

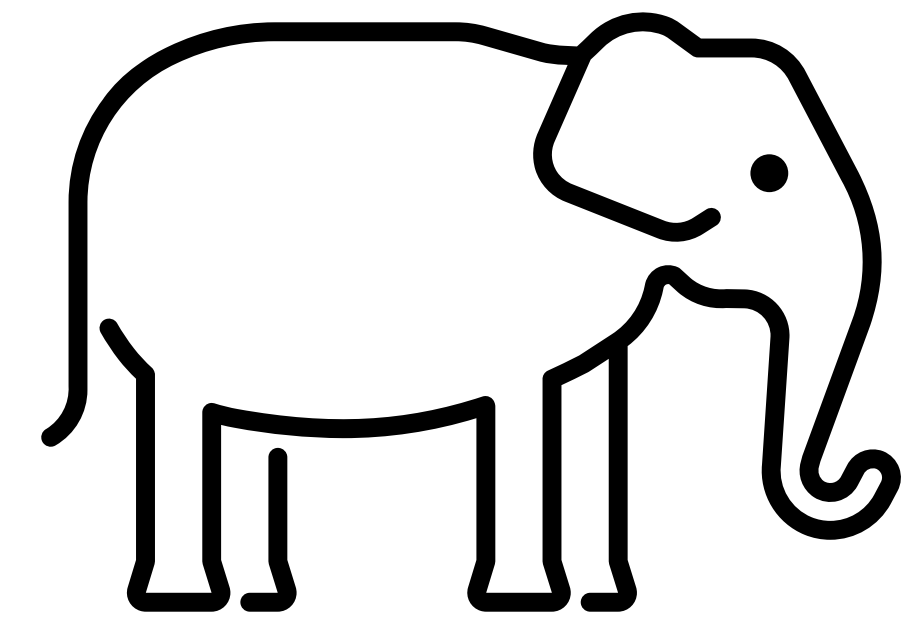
Session 2: Data Requirements for TE Estimation & Evaluation

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Follow-up Technical Meeting on Tax Expenditures
18 September 2023 | Accra, Ghana

Outline

- Identifying the data you have
- Identifying the data you need
- Preparing the data you have for TE evaluation
- Challenges and ways to overcome them



Identifying the (tax) data you have



- Revenue Authorities collect data 24/7
- Data are collected to calculate tax liability
- Starting point – Tax forms
- Regular collection means TE reports and evaluations can be done regularly!

Tax data vs survey data

Data quality (audited/electronic)

Time period (panel)

Depth (many variables)

Low costs of data collection

Full population – all taxpayers

Attrition/missing data

Cross section

(Small) Sample

Demographic

High cost of data collection

Which Tax data are useful?

Almost everything!

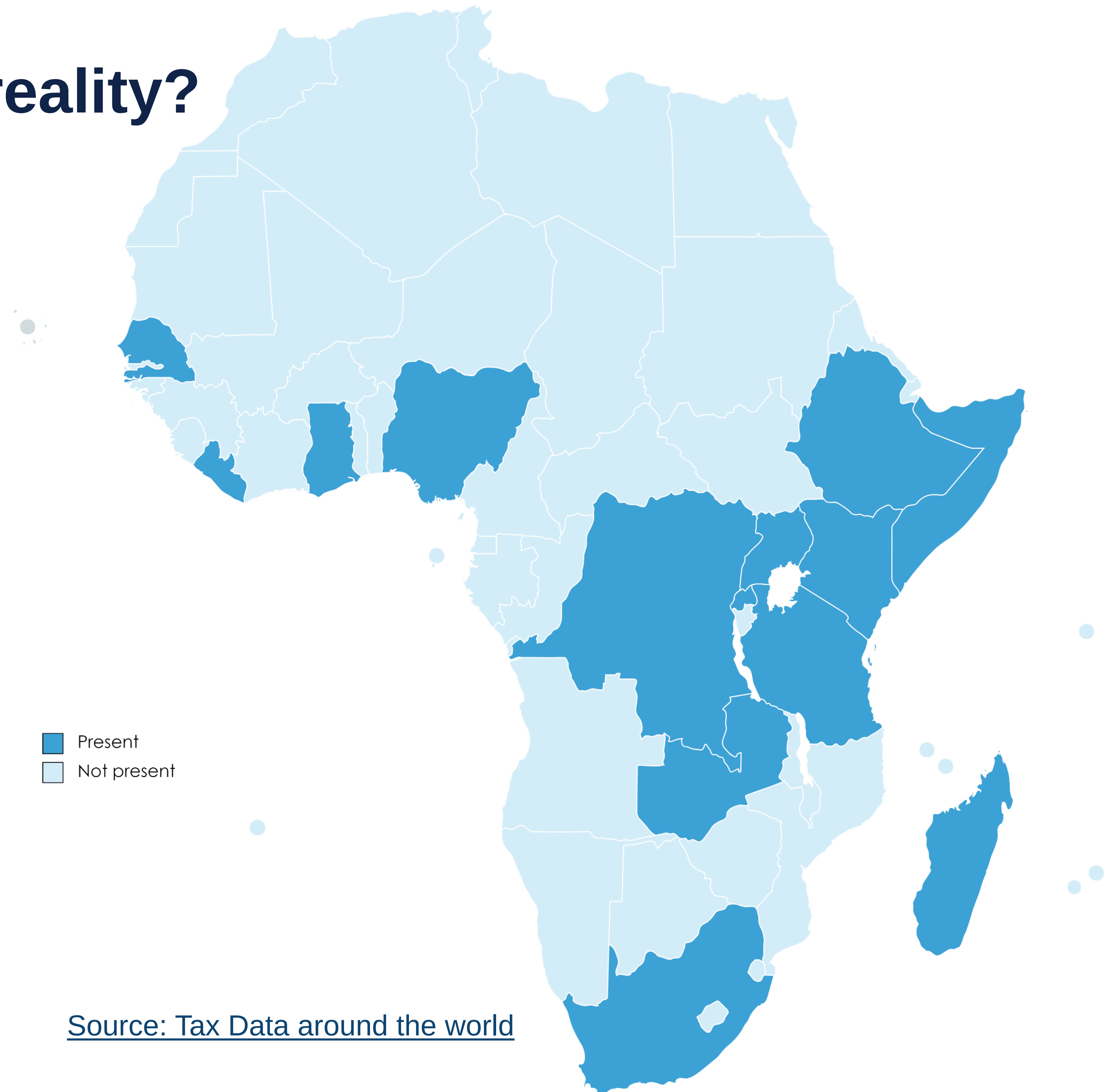
More detailed, the better. Aggregate data is less useful

