

Regional Workshop on Tax Expenditures (Manila)

1-3 March 2023

**GTED** Global Tax  
Expenditures  
Database

# Fossil Fuel Tax Expenditures in Low and Middle Income Countries

Flurim Aliu

**50**

Countries included  
in the OECD FFSs DB

**39**

Additional countries  
covered by the GTED

Pre-fill reporting Templates

Develop Data Gap Indicators

Develop Reporting Checklist

# Countries Reviewed

## Africa Region

Burundi	Madagascar
Benin	Mali
Burkina Faso	Mauritania
Cameroon	Mauritius
DR Congo	Niger
Ethiopia	Nigeria
Guinea	Rwanda
Equatorial Guinea	Senegal
Kenya	Tanzania
Liberia	Uganda
Morocco	

## Latin America Region

Bolivia  
Costa Rica  
Dominican Republic  
Ecuador  
Guatemala  
Honduras  
Jamaica  
Peru  
Puerto Rico  
Paraguay  
Uruguay

## Asia-Pacific Region

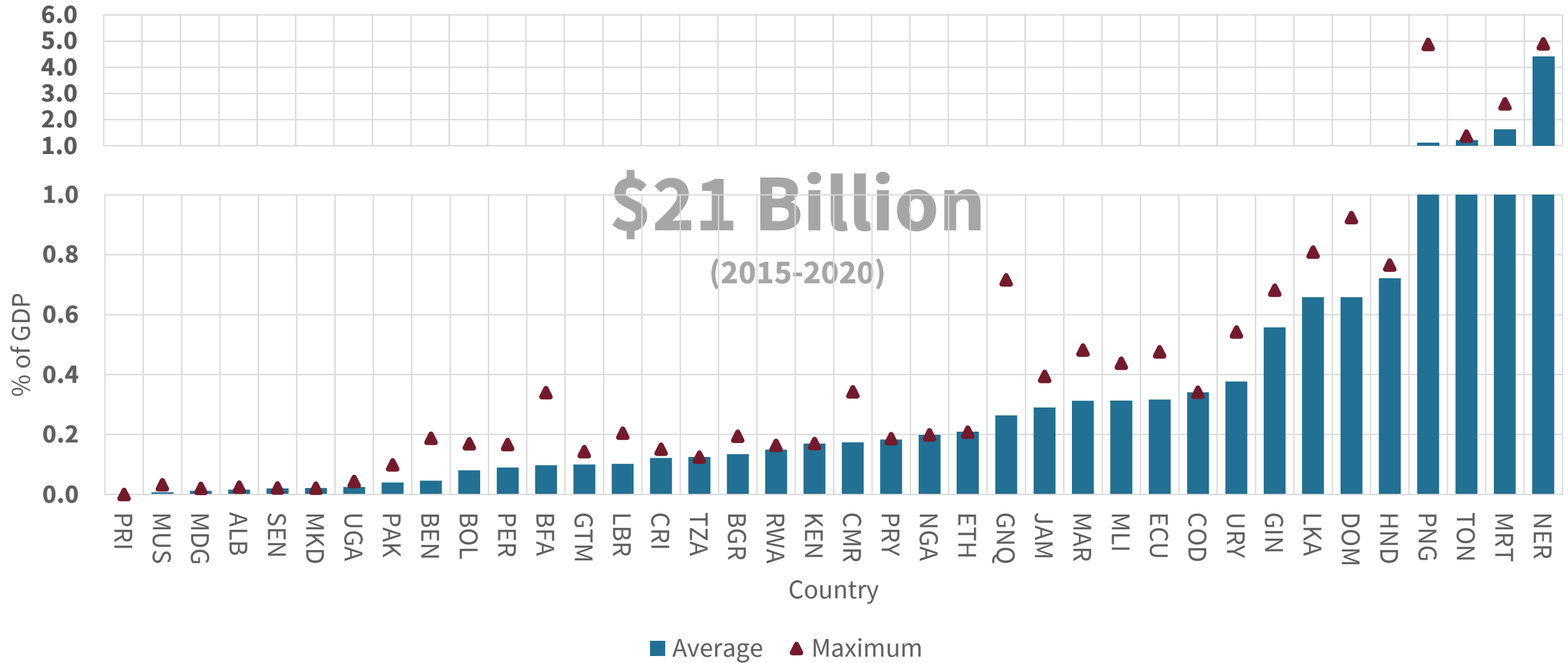
Sri Lanka  
Pakistan  
Papua New Guinea  
Tonga

