

# The OECD International VAT/GST Guidelines: past and future developments

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The Organisation for Economic Cooperation and Development (OECD) celebrated its 50th anniversary in 2010–11. It was officially created on 30 September 1961 and succeeded the Organisation for European Economic Cooperation (OEEC), which had been established in 1947 to run the Marshall Plan to reconstruct Europe.

Over the last half-century, the OECD has demonstrated its ability to act as a forum in which both member and non-member countries can work together to share experiences and seek solutions to common problems, including in the tax area. The OECD Model Tax Convention on Income and on Capital and its commentaries are well known as the major tools for dealing with international aspects of direct taxes.

Recently, the interaction between countries' VAT<sup>1</sup> systems has come under greater scrutiny.

VAT is a widely accepted indirect taxation system prevalent across the globe. Limited to fewer than ten countries in the late 1960s, it has now been implemented by more than 150 countries. The spread of VAT has been the most important development in taxation over the last half-century.

In terms of figures, revenues generated by taxes on general consumption (that is, VAT, sales taxes and other general taxes on goods or services) represented 20.0% of the total tax revenues of OECD countries in 2009 (compared with 11.9% in 1965 and 15.8% in 1985).<sup>2</sup> The proportion of taxes on general consumption as a percentage of GDP more than doubled between 1965 and 2009 (3.3% in 1965, 5.2% in 1985, and 6.7% in 2009 for OECD countries).<sup>3</sup> The

1 Some countries cite their form of value added tax as a goods and services tax (GST). For ease of reading, we refer in this article to all value added taxes as VAT.

2 Table 28 of Revenue Statistics 1965–2010—*Statistiques des recettes publiques 1965–2010* (OECD Publishing, 2011 edn) 91.

3 *Ibid*, Table 27.

Share of VAT, itself, as a percentage of total taxation has grown by more than 70%, from 11.2% on average in 1985 to 19.2% in 2009.<sup>4</sup>

VAT is globally the third important source of revenue for governments, behind social security contributions (27%) and personal income taxes (25%) but far above corporate income tax (8%), specific consumption taxes (11%) and property taxes (5%). These ratios vary considerably between countries, but, in 27 of the 33 OECD countries with VAT, VAT accounts for more than 15% of total taxation. Following its adoption by a growing number of countries, a shift occurred within the category of taxes on consumption so that, while the share of VAT rose, the revenue from consumption taxes on specific goods and services (mainly excise taxes) fell from 16% to 11% over the same period.<sup>5</sup>

The capacity of VAT to raise revenue in a neutral and transparent manner has led all OECD member countries to adopt this broad-based consumption tax, except for the United States which continues to employ retail sales taxes at the subnational level rather than applying federal consumption tax or a dual GST like the Canadian Harmonised Sales Tax (HST), where the federal government and provinces levy a GST on a common tax base but at a different rate. Furthermore, the neutrality of VAT vis-à-vis international trade has also made it the preferred alternative to customs duties in the context of trade liberalisation.

### Origins of the OECD's work on VAT

Although the basic principles of VAT are broadly the same across countries, in that they aim to tax final consumption in the jurisdiction where it occurs according to the destination principle, differences exist as to how this is achieved in practice. These differences result from local history, differing legal traditions and the need to achieve specific policy objectives. In addition, interpretations or definitions of similar legal concepts may of course differ between jurisdictions. What is a service or an intangible in one country may qualify as a good in another.

The consequences of these differences were not so significant when international trade of goods and services to non-taxable persons (ie final consumers) was relatively limited. However, with the emergence of the new economy, the flow of goods and services has seen an unexpected growth. Electronic commerce has enabled consumers and small enterprises to operate and shop beyond their national boundaries. The distance between producers and consumers has shrunk. Differences in treatment of cross-border supplies of services and intangibles across countries have become more tangible, with a resulting need to tackle them in order to prevent double taxation and unintended double non-taxation. It is therefore not surprising that, historically, the OECD's work on VAT began in 1998 with the OECD Ottawa Conference on electronic commerce entitled *A Borderless World: Realising the Potential of Electronic Commerce*.

The issue at the Ottawa conference was how to implement tax policies and procedures without distorting the new and traditional economies. Several approaches were discussed by the OECD's Committee on Fiscal Affairs (CFA). The CFA gathers together high-level tax policy officials of OECD member countries and a number of non-OECD economies. It functions as a forum in which policymakers can discuss key international tax issues and set international

<sup>4</sup> Stéphane Buydens, *Consumption Tax Trends 2012* (OECD, 2012).