PAYE, VAT, Customs transactions, CIT, Monthly reporting, Audit data, LTD data...the list goes on!

? How many tax forms does your revenue authority have?

Is the use of tax data a reality?

- YES!
- Limited in West African countries.
- Many have worked with researchers on tax data projects.



Source: Tax Data around the world

Identifying the data you need

What?

- Benchmark
- TE Costing
- Tax Expenditure
 - Direct vs Indirect taxes

How?

- Estimation methods
- Context
- Has this been done before?
- Tax gap: Bottom-up Approach

Data needs!

- Frequency: Obligations to file
- Detailed tax data
- Digitization
- Quality
- Accessibility

Identifying the data you need

Tax data can be used to measure to evaluate a Tax Expenditure.

Direct taxes

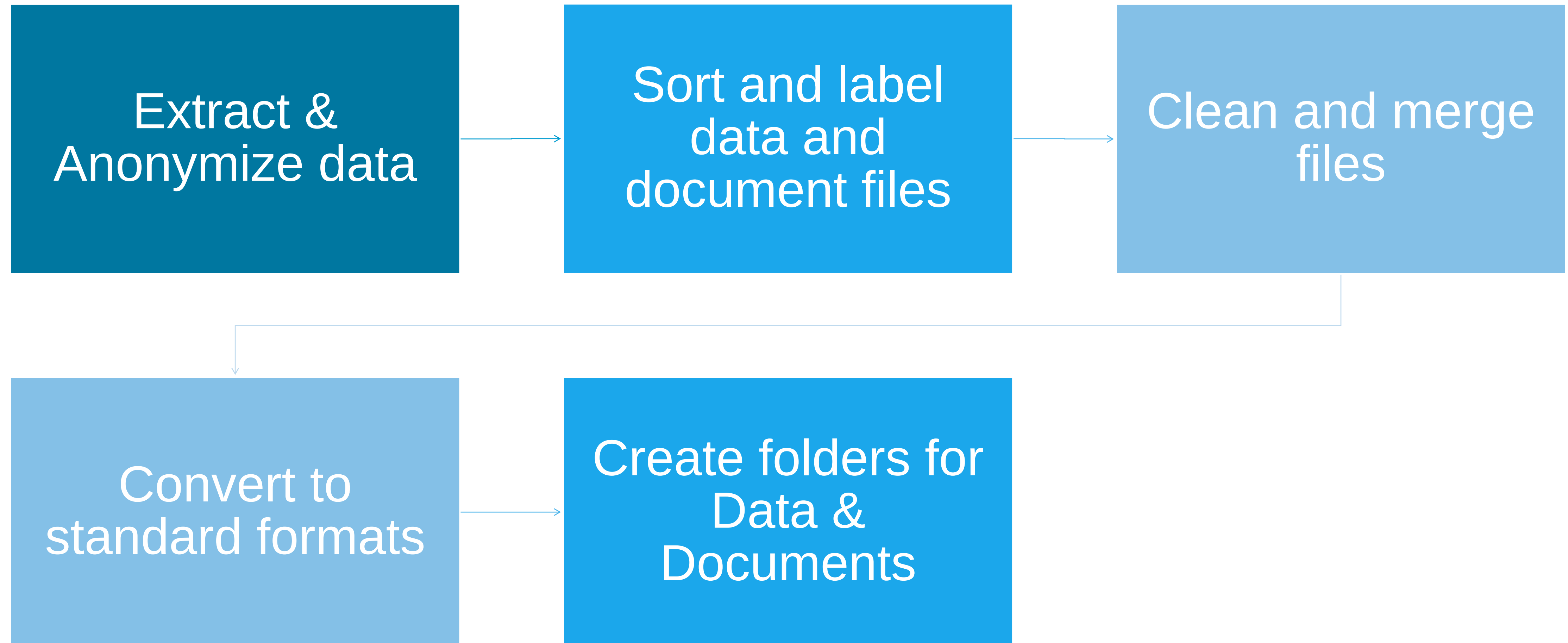
CIT & PIT returns contain annual taxpayer-level declarations, including income, sales, sectors & location

