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DEFINITION GUIDE FOR TAX INDICATORS IN THE ECOFISC DATABASE

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BACKGROUND

The development of the Guide for the Definition of Indicators in the ECOFISC Database is motivated by the need to address discrepancies in tax reporting and facilitate substantive comparative analyses. Revenue indicators are important tools for analysing fiscal policy performance, monitoring domestic resource mobilisation, and creating evidence-based decisions. However, differences in definitions, data collection procedures, and methodologies among countries have frequently harmed the dependability and comparability of revenue information.

In response to these challenges, the guide provides a standardised structure that is consistent with global good practices while also accommodating regional situations, particularly within Africa. It aims to improve the accuracy and credibility of revenue indicators by harmonising definitions and methodology, increasing transparency and allowing policymakers, academics, and stakeholders to draw actionable insights for improving fiscal sustainability.

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Glossary of Terms

BPT:	Business Profit Tax
BIC :	Business Income Component
CET :	Common External Tariff
CIT :	Corporate Income Tax
CSL:	Community Solidarity Levy
CL:	Community Levy
ECOWAS:	Economic Community of West African States
GDP:	Gross Domestic Product
NCP:	Non-Commercial Profits
PIT:	**Personnel Income Tax**
TIMC:	Tax on Income from Movable Capital
TPI:	Tax on Property Income
TWS:	Tax on Wages and Salaries
VAT:	Value Added Tax

SECTION 1: INTRODUCTION

1.1 Purpose of the Guide

The Guide for the Definition of Revenue Indicators in the ECOFISC Database aims to provide a consistent framework for understanding, monitoring, evaluating, and comparing revenue-related statistics across several countries. By providing explicit definitions and techniques, the guide improves data consistency, dependability, and usefulness for policy analysts, researchers, and decision-makers. It aims to improve revenue data openness and comparability, allowing for a more accurate assessment of domestic resource mobilisation efforts and fiscal policy performance.

1.2 Scope

This guide defines and explains the techniques for revenue indicators in the ECOFISC Database, including tax revenue-to-GDP ratios, qualitative indicators, and sector-specific revenue analysis. It discusses data gathering procedures, computing methods, and data restrictions. The guide is intended to improve harmonisation among ECOWAS member countries, facilitating meaningful cross-jurisdictional comparisons and evidence-based policy decisions.

1.3 Target Audience

The guide is aimed at policymakers, tax administrators, economists, academics, and development partners active in tax policy and administration. It is especially useful for stakeholders looking to improve domestic resource mobilisation, evaluate fiscal performance, or undertake comparative revenue analysis. By catering for a varied audience, the guide guarantees that users with varying degrees of knowledge can efficiently traverse the ECOFISC Database and exploit its findings for strategic purposes.

SECTION 2: OVERVIEW OF ECOFISC DATABASE

2.1 Description of the Database

The ECOFISC Database of ECOWAS is a comprehensive digital archive aimed at improving fiscal transparency and economic planning in the area. This database serves as a centralised hub for collecting, assessing, and sharing fiscal data from member countries, such as government income, tax expenditures, public debt, and revenue statistics. Its user-friendly interface allows policymakers, scholars, and international organisations to obtain accurate and current information, promoting informed decision-making. ECOFISC stresses on harmonised data standards to ensure cross-country comparability and uniformity. The database fosters accountability, improves domestic resource mobilisation, and aids in the identification of tax leakages by making fiscal strategies easier to monitor. Finally, ECOFISC enables ECOWAS to promote regional economic integration and sustainable development through evidence-based policymaking.

2.2 Importance of Revenue Indicators

Revenue indicators on the ECOFISC database are critical to advancing fiscal policy development and evaluation. As a centralised repository, ECOFISC collects data on tax collections, tax expenditures, and other fiscal factors, providing policymakers and scholars with useful insights into economic trends and tax system performance of ECOWAS. Additionally, these indicators make international benchmarking possible, allowing for the identification of good practices and policy gaps. For example, comparing tax-to-GDP ratios enables policymakers to evaluate a country's revenue mobilisation efficiency in relation to regional or worldwide standards. Furthermore, indications of tax structure and compliance costs give crucial information for developing equitable and efficient tax policies.

ECOFISC The revenue-generating reforms by pointing flaws in tax collection or administration particularly in developing countries. Furthermore, the database will promote transparency and accountability by enabling stakeholders to assess the alignment of tax policy with development goals. Thus, ECOFISC revenue indicators are critical for making informed decisions, maintaining economic stability, and encouraging sustainable growth.

2.3 The ECOFISC Database: A Catalyst for Cooperation

The ECOFISC database emerges as a key component in the region's tax transition strategy. The database, which aims to centralise tax data across ECOWAS member states, simplifies information interchange, increases openness, and supports evidence-based policymaking. By providing comprehensive data on tax rates, revenues, and compliance trends, the ECOFISC database enables member states to benchmark performance, identify good practices, and effectively implement reforms.

Furthermore, the database supports efforts to address base erosion and profit shifting (BEPS), a crucial issue for developing nations. Through partnership, ECOWAS member states can use the ECOFISC platform to track cross-border financial activities and ensure multinational firms pay their fair share of taxes.

Mobilising a significant amount of tax revenue is critical to ECOWAS' objective of economic integration and sustainable development. The tax transition, which is backed by the ECOFISC database, provides an opportunity for member states to upgrade their fiscal systems and increase domestic resource mobilisation. By embracing cooperation, innovation, and reforms, ECOWAS may realise its aim of a more united and prosperous sub-region.

SECTION 3: MAIN AGGREGATES OF NATIONAL ACCOUNTS: A GUIDE FOR ECOFISC DATABASE DEVELOPMENT

3.1 Background

The main aggregate of national accounts is a key indicator that summarises a country's economic activity. *The national accounts are essential for compiling and presenting economic data for national accounting purposes, and they can provide a solid foundation for developing an ECOFISC database to monitor eco-fiscal policies*. To support stakeholders in providing data, it is important to clearly define and explain the national accounts.

The national accounts and their relevance for an ECOFISC database are highlighted below:

1. **Gross Domestic Product (GDP)** – This measures *the total market value of all final goods and services produced within a country over a specific period (usually semi-annually or annually).* It serves as the primary indicator of economic activity. It helps stakeholders understand the overall size and health of the economy.

   Hypothetical Formula: Expenditure Approach

$$GDP = C + I + G + (X - M)$$

Where:

- C = Consumption (spending by households)
- I = Investment (spending by businesses on capital goods)
- G = Government spending
- X = Exports (goods and services sold abroad)
- M = Imports (goods and services purchased from abroad)

2. **Nominal Gross Domestic Product–** This is the total economic output at current market price, *without adjusting for inflation*. This means Nominal GDP reflects both the quantity and price changes in goods and services produced.

Nominal GDP = ∑(Quantity of Goods and Services Produced×Current Market Prices)

Where:

- **Quantity** = Total output of goods and services.
- **Current Market Prices** = Prices at which goods and services are sold during the current period.

3. **Real Gross Domestic Product**– This is the measure of a country's *total economic output adjusted for inflation, using constant prices from a base year*. This adjustment removes the effects of fluctuating price levels, allowing for a clearer comparison of economic performance across different time periods. Therefore, *Real GDP provides a more accurate assessment of economic growth because it focuses solely on changes in the actual quantity of goods and services produced, rather than fluctuations in their prices*. This makes Real GDP a valuable metric for assessing whether an economy is genuinely growing in terms of output, regardless of inflation or deflation.

