"VAT: The elixir for America's economic ills?"

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ABSTRACT

America is one of the few nations without a value-added tax (VAT), but there is growing pressure to impose the language. In simple terms, a VAT is a type of national sales tax. However, instead of being collected at the cash register, it is imposed on the "value added" at each stage of the production process. Some like the VAT because it offers a new way to finance bigger government. Others like the VAT because – at least, compared to the income tax – it does not impose as much damage on the economy. Supporters of limited government oppose the tax because it makes it easier for politicians to expend the size of government. For these reasons, and others, the VAT is very much a work in progress, as more and more countries continue to adopt it and grapple with ways of improving its design and implementation

Keywords: VAT, Value added, flat tax, consumption tax, income tax

BACKGROUND

The biggest question facing all of us right now - not to mention our children, their children and all those yet unborn – is how in the world we are going to get out from under the mountain of debt that we have piled up over the years. We owe, as a nation, trillions. Using generally accepted accounting standards that consider our gigantic unfunded liabilities, the national debt is several times that. We can no longer count on the people of other nations to lend us money that they now know will never be repaid in other than nominal ways, with vastly cheapened dollars.

Since it is difficult to believe that the federal government can actually operate with trillions of dollars for a budget and budget deficit, we see our nervous political class entertaining something so drastic; it has been off the table in this country for many years – even though more than a hundred governments use it to pay for their ever-growing spending. I am talking about a value-added tax, commonly referred to as VAT. (Smith, 2009)

The federal budget deficit is projected to be the highest ever this year and next. The Treasury is borrowing forty-six (46) cents of every dollar it spends, largely from China and other foreign countries.(Taylor,2009)

Enter the VAT, one of the world's most popular taxes, in use in more than one hundred and fifty (150) countries. Among industrialized nations, rates range from five (5%) percent in Japan to twenty-five (25%) percent in Hungary and in parts of Scandinavia. A twenty-one (21%) percent VAT has permitted Ireland to attract investments by lowering its corporate tax rate. (Montgomery, 2009) Many European countries have relied heavily on the VAT for years. The French have used the VAT as a primary source of income since the 1950's. The French VAT now accounts for fifty-two (52%) percent of that governments' revenues.(Erb,2009)

AT FIRST GLANCE, IT LOOK'S LIKE THE ANSWER

In his 2008 book, "100 Million Unnecessary Returns, Yale University law professor Michael J. Graetz estimates that a VAT of ten (10%) percent to 14 fourteen (14) percent would raise enough money to exempt families earning less than $100,000.00 – about ninety (90%) percent of households – from the income tax and would lower rates for everyone else.

And in a paper published in the *Virginia Tax Review*, "Burman suggests that a twenty-five (25%) percent VAT could do it all: Pay for health-care reform, balance the federal budget and exempt millions of families from the income tax while slashing the top rate of twenty-five (25%) percent. A gallon of milk would jump from $3.69 to $4.61 and a $5,000.00 bathroom renovation would suddenly cost $6,250.00, but the nation's debt would stabilize and everybody could see a doctor. "I think interest is quietly picking up,"Graetz said."People are beginning to recognize that the mathematics of the current system is just unsustainable. You have to do something. And a VAT has got to be on the table if you want to do something big and serious." Some version of a VAT (sometimes called a "good and services tax," or G.S.T.) is in use in nearly 150 other countries, in developed and developing economies alike. (See Appendix) Malaysia is probably the most recent addition to the club, having announced that it will levy a VAT in 2011. (Rampell,2009)

Colonial America may have actually been the setting for the conceptual foundation of the modern VAT. One approach from 1921 by Thomas S. Adams, suggested replacing existing business taxes with a VAT. (Adams,1921)). Other champions of this consumption tax included

Gerhard Colin and Paul Studenski, in the 1930's and 1940's. VAT received attention again in the 1980's. Charles McLure, who worked in the Reagan Administration as Deputy Assistant Secretary of the Treasury for tax analysis, proposed a VAT as the "key to deficit reduction" in 1987.(McLure,1987) So why hasn't a VAT actually materialized the United States, despite its ambiguity beyond our shores? Politics mostly – back in 1988, Lawrence Summers – now President Obama's chief economic adviser – explained with an observant quip, "Liberals think it is regressive and conservatives think it is a money machine."(Rosen,1988)

As of the morning of December 14, 2009, the national debt of the United States was $12.1 trillion dollars. To put it into context, if you counted one ($1.00) Dollar every second of every minute, you would have to count for 383,434 years to reach $12.1 trillion dollars. Policy arguments aside, the most daunting obstacle to the VAT is the 67,204 page federal tax code. The implementation of a VAT would require a complete overhaul of the existing federal tax code, something our Congress has been loath to do. There has been little in the way of major reform in more than twenty (20) years. In contrast, almost every modern nation which as adopted the VAT has made significant changes to their existing income tax systems.

