



UNCTAD
Intergovernmental Group of Experts on
E-commerce and the Digital Economy – 7th Session
Geneva – 6-8 May 2024

Session 4 : Making implementation work

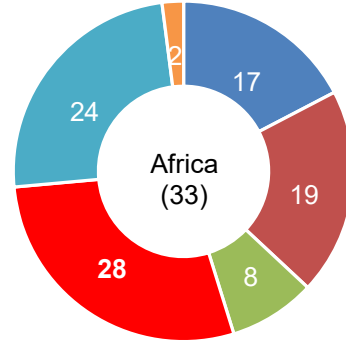
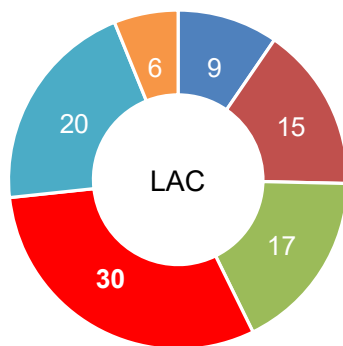
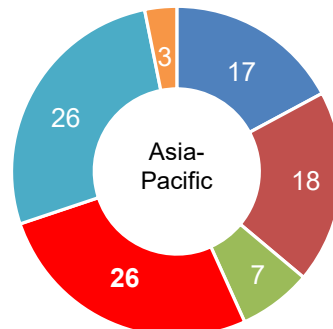
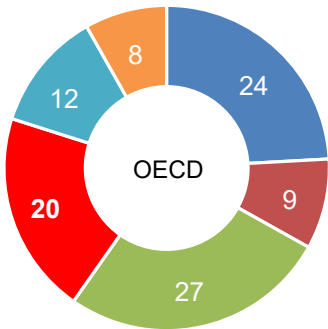
Piet BATTIAU
Head of Unit
OECD Centre for Tax Policy and Administration



VAT is a critical revenue source for developing economies. VAT faces challenges from e-commerce growth.

Tax structures in different regions of the world, as a percentage of total tax revenue (2021)

- Personal Income Tax
- Corporate Income Tax
- Social Security Contributions
- Value-Added Tax
- Other Taxes on Goods and Services
- Other Taxes



Note: The data for the OECD average are for 2020.
Source: OECD (2023), Revenue Statistics in Africa 2023

Which VAT challenges?

Online sales of services, digital products, intangibles

- Offshore online vendors selling to consumers without a physical presence in the consumers' jurisdiction.
- No or inappropriately low amount of VAT collected.

Online sales of imported retail goods

- Growth in online shopping results in enormous growth of imports of "low-value" goods ("tsunami" of packages).
- Customs face challenges to collect tax at importation.

- Growing VAT revenue losses
- Competitive distortion
- Adverse impact on employment & income taxation



Global consensus-based approaches have been developed to assist governments in addressing the VAT challenges of e-commerce

Addressing the Tax Challenges of the Digital Economy, Action 1 – Final Report

Presents solutions for the efficient collection of VAT on digital trade.



2015

The International VAT/GST Guidelines

Global standard for the application of VAT to international trade in services and intangibles.



2016

Mechanisms for the Effective Collection of VAT/GST

Detailed guidance on the design and operation of a simplified VAT compliance and collection regime for non-resident online sellers.



2017

The Role of Digital Platforms in the Collection of VAT/GST on Online Sales

Including the design of platform liability for collecting and remitting the VAT on the transactions that they facilitate.



2019

The Impact of the Growth of the Sharing and Gig Economy on VAT/GST Policy and Administration

Guidance on the design and implementation of an effective VAT policy response to the growth of the sharing and gig economy.