Indirect

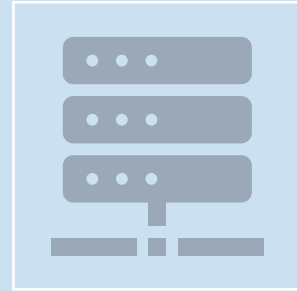
VAT declarations contain regular (monthly, quarterly) taxpayer-level information on VAT due, exempted sales, zero-rated sales, exports, sector, legal status, location, turnover, etc.

Customs declaration includes import and export data at transaction-level information on import tax payable, CIF value of imports, customs duty payable, VAT payable, surtax payable, HS code of the shipment, Customs Procedure Code (CPC), etc.

Preparing your data files for use



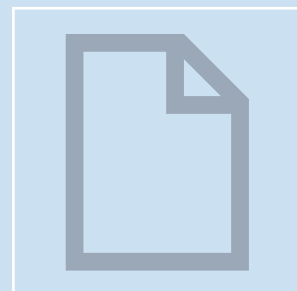
Document and Data File Formats



Data files – commonly-used data format



Document files (administrative forms, code-lists, manuals)



Pdf or Excel formats - easy to upload and use, standard formats

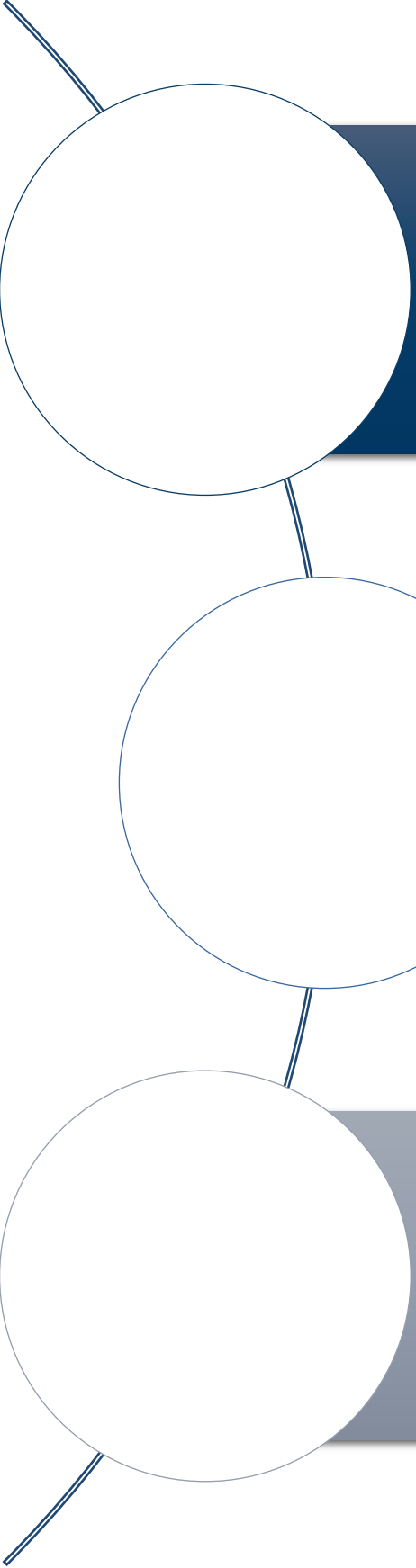
Challenges and ways to overcome them

1. Data collected to calculate tax liability – not always for reporting or research.
 - Data for 2023 is only available in 2024.
2. Data teams are really busy!
 - Identify precisely what you need: Highlight the fields on your Tax forms, make it easy for them
3. Explain the importance/relevance: Required by law, the possibility to improve revenue collection
4. Data Security – Anonymisation, deidentification (See 5 Safes of Sharing Sensitive Data)
5. Lack of governance (coordination, data sharing protocols)

The **ELEPHANT** in the room - the lack of an e-system to file and process the data.

- Digitization of paper records is second best.

Recap



Identify the data in hand versus the data needed

Data preparation ensure data quality and valid inference

Expect data challenges & options

Thank you!

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