of goods; supply of aircraft operating

Indirect Tax Rates Footnotes

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 zones, free warehouses, or VAT warehouses (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.

Fiji (2009 rate = 12.5%)

The standard rate of value-added tax is 12.5 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods and certain services; prescribed medications; some basic food items (such as rice, flour, locally produced eggs, tea, edible oil, tinned fish, and powdered milk); and kerosene. Supplies of certain goods and services are exempt from VAT, for example, financial and insurance services, residential accommodation, and education.

Finland (2009 rate = 22%)

The standard rate of value-added tax (arvonlisävero; ALV) is 22 percent. The reduced rate of 17 percent applicable, for example, to food and animal feed will be reduced to 12 percent as of 1 October 2009. The reduced rate of 8 percent applies, for example, to accommodation, 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. 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.

France (2009 rate = 19.6%)

The standard rate of value-added tax (taxe sur la valeur ajoutée; TVA) is 19.6 percent. There are reduced rates of 5.5 percent, 2.1 percent, and 0 percent which apply to, for example, food, water, passenger transportation, some pharmaceutical products, books, hotel accommodation (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). Certain supplies of goods and services are exempt from VAT, for example, certain medical supplies, postal services, education, certain financial transactions, and insurance services.

Germany (2009 rate = 19%)

The standard rate of value-added tax (Umsatzsteuer; USt) is 19 percent. Reduced rates apply to certain items; 7 percent (for food, plants, animals, books/newspapers, entrance fees to cultural sites, and short distance passenger transport) and 0 percent (for cross-border air passenger transport, financial services to non-EU recipients, exports, and certain transactions involving ships and aircrafts). Special rates of 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 (2009 rate = 0%)

There is no VAT in Gibraltar.

Greece (2009 rate = 19%)

The standard rate of value-added tax (foros prostithemenis axias; FPA) is 19 percent. There are reduced rates of 9 percent, 4.5 percent, and 0 percent which apply to, for example, fresh food products, pharmaceuticals, passenger transport services, electricity, natural gas, and certain professional services such as those which are provided by hotels, restaurants, and coffee shops (9 percent); newspapers, periodicals, books, and theatre tickets (4.5 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 13 percent, 6 percent, and 3 percent, respectively). Certain supplies of goods and services are exempt from VAT, for example, used immovable property; medical, educational and cultural services; and insurance, financing, and most banking activities provided to EU residents.

Guatemala (2009 rate = 12%)

The standard rate of value-added tax (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 (2009 rate = 0%)

Guernsey does not levy VAT or any similar indirect tax.

Honduras (2009 rate = 12%)

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. 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 (2009 rate = 0%)

There is no value-added tax or goods and services tax in Hong Kong.

Hungary (2009 rate = 25%)

The standard rate of value-added tax (általános forgalmi adó; ÁFA) is 25 percent. There are reduced rates of 5 percent and 0 percent, which apply to, for example, books, newspapers, medicines, some medical instruments (5 percent), and exports of goods (0 percent). There are two special rates under the farmer's flat rate scheme; a rate of 12 percent applicable to supplies of agricultural products and a rate of 7 percent applicable to supplies of live animals and animal products. Supplies of certain goods and services are exempt from VAT, for example, sale, rental and leasing of land parcels other than building land; rental and sale of real property; postal services; financial services; certain education activities; human health care services; social services; and recreational and amateur sports services.

Iceland (2009 rate = 24.5%)

The standard rate of value-added tax (virdisaukaskattur; VSK) is 24.5 percent. There are reduced rates of 7 percent (reduced from 14 percent as from 1 March 2007) and 0 percent. The 7 percent rate applies to, for example, accommodation, 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 (2009 rate = 12.5%)

India has a federal structure with both federal and state-specific indirect tax. Intra-state sale of goods is subject to a VAT and sale of goods occasioning movement across states is subject to a central sales tax (CST). In addition there is another indirect tax on supply of services, service tax. Prior to introduction of a state specific VAT regime in April 2005 in India, the average state sales tax rate was 16 percent. The standard rate of VAT is currently 12.5 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 from these (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, prawns, 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 is 10.3 percent (reduced with effect from 24 February 2009; prior to this date, it was 12.36 percent). Currently, more than 100 taxable 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, and works contract services. In the 2008 Budget, certain additional services such as information technology software services, supply of tangible goods for use service, and so on were made liable to service tax from 16 May 2008.

