

COUNTRY PROFILE



United States

Tax overview

Corporate Income Tax	21%
Personal Income Tax	37%, progr.
Gift Tax (direct line)	40%, progr.
Inheritance Tax (direct line)	40%, progr.
Wealth Tax	None

Legal System

The US legal system is based on common law. This Fact Sheet addresses federal, not state, taxation.

Corporate Taxation

Domestic corporations, which are created or organized under the laws of any state or the District of Columbia, are subject to Federal income tax on worldwide income at a rate of 21%. Foreign corporations are subject to tax on income effectively connected with a trade or business in the US as well as US source income.

Individual Taxation

US Citizens and US residents are subject to tax on worldwide income at progressive rates up to a maximum rate of 37%. The US has gift tax and estate tax, at progressive rates with a maximum of 40%, and a unified gift and estate tax exemption of \$11.58MM (indexed annually for inflation).

Anti-Avoidance Rules

The US has Transfer Pricing rules, Thin Capitalization rules, and Controlled Foreign Corporation (CFC) rules. The US has no General Anti-Avoidance Rules (GAAR).

Controlled Foreign Corporations (CFCs)

A Controlled Foreign Corporation (CFC) is defined as any foreign corporation where more than 50% of the voting power or total value of the stock is held by US shareholders. US shareholders holding 10% or more of the shares of CFCs must include in their own income their prorated share of the CFC's subpart F income.

Trusts

The US has not ratified the Hague Convention on the Recognition of Trusts. However, domestic trusts are widely used and are governed under State law, not Federal law. Domestic US trusts are subject to Federal income tax. For Grantor trusts, income is taxed to the Grantor at the Grantor's marginal rate, up to a maximum of 37%. For non-Grantor trusts (simple or complex), tax on income is paid by the trust, except where current year income is distributed to a beneficiary. Trusts are taxed at higher compressed brackets than individual marginal rates, up to a maximum of 37%.

Double Tax Treaties (DTTs)

The US has a network of DTTs with a number of countries under which residents of those countries are taxed at a reduced rate or are exempt from U.S. income taxes on income from US sources.

Investment Agreements

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OECD Multilateral Convention

The US is party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange of information "on request," and authorizes spontaneous and automatic exchange.

Common Reporting Standard (CRS)

The US has not implemented, or committed to implement, CRS for the automatic exchange of financial account information.

FATCA

Foreign Financial Institutions (FFIs) are required to report information on US persons to the IRS. The US has FATCA IGAs with a number of jurisdictions that require automatic exchange of information.

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