

**CHAPTER XI**

**Rates of Tax and Personal Allowances**

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**Country** (i) **Slab rates - income bands and tax rates**  
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**Argentina** 1. **Corporate income tax for 1991:**

- i. Locally incorporated firms 20%
- ii. Branch income 36%

2. **Individual income tax for 1991:**

Taxable income		
Over Austral	Not over Austral	Rate (%)
89,939,964	188,874,000	15
188,874,000	377,748,000	20
377,748,000	755,496,000	25
755,496,000	-	30

[This scale is updated for inflation on a monthly basis by the tax authorities].

**Bangladesh** I. **Taxes on companies for 1991-92:**

- 1. Dividends paid by a Bangladesh company after 14 August, 1947 15%
- 2. Long term gains 25%
- 3. Other income
  - public traded companies 45%
  - other industrial companies 50%
  - Other companies (including banks and financial institutions) 55%

4. **Registered firms (including partnerships):**

<u>Total income (Taka)</u>	<u>Rate(%)</u>
First 40,000	Nil
next 40,000	10
next 74,000	15
next 74,000	20
next 228,000	25

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**Country (i) Slab rates - income bands and tax rates**


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**II. Tax on individuals and Hindu Joint Families****a. Residents:**

<u>Income (Taka)</u>	<u>Rate(%)</u>
First 60,000	10
next 60,000	20
next 60,000	30
above 180,000	45

The minimum taxable income is 40,000 Taka and the income tax payable shall not exceed:

- 1/3 of the amount by which the total income exceeds 40,000 Taka; or
- 50% of the total income, whichever is less.

**b. Non-residents: 30%****Canada**Corporations

As of April 1989, the general rate of tax on corporations is 38%. A 10% rebate applies to the extent the income has been earned in a Canadian province or territory. Thus the effective federal rate on domestic source income is 28%. A 3% surtax (the surtax is calculated as a percentage of the ordinary tax) also applies. The surtax brings the effective rate upto 28.84% (28% plus 3% of 28%).

Provincial or territorial income tax applies to income that has been earned in a Canadian province or territory. Rates of provincial income taxes vary from jurisdiction to jurisdiction.

Individuals

As of 1st March, 1992 individuals are subject to federal income tax at the following marginal rates:

<u>Taxable income</u>	<u>Tax rate</u>
<u>\$</u>	<u>%</u>
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0 - 29,590	17
29,591 - 59,180	26
over 59,180	29

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**Country (i) Slab rates - income bands and tax rates**


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The tax payable by an individual or trust is subject to a general surtax. The surtax is calculated as a percentage of the ordinary tax (3% for 1993 and subsequent years). An additional 5% high income surtax is imposed on basic federal income tax in excess of \$ 12,500. To the extent that the income has not been earned in a province, no provincial income tax applies. The Income Tax Act consequently imposes an additional surtax of 52% on such income. The general and high income surtaxes do not apply to the surtax on income earned outside a province.

**Italy**

1. Corporate income tax (IRPEG): The rate is 36%
2. Individual income tax (IRPEF):

The rates for 1992, 1993 and 1994 are :

Taxable income (lire)	Rate %
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0 - 7.2 million	10
7.2 - 14.4 million	22
14.4 - 35.9 million	27
35.9 - 72.0 million	34
72.0 - 179.8 million	41
179.8 - 359.7 million	46
359.7 million and above	51

- 3 Local income tax (ILOR): The rate is 16.2%
- 4 Local tax on appreciation of real property: The rates vary between 3-30%

**Mexico**

For taxable year 1992 the individual income tax is levied at the following rates:

<u>Taxable income</u> (Pesos)	<u>Marginal rate on excess</u> (%)
0 - 1,194,201	3
1,194,201 - 10,135,758	10
10,135,758 - 17,812,545	17
17,812,545 - 20,706,462	25
20,706,462 - 24,791,076	32
24,791,076 - 50,000,000	33
50,000,000 - 78,807,015	34
Above 78,807,015	35

Note: A non-refundable credit of 10% of the yearly minimum wage is allowed.

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Legal entities are taxed at the following rates:

1989	37% (for business entities)
1990	36%; and
1991 onwards	35%

Once a corporation has paid its income tax, after-tax earnings may be distributed to the shareholders without any further tax. However, if the corporation makes a distribution out of earnings that for any reason have not been subject to corporate income tax, e.g., book earnings not yet recognized for tax purposes, it will have to pay a corporate tax of 35% on these distributed earnings. Upto 1990, this additional tax was imposed as a withholding tax on the shareholders receiving the distribution.

