**TaxDev Tax Expenditure Workshop**

**Sessions 3 & 4: Import Tax Expenditures**

**Session 3**

Calculate the direct excise tax expenditure by commodity category (in ETB and % of total) using the demo dataset.

**Helpful formulas:**

* Direct excise tax expenditure = (Benchmark excise tax rate – Actual excise tax rate) \* Excise tax base
* Actual excise tax rate = Excise tax paid / Excise tax base
* Excise tax base = CIF Value + Customs Duty paid

**Bonus question**: Excise tax expenditures for “plastics and rubbers” are negative. Where does this come from? What would you do to address it? Can you implement that using the demo dataset?

**Session 4**

Calculate the indirect effect of customs tax expenditures on excise tax collection by commodity category (in ETB) using the demo dataset. Show results using the “standard approach” and the “Ethiopian approach”. Why are the results so different?

**Helpful formulas:**

Indirect effect (standard) = Direct customs duty expenditure \* Actual excise tax rate

Indirect effect (Ethiopian) = Direct customs duty expenditure \* Benchmark excise tax rate

**Bonus question**: Indirect effects do not need to be calculated directly when using the “alternative approach” to indirect effects. Why?