



Invest in Iceland Agency

## ICELAND – THE COMPETITIVE LOCATION FOR BUSINESSES

Positive business environment with a simple and efficient tax system and low tax rates.

### COMPARISON

 <b>ICELAND</b>	 <b>USA</b>
Corporate income tax 18% (flat rate)	Corporate income tax: 1) Up to \$50,000 15% 2) \$50,001 to \$75,000 25% 3) \$75,001 to \$10,000,000 34% 4) Over \$10,000,000 35%
No local taxes on corporate profits	Local taxes 0-12%, depends on States
No Alternative Minimum Tax	Alternative Minimum Tax
No net wealth taxes	Net wealth taxes are levied
No legislation on CFC	CFC legislation
No tax on repatriated branch profits	Repatriated branch profits subject to 30% withholding tax (may be reduced or eliminated under tax treaties in force)
Received domestic dividends are tax-free with a corporate shareholder (by being deductible). No requirements relating to percentage of stock ownership in the corporate payer apply	Dividend will generally be deductible if the corporate shareholder owns stock in the corporate payer, as follows: 1) 80% or more, fully deductible, 2) Less than 80% but more than 20%, 80% of the dividend is deductible, 3) Less than 20%, 70% of the dividend is deductible.
Received foreign dividends of corporations incorporated abroad are also deductible from tax if the recipient corporation can demonstrate that the relevant dividends are received from a corporation whose profits have been taxed under provisions, which do not substantially deviate from those prevailing in Iceland. Furthermore, it is required that the profits of the corporate-payer have been subject to income tax rate, which is not lower than the general income tax rate in some of the OECD countries.	Treated as foreign-source income.  The indirect credit is applicable for U.S. corporations that own at least 10% of the voting stock of the foreign corporation.
Taxation of realized capital gain deriving from the sales of shares may be deferred for two years and avoided by reinvesting in other shares within the two years period.	Ordinary income treatment on the sale of preferred stock, but is limited to the stock's ratable share of the corporation's E&P at the time the preferred stock was distributed.

ICELAND INFO SHEET



[www.invest.is](http://www.invest.is)