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## News release

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## Technology Has Made Paying Business Taxes Easier Around the World, Report Shows

**London, 26 November** - Economies around the world have made it substantially easier for their businesses to pay taxes thanks to technology, according to *Paying Taxes 2020*, an annual study of tax administration around the globe produced by PwC and the World Bank Group.

The report, now in its 14<sup>th</sup> edition, highlights the significant advantages tax administrations provide their taxpayers if they embrace technological advances. In both Brazil and Vietnam, the time required to comply with tax obligations was 23% lower in 2018 than in 2017 and in Côte d'Ivoire, the Kyrgyz Republic and Israel, there were large reductions in the number of tax payments, as measured by the study.

Overall, the global average of the compliance burden for business taxation remained relatively stable across the four key measures used to evaluate ease of paying taxes for businesses: time to comply (234 hours); number of payments (23.1); total tax and contribution rate (40.5%) and a post-filing index (60.9 out of 100).

While the global average of the total tax and contribution rate remained almost flat, there have been significant policy shifts among individual economies. A value added tax (VAT) has been introduced in Saudi Arabia and the United Arab Emirates as both economies seek to broaden their tax bases and reduce reliance on natural resource revenues. Ghana has partially moved from a VAT to cascading sales taxes. There have been important reductions in taxes on profits in The Gambia, the United States, China and Morocco.

In addition, increased access to VAT refunds has played an important role in improving post-filing procedures in Armenia and Egypt.

Since 2012, the average time to comply with tax obligations is 27 hours shorter and an average of 4.4 fewer payments are required. Technological advances drove both improvements. The total tax and contribution rate has edged lower to 40.5% from 41.9% over the same period.

The post-filing index, introduced in 2014, has climbed to 60.9 in 2018 from 58.9 five years ago. The modest overall increase masks major improvements in several economies. Most notably, VAT refunds became available to companies similar to the case study in Egypt and Armenia, while Turkey has exempted capital purchases from VAT. VAT refund processes have become much more efficient in Israel and Côte d'Ivoire. Correcting a corporate income tax return in El Salvador, Hungary, Thailand and Tunisia has become substantially more streamlined.



New technologies offer tax administrations multiple opportunities to make the process of paying taxes more efficient and these are constantly evolving. It is important for tax administrations to keep up to date with developments in technology and to exploit these for the benefit of themselves and taxpayers. Businesses, for their part, should incorporate new tax technology into their operations to respond to the increased demand for data from tax administrations.

**Rita Ramalho, Senior Manager of the World Bank's Global Indicators Group** said: "For all governments, effective tax administration is a priority. How well the tax administration functions can influence perceptions of government broadly. If paying taxes is seen as easy, straightforward, and fair, it will reflect well and can generate support for the collection of revenues that are important to providing much-needed services."

**Andrew Packman, leader for Tax Transparency and Total Tax Contribution at PwC** said: "The results of this study show that it is vital that governments and tax authorities continue to invest in modernising their tax administration systems. At the same time, however, all governments will need to understand the implications of any new consensus that emerges with respect to the current work by the OECD and the G20 on the taxation of the digital economy"

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## Notes

Paying Taxes 2020 draws upon a comparison of the taxation of business in 190 economies and it helps governments and businesses understand whether their tax systems are keeping pace with global change and helps learn from what others are doing. The report models business taxation in each economy using a medium-sized domestic company as a case study.

[Click here](#) for the full report.

## About the World Bank Group

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