

ESSCALAND

INCOME TAX



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European Economics



United States: Income Tax

Maximum Income Tax

39.6% Federal

16.0% State

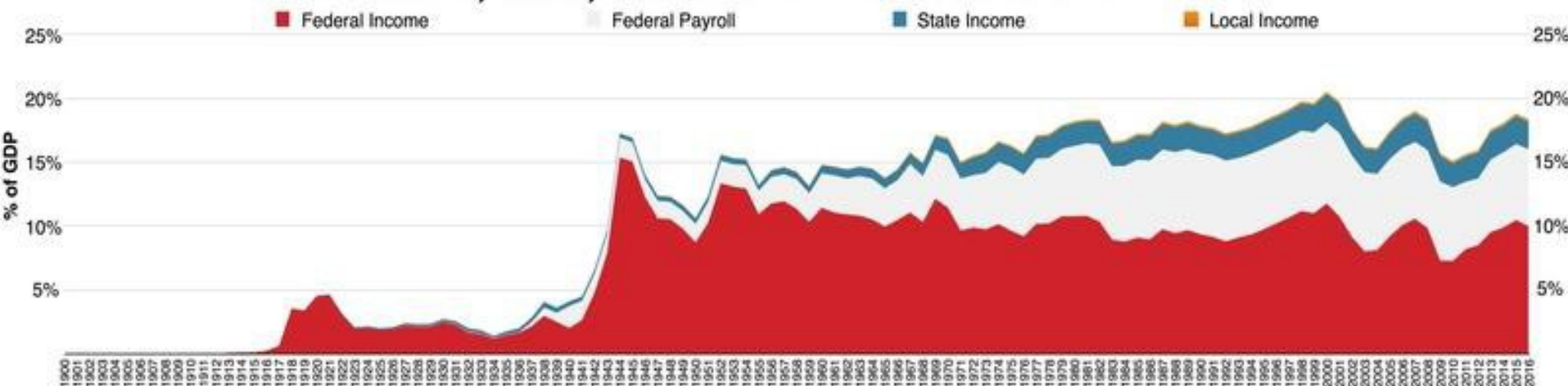
- Taxation is imposed on both a federal and state level.
 - Different between corporation and individual level.
- Based on income, corporations, estates, and trusts.
- Taxable income is the gross income.
 - Exclusions: Interest income on state and bonds,