## Europe Region

Albania  
Bulgaria  
North Macedonia

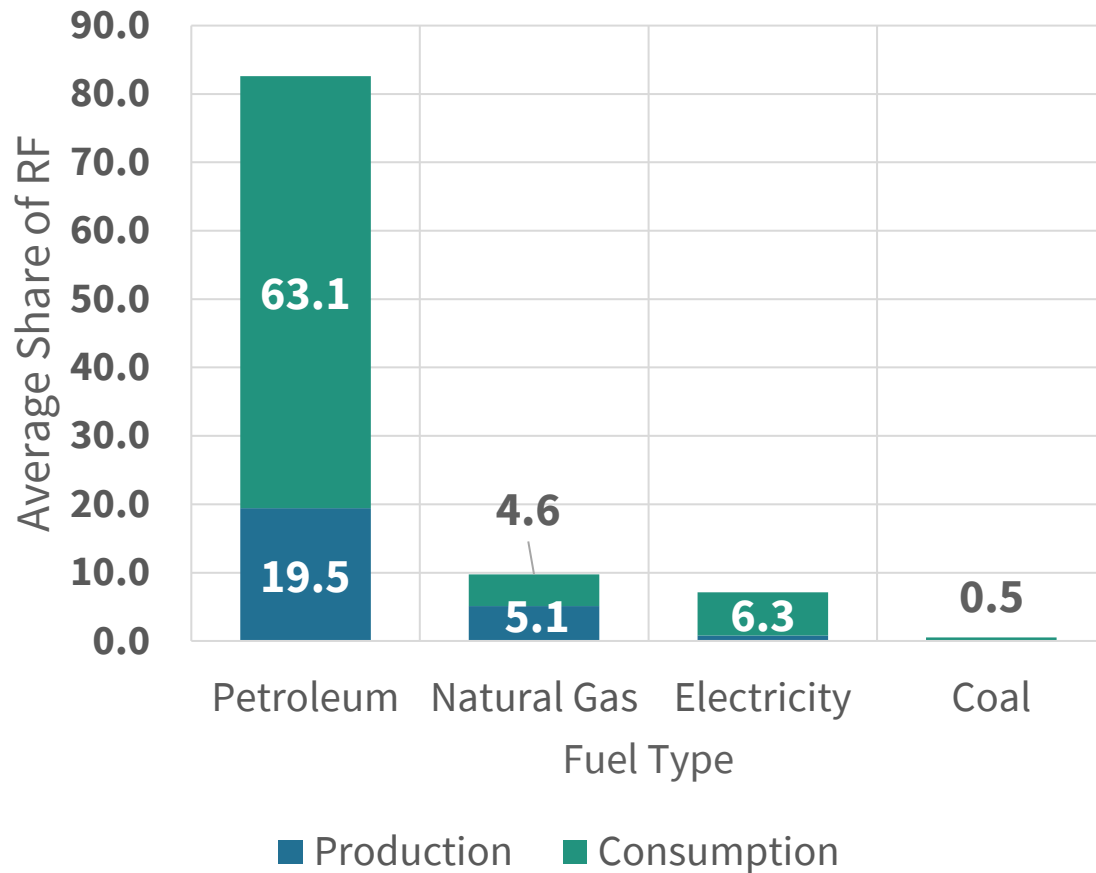
# Key Findings: Structure and Magnitude of FF TEs