Indonesia (2009 rate = 10%)

There are two types of indirect tax in Indonesia: a value-added tax (pajak pertambahan Nilai; PPN) and a sales tax on luxury goods (pajak penjualan atas barang mewah; PPnBM). The standard rate of PPN is 10 percent. The rates of PPnBM range from 10 percent to 75 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.

Iran (2009 rate = 3%)

VAT legislation was implemented on 22 September 2008 at the rate of 1.5 percent except for cigarettes and tobacco products (12 percent) and fuel and aviation fuel (20 percent). In addition to VAT, goods and services are subject to municipality levies ranging from 3 percent to 10 percent. With the introduction of VAT, sales tax was abolished.

Ireland (2009 rate = 21.5%)

The standard rate of value-added tax is 21.5 percent (please note that this increased from 21 percent to 21.5 percent with effect from 1 December 2008). 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 accommodation, 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 of 5.2 percent which applies to certain sales by unregistered farmers. 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 (2009 rate = 15%)

The rate of VAT follows that of the United Kingdom. This is currently reduced from 17.5 percent to 15 percent until 1 January 2010.

Israel (2009 rate = 16.5%)

The standard rate of value-added tax (mas erech musaph; Ma'am) is 16.5 percent.

Indirect Tax Rates Footnotes

There is a reduced rate of 0 percent which applies to, for example, exports of goods, supply of intangible property to non-residents (with exceptions), supply of services to non-residents in limited circumstances, international cargo transport services, sale of assets in limited conditions, and supply of certain services in connection with the entry or departure of aircrafts or vessels into or from Israel. Supplies of certain goods and services are exempt from VAT, for example, residential (excluding hotels) leases for a period not exceeding 25 years, and sale of an approved rental building under the Encouragement of Capital Investments Law (subject to certain conditions), deposit of funds by a dealer with a financial institution, or the grant of a loan by a dealer to a financial institution. The current VAT rate was introduced on 1 July 2009, and is expected to be in place until 31 December 2010.

Italy (2009 rate = 20%)

The standard rate of value-added tax (imposta sul valore aggiunto; IVA) is 20 percent. There are reduced rates of 10 percent, 4 percent, and 0 percent which apply to, for example, certain foods, hotel accommodation, public transport, pharmaceuticals, water (10 percent); basic foodstuffs, books and newspapers, main residence, medical equipment, and aids for handicapped people (4 percent); exports of goods and intra-community supplies, international transport services, and services directly connected with exports or imports (0 percent). Supplies of certain goods and services are exempt from VAT, for example, financial and insurance services; lotteries, betting, and other games of chance; postal services; education services; and welfare.

Jamaica (2009 rate = 16.5%)

The standard rate of value-added tax (general consumption tax) is 16.5 percent. The rate of 4.125 percent applies to certain tourism services. The rate of 20 percent applies to telephone services. Zero-rated supplies include exports; certain agricultural equipment and material; certain health supplies and medications; and goods purchased by or services rendered to government entities. Exempt supplies include certain medical supplies and equipment; books and educational supplies; energy-saving devices; and miscellaneous services including construction, health, public utilities, and financial services.

Japan (2009 rate = 5%)

The standard rate of consumption tax is 5 percent. 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 accommodation 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 and 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 (2009 rate = 3%)

Jersey introduced a goods and services tax (GST) on 6 May 2008. The standard rate is 3 percent. Zero rating applies to certain supplies such as exports. Exempt supplies include financial services, postal services, insurance, and certain medical supplies. International services entity (ISE) status is available for businesses that primarily serve non-residents and that would otherwise bear an administrative overhead that is disproportionate to the tax collected.

Jordan (2009 rate = 16%)

The sales tax rate ranges from 4 percent to 16 percent of the value of the goods. The rate is fixed at 16 percent in case of services. Sales tax is payable when the sale is accomplished or the service is rendered. In the case of imported goods, the sales tax is payable at the customs clearance stage, before the goods are released.

Kazakhstan (2009 rate = 12%)

The standard value-added tax rate is 12 percent (down from 13 percent in 2008). 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; and medical and veterinary services.