<sup>5</sup> *Ibid.*

standards. It is supported in its work by Working Party No 9 on Consumption Taxes, which comprises senior VAT policy officials from OECD member countries, and by a Technical Advisory Group (TAG), which consists of government, academic and business representatives.

One view aired at the conference was that e-commerce should be allowed to take place in a tax-free environment, which would have created an advantage for countries where e-commerce companies were established. At the other extreme, there was speculation over the introduction of new taxes specifically designed to target e-commerce. Neither of these views was satisfactory because they would both have distorted trade. Another view—the one that prevailed—was that there was nothing to suggest that the nature of e-commerce should exclude it from normal taxation and that, therefore, the new and traditional economies should be treated on an equal footing.

As a result, the governments agreed on the *Ottawa Taxation Framework Conditions*, which can be summarised as follows:

- Rules for the consumption taxation of cross-border trade should result in taxation in the jurisdiction where consumption takes place and an international consensus should be sought on the circumstances under which supplies are held to be consumed in a jurisdiction.
- For the purpose of consumption taxes, the supply of digitised products should not be treated as a supply of goods.
- Where business and other organisations within a country acquire services and intangible property from suppliers outside the country, countries should examine the use of reverse-charge, self-assessment or other equivalent mechanisms where this would give immediate protection of their revenue base and of the competitiveness of domestic suppliers.

Building on the 1998 conference, the CFA adopted in 2001 the *Guidelines on Consumption Taxation of Cross-Border Services and Intangible Property in the Context of E-Commerce*.<sup>6</sup> These Guidelines provide that:

- for business-to-business transactions, the place of consumption is deemed to be in the jurisdiction in which the recipient has established its business presence; and
- for business-to-consumer transactions, it is the jurisdiction in which the recipient has his usual place of residence.

The guidelines were supported in 2002 by the *Consumption Tax Guidance Series*.<sup>7</sup>

To summarise, these guidelines apply the destination principle to e-commerce. Exported supplies are zero-rated, thus allowing for the deduction of input VAT incurred in relation to that supply. Imported supplies are taxed in the jurisdiction of the recipient, thus ensuring that VAT applies in the country where consumption occurs.

<sup>6</sup> OECD, *Guidelines on Consumption Taxation of Cross-Border Services and Intangible Property in the Context of E-commerce* (2001), [www.oecd.org/ctp/consumptiontax/2001%20E-Commerce%20Guidelines.pdf](http://www.oecd.org/ctp/consumptiontax/2001%20E-Commerce%20Guidelines.pdf). All websites accessed 8 November 2012.

<sup>7</sup> *Consumption Tax Guidance Series* (2002), [www.oecd.org/ctp/consumptiontax/consumptiontaxguidanceseries.htm](http://www.oecd.org/ctp/consumptiontax/consumptiontaxguidanceseries.htm).

Furthermore, in order to avoid requiring the supplier to register in every country in which he is providing a supply—and thus placing too heavy a compliance burden on businesses, it is suggested that a reverse-charge mechanism may apply in business-to-business transactions. Although, in principle, under standard VAT rules the supplier of goods or services is liable to account for VAT, a reverse-charge mechanism allows the liability to pay for the VAT to switch from the supplier to the customer. The customer is entitled to offset the output VAT that he reverse-charged against the same amount of deductible input VAT as if the VAT had been charged by the supplier.

However, with the globalisation of the economy and the further development of cross-border trade, it became increasingly clear that many of the problems surrounding the application of VAT to e-commerce actually had their roots in the wider area of services and intangibles and that the remaining differences in approach among jurisdictions still had the potential to lead to double taxation and unintended non-taxation. Analysis showed that this situation was creating obstacles to business activity, hindering economic growth and distorting competition,<sup>8</sup> and that these problems were significant enough to require remedies.<sup>9</sup>

As a result the OECD is now developing its international guidelines on VAT to bring greater cohesion and consistency between countries' approaches to taxation of international trade.

### **Current OECD work on place of taxation of international cross-border services and intangibles and neutrality, and its status**

There are some regional frameworks that impose legally binding VAT rules on countries, such as the European Union, the UEMOA ('Union Economique et Monétaire Ouest Africaine'), and CEMAC ('Communauté Economique et Monétaire de l'Afrique Centrale'). There was, however, no international framework.

