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US Taxpayers See Little Benefit from Global Reductions in Income Taxes Over the Past Two Decades

- **Income taxes for high earners fall by just two percentage points - slower than G7 average**
- **GDP growth lags behind global average over last 30 years**

Sterling Heights, Mich. November 23, 2016--High net worth individuals in the US are among those who have benefited the least from global reductions in income taxes over the past two decades, according to a new study by UHY, the international accounting and consultancy network.

Their research reveals that the effective income tax rate for the US' taxpayers earning \$1 million has fallen at a slower rate (down just 2 percentage points - from 37% in 1996 to 35% today) than the global average (down 5.6 percentage points from 41.4% to 35.8%) in the last twenty years.

Income tax cuts in the US have also been far less substantial than in most other G7 economies, which have seen average tax rate reductions of 5 percentage points since 1996 - from 48% to 43%.

This puts the US amongst the slowest income tax cutting countries in UHY's study (see table below) – although a small number of countries kept their rates the same or raised them. UHY studied tax data in 26 countries across its international network, capturing the effective income tax rate for higher (\$1M of earnings) and lower (\$30,000) income workers*.

The US's workers on lower incomes - those earning \$30,000 – benefitted from more significant tax reductions. They have seen their tax rates fall by 4 percentage points, from 17%, twenty years ago, to 13% today.

Russia has seen the biggest cuts of any major economy for higher earners, who have seen their income tax rate fall by nearly two-thirds (from 35% to 13%).

The UK imposed the biggest increases of any major economy in the study – one of the few countries to increase their rates. British workers earning \$1 million saw their tax bills rise by four percentage points over the period, from 39% to 43%.

Comments Dennis Petri, Managing Director at UHY Advisors: "Many governments around the world have focused on easing the tax burden on take home pay in the past twenty years, but the US is not keeping pace with the global average. This risks hampering growth."

"By failing to make bolder cuts to income tax rates, policymakers may be missing an opportunity to bolster consumer spending power, improve their country's attractiveness to an increasingly internationally-mobile workforce and boost economic performance."

He adds: "Such an approach could have contributed more to strengthening the US' GDP growth in recent decades."

“Looking forward, President-elect Donald Trump’s tax plan looks to reduce taxes across the board, but before any proposed changes can be made, they must be approved by Congress.”

UHY’s data also reveals the extent of global economies’ GDP growth in the last thirty years, since the UHY network was founded in 1986.

Their figures show that the US’ GDP has grown by 116% in the past thirty years, compared to the global average of 135% GDP growth (see third table below). The G7 average was 87%.

Income tax rates for higher earners (\$1 million)

