Taxation of the digitalized economy

Developments summary

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Direct taxes

Direct taxes

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

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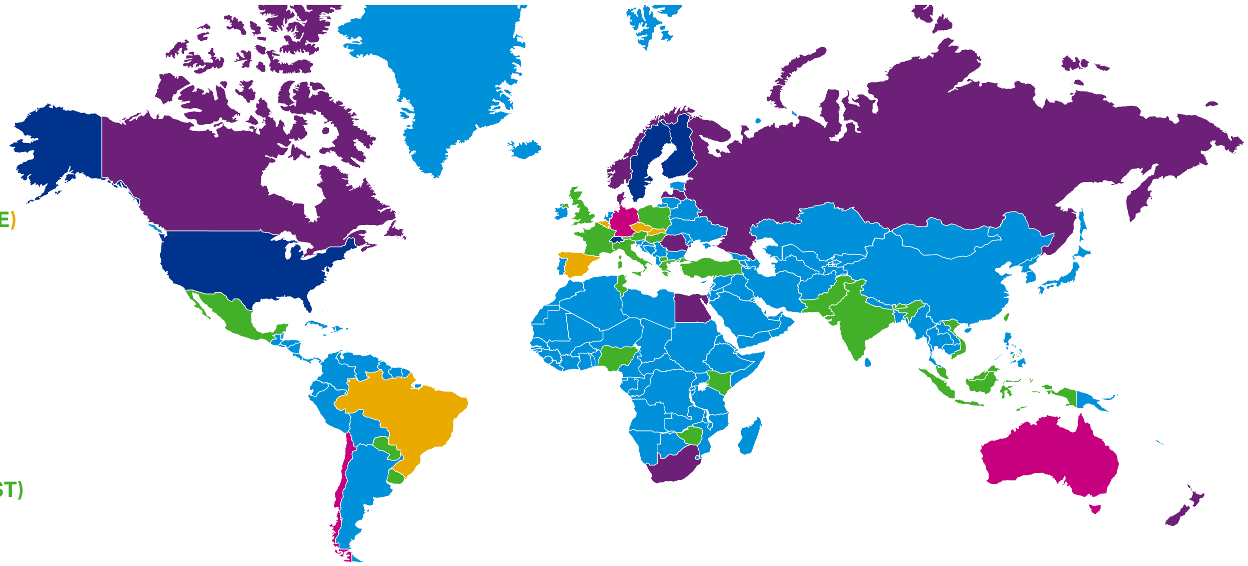

22 Legislation Implemented

6 Draft Legislation/Public Consultation

10 Public Announcement/Intention to Implement

3 Rejection of a Public Announcement/Proposal

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No Development

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

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Summary chart of certain implemented or proposed direct taxes

✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Austria	✓	Implemented	January 1, 2020	DST	5%	Revenues from advertising services on digital interfaces or any type of software or websites rendered in Austria
Belgium	●	Proposed	TBD	DST/Digital PE	3%	Revenues from activities such as selling of user data
Brazil	●	Proposed	TBD	DST	1% - 3% - 5%	Gross revenue from: 1. Advertising to Brazilian users 2. Making available a digital platform that permits users to interact with the objective of the sale of goods or services directly between such users if one user is located in Brazil 3. Transfer of data from users located in Brazil collected during the use of digital platform or generated by these users
Canada	●	Intention	TBD	DST	3%	Revenues from targeted advertising services and digital intermediation services. Similar to the French DST, so revenues from: 1. Provision of a digital interface enabling users to enter into contacts and to interact with others ("intermediary services"); and 2. Provision of services to advertisers that aim at placing targeted advertising messages on a digital interface based on data collected about users and generated upon the consultation of such interface ("advertising services based on users data")

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✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Costa Rica	✓	Implemented	November 19, 2019	General income tax on digital tourist rental services income	NA	Income from provision of tourist rental services via digital platforms
Czech Republic	●	Proposed	TBD Expected to be 2021	DST	Originally 7% but now reduced to 5%	Receipts from the following sources: 1. targeted advertising on a digital interface; 2. the transmission of data about users and generated from users' activities on digital interfaces; and 3. the making available to users a multi-sided digital interface which may facilitate the provision of supplies of goods and services among users
France	✓	Implemented	1/1/2019 but 2020 DST collection has been delayed to the end of 2020	DST	3%	Portion of taxable services income related to France after application of the "French digital presence" ratios to the corresponding worldwide digital services receipts: 1. Provision of a digital interface enabling users to enter into contacts and to interact with others ("intermediary services"). 2. Provision of services to advertisers that aim at placing targeted advertising messages on a digital interface based on data collected about users and generated upon the consultation of such interface ("advertising services based on users' data")

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✓ *Implemented* ● *Proposed/Intention*

Country	Status	Effective date	Type	Rate	Applicable tax base
Greece	✓ Implemented	July 16, 2019	General income tax on digital short-term rental services income s	NA	Income from short-term rentals in the sharing economy through digital platforms
Hungary	✓ Implemented	July 1, 2017	DAT	7.5%, although the tax rate reduced to 0%, effective from July 1, 2019 through December 31, 2022	Net turnover for the financial year generated by the broadcasting or publication of advertisements in Hungary
India	✓ Implemented	April 1, 2022	Digital PE		Revenue related to the digital PE
	✓ Implemented	October 1, 2020	WHT		Gross amount of sale of goods / provision of service facilitated through digital or electronic facility or platform
	✓ Implemented	June 1, 2016	Equalisation Levy		Gross amount of online advertising payments
	✓ Implemented	April 1, 2020	Equalisation Levy		1. Online sale of goods owned by the e-commerce operator 2. Online provision of services provided by the e-commerce operator 3. Online sale of goods or provision of goods facilitated by the e-commerce operator (i.e., when the operator provides a platform for others to supply goods or provide services) 4. Any combination of the above

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✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Indonesia	✓	Implemented	March 31, 2020	Digital PE	NA	Revenue related to the digital PE
	✓	Implemented	March 31, 2020	Electronic Transaction Tax	TBD	Imposed on e-commerce sales, when the digital PE cannot be applied due to the provision of a Tax Treaty
Israel	●	Intention	TBD	DST	3% or 5%	TBD - it should be modelled on the French DST
	✓	Implemented	April 12, 2016	Digital PE	NA	Revenue related to the digital PE
Italy	✓	Implemented	January 1, 2020	DST	3%	Gross revenue derived from: 1. Advertising on a digital interface; 2. A multilateral digital interface that allows users to buy/sell goods and services; and 3. The transmission of user data generated from using a digital interface. When a taxable service is supplied in Italy in a calendar year, the taxable revenue is the percentage of worldwide revenue from digital services that is represented by the services linked to Italy. The determination of the percentage varies based on the category of digital service
Kenya	✓	Implemented	November 7, 2019	General income tax on digital income	NA	Income accruing through a digital market place (i.e., a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means) is chargeable to tax
	●	Proposed	TBD expected 2021	DST	1.5%	Gross revenue from digital marketplace
Latvia	●	Intention	TBD	DST	3%	TBD - DST revenue - (specifics yet to be determined)

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✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Malaysia	✓	Implemented	May 13, 2019	WHT	Variable	Generally, income tax is imposed on the income of any person accruing in or derived from Malaysia. Any income in relation to e-Commerce transactions is deemed to be derived from Malaysia if it is associated with any activities in Malaysia regardless of whether that income is received in Malaysia or otherwise.
Mexico	✓	Implemented	June 1, 2020	WHT	Variable	Payments for non-residents for certain digital services such as downloads or access to images, movies, text, information, video, audio, music, games (including gambling), other multimedia content, multiplayer environments, mobile tones, online news, traffic information, weather forecasts and statistics, online clubs, dating websites, long-distance teaching or testing
Nigeria	✓	Implemented	February 3, 2020	Digital PE	NA	Revenue related to the digital PE
Pakistan	✓	Implemented	July 1, 2018	WHT	5%	Payments for offshore digital services (such as online advertising, designing, creating, hosting or maintenance of websites, providing any facility or service for uploading, storing or distribution of digital content, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services, or any other online facility) performed by non-resident persons
Paraguay	✓	Implemented	January 1, 2021	Non-resident Tax (INR)	15%	Income net of VAT from the provision of digital services by foreign suppliers
Poland	✓	Implemented	July 1, 2020	DST	1.5%	Gross revenue of on demand provider resulting from: 1. access to audio-visual media service and 2. audio-visual commercial communication

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✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Slovakia	✓	Implemented	January 1, 2018	WHT	5%	Payments to foreign digital platforms facilitating transport and lodging services in Slovakia, acting as a marketplace for such services in Slovakia, not registered as a PE in Slovakia
Spain	●	Proposed	TBD likely end 2020	DST	3%	Gross revenue from online advertising services, the sale of online advertising and the sale of user-data
Taiwan	✓	Implemented	January 1, 2017	WHT	To be agreed with the tax authority	Payments to foreign providers for online advertisement and remunerations for e-services, such as online games, videos, audio broadcast, movie, TV serious, music and online platform services
Thailand	●	Proposed	TBD	WHT	5%	Income from e-commerce supplies of goods and services in the country, including online advertising, gaming, shopping, and others
Tunisia	✓	Implemented	January 1, 2020	DST	3%	Detailed requirement to be determined by decree.
Turkey	✓	Implemented	January 1, 2019	WHT	15%	Payments made to providers of advertising services or intermediaries in return for the provision of such services via the Internet
	✓	Implemented	March 1, 2020	DST	7.5% but the President can reduce to 1% or increase to 15%	Gross revenue derived from in scope services (i.e., digital advertising services, sales of any audible, visual or digital content, services for the provision and operation of a digital platform by which users may interact with each other). No deductions would be available for expenses, costs or tax
United Kingdom	✓	Implemented	April 1, 2020	DST	2%	Revenue in excess of 25 million pounds derived from UK users from three types of digital activities: 1. Social media platforms 2. Internet search engine 3. Online market place

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✓ *Implemented* ● *Proposed/Intention*

Country	Status		Effective date	Type	Rate	Applicable tax base
Uruguay	✓	Implemented	January 1, 2018	General income tax on digital services income	NA	Income of non-residents from services related to businesses involved in the digital economy in Uruguay.
Vietnam	✓	Implemented	January 1, 2021	WHT	Variable	Income derived by non-residents from digital and e-commerce operations in Vietnam
Zimbabwe	✓	Implemented	January 1, 2019	General income tax on certain digital services income	5%	Any amount receivable by or on behalf of an e-commerce platform/satellite broadcasting service provider domiciled outside Zimbabwe from persons resident in Zimbabwe