**The Netherlands**

A. Corporate income tax rates for 1991 are:

- First 250,000 Dfl. of taxable income	40%
- on the excess	35%

B. The rates of income tax for individuals for 1992 are:

<u>Taxable income (Dfl.)</u>	<u>Rate(%)</u>
On the first 42,966	38.55(a)
On the next 42,964	50(b)
On the excess	60(b)

a. Includes 13% income tax plus 25.55% general social security contribution. For individuals of 65 years of age or older, the first bracket is taxed at the rate of 20.3%, (7.3% social security contribution).

b. Does not include social security contribution.

Note: The general social security premia are imposed on all types of income as distinguished from the employee social security that is withheld only from (gross) salaries. Employee social security premium is deductible.

**New Zealand I. Income tax on companies (1990-91):**

a) Residents	33%
b) Non-residents	38%
c) Life insurance companies	33%

**II. Income tax on individuals (1990-91):**

<u>Taxable income (NZ\$)</u>	<u>Rate (%)</u>
0 to 30,875	24
Over 30,875	33

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**III. Film rentals:**

A non-resident company and a New Zealand company controlled by non-residents are taxed only on 10% of the gross film rentals.

**IV. Shipping companies:**

Non-resident shipping companies are taxed only on 5% of gross New Zealand source freight.

**Norway**

I. For 1992, the rate of income tax is as follows:

National income tax on corporations: 28%

II. National income tax on individuals:

Single taxpayer		Taxpayers with dependents	
Taxable income (in Nkr.)	Rate (%)	Taxable income (in Nkr.)	Rate (%)
0 - 200,000	Nil	0 - 242,000	Nil
200,000 - 225,000	9.5	242,000 - 252,000	9.5
Above 225,000	13	Above 252,000	13

**The  
Philippines**

1. **Income tax on companies:**

Domestic corporations including joint ventures and partnerships, whether or not registered. 35% of the net taxable income

2. **Income tax on individuals:**

a. For resident citizens and resident aliens:

Employment and business income (Pesos)	Rate (%)
Less than 2,500	Nil
2,500 - 5,000	1
5,000 - 10,000	3
10,000 - 20,000	7
20,000 - 40,000	11
40,000 - 60,000	15
60,000 - 100,000	19
100,000 - 250,000	24
250,000 - 500,000	29
Over 250,000	35

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<u>Passive income</u>	<u>Withholding tax rate</u>
Dividends (from 1 January, 1989)	Nil
Interest	20% final tax
Royalties	20% final tax

b. Non-resident aliens are charged the same rate as residents, with the following exceptions:

Dividends - 30% final withholding tax

Not engaged in trade or business in the Philippines - all income from sources within the Philippines - 30% on gross income

**Spain****I. Corporation income tax (1992):**

- General rate (for resident companies and permanent establishments in Spain) 35%
- Special rates:
  - Rural banks, general mutual insurance institutions, cooperative banks and mutual guarantee companies 26%
  - Officially recognised cooperative societies 20%
  - Recognised non-profit entities 25%
  - Listed investment companies and collective investment funds 1%
  - Hydrocarbon enterprises 40%

For non-resident companies the general rate is 35%. 25% remittance surtax is also levied on any post-tax profit paid by a Spanish permanent establishment to its foreign head office, excluding those in E.C. countries.

**II. Individual income tax:**

For the year 1992, the tax rates on the ordinary income component of taxpayers filing individual returns are as follows:

Country	(i) Slab rates - income bands and tax rates	
	Taxable income brackets (Ptas.)	Rate (%)
	400,000 - 1,000,000	20
	1,000,000 - 1,570,000	22
	1,570,000 - 2,140,000	24.5
	2,140,000 - 2,710,000	27
	2,710,000 - 3,280,000	30
	3,280,000 - 3,850,000	32
	3,850,000 - 4,420,000	34
	4,420,000 - 4,990,000	36
	4,990,000 - 5,560,000	38
	5,560,000 - 6,130,000	40
	6,130,000 - 6,700,000	42.5
	6,700,000 - 7,270,000	45
	7,270,000 - 7,840,000	47
	7,840,000 - 8,410,000	49
	8,410,000 - 8,980,000	51
	8,980,000 - 9,550,000	53.5
	9,550,000 and over	56

**Tax Rates for Spouses Filing a  
Joint Return**

Taxable income (in thousand of Pesetas)	Marginal tax rates (%)
800 - 2,000	20
2,000 - 2,625	24.5
2,625 - 3,250	27
3,250 - 3,875	30
3,875 - 4,500	32
4,500 - 5,125	34
5,125 - 5,750	36
5,750 - 6,375	38
6,375 - 7,000	40
7,000 - 7,625	42.5
7,625 - 8,250	45
8,250 - 8,875	47
8,875 - 9,500	49
9,500 - 10,125	51
10,125 - 11,000	53.5
11,000 and above	56

## Rates of Tax and Personal Allowances

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 Country (ii) Other personal allowances, if any  
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Argentina Personal allowances in force for the month of January 1991 were:

	<u>Annual allowances</u> (in Australs)
Basic	29,572,356
Spouse	14,786,172
Child (each)	7,393,092
Other admissible dependents (each)	7,393,092
Earned income allowance	36,965,436

[The tax authorities update these allowances for inflation monthly].

