



# Competitive Alternatives

**KPMG's guide to international  
business locations costs**

Volume II report - 2016 edition

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KPMG LLP, in association with MMK Consulting Inc., has conducted an analysis of the relative costs of doing business in 10 countries in North America, Europe, and Asia Pacific. This report was made possible through the support of our research contributors and sponsors, as identified in this report.

The analysis in this publication is based on cost information collected primarily between July 2015 and January 2016. Taxes reflect tax rates in effect on January 1, 2016, and also incorporate any announced changes at that time to take effect at specified later dates. Exchange rates and other cost factors will, of course, change over time. Tax rates and other tax-related information are also subject to change as a result of new legislation, judicial decisions, and administrative pronouncements.

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Volume II: Appendices

## Appendices

### **A**     **Details of study methodology**

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# Appendix A

## Details of study methodology

The value of any major study depends on the quality of the study design, the data assembled, and the analytical methodology. This appendix provides further details of the methodology of the *Competitive Alternatives* study, including:

- Design of the Competitive Alternatives Cost Model
- Definition of the standard business operations
- Specification of common business model assumptions
- Methodology for estimating labor costs
- Methodology for estimating facilities costs
- Methodology for estimating transportation/distribution costs for each operation
- Methodology for estimating energy costs.

## Competitive Alternatives Cost Model

This report utilizes the Competitive Alternatives Cost Model, a proprietary model which can analyze costs for businesses in many different types of business operations across multiple geographic locations.

The model uses two streams of information:

- Standardized operating specifications for each business operation
- Current business investment and operating cost data for each location.

By combining this information for each operation and location, the model produces pro forma estimates of annual costs and cash flows for a new business facility in each location. Outputs from the Cost Model include standard financial and project evaluation reports including:

- ten-year income statements
- ten-year balance sheets
- ten-year cash flow statements
- net present value of cash flows
- corporate income tax calculations.

These reports form the basis of the cost comparisons contained in this report. The result is a snapshot of business costs in each location, scaled relative to the significance of each cost item during the establishment, ramp-up, and full operation phases of a new business operation, over ten years.

## Standard business operations

As described in Chapter 4, 19 industry-specific standard business operations were specified for analysis in this report. These business operations have been defined according to a number of standard investment and operating specifications, including:

- land and building requirements
- machinery and equipment requirements
- inventory
- financing (debt/equity) and working capital requirements
- annual sales revenues
- workforce requirements
- raw material and component inputs
- research and development expenditures
- electricity and natural gas requirements
- product distribution requirements.

Summaries of the standardized parameters for each of the 19 industry-specific business operations can be found online at [CompetitiveAlternatives.com/industries](http://CompetitiveAlternatives.com/industries).

## Business model assumptions

### Common assumptions: startup phase

- All figures are shown in current US dollars, unless another currency is specified.
- For each type of facility, the following items are assumed to be identical in each location:
  - physical requirements for buildings and land
  - machinery and equipment investments
  - working capital requirements, including inventory levels
  - cost of equity capital
  - debt-to-equity ratio at start-up.
- Expenditures for land (if any) occur in Year 0. Real estate transfer taxes are capitalized in the cost of land.
- Four depreciable asset classes are recognized: buildings, machinery and equipment, office equipment, and R&D equipment. Major initial investments in all asset classes are made in Year 0.
- An initial investment in inventory is made in Year 0. Average inventory levels are assumed to remain steady over the 10-year period.
- The initial investment is partially financed with debt. Debt servicing costs are treated as expenses in the year incurred. No net principal payments are assumed during the 10-year period, so the level of debt remains constant.

### Common assumptions: operating phase

- All figures are shown in current US dollars, unless another currency is specified.
- There is a ramp-up period of up to four years before operations reach full capacity.
- For each type of facility, the following items are assumed to be identical in each location:
  - volume of output
  - staffing requirements
  - industrial and/or office leasing requirements
  - electricity and natural gas requirements
  - research and development activities
  - cost of equity capital.
- All of the firm's business income is related to operations.
- For profit center operations, sales revenue is held constant for all locations. For cost center operations, revenue is determined using a "cost-plus" markup approach; with the markup percentage held constant for all locations.
- All revenues earned and expenses incurred in a given period are collected and paid in the same period.
- Net cash flow from operations is added to cash on the balance sheet.
- Additional capital expenditures for retooling are undertaken as required by the type of business operation.
- Costs for materials and other location-insensitive costs are based on a predetermined percentage of sales, split between direct and indirect costs in accordance with general accounting principles. These percentages vary with the business type. For cost center operations, where revenue is a function of costs, location-insensitive costs are fixed in US\$ per annum for all locations.
- The firm is a start-up, stand-alone, limited company.
- For the purposes of apportionment of taxable income in North America, the firm is assumed to be eligible to apportion income among states, but not to maintain a substantial portion of its physical business operations in any location other than the location being examined. The firm is also assumed not to be subject to a material level of taxation in any jurisdiction other than its main location.
- For North American operations, the company does not qualify as an S-Corporation in the United States or a Canadian-Controlled Private Corporation in Canada, and does not receive the preferential tax treatment accorded to those categories of company.

- For the purposes of net present value calculations, at the end of Year 10, residual value is measured as:
  - current assets (including inventory), at cost; plus
  - land, at historical cost; plus
  - buildings, at depreciated historical cost; less
  - all liabilities at face value.
- Machinery and equipment are assumed to have zero scrap value, and no taxable capital gains are realized on the sale of capital assets.
- Calculations over the 10 years of operation are made on the basis of current (2013-14) price levels, exchange rates, tax structures, and cost factors. However, where future tax changes have been announced, such future changes are reflected in the calculations.

## Labor costs

To estimate annual labor costs for each facility, employees from different industries and operations have been grouped into a range of generic job positions, based on common levels of skill and responsibility. This approach reflects the nature of data available from different wage surveys, and the number of positions that can be comparably costed across a wide range of locations. By grouping employees into generic positions, the diversity of salary levels that would be encountered in a typical operation has been built into the calculation of annual labor costs. This study uses 42 generic job positions:

- eight management positions
- eight production positions
- five scientific/technical positions
- ten information technology positions
- nine sales and administrative positions
- two facility maintenance positions.

Based on individual job descriptions, typical salary and wage levels have been collected for each position in each city studied. Statutory and employer-sponsored benefits have also been calculated individually, according to the average pay for each job.

## Facilities costs

Facility requirements have been developed based on actual firm data during the process of defining the standard operating parameters for each business operation:

- For service operations, facilities costs include the cost of leasing suitable Class A office space, generally in a suburban area for most business operations but in a downtown location for the International Financial Services operation

- For manufacturing operations, six operations reflect facility costs for leased premises, with costs including the cost of leasing a suitable modern industrial facility in a suburban area.
- For the other six manufacturing operations, a custom built, owned facility is assumed with costs including the cost to purchase a suitable parcel of industrial land and constructing a turn-key factory on the land (including both hard and soft construction costs).

Costs for land purchase and building construction, and lease capitalization rates are used in some instances to refine values for industrial leasing and property valuation for local tax purposes.

Costs for land purchase, building construction, industrial leasing, and/or office leasing were collected by Colliers International real estate professionals in each local market.

## Transportation/distribution costs

A product distribution pattern has been developed for each relevant operation to reflect the characteristics of, and markets for, the goods produced. Product distribution has been based on global, continental, national, or regional markets.

Overseas exports are assumed to be transported by sea freight, except in the case of higher value products with shorter life cycles, in which case air freight may be used.

## Food processing operation

In developing the product distribution model for the food processing industry, the tendency for food product markets to be somewhat country-specific due to different taste preferences among regions has been considered. As a result, this model assumes that 50 percent of product is sold to distributors in the region in which it is produced, with the remainder being distributed to global markets.

## Advanced batteries, auto parts, metal machining, plastic products, and precision components operations

Plants manufacturing advanced battery systems, auto parts, metal components, plastic products, and precision components are generally producing for industrial customers who will use these components in further value-added manufacturing. Production of such components have become increasingly globalized over the last decade, but still with a tendency for producers to locate close to one or more of their major customers.

In the distribution models for these operations, output is assumed to be distributed to customers globally. Global sales are weighed using Gross Fixed Capital Formation as a proxy for industrial capacity and demand in each country. To allow for the local presence of major customers, this measure is double-weighted on favor of the region of production.

## Electronics assembly, medical devices, pharmaceuticals, specialty chemicals, and telecom equipment operations

Markets for these products tend to be continent-wide, as a minimum, with many firms selling on a global basis. In the distribution models for these operations, output is assumed to be distributed to customers globally. Global sales are weighted by a combination of population (to reflect personal consumption demand) and Gross Fixed Capital Formation (to reflect industrial consumption demand). To allow for the local presence of major customers, this measure is double-weighted in favor of the region of production.

## Aircraft parts operation

Markets for these products tend to be focused on the regions surrounding major aircraft assembly plants, such as the North American Boeing plants in Seattle and Wichita, and Bombardier plant in Montreal; the European Airbus plants in Toulouse, Hamburg, and Broughton; and the Brazilian Embraer plant near Sao Paulo.

Distribution for aircraft parts is assumed to occur on the following basis:

- 60 percent to major aircraft assembly plants in Europe (25 percent), North America (25 percent), and South America (10 percent)
- 40 percent exported equally among eight broad global regions, as parts used by maintenance, repair and overhaul operations.

## Other operations

The remaining operations are all services operations and have no physical product distribution requirements:

- Biomedical R&D
- Clinical trials management
- Electronics systems testing
- International financial services
- Shared services center
- Software development
- Video game production.

## General product distribution assumptions

The following general assumptions apply to each of the product distribution patterns outlined above:

- The model firms do not have any in-house distribution capability, so all freight movements are handled by third-party logistics providers
- Each firm is able to maximize the efficiency of its distribution patterns, delivering product to its customers in full truckload and/or container-load quantities, or as standardized less-than-load shipments
- The model firms are not selling to customers requiring just-in-time (JIT) or just-in-order (JIO) deliveries
- Intra-continental distribution is by road and/or rail freight (based on the most economical option), except where the use of sea freight is required between countries in Asia (e.g. between Japan and mainland Asia).

## Energy costs

Energy requirements have been developed based on actual firm and industry average data during the process of defining the standard operating parameters for each business operation. For manufacturing operations, both electricity and natural gas requirements have been considered. For service operations, where energy requirements are far less significant, only electricity requirements have been considered. Based on the identified energy requirements, costs were calculated based on published schedule rates of relevant energy suppliers or reported statistical rate data for industrial and commercial users, as available in each location.

## Taxation costs

Refer to Appendix B for details of taxation methodology.

## Interpretation of results

While great care has been taken in performing this analysis and developing the findings, the resulting comparisons are of a general nature. All cost factors examined in this study are subject to change over time, due to changes in local laws, regulations, and/or market conditions.

The results of this study should not be interpreted as a definitive or final opinion on the merits of locating any specific facility in one jurisdiction over another. Further analysis is required to determine the best site for a specific facility or operation.



# Appendix B

## **Tax assumptions and comparisons**

This appendix presents the tax rate assumptions used in the comparative analysis, along with summary measures of tax burden resulting from the analysis.

In this study, income taxes have been calculated on the “tax payable” basis. Deferred income tax balances (both positive and negative) have been excluded, since these accounting book entries are generally not relevant for location decision making.

All tax rates listed here are current as at January 1, 2016, based on latest information available as at that date. Taxes are grouped based on substance rather than legal form, and legislated names of specific taxes in certain jurisdictions differ from the generic titles used in this study.

Given the broad scope of this assignment, a number of simplifying assumptions have been made with respect to specific taxes. Any simplifying assumptions made are consistent with the business model assumptions set out in Appendix A.

Payroll taxes have been incorporated into statutory benefit costs shown in this report, but are not presented in this table.

These data should not be used to draw definitive conclusions regarding the relative position of any particular jurisdiction with respect to a particular element of taxation. In all circumstances, professional advice should be sought to address any specific taxation issues in any jurisdiction.

# Australia

## Federal, regional, and local tax rates – In percent

|   | Adelaide          | Brisbane          | Melbourne         | Sydney            | Footnotes  |
|---|-------------------|-------------------|-------------------|-------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                   |                   |                   |                   |  |
| Federal   | 30.00             | 30.00             | 30.00             | 30.00             | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional  | –                 | –                 | –                 | –                 | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local   | –                 | –                 | –                 | –                 | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                | 30.00             | 30.00             | 30.00             | 30.00             | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| Manufacturing tax reduction <sup>b</sup>                |                   |                   |                   |                   | e Percentage of sales price.   |
| Federal   | –                 | –                 | –                 | –                 | f General rate. Other rates may apply to specified articles.   |
| Regional  | –                 | –                 | –                 | –                 | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| Combined mfg tax rate                                   | 30.00             | 30.00             | 30.00             | 30.00             | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| Effective income tax rate, overall average <sup>c</sup> | 27.41             | 27.14             | 27.31             | 27.15             | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| <b>Capital Tax <sup>d</sup></b>                         |                   |                   |                   |                   | j Percentage of cost.  |
| Tax based on:   |                   |                   |                   |                   | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Capital stock   | –                 | –                 | –                 | –                 | l Percentage of gross sales.   |
| Net equity  | –                 | –                 | –                 | –                 | m Percentage of gross payroll.   |
| Total assets  | –                 | –                 | –                 | –                 | n Tax per employee.  |
| Debt/borrowings   | –                 | –                 | –                 | –                 | o Includes both state land tax (3.70%) and local council rates (0.82%). Land tax represents top marginal rate. Lower rates apply on the first AUD \$1.078 million of land value.   |
| <b>Sales Tax <sup>e</sup></b>                           |                   |                   |                   |                   | p Includes both state land tax (2.00%) and local council rates (1.04%). Land tax represents top marginal rate. Lower rates apply on the first AUD \$5 million of land value.   |
| Refundable GST/VAT:                                     |                   |                   |                   |                   | q Includes both state land tax (2.25%) and local council rates (0.96%). Land tax represents top marginal rate. Lower rates apply on the first AUD \$3 million of land value.   |
| Federal <sup>f</sup>                                    | 10.00             | 10.00             | 10.00             | 10.00             | r Includes both state land tax (2.00%) and local council rates (0.88%). Land tax represents top marginal rate. Lower rates apply on the first AUD \$2.641 million of land value.   |
| Regional <sup>f</sup>                                   | –                 | –                 | –                 | –                 | s State payroll tax of 4.95% (for Adelaide), 4.75% (for Brisbane), 4.85% (for Melbourne) and 5.45% (for Sydney) is not shown here as it is included under statutory plans in the labor analysis.   |
| Non-refundable sales tax:                               |                   |                   |                   |                   |  |
| Regional <sup>f</sup>                                   | –                 | –                 | –                 | –                 |  |
| Local <sup>f</sup>                                      | –                 | –                 | –                 | –                 |  |
| <b>Property Tax <sup>g</sup></b>                        |                   |                   |                   |                   |  |
| Land <sup>h</sup>                                       | 4.52 <sup>p</sup> | 3.04 <sup>p</sup> | 3.21 <sup>q</sup> | 2.88 <sup>r</sup> |  |
| Buildings <sup>h</sup>                                  | 0.82              | –                 | 0.96              | –                 |  |
| Machinery & equipment <sup>i</sup>                      | –                 | –                 | –                 | –                 |  |
| Inventory <sup>j</sup>                                  | –                 | –                 | –                 | –                 |  |
| Total property-based taxes:                             |                   |                   |                   |                   |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$1.54            | \$1.33            | \$1.41            | \$1.86            |  |
| Services avg (7 operations) <sup>k</sup>                | \$2.95            | \$3.12            | \$2.46            | \$3.15            |  |
| <b>Local Business Taxes</b>                             |                   |                   |                   |                   |  |
| Taxes based on:   |                   |                   |                   |                   |  |
| Gross receipts <sup>l</sup>                             | –                 | –                 | –                 | –                 |  |
| Salaries <sup>m</sup>                                   | – <sup>s</sup>    | – <sup>s</sup>    | – <sup>s</sup>    | – <sup>s</sup>    |  |
| Employees <sup>n</sup>                                  | –                 | –                 | –                 | –                 |  |

