

Harri Hietala: Suorien investointien verorasituksen mittaaminen efektiivisellä keskimääräisellä veroasteella.

Abstract: In this paper we concentrate to calculate effective tax rates on investments in twenty countries since 1981 and five Eastern Europe countries since 1991. However we first solve the effective marginal tax rate and the effective average tax rate from the discrete investment model – including immediate depreciation allowance, valuation method of inventories and wealth taxation – that a firm maximizes value of its equity in. We compute the effective tax rates at the level of a firm and an investor. We converse on properties and applicability of different tax rates in the paper. It is good to mention that the effective marginal tax rate is more suitable for measuring tax burden of a marginal investment and the effective average tax rate is better to measure effective tax rates of a new investment that earns more than a minimum required rate of return. The latter "emphasizes" taxation of distributed profits – corporate tax rates, taxation of capital gains and dividends and imputation credit on dividends – while the first is more sensitive to tax allowances. We refer shortly to conversation of tax policy and some results of tax theory with the empirical results. The effective level of taxation on the last investment unit has fallen and even faster in the small countries during the period of the study. The capital import and export neutrality have increased – at least a bit. However it is a lot to do in order to improve neutrality – also neutrality of taxation on capital assets and sources of finance – in all the countries of the research. The effective tax rates of Finland are quite favourable – especially the effective average tax rates – and the neutrality of the Finnish capital taxation is at the average level.

Key words: taxation, direct investment, measuring

JEL Classification: H25, H32