



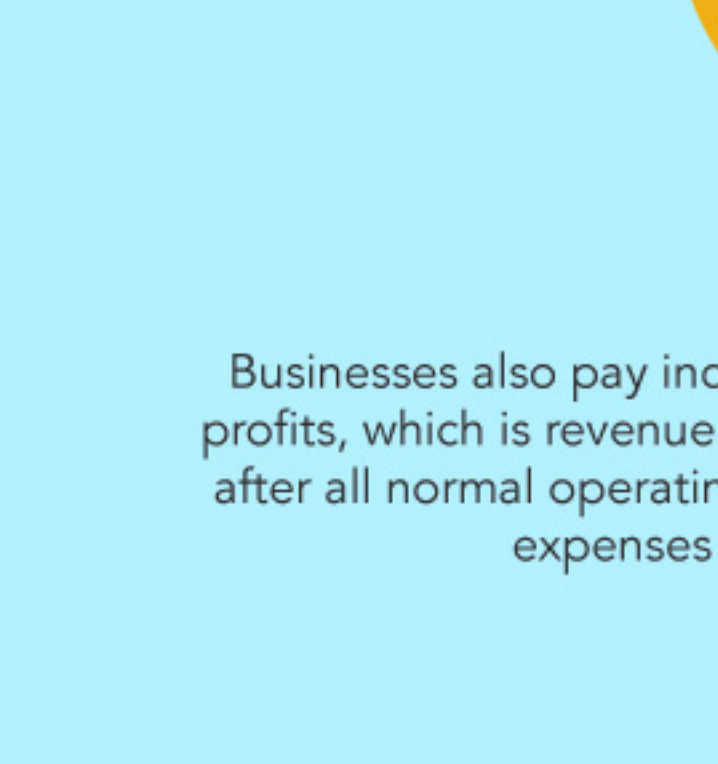
# GLOBAL TAXES

## a LOOK at TAXES

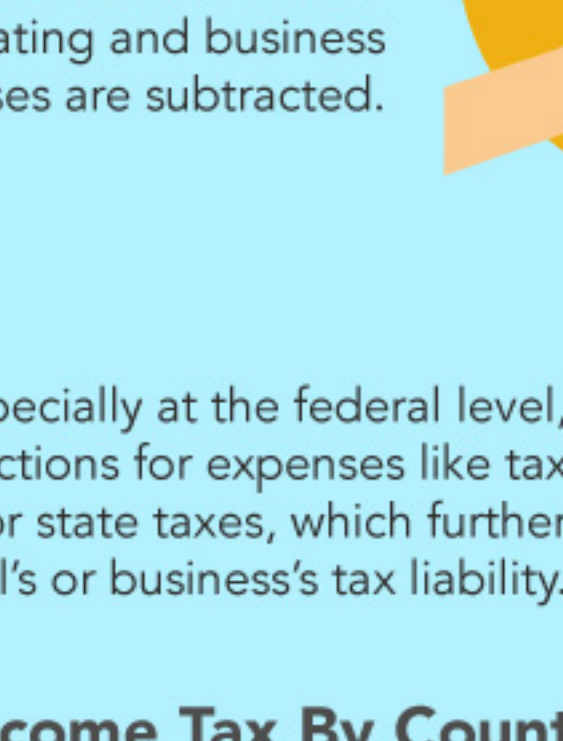
### AROUND THE WORLD

Taxes pay for a variety of public services. Ideally, they serve all citizens equally and provide governmental services throughout a country that benefit those in the local community. However, every country has its own unique approach to assessing and collecting taxes. Here are some of the most important systems used throughout the world.

