



## FISCAL FACT

No. 559

Sept. 2017

# Corporate Income Tax Rates around the World, 2017

**Kari Jahnsen**      **Kyle Pomerleau**  
Research Assistant      Economist, Director of Federal Projects

---

## Key Findings

- The United States has the fourth highest statutory corporate income tax rate in the world, levying a 38.91 percent tax on corporate earnings. The only jurisdictions with a higher statutory rate are the United Arab Emirates, Comoros, and Puerto Rico.
- The worldwide average statutory corporate income tax rate, measured across 202 tax jurisdictions, is 22.96 percent. When weighted by GDP, the average statutory rate is 29.41 percent.
- Europe has the lowest regional average rate, at 18.35 percent (25.58 percent when weighted by GDP). Conversely, Africa and South America tie for the highest regional average statutory rate, at 28.73 percent (28.2 percent weighted by GDP for Africa, 32.98 percent weighted by GDP for South America).
- In general, large industrialized nations tend to have higher statutory corporate income tax rates than developing countries.
- The worldwide average statutory corporate tax rate has consistently decreased since 1980, with the largest decline occurring in the early 2000s.
- The average statutory corporate tax rate has declined in every region since 1980.

The Tax Foundation is the nation's leading independent tax policy research organization. Since 1937, our research, analysis, and experts have informed smarter tax policy at the federal, state, and local levels. We are a 501(c)(3) non-profit organization.

©2017 Tax Foundation  
Distributed under  
Creative Commons CC-BY-NC 4.0

Editor, Rachel Shuster  
Designer, Dan Carvajal

Tax Foundation  
1325 G Street, NW, Suite 950  
Washington, DC 20005

202.464.6200

[taxfoundation.org](http://taxfoundation.org)

## Introduction

It is commonly known that the United States has the highest statutory corporate income tax rate in the industrialized world.<sup>1</sup> However, less is known about how the United States measures up against the rest of the world. By expanding the sample of tax jurisdictions from the 35 OECD member states to 202 countries and tax jurisdictions around the world, we find the United States corporate tax rate of 38.91 percent is the fourth highest rate in the world. The United States statutory corporate income tax rate is 15.92 percentage points higher than the worldwide average, and 9.5 percentage points higher than the worldwide average weighted by gross domestic product (GDP). The worldwide corporate tax rate has declined significantly since 1980 from an average of 38 percent to 22.96 percent. Today, most countries have corporate tax rates below 30 percent.

## The United States Corporate Income Tax Rate in Context

The United States has the fourth highest statutory corporate income tax rate among the 202 jurisdictions surveyed. The U.S. rate of 38.91 percent (comprised of the federal statutory rate of 35 percent plus an average of the corporate income taxes levied by individual states) ranks only behind the United Arab Emirates (55 percent),<sup>2</sup> Comoros (50 percent), and Puerto Rico (39 percent). Comparatively, the average tax rate of the 202 jurisdictions surveyed is 22.96 percent,<sup>3</sup> or 29.41 percent weighted by GDP.<sup>4</sup>

The twenty countries with the highest statutory corporate income tax rates span every region, albeit unequally. While seven of the top twenty countries are located in Africa, Europe and Asia appear in the top twenty only twice each. Of the remaining jurisdictions, three are located in Oceania, and six are located in the Americas.

Several jurisdictions on the list are United States territories. Puerto Rico, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands rank second, tenth, fourteenth, and sixteenth respectively. Taken together, the United States indirectly accounts for a quarter of the twenty jurisdictions with the highest statutory corporate tax rates.

1 OECD Tax Database, "Table II.1 – Statutory corporate income tax rate," April 2017, [https://stats.oecd.org/index.aspx?DataSetCode=Table\\_II.1](https://stats.oecd.org/index.aspx?DataSetCode=Table_II.1).

