The time, money and effort it takes SMEs to comply

Findings from the 2016 survey of SMEs’ compliance costs

Overview

The findings below offer a snapshot of how much time, money and effort SMEs spend meeting their tax obligations. The survey (n=4,028) was supported by focus groups, to investigate the drivers of compliance. Other snapshots are available, as well as a report of all findings.

Key findings

- The median annual time it takes SMEs to meet their tax obligations; down from 36 hours in 2013
- The median value of that time was $1,573, down from $2,076 in 2013
- Almost half of SMEs say meeting their tax obligations isn’t stressful; slightly more than in 2013
- Most SMEs said the effort to meet their tax obligations was about the same or less than it was the year before
- The most time-consuming tax takes SMEs a median of 14 hours; down from 24 hours in 2013
- Although it has reduced, recording information is still the most time-consuming tax compliance activity across all tax types
- Most SMEs use tax agents or accountants to help them with tax, but few SMEs sought specialist tax advice
- Most SMEs used digital methods like PC-based and web-based software and Excel spreadsheets to maintain their books

Additional insights

The survey was supported by focus groups where business owners were asked about their compliance costs. Findings of interest from this research include:

- Compliance costs were seen to have reduced since 2013, due to better service from IR, less paperwork, and improved online services.
- While Inland Revenue’s efforts to simplify its online services are well-received there are still time-saving improvements to make.
- Setting up solid accounting and payroll systems helps keep businesses on track and makes completing returns and paying tax easier.
- The cost of online accounting systems is less expensive than some SMEs believe (from around $330 p.a.).