

Paying Taxes 2017



*Now including a
new measure: the
post-filing index.*



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Andrew Packman
.....
Tax Transparency
and Total Tax
Contribution leader
.....
PwC UK



**Augusto
Lopez-Claros**
.....
Director, Global
Indicators Group
.....
The World Bank
Group

Foreword

This eleventh edition of *Paying Taxes* comes at a time when, with low commodity prices and continued weak economic growth, there is an increasing need to broaden tax bases, increase voluntary compliance and build tax capacity, particularly in developing economies. Everyone benefits if tax systems are well understood and are effective and efficient. To achieve this, systems need to minimise the administrative burden that they place upon governments and taxpayers while raising the revenues that are needed to fund public services.

The *Paying Taxes* study looks at how easy it is for a standardised, medium-sized domestic company to pay its taxes. By gathering and analysing comprehensive quantitative data to compare business taxation over time and across economies, *Paying Taxes* encourages economies to move towards more efficient systems, offers measurable benchmarks for reform, and serves as a resource for academics, journalists, private sector researchers and others interested in tax systems.

How easy it is to pay taxes is not just about the amount of tax paid. It also concerns the compliance and administrative requirements necessary to determine and pay the amount due. As in previous years, the study measures the amount of tax that the case study company bears and the time and effort required to deal with preparing and filing its tax returns. We can now look at trends in these measures over an eleven year period. In addition, this year, for the first time, the study includes a 'post-filing index' which measures certain processes that might take place after a tax return has been filed. For many companies these can represent the most complex interactions with a tax authority and in many economies the process of agreeing the final tax liabilities and, potentially, obtaining refunds of taxes paid, can be complex and time-consuming.

In many economies, post-filing processes can be the most complex interactions between tax authorities and taxpayers.

The challenge has been to create some simple fact patterns which allow a like-for-like comparison to be made across as many economies as possible. To do this, we have created an index which measures two specific processes; obtaining a value-added tax (VAT) refund, and dealing with a voluntary correction of an inadvertent error in a corporate income tax (CIT) return, including dealing with an audit if applicable. Where these taxes do not exist in an economy, then the index simply does not measure the post-filing position for that type of tax in that economy.

Further details on how the new index is measured and its four components can be found in Appendix 1. For the VAT refund, the best performing economies are those which offer a cash refund in the shortest possible time, with the minimum amount of effort. Where the VAT refund claim is likely to trigger an audit, this is taken into account and will usually increase both the time to comply with the refund claim and the waiting time before the refund is received. For the correction of the CIT error, the best performing economies are those where the correction of the tax return is not expected to trigger an audit. In these cases, the index simply measures the time required to make the correction as there is no audit time to be taken into account.

Tax audits are an essential part of a properly functioning tax system as they help ensure that taxpayers meet their compliance obligations. There is however a balance to be struck between the extent and nature of a tax audit and the amounts of tax that are potentially being underpaid, to help ensure that the limited resources available to tax authorities are targeted at the areas which present the highest risk.

We have long advocated the introduction of good electronic systems for paying and filing tax returns. These benefit both taxpayers and tax authorities. Electronic systems provide vast amounts of data which tax authorities can analyse and correlate with other datasets to identify unusual transactions and patterns of behaviour and so assess the level of risk presented by individual companies.¹ In countries where such electronic data is unavailable, or is unreliable, then more audits may be required than in economies with large electronic datasets and sophisticated data analysis tools. Care should therefore be taken when comparing the post-filing index scores of different economies which are at varying stages of economic development and which have differing levels of sophistication in their tax systems.

The introduction of the new post-filing index has been a significant challenge, but we hope that it provides valuable insight to you and we welcome suggestions for how the index can be improved.

This publication also includes two articles which look beyond the case study. The first article considers that while paying taxes is an important part of how companies contribute to society, companies may have more to offer. We explore the role corporates can play in reforming tax systems and consider some of the barriers that inhibit this. The second article looks at the rising importance of consumption taxes to governments and the challenges of creating effective and efficient VAT systems.

We hope that this publication continues to generate data and different perspectives that you find useful. Your comments and feedback are always very welcome and we would be delighted to hear from you.



