THE MAGNITUDE AND THE FEATURES OF TAX COMPLIANCE COSTS OF LARGE COMPANIES IN INDONESIA[1]

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ABSTRACT

In this first research on the compliance costs of large corporate taxpayers in Indonesia, it is discovered that the aggregate costs are significant, estimated to be IDR 12.3 trillion, and account for 3.16% of tax revenue for large corporations and 0.19% of the Gross Domestic Product in 2010.The average costs per large company are IDR420,933,442 (around A$55,000 with the exchange rate at the time when the research was undertaken). The costs differ across the various economic sectors. The majority of the costs are incurred on human resources in the companies (staff, managers, directors). The research shows that costs are regressive in terms of the number of employees, the amount of total assets, the annual turnover, and the tax payments. The components of compliance costs are broken down into: routine and non-routine costs 86% and 14%, internal and external costs 73% and 27%, computational costs and planning costs 73% and 27%, respectively. Cash flow benefits and tax deductibility benefits, both being offsets of gross costs, represent 24% and 25% of gross compliance costs respectively. Regarding the attitude toward the tax administration and its tax reform, the majority of respondents agree (with various percentages) that in general the administration is now better in terms of the quality of human resources, technology, system and procedures. However, around half of the respondents (53.62%) state that closer guidance and supervision to the taxpayers does not affect the compliance costs.

Keywords: Indonesia, tax, compliance costs, large corporate taxpayers, 2010

1 INTRODUCTION

In developing countries, research on the compliance costs of taxation, which started in 1990s, has been well behind that of developed countries where it has been undertaken since 1930s, presumably because of the other pressing issues that need to be addressed urgently. This paper reports the results of the first research on the tax compliance costs of Indonesian taxpayers, in this case large corporate taxpayers as they are the biggest contributors of Indonesian tax revenue. Also reported are the attitude of taxpayers toward the tax administration and the effect of the Indonesian tax reform on the compliance costs. This paper is organised as follows. Initially the key literature is reviewed. This covers the development of leading research in the field from the beginning to its spread to other parts of the world, including Asia, Africa, and the transition countries. Following this review, the methodology of the research is presented to illustrate what steps have been taken before, during, and after the data

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collection phase. The main results of the research are presented next which discuss the magnitude and the features of the costs and a succinct comparison with other countries. Finally, several limitations are acknowledged and concluding remarks are drawn, including future research directions.

2 LITERATURE REVIEW

Even though the importance of minimising costs to taxpayers in fulfilling tax obligations has been long recognised, the systematic study of compliance costs only started in 1935 in the United States by Haig (cited in leading studies by Sandford, Godwin, and Hardwick 1989, p. 27; Allers 1994, p. 242; Pope 2003, p. 204; Tran-Nam et al. 2000, p. 229). Several different reasons for this negligence have been offered, including the reduced role of tax in the economy (Sandford, Godwin, and Hardwick 1989, p. 27); the complexity and costliness of compliance studies (Allers 1994, p. 7); the complexity and the lack of political will (Pope, Chen, and Fayle 1993, p. 68-69); the notion that the costs have been immaterial, the unavailability of a robust model to reduce the costs, and the difficulty of obtaining needed data (Tran-Nam et al. 2000, p. 229).

The development of compliance costs study generally are divided into three stages (see for examples Sandford, Godwin, and Hardwick 1989; Pope 2003; Evans 2003), namely the initial studies in North America in 1930s to 1960s; the start in European countries in 1960s and 1970s; and the spread internationally from 1980. Following this three stages, compliance costs research in Australia started in the late 1980s. It was pioneered by Pope with work on personal income tax (Pope, Fayle, and Duncanson 1990), public companies' income taxation (Pope, Fayle, and Chen 1991), employment-related taxation (Pope, Chen, and Fayle 1993), wholesale sales tax (Pope, Fayle, and Chen 1993), and companies' income tax (Pope, Fayle, and Chen 1994). Subsequent research in Australia has been conducted on small businesses (Wallschutzky and Gibson 1993) and there were two major research studies both on businesses and individuals sponsored by the Australian Taxation Office (Evans et al. 1998).

The period after 2000 witnessed the spread of compliance costs research in transition and developing countries and the involvement of the World Bank Group in this area as well as the exploration of other aspects of compliance costs in developed countries. As a result, there are at least 27 known compliance cost research studies from 2000 until now. A summary of the research conducted from 2000 is presented chronologically in Appendix 1. This summary covers the researchers, the countries studied, the taxes and taxpayers being investigated, the research methodology, and the main results of each study. This summary is intended to complement previous compilations of research on compliance costs (Sandford, Godwin, and Hardwick 1989; Pope 1993; Allers 1994; Evans 2003, 2008).

In Asia, the research on the compliance costs has been undertaken in Singapore (Ariff, Loh, and Talib 1995; Ariff, Ismail, and Loh 2002), Malaysia (Loh et al. 1995; Henefah, Ariff, and Kasipillai 2001), Hong Kong (Cheung et al. 1999) , and India (Chattopadhyay and Das-Gupta 2002, 2002). The studies in Singapore, Malaysia, and Hong Kong form the basis of further analysis in Ariff and Pope (2002)[4]. In

[4] The South-East Asian studies were based on the questions and method used in the Australian study on public companies by Pope, Fayle and Chen (1991).

transition countries, it has been conducted in Slovenia (Klun 2004, 2004), Armenia (Jrbashyan and Harutyunyan 2006), and Ukraine (The Investment Climate Advisory Service 2009). The World Bank group also investigate the costs of compliance of taxation in South Africa, Peru, and Yemen (Coolidge 2010).

Compliance costs research in Indonesia has been lagging behind that of other Asian countries. The reason behind this is probably because it is not urgent issue for there are more pressing issues such as corruption or modernisation in tax administration, as suggested by Ariff and Pope (2002, p. 28). However, there are two research regarding compliance costs (Heij 1993; Prasetyo 2003), even though both did not quantify the costs. In short, the subject of compliance costs in Indonesia is still at the second level of awareness, which is 'qualitative recognition by professionals', a term introduced by Pope (1993, p. 2-7) as one of six levels of awareness of compliance costs in one country or jurisdiction.

3 TAXATION AND TAX REFORM IN INDONESIA

3.1 Tax System

Indonesia is a country in Southeast Asia with the population of 245 million (Biro Pusat Statistik 2010), making it the fourth most populous country in the world. The Gross Domestic Product (GDP) of Indonesia in 2009 is approximately US$540.273 billion(Bank Indonesia 2011; World Bank 2011), and ranked 14th for the biggest economy in the world (CIA 2011). The GDP per capita is currently US$2,050, categorized as a "lower middle income" country by the World Bank (2011).

