Taxation of the digitalized economy

Developments Summary

Updated: December 20, 2019

Notice

The following information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser

Taxation of the digitalized economy

Direct taxes

Taxation of the digitalized economy – direct taxes

Direct Taxes (e.g., DST / WHT / Digital PE)

1. Australia
2. Austria
3. Belgium (DST / PE)
4. Canada
5. Chile
6. Costa Rica
7. Czech Republic
8. Denmark
9. Egypt
10. Finland
11. France
12. Germany (WHT)
13. Greece
14. Hungary
15. India (Equal.Tax / PE)
16. Indonesia
17. Israel (DST / PE)
18. Italy
19. Kenya
20. Malaysia
21. Mexico
22. New Zealand
23. Nigeria
24. Norway
25. Pakistan
26. Poland
27. Romania
28. Russia
29. Singapore
30. Slovakia (DST / PE)
31. Slovenia
32. South Korea
33. Spain
34. Sweden
35. Switzerland
36. Taiwan
37. Thailand
38. Turkey (WHT / DST)
39. United Kingdom
40. United States
41. Uruguay
42. Vietnam
43. Zimbabwe

16 Legislation Implemented

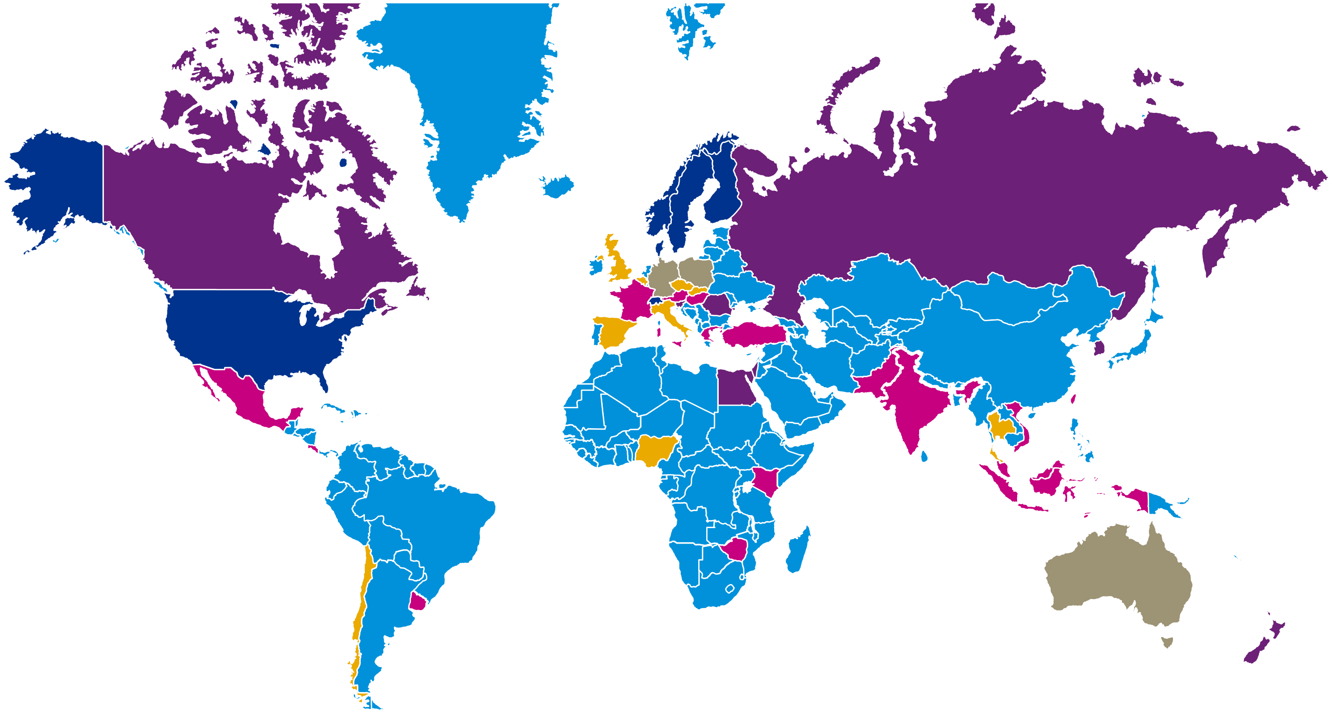
7 Draft Legislation / Public Consultation

8 Public Announcement / Intention to Implement

3 Rejection of a Public Announcement / Proposal

7 Waiting for Global Solution

No Development



To learn more about Taxation of the digitalized economy read.kpmg.us/digital-economy

Taxation of the digitalized economy – direct taxes

OECD Milestone – direct taxes

2015	Oct. 2015	Final Report – Action 1: Addressing the Tax Challenges of the Digital Economy
2017	Sept./Oct./ Nov. 2017	Call for input, Comments and Public Consultation
2018	March 2018	Tax Challenges Arising from Digitalisation – Interim Report
	Oct. 2018	Policy note on Tax and Digitalisation
2019	Jan. 2019	Policy note on the Tax Challenges of Digitalisation
	Feb. 2019	Discussion draft released
	March 2019	Policy brief on Tax and Digitalisation and Public Consultation
	May 2019	Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy
	June 2019	G-20 leaders welcome the recent progress on addressing the tax challenges arising from digitalization and endorse the work program developed by the Inclusive Framework on BEPS
	Oct. 2019	Secretariat Proposal for a “Unified Approach under Pillar One”
	Nov. 2019	Secretariat Proposal on Global Anti-Base Erosion (GloBE) under Pillar Two

Taxation of the digitalized economy – direct taxes

EU Milestone – direct taxes

2013	Oct. 2013	Sponsoring expert study on digital economy
2014	May 2014	The Commission issued the Report of the Expert Group on Taxation of Digital Economy
2016	June 2016	The Parliament released the “Tax Challenges in Digital Economy” report
2017	Sept. 2017	The Commission put forward two proposals: 1) equalization tax on the turnover and 2) concept of digital PE
2018	March 2018	The Commission put forward two proposals: 1) interim DST and 2) concept of virtual PE And recommendation to MS to amend their treaties
	Dec. 2018	ECOFIN failed to reach an agreement on a DST, but are now considering a DAT
2019	March 2019	ECOFIN failed to reach an agreement on a DAT

Taxation of the digitalized economy – direct taxes
Country specific detail

Implemented | *Proposal / Public Announcement* | *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Australia	✗	Public Announcement	March 20, 2019	The Australian Treasurer Josh Frydenberg has issued a press release announcing that Australia will not proceed with an interim measure for the taxation of the digital economy.
Austria	✓	Implemented	December 4, 2019	The Austrian DST will be imposed effective from January 2020 at a rate of 5% on the turnover from advertising services rendered by service providers in Austria with i) global turnover of Euro 750M or more, and ii) turnover in Austria from online advertising services of at least Euro 25M. A digital advertising service will be deemed to be rendered in Austria if: i) it is received on a device with an Austrian IP-address, and ii) if the advertisement addresses Austrian users. The Government also gazetted the implementing regulation, which applies from January 2020.
Belgium	●	Proposal	January 17, 2019	Draft digital service tax legislation was introduced in Parliament : i) Proposal 1: 3% tax on revenue from activities such as the selling of user data by companies with annual worldwide revenues of Euro 750M and EU revenue of Euro 50M; ii) Proposal 2: making digital companies subject to corporate income tax in Belgium when they provide digital services in the country regardless of no physical presence. However, the draft proposals were put forward by minority parliamentary groups and may not be likely to be reviewed by the Belgian Parliament as a result.
Canada	●	Public Announcement	October 22, 2019	Subsequent to the election, the government has indicated an intent to introduce a federal 3% DST on the income of certain sectors of the digital economy, which would replicate the French DST. Although the policy is decribed as a tax on income, it is our understanding that the tax is actually a tax on revenues. The tax would only apply to targeted advertising services and digital intermediation services where the worldwide revenues of the business are at least $1 billion and Canadian revenues are more than $40 million.
Chile	●	Proposal	August 23, 2018	August 2018 proposal to introduce a 10% digital tax on digital services provided by foreign platforms.

