Essay on tax report

Business, Company

Tax policies and rate play a fundamental role in determining the economic and business activities of a country. The policies and rate adopted by the countries determine the investment decision. Various countries have adopted different policies and rate. The following table shows different countries and their tax policies and their rate.

The table above shows corporate tax and VAT tax adopted by different countries. For any business profitability, the tax policy and rates adopted by a country serves as a key factor. The corporation tax rate, which is subjected to business or corporate income, is used to evaluate the corporation performance. This is in instances where the performance of the corporation is based on the profitability and efficiency of the organization. The value added tax is charged on the value added on any good or service. The importance of this tax is that it helps in regulation of goods and services produced in any given region or country. The both taxes among others such as fiscal policies in an economy influence the nature of business activity in the country. The rates adopted have different implication on the consumption, investment and the growth rate of a country. Belgium government provides a conducive environment for the foreign investor. This is done by reducing the tax rate charged to the foreign companies. The government offer incentive to the foreign companies especially to those companies dealing with high technologies. When the foreign company is established it is treated as the same as a domestic company, and they are taxed a corporate tax of 33. 99%. This has led to the attraction of the foreign investors in the country who have significantly boosted the economic growth of Belgium. The value added tax of Belgium is 21%.

On the basis of corporate taxes, Bulgaria serves best for a business venture location. However, the investor should consider other factors that influence the foreign direct investment in any country. The country has no restrictions on foreign direct investment, thus may form an option to the company management. The corporation tax rate is 10 percent, which is the lowest among the other nine countries. In terms of Value added tax, Egypt charges the lowest tax rate among all the countries provided. The analysis is providing an overview of the rates charged. If the decision is solely based on the rates, the countries with the lowest rates should be chosen. These include countries such as Egypt and Bulgaria. However, the organization should consider other factors such as macro environmental factors in making the decision. In specific, the demand level within the country which is influenced by taxes charged to consumers.

The country, where companies and individuals have most disposable income is Bulgaria, whereby the rate of tax charged is the lowest on both sides among all the other countries. If disposable income is taken to be constant in all countries, then the individuals and companies of this country receive the highest after tax income.

Reference

Hill, C. W. L. (2013). International business. New York NY: McGraw Hill Higher Education.