## Federal, regional, and local tax rates – In percent

|  | Barrie<br>ON         | Calgary<br>AB     | Charlottetown<br>PE  | Edmonton<br>AB | Fredericton<br>NB    | Gatineau<br>QC     | Halifax<br>NS        | Kelowna<br>BC | Moncton<br>NB        | Montreal<br>QC     |
|--|----------------------|-------------------|----------------------|----------------|----------------------|--------------------|----------------------|---------------|----------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Federal  | 15.00                | 15.00             | 15.00                | 15.00          | 15.00                | 15.00              | 15.00                | 15.00         | 15.00                | 15.00              |
| Regional   | 11.50                | 12.00             | 16.00                | 12.00          | 12.00                | 11.90 <sup>o</sup> | 16.00                | 11.00         | 12.00                | 11.90 <sup>o</sup> |
| Local  | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Combined income tax rate                                   | 26.50                | 27.00             | 31.00                | 27.00          | 27.00                | 26.90              | 31.00                | 26.00         | 27.00                | 26.90              |
| Manufacturing tax reduction <sup>b</sup>                   |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Federal  | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Regional   | 1.50                 | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Combined mfg tax rate                                      | 25.00                | 27.00             | 31.00                | 27.00          | 27.00                | 26.90              | 31.00                | 26.00         | 27.00                | 26.90              |
| Effective income tax rate,<br>overall average <sup>c</sup> | 18.89                | 20.12             | 23.29                | 20.30          | 18.43                | 16.96              | 21.75                | 19.72         | 18.39                | 17.27              |
| <b>Capital Tax <sup>d</sup></b>                            |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Tax based on:  |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Capital stock  | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Net equity   | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Total assets   | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Debt/borrowings  | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| <b>Sales Tax <sup>e</sup></b>                              |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Refundable GST/VAT:  |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Federal <sup>f</sup>                                       | } 13.00 <sup>p</sup> | 5.00              | } 14.00 <sup>p</sup> | 5.00           | } 13.00 <sup>p</sup> | 5.00               | } 15.00 <sup>p</sup> | 5.00          | } 13.00 <sup>p</sup> | 5.00               |
| Regional <sup>f</sup>                                      |                      | –                 |                      | –              |                      | –                  |                      | –             |                      | –                  |
| Non-refundable sales tax:                                  |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Regional <sup>f</sup>                                      | –                    | –                 | –                    | –              | –                    | –                  | –                    | 7.00          | –                    | –                  |
| Local <sup>f</sup>   | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| <b>Property Tax <sup>g</sup></b>                           |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Land <sup>h</sup>  | 2.90                 | 1.85 <sup>q</sup> | 2.46                 | 1.89           | 4.17                 | 2.72               | 3.40                 | 1.70          | 4.50                 | 4.07               |
| Buildings <sup>h</sup>                                     | 2.90                 | 1.85 <sup>q</sup> | 2.46                 | 1.89           | 4.17                 | 2.72               | 3.40                 | 1.68          | 4.50                 | 4.07               |
| Machinery & equipment <sup>i</sup>                         | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Inventory <sup>j</sup>                                     | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Total property-based taxes:                                |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Mfg avg (12 operations) <sup>k</sup>                       | \$2.57               | \$2.29            | \$2.66               | \$2.07         | \$4.24               | \$2.89             | \$3.60               | \$2.20        | \$4.27               | \$4.34             |
| Services avg (7 operations) <sup>k</sup>                   | \$1.50               | \$3.52            | \$2.38               | \$2.22         | \$3.51               | \$3.01             | \$5.76               | \$3.64        | \$3.48               | \$7.41             |
| <b>Local Business Taxes</b>                                |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Taxes based on:  |                      |                   |                      |                |                      |                    |                      |               |                      |                    |
| Gross receipts <sup>l</sup>                                | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Salaries <sup>m</sup>                                      | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |
| Employees <sup>n</sup>                                     | –                    | –                 | –                    | –              | –                    | –                  | –                    | –             | –                    | –                  |

## Federal, regional, and local tax rates – In percent

|   | Quebec City<br>QC  | Saskatoon<br>SK | Sault Ste. Marie<br>ON | St. John's<br>NL     | Toronto<br>ON        | Vancouver<br>BC | Winnipeg<br>MB    | Footnotes   |  |
|---|--------------------|-----------------|------------------------|----------------------|----------------------|-----------------|-------------------|---|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                    |                 |                        |                      |                      |                 |                   |   |  |
| Federal   | 15.00              | 15.00           | 15.00                  | 15.00                | 15.00                | 15.00           | 15.00             | <p>a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.</p> <p>b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.</p> <p>c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.</p> <p>d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.</p> <p>e Percentage of sales price.</p> <p>f General rate. Other rates may apply to specified articles.</p> <p>g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.</p> <p>h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).</p> <p>i Percentage of depreciated value.</p> <p>j Percentage of cost.</p> <p>k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent.</p> <p>l Percentage of gross sales.</p> <p>m Percentage of gross payroll.</p> <p>n Tax per employee.</p> <p>o The Quebec corporate income tax rate is scheduled to reduce by 0.1% each year starting in 2017 and continuing until the rate reaches 11.5% on January 1, 2020.</p> <p>p Harmonized single sales tax applies at the rate indicated, including a 5% federal component and a provincial component that varies by province.</p> <p>q Incorporates both property tax and property-based business/occupancy tax rates.</p> |  |
| Regional  | 11.90 <sup>o</sup> | 12.00           | 11.50                  | 14.00                | 11.50                | 11.00           | 12.00             |   |  |
| Local   | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Combined income tax rate                                | 26.90              | 27.00           | 26.50                  | 29.00                | 26.50                | 26.00           | 27.00             |   |  |
| Manufacturing tax reduction <sup>b</sup>                |                    |                 |                        |                      |                      |                 |                   |   |  |
| Federal   | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Regional  | –                  | 2.00            | 1.50                   | 9.00                 | 1.50                 | –               | –                 |   |  |
| Combined mfg tax rate                                   | 26.90              | 25.00           | 25.00                  | 20.00                | 25.00                | 26.00           | 27.00             |   |  |
| Effective income tax rate, overall average <sup>c</sup> | 17.96              | 18.02           | 18.55                  | 11.66                | 18.56                | 19.73           | 16.68             |   |  |
| <b>Capital Tax <sup>d</sup></b>                         |                    |                 |                        |                      |                      |                 |                   |   |  |
| Tax based on:   |                    |                 |                        |                      |                      |                 |                   |   |  |
| Capital stock   | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Net equity  | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Total assets  | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Debt/borrowings   | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| <b>Sales Tax <sup>e</sup></b>                           |                    |                 |                        |                      |                      |                 |                   |   |  |
| Refundable GST/VAT:                                     |                    |                 |                        |                      |                      |                 |                   |   |  |
| Federal <sup>f</sup>                                    | 5.00               | 5.00            | } 13.00 <sup>o</sup>   | } 15.00 <sup>o</sup> | } 13.00 <sup>o</sup> | 5.00            | 5.00              |   |  |
| Regional <sup>f</sup>                                   | 9.98               | –               |                        |                      |                      | –               | –                 |   |  |
| Non-refundable sales tax:                               |                    |                 |                        |                      |                      |                 |                   |   |  |
| Regional <sup>f</sup>                                   | –                  | 5.00            | –                      | –                    | –                    | 7.00            | 8.00              |   |  |
| Local <sup>f</sup>                                      | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| <b>Property Tax <sup>g</sup></b>                        |                    |                 |                        |                      |                      |                 |                   |   |  |
| Land <sup>h</sup>                                       | 4.25               | 1.61            | 5.39                   | 3.07 <sup>q</sup>    | 2.41                 | 1.72            | 2.91 <sup>q</sup> |   |  |
| Buildings <sup>h</sup>                                  | 4.25               | 1.61            | 5.39                   | 3.07 <sup>q</sup>    | 2.41                 | 1.72            | 2.91 <sup>q</sup> |   |  |
| Machinery & equipment <sup>i</sup>                      | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Inventory <sup>j</sup>                                  | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Total property-based taxes:                             |                    |                 |                        |                      |                      |                 |                   |   |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$4.11             | \$1.90          | \$4.55                 | \$3.43               | \$3.14               | \$2.67          | \$2.81            |   |  |
| Services avg (7 operations) <sup>k</sup>                | \$2.19             | \$1.36          | \$2.62                 | \$5.34               | \$4.15               | \$4.25          | \$3.60            |   |  |
| <b>Local Business Taxes</b>                             |                    |                 |                        |                      |                      |                 |                   |   |  |
| Taxes based on:   |                    |                 |                        |                      |                      |                 |                   |   |  |
| Gross receipts <sup>l</sup>                             | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Salaries <sup>m</sup>                                   | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |
| Employees <sup>n</sup>                                  | –                  | –               | –                      | –                    | –                    | –               | –                 |   |  |

# France

## Federal, regional, and local tax rates – In percent

|   | Marseille           | Paris                | Footnotes  |
|---|---------------------|----------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                     |                      |  |
| Federal   | 33.33               | 33.33                | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional  | –                   | –                    | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local   | –                   | –                    | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                | 33.33               | 33.33                | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| Manufacturing tax reduction <sup>b</sup>                |                     |                      |  |
| Federal   | –                   | –                    | e Percentage of sales price.   |
| Regional  | –                   | –                    | f General rate. Other rates may apply to specified articles.   |
| Combined mfg tax rate                                   | 33.33               | 33.33                | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| Effective income tax rate, overall average <sup>c</sup> | 21.28               | 20.01                | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| <b>Capital Tax <sup>d</sup></b>                         |                     |                      |  |
| Tax based on:   |                     |                      |  |
| Capital stock   | 0.10 <sup>e</sup>   | 0.10 <sup>e</sup>    | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| Net equity  | –                   | –                    | j Percentage of cost.  |
| Total assets  | –                   | –                    | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Debt/borrowings   | –                   | –                    | l Percentage of gross sales.   |
| <b>Sales Tax <sup>e</sup></b>                           |                     |                      |  |
| Refundable GST/VAT:                                     |                     |                      |  |
| Federal <sup>f</sup>                                    | 20.00               | 20.00                | m Percentage of gross payroll.   |
| Regional <sup>f</sup>                                   | –                   | –                    | n Tax per employee.  |
| Non-refundable sales tax:                               |                     |                      |  |
| Regional <sup>f</sup>                                   | –                   | –                    | o One-time tax on share issuance.  |
| Local <sup>f</sup>                                      | –                   | –                    | p Includes both Tax on Developed Properties (TFPB) and Contribution for Enterprise Land Value (CFE), both of which are based on property rental value. CFE is levied directly on the lessee of leased properties.  |
| <b>Property Tax <sup>g</sup></b>                        |                     |                      |  |
| Land <sup>h</sup>                                       | 3.17 <sup>p</sup>   | 2.40 <sup>p</sup>    | q Contribution for Enterprise Value Added (CVAE), top marginal rate. Lower rates apply to companies with sales turnover of less than €50 million per annum. Tax base is value added, which is calculated as gross receipts less limited specified deductions.  |
| Buildings <sup>h</sup>                                  | 3.17 <sup>p</sup>   | 2.40 <sup>p</sup>    | r Total CFE plus CVAE is capped at 3% of value added as assessed for CVAE.   |
| Machinery & equipment <sup>i</sup>                      | –                   | –                    |  |
| Inventory <sup>j</sup>                                  | –                   | –                    |  |
| Total property-based taxes:                             |                     |                      |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$2.61 <sup>r</sup> | \$2.04 <sup>r</sup>  |  |
| Services avg (7 operations) <sup>k</sup>                | \$9.14 <sup>r</sup> | \$13.60 <sup>r</sup> |  |
| <b>Local Business Taxes</b>                             |                     |                      |  |
| Taxes based on:   |                     |                      |  |
| Gross receipts <sup>l</sup>                             | 1.50 <sup>q</sup>   | 1.50 <sup>q</sup>    |  |
| Salaries <sup>m</sup>                                   | –                   | –                    |  |
| Employees <sup>n</sup>                                  | –                   | –                    |  |

# Germany

## Federal, regional, and local tax rates – In percent

|   | Marseille          | Paris              | Footnotes  |
|---|--------------------|--------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                    |                    |  |
| Federal   | 15.83 <sup>o</sup> | 15.83 <sup>o</sup> | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional  | –                  | –                  | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local   | 14.35              | 16.10              | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                | 30.18              | 31.93              | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| Manufacturing tax reduction <sup>b</sup>                |                    |                    |  |
| Federal   | –                  | –                  | e Percentage of sales price.   |
| Regional  | –                  | –                  | f General rate. Other rates may apply to specified articles.   |
| Combined mfg tax rate                                   | 30.18              | 31.93              | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| Effective income tax rate, overall average <sup>c</sup> | 29.64              | 31.41              | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| <b>Capital Tax <sup>d</sup></b>                         |                    |                    |  |
| Tax based on:   |                    |                    |  |
| Capital stock   | –                  | –                  | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| Net equity  | –                  | –                  | j Percentage of cost.  |
| Total assets  | –                  | –                  | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Debt/borrowings   | –                  | –                  | l Percentage of gross sales.   |
| <b>Sales Tax <sup>e</sup></b>                           |                    |                    |  |
| Refundable GST/VAT:                                     |                    |                    |  |
| Federal <sup>f</sup>                                    | 19.00              | 19.00              | m Percentage of gross payroll.   |
| Regional <sup>f</sup>                                   | –                  | –                  | n Tax per employee.  |
| Non-refundable sales tax:                               |                    |                    |  |
| Regional <sup>f</sup>                                   | –                  | –                  | o Federal tax rate represents 15% basic tax, plus 5.5% solidarity surcharge.   |
| Local <sup>f</sup>                                      | –                  | –                  |  |
| <b>Property Tax <sup>g</sup></b>                        |                    |                    |  |
| Land <sup>h</sup>                                       | 2.84               | 1.75               |  |
| Buildings <sup>h</sup>                                  | 2.84               | 1.75               |  |
| Machinery & equipment <sup>i</sup>                      | –                  | –                  |  |
| Inventory <sup>j</sup>                                  | –                  | –                  |  |
| Total property-based taxes:                             |                    |                    |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$1.91             | \$1.53             |  |
| Services avg (7 operations) <sup>k</sup>                | \$2.33             | \$3.01             |  |
| <b>Local Business Taxes</b>                             |                    |                    |  |
| Taxes based on:   |                    |                    |  |
| Gross receipts <sup>l</sup>                             | –                  | –                  |  |
| Salaries <sup>m</sup>                                   | –                  | –                  |  |
| Employees <sup>n</sup>                                  | –                  | –                  |  |

## Federal, regional, and local tax rates – In percent

|   | Milan              | Rome               | Footnotes   |
|---|--------------------|--------------------|---|
| <b>Corporate Income Tax <sup>a</sup></b>                |                    |                    |   |
| Federal   | 27.50 <sup>o</sup> | 27.50 <sup>o</sup> | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.   |
| Regional  | 3.90 <sup>p</sup>  | 4.82 <sup>p</sup>  | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.  |
| Local   | –                  | –                  | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.   |
| Combined income tax rate                                | 30.86 <sup>q</sup> | 31.66 <sup>q</sup> | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.  |
| <b>Manufacturing tax reduction <sup>b</sup></b>         |                    |                    |   |
| Federal   | –                  | –                  | e Percentage of sales price.  |
| Regional  | –                  | –                  | f General rate. Other rates may apply to specified articles.  |
| Combined mfg tax rate                                   | 30.86              | 31.66              | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.  |
| Effective income tax rate, overall average <sup>c</sup> | 24.32              | 25.91              | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).  |
| <b>Capital Tax <sup>d</sup></b>                         |                    |                    |   |
| Tax based on:   |                    |                    |   |
| Capital stock   | –                  | –                  | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.  |
| Net equity  | –                  | –                  | j Percentage of cost.   |
| Total assets  | –                  | –                  | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent.  |
| Debt/borrowings   | 0.25 <sup>r</sup>  | 0.25 <sup>r</sup>  | l Percentage of gross sales.  |
| <b>Sales Tax <sup>e</sup></b>                           |                    |                    |   |
| Refundable GST/VAT:                                     |                    |                    |   |
| Federal <sup>f</sup>                                    | 22.00              | 22.00              | m Percentage of gross payroll.  |
| Regional <sup>f</sup>                                   | –                  | –                  | n Tax per employee.   |
| Non-refundable sales tax:                               |                    |                    |   |
| Regional <sup>f</sup>                                   | –                  | –                  | o The rate of federal corporate income tax (IRES) is scheduled to decrease to 24.0% on January 1, 2017.   |
| Local <sup>f</sup>                                      | –                  | –                  | p Deductions for payroll and interest costs are limited for Italian Regional Tax on Productive Activities (IRAP). This results in a higher taxable income base for IRAP purposes than for most other income taxes listed in this Appendix.  |
| <b>Property Tax <sup>g</sup></b>                        |                    |                    |   |
| Land <sup>h</sup>                                       | 1.14 <sup>s</sup>  | 1.14 <sup>s</sup>  | q In calculating the combined tax rate, regional tax paid is deductible for federal tax calculations to the extent that regional tax liability reflects non-deductible labor costs. The actual percentage federal deduction for regional tax paid varies by company and by year. The combined tax rate shown assumes a 50 percent federal deduction for regional tax paid. Therefore, the regional tax rate has been reduced by (1 - (federal tax rate x 50%)) to determine the combined rate.          |
| Buildings <sup>h</sup>                                  | 1.16 <sup>s</sup>  | 1.16 <sup>s</sup>  | r One-time tax on issuance of medium and long term loans.   |
| Machinery & equipment <sup>i</sup>                      | –                  | –                  | s Local tax on immovable property tax (IMU) and municipal tax on indivisible services (TASI) are based on imputed income value of a property as determined by the Immovable Property Registry. The rates shown here represent the estimated tax rate as a percentage of property fair market value, based on the assumption that for owned facilities statutory imputed income represents 1.495% of fair market value. For leased facilities, imputed income is assumed to equal actual lease payments. |
| Inventory <sup>j</sup>                                  | –                  | –                  |   |
| Total property-based taxes:                             |                    |                    |   |
| Mfg avg (12 operations) <sup>k</sup>                    | \$1.00             | \$0.93             |   |
| Services avg (7 operations) <sup>k</sup>                | \$6.08             | \$5.83             |   |
| <b>Local Business Taxes</b>                             |                    |                    |   |
| Taxes based on:   |                    |                    |   |
| Gross receipts <sup>l</sup>                             | –                  | –                  |   |
| Salaries <sup>m</sup>                                   | –                  | –                  |   |
| Employees <sup>n</sup>                                  | –                  | –                  |   |

