

PAYING TAXES

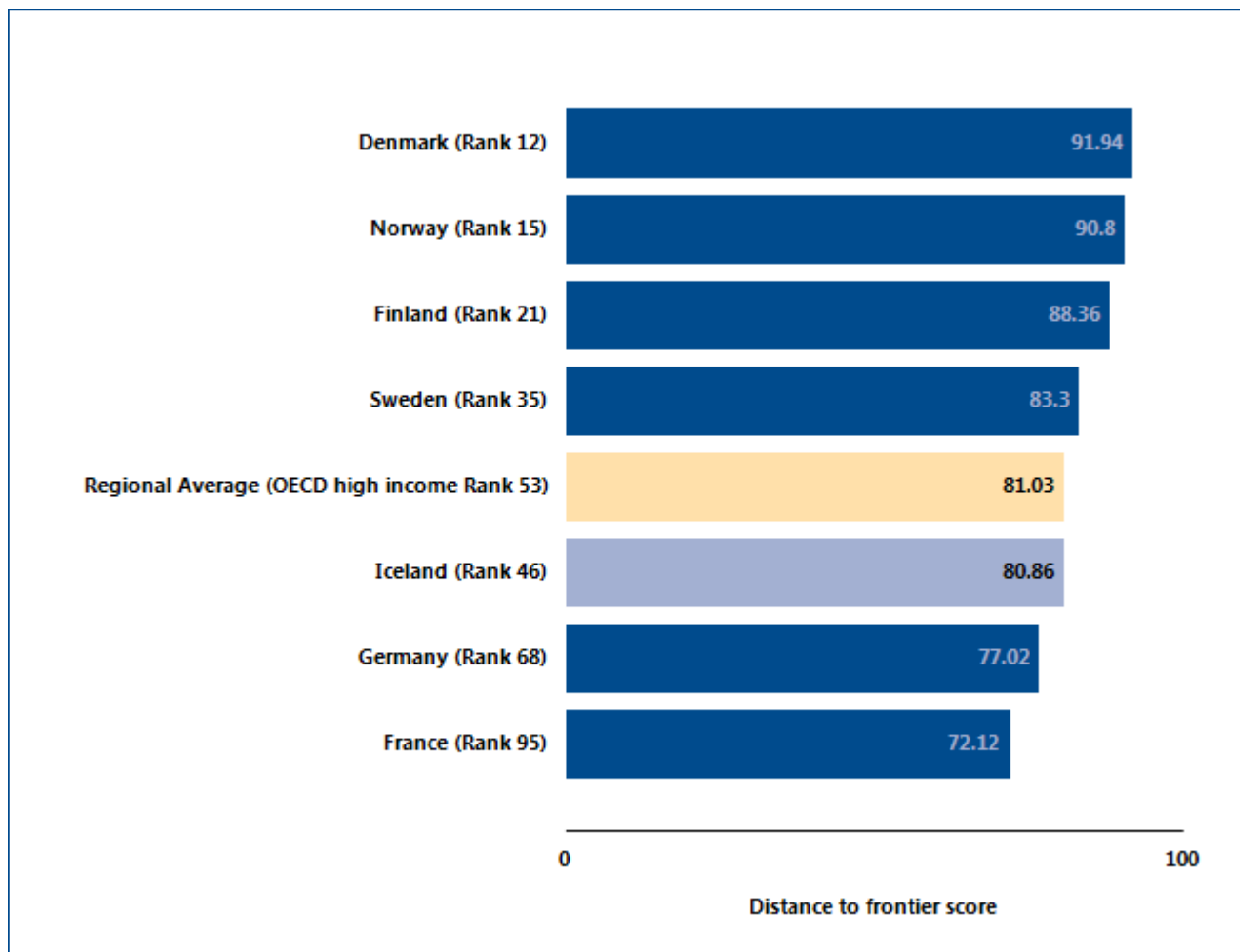
Where does the economy stand today?

What is the administrative burden of complying with taxes in Iceland—and how much do firms pay in taxes? On average, firms make 26.0 tax payments a year, spend 140.0 hours a year filing, preparing and paying taxes and pay total taxes amounting to 29.7% of profit (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the

2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, Iceland stands at 46 in the ranking of 189 economies on the ease of paying taxes (figure 8.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing the tax compliance burden for businesses in Iceland.

Figure 8.1 How Iceland and comparator economies rank on the ease of paying taxes



Source: Doing Business database.

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Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought

concrete results. Some economies simplifying tax payment and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in Iceland (table 8.1)?

Table 8.1 How has Iceland made paying taxes easier—or not?
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
DB2010	Iceland made paying taxes less costly for companies by reducing the corporate income tax rate.
DB2011	Iceland increased the corporate income tax rate from 15% to 18% and raised social security and pension contribution rates.
DB2012	Iceland made paying taxes easier and less costly for firms by abolishing a tax.
DB2013	Iceland increased the corporate income tax rate.
DB2014	Iceland made paying taxes easier for companies by reducing employers' social security contribution rate and abolishing the weight distance tax—though it also introduced a new rehabilitation fund contribution.

Note: For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.