Except for the earned income allowance, personal and family allowances are applicable only when the taxpayer has been resident in Argentina for over six months of the tax year under consideration.

Bangladesh -

Canada In 1992 the following tax credits were available for individuals:

	<u>Credit</u> (in \$)
Unmarried with no dependents (basic personal credit)	1,098
Married with spouse (whose income is less than \$ 539 a year) but with no dependents	2,013
First two dependent children under 18 years (each)	71
Additional dependent children under 18 years (each)	142
Infirm dependent children over 18 years (each)	269

Italy The following reductions may be claimed from the amount of income tax calculated on aggregate net income:

	<u>Reduction</u> (in Lire)
For a dependent spouse	719,336
For any dependent child under 26 years of age	83,107
For other dependent persons	115,093



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Country (ii) Other personal allowances, if any

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This reduction is doubled if: (i) the taxpayer is entitled to the dependent spouse reduction; (ii) the other parent is not present; or (iii) for single parents and parents supporting illegitimate, adopted or foster children.

For unmarried taxpayers with dependent children, the reductions are:

	<u>Reduction</u> (in lire)
For the first child	719,336
For each child including the first one	166,214

These reductions apply provided these children and other dependent persons referred to do not have aggregate income of their own in excess of 4,800,000 lire before deductions.

Mexico

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The Netherlands

Basic allowance:

	<u>D.fl.</u>
- Single parents with one or more dependent children under 27 years	9,405
- Single parent who works outside the home and has a dependent child under 12 years	9,405 plus 6% of his earned income subject to a maximum of 4,180
- Allowance for single persons with low income	5,505
- Others	5,225

New Zealand

- Rebates of tax are available in the instances specified below:
1. Families with children and earning less than prescribed levels of annual income receive tax credits.
  2. Housekeeper and minor child (within prescribed limits).

Norway

A resident taxpayer is entitled to the following personal deductions:

Single persons	21,700 Nkr.
Persons with dependents	43,400 Nkr.

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Country (ii) Other personal allowances, if any

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A taxpayer is entitled to child deductions for his own or other dependent children (e.g., adopted children). The deductions are deductible from the amount of tax payable as follow:

	<u>Nkr.</u>
For children under 16 years	1,820 for each child
For children between 16-18 years	2,540 for each child

The full deduction is granted only when the child's income does not exceed 9,500 Nkr; when the child's income is between 9,500 and 15,000 Nkr. the deduction is halved; if the income exceeds 15,000 Nkr., no deduction is granted. These income limits are increased if the child is dependent on a single person, or has no parents or any other person taking care of him. For other persons wholly supported by the taxpayer, a deduction from income amounting to 5,000 Nkr. is granted.

If both spouses have earned income, the spouse with the lower earned income may deduct 40% of income (maximum 3,500 Nkr.) if the spouse maintains one child under the age of 12. If there are two or more children under 12 years of age the deduction is increased to 50% of qualifying income (maximum 4,500 Nkr.). Single taxpayer supporting children are entitled to the same percentage of deductions.

**The Philippines** Individual taxpayers are entitled to the following personal exemptions:

	<u>Pesos</u>
Single	9,000
Head of household	12,500
Married person	18,000
Each dependent upto four children	5,000

Individuals deriving purely compensation income are not entitled to any deduction from their gross earnings other than the allowable exemptions.

Filipino citizens who have been living abroad and who intend to remain abroad are taxed on their gross income from non-Philippine sources after deducting the following:

a) Personal exemption allowance

	<u>US\$</u>
Single or married (but legally separated)	2,000
Married or head of the family	4,000

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Country(ii) Other personal allowances, if any  
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b) Income tax paid to the foreign country in which they reside.

## Spain

Taxpayers may credit the following amounts against their income tax liability for 1992:

## 1. Family credits (personal allowances)

	<u>Ptas</u>
For each unmarried dependent child not older than 30 years	20,000
For each dependent ascendant under 75 years of age	15,000
For each taxpayer who is 65 years or older	15,000
For each disabled taxpayer and unmarried dependent child or dependent/ascendant with a specified annual income	50,000

2. **Employment income credit:** A lump sum of 25,200 Ptas. for each wage earner in a family household filing a joint return and for each employee filing an individual return where his annual net earnings from employment exceed 1,800,000 Ptas. (provided that net non-employment income is less than 2 million Ptas). Formula - based credits apply to lower income.