Administratively, Indonesia is a unitary state, comprising one central government, 33 provinces, and 497 regencies and municipalities (Biro Pusat Statistik 2010). In order to finance central government expenditure, Indonesia depends on tax revenue with the contribution of 70% of total domestic revenue in its country's budget (Directorate General of Taxes 2012). The structure of tax revenue is presented in Table 1.

Table 1 Tax Revenue in Indonesia, 2010

No	Type of Tax	Revenue in 2010, IDR billion	%
1	Income tax	265,265.04	52.54
2	Value-Added Tax	236,162.90	46.77
3	Other taxes	3,473.51	0.69
	Overall	*504,941,06*	*100*

Note: IDR=the Indonesian Rupiah, the official currency of the Republic of Indonesia. At the end of 2010, US$1=IDR9,010. Source: Directorate General of Taxes, 2011.

The current tax rate for income tax is 25% for companies and ranges from 5% to 30% for individuals depending on the income level (Income Tax Law, Directorate General of Taxes 2008). The rate for Value-Added Tax is 10% (VAT Law, Directorate General of Taxes 2009).

Indonesia has implemented a self-assessment system since 1983 (Gillis 1985, p. 94) in which taxpayers are required to calculate and report their obligation on a regular basis, either monthly or annually. Besides reporting their own taxes, taxpayers are also subject to withholding taxes in which taxpayers withhold tax payable on certain payments to other taxpayers and then remit said tax to the government. Currently these withholding taxes cover five types of income tax, namely tax on employees' salary, tax on income from providing services, tax on income from assets (interest, rent, dividend), tax on payment to foreigners, and tax on certain industries (paper, steel, automotive).

Taxation in Indonesia is administered by the Directorate General of Taxes (DGT) as a part of the Ministry of Finance (MOF). It comprises one headquarters and 28 regional offices. Taxpayers in Indonesia are registered based on their relative size either nationally or regionally.

3.2 Tax Reform

In 2002-2008, DGT executed a program named "Tax Reform Chapter One" which covered administrative, policy, and tax intensification and extension (Directorate General of Taxes 2010, 38). There are two significant aspects of this reform that affect the taxpayers; namely the formation of tax offices based on the size of taxpayers, and the change in organizational structure of every tax office. After the reform, the national largest taxpayers are administered in Large Taxpayers Offices (LTOs) while the regional largest taxpayers are managed in Medium Taxpayers Office (MTOs) which also oversee foreign investment companies and public companies. The remaining taxpayers are under the administration of Small Taxpayers Offices (STOs). Currently there are four LTOs, 28 MTOs, and 299 STOs (Directorate General of Taxes 2010, p. 24).

The change in organizational structure of tax office promotes closer guidance and supervision to taxpayers with the creation of a new position in the tax office titled "Account Representatives" (ARs). The main duties of the ARs are to provide guidance, to monitor and to supervise the compliance of taxpayers assigned to them. The number of taxpayers administrated under one AR varies; it is 5-8 taxpayers for one AR in LTOs, 20-30 in MTOs, and 50-300 in STOs. The effect is that the bigger the size of a taxpayer the closer is the supervision.

Beginning in 2009, DGT executed "Tax Reform Chapter Two' which concentrates on human resources and information and communication technology (Directorate General of Taxes 2010, 38).The program has been continuing up to present.

4 RESEARCH METHODOLOGY

4.1 Pilot Study, Sample, Population, and Response Rate

Before the survey is undertaken, a pilot study was conducted in May 2011, a month after the due date for taxpayers to submit their annual income tax returns. As many as 28 questionnaires were distributed directly by the Account Representatives (ARs) to the taxpayers in the Large Taxpayers Office Two (LTO2) in Jakarta with one AR per one taxpayer. After a three week period, three completed responses were received, a response rate of 10.7%.

In order to better compose the questionnaire, a series of discussions were held at the beginning of a data collecting trip to Indonesia (by the first author). The discussions were held separately with one tax manager of one large taxpayer, two tax officials from DGT, and two ARs from LTO2. The final questionnaire was modified from the initial version and consists of 8 A4-sized pages.

The population for this research is large corporate taxpayers, defined for the purpose of this research as all taxpayers that are registered in the LTOs and MTOs. The total number of corporate taxpayers is 28,681, with any individual taxpayers who are registered in these LTOs and MTOs being excluded. The sample size is 3,000, taken from the database of taxpayers registered in LTOs and MTOs. This sample was selected using stratified random sampling with business sectors as the strata. Details are presented in Table 2.

Table 2 Population and Samples

Business Sectors	Population	% of Population	Number in Sample
Retail And Wholesale Trade	11,130	38.81	1,164
Manufacturing	6,545	22.82	685
Services	1,367	4.77	143
Transportation, Warehouse, Communication	1,470	5.13	154
Construction	1,486	5.18	155
Real Estate, Rent	1,941	6.77	203
Mining, Extraction	247	0.86	26
Others	4,495	15.67	470
Overall	*28,681*	*100.00*	*3,000*

Source: Directorate General of Taxes, 2012

The questionnaires were sent to selected taxpayers on 19 September 2011. As many as 500 first reminders were sent on 10 October 2011 based on a random selection of the sample, followed by the second and final reminders on 24 October 2011. A summary of survey activities is presented in Table 3.

Table 3 Summary of Questionnaire Mail-Out and Sample

No	Activities	Number
1	Questionnaires sent	3,000
2	Out of frame	6
3	Responses received	191
4	First reminder sent	500
5	Responses received after first reminder	37
6	Second reminder sent	500
7	Responses received after second reminder	19
8	Total responses received	247
9	Unusable responses	1
	Usable responses	*246*

The overall response rate of this research is thus 8.2% (246 divided by 2,994).

4.2 Non-Response Bias

In order to address non-response bias, a method introduced by Allers (1994) is used. With this method, the likelihood of the answers from non-respondents and those from responding samples could be investigated, by providing a postcard containing one question for those who do not intend to respond. The answers from these postcards are then compared to the answers on the same question from respondents who answer full questionnaire. The comparison will determine the likelihood. The result is presented in Table 4.

Table 4 Comparison of Responses on Compliance Costs from the 'One Question Post Card' and Full Questionnaire

No.	Comparison of Compliance Costs with Similar Companies	Number of responses of One question response	%	Number of Responses of Full Questionnaires	%
1	Significantly lower	0	0.00	1	0.47
2	Somewhat lower	1	5.26	45	21.13
3	Relatively the same	13	68.42	139	65.26
4	Somewhat higher	4	21.05	18	8.45
5	Significantly higher	1	5.26	10	4.69
	Overall	*19*	100.00	*213*	100.00

Coefficient correlation from those two sets of answers is 93.14%; meaning that the compliance costs of respondents and non-respondents are similar.

