



DEAKIN
UNIVERSITY



CORPORATE TAX

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What is Corporate Tax

A corporate tax or a company tax is developed by the government to impose tax on the income of a company.

- The money collected from corporate taxes is used as a source of revenue for the country.

Tax rates are applied to determine what the company owes the government legally.

The earnings of a company are determined by deducting the cost of the products sold and the income depreciation.



Tax Havens

Regulations for corporate tax varies across the world.

Some countries are tax havens, which can be very appealing to companies.

Australian Corporate Taxation System



The majority of corporate tax is paid by a small number of companies.

If the income is from within Australia, then it is taxed according to Australian Tax.

Outside Australia is exempt from corporate tax

- Australia uses an imputation system to avoid double taxation of company profits.

Table: Progressive changes to the company tax rate

Income year	Aggregated turnover threshold	Tax rate for base rate entities under the threshold	Tax rate for all other companies
2017-18	\$25m	27.5%	30.0%
2018-19 to 2019-20	\$50m	27.5%	30.0%
2020-21	\$50m	26.0%	30.0%
2021-22 and future years	\$50m	25.0%	30.0%

Australian Corporate Tax Rates

The current full company tax rate in Australia is 30% for Australian residents but there are some variations for a small number of specific business types.

A large, 3D-rendered graphic of the text "30%" in a vibrant red color. The characters have a slight shadow and a beveled edge, giving them a three-dimensional appearance.

Tax rates apply to:

- Companies
- Corporate unit trusts
- Public trading trusts

Lower Tax Rates

Some companies are eligible for lower company tax rates.

Eligibility:

- Base rate entity from 2017-18 income year and onwards
 - Small business entity for the 2015-16 and 2016-17 income years.

2021-22 tax rates – Companies
(see note 1)

Income category	Rate (%)
Base rate entities	25
Otherwise	30

Base Rate Entitlement

Base rate entitlement:

- The turnover for the income year is less than the turnover threshold for the income year.

AND

- If 80% or more of the income in the year is passive income.

Passive income is:

- Franking credits
- Royalties
- Rent
- Investment income
- A net capital gains



Tax Incentives



The research and Development Incentive

- Offsets tax for innovation to help companies grow which benefits the Australian economy.

Foreign income Tax Offsets

- Avoid double taxation for foreign tax paid on income gains in Australia

Inward Investment Incentives

- Rebates are made on payroll, stamp and land taxes for limited periods to help investment projects.

Capital Investment Incentives

- Deductions made for exploring and extracting minerals.
- For encouraging investment in ventures.
- Tax concessions for early stage venture capital limited partnerships.
- Taxable income derived from offshore banking transactions.
- Tax offsets for films, and digital productions.

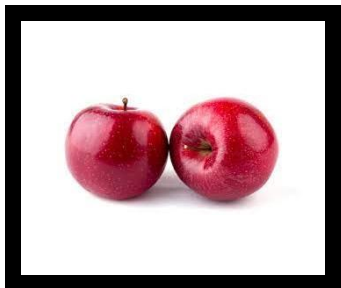


Franking Credits

A type of tax that is paid by corporations to their shareholders which is paid with dividend payments.



It is used to reduce or eliminate double taxation.



Corporations pay tax on dividends to shareholders, and franking credits gives a tax credit to shareholders.

