



Committee of Experts on International Cooperation in Tax Matters

29th Session, Geneva, 15-18 October 2024

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

Background

- Established at the 23rd Session, the Subcommittee on Indirect Tax Issues is mandated to identify priority issues on indirect taxation where guidance from the Committee may most usefully assist developing countries.
- Since its creation, the Subcommittee has been working on a series of papers on the following workstreams :
 - a) overview of VAT/GST in developing countries;
 - b) VAT/GST treatment of small enterprises;
 - c) an introduction to VAT/GST refunds; and
 - d) the use of new technologies to improve VAT/GST compliance (IT systems, E-invoices/big data).

Progress since the 28th Session

- ❖ During the 28th Session, these draft papers were ***presented for first reading*** to collect feedback from Committee members and observers.
- ❖ In June 2024, the Subcommittee convened a virtual meeting to discuss feedback received during the last Session and to outline the way forward.
- ❖ During the meeting, the Subcommittee reviewed the status and content of the draft papers, discussed necessary updates, and outlined the next steps.

Draft papers for decision

The Subcommittee has developed and requests approval for the following papers:

1) **Overview of VAT/GST in Developing Countries:**

→ This paper provides an overview of the VAT, which forms the foundation of the remaining papers in this series. It delves into the workings of VAT and other consumption taxes, explore the basic design elements, assesses whether VAT is regressive, and addresses compliance and administration issues.

2) **VAT/GST treatment of small enterprises:**

→ Discusses common options used by countries to manage VAT/GST for small enterprises. It also examines possible administrative simplification measures that could significantly reduce the VAT compliance burden for small enterprises.

Draft papers for decision

3) Introduction to VAT/GST refunds:

➔ This paper explores VAT/GST refunds from both tax administrations and taxpayer perspective. It outlines the reasons for issuing refunds and discusses key factors that should be considered in the administration of VAT refunds.

4) The use of new technologies to improve VAT/GST compliance:

➔ Provides an overview of the options available to enhance the tracking of VAT data. It encourage countries to design and adapt new technologies according to their unique needs, aiming to improve VAT compliance.

Issues for the Committee

The Subcommittee seeks **approval for the series of papers:**

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

Thank you