

|               | country A<br>division X | country B<br>division Y |
|---------------|-------------------------|-------------------------|
| CIT           | 40%                     | 10%                     |
| input         | 300                     | 600                     |
| TP            |                         |                         |
| scenario a:   | 550                     |                         |
| scenario b:   | 350                     |                         |
| Profit marg   | 250                     | 50                      |
| CIT           | 100                     | 5                       |
| Total CIT     | <hr/>                   |                         |
|               |                         | 105                     |
| Effective CIT |                         | 35% scenario a          |
| Profit marg   | 50                      | 250                     |
| CIT           | 20                      | 25                      |
| Total CIT     | <hr/>                   |                         |
|               |                         | 45                      |
| Effective CIT |                         | 15% scenario b          |

Tax saving in case of shift in TP from 550 to 350 is:

133%

Ex.1

Gross 1,320,000

Employment benefits (adjustments)

|    |         |                 |    |    |
|----|---------|-----------------|----|----|
| 1. | 108,000 | taxable income  |    |    |
| 2. | 32,400  | taxable income  |    |    |
| 3. | -       | exempted income |    |    |
| 4. | 3,000   | exempted income |    |    |
| 5. | 60,000  | taxable income  |    |    |
| 6. | 2,495   | taxable income  | 53 | 40 |
| 7. | -       | exempted income |    | 18 |
| 8. | -       | exempted income |    |    |

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205,895

Total employment incor 1,525,895

Tax base deductions:

mortgage interest 42,000

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Tax base reduced 1,483,895

Tax base reduced after 1,483,800

SHI by Vladimir

163,218

SHI by Sreder

504,492

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Super gross wage

1,988,387

Tax liability

298,258.05

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Tax LIABILITY deductions:

personal tax dedu 24,840

Tax liability reduced

273,418

tax liability due (payable, final)