



**Seminar C on cross-border supply of services and VAT/GST
Case Studies**

31 August 2015

Introduction of the Panel

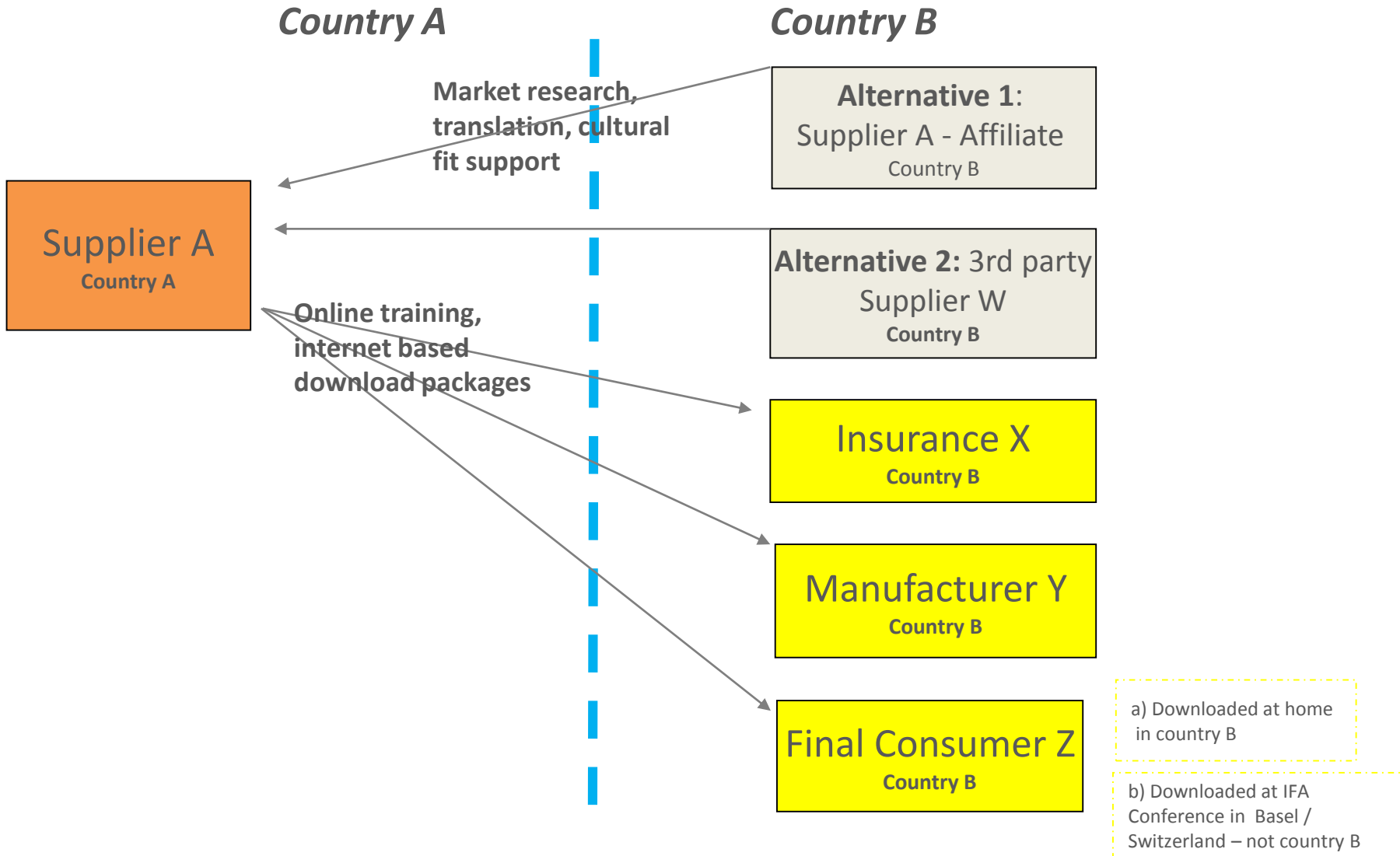
- **Chair:** Philip Robinson, Chairman EY Switzerland
- **Panelists:**
 - Piet Battiau, Head of Consumption Taxes Unit, Centre for Tax Policy and Administration, OECD
 - Thomas Ecker, Austrian Ministry of Finance
 - Prof. Rita de la Feria, Chair in Tax Law, Durham Law School
 - Karl-Heinz Haydl, BIAC VAT/GST Chair and Co-Chair of the OECD's Technical Advisory Group (TAG) / GE

