

## **Individual Income Tax: A Cross-Continental Comparison**

Connie Shum\*, Jack Fay\*\* and Gladie Lui\*\*\*

*Individual income tax rates and laws change frequently in many countries. It may be necessary for individuals and/or companies to keep track of the most current information regarding tax rates and laws if they are considering relocation or for any other reason. This paper attempts to provide the answer to the research question: Who pays the most and the least in individual income taxes throughout the world today? The study finds that there are high tax-paying countries such as Austria, Belgium, Denmark, Finland, Japan, Slovenia, Sweden, and Zimbabwe, which have a top marginal tax rate of 50% or higher. In contrast, Anguilla, Bahamas, Bahrain, Bermuda, Cayman Islands, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates have no income tax.*

**Key words:** Global Individual Income Tax, Individual Income Tax, Global Individual Income Tax Rates

### **1. Introduction**

Generally, most individuals are subject to some form of income taxes, whether they are filing tax returns for themselves or as dependents. So it is natural for many of these individuals to have a significant interest in the tax trends and current tax rates. The increased interest in tax trends and current tax rates worldwide has drastically inclined with the increase with globalization and international markets. Individuals may be comparing tax rates among the countries in contemplation of relocating to another country or establishing a company in another country.

Tax increases are usually a sore subject with most individuals, but most rational people understand that sometimes it is necessary to raise taxes to provide the public demands for additional services and to better manage the country's budget.

Tax deductions or tax credits tend to be a more favorable subject regarding individual income tax. Many people try to figure out how to lower their taxable income. Countries have to keep a healthy balance between tax increases and tax deductions to keep the countries from declining.

Almost all countries derive most of their revenues from taxes; individual income tax is just one of several taxes that add to a country's revenues. Other taxes, such as business income tax, property tax, sales tax, wealth transfer tax, value-added tax, payroll tax and other corporate taxes contribute to a country's revenue.

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Since individual income tax rates and laws change frequently in many countries, it may be necessary for individuals and/or companies to keep track of the most current information regarding tax rates and laws, if they are considering relocation or for any other reason. In addition, colleges and universities have expanded their curriculum to include international business courses. The most up-to-date information on taxes in various countries would be very useful for these courses.

Of the studies that have been done on personal taxes, only Fay (2002) compares individual income taxes in various countries. However, Fay reports the tax rates of various countries for the years 1992 and 2002. This study examines the tax rates in 2016, providing the most up-to-date information on individual income tax rates in countries around the world. In addition, this study provides information on non-business deductions allowed in those countries, which is not found in Fay's study. Other studies examine other aspects of individual income tax; for example, estimating tax rates for a very small number of countries, examining what effects certain factors have on individual income tax rates, or describing the trends of personal income tax systems.. They do not address tax rates in countries around the world. Therefore, this study fills the gap and provides current, more comprehensive information on the topic of individual income tax.

This paper is organized as follows: Section one provides an introduction to the subject of individual income tax. The next section reviews previous studies that have been done on individual income tax. Methodology used in this paper is presented in Section three. Section four contains analysis of findings. Conclusion and limitations are provided in Section five.

## 2. Literature Review

Several studies examined tax rates in different countries around the world. Mendoza, Razin, and Tesar (1994) use national accounts and revenue statistics to compute tax rates for large industrial countries. Their method results in estimates of tax rates that are consistent with other estimates of marginal tax rates.

Wagstaff et al. (1999) study the tax rates of twelve OECD countries. The authors find that the average tax rates are low in France, but high in the Nordic countries. They also find that the personal income taxes are most progressive in France, Ireland, and Spain, but least progressive in Denmark and Sweden. Wagstaff et al. conclude that differential tax treatment has a much smaller effect on income redistribution than the effect progressivity has on vertical redistribution. However, the differences seem to be a result of different emphasis on deductions on items such as mortgage interest payments, insurance premiums, and local income tax.

The study done by Fay (2002) compares global tax rates in 2002 to those in 1992. Fay finds that many countries changed their individual income tax rates during that period of time. Some of the changes were very significant. From 1992 to 2002, 54 countries lowered their highest tax rates, while 28 countries lowered their lowest tax rates. Among those countries, 18 lowered both the highest and the lowest rates. On the contrary, ten countries increased their highest and their lowest rates. Although Fay does not single out any specific reason why those countries changes the tax rates, he points out that the reasons can be economic or political.

Another study done by Peter (2009) describes the trends of national income tax systems of 189 countries from 1981 to 2005. Peter finds that over that period of time governments have

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moved from complex, progressive tax systems with multiple tax brackets to simpler, flatter tax schedules with fewer tax brackets and lower tax rates. In addition, Peter finds that the relation between personal income tax rates and personal income tax revenue collection varies significantly across countries.

### 3. Methodology

This paper is designed to provide easy-to-read current data on individual income tax around the globe for individuals, business firms, and universities that can benefit from such information. The data is collected from <http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/JDCN-89JRN8>. In order to make comparisons in this study easier to analyze, the world is categorized into four sections: Americas, Asia/Pacific Basin, Europe, and Africa/Middle and Near East.

### 4. Analysis of Findings

#### 4.1 Americas

<b>Country</b>	<b>Tax rate</b>	<b><u>Non-business Deductions</u></b>	<b><u>Comments</u></b>
Antigua & Barbuda	0-25%	Pension contributions, mortgage interest, health insurance premiums, and personal and child care allowances.	The ceiling on insurable income is 6,500 East Caribbean dollars (XCD) per month.
Argentina	9-35%	Charitable, pension and social security contributions; life insurance; funeral expenses; mortgage interest; medical care contributions and medical expenses; personal and dependent allowances.	1. Self-employed individuals are taxed at a 3% rate. 2. For foreign beneficiaries working temporarily in Argentina for less than six months during the year, income tax on these earnings is at 24.5%.
Aruba	7-58.96%	Medical expenses; life insurance and pension plan payments; charitable contributions; pension payments and annuities; interest on mortgage and personal loan; premiums for life, annuity, and pension insurance. Child allowance, old age allowance.	A special tax rate of 25% can be applied under certain conditions.
Bahamas	None	None.	There is no Income Tax.

