



# ESSCALAND

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# Value Added Tax

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# Value-Added Tax

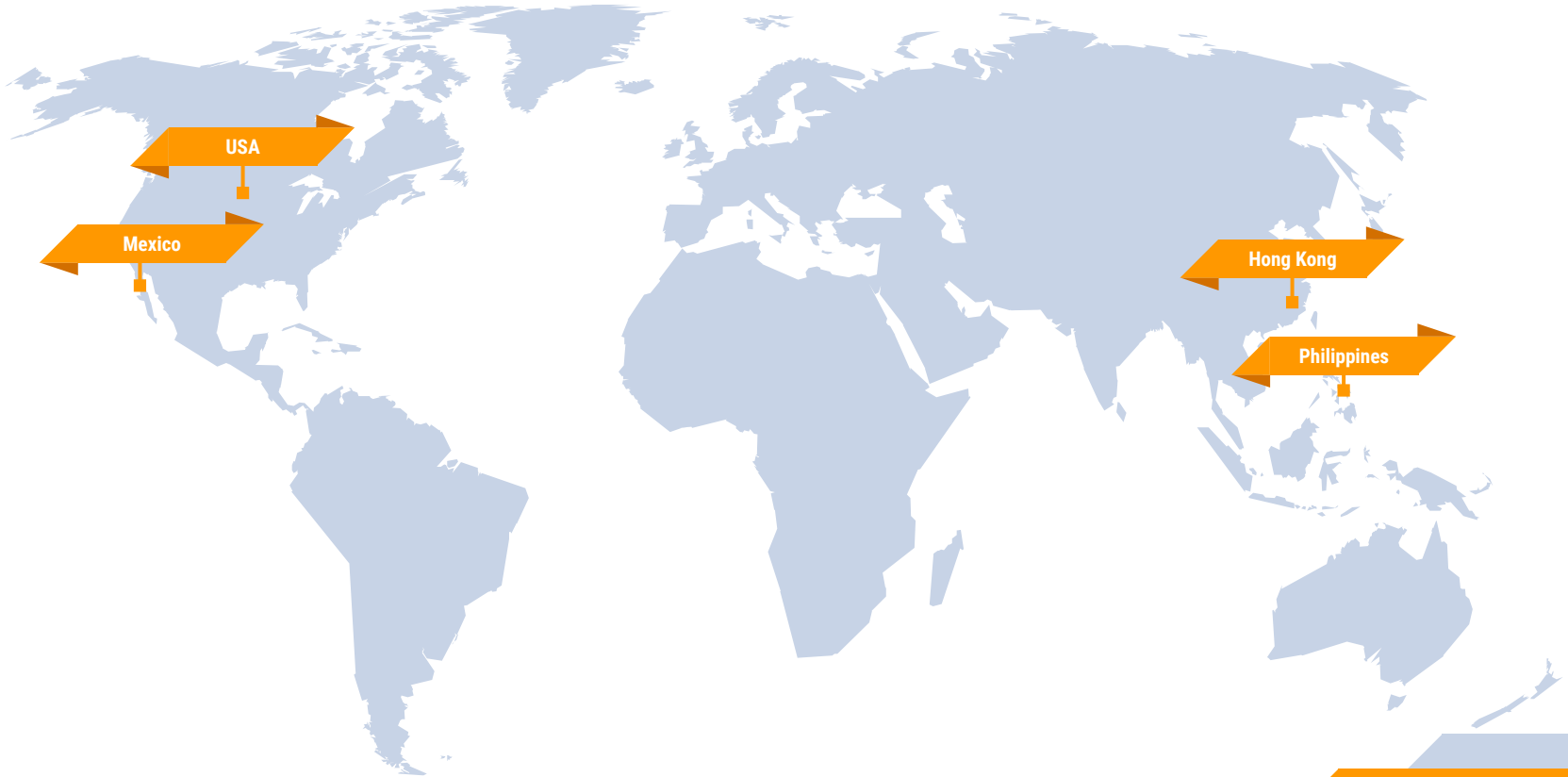
Definition



## Value-Added Tax

- As known as Goods and services tax (GST)
- A type of general consumption tax
- Indirect and regressive tax
- Placed on a product whenever value is added at a stage of production and at a final sale

# MAPS



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**USA**

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## USA VAT RATE

- Sales tax rate ranges from state to state (1-10%)
- Highest: Louisiana 9.98%
- Lowest: Alaska, Delaware, New Hampshire, Oregon 0%
- Washington: High sales tax, no income tax/Oregon: no sales tax, high income tax
- Zip-code method

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## Hong Kong, China

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## HONG KONG VAT RATE

- VAT rate: 0% (i.e. No VAT or GST)
- WHY?
- How about the PAST?





## HONG KONG VAT RATE

Time	Process
19 Jul 2006	<ul style="list-style-type: none"><li data-bbox="562 419 1335 459">❑ Proposal of legislation of GST (at a flat rate 5%)</li><li data-bbox="562 463 1257 503">❑ Consultation over a period of nine months</li></ul>
Jul-Dec 2006	<ul style="list-style-type: none"><li data-bbox="562 586 958 626">❑ Protests against GST</li><li data-bbox="562 630 1669 670">❑ 2200 written submissions of consultations (65% oppose; 30% support)</li></ul>
5 Dec 2006	<ul style="list-style-type: none"><li data-bbox="562 753 1765 877">❑ Henry Tang Ying-yen "It's clear... that we've not been able to convince the majority to accept a GST as the main option to address the tax base problem"</li></ul>



## HONG KONG VAT RATE

### Opposite reason

- Broaden the gap between the rich and poor
  - The gini coefficient (0.539 in 2016) of Hong Kong is high
- Affect the economic environment and development of tourism in Hong Kong
  - Simple and low tax rate in Hong Kong e.g. no tariff

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## Philippines

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## PHILIPPINE VAT RATE

### VATable Sales (12%)

- On sale of goods and properties
- On sale of services and use or lease of properties
- On importation of goods

### VAT Zero-Rated & VAT Exempt (0%)

- On Export Sales
- Basic Necessities (*such as agricultural products, tuition fees etc.*)

Source: Bureau of Internal Revenue

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## Mexico

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## MEXICO VAT RATE

### VATable Sales (16%)

- Sales of Real Estate properties
- Fees of professional services
- Leasers of goods or real estate properties
- On importation of goods or services

### VAT Zero-Rated & VAT Exempt (0%)

- Medicine
- Animals for the farm
  - Water
- Animal food

Source: "Ley del Impuesto al Valor Agregado"

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**ESSCA LAND**

# Standard VAT Rate

**8.5%**

USA

**0%**

Hong Kong

**12%**

Philippines

**16%**

Mexico





10%

**ESSCA LAND VAT RATE** *(Average of our home countries)*



Clothing	
Baby Clothes	5%

Health	
Hygiene Products	0%
Medicine	0%
First Aid	5%



## Education

Public Education	0%
Private Education	15%

## Transportation



Public Transportation	0%
Private Transportation	15%




## Food and Water

Water	0%
Fresh and Organic Food	5%
Fast Food	20%
Cigarettes	20%
Alcohol	20%

## Agricultural

Farm Animals	0%
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Arts 	
Museum Entrance Fee	5%
ESSCA Land Music	0%

 Products	
Recycled Products	0%
Wood	10%



# THANKS!

Any questions?