Economists and politicians differ on what changes to the tax code would make the most sense if the federal government adopted a VAT. The argument instead would focus on burden-shifting. In other words, instead of "can we replace the income tax with a VAT?", the real question is, "which components of the income tax would be replaced by the VAT?". The latest data indicates that forty-seven (47%) percent of U.S. households will likely owe no tax in 2009, which means that the majority of the tax burden will be carried by just over half of the population.(Phillips, 2009). Based on the experience in other countries, it is estimated that a U.S. VAT could realistically tax about a third of the gross domestic product (G.D.P.), which would raise close to Fifty Million ($50,000,000.00) Dollars per percentage point. If we adopted Europe's average VAT rate of twenty (20%) percent, we could raise $1 trillion dollars per year in 2009 dollars.

In the early 1980's, practically every leading conservative economist supported a VAT for the United States. Norman True, one of the godfathers of supply-side economics, and Murray Weidenbaum, Chairman of the Council of Economic Advisers, under Ronald Reagan, wrote many articles, books and papers supporting the VAT. Back in 1992, former California Governor Jerry Brown proposed a VAT plus a flat rate income tax that was widely hailed by supply-side economists such as Arthur Laffer and Gary Robbins. More recently, Senator Jim DeMint, R. S.C., introduced legislation (s. 1240) to establish a business consumption tax, that is, in essence, a VAT. (Bartlett, 2009).

From a strictly economic standpoint, a VAT is great. It is essentially a flat consumption tax, like the so-called Fairtax, but implemented in a way to reduce compliance problems. If you look at the economic effects, a VAT is similar to the Hall-Rabushka Flat Tax, which many economists love. Essentially, the main difference between a VAT and the flat tax as developed by Hall and Rabushka is that firms get to deduct wages as a cost under a flat tax, but then those wages are taxed at the household level.

THE HALL-RABUSHKA FLAT TAX

The Hall-Rabushka flat tax is a fully developed flat tax on consumption designed by American economists and Senior Fellows, Robert Hall and Alvin Rabushka at the Hoover Institution, Stanford University. Loosely speaking, it accomplishes this by taxing income and then excluding investment. (Hall and Rabushka, 2006). In the United States extensive tax reform has not taken place since the Tax Reform Act of 1986, and like other tax reform, the flat tax has not advanced far in the U.S. political process. Hall and Rabushka explain that our current tax system has two problems – two problems that might be solved with their flat tax. First, the current system is very complicated. The complications lead to the emergence of specialists such as tax accountants and lawyers who devote their careers to help the rest of us understand and comply with the tax code.

A second problem with the current income tax system is its high "marginal" tax rates, the rates at which people pay taxes as their taxable incomes grew. The high marginal rates greatly discourage work, saving, entrepreneurial effort, and even honesty. One of the main, though often overlooked, benefits of Hall-Rabushka is that it effectively moves income tax away from a tax system based on income towards one based on consumption. Economists generally agree that the taxation of consumption is the most effective manner in which to raise tax revenue. (Fraser Institute, 2009)

Why do some conservatives hate the VAT? For political reasons; they fear it would be a new tax, hidden from any voters, used to expand government. They fear that rather than replacing our existing tax system, a VAT would add to it. (Mankiw, 2009).

Following is an example of how the VAT could figure into the purchase of a car:

"Take for instance, a car with a sticker price of $30,000.00 and a value-added rate of ten (10%) percent. Ford might buy its steel and other materials for $8,000.00 plus $800.00 in a VAT tax. A dealer then pays $25,000.00 plus a $2,500.00 tax for the finished vehicle. Ford takes an $800.00 credit for the tax it already paid and sends $1,700.00 to the government. A buyer then pays $30,000.00 for the SUV and $3,000.00 in taxes. The dealer collects the $3,000.00, takes a credit for the $2,500.00 worth of taxes already paid, and sends $500.00 to tax authorities. Ultimately, the government pockets $3,000.00, or ten (10%) percent of the retail price of the car in taxes." (*The Wall Street Journal,* 2009)

