THE GLOBAL TAX EXPENDITURES TRANSPARENCY INDEX

COMPANION PAPER

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LIST OF ABBREVIATIONS

BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – German Federal Ministry for Economic Cooperation and Development	MoF	Ministry of Finance
		MTRS	Medium Term Revenue Strategy
		MTS	Medium Term Strategy
CEP	Council on Economic Policies	OBS	Open Budget Survey
CIT	Corporate Income Tax	OECD	Organisation for Economic Co-operation and Development
COFOG	Classification of the Functions of Government	PEFA	Public Expenditure and Financial Accountability
DRM	Domestic Revenue Mobilization	PIT	Personal Income Tax
EBP	Executive's Budget Proposal	SDG	Sustainable Development Goal
EU	European Union	TADAT	Tax Administration Diagnostic Assessment Tool
GST	Goods and Services Tax	TE	Tax Expenditure
GTED	Global Tax Expenditures Database	UNDP	United Nations Development Programme
GTETI	Global Tax Expenditures Transparency Index	US	United States
		VAT	Value Added Tax
IDOS	German Institute of Development and Sustainability	VAT	Value Added Tax
IMF	International Monetary Fund		

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ABSTRACT

Tax expenditures (TEs) are benefits granted through the tax system that lower government revenue and the tax liability of beneficiaries. Governments worldwide use TEs to pursue different policy goals such as attracting investment, boosting innovation and mitigating inequality. At the same time, TEs are costly: according to the Global Tax Expenditures Database (GTED), the worldwide average over the 1990-2023 period is 3.7 percent of GDP and 23.0 percent of tax revenue (Redonda et al., 2025). When ill designed, they can be ineffective in reaching their stated goals. They can also be highly distortive and trigger negative externalities.

Yet, despite the fact that TEs have similar effects on public budgets as direct spending programmes, the lack of transparency in the TE field is striking, as only 116 out of 218 jurisdictions have reported on TEs at least once since 1990.[1] In addition, the quality, regularity and scope of such reports are highly heterogeneous and, in many cases, do not allow to engage in meaningful discussions on the effectiveness and efficiency of TEs.

The Global Tax Expenditures Transparency Index (GTETI) is the first comparative assessment of TE reporting covering jurisdictions worldwide. It provides a systematic framework to rank jurisdictions according to the regularity, quality and scope of their TE reports, and seeks to increase transparency and accountability in the TE field. Note that countries are not scored, ranked or compared on the size of revenue forgone reported, nor on the quality of their TE policy as such.

This new version of the Companion Paper introduces the GTETI, outlines the updates made to the index since December 2024, and provides an in-depth explanation of its five dimensions and 25 indicators. It also discusses the rationale, scope, methodology, and assumptions underpinning the GTETI assessment process. The Companion Paper explains the limitations and issues users should bear in mind when consulting the index, which is publicly available free of charge on the Tax Expenditures Lab website, www.taxexpenditures.org.

GTETI 2.0 – Update note

This companion paper includes a description of the methodological adjustments made since the launch of the last GTETI publication in December 2024 (GTETI 1.1). In the latest edition (GTETI 2.0), we implement changes in research processes to streamline assessment, review and data verification, and we update TE report coverage to include documents published until December 31, 2024.

While the core TE report assessment methodology remains largely unchanged, allowing comparability across editions, minor changes have been done on three indicators (1.1, 3.3 and 5.5), to better capture the nuances in reporting quality across jurisdictions. Changes do not only affect the internal structure of individual indicators but also the underlying format of GTETI data.

While the country documents assessed by the index remain the same as in the previous version (TE reports published until December 31, 2022, are within scope), the data resulting from the latest methodological updates is improved and enriched with a final round of reviews by indicator ("horizontal review") to ensure consistency across all assessed jurisdictions. All changes introduced in version 2.01.1 of the GTETI, published on December 43, 20245, are discussed in detail in Appendix 3.

The normative approach behind the GTETI is illustrated in Appendix 1, where a detailed description of an ideal TE report is provided. Appendix 2 contains the GTETI scoring sheet with a list of all indicators and the required supporting documentation.

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1   Throughout this report, the terms "countries," and "jurisdictions," are used interchangeably for simplicity. Their use does not imply any position on the legal status or diplomatic recognition of any territory.

1 INTRODUCTION

Tax expenditures (TEs) – also called tax breaks, tax reliefs, tax subsidies, etc. – are deviations from a benchmark or standard tax system that provide preferential tax treatment to individuals or businesses. Governments worldwide use TEs widely to pursue different policy goals such as attracting investment, boosting innovation, greening the economy and mitigating inequality. Indeed, when well designed, they can be powerful policy instruments, contributing to governments' growth and development strategies, including the Sustainability Development Goals (SDGs).[2]

At the same time, TEs reduce tax revenue collection, and hence can have a significant impact on public coffers. Rationalizing the use of TEs has a direct effect on tax revenue collection as well as domestic revenue mobilization (DRM) (Celani et al., 2022).

According to the Global Tax Expenditures Database (GTED), over the 1990 to 2024 period covered by the database, the global average revenue forgone due to TEs for the 116 reporting countries stood at 3.7 percent of GDP and 23.0 percent of tax revenue, with figures reaching 9 percent of GDP or more in jurisdictions such as Czechia, Finland, Jordan, Puerto Rico, Russia and the Netherlands (Redonda et al., 2025).

Considering the magnitude of TEs, the lack of transparency in the field is striking. On the one hand, as shown by the GTED, the number of countries reporting on TEs has been growing steadily over the years from 4 in 1990 to 103 in 2022. On the other hand, there are still 102 non-reporting jurisdictions that have never issued an official TE report during the period covered by the GTED. Equally worrisome, the scope and detail of most existing reports leave significant room for improvement (von Haldenwang et al., 2025). For instance, information about the fiscal cost (revenue forgone) as well as the policy goals of TEs is often not disclosed. Likewise, many jurisdictions only report aggregated revenue forgone data – mostly by type of tax – and do not reveal the legal basis of the TEs they use. Not only has such opacity a negative impact on transparency and accountability towards citizens, but it also hinders comprehensive TE evaluations and, ultimately, works against sound TE policy making.

Few studies compare TE reporting across countries, and their scope is often limited. OECD (2010) assesses TE reports of 22 member countries. Burton and Stewart (2011) examine the processes and experiences of TE management, including a systematic analysis of TE reporting, but only for Brazil, Chile, India and South Africa. More recently, Kassim and Mansour (2018) evaluate TE reports of 21 developing and transition economies, using a matrix of dimensions that characterize good practices in TE reporting, and Redonda and Neubig (2018) apply a similar approach to the (by then) 43 G20 and OECD economies. Finally, based on GTED data, von Haldenwang et al. (2021) provide global analyses of the significant variation in the quality of TE reporting across countries.

The Global Tax Expenditures Transparency Index (GTETI) moves the discussion about transparency of TEs to the next level. The GTETI is the first comparative assessment of TE reporting that covers jurisdictions worldwide. Building on the data collection and classification developed for the GTED, the GTETI provides a systematic framework to rank jurisdictions according to the quality of their TE reporting.

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2   In 2021 the United Nations Development Program (UNDP) launched the Tax for SDGs Initiative, which includes a component on TEs, seeking to work with governments so that they can better align their TE systems with the SDGs – see here: https://www.taxforsdgs.org/about.

Jurisdictions are not compared according to the amount of revenue forgone they report, or the many ways they use TEs. Rather, they are assessed on five dimensions that provide a comprehensive and detailed picture of the quality and scope of TE reporting: (1) *Public availability*, (2) *Institutional framework*, (3) *Methodology and scope*, (4) *Descriptive TE data*, and (5) *TE assessment*.

The GTETI is based on the latest available TE report issued by each country before the cut-off date of December 31, 2024. It follows a normative approach, by which the quality and scope of actual TE reporting is assessed against an ideal TE report. The GTETI does not rank countries according to the magnitude of revenue forgone estimates. Comparing and scoring countries according to the size of revenue forgone is highly problematic because TEs are deviations from country-specific benchmark tax systems. Moreover, the GTETI does not score nor rank countries according to the quality of their TE policies either. Rather, countries are scored on their reporting practices, including the regularity, quality, and scope of their TE reports. The normative framework of analysis is thus based on objective criteria, enabling straightforward comparison of country performance in the field.

Being a key feature of the GTETI methodology, the normative approach is discussed in more detail in the following sections. The full score that can be achieved for each indicator is described in Sections 2.1., 2.2., 2.3., 2.4. and 2.5. Further, Appendix 1 discusses the different parts and features an ideal TE report should have and presents a template that can be useful for governments starting the process of TE reporting or looking into ways to improve their TE reports.

The GTETI aims at increasing transparency and accountability within the TE field, promoting public debate and encouraging governments to improve their TE reporting as a first necessary (though certainly not sufficient) step towards comprehensive evidence-based TE policy making. Consequently, the normative approach introduced here does not only relate to TE reporting. Rather, we understand good reporting to be an integral part of what can be described as the "tax expenditure policy cycle". This cycle illustrates the policy-making process underlying the use of TEs by distinguishing five stages. It covers the setup of TEs, their operation, as well as reporting, evaluation and TE policy reform. Viewed from this holistic perspective, it becomes clear that an effective TE management system relies on thorough TE reporting.

The rest of the paper is structured as follows: Section 2 provides a detailed description of the GTETI and its five dimensions. It also discusses indicator-specific assumptions and technical challenges. Section 3 presents the key underlying assumptions and methodological choices of the GTETI, including scoring. Lastly, Section 4 describes the process to run a GTETI Assessment.

Figure 1.1: The Tax Expenditure Policy Cycle
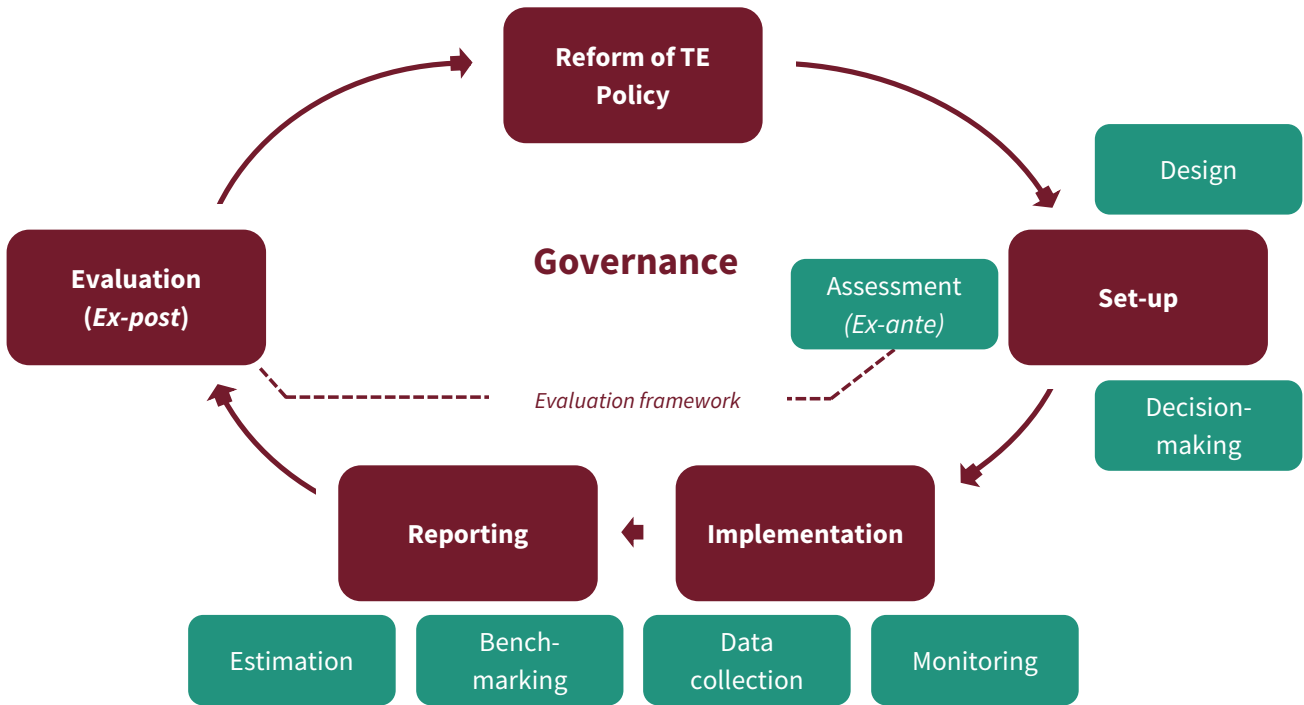
Source: von Haldenwang et al. (2025)

2 FIVE DIMENSIONS AND 25 INDICATORS

The GTETI is structured across five dimensions, each containing five indicators. This section provides a detailed discussion of the five dimensions, their respective indicators as well as the requirements for the highest score. It discusses specific assumptions and technical issues faced at the indicator level to ensure consistency across all assessed jurisdictions and, in some cases, to simplify the methodology based on the principle of parsimony.

2.1. Public availability

This dimension assesses the public availability of TE reports. The first two indicators deal with the frequency, regularity and timeliness of TE reporting. TE reporting can be a process with a steep learning curve. In most cases, the quality of TE reports increases over time and the best TE reports are, in general, issued by those who have been reporting for the longest periods. Hence, regularity is crucial. TE reports should be issued without gaps since the publication of the first report. When it comes to the frequency of TE reporting, TE reports should be published annually to inform policymakers about the latest changes with regard to TEs and ensure a smooth integration of TE policy with broader fiscal policy, including the budget cycle (read more about this in Section 2.2.). Reports issued every other year (as in Germany, for instance) do not fully accomplish this goal. For similar reasons, the timeliness of data provided is key. As mentioned before, TE reporting is not only important as a means to improve transparency and accountability, but also as part of the TE policy cycle. Hence, if a report published in year t only provides data for year t-3 (or before), the value of such data for policymaking purposes will be limited.

Besides TE reports being an important tool for decision makers, they should be publicly available, visible and designed in a reader-friendly manner so that other stakeholders can access them and understand the information provided in the report. Indicators, 1.3. *Visibility*, 1.4. *Online accessibility* and 1.5. *Reader-friendliness* tackle these issues. 1.3. *Visibility* measures the extent to which the relevant authorities (Ministry of Finance, tax authority, Parliament, etc.) involved in the TE policy cycle promote the visibility of the TE report, for instance, by issuing a dedicated press release or by creating an online repository where all TE reports are hosted so that stakeholders can keep track of changes over time. 1.4. *Online accessibility* measures how easy it is to access the TE report (and the underlying data) on the websites hosting it. Ideally, underlying data should be available in formats that facilitate data analysis, such as comma-separated values (.csv) or Excel (.xlsx), among others. Finally, 1.5. *Reader-friendliness* assesses whether all TE information is consolidated in a single document or rather spread across different reports. It also assesses if the TE report includes an executive summary and if acronyms are sufficiently explained. In addition, it assesses if there is a version of the TE report suitable for visually impaired individuals.