In February 2006 the OECD launched a new project: the creation of the OECD International VAT/GST Guidelines, the aim of which is to provide governments with guidance on applying VAT to cross-border trade. The Guidelines project was developed by the CFA in cooperation with a number of non-OECD economies and the business community, with the support of a number of academics.

Contrary to national or regional legislation, the aim of the OECD Guidelines is not to provide detailed rules for the application of consumption taxes but rather a set of 'soft law' principles for the application of VAT to cross-border trade. Although they do not have legal force, the Guidelines will set out principles that the OECD member countries are encouraged to follow. These guidelines consist of a set of principles for the VAT treatment of the most common types of international transactions, providing guidance to help member and non-member countries develop practical legislation to ensure smooth interaction between national VAT systems, with a view to minimising the potential for double taxation and unintended non-taxation, and providing more certainty for business and tax authorities.

<sup>8</sup> OECD, *Report on the Application of Consumption Taxes to the Trade in International Services and Intangibles* (2004), [www.oecd.org/ctp/consumptiontax/2004%20Report.pdf](http://www.oecd.org/ctp/consumptiontax/2004%20Report.pdf).

<sup>9</sup> OECD, *Report on the Application of Consumption Taxes to the International Trade in Services and Intangibles – Progress Report and Draft Principles* (2005), [www.oecd.org/ctp/consumptiontax/Application%20of%20Consumption%20Taxes%20Progress%20Report%202005.pdf](http://www.oecd.org/ctp/consumptiontax/Application%20of%20Consumption%20Taxes%20Progress%20Report%202005.pdf).

The Guidelines are being developed in a staged process. As each stage is completed, the CFA publishes them for public consultation.<sup>10</sup> When the process of consultation is complete, all comments are carefully considered and the documents are reviewed as appropriate. Work then continues on the basis of the progress achieved. Each document that constitutes part of the future Guidelines should be regarded as a building block and should not be considered in isolation. Each building block is reviewed over time in the light of the subsequent elements in order to form a coherent whole.

The objective is to arrive at a complete set of Guidelines applying to cross-border trade in services and intangibles by 2014.

### **Place of taxation for cross-border trade in services and intangibles**

As a first step, it was agreed that the most pressing issue was the definition of the place of taxation for cross-border trade in services and intangibles.<sup>11</sup> Tax neutrality in international trade is traditionally achieved by use of the destination principle. Under this principle, goods, services and intangibles are zero-rated when leaving one jurisdiction and are taxed at importation in another jurisdiction. In this way, it makes no difference whether goods, services or intangibles are obtained domestically or from abroad; the domestic VAT rate will always apply.

If VAT were to accrue to the jurisdiction in which the supplier is located according to the origin principle, exports would be taxed at the rate applicable in the jurisdiction of exportation and imports would not be taxed. There would be a risk of competitive distortion because goods, services and intangibles purchased from a jurisdiction without VAT or with a low VAT rate would have a significant advantage over goods, services and intangibles purchased from jurisdictions that have higher rates. The only way to neutralise these distortions would be to put in place systems that allow customers to reclaim the VAT incurred by claiming it from the tax administration in the supplier's jurisdiction. This would be technically difficult, onerous for businesses and tax administrations, could open up opportunities for fraud, and create greater complexity in dealing with businesses that do not have full rights to input tax deduction.

Thus, applying the tax regulations of the jurisdiction of destination provides a more neutral solution and ensures that it is domestic consumption that is taxed.

For goods, this international neutrality is achieved in a relatively simple way because of the presence of customs borders. Exports are zero-rated; the importer of records is liable for VAT that he remits to the customs authorities in the country of import at the appropriate rate under that jurisdiction's VAT regime. This ensures that imported goods are subject to the same tax regime as domestically produced goods.

Applying this international neutrality to supplies of services and intangible products, however, is more difficult. The lack of tangibility of services and intangibles means that there are no customs controls that can confirm their exportation and no customs controls to impose VAT at importation.

<sup>10</sup> [www.oecd.org/ctp/ct](http://www.oecd.org/ctp/ct).

<sup>11</sup> Why is the OECD referring to 'services and intangibles' and not simply to 'services'? Because, unlike in the European Union, where there are just two categories of supplies for VAT purposes (goods and services—everything that does not qualify as a good being a service), some OECD countries have other categories such as intangibles.