Country specific detail – Direct taxes

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Argentina	✓	Implemented	December 23, 2019	On December 23, 2019, the Argentinian Congress passed Law 27,541, which among other things imposes on resident individuals and legal entities a temporary tax (PAIS) on the acquisition of goods and services from nonresident persons. The tax generally applies at a rate of 30%, but digital services are taxed at the lower rate of 8%. While similar to a DST in that it applies to the acquisition of goods and services from nonresident persons, Argentina's PAIS is not restricted to persons or companies engaged in the digital economy, and in fact applies a lower rate of tax to those companies. Argentina's PAIS also does not appear to be primarily related to BEPS concerns.	1
Australia	x	Announced	March 20, 2019	The Australian Treasurer Josh Frydenberg has issued a press release announcing that Australia will not proceed with an interim measure for the taxation of the digital economy.	2
Austria	✓	Implemented	February 24, 2020	The Austrian DST is imposed effective from January 2020 at a rate of 5% on the turnover from advertising services rendered by service providers in Austria with i) global turnover of Euro 750M or more, and ii) turnover in Austria from online advertising services of at least Euro 25M. A digital advertising service will be deemed to be rendered in Austria if: i) it is received on a device with an Austrian IP address, and ii) if the advertisement addresses Austrian users. The Government also gazetted the implementing regulation, which applies from January 2020, and published guidance for taxpayers. The Ministry of Finance released guidance concerning the rules for registration for and payment of the DST: monthly DST payments are to be remitted by the 15th day of the second month following the subject month, with the initial DST payment for January 2020 due by mid-March 2020.	3

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Belgium	●	Proposed	June 2, 2020	The Belgian Parliament is considering a modified draft digital services tax proposal. The text is based on the proposal put forward by the EU Commission in 2018 and is generally consistent with the draft legislation originally introduced in Parliament in January 2019, but with modified thresholds: – Proposal 1: 3% tax on revenue from activities such as the selling of user data by companies with annual worldwide revenues of Euro 750M from digital services activities (as opposed to both digital and non-digital activities as under the EU Commission's proposal and the prior draft legislation) and national taxable revenues from digital activities of Euro 5M (versus Euro 25M under the EU Commission's proposal and the prior draft legislation); – Proposal 2: making digital companies subject to corporate income tax in Belgium when they provide digital services in the country regardless of no physical presence.	4

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Brazil	●	Proposed	May 4, 2020	A draft law submitted to the House of Representatives would introduce a DST on digital revenue from: i) advertising to Brazilian users; ii) making available a digital platform that permits users to interact with the objective of the sale of goods or services directly between such users if one user is located in Brazil; and iii) transfer of data from users located in Brazil collected during the use of a digital platform or generated by these users. The tax would apply to legal entities domiciled in Brazil or abroad with previous-year global revenues exceeding R$ 3 billion and with gross revenue in Brazil that exceeds R$ 100 million. Brazil's DST will be levied progressively, with 1% levied on amounts up to R$ 150 million; 3% on amounts exceeding R$ 150 million and under R$ 300 million; and 5% on the amount exceeding R$ 300 million. Under the proposed law, digital content is defined as any data provided digitally, such as software, applications, music, video, texts, games, electronic files, and similar types of files. A digital platform is an internet or electronic application that enables the electronic transmission of digital data, or that lets users interact with each other. A digital user located in Brazil is defined as any user that accesses the digital platform within a physical device located in Brazil. IP will be used to determine location. The preamble to the Brazilian legislation acknowledges that the best solution will undoubtedly be an international solution, and that the DST will be abolished when an international solution is reached. It is unclear at this point whether or not the DST proposal will pass as it is part of a broader collection of BEPS-related reforms and Brazil, which is hoping to soon join the OECD, will probably follow the OECD approach instead of moving forward with unilateral measures.	5

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Canada	●	Announced	October 22, 2019	Subsequent to the election, the government has indicated an intent to introduce a federal 3% DST on the income of certain sectors of the digital economy, which would replicate the French DST. Although the policy is described as a tax on income, it is our understanding that the tax is actually a tax on revenues. The tax would only apply to targeted advertising services and digital intermediation services where the worldwide revenues of the business are at least $1 billion and Canadian revenues are more than $40 million.	6
Chile	x	Proposal rejected	January 14, 2020	The August 2018 proposal to introduce a 10% digital tax on digital services provided by foreign platforms was abandoned.	7
Costa Rica	✓	Implemented	November 19, 2019	A law regulates the provision of tourist rental services of non-traditional hosting via digital platforms and provides that taxes are to be paid by the trading companies. Among other obligations: a) intermediaries shall provide information required by state institutions and withhold and pay the corresponding taxes; b) trading companies through online platforms, shall apply the corresponding taxes, regardless whether are domiciled in Costa Rica or not.	8

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Czech Republic	●	Proposed	June 11, 2020	The Government submitted to the Parliament the final bill which would introduce a 7% DST on revenues from i) targeted advertising on a digital interface (minimum threshold CZK 5M from in scope revenue from CZ); ii) the transmission of data about users and generated from users' activities on digital interfaces (minimum threshold CZK 5M from in scope revenue from CZ); iii) the making available to users a multi-sided digital interface which may facilitate the provision of supplies of goods and services among users (only if number of user accounts on the interface exceeds 200,000). The DST will only apply to corporate groups generating a turnover of more than Euro 750M and with a tax base relating to taxable digital services rendered in the CZ exceeding CZK 100 M. Companies whose revenues from digital services do not exceed 10% of total revenues in Europe would be excluded from the DST, but subject to notification duties. Depending on the legislative process, the provision is expected to apply as an interim measure from mid-2020 until the end of 2024. However, the coalition parties agreed on reducing the rate of the draft DST from 7% to 5% and on postponing the effective date to January 2021. The coalition parties intend to submit amending legislation that reflects their new agreement to the Chamber of Deputies soon.	9
Denmark	●	Announced	January 27, 2020	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD. However, the Danish Prime Minister has recently announced Denmark's support to a EU-wide agreement on the DST controversy in case a global consensus is not reached.	10
Egypt	●	Announced	September 21, 2019	In his 2020 draft budget proposal, the Egyptian Ministry of Finance announced plans to strengthen measures for the taxation of the digital economy.	11

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
European Union	●	Announced	May 27, 2020	The EU Commission is set to propose on July 15, amendments to the directive on administrative cooperation (Directive 2011/16/EU) to oblige digital platform providers to collect and report user transaction data to EU tax authorities and allow those authorities to exchange that data with their counterparts in other member states. The proposed rules, expected to be published either at the end of June or mid-July, would apply to both EU and non-EU digital platform operators to ensure equal treatment between all companies. The EU Commission published an economic recovery plan as part of its response to the COVID-19 pandemic, which includes as an option for reform a digital tax on companies with global annual turnover above EUR750 million. The Commission said that it "actively supports" the discussions currently led by the OECD and the G20 in this area, and that it "stands ready to act if no global agreement is reached." An EU digital tax could raise EUR1.3 billion a year, according to the Commission.	12
Finland	x	Waiting for Global Solution	June 1, 2018	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD.	13
	✓	Implemented	May 20, 2020	The Finnish tax authority issued a reminder to sharing economy platforms that they must report details of ride sharing and rental activities from 2021. The new rules state that the reporting obligation applies to passenger transport and property rental services when arranged via an intermediary. The annual information return must be sent by 1 February 2021 for the first time. This report must contain all the 2020 payments of rent, taxi fares, and other transportation fees. The tax authority intends to publish more detailed guidance on the requirements in due course.	14

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
France	✓	Implemented	May 18, 2020	The French DST law was signed and published in the official gazette; it is retroactively applicable as from January 1, 2019. A 3% tax applies on gross revenues deriving from i) the provision of a digital interface (i.e. intermediation services); and ii) targeted advertising and transmission of data collected about users for advertising purposes. The tax applies only to companies exceeding in the previous taxable year the following thresholds: i) Euro 750M in worldwide revenue and ii) Euro 25M in taxable services supplied in France; these thresholds must be calculated at the consolidated group level. The French Tax Agency launched a public consultation until May 23, 2020 on updated draft guidance on the scope as well as on the declaration and payment procedures of the DST. The French Finance Minister Bruno Le Maire announced that France has agreed to suspend the collection of the 2020 DST until December 2020 in exchange for the U.S. agreeing to hold off on retaliatory tariffs on French goods. However, the tax authorities published a press release stating that the 2019 DST should not be affected by the suspension, and must be declared and paid in April 2020, after deduction of the single installment paid in November 2019. Mr. Le Maire further confirmed that the French DST will be levied for 2020 regardless of the outcome of the OECD discussions, given that as a result of the COVID-19 pandemic, agreement among the OECD members appears even less likely and a DST has never been more legitimate and more necessary as digital companies are doing better than most.	15

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Germany	x	Proposal rejected	June 17, 2020	The German Federal Ministry of Finance and the Finance Ministries of the German states have decided that withholding tax should not be imposed on payments for digital advertising services. This legal view has been upheld by the German Federal Ministry of Finance in the form of official guidance. The director general of international taxation for the German Federal Ministry of Finance and chair of the OECD's Committee on Fiscal Affairs said that Germany is open to meeting other countries halfway on pillar 1 of the OECD's work on a global corporate tax overhaul, as long as it includes minimum taxation under Pillar 2. Germany will take on the EU Presidency starting from July 1, 2020. Sandy Radmanesh, tax attaché at the German Embassy in Washington said during the IFA webinar that "*Germany will strive to get everybody on board under their presidency for a global agreement, and explore all options to prevent the OECD negotiations from failing,*"	16
Greece	✓	Implemented	July 16, 2019	The Greek Independent Authority for Public Revenue posted online a circular explaining the taxation of short-term rentals in the sharing economy through digital platforms. The circular explains: 1) a property manager's obligation to register the property and file returns; 2) the registration procedure for properties and beneficiaries; 3) filing procedures; 4) penalties for posting a property on digital platforms without a registry number; 5) the requirement to account for commission or bonus revenue as business income.	17

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
Hong Kong	✓ Implemented	March 27, 2020	The Hong Kong Inland Revenue Department (IDR) on 27 March 2020 published a revised version of Departmental Interpretation and Practice Notes No. 39 ("revised DIPN 39"), which addresses various key issues concerning taxation of e-commerce transactions and digital assets. Among other things, the IRD has: 1) set out what it considers to be the key value creators of an e-commerce business; 2) confirmed that, in the absence of any specific provisions in the Inland Revenue Ordinance (IRO) that deal with the taxation of e-commerce, the tax consequences of e-commerce transactions are to be determined in accordance with section 14 of the IRO; 3) provided some practical guidance on how to determine the locality of profits in the context of e-commerce transactions; 4) taken the view that in the context of e-commerce, the decisive criterion to determine the existence pf a PE may be whether the activities of a fixed place of business form an essential and significant part of the e-commerce business as a whole or whether those go beyond preparatory or auxiliary activities. To be noted, the statement contained in the previous DIPN that the taxation of e-commerce is to follow a principle of neutrality and that the ordinance is to be applied to e-commerce on a basis consistent with conventional business, has now been removed.	18
Hungary	✓ Implemented	February 24, 2020	Hungary requires businesses to pay tax on advertising revenue. The National Tax and Customs Administration issued an updated guide, explaining which publishers are subject to the rules; the 7.5% tax rate on advertising revenues exceeding HUF 100M per year; a tax exemption for advertising revenues under HUF 100M per year; procedures to calculate the tax base; and payment deadlines based on a company's tax year. Effective from July 1, 2017. However, as a temporary measure, the advertisement tax rate has been reduced to 0%, effective from July 1, 2019 through the December 31, 2022.	19