Real GDP = ∑(Quantity of Goods and Services×Base Year Price)

Where:

- **Quantity** = Total output of goods and services.
- **Base Year Prices** = This refers to the price of goods and services during a specific, fixed base year used as a benchmark in the calculation of **real GDP**.

4. **Value Added of the Primary Sector** – This refers to the economic value that activities in this sector contribute to the economy. The primary sector includes *agriculture, forestry, fishing, and rearing.* Value added is calculated as the difference between the output produced and the input costs directly associated with creating that output (like raw materials and labour).

Value Added (Primary Sector) = Gross Output−Intermediate Consumption (IC)

Where:

- **Gross Output** = Total revenue from goods and services produced by the primary sector.

- **Intermediate Consumption** = Prices at which goods and services are sold during the current period.

5. **Value Added of the Secondary Sector** – This refers to the contribution of *manufacturing, construction, utilities (electricity, water, etc.), and other industrial activities* to a country's Gross Domestic Product (GDP). Capturing the economic performance of the secondary sector helps policymakers evaluate industrial growth and identify areas requiring intervention or support. It is calculated as the sector's gross output minus the value of intermediate goods used in production.

Value Added (Secondary Sector) = Gross Output−Intermediate Consumption (IC)

Where:

- **Gross Output:** Total value of goods and services produced by the secondary sector.
- **Intermediate Consumption:** Value of inputs used in the production process (e.g., raw materials and energy).

6. **Value Added of the Tertiary Sector** – This refers to the net output of industries classified within the service sector after adding up all outputs and subtracting intermediate inputs. It represents the contribution of services such as *retail, finance, education, healthcare, and other service industries* to the overall economy.

Value Added (Tertiary Sector) = Output (O)−Intermediate Consumption (IC)

Where:

- **Output (O):** The total revenue or production value of the service sector.
- **Intermediate Consumption (IC):** The value of goods and services consumed or used up in production processes within the sector.

International Standard Classification of All Economic Activities, Revision 3 (ISIC, Rev.3)

Sector	Branch of Activity
Primary Sector	Agriculture, Hunting and Forestry
	Fishing
Secondary Sector	Manufacturing Activities
	Electricity, Gas, and Water
	Construction, Extractive Activities
Tertiary sector	Wholesale and Retail Trade, Repair of Motor Vehicles,
	Hotel and Restaurant Services
	Transportation, Storage, and Communications
	Financial Intermediation
	Real Estate, Rental, and Business Services Activities
	Public Administration, Defense; Compulsory Social Security
	Education
	Health and Social Services
	Other Collective, Social, and Personal Activities
	Households Employing Domestic Staff
	Extra Territorial Organisations and Bodies

NB: data on nominal GDP and real GDP as well as final consumption and other national accounts aggregates are available at the level of national statistical institutions.

For national accounts, non-market value added is estimated by summing the costs of providing the service (e.g., wages, intermediate consumption, and depreciation of assets).

Calculation of Sectoral Contributions

The sectoral contribution represents the contribution of each sector to the formation of the growth rate. The sum of the sectoral contributions in "year n" gives the growth rate for "year N".

The contribution formula is as follows:

$$SC_n = \frac{Added\ Value\ of\ the\ Sector_n - Added\ Value\ of\ the\ Sector_{n-1}}{GDP_{n-1}}$$

Illustration:

		2015	2016
Nominal Gross Domestic Product (GDP)		6,733	7,005
Added Value of the Primary Sector		1,777	1,944
Added Value of the Secondary Sector		1 103	1,100
Added Value of the Tertiary Sector		3,315	3,377
Taxes and Duties Net of Subsidies		537	584
	Formula		**Value**
$GDP\ growth\ rate_{2016}$	$t_{2016} = \left(\frac{7005}{6733} - 1\right) X100$		4.05
Sector to GDP Growth $_{2016}$	$CS_{2016} = \frac{(1944-1777) X\ 100}{6733}$		2.48
Contribution of the Secondary Sector to GDP growth $_{2016}$	$CS_{2016} = \frac{(1100-1103) X\ 100}{6733}$		-0.05
Contribution of the Tertiary Sector to GDP Growth $_{2016}$	$CS_{2016} = \frac{(3377-3315) X\ 100}{6733}$		0.91
Contribution of Taxes and Duties to GDP Growth $_{2016}$	$CS_{2016} = \frac{(584-537) X\ 100}{6733}$		0.70
Total Sectoral Contribution = Growth Rate			**4.05**

NB: As part of the means for monitoring the fiscal transition indicators, the added value of the sectors are collated at the level of the structure in charge of the national accounts, in this case, it will be the national statistics institution. The calculation of the sectoral contribution is automated in the template.

7. **Market Production** - Market production refers to the production of goods and services that are sold in the market at a price that is expected to cover the cost of production and provide a profit. It aims at businesses or producers exchanging their goods for profit. Market Value Added (MVA) reflects the economic contribution of producers to the economy and is a key component of GDP.

   Mathematically, Market Value Added can be expressed as:

$$Market\ Value\ Added = Value\ of\ Final\ Output - Value\ of\ Intermediate\ Inputs$$

8. **Non-Market Value Added** - Non-Market Value Added refers to the economic value generated by activities that are not directly exchanged in the market. Examples include:

    - Public services like education, healthcare, and defence provided by the government.
    - Unpaid household work.
    - Volunteer work.

    Taxes - Taxes in the context of value-added and GDP are primarily **indirect taxes** (e.g., sales tax, VAT, excise duties) that are levied on goods and services. These taxes are included in the market prices of final goods and services and thus affect the measurement of GDP.

    Mathematically, GDP at market prices includes taxes as:

$$\textit{GDP at Market Prices} = \textit{GDP at Factor Cost} + \textit{Indirect Taxes} - \textit{Subsidies}$$

Where:

- **GDP at Factor Cost** = Sum of value-added at factor cost (labour, capital, etc.).
- **Indirect Taxes** = Taxes on production and imports.
- **Subsidies** = Financial assistance by the government reducing production costs.

9. **Final consumption (at current prices)** - This refers to the total monetary value of all goods and services consumed by households, governments, and non-profit institutions serving households (NPISH) within an economy during a given period, measured at the prices prevailing in that period (i.e., without adjusting for inflation).

$$\textit{Final Consumption (at Current Prices)} = \textit{HFCE} + \textit{GFCE} + \textit{NPISH Expenditure}$$

Where:

- HFCE = Household Final Consumption Expenditure
- GFCE = Government Final Consumption Expenditure
- NPISH = Non-Profit Institutions Serving Households Final Consumption Expenditure

10. **Private Final consumption (at current prices)** - This refers to the total monetary value of all goods and services consumed by households and non-profit institutions serving households (NPISH) within an economy during a given period, measured at the prices prevailing in that period (i.e., without adjusting for inflation).

Private Final Consumption (at Current Prices) = HFCE+NPISH Expenditure

Where:

- HFCE = Household Final Consumption Expenditure
- NPISH = Non-Profit Institutions Serving Households Final Consumption Expenditure

Units of Measurement:

- **Currency: Typically measured in monetary units (e.g., Functional currency (local currency)).**

However, for comparability purposes, Member States' functional (local) currency shall be converted to USD.

3.2 Source(s) of Data

National Account: Data from national statistical agencies (e.g., Nigeria Bureau of Statistics, Ghana Statistical Services, Statistics Sierra Leone, Gambia Bureau of Statistics, Liberia Geoinformation and Economic Statistics).

3.3 Frequency of Data Collection

a. **Annually / semi-annually:** Most countries publish GDP data every half year or annually to monitor short-term economic trends.