WHAT THE EXPERT'S HAVE TO SAY

More than half of senior business executives surveyed by the Tax Governance Institute (TGI) expect some type of value-added tax (VAT) to be introduced in the United States within five (5) years. The survey results reflect the responses of more than 600 members of the Tax Governance Institute, including board members, chief financial officers, and tax directors. (Kawasaki and Nihen,2009) Acknowledging the need for additional revenue to help address the growing chasm between the country's existing revenue flows and its built-in expenditure obligations, fifty-seven (57%) percent of the executives in the TGI survey said they believe VAT legislation will be introduced in the United States within five (5) years, while eighteen (18%) percent expect it within ten (10) years. "The survey responses underscore a recognition that the short and long-term outlook for the United States fiscal deficit is bleak unless some combination of spending cuts and additional revenue is implemented within the next decade or sooner," said Hank Gutman, KPM Co., Tax Principal and Director of the Tax Governance Institute and former Chief of Staff of the U.S. Congressional Joint Committee on Taxation. "The United States is the only G20 country without a federal VAT or Goods and Services Tax. The executives surveyed clearly believe that VAT legislation is likely to be proposed as a means to raise much-needed revenue to reduce the deficit,"Gutman said. (Telberg, 2009).

At a White House conference early in 2009, on the government's budget problems, a roomful of tax experts pleaded with Treasury Secretary Timothy F. Geitner to consider a VAT. A recent flurry of books and papers on the subject is attracting genuine, if furtive, interest in

Congress. And in April, after wrestling with the White House over the massive deficits projected under Obama's policies, the Chairman of the Senate Budget Committee declared that a VAT should be part of the debate."There is a growing awareness of the need for fundamental tax reform," Senator Kent Conrad (D-N.D.) said in an interview. "I think a VAT and a high-end income tax have got to be on the table."….(Montgomery,2009) "While we do not want to rule any credible idea in or out as we discuss the way forward with Congress, the VAT tax, in particular, is popular with academics but highly controversial with policymakers," said Kenneth Baer, a spokesman for the White House Budget Director Peter Orszag. Still, Orszag has hired a prominent VAT advocate to advise him on health care: Ezekiel Emanuel, brother of the White House Chief of Staff Rabin Emanuel and author of the book "Health Care Guarantee."(Batallas,2009)

Meanwhile, former Federal Reserve Chairman Paul A. Volcker, Chairman of a Task Force Obama, assigned to study the tax system, has expressed at least tentative support for VAT." If we can't do it on the cost side, we've got to go on the revenue side. And it is too early to do it, but it's not too early to begin wondering. You've got to talk about some tax that hits consumption, and value-added is one" Volcker stated.(Id) "Everybody who understands our long-term budget problems understands we're going to need a new source of revenue, and a VAT is an obvious candidate." Said Leonard Burman, Co-Director of the Tax Policy Center, a Joint Project of the Urban Institute and Brookings Institution, who testified on Capitol Hill about his own VAT plan.(Id)

NEW INTEREST IN VAT

The surge of interest in a VAT is testament to the extraordinary depth of the nation's money troubles. While some conservatives have long argued that a consumption tax would provide a simpler and more efficient alternative to the byzantine U.S. income tax code, this time, it's all about the money. (Montgomery2009).

An increasing number of influential Democrats and fiscal-policy experts have signaled that lawmakers will have to get a handle on the deficit. And they recommend seriously considering the creation of a value-added tax (VAT) on top of the federal income tax. John Podesta, the head of the liberal think tank, Center for American Progress, who headed President Obama's transition team, also raised the issue of a VAT. He noted that the only way to stabilize the debt situation is to reduce spending, reduce the growth of health care costs and add new revenue. "As progressives, we need to debate the policy merits and likelihood of enacting a range of options – including designing a small and more progressive value-added tax," Podesta said in a statement. (Sahadi, 2009) Runaway federal deficits have therefore thrust a politically unsavory savior into the spotlight: a nationwide tax on goods and services. "We have to start paying our bills eventually," said Charles E. McLure, a tax economist who worked in the Reagan Administration. "This strikes me as the best and most obvious way of doing it."(Rampell,2009)

THE DOWNSIDE OF VAT

Daniel J. Mitchell wrote a piece for the *National Review* March 1st, 2005 that explains why a VAT is a terrible idea. The core arguments are just as relevant today as they were then:

A VAT might have some theoretically attractive features, but it is a perniciously effective way of raising revenues and inevitably leads to bigger government. The best evidence comes from Europe. Back in the mid-1960's, the burden of government in Europe was not that much higher than it was in the United States. Tax revenues consumed about thirty (30%) percent of gross domestic product in Europe. The U.S. had a small advantage: The tax burden, including state and local governments, was about twenty-seven (27%) percent of G.D.P. But, then European governments starting adopting the VAT. Denmark was first to do so in 1967. France and Germany followed, with many other European nations imposing the tax within five (5) years.(See Appendix)

For politicians, the VAT was great news. Besides being a new source of revenue, the VAT has been a disturbingly easy tax to increase since it's built into the price of products and hidden from consumers. Moreover, even small increases generate a pile of revenue because the tax base is so broad. The tax has become so easy to raise that VAT rates in Europe average more than twenty (20%) percent. For taxpayers, however, the news has been disastrous. Thanks to this levy, the burden of government in Europe today is much higher than it is in the U.S. On average, taxes consume about forty-one (41%) percent of Europe's economic output. While other taxes have also climbed, the VAT certainly has helped finance the explosion of social welfare spending that creates such a drag on European economies.(Mitchell,2005)

In the United States, by contrast, the total tax burden as a share of G.D.P is about where it was forty (40) years ago – twenty-seven (27%) percent. Many European Governments claimed that more destructive taxes would be reduced or repealed once the VAT was implemented. In the short term, this was true: As late as 1975, taxes on income and profits were lower in Europe than they were in the U.S. But, this was a transitory phenomenon. Income tax rates quickly began climbing and almost immediately jumped above U.S. levels. Ironically, the VAT facilitates higher tax rates on income since politicians often argued that a higher VAT had to be accompanied by higher income-tax burdens to ensure the tax burden was not being shifted to lower-income taxpayers. (Mitchell, 2009)

The seductive ring of VAT is that a one (1%) percent VAT could raise $100 billion dollars a year, and a five (5%) percent VAT could bring in $500 billion dollars. The problem, however, is that it is biased upward over time, because it is so tempting for legislatures to produce more revenue by making small rate increases. When imposed in 1967, Denmark's VAT was ten (10%) percent; it is now twenty-five (25%) percent, in addition to a top income tax rate of around fifty-nine (59%) percent. A year later, in 1968, Germany levied a ten (10%) percent VAT. Germans are more fortunate; their VAT has risen "only"to nineteen (19%) percent, and their highest income tax rate is "only" forty-five (45%) percent. Twenty-nine (29) OECD countries have VATS, and only three: Canada, Japan and Switzerland apply rates under ten (10%) percent. The others impose rates of ten (10%) percent or more, and twelve (12) have rates of twenty (20%) percent or higher. In sum, the notion that a VAT will be a small, single-digit tax is not born out of other countries' experience. In fact, in many countries, the VAT is the largest source of government revenue.(Furchtgott-Roth,2009)

SUMMARY

It is politically unrealistic to expect that a VAT would be substituted for the income tax, so it would end up being an additional levy, one that enlarges the government's claim on the rest of the economy. A VAT has the potential to fund all of Congress' pet projects, such as cap and trade, renewable energy, electric cars, high speed rail, and, of course, healthcare. It is the taxpayers who would be the losers in the end. (Furchtgott-Roth, 2009)

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APPENDIX

(United States Council for International Business, 2010)

ALGERIA
- VAT 7, 17%
- Duties 3-40%
- TSA[1] (Luxuries) 20-110%

ANDORRA
- Duties 1-7% (avg. 3.6%)

ARUBA
- Duties 0-12% (avg. 3%)

AUSTRALIA
- Duties 0-17.5%
- GST[2] 10%

AUSTRIA
- Duties 3.5-15% (avg. 3.5%)
- VAT 20%

AZORES (Portugal)
- VAT 15%
- Import duties may apply

BALEARIC ISLANDS (See Spain)

BELARUS
- Duties 20-40%
- VAT 20%

BELGIUM
- Duties 3.5-15% (avg. 3.5%)
- VAT 12, 21%

BOTSWANA
- Duties 37.5% (65%, motor vehicle)
- VAT 10%
- Excise Tax 5-35% (luxury goods)

BULGARIA
- Duties 5-40%
- VAT 7, 20%

CANADA
- Duties 0-25%
- GST 5%
- HST[3] 13% (Nova Scotia, New Bruswick, Newfoundland)
- QST[4] 7.5% (Quebec)