Table 2.1: Public availability – Indicators overview and maximum score

	Indicator name	Description	Maximum score
1.1.	Frequency and Regularity	The indicator evaluates the frequency at which TE reports have been issued, and if there are gaps in the reporting, i.e. years where no TE report was issued. The time span covers TE reports published within the last 10 years from the data cutoff date.	The TE report is published annually and regularly, i.e. without gaps after the publication of the first report, and the publication date is explicitly disclosed.
1.2.	Timeliness	The indicator assesses whether, at the moment of publication (year t), the TE report contains the most up to date TE data, i.e. at least data for the previous year (year *t-1*).	The TE report provides, at least, data for the most recent fiscal year.
1.3.	Visibility	The indicator measures the extent to which the relevant authorities (Ministry of Finance, tax authority, Parliament, etc.) promote the visibility of TE reports, for instance, by issuing a dedicated press release, or by creating a repository where all TE reports are hosted.	There is a press release dedicated to the publication of the latest TE report and an online repository where all TE reports are hosted.
1.4.	Online Accessibility	The indicator evaluates the ease with which TE reports (and the underlying data) can be found on official websites.	The TE report can be reached with less than 5 clicks from the homepage, data are available in data analysis format (e.g. xls, csv, etc.), and the TE report can be found by searching the official website using the usual term for "tax expenditure" in the language of the assessed jurisdiction.
1.5.	Reader-friendliness	The indicator evaluates the format in which TE data is published, checking key characteristics such as whether the information is consolidated in a single document or spread across different reports, if the report includes a summary and if acronyms are explained. It also assesses if countries publish a version of the TE report that facilitates understanding by visually impaired individuals.	The TE report is consolidated in one single document, contains a summary, clearly explains the acronyms used throughout the document, and is issued in a format that facilitates its use by visually impaired individuals (or there is a version of it in such a format).

2.1.1. Key assumptions, methodological choices, and other issues

- Indicators 1.1. *Frequency and regularity* and 1.2. *Timeliness* use the publication date as the main reference to assess reporting regularity and timeliness of data included in the report. The date of publication represents the specific moment in which the TE report is made available. Other potentially relevant time references such as country-specific

fiscal years are considered to determine if – at the moment of publication – data for a fiscal year could potentially be available (even if only as preliminary estimates). Thus, for instance, in indicators 5.2, 5.3 and 5.5, the time span is calculated in relation to the year of publication of the latest TE report.

- Indicator 1.4. *Online accessibility* checks the accessibility of TE reports on official websites, assessing how easy it is to find the TE report using these

websites' own functionalities. Search engines such as Google, Bing, DuckduckGo, etc. are not considered here for the following reasons. Individuals across the globe use a variety of search engines to obtain online information. Using a single or just a few search engines would discriminate against others. Moreover, many search engines provide answers tailored to the user's previous searches, and thus the search results of GTETI consultants would be considerably different from the results presented to an individual without a search record related to TEs. Additionally, a comprehensive search would need to consider the official language(s) used in the relevant jurisdiction since search engines tend to perform differently in different languages, potentially rendering discriminatory outcomes. Against this background, Indicator 1.4. *Online accessibility* uses local language expressions for "tax expenditure" (such as for instance "gastos tributarios" in Spanish), to search for TE reports on official websites.

- With regard to Indicator 1.5. *Reader-friendliness*, a key decision is the identification of the "main TE report" wherever multiple reports of TE data exist. The main TE report is identified by assessing the scope of revenue forgone data across the different official documents or if it is clearly indicated that this is the main TE report. After having identified the main TE report, the indicator assesses whether TE reporting is consolidated by analysing if there is revenue forgone data in any separate document not referenced in the "main TE report" (see below, Section 3.6). For instance, in countries such as Algeria and Switzerland TE reporting is not consolidated and hence, interested stakeholders need to access different reports and documents, and are then left with the task of combining or consolidating the information to obtain a comprehensive picture of the state of TEs. To identify the main TE report, we consider: (i) the total revenue forgone covered by each report, (ii) the fiscal years covered in the report, and (iii) the level of disaggregation of revenue forgone data.[3]

- Importantly, in 1.5. *Reader-friendliness*, TE reporting is considered to be fully consolidated if all available revenue forgone data is contained or referenced in the main TE report. However, even if TE reporting is not considered to be consolidated, we do take into account any document with relevant TE information that is made available on the same webpage as the TE report and clearly associated with it. Therefore, in cases where unreferenced documents are clearly published "side-by-side" with the main TE report, these documents (e.g. methodology descriptions, files in data analysis format, etc.) will be considered in the GTETI assessment, even if TE reporting may not receive the full score on this specific indicator. The fact that a document is part of the same budgetary exercise as the „main TE report" is not sufficient to conclude that the document is clearly linked to the TE report. The connection or link must be visible on the publishing website.

- Accessibility for visually impaired individuals is considered an important feature of an ideal TE report. In the context of Indicator 1.5. *Reader-friendliness*, we identified three key features that enhance accessibility for visually impaired individuals: (i) the TE report (or a version of it) is available in a format that allows the font size to easily be adjusted (e.g. html), (ii) the structure of the report is made explicit using sequential numbering , and (iii) colours are used to guide the reader through the document and facilitate reading tables and charts (e.g. section colour, alternating line colours, etc.). If these three accessibility features are provided, we consider that the TE report is available in a format that facilitates the understanding for visually impaired individuals.

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[3] Where the assessment of these factors can lead to different conclusions, the GTETI team reaches out to the relevant government to confirm which of the available TE reports is considered to be the principal one. In the absence of any official communication, the GTETI team decides which TE report to consider as the main report.

2.2. Institutional framework

Dimension 2 analyses the institutional framework behind TE reporting. The first two indicators consider the legal requirement to report on TEs, which is crucial to minimize discretion. Indicator 2.1. *Legal reporting requirement* assesses if the legal basis clearly requires TE data to be regularly published. It should also be required by law to submit the TE report to the parliament in order for TEs to be scrutinized along with public spending and to inform the decision-making process. This is captured by Indicator 2.2. *Submission to parliament*. Indicator 2.3. *Reporting responsibility* assesses if the responsible institution for TE reporting is clearly stated in the TE report and in the legal requirement to report on TEs. This is essential, among other things, to ensure accountability of the TE reporting process.

Indicators 2.4. *Budget cycle integration* and 2.5. *Medium-term strategy integration* evaluate linkages between TE policy and key public finance instruments

such as annual budgets and medium-term strategies (MTS).[4] The integration of TE reporting with the fiscal policy strategy of the government is vital from both a revenue and spending perspective. Given the size of TEs, accounting for their budgetary impact is crucial. Hence, TE reports should be linked to the government's MTS by discussing both the fiscal cost of TEs as well as their policy objectives (Indicator 2.5. *Medium-term strategy integration*). At the same time, TE provisions are implemented to pursue different policy objectives. Thus, to ensure policy coherence, 2.4. *Budget cycle integration* measures if there is a holistic assessment of spending programs. Ideally, revenue forgone estimates for each TE should be included in the budget together with the description of the provision, information on the policy objectives, the beneficiaries as well as the classification in terms of functions of government (COFOG, or the one used by the government).[5][6] The latter is crucial to allow TEs to be classified in consistency with direct spending as appropriated by parliament.

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[4]   Terminologies used to refer to MTS vary substantially from one country to the other. Usual expressions include "medium-term revenue strategy", "medium-term fiscal" or "budgetary framework", "medium-term revenue" or "fiscal plan", etc. These documents cover a time span of several years and are typically updated on an annual basis with regard to spending, investment and revenue forecasts. From the point of view of governments, MTS provide a framework for tax policy reform, ensuring the alignment of taxpayer expectations with legal changes affecting economic activity.

[5]   We base the scoring for this indicator on Question 45 of the Open Budget Survey (OBS) (IBP, 2023, pp. 74–75).

[6]   The Classification of the Functions of Government (COFOG) was developed in its current version in 1999 by the Organisation for Economic Co-operation and Development (OECD) and published by the United Nations as a standard classifying the purposes of government activities.

Table 2.2: Institutional framework – Indicators overview and maximum score

	Indicator name	Subject matter	Maximum score
2.1.	Legal reporting requirement	The indicator assesses whether there is a legal requirement for a TE report to be issued, and if such legal requirement defines a specific period when the report has to be published.	The government is legally required to periodically report on TEs.
2.2.	Submission to parliament	The indicator verifies if there is a legal requirement to submit the TE report to parliament.	There is a legal requirement to submit the TE report to parliament, and it is clearly indicated in the TE report or evidenced by the publication format (e.g. being part of the budget document).
2.3.	Reporting responsibility	The indicator assesses the existence of a clear attribution of TE reporting responsibility to a specific government agency, ministry or institution. The responsibility may be specified in a law or unequivocally indicated in the TE report.	TE reporting responsibility is clearly attributed both in the legal requirement to report and in the TE report itself.
2.4.	Budget cycle integration	The indicator assesses if TE information (e.g. policy goals, beneficiaries, revenue forgone estimates) is incorporated into the Executive's Budget Proposal (EBP).	The EBP includes information on TEs going beyond policy goals, beneficiaries and revenue forgone, such as economic sector, distributional analysis, or SDG alignment.
2.5.	Medium-term Strategy Integration	The indicator assesses if TE information (e.g. policy goals, guidelines on future tax expenditure) is included in the MTS	The MTS includes indications or guidelines with respect to TE policy goals and revenue forgone forecasts, e.g. including TEs under overall and sectoral expenditure ceilings and expected impact of fiscal reforms.

2.2.1. Key assumptions, methodological choices, and other issues

- The main requirement for a legal text to be considered valid for TE reporting is that the law must explicitly state that TEs (or similar terms used in local law or language) are subject to reporting. Sometimes, the legal requirement to periodically report on TEs assessed by Indicator 2.1. *Legal reporting requirement* can be an indirect one. For instance, when the TE report is annexed to key budget documentation (e.g. EBP, Budget Law), we consider the legal requirements of the main document to apply to the annexes as well. As long as reporting on TEs is legally required to be annexed to

these budget documents, and such documents are prepared annually, we consider that there is a legal requirement to periodically report on TEs as part of the budget process.

- When it comes to Indicator 2.1. *Legal reporting requirement*, we consider a requirement to periodically report on TEs effective only if the reporting occurs at least once every five years. Periodicity requirements allowing TE reporting to be done beyond five years are not considered as they do not provide sufficient certainty and predictability to the TE reporting framework and diminish the usefulness of TE data for policy making purposes.

- Regarding Indicator 2.3. *Reporting responsibility*, we assume there are two types of disclosure: factual/in practice (i.e., in the TE report) and legal (i.e., in the law). When it comes to the former, if the authorship of a report is stated, we assume the responsibility for the report is indicated in practice. If a report is not attributed to any specific government institution, and the relevant legislation only provides a high-level statement calling for a TE report to be issued by "the government", we consider that the reporting responsibility is not attributed.

- With regard to Indicator 2.4. *Budget cycle integration*, when possible, we refer to Question 45 of the Open Budget Survey (OBS): "Does the Executive's Budget Proposal (EBP) or any supporting budget documentation present information on tax expenditures for at least the budget year?". We follow the OBS methodology and give the highest score (score A) to those countries where information in the EBP goes beyond core elements.[7] For example, additional information can include types and number of beneficiaries or references to the COFOG classification. An issue for this indicator concerns the coverage of the OBS since not all jurisdictions listed in the GTETI are assessed by the OBS, e.g. the Netherlands, Panama and Puerto Rico. When a jurisdiction does not have OBS data, we proceed with the analysis of the country by replicating the OBS methodology.

- With regard to the integration of TEs within MTS frameworks, Indicator 2.5. *Medium-term strategy integration*, the methodology acknowledges the wide variety of such frameworks across different countries. Medium Term Revenue Strategies (MTRSs)

[8]that have been implemented in an increasing number of countries with the support of the IMF are a case in point, but in general terms a MTS can be more focused on debt sustainability, budget balance, or fiscal policy reform. As long as the MTS contains fiscal and/or budget policy figures for, at least, the coming three or four years, the MTS is considered.

2.3. Methodology and scope

Dimension 3 considers the methodology and scope of TE reporting. Indicator 3.1 *Information on TE coverage* assesses which national taxes are included in the report.[9] In some countries, only a subset of taxes are included, which prevents the report from providing an overarching view of the whole TE landscape. For instance, the main TE report in the US only covers personal and corporate income-related TEs (PIT and CIT), but no information on other taxes such as customs duties, estate tax, excise taxes etc. is provided.

Indicators 3.2. Tax benchmark and 3.3. Structural tax provisions deal with two rather technical, yet vital, aspects of TEs. TEs are defined as deviations form a standard or benchmark tax system. Hence, a clear definition of the benchmark tax system is crucial to put TE data in perspective. Indicator 3.3. Structural tax provisions tackles the distinction between structural and non-structural tax tax provisions (the latter being TEs). Since defining what is part of the benchmark tax system and what is a TE is not always straightforward, some countries (e.g. Canada and the UK) use the "structural" concept to identify preferential tax provisions that are integral parts of the tax system. These provisions serve various purposes, such as

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[7]   Under OBS methodology, the core information must include for each TE: "a statement of purpose or policy rationale […], the intended beneficiaries, and an estimate of the revenue foregone" (IBP, 2021, p. 72).

[8]   The Platform for Collaboration on Tax (PCT, see https://www.tax-platform.org/medium-term-revenue-strategy) lists 26 countries that have formulated a MTRS, and informs about their respective stages of implementation.

[9]   The GTETI only gathers data on TEs implemented by national governments, as the lack of reliable data on TEs implemented by lower tiers of government is even more severe than in the case of national-level data. This said, a number of cases show that TEs granted by subnational governments can indeed be significant, particularly in federations or highly decentralized countries such as the US, Spain and Switzerland Li, Q. (2016). Fiscal decentralization and tax incentives in the developing world. *Review of International Political Economy*, 23(2), 232-260. https://doi.org/10.1080/09692290.2015.1086401 , OECD, (Organisation for Economic Co-operation and Development). (2020). *OECD R&D tax incentives database, 2020 edition.* https://www.oecd.org/sti/rd-tax-stats-database.pdf.

Table 2.3: Methodology and scope – Indicators overview and maximum score

	Indicator name	Description	Maximum score
3.1.	Information on TE coverage	The indicator assesses the coverage of different types of taxes (e.g. CIT, PIT, VAT/GST, excise taxes, etc.) in the TE report at the national level.	The TE report provides an exhaustive inventory of all existing TEs, regardless of whether revenue forgone estimates are provided for all provisions. Additionally, there is no indication that any type of tax available at the national level is missing from the TE report.
3.2.	Tax benchmark	The indicator analyses if there is a definition of the benchmark tax system and, if so, at what level such definition is provided, e.g. at the individual TE provision level, by type of tax, or only contains a high-level description of what benchmarking is. It also assesses if TEs granted through international treaties (tax treaties as well as trade and investment agreements) are considered in the TE report.	The discussion of the benchmark or standard tax system is provided at the individual TE provision level, and TEs granted through international treaties with tax effects are considered in the report (either as TEs or integrated in the tax benchmark as structural tax provision).
3.3.	Structural tax provisions	The indicator captures if the report distinguishes structural from non-structural tax provisions (i.e. tax expenditures) and assesses the information on structural tax provisions available in the report (e.g., explanation the classification criteria, level of disaggregation of data, and revenue forgone estimates).	The TE report clearly distinguishes a category of preferential tax provisions that are not considered TEs (i.e. structural provisions), explains classification criteria, lists all individual provisions, and provides revenue forgone estimates for each provision.
3.4.	Revenue forgone estimation method	The indicator assesses if the TE report includes detailed information about the revenue estimation method used and if underlying economic assumptions are clearly stated.	The report clearly states which estimation methods are used at the individual TE provision level, by type of tax, by type of TE or, alternatively, for the whole report. Relevant economic assumptions for revenue forgone estimation are disclosed.
3.5.	Data sources	The indicator assesses the disclosure of data sources used to compute the revenue forgone estimates, and the quality and scope of the information provided.	Different data sources used to compute revenue forgone estimates are clearly disclosed throughout the report.

