



Federation of European Accountants
Fédération des Experts comptables Européens

FEE Tax Day

Simple, fair, coordinated –
tax Utopia in the EU?

1 October 2009

Standing for trust and integrity



OECD INTERNATIONAL VAT/GST GUIDELINES

Reality or Utopia?

David Holmes, OECD



International Guidelines

- Why develop Guidelines?
- Attempt to minimise double taxation (and double non-taxation)
- Greater clarity
- Greater certainty
- Reduced compliance costs



International Guidelines

- Focus on cross-border B2B services
- OECD's Committee on Fiscal Affairs approved two principles:
 - ↳ Taxation rules in country of consumption apply
 - Proxy for consumption: Customer location
 - ↳ Except where explicitly provided in law, tax should not fall on business



International Guidelines

- Developed closely with business
- Technical Advisory Group
- First draft (customer location) well underway
- Hope to release as consultation draft early 2010
- International neutrality through refunds
- Survey undertaken 2009



International Guidelines

➤ Other issues:

↪ Exceptions to the customer location rule

- e.g. land & property
- Short-term hire of means of transport (note – some countries regard this as a supply of goods)
- “Where performed” services (e.g. restaurants)

↪ Telecommunications

↪ Trade Fairs & Exhibitions

↪ B2C services



International Guidelines

- So, reality or Utopia?
- Better than doing nothing
- Better than a VAT Model Treaty? Discuss!
- Dispute Resolution mechanism may be needed?
- Need to draw in non-OECD economies
 - ↳ Already working with Brazil, China, India, South Africa and others

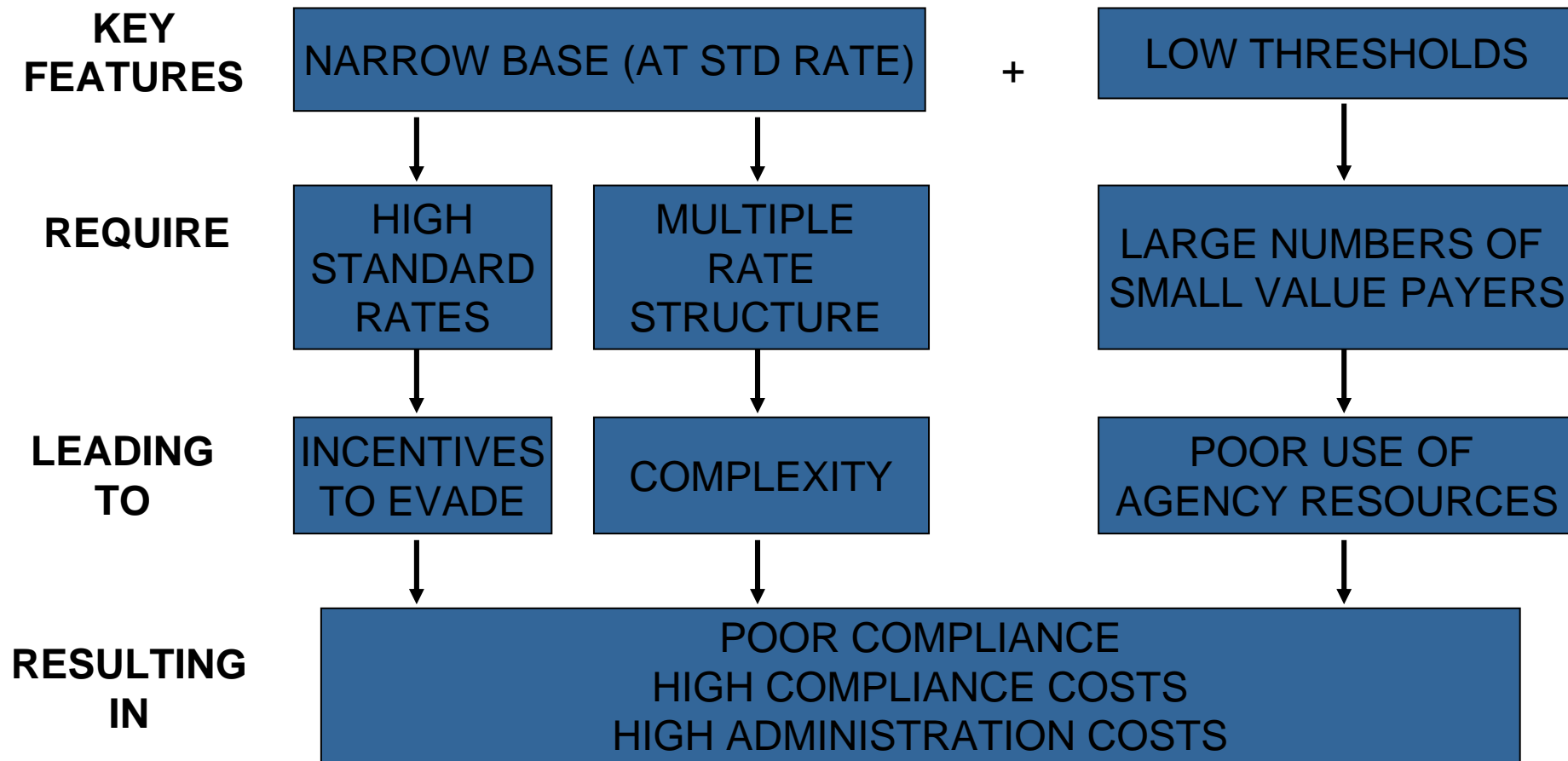


International Guidelines

- And finally, is this how to design a VAT.....



VAT designed for sub-optimal performance





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- 32 European countries, including all 27 EU