4.3 Profile of Respondents

The composition based on the sectors in which the companies are operating is: retail and wholesale trade 77 companies (31%), manufacturing 81 (33%), services 19 (8%), transportation and warehouse 13 (5%), construction 13 (5%), real estate 6 (2%), mining and extraction 8 (3%), and others 29 (12%). The premises of the business are mainly in the Island of Java (193 companies; 78%), while the other 20 (8%) are in Sumatera Island, six (2%) in Sulawesi Island, and 27 (11%) in other islands.

In terms of the duration of businesses, 184 companies (75%) have been operating for more than 10 years, while 50 companies (20%) are between 5 and 10 years in operation, and 12 companies (5%) have been in business for one to five years. Likewise, a majority of the respondents (211 corporations; 86%) have been registered in their current tax offices for more than five years; among those, 100 companies (41%) have been registered for more than 10 years. There are 24 companies (10%) that have been registered between one and five years, and 11 (4%) companies that have been registered for less than one year.

Based on the number of employees, the composition is to some extent balanced: under 100 employees 64 companies (26%), between 101 and 500 employees 70 companies (28%), between 501 and 1,000 employees 69 companies (28%), between 1,001 and 5,000 employees 28 companies (11%), and over 5,000 employees 15 companies (6%).

The composition based on the amount of turnover is: below IDR3billion 6 companies (2%), between IDR3,000,000,001 and IDR10billion 39 companies (16%), between IDR10,000,000,001 and IDR50billion 68 companies (28%), between IDR50,000,000,001 and IDR100billion 36 companies (15%), and over IDR100billion 97 companies (39%). Similarly, based on the amount of total assets, the composition is: below IDR3billion 18 companies (7%), between IDR3,000,000,001 and IDR10billion 53 companies (21%), between IDR10,000,000,001 and IDR50billion 41 companies (17%), between IDR50,000,000,001 and IDR100billion 29 companies (12%), and over IDR100billion 105 companies (43%).

Of the 246 respondents, 95 companies (39%) were audited in 2010, 36 companies (15%) proposed a tax objection, and 14 corporations (6%) proposed a tax appeal.

4.4 Comparison with Government Statistical Data

Besides the definition of large taxpayer mentioned above, there is also a definition provided by the Indonesian Statistical Bureau (BPS or Biro Pusat Statistik). The BPS defines a large company as a company whose turnover is more than IDR3 billion per annum. Based on the latest census of BPS, the number of large companies is 45,600; compared to 28,681 large companies in DGT version. In order to test the proximity between those two sets of data, coefficient correlation for both locations of the business and the sectors in which the companies mainly operate is used. The result shows that the coefficient is 99.97% for location and 9.18% for business sector; showing that both data are similar, only the DGT set of data is of smaller scale.

5 MAIN RESULTS

5.1 Average Tax Compliance Costs

Based on the received responses, it is known that in 2010 the average compliance costs per company are estimated to be IDR420,933,442[5] (around A$55,000 at the exchange rate in December 2010). The costs differ across the economic sector in which the company is operating as shown in Table 5.

Table 5 Average Compliance Costs by Sector, 2010

No	Sector	Compliance Costs, IDR
1	Retail and wholesale trade	506,022,878
2	Manufacture	488,861,830
3	Service	249,647,368
4	Transportation, warehouse, communication	230,055,600
5	Construction	307,434,370
6	Real estate, rent	305,508,820
7	Mining, extraction	51,375,000
8	Others	379,770,152

[5]All figures relating to Indonesian tax compliance costs that follow are estimated; in other words they are approximate rather than being a precise figure. This caveat is in line with previous studies in the field.

	Weighted average	*420,933,442*

Source: First author's calculation

The results show that the largest compliance costs are borne by companies operating in the trading sector, and the smallest by those in the mining and extraction sectors. However, due to the small sample size of the latter sector (6 companies), this surprisingly low figure should be treated with great caution.

5.2 The Features of Tax Compliance Costs

5.2.1 The Components of Average Compliance Costs

A breakdown of average compliance costs is presented in Table 6.

Table 6 Components of Average Compliance Costs

No	Element	Average amount, IDR	% of total
1	Routine costs-staff	201,635,657	47.90
2	Routine costs-others	27,244,805	6.47
3	Routine costs-consultants fee	39,863,415	9.47
4	Routine costs-time spent by management	71,273,550	16.93
5	Costs related to tax returns	21,168,110	5.03
6	Costs related to tax audit	43,496,789	10.33
7	Costs related to tax objection	10,530,589	2.50
8	Costs related tax appeal	5,720,529	1.36
	Overall	*420,933,442*	*100.00*

Source: First author's calculation

From Table 6, it can be seen that the largest contributor of the costs is the payment for tax staff in the companies, which on average accounts for almost half of the costs, followed by time spent by management and then audit costs. The proportion of routine costs (numbers one to five in Table 6) is 85.8%, and the proportion of non-routine costs is 14.2%.

5.2.2 Internal and External Costs

Payments regarding compliance can be divided into payments for internal needs and for external parties, as presented in Table 7.

Table 7 Composition of Internal and External Costs

No	Payment	Average amount, IDR	%
1	INTERNAL COSTS		
	Routine staff	201,635,657	47.90
	Routine others	27,244,805	6.47
	Time value	71,273,550	16.93
	Costs related to tax returns - staff	1,327,439	0.32
	Costs related to tax returns - others	618,923	0.15
	Costs related to tax audit - staff	2,148,171	0.51
	Costs related to tax audit - others	704,106	0.17
	Costs related to tax objection - staff	1,854,675	0.44
	Costs related to tax objection - others	302,947	0.07

	Costs related to tax appeal - staff	675,102	0.16
	Costs related to tax appeal - others	123,679	0.03
	Overall Internal Costs	*307,909,052*	*73.15*
2	EXTERNAL COSTS		
	Routine costs-tax consultants	39,863,415	9.47
	Costs related to tax returns	19,221,748	4.57
	Costs related to tax audit	40,644,512	9.66
	Costs related to tax objection	8,372,967	1.99
	Costs related to tax appeal	4,921,748	1.17
	Overall External Costs	*113,024,390*	*26.85*
	Overall Compliance Costs	*420,933,442*	*100*

Source: First author's calculation

From Table 7 it can be seen that nearly three-quarters of the costs are spent on internal factors, such as for staff and other costs/ items (utilities, stationery, transportation), while the remaining (just over a quarter) is spent for consultation and associated costs.