# Japan

## Federal, regional, and local tax rates – In percent

|   | Osaka              | Tokyo              | Footnotes   |
|---|--------------------|--------------------|---|
| <b>Corporate Income Tax <sup>a</sup></b>                |                    |                    |   |
| Federal   | 24.95 <sup>o</sup> | 24.95 <sup>o</sup> | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.   |
| Regional  | 10.07 <sup>p</sup> | 10.07 <sup>p</sup> | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.  |
| Local   | 4.02 <sup>q</sup>  | 4.07 <sup>r</sup>  | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.   |
| Combined income tax rate                                | 36.53 <sup>s</sup> | 36.58 <sup>s</sup> | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.  |
| Manufacturing tax reduction <sup>b</sup>                |                    |                    |   |
| Federal   | –                  | –                  | e Percentage of sales price.  |
| Regional  | –                  | –                  | f General rate. Other rates may apply to specified articles.  |
| Combined mfg tax rate                                   | 36.53              | 36.58              | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.  |
| Effective income tax rate, overall average <sup>c</sup> | 31.94              | 32.19              | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).  |
| <b>Capital Tax <sup>d</sup></b>                         |                    |                    |   |
| Tax based on:   |                    |                    |   |
| Capital stock   | 0.700 <sup>t</sup> | 0.700 <sup>t</sup> | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.  |
| Net equity  | 0.407 <sup>u</sup> | 0.391 <sup>u</sup> | j Percentage of cost.   |
| Total assets  | –                  | –                  | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent.  |
| Debt/borrowings   | –                  | –                  | l Percentage of gross sales.  |
| <b>Sales Tax <sup>e</sup></b>                           |                    |                    |   |
| Refundable GST/VAT:                                     |                    |                    |   |
| Federal <sup>f</sup>                                    | 8.00               | 8.00               | m Percentage of gross payroll.  |
| Regional <sup>f</sup>                                   | –                  | –                  | n Tax per employee.   |
| Non-refundable sales tax:                               |                    |                    |   |
| Regional <sup>f</sup>                                   | –                  | –                  | o Top marginal rate. The first ¥8 million of taxable income is taxed at 15.66% only if the corporation's paid-in capital is ¥100 million or less.   |
| Local <sup>f</sup>                                      | –                  | –                  | p Two separate income taxes apply at the prefectural level. Business Tax applies at a top marginal rate at 7.18%, with lower rates applying to the first ¥8 million of taxable income and for corporations with paid-in capital of ¥100 million or more. However corporations with paid-in capital of ¥100 million or more are also subject to capital and value-added components of Business Tax. Special Local Corporate Tax applies as a percentage of Business Tax, which is then converted into an effective rate expressed as a percentage of taxable income. The effective top marginal rate for Special Local Corporate Tax is 2.89%. |
| <b>Property Tax <sup>g</sup></b>                        |                    |                    |   |
| Land <sup>h</sup>                                       | 1.70               | 1.70               | q Prefectural and Municipal Inhabitant Tax are based on federal corporate income tax. The combined top marginal rate of 16.1% of federal tax paid represents an effective rate of 4.02% of taxable income.  |
| Buildings <sup>h</sup>                                  | 2.16 <sup>v</sup>  | 2.11 <sup>v</sup>  | r Prefectural and Municipal Inhabitant Tax are based on federal corporate income tax. The combined top marginal rate of 16.3% of federal tax paid represents an effective rate of 4.07% of taxable income.  |
| Machinery & equipment <sup>i</sup>                      | 1.40               | 1.40               | s In calculating the combined tax rate, the prefectural business tax rates have been reduced by (1 – Federal tax rate) to recognize the deduction permitted at the federal level for business tax paid. Prefectural and municipal inhabitant (income-based) taxes are not deductible for federal income tax purposes.   |
| Inventory <sup>j</sup>                                  | –                  | –                  | t One-time tax on share issuance.   |
| Total property-based taxes:                             |                    |                    |   |
| Mfg avg (12 operations) <sup>k</sup>                    | \$6.92             | \$10.87            | u Approximate rate including prefectural and municipal per-capita taxes on taxable capital of ¥5 billion (rates vary based on capital stock and employees), plus capital component of Business Tax applicable to companies with paid-in capital in excess of ¥100 million. The tax rate for the capital component of Business Tax is increasing from 0.315% to 0.420% on April 1, 2016 which will increase these effective rates by 0.105%.   |
| Services avg (7 operations) <sup>k</sup>                | \$4.35             | \$7.13             | v Incorporates 1.70% property tax plus building occupancy tax of ¥600 per m2 of floor space.  |
| <b>Local Business Taxes</b>                             |                    |                    |   |
| Taxes based on:   |                    |                    |   |
| Gross receipts <sup>l</sup>                             | 0.756 <sup>w</sup> | 0.756 <sup>w</sup> | w Value added component of Prefectural Business Tax applicable to companies with paid-in capital in excess of ¥100 million. Tax base is value added, defined as gross receipts less limited specified deductions. Tax rate is increasing from 0.756% to 1.008% on April 1, 2016.  |
| Salaries <sup>m</sup>                                   | 0.250 <sup>x</sup> | 0.250 <sup>x</sup> | x Represents salaries portion of multi-base local business tax. Not assessable where employee count < 100.  |
| Employees <sup>n</sup>                                  | –                  | –                  |   |



# Mexico

## Federal, regional, and local tax rates – In percent

|   | Mexico City       | Monterrey         | Footnotes  |
|---|-------------------|-------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                   |                   |  |
| Federal   | 30.00             | 30.00             | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional  | –                 | –                 | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local   | –                 | –                 | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                | 30.00             | 30.00             | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| Manufacturing tax reduction <sup>b</sup>                |                   |                   |  |
| Federal   | –                 | –                 | e Percentage of sales price.   |
| Regional  | –                 | –                 | f General rate. Other rates may apply to specified articles.   |
| Combined mfg tax rate                                   | 30.00             | 30.00             | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| Effective income tax rate, overall average <sup>c</sup> | 31.41             | 31.23             | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| <b>Capital Tax <sup>d</sup></b>                         |                   |                   |  |
| Tax based on:   |                   |                   |  |
| Capital stock   | –                 | –                 | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| Net equity  | –                 | –                 | j Percentage of cost.  |
| Total assets  | –                 | –                 | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Debt/borrowings   | –                 | –                 | l Percentage of gross sales.   |
| <b>Sales Tax <sup>e</sup></b>                           |                   |                   |  |
| Refundable GST/VAT:                                     |                   |                   |  |
| Federal <sup>f</sup>                                    | 16.00             | 16.00             | m Percentage of gross payroll.   |
| Regional <sup>f</sup>                                   | –                 | –                 | n Tax per employee.  |
| Non-refundable sales tax:                               |                   |                   |  |
| Regional <sup>f</sup>                                   | –                 | –                 | o Exemption of 25% applies for new companies for the first year of operation. A further 20% exemption applies in any future year where the number of employees increases by at least 25% compared to the prior year.   |
| Local <sup>f</sup>                                      | –                 | –                 | p Full exemption applies for new companies for the first four years of operation.  |
| <b>Property Tax <sup>g</sup></b>                        |                   |                   |  |
| Land <sup>h</sup>                                       | 1.16              | 0.20              |  |
| Buildings <sup>h</sup>                                  | 1.16              | 0.20              |  |
| Machinery & equipment <sup>i</sup>                      | –                 | –                 |  |
| Inventory <sup>i</sup>                                  | –                 | –                 |  |
| Total property-based taxes:                             |                   |                   |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$0.54            | \$0.09            |  |
| Services avg (7 operations) <sup>k</sup>                | \$4.31            | \$2.82            |  |
| <b>Local Business Taxes</b>                             |                   |                   |  |
| Taxes based on:   |                   |                   |  |
| Gross receipts <sup>l</sup>                             | –                 | –                 |  |
| Salaries <sup>m</sup>                                   | 3.00 <sup>o</sup> | 3.00 <sup>p</sup> |  |
| Employees <sup>n</sup>                                  | –                 | –                 |  |

# Netherlands

## Federal, regional, and local tax rates – In percent

|   | Eindhoven          | Twente Region      | Footnotes  |
|---|--------------------|--------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                |                    |                    |  |
| Federal   | 25.00 <sup>o</sup> | 25.00 <sup>p</sup> | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional  | –                  | –                  | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local   | –                  | –                  | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                | 25.00              | 25.00              | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| Manufacturing tax reduction <sup>b</sup>                |                    |                    |  |
| Federal   | –                  | –                  | e Percentage of sales price.   |
| Regional  | –                  | –                  | f General rate. Other rates may apply to specified articles.   |
| Combined mfg tax rate                                   | 25.00              | 25.00              | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| Effective income tax rate, overall average <sup>c</sup> | 21.10 <sup>p</sup> | 21.13 <sup>p</sup> | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| <b>Capital Tax <sup>d</sup></b>                         |                    |                    |  |
| Tax based on:   |                    |                    |  |
| Capital stock   | –                  | –                  | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| Net equity  | –                  | –                  | j Percentage of cost.  |
| Total assets  | –                  | –                  | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Debt/borrowings   | –                  | –                  | l Percentage of gross sales.   |
| <b>Sales Tax <sup>e</sup></b>                           |                    |                    |  |
| Refundable GST/VAT:                                     |                    |                    |  |
| Federal <sup>f</sup>                                    | 21.00              | 21.00              | m Percentage of gross payroll.   |
| Regional <sup>f</sup>                                   | –                  | –                  | n Tax per employee.  |
| Non-refundable sales tax:                               |                    |                    |  |
| Regional <sup>f</sup>                                   | –                  | –                  | o Top marginal rate. The first €200,000 of taxable income is taxed at 20%.   |
| Local <sup>f</sup>                                      | –                  | –                  | p The benefits provided under the Netherlands' R&D employee wage tax withholding program are netted into the calculation of effective income tax rate.   |
| <b>Property Tax <sup>g</sup></b>                        |                    |                    |  |
| Land <sup>h</sup>                                       | 0.41 <sup>q</sup>  | 0.49 <sup>q</sup>  | q Incorporates real estate taxes levied on both property owners and property occupants.  |
| Buildings <sup>h</sup>                                  | 0.41 <sup>q</sup>  | 0.49 <sup>q</sup>  |  |
| Machinery & equipment <sup>i</sup>                      | –                  | –                  |  |
| Inventory <sup>j</sup>                                  | –                  | –                  |  |
| Total property-based taxes:                             |                    |                    |  |
| Mfg avg (12 operations) <sup>k</sup>                    | \$0.54             | \$0.58             |  |
| Services avg (7 operations) <sup>k</sup>                | \$1.09             | \$1.02             |  |
| <b>Local Business Taxes</b>                             |                    |                    |  |
| Taxes based on:   |                    |                    |  |
| Gross receipts <sup>l</sup>                             | –                  | –                  |  |
| Salaries <sup>m</sup>                                   | –                  | –                  |  |
| Employees <sup>n</sup>                                  | –                  | –                  |  |

# United Kingdom

## Federal, regional, and local tax rates – In percent

|  | London             | Manchester         | Footnotes  |
|--|--------------------|--------------------|--|
| <b>Corporate Income Tax <sup>a</sup></b>                       |                    |                    |  |
| Federal  | 20.00 <sup>o</sup> | 20.00 <sup>o</sup> | a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.  |
| Regional   |                    | –                  | b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.   |
| Local  | –                  | –                  | c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.  |
| Combined income tax rate                                       | 20.00              | 20.00              | d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.   |
| <b>Manufacturing tax reduction <sup>b</sup></b>                |                    |                    |  |
| Federal  | –                  | –                  | e Percentage of sales price.   |
| Regional   | –                  | –                  | f General rate. Other rates may apply to specified articles.   |
| Combined mfg tax rate  | 20.00              | 20.00              | g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.   |
| <b>Effective income tax rate, overall average <sup>c</sup></b> |                    |                    |  |
|  | 14.16              | 15.73              | h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).   |
| <b>Capital Tax <sup>d</sup></b>                                |                    |                    |  |
| Tax based on:  |                    |                    |  |
| Capital stock  | –                  | –                  | i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.   |
| Net equity   | –                  | –                  | j Percentage of cost.  |
| Total assets   | –                  | –                  | k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent. |
| Debt/borrowings  | –                  | –                  | l Percentage of gross sales.   |
| <b>Sales Tax <sup>e</sup></b>                                  |                    |                    |  |
| Refundable GST/VAT:  |                    |                    |  |
| Federal <sup>f</sup>   | 20.00              | 20.00              | m Percentage of gross payroll.   |
| Regional <sup>f</sup>  | –                  | –                  | n Tax per employee.  |
| Non-refundable sales tax:                                      |                    |                    |  |
| Regional <sup>f</sup>  | –                  | –                  | o The corporate income tax rate is scheduled to decrease by 1% to 19% on April 1 2017, and then by a further 1% to 18% on April 1 2020.  |
| Local <sup>f</sup>   | –                  | –                  |  |
| <b>Property Tax <sup>g</sup></b>                               |                    |                    |  |
| Land <sup>h</sup>  | 3.70               | 3.70               |  |
| Buildings <sup>h</sup>   | 3.70               | 3.70               |  |
| Machinery & equipment <sup>i</sup>                             | –                  | –                  |  |
| Inventory <sup>j</sup>   | –                  | –                  |  |
| Total property-based taxes:                                    |                    |                    |  |
| Mfg avg (12 operations) <sup>k</sup>                           | \$7.11             | \$4.04             |  |
| Services avg (7 operations) <sup>k</sup>                       | \$12.42            | \$2.96             |  |
| <b>Local Business Taxes</b>                                    |                    |                    |  |
| Taxes based on:  |                    |                    |  |
| Gross receipts <sup>l</sup>                                    | –                  | –                  |  |
| Salaries <sup>m</sup>  | –                  | –                  |  |
| Employees <sup>n</sup>   | –                  | –                  |  |

# United States

## Federal, regional, and local tax rates – In percent

|  | Albuquerque<br>NM     | Anchorage<br>AK     | Atlanta<br>GA         | Austin<br>TX        | Baltimore<br>MD    | Bangor<br>ME        | Baton Rouge<br>LA     | Beaumont<br>TX      | Billings<br>MT     | Boise<br>ID        |
|--|-----------------------|---------------------|-----------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|--------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Federal  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> |
| Regional   | 6.60 <sup>q,s</sup>   | 9.40 <sup>s</sup>   | 6.00 <sup>q</sup>     | 0.75 <sup>q,v</sup> | 8.25 <sup>q</sup>  | 8.93 <sup>q,s</sup> | 8.00 <sup>q,s</sup>   | 0.75 <sup>q,v</sup> | 6.75               | 7.40               |
| Local  | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Combined income tax rate                                   | 37.92 <sup>z,aa</sup> | 40.20 <sup>z</sup>  | 37.60 <sup>z,aa</sup> | 34.50 <sup>z</sup>  | 39.45 <sup>z</sup> | 39.89 <sup>z</sup>  | 36.56 <sup>z,ac</sup> | 34.50 <sup>z</sup>  | 38.46 <sup>z</sup> | 38.88 <sup>z</sup> |
| Manufacturing tax reduction <sup>b</sup>                   |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Federal  | 2.87 <sup>p</sup>     | 2.77 <sup>p</sup>   | 3.06 <sup>p</sup>     | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>   | 2.82 <sup>p</sup>     | 3.06 <sup>p</sup>   | 2.85 <sup>p</sup>  | 2.83 <sup>p</sup>  |
| Regional   | 0.55 <sup>p</sup>     | 0.85 <sup>p</sup>   | –                     | –                   | –                  | –                   | 0.72 <sup>p</sup>     | –                   | 0.61 <sup>p</sup>  | 0.67 <sup>p</sup>  |
| Combined mfg tax rate                                      | 34.49                 | 36.59               | 34.54                 | 31.44               | 36.39              | 36.83               | 33.02                 | 31.44               | 34.99              | 35.38              |
| Effective income tax rate,<br>overall average <sup>c</sup> | 24.05                 | 40.30 <sup>ad</sup> | 27.65                 | 28.44               | 29.76              | 31.45               | 23.26                 | 28.54               | 33.08              | 32.34              |
| <b>Capital Tax <sup>d</sup></b>                            |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Tax based on:  |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Capital stock  | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Net equity   | –                     | –                   | 0.030 <sup>af</sup>   | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Total assets   | –                     | –                   | –                     | –                   | –                  | –                   | 0.300 <sup>ap</sup>   | –                   | –                  | –                  |
| Debt/borrowings  | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| <b>Sales Tax <sup>e</sup></b>                              |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Refundable GST/VAT:  |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Federal <sup>f</sup>                                       | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Regional <sup>f</sup>                                      | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Non-refundable sales tax:                                  |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Regional <sup>f</sup>                                      | 5.13                  | –                   | 4.00                  | 6.25                | 6.00               | 5.50                | 4.00                  | 6.25                | –                  | 6.00               |
| Local <sup>f</sup>   | 2.06                  | –                   | 2.75                  | 2.00                | –                  | –                   | 5.00                  | 2.00                | –                  | –                  |
| <b>Property Tax <sup>g</sup></b>                           |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Land <sup>h</sup>  | 1.75                  | 1.47                | 1.51                  | 2.29                | 1.43               | 2.08                | 1.06                  | 2.75                | 1.41               | 1.73               |
| Buildings <sup>h</sup>                                     | 1.75                  | 1.47                | 1.51                  | 2.29                | 1.43               | 2.08                | 1.59 <sup>bk</sup>    | 2.75                | 1.41               | 1.73               |
| Machinery & equipment <sup>i</sup>                         | 1.75                  | 1.47                | 1.51                  | 2.29                | 3.30 <sup>bq</sup> | 2.08 <sup>at</sup>  | 1.59 <sup>bk</sup>    | 2.75                | 1.41               | 1.73               |
| Inventory <sup>i</sup>                                     | –                     | 1.47                | 1.51 <sup>bp</sup>    | 2.29 <sup>bp</sup>  | –                  | –                   | 1.59 <sup>br</sup>    | 2.75 <sup>bp</sup>  | –                  | –                  |
| Total property-based taxes:                                |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Mfg avg (12 operations) <sup>k</sup>                       | \$4.97                | \$5.91              | \$4.22                | \$6.33              | \$1.84             | \$2.50              | \$1.16                | \$7.44              | \$4.08             | \$5.02             |
| Services avg (7 operations) <sup>k</sup>                   | \$2.15                | \$3.91              | \$2.87                | \$9.33              | \$3.91             | \$1.56              | \$1.11                | \$3.58              | \$2.40             | \$2.69             |
| <b>Local Business Taxes</b>                                |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Taxes based on:  |                       |                     |                       |                     |                    |                     |                       |                     |                    |                    |
| Gross receipts <sup>l</sup>                                | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Salaries <sup>m</sup>                                      | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |
| Employees <sup>n</sup>                                     | –                     | –                   | –                     | –                   | –                  | –                   | –                     | –                   | –                  | –                  |