Andrew Packman

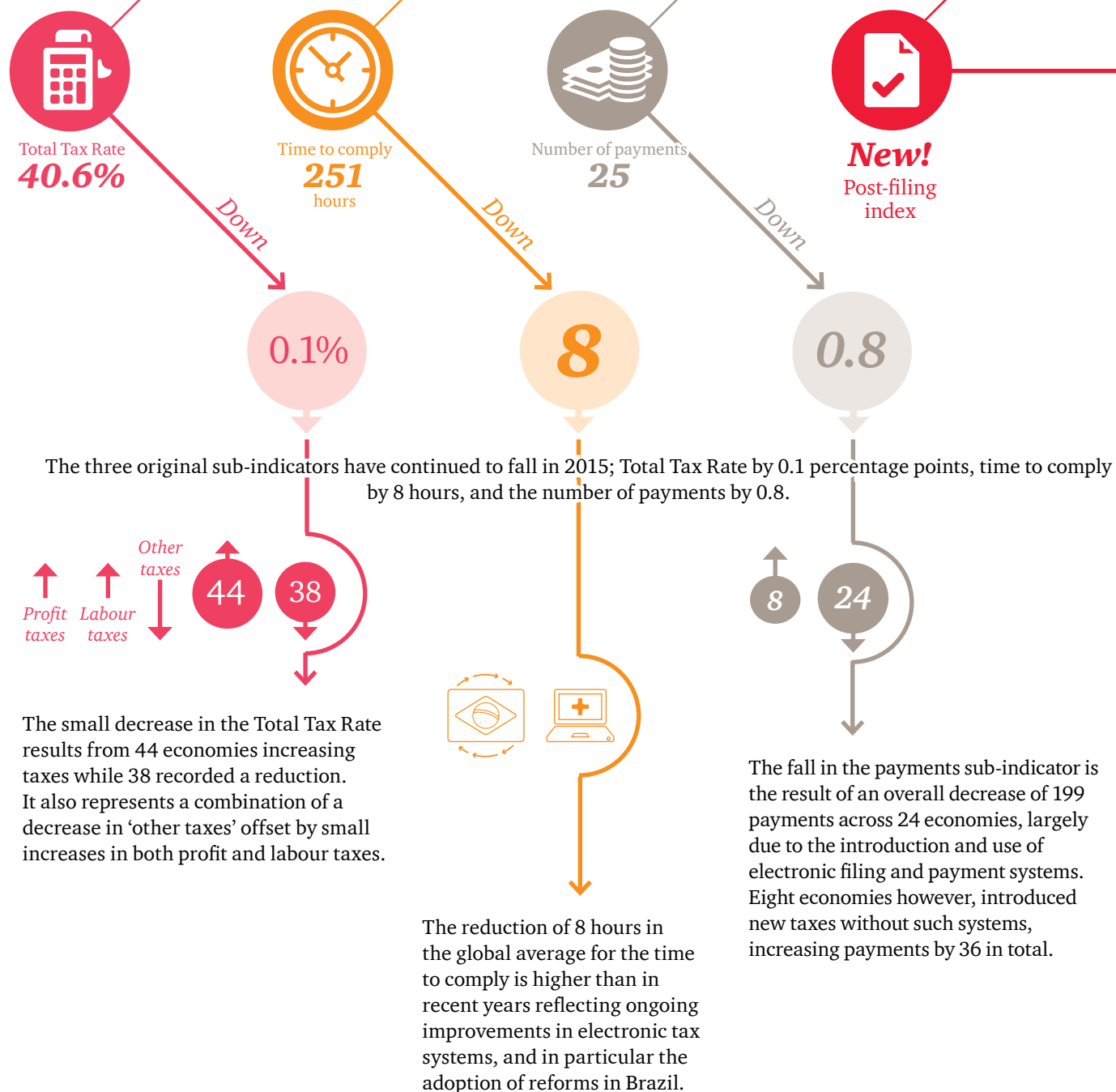


Augusto Lopez-Claros

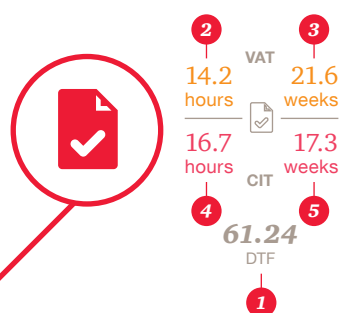
¹ Cleary, D. "Predictive Analytics in the Public Sector: Using Data Mining to Assist Better Target Selection for Audit" Electronic Journal of e-Government Volume 9 Issue 2 2011, (pp132 – 140), available online at www.ejeg.com/volume9/issue2

Key findings from the Paying Taxes 2017 data

On average it takes our case study company **251 hours** to comply with its taxes, it makes **25 payments** and has an average Total Tax Rate of **40.6%**.



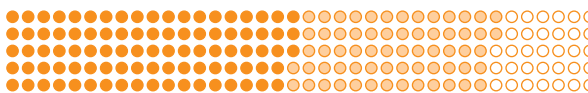
The *Paying Taxes* study includes a new sub-indicator, the post-filing index. It measures two processes using four components. It is equally weighted with the three original sub-indicators.



(1) The post-filing index distance to frontier score (DTF) measures (2) the time to comply with a VAT refund (hours), (3) the time to obtain a VAT refund (weeks), (4) the time to comply with a corporate income tax audit (hours), and (5) the time to complete a corporate income tax audit, if applicable (weeks).

In 2015, 162 economies had a VAT system. The post-filing index shows that our case study company will receive a VAT refund in 93 of these jurisdictions. The VAT refund is likely to trigger an audit in 65 economies of which 17 will be a comprehensive audit.

93

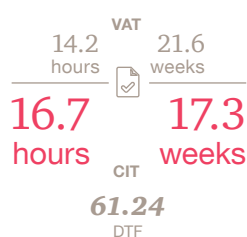


For those economies where a VAT refund is available, on average it takes our case study company 14.2 hours to comply with the necessary administration, and 21.6 weeks to receive the refund.



74

180 economies levied corporate income tax in 2015. The post-filing index shows that correcting a corporate income tax return is likely to lead to a tax audit in 74 of these, of which 38 will be a comprehensive audit.



On average, it takes the case study company 16.7 hours to correct the error in the corporate income tax return, including responding to an audit if one is triggered. For economies where the correction process triggers an audit, it takes on average 17.3 weeks to complete the audit.

Key findings from the post-filing index data

162

162 economies have a VAT system. The case study company files VAT on a monthly basis in 130 of them.