2 The United Arab Emirates is a federation of seven separate emirates. Since 1960, each emirate has the discretion to levy up to a 55 percent corporate tax rate on any business. In practice, this tax is mostly levied on foreign banks and petroleum companies. For more information on the taxation system in the United Arab Emirates see PwC, "Worldwide Tax Summaries - Corporate Taxes 2016/2017," <https://www.pwc.com/gx/en/tax/corporate-tax/worldwide-tax-summaries/assets/worldwide-tax-summaries-corporate-taxes-2016-17.pdf> and Galadari & Associates, "Taxation in the United Arab Emirates," [http://www.galadarilaw.com/uploads/brochures/172113\\_Tax.pdf](http://www.galadarilaw.com/uploads/brochures/172113_Tax.pdf).

3 Data on statutory corporate tax rates are from multiple sources: Deloitte, "Tax guides and highlights," 2017, <https://dits.deloitte.com/#TaxGuides>; PwC, "Worldwide Tax Summaries – Corporate Taxes 2016/2017," <https://www.pwc.com/gx/en/tax/corporate-tax/worldwide-tax-summaries/assets/worldwide-tax-summaries-corporate-taxes-2016-17.pdf>; KPMG, "Corporate tax rates table," <https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>; the OECD Tax Database, "Table II.1 – Statutory corporate income tax rates," April 2017, [https://stats.oecd.org/index.aspx?DataSetCode=Table\\_II.1](https://stats.oecd.org/index.aspx?DataSetCode=Table_II.1); EY, "Worldwide Corporate Tax Guide 2017," [http://www.ey.com/Publication/vwLUAssets/Worldwide\\_Corporate\\_Tax\\_Guide\\_2017/\\$FILE/Worldwide%20Corporate%20Tax%20Guide%202017.pdf](http://www.ey.com/Publication/vwLUAssets/Worldwide_Corporate_Tax_Guide_2017/$FILE/Worldwide%20Corporate%20Tax%20Guide%202017.pdf); and various government publications.

4 GDP calculations are from the U.S. Department of Agriculture, "International Macroeconomics Data Set," December 2016, <https://www.ers.usda.gov/data-products/international-macroeconomic-data-set/>; World Bank, "World Development Indicators - GDP (current US\$)," August 2017, <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>; United Nations Department of Economic and Social Affairs - Statistics Division, World Statistics Pocketbook 2016 edition (New York: United Nations, 2016), <https://unstats.un.org/unsd/publications/pocketbook/files/world-stats-pocketbook-2016.pdf>; European Commission, "Gross domestic product (GDP) at current market prices by NUTS 2 regions," March 20, 2017, [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama\\_10r\\_2gdp&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10r_2gdp&lang=en); and official government publications.

The only other countries with large economies in the top twenty are India (34.61 percent) and France (34.43 percent), which rank near the bottom of the category. India holds the eighteenth spot, while France holds the twentieth.

**TABLE 1.**  
**Twenty Highest Statutory Corporate Income Tax Rates in the World**

Country	Rate	Region
United Arab Emirates	55%	Asia
Comoros	50%	Africa
Puerto Rico	39%	North America
United States	38.91%	North America
Suriname	36%	South America
Argentina	35%	South America
Chad	35%	Africa
Congo, Democratic Republic of the	35%	Africa
Equatorial Guinea	35%	Africa
Guam	35%	Oceania
Guinea	35%	Africa
Kiribati	35%	Oceania
Malta	35%	Europe
Northern Mariana Islands	35%	Oceania
Sudan	35%	Africa
Virgin Islands, U.S.	35%	North America
Zambia	35%	Africa
India	34.61%	Asia
Saint Maarten	34.5%	North America
France	34.43%	Europe
Worldwide average	22.96%	N/A
Worldwide weighted average (by GDP)	29.41%	N/A

Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

On the other end of the spectrum, the twenty countries with the lowest non-zero statutory corporate tax rates all charge rates lower than 15 percent. Ten countries have statutory rates of 10 percent, six being small European nations (Andorra, Bosnia and Herzegovina, Bulgaria, Gibraltar, Kosovo, and Macedonia). The only two major industrialized nations<sup>5</sup> represented among the bottom twenty countries are Ireland and Hungary. Ireland is known for its low 12.5 percent rate, which has been in place since 2003. Hungary dropped into the bottom twenty for the first time in 2017 after reducing its corporate income tax rate from 19 percent to 9 percent.