"to define the scope of the tax or calculate income or profits correctly."[10] In contrast, non-structural tax provisions are defined as those "actively designed to help or encourage particular types of individuals, activities or products in order to achieve economic or social objectives." Ideally, the rationale behind the classification of a preferential tax provision as structural or TE should be disclosed at the individual provision level, as in the case of the Indonesian TE report.[11]

Indicators 3.4. *Revenue forgone estimation method* and 3.5. *Data sources* assess if the methods, assumptions and data sources used to compute the revenue forgone estimates are disclosed and discussed in detail.

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10   https://publications.parliament.uk/pa/cm5803/cmselect/cmtreasy/723/report.html
11   See Badan Kebijakan Fiscal (Tax Authority), Indonesia, 2024, pp. 73–86.

2.3.1. Key assumptions, methodological choices, and other issues

- The only way to have a comprehensive and accurate overview of all existing TEs to assess the coverage of the TE report in a given country is to analyse the tax laws. Since this is not feasible, in Indicator 3.1. *Information on TE coverage* we rely on two different assessments. First, we consider any statement or explanation given in the TE report explicitly stating the coverage, and second, we assess whether the main types of taxes levied at the national level are indeed covered by the TE report. The former assessment focuses on information clarifying the extent to which the report includes all or only a subset of existing TE provisions. For the latter, we rely on external sources (e.g. PwC Tax Summaries,[12] etc.). In cases where the TE report explicitly states that all available TEs are assessed, we verify that all main types of taxes levied at the national level are covered. If despite a statement of complete coverage we observe that one or more types of taxes are not covered in the report, the lower score "D" is assigned ("[The report provides an explanation* of which TEs are covered] AND [Certain types of taxes available at national level are missing from the report]").

- Otherwise, for Indicator 3.1. *Information on TE coverage*, when the TE report presents an explanation of TE coverage, we evaluate whether such an explanation is "specific" or "general". To be classified as specific, an explanation must describe: (i) the universe of existing TEs (e.g., number of TEs in use), (ii) the extent to which the present report covers those TEs, and (iii) limitations or qualifying criteria leading to the exclusion or inclusion of TEs in the report.

- Regarding Indicator 3.2. *Tax benchmark*, we consider that the tax benchmark should be described at the individual TE provision level. Ideally, the description of the benchmark tax system should include information about what the tax treatment would have been in the absence of the TE, and how the tax treatment changes due to the implementation of the TE provision. Likewise, we expect that every country where international treaties (with tax effects)

are in force either includes the respective TEs in the report, or explicitly states why preferential tax provisions available under applicable treaties are not considered.

- Indicators 3.1. *Information on TE coverage* and 3.3. *Structural tax provisions* present the challenge of unobservable exclusions or counterfactuals. It is not always possible to determine whether relevant provisions are excluded from the report. In the case of Indicator 3.3. *Structural tax provisions*, the issue regards provisions that award tax advantages to certain taxpayers relative to others, but are not classified as TEs. Some countries integrate preferential tax provisions (i.e. structural tax provisions) in their tax benchmark without accounting for the revenue forgone such provisions generate. To give an example, most countries exempt micro or small enterprises below a certain volume of sales from CIT for reasons of tax simplicity and administrative efficiency. In most reports, such "structural tax provisions" are either completely omitted or included in the benchmark tax description without any estimation of revenue forgone. We expect countries to clearly identify any preferential tax provisions that are not considered TEs, regardless of whether these provisions are classified as a separate type of expenditures or as part of the tax benchmark.

- We assume that all countries apply the "structural tax provision" concept, even if these provisions are considered a part the benchmark tax system and countries do not make a explicit distinction between these provisions and those classified as TEs. A country may define a benchmark tax system that does not include any preferential provisions, and simply state that all deviations from the benchmark are considered TEs. In this theoretical situation, a country may obtain the highest score on Indicator 3.3. *Structural tax provisions* even without listing and costing structural tax provisions (as these would not exist in such a country). However, in the absence of a clear explanation describing the above situation, we consider that the report disregards existing structural tax provisions rather than assuming that they do not exist. The same applies when there is no explanation of the benchmark or the estimation method.

- Concerning Indicator 3.4. *Revenue forgone estimation method*, the GTETI does not discriminate with regard to the methods chosen by each country to estimate revenue forgone, but it expects the methods and relevant underlying assumptions to be clearly identified. Estimation methods should be described in general (for all TEs), or by type of tax or type of TE, or (even better) at the individual TE provision level. In addition, all relevant economic assumptions should be stated. For instance, the report should indicate to what extent potential changes in taxpayers' behaviour are taken into consideration. TE reports providing revenue forgone forecasts or projections should specify underlying assumptions about economic development and growth rates.

- For Indicator 3.5. *Data sources*, the key requirement is clearly disclosed data sources. We prioritize clarity in the disclosure of data sources over the level of disaggregation. If there is only one data source and it is clearly disclosed for all TEs, that may be sufficient to get the highest score 'A'. When different sources exist, but the report does not clearly differentiate them and does not discuss the extent to which they are used, or selectively informs about some data sources, we consider that data sources are not fully specified. When there are various sources, all tables and figures should specify source, and if different sources are used, an explanation of how they are used is expected.

2.4. Descriptive tax expenditure data

The cost of TEs in terms of revenue forgone is one of the main pieces of information TE reports should provide. This said, besides revenue forgone estimates, the quality and scope of the background information is crucial to put those figures in context. This is captured by Dimension 4.

Table 2.4: Descriptive tax expenditure data – Indicators overview and maximum score

	Indicator name	Description	Maximum score
4.1.	Policy objective	The indicator assesses the extent (share of total revenue forgone) up to which TE policy objectives are disclosed.	Information on policy objectives at the individual TE provision level is presented for all TEs (covering 100% of total revenue forgone).
4.2.	Type of tax and type of TE	The indicator assesses the extent to which the type of tax as well as the type of TE (e.g. deduction, tax credit, reduced rate, deferral, etc.) are specified for each TE.	Information about the type of tax and type of TE is presented at the individual TE provision level.
4.3.	Beneficiaries	The indicator measures if information regarding the beneficiaries of TE provisions is included in the report, both regarding the number of beneficiaries and the targeted beneficiary groups or intended beneficiaries.	Information on targeted beneficiaries and the number of beneficiaries is available at the individual TE provision level for all TEs (covering 100% of total revenue forgone).
4.4.	Timeframe	The indicator assesses if there is information about the timeframe of TE provisions, e.g. implementation date, sunset clause (expiry date), timeline with relevant changes, etc.	Information about the timeframe is systematically provided at the individual TE provision level.
4.5.	Legal reference	The indicator covers information regarding the legal provision (tax code, tax law, or similar, including references to the specific article, section, etc.) upon which TEs are granted.	Information on the specific legal basis is provided for all TEs (covering 100% of total revenue forgone).

Ideally, in addition to revenue forgone estimates, a TE report should disclose the *Policy objective* (Indicator 4.1.), the *Type of tax and type of TE* (Indicator 4.2.), the group and number of targeted *Beneficiaries* (Indicator 4.3.), the relevant *Timeframe* (Indicator 4.4.), as well as the *Legal reference* (Indicator 4.5.) for every single TE provision.

2.4.1. Key assumptions, methodological choices, and other issues

- For Indicators 4.1. *Policy objective*, 4.3. *Beneficiaries*, and 4.5. *Legal reference*, we calculate the share of revenue forgone for which the respective key data is specified at the provision level. We chose this option over the share of total TE provisions due to the disproportionate impact that certain provisions can have. In many countries, revenue forgone stemming from the 10 largest TE provisions accounts for 70 percent or more of the total (von Haldenwang et al., 2023). Against this background, the indicators prioritise the disclosure of relevant information for the largest TEs (in terms of revenue forgone) over larger numbers of TE provisions with less impact on public coffers.

- Due to heterogeneous reporting practices across countries, we take a different approach for Indicators 4.2. *Type of tax and type of TE* and 4.4. *Timeframe*. For instance, regarding Indicator 4.2. *Type of tax and type of TE*, several reports pool TE provisions by type of tax or type of TE. We prioritize information on the type of tax over information on the type of TE (e.g. deduction, tax credit, or exemption). The full score is given to countries that systematically indicate for each TE provision the type of tax and type of TE. This may be done in different but equally acceptable ways, such as listing TEs in different sections by type of tax indicating the relevant TE mechanisms for each TE, or presenting a single table organised by, for example, policy objective, and where all TEs are listed specifying for each of them the type of tax and the type of TE. If there is no doubt about the relevant type of tax and type of TE for each TE presented in the TE report, a country obtains the maximum score.

- Regarding Indicator 4.4. *Timeframe*, some countries systematically disclose the dates of introduction and expiration (if any) of TEs, but some countries only provide partial information on this relevant aspect. In the latter case, it is not possible to deduce that all TEs for which no such information is provided are permanent. Hence, we assume that unless a TE has a clear indication of timeframe, there is no timeframe information for that TE.

- Regarding Indicator 4.1. *Policy objective*, we believe that a detailed policy goal is a key part of any TE design, and it is therefore important to disclose it in the TE report for each provision (together with revenue forgone estimates). However, the indicator accounts for the fact that descriptions of policy objectives differ widely across countries. For instance, if a TE provision is classified under the category "housing", we interpret this as if the policy goal was "promotion of the housing sector". While a certain breadth of formulations is accepted as a "policy objective", we do not take the same approach for beneficiaries (Indicator 4.3.). In the latter case, we only consider information is provided when an identifiable type of taxpayer is associated with a specific TE or revenue forgone estimate. Thus, following the example above, we do not consider that a general reference to "housing" implies that a TE is targeted to "individual homeowners", or any type of specific beneficiary. Indeed, the promotion of the housing sector can imply advantages for a variety of beneficiaries (small or large companies, individuals, foreign investors etc.), which should be specified.

- Regarding Indicator 4.3. *Beneficiaries*, the assumption is that all TEs should target identifiable beneficiaries. If the government cannot identify the expected beneficiaries (or groups of beneficiaries), the impact of the TE provision will be difficult (if not impossible) to assess. Groups of beneficiaries can be broad, such as corporations/households/individuals, or highly specific, for instance referring to age, gender, region, business size, economic sector, or combinations of such categories. In addition, the number of beneficiaries is another relevant piece of information, for instance, to compute take-up ratios and conduct incidence analyses. Therefore, we expect that both the beneficiary target groups as well as the number of beneficiaries are reported, not only for direct taxes but also for indirect taxes.

- Regarding Indicator 4.4. *Timeframe*, most TE reports either provide information on the timeframe for all TEs, or do not provide such information at all. In some cases, information about the timeframe is provided for specific TEs but not for others. We hence divided the possible cases in three: i) information is specified for all TEs, ii) information is inconsistent, or iii) no information about the timeframe is provided.

2.5. Tax expenditure assessment

Dimension 5 assesses TEs not only in terms of the revenue forgone they trigger but also with respect to their evaluation. Evaluations serve to identify which TEs provide "value for money" and which provisions are ineffective or even harmful and should thus be reformed or discontinued.

Three indicators within this dimension deal with revenue forgone estimates – Indicator 5.1. *Disaggregation of revenue forgone* assesses if the estimates are provided at the individual TE provision level which, as mentioned above, is crucial for several reasons, since valuable information can be lost in aggregated numbers. Indicators 5.2. *Backward revenue forgone* estimates and 5.3. *Forward-looking projections of revenue forgone* capture if revenue forgone estimates are provided for several years, which is important to track changes over time and for planning purposes (e.g., in the context of MTSs).

The last two indicators tackle the issue of TE evaluations. Indicator 5.4. *TE Evaluation Framework* assesses if there is a framework for periodic or systematic TE evaluations (e.g., specifying responsibilities, timing and data requirements). Finally, Indicator 5.5. *Availability of*

Table 2.5: Tax expenditure assessment – Indicators overview and maximum score

	Indicator name	Description	Maximum score
5.1.	Disaggregation of revenue forgone estimates	This indicator assesses the share of total revenue forgone estimates provided at the individual TE provision level, or the degree of overall estimates, e.g. grouped by type of tax or policy goal.	Revenue forgone is reported at the individual TE provision level for all TEs (covering 100% of total revenue forgone).
5.2.	Backward revenue forgone estimates	This indicator assesses the extent to which backward revenue forgone estimates are provided in the latest TE report.	Backward revenue forgone estimates are provided in the latest TE report (published in year t) for at least the last 5 years (t-5).
5.3.	Projections or forecasts of revenue forgone	This indicator assesses the extent to which projections or forecasts of future revenue forgone are included in the latest TE report.	Projections or forecasts of revenue forgone estimates are included in the latest TE report (published in year t) for at least the next 5 years (t+4).
5.4.	TE evaluation framework	The indicator captures if the report describes a TE evaluation framework or, if the framework is not discussed in the report directly, includes a reference to an external framework document.	A description of the existing evaluation framework (including both ex-ante assessments and ex-post evaluations) is either provided in the TE report itself, or clearly referenced.
5.5.	Availability of TE evaluations	This indicator assesses the extent (share of total revenue forgone) to which evaluations of specific TE provisions are included or referenced in the report, and checks whether the evaluation is in the form of incidence analysis or more comprehensive cost-benefit or impact analysis.	Information on cost-benefit evaluations of individual TE provisions is available for all TEs, and is either included or clearly referenced in the last TE report, and/or the TE reports published in the 5 years preceding it.

TE evaluations ascertains whether TE evaluations are included or referenced in the TE report.

2.5.1. Key assumptions, methodological choices, and other issues

- Indicator 5.1. *Disaggregation of revenue forgone* estimates captures different forms of presenting revenue forgone: from the most aggregated way with only a total value of revenue forgone for all TE provisions to the most disaggregated alternative with revenue forgone estimates for each TE. In between, we acknowledge countries that provide revenue forgone in a partially disaggregated manner, for instance, by policy objective. Intermediate scores are assigned if revenue forgone is disaggregated by one or more of the main categories used in the GTED: (i) type of tax, (ii) type of TE, (iii) type of beneficiaries, or (iv) policy objective. Importantly, this indicator focuses on the level of aggregation of revenue forgone estimates in a report without assessing if revenue forgone has been estimated for every single TE in a given year. Indeed, it is common for specific TE provisions to be included in the TE report without estimated revenue forgone, for instance because no data was available when the report was prepared. While we consider that in principle every TE should have an assigned revenue forgone value to allow evaluation and evidence-based policymaking, assessing the degree of coverage of revenue forgone estimates (for a given fiscal period and accounting for all reported TEs) is beyond the scope of this index.