5.2.3 Computational and Planning Costs

The expenditure for staff salaries, for other costs such as utilities or stationery, and for tax consultants can either be used to compute tax payable (computational costs) or to better manage and/or minimize future tax liability (planning costs).The percentage of the costs across sectors is presented in Table 10.

Table 10 Computational and Planning Costs

	COMPUTATIONAL COSTS (%)				PLANNING COSTS (%)			
SECTOR	Staff	Others	Consultants	Average	Staff	Others	Consultants	Average
Retail And Wholesale	46	54	64	55	54	46	36	45
Manufacture	70	76	84	77	30	24	16	23
Services	89	93	96	93	11	7	4	7
Transportation, Warehouse	85	84	40	70	15	16	60	30
Construction	76	89	13	59	24	11	87	41
Real Estate, Rent	77	84	49	70	23	16	51	30
Mining, Extraction	84	83	80	82	16	17	20	18
Others	76	86	81	81	24	14	19	19
Average	*75*	*81*	*63*	*73*	*25*	*19*	*37*	*27*

Source: First author's calculation

From Table 10 it can be seen that on average the majority of the costs (73%) are incurred to compute tax payable, while the remaining 27% is used for planning purposes. Based on the sector in which the companies operate, the companies in the service sector incur the largest percentage of computational costs (93%), while the lowest are those in the retail and wholesale sectors. Compared to other cost drivers, costs for consultants related to planning purposes are the largest (37% compared to 25% for staff and 19% for other costs).

5.2.4 Compliance Costs by Size

The average compliance costs, based on company size measured in terms of the number of employees, the amount of turnover, and the amount of assets, are presented in Tables 11, 12, and 13, respectively. Compliance costs per group are calculated by dividing the average compliance costs by the mid-point unit of the size in each group, i.e. the number of employees, the amount of turnover, and the amount of assets respectively.

Table 11 Compliance Costs Based on the Number of Employees

Group	Number of Employees	Average Compliance Costs, IDR	Compliance Costs per employee, IDR
1	Up to 100 employees	279,979,652	5,599,593
2	101-500 employees	311,705,581	1,246,822
3	501-1,000 employees	491,688,984	655,585
4	1,001-5,000 employees	614,801,978	245,920
5	More than 5,000 employees	828,287,813	110,438

Source: First author's calculation

Table 12 Compliance Costs Based on Annual Turnover

Group	Annual Turnover	Average Compliance Costs, IDR	Compliance Costs per IDR of annual turnover
1	Less than IDR3,000,000,000	168,470,943	0.112
2	IDR3,000,000,001-IDR10,000,000,000	193,615,370	0.030
3	IDR10,000,000,001-IDR50,000,000,000	250,174,464	0.008
4	IDR50,000,000,001-IDR100,000,000,000	464,515,251	0.006
5	More than IDR100,000,000,000	631,478,239	0.004 a

Source: First author's calculation. Note: a: A mid-point turnover of IDR150,000,000,000 is assumed for this group.

Table 13 Compliance Costs Based on Total Assets

Group	Total Assets	Average Compliance Costs, IDR	Compliance Costs per IDR of Assets
1	Less than IDR3,000,000,000	205,759,706	0.137
2	IDR3,000,000,001-IDR10,000,000,000	236,311,751	0.036
3	IDR10,000,000,001-IDR50,000,000,000	209,442,854	0.007
4	IDR50,000,000,001-IDR100,000,000,000	379,817,911	0.005
5	More than IDR100,000,000,000	644,948,123	0.004 a

Source: First author's calculation. Note: a: A mid-point total assets of IDR150,000,00,000 is assumed for this group.

The data shows that the compliance costs are regressive in terms of size. In other words, costs per unit decrease as the size increases, showing the economies of scale effect which is common to nearly all tax compliance costs studies. As shown in Tables 11, 12, 13 the compliance costs per employee, IDR annual turnover, and IDR total assets decrease consistently with the increase in the number of employees, the amount of annual turnover and the amount of total assets, respectively.

5.2.5 Compliance Costs by Size of Tax Payments

Overall, large taxpayers face three main groups of tax, namely income tax, VAT and withholding taxes. The comparison between the average compliance costs and tax payments for each group is presented in Tables 14, 15, and 16.

Table 14 Compliance Costs Based on Income Tax Payment

Group	Income Tax Payment Group	Compliance Costs, IDR	Compliance Costs per IDR Tax Payment
1	Less than IDR100,000,000	471,582,220	9.432
2	IDR100,000,001-IDR500,000,000	496,283,499	1.985
3	IDR500,000,001-IDR1,000,000,000	388,932,421	0.519
4	IDR1,000,000,001-IDR10,000,000,000	315,981,754	0.057
5	IDR10,000,000,001-IDR50,000,000,000	703,360,467	0.023
6	More than IDR50,000,000,000	382,206,088	0.005 a

Source: First author's calculation. Note: a: A mid-point of IDR75,000,00,000 is assumed for this group.

Table 15 Compliance Costs Based on Value-Added Tax Payment

Group	VAT Payment Group	Compliance Costs, IDR	Compliance Costs per IDR Tax Payment
1	Less than IDR100,000,000	246,639,488	4.933
2	IDR100,000,001-IDR500,000,000	368,385,516	1.474
3	IDR500,000,001-IDR1,000,000,000	398,501,588	0.531
4	IDR1,000,000,001-IDR10,000,000,000	611,977,315	0.111
5	IDR10,000,000,001-IDR50,000,000,000	855,414,088	0.029

Source: First author's calculation.

Table 16 Compliance Costs Based on Withholding Taxes Payment

Group	Withholding Taxes Payment Group	Compliance Costs, IDR	Compliance Costs per IDR Tax Payment
1	Less than IDR100,000,000	205,627,348	4.113
2	IDR100,000,001-IDR500,000,000	378,845,925	1.515
3	IDR500,000,001-IDR1,000,000,000	376,419,088	0.502
4	IDR1,000,000,001-IDR10,000,000,000	836,602,673	0.152
5	IDR10,000,000,001-IDR50,000,000,000	855,414,088	0.029

Source: First author's calculation.

Again, the data shows that the costs are regressive, meaning that the larger the company paying tax, the smaller the compliance costs per IDR tax payment.

5.2.6 Compliance Costs by the Types of Tax

Respondents were asked how they allocate their compliance costs into three different types of tax, namely CIT, VAT and withholding taxes, with results shown in Table 18.