SECTION 4: MAIN INDICATORS OF TAX REVENUE AND MONITORING OF THE TAX TRANSITION

4.1 Objective 1: Raise an Appropriate Level of Tax Revenue

The collection of adequate tax revenue is critical to promoting economic integration and financial independence within the ECOWAS. For member states, maintaining sustainable tax revenue collection is not only an economic requirement, but also a strategic necessity in the context of a broader tax transition, which is a tool for tax coordination and policy harmonisation.

a) The Need for Enhanced Tax Revenue Mobilisation

West Africa countries are confronted with two major challenges: low tax-to-GDP ratios and an over-reliance on volatile natural resource revenues. Many ECOWAS member nations struggle with low domestic income mobilisation due to informal economies, tax evasion, and poor administrative capacity. A strong and equitable tax system is required to address these issues and fund crucial expenditure in infrastructure, healthcare, and education. Consequently, efforts to increase revenue mobilisation must centre on extending the tax base, modernising tax administration, and combating illicit financial flows. By reducing tax expenditure and plugging loopholes, member states may build a more equitable and transparent fiscal environment that encourages compliance while discouraging evasion.

b) Tax Transition: Aligning with Regional Goals

In the ECOWAS context, tax transition refers to the progressive change away from trade taxes, which were previously a key source of revenue, and towards domestic taxation, particularly value-added tax (VAT), income tax (CIT/PIT), property taxes, other taxes and domestic taxes. This move is consistent with the ECOWAS Common External Tariff (CET) policy, which urges member states to lower trade barriers to promote intra-regional trade.

However, the tax change is not without obstacles. The transition demands structural changes to ensure that the reduction in trade tax revenue is offset by strong domestic tax systems. Member states must also coordinate tax laws to avoid harmful tax competition and maintain a predictable business environment, which is critical for regional integration.

ID01- Total Tax Revenue

Definition:

Tax revenue is the compulsory financial charge levied on individuals, businesses, or property by a government or regional authority.

Key Features of Tax Revenue

Tax revenue is the income that governments collect through taxation and use to fund public services, infrastructure, and other governmental functions. For an economic union intending to facilitate comparative analysis and policy alignment, tax revenue can be described and understood as:

Types of Taxes Included:

- **Direct Taxes:** Levied on income, wealth, and profits, such as personal income tax and corporate income tax.
- **Indirect Taxes:** Collected on goods and services, such as Value Added Tax (VAT), excise duties, and sales tax.

ID02 - (Tax/Non Tax) Revenue from Natural Resources

Definition

Tax Revenue from Natural Resources refers to the fiscal income (tax and non-tax revenue) a government generates from taxes, royalties, and other charges on the extraction, production, or utilisation of natural resources such as oil, gas, minerals, forests, or fisheries. For an economic union aiming to standardise information for comparative analysis, it is critical to clarify its scope and key elements. Below is an overview to ensure a common understanding:

Key Features of Revenue from Natural Resources

Components of (Tax/Non Tax) Revenue from Natural Resources:

1. **Royalties:** Charges levied on companies engaged in natural resource extraction.
2. **Export Duties:** Taxes on natural resource products exported to other countries.

3. **Surface Rental Fees:** Charges for using land for resource extraction activities.
4. **Environmental Taxes:** Levies aimed at addressing ecological impacts of resource extraction.
5. **Special Resource Taxes:** Additional levies specific to natural resource sectors, such as windfall profit taxes.

ID03 - Tax Revenue Excluding Income from Natural Resources

Definition

Tax Revenue excluding Natural Resources is the total revenue collected by a government from various taxes that excludes income from natural resource-related operations such as oil, gas, or minerals. This indicator provides a more complete view of a country's potential to earn revenue from broader economic activities, regardless of finite natural resource wealth.

Key Features

Typically, this excludes revenues from:

- **Royalties and Rents** - Payments for extraction rights.
- **Additional Revenue from natural resource exploration** -

It includes revenue from:

- **Direct Taxes:** Personal income tax, corporate income tax (non-resource sectors).
- **Indirect Taxes:** VAT, sales taxes.
- **Trade Taxes:** Customs duties, export-import taxes (excluding resource-linked).
- **Other Domestic Taxes:** Property taxes, excise duties, and other levies unrelated to natural resources.

Therefore, **ID03** = ID01 - ID02. The row ID03 is automated to generate the result, as data on row ID01 and ID02 are provided.

ID04 - Domestic Tax Revenue

Definition

Domestic tax revenue is the total amount collected by a country's government from taxes levied on economic activities, incomes, commodities, services, and properties inside its jurisdiction. It comprises all taxes paid by individuals, corporations, and transactions that take place domestically rather than relying on external or international sources such as customs duties and taxes or foreign aid.

Standardisation of the notion is necessary to provide shared understanding and comparative analysis within an economic union. The following are significant components and principles that can characterise domestic tax revenue in this context:

Key Features of Domestic Tax Revenue

Direct Taxes: Levied on income, wealth, and profits, including:

- Personal income tax
- Corporate income tax
- Property tax

Indirect Taxes: Levied on goods and services, such as:

- Value-Added Tax (VAT) or sales tax
- Excise duties
- Stamp duties
- Local consumption taxes

Other Domestic Taxes:

- Taxes on financial transactions
- Licenses and permits

Exclusions for Standardisation

- Revenue from international trade taxes (e.g., customs duties and taxes) are excluded to focus solely on domestic sources.
- Non-tax revenue (e.g., royalties, dividends from state-owned enterprises, and fines) is excluded unless harmonisation protocols explicitly include them.

ID05 - Corporate Income Tax

Definition

Corporate Income Tax is a tax imposed on the profits earned by corporate entities within a jurisdiction, such as businesses and other legal entities or arrangements. This type of taxation is essential for analysing and comparing fiscal policies across different regions, especially within an economic union, to promote transparency, harmonisation, and successful resource mobilisation.

ID06 - Personal Income Tax (BIC, NCP, TWS, TIMC, TPI)

Personal Income Tax is a tax levied on the earnings of individuals within a jurisdiction. The earnings on which tax is levied include income from salaries, wages, business, dividends, interest, rental, capital gains, and other forms of personal income. In the context of an economic union and to facilitate a common understanding and provide comparable information for an economic union, here is an explanation of income tax on individuals categorised into the components mentioned:

a) BIC (Business Income Component)

BIC includes profits derived from any trade, profession, Agricultural, or vocation that the taxpayer engages in, either as a sole proprietor or through a partnership. Consequently, it is the part of an individual's taxable income that arises from business activities, as opposed to income from salaries, wages, investments, or other sources. It is aimed at self-employed individuals and sole proprietors engaged in commercial operations.

b) NCP (Non-Commercial Profits)

NCP includes income derived from independent professionals or freelance activities such as:

- Doctors, lawyers, and accountants.
- Artists, writers, and consultants.
- Other independent professionals offering services.

Income under NCP is generally taxed based on net profits, calculated as revenue minus allowable expenses.

c) TWS (Tax on Wages and Salaries)

This focuses on earned income or income from employment, including wages, salaries, bonuses, and allowances. Employers typically withhold this tax at source.

d) TIMC (Tax on Income from Movable Capital)

This applies to passive or unearned income, including dividends, interest, and financial instruments. It targets income from capital rather than labour or entrepreneurial activities.

e) TPI (Tax on Property Income)

This is another form of unearned income levied on rental income or income from real estate assets. Typically, applicable to property owners earning rental income.

ID07 - Domestic VAT/Consumption Taxes

Domestic VAT (Value-Added Tax) or consumption tax is a tax imposed on the value added to goods and services at each stage of production or distribution within a country. It is a widely adopted indirect tax system designed to generate revenue for governments. Here is a concise breakdown to foster a common understanding:

Key Features of Domestic VAT/Consumption Taxes:

- **Indirect Nature:** The tax is not directly levied on income but rather on consumption, with businesses acting as intermediaries for collection.

