
**QATAR, UAE, AND HONG KONG ARE THE MOST TAX-FRIENDLY
IN *FORBES ASIA* TAX MISERY & REFORM INDEX**

Singapore, 2 April 2009 – Qatar, the United Arab Emirates and Hong Kong have once again trumped other economies to retain the friendliest tax climate, according to the 2009 Tax Misery & Reform Index. The annual global ranking is compiled by *Forbes Asia* and surveys 50 jurisdictions.

The annual index assesses whether a jurisdiction's tax policy attracts or repels capital and talent by calculating its Misery score. The score is the sum of the corporate, personal, social security and sales tax rates. Jurisdictions at the top of the index with high scores impose the harshest taxes, while the most tax friendly are at the bottom.

Qatar, with a Misery score of 12 points as it levies only corporate income tax, is the most tax friendly on the index. The UAE, which has no corporate tax but imposes social security contributions, follows closely behind with 18 points. Hong Kong is third with 41.5 points. Unlike the other 47 economies on the index, all three jurisdictions do not levy value-added tax.

This year, most Asian jurisdictions continue to have more tax-friendly environment compared with other parts of the world. The survey shows that outside of China and Japan, the rest of Asia continues to enjoy stable, low tax advantage.

New Zealand made the biggest improvement among Asia-Pacific jurisdictions by reducing its Misery score by nine points, mainly through individual income tax and social security reductions that are designed to give a stimulus to personal spending.

South Korea also lowered top rates and provided tax incentives for research and development, but the country still has one of the least tax-friendly regimes in the region. However the North Asian nation is still better off than China which continues to be the least

tax-friendly economy in Asia-Pacific. A seven-point hike in its Misery score over last year puts China just behind France, the country with the harshest tax regime.

Suffering from the economic slowdown, China is putting in place massive infrastructure spending. The country has also upped employer and employee social security levies to cope with workers affected by the downturn.

This year, India saw a 24-point rise in its Misery score as a result of hikes in social security charges for both the employer and employee. This move is part of a trend in Asia toward increasing social security coverage to a level comparable to that in Europe.

Eight of the 10 least tax-friendly countries on the list are European. This year's "winner" is, again, France, with a leader who said: "I was not elected to increase taxes." Despite President Nicolas Sarkozy's assertion, France added 1.1 points to its Misery score.

The full report on the 2009 Tax Misery & Reform Index can be found in the April 13 issue of *Forbes Asia*, which is available on newsstands now.

The three most tax-friendly economies in the index:

- 1) Qatar
- 2) UAE
- 3) Hong Kong

The three least tax-friendly economies in the index:

- 1) France
- 2) China
- 3) Belgium

The author of the report is Jack Anderson, an international tax attorney in the U.S. and the EU, a member of the French bar and the U.S. Tax Court. He is a CPA, director of Fairvest ICX and a Global Board member of United Way. Mr Anderson is also a speaker at Forbes Forums and the U.S. Tax Court Forum.

For more information, visit www.forbes.com/misery.

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