Taxation of the digitalized economy – direct taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Costa Rica	✔	Implemented	November 19, 2019	A law regulates the provision of tourist rental services of non-traditional hosting via digital platforms and provides that taxes are to be paid by the trading companies. Among other obligations: a) intermediaries shall provide information required by state institutions and withhold and pay the corresponding taxes; b) trading companies through online platforms, shall apply the corresponding taxes, regardless whether are domiciled in Costa Rica or not.
Czech Republic	●	Proposal	December 3, 2019	The Government submitted to the Parliament the bill which would introduce a 7% DST on revenues from i) targeted advertising on a digital interface (minimum threshold CZK 5M from in scope revenue from CZ); ii) the transmission of data about users and generated from users' activities on digital interfaces (minimum threshold CZK 5M from in scope revenue from CZ); iii) the making available to users a multi-sided digital interface which may facilitate the provision of supplies of goods and services among users (only if number of user accounts on the interface exceeds 200,000). The DST will only apply to corporate groups generating a turnover of more than Euro 750M and with a tax base relating to taxable digital services rendered in the CZ exceeding CZK 100 M. Companies whose revenues from digital services do not exceed 10% of total revenues in Europe would be excluded from the DST, but subject to notification duties. Depending on the legislative process, the provision is expected to apply as an interim measure from mid-2020 until the end of 2024.
Denmark	✖	Public Announcement	June 1, 2018	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD.
Egypt	●	Public Announcement	September 21, 2019	In his 2020 draft budget proposal, the Egyptian Ministry of Finance announced plans to strengthen measures for the taxation of the digital economy.

Taxation of the digitalized economy – direct taxes Country specific detail

Implemented *Proposal / Public Announcement* *Proposal Rejected / Waiting for Global Solution*

Country	Status	Latest development	Brief description
European Union	Public Announcement	December 5, 2019	Work is expected to continue at an EU technical group level to determine whether agreement amongst EU Member States on elements of the OECD Unified Approach Proposal can be reached. If agreement cannot be reached, the EU has indicated that it will re-introduce proposals for an EU digital services tax in 2020. EU Member States have also expressed concern about the compatiability of the OECD's GloBE Proposal with the EU fundamental freedom of establishment. In particular, for a restriction on the freedom of establishment to be justified on grounds of the prevention of abusive practices, the Court of Justice of the EU held in the Cadbury Schweppes case (C-196/04) that “the specific objective of the restriction must be to prevent conduct involving the creation of wholly artificial arrangements which do not reflect economic reality”. Opposition to the idea of a minimum tax also remains strong among certain Member States due to perceived limitations on the sovereign right of a Member State to determine its taxation policy. It is understood that further work will be undertaken in to determine if a conflict with EU law exists in these areas before year-end.
Finland	Public Announcement	June 1, 2018	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD.

Taxation of the digitalized economy – direct taxes Country specific detail

Implemented *Proposal / Public Announcement* *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
France	✓	Implemented	October 17, 2019	The French DST law was signed and published in the official gazette; it is retroactively applicable as from January 1, 2019. A 3% tax applies on gross revenues deriving from i) the provision of a digital interface (i.e. intermediation services); and ii) targeted advertising and transmission of data collected about users for advertising purposes. The tax applies only to companies exceeding in the previous taxable year the following thresholds: i) Euro 750M in worldwide revenue and ii) Euro 25M in taxable services supplied in France; these thresholds must be calculated at the consolidated group level. President Macron announced that the DST will be repealed as soon as an international agreement with respect to taxation of the digitalized economy is reached, and companies will get back the difference between the French DST paid, and the yet-to-be-agreed-upon digital tax. The French Tax Agency released draft guidance and opened a public consultation on the declaration and payment procedures of the DST. Comments were due by November 29, 2019.
Germany	✗	Public Announcement	April 3, 2019	The German Federal Ministry of Finance and the Finance Ministries of the German states have decided that withholding tax should not be imposed on payments for digital advertising services. This legal view has been upheld by the German Federal Ministry of Finance in the form of official guidance.
Greece	✓	Implemented	July 16, 2019	The Greek Independent Authority for Public Revenue posted online a circular explaining the taxation of short-term rentals in the sharing economy through digital platforms. The circular explains: 1) a property manager's obligation to register the property and file returns; 2) the registration procedure for properties and beneficiaries; 3) filing procedures; 4) penalties for posting a property on digital platforms without a registry number; 5) the requirement to account for commission or bonus revenue as business income.

Taxation of the digitalized economy – direct taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status	Latest development	Brief description
Hungary	✔ Implemented	June 27, 2019	Hungary requires businesses to pay tax on advertising revenue. The National Tax and Customs Administration issued an updated guide, explaining which publishers are subject to the rules; the 7.5% tax rate on advertising revenues exceeding HUF 100M per year; a tax exemption for advertising revenues under HUF 100M per year; procedures to calculate the tax base; and payment deadlines based on a company's tax year. Effective from July 1, 2017. To be noted, the EU General Court overturned a 2016 Commission decision that Hungary's tax on advertising revenue violated EU state aid rules because it captures companies based on the size of their turnover. The judgement is not final yet, the Commission can still appeal to the Court of Justice.
India	✔ Implemented	May 9, 2019	From April 1, 2018 the definition of a taxable significant economic presence has been expanded to provide for a digital PE, including that a nonresident may be deemed to have a significant economic presence in India, regardless of a physical presence, in specific cases. India's Joint Secretary of Tax Policy and Legislation clarified that tax treaties override the domestic significant economic presence definition.
	✔ Implemented	May 9, 2019	6% equalisation levy applies to the gross amount of online advertising payments exceeding INR 100,000 annually from an Indian resident or a nonresident with a permanent establishment to nonresidents that lack a PE in India. May be increased to 8%. Effective from June 1, 2016. India's Joint Secretary of Tax Policy and Legislation has reportedly stated that India's equalization levy would be repealed if international consensus is achieved.
Indonesia	✔ Implemented	November 25, 2019	The government issued a new regulation providing that foreign companies with a significant presence in the Internet economy in Indonesia are subject to local taxes. Foreign companies trading goods and services online will be treated as having a physical presence in Indonesia. Further details on the criteria still to be provided. The regulation came into effect on 25 November 2019.

Taxation of the digitalized economy – direct taxes Country specific detail

✓ *Implemented* ● *Proposal / Public Announcement* ✗ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Israel	●	Public Announcement	May 1, 2019	Israel's Ministry of Finance and the Israel Tax Authority are considering the introduction of a 3% to 5% tax on revenue that would be modeled on the DST being implemented in France.
	✓	Implemented	April 12, 2016	Foreign entity deriving income from online transactions with Israeli residents will create a PE, and thus be subject to taxation in Israel, if it has a significant digital presence in Israel. Effective from April 12, 2016.
Italy	●	Proposal	December 17, 2019	The budget law 2020 was approved by the Senate and is now back at the Chamber of Deputies for final legislative approval. It would amend the DST legislation originally introduced in the budget law 2019 (which never came into effect because the MoF failed to publish the implementing decree). The legislation would introduce a 3% DST on gross revenue derived from i) advertising on a digital interface, ii) multilateral digital interface that allows users to buy/sell goods and services, iii) the transmission of user data generated from using a digital interface. The DST would apply to both resident and non-resident companies with total revenue in the prior year of at least Euro 750M and total revenue from digital services supplied in Italy of at least Euro 5.5M. The DST would be effective from January 1, 2020, if approved before December 31, 2019.
Kenya	✓	Implemented	November 7, 2019	The Finance Act 2019 was published in the Official Gazette. It amends the Income Tax Act by listing "income accruing through a digital market place" as income chargeable to tax. It also defines a digital marketplace as as "a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means". The provision is effective as of November 7, 2019.