- **Multi-Stage Taxation:** VAT is charged at every stage of the supply chain, from production to final sale, ensuring tax is paid on the value added at each step.

- **Neutrality:** In principle, VAT does not distort trade or production decisions, as it is ultimately borne by the end consumer, with businesses able to claim input tax credits for VAT paid on purchases.

- **Broad Base:** Predictably, VAT is applied to most goods and services, although exemptions and zero-rated items (e.g., essential food, health services) may exist.

ID08 - Excise Duties

Excise duties are indirect taxes imposed on specific goods and services, typically those considered non-essential or harmful, such as alcohol, tobacco, fuel, and luxury items. *They are usually* *charged at the manufacturing stage, upon importation, or at the point of sale and are often embedded in the final price paid by consumers.*

Based on the definition, excise duties then include excise duties collected internally and excise duties collected at the port of entry by the customs.

ID09 - Customs Tax Revenues

Definition

Customs Tax Revenue is the revenue collected by a government through taxes, levies, or fees imposed on goods and services imported into or exported from a country. For an economic union such as the ECOWAS, defining and standardising the components of Customs Tax Revenue is critical for uniform data collecting and comparative analysis across member nations.

Key Features of Customs Tax Revenue in ECOWAS:

a. **Import Duties:**
   - Taxes levied on goods entering a country.
   - Typically determined based on the CIF.

b. **Export Duties:**
   - Taxes applied to goods leaving a country, usually to regulate the flow of resources or commodities.

c. **Excise Duties on Imports:**
   - Additional charges on specific imported goods, such as tobacco or alcohol, for regulatory or revenue-raising purposes.

d. **Value-Added Tax (VAT) on Imports:**
   - A consumption tax applied to imported goods at their point of entry into the country.

e. **Special Levies:**
   - Charges such as the ECOWAS Community Levy (0.5%), which funds regional integration projects.

f. Penalties and Fines:

- Revenue from penalties imposed for customs violations (e.g., smuggling or misdeclaration of goods).

g. Customs Fees:

- Administrative fees for customs services like processing or warehousing.

ID10 - Customs Duties (Tariff Revenue / Duties)

Customs duties or tariff revenue are the taxes or levies imposed by a government on products imported into or exported from a country. These duties are levied as a percentage of the value of goods (ad valorem duties) or as a fixed fee based on quantity or weight (specific duties). They are usually specified in a country's customs tariff schedule. These responsibilities serve several functions, including collecting revenue, protecting domestic industry, and regulating commerce. Customs duties are an important component of trade and fiscal policies for an economic union such as the Economic Community of West African States with a direct impact on intra-regional and international commerce. Hence, the implementation of the common external tariff (CET) regime. This allows for the application of common tariff on importation of goods from a non-member state and a reduced or zero rate from member states to promote intra-regional trade.

ID11 - Statistical Fee

A statistical fee under the Economic Community of West African States is a levy imposed on imports originating from non-ECOWAS member states. The ECOWAS statistics fee is 1% on the CIF (Cost, Insurance, and Freight) value of imports from non-ECOWAS member states. Its primary purpose is to generate revenue for the community's operations and projects while facilitating the harmonisation and monitoring of trade data within the region.

ID12 - VAT at the Customs / Tax on Customs Consumption

VAT at Customs or tax on Customs Consumption is the value-added tax (VAT) levied on goods imported into a country at the point of entrance. It is part of the overall VAT system and *ensures that imports are charged in the same way as domestically produced items, hence maintaining tax justice.* As a result, VAT at Customs is imposed on the *customs value* of imported products, which includes:

- The cost of goods (CIF: Cost, Insurance, and Freight).
- Applicable customs duties and excise taxes (special levies where applicable).

ID13 - VAT Revenue (Domestic VAT + Customs VAT)

VAT Revenue refers to the total amount collected from Value-Added Tax (VAT), combining revenue from two primary sources:

- **Domestic VAT:** This is the VAT levied on goods and services supplied within the domestic economy. It applies to transactions between firms and consumers within a country or economic union.

- **Customs Import VAT:** This is the VAT charged on imported goods and services. It is usually levied at the border during the customs clearance procedure, ensuring that imported goods are taxed in a similar manner to domestically produced goods.

ID14 – ECOWAS Community Levy

It is a financial mechanism established by the ECOWAS to fund its operations and programs. It is a form of regional tax paid by member states through import duties on goods originating from outside the ECOWAS region. It is a **0.5%** levy on the Cost, Insurance, and Freight (CIF) value of goods imported into ECOWAS member states from non-ECOWAS countries.

ID15 – Community Solidarity Levy (UEMOA)

The Community Solidarity Levy (CSL), also known in French as Prélèvement Communautaire de Solidarité (PCS), is a financial contribution mechanism used by the West African Economic and Monetary Union (UEMOA or WAEMU) to finance its activities and institutions. The CSL is set at **0.8%** of the CIF (Cost, Insurance, and Freight) value of imports originating outside the UEMOA region.

ID16 – Africa Union Levy

The African Union (AU) Levy is a funding mechanism adopted by the African Union to achieve financial autonomy, reduce dependence on external donors, and sustainably finance its operations, programs, and peacekeeping efforts. A **0.2%** levy is set on eligible imports into

African Union member states from non-African countries applied on the CIF (Cost, Insurance, Freight) value of imports.

