Corporate tax and economic growth

Global tax competitiveness is all about jobs and growth. It is not a symbolic or rhetoric issue. It’s a question of ‘lead or perish.’

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It is a fact, not an argument. To make the story simple, the truth is that investment is the key to sustainable economic growth. An investment decision is a long-term one. We know the corporate tax rate has always been a key decision factor. Earnings mean ‘after-tax’ profits at the end of the day.

That’s why companies care about the rate. That’s why our rate needs to remain and be kept competitive. Our economic future is at stake.

Who are our main competitors? It is obvious that we are not competing with the U.S., Canada, Japan or the U.K. We might be competing with Hong Kong, Singapore, and Taiwan.

All these regions are fierce competitors. In recent years, Hong Kong cut the rate to 16.5 percent and rates in both Singapore and domestic, in Korea. The long-term fruit is in the basket.

For that to happen, Korea should remain competitive enough to attract global players to the country. And we need to know how we can do it.

To be competitive as at least four of our immediate competitors — Hong Kong, Singapore, and Taiwan.

Twenty-two percent is at least 2 percent points above. It is a question of ‘lead or perish.’ The policy of leading economies will be even more apparent to the world.

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