Inside Indirect Tax

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About this Newsletter

Welcome to *Inside Indirect Tax*—a publication from KPMG's U.S. Indirect Tax practice focusing on global indirect tax changes and trends from a U.S. perspective. *Inside Indirect Tax* is produced on a monthly basis as developments occur. We look forward to hearing your feedback to help us in providing you with the most relevant information to your business.

Global Rate Changes

— **Italy:** Italy recently postponed a previously planned VAT rate increase. Under current law, unless Italy meets certain budgetary goals, the reduced VAT rate will increase from 10 percent to 13 percent and the standard Italian VAT rate will increase from 22 percent to 25.2 percent effective January 1, 2020. Moreover, the standard rate would further be increased to 26.5 percent effective January 1, 2021.To read a report prepared by the KPMG International member firm in Italy, please click here.

— **Ireland:** Effective January 1, 2019, Ireland increased the VAT rate applicable to goods and services in the tourism and hospitality sectors, such as hotel accommodation, restaurants, and admissions to many attractions, from 9 percent to 13.5 percent. To read a report prepared by the KPMG International member firm in Ireland, please click here.

— **Lithuania:**[i] Effective January 1, 2019, Lithuania reduced the VAT rate applicable to newspapers, journals and other periodical publications from 9 percent to 5 percent. In addition, the intermediary rate of 9 percent now applies to firewood and wood products for the heating of residential premises of domestic energy consumers, as defined by the Law on Energy of the Republic of Lithuania.

— **Malta:**[ii] Effective January 1, 2019, Malta reduced the VAT rate applicable to audio books, books and similar printed material sold electronically from 18 percent to 5 percent. This reduced rate does not apply to publications wholly or predominantly devoted to advertising or to publications wholly or predominantly of video content or audible music.

— **Moldova:**[iii] Effective November 30, 2018, Moldova reduced the VAT rate applicable to accommodation services and restaurant services from 20 percent to 10 percent.

— **Poland:**[iv] On December 18, 2018, Poland published a decree implementing reduced VAT rates on certain goods and services. The decree reduces the VAT rate to: (1) 5 percent on the purchase and import of certain food products; (2) zero percent on the import of services funded with non-returnable foreign aid; and (3) 8 percent on maintenance work on technical elements of housing and non-residential buildings.

— **Turkey:**[v] Effective December 19, 2018, Turkey increased the VAT rate applicable to electronic newspapers and magazines from 1 percent to 18 percent and the VAT rate applicable to e-books and e-book readers from 8 percent to 18 percent.

The Americas

United States: Court Affirms Decision Requiring Online Retailer to Collect Local Tax in Louisiana on Marketplace Sales

A Louisiana appellate court recently upheld a trial court decision holding that an online retailer was liable for Jefferson Parish sales tax on transactions in which third-party retailers sold goods using the taxpayer's online marketplace. In its role as a marketplace, the taxpayer advertised the third-party seller's products, provided payment processing for the third-party retailers and received a commission from each sale. Per a contract with the third-party retailers, the third-party retailers remained the "seller" of record; they were responsible for fulfilling all orders and all customer service aspects of a transaction, such as order cancellations, returns, and refunds. The taxpayer collected Jefferson Parish sales and use taxes on sales of its own products via the marketplace, but argued that it was not a "dealer" required to collect and remit tax with respect to the third-party transactions that arose from its marketplace. Under Louisiana law, parish-level sales tax must be collected by a "dealer" from a purchaser. The statutory definition of "dealer," among other things, includes any person "who engages in regular or systematic solicitation of a consumer market in the taxing jurisdiction," including by various computer and electronic means.

On appeal, the taxpayer argued that it was not a "dealer" because it was not the seller in the transactions as it transferred neither title nor possession of the property. The appellate court, however, noted that the tax collection requirement applied to "dealers" and that the definition of the term "dealer" encompassed a wider group of people than a "seller." Had the legislature intended the collection duty to apply only to sellers, in the court's view, it presumably would have used that term. Applying the manifest error standard of review, the court next concluded that the trial court's determination that the taxpayer was a dealer was not manifestly erroneous. Finally, the court declined to rule on whether or not imposing a collection duty on the taxpayer would violate federal law because this issue was not before the trial court.

Argentina: Temporary Duty on Exports of Services Introduced

Effective January 1, 2019, Argentina introduced temporary duties on the exportation of services. The duties will continue to be in force until December 31, 2020. Decree No. 1201/2018, published in the official gazette on January 2, 2019, establishes that the exportation of services is subject to a 12 percent export duty calculated on the value of the service as stated on the invoice issued by the service provider. According to the decree, a service is deemed to be exported when its effective use or exploitation occurs outside of Argentina. The Decree includes a cap of ARS 4 per each $1. Export duties must be paid within the first 15 working-days of the month following the period in which the invoice was issued.

On January 23, 2019, Argentina published in the official gazette General Resolution 4,400 and General Resolution 4,401, which clarify the invoicing and compliance rules pertaining to the new duty on export of services. According to Resolution 4,400, taxpayers must file a monthly tax return through form F. 1318, which must be submitted between the 10th and 15th day of the month following that in which the export was invoiced. Payment of the tax must be made through electronic transfer of funds. The Resolution further clarifies that taxpayers may use an equation provided to facilitate the calculation of the tax and that exports invoiced in a currency other than US dollars must be converted into US dollars.

According to Resolution 4,401, taxpayers must issue invoices using class "E" electronic invoices and class "E" debit and credit notes. As a consequence, taxpayers must apply for specific authorization with the Argentinian tax authority. The Resolution further clarifies that-invoicing for exports of services must be done separately from any other type of exports and provides a list of data to be stated in each invoice, including the country of destination.

Source: Argentina – Special tax on export of services – implementing decree published (Jan. 25, 2019), News IBFD; Argentina – Tax on export of services – compliance requirements introduced (Jan. 29, 2019), News IBFD; Argentina – Tax on export of services – new invoicing regulation issued (Jan. 29, 2019), News IBFD.

Mexico: Tax Incentive for Mexican Northern Border Region Introduced

On December 29, 2018, the Mexican President issued a Decree to promote development of the Mexican northern border, by establishing tax incentives for value added tax (VAT) and income tax purposes. The incentives are effective from January 1, 2019 to December 31, 2020. The Decree applies to activities performed within 43 listed municipalities.

With respect to VAT, the tax incentive consists of a 50 percent credit on the standard 16 percent VAT rate (effective rate of 8 percent) upon the transfer of goods, the rendering of services, and the temporary use or enjoyment of goods, performed by branches or offices located within the Mexican northern border (i.e., the 43 listed municipalities). The VAT incentive is not applicable to the importation of goods or services, the sale of immovable property and intangible assets, and digital commerce transactions, among others.

Taxpayers entitled to the incentive are Mexican-resident entities and individuals, and Mexican permanent establishments of foreign residents, with income derived from performing business activities exclusively within the Mexican northern border. However, taxpayers subject to a special tax regime are excluded, including those in the financial sector; taxpayers subject to a preferential tax regime; Mexican trusts; the maquila industry; taxpayers deriving income from intangible assets; taxpayers deemed performing tax evasion transactions by the Mexican tax authorities; and taxpayers engaged in hiring-out of labor (e.g. subcontracting under the Mexican Federal Labor Law).

To apply the tax incentive, taxpayers must request an authorization from the Mexican tax authority to be registered in the "Register of beneficiaries of the incentives for the Mexican northern border;" have an electronic signature and tax mailbox; and cooperate with the Mexican tax authority on any request in real time. Moreover, taxpayers must prove that their location has been in the Mexican northern border for at least 18 months prior to receiving the authorization. If taxpayers cannot document the above, they must prove they have the economic capacity, assets, and premises to perform business activities within the Mexican northern border region, together with the use of new fixed assets and that at least 90 percent of their total income is derived from business activities performed therein. Where taxpayers perform transactions both within the Mexican northern border and outside that area, they would be entitled to the tax incentive only in the proportion the income derived from the Mexican northern region represents from its total income. To read a report prepared by the KPMG International member firm in Mexico, please click here.

Europe, Middle East, Africa (EMA)

Czech Republic: Proposed Amendments to VAT Law

The Chamber of Deputies of the Czech Republic recently passed an amendment to the VAT Act, with planned effectiveness during the course of 2019. The amendment would address the VAT treatment of leases by clarifying that a sale of goods for VAT purposes also includes the handing over of goods for use pursuant to a contract if the handing over has been agreed and if it is clear at the contracting date that the transfer of the ownership title to the hired goods after the end of the lease term is the only economically reasonable option. Decisive will not only be the text of a lease contract but also the setting of parameters for the future repurchase of the goods. This provision should not become effective earlier than January 1, 2020.

Some other motions to amend the VAT Act include the reduction of VAT rates or, in other words, their restoration to levels applicable in 2010. If this motion is passed, the basic VAT rate would decrease to 20 percent (or 19 percent) and the only reduced VAT rate would amount to 10 percent. To read a report prepared by the KPMG International member firm in the Czech Republic, please click here.

European Union: Digital Services Tax Update

On December 4, 2018, the Economic and Financial Affairs Council (ECOFIN) of the European Union (EU) did not reach an agreement on the EU's proposed digital services tax (DST). Recall, on March 21, 2018 the European Commission issued several proposals on "A Fair and Effective Tax System in the EU for the Digital Single Market" which included proposals for Directives on a digital services tax (DST) and on the introduction of a digital permanent establishment concept. According to the latest compromise text presented on November 29, 2018, a three percent DST would apply effective January 1, 2022 to businesses that cumulatively meet certain thresholds (i.e., entities with a total annual worldwide revenue of more than EUR 750 million and a total annual revenue stemming from digital services in the EU above EUR 50 million). The DST would apply to gross income from certain digital services, including the sale of advertising space, making available of marketplaces, and the sale of user data.

