Global Tax Incentives Database

Overview[1]

The Global Tax Incentives Database is a panel database on the prevalence of tax incentives across countries and sectors. Specifically, the database provides information on 160 countries, broken down by 22 economic sectors, 4 types of fiscal incentives, for the period 2009-2015 (see Annex).

Often, information on tax incentives is publicly and freely available, including through online summaries published by global accounting firms, such as PricewaterhouseCoopers or Ernst and Young. Information is also frequently available from a country's investment promotion agency (IPA) website. However, such information is typically provided in qualitative form and does not lend itself to quantitative research. The Global Tax Incentives Database quantifies information on multiple frequently used tax incentive instruments from these sources.

Methodology

The database includes information for 22 economic sectors to the extent that incentives explicitly target a specific sector. Information is provided for agriculture, extractives, 9 manufacturing sectors, and 11 services sectors.

The database provides the following information (Table 1):

- The standard corporate income tax rate (CIT) rate.
- The availability and maximum duration of tax holidays.
- The availability and level of preferential rates below the standard CIT rate for a specific sector or type of investment.
- The availability of investment tax allowances or credits that grant investors the right to deduct investment expenses from taxable income or credit them against payable taxes. Information on the magnitude of these instruments was not collected owing to methodological challenges.

Table 1 Global Tax Incentives Database Indicators

Indicator	Description of Indicator	Nature of Indicator	Ex. Interpretation: Ethiopia 2011
cit	Standard corporate income tax rate	Percent	In 2011, Ethiopia offered a standard CIT rate of 30 percent, except for firms in extractives, which saw a 35 percent CIT rate.
holiday	Longest duration of applicable income tax holiday	Years (0-99, where 99 is applied for unlimited holidays)	In 2011, Ethiopia offered a 7-year tax holiday for firms in manufacturing sectors, conditional on exporting status.
allowance	Investment tax credit or allowance as share of total investment	Dummy variable (1 yes – 0 no)	In 2011, Ethiopia did not offer any tax credits or allowances.
concession	Concessionary tax rate	Percent (granted if concessionary rate is lower than the standard CIT rate)	In 2011, Ethiopia offered a special concessionary rate of 30 percent for extractive industries that met an 'other' condition.

[1] This note was prepared by Erik von Uexkull and Maria R. Andersen, CICTI. Formulation was largely drawn from "Corporate Tax Incentives and FDI in Developing Countries", included in the World Bank Group's Global Investment Competitiveness Report 2017/2018.

The database notes incentives offered unconditionally with a “u”. Additionally, the database contains information on four conditions for receiving incentives, tracked by type of incentive and by sector. These conditions are notated with a “l”, “n”, “x”, or “o” for the following conditions:

- “l”: Investment location, including requirements for establishment in a certain region of the country or a special economic zone (SEZ)
- “n”: Size requirement, such as size of investment, capital, or employment
- “x”: Company exporting status, including requirements to sell a certain share of output to other exporting companies
- “o”: Other conditions, such as requirements to undertake research and development (R&D) or incentives specific to income from intellectual property

Data were collected through desk research of public sources for country-level tax information in July and August of 2016. Ernst and Young’s “Global Tax Guides” and PricewaterhouseCoopers’ “Worldwide Tax Summaries” served as default sources, and in the case of missing information or discrepancies, other publicly available data sources were consulted, such as the website of a country’s investment promotion agency (IPA) or relevant country reports. To the extent possible, data points were cross-checked across sources and conflicts were resolved. Any decimal values were rounded and incentives were reported as described above (see Table 1).

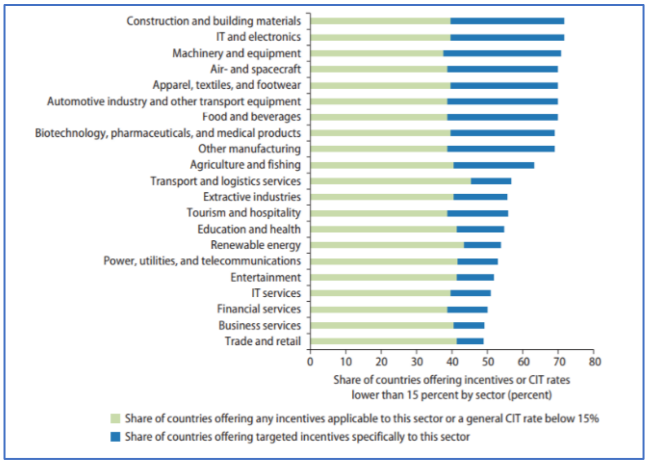
Though the World Bank Group made significant efforts to ensure accuracy of the database, it did not corroborate the tax and incentives information reported by the sources mentioned above. In addition, many countries provide tax incentives at the subnational level and these are not covered by the data sources consulted for the database. Moreover, some countries negotiate ad hoc tax incentives and other discretionary deals with potential investors, and these are also not captured by the database. Also, as the database focuses on corporate tax incentives, excluding information on incentives through indirect taxes such as customs duties and VAT exemptions, or other types of incentives such as subsidies or regulatory advantages. Lastly, the database registers cases where countries offer incentives to both domestic and foreign investors, unless foreign investors are explicitly excluded.