# United States

## Federal, regional, and local tax rates – In percent

|  | Boston<br>MA        | Burlington<br>VT   | Cedar Rapids<br>IA    | Champaign-<br>Urbana, IL | Charleston<br>WV   | Charlotte<br>NC      | Cheyenne<br>WY     | Chicago<br>IL       | Cincinnati<br>OH   | Cleveland<br>OH    |
|--|---------------------|--------------------|-----------------------|--------------------------|--------------------|----------------------|--------------------|---------------------|--------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Federal  | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>       | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> |
| Regional   | 8.00                | 8.50 <sup>s</sup>  | 12.00 <sup>q,s</sup>  | 7.75                     | 6.50               | 4.00 <sup>q,bh</sup> | –                  | 7.75                | –                  | –                  |
| Local  | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | 1.50 <sup>bo</sup> | 2.00               |
| Combined income tax rate                                   | 39.28 <sup>z</sup>  | 39.61 <sup>z</sup> | 39.88 <sup>z,ab</sup> | 39.12 <sup>z</sup>       | 38.29 <sup>z</sup> | 36.64 <sup>z</sup>   | 34.00              | 39.12 <sup>z</sup>  | 34.99 <sup>z</sup> | 35.32 <sup>z</sup> |
| Manufacturing tax reduction <sup>b</sup>                   |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Federal  | 3.06 <sup>p</sup>   | 2.80 <sup>p</sup>  | 2.69 <sup>p</sup>     | 2.82 <sup>p</sup>        | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>    | 3.06 <sup>p</sup>  | 2.82 <sup>p</sup>   | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  |
| Regional   | –                   | 0.77 <sup>p</sup>  | 1.08 <sup>p</sup>     | 0.70 <sup>p</sup>        | –                  | –                    | –                  | 0.70 <sup>p</sup>   | –                  | –                  |
| Combined mfg tax rate                                      | 36.22               | 36.05              | 36.11                 | 35.59                    | 35.23              | 33.58                | 30.94              | 35.59               | 31.93              | 32.26              |
| Effective income tax rate,<br>overall average <sup>c</sup> | 30.38               | 33.17              | 29.01                 | 32.98                    | 30.52              | 29.89                | 29.17              | 32.00               | 27.05              | 26.99              |
| <b>Capital Tax <sup>d</sup></b>                            |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Tax based on:  |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Capital stock  | –                   | –                  | –                     | 0.100 <sup>ah</sup>      | –                  | –                    | –                  | 0.100 <sup>ah</sup> | –                  | –                  |
| Net equity   | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |
| Total assets   | 0.260 <sup>ag</sup> | –                  | –                     | –                        | –                  | 0.150 <sup>bd</sup>  | 0.020              | –                   | –                  | –                  |
| Debt/borrowings  | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |
| <b>Sales Tax <sup>e</sup></b>                              |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Refundable GST/VAT:  |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Federal <sup>f</sup>                                       | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |
| Regional <sup>f</sup>                                      | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |
| Non-refundable sales tax:                                  |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Regional <sup>f</sup>                                      | 6.25                | 6.00               | 6.00                  | 6.25                     | 6.00               | 4.75                 | 4.00               | 6.25                | 5.75               | 5.75               |
| Local <sup>f</sup>   | –                   | 0.75               | 1.00                  | 2.75                     | 1.00               | 2.50                 | 2.00               | 2.31                | 1.00               | 2.25               |
| <b>Property Tax <sup>g</sup></b>                           |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Land <sup>h</sup>  | 2.84                | 2.22               | 3.92                  | 2.96                     | 1.74               | 1.34                 | 0.89               | 3.31                | 2.45               | 4.16               |
| Buildings <sup>h</sup>                                     | 2.84                | 2.22               | 3.92                  | 2.96                     | 1.74               | 1.34                 | 0.89               | 3.31                | 2.45               | 4.16               |
| Machinery & equipment <sup>i</sup>                         | 2.84 <sup>ar</sup>  | 0.12               | –                     | –                        | 1.74               | 1.34                 | 0.89               | –                   | –                  | –                  |
| Inventory <sup>i</sup>                                     | –                   | –                  | –                     | –                        | 1.74               | –                    | –                  | –                   | –                  | –                  |
| Total property-based taxes:                                |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Mfg avg (12 operations) <sup>k</sup>                       | \$3.87              | \$2.69             | \$4.04                | \$3.02                   | \$6.12             | \$3.69               | \$2.61             | \$4.66              | \$2.24             | \$3.98             |
| Services avg (7 operations) <sup>k</sup>                   | \$6.44              | \$2.05             | \$1.07                | \$2.84                   | \$2.66             | \$2.14               | \$1.01             | \$6.15              | \$1.93             | \$2.90             |
| <b>Local Business Taxes</b>                                |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Taxes based on:  |                     |                    |                       |                          |                    |                      |                    |                     |                    |                    |
| Gross receipts <sup>l</sup>                                | –                   | –                  | –                     | –                        | 1.00 <sup>ax</sup> | –                    | –                  | –                   | 0.26 <sup>u</sup>  | 0.26 <sup>u</sup>  |
| Salaries <sup>m</sup>                                      | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |
| Employees <sup>n</sup>                                     | –                   | –                  | –                     | –                        | –                  | –                    | –                  | –                   | –                  | –                  |

# United States

## Federal, regional, and local tax rates – In percent

|   | Dallas-Fort Worth, TX | Denver CO             | Detroit MI         | Fargo ND           | Gulfport-Biloxi, MS | Hartford CT         | Honolulu HI        | Houston TX          | Indianapolis IN     | Jackson MS         |
|---|-----------------------|-----------------------|--------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Federal   | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> |
| Regional  | 0.75 <sup>q,v</sup>   | 4.63                  | 6.00 <sup>q</sup>  | 4.31 <sup>s</sup>  | 5.00 <sup>s</sup>   | 9.00 <sup>u,x</sup> | 6.40 <sup>s</sup>  | 0.75 <sup>q,v</sup> | 6.50 <sup>q,w</sup> | 5.00 <sup>s</sup>  |
| Local   | –                     | –                     | – <sup>bo</sup>    | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Combined income tax rate                                | 34.50 <sup>z</sup>    | 37.06 <sup>z</sup>    | 37.96 <sup>z</sup> | 36.84 <sup>z</sup> | 37.30 <sup>z</sup>  | 39.94 <sup>z</sup>  | 38.22 <sup>z</sup> | 34.50 <sup>z</sup>  | 38.29 <sup>z</sup>  | 37.30 <sup>z</sup> |
| Manufacturing tax reduction <sup>b</sup>                |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Federal   | 3.06 <sup>p</sup>     | 2.92 <sup>p</sup>     | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>  |
| Regional  | –                     | 0.42 <sup>p</sup>     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Combined mfg tax rate                                   | 31.44                 | 33.72                 | 34.90              | 33.78              | 34.24               | 36.88               | 35.16              | 31.44               | 35.23               | 34.24              |
| Effective income tax rate, overall average <sup>c</sup> | 28.27                 | 28.67                 | 28.85              | 31.18              | 30.77               | 25.88               | 33.44              | 27.84               | 29.38               | 30.62              |
| <b>Capital Tax <sup>d</sup></b>                         |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Tax based on:   |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Capital stock   | –                     | –                     | –                  | –                  | –                   | 0.310 <sup>x</sup>  | –                  | –                   | –                   | –                  |
| Net equity  | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Total assets  | –                     | –                     | –                  | –                  | 0.250               | –                   | –                  | –                   | –                   | 0.250              |
| Debt/borrowings   | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| <b>Sales Tax <sup>e</sup></b>                           |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Refundable GST/VAT:                                     |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Federal <sup>f</sup>                                    | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Regional <sup>f</sup>                                   | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Non-refundable sales tax:                               |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Regional <sup>f</sup>                                   | 6.25                  | 2.90                  | 6.00               | 5.00               | 7.00                | 6.35                | 4.00               | 6.25                | 7.00                | 7.00               |
| Local <sup>f</sup>                                      | 1.97                  | 4.90                  | –                  | 2.50               | –                   | –                   | 0.50               | 1.54                | –                   | 1.00               |
| <b>Property Tax <sup>g</sup></b>                        |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Land <sup>h</sup>                                       | 2.90                  | 2.68                  | 2.59               | 1.27               | 1.84                | 3.22                | 1.24               | 2.72                | 2.32                | 2.69               |
| Buildings <sup>h</sup>                                  | 2.90                  | 2.68                  | 2.59               | 1.27               | 1.84                | 3.22                | 1.24               | 2.72                | 2.32                | 2.69               |
| Machinery & equipment <sup>i</sup>                      | 2.90                  | 2.68                  | 2.17 <sup>bj</sup> | –                  | 1.84                | 3.22 <sup>as</sup>  | –                  | 2.72                | 1.05                | 2.69               |
| Inventory <sup>i</sup>                                  | 2.90 <sup>bp</sup>    | –                     | –                  | –                  | 1.84 <sup>bs</sup>  | –                   | –                  | 2.72 <sup>bp</sup>  | –                   | 2.69 <sup>bs</sup> |
| Total property-based taxes:                             |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Mfg avg (12 operations) <sup>k</sup>                    | \$8.52                | \$8.02                | \$5.88             | \$1.31             | \$6.05              | \$6.85              | \$2.61             | \$7.70              | \$4.15              | \$8.92             |
| Services avg (7 operations) <sup>k</sup>                | \$3.66                | \$5.16                | \$2.34             | \$1.76             | \$2.14              | \$4.93              | \$2.91             | \$6.08              | \$3.58              | \$2.86             |
| <b>Local Business Taxes</b>                             |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Taxes based on:   |                       |                       |                    |                    |                     |                     |                    |                     |                     |                    |
| Gross receipts <sup>l</sup>                             | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Salaries <sup>m</sup>                                   | –                     | –                     | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |
| Employees <sup>n</sup>                                  | –                     | \$36.00 <sup>pv</sup> | –                  | –                  | –                   | –                   | –                  | –                   | –                   | –                  |

# United States

## Federal, regional, and local tax rates – In percent

|  | Kansas City<br>MO     | Las Vegas<br>NV    | Lexington<br>KY     | Little Rock<br>AR  | Los Angeles<br>CA  | Madison<br>WI      | Manchester<br>NH   | Memphis<br>TN       | Miami<br>FL          | Minneapolis<br>MN   |
|--|-----------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|----------------------|---------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Federal  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>  |
| Regional   | 6.25 <sup>q</sup>     | –                  | 6.00 <sup>q,s</sup> | 6.50 <sup>s</sup>  | 8.84 <sup>q</sup>  | 7.90 <sup>q</sup>  | 8.20               | 6.50 <sup>q</sup>   | 5.50 <sup>q,s</sup>  | 9.80 <sup>q</sup>   |
| Local  | 1.00                  | –                  | 2.75                | –                  | –                  | –                  | –                  | –                   | –                    | –                   |
| Combined income tax rate                                   | 37.72 <sup>z,ab</sup> | 34.00              | 39.78 <sup>z</sup>  | 38.29 <sup>z</sup> | 39.83 <sup>z</sup> | 39.21 <sup>z</sup> | 39.41 <sup>z</sup> | 38.29 <sup>z</sup>  | 37.63 <sup>z</sup>   | 40.47 <sup>z</sup>  |
| Manufacturing tax reduction <sup>b</sup>                   |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Federal  | 2.87 <sup>p</sup>     | 3.06 <sup>p</sup>  | 2.88 <sup>p</sup>   | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>   | 2.89 <sup>p</sup>    | 3.06 <sup>p</sup>   |
| Regional   | 0.56 <sup>p</sup>     | –                  | 0.54 <sup>p</sup>   | –                  | –                  | –                  | –                  | –                   | 0.50 <sup>p</sup>    | –                   |
| Combined mfg tax rate                                      | 34.29                 | 30.94              | 36.36               | 35.23              | 36.77              | 36.15              | 36.35              | 35.23               | 34.24                | 37.41               |
| Effective income tax rate,<br>overall average <sup>c</sup> | 26.37                 | 28.32              | 33.16               | 31.07              | 30.44              | 29.30              | 32.24              | 30.50               | 27.64                | 28.73               |
| <b>Capital Tax <sup>d</sup></b>                            |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Tax based on:  |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Capital stock  | –                     | –                  | –                   | 0.300              | –                  | –                  | –                  | –                   | –                    | –                   |
| Net equity   | –                     | –                  | –                   | –                  | –                  | –                  | –                  | –                   | –                    | –                   |
| Total assets   | –                     | –                  | –                   | –                  | –                  | –                  | –                  | 0.250 <sup>bd</sup> | –                    | 0.025 <sup>ak</sup> |
| Debt/borrowings  | –                     | –                  | –                   | –                  | –                  | –                  | –                  | –                   | –                    | –                   |
| <b>Sales Tax <sup>e</sup></b>                              |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Refundable GST/VAT:  |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Federal <sup>f</sup>                                       | –                     | –                  | –                   | –                  | –                  | –                  | –                  | –                   | –                    | –                   |
| Regional <sup>f</sup>                                      | –                     | –                  | –                   | –                  | –                  | –                  | –                  | –                   | –                    | –                   |
| Non-refundable sales tax:                                  |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Regional <sup>f</sup>                                      | 4.23                  | 6.85               | 6.00                | 6.50               | 7.50               | 5.00               | –                  | 7.00                | 6.00                 | 6.88                |
| Local <sup>f</sup>   | 3.69                  | 1.30               | –                   | 2.50               | 1.50               | 0.50               | –                  | 2.25                | 1.00                 | 0.25                |
| <b>Property Tax <sup>g</sup></b>                           |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Land <sup>h</sup>  | 3.15                  | 1.17               | 1.21                | 1.37               | 1.30               | 2.30               | 2.37               | 3.11                | 2.11                 | 3.76                |
| Buildings <sup>h</sup>                                     | 3.15                  | 1.17               | 1.21                | 1.37               | 1.30               | 2.30               | 2.37               | 3.11                | 2.11                 | 3.76                |
| Machinery & equipment <sup>i</sup>                         | 2.81                  | 1.17               | 0.15                | 1.37               | 1.30               | 2.30 <sup>ao</sup> | –                  | 2.33                | 2.11                 | –                   |
| Inventory <sup>j</sup>                                     | –                     | –                  | 0.51                | 1.37               | –                  | –                  | –                  | –                   | –                    | –                   |
| Total property-based taxes:                                |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Mfg avg (12 operations) <sup>k</sup>                       | \$8.45                | \$3.62             | \$1.76              | \$4.68             | \$4.42             | \$2.86             | \$2.62             | \$6.89              | \$6.79               | \$4.23              |
| Services avg (7 operations) <sup>k</sup>                   | \$3.74                | \$4.45             | \$1.71              | \$1.50             | \$5.27             | \$2.48             | \$2.09             | \$3.18              | \$3.03               | \$4.48              |
| <b>Local Business Taxes</b>                                |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Taxes based on:  |                       |                    |                     |                    |                    |                    |                    |                     |                      |                     |
| Gross receipts <sup>l</sup>                                | 0.08 <sup>bt</sup>    | 0.18 <sup>am</sup> | –                   | –                  | 0.51 <sup>bu</sup> | –                  | –                  | –                   | –                    | –                   |
| Salaries <sup>m</sup>                                      | –                     | 1.33               | –                   | –                  | –                  | –                  | 0.72 <sup>bg</sup> | –                   | –                    | –                   |
| Employees <sup>n</sup>                                     | –                     | –                  | –                   | –                  | –                  | –                  | –                  | –                   | \$4.50 <sup>ap</sup> | –                   |