Member States reached general agreement on most of the definitions and on the fact that, in principle, the collection of the DST should take place without a one-stop-shop mechanism. Further, Member States agreed to exclude regulated financial services entities from the scope of the DST and to add a "sunset clause" and a "review clause" requiring the expiration of the Directive as soon as a solution to the challenges arising from digitalization is reached at the Organization for Economic Cooperation and Development (OECD) level.

Although the majority of Member States had already indicated they could support this compromise, some delegations continued to raise objections. Member States were also given the opportunity, during the ECOFIN meeting, to comment on a last minute proposal presented by France and Germany. According to a joint declaration, France and Germany agreed to focus the scope of the DST on revenues from the sale of advertising space only, and to submit in a second step, proposals on taxing the digital economy and on minimum taxation, in line with the work of the OECD.

Most Member States that participated in the debates were open, with various degrees of support, to discussing this new initiative. Nevertheless, some countries expressed clear opposition to the Franco-German initiative as it stands. This group included Estonia and Sweden, with Ireland underlining "strong principled concerns" about the proposal. Member States therefore failed to unanimously agree on the DST. It is now expected that the technical working groups of the Council will draft a juridical text that reflects the Franco-German initiative, with a view to adopt a final text by March 2019. To read a report prepared by KPMG International's EU Tax Centre, please click here.

European Union: VAT Committee Working Papers

On December 6, 2018, the European Commission published documents resulting from the meeting of the VAT Committee, which was held on November 30, 2018. The Committee has an advisory role in interpreting specific questions relating to the application of the European VAT system and publishes the nonbinding VAT Committee guidelines.

In Working Paper No. 943, the VAT Committee discusses the VAT treatment of organizations collectively managing copyright and related rights (CMOs). In some copyrighted sectors (e.g., music, print and publishing, audio-visual and film) it is difficult or almost impossible for authors and other right owners to individually exercise their rights over their work and monitor all the different uses of it. These tasks are entrusted to a CMO which enables right holders to be remunerated for use of their work. The paper discusses whether CMOs qualify as taxpayers for VAT purposes based on established case law of the Court of Justice of the European Union (ECJ).

In Working Paper No. 947, the VAT Committee discusses the VAT treatment of services provided by an electronic platform that receives remuneration for connecting, by means of a smartphone application, a driver using his own vehicle with persons who wish to make urban journeys. In the Working Paper, the VAT Committee analyses whether such services should qualify as electronically supplied services, intermediation services, shipping services, or general services.

In Working Paper No. 958, the VAT Committee discusses the VAT treatment of situations in which Internet services are provided in exchange for user data. The Working Paper addresses whether the provision of data by the customer constitutes a taxable transaction and whether the provision of services without a monetary consideration by an IT provider constitutes a transaction subject to VAT.

In Working Paper No. 959, the VAT Committee discusses the VAT grouping provision under the Italian VAT legislation and more specifically, its application to "Cooperative Banking Groups."

In Working Paper No. 960, the VAT Committee discusses the different interpretations of the EU Member States regarding VAT exemption for public postal services under the EU VAT Directive. The Working Paper discusses which postal operators and the types of postal services covered by the exemption.

Finally, the European Commission published an information paper on options exercised under articles 80 (open market value), 167a (cash accounting), 199 (permanent reverse charge), and 199a (temporary reverse charge) of the EU VAT Directive and an information paper on recent judgements of the ECJ.

Source: European Union – European Commission publishes further documents from 111th VAT Committee meeting (Dec. 6, 2018), News IBFD; European Union – European Commission publishes documents from 111th VAT Committee meeting (Dec. 3, 2018), News IBFD.

European Union: Proposed Technical Clarifications to VAT E-Commerce Package

On December 11, 2018, the European Commission published a Proposal for a Council Implementing Regulation amending Implementing Regulation (EU) No. 282/2011 and a Proposal for Council Directive amending the EU VAT Directive regarding the sales of goods or services facilitated by electronic interfaces and the special schemes for taxpayers selling services to non-taxpayers, making distance sales of goods and certain domestic sales of goods. Effective January 1, 2021, the EU will use the VAT E-Commerce Directive to amend the VAT rules pertaining to distance sales of goods to final consumers established in the EU. As a consequence, the one-stop-shop mechanism currently applicable to sellers of electronic services will be extended to distance sales of goods (both intra-EU and from third countries) and the VAT liability will be extended to online platforms.

The proposed Regulation aims to give further technical guidance regarding the above rules by defining indirect intervention of the seller in the shipment of goods. These rules may, for example, bring into the scope of distance sales of goods situations in which the seller does not organize the shipment of the goods, but promotes to the customer a preferred third party shipping company. The Regulation Proposal would further define when an electronic marketplace is facilitating the distance sale, including exceptions when the taxpayer operating the electronic marketplace is not deemed to facilitate the sales. These rules are aimed at excluding website operators who are not or are barely involved in the transactions (e.g., payment processors or websites merely showing the advertised goods) from the distance sale rules.

The Regulation Proposal would establish a legal assumption that the seller on an electronic interface is a taxpayer for VAT purposes while the buyer is a non-taxpayer. This assumption is relevant as the distance sale rules apply to business-to-consumer (B2C) transactions, and a different set of rules would be applicable to business-to-business (B2B) transactions. Moreover, the Regulation Proposal would release electronic interfaces from additional VAT payments if the electronic interface depends on information provided by the seller selling goods through the electronic interface.

In addition, the Regulation Proposal would set the tax point date as the date on which the payment confirmation is received. Finally, the Regulation Proposal would describe the records that an operator of an electronic interface must keep, update the list of definitions in the Implementing Regulation, detail rules regarding the Member State of identification, and detail rules on the VAT returns submitted under the special schemes.

The Directive Proposal aims to clarify some issues regarding the VAT liability of electronic interfaces. Since in the case of the involvement of electronic interfaces the sale is split into two parts (from the seller to the electronic interface and from the electronic interface to the customer) this generates a chain transaction scenario in which the proper sourcing needs to be defined. According to the Directive Proposal, the second sale (electronic interface) to the customer should be regarded as the sale involving the shipment of goods. As a consequence, the sale between the seller and the electronic interface would be VAT zero-rated. The Directive Proposal would further clarify that even when the electronic interface is selling the goods to customers established in the same Member State in which it is registered, domestic sales could still be reported there in the one-stop shop system.

Moreover, if goods are imported from a third country, but the one-stop shop system is not applied, according to the rules adopted in 2017, there is a simplified VAT reporting regime involving the person presenting the goods to customs (e.g., parcel service provider). The Directive Proposal would align the due date of the import VAT with the due date of the customs debt under the Union Customs Code (UCC) (i.e., the middle of the month following the month of importation).

Source: European Union – European Commission proposes technical clarifications to VAT e-commerce package – published (Dec. 12, 2018), News IBFD; European Union – European Commission proposes further rules to VAT e-commerce package (Dec. 12, 2018), News IBFD.

European Union: Proposal to Introduce Data Reporting Obligation for Payment Service Providers

On December 12, 2018, the European Commission published a Proposal for a Council Directive amending the EU VAT Directive (2006/112) regarding the introduction of certain requirements for payment service providers and a Proposal for a Council Regulation amending Regulation (EU) No 904/2010 regarding measures to strengthen administrative cooperation to combat VAT fraud. The proposals seek to solve the problem of e-commerce VAT fraud by strengthening cooperation between tax authorities and payment service providers. In recent years, more than 90 percent of online purchases by European customers were made through credit transfers, direct debits and card payments (i.e., with an intermediary payment service provider involved in the transaction. The proposals would establish quarterly information-sharing obligations for payment service providers, which will allow the Member State anti-fraud specialists (the "Eurofisc" network) to exchange and analyze certain payment data received from the providers on cross-border sales. In turn, both EU and non-EU online sellers will be identifiable when they do not comply with VAT obligations. Similar provisions in place in some Member States and other countries have already shown how such cooperation can provide a tangible boost in tackling fraud in the e-commerce sector.

Source: European Union – European Commission proposes to introduce data reporting obligation for payment service providers to tackle VAT fraud on cross-border trade – published (Dec. 12, 2018), News IBFD.

European Union: Member States May Require Giving Notice to Debtor Before Performing an Adjustment for Bad Debt

On December 6, 2018, the ECJ published its judgment in *Tratave*, Case C-672/17, regarding the conditions Member States can impose on taxpayers adjusting VAT declared in case of bad debt. In the case at hand, the taxpayer operated and managed municipal public services for the drainage, purification and disposal of waste water in Portugal. In its VAT return for the month of July 2010, it decreased its taxable amount and subsequently changed the VAT amount it had previously paid regarding sales to eight customers who were declared bankrupt by judgments that had become final. The Portuguese tax authority held that the adjustment was illegal because the taxpayer did not provide them with the certificates regarding the bankruptcy of its customers and had not given prior notice to its insolvent debtors of its intention to make this correction so they could also adjust their initial VAT deduction. As a result, the Portuguese tax authority assessed VAT in the amount of the correction and interest.

The ECJ first pointed out that the adjustment mechanism for VAT is one of the fundamental principles of the EU VAT Directive, because the taxable amount is the consideration actually received and the Member States' tax authorities should not collect an amount of VAT exceeding the amount received by a taxpayer. However, according to the ECJ, the EU VAT Directive provides EU Member States a margin of discretion regarding the formalities of a taxpayer adjusting its taxable amount to reflect the bad debt. Those formalities should, nevertheless, be within the limits strictly necessary for achieving the specific aim of minimizing tax evasion or avoidance. Therefore, in cases of adjusting the taxable amount, the formalities imposed must be limited to those that make it possible to provide proof that the consideration will not be received, wholly or in part, after the sale has taken place. As a result, the Portuguese formality requiring prior notice to a customer of the intention to adjust the taxable amount is compatible with the EU VAT Directive. The requirement is also in line with the principles of fiscal neutrality and proportionality because such a measure not only ensures the correct VAT collection and the avoidance of tax evasion, but it also eliminates the risk of loss of tax revenue. Furthermore, such a measure enables the Member State at issue to recover the VAT initially deducted by the customer. Finally, the ECJ held that the formality at issue was easy to fulfill and not onerous.

