

# C.1. Tax records

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9.17. Records of tax authorities can be a very important source of information on values of trade in services, foreign affiliate relationships and the movement of natural persons. For example, tax records, especially VAT declarations, may include the value of services transactions between residents and non-residents, as well as the location of the service transactors. Moreover, tax records often include information on the ownership relationship between businesses, which may be useful for compiling FATS. Additionally, tax records on businesses may include employment information. Such information can be combined with individual tax return records, which identify independent service suppliers or employees of service providers who go abroad to supply a service, to compile data on the movement of natural persons. Tax records also often identify income from foreign sources separately from income earned from domestic operations. Such records can be useful, especially for conducting surveys or for checking information obtained from other sources<sup>[1]</sup> and to identify enterprises and individuals with investments abroad.<sup>[2]</sup>

9.18. Use of tax records for statistical business registers purposes. Tax records are one of the sources for business registers and survey frames, as they contain unique identifiers, names and incomes of businesses. The systematic and persistent updating and maintenance of business registers based on tax records will normally lead to significant quality improvements in the business register (coverage, timeliness and accuracy), and a reduction in operational and business compliance costs.

9.19. Administrative data also includes VAT declarations. When VAT covers services, those declarations are a promising means of identifying, for statistics purposes, the mode of the international supply of services (especially modes 2 and 4). VAT information is often reported monthly and covers most business units in the economy. In addition, since the main principles of the VAT systems of different countries are similar, the systems share features, items and even details that can be used for statistical purposes in many countries.

**Next:** [C.2. Customs records for estimating the value of resident/non-resident trade and related transport and insurance services](#)

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[1] As used by tax authorities, definitions of the terms “foreign” and “income” may differ significantly from those used in the compilation of statistics on the international supply of services. The compiler should take care, in using tax data directly in the compilation of such statistics, that any such differences are accounted for.

[2] See *BPM6 Compilation Guide*, para. 6.46.