5 Here, "major industrialized nations" refers to members of the Organisation of Economic Co-operation and Development (OECD).

**TABLE 2.**  
**Twenty Lowest Statutory Corporate Income Tax Rates**

(Excluding Countries Without a Corporate Income Tax)

Country	Rate	Region
Uzbekistan	7.5%	Asia
Turkmenistan	8%	Asia
Hungary	9%	Europe
Montenegro	9%	Europe
Andorra	10%	Europe
Bosnia and Herzegovina	10%	Europe
Bulgaria	10%	Europe
Gibraltar	10%	Europe
Kosovo, Republic of	10%	Europe
Kyrgyzstan	10%	Asia
Macedonia, Former Yugoslav Republic of	10%	Europe
Paraguay	10%	South America
Qatar	10%	Asia
Timor-Leste	10%	Asia
Macao	12%	Asia
Moldova, Republic Of	12%	Europe
Oman	12%	Asia
Cyprus	12.5%	Europe
Ireland	12.5%	Europe
Liechtenstein	12.5%	Europe
Worldwide average	22.96%	N/A
Worldwide weighted average (by GDP)	29.41%	N/A

Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

Of the 202 jurisdictions surveyed, fourteen currently do not impose a general corporate income tax. Most of these countries are small, island nations. A handful, such as the Cayman Islands and Bermuda, are well-known for their lack of corporate taxes. Bahrain has no general corporate income tax, but has a targeted corporate income tax on oil companies.<sup>6</sup>

<sup>6</sup> This tax rate can be as high as 46%. See Deloitte, Tax guides and highlights.

**TABLE 3.**  
**Countries Without General  
 Corporate Income Tax**

Country	Region
Anguilla	North America
Bahamas	North America
Bahrain	Asia
Bermuda	North America
Cayman Islands	North America
Guernsey	Europe
Isle of Man	Europe
Jersey	Europe
Maldives	Asia
Nauru	Oceania
Palau	Oceania
Turks and Caicos Islands	North America
Vanuatu	Oceania
Virgin Islands, British	North America

Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

## Regional Variation in Corporate Tax Rates

Corporate tax rates can vary significantly by region. Africa has the highest average statutory tax rate among all regions, at 28.73 percent. Europe has the lowest average statutory corporate tax rate among all regions, at 18.35 percent.

When weighted by GDP, North America has the highest average statutory corporate tax rate at 37.01 percent. Although many low tax jurisdictions are located in this region, the United States accounts for more than 82 percent of regional GDP so its comparatively high rate has a significant impact on the regional average. Europe has the lowest weighted average statutory corporate income tax, with a rate of 25.58 percent.

In general, larger and more industrialized nations tend to have higher corporate income tax rates than smaller or less developed nations. These rates are usually above the worldwide average. The G7, which is comprised of the seven wealthiest nations in the world, has an average statutory corporate income tax rate of 29.57 percent, and a weighted average rate of 33.48 percent. OECD member states have an average statutory corporate tax rate of 24.18 percent and a rate of 31.12 when weighted by GDP. The BRICS<sup>7</sup> have an average statutory rate of 28.32 percent and a weighted average statutory corporate income tax rate of 27.34 percent.

<sup>7</sup> BRICS is a group of countries with major emerging economies. The members of this group are Brazil, Russia, India, China, and South Africa.

TABLE 4.