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Barbados	16-33.5%	Charitable donations, medical expenses, expenditures relating to renewable energy, personal and dependent allowances.	Top marginal rate kicks in at BBD 35,000.
Bermuda	None	None.	There is no Income Tax.
Bolivia	13%	Social Security taxes paid is the only deduction.	Tax liability can be offset against input VAT arising from personal consumption of goods/services carried out with valid fiscal invoices.
Brazil	7.5-27.5%	Dependent allowance; alimony payments; tuition; medical expenses; social security and pension contributions; donations made to child care and elderly funds; qualified investments to cultural, audio-visual, and sports projects; contributions to cancer and mentally-handicapped health systems.	<ol style="list-style-type: none"> <li>1. Income up to BRL 1,903.98 is tax exempt.</li> <li>2. Non-resident taxpayers are taxed only on Brazilian-earned income at a flat rate of 25%, but no deductions allowed.</li> <li>3. Rental income received from a Brazilian-located property is taxed at 15%.</li> </ol>
Canada	15-33%	Alimony and maintenance payments, child care expenses, employment-related moving expenses, interest on money borrowed to acquire investment property. Tax credits for personal and dependent allowances education expenses, pension income, charitable donations, and medical expenses.	<ol style="list-style-type: none"> <li>1. Provincial/territorial income tax ranges between 11.5% and 25.75% in addition to federal income tax.</li> <li>2. Provincial surtax of between 10% and 56%.</li> <li>3. Minor children receiving passive income, also known as Kiddie Tax, are taxed at the highest marginal federal and provincial rate.</li> </ol>
Cayman Islands	None	None.	There is no Income Tax.
Chile	4-40%	Mortgage interest expenses, social security contributions, and voluntary pension contributions.	<ol style="list-style-type: none"> <li>1. Income under USD 925.66 is exempt from tax.</li> <li>2. Non-resident flat tax rate of 15% applied to technical, engineering, or professional services.</li> </ol>
Colombia	19-33%	Charitable donations, mortgage interest, healthcare expenses, and dependent allowances.	<ol style="list-style-type: none"> <li>1. Tax Unit Value (UVT) below 1,090 is tax exempt. A UVT is equivalent to 29,753 pesos (COP) in</li> </ol>

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			2016.. 2. Non-residents are taxed at 33% flat rate.
Costa Rica	Self-employed 10-25%, employees 10-15%	Personal allowances for taxpayer, spouse, and children take the form of tax credits.	Individuals with a monthly salary of less than 787,000 Colones (CRC) and self-employed individuals with annual income of less than CRC 3,496,000 are tax-exempt.
Dominica, Common Wealth of	15-35%	Charitable donations, education expenses, mortgage interest, and personal allowances.	Individuals who have bona-fide business losses can carry forward losses to a maximum of five years.
Dominican Republic	15-25%	Education expenses and personal allowances.	1. Individuals are tax exempt if income is less than DOP 399,923. 2. Non-cash compensation is taxed at a rate of 27%.
Ecuador	5-35%	Social security contributions, personal family expenses, and personal allowances.	1. Income under USD 11,170 is tax exempt. 2. Non-residents are subject to a 22% tax. 3. Certain one-time and temporary taxes were assessed in May 2016 in response to the magnitude 7.8 earthquake that struck parts of the Ecuadorean coast in April 2016.
El Salvador	10-30%	Medical and educational expenses, donations to not-for-profit entities, voluntary contributions to pension fund.	Individuals whose income is less than USD 4,064 are tax exempt.
Guatemala	5-7%	Personal allowances, social security contributions, life insurance premiums, medical expenses, and charitable donations.	Quantifiable fringe benefits, such as housing allowance, living allowance, house, tax reimbursement, etc., are considered taxable income.
Guyana	30%	Personal allowances and first-time mortgage interest.	Individuals with income less than GYD 600,000 (USD 3,000) are tax exempt.
Honduras	15-25%	Education expenses, medical expenses, and charitable donations.	Individuals with an annual compensation of less than HNL 141,000 are tax exempt.

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Jamaica	25%	Social security contributions and charitable donations.	Individuals with income less than JMD 557,232 are tax exempt.
Mexico	1.92-35%	Medical and dental expenses, funeral expenses, mortgage interest, contributions to retirement plans, charitable contributions, and education expenses.	Non-resident income below MXN 125,900 is tax exempt, but are taxed at 15% tax rate on income up to MXN 1,000,000 and 30% on all income above MXN 1,000,000.
Nicaragua	15-30%	Social security contributions; contributions to savings funds or pensions, education, health, and professional services.	Individuals with income less than 100,000 Cordoba is tax exempt.
Panama	15-25%	Mortgage interest, medical expenses, retirement contributions, donations to local educational and charitable institutions and personal allowances for married individuals.	Income up to USD 11,000 is tax exempt.
Paraguay	8-10%	Charitable donations, savings plans, and family expenses (housing, clothing, entertainment, education and health expenses).	Non-resident personal income tax rate is 20% over the net income of 50% of the price of the services, which results in an effective tax rate of 10%.
Peru	8-30%	Charitable donations, royalty payments. Independent professionals can deduct 20% of gross revenue up to 24 tax units in addition to the annual amount of seven tax units.	1. A tax unit is equivalent to 3,850 Peruvian Nuevo Soles (PEN). The first seven tax units are tax exempt. 2. Non-domiciled employees are subject to 30% tax rate.
Puerto Rico	7-33%	Charitable donations, education expenses, mortgage interest, medical expenses, retirement contributions, casualty losses on a primary residence and certain personal property, special deductions on gains from sale of property, pensions and alimony.	1. Individuals with income less than USD 9,000 are tax-exempt. 2. Additional 2% tax rate on self-employed individuals with income more than USD 200,000.