Outline

- Key topics subject to discussion
 - Allocation of the right to tax
 - Collection mechanism and enforcement
 - Implementation of the VAT Guidelines
- Conclusion and Questions

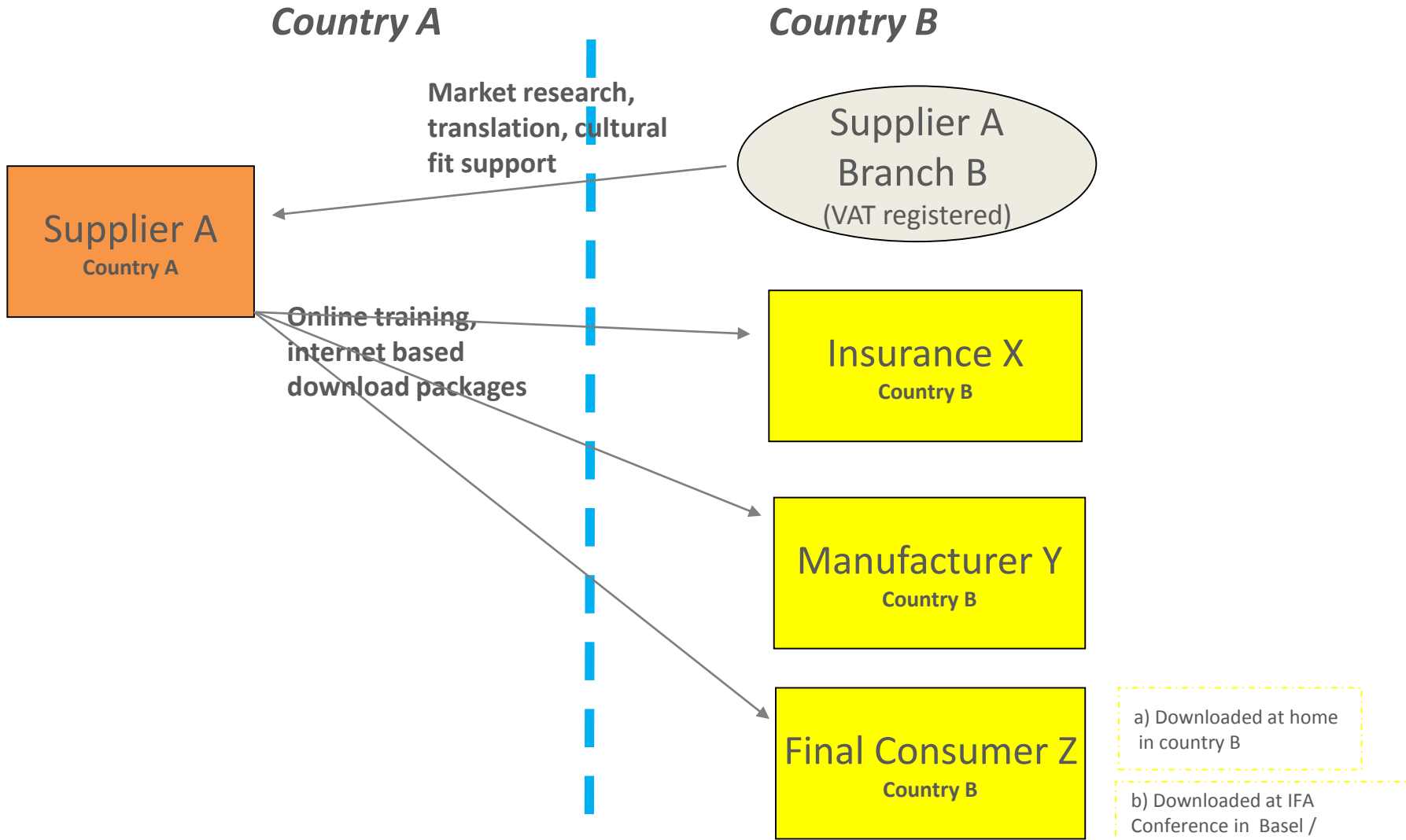


Case Study I – Digital supplies



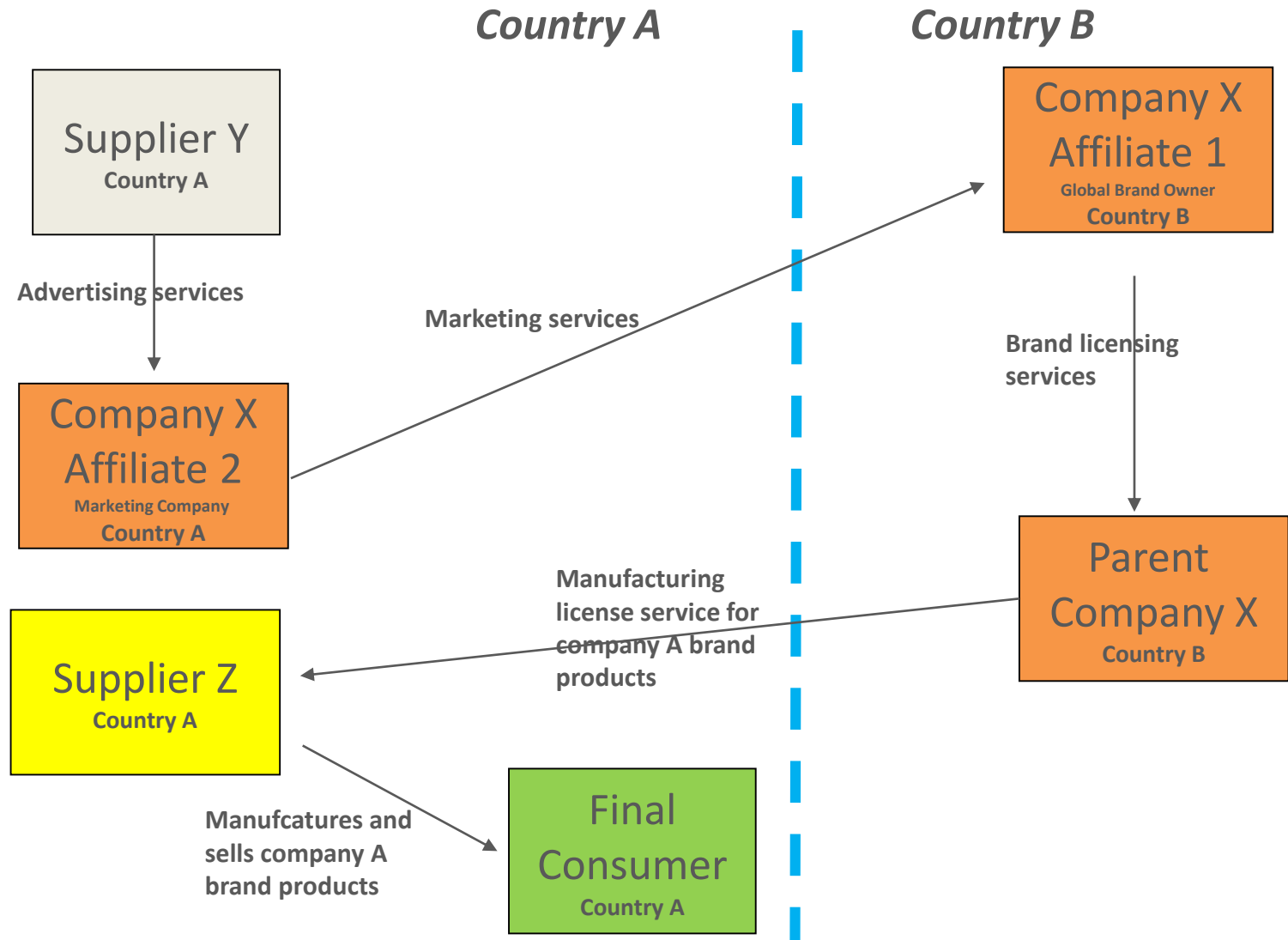


