



REPOBLIKAN'NY MADAGASIKARA  
Fitiavana - Tanindrazana - Fandrosoana

MINISTÈRE DE L'ÉCONOMIE ET DES FINANCES

# REPORTING ON TE IN MADAGASCAR

MINISTRY OF ECONOMY AND FINANCE

NAIROBI – OCTOBER 2022



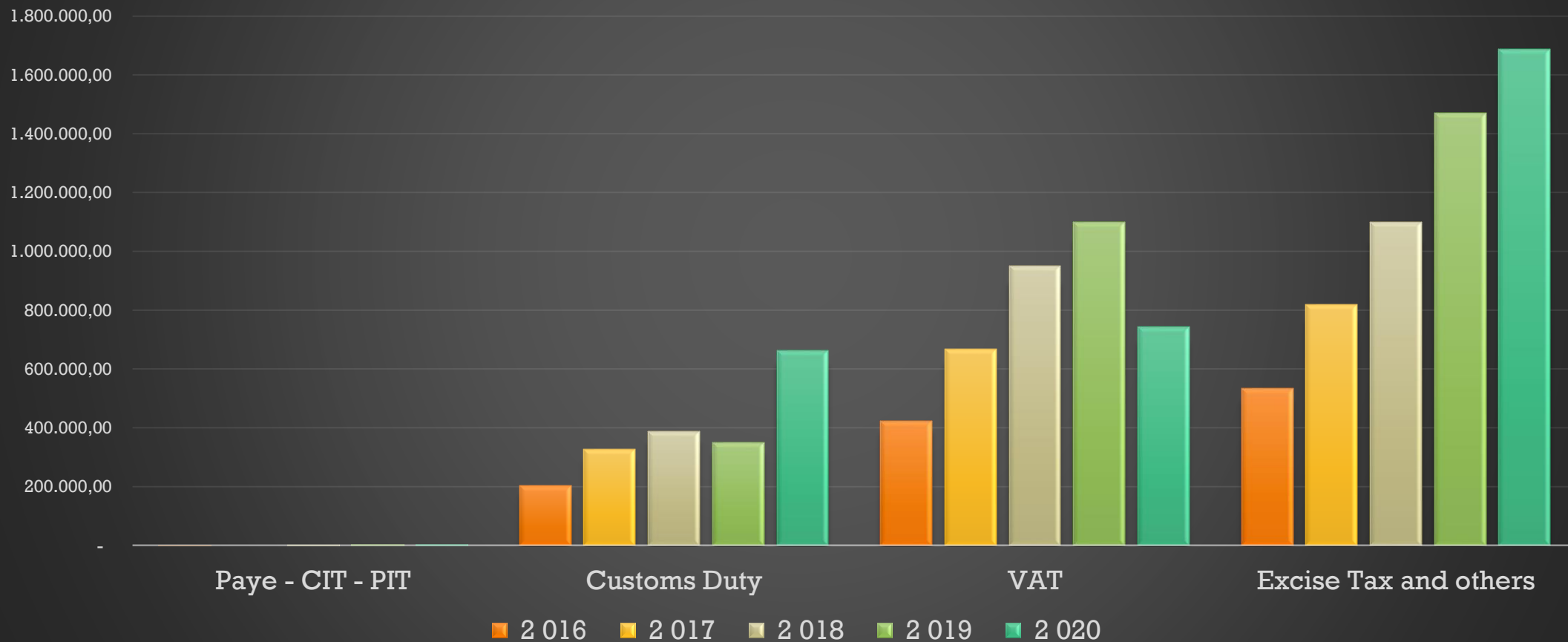
# CONTEXT

- Tax GDP ratio : average of 10,4%
- Malagasy government commitment on work toward improving the “fairness, transparency, efficiency, and effectiveness” of tax systems following the ATI in 2015
- Good policy practice in base broadening focused on analysis of the structure of tax bases, and optimal taxation given a set of policy objectives
- Real need to improve and maximize DRM
- TE : alternative means to support investment and social issues
- Reporting TE since 2015