130

0 hrs

In 9 economies it takes zero hours to comply with a VAT refund. The longest time to comply with VAT refund requirements is in Fiji at 73 hours.

73 hours

3.2

The shortest time taken to receive a VAT refund is 3.2 weeks in Austria. The longest time to receive a VAT refund is 106.2 weeks in Cabo Verde.

106.2

14

If the case study company is unlikely to be audited, the global average time to obtain a VAT refund is just over 14 weeks. If there is likely to be an audit, it is almost 25 weeks.

25 weeks

High income
= less time

On average it takes less time to comply with a VAT refund in high income economies, (almost 8 hours) than in low income economies (almost 27 hours).

More
quickly

In high income economies, our case study company will on average obtain a VAT refund more quickly (in almost 16 weeks) than low income economies (just over 28 weeks).

180

In 2015, 180 economies levied a corporate income tax.

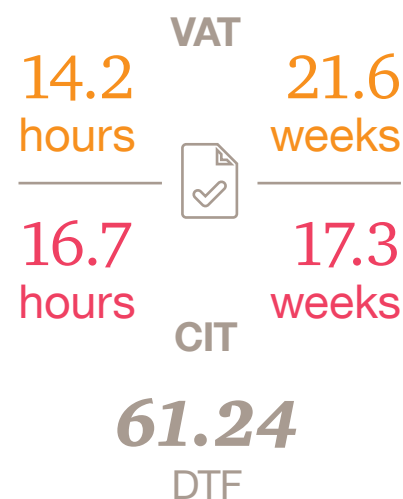
6 hours

On average, the case study company spends 6 hours correcting an error in a corporate income tax return before an audit (if any) takes place.

59%
of economies

Globally, in 59% of the economies with corporate income tax, the tax authority would not be expected to audit the case study company as a result of the corporate income tax error.

The post-filing index distance to frontier (DTF) score has four components.²



59%

For the case study company, the corporate income tax correction is likely to trigger an audit in 59% of low income economies, compared with 24% of high income economies.

24%

33 hours vs 5 hours

If a corporate income tax audit is triggered, for the case study company, the compliance time is almost 33 hours. If there is no audit, the compliance time is just over 5 hours.

13 hrs high income

28 hrs low income

On average, in high income economies the time to correct an error and comply with any corporate income tax audit is almost 13 hours which is less than half that in low income economies where it is almost 28 hours.

16 weeks low income
17 weeks high income

If a corporate income tax audit is triggered, the audit lasts on average almost 16 weeks in low income economies but almost 17 weeks in high income economies.

EU & EFTA = BEST

The EU & EFTA region performs the best, on average, across the post-filing index with just over 7 hours to claim a VAT refund, almost 15 weeks to receive the refund, and nearly 5 hours to correct a corporate income tax return and comply with any resulting audit.

AUDIT UNLIKELY

If a corporate income tax audit takes place, it will last almost 11 weeks. In 84% of the economies in the EU & EFTA region, the corporate income tax error is unlikely to trigger an audit.

Central America & the Caribbean

On average, in the Central America & the Caribbean region our case study company needs the most time to obtain a VAT refund with nearly 20 hours for compliance and an almost 35 week wait to receive the refund.

Most time Asia Pacific

Economies in the Asia Pacific region take the longest to comply with a corporate income tax audit for the case study company requiring just over 24 hours.

Middle East

In the Middle East, if a corporate income tax audit is triggered, it will last almost 27 weeks – the longest of any region.

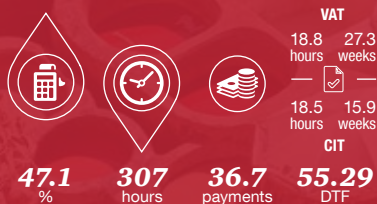
² See page 15 for more details.

Key findings – the regional picture³

Africa

Still a difficult region for paying taxes. It has the highest average number of payments, and the second highest Total Tax Rate and time to comply. The Total Tax Rate continued to increase (due to implementing minimum tax rates and increasing social security contributions) while the time to comply decreased thanks to improvements in accounting software and electronic systems for paying and filing tax returns.

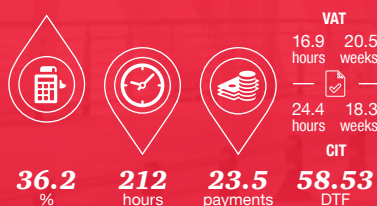
The region fares better on post-filing. For the case study scenario, correcting a corporate income tax return would be likely to trigger a tax audit in 51% of African economies, but the completion time for those audits, is less than the global average.



Asia Pacific

The region performs better than the global average on all sub-indicators, apart from the new post-filing index. Time to comply and the number of payments continue to fall, but the Total Tax Rate has increased slightly. The time to comply and the number of payments fell due to electronic systems being introduced or improved. The Total Tax Rate increased slightly as labour taxes and business rates increased in the region.

For the post-filing index, the processes take longer than the global average for all measures apart from the time to obtain a VAT refund. It has the longest average time of any region to comply with a corporate income tax audit and in 45% of economies a corporate income tax audit is expected.



³ For a list of which economies are in which region, see the regional charts in Appendix 2.

