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**Committee of Experts on International  
Cooperation in Tax Matters  
Twenty-ninth session**

Geneva, 15-18 October 2024

Item 3(n) of the provisional agenda

**Indirect Tax issues**

**Co-Coordinator's Report**

***Summary***

This note is presented to the Committee for *decision*.

Since the establishment of the Subcommittee on Indirect Tax Issues at the Twenty-third Session, 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).

The Subcommittee's Co-Coordinators are hereby: providing a short progress report on the work undertaken since the last Session; presenting **for approval** the papers produced in workstreams (a) to (d).

## **Co-Coordinator's Report on the Subcommittee on Indirect Tax Issues**

### **Background information**

1. At its Twenty-third Session, recognizing the significant role of indirect taxes in countries' tax base, which directly supports several of the Sustainable Development Goals, the Committee established a new workstream on Indirect Tax Issues (see [E/C.18/2021/CRP.34](#)). Consequently, the Committee decided to establish a Subcommittee on Indirect Tax Issues with the mandate to identify priority issues related to indirect taxation where guidance from the Committee may most usefully assist developing countries, with an initial focus on value added tax/goods and services tax (VAT/GST).
2. During the Twenty-fourth Session, the Committee considered and approved a note ([E/C.18/2022/CRP.7](#)) that identified priority areas where its guidance may be most useful to developing countries.
3. At its Twenty-fifth Session, the Committee approved the workplan proposed by the Subcommittee ([E/C.18/2022/CRP.21](#)). This plan aimed at developing guidance in VAT/GST design, compliance and administration to address challenges faced by developing countries. The workplan outlined seven specific workstreams, namely: (a) overview of VAT/GST in developing countries; (b) VAT/GST treatment of small enterprises; (c) VAT/GST refunds; (d) the use of new technologies to improve VAT/GST compliance (IT systems, E-invoices/big data); (e) interaction between VAT/GST and other taxes; (f) VAT/GST and specific sectors (Tourism and Construction); and (g) VAT/GST and government entities, charities and donor-funded projects. Furthermore, the Committee provided valuable feedback on the outlines of the first three workstreams.
4. At its Twenty-sixth Session, the Committee provided observations on the Subcommittee's work in general, as well as comments and guidance on the outline of the paper on the use of new technologies to improve VAT/GST compliance (IT systems, E-invoices/big data).
5. At the Twenty-seventh Session, the Subcommittee presented to the Committee ([E/C.18/2023/CRP.29](#)) initial draft papers for first discussion 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 Committee contributed its insights and recommendations on these drafts, facilitating further refinement and progress.
6. At the Twenty-eighth Session, the Committee approved renaming the workstream (c) on VAT refunds to "An Introduction to VAT/GST Refunds" to more accurately reflect the analysis provided in the paper. It was also decided to suspend the work on the following workstreams, as a matter of prioritization: (e) interaction between VAT/GST and other taxes; (f) VAT/GST and specific sectors (Tourism and Construction); and (g) VAT/GST and government entities, charities and donor-funded projects. These topics might be revisited by future memberships of the Committee. Moreover, the Committee provided comments and guidance on the draft papers presented for a second reading (but not finalization) at the Twenty-eighth Session 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).

**Progress made by the Subcommittee on its work program**

7. Since the Twenty-eight Session of the Committee, the Subcommittee held one 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.

**Issues for the Committee**

8. The Subcommittee presents **for approval** the 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).