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St. Lucia	10-30%	Higher education expenses, life insurance and retirement premiums, mortgage interest, property tax, charitable donations, medical expenses, interest on student loans, personal and dependent allowances, housekeeper allowance.	Residents are taxed on worldwide income. Non-residents are taxed only on St Lucian-source income.
Trinidad & Tobago	25%	Education expenses, pension contributions, charitable donations, capital expenditures on conversion of a house to an approved guest house, and personal allowances.	Business levy tax of 0.2% assessed for self-employed individuals with a gross income in excess of 360,000 Trinidad and Tobago dollars (TTD).
United States	10-39.6%	Qualified residence interest; state and local taxes; property taxes; medical expenses; casualty, disaster, and theft losses; charitable contributions; child care expenses; life insurance premiums; personal allowances; alimony; and education expenses.	Non-resident aliens may deduct casualty and theft losses incurred in the United States, contributions to U.S. charitable organizations, and state and local income taxes.
Uruguay	10-30%	Social security contributions and a notional amount corresponding to education, feeding, health, and housing of dependent underage children.	<ol style="list-style-type: none"> <li>1. Income less than 280,560 pesos (UYU) for single taxpayer, UYU 561,120 for family units with 12 or more minimal salaries, and UYU 320,640 for family units with less than 12 minimal salaries is tax-exempt.</li> <li>2. Non-residents are taxed between 3% and 12% on Uruguayan income.</li> </ol>
Venezuela	6-34%	Mortgage interest, education expenses, medical expenses, and insurance premium payments (life, surgery, hospitalization, and maternity). Tax credit for personal allowance.	<ol style="list-style-type: none"> <li>1. Non-residents are taxed at 34% on 90% of gross income.</li> <li>2. Taxable unit is used for the determination of tax rates. For 2016, 1 taxable unit (TU) is 177 Bolivar Fuertes (VEF).</li> </ol>

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### 4.2 Asia / Pacific Basin

<b>Country</b>	<b>Tax Rate</b>	<b><u>Non-business Deductions</u></b>	<b><u>Comments</u></b>
Australia	19-45%	Charitable donations, any interest on loans to fund the acquisition of the property, property rates, insurance, repairs and maintenance, depreciation on items in rental property, and personal allowances, such as family tax benefits and school kids bonus.	<ol style="list-style-type: none"> <li>1. Residents with income less than AUD 18,200 are tax-exempt.</li> <li>2. From July 1, 2014 until June 30, 2017, an additional 2% tax rate for Temporary Budget Repair Levy applies to individuals' taxable income that exceeds AUD 180,000.</li> <li>3. Non-residents are taxed between 32.5% and 45%.</li> </ol>
Azerbaijan	14-25%	None.	Income up to AZN 1,632 (Azerbaijani Manats) is tax exempt.
Cambodia	5-20%	None.	<ol style="list-style-type: none"> <li>1. Not personal income tax, but monthly salary tax.</li> <li>2. Non-residents are taxed at a flat rate of 20%.</li> </ol>
China	3-45%	Social security and charitable contributions. A personal standard deduction is also allowed.	<ol style="list-style-type: none"> <li>1. Individuals are taxed on a monthly basis.</li> <li>2. A flat rate of 20% is applied to royalties, incidental income, author's wages, rental income, interest income, dividends, and capital gains.</li> </ol>
Fiji	7-20%	Contributions to qualified academic and charitable organizations, and certain other specific donations.	<ol style="list-style-type: none"> <li>1. Non-residents are taxed at a 20% flat rate on all income.</li> <li>2. Individual income less than FJD 16,000 is tax-exempt.</li> <li>3. Social responsibility tax (SRT) is also imposed.</li> </ol>
Hong Kong	2-17%	Home loan interest, retirement plan contributions, self-education expenses related to employment, elderly residential care expenses, charitable donations, personal and dependent allowances.	Tax year begins on April 1 of a year and ends on March 31 of the following year.

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India	10-30%	Charitable donations, medical and life insurance premiums, mortgage interest, pension contributions, education expenses. There is a tax rebate of the lower of the entire income tax and INR 5,000 if annual total income does not exceed INR 500,000.	<ol style="list-style-type: none"> <li>1. Income up to INR 250,000 is tax exempt.</li> <li>2. A surcharge of 15% on tax payable is levied on individuals with an income higher than 10 million Indian rupees (INR) for the taxable year.</li> </ol>
Indonesia	5-30%	Qualified charitable donations, approved pension contributions and personal allowances.	<ol style="list-style-type: none"> <li>1. Non-residents are taxed at 20% flat rate.</li> <li>2. Tax rates on severance payments vary between 5% and 25%, with the first 50 million Indonesian rupiah (IDR) tax -exempt.</li> <li>3. Tax on lump sum pension payments is 5% of the amount exceeding IDR 50 million.</li> </ol>
Japan	5-45%	Social security and private pension contributions, medical expenses, charitable donations, life insurance premiums, earthquake insurance premiums, personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Surtaxes of 2.1% tax are assessed on individual's national income tax.</li> <li>2. Non-resident taxpayers pay a flat rate of 20.42% on Japanese income with a 2.1% surtax added.</li> </ol>
Korea	6-38%	Personal deductions; pension premiums; additional deductions for handicapped, elderly, female head of household, and single parent. Charitable donations, education expenses, insurance premiums, medical expenses, and mortgage interest.	Non-residents are not entitled to claim personal exemptions (except for themselves) and special deductions.
Macau	7-12%	Allowances for personal, family, marriage, birth, housing, rental, death, funeral, transportation of remains, safety, entertainment, and travel for business.	Individual income under 144,000 Pataca (MOP) is tax-exempt.