Single Taxable Income Brackets and Rates 2017

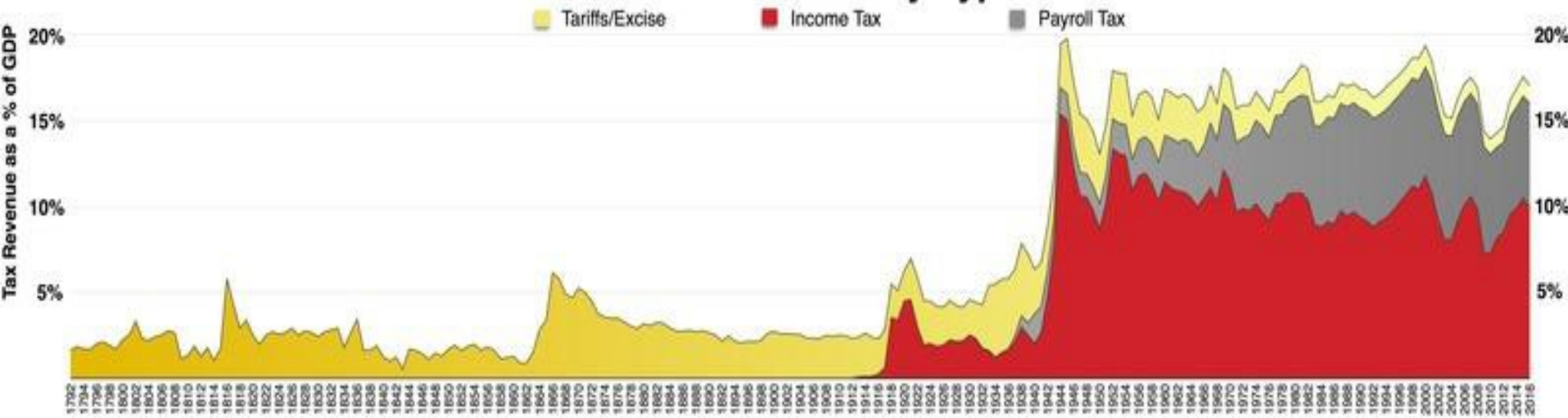
Source: Tax
Foundation Fiscal
Fact

Rate	Taxable Income Bracket	Tax Owed
10%	\$0 - \$9,325	10% of taxable income
15%	\$9,325 to \$37,950	\$932.50 plus 15% of the excess over \$9,325
25%	\$37,950 to \$91,900	\$5,226.25 plus 25% of the excess over \$37,950
28%	\$91,900	\$18,713.75 plus 28% of

Federal, State, and Local Income Tax as a % of GDP



Federal Revenue by Type





The Philippines: Income Tax

A. For Individuals Earning Purely Compensation Income and Individuals Engaged in Business and Practice of Profession

Amount of Net Taxable Income		Rate
Over	But Not Over	
	P10,000	5%
P10,000	P30,000	P500 + 10% of the Excess over P10,000
P30,000	P70,000	P2,500 + 15% of the Excess over P30,000
P70,000	P140,000	P8,500 + 20% of the Excess over P70,000
P140,000	P250,000	P22,500 + 25% of the Excess over P140,000
P250,000	P500,000	P50,000 + 30% of the Excess over P250,000
P500,000		P125,000 + 32% of the Excess over P500,000 in 2000 and onward

Maximum Income Tax

32.0%

Progressive Tax Design

- *Tax rate increases as income increases*

Gross Income (all income regardless of source)

Source: KPMG & Bureau of Internal Revenue (PH)



Mexico: Income Tax

Maximum Income Tax

35.0%

- Direct taxes are applied directly to the wealth of people, mainly to their income or signs of wealth such as ownership of cars or houses.
- Monthly tax payments are due on or before the 17th day of the month following in which the compensation was received, using the monthly graduated rate scales.

Personal income tax rates

The following tax rates are effective for resident individuals for calendar year 2016:

Taxable income (MXN)		Basic tax	
Over	Not over	Tax on column 1 (MXN)	Tax on excess (%)
0.01	5,952.84	0	1.92
5,952.85	50,524.92	114.24	6.40
50,524.93	88,793.04	2,966.76	10.88
88,793.05	103,218.00	7,130.88	16.00
103,218.01	123,580.20	9,438.60	17.92
123,580.21	249,243.48	13,087.44	21.36
249,243.49	392,841.96	39,929.04	23.52
392,841.97	750,000.00	73,703.40	30.00
750,000.01	1,000,000.00	180,850.82	32.00
1,000,000.01	3,000,000.00	280,850.81	34.00
3,000,000.01	and above	940,850.81	35.00

Mexico Tax Bracket System In U.S. dollars

Inferior Limit (Income)	Upper Limit (Income)	Fixed Quota	Tax rate on the excess over the inferior limit
0.01	331.74	0.0	1.92%
4.94	5.75	397	16%

Summary of Personal Income Tax Rates

Individual tax rates for 2011-2017



Source: KPMG

Income tax in ESSCA Land

**Taxable income includes all income
Compensation**

Income from investments, etc.

Maximum Tax: 30%
Minimum Tax: 15%



	Rates	Income Tax Bracket
Single Income at		\$10,000 - \$37,950
	25%	\$37,950 to \$91,900
		\$91,900 - \$183,800

Rationale



Tax burden/ Tax Drift	30%: not too burdensome for the rich
Direct Taxes	Lower maximum income tax rates
Progressive/ Regressive	Progressive
Public	Increase

Effects: Income Tax



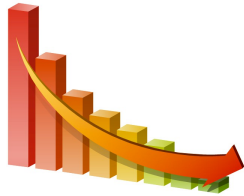
**More you earn,
more tax you pay**



**Increases Post
Tax Income**



**Reduced number
of working hours**



**May decrease
national output**



**Strive for better infrastructure to
have a high level of economic
activity.**



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Merci Beaucoup