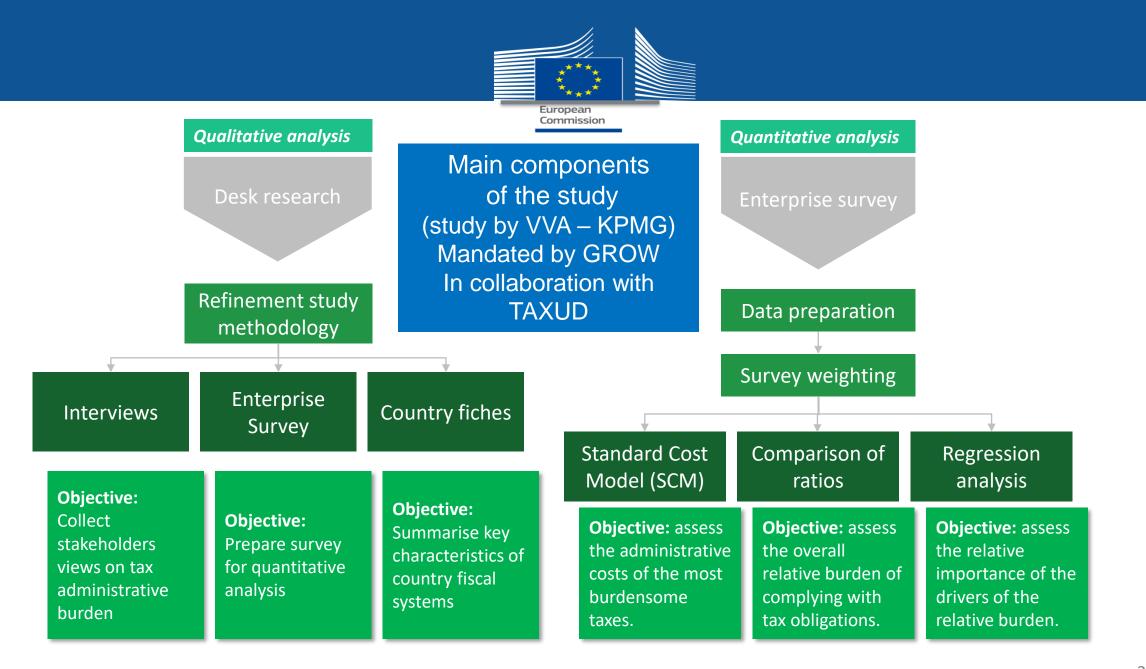


Tax compliance cost

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- Survey rollout (Dec 2020 Mar 2021)
- Sample: 3.500 across 28 countries)
- Even proportion amongst the 5 industrial sectors.
- Each country sample is composed by 125 interviews
- The average response rate was between 1,4% and 2,4%

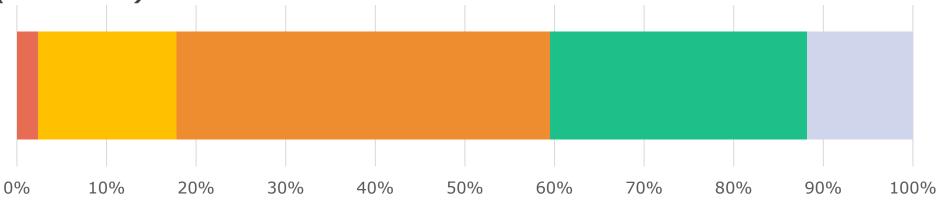
	Micro	Small	Medium	Large	TOTAL
C - Manufacturing	274 (336)	147 (112)	161 (112)	124 (112)	706 (700)
F - Construction	292 (336)	156 (112)	132 (112)	124 (112)	704 (700)
G - Wholesale and retail trade	318 (336)	133 (112)	123 (112)	118 (112)	692 (700)
I - Accommodation and food service activities	276 (336)	145 (112)	134 (112)	146 (112)	701 (700)
M - Professional, scientific and technical activities	306 (336)	142 (112)	125 (112)	124 (112)	697 (700)
TOTAL	1466 (1680)	723 (560)	675 (560)	636 (560)	3500 (3500)