**Average Statutory Corporate Tax Rate by Region or Group**

Region or Group	Average Rate	Weighted Average Rate	Number of Countries
Africa	28.73%	28.20%	48
Asia	20.05%	26.26%	45
Europe	18.35%	25.58%	49
North America	23.08%	37.01%	30
Oceania	23.67%	27.10%	18
South America	28.73%	32.98%	13
BRICS	28.32%	27.34%	5
EU	21.82%	26.25%	28
G20	28.04%	30.90%	19
G7	29.57%	33.48%	7
OECD	24.18%	31.12%	35
World	22.96%	29.41%	202

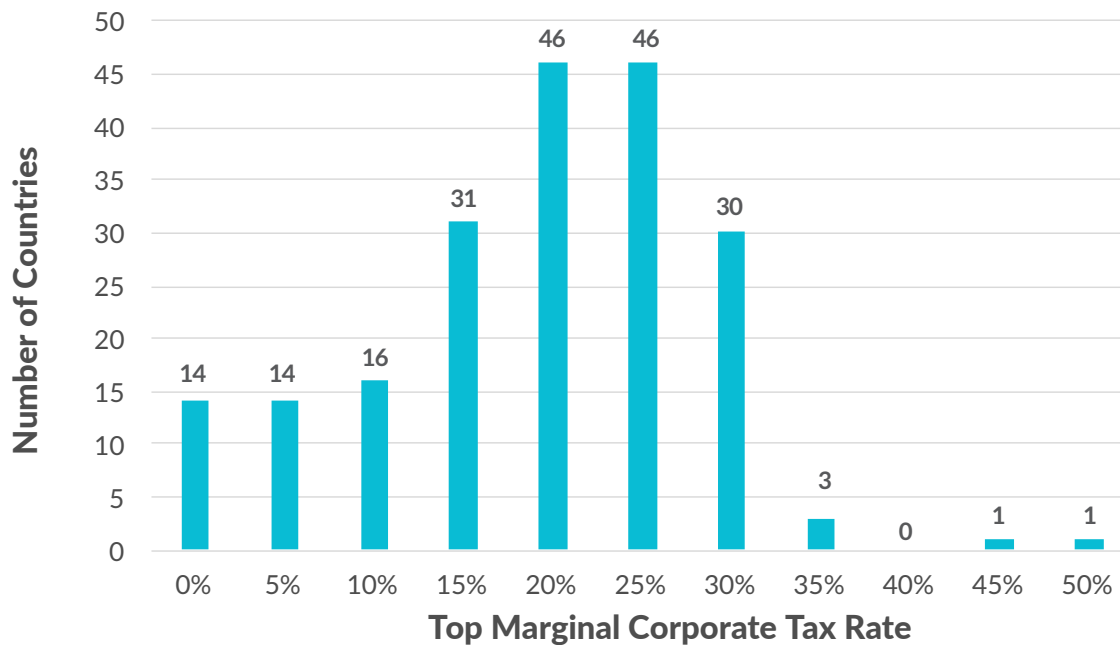
Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

## Distribution of Corporate Tax Rates

Very few tax jurisdictions impose a corporate income tax at statutory rates greater than 35 percent. The following chart shows a distribution of corporate income tax rates among 202 jurisdictions in 2017. A plurality of countries (92 total) impose a rate between 20 and 30 percent. Thirty countries have a statutory corporate tax rate between 30 and 35 percent. The United States is among only five countries to have a statutory corporate income tax rate exceeding 35 percent. Seventy-five countries have a statutory corporate tax rate lower than 20 percent and 167 countries have a corporate tax below 30 percent.

FIGURE 1.

