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Taxation of Digital Transactions – Opportunities Through International Cooperation

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Introduction



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Overview of Digital Taxation Landscape



Transformation of Global Commerce

Digitalisation has changed global commerce, creating new value models challenging traditional tax systems.

Challenges for Tax Administration

Cross-border operations without physical presence complicate tax rule applications for administrations.

International Cooperation Opportunities

Regional organisations like CATA promote collaboration to adapt tax systems to the digital economy.



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Key Challenges in Digital Taxation



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Jurisdictional Complexity and BEPS Risks

Jurisdictional Complexity

Digital businesses operate globally without physical presence, complicating nexus and income source determination.

Base Erosion and Profit Shifting (BEPS)

Multinational enterprises exploit intangible assets and transfer pricing to shift profits to low-tax jurisdictions.

Need for International Coordination

Updated tax frameworks and global cooperation are essential to fairly tax digital profits and close gaps.



Data Access and Capacity Gaps

Challenges in Data Access

Tax authorities struggle to access data from digital platforms and crypto transactions due to low transparency and peer-to-peer exchange complexity.

Technical Capacity Shortfalls

Many tax administrations lack digital forensics, data analytics, and platform auditing tools necessary to audit digital transactions effectively.

Role of Regional Organisations

Organisations like CATA support tax administrations with training, technical assistance, and digital audit tool development to bridge gaps.



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Opportunities Through International Cooperation



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Global Frameworks and Exchange of Information

OECD/G20 Inclusive Framework

Pillars One and Two offer global rules to reallocate taxing rights and implement minimum tax to limit profit shifting.

Information Exchange Initiatives

AEOI, CbCR, and CARF initiatives improve transparency and data sharing among tax jurisdictions worldwide.

Regional Support and Readiness

Regional organisations like CATA assist member countries with policy briefings and technical support for global standards implementation.





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Joint Audits and Capacity Building

Collaborative Joint Audits

Joint audits between jurisdictions help uncover hidden income and improve enforcement in the digital economy by sharing best practices and intelligence.

Capacity Building Initiatives

Regional organisations provide workshops, e-learning, and mentorship to enhance skills in digital taxation among smaller tax administrations.

Strategic Focus on Digital Transformation

CATA's strategic plan emphasises digital transformation and leadership excellence to strengthen regional tax capacity development.





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Practical Steps For Tax Auditors



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Actionable Strategies



Stay Informed on Global Standards

Keeping up with global tax standards and developments from OECD and UN enhances auditors' effectiveness in the digital economy.

Engage in Regional Networks

Participation in networks like CATA offers access to peer exchanges, workshops, and valuable technical resources.

Develop Digital Audit Skills

Investing in skills such as digital audit techniques, platform analysis, and cryptocurrency tracing is crucial for modern enforcement.

Advocate Legislative Reforms

Supporting legislative reforms that address digital value creation is key to ensuring effective and fair taxation.



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Conclusion



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Call to Action for Regional Collaboration



Fairness and Sovereignty

Digital taxation reflects fairness and sovereignty by ensuring profits are taxed where value is created.



Need for Regional Cooperation

Regional cooperation is essential for sharing intelligence and building capacity in digital tax administration.



Call to Action

Unified efforts can create a fair and effective tax environment adapted to the digital age challenges.



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*In a digital world, tax cooperation is not optional-
it is the bridge between fairness and the future //*

www.catatax.org

Thank You