Country	Micro S	Small	Medium	Large	
Austria	71	28	21	5	125
Belgium	64	34	23	4	125
Bulgaria	69	26	22	8	125
Croatia	42	38	35	10	125
Cyprus	49	43	21	12	125
Czech Republic	52	37	25	11	125
Denmark	64	27	26	8	125
Estonia	56	32	25	12	125
Finland	60	29	26	10	125
France	70	20	24	11	125
Germany	72	26	23	4	125
Greece	46	39	28	12	125
Hungary	40	40	30	15	125
Ireland	68	21	29	7	125
Italy	63	23	33	6	125
Latvia	46	39	26	14	125
Lithuania	27	48	34	16	125
Luxembourg	67	29	23	6	125
Malta	52	30	33	10	125
Netherlands	61	24	27	13	125
Poland	64	31	19	11	125
Portugal	61	26	29	9	125
Romania	47	33	33	12	125
Slovakia	63	31	21	10	125
Slovenia	69	25	22	9	125
Spain	65	20	28	12	125
Sweden	61	30	26	8	125
United Kingdom	66	17	26	16	125
Grand Total	1635	846	738	281	3500



 An estimated 59% of company representatives in the 28 countries perceive that tax compliance costs decreased or remained unchanged between 2015 and 2019.

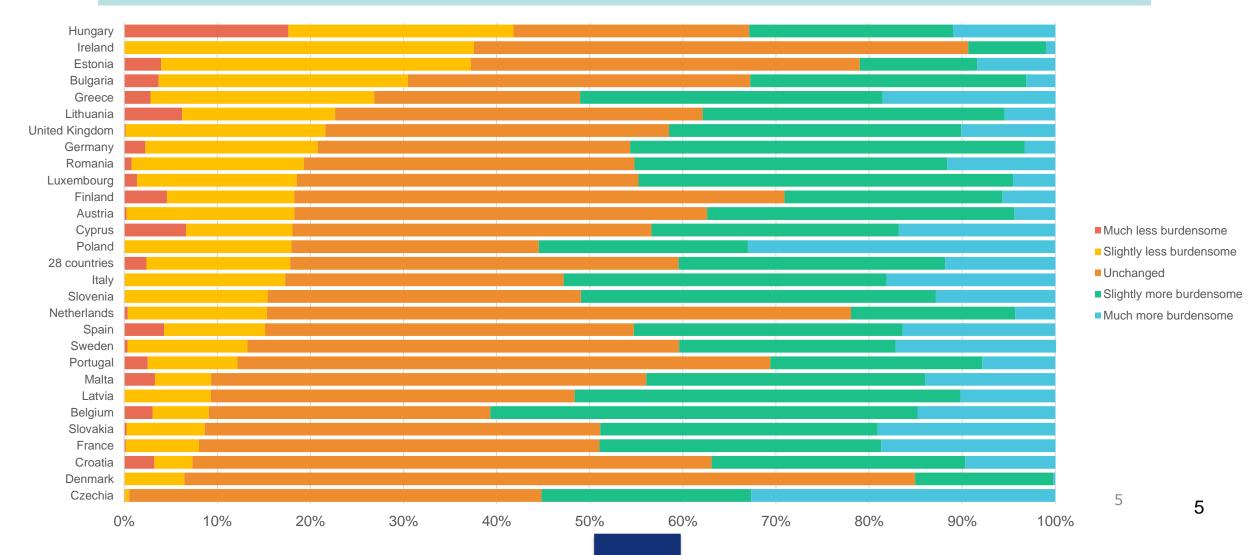
The perceptions of survey respondents regarding the evolution of compliance costs (2014-2019)



■ Much less burdensome ■ Slightly less burdensome ■ Unchanged ■ Slightly more burdensome ■ Much more burdensome

