

**Statement by the Staff Representative on the
Democratic Republic of São Tomé and Príncipe
August 27, 2021**

This staff statement provides confirmation that the prior action has been implemented. The statement does not alter the thrust of the staff appraisal.

Prior action has been implemented. The protocol of information exchange between Customs and Tax Directorates, to enable VAT collections to start at Customs, has been signed on July 13, 2021. The protocol will support joint inspections and monitoring of VAT collections. Customs Directorate will act as a VAT collector on imports, VAT paid on imports will be credited as input on the corresponding VAT return, and Tax Directorate will receive information about this input credit as established in the protocol for information exchange. In addition to the signing of the protocol, other preparatory steps for VAT collections at Customs Directorate have been concluded: appointing a dedicated team to work on VAT collections; issuing circulars and regulations; operationalizing automatic assessment of the VAT based on the tariff classification of goods declared; and parametrizing the customs IT systems. VAT collections at Customs Directorate are expected to commence in October 2021.