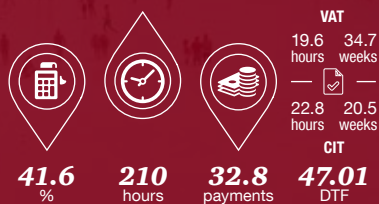
Each region now has a post-filing distance to frontier score (DTF) from 0 (least efficient) to 100 (most efficient).⁴

Central America & the Caribbean

The Total Tax Rate and number of payments sub-indicators for the region have continued to fall, with changes to profit taxes and improved use of electronic systems. There has been a slight increase in the time to comply resulting from the introduction of VAT in The Bahamas. It remains the region where profit taxes account for the greatest share of the Total Tax Rate, but the lowest share of the time to comply.

The region does not fare well on the post-filing measures.

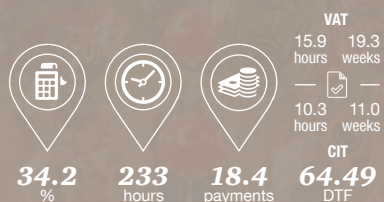
All four components of the post-filing index take longer than the global averages. The region takes the longest time to comply with, and to obtain, a VAT refund.



Central Asia & Eastern Europe

This region continues to perform well for the Total Tax Rate, time to comply and for payments – all of which are below the global averages and have fallen this year. The region has recorded the largest decrease this year of any region in the number of payments due to the continued introduction and improvement of electronic systems, and the abolition of taxes.

The region fares better than most regions in the post-filing index with better than average global results for three of the components: time to obtain a VAT refund, time to comply with and time to complete a corporate income tax audit.



⁴See page 15 for more details.

EU & EFTA

All three of the original sub-indicators are below the global average with the **Total Tax Rate** and **time to comply** still falling. Almost two thirds of the economies in the region made changes which affected their Total Tax Rates, mostly by small amounts, across the range of profit, labour and other taxes. It is however the only region where the number of payments sub-indicator has increased following the introduction of a tax that cannot be paid and filed online.

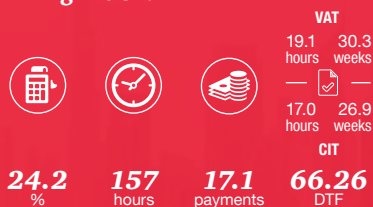
The region performs the best on the post-filing index and across each of its components. This is largely due to the small number of economies which will audit the corporate income tax return for the error correction and because VAT refunds are available in all applicable economies.



Middle East

This continues to be the easiest region in which to pay taxes, with the lowest Total Tax Rate and time to comply, and a number of payment sub-indicators below the global average. These three sub-indicators remain unchanged from last year.

The region performs worse than the global average in all four components of the post-filing index.

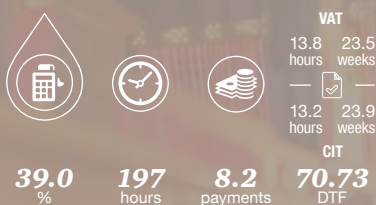


The EU & EFTA region performs the best on the new post-filing index, and South America has the least efficient post-filing systems.

North America

This region, with its three economies, still has the lowest payments sub-indicator and the time to comply also remains below the global average. Despite a small increase due to changes in property and labour taxes, the region's Total Tax Rate remains below the global average.

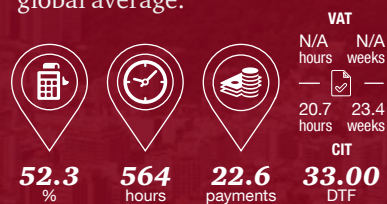
The region scores well on the post-filing index largely because the case study company is unlikely to be audited as a result of the corporate income tax correction in the United States.