Taxation of the digitalized economy – direct taxes
Country specific detail

Implemented *Proposal / Public Announcement* *Proposal Rejected / Waiting for Global Solution*

Country	Status	Latest development	Brief description
Malaysia	Implemented	May 13, 2019	The Director General of Inland Revenue issued a practice note on the tax treatment of digital advertising provided by non-residents. Payments made to a nonresident digital advertiser will be subject to withholding tax if the nonresident does not have a PE or a business presence in Malaysia. Domestic withholding tax rules vary depending on whether the payment is deemed to be a royalty or for nonresident services. Inland Revenue updated Guidelines on e-commerce transactions include: 1) definitions and the scope of e-commerce transactions, digital currency, tokens, and royalties; 2) an expanded set of examples relating to e-commerce business models; 3) the taxation of income derived from e-commerce transactions; and 4) the scope and liability of special classes of income received by nonresidents.
Mexico	Implemented	October 30, 2019	Effective June 1, 2020, digital services providers are required to withhold tax on income from certain digital services such as downloads or access to images, movies, text, information, video, audio, music, games (including gambling), other multimedia content, multiplayer environments, mobile tones, online news, traffic information, weather forecasts and statistics, online clubs, dating websites, long-distance teaching or testing. Foreign-residents service providers are required to be registered in Mexico as WHT agents. In case of foreign residents having no PE in Mexico, the services are considered as provided within the Mexican territory if any of the following items are met: i) domicile located within Mexico; ii) the intermediary of the payment is located in Mexico; iii) the IP address of the mobile devices is located in Mexico; iv) the zone code of the phone is located in Mexico.
New Zealand	Public Announcement	August 8, 2019	The Finance and Revenue Minister discussed aspects of the Government's updated tax policy work programme for the next 18 months. With respect to the international workstream, which considers options for the digital economy, the Government has not made any decisions on whether to adopt a DST and will be reporting back on the DST discussion document. Its preference remains a multilateral approach through the OECD.
Nigeria	Proposal	November 21, 2019	The Senate passed the Finance Bill for 2020 which would introduce the principle of significant economic presence (SEP) to the basis of taxation of non-resident companies operating in the digital services and e-commerce sectors.

Taxation of the digitalized economy – direct taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Norway	✖	Public Announcement	May 8, 2018	Norway’s parliament rejected a proposal for the government to explore a tax on multinationals with digital earnings platforms, asking instead for a plan to follow up on the OECD’s taxation of the digital economy work.
OECD	●	Public Announcement	December 9, 2019	The OECD received comments on its Pillar 1 Unified Approach Proposal on November 12, 2019, and comments on its Pillar 2 GloBE Proposal on December 2, 2019. A public consultation on the GloBE Proposal was held on December 9, 2019. The Secretary-General of the OECD also responded to the letter from the U.S. Treasury Secretary expressing the U.S.'s position on digital service taxes and the OECD's work on Pillars 1 and 2.
Pakistan	✔	Implemented	May 24, 2018	A 5% withholding tax has been introduced on certain payments for offshore digital services like online advertising, designing, creating, hosting or maintenance of websites, providing any facility or service for uploading, storing or distribution of digital content, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services, or any other online facility. Effective from July 1, 2018.
Poland	✖	Public Announcement	September 6, 2019	Following the visit of the US Vice President Pence, the head of the Prime Minister Chancellery denied that there is any work in progress related to a digital tax. This in contradiction with earlier statements by the Ministry of Finance, who initially expected the government to publish a formal proposal for a DST in June 2019, that would be modelled on the EU proposal and effective in 2020. Many commentators argue that the Government is sending conflicting signals depending on who they meet with. However the attempt to introduce the tax in 2020 has been toned down and now Poland is more likely to follow harmonization proposals on the EU/OECD level rather lead the way in implementing its legislative proposals.

Taxation of the digitalized economy – direct taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Romania	●	Public Announcement	May 23, 2018	The Official Gazette published a decision approving the EU Commission proposals on the corporate taxation of a significant digital presence (corporate taxation of a significant digital presence and digital services tax on revenues resulting from provision of certain digital services) and stating that both proposals comply with the principles of subsidiarity and proportionality. However no further steps have been taken to implement the proposals.
Russia	●	Public Announcement	October 3, 2019	According to a draft budget blueprint, the MoF acknowledges that several countries have already introduced new digital taxation measures that will be considered as Russia is exploring new approaches to taxing digital companies.
Singapore	✖	Public Announcement	August 17, 2017	According to a speech on the taxation of the digital economy by the Senior Minister of State for Law and Finance, Singapore aims to: i) tax certainty for businesses; ii) tax neutrality between traditional and digital business models; and iii) international consensus on issues relating to the taxation of the digital economy.
Slovakia	✔	Implemented	March 16, 2018	As of January 1, 2018, digital platforms facilitating transport and lodging services in Slovakia, acting as a marketplace for such services in Slovakia, must register a PE. Otherwise, Slovak taxpayers that use these digital marketplaces are required to withhold taxes at a rate of 5%.
	●	Consultation Process	May 25, 2018	The Ministry of Finance opened a consultation on a proposal to introduce a digital services tax on revenue of nonresidents from provision of services such as advertising, online platforms, and sale of user data. The tax would be collected by the jurisdiction where a user is located. Comments were due July 6, 2018.
Slovenia	●	Public Announcement	June 20, 2019	The Slovenian Ministry of Finance announced a government proposal to submit a draft bill to the National Assembly introducing a DST by April 1, 2020. The DST would comply with the EU directives and apply from September 1, 2020.
South Africa	●	Public Announcement	November 13, 2017	The Davis Tax Committee released the second interim report on BEPS, including recommendations on addressing BEPS in the digital economy.

Taxation of the digitalized economy – direct taxes Country specific detail

✓ *Implemented* ● *Proposal / Public Announcement* ✗ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
South Korea	●	Public Announcement	December 16, 2019	The scope of taxation on electronic services provided by foreign providers has been expanded previously under the 2019 tax proposals to cover "cloud computing services". The Finance Ministry is now planning to set up a task force to study the digital tax on advertising by global internet companies and draft relevant tax measures.
Spain	●	Public Announcement	April 30, 2019	A proposal to introduce a digital services tax was presented to the Spanish Parliament in Janaury 2019 as part of the 2019 budget bill. The proposal included a 3% digital tax, that would apply to companies with more that Euro 750million of annual global revenue and Euro 3million in annual revenue in Spain from certain digital business models involving online advertising services, the sale of online advertising and the sale of user-data. The DST proposal has not yet been adopted and, due to the current political situation in Spain (i.e. the lack of a government in Spain), it is unclear whether the proposal will ultimately be approved.
Sweden	✗	Public Announcement	June 1, 2018	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD.
	●	Proposal	September 18, 2019	The Swedish Ministry of Finance opened a consultation in May 2019 on a draft bill to reduce advertising tax. The draft bill includes measures that would: 1) reduce the advertising tax rate to 6.9% from 7.65%; and 2) increase the accounting obligations for advertising tax to 100,000 Swedish kronor from 60,000 kronor. The law would enter into force and generally take effect January 1, 2020. The reduced advertising tax was also included in the 2020 budget bill submitted to the government on 18 September 2019.
Switzerland	✗	Public Announcement	January 15, 2019	Switzerland's State Secretariat for International Finance has published an updated position on the taxation of the digital economy, including that Switzerland is looking towards long-term solutions and has no plans for introducing interim solutions such as taxes on turnover as proposed in the EU.

Taxation of the digitalized economy – direct taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Taiwan	✔	Implemented	July 24, 2019	Payments for advertising services on online platforms to a foreign business without a PE or a business agent in Taiwan are considered Taiwan-sourced income. Domestic companies making advertising payments to such online platforms are required to withhold taxes and file withholding tax declarations. The Ministry of Finance also clarified the registration requirements for businesses selling goods and services through social media as well as threshold exemptions from registration [monthly NTD 80,000 (approx. USD 2,548) for goods and monthly NTD 40,000 (approx. USD 1,274) for services].
Thailand	●	Proposal	May 7, 2019	The Thai government has proposed a 5% withholding mechanism for the taxation of e-commerce supplies of goods and services in the country, including online advertising, gaming, shopping, and others. The financial institution facilitating the transaction would be responsible to withhold and remit the tax.
Turkey	✔	Implemented	February 6, 2019	15% withholding tax on digital advertising payments made as of January 1, 2019 to services providers and intermediaries. The Revenue Administration published Communiqué No. 17 which provides details on the scope of the withholding tax.
	✔	Implemented	December 7, 2019	Effective from March 2020, a 7.5% DST will apply on gross revenue derived from provision and management of digital services, such as advertising, supply of any digital content on digital platforms, including software, applications, music, videos, video games, in-game applications, etc. However, revenue derived from digital services not exceeding TRY 20,000,000 (approx Euro 3.14M) in Turkey and Euro 750M (or equivalent) worldwide would be exempt.