Table 17 Allocation of the Costs by Type of Tax

SECTOR	CIT (%)	VAT (%)	Withholding Taxes (%)

Retail And Wholesale	23	46	32
Manufacture	28	40	33
Services	51	28	37
Transportation, Warehouse	21	55	24
Construction	36	38	25
Real Estate, Rent	21	48	31
Mining, Extraction	20	41	39
Others	26	52	23
Average	*28*	*44*	*29*

Source: First author's calculation.

From this it can be seen that, on average, VAT requires the most resources (44%) compared with other types of tax (CIT 28% and withholding taxes 31%), except for those companies operating in the services sector where VAT only accounts for 28% of total compliance costs.

5.2.7 Reasons for Using Tax Consultants

Respondents were asked the reasons why in 2010 they used tax consultants, and 122 respondents provided answers (with multi responses possible), as presented in Table 18.

Table 18 Reasons of Using Tax Consultants

No.	Reasons	Number of Responses	%
1	It is difficult to obtain explanations from tax office	20	12.35
2	The benefits of using tax consultants exceeds the costs	44	27.16
3	It is the policy from taxpayers' headquarters	85	52.47
4	Others	13	8.02
	Overall	*162*	*100.00*

Note: "Others" comprise: Internal staff not capable (5 responses); to avoid the risk of audit (3), to avoid the risk of miscalculation (2); tax forms are complicated (2); subject too difficult to understand (1). The total of 162 responses does not match with the number of respondents completing the answers (122) because respondents were allowed to choose more than one answer.

From Table 18, it can be seen that for those who use tax consultants, the main reason is that it is being the policy established by the taxpayers' head offices.

5.3 Gross Compliance Costs

To obtain (national) gross compliance costs, the mean compliance costs for each sector are multiplied by the number of companies in each sector in the population.[6] The computation of gross compliance costs is presented in Table 19. A relative comparison of gross compliance costs with Indonesian tax revenue and Gross Domestic Product (GDP) is presented in Table 20.

[6] Grossing up by size of company is also possible. Unfortunately tax population data limitations preclude this in the present study.

Table 19 Gross Large Taxpayers' Compliance Costs, 2010

No.	Sector	Compliance Costs, IDR	Population	Gross Compliance Costs, IDR million
(1)	(2)	(3)	(4)	(5)=(3)*(4)
1	Retail and wholesale trade	506,022,878	11,130	5,632,034
2	Manufacture	488,861,830	6,545	3,199,600
3	Service	249,647,368	1,367	341,267
4	Transportation, warehouse, communication	230,055,600	1,470	338,181
5	Construction	307,434,370	1,486	456,847
6	Real estate, rent	305,508,820	1,941	592,992
7	Mining, extraction	51,375,000	247	12,689
8	Others	379,770,152	4,495	1,707,066
	Overall	*420,933,442*	*28,681*	*12,280,681*

Source: First author's calculation

Table 20 Comparison of Gross Compliance Costs, Tax Revenue, and Gross Domestic Product, 2010

No.	Item	Amount
1	Gross Compliance Costs of Large Taxpayers, IDR trillion	12.280
2	National Tax Revenue from Large Taxpayers, IDR trillion	388
3	GDP in 2010, IDR trillion	6,422
	Gross Compliance Costs as Percentage of Tax Revenue	*3.16*
	Gross Compliance Costs as Percentage of GDP	*0.19*

Sources: First author's calculation, Biro Pusat Statistik, and Directorate General of Taxes 2012

From Table 20, it can be seen that the gross compliance costs account for 3.16% of tax revenue from large corporations, and 0.19% of GDP

5.4 Cash Flow Benefits

Cash flow benefits arise where there is a delay between the payable or collection date and the due date. During that time interval, taxpayers enjoy risk-free funds before the funds are paid to the government. The amount of cash flow benefits is obtained by multiplying the revenue of each type of tax with an appropriate interest rate (reflecting the cost of borrowing) and the duration of this interest-free period; or can be written in a formula as:

$$CFB = \sum_{i=m}^{n} TRi * \left(\frac{Pi}{365}\right) * Ii$$

Where CFB = national cash-flow benefits; m, n = type and number of taxes; TR = tax revenue; P = interest-free period; and I= average interest rate.

The revenue and the due date for each type of tax are presented in Table 21.

Table 21 Types, National Revenue, and Due Date of Each Type of Tax

No	Type of Tax	National Large Taxpayers Tax Revenue, IDR million	Due Date

1	Corporate Income Tax (Article 25 and Article 29)	97,996,240	15th day of the following month, the end of the fourth month the following year
2	Domestic VAT	102,210,318	The end of the following month
3	International VAT	74,210,344	Same day
4	Other VAT	119,197	The end of the following month
5	Domestic Tax on Sales of Luxurious Goods	8,175,114	The end of the following month
6	International Tax on Sales of Luxurious Goods	3,751,155	Same day
7	Other Tax on Sales of Luxurious Goods	3,743	The end of the following month
8	Income Tax Article 21	24,506,109	10th day of the following month
9	Income Tax Article 22	1,616,086	The following day
10	Income Tax Article 22 Import	20,964,933	Same day
11	Income Tax Article 23	9,713,508	10th day of the following month
12	Income Tax Article 26	18,917,523	10th day of the following month
13	Income Tax Final	23,943,371	10th day of the following month
14	Stamp Duties	66,267	Same day
15	Sales of Stamp Duties	1,075,986	Same day
16	Other Indirect Taxes	44	Same day
	Overall	*388,070,243*	

Source: Directorate General of Taxes, 2011

The interest rate used in the calculation is the interest rate of working capital loans from banks to corporations. The reason behind this selection of interest rate is that the interest-free money held by taxpayers before it is paid to the government is similar to an additional working capital otherwise obtained in the form of bank loans. The rate used is the unweighted average rate of working capital loans from state banks, regional government banks, private national banks, foreign bank and joint banks, and commercial banks, whose data are obtained from the Indonesian central bank (BI, Bank Indonesia, 2012); which is 12.67%.

Using the above formula and data, the cash flow benefits in 2010 are estimated to be IDR2,898,544 million or 23.60% of the gross compliance costs.

5.5 Tax Deductibility Benefits

Tax deductibility benefit arises because taxpayers have to spend a certain amount of money in fulfilling their tax obligations (which is synonymous with the term *compliance costs*). In turn, these costs are deductible from the taxable income, meaning that by meeting tax laws, taxpayers can actually reduce their taxes. In aggregate terms, tax deductibility benefits therefore equals the applicable income tax rate times the compliance costs.

The current rate of corporate income tax is 25 per cent, so the estimated tax deductibility benefits are 25 per cent of the national compliance costs of IDR12.18 trillion, or IDR3.05 trillion.

5.6 Net Compliance Costs

Based on the above analysis, the net compliance costs are estimated at IDR 6.335 trillion, or around 1.63 per cent of tax revenue, and 0.10 per cent of Gross Domestic Product, as presented in Table 22.