Korea (2009 rate = 10%)

The standard rate of value-added tax is 10 percent. There is a reduced rate of 0 percent which applies to, for example, the export of goods, services rendered outside the Republic of Korea, international transportation by ships and aircraft, other goods, or services supplied to earn foreign exchange. Supplies of certain goods and services are exempt from VAT, for example, unprocessed foodstuffs, medical and health services, certain educational services and passenger transport services, books, newspapers and magazines, postage stamps, and public telecommunication services.

Kuwait (2009 rate = 0%)

There currently is no indirect tax in Kuwait.

Latvia (2009 rate = 21%)

The standard rate of value-added tax (pievienotas vertibas nodoklis; PVN) is 21 percent. There are reduced rates of 10 percent and 0 percent which apply to, for example, pharmaceuticals, passenger transport, and heating and electricity for inhabitants (10 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 second hand immovable property, financial and insurance services, education, and health and welfare services.

Libya (2009 rate = 0%)

There is no value-added tax applicable in Libya.

Lithuania (2009 rate = 19%)

The standard rate of value-added tax (pridetines vertes mokestis; PVM) is 19 percent. There is a compensational rate of 6 percent for supplies of goods and services under the farmer's flat-rate scheme. Zero-rating applies to exports of goods outside the EU; intra-community supplies and supply, modification; modernization; hiring of sea-going ships; and aircraft. 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 (2009 rate = 15%)

The standard rate of value-added tax (taxe sur la valeur ajoutée; TVA) is 15 percent. There are reduced rates of 12 percent, 6 percent, 3 percent for example, certain wines, fuel (other than gas and electricity), 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, newspapers and periodicals, passenger transport, hotel accommodation, 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 for reward chiefly on international routes, and services supplied for the needs of seagoing vessels and international passenger transport services are VAT exempt. Luxembourg provides also 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 (2009 rate = 0%)

There is no value-added tax or goods and services tax in Macau.

Macedonia (2009 rate = 18%)

The standard rate of value-added tax (danok na dodadena vrednost; DDV) is 18 percent. There is a reduced rate of 5 percent which applies to, for example, food products, publications, seeds and planting materials, agricultural machines, pharmaceutical and medical devices, computers, thermal-sun systems, passenger transport, and software. 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 completion.

Malaysia (2009 rate = 10%)

There is no VAT or GST in Malaysia at present. In its place, Malaysia has sales tax and services tax. Sales tax is imposed on taxable goods manufactured locally/imported, unless exempted. Service tax is charged on specific types of services (taxable services) provided by taxable persons. The standard rate of sales tax and service tax is 10 percent and 5 percent, respectively. A reduced sales tax rate of 5 percent is applicable to certain items such as foodstuffs, alcoholic beverages, and tobacco products. In addition certain services provided within a group and services provided offshore are exempted subject to conditions.

Malta (2009 rate = 18%)

The standard rate of value-added tax (taxxa fuq il-valur mi Ýzjud) is 18 percent. There are reduced rates of 5 percent and 0 percent which apply to, for example, letting of or provision of accommodation (in certain conditions), the supply of electricity, medical accessories, printed matter, 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). 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 (2009 rate = 15%)

The standard rate of value-added tax is 15 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods other than exempt goods, sugar, wheat flour, books, booklets, the supply of electricity, water, certain pharmaceutical products, international transport of passengers and goods, 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, educational and training services provided by registered institutions, postal services, cargo handling, and certain residential buildings.

Mexico (2009 rate = 15%)

A reduced rate of 10 percent applies in the frontier region. Zero-rated activities include some exports; sales of non-industrialized animals and vegetables (except rubber); patent medicines and most products intended for food; some plants; tractors and agricultural implements; some fertilizers and hydroponics equipment; and reinsurance services. Exempt activities include sales of shares; land and residential property; commissions on mortgages and retirement funds; public land transportation of persons (except by railway); international maritime transport of goods; certain interests; financial derivative operations; professional medical services; authors' royalties; leasing of residential property; and some sales of books, newspapers, and magazines.

Indirect Tax Rates Footnotes

Montenegro (2009 rate = 17%)

The standard rate of value-added tax (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 accommodation, public transportation of passengers and their personal baggage (7 percent); and 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.