Taxation of the digitalized economy – direct taxes
Country specific detail

Implemented *Proposal / Public Announcement* *Proposal Rejected / Waiting for Global Solution*

Country	Status	Latest development	Brief description
United Kingdom	Proposal	November 19, 2019	The DST legislation has been shelved pending the outcome of the December 12 U.K. general election. The draft DST legislation provides that from April 2020, the government will introduce a new 2% tax on the revenues of search engines, social media platforms and online marketplaces which derive value from UK users. These businesses will be subject to the DST when the group's worldwide revenues from these digital activities are more than £500M and more than £25M of these revenues are derived from UK users. A deputy director at HMRC said that the definition of an online marketplace is too broad and will be reviewed; the Government is also considering a "white list" of countries that have implemented a DST, to avoid double taxation of the same transaction.
United States	Public Announcement	December 3, 2019	The Office of the U.S. Trade Representative announced that it has completed the first segment of an investigation of France's digital services tax under Section 301 of the Trade Act of 1974 and has concluded that France's digital services tax: i) discriminates against U.S. companies; ii) is inconsistent with prevailing principles of international tax policy; iii) is unusually burdensome for affected U.S. companies. The U.S. Treasury Secretary, in a letter to the Secretary-General of the OECD, wrote that the United States "firmly opposes digital services taxes" because of the "discriminatory impact" such taxes would have on U.S. businesses. Further he expresses "...serious concerns regarding potential mandatory departures from arm's-length transfer pricing and taxable nexus standards…. Nevertheless, we believe that taxpayer concerns could be addressed and the goals of Pillar 1 could be substantially achieved by making Pillar 1 a safe-harbor regime. The United States also fully supports a GILTI-like Pillar 2 solution."
Uruguay	Implemented	July 16, 2018	Services related to businesses involved in the digital economy are now subject to income tax in Uruguay even if the services provided from a foreign jurisdiction. Effective from January 1, 2018.

Taxation of the digitalized economy – direct taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected / Waiting for Global Solution*

Country	Status		Latest development	Brief description
Vietnam	✔	Implemented	June 13, 2018	The Vietnamese National Assembly recently approved a new law that establishes tax rules for nonresidents undertaking digital and e-commerce operations in Vietnam. The new measures will take effect July 1, 2020. Commercial banks will be required to withhold and pay taxes on behalf of foreign organizations and individuals that conduct e-commerce business in Vietnam and generate Vietnamese-source income from those activities. Nonresident providers of e-commerce and other digital-based businesses and services that do not have a PE in Vietnam must register for tax purposes, submit their tax declarations, and pay taxes in Vietnam, or authorize a representative to perform those duties.
Zimbabwe	✔	Implemented	January 1, 2019	Effective from January 1, 2019, Zimbabwe has introduced new rules for the taxation of non-resident e-commerce platforms and satellite broadcasting service providers. Any amount receivable by or on behalf of an e-commerce platform/satellite broadcasting service provider domiciled outside Zimbabwe from persons resident in Zimbabwe shall be deemed to be income from a source within Zimbabwe and subject to tax at a rate of 5% if the revenue exceeds USD 500,000 per annum.

Taxation of the digitalized economy

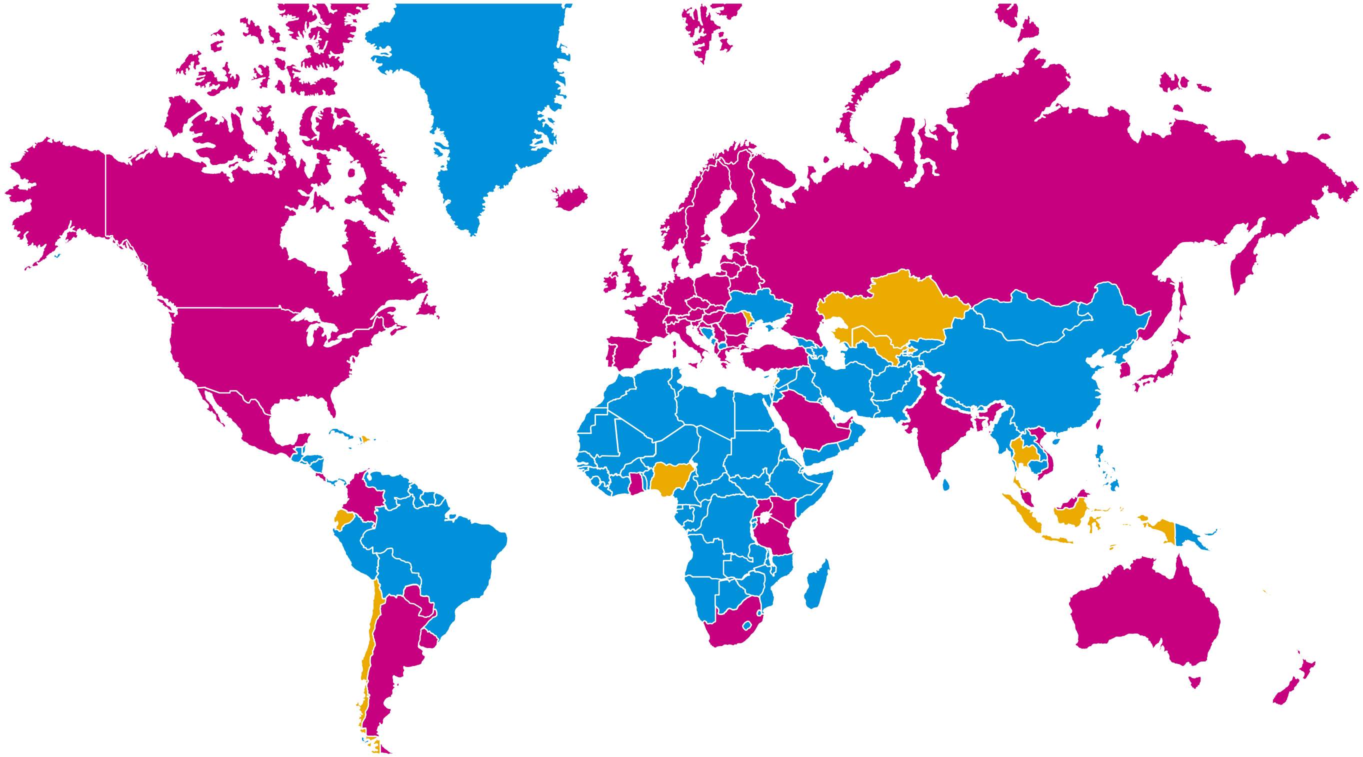
Indirect taxes

Taxation of the digitalized economy – indirect taxes

Indirect Taxes (e.g. VAT, GST)

1. Albania
2. Andorra
3. Argentina
4. Australia*
5. Austria *
6. Barbados
7. Bahamas
8. Bahrain
9. Bangladesh
10. Barbados
11. Belarus
12. Belgium
13. Bulgaria
14. Canada*
15. Chile
16. Colombia
17. Costa Rica
18. Croatia
19. Cyprus
20. Czech R.
21. Denmark
22. Dominican R.
23. Ecuador
24. Estonia
25. Fiji
26. Finland
27. France*
28. Germany*
29. Ghana
30. Greece
31. Hungary
32. Iceland*
33. Ireland
34. India*
35. Indonesia*
36. Israel
37. Italy*
38. Japan
39. Kazakhstan
40. Kenya
41. Latvia
42. Lithuania
43. Luxembourg
44. Malaysia
45. Malta
46. Mexico
47. Moldova
48. Netherlands
49. New Zealand*
50. Nigeria
51. Norway*
52. Paraguay
53. Poland
54. Portugal
55. Romania
56. Russia*
57. Saudi Arabia
58. Serbia
59. Singapore*
60. Slovakia
61. Slovenia
62. South Africa*
63. South Korea*
64. Spain
65. Sweden
66. Switzerland*
67. Taiwan*
68. Tanzania
69. Thailand
70. Turkey
71. Uganda
72. UAE
73. United Kingdom*
74. United States
75. Uruguay
76. Uzbekistan
77. Vietnam

66 Legislation Implemented | **11 Draft Legislation / Public Consultation** | **No Development**



To learn more about Taxation of the digitalized economy read.kpmg.us/digital-economy

* Country has several laws/proposals/public announcements in place. Refer to the detail slides for more information.