## The Income Tax

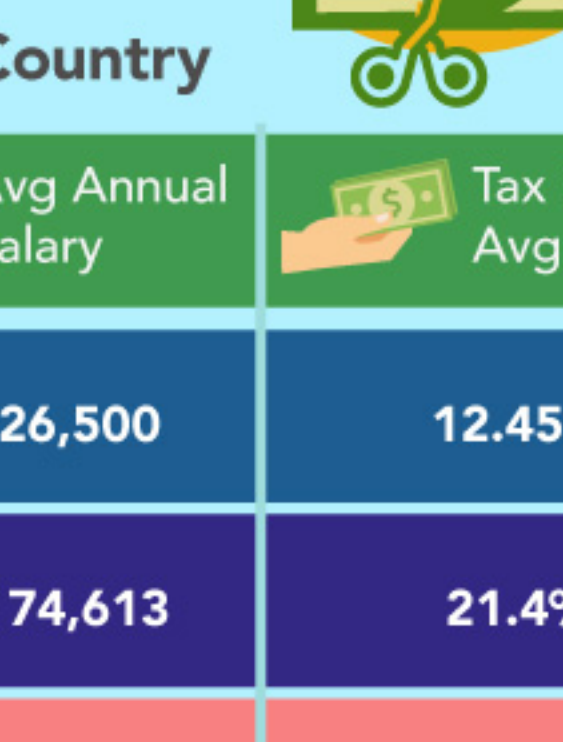


An income tax is a tax levied on the income of a country, state or territory's citizens.

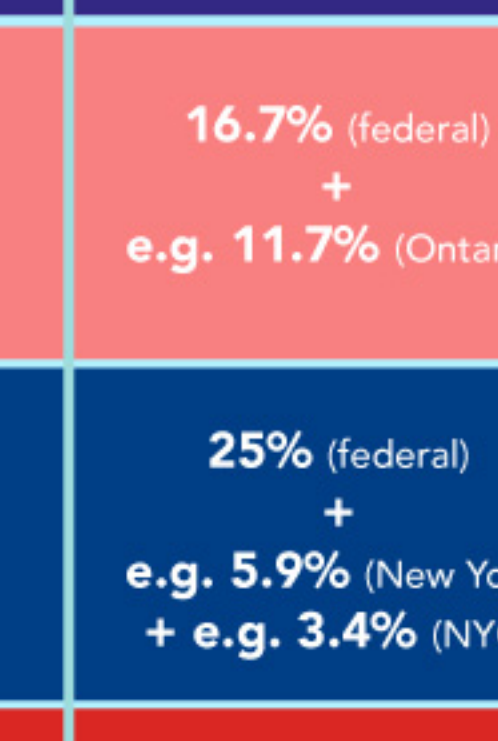


The tax is usually assessed on net income, with various deductions and exemptions reducing the amount of income subject to tax.

Businesses also pay income tax on net profits, which is revenue that is left over after all normal operating and business expenses are subtracted.



Most governments, especially at the federal level, allow for deductions for expenses like tax preparation and local or state taxes, which further reduce an individual's or business's tax liability.



### Income Tax By Country

Country	Income Tax Range	Avg Annual Salary	Tax Rates on Avg Salary
United Kingdom	0% - 45%	GBP 26,500	12.45%
Australia	0% - 44.9%	AUD 74,613	21.4%
Canada	15% - 29% (federal) + 4% - 25.75% (provincial)	CAD 58,328	16.7% (federal) + e.g. 11.7% (Ontario)
USA	0% - 39.6% (federal) + 0% - 13.3% (state) + 0% - 3% (local)	USD 55,048	25% (federal) + e.g. 5.9% (New York) + e.g. 3.4% (NYC)
Singapore	0% - 20%	SGD 76,188	4%