Table 22 Net Compliance Costs in Monetary terms, and as a Percentage of Tax Revenue and Gross Domestic Product

No.	Items	Amount, IDR trillion
1	Gross Compliance Costs of Large Taxpayers, IDR trillion	12.280
2	Cash Flow Benefits, IDR trillion	2.898
3	Tax Deductibility Benefits, IDR trillion	3.046
4	Net Compliance Costs, IDR trillion	6.335
5	National Tax Revenue from Large Taxpayers, IDR trillion	388
6	GDP in 2010	6,422
	Net Compliance Costs as Percentage of Tax Revenue	*1.63*
	Net Compliance Costs as Percentage of GDP	*0.10*

Source: First author's calculation, Biro Pusat Statistik 21012, Directorate General of Taxes 2012

5.7 The Attitude toward Tax Reform and the Effect of Tax Reform on the Compliance Costs

Related to tax reform, respondents are asked about their attitude toward tax administration in general; their experience in current tax office where they are registered; and their interaction with the ARs. The results show that the tax reform is beneficiary for taxpayers, as indicated by the responses that follow:

- Almost all (97%) respondents agree that tax system is now better compared to that before the reform
- A vast majority (90.3%) of respondents agree with the statement that information system in tax office is now better
- More than half (55.6%) respondents agree that obtaining tax ruling or classification is now easier, with 39.4% respondents neither agree nor disagree
- With varying degrees, more than half of respondents find that several aspects in the tax offices, namely the easiness of tax return submission, the competency of the tax officers, the service, and the audit process, are now better
- Regarding the closer guidance and supervision to the taxpayers, 53.6% of respondents say that it does not affect the compliance costs, with more respondents (13.8%) saying that it reduces these costs than otherwise (8%).

6 INTERNATIONAL COMPARISON

It should be noted here that international comparison is presented in order to confirm the broad findings of the research, and not to identify the differences, as suggested by Sandford (1995, p. 407).

Any international comparison is fraught with difficulty because of differing tax systems, tax culture and socio-economic characteristics, to name a few.

In general, the findings on the compliance costs in Indonesia are coherent with the international context. Common features of compliance costs internationally as suggested by Pope (2003, p. 210) is that the costs are significant; they are regressive; and they are (beginning to be) considered in the political process. The compliance costs of large corporate taxpayers in Indonesia account for 3.16% of tax revenue; which is well in the range of the international typical figures of two to ten per cent of each country's respective tax revenue (Evans 2008, p. 458). The Indonesian estimate is broadly comparable in terms of its compliance costs to tax revenue ratio for large businesses with three developed countries, namely the Netherlands at 4% (Allers 1994), the United States at 3.2% (Slemrod and Venkatesh 2002) and Canada at 2.7% (Erard 1997). However, it is significantly lower compared to 11.4%-23.7% for public companies' income tax in Australia (Pope and Fayle 1991) or 9.3% for businesses' overall taxes in Australia (Evans et al. 1998).

The gross compliance costs estimate for large corporations in Indonesia in 2010, namely 3.16% of tax revenue, is relatively higher compared to those of other Asian countries such as 0.36% in Malaysia (Loh et al. 1995), 0.4% in Singapore (Ariff, Loh, and Talib 1995), and between 0.62% and 0.72% in India (Chattopadhyay and Das-Gupta 2002).The United Kingdom is lower than Indonesia with corporation tax compliance costs accounting for 2.22% of tax revenue from corporations (Sandford, Godwin, and Hardwick 1989).

The costs are also regressive; again, confirms with international context as shown by Evans (2008, p. 458).

The gross compliance costs of large corporate taxpayers as a percentage of GDP in Indonesia are 0.19%. This figure is lower than that in other countries where similar estimates have been made, such as in New Zealand 2.5% (Sandford and Hasseldine 1992), the Netherlands 1.5% (Allers 1994), Australia 1.02% (Evans et al. 1998) and Canada 0.4% (Plamondon and Zussman 1998).

7 LIMITATIONS

This paper discusses the compliance costs of large corporate taxpayers in Indonesia. In this research the definition of "large taxpayers" does not refer to the exact parameter such as the amount of total assets or turnover; rather, it is defined as the taxpayers that are registered in the Large Taxpayers Offices (LTOs) and Medium Taxpayers Offices (MTOs) in Indonesian tax administration. There is a more exact definition of large companies, which is provided by the Indonesian statistical bureau. However, the data from this agency does not include other supporting features such as the identity of the companies from which the sample could be drawn or the corresponding revenue for each type of tax that is useful in data analysis. Nevertheless, Section 4.4 demonstrates that the data set from both sources is similar.

The compliance costs investigated here are those of large companies only. The costs of medium and small companies, as well as individual taxpayers, need to be explored to obtain a more thorough picture of the tax compliance costs of Indonesian taxpayers. Future studies are needed in these areas.

In addition, the response rate of this research is somewhat low at 8.2%, which is lower than that of other Asian countries such as Malaysia at 16% (Loh et al. 1995), Singapore in 1994 at 23% (Ariff, Loh, and Talib 1995) and in 1996 at 20% (Ariff, Ismail, and Loh 2002), and Hong Kong at 12% (Cheung et al. 1999). Only India has a lower response rate of 1.15% (Chattopadhyay and Das-Gupta 2002). However, with a total number of respondents of 246, the level of statistical confidence in this first (published) Indonesian tax compliance costs study is arguably sound.

8 CONCLUDING REMARKS

There are a number of conclusions that could be drawn from the analysis. First, the average compliance costs of large companies in Indonesia is IDR420 million in 2010 (around A$55,000 per year with the December 2010 exchange rate); with the majority of the costs being payment to companies' staff. Secondly, the components of the costs comprise routine and non-routine costs 86% and 14%, internal and external costs 73% and 27%, and computational and planning costs 73% and 27%, respectively. Thirdly, the compliance costs are clearly regressive in terms of the number of employees, annual turnover, total assets and tax payments. Fourthly, the gross and net national compliance costs of large companies account for 3.16% and 1.63% of tax revenue from that segment of taxpayers and 0.19% and 0.10% of the Gross Domestic Product, respectively. Next, the cash flow benefits and tax deductibility benefits offset the gross compliance costs significantly with 24% and 25% savings respectively. Finally, the tax reform appears to be beneficial for taxpayers, although the closer guidance and supervision to the taxpayers does not seem to affect the compliance costs.

Although comparison with other countries could be misleading due to vast differences among tax system, preliminary data suggest that the costs in Indonesia are higher than in other Asian countries, but are comparable with that in developed economies.

