OECD

Consolidated OECD VAT/GST International Guidelines endorsed

9 November 2015

Report from IBFD VAT Knowledge Group

Representatives of more than 100 countries and jurisdictions attending the third meeting of the OECD Global Forum on VAT (Global Forum) in Paris on 5-6 November 2015 endorsed the complete consolidated set of the OECD International VAT/GST Guidelines (the Guidelines) as the standard for the VAT treatment of international trade in services and intangibles, to serve as a reference point for designing and implementing legislation with a view to minimizing the potential for unintended non-taxation and double taxation.

The consolidated Guidelines include new elements to the Guidelines endorsed at the second meeting of the Global Forum on VAT (see OECD-1, News 22 April 2014). These new elements include recommended rules and implementation mechanisms for effective and coherent VAT treatment of sales of services and intangibles to private consumers (B2C), which will facilitate the efficient collection of VAT due on these transactions, thus helping jurisdictions to prevent distortion of competition between domestic and foreign suppliers.

The Global Forum welcomes the inclusion of the Guidelines on the application of VAT to cross-border supplies of services and intangibles in the Base Erosion and Profit Shifting (BEPS) package, as endorsed by the G20 Finance Ministers on 8 October 2015 (see OECD-1, News 12 October 2015), to be discussed by G20 leaders during a head of state summit in Turkey on 15-16 November 2015.

The Global Forum looks forward to the development of an OECD Recommendation in 2016 that will embody the Guidelines and that will be open to adherence by all interested non-OECD members.

The Global Forum urges the OECD to develop implementation packages to support the effective and consistent implementation of the Guidelines, and to work on areas that are not yet covered by the Guidelines. This work could include:

- research and analysis of approaches to improve neutrality and overall performance of VAT systems, such as efficient VAT refund mechanisms and risk assessment processes;
- development of a possible framework for the exchange of information and enhanced administrative co-operation;
- the application of VAT to cross-border trade in goods (including low value imports);
- good practices to address compliance issues; and
- the interaction between VAT and the international direct tax framework (for example, in the area of transfer pricing).

See also

OECD-1, News 22 April 2014