# United States

## Federal, regional, and local tax rates – In percent

|  | Mobile<br>AL          | Montgomery<br>AL      | Nashville<br>TN     | New Orleans<br>LA     | New York<br>City, NY | North Virginia<br>(Metro DC), VA | Oklahoma<br>City, OK | Omaha<br>NE           | Orlando<br>FL        | Philadelphia<br>PA  |
|--|-----------------------|-----------------------|---------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|---------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Federal  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>               | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>  |
| Regional   | 6.50                  | 6.50                  | 6.50 <sup>q1</sup>  | 8.00 <sup>q1,s</sup>  | 8.16 <sup>q1,r</sup> | 6.00 <sup>q1</sup>               | 6.00                 | 7.81 <sup>q1,s</sup>  | 5.50 <sup>q1,s</sup> | 9.99 <sup>q1</sup>  |
| Local  | –                     | –                     | –                   | –                     | – <sup>bo</sup>      | –                                | –                    | –                     | –                    | – <sup>bo</sup>     |
| Combined income tax rate                                   | 36.08 <sup>z,ac</sup> | 36.08 <sup>z,ac</sup> | 38.29 <sup>z</sup>  | 36.56 <sup>z,ac</sup> | 39.39 <sup>z</sup>   | 37.96 <sup>z</sup>               | 37.96 <sup>z</sup>   | 38.54 <sup>z,aa</sup> | 37.63 <sup>z</sup>   | 40.59 <sup>z</sup>  |
| Manufacturing tax reduction <sup>b</sup>                   |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Federal  | 2.86 <sup>p</sup>     | 2.86 <sup>p</sup>     | 3.06 <sup>p</sup>   | 2.82 <sup>p</sup>     | 3.06 <sup>p</sup>    | 2.88 <sup>p</sup>                | 2.88 <sup>p</sup>    | 2.84 <sup>p</sup>     | 2.89 <sup>p</sup>    | 2.75 <sup>p</sup>   |
| Regional   | 0.59 <sup>p</sup>     | 0.59 <sup>p</sup>     | –                   | 0.72 <sup>p</sup>     | 6.50 <sup>bc</sup>   | 0.54 <sup>p</sup>                | 0.54 <sup>p</sup>    | 0.65 <sup>p</sup>     | 0.50 <sup>p</sup>    | 0.90 <sup>p</sup>   |
| Combined mfg tax rate                                      | 32.63                 | 32.63                 | 35.23               | 33.02                 | 29.83                | 34.54                            | 34.54                | 35.06                 | 34.24                | 36.94               |
| Effective income tax rate,<br>overall average <sup>c</sup> | 30.08                 | 30.13                 | 30.73               | 22.86                 | 27.49                | 29.49                            | 30.88                | 24.76                 | 27.89                | 28.40               |
| <b>Capital Tax <sup>d</sup></b>                            |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Tax based on:  |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Capital stock  | –                     | –                     | –                   | –                     | –                    | –                                | –                    | 0.150 <sup>an</sup>   | –                    | –                   |
| Net equity   | –                     | –                     | –                   | –                     | 0.125 <sup>r</sup>   | –                                | 0.125 <sup>al</sup>  | –                     | –                    | –                   |
| Total assets   | 0.175 <sup>ai</sup>   | 0.175 <sup>ai</sup>   | 0.250 <sup>bd</sup> | 0.300 <sup>ap</sup>   | –                    | –                                | –                    | –                     | –                    | –                   |
| Debt/borrowings  | –                     | –                     | –                   | –                     | –                    | –                                | –                    | –                     | –                    | –                   |
| <b>Sales Tax <sup>e</sup></b>                              |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Refundable GST/VAT:  |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Federal <sup>f</sup>                                       | –                     | –                     | –                   | –                     | –                    | –                                | –                    | –                     | –                    | –                   |
| Regional <sup>f</sup>                                      | –                     | –                     | –                   | –                     | –                    | –                                | –                    | –                     | –                    | –                   |
| Non-refundable sales tax:                                  |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Regional <sup>f</sup>                                      | 4.00                  | 4.00                  | 7.00                | 4.00                  | 4.00                 | 4.30                             | 4.50                 | 5.50                  | 6.00                 | 6.00                |
| Local <sup>f</sup>   | 6.50                  | 6.00                  | 2.50                | 4.88                  | 4.63                 | 1.70                             | 3.88                 | 1.50                  | 0.50                 | –                   |
| <b>Property Tax <sup>g</sup></b>                           |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Land <sup>h</sup>  | 1.27                  | 0.73                  | 1.46                | 1.15                  | 2.91 <sup>t</sup>    | 1.19                             | 1.30                 | 2.22                  | 2.05                 | 2.53                |
| Buildings <sup>h</sup>                                     | 1.27                  | 0.73                  | 1.46                | 1.73 <sup>bk</sup>    | 2.91 <sup>t</sup>    | 1.19                             | 1.30                 | 2.22                  | 2.05                 | 2.53                |
| Machinery & equipment <sup>l</sup>                         | 1.27                  | 0.73                  | 1.10                | 1.73 <sup>bk</sup>    | –                    | 2.00                             | 1.63 <sup>bf</sup>   | 2.22                  | 2.05                 | –                   |
| Inventory <sup>j</sup>                                     | –                     | –                     | –                   | 1.73 <sup>br</sup>    | –                    | –                                | 1.63 <sup>bp</sup>   | –                     | –                    | –                   |
| Total property-based taxes:                                |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Mfg avg (12 operations) <sup>k</sup>                       | \$3.38                | \$1.97                | \$3.35              | \$1.35                | \$4.91               | \$5.22                           | \$2.63               | \$2.98                | \$5.79               | \$3.31              |
| Services avg (7 operations) <sup>k</sup>                   | \$2.63                | \$2.31                | \$2.93              | \$2.12                | \$9.70               | \$3.71                           | \$1.61               | \$3.93                | \$2.85               | \$2.24              |
| <b>Local Business Taxes</b>                                |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Taxes based on:  |                       |                       |                     |                       |                      |                                  |                      |                       |                      |                     |
| Gross receipts <sup>l</sup>                                | –                     | –                     | –                   | –                     | –                    | 0.21 <sup>az</sup>               | –                    | –                     | –                    | 0.142 <sup>ba</sup> |
| Salaries <sup>m</sup>                                      | –                     | –                     | –                   | –                     | –                    | –                                | –                    | –                     | –                    | –                   |
| Employees <sup>n</sup>                                     | –                     | –                     | –                   | –                     | –                    | –                                | –                    | –                     | \$6.16 <sup>ai</sup> | –                   |



# United States

## Federal, regional, and local tax rates – In percent

|  | Phoenix<br>AZ        | Pittsburgh<br>PA   | Portland<br>OR     | Providence<br>RI   | Raleigh<br>NC        | Richmond<br>VA      | Riverside-San<br>Bernardino, CA | Rochester<br>NY     | Sacramento<br>CA    | Saginaw<br>MI      |
|--|----------------------|--------------------|--------------------|--------------------|----------------------|---------------------|---------------------------------|---------------------|---------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Federal  | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>              | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> |
| Regional   | 5.50 <sup>q,bn</sup> | 9.99 <sup>q</sup>  | 7.60 <sup>s</sup>  | 7.00               | 4.00 <sup>q,bh</sup> | 6.00 <sup>q</sup>   | 8.84 <sup>q</sup>               | 6.50 <sup>q,r</sup> | 8.84 <sup>q</sup>   | 6.00 <sup>q</sup>  |
| Local  | –                    | –                  | 1.45 <sup>bo</sup> | –                  | –                    | –                   | –                               | –                   | –                   | – <sup>bo</sup>    |
| Combined income tax rate                                   | 37.63 <sup>z</sup>   | 40.59 <sup>z</sup> | 39.97 <sup>z</sup> | 38.62 <sup>z</sup> | 36.64 <sup>z</sup>   | 37.96 <sup>z</sup>  | 39.83 <sup>z</sup>              | 38.29 <sup>z</sup>  | 39.83 <sup>z</sup>  | 37.96 <sup>z</sup> |
| Manufacturing tax reduction <sup>b</sup>                   |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Federal  | 2.89 <sup>p</sup>    | 2.75 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>    | 2.88 <sup>p</sup>   | 3.06 <sup>p</sup>               | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>  |
| Regional   | 0.50 <sup>p</sup>    | 0.90 <sup>p</sup>  | –                  | –                  | –                    | 0.54 <sup>p</sup>   | –                               | 6.50 <sup>bc</sup>  | –                   | –                  |
| Combined mfg tax rate                                      | 34.24                | 36.94              | 36.91              | 35.56              | 33.58                | 34.54               | 36.77                           | 28.73               | 36.77               | 34.90              |
| Effective income tax rate,<br>overall average <sup>c</sup> | 28.82                | 29.09              | 33.62              | 29.33              | 29.91                | 30.32               | 31.31                           | 28.39               | 31.09               | 29.37              |
| <b>Capital Tax <sup>d</sup></b>                            |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Tax based on:  |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Capital stock  | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| Net equity   | –                    | –                  | –                  | –                  | –                    | –                   | –                               | 0.125 <sup>v</sup>  | –                   | –                  |
| Total assets   | –                    | –                  | –                  | –                  | 0.150 <sup>bd</sup>  | –                   | –                               | –                   | –                   | –                  |
| Debt/borrowings  | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| <b>Sales Tax <sup>e</sup></b>                              |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Refundable GST/VAT:  |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Federal <sup>f</sup>                                       | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| Regional <sup>f</sup>                                      | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| Non-refundable sales tax:                                  |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Regional <sup>f</sup>                                      | 5.60                 | 6.00               | –                  | 7.00               | 4.75                 | 4.30                | 7.50                            | 4.00                | 7.50                | 6.00               |
| Local <sup>f</sup>   | 2.20                 | 1.00               | –                  | –                  | 2.00                 | 1.00                | 0.58                            | 4.00                | 1.00                | –                  |
| <b>Property Tax <sup>g</sup></b>                           |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Land <sup>h</sup>  | 2.66                 | 2.85               | 1.28               | 2.12               | 1.04                 | 0.92                | 1.17                            | 5.41                | 1.14                | 2.88               |
| Buildings <sup>h</sup>                                     | 2.66                 | 2.85               | 1.28               | 2.12               | 1.04                 | 0.92                | 1.17                            | 5.41                | 1.14                | 2.88               |
| Machinery & equipment <sup>i</sup>                         | 2.66                 | –                  | 2.07               | 3.02 <sup>au</sup> | 1.04                 | 3.01 <sup>v</sup>   | 1.17                            | –                   | 1.14                | 2.28 <sup>bi</sup> |
| Inventory <sup>i</sup>                                     | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| Total property-based taxes:                                |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Mfg avg (12 operations) <sup>k</sup>                       | \$7.53               | \$3.45             | \$5.32             | \$2.80             | \$2.99               | \$1.53              | \$3.68                          | \$6.74              | \$3.47              | \$6.03             |
| Services avg (7 operations) <sup>k</sup>                   | \$3.64               | \$2.37             | \$3.58             | \$3.72             | \$2.07               | \$2.70              | \$4.12                          | \$2.82              | \$3.17              | \$2.63             |
| <b>Local Business Taxes</b>                                |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Taxes based on:  |                      |                    |                    |                    |                      |                     |                                 |                     |                     |                    |
| Gross receipts <sup>l</sup>                                | –                    | –                  | –                  | –                  | –                    | 0.200 <sup>az</sup> | 0.011 <sup>bu</sup>             | –                   | 0.040 <sup>bu</sup> | –                  |
| Salaries <sup>m</sup>                                      | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |
| Employees <sup>n</sup>                                     | –                    | –                  | –                  | –                  | –                    | –                   | –                               | –                   | –                   | –                  |

# United States

## Federal, regional, and local tax rates – In percent

|  | Salt Lake City<br>UT | San Antonio<br>TX   | San Diego<br>CA      | San Francisco<br>CA | Savannah<br>GA        | Seattle<br>WA       | Shreveport<br>LA      | Sioux Falls<br>SD  | Spartanburg<br>SC  | Spokane<br>WA       |
|--|----------------------|---------------------|----------------------|---------------------|-----------------------|---------------------|-----------------------|--------------------|--------------------|---------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Federal  | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>   | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup> | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  |
| Regional   | 5.00 <sup>q</sup>    | 0.75 <sup>q,v</sup> | 8.84 <sup>q</sup>    | 8.84 <sup>q</sup>   | 6.00 <sup>q</sup>     | –                   | 8.00 <sup>q,s</sup>   | –                  | 5.00 <sup>q</sup>  | –                   |
| Local  | –                    | –                   | –                    | –                   | –                     | –                   | –                     | –                  | –                  | –                   |
| Combined income tax rate                                   | 37.30 <sup>z</sup>   | 34.50 <sup>z</sup>  | 39.83 <sup>z</sup>   | 39.83 <sup>z</sup>  | 37.60 <sup>z,aa</sup> | 34.00               | 36.56 <sup>z,ac</sup> | 34.00              | 37.30 <sup>z</sup> | 34.00               |
| Manufacturing tax reduction <sup>b</sup>                   |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Federal  | 2.91 <sup>p</sup>    | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>    | 3.06 <sup>p</sup>   | 3.06 <sup>p</sup>     | 3.06 <sup>p</sup>   | 2.82 <sup>p</sup>     | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>  | 3.06 <sup>p</sup>   |
| Regional   | 0.45 <sup>p</sup>    | –                   | –                    | –                   | –                     | –                   | 0.72 <sup>p</sup>     | –                  | –                  | –                   |
| Combined mfg tax rate                                      | 33.94                | 31.44               | 36.77                | 36.77               | 34.54                 | 30.94               | 33.02                 | 30.94              | 34.24              | 30.94               |
| Effective income tax rate,<br>overall average <sup>c</sup> | 30.39                | 28.68               | 30.64                | 29.61               | 28.13                 | 27.31               | 23.82                 | 29.20              | 29.75              | 28.93               |
| <b>Capital Tax <sup>d</sup></b>                            |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Tax based on:  |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Capital stock  | –                    | –                   | –                    | –                   | –                     | –                   | –                     | –                  | –                  | –                   |
| Net equity   | –                    | –                   | –                    | –                   | 0.030 <sup>df</sup>   | –                   | –                     | –                  | 0.100              | –                   |
| Total assets   | –                    | –                   | –                    | –                   | –                     | –                   | 0.300 <sup>dp</sup>   | –                  | –                  | –                   |
| Debt/borrowings  | –                    | –                   | –                    | –                   | –                     | –                   | –                     | –                  | –                  | –                   |
| <b>Sales Tax <sup>e</sup></b>                              |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Refundable GST/VAT:  |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Federal <sup>f</sup>                                       | –                    | –                   | –                    | –                   | –                     | –                   | –                     | –                  | –                  | –                   |
| Regional <sup>f</sup>                                      | –                    | –                   | –                    | –                   | –                     | –                   | –                     | –                  | –                  | –                   |
| Non-refundable sales tax:                                  |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Regional <sup>f</sup>                                      | 4.70                 | 6.25                | 7.50                 | 7.50                | 4.00                  | 6.50                | 4.00                  | 4.00               | 6.00               | 6.50                |
| Local <sup>f</sup>   | 2.15                 | 2.00                | 0.50                 | 2.00                | 3.00                  | 2.93                | 4.60                  | 2.00               | –                  | 2.20                |
| <b>Property Tax <sup>g</sup></b>                           |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Land <sup>h</sup>  | 1.37                 | 3.10                | 1.12                 | 1.21                | 1.29                  | 1.35                | 1.66                  | 1.96               | 5.04 <sup>aq</sup> | 1.38                |
| Buildings <sup>h</sup>                                     | 1.37                 | 3.10                | 1.12                 | 1.21                | 1.29                  | 1.35                | 2.49 <sup>bk</sup>    | 1.96 <sup>aw</sup> | 5.04 <sup>aq</sup> | 1.38                |
| Machinery & equipment <sup>i</sup>                         | 1.37                 | 3.10                | 1.12                 | 1.21                | 1.29                  | 1.35                | 2.49 <sup>bk</sup>    | –                  | 5.04 <sup>aq</sup> | 1.38                |
| Inventory <sup>j</sup>                                     | –                    | 3.10 <sup>bp</sup>  | –                    | –                   | 1.29 <sup>bp</sup>    | –                   | 2.49 <sup>br</sup>    | –                  | –                  | –                   |
| Total property-based taxes:                                |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Mfg avg (12 operations) <sup>k</sup>                       | \$4.08               | \$8.46              | \$3.81               | \$4.44              | \$3.47                | \$4.26              | \$1.70                | \$1.38             | \$9.87             | \$4.19              |
| Services avg (7 operations) <sup>k</sup>                   | \$2.29               | \$4.06              | \$4.25               | \$4.17              | \$2.92                | \$2.86              | \$2.27                | \$1.98             | \$7.92             | \$1.86              |
| <b>Local Business Taxes</b>                                |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Taxes based on:  |                      |                     |                      |                     |                       |                     |                       |                    |                    |                     |
| Gross receipts <sup>l</sup>                                | –                    | –                   | –                    | 0.078 <sup>bu</sup> | –                     | 1.500 <sup>bb</sup> | 0.100 <sup>by</sup>   | –                  | –                  | 1.500 <sup>bb</sup> |
| Salaries <sup>m</sup>                                      | –                    | –                   | –                    | 1.125 <sup>bi</sup> | –                     | –                   | –                     | –                  | –                  | –                   |
| Employees <sup>n</sup>                                     | –                    | –                   | \$5.00 <sup>ba</sup> | –                   | –                     | –                   | –                     | –                  | –                  | –                   |