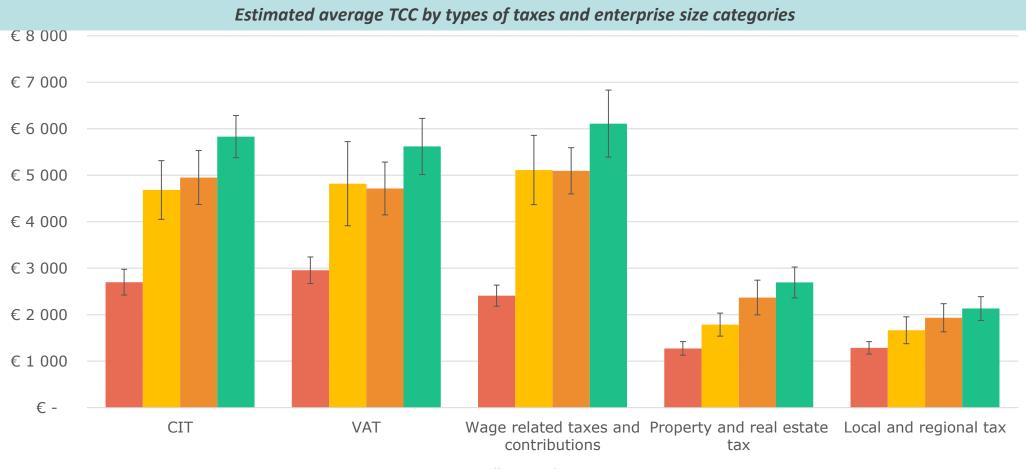


The perceptions of survey respondents regarding the evolution of compliance costs by countries (2014-2019)





The cost of compliance with wage related taxes and contributions is comparable to CIT and VAT



■ Micro ■ Small ■ Medium ■ Large



			ΤΕΤϹϹ	VAT	СІТ
Green	Austria		_		
triangles	Belgium				
signal an	Czechia		_		
estimated reduction in	Estonia				
compliance	Finland				
cost, yellow	France		_		
rectangles	Germany				
signal stagnation or	Greece				
no significant	Ireland				
difference	Italy				
between 2014	Luxembourg				
and 2019, while red	Poland				
triangles	Romania		_		
signal a	Slovakia		_		
significant increase in	Slovenia				
compliance	Spain				
burden of that	Sweden	-			
type in the	Netherlands				-
given country.	United Kingdom				7