Ratio	***Meaning***	***Calculation Formula***
ID 17 *- Tax revenues as percentage of Nominal GDP (Tax pressure rate)*	It measures the proportion of a country's gross domestic product (GDP) that is collected as tax revenue. It reflects the level of taxation relative to the size of the economy and provides insights into the efficiency and scope of a country's tax system.	**Tax-to-GDP (%)** = $\left\{\frac{\text{Total Tax Revenue}}{\text{Nominal GDP}}\right\} \times 100$
ID 18 *- Share of domestic tax revenue as a percentage of total tax revenue*	This is a metric used to measure the proportion of a country's total tax revenue derived from domestic sources. It is commonly used to assess the contribution of domestic taxes (such as income tax, value-added tax, and excise duties) to the overall tax revenue.	**SoDTR (%)** = $\left\{\frac{\text{Domestic Tax Revenue}}{\text{Total Tax Revenue}}\right\} \times 100$
ID 19 *- Natural resource tax revenues as a percentage of nominal GDP*	It is a metric used to evaluate the proportion of a country's gross domestic product (GDP) that comes from taxes excluding resource-based revenues, such as taxes on oil, gas, and minerals. It measures the government's reliance on non-resource-related tax revenues and indicates the performance of tax administration in the broader economy.	**Non-res. Tax Rev. (%)** = $\left\{\frac{\text{Non-resource Tax Revenue}}{\text{Nominal GDP}}\right\} \times 100$
ID 20 *- Total VAT as a percentage of total tax revenue*	This is a measure used to assess the contribution of Value Added Tax (VAT) to a country's overall tax revenue. It indicates how reliant a government is on VAT as a source of tax revenue.	**Total VAT (%)** = $\left\{\frac{\text{Total VAT Revenue}}{\text{Total Tax Revenue}}\right\} \times 100$
ID 21 *- Domestic VAT as a percentage of domestic tax revenue*	It measures the proportion of a country's domestic tax revenue that comes from value-added tax (VAT). It provides insight into the reliance of the domestic tax system on VAT as a revenue source	**Domestic VAT (%)** = $\left\{\frac{\text{Domestic VAT Revenue}}{\text{Total Domestic Tax Revenue}}\right\} \times 100$
ID 22 *- Total VAT as a percentage of nominal GDP*	It measures the proportion of a country's Gross Domestic Product (GDP) derived from Value Added Tax (VAT) revenue. It provides an indication of the contribution of VAT to the overall economy and its efficiency as a revenue source.	**Total VAT-to-GDP (%)** = $\left\{\frac{\text{Total VAT Revenue}}{\text{Nominal GDP}}\right\} \times 100$
ID 23 *- Share of corporate income tax as a percentage of total tax revenue*	It measures the proportion of total government tax revenue derived from taxes on corporate profits. It provides insights into the relative contribution of corporate income tax to the overall tax base.	**Share of CIT (%)** = $\left\{\frac{\text{Corp. Income Tax Revenue}}{\text{Total Tax Revenue}}\right\} \times 100$
ID 24 *- Share of corporate income tax as a percentage of domestic tax revenue*	It measures the proportion of total domestic tax revenue that is derived from corporate income taxes. It is a useful metric for analysing the significance of corporate income tax in a country's tax revenue structure.	**Share of CIT (%)** = $\left\{\frac{\text{Corp. Income Tax Revenue}}{\text{Total Domestic Tax Revenue}}\right\} \times 100$
ID 25 *- Personal Income Tax as a percentage of total tax revenue*	It measures how much of a country's total tax revenue is derived from taxes on individual incomes. It is a key indicator of how reliant a government is on taxing individuals (as opposed to corporations, goods and services, trade, etc.).	**PIT-to-Total Tax Revenue (%)** = $\left\{\frac{\text{Pers. Income Tax}}{\text{Total Tax Revenue}}\right\} \times 100$
ID 26 *- Personal Income Tax as a percentage of Domestic tax revenue*	This refers to the share of PIT in the total domestic (non-trade) tax collections, excluding import/export duties. This is a more focused measure of how much a country relies on taxing individual incomes compared to other domestic sources like corporate income tax (CIT), value-added tax (VAT), excise duties, etc.	**PIT-to-Dom. Tax Revenue (%)** = $\left\{\frac{\text{Pers. Income Tax}}{\text{Total Tax Revenue}}\right\} \times 100$
ID 27 - Customs tax revenue as a percentage of total tax revenue	It refers to the proportion of total tax revenue derived from customs duties, which include taxes levied on goods imported or exported across borders. This metric provides insight into how significant customs duties are as a source of revenue for a government compared to other tax sources, such as income tax, VAT, or corporate taxes.	**Customs Tax Rev. (%)** = $\left\{\frac{\text{Customs Tax Revenue}}{\text{Total Tax Revenue}}\right\} \times 100$

ID 28 - Share of tax revenue collected at the border as a percentage of total tax revenue	The Share of Tax Revenue Collected at the Border as a percentage of total tax revenue measures the proportion of a country's total tax revenue derived from taxes imposed on international trade and transactions at border points (e.g., customs duties, excise duties, import/export taxes).	**SoT Rev @border (%)** = $\frac{\text{TR collected at the Border}}{\text{Total Tax Revenue}} \times 100$
ID 29 - Customs VAT as a percentage of Customs total tax revenue	It measures the share of Value Added Tax (VAT) collected at the border (on imports) relative to total customs-collected tax revenues. This is an important indicator for assessing the role of import-based VAT in overall customs performance and in domestic resource mobilisation.	**Customs VAT - Cust Rev (%)** = $\frac{\text{Customs VAT}}{\text{Customs Tax Revenue}} \times 100$
ID 30 - Customs Duties (Tariff Revenues/Duties) as a percentage of total Custom tax revenues	Customs Duties (Tariff Revenues/Duties) as a Percentage of Total Tax Revenues measures the proportion of total government tax revenues derived from customs duties, which are taxes or tariffs levied on goods imported into a country.	**Customs Duties (%)** = $\frac{\text{Customs Duties}}{\text{Customs Tax Revenue}} \times 100$
ID 31 - Public debt service to tax revenues ration	It measures how much of a government's tax revenue is spent on servicing its public debt that is, paying interest and principal on domestic and external debt.	**Debt ser-Tax Rev (%)** = $\frac{\text{Total Pub Debt Service}}{\text{Total Tax Revenue}} \times 100$

Table No. 3: Measurements of Fiscal Transition Indicators

4.2 Objective 2: Promote an Incentive Tax Collection

The ECOWAS has begun a fiscal transition to promote economic integration, increase tax mobilisation, and ensure long-term development among member states. One important aspect of this transformation is the promotion of incentive tax collecting systems that balance commercial incentives with economically neutral internal taxation. This programme aims to harmonise fiscal policies, minimise trade distortions, and establish a competitive but equitable tax environment to attract investment and promote economic growth.

Thus, incentive tax collection refers to the implementation of tax policies that benefit both taxpayers and governments. These measures promote voluntary compliance, discourage tax evasion, and improve transparency. In the ECOWAS environment, incentive tax collection is centred on commercial incentives and economically neutral internal taxation.

ID32 - Number of Variations to Tax Measures (Tax Expenditures) Inventoried

This refers to the count of specific deviations from the standard tax system that provide preferential treatment to certain taxpayers, activities, or products. These measures include exemptions, deductions, credits, deferrals, and reduced tax rates that deviate from the baseline tax structure or reference tax system results to tax losses.

ID33 - Number of Exceptional Tax Measures (Tax Expenditures) Evaluated

This refers to the count of provisions in a tax system that deviate from the standard tax rules or norms which is evaluated. These measures are designed to achieve specific policy objectives, such as encouraging investments, promoting social welfare, or supporting industries. Examples include tax deductions, exemptions, credits, reduced rates, and deferrals.

ID34 - Amount of Tax Expenditure

The amount of tax expenditure refers to the revenue foregone/money lost by a government because of tax incentives, exemptions, deductions, credits, or preferential rates offered by the relevant codes (e.g., tax code, investment code, custom code, double taxation codes, mining code etc.). These are essentially financial incentives that reduce individuals' or enterprises' taxable income, resulting in fewer tax collections than would be the case under the regular tax regime.

ID35 - Average Time for Paying VAT Refunds

This refers to the period (in day(s)) it takes for a tax authority to process and return value-added tax (VAT) refunds to businesses or individuals who have overpaid VAT.

ID36 - Instituted System for refund of VAT for low-risk taxpayers (No = 0;Yes = 1)

This refers to whether the tax authority has established a formal mechanism or system to process refunds of Value-Added Tax (VAT) for taxpayers deemed as low risk. A low-risk taxpayer is one with a clean compliance history, transparent financial records, and low probability of fraud or evasion.

No = 0; Yes = 1: This is a binary indicator:

- **0 (No)** means such a system has not been instituted by the tax authority.
- **1 (Yes)** means the system has been instituted and is operational.

ID37 - Tax Expenditure as a Percentage of GDP

This metric helps evaluate the impact of tax expenditures on a country's economic resources, indicating how much of the GDP is forgone due to these tax policies.

$$\textit{Tax Expenditure as a Percentage of GDP} = \frac{\text{Total Tax Expenditure}}{\text{Nominal GDP}} \times 100$$

ID38 - Valuation Rate of Tax Exemptions Inventoried

This is the proportion of the tax exemption relative to the total value of the exempt items.

$$\textit{Valuation Rate of Tax Exemptions} = \frac{\text{Value of Tax Exemption}}{\text{Total Value of Exempt Assets/Income}} \times 100$$

4.3 Objective 3: Improving Taxpayer Service Transparency and Control of Tax Intervention costs

Effective tax administration is crucial for promoting economic growth and ensuring equitable resource allocation. Taxpayer service, openness, and cost control in tax interventions are critical components for attaining this goal. In the present era, where public trust in government institutions is highly influenced by perceived fairness and efficiency, robust systems are required to connect taxpayer compliance with national revenue goals. The ECOFISC database emerges as a transformative mechanism in this context, enabling tax administrations to improve service delivery, accountability, and intervention cost management.