Case Study II – Digital supplies



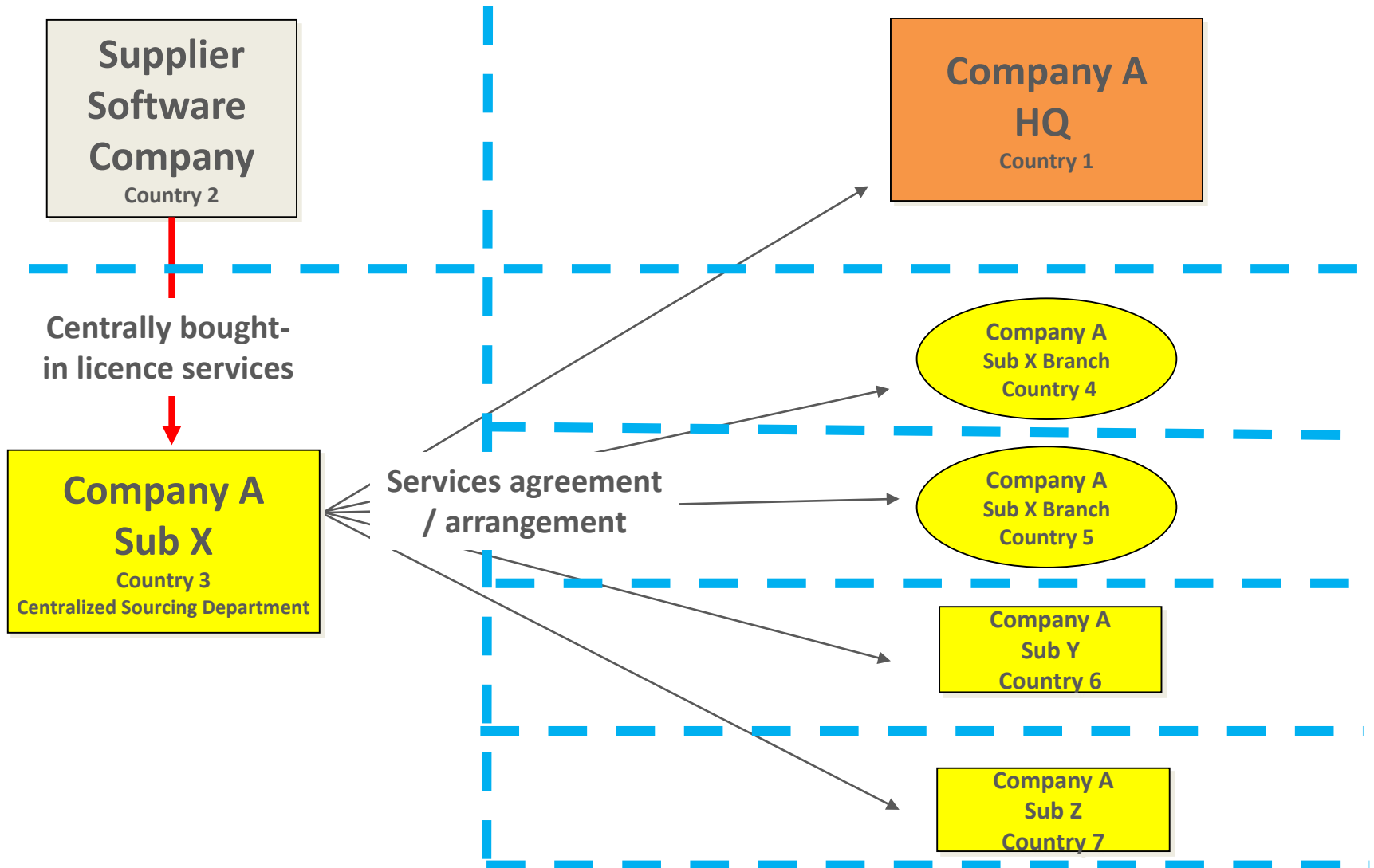


Case Study III – Advertising Services



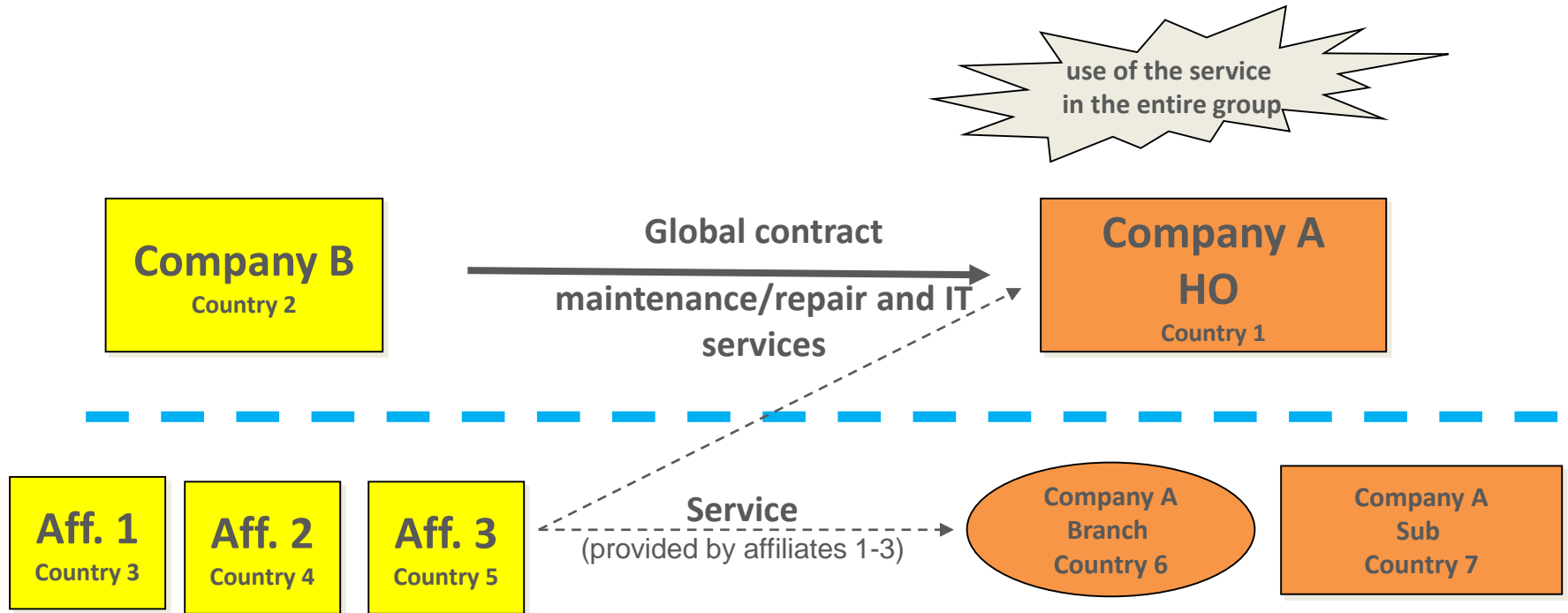


Case Study IV – Central Purchasing





Case study V – Global contracts





Case Study VI – Supply & install contracts with cross-border sub-contracting (1)

Facts (1):



