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AUDITOR, spol. s r. o.

Haštalská 6, 110 00 Praha 1
T: +420 224 800 411
F: +420 222 326 634
praha@auditor.eu

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Press release

Slovak corporate tax rate is according to global comparison still advantageous

- Corporate taxes increasingly important battleground in bid to attract international business.
- High corporate taxes risk suppressing growth in struggling economies.

Slovak businesses are still benefitting from relatively favourable corporate tax rate, giving them an edge over international rivals, according to research by UHY, the international accounting and consultancy network.

On taxable profits of USD 1,000,000, the Slovak government takes just 23% in corporate rate is valid from 1 January 2013, before that the rate was only 19%. taxes. This By comparison, the governments in the G7* group of developed economies take an average of 32.6% of corporate profits in tax, while BRIC** governments take an average of 30.3%.

UHY adds that Slovak corporate tax rates compare favourably with countries including Germany (corporate taxes of 32.5% on profits of USD 1,000,000), Australia (30%), and Brazil (32.8%).

Georg Stöger, managing partner at AUDITOR SK s. r. o. and member of UHY in Slovak Republic, says: "Corporate taxes can be a significant burden for businesses. Despite recent increase of the rate the Slovak low corporate taxes give Slovak businesses a headstart over international rivals weighed down by higher tax burdens."

"Lower corporate tax rates in Slovak Republic mean businesses can plough much more of their profits back into business or product development. More investment and lower costs can give businesses in Slovak Republic a competitive advantage on price and product quality when it comes to exporting to other economies or competing with imports."

Georg Stöger adds: "However, while low corporate tax rates can help Slovak Republic attract and support businesses, businesses will base their decision on where to have their tax base on a range of factors. These factors include things like the cost of employment, the standard of infrastructure, or the burden of red tape.

"Low corporate tax rates are important, but the Government needs to ensure that the Czech business environment remains competitive in other areas too."

Georg Stöger further comments: "In comparison with recently increased Slovak corporate tax the Czech corporate tax rate is only 19% which is one of the lowest rates worldwide." UHY tax professionals studied tax data in 26 countries across its international network, including all members of the G7, as well as key emerging economies. UHY calculated the corporation taxes due on taxable profits of USD 100,000 and USD 1,000,000.

UHY says that, of the countries included in the study, Japan charges the highest taxes on corporate profits of USD 100,000 (43%). The UAE charges no tax on corporate profits, while the Slovak government takes 23% of corporate profits in tax.

The average global tax on profits of USD 100,000 is 25.4%, while the BRIC average is 27.8%, and the G7 average is 30.2%.

UHY adds that some G7 countries have taken steps to reduce their corporate tax rate.

Georg Stöger says: "Japan, Canada, and the UK have all recognised the importance of cutting the headline corporate tax rate, with each country cutting their rate in the last year – although Japan still has the highest corporate tax rate in the G7."

"With major countries cutting their corporate tax rate, smaller or developing economies need to be careful that the advantages they gain with low corporate tax rates are not eroded."

Roisin Duffy, Tax Director at UHY Farrelly Dawe White Limited in Ireland, a member firm of UHY, says: "Despite the difficult financial situation the government is in, it has fought hard to maintain a very low headline rate of corporation tax. This is a major factor in helping attract and keep major global companies like Google and Facebook in Ireland."

Andrea D'Amico of FiderConsult Srl, member firm of UHY in Italy, says: "Italian businesses are struggling under a high tax and regulatory burden. Whether it is employment taxes, taxes on profits, or bureaucracy, Italy does not compare well to either developed or developing economies. While the Italian corporate tax rate is around 30% in theory, companies may end up paying far higher taxes because of the way the tax system works. It's important that the Government take urgent measures to address this. Cutting the headline corporate tax rate would be a step in the right direction."

Rajiv Saxena, Managing Partner at UHY, a partnership in UAE and member of UHY, says: "Businesses in the UAE benefit from a very generous tax regime. Business activities attract very little, or, more often than not, no tax charge. The low costs of doing business have helped turn the UAE into a major global business hub."