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Malaysia	1-28%	Charitable donations; mortgage interest; medical expenses; pension and insurance premiums; education expenses; computer purchase expenses; expenses for purchase of books, magazines, etc. to enhance knowledge, personal and dependent allowances.	Non-residents are taxed at a flat rate of 25% on total taxable income.
Mongolia	2-40%	Donations for the rehabilitation of national cultural heritage. There is also a deduction of minimum monthly wage of MNT 84,000 per annum.	Tax rates vary according to source of income.
Myanmar	1-25%	Qualified charitable contributions, life insurance premiums, social security contributions, personal and dependent allowances.	Salaries below MMK 2 million (after deduction of personal reliefs) are not taxable.
New Zealand	10.5-33%	Certain premiums for loss of earnings insurance. Tax credits for charitable contributions, personal tax credits, and tax credits for working family.	Employer-provided accommodations for up to two years are tax exempt.
Pakistan	5-30%	Medical expenses, Zakat special straight deductions, mortgage interest, charitable donations, and accrued expenses.	Individual income under 400,000 Rupee (PKR) is tax-exempt.
Papua New Guinea	22-42%	Tax credits for dependents and education expenses for dependent children.	Individual income under 10,000 Kina (PGK) is tax-exempt.

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Philippines	5-32%	Social security contributions, health insurance premiums, personal allowances and dependent allowances.	Fringe benefits furnished to managerial and supervisory-level employees are subject to a fringe benefit tax (FBT) of 32% on gross value of the benefits. Expatriates have a 15% FBT rate on gross compensation income. Non-residents who are not engaged in trade in Philippines have a 25% FBT rate on benefits.
Singapore	2-20%	Qualified charitable deductions, life insurance premiums, mortgage interest, professional subscription fees, pension contributions and dependent allowances.	1. Individual income under SGD 20,000 is tax-exempt. 2. Non-residents are taxed at 20%, except Singapore income is taxed at a flat rate of 15%.
Sri Lanka	4-24%	Mortgage interest, contributions to the government, qualified charitable donations, qualified pension contributions, life and medical insurance premium, and personal allowances.	1. Government pensions and income outside Sri Lanka are tax-exempt. 2. Individuals providing professional services are charged Professional Income Maximum Tax Rate of 12% to 16% depending on level of income.
Taiwan	5-45%	Charitable donations, insurance premiums, medical expenses, calamity losses, mortgage interest, rental lease payment, losses from disposal of property, personal and dependent allowances.	1. Non-residents are subject to a flat 18% tax rate. 2. An Income Basic Tax (IBT) of 20% is imposed on residents. If the IBT payable is greater than the regular income tax payable, taxpayers have to calculate and pay IBT.
Thailand	5-35%	Charitable contributions, healthcare expenses, life insurance premiums, mortgage interest premiums, retirement mutual fund contributions, long-term equity fund investments, social security contributions, personal and dependent allowances.	Individual income under 150,000 Thailand baht (THB) is tax-exempt.

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Timor-Leste	10%	None	Income up to USD 6,000 is tax-exempt.
Turkey	15-35%	Charitable donations, education expenses, and insurance premiums.	Non-residents are taxed only on Turkish income.
Uzbekistan	7.5-23%	No personal deductions, but certain individuals are either fully exempt from personal income tax or granted a monthly deduction of four times the statutory minimum annual wage.	Individual income up to one time the minimum annual wage is except from tax.
Vietnam	5-35%	Social, health, and unemployment insurance contributions; charitable donations; personal and dependent allowances.	Non-residents are taxed a flat rate of 20% on employment income, but other income is taxed between 5% and 10%.

### 4.3 Europe

<b>Country</b>	<b>Tax Rate</b>	<b><u>Non-business Deductions</u></b>	<b><u>Comments</u></b>
Armenia	24.4-36%	Paid benefits are deducted from gross income.	Royalties, interest, sale of property and lease of property are taxed at 10%.
Austria	25.5-55%	Health, life, and accident insurance premiums; social security contributions; housing construction expenses; funeral expense; medical expenses; child care. Tax credit for personal allowances. Family allowances are paid to taxpayers in cash.	1. Individual income under €11,000 euros is tax-exempt. 2. Individuals for whom employment income is the only source of income are not obligated to file income tax returns.
Belarus	13%	Education expenses; pension, life, medical insurance premiums; disposal of property; and housing construction or purchase expenses.	1. Entrepreneurs registered with High Technology Park are taxed at a 9% rate. 2. Private entrepreneurs are taxed at 16%.
Belgium	25-50%	Support payments to near relatives or a separated spouse, contributions to group insurance, life insurance premiums, pension contributions, charitable contributions,	For residents of Belgium, municipal taxes are levied at rates varying from 0% to 9% of the income tax due. For non-residents, a flat surcharge of 7% is due.