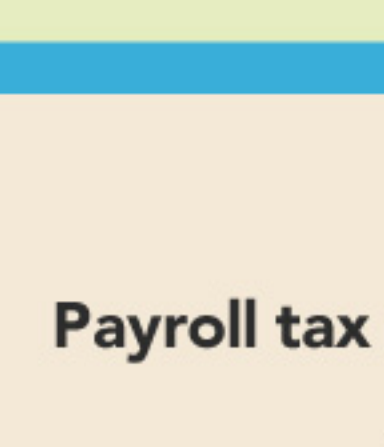


## VAT

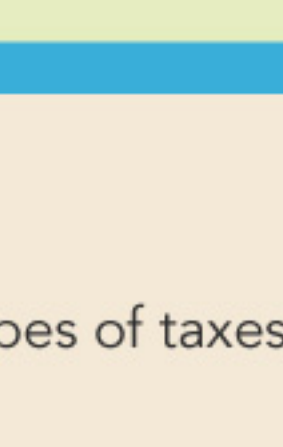
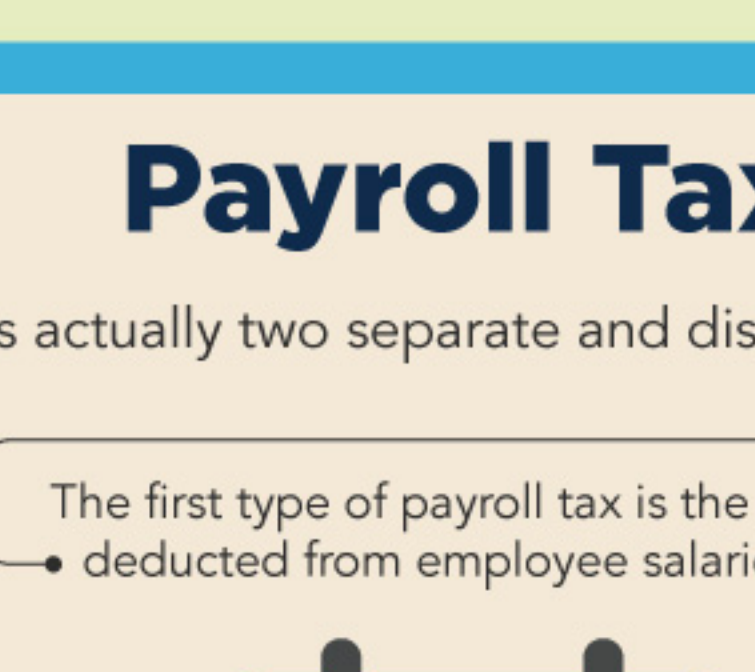
The **VAT**, or "value added" tax, is a tax on exchanges.



In other words, the burden is transferred to others who are involved in the transaction under the assumption that value is added with each exchange.



This tax is levied on every subsequent exchange and is considered an indirect tax.



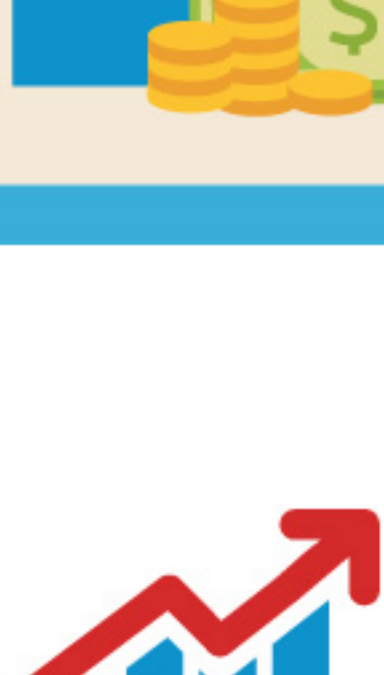
The **VAT** is not used in the U.S., but it is the most commonly used tax around the world.

- More than 140 countries use the tax.

## Payroll Tax

**Payroll tax** is actually two separate and distinct types of taxes.

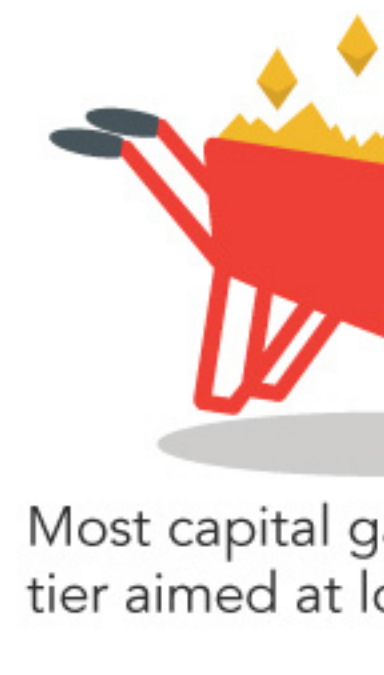
The first type of payroll tax is the one deducted from employee salaries.



This is known as the withholding tax.



Some countries refer to this, alternatively, as a "pay-as-you-go" or "pay-as-you-earn" tax.