# Revenue forgone from FF TEs can reach more than 5% of GDP

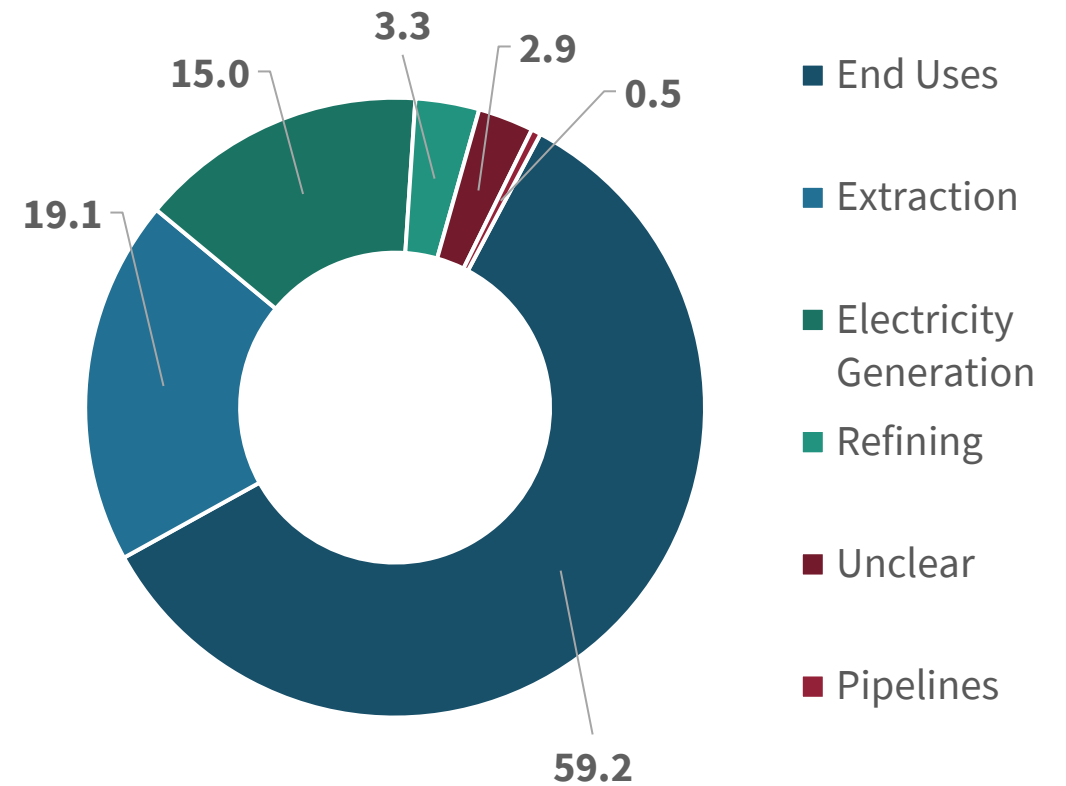


# Most FFSs TEs support petroleum consumption

Production vs. Consumption Support

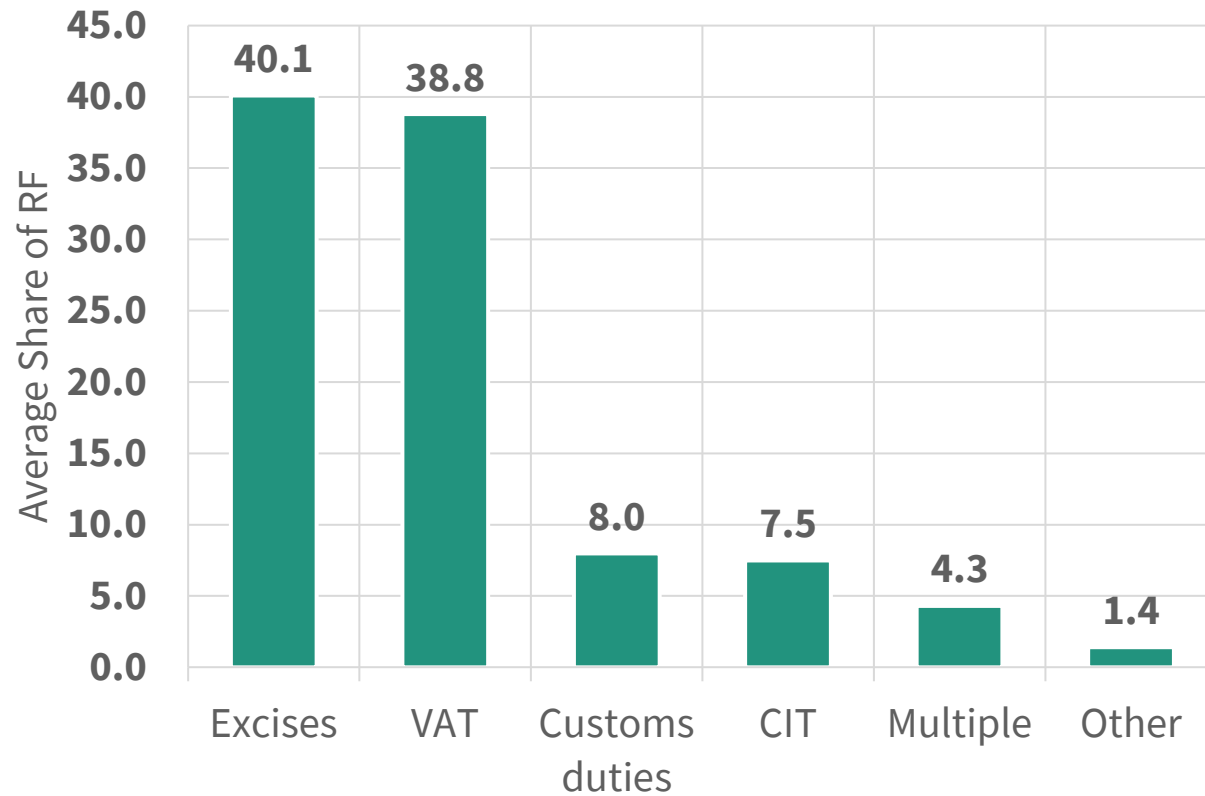


Average Share of FF TE Revenue Forgone by Stage of Support

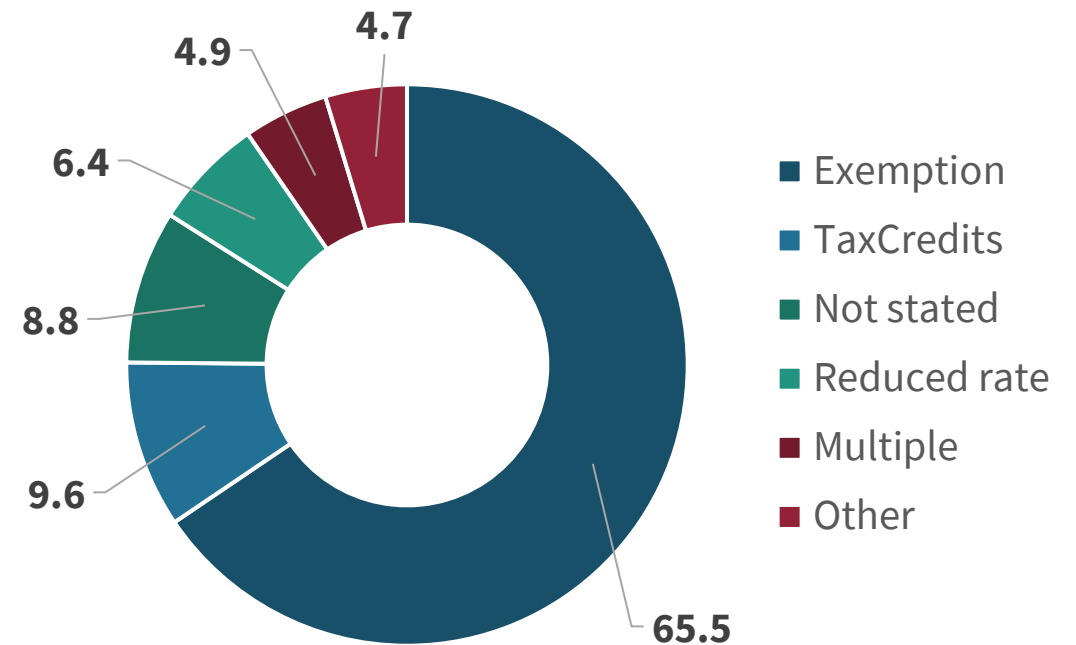


# VAT exemptions are the most common type of FFSS TEs

FF TE by Tax Type



Average Share of FF TE Revenue Forgone by Type of TE



# Key Findings: Data Gaps in FF TE Reporting



# Key Data Gap Dimensions

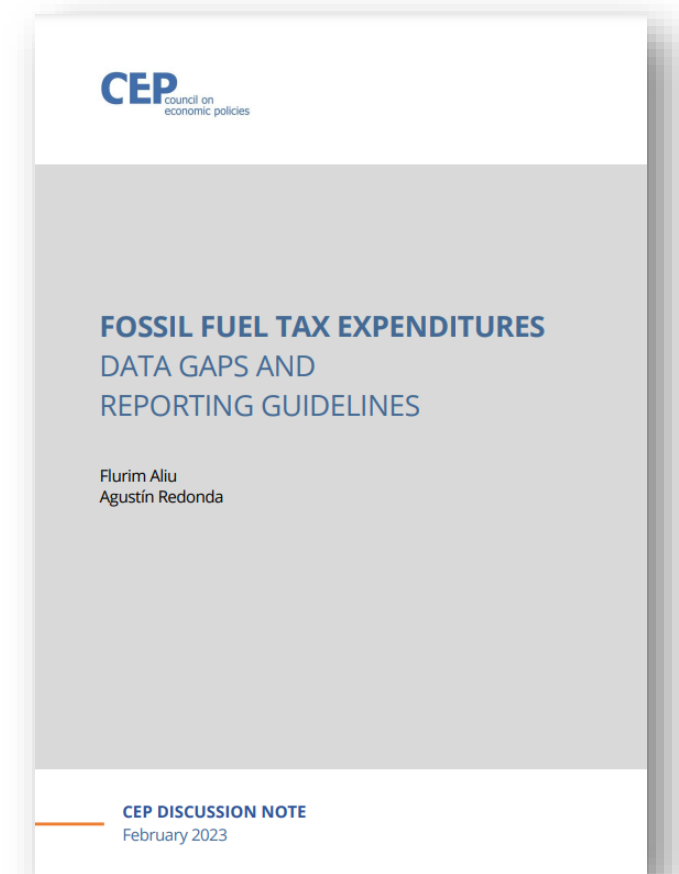
1.  
**Granularity**

3.  
**Coverage**

4.  
**Consistency**

2.  