Netherlands (2009 rate = 19%)

The standard rate of value-added tax (omzetbelasting; BTW) is 19 percent. There are reduced rates of 6 percent and 0 percent which apply to, for example, food, drink (excluding alcoholic beverages), medicines, books, daily newspapers and magazines, passenger transport, some labor intensive services, admission to cultural, entertainment and sports events (6 percent); and exports of goods, intra-community supplies, and services regarding goods not yet imported and supplies of sea-going vessels or aircrafts (0 percent). 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.

Netherlands Antilles (2009 rate = 5%/3%)

The standard rate of turnover tax is 5 percent in Curaçao and Bonaire (Omzetbelasting; OB) and 3 percent in St. Maarten, St. Eustatius, and Saba (Belasting op Bedrijfsomzetten; BBO). Exempt supplies include medical services and certain fuels used for business purposes.

New Zealand (2009 rate = 12.5%)

The standard rate of goods and services tax (GST) is 12.5 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, 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.

Nigeria (2009 rate = 5%)

Please note that between May and June 2007, the VAT rate was increased to 10 percent. Subsequently, the federal government reversed the increase and the rate was reduced to 5 percent.

Norway (2009 rate = 25%)

The standard rate of value-added tax (merverdiavgift; MVA) is 25 percent. There are reduced rates of 14 percent, 8 percent, and 0 percent which apply to, for example, food (14 percent); hotel accommodation, passenger transportation, communication of such services, the right to attend cinemas (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 (2009 rate = 0%)

Currently there is no value-added tax or goods and services tax in Oman.

Pakistan (2009 rate = 16%)

Indirect taxes in Pakistan include a sales tax and a federal excise duty (FED). The standard rate of sales tax is 16 percent; however certain goods are subject to sales tax at higher rates of 18.5 percent and 21 percent. There is a reduced rate of 0 percent, which applies to, for example, all exports of goods, local supplies of raw materials, and supplies of specified export sectors, import, and local supplies of capital goods. 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 standard rate of FED on specified services is 16 percent, however in the case of franchise and telecommunication services, the applicable rates are 10 percent and 19 percent respectively. Special excise duty (SED) at uniform rate of 1 percent is applicable on imports of goods and locally manufactured goods, except goods specifically exempt from SED.

Panama (2009 rate = 5%)

The standard rate of value-added tax (impuesto sobre la transferencia de bienes corporales muebles y la prestación de servicios; ITBMS) is 5 percent. An increased rate of 10 percent applies to the import, wholesale, and retail sale of alcoholic beverages and a 15 percent rate applies to the import, wholesale, and retail of all kinds of cigarettes and cigars. 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 their total output is sold within the Panamanian territory). Exempt supplies include (among others) sales of food and pharmaceutical products; sales of oil, lubricants, fuel, and similar products; newspapers; magazines; educative magnetic media, notebooks, pencils, and other items for school purposes; medicines and pharmaceutical products; and payments (including interest paid and received) arising from financial services and financial leasing contracts.

Papua New Guinea (2009 rate = 10%)

The standard rate of goods and services tax (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 (other than cars) 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 (2009 rate = 10%)

The standard rate of value-added tax (impuesto al valor agregado; IVA) is 10 percent. A 5 percent rate applies to transfers of real estate, 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; goods received through inheritance; transfer of credits; books, magazines, and other 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 provided by cooperatives; home savings; and loans under the Sistema de Ahorro y Préstamo para la Vivienda.

Peru (2009 rate = 19%)

The standard rate of value-added tax (impuesto general a las ventas; IGV) is 17 percent. A municipal promotion tax (impuesto de promoción municipal; IPM) of 2 percent is added to the value of goods or services used to determine the IGV, which results in a 19 percent sales tax overall. Zero-rated supplies include the export of goods; the export of certain specified services; and supplies in the Amazon region performed by companies located in that region. Exempt supplies include fresh fish; vegetables; seeds; fruit; educational and cultural books; credit services granted by banks, financial, and credit institutions; public transportation services within the country; cargo transportation; cultural performances; and life insurance.

Philippines (2009 rate = 12%)

The standard rate of value-added tax is 12 percent (increased from 10 percent as of 1 February 2006). A reduced rate of 0 percent is imposed on specified transactions such as, export sales or services rendered to persons/entities exempt from VAT. Certain specified transactions are exempt from VAT such as educational services, services rendered pursuant to an employer-employee relationship, and services rendered by regional or area headquarters established in the Philippines. There is a withholding VAT at a rate of 5 percent applicable to payments made to contractors by the government or any of its political subdivisions or instrumentalities.

