



# 5.6

## Tax policies

	Tax revenue collected by central government		Taxes payable by businesses			Highest marginal tax rate <sup>a</sup>		
	% of GDP		Number of payments June 2008	Time to prepare, file, and pay taxes hours June 2008	Total tax rate % of profit June 2008	Individual		Corporate % 2006-08 <sup>b</sup>
	2000	2007				% 2006-08 <sup>b</sup>	On income over \$ 2006-08 <sup>b</sup>	
Afghanistan <sup>c</sup>	..	5.8	8	275	36.4	..	..	..
Albania <sup>c</sup>	16.1	..	44	244	50.5	20	2,413	10
Algeria <sup>c</sup>	36.9	29.6	34	451	74.2	..	..	..
Angola	..	..	31	272	53.2	..	..	..
Argentina	9.8	..	9	453	108.1	35	38,339	35
Armenia <sup>c</sup>	..	16	50	958	36.6	..	..	..
Australia	23.7	25.1	12	107	50.3	45	104,167	30
Austria	19.6	20.1	22	170	54.5	50	69,473	25
Azerbaijan <sup>c</sup>	12.7	..	23	376	41.1	35	13,793	22
Bangladesh <sup>c</sup>	7.6	8	21	302	39.5	..	..	..
Belarus <sup>c</sup>	16.6	24	112	1,188	117.5	..	..	..
Belgium	27.4	25.8	11	156	58.1	50	47,048	33
Benin <sup>c</sup>	15.5	16.3	55	270	73.2	35	..	38
Bolivia	13.2	17	41	1,080	78.1	13	..	25
Bosnia and Herzegovina	..	22.3	51	428	44.1	15	..	30
Botswana <sup>c</sup>	..	..	19	140	17.1	25	19,967	15
Brazil <sup>c</sup>	11.3	..	11	2,600	69.4	28	13,462	15
Bulgaria <sup>c</sup>	18.3	24.6	17	616	34.9	24	5,414	10
Burkina Faso	..	12	45	270	44.6	..	..	..
Burundi <sup>c</sup>	13.6	..	32	140	278.7	..	..	..
Cambodia	8.2	8.2	27	137	22.6	20	36,973	20
Cameroon <sup>c</sup>	11.2	..	41	1,400	51.4	..	..	..
Canada <sup>c</sup>	15	15.2	9	119	45.4	29	100,970	38
Central African Republic <sup>c</sup>	..	..	54	504	203.8	..	..	..
Chad	..	..	54	122	60.5	..	..	..
Chile	16.7	21.5	10	316	25.9	40	9,722	35
China <sup>c</sup>	6.8	9.4	9	504	79.9	45	175,695	25
Hong Kong, China	..	..	4	80	24.2	17	15,484	18
Colombia	11.7	13.6	31	256	78.4	22	45,564	33
Congo, Dem. Rep. <sup>c</sup>	3.5	..	32	308	229.8	50	4,631	40
Congo, Rep.	9.2	6.2	61	606	65.5	..	4,681	..
Costa Rica <sup>c</sup>	12.1	15.2	43	282	55.7	15	14,575	30
Côte d'Ivoire <sup>c</sup>	14.6	15.5	66	270	45.4	10	5,386	35
Croatia <sup>c</sup>	26.2	23.4	17	196	32.5	45	4,014	..
Cuba	..	..	..	..	..	..	..	..
Czech Republic <sup>c</sup>	15.4	15.1	12	930	48.6	15	53,482	21
Denmark	31	35.5	9	135	29.9	59	63,598	25
Dominican Republic <sup>c</sup>	..	16.6	9	480	35.7	30	26,209	30
Ecuador <sup>c</sup>	..	..	8	600	34.9	25	62,800	25
Egypt, Arab Rep. <sup>c</sup>	13.4	15.4	29	711	46.1	20	..	20
El Salvador	10.7	14	53	320	34.9	..	13,600	25
Eritrea	..	..	18	216	84.5	..	..	..
Estonia	15.9	17.2	10	81	48.6	21	..	21
Ethiopia <sup>c</sup>	10.2	..	20	198	31.1	35	..	30
Finland	24.6	21.8	20	269	47.8	32	84,457	26
France	23.2	21.8	11	132	65.4	..	..	33
Gabon	..	..	26	272	44.7	..	..	..
Gambia, The <sup>c</sup>	..	..	50	376	292.4	..	..	..
Georgia <sup>c</sup>	7.7	17.7	30	387	38.6	12	..	20
Germany	11.9	11.8	16	196	50.5	45	340,553	15
Ghana <sup>c</sup>	17.2	22.6	33	224	32.7	25	10,435	22
Greece	23.3	19.9	10	224	47.4	40	102,650	25
Guatemala <sup>c</sup>	10.1	11.9	39	344	36.5	31	38,714	31
Guinea <sup>c</sup>	11.1	..	56	416	49.9	..	..	..
Guinea-Bissau	..	..	46	208	45.9	..	..	..
Haiti	..	..	42	160	40.1	..	..	..