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		wages of domestic personnel, child custody expenses, personal and dependent allowances.	
Bosnia/Herzegovina	10%	Personal and dependent allowances, mortgage interest, retirement and life insurance premium.	There is a tax exemption for remuneration of child birth in the amount of one's average net salary.
Bulgaria	10%	Charitable contributions, social security contributions, health and life insurance premiums, mortgage interest and tax incentives for having children.	A tax-exempt minimum was introduced in 2014 for individuals whose income is less than 340 Lev (BGN) a month on an annual basis.
Croatia	12-40%	Personal and dependent allowances, special reliefs, exemptions, and incentives.	Surtax rates range from 0 to 18%. The base of which surtax is calculated is amount of tax.
Cyprus	20-35%	Charitable contributions, social security contributions, life insurance premiums, medical funds, pension funds, and provident fund contributions.	1. Individual income under €19,500 is tax-exempt. 2. Beginning January 1, 2014, Special Defense Contribution (SDC) on dividends is reduced to 17% from 20%.
Czech Republic	15%	Charitable donations, mortgage interest, life insurance premiums, and private pension insurance. Personal and dependent allowances are taken as tax credits.	A three-year solidarity contribution amounting to 7% of net income over the social security payment cap of approximately 103,000 Koruna (CZK) a month was introduced in 2013.
Denmark	Up to 51.95%	Charitable donations, child benefit deductions, interest expenses on capital income, professional association expenses. Personal allowances come in the form of tax credits.	Besides state taxes (national income tax), municipal tax, health tax, labor market tax, share tax, and church tax apply at various rates.
Estonia	20%	Contributions to unemployment insurance, compulsive accumulative pension scheme, foreign social security scheme; mortgage interest; education expenses; personal allowances.	1. A flat rate of 20% applies to all items of income. 2. Certain pensions are subject to 10% income tax.

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Finland	6.5-31.75%	Pension premiums, mandatory unemployment insurance premiums, interest expenses on certain loans, household expenses, and accommodations costs of a second home needed.	1. Non-residents are taxed at 35% on employment income and 30% on dividends, interest and royalties from only Finland. 2. For foreign employees whose work requires special knowledge, the foreign expert tax regime provides a flat tax rate of 35% with a minimum income of €5,800 each month.
France	0-45%	Child support, alimony, personal and dependent allowance. Tax credits for charitable contributions, and expenses for domestic employees, education, and child care.	Non-residents have the following options: exemption of the actual amount of salary supplements received, or be taxed at a flat rate of 30% of total wages.
Georgia	20%	No deductions.	Individual entrepreneurs with annual turnover of less than 100,000 Lari (GEL) pay 5% tax, 3% if expenses exceed 60% of sales.
Germany	14-45%	Alimony; charitable donations; expenses for childcare, education; health insurance; unemployment insurance; mortgage interest; contributions to long-term care, social security, pension; personal and dependent allowances.	Individual income under €8,652 for single taxpayers and under €17,304 for married taxpayers are tax exempt.
Gibraltar	14-39%	Life insurance, pension contributions, mortgage interest, health insurance premiums, personal and dependent allowances.	1. Individuals whose income is less than £11,000 per annum are tax-exempt. 2. Taper relief is available for individuals whose income is between £11,000 and £19,500.
Greece	22-45%	Medical expenses, alimony, charitable contributions.	Real estate income is taxed at 15% to 45%.
Guernsey, Channel Islands	20%	Personal and dependent allowances, mortgage interest, pension contributions.	1. Married couples' allowances are not available to those who are married or in a civil

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			partnership entered into after December 31, 2016.
Hungary	15%	Dependent allowance is deductible. Individuals can choose to have up to 1% of net tax due paid to a Hungarian charity and another 1% to registered Hungarian church.	Fringe benefits are subject to 15% personal income tax (PIT) and 14% healthcare tax. Other specific benefits are subject to 15% PIT and 27% healthcare tax.
Iceland	22.68-31.8%	Pension fund contributions and work-related payments. Personal allowances take the form of tax credits.	1. Taxes on municipal income are 12.44% to 14.52%. Capital gains tax rate is 20%.
Ireland	20-40%	Pension contributions, charitable donations, interest on loans for investments in rental properties, certain private trading companies and partnerships, medical expenses, personal allowances for elder care, and health insurance.	1. Individuals age 65 and over are liable for income tax only if their income is under €18,000 for single taxpayer and €36,000 for married taxpayer. 2. Earned Income Tax Credit is 20% of earned income, with a maximum of €550.
Isle of Man	10-20%	Mortgage or loan interest, pension contributions, charitable donations, personal and dependent allowances.	Non-residents pay a flat tax rate of 20%, except for those from countries with which Isle of Man has double tax agreements.
Italy	23-43%	Social security contributions, medical expenses, pension contributions, alimony, and charitable contributions. Tax credits for dependent allowances, mortgage interest, education expenses, life and accident insurance, sporting association fees, rental fees.	1. A solidarity contribution of 3% is applied to individuals who have a total gross income higher than €300,000, and additional taxation is applicable. 2. There are also regional and municipal income taxes.
Jersey, Channel Islands	20%	Personal and dependent allowances, pension contributions, professional subscriptions, and mortgage interest.	Alternative tax calculation with 26% marginal rate is undertaken automatically by tax authorities. A taxpayer's liability is the lower of 20% and the alternative tax.