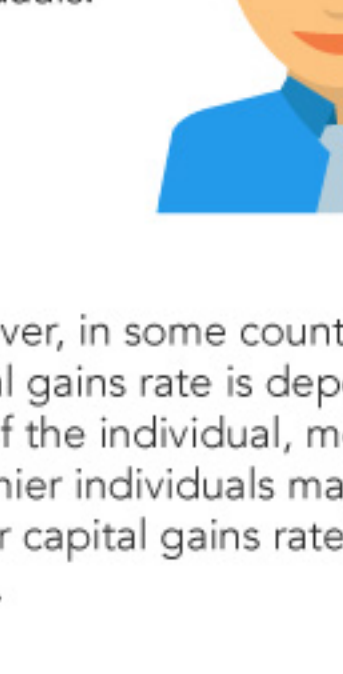
The second type of payroll tax is levied directly on companies on behalf of all the workers they employ.

- These taxes pay for things like social welfare programs, unemployment and worker's compensation programs.

## Capital Gains Tax



Capital gains taxes are assessed on the gain in investments, from the profits from the sale of those investments.



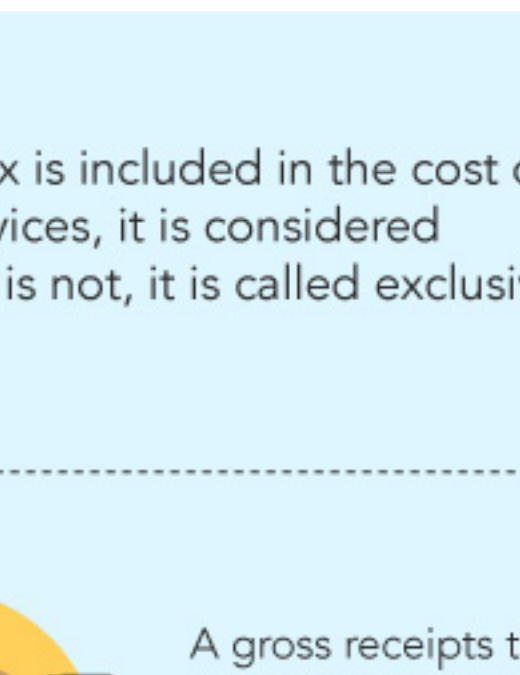
The profits may come from real estate, equities (stocks or stock-like investments), bonds, futures, warrants and options contracts.



In some countries, capital gains are also assessed on the sale of precious metals and other commodities. [4][5]

Most capital gains tax systems consist of at least two tiers, with a lower tier aimed at lowering tax for lower income or middle-class individuals.

Higher capital gains rates are reserved for higher income or wealthier individuals.



However, in some countries, like the U.S., the capital gains rate is dependent on the income tax rate of the individual, meaning that even wealthier individuals may not be subject to higher capital gains rates if their personal income is low.

## Sales Tax



**Sales tax** is a type of consumption or use tax.

It is assessed at the time of a purchase for goods and services.

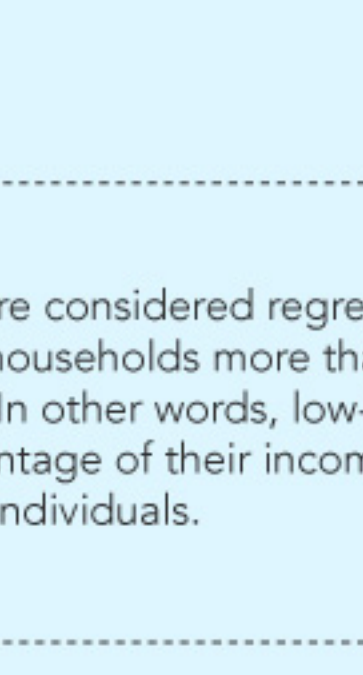
A government that charges sales tax does not always force the merchant to disclose the amount of tax paid, though merchants typically pass this cost onto consumers and, in doing so, consumers become aware of the sales tax levied on goods and services.



If the sales tax is included in the cost of goods or services, it is considered inclusive. If it is not, it is called exclusive.



A retail sales tax is often paid by the end-user, the consumer.



A gross receipts tax, on the other hand, places the burden of the sales tax on the intermediate business buying raw materials.