START
UP
BUSINESSES



Renewable and Non-Renewable Energy Sources

Renewable energy



Solar



Biomass



Hydropower



Geothermal



Wind

Non-renewable energy



Oil



Coal



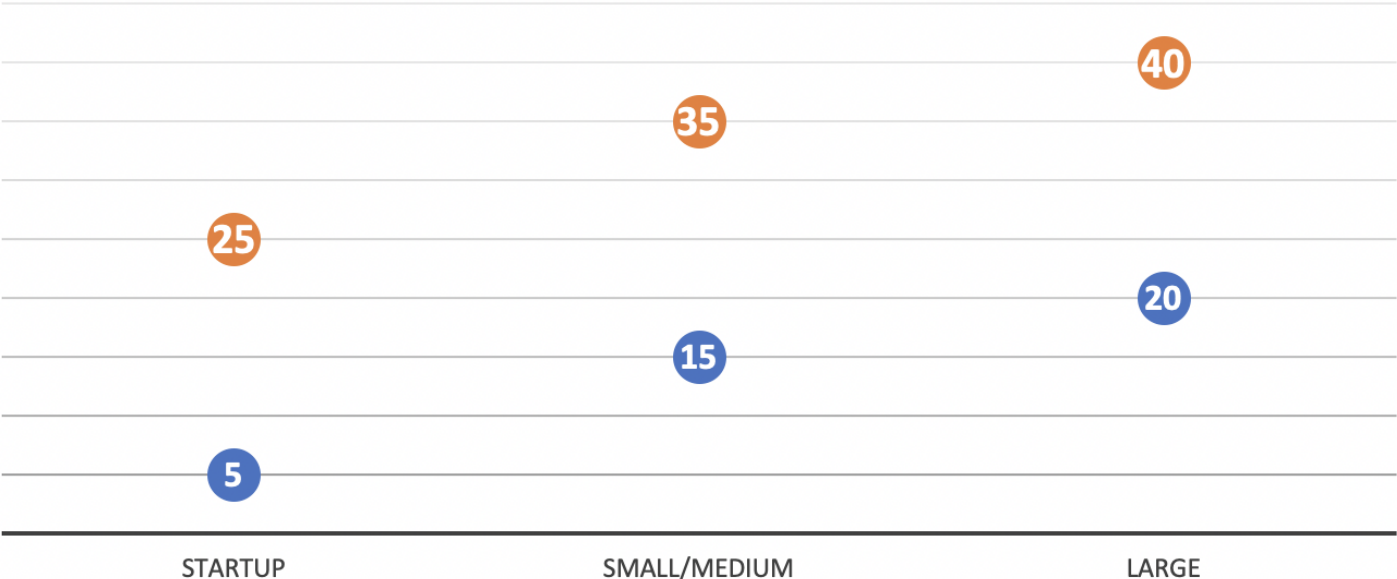
Nuclear



Natural gas

Deakinland's Tax Rates

Normal vs Non-Renewable Tax Rates (%)



Deakinland's Corporate Tax Policy

The below define Deakinland's new corporate tax rates:

- Startup corporation - 5%
- Small/Medium corporation - 15%
- Large corporation - 20%

A corporation's tax rates is based on the amount of revenue earned per annum (financial year)
These brackets include:

- Startup (<\$500,000)
- Small/Medium(\$500,000-\$50,000,000)
- Large (>\$50,000,000)

Sustainability Policy:

- Non-renewable energy company (mining/deforestation/oil) - 20% rate increase

Use of an imputation system similar to Australia to avoid double taxation of company profits

Additional Incentives

R&D Tax Credits

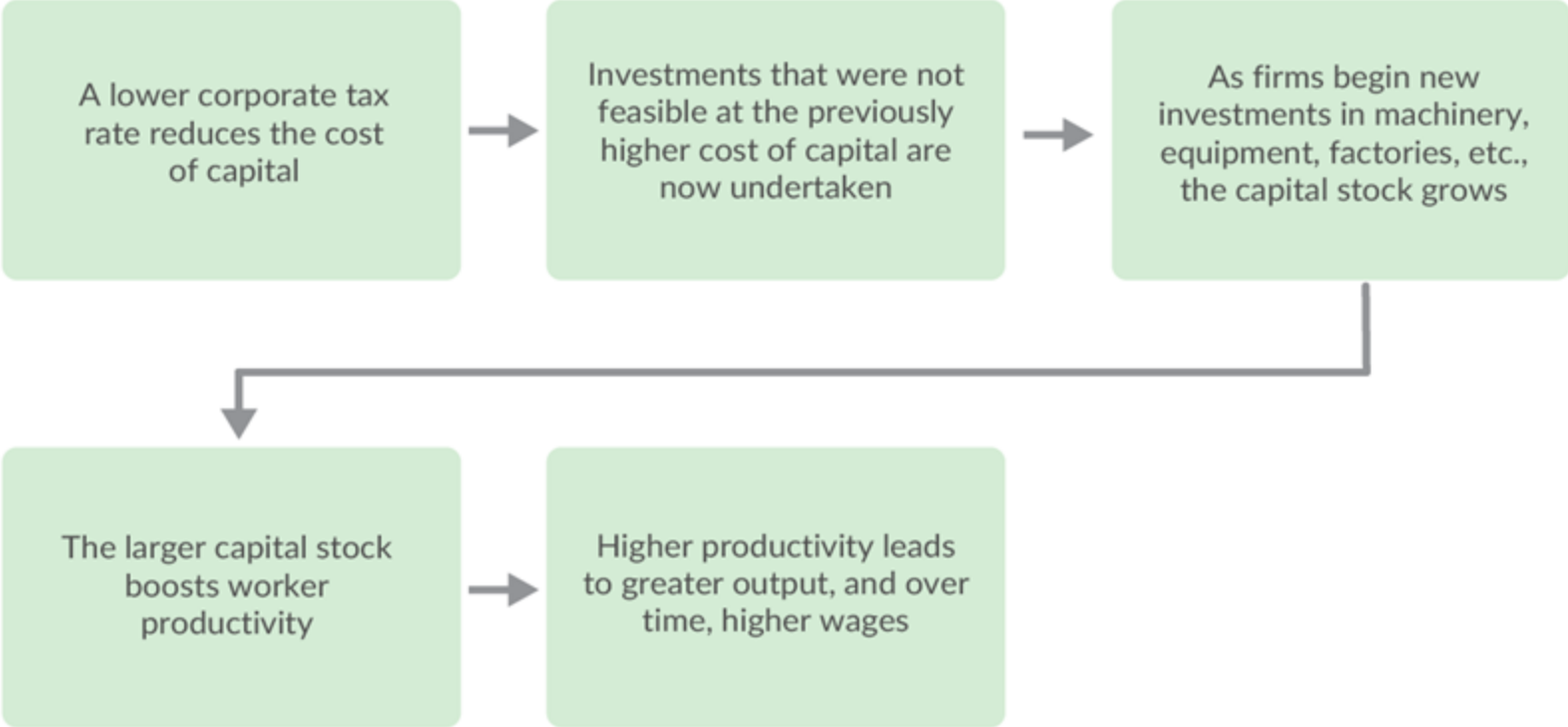
- For startups - 100% tax credit.
- For Small and Medium companies 50% tax credit.
- For Large companies 10% tax credit.