Source: PT: ECJ, Dec. 6, 2018, Case C-672/17, Tratave – Tratamento de Águas Residuais do Ave SA v. Autoridade Tributária e Aduaneira, ECJ Case Law IBFD.

European Union: Travel Agent Mechanism Applies to Mere Resale of Accommodations

On December 19, 2018, the ECJ published its judgment in *Alpenchalets Resorts GmbH*, Case C-552/17, regarding whether the simplification mechanism for travel agents applies if only one service is resold and whether travel agents reselling accommodations can apply the reduced rate applicable to such services. Under the EU VAT Directive, EU businesses that buy and resell travel, accommodation and certain other services as a principal or undisclosed agent (i.e., acting in their own name) must account for VAT under the Tour Operator Margin Scheme (TOMS). This simplification enables VAT on travel sales to be accounted for on a margin basis without businesses being required to register and account for tax in each Member State in which the services and goods are used and enjoyed. Recall, in the case at hand, the taxpayer rents houses from owners and then rents them for holiday purposes to its customers. On arrival, the owners or their agents provide further services to the individual customers, such as cleaning of the accommodation and, in some cases, a laundry and "bread roll" service. The referring court asked the ECJ whether the service in question can be classified as a service provided by a travel agent, and if it can, whether the reduced rate of taxation should apply on the taxable amount (the margin) regarding the accommodation component of the service provided.

The ECJ first highlighted that it assumed that the sellers were taxpayers for VAT purposes. The ECJ further mentioned that the TOMS mechanism applies only to services that are bought from other taxpayers while the travel agent's own services are not covered by this mechanism. Taking this into account, the ECJ concluded that the assessment of whether the additional services are regarded as principal or ancillary services as set out in the ECJ case law would not affect whether the TOMS mechanism was applied, since the assessment of additional services is applicable as part of the standard VAT regime.

With respect to the application of the TOMS mechanism to travel agents that provide only accommodation services, the ECJ explained that a non-application of the special mechanism would be in contradiction to the aims of the EU VAT Directive and would add complexity to the tax system. In addition, the ECJ provided examples in its case law where it had held that the TOMS mechanism can apply to the singular provision of accommodation services. The ECJ explained that the accommodation services in the case at hand are to be regarded as a single sale covered by the TOMS mechanism. Based on this, the ECJ concluded that the accommodation services involved could not be subject to the reduced VAT rate because the list of goods and services subject to the reduced VAT rate set out in the EU VAT Directive does not include services provided by travel agents.

Source: DE: ECJ, Dec. 19, 2018, Case C-552/17, Alpenchalets Resorts GmbH v. Finanzamt München Abteilung Körperschaften, ECJ Case Law IBFD.

European Union: VAT on Margin Due When Travel Agents Receives Advance Payments

On December 19, 2018, the ECJ published its judgment in *Skarpa Travel sp. z o.o.*, Case C-422/17, regarding whether, under the TOMS mechanism, VAT on advance payments received by travel agents is due at the time the advance payment is received or when the margin is known. Recall, in the case at hand, the taxpayer was a travel agent providing services that fell within the TOMS mechanism. For its services, it received prepayments from its customers. Under the TOMS mechanism, the taxpayer was unsure when the VAT on prepayments it received became due. Accordingly, it asked the Minister of Finance of Poland for an individual interpretation on this point. The taxpayer held the view that the VAT on the services for which the prepayments were made became due only when it could determine the final margin, the margin being the taxable amount for the application of the mechanism. This was the case, according to the taxpayer, because the exact costs were only known after the travel had taken place. The Minister of Finance, on the other hand, held the view that the VAT became due at the time the prepayments occurred.

The ECJ first highlighted that the TOMS mechanism is not an independent and exhaustive mechanism, but only derogates from certain rules of the standard EU VAT regime, such as sourcing and calculation of the taxable amount. In this respect, the ECJ held the view that the EU VAT rules regarding the time VAT becomes due remain applicable to the transactions performed under the TOMS mechanism because this mechanism does not contain any specific rules on the time of taxation. The ECJ further explained that while VAT on advance payments becomes due when the advance payment is received, this rule is a derogation from the standard rules of the time of taxation for VAT purposes (i.e., at the time they take place). Therefore, for VAT to become due on an advance payment, all relevant information on the future sale must be already known. The ECJ, after taking into account the statement of the referring court that the payment on account could be linked to a sale from a travel agent, concluded that the VAT should have become chargeable at the time the payment was received. However, it was up to the referring court to verify that this was the case.

Regarding the computation of the taxpayer's taxable amount when receiving a payment on account, the ECJ referred to the AG's opinion that stated that a travel agent of average diligence would be expected to estimate the total cost of an individual trip in order to determine its total price and, consequently, of the profit margin and, thus, the taxable amount. The ECJ concluded that if a travel agent has not yet incurred any actual cost, has incurred only a part of the costs, or was not in a position to determine its costs at the time of payment, it should make an estimate of the costs that will be incurred and estimate its profit margin. For this purpose, the travel agent should take into account costs already incurred and the projected costs must be linked to the actual tourist service. As soon as the actual cost of an individual trip is known, the travel agent should correct its profit margin if necessary.

Source: PL: ECJ, Dec. 19, 2018, Case C-422/17, Szef Krajowej Administracji Skarbowej v. Skarpa Travel sp. z o.o., ECJ Case Law IBFD.

European Union: Leasing of all Elements Constituting a Business Does not Qualify as a Transfer of Business as a Going Concern

On December 19, 2018, the ECJ published its decision in *Mailat*, Case C-17/18, regarding whether the leasing of a business can qualify as a nontaxable transfer of a business as a going concern (TOGC). Under the EU VAT Directive, Member States can consider that the sale of assets as part of a business which is a going concern does not constitute a sale for VAT purposes, provided certain conditions are met. In the case at hand, Mr. and Mrs. Mailat managed a restaurant business. In 2007, the company purchased capital works carried out on the building in which it operated the restaurant. At the end of 2007, the company concluded a contract to lease the building, the fixed assets and the property connected with the operation of the restaurant, all exempt from VAT. The lessee continued to operate the restaurant under the same name. When entering into the lease agreement, the Mailat's did not adjust the VAT initially deducted on the works carried out and for the fixed assets and property connected with the operation of the restaurant. As a result, Romania prosecuted the Mailats for tax avoidance.

The ECJ first reiterated previous case law on the TOGC provision, stating that the purpose of this relief is to facilitate transfers of undertakings by making them simpler and by preventing cash resources being overburdened while, in principle, the VAT due on such transactions can be deducted. The ECJ further emphasized that a TOGC is the transfer of a business or an independent part of an undertaking, including tangible elements and intangible elements which, together, constitute an undertaking or a part of an undertaking capable of carrying on an independent economic activity. It does not cover the simple transfer of assets, such as the sale of a stock of products. Therefore, all elements transferred must together be sufficient to carry out an independent economic activity. For this purpose, the nature of the economic activity is of special importance.

According to established case law, if an economic activity does not require the use of a particular premise, there can be a TOGC without the ownership of a building. However, some economic activities do require such immovable property, and in such a case it is sufficient to enter into a lease contract between the seller and the buyer to qualify the transferred assets as a TOGC. In the case at hand, the ECJ emphasized that a building is necessary to carry out the business of a restaurant (i.e., a kitchen and a dining area). In the case at hand, it also seems that all items necessary to pursue this economic activity were merely leased and no related property rights were transferred. The ECJ subsequently concluded that the mere lease of such items does not constitute a TOGC. The ECJ further noted that from the case file, it could be that some items were transferred, but that assessment was for the referring court to make. For the TOGC relief to actually apply, the transferee must have the intention to continue the transferred economic activity. For this, the buyer's intentions can, and sometimes must, be taken into account if there is objective evidence. In the case at hand, this criterion was met. However, the fact that an economic activity is continued does not make that which is transferred necessarily a TOGC. The fact that the lessee continued the activity under the same name was also deemed irrelevant.

The ECJ then analyzed whether the lease could be regarded as the lease of immovable property and was thus VAT exempt. According to established case law two formally distinct sales must be considered as a single sale for VAT purposes if (1) one or more elements or acts are so closely linked that, from an economic point of view, they form a single indivisible sale which would be artificial to split; and (2) one or more elements are in principle regarded as separate sales, but one or more of the elements is the principal sale and the other elements are regarded to be the ancillary sales that follow the VAT treatment of the principal sale. The ancillary sales are in such a case not an end in itself for the customers, but a means of better enjoying the principal sale. The ECJ emphasized that this assessment is always to be made by the referring court, but it provided some guidance. The ECJ previously held that the letting of immovable property is to be defined as an arrangement in which the lessor assigns to the lessee, in return for rent and for an agreed period, the right to occupy his property and to exclude any other person from it. Here, the leasing agreement could be regarded as the lease of immovable property because the letting of the movable property did not appear to be dissociable from the letting of the immovable property, some of that movable property was incorporated in the immovable property (e.g., equipment and kitchen appliances) and it was also used for the operation of the restaurant in the same way as the immovable property. The movable property was, thus, regarded as a means of better enjoying the lease of the immovable property.

Source: RO: ECJ, Dec. 19, 2018, Case C-17/18, Criminal proceedings against Virgil Mailat, Delia Elena Mailat and Apcom Select SA, ECJ Case Law IBFD.