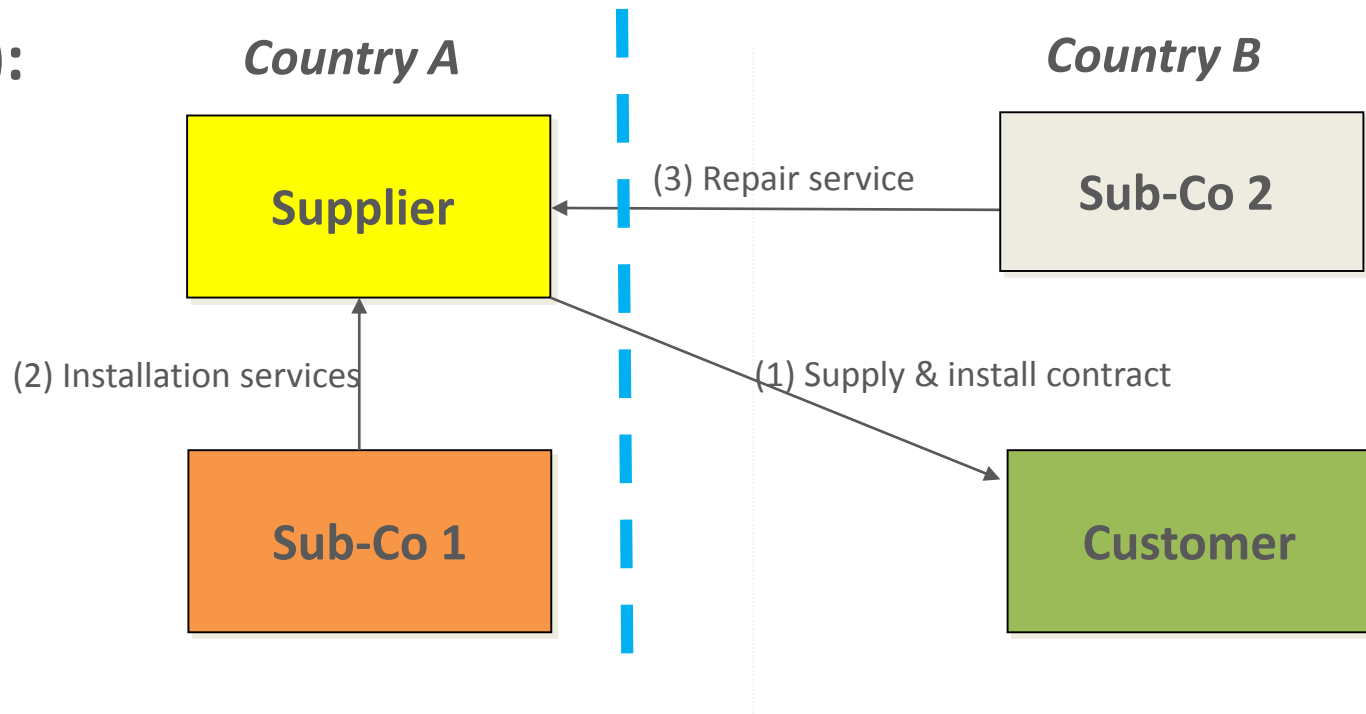
- Aeroderivative gas turbines are based on jet engine technology.
- Weight 30 - 35,000 Kg.
- They are installed in smaller scale power plants.
- Typical operating life of ~25 years.
- Maintenance contracts often cover many (6-18) years.
- The subject of the maintenance contracts is usually only the turbine.
- Maintenance is performed on-site and off-site in repair shops.
- For the off-site maintenance the turbine is removed from the power plant, which typically takes a crew of 4 persons working for 1.5/ 2 days. Re-installation also takes 4 people 1.5/ 2 days.
- During off-site maintenance of the turbine, spare or lease turbines are often used as replacements.





Case Study VI– Supply & install contracts with cross-border sub-contracting (2)