- Regarding Indicator 5.2. *Backward revenue forgone* estimates, we consider that providing revenue forgone estimates for the past five years is the minimum necessary to obtain a comprehensive over-view of the provision's evolution over time. Similarly, looking at Indicator 5.3. *Projections and forecasts of revenue forgone*, projections or forecasts for at least five years, including the reporting year (i.e., up to year t+4), are required to ensure consistency with the timeframe typically covered by MTS.

- Concerning Indicator 5.4. *Evaluation framework*, to get a full score, the report should describe the framework for ex-ante and ex-post evaluations. We define TE evaluation as an assessment of the expected or observed outcome of a TE, considering its fiscal cost and its potential effectiveness in reaching the stated policy objectives. In addition, we also consider the evaluation of TEs with respect to cross-cutting goals such as the reduction of inequalities or environmental sustainability. Any information in the report related to an evaluation framework or a specific reference to another document is regarded, as long as the framework features ex-ante and/or ex-post TE evaluations.

- Regarding Indicator 5.5. *Availability of TE evaluations*, we argue that it is good practice for a government to evaluate all TEs at least once every 4-5 years. We hence consider TE evaluations included (or referenced) in TE reports published within the past 5 years for the assessment of this indicator. To qualify as a TE evaluation, the analysis of a TE must go beyond stating its cost, and it must clearly identify the TE being evaluated. Although we accept both incidence analyses and more developed impact analyses as TE evaluations, we consider the latter to be more advanced than the former. An impact analysis evaluates whether a TE is achieving its intended objective. This typically involves scrutiny of fiscal costs, and many times leads to analyse potential externalities triggered by the TE. A distributional analysis can count as an impact assessment only if the distribution variable is clearly related to the TE's goal. For example, if the TE is designed to reduce poverty—such as a VAT exemption for basic foods—then examining how the benefit is distributed across income deciles is a valid form of impact assessment. In such cases, the analysis helps determine whether the TE is reaching the targeted population. However, when distributional or incidence analyses are produced without a clear connection to the TE's stated objective, they should not be considered impact assessments. Instead, they are simply "incidence analyses."

- To assess the share of total revenue forgone that has been evaluated, we add up the revenue forgone of all TEs that have been subject to an evaluation, and included or referenced in TE reports over the last 5 years. This metric allows us to compare the extent to which information on TE evaluations is available within the TE reports published in the last 5 years (or referenced therein). If different evaluations are available within the 5 year time frame for the same TE, we only consider the latest evaluation, in order to avoid double counting.

3 ASSUMPTIONS, METHODOLOGICAL CHOICES AND LIMITATIONS

The GTETI provides a systematic framework to compare countries worldwide according to the quality and scope of their TE reporting practices based on the five dimensions introduced in Section 2. In this section, we discuss general assumptions, methodological choices and limitations of our assessment.

3.1. Scoring method

The assessment of indicators follows a similar approach to that applied in the Tax Administration Diagnostic Assessment Tool (TADAT).[13] As in the TADAT framework, each of the 25 GTETI indicators is assessed separately (TADAT Secretariat, 2015). The overall score for a dimension is based on the assessment of the individual indicators of the dimension. Most of the indicators are scored on a four-point 'ABCD' scale according to specific scoring criteria discussed in the previous section and, more in detail, in the GTETI Scoring Sheet (see Appendix 2). Yet, unlike TADAT, in some cases the scoring structure of the GTETI is modified. For instance, certain indicators include only three possible scores: A, B and C. For example, for Indicator 3.5 *Data sources*, the score A is rewarded if the sources of information used to calculate TE revenue forgone are consistently indicated for all TEs, while the score B is assigned to TE reports that contain some information on data sources but these are unclear for some TEs, and score C qualifies countries without any information on data sources. Likewise, some indicators provide more than four scoring options. For instance, Indicator 5.1. *Disaggregation of revenue forgone* estimates is scored based on a six-point 'ABCDEF' scale, as follows:

A. Revenue forgone estimates are reported by TE for all types of taxes.
B. Revenue forgone estimates are reported by TE for MOST types of taxes and with aggregates for other types of taxes.
C. Revenue forgone estimates are reported by TE for SOME types of taxes and with aggregates for other types of taxes.
D. Revenue forgone estimates are reported aggregated by three or for all four GTED classification categories.
E. Revenue forgone estimates are reported aggregated by one or two of the four GTED classification categories.[14]
F. Only a total estimate of revenue forgone is reported.

The interpretation of the scoring scale follows from the conversion formula presented in Box 1. The ideal scenario is always allocated to the score 'A'. On the other end of the scale, the least ideal scenario, is always allocated to the lowest available score ('B', 'C', 'D', etc., depending on the scoring scale).

Based on the four-point 'ABCD' scale, the interpretation of the scoring scale is as follows:

- 'A' represents a level of performance that most closely aligns with the requirements of an ideal scenario. It is based on existing literature and expert views, including those that have been consulted at different stages of the GTETI elaboration process.[15]

- 'B' represents a sound performance (i.e. a good level of performance but below the ideal scenario) – some of the conditions needed for an 'A' are not met.

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[13] Further details about the TADAT framework can be found here (https://www.imf.org/en/Capacity-Development/Training/ICDTC/Courses/TADAT).
[14] The four classification categories are: i) Type of tax, ii) Type of TE, iii) Policy goal, and iv) Beneficiaries.
[15] Prior to the official launch of the GTETI in October 2023, two technical meetings with experts on tax expenditure policy and index construction were held in October and December 2022.

- 'C' means weak performance relative to the ideal scenario – some of the requirements needed for a 'B' or higher are not met.

- 'D' denotes inadequate performance and is applied when the requirements for a 'C' or higher are not met. Furthermore, the 'D' score is given in certain situations where there is insufficient information available to determine the level of performance.[16]

There are two groups of indicators based on different quantitative assessments:

1. For Indicators 4.3. *Beneficiaries*, 5.1. *Disaggregation of revenue forgone* estimates and 5.5. *Availability of evaluations*, the quantitative criteria are split into three options: SOME = <50%; MOST = 50-99%; and ALL =100%.

2. Indicators 4.1. *Policy objective* and 4.5. *Legal reference* are split into four options: SOME = <50%; MANY= 50-74%, MOST = 75-99%; and ALL =100%.

3. Indicator 5.5 *Availability of TE Evaluations* is split into five options: FEW = <25%, SOME = 25% - 49%; MANY = 50% - 74%; MOST = 75% - 99%; and ALL = 100%.

The reason is that for the first group we combine the quantitative criteria with qualitative criteria. Hence, adding one additional option for the quantitative aspect would significantly increase the complexity of the scoring system.

Once all indicators are scored independently, the GTETI scores allocated to each indicator are converted into a numerical scale at the level of the five dimensions. Each dimension can receive a maximum score of 20,

Box 3.1. Conversion formula

This box describes the formula applying to all 25 indicators individually to convert the scores (based on an 'ABCD'-type of scale) into a numerical scale ranging from 0 (minimum) to 4 (maximum). It also describes how the scores of each dimension as well as the overall GTETI score are computed.

First, a numerical score of 0 is allocated to the lowest possible score for a specific indicator, e.g. 'D' in a four-point 'ABCD' scale. Then, the distance between the minimum score and the maximum score (4) is cumulatively divided between the remaining scoring options ('A', 'B' and 'C', following the same example), starting with the second last option ('C', in this case). Hence, the formula four-point 'ABCD' scale is as follows:

$$D = 0,$$
$$C = 1*(4/3) = 1.33,$$
$$B = 2*(4/3) = 2.66, \text{ and}$$
$$A = 3*(4/3) = 4$$

When there are only three possible scores (e.g. in the case of Indicators 2.1, 2.2 and 2.3), the total score 4 is assigned to the positive answer ("the TE report must be submitted to Parliament"), and a score of 0 is assigned to the negative answer (there is no such requirement). Hence, the formula for a is as follows:

$$C = 0,$$
$$B = 1*(4/2) = 2, \text{ and}$$
$$A = 2*(4/2) = 4$$

The scoring of each dimension is then computed by simply adding the numerical score of each indicator within the dimension. Likewise, the overall GTETI score is computed by simply adding the scores for the five dimensions.

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[16] This is particularly relevant for Indicators 2.1 Legal Requirement (if there is no information on the law within the TE report and the law could not be found after a reasonable search, the score of indicator 2.1 is D), and 3.1 Information on TE coverage (if there is no information whatsoever on types of taxes covered and TEs are only reported by name, then the score of indicator 3.1 is F).

and each of the five indicators within each dimension can receive a maximum score of 4 (see Box 1). Since the GTETI is based on an equal weighting approach (see Section 3.3.), the final overall GTETI score ranges from 0 (worst possible score) to 100 (best possible score).

3.2. Equal weighting, dependency and interaction between indicators

For most aggregated indexes, weighting is one of the main methodological challenges.[17] The GTETI is based on equal weighting across and within dimensions, i.e. the five dimensions are equally weighted and the five indicators within each dimension as well. The decision of equal weighting was made for the sake of simplicity and methodological parsimony. However, it has some implications worth mentioning.

First, some may argue that some dimensions or indicators should have a higher weight than others (differential weighting). For instance, as mentioned above, revenue forgone estimates are a core piece of information of any TE report. It is crucial that these estimates are provided at the individual TE provision level; therefore, a report that only provides aggregated information (e.g. by type of tax) is not informative enough and, more importantly, does not allow TE provisions to be properly assessed. Against this backdrop, one could argue that Indicator 5.1. *Disaggregation of revenue forgone* should have a higher weight. While this may appear as a relatively intuitive approach (given the relevance of revenue forgone estimates), the question of how much additional weight would be justified (or how much less weight in the case of other indicators) is notably more intricate and will likely involve a set of rather arbitrary decisions. As a result, differential weighting would significantly increase the overall complexity of the GTETI. This would limit the intuitive appeal and usefulness of the index for stakeholders who are not experts in the TE field. Hence, it would jeopardize one of the main goals of the project: to increase transparency of TEs.

Second, some indicators interact with each other. For example, the level of aggregation of information provided in the report affects more than one indictor. As shown above, Indicator 5.1. *Disaggregation of revenue forgone* estimates explicitly captures the level of aggregation of revenue forgone estimates. Countries with disaggregated information receive a higher score. This is also the case for indicators within Dimension 4. Descriptive TE data, for instance, gives higher scores to countries providing disaggregated information about policy goals, type of tax and type of TE, beneficiaries, timeframe and legal reference. Since the level of aggregation of this type of information tends to reflect the level of aggregation of revenue forgone estimates in many reports, one could argue the former affects the latter or, even worse, the respective indicators essentially measure the same phenomenon. Nonetheless, we believe that each of the GTETI's dimensions and indicators capture relevant aspects of good TE reporting practices which have a significant impact on their own, independently from each other. Also, values obtained by different countries for different indicators show sufficient variation to justify our choice of indicators.

3.3. No assessment of the size of revenue forgone

Unlike the GTED, the GTETI does not capture information on the magnitude of TEs as measured by revenue forgone estimates. Countries are not ranked according to the size of revenue forgone they report. Revenue forgone estimates are, however, considered to assess the degree of detail and precision of different pieces of information in the TE report. For instance, Indicator 4.1. *Policy objective* is assessed by calculating the share of total revenue forgone for which the policy objective is disclosed, but the size of revenue forgone is not assessed.

Likewise, given extensive variations in tax systems and the size of the public sector, we are aware of the challenges of a harmonized approach to reporting TEs at an international scale (e.g. regarding benchmarking

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17   Other indices in related fields that face, up to a certain extent, similar methodological challenges are the Open Budget Index by the International Budget Partnership (https://internationalbudget.org/open-budget-survey/), accessed 12 December 2025, and the Financial Secrecy Index by the Tax Justice Network (https://fsi.taxjustice.net/), accessed 12 December 2025.

definitions, which are country-specific). However, we are confident that it is possible to agree on good TE reporting standards and best practices. There are indeed positive signs: the outcome document "Compromiso de Sevilla" of the 4th International Conference on Financing for Development (FfD4) (July 2025) is the first such document that mentions TEs, stating: "We encourage enhanced oversight and management of tax expenditures, including through transparent tax expenditure reporting".[18] The GTETI puts forward a set of such standards that could and should be adopted by countries worldwide.

In other words, the GTETI does not score countries based on the size of the revenue forgone stemming from the use of TEs, nor on benchmarking decisions or definitions. Instead, the GTETI scores countries' TE reports on a set of objective indicators defining what TE reporting ideally should look like.

3.4. Assessment of the TE report, not the TE policymaking process

The GTETI provides a framework to assess TE reporting across countries. On the other hand, it does not score TE policymaking in terms of its design, desirability or the political economy underpinning policy reform. For instance, while dealing with TE evaluations, the GTETI does not score countries according to the outcomes of these evaluations, but rather based on the extent up to which the minimum information regarding such evaluations is provided (or referenced) within the TE report.

As mentioned above, we believe that transparency and comprehensiveness of TE reporting are key elements of the TE policy cycle and, hence, necessary (though not sufficient) steps towards sound evidence-based TE policymaking. Against this background, we do expect countries scoring high on the GTETI to also have TE regimes that better serve their stated purpose. However, analysing these relations goes beyond the scope of the GTETI and should rather be seen as an avenue for future research.

3.5. The main TE report and referenced materials

Some countries issue multiple documents with revenue forgone data, and TE reporting is thus not consolidated in one single report but rather spread across several reports or secondary documents. In those cases, the GTETI only assesses the "main TE report". Hence, a key decision to be made in the respective GTETI assessment regards the identification of the main TE report. If it is not clearly indicated by the name of the document, the main TE report is identified by assessing the scope of revenue forgone data across the different official documents. For this purpose: (i) we prefer reports containing at least one year of backward revenue forgone estimates (i.e. estimates based on recorded tax information instead of forecasts or projections), (ii) we assess the total value of revenue forgone associated with reported TEs, and (iii) we assess the level of disaggregation of TE data (preferring data at the individual TE provision level over aggregated figures).

Moreover, some countries may publish complementary documents which do not contain revenue forgone data but include other relevant narrative insights. ,Information that is often referenced or directly linked to a TE report can include:

a. Publicly available underlying data (.xls, .csv etc.) – relevant for 1.4. *Online accessibility*,
b. Legal basis for TE reporting – relevant for 2.1. *Legal requirement* and 2.2. *Submission to parliament*,
c. Budget documentation and MTS – relevant for 2.4. *Budget cycle integration* and 2.5. *Medium-term strategy integration*,
d. Methodology used for TE assessment – relevant for 3.2. *Tax benchmark*, 3.3. *Structural tax provisions* and 3.4. *Revenue forgone estimation method,*
e. TE evaluations – relevant for 5.4. *TE evaluation framework* and 5.5. *Availability of TE evaluations*.

