values on which tax is assessed, nor with the more important problem of "taxe occulte", which is, however, discussed below.

Two conclusions may be drawn from this table. In the first place, contrary to statements sometimes made in countries with sales taxes, a TVA tax has no advantage over a sales tax from the point of view of increasing border tax adjustments. It is true that under the TVA tax it happens more often than under a sales tax that an exporter pays tax and then has it refunded instead of not paying tax at all, but even under a TVA tax exporters more often than not are exempt from tax rather than paying it and having it repaid. The widespread notion that TVA means larger border tax adjustments than sales taxes is probably due to the fact that existing sales taxes such as the British purchase tax or Swiss sales tax are of less wide coverage and/or lower rate than the French TVA or other contemplated TVA systems, and it may be politically feasible to extend the scope of a sales tax or to raise the rate only by changing to a TVA tax.

But while an increase in coverage or rates will increase border tax adjustments, this has nothing to do with the mechanism of the tax. On the import side the main difference between a sales tax and a TVA tax is that the TVA tax is paid at the time of importation, while the sales tax, more often than not, is paid subsequently at the time when the goods are sold by a registered trader to an unregistered trader or consumer, but this difference in the mechanism of the border tax adjustment does not affect the amount of the adjustment.

The second conclusion is that the important difference is between the cascade system where the amount of tax rebated on export or charged on import has to be estimated and other systems where the amount is exactly known. The question then arises whether, in countries operating a cascade tax, export rebates and import surcharges are higher or lower than would be the case if they could be calculated exactly. While the answer to this question varies from country to country, product to product, industry to industry and enterprise to enterprise, it can be said that the border tax adjustments of countries operating cascade systems are more likely to be too low to compensate for the home tax burden that too high.

1. BORDER TAX ADJUSTMENT MECHANISM

EXPORTS

Category and system (and member countries operating it)	Method of adjustment	Amount refunded
A—Sales tax at manufacturer level (Canada, Japan, United States).	Exporter does not normally pay tax but sometimes tax already paid is refunded.	Usually none, but if so, actual tax paid.
B—Sales tax at wholesale level (Portugal, Switzerland and United Kingdom).	do	Do.
C—Sales tax at retail level (Iceland, Ireland, Norway, Sweden)	Exporter does not pay	None.
D—TVA tax (France, and since July 1967, Denmark).	Exporter does not usually pay tax but often tax already paid is refunded.	Actual tax paid.
E—Cascade tax (Austria, Belgium. Germany, Italy, Luxembourg, Netherlands, Spain.)	Tax already paid by exporter is refunded.	Estimated tax paid.

IMPORTS

Category and system	Method of adjustment	Amount charged
A—Sales tax at manufacturer level	Tax normally paid at time of importation but sometimes subsequently.	Tax borne on similar domestic products.
B—Sales tax at wholesaler level	Tax normally paid subsequently to importation when tax is due on similar domestic products but sometimes paid at importation.	Do.
C—Sales tax retail level	do	Do.
D—TVA tax	Tax paid at time of importation	Do.
E—Cascade tax	do	Estimated tax borne on similar domestic products.

Among the reasons for coming to this conclusion are first that more of the countries operating cascade systems belong to the European Economic Community and it is among the tasks of the EEC Commission to ensure that on average border tax adjustments are not too high, and the EEC Commission have, in fact, esti-