Italy: Digital Services Tax To Be Introduced

Italy recently passed the Budget Law of 2019, which introduces a new three percent digital services tax (DST) that will apply on revenues generated from certain digital services rendered to Italian customers, effective June 30, 2019. This new DST repeals the rules that were introduced by the Budget Law of 2018, but that never came into effect. (For KPMG's previous discussion on the previously proposed DST in Italy, click here.) The new DST will apply to revenues derived from the provision of the following services: (1) the transmission, on a digital platform, of advertising targeted at users of that platform; (2) the availability of a multilateral digital platform that enables users to enter into contact and interact with each other or facilitates the direct sale of goods and services; and (3) the transmission of data collected from users and generated by the use of a digital platform. The tax will apply only to businesses that, during a calendar year, individually or group-wide generate above EUR 750 million worldwide revenues and above EUR 5.5 million revenues realized in Italy from the digital services defined above.

Revenues derived from the provision of the above services will not be taxable if the services are provided to companies that are deemed to be a parent, subsidiary or sister company pursuant to the Italian Civil Code. Moreover, taxable revenues will be determined without regard to costs, but will be net of VAT and other indirect taxes. The tax period will be the calendar year, and a revenue will be considered taxable in Italy if the service is sourced to Italy in that period.

A user will be considered located in Italy if the advertising appears on the user's device when the device is used in Italy in that tax period to access the digital platform. For digital platforms enabling user interfaces, the users will be considered in Italy if the service requires a digital platform that facilitates sales of goods or services directly between users and the user employs the device in Italy to access the digital platform and concludes a transaction on the platform. For all other digital platforms, the user will be in Italy if the user has an account that enables the user to access the digital platform and that account has been opened by using a device in Italy. Finally, for services related to the transmission of data collected from users, users will be considered in Italy if the user employed a device in Italy to access a digital platform.

Taxpayers will be required to pay the tax in the month following each quarter and will be required to submit within four months of the end of the year an annual return declaring the taxable services provided. Non-established companies that do not have a permanent establishment in Italy or an Italian VAT number will be required to obtain a special identification number for web tax purposes. The Ministry of Finance is required to issue an implementation decree by April 30, 2019 latest. To read a report prepared by the KPMG International member firm in Italy, please click here.

Netherlands: Dutch Court Broadens Scope of VAT Exemption Applicable to Management of Special Investment Funds

On November 8, 2018, the Court of Appeal in Amsterdam published a judgment in which it held that the VAT exemption applicable to the management of special investment funds (SIFs) can also apply to products offered under a license for individual investment management if individual assets are pooled. ECLI:NL:GHAMS:2018:2367. Lower courts held in earlier judgments that the VAT exemption does not apply to services provided under a license for individual investment management. The main argument for this was that the assets of individual investors were insufficiently pooled to qualify for VAT exemption. According to the ECJ law, the VAT exemption for the management of a SIF, in principle, applies only to the management of undertakings for collective investments in transferable securities (UCITS) and to funds that are sufficiently comparable to UCITS. The lower courts ruled that the products on offer did not qualify as such.

According to the Court of Appeal, an investment manager providing services under an individual investment management license can be sufficiently comparable to a UCITS for the purposes of the VAT exemption. Relevant factors here are that (1) the assets of investors are bundled together in a central account owned by a Dutch legal person; (2) an investor must choose a risk profile and all assets are managed based on that risk profile; and (3) all investors pay the same fee for investment management services.

Another requirement for the VAT exemption for the management of SIFs is that there must be a regulatory body that monitors the investments. The Court of Appeal ruled that this does not necessarily need to be monitored as a collective investment, but that monitoring the individual manager is also sufficient to qualify for the exemption as the regulatory requirements that must be complied with are comparable for both.

The Court of Appeal judgment appears to have broadened the scope of the VAT exemption for the management of SIFs. The Dutch government is currently working on a policy document that should define the type of funds that can utilize the VAT exemption. Further, this judgment may be subject to further review by the Dutch Supreme Court. In the meantime, investment managers who could benefit from the exemption should be able to rely on this judgment in discussions with the Dutch tax authority. To read a report prepared by the KPMG International member firm, please click here.

United Kingdom: Tax Authority May Not Assess Taxpayers That Based VAT Treatment on HMRC Guidance

On November 22, 2018, the UK's Upper Tribunal published its judgment in *Vacation Rentals (UK) Ltd* regarding whether a taxpayer can rely on previous tax authority (HMRC) guidance to determine the VAT treatment applicable to its sales. In the case at hand, the taxpayer acted as a booking agent between holidaymakers and property owners. When the taxpayer collected payment from holidaymakers via credit or debit card an additional fee was charged to reflect the extra work and extra costs involved in effecting such payments by the banking system. The taxpayer followed HMRC's historic guidance on the treatment of its services as exempt. Following a ruling from the ECJ that such services should be taxable, HMRC issued assessments to the company contrary to its earlier guidance. The taxpayer brought an appeal arguing that it had a legitimate expectation that it would be taxed in accordance with the published guidance. HMRC argued that its guidance was limited to circumstances in which the agent, not the merchant acquirer, obtains the authorization code from the card issuer and the merchant acquirer does not know the authorization code until it is transmitted to it by the agent.

The Upper Tribunal held that at the time of its guidance HMRC could not have regarded it as essential to the availability of the exemption that the seller communicated directly with the card issuer to obtain the authorization codes. The wording of the specific guidance makes it clear that if an agent makes a charge over and above the price of goods or services for a separately identifiable service of handling payment by credit or debit card and the service includes all the required components of a card handling service as determined by the courts, then the additional charge will be exempt. However, if some or all of the components are provided without transmitting the card information to the intermediary bank the charge is taxable at the standard rate. The distinction that HMRC seeks to make between direct and indirect communications between the agent and the card issuer is of no material significance to the guidance, just as it was of no material significance to the decisions in previous court decisions. Finally, the Upper Tribunal held that the taxpayer had a legitimate expectation that it could rely on the guidance to exempt its sales.

Source: Global VAT News & Features, UK Tribunal Rules Against HMRC For Assessing VAT Contrary To Guidance (Dec. 5, 2018).

United Kingdom: Guidance on VAT Treatment of Retained Payments and Deposits

On December 14, 2018, HMRC published Revenue and Customs Brief 13 on the VAT treatment of retained payments and deposits. According to the Brief, effective March 1, 2019 HMRC's policy will be that VAT is due on all retained payments for unused services and uncollected goods. If vendors become aware that a customer has decided not to take up goods or services after paying, the transaction will remain subject to VAT. No adjustments or refunds of VAT will be allowed for those retained payments. If vendors find out the relevant goods or services will not be used or received before March 1, 2019, they may treat the prepayments under the current policy (i.e., outside the scope of VAT). The Brief further clarifies that if credit card details are taken, but no payment is taken until the service or goods are due to be used or collected, VAT is due when the payment is taken. If a customer agrees to pay for a sale of services or goods on a future date, the payment cannot be reclassified if the sale is unfulfilled.

United Kingdom: Guidance on VAT Refund Claims by Non-EU Businesses

On December 12, 2018, HMRC published Revenue and Customs Brief 12 on the VAT refund procedure for non-EU businesses. In the UK, non-EU businesses that are not registered for VAT purposes in the UK can use the Overseas Refund Scheme to reclaim VAT charged on imports into the UK or purchases of goods and services used in the UK for business purposes. To apply for a refund, businesses need:

— an application for refund made on either form VAT65A or a similar form if it is produced by an official authority and contains the same information and declaration as set out in the VAT65A;

— a certificate of status (CoS) proving they are registered in their own country, the CoS must show the nature of business and must be stamped by the official authority in their own country

— documentary evidence, for example original invoices, showing the VAT paid in the UK for business purposes.

Further to changes to HMRC's policy on May 28, 2018 regarding which CoS documents are valid, HMRC now issues form VAT66A which can be used by overseas claimants to prove that they are engaged in business activities at the time of the claim. Official authorities, for example, the tax authority in the claimants' country, may issue a similar certificate as long as it has all the information on form VAT66A. The CoS must be the original and contain the: (1) name, address and official stamp of the authorizing body; (2) claimant's name and address (special rules for PO Box addresses); (3) nature of the claimants business; and claimant's business registration number. The CoS is only valid for 12 months. Once it has expired businesses must submit a new CoS. The new operational procedure will apply for all claims for 2017 and 2018.

United Kingdom: Update on Making Tax Digital Implementation

In October, HMRC announced, in relation to the Making Tax Digital (MTD) requirements for VAT, a six month deferral for taxpayers with more complex requirements. (For KPMG's previous discussion on HMRC's announcement, click here.) All taxpayers qualifying for this deferral should have received a communication, posted before Christmas, from HMRC confirming this. The communication takes the form of a formal document to provide a derogation without which the MTD legislation will apply effective April 1, 2019, even if a taxpayer is certain it falls into one of the categories listed. If this situation applies taxpayers should contact HMRC quickly to clarify their position.

HMRC have also confirmed that they are looking at deferral on an individual VAT registration basis, not on a corporate group basis. Groups that have a mixture of group and individual VAT registrations may therefore find that some group companies qualify for deferral, but others must still comply with the April 1, 2019 commencement. If there are group companies with individual VAT registrations (that do not qualify under any other criteria), these companies will not be deferred. A group may therefore find that companies within group VAT registrations are deferred until October 2019, but companies with individual VAT registrations must comply from April. For administrative ease, the group may wish to enter its deferred businesses into the pilot from April so that all companies commence MTD filings at the same time, but it is currently not clear if this will be possible

HMRC have further mentioned an emerging problem in the pilot around the date that taxpayers are signing up for MTD. HMRC's portal, where taxpayers can currently submit their VAT returns manually is closed to a business as soon as it signs up to MTD. It is therefore essential that the taxpayer waits until it has submitted the final non-MTD VAT return before signing up to MTD for the next return period. HMRC are also required by law to provide banks with 15 days notice of a change in direct debit so taxpayers who pay this way should ensure they sign up for MTD at least 15 days before their first MTD return is due. There is therefore a very specific sign-up window and any businesses considering signing up to the pilot should plan this carefully to avoid unforeseen problems. To read a report prepared by the KPMG International member firm in the UK, please click here.