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
India	✓	Implemented	April 1, 2020	The concept of significant economic presence was originally introduced in 2018 under the Indian domestic tax laws. The provisions aimed to establish a business connection of non-residents in India, subject to prescribed thresholds. Accordingly, any income attributable to such SEP was to be taxed in India. However, considering the restrictive definition of PE in the tax treaties, the insertion of SEP under domestic tax laws did not have any practical impact. In the memorandum to the Finance Bill 2018, the Indian Government clarified that unless corresponding modifications are made in the tax treaties, the existing PE concept in such treaties would continue to govern taxation of cross border profits. The Finance Act 2020 has provided for: (i) a deferral of the definition of significant economic presence to April 1, 2022, with the expectation that the OECD will soon reach a consensus and provide an updated work plan for the digital economy; (ii) the expansion of source rules to include income from advertisements that target Indian customers, income from the sale of data collected from India, and income from sale of goods and services using such data collected from India, which will take effect from April 1, 2021, although for attribution in relation to significant economic presence, the amendment will take effect from 1 April 2022.	20

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
	✓	Implemented	April 1, 2020	Effective October 1, 2020, an e-commerce platform operator must withhold 1% tax on the gross amount of sale of goods/provision of services facilitated by it through its digital or electronic facility or platform. Any payment made by a purchaser of goods/recipient of services directly to an e-commerce participant shall also be considered in such gross amount. E-commerce participant has been defined as a person resident in India selling goods or providing services or both, including digital products, through the digital or electronic facility or platform. E-commerce operator has been defined as a person who owns, operates or manages digital or electronic facility or platform for electronic commerce. Withholding is not required on payments made to an individual e-commerce participants if their gross amount of sales or services through the e-commerce platform does not exceed INR 0.5 million (USD 6,800).	21

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
	✓	Implemented	April 1, 2020	6% Equalisation Levy applies to the gross amount of specified services such as online advertising payments exceeding INR 100,000 annually from an Indian resident or a non-resident with a permanent establishment to non-residents that lack a PE in India. Effective from June 1, 2016. India's Joint Secretary of Tax Policy and Legislation has reportedly stated that India's equalization levy would be repealed if international consensus is achieved. The Finance Act, 2020 has expanded the scope of Equalization Levy to consideration received by 'e-commerce operators' from 'e-commerce supply or services' at the rate of 2% effective April 1, 2020. An 'e-commerce operator' is defined to mean a non-resident who owns, operates or manages a digital or electronic facility or platform for online sale of goods or online provision of services. The 'e-commerce supply or services' on which the levy applies are: a) Online sale of goods owned by the e-commerce operator; b) Online provision of services provided by the e-commerce operator; c) Online sale of goods or provision of goods facilitated by the e-commerce operator (i.e. where he provides a platform for others to supply goods or provide services); d) Any combination of the above. The levy is applicable when the goods or services are provided / facilitated by the e-commerce operator to: a) a person resident in India; b) a non-resident (in respect of sale of advertisements targeted at persons resident in India or using IP address in India); c) a person who buys goods or services using an IP address located in India. Excluded from the scope of levy: a) non-resident with a PE in India and the e-commerce supply or services are effectively connected to such PE; b) the services are 'specified services' and subject to 6%; or c) the gross receipts / turnover in respect of goods sold / services provided to residents, non-residents or persons using IP addresses in India (referred to above) does not exceed INR 2 crores in a year (approx. USD 0.2 million). Unlike in the case of the equalisation levy on specified services where the resident payer was responsible to deduct and pay equalization levy, this levy on e-commerce operator is to be discharged by such operator itself, on a quarterly basis.	22

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Indonesia	✓	Implemented	June 8, 2020	The Government issued Regulation No. 1 for 2020 which, among other things, addresses the tax treatment of activities conducted as e-commerce transactions. Overseas sellers and e-commerce platform providers are required to appoint a representative in Indonesia to be responsible for paying and reporting the taxes related to these transactions. In particular, trade activities via e-commerce will be subject to the following taxes: – Corporate Income Tax payable by deeming "PE" of overseas e-commerce companies which have a significant economic presence in Indonesia. The significant economic presence will be determined further by the Minister of Finance and would cover consolidated gross revenue; sales amounts in Indonesia; and/or the size of active members in Indonesia; – Electronic Transaction Tax will be imposed on sales to Indonesian buyers/users if the above PE concept cannot be applied based on specific provisions of a Tax Treaty. However, further implementing measures are required for the new tax to go into effect. On June 8, 2020, the Indonesian Directorate General of Taxation issued FAQs on: i) the expansion of the criteria and significant economic presence (SEP) for PEs for income derived from Indonesia by foreign digital entities that don't have a physical presence in Indonesia; ii) the application of the SEP principle in Indonesia; and iii) the future plan to impose income taxes on electronic transactions performed by foreign entities. The Finance Ministry said that Indonesia is waiting for a global consensus on digital taxation rather than implementing a digital services tax of its own.	23
Israel	●	Announced	May 1, 2019	Israel's Ministry of Finance and the Israel Tax Authority are considering the introduction of a 3% to 5% tax on revenue that would be modelled on the DST being implemented in France.	24
	✓	Implemented	April 12, 2016	Foreign entity deriving income from online transactions with Israeli residents will create a PE, and thus be subject to taxation in Israel, if it has a significant digital presence in Israel. Effective from April 12, 2016.	25

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Italy	✓	Implemented	June 17, 2020	The budget law 2020 was published in the Official Gazette. A 3% DST has been introduced on gross revenue derived from i) advertising on a digital interface, ii) multilateral digital interface that allows users to buy/sell goods and services, iii) the transmission of user data generated from using a digital interface. The DST applies to both resident and non-resident companies with total revenue in the prior year of at least Euro 750M and total revenue from digital services supplied in Italy of at least Euro 5.5M. The DST is effective from January 1, 2020.	26
Kenya	✓	Implemented	November 7, 2019	The Finance Act 2019 was published in the Official Gazette. It amends the Income Tax Act by listing "income accruing through a digital market place" as income chargeable to tax. It also defines a digital marketplace as "a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means". The provision is effective as of November 7, 2019.	27
	●	Proposed	June 18, 2020	The Finance Bill 2020, now being discussed by the National Assembly, would introduce a 1.5% DST on the gross value of services provided in Kenya through a digital market place, which will be subject to withholding and, for resident persons and non-resident persons with a PE in Kenya, will be offset against the tax payable for a year of income. The bill proceeds through Parliament despite the prospect of trade confrontation with the United States. Subject to approval, the measures of the Finance Bill 2020 will generally apply from 1 January 2021.	28
Latvia	●	Announced	December 18, 2019	The Latvian government commissioned law firm Primus Derling to conduct a study to determine the increase of tax revenue based on the assumption that the country levies a 3% DST.	29

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
Malaysia	✓ Implemented	May 13, 2019	The Director General of Inland Revenue issued a practice note on the tax treatment of digital advertising provided by non-residents. Payments made to a non-resident digital advertiser will be subject to withholding tax if the non-resident does not have a PE or a business presence in Malaysia. Domestic withholding tax rules vary depending on whether the payment is deemed to be a royalty or for non-resident services. Inland Revenue updated Guidelines on e-commerce transactions include: 1) definitions and the scope of e-commerce transactions, digital currency, tokens, and royalties; 2) an expanded set of examples relating to e-commerce business models; 3) the taxation of income derived from e-commerce transactions; and 4) the scope and liability of special classes of income received by non-residents.	30
Mexico	✓ Implemented	January 3, 2020	Effective June 1, 2020, digital services providers are required to withhold tax on income from certain digital services such as downloads or access to images, movies, text, information, video, audio, music, games (including gambling), other multimedia content, multiplayer environments, mobile tones, online news, traffic information, weather forecasts and statistics, online clubs, dating websites, long-distance teaching or testing. Foreign-residents service providers are required to be registered in Mexico as WHT agents. The digital platforms will be responsible for the withholding tax and will be required to file a declaration no later than the 17th of the month immediately following the month for which the tax was withheld with respect to goods or services digital transactions. The Mexican Secretariat of Finance announced that taxpayers must register for WHT in Mexico for income earned on digital platforms. A six-month grace period until July 1, 2020 has been granted to comply with the new requirements.	31

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
New Zealand	●	Announced	August 8, 2019	The Finance and Revenue Minister discussed aspects of the Government's updated tax policy work programme for the next 18 months. With respect to the international work stream, which considers options for the digital economy, the Government has not made any decisions on whether to adopt a DST and will be reporting back on the DST discussion document. Its preference remains a multilateral approach through the OECD.	32
Nigeria	✓	Implemented	May 29, 2020	The Finance Bill for 2020, which introduced the principle of significant economic presence (SEP) to the basis of taxation of non-resident companies operating in the digital services and e-commerce sectors, was signed into law. On May 29, 2020, the Nigerian Finance Ministry published a legislative order, retroactively applicable from February 3, 2020, defining and implementing the SEP concept. According to the order, a non-resident company will have an SEP in Nigeria in any accounting year if it has gross turnover or income of more than NGN 25 million ($64,601) from four types of digital activities: 1. providing streaming or downloading services of digital content, such as movies, music, games, and e-books to persons in Nigeria; 2. transmitting data collected on Nigerian user activities on a digital interface, such as websites or apps; 3. providing goods and services directly or indirectly through a digital platform; or 4. providing intermediary services via a digital platform, website, or app linking suppliers to customers in the Nigerian market. A foreign company will also have an SEP if it uses a Nigerian domain name or has a URL registered in Nigeria, or if it has a "purposeful and sustained interaction with persons in Nigeria by customizing its digital page or platform" for the Nigerian market. Customization includes providing prices for products or services in Nigerian currency or offering payment or billing options in Nigerian currency. Based on international norms, the provisions of a Tax Treaty supersede local tax laws. Hence the Order, being an extension of Companies Income Tax Act, should not apply to companies based in countries with which Nigeria has a Tax Treaty. Hence, Tax Treaties should be revised to address this new nexus.	33

Taxation of the digitalized economy - Direct taxes

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Norway	●	Announced	January 13, 2020	The Norwegian Finance Ministry announced that Norway will introduce a unilateral measure if the OECD does not reach a consensus solution in 2020.	34
OECD	●	Announced	June 18, 2020	OECD Secretary-General Angel Gurría has reacted to recent statements and exchanges regarding the ongoing negotiations. "*All members of the Inclusive Framework should remain engaged in the negotiation towards the goal of reaching a global solution by year end, drawing on all the technical work that has been done during the last three years, including throughout the COVID-19 crisis. Absent a multilateral solution, more countries will take unilateral measures and those that have them already may no longer continue to hold them back. This, in turn, would trigger tax disputes and, inevitably, heightened trade tensions. A trade war, especially at this point in time, where the world economy is going through a historical downturn, would hurt the economy, jobs and confidence even further. A multilateral solution based on the work of the 137 members of the Inclusive Framework at the OECD is clearly the best way forward,*" Mr Gurría said. The OECD will maintain its schedule of meetings to offer all members of the Inclusive Framework a place in the design of a multilateral approach.	35
Pakistan	✓	Implemented	May 24, 2018	A 5% withholding tax has been introduced on certain payments for offshore digital services like online advertising, designing, creating, hosting or maintenance of websites, providing any facility or service for uploading, storing or distribution of digital content, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services, or any other online facility. Effective from July 1, 2018.	36

