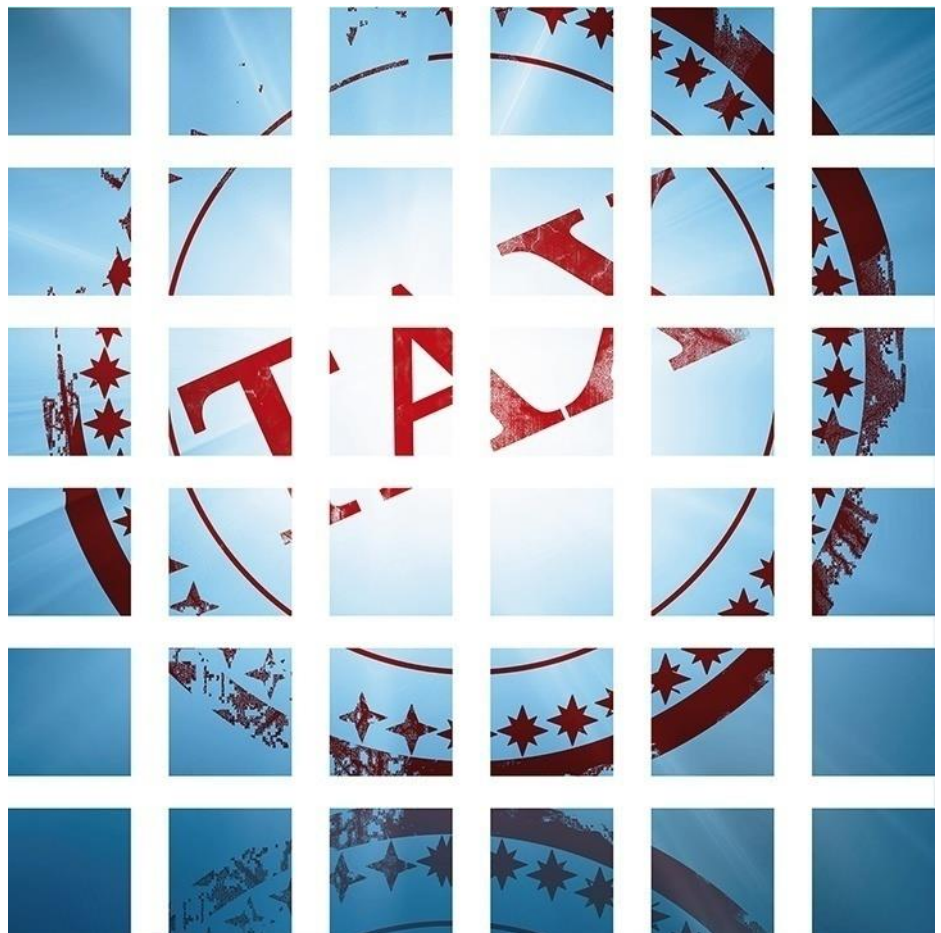


BAK Taxation Index 2015

Executive Summary



Commissioned by**Swiss Federal Tax Administration, Bern**

Switzerland Global Enterprise (S-GE)

The Tax, Finance and Economics departments of the cantons of Appenzell Auser-
rhoden, Basel-Stadt, Bern, Glarus, Graubünden, Lucerne, Nidwalden, Obwalden,
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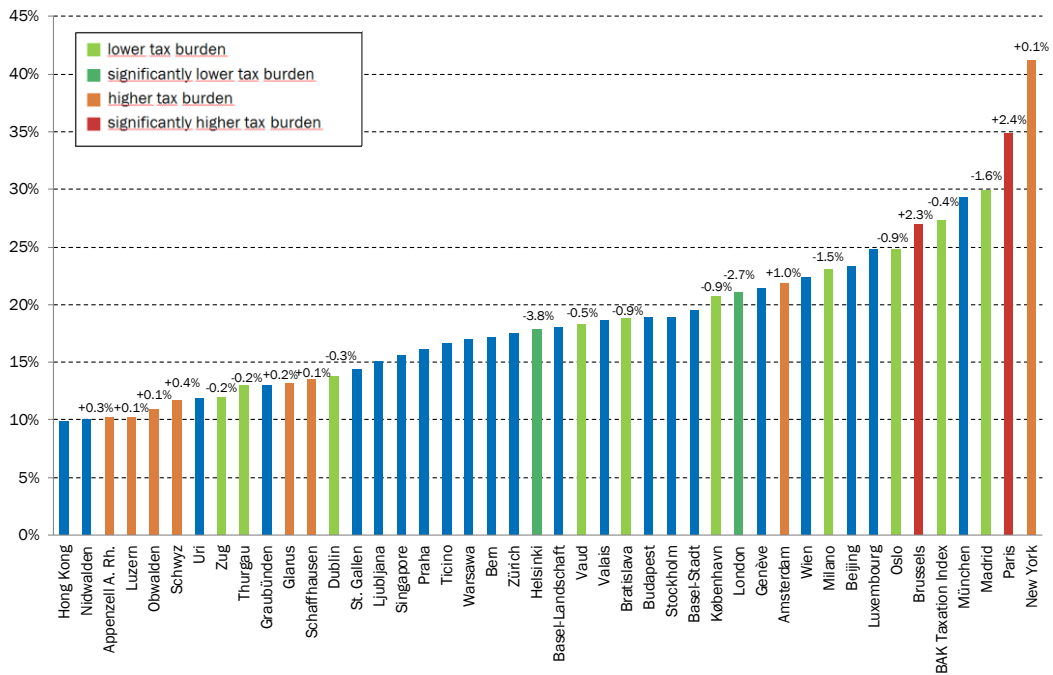
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Companies

The main indicator used in the BAK Taxation Index for companies represents the effective tax burden of a highly profitable investment, expressed as a percentage of profits. Ordinary taxes on profit, capital and, where applicable, land and buildings at the various national levels are used to calculate the burden, as are the major regulations governing the calculation of the taxable base (e.g. specific rules on amortisation and depreciation).