Poland (2009 rate = 22%)

The standard rate of value-added tax (podatek od towarow i uslug; PTU) is 22 percent. There are also reduced rates of 7 percent, 3 percent, and 0 percent which apply to, for example, foods, medicines, books, and newspapers (7 percent); agricultural products, fishery products, and animal feed (3 percent); supply, import, repair, and maintenance of certain ships and aircraft, international transport, and intra-community supplies of goods and exports (0 percent). Certain supplies of goods and services are exempt from VAT, for example, supply of second-hand goods, land other than building land, and management of investment funds.

Portugal (2009 rate = 20%)

The standard rate of value-added tax (imposto sobre o valor acrescentado - IVA) is 20 percent for the Portuguese mainland and 14 percent for the Madeira and Azores islands. There are reduced rates of 12 percent (8 percent for the islands), 5 percent (4 percent for the islands), and 0 percent which apply to, for example, exports and transport of goods and people between the mainland and the islands. Supplies of certain goods and services are exempt from VAT, for example, immovable property, financial, and insurance services.

Qatar (2009 rate = 0%)

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

Romania (2009 rate = 19%)

The standard rate of value-added tax (taxa pe valoarea adaugata; TVA) is 19 percent. A reduced rate of 9 percent applies, for example, to accommodation, books, newspapers (except for newspapers and magazines for advertising purposes), medicine, museum fees, and cultural and sporting services. Also, a reduced rate of 5 percent applies to sales of residential real estate properties specifically defined by the law. Intra-community supplies and exports of goods are zero-rated. Supplies of certain goods and services are exempt without credit from VAT, for example, rental and/or sale of immovable property (with some major exceptions), financial and insurance services, education, and health and welfare.

Russia (2009 rate = 18%)

The standard rate of value-added tax (nalog na dabavlennuyu stoimosty; NDC) is 18 percent. There are reduced rates of 10 percent and 0 percent which apply to, for example, food products, specific goods intended for children, books and periodicals, pharmaceutical and other medical products (10 percent); and exports of goods 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 rent of apartments, and the sale of apartments and residential property.

Saudi Arabia (2009 rate = 0%)

There is no value-added tax or goods and services tax in Saudi Arabia.

Serbia (2009 rate = 18%)

The standard rate of value-added tax (porez na dodatu vrednost; PDV) is 18 percent. 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 (2009 rate = 7%)

The standard rate of goods and services tax (GST) is 7 percent as from 1 July 2007. There is a reduced rate of 0 percent which generally applies to exports of goods and international services. Supplies of certain financial services and sale or lease of residential properties are exempt from GST.

Slovak Republic (2009 rate = 19%)

The standard rate of value-added tax (dan z pridanej hodnoty; DPH) is 19 percent. There are reduced rates of 10 percent and 0 percent which apply 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 of the product (10 percent); and international transportation, exports of goods, supply, rental, repair, and maintenance of seacraft and aircraft (0 percent). Supplies of certain goods and services are exempt from VAT, for example, postal services; financial and insurance services; education and training; health and welfare; cultural services; and supply and rental of immovable property (under certain conditions).

Slovenia (2009 rate = 20%)

The standard rate of value-added tax (davek na dodano vrednost; DDV) is 20 percent. There are reduced rates of 8.5 percent and 0 percent which apply to, for example, food products, water supplies, medicines, medical equipment, passenger transport and personal luggage, books and newspapers, apartments intended for permanent residence, use of sports facilities (8.5 percent); and exports of goods, certain services connected to export or import of goods and the purchase, repair, maintenance, lease, and rental of sea-going vessels and aircraft (0 percent). Supplies of certain goods and services are exempt from VAT, for example, financial and insurance services, supply of immovable properties (with some exceptions), leasing and sub-letting of immovable properties, social security services, and education and cultural services.

South Africa (2009 rate = 14%)

The standard rate of value-added tax is 14 percent. There is a reduced rate of 0 percent which applies to, for example, exports of goods and services, certain fuels and oils, foodstuffs (for example, fresh fruit and vegetables), supply of an enterprise as a going concern, international transport services, and arranging of certain services for non-residents. Supplies of certain goods and services are exempt from VAT, for example, financial services, residential accommodation, certain transport services (for example, bus, train, and taxi fares), education, and training.