## Distribution of Worldwide Corporate Tax Rates 2017



Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

## The Decline of Worldwide Corporate Tax Rates Since 1980

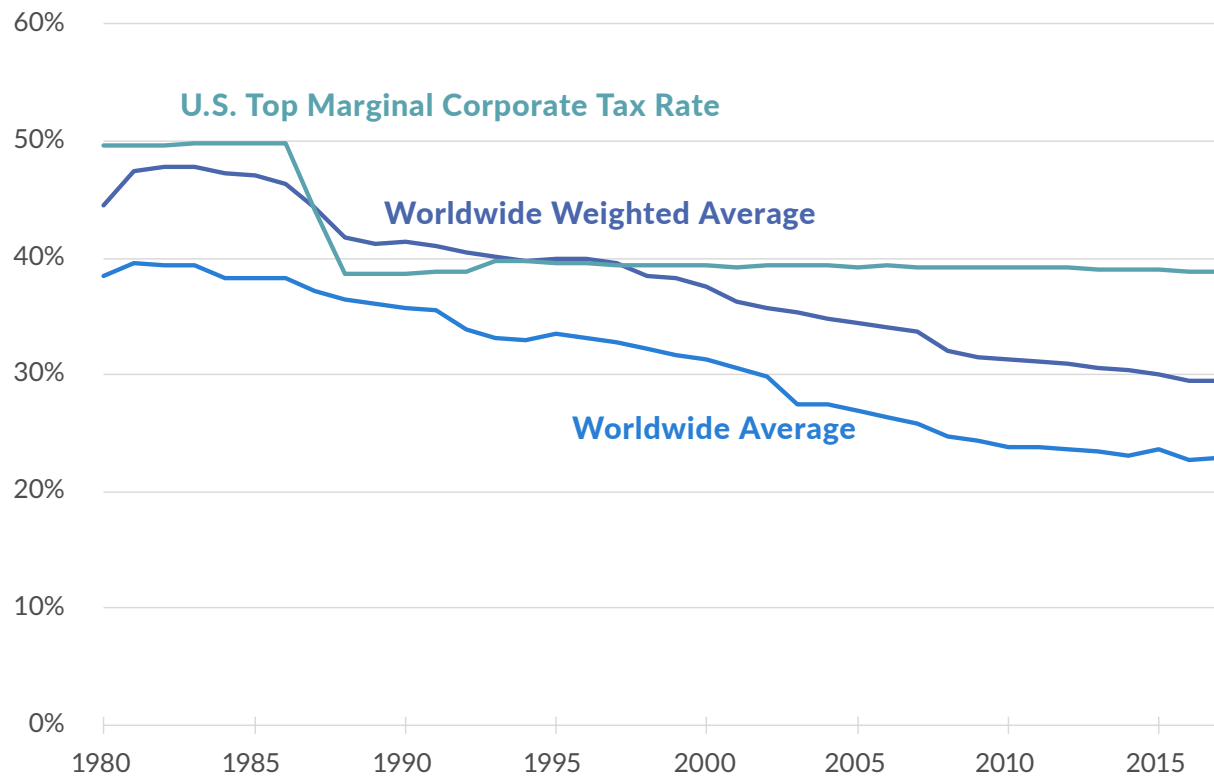
Over the past 37 years, the corporate tax rate has consistently declined on a global basis.<sup>8</sup> In 1980, the unweighted average worldwide statutory tax rate was 38.68 percent. Today, the average statutory rate stands at 22.96 percent, representing a 41 percent reduction over the 37 years surveyed.

The weighted average statutory rate has remained higher than the simple average over this period. The United States is largely responsible for keeping the weighted average so high, given its relatively high tax rate across all years, as well as its significant contribution to global GDP. Regardless, the weighted average statutory corporate income tax rate has declined from 46.64 percent in 1980 to 29.41 percent in 2017, representing a 37 percent reduction over the 37 years surveyed.

<sup>8</sup> Historical data comes from multiple sources: PwC, "Worldwide Tax Summaries – Corporate Taxes," 2010-2017; KPMG, "Corporate Tax Rate Survey," 1998-2003; KPMG, "Corporate tax rates table," 2003-2017; EY, "Worldwide Corporate Tax Guide," 2004-2017; OECD, "Historical Table II.1 – Statutory corporate income tax rate," 1999, [http://www.oecd.org/tax/tax-policy/tax-database.htm#C\\_CorporateCapital](http://www.oecd.org/tax/tax-policy/tax-database.htm#C_CorporateCapital); and the University of Michigan - Ross School of Business, "World Tax Database," <https://www.bus.umich.edu/otpr/otpr/default.asp>.

FIGURE 2.