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	2000	2007				% 2006-08 <sup>b</sup>	On income over \$ 2006-08 <sup>b</sup>	Corporate % 2006-08 <sup>b</sup>
Honduras	..	16.4	47	224	49.3	25	26,455	25
Hungary	21.9	21.5	14	330	57.5	36	..	16
India <sup>c</sup>	9	11.6	60	271	71.5	30	6,344	30
Indonesia <sup>c</sup>	11.6	..	51	266	37.3	35	22,173	30
Iran, Islamic Rep. <sup>c</sup>	6.3	7.3	22	344	44.2	35	9,183	25
Iraq	..	..	13	312	24.7	..	..	..
Ireland	26.1	25.6	9	76	28.8	42	43,591	13
Israel	29	28.4	33	230	33.9	49	111,695	27
Italy	23.2	23.3	15	334	73.3	43	102,166	28
Jamaica <sup>c</sup>	24.7	28.9	72	414	51.3	..	..	..
Japan	..	..	13	355	55.4	40	157,895	30
Jordan <sup>c</sup>	19	26.7	26	101	31.1	..	..	..
Kazakhstan <sup>c</sup>	10.2	12.3	9	271	36.4	20	..	30
Kenya <sup>c</sup>	16.8	18	41	417	50.9	..	..	..
Korea, Dem. Rep.	..	..	..	..	..	..	..	..
Korea, Rep. <sup>c</sup>	16.1	17.9	14	250	33.7	35	69,980	25
Kuwait	1.3	0.9	14	118	14.4	0	..	..
Kyrgyz Republic <sup>c</sup>	11.7	16.6	75	202	61.4	..	..	..
Lao PDR	..	10.5	34	560	33.7	..	..	..
Latvia <sup>c</sup>	14.2	16.6	7	279	33.0	25	..	15
Lebanon	12.2	15.2	19	180	36.0	..	..	..
Lesotho <sup>c</sup>	32.7	56.8	21	324	18.0	..	..	..
Liberia	..	..	32	158	35.8	..	..	..
Libya	..	..	..	..	..	..	..	..
Lithuania	14.6	18.1	15	166	46.4	27	..	15
Macedonia, FYR <sup>c</sup>	..	..	40	75	18.4	24	17,283	15
Madagascar	11.3	11.4	25	238	42.8	..	..	..
Malawi	..	..	19	292	31.4	..	..	..
Malaysia <sup>c</sup>	13.8	..	12	145	34.5	28	72,254	26
Mali	13.2	15.5	58	270	51.4	..	..	..
Mauritania	..	..	38	696	98.7	..	..	..
Mauritius <sup>c</sup>	18.2	17.6	7	161	22.2	15	..	15
Mexico <sup>c</sup>	11.7	..	27	549	51.5	28	9,496	28
Moldova <sup>c</sup>	14.7	20.6	53	234	42.1	18	2,423	0
Mongolia	..	25.3	42	204	30.3	..	..	..
Morocco <sup>c</sup>	19.9	25.2	28	358	44.6	..	..	..
Mozambique	..	..	37	230	34.3	32	38,814	32
Myanmar	3	4.7	..	..	..	..	..	..
Namibia <sup>c</sup>	30	..	37	375	25.3	35	28,694	35
Nepal <sup>c</sup>	8.7	9.8	34	408	34.1	..	..	..
Netherlands	22.3	23.9	9	180	39.1	52	72,631	26
New Zealand	29.5	31.4	8	70	35.6	39	40,463	30
Nicaragua <sup>c</sup>	13.8	18	64	240	63.2	30	26,455	30
Niger	..	11.7	42	270	42.3	..	..	..
Nigeria	..	..	35	938	32.2	..	..	..
Norway	27.4	28.9	4	87	41.6	..	120,148	28
Oman <sup>c</sup>	7.2	..	14	62	21.6	0	..	..
Pakistan <sup>c</sup>	10.1	9.8	47	560	28.9	35	11,490	37
Panama <sup>c</sup>	10.2	..	59	482	50.6	27	30,000	30
Papua New Guinea <sup>c</sup>	19	..	33	194	41.7	..	..	..
Paraguay <sup>c</sup>	..	11.5	35	328	35.0	8	..	10
Peru <sup>c</sup>	12.2	15.6	9	424	41.2	30	62,100	30
Philippines <sup>c</sup>	13.7	14	47	195	50.8	32	12,077	35
Poland	16	18.4	40	418	40.2	40	35,052	19
Portugal	21.5	22.6	8	328	43.6	42	85,202	25
Puerto Rico	..	..	16	218	64.7	33	50,000	19