CANARY ISLANDS (Spain)
- VAT 0%
- IGIC/AIEM[5] 4.5% (some imports)

CEUTA (Spain)
- VAT 0%
- IPSI[6] 3% (some imports)

CHILE
- Duties 6-16.5%
- VAT 19%
- Luxury Tax 50-85%

CHINA
- Duties 0-35% (motor vehicles 34.2%)
- VAT 17%
- Consumption Tax 5-10%

CORSICA (France)
- VAT 8, 19.6%

COTE D' IVOIRE
- Duties 0-35%
- VAT 18, 20%

CROATIA
- Duties 0-18%

ICELAND
- Duties 0-30% (avg. 3.6%)
- VAT 7.5%, 25%
- Excise tax 7-40% (vehicles)

INDIA
- VAT 13.5%
- Duties 0-40%
- Excise Taxes 8-24%
- Educational CESS: 3%

IRELAND
- Duties 5-8%
- VAT 21%

ISLE OF MAN (United Kingdom)
- VAT 5, 17.5%
- Duties 5-15%

ISRAEL
- Purchase Tax 5-90%
- Duties 0.8-80%
- VAT 16.5%
- Linkage charge (CPI variance)

ITALY
- Duties 5-8%
- VAT 10, 20%

JAPAN
- Duties 0% (however certain products have high tariff rates)
- Consumption Tax 5%

JERSEY (United Kingdom)
- VAT 0%
- GST 3%
- Duties 0-22%

SOUTH KOREA
- Duties 7.9% (avg.)
- VAT 10%
- Excise tax 15-100% (luxury items, electric goods)

LATVIA
- Duties 0-55% (avg. 15%)
- VAT 21%

LEBANON
- VAT 10%
- Duties 0-70% (avg. 15%)

LESOTHO (SACU)
- Duties 0-40%
- VAT 14%

LIECHTENSTEIN (Admin by Switz.)
- VAT 7.6%

LITHUANIA
- Duties 0-15%
- VAT 21%
- Excise Tax 10-100%

LUXEMBOURG
- Duties 5-14%
- VAT 3, 15%

MACAO (see China)

MACEDONIA
- Duties 0-30%, average 14.5%
- VAT 5% (computer goods, medical goods),18% (all others)
- Excise Tax 5-62%

MADEIRA (Portugal)
- VAT 15%

MALAYSIA
- Duties 0-300% (avg. 8.1%)

NORWAY
- VAT 12-25%
- Duties 0-8%

PAKISTAN
- GST 15%
- Duties 0-30%

POLAND
- Duties 0-15% (avg. 4.2%)
- VAT 7, 22%

PORTUGAL
- Duties 0-15% (avg. 4.2%)
- VAT 20%

PUERTO RICO (USA)
- Import Tax 0-7% (under review)

REUNION ISLAND (France)
- VAT 2.1, 8.5%
- Duties may apply

ROMANIA
- Duties 0-30% (avg. 11.7%)
- VAT 9, 19%

RUSSIA
- Duties 5-20% (avg. 14%)
- VAT 18% (10% in 2010), 10%
- Excise Tax 20-570%

SENEGAL
- Customs Duties 0-20%
- VAT 18%
- Excise tax 0-50%

SERBIA
- Duties 0-30% (avg. 9.4%)
- VAT 18%
- Excise tax 5-70%

SINGAPORE
- GST 7%
- Import Tax 0-1%
- Vehicle tax 0-30%

SLOVAKIA
- Duties 0-15% (avg. 4.2%)
- VAT 10, 19%

SLOVENIA
- Duties 0-20% (avg. 4.2%)
- VAT 8.5, 20% (may increase to 21%)

SOUTH AFRICA
- Duties 0-40% (avg. 20%)
- Excise Tax 5-10% (incl. vehicles)
- VAT 14%

SPAIN
- Duties 0-20% (avg. 4.2%)
- VAT 16%

SRI LANKA
- Duties 5-35%,
- Motor vehicles 25%
- VAT 12%

ST. BARTHELEMY (France)
- VAT 2.1, 8.5%

ST. MARTIN (French side)
- VAT 2.1, 8.5%

ST. PIERRE (France)
- VAT 0%
- Duties 0-5%

SWAZILAND (SACU)