United Kingdom: Vendors of Low Value Goods Required to Register for VAT in Case of no Deal Brexit

On December 17, 2018, the UK published the Value Added Tax (Postal Packets and Amendment) (EU Exit) Regulations 2018, which would repeal the low value goods threshold in case the UK leaves the EU without a transitional agreement effective March 29, 2019. The order would remove the requirement for postal operators to collect import VAT from UK recipients of parcels containing goods valued at GBP 135 ($174) or less. Instead the liability for payment of the import VAT will transfer to the overseas vendors of the goods. For parcels over GBP 135, import VAT would be paid at customs. Overseas vendors may discharge their liability by either registering with HMRC or accounting for any import VAT due on a periodic return; or paying the import VAT due to the postal operator who will make a payment to HMRC on their behalf.

Overseas vendors that register with HMRC will receive a unique registration identifier that will need to accompany the parcel as evidence that import VAT will be accounted for on a periodic return. Postal operators and UK consumers will be able to check the validity of an overseas vendor's registration using an online facility provided by HMRC. The Order provides for a penalty of GBP 1,000 ($1,290) for failure to register. It also allows HMRC to advise online marketplaces of non-compliance with the requirements of this instrument by overseas vendors and to make the marketplace jointly and severally liable for future import VAT if they continue to facilitate their sales. If an overseas vendor has not complied with the obligations of the Order and its deliveries are effected through the Universal Service Provider, the UK recipient will be jointly and severally liable for the import VAT on the goods received.

If an overseas vendor chooses to discharge its liability by paying the import VAT to a postal operator, the UK postal operator responsible for delivery in the UK is jointly and severally liable for the import VAT due on the parcel. If a UK recipient knows or should reasonably have known that the overseas vendor has made an incorrect declaration they are jointly and severally liable for the import VAT.

Asia Pacific (ASPAC)

India: Overview of Recently Published GST Guidance

On December 31, 2018, India's Central Board of Indirect Taxes and Customs (CBITC) published Notification No. 29/2018 Central tax (Rate) in which it clarifies that for the following services, the purchaser is liable to self-account for goods and services tax (GST) under the reverse charge mechanism: (1) services provided by a business facilitator provided to a banking company; (2) services provided by an agent of a business correspondent to a business correspondent; and (3) security services provided to a GST registered person.

On January 1, 2019, the CBITC issued Circular No. 86/05/2019-GST clarifying that in the business facilitator and correspondent model, banking companies are to be considered the service provider. Banking companies are thus liable to pay GST on the entire value of the service charged to the customer. Moreover, business facilitators and business correspondents are prohibited from directly charging any fee to the customers for services provided by them on behalf of banks. Finally, the CBITC states that agreements between banks and customers must clearly specify that banks are responsible to the customer for acts of omission and commission of business facilitators and business correspondents.

On January 1, 2019, the CBITC issued Circular No. 85/5/2019-GST in which it clarified that GST on the sale of foods and beverages by an educational institution is exempt if the food has been provided by the institution itself to its students, faculty, and staff. However, if a third party provides the food based on a contractual arrangement with the institution, GST at five percent is applicable.

On January 1, 2019, the CBITC issued Circular No. 84/05/2019-GST in which it clarified that photographic and videographic processing services fall under the service code 998386 and are thus subject to GST at 18 percent.

On January 1, 2019, the CBITC issued Circular No. 83/5/2019-GST in which it clarified that services provided by the Asian Development Bank and the International Finance Corporation are exempt from GST.

On March 31, 2018, the CBITC issued Circular No. 80/54/2018-GST in which it clarified the GST rates and classification applicable to various goods. According to the CBITC, animal feed supplement are classifiable under the HSN code 2906) if is an item of general use. If the animal feed supplement are prepared as food supplements in the form of tablets they should be classified under HSN code 2309. The CBITC further clarified that liquefied petroleum gas (LPG) used for domestic purpose is subject to GST at five percent. Moreover, the CBITC confirmed that inter-state movement of goods not involving the transfer of title or stock transfers does not constitute a sale and is not subject to GST.

On December 31, 2018, the CBITC issued Circular No. 76/50/2018-GST in which it clarified that sales of used vehicles, seized or confiscated goods, old and used goods, waste and scrap by government department to taxpayers registered for GST purposes are subject to GST and the purchaser is liable to self-assess GST under the reverse charge mechanism. However, if such sales are made to an unregistered person, the government department is required to register and collect GST.

On December 31, 2018, the CBITC issued Circular No. 78/52/2018-GST in which it clarified the GST treatment applicable to sales of services in which an exporter of services outsources a portion of the service to another person located outside of India. According to the CBITC there are two transactions. The first transaction is the sale by the exporter to the recipient of the services located outside of India for which the full contract value must be considered as exported services. In case full consideration is not received in convertible foreign currency in India due to the fact that the recipient of the service has directly paid the sub-contractor outside of India, that portion of the consideration should also be treated as receipt of consideration for exported services. The second transaction is an import of service for the outsourced portion for which the vendor in India is liable to self-assess GST under the reverse charge mechanism. To read a report prepared by the KPMG International member firm in India, please click here.

India: GST Council Recommends GST Amendments

On December 22, 2018, the GST Council made several policy recommendations regarding the country's GST system. The GST Council is a constitutional body for making recommendations to the Union and State governments on issues related to India's GST. The GST Council is chaired by the Union Finance Minister and other members are the Union State Ministry of Revenue or Finance and ministers in-charge of finance or taxation of all the Indian states. The GST Council first recommends that the due date for submitting the annual GST returns (forms GSTR-9 and GSTR-9A) and the related reconciliation statement (form GSTR 9C) should be extended to June 30, 2019. The GST Council further recommends that sales (also referred to as Outward Supplies) to be reported in the annual returns should include sales made during the year and not sales reported in the monthly or quarterly returns. Moreover, HSN codes should only be declared for purchases (also referred to as Inward Supplies) that have an individual value exceeding 10 percent or more of the total value of the purchases.

In addition, the GST Council recommends that any additional payment in the GST return GST DRC-03 (for making voluntary payments) be made only in cash and that no GST credit should be requested through GST returns GSTR-9 and GSTR-9C. Moreover, GST credits that were not used during the financial year 2017-2018 can now be used before the filing of the GST return GSTR-3B (the monthly summary return) for March 2019 subject to certain conditions. In addition, the following types of refunds can now be requested through form GST RFD-01 A: (1) on account of the assessment, provisional assessment, appeal, and any other order; (2) tax paid on an intra-state sale which subsequently takes place inter-state and vice-versa; (3) excess payment of tax; and (4) any other refunds.

The GST Council further approved GST rate reductions for certain goods and services, which are highlighted in the press release of the GST Council meeting. Moreover, the GST Council provided in-principle approval to amend the GST law to create a centralized Appellate Authority for Advance Ruling to deal with conflicting state Advance Authority Ruling decisions. Moreover, the Central GST Act would be amended to allow interest to be charged only on the net tax liability, after taking into account admissible GST credits.

On January 10, 2019, the GST Council adopted several measures to relieve mid- and small businesses from their GST burden effective April 1, 2019. Among other things, the GST Council decided that for vendors of goods, states can opt for two GST registration thresholds: INR 2 million ($28,000) or INR 4 million ($56,000). For service providers the threshold should remain at INR 2 million. The GST Council further agreed to increase the threshold for the composition scheme, which is a GST flat rate mechanism for small companies, from INR 10 million ($140,000) to INR 15 million ($210,000) and to simplify compliance obligations for composition scheme taxpayers by introducing an annual GST return rather than quarterly returns. Finally, the GST Council decided to expand the composition scheme to include service providers with annual gross receipts of up to INR 5 million ($70,000) and allow them to pay tax at six percent. To read a report prepared by the KPMG International member firm in India, please click here.

New Zealand: Legislation Applying GST on Low Value Imports Effective October 1, 2019 Introduced

On December 5, 2018, New Zealand's government introduced the Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill, which, among other things, would implement new GST rules on low-value imports effective October 1, 2019. Recall, the bill would introduce a framework to collect GST on imported goods valued at less than NZD 1,000 ($681), which are imported from overseas vendors by consumers in New Zealand. The offshore vendor would be required to register for and charge GST on these sales. An offshore vendor would have the option of also charging GST on sales over NZD 1,000, in which case the GST would not be collected by New Zealand Customs. Moreover, New Zealand Customs will cease to collect any form of duty on goods valued at less than NZD 1,000, except for the duty on tobacco products and alcoholic beverages.

Offshore vendors would be required to register for GST only if their taxable sales to New Zealand consumers exceed NZD 60,000 ($40,800) in a 12-month period. Offshore vendors would be required to determine whether the customer is in New Zealand on the basis of the address to which the goods are delivered. Offshore vendors would not be required to charge GST on sales to New Zealand GST-registered businesses, nor would they be required to issue tax invoices. Vendors may decide to zero-rate sales made to New Zealand businesses, in which case they may claim back the GST on any costs incurred in New Zealand. The vendors would be required to assume that a New Zealand resident is not GST-registered unless they have been provided with the business's GST number, New Zealand Business Number, or notification of the New Zealand resident's status as a business. If a business is incorrectly charged GST, it should obtain a refund from the offshore vendor.

In certain circumstances, an operator of an electronic marketplace or a re-deliverer may be the entity required to register for and charge GST on sales made through the marketplace, rather than the underlying vendor. A simplified "pay only" registration system will be available to offshore vendors that only charge GST and do not incur GST on purchases made in New Zealand. For the period October 1, 2019 to March 31, 2020, offshore vendors will have a taxable period of 6 months. Thereafter, the taxable periods will be quarterly. To read a report prepared by the KPMG International member firm in New Zealand, please click here.

New Zealand – Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill introduced into Parliament (Dec. 7, 2018), News IBFD.

