

TAXATION RELATED RESEARCH AND ANALYSIS IN DEVELOPING COUNTRIES: DATA RELATED CHALLENGES

Dr. Debapriya Bhattacharya
Distinguished Fellow, CPD
debapriya.bh@gmail.com

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Commonly used tax related indicators regarding developing economies

- ① **Gross domestic savings**: “Gross domestic savings are calculated as GDP less final consumption expenditure (total consumption).”
- ② **National savings**: “Gross savings are calculated as gross national income less total consumption, plus net transfers.”
- ③ **Total tax revenue**: “Tax revenue refers to compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously collected tax revenue are treated as negative revenue.”

Commonly used tax related indicators regarding developing economies

- ① **Tax on exports**: “Taxes on exports are all levies on goods being transported out of the country or services being delivered to nonresidents by residents. Rebates on exported goods that are repayments of previously paid general consumption taxes, excise taxes, or import duties are deducted from the gross amounts receivable from these taxes, not from amounts receivable from export taxes.”
- ② **Tax on goods and services**: “Taxes on goods and services include general sales and turnover or value added taxes, selective excises on goods, selective taxes on services, taxes on the use of goods or property, taxes on extraction and production of minerals, and profits of fiscal monopolies.”

Commonly used tax related indicators regarding developing economies

- ① **Tax on income, profit and capital gain:** “Taxes on income, profits, and capital gains are levied on the actual or presumptive net income of individuals, on the profits of corporations and enterprises, and on capital gains, whether realized or not, on land, securities, and other assets. Intra-governmental payments are eliminated in consolidation.”
- ② **Tax on international trade:** “Taxes on international trade include import duties, export duties, profits of export or import monopolies, exchange profits, and exchange taxes.”

Commonly used tax related indicators regarding developing economies

- ① **Tax on profits**: “Profit tax is the amount of taxes on profits paid by the business.”
- ② **Other taxes**: “Other taxes include employer payroll or labor taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or nonpayment of taxes.”

Conventional areas of analysis

- Revenue projection in budget
- Share of revenue in GDP
- Composition – Tax and Non-tax revenue
- Tax incidence
- Tax effort and buoyancy
- Impact of taxation (Ex-ante analysis)

Problems with taxation-related data availability

- ⦿ The extent of availability of tax related data in public domain (particularly all data at the global platform) is a major constraint in comparison to other indicators
 - Data becomes more unavailable at the disaggregate level
- ⦿ Inter-country comparability of tax related indicators poses a further challenge
- ⦿ Tax indicators are not regularly updated and there is considerable lag
- ⦿ Frequency of these indicators is usually annual – it is only at the country level (national level) that the data can be gathered in monthly regularity

Problems with taxation-related data availability

- ⦿ There is also jurisdictional problem - Different organs of the government are associated with tax collection, thus, further complicating tax-related information
- ⦿ Emerging areas demand attention relating to data availability
 - Illicit financial flows, trade mispricing, transfer mispricing and tax expenditure

Data unavailability crisis

- ⦿ The following tables give a clear insight of the tax-related data unavailability predicament in the developing countries
- ⦿ The tables are extracts from Bhattacharya and Akbar (2013), which analysed tax and savings indicators in the LDCs
- ⦿ It can be observed from the tables that a total of 38 LDCs (out of a possible 49) was considered for domestic savings calculation (Table 1)
- ⦿ In the case of gross national savings, 30 LDCs were considered

Data unavailability crisis

- ⦿ It can also be observed that illicit financial flow analysis (Table B1) has been carried out on 40, 38 and 15 LDCs respectively
- ⦿ Analysis of the tax-related indicators (Tables 3 and 4) could only include 16 LDCs due to lack of data availability (this is true for the analysis of the disaggregated data as well)

Data unavailability crisis

Table 1: Domestic Savings Trends in the LDCs

Gross Domestic Savings (% of GDP)					
Year	LDC	LDCs: Africa (n=28)	LDCs: Asia(n=7)	LDCs: Islands (n=3)	
Average 2000-2010	12.73	17.60	14.11	N/A	
Average 2006-2008	13.27	24.30	12.63	-6.15	
Average 2009-2010	12.36	18.54	11.06	N/A	
2011	13.13	22.00	11.39	N/A	

Data unavailability crisis

Table 2: Gross National Savings Trend in the LDCs

Gross National Savings⁶ (% of GDP)					
Year	LDC	LDCs: Africa (n=23)	LDCs: Asia (n=5)	LDCs: Islands (n=2)	
Average 2000-2010	22.14	16.91	27.71	N/A	
Average 2006-2008	24.19	20.89	28.89	N/A	
Average 2009-2010	24.46	16.50	29.61	N/A	
2011	25.22	20.42	32.96	N/A	

Data unavailability crisis

Table B1: Illicit financial flows from LDCs in 2001-2010

Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Illicit financial flows as a percentage of GDP (n=40)	4.02	4.76	4.00	3.61	4.18	4.24	4.54	5.60	4.96	5.66
Illicit financial flows as a percentage of exports (n=38)	18.30	20.67	16.04	13.01	12.96	12.47	12.77	15.71	18.23	18.30
Illicit financial flows as a percentage of tax (n=15)	48.07	46.69	42.62	44.65	52.00	57.19	47.71	36.06	44.42	83.02 ⁴

Data unavailability crisis

Table 3: Trends in Tax Revenue Generation in the LDCs

Tax revenue ¹ (% of GDP)			
Year	LDC : (n=16)	LDCs: Africa (n=11)	LDCs: Asia (n=5)
Average 2000-2010	10.18	12.10	8.57
Average 2006-2008	10.75	12.93	8.74
Average 2009-2010	10.66	12.08	9.54

Data unavailability crisis

Table 4: Changing Composition of Taxes in the LDCs

Tax on goods and services¹ (% of GDP)			
Year	LDC (n=16)	LDCs Africa (n=11)	LDCs Asia (n=5)
Average 2000-2010	3.31	3.55	3.14
Average 2006-2008	3.58	3.87	3.32
Average 2009-2010	3.78	3.89	3.70
Tax on income, profits and capital gains² (% of GDP)			
Year	LDC: (n=15)	LDCs: Africa (n=11)	LDCs: Asia (n=4)
Average 2000-2010	1.93	2.45	1.53
Average 2006-2008	2.17	2.69	1.68
Average 2009-2010	2.45	2.88	2.10
Tax on international trade³ (% of GDP)			
Year	LDC (n=15)	LDCs Africa (n=11)	LDCs Asia (n=4)
Average 2000-2010	3.39	3.82	2.93
Average 2006-2008	3.49	4.11	2.89
Average 2009-2010	2.84	2.95	2.75

Thank you for your patience !
Any questions are welcome !