As mentioned above, until fairly recently, most services were consumed by households or used by businesses where they were performed. Consequently, there was not so much cross-border trade of services consumed outside the supplier's jurisdiction. Due to the globalisation of the economy, the application of VAT to services became more problematic. The difficulty was exacerbated by a number of factors: the new communication technologies, the enormous growth in cross-border trade in services; the emergence of multinational corporations that supply services in a large number of jurisdictions through complex structures; and the diversity of new and complex supply chain processes (involving shared service centres, global procurement arrangements, etc).

Most services exchanged today are of an intangible nature—that is, they are capable of delivery from a remote location and capable of being used in more than one jurisdiction. Many items are being digitised and thus tend to become services whereas they use to qualify exclusively as goods—electronic books are one example. Services are frequently ordered by one entity of a business and used in the production process by other entities of that business disseminated across the world (eg software, management services or intellectual property).

In this context, applying the destination principle consistently between various jurisdictions has become more and more complex, as has ensuring tax neutrality for business-to-business supplies and taxation at the place of consumption for business-to-consumer supplies. VAT legislation traditionally uses proxies—that is, approximation of the place of consumption. However, not all countries use the same proxy to apply the destination principle. Some rely on the place of the recipient, others on the place of performance or place of use, etc. This creates opportunities for double taxation or double non-taxation.

Typically, businesses are normally allowed to recover the VAT on their inputs incurred in relation to their taxable outputs. Therefore, business-to-business supplies should be taxed where they are used by the business customer in order to make onwards supplies. The multi-staged nature of the tax requires that each supply or transaction within the supply chain is subject to the rules of the relevant jurisdiction, including intermediary supplies between businesses. The main problem for the design of a common standard lies in the difficulty of determining precisely, for each supply, the location where it is used by business customers or consumed by final consumers. The fact that many intangible supplies can be used at different locations, especially by multinational enterprises, adds to the existing complexity. In one word, the difficult question to be answered is: 'What is the right proxy?'

Thus, the OECD is developing special rules for determining the jurisdiction of taxation for international supplies of services and intangibles. In January 2006<sup>12</sup> the CFA approved the two following principles:

- For consumption tax purposes, internationally traded services and intangibles should be taxed according to the rules of the jurisdiction of consumption.
- The burden of value added taxes themselves should not lie on taxable businesses except where explicitly provided for in legislation.

<sup>12</sup> OECD, *International VAT/GST Guidelines* (2006), [www.oecd.org/ctp/consumptiontax/36177871.pdf](http://www.oecd.org/ctp/consumptiontax/36177871.pdf).

Building on these two core principles, the CFA has begun to develop more detailed guidelines. A first paper was issued in January 2008,<sup>13</sup> followed by a second paper in June of that same year.<sup>14</sup> These papers set out some of the basic approaches to applying value added taxes to cross-border supplies of services and intangibles in a business-to-business context. In February 2010<sup>15</sup> the CFA released a set of three guidelines implementing these draft principles:

- **Guideline 1:** For consumption tax purposes, internationally traded services and intangibles should be taxed according to the rules of the jurisdiction of consumption.
- **Guideline 2:** For business-to-business supplies, the jurisdiction in which the customer is located has the taxing rights over internationally traded services or intangibles.
- **Guideline 3:** The identity of the customer is normally determined by reference to the business agreement.

In the OECD's language, a 'business agreement' consists of the elements that identify the parties to a supply and the rights and obligations with respect to that supply. The term 'business agreement' is not a legal concept. Its meaning is not specific to any particular jurisdiction and it is potentially very wide in its application.

To summarise, according to the Guidelines, the main proxy—or 'main rule'—for determining the place of taxation for business-to-business supplies is the place where the customer is located, as supported by the relevant business agreement. The place of taxation should be decided for each supply individually so that the determination of the place of taxation of a service or intangible will not be influenced by any subsequent supply or lack of such supply. Once a jurisdiction has the taxing rights over a supply, it is up to this jurisdiction to decide whether or not any tax is due. Furthermore, to avoid unnecessary burdens on suppliers, it is recommended that the customer be liable to account for any tax due. This can be achieved through the reverse-charge mechanism where that is consistent with the overall design of the national consumption tax system. Accordingly, the supplier should not be required to be identified for VAT or account for tax in the customer's jurisdiction.