Taxation of the digitalized economy – indirect taxes

OECD Milestone – indirect taxes

2015

Oct. 2015 – Final Report – Action 1: Addressing the Tax Challenges of the Digital Economy

Nov. 2015 – VAT/GST Guidelines adopted

2017

Apr. 2017 – Consolidated VAT/GST Guidelines – recommended principles and mechanisms to address the challenges for the collection of VAT on cross-border sales of digital products identified in the context of the BEPS project

Oct. 2017 – New guidance on Mechanisms for the Effective Collection of VAT/GST

2018

March 2018 – Tax Challenges Arising from Digitalisation – Interim Report

2019

March 2019 – New report on the role of digital platforms in the collection of VAT/GST on online sales

Taxation of the digitalized economy – indirect taxes

EU Milestone – indirect taxes

2002

VAT Directive requiring non-EU sellers of B2C digital services to register and collect VAT in the Member State where the consumer is located effective Jul. 1, 2003

2010

VAT Directive changing the EU VAT place of supply rules, including expanding the B2C digital services rules to EU vendors and introducing a EU-wide compliance mechanism effective Jan. 1, 2015

2017

E-commerce VAT Directive changing some compliance rules for B2C digital services effective Jan. 1, 2019 and introducing VAT obligations for remote sellers of goods effective Jan. 1, 2021

2018

VAT Directive on optional reduced VAT rate for electronic publications effective Jan. 1, 2019

VAT Directive and Regulation proposal to amend the e-commerce package effective Jan. 1, 2021

2019

VAT Directive and Implementing Regulation amending the e-commerce package published in the Official Journal; effective Jan. 1, 2021

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✘ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Albania	✔	Implemented	November 12, 2014	Effective January 1, 2015, Albania requires non-resident vendors of digital services to consumers in Albania to register for and collect VAT.	Yes
Andorra	✔	Implemented	October 1, 2013	Effective January 1, 2014, Andorra requires non-resident vendors of digital services to consumers in Andorra to register for and collect VAT.	Yes
Argentina	✔	Implemented	December 10, 2018	VAT on the supply of digital services. Rules on remote services are effective June 25, 2018. This mechanism does not follow OECD recommendations because a VAT withholding is performed by local financial institutions based on a list of non-resident services providers established by the tax authority.	No
	✔	Implemented	November 21, 2019	The federal tax authority (AFIP) and the tax collection agency of the Buenos Aires Province (ARBA) issued Joint General Resolutions 4632 and 37/2019, which regulates the reporting and payment to the ARBA of the Buenos Aires Province turnover tax on digital services from banks, credit card companies and other agents acting as substitute taxpayers of non-resident service providers. These taxpayers must report and pay amounts withheld from the digital services under the rules established by General Resolution 2233 (SICORE System) and have the option to report the accumulated amount for each user on a monthly basis. The Resolutions are effective December 1, 2019.	No
Australia	✔	Implemented	February 1, 2017	Effective July 1, 2017, Australia requires non-resident vendors of digital services to consumers in Australia to register for and collect GST.	Yes
	✔	Implemented	December 11, 2019	The Australian Taxation Office finalized GST Ruling GSTR 2019/1 which discusses when a sale of anything other than goods or real property is connected with the indirect tax zone (Australia) for GST purposes. The Ruling applies from 1 October 2016 and supersedes previous rulings on this matter without material amendments, except that the new ruling also covers digital sales.	Yes
	✔	Implemented	September 9, 2019	Effective July 1, 2019, offshore sellers of Australian hotel accommodation are required to charge GST in the same way as local sellers.	N/A
	✔	Implemented	September 20, 2018	Effective July 1, 2018, non-resident vendors (including online platforms) selling low value consignments of goods to Australian consumers must register for and collect GST.	Yes
Austria	✔	Implemented	October 31, 2019	Austria published in the official gazette the digital tax package (Digitalsteuerpaket) which implemnts into Austrian law the EU E-Commerce Directive and introduces a new reporting requirement for digital platforms facilitating to the sale of goods and services to final consumers in Austria effective January 1, 2020.	No

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* 🟡 *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Bahamas	✔	Implemented	May 15, 2014	Effective January 1, 2015, the Bahamas requires non-resident vendors of digital services to consumers in the Bahamas to register for and collect VAT.	Yes
	✔	Implemented	July 1, 2019	Effective July 1, 2019, all online marketplaces that advertise and facilitate vacation home rentals in the Bahamas are required to register and collect VAT on their rental and related sales to consumers in the Bahamas regardless of the registration threshold. The new rules seek to provide for the mandatory registration for all online providers of hotels, condos or marketplaces for vacation home rentals. The law provides a transitional provision that requires any marketplace that is not already a registrant, shall apply for registration by October 1, 2019.	No
Bahrain	✔	Implemented	October 1, 2018	Effective January 1, 2019, Bahrain requires non-resident vendors of digital services to consumers in Bahrain to register for and collect VAT.	Yes
Bangladesh	✔	Implemented	June 23, 2019	Effective July 1, 2019, Bangladesh requires non-resident vendors of digital services to consumers in Bangladesh to register for and collect VAT if the annual taxable sales exceed BDT 30 million. The implementing rules are still pending.	Yes
Barbados	✔	Implemented	June 11, 2018	2018 Budget proposal includes VAT on online transactions for the purchase of goods and services by Barbadian residents, if used in Barbados or delivered to Barbados. This rule has been implemented with an effective date of June 1, 2019. The rule does not follow the OECD standard because it applies to goods and services and Barbados requires non-residents to use a third party provider that will perform the VAT collection.	No
Belarus	✔	Implemented	November 1, 2016	Effective January 1, 2018, Belarus requires non-resident vendors of digital services to consumers in Belarus to register for and collect VAT.	Yes
Brazil	✔	Implemented	December 30, 2016	Municipalities are allowed to impose municipal services tax (ISS) on certain digital services - does not apply to non-residents.	N/A
	✔	Implemented	October 9, 2017	State VAT (ICMS) on digital goods, such as apps, e-books, software, games, etc. effective as of April 1, 2018. The tax is paid in the state where the download or streaming is conducted and where the purchasing consumer is located. Rules do not apply to non-residents - only to residents. In addition, not all the states have opted to taxing software. Sao Paolo, Paraiba, Goias, Piaui e Rondonia are only states having introduced rules.	N/A

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* 🟡 *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Canada	✔	Implemented	September 1, 2018	In Quebec, QST applies on: a) B2C supplies of services and goods provided by nonresidents effective January 1, 2019; b) supplies by Canadian online platforms not QST registered effective March 1, 2019; and c) on supplies by other Canadian online businesses not QST registered effective September 1, 2019.	Yes
	✔	Implemented	April 1, 2019	In Saskatchewan, the government recently published a guidance clarifying that nonresident businesses that perform retail sales of taxable goods and services acquired for use or consumption in or relating to Saskatchewan are required to register for PST purposes.	Yes
	🟡	Proposal	October 15, 2019	Effective January 1, 2020, digital accommodation platforms are required to register and collect 3.5 % lodging tax on the price of every overnight stay arranged through their digital platforms.	No
Chile	🟡	Proposal	August 22, 2019	The Chamber of Deputies adopted a tax reform package, which, if passed, would apply 19% tax to digital services rendered in Chile by non-residents. The approved text of the tax reform package will be submitted for discussion to the Senate.	Yes
China	✔	Implemented	April 8, 2016	Imported retail goods purchased in cross-border e-commerce transactions are subject to import tariff duties, as well as VAT and consumption tax. This rule does not impact non-residents. China is combining duties, VAT, and consumption tax in one tax on e-commerce purchases.	No
Colombia	✔	Implemented	June 1, 2018	VAT compliance for nonresident suppliers of B2C services. Foreign suppliers must register, report, and collect VAT until the time when a withholding-type system is established for payment processors. Rule is effective July 1, 2018.	Yes
	✔	Implemented	August 12, 2019	According to Resolution No. 000049, non-resident service providers may opt to have VAT withheld directly at source on payments for their digital services by issuers of credit and debit cards, the sellers of prepaid cards, and other intermediaries facilitating payment for digital or electronic services instead of collecting VAT from customers.	No

