

Appendix 2

Comparing corporate tax rates between Hong Kong and other economies

Jurisdiction ³⁴	2000 Company Profits Tax Rate	2005 Company Profits Tax Rate	Change in percentage points
OECD	33.6%	29.8% (2004)	-3.8
European Union	about 35%	about 25%	about -10
South Korea*	30.8%	27.5%	-3.3
Austria	34%	25%	-9
Singapore*	26%	20%	-6
Iceland	30%	19%	-11
Hong Kong	16%	17.5%	+1.5
Hungary	18%	16%	-2
Lithuania	24%	15%	-9
Ireland	24%	12.5%	-11.5
Macau*	15.75%	12%	-3.75
Cyprus	15%	10%	-5

(Extracted from "Broadening the Tax Base Ensuring Our Future Prosperity – What's the Best Option for Hong Kong?" Consultation Document, The Government of the Hong Kong Special Administrative Region, July 2006.)

* These jurisdictions also offer tax incentives or holidays that can reduce the effective tax rate.

³⁴ Jurisdictions that compete for high value-added services have been selected for comparison. OECD and EU averages are included as a reference point for developed economies.