ECONOMETRIC TECHNIQUES FOR REVENUE FORECASTING USING EVIEWS

Session 1: Introduction

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Objectives of Course

- ## Objectives
  - Improving knowledge and skills required for revenue forecasting
  - Reviewing or learning econometric techniques for revenue forecasting
  - Learning how to use EViews to prepare revenue forecasts
- ## Ultimate application
  - Preparation of medium-term revenue forecast for next years budget

Approach to Revenue Forecasting

- The basic approach to revenue forecasting is very simple
  - Revenue equals rate times base or
  - $R = \Sigma\ r_i * b_i$
- Income tax is more complicated.
  - Form
  - Different classes of income – salary, interest, dividends, self-employment
  - Exemptions and deductions
  - Progressive rate structure

The Tax System

- What is the Tax Structure?
- How does it differ from that in other countries?
- Are there any specific challenges to forecasting tax revenues?
- What data bases are available?
- Are there any good tax models currently in use that can be adapted?

EViews as a Revenue Forecasting Tool

- ## Introduction to EViews
  - Concept
  - Loading data
  - Viewing Data
  - Analyzing Data
- ## EViews also provides
  - all the econometric and statistical tools and
  - modeling capability

The Concept of EViews

- The distinctive feature of EViews is that it was one of the first econometric programs to take advantage of the Windows operating system.
- Data can be viewed and analyzed in many different ways using the mouse and drop down menus.
  - This encourages users to become really familiar with data and not to just mechanically apply statistical techniques.
- Also has a command interface which enables repetitive tasks to be completed using a sophisticated set of commands
  - This makes it suitable for preparing regular revenue forecasts.

The Best Way to Learn EViews

- Load up some data.
- Try out the different functions and features.
- There are many useful exercises provided at the back of the chapters of *Analisis Econometrico con EViews* and the data is available on the disks.
- There are also exercises and data in *EViews Illustrated*.
- In addition, each of you may want to take a specific revenue source and apply the techniques as we go along.
- At the end, we will have the beginning of a revenue forecasting model.

Working with EViews

- My computer is hooked up to the screen.
- Now I'll show you some of the features of EViews.
- Your computers are also hooked up.
- So feel free to try these yourself.
- You'll also have time later to use your computers to do some exercises and familiarize yourself with the basic features of EViews.