



THE WORLD BANK



EMBARGOED: Not for news wire transmission, posting on Web sites, or any other media use until Thursday, November 10, 2011, 3pm Hong Kong / 7am GMT/ 2am EST

In Washington, D.C.:

Nadine Ghannam, World Bank Group

Phone: +1 202 473 3011

E-mail: nsgghannam@ifc.org

In New York:

Mike Ascolese, PwC

Tel: +1 646 471 8106

E-mail: mike.ascolese@us.pwc.com

Worldwide Tax Reforms Continue to Encourage a Return to Growth and Sustained Revenues

London, November 10, 2011—Governments continue to reform their tax systems, according to a new report by the World Bank, IFC, and PwC. In all, 123 out of 183 economies measured have made significant regulatory changes since 2006 to ease tax burdens for small and medium-sized firms, as governments seek to increase business registrations and relieve the impact of the global economic downturn.

Launched today, *Paying Taxes 2012* finds that 33 economies made it easier and less costly to pay taxes from June 2010 through May 2011. The most common tax reform was the increased use of online systems to facilitate tax compliance, introduced in 23 economies. Electronic filing and payment reduces the amount of paperwork, allows a more targeted and risk based approach to audit and compliance, and can help eliminate corruption.

Paying Taxes 2012 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 transaction tax, waste collection taxes, vehicle and road taxes, and other small taxes or fees.

The report found that the Total Tax Rate for small and medium-sized companies has fallen by 8.5 percentage points since 2006, more than one point per year. During that period, the time it takes to comply with business taxes declined by more than a day a year (54 hours), and the number of payments required dropped by five.

"The high number of reforms in tax administration shows that improving the tax system for businesses is high on the agenda for governments," said Augusto Lopez Claros, Director, Global Indicators and Analysis, World Bank Group. "If they create a system that is easy to comply with, it is more likely that businesses will operate in the formal economy and provide a more sustainable source of revenue than debt or aid."

Globally, the average Total Tax Rate for a small to medium-sized company is now 44.8 percent of its commercial profit. Complying with tax regulations takes an average of 28.5 payments and a total of 277 hours.

"Governments have it in their control to develop tax systems that foster business investment and make the private sector an engine for a return to economic growth and prosperity," said Andrew Packman, a tax partner at PwC UK. "Reducing rates and making the compliance less burdensome helps companies focus on making their business grow."

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, www.miga.org, and www.ifc.org.

About PwC

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with close to 169,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. Tell us what matters to you and find out more by visiting us at www.pwc.com.

For more information about Paying Taxes, visit www.pwc.com/payingtaxes.