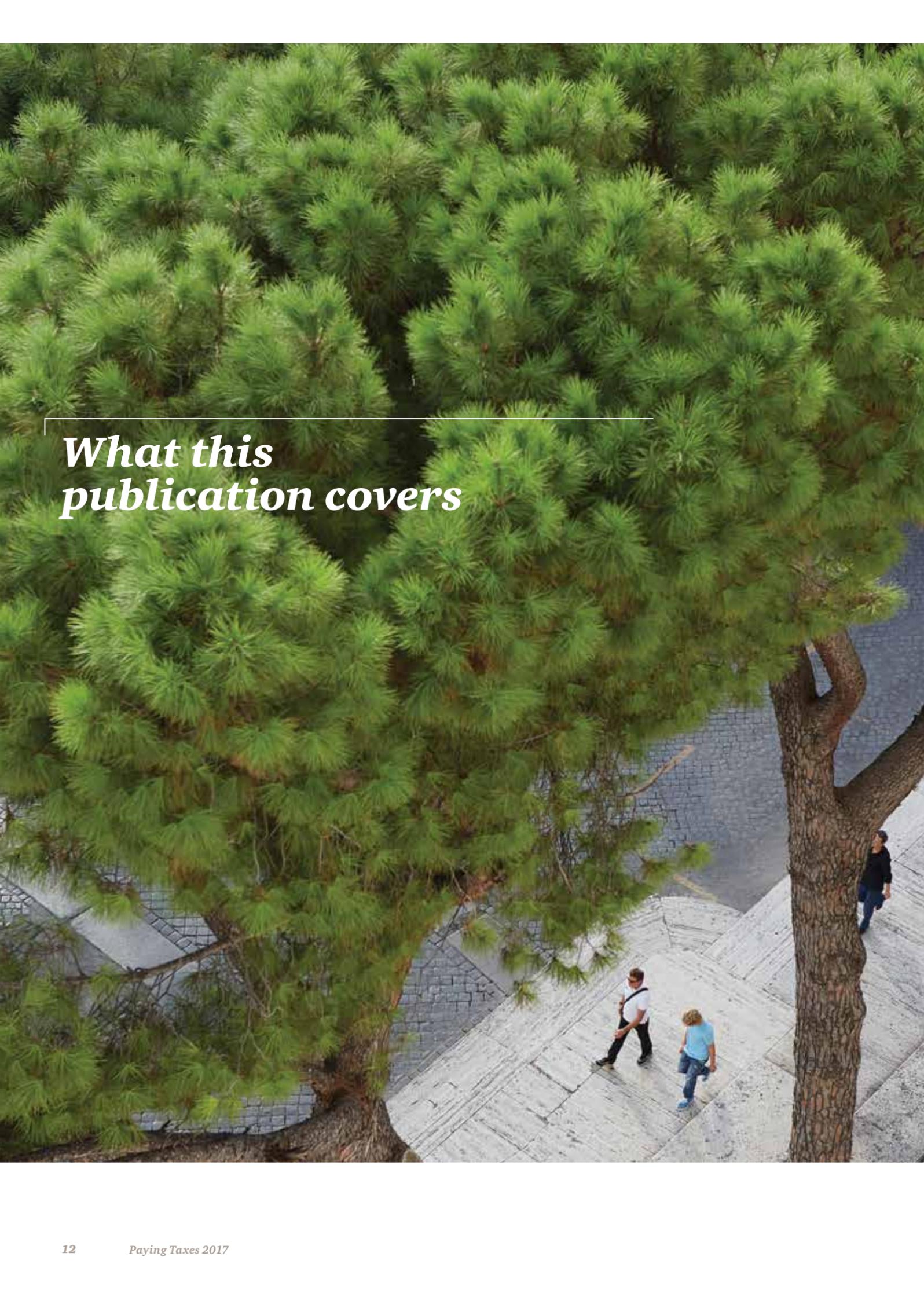


South America

The region shows the greatest reduction in the Total Tax Rate and time to comply since last year, but these sub-indicators remain the highest of any region. The Total Tax Rate has fallen as the threshold rates for a turnover tax changed. The time to comply fell as the introduction and improvement of electronic systems across the region took effect which also kept the payment sub-indicator below the global average.

South America has the least efficient post-filing processes of all regions, predominantly because VAT refunds are not available to the case study company in any economy and the corporate income tax processes take longer than the global average.





*What this
publication covers*



A unique study with 12 years of tax data on 190 economies around the world.

This is the eleventh edition of *Paying Taxes* incorporating up to 12 years' worth of data on tax systems in 190 economies around the world.⁵ *Paying Taxes* is designed to measure the 'ease of paying taxes' and is part of the World Bank Group's *Doing Business* project which itself measures the 'ease of doing business' by looking at 11 indicators, including the *Paying Taxes* indicator.

Paying Taxes remains a unique study, generating an unparalleled dataset that assesses taxes from the perspective of a tax paying business, based upon a case study company. It reflects all taxes and contributions that a standardised medium-sized domestic company pays, including corporate income taxes, employment taxes and mandatory contributions, indirect taxes and a variety of smaller payments such as municipal taxes. The study facilitates a like-for-like comparison of tax systems, stimulating a discussion between business, government, civil society and a range of other stakeholders regarding tax policy and its economic impact.

This year, for the first time, the *Paying Taxes* study includes a new sub-indicator – the post-filing index. *Paying Taxes* has historically measured the Total Tax Rate of our case study company, the time the company takes to comply with its tax compliance obligations and the number of tax payments it makes. This data now covers the calendar years from 2004 to 2015 and provides useful insights on how tax systems have adjusted and developed over this period. These sub-indicators however only measure the cost of complying with tax obligations up until the filing of tax returns and the payment of taxes due. Filing the tax return with the tax authority does not, however, imply agreement of the final tax liability.

Post-filing processes – such as claiming a value-added tax (VAT) or goods and services tax (GST) refund, undergoing a tax audit or appealing a tax assessment – can be the most challenging interactions that a business has with a tax authority and can vary markedly from one jurisdiction to another. For that reason, we have expanded the data for 2015 to include the post-filing index. The new index is summarised below, with further detail on the methodology being provided in Appendix 1.

Including post-filing processes within the study presented us with a number of challenges, one of the most significant being that, unlike filing and paying taxes, not all companies experience a VAT or a corporate income tax (CIT) audit every year. As our case study company is relatively simple and, from the point of view of many tax authorities, fairly low risk, it may be many years before it undergoes a tax audit. We therefore chose scenarios that could potentially trigger a tax audit, but for each economy the World Bank took the advice of the study's contributors as to whether in practice the case study scenarios were more likely than not to trigger an audit. We recognise that the decision as to whether an audit is likely or not for the given scenario is subjective, binary and could have a considerable impact on the results for each economy. We are however of the view that the like-for-like comparisons which this study is designed to facilitate can only be made where the same scenarios are applied in all economies. We would encourage readers of the study to consider the underlying reasons for the results in an economy, rather than focusing on individual data points. Where audits are efficient they may not have a significant adverse effect on an economy's overall *Paying Taxes* score.

⁵ Somalia has been included in *Doing Business* for the first time this year. As there is no relevant practice in Somalia for *Paying Taxes*, it has been excluded from the *Paying Taxes* analysis which therefore covers 189 economies.