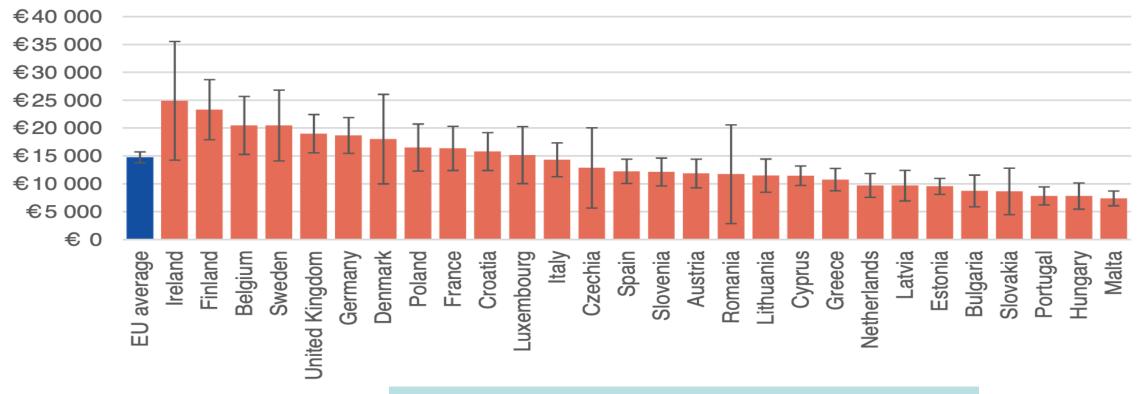


The estimated breakdown of internal TCC for the types of taxes in scope





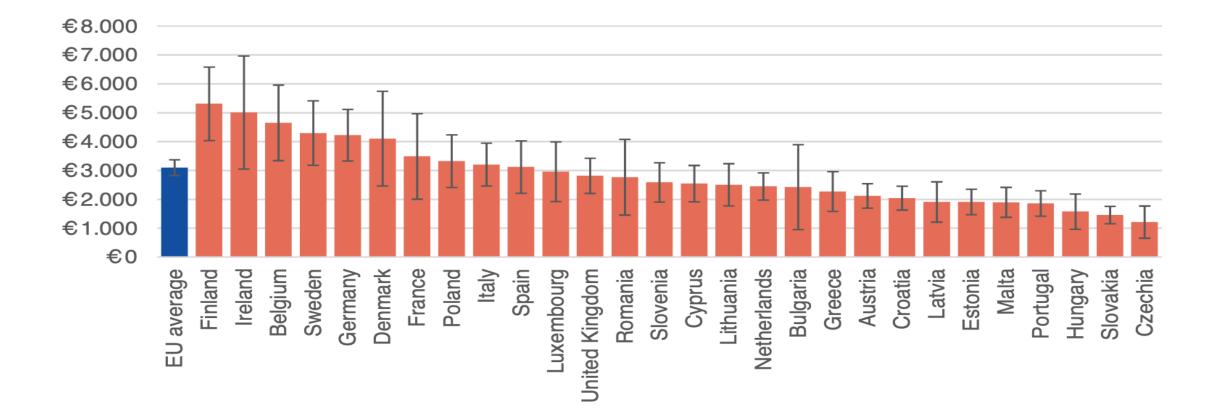
Estimated average total enterprise tax compliance costs (TETCC) TETCC by countries (The weighted average TETCC in the EU is EUR 14 745)



Confidence intervals (95%) are indicated by the black brackets.

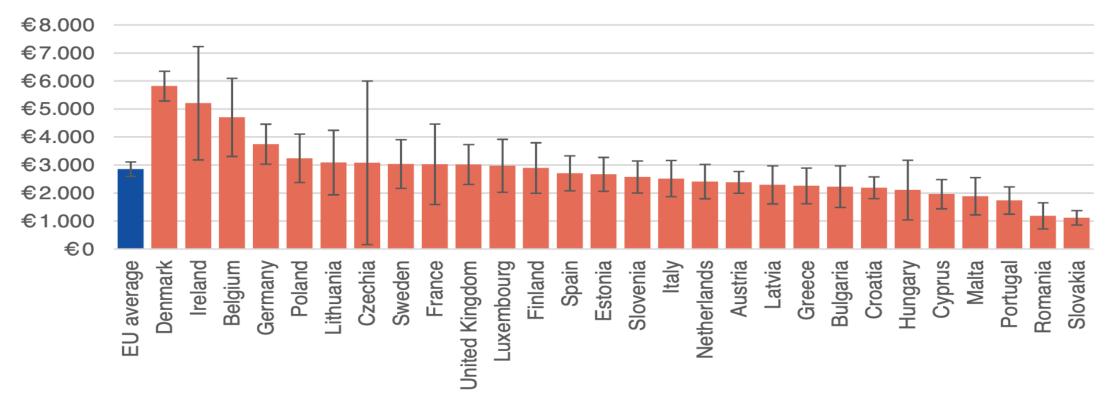


Estimated average tax compliance cost for CIT by countries





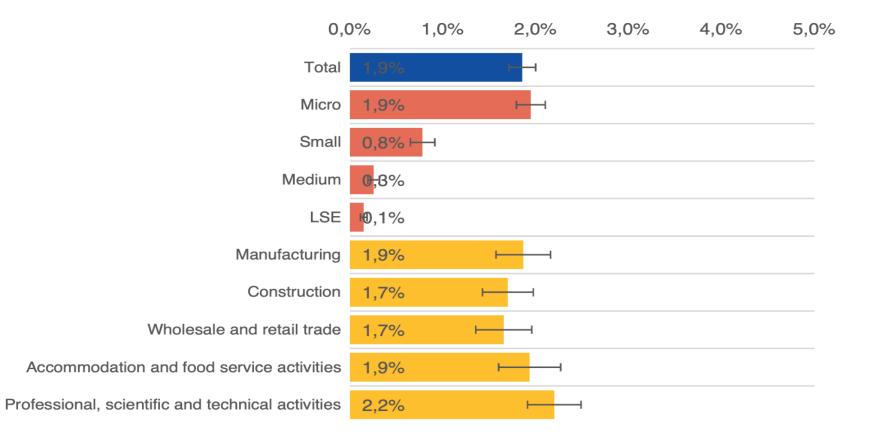
Estimated average tax compliance cost for VAT by countries