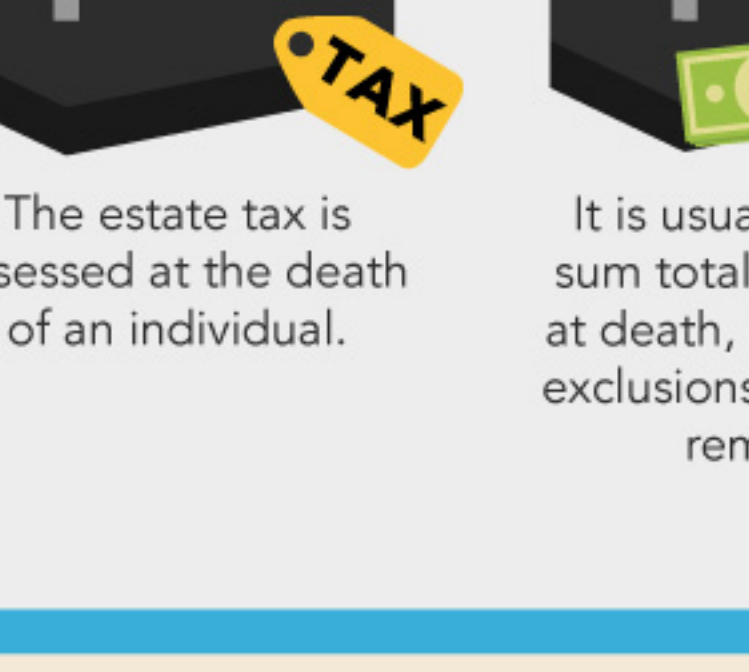


Usually, a gross receipts tax precludes a retail sales tax and a retail sales tax precludes a gross receipts tax.

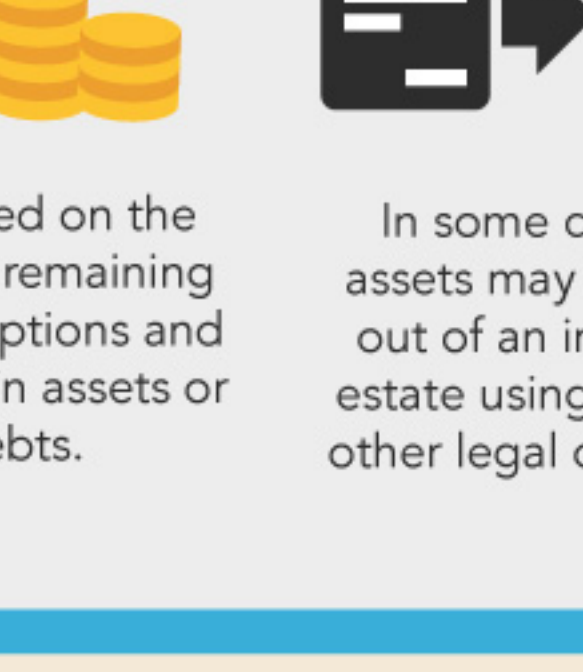
This prevents multiple or double taxation of goods or services.



Sales taxes are considered regressive because they affect low income households more than higher-income households. In other words, low-income households pay a higher percentage of their income on sales taxes compared to wealthier individuals.



On total cumulative tax, however, wealthier individuals may pay more because they may consume more.

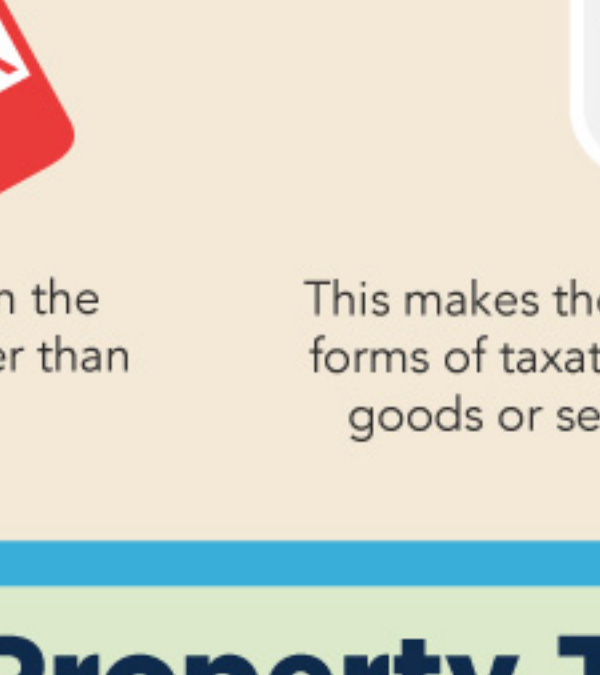


In countries where there are tax rebates, the sales tax may be progressive.