The objectives of the Paying Taxes study

The objectives of the study are to:

- compare domestic tax systems on a like-for-like basis;
- facilitate the benchmarking of tax systems within relevant economic and geographical groupings, which provides an opportunity to learn from peer group economies;
- analyse data and identify good tax practices and reforms;
- generate robust tax data on 190 economies around the world, including how they have changed over time, which then can be used to inform tax policy decisions.⁶

The case study and data collection process

Paying Taxes uses a case study company to measure the ease of paying taxes by evaluating the taxes and contributions paid by a medium-sized company and the compliance burden imposed by the tax system. The case study scenario is based upon a standardised set of financial statements with all items in the financial statements calculated as a fixed multiple of gross national income per capita (GNIPC) for each economy. There are also standard assumptions about transactions, employees, cross-border transactions and ownership. The case study company is not intended to be a representative company, but has been constructed to facilitate a comparison of the world's tax systems on a like-for-like basis.

Data is gathered through a questionnaire which is completed by at least two tax specialists (contributors) within each economy, including PwC.⁷ The World Bank Group reviews and compares the data from the different contributors to reach a consensus view.

The four Paying Taxes sub-indicators

For *Paying Taxes 2017*, the contributors provided information which allows the study to evaluate both the cost of the taxes that are borne by the case study company and the administrative burden of taxes borne and collected using four sub-indicators:

- Total Tax Rate is the measure of tax cost, the total of all taxes borne as a percentage of commercial profit;⁸
- the time to comply with the three main taxes (corporate income taxes, labour taxes and mandatory contributions, and consumption taxes); this captures the time required to prepare, file and pay each tax type;
- the number of payments, which measures the frequency with which the company has to file and pay different types of taxes and contributions, adjusted for the manner in which those filings and payments are made;⁹
- post-filing index, based on four equally weighted components:
 1. Time to comply with a VAT refund (hours),
 2. Time to obtain a VAT refund (weeks),
 3. Time to comply with a CIT audit (hours),
 4. Time to complete a CIT audit (weeks).

A distance to frontier score is calculated for each of the four sub-indicators. The simple average of these four scores then gives the overall Paying Taxes distance to frontier.¹⁰

The case study also looks at the structure of a first level administrative appeal process. The data regarding this process is however not included in the distance to frontier score for *Paying Taxes*, although a summary of the findings is included in Chapter 1: World Bank Group Commentary.



The results are generated using four sub-indicators

⁶ As there is no relevant practice in Somalia for *Paying Taxes*, it has been excluded from the *Paying Taxes* analysis which therefore covers 189 economies.

⁷ For a list of all the contributors see www.doingbusiness.org/contributors/doing-business

⁸ Commercial profit is essentially net profit before all taxes borne. It differs from the conventional profit before tax, reported in financial statements. In computing profit before tax, many of the taxes borne by a company are deductible. Commercial profit is calculated as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale), minus interest expense, plus interest income and minus commercial depreciation. To compute the commercial depreciation, a straight-line depreciation method is applied, with the following rates: 0% for the land, 5% for the building, 10% for the machinery, 33% for the computers, 20% for the office equipment, 20% for the truck and 10% for business development expenses. Commercial profit amounts to 59.4 times GNIPC in each economy, by assumption of the case study company.

⁹ Where full electronic filing and payment is used by the majority of medium-size businesses in the economy and where there is no requirement to file hard copies of documentation following electronic submission, the number of payments is counted as one even if filings and payments are more frequent.

¹⁰ See page 16 for an explanation of the distance to frontier score.

The post-filing index

The post-filing index is based on distance to frontier scores (see below) of 0-100 where 0 represents the least efficient process and 100 the most efficient. The index looks at two post-filing processes; claiming a VAT (or GST) refund and correcting a CIT return. Both processes may involve a tax audit. For each process there are two components giving the following four components in total:

- 1. Time to comply with a VAT (or GST) refund (hours).** The time the company spends claiming a VAT (or GST) refund. If the refund is likely to trigger an audit, this also includes the time spent gathering and submitting information required by the tax authority as part of the audit.
- 2. Time to obtain a VAT (or GST) refund (weeks).** The time that elapses between the submission of a VAT refund claim and either the receipt of the refund (plus an average waiting time before the refund can be submitted) or the time the audit, if applicable, is completed, if later.
- 3. Time to comply with a CIT audit (hours).** The time the company spends correcting an error on the CIT return. If the correction is likely to trigger an audit, this also includes the time spent gathering and submitting information required by the tax authority as part of the audit. Where the correction is unlikely to trigger an audit, only the time needed to correct the error and make the additional payment of the balance due is included.

- 4. Time to complete a CIT audit (weeks).** The time that elapses between the start of an audit process and its completion. If the correction is thought unlikely to trigger an audit, the time will be nil.

Each of the four components is converted to a distance to frontier score of 0-100 where 0 represents the least efficient process and 100 the most efficient. If both VAT and CIT apply, the post-filing index is the simple average of the distance to frontier scores for each of the four components.

If an economy has no VAT or CIT system, then the relevant components are ignored and the distance to frontier scores of the remaining components are averaged to give the post-filing index. If an economy has neither VAT nor CIT, then the post-filing index is ignored in determining the overall *Paying Taxes* distance to frontier score.

