**Tax Policy Costing Template Document**

**[Insert title of tax policy change]**

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| **1. Description of change** |
| [Precise description of policy change. Where possible, if multiple changes are being made to the same tax, separate policy change descriptions and costings should be made, taking care to ensure that the sum of the individual costings equals the overall costing (so, taking account of interactions between policies).] |
| **2. Rationale for change** |
| [Set out the rationale for the policy change, paying particular attention to ensure that the rationale is coherent and grounded in sound economic reasoning.] |
| **3. Static costing of the policy** |
| [Provide details of the cost/yield from a policy change holding relevant tax bases fixed at pre-reform levels. If possible, costings should be set out by year for each year of the fiscal forecast period.]  ***Data and methodology***  [A description of the data used for the costing, and the method for calculating the costing. This should include any approximations or assumptions required, and highlight when changes to revenues from other taxes have been taken into account – such as when the tax in question forms part of the tax base for another tax.]  ***Key uncertainties***  [Set out key uncertainties related to data and methodology, giving an indication of their potential magnitude/significance. Consider whether illustrating the use of alternative low/high estimates is helpful in communicating this uncertainty.] |
| **4. Behavioural costing of the policy** |
| [Provide details of the cost/yield from a policy change allowing for first-round behavioural effects – such as changes in demand for a product when the tax on it changes – for the forecast period.]  ***Data and methodology***  [A description of the method for incorporating behavioural change. This should include the margins of change allowed for, the elasticities or other assumptions utilised, and sources for those elasticities.]  ***Key uncertainties***  [Set out key uncertainties related to methodology, such as the type of behavioural responses and the elasticities, giving an indication of their potential magnitude/significance. Consider whether illustrating the use of alternative high/low estimates is helpful in communicating this uncertainty.] |
| **5. Broader economic impacts** |
| [State whether you think policy is likely to have material and quantifiable effects on the macroeconomy, distinguishing between demand-side and supply-side effects. If so, set these out here, and set out final estimate of the policy’s impact on revenue, incorporating these effects. Note that, in many circumstances, these broader effects are likely to be small and therefore can be ignored.]  The sections on ‘data and methodology’ and ‘key uncertainties’ should also be provided here |
| **6. Final costing of the policy** |
| [Set out a final costing for the policy: either the ‘behavioural’ costing or the ‘broader economic impacts’ costing. Could have ‘low’, ‘central’ and ‘high’ estimates if considered desirable.] |

**Annex: policy costing scorecard**

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| **Policy** | **2022** | **2023** | **2024** | **2025** | **Long-term** |
| Policy 1 |  |  |  |  |  |
| Policy 2 |  |  |  |  |  |
| Policy 3 |  |  |  |  |  |
| Policy 4 |  |  |  |  |  |
| Total |  |  |  |  |  |

Note: + = net yield from policy; − = net cost of policy. The policy scorecard should incorporate the final cost from the individual policy costings.