

Global Tax Expenditures Transparency Index
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GTETI: Concept, Structure & Methodology

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What? TE reports.

- Focus on revenue forgone
- Consolidation
- Referenced materials

Where? National level.

- No local taxes
- Consideration of supranational legislation

Who? Consultants and GTETI core team.

- 9 consultants
- 5 core team members

How? Parallel research and reconciliation.

- 2 independent rounds of research on each country
- Reconciliation of dissonant scores
- Consolidation of supporting documentation
- Government consultation

Overarching principles



- Normative assessment – ‘ideal’ TE reporting
- Parsimony: from exhaustive to essential
- Gradual qualitative scoring (e.g. ABCD)
- No assessment of TE policy /magnitude of revenue forgone
- Equal weights: 25 indicators adding up to 100.

5 Dimensions – 25 Indicators



D1: Public availability

- 1.1** Frequency and regularity
- 1.2** Timeliness
- 1.4** Visibility
- 1.4** Online accessibility
- 1.5** Reader-friendliness

D2: Institutional framework

- 2.1** Legal requirement
- 2.2** Submission to Parliament
- 2.4** Reporting responsibility
- 2.4** Budget cycle integration
- 2.5** Medium-term fiscal strategy

D4: Methodology and scope

- 4.1** Information on TE coverage
- 4.2** Tax benchmark explanation
- 4.4** Structural relief
- 4.4** Revenue estimation method
- 4.5** Data sources

D4: Descriptive TE data

- 4.1** Policy objective
- 4.2** Type of tax expenditure
- 4.4** Beneficiaries
- 4.4** Timeframe
- 4.5** Legal reference

D5: TE assessment

- 5.1** Disaggregation of revenue forgone
- 5.2** Backward revenue forgone
- 5.4** Forward revenue forgone
- 5.4** TE evaluation framework
- 5.5** Availability of TE evaluations

Example: indicator assessment



- Indicator 4.1 – Policy objective
 - To what extent is information on the policy objective(s) of available TEs included in the TE report?

Scoring		Information format		Comprehensiveness			
Letter score	Score (0-4)	By TE	General (groups of TEs)	ALL 100%	MOST 75%- 99%	MANY 50% - 74%	SOME < 50%
A	4	✓	∅	✓	×	×	×
B	3	✓	∅	×	✓	×	×
C	2	✓	∅	×	×	✓	×
D	1	✓ or ×	∅ or ✓	×	×	×	✓ or ∅
E	0	×	×	∅	∅	∅	∅

Example: indicator assessment



- Indicator 4.1 – Policy objective
 - To what extent is information on the policy objective(s) of available TEs included in the TE report?

Letter score	Score (0-4)	Answer text
A	4	By TE provision, the report includes information on TE policy objectives, for ALL TEs.
B	3	By TE provision, the report includes information on TE policy objectives, for MOST TEs
C	2	By TE provision, the report includes information on TE policy objective, for MANY TEs
D	1	By TE provision, the report includes information on TE policy objective, for SOME TEs / OR / The report only includes information on the TE policy objectives for groups of TE provisions without specifying policy objectives by TE.
E	0	The TE report does NOT include information on TE policy objective.

Dimension 1: Public availability



1.1 Frequency and regularity

- Standard: Annual reporting
- Missed expected publications
- No identifiable pattern



1.2 Timeliness

- Publishing data for the most recent fiscal year

1.4 Visibility

- Press release dedicated to the TE report
- Repository with all historical reports



1.4 Online Accessibility

- Official publishing website – the point of reference
- No external search engines
- Availability of data analysis file (.csv, .xls etc.)



1.5 Reader-friendliness

- Consolidation (⚠️ PRT, JPN, IRL)
- Summary included
- Acronyms explained
- Basic features for the visually impaired



Dimension 2: Institutional framework



2.1 Legal requirement

- Specificity
- Periodicity
- No indication of legal basis

⚠ FIN, DNK, CAN, GBR



2.2 Submission to parliament

- Factual and/or legal

2.4 Reporting responsibility

- Factual and/or legal
- Indeterminate attribution e.g. "Government"

★ ESP, TUR, MDA



2.4 Budget cycle integration

- Open Budget Partnership (OBP)
- Method replication for uncovered countries

🔍 PRI, NLD



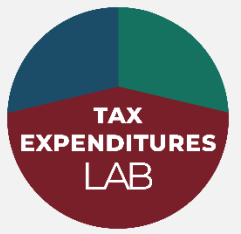
2.5 Medium-term strategy

- Existence of a MTS
- TE consideration
- Qualitative objectives
- Quantitative objectives

★ BGR, LTU, MLI



Dimension 3: Methodology & scope



3.1 Information on TE coverage

- Disclosed coverage
- Factual coverage (external sources)
- Taxes available at *national* level



3.2 Tax benchmark

- Benchmarking the benchmark...
- For each TE, what is the counterfactual?



3.4 Structural relief

- Excluded preferential tax provisions
- Minimal acknowledgement ~ benchmark
- Listed and costed



3.4 Revenue forgone estimation method

- Simple as good as complex, provided clarity
- Economic assumptions (backward and forward estimates)



3.5 Data sources

- Simple as good as complex, provided clarity
- Unclear (e.g. tables without source etc.)



Dimension 4: Descriptive TE data



4.1 Policy objective

- Broad understanding (e.g. Economic sector)
- Acknowledgement of broader policy goals
- Share of RF with stated information (% RF)

★ ECU, GEO, MAR | ⚠ FIN, JPN, RUS
 

4.2 Type of tax expenditure

- Type of tax (e.g. PIT, CIT, VAT etc.)
- TE mechanism (e.g. Tax credit, deduction etc.)
- Wild heterogeneity Indicator simplification

4.3 Beneficiaries

- Specification of beneficiary target group
- Number of beneficiaries by TE (% RF)

★ JPN, BEN, AUS


4.4 Timeframe

- Simplified assessment
- Enactment & expiration (or permanent)

★ BFA, BRA, MDA | ⚠ CHE, DNK, GBR
 

4.5 Legal reference

- Legal basis for each TE
- Acknowledgement of general legal references
- Share of RF with specific legal reference (%RF)

★ ALB, CHL, KAZ | ⚠ HUN, GBR, DNK
 

Dimension 5: TE assessment



5.1 Disaggregation of revenue forgone (RF)

- Optimal by TE provision
- Acknowledgement of intermediate disaggregation (GTED categories)
- Share of RF provided by TE provision (% RF)

★ IND, KEN, MEX | ⚠ TZA, ALB, TUR



5.2 Backward RF estimates

- Maximum score 5 years or more

★ IRL: 14 years provided



5.3 Forward RF forecasts

- RF values for the year of publication included
- Maximum score 5 years or more

★ USA: 10 years provided



5.4 TE evaluation framework

- Information on applicable evaluation systems
- Ex-ante: before the TE is approved into law
- Ex-post: after the TE has been implemented

★ DEU... BEN, CAM, CRI



5.5 Availability of TE evaluations

- Evaluations included or referenced in the report
- Evaluation format (by TE or groups of TEs...)
- Share of RF evaluated over the last 5 years (%RF)

★ CAM... BEN, NLD



Conclusions



- Validation of assessment standards: highest standards are current practice *⚠ excl. 5.5 - TE evaluation*
- Variety of reporting practices across regions and income groups
- Pathway towards comprehensive TE reporting
- Continuous method refinement to ensure fairness and comparability