

ESSCALAND FISCAL POLICY FOR CORPORATION TAX

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USA



Corporate Tax:

Federal

- Corporate income tax (CIT): based on a progressive schedule
- Alternative Minimum Tax: 20% of alt. min. taxable income (AMTI)
- S Corporations: taxed similar to corporations
 - Are not subject to income tax due to money flowing through the owners

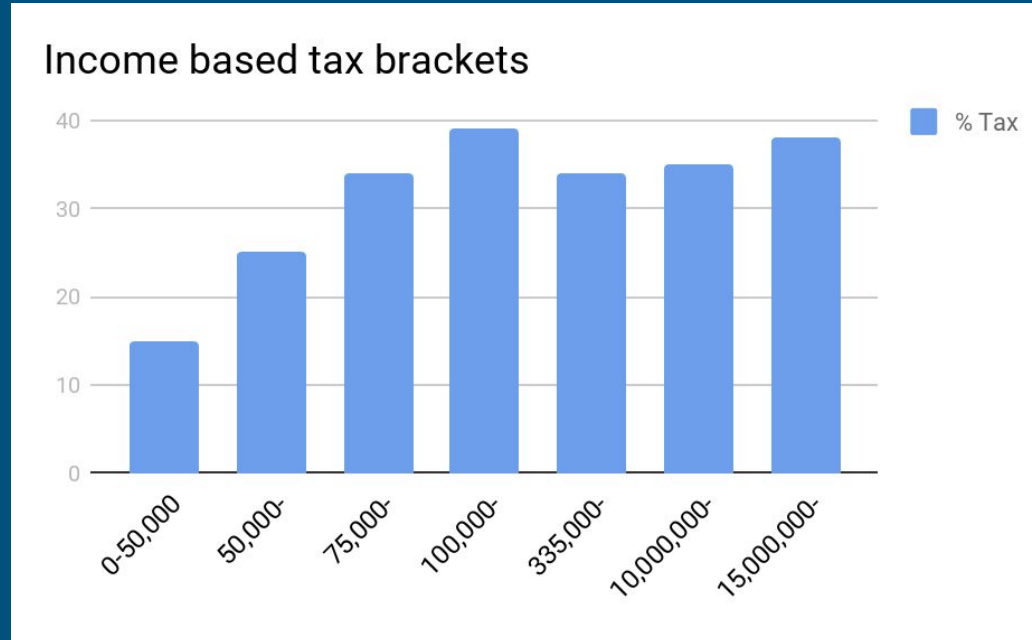
State

- From 1-12% depending on state
- 3-factor formula
 - Tangible assets and rental expense, payroll, and sales/ receipts

USA



US Federal Taxable Income Chart



MEXICO



- Companies have to pay:
 - VAT
 - Income tax
 - **Corporate Fixed Tax** (Mandatory when selling goods, service delivery or the ones that give temporary use or enjoyment of goods).
- Corporate Fixed Tax: **17.5% of Effective Incomes** (Authorized deductions)
- Exception:
 - Government Institutions
 - Political Parties, and
 - Agriculture/Livestock Companies

MEXICO



Companies Classification

Taxation law tries to benefit the micro, Small and medium companies, because:

- They are in disadvantage compared To the big companies
- They are an essential income for the Country's economy (adapt easily)

Benefits:

- No taxation when they invest
- Differal of 90 days when paying VAT

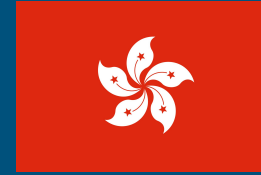
Tamaño/Sector	Industria	Comercio	Servicios
Micro	1 a 10	1 a 10	1 a 10
Pequeña	11 a 50	11 a 30	11 a 50
Mediana	51 a 250	31 a 100	51 a 100
Grande	251 o más	101 o más	101 o más

Fuente: Ley para la Competitividad de la Micro, Pequeña y Mediana Empresa

MEXICO



HONG KONG



Profits Tax

- Territorial Basis of Taxation: Only income from a source inside the country is taxed
- Tax rates
 - Corporations – 16.5%
 - Unincorporated Businesses – 15%
- Losses: Carried forward and set off against future profits of that trade
- Capital gains and Dividends: Not taxable
- Approved charitable donations: Tax deductible up to 35% of assessable profits

PHILIPPINES



- The **Corporation Tax** for both domestic and resident foreign corporation in the Philippines is **30%** on **Net Taxable Income**.
 - This has been the case since 2009 (Previously, the Corporation Tax is 35%)
- There is a **Minimum Corporate Income Tax (MCIT)** equivalent to **2%** of **Gross Income**, which applies beginning on the fourth year of commercial operation.
 - MCIT is imposed where the CIT at 30% is less than 2% MCIT on gross income.

STATISTICS AROUND THE WORLD



- Top 3 Highest Marginal Corporate Tax Rates in the World
 - United Arab Emirates - 55%
 - Puerto Rico - 39%
 - USA - 38%
- Top 3 Lowest Marginal Corporate Tax Rates in the World
 - Uzbekistan - 7.5%
 - Turkmenistan - 8%
 - Andorra, Bosnia And Herzegovina, Bulgariam, Gibraltar, Kyrgyzstan, Macedonia, Paraguay, Qatar, Timor-Leste - 10%
- Countries without General Corporate Income Tax
 - Anguilla, Bahamas, Bahrain, Bermuda, Cayman Islands, Guernsey, Isle Of Man, Jersey, Nauru, Palau, Turks And Caicos Islands, Vanuatu, Virgin Islands, Wallis and Futuna

ESSCALAND

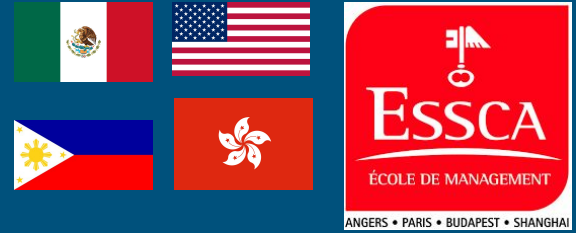


- **Fixed Corporate Income Taxation**

- Compared to USA which has taxation brackets, we employed the use of **Fixed** Corporate Income Taxation to discourage creative accounting



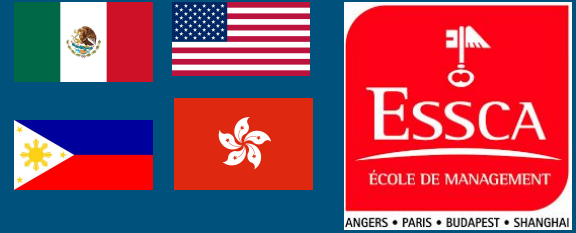
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- **25% General Corporate Income Tax**

- In consideration of the countries in our group, as well as the data we gathered from the statistics all over the world, we chose 25% as a fair average
 - This is to encourage investors to conduct business in the country (not too high), without sacrificing the government's expected funds (not too low)
- All companies over two (2) years; except indicated in the exemption (next slide)

ESSCALAND



- **18% Corporate Income Tax (Exemption)**
 - Exemption is granted to companies in the sector of:
 - Agriculture
 - Livestock, and
 - Renewable Energy
 - These companies were favored to have lower tax to promote sustainability of ESSCALAND regarding food and energy sources
- Also, for the first two (2) years of a Newly Started Company
 - This is considered in support and encouragement of the growth and development of Newly Started Companies

Works Cited



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THANK YOU!