Trade & Customs (T&C)

European Union: Trade Agreement with Japan

Effective February 1, 2019, the EU-Japan Economic Partnership Agreement entered into force, following the completion of the agreement's ratification by the EU Parliament and Japan's National Diet. The EU and Japan together represent approximately 30 percent of global GDP and 26 percent of global trade. The agreement will reduce or eliminate customs duties on most goods, and will allow for increased market access by reducing non-tariff measures (e.g., regulatory environment, technical regulations, conformity standards, etc.).

For Japanese exporters, opportunities will be presented through a gradual reduction or complete elimination of customs duties in the industrial goods sector (e.g., automobiles and parts, machinery, chemical products and electronics). For EU exporters, opportunities will be in the agriculture, beverage, textile, and apparel and leather product sectors. The EU-Japan Economic Partnership Agreement will also allow for self-certification by an exporter, an importer or a manufacturer, thus reducing time, cost, administrative burdens, and missed opportunities compared to other agreements that require government authority certification. To read a report prepared by the KPMG International member firm in Japan, please click here.

In Brief

— **Australia:**[vi] On December 19, 2018, the Australian Taxation Office published a consultation on a draft guidance for determining the creditable purpose of acquisitions in a credit card issuing business. The draft guidance explains the sales made in a credit card issuing business; how to determine the extent to which an acquisition relates to the making of exempt sales; how to determine the creditable purpose for credit card issuing acquisitions; and provides various examples.

- **Azerbaijan:**[vii] On December 20, 2018, Azerbaijan enacted Law No. 1356-VQD amending certain VAT provisions in the Azeri Tax Code effective January 1, 2019. According to the amendments, producers of products that must be labelled must register for VAT purposes regardless of their gross receipts. Persons providing passenger and cargo shipping services, which are not required to register for VAT under the general rule, are able to voluntarily register for VAT only if the following conditions are met: (1) payments for services rendered and purchased products and services are settled electronically; (2) e-invoices are issued when rendering services to and purchasing products and services from other taxpayers; and (3) accounting records are kept in a central system with remote access for the tax authority. Such persons must register for VAT purposes by submitting an application to the tax authority before January 31 of the calendar year. The VAT registration is applied retrospectively with effect from January 1 of that year. Such taxpayers may deregister for VAT after a three year period following the registration date. The amendments further exempt from VAT the transfer of assets by defaulted banks in the context of bankruptcy proceedings between January 1, 2017 and January 1, 2020. Finally taxpayers now have the right to fully deduct VAT incurred on purchased goods and services when a taxpayer sells both taxable and exempt goods or services rather than apportion their VAT deduction rights, provided certain conditions are met.
- **Bahrain:**[viii] The Bahrain National Bureau for Taxation (NBT) recently published a bilingual English-Arabic version of the Executive Regulations of the Value Added Tax Law. Recall, Bahrain implemented a VAT effective January 1, 2019. The NBT has also published an English-language summary that provides an introduction to VAT, including an overview of the VAT basics, different tax rates and policies for VAT, and non-compliance issues.
- **Bosnia and Herzegovina:**[ix] On November 8, 2018, the Director of the Indirect Taxation Authority of Bosnia and Herzegovina issued a guidance requiring contractors and subcontractors in the construction industry to submit e-VAT returns and e-reports effective January 1, 2019 if their sales related to the provision of construction work on new buildings, and renovation, adaptation and maintenance of existing buildings exceeds BAM 25,000 ($ 14,500), in which case the purchaser is liable to self-assess VAT under the reverse charge mechanism.
- **Bulgaria:**[x] On January 8, 2019, Bulgaria published in the official gazette amendments to the VAT regulations, which are effective January 1, 2019. The amendments introduce new notification requirements for taxpayers that sell digital services to final consumers in other EU Member States. If their sales are below the threshold of EUR 10,000 ($11,350), the vendors would not be required to charge the VAT of the Member State of consumption. Moreover, the amendments clarify the evidence required for applying the zero rate for sales meeting the immediate needs of vessels, aircraft used by airline performing chiefly international flights, or trains in relation to international shipments. The amendments further clarify the application of the postponed accounting of import VAT, which is effective

July 1, 2019. (For KPMG's previous discussion on the extension of the postponed accounting of import VAT, click here.) Finally, the amendments clarify the determination of the taxable base in special cases (e.g., free of charge sales and personal use of business assets).

— **Brazil:**[xi] On December 14, 2018, the federal tax authority of Brazil published Private Ruling No. 228/18 in which it clarifies that payments made to an individual or to a legal entity domiciled abroad for the provision of equipment assembly and installation services executed abroad are not subject to the federal social contributions (PIS-Import COFINS-Import) because the services are rendered abroad, but the results are not verified in Brazil.

— **Colombia:** Effective January 1, 2019, Colombia enacted a tax reform, which among other items, modifies the VAT rules that apply to non-residents by appointing financial institutions as VAT collecting agents for payments of electronic services and royalties. In addition, VAT paid on capital goods is now creditable for income tax purposes. To read a report prepared by the KPMG International member firm in Colombia, please click here.

— **Ecuador:**[xii] On November 28, 2018, the tax authority of Ecuador published in the official gazette Administrative Resolution NAC-DGERCGC18-00000427. The resolution increases the withholding rate for VAT levied on payments made by exporters of fees for hydrocarbons exploration and exploitation services, brokerage commission and consulting contracts for the purpose of manufacturing and marketing of goods to be exported from 50 percent to 100 percent, effective December 1, 2018.

— **European Union:**[xiii] On December 6, 2018, the ECJ published the Opinion of its Advocate General (AG) in *Związek Gmin Zagłębia Miedziowego*, Case C-566/17, in which it argued that the EU VAT Directive must be interpreted as requiring a national court to interpret its national law to the greatest extent possible in a way that ensures that deductions are made only in respect of the share of VAT that objectively reflects the extent to which the expenditure has been used for the purpose of a taxpayer's economic activity. In the absence of any rules for calculating the amount of tax due, the competent tax authorities should allow the taxpayer to rely on a method of its choice, provided that that method is apt to reflect objectively the extent to which the expenditure has been used for the purpose of economic activity, is based on objective criteria and credible data, and enables the competent authority to verify the accuracy of its application. A national court may be relieved from the obligation to interpret its national law in conformity with EU law only if that interpretation would entail a breach of the principle that tax should be defined in legally binding rules, accessible to taxpayers in advance, in a manner that is sufficiently clear, precise and exhaustive so as to allow the taxpayer to foresee and determine the amount of tax due at a given point in time on the basis of texts and data available or accessible to it. Such would be the case if those rules resulted in uncertainty as to the amount of the tax due or if they retroactively imposed or aggravated that amount.

- **European Union:**[xiv] On December 19, 2018, the ECJ published its judgment in *Arex CZ a.s.*, Case C-414/17, in which it held that the purchase of excise goods by a company, whose intra-EU acquisitions are generally subject to VAT, participating in a chain of successive transactions of the same goods is only classified as an intra-EU acquisition when all the conditions for such acquisition are met. Specifically, this includes the condition related to the ascription of the intra-EU shipment to that acquisition, regardless of the fact that the goods are shipped under excise duty suspension arrangements or of the fact that the payment of the excise duties is done by other parties.
- **European Union:**[xv] On December 19, 2018, the ECJ published its judgment in *European Commission v. Republic of Austria*, Case C-51/18, in which it held that the Austrian practice of making royalty payments to authors of an original work of art on the basis of the resale right subject to VAT was incompatible with the EU VAT system.
- **France:**[xvi] On December 17, 2018, the French finance minister announced that France would introduce a digital services tax in 2019. In addition, he said that France would continue to push for an EU solution early in 2019, but would seek to legislate for a national digital tax if no agreement could be reached by March 2019.
- **Germany:**[xvii] On December 7, 2018, the German Ministry of Finance published a guidance explaining amendments to the VAT invoice procedure, including that invoices can include any address at which a vendor can be reached for deduction claim purposes. The invoices aren't required to include the address where at which services are rendered.
- **Germany:**[xviii] On December 14, 2018, the German Ministry of Finance published a guidance updating the new form and procedures for VAT registration in 2019. Topics covered include: (1) re-notification of the VAT pre-registration form; (2) updating the form and procedures to include the implementation of the new EU VAT directives on digital services; and (3) an updated model form.
- **Germany:**[xix] On December 17, 2018, the German Ministry of Finance published a guidance explaining VAT registration rules for entrepreneurs on online marketplaces. The letter explains that operators of online marketplaces can require participants to demonstrate proof of VAT registration and that entrepreneurs can use the attached provided form to register and obtain a certificate of registration. The certificates are valid until December 31, 2021.
- **Hungary:**[xx] Effective January 1, 2019, Hungary increased its VAT registration threshold to HUF12 million ($42,500).
- **Iceland:**[xxi] On December 13, 2018, the Icelandic Parliament passed a bill to amend the VAT law effective January 1, 2019. The bill clarifies the tax liability and exemptions for international airline operators in Iceland and prevents foreign companies from claiming VAT refunds on the purchase of goods or services for resale and final use in Iceland. The bill further amends procedures and dates for VAT correction reports and establishes

a six-year statute of limitations for taxpayers to request a change in a VAT assessment. Finally, the bill amends provisions on delisting entities in the VAT register.

— **Ireland:**[xxii] On December 21, 2018, Irish Ministry for Finance and Public Expenditure and Reform of announced the commencement of a VAT compensation mechanism for charities. Under the mechanism, a capped fund of EUR 5 million ($5.7 million) will be available in 2019 to finance payments in respect of claims of VAT paid in 2018. To benefit from the mechanism, charities must be registered with the Charities Regulator, have tax clearance, and be in possession of up to date audited accounts. Moreover, a claim must be based on the level of privately-sourced income raised by a charity, so that if a charity's gross income for 2018 involves 30 percent funding from State/EU/international organizations and 70 percent from privately sourced income, it can claim 70 percent of the VAT paid during the year. If the total amount of claims in a year exceeds the capped amount, charities will be paid on a pro rata basis.