If a VAT (or GST) refund system does not exist in an economy, or is not available to the case study company, then the distance to frontier scores of the VAT components are each given a score of 0, being equal to the least efficient process. As explained in Chapter 1, an efficient refund system is a necessary element of a VAT system if the principle that the tax should be paid by consumers, but neutral for companies, is to be fully applied in practice.

Throughout this publication, the post-filing index and its components have been represented as shown in Figure 1 with the central number being the post-filing index score and the four underlying components included as shown.

Figure 1

Representing the post-filing index

Time to comply with a VAT audit

The time spent claiming a VAT (or GST) refund. If the refund is likely to trigger an audit, this also includes the time spent gathering and submitting information required by the tax authority as part of the audit.

The overall post-filing index distance to frontier score is a simple average of the distance to frontier scores for the components of the index. The score ranges from 0-100 where 0 is the least efficient process and 100 the most efficient.

Time to comply with a CIT audit

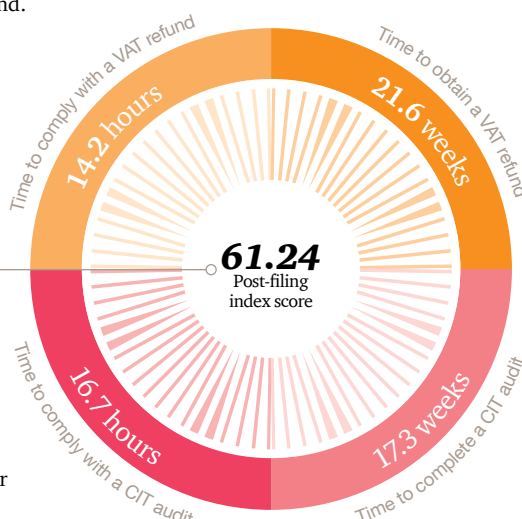
The time spent correcting an error on the CIT return. If the correction is likely to trigger an audit, this also includes the time spent gathering and submitting information required by the tax authority as part of the audit.

Time to obtain a VAT refund

The time that elapses between the submission of a VAT refund claim and either the receipt of the refund (plus an average waiting time before the refund can be submitted) or the time the audit, if applicable, is completed, if later.

Time to complete a CIT audit

The time that elapses between the start of an audit process and its completion. Where the figure is an average, it includes the time only for those economies where an audit is likely to occur.



The distance to frontier scores

The sub-indicators are converted to distance to frontier (DTF) scores in order to calculate the 'ease of paying taxes'. The distance to frontier score benchmarks the four sub-indicators (Total Tax Rate, time to comply, number of payments and post-filing index) to a measure of regulatory best practice – showing the gap between each economy's performance and the best practice for each sub-indicator. Details of how the DTF score is calculated are provided in Appendix 1. This is done in isolation, without considering the macro economy as a whole, but rather only the micro impact on a single business.

Important points on the methodology

The full methodology of the study for the case study company, the sub-indicators, and some examples of how the sub-indicators are calculated are included in Appendix 1. Some important points to note however are that:

1. The sub-indicators are calculated by reference to a particular calendar year. The effect of any change that takes place part way through the year is pro-rated. The most recent data in this study, *Paying Taxes 2017*, relates to the calendar year ended 31 December 2015.
2. For 2004 to 2011, the GNIpc figures used to construct the case study financial statements were based on 2005 values. For 2012 to 2015, the 2012 GNIpc values have been used. This has been done to ensure that the case study company reflects the economic growth that has been experienced over the period of the study, but means that care needs to be taken in the interpretation of some of the trends.
3. The ranking order is based on the DTF measure which is used by the World Bank Group to evaluate each economy's performance relative to the lowest and highest value of each sub-indicator rather than relative to the other economies. This means that economies can now see how far they have progressed towards best practice, rather than simply looking at how they compare to other economies. The distribution used to determine the distance to frontier score of the Total Tax Rate is non-linear. This means that movements in a Total Tax Rate that is already close to the lowest Total Tax Rate will have less of an impact on the DTF score. As in previous years, the lowest Total Tax Rate for the purposes of the ranking calculation is set at the 15th percentile of the overall distribution for all years included in the analysis up to *Doing Business 2017*, which is 26.1%. Economies with a Total Tax Rate below this value will therefore not be closer to the frontier than an economy with a Total Tax Rate equal to this value.
4. In Table 9 in Appendix 3 we list the overall *Paying Taxes* distance to frontier score which includes the new post-filing index score. We have also included, for ease of comparison, the *Paying Taxes* distance to frontier score and ranking based purely on the original three indicators. From this table, it can be seen whether the inclusion of the post-filing index moves an economy closer to or further away from the frontier. Care should be taken however in comparing the impact of the post-filing index between economies as some economies do not have a VAT and/or a CIT system as shown in Table 13 and therefore will not be scored on all the components of the post-filing index.
5. If in the course of collecting and analysing the data for 2015 it became apparent that data for previous years was incorrect, the necessary adjustments have been made and the sub-indicators recalculated for prior years. Any data that refers to 2014 and earlier years is therefore stated after such corrections have been made and so may differ from the data published in previous editions of this study including the global and regional averages.

Contents of the publication

Chapter 1 of this year's publication is the World Bank Group's commentary on the background to the inclusion of the post-filing index in the study and provides overview of the results for the post-filing index.

Chapter 2 provides PwC's analysis and commentary with a focus on the results for the current year across all four sub-indicators. We begin by looking at the global results for the year ending 31 December 2015. We then analyse the data points on the regions and how they compare with each other.