For information not directly included in the main TE report, we make every effort to incorporate it into the GTETI assessment, provided it is clearly referenced or linked within the main report (see above, Section 2.1.1).

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[18] See https://financing.desa.un.org/sites/default/files/2025-11/FFD4 Outcome Booklet v5_EN_Digital 5.5x8.5.pdf, accessed 01 December 2025.

3.6. Underreporting

The GTED only collects revenue forgone data from official and publicly available TE reports (Redonda et al., 2021). The GTETI follows the same procedure. We do not assess TE reports produced by third party sources, (e.g. international organisations or other research institutions), unless the government is directly involved, for example, by commissioning such reports and authorising their publication. One of the issues that this approach triggers regards underreporting and its impact on the GTETI coverage. There are two sources of underreporting: first, even when TEs are used widely worldwide, several governments do not report on TEs (116/218 according to the latest version of the GTED), which directly limits the scope and coverage of the GTETI. Second, the scope of what governments include in the reports depends on several aspects including, in many cases, a high degree of discretion. Therefore, it is challenging (if not impossible) to assess how comprehensive TE reports are for reporting countries. This type of underreporting is directly related to Indicator 3.1. *Information on TE coverage*. As discussed before, having an accurate picture of the total range of existing TE provisions in a specific country is a daunting task if it is not clearly stated in the assessed document and goes beyond the scope of this initiative. Hence, Indicator 3.1. *Information on TE coverage* relies on two types of information: a disclosure statement of coverage in the report and an assessment of whether the main taxes available at the national level are indeed covered in the TE report.
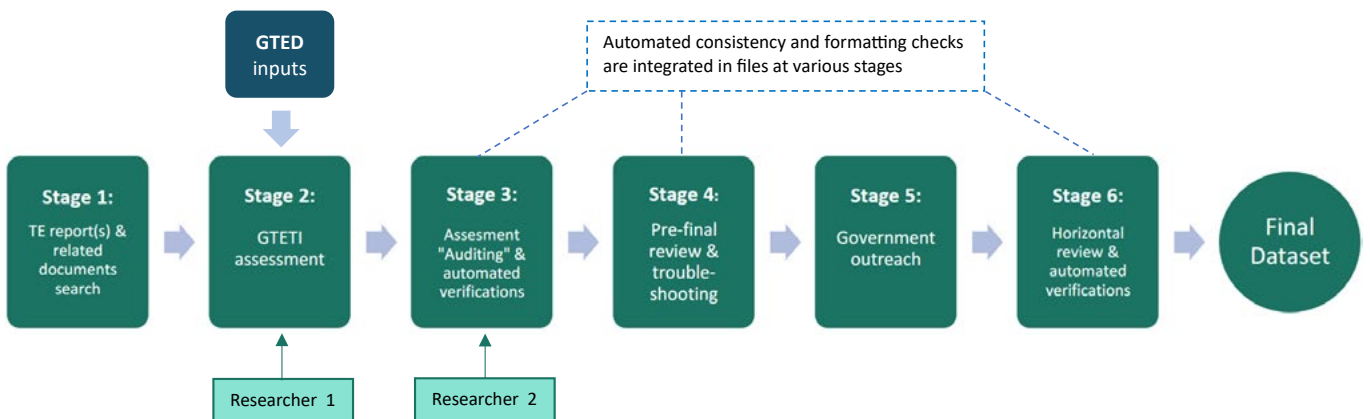
4 CONDUCTING THE GTETI ASSESSMENT

As shown in Figure 4.1, we designed a multi-stage process to minimize the likelihood of human errors and assess countries as objectively as possible.

The GTETI focuses on TE reporting. Yet, some indicators use data sources beyond the specific TE report itself. For instance, Indicators 2.4. *Budget cycle integration* and 2.5 *Medium-term strategy integration* do not assess the TE report itself but whether TE-related information (usually included in the TE report) is included in budget documents and medium-term strategies. Moreover, quantitative data displayed in Dimension 4: Descriptive TE data, is taken from the GTED. Most of the indicators study the TE report itself, and hence Stage I of the GTETI assessment identifies all countries that have published at least one official TE report within the 10-year timeframe of assessment.

To summarize, the main sources of information considered for the GTETI assessment are:

- The main TE report and all relevant additional information explicitly referenced therein (including methodology and other secondary documents).

- Additional TE documentation available in the same webpage where the TE report is published, and clearly associated with the TE report (see Sections 2.1.1. and 3.5.).

- Laws and regulations (including publicly available decrees, directives, circulars, etc., as well as third party legal sources providing relevant country-specific analysis in the TE field).

- Official budget documentation (including budget proposals, and fiscal strategy documents).

- Official evaluation documents (including those published by government bodies or agencies), to the extent these are referenced in the TE report or clearly associated to it in the publishing website.

Figure 4.1: The GTETI assessment process

4.1. Stage I – Identification of the main TE report

For the previous edition, the GTETI assessment relied on the GTED for the identification of the *main* TE report to be assessed. In this edition, the process was inverted, as GTETI analysts conducted an in-depth search of the availability of TE reports, which was then incorporated into the GTED data gathering process, allowing to generate relevant statistics. Those statistics are, in turn, sent back to the GTETI consultants and used for GTETI indicators 4.1, 4.3, 4.5, and 5.1.

Two technical differences between the GTED and GTETI methodologies are worth discussing. First, whereas the GTED gathers all existing data published since 1990, the GTETI only assesses the latest TE reports issued within the last 10 years.[19] Consequently, if the latest report published by a country falls outside the assessment timeframe of the index, a country can be included in the GTED but not considered in the GTETI.. However, the latest versions of both datasets share the same coverage.

The second difference concerns the identification of the main TE report. The main goal of the GTED is to provide a comprehensive overview of TE use in every country. In the case of multiple TE reports, the GTED collects TE data from different reports, if these are deemed complementary and double counting can be avoided. GTED methodology also ensures, to the extent possible, that any sub-national TEs are excluded from the database. This is different for the GTETI, whose main objective is to assess the quality of TE reporting with a focus on transparency. If a country publishes different TE reports (e.g. different governmental institutions publishing revenue forgone estimates in more than one document), the assessment is based on the report considered as the "main" one by the government. If this is not explicitly disclosed, the documents are analysed by the GTETI team to decide which one will be used as the "main" report for the GTETI assessment.

These are the key features that define a TE report in the spirit of the GTETI assessment: a TE report must be an official, publicly available document that clearly identifies and quantifies revenue forgone stemming from TE provisions. Three guiding principles assist in the determination of whether a document is indeed a TE report for purposes of GTETI assessment:

1. **Identification** – The report or a section of it must explicitly refer to TEs in its title, introduction, or tables. The terminology may vary, but it must be clear that the content concerns forgone revenue derived from TE provisions. A formal TE definition is useful though not required.

2. **Objective** – The report must show a clear intent to present TE revenue forgone, evident from its title, a specific section or annex, or the introductory remarks.
   - A section or table within a broader fiscal or economic report qualifies if it is dedicated to TEs and provides revenue forgone estimates.
   - Documents mentioning TEs only incidentally are excluded, e.g. a report on tax administration that mentions revenue forgone triggered by a few TEs.

3. **Revenue forgone estimates** – The report must include estimates of revenue forgone for at least one tax type and one fiscal year (past or projected).

Once the countries subject to assessment and their main TE reports (including relevant secondary documents explicitly referenced in the TE report) are identified, the GTETI assessment (Stage II) begins.

4.2. Stage II – Running the GTETI assessment

The process begins with the assessment of each individual country. An analyst evaluates the quality of TE reporting by working with the GTETI Scoring Sheet and

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providing references to publicly available documents whenever required. This assessment is based on the GTETI Country Assessment Guidelines, which contain detailed instructions on how to assess each supporting question and how to fill out the GTETI Scoring Sheet. The analyst reviews available information, evaluating the TE report indicator by indicator. The GTETI Scoring Sheet is an excel spreadsheet with 25 questions (one question per indicator, see Appendix 2), and 141 supporting documentation sub-questions or data entries, which guide the analyst in the evaluation of key criteria in each indicator (See Box 2). By going through this process, the analyst needs to provide all relevant sources of information and is encouraged to leave any comments that might be useful to follow the GTETI assessment.

4.3. Stage III – Auditing and verifications

The resulting GTETI Scoring Sheet prepared by the analyst (Researcher 1) is then assigned to a second analyst (Researcher 2), tasked with resolving any automated consistency and format flags, and verifying each indicator down to the source (Stage III). With regards to automated consistency and formatting flags, the auditor can quickly check if any indicator presents a score that is not consistent with the expected supporting documentation pattern. For example, a country that scores (A) in Indicator 1.2 *Timeliness*, must receive a "Yes" answer concerning the supporting documentation 1.2.4 ("Does the report contain revenue forgone data for (t-1)?"). If this is not the case, the audit document will flag Indicator 1.2. Further, the analyst auditing the GTETI assessment (Researcher 2) must review the evidence base of each indicator. For instance, in the process of reviewing Indicator 1.5 on *Reader-friendliness*, if the questionnaire indicates that the TE report does contain a summary, referencing a specific TE report page, the audit process requires Researcher 2 to consult the TE report and verify that such page contains a summary which meets minimum criteria. If the questionnaire does not have sufficient references, the auditor must add those references and, if needed, adjust the scores accordingly. Any score or supporting documentation changes implemented by the auditor must be explained in the audit file.

Box 4.1. Working with the GTETI scoring sheet

The internal GTETI Country Assessment Guidelines provide detailed guidance for analysts to run a comprehensive GTETI assessment indicator by indicator. To illustrate the degree of detail of the guidelines, two excerpts are shown here based on Indicators 2.1. *Legal reporting requirement* and 4.1. *Policy objective*.

1. Indicator 2.1. Legal reporting requirement

This indicator assesses if there is a legal requirement explicitly requiring a TE report to be issued and if it defines a specific period when the report needs to be published. Such a legal requirement shall be a concrete clause included in the law, a legal mandate, or a ministerial or parliamentarian order to produce such report. Hence, the document may be a law or act, a regulation, a decree, a circular, a parliamentarian enquiry or order, etc.

We use two criteria to qualify and score this indicator:

- Criteria 1 [Specificity]: We assess whether there is an obligation to specifically report on TEs. This is different, for instance, from an obligation to provide necessary documentation to support budget transparency, or an obligation to report on expenditures, in general. Yet, if the latter includes a specific reference to "tax expenditure" reporting, we consider that there is a *specific legal requirement* to report on TEs.

- Criteria 2 [Periodicity]: We consider if the legal requirement to report on TEs calls for regular/periodic reporting. Alternatively, the legal requirement can define a one-off, ad hoc obligation. If there is a clear indication that the reporting obligation is recurrent in time, we consider the legal basis to define a periodic reporting obligation.

If the legal basis appears to be limited to a one-off reporting exercise, we consider it an ad hoc/one-off/punctual obligation to report on TEs.

Finally, analysts proceed to combining criteria 1 and 2 as follows:

- A) [Specificity]: Yes + [Periodicity]: Yes
- B) [Specificity]: Yes + [Periodicity]: No
- C) There is a legal basis to report, but it is not specific TEs ([Specificity]: No). Otherwise, this score is assigned in cases the TE report does not disclose a legal basis for TE reporting, and no legal basis has been found within the time limit pre-defined in the research guidelines.

Research Guidelines:

- The first step regards the identification of any references to the legal requirement within the TE report. These references are usually found in the introductory paragraphs of the report, in the text or in a footnote – or sometimes even on the website where the TE report is published.

- If no reference is provided in the report, the second step regards checking: (i) specific TE reporting laws that are not mentioned in the report itself, (ii) budget laws (including procedure laws and regulations), (iii) government transparency or accountability laws.
  - For EU Member States: Art 14.2 of Directive 2011/85/EU mandates that "Member States shall publish detailed information on the impact of tax expenditures on revenues". To find the relevant laws in EU member state that transpose this obligation into national law, please consult this link.

- Main places where to look for laws:
  - Parliament or government law repository.
  - Ministry of Finance website – laws and regulations section.
  - Tax authority – laws and regulations section.

- If no reference to the legal framework is made in the TE report, please limit the length of the research to three hours. After that, please select (C) and inform the GTETI core team.

Indicator 4.1. *Policy objective*

A clear description of the specific policy objective that motivates a TE is crucial not only to understand what goals the government is trying to achieve through its implementation, but also to define an evaluation strategy, e.g. based on impact evaluations or cost-benefit analysis.

As long as the policy objective is reasonably clear, we do accept any definition provided by the country, even if the definition is rather general. On the other hand, if only a very broad policy objective is provided for all (or for some groups of) TEs, e.g. "VAT rate reductions to promote economic growth" without disclosing specific policy objectives for different TE provisions, the indicator is scored with a 'D'. In cases where no information on policy objectives is provided in the TE report, the corresponding answer is 'E'.

To conclude that policy objectives are stated "by TE", we must observe one of the following two features:

(i) TE provisions are listed individually, and there is an explicit classification based on different policy objectives (e.g. Portugal, p37, 3rd column), or

(ii) Individual TEs are grouped by policy objective (e.g. United States, p3-21).

When policy objectives are presented by TE, we distinguish between scoring options (A) through (D) by evaluating the share of total revenue forgone accounted for by all TE provisions with a stated policy objective, as follows:

$$\frac{\sum RF^{PO}}{\sum RF}$$

Where $\sum RF^{PO}$ is the revenue forgone for a TE provision with a stated policy goal attached, and $\sum RF$ is the total revenue forgone presented in the report (or the best possible approximation).

After having calculated this share, the indicator is scored as follows:

    A. ALL: 100% of revenue forgone has a stated policy objective
    B. MOST: 75%- 99% of revenue forgone has a stated policy objective
    C. MANY: 50% - 74% of revenue forgone has a stated policy objective
    D. SOME: less than 50% of revenue forgone has a stated policy objective.

Additional input: In the GTETI v2.0 edition, we match all "main TE reports" identified for the GTETI with GTED records to calculate revenue forgone amounts necessary for indicators 4.1, 4.3, 4.5 and 5.1. For the vast majority of countries, GTED data allows for the automated calculation of key metrics for these indicators.

4.4. Stage IV – Pre-final review

Once the audit stage is completed, the GTETI core team reviews the scoring outcome and solves remaining issues or disagreements between analysts. Any score or documentation adjustments at this stage are documented and justified in the audit file. The GTETI team then proceeds to create "clean" country questionnaires to be shared with governments (Stage V). The outcome of this phase is a consolidated file with all data in tabular format.

4.5. Stage V – Reaching out to governments

• Pre-final GTETI questionnaires are sent for feedback to the relevant official institution—typically the body responsible for drafting the official TE report, in most instances, the ministry of finance or the tax authority. Contact information is derived from any email addresses disclosed in the TE report. If unavailable, relevant official websites are consulted for contact details.

