
News release

Date 20 November 2014

Contact **PwC**
Christiana Serugová
Partner, Tax Leader, PwC Slovakia
Tel.: +421 2 59350 421
christiana.serugova@sk.pwc.com

Zuzana Sehnalová, Marketing & Communications Leader, PwC
Tel.: +421 2 59350 133
Mobile: +421 911 357 151
zuzana.sehnalova@sk.pwc.com

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

World Bank Group
Hyun Kyong Lee
Tel.: +1 202 473 8725
E-mail: hlee9@worldbank.org

Overall Tax Cost and Compliance Burden Lower for Businesses around the World. Slovakia ranks 100th place in overall Paying Taxes ranking

Washington, Bratislava, 20 November, 2014 – Paying taxes has become easier over the past year for medium-sized companies around the world, the latest report from the World Bank Group and PwC finds. The time it takes an average company to meet its tax obligations dropped by four hours last year, according to the *Paying Taxes 2015* study. The report also revealed that the total amount the average company paid in taxes and the number of payments it made also declined in the past year. This is a trend seen every year over the ten year period covered by the publication.

The *Paying Taxes 2015* report finds that on average, the standard company studied has a total tax rate (as defined under the *Doing Business* methodology) of 40.9 percent of commercial profits. It makes 25.9 tax payments per year and takes 264 hours to comply with its tax requirements. Over the ten years of the study, 78 percent of the 189 economies covered in the report have made significant changes to their tax regimes at least once. The time and the number of payments required to comply with tax obligations have fallen over the ten-year period, as has the average total tax rate. The fastest rate of decline for the total tax rate occurred during the financial crisis from 2008-2010 with an average decline of 1.8 percentage points per year during that period. The rate of decline then started slowing in 2011.

The average time it takes a medium size company to deal with its tax submissions has fallen by a total of nearly a week and a half over the ten years of the study; reflecting the increased use of electronic filing and payment systems around the world. Of the 379 tax reforms recorded in *Paying Taxes* reports since 2004, 105 relate to electronic filing.

For the first time since the *Doing Business* publication was introduced, a second city is measured in the 11 economies with more than 100 million inhabitants. The eleven economies are: Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation, and the United States. In the United States, where the report was launched today, Los Angeles and New York cities are included in the analysis enabling subnational comparison.

"Taxes provide the sustainable funding needed for social programs and to promote economic growth. Policymakers need to find the right balance between raising revenue and ensuring that tax rates and the burden of compliance do not deter participation or discourage business activity," said **Augusto Lopez-Claros, Director, Global Indicators Group, Development Economics, World Bank Group**. *"During economic downturns, this balancing act is intensified; some public spending may increase, putting pressure on deficits, and governments may need to use tax policy as an economic stimulus."*

"The latest results from the Paying Taxes study show many economies are continuing to make progress in tax reform, but there is still a lot of scope to streamline and simplify tax systems," said **Andrew Packman, leader for Tax Transparency and Total Tax Contribution at PwC**. *"Tax reform is set to remain an important topic for governments around the world for some years to come, and this will include the need to take on board the proposals from the OECD to modernise the international tax system to cater for today's globalised business"*

Paying Taxes 2015 measures all mandatory taxes and contributions that a medium-size company 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.

Paying Taxes 2014 – Ranking of the Slovak Republic

Slovakia ranks 100th place in overall Paying Taxes ranking and improved its position by 2 ranks in comparison with the previous year. **Christiana Serugová, Partner and Tax Leader in PwC Slovakia**, comments ranking of the Slovak Republic:

What is the reason for Slovakia's improved ranking?

"It is important to note that the Paying Taxes 2015 study is based on legislation effective at 31 December 2013. It is also necessary to realize that our ranking is influenced not only by the development and changes in our own tax system, but also by changes in the tax systems of other countries."

What legislative measures and changes could help Slovakia improve its ranking further?

"Considering the parameters of other countries with a better ranking than Slovakia, it is mainly lower taxation on labour that could help improve our total "tax grade". I am convinced that our position will be improved by introducing electronic communication with tax offices and also by simplifying our tax system, including the structure of tax rates. I expect that the position of Slovakia will be significantly improved after the introduction of compulsory electronic filing of VAT returns as of 1 January 2014, as the reported number of tax payments will drop substantially. However, this effect will only be reflected in Slovakia's ranking next year, i.e. in Paying Taxes 2016."

Overall Paying Taxes ranking

Slovak Republic	Overall Paying Taxes ranking
Paying Taxes 2015 ranking	100
<i>Paying Taxes 2014</i>	<i>102</i>
<i>Paying Taxes 2013</i>	<i>100</i>
<i>Paying Taxes 2012</i>	<i>129</i>
<i>Paying Taxes 2011</i>	<i>122</i>
<i>Paying Taxes 2010</i>	<i>119</i>

Tax Payments

	Number of payments			
	Total tax payments	Profit tax payments	Labour tax payments	Other taxes payments
Slovak Republic				
Paying Taxes 2015	20	1	1	18
<i>Paying Taxes 2014</i>	<i>20</i>	<i>1</i>	<i>1</i>	<i>18</i>

Time to Comply

	Hours			
	Total tax time	Corporate income tax time	Labour tax time	Consumption tax time
Slovak Republic				
Paying Taxes 2015	207	42	62	103
<i>Paying Taxes 2014</i>	<i>207</i>	<i>42</i>	<i>62</i>	<i>103</i>

Total Tax Rate

	Total Tax Rate			
	TTR	Profit tax TTR	Labour tax TTR	Other taxes TTR
Slovak Republic				
Paying Taxes 2015	48.6%	8.5%	39.7%	0.4%
<i>Paying Taxes 2014</i>	<i>47.2%</i>	<i>7.0%</i>	<i>39.6%</i>	<i>0.6%</i>

ENDS

Notes for the editor

For more information about the *Paying Taxes* study, visit: www.pwc.com/payingtaxes.

The *Paying Taxes* annual report builds on the World Bank Group's *Doing Business* reports' chapter on Paying Taxes. For more information on the *Doing Business* report series, visit: www.doingbusiness.org.

About PwC

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com/sk.

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.

About the World Bank Group

The World Bank Group plays a key role in the global effort to end extreme poverty and boost shared prosperity. It consists of five institutions: the World Bank, including 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). Working together in more than 100 countries, these institutions provide financing, advice, and other solutions that enable countries to address the most urgent challenges of development. For more information, please visit www.worldbank.org, www.miga.org, and www.ifc.org.

©2014 PwC. All rights reserved