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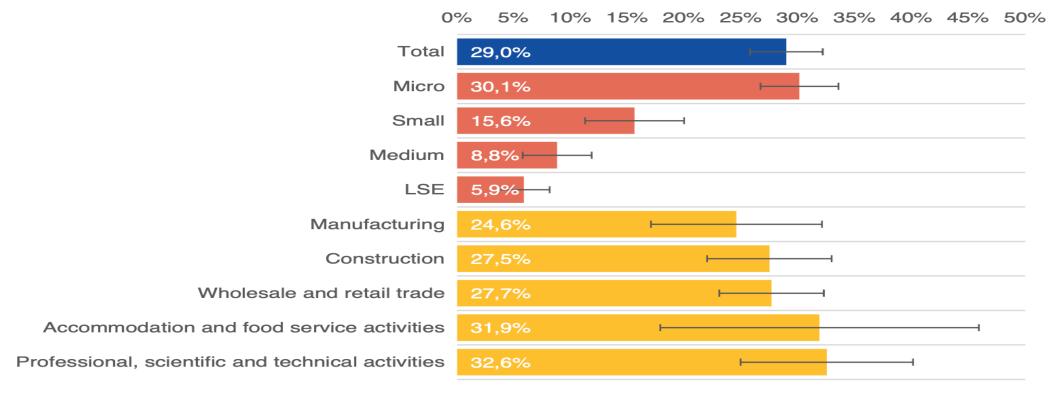


Estimated average TETCC to turnover ratio by size and sector





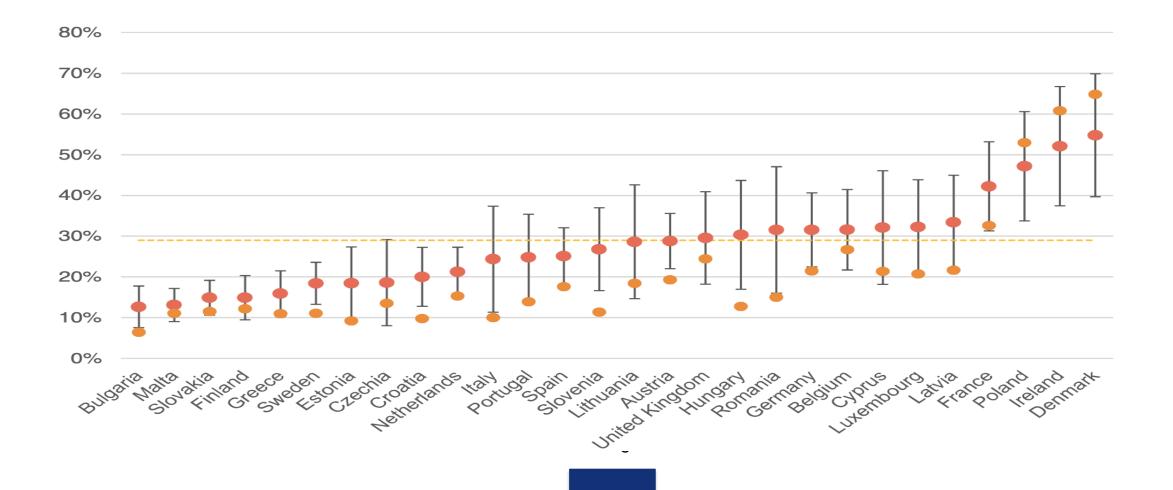
Estimated average TETCC to tax revenue ratio by size and sector



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Estimated average and median TETCC to tax revenue ratio by countries





The estimated average frequency of tax audits between 2017 and 2019 by types of taxes and by countries