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✘ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Costa Rica	✔	Implemented	April 10, 2019	New VAT system was introduced effective July 1, 2019. According to the implementing decree published in June, local financial institutions will withhold VAT on B2C e-services based on a list that has yet to be published by the tax authority. There should also be an option for non-residents to register for VAT.	No
	●	Proposal	December 2, 2019	The tax authority of Costa Rica published a draft Resolution that regulates the VAT obligations for non-resident providers and intermediaries of cross-border digital services and the withholding tax obligations for credit and debit card issuers. The discussion draft clarifies, among other things, the obligations of debit and credit card issuers to withhold VAT on digital services and the requirements and the procedure to register for VAT purposes.	Yes
	●	Proposal	November 7, 2019	On November 4, 2019, the parliament provided a technical approval to Bill 20.661 which creates a new 1.5% tax on video on demand (VOD) services consumed in Costa Rica. The services include cable and satellite television, pay-per-view and any other similar television subscription service. When the service provider is non-resident and the payment for the service is made by electronic means, the tax would be withheld by the issuers of credit or debit cards or by the entities that process the online payments or money transfers.	No
	✔	Implemented	November 19, 2019	Costa Rica published in the official gazette, Law No 9472 to regulate online providers of hotels, condos or marketplaces for vacation home rentals. The law does not include an specific tax clause, but authorizes the Instituto Costarricense de Turismo (ICT) and the Ministry of Finance to establish cooperation agreements with intermediaries to facilitate the collection of taxes.	No
Dominican Republic	●	Proposal	November 7, 2019	The Dominican Republic has published the draft Budget for 2020 in which would introduce a special tax on digital services provided by non-residents. The tax rate would be identical to the VAT rate and the tax would be withheld by financial services intermediaries.	No
Ecuador	●	Proposal	December 11, 2019	The parliament has passed a draft law that would introduce VAT on B2C sales of certain digital services. The law is mainly targeted at providers of video and audio streaming services and ride-hailing services.	N/A

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
European Union	✔	Implemented	May 2, 2002	Effective July 1, 2003, the EU changed the place of supply rules for charging VAT on the supply over electronic networks (i.e. digital delivery) of software and computer services generally, plus information and cultural, artistic, sporting, scientific, educational, entertainment or similar services. From now on, these services will be taxed in the country where the customer resides rather than where the supplier is located. For the non-EU supplier whose EU customers are non-business individuals or organizations, there will now be an obligation to charge and account for VAT on these sales just as EU suppliers have to do.	Yes
	✔	Implemented	July 13, 2010	Effective January 1, 2015, 2003 rules for non-EU vendors are expanded to EU-vendors and to telecommunications and broadcasting services. As a consequence, non-resident vendors of digital services to consumers in EU Member States are required to register for and collect VAT. The new rules introduce a simplified EU-wide compliance mechanism: the Mini-One-Stop-Shop.	Yes
	✔	Implemented	December 5, 2017	Effective January 1, 2019, the following amendments were implemented: a) EUR 100,000: simplified administrative requirements (1 piece of evidence v. 2 pieces of evidence currently) for EU companies b) Allow non-EU business selling B2C e-services with a VAT registration in the EU to use the Non-Union Mini One Stop Shop (MOSS) mechanism (currently such businesses are required to register for VAT purposes in each EU Member State where their consumers are established) c) Clarify that invoicing rules of Member State of identification under MOSS apply (rather than invoicing rules where the consumer is located)	N/A
	✔	Implemented	December 5, 2017	Effective January 1, 2021, the EU will require non-resident suppliers of low volume consignments (i.e., goods imported into an EU territory) to register for and collect VAT on B2C supplies. In addition, EU-wide rules for intra-EU B2C supplies of goods will change.	No
	✔	Implemented	December 4, 2019	The European Union published in the official gazette Council Directive (EU) 2019/1995 and Council Implementing Regulation (EU) 2019/2026, which clarify provisions relating to distance sales of goods and certain domestic supplies of goods entering into force on January 1, 2021.	Yes
	●	Proposal	November 8, 2019	The EU Council announced a provisional agreement on rules for the exchange of VAT payment data to aid the detection of VAT fraud in the digital economy, which would implement payment service provider record keeping requirements for cross-border e-commerce transactions effective January 1, 2024.	N/A

Taxation of the digitalized economy – indirect taxes
Country specific detail

Implemented *Proposal / Public Announcement* *Proposal Rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance
Fiji	Proposal	November 24, 2019	The Fiji Revenue and Customs Service published a draft VAT bill, which would replace the existing VAT Act. The draft bill would, among other things, require non-resident vendors of digital services to consumers in Fiji to register for and collect VAT.	Yes
Finland	Implemented	December 13, 2018	Effective July 1, 2019, 10% VAT rate applies to electronic publications, including books, newspapers, and magazines.	N/A
France	Implemented	December 23, 2018	Effective January 1, 2020, France will introduce a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to French customers).	No
	Implemented	August 5, 2019	The French tax authority updated the administrative doctrine clarifying the VAT treatment applicable to the public offering of digital currency.	N/A
	Proposal	August 29, 2019	The government has published a draft decree proposing to expand the scope of data that online platforms must communicate to the French tax authorities to include French taxable gross receipts relating to transactions engaged in the users of the online platforms.	No
Germany	Implemented	October 12, 2018	Effective January 1, 2019, Germany introduced a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to German customers). Under certain conditions, online platforms are held jointly and severally liable for B2C supplies of goods performed via their system.	No
	Implemented	October 7, 2019	The German Ministry of Finance published Guidance Letters 2019/858190, 2019/0858465 and 2019/0858488 explaining the VAT obligations for online marketplace facilitators. The German Ministry of Finance reminds marketplace facilitators that they can be held liable under certain conditions for the unpaid VAT resulting from the delivery of items from entrepreneurs legally justified on the marketplace provided by them. Facilitators must use due diligence, including tax office records/correspondence and requesting VAT registration certificates to determine their liability obligations for each vendor registered on their marketplace. Finally, the Guidance Letters include forms for letters from the tax authorities to entrepreneurs rejecting a VAT registration certificate and to marketplace facilitators warning against VAT liability.	No
	Public Announcement	October 9, 2019	The European Commission sent a letter of formal notice to Germany because it had imposed an obligation on digital marketplaces to produce a paper certificate provided by the German tax authorities to businesses selling goods via platforms of online marketplaces. The Commission is of the opinion that such a measure violates EU law, is inefficient, disproportionate, impedes the free access of EU businesses to the free market and is not in line with the digital strategy agreed between Member States. Germany has 2 months to take action; if not, the Commission may send a reasoned opinion to the German authorities.	No