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	% of GDP		Number of payments June 2008	Time to prepare, file, and pay taxes hours June 2008	Total tax rate % of profit June 2008	Individual		Corporate % 2006-08 <sup>b</sup>
	2000	2007				% 2006-08 <sup>b</sup>	On income over \$ 2006-08 <sup>b</sup>	
Romania	11.7	12	113	202	48.0	16	..	16
Russian Federation	13.6	16.7	22	448	48.7	13	..	24
Rwanda <sup>c</sup>	..	..	34	160	33.7	..	..	..
Saudi Arabia	..	..	14	79	14.5	0	..	..
Senegal <sup>c</sup>	16.1	..	59	666	46.0	..	..	..
Serbia <sup>c</sup>	..	..	66	279	34.0	15	..	10
Sierra Leone <sup>c</sup>	10.2	..	28	399	233.5	..	..	..
Singapore <sup>c</sup>	15.4	14.4	5	84	27.9	20	222,222	18
Slovak Republic	..	14.1	31	325	47.4	19	..	19
Slovenia <sup>c</sup>	20.6	21	22	260	36.7	41	19,582	22
Somalia	..	..	..	..	..	..	..	..
South Africa	24	29.1	9	200	34.2	40	52,688	28
Spain	16.2	13.9	8	234	60.2	27	72,752	30
Sri Lanka <sup>c</sup>	14.5	14.2	62	256	63.7	35	4,419	35
Sudan <sup>c</sup>	6.4	..	42	180	31.6	..	..	..
Swaziland <sup>c</sup>	..	..	33	104	36.6	33	10,760	30
Sweden	20.6	..	2	122	54.5	32	77,239	28
Switzerland <sup>c</sup>	11.1	10.5	24	63	28.9	..	..	..
Syrian Arab Republic <sup>c</sup>	17.4	..	20	336	43.5	..	..	..
Tajikistan <sup>c</sup>	7.7	..	54	224	85.5	..	..	..
Tanzania	..	..	48	172	45.1	30	..	30
Thailand	..	16.2	23	264	37.8	37	118,624	30
Timor-Leste	..	..	15	640	28.3	..	..	..
Togo <sup>c</sup>	..	16.4	53	270	48.2	..	..	..
Trinidad and Tobago <sup>c</sup>	22.1	29.1	40	114	33.1	25	..	25
Tunisia <sup>c</sup>	21.3	21.2	22	228	59.1	..	..	..
Turkey <sup>c</sup>	..	18.5	15	223	45.5	35	36,752	20
Turkmenistan	..	..	..	..	..	..	..	..
Uganda <sup>c</sup>	10.4	12.3	32	222	34.5	30	2,899	30
Ukraine <sup>c</sup>	14.1	16.7	99	848	58.4	15	..	25
United Arab Emirates <sup>c</sup>	1.7	..	14	12	14.4	0	..	..
United Kingdom	28.9	28	8	105	35.3	40	50,435	28
United States	12.7	12.2	10	187	42.3	35	326,450	35
Uruguay <sup>c</sup>	16.7	18.7	53	336	58.5	25	3,970	25
Uzbekistan	..	..	106	196	90.6	25	..	10
Venezuela, RB <sup>c</sup>	13.3	15.5	70	864	56.6	34	93,767	34
Vietnam	..	..	32	1,050	40.1	40	..	28
West Bank and Gaza	..	..	27	154	16.8	..	..	..
Yemen, Rep. <sup>c</sup>	9.4	..	44	248	47.8	..	..	..
Zambia <sup>c</sup>	18.6	17.2	37	132	16.1	..	..	..
Zimbabwe <sup>c</sup>	..	..	52	256	63.7	..	..	..
<b>World</b>	<b>15.7 w</b>	<b>16.8 w</b>	<b>31 u</b>	<b>300 u</b>	<b>49.3 u</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Low income</b>	..	..	41	314	68.4	..	..	..
<b>Middle income</b>	11.7	14.1	34	352	44.1	..	..	..
Lower middle income	8.9	11.6	34	346	42.9	..	..	..
Upper middle income	..	..	34	361	45.8	..	..	..
<b>Low &amp; middle income</b>	11.6	14.0	36	339	52.3	..	..	..
East Asia & Pacific	7.7	10.1	28	270	39.9	..	..	..
Europe & Central Asia	14.8	17.3	50	384	48.5	..	..	..
Latin America & Carib.	11.4	..	35	428	48.6	..	..	..
Middle East & N. Africa	15.1	16.4	27	295	42.2	..	..	..
South Asia	9.3	11.3	32	293	40.4	..	..	..
Sub-Saharan Africa	..	..	38	312	66.9	..	..	..
<b>High income</b>	16.5	17.0	16	181	40.3	..	..	..
Euro area	19.1	18.5	14	201	48.2	..	..	..

a. Data are from PriceWaterhouseCooper's *Worldwide Tax Summaries* online. b. Data are for the most recent year available. c. Data on central government taxes were reported on a cash basis and have been adjusted to the accrual framework of the International Monetary Fund's *Government Finance Statistics Manual 2001*.