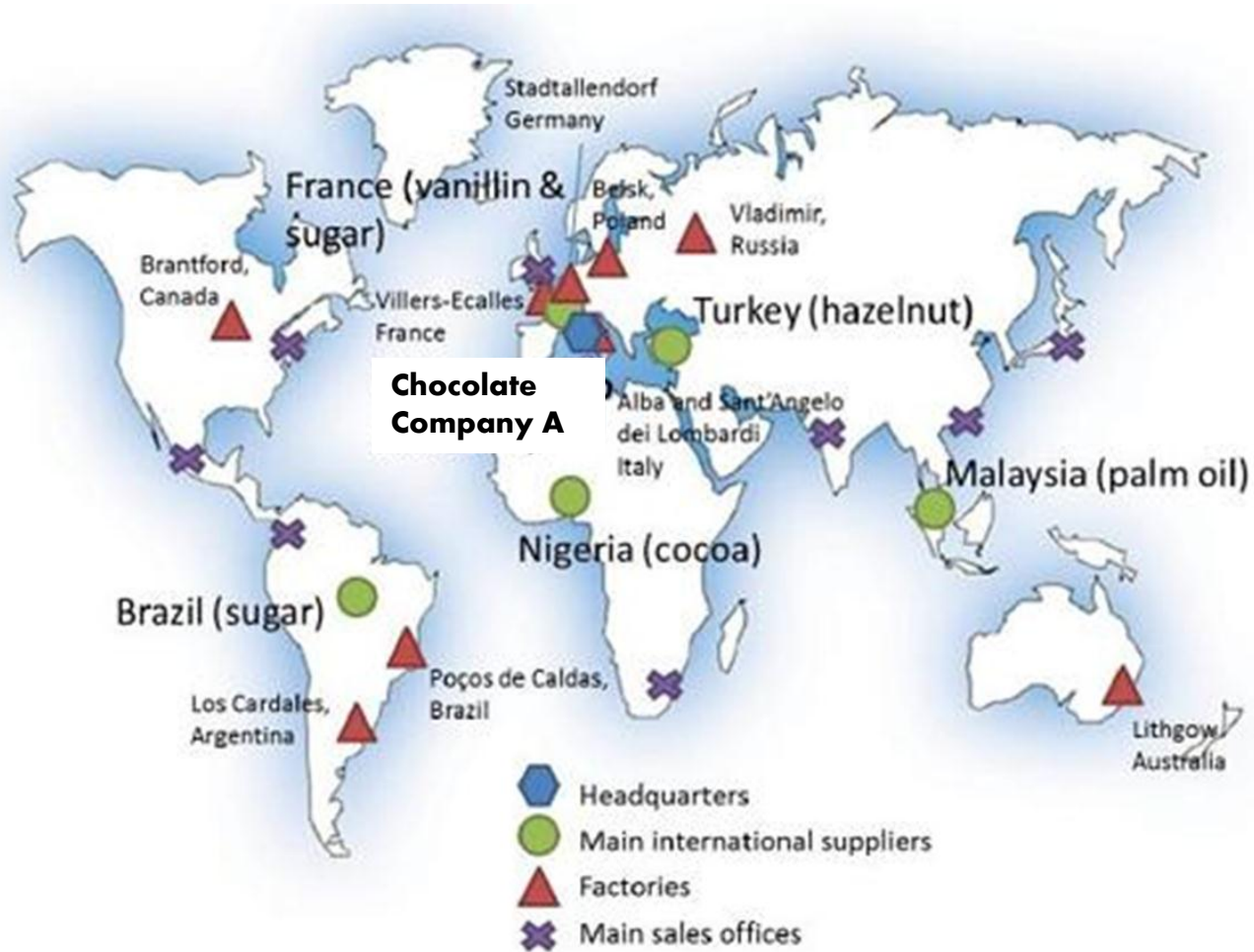
Facts (2):



1. Supplier established in country A enters into supply & install contract with customer established in country B to install equipment in customer's plant in country B
2. Supplier actually uses sub-contractor (Sub-Co 1) established in Country A to provide installation services (installation takes a number of days only – see previous slide)
3. Supplier is also responsible for meeting contractually agreed warranty obligations (e.g., for repairs within the scope of warranty). Supplier uses sub-contractor (Sub-Co 2) established in Country B to provide repair services
4. For illustrative purposes only, the analysis assumes that the installed equipment (Aeroderivative Gas Turbine) is deemed to be 'immovable property'



ALL THE COUNTRIES THAT CONTRIBUTE TO A SINGLE CHOCOLATE PRODUCT



+ Discussion



Questions

