



Abby Carson
USA



Jervie Nunez
Philippines



Fernanda Zacarías
México



Wan SU
China

Presentation Summary

Corporation Tax

- What is it?

Our Countries

- México.
- Philippines.
- China.
- USA.

ESSCA-Land

- Suggestion.
- Why.

Corporate Tax



What is corporate tax?

- ★ An assessment levied by a government on the profits of a company.
- ★ Corporate tax is a type of tax imposed on the profit of a firm to raise taxes.
- ★ Corporate taxes vary from one country to another.
- ★ It is important because in some countries this tax is one of the main sources of governmental income.
- ★ The countries have a certain rate and some exceptions for the corporate tax.
- ★ There is a legal and an illegal way of avoiding paying certain type of taxes.

México



Mexico's amount is based on the net income companies obtain while exercising their business activity, normally during one business year.

- ★ **The federal Corporate Income Tax rate is 30%.**
- ★ Foreign enterprises established in Mexico are subject to the same tax system as national enterprises, though they do benefit from certain exemptions.

Main Allowable Deductions and Tax Credits:

Start-up expenses incurred prior to the commencement of operations may be amortised at the rate of 10% per year, after applying the adjustment factors. For charitable contributions, the maximum amount for deductible donations is limited to 7% of the taxable income of the previous year.

The yearly tax declaration for corporate taxes have to be handed in at the SAT until the 31st March of the subsequent year. **The higher the income, the higher the tax rate.**

*Mexico is a member of various free trade agreements (like NAFTA) that allows a free trade agreement.



Philippines



- ★ Since 2009, the regular corporate income tax (RCIT) is **30%**:
 - of net taxable income (for domestic and resident foreign corporations)
 - of gross income derived from the Philippines (for non-resident foreign corporations)
- ★ There is a minimum corporate income tax (MCIT) of **2%** of gross income, which applies on the fourth year of commercial operation. MCIT is imposed where RCIT at 30% is less than 2% MCIT on gross income.
- ★ Exemptions:
 - Educational institutions and non-profit hospitals: 10%
 - Non-stock, non-profit educational institutions and other non-profit organizations: 0%
 - Businesses registered with the Philippine Economic Zone Authority (PEZA): 0%

China



- ★ Taxpayer
 - Tax resident enterprise is subject to Corporate Tax on their worldwide income
 - Non tax resident enterprise i) that has no establishment or place in China is taxed on China source income ii) that has establishment or place in China is taxed both China source income and oversea income that connect to such establishment or place
- ★ The standard tax rate 25%
- ★ 20% percentage of the government's tax income

China

★ Tax Incentive

- Qualified new/high tech corporate: 15%.
- Qualified key software production/IC design corporate:10%
- Small and thin-profit corporate (Annual Taxable income less than 500K RMB): 10%.
- Qianhai Shenzhen-Hong kong modern service industry zone, qualified corporate :15%

United States of America



- ★ Corporate Tax = Progressive Schedule.
- ★ Tax Cuts and Jobs Act (TCJA) (Jan. 2018)

- 35% -> 21%

★ Historical Statistics

- Highest = 52.8% in 1968
- Lowest = 1% in 1910

★ US government corporate tax income.