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Kazakhstan	10%	Insurance premiums, medical expenses, mortgage interest, and personal allowances.	1. In some cases a 20% flat rate is applied. 2. Dividends are taxed at 5%.
Liechtenstein	1-8%	Child education expenses; alimony; pension contributions; life, health, accident, disability insurance premiums; medical expenses; and charitable donations.	Income is tax-exempt for single taxpayer with income under 15,000 Franc (CHF), single parent with income under CHF 22,500, and married couples with income under CHF 30,000.
Lithuania	15%	Life insurance premiums, pension contributions, and vocational training or higher education expenses.	Starting January 1, 2017, social security contribution ceilings will become applicable.
Luxembourg	8-40%	Life, disability, health, and accident insurance premiums; mortgage interest; social security contributions; pension scheme contributions; and personal allowances.	Individuals whose taxable income is under €20,000 are tax-exempt.
Macedonia	10%	Health insurance premiums, pension contributions, unemployment insurance, and personal allowances.	For employees whose employers are users of Technological Industrial Developments Zones, their salary is tax exempt for ten years.
Malta	15-35%	Alimony payments, child support, child care expenses, private school fees, and elderly care expenses.	1. Income under €9,100 for single taxpayer, €12,700 for married taxpayer and €10,500 for parent taxpayer are tax-exempt. 2. Non-residents are taxed between 20% and 35%; income less than €700 is not taxable. 3. Foreign individuals who reside in Malta but not employed in Malta can be taxed at a flat rate of 15% on foreign income, and 35% on Malta income.
Montenegro	9%	Self-employment deduction is deductible but subject to limitations.	Personal income tax rate is 13% for gross salaries exceeding €720.

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Netherlands	8.4-52%	Alimony, charitable contributions, education expenses, medical and disability expenses, life insurance premiums, and mortgage interest.	Substantial interest income is taxed at a flat rate of 25%. Income from savings and investments is taxed at a flat rate of 30%.
Norway	25%	Personal allowances, interest expenses on loans, charitable donations, union dues, pension contributions.	In addition to the 25% flat rate on general income, there is also a racket tax on personal income, ranging from 0.44% to 13.7%.
Poland	18-32%	Charitable donations, healthcare expenses, and social security contributions. Tax credits for personal and dependent allowances.	1. Non-residents pay a flat tax rate of 20% on their revenues. 2. Sole traders or partners in a partnership can opt for a 19% flat tax rate.
Portugal	14.5-48%	Union fees, maintenance and repair expenses on rental income. Tax credits for personal and dependent allowances; expenses for health, education, rent, retirement home; alimony; health insurance premiums; retirement contributions; mortgage interest; charitable donations; contributions made to individual accounts for public capitalization regime.	In 2016, an additional solidarity rate of 2.5% to 5% applies to taxable income above €80,000.
Romania	16%	Pension contributions, health insurance premiums, trade union membership fees, and state social security contributions.	There are some exceptions to the 16% flat rate; e.g. tax rate for income from the transfer of immovable property, tax rate from gambling activities.
Russian Federation	13%	Pension contributions; charitable donations; expenses for education, housing construction or purchase, medical; personal and dependent allowances.	1. Non-residents are taxed at a flat rate of 30% of Russian income. 2. Highly-qualified foreign professionals are taxed at a 13% tax rate.

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Serbia	10%	Personal deductions and allowances for supporting dependent family members. Total deductions may not exceed 50% of taxable income.	<ol style="list-style-type: none"> <li>1. Employment income in excess of RSD 11,604 is taxed at a 10% flat rate.</li> <li>2. Royalty, real estate income, business income, capital gain, and other income are taxed 10-20%.</li> </ol>
Slovak Republic	19-25%	Personal and dependent spouse allowances, gains on sale of shares, rental income from real estate. There is also a tax bonus for independent children for taxpayers with taxable income of at least six times the minimum wage.	Income of constitutional authorities from dependent activity is also subject to a special tax rate of 5% in addition to personal income tax.
Slovenia	16-50%	Personal and dependent allowances.	Capital gains, interest, dividends, and rental income are taxed at 25%.
Spain	19-45%	Alimony, child support, pension contributions, personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Savings income is taxed between 19% and 23%.</li> <li>2. Non-residents are taxed at 24% rate on general income and royalties, but 19% on capital gains, dividends, and interest.</li> </ol>
Sweden	20-25% national income tax, 32% municipal tax	Interest expenses, management expenses of investments, pension premiums and contributions, losses on sale of private real property and securities, personal allowances.	<ol style="list-style-type: none"> <li>1. Non-residents are taxed at a flat rate of 20% on Swedish income.</li> <li>2. Losses on sale of private real property and securities may be allowed a tax credit after the 50% to 70% allowed deduction.</li> </ol>
Switzerland	0.77-11.5% direct federal tax	Alimony, charitable donations, daycare expenses, life insurance premiums, mortgage interest, social security contributions, pension scheme contributions, bank charges, medical expenses, maintenance expenses for real estate, personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Income under 14,500 francs for single taxpayers and 28,300 franc for married taxpayers or singles with children are tax-exempt.</li> <li>2. Taxes are levied at the federal, cantonal, and municipal levels.</li> <li>3. Communal taxes vary between 25% and 51% of basic cantonal tax.</li> </ol>
Turkmenistan	10%	Personal allowances are generally immaterial.	Personal income tax is withheld at source when the payment is made.

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Ukraine	18%	Mortgage interest, education expenses for secondary or higher education, life insurance premiums, and charitable contributions.	Tax rate for dividends paid by resident corporate income taxpayers is 5%.
United Kingdom	20-45%	Charitable contributions, pension fund contributions, and personal allowances.	Children's income is taxable in their own rights unless their income is derived from gifts from a parent.