The ECOFISC database is intended to centralise and analyse key tax data, resulting in a better knowledge of taxpayer behaviour and compliance patterns. By delivering real-time insights and facilitating data-driven decision-making, it enables tax authorities to identify gaps in service delivery, improve transparency in tax processes, and allocate resources efficiently to reduce intervention costs. These functions are not only operationally important, but also strategically connected with the overarching goal of increasing domestic resource mobilisation in a sustainable manner.

This section examines the convergence of taxpayer service, transparency, and intervention cost control using the ECOFISC database. It demonstrates how implementing such digital solutions can revolutionise traditional tax systems, making them more responsive to the requirements of both taxpayers and governments. Furthermore, it emphasises the necessity of strategic governance and stakeholder participation in realising the full potential of technology advances such as ECOFISC. Finally, the procedural guide seeks to explain how enhancing these components of tax administration can greatly increase revenue production while also increasing public trust and compliance.

ID39 - Transparency of Tax Legislation: Are the Tax Laws Available Online? (No = 0; Yes = 1)

Transparency of tax legislation relates to how easily accessible and understandable tax laws and regulations are to the public. For the ECOFISC database, *tax law availability, particularly online,* analyses whether the country's tax laws are published and made available to the public in digital formats, such as official government websites or other credible online platforms.

- **No (0):** Indicates that tax laws are not readily accessible online or are available only in physical formats, making it difficult for stakeholders to obtain up-to-date and accurate information about the country's tax regulations.
- **Yes (1):** Indicates that tax laws are published and made easily accessible online, on official government websites or similar platforms. This availability supports transparency, compliance, and efficient communication of tax policies to taxpayers, businesses, and other stakeholders.

ID40 - Established Monitoring Systems for Managing Agreements with Taxpayers (No = 0; Yes = 1)

The question assesses whether a country has formal mechanisms to monitor and manage agreements with taxpayers.

- **No (0):** This highlights the absence of a formal mechanism to monitor and manage agreements with taxpayers. This suggests gaps in effective tax administration, helps evaluate a country's fiscal governance and compliance capabilities for the ECOFISC database.
- **Yes (1):** This indicates that systems are in place to track compliance, resolve disputes, and ensure agreements like installment plans, advance pricing agreements, or tax incentives are adhered to. These systems often involve digital tools, dedicated teams, and regular performance reviews.

ID41 - Established Monitoring Systems for Managing Agreements with Not-for-Profit Organisations (No = 0; Yes = 1)

This indicator refers to whether a country or organisation has implemented structured mechanisms to oversee and ensure compliance with agreements made with Not-for-Profit Organisations (NPOs).

- **No (0):** Indicates that no formal monitoring system exists. Agreements may be managed ad-hoc, with limited tracking of compliance, performance, or reporting by NPOs.

- **Yes (1):** Indicates the existence of formalised monitoring systems. These systems include regular performance evaluations, compliance audits, financial reviews, and structured reporting requirements to ensure accountability and alignment with agreed objectives

ID42 – Is there a structure for assessing tax expenditure? (No = 0; Yes = 1)

This determines whether there is an established system or process in place to identify, measure, report, and evaluate tax expenditures.

- **No (0):** Indicates that no structure for assessing tax expenditures.

- **Yes (1):** Indicates that a structure exists for assessing tax expenditures.

ID43 - Are Annual Reports on the Evaluation of Tax Expenditure Produced? (No = 0; Yes = 1)

This assesses whether a jurisdiction regularly publishes comprehensive evaluations of tax expenditure reports. Producing such reports is essential for improving fiscal accountability, identifying inefficient or outdated tax policies, and ensuring that tax expenditures align with broader public finance and policy objectives.

- **No (0):** Indicates that no annual reports are produced. Tax expenditures (such as exemptions, deductions, credits, or preferential rates) are not systematically evaluated or publicly reported, leading to potential gaps in understanding their fiscal impact and policy effectiveness.
- **Yes (1):** Indicates that annual reports are regularly produced and published. These reports analyse the cost, distributional effects, and efficiency of tax expenditures, providing transparency and data to assess whether they achieve their intended economic or social goals.

ID44 - Are Tax expenditure Reports Annexed to a Finance Act? (No = 0; Yes = 1)

This indicator evaluates whether a jurisdiction includes detailed tax expenditure information as part of its annual Finance Act or equivalent fiscal legislation. Including such reports in the Finance Act enables legislators and stakeholders to make informed decisions on the financial implications of tax policies and their alignment with government priorities.

No (0): Indicates that tax expenditure reports are not annexed to the Finance Act. This suggests limited integration of tax expenditure evaluations into the budgetary and legislative process, potentially reducing transparency and oversight of these fiscal measures.

Yes (1): Indicates that tax expenditure reports are annexed to the Finance Act. This ensures that data on tax expenditures, such as exemptions, credits, and deductions, are formally presented alongside budget proposals, fostering greater transparency, accountability, and alignment with fiscal policy objectives.

ID45 - Are Tax Expenditures Assessed for their Economic or Social Impact?

The question seeks to determine whether a country systematically evaluates the outcomes of its tax expenditures. Additionally, this data point helps gauge the extent to which member states are ensuring that tax expenditures are effective and align with broader fiscal and social objectives.

- **No (0):** Indicates that a country does not conduct any formal assessments of how tax expenditures influence economic activities (e.g., investment, employment) or social outcomes (e.g., inequality reduction, access to education).

- **Yes (1):** Indicates that a country regularly or systematically evaluates tax expenditures to measure their economic or social impact. These assessments often involve cost-benefit analyses, impact studies, or performance reviews aimed at understanding whether the intended objectives of the tax policy are being met.

ID46 - Is there a Simplistic Tax Legislation: Single VAT Rate? (No = 0; Yes = 1)

This question assesses whether a country's VAT system is streamlined by applying a single uniform VAT rate across all goods and services. This metric helps analyse tax system efficiency, equity, and ease of compliance.

- **No (0):** Indicates that a country employs multiple VAT rates (e.g., standard rates, reduced rates, or zero rate for certain goods and services), signifying a more complex system.

- **Yes (1):** Indicates that a country VAT system is straightforward and less prone to administrative complexity.

ID47 - Is there Available an Electronic Filing System? (CIT)? (No = 0; Yes = 1)

This question assesses whether taxpayers can file their Corporate Income Tax (CIT) returns online through a digital platform. This metric evaluates the modernisation of a country's tax administration and its ability to improve efficiency and compliance.

- **No (0):** Indicates that an electronic filing system is not available, requiring taxpayers to file returns manually or through non-digital means.
-
- **Yes (1):** Indicates that a country provides an electronic filing system for both CIT, enabling online submission and potentially streamlining tax administration.

ID48 - Is there Available an Electronic Filing System? (VAT)? (No = 0; Yes = 1)

This question assesses whether taxpayers can file their Value-Added Tax (VAT) returns online through a digital platform. This metric evaluates the modernisation of a country's tax administration and its ability to improve efficiency and compliance.

- **No (0):** Indicates that an electronic filing system is not available, requiring taxpayers to file returns manually or through non-digital means.

- **Yes (1):** Indicates that a country provides an electronic filing system for both VAT, enabling online submission and potentially streamlining tax administration.