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Paraguay	✓	Implemented	June 5, 2020	The Law 6380/2019, which reformed the Paraguayan tax system as of January 1, 2020, includes provisions on the taxation of digital services, defined as services available to users through the internet or any adaptation or application of the protocols, platforms or technology used by the internet or any other network through which services are provided online access and are characterized by being essentially automatic and not viable in the absence of information technology, including call / contact center, BPO process and similar. A 15% Non-Resident Tax (INR) shall be applied to taxable income (net of VAT) derived from the provision of digital services by a foreign supplier. Banks and financial entities, cooperatives, payment processing entities and telephone companies must act as withholding agents, when the service user pays for it with credit or debit card, or by transfers. The obligation to withhold taxes will be in force starting on July 1, 2020. However, on June 5, 2020, due to the current COVID-19 situation, the government has postponed until January 1, 2021 the entry into force of the withholding mechanism.	37
Poland	✓	Implemented	June 25, 2020	Effective July 1, 2020, a new tax/fee on video on demand providers (VOD) is imposed. A 1.5% tax is calculated on gross revenue of the VOD provider resulting from access to audio-visual media service and audio-visual commercial communication. The tax shall be paid on a quarterly basis to the Polish Film Institute within 30 days following the end of each quarter, as a compensation for the reduction of revenues caused by COVID crisis. The payments are considered tax deductible. The Polish Finance Minister announced that Poland will consider unilateral measures if there is not a Europe-wide approach to a digital services tax decided by the end of the year.	38
Romania	●	Announced	May 23, 2018	The Official Gazette published a decision approving the EU Commission proposals on the corporate taxation of a significant digital presence (corporate taxation of a significant digital presence and digital services tax on revenues resulting from provision of certain digital services) and stating that both proposals comply with the principles of subsidiarity and proportionality. However no further steps have been taken to implement the proposals.	39

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Russia	●	Announced	October 3, 2019	According to a draft budget blueprint, the Ministry of Finance acknowledges that several countries have already introduced new digital taxation measures that will be considered as Russia is exploring new approaches to taxing digital companies.	40
Singapore	x	Waiting for Global Solution	August 17, 2017	According to a speech on the taxation of the digital economy by the Senior Minister of State for Law and Finance, Singapore aims to: i) tax certainty for businesses; ii) tax neutrality between traditional and digital business models; and iii) international consensus on issues relating to the taxation of the digital economy.	41
Slovakia	✓	Implemented	March 16, 2018	As of January 1, 2018, digital platforms facilitating transport and lodging services in Slovakia, acting as a marketplace for such services in Slovakia, must register a PE. Otherwise, Slovak taxpayers that use these digital marketplaces are required to withhold taxes at a rate of 5%.	42
Slovakia	●	Announced	January 8, 2019	The Ministry of Finance opened a consultation on a proposal to introduce a digital services tax on revenue of non-residents from provision of services such as advertising, online platforms, and sale of user data. However, there were no further steps. The introduction of tax changes are not expected as the general elections will take place on February 29, 2020. Thereafter a new government will be formed. None of the political parties have put forward digital tax as their priority agenda.	43
Slovenia	●	Announced	February 24, 2020	The Slovenian Ministry of Finance announced in June 2019 a government proposal to submit a draft bill to the National Assembly introducing a DST by April 1, 2020. The DST would comply with the EU directives and apply from September 1, 2020. However, since 2019 there has been no development in this respect and since the Prime Minister resigned in January 2020 it is rather unclear how this topic will develop in the future.	44

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
South Africa	● Announced	June 26, 2020	The Parliamentary Budget Office (PBO), which provides independent, objective and professional advice and analysis to parliament, has published a new tax brief looking at South Africa's digital economy and possible tax policy considerations. The PBO stated that the South African government's ability to raise tax revenue has, in part, been hindered by the lack of targeted digital economy taxation measures. The COVID-19 crisis is expected to amplify the loss of government income tax revenue because non-digitalized sectors that contribute to government taxes will see a decline in their taxable income. The OECD Inclusive Framework draft recognizes the potential need for unitary taxation. However, the South African Revenue Service (SARS) said the existing treaty network government agreement restricts its right to tax foreign businesses in the digital space. On the other hand, National Treasury said that in an increasingly digitized world, taxation needs to go beyond the idea of taxing the revenue of a company that is physically present in a country. Parliament members have agreed that National Treasury and SARS should discuss these issues with the Department of Trade and Industry and come back with clear recommendations on policy and legislative framework for regulating and taxing the digital economy.	45
Spain	● Proposed	June 4, 2020	The Spanish Government has introduced to the Parliament a new draft law that would introduce a 3% DST on gross revenue from the provision of certain digital services rendered in Spain such as online advertising services targeted at users, online intermediary services and data transmission services. The DST would apply to companies with a global net turnover exceeding Euro 750 million and with total revenues from taxable provision of digital services exceeding Euro 3 million in Spain. The bill passed a parliamentary vote on June 4, 2020, and will now continue to the Lower House Budget commission, which will discuss partial amendments.	46

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Sweden	x	Waiting for Global Solution	June 1, 2018	The Finance Ministers of Denmark, Finland, and Sweden released a joint statement on digital tax, indicating that the digital economy, as well as the traditional economy, should be taxed where value is created. The statement continues that, any solution reached should be a consensus-based solution, with a substantial part done by the OECD.	47
Switzerland	x	Waiting for Global Solution	January 15, 2019	Switzerland's State Secretariat for International Finance has published an updated position on the taxation of the digital economy, including that Switzerland is looking towards long-term solutions and has no plans for introducing interim solutions such as taxes on turnover as proposed in the EU.	48
Taiwan	✓	Implemented	July 24, 2019	Effective January 1, 2017, payments for online advertisement and remunerations for e-services, such as online games, videos, audio broadcast, movie, TV serious, music and online platform services etc., supplied to Taiwan customers by foreign service providers without fixed place of business or business agent in Taiwan ("ESS providers"), are subject to the digital economy income tax regime. According to the regime, if the services recipients are domestic companies, those are required to apply a WHT on the gross amount of the payment and file withholding statements. For revenue derived from B2C sales, the ESS provider should file tax return with Taiwan tax authority to self-report its taxable income and pay the tax due.	49
Thailand	●	Proposed	May 7, 2019	The Thai government has proposed a 5% withholding mechanism for the taxation of e-commerce supplies of goods and services in the country, including online advertising, gaming, shopping, and others. The financial institution facilitating the transaction would be responsible to withhold and remit the tax.	50
Tunisia	✓	Implemented	December 27, 2019	Effective January 1, 2020, a 3% digital tax applies on the sale of computer applications and digital services by non-resident companies. A decree to be issued will set out detailed requirements.	51
Turkey	✓	Implemented	February 6, 2019	15% withholding tax on digital advertising payments made as of January 1, 2019 to services providers and intermediaries. The Revenue Administration published Communiqué No. 17 which provides details on the scope of the withholding tax.	52

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✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
	✓	Implemented	March 20, 2020	Effective from March 1, 2020, a 7.5% DST applies on gross revenue derived from provision and management of digital services, such as advertising, supply of any digital content on digital platforms, including software, applications, music, videos, video games, in-game applications, etc. However, revenue derived from digital services not exceeding TRY 20,000,000 (approx. Euro 3.14M) in Turkey and Euro 750M (or equivalent) worldwide would be exempt. Also, the president has authority to reduce the 7.5% rate downward to 1% or to increase the rate upward to 15%. The tax administration published in the official gazette the final version communique which includes details from the tax administration about the application and scope of the DST.	53
United Kingdom	✓	Implemented	June 11, 2020	The UK government published the draft Finance Bill 2020 on March 19, which was approved by all the major parties in Parliament on April 27, 2020 and by the House of Commons committee on June 11, 2020. It is expected to be enacted in the summer. The Bill contains the final DST legislation, which is in substantively the same form as the July 2019 draft legislation. The DST will be retroactively effective from April 1, 2020. HMRC has published new compliance guidance and opened the online Digital Services Tax registration portal, which underscores that the DST is in effect. The government is committed to repealing the DST when an appropriate international agreement is reached on the taxation of the digitalization of the economy, however the UK DST does not contain a hardwired sunset clause – rather, the legislation provides that the UK government will review the tax in 2025. The DST legislation provides for a 2% tax on the revenues of search engines, social media platforms and online marketplaces which derive value from UK users. These businesses are subject to the DST when the group's worldwide revenues from these digital activities are more than £500M and more than £25M of these revenues are derived from UK users. The Bill confirms that the due date of the tax is the day after nine months following the end of the accounting period (i.e., October 1, 2021 for calendar year-end taxpayers).	54

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
United States	●	Announced	June 17, 2020	The Office of the U.S. Trade Representative announced that it has initiated investigations of digital services taxes that have been adopted or are being considered by certain trading partners of the United States. The investigations will be conducted under Section 301 of the 1974 Trade Act and will focus on digital services taxes that are viewed as discriminating against U.S. companies as adopted or under consideration by: – Austria – Brazil – Czech Republic – European Union – India – Indonesia – Italy – Spain – Turkey – United Kingdom Public comments regarding the investigations are due by July 15, 2020. U.S. Treasury Secretary Mr. Mnunchin, in a June 12, 2020 letter to the finance ministers of France, Italy, Spain, and the United Kingdom, wrote that the United States is calling upon the OECD to "pause discussions of Pillar 1, with a view towards resuming later this year….". The United States remains opposed to unilateral imposition of gross basis digital services taxes, the Secretary wrote, and will respond with "appropriate commensurate measures."	55
Uruguay	✓	Implemented	July 16, 2018	Services related to businesses involved in the digital economy are now subject to income tax in Uruguay even if the services provided from a foreign jurisdiction. Effective from January 1, 2018.	56

Taxation of the digitalized economy - Direct taxes

✓ *Implemented* ● *Proposed/Announced* x *Proposal rejected/Waiting for Global Solution*

Country	Status		Latest development	Brief description	Cite
Vietnam	✓	Implemented	June 24, 2020	Payments made to "non-resident e-commerce businesses" (a term to be defined) will be subject to a new withholding tax, to be collected by financial intermediaries such as banks. This WHT will apply to all designated B2C and B2B transactions. The effective date of the new e-commerce withholding tax regime in Vietnam has been postponed for six months to January 1, 2021 (originally effective as of July 1, 2020). Financial institutions will remain responsible for the WHT collection. The WHT rates are not statutorily prescribed and need to be determined on a case-by-case basis: the WHT to be collected consist of a VAT component, at rates of 2% - 5%, and a corporate income tax component, at rates of 1% - 10%. The Vietnamese government is currently developing a new centralized IT platform to specifically deal with this withholding tax collection matter.	57
Zimbabwe	✓	Implemented	January 1, 2019	Effective from January 1, 2019, Zimbabwe has introduced new rules for the taxation of non-resident e-commerce platforms and satellite broadcasting service providers. Any amount receivable by or on behalf of an e-commerce platform/satellite broadcasting service provider domiciled outside Zimbabwe from persons resident in Zimbabwe shall be deemed to be income from a source within Zimbabwe and subject to tax at a rate of 5% if the revenue exceeds USD 500,000 per annum.	58