### 4.4 Africa / Middle and Near East

<b>Country</b>	<b>Tax Rate</b>	<b><u>Non-business Deductions</u></b>	<b><u>Comments</u></b>
Algeria	20-35%	Alimony, mortgage interest and taxes paid.	Individual monthly income less than 10,000 Dinar (DZD) is tax exempt.
Angola	7-17%	Social security contributions.	<ol style="list-style-type: none"> <li>1. Individual income up to AOA 34,450 (Angola Kwanza) is tax-exempt.</li> <li>2. Self-employed workers taxed at 15% flat rate.</li> <li>3. Owners of companies in individual names are taxed at 20% flat rate.</li> </ol>
Botswana	5-25%	None.	Resident income less than 36,000 pula (BWP) is tax-exempt. No tax exemption for non-residents.
Cameroon, Republic of	11-38.5%	Only a standard deduction applies. Taxpayers are granted an annual abatement of XAF 500,000 (Africaine francs) for wages and salaries.	<ol style="list-style-type: none"> <li>1. Individual taxes are not paid by the head of a family, but by each person individually.</li> <li>2. Allowances for family, benefits paid by state authority, scholarships, temporary allowances, life annuities paid to victims of industrial accidents are tax-exempt.</li> <li>3. Some benefits in kind are assessed on the basis of taxable income, such as housing, electricity, water, per servant, per vehicle, and food.</li> </ol>

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Chad	20-60%	Interest on loans for real estate investment, annuities paid, alimony, certain insurance premiums.	Benefits in kind is taxable at a fixed rate of 7.5%
Congo, Democratic Republic of	15-40%	INSS employee contribution is deductible. Dependent allowance is considered a tax credit.	<ol style="list-style-type: none"> <li>1. Individual income less than 524,160 francs (CDF) is tax-exempt.</li> <li>2. Employees hired on a day-to-day basis are taxed at 15%.</li> <li>3. Income other than salary is not subject to personal income tax. Foreign-sourced profits are not taxable.</li> </ol>
Congo, Republic of	1-40%	Alimony, interest on loan for principal residence, annuities, healthcare expenses.	Tax relief is given to families via an income splitting or unit system instead of personal deductions or allowances.
Egypt	10-22.5%	Social insurance contributions, life and health insurance premiums, personal allowances.	<ol style="list-style-type: none"> <li>1. Individual income less than 6,500 pounds (EGP) is tax-exempt.</li> <li>2. Both residents and non-residents are entitled to an annual salary tax exemption of EGP 7,000.</li> <li>3. United States citizen employees of United States Agency for International Development (USAID) contractors are exempt from Egyptian income taxes.</li> </ol>
Gabon	5-35%	Personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Individual income less than 1,500,000 francs (XAF) is tax-exempt.</li> <li>2. Complementary tax on salaries is 5%. Income less than 150,000 (XAF) is exempt from the complementary tax.</li> </ol>
Ghana	5-25%	Social security contributions, qualified insurance premiums, charitable donations, personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Individual income less than 2,592 cedi (GHS) is tax-exempt.</li> <li>2. Non-resident taxpayers are taxed at 20% flat rate.</li> </ol>

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Iraq	3-15%	Social security contributions. Personal, age, and child allowances are available.	Salaries received from government, public institutions, and local authorities are 100% deductible.
Israel	10-50%	Contributions to provident fund, training fund; special deductions for qualified non-resident. Tax credits for personal and dependent allowances, charitable contributions.	Minimum 31% tax rate on certain classes of passive income not from business employment.
Ivory Coast (Cote D' Ivoire)	1.5-10% on 80% of gross income (national)	Personal and dependent allowances. Personal deductions of specific non-business expenses are permitted by law, but generally less favorable than taking the general standard deduction of 20%.	<ol style="list-style-type: none"> <li>1. Salary tax is also levied at 1.5% of 80% of gross income.</li> <li>2. General income tax (IGR) is levied between 10% and 60%.</li> </ol>
Jordan	7-20%	Charitable contributions. Exemptions for taxpayer and dependents; expenses incurred for medical treatment, education, rent, interest on housing; fees for technical, engineering, and legal services.	Non-residents can benefit from the exemption of dependents residing in Jordan.
Kenya	10-30%	Interest on home improvement loans, and special deductions for employees employed by regional office who do not carry on business in Kenya. Tax credits for personal allowances.	Effective January 1, 2017, for employees whose taxable income does not exceed KES 134,164, bonuses, overtime, and retirement benefit will be exempt from taxes.
Kuwait	None	None	There is no income tax
Lebanon	2-20%	Pension contributions, scholarships or payments granted by employers, end-of-service indemnities, transportation allowances, education expenses, and personal allowances.	<ol style="list-style-type: none"> <li>1. Lump-sum wages paid for temporary work on a piecemeal or quantity basis are taxed at 3%, without any deductions.</li> <li>2. Income, revenues, and interest earned from accounts at Lebanese banks and from treasury bonds are subject to a 5% withholding tax.</li> </ol>

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Libya	5-10%	Social security contributions, direct expenses incurred in performance of work, disciplinary fines, personal and dependent allowances.	<ol style="list-style-type: none"> <li>1. Jihad tax is also levied at rates between 1% and 3%, depending on income.</li> <li>2. Palestinian nationals are subject to additional 7% tax.</li> </ol>
Malawi	15-30%	None.	<ol style="list-style-type: none"> <li>1. Individual income less than 240,000 kwacha (MWK) is tax-exempt.</li> <li>2. Non-residents are taxed at a flat rate of 15%.</li> <li>3. All income taxable as pay-as-you-earn (PAYE).</li> </ol>
Mauritius	15%	Personal and dependents, qualified educational expenses for dependents, medical and health insurance premiums, and interest on loans for principal residence.	Tax year is from July 1 to June 30.
Morocco	10-38%	Contributions to social security, retirement, pension insurance, charity; mortgage interest; and lump-sum deductions.	<ol style="list-style-type: none"> <li>1. Individual income less than 30,000 dirham (MAD) is tax-exempt.</li> <li>2. Gross rental income of agricultural properties is allowed a flat 40% deduction.</li> </ol>
Mozambique	10-32%	Personal and dependent deductions. Tax credit for international double taxation.	Non-residents are taxed at a 20% flat rate.
Namibia, Republic of	18-37%	Pension, retirement annuity, provident, and education contributions.	<ol style="list-style-type: none"> <li>1. Individual income less than 50,000 dollars (NAD) is tax-exempt.</li> <li>2. Non-residents are subject to service-withholding tax of 25%.</li> <li>3. Dividends, interest, royalties, and technical fees are taxed at various rates, depending on if the country is in a treaty with Namibia.</li> </ol>
Nigeria	7-24%	Charitable contributions, medical expenses and insurance premiums, life insurance premiums, personal and dependent allowances.	Minimum tax rate of 1% is payable after personal relief and allowances are deducted.

