The UK has a competitive headline corporation tax rate, particularly compared to G7, with further reductions in the pipeline.

As a location for headquarters, the UK does well on a variety of measures, such as dividend exemption and withholding tax. Concerns around the competitiveness of CFCs are being addressed as part of the Corporate Tax Road Map.

In addition, while it is not captured on the grid, it is internationally acknowledged that the UK rules on interest deductibility are very competitive. Other territories’ rules are typically less generous. The UK’s substantial shareholding exemption is also a competitive strength.

The UK offers broadly comparable reliefs for investment in plant and machinery, however some businesses have voiced concern that allowances are not given for industrial buildings and structures.

Top rates of income tax are relatively high in the UK, though the UK’s effective rate on incomes of $100k ranks more centrally in the G20.

The UK does well on tax administration, with a widely respected collection authority and the use of CRMs for large business customers. Some have voiced concern about the complexity of UK tax legislation, in response to which the Government has established the Office of Tax Simplification.

Stability and certainty are other areas where the Government has taken steps to improve the UK’s position by making concrete improvements to the tax policy making process, including the publication of draft Finance Bill clauses. These are important issues for competitiveness which are hard to compare internationally, but on which the UK position is improving.

The grid does not capture the relative competitiveness of the UK tax system by sector, for which a more varied picture would be drawn.

‘Green taxes’ are not included in the grid due to international differences in definition and the wide range of taxes and economic instruments that could be included. In terms of taxes on business energy consumptions the UK has among the lower standard rate and large tax relief for energy intensive businesses.