Being the first quantitative research in the compliance costs in Indonesia, the findings could be beneficial both for the government in forms of better understanding and awareness; and for the taxpayers in general to better position themselves in discussions with the Indonesian Government and the tax administration now that the costs are known. Future research in other aspects such as the costs for individual or small and medium business taxpayers is expected.

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Appendix 1 Summary of Compliance Costs Studies From 2000 in Chronological Order

No	Year of publication Year reviewed	Author(s) Country Studied	Taxes Taxpayers	1. Methodology 2. Sample frame 3. Respondents 4. Response rate (%)	Major results
1	2002 2001	Slemrod Venkatesh United Sates	Income Tax Large and Mid-Size Businesses	1. Mail survey 2. 2,500 3. 225 4. 9	Average CC increase with increasing size of business CC is regressive in terms of size Proportion ranking: internal personnel, external assistance, internal non-personnel Average CC is $134,954 Total CC national is $29.9m billion, 25% for state taxes and 75% for federal taxes CC is 28%-29% revenue
2	2002 2002	Evans, Tran-Nam, Jordan Australia	Tax Value Method Business taxpayers	1. Case study 2. n/a 3. 40 4. n/a	Transitional costs for business taxpayers in average: large $757,859, medium $4,192, small $8,467 Psychological costs not possible to quantify Transactional costs for tax practitioners in average: large $821,190, medium $707,487, small $50,333 Majority of businesses and practitioners say no recurrent costs
3	2002 2000	Hasseldine and Hansford U.K.	VAT Businesses	1. Mail survey 2. 6,232 3. 1,449 4. 23	Increased CC are strongly linked to business size Three industries (manufacturing, dealing, and service) face lower CC compared to others Businesses with computer face higher CC than ones without
4	2002 2000-2001	Chattopadhyay and Das-Gupta India	Income tax Companies	1. Mail survey and direct delivery 2. 3700 and 200 3. 23 and 28 4. 1.15%	Gross CC between 5.6 and 14.5% of tax revenue Tax deductibility benefits and cash flow benefits range from minus 0.7% and plus 0.6% of corporation tax revenue Gross and net CC are regressive Tax ambiguity, complexity, and instability are major contributions of CC
5	2002 2000-2001	Chattopadhyay and Das-Gupta India	Income tax Individuals	1. Mail survey 2. 5,435 3. 128 4. 2.17%	CC 49% of tax revenue or 0.8% of GDP CC are regressive Incidents and amount of bribe are high Harassment is serious problem in India Psychic costs are 20% addition to CC
6	2003 2002	Evans UK and Australia	Capital gains tax individuals	1. Mail survey (a) Australian and (b) UK 2. (a) 321 (b) 320 3. (a) 94 (b) 89 4. (a) 29% (b) 28%	CC are high as regard to the amount of tax, revenue collected, CC in the past, and CC of other taxes CC are higher than other taxes because of complexity, frequent legislative change, record-keeping requirements, cost base issues, valuation issues, poor legislative drafting CC are regressive Because of frequent changes, CC has not fallen over time
7	2003	CPA Australia Australia	Business taxes Small businesses	1. Interview with a. Small businesses, b. CPA 2. n/a 3. 701 and 105	Annual income tax return is prepared by: external accountant 79%, proprietor 15%, staff 12% Other tax returns prepared by external accountant 32%, proprietor 23%, staff 23%

				4. n/a	In past two years, 30% of respondents and 89% of consultants say the costs of compliance of taxes increase
8	2003 2000-2001	Guyton, O'Hare et al. United States	Income tax Individuals (wage & Investment (WI) and Self-employed (SE))	1. Interview 2. n/a 3. 6,366 WI and 9,081 SE 4. 60.5% WI and 56.4% SE	National CC is 3.21 billion hour and $18.8 billion Average CC for SE taxpayer is greater than WI taxpayer Time spent rank: software-tax professionals-self prepared returns Money spent rank: professionals-software-self prepared If time spent is monetized, total CC is $67-99 billion
9	2004 2000	Klun Slovenia	Income tax Individuals	1. 50% mail, 50% visit 2. 350 3. 222 4. 64	Average time spent 1.7 hours Costs vs. revenue ratio: 2.5% Time cost is 89.6% of CC CC as % of income is regressive
10	2004 2002	Klun Slovenia	Income tax Companies	1. Mail survey & interview 2. 200 3. 126 4. 64	Average CC per company is 1,507 thousand SIT CC is 4.22% of tax revenue CC is 1% of GDP Structure of costs: labour 57.8%, consultation 26.1%, others 16.1% Structure of costs based on tax: VAT 66.9%, CIT 23%, deducted tax 10%
11	2004 2001/2002	Blazic Croatia	All taxes Small businesses	1. Interview 2. n/a 3. 257 4. n/a	CC is 0.8% of GDP CC is almost 100% of tax revenue The biggest proportion of CC is VAT Psychological cost not significant CC is regressive in terms of number of employees and turnover Time of owner is the biggest contributor of CC
12	2004 2003	Alexander, Bell et al. New Zealand	All compliance costs Small business	1. Direct measurement through 13-week diary 2. 70 3. 25 4. 36	The most CC relate to taxes Most CC do not benefit the businesses Preparing GST and PAYE returns are dominant in taxes-related CC
13	2005 2003	Brunton New Zealand	All taxes Small and medium enterprises	1. Mail survey 2. 5620 3. 1,907 4. 44-45	Internal costs, average 76.7 hours (56.3 owners, 18.4 paid employees, 3.4 unpaid helpers) Internal hours based on taxes: GST 44.2, Income tax 29.2, PAYE 27.5, FBT 12.8 hours Monetized time spent, average $1,224 Monetized time spent based on taxes: GST $1.852, PAYE $937, FBT $416 External costs: 80% use it Mean external costs: $1,465 External costs based on taxes: GST $480, Income tax $1,202, PAYE $141, FB $149 Combined internal and external, average $4,024 Psychological: 51% less than moderate stress, 24% moderate, 23% more than moderate stress
14	2005 2004	J. Scott Moody Wendy P. Warcholik, Scott A. Hodge	Federal taxes Individuals, businesses, non-profits	1. Estimation based on IRS data 2. n/a 3. n/a 4. n/a	Total CC=$265.1 billion Costs for businesses $148 billion (56%), individuals $111 billion (42%), non-profits $7 billion (2.5%) CC is regressive