Rank	Country	1996 Income Tax \$1 million		2016 Income Tax \$1 million		Difference \$1 million	
		Amount	Rate	Amount	Rate	Amount	Rate
1	Uruguay	60,000.00	6.00%	275,662.00	28.00%	215,662	22.00%
2	Croatia	349,186.16	34.92%	394,086.71	39.41%	44,901	4.49%
3	UK	392,471.09	39.25%	431,774.32	43.18%	39,303	3.93%
4	Brazil	248,734.18	24.87%	271,506.49	27.15%	22,772	2.28%
5	Canada	506,508.00	50.56%	508,357.00	50.84%	1,849	0.28%
6	Israel	500,000.00	50.00%	500,000.00	50.00%	0	0.00%
7	UAE	0.00	0.00%	0.00	0.00%	0	0.00%
8	Nigeria	174,833.68	17.48%	171,977.23	17.20%	-2,856	-0.28%
9	New Zealand	327,987.00	32.80%	323,421.00	32.30%	-4,566	-0.50%
10	Malta	345,538.00	34.54%	340,262.00	34.03%	-5,276	-0.51%
11	Spain	463,636.80	46.36%	439,857.08	43.99%	-23,780	-2.37%
12	USA	375,576.00	37.58%	352,170.00	35.17%	-23,406	-2.41%
13	Australia	462,246.00	46.26%	430,029.00	43.01%	-32,217	-3.25%
14	Italy	492,507.00	49.25%	458,153.00	45.82%	-34,354	-3.43%
-	G7	481,674.16	48.16%	434,090.47	43.40%	-47,584	-4.76%
15	Belgium	543,688.58	54.37%	494,833.19	49.48%	-48,855	-4.89%
-	World	414,050.87	41.40%	357,815.25	35.79%	-56,236	-5.61%
16	Netherlands	589,554.45	58.96%	510,555.11	51.06%	-78,999	-7.90%
17	China	330,000.00	33.00%	250,000.00	25.00%	-80,000	-8.00%
-	Europe	493,847.01	49.38%	413,076.62	41.04%	-80,770	-8.35%
18	Japan	498,159.00	49.82%	411,997.00	41.19%	-86,162	-8.63%
19	Republic of Ireland	475,405.33	47.54%	388,785.00	38.85%	-86,620	-8.69%
20	Germany	549,116.00	54.91%	448,063.00	44.81%	-101,053	-10.10%
21	Denmark	637,533.00	63.75%	534,006.00	53.40%	-103,527	-10.35%
-	BRICs	360,000.43	36.00%	248,643.43	24.87%	-111,357	-11.13%
22	France	557,382.00	55.74%	428,119.00	42.81%	-129,263	-12.93%
23	Poland	449,045.08	44.90%	316,792.38	31.68%	-132,253	-13.22%
24	India	514,400.52	51.44%	343,067.22	34.31%	-171,333	-17.13%
25	Russia	346,867.00	34.68%	130,000.00	13.00%	-216,867	-21.68%
26	Romania	574,947.64	57.49%	149,722.87	14.97%	-425,225	-42.52%

Income tax rates for lower earners (\$30,000)

Rank	Country	1996 Income Tax \$30,000		2016 Income Tax \$30,000		Difference \$30,000	
		Amount	Rate	Amount	Rate	Amount	Rate
1	Spain	5,980.06	19.93%	7,482.73	24.94%	1,503	5.01%
2	Uruguay	1,800.00	6.00%	2,771.00	9.24%	971	3.24%
3	UAE	0.00	0.00%	0.00	0.00%	0	0.00%
4	Italy	8,079.00	26.93%	7,905.00	26.35%	-174	-0.58%
5	Japan	2,632.00	8.77%	2,098.00	6.99%	-534	-1.78%
6	Nigeria	5,083.68	16.95%	4,361.23	14.54%	-722	-2.41%
7	Belgium**	11,550.75	38.50%	10,459.41	34.86%	-1,091	-3.64%
8	USA	5,280.00	17.60%	4,037.00	13.50%	-1,243	-4.10%
9	Brazil	6,234.18	20.78%	4,756.49	15.85%	-1,478	-4.93%
10	Malta	6,038.00	20.10%	4,459.00	14.86%	-1,579	-5.24%
11	Germany***	4,762.16	15.87%	3,008.09	10.03%	-1,754	-5.84%
-	G7	6,011.26	20.04%	3,932.92	13.33%	-2,078	-6.70%
12	China	9,900.00	33.00%	7,500.00	25.00%	-2,400	-8.00%
13	UK****	5,810.65	19.37%	3,115.36	10.38%	-2,695	-8.99%
14	Canada	7,442.00	24.81%	4,659.00	15.53%	-2,783	-9.28%
15	Denmark	12,229.20	40.76%	9,068.06	30.23%	-3,161	-10.53%
16	New Zealand	7,887.00	26.30%	4,540.00	15.10%	-3,347	-11.20%
-	World	8,226.91	27.42%	4,830.95	16.10%	-3,396	-11.32%
17	Croatia	9,686.16	32.29%	6,086.71	20.29%	-3,599	-12.00%
18	Australia	7,050.00	23.52%	3,395.00	11.32%	-3,655	-12.20%
-	Europe	9,280.26	30.93%	5,592.00	18.64%	-3,688	-12.29%
19	Netherlands	9,728.59	32.43%	5,682.10	18.94%	-4,046	-13.49%
-	BRICs	10,270.43	34.24%	5,684.13	18.95%	-4,586	-15.29%
20	France	8,073.00	26.91%	2,708.00	9.03%	-5,365	-17.88%
21	Poland	11,952.85	39.84%	6,392.38	21.31%	-5,560	-18.53%
22	Russia	10,097.00	33.66%	3,900.00	13.00%	-6,197	-20.66%
23	Republic of Ireland	9,805.33	32.68%	2,321.19	7.74%	-7,484	-24.94%
24	India	14,850.52	49.50%	6,580.02	21.93%	-8,271	-27.57%
25	Israel	15,000.00	50.00%	4,311.00	14.40%	-10,689	-35.60%
26	Romania*****	16,947.64	56.49%	4,008.01	13.36%	-12,940	-43.13%