## Top Marginal Corporate Tax Rates Have Declined Since 1980



Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

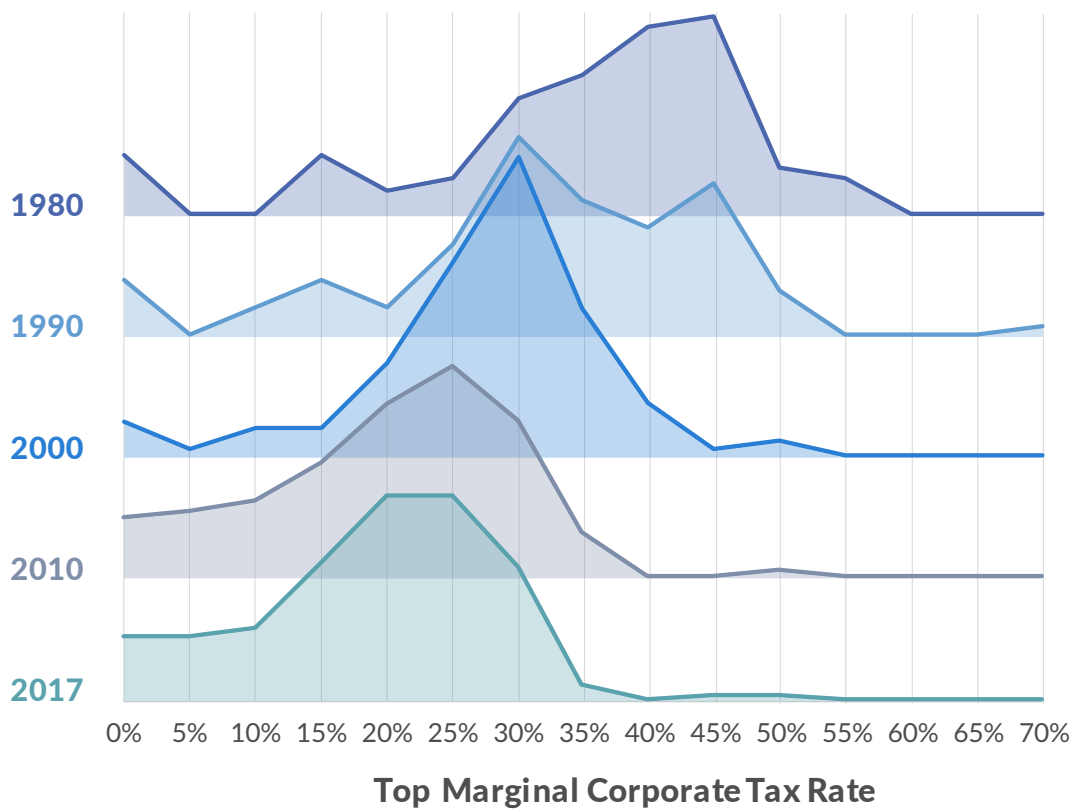
Unlike the rest of the world, the United States has maintained a relatively stable corporate rate for the last several decades. The only major rate change occurred as part of the 1986 tax reforms. The reforms reduced the federal statutory rate from 46 percent in 1986 to 40 percent in 1987, before further reducing the rate to 34 percent in 1988. The rate would later be raised to 35 percent in 1993, where it remains today.

Over time, more countries have shifted to taxing corporations at rates lower than 30 percent. This changing distribution of corporate tax rates has been far from consistent. The largest shift occurred between 2000 and 2010, with 77 percent of countries imposing a statutory rate below 30 percent in 2010 and only 42 percent of countries imposing a statutory rate below 30 percent in 2000.



FIGURE 3.