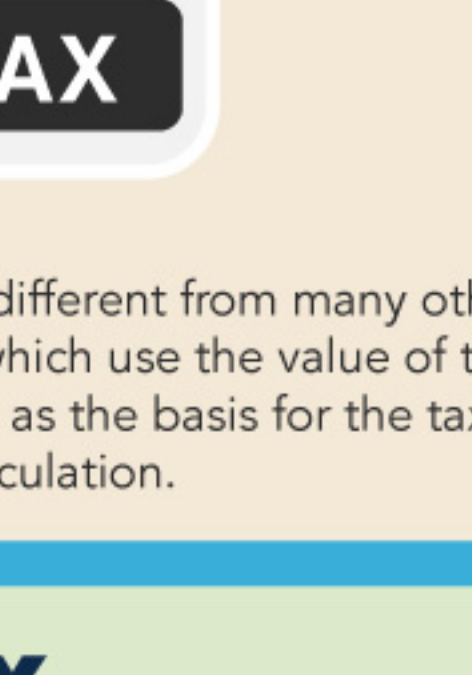
## Estate or Death Tax



The estate tax is assessed at the death of an individual.



It is usually assessed on the sum total of assets remaining at death, less exemptions and exclusions for certain assets or remaining debts.



In some countries, assets may be moved out of an individual's estate using trusts and other legal documents.

## Excise Tax

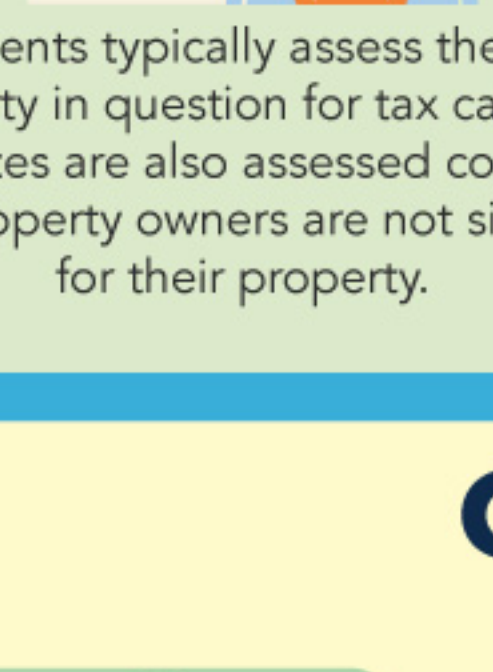


An excise tax is assessed on the quantity of goods sold, rather than their value.

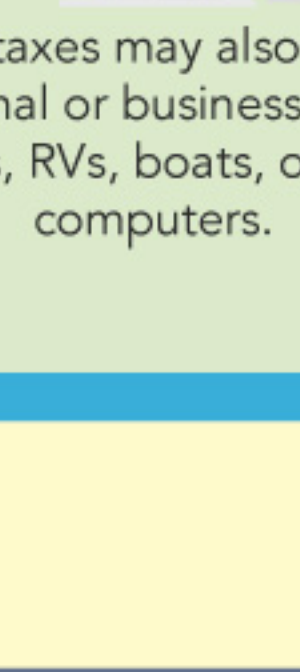


This makes the tax different from many other forms of taxation, which use the value of the goods or services as the basis for the tax calculation.