The Guidelines are of course a work in progress. For instance, discussions are still ongoing as to how to apply the main rule to multiple location entities, ie single legal entities that have establishments in more than one jurisdiction. Several options are being examined. One is that the taxing rights should accrue to the jurisdiction where the head office is located. This might be easier in terms of administration and compliance but might give rise to avoidance. Another is that the taxing rights should accrue to the jurisdiction where the establishment using the supply is located. However, this might create a sort of use and enjoyment rule when the establishment using the supply is not the one that has entered into the business agreement with the supplier. Another option is that the taxing rights should always accrue to the jurisdiction where the establishment that has entered into the business agreement is located—even

<sup>13</sup> OECD, *First Consultation Paper on Applying Value Added Taxes to Cross-border Supplies of Services and Intangibles* (2008), [www.oecd.org/ctp/consumptiontax/39874228.pdf](http://www.oecd.org/ctp/consumptiontax/39874228.pdf).

<sup>14</sup> OECD, *Second Consultation Paper on Applying Value Added Taxes to Cross-Border Supplies of Services and Intangibles* (2008), [www.oecd.org/ctp/consumptiontax/40931469.pdf](http://www.oecd.org/ctp/consumptiontax/40931469.pdf).

<sup>15</sup> OECD, *Draft Guidelines on the Application of VAT/GST to the International Trade in Services and Intangibles* (2010), [www.oecd.org/ctp/consumptiontax/44559751.pdf](http://www.oecd.org/ctp/consumptiontax/44559751.pdf).

if the supply is used by another establishment. However, this last option would require that this establishment operate a ‘recharge’ to the establishment effectively using the supply under a separate ‘recharge agreement’. This recharge would be subject to VAT as well. Typically the establishment that has entered into the business agreement with the supplier will behave like a kind of shared services centre, purchasing services and internally ‘re-invoicing’ them (issuing pro-forma invoices for instance) to the establishments actually using these services. A combination of the options above could be envisaged in several circumstances.

Furthermore, the Guidelines acknowledge that there might be situations where the ‘main rule’ does not work or will not achieve the right tax result. In these exceptional circumstances, proxies that differ from the main rule may be used. Ideally, the number of proxies should be as limited as possible to minimise the risk of differing interpretations and overlap between competing place of taxation rules. These circumstances will need to be defined. Typically, supplies provided in connection with immovable property might be a category of supply that will require a specific proxy.

### **Draft neutrality Guidelines**

If VAT must be economically neutral in an international context by applying tax in the country of consumption or use of the goods or services, it must also remain neutral for businesses. This is the second important building block of the OECD VAT/GST Guidelines.

Economically speaking, the burden of VAT should lie not with businesses but with final consumers (essentially households). Businesses are in principle incapable of such final consumption, except, for instance, in cases of self-supply where purchases are used for private consumption of the business owners. In an international context, neutrality is normally achieved by the destination principle because supplies are taxed—or should be taxed—where they are used by the business customer in order to make onward supplies. The implementation of a reverse-charge mechanism or a similar mechanism ensures that the business customer himself accounts for the output VAT, thus preventing the supplier from having to register or identify in the country of destination. In principle, the corresponding input VAT is deducted from the output VAT and the balance is neutral for the business consumer. This ensures that businesses’ customers do not bear input VAT in countries where they are not in a position to exert a right to deduction mainly because they are not established or registered there for VAT purposes.

However, as mentioned above, the application of specific territoriality rules entails that businesses are taxed, in some specific circumstances, in a country which is not the country of destination and where they may not have a business establishment. This situation will not be completely solved by the application of the ‘main rule’ because, as mentioned, the OECD has acknowledged that there are circumstances where the ‘main rule’ may not work or achieve a right tax result.

Therefore, there will inevitably remain situations where taxpayers may incur a foreign VAT. These situations will vary from one country to another according to local legislation. Countries have often implemented special mechanisms to avoid VAT being charged to foreign businesses or to allow them to recover input VAT incurred, but this is not always the case—especially in developing countries where budgetary constraints are such that implementing a refund mechanism for foreign businesses is not feasible.



The conditions and procedures for relief or recovery vary considerably between countries. Some countries allow the foreign business to claim a refund while not being registered or identified in the country—although it is often a requirement that the business appoints a tax representative to do so. Some others require that this business is registered locally. Other countries avoid VAT being charged to foreign customers by, for instance, zero-rating supplies made to foreign customers. Some others grant VAT exemption certificates to foreign businesses.