- VAT 10, 23%
- Motor Vehicles Tax 0- 48%

CURACAO
- Excise duties 0-17%

CYPRUS
- VAT 15%
- Duties 0-30%

CZECH REPUBLIC
- Duties 0-20% (avg.)
- VAT 10, 20%

DENMARK
- Duties 5-14%
- VAT 25%

ESTONIA
- VAT 20%
- Avg. duty rate 5%

FAROE ISLANDS (Denmark)
- Duties 0-25%

FINLAND
- Duties 0-35%
- VAT 22%

FRANCE
- Duties 5-17%
- VAT 5.5, 19.6%

GERMANY
- Duties 5-17%
- VAT 7, 19%

GIBRALTAR
- VAT 0%
- Duties 12% (avg.)
- Vehicles 25-30%

GREECE
- Duties 5-7% (vehicles higher)
- VAT 9, 19%

GREENLAND (Denmark)
- VAT 0%
- Import surcharges may apply to raw materials

GUADELOUPE (France)
- VAT 2.1, 8.5%

GUERNSEY (United Kingdom)
- VAT 0%
- Duties 0-22%

HONG KONG
- Registration Tax 35-100% (motor vehicles)
- GST 0%

HUNGARY
- Duties 0-60% (8% avg.)
- VAT 25%
- Excise Tax 10-35% (luxury goods)

- GST 5-10%

MALTA

VAT 18%
Duties 0-12%

MARTINIQUE
- VAT 2.1, 8.5%

MAURITIUS
- Duties 0-80%
- VAT 15%

MAYOTTE (France)
- VAT 0%
- Import duties may apply

MELILLA (Spain)
- VAT 0%
- IPSI 4% (some imports)

MEXICO
- IVA[8] 10-16%

MIQUELON (France)
- VAT 0%
- Duties 0-5%

MONACO (Admin by France)
- VAT 5.5, 19.6%
- Duties 5-17%

MONGOLIA
- VAT 13%
- General import tariff 5%

MONTENEGRO
- VAT 7, 18%
- Duties 5% (avg.)

MOROCCO
- Duties 2.5-200% (avg. 10%)
- VAT 10, 20%

NAMIBIA (SACU)
- Duties 0-85%
- VAT 14%

NETHERLANDS
- Customs Duties 5-8%
- VAT 6, 19%

NEW CALEDONIA (France)
- VAT 0%
- TBI[9] 5%
- Duties 0-20%

NEW ZEALAND
- Duties 0-15%
- GST 12.5%

- Sales tax (VAT) 14%
- Duties 0-40%

SWEDEN
- Duties 2-14% (avg. 4.2%)
- VAT 25%

SWITZERLAND
- Duties 3.2% (avg.)
- VAT 7.6%, 2.4%
- Statistical/Environmental Tax 3% (Co2 Emissions)

TAHITI (France)
- VAT 2,4,6%

TAIWAN
- Duties 2-60% (avg. 8.2%)
- VAT 5%

TASMANIA (Australia)
- GST 10%
- Duties 0-17.5%

THAILAND
- Duties 0-45%
- VAT 7%
- Excise Tax 25-80% (luxury goods)

TUNISIA
- Duties 10-43% (avg. 34%, reduction to 25% considered)
- VAT 18, 12 and 6% (most goods 18%)
- Luxury Tax 10-700%
- Customs Formality Fee 3%

TURKEY
- Duties 0-20% (avg. 5%)
- VAT 18%
- Consumption Tax 7-40% (some luxury items & motor vehicles)

TURKS & CAICOS
- Duties 0-45% (vehicles highest)
- Customs surcharge 10%

UKRAINE
- Duties 0-20 (avg. 16%)
- VAT 20%
- Excise tax 0-300% (vehicles and
- jewelry included)

UNITED KINGDOM
- Duties 0-15% (avg. 4.2%)
- VAT 17.5%

WALLIS & FUTUNA (France)
- VAT 2-6%

The above information has been gathered from several public sources and is considered to be accurate at the time of compilation. These figures are subject to change and it is the responsibility of the exporter to consult with the customs authorities of the importing nations to confirm their accuracy.

(1) *TSA – Tax Specific Additional*
(2) *GST – Goods and services tax*
(3) *HST – Harmonized sales tax*
(4) *QST – Quebec sales tax*
(5) *IGIC – General indirect tax of the Canary Islands*
(6) *IPSI – General indirect tax (Ceuta & Melilla)*
(7) IVA – Value added tax (Mexico)
(8) TBI – Import tax (New Caledonia)