

# The global VAT/GST landscape through a business lens

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# Be more like Wrexham AFC



Source: [File:Chris Maxwell Wrexham FC at Wembley 2013 03.jpg - Wikimedia Commons, Wikimedia Commons](#)



# Proposition 1: Bold and ambitious VAT

We need to be bold and ambitious about what can be achieved with VAT systems since VAT is going to matter more and more



VAT revenue ratio<sup>1</sup>

- OECD collects 58 cents out of every dollar of VAT revenue
- Huge disparities - New Zealand 96% vs Mexico 33%



VAT gap<sup>2</sup>

Time to shift focus in the VAT gap:

- Compliance gap ↓: €128 bn potential revenue loss due to non-compliance, insolvency, errors
- Policy gap ↑: €742 bn revenue forgone due to policy choices (50.5% of notional ideal revenue)



Less costly<sup>3</sup>, stable form of revenue

- Marginal excess burden (deadweight loss) of an extra \$ of VAT is 8.2%, compared with 24.1% for PIT and 40% for CIT
- CIT 2-4 times more volatile than VAT
- PIT 1.3-1.8 times more volatile than VAT



VAT is future proofed

- VAT is the only tax that's truly integrated into business operationally
- Able to handle the growing digitalization of the economy

1. OECD Consumption Tax Trends 2024

2. EU Commission's recent VAT gap report (2025)

3. Australian Parliamentary Budget Office (Nov 2024)



## Proposition 2: VAT will be at the forefront of AI usage

- 01** **Nature of VAT**  
Large volumes + highly structured data + monthly compliance

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- 02** **Ability to deploy AI to comply – ‘touchless compliance’**  
(extract, enhance, analyze, determine, comply)

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- 03** **Need to move beyond merely ‘responsible AI’ usage**

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- 04** **Governance and controls – embedding how AI will be used in managing data, testing, reviews, audits**

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- 05** **Recognize that VAT will be the first and most pervasive use cases for AI in all of tax**

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# Proposition 3: Countries are choosing e-invoicing like a McDonald's menu

  
Over the past 5 years, it feels like every tax authority in the world has been ordering an e-invoicing solution



The release of the OECD's guidance on Digital Continuous Transaction Reporting is a big step forward

But we need to recognize that with all of this data, comes a responsibility to show how you are going to use it (beyond catching fraudsters)



**Moving beyond the OECD's report**

1. Recognize & measure the benefits of digitization for business (e.g. 86% saving of issuing e-invoice in France), faster payment cycles
2. Publishing analytics tests to enhance voluntary compliance
3. Use of DCTR data for other taxes
4. Impacts on VAT compliance processes, such as reconciliations



# Our time to lead is now. Let's be like Wrexham!



Source: image created by Nano Banana