

# THE HIGHEST CORPORATION TAXES AROUND THE WORLD AND THE MAIN DRIVERS BEHIND THEM

While corporation tax rates are influenced by the country's definition, there's clearly a pattern with developing countries and emerging economies paying higher rates to sustain the country.



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The top five richest countries in the world's corporation tax are relatively varied, with Luxemburg standing at 27.08%, Norway at 22%, Iceland at 20%, Switzerland at 18% and Ireland at 12.5%. It would appear that some countries' cultures factor into how much tax they pay. For example, Scandinavian countries are proud to pay higher taxes to contribute to social welfare. On average, Africa has the highest corporation tax rate throughout the world's continents at 28.45% and South America, the second highest with an average rate of 27.63%. However, Europe stands at the lowest rate of 20.27%. Does this contradict the claim that developed countries pay higher tax? OECD explained that corporation tax plays a key part in government revenue. This is particularly true in developing countries, despite the global trend of falling rates since the 1980s. Let's take a closer look at two continents, South America and Africa, paying the highest corporation tax rates in the world. South America has most countries in highest corporation tax top 10 According to data analysed, Brazil and Venezuela have the highest

corporation tax at 34%, followed closely by Colombia at 33%, and Argentina at 30%, making South America the continent with the most countries in the top 10 who pay the highest corporation tax. It is unclear whether South America, as an emerging continent, is charging higher taxes in order to raise government revenue or to benefit from businesses that are looking to expand internationally and enter new markets. According to research, South America is becoming a popular choice for business to enter, with strong trade links and an advantageous geographic location. Indeed, South America is a large continent where some countries are business friendly and others are harder to penetrate.

Africa: the continent with the highest average corporation tax. Being the poorest continent in the world, Africa unsurprisingly has the highest average corporation tax at 28.45%. With the highest in this data being Zambia at 35% and the lowest being Libya and Madagascar at 20%, South Africa stands roughly in the middle at 28%, slightly above average for Africa overall. Does this mean that South Africa is the safest bet for business? South Africa is one of Africa's largest economies, with 54 diverse countries in terms of political stability, development, growth, and population. As South Africa has been a relatively slow growth area over the years, corporation tax dropped from 34.55% in 2012 to the current rate — but was this effective? GDP in South Africa has fluctuated quite dramatically since the 1960s. Business favors countries with political stability, which is something South Africa doesn't currently have. Furthermore, South Africa's Government debt to GDP sits roughly in the middle of the continent's countries — is this influencing their corporate tax rate?

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COUNTRY	CONTINENT	TAX (%)
Puerto Rico	North America	37.5
Zambia	Africa	35
Brazil	South America	34
Venezuela	South America	34
France	Europe	33.3
Columbia	South America	33
Morocco	Africa	31
Japan	Asia Pacific	30.62
Mexico	North America	30
Argentina	South America	30
Germany	Europe	30
Australia	Asia Pacific	30
Philippines	Asia Pacific	30
Kenya	Africa	30
Nigeria	Africa	30
Congo	Africa	30
Belgium	Europe	29
Pakistan	Asia Pacific	29
Sri Lanka	Asia Pacific	28
New Zealand	Asia Pacific	28
South Africa	Africa	28
Luxembourg	Europe	27.08
Chile	South America	27
Canada	North America	26.5
Algeria	Africa	26
India	Asia Pacific	25.17
Jamaica	North America	25
Chile	South America	25
Ecuador	South America	25
Netherlands	Europe	25
Spain	Europe	25
Austria	Europe	25
South Korea	Asia Pacific	25
Bangladesh	Asia Pacific	25
China	Asia Pacific	25
Indonesia	Asia Pacific	25
Zimbabwe	Africa	25

COUNTRY	CONTINENT	TAX (%)
Tunisia	Africa	25
Greece	Europe	24
Italy	Europe	24
Malaysia	Asia Pacific	24
Israel	Middle East	23
Egypt	Africa	22.5
Norway	Europe	22
Denmark	Europe	22
Turkey	Europe	22
Sweden	Europe	21.4
United States	North America	21
Portugal	Europe	21
Russia	Europe	20
Finland	Europe	20
Iceland	Europe	20
Afghanistan	Asia Pacific	20
Azerbaijan	Asia Pacific	20
Kazakhstan	Asia Pacific	20
Thailand	Asia Pacific	20
Vietnam	Asia Pacific	20
Cambodia	Asia Pacific	20
Taiwan	Asia Pacific	20
Saudi Arabia	Middle East	20
Jordan	Middle East	20

COUNTRY	CONTINENT	TAX (%)
Yemen	Middle East	20
Madagascar	Africa	20
Libya	Africa	20
Slovenia	Europe	19
Czech Republic	Europe	19
Poland	Europe	19
United Kingdom	Europe	19
Belarus	Europe	18
Croatia	Europe	18
Switzerland	Europe	18
Ukraine	Europe	18
Singapore	Asia Pacific	17
Hong Kong	Asia Pacific	16.5
Lithuania	Europe	15
Georgia	Asia Pacific	15
Maldives	Asia Pacific	15
Kuwait	Middle East	15
Iraq	Middle East	15
Ireland	Europe	12.5
Cyprus	Europe	12.5
Bulgaria	Europe	10
Qatar	Middle East	10
Hungary	Europe	9
Barbados	North America	5.5

Sources:

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