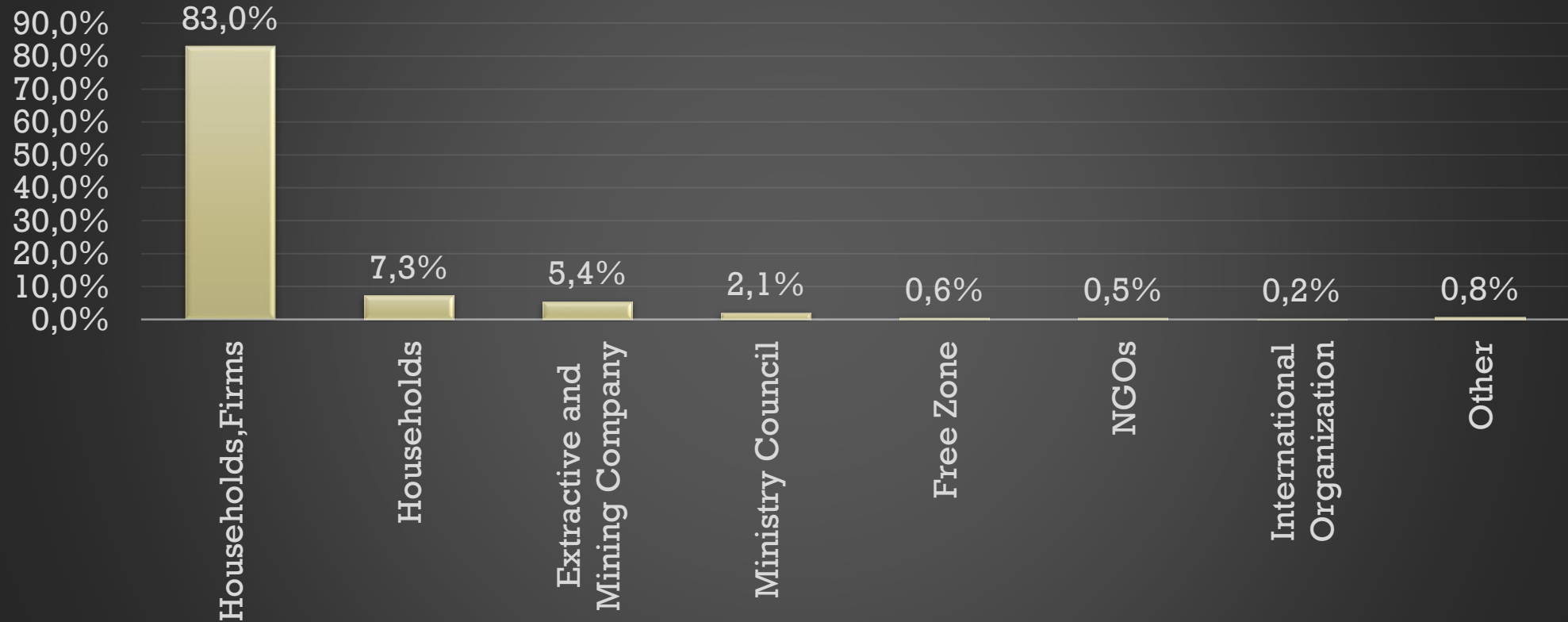
# RESULTS OVERVIEW

## TEs by tax category, 2016 - 2020 (Madagascar)



# RESULTS OVERVIEW

## TE Ratio per Beneficiary



# TE REPORTING IN MADAGASCAR

## KEY POINTS:

BENCHMARK SYSTEM: Deviations from general tax laws

METHODOLOGY: Revenue forgone method

PERIODICITY: Once a year included in budget documents



# TE REPORTING IN MADAGASCAR

**COVERAGE:** All central government taxes

Reports divided in two parts

- ✓ TE assessment in terms of costing
- ✓ Cost benefit and economic analysis

**=>FINAL AIMS :**

- Sensitize all the stakeholders on the impacts, efficiency of taken measures and rationalizing
- Give a rational and quantitative tool for decision makers



# OPPORTUNITIES

- TE can stimulate economics growth and improve well-being
- Transparency over tes cost will help policymakers for their decisions (improving policymaking process on the potential revenue implication of rationalizing ineffective measures)
- Mandatory report/analysis for each new tax law proposal (with rationalization reforms and detailed ex ante economic assessment and eventual follow up)



# CHALLENGES

- No clear mechanism to translate recommendations in TE reports into actual policy changes and most of the taken decisions from the government result from external position rather than TE analysis

*Key solution proposed : draft of a decree on the process of awarding, monitoring and assessing the overall impacts and effectiveness of the Tax incentives (in preparation)*

- Overcoming limitation and data constraints (low quality, not available, unusable etc...)
- Difficulties to remove numerous ineffective and poorly targeted tax incentives measures in place due to external lobbying





# SOME REFLEXIONS ...

Transparency process and very crucial step to make all stakeholders understand the real stakes of the exercise:

- 1 - find balance between best and competitive public policy including tax policy but also improve domestic revenue mobilization.
- 2 - realistically, be aware of the difficulties to eliminate some taxes in light of social objectives and international agreements



**THANK YOU VERY MUCH FOR YOUR ATTENTION**

***MISAOTRA TOMPOKO***



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