



Committee of Experts on International Cooperation in Tax Matters

28th Session, New, York, 19-22 March 2024

Co- coordinator's Report on Subcommittee on Indirect Tax Issues

Progress made by the Subcommittee

❖ The subcommittee has held two meetings to advance its work.

1. First meeting held virtually on November 14-15, 2023

➔ The objectives were:

- to discuss how to take forward the suggestions and comments made by the UN Tax Committee during the 27th Session ;
- Get insights from:
 - ✓ A European Commission representative who shared the European experience on the interaction between VAT and transfer pricing.
 - ✓ The business sector on VAT's implication for the tourism industry, offering a practical viewpoint on the subject.

Progress made by the Subcommittee

2. Second meeting held in person Addis Ababa, Ethiopia, from February 6-8, 2024 allowing participants the option to join virtually.

➔ The objectives were to discuss 4 draft papers on:

1. The overview of VAT/GST in Developing Countries.
2. VAT/GST treatment of small enterprises.
3. An introduction of VAT/GST refunds.
4. The draft paper on the use of new technologies to improve VAT/GST compliance

Issues for the Committee

The Subcommittee invites the following action by the Committee:

1. comments and guidance on the draft papers that are presented for a *second reading* (but not finalization) on the following workstreams:

- (a) Overview of VAT/GST in developing countries;
- (b) VAT/GST treatment of small enterprises;
- (c) VAT refunds; and
- (d) the use of new technologies to improve VAT/GST compliance (IT systems, E-invoices/big data).

→ The aim is to refine these papers, with a view to final approval at the Twenty-ninth Session of the Committee.

Issues for the Committee

2. *approval* to rename the workstream on VAT refunds to “An Introduction to VAT/GST Refunds” to more accurately mirror the analysis provided in the paper.
3. *approval* to discontinue, as a matter prioritization, the work on the remaining workstreams:
 - (e) interaction between VAT/GST and other taxes;
 - (f) VAT/GST and specific sectors (Tourism and Construction)
 - (g) VAT/GST and government entities, charities and donor-funded projects

Thank you