**Comprehensiveness**

5.  
**Continuity**

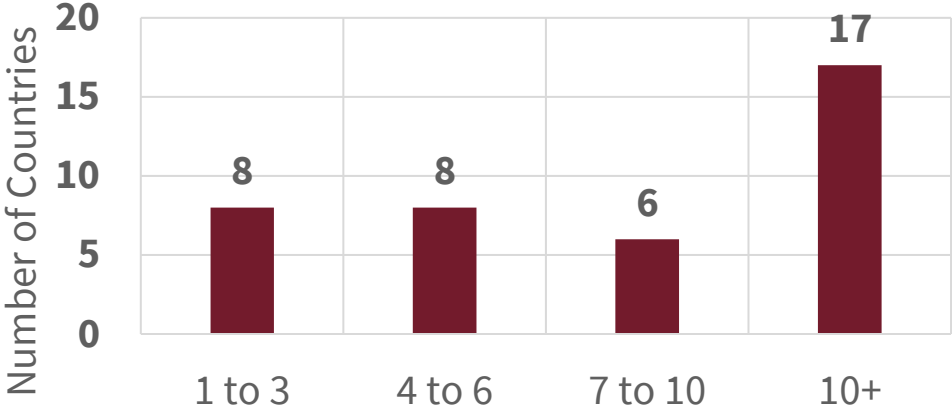


# Some Reporting Indicators

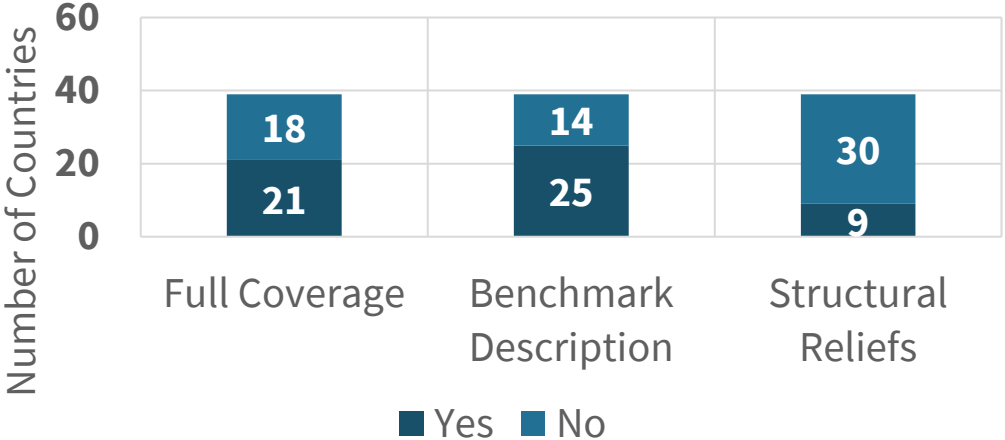
Data Type Reported



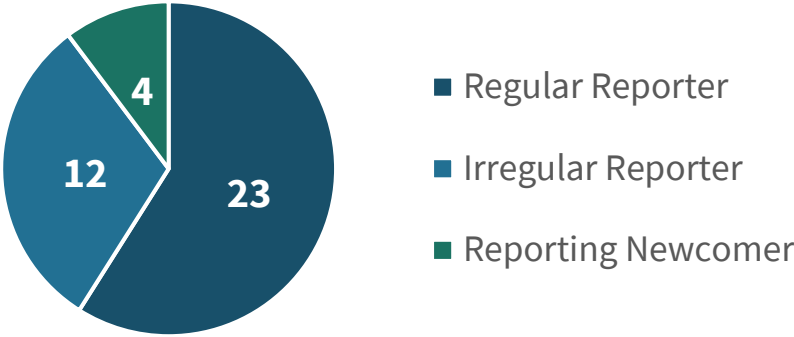
Number of Years Reported



Report Coverage



Reporting Regularity



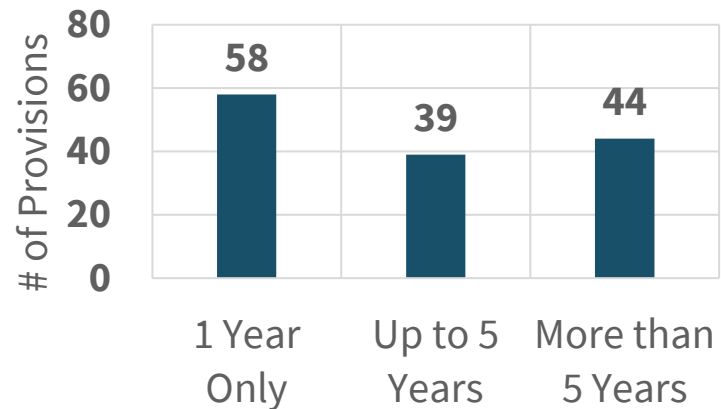
# Aggregate revenue forgone estimates do not allow for in-depth analysis

# 207

Provision-level entries

# 141

with revenue forgone estimates



“ Customs Duties Exemptions for Petroleum ”

“ CIT RF: Petroleum Code ”

“ Gas companies are exempt from customs duties on the import of capital goods and materials intended for gas operations during the installation phase, which may not exceed 5 years ”