Value of tax charged on taxable corporate profits of $100,000 and $1,000,000 in 2012-13

#	Country	USD 100,000		Country	USD 100,000	
1	Japan††	$ 43 020,91	43,02 %	India	$ 434 041,00	43,40 %
2	India	$ 42 110,00	42,11 %	Japan††	$ 410 945,41	41,09 %
3	Argentina	$ 35 000,00	35,00 %	USA††	$ 400 000,00	40,00 %
4	France	$ 33 330,00	33,33 %	Argentina	$ 350 000,00	35,00 %
5	Germany	$ 32 450,00	32,45 %	France	$ 333 300,00	33,33 %
6	Italy	$ 32 320,00	32,32 %	Brazil†	$ 327 778,49	32,78 %
7	Nigeria	$ 32 000,00	32,00 %	**G7***	**$ 326 328,60**	**32,63 %**
-	**G7***	**$ 30 238,70**	**30,24 %**	Germany	$ 324 500,00	32,45 %
8	Australia	$ 30 000,00	30,00 %	Italy	$ 323 200,00	32,32 %
9	Mexico	$ 30 000,00	30,00 %	Nigera	$ 320 000,00	32,00 %
-	BRIC**	$ 27 777,50	27,78 %	BRIC**	$ 302 954,87	30,29 %
10	Canada††	$ 26 500,00	26,50 %	Australia	$ 300 000,00	30,00 %
-	**All**	**$ 25 592,70**	**25,59 %**	Mexico	$ 300 000,00	30,00 %
11	Spain	$ 25 000,00	25,00 %	Spain	$ 280 446,09	28,04 %
12	Israel	$ 25 000,00	25,00 %	**All**	**$ 269 889,54**	**26,88 %**
13	China	$ 25 000,00	25,00 %	Canada††	$ 265 000,00	26,50 %
14	Malaysia	$ 25 000,00	25,00 %	Israel	$ 250 000,00	25,00 %
15	Denmark	$ 25 000,00	25,00 %	China	$ 250 000,00	25,00 %
16	Austria	$ 25 000,00	25,00 %	Malaysia	$ 250 000,00	25,00 %
17	USA††	$ 24 050,00	24,05 %	Denmark	$ 250 000,00	25,00 %
18	Brazil†	$ 24 000,00	24,00 %	Austria	$ 250 000,00	25,00 %
19	**Slovakia**	**$ 23 000,00**	**23,00 %**	Netherlands	$ 236 964,06	23,70 %
20	Netherlands	$ 20 000,00	20,00 %	**Slovakia**	**$ 230 000,00**	**23,00 %**
21	UK	$ 20 000,00	20,00 %	UK	$ 227 354,77	22,70 %
22	Russia	$ 20 000,00	20,00 %	Russia	$ 200 000,00	20,00 %
23	Czech Republic	$ 19 000,00	19,00 %	Czech Republic	$ 190 000,00	19,00 %
24	Romania	$ 16 000,00	16,00 %	Romania	$ 160 000,00	16,00 %
25	Ireland	$ 12 500,00	12,50 %	Ireland	$ 125 000,00	12,50 %
26	UAE	$ -	0,00 %	UAE	$ -	0,00 %

*USA, Canada, Japan, UK, France, Germany, Italy
** Brazil, Russia, India, China

†Rate may vary depending on revenue reported by company
†† Includes local or state level taxes

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Notes for Editors
For more information about services provided by AUDITOR~~, spol.~~ SK s. ~~-~~r. o. please contact Mag. Georg Stöger, georg.stoeger@auditor.eu.

About AUDITOR ~~spol.~~SK s. ~~-~~r. o.
AUDITOR provides auditing, tax and business consulting, financial accounting and personnel and payroll administration. The company provides complex consultancy via its seven offices located in Slovakia, ~~the~~ Czech Republic~~, Slovakia~~ and Austria. The number of staff is in total approx. 130. For more information about the company please visit www.auditor.eu.

AUDITOR is an independent member of UHY, the international network of independent accounting and consulting companies with offices in major business centers all over the world. For more information about this international network please visit www.uhy.com.

Press enquiries:
Jana Vichrová
AUDITOR spol. s r. o.
jana.vichrova@auditor-eu.com
+420 724 94 67 95

About UHY
Established in 1986 and based in London, UK. UHY is a network of independent accounting and consulting firms with offices in over 270 major business centres in 86 countries. Over 7,100 staff generated an aggregate income of USD622 million in 2012, ranking UHY the 25th largest international audit, accounting, tax and consultancy network (by revenue). Each member of UHY is a legally separate and independent firm. For further information on UHY please go to www.uhy.com.

For more information, please contact Dominique Maeremans, marketing & business development manager, UHY International, Quadrant House, 4 Thomas More Square, London E1W 1YW, UK. Tel: +44 20 7767 2621, d.maeremans@uhy.com

END OF NOTES

Press enquiries

For UHY, the international network
Dominique Maeremans
+44 20 7767 2621, or email: d.maeremans@uhy.com

Nick Croysdill or Nick Cosgrove
Mattison Public Relations
+44 20 7645 3636 or +44 7815 823 412 or nick.croysdill@mattison.co.uk