

## **FACT SHEET**

### **Income and corporate tax rates of selected places**

#### **1. Background**

1.1 The Subcommittee on Retirement Protection ("Subcommittee") held an informal meeting on 9 March 2012 to discuss the draft research report entitled "Retirement Protection System in Selected Places". At the meeting, the Subcommittee requested the Research Division to provide supplementary information on the income and corporate tax rates of the places covered in the research report (i.e. Australia, New Zealand, Spain, Taiwan and Hong Kong) for a better understanding of the sustainability of the pension system implemented in these places. In this connection, the Research Division has compiled the following two Tables showing the current income and corporate tax rates of the places studied for members' reference.

**Table 1 – Current income tax rates of the places studied<sup>(1)</sup>**

	Australia <sup>(2)</sup>	New Zealand	Spain	Taiwan	Hong Kong
Income tax rates	<ul style="list-style-type: none"> <li>The progressive income tax rates are:               <ul style="list-style-type: none"> <li>(a) below AUS\$18,201<sup>(3)</sup>: Nil;</li> <li>(b) AUS\$18,201 – AUS\$37,000: 19%;</li> <li>(c) AUS\$37,001 – AUS\$80,000: 32.5%;</li> <li>(d) AUS\$80,001 – AUS\$180,000: 37%; and</li> <li>(e) over AUS\$180,000: 45%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The progressive income tax rates are:               <ul style="list-style-type: none"> <li>(a) below NZ\$14,001<sup>(4)</sup>: 10.5%;</li> <li>(b) NZ\$14,001 – NZ\$48,000: 17.5%;</li> <li>(c) NZ\$48,001 – NZ\$70,000: 30%; and</li> <li>(d) over NZ\$70,000: 33%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The progressive income tax rates are:               <ul style="list-style-type: none"> <li>(a) below €17,707<sup>(5)</sup>: 24.75%;</li> <li>(b) €17,707 – €33,007: 30%;</li> <li>(c) €33,008 – €53,407: 40%;</li> <li>(d) €53,408 – €120,000: 47%;</li> <li>(e) €120,001 – €175,000: 49%;</li> <li>(f) €175,001 – €300,000: 51%; and</li> <li>(g) over €300,000: 52%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The progressive income tax rates are:               <ul style="list-style-type: none"> <li>(a) below NT\$370,001<sup>(6)</sup>: 6%;</li> <li>(b) NT\$370,001 – NT\$990,000: 13%;</li> <li>(c) NT\$990,001 – NT\$1,980,000: 21%;</li> <li>(d) NT\$1,980,001 – NT\$3,720,000: 30%; and</li> <li>(e) over NT\$3,720,001: 40%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The lower of (a) standard tax rate on net income (without deducting allowances) or (b) progressive tax rates on net chargeable income (less both deductions and allowances) where applicable.</li> <li>The standard rate is 15% while the progressive rates are:               <ul style="list-style-type: none"> <li>(a) below HK\$40,001: 2%;</li> <li>(b) HK\$40,001 – HK\$80,000: 7%;</li> <li>(c) HK\$80,001 – HK\$120,000: 12%; and</li> <li>(d) over HK\$120,000: 17%.</li> </ul> </li> </ul>

Notes: (1) All the places studied allow certain deductions for income tax allowances. However, the amount of deductions varies as it may depend on factors such as the number of dependent family members and home loan interest deductions, where applicable. This fact sheet only provides the income tax rates applicable to taxable income without any deduction for allowances for a broad comparison of the places studied.

(2) The income tax rates will be effective from July 2012.

(3) For reference, the average exchange rate was HK\$8.11 per Australian dollar in 2011.

(4) Average exchange rate was HK\$6.23 per New Zealand dollar in 2011.

(5) Average exchange rate was HK\$10.92 per euro in 2011.

(6) Average exchange rate was HK\$0.265 per New Taiwan Dollar in 2011.

**Table 2 – Current corporate tax rates of the places studied<sup>(1)</sup>**

	<b>Australia<sup>(2)</sup></b>	<b>New Zealand</b>	<b>Spain</b>	<b>Taiwan</b>	<b>Hong Kong</b>
Corporate tax rates of the company's taxable income	<ul style="list-style-type: none"> <li>• 29%.</li> </ul>	<ul style="list-style-type: none"> <li>• 28%.</li> </ul>	<ul style="list-style-type: none"> <li>• The standard corporate tax rate is 30%.</li> <li>• Lower corporate tax rates of 20% – 25% for some small and medium sized companies.</li> </ul>	<ul style="list-style-type: none"> <li>• The corporate tax rates are:               <ul style="list-style-type: none"> <li>(a) below NT\$120,000: Nil; and</li> <li>(b) over NT\$120,000: 17%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The corporate tax rates are:               <ul style="list-style-type: none"> <li>(a) corporations: 16.5%; and</li> <li>(b) unincorporated businesses: 15%.</li> </ul> </li> </ul>

Notes: (1) All the places studied allow certain deductions for corporate tax allowances. However, the amount of deductions varies as it may depend on factors such as depreciation and capital allowances for plant and machinery, where applicable. This fact sheet only provides the corporate tax rates applicable to taxable income without any deductions for allowances for a broad comparison of the places studied.

(2) The corporate tax rate will be effective from July 2012.

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