• Should the government provide a different perspective on specific indicators, we request corresponding documentation or references to substantiate their position. If any discrepancies persist between the government's view and that of the GTETI team, the matter is forwarded to the Tax Expenditure Lab Advisors for review. In the absence

of governmental feedback within a specified timeframe, the given score is deemed accurate and subsequently included in final GTETI assessment. This said, the GTETI core team welcomes any post-publication feedback, whether insights, corrections, or other comments, to ensure ongoing accuracy and refinement of our data.

4.6 Stage VI – Horizontal review

This stage aims to produce a comprehensive assessment of TE reports across countries, focusing on specific indicators. This „horizontal" or „by indicator" review contrasts with the previous „by country" phase, facilitating comparative analysis across jurisdictions. In Stages II and III, each analyst was assigned a set of specific countries, covering all 25 indicators. In contrast, Stage VI assigns individual indicators to different analysts, to be assessed across all countries included in the GTETI.

Additionally, a series of automated checks ensures the consistency of formatting in the underlying supporting documentation. Each indicator is reviewed individually, and any inconsistencies are flagged for further review and potential adjustments.

The main objectives of this final "horizontal review" stage are:

- **Fairness:** Ensuring consistent application of the methodology across all assessed countries. The horizontal review seeks to evaluate similar situations uniformly across countries.

- **Formatting:** Ensuring that the assessments of all countries follow a harmonized procedure that facilitates reader comprehension and data verification. This is achieved by reviewing the formatting of supporting documentation.

- **Consistency:** Ensuring that, for each indicator, the supporting documentation aligns with the selected score. Ideally, most inconsistencies should have been addressed before this stage. However, if analysts identify scoring or methodological discrepancies, these are resolved during the final review by the GTETI team.

At this stage, we also compare the GTETI v2.0 scores with those from the previous edition. This helps us identify any additional inconsistencies or discrepancies. It also strengthens consistency and fairness in the horizontal review, as any changes in scores prompt us to verify the underlying cause—whether they reflect new information and reporting practices in the country, a methodological adjustment, or a stricter assessment process. Over the medium term, this comparison helps to safeguard methodological consistency and rigor across editions.

The outcome of the horizontal review stage is the final GTETI dataset and ranking.

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APPENDIX 1:
AN IDEAL TE REPORT

Compared to benchmarking, where national tax systems and preferences play an important role, TE reporting is an area where it is easier to identify good practices and define minimum standards. No matter the exact definition of the benchmark tax system (and the related definition of TEs), the type and scope of the information provided by TE reports can be systematized.

As discussed in the present Companion Paper, the GTETI scores countries according to the regularity, scope and quality of the information provided in their TE reports. This appendix introduces the key elements of good TE reporting. We describe the structure of an ideal TE report by discussing the content of each of its sections and provide a template for revenue forgone estimates and related information.

1. Overall Characteristics

Cover page:
- ✓ Document name
- ✓ Fiscal years covered
- ✓ Publication date
- ✓ Contact details

Structure overview:
- ✓ Numbered structure
- ✓ Non-technical summary
- ✓ Key sections highlighted

Acronyms:
- ✓ List of acronyms included

Format:
- ✓ Downloadable pdf
- ✓ Website html version
- ✓ Machine readable (searchable)
- ✓ Colors are used to highlight sections, tables and figures

Underlying data:
- ✓ Data analysis format (.xls, .csv etc.)
- ✓ Linked from TE report, or made available on the same web page as the report

2. Introduction

A short section providing a high-level discussion of what a TE report is and why it is important as a tool to foster government budgetary and fiscal transparency.

The introduction could include a discussion about:

- ✓ **Legal basis:** Specification of the legal basis or requirement for TE reporting (Law name and date + article or section)
- ✓ **Responsibility and procedural indications:** indication of the agency or institution in charge of preparing the report as well as any obligation in relation to the report (e.g. periodicity of publication, submission to parliament, involvement of other governmental authorities, etc.)
- ✓ **Non-technical summary:** a brief description (using an accessible language) of the main insights from the latest TE report. Additional take-aways can also be highlighted, such as significant impact of new TEs introduced, important changes in the country's TE structure (e.g. increase in PIT tax expenditures vs. CIT tax expenditures), or outcome of recent TE evaluations. A brief discussion of the evolution of TEs over time, e.g. during the last five years could also be included. A discussion about relevant changes since the last TE report (e.g. any new TEs, or provisions that have expired or have been discontinued) is also highly desirable.

3. Methodology

This section should include an introduction of the TE concept and a detailed discussion of the benchmark tax system which can be, for instance, structured by type of tax. Any high-level and overarching discussion about the methods and assumptions used for the calculation of revenue forgone estimates should also be included in this section. A disclosure of any data limitations and other potential conceptual and methodological issues should also be clarified.

Some concepts and issues this section should discuss include:

a. **Definition of the TE concept:** Explanation of the TE concept in plain, non-technical terms. Additional information can be provided by citing academic sources and/or guidance by other stakeholders, e.g. regional and/or international organizations.
b. Scope of TE report:
   i. **Coverage:** Statement of the comprehensiveness (or lack of comprehensiveness) of the TE report. If the document includes all TEs implemented by the government, this should be explicitly indicated. Otherwise, a statement should indicate that the report only covers a subset of existing TEs, and which ones.
   ii. **Estimation:** If the TE report is not exhaustive, and only provides revenue forgone estimates for a subset of all the TE provisions included in the report, it is important to disclose this. Ideally, the report should explain why some TEs are not estimated.
c. **Tax benchmark:** General explanation of the benchmark or standard tax system against which TEs are assessed. While a detailed discussion of the relevant benchmark provisions should be provided in Section 5 (see below), a high-level discussion of the overall approach to benchmarking is desirable in this section.

d. **Structural tax provisions:** Some countries distinguish TEs (also called non-structural tax provisions) from structural tax provisions, i.e. provisions that are deviations from the benchmark tax system, but "are an integral part of the tax system". These provisions "have different purposes, such as to define the scope of the tax or calculate income or profits correctly."[20] If a country uses a highly neutral tax benchmark, which does not integrate any tax regime that is specifically advantageous to certain taxpayers, it can legitimately claim that it does not have any structural provision, given that any such preferential tax provision is automatically considered a TE. However, if this is the case, it should be explicitly mentioned in the report. If a country does categorize some TEs as structural provisions, they should be listed and, ideally, revenue forgone estimates should be provided, following the template introduced below (Section 5 of this appendix).
e. **Revenue estimation method:** General explanation of the method(s) used to calculate revenue forgone, including key assumptions and clearly stated data sources.

4. Statistical Overview

A core piece of information of any TE report regards the presentation of revenue forgone estimates and projections. Hence, as with any data-focused document, a statistical overview to highlight the main overall findings should be included. A non-exhaustive list of potential charts and figures includes the following elements:

- ✓ **Types of taxes:** chart or table summarizing revenue forgone by type of tax, ideally, including time trends.
- ✓ **Policy objectives:** chart or table summarizing revenue forgone by policy objective (or policy objective category, if policy objectives are too specific), ideally, including time trends.

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20 UK Parliament Treasury Committee (2023), https://publications.parliament.uk/pa/cm5803/cmselect/cmtreasy/723/report.html#heading-0.

✓ **Beneficiaries:** charts or tables summarizing revenue forgone by type of beneficiary, distribution of revenue forgone by beneficiary (e.g. how many beneficiaries benefit from tax breaks above EUR 1 million, how many benefit from tax breaks between 1M and 500 000 etc.), ideally, including time trends.

✓ **Evaluations:** charts or tables presenting TEs evaluated by type of tax, evaluation outcomes (amount of revenue forgone linked to negatively evaluated TEs vs. positively evaluated vs. inconclusive), ideally, including time trends.

5. Revenue forgone estimates and companion information

As previously mentioned, it is crucial the revenue forgone estimates and projections together with relevant accompanying information in the TE report are provided at the individual TE provision level. Due to its length and to safeguard the integrity of the text and facilitate the reading of the report, many countries include detailed information on each TE (described below) in an appendix.

Ideally, every TE provision should have a fact sheet with the following information:

TE name											
TE identification number											
Description											
Policy objective											
Budgetary category											
Targeted beneficiaries											
Number of beneficiaries											
Benchmark definition											
Legal reference											
Type of tax											
Type of TE											
Timeframe	Entry in force		Date								
	Expiration		Date / permanent								
Revenue forgone estimates and projections (absolute value, in local currency)	t-5	t-4	t-3	t-2	t-1	t	t+1	t+2	t+3	t+4	
Estimation method*											
Data sources*											
Last evaluation/ evaluation schedule**											

* When a TE report only uses one method to calculate revenue forgone, and/or only uses a single data source, it is not necessary to specify these at the individual TE provision level, but this should be explicitly mentioned in the report.

** Including reference / link to the latest evaluation report and summary of key findings

TE name: Ideally, the TE name already provides relevant information and is sufficiently specific to differentiate this TE from other similar TE provisions.

TE identification number: Ideally, a unique identifier is given to each TE. This allows identifying provisions within the TE report and, more importantly, to keep track of changes over time.

Description: A detailed and comprehensive description is crucial since the TE name is not always self-explanatory.

Policy objective: Governments worldwide implement TEs to pursue different policy objectives such as attracting FDI, boosting R&D and innovation, tackling inequality and greening the economy. A clear definition of the policy goal is not only crucial to understand what the government is trying to achieve, but also to conduct a sound ex-post evaluation. Ideally, the description of the policy goal should be comprehensive and detailed, and whenever possible, contain specific indicators of success. It should avoid abstract notions such as "boosting economic activity" or "supporting a specific sector or region".

Budgetary category: Ideally, TE reports should classify every TE provision by budgetary category to which they are attributable (education, health, defence, etc.), and if possible, follow the same classification of government expenditure data used by the country, e.g. COFOG. This is crucial, for instance, to classify TEs in accordance with direct spending entitlements and, hence, to better integrate them with the budget, but also to get a clear picture of expenditure strategies (including both direct and tax expenditure) for specific budget categories.

Targeted beneficiaries: Ideally, TE reports should classify every TE provision by beneficiary group (corporations, SMEs, individuals, households, self-employed, etc.).

Number of beneficiaries: Whenever possible, the number of beneficiaries should be provided. This is a relevant piece of information for governments to monitor take-up ratios, but also to put the magnitude of the revenue forgone in context.

Benchmark definition: TEs are defined as a departure from the baseline tax structure, i.e. as deviations from a country-specific benchmark tax system. Hence, clearly defining the benchmark is a necessary first step to identify the deviations that should be classified as TEs, and, hence, estimated and included in the TE report.

Legal reference: Ideally, TE reports should include the reference to the legal provisions underlying all individual TEs. The reference should be as precise as possible, including not only the name/reference code of the law or act but also the relevant article/section within the law or act.

Type of tax: Ideally, TE reports should classify every TE provision by the type of tax upon which they are applied (PIT, CIT, VAT, excise taxes, etc.)

Type of TE: Ideally, TE reports should classify every TE provision by the mechanism through which they are granted (exemption, reduced rate, deduction, credit, deferral, etc.)

Revenue forgone estimates and projections: Revenue forgone estimates are a core element of TE reports. They are not only necessary to assess the impact of the use of TEs on public coffers, but also to conduct cost-benefit analyses, which are, in turn, one of the main inputs for evidence-based policy making. While some countries only provide estimates for the year in which the report is published (t), ideally reports should also include a backward-looking component providing estimates for, at least, the five most recent years (*t-5*).[21] Likewise, it should include projections for, at least, the four years following the year of publication (*t+4*).

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21   Data for the year of publication, t, is considered a projection since, very often, TE reports are published before the end of the fiscal year and, thus, the data for the entire fiscal year needs to be forecasted. In very limited cases, the TE report is published at the very end of fiscal year. In these cases, the data is provisional since there are always pending claims and issue resolutions. In order to simplify the assessment process, if a report is published before the end of a fiscal year, revenue forgone values for that fiscal year are considered projections.

Timeframe: It is important to understand the evolution of TEs over time. The report should contain the dates when the TE enters in force and when it expires (if an expiry date or sunset clause is defined). The latter is crucial to avoid TE provisions to remain stuck in the tax code even when the original rationale for their implementation has disappeared (e.g. due to changes in economic structure).

Revenue forgone estimation method: In most cases, and probably because of its relative simplicity, TEs are estimated and reported based on the revenue forgone approach – a method that compares actual revenue collection with the revenue that would have been collected without the provisions in place, assuming unchanged taxpayers' behaviour and unchanged revenues from other taxes. Yet, revenue forgone can be estimated employing different models or approaches, e.g. processing of actual tax return data, microsimulation, etc. Moreover, the report should include any relevant assumptions that may have been used to compute the revenue forgone estimates.

Data sources: Data sources should be disclosed so that interested stakeholders can understand the data that was used and, replicate the estimates if they choose to do so.

Last evaluation/evaluation schedule: Identifying and estimating the fiscal cost of TEs should not be seen as the final objective but rather as a necessary step to assess their effectiveness and efficiency, which, in turn, should be a priority for policy makers. Ideally, the report should include the latest evaluation of each TE provision (or a reference, including the document name and location as well as the hyperlink to access it), with a reference to the year when the evaluation was conducted and a short summary of the main findings or, at least, an indication of the final outcome, e.g. positive / negative / inconclusive.

6. TE evaluation

This section should discuss in detail an ex-ante assessment and ex-post evaluation framework or clearly reference it. Whereas ex-ante assessments and ex-post evaluations are different in their objectives and methodological set-up and take place at different stages within the TE policy cycle (see Figure 1), they are highly interconnected. In most cases, ex-ante assessments are designed as qualitative/descriptive analysis tools seeking to assess the implementation of a new TE provision with respect to its relevance and potential effects. In contrast, ex-post evaluations require a minimum analysis of the costs and benefits triggered by an individual TE provision (Redonda et al., forthcoming). Ideally, ex-ante assessments should provide the baseline data against which the impact of TEs can later be evaluated.

Ideally, this section should also summarise the findings of the evaluations that were conducted since the publication of the previous report, including references (hyperlinks) to the respective evaluation reports. Incidence analysis is a case in point. Whereas assessing the distribution of revenue forgone (by income deciles, gender or sectors) cannot be considered a proper evaluation of costs and benefits, it can still be a highly useful piece of information provided at a relative low cost if tax administrative data is available. Some countries such as Australia, Canada and Mexico include incidence analyses in their TE reports.

Moreover, the report should include detailed information on the evaluation schedule for the coming years.

APPENDIX 2:
GTETI SCORING SHEET

Dimension 1: Public Availability

Indicator 1.1: Frequency and Regularity

How regularly and frequently are TE reports published?

A) TE reports are published annually, at a regular pace.

B) Reports are published every 2 years, at a regular pace; OR Reports are published every year at a generally regular pace; OR [TE reports are published annually, at a regular pace BUT the latest report is not dated.

C) Reports are published every 3 or more years, at a regular pace; OR Reports are published every 2 years at a generally regular pace; OR Reports are published every year (annually), at an irregular pace / OR [Reports are published every 2 years, at a regular pace; OR Reports are published every year at a generally regular pace] BUT the latest report is not dated.

D) Reports are published every 3 or more years, at a generally regular pace; OR Reports are published every 2 years at an irregular pace. / OR [Reports are published every 3 or more years, at a regular pace; OR Reports are published every 2 years at a generally regular pace; OR Reports are published every year (annually), at an irregular pace] BUT the latest report is not dated.

