



THE WORLD BANK



**In Washington, D.C.:**

Nadine Ghannam, World Bank Group  
Phone: +1 202 473 3011  
E-mail: nsghannam@ifc.org

**In New York:**

Mike Ascolese, PwC  
Tel: +1 646 471 8106  
E-mail: mike.ascolese@us.pwc.com

**Tax Reforms Continue Worldwide Despite Economic Turmoil, Electronic Filing Increasing Especially**

**London, United Kingdom, 21 November 2012**—A new report from the World Bank, IFC, and PwC finds that governments continue to reform their tax systems despite global economic uncertainty, with 31 economies having taken steps from June last year through May 2012 to make it easier and cost less for small and medium businesses to pay taxes.

Released today, the *Paying Taxes 2013* study looks at tax regimes in 185 economies and finds that the most common tax reform is the introduction or improvement of online systems for tax compliance, which occurred in 16 economies.

“Electronic filing and payment reduces paperwork and complexity in tax systems and can help increase tax compliance and reduce the cost of tax administration,” said Augusto Lopez Claros, Director, Global Indicators and Analysis, World Bank Group. “The report finds that over the last several years there has been a gradual reduction in the number of payments and in the number of hours spent by a medium-sized company to comply with its tax obligations. This reduction across all regions of the world in the burden of tax administration is a welcome development.”

The report finds that on average a medium company pays a Total Tax Rate of 44.7 percent of profits, making 27.2 payments, and spending 267 hours to comply with its tax requirements. In the eight years since the study began, the time to comply has fallen by 54 hours, almost seven working days, and the number of payments has declined by more than six, while the Total Tax Rate has fallen nearly 1 percent for each year.

“We are seeing tension between the need for governments to raise tax revenue and at the same time provide a system that encourages economic activity and growth,” said Andrew Packman, a tax partner at PwC UK. “Governments seeking to create a more business-friendly tax climate need to focus not only on rates, but also on minimising the time and effort needed to comply.”

An economic analysis undertaken by PwC senior economic adviser Andrew Sentence and featured in the report shows that in economies where action was taken to reduce complexity in tax administration – both in terms of the number of payments and the time taken to deal with tax matters – there has tended to be higher economic growth.

Reforms continue around the world. However, the report finds that the number of economies reforming has fallen from 35 last year to 31 in the most recent study. The focus continues to be on reducing the administrative burden of the tax system. In 2011, the time to comply fell by an 8-hour day and the number of payments dropped by almost two, while the Total Tax Rate fell by only 0.3 percent.

*Paying Taxes 2013* measures all mandatory taxes and contributions that a medium-sized firm must pay in a given year. Taxes and contributions measured include the profit or corporate income tax, social contributions and labour taxes paid by the employer, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax, waste collection taxes, vehicle and road taxes, and other small taxes or fees.

**About the World Bank Group**

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world. For more information, please visit [www.worldbank.org](http://www.worldbank.org), [www.miga.org](http://www.miga.org), and [www.ifc.org](http://www.ifc.org).

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**For more information about the *Paying Taxes* study, visit** [www.pwc.com/payingtaxes](http://www.pwc.com/payingtaxes).