# United States

## Federal, regional, and local tax rates – In percent

|  | St. Louis<br>MO       | Tampa<br>FL         | Trenton<br>NJ       | Wichita<br>KS      | Wilmington<br>DE    | Youngstown<br>OH   |
|--|-----------------------|---------------------|---------------------|--------------------|---------------------|--------------------|
| <b>Corporate Income Tax <sup>a</sup></b>                   |                       |                     |                     |                    |                     |                    |
| Federal  | 34.00 <sup>o</sup>    | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> | 34.00 <sup>o</sup>  | 34.00 <sup>o</sup> |
| Regional   | 6.25 <sup>q</sup>     | 5.50 <sup>q,s</sup> | 9.00 <sup>q,s</sup> | 7.00 <sup>s</sup>  | 8.70 <sup>q</sup>   | –                  |
| Local  | – <sup>bo</sup>       | –                   | –                   | –                  | –                   | 1.00 <sup>bo</sup> |
| Combined income tax rate                                   | 37.06 <sup>z,ab</sup> | 37.63 <sup>z</sup>  | 39.94 <sup>z</sup>  | 38.62 <sup>z</sup> | 39.74 <sup>z</sup>  | 34.66 <sup>z</sup> |
| Manufacturing tax reduction <sup>b</sup>                   |                       |                     |                     |                    |                     |                    |
| Federal  | 2.87 <sup>p</sup>     | 2.89 <sup>p</sup>   | 2.78 <sup>p</sup>   | 2.85 <sup>p</sup>  | 2.79 <sup>p</sup>   | 3.06 <sup>p</sup>  |
| Regional   | 0.56 <sup>p</sup>     | 0.50 <sup>p</sup>   | 0.81 <sup>p</sup>   | 0.63 <sup>p</sup>  | 0.78 <sup>p</sup>   | –                  |
| Combined mfg tax rate                                      | 33.63                 | 34.24               | 36.35               | 35.14              | 36.17               | 31.60              |
| Effective income tax rate,<br>overall average <sup>c</sup> | 25.61                 | 27.82               | 28.73               | 32.61              | 30.94               | 27.19              |
| <b>Capital Tax <sup>d</sup></b>                            |                       |                     |                     |                    |                     |                    |
| Tax based on:  |                       |                     |                     |                    |                     |                    |
| Capital stock  | –                     | –                   | –                   | –                  | 0.035 <sup>bl</sup> | –                  |
| Net equity   | –                     | –                   | –                   | –                  | –                   | –                  |
| Total assets   | –                     | –                   | –                   | –                  | –                   | –                  |
| Debt/borrowings  | –                     | –                   | –                   | –                  | –                   | –                  |
| <b>Sales Tax <sup>e</sup></b>                              |                       |                     |                     |                    |                     |                    |
| Refundable GST/VAT:  |                       |                     |                     |                    |                     |                    |
| Federal <sup>f</sup>                                       | –                     | –                   | –                   | –                  | –                   | –                  |
| Regional <sup>f</sup>                                      | –                     | –                   | –                   | –                  | –                   | –                  |
| Non-refundable sales tax:                                  |                       |                     |                     |                    |                     |                    |
| Regional <sup>f</sup>                                      | 4.23                  | 6.00                | 7.00                | 6.50               | –                   | 5.75               |
| Local <sup>f</sup>   | 4.27                  | 1.00                | –                   | 1.00               | –                   | 1.00               |
| <b>Property Tax <sup>g</sup></b>                           |                       |                     |                     |                    |                     |                    |
| Land <sup>h</sup>  | 3.09                  | 2.06                | 2.88                | 2.93               | 1.39                | 2.08               |
| Buildings <sup>h</sup>                                     | 3.09                  | 2.06                | 2.88                | 2.93               | 1.39                | 2.08               |
| Machinery & equipment <sup>i</sup>                         | 3.16                  | 2.06                | –                   | –                  | –                   | –                  |
| Inventory <sup>j</sup>                                     | –                     | –                   | –                   | –                  | –                   | –                  |
| Total property-based taxes:                                |                       |                     |                     |                    |                     |                    |
| Mfg avg (12 operations) <sup>k</sup>                       | \$9.05                | \$5.97              | \$4.14              | \$2.59             | \$1.59              | \$2.11             |
| Services avg (7 operations) <sup>k</sup>                   | \$4.94                | \$1.95              | \$2.72              | \$2.96             | \$1.81              | \$0.97             |
| <b>Local Business Taxes</b>                                |                       |                     |                     |                    |                     |                    |
| Taxes based on:  |                       |                     |                     |                    |                     |                    |
| Gross receipts <sup>l</sup>                                | –                     | –                   | –                   | –                  | 0.398 <sup>bm</sup> | 0.260 <sup>u</sup> |
| Salaries <sup>m</sup>                                      | –                     | –                   | –                   | –                  | –                   | –                  |
| Employees <sup>n</sup>                                     | –                     | –                   | –                   | –                  | –                   | –                  |

### Footnotes

- a Percentage of taxable income. Minor adjustments required in the calculation of taxable income in each jurisdiction are not individually disclosed. Tax rates shown in this exhibit are for the size of entity examined in this study. Many jurisdictions offer lower income tax rates for small businesses.
- b Manufacturing tax rate reductions may reduce on a pro-rata basis where a significant component of a company's payroll or capital assets are not devoted to manufacturing or processing operations.
- c The effective income tax rates for the overall average (services and manufacturing) in this study vary from the combined nominal income tax rates in each location due to the impact of adjustments to taxable income and income tax credits.
- d Percentage of taxable capital, determined on the general basis indicated. In many jurisdictions, the general tax base indicated here is subject to minor adjustment.
- e Percentage of sales price.
- f General rate. Other rates may apply to specified articles.
- g The Property Tax category includes all property-based taxes, including the property-based component of multi-base local business taxes. Property tax rates relate to the suburban or urban areas identified in the real estate research for this study as offering sites suitable for the types of operation being examined.
- h Percentage of current market value, incorporating current tax rates, assessment factors, base-year price equalization factors, and rental yields (estimated where required).
- i Percentage of depreciated value. Special depreciation rates may apply for property tax purposes.
- j Percentage of cost.
- k Total property-based taxes in US \$ per square foot of building space. Property taxes include taxes levied on the value of land and buildings, machinery and equipment, inventory, and other physical assets. For service operations (occupying leased office space), property taxes include the amount of tax paid by the landlord and passed to the tenant as additional rent.
- l Percentage of gross sales.
- m Percentage of gross payroll.
- n Tax per employee.
- o Marginal tax rate applies if earnings exceed US \$335,000 and are less than US \$10 million. All US taxable income in excess of US \$75,000 is taxed at marginal rates of 34% to 39%. Lower marginal rates (15% to 25%) apply to the first US \$75,000 of taxable income.

Footnotes continue on next page.

# United States

## Footnotes

- p Effective impact of 9% tax deduction for Qualified Production Activities Income (QPAI). Benefit at the federal level is reduced where a state also permits the QPAI deduction, as this reduces the federal deduction for state income tax paid. However, in these instances, the effective value of the saving at the state level is also shown, resulting in a higher total rate reduction than in states that do not permit the QPAI deduction. Effective rates shown are further adjusted to reflect the impact of state deductibility of federal and/or state taxes as relevant, to be consistent with the presentation of combined income tax rate.
- q Interstate and export sales from this state may not be attributed back to the state-of-origin for the purpose of allocating income between states (due to no "sales throwback" and/or attribution of services to where the "benefit of the services is received by the client" instead of where the "income producing activities are performed"). For companies with a single main location for operations (as is assumed in this study), this may result in a portion of taxable income not being subject to state income tax. The extent of this benefit depends on the weighting given to the sales factor in each state's interstate income apportionment formula.
- r New York State franchise tax is calculated as the greater of 6.5% of taxable income or 0.125% of taxable capital. For the New York City region, the Metropolitan Transit surcharge of 1.664% is added to the state franchise rate for taxable income, for a total rate of 8.164%. The tax rate on capital for manufacturers is lower than for general corporations. Where tax is based on capital, maximum annual tax is US \$350,000. The capital tax rate is reducing 0.025% annually until it reaches 0% in 2021.
- s Top marginal tax rate. Lower rates of tax apply to the first US \$10,000 to US \$1,000,000 of income, depending on the state. Tax calculations in this study reflect the benefit of lower marginal tax rates as appropriate.
- t New York City Commercial Rent Tax applies in addition for businesses located in downtown New York City. This tax is an additional 3.90% of rent paid (effective rate).
- u For Ohio commercial activity tax on gross receipts, all sales to customers located outside Ohio are exempt.
- v Texas franchise tax is based on "net margin" tax base, as defined for Texas franchise tax purposes.
- w Indiana corporate income tax rate is scheduled to decrease to 6.25% in 2017, 6.00% in 2018, 5.75% in 2019 and 5.50% in 2020.
- x Connecticut business tax is calculated as the greater of tax on income or tax on capital. Tax on income is 9.0% for 2016 and 2017 and 8.25% for 2018 only for companies with gross income in excess of US \$100 million or filing unitary or combined returns. In all other cases the tax rate is 7.50%. Tax on capital is 0.31% of taxable capital, with a maximum tax of US \$1 million.
- y For Richmond, a reduced rate of 0.275% applies for property tax on manufacturing machinery.
- z In calculating the combined tax rate, the regional and local tax rates have been reduced by (1-Federal tax rate) to recognize the deduction permitted at the federal level for regional/local income taxes paid.
- aa In calculating the combined tax rate, the regional tax rate has been reduced by (1-Regional tax rate) to recognize the deduction permitted at the regional level for regional taxes paid.
- ab In calculating the combined tax rate, the federal tax rate has been reduced by (1 - 50% x Regional tax rate) to recognize the 50% deduction permitted at the regional level for federal income taxes paid.
- ac In calculating the combined tax rate, the federal tax rate has been reduced by (1-Regional tax rate) to recognize the deduction permitted at the regional level for federal income taxes paid.
- ad Overall effective income tax rate for all operations is not reflective of true tax rates due to marginal profitability for some operations, combined with the effects of Alternative Minimum Tax. Results shown represent the support services operation, as an operation with a reasonable net income before tax and no special tax provisions.
- ae Miami-Dade business tax per employee. Rate varies by industry. This rate applies to manufacturing and many types of service operations.
- af For Georgia capital tax, rate shown is approximate rate for firms with US \$1 million to US \$20 million of taxable capital. Actual rates vary based on amount of taxable capital. Maximum annual tax is US \$5,000.
- ag Massachusetts excise tax on capital effectively applies only to inventory and supplies, not total assets. For manufacturing firms, excise tax also applies to machinery and equipment, in lieu of local property tax.
- ah Illinois franchise tax, maximum annual tax is US \$2 million.
- ai Alabama business privilege tax, top marginal rate. Lower rates apply where taxable capital is less than US \$2.5 million. Maximum annual tax is US \$15,000.
- aj Orlando local business tax comprises two flat amounts determined from tables of values based on ranges of employees and space occupied. This complex, minor tax is approximated in the analysis as \$6.16 per employee to a maximum annual tax of US \$2,000.
- ak Minnesota tax is based on inventory, tangible property, payroll and in-state sales. Tax is a flat amount based on ranges of taxable value. Rate shown is an approximation. Maximum annual tax is US \$9,500.
- al Oklahoma franchise tax. Maximum annual tax is US \$20,000.
- am Nevada commerce tax on gross revenue for businesses where gross revenue exceeds US \$4 million. Rates vary by type of business. Rate shown is applicable to professional, scientific or technical services. Rate for manufacturing is 0.091%.
- an Nebraska tax on paid-in capital is a bi-annual tax. The rate has been halved to show the effective rate on an annualized basis. Effective maximum annual tax is US \$11,995.
- ao In Wisconsin, all manufacturing machinery and computer equipment are exempt from property tax.
- ap Louisiana taxable capital is the greater of total fixed assets, or capital plus retained earnings plus 44% of debt. Rate shown is top marginal rate. The first US \$300,000 is taxed at half this rate.
- aq For Spartanburg, this study incorporates a five year exemption for new manufacturing establishments from a portion of county-level property taxes. Firms are still subject to full city and school taxes.
- ar In Massachusetts, machinery and equipment of manufacturing and processing firms are exempt from local property tax.
- as For Connecticut, this study incorporates a five-year automatic property tax exemption for new in-state manufacturing equipment.
- at For Maine, this study incorporates an automatic property tax exemption for most new in-state business equipment.
- au In Rhode Island, manufacturing equipment is exempt from property tax.
- av Denver and Aurora Occupational Privilege Taxes per employee.
- aw For Sioux Falls, this study incorporates a one year full abatement and a five year tax phase-in for property taxes on new industrial buildings.
- ax Charleston business and occupation tax on gross receipts. Rate shown is for services companies. Manufacturers are exempt.
- ay Shreveport occupational license tax on gross receipts. Rate shown is for services firms, manufacturers are exempt. Maximum annual tax is \$6,200.
- az Virginia business license tax on gross receipts. Rates vary by type of business. Rate shown is applicable to many types of business services. Manufacturers are exempt.

Footnotes continue on next page.

# United States

## Footnotes

- ba In San Diego County 18 cities require business licenses, with a variety of tax/fee structures (gross receipts, per employee, flat, etc.). Given this diversity, City of San Diego per-employee tax is applied to reflect the various taxes in the county.
- bb Washington State business and occupation tax. Rate shown is the general rate for services companies. General rate for manufacturing companies is 0.484%. Specific rates apply to certain industries.
- bc New York State franchise tax rate for manufacturers is now zero. However, in the New York City region, the Metropolitan Transit levy still applies.
- bd For North Carolina and Tennessee, the capital/franchise tax base is the greater of net worth or real and tangible property.
- be In Greater Philadelphia, the applicability of gross receipts tax varies by municipality. The rate shown is reflective of more central locations in the metro area and is applied to the services operations modeled. Many outer suburban locations do not have a gross receipts tax, and no tax has been applied to the manufacturing operations modeled.
- bf For Oklahoma, this study incorporates a five-year property tax exemption for new in-state machinery and equipment.
- bg New Hampshire business enterprise tax applies to salaries and interest paid.
- bh The North Carolina corporate income tax rate is legislated to decrease to 3% in the first calendar year following the fiscal year when state net General Fund taxes collected exceed \$20,975 million.
- bi Applies only to downtown operations located within the City of San Francisco.
- bj In Michigan, this study incorporates a state exemption for a portion of property tax paid on manufacturing machinery and equipment.
- bk For Louisiana, this study incorporates a 10 year full abatement on buildings and machinery for new in-state manufacturing operations.
- bl Delaware capital tax, maximum annual tax is \$180,000.
- bm Delaware gross receipts tax rate shown is for professional/business services companies on gross receipts in excess of US \$1.2 million. For manufacturers, tax is 0.126% on gross receipts over US \$15 million.
- bn Arizona corporate income tax rate is scheduled to decrease to 4.9% in 2017.
- bo Local income tax rates shown reflect suburban locations. Higher local income tax rates apply to downtown operations in Cincinnati (2.10%), Detroit (2.00%), New York City (8.85%), Philadelphia (6.41%), Portland (3.65%), Saginaw (1.50%), St. Louis (1.00%), and Youngstown (2.75%).
- bp Freeport exemptions apply to manufacturers' inventory in Georgia, Oklahoma, and Texas.
- bq In Baltimore, a property tax abatement applies to all manufacturing and R&D machinery and equipment.
- br In Louisiana, manufacturers, wholesalers, and retailers receive a partially refundable income tax credit equal to the amount of property tax paid on inventory.
- bs In Mississippi, manufacturers, wholesalers, and retailers receive a non-refundable income tax credit equal to property tax paid on inventory.
- bt Kansas City business license fee based on gross receipts. Actual rates vary based on receipts. Rate shown is approximate rate for services firms with receipts greater than US \$1 million. Approximate rate for manufacturing firms with receipts greater than US \$1 million is 0.07%.
- bu Municipal business license tax. Rates vary by type of business. Rates shown are applicable to most business services. Lower rates apply for manufacturers in Los Angeles (0.101%), Riverside-San Bernardino (0.006%) and San Francisco (0.035%). Higher rates apply to downtown operations at 0.140% for service operations and 0.11875% for high tech operations. Maximum annual tax is US \$7,660 Riverside-San Bernardino and US \$5,000 in Sacramento.

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# Appendix C

## Selected bibliography and sources of data

For the purposes of this study, a wide variety of sources in each city and country were contacted to gather recent and accurate statistical data for input to the industry models. These sources are listed on the following pages. Where only the name of an organization is listed, data were sourced either from the organization's website or custom prepared reports. Document titles are included where data were sourced from a specific, publicly-available publication.