## The Worldwide Distribution of Statutory Corporate Income Tax Rates, 1980-2017



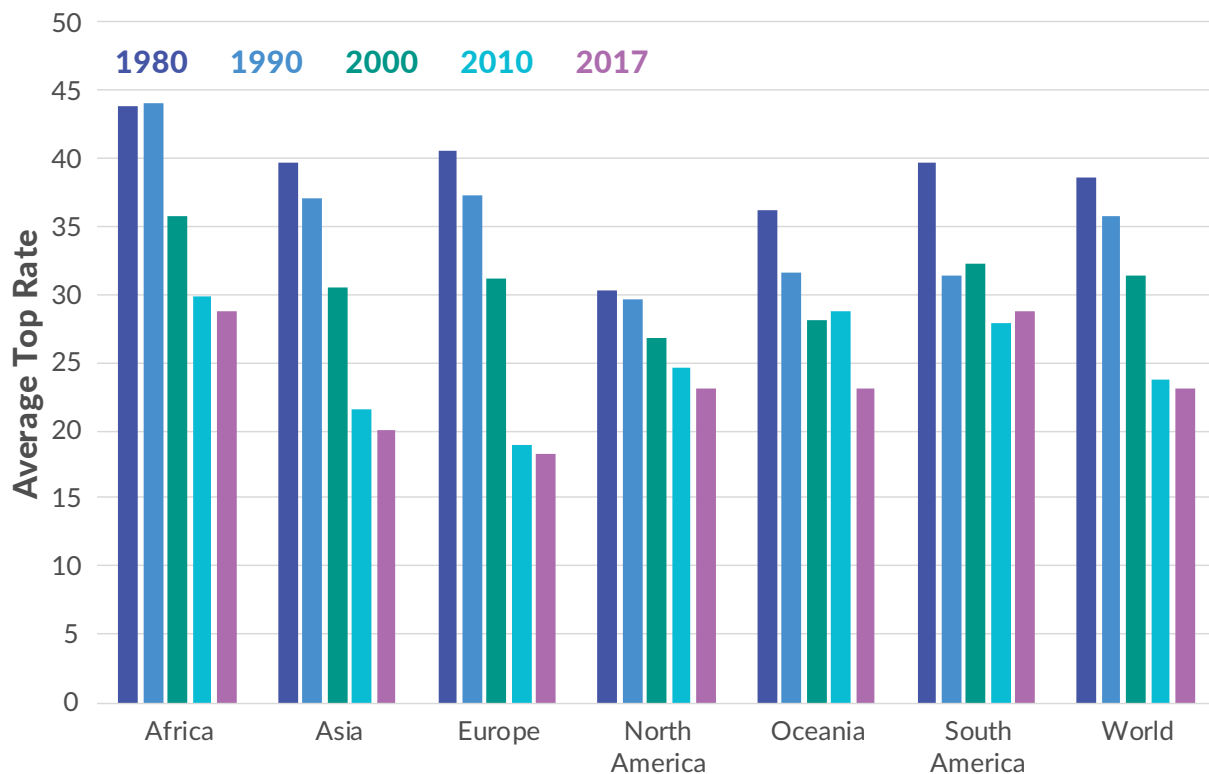
Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

All regions saw a net decline in average statutory rates between 1980 and 2017. The average declined the most in Europe, with the 1980 average of 40.5 percent dropping to 18.35 percent, representing almost a 55 percent rate reduction. South America has seen the smallest decline, with the average only decreasing by 28 percent from 39.66 percent in 1980 to 28.73 percent in 2017.

Africa, Oceania, and South America all saw periods where the average statutory rate increased, although the average rates decreased in all regions over the full period. In each instance of an average rate increase, the change was relatively small, with the absolute change being less than 1 percentage-point between decades.

FIGURE 4.

## Average Top Corporate Income Tax Rate by Region and Decade



Source: Tax Foundation. Data compiled from numerous sources including: PwC, KPMG, Deloitte, and the U.S. Department of Agriculture.

## Conclusion

The last time the United States reduced its federal corporate income tax rate was in 1986. Since then, countries throughout the world have significantly reduced their statutory tax rates. Today, the United States statutory corporate tax rate is one of the highest in the world and stands well above the worldwide average. Reducing the statutory corporate tax rate to around the worldwide average as part of tax reform could discourage profit shifting and encourage companies to locate investment in the United States.