Fig. 1 BAK Taxation Index for companies 2015



Tax rates, 2015 (in %): the values shown above the columns represent the changes compared with the BAK Taxation Index 2013 (in percentage points).
Source: BAKBASEL, ZEW

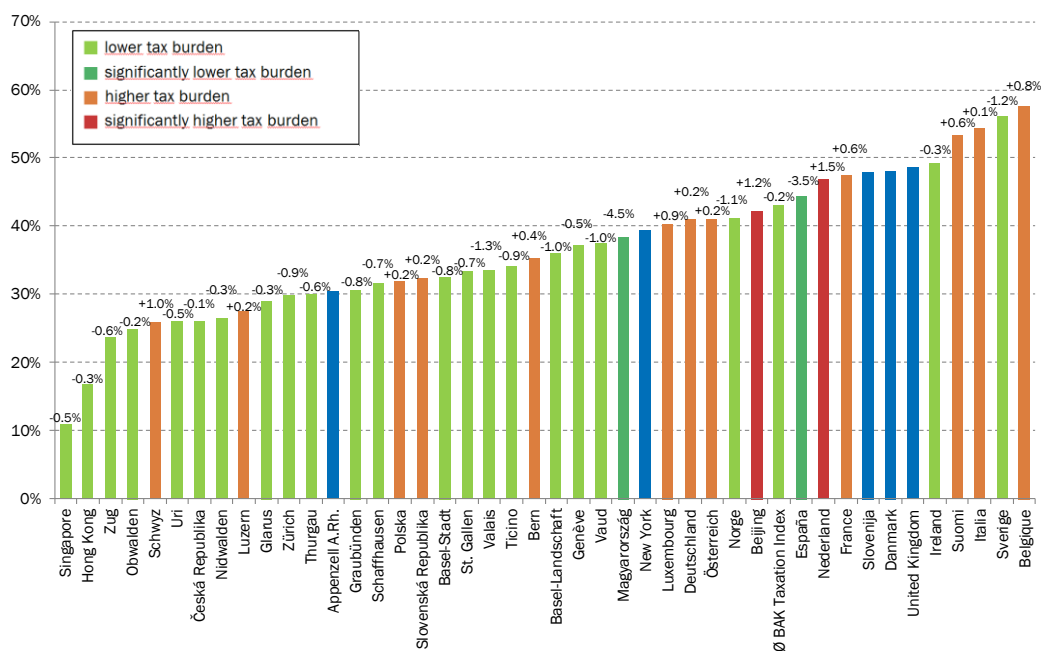
The BAK Taxation Index for companies 2015 shows the numerous changes that have taken place since the last survey two years ago. The two most striking drops in the tax burden can be seen in **Helsinki** (-3.8%) and **London** (-2.7%), with both cities cutting their profit tax considerably.

The locations with the most marked rises in the corporate tax burden were **Paris** (+2.4%) and **Brussels** (+2.3%). The former's tax increase is primarily due to higher profit taxes, while in the latter the abolition of the notional interest deduction for equity has pushed the tax burden up.

Highly qualified individuals

The main indicator in the BAK Taxation Index for highly qualified individuals shows the effective tax burden as a percentage of employment costs for a single employee without children and with a disposable income of EUR 100,000 (at 2010 base prices). In addition to income taxes, the tax-related incidental salary costs incurred by both employers and employees are also taken into account in the calculation.

Fig. 2 BAK Taxation Index for highly qualified individuals 2015



Tax rates, 2015 (in %) for a single person without children and with a disposable income of EUR 100,000 (euro exchange rate: average for 2011–2014 at 2010 base prices). The values shown above the columns represent the changes compared with the BAK Taxation Index 2013 (in percentage points).
Source: BAKBASEL, ZEW

Compared with the last survey (BAK Taxation Index 2013), the tax burdens at nearly all locations have changed at least slightly. The two most marked drops in the tax burden for highly qualified individuals were in **Magyarország (Hungary)** (-4.5%) and **España (Spain)** (-3.5%). Hungary's reform of its health insurance system has alleviated the burden on employees significantly, while Spain's abolition of the surcharge on income taxes introduced in response to the financial crisis has also reduced its tax burden.

The most substantial increases in the tax burden were in **the Netherlands** (+1.5%) and **Beijing** (+1.2%). In the Netherlands, the rise was due to various changes to the social security and income tax systems, whilst Beijing's move to hike social security contributions and modify its health insurance system has resulted in a considerably higher tax burden.

What is the BAK Taxation Index?

The BAK Taxation Index shows the tax attractiveness of selected cantons and their most important rival locations in other countries. The index applies a sophisticated methodology to measure the effective tax rates for companies and for individuals with above-average income (highly qualified individuals) from the perspective of a company willing to relocate. Both corporate taxes and the effective tax burden on highly qualified individuals are important factors influencing where a company chooses to do business.

The BAK Taxation Index has been compiled and published on a regular basis since 2001 by BAK Basel Economics AG (BAKBASEL, Basel, Switzerland) in partnership with the Centre for Economic Research (ZEW, Mannheim, Germany).

This Executive Summary contains the results for the two main indicators used in the BAK Taxation Index 2015. Information on numerous other indicators of the tax attractiveness of various locations can be found on our website at www.baktaxation.ch.

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