



FACULTEIT ECONOMIE
EN BEDRIJFSKUNDE

TWEEKERKENSTRAAT 2
B-9000 GENT
Tel. : 32 - (0)9 - 264.34.61
Fax. : 32 - (0)9 - 264.35.92

WORKING PAPER

A survey on tax compliance costs of Flemish SMEs:
Magnitude and determinants

Bilitis Schoonjans
Philippe Van Cauwenberge*
Catherine Reekmans
Gudrun Simoens

February 2011

2011/707

* Corresponding author: Philippe.vancauwenberge@ugent.be

A survey on tax compliance costs of Flemish SMEs: Magnitude and determinants

Abstract

This study presents survey evidence on the magnitude and determinants of tax compliance costs in Flemish small and medium-sized enterprises (SMEs). Data were obtained from an internet questionnaire among members of a professional network of Flemish entrepreneurs, called VOKA. Analyzing a sample of 151 Flemish SMEs, we find that the tax compliance costs – exceeding over seven percent of gross added value – are relatively high. VAT, labor taxes and corporate taxes are the main components of tax compliance costs. In addition, our evidence confirms the regressivity hypothesis, according to which smaller companies face relatively higher compliance costs. Furthermore, industry, age and the proportion of blue-collar workers prove to be determining factors of relative compliance costs. Our study concludes by formulating a number of policy recommendations that might contribute to lower compliance costs.