Intellectual Property (IP) tax incentive.

If you develop your IP in DeakinLand and keep it within DeakinLand you will receive a lower tax rate on the income generated from that IP.



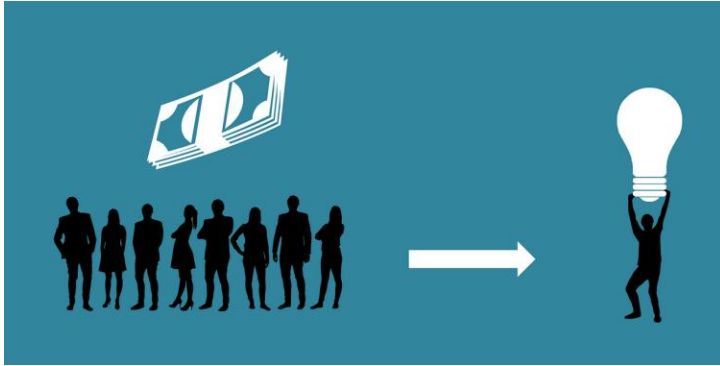
How Lower Business Tax Rates Raise Worker Pay



Reasoning - Renewable Policy



Reasoning - Lower overall corporate tax rate



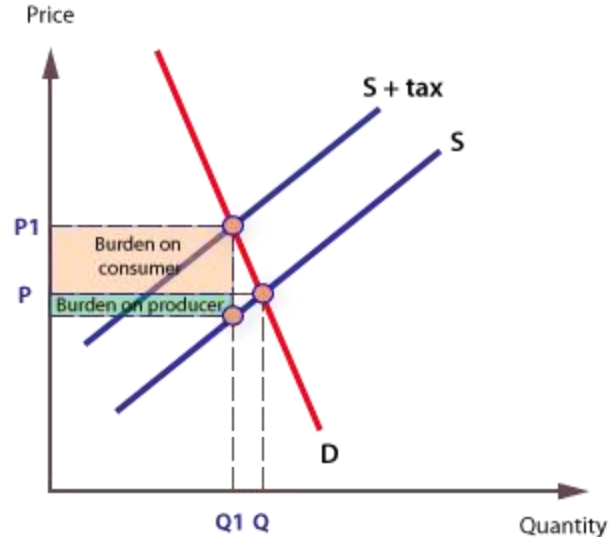
Deakinland is looking to promote startups and entrepreneurship within its' country

DeakinLand is looking to become a place to attract and retain talent by a having a lower corporate tax rate.

Reasoning Behind Decisions - Tax Avoidance



Consequences - Social & Economic



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Consequences - Environmental



Consequences - Political



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