ID49-Is there Available an Electronic Payment System?(VAT)?(No = 0;Yes = 1)

This question evaluates whether taxpayers can make their Value-Added Tax (VAT) payments electronically. Furthermore, this indicator reflects the level of digitisation in tax administration, aiming to enhance convenience, reduce transaction costs, and improve compliance.

- **No (0):** Indicates that payments must be made manually or via non-digital methods.
- **Yes (1):** Indicates that a country has an electronic payment system, allowing taxpayers to pay these taxes through online banking, government portals, or dedicated payment platforms.

ID50 - Is there Available an Electronic Payment System?(CIT)?(No = 0;Yes = 1)

This question evaluates whether taxpayers can make their Corporate Income Tax (CIT) payments electronically. Furthermore, this indicator reflects the level of digitisation in tax administration, aiming to enhance convenience, reduce transaction costs, and improve compliance.

- **No (0):** Indicates that payments must be made manually or via non-digital methods.
- **Yes (1):** Indicates that a country has an electronic payment system, allowing taxpayers to pay these taxes through online banking, government portals, or dedicated payment platforms.

ID51 - Is there a Taxpayer Registration?

To determine whether a jurisdiction has an operational mechanism for identifying, registering, and tracking taxpayers. A robust taxpayer registration system is essential for broadening the tax base, enforcing compliance, and facilitating efficient tax administration.

- **No (0):** Indicates there is no taxpayer registration system in place.
- **Yes (1):** Indicates a comprehensive, digitised, and integrated taxpayer registration system exists and functions effectively.

ID52 - Is there a Taxpayer Education or Awareness Service?

The availability of taxpayer education and awareness services is assessed as follows:

- **No (0):** Indicates no structured taxpayer education or awareness campaigns are provided specifically for ECOFISC-related data collection and compliance.
- **Yes (1):** Indicates there are dedicated programs or services designed to educate taxpayers, raise awareness, and facilitate their contributions to the ECOFISC Database.

ID53 - Is there an Independent Complaints Management Structure? (Outside the Revenue Authority)

This ensures taxpayers have access to a neutral platform for addressing grievances related to tax administration. Moreover, this structure is critical for fostering trust, accountability, and fairness in tax governance, as it allows complaints to be handled impartially without potential conflicts of interest from the revenue authority.

- **No (0):** Indicates no independent body exists, and complaints are handled solely within the revenue authority.

- **Yes (1):** Indicates an independent body (a tax ombudsman or independent tribunal) exists, and complaints are handled solely within the revenue authority.

4.4 Objective 4: Good Practices and Internalisation of Community Directives

The establishment of the ECOFISC database, as well as the fiscal transition in ECOWAS Member States, aim to improve regional integration, economic collaboration, and public finance management efficiency. Among its major goals are to improve taxpayer services, promote transparency, and exercise effective control over tax costs.

This goal is based on the notion that taxpayers are critical to ensuring long-term domestic resource mobilisation. Member States can use the ECOFISC database to streamline tax administration operations, making them more user-friendly and accessible. Modernised systems will provide taxpayers with rapid, accurate, and comprehensive information about their tax obligations and benefits. Enhanced services, such as online tax filing, payment portals, and real-time information on tax rules and incentives, are intended to minimise administrative burdens and increase trust in tax systems.

Transparency is another key component of this initiative. The ECOFISC database simplifies the collection, storage, and dissemination of correct fiscal data, ensuring that public money flows are transparent and verifiable. Transparency not only discourages unethical activities, but it also boosts taxpayer confidence because individuals and businesses can see how their contributions are used for public services and infrastructure development.

Controlling tax costs is similarly important. The database improves cost-effectiveness by allowing Member States to identify and eliminate redundant processes, optimise resource allocation, and minimise administrative costs. Enhanced data analytics can identify areas of income leakage, analyse compliance risks, and lead the implementation of equitable tax policies that reduce financial hardship on taxpayers while guaranteeing fair taxation.

Through these enhancements, ECOWAS Member States hope to create a more efficient, equitable, and transparent tax environment. This promotes economic growth, builds public trust, and ultimately contributes to the broader goal of regional budgetary sustainability and integration. Hence, the indicators below represent the compass to gauge the efficacy of this objective.

ID54 - Is there an Internal Control System (within the revenue authority) and Quality Assurance for Client?

This supposes that there is an internal control system within the revenue authority, together with client-facing quality assurance systems, guarantees that processes are efficient, dependable, and transparent. Also, means that rules, procedures, and methods to protect assets, avoid errors or fraud, and ensure taxpayers receive high-quality services.

- **No (0):** Indicates these systems are absent.
- **Yes (1):** Indicates the revenue authority has implemented such system like regular audits, performance evaluations, and mechanisms to monitor client satisfaction.

ID55- Does your Country have a Tax Transition Steering Committee?(No = 0;Yes = 1)

A Tax Transition Steering Committee (TTMC) is formed to oversee the transition of tax systems in accordance with economic union objectives, assuring compliance, harmonisation, and data sharing to promote regional economic development. A TTMC may assist countries in economic unions by coordinating tax reforms, monitoring implementation, and providing critical data to boost the sub-regime's fiscal integration and economic growth ambitions.

- **No (0):** Indicates the absence of (TTMC)
- **Yes (1):** Indicates that a country has such a committee (TTMC)

ID56 - Tax policy: Does your Country have a Tax Policy Unit? (No = 0; Yes = 1)

In the context of the ECOFISC database and measuring a tax transition programme inside an economic union, the tax policy unit is an important institutional component. A tax policy unit is a specific entity within a country's government, usually part of the Ministry of Finance or a comparable agency, that is responsible for establishing, assessing, and modifying tax policies to guarantee alignment with national and regional goals.

- **No (0):** Indicates that a country lacks such a unit, suggesting limited institutional capacity for effective tax policy formulation and potentially weaker alignment with the union's fiscal transition goals.

- **Yes (1):** Indicates that a country has a **tax policy unit.** This reveals that the country possesses the institutional capacity to design and implement tax policies, including those aligned with economic union programmes.

ID57 - Is there Reference to the VAT Practical Guide? (No = 0 ; Yes = 1)

In the ECOFISC database, referencing the VAT Practical Guide determines whether a country's Value Added Tax (VAT) policies and procedures are consistent with standardised guidelines recognised by the economic union. This score assesses the country's integration into the union's tax transition programme, which promotes consistency and reduces administrative and compliance cost.

- **No (0):** Indicates that the country does not reference the guide, suggesting potential misalignment with the union's VAT framework or weaker adherence to good practices.

- **Yes (1):** Indicates that the country actively uses or refers to the VAT Practical Guide. This explains adherence to common principles, such as ensuring VAT neutrality, uniformity in rules, and proper cross-border VAT application within the economic union.

ID58 - Is there Reference to the VAT Directive? (No = 0 ; Yes = 1)

In the context of the ECOFISC database, referencing the VAT Directive assesses whether a country's VAT legislation is consistent with the overarching legal framework established by the economic union.

- **No (0):** Indicates that the country does not reference the directive, suggesting non-alignment or gaps in integrating the union's VAT standards.

- **Yes (1):** Indicates that the country actively refers to or implements the VAT Directive in its domestic VAT laws and practices. This shows compliance with the economic union's harmonisation goals, ensuring consistent VAT application.

ID59 - Is there Reference to the Regional Guide on Tax Expenditure? (No = 0 ; Yes = 1)

This metric is used to determine whether an economic union's tax transition programme aligns with a standardised framework for identifying and measuring tax expenditures.

