

Distr.: General
10 March 2025

Original: English

**Committee of Experts on International
Cooperation in Tax Matters**

Thirtieth session

24-27 March 2025

Item 3(n) of the provisional agenda

Indirect Tax Issues

Co-Coordinator's Report

Summary

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

It provides *a short progress report* on the work undertaken by the Subcommittee on Indirect Taxes since the last session and compiles a set of topics as potential areas where further analysis and guidance could be beneficial, particularly for developing countries. The next membership of the Committee will ultimately determine its priorities and decide whether to take these topics forward.

Background information

1. At its Twenty-third Session, recognizing the significant role that indirect taxes play in countries, especially developing countries, in supporting several of the Sustainable Development Goals, the Committee established a new workstream on Indirect Tax Issues (see [E/C.18/2021/CRP.34](#)). Consequently, a Subcommittee on Indirect Tax Issues was created 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 approved a note ([E/C.18/2022/CRP.7](#)) outlining priority areas where its guidance may be most useful to developing countries. At its Twenty-fifth Session, the Committee approved the Subcommittee's workplan ([E/C.18/2022/CRP.21](#)), which aimed at developing guidance in VAT/GST design, compliance and administration. The workplan included seven specific workstreams: (a) an 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.
3. Over subsequent sessions, the Committee provided feedback on workstreams, refining outlines and reviewing initial drafts. At the Twenty-eighth Session, the Committee approved renaming the workstream (c) on VAT refunds to "An Introduction to VAT/GST Refunds", and as a matter of prioritization, suspended work on workstreams (e), (f) and (g).
4. At its Twenty-ninth Session, the Committee approved the papers ([E/2025/45-E/C.18/2024/4](#)) on (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

5. Since the Twenty-ninth Session of the Committee, the Subcommittee has held one virtual meeting, on 21 November 2024, where participants were briefed on the comments received at the last Committee Session. Also, participants were asked to provide suggested topics for consideration by the next membership of the Committee of Experts when determining its workplan.

Topics that the next membership may wish to consider

6. As the current cycle of work concludes, several important topics have been identified where further analysis and guidance could be beneficial, particularly for developing countries. These topics have been suggested by Subcommittee members based on emerging challenges in VAT/GST policy and administration, as well as evolving global trends affecting indirect taxation. However, it will be up to the next membership of the Committee to determine its priorities and decide whether and how to take these topics forward.

7. The topics suggested for potential future consideration include:
 - VAT treatment of Islamic Finance Instruments;
 - Designing VAT/GST systems to be less regressive;
 - VAT and the financial sector;
 - VAT and the digital economy;
 - Prevention and resolution of cross-border VAT/GST disputes;
 - VAT/GST application to digital platforms from a developing country perspective; and
 - Electronic certificates for VAT/GST refunds.
8. Additionally, the Committee had previously decided to suspend work on the following topics as a matter of prioritization:
 - Interaction between VAT/GST and other taxes;
 - VAT/GST and specific sectors (Tourism and Construction); and
 - VAT/GST and government entities, charities and donor-funded projects.
9. While the work on these topics was not pursued, the Committee explicitly noted that they could be revisited in the future. The next membership may wish to consider whether further guidance-related work in these areas would be beneficial and align with its overall priorities.

Issues for the Committee

10. The Subcommittee presents this report **for information**.