### A. Location, population, local industry, and transportation

|                        |               |   |
|------------------------|---------------|---|
| <b>Australia</b>       | All cities    | Australian Bureau of Statistics   |
|                        | Adelaide      | City of Adelaide, Economic Development<br>Department of Trade and Economic Development, South Australia |
|                        | Brisbane      | Brisbane City Council<br>Brisbane Investment<br>Site Selection Online                                   |
|                        | Melbourne     | City of Melbourne<br>Melbourne Development Board<br>Melbourne Port Corporation                          |
|                        | Sydney        | New South Wales Department of State and Regional Development<br>City of Sydney                          |
|                        | <b>Canada</b> | All Cities  |
| Barrie                 |               | City of Barrie  |
| Belleville-Quinte West |               | City of Belleville; City of Quinte West   |
| Brandon                |               | Economic Development Brandon<br>Manitoba Trade & Investment   |
| Calgary                |               | Calgary Economic Development  |
| Charlottetown          |               | Innovation PEI<br>Atlantic Canada Opportunities Agency  |
| Edmonton               |               | Alberta Treasury Board and Enterprise<br>Edmonton Economic Development Corporation                      |
| Fredericton            |               | Enterprise Fredericton  |
| Gatineau               |               | Développement économique - CLD Gatineau   |
| Grand Prairie          |               | City of Grande Prairie  |
| Halifax                |               | Greater Halifax Partnership   |
| Kelowna                |               | Central Okanagan Economic Development Commission  |
| Lethbridge             |               | Economic Development Lethbridge   |
| Lloydminster           |               | Lloydminster Economic Development Corporation   |
| Medicine Hat           |               | City of Medicine Hat  |
| Moncton                |               | Enterprise Greater Moncton<br>Atlantic Canada Opportunities Agency                                      |
| Montreal               |               | Montreal International<br>Investissement Québec   |

|                |                  |   |
|----------------|------------------|---|
|                | Moose Jaw        | City of Moose Jaw<br>Enterprise Saskatchewan  |
|                | Niagara Region   | Niagara Economic Development  |
|                | Prince Albert    | Enterprise Saskatchewan   |
|                | Quebec City      | Québec International  |
|                | Red Deer         | City of Red Deer  |
|                | Regina           | Regina Regional Opportunities Commission  |
|                | Saint John       | Enterprise Saint John   |
|                | Saskatoon        | Saskatoon Regional Economic Development Authority   |
|                | Sault Ste. Marie | Community Development Corporation of Sault Ste. Marie   |
|                | Sherbrooke       | City of Sherbrooke  |
|                | St. John's       | Newfoundland and Labrador, Department of Innovation, Business and Rural Development<br>City of St. John's<br>Atlantic Canada Opportunities Agency |
|                | Sydney           | Enterprise Cape Breton Corporation  |
|                | Thunder Bay      | Thunder Bay Community Economic Development Commission   |
|                | Toronto          | City of Toronto   |
|                | Truro            | Nova Scotia Economic and Rural Development and Tourism  |
|                | Vancouver        | Metro Vancouver<br>Vancouver Economic Commission  |
|                | Windsor-Essex    | Windsor-Essex Economic Development Corporation  |
|                | Winnipeg         | Economic Development Winnipeg Inc.<br>Manitoba Entrepreneurship, Training & Trade   |
| <b>France</b>  | All Cities       | Institut National de la Statistique et des Études Économiques   |
|                | Marseille        | Ville de Marseille  |
|                | Paris            | Paris Regional Development Agency   |
| <b>Germany</b> | Berlin           | Berlin Partner GmbH   |
|                | Frankfurt        | Frankfurt Economic Development GmbH   |
| <b>Italy</b>   | All Cities       | Istituto Nazionale di Statistica  |
|                | Milan            | Milano Metropoli  |
|                | Rome             | Sviluppo Lazio  |
| <b>Japan</b>   | Osaka            | City of Osaka   |
|                | Tokyo            | Tokyo Metropolitan Government   |
| <b>Mexico</b>  | All Cities       | ProMexico<br>Instituto Nacional de Estadística Geografía e Informática (INEGI)<br>US Trade Department   |
|                | Mexico City      | Government of Distrito Federal  |
|                | Monterrey        | Government of the State of Nuevo León<br>Monterrey Ciudad Internacional del Conocimiento<br>Monterrey Technology Park                             |



|   |   |   |
|---|---|---|
| <b>Netherlands</b>                                  | All Cities  | Statistics Netherlands  |
|   | Amsterdam   | Amsterdam Economic Board  |
|   | Rotterdam   | Rotterdam Partners  |
| <b>United Kingdom</b>                               | All Cities  | UK Office for National Statistics   |
|   | London  | Government Office for the South East  |
|   |   | London Development Agency   |
|   |   | South London Chamber of Commerce & Industry   |
|   | Manchester  | Manchester City Council   |
|   |   | Manchester Training and Enterprise Council  |
|   |   | Manchester Chamber of Commerce and Industry   |
|   |   | Manchester Business Link  |
| Manchester Investment & Development Agency Services |   |   |
| <b>United States</b>                                | All Cities  | US Census Bureau<br>InfoUSA<br><a href="http://www.city-data.com">www.city-data.com</a> |
|   | Albuquerque   | City of Albuquerque   |
|   | Alexandria  | Louisiana Economic Development  |
|   |   | City of Alexandria  |
|   | Anchorage   | Anchorage Economic Development Corporation  |
|   | Atlanta   | Metro Atlanta Chamber of Commerce   |
|   | Austin  | The Greater Austin Chamber of Commerce  |
|   | Baltimore   | City of Baltimore   |
|   |   | Emerging Technology Centers   |
|   |   | Baltimore Development Corporation   |
|   |   | Bangor Region Development Alliance  |
|   | Baton Rouge   | East Baton Rouge Parish   |
|   | Beaumont  | CityTown Info, Beaumont, Texas  |
|   | Billings  | City of Billings  |
|   | Boise   | Boise Area Chamber of Commerce  |
|   | Boston  | Greater Boston Chamber of Commerce  |
|   | Burlington  | Greater Burlington Industrial Corporation   |
|   | Cedar Rapids  | Cedar Rapids Area Chamber of Commerce   |
|   | Champaign-Urbana                                      | Illinois Department of Commerce and Economic Opportunity                                |
|   | Charleston  | Charleston Area Alliance  |
|   | Charlotte   | Charlotte Regional Partnership  |
|   | Cheyenne  | The Cheyenne-Laramie County Corporation for Economic Development                        |
|   | Chicago   | City of Chicago   |
|   | Cincinnati  | Cincinnati Ohio Economic Development  |
|   | Cleveland   | City of Cleveland   |
|   |   | Greater Dallas Chamber  |
|   | Dallas-Fort Worth                                     | Texas Department of Economic Development  |
| Metro Denver Economic Development Corporation       |   |   |
| Denver  | Metro Denver Economic Development Corporation         |   |
| Detroit   | Wayne County Economic Development                     |   |
| Fargo   | Great Fargo Moorhead Economic Development Corporation |   |
| Gulfport-Biloxi                                     | Harrison County Development Commission                |   |

|                           |  |
|---------------------------|--|
| Hartford                  | Greater Hartford Chamber of Commerce   |
| Honolulu                  | City and County of Honolulu, Economic Development  |
| Houma                     | Louisiana Economic Development<br>Terrebonne Economic Development Authority  |
| Houston                   | Greater Houston Partnership Research Department  |
| Indianapolis              | Indianapolis Private Industry Council  |
| Jackson                   | Metro Jackson Economic Development Alliance  |
| Kansas City               | Economic Development Corporation of Kansas City  |
| Lafayette                 | Louisiana Economic Development<br>Lafayette Economic Development Authority   |
| Lake Charles              | Louisiana Economic Development<br>SWLA Chamber-Economic Development Alliance   |
| Las Vegas                 | City of Las Vegas<br>Las Vegas Chamber of Commerce   |
| Lexington                 | Lexington-Fayette Urban County Government  |
| Little Rock               | Little Rock Chamber of Commerce<br>City of Little Rock   |
| Los Angeles               | Los Angeles County Economic Development<br>San Gabriel Valley Economic Partnership   |
| Madison                   | City-Data.com  |
| Manchester                | City of Manchester   |
| Memphis                   | Memphis Economic Development   |
| Miami                     | City of Miami<br>Miami Dade County   |
| Minneapolis               | Greater Minneapolis Chamber of Commerce  |
| Mobile                    | Mobile Area Chamber of Commerce  |
| Monroe                    | Louisiana Economic Development<br>University of Louisiana at Monroe, Business and Economic Climate of<br>Monroe and Northeast Louisiana 2010 |
| Montgomery                | Montgomery Area Chamber of Commerce  |
| Nashville                 | Nashville Area Chamber of Commerce   |
| New Orleans               | Louisiana Economic Development; City of New Orleans  |
| New York City             | Hoover's Online<br>City of New York  |
| North Virginia (Metro DC) | Northern Virginia Economic Development Coalition   |
| Oklahoma City             | Greater Oklahoma City Chamber of Commerce  |
| Omaha                     | City of Omaha<br>Omaha Economic Development Corporation  |
| Orlando                   | Metro Orlando Economic Development Commission  |
| Philadelphia              | Philadelphia Economic Development<br>Greater Philadelphia Chamber of Commerce  |
| Phoenix                   | Greater Phoenix Chamber of Commerce  |
| Pittsburgh                | Urban Redevelopment Authority of Pittsburgh  |
| Portland                  | Portland Metropolitan Chamber of Commerce  |
| Providence                | Rhode Island Economic Development Corporation  |
| Raleigh                   | Greater Raleigh Chamber of Commerce<br>Research Triangle Park  |
| Richmond                  | City of Richmond   |

|                          |   |
|--------------------------|---|
| Riverside-San Bernardino | California Employment Development Department<br>Inland Empire Economic Partnership<br>City of Riverside<br>City of San Bernardino |
| Rochester                | Rochester Economic Development Corporation  |
| Sacramento               | City of Sacramento  |
| Saginaw                  | City of Saginaw, Assessor's Office  |
| Salt Lake City           | City of Salt Lake City<br>Salt Lake City Chamber of Commerce  |
| San Antonio              | City of San Antonio<br>San Antonio Economic Development Foundation  |
| San Diego                | San Diego Regional Economic Development Corporation   |
| San Francisco            | City and County of San Francisco<br>San Francisco Center for Economic Development   |
| Savannah                 | Savannah Economic Development Authority   |
| Seattle                  | Seattle Chamber of Commerce<br>Economic Development Council of Seattle and King County  |
| Shreveport               | Shreveport Chamber of Commerce  |
| Sioux Falls              | Sioux Falls Area Chamber of Commerce  |
| Spartanburg              | City of Spartanburg<br>Greater Greenville Chamber of Commerce   |
| Spokane                  | Spokane Area Economic Development Council<br>Washington State Labor Market Information  |
| St. Louis                | The Alliance of Edwardsville & Glen Carbon (economic development)   |
| Tampa                    | Greater Tampa Chamber of Commerce   |
| Trenton                  | New Jersey Economic Development Association   |
| Wichita                  | Wichita Office of Economic Development  |
| Wilmington               | Wilmington Economic Development Corporation   |
| Youngstown               | Youngstown Warren Regional Chamber  |

**General** City Populations Online – <http://www.citypopulation.de>  
Google Maps

## **B. Land prices, construction costs, and facility lease costs**

**All countries** Colliers International

## **C. Wages and salaries, statutory plans, and benefits**

|                           |               |   |
|---------------------------|---------------|---|
| <b>Wages and salaries</b> | All Countries | Mercer (customized report)<br>Mercer, Total Employment Costs Report, 2015   |
|                           | North America | ERI Economic Research Institute, Salary Assessor Database, 2015<br>Mercer, Canada and US Geographic Salary Differentials, 2015<br>Robert Half, Accounting and Finance Salary Guide, Canada and US, 2015 |
| <b>Statutory benefits</b> | All Countries | Mercer, Total Employment Costs Report, 2015   |
|                           | North America | Tax Facts, KPMG Canada  |

Canada Revenue Agency  
 Internal Revenue Service  
 State Employment and/or Labor Commissions, as required  
 State/provincial Workers' Compensation Boards or private insurers, as required

|                       |               |  |
|-----------------------|---------------|--|
| <b>Other benefits</b> | All Countries | Mercer, Total Employment Costs around the World, 2015<br>Mercer, Worldwide Benefit and Employment Guidelines, 2015 |
|                       | Canada        | AON Hewitt Associates (customized report)  |
|                       | United States | US Bureau of Labor Statistics, Employer Costs for Employee Compensation, June 2015                                 |

## **D. Electricity costs**

|                  |                        |  |
|------------------|------------------------|--|
| <b>Australia</b> | Adelaide               | Origin, Energy Australia                     |
|                  | Brisbane               | Origin, Ergon                                |
|                  | Melbourne              | Origin                                       |
|                  | Sydney                 | Origin, Energy Australia                     |
| <b>Canada</b>    | Barrie                 | PowerStream Inc                              |
|                  | Belleville-Quinte West | Veridian Connections<br>Ontario Energy Board |
|                  | Brandon                | Manitoba Hydro                               |
|                  | Calgary                | ENMAX  |
|                  | Charlottetown          | Maritime Electric Company Limited            |
|                  | Edmonton               | EPCOR  |
|                  | Fredericton            | New Brunswick Power Corporation              |
|                  | Gatineau               | Hydro Quebec                                 |
|                  | Grand Prairie          | ATCO, Direct Energy                          |
|                  | Halifax                | Nova Scotia Power                            |
|                  | Kelowna                | BC Hydro                                     |
|                  | Lethbridge             | City of Lethbridge Electric Utility<br>ENMAX |
|                  | Lloydminster           | ATCO, Direct Energy                          |
|                  | Medicine Hat           | City of Medicine Hat Electric Utility        |
|                  | Moncton                | New Brunswick Power Corporation              |
|                  | Montreal               | Hydro Quebec                                 |
|                  | Moose Jaw              | SaskPower                                    |
|                  | Niagara Region         | Horizon                                      |
|                  | Prince Albert          | SaskPower                                    |
|                  | Quebec City            | Hydro Quebec                                 |
|                  | Red Deer               | ENMAX  |
|                  | Regina                 | SaskPower                                    |
|                  | Saint John             | New Brunswick Power Corporation              |
|                  | Saskatoon              | SaskPower                                    |
|                  | Sault Ste. Marie       | PUC Distribution                             |
|                  | Sherbrooke             | Hydro Quebec                                 |

|                      |               |   |
|----------------------|---------------|---|
|                      | St. John's    | Newfoundland Power  |
|                      | Sydney        | Nova Scotia Power   |
|                      | Thunder Bay   | Thunder Bay Hydro   |
|                      | Toronto       | Toronto Hydro   |
|                      |               | Ontario Energy Board  |
|                      | Truro         | Nova Scotia Power   |
|                      | Vancouver     | BC Hydro  |
|                      | Windsor-Essex | EnWin Utilities   |
|                      |               | Ontario Energy Board  |
|                      | Winnipeg      | Manitoba Hydro  |
| <b>Europe</b>        | All Cities    | EuroStat<br>International Energy Agency, Energy Prices and Taxes, Q3 2015                         |
| <b>Japan</b>         | All Cities    | International Energy Agency, Energy Prices and Taxes, Q3 2015                                     |
| <b>Mexico</b>        | All Cities    | Comision Federal de Electricidad<br>International Energy Agency, Energy Prices and Taxes, Q3 2015 |
| <b>United States</b> | All Cities    | US Energy Information Administration  |

## **E. Natural gas costs**

|                  |                      |   |
|------------------|----------------------|---|
| <b>Australia</b> | Adelaide             | AGL, Energy Australia, Origin   |
|                  | Brisbane             | Origin  |
|                  | Melbourne            | AGL, Origin   |
|                  | Sydney               | AGL, Origin   |
| <b>Canada</b>    | Alberta              | ATCO Gas  |
|                  | British Columbia     | Terasen Gas   |
|                  | Manitoba             | Manitoba Hydro  |
|                  | New Brunswick        | Enbridge Gas  |
|                  | Newfoundland         | Imperial Oil<br>Petro-Canada  |
|                  | Nova Scotia          | Imperial Oil<br>Heritage Gas<br>Petro-Canada                              |
|                  | Ontario              | Enbridge Gas<br>Union Gas   |
|                  | Prince Edward Island | Imperial Oil<br>Petro-Canada  |
|                  | Quebec               | Gaz Métro   |
|                  | Saskatchewan         | TransGas Limited  |
| <b>Europe</b>    | All Cities           | EuroStat<br>International Energy Agency, Energy Prices and Taxes, Q3 2015 |
| <b>Japan</b>     | All Cities           | International Energy Agency, Energy Prices and Taxes, Q3 2015             |

|                      |            |                                      |
|----------------------|------------|--------------------------------------|
| <b>Mexico</b>        | All Cities | Pemex                                |
| <b>United States</b> | All States | US Energy Information Administration |

## **F. Road transportation costs**

|                                   |  |   |
|-----------------------------------|--|---|
| <b>Australia</b>                  |  | KPMG Australia  |
| <b>Canada &amp; United States</b> |  | <p>North American Inland Freight Model 2015, MMK Consulting, Model sources include:</p> <p>American Trucking Association American Trucking Trends 2015</p> <p>American Trucking Association ATA Driver Compensation Study, 2011</p> <p>American Trucking Association Motor Carrier Annual Report 2011</p> <p>BC Ferries</p> <p>US Energy Information Administration, 2015 data</p> <p>Fuel Costs, 2015 data: Kent Marketing Services Ltd.</p> <p><a href="http://www.truckmiles.com">http://www.truckmiles.com</a></p> <p>Federation of Tax Administrators</p> <p>Marine Atlantic</p> <p>International Registration Plan, Inc.</p> <p>Matson Lines</p> <p>Transport Canada, Operating Cost of Trucking and Surface Intermodal Transportation in Canada 2015</p> <p>Taylor Study, The U.S.-Canada Border: Cost Impacts, Causes, and Short to Long Term Management Options 2003</p> <p>Statistics Canada, Working in Canada, 2015</p> <p>US Department of Labor, Bureau of Labor Statistics 2014</p> <p>Galaxy Transport Corp. and its agents</p> |

|               |  |                      |
|---------------|--|----------------------|
| <b>Mexico</b> |  | Cosmex International |
|---------------|--|----------------------|

## **G. Sea transportation costs**

|                      |  |                                       |
|----------------------|--|---------------------------------------|
| <b>All countries</b> |  | Galaxy Transport Corp. and its agents |
|----------------------|--|---------------------------------------|

