**TaxDev Tax Expenditure Workshop**

**Session 5: Tax Expenditures under VAT**

**Exercise 1) (10 mins)**

What is VAT revenue on the bread supply chain when you have:

1. An exemption on sales of wheat (i.e. what the farmer produces)?
2. An exemption on sales of flour (i.e. what the factory produces)?
3. A zero-rating on sales of flour?
4. An exemption on bread (i.e. what the bakery produces)?

Bonus:

How would you remove VAT from the whole supply chain?

*Note from TaxDev*

Note that there were additional practical exercises in our Kampala workshop but we are unable to share the data and model used online.