Spain (2009 rate = 16%)

The standard rate of value-added tax (impuesto sobre el valor añadido; IVA) is 16 percent. There are reduced rates of 7 percent, 4 percent, and zero which apply to, for example, delivery of plants and animals, sport events, catering and hotel services, passenger transport (7 percent); books and newspapers, some basic food products, medicines (4 percent); and exports of goods and the supply, import, repair, maintenance of ships and aircraft engaged in international navigation (zero-rated). Certain supplies of goods and services are exempt from VAT, for example, insurance and financial services, certain real estate transfers, education, and health and welfare.

Sri Lanka (2009 rate = 12%)

With effect from 1 January 2009 in Sri Lanka, the standard rate applicable on value-added tax is 12 percent. There is a reduced rate of 0 percent which applies to exports of goods and certain services including international transportation of goods or passengers. There is also a luxury rate of 20 percent which applies on supply or import of certain luxury items such as liquor, a selection of electronics appliances, and motor vehicles. Supplies of certain goods and services are exempt from VAT, for example, pharmaceutical products and drugs, supply of electricity, and educational services. The reduced rate of 5 percent has been withdrawn with effect from 1 January 2009.

Sudan (2009 rate = 15%)

The standard rate of value-added tax is 15 percent as from 1 January 2008.

Sweden (2009 rate = 25%)

The standard rate of value-added tax (mervärdesskatt; MOMS) is 25 percent. There are reduced rates of 12 percent, 6 percent, and 0 percent which apply to, for example, food and hotel accommodation (12 percent); domestic passenger transportation including ski lifts, books and newspapers, certain sporting and cultural events (6 percent); and exports of goods, fuel to aircraft, ships and aircraft for commercial transport and services related to them, and 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 leasing of real property.

Switzerland (2009 rate = 7.6%)

The standard rate of value-added tax (Mehrwertsteuer; MWST / taxe sur la valeur ajoutée; TVA / imposta sul valore aggiunto; IVA) is 7.6 percent. There are reduced rates of 3.6 percent, 2.4 percent, and 0 percent which apply to, for example, hotel accommodation (3.6 percent); water in conduits, medications, books, newspapers, food and non-alcoholic beverages (2.4 percent); and exports of goods (0 percent). Supplies of certain goods and services are exempt from VAT, for example, the official postal service, health and welfare, education, insurance, finance, and supply of certain immovable property.

Syria (2009 rate = 0%)

Syria currently has no VAT.

Taiwan (2009 rate = 5%)

Under the Taiwan value-added and non-value-added tax law, there are two systems, one being a value-added tax system and the other being the gross business receipts tax (GBRT) system. The standard rate of value-added tax is 5 percent. 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 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 (2009 rate = 20%)

The value-added tax standard rate is 20 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 in Dar es Salaam).

Thailand (2009 rate = 7%)

The standard rate of value-added tax is 7 percent (increased to 10 percent as from 1 October 2010). There is a reduced rate of 0 percent which applies to, for example, exports of goods or services. Supplies of certain goods and services are exempt from VAT, for example, domestic transportation, health care, education, leasing of immovable property, the sale of agricultural products, newspapers, magazines and textbooks, services rendered by libraries, museums, and zoos.

Tunisia (2009 rate = 18%)

The standard rate of value-added tax is 18 percent. There are reduced rates of 12 percent and 6 percent which apply to, for example, the transport of goods excluding agricultural and fish products and goods used for their production; services rendered to hotels; services rendered by lawyers, notaries, legal and tax counsels, and other experts; and catering and IT services (12 percent); activities 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 flour, bread, pasta (normal quality), olive oil, soy, and soy oil; and the production, refining, and conditioning of vegetable oil.

Turkey (2009 rate = 18%)

The standard rate of value-added tax (katma de ×g er vergisi; KDV) is 18 percent. There are reduced rates of 8 percent, 1 percent, and 0 percent which apply to, for example, basic food products and textile products (8 percent); overnight services/accommodation performed in the hotels, motels, holiday villages, and similar accommodation facilities (8 percent); and agricultural products, exports of goods and services, and international transportation (0 percent). Note that Turkish VAT law does not include directly a rate of 0 percent, but only an exemption with credit. Supplies of certain goods and services are exempt from VAT, for example, banking and insurance transactions; services rendered in Free Trade Zones; and social, cultural, educational, and health services rendered by the government and other related organizations.