					CC is 22% of tax revenue The states with highest CC per capita: Wyoming, Delaware, and Colorado The lowest: Mississippi, West Virginia, Tennessee
15	2005	Chittenden, Kauser et al. UK	PAYE-NIC taxes Small businesses	1. Mail survey 2. 10,000 3. 431 4. 4.31	CC is regressive in terms of the number of employees The bigger the company, the more costs relate to internal staff CC per employee range from £335 (smallest companies to £21 (biggest companies) Psychological costs range from £458 to £18 Opportunity costs range from £402 to £17
16	2006 2003	Peter Merrill Qiang Ma Fritz Scheuren Ali Mustaq Joel Slemrod Brian Erard United States	Retail taxes All taxpayers	1. Mail survey 2. 13,872 3. 796 4. 8	Gross CC=3.09% of national sales tax Gross CC=0.19% of taxable sales Average gross CC for small businesses is $2,388; medium $5,279, and large $118,233 CC for small businesses is six times larger than larger businesses in term of tax collected and taxable sales Benefits for businesses are vendor discount and net float Vendor discount is 0.5% of sales Net float is 0.1% of sales Overall vendor discount + net float is 19% of gross CC Top three costs are preparing returns, documentation, training
17	2006 2004	DeLuca, Stilmar et al. United States	All taxes Small businesses	1. Mail survey and interview 2. 20,000 3. 7,243 4. 36.2	Total time spent 1,709-1,944 million hours, average 236-255 hour per company Total money spent $14,976-16,411 million, average $2,068-2,266 Time spent rank: record keeping, paid professionals, tax planning time Money spent rank: paid professionals, software, others Money spent per employee: 349-383 hours Monetized time and money spent: $1,346-1,458 per company As % of revenue: money spent 0.2-0.3%, money + time 0.9-1% As % of total asset: money spent 0.4-0.5%, money + time 1.6-1.8% As % of tax receipt: money spent 0.2-0.3%, money + time 0.9-1%
18	2006 2005	Skatteverket Sweden	VAT companies	1. Mail survey and interview 2. 5,463 3. 2,077 4. 43	National CC is 6.3 SEK thousand millions; 73% of 0-4 employees businesses and 4% of more than 500 employees businesses Average CC 9,516 SEK Structure of internal CC: preparation 27%, filling returns 62%, finishing 12% CC is 3% of VAT revenue
19	2006 2003	Jrbshyan and Harutyunyan Armenia	All taxes Companies	1. Interview 2. 1300 3. 328 4. 25.2	CC is regressive in terms of number of employees and sales volume Industry sector account the biggest average CC compared to other sectors

					Information gathering costs and measurement costs account for the biggest components of CC CC is 1.1% of GDP CC is 11.5% of tax revenue
20	2007 2006	The Investment Climate Advisory Service South Africa	All taxes Small businesses	1. Electronic survey 2. 27,747 3. 3,429 4. 15.75	Recurring burden (preparing returns) is larger than once-off burdens (audits, inspections, objections) Basic service of tax accounting costs R12,185 in average per year Total service costs in average R36,343 per year Most burdensome tax is provisional tax
21	2008 2007	Charron, Chow et al. Canada	All taxes companies	1. Internet mail questionnaires 2. n/a 3. 6,939 4. n/a	Global CC amounts to $12.6 billion per year; of that 90% is on small and medium companies Average CC per company is $18,321/year CC is regressive in terms of number of employees In terms of time and money, the most consuming is payroll taxes, followed by income tax and GST CC is 2.7% of tax revenue The biggest contributor of CC is the amount of paperwork
22	2009 n/a	Reekmans and Simoens Belgium	All taxes Small businesses	1. internet mail questionnaires 2. 10,300 3. 151 4. 1.87	VAT, social security tax, and income tax account for 82% of CC; VAT alone is 50% 0f CC Average CC is £17,457 Total CC is 5.07% of value added CC is regressive in terms of the number of employees Based on sectors, hotels and restaurants have highest CC per company; construction is the lowest
23	2009 2007	Investment Climate Advisory Services Ukraine	All taxes Companies Proprietors	COMPANIES: 1. Interview 2. 8,000 3. 2,082 4. 26 PROPRIETORS: 1. Interview 2. 2,678 3. 1,004 4. 43	COMPANIES: Average time required per year is 1,335 hours Largest component of CC is staff time Costs ranking: tax accounting, visit to tax office, inspections Taxes ranking: VAT, profit tax, pension funds Average CC is $3,769 per company CC is regressive in terms of turnover Total CC is 1% of GDP PROPRIETORS: Average time used: 155 hour Large component is owners' time Costs ranking: tax accounting, visit, inspections Tax ranking: personal income tax, fixed taxpayers Average CC is $438 CC is regressive in terms of turnover
24	2009	EU Project European countries	Cross border taxes under two different three regimes (current, CCTB and CCCTB) Medium and Large companies	1. Expert calculation on different scenarios in 6 countries 2. n/a 3. n/a 4. n/a	For large companies, CCTB could save 9.84% time and 2.64% money in CC. CCCTB could save 69.5% time and 62.35% money For medium companies, CCTB could save 10.74% time and 0.54% money. CCCTB could save 71.12% time and 0.18% money

25	2010	The World Bank Group Yemen	All taxes Small businesses	n/a	Internal report, not published
26	2010	The World Bank Group Peru	All taxes Small businesses	n/a	Not yet published
27	2011 2000	Mathieua, Pricea et al. UK	All taxes Individuals	1. Mail survey 2. 1,000 3. 320 4. 32	Average time is 4.5 hours a year More than 27% use tax consultants Total CC is £285 Positive correlation of CC and income, education, and difficulty in attending to tax affairs Age and marital have no effect on CC

Note: CC=Compliance Costs
n/a=not available

Sources: various (Slemrod and Venkatesh 2002; EU Project on Corporate Tax Compliance Costs 2009; Charron, Chow, and Halbesma 2008; DeLuca et al. 2007; Merrill et al. 2006; Alexander, Bell, and Knowles 2004; Lobo, M. Salinas-Jiminez, and Sanz Sanz 2001; Pope and Rametse 2002; Evans, Tran-Nam, and Jordan 2002; Hasseldine and Hansford 2002; Tran-Nam and Glover 2002; Cordova-Novion and De Young 2001; Evans 2003; CPA Australia 2003; Guyton et al. 2003; Klun 2004; Blažić 2004; Brunton 2005; Chittenden, Kauser, and Poutziouris 2005; Austan and Jonathan 1999; Skatteverket 2006; Jrbashyan and Harutyunyan 2006; The Investment Climate Advisory Service 2007; Reekmans and Simoens 2009; The Investment Climate Advisory Service 2009; Coolidge 2010; Mathieua, Pricea, and Antwib 2010; Moody, Warcholik, and Hodge 2005; Chattopadhyay and Das-Gupta 2002, 2002)