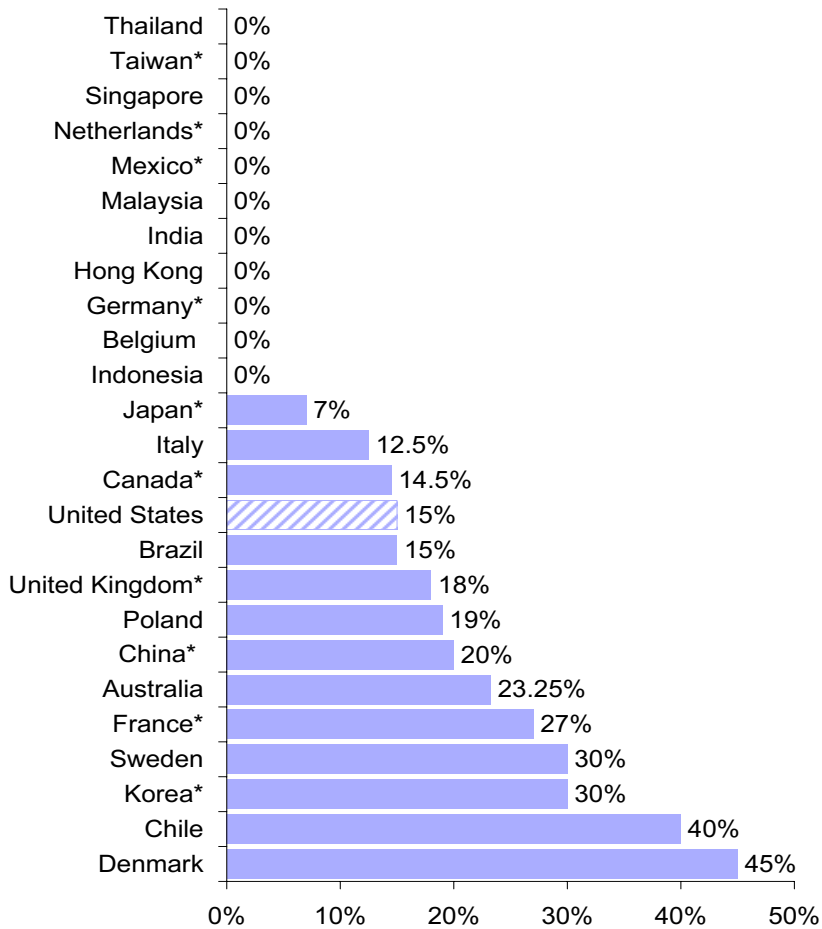


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U.S. Individual Capital Gains Tax Rates High

Figure 1: International Comparison of Long-Term Individual Capital Gains Tax Rates



* Major trading partners based on data from U.S. Census

Prepared by American Council for Capital Formation

A new report by Ernst & Young LLP, commissioned by the American Council for Capital Formation, compares individual long-term capital gains taxes among 25 major economies of the world as well as major trading partners of the U.S. The U.S. capital gains tax rate compares unfavorably with that of many other major economies (see Figure 1). More than half of the countries surveyed have individual capital gains tax rates lower than that of the U.S.

A low capital gains tax rate has an important role to play in fostering economic growth. Since the historic reduction in capital gains taxes initiated in 1978 by the late Congressman Bill Steiger, lowering taxes on capital gains has been a crucial element in promoting the entrepreneurial drive on which the U.S. economy thrives. Entrepreneurs are a major force for technological breakthroughs, new start-up companies, and the creation of high paying jobs. Many today believe that the '78 cut in capital gains tax rates not only helped make Silicon Valley the center of technological breakthroughs but has also had a strong, positive, and lasting impact on overall investment, economic growth and job creation in the U.S. The 2003 capital gains tax cuts have also been a boon to

the U.S. economy. Extension of the 15% rate is crucial to maintaining the U.S. competitive edge against its major trading partners. (For more details on international capital gains tax rates, please refer to Table 1.)

Table 1: General Capital Gains Tax Rates on Corporate Equities for Individuals in 25 Countries, 2008 ^{1/}

	Top National Individual Income Tax Rate ^{2/}	Top Long-Term Individual Capital Gains Tax Rates on Corporate Equities ^{2/}	Individual Holding Period for Long-Term Capital Gains Tax (if Applicable)	Other Key Details
Australia	46.5%	23.25%	1 Year	Asset cost is indexed.
Belgium	50%	0%	N/A	
Brazil	27.5%	15%	N/A	
Canada	29%	14.5%	N/A	
Chile	40%	40%	N/A	
China	45%	20%	N/A	
Denmark	59%	45%	N/A	
France	40%	27%	N/A	Capital gain for assets purchased after 2005 and held for more than 8 years will be exempt.
Germany	47.5%	0%	5 Year	Long-term capital gains are exempt if taxpayer holds less than 1% of the company's share capital over the 5 years. If taxpayer holds more than 1% of the company's share capital, half of the gain will be taxed at the ordinary tax rate.
Hong Kong	15%	0%	N/A	
India	34%	0%	3 Years	The holding period is 1 year for securities listed on a stock exchange in India. Gains derived from sales of securities listed on a stock exchange in India are exempt.
Indonesia	35%	0%	N/A	In lieu of capital gains, a 0.1% withholding tax rate on sale proceeds applies to stock sales on the Indonesian Stock Exchange; other sales are subject to the ordinary income tax rate.
Italy	43%	12.5%	N/A	If transaction applies to a qualified percentage of company's shares, the ordinary rate applies to 49.7% of the gain.
Japan	40%	7%	N/A	The 7% rate applies to the transfer of certain listed stocks through a security company. Other capital gains are taxed at 15%.
Korea	35%	30%	N/A	Gains derived by a minority shareholder from sale of shares of a company listed on the Korean Exchange are exempt.
Malaysia	28%	0%	N/A	
Mexico	28%	0%	N/A	Gains derived from sales of securities on the Mexican Stock Exchange are exempt.
Netherlands	52%	0%	N/A	Tax rate of 25% applies for substantial shareholders.
Poland	40%	19%	N/A	
Singapore	20%	0%	N/A	
Sweden	25%	30%	N/A	A local tax rate (27% - 33%) applies to ordinary taxable income but not to capital gains.
Taiwan	40%	0%	N/A	
Thailand	37%	0%	N/A	Gains derived from sales of securities on the Stock Exchange of Thailand are exempt.
United Kingdom	40%	18%	N/A	
United States	35%	15%	1 Year	

Source: Ernst & Young Foreign Desk Network

1/ Only resident taxation.

2/ National only (sub-national tax rates are not included).