# Methodology or classification changes can make analyses difficult

## Common Changes:

- Data type
- Data coverage
- Classifications
- Benchmark

## Other issues:

- Time-series gaps

## Data sample from ECA:

ID	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A							521.2				
B	5.3				496.0	7187.8	599.4				
C	757.3	925.3	874.3		657.8	249.3					
D	3.5	17.6	3.1		7764.5	5218.4					
E								0.0			
F								0.0			
G								0.0			
H								0.0			
I								7.4	0.0	0.2	0.0
J								152.3	124.9	132.2	139.3
K							0.0	0.0	0.0	0.0	0.0
L							328.9	84.6	680.9	0.0	22.4

# Generic (or unspecific) incentives are hard to evaluate

## Example 1: Multiple Sectors

“ VAT RF: Mining and Petroleum Code ”

## Example 2: Multiple Fuels

“ Customs and Excise TE: Oil/Gas Exploration ”

## Example 3: Multiple products

“ Exempt from customs duties and consumption taxes are goods such as gas oil, gasoline, domestic gas, oils, greases, spare parts, cars ”

## Example 4: Other

“ Import Duty exemption for Machinery, Spares & Inputs for Direct use in Oil, Gas & mineral exploration. ”

# Thank you!

Contact:

- Email: [fa@cepweb.org](mailto:fa@cepweb.org)
- Twitter: [@flurimaliu](https://twitter.com/flurimaliu)