## About the data

Taxes are the main source of revenue for most governments. The sources of tax revenue and their relative contributions are determined by government policy choices about where and how to impose taxes and by changes in the structure of the economy. Tax policy may reflect concerns about distributional effects, economic efficiency (including corrections for externalities), and the practical problems of administering a tax system. There is no ideal level of taxation. But taxes influence incentives and thus the behavior of economic actors and the economy's competitiveness.

The level of taxation is typically measured by tax revenue as a share of gross domestic product (GDP). Comparing levels of taxation across countries provides a quick overview of the fiscal obligations and incentives facing the private sector. The table shows only central government data, which may significantly understate the total tax burden, particularly in countries where provincial and municipal governments are large or have considerable tax authority.

Low ratios of tax revenue to GDP may reflect weak administration and large-scale tax avoidance or evasion. Low ratios may also reflect a sizable parallel economy with unrecorded and undisclosed incomes. Tax revenue ratios tend to rise with income, with higher income countries relying on taxes to finance a much broader range of social services and social security than lower income countries are able to.

The indicators covering taxes payable by businesses measure all taxes and contributions that are government mandated (at any level—federal, state, or local), apply to standardized businesses, and have an impact in their income statements. The taxes covered go beyond the definition of a tax for government national accounts (compulsory, unrequited payments to general government) and also measure any imposts that affect business accounts. The main differences are in labor contributions and value-added taxes. The indicators account for government-mandated contributions paid by the employer to a required private pension fund or workers insurance fund but exclude value-added taxes because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement.

To make the data comparable across countries, several assumptions are made about businesses. The main assumptions are that they are limited liability companies, they operate in the country's most populous city, they are domestically owned, they perform general industrial or commercial activities, and

they have certain levels of start-up capital, employees, and turnover. For details about the assumptions, see the World Bank's *Doing Business 2009*.

A potentially important influence on both domestic and international investors is a tax system's progressivity, as reflected in the highest marginal tax rate levied at the national level on individual and corporate income. Data for individual marginal tax rates generally refer to employment income. In some countries the highest marginal tax rate is also the basic or flat rate, and other surtaxes, deductions, and the like may apply. And in many countries several different corporate tax rates may be levied, depending on the type of business (mining, banking, insurance, agriculture, manufacturing), ownership (domestic or foreign), volume of sales, and whether surtaxes or exemptions are included. The corporate tax rates in the table are mainly general rates applied to domestic companies. For more detailed information, see the country's laws, regulations, and tax treaties and PricewaterhouseCoopers's *Worldwide Tax Summaries Online* ([www.pwc.com](http://www.pwc.com)).

## Definitions

- **Tax revenue collected by central government** is compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously collected tax revenue are treated as negative revenue. The analytic framework of the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2001* (GFSM 2001) is based on accrual accounting and balance sheets. For countries still reporting government finance data on a cash basis, the IMF adjusts reported data to the GFSM 2001 accrual framework. These countries are footnoted in the table.
- **Number of tax payments by businesses** is the total number of taxes paid by businesses during one year. When electronic filing is available, the tax is counted as paid once a year even if payments are more frequent.
- **Time to prepare, file, and pay taxes** is the time, in hours per year, it takes to prepare, file, and pay (or withhold) three major types of taxes: the corporate income tax, the value-added or sales tax, and labor taxes, including payroll taxes and social security contributions.
- **Total tax rate** is the total amount of taxes payable by businesses (except for consumption taxes) after accounting for deductions and exemptions as a percentage of profit. For further details on the method used for assessing the total tax payable, see the World Bank's *Doing Business 2009*.
- **Highest marginal tax rate** is the highest rate shown on the national schedule of tax rates applied to the annual taxable income of individuals and corporations. Also presented are the income levels for individuals above which the highest marginal tax rates levied at the national level apply.

## Data sources

Data on central government tax revenue are from print and electronic editions of the IMF's *Government Finance Statistics Yearbook*. Data on taxes payable by businesses are from *Doing Business 2009* ([www.doingbusiness.org](http://www.doingbusiness.org)). Data on individual and corporate tax rates are from PricewaterhouseCoopers's *Worldwide Tax Summaries Online* ([www.pwc.com](http://www.pwc.com)).