— **Italy:**[xxiii] On December 18, 2018, the Italian Revenue Agency clarified that construction management services for exhibitions are outside the scope of VAT under the Bureau of International Exhibitions agreement. Companies that are charged VAT for exhibition construction services can request a note of credit from vendors within one year; act against vendors to recover undue VAT payments charged; or request a refund from the tax authority.

— **Korea:**[xxiv] In December 8, 2018, South Korea's National Assembly passed a bill, which expands the application of VAT to online ads, cloud computing, and online-to offline services provided by nonresident vendors to consumers in Korea effective July 1, 2019. Under current rules, only a limited range of digital services provided by nonresident vendors are subject to VAT.

— **Kyrgyzstan:**[xxv] On November 23, 2018, the Ministry of Economic Development of Kyrgyzstan launched a consultation on a draft decree that proposes to introduce electronic VAT invoices on a voluntary basis as a pilot project between April 1, 2019 and November 1, 2019.

— **Malta:**[xxvi] The Maltese tax authorities recently released Legal Notice 162, "Value Added Tax (Registration as a Single Taxable Person) Regulations, 2018" clarifying the VAT grouping regime introduced effective June 1, 2018. According to the Notice, two or more legal entities established in Malta that are closely related through financial, economic, and organizational affiliations can register for single taxation as a VAT group. At least one of the applicants must be a taxpayer who is licensed or recognized under one of the following acts: the Banking Act; the Financial Institutions Act; the Gaming Act; the Insurance Business Act; the Insurance Distribution Act; the Investment Services Act; the Lotteries and Other Games Act; the Retirement Pensions Act; or the Securitization Act. The notice provides links to the electronic application for VAT grouping and the application for a VAT identification number, which legal entities must have to apply for VAT grouping. At the time of application, applicants must have submitted all their VAT and income tax returns and settled any tax, interest, and administrative penalties due. Once a VAT group is formed, all members' individual VAT numbers will be deactivated and a group VAT number will be issued. No person may be a member of more than one VAT group at the same time. Members of the VAT group must appoint a group reporting entity to exercise the group's rights and to discharge all obligations imposed on the group under the VAT Act. Intragroup transactions will be disregarded for VAT purposes. Each member will be jointly responsible for the payment of any tax, administrative penalties, and interest arising under the VAT Act that have become due and payable by the group reporting entity.

— **Mexico:**[xxvii] On November 6, 2018, the Mexican Tax Administration Services announced the creation of an electronic tax compliance platform for taxpayers providing ride sharing and food delivery services through technological platforms. The platform will be available effective April 1, 2019. The platform simplifies and facilitates compliance by calculating and retaining income tax and VAT on monthly basis reducing statement filing requirements throughout the year.

— **Moldova:**[xxviii] On December 4, 2018, the Moldavian State Tax Service (STS) clarified that the acquisition from abroad of an activation code for software is considered to be an import of services, for which the importer (i.e., resident of Moldova) has the obligation to pay VAT at the standard rate of 20 percent, at the moment of making payment for imported services.

— **Netherlands:**[xxix] On December 7, 2018, the Ministry of Finance of the Netherlands proposed the introduction of an airline tax effective January 1, 2021.The airline tax would be levied on passengers and cargo planes. Passengers in transit would be exempt from the tax, and cargo planes that produce less noise would be taxed at a lower rate. The amount of tax to be levied is not yet known.

— **New Zealand:**[xxx] New Zealand's Inland Revenue Department recently published a draft guidance on the GST registration obligation for collective bodies that provide administration or management services to their members. The guidance notes that a group of property owners, tenants, or professionals can opt to form a collective body like a committee, an association, or a society to manage common property areas or to share in administration costs. The guidance further clarifies that the sale of administrative or management services by a collective body to its members is made in the course or furtherance of a taxable activity. As such, the body must register when their sales exceed the GST registration threshold.

— **Nicaragua:**[xxxi] On November 27, 2018, the tax authority of Nicaragua (DGI) issued a notice stating that sales exempt from VAT and excise duty must be supported by the following documentation: the Electronic Tax Credit Certificate (*Certificado de Crédito Tributario Electrónico*, CCTE) issued by the taxpayer via the DGI's website or the tax IDs (*Cédula RUC*) of ambassadors, diplomatic establishments and/or international organizations. In addition, the notice states that, prior to the sale being exempt, the seller must verify documentary support on the DGI's website using the online document consultation option.

- **OECD:**[xxxii] On December 5, 2018, the Organization for Economic Cooperation and Development (OECD) published its study on Consumption Tax Trends in 2018. The study shows that consumption taxes have remained at a stable 30.6 percent of total tax revenues in OECD countries since 1975; however, the composition of consumption taxes has changed significantly. VAT has become the largest form of consumption tax, accounting on average for 6.8 percent of GDP and 20.2 percent of total tax revenue in OECD countries in 2016. The average standard VAT rate in OECD countries is 19.2 percent, with that of the EU Member States being above this percentage (21.8 percent). Uncollected VAT is still an issue, with an estimated 44 percent of the potential VAT revenue not being collected (i.e., if VAT would be applied at the standard rate to the entire potential tax base and all revenue was collected). At the same time, countries are taking steps to collect more VAT revenues, either by broadening the base (narrowing the scope of reduced VAT rates, increasing the reduced VAT rates), introducing more effective collection methods (e.g., for low-value imported goods, online marketplaces) or measures aimed at increasing compliance (e.g., domestic reverse-charge, split payment, real-time data reporting).
- **Portugal:** The Portuguese Tax Authority recently announced that it will implement an automation of VAT reporting in Portugal in three phases. The implementation of the planned actions will lead to the auto-population of some fields in the VAT returns, starting with the amounts related to the sale of goods and services, the taxable amount, and respective VAT. Nevertheless, the auto-populated fields may still be amended by the taxpayer. In the first phase, already underway, only a limited number of taxpayers, those with less complex VAT compliance processes, are in scope. Until now, this automatic mechanism has only been applicable to taxpayers under the normal VAT regime, with quarterly periodicity, and to those who issue their invoices directly to the Portuguese tax authority's electronic portal. The next phase is expected to come into force in the first half of 2019. In this second phase, the automation will be extended to taxpayers that are required to communicate invoices to the tax authority via the e-Invoice platform (e-Fatura). The automation would further be extended to other fields of the VAT return, including the deductible VAT. In the third phase, a further automation of VAT compliance procedures will be carried out to ease the compliance burden of the taxpayers. However, this third phase is still under evaluation.
- **Puerto Rico:**[xxxiii] On December 10, 2018, the governor of Puerto Rico signed into law Bill No. 1544, which introduces a special seven percent sales and use tax (SUT) rate for prepared foods, effective January 1, 2019The law also increases the exemption threshold for the four percent SUT on business and professional services to annual sales of $200,000.
- **Qatar:**[xxxiv] On December 13, 2018, Qatar issued Law No. 25 of 2018, which introduces excise taxes on certain harmful goods, including tobacco and energy drinks at the rate of 100 percent and sweetened soft drinks at the rate of 50 percent effective January 1, 2019.

- **Russia:**[xxxv] On November 19, 2018, the Russian Ministry of Finance published Letter No. 03-07-08/83198 in which it clarifies that, in general, VAT paid on imported assets, including fixed assets and intangible assets and property rights, may be claimed as a VAT deduction if the assets are intended for use in domestic sales subject to VAT. If a VAT deduction is claimed and the assets are subsequently transferred as a contribution to the capital of a legal entity, the assets are no longer eligible for the VAT deduction, and any deduction claimed must be repaid to the tax authority. The repayment is in proportion to the net book value of the assets, without taking into account any revaluation.
- **Russia:**[xxxvi] On November 6, 2018, the Russian Ministry of Finance published Letter No. 03-07-08/79626 which confirms that effective January 1, 2019, when a foreign organization provides services in electronic form and the place of sale is recognized as in the territory Russia, the obligation to calculate and pay VAT rests with the foreign organization, regardless of whether the buyer of the services is a Russian individual or a Russian business. If the foreign organization does not register or fulfill its VAT obligations, it is responsible for non-payment and the Russian business buying the services has no liability. The letter further notes that where e-services are provided by a foreign organization through a Russian organization acting as an intermediary on the basis of a commission, agency, or other similar agreement, such intermediaries are liable for VAT.
- **Russia:**[xxxvii] On December 14, 2018, the Russian Ministry of Finance opened a consultation on a proposal to amend the application of VAT for the development of the digital economy. The draft bill includes measures that would expand the list of VAT exempt transactions related to digital services; allow sellers to deduct VAT incurred on the acquisition of electronic services used to provide digital services; and impose documentation requirements for claiming the VAT deduction.
- **Singapore:**[xxxviii] The government of Singapore recently launched a consultation on the design of a tax on drinks with a high sugar content. The government is seeking feedback from taxpayers and industry on whether to introduce a nationwide ban on high-sugar, pre-packaged drinks containing an average of 5.5 teaspoons of sugar per 250 ml. The ban would apply to sales through supermarkets, vending machines, and food outlets. The government is also considering a tax on beverages with the highest sugar content and is seeking feedback on whether the tax should be introduced at a flat rate or whether there should be a progressive rate depending on sugar content.
- **Slovakia:**[xxxix] On December 20, 2018, Slovakia published a law in the official gazette which aligns Slovakian VAT rules with the EU Directive on the VAT treatment of vouchers as well as EU rules intended to simplify VAT matters for small vendors of electronic services, effective January 1, 2019.
- **Slovenia:**[xl] Effective January 1, 2019, Slovenia aligned its VAT law with the EU Directive on the VAT treatment of vouchers as well as EU rules intended to simplify VAT matters for small vendors of electronic services.