## **H. Air transportation costs**

|                      |  |                                       |
|----------------------|--|---------------------------------------|
| <b>All countries</b> |  | Galaxy Transport Corp. and its agents |
|----------------------|--|---------------------------------------|

## **I. National and regional taxes**

|                  |            |   |
|------------------|------------|---|
| <b>Australia</b> | All Cities | KPMG Australia  |
| <b>Canada</b>    | All Cities | <p>KPMG Canada, Tax Facts</p> <p>Revenue Canada</p> <p>Provincial Revenue/Tax Departments as required</p> |
| <b>France</b>    | All Cities | Fidal (KPMG France)   |

|                       |                     |   |
|-----------------------|---------------------|---|
| <b>Germany</b>        | All Cities          | KPMG Germany  |
| <b>Italy</b>          | All Cities          | K Studio Associate (KPMG Italy)   |
| <b>Japan</b>          | All Cities          | KPMG Japan  |
| <b>Mexico</b>         | All Cities          | KPMG Mexico<br>Cosmex International                                       |
| <b>Netherlands</b>    | All Cities          | KPMG Meijburg (Tax Lawyers)   |
| <b>United Kingdom</b> | All Cities          | KPMG United Kingdom   |
| <b>United States</b>  | All Cities          | CCH, 2015 State Tax Handbook<br>State Revenue/Tax Departments as required |
|                       | Albuquerque         | State of New Mexico Taxation & Revenue                                    |
|                       | Alexandria          | Louisiana Department of Revenue   |
|                       | Anchorage           | Alaska Department of Revenue  |
|                       | Atlanta             | Georgia Department of Revenue   |
|                       | Austin              | Texas Comptroller of Public Accounts                                      |
|                       | Baltimore           | Maryland Department of Revenue  |
|                       | Bangor              | Maine Department of Revenue   |
|                       | Baton Rouge         | Louisiana Department of Revenue   |
|                       | Beaumont            | Texas Comptroller of Public Accounts                                      |
|                       | Billings            | Montana Department of Revenue   |
|                       | Boise               | Idaho State Tax Commission  |
|                       | Boston              | Massachusetts Department of Revenue                                       |
|                       | Burlington          | Vermont Department of Taxes   |
|                       | Cedar Rapids        | Iowa Department of Revenue  |
|                       | Champaign-Urbana    | Illinois Department of Revenue  |
|                       | Charleston          | West Virginia State Tax Department  |
|                       | Charlotte           | North Carolina Department of Revenue                                      |
|                       | Cheyenne            | Wyoming Department of Revenue   |
|                       | Chicago             | Illinois Department of Revenue  |
|                       | Cincinnati          | Ohio Department of Taxation   |
|                       | Cleveland           | Ohio Department of Taxation   |
|                       | Dallas-Fort Worth   | Texas Comptroller of Public Accounts                                      |
|                       | Denver              | Colorado Department of Revenue  |
|                       | Detroit             | Michigan Department of Treasury   |
|                       | Fargo               | North Dakota State Tax Department   |
|                       | Gulfport-Biloxi, MS | Missouri Department of Revenue  |
|                       | Hartford            | State of Connecticut, Department of Revenue Services                      |
|                       | Honolulu            | Hawaii Department of Taxation   |
|                       | Houma               | Louisiana Department of Revenue   |
|                       | Houston             | Texas Comptroller of Public Accounts                                      |
|                       | Indianapolis        | Indiana Department of Revenue   |
|                       | Jackson             | Mississippi State Tax Commission  |
|                       | Kansas City         | Missouri Department of Revenue  |

|                           |  |
|---------------------------|--|
| Lafayette                 | Louisiana Department of Revenue                    |
| Lake Charles              | Louisiana Department of Revenue                    |
| Las Vegas                 | Nevada Department of Taxation                      |
| Lexington                 | Kentucky Department of Revenue                     |
| Little Rock               | Arkansas Department of Finance and Administration  |
| Los Angeles               | California Franchise Tax Board                     |
| Madison                   | Wisconsin Department of Revenue                    |
| Manchester                | New Hampshire Department of Revenue Administration |
| Memphis                   | Tennessee Department of Revenue                    |
| Miami                     | Florida Department of Revenue                      |
| Minneapolis               | Minnesota Revenue                                  |
| Mobile                    | Alabama Department of Revenue                      |
| Monroe                    | Louisiana Department of Revenue                    |
| Montgomery                | Alabama Department of Revenue                      |
| Nashville                 | Tennessee Department of Revenue                    |
| New Orleans               | Louisiana Department of Revenue                    |
| New York City             | New York State Department of Taxation and Finance  |
| North Virginia (Metro DC) | Virginia Department of Taxation                    |
| Oklahoma City             | Oklahoma Tax Commission                            |
| Omaha                     | Nebraska Department of Revenue                     |
| Orlando                   | Florida Department of Revenue                      |
| Philadelphia              | Pennsylvania Department of Revenue                 |
| Phoenix                   | Arizona Department of Revenue                      |
| Pittsburgh                | Pennsylvania Department of Revenue                 |
| Portland                  | Oregon Department of Revenue                       |
| Providence                | Rhode Island Division of Taxation                  |
| Raleigh                   | North Carolina Department of Revenue               |
| Richmond                  | Virginia Department of Taxation                    |
| Riverside-San Bernardino  | California Franchise Tax Board                     |
| Rochester                 | New York State Department of Taxation and Finance  |
| Sacramento                | California Franchise Tax Board                     |
| Saginaw                   | Michigan Department of Treasury                    |
| Salt Lake City            | Utah State Tax Commission                          |
| San Antonio               | Texas Comptroller of Public Accounts               |
| San Diego                 | California Franchise Tax Board                     |
| San Francisco             | California Franchise Tax Board                     |
| Savannah                  | Georgia Department of Revenue                      |
| Seattle                   | Washington State Department of Revenue             |
| Shreveport                | Louisiana Department of Revenue                    |
| Sioux Falls               | South Dakota Department of Revenue                 |
| Spartanburg               | South Carolina Department of Revenue               |
| Spokane                   | Washington State Department of Revenue             |
| St. Louis                 | Missouri Department of Revenue                     |
| Tampa                     | Florida Department of Revenue                      |
| Trenton                   | New Jersey Division of Taxation                    |
| Wichita                   | Kansas Department of Revenue                       |
| Wilmington                | Delaware Division of Revenue                       |
| Youngstown                | Ohio Department of Taxation                        |



## J. Local taxes

|                  |                        |  |
|------------------|------------------------|--|
| <b>Australia</b> | All Cities             | KPMG Australia<br>Local city councils  |
| <b>Canada</b>    | All Cities             | Provincial Revenue/Tax Departments as required   |
|                  | Barrie                 | City of Barrie   |
|                  | Belleville-Quinte West | City of Belleville<br>City of Quinte-West  |
|                  | Brandon                | City of Brandon  |
|                  | Calgary                | City of Calgary  |
|                  | Charlottetown          | Town of Stratford  |
|                  | Edmonton               | City of Edmonton   |
|                  | Fredericton            | City of Fredericton  |
|                  | Gatineau               | Ville de Gatineau  |
|                  | Grande Prairie         | City of Grande Prairie   |
|                  | Halifax                | Halifax Regional Municipality, Tax Division  |
|                  | Kelowna                | City of Kelowna  |
|                  | Lethbridge             | City of Lethbridge   |
|                  | Lloydminster           | City of Lloydminster   |
|                  | Medicine Hat           | City of Medicine Hat   |
|                  | Moncton                | Business Moncton, Property Taxes   |
|                  | Montreal               | City of Beaconsfield, Tax Department<br>Ville de Montreal, Financial Management                        |
|                  | Moose Jaw              | City of Moose Jaw, City Hall   |
|                  | Niagara Region         | City of Niagara, Falls, City of St. Catharine's  |
|                  | Prince Albert          | City of Prince Albert, Assessment & Taxation Department  |
|                  | Quebec City            | City of Quebec, Tax Department   |
|                  | Red Deer               | City of Red Deer, Tax Department   |
|                  | Regina                 | City of Regina, Tax Department   |
|                  | Saint John             | City of Saint John   |
|                  | Saskatoon              | City of Saskatoon, Office of the City Assessor   |
|                  | Sault Ste. Marie       | City of Sault Ste. Marie   |
|                  | Sherbrooke             | City of Sherbrooke, Finances   |
|                  | St. John's             | City of Mount Pearl, Tax Department<br>Town of Paradise  |
|                  | Sydney                 | Cape Breton Regional Municipality, Tax Office  |
|                  | Thunder Bay            | City of Thunder Bay  |
|                  | Toronto                | City of Toronto, Tax & Water Department<br>City of Brampton, Finance Department<br>City of Mississauga |
|                  | Truro                  | Town of Truro, Finance & Property Department   |
|                  | Vancouver              | City of Maple Ridge<br>City of Surrey<br>Township of Langley, Property Tax Department                  |
|                  | Windsor-Essex          | Town of Lake Shore, Tax Department<br>Town of Tecumseh, Tax Department                                 |
|                  | Winnipeg               | City of Winnipeg, Tax Department & Corporate Finance   |

|                       |                  |  |
|-----------------------|------------------|--|
| <b>France</b>         | All Cities       | Fidal (KPMG France)  |
| <b>Germany</b>        | All Cities       | KPMG Germany   |
| <b>Italy</b>          | All Cities       | K Studio Associate (KPMG Italy)  |
| <b>Japan</b>          | All Cities       | KPMG Japan   |
| <b>Mexico</b>         | All Cities       | Cosmex International<br>DFK / Llarena y Asociados S.C.   |
| <b>Netherlands</b>    | All cities       | KPMG Meijburg (Tax Lawyers)  |
| <b>United Kingdom</b> | All Cities       | KPMG United Kingdom  |
| <b>United States</b>  | All cities       | National Conference of State Legislatures  |
|                       | Albuquerque      | City of Albuquerque, Treasury Department   |
|                       | Alexandria       | Rapides Parish Assessor  |
|                       | Anchorage        | The Municipality of Anchorage, Treasury Division   |
|                       | Atlanta          | Georgia Department of Revenue, Property Tax Division   |
|                       | Austin           | Travis County Tax  |
|                       | Baltimore        | State of Maryland, Department of Assessment & Taxation   |
|                       | Bangor           | City of Bangor, Treasury Department  |
|                       | Baton Rouge      | East Baton Rouge Parish Assessor   |
|                       | Beaumont         | Jefferson County Tax Office  |
|                       | Billings         | Yellowstone County, Treasurer<br>City of Billings, Department of Revenue                                   |
|                       | Boise            | Ada County Treasurer<br>Canyon County Assessor   |
|                       | Boston           | Massachusetts Department of Revenue, Division of Local Services  |
|                       | Burlington       | City of Burlington<br>City of South Burlington<br>Town of Colchester<br>Town of Essex                      |
|                       | Cedar Rapids     | Linn County Assessor<br>Iowa Department of Revenue and Finance   |
|                       | Champaign-Urbana | County of Champaign Treasury   |
|                       | Charleston       | Kanawha County, Assessor & County Clerk<br>Putnam County Assessor  |
|                       | Charlotte        | North Carolina, Department of Revenue<br>City of Charlotte<br>Mecklenburg County                           |
|                       | Cheyenne         | Laramie County Assessor  |
|                       | Chicago          | Will County Recorder Office<br>Will County Clerk's Office, Tax Extension<br>Illinois Department of Revenue |
|                       | Cincinnati       | Hamilton County Auditor; Butler Country Treasurer  |
|                       | Cleveland        | Cuyahoga County Treasurer's Office   |

|                   |  |
|-------------------|--|
| Dallas-Fort Worth | Dallas County, Central Appraisal District<br>Tarrant County, Tax Assessment  |
| Denver            | Adams County<br>Arapahoe County<br>City of Aurora<br>City of Denver<br>City of Lakewood<br>Jefferson County  |
| Detroit           | City of Romulus Assessor's Office<br>Wayne County Register of Deeds  |
| Fargo             | North Dakota State Tax Commissioner<br>Cass County Assessor  |
| Gulfport-Biloxi   | Harrison County Tax Assessor   |
| Hartford          | State of Connecticut, Tax Collector & Real Estate Conveyance Tax<br>Town of Newington, Town Clerk<br>Town of Southington, Town Clerk & Assessor<br>Town of Cheshier, Town Clerk<br>Town of Wolcott, Town Clerk<br>Town of Enfield, Town Clerk & Assessor<br>Town of Somers, Town Clerk |
| Honolulu          | City of Honolulu, Real Property Assessment Division<br>State of Hawaii, Department of Taxation   |
| Houma             | Terrebonne Parish Assessor   |
| Houston           | Harris County, Tax Assessor/Collector  |
| Indianapolis      | Hendricks County, Auditor's Office   |
| Jackson           | Hinds County, Tax Assessor   |
| Kansas City       | City of Kansas City<br>Missouri Department of Revenue<br>Clay County, Jackson County, Platte County  |
| Lafayette         | Lafayette Assessor   |
| Lake Charles      | Calcasieu Parish Sheriff's Office  |
| Las Vegas         | Nevada Department of Taxation<br>Clark County Treasurer  |
| Lexington         | Lexington-Fayette Urban County Government, County Clerk<br>PVD Network<br>Kentucky Department of Revenue   |
| Little Rock       | Pulaski County Treasurer   |
| Los Angeles       | County of Los Angeles, Department of Auditor-Controller  |
| Madison           | Dane County; Department of Revenue, Wisconsin  |
| Manchester        | City of Manchester, Tax Collector's Office   |
| Memphis           | Tennessee Department of Revenue<br>Shelby County, Assessor of Property   |
| Miami             | Miami Dade County Property Appraisal Department  |
| Minneapolis       | Minnesota House Research Department<br>Dakota County Treasurer, Auditor Department   |
| Mobile            | Alabama Department of Revenue, Property Tax Division   |
| Montgomery        | State of Alabama, Revenue Department   |
| Nashville         | Tennessee Comptroller of the Treasury, Division of Property Assessments  |

|                           |  |
|---------------------------|--|
| New Orleans               | Orleans and Jefferson Parish Assessors   |
| New York City             | City of New York, Finance Department<br>New York State, Office of Real Estate Property Services<br>Nassau County   |
| North Virginia (Metro DC) | Prince William County, Tax Administration<br>State of Virginia, Deeds Office   |
| Oklahoma City             | Oklahoma County Assessor   |
| Omaha                     | Douglas County Treasurer   |
| Orlando                   | Orange County Property Appraiser   |
| Philadelphia              | Montgomery County Assessor<br>Bucks County Board of Assessment<br>Pennsylvania Department of Community & Economic Development<br>Services, Governor's Centre for Local Government Services<br>State Tax Equalization Board |
| Phoenix                   | Maricopa County, Finance Department  |
| Pittsburgh                | County Allegheny Treasurer   |
| Portland                  | Multnomah County, Assessment & Taxation & Recorder's Office<br>Oregon Department of Revenue – Statistics   |
| Providence                | Rhode Island Economic Development Corporation<br>Rhode Island Tax Department<br>State of Rhode Island Municipal Affairs, Department of Administration<br>Rhode Island Economic Development Corporation                     |
| Raleigh                   | Wake County Department of Revenue & Register of Deeds<br>North Carolina Department of Revenue, Property Tax Division   |
| Richmond                  | Chesterfield County, Henrico County Department of Finance<br>State of Virginia, Deeds Office   |
| Riverside-San Bernardino  | Riverside County Auditor<br>San Bernardino County Auditor  |
| Rochester                 | City of Rochester Assessment Bureau<br>New York State, Office of Real Estate Property Services<br>Monroe County  |
| Sacramento                | Sacramento County Auditor  |
| Saginaw                   | Saginaw County, Register of Deeds<br>State of Michigan, Department of Treasury   |
| Salt Lake City            | Salt Lake County, Auditor  |
| San Antonio               | Bexar County, Tax Assessor-Collector   |
| San Diego                 | County of San Diego Assessor, Recorder, County Clerk & Property Tax<br>Services  |
| San Francisco             | City of Newark<br>City of Oakland<br>City of San Francisco<br>County of Alameda, Auditor-Controller<br>County of San Mateo, Controller   |
| Savannah                  | Georgia Department of Revenue, Property Tax Division   |
| Seattle                   | King County, Department of Assessments<br>Pierce County<br>Kent Economic Development<br>Washington State Department of Revenue   |

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| Shreveport  | Caddo Parish Tax Division<br>City of Shreveport Revenue Division<br>Louisiana Tax Commission   |
| Sioux Falls | South Dakota Department of Revenue and Regulation, Business Tax Division<br>County of Minnehaha, Register of Deeds<br>Sioux Falls Development Foundation |
| Spartanburg | South Carolina Department of Commerce & Tax Department<br>County of Spartanburg, Auditor   |
| Spokane     | Spokane County Assessor<br>Spoke County Treasurer<br>Washington State Department of Revenue  |
| St. Louis   | St Louis County, Collector of Revenue & Department of Taxes<br>Missouri Department of Revenue  |
| Tampa       | Hillsborough County<br>Polk County Tax Controller<br>Tampa Bay Economic Development<br>Greater Tampa Chamber of Commerce                                 |
| Trenton     | Mercer County Taxation Department<br>New Jersey Division of Taxation, Realty Transfer Fees   |
| Wichita     | Sedgwick County, Clerk's Office  |
| Wilmington  | Delaware Division of Revenue<br>Newcastle County Recorder of Deeds<br>State of Delaware, Property Taxes  |
| Youngstown  | Trumbull County Auditor<br>Ohio Department of Taxation   |