E) Reports are published every 3 or more years at an irregular pace, or without any identifiable pattern. / OR [Reports are published every 3 or more years, at a generally regular pace; OR Reports are published every 2 years at an irregular pace] BUT the latest report is not dated.

Supporting documentation:
Date of report(s) published in 2024 (if any):
Date of report(s) published in 2023 (if any):
Date of report(s) published in 2022 (if any):
Date of report(s) published in 2021 (if any):
Date of report(s) published in 2020 (if any):
Date of report(s) published in 2019 (if any):
Date of report(s) published in 2018 (if any):
Date of report(s) published in 2017 (if any):
Date of report(s) published in 2016 (if any):
Date of report(s) published in 2015 (if any):
Median frequency of publication of reports:
Number of times that the country missed an expected publication:
How regular is the publication of TE reports?
Is the latest report explicitly dated?

Indicator 1.2: Timeliness

Does the report (published in fiscal year t) provide data for the most recent fiscal year (t-1)?
A) Yes, the report provides data for the most recent fiscal year (t-1).
B) No, but the report provides data for the fiscal year before the most recent one (t-2).
C) No, the report does not provide data for the most recent fiscal years.

Supporting documentation:
Date in which the latest TE report was published:
Fiscal year in which the latest TE report was published (t):
Most recent fiscal year (t-1):
Does the report contain RF data for (t-1)?
Does the report contain RF data for (t-2)?

Indicator 1.3: Visibility

To what extent do public authorities promote the visibility of TE reports?
A) TE reports are available in an online repository AND there is an official press release that is dedicated to the latest TE report.
B) TE reports are available in an online repository AND there is an official press release related to TEs where the latest TE report is mentioned.
C) TE reports are available in an online repository (but no press release mentions the latest TE report).
D) There is no repository for TE reports (regardless of press releases).

Supporting documentation:
Link to press section of the publishing website:
Link to press section of the Ministry of Finance (if different):
Is there a press release mentioning the latest TE report?
Is such press release dedicated to the latest TE report?
Is there a public online repository for TE reports?
Does the online repository contain all existing TE reports?

Indicator 1.4: Online Accessibility

How accessible is the TE report and its underlying data online?

A) [TE report found via official website search functionality AND Report accessible under 5 clicks from homepage] AND Data is accessible in usual data analysis formats

B) [TE report found via official website search functionality OR Report accessible under 5 clicks from homepage] AND Data is accessible in usual data analysis formats

C) [TE report found via official website search functionality AND Report accessible under 5 clicks from homepage] BUT no Data is accessible in usual data analysis formats

D) [TE report found via official website search functionality OR Report accessible under 5 clicks from homepage] BUT no Data is accessible in usual data analysis formats / OR / the Data is accessible in dta anlaysis formats BUT the TE report cannot be found online, NEITHER through the official website search functionality NOR within five clicks of the homepage.

E) The TE report cannot be found online, NEITHER by searching official websites the usual TE expression NOR within five clicks of the official website homepage.

Supporting documentation:
Usual expression for „Tax Expenditure" (TE):
Publishing Institution:
Click Path to Report:
Can the TE report be reached in less than 5 clicks from the homepage?
Is the data of the TE report available in data analysis format (xls., csv.,..)?
Can the TE report be found when searching for the usual TE expression on the official website?
Is the data file accessible in the same website as the TE report (or linked therein)?
Does the data file contain at least the same numerical information on TEs that is provided in the main TE report?

Indicator 1.5: Reader-friendliness

To what extent is the report designed to be understandable for everyone?
A) TE reporting is consolidated in a single document, AND contains a summary of its main findings, AND all acronyms are explained, AND the TE report itself or a version of it is formatted for impaired individuals.
B) TE reporting is consolidated in a single document, AND contains a summary of its main findings, AND all acronyms are explained.
C) TE reporting is consolidated in a single document, AND contains a summary of its main findings OR all acronyms are explained.
D) TE reporting is spread across multiple documents (non-consolidated), AND one of the reports contains a summary of its main findings, AND all acronyms are explained. /OR/ TE reporting is consolidated, but the report does not contain a summary NOR acronyms are explained.
E) TE reporting is non-consolidated, and none of the reports presents both a summary of main findings and an explanation of acronyms (i.e. none of the above).

Supporting documentation:
Is the report one single document?
Does the TE report contain a summary?
How does the TE report explain acronyms?
Is the TE report machine-readable/searchable? (not considered in score)
Is the TE report made available in HTML format? (website view with adjustable font size)
Is the structure of the TE report apparent? (titles and sections clearly shown)
Does the TE report, in any of its formats, use colours to highlight?
Is the TE report or a version of it available in a format for visually impaired individuals?

Dimension 2: Institutional Framework

Indicator 2.1: Legal Requirement

Is there a legal requirement to report on TEs?
A) There is a legal requirement to periodically report on TEs.
B) TE reporting is done following an ad hoc, one-off, legal obligation.
C) There is no indication of a legal requirement to specifically report on TEs.

Supporting documentation:
Does the report indicate a legal requirement to report on TEs?
Does the legal basis specifically mention an obligation to report on tax expenditures?
Does the legal basis require that TE reporting is done periodically?
Is the legal requirement specific to a single report (ad hoc, one-off req.)?

Indicator 2.2: Submission to Parliament

Is the TE report required to be presented to the Parliament?
A) Yes, there is a legal requirement to submit the TE report to the Parliament AND there are indications of ‚de facto' submission.
B) Yes, there is a legal requirement to submit the TE report to the Parliament OR there are indications of ‚de facto' submission.
C) No, there are no indications that the TE report is submitted to the Parliament.

Supporting documentation:
Does the report state that it is submitted to the parliament?
Is the report part of or an appendix to a document that is submitted to the Parliament?
Does the legal basis include a requirement to submit the TE report to Parliament?

Indicator 2.3: Reporting Responsibility

Is TE reporting assigned to a specific Government ministry, agency or commission?
A) Yes, the government institution or agency in charge of TE reporting is clearly indicated in the law requiring TE reporting AND in the TE report itself.
B) Yes, the government institution or agency in charge of TE reporting is clearly indicated in the law requiring TE reporting OR in the TE report itself.
C) No, there is no indication of the government institution, agency or commission responsible for TE reporting.

Supporting documentation:
Does the report indicate reporting responsibility?
Does the legal requirement indicate reporting responsibility?
Who is responsible for TE reporting? (e.g. ministry, agency, special unit.. name)

Indicator 2.4: Budget Cycle Integration

Does the Executive's Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year?
A) Yes, information beyond the core elements is presented for all tax expenditures
B) Yes, the core information is presented for all tax expenditures.
C) Yes, information is presented, but it excludes some core elements or some tax expenditures.
D) No, information related to tax expenditures is not presented.

*Supporting documentation (only if there is **no OBS data**):*
Is the Executive's Budget Proposal (EBP) public?
Does the EBP contain a statement of purpose or policy goal for (both new and existing) TEs)?
Does the EBP contain a listing of the intended beneficiaries for (both new and existing) TEs?
Does the EBP contain an estimate of the revenue forgone for (both new and existing) TEs?
Does the EBP present information on TEs beyond the core elements above (e.g. benchmark, assumptions etc.)?

Indicator 2.5: Medium-Term Strategy Integration

Does the medium-term strategy, if any, include information on tax expenditures?
A) YES, the medium-term fiscal strategy sets guidelines with regard to the size AND policy objectives (e.g. distributional impact, etc.) of tax expenditures.
B) YES, the medium-term fiscal framework sets guidelines on EITHER tax expenditures size OR TE policy objectives.
C) YES, BUT the medium-term strategies merely mentions tax expenditures (without discussing policy objectives or size of TEs)
D) NO, TEs are not even mentioned in the MTS / OR / The country does not produce a medium-term fiscal strategy.

Supporting documentation:
Does the country have a medium-term strategy document?
Are TEs explicitly mentioned in the medium-term strategy document?
Are TEs policy objectives considered in the medium-term strategy?
Are guidelines on TEs size (i.e. with respect to revenue forgone) considered in the medium term strategy?

Dimension 3: Methodology and Scope

Indicator 3.1: Information on TE Coverage

To what extent does the TE report cover all Tax Expenditures available at the national level?
A) The report indicates that all existing TEs are covered.
B) [The report provides a specific explanation of which TEs are covered] AND [All types of taxes available at the national level are considered in the report]
C) [The report provides a general explanation of which TEs are covered] AND [All types of taxes available at the national level are considered in the report]
D) [The report provides an explanation* of which TEs are covered] AND [Certain types of taxes available at national level are missing from the report]
E) [All types of taxes available at the national level are considered in the report] AND [No TE coverage disclosure]
F) [Certain types of taxes available at national level are missing from the report] AND [No TE coverage disclosure]

Supporting documentation:
Does the report clearly state that all existing TEs are covered?
Does the report explain to what extent existing TEs are covered?
Is the explanation of TE coverage general or specific?
Are personal income taxes (PIT) covered?
Are corporate income taxes (CIT) covered?
Are goods and services taxes (GST) covered?
Are Value-Added Taxes (VAT) covered?
Are customs tariffs covered?
Are excise taxes covered?
Are property or wealth taxes covered?

Indicator 3.2: Tax Benchmark

To what extent is the tax benchmark used to assess TEs specified in the report?
A) The benchmark is specified by TE AND International treaties are considered (if any)
B) Tax benchmark specified by type or tax and/or type of TE AND International treaties considered (if any) / OR / The benchmark is specified by TE BUT available international treaties are not considered.
C) There is only a general TE definition/overall benchmark description AND international treaties are considered (if any) / OR / The benchmark is explained by type of tax or type of TE AND international treaties are not considered.
D) No tax benchmark description is provided / OR / There is only a general TE definition/overall benchmark description AND international treaties are NOT considered (if any)

Supporting documentation:
Is the tax benchmark specified by TE provision?
Does the report provide tax benchmark information by type of tax?
Does the report include an overall description of the tax benchmark and/or a definition of TE?
Are international treaties mentioned in the report?

Indicator 3.3: Structural Tax Provisions

To what extent does the report include information on alterations to the benchmark that are not considered TE? (i.e. structural tax provisions)

A) The report provides general criteria for structural tax provisions classification AND lists individual structural tax provisions AND indicates that the list is complete AND includes revenue forgone estimates for such provisions.

B) The report provides general criteria for structural tax provisions classification AND lists individual structural tax provisions AND indicates that the list is complete.

C) The report defines or clearly distinguishes preferential tax provisions that are not considered TEs AND [provides general criteria for structural tax provisions classification OR lists individual structural tax provisions (regardless of completeness)]

D) The report defines or clearly distinguishes preferential tax provisions that are not considered TEs BUT such provisions are neither separately listed nor are classification criteria for structural tax provisions provided.

E) The report does not define or clearly distinguish preferential tax provisions that are not considered TEs (i.e. structural tax provisions).

Supporting documentation:

Does the report clearly identify a category of preferential tax provisions that are not considered TEs, either by explicitly defining them or by distinguishing them within the benchmark?

Does the report provide general criteria to consider a preferential tax provision as a structural provision?

Does the TE report separately list individual structural tax provisions?

Does the report provide any indication that not all available structural tax provisions are included in the list?

Are revenue forgone estimates provided for structural tax provisions?

Indicator 3.4: Revenue Forgone Estimation Method

To what extent does the report specify the method used to calculate revenues forgone?

A) The TE report uses different revenue forgone estimation methods, and consistently specifies such methods by TE, type of tax or type of TE, OR, the TE report indicates the uses of only one revenue forgone estimation method / AND necessary economic assumptions are stated.

B) The TE report uses different revenue forgone estimation methods, and specifies such methods by TE, by type of tax or by type of TE, OR, the TE report indicates the use of only one revenue forgone estimation method / AND necessary economic assumptions are NOT stated.

C) The method(s) used to calculate revenue forgone are not specified in the report, or they are indicated inconsistently (only for some TEs or groups of TEs).

Supporting documentation:

Does the report explain the method(s) used to estimate revenue forgone (e.g. in the introduction or method section)?

Does the report use a single method or various methods?

Does the report consistently explain the revenue estimation method used by type of tax, type of TE or by TE?

Backward revenue forgone estimates, are economic assumptions specified?

Forward revenue forgone estimates, are economic assumptions specified?

Indicator 3.5: Data Sources

Does the report specify the data sources used to calculate revenue(s) forgone?

A) The data source(s) is(are) clearly indicated in the TE report, specifying all sources used (generally, by type of tax or by TE)

B) The report provides some indications on the data source(s) used, BUT data sources are unclear for some types of taxes, or TEs.

C) The TE report does not disclose its data sources.

Supporting documentation:

Are data sources mentioned in the „Methodology" section?

Does the report rely on a single source or various data sources?

How are data sources stated in the report (by TE, by type of tax, by type of TE…)?

Are data sources for some TEs unclear?

Dimension 4: Descriptive TE data

Indicator 4.1: Policy Objective

To what extent is information on the policy objective(s) of available TEs included in the TE report?
A) By TE provision, the report includes information on TE policy objectives, for ALL TEs.
B) By TE provision, the report includes information on TE policy objectives, for MOST TEs
C) By TE provision, the report includes information on TE policy objective, for MANY TEs
D) 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) The TE report does NOT include information on TE policy objectives.

Supporting documentation:
Does the report explain the objective of specific TE provisions?
[1] Total revenue forgone for all TEs
[2] Revenue forgone for TEs presenting policy objectives
[2] divided by [1]
To what extent are policy objectives (PO) stated for specific TE provisions?
Otherwise, are overall policy objectives for TEs mentioned?

Indicator 4.2: Type of Tax and Type of Tax Expenditure

To what extent is information on the type of TE included in the TE report?
A) By TE provision, the report includes information on the type of tax AND the TE mechanism used
B) TEs are presented by type of tax AND for some types of tax, the different types of TE mechanisms are specified (if any)
C) TEs are presented by type of tax without indicating the types of TEs available within OR TEs are presented by type of TE but relevant taxes are not always specified.
D) TEs are assessed in bulk, without differentiating the types of taxes or TEs

Supporting documentation:
Does the report specify the different types of taxes where TEs are available?
Does the report specify the TE mechanisms used in different TEs?
Is information on types of taxes and types of TEs provided by TE provision?
Are TEs assessed in bulk, without distinguishing types of taxes or types of TEs?

Indicator 4.3: Beneficiaries

To what extent is information on beneficiaries of existing TEs included in the TE report?
A) By TE provision, the report includes information on the number of beneficiaries, for ALL TEs AND target groups are specified.
B) By TE provision, the report includes information on the number of beneficiaries, for MOST TEs AND target groups are specified.
C) By TE provision, the report includes information on the number of beneficiaries, for SOME TEs AND target groups are specified.
D) The report only includes some information on target groups, BUT no numbers of beneficiaries are provided.
E) The TE report does NOT include information on beneficiaries.