**In this study, lower earners are defined as those earning \$30,000. Higher earners are defined as those with incomes of \$1million. The calculations are based on a single, unmarried taxpayer with no children.*

***For Belgium the income tax data comes from 1999 and 2016*

****In Germany, income tax is taken after social deductions and contributions are deducted*

*****In Romania, for 1996, tax was applied with progressive rates, but since 2005 Romania changed to a fixed quota with a standard rate of 16%, compared to the effective rates shown in the tables*

Change in Gross Domestic Product (GDP) since the UHY network was founded in 1986

RANK	COUNTRY	GDP		DIFFERNECE
		1986	2016	
1	China	611.90	9,306.80	1421.0%
2	India	377.55	2,556.99	577.3%
3	Malaysia	57.64	333.52	478.6%
4	Bangladesh	36.75	165.47	350.3%
-	BRICs	881.09	3,943.15	347.5%
5	Nigeria	113.63	491.64	332.7%
6	Israel	70.22	283.21	303.3%
7	UAE	92.73	363.85	292.4%
8	Republic of Ireland	68.22	257.78	277.9%
9	Pakistan	63.59	231.34	263.8%
10	Egypt	74.79	257.00	243.6%
11	Guatemala	17.25	51.68	199.6%
12	Malta	3.20	9.53	198.1%
13	Poland	205.62	576.28	180.3%
14	Peru	71.07	195.95	175.7%
15	Uruguay	19.25	51.21	166.1%
16	Australia	524.08	1,337.52	155.2%
-	World	32,632.70	76,565.98	134.6%
17	Argentina	224.79	521.71	132.1%
18	Mexico	548.74	1,244.30	126.8%
19	USA	7,956.50	17,149.17	115.5%
20	Slovakia	49.68	102.48	106.3%
21	Spain	723.59	1,478.28	104.3%
22	New Zealand	83.19	169.67	104.0%
23	Canada	902.53	1,829.33	102.7%
24	Brazil	1,152.43	2,315.20	100.9%
25	UK	1,389.52	2,709.56	95.0%
-	G7	2,763.87	5,158.18	86.6%
26	Netherlands	465.69	867.65	86.3%
27	Austria	228.36	416.24	82.3%
28	Belgium	292.18	514.21	76.0%
29	Portugal	131.68	229.95	74.6%
-	Europe	11,084.71	19,264.33	73.8%
30	Jamaica	8.29	14.40	73.8%
31	France	1,653.19	2,808.80	69.9%
32	Czech Republic	133.47	225.62	69.0%
33	Germany	2,232.65	3,747.17	67.8%
34	Puerto Rico	57.29	92.87	62.1%
35	Japan	3,669.13	5,792.43	57.9%
36	Bulgaria	34.78	53.65	54.2%
37	Denmark	223.98	335.55	49.8%
38	Croatia	39.56	58.91	48.9%

39	Italy	1,543.59	2,070.84	34.2%
40	Romania	143.55	190.35	32.6%
41	Russia	1,382.50	1,593.63	15.3%

GDP data from the United States Department of Agriculture.

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