Taxation of the digitalized economy – indirect taxes
Country specific detail

✓ *Implemented* ● *Proposal / Public Announcement* ✗ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Ghana	✓	Implemented	January 1, 2014	Effective January 1, 2014, Ghana requires non-resident vendors of digital services to consumers in Ghana to register for and collect VAT.	Yes
Iceland	✓	Implemented	May 1, 2010	Effective January 1, 2011, Iceland requires non-resident vendors of digital services to consumers in Iceland to register for and collect VAT.	Yes
	✓	Implemented	December 30, 2016	Effective January 1, 2017, Iceland increased the VAT registration threshold from ISK 1 million to ISK 2 million.	N/A
India	✓	Implemented	November 10, 2016	Effective December 1, 2016, India requires non-resident vendors of digital services to consumers in India to register for and collect service tax. These rules were continued under new GST regime effective July 1, 2017.	Yes
	✓	Implemented	October 1, 2018	India requires e-commerce operators to withhold GST based on the net value of their transactions, even if not registered tax agents. The new provision to tax sales on e-commerce platforms, known as tax collected at source (TCS) is effective from October 1, 2018. Rules only apply to domestic sales (e.g., Indian vendor uses a platform to make a sale to an Indian consumer.) Non-residents providers of digital services are required to collect indirect taxes (first service tax, followed by GST) since December 1, 2016.	No
Indonesia	✗	Proposal Rejected	March 29, 2019	The Minister of Finance in late March 2019 withdrew and revoked a regulation concerning the imposition of VAT of e-commerce transactions before the regulation was effective.	N/A
	✓	Implemented	November 25, 2019	Indonesia reportedly issued regulations that provide for the taxation of foreign digital/e-commerce companies with a significant presence in Indonesia. The regulations include that all foreign companies that actively trade in goods or services electronically in Indonesia are treated as having a taxable physical presence in Indonesia and must appoint a representative to comply with all applicable tax obligations. Whether a foreign company has a taxable presence, however, depends on whether certain thresholds are met in terms of the amount of online traffic from Indonesia, the transactions amount in value or volume, and others. The specific thresholds are still to be provided. Companies with existing digital/e-commerce operations in Indonesia are reportedly given a two-year grace period to comply with the new regulations.	Yes

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Israel	●	Proposal	April 15, 2016	Israel published a proposed amendment to the VAT Law with respect to digital services provided by nonresidents to Israeli customers. According to the proposal, if a nonresident sells or provides digital services to non-business, financial institutions, or nonprofits in Israel, the nonresident would be required to register and pay VAT.	Yes
	●	Public Announcement	September 15, 2019	The Ministry of Finance of Israel proposed to remove the current $75 import tax exemption for the import of a consignment of goods as a means of leveling the playing field between domestic retailers and foreign online retailers. Import tax includes customs duties, purchase tax, and VAT payable on goods. The $75 exemption threshold applies for purchase tax and VAT, while a higher exemption threshold of $500 applies for customs. Subject to the approval of the Israeli parliament, the removal of the $75 exemption would be implemented effective April 1, 2020.	N/A
Italy	✔	Implemented	March 15, 2019	Effective July 1, 2019, Italy implemented a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to Italian customers).	No
	✔	Implemented	July 31, 2019	The Italian Tax Authorities issued Protocol No. 660061 providing implementing rules with respect to the measures regulating sales through online platforms.	No
	●	Public Announcement	October 9, 2019	The European Commission sent a reasoned opinion to Italy because it had failed to transpose provisions concerning the sourcing of digital services and related invoicing rules as included in Directive 2017/2455. The European Commission may refer Italy to the European Court of Justice if Italy takes no action in the coming 2 months.	Yes
Japan	✔	Implemented	September 16, 2015	Japan introduced consumption tax on the provision of cross-border digital services. Rules are effective October 1, 2015. While technically following the OECD guidance, Japan makes a distinction between B2B and B2C based on the type of digital service provided and not the customer type. As a consequence, B2B transactions may be subject to JCT and the rules are thus not 100% in line with the OECD guidance.	No
Kazakhstan	●	Public Announcement	November 9,2019	Kazakhstan is reportedly planning to require non-resident to charge VAT at the standard 12% rate on digital services supplies made to consumers in Kazakhstan. The rules would likely be effective January 1, 2021.	Yes

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Kenya	✔	Implemented	July 1, 2019	Effective September 2, 2013, Kenya requires non-resident vendors of digital services to consumers in Kenya to register for and collect VAT. The Finance Bill 2019-20 includes the following amendments: – the definition of supply of imported services will be amended to provide for a supply made to any person. Previously, the definition referred to a supply made to a registered person; – supplies made through a digital marketplace will be subject to VAT. Both measures clarify already existing obligations for non-residents.	Yes
	✔	Implemented	November 7, 2019	Effective January 1, 2020, VAT will be applicable to sales made through a digital market place. It is currently not clear how nonresident vendors will account for VAT. In addition, Kenya will expand the requirement to self-assess VAT under the the reverse charge mechanism to non-VAT registered recipients of taxable imported services.	Yes
Malaysia	✔	Implemented	September 30, 2019	6% sales and service tax on digital services provided by foreign companies from January 1, 2020. Foreign service providers are required to register for digital tax if their total annual fees received from Malaysian customers exceeds RM 500,000. Digital services include software, music video, and digital advertising. According to the Service Tax Guide on Digital Services, the provisions of digital services are applicable to both business-to-business (B2B) and business-to-consumer (B2C) transactions. Businesses that have been charged service tax on digital services provided by a foreign registered person (FRP) are exempted from service tax in Malaysia on these imported taxable services. On September 30, 2019, the Royal Malaysian Customs Department published the Service Tax (Digital Services) Regulations 2019, which set out the rules pertaining to the registration, compliance, and penalties for the new service tax obligations on digital services.	No
Mexico	✔	Implemented	October 30, 2019	On October 30, the Mexican parliament approved a tax reform package which includes measures to increase efficiency in VAT collection, and specifically, it is proposed to modify the tax treatment of some digital services provided from abroad to recipients in Mexico. Accordingly, if the digital services are provided to a recipient in Mexico, the services would be subject to VAT. VAT on digital intermediation services between third parties—for example, advertising services—would be imposed as part of the VAT law. This would require the reporting of transactions conducted as well as payments processed. A withholding regime would be applied. In addition, digital platforms that process payments made by the purchasers of goods and services would withhold VAT on the value of the underlyign transactions. The new rules are effective June 1, 2020.	Yes

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✘ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Moldova	●	Proposal	December 5, 2019	The parliament adopted in first reading a draft law which would, among other things, require non-resident of digital services to consumers in Russia to register for and collect VAT.	Yes
New Zealand	✔	Implemented	August 1, 2016	Effective October 1, 2019, New Zealand requires non-resident suppliers of B2C services to register for and collect GST if the annual volume of taxable sales is above NZD 60,000.	Yes
	✔	Implemented	July 1, 2019	Effective December 1, 2019, New Zealand requires non-resident vendors (including online marketplaces) selling low valued goods (< NZD1,000) to register for and collect GST if the annual volume of taxable sales is above NZD 60,000.	No
Nigeria	●	Proposal	November 21, 2019	Nigeria's parliament is currently considering a bill, which would, among other things, require non-resident suppliers of B2C services to register for and collect VAT.	Yes
Norway	✔	Implemented	March 1, 2010	Effective January 1, 2011, Norway requires non-resident vendors of digital services to consumers in Norway to register for and collect VAT.	Yes
	●	Proposal	October 7, 2019	The Norwegian Government submitted the 2020 Budget to parliament, in which it proposes to remove the VAT exemption on imports of goods valued below NOK350. The Budget would implement a simplified registration and reporting for foreign sellers or e-commerce platforms offering goods to Norwegian consumers. This mechanism would apply to goods with value up to NOK3,000 effective April 1, 2020, although food and drink, alcohol, tobacco and restricted goods would be excluded.	No
OECD	✔	Public Announcement	March 22, 2019	The OECD published a new report which includes new measures to make e-commerce marketplaces liable for the VAT/GST on sales made by online traders through their platforms.	Yes
Paraguay	✔	Implemented	October 31, 2019	Paraguay published in the official gazette Law 6380/19 (Ley de Modernización y Simplificación del Sistema Tributario Nacional), which introduces a VAT withholding performed by local financial institutions on sales of digital services by nonresidents. The Law will enter into force on the date determined by the Executive Branch, within 90 days as from the enactment of the Law. On October 31, 2019, Paraguay published in the official gazette Decree No. 2787, which implements the new VAT rules effective January 1, 2020.	No
Russia	✔	Implemented	September 1, 2016	Effective January 1, 2017, Russia requires non-resident vendors of digital services to consumers in Russia to register for and collect VAT.	Yes
	✔	Implemented	January 1, 2019	New VAT rules with respect to B2B-supplies of e-services provided to Russian customers effective from January 1, 2019.	No