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OECD Milestones – Direct taxes

2015

Oct 2015
Final report – Action 1: Addressing the tax challenges of the digital economy

2017

Sep/Oct/Nov 2017
Call for input, comments and public consultation

2018

Mar 2018
Tax challenges arising from digitalisation – interim report

Oct 2018
Policy note on tax and digitalisation

2019

Jan 2019
Policy note on the tax challenges of digitalisation

Feb 2019
Discussion draft released

Mar 2019
Policy brief on tax and digitalisation and public consultation

May 2019
Programme of work to develop a consensus solution to the tax challenges arising from the digitalisation of the economy

Jun 2019
G-20 leaders welcome the recent progress on addressing the tax challenges arising from digitalization and endorse the work program developed by the Inclusive Framework on BEPS

Oct 2019
Secretariat Proposal for a "Unified Approach under Pillar One"

Nov 2019
Secretariat Proposal on Global Anti-Base Erosion (GloBE) under Pillar Two

2020

Jan 2020
Statement by the OECD/G20 IF on BEPS on the Two-Pillar Approach to Address the Tax Challenges Arising from the Digitalisation of the Economy

Feb 2020
OECD Secretary-General Tax Report to G20 Finance Ministers

Feb 2020
Draft model rules for reporting for platform operators with respect to sellers in the sharing and gig economy

Feb 2020
Preliminary economic analysis and impact assessment of the Pillar One and Pillar Two proposals

EU Milestones – Direct taxes

2013

Oct 2013
Sponsoring expert study on digital economy

2014

May 2014
The commission issued the report of the expert group on taxation of digital economy

2016

Jun 2016
The parliament released the "tax challenges in digital economy" report

2017

Sep 2017
The commission put forward two proposals: 1) equalization tax on the turnover and 2) concept of digital PE

2018

Mar 2018
The commission put forward two proposals: 1) Interim DST and 2) Concept of virtual PE and recommendation to MS to amend their treaties

Dec 2018
ECOFIN failed to reach an agreement on a DST, but are now considering a DAT

2019

Mar 2019
ECOFIN failed to reach an agreement on a DAT

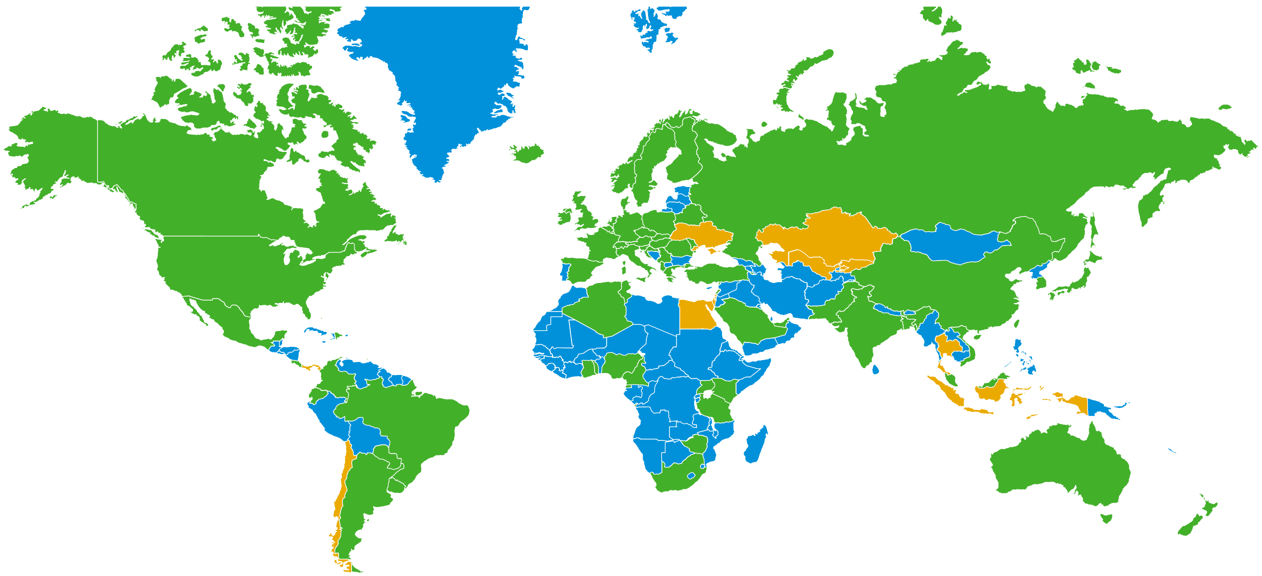
Taxation of the digitalized economy

Indirect taxes

Indirect taxes

Indirect taxes (e.g. VAT, GST)

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



74 Legislation Implemented

11 Draft Legislation/Public Consultation

No Development

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

"The designations employed and the presentation of material on this map do not imply the expression of any opinion on the part of KPMG LLP concerning the legal status of any country, territory, city or any area or of its authorities or concerning the delineation of its frontiers or borders."

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

Country specific detail – Indirect taxes

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Albania	✓	Implemented	November 12, 2014	Effective January 1, 2015, Albania requires non-resident vendors of digital services to consumers in Albania to register for and collect VAT.	Yes	1
Algeria	✓	Implemented	December 12, 2019	Effective January 1, 2020, Algeria expanded the scope of its VAT law to include sales of digital services, which are subject to a reduced rate of 9 percent. However, the law does not impose a registration requirement for non-resident providers.	No	2
Andorra	✓	Implemented	October 1, 2013	Effective January 1, 2014, Andorra requires non-resident vendors of digital services to consumers in Andorra to register for and collect VAT.	Yes	3
Armenia	✓	Implemented	January 15, 2020	Effective January 1, 2020, Armenia puts the liability to compute and pay of VAT on non-resident vendors providing digital services where the customer is a micro enterprise or turnover taxpayer. No VAT obligations arise with respect to services provided to individuals or to full VAT taxpayers by non-resident companies with no permanent establishment in Armenia.	No	4

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Argentina	✓	Implemented	May 28, 2018	VAT on the supply of digital services. Rules on remote services are effective June 27, 2018. This mechanism does not follow OECD recommendations because a VAT withholding is performed by local financial institutions based on a list of non-resident services providers established by the tax authority.	No	5
	✓	Implemented	December 3, 2019	The federal tax authority (AFIP) and the tax collection agency of the Buenos Aires Province (ARBA) issued Joint General Resolutions 4632 and 37/2019, which regulates the reporting and payment to the ARBA of the Buenos Aires Province turnover tax on digital services from banks, credit card companies and other agents acting as substitute taxpayers of non-resident service providers. These taxpayers must report and pay amounts withheld from the digital services under the rules established by General Resolution 2233 (SICORE System) and have the option to report the accumulated amount for each user on a monthly basis. The Resolutions are effective December 1, 2019.	No	6
Australia	✓	Implemented	May 13, 2016	Effective July 1, 2017, Australia requires non-resident vendors of digital services to consumers in Australia to register for and collect GST.	Yes	7
	✓	Implemented	December 12, 2019	The Australian Taxation Office finalized GST Ruling GSTR 2019/1 which discusses when a sale of anything other than goods or real property is connected with the indirect tax zone (Australia) for GST purposes. The Ruling applies from October 1, 2016 and supersedes previous rulings on this matter without material amendments, except that the new ruling also covers digital sales.	Yes	8
	✓	Implemented	September 9, 2019	Effective July 1, 2019, offshore sellers of Australian hotel accommodation are required to charge GST in the same way as local sellers.	N/A	9

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Taxation of the digitalized economy - Indirect taxes

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Implemented	June 19, 2017	Effective July 1, 2018, non-resident vendors (including online platforms) selling low value consignments of goods to Australian consumers must register for and collect GST.	Yes	10
Austria	✓ Implemented	October 25, 2019	On October 31, 2019, Austria published in the official gazette the digital tax package (Digitalsteuerpaket) which introduces a new reporting requirement for digital platforms facilitating to the sale of goods and services to final consumers in Austria effective January 1, 2020.	No	11
Bahamas	✓ Implemented	May 15, 2014	Effective January 1, 2015, the Bahamas requires non-resident vendors of digital services to consumers in the Bahamas to register for and collect VAT.	Yes	12
	✓ Implemented	June 3, 2019	Effective July 1, 2019 all online marketplaces that advertise and facilitate vacation home rentals in The Bahamas are required to register and collect VAT on their rental and related sales to consumers in The Bahamas regardless of the registration threshold. The new rules seek to provide for the mandatory registration for all online providers of hotels, condos or marketplaces for vacation home rentals. The law provides a transitional provision that requires any marketplace that is not already a registrant, shall apply for registration by October 1, 2019.	N/A	13
Bahrain	✓ Implemented	December 24, 2018	Effective January 1, 2019, Bahrain requires non-resident vendors of digital services to consumers in Bahrain to register for and collect VAT.	Yes	14
Bangladesh	✓ Implemented	June 23, 2019	Effective July 1, 2019, Bangladesh requires non-resident vendors of digital services to consumers in Bangladesh to register for and collect VAT if the annual taxable sales exceed BDT 30 million. The implementing rules are still pending.	Yes	15

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Barbados	✓	Implemented	January 13, 2020	Effective December 1, 2019, Barbados requires non-resident vendors of digital services to consumers in Barbados to register for and collect VAT.	Yes	16
Belarus	✓	Implemented	November 1, 2016	Effective January 1, 2018, Belarus requires non-resident vendors of digital services to consumers in Belarus to register for and collect VAT.	Yes	17
Brazil	✓	Implemented	January 2, 2017	Municipalities are allowed to impose municipal services tax (ISS) on certain digital services - does not apply to non-residents.	N/A	18
	✓	Implemented	October 19, 2017	State VAT (ICMS) on digital goods, such as apps, e-books, software, games, etc. effective as of April 1, 2018. The tax is paid in the state where the download or streaming is conducted and where the purchasing consumer is located. Rules do not apply to non-residents - only to residents. In addition, not all the states have opted to taxing software. Sao Paolo, Paraiba, Goias, Piaui e Rondonia are only states having introduced rules.	N/A	19
Cameroon	✓	Implemented	January 17, 20202	Cameroon has published the Finance Law for 2020. Under the provisions of the newly introduced 2020 Finance law, the sales of goods and services to businesses (B2B) or individual customers (B2C) in Cameroon through foreign or local e-commerce platforms shall be liable to VAT. The VAT registration requirement applies to all operators of electronic commerce platform with respect to each transaction. A yet to be published circular will provide the application in details.	Yes	20

