



## Overview of Global Recent and Upcoming developments on VAT liability on supply of Digital Services (This does NOT include Digital Services Tax (non-VAT) developments)

European Union	Overview of the VAT rates applicable to telecommunication, broadcasting and electronically supplied services	The place of taxation telecommunication, broadcasting and electronically supplied services supplied to non-taxable persons is where the non-taxable person is established.	<a href="#">Link</a>
Algeria	Proposal	Extension of the scope of VAT to online sales of digital goods and certain electronically supplied services in Algeria. The VAT rate for such supplies is the 9% reduced rate	<a href="#">Link</a>
Chile	To be approved by the Constitutional Court - probably implemented as of May 2020	<p>Digital Services Tax which would subject certain digital services provided by foreign suppliers to 19% local VAT if such services are provided or utilized in Chile.</p> <p>Services included in the new digital tax provision would be the following:</p> <ul style="list-style-type: none"><li>• Intermediation of services rendered in Chile, of any nature, or sales performed in Chile or abroad (if the latter results in an import);</li><li>• The supply or delivery of digital entertainment content, such as videos, music, games or similar, through downloads, streaming or other technology, including books, texts, magazines and newspapers;</li><li>• Making available software, storage, platforms or technological infrastructure; and,</li><li>• Advertising, regardless of the support or media through which it is materialized, delivered or performed.</li></ul>	<a href="#">Link</a> <a href="#">Link</a>
Ecuador	Detailed implementing	Tax reform imposes a 12% VAT rate on digital services, when the	<a href="#">Link</a>

	regulations have yet to be published – Possible implementation on July 1, 2020	<p>consumer is an Ecuadorian resident.</p> <p>Non-residents may act as collection agents for VAT by registering with the Ecuadorian tax authority. For the VAT payments on digital services:</p> <p style="padding-left: 40px;">The non-resident acts as a collection agent of the VAT if the supplier is registered in Ecuador.</p> <p style="padding-left: 40px;">The VAT is directly assumed by the importer of the service if the supplier is not registered in Ecuador.</p> <p style="padding-left: 40px;">The credit card company will act as a withholding agent if there is an intermediary involved in the payment process.</p>	
Fiji	Proposal	9% VAT due on digital/remote services	<a href="#">Link</a>
Indonesia		International digital companies will be required to register for, collect and report VAT at a rate of 10%. The international digital companies will be able to appoint a representative in Indonesia to meet their VAT obligations. . This will include: app’s; download and streaming media; e-books; cloud software; online journal subscriptions; membership fees to online associations; and gambling. The current Indonesian VAT rate is 10%	<a href="#">Link</a>
Kazakhstan	January 1, 2021	The obligations will require foreign service providers to calculate and pay VAT at the rate of 12% where the place of supply of B2C digital services is in Kazakhstan. The place of supply is deemed in Kazakhstan if the individual resides in Kazakhstan, the bank through which payment is made is in Kazakhstan, the IP address of the individual is registered in Kazakhstan, or the country code of the phone number of the phone used to purchase the service is in Kazakhstan. Supplies subject to VAT will include software delivered online, online advertising services, online intermediation services, hosting services, sales of e-books, digital music, etc.	<a href="#">Link</a>
Malaysia	January 1, 2020	Malaysia extended service tax on electronic services for consumers to non-resident providers starting 1 January 2020. The Malaysian Royal Malaysian Customs Department has indicated that B2B services are also liable to the tax when provided by non-resident providers. In this	<a href="#">Link</a>

		case, the recipient would be exempted from applying the reverse charge to prevent double taxation. The rate is 6%,	
Mexico	June 1, 2020	A 16 percent value-added tax (VAT) will be tacked onto digital services starting on June 1, 2020. The law will apply to all services, even B2B transactions.	<a href="#">Link</a>
Moldova	January 1, 2020	The supply of digital goods and services to Moldovan resident individuals are considered within the scope of VAT in Moldova. Such suppliers are required to register through the online VAT service and submit returns and pay VAT on their taxable supplies by the 25th of the month following each quarter.	<a href="#">Link</a>
Paraguay	January 1, 2020	Digital services supplied by non-residents to local consumers became liable to 10% VAT and 4.5% Income Tax for Non-Residents (INR). Under the new rules, banks, financial institutions, exchange houses, cooperatives, payment processors or similar entities, and telephone companies or other entities that mediate for the provision of digital services, must act as a withholding agent in respect of collecting the tax due. However, Regulatory Decree No. 3181 establishes a transitional provision under which mandatory withholding for digital services will become effective as of 1 July 2020.	<a href="#">Link</a>
Singapore	January 1, 2020	A 7% GST will be due on supplies of B2C digital services from non-resident suppliers. The new charge will apply to downloads of apps, software, games, music, videos and streaming versions of the same.	<a href="#">Link</a>
Thailand	Draft	The Thai Revenue Department Jan. 14 released a draft bill to amend the VAT regulations on digital services for entrepreneurs. The draft bill includes measures that would: 1) make foreign digital service providers, which are not registered for VAT purposes, responsible for making VAT payments and filing VAT returns; 2) require foreign service providers to calculate the VAT due without deducting the input tax; 3) require the electronic platform operators to pay VAT on behalf of all the service providers who provide services through the electronic platforms.	<a href="#">Link</a>
Uganda	January 1, 2020 (?)	Where a non-resident supplies electronic services to non-taxable persons, the place of supply is considered in Uganda. If the amount of supplies exceeds UGX 37.5 million in a three-month period (UGX 150	<a href="#">Link</a>

		million annually), the non-resident supplier is required to register for and charge VAT on their supplies at the standard 18% rate and submit monthly returns and payment by the 15th day of the following month.	
Ukraine	Proposal 2021	Non-resident providers of electronic services to consumers to charge and collect Value Added Tax. Digital or electronic services includes: streaming or downloads of videos and music; online gaming; e-books; e-learning; dating websites; SaaS offerings; web services; and apps. Ukrainian VAT is currently 20%.	<a href="#">Link</a> <a href="#">Link</a>
Uzbekistan	January 1, 2020	Effective 1 January 2020, foreign providers of electronic services (e-services) to individuals in Uzbekistan are liable for new value added tax (VAT) requirements including VAT registration, certain invoice requirements, and VAT reporting and payment obligations to the tax authorities.	<a href="#">Link</a>
Vietnam	July 1, 2020	Vietnam will extend VAT to non-resident e-commerce sales to consumers. This will apply to both sales of goods and digital services.	<a href="#">Link</a>

Date: February 18, 2020