The lack of consistency in these procedures across countries and their current complexity may lead to significant compliance and administrative burdens for businesses and tax administrations.

The importance of the issue was confirmed by an OECD survey issued in 2010.<sup>16</sup> 72% of the businesses surveyed said that they found VAT relief procedures ‘difficult’. More than 20% of the respondents were unable to recover any foreign VAT. Many businesses said that they recover less than 25% of the VAT incurred in foreign countries. One third said that these difficulties influence decisions on investment. The replies indicate that businesses would like to see improved communication with tax administrations and a greater harmonisation and standardisation of procedures, which would speed up and improve refund systems. It is worth noting that the degree of implication and involvement of the business community with respect to the OECD VAT/GST Guidelines is quite unique as far as the OECD is concerned.

The CFA considered that the issue was significant enough to require remedies, and undertook to develop guidelines in this area. As a result, the CFA approved the International VAT Neutrality Guidelines in July 2011:

- **Guideline 1:** The burden of value added taxes themselves should not lie on taxable businesses except where explicitly provided for in legislation.
- **Guideline 2:** Businesses in similar situations carrying out similar transactions should be subject to similar levels of taxation.
- **Guideline 3:** VAT rules should be framed in such a way that they are not the primary influence on business decisions.
- **Guideline 4:** With respect to the level of taxation, foreign businesses should not be disadvantaged nor advantaged compared to domestic businesses in the jurisdiction where the tax may be due or paid.
- **Guideline 5:** To ensure foreign businesses do not incur irrecoverable VAT, governments may choose from a number of approaches.
- **Guideline 6:** Where specific administrative requirements for foreign businesses are deemed necessary, they should not create a disproportionate or inappropriate compliance burden for businesses.

To summarise, the combination of these Guidelines results in a sort of a ‘non-discrimination principle’ that may be summarised as follows: VAT systems should be applied in such a way that there is no unfair competitive advantage awarded to domestic businesses. Therefore,

<sup>16</sup> OECD, *VAT/GST Relief for Foreign Businesses: The State of Play—A Business and Government Survey* (2010), [www.oecd.org/ctp/consumptiontax/44560750.pdf](http://www.oecd.org/ctp/consumptiontax/44560750.pdf).

domestic legislation should not discriminate against foreign businesses' right to deduction or recovery of VAT. Although the OECD recognises that countries can choose from a variety, or a combination, of approaches when ensuring that VAT is not a cost for foreign businesses, these approaches should strike a balance between compliance costs for businesses, protection of governments against fraud, and VAT administration costs for tax authorities.

## Future developments

Work on the Guidelines should be completed by the end of 2014. In addition to the Guidelines on neutrality and on place of taxation in a business-to-business context, guidelines for applying the destination principle on cross-border supplies of services and intangibles to final consumers, anti-abuse provisions and mutual cooperation and dispute resolution procedures will be developed. Once complete, the Guidelines will cover the most important areas in which international guidance is needed, and they will form a core set of rules for the VAT treatment of the most common types of international transactions.

After more than 50 years, VAT is at a turning point in its life. It is time to put some new flesh on the VAT model. The current economic crisis has acted as a catalyst for structural reform in many OECD countries. The need for reform to improve the design and operation of VAT systems is increasingly recognised at the political level as governments rely on VAT as a major source of revenue to address public debt imbalances.

The high-level policy conference held in Lucerne in 2009 already recognised the increasingly important role played by the OECD.<sup>17</sup> The OECD has the unique capacity to work with member countries to secure effective VAT systems in a global environment and to develop a dialogue with non-OECD economies and businesses to improve the design and operation of consumption tax systems. VAT systems should be modernised, simplified without putting the fight against VAT fraud at risk, and their efficiency should be increased. In this context, the OECD organised its first Global Forum on VAT in Paris in November 2012. The Global Forum is an international platform for global dialogue on VAT design. Tax policy officials from Member and non-Member countries shared policy analysis and experience, with a view to identifying best practice and strengthening international cooperation. They looked at the challenge of applying VAT in an international context and considered the OECD International VAT/GST Guidelines as a set of international standards to minimise double taxation and unintended double non-taxation.

<sup>17</sup> OECD, *Lucerne Communiqué* (2009), [www.oecd.org/ctp/consumptiontax/43669264.pdf](http://www.oecd.org/ctp/consumptiontax/43669264.pdf).