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Canada	✓	Implemented	December 7, 2018	In Quebec, QST applies on: a) B2C supplies of services and goods provided by non-residents effective January 1, 2019; b) supplies by Canadian online platforms not QST registered effective March 1, 2019; and c) on supplies by other Canadian online businesses not QST registered effective September 1, 2019.	Yes	21
	✓	Implemented	April 1, 2019	In Saskatchewan, the government recently published a guidance clarifying that non-resident businesses that perform retail sales of taxable goods and services acquired for use or consumption in or relating to Saskatchewan are required to register for PST purposes.	Yes	22
	●	Proposed	March 27, 2020	The 2020 British Columbia budget was delivered on February 18, 2020.The budget proposes to require certain Canadian and foreign sellers to register for and remit British Columbia provincial sales tax (PST). However, British Columbia recently announced that it will postpone the following tax changes announced in its 2020 provincial budget until further notice.	Yes	23
	●	Public Announcement	January 29, 2020	On January 29, 2020, a review panel tasked by the federal government with reviewing Canadian telecommunications and broadcasting legislation released its report. One of the report’s recommendations is to immediately end the sales tax disadvantage facing Canadian companies by applying the GST/HST to media communication services of foreign online content providers.	N/A	24

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	●	Proposed	June 15, 2020	On June 15, 2020, Saskatchewan presented the 2020-21 budget, which, if approved, would require out-of-province e-commerce platforms (including electronic distribution platforms and online accommodation platforms) to collect and remit PST effective January 1, 2020.	Yes	25
Chile	✓	Implemented	June 15, 2020	Effective June 1, 2020, Chile requires non-resident vendors of digital services to consumers in Chile to register for and collect VAT. On June 11, 2020, the tax authorities issued Circular 42 regulating the levy of VAT on digital services. The Circular includes the following: (1) a detailed explanation of the new digital services and the taxable events triggering the application of VAT; (2) territorial criteria for the establishment of the tax; (3) rules dealing with the interaction between VAT and withholding taxes on digital services; (4) rules on the persons responsible for the withholding and payment of the tax; and (5) details on the operation of the new simplified registration.	Yes	26
China	✓	Implemented	April 8, 2016	Imported retail goods purchased in cross-border e-commerce transactions are subject to import tariff duties, as well as VAT and consumption tax. This rule does not impact non-residents. China is combining duties, VAT, and consumption tax in one tax on e-commerce purchases.	N/A	27
Colombia	✓	Implemented	November 28, 2018	VAT compliance for non-resident suppliers of B2C services. Foreign suppliers must register, report, and collect VAT until the time when a withholding-type system is established for payment processors. Rule is effective July 1, 2018.	Yes	28

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Implemented	August 12, 2019	According to Resolution No. 000049, non-resident service providers may opt to have VAT withheld directly at source on payments for their digital services by issuers of credit and debit cards, the sellers of prepaid cards, and other intermediaries facilitating payment for digital or electronic services instead of collecting VAT from customers.	No	29
Costa Rica	✓	Implemented	December 6, 2018	New VAT system was introduced effective July 1, 2019. According to the implementing decree published in June, local financial institutions will withhold VAT on B2C e-services based on a list that has yet to be published by the tax authority. There should also be an option for non-residents to register for VAT.	No	30
	✓	Proposed	June 15, 2020	Effective August 1, 2020, VAT will be imposed on digital services and intangibles acquired to be consumed in Costa Rica. The General Tax Administration established a list of platforms that will be subject to the VAT, the platforms that are not part of the list will not be subject to this mechanism for the moment. The Tax Administration established two mechanisms to collect the VAT of those platforms: provider or intermediary's registration or perception by credit and debit card issuers.	No	31
	✓	Implemented	November 19, 2019	On November 19, 2019, Costa Rica published in the official gazette, Law No 9472 to regulate online providers of hotels, condos or marketplaces for vacation home rentals. The law does not include a specific tax clause, but authorizes the Instituto Costarricense de Turismo (ICT) and the Ministry of Finance to establish cooperation agreements with intermediaries to facilitate the collection of taxes.	N/A	32

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Dominican Republic	●	Proposed	November 7, 2019	The Dominican Republic has published the draft Budget for 2020 in which it proposes to introduce a special tax on digital services provided by non-residents. The tax rate would be identical to the VAT rate and the tax would be withheld by financial services intermediaries.	No	33
Ecuador	✓	Implemented	January 10, 2020	On December 31, 2019, Ecuador published in the official gazette a law that introduces VAT on B2C sales of certain digital services. A VAT withholding is performed by local financial institutions. The law is effective within 180 days of its promulgation in the official gazette.	No	34
Egypt	●	Proposed	June 23, 2020	On June 15, 2020, the Egyptian Ministry of Finance published draft amendments to the VAT Law (Law 67 of 2016) for consultation, which, if approved, would, among other things, introduce VAT obligations for non-residents performing e-commerce transactions with Egyptian consumers, including simplified VAT registration.	Yes	35
European Union	✓	Implemented	May 7, 2002	Effective July 1, 2003, the EU changed the place of supply rules for charging VAT on the supply over electronic networks (i.e. digital delivery) of software and computer services generally, plus information and cultural, artistic, sporting, scientific, educational, entertainment or similar services. From now on, these services will be taxed in the country where the customer resides rather than where the supplier is located. For the non-EU supplier whose EU customers are non-business individuals or organizations, there will now be an obligation to charge and account for VAT on these sales just as EU suppliers have to do.	Yes	36

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Implemented	July 13, 2010	Effective January 1, 2015, 2003 rules for non-EU vendors are expanded to EU-vendors and to telecommunications and broadcasting services. As a consequence, non-resident vendors of digital services to consumers in EU Member States are required to register for and collect VAT. The new rules introduce a simplified EU-wide compliance mechanism: the Mini-One-Stop-Shop.	Yes	37
	✓	Implemented	December 5, 2017	Effective January 1, 2019, the following amendments were implemented: a) EUR 100,000: simplified administrative requirements (1 piece of evidence v. 2 pieces of evidence currently) for EU companies b) Allow non-EU business selling B2C e-services with a VAT registration in the EU to use the Non-Union Mini One Stop Shop (MOSS) mechanism (currently such businesses are required to register for VAT purposes in each EU Member State where their consumers are established) c) Clarify that invoicing rules of Member State of identification under MOSS apply (rather than invoicing rules where the consumer is located)	Yes	38
	✓	Implemented	December 5, 2017	Effective January 1, 2021, the EU will require non-resident suppliers of low volume consignments (i.e., goods imported into an EU territory) to register for and collect VAT on B2C supplies. In addition, EU-wide rules for intra-EU B2C supplies of goods will change.	Yes	39

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Implemented	December 4, 2019	The European Union published in the official gazette Council Directive (EU) 2019/1995 and Council Implementing Regulation (EU) 2019/2026, which clarify provisions relating to distance sales of goods and certain domestic supplies of goods entering into force on January 1, 2021.	Yes	40
	✓	Implemented	January 17, 2020	On January 15, 2020, the European Union published in the official journal Commission Implementing Regulation (EU) 2020/21, which expands the information provided on the European Commission's portal the information provided on the web portal to include the relevant VAT information for distance sales of goods and B2C supplies of services effective January 1, 2021.	N/A	41
	✓	Implemented	February 7, 2020	On February 7, 2020, the Council of the European Union adopted a Directive implementing rules for the exchange of VAT payment data to aid the detection of VAT fraud in the digital economy, which introduces payment service provider record keeping requirements for cross-border e-commerce transactions effective January 1, 2024.	No	42
	✓	Implemented	February 13, 2020	On February 13, 2020, the EU published in the official journal Commission Implementing Regulation (EU) 2020/194, which identifies the sets of information required for purposes of registering under the non-EU scheme, the EU scheme and the import scheme (both for the situation where the supplier and where the intermediary is liable for the compliance obligations) for purposes of the EU e-commerce package, which will be effective January 1, 2021.	N/A	43

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	●	Proposed	June 24, 2020	On June 24, 2020, the Council of the European Union agreed to postpone the entry into force date of the second batch of the VAT e-commerce package from January 1, 2021 to July 1, 2021 owing to the implementation setbacks caused by the COVID-19 pandemic. The adopted legal texts will be published in the Official Journal of the European Union without further discussions after a legal and linguistic review.	N/A	44
Fiji	●	Proposed	November 24, 2019	The Fiji Revenue and Customs Service published a draft VAT bill, which would replace the existing VAT Act. The draft bill would, among other things, require non-resident vendors of digital services to consumers in Fiji to register for and collect VAT.	Yes	45
Finland	✓	Implemented	July 1, 2019	Effective July 1, 2019, 10% VAT rate applies to electronic publications, including books, newspapers, and magazines.	N/A	46
France	✓	Implemented	December 23, 2018	Effective January 1, 2020, France will introduce a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to French customers).	No	47
	✓	Implemented	August 5, 2019	The French tax authority updated the administrative doctrine clarifying the VAT treatment applicable to the public offering of digital currency.	N/A	48
	✓	Implemented	January 7, 2020	France has expanded the scope of data that online platforms must communicate to the French tax authorities to include French taxable gross receipts relating to transactions engaged in the users of the online platforms. The new data requirements are applicable to transactions performed through online marketplaces effective January 1, 2020.	No	49

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	●	Proposed	April 7, 2020	The French tax authorities have initiated a public consultation concerning joint liability of online platform operators for the payment of VAT owed by certain defaulting users of the platform in France. The consultation is open until May 31, 2020.	No	50
Germany	✓	Implemented	November 13, 2018	Effective January 1, 2019, Germany introduced a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to German customers). Under certain conditions, online platforms are held jointly and severally liable for B2C supplies of goods performed via their system.	No	51
	✓	Implemented	October 7, 2019	The German Ministry of Finance published Guidance Letters 2019/858190, 2019/0858465 and 2019/0858488 explaining the VAT obligations for online marketplace facilitators. The German Ministry of Finance reminds marketplace facilitators that they can be held liable under certain conditions for the unpaid VAT resulting from the delivery of items from entrepreneurs legally justified on the marketplace provided by them. Facilitators must use due diligence, including tax office records/correspondence and requesting VAT registration certificates to determine their liability obligations for each vendor registered on their marketplace. Finally, the Guidance Letters include forms for letters from the tax authorities to entrepreneurs rejecting a VAT registration certificate and to marketplace facilitators warning against VAT liability.	No	52