Supporting documentation:
Does the report state the beneficiaries target groups?
Does the report include the number of beneficiaries by TE provision?
[1] Total revenue forgone for all TEs
[2] RF associated with TEs for which the number of beneficiaries is provided
[2] divided by [1]
To what extent is the number of beneficiaries (NB) stated for specific TE provisions?

Indicator 4.4: Timeframe

To what extent does the report provide information on the period over which TEs are legally in force?
A) By TE provision, the report includes information on applicable timeframes.
B) The TE report provides some indications of TE timeframes, inconsistently.
C) No indications of applicable timeframes are provided in the TE report.

Supporting documentation:
Does the report include any information on TE timeframes?
Is information on applicable timeframes specified by TE provision?
Is timeframe information provided inconsistently for some groups of TEs or specific TE provisions?

Indicator 4.5: Legal Reference

To what extent are legal references for available TEs included in the TE report?
A) By TE provision, the report includes SPECIFIC legal references information, for ALL TEs.
B) By TE provision, the report includes SPECIFIC legal reference information, for MOST TEs.
C) By TE provision, the report includes SPECIFIC legal reference information, for MANY TEs.
D) By TE provision, the report includes SPECIFIC legal reference information, for SOME TEs.
E) The report only includes GENERAL legal reference information, either by TE or by groups of TE provisions.
F) The TE report does NOT include legal reference information.

Supporting documentation:
Are specific legal references (i.e. Law name or code + Article or section) provided for at least some TE provisions?
[1] Total revenue forgone for all TEs
[2] RF associated with TEs for which specific legal references are provided
[2] divided by [1]
To what extent are specific legal references (LR) stated for TE provisions?
Otherwise, are general legal references (e.g. Law name) provided for specific TEs or groups of TEs?

Dimension 5: TE Assessment

Indicator 5.1: Disaggregation of Revenue Forgone Estimates

How is revenue forgone data presented in the TE report?
A) By TE for all types of taxes.
B) By TE for MOST types of taxes and with aggregates for other types of tax.
C) By TE for SOME types of taxes and with aggregates for other types of tax.
D) Aggregated by 3 or 4 out of 4 aggregation categories.
E) Aggregated by 1 or 2 out of 4 aggregation categories.
F) Only a total estimate of revenue forgone is reported.

Supporting documentation:
Does the report present provision-level revenue forgone (RF) data?
[1] Total revenue forgone for all TEs
[2] RF associated with TEs presenting provision-level RF data
[2] divided by [1]
To what extent is revenue forgone (RF) disaggregated by TE provision?
Does the report provide aggregate RF estimates by Policy Objective?
Does the report provide aggregate RF estimates by Type of Tax?
Does the report provide aggregate RF estimates by Type of TE?
Does the report provide aggregate RF estimates by Type of Beneficiary?
To what extent does the TE report provide aggregate RF data?

Indicator 5.2: Backward Revenue Forgone Estimates

To what extent is backward revenue forgone data provided in the TE report?
A) Backward estimates covering five (5) or more fiscal years are provided in the report
B) Backward estimates covering four (4) fiscal years are provided in the report
C) Backward estimates covering three (3) fiscal years are provided in the report
D) Backward estimates covering two (2) fiscal years are provided in the report
E) Backward estimates covering only one year are provided in the report
F) No backward estimates are provided in the report

Supporting documentation:
Date of publication of the last TE report (see indicator 1.1):
Most recent fiscal year („t-1", see indicator 1.2):
For how many years are backward estimates provided in latest report?

Indicator 5.3: Forward Revenue Forgone Forecasts

To what extent are revenue forgone forecasts provided in the TE report?
A) Revenue forgone forecasts covering five (5) or more fiscal years are provided in the report
B) Revenue forgone forecasts covering four (4) fiscal years are provided in the report
C) Revenue forgone forecasts covering three (3) fiscal years are provided in the report
D) Revenue forgone forecasts covering two (2) fiscal years are provided in the report
E) Revenue forgone forecasts covering only one year are provided in the report
F) No Revenue forgone forecasts are provided in the report

Supporting documentation:
Date of publication of the last TE report (see indicator 1.1):
Fiscal year in which the latest TE report was published („t", see indicator 1.2):
For how many fiscal years are forward-looking projections provided in the latest report?

Indicator 5.4: TE Evaluation Framework

To what extent is information on TE evaluation frameworks available in the TE report(s)?
A) Information on BOTH Ex-ante AND Ex-post TE evaluation frameworks is contained or clearly referenced in the report.
B) Information on EITHER Ex-ante OR Ex-post TE evaluation frameworks is contained or clearly referenced in the report.
C) Information on TE evaluation frameworks is not contained or clearly referenced in the report.

Supporting documentation:
Does the TE report include or reference information on the TE evaluation framework?
Does the report provide information on existing frameworks for Ex-ante TE evaluation (if any)?
Does the report provide information on existing frameworks for Ex-post TE evaluation (if any)?
(unscored) Is there a separate, unreferenced, document explaining the TE evaluation framework?

Indicator 5.5: Availability of TE Evaluations

To what extent does the TE report include information on publicly available TE evaluations (ex-post)?
A) TE evaluations follow a clearly specified impact assessment methodology, AND the scope of evaluation covers ALL or MOST TEs.
B) TE evaluations follow a clearly specified impact assessment methodology, AND the scope of evaluation covers MANY TEs..
C) TE evaluations follow a clearly specified impact assessment methodology, AND the scope of evaluation covers only SOME TEs.
D) TE evaluations follow a clearly specified impact assessment methodology, AND the scope of evaluation covers only FEW TEs. / OR / TE evaluations involve incidence analysis AND the scope of evaluation covers ALL, MOST, or MANY TEs.
E) TE evaluations involve incidence analysis, AND the scope of evaluation covers only SOME or FEW TEs.
F) TE evaluations are not included or referenced in the latest TE reports (or such evaluations were conducted 5 or more years ago).

Supporting documentation:
Are (Ex-post) TE evaluations included or referenced in the latest TE report?
Do the reports published in the 4 years preceding the latest TE report include TE evaluations?
What type of TE evaluations are included in the report?
[1] Total revenue forgone for all TEs
[2] RF evaluated (counting the RF provided in the latest available evaluation of each TE, not beyond 5 years)
[2] divided by [1]
To what extent have TEs been evaluated (Ex-post) over the last 5 years?

APPENDIX 3: MAIN CHANGES WITH THE GTETI V2.0

The changes introduced since the GTETI version 1.1 published on December 4th, 2024, include both cross-cutting changes as well as indicator-specific modifications. The former ones are as follows:

Coverage expansion: 11 new reporting countries have been included in GTETI v2.0: Azerbaijan (AZE), Bangladesh (BGD), Cayman Islands (CYM), Egypt (EGY), Ghana (GHA), Croatia (HRV), Nicaragua (NIC), Somalia (SOM), Tchad (TCD), Tajikistan (TJK) and Zambia (ZMB).

Research process streamlining: This last edition of the GTETI moves away from the parallel research setting (CP GTETI v1.1, 2024). Instead of producing two independent assessments of the same report, GTETI v2.0 sets up an assessment and audit process where the second analyst is focused on verifying the assessment down to each individual reference, and tasked with the resolution of automated consistency flags (see section 4.3, above).

Horizontal review: In addition to indicator-by-indicator review implemented in GTED v1.1, this version additionally verifies the nature and soundness of any change of score from the previous GTETI edition. Indicator-specific changes are discussed in the respective dimension-specific subsections below.

A.3.1. Changes to Dimension 1. *Public availability*

Methodological modifications were incorporated in indicator 1.1. Moreover, general assessment criteria have been refined to assess indicators 1.3 and 1.5. See the specifics below:

Indicator 1.1: Reporting Frequency and Regularity. We have added an additional parameter to assess this indicator. Including an explicit publication date in the report—either within the document itself or alongside it in the repository where the report is hosted—helps standardize the assessment of publication frequency and regularity. This ensures that the timing of reports does not have to be inferred from fiscal year coverage or extracted from the document's metadata, which can be misleading when countries update their documentation or online repositories in one go.

In this edition, a country's score is therefore downgraded if the publication date of its latest TE report is not clearly stated. Under the previous methodology, a country with annual and regular publication received an A score regardless of whether the dates were explicitly stated. Under the 2025 methodology, the absence of an explicit publication date—under the same conditions of annual and regular publication—results in a B score.

Indicator 1.3 Visibility: For this indicator, we sought to standardize the evaluation parameters of repositories, with particular attention to cases where TE reports are not stand-alone documents but are instead embedded within larger publications, such as Budget or Finance Laws.

A.3.2. Changes to Dimension 2. *Institutional framework*

In this dimension, the main change relates to the research process for Indicators 2.4: *Budget Cycle Integration* and 2.5: *Medium-Term Strategy Integration*. Given the wide variation in content and format among Medium-Term Fiscal Strategy documents and Executive Budget Proposal documents, we aimed to standardize the assessment parameters for both indicators by conducting a global pre-assessment covering all 116 countries.

This pre-assessment involved a detailed cross-country review of the integration of both the budget cycle and medium-term fiscal strategies, ensuring consistency and comparability across all GTETI assessments. Indeed, analysts were tasked with assessing Indicator 2.4 for any country that was not readily available from OBS 2023, and assessing Indicator 2.5 for all countries.

In practice, this meant that when an analyst assesses a specific country (Section 4.2 – Stage II), the supporting documentation, sources, and preliminary scores for both indicators were already available. A similar situation applies for Indicators 2.1 Legal requirement, 2.2 Submission to Parliament, and 2.3 Reporting responsibility. Because these indicators are heavily based on legal analysis, and such analysis was undertaken for the previous edition of the index, analysts are asked to verify whether the previous assessment of the legal basis still holds, and only perform additional legal research if necessary (law repeal, new laws, amendments etc.).

Consequently, the country-level assessment of indicators in Dimension D.2 focused mainly on verifying preliminarily collected or preexisting sources and checking overall coherence and consistency.

A.3.3. Changes to Dimension
3. *Methodology and scope*

The main modifications in this dimension relate to Indicator 3.3: *Structural Tax Provision*. Several aspects of the assessment for this indicator remain consistent with the previous GTETI edition. We continue to assess whether:

- The TE report explains the criteria used to exclude preferential tax provisions from the tax expenditure category;

- The TE report lists individual structural tax provisions or includes them only as part of a broader tax benchmark; and

- The TE report presents revenue forgone data for structural tax provisions when available.

In the current edition, we introduced several refinements to enhance clarity, consistency, and analytical depth. We expanded the scoring range from A–D to A–E, allowing for greater differentiation among countries based on the level of detail and methodological clarity regarding structural tax provisions. Furthermore, additional criteria (two additional questions) were added to capture how countries define and classify structural tax provisions:

- We now assess whether the report clearly identifies a category of preferential tax provisions that are not considered TEs (either in the tax benchmark, or otherwise explicitly defining a separate category).

- In the case that structural tax provisions are separately listed (or systematically distinguished) in the TE report, then we also check if there are any indications that such list is incomplete. This is the case when a report merely lists a few examples of structural tax provisions, but clearly disregards other such provisions.

A.3.4. Changes to Dimension
4. *Descriptive tax expenditure data*

For all indicators that include quantitative data on revenue forgone—namely Indicator 4.1: Policy Objective, Indicator 4.3: *Beneficiaries*, and Indicator 4.5: *Legal Reference*, as well as Indicator 5.1: *Disaggregation of Revenue Forgone Estimates* under Dimension 5 Tax Expenditure Assessment—we have standardized the data source by relying on the Global Tax Expenditure Database (GTED).

This alignment ensures consistency and comparability between the GTETI and GTED. To achieve this, we began with a process of identifying each country's main TE report—and secondary reports, where applicable (see *Stage I – Identification of the Main TE Report* for details). Based on this identification, the GTED team collects data for each country following their specific methodology and guidelines.

With few exceptions[22], the quantitative data used in the GTETI is sourced from the GTED. Note that the GTETI only includes the data available in the main TE report, wheras the GTED might include data from several available reports. If more than one TE report exists for a country, the GTED data is marked so that the GTETI can clearly differentiate between the reports. For more details on the GTED methodology, please refer to the GTED Companion Paper.

The GTED methodology collects and classifies quantitative information on tax expenditures according to two main data types: 1. Revenue forgone estimates; and 2. Number of beneficiaries (Redonda et al., 2021). These data are updated regularly based on the latest available TE report for each country.

Alongside the name (in both the original language and English) and description of each TE provision, the GTED classifies information regarding the TE mechanism, the policy objectives pursued, the legal reference that establishes the TE provision, the time frame of application, among others (Redonda et al., 2021). Unlike the GTETI—which always assesses the latest available TE report—the GTED does not necessarily update information on policy objectives, legal references, or time frames in every data collection round, nor is this information always based on the most recent TE report. Once the GTED classifies these elements, they remain in the database even if newer TE reports do not include them. Many of these features were originally identified in earlier reports and retained in subsequent updates.

Furthermore, in this GTETI edition, GTED inputs have refined the differentiation between provision-level data (data disaggregated by individual TE provision) and aggregated data (grouped by type of TE, tax category, or larger fiscal groupings). As a result, scoring adjustments were introduced to ensure that only provision-level estimates are included in the assessment of revenue forgone data.

We also addressed cases where countries report negative revenue forgone values. These typically occur when a tax rate exceeds the statutory tax rate (e.g. if certain economic activity is subject to an income tax "surcharge", such deviation from the benchmark tax system may be categorized as a negative TE). To maintain standardization and avoid overestimating or underestimating total revenue forgone, such negative TE values were excluded from the revenue forgone estimates for GTETI.

By aligning the GTETI with the GTED data framework, this edition ensures methodological consistency and harmonization between both initiatives. Using GTED as the sole quantitative data source eliminates discrepancies in data collection and enhances comparability across countries and over time.

A.3.5. Changes to Dimension 5. *Tax expenditure assessment*

Methodological guidelines for this indicator have been modified. We now distinguish between impact analysis, which evaluates whether a TE is achieving its intended objective, and incidence analysis. A distributional analysis is considered an impact analysis if the distribution variable is clearly related to the TE's goal. Otherwise it will be assessed as incidence analysis. Moreover, the evaluation scale for this indicator has been refined to allow for a more nuanced assessment of different types of analyses, including higher scores for impact analyses, due to their more comprehensive nature. Further, in the previous edition, the share of evaluated TEs was classified into three categories: All (100%), Most (more than 50%), and Some (less than 50%). The revised scale now includes five categories, providing greater precision:

- All: 100% of TEs evaluated
- Most: 75–99% of TEs evaluated

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[22] There are a few exceptions, including Portugal and Iceland, for which we collected data directly due to methodological differences in identifying the main TE report. Azerbaijan, Bhutan, the Cayman Islands, and Somalia for which we also extracted data directly from their TE reports, do not report provision-level data.

- Many: 50–74% of TEs evaluated
- Some: 25–49% of TEs evaluated
- Few: Less than 25% of TEs evaluated

Under this new framework, scores A to D correspond to varying degrees of impact analysis coverage, while scores D and E apply to incidence analyses. Score F is assigned when no evaluation—of either type—has been identified.

This refined approach allows for a more accurate and nuanced representation of the scope and analytical rigor of tax expenditure evaluations across countries.

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