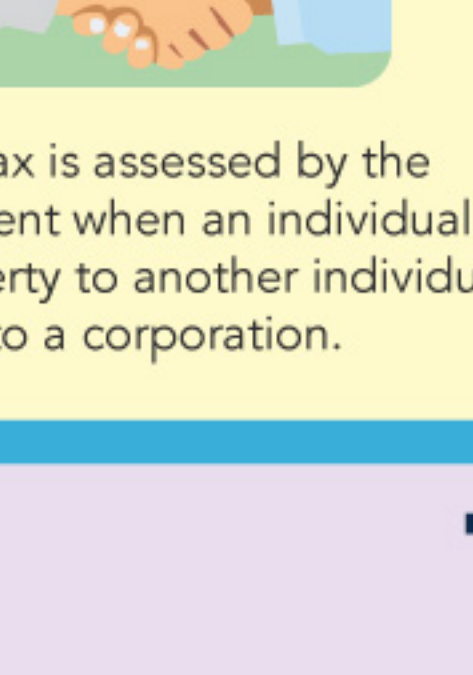
## Property Tax



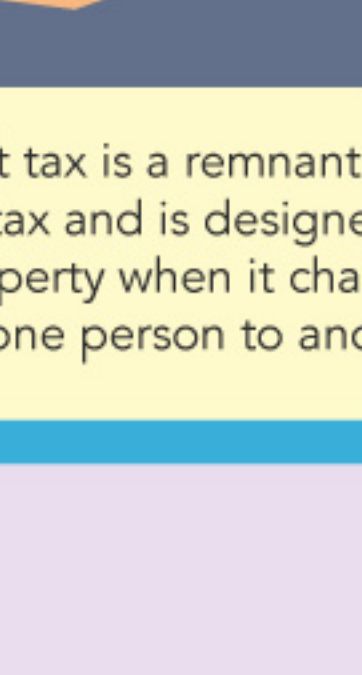
Property tax is assessed on the value of property owned by an individual or company.



Property taxes are usually used to pay for local expenses, like public schools and other services.



Governments typically assess the value of the property in question for tax calculations, but tax rates are also assessed communally so that property owners are not singled out for their property.

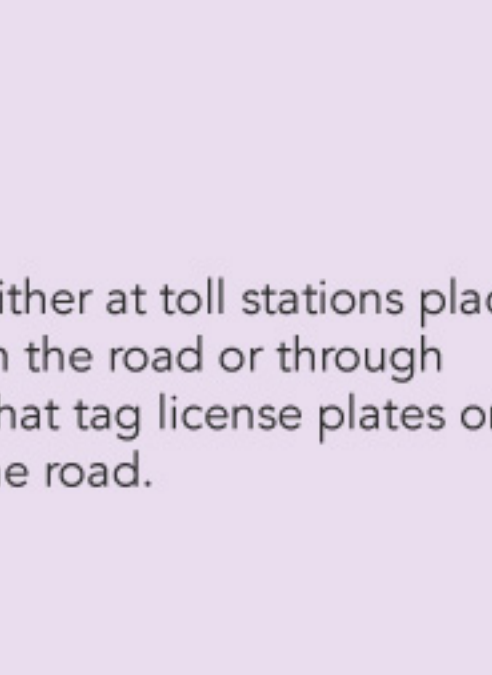


Property taxes may also be levied on personal or business property, like cars, RVs, boats, or laptop computers.

## Gift Tax



A gift tax is assessed by the government when an individual gives property to another individual or to a corporation.



The gift tax is a remnant of the inheritance tax and is designed to assess a tax on property when it changes hands from one person to another.

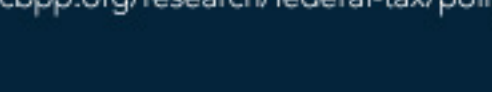
## Toll Tax



A toll tax is collected on public highways and roadways for the use of the road.

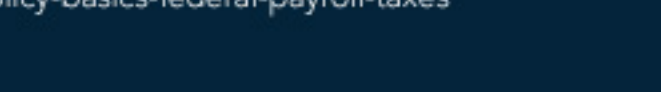


Taxes are collected either at toll stations placed at regular intervals on the road or through automated systems that tag license plates on vehicles driving on the road.



Some toll tax systems also utilize highly sophisticated systems that allow drivers to prepay tolls, creating a road pass system, where drivers buy monthly or yearly passes so that they may drive on the public roads unimpeded and without having to pay a separate tax for each entry and exit.

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### Resources

- <http://www.movehub.com/advice/tax-comparisons-around-the-world>
- <https://www.pwc.com/gx/en/paying-taxes/assets/pwc-paying-taxes-2014.pdf>
- <http://taxfoundation.org/article/estate-and-inheritance-taxes-around-world>
- <http://taxfoundation.org/article/corporate-income-tax-rates-around-world-2014>
- <http://taxfoundation.org/tax-topics/state-taxes>
- <https://www.kpmg.com/us/en/services/tax/indirect-taxes/vat-services/documents/vat-services.pdf>
- <http://www.investopedia.com/terms/c/capital-gains-tax.asp>
- <http://www.cbpp.org/research/federal-tax/policy-basics-federal-payroll-taxes>