Ukraine (2009 rate = 20%)

The standard rate of value-added tax (podatok na dodanu vartist; PDV) is 20 percent. There is a reduced rate of 0 percent that applies to, among other things, exports of goods and related services and supplies for airplanes and ships used in international traffic. Supplies of certain goods and services are exempt from VAT, for example, certain financial services; insurance services; sale of businesses as a going concern; royalties; subscriptions for and delivery of local newspapers; magazines and books; prescribed pharmaceuticals; certain transfers of immovable residential property and land; local passenger transportation (except for taxis); education; and prescribed health and welfare. A special VAT regime is available for designated agricultural producers.

United Arab Emirates (2009 rate = 0%)
There is no value-added tax or goods and services tax in the United Arab Emirates.

United Kingdom (2009 rate = 15%)
The standard rate of value-added tax is 15 percent but expected to revert back to 17.5 percent on 1 January 2010. 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 (2009 rate = 5-10.25%)
While the United States does not impose a national value-added tax, 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 thirty-four 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 United States may range from 5 percent to 10.25 percent (Chicago, Illinois). As an example, the combined state and local sales tax rate in Chicago, Illinois is 10.2 percent (the highest in the United States), and that is made of a 6.25 percent state sales tax, 1.75 percent county sales tax, 1.25 percent local sales tax, and a 1 percent special purpose district tax. Which goods and services are subject to tax, along with the applicable tax rates, varies 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 (2009 rate = 22%)
The standard rate of value-added tax (impuesto al valor agregado; IVA) is 22 percent as from 1 July 2007. A reduced rate of 10 percent (reduced from 14 as from 1 July 2007) applies to specific consumer goods, lodging services, and medicines. Exports are zero-rated. Exempt supplies include certain agricultural goods and machinery, specified fuels, commissions, interests in specific financial transactions, and transport services.

Venezuela (2009 rate = 12%)
The standard rate of value-added tax (impuesto al valor agregado; IVA) was 9 percent on 1 January 2009 and increased to 12 percent on 1 April 2009 (the rate was reduced from 14 percent to 11 percent as from 1 March 2007 and then further to 9 percent as from 1 July 2007). An 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 leasing, insurance services, payroll, operations performed in specified duty free and tourist areas, national electricity, water, and natural gas.

Vietnam (2009 rate = 10%)
The standard rate of value-added tax (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 test for consumption in Vietnam, and strict requirements. Supplies of certain goods and services are exempt from VAT, for example, life insurance, financial services , transfer of land use rights, health care services, computer software, printing, publishing and distribution of newspapers, magazines, and certain books. For the period from 1 February 2009 to 31 December 2009, certain items of goods and services (mainly basic materials and equipment for industrial manufacturing and export), which are subject to 10 percent VAT are entitled to be charged at 5 percent, for example, mechanical engineering products, selected basic chemicals, cars and cars spare parts, transportation, and hotel businesses.

Yemen (2009 rate = 5%)
Yemen's current General Sales Tax Law was implemented 18 July 2005, replacing a limited scope consumption, production, and services tax.

Zambia (2009 rate = 16%)
The standard rate of 16 percent which was introduced on 1 April 2008 is still applicable in the year 2009. There is a reduced rate of 0 percent which applies to exports of goods, supplies to privileged persons, building supplies to charitable organizations, hotel accommodation in the Livingstone district, medical supplies, and so on. Supplies of certain goods and services are exempt from

Indirect Tax Rates Footnotes

VAT, for example, water supply services, health services, educational services, books and newspapers, transport services, conveyance of real property, financial services, relief at importation, domestic kerosene, goods under an investment certificate, statutory fees, food, and agriculture.

Zimbabwe (2009 rate = 0%/15%)

Zero percent is for specified goods and services (mainly exports). Mobile phone airtime charges were taxed at 22.5 percent up to 31 January 2009. From 1 February 2009, the VAT rate on mobile phone airtime charges was reduced to 15 percent. The standard VAT rate is 15 percent on taxable goods and services.