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Oman	None	None.	There is no income tax.
Qatar	None	None	There is no income tax.
Rwanda	20-30%	None.	Income up to 30,000 franc (RWF) is tax exempt.
Saudi Arabia	None	None.	There is no income tax.
Senegal	20-40%	None.	Individual income less than 630,000 franc (XOF) is tax-exempt.
South Africa	18-41%	Charitable contributions, pension contributions, and medical expenses. Personal allowance is considered a tax rebate.	Trusts are taxed at 41% unless they are created for benefit of a minor child or a mentally or physically handicapped individual.
Swaziland	20-33%	Pension contributions, retirement fund contributions, and mortgage interest.	Individual income less than 41,000 lilangeni (SZL) is tax-exempt.
Tanzania	11-30%	Social security contributions are deductible.	1. Individual income less than 170,000 shillings (TZS) is tax-exempt. 2. Non-residents are subject to a 15% flat rate.
Tunisia	15-35%	Personal and dependent allowances, education expenses, life insurance premiums, mortgage interest.	1. Residents with income less than 1,500 dinar (TND) are tax-exempt. 2. Non-residents and certain employees of foreign nationality (trainers and managers) are taxed at flat rate of 20%.
Uganda	10-40%	Charitable contributions and interest expenses incurred in the production of income.	1. Income up to 2,820,000 shilling (UGX) is tax-exempt for residents. Non-residents are taxed on all Ugandan income. 2. Rental income in excess of UGX 2,820,000 is taxed at a flat 20% rate. 3. Intelligence services personnel are tax exempt.
United Arab Emirates	None	None.	There is no income tax.
Zambia	25-35%	Charitable contributions.	1. Individual income less than 36,000 kwacha (ZMX) is tax-exempt. 2. Special rate of 10% on taxable lump sum payments from pension funds, taxable gratuities,

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			and compensation for loss of office.
Zimbabwe	20-50%	Pension contributions, NSSS funds, and donations to welfare and educational institution.	Individual income less than 3,000 USD is tax-exempt.

### 5. Conclusion and Limitations

From the information provided above, it is worth noting that some countries, such as Austria, Belgium, Denmark, Finland, Japan, Slovenia, Sweden, and Zimbabwe, have a top marginal tax rate of 50% or higher. In contrast, other countries, such as Anguilla, Bahamas, Bahrain, Bermuda, Cayman Islands, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates have no income tax.

The average tax rates of the four categories of countries fluctuated from 2006 to 2016. The average for African countries increased from 29.73% to 33.3%, with the lowest average of 26.85% in 2011. European countries' average also increased from 35.62% to 37.27%, with the lowest of 32.28% in 2014. On the other hand, American and Asian countries average tax rates decreased. American countries average decreased from 31.63% to 31.42%, with the lowest of 30.85% in 2007. Asian countries' average decreased from 29.04% to 28.88%, with the lowest of 26.88% in 2014.

During the last ten years from 2006 to 2016, the top tax rates in most countries increased. However, in the same period of time, the top tax rates in the following countries decreased: Bulgaria (24% to 10%), Colombia (38.5% to 33%), Croatia (45% to 40%), Czech Republic (32% to 15%), Denmark (59% to 56.4%), Egypt (34% to 22.5%), Estonia (21% to 20%), Fiji (31% to 20%), Gibraltar (42% to 40%), Guatemala (31% to 7%), Hong Kong (16% to 15%), Hungary (36% to 15%), Indonesia (35% to 30%), Jordan (25% to 20%), Kazakhstan (20% to 10%), Latvia (25% to 23%), Lithuania (33% to 15%), Mauritius (30% to 15%), New Zealand (39% to 33%), Norway (47.8% to 46.9%), Panama (27% to 25%), Poland (40% to 32%), Thailand (37% to 35%), Vietnam (40% to 35%), and Yemen (20% to 15%). With most countries' top tax rates increasing during the last ten years, the global average tax rate increased from 32.68% in 2006 to 33.17% in 2016, with the lowest rate of 30.79% in 2014.

The tax rates reported in this study is current as of December 16, 2016, providing the most up-to-date information on individual income tax rates in countries around the world. As a comparison, Fay's study (2002) covers the year 2002, comparing the rates in that year to those in 1992. In addition, this study provides information on non-business deductions allowed, which is not found in Fay's study. Other previous studies done on the subject of individual income tax examine other aspects of individual income tax; for example, estimating tax rates for a very small number of countries, examining what effects certain factors have on individual income tax rates, or describing the trends of personal income tax systems. They do not address tax rates in countries around the world. Therefore, this study fills the gap and provides current, more comprehensive information on the topic of individual income tax.

One of the limitations regarding the information presented in this paper is that the information is time-sensitive, current as of December 2016. Readers should realize that tax rates and allowed deductions could change any time. Nevertheless, this paper provides easy-to-read

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current data on individual income tax around the globe for individuals, business firms, and universities that can benefit from such information.

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