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Business

Global corporate tax rates continue to fall

But UK is still above the EU average

Brian Hanney

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Corporate tax rates across the world are continuing to decline, according to new research.

The average has now dropped 0.9% to 25.9% from last year, says KPMG's Global Research and Indirect Tax Rate survey 2008.

Despite a 2% cut this year to 28%, the UK's corporate tax rate remains higher than the current global average.

The UK also remains higher than the EU average rate, which declined 1% year on year to 23.2%. The country now has the 19th (equal with Sweden) lowest corporate tax rate of the 27 EU member states - a slight improvement on last year's 21st position.

The survey also shows that not one country in the 106-strong sample had raised its corporate tax rate.

Sue Bonney, head of tax at KPMG Europe said: 'As corporate tax rates fall worldwide and corporations become more fleet of foot in relocating to favourable jurisdictions, national governments can no longer rely on corporate tax receipts.'

Another survey, from TMF VAT, shows an increase across the EU in VAT rates. 2007 showed an average rise from 18.6% to 19.2% while, with Germany's 3% hike, the figure is likely to be 19.9% by the end of 2008.

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