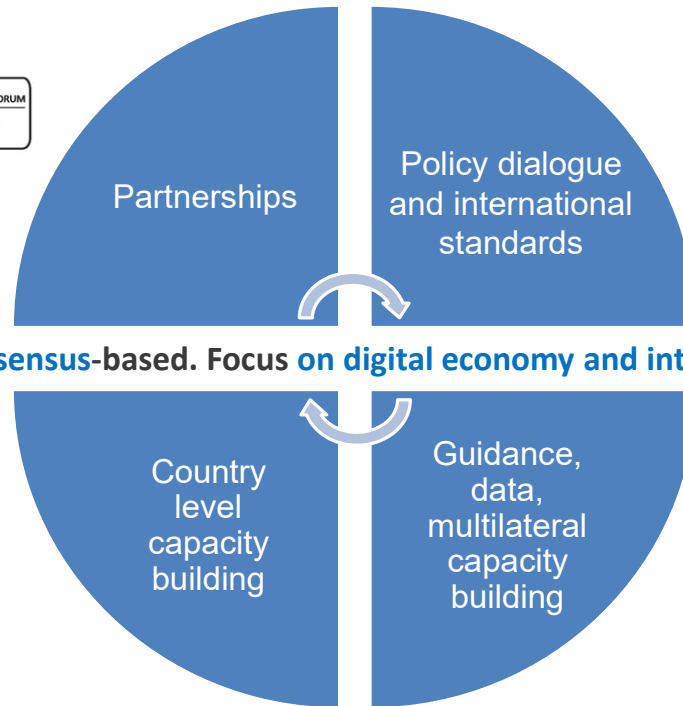
2021



Through a truly inclusive process facilitated by the OECD



Strategic partner



Inclusive. Consensus-based. Focus on digital economy and international trade

- Technical Assistance Programme

- Global Forum on VAT
- International VAT/GST Guidelines + Implementation guidance
- VAT Enforcement
- Evolutions in the digital economy

- VAT Digital Toolkits
- VAT workshops
- E-learning modules
- Consumption Tax Trends



Four core recommendations to address the VAT challenges of e-commerce

Effective legal basis for the right to tax international online sales of services and intangibles

- “Place of taxation” provisions by reference to the “customer’s location”.

An efficient and effective web-enabled collection mechanism

- Require offshore digital vendors to register and account for the VAT through an online portal – Standard and/or open source solutions are available.

Leverage the power of digital platforms to enhance VAT collection

- VAT “full liability” for marketplaces and other digital platforms, which dominate global online trade.

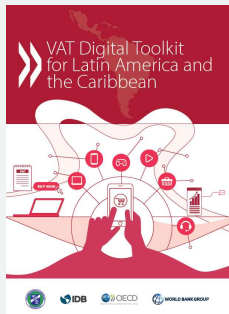
Enforcement through data-driven risk management and administrative cooperation



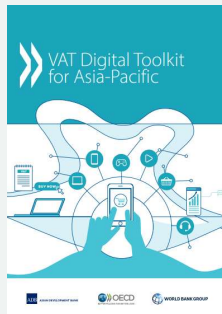
A comprehensive technical assistance programme on VAT and e-commerce has been rolled out

Regional VAT Digital Toolkits: Key capacity building tools

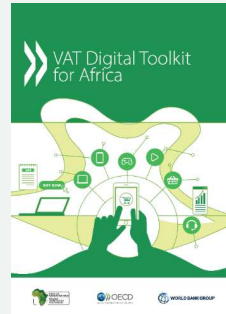
- Detailed manuals covering all aspects of a successful VAT strategy targeted at e-commerce.
- Based on international VAT standards and best practices globally.
- Developed in collaboration with global and regional partners, with input from targeted jurisdictions through consultations.



20 economies consulted



40 economies consulted



40+ economies consulted

Bespoke Full TA

6

Programmes in 2023 and beyond
Egypt, Georgia, Jamaica, Peru, Fiji, Botswana

5+

Prospects

Bespoke Targeted TA

12

Jurisdictions assisted in 2023

Including Bénin, Côte d'Ivoire, Ghana, Honduras, Mali, Nepal, Zambia and Zimbabwe, among others

Multilateral support

~180

Economies reached since 2020

~ 44

Multilateral workshops since 2020



Countries around the world are implementing VAT on e-commerce reform based on this guidance

101

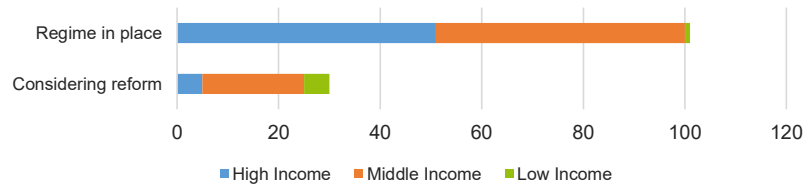
Jurisdictions have implemented VAT reform directed at digital trade

30

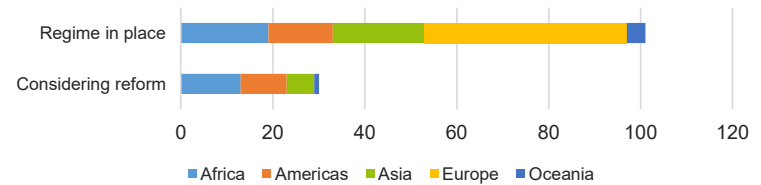
Are considering reform



Distribution by Income Level



Distribution by Region



Data as of February 2024. Classifications are merely indicative. This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



Contact



To know more...

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