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While there are a number of factors that have led to some results on VAT, it is still a work-in-progress for direct taxes. This ongoing global challenge has equally attracted the attention of the EC. Inclusive of the above, the Commission has issued an interim report in April 2007. The findings are not conclusive.

Due to the absence of universal agreed tax rules, countries have taken it upon themselves to adopt unilateral measures in dealing with the issue.

Some examples:

- The UK has a VAT on specified services provided to non-residents.
- The UK requires the foreign supplier to register for VAT in the UK.
- The UK has a VAT withholding tax mechanism. Here debit and credit card companies are required to withhold 10% of the net amount on any payments remitted to them.

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As countries search-out a 'pro-riate' policies and processes that will ensure effective and efficient taxation of a digital economy, care must be taken to strike a balance among the competing issues of taxation, such as honouring tax treaties, promoting innovation and attracting investment. Let us discuss the danger of this unilateral approach and call for

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Nigeria's example

- In order to "keep up" with digital trends and adhere to "global best practices" Nigeria has adopted the strategy of digitalized taxation to assist in tracking and taxing transactions conducted online and in real-time. "Accordingly" Revenue services are "integrated" onto various digital platforms and channels.
- The introduction of an end-to-end "Administration Platform" as well as various electronic compliance and "assessment" platforms contributed to the registration of "66,666" new corporate taxpayers in the last 09 months there "and" increasing the tax base over 56% and corresponding tax revenue growth in the non oil sector for the period "between 2015 and 2016" to an average of 45.67% of total revenue collected compared to previous 1 year (2015 to 2016) average of 58.97

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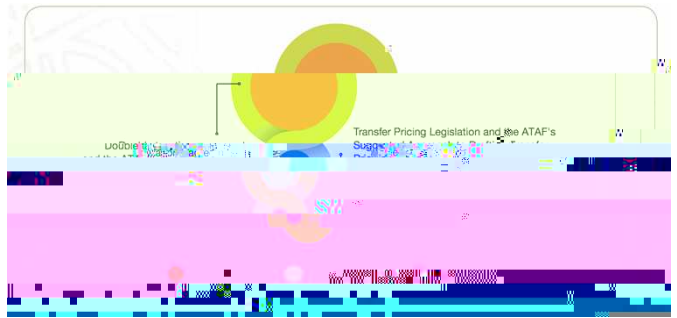


• Article 15 of the OECD Model Tax Convention, which provides that "Income tax shall be levied in the country of residence of the taxpayer in cases where Nigeria has established that the income tax (es) accrue to it from digital transactions involving Nigeria tax residents and individuals or entities outside Nigeria, "jurisdiction" and the tax (es) due are in the custody of non-residents". It has failed to remit such tax (es) in spite of having served demand notices.) * * * //#! \$ +.)
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• Nigeria has entered into a number of treaties such as the EC2 Convention on Mutual Administrative Assistance in Tax Matters (MCAA) which provides for assistance in tax collection, "shall see" the assistance of our treaty partners to collect such tax (es) from their tax residents and remit same to Nigeria.

• However, significant challenges still exist in trying to combat tax evasion and tax avoidance. These include?

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For each of the three tools, the ATAF has identified alternatives which can adapt to their needs and characteristics. These are the ATAF's Models.

- Double Taxation Agreement
- Characteristics Building in Transfer Pricing Prevention
- Transfer Pricing Legislation
- Exchange of Information Agreement on Mutual Assistance in Tax Matters