- **No (0):** Indicates non-alignment with Regional Guide on Tax Expenditure, which may hinder common reporting objectives.
- **Yes (1):** Indicates that the programme follows or uses guidelines from the Regional Guide on Tax Expenditure, guaranteeing uniformity in reporting and comparability across member states in the ECOFISC database.

ID60 - Is there Reference to the Tax Expenditure Directive? (No = 0; Yes = 1)

This indicator assesses whether a country's tax policies or transition programs comply with the Tax Expenditure Directive. This facilitates standardised methodologies and ensures compatibility with broader fiscal reporting frameworks.

- **No (0):** Indicates that the directive is not referenced, potentially leading to inconsistencies in tax expenditure reporting and reduced comparability across jurisdictions.
- **Yes (1):** Indicates that the country references this directive, adhering to its guidelines for defining, quantifying, and reporting tax expenditures.

ID61 - Does the Revenue Authority have access to a transfer pricing database? (No = 0; Yes = 1)

This determines whether a country's tax office has access to a specific database for assessing transfer pricing activities. This access increases the authority's ability to detect and manage base erosion and profit shifting (BEPS).

- **No (0):** Indicates the absence of this resource, potentially limiting the authority's ability to ensure compliance with transfer pricing regulations and safeguard the tax base.
- **Yes (1):** Indicates that the authority utilises such a database, enabling it to evaluate intercompany pricing against arm's-length standards effectively.

D62 - Is there Reference to the Regional Directive CD.06/07/23 on Harmonising of Rules Applicable to Transfer Pricing for ECOWAS Member States (No = 0; Yes = 1)

This directive aims to standardise transfer pricing rules across ECOWAS member nations. Its goal is to create a standardised framework for determining prices for cross-border transactions between linked firms in the region. This order promotes equity, minimises the risk of tax base erosion, and increases transparency to prevent profit shifting among multinational firms operating in ECOWAS.

Key features of the directive include:

- Standardised techniques that aligned with global best practices, such as the OECD Guidelines and UN Guidelines.
- Promoting collaboration among member states to avoid tax disputes and double taxation.
- Developing capability for tax agencies in the region to undertake complex transfer pricing audits.

- **No (0):** Indicates that the directive does not apply
- **Yes (1):** Indicates that the directive applies

ID63 - Is there Engagement with Stakeholders to Create Awareness on VAT

This indicator measures the **engagement with stakeholders to create awareness on VAT**. This metric highlights the importance of stakeholder engagement as a critical component of a successful tax transition program within an economic union.

- **No (0):** Indicates that there is no engagement with stakeholders, reflecting limited efforts in communication, which can hinder effective VAT adoption and compliance.
- **Yes (1):** Indicates that the country actively engages stakeholders (e.g., businesses, tax professionals, consumers, etc) through consultations, workshops, or public awareness campaigns about VAT regulations and changes.

ID64 - Dissemination of Annual Reports on Tax Expenditure on the Ministry of Finance's Website)? (No = 0; Yes = 1)

This is dissemination of annual reports on tax expenditure via the Ministry's website measures transparency and accountability in a country's tax policy practices within the economic union. This metric emphasises the role of accessible information in fostering public trust and enabling effective evaluation of tax policies.

- **No (0):** Indicates that annual tax expenditure reports are not published or made available online, suggesting limited transparency and potential gaps in aligning with the union's tax transition objectives.

- **Yes (1):** Indicates that the country publishes detailed annual reports on tax expenditures (e.g., exemptions, deductions, credits) on the Ministry's website, making them accessible to the public. This reflects a commitment to transparency, informed policymaking, and alignment with best practices in fiscal governance.

ID65 - Dissemination of Annual Reports on Tax Expenditure: Awareness-Raising Campaign aimed at Stakeholders (Civil Society, Universities, NGOs, etc)? (No = 0; Yes = 1)

This means the dissemination of annual reports on tax expenditure through awareness-raising campaigns. Also, it evaluates a country's efforts to educate and involve stakeholders in understanding tax policy impacts.

- **No (0):** Indicates that such campaigns are not conducted, suggesting limited efforts to engage and inform stakeholders about tax expenditure reports and their implications.

- **Yes (1):** Indicates that the country conducts awareness-raising campaigns targeting stakeholders such as civil society, universities, NGOs, and other interest groups. This reflects a proactive approach to increasing public understanding, fostering dialogue, and encouraging stakeholder participation in tax policy discussions.

ID66 - Dissemination of Annual Reports on Tax Expenditure: Awareness-raising campaign aimed at Members of Parliament/National Legislature? (No = 0; Yes = 1)

This means the dissemination of annual reports on tax expenditure through awareness-raising campaigns aimed at Members of Parliament (MPs). Also, it assesses a country's efforts to ensure that policymakers are informed about tax policies and their implications. Moreover, this metric underscores the importance of stakeholder awareness in building trust, enhancing transparency, and supporting the tax transition program within the economic union.

No (0): Indicates that such initiatives are absent, reflecting limited efforts to involve MPs in understanding and utilising tax expenditure data.

Yes (1): Indicates that the country organises campaigns, briefings, or workshops specifically targeting MPs to explain the content and significance of annual tax expenditure reports. This indicates active engagement with legislators, enhancing their capacity to make informed decisions on tax reforms and fiscal policy.

ID67 - Is there a Domestic Resource Mobilisation Strategy? (No = 0; Yes = 1)

A Domestic Resource Mobilisation Strategy (DRMS) is a systematic plan designed to increase domestic income generation over a set period, usually 3-5 years. It integrates fiscal policies with broader economic unity goals and promotes the establishment of economic zones by providing reliable statistics and encouraging tax harmonisation across the sub-region. Additionally, DRMS is critical for sustainable development, as it guides policy reforms, enhances tax collection efficiency, and ensures consistent funding for regional economic initiatives.

- **No (0):** Indicates that a country has no DRMS in place.
- **Yes (1):** Indicates that a country has a DRMS in place.

ID68 - Is there Reference to Directive C/dir.6/07/23 on a Model Code of Ethics and Conduct for Tax Administrations of ECOWAS Member States? (No = 0; Yes = 1)

This provides uniform ethical standards for tax administration activities throughout the region. It attempts to encourage integrity, transparency, and accountability, all of which are essential for building confidence and collaboration within the economic union.

- **No (0):** Indicates that a country tax administration framework does not reference or adopts this directive.
- **Yes (1):** Indicates that a country tax administration framework references or adopts this directive.

ID69 - Is there Reference to the Directive C/Dir/.3/07/23 on the Harmonisation of ECOWAS Member States in Matters of Excise Duties? (No = 0; Yes = 1)

This aims to standardise excise tax policies across the region. This ensures a uniform approach to taxing goods such as alcohol, tobacco, and petroleum products, reducing trade barriers and fostering economic integration. Also, it promotes fair competition, simplifies cross-border trade, and provides reliable revenue data for regional economic planning.

- **No (0):** Indicates that a country does not references or implements this directive.
- **Yes (1):** Indicates that a country references or implements this directive.

ID70 - Is there Reference to the Directive C/dir. 2/07/23 on the Harmonisation of Rules on Beneficial Owners of Legal Entities within ECOWAS Member States? (No = 0; Yes = 1)

This is to establish uniform standards for identifying and documenting the true owners of legal entities. This directive is essential for combating illicit financial activities, enhancing transparency, and fostering trust across the region.

- **No (0):** Indicates that a country does not references or adheres to this directive.
- **Yes (1):** Indicates that a country references or adheres to this directive.

Section: 5 Appendices

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Contact Information for Further Inquiries

Provide contact information for stakeholders who may have questions or require further clarification.