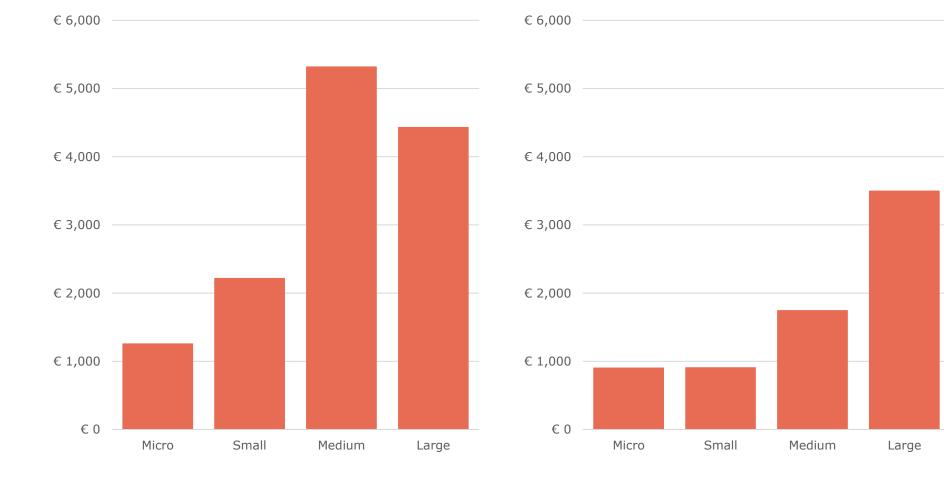
Country	VAT	СІТ	Wage related taxes and contributions	Property and real estate	Local and regional taxes
Austria	0.14	0.05	0.19	0.00	0.09
Belgium	0.08	0.08	0.02	0.03	0.01
Bulgaria	0.23	0.09	0.04	0.00	0.02
Croatia	0.45	0.02	0.16	0.11	0.36
Cyprus	0.10	0.13	0.01	0.01	0.00
Czechia	0.81	0.20	0.41	0.04	0.02
Denmark	0.02	0.00	0.10	0.02	0.02
Estonia	0.27	0.10	0.08	0.06	0.09
Finland	0.30	0.27	0.03	0.23	0.03
France	0.34	0.02	0.24	0.05	0.17
Germany	0.34	0.13	0.27	0.13	0.08
Greece	0.23	0.25	0.12	0.20	0.10
Hungary	0.88	0.47	0.91	0.31	0.48
Ireland	0.08	0.00	0.61	0.17	0.18
Italy	0.18	0.12	0.29	0.00	0.04
Latvia	n.a.	1.26	0.15	1.10	0.06
Lithuania	1.22	0.00	0.12	0.00	0.00
Luxembourg	0.14	0.08	0.12	0.00	0.02
Malta	0.21		0.11		0.01
Netherlands	0.77	0.20	0.75	0.03	0.38
Poland	0.02	0.00	0.19	r i i i i i i i i i i i i i i i i i i i	0.00
Portugal	0.23	0.27	0.01	0.00	0.07
Romania	0.17	0.16	0.15	0.01	0.00
Slovakia	0.59	0.53	0.31	0.15	0.15
Slovenia	0.78		0.26		
Spain	0.24		0.01	0.00	0.02
Sweden	0.17	0.35	0.36		
United Kingdom	0.08		0.02		
28 countries	0.33	0.13	0.23	0.05	0.09

15



Estimated average of audit related costs for enterprises that underwent a tax audit during the last three years <u>for VAT</u> by size (EUR)

Estimated average of audit related costs for enterprises that underwent a tax audit during the last three years <u>for CIT</u> by size (EUR)





Conclusion on tax compliance costs

- Companies in the 28 countries in scope of the study are estimated to spend an annual total amount of EUR 204 billion to comply with obligations related to CIT, VAT, wage related taxes and contributions, property and real estate taxes and local taxes.
- The average enterprise in the 28 countries in scope is estimated to incur an annual absolute cost of EUR 14 475 in meeting its tax compliance obligations, amounting to 1.9% of its turnover.



Conclusion on the relative burden of compliance

- While larger enterprises incur a higher absolute cost in meeting compliance obligations than smaller ones, the relative burden of tax compliance is disproportionately higher for SMEs than for LSEs.
- There is no clear evidence that enterprise characteristics other than size have a profound impact on the relative burden of compliance.
- There is no clear evidence that cross border trade has a disproportionate impact on the relative burden of compliance.