In addition, Slovenia introduced amendments regarding exempt sales of goods in customs procedures and rules on filing VAT returns under a voluntary disclosure.

- **Sweden:**[xli] On November 29, 2018, the Swedish Tax Agency updated its guidance on VAT for digital currency in which it explains that the conversion of conventional currency into a digital currency is VAT exempt if the digital currency is equivalent to legal tender. However, the conversion of conventional currency or digital currency equivalent to a legal tender into digital currency that's not equivalent to legal tender is subject to VAT.
- **Sweden:**[xlii] On December 17, 2018, the Swedish Ministry of Finance opened a consultation on a proposal to reduce the VAT rate applicable to electronic books, newspapers, and magazines from 25 percent to 6 percent effective July 1, 2019. The reduced rate would not apply to publications that primarily advertise or contain music or video content.
- **Thailand:**[xliii] According to news reports, Thailand's tax agency is actively developing a blockchain technology-enabled framework for the administration of VAT. A blockchain is a decentralized digital ledger comprised of a continuously growing list of records, or "blocks," which are linked and secured using encryption. These blocks include the complete history of all the transactions that have occurred along the chain. It is widely used to track virtual currency transactions, but it is expected to soon play a major role in tax administration and enforcement. The nature of blockchain is such that it is highly secure, and its decentralized nature is key to this. There is no central database within which records of transactions are held. Each "node," or computer on the network, receives a copy of the blockchain. Therefore, tampering with the information held on the blockchain is difficult, if not impossible.
- **Ukraine:**[xliv] On November 12, 2018, Ukraine's State Fiscal Service published Letter No. 4786/6/99-99-15-03-02-15/ІПК in which it clarified that the taxable amount for services provided must include any expenses reimbursed by the customer or by any third party (including reimbursements of any obligatory charges). Therefore, the reimbursed obligatory charges received by the service provider must be included in the value of the services and are subject to VAT at the standard rate of 20 percent.
- **United Kingdom:**[xlv] On December 10, 2018, the UK published the Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2018 (S.I.2018/1328), which restricts effective March 1, 2019, the application of the Value Added Tax (Input Tax) (Specified Supplies) Order 1999 (S.I.1999/3121) to ensure that input tax recovery is limited in the case of sales of insurance intermediary services to instances in which the final consumers of those services belong outside the United Kingdom.
- **United Kingdom:**[xlvi] On December 19, 2018, the UK tax authority (HMRC) launched a consultation on electronic sales suppression technology that is used to artificially reduce reported sales and corresponding tax liabilities.

— **United Kingdom:**[xlvii] On December 5, 2018, HMRC published an update to its guidance in VAT Notice 700/9 on the transfer of a business as a going concern (TOGC). The guidance includes new information for purchasers not established in the UK, rules on transfers into a VAT group, and new information for when property is transferred but the seller retains an interest in it.

About Inside Indirect Tax

Inside Indirect Tax is a monthly publication from KPMG's U.S. Indirect Tax practice. Geared toward tax professionals at U.S. companies with global locations, each issue will contain updates on indirect tax changes and trends that are relevant to your business.

i. Lithuania – Amendments to Law on VAT adopted (Dec. 13, 2018), News IBFD; Lithuania – Amendments to Law on VAT adopted (Dec. 17, 2018), News IBFD.

ii. Malta – VAT Act Regulations amended (Dec. 18, 2018), News IBFD.

iii. Orbitax, Moldova Reduces VAT Rate on Accommodation and Restaurant Services to 10% (Dec. 18, 2018).

iv. Bloomberg Law News, Poland Gazettes Decree Implementing Reduced VAT Rates (Dec 21, 2018).

v. Turkey – VAT rate for e-books and e-magazines increased (Dec. 19, 2018), News IBFD.

vi. Bloomberg Law News Dec 20, 2018, Australia Taxation Office Seeks Comments on GST on Acquisitions in Credit Card Issuing Business.

vii. Azerbaijan – Amendments to Tax Code enacted – VAT (Dec. 21, 2018), News IBFD.

viii. Orbitax, Bahrain Publishes Bilingual Version of VAT Regulations (Dec. 21, 2018).

ix. Bosnia and Herzegovina – VAT: Tax authorities issue guidance for construction industry (Dec. 14, 2018), News IBFD.

x. Bulgaria – Amendments to Regulations for application of Value Added Tax Act gazetted (Jan. 8, 2019), News IBFD; Bulgaria – Proposed amendments to Regulations for application of Value Added Tax Act (Dec. 14, 2018), News IBFD.

xi. Brazil – Amounts paid for equipment assembly and installation services provided abroad are not subject to PIS-Import and COFINS-Import (Dec. 31, 2018), News IBFD.

xii. Ecuador – VAT withholding rate on payment of certain service fees increased (Dec. 4, 2018), News IBFD.

xiii. European Union; Poland – ECJ Advocate General's opinion (VAT): Związek Gmin Zagłębia Miedziowego (Case C-566/17) – right to deduct; no national rules on apportioning input VAT(Dec. 6, 2018), News IBFD.

xiv. CZ: ECJ, Dec. 19, 2018, Case C-414/17, Arex CZ a.s. v. Odvolací finanční ředitelství, ECJ Case Law IBFD.

xv. AT: ECJ, Dec. 19, 2018, Case C-51/18, European Commission v. Republic of Austria, ECJ Case Law IBFD.

xvi. Global Daily Tax News, France To Levy Digital Tax Starting Jan 2019 (Dec. 19, 2018).

xvii. Bloomberg Law News Dec 14, 2018, Germany MOF Explains Mandatory Requirements to Claim VAT Deductions.

xviii. Bloomberg Law News Dec 20, 2018, Germany MOF Updates 2019 VAT Registration Form, Procedures.

xix. Bloomberg Law News Dec 28, 2018, Germany MOF Explains VAT Registration Rules for Entrepreneurs on Online Marketplaces.

xx. Global VAT News & Features, Hungary To Raise VAT Registration Threshold (Dec. 20, 2018).

xxi. Bloomberg Law News Dec 28, 2018, Iceland Parliament Passes Bill to Amend VAT Law.

xxii. Orbitax, Ireland Introduces VAT Compensation Scheme for Charities (Dec. 26, 2018).

xxiii. Bloomberg Law News Dec 21, 2018, Italy Tax Agency Clarifies Recovery for VAT on Exhibition Construction Services.

xxiv. Tax Analysts, Korea Expands VAT to Business-to-Consumer Digital Sales (Dec. 13, 2018).

xxv. Kyrgyzstan – Voluntary electronic VAT invoices proposed – consultation launched (Dec. 10, 2018), News IBFD.

xxvi. Tax Analysts, Malta Clarifies VAT Group Tax Rules (Dec. 7, 2018).

xxvii. Bloomberg Law News Dec 6, 2018, Mexico Tax Agency Announces Electronic Tax Compliance Platform for Ride Sharing, Food Delivery Services Providers.

xxviii. Moldova – VAT on import of software – STS clarifications (Dec. 21, 2018), News IBFD.

xxix. Netherlands – Legislation introducing airline tax sent to Council of State (Dec. 10, 2018), News IBFD.

xxx. CCH, Global VAT News & Features, NZ Issues GST Guidance For Collective Bodies (Dec. 21, 2018).

xxxi. Nicaragua – VAT-exempt sales – valid documentary support (Dec. 11, 2018), News IBFD.

xxxii. OECD – OECD study on Consumption Tax Trends 2018 published (Dec. 10, 2018), News IBFD.

xxxiii. Otbitax, Puerto Rico Tax Reform Bill Signed into Law (Dec. 14, 2018).

xxxiv. Qatar – Excise Tax Law issued (Dec. 14, 2018), News IBFD.

xxxv. Orbitax, Russia Clarifies Input VAT Claimed on Imported Assets Must be Repaid if Assets Contributed to Capital (Dec. 11, 2018).

xxxvi. Orbitax, Russia Clarifies VAT on Cross-Border B2B E-Services from 2019 (Dec. 21, 2018).

xxxvii. Bloomberg Law News Dec 20, 2018, Russia MOF Seeks Comments on Draft Bill to Amend VAT Rules for Digital Economy.

xxxviii. CCH, Global Daily Tax News, Singaporean Consults On New Sugar Tax (Dec. 17, 2018).

xxxix. Bloomberg Law News Dec 27, 2018, Slovakia Gazettes Law Implementing EU VAT Directives on Vouchers, Supplies of Services.

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xli. Bloomberg Law News Dec 7, 2018, Sweden Tax Agency Updates Guidance on VAT for Digital Currency.

xlii. Bloomberg Law News Dec 20, 2018, Sweden MOF Seeks Comments on Draft Bill to Reduce VAT for Electronic Publications.

xliii. Global VAT News & Features, Thailand Advancing Blockchain VAT Project: Report (Dec. 11, 2018).

xliv. Ukraine – VAT treatment of reimbursed obligatory charges – SFS clarifications (Dec. 10, 2018), News IBFD.

xlv. United Kingdom – The Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2018 (S.I.2018/1328) made (Dec. 12, 2018), News IBFD.

xlvi. United Kingdom – Electronic sales suppression: consultation (Dec. 19, 2018), News IBFD.

xlvii. Global VAT News & Features, UK Updates VAT Guidance On Business Transfers (Dec. 18, 2018).

About Inside Indirect Tax

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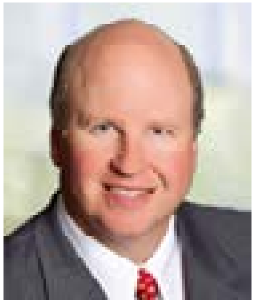

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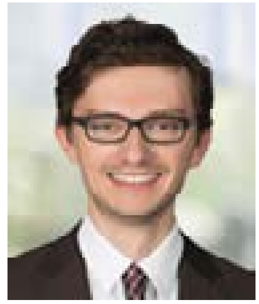

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