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	●	Public Announcement	October 10, 2019	The European Commission sent a letter of formal notice to Germany because it had imposed an obligation on digital marketplaces to produce a paper certificate provided by the German tax authorities to businesses selling goods via platforms of online marketplaces. The Commission is of the opinion that such a measure violates EU law, is inefficient, disproportionate, impedes the free access of EU businesses to the free market and is not in line with the digital strategy agreed between Member States. Germany has 2 months to take action; if not, the Commission may send a reasoned opinion to the German authorities.	No	53
Ghana	✓	Implemented	January 1, 2014	Effective January 1, 2014, Ghana requires non-resident vendors of digital services to consumers in Ghana to register for and collect VAT.	Yes	54
Iceland	✓	Implemented	May 1, 2010	Effective January 1, 2011, Iceland requires non-resident vendors of digital services to consumers in Iceland to register for and collect VAT.	Yes	55
	✓	Implemented	December 30, 2016	Effective January 1, 2017, Iceland increased the VAT registration threshold from ISK 1 million to ISK 2 million.	N/A	56
India	✓	Implemented	November 21, 2016	Effective December 1, 2016, India requires non-resident vendors of digital services to consumers in India to register for and collect service tax. These rules were continued under new GST regime effective July 1, 2017.	Yes	57

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Implemented	October 1, 2018	India requires e-commerce operators to withhold GST based on the net value of their transactions, even if not registered tax agents. The new provision to tax sales on e-commerce platforms, known as tax collected at source (TCS) is effective from October 1, 2018. Rules only apply to domestic sales (e.g., Indian vendor uses a platform to make a sale to an Indian consumer.) Non-residents providers of digital services are required to collect indirect taxes (first service tax, followed by GST) since December 1, 2016.	No	58
Indonesia	✓ Implemented	May 21, 2020	On March 31, 2020, the Indonesian government issued Government Regulation in Lieu of Law (Peraturan Pemerintah Pengganti Undang-Undang/Perppu) No.1 Year 2020, which introduces new measures to the digital economy. On May 15, 2020, Indonesia's Directorate General of Taxation announced that sales of digital goods and services from abroad to domestic consumers will be subject to VAT at the rate of 10% effective July 1, 2020. With these provisions, digital products such as streaming music subscriptions, streaming films, digital applications, and games, as well as online services from abroad will be treated the same as domestic products, including similar digital products produced by domestic businesses. Businesses that meet certain transaction value criteria or the amount of traffic within 12 months will be designated by the Minister of Finance through the Directorate General of Taxation as a VAT collector. Businesses that have met the criteria but have not been designated as VAT collectors should submit notifications online to the Directorate General of Taxation. The exact criteria and the businesses designated will be provided at a late date.	N/A	59

Taxation of the digitalized economy - Indirect taxes

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Israel	●	Proposed	April 15, 2016	Israel published a proposed amendment to the VAT Law with respect to digital services provided by non-residents to Israeli customers. According to the proposal, if a non-resident sells or provides digital services to non-business, financial institutions, or non-profits in Israel, the non-resident would be required to register and pay VAT.	Yes	60
	●	Public Announcement	September 15, 2019	The Ministry of Finance of Israel proposed to remove the current $75 import tax exemption for the import of a consignment of goods as a means of levelling the playing field between domestic retailers and foreign online retailers. Import tax includes customs duties, purchase tax, and VAT payable on goods. The $75 exemption threshold applies for purchase tax and VAT, while a higher exemption threshold of $500 applies for customs. Subject to the approval of the Israeli parliament, the removal of the $75 exemption would be implemented effective April 1, 2020.	N/A	61

Taxation of the digitalized economy - Indirect taxes

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Italy	✓	Implemented	June 8, 2020	Effective February 19, 2019, Italy implemented a reporting requirement for online platforms (i.e., information on supplies carried out through platforms to Italian customers). On June 1, 2020, the Italian tax authorities issued Circular no. 13/E to clarify the reporting obligations for remote (or distance) sales. If a marketplace operator fails to transmit the information regarding remote sales by the deadline, or transmits incorrect or incomplete information, that marketplace operator is deemed to have received or supplied the goods itself and is liable to pay value added tax (VAT) on the supplies for which it has failed to send (or has sent incomplete) information, unless it can prove that the VAT has been paid by the supplier; or the marketplace operator did not and could not reasonably have known that this information was incomplete or incorrect.	No	62
	●	Public Announcement	October 9, 2019	The EU Commission sent a reasoned opinion to Italy because it had failed to transpose provisions concerning the sourcing of digital services and related invoicing rules as included in Directive 2017/2455. The European Commission may refer Italy to the European Court of Justice if Italy takes no action in the coming 2 months.	Yes	63
Japan	✓	Implemented	July 7, 2015	Japan introduced consumption tax on the provision of cross-border digital services. Rules are effective October 1, 2015. While technically following the OECD guidance, Japan makes a distinction between B2B and B2C based on the type of digital service provided and not the customer type. As a consequence, B2B transactions may be subject to JCT and the rules are thus not 100% in line with the OECD guidance.	No	64

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Kazakhstan	●	Public Announcement	November 9,2019	Kazakhstan is reportedly planning to require non-resident to charge VAT at the standard 12% rate on digital services supplies made to consumers in Kazakhstan. The rules would likely be effective January 1, 2021.	Yes	65
Kenya	✓	Implemented	August 21, 2013	Effective September 2, 2013, Kenya requires non-resident vendors of digital services to consumers in Kenya to register for and collect VAT. The Finance Bill 2019-20 includes the following amendments: – the definition of supply of imported services will be amended to provide for a supply made to any person. Previously, the definition referred to a supply made to a registered person; – supplies made through a digital marketplace will be subject to VAT. Both measures clarify already existing obligations for non-residents.	Yes	66
	✓	Implemented	June 9, 2020	Effective January 1, 2020, VAT will be applicable to sales made through a digital marketplace. It is currently not clear how non-resident vendors will account for VAT. In addition, Kenya will expand the requirement to self-assess VAT under the reverse charge mechanism to non-VAT registered recipients of taxable imported services. The Kenyan National Treasury recently released the draft Value Added Tax (Digital Marketplace Supply) Regulations, 2020. Non-resident digital marketplaces facilitating the sale of digital services will be required to register under the simplified VAT registration framework within thirty days from the publication of the final regulations.	Yes	67

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Malaysia	✓	Implemented	September 30, 2019	Effective January 1, 2020, foreign service providers are required to register for service tax if their total annual sales of digital services to Malaysian customers exceeds RM 500,000. Digital services include software, music video, and digital advertising. According to the Service Tax Guide on Digital Services, the provisions of digital services are applicable to both business-to-business (B2B) and business-to-consumer (B2C) transactions. Businesses that have been charged service tax on digital services provided by a foreign registered person (FRP) are exempted from service tax in Malaysia on these imported taxable services. On August 30, 2019, the Royal Malaysian Customs Department published the Service Tax (Digital Services) Regulations 2019, which set out the rules pertaining to the registration, compliance, and penalties for the new service tax obligations on digital services.	No	68
Mauritius	●	Proposed	June 8, 2020	On June 4, 2020, the Minister of Finance of Mauritius presented the Budget for 2020-21 to the National Assembly by the Minister of Finance, which, if approved, would, among other things, apply VAT on digital and electronic services provided through the Internet by non-residents to residents of Mauritius for utilization in Mauritius.	Yes	69

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Mexico	✓ Implemented	December 19, 2019	On October 30, the Mexican parliament approved a tax reform package which includes measures to increase efficiency in VAT collection, and specifically, it is proposed to modify the tax treatment of some digital services provided from abroad to recipients in Mexico. Accordingly, if the digital services are provided to a recipient in Mexico, the services would be subject to VAT. VAT on digital intermediation services between third parties—for example, advertising services—would be imposed as part of the VAT law. This would require the reporting of transactions conducted as well as payments processed. A withholding regime would be applied. In addition, digital platforms those that process payments made by the purchasers of goods and services) would withhold VAT on the value of the underlying transactions. The new rules are effective June 1, 2020.	Yes	70
	✓ Implemented	June 3, 2020	On December 28, 2020, Mexico published the Miscellaneous Resolution for 2020, which, among other things, provides implementing rules applicable to foreign digital services providers and intermediaries of digital services. On May 12, 2020, Mexico published amendments to the miscellaneous rules. The main aspects of these changes concern the forms that providers of digital services are to use to file their returns, and among other items. On May 29, 2020, Mexico published the Second Amending Resolution, which clarifies the rules for transactions carried out through online intermediation platforms that are cancelled.	Yes	71

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Moldova	✓	Implemented	December 5, 2019	Effective January 1, 2020, Moldova requires non-resident vendors of digital services to consumers in Moldova to register for and collect VAT.	Yes	72
New Zealand	✓	Implemented	August 1, 2016	Effective October 1, 2016, New Zealand requires non-resident suppliers of B2C services to register for and collect GST if the annual volume of taxable sales is above NZD 60,000.	Yes	73
	✓	Implemented	June 28, 2019	Effective December 1, 2019, New Zealand requires non-resident vendors (including online marketplaces) selling low valued goods (< NZD1,000) to register for and collect GST if the annual volume of taxable sales is above NZD 60,000.	Yes	74
Nigeria	✓	Implemented	January 16, 2020	Nigeria's parliament recently approved the Finance Act of 2019, which, among other things, introduces a requirement for non-resident vendors to register for and collect VAT on services (including digital services) provided to customers in Nigeria. On May 29, 2020, the government of Nigeria issued an Order that defines the significant economic presence standard (SEP), which was introduced earlier this year with the Finance Act for 2020. According to the Order, which is retroactive effective February 3, 2020, a non-resident will be considering having SEP in Nigeria if the non-resident makes sales of digital services (as defined in the Order) which exceed an annual threshold of NGN 25 million ($64,500). If a non-resident is deemed to have a SEP in Nigeria, it is required to register for tax purposes with the Nigerian tax authority and file all required returns, including income tax and VAT.	Yes	75
Norway	✓	Implemented	March 1, 2010	Effective January 1, 2011, Norway requires non-resident vendors of digital services to consumers in Norway to register for and collect VAT.	Yes	76

✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Implemented	December 20, 2019	The NOK350 low-value import VAT exemption threshold is being removed in two stages in 2020. Effective January 1, 2020, the threshold is removed for all food and beverages, restricted goods such as endangered animal species, certain chemicals and medicines, and certain other taxable goods, such as motor oil. Effective April 1, 2020, the threshold is removed for other goods, including clothing, shoes, and electronics. Non-resident vendors (or the online platforms through which the sales are performed) of goods value less than NOK 3,000 are required to register for and charge VAT on such sales.	Yes	77
	✓	Implemented	December 20, 2019	Effective January 1, 2020, digital platforms providing real estate leasing services are required to report information about lessors to the tax authority.	No	78
OECD	✓	Public Announcement	June 20, 2019	The OECD published a new report which includes new measures to make e-commerce marketplaces liable for the VAT/GST on sales made by online traders through their platforms.	Yes	79
Panama	●	Proposed	February 12, 2020	The parliament of Panama recently accepted for consideration a draft bill which would, among other things, apply VAT to digital services provided by foreign vendors. The tax would be withheld by financial services intermediaries.	No	80