The value addition of the database lies primarily in making this information accessible in a comparable format that can be used for quantitative research. For information on individual countries, consulting the above-mentioned sources directly rather than pulling the information from the database is preferable.

Publication of the Database

The Global Tax Incentives Database was compiled for the *Global Investment Competitiveness Report 2017-2018 chapter on* "Corporate Tax Incentives and FDI in Developing Countries". The authors used a sample of 107 developing countries to analyze tax incentives and FDI at the sector-level across developing countries (see Figure 1 below).

Figure 1 Prevalence of Tax Incentives in Developing Countries by Sector (2009-15)



Source: World Bank. 2018. Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspective and Policy Implications. Washington, DC: World Bank.

Available for Research Purposes

Currently, the team is exploring options to make the database more widely accessible. In the meantime, the database is available upon request (contact Erik von Uexkull, Senior Economist CICTI, jvonuexkull@worldbank.org). Researchers must agree to a) not share the database with other,s and b) properly cite the source of the database in their work.

Additional possible avenues of incentives research could include[2]:

- Build upon the existing database by collecting longer-term time-series data on incentives by sector.
- Construct a broader incentives database for incentives research, by compiling data on behavioral incentives and combining this information with the locational incentives data provided in the database.
- Expand on the location condition of incentives, by adding supplementary data on incentives for Special Economic Zones (SEZs), allowing for possible analysis of the impact of SEZs on FDI across sectors.
- Combine the incentives database with global firm-level data and analyze the micro effects of incentives on FDI entry, as well as the role of incentives for FDI retention, linkages between foreign and domestic firms, and employment.
- Examine the effect of fiscal incentives and investment promotion on FDI inflows across countries.

[2] Note that some of these research efforts are presently underway by external academics who have received the database upon request.

Annex: Countries included in the database

Afghanistan	Denmark	Latvia	Romania
Algeria	Dominica	Lebanon	Rwanda
Angola	Dominican Republic	Lesotho	Saint Lucia
Antigua & Barbuda	Ecuador	Liberia	Samoa
Argentina	Egypt, Arab Rep.	Libya	Sao Tome & Principe
Armenia	Equatorial Guinea	Liechtenstein	Senegal
Aruba	Estonia	Lithuania	Serbia
Australia	Ethiopia	Macau	Seychelles
Austria	Fiji	Macedonia, FYR	Sierra Leone
Azerbaijan	Finland	Madagascar	Singapore
Bahamas	France	Malawi	Slovak Rep.
Bahrain	Gabon	Malaysia	Slovenia
Bangladesh	Gambia, The	Maldives	South Africa
Barbados	Georgia	Mauritania	South Korea
Belarus	Germany	Mauritius	South Sudan
Belgium	Ghana	Mexico	Spain
Belize	Greece	Moldova	Sri Lanka
Bermuda	Greenland	Mongolia	Sudan
Bolivia	Grenada	Montenegro	Suriname
Bosnia & Herzegovina	Guatemala	Morocco	Swaziland
Botswana	Guinea	Mozambique	Sweden
Brazil	Guyana	Myanmar	Switzerland
Brunei Darussalam	Haiti	Namibia	Tajikistan
Bulgaria	Honduras	Nepal	Tanzania
Burundi	Hong Kong SAR	Netherlands	Thailand
Cabo Verde	Hungary	New Zealand	Timor-Leste
Cambodia	Iceland	Nicaragua	Trinidad & Tobago
Cameroon	India	Nigeria	Tunisia
Cayman Island	Indonesia	Norway	Turkey
Chad	Iraq	Oman	Turkmenistan
Chile	Ireland	Pakistan	Uganda
China	Israel	Panama	Ukraine
Colombia	Italy	Papua New Guinea	United Kingdom
Congo, Dem. Rep.	Jamaica	Paraguay	Uruguay
Congo, Rep.	Japan	Peru	Uzbekistan
Costa Rica	Jordan	Philippines	Venezuela, RB
Cote d'Ivoire	Kazakhstan	Poland	Vietnam
Croatia	Kenya	Portugal	Zambia
Cyprus	Kuwait	Puerto Rico	Zimbabwe
Czech Republic	Lao PDR	Qatar	