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Saudi Arabia	✔	Implemented	September 1, 2017	Effective January 1, 2018, Saudi Arabia requires non-resident vendors of digital services to consumers in Saudi Arabia to register for and collect VAT.	Yes
Serbia	✔	Implemented	October 15, 2016	Effective January 1, 2017, Serbia requires non-resident vendors of digital services to consumers in Serbia to register for and collect VAT.	Yes
Singapore	✔	Implemented	December 28, 2018	Effective January 1, 2020, Singapore requires non-resident vendors of digital services to consumers in Singapore to register for and collect VAT.	Yes
	●	Proposal	July 5, 2019	The Singaporean Inland Revenue Authority proposed that, from January 1, 2020, the use of digital payment tokens as payment for goods or services will be outside the scope of GST, and the exchange of digital payment tokens for fiat currency or other digital payment tokens will be exempt from GST.	N/A
	✔	Implemented	July 15, 2019	The Singaporean Inland Revenue Authority issued guidance and FAQs on GST for overseas vendor registration effective January 1, 2020.	Yes
South Africa	✔	Implemented	March 15, 2014	Effective June 1, 2014, South Africa requires non-resident vendors of digital services to customers (B2C and B2B) in South Africa to register for and collect VAT.	No
	✔	Implemented	April 1, 2019	Effective April 1, 2019, South Africa expands the scope of digital services, increases the VAT registration threshold for non-residents, and implements intermediary (e.g., platform) rules from (i.e., ZAR 50,000 to ZAR 1 M). Following these changes, RSA is closer to OECD guidance, but because it still applies digital services rules to B2B supplies, it is not in complete agreement with the guidance .	N/A
South Korea	✔	Implemented	March 1, 2015	Effective July 1, 2015, South Korea requires non-resident vendors of certain digital services to consumers in South Korea to register for and collect VAT.	Yes
	✔	Implemented	March 1, 2019	The scope of foreign e-commerce supplies subject to VAT has been expanded to include advertising services, cloud computing services, and intermediary online-to-offline services effective July 1, 2019.	Yes
Sweden	✔	Implemented	March 1, 2019	Effective March 1, 2019, PostNord collects VAT on behalf on non-residents selling low value consignments of goods to B2C customers (i.e., goods imported from non-EU countries).	No

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Switzerland	✔	Implemented	February 1, 2009	Effective January 1, 2018, Switzerland requires non-resident vendors of digital services to consumers in Switzerland to register for and collect VAT. Once required to register, all supplies (B2C and B2B) are subject to VAT.	No
	✔	Implemented	October 1, 2017	Effective January 1, 2018, Switzerland changed the computation method of the VAT registration threshold for non-resident digital services providers (now CHF 100,000 worldwide income).	No
	✔	Implemented	October 1, 2017	Effective January 1, 2019, Switzerland expanded the new threshold to non-resident suppliers of low-value consignments (i.e., goods where the amount of import VAT does not exceed CHF 5), thus requiring such businesses also to register for and collect VAT.	No
Taiwan	✔	Implemented	May 1, 2017	Effective May 1, 2017, Taiwan requires non-resident vendors of digital services to consumers in Taiwan to register for and collect VAT.	Yes
	✔	Implemented	July 16, 2018	Effective January 1, 2019, nonresident taxpayers selling B2C e-services and registered for VAT purposes will be required to issue government compliant e-invoices. On July 16, 2018, the MOF released a tax ruling stating that while foreign e-service suppliers are required to issue e-GUI starting from January 1, 2019, relevant penalties for failing to issue e-GUI will not apply for the first year. Effectively, this provides a one year grace period to foreign e-services suppliers on the issuance of e-GUI.	N/A
Tanzania	✔	Implemented	July 1, 2014	Effective July 1, 2015, Tanzania requires non-resident vendors of digital services to consumers in Tanzania to register for and collect VAT.	Yes
Thailand	●	Proposal	August 27, 2019	A second draft of the proposed e-commerce legislation has been released. It focuses on bringing e-commerce transactions involving persons that are not registered for VAT within the scope of the VAT rules in Thailand. The new rules are expected to be introduced in 2020.	Yes
Turkey	✔	Implemented	April 15, 2018	Effective January 1, 2018, Turkey requires non-resident vendors of digital services to consumers in Turkey to register for and collect VAT.	Yes

Taxation of the digitalized economy – indirect taxes
Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Uganda	✔	Implemented	October 29, 2019	The Uganda Revenue Authority issued a public notice requiring non-resident vendors of digital services to consumers in Uganda to register for and collect VAT effective July 1, 2018.	Yes
United Arab Emirates	✔	Implemented	October 15, 2017	Effective January 1, 2018, the UAE require non-resident vendors of digital services to consumers in the UAE to register for and collect VAT.	Yes
United Kingdom	✔	Implemented	February 1, 2018	Effective March 15, 2018, operators of a platform knew or "ought to have known" that a non-UK seller was not accounting for VAT, and does not act, HMRC will have the power to treat both the seller and the operator as jointly and severally liable for any under declaration of VAT.	No
	✔	Implemented	January 15, 2019	In case of Brexit, non-resident suppliers of low value consignments will be required to register for and collect VAT on B2C supplies of goods. Alternatively, the postal operator can be asked to act as VAT collecting agent.	No
	●	Public Announcement	October 9, 2019	HMRC announced that in case of Brexit, non-resident vendors of digital services will not longer be subject to the EU-wide simplified Mini One-Stop Shop (MOSS) mechanism. As a consequence, non-resident businesses selling digital services to consumers in the UK will be required to register for UK VAT separately, even if they are already registered for MOSS in the UK. Non-EU businesses that have registered under MOSS in the UK for their EU digital services will also be required to register for MOSS in another EU Member State in case of Brexit.	Yes
United States	✔	Implemented	September 1, 2019	Remote sellers are required to collect and remit tax on sales made to in-state customers if they meet the state specified sales thresholds (often $100,000 in sales or 200 transactions). Economic nexus rules affect all companies exceeding the state-specific sales threshold, including those not resident in the U.S. Depending on the state, the seller may also be required to collect tax on sales of services and digital goods, in addition to sales of tangible property. Additionally, about 35 states require electronic marketplaces that meet the specified sales threshold to collect tax on sales they facilitate. Generally, a marketplace is defined as an entity that advertises products for sale by others and that collects payment from the customer, but state definitions differ.	Yes
Uruguay	✔	Implemented	October 12, 2018	Services related to businesses involved in the digital economy are now subject to income tax and VAT in Uruguay even if the services are provided from a foreign jurisdiction.	Yes

Taxation of the digitalized economy – indirect taxes Country specific detail

✔ *Implemented* ● *Proposal / Public Announcement* ✖ *Proposal Rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance
Uzbekistan	●	Public Announcement	July 26, 2019	Uzbekistan is reportedly planning to impose VAT at the standard 20% rate on digital services supplies made by non-resident suppliers to Uzbek consumers. From January 1, 2020, VAT will be imposed on media downloads/streaming, electronic books, games, e-learning services, and others, with non-resident required to register for VAT and submit quarterly returns.	N/A
Vietnam	✔	Implemented	July 12, 2019	In July 2019, new rules for Inbound e-commerce activities (i.e. provided by non-resident suppliers) were published, stating that non-resident suppliers without a PE in Vietnam shall be required to register, declare, and pay taxes in Vietnam or authorize other parties to do so. This new requirements is effective from July 1, 2020, although additional rules and guidance related to implemention are still pending.	Yes

Taxation of the digitalized economy – *What's next?*

Taxation of the digitalized economy – *What's next?*

Upcoming OECD, EU and G20 meetings where discussion on the taxation of the digitalized economy is anticipated

End of Jan. 2020

Inclusive Framework Meeting

Early 2020

Economic analysis and Impact assessment - First Draft Report

Mid-2020

Economic analysis and Impact assessment Draft Report

End of 2020

OECD Final Report – Consensus based long term solution

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