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Paraguay	✓	Implemented	June 8, 2020	Paraguay published in the official gazette Law 6380/19 (Ley de Modernización y Simplificación del Sistema Tributario Nacional), which introduces a VAT withholding performed by local financial institutions on sales of digital services by non-residents. On October 31, 2019, Paraguay published in the official gazette Decree No. 2787, which implements the new VAT rules effective January 1, 2020. In order to provide sufficient time for financial intermediaries to prepare for this requirement, the mechanism was supposed to start on July 1, 2020. However due to the current COVID-19 situation, the government has postponed until January 1, 2021 the VAT withholding by financial intermediaries.	No	81
Philippines	✓	Proposed	May 26, 2020	On May 19, 2020, the chair of the Ways and Means Committee of the Philippine House of Representatives has introduced legislation that would impose VAT on digital services provided by multinational companies.	Yes	82
Russia	✓	Implemented	August 11, 2016	Effective January 1, 2017, Russia requires non-resident vendors of digital services to consumers in Russia to register for and collect VAT.	Yes	83
	✓	Implemented	December 22, 2017	New VAT rules with respect to B2B supplies of e-services provided to Russian customers effective from January 1, 2019.	No	84
Saudi Arabia	✓	Implemented	August 2, 2017	Effective January 1, 2018, Saudi Arabia requires non-resident vendors of digital services to consumers in Saudi Arabia to register for and collect VAT.	Yes	85
Serbia	✓	Implemented	May 31, 2016	Effective January 1, 2017, Serbia requires non-resident vendors of digital services to consumers in Serbia to register for and collect VAT.	Yes	86

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Singapore	✓	Implemented	April 19, 2018	Effective January 1, 2020, Singapore requires non-resident vendors of digital services to consumers in Singapore to register for and collect VAT.	Yes	87
	✓	Implemented	December 31, 2019	Effective January 1, 2020, the use of digital payment tokens as payment for goods or services is considered to be outside the scope of GST, and the exchange of digital payment tokens for fiat currency or other digital payment tokens is exempt from GST.	N/A	88
	✓	Implemented	July 15, 2019	The Singaporean Inland Revenue Authority issued guidance and FAQs on GST for overseas vendor registration effective January 1, 2020.	Yes	89
South Africa	✓	Implemented	March 15, 2014	Effective June 1, 2014, South Africa requires non-resident vendors of digital services to customers (B2C and B2B) in South Africa to register for and collect VAT.	No	90
	✓	Implemented	April 1, 2019	Effective April 1, 2019, South Africa expands the scope of digital services, increases the VAT registration threshold for non-residents, and implements intermediary (e.g., platform) rules from (i.e., ZAR 50,000 to ZAR 1 M). Following these changes, RSA is closer to OECD guidance, but because it still applies digital services rules to B2B supplies, it is not in complete agreement with the guidance.	N/A	91
South Korea	✓	Implemented	Aug. 11, 2015	Effective July 1, 2015, South Korea requires non-resident vendors of certain digital services to consumers in South Korea to register for and collect VAT.	Yes	92
	✓	Implemented	December 20, 2018	The scope of foreign e-commerce supplies subject to VAT has been expanded to include advertising services, cloud computing services, and intermediary online-to-offline services effective July 1, 2019.	Yes	93

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Sweden	✓	Implemented	March 1, 2019	Effective March 1, 2019, PostNord collects VAT on behalf on non-residents selling low value consignments of goods to B2C customers (i.e., goods imported from non-EU countries).	No	94
Switzerland	✓	Implemented	February 1, 2009	Effective January 1, 2010, Switzerland requires non-resident vendors of digital services to consumers in Switzerland to register for and collect VAT. Once required to register, all supplies (B2C and B2B) are subject to VAT.	No	95
	✓	Implemented	October 1, 2017	Effective January 1, 2018, Switzerland changed the computation method of the VAT registration threshold for non-resident digital services providers (now CHF 100,000 worldwide income).	No	96
	✓	Implemented	November 21, 2018	Effective January 1, 2019, Switzerland expanded the new threshold to non-resident suppliers of low-value consignments (i.e., goods where the amount of import VAT does not exceed CHF 5), thus requiring such businesses also to register for and collect VAT.	N/A	97

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	●	Proposed	June 19, 2020	On June 19, 2020, the Federal Council opened a consultation on the partial revision of the VAT law. Among other things, the Federal Council suggests taxing mail order platforms extensively. Since the last VAT revision of the VAT law, foreign mail order companies have had to register with the Swiss Federal Tax Administration (FTA) if they achieve sales of over CHF 100,000 in Switzerland with small consignments (VAT amount below CHF 5). According to the proposal, the FTA should be able to take administrative measures to enforce the new rules if mail order platforms or companies have wrongly failed to register or if they fail to meet their billing and payment obligations. It may prohibit imports of supplies from the company concerned or the destruction of the objects. To protect customers, it can also publish the names of the companies against which such measures are applied.	Yes	98
	✓	Implemented	June 23, 2020	On June 23, 2020, the Swiss Federal tax Administration published an updated guide on VAT and electronic services, which include several material changes. The updated guidance clarifies the scope of the digital services rules and includes practical examples of what is considered a digital service for VAT purpose, including for digital platforms.	Yes	99
Taiwan	✓	Implemented	March 22, 2017	Effective May 1, 2017, Taiwan requires non-resident vendors of digital services to consumers in Taiwan to register for and collect VAT.	Yes	100

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Implemented	October 29, 2019	Effective January 1, 2019, non-resident taxpayers selling B2C e-services and registered for VAT purposes will be required to issue government compliant e-invoices. On July 16, 2018, the MOF released a tax ruling stating that while foreign e-service suppliers are required to issue e-GUI starting from January 1, 2019, relevant penalties for failing to issue e-GUI will not apply for the first year. Effectively, this provides a one year grace period to foreign e-services suppliers on the issuance of e-GUI.	N/A	101
Tanzania	✓	Implemented	July 1, 2014	Effective July 1, 2015, Tanzania requires non-resident vendors of digital services to consumers in Tanzania to register for and collect VAT.	Yes	102
Thailand	●	Proposed	June 10, 2020	On June 9, 2020, the Thai government approved a draft VAT bill, which, if approved by the parliament, would impose VAT on digital services provided by foreign operators to consumers in Thailand.	Yes	103
Turkey	✓	Implemented	April 15, 2018	Effective January 1, 2018, Turkey requires non-resident vendors of digital services to consumers in Turkey to register for and collect VAT.	Yes	104
Uganda	✓	Implemented	October 24, 2019	On October 24, 2019, the Uganda Revenue Authority issued a public notice requiring non-resident vendors of digital services to consumers in Uganda to register for and collect VAT effective July 1, 2018.	Yes	105
Ukraine	●	Proposed	February 7, 2020	Ukraine's parliament recently accepted for consideration draft law which would require non-residents providing digital services to Ukrainian consumers to register for and collect VAT effective January 1, 2021 if their taxable sales exceed UAH 1 million per year.	Yes	106

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
United Arab Emirates	✓	Implemented	December 1, 2017	Effective January 1, 2018, the UAE require non-resident vendors of digital services to consumers in the UAE to register for and collect VAT.	Yes	107
United Kingdom	✓	Implemented	March 13, 2018	Effective March 15, 2018, for operators of a platform that knew or "ought to have known" that a non-UK seller was not accounting for VAT, and does not act, HMRC will have the power to treat both the seller and the operator as jointly and severally liable for any under declaration of VAT.	No	108
	✓	Implemented	December 18, 2018	In case of Brexit, non-resident suppliers of low value consignments will be required to register for and collect VAT on B2C supplies of goods. Alternatively, the postal operator can be asked to act as VAT collecting agent.	Yes	109
	●	Public Announcement	October 9, 2019	HMRC announced that in case of Brexit, non-resident vendors of digital services will no longer be subject to the EU-wide simplified Mini One-Stop Shop (MOSS) mechanism. As a consequence, non-resident businesses selling digital services to consumers in the UK will be required to register for UK VAT separately, even if they are already registered for MOSS in the UK. Non-EU businesses that have registered under MOSS in the UK for their EU digital services will also be required to register for MOSS in another EU Member State in case of Brexit.	Yes	110
	●	Proposed	March 11, 2020	Effective December 1, 2020, VAT on digital publications will be zero-rated	N/A	111

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
United States	✓	Implemented	September 1, 2019	Under state-level rules, remote sellers are required to collect and remit tax on sales made to in-state customers if they meet the state specified sales thresholds (often $100,000 in sales or 200 transactions). Economic nexus rules affect all companies exceeding the state-specific sales threshold, including those not resident in the U.S. Depending on the state, the seller may also be required to collect tax on sales of services and digital goods, in addition to sales of tangible property. Additionally, about 40 states require electronic marketplaces that meet the specified sales threshold to collect tax on sales they facilitate. Generally, a marketplace is defined as an entity that advertises products for sale by others and that collects payment from the customer, but state definitions differ	Yes	112
Uruguay	✓	Implemented	July 27, 2018	Effective January 1, 2018, services related to businesses involved in the digital economy are subject to income tax and VAT in Uruguay even if the services are provided from a foreign jurisdiction.	Yes	113
Uzbekistan	✓	Implemented	January 1, 2020	Effective January 1, 2018, Uzbekistan requires non-resident vendors of digital services to consumers in Uzbekistan to register for and collect VAT. However, the implementing rules on registration and compliance are still pending.	Yes	114
Vietnam	✓	Implemented	July 12, 2019	In July 2019, new rules for Inbound e-commerce activities (i.e. provided by non-resident suppliers) were published, stating that non-resident suppliers without a PE in Vietnam shall be required to register, declare, and pay taxes in Vietnam or authorize other parties to do so. This new requirements is effective from July 1, 2020, although additional rules and guidance related to implementation are still pending.	Yes	115

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✓ *Implemented* ● *Proposed/Public Announcement* x *Proposal rejected*

Country	Status		Latest development	Brief description	In line with OECD Guidance	Cite
Zimbabwe	✓	Implemented	January 20, 2020	Effective January 1, 2020, Zimbabwe requires non-resident vendors of radio, television, and digital services to consumers in Zimbabwe to register for and collect VAT.	Yes	116

Citations – Indirect taxes

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112	KPMG member firm in the United States
113	Uruguay - Resolution on taxation of digital economy issued (July 27, 2018), News IBFD
114	KPMG Tax News Flash, "Uzbekistan: VAT rules for e-services" (February 13, 2020)
115	KPMG Tax News Flash, "Vietnam: Taxation of e-commerce transactions, implications for banks" (July 24, 2019)
116	KPMG International member firm in Zimbabwe

OECD Milestones – Indirect taxes

2015

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

Nov 2015
VAT/GST Guidelines adopted

2017

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

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

2018

Mar 2018
Tax Challenges Arising from Digitalisation – Interim Report

2019

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

EU Milestones – Indirect taxes

2002

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

2010

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

2017

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

2018

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

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

2019

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

Taxation of the digitalized economy

What's next?

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What’s next?

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

2020

July 2020
Inclusive Framework virtual Meeting – updating members on progress made

July 2020
G20 Finance Ministers virtual Meeting

October 2020
Inclusive Framework Meeting – Agreement on the key policy features of a solution solution

October 15-16, 2020
G20 Finance Ministers Meeting, Washington D.C.

Nov. 21-22, 2020
G20 Leaders Summit – delivery of consensus-based solution

End of 2020
OECD Final Report – Consensus based long term solution

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