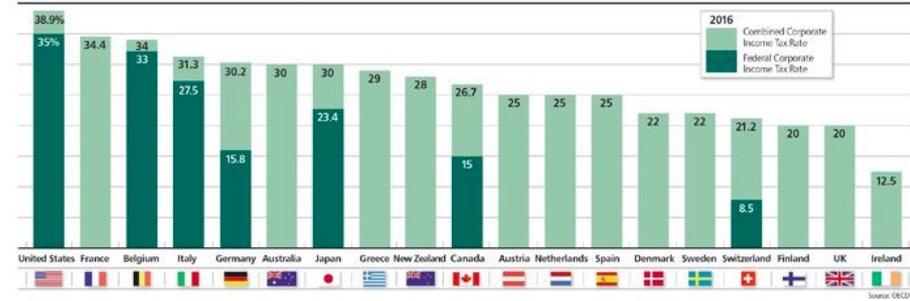
- 3rd largest source of income

★ By State

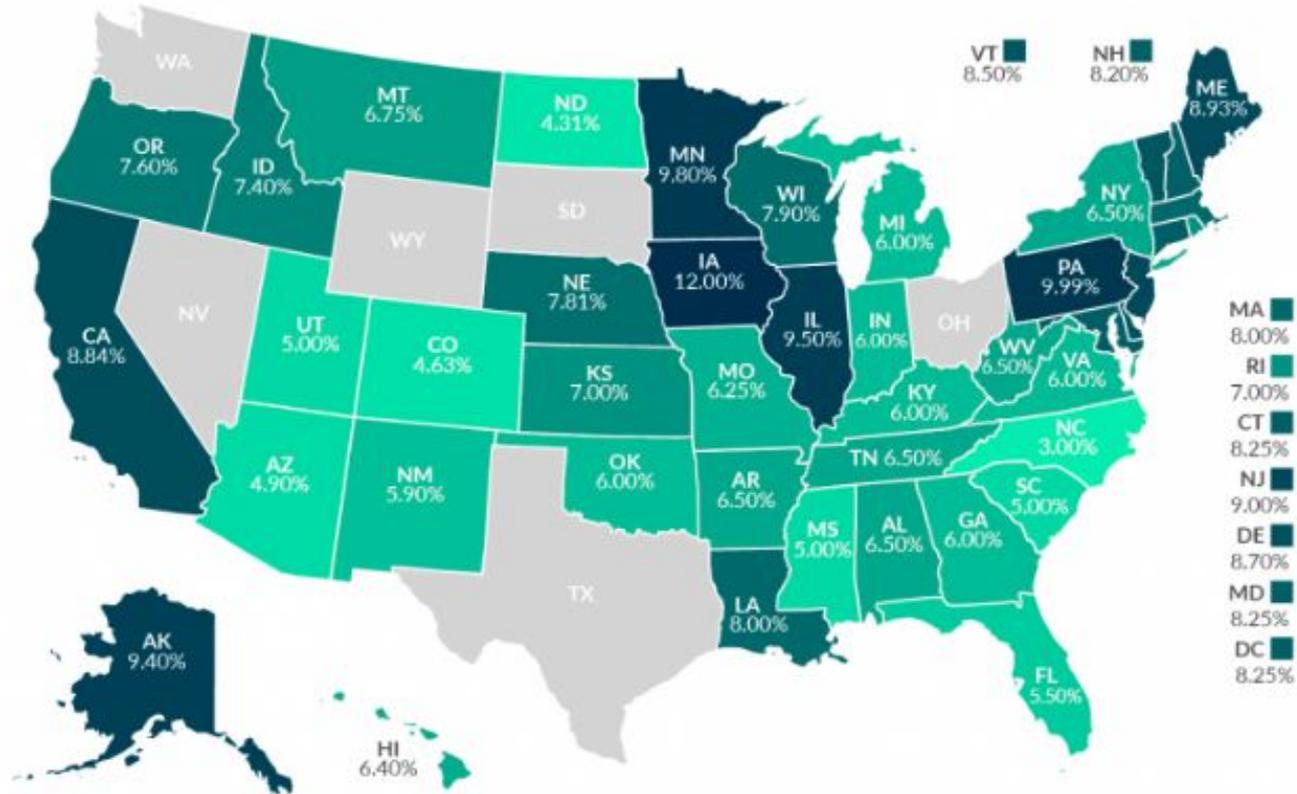
- 2.6% of state income
- North Carolina

THE U.S. IS NO. 1 – IN CORPORATE TAX RATES

The United States now has the dubious distinction of maintaining the highest top tax rate on corporate income of all industrial nations. For the U.S., Canada, and others, where taxes on corporate income are also imposed by local government, the chart shows both the federal rate and the combined rate, which factors in local tax rates.



USA cont...





LAND

ESSCA-Land

What is ESSCA Land like?

- ★ Location: Central Europe.
- ★ Main Industries:
 - Agriculture.
 - Energy (Coal, Gas, Oil, renewable).
- ★ Focused Industry:
 - Technology (computers, cell phones, robots, medical devices, etc.)
- ★ Exporting to: EU Nations, United States of America, Canada.
- ★ Importing from: Asia, México.



ESSCA-Land

Corporate Tax Policies

- ★ Corporate Tax Rate: **26%**.
- ★ Exemptions:
 - Clean/Renewable Energy: **18% providing energy in the country; 21% exporting energy to other countries.**
 - New corporations/Start-up businesses: **fiscal benefit for 10 years. Starting the first year with a 0% tax rate and for the succeeding years a progressive increment of 10% on the tax rate each year (this on the 26% general tax rate).**
 - Agricultural companies: **23%**.
 - Foreign companies: **26%**



ESSCA-Land

Why that Corporate Tax Rate?

Because it is a percentage that would help the companies and Esscaland to survive.

Why the exemptions:

- Clean/Renewable Energy: **Our country is a energy producer, but we want the companies to become more ecologic and with that make Esscaland a green country.**
- New corporations/Start-up businesses: **We want our country to focus on technology so we can develop this area. This exemption will help new tech companies to start with their projects.**
- Agricultural companies: **Our main industry is agriculture, but we want to give them an exception, so people in that sector will stay in agricultural activities, and we can continue exporting our goods.**
- Foreign companies: **Doing an average on the world we decided to give the foreign companies the same tax rate, because in comparison with other countries our 26% is less than other countries.**



THANK YOU!!!

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