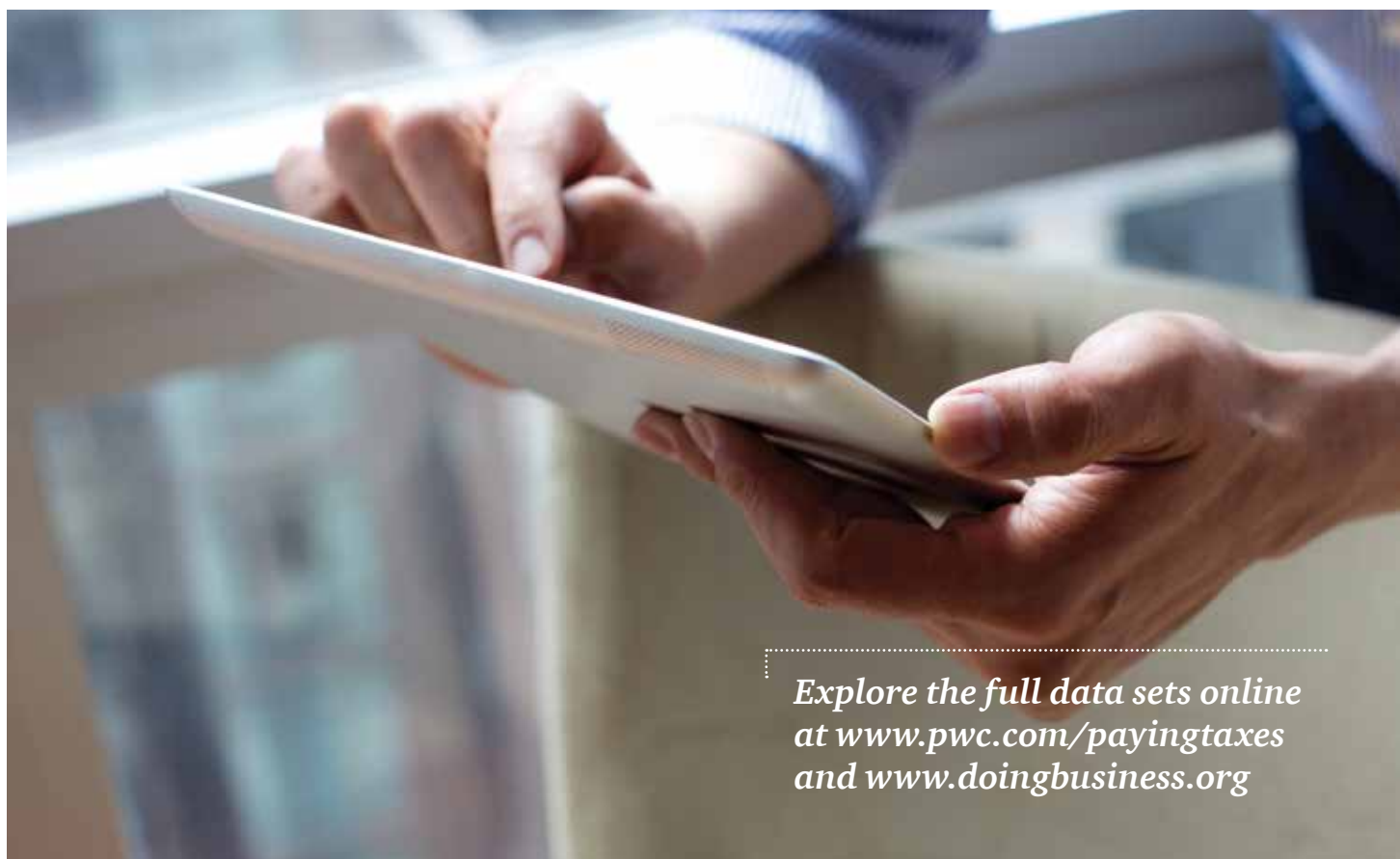
Chapter 3 provides country articles from PwC tax partners and staff in our regional launch locations; Costa Rica, Côte d'Ivoire, Ecuador, Hungary and Indonesia.

Chapter 4 includes two views on different aspects of global tax policy and administration:

- Amal Lahrlid and Simon Carey of PwC's Global Fiscal Policy Advisory team looks at corporate social responsibility and asks whether there is a role for corporates in assisting with tax policy and tax administration capability.
- Jo Bello, PwC's Global Indirect Tax Leader and Haider Hatteea, discuss trends in VAT, the increasing importance of VAT for government revenues, and an analysis of the way VAT compliance has an impact around the world.

Appendix 1 details the methodology of the study explaining the parameters of the case study company, what the sub-indicators measure (with examples) and explains how the raw data is converted into a distance to frontier score.

Appendix 2 and **Appendix 3** contain this year's data for each economy, including the four sub-indicators, distance to frontier score, and the rankings, along with a breakdown by region. Further details are available on the PwC and World Bank Group websites.



*Explore the full data sets online
at www.pwc.com/payingtaxes
and www.doingbusiness.org*

World Bank Group Paying Taxes team

Rita Ramalho
Joanna Nasr
Nadia Novik
Emily Jane Bourke
Rodrigo A. Sarmento de Beires
Edgar Chavez

PwC Paying Taxes team

Neville Howlett
Tom Dane
Gwendolin Chau
Sopheaktra Meas

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